

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

\* \* \* \* \*

IN RE: STADIUM CASINO, LLC

PETITION FOR APPROVAL OF CORPORATE RESTRUCTURING

\* \* \* \* \*

HEARING

\* \* \* \* \*

BEFORE: MEMBERS OF THE BOARD:

DAVID M. BARASCH, CHAIRMAN

Richard G. Jewell

Sean Logan

Kathy M. Manderino

Merritt C. Reitzel

Dante Santoni, Jr.

Obra S. Kernodle, IV (via phone)

Reporter: Cynthia Piro Simpson

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1 EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

2 Jennifer Langan, Designee, Department of  
3 Treasury

4 Christin Heidingsfelder, Designee,  
5 Department of Revenue

6 Fred Strathmeyer, Designee,  
7 Department of Agriculture

8 HEARING: Wednesday, December 19, 2018

9 LOCATION: Pennsylvania Gaming Control Board  
10 Strawberry Square  
11 2nd Floor  
12 Harrisburg, PA 17101

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OFFICE OF ENFORCEMENT COUNSEL

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Counsel for Stadium Casino, LLC

ALSO PRESENT:

Robert Norton, President, Cordish Gaming

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EXHIBITS NOT ATTACHED

## P R O C E E D I N G S

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CHAIRMAN: As always, before we begin, Mr. Stewart, I'd ask everyone that's going to speak today, please state and spell their names for the court reporter prior to presentation. And I'd ask that all non-attorney witnesses ask to be sworn at this time, if you have any.

ATTORNEY STEWART: Yes, Mr. Chairman, we have one.

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ROBERT NORTON,  
CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND  
HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS  
FOLLOWS:

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CHAIRMAN: You can begin.

ATTORNEY STEWART: Thank you, Mr. Chairman. May it please the Board. Good morning. My name is Mark Stewart, S-T-E-W-A-R-T, and Mark with a K, with Eckert Seamans, for Stadium Casino, LLC. With me is Rob Norton, President of Cordish Gaming.

And as was previewed at the Board's November 28th meeting, internal changes have been proposed for Stadium Casino, LLC. And we are before

1 you this morning seeking approval of a corporate  
2 restructuring that will leave Stadium Casino and  
3 Baltimore Investors, or the Cordish companies, as the  
4 sole member of Stadium Casino, LLC.

5           The Petition and a supplement filed of  
6 record addressed the details of the proposed  
7 restructuring. But briefly, Stadium's two members,  
8 Stadium Casino Baltimore Investors and Stadium Casino  
9 Investors worked effectively together throughout the  
10 licensing phase in this matter and in overcoming  
11 multiple legal challenges to the Board's license  
12 award.

13           Changes in the law brought about by  
14 Act 42, however, meant that the Stadium partnership  
15 was no longer necessary for its casino project to  
16 proceed. The partners determined that both casino  
17 projects, both the Category 2 and the Category 4  
18 project would be facilitated and would move forward  
19 most efficiently as solo efforts.

20           As such, they came to an agreement to  
21 restructure Stadium Casino with Stadium Casino  
22 Baltimore Investors being the sole member.

23           A confidential supplement, including  
24 three exhibits has been filed of record in this  
25 matter. Exhibit 1 includes the agreement and the

1 documents related to the proposed restructuring.  
2 Exhibit 2 depicts the ownership as it would be  
3 post-approval if the Board deems it appropriate to  
4 approve it. And Exhibit 3 establishes the  
5 availability of funds to close on the restructuring.

6 As is evident from the Petition and  
7 the supplemental exhibits, this is a completely  
8 internal restructuring. No new partners are being  
9 introduced. And all of the same individuals who  
10 presently own Stadium Casino Baltimore Investors would  
11 be the owners of that entity post approval.

12 And with that background on the  
13 proposed restructuring, I would turn it over to Mr.  
14 Norton for his comments and update on the Category 2  
15 project.

16 MR. NORTON: Great. Good morning.

17 CHAIRMAN: Good morning.

18 MR. NORTON: It's Rob Norton,  
19 N-O-R-T-O-N. Since our last presentation to the  
20 Commission, we've continued to work on all cylinders  
21 in preparing this project for construction.

22 Included in the project - including  
23 completing the project drawings, so that we can put  
24 them out to formal bid. Continuing our outreach  
25 efforts to the MBE, WBE and LBE vendors in the

1 community, and establishing our contractors.

2 I'm happy to inform the Commission  
3 today that we have actually received our Building  
4 Permits. They are in hand. And we look forward to  
5 moving forward expeditiously on starting the  
6 construction on this project and bringing Live! and  
7 the Live! brand casino to the Philadelphia market.

8 ATTORNEY STEWART: As a final point,  
9 we wanted to address the issue of a change of control  
10 fee, as it relates to the corporate restructuring.

11 Our Petition sets forth our argument  
12 as to why imposing no fee would be consistent with the  
13 intent of Section 1328. And we won't repeat that  
14 argument before you this morning, we'll rely on the  
15 Petition.

16 To the extent that a fee is deemed  
17 appropriate or required by the Board, we would request  
18 that it be set at a de minimis level, which would be  
19 consistent with the Board's past precedent in cases  
20 such as the Mt. Airy restructuring, which involved a  
21 \$1 fee.

22 We have here, as was noted, a  
23 completely internal restructuring. The parties to  
24 Stadium Casino had already paid a full \$50 million  
25 license fee, only approximately 12 months ago.



1                    CHAIRMAN:    Comments or questions from  
2 Enforcement Counsel?

3                    ATTORNEY ARMSTRONG:    We don't have any  
4 comments or questions at this time.    We'd like to make  
5 a statement and recommendation to the Board.

6                    CHAIRMAN:    Please.

7                    ATTORNEY ARMSTRONG:    James Armstrong  
8 for the Office of Enforcement Counsel (OEC).  
9 Chairman, Commissioners, the OEC, along with the  
10 Bureau of Gaming Operations, the Bureau of  
11 Investigations and Enforcement (BIE), the Bureau of  
12 Gaming and Laboratory Operations, the Bureau of  
13 Licensing (BOL), the Office of Diversity and the  
14 Office of Compulsive and Problem Gambling have  
15 reviewed and consulted extensively on the Petition  
16 filed by Stadium Casino, LLC for approval of corporate  
17 restructuring.    After which OEC filed an Answer in  
18 this matter requesting that the Board order the  
19 implementation of certain listed conditions if it was  
20 so inclined to grant the relief requested in the  
21 Petition.

22                    As a result, the OEC has no objection  
23 to the approval of corporate restructuring for Stadium  
24 Casino, LLC pursuant to the Petition and subject to  
25 the proposed conditions outlined in OEC's Answer filed

1 on December 5th, 2018 and any additional conditions  
2 imposed by the Board.

3 CHAIRMAN: I presume you have no  
4 objections to the conditions that are being proposed?

5 ATTORNEY STEWART: No objection, Mr.  
6 Chair.

7 CHAIRMAN: Any further comments in  
8 response to OEC at this point?

9 ATTORNEY STEWART: No, sir.

10 CHAIRMAN: Okay.

11 Questions or comments from the Board  
12 at this time?

13 MR. JEWELL: Just one. It's great to  
14 hear that it's progressed. And as you reported, you  
15 were very happy to report getting the permits and the  
16 work you've done. I expect you were giddily very  
17 happy to report that, because it has taken a long  
18 time.

19 MR. NORTON: Yes, sir.

20 MR. JEWELL: It's time to proceed at  
21 pace.

22 CHAIRMAN: Okay.

23 We're going to take this up when we  
24 get to the Office of Chief Counsel's (OCC) portion of  
25 the agenda. Thank you for showing up.

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ATTORNEY STEWART: Thank you.

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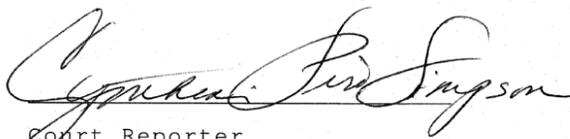
HEARING CONCLUDED

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## 1 CERTIFICATE

2 I hereby certify that the foregoing proceedings,  
3 hearing held before David M. Barasch, Chairman, was  
4 reported by me on 12-19-18 and that I, Cynthia Piro  
5 Simpson, read this transcript, and that I attest that  
6 this transcript is a true and accurate record of the  
7 proceeding.

8 Dated the 12th day of January, 2019

9  
10   
11 Court Reporter  
Cynthia Piro Simpson