

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: GREENWOOD GAMING AND ENTERTAINMENT, INC. -
PETITION TO CONDUCT SPORTS WAGERING AT ITS VALLEY
FORGE TURF CLUB

* * * * *

BEFORE: MEMBERS OF THE BOARD:

DAVID M. BARASCH, CHAIRMAN

Dante Santoni, Jr.

Kathy M. Manderino

T. Mark Mustio

Sean Logan

Merritt C. Reitzel

Obra S. Kernodle, IV

Reporter: Lindsey Deann Richardson

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EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

Jennifer Langan, Designee, Department of
Treasury

Radee Skipworth, Designee,
Department of Revenue

Fred Strathmeyer, Jr., Designee,
Department of Agriculture

HEARING: Wednesday, March 6, 2019, 10:04 a.m.

LOCATION: Pennsylvania Gaming Control Board
Strawberry Square
2nd Floor
Harrisburg, PA 17101

A P P E A R A N C E S

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Harrisburg, PA 17101

Counsel for Greenwood Gaming

and Entertainment, Inc.

ALSO PRESENT:

Matthew Cullen, Senior Vice President of iGaming and

Sports

John Dixon, Chief Operating Officer

Joseph Wilson, COO, Parx Racing

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PRESENTATION

By Attorney Stewart

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PRESENTATION

By Mr. Cullen

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STATEMENT

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P R O C E E D I N G S

CHAIRMAN: Could the Petitioners
please come forward?

Before we begin, I'd ask everyone that
is going to speak today, please state and spell your
name for the court reporter prior to your
presentation.

Additionally, I'd ask all non-attorney
witnesses to stand at this time to be sworn in.

WITNESSES SWORN EN MASSE

CHAIRMAN: Petitioners can begin.

ATTORNEY STEWART: Good morning. Mr.
Chairman, Commissioners, may it please the Board, my
name is Mark Stewart with the Law Firm of Eckert
Seamans. That's, S-T-E-W-A-R-T.

And I am here on behalf of Greenwood
Gaming and Entertainment today. With me is Greenwood
Gaming and Entertainment's Senior Vice President of
iGaming and Sports, Matthew Cullen, immediately to my
right.

Next to him is Greenwood Gaming and
Entertainment's Chief Operating Officer, John Dixon.

1 And to his right is Joseph Wilson, the COO of Parx
2 Racing.

3 With that I will turn over the
4 presentation, once I figure out how to get up on your
5 TV screens, to Mr. Cullen.

6 MR. CULLEN: Thank you and good
7 morning. Since obtaining our licenses for Parx Casino
8 in South Phil - South Philadelphia Turf Club, we've
9 seen some nice early success with sports wagering at
10 those two facilities.

11 Just last week we were here in
12 Harrisburg in front of the Pennsylvania State Horse
13 Racing Commission, where we obtained approval for the
14 renovations that are now taking place at the Valley
15 Forge Turf Club, which we're here to talk to you
16 about.

17 We're now seeking your approval of our
18 Petition to Conduct Sports Wagering at that facility.

19 Speaking a little further to our early
20 results, which we, as a company, are quite pleased
21 with, you see on the next two slides our January 2019
22 results around the sports wagering activity.

23 Handle was at \$5.3 million, at Parx
24 Casino, which equates to about 1.17 in gross gaming
25 revenue, or gross sports wagering revenue. And

1 \$421,000 in total tax revenue for the State, after
2 being operational for only three weeks.

3 At South Philadelphia Turf Club, we've
4 had similar results. About \$858,000 in sports
5 wagering handle, \$92,000 in sports wagering revenue,
6 equating to \$33,000 in taxable revenue for the State.

7 We've also seen an increase of horse
8 racing wagering activity at the facility to the tune
9 of about 15 percent increase since we launched. And
10 we were operational in January at South Philadelphia
11 for only two weeks.

12 As far as our plans for the Turf Club,
13 we're going to be spending about a half a million
14 dollars in renovations to the facility, which include
15 new technology, several new high-definition television
16 screens, a brand new surveillance system throughout
17 the facility and updated restaurant equipment in a
18 completely remodeled back-of-house space for the - for
19 the operation across racing and sports wagering.

20 We're also going to be increasing our
21 security at the facility and implementing enhanced
22 security measures. We're also going to implement,
23 like we did at South Philadelphia Turf Club, a new
24 admission policy for patrons 21 years and older.

25 We're going to see an increased staff

1 at Valley Forge Turf Club. We're going to have six
2 sports betting Teller positions with over-the-counter
3 terminals for those - those employees to take wagers.

4 We're also going to deploy 14
5 self-service sports wagering kiosks, which we also
6 have at South Philly and at Parx. And 23 racing
7 Teller positions and 13 racing kiosks for players to
8 place racing bets.

9 On the next slide you'll see our
10 proposed layout for the facility. I don't know if you
11 have any specific questions. You can see the yellow
12 area is the new racing and sports wagering space. And
13 then the blue area represents the existing racing
14 space.

15 CHAIRMAN: I do have a question about
16 that.

17 What's occupying the yellow space
18 currently?

19 MR. CULLEN: There's a restaurant
20 there, a bar area. And it's all racing wagering space
21 currently.

22 CHAIRMAN: I see. Thank you.

23 MR. SANTONI: Between the smoking
24 area, and I guess, the other is non, the other yellow
25 area? I can't tell.

1 I mean, something is - is it a wall
2 there?

3 MR. CULLEN: Yeah. There's going to
4 be a glass wall, within a couple weeks of opening,
5 that will - that will distinguish that area from the
6 rest of the nonsmoking area.

7 MR. SANTONI: Thank you.

8 MR. CULLEN: As far as our equipment,
9 I spoke about the kiosks. These are exactly the same
10 types of kiosks that we deployed at South Philly and
11 at Parx Casino. I believe currently right now we're
12 operating 38 of those kiosks across those two
13 locations. We'll add another 14 at Valley Forge.

14 And just like we are doing at Parx and
15 at South Philadelphia, Turf Club will be offering the
16 same type of sports wagering. There will be no change
17 to that across NFL, NCAA football, NBA, NCAA
18 basketball.

19 We're hoping to get launched prior to
20 the March Madness. We're very excited about that.

21 And all types of bet types, singles,
22 parlays, live betting and a full range of markets
23 across all sports.

24 We think there are several benefits to
25 the Commonwealth as a result of opening this third

1 location. More than 20 jobs will be created as part
2 of these renovations and this proposed launch.

3 The obviously increased recurring tax
4 revenue to the Commonwealth. And then we plan to
5 extensively promote horseracing and our existing ADW
6 business around horseracing to these new players that
7 will be coming into the Turf Club.

8 CHAIRMAN: One additional question.
9 Earlier you had said six positions. I guess you meant
10 locations.

11 MR. CULLEN: Six over-the-counter -
12 where we will have Tellers' positions.

13 CHAIRMAN: And the total number of
14 employees is 20.

15 MR. CULLEN: Correct.

16 CHAIRMAN: So by shift is, what, five
17 or six people?

18 MR. CULLEN: Yeah. Security -
19 security, surveillance, the Teller positions,
20 depending upon shifts and managerial positions.

21 CHAIRMAN: Thank you.

22 MS. REITZEL: Twenty (20) new
23 positions at the Turf Club or 20 -?

24 MR. CULLEN: Yes.

25 MS. REITZEL: Okay.

1 MR. CULLEN: In addition to what is
2 there now.

3 MS. REITZEL: Bringing it to how many
4 - how many employees, then, at the Turf Club?

5 MR. CULLEN: Currently, Joe?

6 MR. WILSON: It'll bring it to about
7 50.

8 MS. REITZEL: Fifty (50)? Okay.

9 MR. CULLEN: We have 30 today.

10 CHAIRMAN: Do you have - go ahead.

11 MS. MANDERINO: I'm just curious.
12 Since the new audience of what I'll call sports wagers
13 are probably not - as you said, not necessarily
14 horseracing wagers.

15 Is the nomenclature that we have
16 historically used, Turf Club, something that you're
17 allowed to change? Is that regulated by the
18 Horseracing Commission?

19 I mean, I just see kind of an
20 evolution coming on, where you might want - people
21 might want to start calling it Surf - Turf Club and
22 Sports Club or something, I don't know. I wonder what
23 your thought was.

24 MR. CULLEN: We're actually still
25 working on plans as far as rebranding those - the two

1 facilities.

2 MS. MANDERINO: But the rebranding
3 isn't necessarily a regulatory issue, or is it?

4 ATTORNEY STEWART: I don't believe
5 that it is, for the Racing Commission.

6 MS. MANDERINO: It is not?

7 MR. CULLEN: It has never come up.

8 MS. MANDERINO: Okay.

9 MR. CULLEN: But given the fact that
10 we'll also continue to allow wagering on horseracing,
11 we want to keep racing in the name.

12 MS. MANDERINO: Uh-huh (yes).

13 CHAIRMAN: Please go ahead.

14 ATTORNEY STEWART: Mr. Chairman, I
15 believe that is all we have. Our presentation we
16 would refer to as Parx Exhibit 1.

17 We also provided the Board and the
18 Office of Enforcement Counsel (OEC) with an additional
19 copy of the floor plan that included a legend, which
20 we will call Parx Exhibit 2.

21 And at the appropriate time we would
22 ask they be moved into the record.

23 ---

24 (Whereupon, Parx Exhibit 1, Presentation, was
25 marked for identification.)

1 (Whereupon, Parx Exhibit 2, Floor Plan, was
2 marked for identification.)

3 ---

4 CHAIRMAN: Questions or comments from
5 Enforcement Counsel?

6 ATTORNEY FERRELL: Good morning,
7 Chairman and Members of the Board. Benjamin Ferrell,
8 F-E-R-R-E-L-L, Assistant Enforcement Counsel for the
9 OEC.

10 The OEC does not have a formal
11 presentation, however, we do request to put the
12 following statement and recommendation into the
13 record.

14 The OEC, along with the Bureau of
15 Casino Compliance, the Bureau of Gaming Operations,
16 BIE, the Bureau of Gaming and Laboratory Operations
17 and the Bureau of Licensing, along with the Office of
18 Diversity and the Office of Compulsive and Problem
19 Gambling, have reviewed and consulted extensively in
20 the Petition and the appendices filed by Greenwood
21 Gaming and Entertainment, Inc. to conduct sports
22 wagering at its Valley Forge Turf Club.

23 After which OEC filed an Answer to
24 this matter, requesting that the Board issue an -
25 order the implementation of certain listed conditions,

1 if it was so inclined to grant the relief requested in
2 the Petition.

3 As a result, OEC has no objection to
4 the approval of Greenwood Gaming and Entertainment,
5 Inc.'s Petition to Conduct Sports Wagering at its
6 Valley Forge Turf Club.

7 However, we do request that the
8 approval to conduct Sports Wagering at Valley Forge
9 Turf Club be subject to the proposed conditions
10 outlined in OEC's Answer filed on February 15th in
11 response to that Petition, as well as any conditions
12 imposed by the Board.

13 CHAIRMAN: Any further questions from
14 the Board at this time? Any questions from the
15 Petitioners for OEC?

16 ATTORNEY STEWART: No, Mr. Chairman,
17 just that Greenwood is agreeable to the proposed
18 conditions.

19 CHAIRMAN: Okay.

20 At this point, perhaps, you want to
21 move some things into evidence?

22 ATTORNEY STEWART: Yes, Your Honor -
23 or Mr. Chairman, I would move Exhibits 1 and 2 into
24 the record, please.

25 CHAIRMAN: Okay.

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So moved.

(Whereupon, Parx Exhibit 1, Presentation, was admitted.)

(Whereupon, Parx Exhibit 2, Floor Plan, was admitted.)

CHAIRMAN: Thank you.

This matter will be voted on later today under the OEC's portion of the Agenda. Thank you for coming.

* * * * *

HEARING CONCLUDED AT 10:14 A.M.

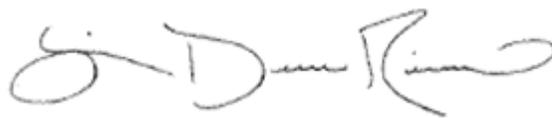
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CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Chairman Barasch, was reported by me on 3/6/2019 and that I, Lindsey Deann Richardson, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

Dated the 28th day of March, 2019.



Lindsey Deann Richardson,
Court Reporter