

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: STADIUM CASINO RE, LLC - CATEGORY 2 LICENSE
RENEWAL

* * * * *

BEFORE: MEMBERS OF THE BOARD:

DAVID M. BARASCH, CHAIRMAN

Obra S. Kernodle, IV

Sean Logan

Kathy M. Manderino (via telephone)

T. Mark Mustio

Merritt C. Reitzel

Dante Santoni, Jr.

EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

Jorge Augusto, Esquire, Designee,
Department of Agriculture

Jennifer Langan, Esquire, Designee,
Department of Treasury

HEARING: Wednesday, July 10, 2019, 10:05 a.m.

Reporter: Amy N. Distefano

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1 LOCATION: Pennsylvania Gaming Control Board
2 Strawberry Square
3 2nd Floor
4 Harrisburg, PA 17101

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A P P E A R A N C E S

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14 Counsel for Stadium Casino RE, LLC

15

16 ALSO PRESENT:

17 ROB NORTON, President, Cordish Gaming Group

18 TRAVIS LAMB, Chief Financial Officer, Cordish Gaming

19 Group

20 RICHARD W. HAYDEN, Esquire, Saul, Ewing, Arnstein &

21 Lehr, LLP

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P R O C E E D I N G S

CHAIRMAN: Today, we have a Public Hearing scheduled regarding the CAT 2 Slot License Renewal for Stadium Casino, which will operate Live! Hotel & Casino in Philadelphia.

Would the representatives from Stadium please come forward?

And before we begin, as always, I'd ask everybody that's going to speak today to please state and spell your name for the court reporter prior to your presentation. Additionally, I'd ask that all nonattorney witnesses to please stand at this time and be sworn in.

WITNESSES SWORN EN MASSE

CHAIRMAN: Okay.

Stadium, you may begin.

ATTORNEY STEWART: Good morning.

And may it please the Board, Mr. Chairman, Commissioners, my name is Mark Stewart. That's, S-T-E-W-A-R-T. With the Law Firm of Eckert Seamans, here on behalf of Stadium Casino, LLC - excuse me, Stadium Casino RE, LLC.

1 With me is Rob Norton, N-O-R-T-O-N,
2 the President of Cordish Gaming Group. Also Travis
3 Lamb, L-A-M-B, the Chief Financial Officer of
4 Cordish Gaming Group, and Richard Hayden, who needs
5 no introduction; Saul Ewing, who is also a -.

6 CHAIRMAN: I think he needs
7 introduction.

8 ATTORNEY STEWART: Who is also Counsel
9 to the Licensee.

10 So we are pleased to be before you
11 this morning on our renewal hearing. I'm trying to
12 remember how to get this to come up on your screen.

13 Thank you.

14 On our Category 2 Slot Machine License
15 Renewal Hearing, we were before you in May for a
16 Public Input Hearing down at the Navy yards, and
17 we're excited to provide a presentation again today.

18 On the slide before you, you see some
19 of the activities and expertise that the Principals
20 behind Stadium Casino RE are involved in, the
21 Principals of Stadium Casino Baltimore, investors,
22 the ultimate holding company of this Licensee.

23 They have vast experience in
24 entertainment, hospitality and gaming. And we're
25 very excited to bring that experience to the

1 Philadelphia area with a world-class destination.

2 Throughout all of their destinations,
3 the Cordish companies and their Live! brand welcome
4 over 50 million visitors a year. Briefly touching
5 on the project history, they're well aware of it.

6 We'll jump ahead to the actual
7 issuance of the license, in November of 2017. Since
8 that time, obviously, the \$50 million Slot Machine
9 License was paid promptly. There was also a \$40.1
10 million licensee fee paid, and the related and
11 affiliated Category 4 Slot Machine Application and
12 auction. A \$24.75 million fee for the Table Game
13 Certificate was paid in June of last year, and that
14 followed by consistent progress and development of
15 the project.

16 Immediately upon getting the license,
17 the parties - the Licensee moved forward - forward
18 with zoning and use registration, getting various
19 city approvals. In April of last year, construction
20 drawings were submitted to the City. Permits were -
21 started to be acquired. September of last year, Art
22 Commission approval was achieved, and the building
23 permits were secured in December of 2018.

24 And progress really picked up and
25 remained steady from that point forward, with

1 demolition being completed in March of 2019,
2 foundations starting and the erection of precast and
3 steel beginning this past June.

4 And with that, I will turn it over to
5 Mr. Norton to continue with the presentation.

6 MR. NORTON: Good morning.

7 We'll start with just a brief history,
8 too, on the budget. As we - when we first entered
9 this project, we started with about a \$450 million
10 project budget. We have since increased to over
11 \$700 million, with anticipation of bringing to life
12 the world class Live! Casino in Philadelphia.

13 I'm excited to show you some images of
14 the site. If you have not had the opportunity to
15 drive past, the progress is moving quickly now.
16 We're coming well out of the ground in this site.
17 You can actually see the steel work for the
18 northwest corner of the casino coming out of the
19 ground and we're starting to go vertical on the
20 hotel.

21 We see many, many, many footings, all
22 going in as well. The next image gives you just a
23 great vantage point of, I think, what you'll see
24 when you're on the top floor of our hotel looking
25 out over the Philadelphia skyline, a little bit

1 closer-up image of the construction work.

2 We're excited that we're actually
3 about to create our first pour on the precast. That
4 will start - that'll happen this week, and so as you
5 can see, the project is well under way. We'll talk
6 a little bit about the timelines later on.

7 However, I'd like to spend some time
8 giving you some updated images of what the facility
9 is going to look like. These are fresh off the
10 press images from our design teams. This is an
11 aerial view looking back at the facility with the
12 garage, looking at the northwest corner of the
13 facility with Stadium in the background.

14 Just a different perspective, looking
15 at our front door now, still looking from an aerial
16 perspective, the hotel, 200 rooms. I'm sorry, and
17 looking now from the north down to the 10th Street
18 entrance. So, this is the entrance adjacent to most
19 of the surface parking and the Stadium parking.
20 You'll see it's updated now with the new food and
21 beverage, and different signage from the last
22 presentation.

23 On the main porte cochere, this is -
24 this is showing some of our art commitment, a
25 digital art display over the porte cochere. If

1 anybody's seen our Maryland facility, there's a
2 similar feature in that Maryland facility, but it's
3 behind the front desk. It really is spectacular,
4 and it will be the talk of the town, I have no
5 doubt.

6 This is the - we're going to stop for
7 a moment and walk through the floor plan. The floor
8 plan is color-coded for - for ease to follow in a
9 presentation. The blue areas are shown as back of
10 house and support areas.

11 The pink is the Gaming Floor areas.
12 The orange colors are our Non-Gaming areas, and
13 we're going to go through and show you images of all
14 of these spaces, as we go into it.

15 And then the yellow areas actually are
16 just our entrance lobby areas.

17 CHAIRMAN: Just a reference point, in
18 terms of where the Gaming Floor is, where's the
19 hotel?

20 MR. NORTON: So, on this - on this
21 - if you see the word signature restaurant on the
22 bottom right corner of the drawing, that's actually
23 in the lobby of the hotel. So, the hotel is on the
24 bottom right corner of this plan.

25 CHAIRMAN: Okay. Thank you.

1 MR. NORTON: Uh-huh (yes).

2 And so now we'll actually bring you
3 into some of the interior design and renderings of
4 the space. So, this is - this is just a virtual fly
5 through to give you a sense of the casino in a three
6 dimensional and color vision.

7 And you can - you're going to start to
8 get excited, as I have, as I've seen these, and the
9 quality that we're bringing in. The very next slide
10 is our entrance off of the main porte cochere, when
11 you come into the lobby. This is as if you've just
12 walked through the glass doors dropping off your car
13 and valet and looking through the security
14 checkpoint into the casino down through the table
15 games and slots. We expect to see spectacular
16 chandeliers and top-end finishes through the space.

17 The next image is standing in our
18 center bar area and looking out over - over the
19 center bar into the casino towards one of our
20 restaurant spaces, our sports bar, and you can see
21 the design as we go through. The focus I would
22 point you towards is to identify that this is not
23 just a gaming experience, that this is an
24 entertainment experience. So, as we go through this
25 space, the dedication and work to the

1 Non-Gaming spaces is critically important, and
2 you'll see through this presentation continued
3 excellence in that area.

4 And we've included a couple of shots
5 of the Gaming Floor, so that you can - you can see a
6 sense of, again, the level of quality of the ceiling
7 work, the finished levels, the chandeliers, all top
8 notch. All with an elegance that, I think this site
9 deserves.

10 The next image - it's a little hard to
11 see in this one, but you can actually see - we'll
12 have different environments in the casino. So, the
13 center bar we stopped in a moment ago. In the right
14 corner of this image, you'll actually see a major
15 casino bar that's actually intended to be a center
16 point for sports viewing, as well as Dealer-assisted
17 electronic table games play. We have a similar
18 product in Maryland, which is - we refer to it as
19 the R bar.

20 And so that will be another staple,
21 another anchor moment on the casino floor that will
22 actually flank the entrance to the Poker room and
23 create a real destination towards the back of the
24 casino.

25 Now, we'll spend some time in the

1 Non-Gaming areas. We'll start with the hotel. I
2 think this image is the first time it's been shared.
3 This is - this is the image of our front desk area.

4 I'll move a little bit quicker.
5 Please feel free to stop me or ask me any questions
6 if there's anything you'd like me to go into in more
7 detail.

8 Again, we have approximately 200
9 rooms. This is an illustration of one of the rooms.
10 This would be a standard room, center king. What's
11 great is, they are oversized rooms, they are, you
12 know, hardwood floors, luxury suite bathrooms. This
13 is - this is definitely a luxury hotel.

14 With the luxury hotel, you know, comes
15 other amenities. We will have a full workout
16 facility. This is not - this is not your typical
17 Holiday Inn Express gym.

18 We are now moving forward with plans
19 to include a multipurpose meeting, slash, event
20 space within the space. So, these are images of our
21 Maryland facility. There would be a lot of
22 similarities in the way the design is done, but to
23 give you a sense of what we have done and how we
24 would proceed forward with the - with the space, the
25 meeting space, the next couple images gives you a

1 couple of - a couple of views of how that will
2 potentially look.

3 We'll have multiple dining options
4 throughout the facility. The next couple images are
5 of our fine-dining restaurant. We will - we are
6 excited to announce the concepts and will be doing
7 so over the next, you know, number of months. In
8 press releases, for now, we'll just refer to them in
9 their - in their category.

10 So, the fine-dining restaurant located
11 in the hotel lobby will have access, both from the
12 hotel and from the casino, and is - all the designs
13 in this space and in others are done with an edge
14 and a nightlife appeal that we think will make us
15 the center point of entertainment for the City and
16 for the immediate area.

17 We'll have a hip casual restaurant
18 that will actually be an Asian restaurant. We're -
19 we have a very successful Asian restaurant in
20 Maryland called Luk Fu, that a lot of the
21 inspiration for the menu for this location will
22 come, but we really have increased the design
23 elements.

24 We will have private dining in this
25 room now as well as we'll have private dining in the

1 signature restaurant. We will also have karaoke
2 included in this restaurant.

3 On the northeast corner - northwest
4 corner, I think I've been getting the directions
5 wrong. On the northeast corner, we're going to have
6 a - in lieu of a buffet, we are going to include a
7 marketplace.

8 The marketplace will have six points
9 of interest within the marketplace, five restaurant
10 - or five food variations. Again, we'll have some
11 exciting news about the names and the participation
12 in that, in the near future.

13 It will also include a bar element
14 that will be in there. This is immediately off the
15 10th Street entrance, and we expect that this will
16 not only be a favorite for the casino customers, but
17 also be a favorite for those that are going to the
18 games, you know, to be able to come in and enjoy
19 their pregame and post-game festivities with us.

20 Our sports bar, which will likely take
21 the name of one of our internal offerings that we
22 use in other entertainment districts, and we'll also
23 be the host for the location of our sportsbook.
24 Once we complete the petition for the sportsbook
25 application, this is where we anticipate placing the

1 sportsbook.

2 This will have extraordinarily large
3 and impressive LED screens. It will span the - the
4 - span the entire back wall of the space as well as
5 a great casual dining cuisine.

6 And I'll turn this over to Travis.

7 MR. LAMB: Thank you. Good morning.

8 Our community benefits, this slide
9 hasn't really changed from our past presentation,
10 but I'll just recap, you know, over \$2 billion in
11 economic stimulus to the City, and then the estimate
12 tax revenues to the City, including the \$25 million
13 to the school districts as well as the local share
14 taxes and payroll taxes that the City will receive.

15 And then we also have the \$15 million
16 during the first ten years on enhancements to the
17 community. That's part of the Community Benefits
18 Agreement. We still believe in our projections of
19 our numbers of 5,000 jobs, both as construction and
20 ongoing operation, new jobs as well as the estimated
21 wages and salaries that result from those jobs, and
22 as part of our agreement with the City, our
23 commitment to the living wage rate for the permanent
24 jobs that are at the operating casino.

25 MR. LOGAN: Was that Community

1 Benefits Agreement negotiated before you were
2 awarded the license or after?

3 ATTORNEY HAYDEN: Commissioner, I'm
4 Richard Hayden from Saul Ewing Arnstein & Lehr, and
5 I handle all the local land usage issues with
6 respect to this project and the Applicant.

7 And we actually had negotiated the
8 Community Benefit Agreement prior - well, prior to
9 the 2017 pulling down of the license, but after the
10 license was awarded in 2015, and the Board made the
11 Community Benefits Agreement a condition of the
12 initial license order in 2015.

13 MR. LOGAN: Okay. Thank you.

14 MR. LAMB: Our next - next slide, this
15 slide also is not changed. Our diversity inclusion
16 goals remain to be very important to us, and our
17 current projections, both on the construction phase,
18 minority and women-owned business goals are holding
19 up, as well as our post construction projections.
20 We see no reason that we won't meet those goals
21 going forward.

22 With that, I'll turn it back over to
23 Rob on the construction schedule.

24 MR. NORTON: The good news here is
25 there's no changes on the construction schedule

1 since the last time that we have presented to the
2 Board. We anticipate the progress we're making and
3 the speed in which we see things are moving
4 vertical, no complications at this point to be
5 concerned of and that we're on target for December
6 2020.

7 I think Dick is up now.

8 ATTORNEY HAYDEN: Yep.

9 Again, Mr. Chairman, members of the
10 Commission. I have been involved in this project,
11 frankly, from the time when the Board put the
12 license back out for competition after the Foxwoods'
13 Decision. So, I've been engaged with the Streets
14 Department continually since whenever the Applicant
15 decided on this location.

16 It had been involved in all the zoning
17 processes as well as the community engagement
18 features of the project, but I thought it was
19 helpful or would be helpful.

20 Mark, can go back to slide ten, just
21 to give the Board the context for the traffic - what
22 I call kind of the overall traffic conditions at
23 this site. So, that's a pretty good iteration of
24 what this site is like.

25 There are over 21,000 surface parking

1 spaces at this location. It's the only place in the
2 country where all four professional sports
3 franchises have or play at the same location.

4 The surrounding road infrastructure is
5 pretty significant. Packer Avenue is at least six
6 lanes. In some cases it's actually wider. This
7 project faces Packer and has an entrance off of
8 Darien. Darien Street is also six lanes. Broad
9 Street, which is a major north-south artery, is more
10 than six lanes in many locations and has many
11 turning locations.

12 It was, frankly, one of the reasons
13 why we think in 2015, or '14, I'm sorry, the Board
14 felt that this was a good location to put the
15 license.

16 The other thing I think we need to
17 keep in mind are the traffic patterns associated
18 with the sports teams there versus the casino. We
19 went through this a number of times with the traffic
20 consultants about what the peak usage is associated
21 with a casino versus what the games and versus the
22 teams.

23 So, as you folks know, the peak
24 traffic pattern for a casino is Friday afternoon
25 into Friday evening, same thing Saturday. So, one

1 of our analyses when we went back and looked at
2 doing traffic study was to see when there were what
3 we call large events that occurred down there, which
4 would also correspond with the peak usage of the
5 casino.

6 As you can imagine, if you think about
7 the Eagles, the Eagles have eight home games. In
8 2018 they had no home games on a Friday or Saturday
9 night. Their games are principally one o'clock
10 starts. They had some four o'clock starts, and they
11 actually had a home game in London last year, but
12 that's another story.

13 So, when you analyze the impact of the
14 casino traffic as an additional use associated with
15 the road and road infrastructure, the consultants
16 look at that pattern. So, when there was a
17 competition back in 2014, there were actually three
18 competitive applications back down in the stadium
19 complex area.

20 One was actually at the OTB just below
21 us, which was Hollywood Casino by Penn National, and
22 there was another one down on Broad Street - I'm
23 sorry, Front Street, associated with a larger
24 warehouse operation.

25 At the time -.

1 CHAIRMAN: Mr. Hayden, can I interrupt
2 just for a second. You referred to the Eagles, is
3 that because that's the maximum stress as opposed to
4 the basketball or -?

5 ATTORNEY HAYDEN: That's correct, Mr.
6 Chairman. On two fronts. One, the size of that
7 stadium complex. So, there's 66,000-plus seats.
8 Plus, again, to differentiate between folks who go
9 to a casino, who may spend a couple hours and leave
10 at different time periods, the game ends.

11 And then there's a time period of
12 which that Stadium is then empty.

13 CHAIRMAN: I guess what I'm trying to
14 understand is, I'm sure your consultants looked at
15 more than the football, but you're using football at
16 the time -.

17 ATTORNEY HAYDEN: Worst-case scenario.

18 CHAIRMAN: That's the worst-case
19 scenario -

20 ATTORNEY HAYDEN: Correct.

21 CHAIRMAN: - for the project.

22 ATTORNEY HAYDEN: Correct. Looked -
23 looked at two - two scenarios, Mr. Chairman. One
24 were Eagles games and one was a Friday night
25 Phillies game, which is important, because some of

1 the Phillies games would start at the time when our
2 patrons are coming down to use the facility.

3 So, each of the Applicants at the time
4 submitted a Traffic Impact Study. The Board,
5 through PennDOT, hired an independent consultant,
6 Orth-Rodgers, to evaluate those studies, made
7 recommendations as to what more counts should look
8 like, what it should involve.

9 We made those changes, so did others.
10 And then when we were finished, we got a notice from
11 Orth-Rodgers that said that Hollywood Casino -
12 remember that was at the time, 8th and Packer below
13 us has volunteered to do a new on-ramp on Interstate
14 76 West.

15 Certainly became as a surprise to us,
16 because it wasn't in our Traffic Impact Study and
17 hadn't been discussed. So, our response at the time
18 was, well, I was asked by the client, you know, what
19 does that involve? Is the City involved in this?
20 Who are the parties involved in this.

21 And actually, I served a term on the
22 Delaware Valley Regional Planning Commission from
23 2003 to 2007. That's the Metropolitan Planning
24 Organization that program's interstate highways
25 projects, interstate highway funding.

1 So, I had familiarity with dealing
2 with Interstate 95, dealing with Interstate 76 and
3 how that process takes place. I tell them that in
4 my tenure there, I never saw a project where a
5 private party was, quote, ordered to do an on-ramp
6 or off-ramp associated with an interstate highway.
7 A very complex project. I said this is a - usually,
8 ordinarily, so public process that you follow and
9 you pursue that. So, I said the answer is, I can't
10 tell you what it means to say you've got to build a
11 ramp on 76 west.

12 So fast-forward to the Suitability
13 Hearing. The three parties that appeared in front
14 of the Suitability Hearing - my client was pressed
15 on the issue of, will you build the ramp as a
16 condition of your license? You said a number of
17 times in the course of the conversation to the
18 Board, this hasn't been studied, it hasn't followed
19 the standard plan.

20 PennDOT's own testimony said, this was
21 never on the PennDOT 12-year plan, nor is it part of
22 the TIP. I think you folks know what - it's a
23 Transportation Improvement Program, which goes
24 through the standard process, frankly through DVR
25 and P.C.

1 So, the question then - so now what do
2 we do? So, we ask the consultant to say, look, from
3 a practical matter, what would this involve, what
4 would this cost? So, the consultant looked at the
5 site, and the site in the order said 7th Street.
6 It's the only practical location where this could
7 take place.

8 At the time, I wasn't aware who owned
9 the land. I said, well, you start with an eminent
10 domain process, and those of you involved with the
11 Turnpike Commission understand how long an eminent
12 domain process can take.

13 And then we found out there was a
14 party that owned all of the available land, which is
15 the Delaware River Port Authority. Delaware Port
16 Authority is a bi-state agency recognized in
17 interstate compact and has its own rights over
18 property and land, obviously, on our side of the
19 river. It shares with New Jersey.

20 So we ask the consultant to look at,
21 you know, essentially the feasibility of that site
22 and the project. They said well, there's only one
23 place you can go. There's an off-ramp already in
24 place at 7th Street. You'd have to put the on-ramp
25 right next to it, but it fails three important

1 federal safety conditions.

2 One, you can't build a long enough
3 ramp in order to accommodate the ramp. Number two,
4 there's a federal condition on what they call a
5 weaving condition. You have cars now that are
6 coming off of Walt Whitman Bridge going 76 west that
7 are exiting at Broad Street. The Broad Street ramp
8 starts at 12th.

9 Our on-ramp, should we build it,
10 enters at 10th. So, you don't fulfill that
11 condition in terms of the length of space and the
12 length of availability. Then, frankly, we said,
13 look, does it have value associated with the casino
14 and casino patrons? The answer was no.

15 There's plenty of access, as you saw,
16 on Packer Avenue to go up - if you're going west to
17 get on 76 west and Broad Street. So, then the
18 license was about to be issued in 2017, and we made
19 the appeal back to the Board to say, look, this was
20 an unfinished study back when the license was issued
21 in 2014. Too many unanswered questions, let's
22 conduct a study.

23 So, your condition in 2017 said, get
24 the respective government agencies who are
25 traditionally involved in this process, meaning the

1 FHWA, the Federal Highway Administration, DRPA, as
2 the owner, PennDOT and the City of Philadelphia and
3 - do a study. See what this looks like, see what
4 this would entail.

5 So, we were tasked with convening the
6 parties. So, I recall the phone call that I made to
7 DRPA in 2017, and they said what brand? Which was
8 pretty clear they had never been consulted on
9 whether a ramp on property that they own outright
10 should be a condition associated with the study.
11 However they agreed to participate.

12 And then PennDOT agreed on the study
13 protocols to how we should analyze this. We went
14 out and got new data. Frankly - associated with the
15 bridge as part of the analysis and part of the
16 project, and then the consultant came back with
17 conclusions associated with a study. And I think
18 you have in the record, a copy of the study.

19 So in short, the study said there
20 would be no improvement - so frankly, the scope of
21 the study was more than just would this benefit the
22 casino. The scope of the study said, would it
23 improve traffic conditions in the area? That was
24 questioned as well.

25 Is it feasible or should it not be

1 completed. So, PennDOT and the City said, look,
2 let's look at a broader context as to whether this
3 works. The consultant's answer came back, level of
4 service, which is their term of art, would not
5 improve with the ramp versus an analysis of without
6 the ramp.

7 You have to put in a new traffic light
8 there. There are a number of reasons why they came
9 to that conclusion. The only benefit that they
10 found was when they looked at an Eagles' departure -
11 and keep in mind, you don't get to the stadium - you
12 don't arrive by I-76 west at that location, you just
13 leave. You can't get there from the bridge.

14 So they said - their analysis was,
15 perhaps, 900 cars would be diverted to that
16 westbound ramp that would otherwise be using Broad
17 Street. So, that was the conclusion associated with
18 the study. Meaning there's very little, if any,
19 value. It's only on, you know, Eagles' games days.

20 So, then we then reengaged with DRPA
21 and you have a letter in front of you about the
22 DRPA. DRPA is pretty emphatic about its position
23 associated with the ramp. We had also been engaged
24 with the City through the process, because it's been
25 our view - and frankly since the Gaming Control

1 Board case versus City Council in 2007, that as long
2 as the local municipality behaved associated with
3 zoning, that's the rules - those are the rules that
4 you follow.

5 So, we went through extensive analysis
6 with the Streets Department and their Highway
7 Division and we ended up, frankly, with our final
8 permit. Just so you know, there aren't - it's not
9 like we avoided local traffic mitigation
10 requirements associated with the study.

11 A couple of the major ones are,
12 frankly, new traffic signals at three different
13 intersections, but most importantly, the Applicant
14 agreed to run new cable from Darien Street, which is
15 just the edge of our property, seven blocks down to
16 Broad Street, to connect to the Broad Street traffic
17 lights, which is a major traffic signal and traffic
18 device associated with how you manage traffic at
19 stadium.

20 The purpose of the cable is now the
21 Streets Department at PennDOT can mount cameras get
22 real time live action video of what's happening
23 associated with that - with that location. So, that
24 was a - that was a traffic mitigation process in
25 place.

1 The other, frankly, most significant
2 one, which came from a Deputy Commissioner in
3 Streets, or along the process. He said look, we
4 have had a study by another consultant that now
5 enables us to empty the Eagles' parking lot within
6 an hour after game time, provided those who don't
7 want to hang around and continue their tailgate
8 operations.

9 So, we have a plan in place. You, as
10 the operator, have to essentially turn over your
11 facility to us in terms of traffic management for
12 all ingress and egress on game days. So, there are
13 conditions associated with Darien Street, which I
14 showed you on game day; Packer Avenue, because the
15 applicants have right of way.

16 You know, by all means, it's in our
17 interest as the operator, to make sure that we don't
18 add to traffic conditions or traffic problems
19 associated with the casino. So, that's another
20 condition of the permit.

21 The City's - you have the City's
22 letter in front of you as well. So, the City has
23 issued its final permits to us associated with all
24 matters related to traffic. So, we met all the
25 local conditions. You see what DRPA's position is.

1 And then now I was handed a letter
2 this morning from PennDOT, which suggests that there
3 may be a broader design associated with their
4 analysis of Interstate 95. And they are evaluating
5 a next sector of Interstate 95, which if you look at
6 what the DVRPC website says, will take decades.

7 And I might add, when I was on DVRPC
8 in 2007, we started the process for a different
9 sector of I-95 to look at Girard Avenue Exit, not
10 new one, but an existing exit. It's 2019, the
11 construction is almost completed.

12 So, it gives you some context for how
13 complicated it can be, as PennDOT would ultimately
14 like to do, which is to connect the Navy yard, to
15 connect the Port Authority, to connect whatever's
16 going on - not just with the casino, but all the
17 associated, you know, stadium casino uses.

18 So, they suggest that we should still
19 go ahead, because perhaps we would use the ramp for
20 ten years and then remove it. It's essentially what
21 it looks like here. It may be eliminated or
22 replaced with another facility. So, - so we should
23 be good to go for ten years.

24 It's our suggestion, based on the
25 evidence that's in front of the record, but frankly,

1 significantly because as a developer, rule number
2 one is, where's the land coming from? You, as the
3 Gaming Control Board, do not have eminent domain
4 authority over DRPA. Frankly, nor does PennDOT.
5 That was a matter that was pointed out to me very
6 early on DRPA's General Counsel.

7 So you can't force or order DRPA to
8 surrender its land for purposes of this ramp. So,
9 we think we met - although it's stated in the
10 disjunctive, we think we met all of the conditions
11 in the special condition.

12 The study says it will not improve
13 traffic conditions in the area. We know it's not
14 feasible, by virtue of the fact that you can't
15 acquire the land. Should it be completed, the best
16 case scenario that PennDOT has laid out for you is,
17 let's saddle a developer, which I don't think you're
18 permitted to do. I agree with the City's legal
19 position, with building a ramp from - perhaps ten
20 years, it may be of some value associated with the
21 local community.

22 I want to finish with this. So, I
23 periodically am called by lender's counsel to
24 comment on land use issues. I can tell you from
25 dealing with lawyers who work for banks, to

1 characterize them as risk adverse is an
2 understatement. There's certainly a lot less risk
3 adverse in a casino operator and casino player.

4 So, I have had now, on three different
5 occasions, to submit permits associated with zoning,
6 permits associated with Streets Department. All
7 those matters, so that lender's counsel can advise a
8 senior lender about what the total exposure is
9 associated with the operations onsite.

10 So, it's July the 10th, 2019, I can't
11 tell a lender or lender's counsel what it means to
12 say you have to build a ramp, what the ramp would
13 look like, how long it would take, what's the cost
14 associated with the ramp.

15 So, frankly, given this applicant - or
16 frankly, this licensee's commitment to this project,
17 the extent to which they have gone over and above
18 what had been asked even during initial license
19 application, I would submit that we've met all three
20 of those conditions associated with a special
21 condition. I'd ask you to remove the requirement
22 that these folks are responsible to build a ramp at
23 7th Street.

24 MR. NORTON: Yeah, so on that, just a
25 summary before we wrap up our presentations. You

1 know, we are - we are excited to be coming to
2 Pennsylvania and to the City of Philadelphia. We
3 have a world-class integrated casino and hospitality
4 destination that will add to the excitement and the
5 availability of entertainment in the entertainment
6 in the Stadium district.

7 It's the largest single initial
8 development in any casino in Pennsylvania. It will
9 enable this location to be the premier sports
10 entertainment and gaming hospital destination of the
11 hotel. Over \$700 million in investment, over \$250
12 million of equity investment, and we are expediting
13 the project and moving it as fast as we can to get
14 the doors open now. So, we're excited to move
15 forward, and thank you for the consideration.

16 CHAIRMAN: Thank you for the
17 presentation. Questions or comments from
18 Enforcement Counsel?

19 ATTORNEY ARMSTRONG: Yes, James
20 Armstrong for the Office of Enforcement Counsel
21 (OEC). We just have a few questions for you.

22 Can I draw your attention to slide 29,
23 the presentation of sports bar - sportsbook? In
24 2018, stating a Petition to receive authorization
25 from the Board for a Table Game Certificate and an

1 Igaming Certificate, however Stadium's never
2 petitioned the Board for a Sports-Wagering
3 Certificate. Obviously Stadium intends to include a
4 sportsbook at its casino.

5 Can you explain when Stadium
6 anticipates petitioning the Board for a
7 Sports-Wagering Certificate?

8 ATTORNEY STEWART: The papers are
9 essentially completed and we anticipate that a
10 Petition will be filed, likely, before the end of
11 this month.

12 ATTORNEY ARMSTRONG: Has Stadium
13 reached an agreement with any Igaming companies?

14 ATTORNEY STEWART: There's been
15 discussions with multiple potential partners on it -
16 or operators on it, but one has not been selected as
17 of this date.

18 ATTORNEY ARMSTRONG: And how about,
19 has Stadium taken any action in regard to the
20 development of its Igaming operation?

21 MR. NORTON: At this point there's
22 been no material work done on operations or internal
23 controls or any of those factors for Igaming. We
24 wish to complete the exploration and discussion with
25 third-party operators prior to making those - those

1 commitments.

2 ATTORNEY ARMSTRONG: Thanks.

3 Can I draw your attention to slide 32?
4 Can you provide more information on the adherence
5 with the schedule, the construction schedule? Are
6 you up-to-date, behind schedule or ahead of
7 schedule?

8 ATTORNEY NORTON: You know, as with
9 any project, there are, you know, pieces and parts
10 that will be behind and overhead. So, there are -
11 there are always moving parts to a construction
12 schedule. Materially, we believe we were actually
13 on pace or ahead of schedule. To go through every
14 line item, is something that we'd be happy to go
15 through in more detail, if requested, but not
16 necessary to the overall commitment that we are on
17 time and on schedule.

18 ATTORNEY ARMSTRONG: Okay. Thank you.
19 Have there been any significant
20 problems or issues with the construction?

21 ATTORNEY NORTON: None.

22 ATTORNEY ARMSTRONG: Has the
23 construction begun for Pattinson Place or the Fusion
24 Arena project?

25 ATTORNEY HAYDEN: I can answer that.

1 I'm working on the Pattison Place office building.
2 I'm scheduled to pick up the zoning permit for that
3 for tomorrow. It looks as if we're probably about
4 six months away from commencing that project.

5 And Fusion Arena will be behind that.
6 We don't know the timetable yet on the Fusion Arena
7 construction.

8 ATTORNEY ARMSTRONG: Thank you.

9 Can I draw attention to slide 14, the
10 Gaming Floor and amenities? Can you tell the Board
11 the specifics about the casino, such as how many
12 slot machines will be offered?

13 ATTORNEY NORTON: We are - we are
14 anticipating roughly 2,200 slot machines, 125 table
15 games, 30 Poker tables, which is consistent with
16 many of our most recent presentations.

17 ATTORNEY ARMSTRONG: How many
18 restaurants and bars?

19 ATTORNEY NORTON: We have five - four
20 restaurants and another concept that's still under
21 development that will make a fifth concept, whether
22 or not it's a restaurant or not has yet to be
23 determined.

24 As well as there will be four bars
25 that will be located on the casino floor; two on the

1 high-limit areas and then two on the main casino
2 floor. I excluded bars within the restaurant in
3 that summary.

4 ATTORNEY ARMSTRONG: And how large
5 will the hotel be?

6 ATTORNEY NORTON: It's 200 rooms.

7 ATTORNEY ARMSTRONG: And exactly how
8 many parking spaces is anticipated in total?

9 ATTORNEY STEWART: I have that figure
10 here, if you can just wait one second.

11 The combined parking spaces, both
12 covered and surface total, approximately, 3,590,
13 which is more than the 2,600 total spaces that were
14 provided for in the original plan that was approved
15 by the Board.

16 ATTORNEY PITRE: Excuse me. Mark, can
17 you say how many spaces would be available on event
18 days?

19 ATTORNEY STEWART: On event days it is
20 - I did that math. It's about 20 - well, that we
21 have exclusive control over.

22 ATTORNEY PITRE: Right.

23 ATTORNEY STEWART: It is roughly
24 2,575. So, I think it's 25 less than that 2,600
25 that there is exclusive control over, but there is

1 still an additional 1,379 spaces - 1,379 spaces,
2 that you would have access to, just not exclusive
3 control.

4 ATTORNEY PITRE: And can you explain
5 to the Board the definition of what event days are
6 under the agreement, the parking agreement?

7 ATTORNEY STEWART: Dick, do you want
8 to go over that?

9 ATTORNEY HAYDEN: Yeah, I can handle
10 that, Mr. Pitre. So, the original project design
11 had eight levels of structure parking. The Phillies
12 came to us after we've had actually pulled the
13 Building Permit and asked us to reduce the height of
14 the garage in exchange for an agreement to use
15 surface parking spaces that are immediately adjacent
16 to our site, but had been under the lease and use of
17 the Phillies.

18 So, there are 24 Phillies games which
19 coincide with evening hours and potential evening
20 use for the site. We will retain - despite the fact
21 that there are 24 games, the Licensee retains
22 exclusive control over approximately 1,100 spaces
23 that are right along Packer Avenue, and there will
24 be a delineation between casino parking spaces
25 versus Phillies spaces.

1 So, the Phillies were prepared to give
2 those up even during event days. On event days,
3 where the Phillies lot isn't full, we're permitted -
4 our customers are permitted to use overflow spaces
5 that are still available in the nonexclusive control
6 areas.

7 ATTORNEY STEWART: And just one
8 clarification on that. At the time it was actually
9 approved by the Board, the plan was for seven
10 stories above ground, it had increased to eight
11 subsequent to that, but it was seven stories,
12 reduced to four.

13 ATTORNEY ARMSTRONG: Okay. Thank you.
14 Have you began developing your
15 internal control systems and audit protocols in
16 compliance with the Gaming Act in the Board's
17 regulations?

18 ATTORNEY NORTON: We haven't begun
19 working on all of those details.

20 ATTORNEY ARMSTRONG: And regarding
21 other special conditions assigned to Stadium, can
22 you update the status of negotiations with SEPTA
23 regarding the shuttle service that Stadium is
24 expected to provide from SEPTA's AT&T station.

25 Is there anything new in that area?

1 ATTORNEY STEWART: That was one that a
2 - a condition that is - will be implemented as we
3 get closer to the time period.

4 ATTORNEY ARMSTRONG: Can you update
5 the status of negotiations with the City and PennDOT
6 since the Public Hearing regarding Stadium's
7 obligation to provide transportation system
8 improvements to improve overall traffic operations
9 in the District?

10 ATTORNEY HAYDEN: I can answer that.
11 So, the final City Streets Permit incorporates
12 what's called the TISS. So, the TISS has been
13 approved by the Streets Department.

14 ATTORNEY STEWART: And those
15 improvements are reflected on the slide that may
16 still be before the Board members.

17 ATTORNEY ARMSTRONG: That was my next
18 question. Slide 37, are you presenting to the
19 Board, then, this morning that you've met that
20 condition?

21 ATTORNEY STEWART: Correct.

22 ATTORNEY ARMSTRONG: Okay.

23 MR. LOGAN: Can we go - I'm sorry.
24 So, this - those three bullet points are what the
25 City's requiring?

1 ATTORNEY HAYDEN: That and others,
2 Commissioner.

3 MR. LOGAN: Okay.

4 Do we have a guess on what that costs
5 you? I know it's hard to -.

6 ATTORNEY HAYDEN: No, it's a good
7 question. So, the traffic signal costs were between
8 \$200,000 and \$250,000 each. So, there are three of
9 those. The cabling costs, which, you know, covers a
10 pretty long stretch. We - you know, I think
11 somewhere north of \$100,000 to run that cable.

12 The other conditions, frankly, relate
13 to pedestrian improvements. We had to do ADA
14 improvements associated with the corners on Packer
15 and Darien. Those are not prohibitively expensive,
16 but certainly expensive.

17 And the other issue, which frankly, it
18 took the Streets Department the longest amount of
19 time is to figure out how they wanted us to do bike
20 lanes inside our site. So, we ended up for the
21 first time in a stadium complex with raised bike
22 lanes. So, we're doing raised bike lanes inside the
23 Stadium complex. We're restriping Packer Avenue.
24 Resurfacing all of Packer Avenue from Broad Street
25 all the way down to Darien.

1 So, these are - and frankly, those
2 are, you know, reasonable requests that were made as
3 part of the Traffic Impact Study that were agreed to
4 by the Licensee.

5 ATTORNEY ARMSTRONG: Final question,
6 have there been any issues arise from the Community
7 Benefits Agreement or from the five civic
8 associations that belong to it since the public
9 hearing?

10 ATTORNEY HAYDEN: There have not. In
11 fact, Joe Weinberg, who you have met, who's one of
12 the principals and the head of the gaming operation
13 has actually attended quarterly meetings down in the
14 sports Stadium complex. They have quarterly
15 meetings for the Special Services District, and the
16 first payment obligation for the Licensee under the
17 CBA is triggered, frankly, this summer because they
18 have commenced construction.

19 We start with \$175,000 and the first
20 party in line to ask for a grant has been a youth
21 study - a youth sports organization that operates
22 fields that are owned by the DRPA, which are right
23 next to 7th Street, and they're likely to be the
24 first awardee under the Community Benefits
25 Agreement.

1 So, the process is underway, the
2 community groups are figuring out which are their
3 priority items, in terms of applications for grants,
4 and we expect by the fall, the first grants will be
5 issued.

6 ATTORNEY ARMSTRONG: Okay. Thank you.

7 ATTORNEY PITRE: I'm sorry, go ahead.

8 MR. LOGAN: 48:33 So, you - I think I
9 heard you say there were five local organizations
10 involved in the CBA.

11 ATTORNEY HAYDEN: There are actually
12 four.

13 MR. LOGAN: Four.

14 ATTORNEY HAYDEN: Well, actually, no,
15 good point. There are five. I forgot. So, there
16 are - so there are 212 houses - I've lived with this
17 thing for forever. 212 houses between Broad Street
18 and the Phillies parking lot. So, a very small
19 community there.

20 Believe it or not, there are two
21 competing civic associations in those 212 houses.
22 Commissioner's nodding his head.

23 We go across Packer Avenue, and
24 there's another civic association which you have the
25 largest in size. It includes a pretty substantial

1 residential community. And then we go below 7th,
2 and at the - the Applicant agreed to take in a new
3 civic association, which was not part of the sports
4 stadium Special Services District, which goes all
5 the way down 7th all the way down to Front Street
6 and over to Oregon. It's called the Whitman
7 Council.

8 So, those are the four - what I think
9 of as standard neighborhood organizations. The
10 Special Services District's Executive Director
11 actually has a role on the CBA and serves on the
12 CBA. So, you're right, there are five.

13 MR. LOGAN: Okay.

14 ATTORNEY PITRE: I thought I was going
15 to wait until our presentation to introduce these
16 items into the record, but I think since the only
17 elephant in the room that we need to address is the
18 ramp, I thought we could move right into that
19 discussion.

20 CHAIRMAN: Please.

21 ATTORNEY PITRE: So, Mark, Mr. Hayden
22 alluded to a technical memorandum, traffic analysis.
23 Do you want to move that into the record, because -
24 so the Board can have that for their review?

25 ATTORNEY STEWART: Certainly. We

1 assumed that since PennDOT had it, Board Staff had
2 had it, but we have it here and we can provide it to
3 the Board.

4 ATTORNEY PITRE: If you can do that.
5 We also have a letter, which I've shared with them
6 letters from the Delaware Port River Port Authority
7 stating their position, the City of Philadelphia
8 stating their position. Most recently I received a
9 letter from PennDOT this morning with regard to
10 their position, and the Board Secretary has those.

11 And I would like to label the Delaware
12 River Port Authority as OEC Exhibit 1, the City of
13 Philadelphia letter OEC Exhibit 2, and the PennDOT
14 letter as OEC Exhibit 3.

15 ---
16 (Whereupon, OEC Exhibit 1, DRPA, was marked for
17 identification.)

18 (Whereupon, OEC Exhibit 2, City of Philadelphia
19 Letter, was marked for identification.)

20 (Whereupon, OEC Exhibit 3, PennDOT Letter, was
21 marked for identification.)

22 ---
23 CHAIRMAN: I thought you have four.

24 ATTORNEY PITRE: Well, Mark has the
25 traffic analysis, and he will be moving that into

1 the record.

2 CHAIRMAN: So moved.

3 ---

4 (Whereupon, OEC Exhibit 1, DRPA, was admitted.)

5 (Whereupon, OEC Exhibit 2, City of Philadelphia
6 Letter, was admitted.)

7 (Whereupon, OEC Exhibit 3, PennDOT Letter, was
8 admitted.)

9 ---

10 MR. LOGAN: The traffic analysis from
11 your -?

12 ATTORNEY HAYDEN: No, Commissioner,
13 this was the combined parties' agreed-to study. It
14 was completed by Michael Baker International in
15 October of 2018.

16 ATTORNEY PITRE: Yes. We've met,
17 Commissioner, with - and Dick, you were there -
18 PennDOT, OEC, Stadium, Delaware River Port
19 Authority, City of Philadelphia. I think that
20 was -.

21 ATTORNEY HAYDEN: I happen to have the
22 sign-in sheet.

23 ATTORNEY PITRE: Okay.

24 So, we met in January of 2018 at
25 PennDOT offices in King of Prussia to discuss this.

1 Needless to say, this has taken a life of its own,
2 and I'm no traffic or construction expert as it
3 relates to on-ramps or off-ramps, but needless to
4 say, there are a lot of challenges with regard to
5 this on-ramp.

6 First, as Mr. Hayden, alluded -.

7 MR. LOGAN: And I don't mean to cut
8 you -. Does anybody say we need it? I understand
9 what happened 62 years ago, but now we're in 2019.
10 I mean, what does the traffic analysis say? Do we
11 need it?

12 ATTORNEY HAYDEN: No.

13 MR. LOGAN: Okay.

14 And DRPA doesn't - says we don't need
15 it and they won't maintain it. They want nothing to
16 do with it.

17 ATTORNEY PITRE: DRPA says -.

18 MR. LOGAN: The City's fine with it -.

19 ATTORNEY PITRE: Well, the City
20 supports it, but it has challenges. Mr. Hayden's
21 right, federal waivers are required in order to even
22 get that project approved.

23 ATTORNEY HAYDEN: But I would - but
24 Mr. Pitre I would also say the City - the City's
25 view is a broader view, Commissioner, which is we

1 really need to look at other uses down there not
2 just the Stadium.

3 And that is actually what is happening
4 now with the next sector, the I-95 study. It's just
5 the contract's been -. So, you've got a 900-acre
6 development, which is the Philadelphia Naval
7 Business Center, with 22,000 employees and people
8 down there. You've got the port, which has
9 fortunately become more active. There are a lot of
10 other issues associated with how do you connect 95
11 to 76, which have nothing to do, not only with our
12 casino, but when the Stadium comes.

13 MR. LOGAN: Sure. Sure.

14 ATTORNEY STEWART: But Commissioner,
15 to your point, the City, while they think that an
16 additional ramp somewhere may be helpful, they were
17 very clear that this location is not the right or a
18 viable location for it.

19 MR. LOGAN: People may think it's a
20 good idea. Nobody wants to pay for it, nobody wants
21 to maintain it. Nobody wants to go to heaven,
22 nobody wants to die. I mean, it's just - I'm not
23 sure what we're doing here.

24 CHAIRMAN: Can we just - just to keep
25 the organization here.

1 on-ramp?

2 ATTORNEY HAYDEN: Good question. So,
3 we made a - so I have a qualified answer. So, we
4 did a partial analysis. We assumed that we would
5 not have to go buy land. So, we assumed this was
6 public land. So, we didn't assume any land
7 acquisition cost. And then we asked one of the
8 consultants to just do a straight out construction
9 analysis.

10 If you did the bare bones - just run
11 this three blocks up to connect to 76 and exclusive
12 of soft costs, their straight construction costs
13 analysis was \$2 million.

14 ATTORNEY PITRE: And you - you mention
15 that when you discuss with lenders the project - the
16 problems you - what specifically are the problems
17 that the lenders are having with regard to the ramp?

18 ATTORNEY HAYDEN: So, a lender will
19 look at the casino licensee's asset. The asset is -
20 one of the assets is the license, which has been
21 issued by this Board. So, then they dig into the
22 conditions associated with the license.

23 And they say, give me the list of the
24 conditions of the license. Show me that all these
25 conditions have been satisfied. So, that's the

1 obligation that the Licensee has when they're
2 dealing with a lender who wants to put a lien on the
3 property in terms of the analysis of the assets that
4 are going to be subject to the lien.

5 In addition, when they look at the
6 operating revenue and operating costs associated
7 with a project, they need to know, are there any
8 unallocated capital expenses that they should be
9 conscious or aware of. As I sit here today, I can't
10 tell you what the ultimate cost would be or what the
11 capital associated with this project would be.

12 So, there are two issues there, one
13 is, have you satisfied the condition and proved to
14 us that you have? Two, do you have any capital
15 costs we should be aware of and factor into our
16 analysis in terms of how we evaluate your project
17 and your asset.

18 So, we are - we are in the position,
19 and I have fielded some questions from lenders where
20 I, frankly, supplied them the local Zoning Permits
21 and all the kind of local improvements that you look
22 for in a project like this.

23 ATTORNEY PITRE: So, the uncertainty
24 of the amount causes problems?

25 ATTORNEY HAYDEN: The scale and scope,

1 yes, that's correct, Mr. Pitre. Of what - of what
2 an undertaking like this would take as well as,
3 frankly, time. You know, my experience on
4 interstate highways, this is not a local road.

5 We can handle Philadelphia Streets
6 Department schedules on turning lanes and tell you
7 how long that's going to take. This isn't even a
8 State road, as you can tell, because PennDOT, I
9 guess, would have taken a different position.

10 Broad Street is a State road, 611.
11 They can tell you how long it takes to do something
12 on Broad Street, but I can't tell you what the
13 federal process is. I can't tell you what FHWA's
14 position ultimately would be on the three safety
15 waivers. Whether they think the design should be
16 changed. I just don't know.

17 So, that's the problem with timing,
18 when you look at design of a new ramp on an
19 interstate highway.

20 ATTORNEY PITRE: What -?

21 MR. LOGAN: Can I interrupt? Am I
22 right - Doug, I may have heard you say at one point
23 or somebody - not today, but in the past - that the
24 ramp was discussed, because the locals in the area
25 and the residents thought it would help with

1 traffic.

2 Am I imagining that?

3 ATTORNEY HAYDEN: You are not,
4 Commissioner.

5 MR. LOGAN: So, fast-forward, the CBA
6 sign - five local organizations signed off on it,
7 presumably one of them has traffic as a mission.

8 I can give you the satisfied. You
9 know, again, I think a ramp is - you know, if
10 somebody thinks it's worthwhile, I just don't - I
11 just don't see anybody thinking it's worthwhile and
12 I can't believe we're spending this much time on it
13 with this Board. That seems that it's kind of past
14 our responsibility. That's it.

15 CHAIRMAN: Continue, please.

16 ATTORNEY PITRE: If the Board decided
17 to keep the condition in place in some nature, would
18 it help if you were ordered to - or requested to
19 place some - some sort of bond in place for a
20 certain amount - for a certain amount of time, as it
21 relates to dealing with lenders or financial
22 institutions?

23 ATTORNEY HAYDEN: Mr. Pitre, it would
24 depend upon the precise language of the condition
25 and depend upon the amount. Frankly because it

1 would have to offer the certainty that we're looking
2 for on both counts, on both the amount as well as
3 the timetable associated with it.

4 ATTORNEY PITRE: So, if the amount was
5 set certain and the timetable was set certain, that
6 would alleviate that problem that you have with
7 financial institutions?

8 ATTORNEY HAYDEN: I had a discussion
9 with my client last evening about just such an
10 alternative. They are open to a resolution along
11 those lines, but again, we'd have to be really
12 consulted as to what the language in the condition
13 would be as well as the amount of the bond. They
14 both would have to be reasonable.

15 And I might add, obviously - and
16 you've seen this presentation. You now have a feel
17 for this Licensee. These folks are building a
18 phenomenal project that comes with a hotel, it comes
19 with all kinds of amenities.

20 So, this hasn't just been about money.
21 Obviously they're spending a lot of money here.
22 It's really been a function of, you know, what's -
23 as I mention here, what's the purpose? What's the
24 time? What's the value? Right? The overall value.

25 And so, in answer to your question,

1 it's something I can take back to the client and
2 would discuss with Rob, you know, about whether that
3 would be acceptable or not as a resolution.

4 ATTORNEY PITRE: I have no further
5 questions. We're available if the Board has any
6 questions.

7 CHAIRMAN: Let me just ask a
8 clarifying question before I open up to whatever
9 questions Board members may have.

10 Commissioner Logan said something
11 about CBA signing off. The local community groups
12 signed off on the notion that there shouldn't be a
13 ramp?

14 ATTORNEY HAYDEN: So, Commissioner,
15 the CBA doesn't speak directly to particular traffic
16 control measures, but I can tell you the history of
17 where this idea came from. There's some, you know,
18 urban legend associated with this, but I think we
19 located the person - literally the person who
20 thought this was a good idea.

21 I mentioned the 212 houses, which sit
22 between Broad Street and the Phillies parking lot,
23 and you saw how wide Packer Avenue is. At one point
24 in time, the Philadelphia Food Distribution Center,
25 which is further down below our project and our

1 site, had significant early morning truck traffic,
2 associated with moving produce out of that location
3 and then getting on Broad Street.

4 So, there were periods in time where
5 they would go by these two blocks, take the right
6 turn and get on the ramp.

7 She thought it was a good idea that
8 maybe you could divert some of that warehouse truck
9 traffic and pick them up at an earlier spot and put
10 them onto I-76 west.

11 CHAIRMAN: What I'm just trying to get
12 to is, whatever the community expressions were years
13 ago, CBA doesn't - there was no thing where the CBA
14 said we don't think - they haven't opined about
15 whether or not there should be a ramp.

16 ATTORNEY HAYDEN: That's correct.

17 CHAIRMAN: That's what -.

18 ATTORNEY HAYDEN: They know - however,
19 Commissioner, they know a study was forthcoming.

20 CHAIRMAN: I understand. Just for the
21 record, though, to make the record clear, that's not
22 part of their responsibility one way -?

23 ATTORNEY HAYDEN: Correct. They were
24 not asked for, nor have - would have been required -

25 CHAIRMAN: Okay.

1 ATTORNEY HAYDEN: - to offer an expert
2 or even I call it, community nonexpert opinion.

3 CHAIRMAN: I want to make sure the
4 record's clear about that.

5 ATTORNEY HAYDEN: Right.

6 CHAIRMAN: Okay.

7 ATTORNEY STEWART: And Mr. - Dick,
8 wasn't it the case it wasn't a unanimous support
9 issue among the different factions in the CB -?

10 ATTORNEY HAYDEN: No, in fact, good
11 point, Mark. In fact, as you go to the other side
12 of Packer Avenue and you get to the residential
13 community - and I actually had taken some photos -.
14 We never had a public process to ask the folks who
15 would live with the new ramp, what do you think
16 about putting a new ramp right in the middle of your
17 residential community?

18 The property where this would go is
19 through what's called Stella Maris Church, and -
20 which has now converted the Archdiocesan School to a
21 charter school, so it's a Mastery Charter School.
22 You'd have to skirt the edge of their property and
23 take field away to go ahead and install the ramp.

24 So, although we had some very open
25 discussions at the Stella Maris Church Hall over the

1 project, the notion of let's talk about the new ramp
2 in your neighborhood did not come up. So, of the
3 four community groups, we can only identify one, and
4 one woman who now lives in New Jersey, that said
5 this is a good idea.

6 MR. LOGAN: Would you be up to
7 pledging, you know, X over ten years to fund traffic
8 mitigation measures that would be identified by the
9 City?

10 ATTORNEY HAYDEN: Commissioner, I
11 really - I'd really be hesitant to say ten years.

12 MR. LOGAN: Uh-huh (yes).

13 ATTORNEY HAYDEN: Certainly, we -
14 again, we discussed last night a shorter timetable
15 associated with that, but it would have to be - but
16 we don't think our role, nor do we think, frankly,
17 your authority would extend to talk about - now you
18 have to help the poor, now you have to help the
19 Philadelphia Naval Business Center.

20 So, if there was something directly to
21 7th Street that was associated with an analysis or a
22 study which fulfilled a shorter timetable and a
23 condition with an amount of funding that could work
24 for us, then I would recommend that to our client.

25 ATTORNEY STEWART: Well, if I could

1 interject one thought on that. I mean, from an
2 equity perspective, there was a condition imposed in
3 2014. That condition has, for all intents and
4 purposes been satisfied. There's really nothing
5 more that we can do. We're in a position of an
6 impossibility of performance.

7 I would respectfully submit that to
8 change the condition to be - could you find
9 improvement somewhere else at this point in time -.

10 MR. LOGAN: I meant in the Stadium
11 District.

12 ATTORNEY HAYDEN: Yeah, I understood
13 it to be 7th Street, yes.

14 ATTORNEY STEWART: I just wanted to
15 clarify.

16 MR. LOGAN: Sure.

17 CHAIRMAN: Questions?

18 MR. SANTONI: Thank you, Mr. Chairman.

19 I'm a little confused on this ramp
20 issue. The community groups didn't ask for it,
21 you're telling me. DRPA wanted it - the DRPA
22 doesn't want it. The City of Philadelphia doesn't
23 have a position on it.

24 ATTORNEY PITRE: Well, they -.

25 MR. SANTONI: What made three

1 applicants - go ahead.

2 ATTORNEY PITRE: They fully support
3 it, they just see that the site has a lot of
4 problems.

5 MR. SANTONI: Okay.

6 I mean, why would three applicants
7 commit to building a ramp at the time? I mean -?

8 ATTORNEY HAYDEN: Commissioner, it
9 became somewhat of a competition in front of the
10 Board on the suitability hearing, and - which is,
11 you know, who has the higher stack of promises to
12 the local community?

13 I had advised the client the night
14 before - and Mark's colleague actually represented
15 the client directly before the Board. I said, look,
16 there are going to be questions associated with this
17 ramp. You need to explain to the Board there's a
18 process, and the process hasn't been followed.

19 Back and forth, back and forth in
20 front of the Board. The Board decided at that time,
21 I guess, in 2014, they're going to get the license.
22 One of the other applicants decided to put in it.
23 To make matters worse, Hollywood Casino withdrew its
24 application before we got our license, to go on and
25 to do other things and take their \$50 million

1 license fee back.

2 MR. LOGAN: We had the same thing in
3 Pittsburgh. Legislature at the time of the
4 applicant's like, well, I'm going to fund the Pen's
5 Arena - I'm going to fund the Pens' Arena and bail
6 out the pension system. The next applicant, I'm
7 going to fund the Pens' Arena, bail out the pension
8 system and give everybody an ice cream cone. So, I
9 mean, it -.

10 CHAIRMAN: Mark?

11 MR. MUSTIO: Thank you, Mr. Chairman.

12 I guess this question might go to the
13 CFO. It relates to what was discussed earlier about
14 what is the cost. On your audited financial
15 statements, how do you disclose this liability and
16 what is the amount that you disclose?

17 MR. LAMB: I mean, it would depend on
18 the amount that we -.

19 MR. MUSTIO: But how do you word it?
20 You have to show something now, right, because it's
21 a potential liability?

22 ATTORNEY HAYDEN: Right.

23 MR. LAMB: Yes.

24 MR. MUSTIO: So, how do you word it
25 now? What's the amount?

1 MR. LAMB: The amount - we don't word
2 it right now, because we don't have an amount.

3 ATTORNEY HAYDEN: So, the obligation
4 isn't final yet until the final order -

5 MR. MUSTIO: Okay.

6 ATTORNEY HAYDEN: - associated with
7 the condition.

8 So you're right, they would have to
9 characterize it as undetermined at this point in
10 time.

11 MR. MUSTIO: And Cyrus, is it fair to
12 say, assuming Stadium didn't win the original bid,
13 that someone else won it, we'd be here with the same
14 set of facts trying to make the same decision? It's
15 not because what they're saying -? It doesn't
16 change the facts of the matter of who supports it -
17 what the practicality is of developing it, the 20 or
18 30 years that it might take to get through a TIP
19 process. When you do, the ten years that the ramp
20 would have been there would already be past anyway.

21 Is that fair to say?

22 ATTORNEY HAYDEN: I think that's
23 accurate, Commissioner?

24 MR. MUSTIO: And Cyrus, is that
25 correct?

1 ATTORNEY PITRE: Yes, that's correct.

2 MR. MUSTIO: Okay. Thank you.

3 CHAIRMAN: Other questions from the
4 Board?

5 MR. MUSTIO: And I guess, just to go
6 on the record, too, I think one of the difficulties
7 I have is one not being on the Board then, but there
8 seem to have been a commitment. So, there is this
9 financial commitment that, perhaps, those - and you
10 know, if this was happening in the Pittsburgh area,
11 we might be saying the same thing.

12 Look, there was a commitment made,
13 there was some dollar amount that would have
14 benefited the community. To just disregard that
15 fact that was made, I think that that's something we
16 need to take into consideration as well with all of
17 your arguments that you've made today.

18 Thank you.

19 CHAIRMAN: Thank you.

20 Are there other questions from the
21 Board?

22 Do you have a presentation, Cyrus?

23 ATTORNEY PITRE: No, I think enough
24 has been said.

25 CHAIRMAN: Any questions for OEC, from

1 you at this point? Comments?

2 ATTORNEY ARMSTRONG: No, Mr. Chairman.

3 CHAIRMAN: Thank you.

4 We're going to take a brief recess,
5 and we'll be back and move on with the rest of the
6 meeting.

7 Thank you.

8 * * * * *

9 HEARING CONCLUDED

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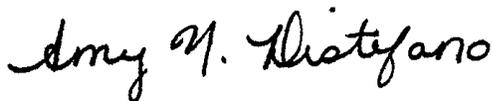
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CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Chairman David M. Barasch, was reported by me on 07/10/19 and that I, Amy N. Distefano, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

Dated the 7th day of August, 2019



Amy N. Distefano,
Court Reporter