

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

* * * * *

IN RE: HOLDINGS ACQUISITION CO. LP - PETITION TO
MODIFY GAMING FLOOR PLAN

* * * * *

BEFORE: MEMBERS OF THE BOARD:

DAVID M. BARASCH, CHAIRMAN

Obra S. Kernodle, IV

Sean Logan

Kathy M. Manderino

T. Mark Mustio

Merritt C. Reitzel

Dante Santoni, Jr.

EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

Jennifer Langan, Esquire, Designee,
Department of Treasury

Radee Skipworth, Designee, Department of
Revenue

Jorge M. Augusto, Esquire, Designee,
Department of Agriculture

HEARING: Wednesday, August 14, 2019

Reporter: Lindsey Deann Richardson

Any reproduction of this transcript is prohibited
without authorization by the certifying agency.

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

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CYRUS PITRE, ESQUIRE

Chief Enforcement Counsel

BETH MANIFESTO, ESQUIRE

Assistant Enforcement Counsel

Counsel for Office of Enforcement Counsel

JOHN M. DONNELLY, ESQUIRE

25 South Pennsylvania

Atlantic City, NJ 08401

Counsel for Holdings Acquisition Co. LP

ALSO PRESENT:

ANDRE BARNABEI, Vice President of Gaming, Rivers

Casino

I N D E X

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

PRESENTATION

By Attorney Donnelly 6 - 9

By Mr. Barnabei 9 - 18

DISCUSSION AMONG PARTIES 18 - 20

QUESTIONS

By Attorney Manifesto 20 - 22

QUESTIONS BY BOARD 22 - 30

E X H I B I T S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

| | | Page | Page |
|---------------|-------------------------|----------------|-----------------|
| <u>Number</u> | <u>Description</u> | <u>Offered</u> | <u>Admitted</u> |
| 1 | PowerPoint Presentation | 20 | 20 |

P R O C E E D I N G S

CHAIRMAN: Last hearing today,
Holdings Acquisition Co. LP Petition to Modify
Gaming Floor at Rivers Casino.

Good morning. As always, if
somebody's going to be testifying today, please
stand to be sworn by the court reporter.

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

CHAIRMAN: Thank you. You may
proceed.

ATTORNEY DONNELLY: Good morning.
Thank you.

John Donnelly, appearing on behalf of
Holdings Acquisition Co. better known as Rivers
Pittsburgh. We are here in very exciting times for
us.

Some of the Commissioners were at the
ground breaking yesterday for the new hotel that
we're - that we broke ground on, which will be a

1 219-room hotel that's under construction now.
2 Probably retain around 1,400 construction employees,
3 and we're guessing around 128 permanent employees
4 after that's up and running. And they'll be able to
5 access the casino. And that's looking out on the
6 Ohio River in Pittsburgh, so that's an exciting
7 aspect.

8 Another exciting aspect is that we've
9 been involved in a reconfiguration over the almost
10 virtually entire property for the last - given more
11 than a year, really. As the Board is well aware,
12 but the public isn't, the - we opened an event
13 center recently, which has been very well received.
14 We are in the progress and have been in the progress
15 for many, many months now with total reconfiguration
16 of our Gaming Floor.

17 We constructed a temporary Sportsbook
18 and was successful. And we're doing a permanent
19 Sportsbook, which is in construction right now. And
20 as part of that total, kind of redo of the property,
21 which is now happening on - yesterday, Andre
22 Barnabei, who's Vice President of Gaming, will be
23 testifying today, but he was at the ten-year
24 anniversary celebration that Rivers had yesterday.
25 And he's a ten-year employee.

1 So, a lot going on. The property is
2 refreshing itself. It's expanding in Pittsburgh,
3 and it's been a great property for us.

4 You also know, because you see the
5 statistics, it's a property that's been performing
6 very well, and - both on slots and table games. And
7 so we're very proud of that. I had nothing to do
8 with it, of course, but Andre and others did.

9 What we're seeking here today is a
10 reduction of 158 slot machines. We are - there's
11 also a minor change in the actual size of the casino
12 floor, and that is because there's - we're building
13 a new restaurant on the casino floor. By the way,
14 there will be another restaurant in the hotel when
15 it's completed and a new refresh of the bar area.

16 So, this has been ongoing for quite a
17 while. We've been working with Kevin on a weekly
18 basis, weekly schedules, because it entailed
19 removing machines and table games, temporarily
20 restoring them and putting them back on the
21 property, back and forth, which we've been doing for
22 many, many months.

23 The bad news of that is lack of
24 construction. The good news is that it gave us a
25 real experiment as to whether or not a reduction in

1 slot machines would cause any loss in revenues. And
2 the fact was - or is that it did not, because during
3 this period of time it was under construction, we
4 had, approximately, 200 - 2,500 slot machines, give
5 or take - actually, I don't have the exact number
6 right - I can put my finger on, but now Andre can.

7 So, we've been under our allotted
8 amount of 2,766 for some time, and despite that our
9 revenues have gone up and the - our gross terminal
10 revenue and coin has gone up.

11 So, with that, as kind of a
12 preliminary statement, I'll turn it over to Andrew
13 to go through this slide presentation.

14 And I will tell you one thing, by the
15 way, we added a slide that's not on the PowerPoint,
16 so last one, which is a summary of all the changes
17 that we're proposing.

18 CHAIRMAN: Okay.

19 MR. BARNABEI: Andre Barnabei,
20 A-N-D-R-E, B-A-R-N-A-B-E-I, Vice President of Gaming
21 for Rivers Casino. Good morning, Mr. Chairman, and
22 fellow Commissioners.

23 CHAIRMAN: Don't mind me. I just need
24 to stand up for a few minutes.

25 MR. BARNABEI: No problem.

1 As John mentioned, we got a lot going
2 on at Rivers right now. We're very fortunate to be
3 in our tenth year and kind of tearing the place
4 apart and putting it back together.

5 Right now the status of things, as
6 John mentioned, has been very fluid on our floor, as
7 we continue to refresh, reinvest and really refocus
8 on our guest experiences.

9 So, we can go to the next slide.
10 We're kind of theming it as Rivers 2.0, because by
11 the year 2020 we expect to have all of these on the
12 list, with the exception of the completion of the
13 hotel completed or the hotel, therefore, in
14 progress.

15 So, to date, we've got some new
16 restaurants planned. We plan on adding a new
17 restaurant called Mion, which will be an
18 Asian-themed restaurant to our casino - just off the
19 casino floor area on the first floor.

20 We also plan on redoing our
21 steakhouse. It was announced at the end of last
22 month that a celebrity chef will be coming into the
23 Pittsburgh area to do a new Italian steakhouse
24 theme. And our reconfiguration also includes a new
25 casino bar as well.

1 We will have our permanent Sportsbook
2 in place. We have a significant investment in new
3 slot machines this year, specifically as it compares
4 to some of our last year's. And I believe that a
5 confidential sheet was submitted for you all to
6 review that shows the amount of money that we're
7 putting forth toward new slot machines this year.

8 As John mentioned, the reconfiguration
9 we've been - we've been planning and doing some
10 testing since about February of 2018. There will be
11 no impact to our table games operations in terms of
12 the number of table games increased or decreased.

13 There is a request for 158 slots to be
14 reduced. As John mentioned, we broke ground
15 yesterday on what will be a \$60 million 219-room
16 hotel. And in the last 12 months we've completed
17 our temporary Sportsbook. We've refreshed a
18 restaurant into what we have now themed as FLIPT, a
19 fresh burger restaurant.

20 We've added an event center, and as
21 John mentioned our revenue, which ultimately leads
22 to taxes, has increased substantially.

23 Again, the reconfiguration -.

24 ---

25 (WHEREUPON, THERE WAS A BRIEF INTERRUPTION IN THE

1 PROCEEDINGS.)

2

3

MR. BARNABEI: Again, the

4

reconfigurations - the reconfiguration has been

5

underway for some time now. One of the proposed

6

changes that we're seeking is 933 square foot to be

7

reduced from the total Gaming Floor space. That

8

space is necessary for us to add the new Mion

9

restaurant onto our facility, taking a portion of

10

backhouse space as well as a portion of the guest

11

facing Gaming Floor.

12

Again, the proposed reduction of 158

13

units, that represents about 5.71 percent of our

14

slots. That does not bring us either to a point

15

where our guests are searching out different

16

machines or where we're constrained based on some of

17

the previous occupancies that we've had inclusive of

18

these times where our revenues have increased.

19

So, our current approved slot count

20

today is 2,766. We're seeking to make that slot

21

count 2,608. So, it's a 158 game reduction. The

22

games that we intend to remove are 9.9 years old.

23

And I think we've heard earlier and we

24

share the same - the games are old, they're a bit

25

tired, they're very challenging to maintain. And

1 from a manufacturer's perspective, they're what they
2 determine as obsolete. Meaning they don't make any
3 new hardware or software for them, which is kind of
4 challenging for us to maintain over time.

5 We don't anticipate any revenue loss
6 as a result of this. And again, our performance
7 numbers, which I'd like to talk about here, have
8 kind of shown where we are and we're going. So, of
9 the machines that we intend to remove, those 158,
10 again, 9.9 years old on average, the average coin in
11 per date on those games is \$441, versus what we'll
12 call the house average, which is the average of all
13 of \$3,547.

14 The games we intend to keep are at
15 \$3,739. And most importantly, when we look at the
16 GTR, gross terminal revenue, per day, the machines
17 we intend to remove are at \$43 per day. Our games
18 that we intend to keep are at \$311, and the house
19 average was at \$295 when you mix them together.

20 So, you can see, there's a substantial
21 difference in what the GTR is between some of those
22 games that have been around for some time and some
23 of the games that are a little bit newer and those
24 that we intend to keep.

25 The removal of those games also allows

1 us to focus more on quality versus quantity, as well
2 as the configuration of the floor, which I'll get
3 into here shortly.

4 As John mentioned, because of some of
5 the construction and different projects that we've
6 had going on here in the last 12 months, we've had
7 some increases and decreases to our active game
8 count on a temporary basis.

9 The next chart just simply illustrates
10 there's two trend lines in there. There's a blue
11 trend line for our unit count and an orange trend
12 line for our GTR and the specific bullets for each
13 month are on the permanent - or the deep blue and
14 the deep orange lines.

15 Right around the November time frame,
16 we installed a temporary Sportsbook, which required
17 us to temporarily remove some slot machines in order
18 for us to have space to put it. From that time
19 forward we have continued to increase our GTR and
20 our slot count has continued to decrease due to
21 different construction projects and so forth.

22 So, we've seen almost a seven percent
23 increase in GTR with less games in the six months
24 after they were removed than the six months prior
25 to. And I've got some more recent data here - the

1 data here is through April, because that's when we
2 submitted this in early June for review.

3 Here's just an idea also of some of
4 the things that are constraining us. The new games
5 - the state-of-the-art games are much larger and
6 have more bells and whistles, if you will. Cabinets
7 are taller and cabinets are wider and they just
8 simply take up more square footage. And then
9 there's another example as well.

10 I think John kind of pointed out to
11 me, there's a difference between the day where only
12 cars were on the road and now there's SUVs, and
13 that's kind of what we're looking at.

14 Here you'll see a configuration of our
15 current Gaming Floor and a couple of areas I know
16 it's hard to see. If you go to the very center in
17 the south, and I'll try to point - it's not going to
18 work on the screen. In the center of the south,
19 there's a small area where the 933 square feet will
20 be reduced for Mion. To the left of there you'll
21 see a temporary Sportsbook.

22 It's got two archways that are seats,
23 as well as a whole bunch of dots that represent
24 tables. That area will be vacated by the temporary
25 Sportsbook, and we'll reinstall slot machines that

1 I'll show you in our next -.

2 And then right around the center we
3 have a center bar area called Levels Bar today.
4 Levels Bar will become our future permanent
5 Sportsbook in our new configuration plan. And then
6 we're also going to make some tweaks to the top left
7 section. It's a whole bunch of banks that are
8 either 6, 8, 12 or 14 long. We're going to
9 reconfigure that to show some different perspectives
10 from our guests from a sightline perspective, as
11 well as guest comfort.

12 So, the next map, and I've tried to
13 highlight there in red some of the areas that we
14 just spoke about. Again, starting down the bottom
15 end, our Mion restaurant, the left area that's
16 circled will be backfilled with slots after the
17 temporary Sportsbook is removed.

18 The center area of the casino, which
19 was Levels Bar will become the permanent Sportsbook,
20 as well as a new casino bar that will service both
21 the casino and the Sportsbook. That bar will
22 replace the existing Levels bar, which prior had six
23 bar top slot machines. Our new bar will have 24 bar
24 top slot machines.

25 And in the northern left corner is an

1 area where it circled where it now has a circular
2 shape bank of slot machines versus the straight
3 banks. And I'd like to highlight where we kind of
4 started this back in February of '18 and planning.
5 We looked at an area of our casino floor that was
6 very underutilized, and we looked at how can we
7 tweak that area to draw some guests back into that
8 space.

9 And we took an area that had 40 slot
10 machines in it and we replaced that area with 16 in
11 a different configuration, a different pattern,
12 creating more space and better sight lines. And the
13 results, I think, kind of speak for themselves. In
14 the six months pre and post there was a 62 percent
15 increase in GTR that those 16 games had over the 40
16 they replaced.

17 If you look at it on a year-over-year
18 basis, it was a 72.9 percent increase in GTR.
19 Again, 16 games versus 40. And that's what kind of
20 catapulted us into the path of really evaluating all
21 of the areas of the floor and looking for those
22 types of opportunities to increase revenue.

23 Our last couple of months, if you just
24 look at our trend lines here. When we look year
25 over year, in May, June and July, we've had

1 significant increases in each of those months,
2 albeit our slot floor is down about 13 percent of
3 unit count right now due to some of the construction
4 projects that we have on a temporary basis.

5 So, John's earlier point, the level
6 that we're at today, the number of slot machines we
7 have on the floor currently, we're actually seeking
8 to put more back on the floor. And that's where it
9 gets tricky, because we're under what we're - we
10 have a temporary reduction today. We're seeking to
11 put more machines back on the floor, but at the end
12 of the day it is a 158 game reduction from what we
13 need to have on the floor on a permanent basis.

14 ATTORNEY DONNELLY: Now, the last
15 slide is not on - this is one we did yesterday to -
16 that didn't make it into the PowerPoint, but it
17 gives a summary of all the statistics, and I'll ask
18 Andre to go through those.

19 MR. BARNABEI: Yeah.

20 So, again, our - what we're here to
21 request today is to be at 2,608 slots, which would
22 represent 158 game reduction. There would be no
23 change to our table game, no increase, no decrease.
24 We would increase our sports wagering kiosks by 15
25 upon the completion of our Sportsbook - permanent

1 Sportsbook, which would bring us to 33. And our
2 gaming total square footage would decrease by the
3 933 square foot for the additional restaurant space
4 needed to service our guests. And our Sportsbook -
5 permanent Sportsbook would be 5,094 square feet.

6 ATTORNEY DONNELLY: And the smoking
7 and no smoking, addressing issues raised in the last
8 presentation, is set out here as well. We continue
9 to meet the requirements of the Indoor Clean Air
10 Act. That's it.

11 CHAIRMAN: Questions or comments
12 from -?

13 ATTORNEY DONNELLY: I'm sorry, Mr.
14 Chairman. One other thing I should mention, I
15 forgot in my little beginning. So, it really is a
16 red letter day then, because today we are also
17 funding the refinancing that you all approved at the
18 last Board meeting.

19 So, we closed in escrow and it's being
20 funded today, which is another mark of the success
21 of this property in the Pittsburgh area. So, -.

22 CHAIRMAN: Do you have anything you
23 want to move into the record?

24 ATTORNEY DONNELLY: Yes. I move the
25 exhibit - PowerPoint exhibit that we presented with

1 the additional exhibit, which is attached hereto.
2 And also the Petition, the Confidential Petition,
3 the one that was marked up redacted as confidential.

4 CHAIRMAN: Okay. So moved.

5 ---

6 (Whereupon, Exhibit 1, PowerPoint Presentation,
7 was marked for identification and admitted.)

8 ---

9 ATTORNEY DONNELLY: Thank you.

10 CHAIRMAN: Enforcement Counsel,
11 questions or comments.

12 ATTORNEY MANIFESTO: Yes, sir. Beth
13 Manifesto on behalf of the Office of Enforcement
14 Counsel (OEC). Just a few.

15 Can you tell us, please, out of the
16 number of kiosks - self-serve kiosks, what
17 percentage will be in smoking areas and what
18 percentage in nonsmoking areas?

19 MR. BARNABEI: We have 29 of the
20 kiosks identified for placement, all of which will
21 be in nonsmoking areas. That would leave four that
22 could be in a smoking area. We have yet to finalize
23 that permanent location. We want to see what the
24 impact is after we move the temporary Sportsbook
25 over to the permanent area and whether we need to

1 backfill some kiosks in that space.

2 ATTORNEY MANIFESTO: And Mr. Barnabei,
3 I understand right now on the Gaming Floor you have
4 125 table games.

5 Is that correct?

6 MR. BARNABEI: That's correct.

7 ATTORNEY MANIFESTO: And you're going
8 to be putting three back on. Once the complement is
9 restored to 128, can you give us the breakdown for
10 table game percentages in smoking and nonsmoking, as
11 well as the number of table games in smoking and
12 nonsmoking?

13 MR. BARNABEI: Sure. We will restore
14 back to where we were prior to the temporary removal
15 of the three. That will give us a total smoking of
16 81 and a total nonsmoking of 47, which is a 63/37
17 split smoking to nonsmoking.

18 ATTORNEY MANIFESTO: Do you have a
19 date that you project all of these changes would be
20 done, should the Board approve the Petition?

21 MR. BARNABEI: Yeah. The project is
22 approximately ten weeks long, barring any
23 construction misses and times. The first eight
24 weeks would be completed by the end of this month.
25 The last two will be dependent upon the construction

1 wall around the Sportsbook coming down. Once that's
2 removed from the floor, we anticipate the ability to
3 fill back in that space in about a two-week time
4 period.

5 So, our target would be the end of
6 September for all of that to take place.

7 ATTORNEY MANIFESTO: If this is
8 approved, do you foresee any staff reductions as a
9 result of the changes?

10 MR. BARNABEI: We do not.

11 ATTORNEY MANIFESTO: The OEC has no
12 further questions.

13 CHAIRMAN: Do you have any kind of
14 presentation this morning?

15 ATTORNEY MANIFESTO: We do not, sir.

16 CHAIRMAN: Okay. Thank you.

17 Do you have any questions for
18 Enforcement Counsel? I presume not.

19 ATTORNEY DONNELLY: No.

20 CHAIRMAN: Okay.

21 Questions or comments from the Board
22 at this time? Okay.

23 We're going to take this matter up
24 at -.

25 MS. MANDERINO: I -.

1 CHAIRMAN: Oh, I'm sorry. I didn't
2 see you.

3 MS. MANDERINO: I don't mean to have
4 picked on Penn National, but the reality of it is we
5 have three different Gaming Floor Plan proposal -
6 modifications before us today. Two of them made it
7 at least very clear what their smoking and
8 nonsmoking areas were and your proposal does not.

9 I can see the percentages of machines
10 and tables sitting in each way, but I can't really
11 see - and again, my concern, as a regulator, is the
12 statutory requirement that 50 percent of the Gaming
13 Floor be one way or another. I don't believe I have
14 flexibility on that. And I can't tell from your
15 plan -

16 CHAIRMAN: Thank you. I meant to
17 bring that up.

18 MS. MANDERINO: - what you're doing
19 here.

20 MR. BARNABEI: I have those numbers
21 here. We are over 50 percent nonsmoking. It's -
22 I'm looking for the exact number. I think it's
23 50.10 versus 49.90 of the Gaming Floor. So, it is -
24 it is tight, but it does meet the -.

25 MS. MANDERINO: And is that because

1 all of your pathways through smoking aren't labeled
2 nonsmoking?

3 MR. BARNABEI: We do not have all of
4 our pathways through smoking as nonsmoking.

5 MS. MANDERINO: So, if I could look at
6 page nine or page eight, whichever one's easier for
7 you to - but one of the pages where you show us - I
8 guess it would be page nine is the proposed slot
9 machine - or proposed floor.

10 If I wanted to get from the
11 nonsmoking section, which I can't tell where it is,
12 to where the food is, how do I get there?

13 MR. BARNABEI: Sure. I'll try to
14 describe it the best I can, and if you have
15 questions, I'll try to tackle them as well. If we
16 can start maybe in the left upper quadrant, that
17 represents -.

18 CHAIRMAN: Which page are we on, nine
19 or eight?

20 MR. BARNABEI: Slide nine, please.

21 CHAIRMAN: Thank you.

22 So, the upper left quadrant represents
23 our garage entrance. That's where we see about 80
24 percent of our guests parking, in coming in and out
25 of those areas. All of the areas inside of that

1 space immediately around there are all nonsmoking.

2 So, a guest can come into our
3 facility, they can go directly to the right to one
4 of our restaurants and not cross through smoking.
5 They can go directly to the left to our new FLIPT
6 restaurant and not cross through smoking either.

7 As they progress towards the center in
8 the southern part of the casino, that is where the
9 smoking areas are. If you were coming in off the
10 front entrance, the front entrance area has a
11 vestibule area that is not considered our Gaming
12 Floor space, and therefore is nonsmoking, but then
13 that would lead you into a decision point of going
14 to the right towards our nonsmoking area or straight
15 or to the left into our smoking areas.

16 MS. MANDERINO: And the new sports
17 area that's kind of right there in the center with
18 the red circle around it, remind me what its
19 configuration is.

20 MR. BARNABEI: Yeah. So, today that
21 is - well, it was a bar that was part smoking, part
22 nonsmoking. That new space now will all be separate
23 Sportsbook nonsmoking a hundred percent. And that
24 casino bar will be half smoking and half nonsmoking.

25 MS. MANDERINO: So, then is the half

1 of it smoking, I'll call it, the left side that's
2 kind of hanging into the gaming area?

3 MR. BARNABEI: It is. It is. And
4 that will be - it's actually elevated inside the
5 Sportsbook side, so there's two different seating
6 perspectives, either a high top on the outside or a
7 regular seat on the inside.

8 MS. MANDERINO: Thank you.

9 CHAIRMAN: Yeah. I don't know how we
10 can do this right now. You're trying mightily to
11 explain it, but obviously in a black and white
12 picture it's very hard. So, I don't think we're
13 going to get to the total bottom of that right at
14 this moment.

15 Commissioners?

16 ATTORNEY DONNELLY: We have a drawing
17 that we can have sent.

18 MR. BARNABEI: I can have one sent.

19 CHAIRMAN: Yeah, that would - that
20 would probably be helpful. Excuse me a second.

21 ---

22 (WHEREUPON, AN OFF RECORD DISCUSSION WAS HELD.)

23 ---

24 CHAIRMAN: Are there any other
25 questions at the moment?

1 MS. LANGAN: I just have one. And
2 you're not the only casino to kind of propose this
3 today, but -. So, you're reducing your slot
4 machines, however, let's face it, most of your slot
5 machines are going to be in a smoking section on the
6 Gaming Floor, as most of your table games are. Your
7 Sportsbook is going to be nonsmoking.

8 MR. BARNABEI: Correct.

9 MS. LANGAN: Is there a different
10 customer for the Sportsbook? Is that why it's
11 nonsmoking? Is it like because it's a younger
12 customer, they don't like smoking? I'm just
13 curious.

14 MR. BARNABEI: Yeah, it is, generally,
15 a different customer, at least what we've seen so
16 far. Truthfully, we don't have any player tracking
17 in the Sportsbook, so we're - we don't know exactly
18 who those players are, but it's new faces. I can
19 tell you that.

20 I manage the Sportsbook as well. It's
21 new faces. It's a younger demographic. The
22 majority of them do not smoke. Occasionally you
23 might see somebody get up to leave that sports
24 viewing area to go to a smoking section, but it's
25 not frequent.

1 MS. LANGAN: Okay.

2 And just in general, because I'm here
3 for the State Treasurer, and obviously revenues are
4 the most important thing, and this just isn't for
5 the Rivers. It is very concerning to me that - and
6 very concerning to us that the solution to a lot of,
7 you know, the casino want employment of Sportsbook
8 or they want to change.

9 They want to reduce slot machines.
10 And depending on what category you are, in some
11 cases it depends on where the money goes, but slot -
12 casinos were put into place in Pennsylvania for
13 property tax - property tax relief. They weren't
14 here because we wanted to add new businesses to
15 Pennsylvania. It was a means to an end.

16 It just is very concerning to me that
17 it seems that the casinos, when they want to change
18 something, their immediate response seems to be to
19 eliminate slot machines. Our slot machines are old,
20 our slot machine -. You know, I don't know, buy new
21 ones, but at the end of the day, I find it very
22 troubling that that seems to be the solution, among
23 all of the casinos that have proposed today.

24 ATTORNEY DONNELLY: Well, if I could
25 comment on that. The reason - the reason we

1 presented the statistics that we presented was to
2 demonstrate that that would not have a negative fact
3 on - impact on revenue.

4 And the Board's used to people coming
5 up and giving estimates, and you know, proposals and
6 projections all the time, and that's what people do.
7 Sometimes they're right, sometimes they're wrong,
8 but we've actually experienced it.

9 We've seen what happened when -
10 remember, we've operated the last three months in
11 construction, with approximately 2,500 slot machines
12 and we're not going with this reduction even, you
13 know, close to that. So, we've seen our revenues go
14 up.

15 And the point is - the other point is
16 - and I'll speak for kind of the whole industry. We
17 say - the saying in the industry is that - that slot
18 machines don't generate revenue, people do. So, if
19 - it's oftentimes - and I've seen this in my life
20 many, many times, where a floor reconfiguration with
21 a reduction of slot machines will generate a whole
22 lot more revenue.

23 It's alchemy. I don't know why it is,
24 but it's - I guess, people are happier and feel more
25 at ease and more excitement.

1 So, the whole goal here is not to, in
2 any way, be negative to slot machines, but to
3 generate more revenue for ourselves and for - all
4 the money for you all, too. And again, I come back
5 to where I started. We've - the proof is kind of in
6 the pudding. It's been working, as we go on through
7 these temporary changes.

8 CHAIRMAN: Any other questions at the
9 moment? We're going to take a recess and we'll be
10 back. Thank you.

11 * * * * *

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Chairman David M. Barasch, was reported by me on 08/14/19 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 16th day of September, 2019



Lindsey Deann Richardson,
Court Reporter