

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: CATEGORY 2 SLOT MACHINE OPERATOR APPLICATION
FOR TOWER ENTERTAINMENT, LLC

PUBLIC HEARING

BEFORE: WILLIAM H. RYAN, JR., CHAIRMAN
Gregory C. Fajt; Annmarie Kaiser; Keith R.
McCall; John J. McNally, III, Anthony C.
Moscato; David W. Woods; Members
Jennifer Langan, representing Robert
McCord, State Treasurer

HEARING: Tuesday, January 28, 2014
Thursday, January 30, 2014

LOCATION: Pennsylvania Convention Center, Ballroom A
1101 Arch Street
Philadelphia, PA 19107

WITNESSES: Bart Blatstein, Paul Steelman, Michael
Pollock, Scott Fisher, Virginia McDowell,
Bill Sasso, Eric Ostimchuk, Steve Mullin,
George Burrell, Pierce Keating, Mike
Coleman, Veronica Joyner, Francis Hanney,
Colleen Puckett, Frank Tavani

Reporter: Sami Zeka

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CHAIRMAN:

Good afternoon, ladies and gentlemen.

My name is Bill Ryan, Chairman with the Gaming Control Board here in Pennsylvania. And with me are all of my colleagues on the Board. And also, Jen Langan is here. Jen is here representing Treasurer Rob McCord, who is an Ex-Officio Member of the Board.

This afternoon's hearing will follow the same format as this morning's hearing. We will hear a statement from the Executive Director regarding the licensing application process and a presentation from the Applicant, including response to any questions that arise over the course of the hearing. This will be followed by input from the Board's Bureau of Licensing and the Bureau of Investigations and Enforcement (BIE) through the Office of Enforcement Counsel (OEC).

Last, as explained this morning, it is the Board's desire to have the entire hearing conducted in public. However, an issue of preserving confidential information, such as security information or a highly sensitive proprietary business model information, may arise. Should this situation occur,

1 the statute here in Pennsylvania creating the Board
2 mandates that the Board conduct closed session for the
3 sole purpose of hearing that confidential testimony.

4 I guess starting, I would ask all
5 representatives of Tower Entertainment and of the
6 Board who may present testimony to please stand and be
7 sworn in.

8 -----

9 WITNESSES SWORN EN MASSE

10 -----

11 CHAIRMAN:

12 Thank you all. You can be seated.
13 Before anyone does speak, I would ask that you state
14 your name, at least the first time you speak, state
15 your name and spell your last name and give your
16 position so we can help the court reporter keep things
17 straight.

18 MR. O'TOOLE:

19 Mr. Chairman ---.

20 CHAIRMAN:

21 Kevin.

22 MR. O'TOOLE:

23 Mr. Chairman, members of the Board. The
24 application of Tower Entertainment, LLC was filed with
25 the Pennsylvania Gaming Control Board on November

1 15th, 2012. Since that time, the evidentiary record
2 for this Applicant has been developed to include the
3 full application, local impact statements, traffic
4 studies, the transcript of the public input hearings,
5 the written comments presented and received by the
6 Board, the Licensing Suitability Report and a
7 stipulation as to the testimony, various staff members
8 of the Board would provide if called as a witness.

9 The parties have entered into a
10 stipulated agreement that identifies each of these
11 items that are offered as Exhibits One through Nine,
12 and are to be admitted into the record as the
13 stipulated evidentiary record for the Board's
14 consideration.

15 (Board Exhibits One through Nine marked
16 for identification.)

17 MR. O'TOOLE:

18 In addition, the transcript of these
19 proceedings and any other evidence submitted and
20 admitted as exhibits in connection with this
21 Applicant's licensing hearing today, would likewise be
22 part of the record for the Board's review and
23 consideration. Finally, the written public comment
24 submissions, including submissions received via the
25 Board's website for this Applicant received by the

1 cutoff date of December 31st of 2012 --- 2013
2 encompassed 67 submissions, including 38 supporting
3 the application, six opposing the application and 23
4 that were neutral. Additionally, one petition
5 containing 293 signatures opposing the application was
6 received. Thank you.

7 CHAIRMAN:

8 In light of the stipulation regarding
9 Exhibits One through Nine having been admitted to the
10 evidentiary record in this matter, may I have a motion
11 to accept the exhibits?

12 MR. FAJT:

13 So moved.

14 MR. MCNALLY:

15 Second.

16 CHAIRMAN:

17 All those in favor.

18 ALL SAY AYE

19 CHAIRMAN:

20 Opposed? The motion passes and Exhibits
21 One through Nine are included in the record. Before
22 we get to the Applicant's presentation, I would like
23 to note that the Board granted a Petition to Intervene
24 to the Congregation Rodeph Shalom, the Mathematics,
25 Civics and Science Charter School and to Friends

1 Select School. At the conclusion of Tower's
2 presentation, the Interveners will have the
3 opportunity to address their opposition to Tower's
4 proposed facility.

5 Limited to the issues of traffic and
6 parking are which the Intervention Petition was
7 granted. Any testimony presented outside of the
8 subject matters will not be heard and will not be part
9 of the record. Additionally, the Interveners will be
10 subject to questions from the Board and the OEC.
11 Tower may not ask questions of the Interveners and the
12 Interveners may not ask questions of Tower.

13 Having gotten that behind us, we will
14 now hear from the Applicant.

15 ATTORNEY QUAGLIA:

16 Good afternoon, Mr. Chairman and members
17 of the Board. I'm Ray Quaglia, that's Q-U-A-G-L-I-A,
18 with the Ballard Spahr law firm here in Philadelphia.
19 And it is my privilege and my pleasure to be before
20 you this afternoon on behalf of the Applicant, Tower
21 Entertainment, LLC, doing business as The Provence.
22 We would like to begin, as we always do, by thanking
23 the Board's staff for all of their hard work on this
24 application. Much has changed since the first round
25 of licensing hearings in 2006, but one constant has

1 been the dedication and professionalism of the staff.
2 We could not have gotten this far without them, and we
3 thank them for their efforts, their assistance and
4 their unfailing good humor in getting us this far.

5 Mr. Chairman, the Applicant has two
6 additional exhibits to move into evidence. They have
7 been presented to the clerk. Exhibit Ten is a hard
8 copy of our presentation, and I believe each of the
9 Board Members has a copy of that before him or her.

10 (Tower Entertainment Exhibit Ten marked
11 for identification.)

12 ATTORNEY QUAGLIA:

13 And Exhibit Number 11 is the same
14 presentation on a CD which includes videos that will
15 be played as part of our presentation today. And we
16 would move that they be admitted as part of the record
17 of this application.

18 (Tower Entertainment Exhibit 11 marked
19 for identification.)

20 CHAIRMAN:

21 Cyrus?

22 ATTORNEY PITRE:

23 No objection.

24 CHAIRMAN:

25 They will be admitted into evidence.

1 ATTORNEY QUAGLIA:

2 Thank you. We are sensitive to the
3 value of the Board's time today and the importance of
4 providing ample opportunity for the Commissioners to
5 ask any questions that they may have for us. Our
6 presentation is therefore designed to highlight for
7 the Board in a succinct fashion the factors that make
8 The Provence the clear choice for this Category 2
9 License.

10 Before beginning, I would be remiss not
11 to say that, having been through this process once or
12 twice before, I have never had the pleasure of dealing
13 with a project principal who has been as personally
14 involved, as infectiously enthused and as deeply
15 committed to the success of the project as Mr.
16 Blatstein has been. And with that preference, we
17 respectfully invite the Board to sit back and
18 hopefully enjoy this presentation of our exciting
19 vision for the future of gaming, tourism and economic
20 development in Philadelphia.

21 VIDEO PLAYS

22 MR. BLATSTEIN:

23 Good afternoon, Mr. Chairman, members of
24 the Board. My name is Bart Blatstein,
25 B-L-A-T-S-T-E-I-N. Over the last one and a half years,

1 I've had the pleasure of working closely with the
2 staff of the PGCB. In fact, they've become so close
3 to me they know me more about me now than my family.
4 Casey, Dale and a special reach out to Mark and Ray
5 from the Scranton office. They always treated me with
6 dignity, respect and humor.

7 I started this journey back in September
8 of 2011.

9 CHAIRMAN:

10 Excuse me, Mr. Blatstein?

11 MR. BLATSTEIN:

12 Yes.

13 CHAIRMAN:

14 Could you move that up a little close to
15 you, sir?

16 MR. BLATSTEIN:

17 Sure.

18 CHAIRMAN:

19 They're a little tricky. I know.

20 MR. BLATSTEIN:

21 I started this process back in September
22 of 2011. It became apparent to me that this license
23 --- this Category 2 License was going to become
24 available again. And so, I put out to put together
25 the greatest plan that I can possibly imagine for the

1 City of Philadelphia and the State of Pennsylvania.
2 To put it in perspective, it's two and a half years
3 ago. My daughter was engaged, and then after that she
4 became married, I became a father-in-law. And just
5 three weeks ago, I became a grandfather. I did
6 suggest to my daughter that a great name for my
7 granddaughter would be Provence. That didn't go over
8 too well. Her name is Ariana.

9 This license represents a partnership, a
10 partnership between the PGCB. And it's a privilege.
11 The stated goal is to create the most revenue for the
12 taxpayers of Pennsylvania, and to create the greatest
13 project that exists in any urban setting in the
14 country. The project whose shape, size, location and
15 content make it the new standard of a fully integrated
16 casino anchored entertainment resort. But first,
17 let's discuss location.

18 We've all heard the quote that what
19 matters most in real estate are the three principles,
20 location, location, location. And boy, do we have a
21 great location. We have the largest land hold --- the
22 contiguous land holdings in Center City, Philadelphia,
23 located right at the base of the off and on ramps of
24 I-676. There is no major top five city in the country
25 that has an interstate ramp system right in its core.

1 Then our program, it's a truly magnificent
2 transformation project that includes every possible
3 amenity that you can think of.

4 In this case, size really does matter.
5 And having the largest project always allows for a new
6 standard for casino anchored entertainment. But, of
7 course, what is needed first is a great team. People
8 who represent the best at what they do. And because I
9 was the first Applicant to get involved, I had access
10 to the best. So, let's get the show on the road.
11 It's time to introduce The Provence. Who better to
12 start it off than the architect, Paul Steelman? Paul
13 Steelman was the third architect that I interviewed.
14 And I was so blown away by Paul.

15 I have been in business 36 years, and I
16 have met scores and scores of architects and
17 designers. But nobody, nobody truly moved me as an
18 architect and designer than Paul Steelman. While Paul
19 has offices in Vegas, he's based in Vegas, and offices
20 all over the far east in Macau and Beijing and
21 Vietnam. Paul is originally from Longport, New
22 Jersey, so we have a kinship there. Having a house in
23 Margate, we're neighbors.

24 He has done over 3,000 casino projects
25 completed in 40 countries. Experience includes

1 Wynn's, Caesar's and Las Vegas Sands. Noted for
2 creating gaming anchored destinations in Las Vegas and
3 Asia, designer of the Sands Macau, founded Steelman
4 Partners in 1987. And Paul truly has become a good
5 friend of mine. I'd like to turn it over to Paul now.

6 MR. STEELMAN:

7 Thank you. Thank you, Bart. And Mr.
8 Chairman Ryan and this esteemed Board, thank you so
9 much for having me. My name is Paul Steelman,
10 S-T-E-E-L-M-A-N. I'm the President and CEO of
11 Steelman Partners, as Bart said, based in Las Vegas,
12 but I'm from right across the river.

13 The Provence was a true journey about
14 the design of this incredible project. And the --- it
15 really was an interesting project for myself and Bart
16 and the entire team. We are very, very happy to tell
17 you that we've designed 3,000 projects in over 40
18 countries. And, of course, we've designed for every
19 large gaming company in the world, including Sands,
20 Galaxy, SJM, for Prince Albert at SBM in Monaco,
21 Harrah's, MGM, and many, many more.

22 Bart has been an unbelievable visionary
23 for us as a client. Not only is he a smart developer,
24 an unbelievable guy that really understands the casino
25 business, but he is also a true fan of this beautiful

1 city and the beautiful urban plan that was established
2 and the beautiful building of the Philadelphia
3 Inquirer.

4 We have three real simple goals in the
5 architecture of this project. One, we wanted to
6 create a great tourist attraction. We didn't want to
7 just design something for locals to gamble. We wanted
8 a tourist attraction on the list that any tourist
9 would in fact see. Two, we wanted to maximize the
10 gaming and sales tax payments to the City and the
11 State. Three, we wanted to blend this building into
12 the urban infrastructure. We didn't want to stick out
13 like a sore thumb on it. So, how did we go about with
14 the architecture of this project to in fact solve
15 these three goals?

16 The first thing is that we design what's
17 called a stratified casino. A stratified casino
18 designs a casino for five distinctive groups, from a
19 mass gamer all the way up to a VVIP, something that's
20 often forgotten in the Pennsylvania market. Not all
21 gamblers are the same. They are different. We wanted
22 to create attractions, attractions, attractions and
23 more diversity than you can imagine. We created an
24 integrated destination that the features and the
25 attractions will delight and surprise every visitor.

1 And surprise is what all great casino and
2 entertainment design is all about.

3 One of the things that we wanted to be
4 really different in this building was natural
5 lighting. We wanted the sun to shine in. That whole
6 thing about forgetting what time it is, that's an old
7 wives tale. Young people live in daylight, and we
8 wanted a beautiful sky-lit casino. We wanted the
9 integrated connection to connect into the urban
10 infrastructure. Great resorts respect the urban
11 infrastructure, they do not impact it. And this is
12 what we've done. We have integrated this building
13 strictly into the urban plan of Philadelphia.

14 Of course, all casinos and their success
15 is based on a spectacular casino, and that's where the
16 design starts. We designed a casino here that will
17 compete with anything, whether it be in Monte Carlo,
18 whether it be in Macau or whether it be in the new
19 casinos that are proposed in New York State. It will
20 compete on a worldwide stage. For some of our casinos
21 and the subdividing of them and the stratification of
22 them, we have proposed a Monte Carlo VIP casino. A
23 very, very high end, very, very highly designed
24 absolute must-see product that will be an incredible,
25 beautiful casino.

1 Of course, all casinos need to have
2 incredible food offerings. We have created unique,
3 quick food offerings with an unbelievable --- each of
4 them have a spectacular view of the city, and a city
5 view that's very unusual from this particular
6 elevation. The Provence will offer a flexible theatre
7 that will feature world class acts, entertainments,
8 concert stage shows, charity and cultural events.
9 It's an unbelievable theatrical attraction on the roof
10 of this great building.

11 Of course, there are going to be a lot
12 of great restaurants and great food, great --- you've
13 probably read some of them about Tom Colicchio from
14 Craft. And, you know, all I can say is those \$10
15 chocolate chip cookies are worth \$10; they're
16 incredible. And we look forward to having him. Of
17 course, there will be incredible restaurants with
18 incredible décor. And, of course, a little bit that I
19 love is that everybody will smile at the candy store.

20 And we're going to have an unbelievable one that
21 excites not only the visual senses but also your taste
22 senses.

23 As Bart mentioned, there's going to be a
24 diverse series of nightclubs on the roof, all with an
25 incredible view, all partaking in the city. And, of

1 course, this roof looks all the way from the art
2 museum and Schuylkill River all the way across
3 downtown to City Hall. And it's going to have a pool.
4 As much as --- it's a little hard to imagine on a day
5 like today, but it will be an incredible French-like
6 swimming pool with an infinity edge that will look out
7 over the city and be a fantastic thing.

8 Of course, the Inquirer building has
9 features, offices that will become hotel rooms. It's
10 a perfect adaptive-use building as far as we're
11 concerned. That is the plan and the rendering of a
12 potential hotel room in that, and it's a fantastic ---
13 and it will actually serve the convention business.

14 All great projects in our world --- in
15 our casino world are based on a gut instinct. They
16 aren't really based on, you know, tremendous studies,
17 but your gut instinct tells you when things are good,
18 and I believe that this project's going to be great.
19 Also, this project will feature what we call instant
20 belonging. It's designed to create a feeling of
21 instant belonging, not only for locals, but for
22 tourists alike. And, of course, Bart, as we all know,
23 sees art before science, and this will be the most
24 artistic building.

25 What it basically all comes down to is a

1 simple thing, simple delight, simple I love this
2 building, I love this city, I love this setting. It's
3 the key emotion that makes our building successful.
4 It's a smile. Of course, we all want to have
5 opportunities for memories in the Facebook world.
6 Everybody posts on Facebook where they've been. And
7 in this particular building, we have given more
8 attractions and amenities than any. Of course, we
9 have the best ratios of any of the proponents,
10 probably the best ratios of any of the region because
11 our casino is small compared to the overall building
12 size and the overall amenity package that we've drawn
13 to be here. And of course, Provence on Broad Street
14 and a sense of place, that's what we need to create.
15 It will really be a historic building, uniquely
16 converted to really be a signature for Philadelphia.

17 There's a couple exterior views that
18 we're just showing you going up Callowhill Street.
19 Now an exterior view of the roof. And you'll see a
20 video a little later. And thank you so very much for
21 hearing me out today.

22 MR. BLATSTEIN:

23 The next two speakers will be speaking
24 on market growth and revenue. The first one is
25 Michael Pollock. Michael is the head of economic and

1 policy analysis for Spectrum Gaming Group, one of the
2 most widely respected gaming groups in the country,
3 actually, the world. Former public information
4 officer New Jersey Casino Control Commission has
5 testified before the US Senate and eight state
6 regulatory authorities. Publisher, Michael Pollock's
7 Gaming Industry Observer --- creative name, by the
8 way. Adjunct professor at New York University and MBA
9 and bachelor's degree Rutgers University. Michael.

10 MR. POLLOCK:

11 Thank you, Bart. My name is Michael
12 Pollock. It's P-O-L-L-O-C-K. Managing Director of
13 Spectrum Gaming Group. And I've been involved in
14 gaming policy and analysis for more than three
15 decades, from a variety of vantage points. As a
16 journalist, a regulator and analyst and a professor.
17 I have testified before numerous state, national and
18 international organizations. And one of my
19 specialties is analyzing trends and policies with
20 respect to gaming.

21 Now, Spectrum was founded in 1993, and
22 we have literally hundreds of years of gaming
23 experience among our executives and associates. And
24 we've maintained offices in Atlantic City, New York,
25 Las Vegas and throughout Asia. And I should add in

1 Fort Washington, Pennsylvania as well. One of the
2 primary functions of our company is to perform gaming
3 market and public policy analyses, both of which I
4 directly oversee.

5 Now, for this project, Spectrum was
6 engaged by the Applicant to project gross gaming
7 revenue and the level of cannibalization for the
8 proposed project for The Provence, as well as to
9 compare these projections with the most likely
10 revenues and impacts of other competing applicants.
11 We approached this project with the knowledge that new
12 entrants in an established marketplace will be held to
13 a higher standard. They will have to distinguish
14 themselves for the better product to grow the market
15 and establish its own market share.

16 Now, our experience gleaned from gaming
17 markets around the world is that cannibalization in a
18 crowded market can only be addressed by a project that
19 embraces a different business model. One that
20 promotes tourism, fosters more conventions and
21 meetings, and reaches a broader demographic and
22 geographic market. And in our experience, the most
23 important goal would be to create a local magnet not
24 just for incremental visitors and activity, but for
25 incremental capital investment. Effectively, a

1 project of this magnitude must generate capital
2 investment beyond which shows up on its own balance
3 sheet if it is to meet the goals of greater revenue
4 growth, minimal cannibalization and the other
5 aforementioned goals.

6 As our report notes, The Provence, as
7 designed by world renowned architect Paul Steelman,
8 recognizes modern gaming principles, including that of
9 developing integrated urban entertainment
10 destinations. That's a relatively new concept in
11 gaming, but one that recognizes the opportunities of
12 developing an integrated entertainment concept in a
13 pure urban environment. While there are other casino
14 hotels in major U.S. cities, none comes close to
15 offering the breadth of non-gaming attractions planned
16 for The Provence. As such, Spectrum believes The
17 Provence will have the unique ability both among the
18 competing Philadelphia applicants and among urban
19 casinos in other cities to attract new gaming and non-
20 gaming revenue to the Commonwealth of Pennsylvania.

21 The Provence has the potential to
22 elevate the capital investment and quality of the
23 other Pennsylvania casinos in the same market region.
24 That was certainly the case in markets ranging from
25 Las Vegas to Connecticut to Atlantic City. In each of

1 those markets, when a new entrant developed a
2 compelling attraction that raised the bar, existing
3 properties responded by adding new attractions and
4 increasing their overall investment, largely as a
5 defensive measure to protect their own market share.
6 Such an outcome here would clearly further the stated
7 legislative goals of the Gaming Act by growing overall
8 revenue, increasing employment and promoting tourism.

9 Based upon all of these factors, it is
10 my expert opinion to a reasonable degree of economic
11 certainty that The Provence is unique among the five
12 applicants for the available Philadelphia Category 2
13 License in its ability to generate new gaming revenue
14 for Pennsylvania. Spectrum's projections of the
15 amount of that new revenue utilize the same
16 methodologies that we have used in serving gaming
17 commissions from New Jersey to Ohio, legislatures from
18 Florida to Massachusetts, major investment banks and
19 gaming companies around the world for more than the
20 two decades we've been in business.

21 With that in mind, I would like to
22 introduce my colleague, Dr. Scott Fisher, with whom I
23 have worked on numerous prior projects. For this
24 engagement, we integrated our qualitative and
25 quantitative functions to come up with projections and

1 a comparative analysis that meets Spectrum standards
2 for being comprehensive, transparent and conservative
3 while still taking into account the recognition of a
4 project that will set a new standard for an urban
5 integrated resort. And with that, I'm going to turn
6 it over to Scott Fisher.

7 MR. FISHER:

8 Thank you, Michael. Good afternoon,
9 Chairman and members of the Board. My name is Scott
10 Fisher, spelled F-I-S-H-E-R, President of Leisure
11 Dynamics Research. I worked in conjunction with
12 Spectrum on this engagement to prepare our initial
13 gaming market assessment for The Provence in 2012, as
14 well as our recent update and our comparative study,
15 all of which have been submitted to you as part of the
16 record for this hearing. I have my Ph.D. in economics
17 from Tulane University, and I've been performing
18 gaming market assessments for the past 17 years,
19 initially as a co-founding partner of the Innovation
20 Group, and since 2009 with my own Leisure Dynamics
21 Research firm.

22 I've completed several hundred gaming
23 market assessments worldwide, including analyses for
24 large-scale U.S. developments such as Aqueduct and
25 Seminole properties in Florida, and for some of the

1 world's largest integrated casino resorts in Macau,
2 Singapore and the Philippines. As Michael testified,
3 our engagement was to project gross gaming revenue and
4 the level of cannibalization for the proposed project,
5 The Provence, as well as to compare these projections
6 with most likely revenue and impacts of the other
7 competing applicants.

8 The methodology that we employed to
9 project the local market demand for the Philadelphia
10 market was similar to the standard industry gravity
11 model which we calibrated using the most recent data
12 available for the region, which was through October
13 2013. For our model, we carved the relative market
14 into 12 distinct market areas with a total adult
15 population base of 22 million people covering the
16 eastern half of Pennsylvania, New York City, New
17 Jersey, Delaware and parts of Maryland. We estimated
18 participation rates and average gaming expenditures
19 per visit for each market area based on historical
20 data for the preceding 12 months. We conducted site
21 visits to casinos in Maryland, Delaware and
22 Pennsylvania to validate the source of the patrons
23 from various properties. We then projected
24 participation rates and average gaming expenditures
25 for each market area for 2016, which formed the basis

1 for our estimation of cannibalization rates for the
2 existing facilities.

3 Next, we projected the change in
4 regional participation rates with the addition of the
5 new Philadelphia Category 2 property to the market,
6 including the gaming win for the new property as well
7 as the impact of the new property upon existing
8 properties from the gaming win perspective. We also
9 analyzed tourism trends and statistics, then made
10 conservative projections with respect to out of market
11 revenue expectations.

12 Our primary focus was, of course, The
13 Provence. We performed the same analysis for the
14 other competing applicants with appropriate
15 adjustments for size, attractiveness and location
16 factors. With respect to relative revenue potential,
17 The Provence is unlike anything in the current market
18 by virtue of the massive breadth of its non-gaming
19 amenity mix. As Michael Pollock testified, The
20 Provence will be a destination venue for a variety of
21 purposes, whereas gaming is essentially the sole
22 purpose of visiting other gaming properties in this
23 market region. That is why it is our professional
24 opinion that The Provence has, by far, the greatest
25 potential to induce growth in the market.

1 How much growth? We project The
2 Provence will most likely generate \$439 million in
3 taxable game revenues in its second year of operation
4 with a gaming supply of 3,300 slots and 150 gaming
5 tables. Of that total, \$43 million reflects projected
6 demand from tourism markets. We focused on year two
7 revenues as we believe it most accurately reflects a
8 stabilized year of operation. Applying the same model
9 to each of the applicants before the Board with
10 respect to total gaming revenues, The Provence wins
11 handily. Indeed, we projected The Provence's \$439
12 million in year two gaming revenues will be at least
13 \$106 million more than the revenue generated by any
14 other applicant.

15 The same is true for non-cannibalized
16 game revenue --- for new or non-cannibalized gaming
17 revenue to the Commonwealth. The Provence is
18 projected to generate \$219 in new gaming revenue,
19 which exceeds by at least \$103 million the new gaming
20 revenue projected by any other applicant. None of the
21 other competing applicants enjoys a location or offers
22 a compelling phase one building program commitment or
23 other draw that would differentiate their project from
24 existing Philadelphia casinos at nearly the scale that
25 The Provence will.

1 We respectfully note for the Board, we
2 are not alone in our conclusions that The Provence
3 will substantially out perform any other applicant
4 with respect to all relevant revenue categories.
5 Rather, our findings are wholly consistent with the
6 Gaming Market Assessment Commission from AKRF by the
7 City of Philadelphia. We recognize other analysts
8 have painted a much rosier picture of gaming revenue
9 growth potential for Philadelphia. While it is quite
10 possible that we and AKRF have been overly
11 conservative in our revenue forecasts, more liberal
12 revenue assumptions do not change the superiority of
13 The Provence relative to the other four applicants are
14 an apples to apples revenue basis. Thus, for example,
15 if we were to rerun our model using the same
16 optimistic assumptions, such as used by Market 8, we
17 will project revenues for The Provence neighborhood of
18 \$700 million. That result will undoubtedly please Mr.
19 Blatstein, we are constrained as professionals to
20 question the reliability of any assumptions that
21 produce such obviously inflated numbers.

22 For all these reasons, it is my expert
23 opinion to a reasonable degree of economic certainty
24 that by any measure, The Provence will generate
25 substantially more taxable gaming revenues for the

1 Commonwealth and substantially more new gaming revenue
2 on a state as well as local level than any of the
3 other competing Applicants. Thank you.

4 MR. BLATSTEIN:

5 This great facility needs to be run by a
6 great company. And no greater company could be than
7 my friend, Virginia McDowell, CEO of Isle of Capri
8 Casinos. Virginia's a friend of mine. Virginia and I
9 went --- we grew up in Philadelphia, not in the same
10 neighborhood, though. She was a richer girl. We have
11 both attended Temple University and we both sat on the
12 President's Advisory Board together. It is my
13 pleasure to introduce Virginia McDowell.

14 MS. MCDOWELL:

15 Thank you, Bart. And good afternoon,
16 Mr. Chairman and Commissioners. I'm Virginia
17 McDowell. The last name is spelled M-C-D-O-W-E-L-L.
18 We are very excited about being partnered with Bart
19 for The Provence because we know that this will truly
20 be a unique and special project in Philadelphia and
21 the Commonwealth as a whole. The Provence is a brand
22 unto itself, an urban entertainment destination. A
23 place not only convenient and comfortable to local
24 Philadelphia customers, but also a must-see and
25 must-do destination for conventioneers, tourists and

1 visiting business travelers.

2 In order to make this opportunity a
3 reality, you not only need a great location and a
4 great brick and mortar facility, but you also need a
5 great team. The Provence starts, of course, with Bart
6 and Tower Entertainment. To The Provence and Bart's
7 proven development experience, we bring extensive
8 operating experience in the gaming business. Isle
9 already has a well-established operating platform with
10 gaming regulatory compliance, finance and information
11 technology business systems in place. We have a
12 senior management team that has over 200 years of
13 experience in gaming, including significant east coast
14 gaming experience with much of our team having worked
15 in several of the larger casinos in Atlantic City.

16 We have operating experience in 15
17 states, several foreign countries and more than 50
18 different gaming properties. Considering only our
19 senior management, we have been responsible for
20 developing and/or managing 51,000 slot machines, 2,200
21 table games, 11,000 hotel rooms, 130 restaurants and
22 all of the shopping and other amenities that go along
23 with them. We also bring a significant amount of
24 casino design and construction experience to the team.
25 Our construction team has been directly involved with

1 developing more than 20 casinos across the world. I
2 personally spent almost 20 years of my career working
3 in Atlantic City. My team and I know the market.
4 We're experts in this market. And we're excited to
5 work in this market by helping to bring Bart's vision
6 for this premier property to life.

7 Currently, Isle of Capri operates 16
8 casino properties in seven states, including one here
9 in Pennsylvania. We have approximately 7,500 team
10 members over 14,000 gaming positions and 2,300 hotel
11 rooms in our portfolio. As a far too frequent
12 business traveler myself, I can tell you that we're
13 always looking for that special wow when we visit
14 another city. The Provence is going to be that place
15 in Philadelphia, one of the great cities of the world.
16 Based on my 30 year career in gaming, I am
17 comfortable, confident and excited to say that we are
18 proposing a project for Pennsylvania, a partnership
19 with Pennsylvania that will truly break the mold.

20 We are among a very small group of
21 casino operators in the world with a true, proven
22 ability to scale our business and successfully add new
23 properties to our portfolio because of our dynamic
24 infrastructure, which is built for scalability and for
25 flexibility. Our business has grown over the years to

1 16 casinos and our data warehouse, marketing,
2 security, financial and operating infrastructure is
3 among the most robust in the business and is built to
4 expand. Because of that scope, scale and quality of
5 this project, I am completely confident that The
6 Provence will produce more new revenue than any other
7 applicant before this Board. It will be a true
8 integrated destination. A unique regional and
9 national draw that will expand the regional market
10 while also targeting conventioneers and tourists.
11 This is the new model for large-scale integrated urban
12 entertainment, and it will capitalize on
13 Philadelphia's unique national position.

14 But success is not just about location,
15 of course. It's about the overall experience that we
16 provide to our customers. And the way to provide a
17 great experience to our guests starts with a great
18 employee. The Provence will employ over 2,500 people,
19 approximately 700 of which will be directly related to
20 gaming jobs, and approximately ten percent of the
21 overall jobs will be management positions. There's a
22 tremendous amount of industry-specific training that
23 has to happen for many of these jobs. From slot
24 attendants and dealers to security and internal
25 auditors. We are very fortunate because with over

1 7,500 employees across our 16 states, Isle has the
2 ability to utilize those subject matter experts from
3 around the company for training as necessary.

4 We're also very proud of some of our
5 custom training programs and operational programs.
6 Through our customer experience owners, or CEOs, and
7 our award winning See, Say, Smile program, we actually
8 train our employees to own the customer experience.
9 We measure that across our entire company and the
10 properties that we compete against. And we align
11 incentive compensation directly with results. Isle
12 has a strong commitment to diversity and to the
13 communities where we operate and the states in which
14 we are licensed. As it relates to our diversity
15 program for employment, we promote and engage equal
16 opportunities in all aspects of employment and
17 training, as well as advancement opportunities.

18 As a co-founder and co-chair of an
19 international mentoring program through the American
20 Gaming Association called Global Gaming Women, I
21 believe to my core in providing opportunity. George
22 Burrell will talk more specifically to this shortly,
23 but suffice it to say, diversity is an important part
24 of our culture. Isle is a leader in responsible
25 gaming, and we are active in the leadership of the

1 American Gaming Association. We adhere to the Code of
2 Conduct of the AGA. Actually, way back when, because
3 I've been in this business for a few years, I was
4 actually part of the initial team that drafted the AGA
5 Code of Conduct.

6 We provide annual training in responsible
7 gaming. We promote and enforce the self-exclusion
8 programs in each of the jurisdictions where we
9 operate. And we have worked closely with the
10 Pennsylvania Office of Compulsive and Problem Gaming
11 to tailor our program for Pennsylvania. We have
12 submitted that program formally as part of our
13 application. I hope that we have the opportunity to
14 show each of you what a unique and special destination
15 The Provence will be. And thank you very much.

16 MR. BLATSTEIN:

17 Thank you, Virginia. Neighborhood. I'm
18 from a Philadelphia neighborhood. I've developed in
19 Philadelphia for 36 years. And to me, nothing is more
20 important than when entering into someone else's
21 neighborhood to fit in, to listen, to be part of the
22 neighborhood discussion, to be available anytime night
23 and day.

24 I started the process over two years
25 ago. When I first came up with the idea, the next

1 thing I did was to start contacting the neighborhoods.
2 Our host neighborhood is Logan Square. It's a very
3 sophisticated neighborhood. It has residential
4 density, it has the museums, it has the new Comcast
5 tower, the \$1.3 billion tower that was announced. And
6 it's very important to sit and to listen to the
7 people. I, again, attended over 50 --- myself, over
8 50 neighborhood meetings. And it's not --- it's more
9 important to start the process early so that people
10 have a time --- have time to digest all the
11 information and understand any and all impacts.

12 The next speaker is Bill Sasso. Bill is
13 a very dear friend of mine, the most credible guy in
14 the world. Raised in North Philadelphia, didn't quite
15 make it to Northeast Philly, like me, graduated
16 LaSalle University and Harvard Law School, recipient
17 of many, many awards for civic leadership, including
18 the William Penn award, Board member of GPTMC and a
19 former Board member of the Philadelphia Convention and
20 Visitor's Bureau, it's my pleasure to introduce Bill
21 Sasso.

22 MR. SASSO:

23 Good afternoon, Mr. Chairman and members
24 of the Board. I am Bill Sasso, spelled S-A-S-S-O. I
25 am a partner of Stradley, Ronon, Stevens & Young,

1 where I've also served as Chairman of the firm for
2 just about 20 some years. Because I was raised in
3 North Philadelphia, I know those neighborhoods and I
4 know those streets. I've seen the ups and downs for
5 more than 60 years. And I know that The Provence is
6 exactly what North Broad Street, Philadelphia and
7 Pennsylvania need right now.

8 As a member of The Provence team, I've
9 been responsible for our discussions with the various
10 neighborhood groups and stakeholders regarding the
11 consideration, discussion and ultimate agreement upon
12 a community benefit plan. To understand how we got to
13 where we are, I'd like to take a minute to illustrate
14 the core neighborhoods surrounding the site. Looking
15 at a map, you'll see The Provence situated on North
16 Broad Street, four blocks north of City Hall and two
17 blocks north of the convention center. The Provence
18 sits in the Logan Square neighborhood. Immediately to
19 the east is Callowhill, with Spring Garden immediately
20 to the north. The relevant area also includes West
21 Poplar, Francisville and Fairmount.

22 A lot of developers hire consultants to
23 deal directly with the neighborhood groups, but not
24 Bart. For almost two years, Bart has personally met
25 time after time with those neighborhood groups. I

1 have been with him as we have learned of their hopes
2 and their concerns. In all, Bart has personally met
3 more than 50 times with various stakeholder groups
4 across the city, including at least 30 direct meetings
5 with these six neighborhood groups alone. We talked
6 about a lot of things. And we learned about what
7 mattered to the neighborhoods most. Traffic, parking
8 and streetscaping were at the top of their list.
9 Also, security, opportunities for jobs and small
10 businesses, construction and ultimately the creation
11 of a community foundation. So, we worked hand in hand
12 with our neighbors and we addressed their issues one
13 by one.

14 For parking and traffic, we have
15 provided an additional garage with over 700 parking
16 spaces. To a wide variety of improvements to local
17 streets in conjunction with PennDOT and the City of
18 Philadelphia. For public safety, we've brought in
19 AlliedBarton and Tyco to create a first of its kind
20 neighborhood safety plan that stretches beyond the
21 building itself. The plan consists of three primary
22 components, train neighborhood patrols, the use of
23 technology and community partnerships, which will help
24 make the areas surrounding The Provence a safer place.
25 The architect of this plan is Mike Coleman with

1 AlliedBarton, the largest company in the area in this
2 particular field. He's here today and available to
3 address any questions.

4 We have also committed to streetscaping
5 around the property and beyond, and to a single phase
6 of construction within specified work hours. To
7 create opportunity, we are committed to preferential
8 hiring opportunities towards local residents, and
9 preferential treatment and procurement of goods and
10 services from local businesses. And finally, we
11 agreed to create a new neighborhood charitable
12 foundation. With The Provence, once operational,
13 contributing hundreds of thousands of dollars per year
14 to be distributed by the Board to jointly agreed upon
15 causes. And I am particularly proud that I will be
16 able to continue to be involved with my home community
17 as a member of the Foundation Board, along with Ed
18 Panek who chairs the Zoning Committee of the Logan
19 Square Neighborhood Association, our host community.

20 These discussions weren't always easy.
21 It was hard work, but I'm confident that we have not
22 only put in place a plan to mitigate potential issues,
23 but to, in fact, substantially improve the quality of
24 life in the areas surrounding The Provence. That is
25 why just last week we signed a Neighborhood

1 Development Agreement with many of our most proximate
2 stakeholders, committing to be a good, productive
3 neighbor, and to grow, move forward and prosper
4 together, advancing our mutual interests through
5 productive, open dialogue and cooperation.

6 Perhaps what makes us most proud is the
7 support we have received. In our host community of
8 Logan Square and the adjacent neighborhoods of
9 Callowhill and Spring Garden, the Neighborhood
10 Associations voted overwhelmingly to join us in our
11 Neighborhood Development Agreement, choosing to work
12 together to move the community forward. And I am also
13 pleased to announce that we have received a letter of
14 support from City Council President Darrell Clarke.
15 As I believe you all know, our Council President has
16 developed a skill of balancing economic development
17 with neighborhood concerns. Last week, after
18 reviewing our agreement with the community and just as
19 important, after witnessing our relationship with
20 neighborhood groups at the agreement signing, he
21 extended his support to us. And given his commitment
22 to Philadelphia's neighborhoods, we enthusiastically
23 welcomed it. Thank you very much.

24 MR. BLATSTEIN:

25 Traffic is always an important component

1 in any development. I have 36 years, again, of
2 development experience in the city, and I have to note
3 two large traffic generated or generating
4 developments. One I did years ago in the Waterfront,
5 the Riverview Movie Theatre Complex, which has over
6 5,000 seats. There we moved a lot of traffic every
7 night and every weekend. There we had 500 car
8 parking. And of recent, the Piazza, of which you have
9 seen images of and we've had up to 10,000 people in
10 the Piazza, which is in a dense residential
11 neighborhood. There have never been concerns or
12 complaints about traffic in these neighborhoods. We
13 know how to manage traffic.

14 To speak about traffic is Eric
15 Ostimchuk. Eric and I have been together for many
16 years. He's the head of traffic impact studies,
17 parking studies and roadway design for TPD, lead
18 traffic planner for Northern Liberties, registered
19 professional engineer in PA, New Jersey, Maryland,
20 Virginia and Delaware, accepted as an expert witness
21 for Philadelphia's Zoning Board of Appeals, and a
22 graduate of Widener University.

23 MR. OSTIMCHUK:

24 Thanks, Bart. My name is Eric
25 Ostimchuk, O-S-T-I-M-C-H-U-K. I'm a registered

1 professional engineer in Pennsylvania, New Jersey,
2 Maryland, Virginia and Delaware, as well as a
3 registered professional traffic operations engineer.
4 I've testified as an expert witness during the past 16
5 years on at least 56 prior occasions, primarily in
6 Pennsylvania before boards of zoning, commissioners
7 and supervisors, including the Philadelphia Zoning
8 Board Appeals.

9 I am the principal in charge of the
10 private transportation planning sector for Traffic
11 Planning and Design. TPD's core competency is
12 transportation-related engineering and design,
13 including planning studies, highway, road and bridge
14 design and traffic signal design. We have worked with
15 and for the Philadelphia Streets Department and
16 PennDOT on hundreds of projects since our inception in
17 1989.

18 For this project, TPD was engaged by
19 Tower to conduct a comprehensive review of present and
20 likely future traffic conditions around The Provence
21 site, and to assess the feasibility of the site from
22 an access perspective. We utilized generally accepted
23 traffic engineering methodology to perform our
24 engagement. All of which was subject to scrutiny by
25 the Board's traffic engineering expert, Orth-Rodgers.

1 First we evaluated existing conditions in the relevant
2 area by counting cars, bicycles and other vehicles,
3 including buses and trucks. We then modeled the
4 operations of 21 neighborhood intersections under
5 existing conditions. Next, we determined the total
6 traffic that could be generated by The Provence.
7 There is published data for casino properties in this
8 context, but we used actual local data by counting
9 visitors at SugarHouse, Sands Bethworks and Harrah's.
10 We found that SugarHouse generated the highest rate of
11 traffic per gaming position of the three local
12 casinos. So, to be conservative, we used the
13 SugarHouse numbers for The Provence.

14 Our projections reflect trip generation
15 assumptions based upon the August 2005 interim report
16 of findings prepared for the Mayor of Philadelphia by
17 the Philadelphia Gaming Advisory Task Force with
18 appropriate and conservative adjustments for broad
19 shifts and travel trends since 2005 and the public
20 transit usage that we observed for SugarHouse. We
21 then modeled the impact of the additional new traffic
22 on existing operations, identifying locations where
23 traffic operations needed to be improved. It was on
24 that basis that we began developing an improvement
25 plan, coordinating our efforts with PennDOT and the

1 Philadelphia Streets Department. This coordination
2 included a number of meetings with state and local
3 transportation officials as well as an ongoing
4 dialogue with Orth-Rodgers, a consultant to the Board.

5 We found that The Provence benefits from
6 a historically strong transportation infrastructure at
7 the Inquirer building. Please keep in mind that at
8 the height of the Inquirer's operations, there were
9 likely upwards of 3,300 employees arriving to and
10 departing from this location each workday during the
11 rush hours, not to mention a fleet of delivery
12 vehicles. It's not as if a new facility is planned
13 for an undeveloped piece of property. In fact, since
14 1995, traffic on streets around The Provence site has
15 decreased by over 30 percent, according to publicly
16 available data.

17 The Provence is enviably situated at the
18 ramps to Interstate 676 or the Vine Street Expressway,
19 which provides direct connections to both the
20 Schuylkill Expressway and Interstate 95. The large
21 majority of people traveling to The Provence by car
22 will reach the site via this route, Interstate 676,
23 with most of them coming from either 95 or Interstate
24 76. Patrons traveling from the north or south would
25 be using either I-95 North or I-95 South, each of

1 which feeds directly into the Vine Street Expressway
2 West.

3 To access this site, motorists would
4 exit the Vine Street Expressway at the PA 611 Broad
5 Street Central Philadelphia ramp, merge onto North
6 15th Street, turn right onto Vine Street Local and
7 turn right again onto 16th Street. They would have no
8 need to traverse any other local streets. Motorists
9 coming from the Pennsylvania Turnpike or points west
10 would use the Schuylkill Expressway, exiting at the
11 Vine Street Expressway East. From there, motorists
12 would use the Broad Street/Central Philly ramp and
13 turn right onto North 15th Street, right again onto
14 Spring Street and right onto North 16th Street to
15 reach The Provence. I cannot emphasize strongly
16 enough for these customers, the large majority, there
17 would be absolutely no reason to drive into
18 neighborhoods.

19 Any other traffic will be dispersed
20 having little to no impact on any single roadway. For
21 example, on Broad Street north of the site or south of
22 676, we project an increase of one new car every two
23 minutes during the Friday evening rush hour. Exiting
24 the site, patrons will again be able to access the
25 Vine Street Expressway rather easily. Exiting the

1 site to travel to I-95 or across to New Jersey,
2 motorists will travel south on either 15th or Broad
3 Street, turn left onto Vine Street Local and enter the
4 ramp to Vine Street Expressway. Motorists traveling
5 to the Schuylkill Expressway will travel south on 15th
6 Street, turn right onto Vine Street Local, turn right
7 onto 16th Street and access the Vine Street
8 Expressway.

9 Conditions will only improve with the
10 promised implementation of the improvements requested
11 by PennDOT and Philadelphia Streets Department. At
12 the intersection of Broad and Callowhill Streets,
13 Tower will be providing a dedicated northbound left
14 turn lane and a dedicated southbound right turn lane.
15 The intersection corners will be upgraded to be ADA
16 compliant. Moving west along Callowhill Street,
17 pedestrian upgrades will be completed. A new traffic
18 signal will be installed at the intersection of
19 Callowhill and North 15th Streets with ADA pedestrian
20 upgrades to the intersection corners. Other
21 significant offsite improvements have been identified
22 in coordination with PennDOT, the Streets Department
23 and Orth-Rodgers which Tower has agreed to implement.

24 Motorists traveling to The Provence will
25 find no shortage of available parking spaces. First,

1 there are 2,400 spaces being developed with The
2 Provence. In addition, TPD counted approximately
3 4,500 available offsite parking spaces within a five
4 minute walk of The Provence. Of which, more than
5 3,000 were unoccupied. Because the peak hours for a
6 casino are outside of the 9:00 to 5:00 weekday window,
7 The Provence will benefit from what we call shared use
8 parking. Basically, that means the same parking space
9 can be occupied by a commuting employee during the
10 workday and by a casino patron after the employee
11 leaves for the night.

12 Additionally, there are a myriad of
13 options for reaching The Provence without having to
14 drive or park at all. SEPTA's Broad Street subway
15 line travels right past the site with the Race Vine
16 Station one block to the south and the Spring Garden
17 Station one block to the north. The City Hall Station
18 provides connections with the Market Frankford line,
19 which runs from the northeast through west
20 Philadelphia, as well as the trolley lines providing
21 access to the neighboring suburbs and the regional
22 rail network to the surrounding region. Furthermore,
23 the City's robust bus system passes the location on
24 several sides.

25 Cars, buses, subways, taxis, trolleys,

1 limos, shuttles and trains are not the only means for
2 people to reach The Provence. People in the city do a
3 lot of walking, and The Provence is a convenient
4 destination. One can walk through its front doors
5 from the convention center in six minutes from
6 Suburban Station --- and from Suburban Station within
7 less than ten minutes. It is also a fact that the
8 bulk of the Center City's 41 million square feet of
9 office space is located west of Broad Street.
10 Further, we understand that The Provence plans to
11 operate a shuttle service between the facility and
12 local hotels and attractions.

13 We have worked closely on our
14 transportation plan with PennDOT, the Philadelphia
15 Streets Department and Orth-Rodgers and the
16 surrounding community. And in summary, it is my
17 expert opinion to a reasonable degree of traffic
18 engineering certainty that the roadway and transit
19 access to The Provence has improved and the available
20 parking for the facility are more than sufficient from
21 the perspective of traffic impact on the surrounding
22 roadways and neighborhoods.

23 MR. BLATSTEIN:

24 Economic development is a key component
25 to all of our projects. We commissioned a study for

1 our Northern Liberties project, and we was determined
2 that the property values, the market values in our
3 census tracts increased by over \$1 billion. Now,
4 that's in a low density area. Can you imagine what
5 can happen on North Broad Street with all the
6 available inventory and for North Broad and for North
7 Philadelphia.

8 Our next speaker is Steve Mullin, a
9 friend of mine for 25 years. Steve has 30 plus years
10 experience in urban economic development, former
11 Philadelphia director of commerce, former Philadelphia
12 budget director, former chair of Philadelphia
13 Commercial Development Corporation, an MA from
14 University of Pennsylvania and a BA from Harvard, and
15 an adjunct professor at Drexel University. In
16 addition to all of these qualifications, Steve lives
17 in the neighborhood.

18 MR. MULLIN:

19 Thank you, Bart. And good afternoon,
20 Mr. Chairman and members of the Board. I'm Steven
21 Mullin, M-U-L-L-I-N, President of Econsult Solutions.
22 Today I'm going to talk about the economic development
23 opportunities The Provenance promises to bring to
24 Pennsylvania.

25 Econsult Solutions provides consulting

1 services in a wide array of areas including urban
2 economics and development. Our clients include
3 governments, private businesses and institutions. We
4 have extension --- extensive experience in the gaming
5 industry and served as an advisor to the Philadelphia
6 Gaming Advisory Task Force during the first Category 2
7 licensure period. My professional practice
8 concentrates largely on Philadelphia's growth and
9 resurgence. For example, I have been involved in the
10 --- for the past 20 years in various efforts to
11 revitalize North Broad Street, quite possibly Center
12 City's last underdeveloped frontier.

13 I can say without hesitation that this
14 will be one of the largest and more important private
15 economic development projects that I have seen in the
16 20 plus years that I have lived in and served this
17 city. I can tell you this based on my firsthand
18 experience. As Bart mentioned, I've lived in the
19 Spring Garden neighborhood, seven blocks from The
20 Provence site, for nearly two decades. I pass by The
21 Provence site every day, and I can tell you that this
22 area, full of empty garages, vacant lots, empty
23 parking lots and buildings is right for redevelopment.
24 The Provence will be a catalyst to transform the
25 entire area by generating a new sense of place in this

1 key location. For this engagement, we examined three
2 components of economic and fiscal impact. First, the
3 impact generated by the complex itself, both gaming
4 and non-gaming components. And second, the impact
5 generated by the spending of visitors outside of the
6 complex, which we label ancillary spending impact.
7 And third, the economic impact generated by the
8 significant additional non-gaming commercial, retail
9 and residential development this project will spur in
10 the underdeveloped areas nearby.

11 Utilizing Spectrum's analysis and
12 standard input/output methodology and very
13 conservative economic consumptions, we have forecasted
14 The Provence's potential economic and fiscal impacts
15 for Pennsylvania. Economic spending, employment and
16 state tax revenues. We forecast The Provence
17 development both during construction phase and
18 annually ongoing thereafter to be far and away the
19 largest of all of the competing projects. During the
20 construction phase, we estimate The Provence
21 investment will generate nearly \$900 million in
22 overall economic activity, support nearly 6,400 jobs
23 in Pennsylvania while adding \$15 million to the state
24 coffers. Once up and running, we estimate The
25 Provence will annually generate over \$750 million in

1 statewide economic spending and supporting directly
2 and indirectly over 7,900 jobs in Pennsylvania, while
3 generating approximately \$20 million in annual state
4 tax revenue.

5 As Scott Fisher testified, it is
6 important to note here that the Board has already
7 received expert testimony on The Provence's economic
8 impact that is consistent with this analysis. The
9 City's independent review conducted by AKRF, largely
10 corroborated both by direct gaming revenue forecasts
11 and our overall economic and fiscal impact findings in
12 the City of Philadelphia, AKRF found The Provence to
13 be the strongest proposal by a wide margin. These
14 economic and fiscal benefits are real and substantial,
15 and are largely what can be expected from many of the
16 other proposals. But these specific project-related
17 benefits are really only the tip of the iceberg and
18 the basis for a much more important story.

19 Pennsylvania's foray into legalize
20 gaming was not intended simply to maximize the number
21 of slot machines and table games in the state. A key
22 purpose of the gaming legislation, besides increasing
23 employment and state gaming tax revenues, is to
24 generate additional, sustainable, non-gaming economic
25 growth and development in order to provide significant

1 additional non-gaming employment and state tax
2 revenues. The Provence will maximize all three of
3 these objectives for Pennsylvania. But the economic
4 and tax revenue impacts of the project itself could be
5 swamped over the next decade by the economic and tax
6 based growth from additional non-gaming investments
7 induced by this initial Provence development. Based
8 on the City Planning Commission's work, zoning and
9 land availability, we believe that The Provence will,
10 over time, help spur more than two million square feet
11 of new commercial, retail, entertainment and
12 residential development in this area. This
13 construction alone will, over time, generate over \$2
14 billion of economic activity for Pennsylvania.

15 There are two basic reasons already
16 highlighted throughout our testimony today why The
17 Provence will generate greater additional investment
18 and economic development than the other proposals.
19 First, The Provence will not be like any other casino
20 in Pennsylvania. While the casino will be an
21 important core function, The Provence will be a
22 destination entertainment center in its own right and
23 will cater to a much larger audience than the standard
24 casinos. Second, The Provence's primary advantage is,
25 as mentioned throughout, its key Center City location.

1 Strategically significant for spurring the early
2 stages of redevelopment along the North Broad
3 corridor. This corridor is anchored to the --- by the
4 expanded convention center just two blocks to the
5 south, Center City's commercial core and parkway
6 attractions to the west and the expanding Temple
7 campus to the north. Direct economic beneficiaries
8 would also include the under-developed areas between
9 Vine and Spring Garden both east and west of Broad
10 Street, and even further north.

11 I am very familiar with all of the
12 proposed --- other proposed locations. In fact, my
13 company has worked with two of the developers on those
14 sites before they looked at casinos. Compared to The
15 Provence, they are all geographically constrained in
16 terms of sustainable, induced development. Simply
17 put, because of its location and the condition of the
18 surrounding area, no other proposal has the huge spin
19 off potential of The Provence. The Provence
20 represents therefore a unique opportunity to serve as
21 a catalyst for significant non-gaming capital
22 investment and hence, employment and state revenue tax
23 growth.

24 We need go no further than Bart's Piazza
25 and Northern Liberties to see an example of such a

1 positive transformation. As Bart mentioned, we
2 estimated its actual impact of Bart's developments in
3 Northern Liberties and at and around the Piazza. Over
4 the past decade, Bart's efforts transformed Northern
5 Liberties, generating nearly a half a billion dollars
6 in investment and construction activity, and increased
7 the market value in this revitalized neighborhood by
8 over \$1 billion. These investments have led to annual
9 economic activity, supporting nearly 2,200
10 Pennsylvania jobs and over \$12 million in new state
11 tax revenues every year.

12 In conclusion, it is my expert opinion
13 to a reasonable degree of economic certainty that The
14 Provence has by far the greatest ability among the
15 applicants to spur sustainable economic development
16 activities in Philadelphia and the Commonwealth. And
17 over time, generate the greatest employment and tax
18 revenue impacts of all the proposals under
19 consideration. I thank you for your time.

20 MR. BLATSTEIN:

21 Our next speaker is George Burrell to
22 speak on diversity. George has been a friend of mine
23 for over 20 years. He's a former member of the
24 Philadelphia City Council. He served in senior
25 positions in two mayoral administrations, successful

1 entrepreneur in law and business, established history
2 of community involvement and mentorship and a
3 bachelors in law degree from the University of
4 Pennsylvania. And George was a pro football player.
5 I'll let him tell you.

6 MR. BURRELL:

7 Go Broncos. Good afternoon, Mr.
8 Chairman and members of the Board. I am George
9 Burrell, B-U-R-R-E-L-L. I have known and respected
10 Bart Blatstein and his work for two decades. Bart's
11 record of finishing what he starts, how important I
12 believe a rejuvenated North Philadelphia is to the
13 future of our city. And his aggressive and innovative
14 commitment to diversity are what motivate my support
15 for The Provence.

16 Working for two mayors and in City
17 Council, I witnessed Bart's passion as he improved
18 real estate values and redefined under-performing and
19 underdeveloped neighborhoods like Manayunk, Columbus
20 Boulevard, Northern Liberties and North Philadelphia.
21 The Provence brings Bart's vision, resources and
22 lifelong commitment Philadelphia to North Broad
23 Street. Bart and The Provence will be engaged
24 corporate citizens in North Philadelphia. The
25 Provence will be a working partner with the

1 Pennsylvania Convention Center and the museums along
2 the parkway.

3 I was on City Council when the
4 Pennsylvania Convention Center was built. The
5 argument that convention traffic would paralyze Center
6 City never materialized. But what most excites me
7 about The Provence is Bart's willingness to implement
8 a diversity program that will help minority and
9 woman-owned businesses grow to scale. Governments
10 typically focus on percentage participation to measure
11 success in diversity programs. A well-intended goal.
12 But percentage programs typically produce job sites
13 with large numbers of small businesses with modest
14 contracts who generate cash flow, not needed retained
15 earnings and strong financial statements. Minority
16 and woman-owned businesses work too often as tier two
17 subcontractors with no job site management or budget
18 responsibility. As a result, they are not positioned
19 to grow to scale and compete for prime contracts. The
20 culprit, lack of project management experience and
21 access to capital.

22 Although percentages are relevant, the
23 scope and dollar value of contracts awarded to
24 minority and woman-owned businesses is more important.
25 Awarding contracts to minority and woman-owned

1 businesses with significant scopes of work and
2 contract values will be a priority for The Provence.
3 I cannot overemphasize how important The Provence
4 strategy, if copied by others, can be in growing
5 historically challenged businesses to scale. Those
6 growing businesses will make important contributions
7 to the economies of the City and the Commonwealth.
8 The Provence's priority will be to award contracts to
9 local companies. However, if necessary, national
10 companies willing to establish offices in Philadelphia
11 will be engaged. Opportunities will be afforded to
12 smaller companies. The Provence will not
13 discriminate. The team constructing and operating
14 this world class facility will be diverse. We also
15 will work with businesses to ensure they apply for and
16 obtain the certifications required to work in the
17 gaming industry in Pennsylvania.

18 The Provence is committed to 38 percent
19 diversity participation in its construction. But what
20 will be a source of pride for this Gaming Control
21 Board is the respect minority and woman-owned
22 businesses will have for how the goal is met. We will
23 partner with organizations like the National Minority
24 Supplier and Development Council and the Hispanic
25 Chamber of Commerce to identify companies.

1 Additionally, we anticipate working with ORC and
2 community college to train hospitality workers. And
3 we are committed to provide 25 paid internships each
4 semester to students at Lincoln and Cheyney
5 Universities. The Provence will have a diverse Board
6 of Directors, executive leadership and workforce. The
7 Isle of Capri has a strong diversity record, as you
8 have already heard. And companies contracted to do
9 business with The Provence will be required to achieve
10 diversity goals consistent with The Provence's
11 strategy.

12 Bart Blatstein has empowered Bob Vogel,
13 former State Representative Tony Payton and me to
14 develop this cutting edge diversity program. Working
15 with Bart, Tony, Bob and the Isle of Capri, The
16 Provence will succeed. Thank you very much for your
17 time and consideration.

18 MR. BLATSTEIN:

19 Our next speaker, Pierce Keating, will
20 talk on construction. I own a company called
21 Accelerated Construction, and we manage our own
22 construction projects. We have developed --- we have
23 built over hundreds of millions of dollars of
24 projects. For a project of this size and scope, it
25 was important to bring in a very talented, capable

1 company that could work in concert with Accelerated
2 Construction. I know that my friend Pierce Keating,
3 who we've done work together for over 20 years now, is
4 the man. He was responsible for the \$780 million
5 expansion of the Pennsylvania Convention Center and
6 also manages to have ten children that he has to
7 manage at home also. Anybody that can do those things
8 is my hero. He also happens to be the funniest member
9 of our group. Watch the jokes.

10 MR. KEATING:

11 Good afternoon. As was said, my name is
12 Pierce Keating. Last name's spelled, K-E-A-T-I-N-G.
13 I am the majority owner and chairman of the Daniel J.
14 Keating Company and I'm thrilled to be here today for
15 a number of reasons. First of all, my relationship
16 with Bart Blatstein goes back over 20 years, and we've
17 enjoyed many successful projects together. Secondly,
18 I believe this is a unique opportunity and a game
19 changer for the City of Philadelphia.

20 Our experience in working in
21 Philadelphia, as stated, goes back over a century. We
22 are particularly proud of the vast and diverse
23 portfolio we have worked on across Center City,
24 including new build, restoration and renovation
25 projects. We have extensive experience in literally

1 every area that impacts a complex casino entertainment
2 complex. With hotels, we recently renovated the high-
3 end Rittenhouse Hotel, including their multi-million
4 dollar luxury suites. On tourism, we built the
5 Liberty Bell Center. Our gaming experience includes
6 the recent exterior re-theming of the Golden Nugget in
7 Atlantic City. On preservations, a key component of
8 the job here, we headed up the restoration of the
9 Please Touch Museum in Philadelphia. On a somewhat
10 personal note, I'm particularly proud of our work as
11 lead contractor on the storied restorations of both
12 City Hall and Independence Hall. Perhaps most
13 notably, our experience in working on North Broad
14 Street is as recent as the Pennsylvania Convention
15 Center expansion project. The Convention Center, at
16 approximately \$500 million, was completed on schedule
17 and on budget.

18 We do not take our charge lightly. We
19 have committed to completing The Provence in 18
20 months. We have devised a game plan to make that a
21 reality, and have every confidence our expectations
22 will be met. This project will create approximately
23 1,500 construction jobs. And with our understanding
24 of site logistics, coordination, traffic control and
25 scheduling, gives us a great comfort in our ability to

1 complete the project within the schedule parameters.

2 There are four key components to our
3 delivery, gaming floors, hotel, retail and garage. We
4 will divide the project into these zones and have
5 separate teams as well as separate contractors to
6 accomplish this work. This allows us to be working on
7 every component of the building simultaneously with
8 the workforce comprised of multiple subcontractors to
9 allow for necessary manpower requirements. This also
10 allows us to maximize minority workforce
11 participation, a key ingredient of Bart's overall
12 plan. Keating effectively utilizes strategy of the
13 recent million square foot Pennsylvania Convention
14 Center expansion. In addition to beating the
15 scheduled parameters, we achieved DBE participation
16 levels of 33 percent of subcontracts and a workforce
17 component of 37 percent.

18 With a time frame of 18 months, we need
19 to average roughly \$15 million of work put in place
20 per month. By way of comparison, at the Convention
21 Center, there were periods where we were averaging \$30
22 to \$35 million of work in place per month. As you can
23 see on this screen, the spending tends to occur
24 roughly on a bell curve, and we have the resources
25 ready to meet the challenge right away. Along with

1 our estimators and a cadre of subcontractors, we have
2 worked hand in hand with Accelerated Construction and
3 Isle of Capri to establish values for all portions of
4 the construction work. We are confident in our
5 schedule, our budget, and we are excited to get
6 started on this project, which I personally believe
7 will be one of the most important private developments
8 in Philadelphia since my company was founded over 100
9 years ago. Thank you for your time.

10 MR. BLATSTEIN:

11 Thank you, Pierce. Let me now set out
12 our plan for financing The Provence. As we have
13 indicated, our total projected budget for the project
14 was \$700 million, of which \$600 million is for the
15 hard and soft cost of the project with the remaining
16 \$100 million for land, which we already have. We have
17 five documented financing options available to us in
18 addition to my own significant financial resources.
19 Collectively, these sources make available far more
20 resources than necessary to develop The Provence.

21 Each of the five sources of financing
22 are from highly credible, experienced lenders and
23 financing sources in the gaming industry. Credit
24 Suites Securities has demonstrated its ability to
25 provide up to \$475 million secured loan to fund the

1 construction of the project. Summit Partners and
2 Providence Equity Capital Markets have provided
3 documentation for Junior Capital in amounts up to \$85
4 million or \$75 million respectively. In addition,
5 Isle of Capri currently has \$25 million posted in the
6 form of a letter of credit to PGCB. Lastly,
7 Highbridge Principal Strategies provided a commitment
8 to finance up to \$600 million. Highbridge Principal
9 Strategies is a \$29 billion fund owned by --- I'm
10 sorry. Owned by JP Morgan, which is a multi-trillion
11 dollar bank. And, of course, I have my own financial
12 resources available to me as well, which I provided
13 for the staff with a detailed review.

14 The abundance of money available for
15 this project demonstrates the strength of the project
16 and its sponsor. In summary, we have built our
17 capital structure to maximize flexibility, pay the
18 most favorable pricing and to balance the use of debt
19 and equity. In any of these financing scenarios, we
20 have confirmed that our cash flows from The Provence
21 will be far more than sufficient to fund the debt
22 service on the property and leave us comfortable
23 reserved to continue to reinvest in the property.

24 I financed my own projects. I used my
25 own equity for our development. And I am extremely

1 conservative. My charge with our economists and
2 everybody else was to be conservative. No pie in the
3 sky estimations, just the facts, the details to keep
4 it right. Because, like anybody else, I don't like
5 losing my money. I want to make money and I want the
6 project to succeed. I have never not followed through
7 with a project. Never. And that's in 36 years.

8 To move on to tenancy. Well, the
9 project is beautiful. What Paul Steelman and his team
10 has done is just magnificent. But to activate this
11 space, it was important to have all the components of
12 this project in place, whether it be the concert hall
13 to attract worldwide talent, world class talent or the
14 restaurants. Just two weeks ago, we had an
15 announcement of two major chefs, nationally acclaimed
16 chefs. Tom Colicchio, the host for Top Chef, is now
17 signed onto The Provence, as is Andrew Carmellini with
18 restaurants all over the country. These are
19 incredibly talented chefs. In fact, I've been in
20 discussions about moving Top Chef the TV show to The
21 Provence in Philadelphia.

22 In addition to that, we're going to have
23 high-end retail, again, name acts. We have a jazz
24 club, a comedy club, a concert hall, a spa and fitness
25 facility, 60,000 square feet of retail, a magnificent

1 conservatory and botanical gardens, a swim club,
2 private swim club at 110 feet in the air facing south
3 with unobstructed views of the city. And it goes on
4 and on, of course, the boutique hotel. It is just
5 going to be that special place that I've always
6 dreamed of being part of and would make everybody here
7 very, very proud.

8 In conclusion, I'd like to talk about
9 certainty. Again, I'm conservative. I've been
10 through four recessions. It's important that we plan
11 in a conservative manner. So, I want to talk about
12 certainty. I hired the best architect in the world,
13 Paul Steelman, and I just love working with this guy.
14 And this project is just spectacular, like nothing
15 that I've ever seen around the world. Because of this
16 project, I've traveled as far away as to Macau to see
17 the casinos there, Vegas too many times to mention in
18 the last two years and everywhere in between.

19 Market growth. We're not going after
20 the same market as everybody else. It's very simple.
21 Everybody I know --- of everybody I know, nobody goes
22 to the casinos in the region. They just don't go.
23 They don't feel comfortable there, there's not enough
24 amenities there. So, we're going after that other,
25 what I'll call, 80 percent of people that just don't

1 go. We're going to create a new market because that's
2 what we need. It's located in Center City,
3 Philadelphia. There are 275,000 workers in Center
4 City, Philadelphia. We have the second highest
5 downtown population on the east coast, and third in
6 the country with 180,000 people. It's busting at the
7 seams, thank God, because that's where my business has
8 always been.

9 We have 38.2 million visits to
10 Philadelphia a year. That's all visits, whether it's
11 personal, whether it's business or whatever. We have
12 an incredibly dynamic diverse city, and we're here to
13 take advantage of that and to provide a product that
14 is needed. We have great restaurants and great
15 culture. We are voted the number one cultural
16 destination in the country by the --- by Travel and
17 Leisure magazine, but we need something else.
18 Something else is missing. And that's what we're
19 going to provide here.

20 I'd now like to introduce a video --- a
21 short video from some of my team members.

22 VIDEO PLAYS

23 MR. BLATSTEIN:

24 Let's dare to dream and usher in a new
25 age of entertainment in the state. Thank you for your

1 time. Thank you very much.

2 ATTORNEY QUAGLIA:

3 Mr. Chairman, members of the Board,
4 having honored my commitment to Mr. Blatstein not to
5 interrupt the presentation with legalities, we would,
6 before closing, like to proffer as experts four of our
7 witnesses. Mr. Pollock and Mr. Fisher in the area of
8 revenue projections. Mr. Ostimchuk in traffic
9 engineering and Mr. Mullin in urban economic
10 development.

11 CHAIRMAN:

12 Any objections, Cyrus?

13 ATTORNEY PITRE:

14 We've reviewed the qualifications. We
15 have no objections. Of course, it's up to the Board
16 to determine whether they want to accept these
17 witnesses as experts or ask them further questions.
18 But we have no objection.

19 CHAIRMAN:

20 All right. I will entertain a motion to
21 accept the four witnesses individually as experts.

22 MR. FAJT:

23 Mr. Chairman, I will make the motion to
24 approve the four witnesses, as Counselor has
25 identified, in their areas of expertise.

1 CHAIRMAN:

2 Second?

3 MR. MCCALL:

4 Second.

5 CHAIRMAN:

6 All in favor?

7 ALL SAY AYE

8 CHAIRMAN:

9 Opposed? The motion carries and all
10 four are considered qualified as experts by the Board.

11 ATTORNEY QUAGLIA:

12 Thank you, Mr. Chairman. And with that,
13 the Applicant rests its case in chief.

14 CHAIRMAN:

15 Any questions from the Board? Annmarie.

16 MS. KAISER:

17 Thank you, Mr. Chairman. I'll ask a few
18 questions, then I'll let others go. I may come back a
19 second time around. Thank you for your presentation.
20 As part of your presentation, you provided an overview
21 of some of the amenities and the clientele that you'd
22 be marketing to. But can you flush that out a bit,
23 both the gaming and non-gaming entities --- amenities.
24 What types of clientele you'd be marketing to? Would
25 it be folks in the area, folks outside the area?

1 Would it include residents of New Jersey?

2 MR. BLATSTEIN:

3 Sure. Thank you. The nickname for the
4 project is the Clubhouse. I'm not a big gambler. I
5 rarely gamble in casinos. And it had to be a place
6 where myself and everybody I know can hang out, enjoy
7 themselves, spend time. People, customers will spend
8 more money if they have more to spend it on. It's a
9 very simple paradigm. The amenities are the hotel
10 itself in the tower, the iconic clock tower. There's
11 three clock towers in Philadelphia, Independence Hall,
12 City Hall and the Inquirer building, formerly known as
13 the Elverson building.

14 There will be a nightclub, 9,000 square
15 feet. We don't have one nightclub in the State of
16 Pennsylvania that is in the top 100 nightclubs in the
17 country. Not one. We will have a comedy club, a
18 separate comedy club. We'll have a separate jazz
19 club. We'll have 66,000 square feet of retail,
20 because who doesn't like to shop.

21 This was built around the idea of let
22 people dream. Let them be transformed somewhere else.
23 We'll have a conservatory surrounded by restaurants
24 and retail. This is, again, modeled after the
25 beautiful conservatories in Longwood Gardens, of which

1 my wife and I went a couple weeks ago again. We're
2 going to have a concert hall. We want and we need the
3 name acts. We want the big acts, the big national and
4 international acts. We're going to have --- we're
5 going to exhibit exotic cars because our largest two
6 shows in the Convention Center in Philadelphia are the
7 car show and the auto --- the auto show and the flower
8 show, each drawing over 250,000 visits. So, we're
9 going to have that all year round. And the beauty of
10 the conservatory is it's an ever-changing kaleidoscope
11 of color. We're going to change it at the seasons.
12 The Bellagio in Vegas changes out every five --- five
13 times a year. We're looking to change it out even
14 more. And to partner with the Horticulture Society
15 here in Philadelphia.

16 We're going to have meeting rooms and
17 convention space, if necessary, if shows want to come.
18 We want people to come and spend their day here, their
19 weekend here. We want them to enjoy the time here.
20 That's some of the amenities.

21 MS. KAISER:

22 Thank you. If you are seeking to obtain
23 residents of New Jersey to come in and frequent the
24 casino, have you been following the issue of internet
25 gaming? And what, if any, impact do you think that

1 will have on your ability to get the New Jersey folks
2 into your casino?

3 MR. BLATSTEIN:

4 Well I can't claim I'm an expert on
5 internet gaming at all. I've been reading about it.
6 It hasn't met its expectations in New Jersey, I have
7 seen. And I --- it's not --- ours is not contingent
8 upon internet gaming at the casino. Ours is an
9 experience like you'd see in Vegas.

10 MS. KAISER:

11 Can you walk through the proposal and
12 how it has evolved over time with respect to parking
13 and what the plan is for parking, just to break that
14 down a bit?

15 MR. BLATSTEIN:

16 Sure. In any development, in urban
17 developments especially, there are a number of
18 different components that we always have to address,
19 security, traffic, parking and trash. That was one
20 question that never came up in any of the 50 meetings
21 with the neighborhood groups, trash, where's the
22 trash. Parking. I have extensive experience with
23 parking in Philadelphia and urban settings and large
24 scale developments. We approached it at, what did we
25 think we needed, what would make the most sense. We

1 do not want people to not come to the project because
2 of a parking problem.

3 We have over 2,400 parking spaces, which
4 is probably over double the other Center City
5 applicant. And it's important to understand that in
6 addition to that, there's a lot of parking in the
7 region. But we encourage all kinds of modes of
8 transportation. We will have a shuttle bus system in
9 Center City. Most of our development in Center City
10 is weighted to the west of Broad Street, so we've
11 become very walkable, even from the new Comcast tower.
12 And we're going to encourage the walking, we're going
13 to encourage car sharing, we're going to encourage
14 taxis, we're going to encourage other modes of
15 transportation. But I am --- I feel very, very
16 strongly that our parking exceeds our need, based upon
17 experience that I've had in the past.

18 And also --- I'm sorry for interrupting.

19 MS. KAISER:

20 It's okay.

21 MR. BLATSTEIN:

22 But, again, it's two years of working
23 with the neighborhood groups about parking, also. And
24 they also concur.

25 MS. KAISER:

1 And that would be the two garages;
2 correct?

3 MR. BLATSTEIN:

4 No, there's actually four.

5 MS. KAISER:

6 Okay.

7 MR. BLATSTEIN:

8 There's a garage on the first block on
9 the 1400 block of Callowhill. There's a garage on the
10 second block on the 1500 block of Callowhill. There's
11 a garage on the third block in the 1600 block of
12 Callowhill, all linked together. And then there's a
13 garage at 15th and Spring Garden. That's the new one.
14 700 ---.

15 MS. KAISER:

16 The new one, yeah. Okay.

17 MR. BLATSTEIN:

18 That's correct. And the beauty of
19 having four garages is also it means that we have five
20 means of ingress and egress into our parking, so we're
21 not all funneled and creating a choke point into one
22 entranceway for parking and one way out. So, we have
23 actually five. We have one means of egress in the
24 first block --- an ingress. We have one means of
25 ingress and egress on the second block, two on the

1 third block and another one on the block at 15th and
2 Spring Garden.

3 MS. KAISER:

4 Okay. Sorry. I was referring to A and
5 B. I wasn't clear. You've indicated that you've
6 worked extensively with the neighborhood groups. Will
7 you continue to do that as you move forward with the
8 project and should you be granted this license, and
9 how would you do that?

10 MR. BLATSTEIN:

11 It's the only way to do it. It's the
12 only way I know. Not only that, my wife and I
13 purchased a home in Center City, so we're just blocks
14 away from this project. So, of course. Absolutely.
15 I will continue to do it. As I say in every
16 neighborhood meeting throughout the years, I'm
17 available anytime and anywhere, especially if there's
18 food.

19 MS. KAISER:

20 What, if any, obstacles do you see that
21 could extend the time frame for completion of the
22 project?

23 MR. BLATSTEIN:

24 From a construction standpoint?

25 MS. KAISER:

1 Yes.

2 MR. BLATSTEIN:

3 I don't see any. I don't see any. I've
4 been before the Planning Commission a number of times,
5 Streets Department, the Deputy Mayor of
6 Transportation, L&I. I am --- you know, we are very,
7 very experienced in dealing with the City for
8 permitting, and the State also. I've been with
9 PennDOT a number of times, too. So, we will hit the
10 ground running. And we have support of the
11 neighborhoods, and have support of the District
12 Councilman, who's Council President, Darrell Clarke.

13 MS. KAISER:

14 And you were talking about that you
15 would have various teams working on the construction
16 for gaming, hotel, retail, the garage. Will there be
17 a liaison to work with all those various teams to
18 ensure there's no conflicts or there's communication
19 between the various groups?

20 MR. BLATSTEIN:

21 Well, sure. You heard from Pierce
22 Keating of the Daniel Keating Company, and he'll be
23 the CM, construction manager, on the project. My
24 company, Accelerated Construction, will oversee that
25 and be the liaison.

1 MS. KAISER:

2 That's it for now, Mr. Chairman.

3 CHAIRMAN:

4 Tony.

5 MR. MOSCATO:

6 Thank you, Mr. Chairman. Thank you for
7 your presentation and good afternoon. Feedback onto
8 what Commissioner Kaiser asked with regard to parking.
9 It seems to be a big concern. Coming from Cameron
10 County, I don't really understand that. But I
11 understand that it is a big concern. Do you have
12 agreements in place with all these parking garages
13 that you have referenced throughout the presentation?

14 MR. BLATSTEIN:

15 Yes, we have. We have control of them,
16 that's correct.

17 MR. MOSCATO:

18 Okay. And then ---?

19 MR. BLATSTEIN:

20 Let me be clear. The first block, we
21 will be developing that garage. And the second block,
22 we will be developing that. We own the land. The
23 third block already exists. It's an 820 car garage.
24 And the fourth facility, the new one, is on property
25 that I currently own also. And it will be to be

1 constructed.

2 MR. MOSCATO:

3 Okay. One of the parking garages, and
4 I'm not sure which one, is owned by a college; is that
5 correct?

6 MR. BLATSTEIN:

7 Yes, I believe ---.

8 MR. MOSCATO:

9 Do you have a lease?

10 MR. BLATSTEIN:

11 Yes. I have a leasehold agreement on
12 the property for an additional 16 more years.

13 MR. MOSCATO:

14 Okay. Moving on from parking. One of
15 your team members testified that there would be
16 4,142,041 gaming visits per year. Would that be --- I
17 mean, are they assuming that's new gaming visits,
18 additional gaming visits or what, including the visits
19 that are already being attended at the other four
20 casinos?

21 MR. BLATSTEIN:

22 Well, again, this is designed to ---
23 this is designed for a new audience. The number one
24 tourist attraction in Philadelphia is the historic
25 area. And that's attended, actually, by mostly

1 families and children and school trips. The number
2 two attended attraction in Philadelphia is ironically
3 SugarHouse, with two million visits a year. We expect
4 to --- we expect that most of our customers are new
5 customers, customers that wouldn't normally attend any
6 of the other facilities because the amenities just
7 don't exist.

8 MR. MOSCATO:

9 Okay. So, to understand that,
10 SugarHouse, you said, had two million visits per year?

11 MR. BLATSTEIN:

12 Yes.

13 MR. MOSCATO:

14 And your team member testified that
15 there would be in excess of four million visits per
16 year?

17 MR. BLATSTEIN:

18 Yes.

19 MR. MOSCATO:

20 So, you're going to pick up the other
21 two?

22 MR. BLATSTEIN:

23 I'm sorry. Scott Fisher.

24 MR. FISHER:

25 I assume you're looking at either the

1 2012 or 2013 report. And the answer to that question
2 is, those are the number of bodies that would come per
3 year. There was --- I don't believe the report says
4 how many of those patrons are going to be new versus
5 old. It was how many dollars will be new or old. And
6 there was a figure in there for that roughly half the
7 dollars are new to the state and roughly 77 percent
8 would be new to Philadelphia, which SugarHouse being
9 the alternative one.

10 So, if you look at it from
11 Philadelphia's standpoint, I would say roughly three
12 million of the four million --- or a shade over three
13 million would be new patrons to the Philadelphia
14 market.

15 MR. MOSCATO:

16 Okay. Thank you for that. The previous
17 applicant testified that they had 4.3 million active
18 customer in their database. How many does Isle of
19 Capri have?

20 MS. MCDOWELL:

21 We have a million active customers in
22 our database.

23 MR. MOSCATO:

24 Thank you. And the average wage of an
25 Isle of Capri casino employee would be approximately?

1 MS. MCDOWELL:

2 Average would be about \$36,000 a year.

3 MR. MOSCATO:

4 Plus benefits? Plus benefits?

5 MS. MCDOWELL:

6 No, that would be including benefits.

7 MR. MOSCATO:

8 Okay. And my last question, a six
9 minute walk time from the Convention Center to your
10 casino --- or to The Provence, since it's more than
11 just a casino --- again, you know, coming from where I
12 come from, I maybe tend to have a different
13 perspective, but we're all concerned about crime. How
14 would you ensure safety of people walking from the
15 different areas, the parking garages, the Convention
16 Center, City Hall, any of the historic sites, anything
17 like that?

18 MR. BLATSTEIN:

19 Sure. I don't know whether it's okay to
20 bring up Mike Coleman who is from AlliedBarton. Would
21 you mind?

22 MR. MOSCATO:

23 Sure.

24 MR. BLATSTEIN:

25 All right. Mike? When looking at the

1 security, it was very important for me to not make ---
2 not only have the facility secure, but an apron of
3 blocks surrounding the facility secured. And I
4 reached out to the number one security company in the
5 country. The largest private security company in the
6 country, AlliedBarton. It ironically started in
7 Philadelphia, formerly known as Spectacor. They have
8 over 59,000 employees, and they're the largest
9 security company --- private security company in
10 Philadelphia. This is Mike Coleman.

11 CHAIRMAN:

12 Excuse me, sir. Have you been sworn?

13 MR. COLEMAN:

14 Yes, sir.

15 CHAIRMAN:

16 Okay. Just state your name for ---.

17 MR. COLEMAN:

18 Would you mind starting from the
19 beginning?

20 CHAIRMAN:

21 State your name for the record and spell
22 your last name.

23 MR. COLEMAN:

24 Mike Coleman. C-O-L-E-M-A-N.

25 CHAIRMAN:

1 Thank you.

2 MR. COLEMAN:

3 Sir, might you repeat the question?

4 MR. MOSCATO:

5 Sure. What is your plan to ensure the
6 safety of people walking from the Convention Center to
7 the casino or from the historic sites to the casino or
8 even the parking garages to the casino?

9 MR. COLEMAN:

10 Development of the plan basically
11 includes three elements, and it's a community-based
12 plan. So, the operating model goes from Vine Street
13 to Spring Garden, 17th to Broad Street. So, the
14 program is comprised of security masters, electronic
15 security technology and patrols. So, there's a
16 constant flow of personnel, either it will be foot
17 patrols being monitored through security cameras,
18 emergency call boxes and dispatch for the needs of the
19 visitor.

20 MR. MOSCATO:

21 Okay. The foot patrol would be provided
22 by your company?

23 MR. COLEMAN:

24 That is correct.

25 MR. MOSCATO:

1 And they are bonded agents or ---?

2 MR. COLEMAN:

3 Yes, sir.

4 MR. MOSCATO:

5 Okay. Okay. Thank you very much.

6 Thank you, Mr. Chairman.

7 CHAIRMAN:

8 Dave.

9 MR. WOODS:

10 Thank you, Mr. Chairman. A number of
11 questions. Mr. Steelman or Mr. Blatstein, your
12 project has evolved in an architectural standpoint
13 from when it began to what we see before us. In
14 response to community concerns, the French village
15 along the roof was removed, as I understand it. And I
16 was just wondering how you think that impacts the wow
17 factor that you had initially planned.

18 MR. BLATSTEIN:

19 No, the French village is still there.
20 It's just a façade along the street line that's
21 changed. Inside is the French village.

22 MR. WOODS:

23 Okay.

24 MR. BLATSTEIN:

25 And that was in working with the

1 Planning Commission, also.

2 MR. WOODS:

3 Use of mass transit. Could you speak to
4 the use of mass transit at peak time, how many people
5 coming to The Provence you would expect to be using
6 mass transit?

7 MR. BLATSTEIN:

8 Sure. I'm going to reach out to Eric
9 Ostimchuk.

10 MR. OSTIMCHUK:

11 As I indicated before, we based our
12 findings on the 2005 Interim Task Force Report as well
13 as well as counts conducted at SugarHouse regarding
14 public transit usage. And we, based on those items,
15 we estimate 31 percent of the visitors would utilize
16 public transit. That includes employees as well as
17 customers. And includes those who take public transit
18 to work in Center City and would then continue their
19 journey to The Provence.

20 MR. WOODS:

21 Have you been able to look at any other
22 facility that would give you confidence in those
23 numbers?

24 MR. OSTIMCHUK:

25 Again, we utilized the modal splits that

1 we observed at the SugarHouse casino, which we then
2 developed for Center City location. In that regard,
3 yes.

4 MR. WOODS:

5 Ms. McDowell, the Isle of Capri, as I
6 understood it, I was not a member of the Board at the
7 time, did testify during a resort license hearing
8 session. And specifically, could you comment on the
9 operation's projections that you had made at that time
10 for that facility as you see them now and how that
11 might impact what you're seeing now going forward for
12 The Provence?

13 MS. MCDOWELL:

14 Yeah. I lost the beginning of that.
15 Were you talking about Nemaocolin?

16 MR. WOODS:

17 Yes, I am.

18 MS. MCDOWELL:

19 Okay. I think that one of the things
20 that you have to remember about Nemaocolin, as Scott
21 Fisher had basically talked about two year
22 projections, you know, you really don't look at a
23 facility as approaching mature until its been open two
24 years. So, Nemaocolin is still in its infant state.
25 We haven't even had our first year anniversary yet.

1 So, I would ask the Board to take that into
2 consideration.

3 Certainly not producing the revenue that
4 we had hoped to at the time. But I'm sure that the
5 Board is very aware that there are only two properties
6 in the United States that operate under the access
7 plan type program that the Category 3 License entails.
8 And we are still, quite frankly, working our way
9 around that. I think the most important thing now is
10 just that we built the facility that we said that we
11 were going to build. It has been very, very accepted
12 by our customers. We get very high approval ratings.
13 We've received excellent feedback both from local
14 community and from resort guests. And we have an
15 excellent working relationship with the Pennsylvania
16 Gaming Control Board staff.

17 So, all the pieces are in place in order
18 for this to be a successful property. And we're
19 cautiously optimistic. It's obviously just not
20 ramping as quickly as we had hoped to.

21 MR. WOODS:

22 Thank you. Mr. Blatstein, it's my
23 understanding on February 11th, 2013 Tower entered
24 into a membership interest purchase agreement with Mr.
25 Robert Vogel, who I can see is here today, in which

1 Tower were, if awarded the license, would have Mr.
2 Vogel purchase half the percent. Profit only,
3 non-voting interest in Tower Gaming. Could you just
4 speak to the role that you would play for the purchase
5 of that interest for, as I believe, is \$10.

6 MR. BLATSTEIN:

7 Yes. I don't know of many people who
8 rise to the stature of Mr. Vogel. He's a wonderful
9 guy and he's a good friend. And I thought that he
10 would be the greatest asset in dealing with our goals
11 for diversity.

12 MR. WOODS:

13 Thank you. Mr. Chairman, that's all my
14 questions.

15 CHAIRMAN:

16 John.

17 MR. MCNALLY:

18 Thank you. Mr. Blatstein, as part of
19 the economic development spin-off, it was projected
20 that approximately two million square feet would be
21 developed as a result of your project. Do you have
22 any indication in which neighborhood or which
23 direction that will take?

24 MR. BLATSTEIN:

25 Yes. If you look at Center City, it's

1 on an axis. There's Market --- there's East Market
2 Street, which is developed, West Market Street, which
3 is developed, South Broad Street, known as Avenue of
4 the Arts, which is developed. And that leaves the
5 last spine, North Broad Street, undeveloped. There's
6 an enormous amount of well, just derelict buildings
7 and vacant lots that are just right for development.
8 The Councilmember District Darrell Clarke is very much
9 for density in --- on that spine, on North Broad
10 Street. And I would like to develop 100 percent of
11 it, but I won't be able to. But it's just ready for
12 an explosion of development. It just needs that
13 anchor.

14 You know, years ago, my dad grew up in
15 North Philadelphia. He was born and raised in
16 Strawberry Mansion section of North Philadelphia. And
17 I used to hear stories about how great North Broad
18 Street was and all the --- it was the entertainment
19 district of the city, ironically. But it's missing
20 that anchor. It needs that there. And that's what we
21 can provide with this.

22 MR. MCNALLY:

23 What type of development do you see
24 going there?

25 MR. BLATSTEIN:

1 Well, just, I think it will be a mixed
2 bag of development, both residential and commercial.
3 We just finished last year the former state office
4 building conversion of the 300,000 square foot
5 building into 204 luxury apartments. And that's just
6 on the north end of the block. And so I anticipate a
7 lot more residential development, which will be great.

8 We need jobs. You know, it's
9 interesting because if we took the Inquirer building
10 and converted it into apartment building, there would
11 be somewhere between eight to ten full-time employees.
12 But with this development, we're looking at 2,500 jobs
13 in that very same location. It's a remarkable
14 contrast.

15 MR. MCNALLY:

16 With regard to your parking spaces, what
17 is the ratio of your parking spaces to the gaming
18 positions that you'll have?

19 MR. BLATSTEIN:

20 If I may? Eric?

21 MR. OSTIMCHUK:

22 The number of gaming positions that we
23 anticipated in our traffic study was in the
24 neighborhood of 4,300 gaming positions.

25 CHAIRMAN:

1 Sir, could you keep your voice up?

2 MR. OSTIMCHUK:

3 Sure. Certainly. As I had indicated,
4 there are 2,400 dedicated spaces controlled by Tower,
5 as well as 4,500 in a five minute walking space. With
6 regard to the usage, the initial development plan
7 looked at the special entertainment district, which
8 the City of Philadelphia has enacted, which is four
9 spaces per five gaming positions. That ratio was then
10 applied with our auto usage to determine a number of
11 1,609 spaces needed. After discussions with the
12 neighborhoods, we have added the additional parking
13 lot of 700 spaces to bring the total to 2,400. In
14 terms of a specific ratio, it would be the 2,400
15 versus the 4,350 gaming positions.

16 MR. BLATSTEIN:

17 I'd like to add, Mr. Commissioner, that
18 I own a parcel of land adjacent to the new 716 car
19 garage. If need be, I could develop that into another
20 1,000 parking spot garage.

21 MR. MCNALLY:

22 All right. Mr. Ostimchuk, while we have
23 you. As part of your plan, the study area that you
24 had selected, 21 intersections; correct?

25 MR. OSTIMCHUK:

1 Twenty-one (21) intersections was
2 studied based on input from the Streets Department and
3 PennDOT. But that is the number, correct.

4 MR. MCNALLY:

5 And so that's how you decided, then, the
6 21 is based on PennDOT?

7 MR. OSTIMCHUK:

8 It was based on input from PennDOT, yes.

9 MR. MCNALLY:

10 Okay. Now, we've had testimony already
11 in support of a Petition for Intervention that, along
12 with that Petition, was submitted a traffic impact
13 study. Have you had the opportunity to review that?

14 MR. OSTIMCHUK:

15 Yes.

16 MR. MCNALLY:

17 Okay. I don't know if it's proper at
18 this time, but I'd like to --- if you can, can you
19 tell us any criticisms that you have of that study
20 based on its scope or its accuracy as far as the
21 impact will have on the surrounding community?

22 MR. OSTIMCHUK:

23 Yes.

24 ATTORNEY QUAGLIA:

25 And Commissioner, for the record, I've

1 just handed to Mr. Ostimchuk. He had prepared a
2 letter in response to the statement that was attached
3 as an exhibit to the answer that we filed. And I
4 would also note for the record that that letter also
5 includes in detail the methodology by which the 31
6 percent figure was reached for the public transit that
7 Commissioner Woods was asking about. I can't promise
8 it's simulating reading, but it's all there.

9 MR. MCNALLY:

10 Thank you. If you could briefly
11 summarize your criticisms?

12 MR. OSTIMCHUK:

13 Certainly. My apologies. We noted a
14 --- the statement was neither signed nor verified by a
15 transportation professional, and the tone of the
16 Intervener's request was not prepared by a traffic
17 engineer. We have gone several reviews by
18 Orth-Rodgers Associates and PennDOT on behalf of the
19 Gaming Board. And we have been updated and
20 conditionally approved by PennDOT. And we have
21 committed in writing to address PennDOT's
22 recommendations with regard to improvements to be made
23 under The Provence.

24 MR. MCNALLY:

25 In particular, one of the Interveners

1 has the traffic going down, I think, all the way on
2 the southern part, as far as Arch Street. Did you
3 take a look at that intersection at all?

4 MR. OSTIMCHUK:

5 We did not. In fact, our route --- and
6 I believe the one you're talking about is from
7 eastbound Vine Street Expressway. In that regard, we
8 would not have vehicles traveling nearly that far
9 south. In fact, they would make the first right
10 beyond Vine Street onto Spring Street and again onto
11 16th Street. Because these are all right turn
12 movements, they add minimal impacts, typically, to
13 signalized intersections.

14 MR. MCNALLY:

15 At one point in your application, Mr.
16 Blatstein, you make reference to a temporary facility
17 being utilized as part of the construction. Yet, from
18 what I understand from today's testimony and the
19 subsequent materials that you're going to do this all
20 in one phase; correct?

21 MR. BLATSTEIN:

22 I'm sorry, I didn't hear the last part
23 of it.

24 MR. MCNALLY:

25 This is all going to be done in one

1 phase; correct?

2 MR. BLATSTEIN:

3 That's correct. This is all one phase.
4 From day one it was one phase. That's correct.

5 MR. MCNALLY:

6 So, you anticipate opening up the hotel
7 the same day the gaming operations open?

8 MR. BLATSTEIN:

9 Everything all at once. It has the
10 greatest impact and it's the only way to do it.

11 MR. MCNALLY:

12 That's all the questions I have. Thank
13 you, Chairman.

14 CHAIRMAN:

15 Keith.

16 MR. MCCALL:

17 Thank you, Mr. Chairman. If we could
18 get Mr. Ostimchuk up again? I want to hammer down on
19 this transit information.

20 MR. BLATSTEIN:

21 He's going to want a bonus.

22 MR. MCCALL:

23 I just want to hear, once again, how you
24 calculated the percentages of patrons arriving by
25 transit?

1 MR. OSTIMCHUK:

2 Sure.

3 MR. MCCALL:

4 And if I'm --- correct me if I'm wrong,
5 but Philly Gaming Task Force, they assumed a six
6 percent mass transit usage for North Delaware Avenue.
7 Then they did an actual traffic count, if I'm correct,
8 at SugarHouse, which resulted in a higher number than
9 the six percent. And then, I further understand that
10 you took that percentage increase and applied it to
11 Provence. Is that a correct assumption?

12 MR. OSTIMCHUK:

13 It is correct insomuch as there were
14 different percentages noted in the Task Force document
15 with regard to locations in Philadelphia. For North
16 Delaware Avenue, they had an assumption of six percent
17 public transit use, while Center City, they had an
18 estimate in 2005 of 20 percent public transit use.
19 Since that time, public transit use in the city has
20 risen by upwards of 25 percent. We've conducted modal
21 counts, noting what type of mode people use to go to
22 the casino at SugarHouse. And in doing that count, we
23 noted that 17 percent, almost three times as many as
24 indicated in Task Force at SugarHouse arrived via
25 public transit.

1 We didn't apply three times to the 20
2 percent that was indicated in the Task Force for
3 Center City. Rather, we applied the 11 percent
4 difference, 17 percent versus six percent, to the 20
5 percent noted in Task Force to then develop the 31
6 percent estimate.

7 MR. MCCALL:

8 But originally, your assumptions were
9 for peak times. Friday 4:00 to 6:00 p.m. at 48
10 percent, 7:00 to 10:00 p.m. 46 percent. Saturday 6:00
11 to 9:00 p.m. 46 percent. Now, you have since adjusted
12 that. And so the new number, you're now assuming that
13 that --- and there's a point behind this. You're now
14 assuming 31 percent is --- that's the adjusted number
15 after Orth-Rodgers --- see, Orth-Rodgers, I guess,
16 issued a statement on the traffic impact study that
17 you had a higher transit number than anybody else.
18 And that your trip generation is different from what
19 was originally requested. And also, your methodology
20 was different from all the other applicants.

21 So, you know, I'm just trying to get a
22 firm number on transit because it's going to have an
23 impact on the number of cars that will be coming into
24 the city as well. So, is the number now that we're
25 working off of 31 percent?

1 MR. OSTIMCHUK:

2 Thirty-one (31) percent is the number,
3 yes. That is correct.

4 MR. MCCALL:

5 And then you further assume that half of
6 the persons that come in on transit would be utilizing
7 Suburban Station; is that correct?

8 MR. OSTIMCHUK:

9 I don't know if we had a distinct number
10 with regard to Suburban Station usage. But all manner
11 --- the application of the transit was to determine an
12 ultimate number of passenger cars to the development.
13 We did assume certain percentages of people using
14 transit, and then they would become walkers on the
15 streets, which we did account for in our study. So,
16 regardless of whether they were coming from the
17 Suburban Station, Race-Vine subway stop, Spring Garden
18 subway stop, they became pedestrians on the roadway.

19 MR. MCCALL:

20 And then another --- and then, so it's
21 realistic, then, to assume that you expect people to
22 walk, I think it said, four-tenths of a mile, almost a
23 half mile to your casino?

24 MR. OSTIMCHUK:

25 People will walk four-tenths of a mile

1 in Center City. Certainly, they will.

2 MR. MCCALL:

3 And, again, just noting that the
4 security of patrons that may have a large amount of
5 cash in their pocket getting followed out of that
6 casino while making that walk would be a little
7 concerning.

8 MR. BLATSTEIN:

9 And that's a good question --- or a good
10 comment. And that's why we have been the only
11 applicant, I believe, that has created this envelope
12 of security. And it's adjustable. So, again, it goes
13 to the east of 12th Street. It goes, right now, to
14 Vine Street on the south, just a little bit above
15 Spring Garden on the north. And to the West 17th
16 Street. And it's adjustable as need be.

17 MR. MCCALL:

18 Back to the transit, just one more. If
19 you go to page five of your Spectrum Gaming Group.
20 This is your consultant that did your market analysis.
21 This is the January 7th, 2014, it was prepared for
22 you. I'll refer you to page five and I'll read this
23 directly. In Spectrum's experience, we do not
24 perceive public transportation to be a significant
25 means of access for casino gamblers. Do you want me

1 to read that again? And this is the January 7th, 2014
2 report, which basically says, Spectrum's experience,
3 we do not perceive public transportation to be a
4 significant means of access for casino gamblers.

5 And that kind of --- and the reason why
6 I bring this up, it kind of falls into what was said
7 to us with this morning's testimony when --- let me
8 get this. I want to make sure I have the right name.
9 When Pennsylvania Gaming Ventures, they're putting up
10 the 3,400 spot parking garage because they said to us,
11 people want to come and go as they please. Therefore,
12 the parking garage and --- it accommodates that
13 casino's patron.

14 I just want you try to just reconcile
15 all of that. You know, you're anticipating this large
16 number of persons to travel in by transit. Your own
17 report says that you don't think there's going to be a
18 lot of people coming in on mass transit. So, I just
19 want you to reconcile the difference between your
20 saying 31 percent are going to come in on mass
21 transit, and your own consultant saying that you don't
22 expect a lot of people to be coming in on mass
23 transit?

24 MR. OSTIMCHUK:

25 With regard --- I can't speak to the

1 Spectrum study. As you're aware, I did not prepare
2 that. I can only speak to the traffic study that I
3 prepared.

4 MR. MCCALL:

5 Because, again, I don't want to ---
6 sorry for interrupting. Because the impact, then,
7 would be more cars on the road?

8 MR. OSTIMCHUK:

9 Well, certainly. If there's an
10 under-estimate of public transit usage, there
11 certainly would be more vehicles on the road. We
12 believe that we have a realistic observation with
13 regard to public transit usage. Quite honestly, if
14 you were to develop this type of facility in Center
15 City and not expect that type of public transit usage,
16 I don't believe that that would be a great benefit to
17 that type of facility.

18 You have to realize that there are a
19 great number of people who are employed in Center
20 City, Philadelphia who take regional rail every day.
21 We're not just talking about the subway and buses.
22 We're talking about regional rail from all manner of
23 suburbs. The 31 percent is an estimate that we
24 determined based on actual counts at a North Delaware
25 Avenue facility, which saw 17 percent public transit

1 usage with only access to buses in that location.
2 Whereas, we have direct access to Suburban Station,
3 the subway, buses, all manner of public transit.

4 MR. FISHER:

5 Eric, I would like to add something, as
6 well. There's two points to add to this discussion,
7 and you're correct in --- with our statement in the
8 Spectrum report. But there's two points. One is that
9 there's --- I'm sorry. Scott Fisher. One point is
10 that employees would be very likely to take public
11 transit, and that would be blended in --- I believe,
12 blended into Eric's number. We don't think there's so
13 much as far as gamers coming with dollars in their
14 pocket.

15 But also recognize that, as you just
16 mentioned, a lot of people who work in the city take
17 public transportation to work. They might walk here
18 afterwards because it is very close to their office
19 buildings. And may take public transportation home.
20 We don't believe that --- Spectrum does firmly believe
21 that people aren't going to take trains in to come to
22 the casino or take the subway in or buses in in any
23 high degree. But that number of 30-some odd --- of 31
24 percent does seem rational to us when you take into
25 consideration those other factors.

1 MR. MCCALL:

2 And, again, the concern --- my concern
3 being, you know, we toured all of these sites
4 ourselves. And it just so happened that when we got
5 to The Provence --- or the proposed Provence, school
6 was letting out. And, you know, the Community College
7 of Philadelphia is right around the corner. There
8 were a number of charter schools. And most of our ---
9 I think all of the Board was there. There was a lot
10 of kids walking the streets. So, the concern being,
11 if people aren't coming in by transit, there's going
12 to be a lot more traffic on the road, which would be
13 concerning. But I think you've answered it.

14 MR. BLATSTEIN:

15 Also, Commissioner, the entrance to The
16 Provence is not on Broad Street. That's solely the
17 entrance to the hotel. The entrance to The Provence
18 is on the center in the middle of the 1500 block of
19 Callowhill. And there's very little pedestrian
20 traffic of any kind.

21 MR. MCCALL:

22 I have more questions, but I don't want
23 to take out --- you can come back to me.

24 CHAIRMAN:

25 Go ahead.

1 MR. MCCALL:

2 Or do you want me to ask them?

3 CHAIRMAN:

4 Go ahead.

5 MR. FISHER:

6 Pardon me. I'll just add to that
7 question real quickly. Again, Scott Fisher. From a
8 peak hour perspective, three o'clock, 2:30, 3:30 in
9 the afternoon would be a time that virtually no
10 incremental gamers would be coming to the casino. It
11 might be an hour that people would come to work, but
12 not generally a time people would show up to go play.
13 So, there shouldn't be that kind of traffic congestion
14 to the casino.

15 MR. MCCALL:

16 Thank you. Mr. Blatstein, could you
17 just go over, briefly, what the ratio of debt and
18 equity is for the facility?

19 MR. BLATSTEIN:

20 Yes. The budget's \$700 million of which
21 the land contribution is \$100 million and the debt is
22 \$600 million.

23 MR. MCCALL:

24 So, your equity source would include
25 illiquid assets, meaning land property. Is that part

1 of your equity in this proposal?

2 MR. BLATSTEIN:

3 No, the land is already accounted for.
4 If there's any additional needs, I have provided the
5 Board with additional information regarding access to
6 other capital that I have.

7 MR. MCCALL:

8 But the land is a illiquid asset that
9 you're assuming in the equation; correct?

10 MR. BLATSTEIN:

11 You mean the value of the land?

12 MR. MCCALL:

13 Uh-huh (yes). The value of the land.

14 MR. BLATSTEIN:

15 I'm not sure I quite understand.

16 MR. MCCALL:

17 Well, you're assuming, on the equity
18 side of the equation, illiquid assets. Is that
19 correct? I'm looking at the report.

20 MR. BLATSTEIN:

21 It's liquid because it's paid for.

22 MR. MCCALL:

23 Well I understand that it's liquid, but
24 what if you don't sell the land for \$100 million, you
25 sell it for \$50 million?

1 MR. BLATSTEIN:

2 The land that the casino will be on?

3 MR. MCCALL:

4 No. Well, in your equity, the equity
5 that you're using, not on the debt side, but the
6 equity side of the equation, do you use any illiquid
7 assets in showing what your equity is? I think our
8 report says ---

9 MR. BLATSTEIN:

10 No.

11 MR. MCCALL:

12 --- what you're assuming.

13 MR. BLATSTEIN:

14 I mean, I would say, no. If there's
15 additional needs for equity, I have access to that.
16 You have --- you're privy to my financial statement
17 and my sources of capital.

18 MR. MCCALL:

19 And, sir, the only question would be
20 that, with those illiquid assets, that if you were to
21 sell them to raise capital for your casino or the
22 construction of your casino, if you don't realize 100
23 percent of what the worth of that asset is in your
24 proposal to us, if you only receive --- if you need to
25 raise equity or cash and you're only getting \$50

1 million out of that \$100 million, that's \$50 million
2 more that you have to come up with.

3 MR. BLATSTEIN:

4 Yeah. I think I understand what you're
5 saying. Again, the land is --- the property is paid
6 for. The financing sources take into account the
7 value of the property that we're contributing to the
8 project. If there's needs for any additional funding,
9 I have access to a significant amount. Again, you're
10 privy to that.

11 MR. MCCALL:

12 I'm finished. Thank you.

13 CHAIRMAN:

14 Greg.

15 MR. FAJT:

16 Thank you, Mr. Chairman. I'm going to
17 continue to beat the dead horse on parking because I
18 don't share your optimism on you having enough
19 parking. We heard earlier today that, you know, the
20 formula, at least the folks used this morning, was one
21 parking spot for each gaming site, as Commissioner
22 McNally mentioned earlier, and one spot for every two
23 employees. And if I do that math correctly, as one of
24 your folks stated earlier, you have about 3,100 gaming
25 spots and about 3,000 employees, that comes out to

1 about 4,500 parking spots.

2 You are proposing --- and I know you
3 have access around the facility. I'm going to get to
4 that in a minute. But you're proposing about 2,400
5 spots. And I think 1,700 of those are in a garage and
6 about 716 are at 15th and Spring Garden. And why
7 don't we go to the visual on page 146 of your
8 proposal, because I have some questions that I'd like
9 to ask? Yes. Go ahead and pull that up so everybody
10 can see that in the audience. There you go.

11 Show me where, first of all, the 2,400
12 spaces? Again, 15th Street and Spring Garden, 716
13 spots. Where is that in this overview?

14 MR. BLATSTEIN:

15 On the first block, right behind the
16 tower.

17 MR. FAJT:

18 Why don't you --- can you pull up your
19 --- just so we can see where you're talking about?
20 Okay.

21 MR. BLATSTEIN:

22 On the first block ---

23 MR. FAJT:

24 Yep, right behind the tower.

25 MR. BLATSTEIN:

1 --- right behind the tower ---
2 MR. FAJT:
3 Okay.
4 MR. BLATSTEIN:
5 --- there's two levels of parking.
6 MR. FAJT:
7 Okay. And that's the 716?
8 MR. BLATSTEIN:
9 No. The 716 is right here next to the
10 former state office building.
11 MR. FAJT:
12 Okay. So, behind the towers, we're
13 looking at it; correct?
14 MR. BLATSTEIN:
15 Right. On the third block, there's an
16 existing 820 car garage.
17 MR. FAJT:
18 And that's the white building?
19 MR. BLATSTEIN:
20 That's correct.
21 MR. FAJT:
22 For those of you looking at ---.
23 MR. BLATSTEIN:
24 And the balance is on the second block.
25 MR. FAJT:

1 Okay. So, again, the 24 --- let's stay
2 with the 2,400. 716 are behind the tower at 15th and
3 Spring Garden; correct? That's what your proposal
4 says, 716.

5 MR. BLATSTEIN:

6 That's correct.

7 MR. FAJT:

8 Okay. Is that attached to the casino or
9 do you have to walk outside?

10 MR. BLATSTEIN:

11 It's a half a block up.

12 MR. FAJT:

13 You have to walk outside. Thank you.
14 Secondly, the 1,700 space garage, again, where is that
15 on your --- it's underneath here; right? And so ---?

16 MR. BLATSTEIN:

17 They were all connected, so there is no
18 reason to walk outside.

19 MR. FAJT:

20 Got you. And so that's 2,400. And you
21 had mentioned, I think, underneath or right behind the
22 parking --- or behind the tower, can you show me
23 initially --- and what is there?

24 MR. BLATSTEIN:

25 All right. And there's approximately

1 900 parking spaces between behind the tower and the
2 main building.

3 MR. FAJT:

4 Okay. So, ---?

5 MR. BLATSTEIN:

6 All enclosed.

7 MR. FAJT:

8 All enclosed. Okay.

9 MR. BLATSTEIN:

10 That's correct.

11 MR. FAJT:

12 So, you've got 900 that are attached,
13 1,700 that are attached ---?

14 MR. BLATSTEIN:

15 1,700 attached.

16 MR. FAJT:

17 And 900 attached; right? Or no?

18 MR. BLATSTEIN:

19 Pardon?

20 MR. FAJT:

21 The 900 that we're talking about, are
22 they attached?

23 MR. BLATSTEIN:

24 Yes. 900 between here and here.

25 MR. FAJT:

1 Okay.

2 MR. BLATSTEIN:

3 And 820 there, and 716 there.

4 MR. FAJT:

5 So, that's 1,700, I got you. I was
6 thinking there were --- okay. All right. So, 2,400
7 attached. Okay. Let me ask you about the diagram
8 here. Is this a conceptual diagram or is this the way
9 it's going to look?

10 MR. BLATSTEIN:

11 This is the way it's going to look, and
12 even prettier than ---.

13 MR. FAJT:

14 Let's walk through, then --- I want to
15 make sure I understand how all this fits together. I
16 think I just heard somebody say that the entrance to
17 the hotel is going to be off of Broad Street; is that
18 correct?

19 MR. BLATSTEIN:

20 That's correct.

21 MR. FAJT:

22 And so where is that in this diagram?
23 Is it this turn in ---?

24 MR. BLATSTEIN:

25 In the diagram this is Broad Street

1 here, that will be the entrance to the hotel.

2 MR. FAJT:

3 I see that. And where is the --- does
4 it go underneath, or how are people ---?

5 MR. BLATSTEIN:

6 No, you --- it's the existing entrance
7 that you, if you have been by the property, you've
8 seen it. So, the main entrance to the building or
9 where the Inquirer was.

10 MR. FAJT:

11 And so, are they going to park on the
12 street when somebody comes to check into the hotel, or
13 how's that going to work?

14 MR. BLATSTEIN:

15 They'll either park behind it here or be
16 valet'ed. There's self-park behind here ---

17 MR. FAJT:

18 Okay.

19 MR. BLATSTEIN:

20 --- or valet.

21 MR. FAJT:

22 But if somebody's coming into the hotel,
23 dropping off their bags, their luggage and all of that
24 stuff, what are they going to do? Are they going
25 to ---?

1 MR. BLATSTEIN:

2 There will be layby as commonly --- as
3 commonly developed at hotels. A layby or an
4 indentation at the sidewalk for cars to pull in and
5 drop off, and then either be valet'ed or move
6 themselves to a self-park behind it.

7 MR. FAJT:

8 And do you need City approval to do
9 that?

10 MR. BLATSTEIN:

11 Yes.

12 MR. FAJT:

13 Okay. All right. So, I get the tower.
14 You list the --- you use an unusual term. It's 125
15 key hotel. Is that the same as rooms?

16 MR. BLATSTEIN:

17 Boutique. 125 ---.

18 MR. FAJT:

19 I thought our paper said --- used the
20 term key.

21 MR. BLATSTEIN:

22 Key. Key is ---.

23 MS. MCDOWELL:

24 Key.

25 MR. FAJT:

1 Is that the same as room? 125 rooms.

2 MR. BLATSTEIN:

3 That's right.

4 MS. MCDOWELL:

5 Same as room.

6 MR. BLATSTEIN:

7 Same as room.

8 MR. FAJT:

9 Okay.

10 MR. BLATSTEIN:

11 It's the notice keys.

12 MR. FAJT:

13 All right. So, let's go over onto

14 Callowhill, then. Right behind the tower, I think you

15 just said, the first couple of floors there are

16 parking; is that correct?

17 MR. BLATSTEIN:

18 Yes.

19 MR. FAJT:

20 Okay. What is right above the parking?

21 MR. BLATSTEIN:

22 Right above the parking is the casino

23 floor.

24 MR. FAJT:

25 And the casino, it looks like, what,

1 there's three or four floors of parking, and then the
2 casino is on the top? Am I reading that right? And
3 where's ---?

4 MR. BLATSTEIN:

5 No, the first --- the first floor and
6 the mezzanine ---.

7 MR. FAJT:

8 First floor is going to be the casino.

9 MR. BLATSTEIN:

10 The first floor is going to be used as
11 parking. The second floor is going to be a contiguous
12 floor going up to the tower to 17th Street, is the
13 casino floor. The casino's on one floor.

14 MR. FAJT:

15 Okay. And what is on the top floor,
16 then, with all the lights?

17 MR. BLATSTEIN:

18 That's the rooftop village.

19 MR. FAJT:

20 Okay.

21 MR. BLATSTEIN:

22 That's where you'll have your small
23 cafes, your shops, your entertainment, the nightclub,
24 the concert hall, and such.

25 MR. FAJT:

1 Okay. And going down the Callowhill,
2 then, there looks like there's an indentation halfway
3 down the block. What is --- what is that?

4 MR. BLATSTEIN:

5 Well, that's the main entrance, if
6 you're walking to The Provence. And it's also the
7 entrance to the conservatory.

8 MR. FAJT:

9 So, will you have a porte-cochere? I
10 thought in the proposals or one of the pictures, it
11 looked like you had a --- a quasi porte-cochere on
12 Callowhill Street. Is that ---?

13 MR. BLATSTEIN:

14 No. There's a porte-cochere, but it's
15 all up 16th Street. You make a right on 16th Street.
16 16th Street goes north. And then, go right into the
17 porte-cochere. So, it's covered.

18 MR. FAJT:

19 Okay. And above the second half of that
20 block, that Callowhill block, is that also going to be
21 the nightclubs, pool, et cetera? They're going to be
22 up there?

23 MR. BLATSTEIN:

24 The rooftop village is up there, with
25 the shops and the cafes. And the pool is on the very

1 top of the roof, which is at 110 feet in the air.

2 MR. FAJT:

3 Okay. And will visitors to the rooftop
4 amenities and the pool, will they have a separate
5 entrance, as opposed to going through the casino? Or
6 will they go through the casino to get to that top
7 floor?

8 MR. BLATSTEIN:

9 That's a good question. No, they do not
10 have to walk through the casino to get to the rooftop
11 village.

12 MR. FAJT:

13 Okay. This is going to be partially
14 for, I think, BIE or maybe even Susan Hensel. There
15 was a discussion in some of our materials about a
16 temporary facility. I did hear Mr. Blatstein say that
17 that was not in the cards. This is a one-phase to be
18 done. And that there is no temporary facility. Am I
19 correct in that? And there was some discussion in our
20 materials for a temporary facility. And that's the
21 only reason I bring that up.

22 ATTORNEY MILLER:

23 Dale Miller, M-I-L-L-E-R, Deputy Chief
24 Enforcement Counsel. Mr. Fajt, in our investigation,
25 that stuck out at us too. And we asked Mr. Blatstein

1 --- I believe we asked him under oath, when he took is
2 deposition, about that. He clearly stated at that
3 point --- and this was after we had raised this with
4 Counsel. He clearly stated at that point that that
5 was a thought that they had, in case the Board may
6 have wanted them to get up and running quickly. They
7 dismissed that at some point. And at the time we were
8 conducting our investigation, that was off the table.
9 They stated to us numerous times that was the case,
10 and I believe once under oath as they're doing today.
11 So, we have no qualms about their testimony that it's
12 one and done.

13 MR. FAJT:

14 Okay. Thank you. Back to the chart ---
15 and I apologize for jumping around, Mr. Blatstein. In
16 the front of the porte-cochere, there looks like
17 there's a fountain, some greenery. What's there now?
18 Are you putting that in? Do you own that property?
19 And it looks like those are the Vine Street ramps that
20 are coming up there, or is that something that you're
21 adding also?

22 MR. BLATSTEIN:

23 Well, that land is part of the ramp
24 system. And we approached PennDOT. We have been ---
25 we had several meetings with PennDOT. And I asked

1 them if I could landscape the area. And they said,
2 sure. You need a vegetative permit. It's the
3 entrance to Philadelphia. It's a way to just beautify
4 that whole entranceway at no cost to the taxpayers of
5 Pennsylvania.

6 MR. FAJT:

7 Okay. So, you are committing to do that
8 if you get the license?

9 MR. BLATSTEIN:

10 Yes.

11 MR. FAJT:

12 Okay. I also noted in the materials ---
13 and this is a question, I guess, for Isle of Capri and
14 you, Mr. Blatstein. But, in our materials, it said
15 that Isle of Capri must confer with Tower regarding
16 the hiring of key or high-level employees. Are you
17 familiar with that?

18 MS. MCDOWELL:

19 Uh-huh (yes).

20 MR. FAJT:

21 Okay. What does that mean, confer?
22 Does that mean there's a veto power by Tower, or that
23 you just have to tell them that you're hiring so-and-
24 so?

25 MS. MCDOWELL:

1 We look at this as a very collaborative
2 relationship. And we want to make sure, particularly
3 when you're hiring the top executives for the
4 facility, starting with the general manager, that we
5 are in complete agreement that this is the
6 professional that we want to move property forward.

7 When you move down the scale, and you're
8 talking about hiring department heads, and you're
9 talking about the rest of the workers, that's
10 something that we would be entirely responsible for.
11 But we want to make sure that we're all on the same
12 page, as far as the senior management of the property.

13 MR. FAJT:

14 And what happens if you're not on the
15 same page?

16 MS. MCDOWELL:

17 Oh, I'm sure we will get there.

18 MR. FAJT:

19 And so, again ---.

20 MS. MCDOWELL:

21 And we both want the same thing for this
22 property.

23 MR. FAJT:

24 I understand.

25 MS. MCDOWELL:

1 And the nice thing about this is,
2 because this is a unique urban destination, you know,
3 for the ---. It's unlike anything that's ever been
4 built before. We're already getting contacted by
5 people that are saying we would like to be part of
6 this. So, the nice thing is, is that we are going to
7 be able to pick from the cream of the crop of the
8 gaming industry, not only in the United States, but
9 literally all over the world, who would want to come
10 and run this property.

11 So, I don't think that there would be a
12 significant disagreement. I think that the tougher
13 situation's going to be, you know, picking, amongst
14 all of these qualified professionals, who's going to
15 run the property.

16 MR. FAJT:

17 But who ultimately has the authority to
18 make that decision, you or them?

19 MS. MCDOWELL:

20 I believe it would be collaborative.

21 MR. FAJT:

22 Okay. Question for, I guess, Rich
23 O'Neil and maybe, Cyrus, your folks can answer this.
24 The \$700 million price tag, are --- and I'm sure
25 you'll get to this, you know, when Rich testifies as

1 you did in our first hearing. But are you comfortable
2 with their ability to raise \$700 million from the get-
3 go? Or, is that going to be a --- an amount that, you
4 know, is expended obviously over 19 months? We heard
5 Mr. Keating say the contract --- the construction's
6 going to take a year and a half or so. Are we
7 comfortable that they're going to be able to raise the
8 \$700 million, knowing that Mr. Blatstein's putting in
9 \$100 of the land and some other personal money? Are
10 you comfortable with his ability to raise the rest?

11 ATTORNEY PITRE:

12 Yeah. It appears, roughly, that ---.

13 MR. FAJT:

14 Could you turn the mic on, Cyrus? I'm
15 sorry.

16 ATTORNEY PITRE:

17 Oh, I'm sorry. Can you hear me now?

18 MR. FAJT:

19 Yeah.

20 ATTORNEY PITRE:

21 Okay. It appears they'll have to raise
22 roughly \$600 million. That money has been accounted
23 for with --- in dealing with the information we
24 received from their lenders, their proposed lenders.
25 Obviously, depending upon the financing package that

1 he chooses, there may be some additional licensing
2 ramifications with two of those funds. But he's
3 basically provided the information that we needed to
4 feel comfortable with his ability to raise that \$600
5 million.

6 MR. FAJT:

7 Okay. Sticking with you, Cyrus, to
8 follow up on Commissioner Woods's question about Mr.
9 Vogel's investment, do you have any concerns about his
10 investment of \$10 million for a 0.5 percent interest
11 in this facility?

12 ATTORNEY PITRE:

13 We don't have any concern. Obviously,
14 it's a business decision that Mr. Blatstein has made.
15 The agreement was made between two parties. It's a
16 legitimate agreement. As a result, it's no concern of
17 ours, other than Mr. Vogel appears to be getting a
18 pretty good deal.

19 MR. FAJT:

20 Okay. Thank you. Last question. Mr.
21 Blatstein, I noted that your revenue estimates are
22 based on 3,000 slot machines. You know, you've
23 studied the Pennsylvania gaming market, as well as we
24 have. That just seems, to me, to be a high number to
25 come out of the gate with. And, you know, any

1 thoughts on that? I mean, there ---. We may have one
2 or two other facilities in Pennsylvania, maybe have
3 three, that have over 3,000. And they've been, you
4 know, up and running now for, you know, six years.
5 Some started off with 3,000, and then went down, and
6 now came back up to 3,000. Again, that just seems
7 like a --- a lot of slot machines to come out of the
8 gate with. There's obviously an expense with those
9 slot machines. Any thoughts on how you picked that
10 number?

11 MR. BLATSTEIN:

12 The largest floor is Parx.

13 MR. FAJT:

14 Right.

15 MR. BLATSTEIN:

16 They've got 160,000 square feet. And
17 after that it's Sands Bethlehem. They have about
18 139,000 square feet. I believe strongly that the bulk
19 of the market's being missed and ---. And that we, as
20 Paul Steelman stated, we're going to stratify the
21 casino. It's just not going to be one big room with
22 the same kind of product in there. There's going to
23 be separate areas there. And I believe very strongly
24 that this will be an extremely popular destination.
25 And offering the selection of games is the same as

1 offering a selection of entertainment and food. It
2 goes hand in hand.

3 MR. FAJT:

4 Thank you. Thank you. Mr. Chairman?

5 CHAIRMAN:

6 Okay. Mr. Blatstein, it's my
7 understanding, from the materials before us, that the
8 management contract between Tower and Isle of Capri
9 contains a termination clause whereby if the property
10 is sold to an unaffiliated third party in four years,
11 the management contract can be terminated. Are you
12 familiar with that, sir?

13 MR. BLATSTEIN:

14 I don't have it in front of me. So, I
15 couldn't verbatim, you know?

16 CHAIRMAN:

17 Oh. Well, let me ask you, is there any
18 plan on your part to --- if you are awarded the
19 license by the Board, to perhaps sell the property
20 within that period of time?

21 MR. BLATSTEIN:

22 Mr. Ryan, Mr. Chairman, I don't have any
23 hobbies. This is what I do. My wife, Jill, who's
24 behind me, doesn't want me home during the day. I
25 have no intention of going anywhere.

1 CHAIRMAN:

2 Okay. Thank you, sir. Any other
3 questions from the Board? Annmarie?

4 MS. KAISER:

5 The question is probably best suited for
6 Isle of Capri. But how do you plan to handle the
7 issue of underage minors getting access to the casino,
8 particularly since you also have non-gaming activities
9 going on? It might be attractive to them. How do you
10 keep them off the casino floor? And I know it's
11 something casinos struggle with no matter where they
12 are, but ---.

13 MS. MCDOWELL:

14 Uh-huh (yes). First off, we don't view
15 this as a facility for children, and are not marketing
16 it as such. But it is something that we take very
17 seriously as a company. And one of the things that
18 we've done when we've looked at the layout of The
19 Provence is to identify the ingress and egress areas
20 for the casino. There are ten of which we believe
21 that we can control with eight security podiums. We
22 train all of our security workers that are at those
23 podiums to make certain that they, you know,
24 understand how important this is. You know, one of
25 the things that we do on an annual basis, just from a

1 compliance perspective, is, we send around monthly
2 reports on underage, you know, access, and make sure
3 that we're paying attention. We believe that which
4 gets measured gets managed.

5 And we also, at those entrances to the
6 casino, will be using the technology that we've used
7 in the last two properties that we've built including
8 Nemacolin, which is basically an electric verification
9 of driver's licenses called Veridox, so that, when
10 someone gives us a driver's license, we swipe it. We
11 can tell right away whether it's false. And it reads
12 the mag strip on the back. So, it --- we will be
13 paying attention.

14 MS. KAISER:

15 That's always difficult. You have to
16 keep up with the technology, because they certainly do
17 as well. So, ---.

18 MS. MCDOWELL:

19 Absolutely.

20 MS. KAISER:

21 It is difficult. I recognize that.

22 MS. MCDOWELL:

23 It absolutely is. But it's something
24 that we hold them accountable for.

25 MS. KAISER:

1 And just the other question I would have
2 --- and not to beat the dead horse, that we keep
3 bringing this up about the parking, but I want to make
4 sure that I understand it clearly. I think, when I
5 was initially asking you the question, it was more
6 initially --- the parking garages under your control,
7 or that would be part of the facility. You have the
8 valet parking. And then you have the two other
9 parking garages. And then the other parking garage at
10 15th and Spring Garden. But, in addition to that,
11 when you clarified, you were indicating there's other
12 lots in that area. Those are shared use; correct?
13 They're for other purposes, but they are in the area
14 and available?

15 MR. BLATSTEIN:

16 Yes. To the west is Community College.
17 I am former Vice-Chairman of Community College, by the
18 way, so I'm very familiar with the college. And there
19 are a number of parking facilities that the college
20 has. As you know, the college does not have heavy use
21 at night, very little on weekends and during the
22 summer. So, our busy times are their quietest times.

23 To the south of us, we have Hahnemann
24 Hospital. Hahnemann Hospital is a --- the CEO's a
25 very dear friend of mine. And so, I'm very familiar

1 with their parking facilities also. That garage is
2 just not used at night and weekends. There's a lot of
3 empty parking stalls all around the area that aren't
4 going to change, because these are institutional uses.

5 MS. KAISER:

6 And just lastly, you had indicated that
7 --- noted that there was a 30 percent reduction in
8 traffic since 1995. I can guess, but do you have some
9 idea of what caused that reduction in traffic?

10 MR. BLATSTEIN:

11 Well, sure. I mean, unfortunately,
12 Philadelphia --- I don't know, in the '50s, I guess,
13 had two and a half million people. We're now one and
14 a half million people. The Inquirer itself had almost
15 3,000 people working there. So, we --- you know,
16 Philadelphia lost a lot of jobs over the years. So,
17 it was the loss of those jobs that created a decrease
18 in the volume of traffic. I guess it's 1995 when, you
19 know, it was 30 percent greater traffic. So, the
20 streets and the highway are designed for traffic.

21 MS. KAISER:

22 Okay. Thank you. I don't have any
23 further questions.

24 MR. BLATSTEIN:

25 Thank you.

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CHAIRMAN:

Tony?

MR. MOSCATO:

Just one follow-up question. When you spoke of the Infinity pool and amenities like that, I believe you referenced the word club. Are you going to charge a membership for these clubs or are these available to anybody staying at the hotel or using the casino? How do you determine?

MR. BLATSTEIN:

It'll be private. It will be private.

MR. MOSCATO:

Private?

MR. BLATSTEIN:

Yes.

MR. MOSCATO:

So, there will be a membership ---

MR. BLATSTEIN:

That's correct.

MR. MOSCATO:

--- fee? Okay.

MR. BLATSTEIN:

Yes.

MR. MOSCATO:

Thank you.

1 CHAIRMAN:

2 Okay. John?

3 MR. MCNALLY:

4 Just a question for Mr. Steelman. In
5 response to Commissioner Fajt's question about the
6 3,000 slots and the revenue projections, Mr. Blatstein
7 made reference to this casino being different because
8 it's stratified. And, in particular, on page 27 of
9 the presentation, we talk about a stratified casino.
10 Could you expand upon what is meant by a stratified
11 casino?

12 MR. STEELMAN:

13 All of our new casinos that were
14 designed throughout the world are really designed in
15 segments. So, one size does not fit all. And these
16 segments --- it has been a growing field of study,
17 based on much of our work in China and Asia, and some
18 of the work in Europe that we've been doing, about
19 trying to get the customer, that particular strata of
20 customer, whether it be a, quote, unquote, high roller
21 or there's a new category called the mass VIP gambler.

22 We give them exactly what they want.
23 So, we give an entrance in the right spot, so they
24 have a short amount of steps. We've given them the
25 bars, lounges, restaurants, and the things that are

1 within close proximity to that particular gaming
2 application. And we give them the facilities that
3 they want to gamble within, meaning the space
4 requirements, lighting requirements, and all those
5 types of things.

6 To give you an idea, many of our VVIP
7 gamblers want a brighter casino. They want 700 lumens
8 on the table. And we've proven, by raising the
9 casino's GGR by 35 percent, that when we give 700
10 lumens on a table ---. Now, that sounds like an
11 unusual thing. But, as this field has been growing,
12 one big box filled with a bunch of slot machines, one
13 little baccarat table just doesn't work any longer.
14 Some of our high-limit slot purveys have 80 to 120
15 slot machines.

16 And they'll feature 35 chairs within
17 them that a person could actually rest within the
18 particular gaming facility. When I designed the
19 casinos in Atlantic City, we weren't allowed to put a
20 chair anywhere. And now, we're looking at these more
21 club/lounge activities, because the people stratify.
22 Our casinos are stratified to --- for different income
23 groups. And, of course, there's always a ---. You're
24 piquing that curiosity of that guest, who wants to
25 aspire to the next level.

1 So, in fact, if you have more levels to
2 aspire to, you have more customers, then, garnering
3 this type of application to go on to the very, very
4 next level. To have that next set of awards. To be
5 comped in the next restaurant. Or to be a part of,
6 you know, getting a show ticket to see Madonna. Not
7 that he's going to have Madonna. But, you know,
8 something like that. So, that's how this is being
9 done. And we are the prime architects as well in the
10 Macau. And Macau, it's --- that --- in Macau today,
11 that is really how the market is working.

12 MS. MCDOWELL:

13 If I can add to that, though, that works
14 hand in hand with the way that we market the facility.
15 So, we stratify our marketing as well. I had talked
16 about our robust data warehousing technology. We do
17 exactly the same thing. So, as we are building our
18 marketing plans and building our event calendars, we
19 build it by segment.

20 So, we say, what are we going to do for
21 our VVIP customers? What are going to do for our B
22 level, C level, D level? And we basically build our
23 calendars accordingly. So, a facility like this,
24 which is so amenity-driven, is tailor made for the
25 type of marketing that we do, that we actually can put

1 bodies in the building based on the time that we need
2 to, based on the amenities that are there.

3 MR. MCNALLY:

4 Thank you very much.

5 MR. STEELMAN:

6 Thank you.

7 CHAIRMAN:

8 Greg?

9 MR. FAJT:

10 Thank you, Mr. Chairman. One quick
11 question. Mr. Blatstein, your projected revenues from
12 table games and slot machines, how much or what
13 percentage do you anticipate being new revenue into
14 the gaming market in Pennsylvania? And what
15 percentage is going to be cannibalized from other
16 casinos?

17 MR. BLATSTEIN:

18 The famous Scott Fisher.

19 MR. FAJT:

20 Thank you.

21 MR. FISHER:

22 I don't have that report on hand but I
23 believe the number was roughly 50/50, as far as new
24 versus cannibalized.

25 MR. FAJT:

1 And did you anticipate any one casino
2 that exists right now that would be cannibalized more
3 than others?

4 MR. FISHER:

5 Yes. SugarHouse would be the one that
6 was most cannibalized. I did the analysis of that and
7 I believe that --- because I looked at just the impact
8 on Philadelphia. And I would say roughly half of
9 that. Because 77 percent was new to this --- would be
10 new to this city, new revenues in the city. So,
11 roughly 23 percent of revenues would be cannibalized.
12 Twenty-three (23) out of the 50 would be from
13 SugarHouse.

14 MR. FAJT:

15 Okay. Thank you very much.

16 MR. BLATSTEIN:

17 And may I add, Mr. Fajt? I have to
18 compete in the marketplace. I don't have a monopoly.
19 So, when I build a residential development or a
20 commercial development, I have to go to that next
21 level. I have to create a product that's better. So,
22 the effect of The Provence would be that there would
23 be tremendous more --- tremendously more economic
24 development by the other casinos, otherwise, there's a
25 monopoly and there's no incentive to improve. And

1 that's effectively what happened to Atlantic City.

2 CHAIRMAN:

3 Anybody else? David?

4 MR. WOODS:

5 Just one final question from me. With
6 concern to non-gaming revenues and non-gaming
7 employment, the people not on the gaming floor, could
8 you quantify what percentage of revenues might be
9 coming from the non-gaming area and the number of
10 people who'll be employed in the non-gaming areas?

11 MS. MCDOWELL:

12 It's approximately 80/20. And it would
13 be about 1,500 employees. That would be between
14 gaming, and the restaurants, and the areas that we
15 would control. And about another thousand employees
16 that would work for the various leased operations
17 through the facility.

18 MR. WOODS:

19 Thank you very much.

20 CHAIRMAN:

21 Cyrus, do you have any questions?

22 ATTORNEY PITRE:

23 No, I don't have any. I don't have any
24 questions. A point of clarification, because we were
25 talking about the parking garages as it relates to the

1 Callowhill Street parking garage. That requires that
2 the Community College --- the college grant or approve
3 that material change for the bridge crossing into the
4 casino. So, they're waiting for the actual plans of
5 that before they will give their okay. So, there is
6 no connection at this time to the main building. So,
7 I just wanted to clarify. I just wanted to clarify
8 that for the record.

9 MR. FAJT:

10 Is that the --- the 700 spots or the 900
11 spots?

12 ATTORNEY PITRE:

13 What was it?

14 MR. BLATSTEIN:

15 It's 820.

16 MR. FAJT:

17 800? Okay. Thank you.

18 MR. BLATSTEIN:

19 Roughly.

20 CHAIRMAN:

21 And you expect that, Mr. Blatstein?

22 MR. BLATSTEIN:

23 Pardon?

24 CHAIRMAN:

25 You expect that to go through?

1 MR. BLATSTEIN:

2 Yes. We just haven't designed it yet.

3 CHAIRMAN:

4 Okay. Before we get to you, I think
5 we'll take a 10 minute recess, so everybody can
6 stretch their legs. Thank you all. We'll be back at
7 ten of.

8 SHORT BREAK TAKEN

9 CHAIRMAN:

10 All right. We will continue. At this
11 time I ask the Director of Licensing's Chief
12 Enforcement Counsel to address the Board regarding the
13 Bureau's review of the application.

14 ATTORNEY PITRE:

15 Would you like me to proceed with that
16 right now? We're just trying to get back on ---.

17 CHAIRMAN:

18 I'm sorry. I can't hear what you're
19 saying, Cyrus.

20 ATTORNEY PITRE:

21 We would like to proceed with the
22 statements. And we also have the testimony of Mr.
23 Hanney who --- with regard to the traffic impact, then
24 we also have the Interveners to proceed.

25 CHAIRMAN:

1 Okay. Why don't you do what you think
2 is best.

3 ATTORNEY PITRE:

4 Yes. All right. We're ready. Just so
5 that the Board doesn't have any further questions for
6 the applicants, we're going to ask the Interveners to
7 come forward, then make our presentation to the Board.

8 CHAIRMAN:

9 Now, I think, Cyrus, we'll take care of
10 the Interveners after you finish ---

11 ATTORNEY PITRE:

12 You want it after?

13 CHAIRMAN:

14 --- your presentation, okay?

15 ATTORNEY PITRE:

16 That's fine. We will ask Mr. Hanney to
17 come forward.

18 ATTORNEY FENSTERMAKER:

19 Good evening, Chairman Ryan, members of
20 the Board. I'm Cassandra Fenstermaker,
21 F-E-N-S-T-E-R-M-A-K-E-R. The OEC will call Francis
22 Hanney to testify.

23 -----
24 FRANCIS HANNEY, HAVING BEEN PREVIOUSLY SWORN,
25 TESTIFIED AS FOLLOWS:

1 -----

2 A. Good afternoon. My name is Francis Hanney.
3 That's H-A-N-N-E-Y. I previously gave my Curriculum
4 Vitae at the --- this morning's testimony. I can
5 repeat it if there's need.

6 CHAIRMAN:

7 I think we'll --- why don't you do so,
8 sir, please?

9 A. Okay. I am employed at the Pennsylvania
10 Department of Transportation in Management Six
11 Headquarters, which is in King of Prussia. I have a
12 Master's degree in civil engineering from Philadelphia
13 University. I have numerous certificates in both
14 management and engineering.

15 I've been employed with PennDOT for 17
16 years, the last 10 years as traffic services manager,
17 the previous seven as the district permits manager.
18 Both positions deal with transportation issues related
19 to land development. Primarily, I've handled the unit
20 with PennDOT that reviews Highway Occupancy Permits,
21 or HOPs. The HOPS are required for any work within
22 the state highway right of way, any direct access that
23 is proposed as part of a land development.

24 Essentially, I have been in the business
25 of evaluating transportation impacts from land

1 developments, large and small, for the last 17 years.
2 I was also greatly involved in the initial round of
3 traffic study reviews for the period from 2007 through
4 2009, when the first casino licenses were being
5 sought. Now, I must review all of those applicants,
6 as well as work with certain outside aspects after
7 their selection.

8 DIRECT EXAMINATION

9 BY ATTORNEY FENSTERMAKER:

10 Q. Thank you, Mr. Hanney. Was PennDOT asked to
11 review traffic studies for a Category 2 slot machine
12 license process?

13 A. PennDOT was asked to conduct a review of the
14 Category 2 traffic --- slot machine license through
15 our impact studies. And this request was made by the
16 PA Gaming Board.

17 Q. And was Orth-Rodgers hired on behalf of PennDOT
18 to review the traffic study of Tower Entertainment,
19 LLC?

20 A. Orth-Rodgers was contracted by PennDOT to conduct
21 an independent review of all of the applicants'
22 traffic impact studies.

23 Q. And when was the study reviewed?

24 A. It was reviewed during the course of the year
25 2013, spring, summer, and fall.

1 Q. And what was your involvement with the review?

2 A. My involvement was as traffic manager to oversee
3 the review and accounting process.

4 Q. And were the results provided to the Pennsylvania
5 Gaming Control Board?

6 A. Yes. The results were provided to the
7 Pennsylvania Gaming Board. I reviewed them and I also
8 have them with me today.

9 Q. And at any time during your review and assessment
10 of the information, did anyone attempt to influence
11 you or coerce you to provide a favorable or
12 unfavorable review?

13 A. I was never approached in such a manner by the
14 applicants, their engineers, or any third parties.

15 Q. Were you notified by anyone of attempts to
16 influence or coerce Orth-Rodgers during the interview?

17 A. I have no knowledge of such attempts to coerce
18 Orth-Rodgers.

19 Q. Can you please present the summary of your review
20 regarding the traffic study?

21 A. Yes, I can. Okay. So, the location is 400 Board
22 Street, the former Hightower building and the building
23 housed the Philadelphia Inquirer.

24 CHAIRMAN:

25 Excuse me, sir. Could you talk into the

1 mic?

2 A. I'm sorry. Typically, a traffic engineering
3 consultant is traffic planning and design. The
4 Applicant's traffic study has undergone several
5 reviews, and has been updated and improved. Our
6 review before the Board today is City of Philadelphia
7 Streets Department. The study now meets the
8 guidelines provided by the City of Philadelphia and
9 Pennsylvania Transportation for such studies.
10 Following is a summary of our findings.

11 The Applicant used an atypical method to produce
12 the proposed casino drafts. In the course of their
13 review, the Applicant provided additional supporting
14 documentation to further clarify that knowledge. I
15 believe that was discussed at length in the previous
16 question and answer session. The Applicant
17 documentation was going to be acceptable. Despite the
18 many challenges to provide improvements to off-site
19 local area roadways, specifically the distribution of
20 evening commuter traffic that passes through Vine
21 Street Local at 15th Street and Broad Street
22 intersections. The site is within the city's central
23 business district. Therefore, it has a greater chance
24 to generate non-vehicular trips --- or traffic at the
25 intersection. This casino is sited in the city's

1 central business district. The roadway is active with
2 traffic on a typical Friday and Saturday evening.
3 These time periods coincide with the scheduled traffic
4 peaks for each Friday and Saturday.

5 If the Applicant is granted a license, they have
6 agreed, in writing, to investigate and provide
7 intelligent transportation systems, or ITS, and other
8 offset improvements at various locations to improve
9 overall traffic operations. Some examples are
10 upgraded signing, group and mass transit facilities to
11 provide ITS improvements along the traffic routes to
12 and from the Vine Street Expressway and I-95.

13 Physical improvements including additional
14 turning lanes and traffic signal upgrade to make
15 possible I-87 and I-676 on and off ramp modifications.
16 Some of the physical improvements that are included to
17 the site from Callowhill Street restrict parking for a
18 majority of the site group traffic flow.
19 Modifications to traffic signals along Vine Street
20 Local, Callowhill Street, Broad Street, and Spring
21 Garden Street.

22 At Callowhill Street and Broad Street,
23 the plan is to remove a portion of the existing
24 concrete beam and construct a separate left turn lane
25 on northbound Broad Street. They also plan to

1 restrict Broad Street parking on the southbound Broad
2 Street approach, in order to provide a separate right
3 turn lane. At Vine Street eastbound and Broad Street,
4 they plan on restriping the northbound Broad Street
5 approach to provide an exclusive right turn lane and
6 construct a modification to the eastbound off and on
7 ramp for Vine Street Expressway.

8 But all of the amount of line striping
9 and signing plans to better manage the traffic use,
10 they will be made between 15th and Broad Street. They
11 also plan to create pedestrian relays near the sites
12 to meet current PA requirements. As with all of the
13 sites, we are also recommending them to be posted onto
14 the site approximately six months after opening, to
15 analyze actual casino trips and traffic operations in
16 order to address any unforeseen traffic operational
17 concerns.

18 In conclusion, if the Applicant is
19 granted a license, they have committed in writing to
20 the City of Philadelphia and the Pennsylvania
21 Department of Transportation to provide us with a
22 traffic analysis and the design details necessary for
23 traffic mitigation.

24 BY ATTORNEY FENSTERMAKER:

25 Q. Thank you. So, Mr. Hanney, were you present for

1 Tower Entertainment's testimony regarding traffic?

2 A. Yes, I was.

3 Q. And did you listen to the testimony provided by
4 the consultant for Tower Entertainment?

5 A. Yes, I did.

6 Q. Was that testimony consistent with the
7 independent review provided to the Board?

8 A. Yes, it was, to the best of my knowledge.

9 Q. Was there anything in that testimony that was
10 invalid, erroneous, or contrary to your findings?

11 A. Not that I'm aware.

12 Q. Are you aware that Congregation of Rodeph Shalom,
13 Mathematics, Civics and Science Charter School, the
14 Friends Select School intervened in these proceedings?

15 A. Yes, I am aware of them.

16 Q. Was PennDOT also asked to conduct a review of the
17 statements submitted by the Interveners?

18 A. Yes, we were.

19 Q. Did Orth-Rodgers conduct a review of the
20 statement?

21 A. Orth-Rodgers did conduct that review.

22 Q. And was PennDOT involved in the review?

23 A. Yes, PennDOT was. I served the same role as
24 project manager overseeing the review and the response
25 comments.

1 Q. Were the results provided to the Pennsylvania
2 Gaming Control Board?

3 A. Yes, they were.

4 Q. Do you have a copy of those results with you
5 today?

6 A. I do have them right here.

7 Q. And can you please present a summary of the
8 review regarding the Interveners' statement?

9 A. I can. I'll try to keep this brief. Many of the
10 statements in the Interveners' submission to the
11 Control Board were not necessarily traffic-related,
12 many of them had to do with security and other areas
13 outside of what we were charged with; okay? But we
14 did provide a response to the --- those areas that
15 were, in fact, traffic related.

16 Many of the questions had to do with
17 trip distribution, trip generation --- the circulation
18 path required to gain access to the casino, the
19 methodology for the transit trips, a few other things.
20 Some analysis of the Vine Street Expressway itself,
21 with regard to merging, weaving, and diverging
22 movements. And parking, which, once again, is
23 normally a zoning issue and not something that we were
24 tasked with commenting on.

25 Q. And do you have --- is there anything further

1 that you have to provide today regarding your
2 independent traffic review associated with Tower
3 Entertainment?

4 A. I do not.

5 Q. Thank you. Based on your review of the
6 information that the Interveners provided, were there
7 any changes made to your review that was prepared for
8 Tower Entertainment?

9 A. No. There was not.

10 CHAIRMAN:

11 Any questions from the Board? All
12 right.

13 MR. FAJT:

14 Thank you, Mr. Chairman. I had one
15 quick question. Mr. Hanney, I think I heard you say
16 that, on the whole, you accept Tower's traffic reports
17 as they gave them earlier. Does that mean that you
18 agree or feel that their 30 percent number of patrons
19 coming by mass transit is an accurate statement?

20 A. We accepted their methodology, as it was
21 explained to us. And it was based on the --- a factor
22 being added to the findings of the Casino Task Force.
23 So, they did present a logic. And we did accept that
24 logic. Part of our thinking was that there was a
25 significant enough traffic volume, such that the scope

1 of improvements required to address the traffic
2 impacts of this potential, would not be significantly
3 changed by the factor being somewhat higher than it
4 would be elsewhere.

5 MR. FAJT:

6 Thank you.

7 CHAIRMAN:

8 David?

9 MR. WOODS:

10 And just to follow up to that question,
11 it was PennDOT that determined the methodology was
12 okay. Was it just PennDOT or how about Orth-Rodgers,
13 were they involved in that determination or was it
14 strictly PennDOT's determination?

15 A. Orth-Rodgers was involved in the discussions of
16 the methodology. They provide expertise and technical
17 support. And PennDOT ultimately decided
18 collaboratively with Orth-Rodgers that their
19 methodology was acceptable. One more thing I might
20 add, something else that gave us the additional
21 comfort level was the fact that we were requiring an
22 after study of the traffic operations of this and all
23 the other applicants, just in case their number is
24 wrong.

25 MR. WOODS:

1 Thank you.

2 CHAIRMAN:

3 John.

4 MR. MCNALLY:

5 With regard to the rate that was shown
6 to us, it appears that there was significant
7 landscaping and a fountain put on the property right
8 at the Vine Street Interchange. Did you have any
9 discussions with The Provence with regard to
10 arrangements for construction and maintenance, and the
11 like of those improvements?

12 A. I, personally, have not. I do have knowledge of
13 what would be required for them to be permitted to
14 provide such amenities within that right-of-way. It
15 would probably need PennDOT approval with a vegetation
16 permit that Mr. Blatstein had mentioned. But because
17 it's limited access, the highway may also be involved.

18 MR. MCNALLY:

19 Thank you.

20 CHAIRMAN:

21 Any other questions from the Board?

22 Thank you, sir.

23 A. Thank you.

24 ATTORNEY PITRE:

25 I'd ask to have Susan Hensel, the

1 Director of Licensing, Paul Mauro, the Director of the
2 BIE, and Rich O'Neil, the Supervisor of Financial
3 Investigation, to come forward. Ms. Hensel, make your
4 statement before the Board.

5 MS. HENSEL:

6 Thank you, Cyrus. Thank you, Chairman
7 Ryan and members of the Board. Susan Hensel,
8 H-E-N-S-E-L, the Director of Licensing. Tower
9 Entertainment, LLC, timely filed a Category 2 Slot
10 Operator Application and disclosure form through the
11 Bureau of Licensing. The Bureau of Licensing reviewed
12 the application and worked with the Applicant to
13 ensure the provision of all required information.

14 The Bureau of Licensing deemed the
15 application complete, and transmitted it to the BIE
16 for investigation. Upon completion of the background
17 investigation, the Bureau of Licensing prepared a
18 background investigation and suitability report using
19 information and documentation received from the
20 Applicant, the Bureau of Licensing, the OEC on behalf
21 of the BIE, the Bureau of Gaming Operations, the
22 Office of Diversity, the Office of Compulsive and
23 Problem Gambling, and the Pennsylvania Departments of
24 Revenue and Labor and Industry.

25 The draft stipulated report was provided

1 to the Applicant to identify material errors and
2 omissions, if any. And the report --- the final
3 report was provided to the Applicant and the
4 Pennsylvania Gaming Control Board. Based on the
5 application process, the Bureau of Licensing is not,
6 at this time, aware of any issues that would preclude
7 the approval of a Category 2 Slot Machine License for
8 Tower Entertainment, LLC.

9 ATTORNEY PITRE:

10 Next, we'll be hearing from Richard
11 O'Neil.

12 MR. O'NEIL:

13 Rich O'Neil, O-N-E-I-L. Chairman Ryan
14 and Commissioners, in preparation of the Financial
15 Investigation Unit's report and the necessary
16 supplemental reports, all information provided by the
17 Applicant, its intermediaries, subsidiaries, and
18 holding companies, and management companies were
19 reviewed and analyzed. This included any
20 organizational documents, operating debt management
21 agreements, financial statements, and any other
22 contracts or agreements.

23 In this case, Tower Entertainment, LLC,
24 and its related entities provided all the
25 authorizations, contracts, and agreements necessary to

1 conduct the investigation. It also provided clear and
2 convincing evidence to enable the Financial
3 Investigation Unit to make a determination of the
4 financial suitability, integrity, and responsibility
5 for this application for Category 2 licensure, and,
6 also, that the Applicant is likely to maintain
7 operational viability and maintain a steady level of
8 growth.

9 At this time, based upon the information
10 contained in the application and other related
11 documents, as well as the financial suitability
12 analysis performed, the Financial Investigation Unit
13 did not discover anything material which would
14 preclude Tower Entertainment, LLC, from being
15 financial suitable to obtain a Category 2 License.

16 ATTORNEY PITRE:

17 Next, we'll hear from Paul Mauro.

18 MR. MAURO:

19 Chairman Ryan and members of the Board,
20 Paul Mauro, M-A-U-R-O, Director of the BIE. The
21 Bureau of Licensing transmitted a Category 2
22 Application from Tower Entertainment, LLC, which
23 included, but was not limited to, any and all
24 associated forms, releases, and disclosures, to the
25 BIE for the initiation and completion of the

1 background investigation, as contemplated by the Act.

2 The BIE's background investigation into
3 Tower Entertainment consisted of, but was not limited
4 to, an investigation into the criminal history, the
5 credit history, the litigation history, including
6 civil judgments and bankruptcies, the business'
7 history, the federal tax history, and, if applicable,
8 the Commonwealth and its political subdivision tax
9 history. And the gaming regulatory history in the
10 Commonwealth and/or other gaming jurisdictions for the
11 Applicant, including any vending fees and management
12 contracts.

13 Additionally, the Bureau's background
14 investigation of each principal associated with Tower
15 Entertainment included information pertaining to the
16 family habits, character, reputation, criminal history
17 background, credit history, business activities, and
18 history --- litigation history, including civil
19 judgments and bankruptcies, financial affairs, federal
20 tax history, and business professional and associates,
21 covering at least a ten year period preceding the
22 filing of the application.

23 Also, if applicable, information
24 pertaining to the Commonwealth and its political
25 subdivision tax history, and any applicable gaming

1 regulatory history in the Commonwealth, or in any
2 other legalized gaming jurisdiction, was investigated
3 and reported. The results of the Bureau's background
4 investigation were placed in the Bureau's reports of
5 investigation and forwarded, along with the Bureau's
6 financial investigations report, to the OEC for the
7 preparation of the final background investigation
8 report.

9 As a result, based upon information
10 obtained through the background investigation process,
11 the BIE is not aware of any reasons, at this time,
12 that would preclude the suitability of the Category 2
13 Applicant, Tower Entertainment, LLC.

14 ATTORNEY PITRE:

15 The OEC has been fully engaged with the
16 applicants and Board staff throughout the process; the
17 OEC in conjunction with the BIE and its Financial
18 Investigation Unit throughout the background
19 investigation process.

20 Once the Bureau completed its report of
21 investigation and its financial investigations
22 reports, those reports were transmitted to the OEC for
23 completion of the final background investigation
24 reports for each applicant, affiliate, principal, and
25 management of company as contemplated by the Act. The

1 OEC drafted and prepared each associated final
2 background investigation report and forwarded the same
3 to the Bureau of Licensing for inclusion in impending
4 Category 2 Applicant, Tower Entertainment, LLC's
5 suitability report which has been delivered to the
6 Board for its review and consideration.

7 I would like to remind representatives
8 and principals of Tower --- Tower Entertainment, LLC,
9 that suitability is an ongoing, rolling process. And,
10 as a result, each applicant has a duty to maintain
11 suitability and to provide information documentation
12 to the Board staff as it becomes known or available.
13 And that, as long as Tower Entertainment, LLC's
14 applications are pending before the Board, my office
15 will provide supplemental background investigation
16 reports to the Board any time there is an issue that
17 they have had to call the suitability of any
18 applicant.

19 That concludes the statements of staff.
20 And should the Board have any questions, we're
21 available to answer them.

22 CHAIRMAN:

23 Any questions from the Board? Okay,
24 thank you very much. Mr. Blatstein, thank you and
25 your colleagues.

1 OFF RECORD DISCUSSION

2 MR. BLATSTIEN:

3 Two and a half years came to this?

4 CHAIRMAN:

5 You are excused.

6 MR. BLATSTEIN:

7 Thank you once again.

8 CHAIRMAN:

9 Next, we will have the Interveners'
10 presentation. I understand the Intervener may need a
11 few minutes to set up.

12 OFF RECORD DISCUSSION

13 CHAIRMAN:

14 All right, ladies and gentlemen. At
15 this time, we will move to the Interveners and their
16 petition to the Board, the Interveners being
17 Congregation Rodeph Shalom, the Mathematics, Civics,
18 and Sciences Charter School, and Friends Select
19 School. Counsel, I believe, everyone in your party is
20 here; is that correct?

21 ATTORNEY SPECTOR:

22 Yes, we are. Thank you.

23 CHAIRMAN:

24 At this time, I would ask that all those
25 who will present testimony, please rise to be sworn

1 in.

2 -----

3 WITNESSES SWORN EN MASSE

4 -----

5 CHAIRMAN:

6 All right. You can sit down, ladies and
7 gentlemen. As a preliminary matter, and before
8 Interveners begin their presentation, I note that on
9 January 21st, 2014, Tower Entertainment filed a
10 response to the statement of the Interveners, in which
11 Tower objects first to the statement as not being
12 verified by either a traffic engineer or other
13 transportation professional, and requests that the
14 statement be precluded.

15 I note that the documents filed by the
16 Interveners does contain an affidavit of a
17 professional engineer which sets forth the basis of
18 his testimony and position in sufficient detail to
19 permit Tower to respond in its presentation. We will
20 not strike the statement, and will receive it for the
21 Board's consideration and assignment of whatever
22 weight the individual Board members believe it is due.

23 The second objection is to four
24 paragraphs in the statement, which Tower contends go
25 beyond the scope of the issues for which intervention

1 was granted, namely traffic and parking. While
2 paragraphs 2, 5, 9, and 29 of the statement do mention
3 the financial performance of Tower, the paragraphs are
4 premised on the potential financial performance which
5 could flow from the traffic and parking concerns, and
6 are argumentative in nature and not factual. We will
7 not strike those paragraphs. And we'll recognize them
8 as the argument they are, and not as factual
9 assertions.

10 With that, we are prepared to hear from
11 the Interveners. We would remind you, Counselor, that
12 the Interveners should limit testimony or evidence
13 solely to the issues of traffic and parking, as a
14 result of this particular project.

15 ATTORNEY SPECTOR:

16 Thank you, Mr. Chairman. My name is
17 Larry Spector. That's S-P-E-C-T-O-R. I am a member
18 of the Law Firm of Larry Spector, PC, and the only
19 member. I represent, as you know, the Congregation
20 Rodeph Shalom ---.

21 CHAIRMAN:

22 Excuse me. Is your microphone on there,
23 sir? Okay.

24 ATTORNEY SPECTOR:

25 Can I be heard?

1 CHAIRMAN:

2 Yeah. Try to get a little closer to it,
3 perhaps.

4 ATTORNEY SPECTOR:

5 As you know, I represent Congregation
6 Rodeph Shalom, the Friends Select School, and a
7 charter school known as the Math, Civics, and Sciences
8 Charter School. Just so everyone understands, we did
9 petition to intervene, because we were concerned about
10 the impact of the Tower proposed casino on our
11 students and worshippers.

12 We demonstrated that we qualified as
13 Interveners because we showed that we had an interest
14 because of traffic issues, parking issues. And we
15 also raised safety issues, because we're in the same
16 neighborhood as this --- the proposed casino and about
17 30 other schools and places of worship. The Board
18 granted our Petition to Intervene, as we acknowledge,
19 giving us the right to make a presentation today
20 limited to traffic and parking. And we're very
21 grateful to the Board for granting us this
22 opportunity.

23 With us today are certain members of
24 Rodeph Shalom and students from the charter school
25 which I'd just like to have stand so that we

1 understand who they are. If you would stand for a
2 moment, please? Rodeph Shalom and the children from
3 the school, please rise.

4 Thank you. Thank you very much. I'm
5 first going to call as a witness Veronica Joyner.

6 -----

7 VERONICA JOYNER, HAVING BEEN PREVIOUSLY SWORN,
8 TESTIFIED AS FOLLOWS:

9 -----

10 DIRECT EXAMINATION

11 BY ATTORNEY SPECTOR:

12 Q. Ms. Joyner, would you simply state your full name
13 and spell your last name for the record?

14 A. Veronica Joyner, J-O-Y-N-E-R.

15 Q. And would you please describe for the Board what
16 MCSCS, as I've known to --- to abbreviate it to, is,
17 how many students does it have, and what's your
18 relationship to the school?

19 A. I am the founder and the chief administrative
20 officer of the Mathematics, Civics, and Sciences
21 Charter School. It's a Charter School that's located
22 at 447 North Broad Street. We've been there for 14
23 years. We have a population of 1,000 students in
24 grades 1 through 12.

25 Q. Thank you. This that we have displayed on the

1 screen now is going to turn into a video, which we're
2 going to play. And as we play it, I'm going to ask
3 you, Ms. Joyner, would you please describe what you
4 see in terms of the parking lots that are near the
5 school and at the same time, you know, the site of the
6 casino, the proximity of your school to the casino and
7 so forth? This is slide three.

8 A. All right. This is the front of the school.

9 Q. At 447 North Broad Street; that's right?

10 A. Yes. And that's the side. There's a parking lot
11 right next door.

12 Q. Is that a parking lot that was on the proposed
13 plan for off-site parking from the Tower people?

14 A. I believe so.

15 Q. Okay. What's that building there?

16 A. That's the School District of Philadelphia's
17 Administrative Office.

18 Q. Okay. And you see some cars parked in front
19 there.

20 A. Yes.

21 Q. What are those little lots for?

22 A. They're used for the staff at that office, the
23 Administrative Office.

24 Q. Okay. Now, you were sitting here a moment ago
25 when we showed this slide about the immediate

1 neighborhood. You're familiar with this general area
2 where these other schools are located. Is that fair
3 to say?

4 A. Yes.

5 Q. Okay. And I'd like to bring up slide five just
6 for a second, please. This was part of the
7 application that Tower submitted. And it was the part
8 where they were supposed to list the schools and
9 churches and so forth that were within 1,500 feet of
10 the proposed site. Was your school listed on there?

11 A. No.

12 Q. Can you think of any reason why it shouldn't have
13 been?

14 A. I don't know why. We're about 140 yards from the
15 proposed casino, right across the street in fact.

16 ATTORNEY SPECTOR:

17 Thank you. I have no further questions
18 from Ms. Joyner. Given her responsibilities at the
19 school, I would ask, if the Board has any questions at
20 this time, I'd really appreciate it if they could be
21 asked so that she could not have to wait for the
22 entire presentation before she gets back to school.
23 Otherwise, she will stay, if necessary.

24 A. If needed, I will stay. It's just to get the
25 children back to their parents.

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CHAIRMAN:

Any questions? Okay. You're excused,
ma'am.

A. Thank you. Thank you very much.

ATTORNEY SPECTOR:

Thank you. I appreciate that, Mr.
Chairman.

A. Thank you very much. Thank you for hearing us.

ATTORNEY SPECTOR:

Next, Colleen Puckett, who is sitting
immediate to my right, will testify very briefly.

COLLEEN PUCKETT, HAVING BEEN PREVIOUSLY SWORN,
TESTIFIED AS FOLLOWS:

DIRECT EXAMINATION

BY ATTORNEY SPECTOR:

Q. Ms. Puckett, would you state your full name and
spell your last name for the record?

A. Hello, everybody. My name is Colleen Puckett,
last name spelled P as in Paul, U-C-K-E-T-T. And I'm
the director of marketing and communications at
Friends Select School.

Q. Okay. We're going to be showing some videos and
photographs in connection with our presentation. Ms.

1 Puckett, would you please explain what you have done
2 in the past few days with regard to that visual
3 material?

4 A. Paul Snitzer and I, who is a member of Rodeph
5 Shalom and one of the Interveners, we wanted to
6 actually experience what it would be like to drive up
7 to the Casino Provence site. So, I don't pretend to
8 be a traffic engineer at all. But we've heard a lot
9 about easy access on and off 676.

10 And even though I'm not a traffic
11 engineer, I'm very familiar with the intersection of
12 16th and Vine, because two to three times a week, I
13 park there. My school is located catty-cornered to
14 the garage, right there in the corner. So, I have
15 reason, two or three times a week, to exit out of that
16 garage onto Spring Street, painstakingly make the
17 right hand turn up to 16th and Vine and then make a
18 right on Vine to --- to get home.

19 So, the first video I'm going to show
20 you, actually, is not that approach. It's the
21 approach if you were to take Vine Street Expressway to
22 Broad Street. And it illustrates how you have to
23 wriggle over to the three lines of traffic to make a
24 left onto Broad.

25 Q. All right. Let's back up for just a moment.

1 ATTORNEY QUAGLIA:

2 Excuse me. Mr. Chairman, we object to
3 this testimony. We object to videos being shown that
4 are not in the record, that were not provided to us in
5 advance.

6 CHAIRMAN:

7 I understand. Your objection is
8 overruled.

9 ATTORNEY SPECTOR:

10 Thank you, Mr. Chairman. I'm just going
11 to prepare one video by referring to the slide that's
12 on the screen. And if you follow the pointer, this is
13 the Vine Street Expressway that I'm pointing to here.
14 And we're first going to show you a video of a drive
15 proceeding from the west, eastbound on the Vine Street
16 Expressway, and getting off at the Broad Street exit.
17 And making the access to the casino going east to
18 Broad Street, and then ---. You've heard in the
19 testimony about proposed improvements, how one of the
20 improvements would be to build a left turn lane on
21 Broad Street to Callow Hill Street so that you could
22 access the casino by going north on Broad Street.
23 This would --- what we're about to show you is that
24 route. And I'm going to ask Ms. Puckett to play that
25 video.

1 A. And this was taken last Thursday, the day after
2 the big snowstorm.

3 ATTORNEY SPECTOR:

4 This is coming up on the off ramp from
5 the eastbound Vine Street Expressway, which surfaces
6 at 15th Street. We're going to move the cursor
7 forward so that you will see what happens. There we
8 go. We go through the light. And then those left
9 turn lanes are the lanes that that car has to get into
10 in order to make a left turn on Broad Street.

11 There's a one block distance between
12 15th Street and Broad Street to get over there to be
13 able to get to the left turn lane. Now, there's
14 obviously some traffic here. We're not --- the
15 purpose of these videos, at this point, is not to show
16 you that there's more or less traffic. That will come
17 later, but to just show you the route. And the next
18 thing that you'll see is, okay, when the car actually
19 makes a left turn to go north on Broad Street, what
20 happens.

21 Colleen, if you can get that forward to
22 where that turn is being made, that'd be great, so we
23 don't take up the Board's time. I'm sitting in the
24 traffic. So, the car's now ready to make the left
25 turn. We stopped at the light. Go forward a little

1 bit more. Okay. We're still waiting. Now, you see,
2 the car's making the left turn up ahead of the car
3 that the camera is in. Once that left turn is made,
4 ideally, one would be able to shoot straight north on
5 Broad Street without further delay. But you see here,
6 as soon as you make the left turn, there's another
7 traffic light.

8 And there's only room for about three
9 cars after they make that turn, just to wait at that
10 traffic light in that intersection. That's why that
11 is so slow.

12 ATTORNEY QUAGLIA:

13 Mr. Chairman, excuse me. Mr. Spector's
14 not a witness. He's testifying as to what's going on
15 in the video. The person who took the video, if it's
16 a witness, should testify, not the attorney.

17 CHAIRMAN:

18 Counsel, you have a point there. Sir,
19 let the witness describe what's going on at this
20 point.

21 ATTORNEY SPECTOR:

22 Very well.

23 BY ATTORNEY SPECTOR:

24 Q. Ms. Puckett, would you then ---? We're then
25 going to play the right-hand video. But before we do,

1 we're going to show the --- we're going to show the
2 route that was described earlier in the presentation
3 by the Applicant, which was the eastbound Expressway.
4 Instead of cutting --- going straight ahead and going
5 to Broad Street, instead making a right turn and
6 curling back around and heading to the casino on 16th
7 Street.

8 A. Okay. Second video. This one's much longer, but
9 I'm not going to have you suffer through the whole
10 video. So, again, we're coming off the same exit,
11 making a right on 15th Street. And the very first
12 right you could make is onto Spring Street.

13 Q. Is Spring Street a one way or a two way street?

14 A. It's a two way street. There's the parking
15 garage on the right.

16 Q. And does Spring Street go through, or is it just
17 a local road?

18 A. It just goes through between 16th and 15th.

19 Q. And, eventually, you would ---? Well, what did
20 ---? We're going to skip the rest of the video. But
21 you wait at the light there, and you make a right
22 turn?

23 A. Wait. I don't want to skip the rest of the
24 video. Because, right here, we get caught right into
25 a situation which is extremely common, which is

1 waiting, waiting, waiting. I don't know if you can
2 hear it, but we were --- it was so condensed that we
3 could actually hear the radio in the car ahead of us.
4 And it was probably about ten degrees outside.

5 Okay. And you can see in the
6 background, there's busses going by, pedestrians
7 cutting in front here to get to the garage. Let me
8 advance it a little. And this was taken roughly 5:20
9 p.m. on a Friday.

10 ATTORNEY SPECTOR:

11 I'd like the Board, even now or any time
12 during the course of these proceedings, to turn on
13 your Google map and see what the traffic is for the
14 area in question. Okay. Now that we also ---. We're
15 going to skip this for the --- for the moment. Now
16 that we access to the site, the question is, where do
17 we park? And we're going to take a look at slide 13.

18 Members of the Board, this was a page
19 from Tower's application. It is page 35 of its own
20 transportation impact study that was submitted by TPD.
21 Now, it's been acknowledged, just to recap a moment,
22 that the Zoning Code ---.

23 CHAIRMAN:

24 Keep your voice up, sir?

25 ATTORNEY SPECTOR:

1 That the Zoning Code requires four
2 parking spaces for every five gaming positions. And
3 I'm not going to do that arithmetic here. But I just
4 want to spend a few moments looking at the lots that
5 the Applicant said would be available for off-site
6 parking. The first --- one of the lots that was
7 referenced is the lot at 15th and Spring Garden.

8 ATTORNEY QUAGLIA:

9 Excuse me. Again, Mr. Chairman, this is
10 all argument by Counsel. It's supposed to be a
11 witness hearing.

12 CHAIRMAN:

13 Counselor, this will move it quicker.
14 He understands the schematic as well as anybody. At
15 this point, he's discussing something that's known to
16 the Board, known to Tower. You're not being hurt by
17 this.

18 ATTORNEY SPECTOR:

19 Now, assuming we get people who are
20 willing to pay the \$15 or \$20 it costs for off street
21 parking, the --- one of the lots he talked about was
22 the 700 space lot, which does not yet exist. I think
23 that we can stipulate that what is there now is an
24 underground 400 space lot for the people who live in
25 the apartment building that Mr. Blatstein referred to.

1 And what he's talking about is making
2 that from an underground 400 car lot into a garage for
3 700 cars, which will be both for the existing
4 residents and casino parkers. I think that ---
5 hopefully, that clarifies the record there. The
6 Applicant says, on that map, that it can get 600 and
7 some spaces from this lot right here by, somehow,
8 leasing it.

9 If you note, this lot is --- starts at
10 16th Street, and covers between 16th and 17th, between
11 Vine and a block west. Now, we're going to go to the
12 next slide. A few days ago, members of the Board, the
13 owners of this lot submitted this letter to the Board,
14 which shows that the lot is owned by the Church of the
15 Latter Day Saints of Jesus Christ, the Mormon church,
16 which, of course, is building the temple which exists
17 and is now well underway in the 1700 block.

18 And it's obvious, if I may --- and I
19 --- I don't know if this is testifying. But I just
20 submit that the letter speaks for itself and shows
21 clearly that the lot that is shown there, as to be
22 leased for 270 cars, is not going to be made available
23 by the Mormon church for parking. It's going to be
24 developed with a chapel and other commercial
25 development.

1 The Applicant also says that it's going
2 to get parking from two lots on either side --- go
3 back, please. Two lots on either side of Broad
4 Street. There's the lot there that the cursor is on
5 right now. I think it's for 180 cars. And that's on
6 the left side of Broad Street, on the south side of
7 Broad Street itself. And the lot to the right is a
8 parking lot that he says he can park 200 cars on.

9 Members of the Board, I'd like to go to
10 the next slide. And the next slide. We went to the
11 Planning Commission just the other day. And you can
12 see from these slides, the one before and the --- the
13 next two or three, that that site is the subject of a
14 development that is planned by some entities who are
15 generally referred to as the Parkway Corporation. And
16 they intend to develop that site commercially.
17 They've been before the Planning Commission on it.
18 And those lots, therefore, are not available for
19 offsite parking.

20 ATTORNEY QUAGLIA:

21 Mr. Chairman, if I may, now we're
22 hearing about what third parties allegedly intend to
23 do or not do. I really object to all of this.

24 CHAIRMAN:

25 I understand. Your objection is noted,

1 sir.

2 ATTORNEY SPECTOR:

3 Now, we've also been told about the lot
4 that is near Community College, which Mr. Blatstein
5 mentions is something that he used to be on the Board
6 of. And, apparently, he has some sort of arrangement,
7 which thinks would --- as a result of which, he thinks
8 that he will be able to park cars on the Community
9 College lot.

10 BY ATTORNEY SPECTOR:

11 Q. Ms. Puckett, would you describe this picture,
12 please?

13 A. This is just a photo of the outside, the entrance
14 to the 17th Street parking lot.

15 Q. And what does the sign say?

16 A. If I can read it, it says Community College of
17 Philadelphia Parking Only.

18 ATTORNEY SPECTOR:

19 Okay. Now, let's go back to the parking
20 lot again, the parking map. And I'm going to refer,
21 this time, to a lot that the Applicant says can be
22 used on 18th Street, up here. It will be --- whoops.
23 Sorry. It will be available for parking.

24 BY ATTORNEY SPECTOR:

25 Q. Now, if we go to the next slide, Ms. Puckett,

1 would you describe that photograph?

2 A. This is a photograph that was taken off of Google
3 Maps. And it shows a view of the 18th Street parking
4 lot. And you can't read the sign, but it says, Museum
5 Tower, Residents Parking Only. It's also surrounded
6 by other huge apartment buildings. And a sign on the
7 lower left says, public monthly parking available.
8 Monthly parking. Not short-term parking.

9 Q. Thank you. Now, go please, back, again, to the
10 parking map. And would you place the cursor on the
11 lot which is adjacent to the charter school? Thank
12 you.

13 ATTORNEY SPECTOR:

14 This lot, indeed, is a public parking
15 lot. But if you'll note, it is the --- this was the
16 lot that was pictured in the first video, testified to
17 by Ms. Joyner. It's directly next to, on the side of
18 the Charter School, where you have a thousand
19 children.

20 Next, we were told that there would be a
21 --- availability at the Hahnemann Hospital lot for 700
22 cars. Now, the testimony was that, at night, that lot
23 empties out. I submit to the Board that that's not
24 exactly credible. I don't know that there are many
25 patients that are suddenly getting out of bed at

1 night, nor are there medical staff that just go home
2 and don't occupy a hospital at night, not to mention
3 visitors, who come mostly at night.

4 And, finally, there --- there's ---. If
5 we go back to the map for a moment, if you put the
6 cursor in front of the School Administration building,
7 which is behind and --- the site there. It's directly
8 to the west of it --- excuse me, to the north of it
9 from street level. You see parking for two lots, for
10 35 cars. Those are --- that's the lot of the Public
11 School Administration building. I don't know that the
12 panel wants to license a casino that has to park in
13 the --- in the parking lot of a school.

14 Finally, is the question not just of
15 what is going to be required in terms of additional
16 off-street, off-site parking, but what the impact of
17 the project is going to be to existing on-street
18 parking. And if we go to the next slide, we have
19 something which is directly taken from the Applicant's
20 impact study, where they have to describe what the
21 impact of the site is on existing on-street parking.
22 And, quote, overall, the total proposed elimination of
23 on-street parking in the vicinity of The Provence is
24 68 spaces.

25 It should be noted that TPB assumed that

1 each vehicle parking on-street would take up
2 approximately 22 feet. Obviously, if somebody wanted
3 to divide --- use 18 feet instead, you'd end up with
4 the loss of even more on-site parking spaces --- on-
5 street parking spaces.

6 Now, Tower has told you that this is all
7 going to be somehow fine. Could we bring up ---? And
8 Mr. Blatstein referred to a community development
9 agreement which he recently signed with certain
10 neighborhood associations in the surrounding area.

11 If you go to the --- the excerpts from
12 that very same community development agreement,
13 there's a paragraph, Section 2A. And I know the Board
14 has this. I'm not going to take the time to put the
15 whole thing on the screen. But I will represent to
16 you that this is a quote from the same community
17 development agreement, which says that the community
18 stakeholders, who are supposedly okay with all of
19 this, remain concerned that there is insufficient
20 parking, not as has been represented, that they're
21 okay with the parking, and the Vine Street issues
22 remain unresolved significantly, the significant open
23 issue. Now, if we go to the next slide, it describes
24 these Vine Street issues. Again, this is from the
25 community development agreement. Developer ---

1 developer and community stakeholders acknowledge that,
2 even prior to the proposed development, the
3 intersections at Broad and Vine, 15th and Vine, and to
4 a lesser extent, 16th and Vine, have significant
5 difficulties, which often cause stacking and backups
6 over a larger area; collectively, the Vine Street
7 issues. The parties further agree that the City and
8 Pennsylvania Department of Transportation are aware of
9 such issues and considering solutions, even if the
10 project does not happen.

11 Next, I'd like to call as a witness Mr.
12 Frank Tavani.

13 -----
14 FRANK TAVANI, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
15 AS FOLLOWS:

16 -----
17 DIRECT EXAMINATION

18 BY ATTORNEY SPECTOR:

19 Q. Mr. Tavani, would you state your full name for
20 the record and spell your last name?

21 A. Frank Tavani, T-A-V-A-N-I.

22 Q. Mr. Tavani, would you just briefly describe your
23 background and give the Board whatever you think
24 qualifies you as an expert in the field of traffic
25 engineering?

1 A. Well, certainly. I hold a Bachelor of Science in
2 civil engineering. I am a registered professional
3 engineer in the Commonwealth of Pennsylvania, and have
4 been since 1999. I also hold a Professional Traffic
5 Operations Engineer Certificate. I've been employed
6 for 20 years solely as a traffic engineer. For the
7 first ten years, I was employed by Orth-Rodgers and
8 Associates. Most recently, for the last ten years,
9 I've been self-employed by F. Tavani and Associates,
10 Incorporated.

11 ATTORNEY SPECTOR:

12 Thank you. I offer Mr. Tavani as an
13 expert in the field of traffic engineering.

14 CHAIRMAN:

15 Cyrus?

16 ATTORNEY PITRE:

17 We don't have any objection.

18 CHAIRMAN:

19 All right. He will be accepted as
20 qualified.

21 ATTORNEY SPECTOR:

22 Thank you.

23 CHAIRMAN:

24 Thank you.

25 ATTORNEY SPECTOR:

1 Before we get to question of Mr. Tavani,
2 I want to refer to certain pages in the Applicant's
3 materials. I'd like you to go to the slide 34,
4 please. And this is a slide which represents what was
5 ---. Go back to 34, please.

6 If you look at the Applicant's
7 transportation impact study on page nine, they are
8 asked to project what projects, what developments,
9 will take place over the next few years that will be
10 up and running at the time the casino gets up and
11 running, such that they have to be taken into
12 consideration as additional traffic that will be the
13 base upon which the extra traffic by the --- from the
14 casino will be evaluated.

15 And I represent to you that there were
16 three projects that the Applicant said had to be
17 considered in this way. One was a 120 apartment
18 dwelling unit known as the Granary, which any one in
19 Philadelphia knows did just open. It's an apartment
20 building. The other was at Broad and Spring Garden,
21 the 204 apartment units. Those are the ones that Mr.
22 Blatstein testified about, and are related to this 400
23 or 700 car garage that we've been talking about.

24 And, finally, the Applicant referred to
25 the Mormon Latter Day Saints temple. May I see the

1 next slide, please? We asked ourselves, what
2 additional project should have been included, or could
3 have been included, that weren't, that would have a
4 significant impact on traffic. May I have the next
5 slide, please?

6 There's been reference to --- by Mr.
7 Blatstein to the new Comcast Tower. Well, this was
8 the subject of quite a bit of tremendous excitement
9 and publicity about a week ago, when it was announced
10 that Comcast was going to be building a 59 story tower
11 at 18th and Arch. And the next slide shows an excerpt
12 from the Inquirer, which describes the additional jobs
13 and the number of people that would be employed. And
14 this was not included in the Applicant's material, nor
15 was the material updated to take it into account.

16 May I have the next slide, please? We
17 referred earlier to the Parkway Project. The Parkway
18 Project, as described in the materials, calls for ---
19 I think it's 300 condominiums and some retail. That
20 was not included. Could we go to the next slide,
21 please?

22 BY ATTORNEY SPECTOR:

23 Q. Now, Mr. Tavani, a couple questions. If you're
24 doing a traffic study, and you want it to be up to
25 date, would you go to a Planning Commission to find

1 out whether there are any projects pending that you
2 might be unaware of, that might have an impact on the
3 traffic study?

4 A. Yes.

5 Q. Now, other than --- you've been here during the
6 testimony of the Applicant; correct?

7 A. Yes.

8 Q. Now, other than the projects that we have
9 mentioned, whether or not they were included in the
10 Applicant's materials, that would have an impact on
11 the --- for the base traffic in the future, are there
12 any other projects or developments that would have to
13 be taken into consideration to arrive at that base
14 figure?

15 A. Any significant project that's within the
16 vicinity of the site should be included as another
17 development, including the two developments you just
18 mentioned, the Comcast Tower as well as the other
19 project.

20 Q. And what about the impact of the site itself, a
21 project which is touted as supposedly leading to great
22 economic development up on North Broad Street? What
23 impact, if any, does that have?

24 A. Well, you touched on a good point. One of the
25 things that's been said about a casino anywhere in the

1 city is that it may springboard other development as
2 well, in particular ---. And if it's on North Broad
3 Street, other developments may come forward as a
4 result of the synergy and excitement that the casino
5 will bring. As far as I can tell, the Applicant's
6 traffic engineers' study did not include any estimate
7 for how much additional traffic that --- those
8 developments might generate, notwithstanding the other
9 two developments we've just discussed.

10 Q. Okay. Now, I'd like to refer you to the --- the
11 slide that's on the screen. And I'm going to ask you
12 to explain a term that seems to be --- that's used
13 there. It's called level of service. What does that
14 mean, in a traffic context?

15 A. Level of service is, perhaps, one of the most
16 commonly used terms in traffic engineering. It was
17 designed as a way to simplify the relationship between
18 the quality of traffic flow and the capacity to the
19 layperson.

20 It's much like a report card grade, where you
21 have level of service A being the most desirable
22 condition, and F representing a state where the supply
23 is --- is tighter than the demand, or the volume that
24 wishes to be processed through an intersection is
25 greater than the supply the intersection can afford to

1 it.

2 Q. Okay. Now, would an F be a failing grade for an
3 intersection?

4 A. Yes.

5 ATTORNEY SPECTOR:

6 Okay. Now, I represent to the Board
7 that this slide extracts excerpts from the
8 transportation impact study that was submitted by the
9 Applicant.

10 BY ATTORNEY SPECTOR:

11 Q. And could you explain the --- very quickly, what
12 the chart shows?

13 A. Sure. This is a very small excerpt of several of
14 these tables. These are level of service comparison
15 tables. For every intersection, the 21 or 22
16 intersections that were studied, there are individual
17 approaches, northbound, eastbound, et cetera, and
18 individual turning movements. Those turning movements
19 can have levels of service assigned to them. And
20 then, an overall intersection performance can also be
21 assessed.

22 So, what you see here are excerpts of those
23 tables. For one peak hour --- there were three peak
24 hours that were studied by the Applicant. This peak
25 hour is the Friday p.m. peak, which is some 60 minute

1 period between 4:00 p.m. and 6:00 p.m., which happens
2 to be right around the time that we're talking
3 tonight, which is very helpful, which I'll talk about
4 in a minute. And there --- the table compares the
5 existing condition, which was started in 2012, as
6 shown in the heading, the base condition, which is the
7 future no build.

8 It's projected some point in the future, taking
9 existing traffic, adding background traffic, or
10 leaving out the site. And then, the projected
11 condition, which takes the base and adds the site.
12 And then, finally, the last column, which is any
13 recommended improvements, if applicable, to that
14 location.

15 Q. Now, you see that, on the Applicant's own
16 material on this slide, the Vine Street local
17 proceeding westbound at North 15th Street projected
18 with --- with the build, but without improvements,
19 gets an F. Are you with me?

20 A. I think it's actually southbound, but yes.

21 Q. Okay. I'm looking at the upper section of the
22 --- of the slide.

23 A. Yes. It's the second row, southbound.

24 Q. Right. North 15th Street, going south.

25 Southbound, that SB. And yet, when --- we see the

1 next column, projected, with a footnote. It improves
2 from an F to a D. Can you explain that?

3 A. That means that the improvements that were
4 suggested by the traffic engineer would redistribute
5 the level of service and improve the level of service
6 for that particular movement, as well as the overall
7 intersection.

8 ATTORNEY SPECTOR:

9 Okay. Now, could I see slide 41,
10 please? Go to the next slide. This is taken from the
11 Applicant's material. This is a description of the
12 improvements that they say would need to take place in
13 order to get from an F up to a --- a passing grade.
14 Now, could we see the next slide, please?

15 BY ATTORNEY SPECTOR:

16 Q. This is from the Orth-Rodgers comment on the
17 Applicant's material regarding the improvements, the
18 --- the suggested improvements. I quote, the
19 recommended improvements along the local streets may
20 not be feasible at these locations. The
21 transportation impact study and responses to our last
22 review make recommendations for improvements to the
23 intersections of North 15th and Vine Street Local, as
24 well as Vine Street Local and North Broad Street.

25 After further review, it appears that many of

1 those improvements already exist as operational peak
2 hour conditions that have been implemented by the
3 Streets Department. Others appear to be challenging
4 to construct or of lesser benefit. Now, have you read
5 --- are you familiar with the type of roadway
6 improvements that have been proposed?

7 A. Yes.

8 Q. Do you recall what they were just real quick?

9 A. Yes. They're actually summarized in table eight
10 by the Applicant's traffic engineer, page 17 of one of
11 the earlier traffic studies. For the most part, they
12 include restriping existing approaches. Not
13 necessarily widening, just restriping existing
14 approaches. Signal timing changes, and the most
15 significant improvement that's offered, in my opinion,
16 is the creation of a northbound left turn lane on
17 Broad Street and Callow Hill.

18 Currently, there's a median that exists there
19 today. For some reason, at some point in the past,
20 the City sought to ban that movement. And it has been
21 banned for some time. And the Applicant is proposing
22 reinstating that movement and providing a cutout that
23 would accommodate about five cars in length.

24 Q. Okay. Now, question, sir. Do you have an
25 opinion, to a reasonable degree of certainty as a

1 traffic engineer, on the extent to which the
2 improvements of the type that this Applicant is
3 proposing will actually mitigate any traffic problems
4 caused by this casino?

5 A. I do.

6 Q. And what is your opinion?

7 A. Well, my opinion is that the first level of
8 improvements offered are --- are very marginal. And,
9 as pointed out by Orth-Rodgers, it appears that some
10 additional improvements will be needed. And the
11 Applicant has offered to work with the City and the
12 State ---- the Commonwealth, excuse me, to discover
13 what those improvements are and to actually put them
14 in place.

15 Even if the Applicant spends millions of dollars
16 coming up with improvements that are wholly effective
17 at all 21 of the intersections, the end result would
18 only be to move traffic a little bit further down to
19 the next intersection that is currently extremely
20 delayed and acute. And I say this both as an expert
21 and also as a resident of Philadelphia. And, as
22 Counsel offered earlier, I invite any Board member who
23 has a smart phone to look, right now, on a map app and
24 you'll see that this is the most congested part of the
25 city today, at this point in time. And this is

1 typical of what any Philadelphian faces going through
2 this particular part of the city. So, unless 676 is
3 getting widened and 76 is getting widened, any local
4 improvements are only going to have the effect of
5 getting the cars a little bit faster to the jammed
6 traffic conditions along the highways.

7 Now, this contrasts very plainly with other parts
8 of the city, where you see a lot of green and a lot of
9 areas where traffic is flowing smoothly. Like in the
10 South Philadelphia area, for example. So, my opinion
11 is that, although well intended, any traffic
12 improvements that have yet to be divined aren't
13 necessarily going to solve the problems of the area.

14 BY ATTORNEY SPECTOR:

15 Q. Thank you, sir. Would you go to slide 43,
16 please? And I'd like to point what Orth-Rodgers
17 eventually wrote about all this. In summarizing each
18 of the applications with respect to traffic, they said
19 --- and I'm skipping ahead a bit --- they all
20 reasonably meet the required guidelines. All sites
21 have limited impact to traffic during the build year
22 and the five year after build year, except for The
23 Provence Casino.

24 Due to its location and the critical links
25 required to access the Vine Street Expressway, I-676,

1 some local streets will experience degradation in
2 level of service if proper --- if proper mitigation is
3 not provided. However, The Provence Casino Applicant
4 has committed in writing, letter dated December 19th,
5 to address these issues.

6 A. In my opinion, this statement goes along very
7 nicely with what I just stated to the Board. The
8 letter seems to point out, this applicant in
9 particular, among all applicants, is having unresolved
10 issues that may be very challenging. And although I
11 don't doubt the veracity of the statement by the
12 Applicant to work diligently to resolve these issues,
13 people have been working diligently for decades to
14 solve cancer. And that doesn't necessarily mean the
15 cure is right around the corner. So, without even
16 knowing what the improvements are, it's really hard to
17 get behind the fact that these issues can be resolved.

18 ATTORNEY SPECTOR:

19 Thank you, sir. We're going to jump
20 ahead, because I want to make sure that we don't run
21 out of time. And I'm going to ---. We've heard and
22 the Board questioned closely the Applicant with
23 respect to the claim that only 30 --- that 31 percent
24 of the trips made to the casino would be made on foot
25 by pedestrians. And then, I think you recall the

1 testimony, that they assumed that, well, if you came
2 on foot, you came by public transit.

3 And all of this resulted in the
4 Applicant representing that only 37 percent of the
5 trips would be made by automobile. Now, if the Board
6 will indulge me, you've got to always have a prop. I
7 brought my --- I brought my hat, and I brought my
8 rabbit. The rabbit says, only 37 percent auto,
9 question mark. You get back ---.

10 ATTORNEY QUAGLIA:

11 Mr. Chairman, we object to the rabbit
12 testifying.

13 ATTORNEY SPECTOR:

14 I understand.

15 CHAIRMAN:

16 We want to see what the rabbit's going
17 to say and do.

18 BY ATTORNEY SPECTOR:

19 Q. Okay. Now, there's been some testimony about it,
20 but ---. And so, I'm going to ask you, sir, to, first
21 of all, focus on the slide in front of you. What is
22 that slide?

23 A. This is table three from the Applicant's traffic
24 study. I believe, specifically, this was included in
25 Appendix D, which dealt with trip generation.

1 Q. And could you just give an overall explanation?
2 What does it represent?

3 A. Sure. I mean, this was discussed earlier today,
4 in fact. This shows what the modal split is for
5 traffic at the ---.

6 CHAIRMAN:

7 Excuse me, sir. Can you just make sure
8 you keep the mic ---? Thank you very much.

9 A. Thank you. This shows what the modal split is
10 for the proposed location, vis-à-vis Task Force
11 recommendations and what the Applicant discovered by
12 performing its own analyses at the SugarHouse Casino.
13 So, in broad terms, the table is really two tables.

14 The left side is what was identified by the Task
15 Force report in 2005, 2006, at some site along North
16 Delaware Avenue, which was entitled North Delaware
17 Area. And the right side is some site in Center City.

18 The first column under the first half shows what the
19 Task Force recommended as the allocation for different
20 types of traffic, whether it was mass transit or
21 public transit. The terms are interchangeable.

22 Casino bus or casino shuttle, again, interchangeable,
23 et cetera. So, the first column --- or the second
24 column from the left in the table, shows what the Task
25 Force recommended for Delaware Avenue.

1 And, of course, that was before
2 SugarHouse opened. So, now that SugarHouse is open,
3 you can perform some data collection and compare that
4 to what was thought to possibly occur. And the first
5 row shows that TPB obtained as much as 17 percent of
6 trips were based using mass transit, which was 11
7 percent greater than what the Task Force recommended.

8 And, if I should continue, what it then did,
9 apparently, is used that percentage point increase as
10 a justification to increase what the Center City site
11 recommendation was nine years ago. Twenty (20)
12 percent, added 11 percentage points to get 31 percent.

13 Q. Okay. Now, is it fair to say, so that the higher
14 the percentage of public transit, the lower the
15 percentage of automobile travel to the site?

16 A. Yes. If you increase the mass transit trips,
17 then the number of automobile-based trips would be
18 reduced proportionately, typically.

19 Q. Could you go to slide 57, please? What is this,
20 Mr. Tavani?

21 A. This is a satellite view of the SugarHouse
22 casino, which is shown, basically, as that white,
23 amorphous shape in the upper right center of the
24 slide. It also shows the parking areas that surround
25 the SugarHouse, Delaware Avenue, Christopher Columbus

1 Boulevard, which is right there. And what you're
2 pointing to right there is what's, essentially, the
3 main accents --- main access or southern access, as
4 it's referenced, to get into the SugarHouse Casino.

5 Q. Now, can we agree that the cursor is moving
6 around what is basically the --- the bus stop and
7 trolley stop site that is on the north side of
8 Delaware Avenue?

9 A. Correct.

10 Q. And that's very close, right across the street
11 ---? Whoops, I'm sorry. That's right across the
12 street from the casino, the SugarHouse Casino;
13 correct?

14 A. From the casino's southern driveway, yes.

15 Q. Right. And how does that compare to the distance
16 that someone has to travel from a suburban station to
17 the site of the Tower project?

18 A. Well, this is much closer. As you heard from the
19 Applicant, that distance is on the order of four-
20 tenths of a mile or greater, depending on where you
21 touch down in Suburban Station. This is right on the
22 border of the site.

23 Q. Okay. Let's go back to the table three for ---
24 for a moment. There we go. Just take us through the
25 rest of the chart.

1 And my question to you, sir, is, was TPD
2 consistent in how it approached the different
3 percentages that would be used by each mode of
4 transportation? You've described how it approached
5 public transit by simply noting the difference between
6 the Task Force estimate and what it actually observed
7 at SugarHouse, and added the difference to the Task
8 Force estimate for a Center City site. Did it do that
9 for the other modes of transportation?

10 A. No. A different rationale is assumed to be used
11 for the different modes. So, for the casino bus or
12 shuttle bus, the Task Force recommended nine percent
13 to Delaware Avenue.

14 It was discovered that seven percent is what
15 really occurred at SugarHouse, which --- which is a
16 difference of two percentage points lower. So, using
17 the methodology that was for public transit, one might
18 expect that that negative two would have been applied
19 to the eight percent for the Task Force recommendation
20 for the Center City site. But instead of lowering it,
21 that percentage was actually increased by over 50
22 percent.

23 Five percentage points was added to the
24 8 percent recommendation to yield an expectation of 13
25 percent patronage of the casino bus. There's actually

1 a convenient footnote that's added to that five
2 percent number. And it's footnote three, which reads,
3 adjusted based on Applicant's anticipated provision of
4 significant shuttle service.

5 Q. So, they adjusted it because the Applicant said
6 something to them; is that correct?

7 A. That seems to be what it says.

8 Q. Okay. Now, let's drop down. How did they arrive
9 at the 37 percent for auto? Take us through that.

10 A. Well, just going very quickly through the next
11 two categories, the taxi was found, much like the
12 casino bus, to be slightly lower at SugarHouse than
13 what was expected. In this case, that was not applied
14 as a reduction. Nor was anything added. It was just
15 left as 11 percent, with no explanation given. And
16 pedestrian trips, the expectation was zero on Delaware
17 Avenue. Interestingly, it says, zero percent was
18 observed.

19 Although, there was actually something non-zero
20 observed, which I'll get to later. But the ---
21 despite that, the Center City recommendation was four
22 percent. That was doubled to eight percent, with the
23 footnote added that there was a --- recent city
24 studies regarding mode share. I'm not sure, exactly,
25 what the study stipulated, that people were walking

1 more, for whatever reason. But this was rather
2 generously increased by a factor of 100 percent, or
3 doubled.

4 And then, footnote five, unfortunately, is cut
5 off on the slide. But what it said, essentially, was,
6 the determination for the automobile mode share and
7 the 37 percent shown was just what was left over. So,
8 if you added up the 31 percent, the 13 percent, the 11
9 percent and the 8 percent, you got a total of 73 ---
10 or 63.

11 And then, that's subtracted from 100 gave you 37
12 percentage points, which happen to be 20 percentage
13 points lower than what was recommended by the Task
14 Force. And the only justification given was it was
15 what was left over.

16 Q. So, what's the ultimate purpose of the traffic
17 study?

18 A. Well, a traffic study's very simple. I mean, the
19 most fundamental, you collect data. You perform
20 traffic counts. And that could be counts of cars,
21 buses, people. And then, you project how that grows
22 in the future.

23 And then, you analyze the future condition,
24 determine if there's deficiencies or things that need
25 to be mitigated, and then offer to mitigate them.

1 Q. And ---?

2 A. This particular study is unique or it's different
3 than a lot of traffic studies, in that there's this
4 attempt at providing these mode share splits, which
5 has the effect of reducing vehicle-based trips, or
6 automobile-based trips, taxis, by increasing,
7 potentially, public transit, taxis, pedestrians,
8 bicycles.

9 Q. So, you mentioned that they treated the
10 automobile percentage just as a leftover?

11 ATTORNEY SPECTOR:

12 Members of the Board, I --- I apologize.
13 There was a footnote five that's a --- that got cut
14 off at the bottom of this slide. And I simply want to
15 read it in the record, which, essentially, confirms
16 what the witness just said. It says, quote --- and
17 this is the footnote to the auto percentage. The
18 deduction of 20 percent, footnote five. The footnote
19 reads, quote, resultant change to usage based on other
20 modal adjustments, unquote.

21 BY ATTORNEY SPECTOR:

22 Q. So, they started with public transit. And they
23 did the others. And then, you treated auto as
24 leftover.

25 My question to you, Mr. Tavani, is, is there any

1 reason why they couldn't have started with automobile
2 and seen that the locally-obtained percentage was 71
3 percent, which was 7 percentage points lower than had
4 been projected, and simply subtracted using the same
5 concepts? Subtracted that seven percent from the Task
6 Force Center City projection and then they would have
7 come up with 50 percent; correct? Is there any reason
8 why they couldn't do that?

9 A. None that I can see. So, essentially, if the
10 auto row was substituted for the first row, where
11 public transit is, and things were shifted, as you
12 just stated, what was observed at SugarHouse was more
13 than seven out of every ten trips, 71 percent, were
14 automobile based, which was somewhat lower than what
15 the Task Force suggested, applying that as a credit to
16 the Center City site, which I'm not necessarily saying
17 I can agree with. But using that logic, then, you
18 would have had 50 percent automobile-based trips.

19 I would offer that one of the reasons, perhaps,
20 why public transit was used first and why this plus 11
21 percent was added, you heard the Applicant talk about
22 a SEPTA report that, since 1999, there's been an
23 increase in --- in SEPTA patronage. I saw the slide.
24 I couldn't read it very --- very well. And I don't
25 have the report handy. But I do know that, over the

1 last 15 years, there has been ---. While there's been
2 a constant population in Philadelphia as a whole,
3 Center City, Philadelphia has been increasing in
4 population rather significantly. And part of it's due
5 to the ten-year tax abatement that happened to be
6 started right around the late '90s.

7 And I would submit that if SEPTA patronage has
8 been increasing since that time, it's probably because
9 traffic as a whole may be increasing, and not that
10 there's been a modal split or any kind of shift that
11 would support this 11 percent observation.

12 Q. Mr. Tavani, with your explanation that the auto
13 percentage of 37 percent was just a big leftover, I
14 remove the rabbit from the hat.

15 CHAIRMAN:

16 We're all grateful for that.

17 ATTORNEY SPECTOR:

18 Thank you.

19 BY ATTORNEY SPECTOR:

20 Q. Let's go back and see how they actually got this
21 locally obtained number of 17 percent.

22 CHAIRMAN:

23 Counselor, can I ask you, how much
24 longer do you think you'll be?

25 ATTORNEY SPECTOR:

1 I would say about 15 minutes.

2 CHAIRMAN:

3 Okay. Go ahead.

4 ATTORNEY SPECTOR:

5 That's ---.

6 CHAIRMAN:

7 Fifteen (15)?

8 ATTORNEY SPECTOR:

9 Yeah. Thank you.

10 CHAIRMAN:

11 All right.

12 BY ATTORNEY SPECTOR:

13 Q. Mr. Tavani, in the interest of time, I want to
14 direct your attention to the 17 percent figure in this
15 --- in this slide. What is this slide?

16 A. This slide is the top of page 19 from a 19-page
17 PDF that was dated December 19th, which was TPD's
18 response to a letter by Orth-Rodgers regarding
19 additional information for trip generation.

20 Q. Okay. Now, would you ---? I want to circle, or
21 point the cursor to the board, to the numbers here for
22 pedestrians entering. If my eyes are serving me well,
23 it's 223 people entered as pedestrians and 82 left as
24 pedestrians. Is there anything on here that actually
25 talks about public transit?

1 A. No. And I should probably explain very briefly
2 and quickly what this slide is once again. This is
3 from one peak hour. This is the peak hour on Friday
4 afternoon, some --- some hour between 4:00 and 6:00.
5 The first --- the very top table is broken up into
6 entering traffic on the left side, exiting traffic on
7 the right. And then it's broken down into five
8 different modes of traffic, the first column being
9 cars, the second being taxis. Third is shuttles.
10 Fourth is pedestrians. Fourth is bicycles.

11 This is a little bit different than the modal
12 spilt from table three, which did not use bicycles,
13 for example, and it did include public transit. This
14 table doesn't include public transit as a heading
15 anywhere. So, that's how that's broken down.

16 The top half are actual trips. The middle of the
17 top of the slide is a --- a load factor is applied to
18 convert those trips to actual people or visitors. And
19 then the remainder of the slide are just summaries of
20 all the data above.

21 Q. Now, we --- you say that there's nothing on here,
22 on this --- these are the actual counts that TPD did
23 of people coming and going, and cars coming and going,
24 from the SugarHouse site. This is the locally
25 observed raw data; is that correct?

1 A. That's right.

2 Q. Okay. Now, if there's nothing on here about
3 public transportation, how did they come up with a
4 public transportation figure of 31 percent on their
5 trip allocation table?

6 A. Well, you may recall from table three that the
7 pedestrian percentage that was shown as being locally
8 observed was zero. And you can see here that it's
9 actually 18 percent, 12 percent, 16 percent, depending
10 on what you're looking at.

11 But it's something that's not zero. So, it
12 appears that any pedestrian trip was inferred to be
13 people who were walking into the site, coming from the
14 local bus stops along Christopher Columbus Boulevard.
15 And that was the basis for public transit percentages
16 used in table three.

17 Q. So, they took pedestrians and assumed that all
18 the pedestrians got there by public transit?

19 A. It appears to be that way. Table three has a
20 heading called Typical Distribution of Transportation
21 Modes, which itself is a little bit unclear, if that
22 was applied to all peak hours or if it was
23 representative of one particular peak hour. But,
24 essentially, the answer to your question is yes.

25 Q. Okay. Now, did they --- were these the

1 percentages in this Friday afternoon peak hour shown
2 on this side, that were then plugged in to table three
3 as the actual trip allocation mode percentages?

4 A. They seem very similar. If you look to the ---
5 the middle table, that's like a half table on the left
6 side. You see the last row, 71 percent, 5 percent, 7
7 percent, 16 percent, and 1 percent. If you look back
8 at table three, you see those exact same numbers, or
9 something very close to it.

10 Q. Well, you see those exact same numbers with one
11 exception. The public transit, or the pedestrians, as
12 you've explained it, on the raw data, was 16 percent.
13 Now it shows up as 17 percent. Can you explain that?

14 A. There was one percent modal share for bicycles.

15 Q. So, they added bicycles to pedestrians to come up
16 with public transit; is that right?

17 A. If you do that, all the numbers match this column
18 perfectly. So, that is my hypothesis.

19 Q. Does it make sense that someone who's riding a
20 bicycle to the casino gets counted as having used
21 public transit?

22 A. I can speculate that, perhaps, they were assuming
23 someone who rode a bicycle might ride --- ride a
24 bicycle to a bus stop or a train stop and then you
25 take the train or bus the remainder of the trip into

1 the casino, I guess.

2 Q. Let's go, please, to slide number 54. That'd be
3 the one, yes. Again, in the interest of time, sir,
4 I'd like you to explain what this slide is and tell us
5 if you think that, with the use of the circles, it
6 shows a clear error on the face of the document that
7 affects how the pedestrian percentages for these two
8 time slots are calculated.

9 A. Counsel, it might be helpful if we could go back
10 to the other slide, where the numbers are a little
11 larger, first?

12 Q. Okay. There we go.

13 A. Thank you. So, again, looking at the cars in the
14 upper left corner, you see 467. If you go below that,
15 you'll see 701. There appears to be a load factor
16 that was applied to get to that number of visitors.

17 And there's a footnote on this page that says,
18 the assumption that 1.5 people per car were in every
19 car present going in and out of the casino. So, 467
20 times 1.5 gives you 701. There's also a footnote that
21 says, taxis were assumed to have 2 people per vehicle.
22 Seventeen (17) times 2 is 34, which, as the pointer is
23 showing, is right there. So, so far, the math works.

24 Twelve (12) people were assumed in each shuttle.
25 There were 5 shuttles in this peak hour. Five (5)

1 times 12 is 60. And then, finally, the footnote at
2 the bottom also says that a load factor of one was
3 applied to pedestrians and bicycles, because they
4 didn't assume anyone was riding on someone's
5 shoulders. So, you have 223 becomes 223 in peds and 7
6 becomes 7 in bicycles. But I think what you were
7 referring to, Counselor, ---

8 BY ATTORNEY SPECTOR:

9 Q. Let's go back then, to the ---

10 A. --- is the other slide.

11 Q. --- the other slide. The one with the red
12 circles on it.

13 A. If you look in the other peak hours beneath, the
14 Friday evening and the Saturday, it appears that the
15 223 and the 7 were erroneously repeated in those
16 middle tables. And I'm not sure exactly why. It
17 could have been that instead of a formula where it was
18 referring to the cell above, someone just hard entered
19 the 223 and hard entered 7.

20 But the numbers repeat, inexplicably, in --- in
21 these two tables, both on the entering column and the
22 exiting column. And that artificially drives up the
23 pedestrian percentage during each of these peak hours
24 to be something close to 17 percent. If you go back
25 and do the math properly, you get something

1 significantly lower during these hours. I think it's
2 8 percent during the Friday evening and 12 percent
3 during the Saturday.

4 Q. Okay. So, just to clarify, what you --- what
5 you've shown here is that, somehow, the Applicant, in
6 presenting the raw data, was supposed to take for
7 these Friday evening and Saturday evening peak hours
8 the number of pedestrians and multiply them by one so
9 that it would show up as a total number of visitors in
10 the same amount as they had actually counted.

11 But when they actually did it, after applying ---
12 multiplying it by 1, they came up with 223 in each of
13 those instances instead of the number that they had
14 actually observed. And the same thing, both entering
15 and leaving, and also with regard to bicycles, they
16 just kept plugging in what they had --- what they had
17 come up with in the Friday afternoon hour and applying
18 it to the Friday evening and Saturday evening hour.
19 Could we go to the slide, please, that summarizes what
20 this adds up to? What is this slide, sir?

21 A. As it --- as it's titled, this is the corrected
22 data for pedestrian percentages for each of the three
23 peak hours studied. So, on the left side, the data
24 was summarized as being 16 percent, 17 percent, and 15
25 percent. And, as we talked about a few moments ago,

1 those numbers were --- were essential in deriving what
2 the auto percentage was, since that was just the
3 leftover.

4 So, if those numbers are something different for
5 each of these peak hours, then the automobile
6 percentage, using the logic offered, would change.
7 What's shown on the right of the slide are the
8 corrected numbers for the two other peak hours, the 8
9 percent and 12 percent I had mentioned earlier. That
10 could have the effect, if some average was used ---
11 again, it's unclear --- of bumping up the auto
12 percentage to 43 percent.

13 Q. Thank you, sir. Now, let's go to the next slide.
14 And we only have a little bit further to go.

15 The Applicant, as we established earlier, assumed
16 that anybody who was a pedestrian, anyone that it
17 counted as a pedestrian, must have come by public
18 transit. Now, we can see on this slide that there ---
19 this slide you referred earlier to three different
20 directions from which you could access SugarHouse; is
21 that correct, sir?

22 A. Yes.

23 Q. And one of those directions was from this
24 direction that is referred to as Penn Street. And I
25 think the Applicant actually did not identify the

1 correct street. It's Penn Street and Ellen Street.
2 They called it Penn and Luellen Street. And I'll
3 stand corrected if I'm wrong, but I think I'm not.
4 Now ---.

5 A. You're correct. And that intersection is the
6 southernmost location, which is directly in front of
7 two tall residential towers.

8 Q. Okay. Can we go to the next slide, please, the
9 overhead of the SugarHouse? Now, that --- this
10 exhibit in the callout box here, that's pointing to
11 that intersection; is that correct?

12 A. Yes.

13 Q. Now, could you explain to me whether it makes
14 sense to say that anybody who came through that
15 intersection as a pedestrian should be counted as
16 having used public transit?

17 A. It appears very unlikely. First of all, anyone
18 who was on a bus along Delaware Avenue probably would
19 have gotten off at the main exit. That would have
20 resulted in a shorter walking distance to the front
21 door, rather than walk through that little convoluted
22 area near Penn and Ellen. And then walk a longer
23 linear distance to get to the front door. What seems
24 more likely is any pedestrian activity at that
25 entrance point was probably people who lived in that

1 significant pedestrian --- or residential development
2 of those towers shown in the circle and, therefore,
3 were not really mass transit trips. They were
4 actually true pedestrian trips.

5 Q. When you refer to these towers, what are these
6 towers?

7 A. You know, I forget the name of them.

8 Q. The Walnut Towers?

9 A. Perhaps.

10 Q. In any event, what type of --- of towers are
11 they?

12 A. They are very tall, very --- relatively new
13 residential buildings.

14 Q. Residential buildings? Multi-story high-rises;
15 correct?

16 A. Yes.

17 Q. Last point, sir. If we look at table four, which
18 is slide --- no, 59. Try 59. Yes. Table four, sir.
19 This is also in the Applicant's materials.

20 And I just want to point out the top line. It
21 shows that they were projecting at the casino, from
22 the 3,300 slots and the 150 table games, a total of
23 2,505 trips of various modes. Are you with me?

24 A. I am.

25 Q. Now, do you recall ---? We can go to the ---

1 there was a slide that had footnotes in it in very
2 small print for SugarHouse. There it is. And it's
3 very hard to read.

4 ATTORNEY SPECTOR:

5 But I'll point out to the Board that
6 that --- there's a footnote there that says that TPD,
7 when it was making local observations at SugarHouse,
8 assumed that, when it came to table games as opposed
9 to slots --- we're talking about poker tables or
10 blackjack tables. They assumed that there would be
11 7.5 gaming positions per gaming table.

12 BY ATTORNEY SPECTOR:

13 Q. That's one of those footnotes; correct?

14 A. It is.

15 Q. Now, go back to table four, please. Can you tell
16 us ---? And you can skip the arithmetic, if need be.
17 But have you done any computations from which you
18 could determine what those calculations show for the
19 number of gaming positions per gaming table that TPD
20 was assuming had at the Tower Casino?

21 A. Well, certainly. Table 4 or table 4A in the
22 Applicant's traffic study, the very first row
23 summarizes the casino land use. And it shows the
24 variable of gaming positions, but does not really
25 explain exactly how many gaming positions were

1 assumed. In fact, I think it was a Board member who
2 asked earlier, during Applicant's presentation, how
3 many gaming positions were assumed. And I believe the
4 Applicant offered about 4,300.

5 And you see that there's 3,300 slots, each slot
6 corresponds to one gaming position. So, that's 3,300.
7 You see total trips is 2,505. And then, you see 150
8 tables.

9 So, if you wanted to try and calculate how many
10 gaming positions per table were assumed in
11 --- in this table for this summary, then you could
12 just do some simple math to apply the 2,505 to the
13 3,300 slots, the 150 tables, and solve for X, which is
14 the number of gaming positions. So, in doing that,
15 what you're left with, if you use the trip generation
16 rate of .623 per gaming position, which it appears is
17 what was suggested in Appendix D, that gives you a
18 ratio of 4.8 seats per table. 4.8 times 150 give you
19 720. 720 plus 3,300 is 4,020. 4,020 times .623 gives
20 you 2,504, or 2,505.

21 Q. Does this slide go through the calculation you
22 were just referring to?

23 A. Yes.

24 Q. Does it make sense to you, sir, that, as opposed
25 to observing 7 and a half gaming positions or gaming

1 tables at SugarHouse, that TPD would assume only 4.8
2 gaming positions per gaming table at The Provence?

3 A. It would only make sense if the table games were
4 significantly different and much smaller.

5 Q. And if you assume fewer table gaming positions
6 per gaming table, is it fair to say that that would
7 depress the number of trips and, therefore, depress
8 the number of cars that you're saying would hit the
9 streets?

10 A. That would be fair.

11 ATTORNEY SPECTOR:

12 Thank you. There's no further
13 questions. And if the Board has any questions ---?

14 CHAIRMAN:

15 Does the Board have any questions?

16 Okay. Thank you.

17 ATTORNEY SPECTOR:

18 One last thing, somebody gets the bunny.
19 Mr. Blatstein.

20 CHAIRMAN:

21 All right. Counselor for Tower, I think
22 the Board is constrained, given the amount of
23 information that was produced which you and Tower were
24 unaware of, to give you the opportunity to respond to
25 this in a more formal way. Understandably, both the

1 Intervener and Tower Entertainment have the
2 opportunity to file a post-hearing memorandum on or
3 before Monday, February 10th, 2014.

4 However, given the volume of the
5 testimony, I think it's only fair that you and ---
6 you, representing Tower, have the opportunity to make
7 a presentation to the Board. I'll leave that up to
8 you. We can squeeze it in tomorrow or Thursday.
9 We'll certainly leave that up to you.

10 ATTORNEY QUAGLIA:

11 Thank you, Mr. Chairman. I'd obviously
12 like to consult with our --- our traffic people before
13 I select a time, but we appreciate the opportunity.

14 CHAIRMAN:

15 All right.

16 ATTORNEY SPECTOR:

17 Mr. Chairman, if I may? If it's going
18 to be squeezed in, I respectfully request it be
19 tomorrow. I have a conflict for Thursday.

20 CHAIRMAN:

21 I'll do what I can, but I can't promise,
22 sir, okay? The reality is you produced some
23 testimony, slides no one was aware of and that put all
24 of us in a difficult position. We're now trying to
25 get out of that difficult position. Had all of this

1 been produced and everybody was aware of what was
2 going on, we wouldn't be in this jam. That's why
3 we're here. And the Board has an obligation to be
4 fair to Tower Entertainment; okay? So, I'll do the
5 best I can, but I can't promise you.

6 All right. At this point, that should
7 end the proceedings for today. And I would ask, if
8 there's a motion to adjourn?

9 MR. MOSCATO:

10 Motion.

11 MR. FAJT:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 All right. We're adjourned. Thank you,
18 ladies and gentlemen.

19 -----

20 JANUARY 30, 2014

21 HEARING RECONVENES

22 -----

23 CHAIRMAN:

24 Good morning, ladies and gentlemen. My
25 name is Bill Ryan. I'm the Chairman of the

1 Pennsylvania Gaming Control Board. And I will now
2 call to order this meeting. All seven of the Board
3 members are present. And also present is Jim Lincoln,
4 who is representing the Treasurer for the State of
5 Pennsylvania, Robert McCord, who is an ex-officio
6 member of this Board.

7 We are starting today, as I hope you all
8 know by now, by hearing from Tower Entertainment in
9 response to testimony presented by Interveners Rodeph
10 Shalom Congregation, the --- or Congregation Rodeph
11 Shalom, excuse me, the Mathematics, Civics, and
12 Sciences Charter School, and Friends Select School, on
13 Tuesday afternoon. Despite requirements of the Board,
14 the Interveners did not provide copies of their
15 exhibits and evidence to the Board and to Tower
16 Entertainment in advance of their presentation.

17 Therefore, because Tower did not have
18 notice of the content of the presentation, the Board
19 is providing this opportunity for Tower to provide a
20 response. In addition, we will ask the OEC if it has
21 any additional comment. We anticipate this can be
22 accomplished in about 30 to 35 minutes. At least,
23 that's our hope. And upon completion, we will then
24 begin the scheduled suitability hearing of Stadium
25 Casino. So, with that, some background, Mr. Quaglia,

1 I'll turn it over to you, sir.

2 ATTORNEY QUAGLIA:

3 Good morning, Mr. Chairman, and thank
4 you. That's Ray Quaglia, Q-U-A-G-L-I-A, with the
5 Ballard Spahr Law Firm. This is our plans ---.

6 CHAIRMAN:

7 Excuse me, sir. I apologize. I got
8 thrown off-kilter by this, and I did not have us all
9 stand for the Pledge of Allegiance.

10 PLEGE OF ALLEGIANCE RECITED

11 CHAIRMAN:

12 Thank you all.

13 ATTORNEY QUAGLIA:

14 Thank you. It's our plan today to call
15 a single witness in rebuttal this morning. That would
16 be Eric Ostinchuk, O-S-T-I-N-C-H-U-K, who was
17 qualified by this Board as an expert in traffic
18 engineering when he testified at our hearing on
19 Tuesday. If I could ask Mr. Ostinchuk to come to the
20 podium? Mr. Chairman, I don't know whether we want
21 him to carry over his prior his oath, or whether we
22 want to re-swear him.

23 CHAIRMAN:

24 You're already under oath.

25 -----

1 ERIC OSTINCHUK, HAVING BEEN PREVIOUSLY SWORN,
2 TESTIFIED AS FOLLOWS:

3 -----

4 A. I am.

5 CHAIRMAN:

6 So, we know that. Not to worry.

7 ATTORNEY QUAGLIA:

8 And Mr. Chairman, before I begin
9 questioning with Mr. Ostinchuk, we did have one
10 additional exhibit to move into evidence. It's a
11 collection of five slides that we're going to be using
12 today with Mr. Ostinchuk. An electronic copy has been
13 provided to --- to the staff. And we've shown a copy,
14 a hard copy, to OEC.

15 I apologize. We do not have any hard
16 copies for the Board at this time. We're going to be
17 submitting subsequent sets of hard copies for
18 everyone. But for this morning, the slides will be on
19 the screen. As we would request that they be admitted
20 as Exhibit 12.

21 (Tower Entertainment Exhibit 12 marked
22 for identification.)

23 CHAIRMAN:

24 Cyrus?

25 ATTORNEY PITRE:

1 No. We have no objection.

2 CHAIRMAN:

3 Then it will be admitted as Exhibit 12.

4 ATTORNEY QUAGLIA:

5 Thank you.

6 DIRECT EXAMINATION

7 BY ATTORNEY QUAGLIA:

8 Q. Good morning, Mr. Ostinchuk.

9 A. Good morning.

10 Q. Were you here on Tuesday when Mr. Spector
11 presented to the Board two handmade videos?

12 A. Yes.

13 Q. Okay. And did those videos have any bearing on
14 the results of TPD's traffic impact study?

15 A. No, they do not.

16 Q. And why don't they?

17 A. First, they were taken on January 23rd and 24th
18 of this year, immediately after the record snowfall
19 that we had on the 21st and the 22nd. We do not
20 design for inclement weather. We don't ---.

21 CHAIRMAN:

22 Keep your voice up, sir.

23 A. Certainly. We do not conduct our traffic
24 analysis during the rain and snow conditions. Second,
25 the traffic studies were not based on site

1 evaluations. There could have been a recent incident
2 causing those delays. We measure traffic over a one
3 hour period to determine the average impact. Third,
4 those videos do not account for any planned
5 improvements, which are designed to address those
6 specific points.

7 BY ATTORNEY QUAGLIA:

8 Q. Thank you. With respect to parking, Mr. Spector
9 testified on Tuesday about the future unavailability
10 of the 270 space LDS Church parking lot. Were those
11 270 spaces included in the parking numbers to which
12 you testified to the Board?

13 A. No.

14 Q. Did TPD prepare the parking overview map that Mr.
15 Spector used during the Interveners' presentation?

16 A. No.

17 Q. Does that map that was shown to the Board by Mr.
18 Spector reflect TPD's parking analysis?

19 A. No.

20 Q. Is there an overview map that does reflect TPD's
21 analysis?

22 A. Yes.

23 Q. And if you would look at the map that is on the
24 screen right now, Mr. Ostinchuk, does this map reflect
25 TPD's parking analysis?

1 A. Yes, it does.

2 Q. And does this map include the LDS Church parking
3 lot?

4 A. No.

5 Q. We also heard testimony on Tuesday that certain
6 other existing off-site parking lots would be
7 unavailable to The Provence. Do you recall that
8 testimony?

9 A. Yes.

10 Q. Is one of those lots a 700 car parking garage at
11 Hahnemann Hospital?

12 A. Yes.

13 Q. Do you agree with Mr. Spector's comment that
14 there would not be parking at Hahnemann in the
15 evenings?

16 A. No.

17 Q. And why not?

18 A. TPD visited the Hahnemann lot four evenings and
19 weekends from January 10th to the 17th to check for
20 available parking. And under each of those visits, we
21 noted over 200 available parking spaces.

22 Q. We were also told by the Interveners that two
23 lots on Broad Street with 380 total spaces are planned
24 for development. And also, the Community College of
25 Philadelphia with 560 spaces, and Museum Towers with

1 250 spaces, are allegedly restricted. Do you recall
2 that testimony?

3 A. Yes.

4 Q. Assuming the Interveners were correct in that
5 testimony, would the removal of those roughly 1,200
6 spaces from the vicinity of The Provence change TPD's
7 professional opinion that there is more than
8 sufficient parking for this project?

9 A. No.

10 Q. And why not?

11 A. Three reasons. First, The Provence would have at
12 least 2,400 dedicated parking spaces, which should be
13 more than sufficient to meet the anticipated need.
14 Second, without the 1,190 street spaces, there are
15 still 2,600 available off-site parking spaces within a
16 five minute walk from The Provence.

17 If we increased our five minute walk radius by
18 one to two minutes, we picked up an additional 1,500
19 spots. So, as you can see, even though the parking
20 was challenged by the Interveners, there is more than
21 ample for the needs of the project. Further, The
22 Provence has been willing to increase its dedicated
23 parking by over 350 spaces by converting a Spring
24 Garden self-parking lot to valet parking.

25 The formula for the parking is going to be 1.5

1 valet spots per one typical parking spot. It's a 50
2 percent difference. There are 716 self-parking spots
3 on the Spring Garden lot. So, the valet conversion
4 will produce a net gain of 358 spaces.

5 Q. Thank you. Now, did you determine that 24 ---?
6 How did you determine that 2,400 on-site spaces is, in
7 fact, accurate for this site?

8 A. Aside from having the benefit of Mr. Blatstein's
9 vast experience with parking needs work and
10 development and Isle of Capri's experience with
11 parking needs at a gaming facility, we looked at the
12 applicable zoning standard and adjusted it for The
13 Provence's Center City location and objective needs of
14 traffic.

15 Q. Do you recall Mr. Spector's faulting TPD for not
16 accounting, in its 2013 traffic impact study, for the
17 planned new Comcast building that was first announced
18 on January 15th of this year?

19 A. I do, yes.

20 Q. And this may be an obvious one. But why didn't
21 TPD include the Comcast building in its traffic impact
22 study?

23 A. Well, since the building hadn't been announced at
24 the time we completed our TIS, we were not aware of
25 it.

1 Q. Now that the building has been announced, does
2 that change the result of your analysis?

3 A. No.

4 Q. Okay. And why not?

5 A. It's an IPod building. Their employee arrival
6 and departures don't coincide with The Provence's peak
7 hours.

8 Q. The Board heard expert testimony on Tuesday from
9 a traffic engineer named Frank Tavani. To your
10 knowledge, did Mr. Tavani ever perform a traffic
11 impact study for The Provence?

12 A. Not to my knowledge, no.

13 Q. Mr. Tavani testified that TPD's planned
14 improvements would just push problems one block
15 further away; is that correct?

16 A. No. I'm sorry. He --- no. The particular
17 improvements that Mr. Tavani referred to were early in
18 the process. Subsequent improvements have been
19 identified with ongoing coordination with PennDOT to
20 open existing points, specifically Broad and East
21 Vine, and the Vine Street Expressway. These
22 improvements will remove problems, not relocate them.

23 Q. Mr. Spector devoted a lot of time to the trip
24 generation data that TPD reported for trip amounts.
25 In an effort to spend somewhat less time responding,

1 would you first briefly explain to the Board how, if
2 at all, you derived public transit projections from
3 the number of pedestrians that TPD counted for trip
4 amounts?

5 A. Certainly. We have stations at the entrances and
6 exits to SugarHouse to count the number of people
7 entering and exiting and the means by which they
8 arrive at the parking. Public transit does not enter
9 into the casino grounds, so we cannot count any of
10 them coming that are going on public transit.

11 We did, however, count the amount of people
12 walking in and out of the site. Since everyone who
13 came went by public transit would be on foot when they
14 entered or left the site, we arrive at public transit
15 figures based, in part, on the number of pedestrians
16 we counted. Regardless of whether they walked all the
17 way from SugarHouse or just from the nearest stop,
18 these people did not drive.

19 Q. Mr. Tavani identified what appeared --- or
20 indicated on the slide. Mr. Tavani indicated what
21 appeared to be certain numerical errors concerning
22 pedestrians in a TPD spreadsheet entitled Traffic
23 Data, Friday and Saturday evening, Peak Hours at
24 SugarHouse. Can you explain for the Board what
25 happened with those numbers?

1 A. Yes. We have previously agreed that the second
2 spreadsheet concerning the SugarHouse, which was
3 entitled Traffic Data on Friday in the Peak Hour. The
4 numbers on that spreadsheet are correct.

5 Unfortunately, when we created our spreadsheet for
6 Friday and Saturday evening peaks, we inadvertently
7 carried over certain pedestrian counts from the Friday
8 evening spreadsheet. While the numbers were correct
9 for Friday afternoon, they were higher than the actual
10 pedestrian count for Friday and Saturday evenings.

11 Q. Okay. Did that error affect the reported number
12 of arrivals by vehicle or automobile?

13 A. No.

14 Q. Have you now re-run the Friday and Saturday
15 evening spreadsheet and corrected those?

16 A. Yes.

17 Q. Is this the corrected spreadsheet that's now on
18 the screen?

19 A. Yes.

20 Q. Do you recall Mr. Tavani's testimony that TPD has
21 estimated that 43 percent of patrons would arrive by
22 automobile instead of the 37 percent that the TPD
23 impact said?

24 A. Yes, I do recall.

25 Q. Does increasing the run of the trip generation

1 number from 37 percent to 43 percent, as Mr. Tavani
2 suggested, change, in any material respect, your prior
3 testimony to this Board with respect to vehicular
4 traffic?

5 A. No. It had an impact, just a minimal one.
6 Although the percentage of vehicles relative to total
7 trips increased, the total number of vehicles
8 projected stays essentially the same. In other words,
9 reducing the pedestrian count does not necessarily
10 mean an increased vehicle count. It just reduces the
11 total number of trips to the casino.

12 For example, Friday night when we reran our
13 model, we saw the corrected numbers as indicated on
14 the screen. We counted a total number of vehicle
15 trips increased slightly from 906 to 918. This
16 translates to just one additional car every five
17 minutes.

18 CHAIRMAN:

19 Excuse me sir. One additional car ---?

20 A. Every five minutes.

21 BY ATTORNEY QUAGLIA:

22 Q. Do you recall Mr. Tavani's testimony that TPD's
23 footnote that one table game equates to 7.5 gaming
24 positions is inconsistent with this trip generation
25 summary for The Provence? That the table will impact

1 --- have an impact on the study?

2 A. Yes.

3 Q. Was Mr. Tavani correct that TPD in fact used a
4 ratio of 4.8 gaming positions for table games for The
5 Provence?

6 A. No. We used a slightly different ratio of 7
7 positions per table, as contrast with the 7.5 figure
8 that were used for the SugarHouse. But that was based
9 upon differences in the number and quality of games
10 between the two facilities. In contrast, the
11 SugarHouse has 54 tables. The Provence will have 150
12 tables, including high limit tables that SugarHouse
13 does not have.

14 Mr. Tavani also skipped a step in his calculation
15 by failing to account for the load factor. As you
16 recall, that applies to certain modes of travel.
17 While each trip represents one arrival by a specific
18 mode, for example, one taxi entering into the
19 facility, that taxi entry translates into multiple.

20 Q. I have a question, Mr. Ostimchuk. Having
21 considered all the evidence presented by the
22 Interveners, do you stand by your professional opinion
23 as expressed to the Board here today that the road and
24 transit access to The Provence has improved and the
25 available parking to the facility are more than

1 sufficient from the perspective of traffic impact on
2 the surrounding roadways and neighborhoods?

3 A. Yes.

4 Q. Thank you, sir.

5 ATTORNEY QUAGLIA:

6 I don't have anything further, Mr.
7 Chairman.

8 CHAIRMAN:

9 Any questions from the Board? Go ahead.

10 MR. MCCALL:

11 This question's actually for Mr.
12 Blatstein. I'm just trying to recall a comment that
13 you made during your testimony about the control of
14 the lot that you thought you could build a thousand car
15 garage and wondered if that entered into any
16 discussions with these groups, if that alleviated any
17 of the concerns?

18 MR. BLATSTEIN:

19 Well, the condition of what I said the
20 other day was that on the land adjacent to the garage,
21 1500 Spring Garden, that we have proposed I will build
22 another garage, a 1,000-car garage if necessary, which
23 would be in addition to the 2,416 spaces that we were
24 already committed to.

25 MR. MCCALL:

1 I'm just asking if that was discussing
2 with the Interveners at any point and would that have
3 alleviated their concerns?

4 MR. BLATSTEIN:

5 No, they didn't want to discuss that.

6 MR. MCCALL:

7 Thank you.

8 MR. MCNALLY

9 My question is for Mr. Ostimchuk. And I
10 think I'll ask the same question of the Department of
11 Transportation. The Department of Transportation
12 testified about your reporting your numbers they said
13 that your formula was an atypical formula as opposed
14 to established parking lots to determine the numbers.
15 And you had to rationalize that atypical formula with
16 PennDOT to get them to approve of your numbers. So,
17 what formula did you use?

18 And just as --- just for a point of
19 reference, just so you --- you have to understand why
20 I'm troubled with the way you formulized this. Your
21 transit number is --- it started at 48 percent; it's
22 down to 31 percent. And the closest transit station
23 is almost a half mile away. Yesterday we heard
24 testimony from Market 8, who has a transit station
25 directly across the street, and it is the busiest

1 transit station in the City of Philadelphia. Yet they
2 estimate that the number of persons that will utilize
3 transit at 20 percent. You're at 31 percent. And the
4 number of cars that will access their facility at 56
5 percent. Both numbers skew dramatically to your
6 formulization.

7 And, again, the reason why we tried is
8 because the more you say --- the more persons that you
9 say use transit reduces the number of cars that will
10 impact the communities and the facility that people
11 are going to be driving to. So, it's important for us
12 to understand the formula that you used to arrive at
13 your numbers.

14 A. Certainly, and I'll put it into a particular
15 context. Pardon me, but when we started out, they are
16 our 2005 numbers developed nine years ago. Since that
17 time, public transit use has increased and vehicle use
18 essentially has decreased by ten percent.

19 Providership has more than 25 percent and 15 percent
20 respectively for regional railroad and use of the
21 subway and buses.

22 There was a memorandum completed by the
23 Philadelphia Department of Commerce that evaluated
24 SugarHouse's traffic study, and at that time they
25 indicated that SugarHouse had taken monocentric

1 approach to their planning, which was unsuitable for
2 an urban context.

3 Knowing that going into it we knew we wanted to
4 take a look at public transit that would be used for
5 the site. So, we did conduct counts at SugarHouse to
6 determine the public transit that they were actually
7 using. In the planning stages they used five, six
8 percent, in that realm, we counted 17 percent, almost
9 three times as much public transit use. In the 2005
10 Task Force evaluation, they estimated 20 percent
11 transit use.

12 So, the Task Force numbers for Center City at 20
13 percent are almost met by a site on North Delaware
14 Avenue with certainly not as much access to public
15 transit. So, that drew a flag in my mind that we need
16 to take a look at the actual public transit use.
17 People tend to say that considering the land to a
18 conservative analysis, which is not necessarily the
19 case when you have to consider people who take public
20 transit are also pedestrians on those same roadways,
21 utilizing those traffic signals. And we accounted for
22 that in our traffic study.

23 To give you just a --- to break it down to the
24 numbers that we did use, approximately four out of ten
25 people are still driving there. That was in our

1 study. That's the majority of how people --- the
2 majority of people will still drive, four out of ten,
3 three out of ten will use public transit, and then the
4 remaining three percent will all drive by, just in
5 passing to shows, that type of thing.

6 I can't speak to what Market 8 did by using, in
7 my mind, old data, doesn't reflect the current
8 operations and the usage and how people actually
9 travel in Center City. But I can stand by our numbers
10 insomuch as they provide a realistic evaluation and
11 provide a design that coincides and provides for
12 opportunities for public transit and pedestrians,
13 which has been a directive of the City of
14 Philadelphia.

15 MR. MCNALLY:

16 So, you're telling me that you did not
17 use an X factor? You used factual data and not an X
18 factor or a multiplier against the transit number to
19 get to your 31 percent? There was no multiplying
20 effect?

21 A. There was a calculation that was --- we compared
22 Task Force numbers of 2005. In 2005 the Task Force
23 numbers for North Delaware Avenue ---.

24 MR. MCNALLY:

25 I understand that. I understand that,

1 but you took that X factor and multiplied it out to
2 get to your number; correct?

3 A. We did not multiply it, no. To multiply it would
4 have been overaggressive with regard to public
5 transit. To multiply it was in the realm of 50 to 60
6 percent public transit usage. We simply looked at the
7 difference to say, okay, they estimated six --- one
8 per ten at North Delaware Avenue use public transit.
9 We found it two out of ten. So, in Center City they
10 estimated four to ten public transit. We then said,
11 all right, let's take three for ten.

12 MR. MCNALLY:

13 Thank you.

14 CHAIRMAN:

15 Mr. Blatstein, you indicated that you
16 have this property that you intend to develop as a
17 parking lot; is that correct, sir?

18 MR. BLATSTEIN:

19 Yes.

20 CHAIRMAN:

21 And how long would it take, do you
22 estimate from your experience, to build that extra
23 parking lot?

24 MR. BLATSTEIN:

25 Six to eight weeks.

1 CHAIRMAN:

2 And can you tell the Board whether you
3 determined in your own mind or in consultation with
4 your colleagues at what point you would say okay,
5 we're pulling the trigger, we need to build that lot?

6 MR. BLATSTEIN:

7 Well, when we need parking we will pull
8 the trigger. We want to make it as easy as possible
9 for our customers to come to our facility. I believe
10 2,400 of dedicated spaces for our facility, we have
11 the largest amount of parking spaces for any
12 commercial facility outside of state. So, then we
13 added an additional 1,000 ---.

14 CHAIRMAN:

15 Thank you, sir. Cyrus?

16 ATTORNEY PITRE:

17 We'd like to have Mr. Hanney testify.

18 CHAIRMAN:

19 Counsel, that's all. Thank you. I
20 understand he may stand aside.

21 ATTORNEY PITRE:

22 Yes, Mr. Chairman, we have nothing
23 further.

24 CHAIRMAN:

25 Okay. Thank you. The witness has

1 already testified a number of times, so we have
2 already ruled that he is qualified.

3 -----
4 FRANCIS HANNEY, HAVING BEEN PREVIOUSLY SWORN,
5 TESTIFIED AS FOLLOWS:

6 -----
7 A. I can spell my name again.

8 CHAIRMAN:

9 Pardon?

10 A. I can spell my name again.

11 CHAIRMAN:

12 You can spell your name.

13 A. It's not Hanney. It's actually Hanney (changes
14 pronunciation). There's two Ns.

15 CHAIRMAN:

16 We all stand corrected.

17 A. H-A-N-N-E-Y.

18 CHAIRMAN:

19 Go ahead, Mr. Hanney.

20 A. It's not Hanney; it's spelled Hanney (changes
21 pronunciation).

22 DIRECT EXAMINATION

23 BY ATTORNEY FENSTERMAKER:

24 Q. Mr. Hanney, were you present for testimony
25 presented by Congregation Rodeph Shalom, Mathematics,

1 Civics and Science Charter School, and Friends Select
2 School on January 28th, 2014?

3 A. Yes, I was present.

4 Q. And specifically were you present for the
5 testimony provided by Frank Tavani?

6 A. Yes, I was.

7 Q. And did you hear the testimony presented by Tower
8 Entertainment this morning?

9 A. Yes, I did.

10 Q. Given the testimony provided by the Interveners
11 and by Tower Entertainment this morning, do you have
12 anything that you would like to add to the testimony
13 regarding Tower Entertainment?

14 A. I would like to read a very short statement.

15 Okay. So, why did the review of said percentage modal
16 split go in the submission? For several reasons.

17 Number one, it's in the central business district
18 site, which we actually would assume would have a much
19 higher transit and alternate mode percentage of ---.

20 Through experience with SugarHouse, non-vehicular
21 trips being much higher than forecasted. SugarHouse
22 came in to us and, as you thought, I was present on
23 that entire process and still working on various
24 things. And it was a big eccentric development as
25 they proposed and much to everyone's pleasant

1 surprise, actually, we found that there are in fact
2 much higher transit trips coming to that casino than
3 anyone had forecasted. The third reason was the
4 uniqueness of this site. So, many non-gaming uses, we
5 anticipated a different type of user than just the
6 traditional gamer coming to the site. This comes to
7 engineering judgment and experience and that sort of
8 thing, but I'll get to that in a minute.

9 The differential between the split of our
10 arrivals between the Applicant's testimony compared to
11 that noted by Interveners, 37 percent versus 43
12 percent. In terms of what it equals out that's
13 statistically insignificant when trying to determine
14 what exactly the needs are. Ultimately some of the
15 vehicular trips projected versus the projections of
16 the Interveners, they won't significantly change the
17 results or the needs from a transit purpose. The
18 location of those improvements nor mitigation costs.

19 Briefly, this means that the levels of service at
20 the intersection in the area of the Tower site they
21 experience challenges today and will continue to do so
22 in the future with or without the site development.
23 The Applicant has committed to working with PennDOT
24 and the City providing a planned set of improvements
25 to address the very concerns highlighted at the

1 hearing on January 28th. We sat at meetings and
2 discussed these very same concerns. So, we are aware
3 of them. Commitment has been backed up by a series of
4 financial commitment. Additionally, as noted during
5 my testimony, we have recommended to the Board that
6 the Applicant conduct additional operational studies
7 six months after opening to address unforeseen traffic
8 operational issues.

9 And finally, I would like to point out to the
10 Board that this applicant has committed to fronting a
11 range from one to two percent of the project's total
12 value towards infrastructure and improvements to
13 mitigate traffic impacts associated with this
14 development. Doing the math for a project valued at
15 \$700 million, that equates to between \$7 and \$14
16 million to fund traffic infrastructure improvements.
17 Considering all these factors gave us the confidence
18 to exercise engineering judgment towards seven
19 findings of the Applicant's traffic study in its
20 current form subject to the specific Commission ---
21 conditions and commitments.

22 Q. Mr. Hanney, you mentioned a commitment by Tower
23 Entertainment. Is that commitment in writing or is
24 that verbal?

25 A. That was a verbal commitment.

1 Q. And who made that commitment?

2 A. The engineer for Tower asked me the question as
3 to how much, what are we expecting as far as an
4 arrangement invested in the infrastructure. To which
5 I responded, either one or two percent of the value of
6 the project. He told he me would check with his
7 client. He checked with his client and subsequently
8 reported back to me that his client was comfortable
9 with those numbers.

10 Q. Thank you. And you testified that you were
11 present at and listened to the testimony provided by
12 Tower Entertainment today; is that correct?

13 A. That is correct.

14 Q. And with the information you presented today, the
15 independent review provided to the Board by Tower
16 Entertainment?

17 A. That is correct.

18 Q. And was there anything in the testimony today
19 that was erroneous, invalid or contrary to your
20 findings?

21 A. Not that I'm aware.

22 Q. And do you have anything further that you would
23 like to add to the testimony ---?

24 A. I do not.

25 Q. Thank you.

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CHAIRMAN:

Any questions from the Board?

MR. FAJT:

Thank you, Mr. Chairman. Mr. Blatstein, basically what we just heard from Mr. Hanney is that, you know, being your traffic engineer or expert that you had committed to one to two percent of this project for traffic improvements, I guess the missing link there, will you go on the record and say you're comfortable with that?

MR. BLATSTEIN:

I have no recollection of that conversation. I am, yes.

MR. FAJT:

I saw the press people jump up.

MR. BLATSTEIN:

Yes.

MR. FAJT:

You are committing to that?

MR. BLATSTEIN:

Yes.

MR. FAJT:

Thank you.

CHAIRMAN:

Anyone else? Anything else?

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MR. BLATSTEIN:

It's okay with me.

CHAIRMAN:

Pardon?

MR. BLATSTEIN:

It's okay with me.

CHAIRMAN:

One second. I do want to say that this does conclude the hearing of the Applicant Tower Entertainment. Tower Entertainment has the opportunity to file a post-hearing memorandum on or before Monday, February 10th, 2014, in which it should address any questions from the Board for which supplemental information was requested or is required. And with that, this hearing is concluded and complete.

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HEARING CONCLUDED

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CERTIFICATE

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I hereby certify that the foregoing proceedings,
hearing held before Chairman Ryan was reported by me
on 1/28/2014 and 1/30/2014 and that I Sami Zeka read
this transcript and that I attest that this transcript
is a true and accurate record of the proceeding.

Sami Zeka