

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: SC GAMING OPCO, LLC AND SC GAMING, LLC

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BEFORE: MEMBERS OF THE BOARD:

DENISE SMYLER, CHAIRMAN

Shawn Dillon

George Dunbar

Frank Dermody

Sara Manzano-Diaz

Nedia Ralston

Frances Regan

EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

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Department of Agriculture

Jennifer Langan, Esquire, Designee,

Department of Treasury

Adria Zimmerman, Designee,

Department of Revenue

HEARING: Wednesday, June 25, 2025, 10:02 a.m.

Reporter: Rachel Wilbur

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

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JENNIFER JOHNSON

SAM GERRITY JR

ALEX TUCKER

SAM GERRITY SR

I N D E X

1		
2		
3	OPENING REMARKS	
4	By Chairperson Smyler	7 - 8
5	STATEMENT	
6	By Attorney Fabius	8 - 11
7	PRESENTATION	
8	By Eric Pearson	12 - 22
9	PRESENTATION	
10	By Sam Gerrity Jr	23 - 26
11	STATEMENT	
12	By Alex Tucker	26
13	PRESENTATION	
14	By Sam Gerrity Jr	27
15	STATEMENT	
16	By Alex Tucker	27 - 28
17	PRESENTATION	
18	By Sam Gerrity Jr	28 - 29
19	STATEMENT	
20	By Attorney Fabius	29 - 32
21	QUESTIONS	
22	By Attorney Gabrielle	33 - 44
23	QUESTIONS/COMMENTS	
24	By Board	44 - 56
25		

I N D E X (cont.)

STATEMENT

By Attorney Gabrielle

56 - 58

DISCUSSION AMONG PARTIES

58 - 60

E X H I B I T S

<u>Number</u>	<u>Description</u>	<u>Page</u> <u>Offered</u>
1	PowerPoint	59

P R O C E E D I N G S

CHAIR:

Now we will have a scheduled public hearing of SC Gaming Opco, LLC and SC Gaming, LLC's Joint Petition for Approval of Changes in Corporate Structure.

Relating to that we will now hear from SC Gaming and the Office of Enforcement Counsel (OEC) regarding that matter.

I would ask that all nonattorneys who will be presenting evidence today in this proceeding please stand and be sworn by the court reporter at this time.

COURT REPORTER:

Good morning. Could you please raise your right hand? Thank you.

WITNESSES SWORN EN MASSE

COURT REPORTER: You can all lower your hands.

CHAIR: Thank you. I would also ask that everyone who's going to speak to please state and spell your name for the court reported prior to

1 your speaking.

2 SC Gaming, you may begin.

3 ATTORNEY FABIUS: Good morning, Madam
4 Chair, Commissioners. My name is Michael Fabius,
5 from the Law Firm Ballard Spahr, representing SC
6 Gaming OpCo. With me is my partner, Adrian King, in
7 the front row and also Sarah Stoner, Counsel for
8 Saratoga at Eckert Seamans.

9 Immediately to my right is Eric
10 Pearson, who is known to the Board from his prior
11 tenure at Valley Forge and his now five-year tenure
12 at SC Gaming.

13 In the front row behind us is his
14 first hire, Jennifer Johnson, the prospective
15 Assistant General Manager. But to Eric's right is
16 Sam Gerrity, CEO at Saratoga Casino Holdings. And to
17 Sam's right is Alex Tucker, Chief Operating Officer
18 at Saratoga Casino Holdings.

19 And behind me in the front row is
20 James Featherstonhaugh, who's on the Board for
21 Saratoga and has been with the company for longer
22 than I think I can count.

23 We are going to try and be efficient
24 with our presentation, particularly my remarks as my
25 remarks are going to be the driest.

1 I'll try to give a quick overview of
2 how we got to where we are and exactly what we're
3 proposing to do structurally before I kick it to
4 Eric, who I think will give the more interesting part
5 of the presentation, which is just to give you guys
6 an update as to where the project and development is.

7 He'll introduce Saratoga and what
8 we're excited about for having Saratoga in the
9 project. And then I'll - before we close to take
10 questions, I'll conclude with the change of control
11 fee.

12 So, it's been a long road to get here
13 from the 2020 auction. I was amazed that, you know,
14 in preparing for today's hearing that Chair Smyler, I
15 think you were the only one of the seven who was on
16 the Board back when we had the auction in 2020.

17 I know four of you have joined in
18 2021, when we applied and were part of the Board's
19 decision in 2023, when we got licensed as a Category
20 4 License - you know, licensing. And then in -during
21 that time, during the application, during the
22 litigation appeal, we moved forward with the local
23 land use and zoning so that we're ready to go when
24 the litigation appeal concluded.

25 And even though Bally's ended up

1 exiting the project in September of 2024, Eric and
2 Sam ended up finding themselves - finding each other
3 and finding that this is a - a remarkable opportunity
4 where the sum of the parts can be - the whole is
5 greater than the sum of the parts.

6 In terms of the technical parts of
7 what we're trying to do. Real quick, we have two
8 components - two transactional components that we put
9 together in the same Petition.

10 One of them should be - is hopefully
11 familiar to the Board from the licensing process. In
12 2020, Ira Lubert, who was the bidder and the
13 Applicant for the Category 4 License, brought in
14 three other individuals that are prominent in the
15 State College community to collaborate on selecting
16 the site and developing the site.

17 Those three individuals, Rick Sokolov,
18 Robert Poole and Ara Kervandjian, who controls
19 AMK SCG provided debt financing in 2020 in the form
20 of a convertible note. And we're now here before you
21 to convert that note into equity in SC Gaming, LLC,
22 which is at the top of the organizational family.
23 So, we - I've taken to calling it SC TopCo. Because
24 everything in the family is called SC Gaming, which
25 is what happens when you let the lawyer name the

1 entities.

2 At the same time, Saratoga and SC
3 Gaming entered into a framework agreement earlier
4 this year. That would involve Saratoga obtaining 60
5 percent of the holding company in the middle of the
6 family, what we would call SC HoldCo. And that
7 transaction, while we are before you today for the
8 approval of that change of control, that would be
9 contingent on the completion of the licensing process
10 for Saratoga.

11 So, in terms of the sequencing, we
12 would convert the debt into equity in SC Gaming.
13 Assuming approvals are received today, in the next
14 few days SC Saratoga would contribute the earnest
15 money deposit, in the next few days, I think within
16 five days of the approvals. And then the licensing
17 process would continue.

18 And when their licensing applications
19 come before this Board and are approved, we would
20 then close on the 60 percent piece of the transaction
21 promptly thereafter.

22 So, with that -. And we'll certainly
23 come back and take any questions. I want to get the
24 presentation over to Eric, to give everyone an update
25 on where we are with construction and development.

1 MR. PEARSON: Thank you so much.
2 Thanks for giving us the time today to talk about our
3 project.

4 As Mike said, this has been a long
5 road to get here. It's been five years and lots of
6 obstacles, but we're very, very excited to be here.
7 So, I'm trying to - I'm trying to calibrate how much
8 I want to talk about all the stuff that we're doing
9 and not stretch this meeting out any longer than it
10 needs to, but I do want to go over some - some
11 highlights.

12 You know, one of the big things that I
13 wanted to talk about was our process in working with
14 Sam and the Saratoga team and - and coming together
15 and, you know, developing this partnership.

16 You know, we found ourselves about
17 this time last year back to what I call Plan A,
18 which was, you know, SC Gaming, us developing and
19 operating the casino on our own, which was always
20 kind of our baseline intent.

21 And you know, we were asking ourselves
22 the question, is this the best, you know, way for us
23 to fill the casino in Centre County in the State
24 College area. And you know, did a hard assessment
25 about what our relative strengths and weaknesses

1 were. And, you know, we came to the conclusion that
2 if we could find the right partner, we would be able
3 to develop a much better property for the
4 Commonwealth and for the local community than if we
5 necessarily had just done it on our own. And so we
6 began a search, trying to evaluate that exact right
7 fit.

8 You know, I think we've had experience
9 where we didn't have that perfect alignment and it
10 didn't work out great for us. So, we learned from
11 that. And through, you know, an intensive but
12 relatively brief process, you know, Sam and I found
13 each other quite literally at a bar in Las Vegas
14 during G2E.

15 I don't think I noticed her drinking,
16 but met up there and started talking about the
17 project and opportunity and really much more about
18 our operating philosophies and our approach to the
19 business. And, you know, it was pretty apparent to
20 me very early on that I think we had found the right
21 partner.

22 And so that leads us to - to here
23 today. So, I'll give a quick update on our status
24 and progress with the project.

25 So, you see here on the slide here,

1 this is our executive team at Happy Valley Casino.
2 And this is also our entire complement of our staff
3 as of this moment. So, not only is our executive
4 team, it is our team currently, but we are rapidly
5 hiring up and building up the team.

6 So, as Mike mentioned, I've been on
7 the project for - for five years, specifically in
8 State College. Previous to that, I was at Valley
9 Forge Casino, before we did the transaction to avoid
10 gaming.

11 So, I've been around the Commonwealth
12 for a little while in the industry. Jennifer
13 Johnson, who's here with us today, she most recently
14 was the head of marketing at the Palms in Las Vegas
15 and oversaw the opening of - the reopening of that
16 property under its new ownership.

17 Jen and I have worked together for a
18 long time at several different properties, including
19 Foxwoods in Connecticut before that, and Tribal
20 property in Spokane, Washington, called Northern
21 Quest. So, she's someone that I've definitely known
22 to depend on over a very long time. We're excited to
23 have her.

24 In addition to Jen, we have Veronica
25 Ois, who's our Executive Director of Finance.

1 Veronica also comes from two different Commonwealth
2 casinos. She most recently was at Valley Forge
3 Casino and before that was the head of finance at
4 Nemacolin. So, we're excited for - to welcome
5 Veronica to the team.

6 In addition to Veronica, we have Eric
7 Wise, who's our director of surveillance. Eric also
8 has experience with security and surveillance at two
9 common multi casinos, both Valley Forge and Live!
10 Pittsburgh, and was, along with Jen, our first
11 hire.

12 I worked very closely with Eric at
13 Valley Forge. We spent a lot of time sitting next to
14 each other in the surveillance room, watching the
15 action there. And so he's always been someone I've
16 had my eye on.

17 And then to round out our team is
18 Stacy Grissinger. Her title says executive
19 assistant, but she's really our project manager, kind
20 of holding everything together at this point. On any
21 given day she's doing construction, project
22 management and fitting out her tent space.

23 And so we have a small team of
24 generalists and we're very excited to show what we've
25 been able to pull off thus far.

1 So, quick, we - as I said, we just
2 announced our logo last month and the name for the
3 property. We didn't think SC Gaming really rolled
4 off the tongue for the casino's name, so we selected
5 Happy Valley Casino. I think the - you know, anyone
6 that's sort of familiar with the State College area
7 and Penn State knows that Happy Valley is the sort of
8 name that we generally give the area and fits in with
9 what we're trying to achieve at the property. You
10 know, this is - it's a fun place, by definition.

11 And so we love the gift that the area
12 name gave us. And you know, I'm - I'm maybe not as
13 creative of naming things as our Attorneys are, but I
14 do think that if we can call it - name it where it is
15 and what it is, that's a pretty good place to start
16 with.

17 Quick - just quick overview of the
18 project, because it's - it has been going on for a
19 little while. We're attached to the Nittany Mall in
20 College Township, which is about a 550,000 square
21 foot facility. We purchased a former Macy's which
22 includes the building itself and the parking parcels
23 on either side of it. It's one of the end caps as
24 you can see in the -. It's a little small, but at
25 the end of the mall there we have great access to

1 major roadways and obviously it being a former -.
2 The mall is still open. It's, you know, at about 50
3 percent occupancy. So, it needs help. And we're
4 very excited to be bringing this development in
5 there.

6 I don't think there's much else that
7 could be going into that mall to bring the kind of
8 revitalization that we're excited to see come in.

9 So, the facility itself is just under
10 a hundred thousand square feet, I think about 94,000
11 in total. We are - the construction schedule when we
12 began, we estimate - in February we had about a
13 13-month schedule and we have about nine months of
14 that remaining left to go. And I'll show some - some
15 photos of our progress here in a moment.

16 We are planning to have up to 750 slot
17 machines, although I think at opening we'll probably
18 have a slightly lower complement and then purchase
19 into it, which I can talk a little bit more about
20 later. And we're looking to have a fully nonsmoking
21 facility.

22 You know, we - I did - one of the side
23 benefits of the long process to get here is I've had
24 a lot of time to do analysis and watch trends in the
25 market and see what, you know, my colleagues in the

1 property have done in different locations and
2 especially through the pandemic and the smoking
3 changes and things like that, was able to give us a
4 strong enough dataset to have a high degree of
5 confidence that allowing smoking inside was not
6 mission-critical to what we needed to do. And I
7 think that the other benefits were definitely worth
8 it for us.

9 And as far as non-gaming amenities go,
10 we're going to have a sit-down sports-themed
11 restaurant. You know, we have - you know, it's
12 definitely a sports town and a quick-serve outlet.

13 As far as, you know, what - how we got
14 to this decision and why we picked State College.
15 You know, in the next couple images you can see when
16 you lay out the - let's go to the next one real quick
17 - you know, when you see the entire state and the
18 casino placements all around it, there was an obvious
19 hole that we felt that we could fill and the
20 demographics and our analysis definitely supported
21 that.

22 You know, we expect - or not expect
23 through our analysis, I think we will be the closest
24 casino to roughly 400,000 gambling-age adults. And
25 you know, we think that's - those demographics and

1 our relative distance from all other competing
2 casinos, you know, it's not - the population is not
3 essentially very dense in Centre County, but we do
4 have a lot of folks that need something fun to do and
5 so we're very excited to bring that to the
6 Commonwealth.

7 We can get the next one. So, I have a
8 few quick images that we can kind of go through real
9 quick. I know these aren't necessarily the - the
10 prettiest of photos, but I wanted to share our
11 progress.

12 We're super excited to be going as
13 fast as we are and to finally be at this point. And
14 as of when I stopped by the site yesterday, I'd say
15 we're about 60 percent completed with drywall. I
16 mean, it's really starting to look like a casino in
17 there.

18 So, these are a few images of what do
19 we have here, our restaurants and things like that,
20 but it's sort of hard to see like this. I realized
21 after we put this up there that I'm so used to seeing
22 the drawings every day that when I look at it, it's
23 all filled in. And maybe not everyone else has had
24 the benefit of staring at the images for a year - or
25 for five years, so maybe it's less exciting, but it's

1 definitely coming along and we're excited.

2 And we're on track, too. So, one of
3 the things that I did learn, and another good
4 takeaway that came through watching the other Cat 4s
5 open up is some major supply chain issues seem to
6 have played, I think the last three openings, in
7 meaningful ways. And that's definitely something
8 we've been aggressively out in front of. And it
9 mostly has to do with all the nonexciting parts of
10 the project. It's electrical switch gear and
11 infrastructure, backup generators, all those kinds of
12 things.

13 So, we have a really good Plan A. And
14 if that doesn't work out, we have our Plan B all
15 fired up and ready to go. So, that, you know, if we
16 get delayed, it's for something that, you know, I
17 didn't see coming, but the - the infrastructure stuff
18 we have - we have pretty squared away.

19 Our plans for hiring and recruiting.
20 You know, we do have some unique challenges, being
21 where we are. Gaming is definitely a mature industry
22 in the Commonwealth, but our - you know, one of our
23 advantages of being far away from other casinos means
24 that you likely aren't tapping into a talent pool of
25 experienced casino workers, for the most part, which

1 we're very excited about. You know, we're going to
2 open up a Dealer School and fully committed to
3 training those new staff that come in.

4 And for me personally, I really enjoy
5 the development side, the professional development
6 side of what I do, and bringing new people on and
7 helping them progress through the industry. And this
8 is the perfect property for that. In all of our
9 recruiting and sourcing activities that we had so
10 far, we're looking for people looking to transition
11 in their career, folks that are looking for that next
12 shot.

13 And you know, with our relatively
14 small size and the strength of our executive team,
15 we're very well-suited to take in those folks and
16 augment on, you know, a few other areas that may be
17 missing and help them progress through their career,
18 too.

19 You know, we're probably looking to
20 really start hiring, ramping up in earnest in
21 probably the September time frame and getting our
22 Dealer School going and, you know, all that fired up,
23 but we've been attending local job fairs and - just
24 to get our name out, so that we have a presence. We
25 have a table set up and we've seen a tremendous

1 amount of interest in folks excited that the casino's
2 coming, looking to get jobs there.

3 And you know, there's been
4 announcements with, you know, potential closers at
5 the prison that's nearby. And we've had a huge flood
6 of interest from incredibly-qualified candidates that
7 work there that, you know, for us was a fantastic
8 timing thing to align. So, we're very excited to be
9 welcoming as many folks as - from there that would
10 like a position. And - yeah.

11 So, we're looking to have around 350
12 employees, once we get open and stabilized. We have
13 an excellent benefits package. That was another
14 thing that --- you know, as part of our vetting
15 process and potential partners, we really spent a lot
16 of time looking in and see how does Saratoga treat
17 their employees? What is it like working at their
18 other properties? And it was just another level of
19 alignment. So, we're excited to offer those same
20 benefits to our staff when we get fired up here.

21 So, that's -. I had a whole lot more
22 that I was trying to drone on into, but I'm going to
23 try and be as brief as I am capable. So, I will -
24 I'll stop now and hand it over to Sam.

25 CHAIR: We appreciate that.

1 MR. GERRITY JR: Okay, noted. Good
2 morning, Madam Chair and Commissioners. Thank you
3 very much for having us here today. We're extremely
4 excited and grateful for the opportunity to introduce
5 and familiarize you with Saratoga Casino Holdings.

6 We - you know, we look forward to
7 sharing how our values guide everything we do, from
8 our strategic approach to growth, to the strong
9 relationships we build with our customers and our
10 communities.

11 Quickly. So, we are a third
12 generation family-owned business, with more than 80
13 years of experience in the horse-racing industry and
14 over two decades of experience in the casino, hotel
15 and entertainment industry.

16 Saratoga is led by a diverse and
17 experienced management team, with a very proven track
18 record. I'm the - you know, I have the least amount
19 of experience, so it's great to be around people who
20 can teach me and learn from them, but collectively,
21 we have over a hundred years of experience.

22 Sitting behind me is Jim
23 Featherstonhaugh, who, along with my father, built
24 our company, as we see it today, from a successful
25 harness race - racing company to a full-fledged

1 entertainment company.

2 Feathers, as we refer to him, has been
3 in New York and in the government relations industry
4 for close to 40 years. And he's unique in many ways,
5 but he is liked and respected by everyone, which is
6 hard to come by.

7 Alex Tucker, to my right, is the
8 epitome of efficiency, which is - you know, he's the
9 backbone of our company and he's the reason why our
10 employees are there for such - for such a long time.

11 Unfortunately, my sister could not be
12 here today. She's Vera Belger, with a different last
13 name. I hate to say this, but she is brilliant and a
14 huge part of our future, but specifically this
15 project.

16 So, yeah, just a little bit more
17 history to give an idea of the company we are.
18 Again, you know, we started in 1941, as a harness
19 racetrack in Saratoga Springs, New York. And over
20 the last eight decades, we've certainly evolved as
21 the market has changed.

22 Most notably, in 2004, we added
23 gaming. We were the first VLT in the State of New
24 York. Since then our focus has shifted towards
25 strategic growth in the casino industry and in the

1 entertainment industry, hospitality industry.

2 So, now I'm going to move on, to make
3 things quick, to our corporate headquarters, which as
4 I mentioned, is located in Saratoga Springs, New
5 York. You know, we were the first video lottery
6 terminal property to open in the state. And humbly,
7 you know, we've been seen as the gold standard for
8 VLTs in the state since then. And it's been, you
9 know, a really great experience.

10 We currently have a little over 1,300
11 slot machines, 89 electronic table games, our harness
12 racetrack. We have a nightclub. We have 117 room
13 four-diamond hotel. We have a great meeting
14 convention space. And we also have a variety of food
15 and dining amenities, with a Morton Steakhouse, which
16 is - you know, if you ever make it up there, you'd
17 have to go to.

18 So, moving on. One of our other
19 properties is located in Natchez, Mississippi. It's
20 called Magnolia Bluffs. There we have nearly 500
21 slot machines, 10 table games, a poker room, you
22 know, a variety of dining options, and a sports book.
23 You know, we're relatively new to -. We acquired
24 Magnolia in - three years ago, so we're relatively
25 new there. And it's been a really great experience

1 for us to bring what we've learned in dealing or
2 being a part of a community and bringing that to our
3 property in Mississippi.

4 Alex, do you want to - do you want to
5 add to the Mississippi and how we -?

6 MR. TUCKER: Sure. So, I'm Alex
7 Tucker, COO for Saratoga Casino Holdings. I've been
8 at Saratoga for almost 20 years and working for the
9 Gerrity family for that - for that long.

10 You know, Magnolia, as Sam said, was
11 our most recent acquisition. And one of the things
12 that we did first off was, we got involved with the
13 community. And since we opened or purchased that
14 property, we donated almost a million dollars to
15 different community charities and held events and
16 really tried to ingrain ourselves in the community.

17 And that's what we try and do at
18 Saratoga, become a part of the community. Now, a
19 million dollars maybe in some places doesn't get you
20 very far, but a million dollars in Natchez,
21 Mississippi made a real statement and it showed that
22 we wanted to be part of that community. So, that
23 just goes to show, you know, what values we bring
24 when we get involved with - with a property. We go
25 all in.

1 MR. GERRITY JR: Yeah. Thanks.

2 So, please move on to our other
3 property. So, Saratoga Black Hawk is our - is our
4 other property, located in Black Hawk, Colorado.

5 This is - if you're not familiar With
6 Black Hawk, Colorado, it's a really interesting
7 place. It's about one square mile. It used to be an
8 old gold mining town, and now it has, within that
9 square mile, 17, give or take, casinos. So, I say
10 it's interesting because there's. We've learned so
11 much from being in a highly, highly competitive
12 market there. And we can - we apply that to, you
13 know, the other jurisdiction we're in, which makes it
14 seem easy, in terms of competition.

15 Yeah. So, please -. So, again, kind
16 of touching on our workforce. You know, we take
17 great pride in cultivating a strong and diverse
18 workforce. Our team members are - you know, I know
19 it sounds cliché, but they truly are the foundation
20 of our success. And it's through their dedication
21 and hard work and - that we continue to thrive as a
22 company. I think Alex is going to speak a little bit
23 to our - the makeup of our workforce, just briefly.

24 MR. TUCKER: Yeah. So, as Sam
25 mentioned, you know, our brick-and-mortar facilities

1 are great. And I would encourage you, if you're ever
2 in Saratoga Springs, New York, to stop by our casino.
3 It's actually spectacular, but it's really the people
4 that make our company go. It's our executive team
5 and it's - And it runs throughout our company.

6 We have over 700 team members now.
7 Male, females, about 50/50. And we're very proud of
8 our diversity, with over 30 percent of our workforce
9 is - identifies as a minority.

10 So, you know, we just want Saratoga to
11 be a great place to work. And we put a lot of hard
12 work into that.

13 MR. GERRITY JR: Yeah, absolutely.
14 So, I hope that it's become clear that we - you know,
15 what's really most important for us is being a
16 committed member to the communities in which we
17 operate.

18 You know, I could go on for a while,
19 but I wanted to highlight some of the things we do in
20 community. We've donated over three-and-a-half
21 million dollars to organizations in Saratoga Springs
22 area, including the local hospital in which we've
23 been the main sponsor of their largest fundraising
24 gala. For the last 40 years, this event has raised
25 over \$10 million for the hospital.

1 We also created a foundation with our
2 Horsepersons Association that benefits organizations
3 in the community, and to date, have - over a half a
4 million have been has been distributed to over 200
5 organizations.

6 I - I also would like to add that, you
7 know, through tax revenue, we've contributed since
8 our inception 20 years ago, over a billion dollars to
9 state education. It goes directly to state
10 education. While that is a tax and we have to pay,
11 it's a tax that we're very happy to pay. You know,
12 state education, there's nothing better than that, in
13 my opinion.

14 So, just to finish up for my part of
15 it, you know. Thank you so much again for your time.
16 We're really excited to be here, to be a part of the
17 community. We understand that, you know, we have the
18 opportunity to be a pillar in the community and help
19 those around us, as they will help us. So, thank you
20 again and we really appreciate your time.

21 ATTORNEY FABIOUS: Before we take
22 questions from OEC and Board members, ex officio
23 members, I'll close quickly with our Change Control
24 Fee Proposal. I've had the good fortune of
25 practicing in this industry, in this jurisdiction

1 since the inception. I hope I don't look it,
2 although I was reminded this morning that I started
3 to turn gray, so -.

4 MR. PEARSON: Still got it.

5 ATTORNEY FABIOUS: I still got it. I'm
6 going to hold on to that, but I wish I could sit here
7 and tell you that in such and such period there's a
8 precedent of this number or this kind of license.

9 There frankly isn't. This is the
10 first Cat 4 before the Board with a change control.
11 What I did try to do is look back through the course
12 of the history, somewhat digging deep in the research
13 file.

14 We represented the first casino that
15 was before the Board for HA control. It was actually
16 Penn National, and the transaction ended up not
17 closing because of the 2008 financial recession, but
18 in the lead-up to that change of control the Board at
19 that time engaged an expert consultant from
20 PricewaterhouseCooper (sic) and held two hearings to
21 take testimony on - to inform what would become the
22 change of control fee assessment.

23 I look back at this just to recognize
24 that there is - there's a lot of discretion that the
25 statute - with the Board in all areas, including the

1 change control fee, but it is -. There is a - a
2 point at which there is a diminishing return and that
3 an excessive fee can jeopardize tax revenues going
4 forward.

5 With this in mind we proposed in our
6 papers it would be a \$1 million change control fee
7 pro rata for a 60 percent change control. We propose
8 a differentiation between the two elements of the
9 transaction that we have before you, between the debt
10 conversion, which was part of the original licensing
11 application. Part of the initial debt financing for
12 the project was the debt from the three no holders.
13 And the plan in the licensing application was for
14 that to be converted to equity, subject to Board
15 approval thereafter.

16 There is - there is precedent from the
17 Board, in 2011, from the Valley Forge corporate
18 restructuring, of treating that type of initial
19 capitalization as a corporate restructure that did
20 not trigger a fee. There was no fee assessed in that
21 case, for the Valley Forge corporate restructuring.

22 That being said, we stand here
23 acknowledging that the Saratoga Framework Agreement
24 is distinguishable. It's an agreement that came
25 about after the initial licensing. And we're

1 proposing that the change control fee be assessed on
2 that component. That's the one the 1 - the
3 \$1 million pro rata for 60 percent.

4 So, it would be a check for \$600,000
5 due prior to closing the Framework Agreement is the -
6 is the proposal.

7 With that, you know, the total numbers
8 that come together for the minimum licensing fees
9 would be, you know, about 20.6 million. And then
10 there's - of course there's the stand-up fees, the
11 \$1 million bond and the \$1.25 million Section 1401
12 assessment.

13 Last thing before I take questions
14 from OEC and the Board is just a heartfelt thank you.
15 It's been a long road and we don't get here without
16 the incredible dedication, diligence of the staff and
17 the Board. It's - it is a pleasure to work with the
18 staff and be able to have the dialogue and the
19 exchange that we can have, so that we can deliver to
20 you and to your staff what they need to get us where
21 we want to be. And we are incredibly appreciative of
22 the work and the effort that's been undertaken on -
23 on this particular project.

24 So, with that, thank you very much and
25 we're ready to take questions.

1 CHAIR: OEC.

2 Do you have any questions?

3 ATTORNEY GABRIELLE: Thank you.

4 Ashley Gabrielle, G-A-B-R-I-E-L-L-E, Senior
5 Enforcement Counsel for the OEC.

6 I'd like to refer to slide 15, please.
7 And where it states that there will be approximately
8 350 full-time employees, once stabilized.

9 What does once stabilized mean?

10 MR. PEARSON: It's as with I've
11 experienced in openings previously is the - our
12 hiring is a little rough initially, because we're
13 filling in so many Dealers and they're going through
14 the school. Not everyone makes it through and so
15 there's a lot of fluctuation. So, once stabilized
16 sort of means like sort of by the end of the first
17 year, once we - you know, we have everyone on and
18 we've plugged all the holes in the schedule.

19 ATTORNEY GABRIELLE: Okay. And how
20 many full-time employee positions then are there
21 anticipated to be at opening?

22 MR. PEARSON: At opening full time it
23 is in the neighborhood of 300. The bulk - the vast
24 majority of the positions we are looking to bring on
25 are full-time positions.

1 ATTORNEY GABRIELLE: And will there be
2 any part-time positions available at opening?

3 MR. PEARSON: Yes.

4 ATTORNEY GABRIELLE: How many do you
5 anticipate?

6 MR. PEARSON: Anticipate, somewhere in
7 that 50 to 60 range for part-time positions.

8 ATTORNEY GABRIELLE: Okay. Also on
9 slide 15 it states that there will be competitive
10 wages.

11 Are these wages considered competitive
12 within the gaming industry or within the State
13 College area?

14 MR. PEARSON: Both. Yeah. We're
15 having to solve both of those problems. So, you
16 know, we've done -. We spent a lot of time and
17 research in making sure that our wages are
18 competitive for the industry positions that we need
19 to sort of recruit in.

20 You know, unfortunately we can't fully
21 staff with all new people to the industry. So, we
22 are - although most of these coming from within the
23 Commonwealth, a few sort of senior executives and
24 managers coming in, but for the most part, we're
25 looking to recruit locally. And so, you know, we

1 need to make sure that, as a hospitality employer,
2 we're balanced out with the other hospitality
3 industry positions in the area. And you know, our
4 goal is to be an employer of choice in the region.

5 ATTORNEY GABRIELLE: Okay. Also slide
6 15, and you mentioned free table games Dealer
7 training.

8 Is Happy Valley Casino providing this
9 training or will it take place at a local third-party
10 institution?

11 MR. PEARSON: We're building our own
12 Dealer School and we'll be running that. We've
13 secured a space actually inside the Nittany Mall
14 directly adjacent to the opening for the - where the
15 casino is going to be. And we're building out that
16 space right now that'll house our Dealer School,
17 Hiring Center and temporary offices, but we'll -
18 yeah, we'll operate that school ourselves.

19 ATTORNEY GABRIELLE: Uh-huh. I'd like
20 to refer to slide 18, where it states in that yellow
21 portion - where it says future - that Saratoga Casino
22 holdings is engaged in an active investment
23 opportunity in Coney Island, New York, around the
24 same time as entering into this agreement to acquire
25 60 percent of SC Gaming Holdco, LLC.

1 How will the Coney Island investment
2 opportunity affect this transaction?

3 MR. PEARSON: Yeah, not at all. So,
4 we're financially capable to. We're planning on
5 doing both. We hope to win - to win Coney Island as
6 well. So, there'll be no effect on Pennsylvania.

7 ATTORNEY GABRIELLE: And with regard
8 to the Coney Island investment, in what jurisdiction
9 or jurisdictions do you need to seek approval
10 regarding that investment opportunity?

11 MR. PEARSON: Just New York State,

12 ATTORNEY GABRIELLE: Just New York.

13 Okay.

14 And -?

15 MR. PEARSON: Yeah, right. Correct.
16 They'll just dribble down.

17 ATTORNEY FABIUS: Yeah. There's a RFA
18 process initiated by New York.

19 MR. PEARSON: Yes.

20 ATTORNEY FABIUS: And I think the
21 submissions are just going in this week.

22 MR. GERRITY SR: It's scheduled to be
23 awarded in either December or January of this coming
24 year. December of this year, January of next year.

25 ATTORNEY GABRIELLE: So, prior to the

1 closing date for this transaction, you would expect
2 to receive approval from New York State regarding the
3 Coney Island investment opportunity.

4 MR. GERRITY SR: I think we would hope
5 to.

6 MR. GERRITY JR: Yeah. Yeah.

7 MR. GERRITY SR.: It's quite a
8 competitive process.

9 ATTORNEY GABRIELLE: I've heard.

10 MR. GERRITY JR: I don't want to get
11 to that.

12 ATTORNEY GABRIELLE: I'm generally
13 referring to slides 19 through 21 and the description
14 of your properties there.

15 Does Saratoga Casino have any
16 experience operating interactive gaming, fantasy
17 contests or online sports wagering?

18 MR. PEARSON: So, for online sports
19 wagering, we have experience in Colorado, where Black
20 Hawk is.

21 ATTORNEY GABRIELLE: Do you intend to
22 offer interactive gaming or fantasy contests at any
23 of your other properties or with this property?

24 MR. PEARSON: For State College, it's
25 not part of our opening plans. Really all of our

1 efforts are focused on getting the brick-and-
2 mortar casino built and open as fast as possible.
3 You know, we talk about our options with iGaming and
4 with sports betting, but, you know, sort of
5 strategically we've - we've made that a secondary
6 priority to - to getting the brick and mortar open.

7 So, I think we're open to
8 participating in that, if the right kind of
9 relationship comes along and makes sense for State
10 College and for Saratoga.

11 MR. GERRITY JR: Yeah. Just to
12 piggyback on that. Currently we don't, but, you
13 know, a lot of this is - the legislation, as you
14 know, is up in the air. So, right now, no, but it's
15 possible in the future.

16 ATTORNEY GABRIELLE: Okay. Also for
17 Happy Valley Casino. What about retail sports
18 wagering?

19 MR. PEARSON: Yeah, retail sports
20 wagering is no longer in our opening plans.

21 ATTORNEY GABRIELLE: Okay.

22 MR. PEARSON: That was another result
23 of a lot of hard analysis on other retail locations
24 in the Commonwealth. And we have - relatively
25 space-constrained, so it's not a massive amount of

1 space. And so we really have to be picky and choosy
2 on what we do deploy. And the retail sports betting
3 doesn't seem to be drawing enough activity to justify
4 it for our - for our place.

5 ATTORNEY GABRIELLE: Okay.

6 And is there a draft dead date for
7 closing of the transaction?

8 ATTORNEY FABIUS: I don't believe, so,
9 no.

10 ATTORNEY GABRIELLE: No?

11 And it's correct that closing is
12 contingent on full licensure for the Saratoga group
13 of entities and Principals, correct?

14 MR. PEARSON: Correct. Yes.

15 ATTORNEY GABRIELLE: And what happens
16 if full licensure is not received? Is there a way
17 out of the Framework Agreement for any of the
18 parties?

19 MR. PEARSON: Yeah. If Saratoga is
20 not able to be licensed, we continue on with what I
21 call Plan A. So, what we've been doing this whole
22 time, there's nothing - the Saratoga element of the
23 transaction doesn't impact our development timeline
24 at all, construction, you know, us being able to fund
25 the project.

1 If something - I don't even know what
2 that could be, that something totally weird happened
3 and Saratoga couldn't join the project, it doesn't
4 affect our timelines at all.

5 ATTORNEY GABRIELLE: Okay. Have all
6 anticipated applications regarding the Saratoga Group
7 of company - of entities and Principals been
8 submitted to the Board?

9 MR. TUCKER: That is my understanding.

10 ATTORNEY FABIOUS: Yes. My
11 understanding is that they've all been submitted.
12 They've gotten to BIE. I know the Saratoga team and
13 their Counsel have been working diligently with the
14 BIE team.

15 And you'd like any more - Sarah
16 Stoner, who represents them, is also available, if
17 you like.

18 ATTORNEY STONER: Your statements are
19 accurate.

20 ATTORNEY GABRIELLE: Okay. And do you
21 anticipate any additional applications being filed at
22 this time?

23 ATTORNEY STONER: Not at this time.

24 ATTORNEY FABIOUS: Not - no.

25 ATTORNEY GABRIELLE: And after the

1 closing date for the Framework Agreement, how long do
2 you anticipate it will take Saratoga to transition
3 into its roles involving the property?

4 ATTORNEY FABIOUS: So, once - once the
5 transaction closes, the Framework Agreement closes,
6 they've acquired the 60 percent interest in the
7 holding company and effectively control of the Board.
8 Be become a five-member Board, three of whom would be
9 selected amongst the Saratoga individuals, but Eric
10 would remain the GM. That's contemplated in the
11 Framework Agreement.

12 Contractually, I also think that there
13 is, by my observation a true sympatico, I've teased
14 Alex and Eric that they remind me of the movie Twins,
15 but I haven't told them which one's Arnold
16 Schwarzenegger and which one's Danny DeVito.

17 So, I - I don't think that there'd be
18 much in the way of transition, because the property
19 leadership would be the property leadership.

20 ATTORNEY GABRIELLE: Okay.

21 MR. PEARSON: We've - we've partnered
22 together to work together. This wasn't like a - a
23 staged way to get us out or, you know -. It's been
24 five years of me getting this project along.

25 I'm not going to - I love Sam and Alex

1 - I'm just going to toss the keys before I see it
2 open. So, yeah, we're doing this together.

3 ATTORNEY GABRIELLE: And when do you
4 expect SC Gaming OpCo, LLC to request the issuance of
5 its Category 4 Slot Machine License?

6 ATTORNEY FABIOUS: With the opening
7 slated for April of 2026, we've been tentatively
8 talking with staff about requesting issuance in first
9 quarter of 2026.

10 ATTORNEY GABRIELLE: When do you
11 expect to file petitions for the shared services that
12 are anticipated to be provided to SC Gaming OpCo, LLC
13 by Saratoga and SC Gaming, LLC?

14 ATTORNEY FABIOUS: So, we have - in
15 terms of call it the housekeeping. After this
16 petition, we have three petitions in mind, a petition
17 for approval of the Shared Services Agreements that
18 you're referencing, a petition for the slot machines
19 and a petition for the Table Game Certificate.

20 There are drafts of the petition for
21 shared services and the petition for the slot
22 machines. We wanted to focus on just immediate
23 approval. Those can be filed in the near term. The
24 table games would follow.

25 In terms of those approvals of those

1 items, it's really in the fourth quarter or early
2 first quarter we need those approvals. So, that's
3 why we really wanted to prioritize this, work with
4 the staff and not overindulge in the grace of the
5 staff by dumping all four petitions at the same time.

6 ATTORNEY GABRIELLE: What shared
7 services will Saratoga provide to SC Gaming OpCo,
8 LLC?

9 ATTORNEY FABIOUS: The Framework
10 Agreement contemplates that Saratoga provides really
11 gaming-related shared services, and that the local
12 group, led by Ira, would provide non-gaming shared
13 services. They - both those agreements contemplate a
14 broad range of whatever either stakeholder can
15 provide.

16 A big part of the value-add
17 proposition from Saratoga is the non-gaming
18 amenities, the coupling of hotel, dining,
19 entertainment with the gaming. And that's a big
20 piece of the puzzle that they supply that they'll be
21 able to contribute.

22 And so that - I mean, that's, you
23 know, a big part of what those agreements
24 contemplate.

25 ATTORNEY GABRIELLE: And when you said

1 the local group, are you referring to SC Gaming,
2 LLC, -

3 ATTORNEY FABIOUS: Yes, I am.

4 ATTORNEY GABRIELLE: - with the
5 provision of those -?

6 ATTORNEY FABIOUS: SC Gaming, LLC or
7 SC OpCo.

8 ATTORNEY GABRIELLE: Okay.

9 Did you have any questions?
10 OEC has no further questions, Chair,
11 thank you.

12 CHAIR: Thank you.

13 Any questions or comments from the
14 Board?

15 Commissioner Regan?

16 MS. REGAN: Excuse me, just two - two
17 comments. I really applaud you for the no smoking
18 policy. That's excellent.

19 I also wanted to note that I very much
20 like the logo and the name. That's very attractive.

21 MR. PEARSON: Thank you.

22 MS. REGAN: And finally one question I
23 have to know.

24 Is that a large dinosaur on your lawn
25 in Saratoga Springs?

1 MR. GERRITY JR: Oh, no, it's a horse.

2

3 MS. REGAN: Well, no, there's a horse
4 on one side, but you got -.

5 MR. GERRITY JR: Let me take a look.

6 MS. REGAN: Yeah. Look at slide 19,
7 that -.

8 MR. GERRITY JR: No, two horses. And
9 the one horse is kind of, you know, down like that
10 (indicating).

11 We'll bring a clearer photo next time.
12 That - that's our fault.

13 MS. REGAN: Doesn't it look like a
14 dinosaur, thought?

15 MR. GERRITY JR: I see what you're
16 saying, absolutely. I will note that for next time.

17

18 MR. PEARSON: And I'll say, even
19 though we're going to be nonsmoking, we are pro baked
20 goods, so -.

21 CHAIR: Any other questions or
22 comments?

23 MS. RALSTON: Just one. Given that
24 you're attached to the mall, what plan do you have in
25 place to keep underage minors off of the Gaming

1 Floor?

2 MR. PEARSON: Yeah. So, we are - this
3 is one of the reasons why Eric Wise is essentially
4 our first hire, right along with Jen, is, you know,
5 the safety and security, especially to the non-gaming
6 public.

7 You know, we're very aware that Penn
8 State is also in State College. And I can tell you
9 from operating in the Commonwealth for a long time
10 and having to sit here and come before this Board
11 because someone under the age of 21 snuck into a
12 casino that I manage is not an experience that I ever
13 want to have again.

14 And the technology that we're bringing
15 in, it's the most state-of-art ID scanners that we
16 can have, our security procedures, you know. We are
17 - the way we're going to coach up our staff is, we
18 are expecting folks to try to come in that shouldn't
19 be there. And so our baseline assumption is, you
20 know, we need to ensure that this person's of age and
21 belongs in the casino and we need to operate thusly.

22 I've been on the other side of it
23 enough to know that - what the consequences are and
24 we don't want to get into that.

25 CHAIR: Any other questions?

1 Ms. Manzano-Diaz?

2 MS. MANZANO-DIAZ: Yes, just to follow
3 up on that question.

4 It's one thing, in terms of your
5 procedures, to make sure that underage folks don't
6 come in, in terms of gambling, but the other question
7 is, how do you keep unattended children from being on
8 your premises?

9 I'd like to know, do you have infrared
10 cameras that you're going to put in? What kinds of
11 technology are you going to use, especially to make
12 sure that kids are not left unattended, not only in
13 the cars, but on the premises itself? Because you
14 have a hotel, you have food courts nearby.

15 MR. PEARSON: It's an excellent
16 question. It's something we think a lot about,
17 especially with our locating adjacent to the mall.

18 You know, we have our parcel and our
19 parking lot as sort of a legal description, but if
20 you're a guest, that's an imaginary line that it
21 doesn't mean anything for - for them.

22 The way the mall parking lot is set up
23 and where the casino is located, there are natural
24 breakpoints where, you know, if you were a casino
25 customer, there's a whole section of the mall where

1 you would not park, but there is another section that
2 we don't directly own and control that will be part
3 of our patrol routes and things like that, because it
4 is a natural adjacent space. And just because it's
5 on the other side of an imaginary line doesn't mean
6 that it's not our responsibility to make sure that
7 that area is safe and patrolled.

8 And if, you know, it turns out that
9 guests, you know, sort of proclivity park in the
10 area, starts stretching out more into the mall, we'll
11 cover that area as well. Again, much like the
12 underage gamblers coming into the casino. Those are
13 two reasons that I never want to be in front of this
14 Board, is unattended minors left in vehicles or an
15 underage person gaining access to the casino.

16 MS. MANZANO-DIAZ: So, you have a
17 strategic plan with regard to the signage and where
18 you're going to place the signage strategically?

19 MR. PEARSON: Yeah, we'll have signs
20 and things like that. In my experience, humans
21 aren't great at reading signs, but we will have them.

22 For us, it'll be the proactive
23 patrols. So, actively being out there, making sure
24 that we have a presence in the parking lot. The
25 security staff is trained on what to look for and,

1 you know, make sure that we are catching as much as
2 we humanly can.

3 Augmenting that with technology, you
4 know, looking at - the heat-sensing camera thing,
5 that's something we'll look at when we get back.
6 Conversation - it's probably already in his plan, he
7 just hasn't told me, but yeah, absolutely.

8 Like I said, the last thing I wanted
9 to do is be in front of you again saying I failed at
10 that point.

11 CHAIR: Commissioner Dermody?

12 MR. DERMODY: Thank you, Madam Chair.

13 There are no plans for, you know, a
14 sports book in State College?

15 MR. PEARSON: It's - what happened is,
16 through a real deep analysis on how people are
17 interacting with sports betting, just the retail
18 portion of it, what we thought we could make doesn't
19 support how that business comes in.

20 So, when it comes to sports betting,
21 online really seems to be the - the ticket. And
22 there's plenty of sports betting happening in State
23 College, -

24 MR. DERMODY: Okay.

25 MR. PEARSON: - but I think people are

1 using the convenience of their mobile devices to do
2 that. And I don't know if I was putting -. The
3 biggest thing we'd be able to do is really a counter
4 in a window. And so we didn't feel that that
5 experience was enough to overcome the - the online
6 experience differentiator.

7 ATTORNEY FABIOUS: What we can offer is
8 - you know, entry into the Pennsylvania market for
9 online sports betting is extremely limited, as you
10 know. And with a Category 4 License, we could
11 partner with somebody that wanted to enter the market
12 and then retail sports betting could come along with
13 that, if somebody wanted a certain ticket to the
14 game, so to speak, but it's - it's really a future
15 plan, a future discussion.

16 MR. PEARSON: And it's something
17 that's - it's definitely on our radar and we're
18 looking at, but it's sort of phase two.

19 Phase one, we want to get the brick
20 and mortar land-based operation up and going, because
21 the iGaming and the Internet sports betting is, as
22 Alex and Sam can attest to, can often be a powerful
23 distraction when you have some higher priority things
24 going on. So, we want to get this - after five years
25 we really just want to get the casino open and we can

1 figure out how to augment after.

2 MR. DERMODY: Thank you.

3 CHAIR: Commissioner Dunbar.

4 MR. DUNBAR: Just to follow up, and
5 correct me if I'm wrong, I did see plans for a sports
6 bar.

7 MR. PEARSON: Yes.

8 MR. DUNBAR: So, there's a sports bar,
9 but no one's going to be able to wager in that sports
10 bar, not even on your phone. They would have to
11 leave the premises to do that.

12 Is that correct?

13 ATTORNEY FABIOUS: Not - not with -
14 yeah, not with us. We wouldn't be offering mobile
15 sports betting on the phone.

16 MR. DUNBAR: Right, but they - even on
17 the premises they actually - they couldn't do a
18 sports wager within the premises on anybody else's
19 platforms.

20 Is that correct?

21 ATTORNEY FABIOUS: Because of
22 Geofencing with - yeah, yeah. No, I think in terms
23 of other operators, yeah -.

24 MR. DUNBAR: I think - I think that is
25 kind of interesting to have a sports bar and nobody

1 be able to wager, but let's see if it works out in
2 the Future, I guess.

3 MR. PEARSON: Yeah, a lot of -.

4 MR. DERMODY: Running out to a parking
5 lot.

6 MR. PEARSON: I will say if we - if we
7 observe business leaving the building because we're
8 not offering, whether that's poker or, you know, some
9 other type of amenity, that's something that we can
10 pivot on relatively quickly.

11 You know, a lot of this exercise, and
12 especially when it comes to new openings and going
13 into new markets is getting open and then figuring
14 out what we did wrong, basically, and - and making
15 adjustments there.

16 Your point is very well made, it is
17 possible that this - you know, I could before you in
18 another year or so asking to bolt on some additional
19 licenses because we got it wrong initially.

20 CHAIR: Commissioner Dillon, do you
21 have any questions?

22 MR. DILLON: I have no questions.

23 CHAIR: I think our Chief Counsel's
24 Office has a different opinion on the sports
25 wagering.

1 ATTORNEY FABIOUS: Well, I do believe
2 there's no Geofencing for sports wagering.

3 MR. PEARSON: It's just ID -.

4 ATTORNEY FABIOUS: Right.

5 MR. PEARSON: So, you can't bet on
6 your phone.

7 MS. RALSTON: And just one follow-up
8 question. You said you've been going to job fairs.
9 Have you already started kind of like
10 a directory or collecting content -?

11 MR. PEARSON: That's the main thing
12 that we've been doing at the job fairs, is explaining
13 the different roles and positions that we're going to
14 be hiring for, timelines. And then we're collecting
15 names and email addresses and phone numbers for all
16 the interested parties, and the roles - the types of
17 roles that they've been interested in.

18 A lot of our focus on attending the
19 job fairs has really been kind of priming the pump on
20 getting people interested to attend the Dealer
21 School. That's - definitely the thing that I've
22 highlighted is one of our biggest lists that we need
23 to achieve. I mean, it's going to be sort of a feat.
24 You know, we're going to have, you know, roundish
25 about a hundred Dealers and table game staff. And

1 many of them, it will be their first time doing it.

2 I feel okay about that, because I
3 actually, in a lot of ways, like us training all of
4 our staff the way that we want them to operate, not
5 having to sort of unlearn some other behaviors, but
6 it's going to be a lift. And that's a big focus as
7 we're doing the community outreach stuff is trying to
8 get the local public excited about those casino
9 roles, especially the Dealers.

10 We receive some trepidation from some
11 people. There's - which was kind of surprising to
12 me, but there were a lot of folks that when they
13 said, oh, are you interested in being a Dealer?
14 They're like, oh, that sounds hard. Or like, I don't
15 know about that, maybe another job. I know how to do
16 that. And so a lot of it's been like, no, it's -
17 we'll teach you how to do it. We'll have the school
18 and go through the training, and - so - but it's
19 definitely - our work's cut out for us to, you know,
20 fill the good staff there.

21 MS. RALSTON: And on the heels of
22 that, first of all, I think - Saratoga, I applaud you
23 for the diversity of your workforce. 50/50 women and
24 33 percent minority. And I would hope SC Gaming
25 would aspire to duplicate that.

1 And in order to do that, I believe you
2 need to go outside of the surrounding area of State
3 College. So, you probably should look at
4 universities all across the Commonwealth.

5 MR. PEARSON: Yeah.

6 MS. RALSTON: People might be willing
7 to relocate, are attending job fairs outside of the -
8 just the surrounding area, because you're never going
9 to probably get 33 percent minorities in The State
10 College area. You might get the 50/50 women, I don't
11 know, but I do know in speaking to certain people
12 from different universities and some of the HBCUs
13 people don't know about the gaming industry. So, it
14 is really an education process that you have to
15 engage in. And so you should just think outside the
16 box -

17 MR. PEARSON: Yeah.

18 MS. RALSTON: - when you look at
19 hiring.

20 MR. PEARSON: Yeah. Absolutely.
21 Yeah. I couldn't agree more. I mean, you know, the
22 executive staff we brought on so far, that was an
23 important element to us. And you know, I've seen
24 this before in other properties. You know, the
25 diversity that we set in our executive team upfront

1 tends to spill on and cascade down through the
2 organization.

3 So, that was very important for us to
4 set up. I know that we do have our headwinds against
5 us in Centre County. It's not the most diverse
6 section of the state, but, you know, we're excited to
7 do what we can.

8 CHAIR: Okay. Do you - OEC, do you
9 have anything to present?

10 ATTORNEY GABRIELLE: We do not have a
11 formal presentation, but I would like to make a
12 statement in support of our position.

13 CHAIR: Certainly.

14 ATTORNEY GABRIELLE: Thank you. The
15 OEC has reviewed the Joint Petition filed by SC
16 Gaming ApCo, LLC and SC Gaming, LLC and filed an
17 Answer and New Matter in response on May 12, 2025.

18 The Bureau of Investigations and
19 Enforcement's (BIE's) Financial Investigations Unit
20 conducted an investigation into the proposed
21 transaction and drafted a report that analyzes the
22 details of the transaction, including SC Gaming OpCo,
23 LLC and Saratoga Casino Lion, LLC's pretransaction
24 structures, Saratoga Harness Racing, Incorporated's
25 financial information, debt and credit rating -

1 credit ratings, the agreements governing the
2 transaction, proposed transaction funding, SC Gaming
3 OpCo, LLC's post acquisition structure, Saratoga
4 Casino Lion, LLC's organizing documents and the Joint
5 Petition.

6 SC Gaming OpCo, LLC has been approved
7 for the issuance of a Category 4 Slot Machine License
8 by the Board, and intends to operate the Happy Valley
9 Casino in State College, Pennsylvania.

10 Saratoga Casino Holdings, LLC is 99
11 percent owned by Saratoga Harness Racing,
12 Incorporated, a racing gaming holding company that,
13 through its subsidiaries, owns and operates Saratoga
14 Casino Hotel, a casino and harness racetrack in
15 Saratoga Springs, New York; Saratoga Casino Black
16 Hawk, a casino in Black Hawk, Colorado, and Magnolia
17 Bluffs Casino and Hotel, a casino and hotel in
18 Natchez, Mississippi.

19 Saratoga Casino Lion, LLC is Saratoga
20 Casino Holdings, LLC's subsidiary, intended to hold
21 the 60 percent ownership interest in SC Gaming
22 HoldCo, LLC, the parent company of SC Gaming OpCo,
23 LLC, the Category 4 Slot Machine Licensee.

24 OEC and BIE's initial assessment of
25 this transaction, based on the concept outlined by

1 joint petitioners in their Joint Petition, supporting
2 documentation and presentation today, indicates that
3 there are no significant issues and OEC does not
4 object to the Board approving the petition and
5 granting the following relief requested by joint
6 petitioners.

7 The changes in the ownership of SC
8 Gaming, LLC resulting from the contingent conversion
9 of debt to equity in SC Gaming, LLC; the payment of
10 the earnest money deposit, in conjunction with the
11 framework agreement, and Saratoga Casino Holdings,
12 LLC's acquisition of 60 percent ownership in SC
13 Gaming Holdco, LLC post licensure.

14 This approval is subject to the
15 proposed conditions outlined in OEC's Answer and New
16 Matter, so that we may continue to monitor the
17 transaction and ensure full compliance with the
18 requirements of the Pennsylvania Racehorse
19 Development and Gaming Act, and the Board's
20 regulations promulgated thereunder, and any other
21 conditions imposed by the Board.

22 Regarding joint petitioner's request
23 regarding the feature fee associated with the change
24 of control, the Pennsylvania Racehorse Development
25 and Gaming Act provides that this determination is

1 left at the Board's discretion.

2 OEC is available to answer any
3 questions.

4 CHAIR: SC, do you have any questions
5 for OEC?

6 MR. PEARSON: We do not. Thank you.

7 CHAIR: Okay. Any questions or
8 comments from the Board?

9 ---

10 (WHEREUPON, A BRIEF INTERRUPTION IN THE PROCEEDINGS
11 WAS HELD.)

12 ---

13 CHAIR: Somebody did not abide by my
14 request. Silence your devices.

15 SC Gaming, is there anything you would
16 like to add? Would you like to move your PowerPoint
17 into the record?

18 ATTORNEY FABIOUS: We would like to
19 move the PowerPoint into the record, if you wouldn't
20 - if you wouldn't mind.

21 With that, we just would ask for
22 approval of the petition and the relief request.

23 CHAIR: OEC, any objection to the
24 PowerPoint?

25 ATTORNEY GABRIELLE: No.

CERTIFICATE

I hereby certify that the foregoing proceedings, a hearing held before Denise Smyler was reported by me on June 25, 2025 and that I, Rachel Wilbur-Adams, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

Dated the 15th day of July, 2025



Rachel Wilbur-Adams,

Court Reporter