

PENNSYLVANIA GAMING CONTROL BOARD

PUBLIC HEARING

HSP - PETITION FOR ADDITIONAL TIME  
TO MAKE SLOT MACHINES AVAILABLE TO PLAY

REGISTERED PUBLIC COMMENT

WEDNESDAY, MAY 6, 2009, 9:52 A.M.

PENNSYLVANIA CONVENTION CENTER  
PHILADELPHIA, PENNSYLVANIA

BEFORE:

MARY DiGIACOMO COLINS, CHAIRMAN  
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JEFFREY W. COY  
JAMES B. GINTY  
KENNETH T. McCABE  
SANFORD RIVERS  
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NOTARY PUBLIC

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1 CHAIRMAN DiGIACOMO COLINS: We have before us HSP's  
2 Petition for Additional Time to Make Slot Machines  
3 Available to Play, as well as to modify its approved  
4 plan.

5 I would like to remind all of you who are here  
6 that those persons who have registered to speak will  
7 have an opportunity to do so at the conclusion of this  
8 presentation.

9 We have a podium here. It will be an orderly  
10 and methodical presentation of public input. It is very  
11 important to all of us here today, we have come to  
12 Philadelphia today so that all of us can hear the  
13 presentation of the Petitioners and also hear the  
14 comments of the public for those who have signed up.

15 So what I'm getting to is that it is extremely  
16 important that we all be respectful of one another's  
17 right to speak today pursuant to our Rules and  
18 Regulations.

19 I will require that we have an orderly  
20 presentation throughout the day and we will accomplish a  
21 lot of very important work.

22 Okay. Now, the first thing I would like to do  
23 is to ask the parties who intend to present evidence in  
24 this matter to please rise and we will swear you in for  
25 purposes of testifying today.

1                   So the Petitions and any parties who are going  
2 to testify.

3                   MR. HARDY: Chairman Colins, Chuck Hardy. I'm  
4 the House Counsel for the SugarHouse Casino. Several of  
5 our witnesses are making their way down. They are in  
6 the building. If you could wait a minute, I'm quite  
7 sure they will be here so they can all be sworn.

8                   CHAIRMAN DiGIACOMO COLINS: Do you have to make  
9 calls?

10                  MR. HARDY: We have done that. They are on  
11 their way.

12                  CHAIRMAN DiGIACOMO COLINS: Okay. Then we will  
13 -- why don't we take a two- or three-minute recess. I  
14 recommend that you don't stray far. Just give us a  
15 couple of minutes, and then we will resume.

16                  MR. HARDY: Thank you very much.

17                  (Break.)

18                  CHAIRMAN DiGIACOMO COLINS: I would like to  
19 reconvene, please, and so we can gather and come back to  
20 your seats.

21                  All right. Thank you very much. We will now  
22 move forward with this hearing on the Petitions. All  
23 those who are testifying as parties in this matter, if  
24 you will rise and I would ask you to take an oath.

25                  (Witnesses sworn en masse.)

1           CHAIRMAN DiGIACOMO COLINS: Excuse us for one  
2 minute, please. We're having technical difficulties.

3           Mr. Donnelly?

4           MR. DONNELLY: Yes.

5           CHAIRMAN DiGIACOMO COLINS: While we're waiting  
6 for your tech person to get a computer set up, why don't  
7 you begin as the counsel for the Petitioner and outline  
8 for us the nature of your Petitions, summarize the  
9 content, and we can begin now.

10          MR. DONNELLY: I would be happy to. Madame  
11 Chairman and members --

12          CHAIRMAN DiGIACOMO COLINS: You can sit so that  
13 you can speak into the microphone so that everyone can  
14 hear you.

15          MR. DONNELLY: Madame Chairman, members of the  
16 Commission and citizens of Philadelphia who have come  
17 today and everyone else who is interested in this  
18 matter.

19                 I want to thank everyone for inviting us today  
20 to Philadelphia. We're happy to be here. We've  
21 heretofore pretty much appeared in Harrisburg and I  
22 think it is very appropriate that this hearing be held  
23 in the host city that we hope to soon join as a  
24 full-fledged citizen. So we thank you for inviting us  
25 here today.

1           The purpose for this meeting today is  
2   threefold, really; to inform the Board and the citizens  
3   of Philadelphia and the Commonwealth at large of the  
4   status and progress that this Applicant, SugarHouse  
5   Casino has made on developing a casino resort facility  
6   on the riverfront in Philadelphia.

7           Secondly, to seek the permission of this Board  
8   to modify and extend the provisions of the Statement of  
9   Conditions that the Board issued when it elected to name  
10   SugarHouse as one of the casinos invited to develop in  
11   this state.

12          Thirdly, to present to you our plans to achieve  
13   the goals that we presented -- it seems like a very long  
14   time ago now -- but we presented to this Board when the  
15   Board was making the determination as to which casino  
16   properties it would choose.

17          We have lost a year in our development. It is  
18   -- during that year, as would be expected, events have  
19   changed. The wheel has turned. Events changed a lot  
20   more dramatically than I think anyone in this room could  
21   have imagined a year ago with the problems that the  
22   credit markets have been through, and the casino  
23   industry in general has suffered perhaps more than the  
24   market at large with those changes.

25          Notwithstanding that, we have not been idle

1 during that year at all. We have during that year been  
2 able to, I think, build a very sound consensus among the  
3 citizens of this city, the people of the Commonwealth,  
4 and other constituents who are interested in seeing  
5 development, jobs, ratables, and all of those things  
6 that this new industry can bring to this city.

7           Probably a year ago, I know a year ago, we  
8 couldn't have said that. I like to think that we have  
9 achieved that by being good citizens and by -- and by  
10 recognizing that we are invitees to this community and  
11 asking the community what it wanted and responding in a  
12 way that we could meet those concerns.

13           I'm happy today to be able to present -- we  
14 don't have our PowerPoint running yet; but I would first  
15 like to introduce to us who is here with me today and if  
16 people could stand up, Bob Sheldon, who's the President  
17 of and CEO of SugarHouse, Lee Whitaker, who is our  
18 Director of Communications, Lisa Riley, who is our VP,  
19 essentially Head of Finance for the facility, Joanne  
20 Weber who is HR and Human Relations.

21           The next name I'm going to mangle. Nick K we  
22 call him, Kontakokis, who is our IT man. George  
23 Mancuso, who is an Atlantic City veteran slot person, a  
24 personal friend of the man who is a renowned slot man  
25 who is going to be head of slots.



1           Presenting today will be Neil Bluhm -- I'm  
2 sorry. With the partners who are here today are Neil  
3 Bluhm, Greg Carlin, Richard Sprague, Former Justice Bill  
4 Lamb, Jerry Johnson, Dan Keating, and Robert Potamkin,  
5 who are partners of HSP and all of whom who have very,  
6 very strong ties to the City of Philadelphia.

7           Presenting today will be Neil Bluhm, Ian Cope,  
8 our architect, Terry McKenna, who for want of another  
9 word kind is the clerk of the works with this project,  
10 Dan Keating, Greg Carlin, and also we have some members  
11 of the community, Joe Mahoney, who is a member of the --  
12 I think the Executive Director of the Greater  
13 Philadelphia Chamber of Commerce will be here, Larry  
14 McCrae, who is an electrical contractor and President of  
15 Larry C. McCrae, Inc., Walt Palmer, who is the President  
16 and Chief Executive Officer of the General Building  
17 Contractors Association, Tim Brink, who is a -- the  
18 President of the Mechanical Contractors Association and  
19 Tim Breslin a local Fishtown resident, who is one of our  
20 neighbors and is a member of -- both Tim and Joe are  
21 members of the largest community group in Fishtown and  
22 are here to speak both personally as to their own  
23 experiences with HSP SugarHouse as a neighbor and to  
24 speak about how we have interacted with the neighborhood  
25 and what we think the vast, vast majority of Fishtown

1 residents are.

2           As a matter of fact, both of these individuals  
3 are members of FACT, which is the largest, I believe, by  
4 ten times of the community groups in Fishtown, and both  
5 were involved in the negotiations of the Community  
6 Development Agreement between SugarHouse and the  
7 neighbors, which we have entered into and executed and  
8 will, with the Board's permission for these  
9 modifications to the facility, fully meet.

10           While we are setting up, as we presented to you  
11 last month, there has been a significant, I think,  
12 change in our relationship with some of the legislative  
13 bodies in the City of Philadelphia.

14           I say that -- I want to hasten to say to all of  
15 the citizens here and to this Board, the people who are  
16 elected officials in the City of Philadelphia, I think,  
17 took their job very seriously and seeing a new industry  
18 and a new, novel business coming to the City, took an  
19 aggressive stance in making sure that what we would  
20 bring to this city was something that would help the  
21 citizens of this city.

22           We had a lot of give and take with those  
23 persons. I'm happy to say that I think they fulfilled  
24 their job. We fulfilled our job.

25           Today, we are in a position to present to this

1 Board several letters from persons who represent the  
2 city, which I would like to read portions into the  
3 record, if that is permissible, Madame Chairman.

4 CHAIRMAN DiGIACOMO COLINS: Yes.

5 MR. DONNELLY: Thank you. First, there is a  
6 letter that we will present to you dated May 1st, 2009  
7 from the Honorable Mayor Michael A. Nutter to you,  
8 Madame Chairman, regarding HSP Gaming and SugarHouse.

9 Just to take an excerpt out of that letter, I  
10 will quote, our Planning Commission had previously  
11 approved HSP's original Plan of Development.

12 Now the modifications HSP is submitting to the  
13 Board for approval, specifically address several of the  
14 city's design principals for development along the  
15 river.

16 These include the provision of direct and  
17 generous public access from Delaware Avenue to the  
18 river. The preservation of the natural shoreline and  
19 subsequent minimization of environmental effect and  
20 improvements to the pedestrian access to the facility  
21 from the public sidewalk.

22 In addition to the design improvements, the  
23 modifications sought by SugarHouse will enable an  
24 earlier opening of an interim facility, creating jobs  
25 and tax revenue benefiting the city and all

1 Pennsylvanians.

2           We support this modified proposal and are  
3 working diligently with HSP to finalize the necessary  
4 details.

5           I'll move to kind of the end, which closes  
6 with, in closing, we are committed to working in  
7 partnership with HSP to realize this important project  
8 to the City of Philadelphia.

9           Second letter I would like to focus the Board  
10 on is from Councilman Frank Diccico, who is the 1st  
11 District Councilman, which is the district that  
12 encompasses our neighborhood and our facility.

13           Councilman Diccico is, I think, for those of  
14 the Board who know him, a very articulate and aggressive  
15 representative for his constituents.

16           After a lot of discussion with him and his  
17 constituents, we're happy to announce this April 29th,  
18 2009 letter, again, to you Chair Colins, which I will  
19 read an excerpt from.

20           While I initially opposed HSP's Gaming  
21 Application and License, the developer has made  
22 significant improvements to its design.

23           I'm now happy to support the HSP Gaming  
24 project. The current plan provides a stronger  
25 waterfront access, a more pedestrian friendly

1 environment, and will permit gaming operations to begin  
2 quickly.

3 In conclusion, he writes, to conclude, I am  
4 committed to HSP Gaming's project and look forward to  
5 working with the partnership group now and in the  
6 future.

7 The third communication is from Councilman  
8 Darryl L. Clarke, whose district is the 5th District and  
9 encompasses some of our neighborhood, less so than  
10 Councilman Diccico but part of the neighborhood, and  
11 Councilman Clarke, too, has been very vigilant.

12 I remember meeting him the first time I came to  
13 Philadelphia, both he and Councilman Diccico, at some of  
14 the many neighborhood meetings that we had when we were  
15 first in town.

16 He writes on April 29th, 2009, quote,  
17 Sugarhouse has worked at length with the city to address  
18 design and planning concerns, gaining increased support  
19 from the mayor's office in the process.

20 Additionally, SugarHouse has been a good  
21 neighbor, working with the surrounding community for  
22 several months, agreeing to a Community Benefits  
23 Agreement that gives at least \$1 million annually.

24 They have committed to aggressively seeking out  
25 and utilizing qualified MBE, DBE, and WBE firms

1 throughout the phrases of the project.

2           Lastly, this will mean significant jobs and  
3 revenue to the community. Given the current economic  
4 state of affairs, completion of this project will be a  
5 welcome boon.

6           For these reasons, I am respectfully requesting  
7 your approval of the SugarHouse's amended time request.  
8 That is signed by Councilman Darryl Clarke.

9           The final communications is from Dwight Evans,  
10 who is the Majority Chairman of the House,  
11 Representative Evans, who is -- who represents this  
12 district.

13           He has written a letter dated April 14th, 2009  
14 to the members of the Pennsylvania Gaming Control Board  
15 and he, quote, writes to express my support of the  
16 Amended Petition filed by SugarHouse.

17           Another excerpt, in fact, I can tell you that a  
18 substantial majority of the House Appropriations  
19 Committee and the House of Representatives at large  
20 strongly support the SugarHouse project.

21           He concludes with the following: For the  
22 reasons stated, I implore you to grant a two-year  
23 extension and to give your unequivocal approval to the  
24 proposed modifications so that the SugarHouse can begin  
25 construction and open as quickly as possible and the

1 Commonwealth and the city can receive the world-class  
2 entertainment facilities they were promised and the  
3 revenues and jobs they so desperately need.

4           In short, I think it is fair to say that the  
5 vast majority of the representatives of the City of  
6 Philadelphia and the Commonwealth are in favor of this  
7 application going forward and in favor of seeing what  
8 everybody thought would happen a lot quicker than it  
9 has, which is to bring this exciting new industry to  
10 Philadelphia.

11           We're ready to start the process that we have  
12 been eager to do for quite a long time; to bring jobs,  
13 to bring construction, to bring a new entertainment  
14 venue to the city.

15           I did forget one other thing. Thank you.  
16 There is another letter that I can't lay my hands on at  
17 this moment, but it is from the Convention and Visitors'  
18 Bureau of Philadelphia, the venue that we are in today;  
19 and as I find it, I will read it to you. I know it has  
20 been presented to you in the record.

21           But the Convention and Visitors' Bureau also  
22 wrote in general that the -- believes the SugarHouse  
23 facility would serve as a bookend to some development  
24 along -- further development along the waterfront.

25           It notes that the -- that facility and this new

1 entertainment venue will aid in drawing conventions to  
2 the City of Philadelphia.

3 I know, I'm a solicitor to the convention  
4 center in Atlantic City and have been for years, and the  
5 casino industry and the convention center work hand in  
6 glove together and that industry down there is very  
7 helpful to the convention and visitor authority in  
8 Atlantic City. We fully expect to cooperate with and be  
9 partners with the Convention and Visitors' Bureau up  
10 here in Philadelphia.

11 What we are going to present today, Madame  
12 Chairman, is a number of speakers. Neil Bluhm will  
13 present the current status of the project, the financing  
14 atmosphere, and the plans of SugarHouse to finance this  
15 project and generally the timing of the project and with  
16 the modified project and the purpose of the  
17 modifications and when we plan to get this facility  
18 open.

19 Secondly will be Ian Cope our architect, who  
20 will present the modifications to the plan and what we  
21 have done in the interim to bring -- to modify our  
22 interim casino, which we had presented to you before  
23 when you initially approved the interim facility, Terry  
24 McKenna, the clerk of the works, will present those  
25 permits and approvals and other governmental actions



1 that are necessary to put the shovel into the ground and  
2 start this building.

3 Dan Keating will address the construction jobs  
4 and the construction development that will be generated  
5 by the modified interim facility.

6 With him, he will introduce Mr. Palmer from the  
7 Contractors Association, Mr. McCrae, an interested  
8 contractor Tim Brink from the Mechanical Contractors to  
9 talk about the construction jobs that will be generated  
10 by the construction element of this facility.

11 Greg Carlin is going to address the casino jobs  
12 and the -- what kind of jobs will be generated from this  
13 facility, once it is up and operating the first interim  
14 phase.

15 Joe Mahoney from the Chamber of Commerce will  
16 address SugarHouse's impact on employment. Then we're  
17 going to ask Mr. Rafter and Mr. Breslin, two of the  
18 community members from Fishtown and one being also a  
19 business owner and neighbor, neighboring business of  
20 ours, to address the impact that upon the community of  
21 this facility and to advise the Board and the citizens  
22 of Philadelphia how we have been working with the  
23 community on this matter.

24 With that, we will invite questions from the  
25 Commission and be available to answer and respond to any

1 questions.

2 I want to conclude with just one statement.  
3 Again, where I started, I think it is entirely  
4 appropriate and we're very happy that the Board venued  
5 this in Philadelphia.

6 We watched the news all day and if someone were  
7 standing on Mars watching what is going on here, they  
8 would conclude from the news media that the people of  
9 Philadelphia are against this casino and against this  
10 facility. That is not the truth, as you can see here  
11 today.

12 The people of Philadelphia are for this  
13 facility and the Commonwealth is for this facility and  
14 this casino and the work that this Board has been doing  
15 to bring this casino here is what the people of this  
16 Commonwealth and the people of this city want. There is  
17 going to be a naysayers.

18 Point made, I'll turn it over to Mr. Bluhm.

19 CHAIRMAN DiGIACOMO COLINS: Thank you. Your  
20 first witness?

21 MR. DONNELLY: Thank you.

22 MR. BLUHM: Thank you, Madame Chairman and  
23 members of the Board and the citizens of Philadelphia  
24 and the Commonwealth. I'm Neil Bluhm.

25 It has been a little over a year since HSP

1 received its Slot Machine License. And during this time  
2 and even prior to that, we have encountered many legal  
3 and other obstacles beyond our control and overcame each  
4 one of those through a number of legal proceedings.

5 But we realized that the world has changed and  
6 there were concerns raised by the mayor and the city and  
7 certain citizens and that we ought to try to develop a  
8 modified plan that would work for all of the different  
9 constituencies, as well as a plan that could get  
10 financed in this very difficult market.

11 So our modified plan that we have developed  
12 addresses many of the concerns raised by the mayor and  
13 his advisors.

14 It is designed to open as quickly as possible.  
15 In the process, we examined many other structures to try  
16 to get this done, including using a temporary structure,  
17 but our current modified plan is far superior because we  
18 will have its -- we will open, subject to your approval,  
19 a portion of the permanent facility, which will make it  
20 much more competitive because it will be far nicer.

21 We can get it done much more quickly, and it  
22 will be a very successful project. We believe that our  
23 differences with the city have largely been resolved.  
24 We are working very closely together. We are on the  
25 same page.

1           The mayor and his staff have been very  
2 cooperative and working very hard with our people; and  
3 under our modified plan, the HSP along with the  
4 Commonwealth and the city share a common goal to get an  
5 interim facility open as quickly as possible to create  
6 jobs and tax revenue.

7           In the meantime, we have been doing a lot of  
8 work. Key members of our Executive Team are in place.  
9 Our Internal Controls are being drafted. We have a  
10 Community Outreach Program that is ongoing and as noted  
11 in Councilman Clarke's letter.

12           We are planning our slot machine and other  
13 equipment purchasing, and we have been doing a  
14 tremendous amount of development activity.

15           We, of course, have purchased the property. We  
16 recently acquired an option to lease the property to the  
17 north of our property to accommodate parking during the  
18 interim and garage construction.

19           We have been doing extensive design work to  
20 address comments from the neighbors and the city in  
21 order to accomplish some of their desires.

22           We have been doing extensive site work. We  
23 have removed the old SugarHouse obstructions and we have  
24 completed test piles.

25           Huge foundations from the old SugarHouse were

1 removed, all with careful oversight to assure  
2 preservation of historical artifacts.

3           We have been meeting regularly with the city  
4 and talking to the mayor as he has indicated in his  
5 letter.

6           As Terry McKenna will get into more details, we  
7 have been working on getting our permits and approvals.  
8 We have entered into a community benefit agreement as  
9 noted by Councilman Clarke.

10           Ian Cope, our architect, will go into details  
11 of our modified plan, which is very similar but works  
12 even better than the plan that you approved back in  
13 2006.

14           Now, let's look at what this project is going  
15 to cost us. All right. There is a slide that goes  
16 through that.

17           But as you can see, the cost of the modified  
18 plan as opposed to the old interim plan is actually more  
19 than the old plan.

20           It will cost us about \$474 million instead of  
21 \$460 million and none of these costs include the  
22 financing costs. So, it isn't like we are cheapening  
23 the project.

24           Now, in terms of financing, which is obviously  
25 critical in today's world, I would like to take a few

1 minutes to discuss the financing situation.

2           First, the current state of the financing  
3 market is well known to you and everybody. We are in a  
4 situation that has never occurred in this country except  
5 since the Great Depression.

6           You all know that financing is extremely  
7 difficult and remains difficult. I met with  
8 Mr. Bernacke and other members of our industry a couple  
9 of weeks ago. They are aware of what is going on.

10           I saw yesterday on television on CNBC where he  
11 indicated that the world is -- maybe there is some light  
12 at the end of the tunnel, but financing remains very,  
13 very difficult and that is the main obstacle of the  
14 government right now, to try to open up the financing  
15 markets.

16           Casino financing, in particular, is very  
17 difficult for a couple of reasons. One, the casinos in  
18 Las Vegas have been hurt very badly because people are  
19 not traveling as much as they used to.

20           It is expensive to get on a plane and fly to  
21 Las Vegas. There have been many companies who have  
22 experienced extreme financial difficulties in Vegas and  
23 other markets like Atlantic City.

24           Now, the local markets are doing better as you  
25 know because people don't have to go for a weekend and

1 spend \$3,000 flying to Vegas, and local markets like in  
2 Pennsylvania have been doing better. But nevertheless,  
3 there is a very difficult financial market.

4 We structured our modified plan so that we  
5 believe that we can get financing in today's very  
6 difficult environment.

7 Let me be more specific about that. We will  
8 need about \$150 million worth of financing. About \$30  
9 million we can get in equipment financing, we believe,  
10 and about \$120 million in some sort of a bank or other  
11 kind of interim facility to cover our cost of  
12 construction and all of the soft costs.

13 Now, to date, we have invested \$160 million  
14 into this project, all funded with equity. We don't  
15 have a penny of debt.

16 When we presented this program to you in 2006,  
17 all right, we were asked what the maximum potential  
18 equity might be; and it was \$108 million, which we  
19 committed to put into the project.

20 So we have put in over \$50 million more equity  
21 than we originally had committed to you in 2006 and have  
22 no debt in our project.

23 Now , how can we get this financed? Well, what  
24 has happened is that the amount of debt available in  
25 today's financing world is significantly less than it

1 used to be.

2           And for example, in 2007 and actually in '06  
3 when we presented this to you, we had a loan commitment  
4 for \$440 million. That kind of a loan for that amount  
5 of money is not available, in our opinion, as we sit  
6 here today.

7           The reason is that the lenders today are  
8 requiring just as much more equity into a project than  
9 they were two or three years ago, not any different than  
10 getting a home loan.

11           Okay. So the two things they look at are  
12 first, what is the amount of equity that you are putting  
13 into the job, the project, in relationship to the amount  
14 of the loan?

15           Back when we originally met you in '06, you  
16 could get maybe 75 even 80 percent financing, just like  
17 on a home, you could have very little down payment.  
18 Today, most people would say you need 30, 40, perhaps as  
19 much as 50 percent equity.

20           Now, if you go back to the numbers that I was  
21 discussing a few minutes ago, we have \$160 million of  
22 equity already in the project. So we would be borrowing  
23 somewhere in the neighborhood of \$150 million. We have  
24 more than 50 percent equity in this project. So we  
25 believe that meets the current requirements to go get a



1 loan.

2           The second requirement that lenders look at is  
3 what is the amount of the loan in relationship to the  
4 cash flow of the project? It used to be that you could  
5 borrow four and a half or five times the amount of the  
6 projected cash flow.

7           So originally, we were going to build this all  
8 at once. We were projecting a cash flow in the range of  
9 \$100 million. We had a financing commitment of \$440  
10 million. That was roughly four and a half times the  
11 projected cash flow.

12           Today, we think that the rules are closer to  
13 two and a half times, maybe as much as three; but even  
14 at two and a half times, we under our current interim  
15 plan and modified plan meet that test.

16           We're projecting a cash flow from the interim  
17 facility between \$60 and \$70 million. Let's take \$60  
18 million. At two and a half times \$60 million, that is  
19 \$150 million.

20           So we believe that we should be able to borrow  
21 \$150 million having \$160 million of equity, which would  
22 represent roughly two and a half times the low end of  
23 our projected cash flow.

24           So we believe that we can get financing for  
25 this project. We're confident. We are talking to

1 several banks about that, but we need your approval to  
2 finalize any financing.

3 We can't guarantee this financing because in  
4 this market, no one knows what could happen. However,  
5 when we last met you in connection with the Pittsburgh  
6 casino, that project, as you know, was in serious  
7 financial trouble in the late summer of last year.

8 We told you that we thought we could get  
9 financing, that we believed that we could, we couldn't  
10 guarantee that we could.

11 We went out and raised that financing. That  
12 project is now back on track and it's under construction  
13 and scheduled to open on time and on budget in August of  
14 this year.

15 I believe if you approve our modified plan and  
16 give us our extension, we can develop for you an equally  
17 successful project here in Philadelphia and get started.

18 Let's talk for a minute about the timing of all  
19 of this. Okay?

20 We believe that it will take about three or  
21 four months to get all of the rest of our approvals, the  
22 financing and get started, subject to your approval.

23 Construction will take about nine months. So  
24 our anticipated opening would be in the second quarter  
25 of 2010, maybe 13 months or so from now.

1           After we open the interim casino, we would  
2 start shortly thereafter to construct the garage. We  
3 would expect to start that in maybe somewhere four to  
4 nine months.

5           One of the important elements of our plan here  
6 is that we don't need additional financing to build the  
7 garage because we are going to build the garage out of  
8 cash flow because we can't sit here and tell you that in  
9 a year we think that the financing market will have  
10 improved. We just don't know.

11           So we have structured this so we would open up  
12 the interim and wait a few months until things calmed  
13 down so that we can get our operations rolling and  
14 generate enough cash flow during the holding period and  
15 then start building the garage shortly thereafter, say,  
16 nine months later.

17           Between the cash flow that will build up and  
18 the cash flow from the construction of the garage, which  
19 will be maybe 14 months or so, we will generate enough  
20 earnings so we can pay for the garage without getting  
21 any additional financing.

22           After we complete the garage, we would need  
23 additional financing to complete the rest of Phase 1 and  
24 we are committed to doing that and we will do that as  
25 soon as practical and Phase 1 will consist of the full

1 3,000 slots and the interim will consist of 1,700 slots.

2 Now, let's look at our projected revenue for  
3 one second in our interim casino. Our projected revenue  
4 for the interim casino is going to exceed what we  
5 projected for the first item for our phase in 2006. We  
6 are now projecting 420 million versus 180 million in  
7 2006.

8 The difference is due to two factors. One, we  
9 are opening with 1,700 slots instead of 1,500; and  
10 secondly we are projecting higher win per machine than  
11 we did back then.

12 You should also note when we open our complete  
13 Phase 1 with 3,000 slots, we are projecting higher  
14 revenue as well. So this plan has not shortchanged  
15 anybody on the revenue.

16 Now, let's look at the tax projections for a  
17 second. They are very significant in these difficult  
18 times.

19 In our interim casino, our tax projections are  
20 that we will generate annually during the interim casino  
21 phase, \$16 million a year in tax revenue to the city,  
22 \$82 million in tax relief to the citizens. That adds up  
23 to about almost \$100 million, 98 million; and another  
24 \$12 million each year in economic development including  
25 the Pennsylvania Convention Center proceeds for a total

1 of \$110 million per year.

2           When we complete Phase 1, the numbers jump up.  
3 They will be \$25 million a year in city taxes to the  
4 city, another 136 million a year in tax relief, plus  
5 another 20 million in economic development for a total  
6 of about \$180 million a year.

7           So it is very significant tax revenues in  
8 addition to jobs, which will be covered later under our  
9 plan.

10           At this point, I would like to turn this over  
11 to Ian Cope, our architect, who has worked very hard on  
12 this modified plan, to give you more information about  
13 the plan.

14           COMMISSIONER ANGELI: Mr. Bluhm, could I ask a  
15 clarification to something?

16           MR. BLUHM: Yes, sir.

17           COMMISSIONER ANGELI: You have \$160 million of  
18 equity and \$150 million that you are going to go out  
19 for, for a total of \$310 million. The total Phase 1 was  
20 \$474 million. That is a shortfall of \$160 million. Is  
21 that shortfall for the slots and the garage to complete  
22 Phase 1?

23           MR. BLUHM: Yes. The cost on this page of 474  
24 is for the entire Phase 1 and the cost of the interim  
25 facility to get open is the 160 million we already have

1 invested plus another 150 to borrow.

2 This chart was to get us all the way to Phase  
3 1, which included both the garage and the additional  
4 expansion to house 3,000 slots.

5 COMMISSIONER ANGELI: And you are going to  
6 finance the second part of that with revenue to the  
7 start up --

8 MR. BLUHM: There are two elements. We are  
9 going to finance the garage through the revenue from the  
10 interim casino; and once we open the garage, we will  
11 have to get some additional financing to develop the  
12 entire Phase 1.

13 COMMISSIONER ANGELI: Thank you.

14 CHAIRMAN DiGIACOMO COLINS: Mr. Bluhm,  
15 question, you indicated that your projections for the  
16 gross terminal revenue are somewhat higher than what you  
17 had previously projected. What are they and why?

18 MR. BLUHM: Okay.

19 CHAIRMAN DiGIACOMO COLINS: Per machine, what  
20 are they now and why are you coming up with higher  
21 projections?

22 MR. BLUHM: Okay. Two things, first, and let's  
23 deal with the interim casino for a second. When we  
24 presented this to you in 2006, we assumed we would open  
25 with 1,500 slots and instead we are opening with 1,700.

1 So, obviously, we have more slot machines.

2 The second element is that when we presented  
3 our numbers to you in 2006, we assumed that we would do  
4 less per machine than we now are projecting because the  
5 Philadelphia casinos -- I mean the Pennsylvania casinos  
6 are doing better.

7 Our actual projections are that we will come in  
8 at over \$400 per machine during the interim facility.  
9 The numbers that we are showing you right now are about  
10 \$385 per machine.

11 CHAIRMAN DiGIACOMO COLINS: All right. So then  
12 that projection is based on the success of gaming in  
13 Pennsylvania?

14 MR. BLUHM: That is correct. That is correct.  
15 And those have been prepared by outside consulting firms  
16 for us, which actually did, I believe, the projections  
17 when the law was passed. We are using 10 percent less  
18 than our outside consultant has given us just to be  
19 conservative.

20 CHAIRMAN DiGIACOMO COLINS: Thank you.

21 COMMISSIONER GINTY: I would like to go back to  
22 -- go ahead.

23 COMMISSIONER RIVERS: I would like a  
24 clarification on the parking issue, the fact that you  
25 are going to open your temporary facility before you

1 have a parking garage.

2 My question is, you made reference to the point  
3 that you acquired some property that you are going to  
4 use for parking.

5 How many parking spaces are going to be  
6 incorporated in this -- in the property that you just  
7 purchased?

8 MR. BLUHM: Ian Cope is going to get into that  
9 in detail. I can tell you that the parking, I believe,  
10 from this property next door during the interim phase  
11 while we are constructing will meet the requirements of  
12 this Code, the City Code; but it will be largely surface  
13 parking.

14 COMMISSIONER RIVERS: I guess I'm not so  
15 concerned about the Code. I'm just trying to figure out  
16 what is the number of spaces available because the way  
17 you service those machines because you're talking about  
18 obviously people coming in, increase gross terminal  
19 revenues, and I just want to know will enough people  
20 come in to provide you with the income you are talking  
21 about.

22 MR. COPE: I can address the number of parking  
23 spaces. In the interim phase, we are proposing a little  
24 over 1,400 spaces in total to support the 1,700 slots.  
25 That meets the City's Code-required parking ratio of



1 four slots -- four parking spaces per five slots.

2 COMMISSIONER GINTY: A couple of questions.

3 I'm a little slower than my colleague, Commissioner  
4 Angeli. I would like to review the financing and how  
5 you get to \$474 million.

6 You have \$160 in equity. You're going to get  
7 \$150 immediately in debt. That gets us to \$310. You're  
8 going to finance the garage through cash flow for one or  
9 two years, which you estimate at \$30 million.

10 How much more debt financing do you expect that  
11 you are going to need and how far out?

12 MR. BLUHM: Okay. I have to do this in stages.  
13 Okay?

14 COMMISSIONER GINTY: Go slow.

15 MR. BLUHM: I will go very slow. The first  
16 stage in the interim casino. All right. To do the  
17 interim casino, the cost will be approximately \$310  
18 million.

19 Okay. The chart that is up on the board is not  
20 the interim casino. That is the cost of the entire  
21 Phase 1 project.

22 COMMISSIONER GINTY: Okay.

23 MR. BLUHM: The interim casino, to get it up  
24 and operating before we do the garage is 310 of which we  
25 have already invested \$160 all cash, no loan, and will

1 borrow \$150 million.

2           Then we open next year sometime in the first  
3 quarter, and we will start to make, call it, \$60 to \$70  
4 million a year.

5           Over the next roughly up to two years, okay, we  
6 will be making roughly \$60 -- call it \$60 million a year  
7 and go to the low side.

8           Out of that \$60 million, we have to pay debt  
9 service on the \$150 million that we borrowed. Let's say  
10 it is \$15 million a year. So, that leaves us roughly  
11 \$45 million a year.

12           We will have some income taxes to pay. Let's  
13 say that brings us down to \$35 million a year. Okay.  
14 So if it takes us -- if we wait nine months and it takes  
15 14 months to build between -- during that period of  
16 time, we will -- we would generate enough money to pay  
17 for the garage, which costs about \$73 million.

18           Okay. So now, when we are all done with that,  
19 okay, we now have to go and complete the rest of the  
20 project, which is roughly \$400 million.

21           We already have in it roughly \$300 million,  
22 right, our equity and the existing loan? So we will  
23 need another loan of -- it all depends on how much the  
24 interest costs for the new loan will be and the  
25 financing market.

1           We will have to go out and borrow maybe another  
2 100, but we're not sure in that range. But at that  
3 point, we are assuming now, we are two, three, four  
4 years down the pike that the financing markets have  
5 gotten a little better.

6           Somewhere between where it once was, we never  
7 believed it will get to those bubble periods; but we  
8 will be making \$70 million, 60 to 70 and the projected  
9 cash flow from the whole facility when we open all of  
10 Phase 1 will be over \$100 million.

11           So if we could borrow three times cash flow,  
12 that would be \$300 million. We have only borrowed 150  
13 to do the interim.

14           So we feel, comfortably, we will be able to  
15 borrow money when the markets get back to somewhere  
16 between where they once were and where they are now.

17           So, we will have to borrow another \$100, \$150  
18 million to finish everything in addition to the \$150  
19 million that we now have.

20           I don't know if I'm doing slow or not, but it  
21 gets a little complicated; but I can tell you this is  
22 what I do for a living . I have been doing this for 40  
23 years.

24           We have spent a tremendous amount of time, my  
25 partner Greg Carlin came up with this plan that we have.

1 We spent a lot of time to come up with a design, a good  
2 plan, and one that can get done in this very difficult  
3 environment and get open quickly and not make us -- put  
4 us in a spot where we have financing that we couldn't  
5 achieve because when the markets improve, and I don't  
6 know when they will, we will get the financing to  
7 complete Phase 3; but in the meantime, we are  
8 financially sound and the amount of ultimate financing  
9 is not exuberant.

10 COMMISSIONER SOJKA: Could I ask just one quick  
11 question about the ultimate fate of the surface parking  
12 area that you just purchased.

13 After you finish the interim phase, do you  
14 intend to resell that or are you going to hang onto  
15 that?

16 MR. BLUHM: Now, it is a lease, the parking  
17 next door.

18 COMMISSIONER SOJKA: It is a lease. All right.

19 MR. BLUHM: When we complete the garage, all  
20 right, we may not use that property. We'll decide, but  
21 we have a lease. We have a right to if they want to  
22 sell it, if I'm not mistaken, to match any offer that  
23 they would have, so we will deal with that later on.

24 As it stands now, it is simply a lease of that  
25 property to use surface parking while we are building

1 both the -- while we are building the garage.

2           When we do the construction, we obviously take  
3 away some of the land that we have. We, therefore, need  
4 off-site parking during the project.

5           CHAIRMAN DiGIACOMO COLINS: Thank you. All  
6 right. You can continue, Mr. Cope.

7           MR. COPE: Good morning, Madame Chairman and  
8 members of the Board. I'm elated to again have this  
9 opportunity to update the Board on our proposed design  
10 modifications to what we are confident is an improved  
11 casino design that can be implemented and in operation  
12 very quickly.

13           Before going through our plans however, I'm  
14 pleased to, again, report that we continue to have  
15 frequent work sessions with all of the pertinent city  
16 agencies including the Commerce Department, the Planning  
17 Commission, Law Department, Streets, Water Department,  
18 and L&I.

19           These groups have been very accessible to us  
20 and the meetings have been very constructive. They are  
21 now working very closely with us to achieve our common  
22 design and schedule objectives. It is quite refreshing.

23           As both John and Neil have reiterated, we are  
24 proposing a modified site and building design which  
25 includes an element that has consistently been referred

1 to as the interim casino.

2 Just as we had contemplated in the original  
3 2006 design, this interim facility is to be the initial  
4 phase of the permanent and much larger casino  
5 development.

6 That is to say that although we are proposing  
7 to situate the building in a different position within  
8 our site, this is to be a permanent structure right from  
9 the get-go.

10 The interim casino will be the cornerstone of  
11 the rest of our development, rather than some type of  
12 temporary structure.

13 I would like to take a moment to orient you to  
14 these plans. The street you see bordering our site to  
15 the west as seen to the top of the screen is Delaware  
16 Avenue or North Delaware Avenue.

17 The blue area towards the bottom of the screen  
18 is the Delaware River, of course; and our property  
19 proper extends from Ellen Street at the southern end to  
20 Shackamaxon Street at the north or to the right of the  
21 screen and that is consistently oriented in what you  
22 will see.

23 Traffic signals will be at both the foot of  
24 Frankford Avenue into the main porte cochere and valet  
25 entrance, and just south of Shackamaxon Street will be

1 another intersection ultimately leading to the main  
2 parking garage.

3           In order to bring this facility to market and  
4 open it as soon as humanly possible and subject to your  
5 approval, of course, we propose to build an at-grade  
6 structure, building structure of approximately 100,000  
7 gross square feet to accommodate 1,700 gaming positions  
8 or slot machines.

9           This permanent facility is to be supported on a  
10 temporary basis by surface parking lots surrounding our  
11 building and using other nearby and adjacent parcels  
12 until such time as the permanent garage can be  
13 constructed.

14           The city is on board with this approach and has  
15 been very helpful in advancing the necessary provisions  
16 and ordinances to facilitate this.

17           I should also point out that in addition to the  
18 surface parking that will accompany this interim phase,  
19 the new building is proposed to be a single-story  
20 structure with the whole gaming floor at the grade or  
21 street level along with a modest mezzanine above.

22           Whereas our prior design was principally a  
23 two-story structure with a main casino elevated over  
24 what might be characterized as a concealed basement  
25 area, which was intended to accommodate our valet

1 parking and back of house spaces.

2           We now propose to accommodate our valet parking  
3 on adjacent lots during this interim phase and within  
4 portions of the larger structured garage once this has  
5 been completed.

6           This change will not materially effect the  
7 appearance of the casino and will be virtually  
8 imperceptible to the customer and the public.

9           Also, this design by putting the entrances and  
10 the entire casino at street level is viewed as more  
11 pedestrian friendly and perhaps less suburban from a  
12 planning and urban design perspective.

13           It is fair to say that all of our proposed  
14 modifications through our plan reflect a substantially  
15 similar building and overall development program.

16           While we are proposing some shifts in the  
17 location of various project components within our site  
18 and based on a sense of urgency, we are proposing some  
19 necessary changes in the chronology of what we are  
20 bringing online.

21           This new plan is quite similar in most respects  
22 to what we had proposed originally. This is an enlarged  
23 view -- this is an enlarged view of the interim casino  
24 housing some 1,700 slots.

25           This building will also incorporate our



1 permanent front door or porte cochere, a restaurant,  
2 feature bar or lounge, and a grab and go for lighter  
3 fare.

4           We have taken great care to plan safe and  
5 convenient pedestrian paths from the various parking  
6 fields to the front door to minimize conflicts between  
7 pedestrians and vehicle movements.

8           Very important, once this interim facility has  
9 been completed, we will have both outdoor public  
10 promenades leading to the river's edge as well as  
11 outdoor dining terraces for our customers and secondary  
12 entrances along the river and to the large parking field  
13 to the north where our garage will ultimately be sited.

14           The interim facility will also have a proper  
15 cage area, of course, and gaming support spaces and  
16 employee areas, as well as armored car bay and loading  
17 dock.

18           The image on the right is simply a depiction of  
19 a mezzanine which will accompany this interim phase. It  
20 will accommodate certain back-of-house functions. They  
21 are not critical to have on the main gaming floor.

22           I should point out that since these plans were  
23 prepared in April, we have continued to advance more  
24 detailed plans within the context of this basic  
25 footprint and have had very productive discussions with

1 Gaming Control Board staff regarding technical  
2 provisions of our plan and detailed layout and security  
3 considerations associated with the Gaming Control Board  
4 offices and State Police facilities.

5           The very next phase of our development, as Neil  
6 described, will involve construction of our main  
7 self-park and valet parking structure just to the north  
8 or immediately to the right of the interim casino. You  
9 can see that that is the large gray area there.

10           This garage, which I might add, will be in the  
11 same location configuration and general massing as we  
12 had originally proposed with the same access, will as  
13 currently planned accommodate over 3,200 or more spaces,  
14 considerably more than what is required by Local Code to  
15 support the accompanying 3,000 slot facility.

16           Once this garage has been completed and we are  
17 no longer reliant upon the full extent of surface  
18 parking lots, we are free to expand the interim building  
19 and complete Phase 1 with a total of approximately 3,000  
20 gaming positions.

21           This horizontal expansion will occur in the  
22 areas between the interim casino building, and the  
23 completed garage to the right and portions of the casino  
24 and back-of-house areas will actually be extended into  
25 or under the footprint of the garage at a very high

1 level underneath the upper levels of the garage.

2           At this point in the project, patrons arriving  
3 and parking on the various garage levels can descend by  
4 elevator right down onto the main gaming floor. This is  
5 just as we had envisioned in the original plan.

6           The next image shows the mezzanine from the  
7 interim phase, how it similarly expanded horizontally in  
8 Phase 1 to accommodate, again, expanded back-of-house  
9 areas that are necessary to support this enlarged gaming  
10 floor below. You can see the main parking garage  
11 structure to the right.

12           This next image is a snapshot view of the main  
13 entrance and drop-off area as might be seen from the  
14 Delaware Avenue approach.

15           You can see the parking structure beyond what  
16 will precede Phase 1, the Phase 1 casino area. The  
17 balance of Phase 1 is basically obscured in this view as  
18 it is largely built within the garage footprint.

19           We want to present an exciting, lively and  
20 contemporary architecture by investing in a permanent  
21 structure and a permanent entrance, we can better  
22 familiarize our customers and the public with a layout  
23 of our facility.

24           More important, we create a compelling first  
25 impression and sense of approval in a way that really no

1 type of temporary structure could, especially with all  
2 of the attendant waste, sunk cost, and potential for  
3 future disruption on the site.

4 Just as we had envisioned in our 2006 plan, it  
5 was important in this new modified plan to similarly  
6 demonstrate that our site could readily accommodate  
7 additional expansion phases.

8 Should business conditions warrant, the  
9 facility can be further expanded to the south of the  
10 original interim building to house up to 5,000 gaming  
11 positions on a single level.

12 In this case, now it is at street level, as  
13 well as additional amenities, street-level retail,  
14 expanded food and beverage program and potentially two  
15 hotel towers, a spa, a mid-rise suites product, and a  
16 large event center.

17 It is important to note that all of this  
18 expansion, most of which would be built to the south of  
19 our Frankford Avenue entrance, can occur with little or  
20 no inconvenience to our customers or the public or  
21 ongoing gaming operations.

22 This image is basically a conceptual roof  
23 plan -- it may be difficult to see -- a conceptual roof  
24 plan of the overall development, but it does highlight a  
25 few important planning principals and an evolution in

1 the current plan.

2           One of these planning concepts, the city and  
3 its advisors had more recently espoused was the motion  
4 that we provide some form of public access to the  
5 waterfront at more frequent intervals than simply at  
6 either end of our site.

7           The notion was essentially to extend streets  
8 through the midst of our property. One of our concerns,  
9 of course, was maintaining a cohesive and connected  
10 development that could be expanded and the ability to  
11 maintain a contiguous, single-level gaming floor.

12           What we are now proposing in the Phase 2 future  
13 expansion phases, in fact, accomplishes both of these  
14 aims, provides an elevated public concourse or galleria,  
15 if you will, aligned with what used to be Laurel Street  
16 at the foot of Frankford Avenue right over the gaming  
17 floor and leading directly to the waterfront, where the  
18 public and customers alike can descend through a public  
19 amphitheater down to the water's edge.

20           In this regard, we are now providing wide and  
21 open landscaped pedestrian paths and one enclosed and  
22 conditioned space leading right from Delaware Avenue to  
23 the newly improved waterfront promenade, which will be  
24 suitable for pedestrians, cyclists, joggers, and the  
25 like.

1           I can think of no other completed and proposed  
2 development in Philadelphia that will provide so much  
3 public access to the water's edge.

4           In addition to enhanced access to the  
5 waterfront, the city's latest planning efforts expressed  
6 a preference for a more naturalistic treatment of the  
7 river's edge providing a closer relationship, if you  
8 will, to the tidal changes and the indigenous  
9 vegetation. We have incorporated this into our plan.

10           This is viewed by many as more environmentally  
11 friendly and requires a lower threshold of permitting  
12 than the extent of elevated and pile-supported concrete  
13 pier structures extending out into the water that we had  
14 proposed previously.

15           Third, one of the principles that the city  
16 planners have espoused was using buildings to define the  
17 street edge, by bringing the building face right out to  
18 the edge, in this case, along Delaware Avenue rather  
19 than large open setbacks.

20           As you can see in future phases, we propose  
21 additional blocks of development. These would be in  
22 phases, including housing for additional street-level  
23 retail with potential for additional structured parking  
24 and hotel rooms above that extend right out to the  
25 street.

1           As we hope you will recognize, we have worked  
2 very hard to incorporate a number of the city's more  
3 important planning tenets.

4           This chart compares some of the more salient  
5 features of the original 2006 plan with a currently  
6 proposed design with both the interim and Phase 1.

7           You can see that in most key metrics, such as  
8 slot count, gaming floor area, number of food and  
9 beverage venues, we are proposing a substantially  
10 similar program, albeit in a modified sequence.

11           Acknowledging that in the interest of  
12 expediency and the anticipated 14 to 18 month garage  
13 construction period, we propose to defer the garage  
14 construction.

15           It should also be noted that once we have  
16 completed this garage and the Phase 1 expansion, we will  
17 be offering a significantly larger complement of free,  
18 on-site structured and secured parking than we had  
19 originally proposed to accompany our Phase 1 and 3,000  
20 slots.

21           The next series of slides geographically  
22 compares side by side, if you will, the original plan,  
23 which is on the left with the current proposal on the  
24 right.

25           The larger orange areas indicate the gaming

1 floor. The green represents -- green or yellow  
2 represents dining, food and beverage venues, which are  
3 bars and restaurants. The gray represents -- darker  
4 gray represents back-of-house functions.

5           First, you see the location of the interim  
6 casino in the old plan accompanied by the parking  
7 structure and the new plan supported by temporary  
8 surface parking that also meets the local city code,  
9 four spaces per every five positions.

10           Although we are on different locations on the  
11 site, the footprints are substantially the same.  
12 Interestingly enough, in the old interim plan, the  
13 actual building location had virtually no relationship  
14 or physical connection to the waterfront, while the new  
15 plan is solidly rooted and extends out to the river's  
16 edge right from the start.

17           Next, comparing the larger scale plans of the  
18 two footprints are similar in size and by placing the  
19 main casino on the street level and simplifying the  
20 basic shape of the structure itself, we have very  
21 significantly reduced the complexity and site  
22 preparation time and most importantly, the overall  
23 duration of construction. This allows us to open the  
24 facility in an accelerated period.

25           This image compares the basic footprint and



1 configuration of the garage, which will precede Phase 1.  
2 That is the next one you see, the garage over to the  
3 right and the new plan which, again, will precede Phase  
4 1.

5           If you click through again, you will see that  
6 Phase 1 brings us up to 3,000 slots actually extends  
7 below the garage area.

8           You'll notice that the areas of gaming, the  
9 areas of food and beverage are all roughly comparable.

10           The next slide actually shows the full build  
11 out. Again, the plans are substantially similar. You  
12 can see the gaming area is configured differently but  
13 there is a very large complement of food and beverage  
14 venues. You can also see that we have extended  
15 buildings out to the street along Delaware Avenue.

16           In closing, we are very confident that we can  
17 very quickly deliver a wonderfully attractive,  
18 compelling, and enduring new facility both inside and  
19 out.

20           We can do so without compromise to the  
21 customers' experience and convenience without compromise  
22 to the public's access to their own waterfront and  
23 without compromise to the operational efficiencies that  
24 we know must accompany a good and flexible plan.

25           With your approval, the SugarHouse team is

1 ready to move forward and get people back to work.

2 Thank you for your consideration.

3 CHAIRMAN DiGIACOMO COLINS: Next witness,  
4 please.

5 We have questions. Sorry.

6 COMMISSIONER GINTY: I have a question. In  
7 their opposition to the extension, the Legislators who  
8 are objecting make a claim that you are abandoning your  
9 commitment to develop the water edge.

10 From your testimony, what I understand is you  
11 have modified your plan consistent with the request from  
12 the city, is that correct?

13 MR. COPE: Yes, that is right. We are  
14 following as much of the city guidelines as possible.  
15 Certainly, our location along the waterfront was part of  
16 our site selection.

17 We are developing public spaces and promenades  
18 along the river's edge and they will eventually tie the  
19 entire riverfront together.

20 COMMISSIONER SOJKA: Can I ask a related  
21 question, Jim? Does that change then affect in any way  
22 the likelihood of getting the Permit 404 from the Corps  
23 of Engineers.

24 MR. COPE: If I may, the next witness, Terry  
25 McKenna from Keating, he can address all of the

1    approvals and issues and has a presentation to address  
2    that.  He will fill you in on what approvals we have  
3    obtained to date and what are required.

4            COMMISSIONER GINTY:  I just want to be clear  
5    here that, you know, you have modified your plan with  
6    respect to the development of the water's edge but that  
7    modification was done consistent with the input you got  
8    from the city and the city's desires?

9            MR. COPE:  Yes, that is correct.  We have not  
10   reduced the setbacks along the waterfront.  All of the  
11   amenities are still there.

12           MR. BLUHM:  To make it clear, the changes that  
13   we made were changes that the city encouraged us to do.  
14   They were not happy with the plan along the waterfront  
15   before because they wanted a more natural setting rather  
16   than this decked construction.

17           They wanted something more natural and we --  
18   that was one of the important elements.  I met with the  
19   mayor.  We discussed that.  We came up with a plan that  
20   they are now endorsing, and we think is equally as good.

21           CHAIRMAN DiGIACOMO COLINS:  Okay.  Thank you.

22           Next witness.

23           MR. DONNELLY:  Terry McKenna, please.

24           MR. MCKENNA:  Before I get started on my  
25   presentation, Mr. Donnelly asked me to address the Army

1 Corps question that was raised.

2 For our existing Plan of Development because we  
3 were putting improvements beyond the high-tide line,  
4 which is the limit of jurisdiction for the Army Corps of  
5 Engineers, we did, in fact, need an Army Corps of  
6 Engineer, what is commonly referred to as a Section  
7 10/404 permit.

8 It addresses obstructions in the river, as well  
9 as compliance with the Clean Water Act. For the amended  
10 plan through Phase 1, we are not constructing any  
11 improvements beyond the high-tide line.

12 As such, the Army Corps of Engineers  
13 jurisdiction does not come into play and we do not need  
14 an Army Corps of Engineers' permit for the interim or  
15 Phase 1 project as proposed.

16 CHAIRMAN DiGIACOMO COLINS: Please be quiet.

17 COMMISSIONER SOJKA: You would then apply  
18 appropriately for them?

19 CHAIRMAN DiGIACOMO COLINS: Commissioner Sojka,  
20 repeat your question.

21 COMMISSIONER SOJKA: When you move to Phases 2  
22 and 3, that would require that kind of permitting,  
23 right?

24 MR. McKENNA: As it is designed right now, the  
25 future phase of the casino floor would require an Army

1 Corps' permit because we expand the gaming floor south  
2 over the existing open water inlet.

3 COMMISSIONER SOJKA: We are talking about  
4 contingencies and possibilities. Should it become  
5 impossible for you to obtain such a permit, would you  
6 have a -- now, maybe I should distrust the previous  
7 witness, would there be a fallback position in terms of  
8 architecture that would allow you to resolve that issue?

9 MR. COPE: We have, I think with all prudence,  
10 looked at alternative plans should we not be afforded  
11 that permit.

12 They do involve some compromise in the overall  
13 gaming floor; but again, this goes beyond the commitment  
14 for the 3,000 slots that we can accommodate without that  
15 permit.

16 CHAIRMAN DiGIACOMO COLINS: Thank you. Now,  
17 you can proceed with your testimony. Go on.

18 MR. McKENNA: Good morning, Chair Colins and  
19 Commissioners. My name is Terry McKenna of Keating  
20 Consulting. I serve as the overall development manager  
21 for the SugarHouse Casino.

22 I have been asked this morning to provide you  
23 with a brief update relative to permits approvals,  
24 traffic, and the overall project schedule for the  
25 SugarHouse casino.

1           Since December of 2006, HSP Gaming has been  
2 diligent in pursuing the required approvals and permits  
3 for the project.

4           Throughout 2007, HSP Gaming made a significant  
5 and verifiable progress on its approvals and permits  
6 based upon the goal of starting construction in the  
7 first quarter of 2008.

8           Unfortunately, starting in January 2008 and  
9 continuing through recently, HSP Gaming came upon  
10 significant circumstances, which took the approvals and  
11 permitting process out of our control, particularly, in  
12 regards to the local permitting aspect of the project of  
13 the City of Philadelphia.

14           Throughout the fourth quarter of 2008 and the  
15 first quarter of 2009, HSP Gaming worked very hard  
16 internally to address some of the city's concerns  
17 relative to the overall design of the project.

18           As a result, over the last six weeks we have  
19 made significant progress over the local approvals and  
20 permits front.

21           We now have the city's complete support for our  
22 modified Plan of Development, subject to this Board's  
23 approval.

24           We are currently working with various city  
25 departments to finalize our slightly modified approved

1 Plan of Development for the purpose of opening an  
2 interim facility in the second quarter of 2010 as has  
3 previously been noted by Mr. Bluhm.

4 This process has been ongoing since  
5 approximately mid-March of this year with the city and  
6 is anticipated that it will culminate with the City  
7 Planning Commission approval in early June of 2009,  
8 roughly a one-month period from today.

9 Relative to permits and approvals received to  
10 date for our current Plan of Development, not the  
11 interim, the current Plan of Development, as indicated  
12 on the slide in front of you, the city permits and  
13 approvals received to date include approval of the Plan  
14 of Development, which occurred in May of 2007, a  
15 Submerged Land License, which permitted us to build  
16 beyond the existing bulkhead line of the site that was  
17 issued in November of 2007, a Zoning and Use Permit,  
18 which was issued in January of 2008, a Rough Grading  
19 Permit, which was issued in January of 2008, and  
20 Foundation Permit issued in March of 2009.

21 Since May of 2009, as noted by Mr. Bluhm, the  
22 earthwork conducted at the site removing the sugar  
23 refinery remnants and such has been performed under that  
24 Rough Grading Permit that was issued in January of 2008.

25 Permits received from the Commonwealth of

1 Pennsylvania for the currently approved plan include  
2 NPDES, National Pollution Discharge Elimination System  
3 Permit in January of 2007. That permit permits earth  
4 disturbance and discharge of storm water runoff from the  
5 site, a Chapter 105 Water Obstruction and Encroachment  
6 Permit, which was issued in September of 2008, and that  
7 covers the construction and development impacts to the  
8 river as well as any outfalls. That permit is  
9 equivalent to the Federal side, the Army Corps of  
10 Engineers permit where we were building out into the  
11 river. We also needed state approval to build out into  
12 the river.

13 We received state approval and the Army Corps  
14 of Engineers is still pending. I will address that.

15 The last of the Commonwealth approvals, which  
16 is actually an approval issued to the City of  
17 Philadelphia and not HPS Gaming, is for Sewage Facility  
18 Act 537 approval. That permits the sanitary sewage  
19 generated from the casino to be introduced into the  
20 city's collection and treatment system. The city  
21 demonstrated they have the capacity to accept our sewage  
22 and treat the sewage.

23 On the Federal side, as noted previously, we  
24 applied for a Corps of Engineer Harbor Obstruction and  
25 Clean Water Compliance Permit, commonly referred to as a



1 Section 10/404 permit. This was applied for in June of  
2 2007.

3 To date, the Corps has taken no action on this  
4 application. Included as part of the Federal permit is  
5 compliance with Section 106 of the National Historic  
6 Preservation Act. That addresses investigation of  
7 historic resources at the site.

8 To date, HSP Gaming has the noteworthy position  
9 of spending the most money in the City of Philadelphia  
10 from a private developer standpoint to address  
11 historical resources.

12 Relevant to permits needed to construct an  
13 interim facility, and that is the amended plan that we  
14 are presenting today.

15 On the local side, we need approval of our  
16 Amended Plan of Development from the city, as well as  
17 this Board, obviously, a new Zoning and Use Permit to  
18 reflect the Amended Plan of Development, an Amended  
19 Foundation permit to reflect the Amended Plan of  
20 Development and then building permits in general beyond  
21 the Foundation Permit, which will be obtained during the  
22 ordinary course of construction.

23 There are also City Council Ordinances  
24 pertaining to off-site parking, curb alignments,  
25 drainage easements, and striking of certain

1 right-of-ways that are pending in front of council.  
2 Ultimately, we need a Certificate of Occupancy to occupy  
3 the interim building.

4           Relative to the Commonwealth of Pennsylvania,  
5 as mentioned previously, we currently possess the NPDES  
6 Permit, the Chapter 105, and the Act 537 Approval from  
7 the Pennsylvania Department of Environmental Protection.

8           Given that our projected sanitary sewage flows  
9 will not change for the modified plan, no further  
10 approval for compliance with Act 537 will be required.

11           Furthermore, based upon discussions with the  
12 Department of Environmental Protection, we currently  
13 believe that minor amendments to the existing NPDES and  
14 Chapter 105 permits will require that -- that will  
15 address those remaining two approvals.

16           Those permits will not need to be reissued.  
17 They will simply need to be amended to address the minor  
18 modifications of the amended plan.

19           The last permit required from the Commonwealth  
20 of Pennsylvania will be the Highway Occupancy Permit  
21 that we have been working on with both PennDOT and the  
22 City of Philadelphia for two years.

23           We expect this permit will be issued in  
24 midsummer of this year. In fact, we expect that all  
25 necessary permits and approvals for the interim facility

1 will be issued over the next three- to four-month  
2 period.

3 As mentioned from the previous slide shown  
4 under the currently approved plan, we currently have the  
5 Corps of Engineers Section 10/404 Permit Application  
6 pending.

7 For the modified interim Phase 1 plan, there  
8 are no impacts to the Delaware River beyond the high  
9 tide elevation, which is the limit of the Corps'  
10 jurisdiction relative to our site.

11 As such, no Corps of Engineers Section 10/404  
12 Permit will be required for the SugarHouse Casino  
13 through the completion Phase 1 development, which also  
14 corresponds to HSP Gaming's development to this Board.

15 Based upon numerous conversations with the  
16 Corps of Engineers, we expect the Corps to fully agree  
17 with this conclusion once our permanent application is  
18 appropriately amended and that will take place after we  
19 receive -- assuming we receive this Board's approval as  
20 well as City Planning Commission's approval.

21 On the subject of traffic, since the fall of  
22 2006, HSP Gaming has completed no fewer than five  
23 generations of traffic impact studies, with each study  
24 indicating no adverse impact to local intersections and  
25 roadways.

1           Since early 2007, HSP Gaming has been working  
2 with both PennDOT and the City Streets Department to  
3 plan on the movement of traffic both to and from our  
4 site with the least impact to city neighborhoods and  
5 city infrastructure.

6           As a result of over two years of work, it has  
7 been definitively concluded by both PennDOT and the city  
8 that the SugarHouse Casino will have no adverse impact  
9 on the overall level of service of surrounding  
10 intersections and roadways once all off-site and  
11 infrastructure improvements are completed.

12           Furthermore, in a meeting of May 4th, 2009,  
13 which was this past Monday at PennDOT District 6  
14 offices, both PennDOT and the City Streets Department  
15 agreed that no further traffic impact analysis was  
16 warranted for the project through Phase 1.

17           In summary, HSP Gaming, the City of  
18 Philadelphia, and the Commonwealth of Pennsylvania are  
19 working in unison to issue all necessary remaining  
20 approvals by midsummer of 2009 in order for the  
21 construction of the SugarHouse Casino to begin at that  
22 time.

23           As a result of these activities, it is HSP  
24 Gaming's intention to open their first portion of the  
25 world-class gaming and entertainment facility by the

1 second quarter of 2010. That concludes my testimony.

2 CHAIRMAN DiGIACOMO COLINS: Thank you.

3 Any questions?

4 COMMISSIONER SOJKA: Can I ask one? I'm one of  
5 the few people in the room that wouldn't know the answer  
6 to this.

7 Does the river ever flood down there; and if  
8 so, do these permits, I assume, take that into account  
9 and in what part of the floodplain if it does flood?

10 MR. McKENNA: Yes. As with all water bodies  
11 there is a floodplain associated with the Delaware River  
12 proximate to our site. All of our improvements are  
13 above the elevation of the 100-year flood plain.

14 COMMISSIONER GINTY: I have a couple of  
15 questions, if I might. Some of the Legislators have  
16 expressed a concern over the storm water management in  
17 Fishtown and Northern Liberties.

18 Now, how does the -- how will a casino's water  
19 treatment affect that issue?

20 MR. McKENNA: Well, relevant to storm water  
21 management, which is all of the storm water that is  
22 generated from our property, all that storm water is  
23 collected on-site.

24 It is treated on-site, and it is discharged  
25 directly to the Delaware River. None of that water is

1 introduced into the city's collection system. So there  
2 is no impact to neighboring properties relative to the  
3 generation of storm water from our property.

4 COMMISSIONER GINTY: Okay. And then what is  
5 the issue with the Laurel Street CSO, which I guess is  
6 the subject of this Chapter 57 --

7 MR. McKENNA: Actually, it is part of the  
8 existing Chapter 105 Permit. It is actually a separate  
9 issue from our casino development overall.

10 CSO stands for Combined Sewer Outfall. In  
11 Philadelphia, as in most older cities, the collection  
12 system, the sewer collection system is a combined  
13 system, both sanitary water and storm water are  
14 introduced into the same sewer.

15 As part of our agreement with the City of  
16 Philadelphia, we -- the City of Philadelphia asked us to  
17 enlarge that sewer.

18 Under our previous Plan of Development, we had  
19 proposed to do those improvements up front because that  
20 is the way it worked within our phasing schedule, do  
21 those improvements up front.

22 The city then has additional improvements  
23 further upstream, further west to make all of those  
24 improvements work in unison and relieve the flooding to  
25 Fishtown and Northern Liberties area. We are just doing

1 our portion up front.

2 Under this amended plan, because of the need to  
3 get this interim facility open very quickly, we don't  
4 have the time to do our portion of the CSO work at the  
5 front end of our schedule.

6 In fact, we also need the surface parking, and  
7 to install this sewer would take a tremendous amount of  
8 our site area, which would impact our surface parking.

9 What we are proposing to do or what we have in  
10 our schedule is that we move the phasing of the sewer  
11 until after our parking garage is completed.

12 Once our parking garage is completed, that  
13 frees up the surface parking. We no longer need the  
14 surface parking on our site and we can build the sewer.  
15 Now, I apologize for the lengthy explanation.

16 COMMISSIONER GINTY: Well, this is an important  
17 issue to the people in Fishtown and Northern Liberties.

18 MR. MCKENNA: I mention that there are two  
19 components to that. Our component that we are doing, as  
20 well as the component upstream that the City of  
21 Philadelphia is doing.

22 The City of Philadelphia's timeline for their  
23 improvements is roughly 2012, 2013. We are just doing  
24 our improvements up front because that fit our schedule,  
25 but the actual flooding relief to those neighborhoods

1 would not come until the city completed their portion,  
2 which was 2012, 2013.

3 With the revision of our phasing, our parking  
4 garage will be open roughly, depending on when we start,  
5 the first quarter of 2012, which fits very closely and  
6 is actually slightly ahead of the city's timeline for  
7 starting their work on their portion.

8 COMMISSIONER GINTY: Two questions. First of  
9 all, in the interim period, will the casino exacerbate  
10 at all the issues in Fishtown and Norther Liberties?

11 MR. McKENNA: Absolutely not.

12 COMMISSIONER GINTY: And you continue to be  
13 committed to expanding the Laurel Street CSO?

14 MR. McKENNA: Absolutely, yes.

15 COMMISSIONER GINTY: And you are working with  
16 the city to solve this problem; and once it is done, it  
17 will be an improvement in the water management?

18 MR. McKENNA: That is correct. We actually  
19 hold weekly coordination with the city in this regard.

20 MR. DONNELLY: I would like to point out to the  
21 Commission as well, Mayor Nutter in Page 2 of his letter  
22 of May 1, 2009 specifically addresses this issue that  
23 you are raising, Commissioner, and he states, quote, we  
24 are currently working jointly with HSP to determine the  
25 best timing for these improvements, improvements you



1 have been speaking of, consistent with our commitment to  
2 the community. The earliest possible opening date for  
3 the interim gaming facility and minimum street and  
4 traffic disruption around the casino site. I just want  
5 to mention this, that the mayor is on top of this, as  
6 are we.

7 COMMISSIONER SOJKA: Can I ask one really quick  
8 one again? I got slightly confused when you were  
9 talking about phasing that with the garage.

10 Does the addition, the sewer, require that land  
11 that you are currently leasing?

12 MR. MCKENNA: No, it does not. I was referring  
13 to the surface parking on the balance of our site  
14 proper.

15 COMMISSIONER SOJKA: Okay.

16 CHAIRMAN DiGIACOMO COLINS: All right. Thank  
17 you. We're going to take a short recess, ten-minute  
18 recess, and then come back to continue.

19 (Break.)

20 CHAIRMAN DiGIACOMO COLINS: All right. We're  
21 going to continue now. Everyone take a seat. The  
22 meeting will now resume. The meeting is now called to  
23 order.

24 MR. DONNELLY: Thank you, Madame Chairman.

25 CHAIRMAN DiGIACOMO COLINS: Wait a minute,

1 Mr. Donnelly. Everyone please take a seat and be quiet.

2 Please be quiet. Please take a seat and be quiet.

3 Okay. Please be quiet.

4 Mr. Donnelly, go on.

5 MR. DONNELLY: Thank you, Madame Chairman. I  
6 would like to introduce Dan Keating.

7 MR. KEATING: Good morning, Madame Chairman and  
8 Board members. Welcome to the Pennsylvania Convention  
9 Center and the new construction expansion project that  
10 is under budget and on schedule.

11 COMMISSIONER GINTY: Who is building that?

12 MR. KEATING: Well, it's funny you would ask  
13 that. These men and women in the back rows are actually  
14 building this building and it is -- so I am no newcomer  
15 to this Board.

16 Keating has completed two casino projects in  
17 Pennsylvania; Mohegan Sun and Hollywood Slots at Penn  
18 National, and currently is finishing the Rivers Casino,  
19 which that will be finished on schedule, as Mr. Bluhm  
20 said, and under budget.

21 That job happened because of your courageous  
22 decision to move forward at a most difficult time. I  
23 thank you for that decision. It meant thousands of jobs  
24 for people directly and indirectly.

25 As you know, I'm a partner in the SugarHouse

1 project and Keating will build this new facility. This  
2 construction couldn't happen at a better time for this  
3 city.

4           You know the status of the world around us and  
5 how desperately our subcontractors and labor force need  
6 this work.

7           As you heard from subcontractors and union  
8 workers in Pittsburgh, I have asked three members, which  
9 will now be two, one will have a statement read of the  
10 Philadelphia Building Community, Walter Palmer, III,  
11 President of the General Building Contractors  
12 Associations, Tim Brink, who is the Executive Director  
13 of the Mechanical Contractors Association whose  
14 statement will be read, and Larry McCrae, owner of Larry  
15 McCrae, Inc., an electrical contracting firm and  
16 telecommunications contractor to address you today and  
17 give you an overview of the Philadelphia construction  
18 marketplace and related labor concerns.

19           Before I ask Walter to come up though, I would  
20 like to, with your permission, acknowledge the union men  
21 and women who are here today whose jobs and life are so  
22 dramatically affected by the decision that you make.

23           I would like them, because of the decisions you  
24 have made in the past, to stand up, be acknowledged, and  
25 acknowledge you for creating those jobs in the State of

1 Pennsylvania.

2           Walt Palmer is the President and CEO of the  
3 General Building Contractors Association and has been  
4 involved and is aware of the projects that are underway,  
5 wish they were underway, or hopefully will be underway  
6 shortly and is prepared to make a few comments today to  
7 this Board.

8           CHAIRMAN DiGIACOMO COLINS: Very good. Come  
9 up, sir.

10           MR. PALMER: Good morning. My name is Walter  
11 Palmer, I am president and CEO of the General Building  
12 Contractors Association.

13           We're an association of contractors, actually,  
14 America's oldest trade association, which employs good  
15 union labor, including carpenters, cement masons,  
16 laborers, operating engineers, and drywall finishers.

17           These are the men and women that build the  
18 buildings we are in today and hopefully build the future  
19 of this great city.

20           I want to talk a little bit about the state of  
21 the construction economy. Contractors in this region  
22 are currently now utilizing their backlog. They are  
23 finishing up projects and looking for projects that are  
24 coming onboard right now.

25           If we would go to the -- if you have the first

1 illustration, this is a list of projects that we do have  
2 and currently keep.

3 As you can see, the projects that are listed in  
4 red are in the project marketplace that have been  
5 extinct, canceled, shelved, or put on the back burner.

6 This project, SugarHouse, will be vital to the  
7 construction economy, not for just the -- itself, but  
8 also as a signal that more development is possible and  
9 will be continuing in the City of Philadelphia.

10 As you can see as we scroll through these  
11 projects, you can see more and more projects are in red.  
12 This is the state of the construction economy.

13 The architecture firms in this region have  
14 dropped down to two and three days a week. There have  
15 been significant layoffs within the management side and  
16 significant layoffs in the labor side as well.

17 We are hoping that your commitment to this  
18 project will ensure that good-paying union jobs will  
19 continue in this region and continue for contractors  
20 alike.

21 This will be a signal for them that you are  
22 committed and hope for this region is in your hands. I  
23 do appreciate your time, and I wish you well.

24 CHAIRMAN DiGIACOMO COLINS: Thank you.

25 MR. KEATING: Tim Brink, who is Director of

1 Mechanical Contractors Association, had to leave. He  
2 had a contract, but Larry McCrae will read his statement  
3 and also speak for himself.

4 Larry is an electrical contractor, as I said,  
5 that we worked with for over two decades, deeply  
6 involved in the construction of the Philadelphia  
7 marketplace.

8 Larry, could you come up.

9 MR. McCRAE: Good morning, Madame Chairman and  
10 members of the Board. I'm here today to talk about the  
11 need for work in the City of Philadelphia.

12 We have many people that have been laid off,  
13 especially in the electrical industry where there is  
14 over 500 men that have been laid off in the advancing  
15 months.

16 We definitely need this casino to be built. As  
17 a matter of fact, it is one of the things that helps us,  
18 is the fact that if we build this casino, we put people  
19 to work.

20 Right now the city is very slow in terms of  
21 construction. One of the things I would ask you to do  
22 is to agree to all of the things that we need to make  
23 this project happen.

24 I'm an electrical contractor and have been in  
25 this business for over 30 years. We employ a lot of

1 people. A lot of people right now, like I said earlier,  
2 are out of work.

3 We need you to help us put people back to work.  
4 It is very critical for you to do that and to support  
5 us. I thank you for that.

6 I would like to read for you Tim Brink's letter  
7 that he had written. I would like to thank the Gaming  
8 Control Board for taking the time for this important  
9 hearing and for allowing me to speak.

10 My name is Tim Brink. I am the Executive Vice  
11 President of the Mechanical Contractors Association of  
12 Eastern Pennsylvania, more commonly known as the MCA.

13 The over 100 MCA signatory contractors partner  
14 with Steamfitters Local 420 and Plumbers Local 690 to  
15 represent over 2,000 officer workers, construction  
16 workers, and retirees that rely on local area  
17 construction projects such as SugarHouse to provide the  
18 income needed to support their families.

19 These are families that live and work in the  
20 Philadelphia and Eastern Pennsylvania areas. People  
21 that make up our communities, shop in our stores, attend  
22 our schools and churches, and pay the taxes that help  
23 our city and state governments function.

24 With unemployment for mechanical construction  
25 in the 10 percent range for industrial work and up to 25

1 percent in the commercial sector, the projected 1,100  
2 construction jobs that SugarHouse would create would be  
3 welcome relief in our tough economic times.

4 Contractors and their employees are not the  
5 only ones who will gain work from the SugarHouse  
6 project. The permanent casino jobs created by  
7 SugarHouse would provide long-term employment for a  
8 projected 1,100 additional area residents. It's a  
9 win/win for everyone.

10 With news of more layoffs and talks of a  
11 long-term recession, the City of Philadelphia needs a  
12 partner like SugarHouse, an entity who is willing to  
13 provide good jobs for our local construction community  
14 and long-term jobs that will benefit all of our local  
15 area residents.

16 The MCA thanks you for taking the time to hear  
17 from the community on this matter and is ready and  
18 willing to participate with the Gaming Control Board on  
19 any level to help this project move forward.

20 Philadelphia needs SugarHouse.

21 And I want to add this, the builder, Keating  
22 Building Corporation, probably one of the best building  
23 companies in this region.

24 With him being the builder, he will make sure  
25 that people will be on-site and minorities will be hired



1 and this will be a great thing for the City of  
2 Philadelphia.

3 MR. KEATING: So Madame Chairman, once again,  
4 when this interim casino, just like Pittsburgh and the  
5 others, we expect a minimum of 500 workers on-site and  
6 the indirect jobs will be into, again, the thousands,  
7 those manufacturing, producing steel, fabricating, and  
8 whatnot, direct, dramatic impact on our local  
9 marketplace.

10 So suffice to say, we need it badly. Greg  
11 Carlin, I think, will address the employment and related  
12 issues -- employment in the casinos and related issues.

13 CHAIRMAN DiGIACOMO COLINS: Very good. Thank  
14 you.

15 MR. CARLIN: Thank you, Dan. Madame Chairman,  
16 members of the Board, as you know, one of the many  
17 successes of Act 71 has been significant job creation  
18 throughout the Commonwealth.

19 This achievement is even more impressive when  
20 considering the context of the current economic  
21 environment, national unemployment is at its highest  
22 levels in many decades and still climbing.

23 The SugarHouse interim casino will hire  
24 approximately 500 team members in Philadelphia. When  
25 Phase 1 opens, a total of 1,100 new jobs will be created

1 in the city. On average the SugarHouse team members  
2 will earn \$40,000 per year in wages and benefits.

3 As a point of reference about the importance of  
4 these jobs, I would like to share with you a recent  
5 experience in Pittsburgh. Last week, we had a Career  
6 Day, some of you were there at our -- at the Career Day  
7 was at the Pittsburgh Convention Center.

8 We had 6,000 attendees participate. It was a  
9 very impressive group of candidates. To date, in  
10 Pittsburgh, we have received 40,000 applications online  
11 and in person to fill about 1,000 jobs, 1,000 team  
12 members we are going to hire there. It shows how  
13 important these jobs are.

14 Next, I would like to introduce Joe Mahoney to  
15 talk about this as well. Thank you.

16 MR. MAHONEY: Good morning, Madame Chairman and  
17 members of the Board. My name is Joe Mahoney and I'm  
18 the Executive Vice President at the Greater Philadelphia  
19 Chamber of Commerce.

20 I am pleased to express the Chamber's strong  
21 support for the extension of the SugarHouse Casino  
22 license at its location on Delaware Avenue.

23 This position is consistent with the  
24 long-standing outlook of the Chamber, which has always  
25 been based on two attractive outcomes; jobs for our

1 residents and tax revenues for the city and region.

2 History confirms that this position is one that  
3 we have espoused since February 21st, 2007 when we  
4 testified before the Rules Committee of the Philadelphia  
5 City Council.

6 While this was the first public testimony of  
7 SugarHouse and Foxwoods projects themselves, it is not  
8 the first time that the Chamber expressed its support  
9 for gaming in Philadelphia.

10 In July 1995, then Chamber President and CEO  
11 Charles Pizzi testified before a House State Government  
12 Committee in support of a referendum authorizing  
13 riverboat gaming in Pennsylvania.

14 In May of 2003, the Chamber Board sent a letter  
15 to Governor Edward G. Rendell supporting gaming in  
16 Pennsylvania.

17 In March of 2004, current Chamber President and  
18 CEO Mark Schweiker sent a letter to the Southeastern  
19 Pennsylvania Delegation urging the General Assembly to  
20 legalize gaming in Pennsylvania.

21 At the heart of our long-term support is the  
22 realization that gaming will add jobs and tax revenues  
23 to our economy.

24 This is probably more important today than it  
25 was when we first considered and embraced gaming back in

1 the '90s.

2           Then we looked upon gaming as an additional  
3 entertainment venue for the waterfront. One we believed  
4 would lead to further development of that underutilized  
5 asset.

6           We still believe those arguments are valid, and  
7 combined with the challenges facing the economy, the  
8 need to add jobs and economic development opportunities  
9 becomes even more compelling.

10           Directly connected to gaming in Philadelphia is  
11 wage tax reduction, additional property tax relief  
12 throughout the Commonwealth, Pennsylvania Convention  
13 Center expansion and jobs both permanent and for the  
14 building trades.

15           Our understanding is that SugarHouse will  
16 generate from \$1 to \$1.2 billion in gaming taxes during  
17 their first five years of operations.

18           Additionally, the Commission should expect \$17  
19 million in host fees to Philadelphia annually and some  
20 \$67 million in property taxes and other payments over  
21 the next ten years.

22           When Phase 1 is completed, SugarHouse is  
23 expected to employ 1,100 direct jobs with several times  
24 that in other outside industries. Additionally, there  
25 will be some 1,000 jobs created in the construction

1 industry and we heard how needed they are right now.

2           These jobs are necessary additions to our  
3 regional economy. Using seasonally adjusted  
4 unemployment statistics for the month of February,  
5 unemployment has grown from 5.8 percent in February of  
6 2007 to 9.3 percent in February of 2009 in the City of  
7 Philadelphia, according to Federal Reserve statistics.

8           During the same time, the unemployment rate in  
9 the Philadelphia MSA has grown from 4.15 percent to 7.47  
10 percent.

11           Both the City of Philadelphia and the  
12 Commonwealth of Pennsylvania are facing large budget  
13 deficits for the upcoming year.

14           Central to getting those revenues back on track  
15 is reducing unemployment and growing the tax base within  
16 the region.

17           Additionally, this new entertainment option  
18 will enhance our hospitality industry and provide  
19 additional opportunities to market our region to  
20 convention and meeting planners across the country.

21           In short, the Chamber believes that it is time  
22 to move forward with gaming and hospitality options in  
23 Philadelphia. Thank you for the opportunity to present  
24 these comments.

25           MR. DONNELLY: Thank you, Joe.

1           I would like to call on Fishtown resident and  
2 business owner Joe Rafter.

3           MR. RAFTER: I would like to say good morning,  
4 Madame Chair and Commissioners. My name is Joe Rafter.  
5 I was born and raised in Fishtown and now live in  
6 Northern Liberties, very close to the SugarHouse site.

7           I have owned and operated Liberties Restaurant  
8 for 15 years. I am a member of FACT, the largest  
9 pro-casino group with over 700 members. I am also the  
10 Chairman of a Special Services District.

11           Our group, FACT, negotiated over the course of  
12 14 months a Community Benefits Agreement, which we  
13 signed in November. Many of those meetings were held at  
14 Liberties Restaurant.

15           The SugarHouse has agreed to work with local  
16 businesses to do some cross-marketing promotions, like  
17 the Points Program where casino patrons earn credits to  
18 spend at local businesses.

19           The SugarHouse has been very generous to many  
20 neighborhood groups and charities, Holy Name and St.  
21 Lorents Parishes, neighborhood playgrounds like Hetzles,  
22 Noots, and the Fishtown Recreation Center, the Lasic  
23 Gallagher scholarship fund.

24           Another example of SugarHouse's generosity is  
25 their donation to Save the Bike Race. I can speak for

1 many merchants up and down Main Street in Manayunk and  
2 we say thank you.

3 As a resident of Northern Liberties, I know the  
4 need for economic development and the jobs that they  
5 will create. For all of these reasons, I ask for your  
6 support. Thank you.

7 COMMISSIONER GINTY: Would you explain for my  
8 colleagues who are not from Philadelphia what a Special  
9 Services District is?

10 MR. RAFTER: Yes. The SugarHouse and our group  
11 FACT formed what was known to be the Community Benefits  
12 Agreement. Out of that came the Special Services  
13 District.

14 Essentially, funding from the SugarHouse in  
15 excess of \$1 million annually, we will try to and  
16 provide much-needed services to these neighborhoods.

17 In fact, the immediate areas closest to the  
18 casino will receive the largest portion of those. That  
19 is essentially what the Special Services District will  
20 do.

21 CHAIRMAN DiGIACOMO COLINS: Thank you.

22 MR. DONNELLY: Thank you, Joe.

23 I would like to call Tim Breslin, who is an  
24 even closer neighbor of the SugarHouse, and lives right  
25 across the street, basically.

1           Tim?

2           MR. BRESLIN: Good morning. I would like to  
3 thank you for coming to Philadelphia for this hearing.  
4 My name is Tim Breslin, and I have been living in  
5 Fishtown for more than 25 years.

6           I live within 500 feet of the SugarHouse site.  
7 My wife and I are raising three young children there.  
8 The land that SugarHouse wants to build on has been  
9 vacant and fenced in for over 25 years.

10           When SugarHouse representatives introduced  
11 themselves to the neighbors three years ago, I thought  
12 it was a great idea.

13           At that time, there were several elderly  
14 residents on my street that had concerns about the  
15 casino.

16           I contacted Bob Sheldon from the SugarHouse and  
17 set up a meeting for him to meet with the neighbors. He  
18 addressed all of the concerns and set them at ease.

19           Since that day, I have been involved with the  
20 design and concerns of the neighborhood. Some of the  
21 concerns were the traffic, safety, and access to the  
22 waterfront.

23           The traffic problems were minimized by the  
24 design, taking the cars off the main road into the  
25 casino parking area.



1           The safety issues were resolved. The design of  
2 the casino allows access to the waterfront now that  
3 hasn't been available for more than 25 years.

4           The parcel of land that SugarHouse wants to  
5 build on has an abandoned building to the left of it and  
6 there is an old boat that has been burned out and sunk  
7 there to the right of it for many years.

8           The neighborhood really needs some development  
9 and SugarHouse has showed me nothing but positive  
10 influence for the waterfront and my neighborhood.

11           For over 25 years, the SugarHouse site has not  
12 generated one job or one dollar for the neighborhood or  
13 the city.

14           I'm a union plumber by trade and building this  
15 casino will create over 500 new construction jobs which  
16 we greatly need and over 500 full and part-time jobs  
17 once the casino will be up and running.

18           The men and women of the bordering  
19 neighborhoods and throughout the city need these jobs,  
20 and we need them now.

21           We need SugarHouse to get started as soon as  
22 possible, and I ask that the Board grant an extension so  
23 we can get started.

24           I'm also a member of FACT and also on the Board  
25 of Directors for the Special Services District. I thank

1 you very much.

2 MR. DONNELLY: Thank you, Tim.

3 Dan Keating said I have to say that he is also  
4 building this building.

5 MR. KEATING: I did not say that.

6 MR. DONNELLY: With that, I will turn back to  
7 Neil Bluhm for conclusion.

8 MR. BLUHM: Thank you. I'll be brief. You  
9 have heard a lot from a lot of different people. We are  
10 asking you to extend our license and to approve our  
11 modified plan.

12 We have spent a lot of time putting together  
13 this modified plan. We believe it works. We think it  
14 meets all of the goals of the Commonwealth.

15 We are now working closely with the mayor and  
16 the city and their advisors as well as members of the  
17 City Council. We're all on the same page.

18 We believe that this plan can get up and open  
19 quickly and create the jobs and the revenue that you  
20 have heard about.

21 We believe that the majority of the public is  
22 in favor of this plan. We believe that we can get it  
23 financed. It's not going to be easy. These are  
24 difficult times, but it is structured to make it  
25 financeable because we are doing it in stages.

1           If you approve our plan, we will be able to  
2 meet our commitment to you, the Board, as well as to the  
3 Commonwealth and to the city who are really now our  
4 partners in this.

5           So we ask you to consider our proposal and  
6 approve it and let us move forward. Thank you.

7           CHAIRMAN DiGIACOMO COLINS: Thank you.

8           Now, I will turn this over now to the Office of  
9 Enforcement Counsel, Mr. Pitre, please.

10          MR. PITRE: Thank you, Chairman Colins. While  
11 Dale Miller will handle the majority of the questions, I  
12 do have one question for Mr. Bluhm.

13          Originally, when the project was proposed, it  
14 was somewhere around \$550 million, if I remember  
15 correctly.

16          I'm looking at your numbers from the 2006  
17 approved plan as it stands today -- as it stands today  
18 approved by the Board, it is now -- the figure is now  
19 \$460 million.

20          What has been eliminated from the original \$550  
21 million to bring it to \$460 million?

22          MR. BLUHM: The chart that showed the \$400  
23 million plus number lists basically the land and the  
24 so-called license and the hard costs .

25          What is excluded from all of these are the

1 so-called soft costs, the financing costs, the start-up  
2 costs, and items of that nature. So we were trying to  
3 compare so-called hard dollars to hard dollars.

4 MR. PITRE: Now, if you had to build the 2006  
5 facility today, let's say the Board decides we don't  
6 like your modified plan, we want you to build what was  
7 originally approved, how much would that cost?

8 MR. BLUHM: While questionably hard  
9 construction costs have gone up, although they started  
10 to come down more recently, as materials, because of the  
11 worldwide equipment slowdown, commodities and materials,  
12 steel, and things of that sort are less expensive.

13 So I expect that it would be somewhat higher  
14 perhaps in today's dollars, but we haven't ran the  
15 numbers today.

16 We last ran numbers, you know, six months ago  
17 or so; but it would have been higher. They would be  
18 coming down now.

19 MR. PITRE: Would be higher than the \$474  
20 million?

21 MR. BLUHM: I'm not sure. I can't say. They  
22 might be. I'm not sure. We haven't run them, sir.

23 MR. PITRE: The modifications that you  
24 negotiated with the city, those modifications, did they  
25 -- I'm assuming that they come at a cost reduction to

1 you and overall building compared to if you had to build  
2 the approved plan?

3 MR. BLUHM: There are some cost savings largely  
4 attributable to the fact that we now are on one level  
5 rather than two levels. We're not spending as much hard  
6 construction costs for the mass that it would be on the  
7 waterfront.

8 There was an old, very high, expensive  
9 promenade on the water; and now, we have been asked to  
10 make that more environmentally friendly, more natural,  
11 so that has brought down some of our construction costs.

12 But the costs of the casino and the other  
13 elements, other than the fact that we don't have to go  
14 up to the second story, would be roughly the same  
15 depending on, of course, when they are built.

16 MR. PITRE: And that was through negotiations  
17 are with the city and that is what the city wanted to  
18 see done?

19 MR. BLUHM: That is correct. That has been --  
20 as you know, the city has been opposed at one point as  
21 well as the City Council, we have letters to that  
22 effect.

23 These were our decision discussions with the  
24 city to come up with a plan that they felt was more  
25 within the overall city plan and that is what we have

1 provided.

2 MR. PITRE: I will turn it over to Dale Miller  
3 at this time for further questions.

4 CHAIRMAN DiGIACOMO COLINS: Okay. Mr. Miller?

5 MR. MILLER: I just have a few questions.  
6 Thank you, Chairman.

7 Mr. Bluhm, you're asking for an extension of  
8 time because you have failed for whatever reason at this  
9 point to open the facility within the required period of  
10 time within our Regulations; is that correct?

11 MR. BLUHM: Yes, sir.

12 MR. MILLER: As I understand it, the major  
13 reason for not being able to open on time is the failure  
14 for whatever reason, any number of reasons, to obtain  
15 all of the permits and zoning changes necessary to begin  
16 construction; is that a fair statement?

17 MR. BLUHM: That is correct. Although in  
18 addition, there was a series of litigations that you are  
19 aware of, which was never contemplated including the  
20 fact that we had originally received the right to  
21 so-called Riparian Rights and there was litigation over  
22 that issue, which was not resolved until late last year,  
23 I believe, October of last year, 2008 when the Riparian  
24 Rights litigation was finally resolved in our favor.

25 MR. MILLER: Am I correct that the

1 intransigents and the permitting issues and the  
2 lawsuits, the history of all of that was pretty much  
3 written in your Petition to the Supreme Court asking for  
4 a Master and that Petition is part of your Petition for  
5 an extension; isn't that correct? Counsel may even  
6 answer that.

7 MR. DONNELLY: Yes.

8 MR. BLUHM: Yes, that is correct.

9 MR. MILLER: Okay. And that has either been  
10 entered into evidence or is, in fact, part of that, the  
11 Petition?

12 MR. DONNELLY: It is part of the Petition. We  
13 intend to move that in as part of this proceeding.

14 MR. MILLER: All right. Now, in regard to the  
15 extension of time, you are, at this time, by your  
16 amended Petition asking for an additional two years.

17 In your original Petition, you asked for an  
18 additional one year. Is there any reason why you're  
19 asking for an additional 12 months?

20 MR. BLUHM: Well, one reason is that, you know,  
21 we're not 100 percent sure exactly when this will open  
22 and our projected opening would be roughly next spring,  
23 which -- so we feel that we need two years.

24 MR. MILLER: You just need the additional time  
25 because of the construction involved and --

1           MR. BLUHM: It will take us time to construct.  
2 We have to get our revised plan approved by the city.  
3 We have to go get financing.

4           MR. MILLER: But it is not because you  
5 anticipate any problems in getting or obtaining permits  
6 and cooperation with the city?

7           MR. BLUHM: No. We are now working very  
8 closely with the city. We expect to get all of those,  
9 somebody said in June, perhaps by the end of the next  
10 session.

11           We think we are really well on our way. We  
12 have to go finalize our financing and that could take  
13 some time.

14           We hope to get that done by the summer; but as  
15 I consistently said, in this market, I can't guarantee  
16 financing in this world. I don't know what the stock  
17 market is going to do, when the markets will open; but  
18 we are confident that we have structured this in a way  
19 that we think and believe we will get our financing done  
20 this summer and our goal is to get this under  
21 construction this summer.

22           MR. MILLER: And you have -- you believe that  
23 you have done a very thorough analysis of current market  
24 lending conditions, correct? Is that right?

25           MR. BLUHM: I stay up nights worrying about



1 that. That is what I do for a living. My family and I  
2 and my partners have \$160 million in cash invested in  
3 this project. So that is all I think about.

4 MR. MILLER: And you would believe you would be  
5 able to get financing within four months, I think you  
6 said that; is that right?

7 MR. BLUHM: That is my belief. Just as in the  
8 case of Pittsburgh, I believed we would get it financed  
9 then. It was a lot more money. Times were tough then,  
10 not as tough as they are now, but our criteria for  
11 financing here is far less onerous because we have far  
12 more equity and far less debt as a relationship.

13 We believe even in this tough time that we will  
14 be able to get financing this summer; but we also -- it  
15 is kind of the chicken and the egg, we need to get --  
16 know that the Board has approved this modified plan so  
17 we can go out and complete our financing.

18 So we remain confident that we can get it. We  
19 expect to get it sometime this summer and get rolling  
20 late summer.

21 MR. MILLER: Now, as I understand it, the --  
22 you have made projections for the interim facility, and  
23 the revenues from that interim facility, you're going to  
24 use to fund the parking garage and the other phases of  
25 the project, correct?

1 MR. BLUHM: Correct, sir.

2 MR. MILLER: What happens if your projections  
3 for the revenues for that interim facility are not what  
4 you believe you are presenting to the Board today? What  
5 if they are less? How is that going to affect your  
6 funding and what steps do you have to take to remedy  
7 that situation?

8 MR. BLUHM: If you notice, we said that we  
9 expected to start construction of the garage four to  
10 nine months after we complete the interim. So the  
11 interim will be open. We'll know how much we are  
12 making.

13 If we are making \$60 million instead of \$55 or  
14 \$60 instead of 65 then we know we are running 5 or 15  
15 million short, maybe we will wait a couple of extra  
16 months to start construction, that will give us more of  
17 the garage, that gives us more cash.

18 We actually have a schedule, but we are pretty  
19 confident that our numbers will be within that ballpark.  
20 I can't guarantee it is 65, but it is going to be in  
21 that ballpark.

22 If you do the math, which we have done many  
23 times, all right, we'll get this garage built. Now,  
24 we're not counting on any financing to build the garage.  
25 We are as we went through with one of the gentleman's

1 question, which was a good one about where all of the  
2 money comes from, and for Phase 1, to complete Phase 1,  
3 we will need to get additional financing; but the amount  
4 of that financing, which will depend upon the cost of  
5 financing, will be in the area of an additional -- call  
6 it \$150 million in round numbers.

7           So that would mean we'll ultimately need  
8 instead of \$150 maybe \$300 million of financing plus  
9 \$150 of equity. That is \$450 million in round numbers.

10           And that -- it is after all of the cash flow  
11 that we make, and that should be financeable because  
12 that will be in the range in three years, four years of  
13 three times or less budgeted cash flow for the full  
14 3,000 facility.

15           MR. MILLER: You are an optimistic man, and I  
16 think that is a good thing. Let's assume worst case  
17 scenario. Revenues aren't what you project. You've got  
18 to start late on the parking garage.

19           You have a lease for the land next door, there  
20 is a warehouse on it right now. You have a lease for  
21 that parking, will you be able to -- will you be able to  
22 extend that lease?

23           Do you anticipate any problems if that is  
24 necessary in order to provide parking because you may  
25 run into problems getting that garage built?

1           MR. BLUHM: We have a lease that has extension  
2 provisions in it that would take us out for several  
3 years.

4           Greg would give you the number, but it is well  
5 beyond the period of time we are talking about. We also  
6 have a right to buy that property if we had to; and so  
7 we think we will have sufficient parking.

8           Now, sir, remember that the -- as soon as we  
9 build the garage, okay, we don't need that property for  
10 parking anymore.

11           So, we're really talking about the 14 months to  
12 build the garage -- to build the garage after we build  
13 the interim.

14           So if we start the interim, let's say, we start  
15 sometime this summer, that will take nine months and  
16 then the garage takes 14 months. Even if we wait an  
17 additional period to start the garage, we have more than  
18 enough time on our lease and the property next door in  
19 order to finish the garage.

20           Once that garage is finished, we now have 1,700  
21 slots opening, and we have a fully built garage giving  
22 us all of this parking.

23           MR. MILLER: All right. Thank you. You are  
24 also asking for an extension of time for some other  
25 reasons, but have you ever considered, and if not, why

1 not, building a temporary facility something similar to  
2 what was done in Western Pennsylvania at the Meadows in  
3 order to generate revenue more quickly and perhaps meet  
4 your deadline?

5 MR. BLUHM: We considered that very, very  
6 carefully, sir. There were several reasons why we think  
7 this is a much better plan.

8 First, the temporary facility would not be as  
9 competitive in terms of generating revenue because it  
10 would not be as nice a facility.

11 We are now building a fully finished piece of  
12 the permanent. So both from a customer point of view,  
13 its physical appearance, everything else, this will be a  
14 finished product when we open the interim. That is No.  
15 1.

16 Number 2, it is much more financeable, the  
17 finished product, because it is a better product and it  
18 meets the statutory requirement of getting something up  
19 and operating within a certain period of time. If we  
20 did in a temporary facility, we believe that it would be  
21 much harder to finance.

22 MR. MILLER: I would assume that the obstacles  
23 from the temporary would have been similar to the  
24 interim, lack of permitting and that sort of thing?  
25 Have you looked at that?

1           MR. BLUHM: They would be very, very similar,  
2 but would create much more uncertainty in us being able  
3 to get it done because of some of the issues that I just  
4 mentioned.

5           MR. MILLER: Now, the construction of the  
6 facility, during the construction of the facility, you  
7 will, I assume, develop a detailed timeline for the  
8 construction, correct?

9           MR. BLUHM: Yes, sir.

10          MR. MILLER: You have not done that so far,  
11 correct?

12          MR. BLUHM: We have a detailed timeline of  
13 approximately nine months of construction. That is what  
14 our people have concluded that it would take us to  
15 build.

16          MR. MILLER: Right. And your slide reflected  
17 that. But a detailed timeline would tell us when  
18 certain pieces of the construction would be completed  
19 and all of that.

20                 What we're going to ask you to do, and I'm  
21 going to ask you to agree to do that, to submit a  
22 detailed timeline, when and on what dates the interim  
23 facility will be completed, the foundation, and so on.  
24 Will you agree to that?

25          MR. BLUHM: Yes, sir.

1           CHAIRMAN DiGIACOMO COLINS: Just a moment. We  
2 have to hear what is going on. No crying out.

3           Go on, Mr. Miller.

4           MR. MILLER: Thank you.

5           You agree also to provide us with monthly  
6 updates, with monthly updates on financing, with monthly  
7 updates on the construction as it proceeds; will you  
8 not?

9           MR. BLUHM: Yes, sir.

10          MR. MILLER: Now, I notice that one of your  
11 witnesses said you spent a lot of money on archeological  
12 surveys and those sort of thing.

13          Am I to understand that those archeological  
14 surveys are complete or are you still going to take a  
15 look at any artifacts on the property as the  
16 construction proceeds?

17          MR. BLUHM: Can Terry answer that? The only  
18 thing I know, I'm not proud of this fact, that Terry has  
19 told me that we have broken the record on having spent  
20 money on archeological preservation.

21          MR. McKENNA: That is correct. Relative to the  
22 investigations, they are complete. The Corps of  
23 Engineers, because we do have a current permit  
24 application pending, they issued a determination of  
25 effects and essentially agreed with our findings.

1           The Pennsylvania Historical Museum Commission,  
2     who operates as a state historical preservation officer,  
3     has also agreed with our findings.

4           So the investigations are complete. What needs  
5     to follow is merely to recover those artifacts moving  
6     forward.

7           MR. MILLER: The reason I'm asking is I've been  
8     to the spot a million times. I noticed there is a spot  
9     up near Delaware Avenue that is roped up. It looks like  
10    there will be archeological digging there.

11          If that is correct, will that have any impact  
12    on the construction on the interim facility.

13          MR. MCKENNA: That will have no impact  
14    whatsoever. Relative to recovering those artifacts, we  
15    can either do it up front, prior to the main  
16    construction of the interim facility or if phasing-wise  
17    it gets deferred, those areas are parking lots. They  
18    are not going to be disturbed very deep.

19          So just the surface will be disturbed to build  
20    the parking lots. So in that regard, they would not be  
21    a conflict relative to the schedule.

22          MR. MILLER: I hate to ask this, but I have to  
23    do it. I have been to the site a number of times. I  
24    have to note that there is a railroad track on part of  
25    the site.



1           My understanding is that there has been some  
2 litigation involving the owner of the track or the  
3 person who owns the right-of-way.

4           Has that been settled? Is that going to be a  
5 problem in the construction of the interim facility?

6           MR. McKENNA: My understanding is that  
7 negotiations are continuing in that regard. However,  
8 that right-of-way that is in question is within the  
9 footprint of the former Penn Street which bisected our  
10 site from the north to south.

11           That former Penn Street remains open in our  
12 interim and Phase 1 as a thru driveway, so we can  
13 maintain that right-of-way, that so-called right-of-way.

14           We don't necessarily agree that there is a  
15 right-of-way that exists there. However, we can  
16 maintain that if it is not settled; but we anticipate  
17 that it will be settled shortly.

18           MR. MILLER: You don't anticipate that that  
19 will affect the revenue flow from the construction of  
20 the interim facility or any of your projected plans?

21           MR. McKENNA: Absolutely not.

22           MR. MILLER: You will keep us advised of that  
23 litigation; will you not?

24           MR. McKENNA: Yes.

25           MR. MILLER: Thank you.

1           Now, I understand you have several agreements  
2 with a couple of neighborhood groups in the  
3 Fishtown/Northern Liberties area, but I also understand  
4 there are a few other groups there that would also like  
5 to negotiate agreements with you.

6           Are you negotiating with those groups, talking  
7 to them; and do you anticipate -- that is a convoluted  
8 question -- do you anticipate in the end that you will  
9 have agreements with those groups?

10           MR. DONNELLY: We will ask Bob Sheldon to  
11 answer that.

12           MR. SHELDON: At the beginning of the  
13 negotiations, we communicated with all of the relevant  
14 neighborhood groups within our area and others in the  
15 city as well.

16           We invited each of them to participate in the  
17 negotiations for the Community Benefits Agreement. Two  
18 of those groups; New Kensington CDC and Fishtown Action  
19 Group agreed to negotiate the agreement with us.  
20 Several others declined to participate; Northern  
21 Liberties Neighbors Association and the Fishtown  
22 Neighbors Association, which is a smaller group of about  
23 70 people compared to Fishtown Action, which is about  
24 700 individuals.

25           They have declined numerous invitations to

1 negotiate with us and participate in the Community  
2 Benefits Agreement and have refused that.

3           We don't anticipate any further negotiations  
4 with those groups, although our office and doors are  
5 always open to discuss that. I must also point out that  
6 the development of the Special Services District will  
7 include, I believe, members of the Northern Liberties  
8 community, other members of the Fishtown community that  
9 are members of both of those neighborhood organizations.

10           So I think they will be well represented and  
11 both of those neighborhoods will benefit from it even  
12 though portions of them did not participate in the  
13 negotiations.

14           MR. MILLER: Thank you very much. I have no  
15 further questions.

16           CHAIRMAN DiGIACOMO COLINS: Do you have  
17 witnesses at this time?

18           MR. PITRE: No. That concludes --

19           CHAIRMAN DiGIACOMO COLINS: Just a minute.

20           Our Chief Counsel, Doug Sherman, do you have  
21 something to put into the record?

22           MR. SHERMAN: Yes, Chairman. On April 24th,  
23 the Gaming Control Board issued a press release inviting  
24 members of the public and elected officials to submit  
25 written comment and/or sign up to speak at this hearing.

1           We had established a deadline of noon on May  
2 1st, that was last Friday, by which individuals wanting  
3 to submit written comment or sign up to speak had to do  
4 so.

5           By that deadline, the Board had received a  
6 total of 35 written submissions, and I believe 27  
7 individuals had signed up to speak.

8           Of the written comment, 26 of those submissions  
9 were by individual citizens, 20 expressed support for  
10 HSP's Petitions and those comments were submitted by  
11 Claudia Erb, Janice Duffy, James Lavin, Dennis Duffy,  
12 Geri Schneider, Robert Sides, Julia Mongan, R. Mitchell  
13 Deighan, Katherine Rhoads, Lorraine Daliessio, Pinky  
14 Staneski, Donna Tomlinson, Peter Prusinowski, Thomas  
15 Hoffman, Theresa Ramsay, Carol Deeley, Randall Diaz,  
16 Lynn Gillis Shabin, Michael McCabe and Thomas Muldoon.

17           Those submissions express support for the job  
18 opportunities, esthetic benefits, and new entertainment  
19 that the writers anticipate the HSP product will  
20 provide.

21           The six comments which were received and which  
22 opposed the HSP Petitions were submitted by Margaret  
23 Judd, Gregory Tobias, Jeremy Dyen, Jennifer Yager, Jed  
24 Williams, Kenneth Blood.

25           Those submissions expressed opposition to the

1 Petitions due primarily to the proposed location, the  
2 increase in traffic, and the effect the project would  
3 have on the surrounding neighborhood areas.

4           Second, we received submissions from community  
5 groups. There were three comments all in support of HSP  
6 Petitions. They were submitted by the Greater  
7 Philadelphia Tourism Marketing Corporation President and  
8 CEO Meryl Levitz, Fishtown Action Board member Maggi  
9 O'Brien, and Laborers International Union of North  
10 America Local 332 of Philadelphia Assistant Business  
11 Manager Samuel Staten, Sr.

12           Mr. Levitz on behalf of the Greater  
13 Philadelphia Tourism Marketing Corporation stated that  
14 the HSP project will benefit all segments of the  
15 Philadelphia area's hospitality industry.

16           Miss O'Brien stated that Fishtown Action  
17 believes that SugarHouse Casino will play an important  
18 role in the future economic development of the  
19 community.

20           Mr. Staten pointed out that the 3,000 members  
21 of his union would directly benefit from the  
22 construction of SugarHouse Casino.

23           Finally, we received public comment, six  
24 written submissions from public and elected officials.  
25 Of those six written submissions, four expressed support

1 for HSP's Petition. While two of those comments urged  
2 action by the Board based upon the facts developed in  
3 the record.

4 The comments and support of HSP's Petition were  
5 submitted by Philadelphia Councilman for the 5th  
6 District Darryl Clarke, Philadelphia Councilman for the  
7 1st District Frank Diccico, Philadelphia Mayor Michael  
8 Nutter, and House of Representative Majority Chairman  
9 Dwight Evans.

10 I believe Mr. Donnelly had referred to each of  
11 these letters in his presentation. In brief summary,  
12 Councilman Clarke highlighted HSP's work with the city  
13 and surrounding community as to design, planning,  
14 charitable commitments as well as HSP's commitment to  
15 utilize qualified, minority, disabled, and women-owned  
16 firms. Councilman Clarke supported the project citing  
17 the significant number of jobs and revenues to the city.

18 Councilman Diccico noted that HSP's improvement  
19 to the design plans, which provide for added waterfront  
20 access and more pedestrian friendly environment, have  
21 led him to change his initial opposition and that he now  
22 supports the project.

23 Mayor Nutter informs that his Administration  
24 has been meeting regularly with HSP representatives  
25 regarding their Modified Plan of Development and that

1 the earlier opening of an interim facility, the creation  
2 of jobs, and tax revenues benefiting from the city and  
3 Pennsylvania have led to his support of the project.

4 Mayor Nutter states that he supports the  
5 Petitions and is committed to continue to work with HSP  
6 to realize this important project for the city.

7 Finally, Representative Evans expressed the  
8 support for the extension of time and the proposed  
9 modifications.

10 He requested that the Petitions be granted so  
11 that SugarHouse can begin construction as quickly as  
12 possible so that the Commonwealth and Philadelphia can  
13 receive the facility, revenue, and jobs needed.

14 A letter has also been received on behalf of  
15 Pennsylvania Senator Larry Farnese and Representative  
16 member -- member of the House of Representatives Michael  
17 O'Brien.

18 These Legislators specifically state that they  
19 do not oppose gaming in Philadelphia in general, but  
20 urge the Board to consider all facts relevant to the HSP  
21 Petitions so that the Board can make a full and informed  
22 decision with respect to the request.

23 Specifically, they cite two issues of  
24 permitting including for the need of Army Corps of  
25 Engineers' Permits, the treatment of the river's edge,

1 sewer improvements, traffic, and financing and revenue  
2 projections as factors that the Board should take into  
3 consideration in an open and transparent process.

4 Finally, Representative Curt Schroder submitted  
5 a letter which actually took issue with the statement in  
6 Representative Evans' letter that a substantial majority  
7 of the House Appropriations Committee and the House of  
8 Representatives at large strongly support the SugarHouse  
9 project.

10 Representative Schroder urged that the Board  
11 base its decision on correct procedures in the law and  
12 the input from the community.

13 All of these written submissions have been  
14 provided to the Board members in advance of this  
15 proceeding and have also been provided to counsel for  
16 HSP.

17 I request that the written submissions as  
18 evidence of the public interest in this matter be moved  
19 into the evidentiary record and for inclusion in the  
20 Board's deliberations as to that factor.

21 CHAIRMAN DiGIACOMO COLINS: Any objections?

22 MR. DONNELLY: None, Your Honor.

23 CHAIRMAN DiGIACOMO COLINS: May I have a  
24 motion?

25 COMMISSIONER RIVERS: So moved.



1 COMMISSIONER COY: Second.

2 CHAIRMAN DiGIACOMO COLINS: All in favor?

3 COMMISSIONERS: Aye.

4 CHAIRMAN DiGIACOMO COLINS: The exhibits are  
5 accepted. Thank you.

6 MR. SHERMAN: Madame Chair, it would now be  
7 appropriate to entertain the testimonial comments by the  
8 public.

9 CHAIRMAN DiGIACOMO COLINS: Then there is no  
10 further offering by the OCC or Chief Enforcement Counsel  
11 and there's nothing -- is there anything further from  
12 you before we go into public input?

13 MR. DONNELLY: Yes, Madame Chair. I would like  
14 to move into evidence the following: The amended  
15 Petition and exhibits that we filed with the Board, the  
16 Supreme Court's Order appointing a Master, the Orders  
17 that have been issued by the Master to date, our  
18 PowerPoint presentation of April 8th, 2009 and the  
19 testimony that accompanied that, copies of the modified  
20 -- the plans for the modified proposal, which have been  
21 talked about today and have been submitted  
22 independently, the presentation portion of the April  
23 9th, 2009 transcript that addressed HSP and SugarHouse,  
24 and the PowerPoint presentation that we presented today.

25 And again, as with the exhibits from

1 Mr. Sherman, we have provided all of those to legal  
2 staff with the exception of what they saw today.

3 CHAIRMAN DiGIACOMO COLINS: Is there an  
4 objection?

5 MR. PITRE: No objection.

6 CHAIRMAN DiGIACOMO COLINS: All right. May I  
7 have a motion?

8 COMMISSIONER SOJKA: So moved.

9 COMMISSIONER McCABE: Second.

10 CHAIRMAN DiGIACOMO COLINS: In favor?

11 COMMISSIONERS: Aye.

12 CHAIRMAN DiGIACOMO COLINS: The matter shall be  
13 accepted into evidence.

14 MR. DONNELLY: With that, Your Honor, we have  
15 nothing further. Thank you.

16 CHAIRMAN DiGIACOMO COLINS: All right. We will  
17 proceed to the public input portion of this hearing  
18 pursuant to the published notice on our website.

19 We have received written applications. I have  
20 a list of the individuals. I'll be calling them up one  
21 by one.

22 You'll be afforded -- each of those who have  
23 registered will be afforded three minutes to speak. We  
24 have a timer system. It is the timer system we have  
25 used in other public hearings.

1           I believe when the yellow light goes on, there  
2 will be 30 seconds more at which time the red light will  
3 go on indicating that the three minutes is up.

4           The first person to speak will be Margaret  
5 Judd. There is a podium in the center of the room. I  
6 will ask that individual to come to that podium and I  
7 will indicate when the timing starts.

8           Very good. Let's begin.

9           MS. JUDD: Yes. I would like to ask everybody  
10 to consider that two things are put into place before  
11 the License is renewed and those two things assure  
12 safety and that the driving and parking plan works.

13           So safety, first of all. It is not unusual for  
14 there to be crimes associated with gambling; such as the  
15 fighting, gun fights, drugs, prostitution.

16           If in the event this might happen, I would like  
17 to propose that the casino provide a fund to adequately  
18 staff the police to handle anything like this that might  
19 arise and that any groups that might find themselves  
20 involved with this or any groups that are concerned such  
21 as casino employees, people who live and work nearby be  
22 a part of the Gaming Commission Police Department group.  
23 So that if there is any crime that it is stopped  
24 immediately.

25           My second part is about the driving along

1 Delaware Avenue and the parking, maybe potential  
2 problems in neighboring areas.

3           So if the proposed driving and parking plan  
4 does turn out to be optimistic and not work, I would  
5 like to propose that there is something in place to  
6 assure that a Resolution is figured out completely and  
7 immediately, something like the casino, the Gaming  
8 Commission, the Parking Authority, the Street  
9 Departments, and any groups that may be involved with  
10 traffic problems such as the casino employees and  
11 Fishtown, Northern Liberties, Society Hill Association,  
12 anybody that could be impacted.

13           And also, I don't know how you get all of the  
14 people that currently go through Delaware Avenue and  
15 Spring Garden Street just to travel around the city.  
16 Those are my two ideas. Thank you very much.

17           CHAIRMAN DiGIACOMO COLINS: Thank you. Thank  
18 you, Miss Judd.

19           COMMISSIONER GINTY: Madame Chairman, can I  
20 just make a comment?

21           Are you aware that State Police are permanently  
22 stationed in the casinos?

23           MS. JUDD: No.

24           COMMISSIONER GINTY: They are.

25           MS. JUDD: How would that affect -- maybe that

1 would help clients. Maybe that would help employees,  
2 which is good; but how would that affect people driving  
3 through the area and people who work -- how would that  
4 affect people outside of the casino property?

5 CHAIRMAN DiGIACOMO COLINS: Miss Judd, thank  
6 you. Your remarks are appreciated, and they will be  
7 considered by us. Thank you very much.

8 Next is Matt Ruben.

9 Come up, please.

10 MS. RUBEN: Thank you, Madame Chairwoman and  
11 members of the Board. My name is Matt Ruben. I'm  
12 President of the Northern Liberties Neighbors  
13 Association, the elected President.

14 It is an organization that represents as the  
15 sole civic association one of the two communities in  
16 which SugarHouse would be located.

17 I'm a homeowner, a taxpayer, and a voter in the  
18 City of Philadelphia. I'm here today as a volunteer.  
19 It has been three years, three weeks, and three days  
20 since the last public testimony in front of this Board  
21 here in Philadelphia.

22 It is surprising to me how little has changed.  
23 Back then, we all wanted jobs and revenue from casinos;  
24 but we also wanted to minimize the negatives. The same  
25 is true today.

1           We want jobs and we want revenue from casinos.  
2 I want to say that very clearly, but HSP is no closer to  
3 any real solutions to minimizing the negatives as they  
4 were three years ago.

5           Back then, casino traffic was a problem and  
6 I-95 improvements were six years away. Today, traffic  
7 is still a problem; and we have an independent  
8 professional review by the City of Philadelphia that  
9 states HSP Traffic Impact Analysis leads to a poorly  
10 designed project, inappropriate for an urban waterfront  
11 undergoing rapid revitalization. Today, three years  
12 later, I-95 improvements are six years away.

13           Back then, proposed casinos would be as little  
14 as 190 feet from taxpayers' homes posing an  
15 unnecessarily high and nationally unprecedented risk.

16           Today, studies confirm negative impacts  
17 increase the more people live close to a casino and this  
18 project still sits 190 feet from the nearest taxpayer's  
19 home.

20           No one in the last three years in any state in  
21 the union has proposed putting casinos this large next  
22 to neighborhoods this dense.

23           Back then, we were surprised to see a casino on  
24 the waterfront. Now, we have a civic vision for the  
25 Central Delaware, landmark award-winning planning

1 process engaging more than 4,000 people across the city,  
2 endorsed by the mayor, accepted by the City Planning  
3 Commission, and HSP is proposing a first phase violation  
4 that includes 465 surface parking spaces covering what  
5 looks to be 85 percent of a parcel plus an associated  
6 area to the north.

7           There is a difference, though, today. We have  
8 the benefit of experience. What does that experience  
9 show?

10           HSP by its own admission has no financing.  
11 This is a major risk because the jobs and the revenue  
12 don't show up if they can't get the financing together.

13           Its ability to build the interim facility is  
14 questionable. There is no evidence it can build  
15 anything beyond that and we have seen nothing about the  
16 Phase 2 that has the full 5,000 slot machine build out.

17           If they fail with that, they fail to deliver  
18 all of the jobs and the revenue that the law anticipates  
19 and that your Board is expecting of them.

20           They have failed to come to an agreement with  
21 any established civic association. That is a fact. It  
22 has fought wars of wars with the city, but is incapable  
23 of picking up city permits in a timely fashion.

24           It has failed to obtain Federal approvals and  
25 makes questionable claims about its ability to obtain

1 them in the near future.

2           It has failed to set up an interim facility at  
3 another temporary site. It has failed to seek a change  
4 of location for its permanent License, both of which  
5 might have enabled it to get up and running in the  
6 allotted time. It has doubled its extension request  
7 asking for triple --

8           CHAIRMAN DiGIACOMO COLINS: Please. Please.  
9 Please.

10           Just a moment. Just a moment.

11           Sir, your time is up. Thank you.

12           MR. RUBEN: May I finish my sentence, Madame  
13 Chair?

14           CHAIRMAN DiGIACOMO COLINS: No.

15           All right. The next person to speak will be --  
16 just a moment. The next person to speak will be Deborah  
17 King.

18           I would like to cede my time to Matt Ruben to  
19 finish his testimony, please.

20           CHAIRMAN DiGIACOMO COLINS: Very good.

21           Go on, sir. Continue.

22           MR. RUBEN: I was nearly done. What I was just  
23 saying is they have doubled their extension request.  
24 Now, they are asking for triple the legally allotted  
25 time that the law allows. In my view, that makes a



1 mockery of the Legislature's attempt and your oversight  
2 role.

3           Back then, three years ago, you had to decide  
4 among five Applicants, four of whom were on the  
5 waterfront. You acknowledged but ultimately discounted  
6 the negatives because all of the waterfront Applicants  
7 had them.

8           Now, your choice is an HSP versus another  
9 Applicant. Your decision is whether to reward HSP's  
10 failure by giving them two more years of the same and  
11 expecting a different result or to say enough, deny this  
12 request, and move on to a better solution that gets a  
13 viable project up and running, bringing in revenue,  
14 creating jobs, and minimizing the negative impacts.  
15 Thank you.

16           CHAIRMAN DiGIACOMO COLINS: Micah Gold-Markel?

17           Micah Gold-Markel?

18           Could someone check outside?

19           Micah Gold-Markel?

20           MR. GOLD-MARKE: Thank you, Madame Chairman  
21 and the Board. I appreciate you coming to Philadelphia  
22 and seeing the variety of opinions that we have on this  
23 topic.

24           I would also like to say that my family has a  
25 long tradition of working with Philadelphia unions and

1 that the unions do a great job and we are a very, very  
2 proud union town.

3 That being said, there are a number of issues  
4 with the site that has been chosen for the SugarHouse  
5 casino.

6 As Matt Ruben previously stated, there are two  
7 community groups; the Northern Liberties Fishtown  
8 association and the Fishtown Community Association that  
9 have a long -- by long, I mean over five-year tradition  
10 -- of serving those communities.

11 They have routinely held votes in their  
12 community that involve every single member of their  
13 community who wanted to come and give input onto whether  
14 we should support or not support this project.

15 They have routinely expressed an overwhelming  
16 opinion not to support this project. This is not what  
17 you hear from the presenters from HSP.

18 Let me tell you that in my opinion, nothing  
19 could be further from the truth than to say that the  
20 neighbors support this. They do not. The overall  
21 majority simply do not.

22 We just experienced a historic election. There  
23 were a number of issues that were raised in this  
24 election and one of the popular sayings from the  
25 Republican party came out as drill, drill, drill; and

1 yes, drilling creates jobs; and yes, there are some  
2 limited benefits, but the long-term view that was taken  
3 by our now President Obama was that this is not the way  
4 to go.

5 Now, we are being told gamble, gamble, gamble  
6 and that is not the way to go. Yes, it will create some  
7 short-term jobs, that is undeniable, but we can create  
8 long-term jobs by smart development on the waterfront.

9 We all want that. I think everybody wants  
10 sustained jobs and long term. We can do that, but built  
11 by unions, we can do that here.

12 Okay. If we plan it in a smart and sustainable  
13 way -- HSP has not been working with the two established  
14 neighborhood community groups that have been there for a  
15 very long time. We need to recognize that and think  
16 about this plan very, very closely. Thank you for your  
17 time.

18 CHAIRMAN DiGIACOMO COLINS: Thank you, sir.

19 Daryl La Fountain.

20 Just a moment.

21 MS. LA FOUNTAIN: You're drunk. You have to  
22 leave.

23 Good morning Madame Chairwoman and Board  
24 members. I rise to say enough. This debate has gone on  
25 long enough.

1           As I sat here, I still hear a spirited debate  
2 about the location of the casino while the land has been  
3 excavated and cleared for building for quite some time.

4           The reason it sat vacant is city officials have  
5 attempted to determine whether to stand on the issue,  
6 usual pro or con based upon their poll numbers.

7           I have lived in Philadelphia for many years but  
8 have not seen much building take place on the  
9 waterfront.

10           Perhaps if this was Comcast, they would have  
11 been built by now as a result of knowing which party to  
12 pay off and that person could direct them to the red  
13 belly turtles that are not existent.

14           I have heard pro and con argument and  
15 understand everyone's side. However, as we sit here  
16 wondering what you as a Board will decide, it brings me  
17 to the point that there are much more pressing problems  
18 in this city, Commonwealth, and nation.

19           As we sit here, our mayor is contemplating what  
20 budgets and payrolls to cut. As we sit here, crime and  
21 unemployment are on the rise.

22           In short, at the risk of being determined  
23 pro-casino, stop the debate about casinos, and allow  
24 SugarHouse to build and let's move that conversation to  
25 the revenues they would generate to stand up against the

1 crime, improve our schools, and help create jobs.

2 Let's give our union brothers and sisters  
3 something to build. I look at everyone here and say,  
4 how many of you will be without a job next week, month,  
5 or year.

6 Get yourselves involved in other causes, not  
7 involved in a debate against casinos that could be the  
8 next partner against a villain in budget cuts.

9 Madame Chair, please issue SugarHouse's permit  
10 today, stop the debate, and let the city move onto more  
11 important things.

12 CHAIRMAN DiGIACOMO COLINS: Thank you.

13 Deborah Rudman?

14 Deborah Rudman?

15 MS. RUDMAN: My name is Deborah Rudman. I live  
16 and work in Philadelphia. My home is a few blocks away  
17 from the proposed SugarHouse Casino site at the Delaware  
18 River.

19 The riverfront is a great asset to the city and  
20 should be protected. Serious problems are being  
21 minimized in the SugarHouse proposal to build on this  
22 site.

23 They have not done any study to determine the  
24 actual environmental impact to our river to which we  
25 depend on for our drinking water.

1           To grant SugarHouse an extended license to  
2 build with no financing in place, poorly designed  
3 infrastructure, and enormous parking lots would be in  
4 direct opposition to the enhancement of our waterfront's  
5 future or appreciation of its history.

6           The area is residential. My neighbors and I  
7 may see a significant drop in the value of our homes.  
8 I'm concerned that many local thriving businesses will  
9 be adversely affected by the impact of the Casino  
10 inherently designed to keep patrons within its walls.

11           Traffic along Delaware Avenue is already  
12 congested and adjoining neighborhood streets cannot  
13 impact the impending increase.

14           SugarHouse will not provide adequate  
15 reinvestment resources directly to the community in  
16 relation to its adverse impact.

17           At our neighborhood meeting, it was stated by a  
18 casino representative that gambling is coming to  
19 Philadelphia whether we like it or not. That doesn't  
20 mean that bad decisions should be made when there are  
21 better options available.

22           If Philadelphians must accept gambling in our  
23 city, every effort should be made to ensure that it be  
24 done in the best possible way. This isn't it.

25           If the issue is really to create jobs, I

1 believe it is in the best interest of the neighborhoods,  
2 the city, and the state to do everything possible to  
3 find a more appropriate place to build.

4 A suitable location would not be in close  
5 proximity to anyone's home, school, church, or  
6 playground.

7 A slots casino on the current site will not  
8 enhance the environment of the riverfront or the  
9 surrounding community, creating unmanageable congestion,  
10 crime, and a negative impact on our neighborhood's  
11 promising future.

12 The only benefit I foresee in such a misguided  
13 decision would be about profit to the investors and  
14 owners of SugarHouse at the expense of our community.

15 As a tax-paying citizen, I implore you to  
16 refrain from granting any extension on a License for  
17 SugarHouse to build on this site.

18 CHAIRMAN DiGIACOMO COLINS: Thank you.

19 Mr. Tocydlowski?

20 MR. TOCYDLOWSKI: My name is James Tocydlowski.  
21 I reside at 223 East Willy Street, which is three blocks  
22 from SugarHouse.

23 I have been a resident of Philadelphia all my  
24 life. Twelve years ago when I purchased my home, Jack  
25 Frost was imploded. There sat an empty lot on Delaware

1 Avenue.

2           When our neighborhood was mentioned as a  
3 possible site for a casino, the reaction was mixed  
4 amongst residents.

5           In our casino groups merging in nearby  
6 neighborhoods, where did the people who wanted a casino  
7 in the community go, thus FACT was organized.

8           The press covered the negative banter but never  
9 the positive benefits that would be brought to our  
10 community. SugarHouse has always had the community's  
11 interest as a priority, keeping us informed as to what  
12 could be coming to the waterfront in our community.

13           Philadelphia so deserves a waterfront that can  
14 compare to other cities; Baltimore, Boston, and Chicago.  
15 We have been promised this for years and never seen any  
16 progress.

17           Today, we have a project that can start the  
18 dream and vision and not be built at the expense of the  
19 Philadelphia taxpayers by a company that wants to invest  
20 in the future of Philadelphia.

21           CHAIRMAN DiGIACOMO COLINS: Karen Brown?

22           Karen Brown?

23           MS. BROWN: Hello. I'm a resident of Fishtown.  
24 I live two blocks from the proposed casino site. I'm  
25 not opposed to the casinos being built in Philadelphia,



1 but they shouldn't be built so close to a residential  
2 community.

3 I don't want the congestion and crime and other  
4 quality of life issues that this will bring. Please,  
5 please re-site to identify more suitable location.  
6 Thank you very much.

7 CHAIRMAN DiGIACOMO COLINS: Thank you.

8 Katherine Rhoads?

9 Please be quiet.

10 Katherine Rhoads?

11 All right. Brendan Carey?

12 Charles Valentine?

13 MR. VALENTINE: Good morning, Madame Chair and  
14 Commissioners of the Board. My name is Chuck Valentine,  
15 a lifetime resident of Fishtown.

16 I join over 80 percent of Fishtowners who  
17 oppose a casino at this site. I'm here to ask that you  
18 reject the License extension made by Neil Bluhm.

19 As you know firsthand, this particular site is  
20 wrought with issues some of which will last well into  
21 the future.

22 This site will have negative impacts the likes  
23 of which have yet to be seen since no casino has been  
24 yet to be located this close to residential properties  
25 within the US.

1           You really need to look at the viability to  
2 deal with both short term and long term making use of  
3 extra consultants, if necessary, to understand the  
4 complexity of lending of these large developments, the  
5 projected income.

6           A short quick look at Bluhm's gaming exposure,  
7 all of which is very recent and during the worst  
8 economic times should raise grave, grave concerns.

9           Unanimously approved to transfer the Pittsburgh  
10 License to Bluhm since the original investment group  
11 couldn't secure the \$100 million in financing.

12           Experts are concerned with the amount of debt  
13 involved in the revenue projections to meet those debt  
14 obligations.

15           Even Mr. Bluhm himself said with the current  
16 subprime mortgage problems and some bank lenders close  
17 to failing, credit markets are in one of the worst  
18 crises in decades.

19           Analyst Craig Parmaly said gaming projects are  
20 by definition risky, it is not just this one project.  
21 He added an estimated 20 to 25 percent of gaming  
22 ventures fail, making within 15 to 20 years, making it  
23 one of the highest risk investments.

24           In addition to the new Pittsburgh and  
25 Philadelphia gaming licenses, Mr. Bluhm is a principal

1 investor in another Gaming License recently awarded in  
2 December of '02, only five months ago by the Illinois  
3 Gaming Board for a new casino.

4 Mr. Bluhm and his investors had to pay them, by  
5 the way, a \$155 million fee, \$25 million less than what  
6 you had to pay for two licenses.

7 The Board members who voted for Bluhm's  
8 Illinois License cited the proximity to O'Hara  
9 International Airport as a reason for their support.

10 The airport idea sounds familiar with some  
11 wondering if Mr. Bluhm stole that idea from some of the  
12 very elected people in Philadelphia who suggested that  
13 his SugarHouse site should move to a better site near  
14 the Philadelphia Airport.

15 Bluhm acknowledged that he had the best  
16 location near the O'Hara Airport. Bluhm only recently  
17 developed his first casino in Canada in 2004 and he had  
18 previously only managed one in Canada prior to that.

19 His other casinos are new startups, one in  
20 Mississippi 2008 and two here in Pennsylvania, the other  
21 one just awarded five months ago, as stated, in  
22 Illinois.

23 Where will his allegiances lie in keeping each  
24 afloat in hard economic times or which one will be  
25 focused on depending on the rate of return?

1           This is one reason why this extension should  
2 not be granted, at least until the Board has an open and  
3 transparent process to figure out this matter alone.

4           The formatting for gambling in Pennsylvania,  
5 convenience gaming is not a structure for revenue  
6 streams for outside tourists. In fact, it comes from  
7 the residents of PA and we're often reminded by our  
8 Governor to keep the money in PA, that means we take the  
9 money from PA residents. A gaming industry poll --

10           CHAIRMAN DiGIACOMO COLINS: Just a moment, sir.  
11 Mr. Valentine, thank you. All right. Everyone be  
12 quiet. Thank you very much.

13           MR. VALENTINE: Madame Chair, can I submit  
14 these for the record?

15           CHAIRMAN DiGIACOMO COLINS: You may, sir. You  
16 may submit them. Very good. Mr. Sherman will you get  
17 those, please. We'll take those from you.

18           Kerry Nelson?

19           Is Kerry Nelson here?

20           Mary Stumpf? Is Mary Stumpf here?

21           MR. STUMPF: Hello. My name is Mary Stumpf. I  
22 am representing the Philadelphia Neighborhood Alliance.  
23 Thank you for the opportunity to speak.

24           The Philadelphia Neighborhood Alliance is a  
25 coalition of 25 neighborhood and civic groups

1 representing over 250,000 people.

2           Established more than two years ago, we have  
3 devoted hundreds of volunteer hours to educate ourselves  
4 about the impacts of casinos and how our government  
5 works.

6           The member groups of PNA oppose any extension  
7 to the SugarHouse License at its current locations. A  
8 flood-licensing process combined with an absence of  
9 basic urban planning principles is the root cause of  
10 casino construction delays in Philadelphia.

11           The PGCB should review and correct the flood  
12 process of issuing of Licenses and conduct due diligence  
13 on the critical issues that impact the residential  
14 neighborhoods.

15           Traffic problems cannot be mitigated. An  
16 independent review of the SugarHouse traffic study  
17 confirms, and I quote, the traffic impact analysis leads  
18 to a poorly designed project inappropriate for an urban  
19 waterfront undergoing rapid revitalization.

20           The redesign does not improve the traffic  
21 impact that will be caused by locating SugarHouse at its  
22 proposed location.

23           The redesign is dominated by extensive service  
24 parking lots, which is contrary to the civic vision for  
25 the Central Delaware Waterfront which has been endorsed

1 by Mayor Nutter and accepted by the Philadelphia City  
2 Planning Commission as the framework for future  
3 development of a city that encourages public transit.

4 Philadelphia has one of the highest death rates  
5 from asthma in the country. We have the opportunity now  
6 to correct the lack of process of the past and should  
7 not perpetuate it by waiving the requirement for an air  
8 quality study.

9 SugarHouse is still lacking permits from the  
10 Army Corps of Engineers and if issued will most likely  
11 be challenged in Federal Court, causing further delay.

12 PennDOT's plans to upgrade I-95 would result in  
13 improvements but not until 2015 at the earliest. A  
14 Highway Occupancy Permit has not yet been issued and the  
15 poor condition of the I-95 bridge infrastructure is not  
16 prepared to handle the additional traffic created by  
17 SugarHouse on Columbus Boulevard.

18 PennDOT should immediately begin reevaluating  
19 traffic plans. PNA is not anticasino but does support  
20 re-siting SugarHouse from its current location.

21 We acknowledge the difficult economic  
22 environment but reaffirm that the jobs and revenue will  
23 be generated wherever the casinos are built.

24 Again, thank you for the opportunity to speak  
25 on behalf of these 25 neighborhood and civic groups.

1           I cede the balance of my allotted time to  
2 Debbie King to speak, if that is possible.

3           Thank you.

4           CHAIRMAN DiGIACOMO COLINS: Go on. When the  
5 red light goes off, you are done.

6           MS. KING: I would like to address the land and  
7 the history. There is a lot of challenges to this site  
8 and one in particular -- archeology investigation, which  
9 they claim that they have spent more than anyone else,  
10 is not supported by everyone.

11           There are respected archeologists and  
12 historians who disagree with their conclusions and we  
13 would like to state that the history on this site is  
14 significant to the heritage --

15           CHAIRMAN DiGIACOMO COLINS: All right. Please,  
16 everyone.

17           Pat Gillespie?

18           Mr. Gillespie.

19           MR. GILLESPIE: Run the clock. I want to get  
20 the hell out of here. Listen. My name is Pat  
21 Gillespie. I'm a business manager from the Philadelphia  
22 Building Trades Council and I appreciate you coming and  
23 listening to all of the testimony.

24           If ever a project has been talked about, it is  
25 our two casinos that belong in Philadelphia; and as you

1 are well aware, we are desperate in the construction  
2 industry for projects.

3 It is not just the immediate jobs that this  
4 will create, but it also will create a synergy that will  
5 produce other jobs as people have stated.

6 I also want to point out that I have heard that  
7 people almost imply aspersions towards Mr. Bluhm. Neil  
8 Bluhm is the gold standard in development. Look at the  
9 Four Seasons and the Logan Center. He did that.

10 He is the kind of person that builds quality.  
11 I would say nice things about Dan Keating, but he is one  
12 of my employers, so I don't want to make it look like I  
13 am kissing his ass. I won't do that.

14 They do quality work. We need the work. It's  
15 as simple as that. We have talked this over. By the  
16 way, while you're thinking about Foxwoods, put that back  
17 down on Delaware Avenue where that belongs also. Thank  
18 you.

19 CHAIRMAN DiGIACOMO COLINS: Thank you.

20 Is John Dougherty here?

21 Is John Dougherty here?

22 Okay. Patrick Eiding.

23 MR. EIDING: Thank you, Madame Chair and the  
24 Committee. I appreciate the opportunity to speak here  
25 today.



1           I represent the Philadelphia Council AFL-CIO,  
2           which represents in the neighborhood of 120 or 125,000  
3           working families.

4           We would like to say that we represent all  
5           working people in and around Philadelphia because that  
6           is what we do and what we are.

7           My background is that I was born in St. Mary's.  
8           My parents lived on Cumberland Street, not too far from  
9           this casino. I think there was a big SugarHouse at that  
10          time. I don't think it was a park or anything.

11          Aside from that, going back to the last  
12          Administration in this city when we had an Advisory  
13          Committee, I was fortunate to be part of that to talk  
14          about what gaming should look like in the city.

15          I go on through the Planning Commission where I  
16          had the opportunity to review the plans for these  
17          casinos. I have been part of the debate for the last  
18          however many years.

19          I respect the debate that is coming from all  
20          parties whether it be the citizens who live nearby or  
21          the citizens that don't live nearby who just want to  
22          stop the construction of casinos and maybe even the  
23          politicians for political gain have changed their places  
24          on this position so many times that we don't know where  
25          they are.

1           Aside from that, in the City of Philadelphia  
2 and the State of Pennsylvania, we have lost hundreds of  
3 thousands of jobs. We need work for people.

4           You want to stop crime? You put people to  
5 work. You want to make a neighborhood better? You put  
6 people to work. It's nice for the folks who come here  
7 and have a job, but not only in the construction field  
8 will this create jobs, but I looked at these casinos  
9 from the very beginning, there are hundreds of permanent  
10 jobs that should be good, family sustaining, paying jobs  
11 and benefits and those kinds of things, that is what we  
12 have been trying to do with these casinos.

13           This city needs money. This city needs jobs.  
14 The discussion has been bantered around for three years.  
15 It's time to stop. Please, please consider this  
16 extension and these modifications.

17           Let's put some people to work in the City of  
18 Philadelphia and some money into the taxes and those  
19 things so we can go on and make this city the great city  
20 it has always been. Thank you very much.

21           CHAIRMAN DiGIACOMO COLINS: Frank Guarnaccia?

22           MR. GUARNACCIA: Thank you, Madame Chairman for  
23 the opportunity to speak. I didn't really think I was  
24 going to get a chance because my number was 347, and I  
25 thought I would be down to 347.

1           At any rate, I really feel that the whole thing  
2 about putting casinos in the heart of a major city is  
3 absurd and there isn't any two ways about it.

4           With all due respect to the people up there, we  
5 know how the Pennsylvania Gaming Board came about  
6 without the proper input from the public.

7           The Pennsylvania Supreme Court overruled the  
8 people of this city's right to vote on the referendum.  
9 This is not democracy; and no matter how much male  
10 testosterone is back here, it will never change that.

11           Okay. Fear was never a hallmark of  
12 civilization. It is the downtrend of that, and we can  
13 create jobs. We don't want union workers to go  
14 unemployed, of course not; and they can have jobs.

15           I would appreciate if you keep your comments to  
16 yourself while I'm talking.

17           CHAIRMAN DiGIACOMO COLINS: Sir, keep going.

18           MR. GUARNACCIA: And the -- we can create jobs.  
19 We need to create jobs in the right time and the right  
20 place. The placing of casinos on Penns Landing, it is  
21 going to just further halt the revitalization of that  
22 whole area. To say nothing of the traffic, crime,  
23 prostitution, and whether --

24           CHAIRMAN DiGIACOMO COLINS: Please be quiet.  
25 We have to hear everyone who signed up.

1           Go on, sir.

2           MR. GUARNACCIA: It is just an outrage and that  
3 is all there is to it. It is not about morals. It is  
4 about practicality. We will spend three times as much  
5 rehabbing this city from the logistical fallout from  
6 casinos that fail and that is a fact.

7           CHAIRMAN DiGIACOMO COLINS: Thank you, sir.

8 Very good.

9           Mary Yee?

10          Mary Yee?

11          MS. YEE: Madam Chairman, Commissioners, good  
12 morning. My name is Mary Yee, and I represent the  
13 Chinatown Preservation Alliance, an organization of  
14 individuals and organizations committed to the  
15 protection and preservation of the Chinatown Community.

16          I also want to say that I have been a member of  
17 the Amalgamated Clothing Textile Workers Union and the  
18 PFT, my family is a union family.

19          I understand the need for jobs, but I don't  
20 believe that jobs and community preservation should be  
21 pitted against each other. They should go together.

22          My organization is here today to stand with the  
23 people of Northern Liberties and Fishtown Neighborhood  
24 Associations.

25          Like the members of the Chinatown Community,

1 they are threatened by gamblers. They oppose SugarHouse  
2 for the same reason we oppose Foxwoods Casino at 8th and  
3 Market Streets.

4           The casino strips the integrity of our  
5 communities, that they signify disruption of our lives,  
6 and they portend serious negative social, economic, and  
7 public health consequences for our children, families,  
8 businesses, and neighborhoods.

9           Contrary to the promise of the mayor,  
10 Councilman Dacicco, we have not found the process for  
11 informing and involving the community timely,  
12 transparent, or inclusive.

13           We find it unconscionable that the city is  
14 accelerating and attempting to institutionalize a local  
15 approval process even more divorced from the citizenry.

16           If the vision of the Board is to maintain and  
17 enhance public trust with honesty, integrity, and  
18 creditability, will the Board act to protect the  
19 interest of Philadelphia neighborhoods and their  
20 residents?

21           Will the Board ensure that an honest and  
22 credible process be instituted so that the social fabric  
23 of our community will remain intact? Will the Board  
24 require that all potential impacts of the casinos,  
25 especially economic and social, be carefully identified

1 by disinterested parties?

2           The casinos will have long-term effects on the  
3 surrounding communities and the city as a whole.

4 Predatory gaming is a city-wide issue that is going to  
5 affect poor and working-class citizens, especially in  
6 this economic downturn.

7           I'm hoping this is not a promise that is an  
8 aspirin today and cancer tomorrow. Licensed gambling is  
9 not a panacea for economic woes.

10           Your approval of the extension of any of the  
11 casino licenses means our fight to save our communities  
12 will be protracted and prolonged.

13           It means every day we need to fight against the  
14 casinos and what they bring; gambling addiction, cheap  
15 commercial uses that follow the trade, increased local  
16 traffic, increased crime, and the disinvestment is  
17 families and small business start to see the quality of  
18 life diminish.

19           We will not stand for the casino for our  
20 communities; but my question to you, the Commissioners,  
21 is where do your loyalties lie?

22           In deciding on the future of casino gambling in  
23 this city, will you stand up to the political pressures  
24 that back expedient short-term solutions to budget  
25 problems and support private profit at public expense or

1 will you stand with us?

2 Will you take a sound and ethical stand on the  
3 side of law-abiding, tax paying, and voting people who  
4 are the ones who make communities vibrant, healthy, and  
5 safe. Thank you.

6 CHAIRMAN DiGIACOMO COLINS: Thank you.

7 Rosanne Loesch?

8 Rosanne Loesch?

9 MS. LOESCH: Hello. Good afternoon, Madame  
10 Chairman and members of the Pennsylvania Gaming Control  
11 Board. My name is Rosanne Loesch. I am a Board member  
12 of the Society Hill Civic Association and the incoming  
13 president.

14 My neighborhood is on the waterfront. It has  
15 over 10,000 residents, and we have been fighting for the  
16 last two years to re-site these two casinos away from  
17 neighborhoods.

18 My neighborhood kicked off an incredible  
19 redevelopment of Center City back in the '60s. It was  
20 just a slum then, and we have turned it around and made  
21 an incredibly vibrant neighborhood that attracts  
22 millions of tourist every year. It is the birthplace of  
23 our nation, the location of Independence Hall and  
24 Independence National Park.

25 Our neighborhood revitalization kicked off

1 revitalizations all around us and especially up and down  
2 the waterfront, including Queen Village, Penns Port, and  
3 to the north of us Old City and Northern Liberties and  
4 now, a lot of young families are moving into Fishtown.

5           There have been letters to the editor of the  
6 Philadelphia Inquirer from these young families  
7 explaining how they do not want to raise young children  
8 and families in a neighborhood that is so proximate to a  
9 3,000 machine slot parlor. I can understand that.

10           I think that neighborhoods like this are the  
11 economic engines or one of the economic engines of  
12 Philadelphia and our historic tourism is also an  
13 economic engine for us.

14           These casinos can be located in other places.  
15 We submitted over the past two years a list of ten  
16 locations; the airport being the best location.

17           This would still provide construction jobs.  
18 The construction jobs or new interim facility, what are  
19 you going to get? I have seen the plans. You're going  
20 to get a huge surface parking lot. You're not even  
21 going to get the construction of the concrete parking  
22 lot, the ten-story concrete parking lot for three years,  
23 that they just testified to that.

24           You're going to get a very kind of minimal  
25 facility. So the construction jobs, yes, we want them.



1 We want them to revitalize our waterfront. There are a  
2 lot of different projects that are going to happen up  
3 and down our waterfront and that is great for the unions  
4 and construction industry.

5 If it were, you know, built somewhere else, at  
6 the airport, there would be lots of construction jobs.  
7 I just want to make a point about the types of jobs that  
8 the casino is going to offer at postconstruction within  
9 the facility itself. Those --

10 CHAIRMAN DiGIACOMO COLINS: Everyone be quiet.  
11 Everyone be quiet. Miss Loesch, your time is up.

12 MS. LOESCH: Thank you.

13 CHAIRMAN DiGIACOMO COLINS: Thank you very  
14 much.

15 Now, Deliah Winder? Dee.

16 Deliah Winder?

17 MS. WINDER: Good afternoon, Madame Chair. My  
18 name is Deliah Winder. I am here to represent the  
19 African American Chamber of Commerce and our businesses.

20 We are in support of the building of SugarHouse  
21 on the waterfront. I also would like to add that I am a  
22 business person in the City of Philadelphia and have  
23 been for 25 years.

24 I have a small business that operates out of  
25 the Reading Terminal Market, and I have been involved

1 with a lot of controversy over the building of major  
2 projects in this city.

3 I state that I would like to see things move  
4 forward in the City of Philadelphia because I feel as  
5 though we often debate back and forth. We never really  
6 get things off the ground here.

7 So for the opportunities that the SugarHouse  
8 project will create for our businesses, we're in support  
9 of that.

10 For the employment that the project will bring  
11 for our communities, we are also in support of that. I  
12 am also a resident of Queen Village, have been for 17  
13 years, so I live in an area where possibly there would  
14 have been a casino on the waterfront. I still was in  
15 support of that because of the opportunity for small  
16 businesses.

17 SugarHouse has been having our organization  
18 involved in negotiations for opportunities for African  
19 American businesses since the inception of the project.

20 In addition, being in the hospitality industry,  
21 that is an industry that pulls directly from the  
22 community and in order to supply employment for  
23 servicing all of the purses that would frequent the  
24 facility for entertainment.

25 In closing, I would say I would like to support

1 and we support granting the Petition to SugarHouse in  
2 order to move forward on their project. Thank you.

3 CHAIRMAN DiGIACOMO COLINS: Thank you.

4 Michael McGettigan?

5 Michael McGettigan?

6 Susan Patrone?

7 MS. PATRONE: Good afternoon, Madame Chairman  
8 and members of the Gaming Control Board. My name is  
9 Susan Patrone. I'm representing two civic associations  
10 today, Passyunk Square Civic of which I am Past  
11 President and with me is Margaret Kalalian, a member of  
12 the Board of the East Passyunk Crossing Civic  
13 Association and Town Watch.

14 Our comments will be concerned with public  
15 policy and the Gaming Control Board. Section 1102 of  
16 the Gaming Act describes legislative intent. It says  
17 that the General Assembly recognizes public policy  
18 purposes and declares that the following objectives of  
19 the Commonwealth are to be served by this part.

20 Paragraph 1 of 1102 says, the primary objective  
21 of this part to which all other objectives and purposes  
22 are secondary is to protect the public.

23 The central question today is whether the  
24 public interest of the citizens of the Commonwealth will  
25 be protected and taken into consideration in the Board's

1 decision to extend SugarHouse's casino License at this  
2 site.

3           The answer requires extensive independent  
4 studies and review by the Pennsylvania Gaming Control  
5 Board.

6           There is no provision in Act 71 for independent  
7 studies of critical issues. For example, the storm  
8 water management issue we heard of earlier, in the last  
9 five years, there have been six rain events of the  
10 magnitude of 100-year considered one every 100 years, we  
11 have had six of them.

12           The storm water issues go all along the river  
13 from Fishtown to our areas in South Philadelphia. Our  
14 Civic has partnered with the water department on that  
15 one.

16           Okay. The Board -- okay. Because there are no  
17 independent studies required, the Board relies on  
18 documentation prepared and paid for by SugarHouse, the  
19 entity you are responsible for regulating.

20           In essence, it becomes and it can be perceived  
21 the Board's obligation to protect the public's interest  
22 is severely compromised.

23           Advising the Pennsylvania Gaming Control Board  
24 of potential negative impacts associated with SugarHouse  
25 falls upon the municipality and ordinary citizens,

1 homeowners, business people, residents, and volunteers.

2           In Philadelphia when these groups have  
3 requested a thorough process for evaluating impacts, we  
4 have been demonized and villainized for obstructing  
5 revenue and job creation.

6           If you lack the authoritative studies, what is  
7 the criteria you are following? You absolutely need  
8 indisputable evidence for the potential impacts of  
9 locating SugarHouse.

10           Therefore, we respectfully request the  
11 Pennsylvania Gaming Control Board deny SugarHouse's  
12 Petition for a Casino License at the proposed location.

13           CHAIRMAN DiGIACOMO COLINS: Thank you.

14           Caryn Hunt.

15           MS. HUNT: Hi there. I'm here to represent  
16 Neighbors Allied for the Best Riverfront. Neighbor  
17 members live all up and down the river wards. Neighbor  
18 is a member of the Central Delaware Advocacy Group whose  
19 mission it is to see that the civil vision for the  
20 Delaware is embedded in our master plan.

21           SugarHouse Casino does not fit the core  
22 principals of this plan. It's massive, autocratic, and  
23 inharmonious in its setting on the river. It's ugly.

24           Neighbor also objects to the use of public land  
25 for their project. Neighbor is also a member of the

1 Philadelphia Neighborhood Alliance.

2 We want the jobs, but we want them without  
3 cannibalizing residents, creating unsafe neighborhoods,  
4 and turning our streets into a parking lot.

5 We want the casino re-sited. SugarHouse is  
6 less than 200 feet from a residential street. People  
7 are trying to raise their families on those blocks.

8 Neighbor members came to this issue with high  
9 expectations about the Democratic system they were  
10 taught to believe in. We all felt surely disappointed  
11 and for good reason.

12 The people who live here have clearly,  
13 consistently, and repetitively voiced their will in the  
14 matter for years now and except for our District State  
15 Legislator Representative Mike O'Brien and Senator Larry  
16 Farnese, Harrisburg has acted in an autocratic manner  
17 without regard for the genuine concerns of those  
18 thousands of people who live here and whose daily lives  
19 and family lives are going to be affected.

20 The State Supreme Court has twice interrupted  
21 the city in a matter of due diligence and Democratic  
22 process to force the casino's agenda.

23 This body, the Pennsylvania Gaming Control  
24 Board, has seen fit, though a state agency of seven  
25 appointees, has seen fit to file suit against

1 Philadelphia citizens who lawfully placed a referendum  
2 concerning this issue on our ballot and the Governor is  
3 deaf to his constituents but apparently easily  
4 accessible to SugarHouse.

5 I attended the Gaming Conference in Harrisburg  
6 in February of 2007 and I heard Bob Sheldon speak with  
7 my own ears.

8 He said that he had the support of the  
9 neighborhoods. At that time, he hadn't signed any  
10 contract whatsoever; and to this day, SugarHouse has no  
11 agreement with the two communities adjacent to their  
12 project. Those are the communities that will be most  
13 deeply affected.

14 He characterized the opposition to Sugarhouse  
15 as a fringe minority but the residents who live along  
16 the river overwhelmingly oppose the SugarHouse location.

17 He characterized residents who live here who  
18 are decent regular people and who worked on a volunteer  
19 basis for many years now as in it for the money that  
20 they are getting from outside resources. I heard these  
21 things with my own ears.

22 When SugarHouse presented their project before  
23 the Gaming Control Board they neglected to mention that  
24 they didn't have site control. They neglected to  
25 mention that they didn't have any kind of relationship

1 with the adjacent Civics.

2           Their traffic studies have been shown to be a  
3 fiction. They have misrepresented their project from  
4 the beginning and they continue to hope they can sell  
5 this dream. The reality is that at this location, it  
6 does not work.

7           Put SugarHouse somewhere reasonable and we can  
8 all welcome the jobs and revenue. At this location --

9           CHAIRMAN DiGIACOMO COLINS: Thank you.

10           Janet Cullen?

11           Janet Cullen?

12           Andrew Robinson?

13           Is Janet Cullen here?

14           MS. REGAN: Hi. Good afternoon. I'm going to  
15 read a statement on behalf of Janet Cullen.

16           CHAIRMAN DiGIACOMO COLINS: What is your name?

17           MS. REGAN: My name is Hillary Regan.

18           CHAIRMAN DiGIACOMO COLINS: Go on.

19           MS. REGAN: In the short life of Act 71, there  
20 have been many flaws pointed out. There are many more  
21 to come, I'm sure.

22           The Bill was written in the dark. It was  
23 dictated by benefactors, the powerful, of this Bill with  
24 no oversight as to how it would affect the people that  
25 are to support this Bill.



1           A law with this many holes will ultimately  
2   destroy property and lives. Like the Titanic, only the  
3   benefactors will be assured life boats. While the  
4   general public will die in the icy waters of the  
5   Atlantic Ocean.

6           Out of anger because he wasn't getting his way,  
7   Governor Rendell stated, might as well rewrite the Bill.  
8   I agree. Repeal Act 71.

9           I would also like to add a few of my own  
10   comments. I'm a resident of Northern Liberties. I live  
11   approximately four blocks away from this proposed  
12   casino.

13           I don't know if many people recognize, but  
14   there is an ongoing archeological investigation.  
15   President Obama just signed into law the National  
16   Washington Rochambeau Trail, which leads up to the  
17   doorstep of SugarHouse.

18           This site so far has yielded the largest  
19   retrieval of Native American artifacts dating back 3,500  
20   years. There is incredible archeological potential and  
21   we found from Independence Hall and the President's Dig  
22   that it is one of the greatest economic drivers for this  
23   city and archeology could be a huge asset. To put this  
24   casino here and sacrifice this economic possibility is a  
25   huge mistake.

1           Second, I-95 is going to be rebuilt over the  
2 next decade. How can you deal with a surge in traffic  
3 with a highway corridor at capacity? No one can answer  
4 that question for me. Nobody has.

5           Third, there's a wherein why Nebraska, Omaha  
6 doesn't have gambling and his name is Warren Buffet.  
7 Why is it not good enough for Warren Buffet but it is  
8 good enough for Philadelphia? I don't know. Thank you.

9           CHAIRMAN DiGIACOMO COLINS: Andrew Robinson?

10          MR. STATEN: Madame Chair, my name is Sam  
11 Staten, Jr. Mr. Robinson was speaking on my behalf.

12          CHAIRMAN DiGIACOMO COLINS: But you are here.

13          MR. STATEN: Yes. Madame Chair and members of  
14 the Board, thank you for the opportunity to appear  
15 today.

16          My name is Sam Staten, Jr., and I am the  
17 Business Manager of Laborers' International Union of  
18 North America, Local 332. We are the only union in the  
19 City of Philadelphia Building Trade that has majority  
20 African American membership.

21          Our livelihood is linked to help the local  
22 economy, and we believe building this casino is good for  
23 Philadelphia and good for its economy and future of its  
24 growth.

25          I'm here today to specifically support the

1 Petition of HSP Gaming, LP, for the additional two-year  
2 time to make slot machines available to play and  
3 modifications to its approved development plan.

4 HSP's application for the extension and  
5 modification to this honorable Board clearly lays out  
6 why this application is even necessary.

7 Without getting into specific names, people in  
8 government had some opposition groups set out to derail  
9 this project from beginning using both legal and  
10 questionable means.

11 HSP has defended itself against at least 11  
12 lawsuits or appealed in the Court of Common Pleas, the  
13 Supreme Court of Pennsylvania, and United States  
14 District Court.

15 HSP has repeatedly documented throughout the  
16 process its attempts to move the project forward and to  
17 bargain in good faith with the various entities in and  
18 out of the city government.

19 To deny this request would, I believe, reward  
20 the obstruction and punishment to those who have  
21 operated within the bounds and intent of this Board to  
22 award the original approval to HSP.

23 With regards to the request for revocation to  
24 the improved development plan, it is agreed by the City  
25 of Philadelphia that these modifications are being made

1 at the request of the City of Philadelphia and only  
2 changed the original development plan marginally and  
3 largely dealt with the height and scale of public access  
4 issues.

5           Again, HSP finds itself in this position not  
6 because it has chosen to make changes but in an effort  
7 to get city approval and to work with this  
8 Administration.

9           As we are all aware, our city and state as is  
10 the rest of the country are struggling economically.  
11 The construction industry has been hit very hard.

12           Moving this forward would bring substantial tax  
13 revenue for the City of Philadelphia and create an  
14 estimate of 5 or 600 construction jobs, as well as  
15 several thousand permanent jobs.

16           Philadelphia, as in any country, when the  
17 general population is hit hard, minorities suffer even  
18 more.

19           Approving the HSP request for extension and  
20 allowing this project to proceed forward will meet the  
21 goals of this Board.

22           Labor Local 332 and the Advisory Commission  
23 Construction Adversity are to assure inclusion of  
24 minorities in all aspects of the industry.

25           Madame Chair, members of this Board, this is

1 very, very critical times in the lives of people who are  
2 losing their jobs and losing their families.

3 CHAIRMAN DiGIACOMO COLINS: Thank you,  
4 Mr. Staten. Thank you very much, sir. Appreciate it.

5 Anne Foresman?

6 Anne Foresman?

7 MS. FORESMAN: Thank you to Mickey Kane and the  
8 Pennsylvania Gaming Control Board for this opportunity  
9 to express my voice.

10 I'm a 19-year-business owner in Philadelphia.  
11 I have been in Fishtown ten years. I have a family, and  
12 this is my background from which I draw my comments.

13 I wanted to express my voice by voting a few  
14 years ago in the primaries in a referendum to prevent  
15 casinos close to neighborhoods in Philadelphia, but that  
16 question was removed from the ballot in the eleventh  
17 hour. Therefore, I'm grateful to be able to speak to  
18 PGCB. Of course, voting would be the most powerful way  
19 to make my voice heard, but that was not allowed.

20 I think there is confusion among both people  
21 and leaders who are in favor of casinos coming to  
22 Philadelphia.

23 These people think Philadelphians are dragging  
24 their feet when it comes to building casinos. We are  
25 actually exercising our Constitutional power of speech,

1 which is what people in a democracy should do, people  
2 like John Dougherty, Jane, a Pennsylvania State  
3 Representative, or Patricia Diaz of Fishtown are  
4 confused that the issue with casinos not yet being built  
5 is with our resistance to them, when the real issue is  
6 casinos and elected officials thinking that they can  
7 ignore all of the voters who want re-siting.

8           John with his strong construction labor ties  
9 and Jane in state government need to get busy convincing  
10 casino management to re-site so that people can get  
11 those jobs they so badly need.

12           I think casinos don't belong in my backyard or  
13 anyone else's. There are scores of great reasons why  
14 this is true, but the best of which is from historical  
15 studies of neighborhoods containing casinos. There is  
16 no way of keeping the negative effects out.

17           Even City Council determined this years ago by  
18 conducting a study that concluded there is no way to  
19 keep the negative effects of the clubs on Delaware  
20 Avenue out of our neighborhoods.

21           On my block, which is three blocks from the  
22 SugarHouse site, we already have a house of heroin  
23 addicts, kids and parents that are dead from drug  
24 overdose, tiny drug bags for my daughter to see  
25 littering the sidewalks, junkies with their violence and

1 arguments and more.

2 We are four blocks from the police precinct on  
3 Girard. Yet, we can't get them to come when they are  
4 needed. I'm -- I would ask you to please consider the  
5 future of Fishtown --

6 CHAIRMAN DiGIACOMO COLINS: Thank you very  
7 much.

8 All right. Excuse me. This concludes the  
9 public input.

10 Now, we are going to recess at this time for  
11 purposes of deliberations. I cannot give you a pinpoint  
12 time when we will come back.

13 I recommend if you wish to come back after our  
14 recess that you check in an hour. So we will now  
15 recess. Thank you very much.

16 (The hearing and public input concluded at 1:11  
17 p.m.)

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1           I hereby certify that the proceedings and  
2 evidence are contained fully and accurately in the notes  
3 taken by me on the within proceedings and that this is a  
4 correct transcript of the same.

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Hillary M. Hazlett, Reporter  
Notary Public

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