COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: PETITION OF HOLDINGS ACQUISITION COMPANY L.P.

D/B/A/ RIVERS CASINO FOR THE APPROVAL AND THE ISSUANCE

OF A CERTIFICATE TO CONDUCT TABLE GAMES

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PUBLIC INPUT HEARING

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BEFORE: Linda Lloyd, Presiding Officer

HEARING: Monday, April 26, 2010

10:03 a.m.

LOCATION: Allegheny County Courthouse

436 Grant Street

Pittsburgh, PA 15219

WITNESSES: John Donnelly, Todd Moyer, Joe Barrett,

Corey Plummer, Andre Barnabei

Reporter: Juliette J. Hoffman

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PROCEEDINGS

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PRESIDING OFFICER:

Good morning. My name is Linda Lloyd and I'm the Presiding Officer assigned by the Board today to conduct this Public Input Hearing regarding the Petition of Holdings Acquisition Company L.P. doing business as the Rivers Casino to Conduct Table Games at its Casino. Before we begin, if we could all turn our cell phones and Blackberries off or to vibrate so we don't interrupt our presentation?

As the Presiding Officer, I call to order this Public Input Hearing regarding the Petition of Holdings Acquisition Company for the issuance of a Certificate to Conduct Table Games which was deemed complete and filed on March 24th, 2010 at Docket Number 1360-2010. The date is Monday, April 26th. The time is 10:03 and the location is the Allegheny County Courthouse, 436 Grant Street, Room 410, Pittsburgh, PA 15219.

This Public Input Hearing is convened by the Pennsylvania Gaming Control Board pursuant to the authority found in Sections 1205(b) and 1314A(b) of the Gaming Act. This public hearing was advertised on the Board's website, announced at a previous Board

meeting and advertised in local newspapers.

Present with me today for the hearing to my right, Chairman Greg Fajt and to my left, Commissioner Gary Sojka.

The Board and its staff would like to thank the City of Pittsburgh for making this space available to the Board for the hearing today.

The purpose of the hearing is to allow Rivers to present to the public its plan to operate table games at the casino and to allow any individual members of the public, community groups or elected officials to express their thoughts and share any concerns about the proposed project with the Board.

Rivers will make their presentation first and they will have about 20 minutes --- 20 to 30 minutes to make their presentation. At this point, we have had no speakers registered to speak today. Is there anyone in the room that believes that they may have registered to speak? If so, raise your hand. It looks like Rivers might be able to speak today. No public comment unless somebody walks in the room a little bit later. Presenters for the Rivers, if you could state and spell your name the first time you speak for the court reporter, that would be helpful to her.

This is an official Administrative 1 2 Hearing, so please treat this as if you were attending a court proceeding. All witnesses speak loudly, 3 clearly, et cetera. If we could have the presenters from the Rivers stand and raise your right hand to be sworn by the court reporter.

WITNESSES SWORN EN MASSE

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PRESIDING OFFICER:

Before we begin, I have the Hearing 12 Exhibits entered into the record as Hearing Exhibit Number One, which is the Notice of the Public Input 14 Hearing. The Board has not received any written comments, either, lest we have received any in today's mail that are postmarked by the deadline, there will be none to enter into the record. If we do receive them, we will forward them to the Rivers' counsel. Would you like to begin?

> (Hearing Exhibit Number One marked for identification.)

ATTORNEY DONNELLY:

Thank you, Ms. Lloyd. John Donnelly and 24 Michael Sklar appearing on behalf of Rivers Casino. 25 We want to thank Chairman Fajt and Commissioner Sojka

for coming out today, thank all the people who've came out today. It's not a big crowd, though. We kind of take that as a testament to the way that the community has embraced this facility.

As you know, I think the issues here are pretty plain. The questions are, as always in these matters, what we can do and what this project will do for the Commonwealth and for the citizens of Pittsburgh and the outlying area. It will do what it is intended to do. It's going to create jobs, it's going to bring economic development. There's another overlay that is always present and that is control. And this is a different phase that the Commonwealth's moving into, table games, which we didn't have before, and they're more difficult to control than slot machines.

So we're here today to present three things, basically; to demonstrate that we have the ability and experience and depth and strength to absolutely show the citizens of the Commonwealth and the Pennsylvania Gaming Control Board that we can control these games, that we can protect the Commonwealth's tax revenues, that we can protect the citizens who will be the patrons who will be visiting our properties and we can protect our own assets,

which is our foremost interest and the interest of our investors.

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Secondly, we want to give a little overview to the public and the press that's here as to what we intend to do, how we intend to integrate this new project into our facility and thirdly, to give, again, the press, the public, an idea of the kind of the economic development that this new phase of gaming in Pennsylvania is going to give to the Commonwealth.

Let me start with the experience level. You all know Greg Carlin and you all know Neil Bluhm who works with Greg Carlin. Neil Bluhm came probably two years ago, two summers ago, and appeared before the Board in a different setting, but addressing the same project. At the time, the project was, to make it charitable, in desperate straits. Neil stood like I'm standing today and said a few things in his kind of quiet way, that he would finance it and he would construct it and he would open it on time. There was a lot of skepticism at the time. We were at the very beginnings of an economic meltdown, as everyone knows, but he delivered on all three, financed it, brought \$200 million of new equity into the project, completed the construction on time and on budget and opened it on time. And anyone in this room or anyone in the

state who's been there sees now a beautiful casino, in line with anything that you see in Atlantic City and I think this is the nicest casino in Pennsylvania and I've seen all but one.

Greg Carlin's the head of the gaming group, if you will, of the corporate oversight. He's been involved in several facilities that our company has. He has over 11 years of experience operating with gaming facilities, financing and controlling them.

We've also brought on David Patent who has a breadth of experience in the gaming field. And the PowerPoint and the handouts that we have before you gives you just some of his background, but he's been involved in operations throughout the country with casinos.

Also, Joe Barrett, who will be presenting to you today as part of the oversight team, he's been involved throughout the country and is down here helping with the gaming school and with the proposed opening.

As you know, the group, the corporate group, if you will --- we'll call it corporate group because it currently operates casinos --- two casinos in the Niagara Falls area of Ontario, Fallsview

Casino, which is very big, 3,200 slot machines, 133 table games, has been operating since 2004. since we last met, I think on this project, that same 3 group or affiliates have opened a casino in Vicksburg, Mississippi with 800 slot machines and 20 table games. They are now under development of a large casino in --- it's actually not in Chicago, it's in a town which is right either encompassed by --- I think it is encompassed by Chicago, but it has a French name, 10 which I won't try to pronounce because Mike will make fun of me, but we'll say Chicago and that'll be 11 opening next year. And as you know, we're under 12 13 development of the Sugar House Casino in Philadelphia, 14 which we plan to have open, the same affiliated group 15 plans to have open, in September.

So it's a lot of depth of experience. And Joe, when he presents, will talk about the surveillance, security, internal controls and other procedures and practices and training that are underway right now to protect the games and protect the assets.

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We also have with us, and we're happy to 23 have, Todd Moyer as the general manager. Todd has a breadth of casino experience. He started out in Harrah's organization. He's been through the Trump

organization, which is always an exciting experience.

He's worked for Tropicana of Las Vegas, he's worked

for Hard Rock Café and Stations and those are very

different kind of --- all of those are very different

kind of experiences. He has gaming licenses in New

Jersey, Nevada and Iowa. Right now, he's working in

Dubuque, Iowa and with that, I'd like to introduce

Todd Moyer.

MR. MOYER:

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Thank you. Please hold your applause. 10 Todd Moyer, that's T-O-D-D, Moyer, M-O-Y-E-R. 11 I'm the 12 general manager of Rivers Casino. I am no longer working in Dubuque, Iowa. I am thrilled to be 13 14 bringing my family back to Pennsylvania. I was born 15 in Pennsylvania, I went to school here in Pennsylvania, I went to college in Pennsylvania, I met 16 17 my wife here and we actually got married just a few 18 steps from this very place, we got married on the 19 campus of the University of Pittsburgh, where she was 20 a student and we got married there at Heinz Chapel. 21 So to be able to bring my family back home and my four 22 children is really a thrill. And I want to just personally thank you for myself and on behalf of my 23 24 family. I never thought I'd have an opportunity to 25 return to Pennsylvania and I'm just thrilled that I

have that now. And I should say my mother-in-law is also thrilled to have her daughter back, too.

members of our team that are here that will talk a bit later. First is Corey Plummer. Corey is our Vice President of Gaming. He has worked throughout the country and also New Zealand and Australia. He has great experience, very good background and he is a true asset to our team.

Next up is Andre Barnabei, he's our Vice
President of Human Resources. We couldn't do it
without him and the process of literally tens of
thousands of applications. He has over 13 years
experience in the Human Resources field. He had the
opportunity to open Harrah's Chester. And again, like
I said, he's literally one of the very first team
members at the Rivers and has been a big asset.

Next up, John talked a little bit about him earlier, but Joseph Barrett. He has been a huge asset to us in getting our table game screens set up and helping us do the interview and application process, as well. He is an authority on game protection, he's taught seminars to over 1,200 people around the city, supervisors and managers. He's also served on the Board of Directors for Indiana council

on Problem Gaming. So he brings us a level of experience we truly need and value.

I want to talk a little bit about the importance of table games. One of the biggest surprises for me in this market is how many people have not been yet to the Rivers Casino. And one of the reasons they have not yet been there is because of the absence of table games and with table games it will help us conclude the competitive landscape. Many of our customers or potential customers, I should say, are flocking to casinos nearby, primarily in West Virginia, looking for table games. I'm glad to bring table games, will be glad to bring table games for those customers that had asked for them. We hear it a lot and customers are very anxiously anticipating the arrival of table games.

I really think it will help us build the gaming market in Pittsburgh. Let us draw and attract customers from outlining areas that will travel farther for a complete gaming experience that would include not only slot machines, but table games, bars, restaurants and nightlife experience in a beautiful setting that is Pittsburgh and the riverfront.

So with that, I want to just mention the support that we have received from our community

leaders. We have quotes here that are in your packet, 1 here's Mayor Luke Ravenstahl, a big supporter of ours 3 and happy with the economic development of the Northside. Here's Robin Rosemary Miller who is the head of the Chamber of Commerce of the Northside, North Shore. Mark Fatla from the Northside Leadership Conference, we've worked in tandem with him and his supporters in mostly job creation and economic development on the Northside. And we also have been working with Pennsylvania State Senator Sean Logan who 10 is also the President of Monroeville Chamber of 11 Commerce and he's anxiously looking forward to table 12 13 games and helping him with conventions in the Monroeville market. 14

The economic impact. We have a slide up here and I think you know the numbers. Almost \$90 million in just nine months, just shy of \$10 million a month, \$50 million to the State of Pennsylvania, but we're really proud of the local donations or local support, \$3 million almost each to the City of 21 Pittsburgh and Allegheny County. We have very actively supported community outreach efforts. can see some of the beneficiaries of our over \$7.8 million in donations and contributions since we've opened.

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With that, I want to bring back up Corey Plummer and he's going to walk you through the table game implementation.

MR. PLUMMER:

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Thank you, Todd.

ATTORNEY DONNELLY:

Before Corey starts, I'd also like just to introduce the rest of the team that's here. Rhonda, could you stand up. Rhonda Gilchrist who's with us and she's Vice President of Compliance. George Matta came as Director of Business Development and Community Relations and Rob Fitzpatrick, who is the VP of Finance.

And I just wanted to, before Rob gets in 15 --- before Corey comes up, I just want to put out some numbers here that Todd's going to revisit, which I'd 16 like everyone to --- we want to emphasize over and 17 18 over again. When we develop table games here, we're going to create another 458 jobs, permanent jobs. 20 There's going to be what, 80 construction jobs? So 21 458 permanent jobs, 80 construction jobs. 22 increased development costs are going to be about \$24 The tax revenues to the state, we estimate 23 million. 24 from this petition, would be about \$7 million 25 annually. And the table for these 458 new jobs is

going to be about \$16 million and I want to emphasize that, we want to emphasize that over and over again because we want the citizens of the Commonwealth to 3 have a feel and a grasp of how important what you all are doing, the Pennsylvania Gaming Control Board, and the entire Commonwealth, in bringing this new industry. If someone were to come here and say they were going to manufacture a product and create 458 jobs, it would be --- I venture to say this entire 10 room would be filled with people. This is very, very, very significant. And that 458 jobs is on top of the 11 12 917 jobs that have already been created. So we're 13 looking nearly to 1,500 jobs at this new industry and this town and this western part of the state that was 14 15 created. And that's just enormously significant and it's one of the things that, I think, everybody in 16 this room could be proud of, it's one of the things 17 that when you see people come out of these gaming 18 schools and go to work and know that you're --- I 19 20 don't want to be corny, but know that you're creating 21 jobs for people and people can get into an industry 22 that's relatively new that can rise up pretty quickly with hard work. So it's the kind of thing that really 23 makes you proud that you're part of this and I think 24 25 everybody who's associated with this would be proud

So the economic impact is just enormous and we'll of. come back to that again and Todd's going to emphasize it again. I don't want to steal his thunder, but I don't think we can say enough. Corey.

MR. PLUMMER:

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Good morning, Commissioners, it's a pleasure to be here. My name is Corey Plummer, C-O-R-E-Y, P-L-U-M-M-E-R. What I'd like to do is talk you through our thought process and design of table 10 games at the Rivers. This slide here is the gaming 11 floor plan map. The highlighted areas you see here that are numbered one, two, three and four are the pit 12 locations. We've designed five distinct areas for 13 14 table game operations at the Rivers. If you start on 15 the left side there with number one, that's where we would design a corporate room ---. 16

CHAIRMAN FAJT:

Corey, just to orient myself, the porte-cochere is where the X is over on the right and the round thing is your main bar area on the River?

MR. PLUMMER:

Yes. Drum bar's here ---.

CHAIRMAN FAJT:

So the river, Allegheny River, for those 25 not in the room is right there?

MR. PLUMMER:

Right.

CHAIRMAN FAJT:

And the porte-cochere over where the ${\tt X}$

is; right?

MR. PLUMMER:

Yep. Right over here.

CHAIRMAN FAJT:

Okay. Got it. Thank you.

MR. PLUMMER:

number one there, 24 table poker room designed into that space, also, additional office space for table game staff and the poker room cage. If you look down at section number two, that will be the high limit area. There are two distinct gaming areas in the high limit space, there's a six table pit in there for normal table games, high end operation. There's also a separate private game room with two tables in there that we've designed for higher end play or designated space for high profile customers that would like a little bit more privacy.

which is in the center there of the casino, that's our main pit area. There are 50 tables in that space.

If you look at section number three,

That space includes craps, three card poker, and other poker derived games, blackjack and roulette. We designed that space to be the critical mass area of the casino, central to the energy and the flow around the facility, but with the broadest diversity of offerings that we have in terms of game mix.

that, that's designed as a smaller pit area designated 24 hour non smoking environment for customers that, obviously, are looking for a 24 hour non smoking environment to play table games. The space down to the right there, there's seven tables and that pit is outside of the wheelhouse. It's designed to be a high energy pit with blackjack, poker derived games, one craps table and a big six wheel. That's really the five distinct areas that we have in terms of locations on floor. Each one of those locations offer the distinct opportunity and experience and product for our customers.

If you look at the game mix that we're going to open with, the way we've designed this game mix, you'll see that the majority of it's blackjack and poker. The reason that we've done that is with the opportunity to open table games in this environment, we're looking at protecting the

customers, the property and the responsibility of the 1 2 control board. So looking at how do we want to open, in terms of stretching the ability of the trained 3 staff, ourselves, yourselves, to become familiar with games and to really open the operation with the most efficient trained staff that we can, operations for security and surveillance without having to distress the operation or the customer, per se, in offering too many games. So when you look at the mix, you see a 10 lot of blackjack, a lot of poker and there's just enough additional games to offer some variety in terms 11 12 of the expectations around the main games of roulette, craps and a few poker derived games that will allow us 13 14 to do sufficient training, will allow you to do 15 sufficient training of your staff and help us open in a more effective manner in terms of controlling the 16 17 product for the customers.

Really, when you look at our five spaces, how we've designed the game mix was really designed for protection of security, convenience and comfort for the customer and the opportunity to really present a high level sophisticated product to customers in this region or area. And with your approval, construction's going to go into design, we'd be ready to go operational by early July. So with that, I'm

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going to introduce Andre Barnabei our Vice President of Human Resources.

MR. BARNABEI:

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Good morning. My name is Andre Barnabei, Andre, A-N-D-R-E, Barnabei, B-A-R-N-A-B-E-I. As Todd mentioned earlier, I was very fortunate to join this team very early on. It's a very important project to me personally because I grew up outside of the Pittsburgh area. I was a graduate of Washington and Jefferson College, about 30 minutes away, it was an 10 opportunity for me to return home from the Philadelphia area to be with my family and to build 12 this project in the City of Pittsburgh. We've been 14 very successful so far in recruitment and outreach efforts. As of 2009, we have roughly 917 team members working with us at Rivers. And from a diversity 17 standpoint, we were very proud of our numbers, 43 percent of our team were in the female category, 22 percent in the minority category and 96 percent of our team were residents of the State of Pennsylvania.

With the hopeful approval of table games, we will be forced to expand and add an additional 458 opportunities to the State of Pennsylvania and the City of Pittsburgh. These positions will not only come in table games, with the dealers, the supervisors

and the managers, but in addition, we will expand other operations, such as security, surveillance, some of our food and beverage opportunities and some of our financial cashier opportunities.

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To date, with these different job creations in the very near future, we've held some different career ---. We've received over 2,000 applications so far, specifically for our dealer school opportunities. We held a variety of career fairs in and around the City of Pittsburgh. the Sheraton in Station Square, where we reached over 1,800 applications that were interviewed that day. Ιn addition to that, we partnered with the Northside Leadership Conference to interview 100 residents from the Northside or other low social economic communities. In addition to those, we've also partnered with our internal managers and identified around 72 internal candidates that are also going to pursue table game opportunities. With the other opportunities that we have with the table game expansion, we've also received 489 additional applications for our security and surveillance opportunities. Here, you'll see a photo of the 24 Sheraton Station Square, again, where we reached roughly 1,800 different applicants. Roughly 40

1 members of our organization were there to meet, greet and better explain the table games opportunities that would be available and to interview those that were truly interested in the operation.

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From day one, we've been very successful with the partnerships here in the community for outreach. We will continue to partner with these groups, such as the AARP, the Northside Leadership Conference, the PA CareerLink and the Urban League of Pittsburgh to continue to identify qualified applicants for any future openings and opportunities with Rivers.

And with that, I'd like to turn it over to our Director of Gaming, Joe Barrett.

MR. BARRETT:

Good morning, Linda, Chairman, Commissioner. I'm Joseph Barrett, J-O-S-E-P-H B-A-R-E-T-T. I'm pleased to be in Pittsburgh today to talk about our plans to launch table games here at the Rivers. Part of those plans included drafting our curriculum for all of the games that we will offer and setting up a dealer school in the ballroom of the 23 Rivers Casino. Both of those were accomplished and approved by the Board and we commenced our training on the 14th of this month. We had 398 students there on

the 14th to learn how to become dealers at the Rivers

Casino, 72 of those 398 are actually current employees

of the Rivers that are spending the extra time to

learn the games. To instruct the games, we have hired

eight very talented, experienced trainers, all of whom

will --- are current employees of the Rivers, either

managers or supervisors who have been approved for

table games. But collectively, they have roughly 110

years of experience between them in gaming.

As far as Pennsylvania residents, it was important for us to create jobs and we understood that. We have over 300 experienced dealers that have applied to work for us and we'll certainly look at those folks sometime in late May, early June, but our emphasis is providing jobs at this point to Pennsylvania residents. We anticipate the classes to last 10 weeks and with certification towards the third week in June will prepare us for an opening sometime in July if approved by the Board.

We also understand that with table games being offered in a new jurisdiction, that sometimes can attract some cheaters and scam artists. I've known that through my experience and I think a way to address that is first and foremost, teaching procedures, consistency and procedures, because if

table games are cheated in any way, shape or form, I 1 2 can always relate back to a procedure that was 3 violated. So that is going to be our emphasis during training, coach training, we'll continue to talk about game procedures and game protection. personally get in front of our students in the school and provide a seminar and demonstrate all the different ways that games can be cheated. surveillance team, under the direction of our 10 director, Tom Figly, who has 20 years experience, including a lot of experience in Atlantic City where 11 table games are offered, he's already working with the 12 13 surveillance teams. They started separately in our 14 school today. They'll go through a training period 15 and then another period where they will simply watch the monitors that we have set up above the training 16 17 tables and practice watching the monitors to protect 18 Those things are important to us. the games. make sure we're ready when approved to open. 19

Compulsive and problem gambling is also something that's near and dear to my heart. I take every opportunity to get involved in that and Andre, when they opened the Rivers, partnered with the Pennsylvania Counsel to develop a comprehensive training program for all of our employees. So all of

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our new hires will receive this training so they understand what to look for and what to do if they see signs of problem gambling.

Additionally, we will --- we do provide all of the information on the casino floor and will continue to provide annual refresher courses to all of our current employees.

With that, I'll have Todd come back up. Thank you.

MR. MOYER:

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I think I want to just take a Thank you. moment to point out some of our purchasing power and how that's going to be expanded with the addition of table games. This is a recap from 2009, 42 percent of our purchasing span has been from minority, women or local business enterprises and that represents actually \$143 million in total purchases from those same groups. And the construction project that we talked about earlier with respect to table games would create 80 new construction jobs and we're working with seven local subcontractors, all in the Pittsburgh area.

We have the infrastructure to support 24 table games. The property was built with the hopeful intent of adding additional gaming spaces. We have a

parking garage that has 3,856 spaces and we also have nine food and beverage outlets to support the additional players that would come in as a result of table games.

Talk a little bit about the economic impact. The licensing fee, of course, \$16.5 million. The construction and capital investment represent an additional \$7.5 million for a total of \$24 million approximate. The table game revenue should annualize with the Commonwealth share of about \$6 million, an additional one million to the local groups. And the payroll. The payroll, just incremental payroll for the table games, over \$11.5 million annualized, benefits of \$1.8 million and payroll taxes of \$2.6 million for a total of just over \$16 million.

So in summary, I think you'll agree that we demonstrated we have the experience and the ability to get this done. We have really assembled an all star team, I'm proud of this team that they put together here at the Rivers. We have the support of our community, the Pittsburgh residents have asked us repeatedly to add table games. They are anxiously awaiting the arrival of table games. Our local and elected officials nearest to us support the project wholeheartedly. I was showing the economic impact.

We showed, most importantly, the job creation. 1 personally spoke with every single one of the 3 applicants that we admitted to dealer school. excited, they're eager, they're friendly, outgoing people. They didn't come to us with a trade, they came to us with extraverted personalities, friendly, hardworking and willing to get the job done, willing to run ---. We provided them with a free school for them to come in and learn a new trade where they can 10 make a good living for their families. We're ready and willing and certainly able to add table games to 11 an already impressive line up and really complete the 12 13 picture for the Rivers Casino, make it a full complete destination of casino tour. 14

So with that, we're all here to answer any questions that you may have.

PRESIDING OFFICER:

Turn it over to the chairman.

CHAIRMAN FAJT:

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Gary, why don't you go first?

COMMISSIONER SOJKA:

Well, I'd be happy to, Greg, but as you know, I always have a million questions, but they're all relatively easy to answer and you'll be happy to know, since you don't have horse racing, none of them

will involve manure. Okay. Let me ask how many slot machines you have at the moment and how many you expect to have once you get all the tables up and running?

MR. PLUMMER:

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We currently have 3,000 units on the floor today. We'd like to open table games with 2,874 slot units on the floor, not counting some of the automated table games that we'll have on the floor.

COMMISSIONER SOJKA:

That's good that you mentioned the automated table games. Perhaps you could give us a little bit better breakdown because there, you know, when we talked about table games, there's traditional table games with a human being dealing it or operating it, then there are these electronic table games that could be either wired as a slot machine, which has one tax rate or wired as a fully automated table game which has another tax rate and then there's this category of the so called I-games. Could you give us a quick breakdown on where you're going and what you might have done with some of your --- some of the shared experience slot machines or slot machines that look like table games that you have now.

MR. PLUMMER:

Well, what we have on the floor now, 1 2 primarily being a mix of video black jack and three 3 card poker games, each one of those games is set up as an independent outcome similar to a slot machine. Even though people are sitting at the table, they're having that shared experience. With the transition in the software going to a more shared gaming experience in terms of the play level, what really changes will be internal with software and how the game's played. 10 It's sort of an environment that everyone plays from similar to a regular table in that respect. 11 customers really won't experience a difference when 12 they play the game so it's very similar to what they 13 14 play now. The video dealers are the same, the game 15 play is essentially the same, same opportunities in terms of betting and additional game plays. 16

COMMISSIONER SOJKA:

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Let me just interrupt quickly. Will the customer know that? A customer who's now playing that game with the automated dealer as a slot machine, will they know that it's now been converted to a real table game?

MR. PLUMMER:

The truly informed customers would know in terms of the regulations or the news, the

information that we put out. We would put out information that the game is slightly different, but in terms of playing the game, no.

COMMISSIONER SOJKA:

But about the expected outcome for the player, with a slot machine, we require that you have a payout of at least 85 percent. Could you guarantee that or better in the electronic format, the electronic table game?

MR. PLUMMER:

The electronic table game format, the software is designed with different payback percentages and those payback percentages are very low, similar to what a live table game would be, so you're talking three, four percent range depending on the game and the side bets that are added to it. So in the experience --- and I've had these units at other properties where we've had live table games. The experience in terms of where the whole percentage comes out is very close to that par level, so you're talking two or three percent in terms of total on these electronic games of blackjack, which is very similar to the internal house advantages.

COMMISSIONER SOJKA:

So let's talk about this player, then.

1 It is not your experience that a non table player who is used to playing the slot machine, strays onto this real table game, does not know the difference, this person, you're telling me is actually advantaged? Probably has a better chance of walking home with money than he does playing a slot machine?

MR. PLUMMER:

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In terms of the whole percentage, the built-in house advantage, the way you describe it, I wouldn't describe it that way. Blackjack in particular there's an element of skill and knowledge 12 built into that game so the outcome that every player experiences over the long term is different, because there's an element of skill to the game whereas a typical slot machine, no skill goes into the game. So the difference, really, is there and that's the difference with a lot of table games is your ability to make decisions, to understand the rules and learn the game.

Someone who's been playing the automated table would have a slight advantage in terms of experience playing the game versus a novice or a beginner player, but not in the game itself. So your experience and how the cards come out, how you play the hand, depending on what the number that the hands

are, those sorts of things, that person has experience playing the game and that electronic version can still 3 play to the live table in terms of how the game is played, but we will spend a reasonable amount of time preparing customers who don't know how to play the game with game rules and how to play, experiences. We'll offer tables on the floor that are learn to play that are free of charge so a customer can come in any time to the casino and learn how to play our games 10 before they sit on a live table game and put their money at risk. They will have the opportunity to 11 learn the rules, how to play, how the game is played, 12 13 all those sorts of things, long before we would hope they step onto the table or live table. But certainly 14 15 for customers who do venture onto live tables that don't have that experience, our dealers would be 16 17 provided with information to help those customers and give them the general knowledge of how to play the 18 game so that they are in a good position and so are we 19 20 in terms of offering responsible gaming to our 21 customers.

COMMISSIONER SOJKA:

That tutoring that you have, that would include craps?

MR. PLUMMER:

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35 Yes, it will. We will have live craps. 1 2 COMMISSIONER SOJKA: 3 Okay. The other names that are really traditional live games, none of those will be of the I-game type? 6 MR. PLUMMER: Well, we do have some electronic roulette on the floor that we have now that will remain and there's no change for those, they'll be the same as 10 they are now. 11 COMMISSIONER SOJKA: 12 It's the same game, but now you'll be 13 able to tax it as a table game and not as a slot 14 machine; is that correct? 15 MR. PLUMMER: The software in those games have not 16 17 been changed. 18 COMMISSIONER SOJKA: 19 So your tax revenue will still be at the 20 slot machine level? 21 MR. PLUMMER: 22 Yes. The electronic ---. 23 COMMISSIONER SOJKA: 24 But you will have live roulette that will 25 be taxed with the table game level?

MR. PLUMMER:

Correct.

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COMMISSIONER SOJKA:

It is the same game, isn't it? I mean, is it a roulette wheel, a random number generator?

MR. PLUMMER:

7 It's the same in that sense, yes. The style of the game is different, the style of the play is different. Quite often, I mean, I've had 10 electronic roulettes and live roulettes in the same facility in multiple jurisdictions. Quite often, it 11 12 attracts a different type of customer. The live player is more traditional, placement on the layout, 13 14 fewer bets, whereas the electronic roulette player 15 typically is someone who likes to place a lot of different bets on complicated variances, things that 16 17 you really can't do on a live table and that's typically a different type of player than on a live 18 19 roulette table. It's two different experiences all 20 together.

COMMISSIONER SOJKA:

Thank you. That's all. Could I ask a question or two about location of games? You have your high end games. That high end pit, will that include most of your mini baccarat and your Pai Gow

37 poker or will those be elsewhere, as well? 2 MR. PLUMMER: 3 The mini baccarat and Pai Gow poker would be in the main pit. 5 COMMISSIONER SOJKA: 6 They'll both be in the main pit? MR. PLUMMER: They'll both be in the main pit, out on 8 the main floor and ---. 10 COMMISSIONER SOJKA: 11 And so the mix of games in the high end 12 room? 13 MR. PLUMMER: 14 When we open, it's blackjack. 15 COMMISSIONER SOJKA: It will all be blackjack? 16 17 MR. PLUMMER: 18 Yes. 19 COMMISSIONER SOJKA: 20 Okay. At the dealer school, is each 21 dealer certified in all games you operate, including 22 Pai Gow? 23 MR. MOYER: 24 Well, I can answer that question. 25 dealer school, each game, or at least the main games,

are certified by hours and time of training. really put focus on teaching craps and poker singularly. So if you go into the craps school, that 3 is all you're going to learn going into the opening. Same with poker. On blackjack, blackjack and poker derived games are a larger school, 120 hours. students will have the opportunity to pick up an additional game of the 80 hour variety, whether that's roulette or mini baccarat. That's how we distinguish 10 the school and the training for games, looking at the more complicated games, the specialty environment of 11 12 poker, with the more complex game of craps being afforded more time than the singular poker. 13

COMMISSIONER SOJKA:

All the poker games and your poker room are non bank games. You're simply living on the rate there?

MR. MOYER:

Correct.

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COMMISSIONER SOJKA:

You will not have --- other than the three card poker, you won't have any poker games? You won't have anybody dealing stud poker?

MR. MOYER:

Just poker derived games. The three card

poker and Texas Hold 'Em. COMMISSIONER SOJKA: 2 3 For a beginning dealer, what would be your best estimate of the annual compensation? 5 MR. MOYER: Well, what we're looking at right now, 6 depending on the experience level, our wage level is \$4 to \$5. We think that the annual poker rate is going to be somewhere between \$15 and \$20 so it's the 10 opportunity to have anywhere from \$20 to \$25 an hour in terms of wage. 11 12 COMMISSIONER SOJKA: 13 So that will be then based primarily on 14 tips? 15 MR. MOYER: 16 Yes. 17 COMMISSIONER SOJKA: 18

And it's a pool tip arrangement?

MR. MOYER:

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Yes. Primarily the bulk of that income comes from tips and the bulk of that comes from the type of product that we offer the customers.

COMMISSIONER SOJKA:

And will these be jobs with benefits?

MR. MOYER:

So there's a mix of benefits. Yes.

COMMISSIONER SOJKA:

And my final question --- I want to leave you with some questions.

CHAIRMAN FAJT:

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Last time I let you go first.

COMMISSIONER SOJKA:

The issue of problem gaming and under 21 year old gamblers. A slot machine is a dumb instrument. It doesn't know who's sitting in front of it. I'm pleased to hear that you're training people, but could you tell me just quickly, if I'm a dealer, say I'm dealing black jack and I'm concerned that the person sitting over here at three o'clock may be a problem gambler, that's different than under 21. Right? Under 21, I can simply ask for the ID, get it, if they're not 21, I get security and out they go; right? What about the problem gambler? What should you do?

MR. MOYER:

Well, problem gambling, when it's at the table, you really refer back to the training, and Joe 23 Barrett's the expert in terms of problem gambling training if you want more detail as far as the types of training.

COMMISSIONER SOJKA:

I'm more interested in the response actually.

MR. MOYER:

But the response comes from the identification and the communication from the dealer to the supervisor then to the management that's in the table games operation. There's always the opportunity to make the recognition and communicate to the supervisor and staff before there's some type of conversation.

COMMISSIONER SOJKA:

Again, I'm a little lost in the procedure. And I think it has to do with this complexity of problem gambling, which we can't commit people for being problem gamblers, like you might for other potential addictions. These people have to agree to it to some degree. Can you interrupt play? Could I say excuse me, sir, I'm not going to deal another hand to you until you talk to a supervisor? Can I just say perhaps you should talk to me later? Do I call the supervisor? What do I do?

ATTORNEY DONNELLY:

Joe's probably the better man to answer
that because he's been coordinating our training for

the whole --- for everyone.

MR. BARRETT:

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Part of the training --- and really, it can happen on the table game, it can happen in the restaurant, it can happen at a cashier's cage, our team members are trained to watch for certain actions, listen for certain comments that are made and if they --- if they're concerned about the actions or the comments, they're trained to get a hold of their supervisor who will have a conversation with that patron and try to determine whether they do need help or not. They're not counselors, our folks aren't trained counselors, but they're trained to provide the information, telephone numbers to call, options that they have about excluding themselves and then it comes to the point where we're tracking this and we have to have so many conversations with the person and they keep denying it, we keep seeing issues, then Todd and his team will determine whether we want that person visiting our property any more.

COMMISSIONER SOJKA:

So you could put them on your exclusion list even if they didn't have self-exclusion on the basis that you think they have a problem?

MR. BARRETT:

That would be the right thing to do. Based on the experiences and circumstances surrounding that individual, it would be up to Todd and the committee or whatever to keep me informed, to look at all the facts and determine is it in this customer's best interest to continue to come to our facility?

COMMISSIONER SOJKA:

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I thank you for your forthrightness in I think this is an issue that we will struggle with in this industry into the future and I'm glad you're taking the steps you are.

ATTORNEY DONNELLY:

Andre may be the best to answer your question more clearly, Commissioner, about the benefits.

MR. BARNABEI:

For all of our full-time team members, we offer medical, dental, vision, prescription drug, life insurance, 401(k) with the company match so you're 100 percent invested from the day you're able to enroll. In addition, we offer paid time off, free parking for all of our team members, a meal at \$2.50 per day. also have an optional complementary line that our team 24 member can grab soup, salad, coffee, pop, cereal, milk, et cetera, 24 hours a day at no cost to them.

Those are just some of the small additional benefits 1 that we offer. And tuition for the school is free. 2 We chose to do the school in house so that we would be 3 able to provide that opportunity at no cost. compare, you're looking at \$1,200 per game learner in the State of West Virginia.

CHAIRMAN FAJT:

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Couple of housekeeping matters. First of all, I'd like to recognize Sean Fox who is the chief 10 staff for our County Executive Dan Onorato. thank you for being here. And also, as a 11 Pittsburgher, I'm embarrassed to admit this, but the 12 casino is located on the Ohio River. I think I said 1.3 14 it was the Allegheny. I just want to make sure I 15 correct that or Sean will give me the business when we leave today. A couple of questions, let's stay on the 16 17 table games train since you just mentioned --- I get that it's being done in-house now. Will it always be 18 19 done in-house?

MR. BARRETT:

As Corey mentioned, due to the time frame before the anticipated opening, we're not going to be able to teach dealers all of the games that we offer. We want to provide ongoing training and development for our team. We also want to work in conjunction

with the area community college and assist them with developing casino management programs and we are certainly interested in the individuals that go through their programs and become certified to hire them as dealers, as well as management.

CHAIRMAN FAJT:

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Okay. And what is the status of that? Have you reached out to Beaver County Community College, Allegheny County Community College or is it just all hands on deck right now to get, you know, these folks up and running?

MR. BARNABEI:

We've gone into discussions with CCAC here on the Northside. We got pretty far into it and we all kind of came into agreement that due to the time constraint and resources that they would need, that it would be in the best interest for both of us to have us conduct the school in-house. We're still very interested in developing that partnership and relationship as we go forward and those connections 21 have already been made.

CHAIRMAN FAJT:

Okay. Next question on the local Good. stint for businesses, we have asked all of the casinos that come before us in the table game certification

process to provide for the gaming board three things 1 2 from the beginning of time and do it annually so you guys --- you know, you can do it for 2009 and then 3 what you've done so far in 2010, but we want the local spend in the Allegheny County Area, the contiguous counties to Allegheny and then thirdly, Pennsylvania as a whole. And so you all provide --- you know, you have spend at the local bakeries, you have spend at the local, you know, landscapers, people that clean your parking areas, food and beverage folks, maybe a 10 local cleaner. We are trying to see the impact that 11 you spend on an annual basis for Allegheny County, 12 13 Allegheny contiguous counties and then the state as a 14 whole. Okay. So if you would provide that to us at 15 some point, that would be helpful. Again, the point there is obvious, that you're not only employing 16 17 people, providing jobs, but you're also creating job 18 opportunities and business opportunities for local businesses and we think that's important. 19

Another request, employment. I saw your numbers on the percentage of female employees, 43 percent, 22 on minority, can we have that breakdown for management employees, too? That's something we were concerned about and we want to make sure that there is a representative diversity in your management

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1 ranks as well as your general employees. Any smoking 2 complaints at the casino?

MR. MOYER:

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I've heard nothing.

CHAIRMAN FAJT:

I haven't, either, but you know, I mean I know that's an ongoing issue, it's fairly controversial in bills passed. You are at 50 percent now or still 25?

MR. MOYER:

We are at 50.

CHAIRMAN FAJT:

You are at 50. Okay. And so the table games, talk to me about that, I did see the one pit that you showed would be non smoking, pit four, I think it was.

MR. MOYER:

And also pit one, this is the open pit, 19 also, non smoking.

CHAIRMAN FAJT:

Okay. So four and one kind of looks, just eyeball, it's probably 50 percent, do you know offhand?

MR. MOYER:

It's 36 games out of the 80, it's just

over 30 percent total. It's not in the designated continuance of 24 hour non smoking in that 12 game pit and the poker room. But we also have the opportunity to designate any table we want to non smoking based on customer request.

CHAIRMAN FAJT:

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Okay. One of the things that we're charged with is to, you know, look at the financing of the table game development so could somebody talk to us about where the \$16 and a half million and the construction costs are coming from? I saw the number, but I don't think I saw where it was coming from?

ATTORNEY DONNELLY:

That's going to come from the Chicago Group. We've got some --- we've been in discussions with your staff for a great deal of discussions, but we --- that will be coming out of the combined Walton Street dealings with Chicago and it will be in place.

CHAIRMAN FAJT:

Okay. And one last question. On the 21 number of slot table games --- and Gary asked, you know, several questions because, you know, it's an issue that we're concerned about. How many of the slot table games, the ones you have now, how many of those will you --- how many do you have now and how

many will you keep post live table games?

2 MR. PLUMMER:

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The video table games and blackjack and --- we have 80 positions right now.

CHAIRMAN FAJT:

Eighty (80)?

MR. PLUMMER:

Eighty (80) right now.

CHAIRMAN FAJT:

Okay.

MR. PLUMMER:

Planning on keeping 30 positions going forward. Basically, it's an opportunity to transition space and we're not really sure what the demands are going to be for these. In the short term, provide the transitional space an opportunity to evaluate the current ---.

COMMISSIONER SOJKA:

It's conceivable, then, based on business analysis once you're up and running that that slot 21 machine number you gave us after the opening of table games could go up or down depending upon how many of those spaces you allocate to actually table game wiring as opposed to actual slot machine wiring?

MR. PLUMMER:

Yes.

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CHAIRMAN FAJT:

And I do have one last question. I feel like Columbo, you know, there's always that last question that he nails people with. This isn't a trick question, but you mentioned earlier you have 3,000 slot machines now. Post table games, I think you said you were going to be at 28 and change. that --- you're aware that the law says you can't go 10 below the number of slot machines you had, I believe it's October 1st of 2009, so the number that you're going to, 28 and change, will be above where you were in October?

ATTORNEY DONNELLY:

We've got a petition in for that. unrelated to the table game aspect of it. And that will be coming before you shortly, that petition, which is to bring it down to 2,874, I think it is. And I think we're under the --- we fit under the law as I understand it.

ATTORNEY SKLAR:

Right now, there's a petition pending we submitted for approval of --- I think we're on OP-4. We're going to amend that petition to ask for approval to drop the slot count down to 2,874, which is below

the October 1, 2009 count.

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CHAIRMAN FAJT:

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What was that count? Do you know?

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ATTORNEY SKLAR:

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3,000.

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CHAIRMAN FAJT:

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It was still 3,000 back then. Okay.

And again, just, you know, word of the

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ATTORNEY SKLAR:

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There's just not --- we're going to show that the economics don't warrant the 3,000 and we're going to request approval to drop down to the 2,874.

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CHAIRMAN FAJT:

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wise, I'm sure you guys got it figured out, the Board

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will certainly ask questions on that. It's mandated

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in law that you have to have what you had on October

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1st. I think we've at least considered this for one

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other casino. I can't recall whether we granted it,

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but it was a similar kind of economics and

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circumstances unrelated to table games, but ---

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obviously I'm not telling you anything you don't know,

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but just given the timing of it that will clearly

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raise some questions from the Board.

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COMMISSIONER SOJKA:

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Could I ask a question related to that?

CHAIRMAN FAJT:

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Columbo, you may ask a question.

COMMISSIONER SOJKA:

You want to borrow my rain coat? But we should not speculate about a petition we haven't seen, obviously, but this does raise the question that should the possibility arise that this Board should not grant the petition, does that place any of the plans we've just seen for table games in jeopardy?

ATTORNEY DONNELLY:

Obviously, we'd have to reconfigure the casino floor at that time.

MR. PLUMMER:

The table game spaces would still have the possibility of being developed as they've been demonstrated today.

COMMISSIONER SOJKA:

With the 3,000?

MR. PLUMMER:

Yes.

COMMISSIONER SOJKA:

Okay. Thank you.

ATTORNEY DONNELLY:

I'd like to, just before we conclude,

25 move the PowerPoint presentation. We will amend it to

53 reflect what the testimony today was. The main item 1 ones, there is a decimal on the 1.43 ---. 2 3 CHAIRMAN FAJT: I saw that. I was going to ask Todd if 4 that was --- so it's 143? 6 PRESIDING OFFICER: With that correction, we'll enter that as Rivers Exhibit Number One. 9 (Rivers Exhibit Number One marked for 10 identification.) ATTORNEY DONNELLY: 11 12 Thank you. 13 PRESIDING OFFICER: 14 And as for the information that the 15 Chairman and Commissioner both had asked for, you can either file that with the Board clerk on 16 17 paper/electronic or you can incorporate that information in your presentation that you'll present 18 19 before the entire Board. Either/or. Closing? 20 ATTORNEY DONNELLY: 21 No. 22 PRESIDING OFFICER: 23 I just want to double check again. seen a couple people come in and out of the room. 24 25 there anybody here that expected to comment publicly

today on the table games at Rivers? Okay. Seeing
none, the record created here today, including the
transcript and the exhibits, et cetera, will be
submitted to the entire Board for consideration. The
Gaming Act requires that the Board act on the Rivers'
Petition within 60 days of its deemed complete date so
the Board will be taking up and considering this
petition at a public board meeting in the very near
future. Thank you for coming today and for your
cooperation. This public hearing is now concluded and
adjourned.

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14 HEARING CONCLUDED AT 11:01 A.M.

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17 CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Presiding Officer Lloyd, was reported by me on 04/26/2010 and that I Juliette J. Hoffman read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.

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