

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC HEARING

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BEFORE: GREGORY C. FAJT, CHAIRMAN  
Raymond S. Angeli, Jeffrey W. Coy, James B.  
Ginty, Kenneth T. McCabe, Gary A. Sojka,  
Kenneth I. Trujillo,  
David Barasch, Deputy Secretary of the  
Department of Revenue, Representative,  
Rick Burd, representing Russell  
Redding, Secretary of Agriculture

HEARING: Thursday, May 13, 2010  
10:07 a.m.

LOCATION: Pennsylvania Gaming Control Board  
North Office Building, Hearing Room One  
Harrisburg, PA 17106

WITNESSES: Vince Donlevie, Fred Keeton,  
Robert Guidice

Reporter: Alicia R. Brant

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CHAIRMAN:

Good morning everybody. And I'd like to ask everybody, as is our normal practice, to please turn off your cell phones, PDAs and other electronic devices as they tend to interfere with our communication system. The Board is present. I'll call today's meeting to order. As the first order of business I'd like to ask everyone to join me in the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN:

We have two items before the Board today in the way of public hearings, which will take place prior to our public meeting. These public hearings pertain first to a Petition for Approval of Authorization to Conduct Table Games and Issuance of a Table Games Operation Certificate, which was filed by Chester Downs and Marina, LLC, and second, a Petition to Modify Statement of Conditions filed by HSP Gaming, LP.

We will hear first from Chester Downs and Marina, LLC regarding their Table Games Petition. Upon hearing testimony from Chester Downs and Marina

1 and the Office of Enforcement Counsel we will adjourn  
2 that matter and immediately proceed with the second  
3 hearing on HSP Gaming, LP's petition. At the  
4 conclusion of the HSP Gaming hearing the Board will  
5 then take a recess to conduct quasi-judicial  
6 deliberations on these matters before returning to  
7 conduct our regularly scheduled meeting.

8           Having explained all that I do see that  
9 we have representatives from Chester Downs and Marina  
10 who are seated at the table. Prior to your  
11 presentation could all witnesses presenting evidence  
12 for either Chester Downs or the OEC please stand and  
13 be sworn in? I also ask that all persons speaking  
14 please state and spell your name for the stenographer  
15 before you begin today. And before we start I'd like  
16 to note for the record that Chester Downs public input  
17 hearing on this petition was held on April 20th at the  
18 Chester City Hall Council Chambers in Chester,  
19 Pennsylvania. And with that, if I could have the  
20 folks from Chester Downs please be --- stand and be  
21 sworn in, anybody that's going to testify on your  
22 behalf today.

23 -----  
24 WITNESSES SWORN EN MASSE  
25 -----

1                   CHAIRMAN:

2                   Thank you.

3                   ATTORNEY DOWNEY:

4                   Thank you, Mr. Chairman. For the record,  
5 Bill Downey from Fox Rothschild on behalf of Chester  
6 Downs and Marina, LLC doing business as Harrah's  
7 Chester Casino and Racetrack. Mr. Chairman, we're  
8 before you this morning in the matter that you've  
9 cited. We're going to conduct the bulk of our  
10 evidentiary portion by way of a presentation. We'll  
11 come back --- we'll circle back around, do a couple of  
12 clean up questions at the conclusion of Mr. Donlevie's  
13 presentation. With me at the Counsel table is Vince  
14 Donlevie who is Senior Vice President and General  
15 Manager of Harrah's Chester. With that I would hand  
16 the presentation to Vince.

17                   MR. DONLEVIE:

18                   Thanks very much, Bill. Good morning,  
19 Mr. Chairman. Good morning members. We're happy to  
20 be here to present the information related to table  
21 games at Harrah's Chester. With me this morning we  
22 have Fred Keeton directly behind me who is Vice  
23 President of Finance, External Affairs and our Chief  
24 Diversity Officer for Harrah's Entertainment. Fred,  
25 if you would just motion. Also in the audience here

1 we have Michael Vinci who is our Vice President of  
2 Finance and the property Chief Financial Officer, Bob  
3 Guidice who's our Vice President of table games and  
4 right to my --- behind and to my left, Lynne Hughes  
5 who's Vice President of Legal Affairs and the Chief  
6 Legal Officer for the eastern division of Harrah's  
7 Entertainment.

8                   This first slide highlights our team on a  
9 senior management basis. Myself, Annie Allman who is  
10 our Vice President of Operations and Assistant General  
11 Manager. Michael Vinci who we already talked about,  
12 Marvin Fox our Vice President of Marketing, Shonette  
13 Harrison our Vice President of Casino Marketing,  
14 Robin Roberts our Vice President of Human Resources  
15 and Bob Guidice who we also already discussed.

16                   The agenda, I'm going to talk a little  
17 bit about the facility modifications, employment  
18 opportunities, economic impact and our Code of  
19 Commitment. And Fred Keeton is here to discuss our  
20 diversity and issues and focus --- and then I will  
21 wrap up with closing comments.

22                   This is a nighttime view of our facility  
23 as it stands today where we've turned a former ground  
24 field site into a thriving entertainment and gaming  
25 destination in Delaware County and have really

1 beautified that entire area along the Delaware River.

2           This is a rendering of our casino floor  
3 after we modify it for table games. This isn't really  
4 showing too well, so it should be a rendering. If you  
5 have a packet there of our poker area, which will be  
6 on the Simulcast level directly against Harrah's  
7 Boulevard.

8           CHAIRMAN:

9           Vince, we do not have a copy. I see you  
10 have copies there. Maybe we could get those for the  
11 Board members so that we can take a look at them.

12           MR. DONLEVIE:

13           Glad to do that. Next rendering is our  
14 High Limit area, which will be on the gaming floor  
15 immediately adjacent to our existing High Limit area,  
16 which will be on the gaming floor immediately adjacent  
17 to our existing High Limit area and really a mirror  
18 image of that facility.

19           This shows our layout of our casino. If  
20 you look to the far right of this slide you can see  
21 the entryway in our atrium space. We've moved slot  
22 machines forward in the yellow area at the top as well  
23 as in the area on the bottom to the far right. Those  
24 are new gaming spaces that were approved by the Gaming  
25 Board. Then as you get to the middle of the facility



1 you can see how we opened that up for slot --- or for  
2 table games, and that's where we plan to install our  
3 table game operations around the area of Stir bar.  
4 And then to the top of the middle where you see an  
5 arrow for High Limit and Noodle Bar we will have both  
6 of those operations, as I said earlier, immediately  
7 adjacent to our High Limit slot area. In the far back  
8 you can see another area of expansion where we once  
9 had our Aces Diner operation. We've closed that  
10 operation, and again, gained approval from the Gaming  
11 Board to add that as incremental gaming space. And  
12 that has, at this point, largely been outfitted in  
13 slot product. On the simulcast floor we are  
14 re-aligning our simulcast area and the --- on the  
15 bottom of the page is the area that actually fronts  
16 Harrah's Boulevard in front of the building. That  
17 area was previously simulcast space. We're converting  
18 that as we speak to a poker area. It'll have 25 poker  
19 tables as well as a caged area for poker operations,  
20 and then we will realign the space above with the  
21 approval we've already received, the approval of the  
22 Harness Racing Commission to realign that to address  
23 our simulcast needs. And we talked a little bit about  
24 development and expansion and schedule. You can see  
25 that we are well into our construction schedule. We

1 at this point are into what we would call phase four.  
2 We are laying in games on the floor. Pretty much each  
3 of these elements within here are being addressed  
4 simultaneously and should be ready for operation in  
5 the very, very earliest part of July.

6           This is a highlight of our main table  
7 games operation, which is 86 games on the floor. You  
8 can see here without me going through each of the  
9 numbers that the distribution of the product that we  
10 will have within that space. And it's 86 table games  
11 and 25 poker as we talked about earlier. Our High  
12 Limit area would include six Blackjack games as well  
13 as six Mini Baccarat games and would be right there  
14 adjacent to the High Limit slot area. Again, this  
15 picture is really not showing so well on our  
16 PowerPoint here, but this is the highlight of the  
17 poker area, the 25 games, additional cage, Bravo Table  
18 Management System. And then on top of that we're  
19 installing nine state of the art plasma screens as  
20 well.

21           On the harness racing side we currently  
22 run 140 days per year. We've got 12:45 p.m. posts  
23 times on Wednesday, Thursday, Friday and Sunday and we  
24 carry a year round simulcast operation. Advanced  
25 deposit wagering is something that we have been

1 working diligently with the Harness Racing Commission  
2 to introduce into our operation as soon as possible.  
3 And we are also installing 34 state of the art plasma  
4 screens as part of this project within our simulcast  
5 operation.

6                   We are fully in support of the PA  
7 Department of Agriculture marketing initiatives, and in  
8 fact, our team with Annie Allman and our Director of  
9 Racing, Barry Brown, presented those plans just, I  
10 think, last week to the Harness Racing Commission.  
11 And I think we have been very aggressive and very on  
12 board with that marketing effort.

13                   Our Noodle Bar, which will be behind our  
14 High Limit table games area will have a 25 seat  
15 capacity conveniently located right there off the High  
16 Limit area where we expect to have a significant  
17 amount of Asian business, and on top of that we'll  
18 create 13 jobs with that outlet on its own. So lots  
19 of job opportunities at Harrah's Chester in the  
20 current world. It's very excited to be able to offer  
21 those opportunities during this economy and able to  
22 run job fairs at a time when very few people are  
23 expanding their employment.

24                   The estimated table and poker staff is in  
25 the neighborhood of 470 folks, another 120 some folks

1 for the poker operation. We expect to have 75  
2 additional positions in existing operations to support  
3 our table game efforts and on top of that there's  
4 about 85 construction jobs as part of this project.  
5 We project that our incremental payroll will be in the  
6 neighborhood of \$16.4 million and that is without  
7 table games tips. The positions below are part of the  
8 compendium that we have submitted to the Gaming Board.

9           On a recruitment perspective, we've done  
10 an internal career fair for our own employees to give  
11 them the first opportunity to pursue these lucrative  
12 table games jobs. On top of that we've conducted  
13 quite a number of external career fairs all at  
14 Harrah's Chester --- a majority at Harrah's Chester,  
15 a little bit of activity in New Jersey as well to try  
16 to attract some experienced supervisory personnel. We  
17 are offering free training for any of those folks that  
18 come on board. We also have started our Craps  
19 training on April 19th and we also have now started  
20 our Blackjack and --- well, actually we've started  
21 with our novelty games first, but we've begun our  
22 non-Craps training as well. We've got the curriculum  
23 approved by the Gaming Board, and currently we've got  
24 in the neighborhood of 349 individuals who have signed  
25 up for our dealer school academy and that grows by the

1 day as we continue with career fairs as recently as  
2 Monday.

3 COMMISSIONER GINTY:

4 Can I ask a question? How many people  
5 are showing up for the career fair?

6 CHAIRMAN:

7 Jim, can you put your mic on?

8 COMMISSIONER GINTY:

9 How many people are showing up for the  
10 career fair?

11 MR. DONLEVIE:

12 You know, it depends. We've had  
13 everywhere from 300 to more recent, two weeks ago, we  
14 had over 800 and I think on Monday we had 650 to 700.  
15 So, we've had a pretty good response to that. We're  
16 beginning to make very good progress on the  
17 recruitment front.

18 COMMISSIONER COY:

19 Are these people Pennsylvanians, or do  
20 you have a break down?

21 MR. DONLEVIE:

22 I don't have an exact break down, but I  
23 think the large majority are Pennsylvanians, yes.

24 COMMISSIONER COY:

25 Can you get that to us?

1                   MR. DONLEVIE:

2                   Sure. Absolutely. So, we also put  
3 together some information relative to the economic  
4 impact. We believe that there will be over \$10  
5 million in incremental gaming taxes all in. An  
6 incremental city wage tax is calculated by Chester  
7 Economic Development Director of --- in the  
8 neighborhood of \$400,000, projected payroll of, as  
9 I've said earlier, \$16 million exclusive of tips and a  
10 capital investment of \$35 million, \$16.5 of which  
11 would be for the Gaming License and about \$19 million  
12 for the table game operation and assorted other  
13 modifications that had to be made in accordance with  
14 that.

15                   These are some of the major  
16 accomplishments of our property over our short  
17 history. We've generated over 10 million, almost 11  
18 million visitors to the property to date. We've got  
19 over \$366 million to the state in terms of taxes, over  
20 \$49 million in Economic Development and Tourism Fund,  
21 \$82 million to the city and variable taxes and then  
22 \$124 million to the PA Race Horse Development Fund.  
23 We've donated over \$1.3 million in charitable  
24 contributions. To date we've created over 1,000 jobs  
25 and expect that that will be as we talked earlier,

1 another 500 to 600 jobs when table games are up and  
2 running. And we've grown to 3,000 slot machines since  
3 our opening when we opened with 2,744.

4           We've spent an estimated \$80 million to  
5 Pennsylvania businesses for goods and services. You  
6 can see that highlighted in the bottom right hand  
7 corner there. And we're proud of that track record.  
8 And we've also invested \$8 million in capital  
9 enhancements prior to the table games construction  
10 project. We've increased our ownerships. Harrah's  
11 Entertainment has put a bigger stake in the State of  
12 Pennsylvania. When we first opened we were 50 percent  
13 owners. At this point in time we are now 95 percent  
14 owners of the operation and we've generated a very  
15 healthy win per unit per day of over \$300.

16           This is a snapshot of our company  
17 overall. It's the world largest and most diversified  
18 gaming company with over 71,000 total employees.  
19 We've got 52 casinos in six different countries and  
20 approximately 39,000 hotel rooms, suites, three  
21 million square feet of gaming space and two million  
22 square feet of convention center space with the  
23 industry leading loyalty program with our total  
24 rewards program, which we know continues to be a very  
25 significant competitive advantage for our operation.

1           Harrah's Code of Commitment is something  
2 that's really the overall philosophical, and if you  
3 will, ethical guide for leadership within the  
4 organization. It talks about our pledge to our  
5 employees, guests, communities and partners. And we  
6 work very hard to fulfill all the elements of that  
7 Code of Commitment. To our employees, we're committed  
8 to treating them with respect, providing great  
9 opportunities on a career basis and to build  
10 satisfying careers. On our guests, we are committed  
11 to promoting responsible gaming and fulfilling the  
12 commitments of the Gaming Board's responsible gaming  
13 guidelines. And then on top of that to our  
14 communities, we work very hard to make them better  
15 places to live and to work and more vibrant  
16 environments.

17           As we talked, we're very much committed  
18 to the responsible gaming side of the equation as we  
19 don't cash welfare checks, unemployment checks or  
20 payroll checks. We honor customer requests to be  
21 barred from our casinos or restricted or to restrict  
22 access to cash. We are leaders in this program. Our  
23 company actually inaugurated responsible gaming back  
24 in 1990 as the first company in the industry, and that  
25 was on a voluntary basis. Not with any regulatory



1 direction, but because we truly felt it was the right  
2 thing to do. We recognize that gaming is appropriate  
3 only for adults and we work diligently to deliver on  
4 that expectation. You have to be --- despite the fact  
5 that we go beyond our regulations in the sense that we  
6 prohibit anyone who is under the age of 21 from even  
7 traversing the floor to go restaurants. You have to  
8 be 21 to be anywhere in that facility at all, and of  
9 course, we're continually identifying and doing ID  
10 checks with folks at our entranceway on a regular  
11 basis and have --- and pick up many, many folks in  
12 that regard. We're very diligently committed to  
13 reporting any kind of infractions on a self-reporting  
14 basis to the Gaming Board, and we continue to do  
15 everything we can to fulfill the expectations of our  
16 responsible gaming commitment. We've also had all of  
17 our team members go through alcohol awareness training  
18 both CARE and the RAMP program that's mandated by the  
19 state.

20 Harrah's employee commitments is the next  
21 topic, and really the things that we've tried to do is  
22 to support the families of over 1,000 individuals and  
23 we're really proud of that track record. Eighty-two  
24 (82) percent are from the State of Pennsylvania, 15  
25 percent from the City of Chester. Those numbers

1 obviously float up and down by day, but that's the  
2 last snapshot we took of those numbers. We offer  
3 excellent pay and valuable benefits including health  
4 insurance and retirement programs and we paid \$85  
5 million in wages to our employees since opening and  
6 another \$33 million for payroll, taxes and benefits.  
7 Our current average hourly rates are \$11.47, not  
8 including benefits, and our current average annual  
9 salary is \$54,800.

10           Employee engagement initiatives that we  
11 work with and implement in our organization, both  
12 things we're really proud of, is our Pierce College  
13 initiative where we brought Pierce College into our  
14 building and offer college classes right on site for  
15 our employees so that they can more easily pursue an  
16 advanced education. We also do enrichment workshops  
17 with our team. We have a supervisory network group  
18 that we work with supervisors to share ideas and to  
19 work together. We develop leaders through our Future  
20 Leaders 101 where we take folks who work today in  
21 leadership positions and put them through readiness  
22 training to get them ready for the next level. And we  
23 always do, every year, employee opinion surveys and  
24 supervisory feedbacks to make sure that we hear the  
25 feedback of our team members. Over 120 of our

1 employees have been promoted to supervisory and  
2 managerial roles in a short period of time in our  
3 history. And we do at least two to three big employee  
4 celebrations a year as we continue to want to create a  
5 fun, enriched and engaged environment for our team  
6 members. On the picture on the bottom right is one of  
7 those events that we did last June and we'll do again  
8 this June, which is an outdoor kind of a picnic and  
9 festival in a flat lot in front of our building.

10           Through our communities, you can see  
11 here a list of the many things that we've done in  
12 terms of charitable contributions. One of the things  
13 that we're proudest of is that we've given away  
14 \$200,000 to date in college scholarships for residents  
15 of the City of Chester, and we've committed an  
16 additional \$200,000 on a go forward basis over the  
17 next two years for the same purpose. In addition to  
18 that we've donated \$250,000 to the Delaware County  
19 Community College for their STEM center because  
20 there's such a heavy use of Delaware County Community  
21 College from the kids in the City of Chester and we  
22 want to do everything we can to help that to continue  
23 to be a vibrant educational institution. They're  
24 actually cutting the ribbon for that STEM center  
25 within the next week. We support over 91 local

1 organizations. We've developed close relationships  
2 with the local colleges and universities. As you can  
3 see listed here below, working with internships, also  
4 guest lecturing, advisory Boards, et cetera, have been  
5 very active with those universities. And we've done  
6 over --- 522 Harrah's employees have participated in  
7 our H.E.R.O. events, which is really our internal  
8 efforts to support charitable operations in the  
9 community.

10                   Our members of our executive committee  
11 are all required to serve on a local philanthropic  
12 Board and so at this point in time we have somebody on  
13 14 different local Boards, everything from the United  
14 Way to City Team Ministries to the Chamber of  
15 Commerce, the Institute of Economic Development and a  
16 myriad of other important philanthropic organizations  
17 in the community. This is a list of some of those. I  
18 won't belabor that by going through each of them, but  
19 you can see all the different organizations that we do  
20 support. Literacy Council, a really important one  
21 that helps folks to move forward in their lives, and  
22 really the overreaching philosophy for our charitable  
23 donations and participation is to help those folks who  
24 really want to improve their lives and help  
25 themselves. And so you see the college education

1 support, you see the STEM center support, you see  
2 things like the Literacy Council, Adopt A Scholar, et  
3 cetera.

4                   Next, to talk a little bit about our  
5 diversity inclusion efforts. As I said, we've got  
6 Fred Keeton here and I will give up the microphone to  
7 Fred to do just that. Fred.

8                   MR. KEETON:

9                   Thank you, Vince, Mr. Chairman and  
10 members. For the record, the name is Fred Keeton,  
11 F-R-E-D, last name, Keeton, K-E-E-T-O-N. I have had  
12 the pleasure of coming before this body in the past to  
13 talk about our efforts and I am very happy to be in a  
14 position to do so again.

15                   One of the core components and  
16 foundational components of our efforts around  
17 diversity and inclusion really hinges an attachment  
18 back to our Code of Commitment. And so what we wanted  
19 to do was to create an approach that was fitting to  
20 every individual and every group in our organization  
21 so that no matter who you are across the organization,  
22 from a diversity and inclusion perspective there is  
23 benefit for you. Benefit in how we engage, benefit  
24 for you in terms of your career development. And of  
25 course, we want to embrace all of the segments both

1 inside and outside of our organization. And so the  
2 Code of Commitment that Vince talked about a little  
3 bit earlier, really sets the stage for why we've  
4 embarked on our approach to diversity and inclusion  
5 coupled with the fact that we know that when we  
6 operate in a diverse and inclusive manner it helps us  
7 to drive business outcomes. What we have done is to  
8 really think about what's necessary for us from a  
9 community reinvestment perspective in terms of our  
10 diversity and inclusion efforts.

11           And we look across our communities for  
12 opportunities to enhance those communities. You will  
13 see a number of impacts and you have seen those  
14 impacts from the standpoint of our employment, from  
15 the standpoint of our tax revenue payments and a  
16 number of other huge benefits that were always seen,  
17 but very often we do not notice or many do not notice  
18 the amount of impact that's given from the leadership  
19 of our senior team and others within our organization,  
20 our employees.

21           And just to help everybody with the  
22 acronym, H.E.R.O., that's Harrah's Entertainment  
23 Reaching Out, Harrah's Entertainment Reaching Out.  
24 And it gives our folks an opportunity, all of our line  
25 staff and others, an opportunity to engage in the

1 community, to help the community be better. And  
2 that's really engaging to them as employees because it  
3 hits home with them because they're working on causes  
4 very often that are impactful to the family members  
5 and others. We also want to ensure that as we engage  
6 in our workforce that we also engage in our  
7 marketplace. And this whole idea of engagement from a  
8 community relations perspective puts us in a place as  
9 an organization that we believe really sets us apart.

10           Our supplier, vendor and contracting  
11 really focuses on committing ourselves to purchasing  
12 goods to the extent that we can from a diverse group  
13 of folks. And that really focuses around our outreach  
14 efforts, making opportunities very aware to those who  
15 might want to service --- or to sell us goods and  
16 services and moving forward with that. We work with a  
17 broad range of suppliers and contractors and we also  
18 support organizations, professional organizations, for  
19 those suppliers and contractors so that we are in the  
20 position both of offering up potential opportunities  
21 as well as working toward the growth and development  
22 of those businesses.

23           From the standpoint of the focus on  
24 procurement, you will see here that we have defined  
25 efforts at making opportunities known and then basing

1 our choices on quality, service and price. These will  
2 give you sort of a smattering of the outreach approach  
3 that we've taken relative to Chester first in Delaware  
4 County and then the entire community. This has been  
5 in collaboration, again, with a number of minority and  
6 women business organizations, and we've also been able  
7 to focus on a number of diverse vendors to help them  
8 grow and sustain. And I think the story is very  
9 positive in that respect. We have, I mentioned  
10 earlier, engaged in a requisite amount of minority and  
11 women organization networking. Again, that's critical  
12 both from the standpoint of our buying goods and  
13 services as well as from the standpoint of our  
14 supporting the development and growth of those  
15 organizations.

16                   From a human resources perspective, we  
17 actively seek out diverse candidates for our open  
18 positions as you will note in a bit. That is  
19 something that we have engaged aggressively around.  
20 What we also do is to create a work environment where  
21 when we start to talk about being able to get a guide  
22 and a route for our employees the getting of them  
23 really means understanding who they are. Once we  
24 understand who they are we're able to guide them and  
25 give them support and once we get the guidance down



1 then we're really able to root and create a work  
2 environment that's a dynamic career field work  
3 environment.

4                   This will give you a smattering of  
5 activities that we've conducted across a number of  
6 venues to ensure that we are seeking a diverse and  
7 talented group of folks to do work for us. You will  
8 see that we've conducted job fairs. We have invited,  
9 as Vince mentioned earlier, educational institutions  
10 to come on to our property and to engage our folks.  
11 All of that goes into recruitment efforts. It really  
12 prepares us to have a really, really strong and  
13 diverse group of folks of candidates to come in. And  
14 as you can see, this --- these efforts are really rich  
15 in terms of our recruitment of diverse candidates.

16                   And when we think about our workplace,  
17 it's very critical for us to have our issue of  
18 diversity and inclusion as top of mind in a workplace.  
19 To that end, we have Diversity Council at Harrah's  
20 Chester and that Diversity Council really serves as a  
21 leadership group that allows us to think about the  
22 dimensions of diversity, the approaches of diversity.  
23 And then to create something that's specific to our  
24 particular employees, specific to our particular  
25 environment and something that really does create

1 leadership potential for those Council members as they  
2 come on and off the Council over time.

3           We have corporate diversity training for  
4 supervisors and above. That diversity training so far  
5 has had very, very stellar results in that about 77  
6 percent of the folks who have taken it have deemed it  
7 as very good. Another 20 percent have deemed it as  
8 excellent and another three percentage --- or the  
9 remaining percentage is good. And so we know then  
10 that it reaches our efforts to be applicable across  
11 the board to all individuals in all groups and that's  
12 a critical part of what we do. We really work to  
13 drive future leaders and we celebrate various holidays  
14 and other multi-cultural celebrations. Again, it  
15 gives our employees something to rally around. It  
16 makes our folks all able to capture hold of whatever  
17 backgrounds that they have that are critical.

18           And then at the end of the day we don't  
19 think --- just think about diversity and inclusion as  
20 looking at varying ethnicities, races, genders, et  
21 cetera. We also know that it contributes to our being  
22 able to think differently and engage differently in  
23 our organization. And so often you hear that, but  
24 very often you don't have organizations who set forth  
25 parameters so that they are actually engaging across

1 the board in an organization to get not just the  
2 hearts and hands of employees, but the heads of  
3 employees to think about what we do and how we might  
4 do it better.

5           So, across this broad swath of work we're  
6 very, very proud of what we've been able to do from a  
7 diversity and inclusion perspective and the benefits  
8 that it has brought for our operating location.  
9 Vince.

10                   MR. DONLEVIE:

11           Thanks very much, Fred. In closing we  
12 just wanted to highlight that we've got a very broad  
13 expansion plan that's going to fully leverage the  
14 opportunities provided by the table games legislation  
15 here in the State of Pennsylvania with additional  
16 tables, Poker, Noodle Bar and expansion of our casino  
17 floor in itself broadly appeal of Harrah's Chester to  
18 a much wider market of individuals as we look at the  
19 demographics of table games versus slots. We know  
20 it's a different group of folks and so we're excited  
21 by the opportunity to bring our product to that  
22 broader audience. We're probably most excited by the  
23 opportunity to create more jobs in the City of Chester  
24 at a time when the economy certainly is challenged and  
25 where there aren't many new job opportunities out

1 there.

2                   We continue to be and will always be as  
3 part of our Code of Commitment in the core of our  
4 company culture committed to regulatory compliance.  
5 And we know that we've made major financial  
6 contributions to both the city, county --- all three,  
7 the city, county and the state through our operations  
8 since 2006. And that we will continue to live and  
9 breathe and be guided by the Harrah's Code of  
10 Commitment, which is really in a nutshell all about  
11 doing the right thing for our employees, our  
12 communities, our partners and our neighborhoods.

13                   And on top of that we've continued to be  
14 --- continue to demonstrate and be committed to  
15 building and creating a better community in the City  
16 of Chester and Delaware County. And we feel very  
17 confident that we've made great in roads in that  
18 regard in the period of time that we've operated and  
19 that we will continue to build upon that success. As  
20 Fred very eloquently highlighted, our focus on  
21 diversity is unyielding and we've continued to push  
22 forth on diversity issues since the day we --- really  
23 since long before we opened the door through today  
24 where we continue to look for opportunities to reach  
25 out to a diverse audience, whether it be recruitment,

1 whether it be purchasing or any other avenue with  
2 partnerships.

3           So, we're very proud of the track record  
4 that we've built at Harrah's Chester. We're excited  
5 to move forward into the new world of table games  
6 there and excited to bring that on board in the near  
7 future, and obviously any questions that you might  
8 have.

9           ATTORNEY DOWNEY:

10           Mr. Chairman, before we entertain  
11 questions, if you wouldn't mind I want to take Mr.  
12 Donlevie through just a couple quick questions to  
13 supplement the record on some of our criteria.

14           CHAIRMAN:

15           Sure.

16           ATTORNEY DOWNEY:

17           Mr. Donlevie, you're aware that on  
18 November 20th of 2009 Harrah's Chester received a  
19 renewal of its Category 1 Slot Machine License?

20           MR. DONLEVIE:

21           I am.

22           ATTORNEY DOWNEY:

23           To the best of your knowledge, does  
24 Harrah's Chester remain in good standing in the sense  
25 that it is compliant with the terms and conditions of

1 that licensure?

2 MR. DONLEVIE:

3 Absolutely.

4 ATTORNEY DOWNEY:

5 And are you familiar with the materials  
6 submitted, both the petition and the supplements and  
7 appendices to that petition?

8 MR. DONLEVIE:

9 I am.

10 ATTORNEY DOWNEY:

11 In fact, did you sign a verification  
12 supporting the factual allegations contained in that  
13 petition?

14 MR. DONLEVIE:

15 I did.

16 ATTORNEY DOWNEY:

17 Are you familiar with the materials  
18 submitted by Harrah's Chester demonstrating Harrah's  
19 Chester's financial stability, integrity and  
20 responsibility?

21 MR. DONLEVIE:

22 I am.

23 ATTORNEY DOWNEY:

24 And are you also familiar with the  
25 materials submitted by Harrah's Chester demonstrating

1 the adequacy of Harrah's Chester's funding to pay the  
2 table games authorization fee, to modify their  
3 facility and to commence table game operations?

4 MR. DONLEVIE:

5 Yes.

6 ATTORNEY DOWNEY:

7 To the best of your knowledge, do all of  
8 those materials as supplemented by us remain a fair  
9 and accurate representation of the condition of  
10 Harrah's Chester?

11 MR. DONLEVIE:

12 Yes, they are.

13 ATTORNEY DOWNEY:

14 And finally, are you familiar with  
15 appendices 6, 7, 9, 10 and 12 as amended and  
16 supplemented?

17 MR. DONLEVIE:

18 I am.

19 ATTORNEY DOWNEY:

20 And is it your testimony that the  
21 materials contained in those appendices are in your  
22 opinion and the opinion of Harrah's Chester of a  
23 financial, proprietary, security or otherwise  
24 confidential nature?

25 MR. DONLEVIE:

1 Yes, they are.

2 ATTORNEY DOWNEY:

3 Mr. Chairman, that's all I have for Mr.  
4 Donlevie. Just I'd appreciate one more opportunity.  
5 I want to make --- I want to clarify one element of  
6 our petition. In the context of our petition we  
7 sought an approval of what we characterized as OP-13,  
8 Operational Plan 13. After consultation with Chief  
9 Counsel's Office and with the OEC, we submitted  
10 yesterday afternoon a revised OP-14. OP-14 is  
11 consistent with all of the materials submitted prior  
12 to that point, but it --- we determined after those  
13 discussions with various Counsel that for purposes of  
14 clarification we would submit a stand alone  
15 application on those items.

16 We're not seeking the Board's action on  
17 that item in particular. As it turns out we're below  
18 all of the appropriate delegated thresholds so that  
19 the executive director we believe can handle those  
20 directly. I just wanted to make a clarification that  
21 that matter has been dealt with independently at this  
22 point.

23 CHAIRMAN:

24 Thank you, Counselor. Does the OEC have  
25 any questions for Harrah's?



1                   ATTORNEY MILLER:

2                   Just a couple questions, Chairman, if I  
3 may. I'm Dale Miller, D-A-L-E, M-I-L-L-E-R. I'm the  
4 Deputy Chief Enforcement Counsel for the Eastern  
5 Region. And good morning. I would ask --- I noticed  
6 on your slide you had 82 percent of your current  
7 employees as Pennsylvania residents. Is that number  
8 --- that's about correct; isn't it?

9                   MR. DONLEVIE:

10                  Approximately. I'd have to go back and  
11 see the exact number.

12                  ATTORNEY MILLER:

13                  Well, that's what was on your slide.

14                  MR. DONLEVIE:

15                  Uh-huh (yes).

16                  ATTORNEY MILLER:

17                  So, that leaves about 18 percent that are  
18 not Pennsylvania residents and I'm going to assume,  
19 based on the figures you formerly provided, that's  
20 about evenly divided between New Jersey and Delaware  
21 residents; is that ---?

22                  MR. DONLEVIE:

23                  I don't have that answer, but I think  
24 that's probably a fair presumption.

25                  ATTORNEY MILLER:

1           You anticipate with table games that  
2 you're going to be able to maintain that 83 percent PA  
3 residents, and in fact, increase it to be 85 percent  
4 within three years that the legislature would like you  
5 to do?

6           MR. DONLEVIE:

7           Yes, we do believe that we can achieve  
8 that.

9           ATTORNEY MILLER:

10          Now, I noted also on your petition that  
11 you're going to conduct job searches, job fairs and  
12 that sort of thing mainly within the 15 mile radius  
13 around Harrah's Chester. Is that what you intend to  
14 do?

15          MR. DONLEVIE:

16          Yeah, that's correct.

17          ATTORNEY MILLER:

18          Okay. And that, of course, would include  
19 the residents of Delaware and New Jersey; correct?

20          MR. DONLEVIE:

21          Correct.

22          ATTORNEY MILLER:

23          Okay. Now, do you anticipate at the  
24 beginning of the table games, assuming that you get a  
25 license, that you will hire more folks from out of

1 state, perhaps New Jersey, who are more experienced in  
2 table games?

3 MR. DONLEVIE:

4 Yeah. I mean, to be honest with you,  
5 based on the Gaming Board regulation that supervisors  
6 are required to have two years of dealing experience,  
7 I think that would support that assumption.

8 ATTORNEY MILLER:

9 And how long a period of time do you  
10 anticipate that you will be, let's say, overloaded  
11 with out of state residents in regard to dealers and  
12 those type of individuals?

13 MR. DONLEVIE:

14 Well, I think the question was asked  
15 earlier about what percent of our current --- the  
16 folks that we're currently working to hire are  
17 Pennsylvania residents. I don't know that exact  
18 number right now, Mr. Miller, but I think based on  
19 that, that would help us to get a better understanding  
20 of that. Over time it will evolve based on attrition  
21 and normal hiring activities.

22 ATTORNEY MILLER:

23 And is it your intention to, in fact,  
24 increase those dealers from the pool of Pennsylvania  
25 residents so that you can meet that 85 percent

1 threshold within three years?

2 MR. DONLEVIE:

3 You know, we've continued to recruit  
4 primarily in the State of Pennsylvania and I would  
5 anticipate that we will continue to do that.

6 ATTORNEY MILLER:

7 Great. Now, let me ask you this. Can  
8 you compete in this area, in this gaming environment,  
9 without table games?

10 MR. DONLEVIE:

11 Can we compete? Absolutely. Is there an  
12 impact of tables versus non-tables as the environment  
13 changes? I think that's true as well.

14 ATTORNEY MILLER:

15 Okay. Now, Mr. Downey stated that you  
16 filed an additional petition yesterday. And I'm  
17 assuming that that petition takes you under the number  
18 of slot machines that Harrah's had back in October; is  
19 that correct?

20 MR. DONLEVIE:

21 Yeah, that's correct. It takes us to  
22 2,940 units versus 3,000 in October of 2009.

23 ATTORNEY MILLER:

24 Can you give us any estimate of a period  
25 of time when you'll bring that number back up to the

1 3,000? Sixty (60) days, 90 days?

2 MR. DONLEVIE:

3 We estimate that to be in the 90-day  
4 range.

5 ATTORNEY MILLER:

6 Okay. And you have every intention of  
7 bringing it back up to the 3,000; correct?

8 MR. DONLEVIE:

9 Yes, we do.

10 ATTORNEY MILLER:

11 Okay. Now, with the addition of table  
12 games and the addition of a revenue stream to Harrah's  
13 Chester, will that, in fact, increase your charitable  
14 contributions? I noted that you give approximately  
15 \$1.3 million per year. Will the table games revenue  
16 enable you to increase those contributions and will  
17 you, in fact, make an attempt to do that?

18 MR. DONLEVIE:

19 All of that is based on profitability and  
20 so as our profit increases, so do our charitable  
21 contributions.

22 ATTORNEY MILLER:

23 Okay. Now, as far as table games  
24 employees and additional employees, what's the  
25 percentage, if you know, of management included in

1 those table games numbers?

2 MR. DONLEVIE:

3 I do not know that off the top of my  
4 head. I could defer to Mr. Guidice if we wanted to  
5 ask Mr. Guidice.

6 ATTORNEY MILLER:

7 Mr. Chairman, would you like to have Mr.  
8 Guidice sworn in?

9 CHAIRMAN:

10 Yes, please.

11 -----

12 ROBERT GUIDICE, HAVING FIRST BEEN DULY SWORN,  
13 TESTIFIED AS FOLLOWS:

14 -----

15 CHAIRMAN:

16 And could you please spell your name then  
17 for the stenographer?

18 MR. GUIDICE:

19 Yes, Mr. Chairman. Robert, R-O-B-E-R-T,  
20 Guidice, G-U-I-D-I-C-E. To answer your question, it's  
21 somewhere in the 20 percent range, 20 to 22 percent.

22 ATTORNEY MILLER:

23 Okay. And that would be of the overall  
24 total of new table game employees; correct?

25 MR. GUIDICE:

1                   That's correct.

2                   ATTORNEY MILLER:

3                   And do you anticipate that that 20  
4 percent of management employees will be filled with  
5 mostly Pennsylvania residents?

6                   MR. GUIDICE:

7                   I think that Vince indicated earlier that  
8 it would be difficult to do that based upon the  
9 experiential requirements and our ability to source  
10 people in the State of Pennsylvania that would meet  
11 that experiential requirement.

12                   ATTORNEY MILLER:

13                   Okay. So, you believe that early on  
14 you'll fill most of those management positions with  
15 persons outside of Pennsylvania?

16                   MR. GUIDICE:

17                   Yes.

18                   ATTORNEY MILLER:

19                   Okay. Do you have any idea what  
20 percentage you're looking at?

21                   MR. GUIDICE:

22                   I wouldn't be able to answer that right  
23 now.

24                   ATTORNEY MILLER:

25                   Okay. Thank you very much. We have no

1 further questions.

2 CHAIRMAN:

3 Could we now have the presentation of  
4 Enforcement Counsel?

5 ATTORNEY MILLER:

6 Mr. Chairman, the OEC has no witnesses to  
7 present and we have no documents to present. However,  
8 we have reviewed the Table Games Petition furnished by  
9 Harrah's. We've reviewed the documentation and we  
10 have discussed the petition and the request with the  
11 Gaming Control Board Bureau of Operations, Licensing,  
12 Gaming and Laboratory Operations, Casino Compliance,  
13 Office of Racetrack Gaming, Compulsive and Problem  
14 Gambling and Diversity. All those Bureaus have agreed  
15 that Chester Downs and Marina has met its burden at  
16 this point in each of their respective areas of  
17 expertise.

18 The OEC after reviewing the petition and  
19 request for table games compared its submission with  
20 the requirements of the Act and reviewed the public  
21 presentations at the public hearing and at this  
22 meeting. And based on that information provided by  
23 Chester Downs and Marina, all those reviews and  
24 recommendation, the OEC has no objection to the  
25 request of Chester Downs and Marina for a Table Games



1 Operation Certificate and its plan to add table games  
2 to Harrah's Chester Downs Casino subject to the  
3 conditions, which we have enumerated and recommended  
4 in our Answer to the petition. And I would ask that  
5 Answer be made part of this record and that the Board  
6 take those conditions into consideration.

7 CHAIRMAN:

8 We will do that. Thank you. Does  
9 Chester Downs have any questions for Enforcement  
10 Counsel?

11 ATTORNEY DOWNEY:

12 We do not, Mr. Chairman.

13 CHAIRMAN:

14 With that, any questions from the Board?

15 COMMISSIONER GINTY:

16 Yes.

17 CHAIRMAN:

18 Commissioner Ginty.

19 COMMISSIONER GINTY:

20 I have I guess a couple of comments and a  
21 question. We actually do like people from New Jersey.  
22 I don't know --- and Delaware as well. I mean, just  
23 for the record, these folks from New Jersey and  
24 Delaware will be paying Pennsylvania taxes; is  
25 that ---?

1                   MR. DONLEVIE:

2                   Whatever the fulfillment of the mandated  
3 payroll taxes would be, of course, yes.

4                   COMMISSIONER GINTY:

5                   The comment goes to this. There was a  
6 extensive article in the business section of the  
7 Philadelphia Inquirer a week or so ago, and it focused  
8 on an old line Philadelphia company who opened a new  
9 plant down at the Navy yard. And it highlighted the  
10 fact that opening that plant saved 300 odd jobs. It  
11 also went on to indicate the very significant amount  
12 of money that the state contributed to make that new  
13 plant possible. I don't think you get the credit that  
14 you should and I want to put your, as I understand it,  
15 600 to 700 new jobs that you will be getting as a  
16 result of table games in that perspective. And I  
17 assume you are not getting any money from the State of  
18 Pennsylvania in order to construct the --- your  
19 facility. Is that ---?

20                   MR. DONLEVIE:

21                   No, we are not, but we would be more than  
22 open to that suggestion.

23                   COMMISSIONER GINTY:

24                   But quite frankly I think you should do a  
25 little bit more in PR. I mean, you know, it puts

1 those 600 to 700 jobs in perspective when, you know,  
2 much is made of saving 300 odd jobs in  
3 Philadelphia, so ---.

4 MR. DONLEVIE:

5 I appreciate that point. Thank you.

6 CHAIRMAN:

7 Mr. Angeli.

8 COMMISSIONER ANGELI:

9 Just a question on --- talking about  
10 jobs. The \$16.2 million payroll, is that just for the  
11 new ---

12 MR. DONLEVIE:

13 That's correct.

14 COMMISSIONER ANGELI:

15 --- of the table games?

16 MR. DONLEVIE:

17 That's correct.

18 COMMISSIONER ANGELI:

19 And the \$11.47 average wage, is that also  
20 just for the ---?

21 MR. DONLEVIE:

22 No, that's current.

23 COMMISSIONER ANGELI:

24 Current?

25 MR. DONLEVIE:

1                   That's pre-table games.

2                   COMMISSIONER ANGELI:

3                   For the dealers, what would their base  
4 hourly wage be?

5                   MR. DONLEVIE:

6                   That's still being determined. We're not  
7 in a position to --- we haven't really defined that  
8 yet, so I'd be remiss in putting a number forward at  
9 this point.

10                  COMMISSIONER ANGELI:

11                  Okay. I just want to --- on your  
12 overview of your Poker expansion, the nine --- you  
13 have nine plasma screens in that?

14                  MR. DONLEVIE:

15                  Yeah.

16                  COMMISSIONER ANGELI:

17                  What is that for? Is that for ---?

18                  MR. DONLEVIE:

19                  No. It's really more of a television  
20 experience. Could some of those be used for  
21 simulcast? Yes, but probably more Poker players enjoy  
22 having sporting activities there when they're playing  
23 Poker.

24                  COMMISSIONER ANGELI:

25                  Okay. And just a general question. From

1 the original renderings of what you wanted to do and  
2 to where you are now is there a significant change?

3 MR. DONLEVIE:

4 You mean before we opened completely ---

5 COMMISSIONER ANGELI:

6 Right.

7 MR. DONLEVIE:

8 --- to where we are today? No, I don't  
9 believe so. I think they're a pretty accurate  
10 depiction of what we actually built.

11 COMMISSIONER ANGELI:

12 Okay. Thank you.

13 CHAIRMAN:

14 Commissioner Coy?

15 COMMISSIONER COY:

16 Thank you, Mr. Chairman. Uncustomary as  
17 it might be for me to be argumentative, I'll just  
18 point out that the employees at Harrah's, and any  
19 other casino who happen to be residents of the  
20 Commonwealth, do pay a much greater degree of taxes  
21 than non-residents including income tax if they own  
22 property, property taxes and school taxes and  
23 certainly sale tax if they purchase items here. So,  
24 while we like and appreciate the efforts of citizens  
25 of the Garden State, citizens of the Commonwealth do

1 participate at a much greater rate in tax revenues I  
2 think.

3 COMMISSIONER GINTY:

4 The middle part of the state have the  
5 ability to say that I guess.

6 COMMISSIONER COY:

7 Thank you. A couple quick questions just  
8 to clarify. Will you be pulling the tips of  
9 employees? In other words, are they pulled together  
10 and then shared equally by all employees?

11 MR. DONLEVIE:

12 For table games, yes, sir.

13 COMMISSIONER COY:

14 And are they subject to withholdings so  
15 that the proper taxes are paid?

16 MR. DONLEVIE:

17 Yes, they are.

18 COMMISSIONER COY:

19 Good. And you mentioned the  
20 self-exclusion list that you generated and worked with  
21 in the years you've been open so far. Do you happen  
22 to have a number of how many have been self-excluded?

23 MR. DONLEVIE:

24 I do not have that at the top of my ---.

25 COMMISSIONER COY:

1                   Would you get that to the ---

2                   MR. DONLEVIE:

3                   Sure.

4                   COMMISSIONER COY:

5                   --- Enforcement Counsel people, please?

6 Are your employees able to suggest and recommend  
7 charitable gifts, or are these decisions driven from  
8 the top down?

9                   MR. DONLEVIE:

10                   They're really driven from the outside in  
11 if I might suggest folks that make a request. We make  
12 decisions from there. Would we listen to an employee  
13 who had a suggestion? Absolutely. Do we get those at  
14 times? Absolutely. But we're trying to fulfill our  
15 overreaching approach with charitable donations, which  
16 is really number one about the City of Chester.  
17 Number two, we really try to focus on educational  
18 opportunities in the City of Chester to help the kids  
19 in the City of Chester to have a brighter future.

20                   COMMISSIONER COY:

21                   I'll ask the question, sir. Is that  
22 while the contributions to the well known universities  
23 and others that you list in your explanation are very  
24 important, very well taken I think it's also important  
25 for one of your dealers who happens to coach a

1 softball team or a kid's baseball team to be able to  
2 suggest a contribution to buy uniforms for them also?

3 MR. DONLEVIE:

4 Absolutely. I mean, we are open to any  
5 of those suggestions from our team members and we then  
6 make a decision as to what we --- what fits within our  
7 program at that time.

8 COMMISSIONER COY:

9 And the final question concerning --- you  
10 talked about reimbursement for college tuition for  
11 certain courses by employees?

12 MR. DONLEVIE:

13 Actually, what I talked --- we do have a  
14 college reimbursement program. I didn't really speak  
15 directly to that.

16 COMMISSIONER COY:

17 Are those reimbursements limited to  
18 courses in gaming or are employees ---?

19 MR. DONLEVIE:

20 No, they are not. No, they are not  
21 limited to courses in gaming.

22 COMMISSIONER COY:

23 Do you happen to have a percentage of how  
24 many employees are simply reimbursed for gaming  
25 courses as opposed to other studies?



1                   MR. DONLEVIE:

2                   I don't. I don't know that we sort it  
3 that way, but I think the large majority of it is for  
4 either Associate degree work or college work.

5                   COMMISSIONER COY:

6                   If you could make an attempt to find that  
7 out and get that to Enforcement Counsel, too.

8                   MR. DONLEVIE:

9                   Okay.

10                  COMMISSIONER COY:

11                  Thank you. Thank you, Mr. Chairman.

12                  CHAIRMAN:

13                  Sure. Commissioner Trujillo?

14                  MR. TRUJILLO:

15                  Thank you, Mr. Chairman. Mr. Miller and  
16 Commissioner beat me to a couple of questions, but I  
17 did want to follow up on two points that I had --- one  
18 of which I think I had raised at the hearing on table  
19 games before in Down Chester.

20                  And Mr. Downey, I appreciate you getting  
21 the information to our staff relative to your issues  
22 in New Jersey and the prior lawsuit that restricts  
23 Harrah's, as I understand it, at the parent level in  
24 terms of what information they can maintain and  
25 utilize with respect to their minority hiring and the

1 like.

2           I would like to have a sense though from  
3 you as to what you plan to do on a going forward  
4 basis, because there is a --- I guess there's a bit of  
5 a --- I don't want to call it a conflict, but there is  
6 a bit of an issue between the Pennsylvania statute and  
7 the settlement that you reached in New Jersey. As you  
8 know, we're clearly very interested in ensuring that  
9 your minority hiring goals and the like are met  
10 consistent with the statute here, but --- and so I'd  
11 like to hear from you, Mr. Downey, or whomever, what  
12 your plans are going forward to ensure that that is  
13 met.

14                           ATTORNEY DOWNEY:

15           Thank you, Commissioner. And I  
16 appreciate your taking the time to get through that  
17 material and recognizing what I'll refer to as our  
18 predicament. We recognize that the Statute in  
19 Pennsylvania is going to require us to do some things  
20 that we have opinions in our pocket telling us we have  
21 a problem doing. Without getting into terrible detail  
22 we're going to pursue two tracks essentially. We are  
23 internally going to take a very hard look again and a  
24 fresh look at this issue. This has been a matter  
25 brought to the highest level of Council in the

1 company, and basically at his direction, we're going  
2 to take a --- basically a fresh set of eyes on the  
3 issue and come to clear conclusions about what we can  
4 and cannot do given the orders under which we're  
5 currently operating.

6           At the same time we have started a  
7 dialogue with both members of the Board staff and the  
8 OEC. In fact, I believe we have a meeting with  
9 representatives of three offices immediately after the  
10 Board scheduled meeting today to consider a couple of  
11 alternatives in how we want to, on an interim basis,  
12 deal with these issues while we come to a conclusion  
13 that either we can do what the statute tells us we  
14 need to do, or we can talk about our pursuit of  
15 appropriate guidance from a court of competent  
16 jurisdiction on these issues.

17           MR. TRUJILLO:

18           And thank you, Mr. Downey. And by the  
19 way I don't mean to suggest, by the way, that there is  
20 any dissatisfaction with our office of --- Mozelle  
21 Daniels is our Director of Diversity. And as I  
22 understand it --- and I made some inquiries after our  
23 hearing. In fact, as I understand it, it is quite  
24 satisfied with your efforts and so I do want to  
25 recognize that conflict, but I also want to make it

1 clear that I believe our statute is one which has some  
2 very good goals and frankly keeping in mind some of  
3 the less fortunate activities that are going on in  
4 places like Arizona. I'd hate to do anything that  
5 goes against the intent of the legislature in  
6 Pennsylvania, and I understand your company as a  
7 whole. And I frankly appreciated also the  
8 presentation recognizing that the diversity is  
9 important for purpose of return on investment. And  
10 it's a good business, not necessarily just the right  
11 thing to do. So, I do appreciate that testimony. So,  
12 that's all I have. Thank you.

13 ATTORNEY DOWNEY:

14 Thank you.

15 CHAIRMAN:

16 Thank you. Commissioner Sojka?

17 MR. SOJKA:

18 Yes. First of all, I'd like to echo  
19 Commissioner Trujillo's comment about the public input  
20 hearing. Of course we had one as we do in each of  
21 these cases and I think you answered many of our  
22 detailed questions there. And I want to compliment  
23 you in your presentation today, which was responsive  
24 to a number of the points we brought up. But in spite  
25 of that I'm still confused about one point and I'd

1 just like it to be clarified for me because what I  
2 think you said today makes you somewhat different from  
3 other racinos in the Commonwealth. You said that you  
4 allow no persons under the age of 21 in the casino  
5 part of your operation even including the restaurants;  
6 is that right?

7 MR. DONLEVIE:

8 Yeah. Let me draw a distinction between  
9 that and our racing operations. A number of our  
10 restaurants are off the casino floor and you have to  
11 traverse the casino floor to arrive at those  
12 restaurants. When we first opened they were --- we  
13 did allow underage folks to go to those restaurants in  
14 compliance with guidelines of the Gaming Board. As  
15 we've tried to continually work to shore up our  
16 underage efforts we have changed that policy probably  
17 two years ago. We no longer allow anyone under the  
18 age of 21 to even go on to the floor under any  
19 circumstances. Now, the racing operation is totally  
20 different, different floor, and certainly we don't  
21 have that same guideline in our live racing events.

22 MR. SOJKA:

23 And that's helpful, but I just want to,  
24 again, make it clear then that in the casino part it  
25 would be possible for a family with two adults and an

1 underage person --- if they wished to eat in one of  
2 your restaurants, they would be told, no, you can't  
3 eat up there because you got a person under 21. But  
4 that same family could go to the racing side, as is  
5 often the case in racing, and people could take  
6 children to watch the horses run, have food and spend  
7 the day out in your facility?

8 MR. DONLEVIE:

9 That's correct, Member Sojka. And we  
10 also have one additional restaurant on top of that.  
11 It's on the casino level, but not on the casino floor  
12 that one could take an underage individual as well.

13 MR. SOJKA:

14 Okay. Thank you.

15 CHAIRMAN:

16 Thank you. Mr. McCabe?

17 COMMISSIONER MCCABE:

18 Well, all the good questions have been  
19 taken, so I'm going to ask you a couple easy ones.

20 MR. DONLEVIE:

21 Can I suggest a couple?

22 COMMISSIONER MCCABE:

23 You said that you're located in six  
24 countries. What are the six countries?

25 MR. DONLEVIE:

1 Oh, geez, that's a tough one. England,  
2 obviously the U.S. Help me out, Lynn. Egypt, South  
3 Africa, Uruguay --- that's five, and Canada.

4 COMMISSIONER MCCABE:

5 I thought it was going to be an easy  
6 question. The other question leads to a comment. You  
7 are moving our PGCB offices from the dungeon in the  
8 basement; aren't you? Is that a correct statement?

9 MR. DONLEVIE:

10 We prefer to call it the first floor  
11 suites, however, we are doing that.

12 COMMISSIONER MCCABE:

13 And I want to thank you for that. I  
14 appreciate that. I know after I visited I raised that  
15 as an issue after talking with the state troopers and  
16 our compliance people. And I want to thank you for  
17 being very receptive to doing that. Thank you.

18 MR. DONLEVIE:

19 Our pleasure.

20 CHAIRMAN:

21 Mr. Donlevie, I have two quick questions.  
22 To follow up on Commissioner Sojka's comment, thank  
23 you for giving us the Pennsylvania goods and services.  
24 I don't know if you can back track, but if you can, go  
25 back to slide 21 in your presentation. Twenty-one

1 (21). There you go. The Pennsylvania goods and  
2 services chart down in the right hand corner that was  
3 the one that I had asked about at the hearing in  
4 Chester and thank you for that information. What I  
5 would like to get on the record is the dollar value.  
6 And that is, as you can see, from 2005 to the current  
7 year you have spent in Pennsylvania, either Delaware  
8 County, City of Chester or other Pennsylvania  
9 municipalities, \$80 million give or take. Can you  
10 give the Commissioners a flavor for what those goods  
11 and services are?

12 MR. DONLEVIE:

13 I think they've been everything from food  
14 products, to paper products, to bakery products, those  
15 too in the City of Chester to environmental services  
16 product, to waste removal to, geez, any assortment of  
17 items. For me to go much beyond that would be a  
18 little bit of a reach, but certainly a big chunk of  
19 purchase is coming out of this state in an assortment  
20 of areas, construction services, electrical services,  
21 speaker systems for our racetrack and casino as well.  
22 The list goes on and on.

23 CHAIRMAN:

24 Okay. Thank you. And one last question  
25 to follow up on Commissioner Angeli's question on the



1 wage rate that you're going to pay for the new  
2 employees, the table games employees. I'll ask the  
3 question a little bit differently. What do you  
4 anticipate --- and I'm asking this question because I  
5 think you answered it at the public hearing in  
6 Chester. What do you anticipate the average salary to  
7 be of these new employees? And again, it's not a  
8 trick question. I mean, I know that there's a  
9 component of wage that you're going to pay and then  
10 there's a tip component. So I'm not asking for a  
11 breakdown, but I thought you had given us an average  
12 --- or an average salary that you thought these table  
13 games employees would be making.

14 MR. DONLEVIE:

15 Excuse me, Chairman. For clarification  
16 are you looking at the hourly employees, or are you  
17 talking about the salaried employees?

18 CHAIRMAN:

19 I guess I'm talking about the 600 people  
20 that you're going to employ for table games and that  
21 includes dealers, pit bosses, backroom folks. Can you  
22 give us an average salary that these folks will be  
23 making?

24 MR. DONLEVIE:

25 To be honest with you at this point we

1 really have --- I'm not trying to be evasive, but we  
2 truly have not defined the hourly rate for our table  
3 game employees. It will be a market average rate. We  
4 can probably be better served to give you a generic  
5 average for supervisory and managerial personnel, but  
6 on the hourly front it's very hard for us to define  
7 right yet. We're in the final stages of trying to  
8 determine that. We do believe that historically, let  
9 me say historically, tip rates for those positions are  
10 between \$15 and \$25. So, there will be an hourly rate  
11 on top of that, but we truly have not defined that at  
12 this point in time. So, it'd be hard for me to answer  
13 that.

14 CHAIRMAN:

15 Okay. Thank you. Any other questions?  
16 Thank you very much.

17 MR. DONLEVIE:

18 Our pleasure.

19 ATTORNEY DOWNEY:

20 Mr. Chairman, if there's no further  
21 questions, just a little bit of housekeeping. I just  
22 want to make sure --- while I know the petition by  
23 virtue of filing is in the record and I believe that  
24 the local impact hearing materials are also in the  
25 record.

1                   CHAIRMAN:

2                   That is correct.

3                   ATTORNEY DOWNEY:

4                   Just we would ask that we move into the  
5 record each of the supplements that followed this  
6 petition in undercover of April 9, April 19 and April  
7 22 as well as today's PowerPoint presentation, both  
8 the digital format that we submitted to Mickey King's  
9 office and the hard copy that you folks received  
10 today.

11                   CHAIRMAN:

12                   Enforcement Counsel have any objections  
13 to that?

14                   ATTORNEY MILLER:

15                   We have no objection, Mr. Chairman.

16                   CHAIRMAN:

17                   Thank you. It will be admitted into the  
18 record. Any other questions from either of you?  
19 Okay. Thank you again.

20                   MR. DONLEVIE:

21                   Thank you very much.

22                   CHAIRMAN:

23                   That'll conclude our first hearing.  
24 We'll now move to the matter of HSP Gaming, Petition  
25 to Modify Statement of Conditions. And as we are

1 switching out the table we'll bring up HSP.

2

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HEARING CONCLUDED AT 11:15 A.M.

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CERTIFICATE

8

I hereby certify that the foregoing

9

proceedings, hearing held before the Pennsylvania

10

Gaming Control Board, was reported by me on 05/13/2010

11

and that I Alicia R. Brant read this transcript and

12

that I attest that this transcript is a true and

13

accurate record of the proceeding.

14

*Alicia Brant*

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Court Reporter

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