

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: HSP SUGARHOUSE CASINO TO CONDUCT TABLE GAMES

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PUBLIC INPUT HEARING

BEFORE: Gregory C. Fajt, Chairman
Linda Lloyd, Presiding Officer
Kenneth I. Trujillo, Commissioner
Jeffrey W. Coy, Commissioner
James B. Ginty, Commissioner
Raymond S. Angeli, Commissioner

HEARING: Wednesday, May 19, 2010
10:00 a.m.

LOCATION: Community College of Philadelphia
Winnett Hall
1700 Spring Garden Street
Philadelphia, PA 19130

WITNESSES: Wendy Hamilton, Rosemarie Cook, Leigh
Whitaker, Joseph L. Martin, Joseph Barrett, Michael
Sklar, John Donnelly, Doug Sherman, Joe Rafter,
Kathleen Rhoads, Lily Cavanagh, Ann Price, Frances
LoBasso, Dan Hajdo, James Schneller, Richard Levins

Reporter: Gina M. Brower

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DOUGLAS SHERMAN, ESQUIRE
PA Gaming Control Board
P.O. Box 69060
Harrisburg, PA 17106
Counsel for the Gaming Control Board

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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 filed SugarHouse HSP Gaming, LP to conduct table games at its casino. Before we begin I'd ask everyone to please turn off or to vibrate all your cell phones, BlackBerrys, and other electronic devices so we don't disturb speakers.

As Presiding Officer I call to order this Public Input Hearing, the Petition for SugarHouse HSP for Approval and the Issuance of a Certificate to Conduct Table Games, which was deemed complete and filed on March 26, 2010 at docket number 1362, excuse me, correction, 1365-2010.

The date is Wednesday, May 19th, and the time is 10:03 a.m. The location is the Community College of Philadelphia, Winnett Student Life Building, 17th Street between Spring Garden and Calihill Street, Philadelphia, PA, 19130.

Public Input Hearing is convened by the Pennsylvania Gaming Control Board pursuant to the authority found in sections 1205(B) and 1314(A)(b) of

1 the Gaming Act. This Public Hearing was advertised on
2 the Board's website, announced at previous Board
3 meetings, and advertised in local newspaper. Board
4 members present for the Hearing today are from my left
5 Chairman Greg Fajt, Commissioner Ken Trujillo,
6 Commissioner Jeff Coy, Commissioner Jim Ginty and
7 Commissioner Ray Angeli.

8 The Board and its staff would like to
9 thank the Community College of Philadelphia for making
10 the space available for the Board Hearing today and
11 the extra effort of the staff this morning in helping
12 us set up. Their cooperation has been essential in
13 the organization and holding of this Hearing.

14 The purpose of the Hearing is to allow
15 SugarHouse to present to the public its plan to
16 operate table games at the casino and to allow
17 individual members of the public, community groups,
18 elected officials, and local government
19 representatives to express their thoughts and share
20 their concerns about the proposed project with the
21 Board.

22 The order of speakers today is as
23 follows, HSP SugarHouse will make their presentation
24 first. We will then hear from any legislators, local
25 government representatives, community representatives

1 and individual members of the public who are
2 registered to speak. HSP will have approximately 20
3 minutes to make their presentation. Each government
4 official will have ten minutes. Community groups may
5 speak approximately five minutes. And individual
6 members of the public approximately three minutes.

7 Each speaker should begin their remarks
8 by stating his or her name, municipality, and state
9 where he or she resides, and if speaking on behalf of
10 an entity, the name of that entity. All speakers will
11 be sworn in as a group in a few minutes.

12 If you are speaking today and have
13 written notes or testimony which you will read from
14 during the hearing; when you are finished if you have
15 an extra copy if you could give them to our court
16 reporter, who is seated over here, that would be very
17 helpful for her. This is an official administrative
18 hearing so please treat this as if you were attending
19 a court proceeding. Have all witnesses speak loudly
20 and clearly and into the microphone so that the
21 audience, and the court reporter, and others can hear
22 what you have to say.

23 So let's begin by having each of you that
24 is registered to speak today or will provide testimony
25 on behalf of SugarHouse please stand and raise your

1 right hand to be sworn by the court reporter.

2 -----

3 WINESES SWORN EN MASSE

4 -----

5 PRESIDING OFFICER:

6 Before we begin with testimony I have a
7 Hearing exhibit to enter into the record. Hearing
8 Exhibit Number One, which is Notice of the Public
9 Hearing sent to SugarHouse HSP. We will defer the
10 entrance of Exhibit Two, which is a written comment
11 until the public input for the Public Comments Hearing
12 and we will have those read into the record. So
13 please begin with the presentation from HSP.

14 (Hearing Exhibit One marked for
15 identification.)

16 MR. DONNELLY:

17 Thank you, Linda. I'm John Donnelly on
18 behalf of HSP, what's commonly known as SugarHouse. I
19 just want to thank you for having us here today and I
20 want to thank the people from Philadelphia for coming
21 out. We are going to be relatively brief. We
22 presented to the Board, for those who do not know, we
23 presented one aspect last week and we will be
24 presenting again next week. So really this is our
25 opportunity to tell the citizens of Philadelphia what

1 we intend to do, how we intend to do it, and when we
2 intend to do it.

3 BRIEF INTERRUPTION

4 MR. DONNELLY:

5 What I said was this is the opportunity
6 for us to present to the City of Philadelphia and
7 advise people as to when we're going to construct our
8 facility, what we're going to do, and how quickly
9 we're going to do it, and benefits for the city. It's
10 essentially for the people of Philadelphia. This is
11 an issue of jobs, taxes and community benefits. All
12 of which we're bringing to this community.

13 I'm not going to steal any of the thunder
14 from any one else who will present that, but this is
15 one of the largest and most important economic
16 developments for the city in many years and will
17 generate enormous amount of jobs, enormous amount of
18 geometric spinoff. And I'm very confident something
19 everybody in Philadelphia is going to be extremely
20 proud of.

21 I want to introduce who's going to be
22 testifying today. With me to the right, who was with
23 us last week but didn't have a speaking part then is
24 Wendy Hamilton who's going to be the General Manager
25 of SugarHouse. Next to her is Rose Cook who's our

1 Director of Table Games. Next to Rose is Leigh
2 Whitaker, who is our Director of Communications. And
3 next to Rose is Joseph Martin, Director of
4 Procurement. All these folks will be addressing you
5 today. Also in the next row over is Joseph Barrett,
6 Director of Gaming, Corporate Support and with me is
7 Michael Sklar as well.

8 With that I'm going to turn it over to
9 Wendy.

10 MS. HAMILTON:

11 Thank you, John. Thank you, Mr. Chairman
12 and members and all of our local constituents for
13 giving us this opportunity to talk about our plan. We
14 are very excited at the prospect of having table games
15 as part of our operation and we appreciate the
16 opportunity to come here today to move toward that
17 goal.

18 Very quickly let me introduce myself. I
19 have 12 years with one of the largest names in casino
20 entertainment mostly in Atlantic City with some short
21 visits to Illinois, Missouri and Tennessee during that
22 time. In 2007, 2006 I left Atlantic City and went up
23 to Philadelphia Park for three years and opened that
24 operation and ran it for three years, very excited now
25 to be part of the SugarHouse team.

1 To open this up today I wanted to give
2 you a short update about our construction. What we
3 are looking at here is just a couple of days ago out
4 on our site. So you see it's not just a dirt lot
5 anymore. We are making progress with our building.
6 Our construction is about 55 percent of the way
7 through. This past Friday we had our topping out
8 ceremony, which is a big mile marker for us. The last
9 beam of steel went onto the building. We expect the
10 building to be fully enclosed in another two to three
11 weeks. And we're targeting September 2nd for our PCO,
12 which would lead us to an anticipated opening date of
13 mid September.

14 Incidentally, right now we have 225
15 construction workers on site working two full-time
16 shifts. I mention that as obviously in the times
17 we're living in jobs are important to everyone
18 including us. We're going to talk quite extensively
19 about the jobs that our operation will bring to there,
20 but in addition these construction jobs are active
21 today.

22 Table games are a very important part of
23 our operation. They allow us to do several things.
24 Number one, it is imperative that we remain
25 competitive with both Atlantic City and other

1 neighboring markets. Offering table games in addition
2 to slots it not only brings additional revenue to the
3 city and the state from table games, but it also has
4 this companion effect that we did speak with the Board
5 about last week. In other words, the addition of
6 table games also helps us to grow the slot business,
7 so it's a plus when we talk about both tax revenue and
8 jobs.

9 If we're successful in gaining table
10 games for our operation, it adds about \$5 million
11 annually in the beginning in tax revenue and an
12 additional 300 jobs. So assuming we do have table
13 games we will open this operation in September with
14 800 new jobs for the City of Philadelphia, and a total
15 of \$137 million in annual tax revenue in the
16 beginning.

17 In addition I know that some of the
18 neighbors who are going to speak later on who are
19 happy to see us there are very pleased to see the
20 development of the riverfront progressing. And we
21 have a beautiful trail that traverses around our
22 property and essentially will connect up to Penn
23 Treaty Park in the future.

24 Finally the addition of table games
25 allows us and operators to think much more creatively

1 about the future growth and development of this
2 property. Obviously what we open in September is
3 hopefully 1,600 slots and 40 table games. We have a
4 variety of restaurants and lounges, one that has an
5 unbelievably beautiful view of the Delaware River and
6 the Ben Franklin Bridge. But adding table games lets
7 us think much more creatively going forward about what
8 this can be in terms of a resort. We're not
9 interested in doing the same old thing that's been
10 done in Atlantic City. We're thinking, you know, very
11 differently about how this adds to the tourism
12 attraction of Philadelphia.

13 The next thing I wanted to go through and
14 I understand these will be read into the record later
15 in this hearing so I won't go through the detail, but
16 we do have letters of support from our Mayor Michael
17 Nutter, also our Senator, Senator Farnese, Councilman
18 Frank DiCicco, Councilman Darrell Clark all very
19 excited and proud of the fact that this development
20 will bring jobs for the City of Philadelphia. Also
21 some comments from Joe Rafter, who is one of our
22 neighbors and the Chairman of the Penn Treaty Special
23 Services District. Joe is also speaking today.

24 Very quickly I want to page through some
25 of the experience that our company and our executives

1 have in table games operations, so that the Board and
2 the neighbors can feel confident that we can do this
3 in a way that is beneficial to all of our
4 constituents. We have a combined 85 years of
5 experience at senior levels running operations and
6 entire casinos. Greg Carlin our CEO, David Patent our
7 COO, long history with Harrah's. Joe Barrett also a
8 long history with Harrah's, interestingly part of
9 Joe's background was in leading dealer schools in a
10 couple of jurisdictions. And he is helping us
11 currently with our efforts.

12 Our company has an interest in a variety
13 of casino resorts. And this one is a beautiful brand
14 new resort in Niagara Ontario, 3,200 slot machines,
15 133 table games. Also Riverwalk Casino Hotel, another
16 beautiful resort this one in Vicksburg, Mississippi.

17 I've already introduced myself so I won't
18 do that again. I do want to spend a little bit more
19 time introducing a very talented lady, who is our
20 Director of Table Games. Rose Cook has 23 years of
21 table games experience in a leadership role in
22 Atlantic City. She has five years as the very top
23 department head running a table games department in
24 Illinois, and spent her last five years as Director of
25 Training and Development for casino operations at the

1 Borgata. Rose opened the Borgata and brings a wealth
2 of experience to us as far as set up and properly
3 training our employees.

4 She was the Chief Managing Employee of
5 the only state certified vocational dealer training
6 facility in Illinois. She is on the faculty of
7 Stockton Institute for Gaming Management. And she's a
8 certified table games trainer by the Nevada Counsel on
9 Problem Gaming.

10 With that I'm going to introduce Rose and
11 let her talk about the operation that we would like to
12 set up.

13 MS. COOK:

14 Thank you, Wendy. And good morning,
15 Chairman, Officer Lloyd and Commissioners, and good
16 morning everybody. Thank you for having us here
17 today.

18 What I want to just talk to you about was
19 the implementation of table games at SugarHouse. The
20 first thing to talk about is actually the number of
21 tables that we're going to put in. We're anticipating
22 40 table games with 18 Blackjack, 6 Craps, 4 Roulette,
23 3 Mini bac, 3 Pai Gow Poker, 2 four card poker, and 4
24 three card poker. We really looked for a variety of
25 games to give our customers based on their likes and

1 what we think that they would like to play the most.

2 If you look next, we have a layout of our
3 casino floor. Of the 100,000 square feet of the
4 building, 45,000 square feet of that is gaming space
5 and that includes slots and tables. If you look to
6 the very left the first yellow area, you can see a
7 general pit with some tables for Blackjack and some of
8 those variety poker games I spoke of. At the very
9 bottom in the center we're going to have a high limit
10 gaming area which will encompass both table games and
11 slot high limit with a high limit lounge area for our
12 customers there.

13 And then if you look back further toward
14 the restaurant we have additional games, that's where
15 our Craps, some more Roulette, some Blackjack and then
16 we'll have our Asian variety games in that space as
17 well. So we really wanted to try to intersperse the
18 table games throughout the casino with the slots to
19 give full casino experience for our customers.

20 CHAIRMAN:

21 Rose, can you orient me? Where's the
22 porte-cochere and where's the river, which direction
23 are we looking at here?

24 MS. COOK:

25 Yes, Mr. Chairman. At the very left

1 where the arrow is, is the porte-cochere. So if
2 you're looking from left to right, the east and west
3 thank you, Wendy. So the porte-cochere's there where
4 the arrow is on the left of the screen and you'll
5 enter the casino that way. And at the very back where
6 it says W that's actually the riverfront there where
7 the restaurant will be.

8 CHAIRMAN:

9 Thank you.

10 MR. TRUJILLO:

11 It's on the west of the river?

12 MS. COOK:

13 So any more questions on what we have in
14 mind there? We're good. Okay. So now we get to job
15 creation, which is really a key part of what we're
16 talking about here today. Of the over 800 jobs that
17 will be for SugarHouse, 306 of those will be in table
18 games. So you can imagine out of that 800, 300 ---
19 almost half of them are in table games alone. We are
20 certainly going to look for a diverse employee and
21 vendor base, and Joe Martin will speak a little bit
22 about our vendor base and what we intend to do there.

23 And then we're going to run that dealer
24 school. And in that dealer school we're going to make
25 every effort to make sure that it's Pennsylvania,

1 Philadelphia residents in that school. They have the
2 best opportunity to get in there and get some
3 training. And based on the things that Wendy had
4 spoke to you about, you know my background in training
5 and I'm a huge proponent of the correct training and
6 making sure people have the skills to succeed. That's
7 what this is all about. Additionally just to mention
8 that there are also some other construction jobs that
9 go along with that.

10 Just to talk further on the
11 implementation and the actual training piece. We did
12 develop a curriculum and that's been submitted to the
13 PGCB for approval along with how we want to establish
14 the dealer school and how we intend to run it. If
15 approved, our dealer school will run for ten weeks
16 from the beginning of July through the end of August.
17 We've made a point of setting up all different class
18 times to make sure again our Philadelphia residents
19 have the best opportunity to get there. We have three
20 weekday sessions available. And we'll also run a
21 weekend class to again accommodate.

22 They'll be 200 Philadelphia residents
23 invited to attend this dealer school. And just on a
24 side note why I'm so excited about the dealer school
25 and how this is going to pan out. I am a product of

1 the original dealer school in Atlantic City, New
2 Jersey. I too was out there at a time when the
3 economy was not so good and I was in a job that wasn't
4 paying that well. And I had the opportunity to go to
5 that dealer school and I can't tell you. I mean, look
6 at me now. I made a full career of this. It's been a
7 wonderful career for myself and my family. We've had
8 opportunities that we may not have had, had I not been
9 in this career and had that opportunity to go to that
10 dealer school. So I'm really passionate about this
11 and I'm looking forward to implementing this.

12 In addition to the actual skills
13 training, there's some other training that we believe
14 is extremely important for all of our table games
15 employees at SugarHouse. We will talk to game
16 protection. And when I speak about game protection,
17 I'm speaking about protecting the customers that come
18 in, protecting the assets of the table, protecting the
19 staff, protecting the money. You know, looking for
20 cheats. We also have a full program with that where
21 we not only train our table game staff, we'll have our
22 security, and surveillance involved in that as well.

23 Our internal controls, we believe it's
24 very important that all of our staff understands the
25 rules and regulations that we're bound by, and knows

1 how to work within those, and still provide that
2 excellent customer service that we're looking to do.
3 And then of course we want to make sure that all our
4 dealer school graduates are also certified in CPR.

5 The last piece of the training, which we
6 find to be very important, is the responsible gaming
7 piece. We're currently a member of the Council of
8 Public Gambling of Pennsylvania. As a matter of fact
9 this Friday we have a meeting to move forward and find
10 out our next steps in that process to get our training
11 together for that. All of the SugarHouse team members
12 will receive that responsible gaming training. Not
13 only pre-opening, but annually as well. And we firmly
14 believe that this should be the way it works. We'll
15 also be meeting with the director of the Office of
16 Compulsive and Problem Gaming from the state to make
17 sure that we comply with everything in the Gaming Act
18 related to that.

19 I'd like to introduce next, Leigh
20 Whitaker. She's our Director of Communications. And
21 thank you.

22 MS. WHITAKER:

23 Good morning, Chairman Fajt, and
24 Commissioners, and to everyone here in the audience.
25 As Rose mentioned I'm Leigh Whitaker. I'm Director of

1 Communications for SugarHouse. And that means also
2 that I have community relations, media relations, and
3 government relations responsibility. From the
4 beginning we've always been committed to being a good
5 neighbor, and a good corporate system. We've, from
6 early 2007, got out, knocked on peoples doors, got to
7 know our neighbors, got to find out what some of their
8 concerns were, and given information about how we
9 would address those concerns.

10 Getting to know our neighbors and getting
11 to know other organizations hospitality organizations,
12 other civic organizations in the city was very, very
13 important to us. In supporting causes in
14 organizations that are important to our friends is
15 something that we're very, very proud of.

16 Since we were awarded our license in
17 December of 2006, we have made contributions of more
18 than \$400,000 to non-profit organizations. Those
19 organizations include the Philadelphia NAACP, the
20 Sandy Rollman Ovarian Cancer Fund, the Foundations for
21 Breast and Prostate Health, American Jewish Committee
22 just to name a few. In addition in November of 2008,
23 as you may recall, we did sign a community benefit
24 agreement with local community groups. That agreement
25 will provide at least a million dollars annually to

1 the Penn Treaty Special Services District once the
2 full Phase I casino we're building. Joe Rafter,
3 Chairman of the SSD is here in the audience. And
4 you'll hear from him a little bit later.

5 The community benefits agreement that we
6 signed also makes provision for a pre-opening payment
7 of \$175,000, which we made at our grand opening, I'm
8 sorry, at our ground breaking ceremony back in
9 October. This coming October on the anniversary of
10 the first payment, they will received a half a million
11 dollars. And the community benefits agreement also
12 provides or makes provisions for hiring and
13 contracting opportunities for neighbors, internship
14 and job training programs for residents of the
15 neighboring community.

16 We've actually been out over the past
17 several months. We've had several sessions out in the
18 neighborhood. We had a resume interview workshop
19 session back in January. We had a session last summer
20 actually to get people acquainted with the kind of
21 jobs you would have in casinos. We're very proud of
22 the work, you know, that we've been doing out in the
23 community. And I hope that you'll hear more about
24 that from Joe Rafter.

25 Working with the city to develop the best

1 project we can --- has also been very, very important
2 to us. In addition to making some changes to the
3 design, and working out issues around traffic, and
4 sewers and those kinds of things. We also signed a
5 development agreement with the city a couple of years
6 ago. Under the agreement we will make payments to the
7 city to compensate for the taxes that are abated under
8 the city's tax abatement program.

9 Other highlights of the agreement include
10 a green roof design, public access to the Waterfront,
11 and the adoption of an economic opportunity plan,
12 which we have incorporated both into our hiring
13 process as well as our supplier diversity program.

14 Being a good neighbor means that we've
15 got to get our employment message out to the community
16 folks and to other organizations around the city.
17 Over the past couple years we've worked with a lot of
18 organizations, the Philadelphia Work Force Development
19 Corporation stands out as the biggest. We've also
20 worked with the African, Hispanic and Asian chambers
21 to give out information about the kinds of jobs that
22 we will provide, the qualifications, and the timelines
23 for the hiring process.

24 Jobs is a big, big deal for Philadelphia
25 and we want to have as many Pennsylvanians, as many

1 Philadelphia residents as we can in those jobs. So
2 getting the information out to organizations across
3 the city, you know, was a key part of that process.
4 In January we called together all the work force
5 development agencies in the city to update them on our
6 recruitment and hiring timeline.

7 We've in just the past month; we have
8 held or participated in five career information
9 sessions across the city. In fact, on April 13th we
10 had a specialized vendor and career information fair
11 for our residents. It was actually over in Northern
12 Liberty, so it was for residents of Fishtown, Northern
13 Liberty, Port Richmond our neighboring community. And
14 we had more than 200 people come out to hear about the
15 opportunities. And we will go to those folks first as
16 we move forward in the hiring process.

17 Two weeks later on April 27th we had our
18 citywide job fair at the Pennsylvania Convention
19 Center. It was packed. There were 10,000 job seekers
20 and potential vendors there. The event started at
21 noon but by 11:00 a.m. that morning you can see from
22 the pictures the line was wrapped around the building.
23 You know, with the unemployment rate, you know, in
24 Philadelphia in the double digits the creation of jobs
25 is very important. So we are like extremely,

1 extremely excited to be creating new jobs for the
2 city, but really excited about the reality that this
3 project is coming to life. It's been a long road for
4 some of us.

5 I can't stress enough how important those
6 jobs are that we have to fill. We are very excited
7 about that. We are focusing on filling those
8 positions. Our workforce will be diverse and will be
9 reflective of our customer base. And as we move
10 forward to fill those 800 positions, which we are
11 extremely excited about, we will remain focused and
12 committed to our diversity efforts and to hiring
13 Philadelphia residents.

14 With that I'd like to turn it over to my
15 colleague Joe Martin, our Director of Procurement.

16 MR. MARTIN:

17 Good morning, Chairman, as well as the
18 Commissioners, and all our guests here today. This is
19 an exciting time for me. I've been waiting for three
20 years to come here and work on this particular
21 project. So when Leigh says that it's been a long
22 time, it has been. It's an exciting project from my
23 viewpoint when it comes to procurement and supplier
24 diversity. Based upon I have a passion for it, and I
25 like to do the job correctly, and I believe that's one

1 of the reasons why I was selected for this position.

2 Since we started off with receiving a
3 license, we've spent over \$76 million in the local
4 community. And when you talk about the \$76 million,
5 it's not just one time circulating, it's multiple
6 times circulating throughout the community. So it's
7 benefiting a number of local businesses and certainly
8 the employees of the city.

9 Out of that \$76 million, approximately
10 \$58 million was spent with local businesses, minority,
11 and women owned businesses as well. We feel that's a
12 very important figure. Most of that has been in the
13 construction area. I'll be responsible for the
14 operational area once we receive the keys.

15 Table games spend, we're anticipating
16 approximately \$1.7 million in start up equipment and
17 supplies. And the suppliers that have been certified
18 by your agency they're responsible for providing you a
19 diversity plan. And so I intend on contacting them
20 and looking at being able to do business with them and
21 start to count the second tier and possibly third tier
22 dollars that are being done by certified minority, and
23 women owned businesses, as well as local businesses.

24 At SugarHouse Casino the hire diversity
25 plan resides in procurement. And I make that point

1 based upon the fact that the majority of Fortune 1,000
2 companies currently spend about five percent of their
3 spend with certified minority, and women owned
4 businesses. In the teams that I've been working with
5 our average is around 19 or 20 percent.

6 And there's a reason for that. And here
7 in Philadelphia, one of the reasons is that I've been
8 on the Leigh Whitaker tour around the city making sure
9 that I've been introduced to a number of the different
10 chambers that are here from African American, Greater
11 Philadelphia Hispanic Chamber, Pennsylvania Minority
12 Supplier Development Council. We've been out and
13 about over the last four months since I've arrived.
14 And during that period of time we've done presentation
15 to these individuals on how to do business with
16 SugarHouse Casino. And I think it's so important that
17 vendors understand the process so they can participate
18 in the process. And so during this tour we've been
19 fortunate to be able to speak to approximately 600 to
20 700 vendors in the local community and let them know
21 what the process is.

22 At the same time we've been collecting
23 their information related to what type of commodities
24 that they currently supply. And based upon that I've
25 asked them to go to the NASIS website, which actually

1 tells you what the category is. And they've provided
2 me with that information. As such, I'm able to sort
3 it in an Excel spreadsheet and make sure that I can
4 include everybody that's involved with a particular
5 commodity when I'm doing my bidding. I think that's a
6 very important stage that we're working on.

7 And once we get into the bid process if
8 we go through the bidding et cetera and a certified
9 minority women business or a local business is not the
10 winner, then the company that does win then we're
11 going to pass along the same requirements that have
12 been passed along to us for them to business with
13 local businesses, certified minority and women owned
14 businesses. So we expect to be able to hold them
15 accountable by putting it into the RFD as well as the
16 contracts themselves. So we'll be able to capture the
17 second and third tier spend.

18 Some of the things that we've done since
19 I've been here in January, a couple of the vendors
20 that I've met have wound up winning contracts from
21 environmental cleaning services, to IT wiring in the
22 building, as well as the office furniture that's going
23 into our present building as well as the Casino.
24 Certified minority businesses have been able to
25 participate and win contracts with us so far.

1 At SugarHouse Casino with the inclusion
2 of table games, I fully expect us to be able to meet
3 and/or exceed the goals that have been set for us. So
4 at this point I can turn it back over to Wendy.

5 MS. HAMILTON:

6 Thanks, team. We have talked previously
7 about some of these numbers. But just as a point of
8 reference this has been a long road for some of the
9 folks that have been on board for a couple of years.
10 Through the first quarter of this year SugarHouse has
11 paid over \$5 million in wages, benefits and payroll
12 taxes to folks just involved in the operation, that
13 doesn't include construction. And just to reiterate
14 the projected tax revenue to the Commonwealth and the
15 city assuming we do include table games is \$137
16 million in the first year.

17 Specifically related to table games we've
18 included some numbers here that I think most folks are
19 familiar with, but \$16.5 million for the license fee
20 and additional \$5.5 in construction. We've talked
21 about the additional \$5 million in tax revenue based
22 on table games. And about \$10 million in additional
23 payroll because of the labor intensive nature of table
24 games.

25 So in closing I want to tell a little bit

1 of a personal story very quickly. When I left
2 Philadelphia Park I did so in order to start my own
3 business. And I don't want to toot my own horn, but I
4 was doing pretty well and I wasn't working very many
5 hours. It was kind of a nice situation to be in. But
6 one of my clients was SugarHouse and I learned in the
7 couple of months that I worked with them that this is
8 a very, very different kind of an organization.
9 Everyone in the casino business pays lip service to
10 the community, and to responsible gaming, and to
11 vendor diversity, and to great customer service.

12 This is an organization that does more
13 than pay lip service. And I like to under promise and
14 over deliver, so I don't want to talk about the things
15 that we haven't delivered on yet like our customer
16 service. But I do think that, and this is a credit to
17 the folks that have been with this project a lot
18 longer than I have. This group has done a great job
19 meeting regularly with folks in the community and
20 helping people to be comfortable with what this
21 development represents for the surrounding
22 neighborhoods and for the citizens of Philadelphia.

23 And if you don't know me I realize that
24 doesn't maybe hold a whole lot of value. But we
25 commit to continuing to do that on into the future.

1 We want to be a good corporate neighbor. And we're
2 intent on continuing to win over hearts and minds as
3 this project opens and I hope grows into the future.

4 In closing, we are a team. We were very
5 energized by the Board's decision last week that
6 allows us to ask for table games. It allowed us to
7 make room for table games. We thank you for this
8 opportunity today. We thank everyone who's come out
9 here today. And we're ready to answer any questions
10 that you may have.

11 PRESIDING OFFICER:

12 And with that we'll turn it over to the
13 Board, Chairman Fajt.

14 CHAIRMAN:

15 Thank you, Linda. And thank you,
16 SugarHouse. We enjoyed the presentation. Couple of
17 questions, Leigh, the first one for you. The resume
18 workshop that you mentioned, can you explain that a
19 little bit more? How many people did you say were
20 there, and what exactly went on at that resume
21 workshop?

22 MS. WHITAKER:

23 Absolutely. As part of the community
24 benefits agreement we talked about doing extra
25 sessions out in the neighboring community to get

1 people prepared for the jobs that we would have at
2 SugarHouse. One of them was a resume and interview
3 workshop. We brought in folks from the Pennsylvania
4 CareerLink. We had our Vice President of Human
5 Resources give a presentation about here's what you
6 should include on your resume. Here's the kind of
7 jobs we have, here's what we're looking for, here's
8 what you should include on your resume.

9 And then we did some one on one sort of
10 interview sessions with folks along with the
11 Pennsylvania CareerLink. We had about I would say 75
12 people. It was early on a Saturday morning of January
13 30th, as a matter of fact. So it was in the winter,
14 it was a Saturday morning. We had a good turn out for
15 that session.

16 Previous sessions included again the
17 CareerLink folks had come out as well. Our folks had
18 talked individually about each particular department.
19 The kind of things that we're looking for, I mean,
20 there are some jobs that require specific gaming
21 experience. But a lot of them don't. So a lot of it
22 was getting the neighborhood to understand, here are
23 the qualifications and don't think because there's
24 never been a casino in Philadelphia before that you
25 can't come and work here. We're looking for people

1 that are exciting and energetic. And if you have all
2 those qualities you can come be with us.

3 CHAIRMAN:

4 Were there people there who never
5 prepared a resume before?

6 MS. WHITAKER:

7 There were, yes.

8 CHAIRMAN:

9 Okay. Next question, and maybe ---
10 Wendy, this is a question for you. But can somebody
11 talk to me a little bit about the access to the river.
12 I know that, that was an issue at one point and I
13 think it was in your presentation. Can you just tell
14 the Board where the access points are? And maybe if
15 we can get a diagram of the casino again to show us
16 exactly how we get to the river, where people park,
17 how big the ingress is, and things like that.

18 MS. HAMILTON:

19 Michael, can you show --- maybe show the
20 construction shot at the very beginning and I can
21 refer to the points. There is a walkway, fully
22 landscaped, so if you look at the far right side of
23 this picture along the south side of the building
24 there the right side of the picture. There's a
25 walkway it's about ten feet wide fully landscaped that

1 runs along that south side of the building then along
2 the east side on the river. The restaurant that I
3 spoke of that has the wonderful views of the river and
4 the bridge is at that far east end of the property,
5 but it's elevated a little bit. It's at the level of
6 the main floor of the building.

7 So the walkway sits a little bit lower,
8 and again, fully landscaped. There's some benches
9 along there about ten feet wide and --- the end point
10 it kind of travels north a little bit up the river.
11 The end point in the short term I don't think makes a
12 whole lot of sense because it doesn't go anywhere.
13 But ultimately the plan is to have that continue north
14 and connect with Penn Treaty Park. But a really nice
15 place to walk or ride a bike.

16 COMMISSIONER COY:

17 As I recall it was on the right hand side
18 of where you were describing, there's some rat
19 infested old junky boats or something that were there.
20 What has happened to those, did you remove them?

21 MS. HAMILTON:

22 Yes. The Riverfront wasn't in real great
23 shape along that whole section, but we've done quite a
24 bit. You know, you have to receive permits even to
25 really clean up. So we've applied for some of those

1 permits, and we've done some work proximal to the
2 building. In addition there is a boat, I don't know,
3 it's more like a pile of rust. I'm not sure it
4 qualifies as a boat any more just a bit south of us.
5 It's on a parcel that we don't own, but we are working
6 with the owner of that parcel. We sure would like to
7 have it removed and we're getting very close to a deal
8 that would allow us to remove that and have that whole
9 section of the river have a much nicer appearance.

10 COMMISSIONER TRUJILLO:

11 Thank you. Mr. Donnelly, I think I may
12 need to start with you. Somebody once told me shortly
13 after I started on this Board that I asked a very
14 lawyerly question. I think it was meant as an insult,
15 but I do have some more kind of clean up I'd like to
16 do. Under 317A you have a few statutory requirements
17 and I just want to make sure that the saturator
18 requirements for the approval of the gaming license
19 were in effect or actually I guess it's 1315. So I'm
20 just going to quickly go through these, I assume or at
21 least at this point I understand that your slot
22 machine license is in good standing with the Board; is
23 that correct?

24 MR. DONNELLY:

25 Yes.

1 COMMISSIONER TRUJILLO:

2 And we got the presentation, in terms of
3 the economic benefit. And I'd also like to ask on sub
4 three as to the state of your financing for the
5 modification of your original plan, so to include the
6 table gaming. Can you tell the Board at this point
7 where you are with respect to your financing and
8 whether or not you're capable of meeting all the
9 projections that you presented to the Board prior to
10 today?

11 MR. DONNELLY:

12 Yes, sir. We presented last week. We
13 don't have any problem with financing the table games
14 or the operation. But the combination of the fee,
15 \$16.5 million and sums that will be needed to finance
16 the latest are all --- like I said the building,
17 equipment, training, et cetera.

18 COMMISSIONER TRUJILLO:

19 I had it also satisfied as the sub four
20 and sub five in terms of the responsibility in respect
21 to the business ability. But you did not address, I
22 wanted to hear a little bit about the internal and
23 external security measures, how those have been
24 modified from your original plan now in order to deal
25 with the proposed table games plan?

1 MR. DONNELLY:

2 Well, let's talk about interior. It was
3 touched upon by Leigh and by Rose. Security for table
4 games is quite different from slot machines in the
5 sense that it's more intensive with surveillance. And
6 the plan, which we will present to the Gaming Board
7 through our internal controls often times and I'm sure
8 it will be in this case very specifics of that plan
9 will be sealed, so that the public and the bad guys
10 can't get access to it.

11 But it has to do with combination,
12 coordination with security, with surveillance, and
13 with table games training people untrained, and a
14 constant communication from the table game folks up to
15 the surveillance room and then down to the
16 surveillance as necessary. And all in cooperation
17 with the Pennsylvania Gaming Control Board people will
18 be there, and the State Police to the extent
19 necessary, and so on.

20 It's a little different for slot machines
21 because there are opportunities for human beings to
22 try to work scams. But as Leigh pointed out and I
23 guess Rose pointed out, we're very much aware of that
24 and we're very much aware of not even --- that it's
25 our assets that we're protecting, but it's protecting

1 the citizens assets, the patrons, people, customers
2 coming in. And we know how to do that. This team
3 knows how to do that and we will do that. So I'm not
4 anticipating any problems. But certainly with what
5 the experience has been and all casinos do a very good
6 job.

7 Exterior we're going to have the same
8 plans that we presented before with the exterior
9 security mainly going to be lighting, patrolling our
10 perimeter, and so on. And making sure again that
11 folks that are not supposed to be there are not there.
12 That would include underage people, it's going to
13 include persons on the exclusion list. And the
14 exclusion list will grow as people try to take
15 advantage of gaming.

16 COMMISSIONER TRUJILLO:

17 I'm glad you talked about the external
18 part. And Ms. Hamilton, I'm not sure, who is the
19 appropriate person that talked to this issue, but
20 given the original plan that was presented to the
21 Board and originally approved for a slots only
22 facility. And how that has now changed to include the
23 additional, if I can count you're going to have more
24 bodies, more traffic coming to your facility from what
25 was originally presented to the Board back in 2006.

1 What I'd like to know is what you have done or what
2 you will be doing to mitigate traffic and the like in
3 particular on the surrounding communities.

4 MS. HAMILTON:

5 Sure. Let me address that on a couple of
6 levels. The jobs that we talked about adding
7 associated with table games include not just labor
8 that works directly in the table games department, but
9 it also means a couple of extra security officers, a
10 couple of extra surveillance agents. It means other
11 things too a couple of extra cage cashiers, beverage
12 servers.

13 But definitely as we add a need for
14 additional traffic, and it's slight but it's
15 additional traffic and parking. We need additional
16 security officers because part of their job is outside
17 the building to help both security and the valet
18 operation help to control flow through our lots. Make
19 sure nothing gets stopped up on our end, that bleeds
20 out onto Delaware Avenue.

21 In addition we have begun these last few
22 weeks to start to make deals with additional parcels
23 surrounding our building that we don't own for short
24 term parking needs, so that we don't ever end up with
25 a situation where our internal roadways and parking

1 are overwhelmed by volume. You know, we want to err
2 on the side of having too much not too little. It's
3 obviously in our best interest as well as the
4 neighbor's best interest.

5 In addition we have also now ramped up
6 our plan for building a garage, which will eliminate a
7 lot of the surface parking that we will have
8 initially. That's something that we hope to do, not
9 making any promises at this point, but we've begun
10 internally to speed those plans up and build a garage
11 sooner rather than later. Hopefully within a couple
12 of months of our opening.

13 COMMISSIONER TURJILLO:

14 So on that front on a Friday or Saturday
15 night in particular, if there is a problem a traffic
16 problem. If there are issues that are not directly on
17 your parking garage, or parking area, or directly on
18 your property but if neighbors have issues, what do
19 they do? Let's say it is truly backing up that whole
20 neighborhood, what do neighbors do on a Friday night,
21 or a Saturday night, or whenever there might be that
22 kind of a problem?

23 MS. HAMILTON:

24 Well, like I said the plans that we've
25 made to keep that from happening I feel confident in.

1 That is something none of us want to see happening.
2 So like I said we're erring on the side of having too
3 many roadways within our site, too much parking within
4 walking distance of our doors, so that doesn't happen.
5 In addition we're working very closely with Captain
6 Cram our local police captain to make sure that his
7 team and our team know each other and we have plans in
8 place and we're ready in the worst case scenario to
9 handle that and mitigate that impact for the
10 neighborhood.

11 COMMISSIONER TURJILLO:

12 Thank you. I have taken a couple other
13 licensees to task for frankly what I consider to be
14 underperformance on community giving, under charitable
15 giving. So I'd like to hear from you what your
16 philosophy of --- and because you don't have the
17 history at this stage that some of the other casinos
18 have had. What's your philosophy of giving not just
19 of involvement but of actual contributions, and what
20 will be your approach in deciding what kinds of
21 contributions you'll be making in the community?

22 MS. HAMILTON:

23 I think it's very --- telling that we
24 have given in the last couple of years over \$400,000
25 and that's before we even have one penny of cash flow.

1 So I think that speaks to our philosophy in going
2 forward, when you ask how we made those decisions. We
3 intend to remain very integrated with the neighborhood
4 that we're in. And part of giving to the right causes
5 is understanding what's important to our neighbors.
6 So definitely our charitable contributions stem what's
7 important to our customers, and what's important to
8 our neighbors. Many of them are the same people,
9 customers and neighbors, you know, but this is
10 something that --- it's one of the ways that we stay
11 very integrated in our community is knowing what's
12 important to the neighbors and how our donations can
13 make a difference, you know, in their local lives.

14 COMMISSIONER TRUJILLO:

15 And I know, Ms. Whitaker, your
16 involvement with all the business organizations and
17 the like and I appreciate the outreach that you've
18 made particularly in the minority business
19 communities. What I'd like to hear is with respect to
20 the Community Benefits Agreement, what the status, I
21 know you spoke a bit about it, but what is the status
22 of that going forward with the signatures of the
23 Community Benefits Agreement?

24 MS. WHITAKER:

25 The Community Benefits Agreement was

1 signed in 2008. It was then assigned to the Penn
2 Treaty Special Services District once they formed in
3 June of 2009, so all of the agreement, all of the
4 provisions of the Community Benefits Agreement are now
5 provisions that we have or commitments we have to the
6 Penn Treaty Special Services District. So far, you
7 know, in addition to the payments we obviously are
8 moving forward to hire local residents, and those kind
9 of things, we're gearing up for that. But in terms of
10 the pre-opening stuff, vendor fairs, job fairs, resume
11 work shops, pre-opening payments, we've committed ---
12 we've made those commitments and kept those
13 commitments up until now.

14 The term of the agreement was 15 years.
15 Fifteen (15) years is the term of the agreement at
16 which time we had to renegotiate. We are going to sit
17 back down with whoever the leadership of the Penn
18 Treaty SSD is at that time, whoever's here
19 representing SugarHouse and we'll talk through, you
20 know, times will change in 15 years and we'll talk
21 through some of the things that we need to do at that
22 point, and you know, Joe knows that our door is always
23 open. I am the official community liaison to the
24 Special Services District and other organizations
25 around the city. So if we have problems in the

1 interim Joe knows our door is always open. We had a
2 meeting just a couple weeks ago and you know, we'll
3 continue to meet and talk through issues as time, you
4 know, goes on.

5 COMMISSIONER TRUJILLO:

6 And so for the record, the Community
7 Benefits Agreement as it stands today is in good
8 standing and you are in full compliance with that
9 agreement?

10 MS. WHITAKER:

11 Absolutely.

12 COMMISSIONER TRUJILLO:

13 That's all I have. Thank you.

14 COMMISSIONER COY:

15 Just a couple of quick questions. You
16 had indicated I think that 10,000 people showed up for
17 the jobs fair at the convention center.

18 MS. WHITAKER:

19 Roughly. We know that based on, we had a
20 room that could seat 400 people and we filled that
21 room like 15 or 20 times a day, so roughly.

22 COMMISSIONER COY:

23 You also listed three follow-up job
24 fairs, Temple, Senator Williams job fair. Did you go
25 through with those as well?

1 MS. WHITAKER:

2 We did. At the time though, we made a
3 commitment to both the minority chambers in the city,
4 some of the folks at the Philadelphia Work Force
5 Development Corporation, members of the general
6 assembly that we met with over the past year that we
7 would come out and either do small work shops for
8 vendors, the workshops that Joe mentioned, or
9 participate in existing job fairs that they had around
10 the city that we would come out and tell people about
11 the jobs available at SugarHouse. Yes, we did. I
12 actually at two out of the --- I was actually at four
13 out of the five of those on that sheet.

14 COMMISSIONER COY:

15 Thank you.

16 COMMISSIONER TRUJILLO:

17 I'm sorry. I did have one more
18 follow-up, which is not in the form of a question, but
19 again, given your status, because the number of hires
20 that you have right now is still relatively low
21 obviously, but the one issue that I will be going
22 forward, very interested in seeing, is in many ways
23 it's relatively easy to meet minority hiring goals on
24 the lower level jobs in a community like Philadelphia.
25 The concern I have is not of the lowest paying jobs,

1 but more on management, executive and the higher
2 paying jobs and then with respect to procurement, not
3 just with respect to construction and with what I
4 consider low hanging fruit. I am going to be very
5 interested in seeing how and would expect you would
6 have the ability to over perform on hiring for
7 management, executive positions and similarly with
8 respect to the professional services and other higher
9 end services on the procurement side and hiring side.
10 So no need to respond. I understand your commitment
11 to that Ms. Hamilton and Ms. Whitaker. I just wanted
12 to make that quite clear that that's something that
13 we'll continue to keep an eye on.

14 PRESIDING OFFICER:

15 Does SugarHouse have any follow-up from
16 any of the questions from the Board Members?

17 MR. DONNELLY:

18 No. I move the PowerPoint into evidence
19 and with that our comments are completed.

20 PRESIDING OFFICER:

21 Okay. We'll mark your PowerPoint as
22 SugarHouse HSP number one for the record.

23 (SugarHouse HSP Exhibit Number One marked
24 for identification.)

25 MR. DONNELLY:

1 Thank you.

2 PRESIDING OFFICER:

3 We'll begin now with the public comment
4 portion of the Hearing and we will begin with reading
5 into the record the letters from the local government
6 legislature, other officials. Doug Sherman.

7 ATTORNEY SHERMAN:

8 The Board has received five letters for
9 inclusion in the record. Each of these will be marked
10 as exhibits and included in the record from the Board.
11 They've also been provided to the SugarHouse Applicant
12 in advance.

13 The first letter received dated May 17th
14 is from Senator Lawrence M. Farnese, Jr., of the 1st
15 District. Dear Chairman Fajt, I am writing in support
16 of the Petition of SugarHouse HSP, Gaming LP for
17 authorization to conduct table games. As the
18 recession is continued it is most important to be
19 voiced by my constituents as the need to return to
20 work. The introduction of table games to SugarHouse
21 will create hundreds of new permanent jobs in addition
22 to temporary construction positions. These are family
23 sustaining jobs with benefits that will help
24 Philadelphia continue to grow and thrive.
25 Furthermore, the addition of table games has the

1 potential to make SugarHouse more attractive to
2 visitors and out-of-state residents. This is crucial
3 to realizing the maximum financial benefit to
4 taxpayers that was intended by the Gaming Act.

5 As the Board knows, I have been and will
6 continue to be an advocate for Gaming Reform and
7 community participation in Casino development.
8 Looking to the future, I urge the Board to insure that
9 SugarHouse continues to expand its existing
10 commitments of working with community interests,
11 hiring local residents, and partnering with
12 neighborhood businesses. Thank you for your
13 consideration. Sincerely, Lawrence M. Farnese, Jr.

14 The second written comment is from
15 Darrell Clark, Councilman 5th District in the City of
16 Philadelphia, dated May 17th. Mr. Chairman, I'm
17 writing in support of SugarHouse Casino's Petition for
18 Authorization to conduct table games. SugarHouse has
19 worked at length with the city and the neighboring
20 community over the past three years to address design,
21 planning, and public safety concerns. Additionally,
22 SugarHouse has been a good neighbor, working with the
23 surrounding community for several months agreeing to a
24 Community Benefits Agreement that gives at least \$1
25 million annually and making their first pre-opening

1 payment of \$175,000 to the Penn Treaty Special
2 Services District in October of 2009.

3 SugarHouse is also committed to
4 aggressively seeking out and utilizing qualified MBE,
5 WBE and LBE firms throughout all phases of this
6 project. The SugarHouse Project means significant
7 jobs and revenue to the city. With the addition of
8 table games the city gains several hundred new jobs.
9 An additional tax revenue will be generated for the
10 city and Commonwealth. Given our current economic
11 state and the unemployment rate hovering at nearly ten
12 percent, the addition of table games at SugarHouse
13 will be a welcome boom to both the city and
14 Commonwealth's economy. For these reasons I am
15 respectfully requesting your approval of SugarHouse's
16 Petition for authorization to conduct table games.
17 Sincerely, Darrell L. Clark.

18 The next submission dated May 17th is
19 that of Frank DiCicco, Councilman 1st District. Dear
20 Chairman Fajt and Members of the Board, thank you for
21 providing me the opportunity to submit written
22 comments regarding HSP Gaming's Petition to provide
23 table games at SugarHouse Casino.

24 I fully support the addition of table
25 games to the entertainment options at SugarHouse

1 Casino. Table games means hundreds of more jobs
2 onsite and HSP Gaming has made commendable efforts and
3 commitments to hire from within the adjacent
4 neighborhoods and within the city for its jobs. Table
5 games jobs also provides a better than average salary
6 and benefits, which is particularly critical when
7 Philadelphia is confronted with double digit
8 unemployment.

9 The addition of table games will also
10 result in badly needed revenues for the City of
11 Philadelphia and Commonwealth of Pennsylvania at a
12 very opportune time.

13 Finally, table games at SugarHouse Casino
14 will also mean an exciting entertainment option for
15 our booming tourism and convention industry. As
16 Councilman for the 1st District where the Casino is
17 located, I am committed to insuring that SugarHouse
18 has all the possible tools at its disposal in order to
19 be a complete success that we can all be proud of.

20 Table games are a critical component for
21 SugarHouse getting started on the right foot and so I
22 respectfully ask the Gaming Board to approve this
23 petition. Sincerely, Frank DiCicco, Councilman 1st
24 District.

25 The next letter dated May 18, 2010 is

1 from Philadelphia Mayor Michael A. Nutter. Dear
2 Chairman Fajt, I am writing to express my support for
3 SugarHouse Casino's Petition for Authorization to
4 conduct table games. One of the City of
5 Philadelphia's most pressing issues is the current
6 economic environment, high unemployment, I'm
7 sorry --- one of the City of Philadelphia's most
8 pressing issues in the current economic environment of
9 high unemployment is the creation of new job
10 opportunities for our residents. The addition of
11 table games provides a real opportunity to grow the
12 number of positions during the initial phase of
13 development at the Casino by several hundred new jobs.
14 Those jobs, which offer family-sustaining wages and
15 benefits are needed now.

16 The addition of table games will also add
17 to the entertainment options offered through a vibrant
18 hospitality and tourism industry. For these reasons I
19 would ask the Gaming Board to give favorable
20 consideration to SugarHouse Casino's Petition.

21 Sincerely, Michael A. Nutter, Mayor.

22 The final written document received for
23 inclusion in the record is a five-page letter, written
24 on the letterhead of the Eastern Pennsylvania Citizens
25 Against Gambling. It is signed by James D. Schneller.

1 I note that Mr. Schneller and Eastern Pennsylvania
2 Citizens Against Gambling have signed up to speak
3 today. Mr. Schneller is present. I will briefly
4 address the primary points in the five-page letter.
5 Mr. Schneller obviously, will have the opportunity to
6 address the Board, in addition.

7 The five-page letter, which will be
8 provided to all Board members as part of the record
9 contains 28 numbered paragraphs. It in essence
10 contends that the Board does not have the authority to
11 grant the HSP Petition for table games due to a
12 variety of pending appeals and other litigation, which
13 has been filed. The organization contends that the
14 granting of table games would be an intrusion on the
15 rights of citizens and businesses in Pennsylvania.
16 They contend that the Gaming Act and the way it was
17 passed and implemented is unconstitutional. They
18 contend that a stay is warranted of any action by the
19 Board until the next election due to changing
20 political climates.

21 They contend that table games foster
22 additional addictive behavior in addition to that
23 associated with slot machines. They contend that
24 table games will result in unequal and unlawful
25 taxation of segments of the general population that

1 participate in table games. They contend the various
2 constitutional rights of the citizens will be violated
3 by the negative effects of gambling. They contend
4 that these very Public Input Hearings, provided for by
5 the general assembly in the most recent Act I of 2010,
6 are misleading and bad faith legislation, which denies
7 due process to the citizens. And they contend that
8 the City of Philadelphia will lose considerable tax
9 revenue from gambling due to the redirection of monies
10 from other taxable spending. That's the five written
11 submissions. Again, they will be placed into the
12 record and for your consideration upon taking up the
13 HSP Petition.

14 PRESIDING OFFICER:

15 And those written comments will be marked
16 as Hearing Exhibit Number Two for our record.

17 (Hearing Exhibit Number Two marked for
18 identification.)

19 PRESIDING OFFICER:

20 We'll now begin with the comments from
21 those that have registered. As I call your name, if
22 you'd please, come forward to the microphone. I
23 remind the speaker if you could state and spell your
24 name for our court reporter before you begin your
25 comments. I don't believe we have any elected

1 officials or legislators signed up to speak. We have
2 a Community Group representative and individuals. May
3 I remind Community Groups, they have approximately
4 five minutes to speak and individuals, approximately,
5 three. And I'll remind you when your time is up to
6 wrap your comments up. We will begin with Katherine
7 Rhoads.

8 MS. RHOADS:

9 Good morning. And thank you for giving
10 me the opportunity to speak Chairman, Commissioners.
11 I'm here as a lifetime resident of Fishtown, a working
12 mother and grandmother. And I'm also part of the FACT
13 Board, Fishtown Action Board. I'm asking for your
14 consideration and support for the approval of the
15 License for table games of the SugarHouse Casino. I
16 reek with excitement as SugarHouse prepares for their
17 grand opening. I can't contain myself I'm so excited.
18 I believe it will be grand. I feel SugarHouse is one
19 of the finest facilities that the City and Fishtown
20 have seen in a number of years. I applaud the hard
21 work of all those involved with bringing this casino
22 to our riverfront and for allowing us, the neighbors
23 to be a part of the positive future that SugarHouse
24 will bring. Not only jobs but revenue for our city.
25 SugarHouse Casino will be a good neighbor

1 that is solely committed to the concerns of Fishtown
2 and the surrounding areas. The table games will bring
3 more revenue, more tourists and visitors to our brand
4 new beautiful casino. People need jobs and the city
5 and state need money. My entire family supports the
6 SugarHouse development and I have a big family. We
7 want the SugarHouse Casino, we want to enjoy our
8 riverfront, and we want more new businesses to come to
9 the waterfront. Kudos to SugarHouse for stepping up
10 to the plate to take this trash known area and make it
11 into a magnificent complex of beauty and wonder and
12 public access to the river. Please, support the
13 approval for the expanded license for table games and
14 SugarHouse. Please, help us move forward to what we
15 have worked so hard to accomplish. Philadelphia is a
16 great city. It needs a great casino and SugarHouse
17 will be just that and more. I want to see across the
18 river. I want my grandkids to see across the river.
19 I want my mom to be able to walk to see the river.
20 It's our turn. It's our time. Thank you for allowing
21 me to share my comments.

22 PRESIDING OFFICER:

23 Thank you. Our next speaker, Mike Farra.
24 Mr. Farra? Okay. Lily Cavanagh.

25 MS. CAVANAGH:

1 Good morning. My name is Lily Cavanagh.
2 I'm from Philadelphia. Do you need me to spell my
3 name?

4 PRESIDING OFFICER:

5 Please do for the court reporter.

6 MS. CAVANAGH:

7 C-A-V-A-N-A-G-H.

8 PRESIDING OFFICER:

9 I'm not sure. Did I see you standing and
10 be sworn while we had ---?

11 MS. CAVANAGH:

12 I thought maybe you only said SugarHouse.

13 PRESIDING OFFICER:

14 I'll have the court reporter swear you in
15 right now.

16 -----

17 LILY CAVANAGH, HAVING FIRST BEEN DULY SWORN, TESTIFIED
18 AS FOLLOWS:

19 -----

20 MS. CAVANAGH:

21 The casinos across the state have not
22 proven to be the economic pendancy as they've
23 promised. Slots and table games will be a bigger ---
24 will blow a bigger hole in our State budget.
25 SugarHouse will soon be laying off workers just like

1 BethWorks Sands have in the past few weeks. And not
2 once has anyone today mentioned any of the costs that
3 casinos will bring so I'm glad that James will be
4 speaking to that. Also, I think it's unacceptable
5 that a government agency not allow the public to
6 decide at the time of the Hearing to testify based on
7 what they've heard. So, I'm going to give the rest of
8 my testimony to Ann Price.

9 MS. PRICE:

10 I'm only going to address the Gaming
11 Control Board.

12 PRESIDING OFFICER:

13 Ms. Price, may I interrupt you? I don't
14 know if you sworn in as well.

15 MS. PRICE:

16 Oh, I did raise my hand and say yes, when
17 she just --- you can do it again, if you want.

18 PRESIDING OFFICER:

19 Go ahead.

20 MS. PRICE:

21 Again, what Lily says, I've sat here,
22 I've been at many, many of the meetings and I have
23 never once heard a member of this Committee ask a
24 challenging or probing question of these people. You
25 have given them every opportunity to tell about their

1 wonderful access to the river, the providing training
2 in the writing of their resumes and all the other
3 marvelous things that you're doing. You have not even
4 talked about the 70 percent of the profits of the
5 casinos which are made from problem gamblers or
6 gambling addicts who are also members of our
7 community, and are going to cost this community a
8 whole lot of money because of the bankruptcies, broken
9 families, divorces, suicides and other social
10 manifestations of gambling. We have never heard you
11 challenge or talk about any of these issues and I
12 think you should be ashamed of yourselves. You
13 provided a venue for the glorification of this
14 predatory enterprise and I think you have abandoned
15 your responsibility to the people of Pennsylvania and
16 the people of Philadelphia and I think you should be
17 ashamed.

18 MS. LOBASSO:

19 May I also add a comment as far as the
20 casino in Philadelphia?

21 PRESIDING OFFICER:

22 Again, your name and were you sworn in?

23 MS. LOBASSO:

24 No, I wasn't.

25 PRESIDING OFFICER:

1 Will you please, state and spell your
2 name?

3 MS. LOBASSO:

4 Sure. Francesca LoBasso.
5 F-R-A-N-C-E-S-C-A, L-O-B-A-S-S-O.

6 -----
7 FRANCESCA LOBASSO, HAVING FIRST BEEN DULY SWORN,
8 TESTIFIED AS FOLLOWS:

9 -----
10 MS. LOBASSO:

11 I'd just like to add a final comment as a
12 resident of Philadelphia. I live in Bella Vista. I
13 used to live in Northern Liberty. And just in
14 addition to that I just want to say that I've been
15 living in Philadelphia for about seven years now and I
16 very much love this city. And my opposition to the
17 predatory tactics of a slot parlor is because of how
18 much I love this city and I think that there's a lot
19 of talk about the initial revenue, the initial jobs
20 that will be created, but we've already seen from
21 Bethlehem Sands, from Rivers Casino that the revenue
22 that is projected to be generated is not possible in
23 this economy and I think that building another casino
24 is just adding to this over-saturation and is just
25 going to decimate our community over the long term.

1 And I love this city and I don't want to see that
2 happen so. Thank you.

3 PRESIDING OFFICER:

4 Our next registered speaker is --- sir?

5 MR. HAJDO:

6 I don't know if it's ---.

7 PRESIDING OFFICER:

8 You're speaking on behalf of ---?

9 MR. HAJDO:

10 Yes.

11 PRESIDING OFFICER:

12 State your name for the record.

13 MR. HAJDO:

14 Dan Hajdo, H-A-J-D-O.

15 PRESIDING OFFICER:

16 And were you sworn in?

17 MR. HAJDO:

18 No.

19 -----

20 DAN HAJDO, HAVING FIRST BEEN DULY SWORN, TESTIFIED AS
21 FOLLOWS:

22 -----

23 MR. HAJDO:

24 Recent survey involved a research on
25 casinos, pointed out that when casinos don't draw from

1 the local community, exclusively, don't take all their
2 --- send all their business to the local community,
3 they cost jobs. Okay. And surveys of gambling in
4 states across the country have shown they don't bring
5 economic development. That's what the research shows.
6 Okay. Now, that wouldn't even include opportunity
7 costs, so development on the riverfront in San Antonio
8 is expected to generate 50,000 jobs and \$1 billion in
9 local revenue. Okay. Compare that to 800 jobs that
10 SugarHouse is promising and what we've seen before
11 probably won't even be able to deliver. For this kind
12 of investment, for this kind of money, 800 jobs? The
13 kind of opportunity costs for development along the
14 riverfront. We've seen stalls along the riverfront
15 because casino interests have bought up the land and
16 sat on it until they could get these laws passed. So
17 you see they are not exactly saving us anything. The
18 casino interests are the ones that have stopped
19 development this whole time and there's no reason to
20 expect they're going to be anymore enthusiastic about
21 the development now.

22 So the other thing that the recent report
23 shows is that average wages go down even if jobs are
24 created when casinos come into the area. So this is
25 not going to bring economic development. This is not

1 going to bring added revenue. Costs by education are
 2 out paced by casino revenue across the country. We
 3 are going to lose money. That's what the evidence
 4 shows and I have not ever heard any evidence presented
 5 by casinos to show anything different. And it's not
 6 out there because other people have looked, I've
 7 looked and it's just not there. The Board has no
 8 evidence, the casinos have no evidence and so, the
 9 facts as they stand really are it's going to cost us
 10 jobs, it's going to cost us revenue. This is not good
 11 for our city. Thank you.

12 PRESIDING OFFICER:

13 Our next registered speaker is Mr. James
 14 Schneller on behalf of the Eastern Pennsylvania
 15 Citizens Against Gambling. And Mr. Schneller, I don't
 16 believe you were sworn either.

17 -----
 18 JAMES SCHNELLER, HAVING FIRST BEEN DULY SWORN,
 19 TESTIFIED AS FOLLOWS:

20 -----
 21 MR. SCHNELLER:

22 Thank you. I'm Jim Schneller. I'm also
 23 the Principal of Eastern Pennsylvania Citizens Against
 24 Gambling and my individual role, I have lived in the
 25 Philadelphia area for 50 years. I regularly commute

1 or pass by, traverse the immediate vicinity. I've
2 always ridden my bike on Delaware Avenue and have a
3 strong affinity for the entire neighborhood and
4 separate neighborhoods and the entire city. I wish to
5 thank the previous speaker who made some wonderful
6 points and thank the Board for putting my comments
7 into the record. I'd like to embellish them as much
8 as possible. Eastern Pennsylvania Citizens Against
9 Gambling also represents in addition to thousands of
10 city residents and the multiple residents who are
11 typically not heard at these proceedings, but I hope
12 not, but apparently in the record of the proceedings
13 in general, residents and commuters of the concentric
14 four counties, we consider ourselves to be separated
15 already under the effects of the Parx, at Harrah's and
16 Chester and this, of course, is woven into what I'm
17 about to say.

18 One point I have to repeat is the fact
19 that there are ongoing appeals to the Supreme Court of
20 Pennsylvania on this issue. One of them, in fact, is
21 quite substantial and it is in regard to City
22 Ordinances that pertain to other various approvals
23 that were part of the proceeding on an ultimate grant
24 in extension of time. I can't see how the Board can
25 proceed any further on something substantial like

1 table games. You've taken over and changed the site
2 plan, but this is a different matter and we have no
3 need to file any separate requests for stay, because
4 number one, the Supreme Court's already being told
5 that we are out of place. And second of all, the Law
6 clearly states that if there's an appeal in process
7 and it can only be an appeal to the Supreme Court,
8 things can't proceed.

9 We feel that the claims that enhance the
10 tourism once again, have to be contested. There is no
11 enhancement of tourism to the Philadelphia area that
12 could occur in any way. The numbers of tourists will
13 not be increased, but feasibly decreased. This is not
14 the type of intrastate powers that was intended by our
15 Constitution or the Federal Constitution. Our image
16 as a tourism magnet is being ruined community by
17 community. The Pittsburgh community now has a large
18 glaring casino in the center of town that really is a
19 deterrent to many people. We cannot fall for the
20 ambivalence of the wonders of casino gambling because
21 we're typical citizens and we're not stupid and we
22 know the basics. Like going out to the Poconos. We
23 hope this will never happen to Philadelphia.

24 The projected revenue has not been
25 adjusted for capitalization that would occur by other

1 casinos that are present. And we think we'd like to
2 contest those projections. We'd also would like to
3 contest the neighbors' approval that may be testified
4 to today. We feel it's biased and questionable. We
5 think it's without factual basis. We think that the
6 fact that \$76 million having been spent in the
7 community is with all respect, evidence of bribery.

8 The real community groups are the
9 citizens of Philadelphia after having been made to
10 suffer through the types of addiction and family
11 strife that result from this. We wish to emphasize
12 that the implements in place for addiction have
13 nothing to do with habituation, which is a 17-fold
14 problem. We note of course that recent studies of
15 nearby casinos show that the clientele is likely to
16 show huge amounts of being --- from liberal customers
17 who gamble three, four and five times a week. This is
18 not typical citizen behavior and the casinos are
19 concentrating on the folks who are more likely to be
20 lured in.

21 What kind of a climate is this for the
22 City of Philadelphia to have a third blight on our
23 landscape that 9/10 of the citizens will readily
24 admit, is an unnecessary change and I think the Board
25 has a right to take these kind of objections into

1 consideration. You are after all, the decision making
2 body. You are the executive branch, if you will, I
3 trust not, but you are certainly entitled to make all
4 kind of adjudications that will assist us in this kind
5 of issue. We feel and we claim that the negative
6 effects seen on local communities, which is now proven
7 by the Parx will be highly concentrated in this area.
8 We have to think about when we speak of local
9 neighborhoods, the citizens of the neighborhoods. The
10 proximity, the walking distance, what kind of effect
11 is going to happen on these neighborhoods?
12 Philadelphia does not want to be an aquarium. We
13 don't want to be a try out. We know what's going to
14 happen. We're disgusted. And the commuters, likewise
15 are quite disgusted. Apart from folks who are, of
16 course, pleasantly amused may gamble some. The
17 majority of Philadelphia is --- are highly informed
18 because of the ample coverage given in the papers and
19 we disapprove.

20 We would also like to object to efforts
21 to issue credit and drawing you popularized to the
22 more readily swayed we think this is entirely to
23 compartmentalize debilitations to our constitutional
24 rights. And many rights are being tread upon. And
25 the Board once again has an ability to alleviate this

1 terrible wrong that's being done. Our rights, in
2 fact, to defend property are infringed upon as well as
3 those to simply stick up for our wellbeing, for our
4 morals, for our religion, for our equitable court
5 system and for our environment. I don't think anyone
6 would argue that all of these are being touched upon,
7 debilitated and harmed by the inclusion of casinos in
8 our culture and specifically in this neighborhood.

9 To wrap up, I thank the Board for the
10 speaking time, but I do have to claim that the topic
11 is so upsetting to people that I run into and I think
12 the population in general that besides an apathy
13 that's occurred because of a perception of business as
14 usual there's also a fear, but more so there is
15 distress and people can't come here because they can
16 barely speak. I object to the fact that any of the
17 community groups mentioned have taken on a true
18 responsibility for all the effort they may be doing to
19 properly implement rewards or bribes. I don't believe
20 that this is a representation of the people. So thank
21 you Board very much. It's nice of you to be here in
22 the city.

23 In conclusion, I'd like to object to
24 these, quote, donations that have been made to
25 community groups prior to any capital being generated.

1 I'd like to ask a continuing pendency of the petition.
2 I don't --- for the reasons I've stated, they might be
3 in my letter, but also based on the general evident
4 flow of the current litigation, decisions the Board
5 might be making in regard to other facilities and the
6 fact that the economic climate in question.

7 I ask the Bureau and the Office, I hope
8 some of them are here, to continue to fully
9 investigate not only the principals and the investors
10 involved as they're meant to do, but to upgrade
11 scrutiny of these particulars, the physical
12 particulars. The particulars of the environmental and
13 moral concerns of the population. They are part of
14 the equation. I ask in particular the condition for
15 no extension of credit at this location. You have the
16 power to issue a license for table games. You have
17 the power --- you certainly have the power to take a
18 first step and issue a condition that no credit of any
19 sort be issued at the facility or within a quarter
20 mile of the facility and I'd like to point out that
21 Philadelphia unlike many municipalities has a strong,
22 I forget the nomenclature, a --- a credit related, you
23 know, local --- a shark credit ---.

24 COMMISSIONER TRUJILLO:

25 Predatory lending.

1 A. Pardon?

2 COMMISSIONER TRUJILLO:

3 Predatory lending.

4 A. Yes.

5 PRESIDING OFFICER:

6 Mr. Schneller, if I could ask you to wrap
7 up your comments. We are at about ten minutes now for
8 your time.

9 MR. SCHNELLER:

10 Oh, okay. I appreciate that. I'd like
11 to say that the large turnout at the job fair is
12 distressing. It's distressing how Philadelphia must
13 believe that a casino is the source of jobs. And the
14 way they ballyhoo it as such. I see no real evidence
15 about minority owned businesses. Granted, I have not
16 seen it in my personal scrutiny, but I haven't seen it
17 presented here. And unfortunately I'll admit that
18 what a travesty this is that we're talking about
19 businesses, minority owned businesses and women owned
20 businesses under the same heading as what will
21 constitute a huge wrong to minority of Center City and
22 North Philadelphia, the entire community. Thank you
23 very much.

24 PRESIDING OFFICER:

25 Thank you. Our next speaker is Joe

1 Rafter. Mr. Rafter, I don't believe you were sworn in
2 either.

3 MR. RAFTER:

4 I was not.

5 PRESIDING OFFICER:

6 We'll have the court reporter swear you
7 in.

8 -----

9 JOSEPH RAFTER, HAVING FIRST BEEN DULY SWORN, TESTIFIED
10 AS FOLLOWS:

11 -----

12 MR. RAFTER:

13 Good morning. My name is Joe Rafter. I
14 am the chairman of the Penn Treaties Special Services
15 District. I want to mention my connection to the
16 neighborhood, that is Fishtown and Northern Liberty.
17 I was born and raised in Fishtown, born in St. Mary's
18 Hospital. Went to Holy Name grade school and North
19 Catholic and onto Temple University. So I just want
20 to mention that for my roots in the community. I now
21 live in Northern Liberty and that's only because my
22 wife said so.

23 The SugarHouse Casino has been an
24 excellent community partner, neighbor and corporate
25 citizen. The neighboring community looks forward to

1 many employment and vending opportunities that
2 SugarHouse will bring into the community. These
3 opportunities will only grow with the addition of
4 table games at the SugarHouse Casino. To date, the
5 Penn Treaty Special Services District has given out
6 over \$148,000 to very needy groups including such
7 schools at St. Peter's, St. Laurentius, St. Ann's and
8 LaSalle Academy. We've helped veterans group, art's
9 programs and also Fishtown Main City which has 850
10 children registered in the athletic programs. None of
11 this would have been possible without the working
12 relationship between SugarHouse and the neighboring
13 community.

14 I also wanted to maintain --- I'm sorry.
15 I can't understand my own writing. I also want to
16 mention the availability of SugarHouse ownership and
17 management. Our group, the Penn Treaty Special
18 Services District, in fact, has met in living rooms,
19 churches and in the streets of our neighborhood.
20 SugarHouse maintains an open door policy to work with
21 the community. And if I could, I would be no where
22 near five minutes, if I could, Chairman, give you an
23 article in our local paper.

24 CHAIRMAN:

25 Sure.

1 MR. RAFTER:

2 I meant to get more copies. I'm sorry.
3 I'm unorganized. This will show from beginning to end
4 what was a playground that was in complete disrepair.
5 Something that the city could not or would not support
6 anymore, how some local neighborhood guys rolled up
7 their sleeves and basically took something that some
8 other neighbors were trying to turn into a golf park
9 that would have never been able for our children to
10 play sports any more, how we the Penn Treaty Special
11 Services District helped this program. It is now a
12 pride --- a source of pride for the neighborhood. If
13 I could give this to you.

14 CHAIRMAN:

15 Sure.

16 MR. RAFTER:

17 Thank you for your time.

18 PRESIDING OFFICER:

19 We'll accept that in the record as
20 Hearing Exhibit Number Three included in the records
21 for the Board. Thank you. Madeline O'Brien?

22 (Hearing Exhibit Number Three marked for
23 identification.)

24 MR. RAFTER:

25 I don't think she's able of making it.

1 PRESIDING OFFICER:

2 Richard Levins.

3 MR. LEVINS:

4 Yes.

5 PRESIDING OFFICER:

6 If I mispronounced your name, I'm sorry.

7 And I don't believe --- were you sworn in for the
8 record?

9 MR. LEVINS:

10 No, I was not.

11 PRESIDING OFFICER:

12 Okay. We'll have the court reporter
13 swear you in.

14 -----

15 RICHARD LEVINS, HAVING FIRST BEEN DULY SWORN,

16 TESTIFIED AS FOLLOWS:

17 -----

18 MR. LEVINS:

19 Good morning, members of the Control
20 Board and the audience. My name is Richard Levins.
21 You had it right, L-E-V-I-N-S. I am a lifelong
22 resident of Philadelphia and for the last 28 years
23 I've lived in the Fishtown section of Philadelphia,
24 just five blocks from the SugarHouse Casino.

25 I've always been an active member of my

1 community. I've coached little league teams, the
2 Fishtown Athletic Club. And for the last ten years
3 I've volunteered as a member of the Board of Directors
4 for the New Kensington Community Development
5 Corporation. For the last four of those years I've
6 served as president and chairman of the board of New
7 Kensington CDC. I also currently volunteer as a board
8 member of the Penn Treaty Special Services District.
9 And as you might be thinking I do have a real job.
10 I'm an attorney and health care executive in
11 Philadelphia.

12 I'm here today to offer my individual
13 support for SugarHouse to receive a license for table
14 games. From a marketing position perspective
15 SugarHouse will need to offer table games in order to
16 remain competitive with other gaming venues including
17 Atlantic City casinos. If SugarHouse is not permitted
18 to offer table games the Commonwealth of Pennsylvania
19 and particularly the City of Philadelphia will be
20 disadvantaged.

21 My clear sense is that Philadelphia
22 convention business will continue to travel to
23 Atlantic City if Philadelphia's only casino is not ---
24 is not able to offer table games. As an active
25 community leader I and several of my neighbors had the

1 opportunity to work with SugarHouse Casino management
2 since 2006. This work led to the creation of a
3 Community Benefits Agreement whereby SugarHouse has
4 made a long-term commitment to the neighborhood on
5 various fronts. These commitments include active
6 recruitment of local residents for construction jobs
7 and permanent casino positions, internships for
8 neighborhood college students, use of local vendors
9 and an ongoing financial commitment to the Penn Treaty
10 Special Services District which passes on 100 percent
11 of its funds to local non-profit community
12 organizations. And I might add that Mr. Rafter
13 alluded to this ball field. If you drove by it today
14 you would think it was Connie Mack Stadium. I know
15 I'm dating myself, but with sprinkler systems it looks
16 like a green carpet.

17 The Special Services District has already
18 received funding from SugarHouse Casino and has
19 awarded grants to many worth while community
20 organizations and Joe alluded to them earlier. While
21 SugarHouse Casino has not yet opened its doors over
22 the last three years it has already established itself
23 as an outstanding corporate citizen in our community
24 and in the City of Philadelphia.

25 In conclusion, for all of the above

1 factors, I would respectfully request that the Gaming
2 Board approve table game license for SugarHouse. And
3 before I say thank you, I'd like to just touch on two
4 issues that came up.

5 One, access to the waterfront. The
6 Gaming Board members may recall that the initial
7 design by SugarHouse included a very grand access that
8 the community would be able to enjoy. Not that they
9 can't enjoy it now, but it was much more pleasant,
10 grand and accessible, but because of litigation from
11 the opposition and the refusal of a local elected
12 official to introduce riparian rights they had to cut
13 back that design. And fortunately --- and we're
14 grateful to SugarHouse that they've maintained access
15 for the community.

16 The other issue with respect to benefits
17 to the community, I was involved in discussing
18 benefits to the community with the other applicants
19 before the licenses were awarded. And I distinctly
20 remember sitting down with Pinnacle, one of the
21 applicants that did not get the license, and they were
22 very clear and unwavering in their statement that,
23 hey, our tax rate is over 50 percent. That's the
24 money this community will get. You're going to get
25 nothing directly from us. That was their culture and

1 fortunately the culture of SugarHouse, the SugarHouse
2 team prevailed and was awarded the license. Thank you
3 very much.

4 PRESIDING OFFICER:

5 I believe Commissioner Trujillo had a
6 comment or a question.

7 COMMISSIONER TRUJILLO:

8 Not for you, Mr. Levins, but thank you.
9 I simply wanted to --- partly because like I said I
10 live in Philadelphia. I wanted to first express my
11 gratitude and in particular to folks from --- that
12 spoke a littler earlier including Mr. Schneller and
13 the representatives from Casino Free Philadelphia on a
14 number of fronts.

15 Number one, I appreciate the fact that
16 you are here on your own time, that you're not here
17 motivated by self-interest. That you're here
18 motivated by desire to have a better community and
19 that you have an interest in what's going on. So, I
20 want to say first, I greatly appreciate your time and
21 your being here. I also appreciate and would
22 encourage you to continue whether --- and a follow-up
23 to this, and I've said this before publicly, it is
24 relatively clear at least to the economics that gaming
25 in Pennsylvania is a success from an economic

1 standpoint today. And the reason I say that is
2 because the numbers are hard to argue with from ---
3 and the state had gotten nearly \$4 billion in tax
4 revenue over the last couple --- over the last few
5 years since gaming has happened.

6 Where the jury is still out, as far as
7 I'm concerned, is on some of the social costs that you
8 have described. And part of the reason I would desire
9 that you continue your advocacy is because we can't
10 --- you are correct, we as a Board cannot lose sight
11 of the social cost or other costs. There was study
12 recently done by the Federal Reserve Bank trying to
13 measure the social cost of gaming in Pennsylvania and
14 in New Jersey and it's an interesting study, but
15 they've conclude themselves that the economics of
16 gaming have truly been a great success in Pennsylvania
17 from a economic standpoint.

18 I also want just to briefly --- I know
19 it's sometimes perhaps hard for a general public to
20 understand that as a regulatory arm, we're not the
21 legislature so we don't make most of the rules under
22 which we operate. So for instance, this hearing is
23 not a broad hearing. You heard me go through seven
24 specific things that the operators need to establish
25 in order to satisfy the Board that they are or are not

1 eligible for a table games certificate. If we were to
2 consider things that were beyond what the legislature
3 told us to consider and denied based on external
4 factors then the casinos could appeal and probably
5 would appeal and we would lose. So our jurisdiction
6 is not plenary, it's not broad, it's relatively
7 circumscribed by the legislature. And so whether or
8 not casinos exist in Pennsylvania is not the
9 responsibility of the Gaming Control Board. Our role
10 is one which includes a balancing. Part of it is we
11 have to understand and accept and we do the fact that
12 the, the legislature, the Governor and the people of
13 Pennsylvania have approved gaming as something ---.

14 AUDIENCE MEMBER:

15 It's been approved?

16 PRESIDING OFFICER:

17 Excuse me.

18 COMMISSIONER TRUJILLO:

19 This is not a conversation. This is
20 really my comment. But through the legislature who
21 are the elected representatives of Pennsylvania and
22 through the Governor gaming has been approved in
23 Pennsylvania. So, our job is to, as best we can, and
24 within the constraints given to us by the legislature,
25 to make sure that it is done as responsibly as we

1 possibly can within those constraints. So, I just
2 wanted you to understand that we are hardly all
3 powerful, but we are dedicated to every single person
4 that is --- both Board members, staff, everybody at
5 the Gaming Control Board and I'm the newest member of
6 the Board. I've only been there for six months. I'm
7 from Philadelphia and I will tell you to a person,
8 everyone that I have encountered on the Board or the
9 staff is absolutely committed to doing everything they
10 can to make sure that it's done as responsibly as we
11 possibly can.

12 And my final comment, I want to say, as
13 respects the credit issue, I too am --- I've spent
14 more than a decade of my career working against
15 predatory lending practices and have sued many
16 financial institutions that engage in predatory
17 lending practices. I have been concerned about how
18 credit availability of casinos can impact lower income
19 players.

20 Once again, however, the legislation is
21 fairly constraining as to what the Gaming Control
22 Board can do. There are a number of activities that
23 we will have absolutely no ability to control. We
24 have some ability to do that through our regulatory
25 process and we're taking a very close look at those

1 regulations, but most of what casino operators can do
2 with respect to the granting of the credit has already
3 been spoken to within the legislation and it will not
4 be --- so the Gaming Control Board's role will be
5 relatively limited just on the regulatory side of
6 that. So, I appreciate that concern. Again, we'll
7 take that seriously and particularly because right now
8 our staff is, in fact, in the process of drafting the
9 regulations with respect to granting credit to the
10 casinos. And I promise you I will look at that as
11 rigorously as we possibly can and will continue to do
12 that. So, I just --- I know this is a little bit
13 unusual, but I really did want to appreciate your
14 interest and the fact that you're here. Thank you.

15 PRESIDING OFFICER:

16 Thank you. That is end of the list of
17 people that I have registered to speak. Is there
18 anyone here today who believes they had registered to
19 speak and I did not call your name? If so, raise your
20 hand. Seeing no one raising their hand, the record
21 created here today including the transcript of the
22 proceeding and all the exhibits including the written
23 comments will be forwarded to the entire Board which
24 is just two remaining members for its consideration.
25 The Gaming Act requires the Board act on SugarHouse's

1 petition within 60 days of its filing so that the
2 Board will be taking up and considering the petition
3 as its public board meeting on May 25th, 2010. Thank
4 you all for coming today and for your cooperation.
5 This public hearing is now concluded. Chairman Fajt
6 has a comment.

7 CHAIRMAN:

8 One last question or one last comment. I
9 too want to follow up on Linda's earlier comment and
10 thank the Philadelphia Community College and your
11 staff for assisting with this hearing today and our
12 great staff, too. These hearings don't happen
13 overnight. They don't happen without a lot of work on
14 the part of dedicated people, so thank you both, the
15 Philadelphia Community College and also, our staff,
16 for putting this together.

17 PRESIDING OFFICER:

18 Thank you. And with that this hearing is
19 now conclude and adjourned. Thank you.

20
21 * * * * *

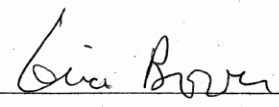
22 HEARING CONCLUDED AT 11:37 A.M.

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CERTIFICATE

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I hereby certify that the foregoing proceedings, hearing held before Presiding Officer Lloyd, was reported by me on 05/19/2010 and that I Gina M. Brower read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.



Court Reporter