

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC HEARING

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BEFORE: GREGORY C. FAJT, CHAIRMAN
James B. Ginty, Raymond S. Angeli,
Jeffrey W. Coy, Kenneth T. McCabe,
Gary A. Sojka, Kenneth I. Trujillo
(via telephone)

HEARING: Tuesday, May 25, 2010, 1:07 p.m.

LOCATION: Commonwealth Keystone Building
400 North Street, Hearing Room 1
Harrisburg, PA 17120

WITNESSES: Greg Carlin, Todd Moyer, Corey Plummer,
Joseph Barrett

Reporter: Jennifer T. Alves

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CHAIRMAN:

I'm Greg Fajt, Chairman of the Gaming Control Board. And just as a housekeeping matter, as we always do, if I could have everybody to turn off their cell phones, Blackberries and other PDAs. They tend to interfere with our communication system. And I will do the same thing.

Okay. Joining us today is Jorge Augusto representing the Secretary of Agriculture, Russell Redding, and David Barasch representing Secretary of Revenue, Dan Hassell. Thank you both for being here. Quorum of the Board is present. I'd like to call today's proceeding to order. As a first order of business, please join me in the pledge of allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN:

We have three items before the Board today by way of public hearing, which will take place prior to our public meeting. These public hearings pertain first to the Petitions for Approval of Authorization to Conduct Table Games and Issuance of a Table Games Operation Certificate, which were filed by Holdings Acquisition Company, LP, operators of the

1 Rivers Casino and HSP Gaming, LP, also known as
2 Sugarhouse.

3 The final hearing pertains to an amended
4 Petition for Approval of Expansion and Reconfiguration
5 of Mount Airy Number One LLC's gaming floor. For each
6 matter we will take evidence from each entity as well
7 as the Office of Enforcement Counsel (OEC). The Board
8 will then be given an opportunity to ask questions of
9 the parties and their witnesses. At the conclusion of
10 all that, we'll adjourn the hearing and immediately
11 proceed to the next hearing.

12 At the conclusion of Mt. Airy's hearing,
13 the Board will then take a recess to conduct
14 quasi-judicial deliberations on these matters before
15 returning to conduct our regularly scheduled meeting.
16 I'd like to first call --- and I see they're already
17 seated; Holding Acquisitions Company. Call that
18 matter to the floor. Prior to any presentation, could
19 all the witnesses who are going to provide testimony
20 today please stand to be sworn in by the stenographer?

21 -----

22 WITNESSES SWORN EN MASSE

23 -----

24 CHAIRMAN:

25 Thank you. And again, I would like to

1 ask all parties as you speak today to please, the
2 first time you speak, to please state and spell your
3 name for the stenographer. Before we start, I would
4 also note for the record that Holding Acquisitions'
5 public input hearing on this petition was held on
6 April 26th at the Allegheny County Courthouse in
7 Pittsburgh, Pennsylvania. Evidence received at that
8 hearing is now part of the record before the Board.
9 And with that, Holdings Acquisition, you may begin.

10 ATTORNEY DONNELLY:

11 Good morning. John Donnelly appearing on
12 behalf of Holding Acquisitions. We'll call it Rivers,
13 a little easier. Today I will have with me to address
14 the Section 1315(a) criteria Greg Carlin, who's the
15 CEO who you all know, Todd Moyer, who some of you met
16 at our public input hearing who is the General Manager
17 of the Rivers, Corey Plummer, who is our VP of gaming
18 and who was also at the public input hearing, and Joe
19 Barrett, who is Director of Gaming and operating out
20 of the oversight.

21 And all those will present information
22 with regard to what we're going to present today in
23 addressing the 1315 criteria. As you all know, I'm
24 sure that we are --- Rivers is currently in
25 restructuring, financial restructuring. And Greg will

1 address that. We are very happy in hopes that --- we
2 think that's going to wrap up perhaps this week;
3 perhaps in a couple days. And Greg can address that.
4 And it's been a long struggle for about three months.

5 Let me first introduce briefly Greg
6 Carlin again. I know you all know him, but for the
7 purposes of the record and the proof that we must make
8 with regard to competence and oversight. Greg's the
9 CEO of Rivers Casino. He has more than 11 years of
10 experience in the gaming industry, including numerous
11 casino development projects.

12 He's a Principal Board Member of Falls
13 View Management Company, which as I think everyone on
14 this Board knows operates casinos in Niagara Falls,
15 Canada; Chief Executive Officer of Riverwalk Casino
16 Hotel, a Vicksburg, Mississippi casino; and Chief
17 Executive Officer of a casino that's currently under
18 development right outside of Chicago. And I think
19 it's pronounced as Plains or the Plains in Illinois.

20 And he will be presenting the oversight
21 on the restructuring that's currently over --- that
22 we're currently undergoing and introducing the
23 operational people who will be actually implementing
24 the table games if the Board grants our petition.
25 With that, I'll turn it over to Greg.

1 MR. CARLIN:

2 Thanks, John. First, I'd like to talk
3 about our corporate operations to demonstrate that our
4 business ability and experience to create and maintain
5 a successful table games operation.

6 Our property in Niagara Falls, Falls View
7 Resort and Casino, it's actually owned by the Province
8 of Ontario. And our company manages it under a
9 long-term agreement with the province. And it's got a
10 very large gaming operation; 3,200 slot machines, 133
11 table games. Last year, 2009, we did in excess of
12 \$600 million of gaming revenue. We have a very big
13 table business there, lots of high-limit play in our
14 high-limit area and baccarat play.

15 And our second property in Riverwalk,
16 which is in Vicksburg, Mississippi, has 796 slot
17 machines and 20 table games. It opened in October of
18 2008 and has met our projections and been a successful
19 casino. We're currently exceeding our fair share
20 there by a significant amount, higher than our
21 original expectations.

22 We also have many members of our
23 corporate team and our property teams who have
24 extensive experience with table games. And we'll get
25 into that further later in the presentation.

1 Next I want to talk about Rivers and give
2 you an operational update and a financial update. As
3 the Board knows, Rivers opened on time and under
4 budget last year on August 9th. And in 2009, our
5 revenues were disappointing and below projections.
6 It's no secret. Everybody knows that.

7 In October of 2009, we brought on a new
8 corporate staff to oversee all our gaming operations.
9 I'll mention who those folks are. David Patent is our
10 Chief Operating Officer. He was here two weeks ago
11 with me when we were discussing a matter for
12 Sugarhouse. David was at Harrah's for eight years,
13 both on the corporate side and on the property side.
14 He was Assistant General Manager in Chicago. They
15 moved to Vegas. He was the General Manager. He's the
16 General Manager in both the Flamingo property and the
17 Rio property. And he also worked at corporate at
18 Harrah's, working on their slot strategy.

19 Joe Chevette has also joined us. He also
20 formerly at Harrah's worked with David both in East
21 Chicago and Las Vegas. He's a terrific addition to
22 the team, really understands customer service and
23 experience; customer experience.

24 Another corporate member, Al Lou, joined
25 us in October. He's on the marketing side. He's got

1 a very analytical background and he's done a terrific
2 job helping us with our marketing programs in
3 Pittsburgh.

4 And then when table games were legalized
5 in Pennsylvania, we added Joe Barrett, who also worked
6 with David and Joe at Harrah's. And Joe is really a
7 table games expert. He's got experience with table
8 games in multiple jurisdictions. He's done a terrific
9 job setting up at our school at Rivers, which has been
10 a huge success, which he'll talk about later. He's
11 also been working on our internal controls and our
12 gaming mix.

13 In January of 2010, David Patent became
14 the Acting General Manager at Rivers. And we
15 undertook a full operational analysis. At that point
16 we learned that --- we looked at our database, we
17 looked at our operations and we learned a few things.

18 One, based on our original projections,
19 our win per customer was actually higher than the
20 original projections. Our --- actually visits per
21 customer was higher than our original projections.
22 But our market penetration was actually significantly
23 below what our original projections were. So, we had
24 a penetration issue.

25 The research we did was that people who

1 were coming to the property really liked the property.
2 It's a terrific property; enjoyed coming. But we had
3 a perception in the marketplace. For whatever reason,
4 we weren't getting the penetration that we had
5 originally projected.

6 We've implemented a completely new
7 operating plan, brought on a new team. Some of them
8 are here with me today. I'll just mention briefly.
9 Todd Moyer, to my left, is our new GM; started on
10 March 1st. Formerly he was the GM at the Diamond Joe
11 Casino in Dubuque, Iowa. His wife is from Pittsburgh
12 and he's a native of Central Pennsylvania. We're very
13 lucky to have him. He's done a great job so far. And
14 he began his career in Atlantic City, came up through
15 the marketing ranks. He also spent a bunch of time in
16 Las Vegas. And he really understands the local
17 market.

18 Other new members of the team. We got
19 Corey Plummer here, who's our Vice President of
20 Gaming. He's got a strong background in slots. He
21 was formerly an aristocrat in Harrah's. He really
22 understands slot machines and he's done a great job
23 reorganizing our floor and making some changes to the
24 floor that have been really successful.

25 We also added Danielle Bateman as our VP

1 of Marketing. She was formerly at the Parx Casino in
2 --- north of Philadelphia and at Harrah's in Atlantic
3 City. She's got an MBA from Wharton and she's done a
4 great job as well.

5 One other addition is Andrea Kleinrock,
6 who's our VP of Food and Beverage. She was formerly
7 at the Rio in Las Vegas, had worked with David and Joe
8 and she's done a nice job making our food and beverage
9 program more fit with the market in Pittsburgh.

10 All the changes that we made in our new
11 plan has resulted in significantly improved
12 performance at the property. Our win per day has
13 climbed up to \$230 or so range from about \$175 or so
14 last year in 2009. We are making great progress and
15 we think we're going to continue to improve the
16 operations.

17 Next I'm going to talk about the
18 financing, give you an update. We are today posting
19 an amendment to our loan agreement that basically
20 restructures our debt. The basic terms are we are ---
21 us and the Detroit pension funds will be investing
22 significantly new capital in the business; about \$108
23 million of fresh capital. We'll also be reducing our
24 debt levels significantly.

25 We are posting the amendment today and we

1 expect to have enough signatures on that document
2 tomorrow to make it effective. But there's a 48 hour
3 period for banks to sign on. But we believe it'll be
4 --- have enough signatures tomorrow to make it
5 effective, which will allow us to invest in new
6 capital by the end of the week.

7 We're very excited to launch table games.
8 And subject to Board approval, we should be ready at
9 the end of June for table games. I'm going to pass it
10 off to Todd Moyer, who will tell us about our plan in
11 Pittsburgh.

12 CHAIRMAN:

13 Mr. Moyer, before you start, I just ---
14 one item of clarification. We have Commissioner Ken
15 Trujillo on the phone who's participating by phone.
16 So, I just wanted to make that clear. Go ahead.

17 MR. MOYER:

18 Okay. Great. Todd Moyer, T-O-D-D,
19 Moyer, M-O-Y-E-R. I'm the General Manager of Rivers
20 Casino.

21 MR. COY:

22 Mr. Moyer, could you tell us what college
23 you graduated from?

24 MR. MOYER:

25 I could. I'm a proud Shippensburg grad.

1 MR. COY:

2 That's good.

3 MR. GINTY:

4 Does that qualify him or disqualify him?

5 MR. MOYER:

6 Very proud. Greg did a great job of
7 introducing the team so I can kind of skip through
8 some of those slides and just get right to the
9 importance of table games. And make no doubt about
10 it. It is a much-needed amenity at Rivers Casino and
11 for quite a few reasons. And primarily it's because
12 the creation of jobs.

13 I mean, when I go through our dealer
14 school, I cannot get five feet into that room without
15 being stopped by a potential dealer who is just so
16 excited to get started and wants to know when are we
17 going to get started, when are we going to get
18 started. And they're doing such a great job in
19 school. And I'll tell you about it a little bit
20 later.

21 But we've had a tremendous outpouring of
22 interest in those jobs. We've had some great
23 candidates in our school. And our toughest decision
24 is going to be which ones are going to graduate from
25 that school and take the best shifts and the best jobs

1 as dealers.

2 So, I mean, it's the current waitress
3 from our buffet who wants to make more money, become a
4 dealer and just spend more time with the customers.
5 It's cocktail waitresses from the floor that are in
6 dealer school. There's people from our player's club.
7 And there's a lot of people from the community that
8 are either underemployed or unemployed right now and
9 they're excited about these jobs.

10 How does it help the Rivers? Well, it's
11 needed to complete the gaming picture. I mean, right
12 now people kind of look at us as a slot parlor and
13 there's a certain stigma or connotation associated
14 with that. And when they get to our property, they
15 see eight bars and restaurants and a great vibe and a
16 fun night life that speaks well to that potential
17 table game customer.

18 A lot of our customers are asking about
19 it. They're excited now to see some construction
20 underway and see the signage up and see what table
21 games are going to come. And it really will help us
22 reshape that competitive landscape to help us compete
23 with the bordering states that already have table
24 games.

25 We've had great support from all of our

1 community leaders. And I'll just flip through them.
2 I mean, there's no surprises here. The Mayor, Luke
3 Ravenstahl, big supporter of the project; excited
4 about the jobs that it brings. Our north side
5 neighbor, Ms. Robin Rosemary Miller. She's in charge
6 of the Chamber of Commerce on the north side; big
7 supporter. And we've worked with her on outreach
8 efforts to get people from her community into the job
9 pool with us.

10 Again, working with the North Side
11 Leadership Conference, a great asset. And leaders
12 from as far out as Monroeville; almost 25 miles east
13 of us. And they're excited for the potential business
14 opportunities that gaming brings. And as you know,
15 Shawn is the President of Monroeville Convention
16 Visitors Bureau.

17 The economic impact, it's obvious. It's
18 almost \$100 million. You can see it broken down here
19 from state tax revenue, city, county, development
20 funds for the racehorse industry, et cetera; \$99.2
21 million.

22 Charitable donations. It's definitely a
23 big part of our belief that we need to help the
24 communities around us. And when we all succeed, we
25 all work together, it's best for all of us. And we're

1 proud to have contributed \$7.8 million in our first
2 nine months of operation in some of these outreach
3 efforts.

4 And with that, to talk about some of the
5 specifics of table games I'm going to turn it over to
6 our Vice President of Gaming, Mr. Corey Plummer.

7 MR. PLUMMER:

8 Thank you, Todd. Corey Plummer,
9 C-O-R-E-Y, P-L-U-M-M-E-R. I'm going to attempt to use
10 my laser pointer this time. I want to talk about the
11 design of our table games sections out on the floor; a
12 little bit of the thinking going into that.

13 This area over here labeled section one
14 really was unused shelf space. We decided to put the
15 poker room into this space. Construction began in
16 that space --- yes?

17 CHAIRMAN:

18 Corey, just again for the edification of
19 the Board and the people in the audience, can you
20 orient us to the --- where's the porte-cochere?
21 Where's the Allegheny River --- or the Ohio River?

22 MR. PLUMMER:

23 Right over here is the porte-cochere.

24 CHAIRMAN:

25 Okay.

1 MR. PLUMMER:

2 This entrance out here. And the river's
3 down this way.

4 CHAIRMAN:

5 Got you. Thank you.

6 MR. PLUMMER:

7 Forgot about that. Sorry. This section
8 here, construction started in the poker room April
9 19th. This section will open with 24 poker tables.
10 There's space back here for table games, shift manager
11 offices and card storage, poker room manager.

12 This section down here, number two,
13 that's where our high limit area is. Intended to be
14 --- it will include slots and table games. There are
15 two pit locations in there. One's a main open to the
16 public pit. That's this one here with six tables.
17 The smaller pit there is really more of an enclosed,
18 private gaming area for customers that that's more
19 suitable to.

20 Construction began in that space May 3rd
21 with some pre-movement of slot machines. We're doing
22 construction of that space now in anticipation of
23 approval to get ready for the installation of new
24 slots and table games in that area.

25 In this area here labeled three, that's

1 really the main pit area. That's where we have the
2 largest congregation of games meant to be critical
3 mass and the largest distribution of product on the
4 floor. So, in that area we have black jack, roulette,
5 craps, mini baccarat and pai gow poker, and a few
6 poker-derivative games in this smaller area over here.

7 Construction for that began about two
8 weeks ago. So, the machines on the side here and on
9 this end have been cleared out. The new banks that
10 fit in with store layout are down in this area. Those
11 are in line and are operational now.

12 If you look to the two areas labeled
13 four, they are a continuous phase even though they're
14 separate sections. This section up here is a
15 dedicated non-smoking table games pit, mostly black
16 jack; one roulette there on the end. The other pit
17 down here is a smaller pit meant to be opened more in
18 the nighttime. The synergy is off with a Wheelhouse
19 sports bar. It's a high-energy pit. So, we think
20 we'll be in a position to offer very distinct playing
21 areas for different types of customers.

22 When we looked at our game mix to open
23 with, we're really conscious of providing a product
24 that would help us open efficiently, that would help
25 the Gaming Control Board staff on property in their

1 management, in their training. It would certainly
2 help the customers get up to speed on how to play the
3 games.

4 So, we've opened with a large proportion
5 of our bank games as blackjack. We'll offer basic
6 blackjack games as a core product on opening. And
7 then obviously add the poker room. But in the main
8 gaming areas, there's a sampling of other games; more
9 traditional games like roulette and craps, a little
10 bit of pai gow and mini baccarat. There's a big six
11 wheel that we'd like to put down by the Wheelhouse
12 pit.

13 It's really intended to give us an
14 opportunity to open efficiently for ourselves, for
15 your staff and customers. Try to provide a quality
16 gaming experience, entertainment experience but also a
17 safe and secure experience as people learn and develop
18 on the table games.

19 So, that's really how we were looking at
20 this opening product spread. And we think we'll be
21 successful in doing that. I know previously we had
22 questions about learning to play and how we were going
23 to introduce these games. And it was really important
24 to us. And we committed to doing that; learning to
25 play opportunities for customers free of charge so

1 they can come onto the property and learn how to play
2 blackjack mostly. But learn how our basic games and
3 then expand from there as the customers are prepared
4 and the demand is there.

5 So, with that, I'm going to turn it back
6 over to Todd, who's going to talk about some of the
7 employment opportunities at the Rivers.

8 MR. MOYER:

9 Didn't even know you brought that
10 pointer. It's pretty cool. Well, we're real proud of
11 our employment figures; 917 current team members at
12 Rivers, 43 percent of which are female, 22 percent
13 minorities and 96 percent are Pennsylvania residents.
14 So, table games represents just about a 50 percent
15 increase or 458 new jobs, largely and directly related
16 to table games, dealers and floor persons and
17 managers, et cetera. But also additional surveillance
18 and security officers, cashiers, beverage servers, et
19 cetera.

20 I guess what I'm most excited about is,
21 again, the interest that we've had in the job
22 creation. 2,000 applicants were received. We had
23 1,800 people show up at a job fair to get into our
24 dealer school. That was held at Station Square in
25 Pittsburgh.

1 Here's some of the photos just to kind of
2 capture the magic. I mean, there is some great
3 applicants there. I wish we could've said yes to more
4 of them. But we did put 400 of those applicants into
5 our dealer school where they are still currently.

6 And to fill 458 jobs, we can't do it
7 alone. We needed some help. And we work with a lot
8 of the different civil groups in the area. We're
9 dedicated to creating a diverse workforce and getting
10 the right people in those jobs. So we did have a lot
11 of help along the way.

12 And we couldn't run this school without
13 somebody with a lot of experience and someone who's
14 been there before, and has run successful schools in
15 other jurisdictions. So, we'll let him talk a little
16 bit about that. I'm going to turn it over to our
17 corporate director of gaming, Joe Barrett.

18 MR. BARRETT:

19 Thank you, Todd. Joe Barrett,
20 J-O-S-E-P-H, B-A-R-R-E-T-T. We drafted our curriculum
21 for the training school in early April and received
22 approval from the Board for that and the training
23 site, which is on our second floor at Rivers Casino.
24 And as Todd mentioned, we started with 400 very eager,
25 excited students on April 14th. We are currently in

1 our sixth week of training. And at the end of this
2 week, our students will have obtained the required
3 hours for blackjack training. And we'll start their
4 auditions a little bit later. And the required CPR
5 training will take place prior to certification for
6 our dealers.

7 We currently have 327 in the class of
8 those 400. Over 90 percent of those students were
9 Pennsylvania residents. Most of our instructors are
10 managers in our operation with quite a few years of
11 experience not only running table game operations but
12 also successfully running dealer schools in their
13 jurisdictions that they worked before.

14 We understand new jurisdictions for table
15 games often brings folks to our casinos that try to
16 cheat us. We've had experience with that in other
17 jurisdictions. That's why game protection training is
18 very important to us. I personally will conduct
19 training to all of the dealers in school next
20 Wednesday as well as the supervisors that will come on
21 board later in the month.

22 We will show them the variety of ways
23 that the games are cheated, what to look for, the
24 flags, the distractions. And we'll make sure our
25 supervisors know the importance of positioning

1 themselves and are aware of these different tactics of
2 game cheaters that will try to take advantage of a new
3 operation in the State of Pennsylvania.

4 Surveillance plays a huge role in helping
5 us protect our assets. We just completed a four week
6 training program for our surveillance team members,
7 bringing them up to speed on the rules of the game.
8 And during that training, we focused on also showing
9 them what to look for; what some of the moves were.
10 And they will take the next four weeks to practice
11 looking at the monitor and trying to pick things up on
12 the screen.

13 We have cameras in our dealer school now
14 above the games that we're training on. And they will
15 use that time and that hardware to begin the practice
16 of watching the games via a monitor.

17 Additionally, on June 29th --- we worked
18 with our local Gaming Board agents to invite the
19 Secret Service out to our property. And thankfully
20 they will be out on June 29th to provide extensive
21 counterfeit detection and awareness training. We will
22 be handling approximately \$20 million in cash on our
23 games a month. And we felt that that was very
24 important that our team members knew what to look for.

25 The local police and Gaming Board agents

1 also are invited to attend that training. Title 31
2 training will also be given to our supervisors. And
3 we'll make sure that they understand our
4 responsibility and the importance of tracking and
5 reporting the cash on our casino floor.

6 As always, compulsive problem gambling,
7 we understand that it's an issue. I personally have a
8 lot of passion for that. I served on boards in
9 Indiana and in Kentucky. And the Rivers Casino, prior
10 to opening, partnered with the Council on Compulsive
11 Gambling of Pennsylvania to develop a training piece
12 for all new hires. We will make sure that all of our
13 dealers and supervisors that join our table games team
14 get that training and that we also put in place annual
15 refresher training for all of our employees at the
16 Rivers Casino.

17 With that, I'm going to hand it back to
18 Todd Moyer.

19 MR. MOYER:

20 Thanks. Just a recap of our 2009
21 purchasing efforts. You see that 42 of our purchasing
22 went to minority, women or local business enterprises.
23 That represents \$143 million in purchases. Eighty
24 (80) new construction jobs working with seven local
25 contractors on the current table game expansion.

1 If you see on the next page, I just want
2 to show you the infrastructure is in place to support
3 table games. We have a parking garage with 3,800
4 parking spaces in it. We have nine food and beverage
5 outlets. And we, again, like I said, are ready to add
6 these new jobs and add this new amenity.

7 Financial impact. You see the \$24
8 million in capital, \$16.5 million of which is the
9 licensing fee, another \$7.5 million in capital
10 expenditures and construction and furniture and
11 equipment. You see the expected annual table tax
12 revenue of \$7 million and then the salary of those 458
13 new jobs represents over \$16 million in new salary and
14 wages, benefits and taxes.

15 So, with that, again, I just want to say
16 how excited we are to create these jobs. I wish you
17 could meet the people in the dealer school, and they
18 would tell you they're excited. It is a fun bunch.
19 It's going to be a great place to play tables for the
20 right people in place who have the right training and
21 are ready to tackle this. So, with that, I'm going to
22 turn it back over to John to kind of sum things up for
23 us.

24 ATTORNEY DONNELLY:

25 Okay. I'd like to address the 1315a

1 criteria again. Number one, I just want to put on the
2 record. The Board's aware of many of these. The slot
3 machine license is in good standing with the Board.
4 We've demonstrated I think here with our numbers and
5 at the public input hearing that the conduct of table
6 games will have a positive impact on the community and
7 the Commonwealth.

8 Three, that we possess the funds
9 necessary to pay the table game fee. And that's
10 submitted yesterday to the staff. And BIE has it as a
11 letter from the existing partners noting that they
12 have granted a line which can be called upon by
13 Holdings Acquisition, the company, on or before the
14 deadline of June 1st for the fee.

15 Number four, their financial stability,
16 which is really --- although we have financial
17 stability, it's really financial stability, integrity
18 and responsibility. I think if anyone in this state
19 has demonstrated that, it's been the partners that we
20 have here which are basically Walton Street, which
21 Neil Bluhm's affiliated with, and Neil Bluhm --- High
22 Pitt, which is himself and Greg and some others who
23 are affiliated with who --- not to remind the Board
24 but for the public.

25 Which took this project out of a very

1 desperate state, put it in a position where it could
2 be financed, told the Board at the time that they
3 believed they could finance it, did finance it, turned
4 it into an operation which has been operated with
5 stability, integrity and responsibility and is now in
6 a reorganization, which, as Greg pointed out, we
7 anticipate to be posted this afternoon and voted on in
8 a couple days. And we recognize that until that's
9 completed that we will have to complete that financing
10 or any form of reorganization before we begin table
11 game operations.

12 I think we have --- the Rivers has the
13 requisite business ability and experience to create
14 and maintain successful gaming operations. Again,
15 both what's been presented today and then the public
16 input and the experience that you've seen from this
17 group.

18 Item six, internal and external security.
19 That's another one that I think by its nature awaits
20 the priority of actually having their certificate.
21 Because as the internal controls are developed, the
22 security for a number of things, including if as in
23 when new regulations are adopted that will come in.
24 But we will work as we have with staff in the past to
25 put those in place. And we are certain we will have

1 those in place prior to the operation of the game.

2 We are not reducing our slot machines
3 beyond those in operation --- that were in operation
4 in October 2009 for the purposes of having table
5 games. As the Board is aware, there is a petition
6 unrelated to table games operation that is pending
7 which requests the reduction or elimination of 46
8 table games --- or I'm sorry, slot machines.

9 That petition is not before the Board
10 today. It has to do with slot machines that have been
11 unproductive and which carry with them a daily fee
12 which ranges from \$60 to \$100; basically an average
13 around \$80 a day. Which our demand is showing we do
14 not --- are not profitable to us essentially nor do
15 they generate sufficient income to warrant them being
16 there.

17 There's no question of having the space
18 to operate those games. We do have the space. It
19 isn't a matter of trying to remove games to allow
20 table games. It's unrelated. And in an effort as
21 part of our overall --- putting this property on a
22 firm financial footing to eliminate games that aren't
23 --- don't make sense. And again, that's 46 games.
24 It's to be considered by the Board at a later date.
25 It's less than one and a half percent of the games in

1 operation.

2 Finally, we have provided the executed
3 waivers, which we have. And with that, I think we've
4 met all of the criteria under 1315a. And we request
5 that the Board issue an Order allowing us to operate
6 table games when we reach these other items that we've
7 talked about.

8 CHAIRMAN:

9 Thank you. OEC, do you have questions?

10 ATTORNEY ROLAND:

11 Yes, we do. Thank you, Mr. Chairman.
12 It's Mike Roland, R-O-L-A-N-D, with the OEC. First of
13 all, regarding the number of employees you have, if I
14 understand correctly you currently have 917. You're
15 proposing an additional 458. Those will all be new
16 employees? They're not going to come from the 917?

17 MR. MOYER:

18 There will be some that are transferring
19 from the 917, but then they will be backfilled with
20 new applicants.

21 ATTORNEY ROLAND:

22 So the bottom line, when all is said and
23 done there will be 458 new positions in the facility?

24 MR. MOYER:

25 That is correct.

1 ATTORNEY ROLAND:

2 How did you arrive at this number? Why
3 is that the magic one?

4 MR. MOYER:

5 Well, actually doing schedules for all
6 the areas, the proper spread for table games, we came
7 up with the number of table game dealers and
8 supervisors required. And then each department was
9 asked based on the increment increase activity at the
10 property, how many more cocktail waitresses would you
11 need, how many more security surveillance you would
12 need; things like that related to the increase in
13 business.

14 ATTORNEY ROLAND:

15 Okay. And with the current 917, I think
16 you testified today there's approximately 96 percent
17 that are Pennsylvania residents. Do you expect
18 something similar in the additional 458 regarding
19 Pennsylvania residents?

20 MR. MOYER:

21 Yes, we do.

22 ATTORNEY ROLAND:

23 And that's based upon your dealer school;
24 with what you're seeing there, the number of
25 participants?

1 MR. MOYER:

2 Right. I think Joe testified earlier
3 that over 90 percent of the current dealer school
4 applicants are Pennsylvania residents. And then we
5 feel that a majority of the rest of them would
6 relocate to Pennsylvania.

7 ATTORNEY ROLAND:

8 Okay. Out of the 458 new positions, do
9 you have any idea how many will be supervisory or
10 managerial positions at this point?

11 MR. MOYER:

12 Joe, you want to answer that?

13 MR. BARRETT:

14 Yeah, we are anticipating approximately
15 80 to 85 supervisors and three shift managers and the
16 required number of managers or supervisors working in
17 the function of a manager to adhere to the
18 requirements that were provided by the Board.

19 MR. CARLIN:

20 Those numbers may change based on the
21 final regs of the table game regs.

22 ATTORNEY ROLAND:

23 Okay. So at this point what you're
24 anticipating when you look at the ratio for a manager,
25 or supervisor per number of table games that they'll

1 have to oversee, what's that look like?

2 MR. MOYER:

3 Our supervisors typically will watch from
4 four games to possibly six games. We are planning on
5 submitting a minimum staffing plan amendment but would
6 not watch more than six games at one time.

7 ATTORNEY ROLAND:

8 Okay. Next I'd like to ask you about the
9 number of slot machines that you have on the floor. I
10 realize at this point the petition is still pending
11 before the Board. But when all is said and done, when
12 day one, the table games are on the floor if the Board
13 grants your request, how many slot machines do you
14 anticipate being up and operating if all your
15 petitions, if all the requests you're making before
16 the Board are, in fact granted, what will the magic
17 number be for slot machines?

18 MR. MOYER:

19 2,954 slot machines.

20 ATTORNEY ROLAND:

21 And that would, in fact, include, if it
22 were granted, the reduction of 46 that's pending in
23 front of the Board?

24 MR. MOYER:

25 Yes.

1 ATTORNEY ROLAND:

2 How about square footage? There's been
3 quite a few filings at this point in time. Do you
4 know as you sit here before the Board today what the
5 square footage of the gaming floor would be?

6 MR. MOYER:

7 It's 136,000 approximately.

8 ATTORNEY ROLAND:

9 And I don't think space is an issue for
10 you guys. If slot machines are successful, are you
11 open minded to adding slot machines back?

12 MR. MOYER:

13 Yes, the slot machine count is more a
14 function of economics and demand. If the demand is
15 there and it's economically viable to add machines,
16 we'd like to do that.

17 ATTORNEY ROLAND:

18 Okay. Next regarding your use of women
19 and minority businesses. In your slide presentation I
20 think I saw that there were 42 percent of the
21 contracts that were given were to those types of
22 businesses. Is that in the work that's been done up
23 to this point? Is that in the work you're
24 anticipating in the future, or is it some combination
25 of the two?

1 MR. MOYER:

2 That was actually the real statistics
3 from calendar year 2009.

4 ATTORNEY ROLAND:

5 So, those individuals have already --- I
6 mean, you're not anticipating any contracts in that 42
7 percent number? That could potentially go up or down?

8 MR. MOYER:

9 Absolutely.

10 ATTORNEY ROLAND:

11 Regarding your table games training, I
12 know you're obviously doing it yourself because you
13 presented so today. Where is that taking place?

14 MR. BARRETT:

15 That's on the second floor of our
16 facility in the ballroom space.

17 ATTORNEY ROLAND:

18 And if I understood correctly, the
19 majority of it you guys are doing in-house; you're
20 doing on your own?

21 MR. BARRETT:

22 That's correct.

23 ATTORNEY ROLAND:

24 Okay. Next, economic impact. And I
25 think you had a slide presentation showing the amount

1 of money going to the state. But I know in the past
2 the Board has been curious. Do you have any sense of
3 what kind of impact there is on a local level? What
4 have you been able to give as far as contracts, jobs
5 to some of the local suppliers in the area? What kind
6 of effect have you had on the business down the
7 street? Do you have any of that information?

8 MR. MOYER:

9 Well, I mean, I don't have any specific
10 numbers. I mean, we could certainly look to pull some
11 data to that effect. But anecdotally, we've been
12 well-received by our closest neighbors. And they are
13 anxious to work with us. And we do a lot with groups
14 like North Side Leadership and the North Side Chamber
15 of Commerce. So, we do look to do more business with
16 them going forward. And I can commit to that as being
17 the new guy on the block and being with the company
18 just about ten weeks now. But we recognize how
19 important that is to ingratiate ourselves with the
20 local community and high tides rise all shifts.

21 ATTORNEY ROLAND:

22 Okay. Something else that's taken pretty
23 seriously and pretty important is underage gamers. I
24 know in the past there has been a little bit of a
25 history for Rivers. And one would anticipate if table

1 games do come your way that's going to be increased
2 patronage, increased foot traffic. What kind of stops
3 or preventative measures do you have in place at this
4 point to keep that under control?

5 MR. MOYER:

6 Well, we just hired a new director of
7 security; comes to us with over 20 years' experience,
8 primarily in the Atlantic City market. And we've
9 asked him to do a top-down review of just that. And
10 at the end of the day, there's probably going to need
11 to be some physical improvements to the building to,
12 for lack of a better word, choke down the entrance
13 points into a tighter, defined area that we can
14 control better.

15 There are numerous doors and entrances to
16 the Rivers property currently. And there's going to
17 be some capital expenditure to kind of bring that
18 down. I mean, currently we are aggressively training
19 all of our officers. And this new leadership has
20 brought a new sense of urgency to that.

21 ATTORNEY ROLAND:

22 How about self-excluded patrons? Are you
23 going to handle those in the same way when you're
24 looking at restructuring the floor and having
25 training? Are they going to be handled similar to

1 underage gamers?

2 MR. MOYER:

3 Well, with regard to self-exclusion, I
4 mean, the best defense there is really to make sure
5 that we're not soliciting them, making sure that we're
6 controlling our mail efforts and working with our
7 mailing companies to make sure they're reviewing
8 against the self-exclusion list. We don't currently
9 ID everybody at the door, so it's difficult that if
10 someone 60 years old and on the self-exclusion list we
11 might not find them.

12 Now, there are procedures in place that
13 they would not be paid a slot jackpot. We review cash
14 transaction reporting with regard to table games
15 against those lists and things like that. There's
16 opportunities to stop them. There's opportunities to
17 stop them at the player's card center or any point of
18 contact where we're requesting ID.

19 ATTORNEY ROLAND:

20 As part of your dealer training, are you
21 teaching them how to look for underagers? Are you
22 teaching them how to possibly identify persons that
23 are on the self-exclusion list?

24 MR. BARRETT:

25 Yeah, and that will actually be a part of

1 the responsible gaming training. We do that currently
2 with new hired employees. And we will continue that
3 in our dealer school.

4 ATTORNEY ROLAND:

5 And I think you mentioned you're going to
6 do a refresher course annually. Is that annual
7 refresher also going to contain those materials?

8 MR. BARRETT:

9 Absolutely, yes. It will.

10 ATTORNEY ROLAND:

11 Okay. Another little bit of history and
12 a possible issue had to do with drop boxes and drop
13 routes. Obviously you're changing the floor a little
14 bit here and you're shifting some stuff around. Are
15 there some preventative measures or at least some
16 discussions that have taken place regarding those,
17 both the boxes themselves and the routes; that there's
18 no confusion in the future?

19 MR. PLUMMER:

20 Yes, there are discussions underway that
21 pertain to how we manage the routes during the project
22 period and going forward. And depending on the timing
23 of our projects and completion, supplementing that
24 with where we think we'll be. As all the regulations
25 come out and we finish our internal controls, that

1 will be finalized and put forward if you'd like to see
2 that in advance.

3 ATTORNEY ROLAND:

4 Okay. If table games do come to Rivers,
5 if your petition is granted, first how do you
6 anticipate it's going to impact your slots play? And
7 secondly, what authority are you basing that on? What
8 have you looked at to support how you think it's going
9 to impact the play?

10 MR. PLUMMER:

11 Well, when table games comes on there's
12 generally a companion effect in terms of supplemental
13 play; tables games players who come with players that
14 didn't come before who like to play slot machines. In
15 my experience, having opened a few properties in a few
16 different places and worked in a few different
17 countries managing slots and table games, seeing some
18 of this firsthand myself, that impact in a market
19 similar to where we are in Pittsburgh, I would predict
20 a three to five percent increase in what would be our
21 normal slot play on the floor due to this companion
22 play. It does vary from place to place but I think
23 five percent's a reasonable estimate at this point.

24 ATTORNEY ROLAND:

25 Okay.

1 ATTORNEY PITRE:

2 Cyrus Pitre, Chief Enforcement Counsel.
3 I believe Mr. Donnelly wanted to move an exhibit into
4 the record.

5 ATTORNEY DONNELLY:

6 Yes, I did. The letter --- it's a May
7 --- yeah, May 24th letter from Holdings Acquisition,
8 Co., that we've presented to Mr. Pitre this morning.

9 ATTORNEY PITRE:

10 And if I'm correct, that letter would be
11 evidence that Holdings has possession of the funds to
12 pay the table game fee; is that correct?

13 ATTORNEY DONNELLY:

14 Yes, I'll have Mr. Carlin address that.

15 MR. CARLIN:

16 Actually, it's Walton Street and High
17 Pitt Gaming who are the primary equity owners of
18 Rivers. Holdings has the adequate funding.

19 ATTORNEY PITRE:

20 And note also that --- it'll be up to
21 Rivers Casino Management Committee to acknowledge that
22 they will neither call or request that funding unless
23 the restructuring is complete; is that correct?

24 MR. CARLIN:

25 I'm sorry. What's the question?

1 ATTORNEY PITRE:

2 The Rivers Casino Management Committee,
3 with regard to the document that Mr. Donnelly just
4 moved into the record, will neither call or request
5 the table games funds unless and until the
6 contemplated financial restructuring has been
7 completed?

8 ATTORNEY DONNELLY:

9 That's correct.

10 ATTORNEY PITRE:

11 Okay. When do you anticipate completing
12 that restructuring?

13 MR. CARLIN:

14 Well, as I mentioned earlier, the bank
15 amendment is being posted to the lender group today.
16 We believe we'll have enough signatures on that
17 tomorrow. But there is a 48 hour period for lenders
18 to sign the document. We need a 51 percent approval.
19 And we believe we will have those signatures tomorrow.

20 ATTORNEY PITRE:

21 If the signatures are not acquired
22 tomorrow, if it would move beyond the June 1st date
23 before the restructuring is complete, do you
24 contemplate still being able to have the money to pay
25 the licensing fee --- or certificate fee for table

1 games?

2 MR. CARLIN:

3 We do have some alternatives if the
4 restructuring is not affected. We discussed with
5 staff previously and we'd be happy to have further
6 discussions with staff in a --- not in a public forum.

7 ATTORNEY PITRE:

8 Right. And you'd be willing to submit
9 those alternatives to us in writing?

10 MR. CARLIN:

11 Yes.

12 ATTORNEY PITRE:

13 Now, with regard to the financial
14 stability of Rivers, is the restructuring --- what
15 you're doing with regard to your current debt, would
16 that allow Rivers to be in a better financial footing?

17 MR. CARLIN:

18 Yes, it will significantly reduce debt
19 outstanding and increase the equity.

20 ATTORNEY PITRE:

21 Is that restructuring something that you
22 will basically need to maintain your financial
23 stability?

24 MR. CARLIN:

25 Well, not necessarily, but we think it

1 will certainly go a long way towards --- it will make
2 us certainly financially stable.

3 ATTORNEY PITRE:

4 But do you guys have any --- let's say
5 the restructuring falls through. Do you have
6 alternatives in mind with regard to how Rivers would
7 move forward?

8 MR. CARLIN:

9 We do.

10 ATTORNEY PITRE:

11 And I assume that you'd be willing to put
12 those in writing also to staff?

13 MR. CARLIN:

14 Yes.

15 ATTORNEY PITRE:

16 Okay. I've also delivered to your
17 council suggested conditions that I will be
18 recommending to the Board today with regard to the
19 restructuring. Have you had a chance to look at
20 those?

21 MR. CARLIN:

22 I have not. Council do those ---?

23 CHAIRMAN:

24 Yes.

25 ATTORNEY PITRE:

1 Okay. And are those conditions
2 acceptable to you?

3 CHAIRMAN:

4 Yes.

5 ATTORNEY PITRE:

6 At some point in time, we'd like to make
7 those recommendations with regard to those conditions
8 to the Board with regard to the restructuring that's
9 occurring at Rivers.

10 CHAIRMAN:

11 Okay. We'll hold off on that until maybe
12 the time of the motioning. And just for the record,
13 we will accept your letter dated May 24th, 2010, into
14 the record.

15 ATTORNEY DONNELLY:

16 Thank you.

17 ATTORNEY PITRE:

18 We have no further questions.

19 CHAIRMAN:

20 Okay. Does OEC have a presentation?

21 ATTORNEY ROLAND:

22 Mr. Chairman, we don't have a formal
23 presentation. Again, we just have a few comments.
24 OEC believes that Rivers has satisfied the
25 requirements set forth in Section 1315. And that's

1 based upon reviewing their petition, the accompanying
2 documentation they've sent in, their presentation
3 today before the Board.

4 We have sought input from all of the
5 offices and bureaus within the Board. And none of
6 those have come back with an objection at this point
7 in time. As you probably know, Rivers' Slot License
8 is up for renewal. But at this point, it's in good
9 standing. Therefore, OEC has no objection to the
10 petition of Rivers.

11 This, of course, is subject to the 21
12 conditions we supplied in our answer back on April
13 23rd of 2010. And probably now the three additional
14 conditions Mr. Pitre has referenced, which I could
15 read in if you'd like me to. Now, is time
16 appropriate. First, by close of business June 8th,
17 2010, Holdings Acquisition Company LP shall submit to
18 BIE for review and analysis executed documents and any
19 and all other documents associated with the
20 restructuring of its debt.

21 Second, Holdings Acquisition Company LP
22 shall not commence table game operations until BIE has
23 issued an analysis and recommendation regarding the
24 restructuring to the Board for its review and
25 consideration. And finally, Holdings Acquisition

1 shall not commence table games operations until such
2 time that it receives written confirmation from the
3 Board that the restructuring is satisfactory to the
4 Board.

5 CHAIRMAN:

6 So noted. You guys are finished?

7 ATTORNEY ROLAND:

8 That's all we have, Mr. Chairman.

9 CHAIRMAN:

10 Okay. Does Holdings Acquisition have any
11 questions for Enforcement Counsel?

12 ATTORNEY DONNELLY:

13 No.

14 CHAIRMAN:

15 Okay. Questions from the Board?
16 Commissioner Coy?

17 MR. COY:

18 Thank you, Mr. Chairman.

19 CHAIRMAN:

20 You always accuse me of calling on you
21 last, and today you're going to be first.

22 MR. COY:

23 Well, the first shall be last and --- at
24 any rate, just a couple questions for whoever feels it
25 appropriate to answer them. I know you talked about

1 being a good business partner in that community, in
2 that area. Talk with me for a moment about the
3 synergy between the sports complex and table games.
4 You're the only casino in Pennsylvania which is
5 situated next to a major sports facility that I know
6 of. Is there any new synergy between that facility
7 and table games that might not have been there with
8 slots?

9 MR. CARLIN:

10 Well, Commissioner, we certainly won't
11 know that until we open. But I can tell you this.
12 It's my opinion that it will be a very big positive.
13 Last year when the Steelers had home games, I think it
14 was actually a slight negative on our business. I
15 spent some time on property on game days. And if you
16 really look at the Steeler fans, it's definitely more
17 of a table games fan than a slot player.

18 And so I think that --- last year we had
19 Steeler fans who parked in our building. And after
20 the game, would just walk through the building to the
21 garage and leave. I think this year the Steeler games
22 will be a positive to our business. People will get a
23 lot more table play from existing fans.

24 MR. COY:

25 How about traffic? Traffic was pointed

1 out to have been an issue with the original licensure.
2 Does table games add or detract from that at all that
3 you --- are you addressing it separately?

4 MR. CARLIN:

5 I don't think it's going to be an issue.
6 I don't have the specific data today here. But my
7 recollection is that the traffic from casino did not
8 impact the Steelers games last year.

9 MR. COY:

10 How about on the issue of game cheaters?
11 Were you coordinated with West Virginia casinos and
12 Meadows and Presque Isle to share the information
13 regarding table games security, cheats and so on?

14 MR. MOYER:

15 Yes, two weeks ago we had an industry
16 conference call where all of the table games and
17 casino leaders were on the call. And we talked about
18 that subject; about making sure that we had a very
19 open network of communication in regards to cheaters
20 that we saw or caught at our property to make sure
21 that everyone was alerted.

22 The Rivers Casino and Sugarhouse Casino
23 is considering a system called Biometrica which is a
24 networking system used in most jurisdictions across
25 the country.

1 MR. COY:

2 So will you include checking with West
3 Virginia on this?

4 MR. MOYER:

5 Absolutely, yes. And in fact, we had
6 some folks from West Virginia casinos on that call two
7 weeks ago.

8 MR. COY:

9 Underage was a question that was asked by
10 our Enforcement Counsel. I guess I wanted to get a
11 little more specific because I heard --- I think I
12 heard you say that you do not really check for
13 identification and age at the doors; is that right?

14 MR. MOYER:

15 I'm sorry. Let me clarify that.

16 MR. COY:

17 Okay.

18 MR. MOYER:

19 The example I gave was if somebody is 60
20 years old and came in and might've been on the
21 self-exclusion list, we wouldn't ID them ---.

22 MR. COY:

23 Otherwise you do?

24 MR. MOYER:

25 Otherwise, if anyone looks under 30 or 40

1 years old, the officers do ID them at the door, of
2 course.

3 MR. COY:

4 My concern would be that being where you
5 are, close to major universities and other educational
6 institutions, that there would probably be more of a
7 problem with this, I would think. And I think
8 especially with table games, it's like they may
9 attract, as Mr. Carlin said, the Steelers fans. I
10 wonder how you feel about the attraction to college
11 folks.

12 MR. MOYER:

13 Well, I think it's very public knowledge
14 that we have security at every entrance. There's a
15 podium there. They have to stop at the podium. They
16 are asked for ID. It's a very specific, deliberate
17 process. They understand, thanks to the help of
18 television shows like Vegas, that there's cameras
19 everywhere. I don't think people think they can sneak
20 in. And our security staff is trained to do that.
21 And like I said, some of the help will be to put some
22 more physical barriers to control access points as
23 well.

24 MR. COY:

25 My friend Commissioner McCabe is much

1 more of an expert on this than I am. So jump right
2 in.

3 MR. MCCABE:

4 No, and I wanted to just say a few words
5 about that. When the casino first opened, they did
6 have a number of problems with the college kids on
7 game day trying to get in, trying to park in the
8 parking lot --- garage. And I think they learned
9 their lesson back then because we had a few instances
10 of people under 21 getting onto the gaming floor.

11 And I think they, in conjunction with our
12 CCRs there, came up with a plan. They made some
13 changes. And since those changes, I don't think we've
14 seen at our level any violations of anybody under 21.
15 So, I do know that, yes, there were problems with it
16 at the beginning. There were changes made in
17 conjunction with recommendations from our casino
18 compliance reps. And I haven't seen any problems
19 since then.

20 MR. COY:

21 But one final question. And that is to
22 you, Mr. Carlin. And this may be an
23 oversimplification, but it helps me reconcile the
24 issue of financing and whether you will be able to
25 demonstrate to BIE in terms of a time frame and so on.

1 But do you have any doubt that you, in
2 one way or another and the corporation you represent,
3 will not secure financing appropriate enough to do the
4 develop and establish table games at this facility?

5 MR. CARLIN:

6 Well, until the amendment is signed, I
7 can't say with 100 percent certainty. But I believe
8 --- my own judgment is that it's over 99 percent
9 certain that we will affect an amendment in the next
10 two days.

11 MR. COY:

12 Okay. Thank you.

13 CHAIRMAN:

14 Commissioner Angeli?

15 MR. ANGELI:

16 Just again, the question on financing.
17 Whether it's to financial restructuring or the
18 acceptable alternative that you mentioned. And maybe
19 I missed this when you were talking. Do you have an
20 expectation as to --- because I think you said if
21 everything goes well, you would be able to reduce your
22 debt and increase your equity; was that ---?

23 MR. CARLIN:

24 That's correct.

25 MR. ANGELI:

1 Do you have any idea on percentages; what
2 that would be?

3 MR. CARLIN:

4 The current debt outstanding is roughly
5 \$580 million. And we expect the debt outstanding to
6 be in the range of \$330 million when we're complete;
7 \$335 million.

8 MR. ANGELI:

9 Thank you.

10 CHAIRMAN:

11 Yeah, just as a quick follow-up. I mean,
12 is that because of a lower interest rate? Can you
13 explain again just to the public in general and to us
14 how you go from \$580 to \$300?

15 MR. CARLIN:

16 Sure. The new money that's going in,
17 being invested, \$108 million, some of that will be
18 buying some debt at a discount. As well, some debt
19 will be converting into more like a preferred equity
20 type of security.

21 CHAIRMAN:

22 Got you.

23 MR. CARLIN:

24 Okay. Thank you.

25 CHAIRMAN:

1 Commissioner Ginty, question?

2 MR. GINTY:

3 No questions.

4 CHAIRMAN:

5 Commissioner McCabe, Commissioner Sojka?

6 MR. SOJKA:

7 Just a couple real quick ones. This
8 first one's about a three or four part question, but
9 it's all about one thing, and it requires just
10 speculation. There's a large public works project
11 underway in the City of Pittsburgh to bring people
12 under the river to the side where you are. Do you
13 have an approximate date for when that will be
14 completed now?

15 MR. MOYER:

16 Yeah, I believe it is December 2011.

17 MR. SOJKA:

18 2011?

19 MR. MOYER:

20 Right.

21 MR. SOJKA:

22 Okay. A year from this coming December?

23 MR. MOYER:

24 Correct, yeah.

25 MR. SOJKA:

1 Do you anticipate that that'll have a
2 huge impact on your casino?

3 MR. MOYER:

4 Well, I don't know if it will have a huge
5 impact. It certainly will have an impact. I think
6 anything you can do to alleviate parking and traffic
7 concerns in any downtown city will help. And Greg
8 mentioned some synergies with the Steelers. I mean,
9 part of that is not only the Steelers fan base, but
10 it's also some other customers or potential customers
11 might think I don't want to go near there because it's
12 game day.

13 So, I think when you can alleviate those
14 concerns --- and we work very closely with the
15 Steelers and the Pirates. Before every game we meet
16 and discuss the parking plan. So, it is a very
17 effective relationship with controls and street
18 closures and changing two-way streets to one-way. And
19 it's a very cohesive effort. And nobody cares about
20 it more than the Steelers and us and the Pirates.

21 MR. SOJKA:

22 Well, that's good. That's where I was
23 going to go with that. But then could I conclude it
24 by asking you if you think that form of access to your
25 casino will have more impact on slot players or on

1 table games players?

2 MR. CARLIN:

3 I'll let Todd answer. My sense is that
4 it'll actually have the most impact on our team
5 members that --- typically, anecdotally our experience
6 with public transportation and casinos is that patrons
7 don't necessarily like to take public transportation
8 because they're carrying lots of money in their
9 pocket. It's a safety issue. But some will take
10 public transportation certainly. But I do think a lot
11 of our team members will take public transportation,
12 which will free up parking spaces in our garage and
13 just be better for the roads and --- et cetera. And
14 Todd, if you can add to that ---.

15 CHAIRMAN:

16 Commissioner McCabe?

17 MR. MCCABE:

18 I think the biggest impact that's going
19 to have is going to be on the Steeler games on Sunday.
20 If you ever tried to get to a Steeler game on Sunday,
21 it's almost impossible. I just have one question for
22 our OEC. In the paperwork we've been provided, you
23 had two areas of concern and areas of interest. Are
24 you satisfied now hearing their testimony and this
25 letter that financially they're okay?

1 ATTORNEY PITRE:

2 If they satisfy the three conditions that
3 we are recommending that the Board impose today, yes.

4 MR. MCCABE:

5 Okay. Thank you.

6 CHAIRMAN:

7 Commissioner Trujillo?

8 MR. TRUJILLO:

9 Thank you, Mr. Chairman. Mr. Donnelly
10 --- and this does go back to 1315(a)(3) and (4). My
11 concern --- and if you could address this because as I
12 heard Mr. Carlin's earlier testimony he stated that
13 High Pitt and Walton Street have the funds. And as I
14 read the letter, the May 24th letter from Mr.
15 Schulman, Mr. Bluhm which is acknowledged by Mr.
16 Carlin --- or I guess by James Holme (phonetic), it
17 speaks about --- the letter says we'll provide
18 funding.

19 Now, the statute, however, is fairly
20 clear that if the petitioner --- it doesn't speak to
21 anything about its principles. It doesn't speak to
22 anything about its investors. It says if the
23 petitioner possesses. And as I read the word
24 possesses, it means possesses now, not next week, not
25 tomorrow, not next month, adequate funds or has

1 secured. Again, something that's already happened;
2 the funds.

3 So I am concerned just in terms --- not
4 about the financial capacity of Mr. Bluhm or High Pitt
5 or the investors. But as of today, can you, Mr.
6 Donnelly, tell me how it is that the Board can find by
7 clear and convincing evidence that the petitioner has
8 the adequate funds or has already secured the adequate
9 funding?

10 ATTORNEY DONNELLY:

11 Yes, to me this is precisely like a bank
12 line of credit. I appreciate what you just said; that
13 High Pitt and the Walton group have adequate funds.
14 So I think we can all consider them a bank, a secure
15 bank, a financially sound bank.

16 A petitioner, which in this case is
17 Holdings Acquisition, Rivers, by way of the letter
18 that was executed yesterday has a call on that letter
19 of credit. And so it's exactly as if another casino
20 were in front of you and saying okay, we have a line
21 of credit from a bank that everyone --- PNC for
22 example, that has agreed that when we make the call,
23 if as and when we make the call, the funds will be
24 there.

25 So, I think that addresses precisely what

1 you raised. And we've thought about this obviously,
2 hence the letter. And the petitioner has secured
3 adequate financing; has the ability to make that call.

4 MR. TRUJILLO:

5 And you believe that's the case even
6 though the financing is still not in place?

7 ATTORNEY DONNELLY:

8 Yes, it's unrelated. That line of credit
9 is in existence. Again, using the bank analogy, if as
10 and when Holdings makes the call, just as if it were
11 bank financing, the money is there. I used the
12 analogy when I was talking --- a sillier analogy, but
13 the rich uncle who has the money available when the
14 nephew asks for it. And that's the same situation.

15 MR. TRUJILLO:

16 And that ability to call the funds exists
17 even if the anticipated financing does not close by
18 the end of the week?

19 ATTORNEY DONNELLY:

20 The ability does, yes. But that's where
21 Mr. Carlin came in. If this one percent possibility
22 they spoke of came in, then there are other
23 alternatives that we would look at. But the ability
24 is still there. Again, it's like a bank --- it's like
25 a line of credit.

1 MR. TRUJILLO:

2 Yeah, I mean, it's just difficult for me
3 to understand it because when it's described not with
4 a line or a letter of credit but it's described as
5 we'll provide funding. And it speaks to amounts but I
6 don't have a structure before me so that makes it a
7 little difficult now. Frankly, I think the Board has
8 had a positive experience with High Pitt and with
9 Walton Street and Mr. Bluhm in the past.

10 So I think certainly --- I'm willing to
11 give the benefit of the doubt. But my real concern
12 --- if this were happening five days from now and the
13 financing had closed, I think I'd have a little bit
14 more comfort. But let me ask one other question. The
15 equity infusion that, Mr. Carlin, I believe that you
16 testified about, who's providing the equity infusion?

17 MR. CARLIN:

18 It will be provided by the Walton Street
19 Capital and High Pitt Group will provide half the
20 equity. And the Detroit pension funds that currently
21 secure the second lien debt will provide the other
22 half of the capital.

23 MR. TRUJILLO:

24 Okay. All right. And Mr. Donnelly, with
25 respect to the three conditions, I'm afraid I've been

1 hearing --- I know Mr. Pitre asked about whether or
2 not the conditions were acceptable. But I didn't hear
3 the response over here on my end. So can you just
4 respond to those three conditions?

5 ATTORNEY DONNELLY:

6 Yes, those are acceptable.

7 MR. TRUJILLO:

8 All right. That's all I have, Mr.
9 Chairman.

10 CHAIRMAN:

11 Thank you. I have about five quick
12 questions. First one's to Mr. Moyer. I thought I had
13 asked for this at the public hearing in Pittsburgh.
14 But if I wasn't clear I'll be clearer now.

15 We would like your spend with outside
16 vendors in Allegheny County; annual spend in the
17 contiguous counties including Allegheny, that's a
18 second number annually; and then your spend in the
19 State of Pennsylvania. So, those three criteria;
20 annual spend that you do as a casino in Allegheny
21 County to the mom and pop businesses there, to
22 contiguous counties including Allegheny and then,
23 number three, to the state as a whole.

24 ATTORNEY SKLAR:

25 Mr. Chairman?

1 CHAIRMAN:

2 Yes.

3 ATTORNEY SKLAR:

4 We submitted to the Board clerk on April
5 27th the response for those ---

6 CHAIRMAN:

7 Thank you. Okay.

8 ATTORNEY SKLAR:

9 --- particular ---.

10 CHAIRMAN:

11 I apologize. And thank you if that's
12 already been done. I did not hear that answer in ---
13 previously when Mr. Moyer spoke. So okay. Second
14 question. Mr. Plummer, I think this goes to you. The
15 learn-to-play opportunities, can you explain that a
16 little bit? And when does that start?

17 MR. PLUMMER:

18 Well, learn-to-play takes several
19 variations. There will be learn-to-play on live
20 tables that will be taught by supervisors essentially
21 and some of the dealers in terms of customers being
22 able to sit down and face to face describe the rules.
23 And actually play a few hands, roll the dice, have
24 different betting options explained without putting
25 their own money at risk.

1 There's also opportunities on the
2 property to display and on the website; learn-to-play
3 videos and written information. So there will be
4 brochures on the property that include the rules and
5 how to play. There will be videos online, how to play
6 the games; video instruction of how to play the games.
7 And on property we'll have those available along with
8 staff.

9 And that doesn't mean --- when you look
10 at the floor plan, right now the thinking is in the
11 non-smoking pit area outside west end; to use that
12 during the introductory period for learn-to-play
13 opportunities, specifically for blackjack. And then
14 also use the wheelhouse area because it's a smaller
15 space but it has a little bit of a variety of games in
16 there to do learn-to-play opportunities as well.

17 CHAIRMAN:

18 And those learn-to-play opportunities
19 timing-wise will be after table games are up and
20 running?

21 MR. PLUMMER:

22 Yes. Yeah. On the tables themselves,
23 yes, after approved for table games and our play days
24 go well and we're approved to operate officially.
25 Those opportunities would ensue after that. The video

1 how to play on the internet, on our website, the
2 brochures --- we're able to have the kiosks on the
3 property before we open.

4 CHAIRMAN:

5 Smoking and non-smoking. Can you go back
6 to slide 20, please? I just want to get a
7 clarification on how that's going to look with table
8 games. What of those four --- I guess five areas but
9 four categories. Which of those will be smoking and
10 non-smoking? Or will there be smoking and non-smoking
11 within some of those areas?

12 MR. PLUMMER:

13 This area here labeled one is the poker
14 room. That's a non-smoking area; designated
15 non-smoking poker room. So, there's 24 tables in
16 there. This pit here has 12 tables. It is designated
17 non-smoking, 24 hours. These other areas are in
18 smoking areas. But we do have the opportunity at any
19 time to make an individual table or groups of tables
20 non-smoking at the table. And that's per the
21 opportunities we want to provide to customers, and
22 honestly, feedback from customers.

23 CHAIRMAN:

24 Thank you. And Commissioner McCabe did
25 give me your purchasing data, so thank you very much

1 for submitting that. Two more quick questions. And I
2 think Commissioner Sojka had asked this question in
3 the Pittsburgh hearing. But again, I'd like to have
4 it stated on the record here. And Mr. Barrett, this
5 is probably a question for you.

6 If you see somebody --- one of your
7 dealers sees a compulsive gambler at a table, much
8 easier to identify, I would suspect, when you're
9 sitting across the table from somebody. You can watch
10 their reaction as opposed to a slot machine; finding a
11 compulsive gambler there. What is your protocol for
12 removing that compulsive gambler from that table? Is
13 it immediate? Is it at the end of a hand? Is it when
14 you change over dealers? What's the protocol when you
15 see obviously somebody who has a compulsive gaming
16 problem?

17 MR. BARRETT:

18 Now, just to clarify, would this person,
19 this customer, be somebody that is on the exclusion
20 list or possibly not?

21 CHAIRMAN:

22 Possibly not.

23 MR. BARRETT:

24 Okay. We would ask our dealers to alert
25 their supervisor so the dealer could continue to deal

1 and protect their game.

2 CHAIRMAN:

3 And how is that done? I mean, is it when
4 the dealer walks off after his or her shift? Is it
5 between games? When does that happen?

6 MR. BARRETT:

7 We will develop a procedure where any of
8 our dealers at any time can be asked to be taken off a
9 game and have a discreet conversation with the
10 supervisor that is directly behind them. Explain what
11 they heard, the actions they saw and then the
12 supervisor will either handle it himself or involve
13 their manager to pull the person away from the table,
14 and explain our concerns. And then we'll follow our
15 prescribed responsible gaming training on whether the
16 person is asked to leave, or based on the conversation
17 with that customer, whether they're allowed to
18 continue to play.

19 CHAIRMAN:

20 Thank you. I think that's a more
21 definitive answer than we heard in Pittsburgh and I
22 appreciate that. My last question is more of a
23 statement than a question. In my clips today, my news
24 clips, I saw a rebroadcast of a Channel 4 action news
25 story that I think happened maybe yesterday.

1 There apparently was a sticker on a car
2 window at the casino that said win me on the
3 windshield of the car. The gentleman who won the car
4 was excited. He thought he won a \$38,000 car. When
5 he went to the dealer or called the dealer two days
6 later, he was told that what he really won was a
7 \$20,000 or \$18,000 car.

8 And again, my point is --- I read the
9 article. Assuming it's correct --- and maybe that's a
10 big leap and you'll correct me if I'm wrong. But I'm
11 sure there's fine print. And the article says there's
12 fine print. But when you put a note on the windshield
13 of a car that says win me, common people think that's
14 what it means. Not that you win me except when you
15 read the fine print and you see that the casino or the
16 dealer or somebody else has the ability to substitute
17 another car for the win me car.

18 And this is the kind of stuff --- it's
19 dumb boy. And I want to get an explanation from you
20 as to what happened here.

21 MR. MOYER:

22 There was a car on display at Rivers
23 Casino and it was requested by the dealership to bring
24 the car that we agreed to buy. We were actually
25 giving away ten cars. And the winner had their choice

1 of a Dodge Challenger, a Chevy Camaro or a Ford
2 Mustang. And the dealerships that --- when they
3 brought the car, they brought their top of the model
4 car out. That wasn't the deal that we had negotiated.
5 That wasn't the deal that was in our rules and regs
6 for the sweepstakes.

7 The rules and regulations clearly stated
8 the exact model, make and details about the car. And
9 the one on display just had some optional accessories.
10 I mean, I understand and we feel --- we sympathize
11 with the winner. I mean, we were really thrilled. He
12 was thrilled that he won a car. We'd given away six
13 of those cars already this month. We have four more
14 coming up this weekend. And we feel that the rules
15 and disclaimers and everything on all of our
16 advertisements were specific enough that said which
17 car, in fact, that they would win.

18 Now, I watch car ads all the time on TV.
19 They always show the car running around the highways.
20 And it always comes up on the screen car shown with
21 optional accessories. And the lease price might start
22 at \$299 but that exact car that you see has some
23 options that you may or may not want. So again, we
24 feel bad that he's not happy with the car that he won.
25 The other winners are very ecstatic with the car that

1 they won.

2 CHAIRMAN:

3 Well, let me just --- I'll get off my
4 high horse here. But when you put a sign on a car
5 that says win me, that's what common people think they
6 win. It's real simple. And if it's not win me, then
7 you should say win something like me or win something
8 less than me. But when you say win me, the common
9 person out there thinks you win the car that's
10 underneath the sign. And again, it's unnecessarily
11 bad publicity. And it's the kind of stuff that
12 shouldn't happen.

13 MR. MOYER:

14 Well, Chairman, I assure you we will
15 avoid any missteps like that in the future. There was
16 a sign right next to that car though, however, that
17 was pretty big that did say this car has optional
18 accessories. And it did say what car they would win.
19 But I do agree that he's looking at that car in the
20 heat of the moment. It wasn't two or three days
21 later. Right after he won the car, he had a document
22 that showed him what car he won. So it really wasn't
23 three days later when he showed up at the dealership.

24 MR. MCCABE:

25 Mr. Chair, if I may, he is one of six

1 winners? You've given away six cars so far in May?

2 MR. MOYER:

3 Yes.

4 MR. MCCABE:

5 And he's the only one that's been
6 confused or complained? Have the other five
7 complained or brought this to your attention?

8 MR. MOYER:

9 No, the other five have been very happy
10 that they won a brand new car. And like I said, we're
11 giving away ten --- committed to ten this month.

12 MR. MCCABE:

13 Are the other five going to complain
14 after they see the TV show and the article?

15 MR. MOYER:

16 Right. I believe the other five all took
17 the cash equivalent of the car, which he was offered
18 that as well.

19 CHAIRMAN:

20 Thank you. Any other questions from the
21 Board?

22 MR. TRUJILLO:

23 Mr. Chairman, I ---.

24 CHAIRMAN:

25 Yes, Commissioner Trujillo?

1 MR. TRUJILLO:

2 And I don't know --- Mr. Donnelly or Mr.
3 Carlin. I'm sorry. But I'm stuck on the May 24th
4 letter, the last paragraph and the last sentence. As
5 I read it, it states that the company and Rivers
6 Casino Management Committee acknowledge that neither
7 will call on or request the TG fund unless and until
8 the company and its affiliates close on the
9 contemplated financial structuring or an acceptable
10 alternative.

11 And my concern there is that if the
12 company does not close on the contemplated financial
13 restructuring or an acceptable alternative, as I read
14 this, Mr. Donnelly, it's not a line of credit that's
15 available today. I'd like you to explain that for me.

16 ATTORNEY DONNELLY:

17 Well, I don't think that's correct. The
18 point is that it is a line of credit that is available
19 today and will be available tomorrow and will be
20 available even if the restructuring is not closed.
21 That line of credit is not going away. But the entity
22 in this case, Holdings, is not required to call on
23 that line of credit.

24 For a lot of technical reasons and my
25 advice of counsel and others, it was thought wise to

1 have an acknowledgement by the entity that the persons
2 who controlled --- and I don't want to be overly
3 complicated. But the entities which control that
4 company will not call on the line of credit unless
5 there is a restructuring or an alternative.

6 So we wanted to make that plain in that
7 letter. But the line of credit remains existing and
8 doesn't go away. It's, again, like any line of credit
9 where a person or an entity who has that is not
10 required to draw on that. I mean, I guess there are
11 some circumstances where they are. But the vast
12 majority of lines of credit are available just for
13 that purpose as you may draw each amount required to
14 draw.

15 MR. TRUJILLO:

16 I understand how those kind of
17 transactions happen. But what this says is not that
18 they're not required to draw on it, it's that the
19 petitioner, as I understand this, agrees --- not that
20 it's not required to. It's that it will not draw on
21 the line of credit. And it's agreed not to call ---
22 that it will not call on that line. Then how does it
23 have the funds available if, in fact, the contemplated
24 restructuring or an acceptable alternative has not
25 closed?

1 ATTORNEY DONNELLY:

2 Well, that would --- sorry.

3 ATTORNEY PITRE:

4 Commissioner Trujillo, what would
5 necessarily --- what would happen is that they
6 wouldn't have the money to pay the table games fee.
7 And basically they wouldn't get table games. They'd
8 be back to square one, having to resubmit a petition
9 if they wanted table games again. That's basically
10 what the effect of that would --- that's what it would
11 be.

12 MR. TRUJILLO:

13 And I understand that. I guess what I'm
14 saying --- the Board level is that it's --- if what we
15 have today is not a solid commitment to have those
16 funds available, going back to the statute, how has
17 the petitioner met 1315(a)(3).

18 ATTORNEY DONNELLY:

19 Well, again, I say the funds are
20 available. It is essentially at the option of the
21 entity to pull down the funds. And those funds aren't
22 disappearing. They're sitting there. Cyrus is
23 correct, I believe, in his analysis that if a
24 restructuring didn't go through and an acceptable
25 alternative was not entered into and the entity then

1 did not draw on those funds which are there, then they
2 would be in exactly the situation that Cyrus stated.

3 They wouldn't have the right to have
4 table games at this time. And it would face what's a
5 pretty severe, more than pretty severe, penalty in the
6 statute that sought to get table games after June 1
7 and it's cost another \$8 million plus. Or it wouldn't
8 have table games at all.

9 But I honestly do not believe that that
10 is any defect in the statute because not only 1315(a)
11 but also the 1312(a) both talk about in terms of
12 making sure that the entity itself has, I'll use the
13 words again, has secured adequate financing to enter
14 into this exercise. Not that it is required to. No
15 one --- nothing in the statute puts a gun to anyone's
16 head and says you must do table games. It talks about
17 making certain that the entity has arranged financing
18 to do that. And I think we're right spot on, on that.

19 MR. TRUJILLO:

20 That's all I have, Mr. Chairman.

21 CHAIRMAN:

22 Thank you. Any other questions? Thank
23 you very much. I'm sorry? Commissioner, do you have
24 one?

25 MR. GINTY:

1 Cyrus, if they meet your three
2 conditions, there is no question that this money will
3 then be available and be obvious to us and ---?

4 ATTORNEY PITRE:

5 Yeah, if they meet the three conditions,
6 they're going to be good operationally. They should
7 be good operationally for quite a while.

8 MR. GINTY:

9 And we could be sure that they do, in
10 fact, have the necessary funds to go forward?

11 ATTORNEY PITRE:

12 Yes.

13 MR. DONNELLY:

14 I'd just like to say one thing following
15 up on the Commissioner's comments. I mean, Greg
16 Carlin's here. Neil's here. I mean, these are not
17 the kind of folks who come in here and casually throw
18 out what they think the probabilities of something
19 happening are. They're highly confident that this is
20 going to close. We're an inch or two away from it.
21 There's a lot of people involved.

22 It's been a long slide getting ---
23 there's pension funds, there's banks, there's
24 different investment groups and all that. So, we're
25 almost there. We wouldn't be sitting in here talking

1 to this Board and explaining our level of confidence
2 unless we really felt it.

3 CHAIRMAN:

4 Thank you. This will conclude our first
5 hearing. Thank you very much.

6

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* * * * *

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HEARING CONCLUDED AT 2:30 P.M.

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CERTIFICATE

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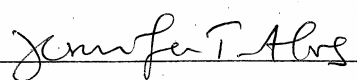
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I hereby certify that the foregoing
proceedings, hearing held before the Pennsylvania
Gaming Control Board, was reported by me on 05/25/2010
and that I Jennifer T. Alves read this transcript and
that I attest that this transcript is a true and
accurate record of the proceeding.


Court Reporter