

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, 2:30 p.m.

LOCATION: Commonwealth Keystone Building

400 North Street, Hearing Room 1

Harrisburg, PA 17120

WITNESSES: Wendy Hamilton, Rose Marie Cook, Leigh

Whitaker, Joseph Martin

Reporter: Jennifer T. Alves

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A P P E A R A N C E S

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CHAIRMAN:

We'll now call HSP Gaming, Petition for Table Games Authorization to the table. If I could ask everybody to please take their seats, we'll get started. Thank you. I'll note for the record that HSP Gaming's public input hearing on this petition was held May 19th at the Community College of Philadelphia in Philadelphia, Pennsylvania. The evidence received at that hearing has been made part of the record in these proceedings. Will the representatives of HSP Gaming LP who are going to be witnesses and any witnesses for OEC please stand to be sworn by the stenographer?

WITNESSES SWORN EN MASSE

CHAIRMAN:

Thank you. And again, before everybody speaks, except for counselors who've already introduced themselves, if you could state and spell your name for the stenographer, that'd be appreciated. And with that, Mr. Donnelly, you may begin.

ATTORNEY DONNELLY:

1 Yes, one housekeeping matter. I forgot
2 to move into evidence at the conclusion of Rivers the
3 power point. And I'd like to do so at this time.

4 CHAIRMAN:

5 Any objection from OEC?

6 ATTORNEY PITRE:

7 No objection.

8 CHAIRMAN:

9 So noted and moved into the record.

10 ATTORNEY DONNELLY:

11 Okay. Again, for purpose of the record,
12 John Donnelly appearing on the behalf of HSP,
13 Sugarhouse Casino. Today we will be presenting Wendy
14 Hamilton, the General Manager of HSP, Rose Cook,
15 Director of Table Games, Leigh Whitaker, who is the
16 Director of Communications, and Joseph Martin,
17 Director of Procurement.

18 They're going to address the 1325
19 criteria. They will address each of those. At the
20 end I'll kind of sum up and point to the record where
21 we believe we've addressed all those items. And with
22 that, I will turn this matter over to Ms. Hamilton.

23 MS. HAMILTON:

24 Mr. Chairman, members of the Board, thank
25 you again for having us. You've seen quite a bit of

1 Sugarhouse recently. I want you to know it's our
2 intention to give you next week off. Just very
3 quickly because you did see this --- most of you saw
4 this recently. I wanted to give you just a quick
5 introduction of myself.

6 I spent 12 years in the industry in
7 Atlantic City --- mostly in Atlantic City with one of
8 the biggest names in casino gaming. About 8 of those
9 12 years were in Atlantic City. And then I had the
10 opportunity on a few occasions to spend a year each in
11 Illinois, Missouri and then Tennessee when the company
12 I was working for was headquartered there. When I
13 left that company, I went for three years, opened and
14 then operated Philadelphia Park just north of
15 Philadelphia.

16 Our construction update you've seen
17 fairly recently. But this is a photo of what's going
18 on there today. So it is for real. Sugarhouse is
19 coming. We had our tapping out ceremony just about
20 two weeks ago. Our building is 55 percent complete.
21 We are looking to fully enclose the building in the
22 next ten days or so. And we're shooting for September
23 2nd to receive our Temporary Certificate of Occupancy
24 so that our operational folks can start stocking
25 offices and operational areas in that building, and do

1 final onsite training for an anticipated opening date
2 of mid-September.

3 There's a couple of reasons why it's very
4 important for us to have table games. First and
5 foremost, it allows us to stay competitive with
6 Atlantic City and other neighboring markets. I read
7 an article on the way up here today that Delaware is
8 beginning their process to bring table games live in
9 that state. And it allows us to keep the gaming
10 revenue from Pennsylvania residents in Pennsylvania.

11 In addition, we've talked previously
12 about the companion effect of table games on slots.
13 And so we don't only add new table game revenue but we
14 also, through the addition of table games, augment our
15 slot revenue. This of course has a positive economic
16 impact on the state and the city through tax revenues,
17 also the development of our waterfront and jobs, jobs,
18 jobs.

19 We're going to talk in detail about the
20 jobs that this addition adds later in our
21 presentation. And finally, the addition of table
22 games to our property positions us for the future
23 growth and development of the Sugarhouse destination.

24 We have some letters of support from our
25 local and state government officials. These have been

1 read into the record previously but from Mayor Michael
2 Nutter, Senator Farnese, Councilman DiCicco and also
3 Councilman Clark, letters of support primarily
4 centering on the jobs that are created for local
5 residents with the arrival of table games.

6 Also, we had some words of support from
7 Joe Rafter, the Chairman of the Penn Treaty Special
8 Services District that we created and is described
9 later in our presentation. And Joe spoke --- some of
10 you heard him last week at our public input hearing.

11 Because Rivers was right before us today,
12 we've already been through some bio on Greg Carlin and
13 David Patent as well as Joe Barrett but a combined 85
14 years of experience in operations in casino
15 operations.

16 I wanted to call out though a couple of
17 pieces of Joe Barrett's background because I think
18 they're particularly important to us. Not only does
19 Joe have 20 years of experience in table games but he
20 did mention earlier he served on the Board of
21 Directors in Indiana and Kentucky on the Council for
22 Problem Gaming. And he's also facilitated annual game
23 protection seminars in multiple states and held dealer
24 schools in multiple jurisdictions. So that experience
25 really strengthens our team.

1 We'll go quickly past Ontario and
2 Vicksburg since we've already been through those
3 today. In addition, I'd like to go into a little bit
4 more detail about Rose Cook, who is our Director of
5 Table Games on the property. She's supported by Joe
6 Barrett. But Rose has 30 years of experience in
7 casino gaming. Twenty-three (23) years of these are
8 in management in Atlantic City at multiple properties.
9 And she spent five years as the Director of Casino
10 Operations at a property in Illinois.

11 Most recently, Rose spent five years as
12 the Director of Training and Development for casino
13 operations at the Borgata. She opened that property,
14 and was the chief managing employee of the only
15 state-certified vocational dealer training facility in
16 Illinois. She's a member of the adjunct faculty of
17 Stockton Institute for Gaming Management, a certified
18 trainer by the Nevada Council on Problem Gaming and a
19 certified TIPS trainer as well. So, all of these
20 things just important as her operational background in
21 table games.

22 With that, I'm going to hand the mic ---
23 oh, she's on a different mic --- to Rose to talk
24 through our implementation of table games.

25 MS. COOK:

1 Good afternoon. Rose Marie Cook,
2 R-O-S-E, M-A-R-I-E, C-O-O-K. Again, we are hoping
3 that we get table games. And with that, our
4 implementation will be 40 tables throughout the casino
5 floor. We're looking at 18 black jack, 6 craps, 4
6 roulette, 3 mini baccarat, 3 pai gow poker, 2
7 four-card poker and 4 three-card poker. And our
8 selection of these games is really based on customer
9 interest and what we think will provide the best jobs
10 for people and the best revenue for the state.

11 I'd like to bring to your attention our
12 casino floor with table games. The first thing I'd
13 like to point out to everyone is that we have the east
14 and the west properly designated on this map. If you
15 look to the left where the red arrow is, the west
16 there, that's the porte-cochere. That's our entrance
17 from the street from Delaware Avenue.

18 And the yellow areas, you can see it
19 better on the overhead than to the side here. But the
20 first yellow area to the left is our first gaming pit
21 with some roulette, blackjack and some of the novelty
22 poker games. We have a high-limit area that's close
23 to the front there where the south is. That's all
24 blackjack in our high-limit gaming area which also
25 includes our high-limit slots and a nice high-limit

1 lounge for that level of customer.

2 And then to the right by the river on the
3 east side we have two more gaming pits with a full
4 complement of everything that we will offer. There
5 will be black jack there. There will also be the mini
6 baccarat, the pai gow poker, the craps, roulette, and
7 again, some of those novelty poker. So that's our
8 casino floor.

9 Job creation to us is, of course, very
10 important. And I'm sure as you gentlemen know, table
11 games is labor-intensive as compared to other
12 departments in a casino. We anticipate an additional
13 306 team members in order to put those 40 table games
14 into Sugarhouse Casino. We have a commitment to a
15 diverse employee and vendor base for table games. And
16 Joe Martin, our Director of Procurement, will speak
17 with you in a little bit about our vendor base
18 commitment.

19 Our dealer school is going to be directly
20 across the street from the site in the office building
21 there. And we're going to make every attempt there to
22 make sure that people that come to our dealer school
23 will be Pennsylvania residents.

24 Now, when it comes to training, you heard
25 my background so you know I'm very concerned about

1 proper training. I believe that training is really
2 the core of success for people. And that's really our
3 goal here; is to help people succeed in careers. And
4 I spoke a little bit about my passion for training
5 last week and really about my passion for a dealer
6 school.

7 Why it excites me so much to have one
8 because I am the product of a dealer school. Back in
9 1978 when Resorts was first opening and economic times
10 were tough in that area of the country. And I've had
11 a great career as a result of being a product of that
12 first gaming school. And I'm really looking forward
13 to having that opportunity once again to help people
14 succeed and have a full career in table games and
15 really in the entire casino industry.

16 Our table games training curriculum has
17 been developed and submitted to the PGCB for approval.
18 We will establish our school, again, at our facility.
19 And that plan has been submitted as well. If
20 approved, our school's going to run for eight weeks;
21 July 6th through August 30th. We have various class
22 schedules available not only during the week. We also
23 devised one for weekends to make our best effort to
24 make sure that our students are able to go.

25 We will have 200 Pennsylvania residents

1 invited to attend that dealer school. And I can tell
2 you right now, we've had a great response so far. And
3 again, if approved we're going to start that selection
4 process in a couple of weeks. Our training will be
5 conducted by experienced staff. We'll be fully
6 prepared upon opening, again, if approved to provide a
7 full facility to our customers from the customer
8 service experience as well as the technical end of the
9 games.

10 We know that skills training is not
11 enough to really train people to come into the casino
12 industry that have never been involved in that. So
13 certainly we intend to have additional training as
14 well. And that will not only be just for table games
15 staff but for all of our staff. When we speak about
16 game protection --- and I know Joe Barrett spoke about
17 it a little bit ago. We know that that's so important
18 to us.

19 We want to ensure that we're protecting
20 the tables, protecting the customers and protecting
21 those revenues. We believe those are very, very
22 important. We do that not only through our staff but
23 through security and surveillance training as well.
24 Our internal control training is very important. We
25 absolutely need to make sure that everybody knows the

1 rules and abides by them.

2 And I know we spoke about CPR
3 certification. All of our dealer school grads will be
4 certified in CPR. And then of course last but not
5 least is the responsible gaming fees.

6 And under the umbrella of responsible
7 gaming really falls several things. I know we speak
8 about compulsive gambling but it's more than that.
9 Responsible gaming includes compulsive gaming,
10 underage gaming, alcohol consumption; prevention of
11 all of these things. So when you see the word
12 responsible gaming, we're talking about all of those
13 responsibilities that come with that of our team
14 members.

15 We are a member of the Council on
16 Compulsive Gaming of Pennsylvania. We actually just
17 met last Friday to discuss the implementation of
18 training for all of our Sugarhouse employees. All
19 Sugarhouse team members will receive that responsible
20 gaming training annually as well as pre-opening, and
21 as well as any new hires.

22 And we are working with the Director of
23 the Office of Compulsive and Problem Gambling to
24 ensure compliance with our requirements of the Gaming
25 Act. I'd like to turn it over to Leigh Whitaker now,

1 our Director of Communications.

2 MS. WHITAKER:

3 Good afternoon, Chairman Fajt and
4 Commissioners. My name is Leigh Whitaker, L-E-I-G-H,
5 W-H-I-T-A-K-E-R. I am the Director of Communications
6 for Sugarhouse. And in my role, I have media
7 relations, government relations and I also serve as
8 the primary liaison between Sugarhouse and our
9 neighboring community.

10 I want to talk to you a little bit today
11 about some of the outreach efforts that we've done
12 over the past couple of years from the beginning. And
13 I started with Sugarhouse in July of 2007. We've been
14 committed to being a good neighbor and a good
15 corporate citizen. Getting to know our neighbors and
16 supporting causes that were important to our neighbors
17 is something that we're very proud of.

18 Since we were awarded our license in
19 December of 2006, we've contributed a little more than
20 \$400,000 to nonprofit organizations, including the
21 Catholic Education Fund, including Philadelphia NAACP,
22 the Leukemia and Lymphoma Foundation just to name a
23 few.

24 In addition, in November of 2008 we
25 signed a community benefits agreement with the local

1 community groups that will provide at least \$1,000,000
2 annually to the Penn Treaty Special Services District
3 once our full phase one facility is open.

4 The Community Benefits Agreement also
5 calls for a pre-opening payment of \$175,000, excuse
6 me, which we did make this past October; October 2009.
7 And the next payment of \$500,000 will be made this
8 October after we open.

9 It's important to note that the community
10 has full discretion on how and where they spend those
11 funds. We've always said that they know their
12 community better than we do. And so we obviously will
13 support them and help them if they need our help. But
14 certainly, it's up to them to make those decisions on
15 how the funds are best utilized.

16 The Community Benefits Agreement also
17 calls for hiring and contracting opportunities for our
18 neighbors as well as an internship and a job training
19 program for residents of the neighboring community.
20 And we're working for all those things right now.

21 Working with the city to develop the best
22 project for the city was also very important to us.
23 As you may recall, we signed a Development Agreement
24 with the city in late 2007. Under the agreement, we
25 will make payments to the city to compensate for taxes

1 that are abated under the city's tax abatement
2 program. I think it's about \$6.7 million a year or
3 about \$67 million over the ten year term of the
4 agreement.

5 Other highlights of the agreement include
6 a green roof design which we will do when our full
7 phase one is complete, public access to the waterfront
8 and an adoption of an economic opportunity plan, which
9 we have incorporated both into our hiring plans as
10 well as our procurement plans. And Joe Martin will
11 talk a little bit about that as well.

12 Being a good neighbor has meant to us
13 that we've got to get out our employment message to
14 community-based and workforce development agencies in
15 Philadelphia. Over the past couple years, we've
16 worked very closely with the Philadelphia Workforce
17 Development Corporation as well as the African,
18 Hispanic and Asian Chambers just to make sure that we
19 get our message out; that people understand the types
20 of jobs we will have, the numbers of jobs we will
21 have, qualifications, timeline, process for hiring, et
22 cetera.

23 In January of this year we actually
24 hosted a meeting with several of the workforce
25 development agencies in the city just to update them

1 on our recruitment and hiring efforts. Right now in
2 Philadelphia the unemployment rate is close in the
3 double digits. And so we know that the creation of
4 new jobs for Philadelphia is very, very important.

5 In the past month alone --- a little more
6 than a month, maybe 45 days or so, we have either held
7 or participated in five career information fairs all
8 across the city.

9 Just to highlight a couple, on April 13th
10 we had both a vendor and a career information fair
11 specifically for the residents of the neighboring
12 community; the folks that live in the three
13 neighborhoods right around our site. More than 200
14 neighbors came out to hear about the future
15 opportunities that are available at Sugarhouse.

16 A couple of weeks later on the 27th we
17 had our citywide job fair at the Pennsylvania
18 Convention Center. There's some pictures up on the
19 screen. We had nearly 10,000 job seekers and
20 potential vendors come out to hear about our
21 opportunities. The event started at noon that day but
22 the line --- and you can see in the pictures. The
23 line was wrapped around the block by 11 o'clock.

24 And so it was a really good day. There
25 was some great folks that came out. I think all of

1 our team was really excited about the opportunity that
2 we have in Philadelphia. We're really excited because
3 Sugarhouse is finally coming to life. And words
4 really can't express how excited we are about the 800
5 jobs that we're going to shortly bring to the city.

6 Our workforce will be diverse and it will
7 be reflective of our customer base. And as we move
8 forward to fill all of those 800 jobs, we will
9 certainly remain focused and committed to
10 Philadelphia, to Philadelphia residents and to making
11 sure that our workforce and our vendor base is
12 diverse. With that, I'd like to turn it over to Joe
13 Martin, our Director of Procurement.

14 MR. MARTIN:

15 Good afternoon, Chairman and
16 Commissioners. My name is Joseph L. Martin. That's
17 J-O-S-E-P-H, L, and, M-A-R-T-I-N. Our total purchases
18 since inception has exceeded \$76 million. And while
19 most of that is construction, one thing I want to make
20 sure is that that \$76 million has not just been paid
21 out once but multiple times by circulating it
22 throughout the community.

23 Whenever you hire someone or spend money,
24 that individual spends it locally, on the internet;
25 wherever. But the key thing is that with this \$76

1 million that we've been able to pay it out first into
2 the community. And that we believe it's circulated a
3 number of times within that community. Of that \$76
4 million, approximately \$58 million was paid out to
5 local businesses, minority and certified women
6 businesses as well. So that's approximately a 76
7 percentage of the funds.

8 When it comes to table games, we're
9 anticipating approximately \$1.7 million will be spent
10 on supplies and equipment as we prepare and launch
11 tables games, if approved. One of the things that the
12 suppliers for table games are required is to have a
13 diversity plan. And we intend to contact the
14 suppliers and make sure that any funds that are paid
15 out to certified minority or women owned or local
16 businesses is also tracked.

17 At Sugarhouse Casino, our supply
18 diversity plan resides in procurement. And I feel
19 that's very important because procurement is where all
20 the requisitions come from all the operating
21 departments. And as such, we get to look at them as
22 well as to include the minority and women-owned
23 businesses as well as local ones.

24 And I'll use as a comparison the Fortune
25 1,000 companies. They average approximately five

1 percent of their spending with diverse suppliers. My
2 teams in the past have averaged closer to 19 or 20
3 percent. And that's because of the inclusion factor
4 that I insist upon.

5 Part of it is including the minority and
6 women-owned businesses. And as I said last week, when
7 I first got here in January I immediately went on the
8 Leigh Whitaker tour of Philadelphia understanding who
9 was important in the city when it comes to minority
10 and women-owned businesses. So everyone from African
11 American Chamber to the Greater Philadelphia Hispanic
12 Chamber, Minority Supplier Development Council, et
13 cetera, et cetera.

14 So, we've been out there pounding the
15 pavement as partners for Sugarhouse Casino. And what
16 we were doing was trying to tell the individual
17 businesses that are in Philadelphia how to do business
18 with Sugarhouse Casino. And the way I do that is by
19 actually showing them the forms that we utilize as
20 well as letting them understand our terms and
21 conditions. And I explained everything fully,
22 including our prohibition of kickbacks.

23 Somebody said to me that at one time that
24 you sure made that kickback thing very clear. And
25 that's exactly what we want to do to make sure that no

1 one even considers that type of thing with Sugarhouse
2 Casino.

3 Over the past spring, we presented to
4 between 600 and 700 businesses as well as sent out
5 additional copies through the internet to businesses
6 that were unable to attend the presentations.

7 Once we go through our process, we
8 actually have to do the bids. And we do bid
9 evaluations afterwards. And we do a lot of that in
10 our Excel spreadsheet at this point. But going
11 forward we'll be able to do it with our new software
12 that we'll be doing.

13 So if during the bid evaluation process a
14 certified minority or women-owned business or local
15 businesses does not win, then I fully expect to apply
16 the same percentages that are required of us to the
17 prime that would be winning. So we'd be looking at
18 them doing business with certified minority and
19 women-owned businesses as well as local businesses.

20 So far, I've only been here for --- this
21 is now four months. But we've had a diversity of
22 bidding opportunities. And right now we have
23 certified minority and women-owned businesses as well
24 as local, one environmental, IT wiring and furniture
25 contract. So, based upon that we're looking to apply

1 this to a full diversity of commodities as they come
2 up.

3 At Sugarhouse Casino with the inclusion
4 of table games we expect to meet and exceed our goals
5 that have been given to us. And we really look
6 forward to pleasing the objectives that have been set
7 based upon the City of Philadelphia; the Commonwealth
8 of Pennsylvania as well. With that, I want to turn it
9 back over to Wendy Hamilton.

10 MS. HAMILTON:

11 Thanks, Joe. Incidentally, it's been a
12 little bit of a long road getting here for Sugarhouse.
13 There have been \$5.5 million in total wages paid at
14 the Philadelphia office already. One of obviously the
15 biggest benefits for the city and the Commonwealth is
16 the tax revenue. And we just wanted to point out that
17 this would bring our total estimated tax revenue for
18 the city and the state to \$137 million in the first 12
19 months of operation. That includes the \$5 million
20 additional projected for table games.

21 On this slide, that is broken out --- the
22 \$4.5 million for the Commonwealth and \$650,000 for the
23 local share. In addition, there's the \$16.5 million
24 license fee and additional \$5.5 million in
25 construction, and a projected over \$10 million in

1 additional payroll associated with table games. So,
2 with that, I'm going to hand the floor back over to
3 John Donnelly.

4 ATTORNEY DONNELLY:

5 Thank you. Again, for purpose of the
6 record, I'd just like to address the 1325 criteria.
7 Number one, the slot machine license is in good
8 standing. Of course, we're not open yet. We're
9 looking toward the middle of September or toward the
10 end of September. Number two, positive economic
11 impact. Wendy just showed you those numbers and I
12 think they're impressive.

13 We have closed --- as to number three,
14 we've closed on the financing as we put forth in the
15 --- Mr. Carlin put forth in the public info hearing
16 last week. And four, Mr. Carlin also addressed the
17 financial stability as did others. We're under
18 construction. We're going to be ready to open and
19 have the funds available to do that.

20 Five, requisite business ability and
21 experience. Again, as we presented last weekend and
22 this morning in another application, it's the same
23 experience which is applicable to Sugarhouse and is in
24 the PowerPoint with regard to Mississippi, Illinois
25 and Niagara Falls.

1 Internal and external security, as I
 2 noted that comes, I think, after this vote today. And
 3 we will again commit to work with staff, and of
 4 course, meet all those steps. Seven, this does not
 5 apply to us because Sugarhouse wasn't in operation
 6 10/1/09. But even if it was, as the Board knows in
 7 our petition that we had last week allow --- I think
 8 it was last week, the week before last. Allowing us
 9 to adjust our table games, our floor. That will be
 10 extremely helpful to the opening operations.

11 And number eight, we've provided all the
 12 executed waivers. So, with that, I believe we have
 13 met all the criteria under Section 1325 and request
 14 that the Board grant the authority to operate table
 15 games.

16 CHAIRMAN:
 17 Thank you.

18 ATTORNEY DONNELLY:
 19 Thank you.

20 CHAIRMAN:
 21 Enforcement Counsel have questions?

22 ATTORNEY MILLER:
 23 Just a few, Mr. Chairman, if I may. Good
 24 morning --- good afternoon. Good afternoon. I noted
 25 that you have a pretty extensive ---.

1 CHAIRMAN:

2 I'm sorry. Dale, could you spell your
3 name for the stenographer?

4 ATTORNEY MILLER:

5 I'm Dale Miller, M-I-L-L-E-R. First name
6 is, D-A-L-E. And I'm the Deputy Chief Enforcement
7 Counsel for the Eastern Region of the Pennsylvania
8 Gaming Control Board.

9 CHAIRMAN:

10 Thank you.

11 ATTORNEY MILLER:

12 I noticed you have a pretty extensive
13 training program for your dealers and the folks who
14 are going to work for you. Have you also considered
15 and are you going to implement a training program for
16 patrons, videos, actual training in the casino? Any
17 thoughts about that?

18 MS. COOK:

19 Well, yes. Here's the thing about the
20 area where we are. We believe that our customer base
21 is fairly experienced at this point in time given our
22 location. So that said, to not leave anyone out, we
23 have gaming brochures. There will be a brochure
24 available anywhere. We will certainly do
25 instructional seminars right on the gaming floor that

1 would be free for our customers to teach them.

2 ATTORNEY MILLER:

3 I noted that there's a lot of
4 construction out in front of the casino. And could
5 you explain what that is and whether or not that
6 construction will be completed? And I'm not talking
7 about the --- I'm talking about the construction on
8 Delaware Avenue.

9 MS. HAMILTON:

10 Yeah.

11 ATTORNEY MILLER:

12 Whether or not that will completed in
13 time for your opening with the table games.

14 MS. HAMILTON:

15 It better be. It's a mess; isn't it?

16 CHAIRMAN:

17 Could we go back to the slide on that?
18 There you go. Thank you.

19 MS. HAMILTON:

20 Delaware Avenue is rerouted right now in
21 front of the site. And that work has to do with some
22 drainage work that the Philadelphia Water Department
23 is doing. Members of our development team are working
24 very closely with the city and the Water Department to
25 make sure that that work is moving at the pace that we

1 all agreed to. Everyone understands that absolutely
2 we can't open until that work is finished. And
3 everyone is anxious for us to be open on time.

4 So, again, the teams are working very
5 closely to make sure that that work is on pace to be
6 finished. It's not directly related to our project
7 but it was decided that this was as good a time as any
8 to do it and get it out of the way. But it will be
9 finished by the time we open in September.

10 ATTORNEY MILLER:

11 I take it a lot of that construction is
12 the City of Philadelphia updating their sewer system;
13 is that right?

14 MS. HAMILTON:

15 Yes.

16 ATTORNEY MILLER:

17 There was some talk earlier in your
18 presentation many, many, many months ago about the
19 water outfall into the Delaware River. And this
20 construction I'm assuming is connected to that; is
21 that not correct?

22 MS. HAMILTON:

23 Yes.

24 ATTORNEY MILLER:

25 And in fact, it'll make you a better

1 neighbor, allowing you to divert more water from the
2 streets; isn't that right?

3 MS. HAMILTON:

4 Yes, I'm told there are several basements
5 in Fishtown that will not flood anymore after this
6 work is finished.

7 ATTORNEY MILLER:

8 Then that'll make people very happy. I
9 take it you anticipate increased traffic with the
10 customer base you're going to get for tables games?

11 MS. HAMILTON:

12 To some extent, yes.

13 ATTORNEY MILLER:

14 Could you give us an update, if you have
15 one, on the interim or temporary ramps from I-95 that
16 are going to be setup to divert some of that traffic?

17 MS. WHITAKER:

18 Hi. Leigh Whitaker again. I don't
19 remember the exact dates. I understand from PennDOT
20 --- we had meeting a couple of weeks ago with the city
21 Department of Streets, PennDOT and some folks from the
22 local community. PennDOT is scheduled to have those
23 temporary on and off ramps done in time for our
24 opening. They anticipate that they will be done the
25 middle to the end of August.

1 Some of that roadwork has already been
2 complete. And I know they're doing paving on one
3 side. I guess it's the southbound exit coming south
4 --- the southbound exit off of 95 north, going south
5 off of 95 coming from the north. We can get you an
6 updated schedule but as of the last meeting we had,
7 and that's a couple of weeks ago, they were estimating
8 that they would finish that work at the end of August.

9 ATTORNEY MILLER:

10 And will those new ramps eliminate or at
11 least alleviate traffic going through the
12 neighborhoods, through Fishtown and Northern
13 Liberties?

14 MS. WHITAKER:

15 Yes, the temporary on and off ramps will
16 let traffic off directly onto Aramingo Avenue, which
17 Delaware Avenue --- on our end of Delaware Avenue
18 turns into Aramingo just a little bit further north.
19 And so there will be an exit --- traffic will be
20 rerouted both from the north and the south onto
21 Aramingo Avenue and come directly to our property.

22 ATTORNEY MILLER:

23 With the increased patronage you'll have
24 with table games, will you have enough parking spaces
25 available to the patrons without the anticipated

1 parking garage?

2 MS. HAMILTON:

3 Yes, in fact, we've been working closely
4 with several parcels adjacent to us, owners of parcels
5 adjacent to us, to work out some short-term lease
6 deals for additional surface parking in the
7 short-term. In addition, we have begun working more
8 quickly with city officials to accelerate our planning
9 process, design and planning process, for a parking
10 garage.

11 ATTORNEY MILLER:

12 So you've anticipated that and you feel
13 you have solutions to the greater amount of patrons
14 with ---?

15 MS. HAMILTON:

16 Yes, yes. And we've erred on the side of
17 having too much parking available just to make sure
18 that we don't end up with our patrons parking in and
19 clogging the neighborhood.

20 ATTORNEY MILLER:

21 Now, I noticed that you have --- you're
22 going to have 800 employees all together when you
23 open. Have you hired, actually hired, anybody yet? I
24 mean, besides the management and the people ---.

25 MS. HAMILTON:

1 There's 20 of us who turn out great
2 PowerPoint presentations. We sent out --- yeah. The
3 first large group of employees that we'll bring on
4 will be the folks that we invite to our dealer school.
5 And just on Sunday this past week, two days ago, we
6 sent out the first 1,500 letters to folks who are
7 invited to come to the dealer school selection
8 process.

9 So that's Phase I of three or four total
10 phases where we start bringing in masses of people to
11 go through our interview process, first to be invited
12 to dealer school, later for gaming positions and then
13 non-gaming positions closer to the end to start to
14 fill the ranks.

15 ATTORNEY MILLER:

16 And this is for Mr. Donnelly. I take it,
17 Mr. Donnelly, that on June 1st you'll be ready with
18 the check, with the \$16.5 million, and you have the
19 ability to pay it; is that right?

20 ATTORNEY DONNELLY:

21 Yes, as Mr. Carlin pointed out, when we
22 had the application for the slot machines, we've
23 already closed on that ---.

24 ATTORNEY MILLER:

25 I have no further questions.

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CHAIRMAN:

Does OEC have a presentation?

ATTORNEY ROLAND:

We do not have a presentation, Mr. Chairman. But we do have a few comments. We have reviewed the petition. We've attended the public input hearings. We discussed this for many hours with Sugarhouse. We've reviewed everything with all the staff bureaus within the Pennsylvania Gaming Control Board. All of the bureaus agreed that in each of their respective areas of expertise Sugarhouse has met its burden in its Petition for Authorization to Conduct Table Games.

The OEC, again, has reviewed that request. We've compared that submission with the requirements of the act, more particularly 1315(a). And based on the information provided by Sugarhouse, the reviews, recommendations of staff, the OEC has no objection to the request of Sugarhouse Gaming for a Table Games Operation Certificate and its plan to add tables to its Sugarhouse facility subject to the conditions that we recommended in our answer to the petition. And we would ask that the Board incorporate the OEC answer including those conditions into the record.

1 CHAIRMAN:

2 Thank you. Does HSP have any questions
3 for Enforcement Counsel?

4 ATTORNEY DONNELLY:

5 No. No, sir.

6 CHAIRMAN:

7 Any questions from the Board?

8 MR. SOJKA:

9 A few.

10 CHAIRMAN:

11 Sure. Commissioner Sojka.

12 MR. SOJKA:

13 I'll try to be quick. Ms. Whitaker, you
14 said that you --- oh, sorry. I didn't mean to startle
15 you there. You mentioned --- and we know that you've
16 made progress over a number of years now with your
17 neighbors and that you've worked hard at that. Was
18 the announcement that table games are now going to be
19 part of Sugarhouse and that they're going to be legal
20 in the state had any impact at all? Has it improved
21 the conditions because of jobs? Has it upset people?
22 Has it had any impact?

23 MS. WHITAKER:

24 I would said it was neutral. I think the
25 folks who --- and we have a great deal of support in

1 our local community. I would say that the folks who
2 supported us, some of whom --- who spoke at the public
3 hearing last week, you know, are looking forward to
4 the increased jobs, are looking forward to the
5 increased vendor opportunities and are certainly
6 supportive of that.

7 And the increased options, our
8 entertainment options, that will be available now at
9 Sugarhouse. I think the folks who are against us are
10 folks who are opposed to gaming in general. And it
11 doesn't matter what we do or how great a neighbor we
12 are. They will never support us.

13 MR. SOJKA:

14 Okay. Good. Ms. Cook, I was impressed
15 with your personal comments about the career that you
16 developed from having gone to a dealer school.
17 Anecdotally, I've heard that same story over and over
18 since gaming has come to Pennsylvania. Are there
19 industry statistics on the number of management
20 persons and people in leadership positions who emerged
21 out of such dealer schools?

22 MS. COOK:

23 Well, one of the unique things about the
24 table games and of the casino industry is you cannot
25 rise up through the ranks without having dealt the

1 games. So every table games management person that
2 you speak to in this business has put on an apron and
3 bent over a craps table or dealt a hand or spun a
4 ball. It's where we come from. It's unique in that
5 regard.

6 MR. SOJKA:

7 And therefore, if we did not have table
8 games that path of advancement within the industry
9 would be less clear?

10 MS. COOK:

11 That path of advancement for table games
12 would be nonexistent.

13 MR. SOJKA:

14 But how about the industry as a whole?
15 I've talked to CEOs of our licensees who said they ---
16 before we had table games here said they got their
17 start as dealers. Is it your general feeling that
18 those schools and that opportunity, not just in table
19 games but within the industry as a whole, gives you a
20 leg up on a career move?

21 MS. COOK:

22 Yes.

23 MR. SOJKA:

24 Okay. That's helpful. Ms. Whitaker, you
25 mentioned, again, green roofs. Is that going to be

1 --- your entire roof is going to be a green roof?

2 MS. WHITAKER:

3 Yes, we have not started construction yet
4 because as you know we have plans in the near future
5 to expand. But the roof will be green. A green roof
6 design will be implemented in full phase one facility.

7 MR. SOJKA:

8 There are suppliers for those things in
9 the Delaware Valley and in the Brandywine Valley. Are
10 you using one of those Pennsylvania suppliers?

11 MS. WHITAKER:

12 We have not identified a supplier yet.
13 But Joe Martin is going to seek them out and make sure
14 they have a chance to bid.

15 MR. SOJKA:

16 Well, pardon me. I just gave a
17 commercial then; didn't I? But it should be noted
18 that those roofs require maintenance.

19 MS. WHITAKER:

20 Yes.

21 MR. SOJKA:

22 And there would be a maintenance --- and
23 ongoing work opportunity for people who would come
24 out. You also should take credit for the fact that
25 green roofs not only make your footprint smaller but

1 they also improve your neighborhood.

2 MS. WHITAKER:

3 Yes.

4 MR. SOJKA:

5 There's less runoff. There's less of a
6 thermal impact on your environment. And you provide a
7 CO2 generator --- CO2 sink and an O2 generator. So
8 it's worth pushing. Mr. Martin, you mentioned an
9 accelerator or a multiplier effect. And I know
10 Commissioner Angeli and I do that all the time when we
11 talk about our colleges. And every dollar of tuition
12 that we get, we can tell you the multiplier number;
13 how much we think it impacts the community. Do you
14 actually have any --- have you had anybody do a study?

15 MR. MARTIN:

16 I have not. Again, most of those dollars
17 are on the construction side. That's something that I
18 can certainly check with Terry on.

19 MR. SOJKA:

20 I'm guessing because you're in such a
21 dense urban environment you might have a surprisingly
22 large number, would be my guess. And then finally,
23 Wendy, is there --- can you say anything more about
24 the fact that you're on the river beyond that you
25 provide access? Are you going to use the river in any

1 way in the way of entertainment or something so that
2 the community would have more than simple access?

3 MS. HAMILTON:

4 Sure. If you could go to the very last
5 slide. We added a slide since the last time. Some of
6 you have seen this presentation. Because the question
7 came up previously about our pathway that provides
8 access. And so I would like to speak to that because
9 it's something we're very proud of.

10 In the top left quadrant of this site
11 plan --- it's difficult to see but it says SEPTA in
12 blue. And it's marking a SEPTA stop on Delaware
13 Avenue. Beginning there and moving east toward the
14 river, you can see a tan pathway that has trees on
15 both sides of it. It comes down to the river at the
16 east end of our site and then moves north past our
17 building as well as the parking lot that's just north
18 of us. And then comes up the north side of that
19 parking lot west, back up to Delaware Avenue.

20 So the hope is eventually, someday in the
21 future after some additional development, that that
22 pathway would not just go around our site but proceed
23 north to Penn Treaty Park. That's out a few years
24 definitely. But we're very proud of that pathway
25 itself. It's beautifully landscaped.

1 The Board members who attended last
2 week's public input hearing heard --- one of our
3 neighbors who's a supporter described the fact that
4 she's lived in the neighborhood her whole life and
5 she's very excited to be able to take her aged mother
6 for walks down by the river. They've never been able
7 to do it. So it's something that certainly is
8 valuable to the neighbors.

9 As far as how else we use that space, I
10 think that's a great idea. And it certainly --- it
11 would lend itself after the proper permitting
12 processes and all that to potentially doing some live
13 entertainment out there and some festival-type things
14 during the nine nice months of weather.

15 MR. SOJKA:

16 Thank you. That's it.

17 CHAIRMAN:

18 Commissioner Trujillo, any questions?

19 MR. TRUJILLO:

20 Just a couple of comments/questions.
21 First, thank you for the last several presentations,
22 Ms. Hamilton, Mr. Donnelly, Ms. Whitaker. Although,
23 Ms. Hamilton, I think you'll agree that the Board
24 members also can do pretty good PowerPoint
25 presentations as well.

1 I wanted to --- actually it relates to
2 1315(a)(2) and (6). And it's probably a certainly
3 tortured reading of those two. But my expectation of
4 what will happen at Sugarhouse --- and I've mentioned
5 this before I think at your hearing regarding the
6 number of slot machines in your facility. My
7 expectation is that you will be, if anything,
8 capacity-constrained in the relatively near future.

9 And so the --- your next sets of issues
10 beyond opening and getting your ability to get started
11 is going to be both expansion parking and the like.
12 And so I am concerned about the impact that that's
13 going to have on the neighborhood, both from a traffic
14 standpoint --- and therefore from a no security,
15 external security standpoint. And then ultimately on
16 --- if you end up in a situation where you are
17 expanding. And therefore, if there's an expansion,
18 that could have a positive economic impact on the
19 Commonwealth and on the surrounding neighborhood.

20 And so the two comments I wanted to just
21 make. Number one, with respect to the traffic issue,
22 I would like to encourage you to do whatever you can.
23 And I know that you've been working, Ms. Whitaker, in
24 particular, directly with the community organizations
25 there as part of your agreement. But one, I wanted to

1 make sure that there was some very easy way, whether
2 it be by hotline or something else, that people who
3 are not in regular communication with you get --- if
4 there is an issue or a problem being posed by high
5 traffic or nuisance activity or anything like that
6 near or around your facility. That it be very, very
7 easy for them to contact somebody at Sugarhouse who
8 can do something about it, number one.

9 And then the second issue is on a going
10 forward basis. Today compared to five and six years
11 ago there is a much more mature and developed process
12 that has been going on in terms of the development of
13 the riverfront in Philadelphia. And so on this I
14 simply wanted to encourage you to maximize the amount
15 of public input that you undergo when you start
16 looking at any potential expansion, be it with the
17 acquisition of parking facilities.

18 But to the extent that you end up taking
19 a larger footprint, I would just, as a resident of
20 Philadelphia, encourage you to just absolutely
21 maximize the amount of public input that you receive
22 even before coming --- before getting anywhere near
23 the drawing table on any of your potential expansion
24 plans.

25 So those are not questions. They're just

1 comments and requests. I think the questions that
2 I've had, at least with respect to 1315(a) and the
3 like, were answered sufficiently last week at the
4 hearing in Philadelphia. Thank you.

5 CHAIRMAN:

6 Thank you. Any other questions?
7 Commissioner Ginty?

8 MR. GINTY:

9 Yeah, I had a comment as well. And that
10 has to do with the tax abatement. I understand your
11 presentation, you were volunteered to pay, I believe,
12 over \$9 million a year for the next ten years. I'm
13 not sure that my colleagues understand. But there is
14 a tax abatement process in Philadelphia where people
15 who build new construction are given a ten year tax
16 abatement on their property.

17 And there have been a lot of condominiums
18 built on the river. And my guess is they did not
19 voluntarily offer to pay in lieu of the abatement. So
20 I want to congratulate you. That'll be close to \$100
21 million that the City of Philadelphia otherwise would
22 not receive.

23 CHAIRMAN:

24 I have a couple of quick questions. If
25 we could go to slide 20, please. Ms. Hamilton, can

1 you tell us in the three oblongs there which of those
2 table games, areas, are smoking and which are
3 non-smoking?

4 MS. HAMILTON:

5 Mr. Chairman, we have not made those
6 decisions at Sugarhouse yet. The difference obviously
7 between us and Rivers is they're a month from
8 potentially doing this and we're four months out. So
9 that's definitely something we'll work closely with
10 staff on. But we don't have definition yet.

11 CHAIRMAN:

12 And will you have a smoking and
13 non-smoking section for table games?

14 MS. HAMILTON:

15 Absolutely.

16 CHAIRMAN:

17 Thank you. Second question. As I did
18 with the Rivers and other casinos, I know you're not
19 up and running yet, but if you could give us your
20 spend to date in Philadelphia, contiguous counties and
21 then Pennsylvania as a whole?

22 MS. HAMILTON:

23 Sure. We can forward that.

24 CHAIRMAN:

25 And could we go to slide four, please?

1 For us non-Philadelphians in the crowd, I assume that
2 all of that dirt will be landscaped before the
3 opening?

4 MS. HAMILTON:

5 Yes.

6 CHAIRMAN:

7 And where is Delaware Avenue in relation
8 to those trucks that are parked there? Is it on the
9 right side?

10 MS. HAMILTON:

11 In the very bottom of the photograph on
12 the right you see the sidewalk that runs along
13 Delaware Avenue. In fact, the very bottom right
14 corner you see a little bit of asphalt. That's
15 Delaware Avenue.

16 CHAIRMAN:

17 Got it. And so out to even where those
18 trucks are, that will all be landscaped?

19 MS. HAMILTON:

20 That's right.

21 CHAIRMAN:

22 And last question, your parking lot, as I
23 recall, is on the left side of that slide?

24 MS. HAMILTON:

25 That's right. There's surface parking on

1 three sides of the facility. On the left side of the
2 picture you see some of the curbing have started to go
3 in at that point when this picture was taken. This is
4 about three weeks old. And actually a lot of the
5 asphalt is in now. But there is surface parking on
6 three --- in front of and north and south of the
7 facility.

8 CHAIRMAN:

9 Is there going to be landscaping between
10 --- the front where you said there's parking in front
11 of the facility between the road and the facility?

12 MS. HAMILTON:

13 Yes, and landscaping. It's all very
14 nicely done.

15 CHAIRMAN:

16 And is the landscaping on the street side
17 of the facility or on the casino side of the parking
18 facility?

19 MS. HAMILTON:

20 Let's maybe flip back, if you would,
21 Michael, to that last slide we looked at a minute ago.
22 In this rendering, Delaware Avenue is at the top of
23 the slide.

24 CHAIRMAN:

25 I see that, yes.

1 MS. HAMILTON:

2 So you can see the trees that line
3 between the parking lots and Delaware Avenue, as well
4 as sprinkled throughout the lots.

5 CHAIRMAN:

6 Okay. Again, just my concern is that
7 what you don't see off of Delaware Avenue is a big,
8 massive parking lot. I suspect that that's what
9 you're going to see initially until the trees go in.
10 But I understand what you're trying to do there.
11 Thank you.

12 MR. COY:

13 Mr. Chairman?

14 CHAIRMAN:

15 Yes, Commissioner Coy?

16 MR. COY:

17 Just for the record, I have visited the
18 site and I am familiar with that area. I'm not a
19 Philadelphian, but anyone who's persuaded, whether
20 they support gaming or not or a casino or whatever,
21 that this will not be an improvement to this area is
22 just not looking at this honestly. This area is
23 atrocious.

24 It is an awful sight for anyone to say
25 that is part of the city. And this addition to the

1 landscaping and to the presentation of the city,
2 again, whether or not you are persuaded that gaming is
3 good or is not, it will definitely be an improvement
4 to the sight and to the landscaping of the whole area.
5 And whatever you do, it has to be better than what's
6 there now.

7 MR. GINTY:

8 And to emphasize that point --- and I
9 believe we discussed it at the public hearing. On
10 your map there just to the left, my recollection is on
11 property between you and the condominium there is a
12 derelict barge, rat-infested and smelly that you
13 indicated you're going to try and buy that property?

14 MS. HAMILTON:

15 We are in talks to lease that property
16 and being able to use that in the short-term for
17 surface parking would require per the city that that
18 boat be removed. So we are working on that deal now.

19 MR. GINTY:

20 But again, Commissioner Coy, your point,
21 that piece of property in between was pretty much what
22 the rest of the Delaware River looked like before
23 Sugarhouse came in.

24 CHAIRMAN:

25 Thank you very much. This will conclude

1 our second hearing. Any documents to be moved into
2 the record?

3 ATTORNEY DONNELLY:

4 Yes, I did the PowerPoint presentation
5 and we made ---.

6 CHAIRMAN:

7 So noted.

8 ATTORNEY PITRE:

9 No objection.

10 CHAIRMAN:

11 Okay. Thank you very much.

12 MS. HAMILTON:

13 Thank you.

14 MS. WHITAKER:

15 Thank you.

16 * * * * *

17 HEARING CONCLUDED AT 3:20 P.M.

18 * * * * *

19 CERTIFICATE

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


Court Reporter