

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: GREENWOOD GAMING & ENTERTAINMENT, INC.

(PARX CASINO)

CATEGORY 1 SLOT MACHINE LICENSE RENEWAL

\* \* \* \* \*

PUBLIC HEARING

\* \* \* \* \*

BEFORE: Gregory C. Fajt, Chairman  
 Raymond S. Angeli (via phone),  
 Jeffrey W. Coy, James B. Ginty,  
 Kenneth T. McCabe, Gary A. Sojka,  
 Kenneth Trujillo  
 David Barasch, Deputy Secretary of the  
 Department of Revenue, Representative;  
 Daniel Tufano, representing Russell  
 Redding, Secretary of Agriculture

HEARING: Thursday, September 16, 2010  
 10:47 a.m.

LOCATION: North Office Building, Hearing Room 1  
 Harrisburg, PA

Reporter: Cynthia Piro Simpson

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CHAIRMAN:

I will now call the matter of Greenwood Gaming and Entertainment, Inc. for renewal of its Category 1 Slot Operator License. I'll note for the record as the folks from Greenwood are coming up, that this matter was already subject to hearing before the Director of Office of Hearings & Appeals. That hearing was held in Bensalem, Pennsylvania several months ago, and a substantial amount of evidence was taken at that time, all of which was presented to the Board prior to today's hearing. Unfortunately, with the invocation of table games becoming the Board's priority since the beginning of 2010, this matter has more or less taken a backseat. As a result, if there's any new or additional evidence that either party would like to introduce to the Board today, we will certainly consider that.

Having said all that, would any witnesses presenting evidence for either Greenwood or the Office of Enforcement Counsel please stand and be sworn in.

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WITNESSES SWORN EN MASSE

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1                   CHAIRMAN:

2                   Again, any person speaking today, if you  
3 would please spell your name for the stenographer  
4 prior to your comments, that would be helpful. And  
5 with that, welcome, and you may begin.

6                   ATTORNEY KOHLER:

7                   Good morning, Chairman Fajt, members of  
8 the Board. My name is Alan Kohler, with Eckert  
9 Seamans, representing Greenwood Gaming &  
10 Entertainment, Inc. I have with me today Tom Bonner,  
11 who you know well, who's vice-president and general  
12 counsel. And also, to his left, Mr. Bob Green, who of  
13 course is a familiar face to you, and he's chairman of  
14 the Board. To Mr. Green's left may not be a familiar  
15 face, is Len DeAngelo, who is our new president and  
16 CEO actually of a parent company for Greenwood Racing,  
17 and Joe Wilson, who runs our horseracing business is  
18 also here with us today. Mr. Bonner and I are going  
19 to share the presentation. We have the folks here to  
20 answer your questions and will cover any subject  
21 matter you might be interested in. And we'll try to  
22 address some of the issues that we think are of  
23 interest to you in our presentation today.

24                   We certainly realize, Chairman and  
25 members, that our Category 1 License is a privilege,

1 not a right, and we understand the continuation of  
2 that license is in your hands. With that said, we  
3 think we --- we've been in operation almost four  
4 years. Time flies. But we have put together a  
5 stellar record and we'd like to present the highlights  
6 of that record to you today.

7                   These things probably are all familiar to  
8 you. This is the Greenwood existing management team.  
9 At the top, of course, is Mr. Green. It is of note  
10 that Greenwood's operation at Philadelphia Park has  
11 recently had its 20th Anniversary. That is --- in  
12 corporate life today, that's a pretty long time under  
13 essentially the same folks running the company. Mr.  
14 Green, of course, has been here from day one and put  
15 together that operation again some 20 years ago. And  
16 it's a benchmark date for our operation. Obviously,  
17 things have evolved from the way it originally  
18 started, but the leaders of the team remain in place.

19                   But with that said, we do have some new  
20 members, again, particularly Mr. Len DeAngelo, who's  
21 here today. And a name I'm sure you're familiar, Gary  
22 Luderitz, is actually pending as far as our general  
23 manager. I'm sure you're familiar with his experience  
24 with Penn National. And Kathy Meci, who you met, I  
25 believe, at the table game hearing. She's not here

1 today but is a valuable, fairly new member of our  
2 management team.

3           This slide just shows some of the ---  
4 what we believe are the highlights of our record over  
5 the past four years. I'm not going to read the slide,  
6 but we think our record speaks for itself. And just a  
7 couple things, in answering Chairman Fajt's questions  
8 of SugarHouse in advance, the 77 percent number on  
9 residency is not the 94 percent number that you saw  
10 when things were slots only. I think all the casinos  
11 have had, you know, a temporary need to bring in  
12 experience. That experience, by definition, tends to  
13 be out of state. I think we all realize that that's a  
14 temporary situation and that number will increase over  
15 time. Greenwood has also had a dealer shortage issue,  
16 and we worked closely with Board staff on it, and  
17 that's also had somewhat of an impact. But again, we  
18 believe over the long run we will meet the residency  
19 objectives of the statute and that you should start to  
20 see that evolve.

21           The other noteworthy fact on the slide  
22 here is since we opened in December of 2006, we've  
23 given \$9.3, almost \$10 million to charity. That's a  
24 number we're very proud of, and I think the number  
25 speaks for itself.



1           The next slide just shows sort of the  
2 growth in our operation since we opened. In December  
3 2006 we opened with 2,076 slots. You see that number  
4 grow fairly quickly over time. It's continued to  
5 grow. And by the way, it's continued to grow even as  
6 we've introduced table games. The August 2010 number  
7 is 3,461 slots, and we expect that number to continue  
8 to grow as the casino evolves. So I know that there's  
9 been concern in that area. There should be no concern  
10 at our facility.

11           This briefly summarizes our revenue  
12 numbers. It also is a record we're proud of. We are  
13 the highest gross terminal revenue generating facility  
14 in the state. And I think the early indications are  
15 that we're going to see something similar on the table  
16 games side. If you add up the numbers --- this is  
17 broken down by year. But if you add up the numbers,  
18 that's Philadelphia Park alone, \$1.2 billion in gross  
19 terminal revenue and \$673 million in taxes and  
20 assessments, basically related to our slot operations.

21           As you know, we started the table games  
22 on July 18th. There's already signs of success in  
23 that area. The Board, of course, has compiled the  
24 first known statistics on table game revenues, and  
25 ours came in totaling over \$11 million. That's pretty

1 much on projection for us. And corresponding tax  
2 numbers will include \$75 million.

3           The next slide is just an overview of the  
4 economic impact of table games. These are numbers ---  
5 you've probably seen them before. You have the  
6 licensing fee, our projected tax numbers, the  
7 additional wages, approximate number, and our  
8 anticipated capital investment, excluding the  
9 licensing fee of \$20 million.

10           The next slide is the job slide. As of  
11 our test day on July 16th, we've hired 642 new  
12 employees. These are not FTEs. They're full-time and  
13 part-time employees. And you see the breakdown  
14 between the table games department and existing  
15 departments. We also have listed some new positions  
16 that were created as a result of the introduction of  
17 table games. And leading on to the next slide, you  
18 see that we added 251 employees in our existing  
19 departments and so, you know, not only new positions  
20 but in our existing organization as we're to  
21 accommodate table games.

22           This slide reiterating what I made  
23 earlier, that, you know, we, of course, introduced a  
24 new line of business in the form of table games, but  
25 our commitment to slots has not waivered. In fact,

1 it's growing. The slots number continues to increase,  
2 and we believe that that will continue to develop in  
3 the future. That sort of leads into Mr. Bonner's  
4 portion of the presentation, he's going to talk about  
5 in a little more detail our future plans.

6 ATTORNEY BONNER:

7 Commissioners, we have before you again  
8 another operational plan, we're up to 15 now, and that  
9 is the plan that requests approval to install 61 poker  
10 tables in the existing Grandstand building. As we  
11 told you before, we think there's a very good  
12 crossroad between the horse wagering customer and  
13 poker in particular but also other table games. So we  
14 think that installing poker tables and grandstands is  
15 the right place to start, and we'll see how it goes.  
16 We requested approval to install 61 games based upon  
17 the ratio in the legislation. Twenty-four (24) can be  
18 non-tournament tables and 37 would be operated as  
19 tournament tables. And we will be bringing subsequent  
20 plans before you for approval to increase the number  
21 of banking table games. And as we do that, we then  
22 convert the tournament poker tables into  
23 non-tournament poker tables.

24 In addition to that, we will soon be  
25 bringing before you another petition that deals with

1 expansion of the Parx Casino building, locate 15 the  
2 Grandstand, locate 16 would be the Parx Casino  
3 building. And this plan focuses on several components  
4 that we've outlined. Basically we're going to move 15  
5 of the 23 e-table slot machines over to the  
6 Grandstand. We're going to move some slot machines  
7 from the new zone that we just built to the location  
8 where those e-tables are currently located from which  
9 they be moved. And then the area vacated by those  
10 slots we want to establish as a 14-table, high limit  
11 table area for our table customers. And then we  
12 intend to do some additional slot machine  
13 rearrangement and we'll probably change up some of the  
14 57 table games that we're currently operating on the  
15 gaming floor. All of that will be detailed in the  
16 petition we will be filing, but we just wanted to  
17 mention the plans for the future.

18                   In addition to the opening 16 information  
19 I just mentioned, which would incur within the  
20 existing Par Casino floor as you see it today, we also  
21 plan further expansion of our casino building. As we  
22 indicated, in slots we're going to add about 95,000  
23 square feet. A little over half of that will be front  
24 of house casino, restaurant and public restrooms  
25 space, and then 43,000 square feet of that will be

1 back of house and support space. Sitting here today,  
2 our construction schedule tells us this work should be  
3 completed by the end of the next year. And as Al had  
4 mentioned earlier, this will enable us to further  
5 increase our slot machine count to about 4,000  
6 machines. And the live table game count will be  
7 increased to approximately 150 tables when that  
8 expansion is completed.

9           I wanted to address this important issue  
10 with you concerning unattended children. And I  
11 basically will reiterate to you what I've already  
12 shared with you both in public forums and also in  
13 correspondence with the Board. This slide indicates  
14 the sanctions that we will impose against customers  
15 who commit these violations. We cooperate fully with  
16 the Bensalem Police Department, who in cases they deem  
17 appropriate, have been making arrests. And you  
18 mentioned some publicity today, the first individual  
19 in Court yesterday in Bucks County. We permanently  
20 evict these individuals so that if they return after  
21 their conviction, they are subject to arrest by the  
22 State Police for criminal trespass. We immediately  
23 cancel player cards and remove them from our marketing  
24 and mailing customer contact lists.

25           This slide talks about the measures that

1 we have taken in an attempt to identify as quickly as  
2 possible any incidents that may occur. When we opened  
3 the Parx Casino in December 2009, we had 16  
4 surveillance cameras in our parking lot areas. We've  
5 just about doubled that number to 29. Virtually all  
6 of those cameras are up and running. There may be a  
7 few that still have to come online, but that's  
8 supposed to happen by the end of this week. We've  
9 installed signs in our main entrance areas, alerting  
10 customers to the issue and encouraging them to contact  
11 security officers if any of our customers see an  
12 unattended child. The signs also tell them that they  
13 are subject to arrest for committing that violation.

14           And then finally, we have increased the  
15 security patrols in our parking lots. We had been  
16 running one security vehicle on a 24/7 basis. And as  
17 I admitted to the Chairman, I couldn't say that was  
18 100 percent dedicated. We have since done several  
19 things. A, they are fully dedicated to only that  
20 roving patrol responsibility. And our CEO, Mr.  
21 DeAngelo, has instructed our security director to  
22 treat the security patrol the same way we treat Game  
23 Board-mandated minimum security staffing positions.  
24 So those officers are assigned to one job and one job  
25 only, that's to patrol the parking lots. We also have

1 a break system in the schedule so that when those  
2 officers are scheduled for their break, there's a  
3 breaker officer assigned to that parking lot duty. So  
4 24/7 security patrols are in effect. We made that two  
5 vehicles now rather than just one. So we have two  
6 vehicles patrolling the parking lots at all times.  
7 And then during our peak periods, Friday night into  
8 Saturday, Saturday night into Sunday morning, and then  
9 Sunday afternoon into Sunday evening, we have a third  
10 roving vehicle patrolling the parking lots.

11           In response to a question Commissioner  
12 Trujillo had earlier, at our busiest of times, when we  
13 have the two vehicles operating, on average we'll pass  
14 every car about every 30 minutes in the parking lot.  
15 When it's less busy, it will be a shorter interval.  
16 If it's unusually busy, it could be longer. When we  
17 add that third vehicle during peak periods, we'll cut  
18 that 30 minutes down perhaps to 20. I'm not exactly  
19 sure until we actually test it in the field, but it  
20 will be something less than 30 minutes during our peak  
21 periods with the three vehicles operating.

22           Your staff had asked us to address a  
23 pending DEP enforcement matter. This slide addresses  
24 that. We have a long history, as Mr. Wilson well  
25 notes, from running the racing operation, with the DEP

1 and relatively recent regulations dealing with animal  
2 feeding and manure control. On April 28th of this  
3 year DEP showed that they were tired of talking about  
4 this issue and gave an enforcement order about a  
5 specific action. We immediately assembled the  
6 appropriate engineering environment and consultants to  
7 begin to address that. We believe that we have shown  
8 DEP that we're serious about bringing the property  
9 into compliance and maintaining compliance. And as I  
10 note, there have been three field inspections that  
11 have been conducted, and those reports have been  
12 generally favorable and generally confirm that we have  
13 met the milestones outlined in that enforcement order.

14           The staff also asked us to address  
15 certain issues concerning our Bensalem Township Fire  
16 Marshal. At opening of the Parx Casino in December of  
17 2009, there were sign issues with the Fire Marshal  
18 largely related to signage and pavement markings of  
19 fire zone areas. We really didn't want to --- we  
20 would say we didn't want to clutter the porte cochere  
21 with any unnecessary signage. We engaged and  
22 discussed it with the Fire Marshal. We generally  
23 resolved it by doing what the Fire Marshal wanted.  
24 They filed an enforcement proceeding in local District  
25 Court. That was withdrawn by the fire Marshal after



1 we installed both the pavement and signage. And the  
2 final ruling indicates we just got our township  
3 construction permit for this 95,000 square foot  
4 expansion. That, to me, indicates that the issues  
5 have been resolved. Because had it not been, the Fire  
6 Marshal would not have signed off on the issuance of  
7 the permit. I'll now turn it back to Al for the  
8 racing update.

9 ATTORNEY KOHLER:

10 And I'd just like to add one thing on the  
11 enforcement --- the DEP enforcement matter. Those  
12 three reports that are indicated on the slide have  
13 been submitted into the record of the proceeding after  
14 have been served on the Office of Enforcement Counsel.  
15 We also submitted a report from a consultant analyzing  
16 those reports because I found them a little bit  
17 difficult to sort of interpret. But the bottom line  
18 is we think that evidence shows that, through a  
19 cooperative effort with DEP, the situation is  
20 completely under control.

21 Moving on to racing, the first slide I  
22 know you've seen. It's sort of our standard  
23 introductory slide for racing at Philadelphia Park.  
24 Of course, we race year round at Philadelphia Park and  
25 have been doing so for a long period of time. We

1 have, you know, simulcast and some of the other issues  
2 identified on the slide.

3           As part of our master plan, we are  
4 committed to rededicating portions of the Grandstand  
5 to racing. And the update is good news in that those  
6 renovations have essentially been completed. And  
7 there's a list of items here which sort of detail the  
8 work that's been done on both the first and the third  
9 floor of the Grandstand. I can go through a couple of  
10 them. We have lounge areas, track-view handicap area,  
11 pari-mutuel wagering teller and self-bet terminal  
12 areas, Horseman's Café, just general operating --- and  
13 I won't read the rest. They speak for themselves. I  
14 think the renovations have been successful. The  
15 Grandstand now in the horseracing area is top rate,  
16 and I would think that everybody, both patrons and  
17 those that deal with those areas, are very happy with  
18 how they've come out.

19           The next slide --- there was quite a bit  
20 of testimony at our public input hearing, I know  
21 Commissioner Sojka one of the members in particular,  
22 about the condition of the backside. This slide  
23 essentially summarizes our efforts to address some of  
24 the issues that were raised at the public input  
25 hearing. We have spent \$1.5 million on the backside

1 thus far in 2010. These numbers are a lot --- you  
2 know, a good bit different than they were at the time  
3 of the public input hearing. There's now seven dorms  
4 renovated, five to be done. That number is up. Five  
5 barns are now completed. That's a big step for them  
6 as well. We've also done some interim repairs to the  
7 older barns that remain on the grounds.

8           The next bullet talks about DEP  
9 compliance. We've talked about that already. And I  
10 think also in addressing some of the concerns for the  
11 public input hearing, the pothole and paving repairs  
12 are completed on the entire backside. As the slide  
13 indicates, we work closely with our horsemen on this.  
14 And while we certainly do not speak for them, I know  
15 they're here today. We believe that we conducted  
16 ourselves and worked on the backside to their  
17 satisfaction.

18           The next slide, the marketing of our  
19 horseracing product remains very important to us.  
20 This is not on the slide, but over the last six weeks  
21 we've spent approximately \$283,000 on horseracing  
22 promotion, which I think is a very healthy number, and  
23 again, as demonstrated by the work we've done in the  
24 Grandstand and the funds that have been dedicated  
25 there and our activities on the promotion side that

1 our commitment to horseracing is unwavering.

2           Finally, a summary slide of our tax  
3 contribution to the Commonwealth. Again, we've been  
4 --- because of our success on the casino side, have  
5 generated and paid a lot of funds for the  
6 Commonwealth. This summarizes that. And with that,  
7 we'll close our presentation.

8           CHAIRMAN:

9           Thank you, Counselor. Does the Office of  
10 Enforcement Counsel have any questions for Greenwood  
11 Gaming?

12           ATTORNEY MILLER:

13           We do not. We defer our questions to the  
14 Board.

15           CHAIRMAN:

16           Okay. Do you have a presentation to  
17 make?

18           ATTORNEY MILLER:

19           We do, Chairman Fajt. As you noted in  
20 your opening remark, it's been sometime since the  
21 public input hearing, and we would like to introduce  
22 12 additional exhibits into the record regarding  
23 enforcement matters, some of them public and some of  
24 them not. These will be Exhibits 67 through 78. And  
25 they include two warning letters and Parx's responses

1 to those warning letters, one compliance conference  
2 memo, Consent Agreement that was approved by the  
3 Board, updated crime statistics which were received  
4 from the Pennsylvania State Police, three Employee  
5 Revocation Orders from the Board and also an issue  
6 that came up at the public input hearing was regarding  
7 Parx's compulsive problem gambling plan. At the time  
8 of the public input hearing it was conditionally  
9 approved. Since that time, the --- and Parx's  
10 appealed the condition. Since that time, Parx  
11 withdrew their appeal to the condition and the  
12 compulsive and problem gambling plan of Parx has been  
13 approved two times since that time. And I do have  
14 those two approvals to enter into exhibits here today.

15 (Exhibits 67 through 78 marked for  
16 identification,)

17 CHAIRMAN:

18 Thank you. We will ask that those be  
19 placed into evidence. Any other comments from the  
20 Board's Counsel?

21 ATTORNEY MILLER:

22 Just that my name is Dustin, Your Honor.

23 CHAIRMAN:

24 Does Greenwood have any questions for  
25 Enforcement Counsel?

1                   ATTORNEY KOHLER:

2                   No, Chairman Fajt. We only ask that ---  
3 we obviously have no objection to their exhibits. But  
4 as Mr. Miller pointed out, that there's private  
5 correspondence in there as well marked. Under the  
6 normal Board rules, the confidentiality can be  
7 maintained.

8                   ATTORNEY MILLER:

9                   It is marked. We have marked these as  
10 confidential.

11                   CHAIRMAN:

12                   All right. We will duly note that.  
13 Before we get to Board questions, do you want to move  
14 your PowerPoint into evidence?

15                   ATTORNEY KOHLER:

16                   We would move our renewal application  
17 itself. There's been updates, supplements, that all  
18 that information we move for admission, as well as  
19 today's presentation.

20                   CHAIRMAN:

21                   Okay. Any objection from Enforcement  
22 Counsel?

23                   ATTORNEY MILLER:

24                   No objection.

25                   CHAIRMAN:

1                   Thank you. They will be moved into  
2 evidence. Now we'll move to Board questions.  
3 Commissioner Sojka?

4                   MR. SOJKA:

5                   I don't necessarily care to be first, but  
6 maybe to move things along, I know that there will be  
7 a considerable discussion of the issue of children  
8 left in cars, and I'm going to leave all of that  
9 discussion to my colleagues on the Board. It's not  
10 that I'm not deeply interested in that, but I'll focus  
11 on some of the issues that unfortunately I think I've  
12 become associated with having to do with the  
13 management of excrement and other related items.

14                   We also have been talking a little bit  
15 about this issue of FTEs and headcount, and it's easy  
16 to get confused in those calculations and whatnot.  
17 And I think the essence of what we're really trying to  
18 find out with that question is how many of those jobs,  
19 how many of those people that are listed in your  
20 numbers actually have family-sustaining jobs? And the  
21 way to get at that might be what percentage of that  
22 headcount is involved in your full benefits package.  
23 Is it a hundred percent, 90 percent?

24                   ATTORNEY BONNER:

25                   Commissioner, we'll have to get that to

1 you. I can tell you that the slides we presented  
2 indicated the new positions that we brought on.

3 MR. SOJKA:

4 Those were headcounts?

5 ATTORNEY BONNER:

6 Correct. And the current headcount in  
7 our gaming operation alone, not including racing  
8 operations, is about 1,025 of people working. Most of  
9 those are --- the majority is full time. I don't know  
10 what that percentage is. We'll be happy to provide  
11 that information to you.

12 MR. SOJKA:

13 I would be happy to have that ---. If  
14 somehow you could include with --- and rather even  
15 full time, part time or headcount or FTE, if you could  
16 tell us the number of people who are receiving a full  
17 benefits package.

18 ATTORNEY BONNER:

19 Certainly.

20 MR. SOJKA:

21 I think that's going to be the way we can  
22 get at that issue.

23 ATTORNEY BONNER:

24 Okay. We'll do that.

25 MR. SOJKA:



1 Thank you.

2 ATTORNEY BONNER:

3 Certainly.

4 MR. SOJKA:

5 Back to the issue that's sort of special  
6 to the Parx, because you are a Category 1 facility and  
7 you do have two buildings. And we've struggled with  
8 that, and you have as well. I saw the marketing  
9 materials, and I think that represents, again, the  
10 benefit of the kind of renewal discussion that we have  
11 because you've seen our concern there and you've  
12 focused on that in a way that I think is positive.  
13 But there are some other issues. You recall early on  
14 there was a complaint by the horsemen that there might  
15 be slot machines and gaming facilities in the  
16 Grandstand. Now, of course, as a way of connecting  
17 things and marketing horseracing, I see you purposely  
18 and in a self-aware fashion putting poker tables and  
19 certain kind of slot machines in that Grandstand. I  
20 want to ask two questions about that. One, do the  
21 horsemen support it? And two, do you consider that a  
22 part of your marketing of horseracing?

23 MR. DEANGELO:

24 I'll be happy to address that one. I'm  
25 Leonard DeAngelo, L-E-O-N-A-R-D, D-E-A-N-G-E-L-O.

1                   CHAIRMAN:

2                   Len, will you make sure your microphone  
3 is on there?

4                   MR. DEANGELO:

5                   Yes, certainly we'll address that.  
6 Partly, we're going back to the Grandstand because it  
7 is a now very nicely and well-received facility.  
8 We've put a lot of effort into it, and it's been well  
9 received. People love it. It's a great facility at  
10 this point in time. However, we have additional space  
11 in that building that's not utilized by our racing  
12 part of our business. And we also have excess demand  
13 that cannot fit into our existing facility, so it  
14 became logical to us just from a practical perspective  
15 to take a look at that space and see how we could  
16 utilize it for our entire gambling operations.

17                   The first thing that comes to mind is  
18 establishing a poker room over there. It has the most  
19 synergy with the horseracing clientele. There is, you  
20 know, some evidence that there's crossover interest  
21 between the two products, so we are putting it there  
22 for those couple of reasons, and we expect it to be  
23 very successful in that location. It will be on the  
24 upper level, next to what is the clubhouse, which is  
25 our new clubhouse area. So it will be a very nice

1 space and it will help energize the building a little  
2 more, create a little more critical mass, and so we do  
3 expect that to be very successful.

4           We are also planning upcoming there will  
5 be 16 petitions that you're going to see shortly to  
6 utilize the excess space on the first floor of that  
7 facility to, I'll use the term experiment with table  
8 games in that operation. We have excess demand in our  
9 existing facilities. We don't want to remove any slot  
10 machines from the existing facility because we have,  
11 you know, strong demand in the main casino. So we're  
12 going to experiment with that in standard table games  
13 for the first floor of that facility. There will be  
14 approximately 52 of them in that area. And we  
15 anticipate that it will be successful, but we're  
16 taking a look at it at that point in time. I think  
17 that's the fairest way to answer your question.

18           MR. SOJKA:

19           And in relation to that, as you begin to  
20 conduct this experiment, there is an ancillary issue  
21 that slips in and that is that racing in Pennsylvania  
22 has been considered by some to be a family-friendly  
23 undertaking. Young people are not excluded. Families  
24 go to the races with their children. You do have a  
25 picnic area. Now you're introducing additionally an

1 adults-only entertainment component. Are you going to  
2 take --- I'm not going to lead you here. I want you  
3 to tell me, what are you going to do to maintain that  
4 family-friendly environment and at the same time  
5 rigorously meet our requirements to keep underage  
6 people away from adult entertainment?

7 MR. DEANGELO:

8 Absolutely. In both of the gaming spaces  
9 on each floor that I've described they are physically  
10 separate from the racing facility. They're not  
11 integrated, so to speak. We have the racing side of  
12 the floor on the upper level, where the Grandstand is,  
13 clearly delineated physically by walls from what will  
14 become the poker room on the --- as you come up the  
15 escalators, on the left side of the floor. There will  
16 be a strict entrance into the poker room. You'll  
17 certainly be able to see into the poker room from the  
18 existing lobby, but it will be physically separated  
19 and obviously posted by security so that no underage  
20 people can come into that facility.

21 The first floor, again, the area is  
22 physically separated by a hard wall between what is  
23 the existing racing operation simulcast area on the  
24 right side of the building from the left side of the  
25 building, where the gaming --- table gaming experiment

1 will be conducted. In addition, there is a public  
2 space between the picnic area and the racing facility  
3 that will pass in front of the gaming space. That  
4 physical area will have a low wall all the way across  
5 and there will be two entrances into the gaming space  
6 along that corridor that will have full-time security  
7 at each of those entrances. And they're very  
8 controlled entrances. They're very small, you know,  
9 just enough --- I don't know the exact dimensions, six  
10 or eight feet, very small entrances into that space,  
11 very easily controllable, and there will be 24/7  
12 security posts. So we're optimistic that we can keep  
13 them out.

14 MR. SOJKA:

15 Related to this same issue of two  
16 buildings, we --- prior to this renewal issue, we went  
17 round and round about connectivity and Smarty Jones  
18 Way and the use of shuttle buses. And we had some  
19 stipulations about frequency of shuttle bus, signs of  
20 shuttle bus, handicap accessibility. I've not stood  
21 there with a stopwatch and timed your shuttle buses,  
22 but could you tell me how successful you think that  
23 has been? We asked you to keep records about the  
24 number of people who rode those buses, and you would  
25 either expand or appeal to us to contract those

1 schedules. Where does that stand at the moment?

2 MR. DEANGELO:

3 I see those schedules on a regular basis  
4 and they are, quite honestly, low in terms of the  
5 usage. Now, I've been there during summer months, and  
6 it's been nice. People do use the Smarty Jones Way  
7 walkway on a regular basis. It's not high volume at  
8 the current time because it's strictly racing and  
9 strictly gaming in the other --- in separate  
10 facilities. We have just recently instituted a  
11 continuous schedule as opposed to a more --- I should  
12 say a slow schedule, which would be --- it was like  
13 every ten minutes they might move from one building to  
14 the other. Well, now, we're taking it so that they  
15 move on a continuous basis. They move to the one  
16 building, sit there for two minutes, move to the back  
17 of the other building, and try to make it a little  
18 more convenient.

19 In addition, we opened the gaming on the  
20 first floor. Our intention is to promote that shuttle  
21 a lot more. We're going to wrap the bus. I think  
22 it's a little innocuous right now in terms of what its  
23 function is. We're going to wrap the bus with --- and  
24 explain what it is used for. We're going to put up  
25 some signage promoting the use of the bus. And we're

1 going to keep moving it on a continuous basis to try  
2 to create more activity between the two buildings.

3 MR. SOJKA:

4 You're going to have some possible  
5 incursion on the Smarty Jones Way as a result of your  
6 new construction; right?

7 MR. DEANGELO:

8 The construction should not interfere  
9 with it.

10 MR. SOJKA:

11 So you'll be able to continue to see  
12 walking pedestrian traffic unimpeded? So the bus  
13 thing will be a separate issue?

14 MR. DEANGELO:

15 Correct. Correct.

16 MR. SOJKA:

17 Can I finish up my unfortunately rather  
18 lengthy questioning with some discussion again of the  
19 backside of the racing situation. Again, I think what  
20 we've seen is movement on your part as a result of  
21 on again/off again struggles with the horsemen,  
22 highlighting this issue. And I've been following the  
23 DEP thing, and I'm pleased that that appears to be  
24 wound up. They are not treating you as a fully  
25 acceptable CAFO; is that right? You are CAFO?

1                   MR. DEANGELO:

2                   Yes. I'm sorry.

3                   MR. SOJKA:

4                   Okay. So you're controlled by all of the  
5 new regulations and all that sort of thing?

6                   MR. WILSON:

7                   The final CAFO Permit has not yet been  
8 issued, but it will be. There are a lot of things  
9 that go into --- that have to be accepted in order to  
10 get that new nutrient management plans, et cetera, et  
11 cetera. But yes, that is what is currently being  
12 done.

13                   MR. SOJKA:

14                   And I did hear mention that you have your  
15 own --- you've improved your own disposal situation.  
16 And you also have a manure hauling contract with  
17 someone?

18                   MR. WILSON:

19                   We do. We actually have two types of  
20 bedding that are being used. And where the bedding  
21 was --- used to be in an open pit, everything is in  
22 covered roll-off containers. And there are two broker  
23 haulers that actually take that material off the track  
24 on a daily basis.

25                   MR. SOJKA:



1                   Does that then give you the opportunity,  
2 having to do with the two kinds of bedding, it was an  
3 issue with the horsemen? They wanted one kind.  
4 You've had issues with the other. Now that you have  
5 this arrangement, are the horsemen happy and you're  
6 still in compliance with DEP?

7                   MR. WILSON:

8                   I believe so, that they are happy. And  
9 yes, we are still in compliance with DEP.

10                  MR. SOJKA:

11                  Okay. And then the final thing, I would  
12 just encourage you to continue to look at those old  
13 barns. I'm glad that you're doing the interim  
14 improvements, but this is an ongoing process, and you  
15 know, you've got your license. You're looking at the  
16 renewal. There will be subsequent renewals and  
17 subsequent things that I'm hoping we will see  
18 continued progress on that backside until it's  
19 something we can all be proud of.

20                  MR. DEANGELO:

21                  That's absolutely a key focus.

22                  CHAIRMAN:

23                  Thank you. Commissioner Trujillo?

24                  MR. TRUJILLO:

25                  Thank you, Mr. Chairman. On the

1 expansion --- I think I saw that you mentioned there  
2 was going to be a 95,000 square foot addition, 52,000  
3 of which were public restroom space. Can you  
4 describe, to the extent that it is appropriate, what  
5 amenities beyond the gaming that expansion will show?

6 MR. DEANGELO:

7 Yes. We have not finalized the  
8 programming yet. We've not finalized the programming  
9 of this space. You know, being the new guy on the  
10 block, I got the opportunity to take a look at it as  
11 well. But we're also --- we also decreased what we  
12 originally were going to build. So we're going to ---  
13 this property is not even --- the expansion is not  
14 even built and we're already growing it. Business has  
15 been that robust. So we are looking to add at least  
16 two full-service restaurants and some third variation,  
17 you know, maybe convenience or 24-hour --- we're not  
18 really --- we haven't really decided on what that  
19 might be at this point in time.

20 And we are also looking to potentially  
21 outsource some of those to big-name restaurant  
22 operators that, you know, we would all know and  
23 recognize. We have no deals currently, but we are  
24 pursuing those kinds of things. We think that adds a  
25 bit of dimension. Chickie's & Pete's has been a

1 positive addition to our facility. And we are looking  
2 at other amenities as well. It's just is in the  
3 master plan we have certain things programmed for  
4 space not yet developed. It can be part of other  
5 facilities, but in this particular phase it's mostly  
6 the casino and restaurant. There's no discussion  
7 about retail as an example in this phase.

8 MR. TRUJILLO:

9 All right. Thank you. I want to turn,  
10 and I guess let me make a comment which reflects my  
11 context things. Number one, I want to appreciate the  
12 responsiveness with which Mr. Bonner and the rest of  
13 the team dealt with this issue of children in the  
14 parking lot, because I think it's in many ways ---  
15 while you obviously know how seriously we take it, I  
16 appreciate that my sense is that you're taking it just  
17 as seriously as we are. It occurred to me that it has  
18 been perhaps an unintended consequence not simply of  
19 your success but also what appears to be a phenomena  
20 that we have in Pennsylvania, which is quite different  
21 than Atlantic City or different from Las Vegas when  
22 you have a --- as was mentioned earlier, a  
23 non-destination casino. And it seems at least --- and  
24 much of what I have are reactions or impressions. And  
25 the concern I have is we're dealing --- I'm dealing

1 with this one, everyone is dealing with this issue in  
2 many instances without a tremendous amount of  
3 information or facts but more impression about why  
4 things are happening.

5           I am struck by and know that our job is  
6 a difficult one in the sense that we have both  
7 enforcement powers and obligations, but we also ---  
8 you, in many instances, like the banking industry,  
9 have a credential regulation component of what you  
10 need to do, and that is you need to --- we, as a B  
11 Board, need to appreciate that you're doing everything  
12 you can in order to enforce --- comply with not only  
13 the law but with the legislative intent and things  
14 that gaming is supposed to be in Pennsylvania.

15           And so what I am struck by is not just  
16 this factor that there is in Pennsylvania I think a  
17 different set of facts. We have a casino that  
18 operates in our region with the neighborhoods, that  
19 have constant ability for somebody to go --- and so  
20 the concern I have is whether or not the locations and  
21 the way that the casinos in Pennsylvania are situated  
22 gives rise to any potential --- greater potential for  
23 problem gaming than perhaps a destination resort. And  
24 what --- I urge you to look at the legislative history  
25 because I read it last time, Mr. Bonner, that our

1 number one primary objective of the legislation to  
2 which all other objectives and purposes are secondary  
3 is to protect the public through the regulation and  
4 policing of all activities involving gaming and  
5 practices that continue to be unlawful. And then  
6 later on, subsection (10) says that the public  
7 interest of the citizens of this Commonwealth and the  
8 social effect of gaming shall be taken into  
9 consideration in any decision or order made pursuant  
10 to this part.

11                   And part of what I'm struck by is the  
12 State is the majority partner in this venture. We get  
13 --- the State gets and ultimately the citizens get by  
14 this legislative team the benefit --- the financial  
15 benefit of gaming. And because of that relationship,  
16 it appears to be that it is not in the Commonwealth's  
17 best interest or its citizens to take an approach that  
18 said we're going to take every last dime off the  
19 table. To the contrary, we have to be thoughtful.  
20 And what I'm continually struck by is you have a  
21 business model that has clearly been successful,  
22 thoughtful, whether it's in your methodical approach.  
23 And even the number of table games that you started  
24 with was not overly done. And you have reflected what  
25 I view as a very, very, very creative, thoughtful

1 business practices.

2           What I would like to see, given the  
3 context that we're in, is the same kinds of thoughtful  
4 approaches to the prevention of problem gaming and to  
5 the impact that gaming will have on children. You  
6 have available to you information about your  
7 customers. You have the ability to see how --- and  
8 interact with the customers in ways that we never will  
9 be able to. And so given that, what I would view as  
10 prudential responsibility, it is my view that you can  
11 be extraordinarily helpful in continuing to ensure not  
12 just that your bottom line is --- continues to grow,  
13 but that it grows responsibly and in complete parallel  
14 with what the legislative intent is. So I would ---  
15 and again, I appreciate the updates that you've given  
16 us and you're continuing to work on this issue, and I  
17 really hope and expect that you would put the same  
18 kind of thoughtfulness going forward that you have  
19 reflected in expanding your business. Thank you,  
20 Chairman. That's all I have.

21           CHAIRMAN:

22           Thank you. Commissioner McCabe has a  
23 point of clarification.

24           MR. MCCABE:

25           Thank you. Appreciate it. In your

1 testimony, Alan, you talked about Operation Plan 15.  
2 Do you believe that that --- that is pending before  
3 the Board. Do you believe that that's being approved  
4 today?

5 MR. DEANGELO:

6 No, sir. We know it's not.

7 ATTORNEY KOHLER:

8 Just as a matter of clarification,  
9 referring to OP 15, from a business perspective we'd  
10 like to start that on November 1st. So we have asked  
11 for approval on October 27th public meeting, but  
12 certainly not today.

13 CHAIRMAN:

14 Thank you. Commissioner Ginty?

15 MR. GINTY:

16 Thank you, Mr. Chairman. I'm going to  
17 try to pronounce this correctly. I have some  
18 questions on the horse industry in Pennsylvania. The  
19 impetus of the Gaming Act was to enhance racing,  
20 increase breeding and I guess agriculture in general.  
21 I notice in your presentation that in the last four  
22 years or so Parx on its own has contributed \$150  
23 million to the Racehorse Development Fund. I would  
24 like to see --- and this isn't just addressed to Parx  
25 and the other Class 1 casinos but to the various

1 horseracing associations and to the Department of  
2 Agriculture as well. Are we being successful in doing  
3 that? My very unscientific observation is that, you  
4 know, when I do go to the racetracks, that the vast,  
5 vast majority of people that are there are of my  
6 generation. And my generation is unfortunately dying  
7 out. I don't see a lot of younger people, 20, 30-  
8 year-olds, availing themselves of that. A lot of  
9 money is going into trying to achieve the intent here.  
10 I'd like to get --- I mean, if it would be possible  
11 for us to get some kind of report from the industry.  
12 I know from --- at some point the Department of  
13 Agriculture used to come in and give us a report.

14 CHAIRMAN:

15 We can make sure that happens. And I do  
16 know that there is a physical report that is put out.  
17 And Dan, do you want to weigh in at all on what you  
18 guys have done in the past as to the benefits of  
19 horseracing and harness racing in Pennsylvania? Isn't  
20 there an annual report that you put out?

21 MR. TUFANO:

22 Included with the recently-passed  
23 legislation, Section 1211 provides for a report from  
24 the Category 1 operators to be given to the Board and  
25 the Commission. The first report was delivered this



1 June. It's being circulated. And it begins to  
2 document what the impact of the legislation is  
3 specifically with regards to the racing and breeding  
4 industry in Pennsylvania.

5 MR. GINTY:

6 And I would just like to end on this  
7 point. And my apologies that I haven't availed myself  
8 to that before, but I think it's important that the  
9 public wants to know, but I'd like just in a general  
10 way the observation of Parx on the marketing of  
11 racing. I mean, is this an industry that's going to  
12 have a future?

13 MR. GREEN:

14 Robert Green, G-R-E-E-N. Thank you.  
15 Difficult question. Racing in the U.S. is in a  
16 measure of its own, no doubt about that. We have held  
17 our own in Pennsylvania because of this legislation  
18 and what it has meant to purses.

19 When you look at the major companies in  
20 the racing business, and Magna is a good example, who  
21 have the best racetracks in the country, if not the  
22 world, Gulf Stream in Florida, San Francisco,  
23 Maryland, Laurel, Pimlico. So that I think there's a  
24 model that could work. It would need the legislature  
25 to change in the rest of the states. We're still

1 governed by the 1995 Act in respect to the number of  
2 days that we race or what we can do and we can't do.  
3 And that's --- in any other industry, that's 25 years  
4 ago. I think --- we are very optimistic, you know,  
5 that racing does have a future with Commissioners of  
6 racing. Our purses are probably now the highest in  
7 the country on a per annum basis. We encourage and  
8 definitely have seen a lot more Pennsylvania-bred  
9 horses in the State and there's been a significant  
10 boom to the agricultural industry and the number of  
11 horse farms that have been developed, the increase in  
12 the number of breeders operating in Pennsylvania.  
13 Over that gives me an optimism for the future, but I  
14 think we might have to do a new paradigm of how that  
15 industry operates.

16 MR. GINTY:

17 Thank you. This sort of contributing  
18 about a half a million dollars a year to the industry  
19 in taxes, and I would just encourage the casinos and  
20 the industry to really pursue an aggressive plan on  
21 all, legislative, marketing and so forth. Thank you.

22 MR. COY:

23 Mr. Chairman?

24 CHAIRMAN:

25 Yes. Commissioner Coy?

1                   MR. COY:

2                   Thank you, Mr. Chairman. Mr. Green, I'm  
3 going to ask you a question or two that relates to  
4 your previous answer that I just want to clarify more  
5 than anything, and that's just to hear your opinion.  
6 Is it your opinion that the Gaming Act, therefore, has  
7 saved horseracing in Pennsylvania or added to the  
8 agricultural benefits of it?

9                   MR. GREEN:

10                  Undoubtedly. As with the passage of the  
11 2004 Act, we were losing owners, trainers, horses,  
12 jockeys, the public, to Delaware and West Virginia.  
13 And if we had not passed that legislation there  
14 wouldn't be a betting industry today in Pennsylvania,  
15 undoubtedly.

16                  MR. COY:

17                  I agree with you. I would have been  
18 surprised if you would have answered the question  
19 differently. And I appreciate your testimony here  
20 today.

21                  I know a little bit about the Nutrient  
22 Management Act, and whether that's a good thing or bad  
23 thing I'm not sure. But I have a question or two  
24 about that. Do you have a contract for the disposal  
25 of the nutrients?

1                   MR. WILSON:

2                   We do. We have a --- and to start with,  
3 Joe Wilson, W-I-L-S-O-N. Yes, we do. We have two  
4 separate agreements with two certified broker haulers.

5                   MR. COY:

6                   And where does it end up?

7                   MR. WILSON:

8                   The straw bedding is used by mushroom  
9 growers and the shavings is composted into basically a  
10 compost for a top mulching of, you know, anything  
11 vegetative.

12                  MR. COY:

13                  And I think I know the answer to this,  
14 but let me ask the question. Is this a money-making  
15 situation for you or does it cost for you to do this?

16                  MR. WILSON:

17                  Generally in the mushroom industry there  
18 is some money that will be paid for that, but  
19 obviously, with everything that we have to do both on  
20 the straw side of the horse but on the shaving side,  
21 it is --- there's huge expenses that we've incurred  
22 and will continue to incur to control the waste being  
23 out.

24                  MR. COY:

25                  And do you have a storage facility on

1 site?

2 MR. WILSON:

3 We are completing the final approvals to  
4 build a storage facility. We need approval from DEP,  
5 Bucks County Conservation District and obviously  
6 Bensalem. That's all going through, and that should  
7 be under construction very shortly.

8 MR. COY:

9 Have you benefited from any grants in  
10 this regard or has this just been a straight  
11 expenditure?

12 MR. WILSON:

13 This is an expenditure. And to your  
14 question, we're always exploring other opportunities.  
15 Certainly if there's a way to convert this material to  
16 usable energy, we are looking at that as well.

17 MR. COY:

18 Thank you.

19 CHAIRMAN:

20 Commissioner Sojka?

21 MR. SOJKA:

22 Before we leave the racing situation  
23 altogether, I want to be clear about one thing that  
24 Mr. Green mentioned in his answer. I'm, like many  
25 others here, very pleased not only about the fact that

1 the race horse industry here seems to be doing well.  
2 There's a corollary to that, and that is that  
3 Pennsylvania is a rural, agricultural state that's  
4 proud of its open spaces and always concerned about  
5 farmland preservation. And I think often people don't  
6 make a connection between someone putting money in a  
7 slot machine and conserving green space and open space  
8 in Pennsylvania. But that situation does exist.

9           But I'm concerned, Mr. Green, in your  
10 answer you pointed out that the racing industry is in  
11 decline in the nation, and you implied that you may  
12 know or have in mind a different model of how this  
13 would be done, and you made reference to legislation  
14 and the number of races, the number of horses and  
15 races and so on. There is one difficult aspect of the  
16 racing business that has not been well solved by  
17 anyone, and that is what to do with horses at the end  
18 of their athletic careers. I realize that Parx has  
19 been one of the better places in dealing with that,  
20 but I would urge you that in any new model that you  
21 come up that would have to do with using more horses  
22 or having more races, that you somehow in the process  
23 of developing that model you would also develop some  
24 way to resolve the problem of what to do with an ever-  
25 growing number of horses, since we can no longer

1 slaughter them in this country, to keep them from  
2 being abused and neglected.

3 MR. WILSON:

4 Yes. You're familiar with the Turned for  
5 Home Program.

6 MR. SOJKA:

7 And I know that you folks have played a  
8 lead role in some of this. But as you know, it's a  
9 huge problem and it's --- you're going to eventually  
10 be overwhelmed with what we have now. And that's why  
11 I'm concerned that going forward and talking about new  
12 models, that you don't lose sight of this problem and  
13 find a way to address that as well.

14 CHAIRMAN:

15 Thank you. Commissioner Trujillo?

16 MR. TRUJILLO:

17 I just didn't want to --- I have one  
18 clarification that I didn't want to leave with  
19 disposal of nutrients, manure and the like. So moving  
20 back to what I was talking about earlier, what I  
21 wanted to ask, Mr. Bonner, is given the experience of  
22 these last few months with respect to this issue of  
23 children in cars, have you --- I know you were pretty  
24 actively involved in dealing with it, have you reached  
25 any conclusions about why this phenomena --- I don't

1 want to --- but have you reached any conclusion about  
2 why this has been occurring and if beyond that which  
3 you are doing we, as the Board, should be doing --- or  
4 the legislature or anybody else should be doing  
5 something beyond what we're doing right now?

6 ATTORNEY BONNER:

7 Commissioner, the Board had asked us to  
8 take a look at the violators who committed these  
9 incidents and see if we perceived any indicia of  
10 potential problem gaming. And certainly five of those  
11 six cases in which we had people we've identified ---  
12 there were eight altogether. Two were never  
13 identified because they left before the police got  
14 there. So essentially we had about five. Clearly  
15 they were not frequent visitors over a period of a  
16 year or so. We didn't see an inordinate number of  
17 visits. There was one player who seemed to have a lot  
18 of play, but I don't think that indicates a trend. So  
19 with respect to one issue you had mentioned, whether  
20 there's a connection between the problem gaming  
21 situation, I can't say that we see it. And beyond  
22 that, I can't say that we've been able to discover any  
23 consistency thus far.

24 MR. TRUJILLO:

25 And that's exactly the information I



1 think is useful, as much as you can gain from that  
2 information, because you know, I fully expected to see  
3 real significant patterns. And so when there's not  
4 the kind of indicia of constant play or something else  
5 like that, then I think we have to look in other  
6 places. And so I really would like to continue to  
7 work with you and the other operators to see what it  
8 is that we've learned about actually that there's  
9 other social phenomena going on, but the fact that,  
10 you know, I do appreciate it. Thank you.

11 CHAIRMAN:

12 Thank you. Any other questions from the  
13 Board? This will conclude our public hearing. We'll  
14 now recess into an executive session. Just knowing  
15 that it's the lunch hour, why don't we take a  
16 45-minute break and we'll reconvene about 12:30.  
17 Thank you.

18 EXECUTIVE SESSION HELD

19 \* \* \* \* \*

20 HEARING CONCLUDED AT 11:50 A.M.

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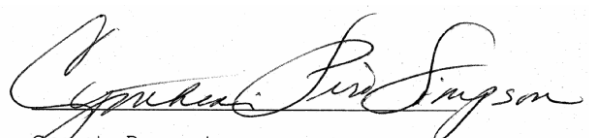
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I hereby certify that the foregoing proceedings, hearing held before Chairman Fajt, was reported by me on 09/16/2010 and that I Cynthia Piro Simpson read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.



Court Reporter