

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: MASON-DIXON RESORTS, L.P.

\* \* \* \* \*

PUBLIC INPUT HEARING

\* \* \* \* \*

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

HEARING: Tuesday, November 16, 2010  
11:03 a.m.

LOCATION: Pennsylvania State Museum  
300 North Street  
Harrisburg, PA 17120

WITNESSES: Stephen S. Cook, Esquire, Joseph Lashinger,  
Davide LeVan, Dr. Terry Madonna, Donald Dissinger,  
Peter Tyson, Michael Mariano, Ben Thomas, Steve  
Snyder, Walter Bogumil, Tom Auriemma, Karen Bailey,  
Susan Reyes, Randall Fine, Hon. Paul Winfield, Albert  
Federico, Susan Hensel, Richard O'Neil

Reporter: Sarah Wendorf

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A P P E A R A N C E S

1  
2  
3  
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## I N D E X

1			
2			
3	OPENING REMARKS		
4	By Chairman Fajt	6 -	8
5	TESTIMONY		
6	By Attorney Cook	9 -	12
7	By Attorney Schrier	12 -	16
8	By Mr. Lashinger	16 -	23
9	By Mr. LeVan	23 -	29
10	By Dr. Madonna	29 -	33
11	By Mr. LeVan	33 -	36
12	By Mr. Dissinger	37 -	44
13	By Mr. Tyson	45 -	53
14	By Mr. Mariano	54 -	57
15	By Mr. Thomas	57 -	61
16	By Mr. Snyder	61 -	66
17	By Mr. Bogumil	66 -	69
18	By Mr. Auriemma	69 -	72
19	By Ms. Bailey	72 -	74
20	By Ms. Reyes	74 -	77
21	By Mr. Snyder		77
22	DISCUSSION AMONG PARTIES	78 -	79
23	By Mr. Fine	79 -	91
24	By Mr. LeVan	91 -	94
25	By Mr. Winfield	94 -	103

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

I N D E X  
(Continued)

QUESTIONS BY BOARD	103 - 184
<u>WITNESS: ALBERT FEDERICO</u>	
DIRECT EXAMINATION	
By Attorney Matelevich-Hoang	185 - 188
TESTIMONY	
By Ms. Hensel	189 - 190
By Mr. O'Neil	190 - 191
CLOSING STATEMENT	
By Attorney Schrier	192 - 198
CLOSING REMARKS	
By Presiding Officer	198

E X H I B I T S

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

<u>Number</u>	<u>Description</u>	<u>Page Offered</u>	<u>Page Admitted</u>
One	Document	11	11
Two	Document	11	11
Three	Document	11	11
Four	Document	11	11
Five	Document	11	11
Six	Document	11	11
Seven	Document	11	11
Eight	Testimonial Stipulation	11	11
Nine	Document	11	11

EXHIBITS NOT ATTACHED

P R O C E E D I N G S

1  
2  
3  
4  
5  
6  
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8  
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CHAIRMAN:

I'm Greg Fajt, Chairman of the Pennsylvania Gaming Control Board, and as is our normal practice, I'd like to ask everyone to please turn off their cell phones or PDAs or put them on vibrate as they tend to interfere with the intercom system here in the building. Also, just as a housekeeping matter, the restrooms are up the stairs in the lobby and to the right, and there's also a vending machine availability in that same area. So, outside, up the steps and to the right.

Today we'll be holding two Category 3 Licensing Hearings. First we will have the hearing on Mason-Dixon Resorts, L.P. Application, and then later today we will hold the hearing for Bushkill Group, Inc. Tomorrow, beginning at 10:00 a.m., we will have the hearings on the Woodlands Fayette, L.L.C. and Penn Harris Gaming, L.P. Applications. After these four hearings, the Board will consider and evaluate all four applicants, and then will have the task of exercising our discretionary authority and decide whether the Board believes awarding this one remaining license to one of these applicants will best serve the

1 Commonwealth's and the public's interest as outlined  
2 in Act 71. It is the Board's desire to be able to  
3 announce a decision on this matter at either its  
4 December 16th or January 6th meeting.

5           The purpose of these hearings are  
6 twofold. First, to determine whether the applicant is  
7 eligible to hold the Category 3 License, and also  
8 whether the applicant is suitable to hold a license  
9 pursuant to the Pennsylvania Race Horse Development  
10 and Gaming Act. The Category 3 License is for  
11 facilities to be located in well-established resort  
12 hotels. The authority and specific requirements for  
13 such a license is found at Section 1305 of the  
14 Pennsylvania Race Horse Development and Gaming Act.

15           With that by way of background, I would  
16 now like to call the Mason-Dixon Resort hearing to  
17 order. As I indicated, the purpose of these  
18 proceedings is to provide Mason-Dixon Resorts a final  
19 hearing to introduce evidence to provide to the  
20 Board's satisfaction that they are eligible and  
21 suitable for licensure, as well as to convince the  
22 Board that they should be selected for the available  
23 license.

24           In addition, these hearings provide an  
25 opportunity for the applicants to answer any questions

1 that the Board may have relating to their application.  
2 And I just realized, looking over at the flag, we  
3 haven't done the Pledge of Allegiance. I don't know  
4 if that's the normal starting point for a public  
5 hearing, but I think we ought to stop and do that.  
6 So, why don't we stand?

7 PLEDGE OF ALLEGIANCE RECITED

8 CHAIRMAN:

9 All right. Now back to the matter at  
10 hand. The public previously had opportunities to be  
11 heard with respect to this applicant, both during the  
12 public input hearing, which lasted multiple days, and  
13 through written comments and correspondence which the  
14 Board received. All of the public testimony and  
15 comments, as well as objections to some of it, will be  
16 taken into consideration by the Board when  
17 deliberating on this applicant. Before Mason-Dixon  
18 begins its presentation, I would ask our Deputy Chief  
19 Counsel, Steve Cook, to briefly address the review of  
20 this application by staff. Steve?

21 ATTORNEY COOK:

22 Thank you, Mr. Chairman, Members of the  
23 Board. Each Category 3 applicant has undergone  
24 lengthy and thorough review --- each application has  
25 undergone a lengthy and thorough review. The parties



1 to these proceedings are the applicants themselves and  
2 the Office of Enforcement Counsel (OEC), representing  
3 the Bureau of Licensing, the Bureau of Investigations  
4 and Enforcement (BIE), and the Financial Investigation  
5 Unit within the Bureau of Investigations.

6           The application of Mason-Dixon Resorts,  
7 L.P. was filed at the Pennsylvania Gaming Control  
8 Board on April 7th, 2010. A public input hearing was  
9 then held in Adams County, Pennsylvania, beginning on  
10 August 31st, 2010, during which time Mason-Dixon  
11 Resort made a presentation concerning its project,  
12 including oral testimony as well as the submission of  
13 documentary exhibits. During the course of that  
14 hearing, speakers other than the applicant presented  
15 their either support for or opposition to the proposed  
16 project. That hearing was recorded and transcribed.

17           Additionally, the Pennsylvania Gaming  
18 Control Board placed materials submitted by  
19 Mason-Dixon on its website to allow greater public  
20 access to the information concerning the proposals,  
21 the projections, the studies, and all materials  
22 presented to the Board. These documents included  
23 local impact reports. The dissemination of this  
24 information permitted the Board's receipt of written  
25 submissions, both in support of and opposition to the

1 project. As of the deadline for submission of written  
2 comments, the Board received 30,915 submissions from  
3 members of the public, although some of these  
4 submissions have been objected to. These objections  
5 themselves are also part of the record.

6 In addition, the Bureau of Licensing, the  
7 BIE, and the Financial Investigations Unit, in  
8 conjunction with the accounting firm of Urish, Popeck  
9 & Company, L.L.C. has undertaken a review of the  
10 applicant consistent with the mandates of the Act.  
11 The result of this licensing investigative phase of  
12 the application process is the creation of the  
13 suitability report, which summarizes the findings of  
14 the Bureaus as to the applicant's compliance with the  
15 Act's licensing eligibility and suitability  
16 requirements.

17 Further, in its application, Mason-Dixon  
18 submitted a traffic study for the Board's  
19 consideration of the effect on local traffic if  
20 Mason-Dixon were to be granted a Category 3 License.  
21 Pennsylvania Gaming Control Board retained the firm of  
22 McCormick Taylor to review and study the issue of  
23 traffic. Albert Federico, Senior Traffic Engineer  
24 with McCormick Taylor, is here today, and will make a  
25 presentation to the Board.

1 I'd also now like to discuss stipulations  
2 of exhibits for the record. Mason-Dixon Resorts, L.P.  
3 and the Office of Chief Counsel (OCC) have entered  
4 into a stipulation regarding the admission of certain  
5 documents in the record in these proceedings;  
6 specifically, the application-related documents, the  
7 suitability report provided to the Board, the public  
8 input hearing transcript and exhibits, public input  
9 written comments, objections to some of those  
10 comments, the local impact report, traffic studies and  
11 correspondence related thereto, as well as all the  
12 filings made with the Office of Hearings and Appeals  
13 (OHA) related to this application. Each of these  
14 items are identified and offered as Exhibits One  
15 through Nine, and are to be admitted into the record  
16 as stipulated evidentiary records for the Board's  
17 consideration.

18 (Exhibits One through Nine  
19 marked for identification.)

20 ATTORNEY COOK:

21 Of particular note, relative to the  
22 stipulated evidence, is the testimonial stipulation,  
23 which is Exhibit Eight today. That testimonial  
24 stipulation outlines the procedure employed by the  
25 Bureau of Licensing, the BIE, and the Financial

1 Investigation Unit in doing its work related to this  
2 application. In addition to the evidence I just  
3 described, the transcript of these proceedings today,  
4 and any evidence submitted as exhibits in connection  
5 with these proceedings, will also be admitted into the  
6 record, as well as any post-hearing memorandum.  
7 That's all I have, Chairman.

8 CHAIRMAN:

9 Thank you very much, Steve. We'd now  
10 like to call upon representatives of Mason-Dixon  
11 Resorts, L.P. to make their presentation. Would all  
12 individuals who will present testimony today who are  
13 not lawyers please stand to be sworn in?

14 -----

15 WITNESSES SWORN EN MASSE

16 -----

17 CHAIRMAN:

18 Thank you. Again, just as a matter of  
19 housekeeping. Before each individual begins speaking  
20 on behalf of Mason-Dixon, if you could please state  
21 your name and then spell your name for the  
22 stenographer. And with that, you may begin,  
23 Counselor.

24 ATTORNEY SCHRIER:

25 Thank you. Good morning, Mr. Chairmen,

1 Members of the Board. Ladies and gentlemen, my name  
2 is Stephen D. Schrier, S-C-H-R-I-E-R, and I'm with the  
3 law firm of Blank Rome, L.L.P. in Philadelphia. I'm  
4 pleased to be here today representing Mason-Dixon  
5 Resorts, L.P., the applicant for a Category 3 License  
6 under the Pennsylvania Race Horse Development and  
7 Gaming Act. Here today with me is my co-counsel,  
8 Thomas Dwyer and Eric Fikry from the law firm of Blank  
9 Rome, and co-counsel Kevin Hayes and James Doherty  
10 from the law firm of Doherty Hayes.

11           Before we begin our proposal, I'd also  
12 like to introduce the rest of our team. The  
13 principals are all in attendance here today, and I'll  
14 read their names, if they would just stand. David  
15 LeVan, Jennifer LeVan, Joseph Lashinger, Bernard  
16 Yannetti, Michael Jackson.

17           Also, we have with us today key  
18 representatives from our esteemed partner in this  
19 project, the most successful and well-positioned  
20 gaming company in the industry, Penn National Gaming.  
21 We have Steve Snyder, Senior Vice President for  
22 Corporate Operations; Tom Auriemma, Chief Compliance  
23 Officer; Karen Bailey, Director of Public Affairs;  
24 Walter Bogumil, Vice President of Finance; and Sue  
25 Reyes, Vice President of Human Resources of Hollywood

1 Casino at Penn National Race Course.

2           Also with us today, we have our experts  
3 and our presenters; Don Dissinger, Senior Vice  
4 President of Ewing Cole; Michael Mariano, Managing  
5 Director of the firm of Econsult; Daniel Thornton,  
6 Professional Engineer, Senior Associate of TRG; Dr. G.  
7 Terry Madonna, President, Terry Madonna Opinion  
8 Research; Mr. Ben Thomas, Township Manager, Cumberland  
9 Township, Adams County. And also have Peter Tyson,  
10 Vice President of PKF Consulting; Randall Fine,  
11 President of the Fine Point Group; Brendan Synnamon,  
12 President of the Gettysburg Battlefield Preservation  
13 Association; and the Honorable Paul E. Winfield, the  
14 mayor of Vicksburg, Mississippi.

15           These representatives will be available  
16 at the conclusion of our presentation to field any  
17 questions that you may have. And as you know, their  
18 full reports were submitted to the Board, and are  
19 available as part of the public file. If your desk  
20 looks anything like my desk for the last few weeks,  
21 those reports are stacked pretty high.

22           On behalf of Mason-Dixon and its  
23 principals, I'd like to begin by thanking the Board  
24 and its staff for the exceptional professionalism and  
25 fairness with which we were treated throughout this

1 entire process. As this Board is well aware, the  
2 Pennsylvania Race Horse Development and Gaming Act  
3 provides for specific criteria that must be satisfied  
4 before any applicant will be considered eligible for a  
5 license. Once an applicant is deemed eligible, this  
6 Board bears the important task of determining which  
7 applicant is best suited to meet the goals of the  
8 Gaming Act and benefit all the citizens of the  
9 Commonwealth. I respectfully submit to the Board that  
10 the Mason-Dixon Resort has successfully met its burden  
11 of proof, and meets or exceeds all of the  
12 qualifications required to be eligible and suitable  
13 for a Category 3 License by clear and convincing  
14 evidence.

15                   It's our intent today to present a  
16 project to you which will enhance and showcase  
17 Pennsylvania's gaming industry. The principals of  
18 this project intend on placing a gaming facility at  
19 the Eisenhower Hotel and Conference Center, a landmark  
20 hospitality facility located on a 150-acre parcel of  
21 land with 307 hotel rooms, a lake, tennis courts,  
22 indoor and outdoor swimming pools, ballroom, and  
23 76,000 square feet of meeting and exposition space.  
24 This facility has served citizens and visitors to  
25 Adams County and Gettysburg for almost 40 years. The

1 submissions provided to the Board in the application  
2 clearly qualify Mason-Dixon Resort as a  
3 well-established resort hotel, as defined by Section  
4 1305 of the Gaming Act.

5           At this time, it's my pleasure to  
6 introduce one of the co-principals of the project and  
7 Mason-Dixon Resorts, L.P., Mr. Joseph Lashinger. Joe  
8 is no stranger to Pennsylvania or to Pennsylvania  
9 Gaming. After serving in the Pennsylvania  
10 legislature, Joe was part of Penn National Gaming. As  
11 you're all aware, he was a visionary in successfully  
12 developing the Harrah's Chester Casino and Racetrack  
13 from an empty, brown field site. Well, Joe was  
14 similarly instrumental in bringing this project  
15 together. Joe.

16           MR. LASHINGER:

17           Thank you, Steve. Good morning, Mr.  
18 Chairman. Good morning, honorable Members of the  
19 Board, and good morning Gaming Board staff. Let me  
20 first say it took everything we had to prevent Dave  
21 LeVan from wearing his Eagles jersey here today. I  
22 also would ask you that you strike from the record if  
23 he does the Eagles cheer before his testimony.

24           My name is Joe Lashinger, and I'm pleased  
25 as the founder and former owner and operator of the



1 historic casino built in Chester, Pennsylvania, to  
2 return to what I believe to be an equally historic and  
3 worthwhile project. There are many similarities in  
4 the effort, paramount in both Chester and this  
5 Cumberland Township effort has been the benefit that  
6 has spread through the entire community, the synergies  
7 with existing businesses, and not just benefits to the  
8 operator of the facility. I'm also pleased and  
9 excited because this Mason-Dixon Resort team that  
10 Steve Schrier introduced earlier is the best, hardest  
11 working, and most sincere team that I've ever worked  
12 with on a casino resort development.

13                   What you will find from the presenters  
14 today, what I'll call this Pennsylvania Dream Team ---  
15 and if you look around the room, most of the companies  
16 that are here are Pennsylvania-based companies that  
17 have done iconic projects, both in gaming and non-  
18 gaming, across the Commonwealth, and people that have  
19 appeared before this Board in a number of other  
20 different projects.

21                   Penn National, who Steve said I had the  
22 unusual opportunity to work with, Steve, and those  
23 people in the industry would tell you that they are  
24 best in class at this point in history in gaming, and  
25 best in breed --- not only from the Wall Street

1 perspective, but from an operations perspective.  
2 Peter Tyson from PKF and I were involved in the same  
3 topic in 1984 in Pennsylvania in the Pocono Mountain  
4 region, and he's back here today as part of this  
5 project. Don Dissinger is with Ewing Cole, who has  
6 done a number of those important projects around the  
7 Commonwealth.

8                   So, I could go on and on about the  
9 integrity and a desire to do what's right for  
10 Cumberland Township, Adams County, and the  
11 Commonwealth, but more important to tell you why Dave  
12 LeVan and I, and Penn National, pursue a gaming  
13 opportunity in south central Pennsylvania. It starts  
14 with the map that's in front of the Board, and with  
15 the obvious gap in gaming opportunity, or gaming  
16 service for the residents of Pennsylvania. But it  
17 also started with a discussion that Dave LeVan and I  
18 had, my knowing of his desire to continue on in his  
19 effort from 2006 in a different way, but a desire to  
20 do it in his hometown community, Dave's a resident of  
21 Cumberland Township, and in the county that's been  
22 very important to him throughout his career. So, it  
23 was a follow up to these efforts in 2006. His spirit  
24 has never waned from 2006 when I was part of the  
25 process in a different part of the state. He did

1 question me, however, about my willingness to develop  
2 in an environment where he knew there was a deep, deep  
3 well of support for a project, but a project that  
4 would always be suppressed by persistent demagoguery  
5 in the community.

6           You will see today that our transparent  
7 approach to the development of the Eisenhower Hotel  
8 and Conference Center, and also our entertaining  
9 resort, has finally allowed the community to  
10 confidently step into the light of support for such a  
11 project.

12           Let me tell you a little bit why I think  
13 I'm fit for this purpose, and to be a part of this  
14 presentation, and I hope and trust that our question  
15 and answer period later will draw that out. But you  
16 need to know that I've been attached to this issue of  
17 gaming development in Pennsylvania for almost 30  
18 years. I've missed a lot of years in collecting  
19 baseball cards and baseball memorabilia, and instead I  
20 collected data on gaming operations and data points of  
21 how gaming operations --- with a career focus on  
22 Pennsylvania during that period. It was former  
23 representative David Sweet and myself that traveled  
24 throughout the Poconos in 1984 with what was then  
25 known as the Sweet-Lashinger Bill, calling for resort

1 casinos in the Pocono Mountain region only. I spent  
2 14 years in the General Assembly shepherding this  
3 issue.

4 I left at the end of 1990 and represented  
5 the predecessor company to Isle of Capri, then known  
6 as Steamboat Development Company, in their first  
7 efforts at riverboat gaming here in Pennsylvania after  
8 their first success in Iowa with the passage of gaming  
9 outside of Atlantic City and Nevada. I've been  
10 associated with many of the great minds in development  
11 and in operation in gaming. Jack and Brad (phonetic)  
12 at the Sands, a company that was later acquired  
13 through Steve and Peter Carlino and the team at Penn  
14 National body. Penn National was then known as  
15 Hollywood Casino. Arthur Goldberg at Valley  
16 Entertainment and, again, Peter Carlino at Penn  
17 National. I've smiled throughout this entire process  
18 when I've viewed attorneys and outside experts that  
19 filed documents stating the intent of the Race Horse  
20 Development and Gaming Act.

21 Well, just let me tell you, I was there.  
22 I not only was there from the corporate perspective,  
23 but I was also there with my skin in the game trying  
24 to develop my own opportunity in Pennsylvania. I can  
25 tell you a few things from having been there all those

1 years with certainty, under oath. The first is the  
2 Eisenhower was always on the list of eligible  
3 facilities. The legislature constantly circulated a  
4 list of qualifying resorts as the room count, the  
5 geographical qualifiers, and the amenity list were  
6 being negotiated. Some of those fell off the list as  
7 the radiuses were negotiated that precluded some of  
8 those facilities being a part of the opportunity.

9           Secondly, it was always, always about  
10 maximizing revenue. I think all of us here today  
11 remember the debate and Governor Rendell leading that  
12 debate, and some quizzing him on the ability to  
13 maximize revenue to a level that he believed was  
14 necessary to sustain property tax relief in the state.  
15 The other element was creating a competitive balance  
16 across the state, but not only a competitive balance,  
17 but a sustainable balance, projects that would survive  
18 in the light of competition. I'm sure there were a  
19 lot of private agendas during those years about some  
20 other items, but at the end of the day, the votes for  
21 passage came from a combination of a number of  
22 interests, and those interests are reflected in the  
23 statute. It didn't pass without horse racing  
24 interest, it passed with horse racing interest. They  
25 brought a lot to the votes and to the table, and in

1 negotiations to the Act, so I would ask that the Board  
2 take --- pay clear attention to the comments of the  
3 impact of other facilities on racing in the  
4 Commonwealth. There was a decent block of votes, of  
5 course, from people who fundamentally accepted gaming  
6 as an alternative form of entertainment. And finally,  
7 the votes came from those who were interested in  
8 maximizing revenue for property tax relief, job  
9 creation, and of course, municipal budget improvement.

10 All right. I've rambled long enough, and  
11 I'll turn this over to Dave LeVan. Let me tell you a  
12 little bit about Dave before I introduce him. Over  
13 the last two years of knowing --- and I knew Dave from  
14 his work when he was at --- when he was the Chairman  
15 and CEO and visited the capitol often at Conrail. But  
16 I can tell you this, that he is the face and a true  
17 reflection of Pennsylvania. He's a man who wants to  
18 do something great for his community, a man who, over  
19 these two years, called me out on a number of  
20 commitments that he had made to his local community,  
21 in particular the revenue sharing from our facility  
22 and the agreements that we reached with both  
23 Cumberland Township and Adams County. It was Dave who  
24 insisted on minimum guarantees despite the performance  
25 of the facility at the resort.

1 I'm done. I'll suggest this about Dave,  
2 though. Over the two years, I had a chance to read a  
3 book called Men Who Love Trains, and I would suggest,  
4 if you're interested, that you take the time to read  
5 it. Dave figures prominently in that book while he  
6 was the Chairman and CEO of Conrail. The book's  
7 subtitle best summarizes what I've learned about Dave.  
8 And it says it was a story of men who battled greed to  
9 save an ailing industry. Throughout the book, there  
10 are tales about Dave's concern during the Conrail  
11 breakup for his employees, the spirit of his  
12 employees, and his desire to keep intact the history  
13 of railroading in Pennsylvania and in the region, and  
14 to keep the discipline of the company intact. So,  
15 you'll have an opportunity to meet Dave. And with  
16 that, Dave?

17 MR. LEVAN:

18 Good morning. I'm Dave LeVan; last name  
19 is spelled L-E, capital V as in Victor, A-N. During  
20 our public input hearing in August, I began my remarks  
21 by stating that we believe that we have identified and  
22 are prepared to execute a vision that will set the  
23 standard for Category 3 Licenses in the Commonwealth  
24 of Pennsylvania. And as I sit here today before you,  
25 I'm more convinced than ever. Mason-Dixon Resort and

1 Casino will renovate a long-time jewel of Adams  
2 County.

3           For nearly 40 years, the Eisenhower Inn  
4 and Conference Center has welcomed guests from near  
5 and far to our community. We intend to reinvigorate  
6 this proud property by turning it into a world-class  
7 resort that would sit only two miles north of the  
8 Maryland border. And in doing so, it would allow  
9 Pennsylvania to enter its last untapped gaming  
10 marketplace. We've secured the necessary zoning. We  
11 have more than adequate supplies of good quality  
12 water, as well as sewage treatment capacity.  
13 Currently, we have a joint application on file with  
14 the Pennsylvania Department of Environmental  
15 Protection and the United States Army Corps of  
16 Engineers.

17           As for the historic value of our proposed  
18 property, the Pennsylvania Museum and Historical  
19 Commission has confirmed that our property does not  
20 contain any, and I quote, eligible or listed historic  
21 or archaeological properties, end quote. Further, the  
22 National Park Service has indicated that Mason-Dixon  
23 will have no impact on the park because our project is  
24 not located within its 6,000-acre boundary. With the  
25 zoning already in place, we are proposing a



1 reinvigoration, if you will, a reimagining, of one of  
2 our favorite destination spots in Adams County. We  
3 anticipate having all the necessary approvals for  
4 construction by the end of the second quarter 2011,  
5 including a highway occupancy permit and a land  
6 development plan. And we would immediately begin  
7 construction, and we would intend to celebrate our  
8 grand opening on December 31st, 2011.

9           Since I last came before you in 2006, I'm  
10 happy to report that attitudes and opinions toward  
11 gaming have changed greatly in Adams County, and this  
12 is due to several reasons. First, our concept of a  
13 national park or historic site is not a new one.  
14 Communities in Vicksburg, Natchez, Yosemite, Deadwood,  
15 Dodge City, Little Big Horn, Harpers Ferry,  
16 Philadelphia, and yes, even Valley Forge, all have  
17 worked to preserve their historical meaning while  
18 embracing gaming and the opportunities the industry  
19 provides for the future.

20           And Adams County citizens do not live in  
21 a vacuum. They have seen firsthand the great work  
22 already done by Pennsylvania's gaming industry. And  
23 at a time when unemployment is at the highest in our  
24 county since 1984, my neighbors have watched as gaming  
25 created more than 12,000 jobs, provided billions of

1 dollars to the state and local communities. And as a  
2 result, I'm happy to report that the vast majority of  
3 Adams County residents stand shoulder-to-shoulder with  
4 us in this effort. They are our partners, and I'm  
5 eternally grateful for their support. Many of them  
6 are here today.

7                   The Cumberland Township Board of  
8 Supervisors, the mayor of Gettysburg, and the Adams  
9 County Commissioners have endorsed Mason-Dixon. The  
10 business community is also behind us. We've been  
11 endorsed by the Gettysburg Adams Chamber of Commerce,  
12 and more than 200 local businesses have signed letters  
13 of support, including some of our largest heritage  
14 tourism businesses, like Gettysburg Tours,  
15 traditional tours and businesses, like Ski Liberty and  
16 countless small businesses throughout our county,  
17 because all of them understand the tremendous economic  
18 impact that a gaming facility can have in a local  
19 community, and they want to be a part of it.

20                   Our supporters have collected business  
21 letters, and they've also collected more than 3,000  
22 verifiable petition signatures. The vast majority of  
23 these, I'm also proud to report, are from Adams County  
24 residents. These petitions meet the state law for  
25 verification, providing the signers' full name,

1 signature, and address. They did not submit online or  
2 anonymous petitions that simply cannot be verified.  
3 Our supporters did this the right way, and we couldn't  
4 be prouder.

5           We have taken steps to ensure our  
6 neighbors and business partners enjoy the benefits of  
7 Mason-Dixon. We've created a Hire Adams First program  
8 that will ensure that Adams County residents are given  
9 the top priority for all the jobs that will be  
10 created. Our By Adams program is our commitment to  
11 hiring local businesses for the goods and services  
12 that we need, and our Mason-Dixon Pass will be a  
13 program that promotes and provides transportation to  
14 area local retail and tourism sites, including the  
15 Gettysburg National Military Park.

16           And I raise the Gettysburg National  
17 Military Park because, as I indicated, our project is  
18 not new to historic tourism. A recent study by Dr.  
19 Duarte Morais, co-director of the tourism research lab  
20 at Penn State University, provided strong evidence of  
21 the gaming industry embracing historic preservation.  
22 His study found strong examples of gaming revenue used  
23 for that very purpose, to assist historic sites in  
24 Colorado, South Dakota, and yes, Vicksburg,  
25 Mississippi. As important, he included that gaming

1 visitors in these areas stay longer to enjoy the  
2 historic attractions.

3           To compile the estimates, the Morais  
4 report looks at visitation numbers at the Vicksburg  
5 Military Park, which is located near five gaming  
6 establishments. The report uses statistics from a  
7 research that found that 17.8 percent of Vicksburg's  
8 casino visitors also visit the national park, and 11  
9 percent shopped the local retail establishments. In  
10 looking at these areas and visitation statistics in  
11 Gettysburg, Dr. Morais concludes that Adams County can  
12 expect as much as 20 percent of our visitors at  
13 Mason-Dixon will visit the battlefield and its  
14 surrounding businesses. That equates to at least  
15 115,000 new visitors, or a nine percent increase.

16           For many of these reasons, we were proud  
17 to win the unsolicited endorsement of the Gettysburg  
18 Battlefield Preservation Association, the oldest Civil  
19 War preservation organization of its kind in the  
20 nation. Now celebrating its 50th year, the GBPA has  
21 helped preserve about a third of the entire national  
22 park of Gettysburg. We're also happy to have the  
23 support of the Adams County community. Mason-Dixon  
24 has commissioned noted political scientist, Dr. G.  
25 Terry Madonna, to poll our issue and discover the true

1 feelings of Adams County residents. And Terry is here  
2 with us today to discuss his results. Thank you.

3 DR. MADONNA:

4 Thank you, and good morning. Madonna,  
5 M-A-D-O-N-N-A, just like the rock star. Let me begin  
6 by saying that I am here as President of Terry Madonna  
7 Opinion Research. I do not represent, in this case,  
8 Franklin and Marshall College, nor does Berwood Yost,  
9 who's the methodologist for Terry Madonna Opinion  
10 Research, who also is the head of the Center for  
11 Opinion Research at F and M. We are here as private  
12 sector employees in a business that I own.

13 Let me begin by saying, before I get into  
14 the comments that I want to make, that in general, if  
15 you think about research on gaming in Pennsylvania,  
16 I've concluded after, you know, putting questions in  
17 surveys over the years, and after reviewing lots of  
18 other surveys, that Pennsylvania, indeed, does have  
19 --- does support a gaming culture. Maybe I do not  
20 have to make that observation to this honorable Board,  
21 but, in fact, the surveys consistently show that. So,  
22 you'll typically have 60 to 70 percent of folks in our  
23 state, the residents in our state, indicating that  
24 they support gaming. That was true when we dealt with  
25 the issue of riverboats, you know, 10 or 15 years ago.

1 It's true when we deal, for example, with the issue of  
2 table games that came up just recently, and it's true  
3 today, when we just literally ask folks about the  
4 support for gaming in our state.

5           The second big observation that I would  
6 make is that there are consistently about 20 to 25  
7 percent range of people who have moral objections to  
8 gaming, and those percentages --- and they can go up  
9 or down a little bit --- have been reasonably  
10 consistent. And then there are folks who oppose  
11 gaming for other reasons. So, in any survey that gets  
12 conducted, the fundamental observation has to be made  
13 that there are --- there is a minority of residents of  
14 our state who literally will oppose gaming, whether  
15 it's in Gettysburg or in Adams County or in  
16 Philadelphia or in virtually any other jurisdiction  
17 within this state. And I think that's an important  
18 observation to make. Now, last March ---.

19           The other observation that I would make,  
20 when Mason-Dixon came to me as an independent  
21 pollster, not aligned with political parties, not  
22 aligned with candidates, having done no polls for  
23 parties or candidates, I indicated that when we did  
24 this survey last March, that we would make the results  
25 available to the public. They agreed to that. The

1 questionnaire design was specifically mine and Mr.  
2 Yost's. Mason-Dixon agreed to that. So, these  
3 questions were scientifically developed. The methods  
4 used to conduct this survey were the methods that  
5 Berwood Yost and I have used to conduct hundreds of  
6 polls in this state, and as well as national polls for  
7 media outlets.

8           In this instance, this poll that we  
9 conducted last March was conducted, as you will see on  
10 this slide, for residents of Adams County only. The  
11 sample size in this case was 604 individuals. We used  
12 what's known as random digit dialing, which is a  
13 process where every household in Adams County had an  
14 equal chance of being called, and within the household  
15 itself, we used a random selection method to select  
16 the interviewees. These are methods that are well  
17 approved and utilized by professional researchers, by  
18 academic researchers, and additionally by many of the  
19 pollsters who do polls for major media outlets in the  
20 country, as well.

21           And the results of this survey were  
22 delivered to you folks the last time we met in Adams  
23 County, and so I will just go over a handful of the  
24 conclusions that we found in the survey. First of  
25 all, as I indicated before, in Adams County, 65

1 percent of the residents support legalized gaming, 65  
2 percent favor table game expansion, 40 percent visited  
3 a casino or regularly play the lottery. And I want to  
4 stop here because this has been the major part of this  
5 debate, with this next bullet. In my professional  
6 judgment --- and this is what the survey found --- 62  
7 percent of the residents of Adams County support the  
8 Mason-Dixon project.

9           In addition to that, after we asked that  
10 question, we put in some questions that dealt with  
11 other considerations that would certainly be relevant  
12 to the Board, and were certainly relevant to  
13 Mason-Dixon and to others. And there you see them in  
14 the bullets that follow; 89 percent believe it will  
15 create jobs, 70 percent believe it will not hurt local  
16 businesses, 62 percent believe it will not harm the  
17 historic character of Adams County, and 59 percent  
18 believe it will not increase crime.

19           Lastly, gentlemen, let me point out that  
20 last week, on behalf of Mason-Dixon, we conducted a  
21 smaller sample, largely for internal purposes, the  
22 purpose of which was if they were to be awarded the  
23 license, to think about aspects that we interviewed in  
24 the --- that we used in the first survey instrument.  
25 The results of that survey confirmed the findings in



1 this particular report. And that, of course, if you  
2 desire, will be made available. In short, that's my  
3 testimony. I want to thank you, and I'll be available  
4 for questions. Thank you very much.

5 ATTORNEY SCHRIER:

6 Thank you very much, Dr. Madonna. In a  
7 minute, we're going to see a presentation from our  
8 architect, but before we do that, David LeVan would  
9 like to provide the Board with a brief aerial tour of  
10 the Emmitsburg Road Corridor, where the Mason-Dixon  
11 Resort is located to give you a feel for the location  
12 of this facility and its surroundings.

13 MR. LEVAN:

14 Thank you. As Steve said, we're going to  
15 take an aerial tour, starting at the actual building  
16 location of where the casino would be located, moving  
17 out to the entrance to the facility at the Emmitsburg  
18 Road, and then we're going to turn right and we're  
19 going to head north on the Emmitsburg Road to the  
20 park, and then from the park --- would you go back,  
21 please? Back to A. That's great. Thank you. And  
22 then through the park to the Borough of Gettysburg so  
23 you can see what this looks like relative to our  
24 position to the park and to the Borough of Gettysburg.

25 First on the location of the building at

1 A, I'd like you to understand the setback of this  
2 building from the Emmitsburg Road. It is not only not  
3 visible from the Military Park, it's not even visible  
4 from the Emmitsburg Road because of the setback, and  
5 because of the other visual barriers and buffers.  
6 From here, we go out to B. That is the location of  
7 the main entrance into the current Eisenhower  
8 Conference Center on Allstar. It's three tenths of a  
9 mile from the proposed casino building to that access  
10 point. Please note the current signage, because we're  
11 going to come back to that later in our presentation.

12                   So, now as we move up the Emmitsburg  
13 Road, we go to C, which is a vacant retail building,  
14 D, the Western Inn, E, Razor's Edge, F, another  
15 secondary Boyd's Bear entrance, G, The Red Carpet Inn,  
16 H, Booties, Spoils, and Plunder; I, the Battlefield  
17 Bed and Breakfast, and I'd like to stop at J. At J,  
18 you see that our property is one full mile from the  
19 nearest portion of the Gettysburg National Military  
20 Park, known as South Cavalry Field. This area of the  
21 park is referred to as a satellite because it is not  
22 an area regularly visited by the public, and this is  
23 the only point of access by foot. It has no public  
24 entry points of any kind other than this point right  
25 here.

1                   Then we move on to K. This is the  
2 Gettysburg Battlefield Resort, and I'd like you to  
3 take note of the size and the scale of this facility,  
4 as well as its closer proximity to the National Park  
5 boundary. It literally adjoins South Cavalry Field.  
6 So, now we're going to move forward. We go to L, RV  
7 Camping and Sports Center; M, Johnson's Karate; N,  
8 National Historic Society, York and Adams County; D,  
9 Edgewood Bowl; P, Haverfield Helicopter; Q, the first  
10 park welcome sign to the park.

11                   At R, I want to bring your attention to  
12 this 7.6-acre parcel currently for sale, and it's  
13 zoned commercial. And it also adjoins and has a  
14 boundary immediately adjacent to the Battlefield.  
15 Envision, if you will, a service station, a  
16 convenience store, a multistory hotel, a retail strip  
17 mall, or other development on this site. And in fact,  
18 given the size of this site, envision all of them on  
19 this site. And while our property sits a mile away,  
20 here sits both a challenge and an opportunity for  
21 preservationists, in my opinion. This is the type of  
22 issue that I've worked cooperatively with the  
23 Gettysburg Foundation in the past, along the Baltimore  
24 Pike Corridor, where I reside.

25                   My cynical side leads me to ask and

1 wonder why preservationists are ignoring this  
2 well-known plot of land, and instead are spending  
3 considerable resources of time, energy, and money  
4 opposing our project that is much further away, and  
5 not in the park.

6           We'll move on. S is --- we're now inside  
7 the park. S is a park roadside building. T is a  
8 private entrance back into the Eisenhower farm  
9 location. U is the intersection of the Emmitsburg  
10 Road and West Confederate Avenue. This is the first  
11 highway access point into the national military park,  
12 and we are now 2.2 miles from our proposed casino  
13 building. Now we move through the park, obviously one  
14 of the most significant parts of the national military  
15 park, scene of Pickett's Charge. W is the Corduroy  
16 Barn in that line. And at X we've reached the borough  
17 line. When we move to Y, you will see General  
18 Pickett's Buffet, which shares a boundary with the  
19 park, and is directly across the street, as you can  
20 see, from a main Battlefield access point. Thank you.

21           ATTORNEY SCHRIER:

22           Thank you, David. Now, to help you  
23 visualize our plan for the future, I'd like to  
24 introduce our architect, Mr. Donald Dissinger of Ewing  
25 Cole. In addition to his extensive work in the gaming

1 field, Mr. Dissinger and his firm has over three  
2 decades of experience and has worked on several  
3 well-known projects, including the City Museum of  
4 Manassas, the Franklin Institute, the Naval Historic  
5 Center, the Smithsonian, the United States Holocaust  
6 Memorial, as well as known universities here in  
7 Pennsylvania. He's also worked for Penn National  
8 Gaming on the conceptual and schematic design for the  
9 Hollywood Casino at Penn National. Mr. Dissinger?

10 MR. DISSINGER:

11 Thank you, Stephen. Good morning, Board,  
12 Chairman. My name is Don Dissinger,  
13 D-I-S-S-I-N-G-E-R. I'm a registered architect in the  
14 State of Pennsylvania. I grew up here in Harrisburg,  
15 central Pennsylvania, born quite a few years ago. And  
16 in that time, I've had an opportunity to develop a  
17 career as a preservation architect, a resort designer,  
18 a gaming architect, a sports architect, and a campus  
19 and university architect. And in all of those  
20 experiences, I've recognized that the most important  
21 thing any design must do is respect the significance  
22 of its environment, and represent the best that you  
23 can do in terms of the built environment with the  
24 natural environment. And I think one of the keys to  
25 the design of this project, I'd like to illustrate to

1 you in a video we've prepared.

2 VIDEO PLAYED

3 MR. DISSINGER:

4 I'd like to continue with a few more  
5 points in the presentation about the design that we  
6 think are important in terms of its characterization  
7 as a resort. The 150 acres is situated, as you can  
8 see, between Route 15 and Emmitsburg. The centerpiece  
9 of this landscape is the recreation lake, which is the  
10 focal point of the main part of the campus. Just off  
11 of Emmitsburg Road, you will see the Hotel and  
12 Conference Center, about .3 miles into the site you  
13 can see the Allstar Sports building, which will be the  
14 centerpiece of the casino component of the resort  
15 restoration.

16 The 307 rooms are integrated into the  
17 Conference Center. The existing Eisenhower --- the  
18 first Eisenhower building, with 203 rooms, also  
19 features a lot of indoor amenities which serve as a  
20 year-round resort destination. Of course, the Allstar  
21 Sports building which sits just above the lake is in a  
22 convenient five-minute walking distance to the  
23 Eisenhower Hotel porte cochere. The concept of this  
24 building is to create a lodge-like setting. The  
25 campus itself will be enhanced in its landscape and

1 boulevard designs. Again, the most important aspect  
2 of this is that it will work together as a resort and  
3 kind of reinvigorate the existing businesses that  
4 already exist.

5           Inside the hotel, the atrium pool and bar  
6 are the centerpiece of the existing hotel, 203 rooms  
7 surround the atrium. The atrium also offers a  
8 restaurant, a breakfast buffet, and a lounge. In  
9 addition to the interior atrium space, there is a  
10 series of conference spaces and meeting rooms that  
11 currently serve both exposition and conferences  
12 throughout the course of the year. These facilities  
13 connect both the hotel properties. And within  
14 Eisenhower Two, there is an existing restaurant  
15 experience, as well as a gathering lobby area just off  
16 the conference areas in Eisenhower Two. And of  
17 course, the typical rooms are fairly contemporary, and  
18 very spacious, oversized rooms, if you will, compared  
19 to the typical hotel that you might see along an  
20 interstate today. So, it's a rather commodious guest  
21 quarter space.

22           What's really wonderful about this  
23 property is the lake. The lake is rather pristine,  
24 and a wonderful natural ecology that will become part  
25 of the draw to this property as it develops with the

1 new gaming facility, which is located just above the  
2 lake. Part of the idea of the casino is to open up  
3 the lounge areas to the lake and to try to create a  
4 part of the environment that is outdoor as well as  
5 indoor in this experience. One of the viable  
6 structures on the building is the Allstar Sports  
7 Complex. It's a 70,000-square foot facility that  
8 easily accommodates the required Backa House  
9 (phonetic) requirements for the project as specified  
10 in the Gaming Regulations, and most importantly, as a  
11 grand central space that easily accommodates the  
12 gaming program.

13                   Many properties developed gaming  
14 facilities inside this kind of a building. Throughout  
15 Delaware, several properties have used this particular  
16 structure as the armature for the main casino building  
17 for casinos of this size. This exists and makes a  
18 very easy and comfortable transition to a new casino.  
19 And again, the inspiration of the redevelopment of  
20 this property is to create the feel of the national  
21 historic lodges that you see in a lot of our national  
22 parks. It's an appropriate vocabulary for this kind  
23 of a project. And you'll see in the development of  
24 our design that the opportunity exists to restore the  
25 campus, its landscape and its gardens to link together



1 a new entrance that will redefine, in a very bucolic  
2 and simple setting, a new resort within the region.

3           And link the Allstar Sports building as a  
4 gaming destination to the Eisenhower Hotel, a new  
5 boulevard will be provided to connect the hotel  
6 properties with the gaming facility and to redevelop  
7 the landscape, and connect them with a covered walkway  
8 that links the main entrance to the hotel to the main  
9 entrance of the gaming facility. And then the whole  
10 pathway to the hotel will be restored, and a new  
11 landscape and lighting system and a new signage system  
12 will be created.

13           The idea of the picket fences will form a  
14 water feature that will define the entrance point.  
15 And a very low-key signage system will be created to  
16 remove the existing signage that's already there and  
17 to redefine its image and identity as a resort in the  
18 region. The hotels, again, will be --- as they are  
19 redeveloped, will be restored in a style that is  
20 similar to the lodge that we are proposing for the  
21 casino spaces. The covered walkway will be installed  
22 to connect the casinos with the hotel. And then the  
23 old Allstar Sports building will be developed with new  
24 porte cocheres in arrival sequence using the native  
25 stone and brick language of the Adams County region,

1 and the architecture within that region.

2           The natural water feature that flows  
3 between the lake through the property will be  
4 restored, and will become a feature. This is the  
5 waterway as part of the main entrance to the casino.  
6 This entrance will directly face and be visible to the  
7 entrance to the hotel when it's restored.

8           And the interior will be developed as a  
9 contemporary gaming facility. We've installed these  
10 --- the proposal is to install these tree-like  
11 canopies that will house all the technology for  
12 gaming, and all the devices for surveillance and  
13 security for the property. The gaming program, as we  
14 have reported, will include 600 electric gaming  
15 devices throughout the heart of the facility. In  
16 addition, 35 banking table games in the center of the  
17 facility just off of the dining village and central  
18 lounge. A room will be provided for 15 poker tables  
19 and an expansionary for five additional poker tables  
20 for tournament play. The Backa House is neatly  
21 configured in the back where the existing offices for  
22 the Allstar Sports offices used to be. We will add to  
23 the cashier location two Pennsylvania lottery  
24 terminals that are required.

25           The food and beverage program for the

1 casino will include a food court of 175 seats, a  
2 coffee and dessert lounge of 20 seats, and the new  
3 central lounge, which will open up to the lake area on  
4 the south side of the gaming hall. The idea is to  
5 have a room, a restaurant space that is just off the  
6 casino floor. This is a property in a similar-style  
7 building that we developed in southern Delaware,  
8 Harrington Raceway, very warm materials to create a  
9 very traditional setting within the community. The  
10 food venues will be several as defined by Penn  
11 National, the operator. But it will be a whole food  
12 distribution system, and then a seating area just off  
13 the casino so that there's a respite from the gaming  
14 area, and a nice casual dining experience within the  
15 casino. The dessert bar will be a feature opposite  
16 the central lounge. After dinners at the hotel, you  
17 can meet here at the dessert bar, as well as at the  
18 central lounge.

19           The central lounge is a new entertainment  
20 focus for the experience at the resort. The idea is  
21 to create a conversation area that is near the gaming  
22 hall, but yet separate. It allows for the opportunity  
23 to create a stage-like environment for the resort so  
24 that there can be live music. A comfortable living  
25 room-like experience that has a two-way fireplace so

1 that outdoor and indoor dining, and also relaxation,  
2 can occur at the casino property, and ultimately opens  
3 up and connects you back to the entire resort, which  
4 connects the gaming facility to the resort and  
5 integrates the entire amenity package.

6 In summary, we believe that this property  
7 has all the essential components necessary to create a  
8 world-class resort within Adams County in a very  
9 tasteful, recognizable fashion for the industry and  
10 for the region. Thank you.

11 ATTORNEY SCHRIER:

12 Thank you, Don. Just on the question of  
13 traffic and traffic mitigation, I'd like to point out  
14 to the Board that we have with us today Dan Thornton,  
15 who is our traffic engineer with TRG Associates. They  
16 were asked to provide traffic studies. They provided  
17 them to the Board, and the Board's expert and  
18 consultant has reviewed those traffic studies and had  
19 some comments, and we've responded to those comments.

20 I just want to point out that from our  
21 perspective there were no material issues with regard  
22 to traffic and access ways to the property. We feel  
23 we've responded appropriately to the Board's  
24 consultants, and at this point, we're here to answer  
25 any questions that the Board may have with regard to

1 traffic and traffic mitigation. Mr. Thornton will be  
2 here at the conclusion of our presentation to respond,  
3 and I know that your consultant will be providing  
4 information to you as well.

5           So, what I'd like to do is introduce  
6 Peter Tyson to discuss how Mason-Dixon is situated in  
7 what remains the premier gaming market for  
8 Pennsylvania. Peter Tyson is the Vice President of  
9 PKF Consulting, USA, and has decades of experience in  
10 this field, consulting on a wide range of hospitality  
11 projects, including hotels, resorts, casinos, and  
12 conference centers. Mr. Tyson?

13           MR. TYSON:

14           Thank you, Steve. Good afternoon,  
15 gentlemen. My name is Peter Tyson, T-Y-S-O-N, PKF  
16 Consulting. PKF was retained back in January of 2010  
17 by the developers to estimate levels of gaming revenue  
18 for the proposed Mason-Dixon Resort, as well as  
19 estimated levels of net operating income. And also to  
20 prepare estimates of gaming revenue for their proposed  
21 Category 3 casino at Nemaocolin Woodlands. We've  
22 performed similar analyses, you may recall, some of  
23 you, for SugarHouse in Valley Forge here in  
24 Pennsylvania, numerous other jurisdictions around the  
25 U.S. and abroad. And PKF is a licensed vendor with

1 the Gaming Control Board.

2           Hopefully you've had a chance to review  
3 my report. The methodology and my estimates are  
4 prepared in great detail therein, and I won't trouble  
5 you with the details today. But if you wish, I'd like  
6 to just quickly go through some of the key analyses  
7 and conclusions. First of all, we utilized the proven  
8 drive time, or gravity model methodology to come up  
9 with our casino, exactly the same as your financial  
10 suitability task force used to do. Which starts out  
11 with several things. And I hope I can operate this.  
12 The first challenge was to identify all of the  
13 existing and proposed gaming venues with which Mason-  
14 Dixon will compete. And we start with Penn National  
15 or Hollywood to the northeast, we put in here the  
16 proposed venues along the I-95 corridor in Maryland,  
17 one of which is open, and the others are proposed.  
18 We've got Charles Town in West Virginia, and we have  
19 the Rocky Gap out here in Maryland, which was just ---  
20 they received no bids for that for a second time, and  
21 the future of that particular competitor is unclear.  
22 And out west, certainly far off the map, you have the  
23 properties around the Pittsburgh area.

24           Our next --- through Microsoft Map Point,  
25 we identified a 30-minute drive zone from the Mason-

1 Dixon site; that is outlined in blue on the map. And  
2 also a 60-minute drive time zone, which is outlined in  
3 red. We then took into account that there was going  
4 to be extreme competition for the Baltimore/Washington  
5 corridor market from these casinos, or rest-sinos  
6 really, along the I-95 corridor, so we shrunk our real  
7 market zones back away from the 60-minute line to  
8 about the midpoint between our facility and the I-95  
9 corridor. And again, this was a conservative move.  
10 We've got a 600 slot machine facility with 50 table  
11 games in a smaller Category 3 casino. Our market area  
12 is considerably smaller than if we were going for a  
13 full 3,000 slot allotment.

14                   Anyway, our next chore was to go through  
15 and see how many adults fell into those two drive  
16 zones, and we used, again, census data and zip code  
17 data, we came up with an adult populations of  
18 approximately 166,000 adult residents in Zone One,  
19 which comprised of parts of three counties in  
20 Pennsylvania and two counties in Maryland, and an  
21 additional 450,000 adults residing in Zone Two, which  
22 again, three counties in PA and parts of three  
23 counties in Maryland. So, our total adult population,  
24 not really within a 60-minute drive but within a  
25 tighter zone than that --- because remember, we carved

1 out much of the zone towards I-95 --- is a little over  
2 600,000 adults.

3           We then utilized gaming participation,  
4 visit frequency, and win per visit metrics based on  
5 the experience of other venues, based on what gaming  
6 operators have gleaned out of their databases and  
7 what's published in things like Harrah's Biannual  
8 Survey of Gamblers. And we came up with estimates of  
9 win from the drive-in zone. As you will see here, we  
10 have participation percentages, here's your 600,000  
11 adult visits per year. And then we conservatively  
12 said, of these annual gaming visits generated by that  
13 population --- and I apologize, I can't read the  
14 number too well from here. I think it's right around  
15 a million. Only 75 percent of those would be captured  
16 by the Mason-Dixon facility in the closed-in zone, the  
17 0 to 30 minutes.

18           The other 25 percent will go to a  
19 facility in Maryland once in a while, they will go to  
20 Charles Town, they might go to Atlantic City. So,  
21 there's some leakage from our market that we  
22 projected. Very similarly, for the second zone, we  
23 even more conservatively said we will only capture 50  
24 percent of those people. So, overall, roughly two  
25 thirds of the people who the gaming visits represented



1 by our two zones were captured by Mason-Dixon. All  
2 this is expressed in 2010 dollars to enable you to  
3 better compare our results to what the properties are  
4 experiencing around the Commonwealth today. And as  
5 you will see, that comes up to approximately \$72  
6 million from those two zones.

7           In addition to that, we said there's also  
8 going to be demand created by existing visitors,  
9 overnight visitors, to the Gettysburg area. From  
10 Smith Travel Research, we learned that there are  
11 approximately 400,000 occupied hotel rooms in the  
12 county today, and from that we gleaned that there  
13 would be about 490,000 separate adult guests, of which  
14 we assumed 20 percent would visit the casino and  
15 generate additional revenue of about \$11 million.  
16 That comes up with a stabilized year gaming revenue in  
17 today's dollars of \$83 million. We went back and  
18 checked that in terms of win per unit, net win per  
19 unit after promo play with the results of the existing  
20 Pennsylvania venues, and we felt that those numbers  
21 are very reasonable and supportable.

22           In addition to that --- oh, and I might  
23 want to point out that we made no specific addition  
24 for day-trip visitors to the Gettysburg National Park,  
25 which numbers roughly two million. Certainly some of

1 those visitors to Gettysburg stay overnight, so  
2 they're accounted for in this occupied room total, but  
3 we didn't try to make any additional incremental bump  
4 from those visitors or any other through-traffic that  
5 just happens to drive through Gettysburg and said  
6 let's stop and enjoy ourselves at the casino for a few  
7 hours.

8           So, going to the next slide, we then just  
9 ramped up, backed off of that stabilized number a bit  
10 for the prior years to come up with gaming revenues.  
11 We applied inflation out here, I believe we used three  
12 percent a year. And then looking at the historical  
13 operating results of Eisenhower, tempered by the fact  
14 that it's going to be a renovated, reinvigorated  
15 property with a higher occupancy rate, slightly higher  
16 average room rate, we projected levels of the  
17 operating income for the property.

18           Very similarly, we were asked to do a  
19 similar or a comparable analysis for Nemaquin, and we  
20 went through the same basic procedures. You will see  
21 here that we have Rocky Gap in here; we have  
22 Charlestown; Rivers; Meadows; Wheeling. And we  
23 attempted to do --- or we did do a 30-minute drive  
24 zone, and the red is, again, a 60-minute drive zone.  
25 We shrunk back their market area to about the midpoint

1 between Meadows and Nemacolin, and similarly, we  
2 shrunk back, or met this about halfway down to Charles  
3 Town

4           Interestingly, one of the first things we  
5 learned from our analysis is if you look at the zip  
6 codes that are within Zones One and Two, from the  
7 Nemacolin site, you will see that they have a total  
8 adult population of somewhere around 270,000. Now  
9 that number compares to a little over 600,000 for the  
10 same zones around the Mason-Dixon Casino,  
11 significantly less. We also took a close look, as we  
12 did at Mason-Dixon, at the household incomes of the  
13 populations included in those two immediate drive-in  
14 zones. And I think if you look at the next slide, you  
15 will see here the adult population number that I just  
16 referred to. Of just as much interest to us is that  
17 the population around the Adams County site has income  
18 some 40 percent higher than the population right  
19 around the Nemacolin Woodlands site. And this is very  
20 important for two reasons. You've all learned that  
21 households with higher income levels have higher  
22 gaming budgets, and probably are more --- can better  
23 afford to gamble and use that as a source of  
24 entertainment.

25           Secondarily, we as resort consultants see

1 a possible conflict between the fact that Nemaocolin is  
2 a five-star resort. It goes after the very highest  
3 end of the market. When you attempt to have a casino  
4 that caters to those customers, as well as your  
5 drive-in market, which has a median net household  
6 income of \$30,000, it's very possible that those two  
7 won't blend well because each group has their own  
8 types of needs, wants, desires, and expectations from  
9 the gaming facility. And having a relatively mid-  
10 market drive-in crowd versus a five-diamond resort  
11 hotel crowd could cause some concern.

12           Anyway, we went through and finished on  
13 the next slide the same analysis for Nemaocolin that we  
14 did for Mason-Dixon and came up with a stabilized year  
15 win of --- just shy of \$50 million in 2010 dollars,  
16 and that compared to \$83 million for Mason-Dixon.  
17 Later there were claims made about who's going to  
18 bring the most gaming revenue in from out of state, so  
19 we were asked to do a little bit of an analysis for  
20 that. And I think this next slide, while it's a  
21 little tough to read and tough to figure out, when all  
22 was said and done, we figured out that --- or we  
23 estimated, I guess is a better way to put it, that  
24 approximately a third of each property's zone wins,  
25 residential wins, will come from outside of the state.

1 Overall, about 36 percent of each property's win will  
2 come from outside the state. But as our win numbers  
3 are significantly higher, our out-of-state  
4 contributions is about \$30 million versus about \$18  
5 million for Nemaquin.

6 In conclusion, I'd just like to say that  
7 we think that our estimates are reasonable and  
8 possibly conservative. When we did our numbers back  
9 in January, no operator was identified for the project  
10 yet. Since then, Penn National has come aboard, and  
11 they are quite experienced at Pennsylvania gaming, and  
12 I think would probably justify a slight bump to our  
13 numbers. And secondarily, we totally disregarded, or  
14 did not impute any additional win from day-trip  
15 visitors to Gettysburg, which could amount to a  
16 material amount of money. Thank you very much, and I  
17 look forward to answering any questions you may have  
18 at the conclusion of this session. Thanks.

19 ATTORNEY SCHRIER:

20 Thank you, Mr. Tyson. The local impact  
21 that Mason-Dixon would have on Adams County and its  
22 economy is something we have exhaustively studied. To  
23 briefly discuss those findings, we have Michael  
24 Mariano, who's the managing director of Spatial  
25 Analytics for Econsult Corporation. He oversees all

1 the research and analysis for the firm's economic and  
2 fiscal impact status. Econsult has served as a  
3 consultant to the Philadelphia Gaming Advisory Task  
4 Force, the Valley Forge Convention Center, and the  
5 Pennsylvania Department of Community and Economic  
6 Development, among other projects that they've worked  
7 on. Mr. Mariano.

8 MR. MARIANO:

9 Thanks, Steve. My name is Michael  
10 Mariano, M-I-C-H-A-E-L, last name, M-A-R-I-A-N-O. And  
11 I am currently employed by Econsult Corporation, an  
12 economic consulting firm based in Philadelphia.  
13 Econsult works for many state, county and municipal  
14 governments, including the Commonwealth of  
15 Pennsylvania. In addition to the variety of economic  
16 development, real estate analyses, and other projects  
17 we've conducted, we've also prepared numerous economic  
18 impact studies, like the one I'm presenting here  
19 today. Our analysis measured the overall economic  
20 impact of the Mason-Dixon Resort and casino, both at  
21 the local level for Adams County and the state level.  
22 In constructing our models, we relied upon the RIMS,  
23 or the Regional Input-Output Modeling System, which is  
24 maintained by the Bureau of Economic Analysis of the  
25 U.S. Department of Commerce.

1                   Economical impact modeling basically  
2 includes two main components, the first of which is  
3 the direct impact, or the economic activity that will  
4 take place inside Mason-Dixon. This direct impact  
5 would include salary and wages of employees, as well  
6 as spending on marketing, food and beverage, and other  
7 professional services. The second component would  
8 involve the supplier industries in Adams County that  
9 would, in turn, purchase additional goods and services  
10 to meet Mason-Dixon's operational needs. The majority  
11 of the data on the direct impact of Mason-Dixon,  
12 including employment levels and estimated operating  
13 expenditures, was provided by Peter Tyson, as  
14 described previously. Using these estimates as inputs  
15 into our economic impact model, our analysis focused  
16 on four main areas: job potential, wage potential,  
17 total economic activity or output, and finally tax  
18 revenue potential.

19                   We examined the impacts for both the  
20 construction phase and ongoing annual operations.  
21 During the construction phase, we estimate there would  
22 be a one-time impact of nearly 150 jobs in Adams  
23 County, and more than 500 jobs in Pennsylvania. But  
24 what is more important is the local annual ongoing  
25 economic impacts. First are jobs. Mason-Dixon would

1 have 475 direct jobs, 375 of which represent net new  
2 jobs compared to the current employment levels at the  
3 Eisenhower Hotel. When combined with jobs related to  
4 indirect and ancillary economic activity, there would  
5 be a total of 900 jobs in Adams County, and over 1,800  
6 jobs statewide.

7           The second component is employee wages  
8 and earnings, which we estimate would amount to \$16  
9 million in Adams County and \$38 million throughout the  
10 state. The third component is total economic  
11 activity, or total economic output, which we estimate  
12 would amount to \$66 million in Adams County. This  
13 local impact of \$66 million would include \$37.7  
14 million in net new local operating expenditures at  
15 Mason-Dixon, which would generate an additional \$13  
16 million in indirect or supplier industry economic  
17 activity, as well as over \$15 million in economic  
18 activity attributable to ancillary or visitor  
19 spending.

20           Overall, the total economic impact  
21 includes spending by Mason-Dixon patrons at local  
22 Adams County businesses, including restaurants, retail  
23 and recreation establishments, payments by Mason-Dixon  
24 to local vendors, and finally, spending of Mason-Dixon  
25 employees throughout Adams County. All of this



1 economic activity would undoubtedly produce tax  
2 benefits for the state. We estimate that Adams County  
3 would benefit from \$3 million in local tax revenue,  
4 and the state would benefit from \$37 million in tax  
5 revenue.

6 In conclusion, there would be significant  
7 economic activity related to the hotel casino project  
8 in terms of jobs, wages, economic activity impacts as  
9 to the local community. I would be happy to answer  
10 any questions at the conclusion of the presentation.  
11 Thank you for your time.

12 ATTORNEY SCHRIER:

13 Thank you, Michael. Members of the  
14 Board, the fiscal challenges the townships are facing  
15 today are evident to all of us. And Mr. Ben Thomas is  
16 with us; he's the township manager in Cumberland  
17 Township, Adams County. And he's asked to present a  
18 few words to you today. Mr. Thomas.

19 MR. THOMAS:

20 Thank you, Steve. Good afternoon, Mr.  
21 Chairman and Members of the Board. My name is Ben  
22 Thomas, Jr., T-H-O-M-A-S, and I serve as interim  
23 manager of Cumberland Township, where the Eisenhower  
24 Hotel and Conference Center is located. The  
25 Cumberland Township Board of Supervisors authorized my

1 presence here today to offer information to you  
2 regarding our current and future financial condition,  
3 and projections for providing services to the citizens  
4 and visitors of this beautiful community. The  
5 township's geography is 33.1 square miles, and  
6 encompasses some 5,220 acres; about 24 to 25 percent  
7 of tax-exempt properties around Gettysburg.

8 Cumberland Township is seeing, and will  
9 continue to experience continued financial challenges  
10 without economic development diversity that will cause  
11 real estate tax increases in the future. The township  
12 has experienced three real estate tax increases in the  
13 past six years alone, while depleting a portion of our  
14 reserve funds to balance the general fund operating  
15 budget. Our proposed 2011 budget cuts over one-half  
16 million dollars from our original draft, with wage  
17 freezes, reduced work hours for employees, and  
18 possible reduction in services with no capital  
19 expenditures for our administration, our police, our  
20 highway and maintenance department, and our zoning and  
21 code enforcement. No funds are available or set aside  
22 for depreciation and equipment replacement.

23 Just two weeks ago, the Pennsylvania  
24 Economy League issued a report commissioned by the  
25 township, paid for with a partial grant by the

1 Pennsylvania Department of Community and Economic  
2 Development. That outlined a possible deficit in the  
3 next five years of nearly a half million dollars, not  
4 counting equipment capital purchase replacements.  
5 Their report indicated that, and I quote, without  
6 gaming funds, any substantial increase in township  
7 revenue will almost certainly require an increase in  
8 the real estate tax rate. I am affirming this  
9 statement.

10 Cumberland Township is tightening its  
11 financial belt in many ways. We are concerned about  
12 our citizens, especially our seniors when supervisors  
13 look at potentially cutting services and increasing  
14 their property taxes. Other concerns in Cumberland  
15 Township are as follows: the baby boomers are  
16 retiring, moving to our area in retirement, and no  
17 longer pay earned income taxes. Their retirement  
18 income tax is not taxed by municipalities in the  
19 Commonwealth. Additional taxable properties are being  
20 removed from the tax rolls. They are being purchased,  
21 then used for nontaxable purposes. The Gettysburg  
22 National Military visitor center was recently granted  
23 a reduction in the fee in lieu of taxes obligations.

24 The township received \$26 this year as a  
25 fee in lieu of taxes from Adams County, as granted

1 from the federal government for lands, buildings, and  
2 services located in our municipality. Real estate  
3 transfer tax income has been significantly reduced due  
4 to the housing market economy. Cumberland Township in  
5 2011 is projecting a nine percent drop in revenues  
6 compared to 2010's budget. Adams County's recent  
7 property reassessment has flatlined real estate tax  
8 income, as an active appeals process is certainly  
9 under way. Available public water is very limited to  
10 new economic development.

11                   Unfortunately, Cumberland Township is  
12 transitioning from earned income service taxes and  
13 fees to a real estate property tax base. Without  
14 economic development, this trend will unfortunately  
15 continue. Mason-Dixon Resorts, L.P. desires to  
16 remodel the already existing Eisenhower Hotel and  
17 Conference Center along Emmitsburg Road, which is  
18 smart planning as a revitalized economic engine for  
19 Cumberland Township, Adams County, and surrounding  
20 communities. This area is zoned for commercial growth  
21 with a plan for public sewage to promote economic  
22 expansion in that specific region. Such an economic  
23 positive would mitigate the need for our 6,000  
24 citizens to be faced with Cumberland Township  
25 increasing real estate taxes for years to come. Thank

1 you.

2 ATTORNEY SCHRIER:

3 Thank you, Mr. Thomas. We appreciate you  
4 coming. Mason-Dixon is proud to have a gaming partner  
5 like Penn National Gaming on our team. Penn National  
6 has created countless jobs for Pennsylvanians, and  
7 created some of the best gaming facilities in the  
8 United States. I've introduced key members of their  
9 team, and I'd like to now introduce to you Steven  
10 Snyder, who is Senior Vice President for Corporate  
11 Operations.

12 MR. SNYDER:

13 Thank you, Steve. Again, Steven Snyder,  
14 S-N-Y-D-E-R. Good afternoon, Members of the Board,  
15 Mr. Chairman, as well as staff and those interested  
16 public participants who are in attendance this  
17 afternoon. I, in my capacity as Senior Vice President  
18 of Corporate Development, have been involved with Penn  
19 National Gaming since 1997. In that time frame,  
20 working at times with Mr. Lashinger, we have helped  
21 grow this company from Wyomissing, Pennsylvania to  
22 become one of the preeminent gaming and entertainment  
23 companies in the United States. As you can see from  
24 the slide, and you all have had firsthand experience  
25 with us as a licensee and an operator here in

1 Grantville, Pennsylvania, we do have a track record  
2 that I'd like to think is second to none in terms of  
3 developing and building these types of businesses.

4           We were introduced to Mr. LeVan earlier  
5 this year through Mr. Lashinger and the legal team  
6 that they had assembled for the development and  
7 undertaking in this project. And we were very  
8 intrigued by Mr. LeVan's commitment to his community  
9 and Mr. LeVan's thought process and visions around the  
10 Mason-Dixon Resort. The commitment to By Adams, the  
11 commitment to hire local, were things that resonated  
12 deeply with us as a company, and are consistent, I  
13 would like to think, with what this Board has  
14 experienced with Penn National Gaming as the owner and  
15 operator of the Hollywood Casino at Penn National  
16 Racecourse. You can see, as I mentioned, the growth  
17 that this company has enjoyed. We now operate in 18  
18 states --- we're in the process of operating in 18  
19 states, with Nevada, Texas being the latest in which  
20 we've made our announced acquisitions.

21           We do scour the countryside. We scour  
22 the United States. We scour North America, we scour  
23 now the world looking for these types of  
24 opportunities. And it was with a great deal of  
25 pleasure that we took Mr. LeVan up on the opportunity

1 to explore more thoroughly the Mason-Dixon Resort  
2 concept in Adams County, because of the nature of the  
3 community, because of the nature of his vision,  
4 because of the facility itself and its proximity to  
5 large population bases, of course, in south central  
6 Pennsylvania and north central, northeastern Maryland.  
7 I've got with me today a team from Penn National  
8 Gaming. Those on the right I will be calling up for  
9 components of our presentation to address things like  
10 our workforce, the diversity of our workforce; like  
11 our commitment as a company to respond to gaming, to  
12 compliance.

13           So, with that, I'd like to touch on one  
14 of the other things that is very important for us in  
15 terms of considering this project. You will see, and  
16 it's very important in your deliberations as a Board,  
17 one of the attractions of Penn National Gaming, as was  
18 mentioned in an earlier presentation, is the strength  
19 of our balance sheet. We have made a commitment to  
20 this project, as you will see here, to provide 100  
21 percent of the financing necessary to complete the  
22 renovation of the Allstar facility into a Category 3  
23 casino facility. There are no third-party approvals  
24 necessary from any banks or funding sources. We stand  
25 before you today as the financing source for the

1 entirety of the development project for the  
2 Mason-Dixon Casino Resort development.

3           Additionally, we will be the turnkey  
4 developer. We'll work with Mr. LeVan to develop this  
5 facility using the expertise that you'll see on a  
6 later slide. We as a company have acquired or hired  
7 in recent years, and we will, after developing it, be  
8 the operator of the entire facility. We will operate  
9 the casino, we will operate the meeting space, the  
10 convention space, we will operate the hotel with a  
11 view towards maximizing the revenue potential of the  
12 casino as complemented by the 300 plus room hotel and  
13 the meeting and convention space. As an example of  
14 that development expertise, I think our recent opening  
15 of the Hollywood Casino in Perryville provides a great  
16 example of the talents, the speed, and the  
17 deliberation which we as a company bring forth.

18           In the face of Perryville, we were  
19 identified by the Maryland Lottery (phonetic)  
20 facility, the Site Selection Commission in September  
21 --- excuse me, in October of 2009. From that  
22 selection, we went through the licensing process. We  
23 started construction of the facility in a former strip  
24 mine from the ground up, not the renovation of an  
25 existing facility, but a new construction, a new



1 build. And that project was completed within 11  
2 months of our designation by the Site Selection  
3 Commission in Maryland, to again highlight the  
4 development expertise which we as a company bring to  
5 bear because it has meaning to us as a financing  
6 source and as an operator. And it has meanings to  
7 this Commonwealth, as the ability to generate revenue  
8 in a maximum fashion, as quickly as possible, is a  
9 very critical determinant of the selection of the last  
10 Category 3 Licensee.

11                   Looking at the track record as a company  
12 --- I'll be very brief in these. You will see on  
13 these slides over \$750 million of new casino  
14 construction, casino replacement or renovation that we  
15 have undertaken, including Penn National here in  
16 Grantville, over the course of the last three years.  
17 In addition to that, prospectively over the next 24  
18 months, in addition to Mason-Dixon or any other  
19 projects that have yet to be announced, we have a back  
20 log of over \$1 billion in casino construction  
21 throughout the United States, which you'll see here is  
22 focused primarily in the State of Kansas as well as  
23 two substantial projects in the State of Ohio. These  
24 projects will be coming online over staggered  
25 schedules between late 2011 into late 2012.

1           And not only are these indicative of both  
2 the financial resources that we've got to complete  
3 these projects as well as the financing of the Mason-  
4 Dixon Resort, but also the talent set that we as a  
5 company employ. We've spent a great deal of time with  
6 Mr. Dissinger and the folks at Ewing Cole, and with  
7 Mr. LeVan on his vision. We've had our construction  
8 team walk the property and work through the issues  
9 associated with the development of the property, and  
10 we are very comfortable with the timetable that's been  
11 outlined for the completion of this project.

12           I want to call up Walter Bogumil, who is  
13 our Vice President of Finance who has worked on our  
14 demographic analysis of this market potential, and  
15 have him address the next three slides.

16           MR. BOGUMIL:

17           Thank you, Chairman and Board, for having  
18 me today. I just want to briefly go through our ---  
19 my name is Walter Bogumil, B-O-G-U-M-I-L. I just want  
20 to briefly go through the analysis that we do at Penn  
21 National in terms of how we look at an opportunity,  
22 whether it be a green field property like this or a  
23 new acquisition, or existing properties from a budget  
24 perspective to determine what we think they're going  
25 to do from a revenue perspective in the future.

1           The map you see here is similar to the  
2 one that you saw the consultants do, and we did this  
3 internally. We adjusted the drive times, and we look  
4 all the way out to 90 minutes, and then we adjust for  
5 competition. The black line on the outer ring being  
6 the 90-minute adjusted for competition line, there is  
7 a 30 to 60 blue line, and then an interior 0 to 30  
8 market. We run this in the same Map Point program and  
9 extract the demographics, just like the consultants  
10 do, to figure out how many people are near our  
11 facility. What you see on this page here is simply a  
12 summary of the map, of the demographics that come out  
13 of it. You will see there's roughly 460,000 in adult  
14 population, that's adults 25 and older, or  
15 predominantly what we believe are the potential to  
16 gain.

17           The spend that these people have in  
18 aggregate, and it's different per zone because of the  
19 frequency that they attend the facility, is roughly  
20 \$655 per person in this zone. It doesn't mean every  
21 single person in the zone would game. It just means  
22 on average you would set \$655 gaming spend per person  
23 within that 90-minute zone. If you just do the  
24 multiplication here, it's 460,000 people at \$655 win  
25 per person, gives you a rough potential of \$300

1 million. When we then went and looked at the PFK  
2 (sic) Consulting Revenue estimate of \$83 million  
3 relative to the potential of \$300 million in the  
4 stabilized market, that's about a 27 percent  
5 penetration ratio. And at Penn National, we regularly  
6 see penetrations that approach 40 to 50 percent in  
7 that same time frame of stabilized penetration. So,  
8 we feel very comfortable in support of the revenue  
9 projections that the consultants have put forward  
10 today.

11                   When you look at your evaluation, and  
12 when we look at our internal evaluations, and our  
13 Board looks at how we've assessed the potential for  
14 success, the main thing that we always see is that the  
15 primary driver is going to be the population within 90  
16 minutes. It is essentially the main force in terms of  
17 what the revenue potential of the property will be.  
18 You will see that the revenue here is --- the  
19 potential here is greater than what you see in  
20 Nemacolin. The second most important factor you look  
21 at is the ease of access. In an ideal situation, you  
22 have your hotel attached to the facility so the guests  
23 can easily get from the facility to the actual casino.  
24 And in addition to that, you would want to have  
25 structured parking so that the guests can drive right

1 up to the facility. And you'll see these things are  
2 in most of the facilities that we have designed and  
3 built across the country today.

4 Our model indicates that we're going to  
5 be a superior tax and job generator over Nemacolin for  
6 these reasons, and it also indicates that we're going  
7 to have significant access advantage over that  
8 property, too. Thank you very much for your time.

9 MR. SNYDER:

10 Thank you, Walter. And now I'd like to  
11 call on our Vice President of Compliance to address  
12 responsible gaming and compliance. Mr. Tom Auriemma.

13 MR. AURIEMMA:

14 Good afternoon, Members of the Board.  
15 Thomas Auriemma, A-U-R-I-E-M-M-A. I'm the Vice  
16 President and Chief Compliance Officer of Penn  
17 National Gaming. At Penn National, we have a strong  
18 commitment both to compliance and to responsible  
19 gaming. First, with respect to compliance, we have a  
20 very strong and talented compliance department that  
21 has been assembled by me in my four years at Penn  
22 National. We provide support and training on all  
23 regulatory matters to all of Penn's owned and managed  
24 properties, and we, of course, would do that with  
25 Mason-Dixon Resorts.

1                   We have, at every property that we own or  
2 manage, a designated compliance officer, and  
3 Mason-Dixon Resorts would also have one as well, and  
4 that compliance officer would report to me as the  
5 Chief Compliance Officer of Penn National Gaming.  
6 With respect to compliance, generally we perform due  
7 diligence procedures on various vendors, on employees.  
8 We have, of course, a code of conduct that relates to  
9 the conduct of employees of Penn National, and would  
10 apply equally well to the employees of Mason-Dixon  
11 Resorts. There would be regular reporting to Penn  
12 National's Compliance Committee of all matters of a  
13 regulatory nature.

14                   Additionally, we have a 24/7 hotline  
15 system that is available to all employees of Penn  
16 National properties, and that is for the employee, if  
17 they have any wage theft, fraud theft, mismanagement.  
18 And it is run through me, and I review all of those  
19 calls and make decisions with respect to their merit  
20 or not.

21                   With regard to responsible gaming,  
22 responsible gaming matters are also a part of the  
23 Compliance Department at Penn National Gaming. I have  
24 a Deputy Chief Compliance Officer named Jim Baldacci  
25 who is really one of the leaders in his field. He

1 would be here today, but he is speaking at the Annual  
2 Conference of the National Center for Responsible  
3 Gaming for Las Vegas, Nevada this week. So, he  
4 happens to be there. He was responsible for revising,  
5 for example, the Grantville Hollywood Casino at Penn  
6 National Racecourse responsible gaming program last  
7 year. We would --- of course, with respect to NPR, we  
8 would have a comprehensive compulsive gambling and  
9 training program. All new employees would go through  
10 an orientation program, and part of that orientation  
11 program relates to matters relating to responsible  
12 gaming, underage gaming, alcohol, et cetera.

13           We've already submitted a draft of  
14 responsible gaming program to the Board. It's modeled  
15 after our Category 3 License plan out in Grantville,  
16 but obviously it will have to be tailored to the 50  
17 unique features of this particular facility. We are a  
18 strong contributor to various councils around the  
19 country, and as I indicated, we also speak quite  
20 frequently. Mr. Baldacci is really an expert in this  
21 field. Additionally, our responsible gaming program  
22 follows the AGA code of responsible gaming.

23           So, with that, I want you to be aware  
24 that there's a strong commitment by Penn to its  
25 managed and owned properties to provide compliance and

1 responsible gaming and to assure this Board that those  
2 properties are run in a very effective way. Thank  
3 you.

4 MR. SNYDER:

5 Thanks, Tom. I'd like to call up Karen  
6 Bailey, who is our Director of Public Affairs, to  
7 address some of the things that we hold very dearly in  
8 terms of our commitments to the communities in which  
9 we operate.

10 MS. BAILEY:

11 Thank you. My name is Karen Bailey,  
12 B-A-I-L-E-Y, Karen, K-A-R-E-N. We touched earlier on  
13 the awards and recognition that Penn National has  
14 received, and we've been very fortunate enough to  
15 recognize two recent awards that we've received, and  
16 that is here in Pennsylvania with the Pennsylvania  
17 Governor's Award for Environmental Excellence with our  
18 construction and our infrastructure at Hollywood  
19 Casino in Grantville, as well as Hollywood Casino at  
20 Penn National being named as a top business in central  
21 Pennsylvania by the Central Pennsylvania Business  
22 Journal.

23 One of the things that we take very  
24 seriously and put a tremendous amount of focus on is  
25 in our minority and women-owned business enterprises,



1 both in our construction as well as our ongoing  
2 non-construction expenditures. In Pennsylvania alone,  
3 we rank third in the state in our construction spent  
4 with any businesses behind the casinos built in  
5 Philadelphia and Pittsburgh. It's a record that we're  
6 very proud of. We've also doubled the state's average  
7 in non-construction expense since the start of the  
8 Hollywood Casino at Penn National. Since 2008, we've  
9 spent over \$15 million with minority, women and  
10 businesses.

11                   Local First will always remain very  
12 important. It dovetails very well into Mr. LeVan's By  
13 Adams initiative that he's announced with the Mason-  
14 Dixon Resort. Insofar this year, Penn National, the  
15 corporate office, has actually spent over \$60 million  
16 with Pennsylvania-based businesses, while since  
17 opening day in Grantville a Hollywood Casino at Penn  
18 National Racecourse has spent over \$69 million with  
19 Pennsylvania-based businesses. There are a number of  
20 different opportunities that we look to with local  
21 businesses to provide goods and services to our  
22 facilities.

23                   And finally, our charitable giving is  
24 another big tenant of our good corporate citizen  
25 initiatives. And in Pennsylvania alone, we have

1 contributed over half a million dollars from Hollywood  
2 Casino at Penn National since opening day. And our  
3 corporate foundation, which is based out of our  
4 Wyomissing office, has actually spent over ---  
5 contributed over \$1.6 million with Pennsylvania-based  
6 organizations. And this is something that we will  
7 continue and work in partnership with Mr. LeVan and  
8 the Mason-Dixon Resort, and in doing so creating this  
9 similar type of program in Adams County. This is just  
10 a snapshot of some of the organizations that we have  
11 supported throughout the Commonwealth. I'd like to  
12 thank you very much for your time.

13 MR. SNYDER:

14 Thank you, Karen. I'd like to now call  
15 up Susan Reyes, who is our Vice President of Human  
16 Resources at Penn National, at Hollywood Casino at  
17 Penn National, to address some of the matters with  
18 respect to our workforce and training.

19 MS. REYES:

20 Good afternoon. My name is Susan,  
21 S-U-S-A-N, and last name is Reyes, R-E-Y-E-S. I'd  
22 like to take a minute this afternoon to talk about our  
23 workforce and how Penn National --- how we shape our  
24 employee population. We believe that the best way to  
25 be successful in the community is to be reflective of

1 that community. We have committed to develop a  
2 high-performing, exclusive work environment that  
3 reflects our diversity in our community. We target  
4 recruitment efforts, including utilization of  
5 community organizations, such as the African-American  
6 Chamber, the Hispanic Cultural Society, the Latino  
7 Professionals. We also partner with educational  
8 institutions such as HAC, the Chamber of Commerce, and  
9 agencies like CareerLink.

10 We also partner with these agencies to  
11 offer advice as well as mock interviewing soft skills  
12 presentation and best hiring practices. And we do  
13 that quarterly with the CareerLink organization  
14 throughout Pennsylvania. We also have a wide array of  
15 recruitment advertising. We use print source, TV,  
16 Internet, as well as radio to reach a wide audience.  
17 We also post what's called a hot sheet, or a hot job  
18 sheet. Each week we have what open positions we have  
19 at the casino. We not only post those internally, but  
20 we also send them to our community partners so that  
21 each of those areas know exactly what jobs are opening  
22 when.

23 We also offer diversity training for all  
24 of our new hires to foster a welcoming environment  
25 which reinforces respect, as well as management

1 courses on cultural diversity and managing a diverse  
2 workforce. What's really important is that our  
3 employees feel included and that everybody's opinion  
4 counts. We also provide development and upper  
5 mobility options from our promotion from within  
6 policy. We have what's called the MAP program, the  
7 Management Apprentice Program. We also have annual  
8 talent reviews, and we have a formal succession  
9 planning process where we look at those high-potential  
10 individuals, and we put them through some different  
11 courses to get those skill sets ready for the next  
12 step.

13                   For the Mason-Dixon property, we'll have  
14 375 new jobs. We hire locally. At Penn National  
15 Racecourse, we have --- 97 percent of our employees  
16 are from Pennsylvania. We also train our employees,  
17 and this is specific skills, such as for dealing or  
18 slot attendant, those technical skills. We also have  
19 guest service skills. It's called our Red Carpet  
20 Program. We also focus immense time and energy in our  
21 supervisory and management level, training them to  
22 manage a diverse workforce and manage those areas so  
23 that we can move them further along in their career.  
24 We also recognize and reward our best performers. We  
25 offer a competitive benefit package, as you can see,

1 and these jobs are really very, very well-paying jobs  
2 with a full benefit package. And we think that the  
3 Mason-Dixon project is just a great --- I forgot what  
4 I was going to say. I'm sorry. I'll be available for  
5 questions later. Thank you.

6 MR. SNYDER:

7 Thank you, Sue. To wrap up real quickly  
8 before we move on to the latter portion of the  
9 presentation, I just want to conclude from Penn  
10 National's perspective. As I mentioned, we've been  
11 working with Mr. LeVan since early this year. We  
12 looked at several opportunities. You will hear from  
13 us later in a northeastern opportunity. You will also  
14 hear from us later in another south central  
15 opportunity. We do feel strongly that if this Board  
16 does make a determination to go the southern strategy,  
17 which would be something along the southern tier if  
18 the State of Pennsylvania, this is the strongest of  
19 those prospective applicants, given the team that's  
20 involved, given the facility and given the location.  
21 We've made that commitment to provide 100 percent of  
22 financing, we've made the commitment to provide 100  
23 percent of the necessary resources to see this project  
24 come to fruition, if this Board so chooses. So, thank  
25 you.

1                   ATTORNEY SCHRIER:

2                   Thank you. I'd now like to introduce  
3 Randall Fine as further evidence of how the principals  
4 involved in this appeal decided to address this and  
5 determine for themselves whether this project was  
6 suitable and, of course, eligible. It was important  
7 to them to really assess where they fit in to the  
8 gaming market in Pennsylvania and the other potential  
9 competitors that might exist. That was something that  
10 they wanted to do, and they wanted to do that by  
11 obtaining an independent review of what was available  
12 and what kinds of things this Board would be looking  
13 at and what kinds of things were important to the  
14 Commonwealth in selecting a Category 3 Operator. So,  
15 in doing so, they went to the Fine Point Group, and  
16 the head of the Fine Point Group is here with us  
17 today, Mr. Fine.

18                   Randall Fine has extensive gaming and  
19 operator experience. He was Corporate Vice President  
20 of Total Rewards for Harris Entertainment, and was  
21 actually one of the inventors of the key intellectual  
22 property behind their Total Rewards program. He's  
23 worked for other operators. He's been Chief Marketing  
24 Officer of Icon. He has supplied New Jersey  
25 properties. He's been CEO of the Greektown Casino in

1 Detroit, Michigan. And he also has an extensive  
2 background, as you can see, in terms of his  
3 educational background as well. So, I'd like to  
4 introduce Randall Fine.

5 MR. FINE:

6 Good afternoon. And thank you very much  
7 for the opportunity today to speak to you, Mr.  
8 Chairman and Members of the Board. As Steve said,  
9 I'll be presenting a comparative assessment that takes  
10 a look at these four projects. I started this effort  
11 about six weeks ago, and in doing so, visited all four  
12 properties, toured them independently, and looked at  
13 what they had prepared for you. So, while I certainly  
14 don't think that my judgment is remotely as qualified  
15 as yours, hopefully some of this work will be helpful  
16 in sort of identifying some of the issues to take a  
17 look at. One other thing to know is our firm did not  
18 --- while we do do work in Pennsylvania, we were not  
19 considered, nor do we apply, nor will we be the  
20 management company for any of the four applicants in  
21 this state, although we have done work in Pennsylvania  
22 before.

23 So, how did we go about doing this? We  
24 made a list of what we considered to be the key  
25 criteria that you need to consider in making your

1 decision. The criteria are quantitative and  
2 qualitative in nature, but we did make two  
3 assumptions. We are casino operators. I like to say  
4 stupid casino people. And so we didn't make legal  
5 assessments of whether each of the resorts was  
6 qualified from the legal definition, nor did we make  
7 an assessment of whether they met the statutory  
8 definition of a resort. We assumed that they all did.  
9 What we looked at were things like, would they maximize  
10 revenue for the Commonwealth? How would they affect  
11 tourism and what would the economic impacts be on the  
12 broader community? And so this next slide shows the  
13 comparative nature, but I'm going to focus --- I'll  
14 come back to this slide filled in at the end, but I  
15 will focus on a few of these which I think are  
16 critical.

17                   So, first, proposed casino sizes. Again,  
18 none of the information in this presentation is  
19 sourced out of the Fine Point Group. It's all sourced  
20 based out of the documentation that we were able to  
21 obtain from the four applicants. And the proposed  
22 casino sizes --- green means good, red means not good  
23 --- the Mason-Dixon and the Holiday Inn are the two  
24 that are proposing to take advantage of the full  
25 allocation of the machines and tables that they're



1 allowed to, by law. And Nemaocolin proposes a full  
2 allocation of machines, but not a full allocation of  
3 the tables, and the firm would properly --- and the  
4 Poconos did not propose to take advantage of either.  
5 I think that's important when you take a look at the  
6 gross gaming revenue estimates.

7                   We've assigned a grade. Now, they're not  
8 all going to look like A or F as we go through this,  
9 but we've put what we consider a reasonable rating on  
10 each of these categories. When you look at  
11 Mason-Dixon, given some of the financial analyses that  
12 these guys did before, given the closeness and  
13 proximity of people in the population, we think that  
14 the \$83 million number that's been put forth for the  
15 Mason-Dixon project is very reasonable. Nemaocolin, we  
16 did not give a good grade to, largely because we're  
17 unable to get a clear sense of what that project would  
18 do. We found different numbers in their proposals to  
19 you than what we found in Isle of Capri, who is their  
20 management company, presentations to their  
21 shareholders and in other forms, so we can't get a  
22 good sense in the management company and the developer  
23 have different senses for what the project is going  
24 to. It's hard for us to evaluate it.

25                   At the firm, we felt their projections

1 were pretty aggressive based largely on the  
2 performance of other properties in the state. At  
3 Holiday Inn, we weren't actually able to find  
4 well-sourced and well-documented figures on how they  
5 expected to do. This gives you a sense of the win per  
6 unit average, and I think it's relevant to point out  
7 Mount Airy, which we believe is a well-managed  
8 facility, looked at Fernwood, the lowest win in the  
9 state, which is going to be relevant for the next  
10 slide. The other yellow bars represent the closest  
11 facilities to the four applicants, and you can see  
12 Chester and National being the stronger performers.  
13 Win per unit estimates for the four facilities, again,  
14 we felt Mason-Dixon, for the same reasons that you see  
15 here, Nemaocolin's are inconsistent between the company  
16 and Isle of Capri. Fernwood's are very aggressive.  
17 Holiday Inn's are not supported by a disclosed  
18 financial source.

19                   Again, you can see how the numbers  
20 compare. On this map, the blue columns, if you will,  
21 represent the win per unit per day on a scale basis of  
22 each of the open resorts, so the taller the blue  
23 column, the higher the win per unit per day. The red  
24 represents the expected win per unit per day from the  
25 three operators which have proposed numbers. You'll

1 see, again, that you can see Fernwood was very high  
2 next to the Mount Airy, which is sort of behind it, as  
3 well as the Gettysburg Project and the Nemaquin  
4 Project. You can also see their proximity to other  
5 open casinos. State and local tax estimates fall  
6 largely from the overall gaming revenue figures.

7           If we focus on geographic location  
8 strength, the slides will start to look a little bit  
9 different. We think Mason-Dixon has got a great  
10 location given its closeness to the border, as well as  
11 the population that surrounds it. The Holiday Inn  
12 location is good in the sense that it's in an urban  
13 area, but this area is already served by other  
14 casinos. Fernwood we think is in a very crowded  
15 market given its proximity in that area to Sands, as  
16 well as the Mohegan Sun property. And Nemaquin,  
17 having driven there --- as I said, we visited all four  
18 of these properties --- is significantly removed from  
19 any metropolitan area, and I think we saw that in the  
20 analysis of the numbers of people who live in the  
21 area.

22           In terms of access to major traffic  
23 arteries, it's our belief the Holiday Inn has the best  
24 access. It's right off of a major artery.  
25 Mason-Dixon is just several miles away, as I think was

1 shown earlier in the presentation, and Fernwood is  
2 also several miles away from a major artery.  
3 Nemacolin, by contrast, is 19 miles away from the  
4 largest major artery.

5           One of the factors that may be relevant  
6 to you is a facility close to where people live and/or  
7 churches and daycare facilities. Neither Mason-Dixon  
8 nor Fernwood really appear to have that situation.  
9 Holiday Inn is quite close to a number of residents,  
10 and Fernwood, as we'll show on the next slide,  
11 actually has --- I'm sorry, not Fernwood, Nemacolin  
12 has a church and a childcare facility directly across  
13 the street from the proposed facility.

14           In terms of the competitive situation,  
15 the proposed site in Gettysburg has the furthest  
16 distance from any other existing Pennsylvania property  
17 at 65 miles. Nemacolin is 45 miles from the Meadows,  
18 and Fernwood and Holiday Inn are both 25 miles or less  
19 from a current existing operator.

20           In terms of the ability to recapture the  
21 Pennsylvania gaming revenue, we did not give Holiday  
22 Inn a very good score on this, largely because it is,  
23 as you know, being here in Harrisburg, it's sort of  
24 not near a border, so it's going to largely attract  
25 folks who already live in Pennsylvania. Fernwood did

1 not get a good score because we believe, as I said  
2 before, that with those three properties --- Mount  
3 Airy, Pocono Downs and the Sands, that the New Jersey  
4 revenue that is available to be recaptured has largely  
5 already been done so ---. Nemaquin we think has some  
6 possibility, however, we think that Meadows and Rivers  
7 have largely recaptured that revenue already, and  
8 Mason-Dixon as a relatively isolated facility we think  
9 has the best opportunity to bring revenue back over  
10 the border.

11                   In terms of convenience of parking and  
12 access, both Mason-Dixon and Nemaquin, in our view,  
13 have adequate parking facilities in order to provide  
14 for their casino. However, Fernwood absolutely does  
15 not. They've not materially chosen to change the  
16 entrance and egress that they have for a relatively  
17 low-volume timeshare hotel resort. We don't believe  
18 as casino operators that it is remotely workable, and  
19 Holiday Inn, having visited it on kickball night and  
20 seen how busy the parking lot was, if kickball night  
21 was pretty busy, then we would imagine once a casino  
22 is there, they will be quite challenged.

23                   Traffic impact. We believe that both  
24 Mason-Dixon and Nemaquin will not have material  
25 traffic issues given how entrance and exit to their

1 properties have been designed. However, reviewing the  
2 traffic studies and having formed our own professional  
3 views, we believe that Fernwood and Holiday Inn have  
4 issues with that. This is the flip side of being  
5 right off the highway, because they're right off the  
6 highway, but it is a very busy highway and a very busy  
7 road with a fair amount of retail and other business  
8 establishments. We think getting in and out of that  
9 facility is going to be challenging from a traffic  
10 perspective.

11           Convenience of casino to hotel, this is  
12 one that we believe is very important for you to take  
13 a look at. We've given Holiday Inn the best review  
14 here because they are the one project that actually  
15 proposes effectively to have the casino fully  
16 integrated, fully built in to their facility, which is  
17 ideal. Mason-Dixon, as we saw, is going to be a short  
18 covered walk, but a five-minute walk, so it's good,  
19 but we didn't choose to give it an A for that.  
20 Fernwood, some of the rooms are going to be fully  
21 integrated, but unfortunately, the bulk of the rooms  
22 will sit across a fairly busy road, and in some cases,  
23 are several miles away. The rooms across the road are  
24 fairly distributed around the golf course. Nemaquin,  
25 we couldn't really figure this one out, to be honest

1 with you. As we toured the facility, they had  
2 adequate room to put a casino right in their resort;  
3 ballroom space and other things, much as the other  
4 operators have described. So, they would have gotten  
5 an A. However, they chose to put the casino 1.3 miles  
6 away from the rooms, a distance that's not walkable.  
7 And so in terms of integrating the facility into the  
8 main stead of the resort, it's a very, very far  
9 distance, and it's not practical. And I can tell you  
10 from being in this business, casino customers don't  
11 want to get on their shuttle bus to get from their  
12 hotel room to the casino. So, this is one that  
13 certainly puzzled us.

14                   Cost to spend in the community. Both  
15 Mason-Dixon and Holiday Inn propose to spend the  
16 largest amount of money on their facilities.  
17 Nemacolin and Fernwood, by their own admission,  
18 propose to spend less.

19                   Ability to drive value to the community.  
20 I think, as it was described here before, we believe  
21 --- and frankly, as a Civil War history buff myself,  
22 having been to Gettysburg a half a dozen times, we  
23 believe --- and I think some of the research here  
24 backs up this notion, that people who come to this  
25 facility will visit the Battlefield. People who come

1 to the Battlefield will do vice versa. We did not  
2 see, in the other three facilities, the types of  
3 spillover effects in tourism and local community  
4 benefits that we observed in the Gettysburg situation.

5           Finally, this obviously has some  
6 relevance to one of the other applicants, but we  
7 prepared a brief analysis to compare Penn National as  
8 an operator to Isle of Capri. You'll know then I'm  
9 going to say some positive things about them, but Penn  
10 has never been a client of our firm, so there's no  
11 bias. There's no bias there. The reason we don't  
12 have an operator for the fourth project is we weren't  
13 really able to ascertain that the Holiday Inn had  
14 anyone with any meaningful gaming experience at the  
15 helm of that project, so our sense is these two  
16 projects.

17           Penn National, in our view --- and they  
18 spoke a lot about their view of themselves, but it's a  
19 company with long-time executives --- whether it's  
20 Peter Carlino, who's been there for many years, or Tim  
21 Wilmott, who has a very long career only working at  
22 two companies, Harris for a very long time, and more  
23 recently Penn. It's people who've been loyal to the  
24 employers that they have worked with. And they also  
25 spoke about how much cash they have. I mean no



1 company is sitting on a better balance sheet than Penn  
2 National.

3           Isle of Capri, on the other hand, is a  
4 Missouri company with no experience either in  
5 Pennsylvania or any of the jurisdictions surrounding  
6 Pennsylvania. So, not only do they not have a  
7 property here, but not in Atlantic City or Maryland,  
8 or any of these states that sit around it. The  
9 management team has not been as stable. They've been  
10 moved from place to place. And they run relatively  
11 high SGA expenses, spending a fair amount of their  
12 time working on development deals in other  
13 jurisdictions that sort of have come and gone without  
14 the same level of, I think, solidity that you see from  
15 Penn National.

16           Wall Street has noticed this. This  
17 chart, the blue, if you look at the blue line, it  
18 represents Penn National, and Isle is the red line.  
19 You can notice that sort of Isle's performance over  
20 the past several months has really sort of taken a  
21 hit, while Penn continues to perform quite well. So,  
22 Wall Street itself backs up what the Penn folks say  
23 about themselves with a very positive view in the  
24 community.

25           In terms of liquidity, Penn is sitting on

1 seven times as much cash as the Isle, and I think  
2 that's relevant, because clearly one of your criteria  
3 is ability to consummate the transaction once it is  
4 complete. It's one thing to give someone a license,  
5 it's another thing for them to actually complete and  
6 build the facility, which sort of gets to one of my  
7 final slides, which is something that we observed,  
8 that we believe that there's a real commitment risk on  
9 the part of Isle to be able to complete this project.

10           And before I go through this slide, Isle  
11 submitted a letter to you yesterday about our  
12 participating in this presentation today. They said a  
13 number of things about the fact that we compete with  
14 them at times, but what they didn't say in that letter  
15 is that any of the information presented in this slide  
16 was incorrect. And so I don't know if it's fair to  
17 say that means it's tacit assent, but I think it says  
18 something that they chose not to comment on that.

19           Isle has two major development projects  
20 in the pipeline that combined, by their estimate, will  
21 cost \$175 million. They have \$63 million cash on  
22 hand, and the ability, based on their covenants, to  
23 borrow around another \$110 million. That would eat up  
24 all of that --- those two projects would eat up all of  
25 that money with no cash on hand, which isn't a

1 practical thing to do as a casino operator. So, in  
2 our view, we believe that should they win both  
3 projects --- and they have a reasonably good chance to  
4 win the project in Missouri --- they'll either drop  
5 one or they'll have to get a covenant change. So, we  
6 think there's a real risk that they won't --- that  
7 they would not be able, or they would choose, I should  
8 say, not to finish the project were they to win both  
9 of these licenses.

10 I think I've covered this. So, at the  
11 end of the day, this represents that chart again with  
12 our view of the performance of the four properties.  
13 Green, we, to summarize, gave an A; D and F we put in  
14 red. You'll see that with a few examples, we think  
15 that the Mason-Dixon project is quite positive, the  
16 Holiday Inn project and the Nemaocolin project, less  
17 so, and we've got some real concerns as well about the  
18 Fernwood project. I'm certainly happy to answer any  
19 questions that you have about this analysis when we  
20 get to the question time, but in the interests of  
21 time, I wanted to move through this rather quickly.  
22 So, thank you all very much. Thanks for your time.

23 MR. LEVAN:

24 Thank you. Last December, I reached out  
25 to the Civil War Preservation Trust and three other

1 preservation organizations, and received a letter from  
2 them in January, basically where they outlined five  
3 reasons for opposition to this project. And I'll go  
4 through these quickly. Mason-Dixon will significantly  
5 increase traffic. I think we've dealt with the  
6 traffic issue. Mason-Dixon will generate incompatible  
7 large-scale development. In Pennsylvania, the  
8 municipalities are responsible for that. I will tell  
9 you, as a resident of Cumberland Township, I'm very  
10 satisfied with the way the Township supervisors  
11 diligently work the balance and needs of their  
12 taxpaying constituents with the Park, and with the  
13 development issues. So, I think that's dealt with in  
14 terms of reliance on Cumberland Township, I think ---.

15           Mason-Dixon will have eye-catching  
16 signage. We pointed out to you, both the signage that  
17 exists today as well as the low-profile design of the  
18 signage that we would put out at the Emmitsburg Road  
19 entrance, and I think we've dealt with that. A gaming  
20 facility at Gettysburg conflicts with the essential  
21 meaning of Gettysburg. And I think here is probably  
22 the heart of most of the opposition that you hear so  
23 articulated. And there really aren't any facts that  
24 can describe this. It is really, I think, in my  
25 words, saying that somehow gaming at this facility

1 would be disrespectful to the men who fought and  
2 suffered and died on the Battlefield of Gettysburg.

3           Personally, I don't believe that, and if  
4 you look at Terry Madonna's poll response to the  
5 residents of Adams County, they don't believe it,  
6 either. I put my own record for preservation on the  
7 line and understand that this --- and I've done a lot  
8 of soul searching about this, as to whether this, in  
9 fact, would demean the meaning of Gettysburg, and I  
10 wouldn't be involved in this if I thought it did.

11           And finally, Mason-Dixon would conflict  
12 with the proven economic engine heritage tourism.  
13 We've talked an awful lot about Dr. Morais' report and  
14 how visitors today are looking for multiple  
15 alternatives and how this would actually cause engines  
16 of growth across the various types of tourists. And  
17 so I think --- you know, we've talked a lot about  
18 Vicksburg. We showed a film at the public input  
19 hearing about the relationship between Vicksburg and  
20 gaming. We were going to show that film again today,  
21 but in the interests of time we're not going to do  
22 that. Brendan Synnamon, who is the President of the  
23 Gettysburg Battlefield Preservation Association was  
24 introduced and sworn in. He's here should you have  
25 any questions of him about how he views preservation

1 and the importance of economics to the engine to  
2 really drive true preservation.

3           And so with that what I'm going to do is  
4 introduce Paul Winfield as our last speaker before I  
5 turn it over to Mr. Schrier to make the concluding  
6 remarks, to state as the mayor of Vicksburg, put the  
7 record straight in terms of what some things that have  
8 been said about his city. And particularly to hear  
9 from him from firsthand experience about how well a  
10 Civil War battlefield of significant importance can  
11 co-exist with gaming operations. Mr. Winfield?

12           MR. WINFIELD:

13           Thank you, Dave. I guess I should say  
14 good afternoon, everyone, to the Chairman and the  
15 Board, to the other distinguished panelists who've  
16 come before you this morning, and our audience. It  
17 brings me great pride and pleasure to come before you  
18 as the mayor of the great City of Vicksburg,  
19 Mississippi and as an ambassador of my city. Many of  
20 you may wonder why I'm here. Some time back, I was  
21 contacted by a wonderful lady, a young lady who's in  
22 the audience about some misconceptions that were  
23 perpetuated, as I see it, to this distinguished panel  
24 regarding gaming and its negative effects upon my  
25 community in particular, that being Vicksburg. And I

1 thought that it would be most appropriate for me to  
2 come before you to clarify my position as it relates  
3 to our community and what gaming has meant to  
4 Vicksburg, Mississippi.

5           Before I begin, I guess I would just like  
6 to share with you, some of you in the audience may  
7 have received a letter, and I'm grateful to you  
8 gentlemen for allowing this letter to have been read  
9 to this Board, about what gaming has meant in our  
10 community. But before I go into that, I'll tell you a  
11 little bit about me. And I'm not going to bore you  
12 because I know we've listened to a lot of people  
13 today. But I am an attorney. Prior to becoming the  
14 mayor --- I'm a father of a rambunctious five year old  
15 who's waiting on me to come home tonight. I'm married  
16 to an attorney. Prior to getting into elective  
17 office, I had advised boards of various types,  
18 government --- quasi-government types, done quite a  
19 bit of public finance, tried cases on all levels  
20 except the Supreme Court, federal and state levels.

21           So, I'm no newcomer to the game and I  
22 understand the implications and the dynamics. And I  
23 also understand the charge with which this Board has  
24 to the Commonwealth in a fiduciary type relationship  
25 to choose the entity that would best fit the

1 Commonwealth for gaming.

2           And with that being said, I find  
3 Vicksburg to be a very analogous type of scenario,  
4 because my community, which sits on the  
5 Mississippi/Louisiana line --- we overlook the river,  
6 the mighty Mississippi. But we're about 40 minutes to  
7 the west of Jackson, Mississippi, which is our state  
8 capitol. And I will tell you, after five casinos,  
9 which is arguably the largest proliferation of casinos  
10 in a historic community, we receive nearly 50 percent  
11 of our business from Jackson.

12           And I submit to this Board that we've  
13 heard the economist, we've heard the individuals talk  
14 about the traffic scenarios and patterns, and the  
15 abilities for this operation to be successful. I  
16 submit to you that you all also have the same  
17 challenge of determining which operation would be best  
18 fitted for this state. And I submit to you today I'm  
19 here on behalf of the Mason-Dixon Resort.

20           And I can tell you it's been very  
21 successful in our community, in Vicksburg, that is.  
22 We have the seventh lowest millage rate, which is the  
23 --- our means of taxing our real property. We're the  
24 seventh lowest out of 82 counties in the State of  
25 Mississippi. And we have, to date, experienced --- and



1 this is the City of Vicksburg, the Warren County Board  
2 of Supervisors and the Vicksburg Warren School  
3 District, monies in excess of \$170 million since 1993  
4 that have come into our coffers that have assisted us.

5 And my city today is in the black. And we benefit  
6 and have benefited greatly.

7 In particular, when we look at rural  
8 communities, you'll find, and I've done some reading  
9 on the township, Gettysburg, Adams County, and some of  
10 the challenges that they're faced with, it's not  
11 unique. I mean, all of us right now during these  
12 economic times are facing hardships and the challenge  
13 of having a balanced budget.

14 So, as it relates to any opposition,  
15 which I do respect it, this would be a wonderful win-  
16 win opportunity for this community. And I submit to  
17 you that anyone who is truly in favor of historic  
18 preservation, you will find that this will not only  
19 benefit the community because of the economics of it,  
20 but you're going educate more people about Gettysburg.

21 And I consider myself a history buff  
22 having been a native son of Vicksburg, Mississippi,  
23 and I can tell you it's a wonderful opportunity  
24 because you're going to expand the options of your  
25 community. And every community has its own value-

1 added propositions. So, not only will you have  
2 traffic that will come in from people throughout this  
3 county who really need to be educated about the men  
4 and possibly women who have lost their lives fighting  
5 in one of the greatest battles of our country in all  
6 times. You're going to have various members of each  
7 family who will have their interests involved. And  
8 it's going to increase the travel experience.

9           In terms of our military park, the  
10 Vicksburg National Military Park, I was surprised to  
11 know that Gettysburg National Military park doesn't  
12 charge admission, but we do in Vicksburg. And I will  
13 say this to you, in all of the parks, national  
14 military parks in the State of Mississippi, Vicksburg  
15 National Military Park is the only park that has  
16 received in an increase in travel, at this point in  
17 time, year to year. We have a 2.4 percent increase.  
18 Nationally what we found is that the national military  
19 parks system has had a little less than a one percent  
20 decrease in visitors, I think six-tenths of a percent  
21 less.

22           Now, can I make a direct correlation?  
23 Well there's an argument for it. But I submit to you  
24 that our economy is much better off. The City of  
25 Vicksburg operates on a \$70 million --- which we're a

1 real small community, but we operate on a \$70 million  
2 annual budget with \$32 million of that being in our  
3 general fund, which are discretionary funds. And the  
4 direct benefit to our city is nearly one fourth of  
5 that \$32 million that we benefit from, and it has  
6 helped us to maintain a low tax rate, which we all  
7 know is a direct benefit to the economy in terms of  
8 luring industry in, such as gaming, and any other  
9 industry that comes in and makes the community a much  
10 more attractive place.

11           We've also found in our community that  
12 our sales tax variances have shown a five percent  
13 increase, which is not usual because right now pretty  
14 much everybody is sucking wind in the business market  
15 as they try to capture new foot traffic.

16           There was a gentleman who had come before  
17 this assembly. I believe his name was Mr. Siegel.  
18 And he made a statement that really, really, really is  
19 one of the main reasons why I'm here, because I don't  
20 have an interest in this other than as a friend and as  
21 an elected official who knows the challenges of rural  
22 America. He made a statement that said that you can  
23 get ten of your best friends to a picnic with a  
24 blanket in the middle of the intersection in downtown  
25 Vicksburg and you won't delay a single vehicle. Well,

1 I submit to you, if he goes down there and does that,  
2 he might be coming back in a not so good way.

3           But with all due respect, Vicksburg has  
4 its challenges. And one of the greatest challenges,  
5 in my opinion, of our community --- and I'm a  
6 relatively newly elected mayor, we haven't totally  
7 captured the essence of our natural resource, which is  
8 our river. And that's one of the challenges that I  
9 face. You know, every community has citizens, we call  
10 them --- no offense to anybody on any side inhere, we  
11 call them CAVE people, Citizens Against Virtually  
12 Everything. Somebody's going to be against ---  
13 somebody's going to be against a little bit of  
14 everything. And we accept that and we appreciate  
15 that, but on the same token, we all have a challenge  
16 to move our communities forward and to do it in truth,  
17 do it based on logic, not on emotion, and to look at  
18 the hard facts.

19           And the hard facts are you all have a  
20 super military park, a national military park, not too  
21 far from here. It will add not only to the base of  
22 the Gettysburg area to have this type of establishment  
23 here, it's going to make Harrisburg a much more  
24 attractive place. We do the same thing for Jackson,  
25 Mississippi. A lot of people come in that handle

1 business, they deal with the capital. They may have a  
2 cocktail or two, but there's nothing else to do at  
3 night. Well, guess what? They're going to get on  
4 that road and they're going to ride over there. And  
5 that will be a direct benefit to this Mason-Dixon  
6 Resort. And the ultimate bottom line is that this  
7 operation be successful.

8           In our community we have over 2,000 jobs  
9 with wages and benefits, and a lot of those people  
10 aren't necessarily the lawyers and the doctors of our  
11 communities. They're people who are in desperate need  
12 of work. And I submit to you it'll assist in lowering  
13 the unemployment rate in this area, and that's from a  
14 regional perspective because we have nearly 6,000  
15 people traveling to our community daily to work. We  
16 have seen in Vicksburg an increase in hotels of ---  
17 nearly a one-fourth increase, and that to me doesn't  
18 sound like a community where you can lay a blanket in  
19 the middle of the intersection.

20           In particular, about our downtown, what I  
21 found is that ten years ago --- and I'll attribute  
22 this to my predecessor. I don't give him too much  
23 credit. My predecessor ten years ago, we only had ten  
24 residents living in downtown Vicksburg paying an  
25 average rent of \$500, which I guess in layman's terms

1 would amount to about \$60,000 a year if everybody paid  
2 their rent on time. We all know that's not always the  
3 case. But today we have over 60 people living in  
4 downtown Vicksburg, and they pay an average rent of  
5 \$1,100. And so that's an option to receive almost  
6 \$750,000 annually in rental income.

7                   Now, we're a small city. That doesn't  
8 get people real excited necessarily with these  
9 numbers, but I submit to this council that Vicksburg,  
10 Mississippi has an excellently integrated marriage  
11 between gaming, which is just one of the capacities of  
12 business in Vicksburg and we've done very well with  
13 it. We also are home to the U.S. Army Corps of  
14 Engineers, and we have the largest inland port in the  
15 State of Mississippi that's full.

16                   So, tourism is an excellent opportunity  
17 to capture not only opportunities for the park, but  
18 for the bed and breakfasts, the local mom and pops.  
19 And I submit to this council and to the audience that  
20 the challenge, the greatest challenge is going to be,  
21 how do you meet opportunity, this opportunity.  
22 Because you all need to be thinking about how can you  
23 capitalize on this opportunity for increased traffic  
24 and make this --- make the Commonwealth a better  
25 place?

1           So, I thank you all. I thank this  
2 assembly and thank you for your time. And best of  
3 luck. God bless you.

4           ATTORNEY SCHRIER:

5           Thank you, Mr. Mayor. I don't think any  
6 of us will be setting up our blanket any time soon.

7           MR. WINFIELD:

8           Don't do that.

9           ATTORNEY SCHRIER:

10           But at this time, Mr. Chairman, that  
11 would conclude our remarks and our presentation. I  
12 would like to reserve our closing argument for after  
13 the Q and A.

14           CHAIRMAN:

15           Thank you, Counselor. Why don't we take  
16 a quick ten-minute break and reconvene? You guy  
17 obviously stay at the table (phonetic) when we come  
18 back for questions. Thank you.

19 SHORT BREAK TAKEN

20           CHAIRMAN:

21           Thank you. Why don't we --- if I could  
22 please just ask everybody to please be seated and keep  
23 your voices down so everybody else can hear the  
24 questions and answers. Thank you. Why don't we get  
25 started with questions from the Board. Mr. Sojka?

1                   MR. SOJKA:

2                   Certainly. Let me state the obvious for  
3 all my colleagues before we start, too, but I think  
4 it's important --- you can tell from what we've heard  
5 today that we're going to be faced with a very complex  
6 decision based on all sorts of data being put together  
7 in a variety of different ways. And we may ask  
8 questions that may sound, or at least --- I'm going to  
9 speak for myself here, that may sound pointed, and  
10 they're really not. I'm not a prosecutor; okay? I'm  
11 just trying to make sense of some of the things we've  
12 heard. And so that's going to be the nature of the  
13 tone; okay? You'll probably hear that over and over.

14                   First of all, I'd like to ask just a very  
15 brief question of Mr. Lashinger. Is he still here?  
16 Is he gone?

17                   MR. LASHINGER:

18                   Over here.

19                   MR. SOJKA:

20                   Okay. I don't see him. I see it. Real  
21 quick question. You were speaking about the long  
22 history of the advent of gaming in Pennsylvania, and  
23 you mentioned that the Eisenhower Inn had long been  
24 considered a viable location for a Category 3  
25 facility. And I believe you mentioned at that point



1 that you were looking at things such as guest rooms  
2 and radiuses. And I think radiuses must mean distance  
3 from other places. And I wonder how you could even  
4 have that discussion prior to the awarding of any  
5 licenses.

6 MR. LASHINGER:

7 Thank you, Mr. Sojka. It's a fair  
8 question and I think there's a misunderstanding.

9 MR. SOJKA:

10 Good.

11 MR. LASHINGER:

12 When the legislation was being discussed  
13 and pieces put together, other items came into play.  
14 Best example, there are qualifying resorts within 10  
15 miles and 15 miles of CAT-1s and CAT-2s. And when  
16 that radius issue was inserted into the statute,  
17 meaning that you couldn't be within a certain radius,  
18 some fell off the list.

19 Those radiuses were negotiated at about  
20 the same time while the entire statute was negotiated  
21 in the same time frame.

22 MR. SOJKA:

23 But there would have been no CAT-2s at  
24 that point. There would have been CAT-1s.

25 MR. LASHINGER:

1 Well, we know --- I saw specific lists of  
2 properties without a condition of a radius that were  
3 clearly developed and passed around that had hotels  
4 that had 275 or more rooms.

5 MR. SOJKA:

6 Those are the CAT-3s?

7 MR. LASHINGER:

8 Those are the CAT-3s, and the amenities  
9 that were necessary. And as debate wore on some of  
10 those facilities were --- no one intentionally  
11 eliminated them, but through the negotiation and the  
12 process, radiuses were added because certain operators  
13 who --- CAT-1s were pre-qualified.

14 MR. SOJKA:

15 They're pre-qualified. CAT-2s were not  
16 awarded and the CAT-3s ---.

17 MR. LASHINGER:

18 Right. So, automatically proximity to  
19 some of the CAT-1s eliminated some of the hotels. The  
20 best example would be because of the density in  
21 southeastern Pennsylvania, some of the hotels up in  
22 the northeastern part of the city or in Bucks County  
23 that may have the room component would automatically  
24 be removed from the list because of their proximity to  
25 Philadelphia Park. And as you know, I'm certain that

1 the radius issue was heavily debated. That went lots  
2 of different directions. We, at one period of time in  
3 Chester, could have been in and could have been out  
4 with our proximity to the city and being there in the  
5 city of Chester in Delaware County so close to some of  
6 the operations in the City of Philadelphia.

7 MR. SOJKA:

8 Okay. Well, that helps me to understand  
9 what was going on at that point. Could I ask a  
10 question of Mr. Madonna? Is he still here?

11 DR. MADONNA:

12 Yes.

13 MR. SOJKA:

14 Again, and I really am not in any way  
15 questioning your methodology. Because I've been a fan  
16 for a long time, and I know you know how to do these  
17 things. But can I just ask something taking one of  
18 your data points and ask it in a different way? And  
19 then please, just amuse me. But can I look at your  
20 data and conclude --- and I'm asking this. Can I  
21 conclude that 38 percent of the residents, over a  
22 third of the residents of Adams County, feel that MDR  
23 would damage the historic sense of the Gettysburg  
24 area? Can I draw that conclusion from your data?

25 DR. MADONNA:

1 Well, the question as worded simply  
2 states do you think that opening the casino at the  
3 Eisenhower Hotel and Conference Center in Cumberland  
4 Township will harm the historic character of  
5 Gettysburg National Park? Sixty-two (62) percent no,  
6 35 percent yes. The question as worded was simply put  
7 in a bundle of questions that dealt with all sorts of  
8 effects that might take place should the casino open  
9 there.

10 But this one third or so do think it will  
11 harm the historic character. We provided no necessary  
12 help because once you go there, once you start  
13 supplying information, either positive or negative,  
14 you can create context effects that could influence  
15 what people say.

16 But I think it is a reasonable conclusion  
17 that one third of the people feel that way. But  
18 almost two-thirds of the people feel the opposite way,  
19 sir.

20 MR. SOJKA:

21 Right. That was an important one to  
22 know, and obviously here is the rub. This is a  
23 question that will be essentially special to this  
24 particular project. I don't know that this is going  
25 to be a relevant question, for example, if we're

1 talking about the Holiday Inn on the other side of  
2 this city. So, these are the kinds of problems we're  
3 going to have to grapple with. But I thank you for  
4 that, and that's really all I need from you. And it  
5 feeds back, Mr. LeVan, to your comments, again, about  
6 this issue. And of course, this is something we're  
7 going to have to grapple with. Can I ask Mr.  
8 Dissinger just quickly ---?

9 MR. GINTY:

10 Can I ask Mr. ---?

11 MR. SOJKA:

12 Yeah.

13 MR. GINTY:

14 How do I get this --- is that working?

15 MR. SOJKA:

16 Yeah.

17 MR. GINTY:

18 I understand that surveys, it's the usual  
19 course that you have a significant amount of people  
20 that have no opinion. In this instance, you're  
21 suggesting that everybody had ---.

22 MR. SOJKA:

23 Well, three percent.

24 MR. GINTY:

25 Three percent?

1           DR. MADONNA:

2           Three percent.

3           MR. GINTY:

4           Three percent. Is that a high or low or  
5 does that tell us anything?

6           DR. MADONNA:

7           Yeah. Well, normally I think that would  
8 be low but make no mistake about it. This subject of  
9 a casino in Gettysburg is not a new subject, and it  
10 has been vigorously debated for some time. So, more  
11 often than not when you have subjects where there's a  
12 high rate of interest in the community, or in the  
13 state for example, it does drop the undecideds. And  
14 believe me there was vigorous coverage of the proposal  
15 in the media in Adams County and, indeed, the media in  
16 south central PA, from both, you know, pro and con  
17 groups for a long period of time. And we did have ---  
18 you know, as high as seven percent talk about  
19 increased crime. These are fairly straightforward  
20 questions without a lot of ambiguity to it. And that  
21 also will tend to drop the undecided, sir.

22           MR. GINTY:

23           Again, in your experience, if this was a  
24 political poll, would you draw any conclusions?

25           DR. MADONNA:

1 Well, if we want to look at political  
2 polls, by the end of the vote --- you know, most of  
3 the polls done, for example, in the general election,  
4 if you don't give people lots of options out like do  
5 you want to write in a candidate, you can get down to  
6 seven, eight, nine percent undecided just in the polls  
7 that were done. Some of them may be up to ten. I  
8 don't think this is unusual for this kind of survey,  
9 but I don't think you can quite compare it to the  
10 normal political surveys where you've got --- you  
11 know, you start with a fair number of people who  
12 aren't registered to vote. You start with a fair  
13 number of people who aren't paying attention to the  
14 gubernatorial, senatorial, heck, even maybe  
15 presidential elections as well.

16 But I will tell you this is a fairly low  
17 number. But on the other hand, when we asked people  
18 about the question of general interest, we did find a  
19 lot of interest in this issue, a lot more than, you  
20 know, you might expect to find in normal political  
21 polls.

22 MR. GINTY:

23 Thank you.

24 CHAIRMAN:

25 Mr. Coy?

1           MR. COY:

2           Thank you. Dr. Madonna, good afternoon.

3           DR. MADONNA:

4           Good afternoon.

5           MR. COY:

6           I might have missed this, and if I did, I  
7 apologize. But my question has to do with the nature  
8 of your poll being site specific or not site specific.  
9 In other words, which of your questions that were  
10 asked to be answered were relative to this specific  
11 site or not?

12          DR. MADONNA:

13          Yeah. Well, what we did was to identify  
14 the casino at the Eisenhower Hotel and Conference  
15 Center in Cumberland Township. So, we were specific  
16 as to that point.

17          MR. COY:

18          In each question?

19          DR. MADONNA:

20          Well, when we asked it --- for example,  
21 we asked a question previous to that, there is  
22 currently a proposal to open a resort casino in  
23 Cumberland Township at the existing Eisenhower Hotel  
24 and Conference Center. This limited casino would have  
25 600 slot machines and 50 table games. Have you heard,



1 read, or seen anything about this proposed casino or  
2 not? Seventy-one (71) percent, this goes back to the  
3 gentleman's question here, 71 percent indicated that  
4 yes, they had seen, read or heard something about it.

5           So, when it got to the questions that  
6 were important in terms of were you paying attention  
7 to it, were you aware of it, and then the big question  
8 about whether you favored opening a limited casino, we  
9 did point out that the Eisenhower Hotel and Conference  
10 Center was in Cumberland Township, yes.

11           MR. COY:

12           So, you really did not give people a  
13 chance to comment on any other place in Adams County?

14           DR. MADONNA:

15           Well, that was the only issue, as we  
16 understand it, before the Board. I mean, we didn't  
17 sort of go and say --- although we did ask the  
18 question about the proposed casino in 2006 in Straban  
19 Township in Adams County. That was an earlier one,  
20 and that was mostly just to find out if they had  
21 recalled the proposal, did they favor it or not.  
22 There was nothing unusual about that. But no, we did  
23 not --- because there was no other proposal before the  
24 Board, there would have been no reason, Representative  
25 Coy, for us to, you know, go in that direction, sir.

1                   MR. COY:

2                   And these questions were asked totally in  
3 a vacuum? In other words, there was no other  
4 questions, you didn't ask a question about other  
5 issues while you were doing these?

6                   DR. MADONNA:

7                   No. The sequence of the questions is, in  
8 these polls, as you know, very, very important. And  
9 we did not provide any helpful information in advance  
10 of that question. Now, following that question,  
11 following it, we did ask these questions that I  
12 alluded to earlier, which said do you think that  
13 opening a casino at the Eisenhower Conference Center  
14 in Cumberland Township will ---? And we asked  
15 questions about crime, and traffic, and jobs, and  
16 business and historic character. But that was after  
17 we asked the pivotal question of whether they  
18 supported the casino or not. The question about the  
19 casino was question number nine in a questionnaire  
20 that had about 29 or so substantive questions. So, we  
21 supplied no helpful information upfront. We didn't  
22 lead the interviewees, as we say, in one direction or  
23 another, sir.

24                   MR. COY:

25                   And finally, were there any questions or

1 answers which stopped the survey? In other words, if  
2 someone said one thing or another ---?

3 DR. MADONNA:

4 No. The way the interviewing process  
5 would work --- I mean, in the course of doing  
6 interviews, as I think everyone is familiar with this  
7 process, that there are people who will get into a  
8 survey and for whatever reason say we're having  
9 dinner. Can I call you back or will you call me back?  
10 We all go through this prospect, but nothing to stop  
11 the survey. I mean, we were in the field consistently.  
12 We did a certain number of what we call refusal  
13 turnarounds and callbacks to people to make sure we  
14 got a reasonable high response rate.

15 As I said, we used the same  
16 methodological procedures that we would use on any  
17 survey that I've done, now, well over into the  
18 hundreds for all sorts of organizations, sir.

19 MR. COY:

20 I said lastly and I apologize. I thought  
21 of two further things. Were these folks all  
22 registered voters or not?

23 DR. MADONNA:

24 No. These were adults. We did ask in a  
25 set of ---.

1                   MR. COY:

2                   As opposed to registered voters who are  
3 not adults?

4                   DR. MADONNA:

5                   Yeah. That's right. We asked these  
6 questions only of adults and we were not interested in  
7 whether they were registered voters, although in the  
8 demographic section, which is the last part of the  
9 survey, which is typically the case if you're not  
10 doing a survey, you know, about registered voters  
11 where we did ask if people were registered, out-of-  
12 party registration, but that was at the end of the  
13 survey. And we didn't care, we weren't interested in  
14 whether they were registered voters or not.

15                   MR. COY:

16                   And now lastly, were all these folks  
17 questioned on landlines or did you have any cell  
18 phones?

19                   DR. MADONNA:

20                   Well, basically these were largely  
21 landlines. If indeed in the process of doing it, cell  
22 phones popped up, they were interviewed. What tends  
23 to happen in this business today, and that's a big  
24 question, is that certain regions of the state have a  
25 higher propensity for landline use --- cell phone to

1 landline use than others. Our state is not one of the  
2 high cell phone usage states yet, though in all of the  
3 surveys that we are moving to we will include  
4 landlines. But let me just say this. What we do  
5 because of under-representation in groups of people  
6 with high proportions of cell phones is to perform a  
7 statistical adjustment called weighting. All  
8 pollsters weight their polls, and this survey was  
9 weighted for a series of demographics including age,  
10 education, gender and zip code to ensure that they  
11 balanced the census. And you've heard how important  
12 that is in other presentations.

13 MR. COY:

14 Thank you, sir.

15 DR. MADONNA:

16 You're welcome.

17 CHAIRMAN:

18 Back to Commissioner Sojka.

19 MR. SOJKA:

20 Again, a quick one, not for Mr. Madonna.  
21 Every time we meet I seem to get a new kind of  
22 dissidence. And this is a new one for me this  
23 morning. At the public access hearings, we heard a  
24 great deal about the economic difficulties in Adams  
25 County and surrounding Gettysburg. And we were given

1 the very believable and understandable problems of a  
2 very large battlefield, a college, a number of  
3 churches off the tax rolls. We've heard from a county  
4 commissioner or supervisor or a township supervisor  
5 about what this is going to mean to the tax rate.  
6 We even heard testimony about foreclosures. We've  
7 heard emotional commentary about children possibly  
8 having to be put in foster care when homes were taken.  
9 A real economic problem. And yet, I hear Mr. Tyson  
10 say, yeah, but certainly we're 40 percent wealthier  
11 than at least one other place that we're comparing to,  
12 and therefore, you know, you should disqualify them  
13 because there's going to be more difference between  
14 their wealthy guests and their desperately poor  
15 people. Which way are we supposed to go on this, is  
16 what I guess I would ask anyone who would care to  
17 answer it.

18 MR. TYSON:

19 I'm not exactly --- I'm not a  
20 socioeconomist, but \$43,000, which is the median  
21 household income I think for the first two zones  
22 around Mason-Dixon --- I don't have statewide numbers  
23 with me, but that's not a particularly low number, as  
24 I recall looking at the state as a whole. It's  
25 certainly not a ---.

1                   MR. SOJKA:

2                   You did pick out one other one and say it  
3 was substantially lower?

4                   MR. TYSON:

5                   That's a matter of fact, it is.

6                   MR. SOJKA:

7                   Well, then should we not be more worried  
8 about the plight of those folks? I mean, I can't put  
9 these two arguments together. I'm going to have to  
10 eliminate one or the other.

11                   MR. TYSON:

12                   Yeah. I don't think \$43,000 --- I mean,  
13 if you told me the area had a median household income  
14 of \$43,000, I wouldn't expect to see closed doors,  
15 people in foster care, people rummaging around the  
16 streets. I don't think that's the level of poverty.  
17 My only point was whatever the area is right around  
18 Nemacolin, it has a lower standard of household income  
19 than Adams County.

20                   MR. SOJKA:

21                   Okay. Well, you can tell some of us are  
22 thinking about those.

23                   MR. TYSON:

24                   Yeah.

25                   MR. SOJKA:

1 Yes.

2 ATTORNEY SCHRIER:

3 Mr. Fine indicated that he also would  
4 like to answer that question, if that's ---.

5 MR. TYSON:

6 Sure.

7 ATTORNEY SCHRIER:

8 Is that agreeable?

9 MR. FINE:

10 I can answer that question. The reason  
11 --- I looked at the study as well, not having prepared  
12 it. The reasons for the inconsistency is there are  
13 two separate data sets. When you're hearing about  
14 problems in that township, that's a few thousand  
15 people. The numbers that Peter put together are zones  
16 that include, I believe, eight separate counties.  
17 The vast majority of the people included in Peter's  
18 analysis for that \$43,000 number don't live in the  
19 township where you've heard those challenges. They're  
20 just two different populations.

21 I guess one population is a small subset  
22 of a much larger population. That's the reason that  
23 I came up with.

24 MR. SOJKA:

25 And just finally, because we're going to



1 hear this over and over, and so I'm going to --- and I  
2 know my colleague's going to mention this. I'm having  
3 some problem with the issue of the impact --- and this  
4 is, by the way, for Mr. Tyson --- the percentage of  
5 impact on the total revenue that's going to actually  
6 come from overnight guests. And if my arithmetic's  
7 right, it's only going to be about 12.8 percent of the  
8 revenue, meaning something like 72 percent or 71.2  
9 percent of the revenue is going to come from people  
10 who drive in with their principal, obviously, intent,  
11 to gamble at a casino. And I'm having trouble putting  
12 that together with how that's going to positively  
13 impact tourism to the --- you know, to the military  
14 park and things of that sort. You're going to hear  
15 this question, I think, from a lot of my colleagues.  
16 So, somebody take a shot at that or just wait until  
17 you get a more specific question.

18 MR. MCCABE:

19 Let me add to that because that is  
20 actually one of my points of concern. Your numbers,  
21 your drive-time numbers are great, if you going to  
22 open up a Category 2 facility --- well, if they're  
23 going to open up a Category 2 or it's going to be open  
24 to the whole public. You're going to be opening up a  
25 Category 3 which requires that this casino be limited

1 in number of slots and table games, but also be  
2 limited to another amenity at the location --- at the  
3 resort location. You have to be either --- you have  
4 to be a guest staying at the resort or using the other  
5 amenities there to be able to go to the casino. You  
6 numbers --- I'm in agreement with Commissioner Sojka.  
7 I think your numbers are way out of line because it's  
8 taking in the whole population. It's not taking in  
9 just what's going to be at the resort. And I'd like  
10 to know, did you consider that? And also, along the  
11 lines, what's been the resort's occupancy rate for the  
12 last year? Did you look at that, and then based on  
13 the occupancy rate, then look at how a casino would  
14 either add or subtract to that occupancy rate and then  
15 come up with maybe more accurate numbers?

16 MR. TYSON:

17 We did. I think the occupancy rate for  
18 the last two years we had was somewhere in the  
19 vicinity of 35 percent. We estimated that the resort  
20 would stabilize at about 74, which is a lot less than  
21 the Atlantic City casinos or the Connecticut casinos.  
22 Somewhere of a balance, primarily very strong on  
23 Friday, Saturday nights, holidays, summertime, less  
24 strong week nights. However, we do have convention  
25 and group meetings facilities. We have trade shows

1 and exhibits and meetings midweek.

2           As it relates to the basic first question  
3 of the mix between overnight win, overnight visitor  
4 win and drive-in win, I think your percentages are  
5 probably right on. I don't have them at the top of my  
6 head ---

7           MR. SOJKA:

8           I did them in my head.

9           MR. TYSON:

10           --- but 15 percent would appear to make  
11 sense. And that's strictly a measure that there are  
12 only so many hotel rooms and so many people visiting  
13 there. And we figure 20 percent of those would  
14 gamble. That percentage may prove to be high --- or  
15 excuse me, may prove to be higher once the experiences  
16 occurs. But it still is far outweighed by the 60-  
17 minute gravity of the drive-in market. That's just a  
18 fact of life. It's not to say that we're not looking  
19 for overnight demand, but we're limited with the  
20 number of hotels that we've got in Adams County, and  
21 also out where Nemaquin is as well. If you're in a  
22 city like Philadelphia, in Philadelphia we projected I  
23 think --- and they've got a million and a half  
24 occupied rooms a year in Philadelphia. Twelve (12)  
25 percent of their win at the CAT-2s would come from

1 overnight visitors.

2 MR. SOJKA:

3 One real quick, final question for Mr.  
4 Dissinger, and that is do you --- and it ties into one  
5 of Mr. Fine's comments. Are you planning on having  
6 any kind of conveyance to take people on that, what  
7 point six-tenths of a mile walkway that will be  
8 covered, or will everybody have to hoof it from the  
9 hotel to the casino and back?

10 MR. DISSINGER:

11 The walkway --- it's .3 miles from the  
12 entrance.

13 MR. SOJKA:

14 .3 miles, okay.

15 MR. DISSINGER:

16 A the walkway is 1,200 feet, so it's a  
17 little less than a quarter of a mile, a five-minute  
18 walk, covered. But there are shuttles and parking  
19 adjacent to the casino. There are 700 parking spaces  
20 adjacent to the casino, 100 valet, so that they can  
21 move back and forth.

22 MR. SOJKA:

23 That's for the nonresident folks that are  
24 driving in?

25 MR. DISSINGER:

1           Even for those that are staying overnight  
2 at the conference or at conference meetings.

3           MR. SOJKA:

4           They can get in their car and drive?

5           MR. DISSINGER:

6           They can drive over to the casino or take  
7 the shuttle.

8           MR. SOJKA:

9           That's fine. Thank you.

10          MR. GINTY:

11          I have a follow-up question for Mr.  
12 Tyson. As I understand it, you did the same study for  
13 Valley Forge?

14          MR. TYSON:

15          That is correct.

16          MR. GINTY:

17          Was that the Philadelphia example that  
18 you referred to in a prior question?

19          MR. TYSON:

20          No. Well, I was primarily thinking about  
21 SugarHouse and something in downtown Philadelphia.

22          MR. GINTY:

23          On Valley Forge, what was the breakdown,  
24 you know, between guests using the gaming facilities  
25 versus people driving in?

1                   MR. TYSON:

2                   If I recall, it was somewhat higher.  
3 You'd have to go back and look at the report I  
4 submitted.

5                   MR. GINTY:

6                   Somewhat higher in what respect?

7                   MR. TYSON:

8                   In terms of more overnight visitor  
9 contribution because there are thousands of --- at  
10 least a thousand hotel rooms right in the area who  
11 count as overnight quests. And it's an easy trip for  
12 them to get to Valley Forge to the convention center.  
13 So, that tended to bump the overnight visitor segment  
14 in Valley Forge.

15                   MR. GINTY:

16                   Do you recall --- is there an average  
17 overnight stay projected for Mason-Dixon? As I  
18 recall, Valley Forge was about two nights.

19                   MR. TYSON:

20                   That sounds right. I'd say 1.75 to 2. I  
21 used one and a half nights at Mason-Dixon and in  
22 Nemaquin two nights, because it's more remote.

23                   CHAIRMAN:

24                   You done, Jim?

25                   MR. GINTY:

1 Yes.

2 CHAIRMAN:

3 Okay.

4 MR. MCCABE:

5 Just a follow up on that. Then did you  
6 look at how much each of those other night customers  
7 spend?

8 MR. TYSON:

9 I did. In the case of Mason-Dixon, I  
10 assumed \$120 per person and for Nemacolin, I assumed  
11 \$200. And I might --- or I'm sorry, \$150. So, it was  
12 \$125 at Mason-Dixon and \$150 at ---.

13 MR. MCCABE:

14 That's on top of the room or is that  
15 included?

16 MR. TYSON:

17 Yeah, that's just for gaming.  
18 That's just for gaming. I also did the Nemacolin  
19 numbers, I should have stated earlier, before I was  
20 made aware that their casino would not be attached to  
21 the resort. When I did my overnight guest  
22 assumptions, I assumed that you'd come down and then  
23 the casino would be pretty much right there. If I had  
24 to take that into account at this point in time, I  
25 would probably discount that overnight visitor

1 contribution somewhat for that distance factor.

2 CHAIRMAN:

3 Commissioner Angeli?

4 MR. ANGELI:

5 Yeah. I have just a couple questions.  
6 Some of them have to do with design and some of them  
7 have to do with the concept. And bear with me because  
8 it leads to just an opinion that I have that I need to  
9 get clarified. The Allstar building, what's in that  
10 now and is that part of what you propose as being an  
11 amenity to your project? And if you're going to  
12 remove that, are you going to put it somewhere else?

13 MR. LEVAN:

14 Yeah. What's in that building today is a  
15 large open expo space that has some sports activity  
16 associated with it. Then there's another  
17 approximately 20,000 square feet of space, which today  
18 has an arcade, pool tables, and youth-oriented  
19 activities. They will all be displaced by the casino.  
20 The 50,000 square foot expo space will basically  
21 become the casino floor under Ewing Cole's design plus  
22 the food service. The 20,000 square foot space  
23 roughly, as you saw in Don's design, would basically  
24 be back office space for the administrative staff,  
25 security, the Gaming Control Board representatives and



1 Pennsylvania State Police. Those things would not be  
2 replaced anywhere else. Those amenities basically  
3 would disappear under our plan, partly because those  
4 --- many of those are youth-oriented, and we don't  
5 believe, obviously, that we want to provide youth-  
6 oriented amenities. And so they will disappear, and I  
7 believe they probably should disappear.

8 MR. ANGELI:

9 Okay. Thank you. Now, there were 700  
10 parking spaces outside of that Allstar building? Is  
11 that were those parking spaces are?

12 MR. DISSINGER:

13 That's correct.

14 MR. ANGELI:

15 Because what it leads me to --- and it  
16 goes back to the concept of your daily customers. I  
17 mean, your projections are that a larger percent of  
18 your customers will be daily customers or surrounding  
19 customers rather than your hotel guests?

20 MR. TYSON:

21 Correct.

22 MR. LEVAN:

23 And I think that has a lot to do  
24 obviously with the question of the amenities planned  
25 and other ways to capture visitors who are day

1 trippers and still meet the requirements of the Act.

2 MR. ANGELI:

3 Yes. Because it leads me to --- and,  
4 again, it's just an opinion, that it would appear that  
5 --- and maybe that's what you intended to do, that the  
6 design of this whole project really is more for the  
7 persons using the amenities and from the general  
8 region rather than those people who would come in from  
9 outside to stay at the hotel. And that's kind of  
10 contrary to the concept of the resort license that we  
11 --- that I think the legislature had contemplated in  
12 the beginning.

13 MR. LEVAN:

14 I mean I think that --- and my guess  
15 would be --- and I don't know about the Valley Forge's  
16 numbers, but I don't know what the hotel at Valley  
17 Forge would accommodate, but we can look back in the  
18 record. I don't know that we would be vastly  
19 different than what you saw in Valley Forge.

20 MR. ANGELI:

21 Mr. Lashinger.

22 MR. LASHINGER:

23 Thank you, Commissioner Angeli. It's an  
24 outstanding question. It may be the seminal question  
25 as regards to CAT-3, as to what the intent was. The

1 one thing, as a backdrop to your consideration, is  
2 these projects on a hotel-only basis are not  
3 sustainable. That is the problem. These are \$50,  
4 \$75, \$100 million investments, these are all business  
5 investments, and they're not sustainable without some  
6 serious use of the de minimis consideration rule that  
7 the legislature and this Board has put in place.

8           So, the near-end traffic and usage ---  
9 and the best example, I've spent the last few months  
10 studying the Greenbrier in West Virginia, an excellent  
11 example. They suffer from some of the same  
12 restrictions, the de minimis restrictions. Some of  
13 the best assets, the best collection of recreational  
14 assets in the country, surely in the eastern part of  
15 the country, and they are bleeding, bleeding money in  
16 the casino. Our smallest operator in Pennsylvania at  
17 times does, in gaming revenue in one day, one day,  
18 what they do in a few weeks' time, and sometimes in  
19 one month's time. And it's an impossible return of  
20 investment, so there must be some consideration,  
21 weighted consideration, given to near-end usage.

22           MR. MCCABE:

23           Then for the record, Mr. LeVan, can you  
24 explain to us how you plan on enforcing the rule that  
25 they have to be using another amenity and what other

1 amenity may they be using at your facility for them to  
2 be able to participate with the game?

3 MR. LEVAN:

4 Yeah. I think I'm probably not the best  
5 to answer that. Kevin Hayes is going to deal with it.

6 ATTORNEY HAYES:

7 Commissioner McCabe, we understood from  
8 the outset that this is obviously a unique challenge  
9 to the Category 3 Licensees. And so far, it's  
10 unprecedented. So, what we did was we had two things  
11 in mind. We have this specific legal requirement, and  
12 at the same time we have to make it so it's not  
13 perceived as a deterrent from a marketing standpoint,  
14 that this casino you have to pay \$10 to go to. So,  
15 the plan that we came up with, in speaking with Tom  
16 Auriemma from Penn National and Joe Lashinger and his  
17 operational experiences, we think the best way to  
18 address this is an access card. When someone  
19 registers as a hotel guest, they receive an access  
20 card. This access card entitles them to unfettered  
21 admission to the casino floor for the duration of  
22 their stay at the resort.

23 The second is the patron of the  
24 amenities. And this is a very --- this is the most  
25 challenging aspect of all. Obviously, persons who

1 frequent one of our restaurants or use our pool, or  
2 some of the other amenities and pay \$10 consideration  
3 for that, receive a card. And then that card entitles  
4 them to admission to the floor for the next 72 hours.

5           The question goes is can we --- and this  
6 is something we're going to have to develop with the  
7 Board's operational staff, can we allow them to  
8 purchase a food voucher that after --- that voucher  
9 can only be used at one of our restaurants? And  
10 through that purchase of that \$10 food voucher, that  
11 entitles them to admission to the floor for a 72-hour  
12 period.

13           And then the last group of persons who  
14 are allowed access to the floor is --- because of  
15 Senate Bill 711 is now these holders of memberships.  
16 So, we said, what kinds of memberships could we offer  
17 this facility? Well, we can offer a recreational  
18 membership where you have access to our lake, our  
19 campgrounds. And in consideration for becoming a  
20 member of that then you are entitled to have access to  
21 the floor for the duration of your membership. We  
22 also had a recreation --- or a sports and recreation  
23 membership where you have access to our fitness center  
24 and our tennis courts. And in consideration for that  
25 you get a card that gives you access to the floor.

1           The floor will be controlled by security  
2 personnel who would check these to make sure these  
3 cards are valid and that they are --- you know, the  
4 persons obviously are not --- before they would get  
5 the card, we would check to make sure that they are of  
6 age and not on the compulsive gaming lists.

7           But it is something that obviously that  
8 we're going to have to further develop with the  
9 dialogue with the Board staff because it hasn't been  
10 addressed. But I think the key here is if people  
11 perceive that they are getting something of value,  
12 that it won't be a deterrent. It won't be a major  
13 deterrent. It won't be a major obstacle. And that's,  
14 you know, obviously the job of the operator.

15           MR. GINTY:

16           Can I follow up with --?

17           CHAIRMAN:

18           Go ahead.

19           MR. GINTY:

20           Okay. Kevin, where does the \$10 fee come  
21 from?

22           ATTORNEY HAYES:

23           I believe it's established in the  
24 regulations as the definition of what is a de minimis  
25 consideration.

1           MR. GINTY:

2           Whose regulations?

3           ATTORNEY HAYES:

4           The Board's regulation.

5           MR. GINTY:

6           Do you recall what the original number  
7 was when we approved Valley Forge?

8           ATTORNEY HAYES:

9           I believe at that time --- at that time  
10 it may have still been \$10. I think it was changed  
11 from \$25 to \$10 prior to Valley Forge being approved  
12 for licensure, but I'm not positive. I could stand  
13 corrected, but my understanding is even at the time  
14 they applied, that it was a \$10 fee.

15          MR. GINTY:

16          And as I recollect, that decision was in  
17 existence when the amended legislation passed in,  
18 what, January, February of this year?

19          ATTORNEY HAYES:

20          The \$10 de minimis criteria?

21          MR. GINTY:

22          Right.

23          ATTORNEY HAYES:

24          Yes.

25          MR. GINTY:

1           So, the legislature had an opportunity to  
2 look at that?

3           ATTORNEY HAYES:

4           Correct.

5           MR. GINTY:

6           And they went one step further and came  
7 up with this membership?

8           ATTORNEY HAYES:

9           Correct.

10          MR. GINTY:

11          I just wanted to make sure that I  
12 understood the issue.

13          ATTORNEY HAYES:

14          Okay.

15          CHAIRMAN:

16          Commissioner Angeli?

17          MR. ANGELI:

18          Mr. Tyson, when you showed the map there  
19 was --- you had a point there that there were no bids  
20 for a western casino that was nearby. Can somebody  
21 shed a little bit of light on that?

22          MR. TYSON:

23          It's my understanding, and we had not  
24 been retained to look into Rocky Gap except very  
25 briefly for a Philadelphia client a couple of weeks



1 ago. Rocky Gap, which is that red diamond, yes, to  
2 the left center of the slide, apparently the problem  
3 with that facility is that while there are a couple  
4 hundred guest rooms, it is too far remote and the tax  
5 rate is so high --- in Maryland it's 60-some percent.  
6 Nobody's been able to figure out how to pencil a deal  
7 that gives you enough gaming revenue to overcome your  
8 overhead and make any money. Occupancy at that  
9 property apparently is extremely low, very seasonal,  
10 and they just don't have that necessary 0 to 60-minute  
11 population to help provide the basic gaming revenue to  
12 make it a viable license.

13 MR. ANGELI:

14 Thank you.

15 CHAIRMAN:

16 Commissioner Coy?

17 MR. COY:

18 Thank you, Mr. Chairman. I guess it was  
19 Mr. Mariano who talked about the local benefit. And I  
20 was wondering --- almost similar to the question I  
21 asked Dr. Madonna earlier about the site specific  
22 nature. Were your responses about the amount of local  
23 benefit Adams County would receive from this a site  
24 specific response about this casino, at this location  
25 or would it apply equally to any other location?

1                   MR. MARIANO:

2                   The models we used for our impact  
3 analysis were based specifically for Adams County.  
4 When you order the multipliers, you can custom order  
5 models for a specific geography, so ---.

6                   MR. COY:

7                   So, it wasn't for this place?

8                   MR. MARIANO:

9                   No. It was for Adams County.

10                  MR. COY:

11                  All right. And how about --- someone  
12 made a point about local purchasing from the local  
13 economy. I forget who did that.

14                  MR. MARIANO:

15                  It was probably myself.

16                  MR. COY:

17                  And would your answer be the same about  
18 that?

19                  MR. MARIANO:

20                  Yes. It's local purchases of goods and  
21 services from vendors throughout Adams County.

22                  MR. COY:

23                  And it was not specific to this site?

24                  MR. MARIANO:

25                  No. It's specific for Adams County.

1                   MR. COY:

2                   I have a couple Penn National questions.  
3 These guys are lucky they get to come before us for  
4 other matters, too. Thank you. One question is if  
5 the Board were to award the license to Mason-Dixon,  
6 what effect would that have on what you do at  
7 Hollywood? In other words, how would it affect your  
8 marketing, your investment, your employment? Would  
9 there be cross marketing, would there not be? Would  
10 there be less activity? Just talk about that a little  
11 bit.

12                   MR. SNYDER:

13                   Yes, Commissioner Coy. Let's start with  
14 the fundamental question pf the source market that Mr.  
15 French had identified --- or excuse me, Mr. Tyson. I  
16 had someone else's name in my head. The source market  
17 that Mr. Tyson identified, you will see that that  
18 encroaches on the Grantville marketplace when you look  
19 at the northeastern quadrant of his catchment areas.  
20 These are ours. His are very similar.

21                   We have looked at those customers that  
22 would be in overlapping areas between the Mason-Dixon  
23 Resort and the Penn National facility and we've  
24 identified approximately 25 percent of Mr. Tyson's  
25 un-inflated stable year revenue that would come at the

1 expense of Penn National --- of the Hollywood Casino  
2 at Penn National Racecourse. We do, however, feel  
3 that by commonly managing these facilities, we will be  
4 able to drive incremental visitation, modest  
5 incremental visitation, modest incremental gaming  
6 spend through coordinated promotions using the 300  
7 hotel rooms that exist at that Mason-Dixon Resort  
8 because there are no current hotels rooms, as you  
9 know, at Hollywood Grantville. There are approximate  
10 hotel rooms but none that are commonly owned and  
11 commonly managed by ourselves. So, that we are  
12 optimistic that the employment of those 300 hotel  
13 rooms as a differentiator for this facility will allow  
14 us to offset some of that dilutive impact that this  
15 facility will have on Penn National Racecourse, the  
16 Hollywood facility at Penn National.

17 MR. COY:

18 You displayed in your presentation a list  
19 of your very generous gifts and contributions toward  
20 non-profit organizations in the Penn National area.  
21 Would this sort of gifting and contributing to non-  
22 profits be a similar situation for you in Adams County  
23 and would it affect those contributions that you give  
24 now?

25 MR. SNYDER:

1           No. The contributions, as Ms. Bailey  
2 mentioned, that we give now in Dauphin County, in  
3 Lebanon County, in those areas which surround our  
4 Hollywood Grantville facility, would not be affected  
5 in any way, shape or form. We would continue those  
6 programs, support of those entities, support of those  
7 organizations. As was mentioned in our presentation,  
8 we would look to work with Mr. LeVan in the Adams  
9 County community, and complement work that he has  
10 done, beneficiaries that he has identified, and use a  
11 portion of the revenue stream generated from this  
12 facility specific to that community for charitable  
13 contributions.

14           MR. COY:

15           I guess I have a question that maybe Mr.  
16 LeVan would best answer, and that has to do with  
17 Gettysburg College. What would the distance be? I  
18 think I know but you know much better because you're  
19 there, the distance from the facility to Gettysburg  
20 College?

21           MR. LEVAN:

22           I think we actually had that measured out  
23 in an opening slide.

24           MR. COY:

25           I missed it if ---.

1                   MR. LEVAN:

2                   It's something in the five to six-mile  
3 range. The mileage that I had on the overview, the  
4 aerial that we took, took it right up to about, I  
5 think --- what's the --- five point ---.

6                   MS. BAILEY:

7                   5.3 to Gettysburg College.

8                   MR. COY:

9                   Okay. And is there --- aside from  
10 walking, is there a public transportation that  
11 students could use? In other words, how easy is this  
12 going to be for college students to access?

13                   MR. LEVAN:

14                   Well, I mean obviously they will be  
15 restricted in terms of the age requirement. So,  
16 obviously, many of the students would not qualify  
17 because of the age limitation.

18                   MR. COY:

19                   Those that did?

20                   MR. LEVAN:

21                   Those that did qualify from an age  
22 standpoint?

23                   MR. COY:

24                   Is there public transportation?

25                   MR. LEVAN:

1           There is no public transportation today.  
2 Part of the question that we raised, from an operating  
3 standpoint, would it make sense to run some kind of  
4 transportation to the borough to allow our visitors to  
5 take advantage of the shops in downtown Gettysburg?  
6 So, the thought process is really, from our  
7 standpoint, the reverse of that. If you open that up  
8 to do that, is there then the possibility that college  
9 students could get on that transportation in the  
10 reverse mode and go from downtown Gettysburg to the  
11 facility. I guess there would be some possibility for  
12 that, sure. We haven't designed that yet, but we  
13 certainly have a strategic concept based on our  
14 attitude about sharing the success of this facility  
15 with downtown Gettysburg. It's to get as many of these  
16 people interested in going to downtown Gettysburg and  
17 facilitating their ability to do that.

18           MR. COY:

19           Would you consider --- if you did have  
20 transportation of this sort, would it be in your mind  
21 to consider age limitation before you could even use  
22 the transportation?

23           MR. LEVAN:

24           I think --- we'd have to think about that  
25 because if we're families and you had a family staying

1 at the resort and the whole family wanted to go  
2 downtown. So, I mean, there are obviously pros and  
3 cons both ways. I understand your sensitivity. I  
4 think we would certainly take that into consideration  
5 on how we would deal with your concerns about the  
6 relationship to the college.

7 MR. COY:

8 And one more question about the distance  
9 between the casino building itself and the main  
10 entrance to the hotel. 1.3 miles, is that ---?

11 MR. LEVAN:

12 1.3 miles from the Allstar building out  
13 to the entrance at the Emmitsburg Road.

14 MR. COY:

15 And so you would --- I just want to  
16 clarify this. You would use busing to take people  
17 back and forth or ---?

18 MR. LEVAN:

19 Well, you're talking about between the  
20 hotel building and the --- it's less ---. There's a  
21 more direct line between the hotel building and the  
22 proposed casino building. And I think they've  
23 estimated it at 1,200 feet, something in that range.  
24 The distance between the casino building and the hotel  
25 building. There would be the covered walkway to cover



1 that and there would be a shuttle service from the  
2 front of the hotel.

3 MR. COY:

4 And the shuttle would be buses or a bus?

5 MR. LEVAN:

6 Some kind of a small bus type service  
7 from the front of the hotel to the main valet parking  
8 entrance, so just constantly running back and forth  
9 between those two locations.

10 MR. COY:

11 Thank you very much.

12 MR. LEVAN:

13 You're welcome.

14 CHAIRMAN:

15 Commissioner Trujillo.

16 MR. TRUJILLO:

17 Thank you. Thank you, Mr. Chairman. I  
18 guess, Mr. LeVan, if next week or the following week I  
19 wanted to spend the night at the well-established  
20 Mason-Dixon Resort, what number would I call?

21 MR. LEVAN:

22 What phone number would you call?

23 MR. TRUJILLO:

24 Yes. How would I stay at the Mason-Dixon  
25 Resort?

1                   MR. LEVAN:

2                   Well, today you would call the Eisenhower  
3 Inn and Conference Center and make a nighttime  
4 reservation by calling the Eisenhower Inn and  
5 Conference Center. There is no Mason-Dixon,  
6 obviously, today.

7                   MR. TRUJILLO:

8                   And the Eisenhower, I believe I heard  
9 earlier testimony has approximately a 30 percent  
10 occupancy rate; is that accurate?

11                   MR. LEVAN:

12                   I think Peter Tyson testified to that.

13                   MR. ANGELI:

14                   And that comes from Smith Travel?

15                   MR. TYSON:

16                   No. That was from some former financial  
17 statements I got it in my report. I believe it was  
18 the last two fiscal years it was around 35 percent.

19                   MR. TRUJILLO:

20                   And do you know what the approximate rate  
21 per room is?

22                   MR. TYSON:

23                   Bear with me one second and I'll be more  
24 precise. These were for the calendar years '07 and  
25 '08. Occupancy in '07 was 28.3 percent at a \$94.61

1 average in rate. 2008 was 31.5 percent at a \$94.67  
2 average in rate.

3 MR. TRUJILLO:

4 And in your comparison with Nemaocolin,  
5 did you look at the occupancy rate of Nemaocolin?

6 MR. TYSON:

7 I did not. They redacted their operating  
8 numbers from their submissions and there's no other  
9 way to get it.

10 MR. TRUJILLO:

11 Did you look at the room rate for  
12 Nemaocolin?

13 MR. TYSON:

14 Yeah. I looked at going out to stay  
15 there and room rates on the weekend were \$400, \$500.

16 MR. TRUJILLO:

17 And the adjustment that you made for the  
18 win per day, was it a difference of \$30 between a  
19 hotel that charges on average \$90-some per night and  
20 one that charges \$400 to \$500 per night? I believe  
21 you said \$125 to \$150 were the two numbers.

22 MR. TYSON:

23 Per person per day comes out more per  
24 room because we had more people per room at Nemaocolin  
25 than we did at Mason-Dixon. But I think you're right.

1 I think the difference was \$25, I used --- well, I  
2 used \$120 for Mason-Dixon and I used \$150, so \$30.

3 MR. TRUJILLO:

4 And you're comfortable with those  
5 numbers, sir?

6 MR. TYSON:

7 They do seem reasonable to me.

8 MR. FINE:

9 Having looked at that, if you don't mind  
10 ---.

11 MR. TRUJILLO:

12 I'll get to you in a little while. Okay?

13 MR. FINE:

14 Okay.

15 MR. TRUJILLO:

16 Thank you. Your amenities that are  
17 described in your petition, I guess I'd like to hear  
18 what amenities you have --- or what amenities are at  
19 the Eisenhower Hotel today.

20 MR. LEVAN:

21 Yeah. The amenities today are in the  
22 building, the main hotel building today, there is a  
23 restaurant. I think we did indicate how many thousand  
24 square feet of meeting and ballroom space. There are  
25 actually two separate ballrooms of approximately

1 10,000 square feet each. There is the indoor pool,  
2 and around the indoor pool there is beverage and food  
3 service. There is a restaurant in the hotel itself.  
4 And of course, the lake provides the opportunity for  
5 boating and, of course, the amenities we've talked  
6 about that currently exist today. There are tennis  
7 courts, an outdoor pool as well.

8 MR. TRUJILLO:

9 And are there additional amenities  
10 planned if you were to receive the license and the  
11 Mason-Dixon were to be established?

12 MR. LEVAN:

13 There are no plans for additional  
14 amenities today. Clearly, opportunities to improve  
15 the quality of the existing amenities, I think there  
16 are clearly some things that can be done to enhance  
17 the use of the lake, which is under-utilized today.  
18 So, we would be taking existing opportunities to  
19 improve the utilization of existing amenities, but  
20 there are no plans for any additional amenities beyond  
21 the casino.

22 MR. TRUJILLO:

23 And Mr. Schrier maybe is somebody who can  
24 answer this set of questions because I've heard at  
25 least two of your witnesses testify. The one I think

1 said I don't have an interest. Another one says  
2 there's no bias, and another one I think said this is  
3 an independent review. Was Mr. Madonna compensated  
4 for his work and for his testimony here today?

5 ATTORNEY SCHRIER:

6 Yes. He was compensated for his survey  
7 activities, yes.

8 MR. TRUJILLO:

9 And by whom was he compensated?

10 ATTORNEY SCHRIER:

11 He was compensated by, I believe,  
12 Mason-Dixon.

13 MR. TRUJILLO:

14 Mr. Fine's firm, was Mr. Fine's firm  
15 compensated for his work today?

16 ATTORNEY SCHRIER:

17 Yes.

18 MR. TRUJILLO:

19 And by whom was he compensated?

20 ATTORNEY SCHRIER:

21 Mason-Dixon Resorts.

22 MR. TRUJILLO:

23 And Mayor Winfield, was he compensated in  
24 any way for being here today?

25 ATTORNEY SCHRIER:

1 He was not.

2 MR. TRUJILLO:

3 Were his expenses paid?

4 ATTORNEY SCHRIER:

5 His expenses were covered, yes.

6 MR. TRUJILLO:

7 Okay. And Mayor Winfield, is his law  
8 firm or any other association that he has, compensated  
9 by Mason-Dixon or anybody else before us here today?

10 ATTORNEY SCHRIER:

11 No.

12 MR. LEVAN:

13 Let me just make a clarification on that.  
14 In addition to the compensation for his travel  
15 expenses, we have agreed to make a \$1,000 contribution  
16 to his own charitable foundation in his behalf.

17 MR. TRUJILLO:

18 Mr. Schrier, I think what I'd like to  
19 hear a little bit about is the financing and the  
20 proposed transaction. I have some understanding of at  
21 least the documents that I have in front of me, but I  
22 think it would be helpful if --- and I think you're  
23 probably the best person to give us the description of  
24 the transaction as proposed. And maybe I can shorten  
25 this by saying my understanding is that Penn National

1 is the proposed operator of the casino. And what I  
2 wasn't sure of is who is the proposed operator of the  
3 hotel? And then if you would take me out three to  
4 five years, is there some sort of an exit strategy  
5 that the Board should be aware of?

6 ATTORNEY SCHRIER:

7 Okay. Thank you. Just to give you a  
8 brief rundown on the arrangements that are made, there  
9 was a the project agreement, and that project  
10 agreement identifies the relationship between  
11 Mason-Dixon Resorts, L.P., which is the applicant here  
12 today, and Penn National Gaming and its entities that  
13 are involved in that process.

14 As part of that relationship in searching  
15 for someone to operate and develop this gaming resort,  
16 they looked at various different companies and  
17 ultimately were entered into this agreement, this  
18 agreement called the project agreement, which  
19 incorporates a couple of different factors. The  
20 relationship that will exist is a relationship whereby  
21 Penn National has a management services agreement, and  
22 that management services agreement is comprehensive.  
23 It's designed along with the applicant and Mr. LeVan  
24 to manage basically, soup to nuts, the entire  
25 operation; the gaming facility itself, the resort



1 itself, the hotel rooms, the food and beverage outlets  
2 and so forth, at least at this stage are all under the  
3 management agreement. So, there's an integration  
4 between the casino and the casino patron, and the  
5 hotel patron, and the hotel amenities.

6           In addition to that, there is a  
7 development agreement that exists between the parties.  
8 So, the applicant and Penn National have agreed upon  
9 the development agreement and, you know, appointing  
10 Penn National to be the operator on behalf of  
11 Mason-Dixon. The development agreement requires that  
12 Penn National develop this site.

13           And as we said, we're not developing in  
14 the sense of using additional green space, but  
15 redeveloping, refurbishing, adding all kinds of new  
16 aspects to the existing facilities, both at the hotel  
17 and at the Allstar Complex, to incorporate the resort  
18 facility and integrate it as a casino and improved  
19 hotel resort facility, which will then again be  
20 managed by Penn National.

21           The third component involves the funding,  
22 which I heard Mr. Snyder talk about. And in that  
23 case, the agreement between the parties requires that  
24 Penn National fund the project development that they  
25 will be responsible for handling. So, that's

1 essentially the relationship.

2           The second part of your question was, you  
3 know, is there some exit strategy? I wouldn't say  
4 that there's an exit strategy that's been identified.  
5 The Licensee in this case, should you grant this  
6 license, is Mason-Dixon Resorts. And when this  
7 license is issued, and when this facility is developed  
8 and when it's opened, Mason-Dixon Resorts will be  
9 primarily owned by Mr. David LeVan. Mr. David LeVan  
10 will have his relationships through the contracts that  
11 I've just mentioned with Penn National Gaming, who  
12 will be the operator.

13           Within those documents there are  
14 opportunities for the parties to, assuming the law  
15 permits, and assuming this Board approves --- as you  
16 know, every agreement that we all handle with regard  
17 to anything that comes before you has to be approved.  
18 But there are opportunities for the relationship to  
19 change over time if the parties don't --- if they  
20 don't feel that the management is doing what it's  
21 supposed to do, if there are suitability issues, those  
22 kinds of things, there are ways for the parties to end  
23 their relationship. And there are terms in those  
24 agreements, at this time, of course, subject to your  
25 approval that talk about how that relationship would

1 end and what kinds of financial terms would exist upon  
2 that termination.

3 MR. TRUJILLO:

4 And I'm sorry. With respect to the  
5 hotel, how is that going to be operated?

6 ATTORNEY SCHRIER:

7 The hotel is going to be --- maybe I'll  
8 let Mr. Snyder answer that in terms of how they  
9 anticipate operating it.

10 MR. TRUJILLO:

11 Well, all I need to know is who's going  
12 to be the operator?

13 MR. SNYDER:

14 Penn National will be the operator of the  
15 entire facility.

16 MR. TRUJILLO:

17 Okay. Including the hotel?

18 MR. SNYDER:

19 Yes.

20 MR. TRUJILLO:

21 Okay. And so I take it then that it's  
22 the Eisenhower Hotel becomes --- the concept is to  
23 re-brand the Eisenhower ---. I mean, that's the  
24 fundamental concept? Is that what I'm hearing?

25 ATTORNEY SCHRIER:

1 Yes.

2 MR. TRUJILLO:

3 Okay. Now, in terms of the ownership or  
4 the common ownership requirement, can you describe to  
5 me how Mason-Dixon would meet the ownership  
6 requirement?

7 ATTORNEY SCHRIER:

8 Yes. In terms of your question, I think  
9 what you're asking is, given the arrangements that  
10 exist between how the Mason-Dixon Resort, L.P. holds  
11 title, so to speak, or owns this facility as it  
12 exists, this agreement is modeled after what was  
13 approved by this Board in the Valley Forge agreement,  
14 which is an understanding between the seller and the  
15 buyer that there are no contingencies and that  
16 equitable ownership exists by way of the agreement  
17 between Mason-Dixon Resorts and the current owners of  
18 the Eisenhower Complex and Resort.

19 That agreement has terms within it that  
20 have no preconditions to closing. There are terms in  
21 terms of extension of time until the closing has to  
22 occur. There are payments that have to be made if  
23 closing does not occur. But effectively the sellers  
24 have acknowledged that the Mason-Dixon Resorts, L.P.  
25 is the equitable owner of this property, and that

1 there are no preconditions to close it.

2 MR. TRUJILLO:

3 And what I understand is --- in terms  
4 that I understand, if tomorrow I were to want to buy  
5 house, I make an offer to buy it, but it is not  
6 contingent on me getting a mortgage, I still have to  
7 buy it. Is that the approach that's been taken here,  
8 a non-contingent agreement to buy --- or in this case  
9 I guess a non-contingent agreement to sell?

10 ATTORNEY SCHRIER:

11 Yes. I'd say the latter, yes.

12 MR. TRUJILLO:

13 The title has not yet passed is ---.

14 ATTORNEY SCHRIER:

15 The formal title has not yet passed.

16 That's correct.

17 MR. TRUJILLO:

18 A non-contingent agreement --- I  
19 understand. Okay. As Commissioner Sojka anticipated,  
20 all of us do have questions or at least we were  
21 struggling with this issue of the role of a Category  
22 3. And I think Mr. Lashinger spoke about the  
23 economics. And so one of the economic issues is that  
24 under 1305.1, I don't think that any applicant or any  
25 licensee has the right to establish a seasonal or a

1 year-round membership, but rather the Board may allow  
2 such a membership to take place. So, what I'd like to  
3 know is if the Board did not approve such a  
4 membership, what happens to the viability of this  
5 project?

6 ATTORNEY HAYES:

7 Commissioner Trujillo, I should have  
8 introduced myself earlier. I'm Attorney Kevin Hayes.  
9 I should have prefaced that. We clearly understand  
10 that the membership element of the Category 3  
11 eligibility which was enacted as part of Senate Bill  
12 711, is completely upon the approval of the Board, as  
13 is our entire plan.

14 So, again, we are operating under the  
15 assumption that this can be a viable resort before we  
16 had that --- before we had the membership there. This  
17 could be a financially viable resort with the patrons  
18 of the amenities requirement. Otherwise all these  
19 gentlemen wouldn't be here. That requirement was  
20 known before that membership interest was put in in  
21 January of this year.

22 So, I think the answer to this question  
23 is if we don't have the membership components to draw  
24 upon additional patrons, we still think that we can be  
25 a financially viable resort.

1                   MR. TRUJILLO:

2                   Do you have any pro formas that would  
3 evidence that fact?

4                   ATTORNEY HAYES:

5                   Well, I think by virtue of the fact that  
6 that was not available to us when this group initially  
7 --- Joe Lashinger and David LeVan, at the time when  
8 they initially sought out the Eisenhower as a  
9 potential Category 3 License, that membership  
10 component was not on the table. So, I don't know. I  
11 can't say specifically as to whether --- I can tell  
12 you that I've never seen pro formas that say with and  
13 without the membership being in place. But I can tell  
14 you that they believe this is a financially viable  
15 resort without it.

16                   MR. TRUJILLO:

17                   It looks like --- I think you have  
18 something you want to say, Mr. Lashinger.

19                   MR. LASHINGER:

20                   Yes. We would have made application  
21 under the \$25 de minimis consideration outline, we  
22 could not --- that recently changed with the seasonal  
23 report. So, Dave LeVan, after coming off of 2006 and  
24 crossroads, I had a non-compete in Chester as I was  
25 wanted down in Chester. We actually would have been

1 prepared under the previous terms to make application  
2 to this Board. We could not get control of the  
3 property. The property was actually tied up another  
4 agreement, and David and I had to wait until that  
5 agreement expired to get control of the Eisenhower.  
6 So, we would have been here one way or the other.

7           Again, back to the seminal question about  
8 the Category 3 in the near-end market. The near-end  
9 market, whether it's seasonal passes or de minimis  
10 consideration on a daily basis, is very critical to  
11 the viability of these projects. That same customer  
12 who would buy the seasonal pass would be --- have the  
13 penchant to also, if it was unavailable, to buy the  
14 more periodic pass, and to bring other guests with  
15 him. So, I don't believe --- I believe that that same  
16 gamer, that near-end market gamer would have the same  
17 propensity to play and it wouldn't vary the analysis.

18           The other thing about the Eisenhower,  
19 somehow this has managed to be framed as some frumpy  
20 retired property. This is the largest convention  
21 center in south central Pennsylvania. It's it.  
22 There's no place to go in south central Pennsylvania.  
23 They host a number of large convention activities by  
24 regional market scale. And no, it's not in  
25 Philadelphia, and no, there's not 36 holes of golf,



1 but it is a significant regional convention facility.  
2 And it's the only game in the region. There is no  
3 other. So, it is not, as one legislator tried to  
4 avoid when he was deciding the language for the CAT-3,  
5 a tent town or tenant facility that was trying to  
6 disguise itself as a Category 3 Permittee.

7 MR. TRUJILLO:

8 Thank you, Mr. Lashinger. As I saw the  
9 numbers, and I did quick math as well, the seven to  
10 one --- I guess the ratio I saw in terms of --- I  
11 believe I saw two different sets of analyses, one of  
12 them that indicated roughly a seven to one local  
13 versus visitor player number. And I guess what I have  
14 here is you had typically --- the vast majority of  
15 your revenue projections are coming from local  
16 players, not from visitors that are staying at the  
17 Eisenhower. I think that's accurate, am I not right?

18 MR. LASHINGER:

19 I don't know if seven to one is accurate,  
20 but at the outset, it will be regional play. It will  
21 be guests there using the amenities and it will  
22 evolve, as I believe Mr. Tyson said, where the hotel  
23 occupancy will bump up as a result of the addition of  
24 gaming to well above the 50 percent, which, by the  
25 way, we throw around these percentages. If you look

1 at the Valley Forge market, and Peter actually manages  
2 --- surveys that product in that market, occupancy in  
3 the Valley Forge market is somewhere --- 50 percent  
4 would be a victory at most of the hotels in the Valley  
5 Forge market today.

6 MR. TYSON:

7 Well, I think as an overall market in the  
8 recession they're running in the 60s. But the Valley  
9 Forge Complex traditionally has been in the high 60s,  
10 low 70s. So, the addition of the casino there is not  
11 gong to be nearly as much of a positive influence on  
12 its P&L as we're showing it will be on the  
13 Eisenhower/Mason-Dixon, taking it up 40 points and  
14 adding average rate.

15 MR. TRUJILLO:

16 I understand. Your point is it's going  
17 to have --- the addition of gaming here will have a  
18 greater impact than it would at Valley Forge or a more  
19 populated area?

20 MR. TYSON:

21 Right, because Valley Forge is operating  
22 at a more competitive level now. It's a newer product  
23 in a very robust market. And here --- you know, in  
24 addition to the gaming revenues, you know, the  
25 customers are also going to generate food and beverage

1 revenue, room revenue, the non-gaming revenue numbers  
2 for the resort are expected to increase dramatically.

3 MR. TRUJILLO:

4 Okay. I just have a couple more  
5 questions. Number one --- and I think probably, Mr.  
6 Schrier, this can go to you as well because I think I  
7 know the answer to this, but there was earlier  
8 testimony that the balance sheet of Penn National had  
9 certainly enough cash to be able to provide 100  
10 percent of the cost. My assumption is that's not  
11 going to happen. I just want to clarify that. Even  
12 though they may have 100 percent cash, I assume that  
13 there is going to be some financing that takes place,  
14 not that it's going to be paid for all out of cash; am  
15 I correct?

16 ATTORNEY SCHRIER:

17 Well, I'll let Steve answer that.

18 MR. SNYDER:

19 Yeah. Commissioner, the available equity  
20 in the form of cash draws on our existing credit  
21 facilities, the point being those resources that are  
22 already in place.

23 MR. TRUJILLO:

24 Yeah. You have it available. It's not  
25 that you're going to use it is my only --- I just want

1 to make sure.

2 MR. SNYDER:

3 Well, it's both. We have it available  
4 and we have committed the loan agreement for this  
5 project to provide those funds for the completion of  
6 the casino renovation portion of this project.

7 MR. TRUJILLO:

8 Out of existing funds?

9 MR. SNYDER:

10 Yes.

11 MR. TRUJILLO:

12 Okay. In terms of community impact, I  
13 think, Mr. LeVan, this probably goes to you. And I  
14 know this is different than Philadelphia, but in  
15 Philadelphia, for example, and I think in some of the  
16 other properties in other parts of the state, there's  
17 been very active participation by affected community  
18 residents. Can you describe going forward what you  
19 would intend to do to mitigate any potential impact on  
20 surrounding communities?

21 MR. LEVAN:

22 Well, the largest potential impact is the  
23 Devonshire Complex, which is actually on the property.  
24 It is a condominium. The majority of those units are  
25 owned currently by the owner of the facility, and they

1 would be purchased as part of the purchase agreement.  
2 And the impact to that particular community, we have  
3 every reason to believe would be a positive one. We  
4 think the quality of life and the quality of those  
5 Devonshire units will be enhanced by what we do to the  
6 remainder of the facility.

7           So, that's the one that would be most  
8 immediately impacted. And we think it is a net  
9 positive. And I've had personal conversations with a  
10 number of residents who live in the complex, and I  
11 think they are hopeful that that would be the case.

12           MR. TRUJILLO:

13           And have you made any specific agreements  
14 with any either community groups or non-profits or  
15 foundations to provide dedicated funding for any  
16 affected communities?

17           MR. LEVAN:

18           We have made two commitments; one to the  
19 Adams County by way of a Memorandum of Understanding  
20 with the Adams County Commissioners. And in that  
21 agreement we have agreed that to the extent that their  
22 portion of the local shared tax would not rise to the  
23 level of a million dollars on an annual basis, that we  
24 would make up the difference. Based on our numbers,  
25 we have every reason to believe that that number will

1 be north of a million and that would not become an  
2 issue. But we assured them that they would --- upon  
3 an annual basis of at least a million dollars. As  
4 part of that agreement we also made an agreement to  
5 provide funding to the firefighters and the medical  
6 services organization, consolidated, in the county.  
7 And I believe that was a total of \$50,000. The  
8 agreement is in the file, but in that Memorandum of  
9 Understanding we did make a commitment to that  
10 organization.

11           The second was a similar Memorandum of  
12 Understanding that we have agreed to with Cumberland  
13 Township, it basically has the same provision as it  
14 relates to the local shared tax. That we would make  
15 up any difference between the actual tax and a million  
16 dollars, so that they would become the beneficiary of  
17 a million dollars on an annual basis. And in that  
18 agreement we also made some commitments to residents  
19 of Cumberland Township for tuition contributions.  
20 Again, I don't know the --- ten for ten years I've  
21 been reminded. \$1,000 for ten years for Cumberland  
22 Township residents for tuition programs.

23           MR. TRUJILLO:

24           Thank you very much. That's all I have,  
25 Mr. Chairman.

1                   CHAIRMAN:

2                   Thank you. I have a couple questions.  
3 I seem to remember during our public input hearing  
4 that there were issues with water and sewage on this  
5 facility. And I think I heard you, Mr. LeVan, speak  
6 briefly to that earlier. But tell us what's there now  
7 and what this new development will bring and what  
8 you're doing to alleviate water and sewer issues.

9                   MR. LEVAN:

10                  Okay. There have been a number of  
11 reports that have been also provided for the record.  
12 And so I will speak to them as accurately as I can,  
13 and when I can't be 100 percent accurate, obviously I  
14 will let you know. We had the water system that  
15 exists today in the facility tested both for its  
16 quality and for its quantity.

17                  The quality of the water was what I would  
18 categorize as good. It obviously passed all the  
19 necessary tests of the Pennsylvania DEP. On the other  
20 hand, quantity, there are a numbers of wells that  
21 support that system, and the quantity of water from  
22 those wells, based on testing from our hydrogeologist,  
23 suggested that that supply of water would be  
24 inadequate for this facility.

25                  What we got done is we have an option

1 agreement on a partial proximate to the facility of  
2 about 20 acres. It had an existing well on it. We  
3 drilled a second well, all under the supervision of  
4 Pennsylvania DEP. Those wells have both been tested,  
5 and as I testified today as a result of those tests  
6 that water has very good quality, and there is  
7 sufficient quantity.

8           The next step as it relates to the water  
9 of course would have to be we would know have to  
10 design a collection treatment and a distribution  
11 system to get that water to the site, and we're very  
12 confident that we will be able to do that. So, that's  
13 the water situation.

14           CHAIRMAN:

15           What about sewage?

16           MR. LEVAN:

17           There's currently a sewage treatment  
18 plant onsite. It is permanent. I believe it is ---.

19           CHAIRMAN:

20           Can you bring up the chart? It looks  
21 something like this, the map of the site. I have some  
22 other questions on that, so just bear with us here.  
23 That's Eisenhower, 101 rooms and Eisenhower One, 203  
24 rooms. Yeah. That's it. Okay. Go ahead, Mr. LeVan.

25           MR. LEVAN:



1                   Yeah. This is ---.

2                   CHAIRMAN:

3                   Can you show us where the --- on there  
4 where the sewage treatment plant is?

5                   MR. LEVAN:

6                   Unfortunately, it's not on that map. I  
7 need --- go back to the previous slide. Okay.  
8 You see Route 15. You see a road that comes in front  
9 of the --- this is the Allstar Complex here. This  
10 road comes here, that is the sewer treatment plant  
11 right there. That sewer treatment plant currently has  
12 --- is permitted. I think it was due for a renewal  
13 and will be renewed, and it has a sufficient capacity  
14 to handle the addition of the casino to this project.  
15 There was plenty of capacity in that sewer treatment  
16 plant to handle that.

17                   Longer term, however, in our  
18 conversations with Cumberland Township, they have had  
19 a plan for quite some time to add a municipal sewer  
20 treatment plant in this neighborhood. And they have  
21 been looking for the ability to build that sewer  
22 treatment plant by having enough interested parties to  
23 provide the necessary baseline capacity to make that  
24 plant worth building.

25                   We believe, and we've had conversation

1 but no agreement with them, that should we be  
2 successful, that we would be very interested in  
3 helping with that sewer treatment plant. And we would  
4 use our distant sewer plant basically as a pumping  
5 station just to collect sewage and pump it into the  
6 new sewer treatment plant.

7 CHAIRMAN:

8 So, just so I'm clear, and I'm not an  
9 expert on this, but the DEP has certified, however  
10 they do that, that with your increased capacity both  
11 for increased room occupancy and a new facility for  
12 the casino, that there is enough capacity in that  
13 sewage treatment plant to handle those additional  
14 facilities?

15 MR. LEVAN:

16 That work was done by an engineer.  
17 Whether that was actually signed off by DEP --- if it  
18 requires a sign off, then we certainly would have it.  
19 I'm not sure that that did require a sign off by DEP.  
20 But our engineer looked at the projected utilization  
21 against the rated capacity of that plant and gave us  
22 assurances that there was plenty of capacity in that  
23 sewer treatment plant. Whether it was specifically  
24 required to have an approval by DEP for that, I do not  
25 know.

1                   CHAIRMAN:

2                   Okay. Fair enough. And I would just  
3 like to ask our staff to follow up on that question  
4 for me and make sure that DEP is comfortable with that  
5 expanded use of that sewage treatment plant.

6                   Second question, I get that Penn National  
7 is basically the financier of this project. My  
8 question deals with --- I think I heard earlier that  
9 there were going to be renovations to the hotel in  
10 addition to the build out and basically the building  
11 of this casino facility. What is the total price of  
12 the project and what is the breakdown between the  
13 hotel renovation versus the casino build out?

14                   And then thirdly, how much is being spent  
15 on the grounds themselves?

16                   MR. LEVAN:

17                   Well, the total amount is \$75 million.  
18 And that would include the acquisition of the facility  
19 itself. That would include the acquisition of the  
20 separate site, the 20 acres from which we would then  
21 pump and treat water in the facility. It includes the  
22 --- of course, all the work required to do the  
23 exterior design that is included in Ewing Cole's  
24 report in terms of all of the infrastructure, the  
25 changing of the roads, the improvement of all that.

1 Of course it obviously includes the conversion of the  
2 Allstar Center into the casino, and all the necessary  
3 renovations for that.

4           They are the most significant. The  
5 Eisenhower Two is relatively new construction. And so  
6 there would very little immediate renovation that  
7 would be done to Eisenhower Two. There would be some  
8 amount of renovation in the rooms that are in  
9 Eisenhower One, including a new porte cochere  
10 entranceway to make that facility more inviting and  
11 more evident where the entranceway --- the main  
12 entranceway to the hotel would be. All those are  
13 included in the \$75 million.

14           CHAIRMAN:

15           Okay. And again, we'll follow up with  
16 that. I am interested in the breakdown between hotel  
17 renovations, the outside amenities, if you will, the  
18 grounds, and then finally the casino itself, a  
19 breakdown between those three numbers of the \$75  
20 million.

21           MR. LEVAN:

22           Yeah. Those were actually done --- Penn  
23 National property people, as Mr. Snyder testified to,  
24 they've been actively involved with us in the planning  
25 so far in all the sewer/water and all planning issues.

1 They have been involved in that and they have done the  
2 calculations for that, too.

3 CHAIRMAN:

4 Great. Thank you. And can you go back  
5 to the map of the facility? I think it was actually  
6 the chart after the one that you just had up there.  
7 Yeah. Again, just so I get it, who has the red  
8 clicker? The line conference center up there to the  
9 left, the road to the left of that is Emmitsburg Road;  
10 correct?

11 MR. LEVAN:

12 Yes. That is the Emmitsburg Road right  
13 there.

14 CHAIRMAN:

15 Okay. And go down to the right directly  
16 below the Conference Center. What is that facility?

17 MR. LEVAN:

18 That's the tennis courts right there.

19 CHAIRMAN:

20 Right. I got that. Below that, I'm  
21 sorry, what is ---?

22 MR. LEVAN:

23 This facility right here is a brown field  
24 site. It's approximately --- it's a former foundry,  
25 currently abandoned. The size of that parcel, I

1 believe, is approximately 50 acres. It is property  
2 that the sheriff has foreclosed on. There was a  
3 sheriff sale in September on that property with no  
4 bidders. It certainly would be a parcel that we would  
5 have future interest in. I've had this conversation  
6 with the folks from Penn National about the potential  
7 interest in acquiring that property should we be  
8 successful in this application.

9 CHAIRMAN:

10 Okay. And to the right?

11 MR. LEVAN:

12 It has been cleaned up. There are DEP  
13 liens in addition to the tax liens, and we had --- an  
14 environmental firm went into DEP and reviewed all the  
15 files relative to this property. It has been cleaned  
16 to a standard that would allow for retail and office  
17 and industrial usage, but not residential. So, it's  
18 been cleaned to a level sufficient for that kind of  
19 development.

20 CHAIRMAN:

21 Okay. And directly to the right of that  
22 brown field is the go-cart facility. I get that.  
23 Where do you anticipate putting parking then around  
24 the Allstar facility? What's your proposed parking  
25 situation?

1                   MR. LEVAN:

2                   There's actually a plan in Don  
3 Dissinger's materials. But before we get --- I'll  
4 wait until we get there.

5 BRIEF INTERRUPTION

6                   MS. BAILEY:

7                   Do you want me to pull it up?

8                   MR. LEVAN:

9                   Sure, please.

10                  MS. BAILEY:

11                  Is that the one?

12                  MR. LEVAN:

13                  That's the one. This is where the  
14 go-carts are today. This would become the main porte  
15 cochere entrance, valet parking, and that would be a  
16 valet parking area there. And then on the opposite  
17 side would be the self park and the bus parking, in  
18 that area right there.

19                  CHAIRMAN:

20                  Okay. And if I could ---.

21                  MR. LEVAN:

22                  Putting it in reference, here is your  
23 brown field site that you were looking at. This is  
24 the brown field site right here.

25                  CHAIRMAN:

1 Right. Let's go back to the map that we  
2 had earlier. I have one last question on that about  
3 the Devonshire. Again, just for those in the  
4 audience, the Devonshire is right in there.

5 MR. LEVAN:

6 The Devonshire is this parcel right here.  
7 When the facility was originally built, as I  
8 understand it, this was retail space, and was  
9 subsequently converted from retail space to  
10 condominiums. There are approximately 70 residential  
11 units in that complex. And in excess of 50 of those  
12 are owned currently by the current owners and would  
13 transfer ownership to Mason-Dixon upon the exercise of  
14 our option.

15 CHAIRMAN:

16 So, they have already committed to sell  
17 to you. Is that what I heard you say?

18 MR. LEVAN:

19 Yes. They have committed as part of the  
20 transaction to sell to us all of the units that they  
21 presently own. And of course, because of the size of  
22 their ownership of the units they do control the  
23 condominium association, as you would expect.

24 MR. ANGELI:

25 Is that within the \$75 million?



1                   MR. LEVAN:

2                   That's included in --- the ownership of  
3 the ones that are currently owned by the current  
4 property owner, Timeless Towns, who would transfer to  
5 us, and it is in the \$75 million, yes.

6                   CHAIRMAN:

7                   And then what happens to that facility?  
8 So, again, there's 70 units. You said 50 of them are  
9 owned by the condo association and 20 are owned  
10 individually?

11                   MR. LEVAN:

12                   Yes. That's correct.

13                   CHAIRMAN:

14                   Okay. And so what happens to that  
15 facility? Do you then negotiate with the other 20,  
16 divide them out, tear the place down and do something  
17 else? Or are they going to continue to live there?

18                   MR. LEVAN:

19                   Certainly in the near term there are no  
20 plans to do anything with the Devonshire except  
21 improve the quality of the overall resort, and  
22 therefore, we believe improve the quality of life of  
23 people who currently reside at the Devonshire. There  
24 are no future development plans for that parcel. Is  
25 it the highest and best use of that should this

1 project be successful and this casino be as successful  
2 as some of us believe it could be? Would that be the  
3 highest and best use for that acreage? That would be  
4 a question for the future, but I think it would raise  
5 a question about whether it is the highest and best  
6 use. But that would be pretty far down the road.

7 CHAIRMAN:

8 Okay. And my last question has to do  
9 with the gaming floor itself. There was a chart a  
10 little further back in your presentation. It looks  
11 like this one. Over on the left-hand side in the  
12 light brown area, I think the second block down, it  
13 says PBGC. I would just like to state on the record  
14 that we would like direct access to the gaming floor  
15 if this casino is approved, gets built. Right now, we  
16 have to --- it looks like we abut the count (phonetic)  
17 room, which then abuts the casino floor. But we've  
18 been pretty adamant about that with our casino  
19 facilities, that we want direct access both for our  
20 folks and more importantly for the patrons who have  
21 issues with what's going on on the gaming floor. We  
22 want to have direct access to our facilities.

23 MR. LEVAN:

24 I would be very happy to have the  
25 opportunity to make that modification.

1                   CHAIRMAN:

2                   I thought you might. Okay. Any other  
3 questions?

4                   MR. TRUJILLO:

5                   One last question.

6                   CHAIRMAN:

7                   Yes, Commissioner Trujillo?

8                   MR. TRUJILLO:

9                   My recollection of Mason-Dixon probably  
10 could have been actually called the Dan Calvert Line  
11 (phonetic) as opposed to Mason-Dixon, if we'd gone  
12 further back in history. And I didn't know --- I  
13 thought I might hear during the presentation why  
14 Mason-Dixon? And I understand you're close to  
15 Maryland. And I understand that the line is nearby,  
16 but I'm also I guess mindful that for some folks, you  
17 know, the division between north and south may not be  
18 the greatest thing to highlight, especially these  
19 days. And so I would really like to hear a little  
20 about that because I ---.

21                   MR. LEVAN:

22                   The selection of the name you got  
23 absolutely correct. It had everything to do with its  
24 proximity to the Maryland/Pennsylvania border. The  
25 Mason-Dixon Line, of course, existed long before the

1 Civil War. It became a defining, obviously,  
2 terminology during the course of that conflict.  
3 We've had no --- I mean, I've had plenty of opposition  
4 over historical issues, but none over the selection of  
5 the name Mason-Dixon.

6 MR. TRUJILLO:

7 Okay. Thank you.

8 CHAIRMAN:

9 Commissioner Sojka.

10 MR. SOJKA:

11 My sincere apologies to everyone. I  
12 don't want to prolong this, but two quick wrap-up  
13 questions. Follow up to Commissioner Trujillo's  
14 question again about ownership. You do intend to  
15 serve liquor in the casino. You have a liquor license  
16 --- or there is a liquor license now for the hotel.  
17 When this all comes together, who is going to hold the  
18 liquor license? Is that going to be Penn National?

19 MR. SNYDER:

20 It would be --- yes, Commissioner Sojka.

21 MR. SOJKA:

22 So, you would have to purchase it from  
23 the existing?

24 MR. SNYDER:

25 I expect that it would be part of the

1 acquisition, that we would ---.

2 MR. SOJKA:

3 Part of the acquisition.

4 MR. SNYDER:

5 And they would assign it to us ---

6 MR. SOJKA:

7 Okay.

8 MR. SNYDER:

9 --- as the operator of the facility.

10 MR. SOJKA:

11 And does that license cover the Allstar  
12 facility now?

13 MR. SNYDER:

14 I don't believe.

15 MR. SOJKA:

16 Would you ---?

17 MR. LEVAN:

18 I think it might because on occasion when  
19 they have expos in that facility they do sell alcohol  
20 in that facility on occasion. I believe it covers the  
21 whole facility but ---.

22 MR. SOJKA:

23 Okay. I just wanted to make sure who was  
24 going to be the licensee. And then the final thing  
25 has to do with Mr. Fine's matrix of comparison. And I

1 just want to make sure I understood something when I  
2 go back and look at that again. And that is --- I  
3 believe, Mr. Fine, you actually deemed several of the  
4 potentially competitive applicants here for the reason  
5 that they seem to have discrepancy between their  
6 operator's projection and --- for revenue, and their  
7 consultant's projection.

8                   And unless I'm misunderstanding, I think  
9 there's a fairly significant discrepancy between what  
10 we heard Mr. Tyson say and what we heard the Penn  
11 National folks say about projected revenue. Is that  
12 not true?

13                   MR. FINE:

14                   It's fair to say one of the other three  
15 we, to use your terminology, dinged because of  
16 discrepancies. In this one, no. I mean, what I heard  
17 today and what I saw when I reviewed is Penn said that  
18 the potential if everyone gambled was something like  
19 \$300 million.

20                   MR. SOJKA:

21                   So we heard 85 ---?

22                   MR. FINE:

23                   And they signed off on the \$83 million.  
24 They agreed with the \$83 million.

25                   MR. SOJKA:

1 Well, that sounds like a discrepancy to  
2 me. Maybe I'm ---?

3 MR. FINE:

4 No. I think what they said is the market  
5 size --- if everyone participated in the market, was  
6 \$300 million.

7 MR. SOJKA:

8 Could it have been exactly the same kind  
9 of situation in the other one that you dinged?

10 MR. FINE:

11 No.

12 MR. SOJKA:

13 No? It's really different?

14 MR. FINE:

15 Yes. His is a projection. It's the  
16 difference --- Peter projected how much Coke sells and  
17 Penn National projected what total soda sales could  
18 be. And they said that Peter's projection of Coke was  
19 reasonable. So, they were two very different  
20 analyses. And in what we reviewed when we were given  
21 the information, the numbers that they agreed on for  
22 revenue were consistent between the two.

23 MR. SOJKA:

24 And that was not the difference with the  
25 other one that got a lower grade?

1                   MR. FINE:

2                   No. No. The operator I believe, said I  
3 don't know the --- Isle of Capri said we believe the  
4 property is going to do \$55 million in revenue. And  
5 then I believe that the operator's projection was like  
6 \$68 or something like that. It's in what we  
7 submitted. They were both statements of expected  
8 facility revenue.

9                   MR. SOJKA:

10                  Okay. That will help me. Thank you.

11                  CHAIRMAN:

12                  Thank you very much. We'll get you back  
13 on; we're going to hear from the Enforcement Counsel  
14 right now.

15 BRIEF INTERRUPTION

16 OFF RECORD DISCUSSION

17                  CHAIRMAN:

18                  Counselor, if you would like to begin  
19 again, any non-lawyers that will be offering testimony  
20 should stand to be sworn in. If everybody's a lawyer,  
21 there's no need to do that. And please introduce  
22 yourselves before you speak.

23                  ATTORNEY MATELEVICH-HOANG:

24                  Thank you, Chairman Fajt. My name is  
25 Billie Jo Matelevich-Hoang, that's B-I-L-L-I-E, J-O,



1 M-A-T-E-L-E-V-I-C-H hyphen H-O-A-N-G, on behalf of the  
2 OEC.

3                   This afternoon we do have testimony from  
4 one individual and then staff statements. And first  
5 up we do have Albert Federico to provide testimony.

6 -----

7 ALBERT FEDERICO, HAVING FIRST BEEN DULY SWORN,  
8 TESTIFIED AS FOLLOWS:

9 -----

10 DIRECT EXAMINATION

11 BY ATTORNEY MATELEVICH-HOANG:

12 Q. Mr. Federico, could you please state and spell  
13 your name for the record?

14 A. Albert Federico, F-E-D-E-R-I-C-O.

15 Q. And where do you currently work?

16 A. I am a senior project manager with McCormick  
17 Taylor Engineers and Planners.

18 Q. And Mr. Federico, did you or your office review  
19 the traffic impact study pertaining to and prepared by  
20 Mason-Dixon Resort, L.P.?

21 A. Yes.

22 Q. And could you please describe your findings for  
23 the Board?

24 A. We reviewed the traffic study for conformance with  
25 current applicable standards and guidelines and

1 validated the data and analyses that were submitted.  
2 As part of this review we also did speak with  
3 representatives of local PennDOT districts about their  
4 awareness of the project.

5       The specific review document that we reviewed was  
6 a report prepared by TRG, last revised in June of  
7 2010. We generated two reviews. There was an initial  
8 preliminary review completed at the end of September  
9 and a more detailed review in early October. These  
10 were provided to the applicant and we received a  
11 response letter addressing our comments from TRG in  
12 late October. We have reviewed those responses, but  
13 have not prepared any additional review documents of  
14 our own.

15       The traffic study that was reviewed evaluated a  
16 total of four intersections. And this included the  
17 site access, the Route 15 interchange with Emmitsburg  
18 Road and the intersection with Barrow (phonetic) Road  
19 to the north.

20       The applicant's engineer evaluated three periods.  
21 They looked at the traffic during the weekday evening  
22 peak, the Friday evening peak and the Saturday midday  
23 peak. They estimated how much traffic was going to be  
24 generated by the proposed development utilizing  
25 studies prepared and submitted to the Institute of

1 Transportation Engineers.

2 I would note that the traffic study did not  
3 include any specific generation from the table games.  
4 I would characterize their methodology as extremely  
5 conservative in that they estimated, I think, a fair  
6 amount of traffic to provide would --- and traffic  
7 engineering be considered a worst-case scenario for  
8 the impacts of this project.

9 The peak that they estimated was 470 trips for the  
10 Saturday midday, this would be vehicles entering and  
11 exiting the site during the highest one-hour period.  
12 This is generally consistent with what we've seen in  
13 our review of the other Category 3 facilities, for the  
14 most part, consistent with methodology that was used  
15 by other traffic engineers.

16 The results of their analysis indicate that they  
17 would have what would be considered a marginal impact  
18 at their site driveway and at the Route 15 ramps. In  
19 order to mitigate this impact they are proposing  
20 improvements at these locations. At their site  
21 driveway, they're proposing to build a northbound  
22 right-turn lane, a southbound left-turn lane and to  
23 install a traffic signal.

24 At the Route 15 ramps, there is currently another  
25 development nearby that is committed to install a

1 traffic signal at this interchange. And the response  
2 letter we received from the applicant indicated that  
3 they are willing to contribute monies to this  
4 improvement. But there was no defined cost of what  
5 their contribution would be to that.

6 In conclusion, the traffic study was completed in  
7 a manner generally consistent with accepted standards.  
8 We did have the one concern regarding the lack of  
9 table games and their trip generation, but overall we  
10 believe they provided a conservative evaluation.

11 I would also add that in their coordination with  
12 PennDOT there was some concerns about one interchange  
13 outside of their study area. And in the documents  
14 provided to us, the applicant has indicated that they  
15 will do a follow-up traffic study if the development  
16 occurs, and if there is traffic using this other  
17 interchange they will work with PennDOT to explore  
18 other improvements. Thank you.

19 Q. Mr. Federico, were they the only issues that you  
20 saw in reviewing this report?

21 A. Those were the significant issues, yes.

22 ATTORNEY MATELEVICH-HOANG:

23 Thank you. The OEC does not have any  
24 further questions for Mr. Federico. But we do ask  
25 that this presentation be made part of the record for

1 today.

2 CHAIRMAN:

3 Thank you. Any Board questions for Mr.  
4 Federico? Thank you very much.

5 A. Thank you.

6 ATTORNEY MATELEVICH-HOANG:

7 Additionally, we would like to say that  
8 we do not have any questions right now for Mason-Dixon  
9 Resorts. We believe that they have been all asked  
10 that we have made notes to. And at this point in  
11 time, we only have staff statements to present to you.

12 CHAIRMAN:

13 Thank you. You can go ahead and begin  
14 those.

15 ATTORNEY MATELEVICH-HOANG:

16 First up we would like to present Susan  
17 Hensel, the Director of the Bureau of Licensing. She  
18 will be making a statement.

19 MS. HENSEL:

20 At this point in time, based on the  
21 materials and information in the application, and the  
22 cooperation received from the applicant, the Bureau of  
23 Licensing is not aware of any suitability issues that  
24 would preclude licensure of Mason-Dixon Resorts, L.P.,  
25 as a Category 3 Slot Machine Operator.

1                   ATTORNEY MATELEVICH-HOANG:

2                   Thank you.

3 OFF RECORD DISCUSSION

4                   MS. HENSEL:

5                   S-U-S-A-N, H-E-N-S-E-L

6                   ATTORNEY MATELEVICH-HOANG:

7                   Next we have Rich O'Neil, supervisor of  
8 the Financial Investigation Unit.

9                   MR. O'NEIL:

10                   Commissioner Fajt and Members of the  
11 Board, in preparing the FIU report, the applications  
12 of the applicant and its intermediaries, subsidiaries,  
13 holding companies and management companies were fully  
14 reviewed. This included any organizational documents,  
15 operating debt and management agreements, financial  
16 statements, and any other contracts or agreements of  
17 the various entities.

18                   In this case, Mason-Dixon Resort, L.P.  
19 and its related entities provided all the  
20 authorizations, contracts and agreements necessary to  
21 conduct the investigation. It also provided clear and  
22 convincing evidence to make the determination of its  
23 financial suitability, integrity and responsibility,  
24 and the ability of the applicant to maintain  
25 operational viability and maintain a steady level of

1 growth.

2                   At this time, based on the information  
3 contained in the applications and other related  
4 documents, and this financial suitability analysis  
5 performed, the Financial Investigations Unit did not  
6 find anything material, which would preclude  
7 Mason-Dixon Resort, L.P. from maintaining a Category 3  
8 License.

9                   CHAIRMAN:

10                   Thank you. Rich, could you please spell  
11 your name for the stenographer?

12                   Mr. O'NEIL:

13                   O'Neil, O-N-E-I-L.

14                   CHAIRMAN:

15                   Thank you. Any questions from the Board  
16 for either Susan or Rich?

17                   ATTORNEY MATELEVICH-HOANG:

18                   Thank you. And finally, I will be making  
19 a statement on behalf of the OEC. The OEC has  
20 reviewed all documents submitted by the applicant,  
21 including information pertaining to its management  
22 company, principals, and affiliates, in addition to  
23 the letter of certification pertaining to the million  
24 dollar bond requirement satisfying Section 1316 of the  
25 Act.

1                   Finally, all information presented today  
2 is consistent with information reviewed by both the  
3 OEC and the BIE. As such, the OEC, on behalf of the  
4 BIE, finds that there are no reasons to preclude  
5 suitability in this matter.

6                   CHAIRMAN:

7                   Thank you. I believe that concludes  
8 OEC's presentation?

9                   ATTORNEY MATELEVICH-HOANG:

10                   That is correct.

11                   CHAIRMAN:

12                   Thank you. Why don't we bring up  
13 Mason-Dixon for a final statement?

14                   ATTORNEY SCHRIER:

15                   Thank you, Mr. Chairman. I think I'll  
16 take that one on. I always enjoy following traffic  
17 and financial objections, but obviously, very  
18 important aspects. As this Board is well aware, the  
19 Act provides for numerous legal requirements that have  
20 to be satisfied before any applicant who will come  
21 before you can be qualified. And I think from the  
22 findings that we've heard about today and from the  
23 Board's own staff, which you just heard from, I think  
24 it's evident that Mason-Dixon Resort has successfully  
25 met its burden of proof in all respects by the clear



1 and convincing evidence standard that would apply.

2           And I appreciate the Board's patience  
3 today. I think you noted hopefully from our  
4 presentation that there's quite a bit of zeal that  
5 attaches to this project and to the principals of this  
6 project, and the participants that have worked so hard  
7 to get us here today.

8           And again, I want to thank you for your  
9 time and patience in that regard and also that of your  
10 staff who have been tremendous in terms of assisting  
11 us.

12           A couple of closing thoughts I just  
13 wanted to raise with you. Having gone first here, we  
14 do have an opportunity, I guess, to speak in certain  
15 ways that maybe others that follow us will have to  
16 think about. But in comparison to the other  
17 applicants, I would submit that Mason-Dixon Resort has  
18 proven, I think, that it will be financially  
19 successful and grow revenue in the Commonwealth  
20 without cannibalizing existing casino or racing  
21 facilities.

22           And I think you heard three different  
23 sets, so to speak, of experts talking about financial  
24 projections today. You heard from our expert, Mr.  
25 Tyson, who's well recognized in the field and has been

1 before this Board on many occasions in the past. You  
2 also heard from Penn National Gaming, who I think you  
3 have some familiarity with, and their well-known track  
4 record for accuracy in their projections, and then  
5 Randall Fine, a well recognized industry expert who  
6 has years of operational experience.

7           I think it's notable that they all came  
8 out in the same place, and hopefully, Commissioner  
9 Sojka's question was answered, that they are sort of  
10 talking about the same, apples to apples. It all came  
11 out the same way, similar projections, similar market  
12 area, similar numbers. But they all looked at it a  
13 little differently. And they all may have used some  
14 different criteria to get there, but I submit that  
15 this supports the credibility of the financial  
16 revenues and the growth of revenues that are  
17 anticipated and as required by Section 1313 of the  
18 Act, and the Board's own regulations.

19           I think anybody could come before you and  
20 make a nice presentation, but I think Mason-Dixon  
21 Resort and Penn Gaming are the ones that can get it  
22 done, and get it done fast. I also think we shouldn't  
23 forget the fact that the law that was enacted by the  
24 assembly is prominently called the Racehorse  
25 Development and Gaming Act. Clearly the impact on the

1 racing interests, having a new facility near Penn  
2 National Racecourse or having a new facility near  
3 Pocono Downs, or near the Meadows, is intuitively a  
4 negative one. That does not apply to the Mason-Dixon  
5 location.

6           And again, although we're presenting  
7 first and we'll have an opportunity --- but we won't  
8 have an opportunity, excuse me, to directly respond to  
9 the other presenters who will have criticisms and  
10 comparisons. Mason-Dixon is the only applicant who  
11 has not had an intervention or a notice to contest  
12 that was filed against it by any existing casino  
13 operator. So, consequently, no licensee maintains any  
14 legal rights to contest an award of the Category 3  
15 License to the Mason-Dixon.

16           Regarding concerns about closeness to  
17 this historic battlefield, I'd like to read from the  
18 Board's Valley Forge adjudication on May 8th, 2009,  
19 which is Finding of Fact, paragraph two, on page six.

20           And I quote. Valley Forge's proposed  
21 Category 3 facility is located in King of Prussia,  
22 Pennsylvania, approximately 1.6 miles from the King of  
23 Prussia Mall. And here is where I would emphasize,  
24 and adjacent to Valley Forge National Park, end quote.  
25 I think those of you that have seen the site, you look

1 out the front door and you can see Valley Forge  
2 National Park. It's directly --- you know, a stone's  
3 throw away.

4                   Certainly this group has spent an  
5 enormous amount of time of trying to understand and  
6 talk to the Civil War Preservation Trust concerns.  
7 Traffic and signage and those kinds of things have  
8 been addressed. What seems to remain from that  
9 opposition is a concern that a tastefully done resort-  
10 style gaming facility will still somehow be  
11 disrespectful to the site.

12                   I think you heard from Mayor Winfield  
13 about his view that the historic nature of his town in  
14 a similar way was enhanced, not harmed by the  
15 activities that were raised and all the economic  
16 activity brought in by gaming facilities. And I think  
17 that's an important fact. That's something that he's  
18 seen firsthand. I think the comparison in our video  
19 --- hopefully you'll have a chance to review that if  
20 you haven't already, compares Vicksburg to Gettysburg  
21 appropriately. And I think the key is that the  
22 evidence indicates that there will be enhancement to  
23 the tourism experience. And I think you've also heard  
24 clearly how important it is to David LeVan to make  
25 sure and ensure that there's a tasteful and respectful

1 resort that melds with the community and does not have  
2 any of the harms associated with it that we've been  
3 hearing about.

4           And finally, I submit that this Board  
5 knows what kind of facilities these are, even at a  
6 much larger scale. And what benefits they can bring  
7 to the place where they're located in this  
8 Commonwealth. This Board has been very successful in  
9 assuring that facilities it approves are not only  
10 financially stable, but tasteful and respectful of  
11 their surroundings.

12           And I think having several million  
13 visitors to this area each year, on top of the  
14 business and the projections that you've heard about  
15 that will be generated from the local and regional  
16 resort casinos residents, offers Pennsylvania an  
17 opportunity to display not only what kind of historic  
18 site Gettysburg is, but also to showcase how tasteful,  
19 fun and safe its resort gaming entertainment  
20 facilities can be. So, what the principals have  
21 planned here is a place where millions of tourists and  
22 visitors from around the world can come to learn about  
23 the significance of Gettysburg, but to leave saying  
24 that their visit in Mason-Dixon was a wonderful and  
25 enjoyable casino experience also. And it is, as Randy

1 Fine said it, a win-win for Pennsylvania. Thank you.

2 CHAIRMAN:

3 Thank you, Counselor. I believe that  
4 concludes the hearing. Mason-Dixon has until November  
5 29th to file any post-hearing Memoranda of Law or a  
6 brief with the OHA. We're going to take a 45-minute  
7 break before we come back for our second hearing of  
8 the day. May I have a motion to adjourn the meeting?

9 MR. TRUJILLO:

10 So moved.

11 CHAIRMAN:

12 Second?

13 MR. GINTY:

14 Second.

15 CHAIRMAN:

16 Meeting adjourned.

17 \* \* \* \* \*

18 HEARING CONCLUDED AT 3:29 P.M.

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CERTIFICATE

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I hereby certify that the foregoing proceedings, public input hearing held before the Pennsylvania Gaming Control Board, was reported by me on 11/16/2010 and that I Sarah Wendorf read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.

