

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: HSP GAMING, LP - PETITION TO MODIFY THE GAMING
FLOOR PLAN

PUBLIC HEARING

BEFORE: GREGORY C. FAJT, Chairman
Raymond S. Angeli, James B. Ginty,
Keith R. McCall, Anthony C. Moscato,
Gary A. Sojka, Kenneth I. Trujillo; Members
Christopher Craig, Representing Robert M.
McCord, State Treasurer
Robert Coyne, Representing Daniel P.
Meuser, Secretary of Revenue
Jorge Augusto, Representing George Greig,
Secretary of Agriculture

HEARING: Wednesday, May 11, 2011
11:10 a.m.

LOCATION: Hearing Room One
North Office Building
401 North Street
Harrisburg, PA 17120

WITNESSES: Wendy Hamilton, Rosemarie Cook

Reporter: Cynthia Piro Simpson

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Counsel for Sugarhouse

I N D E X

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TESTIMONY

By Ms. Hamilton

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QUESTIONS BY BOARD

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DISCUSSION AMONG PARTIES

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CHAIRMAN:

Again, if anyone who is going to testify on behalf of the OEC or HSP, if you were not sworn in, we need to swear them in. Please stand to be sworn in by our stenographer.

WITNESSES SWORN EN MASSE:

CHAIRMAN:

Thank you very much. And with that, HSP Gaming, you may begin.

ATTORNEY SKLAR

Thank you. My name is Sklar, S-K-L-A-R. The fact is, is Sugarhouse's Petition to Modify its Gaming Floor. The whole purpose of this Petition, hoping everyone recognizes and sees by the numbers that Sugarhouse desperately needs additional table games, and that is --- it really is the focus of this petition, and I think you'll see on the PowerPoint, the numbers scream more tables. So with that, Wendy?

MS. HAMILTON:

Thank you, Michael. Good morning, Mr. Chairman and members of the Board. Wendy Hamilton,

1 H-A-M-I-L-T-O-N, General Manager. And with me I have
2 Rose Cook. I'll spell it for you, too. C-O-O-K. Our
3 Vice President of Table Games. I'm going to go
4 through these slides, and Rose is available for any
5 questions that you may have about the table games
6 operation.

7 Sugarhouse has the least number of table
8 games in the State of Pennsylvania. And despite that,
9 we're the highest in March in our total table games
10 within the state.

11 Our average win per unit in the month of
12 March was over \$4,800 versus the state average of just
13 over \$2,000 win per unit per day. So we feel very
14 strongly, as Michael said, there's definitely a demand
15 at our property for additional table games. During
16 our peak hours, it's very difficult to get a seat.
17 It's impossible for two friends to get a seat next to
18 each other. You know, there's a segment of business
19 that we're missing out on, because our table limits
20 tend to be higher than some of the folks in our region
21 who want to play.

22 You have in your packets a floor plan,
23 our current floor plan OP-2. And you also have our
24 proposed floor plan, OP-3. There are two ways in
25 which we come up with additional square footage that

1 we need to add table games. And this really is true,
2 this year, that 777 square feet from our current
3 Refinery Restaurant operation, and certainly the
4 gaming phase. And number two, we reconfigure much of
5 our slot floor, straighten out the curves, make the
6 layout more efficient, and gain some space that way as
7 well. So that in the end we end up with exactly the
8 same number of slot machines, 1,602, and 10 additional
9 table games, 53 versus today's 43.

10 On slide seven, you can see the break out
11 of what we project those additional tables will be,
12 predominantly Blackjack and a new game. We'll submit
13 Texas Hold-Em, which we just submitted for, as well as
14 one additional Mini Bacc, Pai Gow Poker and Roulette
15 games.

16 The position of the ten tables, that
17 means about 70 new jobs get created, 50 of them are
18 dealers, and about 20 of them are supervision. And
19 we're projecting the majority of the summer to do this
20 work on a Monday and Friday basis, keeping the
21 operation open on weekends, and anticipate completion
22 in the October time frame. What questions can we
23 answer for you?

24 CHAIRMAN:

25 Before we move on to the Board questions,

1 Office of Enforcement Counsel (OEC), do you have
2 questions and do you have a presentation?

3 ATTORNEY MILLER:

4 We have general questions, and we don't
5 have a presentation. We don't object to this, Mr.
6 Chairman, over the slot machines and a small area of
7 the Refinery Restaurant to affect the patrons' ability
8 to get a good meal at Sugarhouse Casino.

9 With regard to the Board on this, we had
10 our people out there, and we just think that based on
11 the numbers, we agree that Sugarhouse could use more
12 table games.

13 CHAIRMAN:

14 Thank you. With that, questions from the
15 Board? Yes, Commissioner Sojka?

16 MR. SOJKA:

17 I just want to make sure I understood
18 something you said, and that is because you have this
19 limited number of tables, people can't sit together,
20 you have a really significant win per table. If you
21 had more tables and seating is better and everything,
22 that you suggested that you might be able to lower the
23 limit. Is that a possibility? And still fit your
24 business model, that there may be more, pardon the
25 expression, affordable table games, because we do hear

1 complaints that it costs quite a bit to buy in and sit
2 down at a table game in Pennsylvania. Would you be
3 able to lower the volume a little bit?

4 MS. HAMILTON:

5 It certainly moves us in that direction.
6 It's unclear whether this addition of ten gets us to
7 that point, but it certainly gets us closer to that
8 point, if it takes us closer to that goal.

9 MR. SOJKA:

10 Good. And that helps us understand
11 something that, I guess, is pretty obvious, and that
12 is as long as table games are sort of overwhelmed and
13 saturated, they're simply are a good business model to
14 have a buy-in as high as possible. And if you get a
15 little bit --- and this helps us understand other
16 casinos, if you get down a little bit in terms of
17 saturation, it's a good business model to lower the
18 volume of cost.

19 MS. HAMILTON:

20 Sure. I mean, depending on again there
21 are some cases where you can --- yeah, increase
22 overall revenue by opening your business to a greater
23 number of people.

24 MR. SOJKA:

25 Thank you.

1 CHAIRMAN:

2 Commissioner Ginty?

3 MR. GINTY:

4 My recollection is that although you're
5 doing very, very well in table games, that slot play
6 is below Pennsylvania average. Is there a reason that
7 you can put your finger on?

8 MS. HAMILTON:

9 I know you're aware of these numbers, but
10 Sugarhouse for a month now that consistently has the
11 highest slot win per unit in the state for the first
12 time for the week ending May 1st. We have highest
13 slot in the state, so I think that, you know, speaks
14 to the fact that the slot business is a very database,
15 is extremely competitive on the east coast, and so
16 when you look at the database versus competitors who
17 are dealing with 500,000-plus active customers who
18 they're speaking to you on a weekly, monthly basis,
19 you have to look at people are talking to --- this
20 Monday, next Saturday, you know, Friday night. And so
21 it's seven months that Sugarhouse has been open we
22 have consistently grown our slot revenue.

23 I think it's very telling that for the
24 first time two weeks ago we did have the highest slot
25 win per unit in the state. We're a small operation,

1 but slot business is growing. You know, we're very
2 pleased with the way it has grown. Seven months we've
3 been there, and I have few concerns that it will
4 continue to grow.

5 MR. GINTY:

6 Thank you.

7 CHAIRMAN:

8 I have a couple questions to the table
9 limits. What is your lowest Blackjack limit?

10 MS. HAMILTON:

11 Well, it depends on the time of day.

12 CHAIRMAN:

13 So take me to the lowest, lowest table
14 limit in the lowest play time of the week, Sunday
15 evening, 2:00 a.m., Monday morning.

16 MS. COOK:

17 Sunday morning, 2:00 a.m., the lowest
18 table minimum would be \$25.

19 CHAIRMAN:

20 Okay. So again, ---.

21 MS. COOK:

22 Yeah, if you want to talk about Tuesday
23 morning at 7:00 a.m. with Blackjack game, we will go
24 --- able to hold \$15 for the people. Three card
25 Poker, that's \$10. Our Roulette would be \$10 and our

1 Craps would be \$10.

2 CHAIRMAN:

3 Okay. So the lowest during a general
4 week for Blackjack would be \$15?

5 MS. COOK:

6 Yes. And that's all on those hours.

7 CHAIRMAN:

8 Sure. Friday, Saturday evening peak
9 hours, what's the minimum?

10 MS. COOK:

11 The lowest minimum would be \$50.

12 CHAIRMAN:

13 Pardon me?

14 MS. COOK:

15 \$50 minimum on Blackjack.

16 CHAIRMAN:

17 Okay. Let's go back just to your OP-2
18 current floor plan and the OP-3 proposed floor plan.
19 I just want to get a sense of where those tables are
20 going --- and Wendy, if you can orient me, where's the
21 river and where's the porte-cochere?

22 MS. HAMILTON:

23 Okay. So the porte-cochere's on the left
24 side of the page, the river is on the right side of
25 the page. Are you looking at OP-2 right now?

1 CHAIRMAN:

2 Yes. Yeah.

3 MS. HAMILTON:

4 The porte-cochere on the left, river on
5 the right, so far east end of the property on the
6 right you see the white area and the green, that's
7 where Refinery Restaurant and Bar area.

8 CHAIRMAN:

9 Got it.

10 MS. HAMILTON:

11 And so the current table pit, there's
12 currently four of them. One in the high limit room on
13 the south side of the property about midway. One just
14 northwest of that, and two that run along the main
15 corridor toward the Refinery Restaurant on the left of
16 the main corridor. So 43 games today reside in those
17 four pits.

18 CHAIRMAN:

19 Okay.

20 MS. HAMILTON:

21 If you go to OP-3, we continue to have
22 games in the limited pit that one on the south side of
23 the property, one midway. And now you've got still
24 two pits that run forward from the Refinery Restaurant
25 from east to west, and then just west of them are two

1 additional pits and craps pits running north, south.

2 CHAIRMAN:

3 Okay. Thank you. Any other questions?

4 Okay. Anything else from OEC?

5 ATTORNEY MILLER:

6 Just that we recommend that if the Board
7 does approve this, that they place the conditions that
8 we've asked for in our answer to the 12 conditions
9 that we'd ask that you include those conditions.

10 CHAIRMAN:

11 Thank you. And I assume, Mr. Sklar, you
12 want the PowerPoint put into the record also?

13 ATTORNEY SKLAR

14 Please.

15 CHAIRMAN:

16 Okay. That concludes the hearing for HSP
17 Gaming. Thank you very much.

18 * * * * *

19 HEARING CONCLUDED AT 11:20 A.M.

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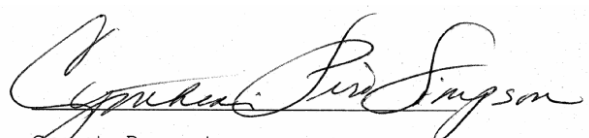
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CERTIFICATE

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I hereby certify that the foregoing proceedings, hearing held before Chairman Fajt, was reported by me on 05/11/2011 and that I Cynthia Piro Simpson read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.



Court Reporter