COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: PETITION FILED BY VALLEY FORGE CONVENTION

CENTER TO CONDUCT TABLE GAMES

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PUBLIC INPUT HEARING

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BEFORE: Jay Lantzy, Presiding Officer

William H. Ryan, Jr., Chairman

Gregory C. Fajt, Commissioner

Kenneth I. Trujillo, Commissioner

Anthony C. Moscato, Commissioner

HEARING: Wednesday, January 11, 2012

10:18 a.m.

LOCATION: Crown Plaza

260 Mall Boulevard

King of Prussia, PA 19406

WITNESSES: Sal Scheri, Alex Figueras, Anthony Spagno,

Bill Mikus, James D. Schneller, Aleta C.

Duey, Carris J. Kocher

Reporter: Jessica L. Ashman

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PRESIDING OFFICER:

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Good morning. Before we actually begin this hearing, unfortunately, we do not have a court stenographer. So our intent is to audio record this meeting as well as videotape it. Is there any objection for Counsel for Valley Forge if we handle it that way?

ATTORNEY HAYES:

No, Mr. Lantzy.

PRESIDING OFFICER:

Thank you. I'm Jay Lantzy. I'm the Presiding Officer assigned by the Board to conduct this public input hearing regarding the Petition filed by Valley Forge Convention Center to conduct table games at its casino.

Before we begin, please turn off or to vibrate all cell phones, Blackberries and the like so as not to disturb the speakers or those in the audience.

As the Presiding Officer, I call to order 23 this public input hearing regarding the Petition of Valley Forge Convention Center Partners for the approval and the issuance of a certificate to conduct

table games docketed at 2462 2011. The date is 1 Wednesday, January 11th, 2012 and the time is 10:00 2 And the location is the Crown Plaza Valley 3 Forge, 260 Mall Boulevard, King of Prussia, Pennsylvania.

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This public input hearing is convened by the Pennsylvania Gaming Control Board pursuant to the authority found in Sections 1205(b) and 1314(a), Subsection B of the Gaming Act. This public hearing was advertised at the Board's website, announced at a previous Board meeting and was advertised in local 12 newspapers. Board members who are present here today for the hearing are starting on my far right Commissioner Moscato, Commissioner Trujillo, Chairman Ryan and Commissioner Fajt.

The purpose of the hearing is to allow Valley Forge Convention Center to present to the public its plan to operate table games at the casino and to allow members of the public to express their thoughts and share their concerns about the proposed project with the Board. The hearing will continue until the last scheduled speaker registered has had the opportunity to speak. The order of speakers today is as follows. The Petitioner, Valley Forge, will make their presentation first. We will then hear from 1 members of the public who have registered to speak. If necessary, we will take a short break at an appropriate time during the comment period.

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Valley Forge will have approximately 40 minutes to make their presentation. Members of the public will each have up to three minutes to speak. Each speaker should begin their remarks by stating his or her name, spelling it and indicating the municipality and state where he or she resides and if speaking on behalf of an entity, the name of the entity. All speakers will be sworn in as a group in a few minutes.

If you are speaking today and you have written notes or testimony which you will read from during the hearing, when you are finished, if you would please give a copy of that written testimony to myself, that would be very helpful.

This is an official administrative hearing, so please treat this as if you were attending a court proceeding. All witnesses, please speak loudly and clearly and into the microphone so that others can hear what you have to say. Spectators, please refrain from interrupting or speaking out loud during the proceeding. If anyone disrupts the proceedings, they will be asked to leave. If anyone

1 has any questions about this hearing, please see the Board Staff at the sign-in area outside of the hearing room. I thank you in advance for your cooperation.

Let's begin by having each of you that have registered to speak today and individuals that will provide testimony on behalf of Valley Forge please stand and raise your right hand.

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WITNESSES SWORN EN MASSE

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PRESIDING OFFICER:

Thank you. You may be seated. Before we begin, I do have several exhibits to enter into the record. The first are written comments that were received by the Board, and the first one is from the Center for Workforce Development for the Montgomery County Community College. The second exhibit I'm going to enter into the record are comments that we have received electronically submitted to the Board. One comment was from Linda Lee Sharpe, second comment from Robert Mongradi (phonetic), third comment from Judith Tartaglia (phonetic), and finally the fourth comment from Sarah Lee Langsta (phonetic). If there's no objection from Counsel for Valley Forge, I will go ahead and move those into the record.

(Exhibits One and Two marked for identification.)

ATTORNEY HAYES:

No objection.

PRESIDING OFFICER:

Thank you. You may begin your

presentation.

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ATTORNEY HAYES:

9 Thank you, Mr. Lantzy. May it please the Board, my name is Kevin Hayes. I'm from the Law Firm 10 11 of Doherty Hayes. I along with my law partner, Jim 12 Doherty, appear before you today on behalf of the 13 Petitioner, Valley Forge Convention Center Partners, 14 LP, who is positioned to open its Category 3 License 15 Facility, the Valley Forge Casino Resort, later this spring. We would like to thank the Board and your 16 17 staff for your consideration of Valley Forge's Petition for approval of a table games operational 18 19 certificate. We will make our best efforts to keep 20 our presentation within the 40-minute time limit. 21

Four members of Valley Forge Casino 22 Resort's management team will be offering testimony 23 here today. Those speakers are Mr. Sal Scheri, the 24 President and CEO, Anthony Spagno, Vice President of Table Games, Alex Figueras, Vice President of Finance, and Bill Mikus, Vice President of Human Resources.

Assisting us here today is Elizabeth Tulig, Valley

Forge's manager of special events and promotions. We

will address the topics in the order listed on the

agenda and be pleased to answer any questions at the

conclusion of our presentation.

Our first speaker is Mr. Sal Scheri who will provide an overview of Valley Forge Casino Resort's revised site plan, including the gaming 10 floor, which will have a total of 600 slot machines and 50 table games. I know that the Board is familiar 11 with Mr. Scheri and his professional background from 12 13 his previous appearances before the Board, and therefore, I will refrain from describing his 14 15 biographical information again. I will now turn it over to Sal. 16

MR. SCHERI:

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As stated, I am Sal Scheri, President and CEO of Valley Forge Casino Resort. I would like to thank the Board for providing me with the opportunity to appear before you today to describe Valley Forge's plan for implementing table game operations at its licensed facility. I am pleased to have the opportunity to address the Board and our neighbors from Upper Merion Township and Montgomery County about

this important economic development project which will generate hundreds of jobs and millions of dollars in tax revenue.

I'm going to begin today by providing a general overview of our revised site plan, which was designed to accommodate the operation of 600 slot machines and 50 table games. Since the Board's approval of the site plan designated as OP2 at the Board's April 26, 2010 meeting, Valley Forge has assembled a new construction and design teams with T.N. Ward as our construction management company, Cope Linder as our architectural firm and Floss Barber as our interior designer. I am pleased to report that these are all Pennsylvania based companies.

Over the past several months, these professionals have collaborated with our management team to refine the site plan designated as OP2. The rebranded Valley Forge Casino Resort will feature the following non-gaming amenities, a food court with three outlets and seating for 120 people, two retail outlets, a rebranded Valley Forge Casino Resort hotel tower with a renovated lobby and VIP check-in, two new restaurant concepts, a 200 seat seafood steakhouse and an 80 seat Italian restaurant. In addition, we will be rebranding and renovating the existing two

restaurants in the Radisson lobby. Specifically, the existing Chumley's will become the Piano Bar, and Café Soleil will become a New York style deli. A renovated fitness center which features spa services, and lastly, the current nightclub is being renovated and rebranded.

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Notable revisions to the site plan include the relocation of the Porte-Cochere/Valet Entrance from the front of the existing convention 10 center to a location near the main entrance to the rebranded Valley Forge Casino Resort hotel tower. 11 12 This design revision was initiated in part to allow 13 for the effective implementation of Valley Forge's 14 access control plan. Specifically, this recollection 15 of the Porte-Cohere/Valet Entrance allows for the elimination of the walkway that surrounded the gaming 16 17 floor in OP2, which will greatly assist Valley Forge in limiting and monitoring access to its gaming floor. 18 19 The elimination of the walkway surrounding the gaming 20 floor has also allowed for an increase in the size of 21 the gaming floor from 32,980 square feet to 33,222 22 square feet. The focal part of the redesigned gaming floor is a 50 seat center bar. 23

I would like to thank the Gaming Board's Operations and Compliance Staff who have visited

Valley Forge's property on numerous occasions over the past several months to provide their input regarding the redesign of our licensed facility. Their advice, which is based on overseeing the opening operations of ten casinos in Pennsylvania, has been invaluable.

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As a result of favorable weather conditions and the tremendous work of our construction team, Valley Forge's Gaming Facility is proceeding on schedule and we fully anticipate that we will be in a position to open our doors of our gaming facility to the public this spring. Right now we have over 300 construction workers on site.

With regard to the status of our construction, I am pleased to report the interior of the facility is starting to take shape with the installation of walls, ceiling, sheetrock and our raised floor. Overall interior construction is over 50 percent complete. Exterior site work is 90 percent complete. The construction of the Porte-Cochere/Valet Entrance is well under way. A new roof has been installed over the entire casino area, and we have installed a state of the art HVAC system.

As you know, Valley Forge Casino Resort 24 will operate in a very competitive gaming market, and as such, we believe that it is critical that we offer

all available gaming options authorized under the Pennsylvania Racehorse Development and Gaming Act in 3 order to ensure our operational success. Forge's management team has devised an operational plan which we believe will provide our patrons with the best possible gaming experience. In addition, we have developed a marketing plan which we hope will establish a dedicated and loyal customer base that will continue to patronize our resort for years to 10 come.

In order to operate this first class facility, we have assembled an experienced management team comprised of individuals with outstanding credentials in their respective fields. The members of our management team along with their years of gaming experience are listed on the slide before you.

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I'm excited to expand the gaming offerings at Valley Forge and look forward to successfully satisfying with the assistance of our team all of the expectations placed upon us by this Board and the general public through the operation of tables games at Valley Forge.

At this time, I would like to introduce 24 Mr. Anthony Spagno, who is Valley Forge Casino Resort's Vice President of Table Games. Mr. Spagno is a 30-year veteran of the gaming industry and most recently served as casino manager at the Trump Plaza in Atlantic City where he was instrumental in the redesign and reconfiguration of the casino floor.

Anthony previously worked at Caesars Hotel and Casino in Atlantic City where he held several positions including shift manager, pit manager and supervisor as well as the manager of the high-limit baccarat room.

I will now turn it over to Anthony Spagno.

MR. SPAGNO:

Thank you, Sal. Chairman Ryan, Members of the Board, thank you for the opportunity to appear before you today. I would like to take this opportunity to provide a general overview of our proposed table games operations and highlight some of our unique characteristics of our facility.

Our proposed gaming floor will consist of a total of 600 slot machines and 50 table games. We believe that our customer demand will dictate the maximum amount of gaming positions, and in fact, we anticipate that the demand will ultimately exceed our game offerings because of the outstanding and personal services which we intend to provide to our patrons.

Initially, Valley Forge intends on offering only banking table games as part of its

operations and will include ten varieties of table 1 2 games which are listed on the current slide before I believe this plan of table game offerings will 3 satisfy the needs of all potential gaming patrons while also providing an excellent overall gaming experience to individuals seeking to play a variety of table games during this visit to the Valley Forge Casino Resort.

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Valley Forge has partnered with Montgomery County Community College's Center for Workforce Development to establish a table games dealer training program. The curriculum was developed by my department in collaboration with experienced table game personnel hired by Montgomery County Community College. This curriculum has been submitted and approved by the Board's Executive Director. Training of the first class --- training of the first class of students began on November 7, 2011 at a state of the art casino facility within the Valley Forge Resort Complex, which has been inspected and approved 21 by the Board's Bureau of Casino Compliance. The first class is scheduled to complete the training program and receive their final certification during the week of February 20th, 2012.

The program has been a true success with

over 92 students participating in the initial training certification program. On January 12th of 2012,

Montgomery County Community College will begin its second track dealer training of approximately 40 students. This training program has been a win/win for both Valley Forge and Montgomery County Community College.

Dr. Brook Hunt, the director of the 8 college's center for workforce development, has 10 submitted a letter in support of the Valley Forge Table Game Petition which describes the direct 11 benefits which the college has received from this 12 13 The letter reads in pertinent part as program. 14 follows. In these very difficult times, any potential 15 for new job creation must be seized and promoted and that is exactly what Montgomery County Community 16 17 College has done through its partnerships with Valley 18 Forge Casino Resort. The training and ultimate 19 certification that these students receive upon 20 completion of the Pennsylvania Gaming Control Board-21 approved curriculum will provide them with a unique 22 skill set that can be utilized to obtain familysustaining employment with any gaming facility in 23 Pennsylvania. 24

Valley Forge Casino Resort will not be

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able to fulfill all its hiring needs for qualified
table game dealers through its partnership with the
college alone. As such, Valley Forge has undertaken
an aggressive recruitment program with our vice
president of human resources, Bill Mikus, who will
describe later on. To assist me in the selection and
placement of qualified table game personnel, Valley
Force has already hired Anthony Schiago (phonetic) and
Kathleen Forfer (phonetic), who have extensive
experience in table games management and recruitment.

Based on my experience in table game operation and the gaming industry, I am confident that Valley Forge's proposed table games offerings will be a tremendous success. We have taken the necessary steps to ensure that the design of our gaming floor will be attractive to patrons in this competitive market while also ensuring that the effective security and surveillance procedures will be implemented to safeguard the assets of both the Commonwealth and the Valley Forge Casino Resort.

I appreciate this opportunity to appear before the Board and I would be happy to field any questions at the end of this presentation.

MR. SCHERI:

Thank you, Anthony. I now would like to

turn the presentation over to Alex Figueras, the vice president of finance, to discuss the potential economic impact of our table game operations and the 3 financing of this project. Prior to joining our team, Alex served as the vice president and chief financial officer at several of Caesars Entertainment Atlantic City properties. Alex was most recently responsible for Caesars' Atlantic City, Bally's Atlantic City and the Atlantic City Country Club. He served in this 10 capacity at Caesars for 11 years and was responsible 11 for overseeing casino cage operations, financial and operational accounting, risk management, procurement 12 and also management of all off-site warehouse 13 I'll now turn it over to Alex. 14 facilities.

MR. FIGUERAS:

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Thank you, Sal. Good morning, Mr.

Chairman and Members of the Board. As you have already heard, my name is Alex Figueras and I am the vice president of finance for Valley Forge Casino Resort. We're confident that revenues generated through the operations of 50 table games and 600 slot machines will result in significant tax revenues for the Commonwealth of Pennsylvania, which will benefit its residents through a reduction in property taxes.

Moreover, the local political subdivisions will be

provided with significant economic stimulus due to local share of gaming tax revenue as well as the ancillary benefits which will come through expanded gaming options offered by Valley Forge once awarded the Table Games Operational Certificate.

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Specifically, Valley Forge Resort Casino 6 anticipates that in its first 12 months of operating 50 tables, a total of \$11.7 million in gaming tax revenue will be generated with \$10.2 million going to 10 the state and \$1.5 million going to the local assessment. During that same 12-month period, Valley 11 Forge anticipates its operation of 600 slot machines 12 13 will generate \$48.8 million in gaming tax revenues 14 with \$45.2 million to be received by the Commonwealth 15 and \$3.5 million to the local assessment. Valley Forge has not yet begun any gaming operations 16 17 at its facilities, these figures are preliminary projections based on our internal market analysis. 18 However, we feel confident that these figures will be 19 20 met. Furthermore, the ability of Valley Forge to open with an offering of both slot machines and table games 21 22 will inevitably increase patronage to our facility as Valley Forge will have the ability to capture both 23 types of potential gamers upon our opening. 24

Now, in addition to gaming tax revenues,

the Commonwealth, Montgomery County and Upper Merion 2 Township will experience a significant economic Specifically, Valley Forge is making an 3 investment in this project which totals \$132.5 million excluding licensing fees. This investment is funding the construction of the casino as well as the extensive renovations to the non-gaming amenities at the resort complex. The construction and operation of Valley Forge Casino Resort is financed through the 10 sources described in our Table Games Petition. this time, Valley Forge has all of the financing in 11 12 place to complete the project and open its doors for slots and table game operations this spring. 13 14

Table games related jobs will result in annual wages totaling approximately \$7.5 million. Furthermore, Valley Forge anticipates total annual wages at the resort complex of \$30 million. Valley Forge has pledged to make a \$415,000 contribution to Upper Merion Township for traffic improvement and will be supportive of the township's efforts to improve Route 422 and roadways in our surrounding area. In addition, if given authorization by this Board to commence gaming operations, Valley Forge will make an annual contribution in excess of 25 \$75,000 for the benefit of Upper Merion Township.

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are confident that Valley Forge Casino Resort will be an overwhelming operational success.

We believe that it is in the best interest of this Commonwealth for the Board to approve this instant Petition and authorize the operation of 50 table games and 100 additional slot machines at Valley Forge Casino Resort. Specifically, the approval of this Petition will result in increase in living wages and wage jobs and wage taxes and enhancement in economic opportunities for local residents and business owners and a significant increase in taxable revenues for the Commonwealth as well as Montgomery County and Upper Merion Township. Thank you, and I will be happy to field any questions at the conclusion of this presentation.

MR. SCHERI:

Thank you, Alex. Finally, I would like to introduce our last witness for today's hearing.

Bill Mikus, who is the vice president of human resources for Valley Forge Casino Resort, has been instrumental in creating our recruiting, hiring and training programs for potential table game employees. In addition, Bill has been responsible for developing our company's diversity programs as well as other integral HR policies and practices. Prior to joining

Valley Forge, Mr. Mikus served as the vice president
of human resources for Caesars Entertainment in
Atlantic City, New Jersey. In this position, Mr.
Mikus was intimately involved in the creation,
maintenance and oversight of all hiring, diversity and
recruiting objectives and incentive programs at
Caesars and Harrah's Atlantic City properties.

MR. MIKUS:

Thank you, Sal. Good morning, Mr.

Chairman and Members of the Board. My name again is
Bill Mikus, the vice president of human resources for

Valley Forge Casino Resort. As you know, a key
component to the successful management of any facility
is to ensure that you hire, train and retain qualified
employees who not only satisfy the key elements of
their job, but have a sense of dedication and pride in
the work. Valley Forge Casino Resort recognizes that
the key to providing our guests with exceptional
services is to promote a culture of respect and
appreciation and through fostering a diverse
workforce.

It is anticipated that we will need to retain a total of approximately 400 full-time and part-time employees to satisfy the table games operations at our facility. The table game employee

complement will be comprised of certified and trained 1 2 individuals along with recent graduates of Montgomery County Community College Table Games Training Program. 3 The full-time positions that will be offered by Valley Forge will provide family sustaining wages and benefits. Valley Forge anticipates that at least 100 of the new table games employment positions will be salaried supervisor positions earning an average of \$52,000 annually in addition to offering other 10 employee provided benefits. More specifically, the positions which Valley Forge must fill in order to 11 12 satisfy its table games operations are as follows, 13 Anthony's position of vice president of table games, 14 table games shift managers, games assistant shift 15 managers, lead supervisors, supervisors, dealer/dual rate supervisors, dealers, a table games administrator 16 17 and a table games scheduler.

Furthermore, it is anticipated that there will be growth in a number of departments needed to service the table game operations including food and beverage, marketing, security/surveillance, finance, count room positions and cage operations.

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To supplement its table games workforce, Valley Forge will recruit certified and trained table games employees from other gaming facilities in this

and other jurisdictions. To date, we have accepted 2 over 1,500 applications for table games employment positions. This week alone we have invited and 3 interviewed over 375 applicants for supervisor and manager positions in table games. I think Anthony would agree with me in stating that we've been pleased with the number and the quality of our pool of candidates. We believe that this is a blend of new and experienced employees that will create a motivated 10 and synchronized workforce and will ensure compliance and create an enjoyable experience for our patrons. 11

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In consultation with the PGCB's Diversity Office, Valley Forge has developed a plan to address our goal of promoting diversity in hiring and employment actions. In October, Valley Forge created an internal HR diversity council which meets weekly to focus on specific diversity actions and activities. These initiatives include the creation of our companywide motto and employee promise, centered around our values of respect and pride. This commitment was communicated recently during our all employee meetings.

In addition, our diversity council has updated all code of conduct and diversity polices and practices, which include our diversity EO, fair

treatment, anti-harassment and ethical business 1 2 practices. All managers have been trained in and have acknowledged their commitment to these practices at 3 our recent management team meetings. Ongoing all newly hired managers and employees will receive our code of conduct and diversity policy reviews and training during orientation.

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As a part of Valley Forge's recruitment outreach, we have conducted numerous internal casino career day sessions and internally post available opportunities giving all employees an equal opportunity to apply for various positions. Externally throughout partnership with MCCC, recent casino career sessions were conducted in December. Ιn addition, we have already participated in the Monster.Com Mega Career Fair in September and will again participate in January 18th's event, which reaches across a wide spectrum of multicultural and diversified applicants.

Valley Forge continues to post internet websites including casinocareers.com, CareerLink and monster.com, which has a broad spectrum of multicultural associations. We believe that our 24 participation in these outreach efforts has contributed immensely and will continue to contribute to the very diverse pool of applicants which we have received to date.

In order to even further expand our pool of potential new employees, Valley Forge has also sought out and will soon seek membership in many organizations on the list that you see on the slide.

Members in these organizations or membership in these organizations and continued outreach with other viable resources will help disseminate employment opportunities available at Valley Forge to a larger pool of applicants.

In addition to the promotion of a diverse workforce, Valley Forge also anticipates the majority of its table games employees will be Pennsylvania residents. As you will notice from the review of the slide, Valley Forge anticipates based on its present pool of candidates and recruitment efforts that by the end of the first year of operations 67 percent of its table games operations will be Pennsylvania residents, 73 percent by the end of the second year and 85 percent at the end of the third year for table games operations.

The past operations of Valley Forge demonstrates its commitment to the promotion of a diverse workforce which will certainly be perpetuated

in its table games operations. Evidence of past
hiring practices exhibited by Valley Forge can be seen
on this slide which summarizes the current complement
of its workforce. Of the current 361 --- I'm sorry,
361 employees of Valley Forge, total minority
employees represents roughly 51 percent, minority
supervisors and above, 30 percent. Our Pennsylvania
residents are currently at 96 percent. Male employees
percent, with our female complement of 41 percent.

Finally, we are in the process of completing our compulsive and problem gaming program. Our compulsive and program gaming prevention objectives will be addressed through the training program which employees will complete prior to commencement of gaming operations. This training program will be conducted in consultation with the Council of Compulsive Gaming of Pennsylvania and consists of entirely --- an entire review of the compulsive and problem gaming policies and procedures. We at Valley Forge will continue to work with the PGCB's Office of Compulsive Problem Gaming to ensure compliance with all the requirements of the Gaming Act and the Board regulations.

In conclusion, we at Valley Forge
understand that our hiring practices and diversity

initiatives will have to constantly evolve in order to meet the needs of our facility while also satisfying the mandates of the Gaming Act and this Board. We will remain vigilant in our pursuit of these objectives and will continue to work with the Board and our local community to promote all new employment opportunities at Valley Forge Casino Resort. With that said, I'd like to thank you for your time and return the presentation to Mr. Scheri. Thank you.

MR. SCHERI:

Thank you, Bill. Before concluding our presentation, I want to reference two letters of support which have been submitted as part of the record. The first letter is from our State Senator, Daylin Leach, who is supportive of this Petition and our pursuit of Table Game Operational Certificate. Ir addition, our State Representative, Tim Briggs, has indicated that he recognizes the potential economic benefits which will stem from table games operations at Valley Forge Casino Resort.

We certainly appreciate their support as well as the support of Upper Merion Township Board of Supervisors who our team has been working with very closely throughout the course of this project development and construction.

As you can see from the information that has been presented to you today, Valley Forge is committed to achieving excellence in the operation of table games at its licensed facility. The collective knowledge and experience of our management team will ensure that this facility is a tremendous success from both a financial and regulatory perspective while also providing our patrons with the best possible service and experience in the Commonwealth of Pennsylvania.

I want to thank the Board for its time and attention during this presentation, and I would be happy to respond to any questions the Board may have for me or my staff.

PRESIDING OFFICER:

Any questions?

ATTORNEY HAYES:

Mr. Lantzy, before we proceed to the Board questions, by way of housekeeping, there's two exhibits that I'd like to offer into the record.

PRESIDING OFFICER:

All right. What are those exhibits?

ATTORNEY HAYES:

The first is the electronic copy of our PowerPoint presentation here today. And the second one is a letter that we actually received today from

the Upper Merion Board of Supervisors in support of this Petition and this project. It's a new board with recent --- several members recently elected, and as such, we were fortunate to receive that letter today.

PRESIDING OFFICER:

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We'll go ahead and make those part of the record, the electronic version of PowerPoint, we'll mark as Valley Forge Exhibit One. The letter from the Commissioners will be Valley Forge Exhibit Two. They will be moved in and made a part of the record.

(Valley Forge Exhibits One and Two marked for identification.)

ATTORNEY HAYES:

Thank you.

MR. FAJT:

Thank you. Thanks, Jay. Mr. Figueras, the first --- couple of questions. First one's for you. On your slide regarding the 600 slot machines generating \$45 million to the Commonwealth, what is the slot per win per day that that is based on?

MR. FIGUERAS:

That is estimated on approximately a \$400 win per day, per unit per day.

MR. FAJT:

Do you know, is there any other casino in

Pennsylvania that's generating \$400 per slot per win per day?

MR. FIGUERAS:

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During sometimes they have hit that, but 4 we looked at it as based on the limited number of slots that we have compared to the other casino facilities in the State of Pennsylvania and also looking at --- the closest comparison was actually in table games to help look at this comparison. 10 see, SugarHouse had less than 50 tables initially when they opened and they were significantly in excess on a 11 win per unit per day basis to everyone else in the 12 Commonwealth. We also looked at that in the state 1.3 saying with 600 slot machines, significantly less than 14 15 2,000, we expect to have our machines producing more than the average machines in the State of 16 17 Pennsylvania.

MR. FAJT:

Okay. Next, Mr. Mikus, a couple of questions for you. The average salary for table games dealers, I think I heard you say was \$52,000 excluding benefits; is that correct?

MR. MIKUS:

That's correct.

MR. FAJT:

And do you know what the all in employee 1 2 average salary would be excluding benefits, so all of 3 your employees from the top on down including table games employees obviously? Do you have an estimate of what that salary will be excluding benefits? And if you don't, you can get it to us, but ---. MR. MIKUS: Yeah, I don't. 8 9 MR. FIGUERAS: 10 Once you're including all of the current 11 employees also, ---12 MR. FAJT: 13 Correct. MR. FIGUERAS: 14 15 --- it would be a little less than the \$50,000. 16 17 MR. FAJT: 18 All right. Can you get that number to Mr. Lantzy so that we can share that with the Board? 19 20 And again, just on the dealer number, I assume that 21 the \$52,000 includes tips? 22 MR. FIGUERAS: 23 Yes, it does. 24 MR. FAJT: 25 Okay. And I think I have one more

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  question. I guess, Mr. Mikus, this is to you also.
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   The diversity number, you said you currently have 361
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   employees and that the minority percentage is 51
  percent. That strikes me as extremely high. I mean,
   that is --- that's not including women as a minority?
   That's ---?
                MR. MIKUS:
                Correct.
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                MR. FAJT:
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                Okay. All right. Thank you.
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                CHAIRMAN:
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                Mr. Scheri, if I could ask, I guess, one
   question. You indicated that you hope to open in the
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   spring. Can you be a little more specific?
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                MR. SCHERI:
                Early spring.
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                CHAIRMAN:
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                Like sometime before May or after June
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   or ---?
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                MR. SCHERI:
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                I think it would probably --- we have to
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   get a number of things approved by this Board in order
   to give a firm date, but our target is before May.
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                CHAIRMAN:
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                Thank you.
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MR. TRUJILLO:

I wanted to follow up on a couple of
Commissioner Fajt's questions, and I'm not sure who to
--- Sal, whether it's you or to whom. But in terms -- and I agree that I like seeing the 51 percent
minority participation on the diversity numbers, but I
didn't see anything with respect to minority
contracting. So I'd be interested in hearing how you
have done with respect to minority contracting in the
construction so far and then what your plans are on a
going forward basis?

MR. SCHERI:

Sure. Actually, Alex, if you want to take a little part of that and then I'll also answer as well about the process and the procedural billing.

MR. FIGUERAS:

Yeah. On the --- actual on the going forward basis, we're working with our current team and --- to identify as we're significantly growing our operations, particularly on the food and beverage side and obviously the casino side, to identify both local and women-owned and minority-owned businesses that can supply us for the additional stuff. Obviously, we have not begun our new operations yet, so what we have is just our current operations are ongoing.

MR. TRUJILLO:

And is there --- what individual is charged on the contracting side with responsibility for meeting your goals?

MR. FIGUERAS:

Currently we're in the search for a purchasing individual that will lead up the efforts. Again, we're growing the property tremendously, so we're trying to identify a leader, right now interviewing in order to help us in that effort. So in the interim, that individual would report to me, so I've been kind of, you know, going around myself.

MR. TRUJILLO:

So you do have a plan to have that individual charged with the task on the contracting side as well as on the --- I take it on the human resources side it would be you; right?

MR. MIKUS:

That's correct, yes.

MR. TRUJILLO:

And I appreciate, Mr. Figueras, having a senior level diversity representative. That's helpful. On the 400 employees the slide indicated was representing the table games hires, is that full time equivalent or is that individuals?

MR. MASCATO:

I just have a few questions, and Ken just took one of mine.

MR. TRUJILLO:

Sorry.

MR. MASCATO:

That's okay. With regard to the 92 students that will be graduating in February and then the 40 that are starting class, I guess this week; right? Yeah. Is there any type of prescreening done on those before they enter the program?

MR. SPAGNO:

Yes, what we've done --- I mean, we've held information sessions prior to the acceptance and a screening process was done. They were tested and prescreened by Montgomery County Community College and members of my staff as well.

MR. MASCATO:

And is there any indication of the 92 that began how many will end successfully?

MR. SPAGNO:

Currently out of the original 92, there are 88 still in the program. We believe because of the strength of the program that we'll have a high rate of hires out of that school.

MR. MASCATO:

Okay. Thank you.

MR. SPAGNO:

You're welcome.

MR. MASCATO:

Between the table games and the slots, you're looking at \$5 million in local share. How many municipalities will that be divided between?

MR. FIGUERAS:

The way that it's set up is 50 percent of it goes to local township and the other 50 percent I believe goes into a ---.

ATTORNEY HAYES:

Under the Gaming Act, because Montgomery
County is a county of class 2A designation, 50
percent, as Al stated, goes to Upper Merion Township.
The other 50 percent is sent to a Commonwealth
finance agency who distributes grants to Montgomery
County. So it doesn't go directly to Montgomery
County. But goes to a state agency who is supposed to administer grants to the appropriate --- to the host county.

MR. MASCATO:

Thank you for that. And I guess just further clarification on that. So Upper Merion is

going to get an estimated --- I understand that it's estimated, \$2.5 million. You're going to make an annual contribution of at least \$75,000 more?

MR. FIGUERAS:

Yes, that's correct.

MR. MASCATO:

Just to be nice to people or ---? I'm curious as to why.

ATTORNEY HAYES:

That was part of a memorandum of understanding that was entered between Valley Forge and the host municipality, Upper Merion Township, back in when we were first applying for our slot machine license in 2007. And it was an agreement that this would be a contribution just for the --- to address the general impact that the introduction of gaming would have on the Township. So included in that memorandum of understanding was also the \$450,000 contribution for the 422 improvements.

MR. MASCATO:

Okay. Thank you very much.

MR. FAJT:

Thank you, Jay. One more question on smoking. This continues to be an issue that we hear about as Board Members from the public. And it's

often difficult for us to address it, you know, once the horse is out of the barn and the casino's up and 3 operating. Yours is not yet, and so I just --- more of a suggestion than a real question is, you know, please pay attention to that. Your facility is going to be smaller than most just because you have 600 slot machines and not up to 5,000. And you have table games and people that smoke, walk around. They're not supposed to, but they do. And so I just, you know, 10 give you a word of caution to please pay attention to the layout between smoking and non-smoking and also 11 the enforcement side of that, because we do get 12 13 complaints from patrons in every casino in the 14 Commonwealth.

MR. SCHERI:

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Commissioner Fajt, if I may, I understand and I am sensitive to complaints such as that having been in this business for quite some time. And I share those concerns with the Board and with our guests. One thing I would like to say is that, you know, it's very important for Valley Forge to create an environment and an experience for our guests that is as enjoyable as possible. So with that in mind, as part of our original design, we've designed a HVAC system to exchange the air in our casino that was

above and beyond what was recommended with the
specific thought that we would keep this as smoke free
and enjoyable as possible, realizing that there would
be smoking in the casino. So we've took on the extra
expense of a higher quality and a larger HVAC system
that would really do a fantastic job of, you know,
really exchanging the air out and taking the smoke
out. So, you know, it's our goal again to provide a
very, you know, enjoyable and great environment for
our guests.

PRESIDING OFFICER:

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No other questions? Thank you for your presentation as well as answering the questions that the Chair and the Commissioners had. The next speaker I would like to recognize is Doug Sherman, who is Chief Counsel for the Pennsylvania Gaming Control Board.

ATTORNEY SHERMAN:

Good morning. As mentioned by Mr.

Scheri, there were two members of the General Assembly who provided public comment to the Board. For the record, as has been our practice in other hearings of this nature, we will --- I will read each of those letters into the record.

The first is from the Senate of

1 Pennsylvania, the office of Daylin Leach. 2 Chairman Ryan, I write to you in support of the Petition for Approval of Table Games Operational 3 Certificate submitted to the Pennsylvania Gaming Control Board by Valley Forge Convention Center Partners, LP. As you know, the rebranded Valley Forge Casino Resort is located within my Senatorial district. During my tenure in the legislature, I've worked to provide opportunities for economic growth in Montgomery and Delaware Counties. New economic 10 development projects are desperately needed in these 11 tough economic times, and I believe that the proposal 12 13 set forth by Valley Forge Convention Center Partners 14 to expand its gaming facility in order to conduct 15 table game operations would provide a significant economic stimulus for Upper Merion Township, 16 17 Montgomery County and southeastern Pennsylvania. 18

Valley Forge Convention Center Partners
has presented the PGCB with the opportunity to create
hundreds of new living wage and family sustaining
employment positions with benefits while also creating
numerous other temporary construction employment
opportunities. I am confident that the table game and
expanded slot machine operations at Valley Forge
Casino Resort will be very successful and generate

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significant tax revenues for Upper Merion Township and the Commonwealth. For these reasons, I endorse Valley 3 Forge Convention Center Partners' request to conduct table game operations at Valley Forge Casino Resort. The letter is signed by Daylin Leach, 17th Senatorial District.

The second letter is on the letterhead of the House of Representatives from the office of Tim Briggs. Dear Chairman Ryan, I write to you in support 10 of Valley Forge Convention Center Partners' Petition for Approval of a Table Games Operational Certificate. 11 The operation of table games and an additional 100 12 13 slot machines at Valley Forge Casino Resort will lead 14 to the creation of hundreds of new jobs through the 15 operation of the facility as well as increasing the number of temporary construction positions needed to 16 17 complete and expand the existing gaming facility. These types of new employment positions will allow 18 many local residents to overcome existing economic 20 hardships. Furthermore, this proposed expansion of gaming at Valley Forge Casino Resort will bring much 21 22 needed additional tax revenues to Upper Merion 23 Township and the Commonwealth.

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24 I have been a longstanding supporter of 25 the Valley Forge project and believe that this resort

casino will be a tremendous asset to Montgomery 2 County. Accordingly, I urge the Gaming Control Board to strongly consider the approval of the above 3 referenced Petition submitted by Valley Forge. you in advance for your consideration. And this letter is signed by Tim Briggs, State Representative, the 149th Legislative District.

PRESIDING OFFICER:

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Thank you, Mr. Sherman. We will now begun the public comment portion of the hearing. As I call your name, please come forward and step up to the 12 microphone. As a reminder, each speaker should begin their remarks by stating his or her name, spelling it and also indicating the municipality and state where he or she resides. With that being the case, I will indicate that each of the individuals will have one opportunity to speak, and we will begin with Mr. James Schneller.

MR. SCHNELLER:

Thank you, Gaming Board. Thank you, Chairman, Mr. Past Chairman. Can I inquire, has there been a lot ---? I actually signed up online as an individual. I also requested to speak for the allotted time as representative of an association.

PRESIDING OFFICER:

Mr. Schneller, we will give you one opportunity to speak, and as I indicated earlier, it is a three-minute time period.

MR. SCHNELLER:

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As a matter of a few small objections, we object. There's no list of the witnesses online. The online webpage lists the commenters like myself, but there's no list of witnesses that we could expect here today.

We regret that we're not here as intervenors. We have filed a Petition which is pending to intervene in this particular Petition. Αs you're probably aware, we've attempted to do so in the prior two Petitions and attempted to appeal from them. We were hoping that you may be including that in your consideration, because the issues that we're raising we aptly claim are not being raised by --- and are not necessarily deemed worthy of raising by BIE. We ask at least wherever this is appropriate that you consider what I say today and the other commenters who happen to be residents of the nearby township and known to us to be considered as part of a participation, which we are requesting alternate treatment as participation in our Petition. Perhaps today's comment could stand as part of that.

As far as our specific comments --- I might also add that are pending appeals calls this proceeding to be a bit unfair, even unlawful. We know the Board is required to be especially careful about appearance of partially and bias and appeals are not allowed to cause at least a moderate stay or consideration of a pace of the proceeding that might be slowed. The public sees that as improper. And so your need to be in the shoes of the completely non-corrupt we feel should be upheld even in matters like that.

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extremely considered with saturation. We believe the Philadelphia area is going to be afflicted with an over-saturation here. We note and ask your consideration to the fact that by 2017 a 30-mile limit will be established. We've opposed the access plan as practically illegal. For instance, in membership plans, we plan to appeal from because membership plans were never intended to be tailored to additional customers much more on that side. That is simply a membership plan for use of the amenities on a regular basis.

We, therefore, feel that due process is being denied all the way from the matter of comment

permitted to the fact that your interpretations of the statute again is in your interpretation of what is a well-established resort are very wide compared to what the legislature intended, without any public input. And we hope that you might include that in your decision. You have wide authority and wide legal purview.

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We know that Sections 13(a)(12) and 13(a)(15) of the Act echo Section 1325 regarding economic development also effects on the community. We note that the promise of jobs and diversity is really meaningless in the local economy. Taken into effect, we recommend a slow and careful consideration of how this facility might proceed and how they behave themselves. The promise of jobs and diversity means nothing, because we have as our core sector of economic development Norristown and other certain small areas in the very local region who have abundant mass transportation, have benefited enormously, even from projects in the past three years, especially getting jobs throughout the region and getting there on buses, trains, et cetera. And we are extremely concerned about the business community and the small business community suffering in Upper Merion. are sectors of this township that have no vision of a

boom time. Economic times may be bad. Why should this region benefit from a few temporary construction jobs and the promise --- promise of economics which really are simply detraction from small business.

These are known facts.

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We also --- very briefly in the way of particulars, we feel a surveillance as we've noted in the access plan, probably in the floor plan petition that we're intervening in, surveillance is likely insufficient, but especially it's insufficient in regard to keeping the outside public, not involved public, in attending casino. We are so concerned about the ills, social ills that we believe the Category 3 nature should be strictly upheld by you. And the central control computer system, certainly with the detail and the specific information it's keeping, wouldn't be able to reject a player if they get near a machine if they hadn't been an amenity. The Board, with all respect, hasn't even allowed a gatekeeper at these facilities. As local residents, we're really concerned it's converted from a Category 3 to a Category 1 or 2.

With knowledge that my three-minute limit has grown close, I'd just like to close with the fact that under our constitutional rights, we the citizens

of this region, a great majority of us are concerned about the detraction of our rights and detraction from our indefeasible rights such as to worship God and to acknowledge religion as a part --- and ethics and moral. And we know that as part of our daily regimen as what we're granted in our rights of liberty, freedom of movement, freedom of speech and freedom to have businesses free of appearance and effects that detract hugely from society. We also ---.

PRESIDING OFFICER:

Mr. Schneller, as you indicated, your time period was coming to an end, and we certainly appreciate your comments in this matter and they will be made a part of the record. Thank you.

MR. SCHNELLER:

We are, to close, hugely prejudiced because our representatives including Mr. Leach and Mr. Briggs have abandoned the claims that I've just made. They're aware of what we voice. They're aware that these are issues intended by law for you to include, and I thank you.

PRESIDING OFFICER:

Thank you.

MR. TRUJILLO:

Mr. Schneller, I didn't hear. What's

your place of residence?

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MR. SCHNELLER:

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Oh, pardon me. James Schneller,

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S-C-H-N-E-L-L-E-R. I reside in Wayne, Pennsylvania.

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MR. TRUJILLO:

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Thank you.

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PRESIDING OFFICER:

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The next individual to speak is Aleta

9 Duey.

MS. DUEY:

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My name is Aleta Duey. Thank you. The

12 first name is A-L-E-T-A. The last name D-U-E-Y.

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reside in Upper Merion Township, Montgomery County.

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And I'm here appearing as a former school teacher,

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member of an early American historical society and a

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local citizen and taxpayer.

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Pennsylvania Gaming Control Board held a hearing in

Three and a half years ago when the

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Upper Merion requesting a license for only slot

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machines and a bar at the Valley Forge Convention

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Center, I asked the question, if they get the

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approval, what's to prevent them from coming back in a

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year or two or three and asking to expand from what

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someone called the smallest license in the state,

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expand to perhaps poker games, blackjack, even

expanding to a full size gambling casino? Well, surprise, here we are today.

A great place to live, work and worship was the model of Upper Merion Township when our family moved here from Ohio many years ago. What does the township want to be known as now? A great place for gambling and gridlock. I understand the dilemma of the owners and managers of the Valley Forge Convention Center. They're in business to make money, but the ever expanding gaming industry coming to our area will change the wholesome character and atmosphere of that facility as well as of the local area. High school seniors hold their proms there. The American Baptist Convention is nearby and Valley Forge National Historical Park is just up the road. One of the most important reasons I'm speaking in opposition to this application is because of that very park.

Our township has an obligation to protect Valley Forge from further encroachment and increasing traffic. Whether we like it or not, the historic and revered land of our national park is located in Upper Merion, partly at least. The U.S. Government never bought the surrounding land as was promised in 1976 when they took on the park ownership. So it takes the efforts of the surrounding townships to preserve it,

and that's not only Montgomery County. That's Chester County. It covers other counties, too, and they will be affected by this. The land in the park has been encroached upon from all sides, and the daily traffic going through it is a constant problem, because of the inadequate roads there and all over.

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What about the increase in traffic on the surrounding roads? Gulph Road, Routes 202, 363, 422. They're nearly impassable now at rush hour. How much worse will it be when the new Village at Valley Forge is developed? No one's even mentioned that. What about the many businesses located in Upper Merion? With increased traffic, will more of them move out of the area to less crowded communities losing more of our legitimate tax base?

Emergency vehicles have trouble moving through these areas now. Should we threaten the lives and safety of our citizens, our visitors and, of course, our volunteers, tax our already busy police force in Upper Merion with the inevitable increase in crime and criminals coming in with gambling? Worse yet, what if we ever had an emergency evacuation of the surrounding area? Would you want to be responsible for that? It would be difficult now.

Better not even think about it with further increase

in traffic. Deliveries as well as customers coming
in.

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responsibility for the welfare of our greater community, our young people? As economic conditions decline, we have more poverty in our county, parents losing their jobs, families without enough food. Is this any time to be introducing more gambling into the community, especially when we now know how addictive it can be often with those who can least afford it? Is greed taking the place of commonsense?

And so I say no to gaming tables or any other addition to the gambling being hastily hoisted on us by the Valley Forge Convention Center and Upper Merion Township. Thank you.

PRESIDING OFFICER:

Thank you, Ms. ---.

MS. DUEY:

And I can give you a copy of this or --- give you this or you can make a copy.

PRESIDING OFFICER:

That would be fine. You can present it to me now if you'd like.

MS. DUEY:

All right. If possible, I'd like to get

back a copy. I didn't bring an extra.

PRESIDING OFFICER:

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All right.

MS. DUEY:

It has my notes on it as well.

PRESIDING OFFICER:

Thank you. The next scheduled speaker is Linda Lee Sharpe. Is Ms. Sharpe in the room today? It appears that she is not present, so we will move to our next speaker and that is Mr. John Andrews. John Andrews present today? It appears that he is not present also, so we will move to our final speaker, and that is Carris Kocher. Is Carris Kocher here? 14 Thank you.

MS. KOCHER:

Good morning. My name is Carris Kocher, spelled C-A-R-R-I-S, K-O-C-H-E-R. I live in Concord Township, Glenn Mills, but I'm here because of my interest in Valley Forge, where I volunteered for several years and have loved all my life.

Written on the Pennsylvania State Flag are the words virtue, liberty and independence. 23 William Penn established this colony in pursuit of virtue and the liberty to worship God. George Washington labored for independence to preserve virtue and liberty. There's nothing virtuous about gambling. It too often results in the loss of liberty and consequences of poverty and crime that sits hard on its heels. As the tragedy unfolds and more lose their independence --- lose their independence and become dependent on public welfare, gambling leads to the loss of all virtue, liberty and independence.

True in colonial times, lotteries were often used to raise money for worthy causes. Yet the financial effects lead to gambling being outlawed in every state in the Union by the time of the Civil War, except Louisiana. The gambling industry in its entirety stands in violation of the golden rule, thou shall love thy neighbor as thyself. Some of those commandments including thou shall not covet. Every gambler covets his fellow gambler's property.

It's regrettable legislature ever opened the flood gate to the gambling industry, but to have such vice at the entrance of the Valley Forge Encampment is especially disturbing. What did Washington have to say about gambling? His general orders issued on May 8, 1777 reads as few vices are attended with more pernicious consequences in civil life so there are none more fatal in a military one than that of gaming, which often brings disgrace and

ruin upon officers and injury and punishment upon the soldiery and reports prevailing that this destructive vice has spread its veinful influence in the Army.

The Commander in Chief in the most pointed and explicit terms forbids all officers and soldiers to play any cards, dice or any games except those of exercise for diversion. Any officer of soldier presuming under any pretense to disobey this order shall be tried by a general court marshal.

In a letter to his nephew on January 15, 1783, the last thing I shall mention is first of importance, avoid gaming, a vice productive of every possible evil, equally injurious to the morals and health of its votaries, the child of avarice, the brother of inequity, father of mischief, the ruin of many worthy families, the loss of many a man's honor, the cause of suicide, few gain by this abominable practice while thousands are injured.

Patrick Henry wrote on the back of his original copy of the Stamp Act Resolves of 1765 --they found it with his will after his death. He wrote these words. Whether this will prove a blessing or a curse will depend upon the use our people make of the blessing which a gracious God has bestowed on us. If they are wise, they will be great and happy. If they

are of a contrary character, they will be miserable.

Reader, whoever thou art to remember this, and in thy

3 sphere practice virtue thyself and encourage it in

others. Consider the words of Jeremiah in Chapter 22,

Verse 13. Woe to him that builds his house or his

portfolio or his profit margin by unrighteousness.

I oppose the expansion of this gambling. Let us pursue virtue and liberty and independence.

PRESIDING OFFICER:

Thank you, Ms. Kocher.

MS. KOCHER:

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I made some changes. If you wish, I could send them to you by e-mail.

PRESIDING OFFICER:

That won't be necessary. Those were all the speakers that had registered as required to speak today, and as a result, the record created here today including the transcripts of these proceedings, any exhibits entered into the record including all written comments received by the deadline for submission will 21 be forwarded to the entire Board for its consideration. The Board will be taking up and considering the Petition at a public Board hearing in the near future.

I want to thank you all for coming here

today and for your cooperation. This public input hearing is now adjourned.

HEARING CONCLUDED AT 11:13 A.M.

CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Presiding Officer 18 Lantzy, was reported by me on 01/11/2012 and that I Jessica L. Ashman read this transcript and that I attest that this transcript is a true and accurate 21 record of the proceeding.