

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: CHESTER DOWNS AND MARINA'S  
PETITION TO MODIFY THE GAMING FLOOR

\* \* \* \* \*

PUBLIC HEARING

BEFORE: WILLIAM H. RYAN, JR., CHAIRMAN  
Gregory C. Fajt, James B. Ginty,  
Keith R. McCall, Anthony C. Moscato,  
Gary A. Sojka, Kenneth I. Trujillo; Members  
Christopher Craig, Representing Robert  
McCord, State Treasurer  
Robert Coyne, Representing Daniel P.  
Meuser, Secretary of Revenue  
Matthew Meals, Representing George Greig,  
Secretary of Agriculture  
HEARING: Wednesday, February 8, 2012  
LOCATION: Strawberry Square Complex, 2nd Floor  
Harrisburg, PA 17101  
WITNESSES: Ron Baumann, Philippe Khouri

Reporter: Joshua Lee Hess

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A P P E A R A N C E S (cont.)

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ALSO PRESENT:  
LYNNE HUGHES

I N D E X

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CHAIRMAN:

Our third and final hearing is the  
Petition to Modify the Gaming Floor, submitted by  
Chester Downs and Marina, LLC. I see the parties are  
in front of us. Could we have all persons who are not  
attorneys, but who are going to present evidence,  
please stand and be sworn?

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WITNESSES SWORN EN MASSE  
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ATTORNEY DOWNEY:

Good morning, Mr. Chairman. For the  
record, members of the Board, Bill Downey from Fox  
Rothschild for Harrah's Chester. With me this morning  
to my right is Ron Baumann, senior vice president and  
general manager at Harrah's Chester. To my left is  
Philippe A. Khouri, who is regional vice president of  
slots, for the East and Midwest regions for Caesars  
Entertainment. And Ms. Hughes, Lynne Hughes, no  
stranger here, as the vice president of legal affairs  
and chief legal officer for the eastern region of  
Caesars Entertainment.

Before you this morning are petitions

1 seeking to permanently reduce our slot count from  
2 3,000 to 2,800 machines. To reduce our gaming floor.  
3 To reduce our smoking area. And to improve and allow  
4 implementation of opening 17. What we are hopeful  
5 that you will also walk away with is an understanding  
6 that this is a pretty exciting time for Harrah's  
7 Chester. And this represents the kickoff of a pretty  
8 dramatic revitalization of the property. I'm going to  
9 be handing the presentation to Ron Baumann, who's  
10 going to take you through some of the aspects of the  
11 revitalization program. We're going to kick over to  
12 Phil Khouri, who is going to address the slot specific  
13 elements of the program. And then we'll finish up  
14 with Ron.

15                   Two points. Not technically points of  
16 order but I'd like to at least very briefly address  
17 two issues. First is that through what I understand  
18 to be inadvertence, we did not receive the supplement  
19 filed by BIE until yesterday. And the purpose of the  
20 supplement was to submit the report of the financial  
21 investigation unit. We did however have a chance to  
22 review that report this morning. And we are quite  
23 comfortable it fairly and accurately reflects our  
24 numbers. The reason I even highlight that is because  
25 to the extent that there are any specific questions,

1 we would ask that you help us out with some pretty  
2 specific targeted direction, because we are not  
3 intimately familiar with the report.

4           The second point is a somewhat more  
5 somber one from my perspective. The report it turns  
6 out -- it's the subject of the report. The report  
7 itself represents a significant amount of effort of  
8 your financial investigation unit and some folks at  
9 Harrah's Chester. Unfortunately in the course of the  
10 preparation of that report, I'm afraid that through a  
11 --- I'll call it a confluence of circumstances, we  
12 have made their job more difficult than it needed to  
13 be. And I just wanted to express our apology to the  
14 folks at FIU for that process. We had some data  
15 retrievable issues and some --- along with what were  
16 some vacation issues, that made that effort a little  
17 more difficult. And certainly we are finding it  
18 critically important that we maintain a relationship  
19 with you and your units that we do. And I just wanted  
20 to continue to work cooperatively.

21           CHAIRMAN:

22           We'll pass that along, Mr. Downey.

23           MR. DOWNEY:

24           Appreciate it. With that, we'll hand it  
25 over to Ron to give us his view.



1                   MR. BAUMANN:

2                   Good morning. Ron Baumann,  
3 B-A-U-M-A-N-N, GM and senior VP at Harrah's Chester.  
4 I was the one on vacation during that time. Thank you  
5 for the time today. So, before we start going through  
6 the PowerPoint itself, Harrah's Chester I think  
7 everybody is familiar with. One of the first entries  
8 --- first casinos in the local bar, Friends and Parx  
9 in 2010. And the property represented at that point  
10 in time, a \$400 million investment on behalf of our  
11 company. And during that time it was basically us and  
12 Parx who owned the market, about 5,000 slot units or  
13 so.

14                   And as we sit here today, just listening  
15 to our friends in Valley Forge, looking ahead to 2012,  
16 we're to the point now where it's us and Valley Forge  
17 and Parx. Triple the size. And our good friends at  
18 SugarHouse. And some competitions to the south of us  
19 and our friends in Chester and Delaware Park and  
20 Maryland. And there's almost 9,000 slot units in the  
21 market currently. And we have certainly as a property  
22 seen our slot revenues challenged, since we opened in  
23 2007. 2008, really being the first full year. And  
24 our goal this year is really to change that.

25                   It is my job and the goal of our

1 organization to grow revenues. And to grow profit.  
2 And 2012 really marks a significant point in time for  
3 the property, in terms of how we're going to position  
4 ourselves. We are going to launch a significant ad  
5 campaign, which I can't get into in total details  
6 publicly. But it will happen in the month of April.  
7 That will completely talk about our property in a  
8 totally new way. That will consist of a marketing ad  
9 campaign, that is the most robust spin to our history  
10 of being here in Pennsylvania.

11           Two is we'll also be embarking on a  
12 completely new positioning, in terms of how we think  
13 about and how we present entertainment multi-market.  
14 That will also represent the most significant spend  
15 that we've ever had in our history. And so we're  
16 around a hundred percent increase, year over year.  
17 So, those two things are ahead of what I'm going to  
18 talk about today. But one is again it's all around  
19 involving our business models, invent ourselves  
20 differently. So, that we can now speak outside of our  
21 15 mile radius. I now speak more of a 30, 40 mile  
22 radius, in the way we approach the property.

23           The two points --- the two other points  
24 of our repositioning are about how we approach food  
25 and beverage and how we speak and how we approach our

1 slot product. And that's really what we're here today  
2 to talk about. Our goal is to improve the guest  
3 experience and grow revenues really by, A, positioning  
4 ourselves differently, presenting a food and beverage  
5 product in a very unique and different manner. And  
6 also having a very significant investment in slots.  
7 The slot investment that we'll have this year, again,  
8 will be the most significant investment we've had  
9 since we've opened the property, outside of obviously  
10 launching the table games. But it will be fairly,  
11 fairly significant. We're getting ready to spend  
12 about \$7 million on food and beverage. That does not  
13 count outside third-party restaurants that are coming  
14 that will bring their own capital. That spend is  
15 actually occurring right now. The first restaurant is  
16 under renovation and will be done around this time  
17 next year.

18                   Two, is we're also this year getting  
19 ready to have a significant spend in terms of slots,  
20 as we reposition the floor and reposition our slot  
21 product, we're also testing what that product is out  
22 on the floor.

23                   In order to do all this we need some  
24 space. We need to create some space. And that's what  
25 we're here to talk about today. We have a proposal in

1 front of you to reduce our unit account from 3,000 to  
2 2,800. And really for two reasons. One, is we have  
3 plenty of slots and we have plenty of opportunity in  
4 terms of supply versus demand. And Philippe will walk  
5 through how we look at that as a property, as an  
6 organization. And then lastly and most importantly,  
7 we need the space to present our stock product  
8 differently. And we need the space to expand our  
9 restaurant footprint and the accessibility of  
10 merchandising of those restaurants. The restaurant  
11 plan that I will walk you through in a second. And  
12 that about an 18 percent increase in seating capacity.  
13 And our restaurants, as most people know, are  
14 basically all on the eating floor. I also had to go  
15 outside the building, because there's not a lot of  
16 other places for us to go other than the gaming floor.  
17 So, those are the two reasons.

18                   From a food and beverage transformation  
19 perspective, we're going to spend the \$7 million again  
20 over about an 18 month period. If you're familiar  
21 with the property, we have a concept there called club  
22 cappuccino, was the original concept when the property  
23 first opened, back in '07. It was really all about  
24 slots. And now we're about other things and table  
25 games and slots and speaking different with the

1 customers. This restaurant actually is under  
2 renovation as we speak. It's scheduled to open up in  
3 the first week of April. And it will open up as a  
4 concept called Café Napoli, you see the rendering ---  
5 the picture there, a much, much different  
6 presentation.

7                   It's basically a concept that's surrounds  
8 from freshly prepared pastas and pizzas to sandwiches.  
9 It will also feature breakfast items in the morning,  
10 in a character that actually goes and does the pizza  
11 and the dough in front of you, and things of that  
12 nature. The seating capacity will double in terms of  
13 what we have today. It will go almost from 30 odd  
14 seats to a little bit over 60 seats. Not a lot in  
15 terms of seating, but it's a quick serve restaurant,  
16 so it will be a main feature. We've created a  
17 partnership with a restaurant sign company to design  
18 these concepts for us that we're very excited about.  
19 The company that we employed actually did the design  
20 work for Regatta and some of the new properties at  
21 Cosmopolitan, out in Las Vegas. Pretty high powerful  
22 concepts.

23                   The next project in terms of timeline  
24 that we're going to renovate is our Endzone sports  
25 bar. We would begin that project in the first week of

1 April, when the other outlet opens up. We're going to  
2 transform that into a concept called barleque  
3 (phonetic). Barleque is basically wood prepared,  
4 wood-fired grilled items and the best of southern  
5 barbeque. We've actually contracted with some of the,  
6 what we call the best pit masters from down south to  
7 create the recipes. And then it will also feature the  
8 bar, craft beers, local craft beers and other items  
9 will be the main serve restaurant. So, it will go  
10 from a sports bar with nachos, pretty much, to a more  
11 robust experience that guests can enjoy. It is a  
12 well-researched concept. And we're real, real excited  
13 about this one.

14                   Then the other one that will begin at  
15 some point towards the summer or latter part of the  
16 year is the buffet. We have the only buffet on the  
17 market. We're going to transform what we call  
18 Temptations buffet into a concept called the Heartland  
19 buffet. And re-concept each one of those stations.  
20 We're also going to drop a brand new outlet right in  
21 the middle of the buffet called Pub Burgers, so it can  
22 be a burger bar, if everyone is familiar with that,  
23 the term, very popular thing right now. The burger  
24 bar will be --- half the burger bar actually will be  
25 located inside the buffet. So, you can purchase it as

1 you enter the buffet. And the other half will be  
2 outside for retail purchase. So, quite a different  
3 concept. Again, all within that \$7 million investment  
4 that we're looking to make in our food and beverage  
5 outlets. That really is phase one.

6           Then we had put phase two on here.  
7 There's two other outlets. The Cove at Riverview that  
8 are outside gaming areas. That way what we'll also do  
9 an order wall. That won't have any impact on the  
10 Gaming Board since they're so far removed. We can  
11 easily renovate, re-concept and make them something  
12 special outside of encroaching on the gaming  
13 footprint.

14           So, again in order to do all that and  
15 evolve and create more compelling reasons for  
16 visitation, we have to have some space to do this.  
17 And my colleague, Philippe, will walk through in terms  
18 of how we look at slot and slot availability and  
19 occupancies and how we determine the amount of space  
20 that we can deploy to our means.

21           MR. KHOURI:

22           Thanks, Ron. Philippe Khouri, regional  
23 VP of slots, East and Midwest for Caesars  
24 Entertainment. Let me spell it. P-H-I-L-I-P-P-E.  
25 Last name Khouri, K-H-O-U-R-I. So, before you, you

1 have a chart showing average available units, as we  
2 looked at it June through December of 2011. And this  
3 is why we think we could do a 200 unit reduction  
4 without negatively impacting slot revenues. So, as  
5 you can see here throughout the days of the week, on  
6 average it's 77.5 percent of supply available during  
7 the week. And even during peak times, which we  
8 consider to be 4:00 p.m. to 2:00 a.m., even on a busy  
9 day like Saturday, there's still 54.9 percent supply  
10 available. So, definitely an abundance of supply.  
11 And even on the busiest hour of the busiest day, which  
12 I believe is November 5th, over this seven month  
13 period, there were still 600 available units when we  
14 looked at it during that hour, between 4:00 and 2:00.  
15 So, what does that information tell us?

16                   Well at Caesars we do a lot of  
17 optimization models to understand exactly, based upon  
18 occupancy, what the right floor count should be. And  
19 based upon all the studies we've done for Chester, the  
20 optimal slot count we see is 2,400. Now a risk  
21 adverse slot count, where we say we just want to be  
22 pretty conservative is 2,600. We're asking to go to  
23 2,800, which is extremely conservative. Because the  
24 industry average, if you look at the middle bullet  
25 point there, optimal target X occupancy is 70 percent,



1 is what we aim for. We do not want to go beyond 70  
2 percent. The industry average is 80 percent. But we  
3 take it very conservatively and say hey, we're fully  
4 occupied, if we can get 70 percent occupancy. And  
5 basically the reason we say 70 percent instead of 80  
6 percent or 90 percent or even 100 percent, because we  
7 feel that 70 percent, even though there are available  
8 slot units on the floor, our customers probably can't  
9 find the slot unit they want to play. So, that's why  
10 we limit ourselves to 70 percent.

11                   Just a couple of examples here. At  
12 Harrah's Resort you see peak volume occurred on August  
13 28th. The claim was \$26 million with 2,900 units.  
14 Chester's peak volume for a Saturday in 2011 was \$17  
15 million, on July 31st. So, Harrah's generated 150  
16 percent. Harrah's, when I say generated 150 percent  
17 more volume than Chester, with 100 less slot units.  
18 We do have other examples as well. Historically,  
19 we've looked at this for years and years. And we've  
20 seen an increased slot revenue in several of our  
21 jurisdictions that we operate in. Specifically Las  
22 Vegas. We took the Rio down from 2,200 to 1,250 slots  
23 over the course of a year and actually saw an  
24 increased slot revenue. At Harrah's St. Louis, which  
25 is a high frequency locals market, similar to Chester,

1 we had 3,200 slots. And we took that down over the  
2 course of about two years, down to 2,800 slots. And  
3 we actually saw an increase in annualized revenue, \$30  
4 million in slots. So, we've done this before where  
5 we've reduced floor sizes, and certainly have seen  
6 increased revenues.

7                   So, what does this do for us, if we're  
8 able to reduce slots? A few things. So, player  
9 comfort is of key concern. Most people like to play  
10 and win. We've done several analyses throughout the  
11 years and understand that smaller banks generally  
12 perform better premiums than larger banks. And that's  
13 generally because of the increased number of end  
14 positions. End positions being the units that are at  
15 the end of these banks. So, if you have a really long  
16 bank of 20 games, ten back to back, people generally  
17 don't like to play in the middle of those banks. They  
18 prefer to play on the aisles. And I generally see  
19 about a 15 percent increase in the length of play, the  
20 revenue for those units that are at the end of the  
21 aisles. So, our goal here is to create additional end  
22 spaces, after we reduce the number of units. And with  
23 that create better player comfort, and of course  
24 increase slot revenues.

25                   So, other things we look for when we're

1 trying to create larger aisles is better slot  
2 merchandising, trying to point our players to the  
3 games that are more popular. And give them better  
4 accessibility as well. And last but not least, with  
5 everything we're doing around food and beverage, we  
6 certainly do want to allow for better aisleways to get  
7 to the merchandise; the food and beverage aisle  
8 better. So, turn it back to Ron.

9 MR. BAUMANN:

10 If you're familiar with Harrah's, the  
11 Gaming Board, is a bit small. But it just shows each  
12 of the restaurants. One is actually a buffet. In the  
13 far upper left hand corner there, it shows where we'll  
14 put the burger bar and the space that's needed to get  
15 the buffet larger, so that impacts about 28 games.  
16 Location number two, any of the --- these are pictures  
17 that I thought this would be a good orientation on the  
18 macro level. Location number two is actually an  
19 expansion of our noodle bar. We're actually doubling  
20 the size of that outlet, too, where we're at capacity.  
21 That's about 41 games.

22 Location number three is actually just a  
23 pinch point on the property that we've had some of our  
24 guests access that we wanted fixed. Location number  
25 four, really that is our main aisleway into the

1 property. So, once you enter through security and you  
2 embark on that journey, I'll give you a picture of  
3 that. We have just severe congestion problems with  
4 that, and it creates some issues for us. Number five  
5 is the new Café Napoli restaurant. That is the most  
6 significant footprint expansion that we are doing.  
7 It's about 60 games. And location number six is  
8 creating the aisleways of the new barleque that we  
9 currently do not have. But again to give you a sense  
10 of orientation.

11                   What is on the front portion on the left  
12 hand side there these are both to equal scale. You  
13 can see as you enter the main portion of the casino  
14 there what it currently looks like on the left.  
15 That's a main aisleway going down the middle. It is  
16 less than four feet for a main aisle which is very,  
17 very small. The two bar lines going vertical to the  
18 restaurant, that actually is the restaurant. I mean  
19 you can see there's --- you can't even tell there's a  
20 restaurant there to be honest. So, on the right hand  
21 side, when we get done with the renovations, what that  
22 will look like is a much more clearly delineated  
23 aisle, so that people can traverse the gaming floor,  
24 get into the restaurant. Gives us merchandising  
25 opportunities for the restaurant. It gives us a much

1 easier ways to deal with smoking, nonsmoking issue.  
2 The bigger the aisleways, the easier it is to break  
3 those two apart. And that issue gives you the sense  
4 there.

5           Some of the --- what does it really,  
6 really look like, this is the noodle bar. So,  
7 actually the noodle bar is actually behind those  
8 curtains. So, you can't even see that we have a  
9 restaurant back there. So, we're actually --- that  
10 bank of slots there with the red dotted line, those  
11 slots will come out, and that all becomes a  
12 restaurant. The entry to the restaurant now becomes  
13 upfront, the way it should. And then actually, it's  
14 hard to see here, but there's an aisle right there.  
15 So, you're walking down the entry to the restaurant  
16 would be the aisle that's not behind the gaming area.  
17 This actually is a shot, if you walk into the casino,  
18 of what our main aisleway looks like. So, if you  
19 could see two people walking fills the aisle. That's  
20 two. And I made sure they were of average weight.  
21 But you can see that two people walking in the aisle,  
22 the aisle is full. So, you can't even go north and  
23 south. And what we're specifically looking to do is  
24 to --- we're going to take out two units to the left  
25 and now you basically have a ten foot aisle, which is

1 the way it should be. And again egress congestion, it  
2 makes it a lot easier for us to separate smoking,  
3 nonsmoking. It's far better for the guests in terms  
4 of than having to get in and out from an egress  
5 standpoint.

6           Again, this is the current restaurant.  
7 And as you can see there's --- that actually is the  
8 entries, if you're going like this. There is no clear  
9 entry to get to the restaurant. When we're done  
10 renovating this, the facade comes out more. There is  
11 actually a pronounced merchandising, a front to the  
12 restaurant. We simply take those banking games and  
13 now create an aisleway, a place for guests to queue.  
14 Apparently when they queue up, they queue up against  
15 people playing slots. And these slots around --- some  
16 of these entries are some of the worst performing  
17 slots that we have. Mainly because individuals are up  
18 against the back of your neck and they have nowhere  
19 else to go.

20           So, again, we --- this is about  
21 repositioning the property and growing our revenues.  
22 This is not anything other than that. And it's a  
23 chance for us to really, really, really take a moment  
24 in time and change what Harrah's Chester is. I wish I  
25 was in a position to show you the ad campaign, because

1 I think it will open up some eyes. But I certainly  
2 can't do that with good competition around. We have  
3 plenty, plenty, plenty of slots. We take a very  
4 conservative approach to, you know, slot unit  
5 reduction.

6           Again, we're about growing revenues, not  
7 about declining revenues. This gives us a chance to  
8 really evolve the business model of Harrah's Chester.  
9 Just going from this local type place, where you stop  
10 and play for a half hour, to something much more  
11 grandiose. The new layouts will not only allow us to  
12 put in restaurants, but it creates the overall  
13 experience, I'm a slot player or a restaurant player.  
14 Increasingly to play, increase visitation to the  
15 property. All things that we will --- we strongly  
16 believe will help grow the revenues and the  
17 petitioning of the property. And again this about  
18 growing, it's not about a costs savings exercise. We  
19 save very, very little on electric. May 150 per year  
20 for the slots or something like that. This is about  
21 growing revenues.

22                   ATTORNEY MILLER:

23           Mr. Chairman, I'd just direct one  
24 question to Ron. And Ron, I think you glanced off  
25 this issue a couple of times. But I'd like to ask

1 specifically, is it your testimony that expansion of  
2 the restaurant program and a more robust restaurant  
3 offering is anticipated to offer extended play and  
4 extended length of visitation?

5 MR. BAUMANN:

6 Yeah. I think we're looking for it to do  
7 two things. One is create a compelling reason for  
8 individuals to visit that we currently don't see. So,  
9 one is for acquisition. And then two is to increase  
10 the length of play of current gamers.

11 ATTORNEY MILLER:

12 Thank you.

13 ATTORNEY HAYES:

14 Mr. Chairman, other than moving the  
15 PowerPoint into the record, we have nothing further.

16 CHAIRMAN:

17 Okay. It may be admitted. Does  
18 Enforcement Counsel have any questions?

19 ATTORNEY MILLER:

20 Mr. Chairman, we don't have any  
21 questions. But we would like to say that we have  
22 reviewed the petition. We have had our financial  
23 investigations unit, as you know, reviewed each  
24 individual slot machine, and its projected revenue ---  
25 actually its actual revenue. Based on our review,



1 based on our financial investigation unit review, we  
2 have no objection to the proposal. However, if the  
3 Board wishes to see fit to allow this, we have, I  
4 believe, 14 conditions, which we've attached as part  
5 of our answer, that we'd request the Board visits.  
6 Thank you.

7 CHAIRMAN:

8 Does the Board have any questions of  
9 Chester Downs? Go ahead, Gary.

10 MR. SOJKA:

11 Yes. And Mr. Chairman, you may take me  
12 into the woodshed after this meeting, because I  
13 realize --- I fully understand the nature of what  
14 you're trying to do, and surprisingly I may not have  
15 the usual set of questions. But I am truly concerned  
16 about something. I really am about this presentation.  
17 And I would remind you of the obvious which you are a  
18 Category 1 facility in Pennsylvania.

19 You are making significant changes.  
20 You're moving people in different ways. You're doing  
21 what looks to me like very attractive restaurants and  
22 whatnot. But it seems to me you are overlooking again  
23 one of what we think should be one of your great  
24 assets. You are a racing facility. You have  
25 beautiful river views. You are going to have a river

1 view restaurant, which I understand you didn't want to  
2 talk about, because it's not on the gaming floor. But  
3 I'm hoping you're going to take great advantage of the  
4 situation there. But we could break down my concerns  
5 about the Category 1 issue, maybe by going  
6 specifically into a couple of the things. Are any of  
7 the Gaming Board restaurants going to take advantage  
8 of either the views of the track, the theme of the  
9 casino, or the pair of mutual opportunities?

10 MR. BAUMANN:

11 The answer would be yes. Barleque takes  
12 advantage of the racetrack. And actually the entire  
13 east side of the restaurant windows are open and  
14 overlook the track and the grandstand area. And that  
15 will continue to be a leverage point and reason for  
16 visitation of that restaurant.

17 Two is although we didn't put it in here  
18 today, that the third-party operator that is coming  
19 out of Philadelphia is going to be located on the  
20 racing level. And that will be an iconic name that  
21 everybody recognizes, to drive traffic down to that  
22 level. And that race level which we expect levels  
23 where poker is simulcast, and then the entry to the  
24 grandstand is. That individual will also have a  
25 window outside that services racing. So, the racing

1 fan not only will have an iconic restaurant located on  
2 that level, but there is actually an outdoor component  
3 to it that serves --- on the grandstand level.

4           Thirdly, although we didn't --- you  
5 pointed out about the river view, there is a grandiose  
6 plan for that that has not only a difference in the  
7 Cove restaurant for upstairs, but repurposes that  
8 space to be more, let's say, event focused to drive  
9 traffic. And that traffic will benefit both the  
10 racing, all four of the --- of gaming. And then  
11 lastly what I have preserved is our entertainment plan  
12 will leverage the unique assets that racing offers us.

13           MR. SOJKA:

14           Good. Those are all the things I was  
15 hoping to hear you say. Can I bore on down a little  
16 bit more, too, on the sports bar.

17           MR. BAUMANN:

18           Uh-huh (yes).

19           MR. SOJKA:

20           You will have television sets?

21           MR. BAUMANN:

22           Uh-huh (yes).

23           MR. SOJKA:

24           Will have a theme?

25           MR. BAUMANN?:

1 Uh-huh (yes).

2 MR. SOJKA:

3 Will this take advantage of your live  
4 racing program? Will you show your own races in the  
5 sports bar, for example? Is there a problem with that  
6 or is that a positive or ---?

7 MR. BAUMANN:

8 No, it is a positive. And to punctuate  
9 that point, we recently just put in the past three  
10 months a betting station inside that restaurant.

11 MR. SOJKA:

12 You jumped ahead of my other question.  
13 Pari-mutuel activities.

14 MR. BAUMANN:

15 So, that's already there. And we will  
16 continue to offer more ways for individuals to either  
17 enjoy racing as a casual fan or as somebody who wants  
18 to wager on the race. And that has already begun.

19 MR. SOJKA:

20 Okay. That's good. Again, you're making  
21 it sound as if I was preaching to the already  
22 converted, and that's good. Okay. One final  
23 question, and that is to our slots expert, because we  
24 are always going to him --- Mr. Ginty is always trying  
25 to get a sense on industry standards and whatnot. And

1 you gave us some very interesting data today. You  
2 gave us several examples where your large organization  
3 has shrunk the size of slot opportunity and has  
4 actually increased revenue. Is that top line growth  
5 or is that net after you subtract out the expenses  
6 that you recoup by shrinking the area?

7 MR. KHOURI:

8 Philippe Khouri. That's strictly top  
9 line. That's strictly top line.

10 MR. SOJKA:

11 Strictly top line. So, it's even a  
12 bigger number than --- because you'll also have fewer  
13 expenses?

14 MR. KHOURI:

15 Correct. Especially if he reviews what  
16 are referred to as participation of these games in  
17 your reduction.

18 MR. SOJKA:

19 Thank you, Mr. Chairman, I thank you for  
20 your forbearance.

21 CHAIRMAN:

22 No problem. Anyone else, from the Board  
23 floor? Ex-officio members? All right. Thank you,  
24 gentlemen. This matter is now closed. The Board will  
25 recess for a few minutes and consider the matters we

1 have just heard in executive session. We will be  
2 back, let's say at noon. Okay. We are recessed.  
3 Thank you all.

4 \* \* \* \* \*

5 HEARING CONCLUDED

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10 CERTIFICATE

11 I hereby certify that the foregoing  
12 proceedings, hearing held before Chairman Ryan, was  
13 reported by me on 02/08/2012 and that I Joshua Lee  
14 Hess read this transcript and that I attest that this  
15 transcript is a true and accurate record of the  
16 proceeding.

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19 Court Reporter

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