

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

* * * * *

IN RE: CATEGORY 1 LICENSE RENEWAL OF WASHINGTON
TROTTHING ASSOCIATION (THE MEADOWS CASINO)

* * * * *

PUBLIC HEARING

* * * * *

BEFORE: DAVID M. BARASCH, CHAIRMAN
Gregory C. Fajt; Richard G. Jewell; Keith
R. McCall; Anthony C. Moscato; William H.
Ryan, Jr.; David W. Woods; Members
Fred Strathmeyer, Jr., representing Russell
Redding, Secretary of Agriculture
Jennifer Langan, representing Timothy
Reese, State Treasurer;
Robert P. Coyne, representing Eileen H.
McNulty, Secretary of Revenue

HEARING: March 30, 2016

Reporter: Corey Elizabeth Summers

Any reproduction of this transcript
is prohibited without authorization
by the certifying agency.

LOCATION: Pennsylvania Gaming Control Board
Strawberry Square Complex, Suite 261
Harrisburg, PA 17101

WITNESSES: Guy Hillyer, Sean Sullivan, Mike Keelon

A P P E A R A N C E S

1

2

3 OFFICE OF CHIEF COUNSEL

4 R. DOUGLAS SHERMAN, ESQUIRE

5 Chief Counsel

6 STEPHEN S. COOK, ESQUIRE

7 Deputy Chief Counsel

8 SUSAN YOKUM, ESQUIRE

9 Assistant Chief Counsel

10 DENISE MILLER-TSHUDY, ESQUIRE

11 Assistant Chief Counsel

12

13 OFFICE OF ENFORCEMENT COUNSEL

14 CYRUS R. PITRE, ESQUIRE

15 Chief Enforcement Counsel

16 CARMELIA ESTRIPLET, ESQUIRE

17 Assistant Enforcement Counsel

18 DUSTIN L. MILLER, ESQUIRE

19 Assistant Enforcement Counsel

20 CASSANDRA L. FENSTERMAKER, ESQUIRE

21 Assistant Enforcement Counsel

22 KIM ADAMS, ESQUIRE

23 Assistant Enforcement Counsel

24 JOHN CROHE, ESQUIRE

25 Assistant Enforcement Counsel

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

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

GLEN A. STUART, ESQUIRE

Senior Enforcement Counsel

DAVID TEPPER, ESQUIRE

Assistant Enforcement Counsel

PA Gaming Control Board

P.O. Box 69060

Harrisburg, PA 17106-9060

Counsel for the Pennsylvania Gaming Control Board

MARIE J. JONES, ESQUIRE

Fox Rothschild, LLP

Midtown Building

Suite 400

1301 Atlantic Avenue

Atlantic City, NJ 08401-7212

Counsel for The Meadows

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

2

3 MARK S. STEWART, ESQUIRE

4 Eckert, Seamans, Cherin & Mellott, LLC

5 213 Market Street

6 8th Floor

7 Harrisburg, PA 17101

8 Counsel for Greenwood Gaming and Entertainment,

9 Inc. and Downs Racing

10

11 BRYAN P. SCHROEDER, ESQUIRE

12 Greenwood Gaming Services Company

13 2999 Street Road

14 P.O. Box 1000

15 Bensalem, PA 19020

16 Counsel for Greenwood Gaming and Entertainment,

17 Inc. and Downs Racing

18

19

20

21

22

23

24

25

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

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

WILLIAM J. DOWNEY, III, ESQUIRE

Fox Rothschild, LLP

Midtown Building

Suite 400

1301 Atlantic Avenue

Atlantic City, NJ 08401-7212

Counsel for Chester Downs and Marina, LLC

MICHAEL D. FABIOUS, ESQUIRE

Ballard Spahr, LLP

1735 Market Street

51st Floor

Philadelphia, PA 19103-7599

Counsel for Valley Forge Convention Center

Partners, LP

I N D E X

1		
2		
3	OPENING REMARKS	
4	By Chairman	8 - 9
5	PRESENTATION	
6	By Attorney Jones	9
7	By Mr. Sullivan	9 - 25
8	QUESTIONS	
9	By Attorney Estriplet	26 - 29
10	QUESTIONS BY BOARD	29 - 45
11	PRESENTATION	
12	By Attorney Estriplet	45 - 46
13	CLOSING REMARKS	
14	By Chairman	47
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

P R O C E E D I N G S

1

2

3

CHAIRMAN:

4

5

6

7

8

9

10

11

12

13

14

15

ATTORNEY JONES:

16

17

18

19

20

21

22

23

24

CHAIRMAN:

25

If the three potential witnesses would

1 please stand to be sworn?

2 -----

3 WITNESSES SWORN EN MASSE

4 -----

5 CHAIRMAN:

6 You may proceed.

7 ATTORNEY JONES:

8 Good morning again. We are pleased to
9 be here after ten years. It surprised me when I
10 realized when we went to do this renewal that it's
11 been that long. It seems like yesterday we were
12 before the Board with the initial Application
13 indicating what we anticipated The Meadows would be
14 able to do. We're pleased to say that you will see in
15 the PowerPoint that Mr. Sullivan will give in a second
16 that The Meadows has succeeded, and we continue to
17 operate and look forward to the future in the
18 Commonwealth.

19 And with those brief opening remarks,
20 I'm going to turn it over to Sean to proceed with the
21 PowerPoint.

22 CHAIRMAN:

23 Thank you.

24 MR. SULLIVAN:

25 Thank you, Commissioners, Chairman,

1 Officio Members and Members of the Gaming Control
2 Board. It's a pleasure to come before you and discuss
3 The Meadows, a look at our history, our most recent
4 past and share some, we think, formidable numbers with
5 you and ideas. And as Marie says, it's been a while,
6 but as Bill Paulos would say if he was here, promises
7 made, promises kept.

8 So, we're proud to be able to present
9 this to you today. Just looking at our presentation
10 --- a lot of visuals, but this picture here, the first
11 slide after the introduction --- or the cover page,
12 shows you just a short period of time ago what
13 Racetrack Road looked like. There wasn't a lot of
14 development. There was basically a track. Things
15 that weren't there are exhibited on the next page, and
16 this is some of it, some of the more influential
17 projects.

18 We have the Tanger Outlet Mall that
19 showed up. Back in the '70s, we had 138 hotel rooms
20 in the area. Now, we have over 1,600 rooms in the
21 area, 1,000 of them on Racetrack Road alone. There's
22 been residential development, some small things there.
23 If you squint, you can see we opened up a new Hyatt
24 Hotel, part of our campus --- we refer to it as our
25 campus, 150-acre campus. A 150-room Hyatt opened June

1 of last year.

2 The Street project has 93 residential
3 apartments, as well as retail, three restaurants
4 currently opening, and more development coming in
5 every day. The right-hand corner is an exciting
6 project that's putting in more apartments and
7 restaurants and everything. So, Racetrack Road in
8 Washington County, specifically North Strabane, has
9 really benefited as a partnership.

10 And The Meadows, we'd like to think
11 we're the economic engine that brings this forward and
12 has produced the numbers that I'll share with you.
13 Here's a picture looking at the old track days. As
14 you guys know, racing is a challenging program, a
15 challenging product, but we're proud to have it. We
16 work very closely with the Commission. We work
17 closely with our MSOA, our horse owners, and we have a
18 great partnership with them.

19 This grandstand photo here, that's gone.
20 The Meadows is where that is now, which is exhibited
21 on the next page. And again, we've developed quite a
22 campus there. It was originally 170 acres, I believe.
23 We've shared some of that acreage with the Hyatt
24 project and the Street project, so we're closer to 150
25 acres. And we've got an approximately a \$700 million

1 investment there, so quite substantial.

2 Again, this is a front view, parking,
3 the building itself, two parking garages on the right
4 side. In the back is our backside area, where we just
5 recently spent \$11 million upgrading the entire
6 experience. This just shows you a couple of quick
7 snapshots of what The Meadows is. We have a
8 five-eighths mile harness racing track. We race 186
9 days this year, over 2,600 races.

10 And again, a proud relationship with our
11 track. We believe it helps dramatically in our brand
12 of safety and security and comfort. We have 1,000
13 seats in what we'll call dining facilities. The
14 Bistecca Steakhouse is our upper scale experience.
15 That's a lease relationship, another partner, if you
16 will, in our project. And then we have the Carvery
17 and food court and so on.

18 The casino is, at this particular time,
19 3,173 slot machines, 6 game tables, 14 poker tables
20 and quite an impressive high limit attention, VIP
21 attention. We do a lot of high roller stuff; you
22 know? They used to call them the whales. We live and
23 die a lot in table games with really heavy betters.
24 Sometimes it drives you batty, but when you win, you
25 win, so it's good news. But entertainment --- we

1 primarily have outdoor facilities.

2 We do have a headliner showroom, kind of
3 a Las Vegas lounge. We have bowling, 24 lanes. Four
4 of those are private. We have a VIP --- or our Vibe
5 Lounge, which is our center bar, a cigar bar and we
6 just put up a sizable 8,000-square foot tent for this
7 year, starting in March going through October. So,
8 we'll have our boxing and our MMA kickboxing, some
9 concerts I'll share with you momentarily, but a quite
10 impressive property. And then our big feature is our
11 outdoor concerts. I'll show you in a few slides who
12 we've had and who's coming up.

13 Again, harness racing --- a legendary
14 track. It started in 1963, an expensive operation,
15 but we're committed to it. It's the reason we're
16 there. We're proud of it, and we believe it adds
17 greatly to our guest experience. A couple of the
18 benefits is 132 related jobs racing, 1,500 horsemen
19 and not mentioned is the breeders and the things that
20 support racing that you'll find. \$130,000 average
21 daily persons, up from \$47,000 in 2003.

22 A couple of little stats here on
23 property tax and so on, payer mutual, \$4.5 million
24 towards horseman purses. So, an active program at The
25 Meadows, as you can see there. All our restaurants

1 are oriented to look out on the track, so we share the
2 track. Whether you wager on horses or not, you're
3 going to experience horses when you come to The
4 Meadows.

5 Here's an aerial view of our backside
6 improvements. We built six brand new barns. The
7 horses are very happy. They have all new facilities.
8 It's safer. We have a video system in there, a fire
9 suppression system. We've really, I believe, done a
10 good job at preparing one of the most impressive
11 backsides in the country. Smiling horses here, an
12 example of the barns, well done, well put together.
13 And that project of \$11 million that started, you
14 know, seven to nine years ago ---

15 CHAIRMAN:

16 Yeah.

17 MR. SULLIVAN:

18 --- has just finished, actually, in the
19 last month. We have our 50th year anniversary of the
20 Adios, impressive race. The one race alone, the main
21 race, Pace For The Orchids, a \$500,000 purse. So, as
22 I mentioned, a great brand for us, a great cultural
23 recognition. We have legendary guys, some of the
24 personalities. Dave Palone, he owns the world record
25 for winningest driver in harness racing. At the time

1 he broke the record in 2014 November, 16,754 wins.
2 He's now up over 17,400 wins. His home track is The
3 Meadows. He races elsewhere, but he's at The Meadows
4 day in and day out.

5 Ron Burton, North American trainer,
6 record, \$28 million he's made in the racing business.
7 It's not easy to do. I mean, he's got it down to a
8 science and does well with it.

9 And then we're really proud of Roger
10 Huston. He's been at The Meadows over 40 years, I
11 believe. And he's in the Hall of Fame for announcers
12 and so on, but a great guy. Still comes up every day
13 to work, announces our racing and gives it quite a
14 brand in itself.

15 Triple Crown events are really big for
16 us. We do Kentucky Derby, Preakness, Belmont.
17 Obviously, if the horse keeps winning, you know, each
18 race is exciting. The Kentucky Derby is a slam dunk.

19 It'll be crazy packed. This is a picture of last
20 year's, I believe, or the year before's Kentucky
21 Derby.

22 We show it live, and we also race live
23 on those days. So, we're constantly trying to keep
24 racing front and center with our guests to help us
25 generate the revenues necessary to make sense out of

1 this operation. But Belmont is a big one. Adios is a
2 big one, and Preakness is a big one.

3 We also do, as I mentioned earlier,
4 concerts outdoors. This is a snapshot of --- I think
5 it might be Willie Nelson; I'm not sure. But a couple
6 of the artists that we've had out there; Patti
7 LaBelle, Smokey Robinson, the Beach Boys, Huey Lewis
8 and the News, Willie, Larry the Cable Guy, Joan
9 Rivers. This year coming up, we have John Fogerty,
10 who was the legendary singer with Creedence
11 Clearwater. We have Kool and the Gang. We have some
12 other events out there as well with the community. We
13 have, of all things, a Pittsburgh food truck festival
14 where there's 27 food trucks. We have the Corks and
15 Kegs, so there's a lot of things that happen in the
16 summer on our racetrack.

17 As I mentioned, we also have a tent,
18 about 8,000 square feet. We do things, smaller
19 concerts. We do boxing. We have three dates next
20 week, April 9th. They're right around the corner.
21 April 9th, we have the Karpency Brothers, who are
22 local fighters in our region, and they put together a
23 great card. We also do King of the Cage out there,
24 the MMA stuff. We have three of those events.

25 There's always something going on at The

1 Meadows to fulfill our entertainment destination
2 positioning, so exciting things going on.

3 As I mentioned, the Hyatt place opened
4 recently, June of last year, 155 rooms. There's a
5 connecting walkway to The Meadows, so it's not our
6 property. We don't own it. We sold them the four
7 acres that they built it on, but it acts like our
8 property. It is our closest property, and it's part
9 of our campus. They have a place called the Parlay
10 Lounge, a very nice property, for sure the top in the
11 area.

12 Here's just that accelerated growth.
13 You see that arrow on your left, the room growth up to
14 1,600 rooms in the nearby area. Hotel tax going from
15 under a million to a million seven last year. A
16 little bit of softening with the gas and oil business
17 out there, so a million six in 2015.

18 But exciting stuff. And I think if
19 there's anything we take pride in, it's about being
20 the anchor tenant, if you will, in our mall area. You
21 know, the economic engine that allows jobs in hotels,
22 allows jobs in other places, restaurants and so on and
23 so forth. So, a really nice graph here of increasing
24 opportunities.

25 Part of that conversation is we sold

1 about eight acres to a local developer, and he built
2 what's called the Street at The Meadows. Again, not
3 our project, but 50,000 square foot of retail, 93
4 luxury apartments, restaurants. These are already
5 open; Primanti Brothers, Markook Mediterranean,
6 Buford's Kitchen, the Great Clips haircut. They're
7 filling in the retail as we speak, but again, another
8 part of our campus and another attraction to get
9 people to The Meadows to come out and visit and so on.

10 In the last shoot, maybe three years ---
11 this is just a snapshot of what's happened on the
12 campus, and we refer to the campus --- the minute you
13 turn off Racetrack Road then you're on Meadows
14 entrance road. We call that our campus. So, the
15 casino, we put a substantial amount of money, six and
16 a half million in slot machines.

17 We built a new poker room. We upped the
18 ante in our high limit experiences and our Adios
19 Lounge. Just finished a brand new surveillance system
20 in December, have HD capability. And we're no longer
21 dependent upon the analog, and some of the things that
22 were pretty scary as things get older and antiquated
23 in trying to find parts for. So, we're out of the
24 woods on that. Casino carpet, all of these things you
25 can see.

1 Entertainment venues, we added a parking
2 garage. It's been a few years, but it's all, you
3 know, relatively recent. And then \$25 million
4 invested in the Street project --- not our money, but
5 again, part of our campus. And then the hotel, give
6 or take \$25 million. We did pay for the walkway,
7 \$750,000. The most expensive walkway I've ever seen
8 in my life, but it works. People enjoy it.

9 Kind of a 30,000 foot look --- and we're
10 proud of this. You know, The Meadows has basically,
11 through 2015, gross terminal revenues of over \$2
12 billion. A 61 percent net effect of that goes towards
13 property tax relief, race horse development and so on,
14 purse enhancements. So, just over two --- \$1.25
15 billion, and then there's a little bit of a listing of
16 where those --- that \$1.25 million goes.

17 Commonwealth property tax, race horse
18 development fund, local share ---. It's nice to put
19 those local share monies out there. You see a lot of
20 projects that have nothing to do with casinos that are
21 really good for communities along the river, the
22 Monongahela area and areas that need help. So, again,
23 proud to be a partner in that.

24 Table games started in July of 2010, so
25 not the numbers you see in slots. But again, \$179

1 million in revenues and dispersed in this manner.
2 About 45.6 percent of that includes the initial gaming
3 licensing fee of 16 and a half million when we
4 started, but a lot of money going to help worthy
5 causes.

6 Again, another thing that we're
7 extremely proud of is our family of employees. We
8 have, give or take at any given time, 1,300 employees.
9 We coined the term, you know, family-sustaining jobs.
10 When you look at what they're getting paid, the
11 benefits they get, the tips they get and so on, the
12 average is in the ballpark of \$44,000. And again,
13 that doesn't include tips. There's 52 percent of our
14 employees that, on top of that, get tips.

15 An example is a dealer who's getting
16 paid --- and nobody gets paid less than minimum wage
17 at The Meadows. But a dealer who --- our lowest wage
18 is \$7.85 --- is making \$27 an hour when you take into
19 consideration gratuities. You know, so they're doing
20 well, and more power to them. And they're smiling
21 because of it, so we're happy to provide this.

22 Our benefits cost --- interestingly,
23 this year, we budgeted a 15, almost 16 percent
24 increase, a million five in incremental benefit costs
25 this year alone. And the owners, Bill Paulos, Bill

1 Wortman, took that burden on themselves. There's no
2 passing any of that cost to the employees. They get
3 the same benefits, and the company paid a million
4 five, which is --- it makes a position like mine
5 really rewarding.

6 Some other things in here. We give free
7 meals daily to our employees. Again, a good package
8 of medical benefits, free dental, free vision. We
9 have a 401(k) contribution. We have paid vacation.
10 We pay for their gaming licenses. So, in the area, I
11 would hold us up to anybody. I know some of our
12 competitors don't pay minimum wage. They use tip
13 compensation to get to above minimum wage. The Bill,
14 many of you have talked to him. He wouldn't sleep at
15 night if he had to do that. So, we're proud to be a
16 part of that.

17 And then we believe that there's a
18 variable or a multiplication of our payroll, which is
19 \$52 million a year, \$53 million this year.

20 MR. HILLYER:

21 520.

22 MR. SULLIVAN:

23 Well, \$53 million times the economic
24 factor for what it does in the region with those wages
25 being spent gets you up to \$520 million, give or take,

1 for economic improvements in the area, if you will.

2 Diversity, we're proud of this. Mike
3 Keelon down here keeps us in perfect alignment here.
4 We are good with our community, Washington County.
5 From a gender perspective, 49 percent of our workforce
6 is female, just slightly below what Washington
7 County's average is. Our management team is just
8 about 39 percent female. We're proud of that.
9 Minority, 5.2 percent. The county is only 5.1
10 percent, so we're in keeping with that. Our
11 management team is 7 and a half percent considered
12 minority, so we're above the average there.

13 Residency, another good one. Everybody
14 lives in our region in Pennsylvania. Yes, we have a
15 couple that drive over from Ohio, but 92 percent live
16 in Pennsylvania, so it is, indeed, benefitting
17 Pennsylvania residents. We're conscious of and we
18 record our Meebee-Weebie vendors. We do well there.
19 We report that each month, each quarter, and we're
20 proud to be a part of that. So, diversity, we're in
21 pretty good shape.

22 Training, committed to training across
23 all boards. I like the fact that we're thought of as
24 a good compliant company. Yes, we have curve balls.
25 Yes, a minor sneaks in. Yes, a self-excluded,

1 whatever, but they're few and far between. And
2 everybody is on their tippy-toes looking for that
3 stuff. I mean, it's amazing, because we're in a local
4 casino, how many people know each other. So, slot
5 attendants, table games people point out self-excluded
6 people because they know them. So, it's a good
7 environment where people are doing their darnedest to
8 make sure we're constantly in compliance. And it's
9 due to part --- this training, this type of training.

10 Community relations --- we have
11 neighborhood partners. People can earn points by
12 playing on our slot machines, and they can get gift
13 cards or credit at these retailers, and there's many
14 more. But nearly \$5 million has been spent at
15 neighborhood stores, neighborhood retailers,
16 restaurants, and so on by playing slots at The
17 Meadows. So, we like that, and we're proud of that.
18 It's a fundamental program that CCR does, and it's
19 been very beneficial. Our neighbors didn't get put
20 out of business. Their business actually improved in
21 the area, so proud of that.

22 Community relations, we keep a strong
23 eye towards those that need various contributions.
24 This is a listing of those. We're just under \$2
25 million in that area. It's rewarding to be able to

1 help the food bank and the Washington Women's Shelter
2 and so on, so we do that aggressively. We also
3 started --- I guess about a year ago where we have
4 Tito boxes at the entrances of our property, and we
5 pick a quarter, a worthwhile charity --- and this is
6 impressive. The customers, when they have their ---
7 in the old days, it'd be considered change; you know?
8 They didn't want to take their change with them.
9 They'd put it in a charitable ---. Here, it's Titos.
10 So we collect Titos at our entrances. And each
11 quarter, we're giving away approximately \$6,000 per
12 box on average to these worthwhile charities, but it's
13 really not even The Meadows. It's the customers of
14 The Meadows, so it's double impressive, in my book, as
15 the customers are putting in their dollar Tito. They
16 don't want to worry about cashing it out. They'll
17 drop it in the box, you know? Then, there'll be cash
18 in the box sometimes. So, this is really fun, to be
19 able to work with the various local charities.

20 We're committed to compulsive and
21 problem gambling. Mike Keelon is our chief steward on
22 this and works well with the Control Board. And we
23 try to do our very best when it comes to minors, self-
24 excluded, serving and all the regulatory, you know,
25 environment that we're in. So, we're proud of our

1 record on that. Obviously, there's always
2 opportunity, but we'll hold ourselves up against
3 anybody.

4 So, in summary, as Bill Paulos would
5 tell you if he was here --- actually, he just got a
6 back operation, so he couldn't be here. Promises
7 made, promises kept. And I think we're accurate in
8 that statement. The Meadows management team,
9 ownership are deeply committed to the partnership with
10 our horsemen, with the Pennsylvania Gaming Control
11 Board, our Commonwealth and our community. It's
12 really a good relationship.

13 And then, of course, a couple of
14 highlights of what we just reviewed, so a quick run-
15 through. Hopefully, that gives you a general
16 perspective, and if there's any questions or comments?

17 ATTORNEY JONES:

18 Thank you, Sean. I'd like to move the
19 PowerPoint into evidence.

20 ATTORNEY ESTRIPLET:

21 No objection.

22 CHAIRMAN:

23 Is that the end of your initial
24 presentation?

25 ATTORNEY JONES:

1 Yes, we're ---.

2 CHAIRMAN:

3 Questions or comments from Enforcement
4 Counsel?

5 ATTORNEY ESTRIPLET:

6 Good morning, Chairman Barasch,
7 Commissioners. Carmelia Estriplet for the Office of
8 Enforcement Counsel (OEC). Just a few questions for
9 Meadows.

10 Turning to the Hyatt Place hotel in
11 slide 17, you mentioned that there's a bridge between
12 the casino and the hotel. What kind of efforts do you
13 do to keep underage and excluded patrons, and has that
14 been an issue since that bridge opened?

15 MR. SULLIVAN:

16 You know, it hasn't been. The bridge is
17 a pedestrian bridge, and it's directly from the fourth
18 floor of the hotel to our parking garage. So, really,
19 it's not a direct entrance into the casino. They
20 still have to come through, in this case, our parking
21 garage. And every entrance, of course, as you know,
22 is secured with scanners, officers ---. So, it really
23 hasn't made any difference whatsoever.

24 And if anything, it gives us a partner
25 that can explain to families that check into the hotel

1 that kids are not allowed into the casino, so we're
2 hitting them really early in their journey. And it's
3 not necessarily a kids' experience. It's more a
4 business traveler and elderly folks.

5 MR. KEELON:

6 And there's surveillance.

7 MR. SULLIVAN:

8 And there's surveillance all along the
9 way, cameras and so on. So, we haven't had any
10 additional burden because of that.

11 ATTORNEY ESTRIPLET:

12 Has there been a significant change to
13 the number of employees since the public input hearing
14 in June of 2015?

15 MR. SULLIVAN:

16 No. We're in that region of 13. I
17 mean, during the summer when we get into our special
18 events, seating and so on, that'll go up a little bit.
19 In the winter, it'll go down a little bit. But Mike,
20 I think we ---.

21 MR. KEELON:

22 It's consistent.

23 MR. SULLIVAN:

24 Yeah. Thirteen (13) has been the number
25 for a long time.

1 ATTORNEY ESTRIPLET:

2 And you mentioned that you have tip
3 eligible employees. Are employees also eligible for
4 bonuses?

5 MR. SULLIVAN:

6 There's a bonus pool, which consists of
7 maybe 25 people, key management positions,
8 discretionary bonus put together by the owners and by
9 corporate offices related to property performance,
10 overall company performance and so on. The employees
11 get an annual longevity check based on how long
12 they've been there. So, it could be 50 bucks if they
13 were there one year, \$250 if they've been there
14 longer. They get their annual Giant Eagle gift cards
15 for turkeys and Christmases and those types of things.

16 But the only real bonus pool is that
17 upper level management group, if you will. Then, now,
18 there's commissions for hosts who bring in players and
19 a function of that, but no.

20 ATTORNEY ESTRIPLET:

21 And with regard to your community
22 involvement for your employees, have you seen any
23 increase in participation or volunteering by your
24 employees since the public input hearing?

25 MR. SULLIVAN:

1 We did. We just helped with the food
2 bank. The food bank is one of our favorite charities.
3 It's surprising how many people are in need, but in
4 the school months, they get the local colleges to
5 help. For example, they call it Produce to People,
6 and every month they give out produce that they get
7 from the various retailers. And in the summer, they
8 don't have any kids to do it, so our team jumped
9 forward. We probably had 40 employees at every one of
10 those things handing out food for eight hours a day.

11 We have a program we developed --- we
12 mentioned it the last time --- called Helping Hands.
13 We get out there. We get out there and help. We show
14 up at various things. The food bank just comes to
15 mind most immediately, but we're out there.

16 ATTORNEY ESTRIPLET:

17 No further questions.

18 CHAIRMAN:

19 Any questions or comments from the
20 Board, including Ex-Officio? Anybody? Dave?

21 MR. WOODS:

22 Just two quick questions. You mentioned
23 1,600 hotel rooms and the Hyatt specifically. Would
24 you know what the --- I guess, the average night at
25 --- capacity would be on that?

1 MR. SULLIVAN:

2 Yeah, up until the gas slowdown, which
3 is about a year now, maybe it's eight months. They
4 were doing 82 percent occupancy, which is fantastic
5 anywhere in the country. The average rate was getting
6 about \$130 a night. So, they were doing bang-up
7 business. That's suffered a little bit. They're down
8 to about 74 percent occupancy. The average daily rate
9 is down to probably 98 bucks right now. It'll come
10 back up now that the --- there's no weather issues and
11 so on.

12 We do expect the oil and gas business to
13 return, but they kept building because they were
14 filling them. The Hyatt is doing really well. They
15 get a higher than average rate because they're
16 connected to The Meadows, and they're the newest
17 product, but no. It's a healthy business. They're
18 missing the gas and oil right now a little bit, but
19 it'll be back.

20 MR. WOODS:

21 Do you track in some fashion the number
22 of visitors to the campus, as you call it, or
23 specifically to The Meadows on a yearly basis? And
24 what do those numbers look like over the last few
25 years?

1 MR. SULLIVAN:

2 We do. We have a room commitment, room
3 guarantee with the Hyatt where we agreed to rent 5,000
4 rooms from them each year. So, we got a special rate
5 for those 5,000 rooms. That we fill in our sleep.
6 It's 25 rooms on the weekends, 10 rooms midweek. We
7 fill in an additional 2,000 rooms at other hotels that
8 the Hyatt can't provide capacity with, because the
9 rate is a little less than they can get from the
10 retail. But we fill about 7,000 rooms.

11 We find the average daily gaming worth
12 of people staying in hotels two to one from what they
13 would be if they weren't staying in them. So, the
14 hotel program, to us, is very important, and those are
15 the comp rooms, if you will, and some of the discount
16 rooms we use with our better betters. We also have,
17 at every hotel, a flyer that if they come in, they can
18 join the club and get \$5 free play. They can come in
19 and get discount towards their meal.

20 So, we're active in all 1,600 rooms, but
21 we're extremely connected for 7,000 rooms a year. And
22 it's growing. I mean, ---.

23 MR. WOODS:

24 How about overall visitation just to
25 your property? Not the hotel, but ---.

1 MR. SULLIVAN:

2 Yeah, those are the rooms we use, but
3 you know, we ---.

4 MR. WOODS:

5 I mean outside the hotel.

6 MR. SULLIVAN:

7 Outside the hotel?

8 MR. WOODS:

9 People coming in and things.

10 MR. SULLIVAN:

11 I mean, we've dealt with 5.2 million
12 slot players last year.

13 MR. WOODS:

14 Yeah?

15 MR. SULLIVAN:

16 Just under a half a million table games
17 players. We've served over two million drinks; you
18 know? I mean, we were just doing this in an employee
19 meeting yesterday, and there's one going on now, where
20 we were looking at the stats. And it's amazing. I
21 mean, we get tremendous visitation. And more
22 impressive, six out of ten visitors to The Meadows
23 live closer to where another casino is more convenient
24 to their residence.

25 So, it's an impressive statement for

1 customer service, safety and the things that we
2 believe are working. They go by or away from a casino
3 that's closer to come to The Meadows. Hotel rooms
4 help with that.

5 MR. WOODS:

6 Thank you. Thank you, Mr. Chairman.

7 CHAIRMAN:

8 So, Keith?

9 MR. MCCALL:

10 Thank you, Mr. Chairman. First of all,
11 I just want to make a statement on that. You know,
12 just looking at the PowerPoint and you telling the
13 story --- I mean, you have a heck of a story to tell.
14 And it's an impressive one. And when you look at page
15 two and page three of your PowerPoint, and you see the
16 investment that has been made, the spinoff investment
17 by virtue of the establishment of your casino, it's
18 pretty darn impressive.

19 And I certainly just want to commend you
20 for the work that you have done in community
21 development, community revitalization and community
22 investment, because it's really an outstanding job and
23 a story that needs to be told. You know, I can tell
24 you that living in Carbon County, I would love to have
25 this casino there with that type of investment and

1 spinoff jobs that have been created by it.

2 But I have a couple questions. And I
3 want to kind of bear down a little bit on the racing
4 side ---

5 MR. SULLIVAN:

6 Uh-huh (yes).

7 MR. MCCALL:

8 --- since you, being the Category 1 ---.
9 The \$11 million that you've spent on the backside,
10 now, there was a statutory requirement of a ---

11 MR. SULLIVAN:

12 Right.

13 MR. MCCALL:

14 --- \$5 million investment. Is that in
15 addition to a ---? Not to diminish that investment,
16 but is that in addition to the \$5 million? Or is that
17 \$11 million total over the ten years?

18 MR. SULLIVAN:

19 That's included in that \$11 million.

20 MR. MCCALL:

21 That's it? Okay.

22 MR. SULLIVAN:

23 Yeah. It's \$6 million, give or take,
24 above that statutory requirement.

25 MR. MCCALL:

1 Uh-huh (yes). Now, and what about the
2 racing numbers? Are they increasing, decreasing as
3 far as attendance, people coming in and watching the
4 live racing and ---?

5 MR. SULLIVAN:

6 Yeah. On-track revenues continue to
7 suffer. I mean, we moved racing to Saturday
8 afternoon. We've seen a real nice response to that,
9 but on-track revenues are difficult. You know, it's
10 not the days when people came out to the day of the
11 races; right? But we have our feed, our races'
12 simulcasts sent out to 600 locations, Europe,
13 everywhere throughout the world.

14 And that's where we're seeing growth.
15 For example, just in February, off track revenues, we
16 call it, was up 19 percent. On-track revenues
17 continue to suffer.

18 MR. MCCALL:

19 Uh-huh (yes).

20 MR. SULLIVAN:

21 But we keep fighting. We keep slugging
22 it out. We moved the race dates to Saturday. We are
23 working closely with the MSOA to jointly invest in a
24 new campaign that will rebrand racing and get some
25 energy out there. As mentioned with the events, we

1 try to introduce people to the track. I mean, you can
2 come to The Meadows. If you don't go to a restaurant,
3 you may not even know we have a track.

4 MR. MCCALL:

5 Yeah.

6 MR. SULLIVAN:

7 Highly unlikely, but we make sure you
8 know there's a track with our events and activities.
9 So, we're not giving up on it. We're fighting for it.
10 The MSOA owners' association works with us hand in
11 hand to create events and so on. But yeah, it's a
12 challenge to get people out to the track like the '60s
13 and '70s.

14 MR. MCCALL:

15 But the impact of the Race Horse
16 Development Fund has been a positive one, I'm
17 imagining, with, you know, the money that has been
18 provided.

19 MR. SULLIVAN:

20 Yeah, I think if it --- if that didn't
21 happen, that'd be the end of racing, period, end of
22 story. And then you have to look at the connectivity
23 through breeders and through all of the supporting
24 groups of people for racing. So, it's a big question.
25 I mean, it's tough. I mean, at times, you just hope

1 people get that bug again and want to race, but it's a
2 difficult proposition. But I would say if it wasn't
3 there, racing would implode for sure.

4 MR. MCCALL:

5 And the operating costs, \$25.5 million,
6 that's --- well, that's a big number to me.

7 MR. SULLIVAN:

8 Yeah.

9 MR. MCCALL:

10 Can you just boil down that number just
11 a little bit so I under ---? Is it mainly personnel?
12 I mean, that's the ---. What's driving that cost?

13 MR. SULLIVAN:

14 Yeah, it is, indeed, a lot to do with
15 labor. It's a lot to do with operational expenses.
16 My office is the only window that's out looking at the
17 track, and I'm telling you at 2:00 a.m., 3:00 a.m.,
18 midnight, they're always grooming the track. I mean,
19 the track is a real specialized business, and it
20 requires a tremendous amount of attention. We have 50
21 security officers that patrol the backside area.

22 So, it adds up relatively quickly in
23 addition to the cost for materials, more limestone.
24 These things are always eating up limestone, to
25 refresh the track, but it is expensive. You know, we

1 get it, and we're there for them and vice versa.

2 One of the trends you start to see
3 nowadays is some people are getting less and less into
4 the backside business and becoming ship-in only barns
5 or tracks. And that would reduce expenses, but no,
6 when you're running an operation as big as ours, it's
7 highly expensive.

8 MR. MCCALL:

9 Very good. Thank you, Chairman. Thank
10 you for a job well done.

11 MR. SULLIVAN:

12 Thank you.

13 CHAIRMAN:

14 Greg? Yeah.

15 MR. FAJT:

16 Thank you, Mr. Chairman. Again, I will
17 echo Commissioner McCall's comments. I thought the
18 presentation was very well done. Obviously not your
19 first rodeo here, but you know, things like, you know,
20 the number of employees, the average salary, whether
21 or not it includes benefits, whether or not it
22 includes tips ---. I mean, you laid that out very
23 well. And I know that's questions that we always have
24 as follow-ups, so thank you.

25 Ms. Estriplet, how many Consent

1 Agreements have The Meadows signed over the last year
2 in 2015? Do you have that information available?

3 ATTORNEY ESTRIPLET:

4 There are two. There are actually
5 copies that have been provided to the Board, and we're
6 going to seek later on to introduce them into the
7 record. Those were both entered into on May 7th of
8 2015, and this Board approved them on June 10th of
9 2015.

10 MR. FAJT:

11 Thank you very much.

12 MR. MOSCATO:

13 I don't really have a question, just a
14 comment, to congratulate you on a great presentation
15 and the success in your casino. It's wonderful to see
16 what's happened down there in Washington County.
17 Congratulations.

18 MR. SULLIVAN:

19 Thank you.

20 MR. RYAN:

21 And I would add mine to that, too, also,
22 Mr. Sullivan. I remember the days when I'd be out
23 there driving up to Pittsburgh when there wasn't much
24 there. You go through that area now, it's
25 unbelievable, the transformation. And you and the

1 people out at The Meadows have done a really
2 superlative job. You really have.

3 MR. SULLIVAN:

4 Thank you. And I would reiterate the
5 team. I mean, trust me, it's a ---. I've been doing
6 this 35 years. I've never had a better Director ---
7 set of Directors. Corporate has provided a tremendous
8 amount of support. Everybody works, I believe, well
9 with Gaming, respects them, appreciates them. So, it
10 truly is a tremendous team effort, and all of the
11 accolades should be spread to 1,300 people.

12 CHAIRMAN:

13 Enforcement Counsel, do you have an
14 actual presentation?

15 MR. JEWELL:

16 Let me go.

17 CHAIRMAN:

18 Oh, I'm sorry.

19 MR. JEWELL:

20 Yeah. Yeah. Okay. Thank you. One
21 question and one comment. On your contributions, you
22 said a million eight, and that is from when business
23 began through today? Do I understand that correctly?

24 MR. SULLIVAN:

25 It is.

1 MR. JEWELL:

2 And does that average out per year to
3 divide those? Has it been more lately, or ---?

4 MR. SULLIVAN:

5 I think you could probably do that, and
6 you'd get close to it. What it doesn't take into
7 consideration is the free play we give for people who
8 bring canned foods, for example. What it doesn't take
9 into consideration is the food drives that we have.
10 We had an American --- tried to go for the Guinness
11 Book of World Records. We've given out --- 450, I
12 want to say, thousand pounds of food are collected.
13 Yeah, 433,002 tons of food. So, there's lots of
14 things that are not monetary that we do as well, but
15 yeah. I would say that would be fair.

16 MR. JEWELL:

17 And how do you triage the requests as
18 they come in? How do you decide who to give to?
19 Because you're going to have more requests and ---

20 MR. SULLIVAN:

21 Yep.

22 MR. JEWELL:

23 --- more need out there than you can
24 possibly fulfill. How do you do that?

25 MR. SULLIVAN:

1 You know, we focus on the community.
2 That's one thing. We don't want to necessarily get
3 into deep support for somebody from Indiana or
4 something; you know? We start with local. We start
5 with Washington County. We have a Charitable
6 Contributions Committee that has, if you will, some
7 guidelines of how that happens. We don't do soccer
8 games and softball teams and all that.

9 It truly has to be life and death type
10 needy situations where we know people will suffer
11 greatly if we don't help. But I would say the
12 worthiness of it is one big issue. It's got to be
13 very serious, not sports, not, you know, those type of
14 things. My daughter is going to camp, you know, those
15 kind of things, number one. Number two, it's got ---
16 We start out with Washington County. We do go
17 outside, but not often. And I think, you know, those
18 are the main criteria that we subscribe to.

19 MR. JEWELL:

20 All right. A comment I'd make is this,
21 and I'll do this quickly. But something I ran into at
22 The Meadows that I didn't know was there --- I found
23 it fascinating. In one of my previous lives, I was
24 the college president in the local area, and we were
25 after a young man, an outstanding quarterback, so the

1 coach and I went to mom and dad's house in the South
2 Hills. And that fellow's dad was Joe DiDonato, who is
3 the pastor of the church. There's actually a robust
4 church congregation at The Meadows.

5 MR. SULLIVAN:

6 Yep. Yes, there is.

7 MR. JEWELL:

8 And he is the full-time pastor there,
9 and I realized and learned that they have these
10 relationships all around the country.

11 MR. SULLIVAN:

12 Yep.

13 MR. JEWELL:

14 And I ---.

15 MR. SULLIVAN:

16 Yep.

17 MR. JEWELL:

18 You know, and yes, sir, I have talked
19 about that, but I found it to be very interesting.
20 And there's such a confluence of folks that are there,
21 and especially on the racing side, ---

22 MR. SULLIVAN:

23 Yep.

24 MR. JEWELL:

25 --- that really make up that

1 congregation. So, he brought a good friend of his up
2 to the college to speak, Pat Day, the great jockey
3 from Louisville, and of course, Kentucky Derby. And
4 it just --- it was amazing to me to see that. And I'd
5 just make a comment on that.

6 MR. SULLIVAN:

7 Yeah. That's Pastor Joe, an
8 unbelievable guy. Great guy, does have his chapel
9 over there, and a relationship that ---. You know,
10 when I say we have a good relationship with the racing
11 community, they pay half his salary and we pay half
12 his salary.

13 MR. JEWELL:

14 Uh-huh (yes).

15 MR. SULLIVAN:

16 So, we're actually contributing together
17 to make sure Pastor Joe succeeds in spreading his
18 message. Another non-recorded charitable thing is all
19 of the things he does for the horsemen in collecting
20 clothes to --- we just had our last dorm on the
21 facility close. There was 24 people there. Pastor
22 Joe put together a program where every one of them
23 moved into an apartment either together or reunited
24 families. I mean, it was almost a forgotten world.

25 MR. JEWELL:

1 Sure.

2 MR. SULLIVAN:

3 Twenty-four (24) people living in a dorm
4 that you just couldn't say was the right place to be
5 living, but they've been doing it for, you know, their
6 life. And it was really a proud accomplishment, and
7 he gets letters now saying, thank you. I didn't even
8 know that I could have all these things, so he's a
9 fine guy, absolutely a great guy.

10 CHAIRMAN:

11 Any other questions from the Board?
12 Okay. Enforcement Counsel, do you have a
13 presentation?

14 ATTORNEY ESTRIPLET:

15 No, the OEC does not intend to call
16 witnesses or to put forth a presentation. However, we
17 do have representatives available should the Board
18 have questions. We'd like to note for the record that
19 an updated letter from the Racing Commission
20 confirming that WTA remains in good standing was
21 provided in connection with renewal materials.
22 Additionally, we have a few supplemental exhibits to
23 enter into the record.

24 OEC has an updated report from the
25 Bureau of Liquor Control Enforcement stating that

1 there are no citations or adjudications pertaining to
2 Meadows on the record. That letter is dated March
3 25th, 2016 and has been --- and should be marked as
4 Exhibit 2A to supplement the existing record.
5 Additionally, there were two enforcement actions taken
6 by OEC since the public input hearing on June 3rd.

7 Those were, as you asked about,
8 Commissioner Fajt, the two Consent Agreements. One
9 dealt with promotions. The other dealt with
10 self-excluded and excluded patrons. Those were both
11 entered into on May 7th, 2015, and the Board approved
12 them on June 3rd of 2015. And we would request those
13 be entered into the record as Exhibits 5A and 5B,
14 respectively.

15 Additionally, Washington Trotting
16 Association, Inc. and its affiliates and Principals
17 timely filed renewal applications. And the Board's
18 BIE has completed its background investigation. WTA
19 fully cooperated with BIE during the course of its
20 background investigation. BIE did not identify any
21 information that would preclude a finding of
22 suitability for WTA's affiliates or Principals.
23 Therefore, we would recommend and request that WTA be
24 found suitable for renewal of its Category 1 License.

25 CHAIRMAN:

1 Thank you very much. Any questions from
2 The Meadows as to OEC's presentation?

3 ATTORNEY JONES:

4 No, sir.

5 CHAIRMAN:

6 Always best to say no. Saying nice
7 things about you, probably should leave it alone. Any
8 other questions, comments from the Board? A vote on
9 this matter is scheduled for later this morning under
10 the Bureau of Licensing's section of the agenda, but
11 thank you for your presentation.

12 ATTORNEY JONES:

13 Thank you.

14 MR. SULLIVAN:

15 Thank you.

16 MR. HILLYER:

17 Thank you very much.

18 * * * * *

19 HEARING CONCLUDED

20 * * * * *

21

22

23

24

25

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

CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Chairman Barasch was reported by me on 3/30/16 and that I, Corey Elizabeth Summers, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

Corey Elizabeth Summers
Court Reporter

Corey Elizabeth Summers