

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: MEADOWLANDS CASINO AND RACETRACK, LICENSE  
RENEWAL

\* \* \* \* \*

PUBLIC HEARING

\* \* \* \* \*

BEFORE: Linda Lloyd, Director, Presiding Officer  
William H. Ryan, Chairman  
David W. Woods, Commissioner  
Richard G. Jewell, Commissioner  
Gregory C. Fajt, Commissioner  
AnnMarie Kaiser, Commissioner  
Anthony C. Moscato, Commissioner

HEARING: Wednesday, June 3, 2015  
11:00 a.m.

LOCATION: Washington County Courthouse  
100 West Beau Street  
Room 104  
Washington, PA 15301

WITNESSES: Lieutenant Daniel Brooks, Gerald Stoll,  
William Bonner

Reporter: Juliette J. Hoffman

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PRESIDING OFFICER:

Good morning, everyone. My name is Linda Lloyd, and I am the Presiding Officer assigned by the Board to conduct this portion of the Category 1 License Renewal Hearing for Washington Trotting Association doing business as The Meadows Casino and Racetrack. Before we begin, if you could please turn off your cell phones or turn them to vibrate at least. We don't want to interrupt the speakers.

As the Presiding Officer, I call this hearing to order. The date is Wednesday, June 3rd, 2015. The time is 11:00 a.m., and the location is the Washington County Courthouse, Room 104, 100 West Beau Street, Washington, PA, 15301. And I would like to take the opportunity to thank the staff here for their help in organizing this public hearing today.

The Pennsylvania Race Horse Development and Gaming Act requires at Section 1326 that an operator's license shall be subject to the renewal by the Board every three years. This License Renewal Hearing is convened by the Board pursuant to the mandate found in Section 1205(b)(1)(i) of the Gaming Act which requires that the Board conduct a public

1 hearing for any license renewal application. This  
2 public hearing was advertised on the Board's website,  
3 announced by the Board at several board meetings and  
4 advertised in local newspapers.

5 All the Board members are present here  
6 today for this hearing. Starting to my immediate  
7 right is Chairman Bill Ryan. And going this way is  
8 Commissioner Keith McCall and Commissioner David  
9 Woods. And to my immediate left Commissioner Greg  
10 Fajt, Commissioner AnnMarie Kaiser, Commissioner Tony  
11 Moscato and Commissioner Richard Jewell.

12 The hearing will begin with the  
13 presentation by The Meadows Casino and our Office of  
14 Enforcement Counsel (OEC) will have the opportunity to  
15 cross examine their witnesses and the Board can ask  
16 questions if they so desire. The Meadows will then  
17 --- or I'm sorry, the OEC will then have the  
18 opportunity to make a presentation and Cross  
19 Examination by The Meadows Counsel and questions by  
20 the Board. After the close of these presentations, we  
21 will then begin our public comment portion and those  
22 individuals who have registered to speak today will be  
23 heard as their name is called.

24 This is an official administrative  
25 hearing, so if you'd please treat this as if you were

1 attending a court proceeding, that would be  
2 appreciated. All witnesses if you could speak loudly  
3 and clearly. And I think we're going to use the  
4 microphone and pass it up and down the table.

5 MR. PAULOS:

6 We're actually going to go up.

7 PRESIDING OFFICER:

8 So that we can hear you and so that our  
9 court reporter sitting over here to my left can take  
10 down what everyone is saying. And I would like to  
11 remind everyone we are live streaming the proceedings  
12 on our website.

13 So let's begin by having all the  
14 witnesses from The Meadows and the OEC who will  
15 testify today if you would please stand and be sworn  
16 by the court reporter.

17 -----  
18 WITNESSES SWORN EN MASSE  
19 -----

20 PRESIDING OFFICER:

21 And then The Meadows, you may begin.

22 ATTORNEY MCCUNE:

23 Good morning. My name is James McCune.  
24 I'm legal counsel to WTA. I want to welcome you to  
25 Washington County this morning. We're ready to



1 proceed. I would like to introduce the president of  
2 WTA, Bill Paulos, who will begin the presentation.  
3 Thank you.

4 MR. PAULOS:

5 Thank you. Good morning, Mr. Chairman,  
6 fellow Board Members and honored guests. I am Bill  
7 Paulos and I'm a principal with Cannery Casino Resorts  
8 who owns and operates The Meadows. Presenting today  
9 will be these fine gentlemen next to me, Sean  
10 Sullivan, our vice president and general manager,  
11 Kevin Brogan, our director of marketing, Kevin Decker,  
12 our director of racing operations, David Wiegmann, our  
13 director of finance and Guy Hillyer, our executive  
14 vice president of Cannery Casino Resorts, who came out  
15 from Las Vegas with me.

16 I was thinking it's been nine years  
17 since we formed our partnership, September 11th, 2006.  
18 A long time. A long time. We've done a lot together  
19 over that period. I'm really not as exciting as I  
20 appear. So, what I did is for excitement I read the  
21 transcript of nine years ago. It was very  
22 interesting. Did you know that the BIE took 3,400  
23 hours to look into our backgrounds? Did you know that  
24 the financial analysts took 1,600 hours to look into  
25 our financial fitness, so to speak?

1                   Did you know that we were over a hundred  
2 million dollars apart in our financial projections  
3 between the state and The Meadows? That's a fact. We  
4 were that far apart. And the Chairman at the time,  
5 Chairman Decker, asked me a question. He said Bill,  
6 what would you do if you had to rely on our numbers?  
7 I would say --- I said on record, do not give me a  
8 license, do not give anyone a license because it will  
9 not work. Thank goodness our projections were  
10 correct. And that leads us into today's discussion  
11 that will go through our entire presentation. And  
12 that means that is promises made, promises kept.

13                   We made a lot of promises that day. We  
14 said we were going to do a number of things.  
15 Throughout our presentation, we will show you the  
16 things that we have done. For questions, if there are  
17 questions, we got most of our management team here.

18                   And as I was going through the lists of  
19 who's going to be here today, I realized a very good  
20 thing. I realized that over the nine years we have  
21 only had two general managers. We have only had over  
22 that nine years two directors of financing. We've  
23 only had one director of racing. We've only had one  
24 director of sales, one director of player development,  
25 one food and beverage manager, one director of

1 compliance. That's a pretty good record for stability  
2 and going forward and making sure that we kept our  
3 promises.

4                   So without further ado, I would like to  
5 introduce the one department who has changed about 30  
6 times. Mr. Kevin Brogan, our director of marketing.

7                   Talk to these real quick. 1993  
8 Racetrack Road. I don't know if any of you had a  
9 chance to go down lately, okay, but in '93 there was a  
10 racetrack and 138 room Holiday Inn. Originally was a  
11 Hilton, now it's a Double Tree. Here it is in 2014,  
12 over a thousand hotel rooms on Racetrack Road. And  
13 here's the campus today. And we can show you right  
14 there just opened last month is our hotel. Pretty  
15 impressive. It's amazing what \$700 million can do;  
16 isn't it? Kevin?

17                   MR. BROGAN:

18                   Mr. Paulos, thank you for the fine  
19 introduction. Chairman Ryan, Members of the Board,  
20 distinguished guests, good morning. It's my pleasure  
21 to chat with you all this morning about the recent  
22 investments and the continued investments that we see  
23 in this casino. On the screen you see the property  
24 amenities. Most of them fairly recent, which between  
25 us and some partners we forged with local businesses

1 result in nearly \$100 million in capital investment.

2           We're proud that these investments  
3 aren't just on the gaming floor, which obviously is  
4 important to us, but cover multiple venues and  
5 amenities, particularly I'll highlight entertainment.  
6 We have a very unique experience several nights a year  
7 every summer where we convert our racetrack into an  
8 amphitheater. In fact, in 17 days our racetrack will  
9 go from Friday night racing to a venue that seats  
10 nearly 3,000 people as we welcome Huey Lewis and the  
11 News to come rock out southwestern Pennsylvania.

12           It's a grand promise that we make to  
13 bring exciting entertainment in to southwestern  
14 Pennsylvania. In fact, some of our past performances  
15 include comedian Larry the Cable Guy, four time Super  
16 Bowl Champion and Hall of Famer Terry Bradshaw, Pop  
17 Music Hall of Fame Legend Smoky Robinson, Country  
18 Artist Willie Nelson, The Beach Boys, and the list  
19 just goes on. We've also invested in the last year  
20 and a half nearly a million dollars into our  
21 headliners Vegas style show lounge and Vibe center  
22 bar, a very unique ultra lounge that provides a  
23 fantastic experience in the center of our property.  
24 We've added parking spaces to accommodate demand.  
25 We're also proud of our dining venues. We host the

1 award winning Bistecca Steakhouse, which while on our  
2 property, is actually owned and operated by local  
3 businessmen. The Carvery Restaurant, which after this  
4 week will have completed a million dollars in  
5 renovations over the last 14 months, was in response  
6 to our guests asking for a new experience at our  
7 property. We listened, we promised we would listen  
8 and we delivered that for them.

9           And also our food court we're very proud  
10 of. Our food court is home to a couple of local and  
11 PA-based businesses. If you walk in our food court  
12 today, you will see Silver Star Deli. Silver Star is  
13 a Pittsburgh-based company producing meats, cold cuts  
14 and cheeses.

15           You will also see a big Sarah's Candy  
16 sign. Sarah's Candies not more than ten miles from  
17 here, locally renowned for their chocolate and  
18 nationally famous a few months ago when they produced  
19 their own version of the deflated chocolate football.  
20 And finally, if you want a scoop of ice cream, we're  
21 dipping it into a bucket of Hershey's ice cream.  
22 We're committed to this community. We're committed to  
23 the Commonwealth.

24           Another part of that commitment are the  
25 enhancements going on around our property, not just

1 within our building. We have invested and will  
2 continue to invest over \$11 million in the racetrack  
3 and the back side operations. We spent a million  
4 dollars to widen our road to make it easier for guests  
5 to get in. We are currently watching a 25 to 30  
6 million projected budget on a retail business which  
7 sits on land that we sold to Horizon Properties,  
8 owned, operated and developed by the Piatt family. A  
9 group that calls western Pennsylvania home as well.  
10 And just next to them, as Mr. Paulos mentioned, the  
11 155 room Hyatt Place Hotel which opened a month ago,  
12 and is operated and was developed by FFC Capital, a  
13 Pittsburgh-based company.

14                   You see in the face of competition and  
15 what many industry suggests is market saturation,  
16 we're not hiding. We are continuing to invest. Today  
17 we are just as aggressive as we were five years ago.  
18 We will continue to be aggressive because that's how  
19 we see fit to benefit the Commonwealth and the region.

20                   I believe you guys have the deck in  
21 front of you as well. I will continue. On page nine,  
22 you will see the renderings of the Hyatt Place Hotel.  
23 Again, another western Pennsylvania partnership that  
24 we're proud of.

25                   And I'll suggest we also selected this

1 group because we were comfortable in the quality they  
2 would produce. I know maybe not all of you who have  
3 been to our property. We absolutely invite you to  
4 come take a look at what's going on here, but also  
5 stop in to see the Hyatt Place Hotel. You will  
6 absolutely recognize that this is a world-class hotel  
7 and a compliment to Washington County and a compliment  
8 to the casino industry.

9                   Speaking of hotels, Racetrack Road has  
10 nearly 1,000 rooms today. The hotel tax since 2009  
11 has grown from \$900,000 --- this is room tax collected  
12 by hotels, to with a partial year of 2014, 1.7  
13 million. I'm certain once all the numbers are in we  
14 will have seen 100 percent increase in tax revenue  
15 collected, which supports tourism and Washington  
16 County.

17                   The room growth is phenomenal. The  
18 chart on the bottom right shows June 1972 the Hilton  
19 Pittsburgh South Meadowlands opens, and for 20 years  
20 was the only hotel in the market. In the mid-'90s, we  
21 saw some additional development, of which only one of  
22 those sits on Racetrack Road, and that's the Comfort  
23 Inn. However, something interesting, very interesting  
24 happens in 2007. Racetrack Road explodes with hotel  
25 rooms. Since 2007 we have seen ten hotels open in

1 this market, eight of which are on Racetrack Road.  
2 Now, certainly will not claim all of that. Natural  
3 gas in western Pennsylvania has been phenomenal for  
4 Washington County. But it's quite convenient that  
5 much of this is going on on Racetrack Road.

6                   Finally, here's a rendering of the  
7 street at the Meadows, again another western  
8 Pennsylvania partnership. This project is currently  
9 under construction and when complete in the fall of  
10 2015 will host 50,000 square feet of retail space, 94  
11 luxury apartments which will actually bring the room  
12 count on Racetrack Road to over a thousand rooms. It  
13 will also host five restaurants with the western  
14 Pennsylvania staple Primanti Brothers.

15                   We're absolutely committed to growing  
16 not just gaming in western Pennsylvania, but  
17 supporting Racetrack Road in Washington County. In  
18 fact, not just an hour ago, I met with our president  
19 of the Chamber of Commerce of Washington County and  
20 tourism promotion agency as we discuss a new way to  
21 brand Racetrack Road, where we bring entertainment,  
22 1,000 rooms, restaurants, the casino and everything  
23 else is offered at this unique destination to a new  
24 brand and a new opportunity to bring revenue not just  
25 from western Pennsylvania, but from Ohio, from West



1 Virginia and from Maryland, a truly unique destination  
2 opportunity that has been provided in partnership with  
3 The Meadows and business groups from western PA.

4                   With that, I'll turn things over to our  
5 Director of Racing, Kevin Decker, who possesses 25  
6 years of experience in the racing industry. Thank  
7 you.

8                   MR. DECKER:

9                   Thank you, Kevin. Good day, everyone.  
10 When The Meadows' founder, Delvin Miller, selected a  
11 plot of land between U.S. Route 19 and Interstate 79  
12 for his state-of-the-art racetrack, he envisioned  
13 bringing top flight harness racing along with great  
14 customer service to southwestern Pennsylvania. Now,  
15 as you can see from this picture which dates back to  
16 1977, that was the 15th year that racing was conducted  
17 at The Meadows. And you can see it appears to have  
18 made good on his promise, that of Delvin Miller.

19                   The Meadows opened in June of 1963 with  
20 just over 50 nights of live racing. Now remember, in  
21 1963 there was no Pennsylvania lottery, nor were there  
22 any casinos in the area. Every night of racing  
23 brought a crowd. Over the years the crowds continued  
24 as they got to learn more about the great sport of  
25 harness racing. As Mr. Miller and the track added

1 events over the years such as the Adios Pace in 1967  
2 and the Currier and Ives in the 1980s, the number of  
3 race days began to increase as well, eventually  
4 morphing into a year-round racing schedule.

5           That's the schedule we currently  
6 conduct, 208 race days per year. And we've conducted  
7 this number for over 20 years. As more gaming options  
8 became available, The Meadows was able to take  
9 advantage of various initiatives the Commonwealth  
10 granted in order for us to stay competitive. Now,  
11 this included things such as telephone account  
12 wagering, off-track wagering and full card  
13 simulcasting. Now that's where you can play a  
14 racetrack from anywhere across the country, anywhere  
15 around the world. And that helped us stay competitive  
16 for a number of years. However, by the time the turn  
17 of the century came to an end the racetrack was no  
18 longer the only place to make a legal wager.

19           The state lottery and then casinos in  
20 neighboring states would slowly take away the  
21 racetrack's customer base. By the time we got to  
22 2003, the horsemen at The Meadows were competing for  
23 an average of \$47,000 on each card. Now, that's far  
24 less than neighboring states were competing for at the  
25 time and much less than they were competing for at The

1 Meadows even ten years prior. What was at one time a  
2 jurisdiction with a very strong racing base was  
3 beginning to show signs of faltering.

4           The passage of the Racehorse Development  
5 Act gave new life to the racetracks as well as to all  
6 the participants. Purses increased threefold. The  
7 1,500 people who were directly affected by the daily  
8 races at The Meadows could look to a brighter future.  
9 And maybe more importantly, over 240 jobs at the  
10 Meadows were saved by this legislation. And I'm not  
11 too proud to say mine was one of them. The track has  
12 leveraged this law to raise the tides to those who are  
13 in racing. The horses competing at The Meadows  
14 steadily began to increase in quality as owners and  
15 trainers sought after stronger and faster stock.

16           The improved product has helped in our  
17 business as well as the betting handle at The Meadows  
18 itself has seen an increase of 20 percent since 2009  
19 when the beautiful new Meadows Racetrack and Casino  
20 opened to the public. Perhaps the most overlooked  
21 area is what happened in the very place very few see  
22 or consider and that's the back stretch where the  
23 horses are kept. In 2006, our company made a promise  
24 to improve the back stretch. Over \$11 million in  
25 capital improvements later, we have kept that promise,

1 for the back stretch now includes new and refurbished  
2 barns, a new ten race paddock, paved roads, and a  
3 modern inviting look to those that pass by the  
4 facility at nearby U.S. Route 19 South.

5           In fact, over 750 horses make their home  
6 on the back stretch at The Meadows in new or  
7 refurbished barns. The horses are housed in stalls  
8 consisting of new gates, new walls and new flooring.  
9 In short, life is good for the equine population at  
10 The Meadows. We plan to continue with back stretch  
11 improvements, this in cooperation with The Meadows  
12 Standardbred Owners Association. There are horsemen's  
13 group and our partner in racing. We look forward to  
14 many great race days ahead at The Meadows. We will  
15 continue to work to offer top flight harness racing  
16 along with great customer service to southwestern  
17 Pennsylvania just as Delvin Miller promised when he  
18 founded The Meadows Racetrack. Promises made,  
19 promises kept.

20           At this time, I would like to welcome a  
21 man with over 25 years of fiduciary experience in  
22 racing and gaming, our Chief Financial Officer David  
23 Wiegmann.

24                           MR. WIEGMANN:

25                           Thank you, Kevin. I would like to

1 welcome the Board and thank you for visiting us in  
2 Washington County. Continuing our theme of our  
3 partnership commitment to the Commonwealth, let's  
4 discuss the impact of taxes on slots and tables. From  
5 inception to the end of 2014, The Meadows has  
6 generated gross terminal revenue of over \$1.84  
7 billion. As part of our legal commitment, we've  
8 contributed over \$1.1 billion in taxes and fees to the  
9 Commonwealth. \$626 million in the form of taxes  
10 earmarked for property tax relief. \$213 million  
11 related to horseracing, the major pillar to the  
12 original legislation. \$109 million to local share  
13 which resulted in payments to the host townships and  
14 county.

15                   Looking at local share more closely, 73  
16 million of the 109 are straight taxes. The original  
17 legislation stated the local share to be calculated at  
18 two percent of GTR earmarked for the county and two  
19 percent of GTR to the municipality. Our municipality  
20 amount must equate to at least \$10 million annually.  
21 The Meadows will never generate enough GTR at a rate  
22 of two percent to pay \$10 million. Accordingly, we  
23 must pay a shortfall amount every year, which comes  
24 right from our bottom line. That amount is  
25 approximately \$5 million per year. \$92 million of

1 taxes relate to the Economic Development Fund. And  
2 the remaining amounts relate to fees and the cost of  
3 our original gaming license of \$50 million.

4                   Turning to the next slide, which is  
5 table games, an additional amount of tax and fees  
6 equate to \$40 million. As you can see, there are  
7 additional local share amounts related to table games.  
8 The table games local shares not considered nor does  
9 it lessen the previously discussed shortfall payment  
10 for the city.

11                   On the next line, another one of our  
12 partnerships is that with our 1,300 employees. Our  
13 customers continually comment on how friendly and  
14 happy our employees are. We are proud to say that our  
15 annual compensation for full-time equivalent exceeds  
16 \$43,000 per year not including tips. Fifty-two (52)  
17 percent of our employees are tip eligible. Our  
18 employees enjoy a significant benefit package that  
19 includes comprehensive medical, dental and vision at a  
20 small cost or no cost at all to the employee. The  
21 cost of these benefits to The Meadows has increased  
22 since 2009 76.3 percent to \$13,800 per covered  
23 employee. This equates to an annual cost of over \$12  
24 million. Other benefits include a daily free hot meal  
25 in our employee dining room. The employee dining room

1 carries a cost of just about \$2 million per year.

2                   We have a 401k program that includes an  
3 employer match, something that's disappearing by many  
4 employers. Paid vacation and we also pay for their  
5 gaming license. We believe that our approximate \$50  
6 million of annual payroll and benefits positively  
7 impacts the local economy by really as much as \$500  
8 million annually. So, from a tax and employee basis,  
9 promises made, promises kept.

10                   Thank you. And I'd like to turn the  
11 presentation over to Sean Sullivan, general manager  
12 who has devoted his over 35-year career to casino  
13 management.

14                   MR. SULLIVAN:

15                   Thank you, Dave. Thank you. It's an  
16 honor to be able to speak to you today, Commissioner  
17 Ryan, fellow Commissioners and new Commissioner  
18 Jewell, as well as members of the PGCB staff, State  
19 Police and other distinguished visitors.

20                   In keeping with the theory of promises  
21 kept --- promises made, promises kept, it became very  
22 clear to me six years ago when I joined this team and  
23 joined The Meadows that we had a mission and our  
24 mission was very clear. We were going to be a great  
25 partner with the various regulatory bodies, with the

1 legislation and with the community.

2           Again, we said very early on, what Bill  
3 referred to, we were going to be a good partner, we  
4 were going to hit our numbers and we were going to  
5 fulfill our promise. One of our promises was  
6 community relationships. One of our programs that are  
7 instrumental in our community relationship commitment  
8 is the Neighborhood Partners Program. To date we've  
9 invested and spent over \$4.5 million at neighboring  
10 businesses, whether it's a larger business such as  
11 Home Depot or Giant Eagle, or mom and pop restaurants,  
12 Kohl's, other entities we've invested \$4.5 million.  
13 People come in, they earn points for playing slots and  
14 they go and shop at these outlets and many others with  
15 those benefits, with those points.

16           Another topic is general contributions  
17 for charitable organizations. We have a number of  
18 organizations that we work with. We try to do the  
19 best we can with the many needed agencies out there.  
20 This is a list of some of those agencies that we've  
21 worked with over the years. We've generated over a  
22 million six in contributions. Interestingly, we've  
23 generated over 433,000 pounds of food for the Greater  
24 Washington Food Bank, 217 tons. And these donations  
25 come in many forms.



1                   Events, we have blackjack tournaments  
2 with the likes of Mel Blount and Tony Dorsett and  
3 Jerome Bettis, where we generated money by having our  
4 players participate. We had a Bob Huggins Roast where  
5 we generated funds for the school. We worked recently  
6 with Dollar Energy Fund where we launched our brand  
7 new slot machine, first in the state, the Titan. And  
8 then down below you see even more grassroots programs,  
9 and that is we put collection boxes at our entrances  
10 to the property, our exits to the property, and we've  
11 invited guests to participate in our charitable  
12 partnership.

13                   So guests are encouraged to drop in teto  
14 (phonetic) tickets that might be worth a nickel, might  
15 be worth a dollar. They might drop in a dollar chip.  
16 They might drop in some change, a \$5 bill. But those  
17 monies are collected and passed directly to the worthy  
18 recipients. Recently, St. Barnabas, the food bank  
19 again, Washington Humane Society and others quarterly  
20 receive a check from that collection process. So,  
21 it's a great way to involve the community in  
22 supporting these well-worth-it agencies.

23                   Last, another example of community  
24 relationship is the North Strabane Public Safety  
25 Building. And when I first got here, Mr. Paulos had

1 some land that was nearby across the way. And he  
2 donated that to the township, 2.4 acres. Not only did  
3 he give them the land to build this center that you  
4 see there, the emergency services center, he gave them  
5 the architectural drawings, he paid for the architect,  
6 he also paid for the mechanical and electrical design.  
7 So if anybody knows, that's easily six figures each.  
8 So, a tremendous commitment here, a tremendous effort  
9 on behalf of CCR, Mr. Paulos and his partner Bill  
10 Wortman. And again, providing a tremendous asset to  
11 the community. These guys come out of here to help  
12 the nearby residents, to help the property, to help  
13 the hotels, all the things that you had heard about  
14 earlier. This is extremely convenient right on  
15 Racetrack Road.

16                   With that, I'll pass it over to Mr. Guy  
17 Hillyer who was introduced, came out from Vegas. Used  
18 to work for the Control Board in Las Vegas and has  
19 equally as many years in our industry. Guy.

20                   MR. HILLYER:

21                   Thank you, Sean. Good morning, Members  
22 of the Board, Mr. Chairman. I'm going to hit on a  
23 couple topics, related topics very important to our  
24 company sincerely. The first is diversity. The  
25 Meadows ownership and management have worked

1 diligently to maintain an enhanced diversity  
2 throughout all aspects of our operations. In terms of  
3 gender, 50 percent of our Meadows workforce are  
4 female. Over 50 percent of The Meadows management  
5 team are female. 7.1 percent of our Meadows workforce  
6 are minority and that compares very well with the  
7 Washington County demographics as you can see on the  
8 slide. Almost eight percent of The Meadows management  
9 team are minority. In terms of residents over 1,200  
10 of our employees are Pennsylvania residents. We also  
11 work diligently with respect to vendor diversity.

12                   Moving on to another issue. Compulsive  
13 and problem gambling is an issue that has been part of  
14 our company's culture for many years. It's a  
15 company-wide effort that was in place inside CCR long  
16 before we ever entered Pennsylvania. As promised  
17 during our original licensing, we partnered with the  
18 Council on Compulsive Gambling of Pennsylvania to  
19 provide public education, awareness and training. We  
20 continue to work with the Council and the Board's  
21 Director of the Office of Compulsive and Problem  
22 Gambling to maintain a comprehensive training program,  
23 keep our training materials updated and to ensure ---  
24 and very importantly, to ensure all of our employees  
25 receiving training.

1                   Regarding our efforts to prevent  
2 underage gaming, we have implemented every  
3 state-of-the-art policy, procedure and technology to  
4 prevent minors from entering the casino floor. I just  
5 wanted to point out that we understand that currently  
6 the legislature is considering a bill that would  
7 attach a penalty to a minor entering a casino. We  
8 want to make it clear to this Board that we support  
9 that legislation strongly.

10                   Moving on to enforcement actions. We  
11 believe that The Meadows has demonstrated a sincere  
12 and consistent commitment to regulatory compliance,  
13 but all of us make mistakes. You can see in this  
14 slide that we have entered into four consent  
15 agreements with OEC which were later approved by the  
16 Board. It is important for this Board to know that  
17 the subject matter of all these consent agreements was  
18 self-reported by The Meadows. This isn't a situation  
19 where the Board caught us doing something. We  
20 self-reported it and then took the consequences.

21                   OEC has also issued 28 warning letters  
22 to The Meadows. The Meadows has taken remedial  
23 actions in each one of these cases. The majority of  
24 these warning letters relate to promotions, vendor  
25 licensing, compulsive and problem gambling issues,

1 where we may not have a brochure available that should  
2 have been available and some underage issues where we  
3 had a minor on the floor who did not gamble or touch a  
4 slot machine. We believe that comparatively The  
5 Meadows has one of the very best compliance track  
6 records in the state.

7           We believe that one of our most  
8 important assets, in fact, the most important asset we  
9 have at The Meadows, are our management team and our  
10 employees. And accordingly, we designed a broad-based  
11 training program for all of our employees. Our  
12 Meadows employees are required to attend training to  
13 --- designed to insure compliance with the responsible  
14 serving of alcohol, compulsive and problem gambling,  
15 and of course, the Bank Secrecy Act, Title 31.  
16 Additional training is offered to all of our employees  
17 to enhance management skills, casino knowledge and to  
18 help them out with upward mobility.

19           As promised, as we did way back in 2006,  
20 we promised to create jobs, careers and have trained  
21 employees who knew what they were doing, could provide  
22 good service and compliance with all of the rules.  
23 That's another promise we made. That's another  
24 promise we kept. I'm going to turn it over to my pal,  
25 Bill Paulos. Thank you.

1                   MR. PAULOS:

2                   Thanks, guys. Great job. As some of  
3 you have noted today, you see me in town three or four  
4 out of the last five weeks, something, I don't know.  
5 All of it has nothing to do with the operations of The  
6 Meadows, but with politics and what's going on in  
7 Harrisburg. Sean and I went to Harrisburg two or  
8 three weeks ago and met for three days with various  
9 legislators. Then last week or the week before the  
10 House Committee on Gaming came out, had a hearing. We  
11 were with them for a day and a half, two days where  
12 they came through the property and then we discussed  
13 all those things that I've come to find out were in  
14 the industry letter, which is known as the St. Patty's  
15 Day letter. I didn't know that until it was in  
16 Harrisburg and that's what they called it from the  
17 gaming industry.

18                   What we'd like to do is you have in  
19 front of you this deck. We don't have it --- we don't  
20 have it up. But we'd like you to turn to a couple of  
21 pages as we talk about them. What we'd like to do is  
22 let you know what we've talked about over the last two  
23 or three weeks, let you know what our position is on  
24 those things, so that everybody knows that --- where  
25 we stand and what our position is. And hopefully

1 we're 99 percent on the same page.

2                   First of all, on pages five and six,  
3 you'll see what we think of the --- of online gaming.  
4 Obviously, we don't believe it's an end-all be-all.  
5 We don't think --- you know, if we look at Nevada, we  
6 look at Delaware, they're failures only because of  
7 population. They just don't have enough people, okay,  
8 to be able to support on-line gaming. New Jersey is  
9 doing a fraction of what they thought they were doing.

10                   Do we think it is a source of revenue  
11 for the state? Yes. Do we think it covers all your  
12 bills? Not a chance. All right. It's a very  
13 expensive proposition. Everybody thinks on-line is  
14 cheap; it's not, okay. There's a lot of extra expense  
15 for the games. You're paying a piece of the games.  
16 It's a tough business. We'd get into it, okay, and  
17 we'd do it if it's a reasonable cost of entry and we  
18 would do it quite frankly as a marketing thing, okay,  
19 and to try to draw more people into the casino to  
20 create more tax revenues and more profit for us, okay.

21                   VGTs, I'm going to take on two at the  
22 same time. I'm going to take on VGTs, which on page  
23 seven and nine I was in that business. I owned bars  
24 in Las Vegas for a while, sold them. It is just not a  
25 good business model when we're talking about the way

1 we're going to do it in Pennsylvania, okay. Plus,  
2 because of the tax disparity it's absolutely unfair to  
3 all your other licensees who have paid millions and  
4 millions of dollars for the right to operate, okay.  
5 Also, to try to --- to try to control and to try to  
6 put the same safeguards as you put on us, it's  
7 impossible. Cannot work. Okay.

8                   Now, again, in my exciting life that I  
9 lead as a casino owner and operator, I was reading the  
10 minutes of one of the House meetings. And I was  
11 surprised to learn there are --- there's an estimation  
12 of still 40,000, 40,000 illegal machines in the State  
13 of Pennsylvania. As your partner, as the  
14 Commonwealth's partner, I'm shocked that my partner  
15 doesn't protect me more. Shocked. Dismayed. We all  
16 know why. But if we got just rid of those 40,000  
17 machines and that revenue comes in in the licensed  
18 facilities, all that revenue is taxed.

19                   We showed you the numbers, okay, that we  
20 give locally to take care of the various community ---  
21 various communities and societies, okay, that quite  
22 frankly run these machines. But we do think that our  
23 partnership we deserve that protection. Now, out of  
24 the other side comes --- this is not from us. This  
25 was brought to us by the House Committee and they



1 asked us to comment on it, and that is down at the  
2 bottom of the page, slot machines and off-track  
3 betting parlors, okay. Now, we all know and most of  
4 the tracks around have difficulty making a profit,  
5 okay. Off-track betting is absolutely unprofitable.  
6 We had six. We're down to one.

7                   So we have six licenses, all right. And  
8 we were approached and said what would you think about  
9 putting slot machines in off-track betting parlors?  
10 We think it makes a lot of sense, obviously, okay.  
11 Number one, helping pay for the expenses for the  
12 tracks. I mean, \$11 million is a lot of money; it  
13 keeps on going up. But it also --- because you can  
14 take 100 to 200 machines, put them in an off-track  
15 betting parlor, you now have the controls you need.  
16 We can control them exactly like we control, okay in  
17 the building we now have. Makes it safe, controlled  
18 and another source of revenue. So, it helps the  
19 Commonwealth, it helps the licensees, it helps racing.  
20 So we thought it was a great idea. I know that  
21 surprises you. I know that surprises you.

22                   Another thing that is very interesting  
23 --- and I'd like you to go to page 22, because this is  
24 important. Actually it's all important, but this was  
25 especially. People don't realize this. We have a

1 competitive disadvantage to attract out-of-state  
2 customers, okay. There is --- we are discentivized,  
3 discentivized to go to Ohio and look for their high  
4 level players to bring them --- slot players, to bring  
5 that in, okay, to play at The Meadows.

6                   The two pages before this, okay, you  
7 will see out-of-state revenue declining and taxes  
8 collected declining, okay, for both table games and  
9 slots. If we take a customer, okay, from Ohio and  
10 bring him in, he loses \$500 a night in a slot machine.  
11 The state collects \$305 of that \$500. We have to  
12 house him and feed him. We're down to --- we're down,  
13 okay, to an operating profit of \$20 and we haven't  
14 paid payroll yet. Ohio, West Virginia, our neighbors,  
15 because of their tax situation, they're at \$160 and  
16 \$150. They're poaching our customers on the weekends.

17                   They're going after our --- very  
18 interesting, if we look at Nemaquin and we look at  
19 their occupancy percentage before casino opening,  
20 after casino opening, it's exactly what we testified.  
21 There's no difference. They ran 66 percent, they're  
22 now running 65 percent, okay. So, trying to get that  
23 out-of-state business is extremely difficult because  
24 of costs.

25                   If we turn the page, you say, oh, you're

1 just talking about a \$500 guy, da, da, da, da, da, da,  
2 now we go and get a group of players. We're putting  
3 on a golf tournament. We're not stopping, by the way.  
4 We don't stop anything. We continue to try to market  
5 Pennsylvania, because again, a promise we made in  
6 September of 2006. You wanted us, okay, to go after  
7 out-of-state business. You wanted Racetrack Road to  
8 become a destination. Well, you saw what it looked  
9 like in 1993, and you see what it looks like now.  
10 It's the now a destination, okay. So, we're going to  
11 go out. We're putting on a \$5 million golf tournament  
12 at --- in July at Southpointe, okay. And we're  
13 bringing in groups from New Jersey. We got a couple  
14 groups coming in from Las Vegas, a group from Ohio,  
15 Florida, okay; out-of-state business. We're having a  
16 \$20,000 blackjack tournament, okay, to attract people.  
17 We do everything we can possibly do to attract people  
18 to our destination.

19                   What we're looking at is --- on page 23  
20 is now here we got ten players playing \$1,000 a day.  
21 We actually lose money, okay. So, you say, Paulos got  
22 a problem. What's your answer? Well, the answer's on  
23 the next page.

24                   The out-of-state solution, and that is,  
25 okay, we're for those players which we categorize

1 today, which we track today which you can follow  
2 today, okay. We're saying take those out-of-state  
3 people that you bring in, okay, and tax us at a net  
4 gross. In other words, let us take those expenses.  
5 We don't want you to change the tax. What we want to  
6 do is --- or what would incentive us to go out and get  
7 more of that business, which we think we desperately  
8 need to compete, okay, and to stop the loss leaving  
9 the state, we think we desperately need --- we can  
10 take that net, that gross revenue less a percentage of  
11 the expense, take that out, okay, and that's the  
12 direct expense to market them in. We're not talking  
13 --- all the marketing costs will go right down in our  
14 regular expenses. Just those that can be defined that  
15 we can tax that --- we can compete for out-of-state  
16 business. Right now you're asking us not to because  
17 we can't. Financially just can't.

18                   Now, table games is a different story,  
19 okay. Table games, we got to tax set up that makes  
20 sense and we bring those players in without question.  
21 Not complaining about that. There's no beef. But if  
22 their wife plays slots, we're getting killed. It's an  
23 interesting --- it's an interesting situation we have.  
24 Sean, you got a few topics that you can go over.

25                   MR. SULLIVAN:

1 I'll keep it short. I know we're in the  
2 final stretch here, but there are a couple of things  
3 again that we discussed with the legislators, and  
4 actually, June 10th we're discussing again in  
5 Harrisburg with the Senate Oversight Committee. So,  
6 these are things that are being bantered about,  
7 debated and it's a great conversation. It's a very  
8 healthy conversation. The trick is to make the right  
9 choices, so that we're here three years from now and  
10 we're saying what a good choice that was. Look at ---  
11 revenues have started to be restored. Look at the  
12 changes that we've made for the benefit.

13 As Bill points out, we started this  
14 journey, this partnership in 2006. We know each other  
15 pretty well. We know that we can trust each other,  
16 you know. We're not --- you know, we're  
17 self-reporting the incidents that we have. We make  
18 mistakes. We don't deny that. But we can trust each  
19 other. In the beginning of any new jurisdiction, and  
20 I've been in many, there's not a trust factor. But  
21 generally that trust factor comes in. And generally  
22 if there's bad apples, they're no longer around, you  
23 know, seven, eight years later. So, again, this is a  
24 journey together. This is a process for us to  
25 prosper, if you will.

1                   A couple of additional topics. One is  
2 --- and it's been highly spoke to, that is games  
3 getting to the market faster. If you take a quick  
4 look at page 14 in the same deck that we're at now,  
5 the House of Representatives deck, you'll see just a  
6 quick summary. We know there's a way to, or as Bill  
7 would call it a solution, to improve the current  
8 situation. I enjoyed giving a tour to the House of  
9 Representatives folks last week I think it was, or May  
10 21st. I went into our new game zone, and not many  
11 casinos have this. So, at The Meadows we have a new  
12 game zone. There's a couple hundred games in this new  
13 game zone. Any new game we bring in we put it in the  
14 new game zone, you know. We tell our customers here's  
15 what's new at The Meadows, because they're looking for  
16 what's new, just like all of us are, whether it's a  
17 menu or other things.

18                   Our new game zone does \$337 win per unit  
19 versus the floor average of \$184. I mean, that's a  
20 heck of a premium for our partnership; right?  
21 Incremental taxes, incremental revenues for us. So,  
22 that in itself I think is a simple explanation of new  
23 games matter. So, when we looked into where we get  
24 our games and how quickly we get them, that's on this  
25 page. We think the solution working with the Gaming

1 Control Board, is something of a hybrid maybe with New  
2 Jersey's model, Gaming Labs, Inc., you know,  
3 international and getting games on to the floor  
4 quicker. We don't need to over evaluate these games  
5 and then end up months and months behind our  
6 competitors, which are West Virginia, Ohio and these  
7 states on the east side as well.

8           Flipping over to page 15, category  
9 three, it's just a quick one, you know, as Bill has  
10 often said, we --- listen, we come to Bill all the  
11 time and say can't we do something about the taxes.  
12 He said look, we knew it when we got into it. No,  
13 stop bitching. We're not going to change the 55  
14 percent tax. We'll talk about that in three years.  
15 But he says look, we knew what the rules are when we  
16 got into it, you know? We made promises. We're  
17 keeping promises. We're not going to do it that way.  
18 We're going to find other meaningful solutions.

19           That applies to Category 3s, as well.  
20 They knew what they signed up for. They knew what  
21 they got into. To change the games --- the rules now  
22 is not the right idea. It's not fair, and it's not  
23 something that we would ask, and we don't believe they  
24 should have it. So, we believe no change to current  
25 regulations and operational behaviors of the Category

1 3s. It will only have a detrimental effect on  
2 Category 1 and 2s.

3                   Looking over to the next one --- I'm  
4 going to skip a couple here. There's a check cashing,  
5 and you're welcome to look at those when you have  
6 time. But talking about liquor hours, page 17. Just  
7 quickly, again, a one page summary. I would encourage  
8 you to look at who's doing 24 hour service. It works.  
9 It's in Las Vegas. It's in New Jersey. It's in  
10 Louisiana. It's Illinois, it's Florida, it's  
11 Mississippi. And then there's some extended hours  
12 above Pennsylvania's hours in our neighbors, in Ohio,  
13 in Missouri, Indiana, New York, even the PA clubs,  
14 Pennsylvania clubs. The Elks Club and those guys stay  
15 open until 3:00, serve alcohol until 3:00, and West  
16 Virginia clubs. So, we would encourage the  
17 legislators --- and we're just simply sharing this  
18 with you. We think that to keep revenues climbing and  
19 to counteract our competitors, serving alcohol 24  
20 hours responsibly --- we take full responsibility for  
21 all aspects of responsible serving --- is an  
22 appropriate measure.

23                   Going to page 18, again, a summary page  
24 that shows you the detrimental effect of going to a  
25 non-smoking or a more restricted environment. One



1 thing I've known for 35 years, smokers gamble and  
2 gamblers smoke. Smokers pick up a pack of cigarettes  
3 every day, and it says, you could die. You can get  
4 cancer. It's bad for you. And guess what they do?  
5 I'll gamble. It isn't going to be me. So, we're not  
6 going to change, you know, society's decisions, their  
7 freedoms. And we know the detrimental effect it will  
8 have on casinos. In New Orleans, 20 percent revenue  
9 decline just recently when they changed to  
10 non-smoking. Mountaineer headlines, recently, 250  
11 jobs lost, expected 15 to 20 percent loss in revenues.  
12 Illinois, 21, almost 22 percent, Colorado, way back  
13 when, a sizable amount. Smoking will hurt our  
14 business. We're in this game to increase revenues.  
15 We're in this game to increase taxes. So, we would  
16 say no change to current regulations related to  
17 smoking.

18                   Next, I'll talk quickly about harness  
19 racing. Harness racing --- Kevin represents the track  
20 well. We have Kim Hankins here, a part of our  
21 partnership with the MSOA. We're trying to find some  
22 solutions to racing. Racing, right now, at the  
23 Meadows is just above break even. We know, looking  
24 into the future, whether it's three years, five years,  
25 ten years from now, it won't be. It's not financially

1 secure the way it is now.

2                   So the question is, what can we do about  
3 it? One of our recommendations represented on page  
4 --- I said --- 27 is that we reconsider the amount of  
5 days that we race. We race 280 days. Winter, dead of  
6 snow, we're out there racing. It's a very expensive  
7 operation. It's a very expensive proposition.  
8 However, we care deeply about the jobs of horsemen and  
9 all the related parties to the race business, so we  
10 don't want to hurt them. But we have to be creative.  
11 We have to think of something different.

12                   On page 27, you'll see just quickly,  
13 with some reduced days, we can go from a current  
14 \$130,000 a day purses to \$183,000 a day purses.

15                   That will elevate the racing attraction.  
16 That will elevate the amount people can race for, that  
17 they can win. It will make us one of the top tracks  
18 in the country. We believe it'll increase wagering,  
19 even track attendance, simulcast wagering, and we will  
20 compete with the most notable tracks in the country.

21                   On the right what we like from a  
22 marketing perspective, is right now we're 208 days.  
23 It's like if football and baseball ran 365 days, I  
24 don't think it'd be that salable, you know. It'd  
25 become kind of monotonous and repetitive. If we can

1 break it into a spring meet, a championship meet,  
2 maybe a winter meet, we can have opening and closing,  
3 out comes the big bam. They're going to open up the  
4 season. They're going to close it. It's like the  
5 circus is coming down, get your ticket now because  
6 it's only here for a short period of time. We believe  
7 we can market the race business far more successfully  
8 than we are now. So, I encourage you to look over  
9 that page.

10 Streamlining, the regulatory process, a  
11 few pages here. I'll touch on just a couple of quick  
12 ones. Page 29 speaks to the issue of vendor approval.  
13 We are fairly restricted here. It's a complicated  
14 process. It's a time consuming process. It's an  
15 expensive process. The negatives are that the mom and  
16 pops that we're here to help the most that live in our  
17 community, our neighbors, the ones that come to The  
18 Meadows are getting boxed out, you know. They can't  
19 pay the fees. They don't have that size of an  
20 organization. So, for example, in the electrical  
21 business, we have two purveyors that we work with.  
22 And I promise you, we're not getting their best price.  
23 I mean, they have the license. They pay it. They  
24 license their employees, so we have to pay the fiddler  
25 on those and that's not fair. There's other

1 organizations, smaller operations we'd love to support  
2 in our community. But we would recommend as indicated  
3 on page 29, something similar to the New Jersey model,  
4 streamline, less costly and much more flexible to  
5 include more members of our community.

6           The last one I believe I'm going to  
7 touch on is licensing. Licensing is a difficult  
8 proposition. Right now, it's complicated. Again, we  
9 would recommend the New Jersey model. Our table game  
10 rules, a lot of our rules have come from New Jersey.  
11 We usually talk in this industry about the Nevada  
12 model and the New Jersey model, you know. We're over  
13 here. We'll lean towards New Jersey.

14           Currently, we have about 100 jobs open  
15 at The Meadows. On our compliance director's desk, we  
16 probably have 40 pan forms. Pan forms are forms that  
17 when they're hired, we complete the pan form. We put  
18 them to work. When it takes two, three, four weeks  
19 and in some cases longer to get an employee, that  
20 employee has no choice but to entertain other offers.  
21 So we'll lose a sizeable amount of those people who  
22 are in the process, but they're waiting and waiting.  
23 Sadly, people are living paycheck to paycheck in many  
24 of these positions, which are generally not, you know,  
25 the featured positions. It's kitchen workers. It's

1 EVS workers. It's security workers, you know. They  
2 can't sit idle for four weeks.

3                   We've actually trained people now that  
4 if you want a job in a hurry, the casino business may  
5 not be your best bet. Go look at Walmart, go look  
6 other places. In our world, it takes us 24 hours to  
7 investigate a person to where we feel sufficiently  
8 able to hire them. We'll do the drug test. We'll do  
9 the background check. We'll do their credit check.  
10 We'll get their criminal history within 24 hours. We  
11 want to get people on the floor in 24 hours. We can't  
12 afford to lose people and sometimes better quality  
13 people to other organizations outside of our industry.

14                   So we would encourage you to review  
15 these two pages, 30 and 31, and let's set a goal to  
16 get people on the floor in one week or less. It can  
17 be done. It's just a matter of organization and other  
18 things, and surely, I don't want to speak for the  
19 Gaming Control Board. I'm sure they could present a  
20 couple of ideas that makes it complicated, but again,  
21 in the spirit of solutions, we need to improve this  
22 area.

23                   So I leave you with those and we wanted  
24 you --- share with you those and then we'll go right  
25 into our summary with Mr. Paulos.

1                   MR. PAULOS:

2                   Well, thank you all for listening to us  
3 today. You know, we take our partnership with the  
4 Commonwealth, with the community, with our employees  
5 very, very seriously. We spent a lot of money since  
6 2011. We've spent almost \$100 million. We want  
7 everybody to succeed. We want to make it easier for  
8 everybody, especially for us, you know, no question  
9 about that and that's why we went over the points we  
10 did. We like doing business in Pennsylvania. I enjoy  
11 the people. Our employees are the best around.  
12 They're absolutely incredible. I applaud our  
13 management team that are here. They're spectacular  
14 people. The dedication that they show to The Meadows,  
15 to the Commonwealth and to the community is amazing  
16 and I couldn't ask for better folks. So, with that,  
17 thank you very much. Appreciate it.

18                   PRESIDING OFFICER:

19                   At this point, I'll turn it over of the  
20 OEC for any questions you might have.

21                   ATTORNEY ESTRIPLET:

22                   Would it be easier if I ask the  
23 questions from here and then just they can pass the  
24 microphone down?

25                   MR. PAULOS:

1 Sure.

2 ATTORNEY ESTRIPLET:

3 Okay.

4 PRESIDING OFFICER:

5 I guess. As long as the court reporter  
6 can hear you.

7 ATTORNEY ESTRIPLET:

8 Okay. Good morning, Director Lloyd,  
9 Chairman Ryan, Members of the Board, Carmelia  
10 Estriplet, E-S-T-R-I-P-L-E-T, on behalf of the  
11 Enforcement Counsel. The first question I have is,  
12 are there any plans to add additional amenities or  
13 make any significant renovations to the casino or the  
14 racetrack?

15 MR. PAULOS:

16 We're in the process right now. I mean,  
17 we're doing --- we're in a million dollar renovation  
18 of our restaurant, the Carvery. As a matter of fact,  
19 it's closed today because we're redoing the entire  
20 kitchen. So, it is everything --- it's just ongoing.

21 In our comments, you saw the street, the hotel is  
22 just completed, the bridge is just completed that  
23 crosses and connects the hotel with the casino, so  
24 it's ongoing. We don't stop spending.

25 ATTORNEY ESTRIPLET:

1                   Are there any plans to increase or  
2 decrease the size of the Gaming Floor?

3                   MR. PAULOS:

4                   Definitely not decrease and not  
5 increase, yeah. No plans to do either, except if we  
6 get to be able to do that out-of-state thing that I  
7 talked about, we might be able to put some more stuff  
8 on the floor.

9                   ATTORNEY ESTRIPLET:

10                   How often does Meadows replace older  
11 slot machines with newer machines?

12                   MR. SULLIVAN:

13                   Mic? Just real quick, we are committed  
14 to replacing equipment on a regular basis. I think  
15 it's indicated on page --- what page is that, eight,  
16 and we put \$6.5 million in slots in just since the  
17 last time we met. And that's a combination of new  
18 slot machines, new boxes and those are generally  
19 \$20,000 each and it's also a combination of  
20 conversions. So, we'll completely change out an old  
21 game with a new thing. We're active there as well.

22                   As Bill puts it, we don't stop spending.  
23 We don't stop spending on the racetrack, \$11 million,  
24 and we don't stop spending in the casino.

25                   ATTORNEY ESTRIPLET:



1                   Does Meadows lease or own its slot  
2 machines?

3                   MR. SULLIVAN:

4                   We own 90 percent of them, give or take.  
5 I believe we have --- and our Slot Director's ill  
6 today, but I think he would tell us we're in the range  
7 of 200 leased games and those are games that we'd love  
8 to own, but we can't. The manufacture buys these  
9 brands, whether it's Wheel of Fortune or Batman and so  
10 on, and they don't sell them. You can only lease them  
11 and you pay a daily fee for that generally and some of  
12 the top earners on the floor actually.

13                  ATTORNEY ESTRIPLET:

14                  Okay. Are there any plans to add new or  
15 different table game options to the casino?

16                  MR. SULLIVAN:

17                  You know, table games is an interesting  
18 thing. Table games doesn't change like the world of  
19 slots over the years. Blackjack is blackjack is  
20 blackjack, Craps or what, but there are bonus games  
21 and we're adding bonus games all the time. Our  
22 director back here, Lance, we actually have an  
23 exciting story. One of our shift managers, Ben  
24 Kuwaski (phonetic), developed a new game that just ---  
25 I think, did it get approved, just got approved by

1 Gaming called Go for It, and it's a golf themed game.  
2 So we're putting two tables on as soon as we can to  
3 give a shot at that.

4                   But you don't see a lot of movement in  
5 tables. You see bonuses added to the form of  
6 blackjack. You see a couple of new things and we're  
7 always out there looking, putting them on the floor,  
8 testing them, if they --- if they work, we're keeping  
9 them, if they don't, we'll try again.

10                   ATTORNEY ESTRIPLET:

11                   Okay. Are there any plans to increase  
12 or decrease the number of employees at the casino?

13                   MR. SULLIVAN:

14                   Right now, we're pretty stable in the  
15 1,300 range, but I would say always the idea of  
16 increasing behooves us. I mean, that's what we're  
17 here for. I don't know if we've said jobs enough, you  
18 know, but not only economic factors that we've talked  
19 about, but we're so prideful in our opportunity to  
20 hire people, put people to work. That is one of the  
21 things I heard loud and clear six years ago to,  
22 continue to find ways to get more people into the  
23 building from a job perspective.

24                   So we hope with some of these things we  
25 spoke about in the House presentation we create every

1 reason in the world to add more jobs. I mean, that's  
2 our goal.

3 ATTORNEY ESTRIPLET:

4 Directing your attention to your slide  
5 presentation, if we could look at slide number ten,  
6 please.

7 MR. SULLIVAN:

8 Yeah, the hotel --- Kevin, you might  
9 want to throw that up for the group if you go back a  
10 couple, but yes.

11 ATTORNEY ESTRIPLET:

12 With respect to your hotels and with the  
13 hotels around, I know that Meadows also offers  
14 additional amenities that are available to patrons  
15 under the age of 21. What efforts are made to prevent  
16 entry onto the gambling floor by underage patrons?

17 MR. SULLIVAN:

18 Yeah, great point. And we didn't  
19 celebrate probably enough those things we can do when  
20 you want to be a complete entertainment destination  
21 for the community, you can't deny the families. So,  
22 we do have a 24 lane bowling alley with four private  
23 lanes. Racetrack is enjoyed by the family as  
24 mentioned, Friday night races. You do have to be 18  
25 to wager on horses, not 21, but families are out there

1 having fun.

2                   We have blow-up bouncy houses. We have  
3 painters. We have petting zoos. We do everything out  
4 on the apron to attract families to enjoy the historic  
5 racetrack. So, we have those.

6                   You can go up to our food court. You  
7 can go to Bistecca no matter what age and the design  
8 of the property is what allows us to do that. We have  
9 two primary --- actually, three primary entrances when  
10 you come in from the parking, in front of the building  
11 where you'll have to go through the security check  
12 point and that's where we scan their IDs as Bill  
13 mentioned, as Guy mentioned. We do everything humanly  
14 possible to keep minors off the floor. We call it the  
15 casino carpet. They cannot go on a casino carpet.

16                   However, at the South entrance, they can  
17 do down the escalator and they can enter the world of  
18 family and young activities. They can go bowling.  
19 They can go to a --- I think, Dave, did you mention we  
20 had a prom there just last weekend, our convention  
21 space down there so we're open to it. We're catering  
22 to it to a degree from that non-casino perspective and  
23 we think we have the design that allows them to stay  
24 off the casino floor.

25                   ATTORNEY ESTRIPLET:

1                   Okay. Directing your attention to slide  
2 19, what is the breakdown by percentage of part-time  
3 versus full-time employees?

4                   MR. SULLIVAN:

5                   I think in the --- Kathy's here, I  
6 think, from HR, but do you know off the top of your  
7 head, or I'll take a stab?

8                   HR REPRESENTATIVE:

9                   I think it's under 1,000.

10                  MR. SULLIVAN:

11                  Yeah, we're just over 900 full-time  
12 equivalence or --- full-time equivalence is one way to  
13 look at it. We take all the hours divided by 40 and  
14 that gives you the full-time equivalent. But we have  
15 four categories of jobs.

16                  We have full-time. We have part-time.  
17 We have extra board, which is primarily used in table  
18 games and the other departments. And then we have a  
19 summer group that we call tent casual (phonetic) that  
20 we use for our concerts, our boxing events and our  
21 MMA. But at the end of the day, we're looking at 900,  
22 950 full-time equivalence, you know, we're just under  
23 that a little bit.

24                  MR. PAULOS:

25                  I think one thing that we're very proud

1 of is how we pay our employees. Pennsylvania has a  
2 statute here where you can take tip classifications  
3 and subtract those tips from the hourly pay and so you  
4 go from \$8 an hour down to \$3 an hour. We refuse to  
5 do that. We do not take one dime of tip credit at the  
6 casino. We pay everybody the full --- their full  
7 fare.

8 MR. SULLIVAN:

9 An example of that is every Thursday I  
10 greet the new hires and it could be three, it could be  
11 seven, it could be --- they come into my office.  
12 They're forced to listen to me talk about our culture,  
13 the things that we do, the promises we make, and just  
14 this last Thursday, I had a cocktail server that  
15 worked at Mountaineer, \$2.90 an hour is all she got  
16 paid, so they deducted the difference in her tips to  
17 account for minimum wage.

18 Bill said from day one, I don't sleep  
19 well if I do these kinds of things, everybody will be  
20 minimum wage or higher. I don't even know if we have  
21 any minimum wage jobs. I mean, everybody's generally  
22 towards the \$8 or \$9 and in many cases \$10 I know in  
23 security and so on. So, that is a uniqueness  
24 difference, and that's the culture of our business.  
25 So, you could take tip credit. We don't do it. We

1 could charge them for a meal. Our competitors do, we  
2 don't do it. You could make them pay for their own  
3 Gaming license, \$350, we pay for them, you know. So,  
4 there's a whole list of things that we do that we take  
5 pride in and haven't celebrated here today, but those  
6 are a few of them.

7 ATTORNEY ESTRIPLET:

8 Does Meadows provide any benefits for  
9 its part-time employees?

10 MR. SULLIVAN:

11 We do have part-time benefits. Kathy  
12 would be able to stand up here and quote them to you.  
13 They're not obviously as extensive as full-time, but  
14 surely we do give them some of those benefits that  
15 you've heard on whatever side that was.

16 ATTORNEY ESTRIPLET:

17 Okay. Directing your attention to slide  
18 number 21, In addition to the monetary contributions,  
19 does Meadows offer its employees opportunities to  
20 volunteer with charitable organizations and/or  
21 community partners?

22 MR. SULLIVAN:

23 Sorry, I didn't know you were going  
24 there. Say that one more time.

25 ATTORNEY ESTRIPLET:

1                   In addition to the monetary  
2 contributions that Meadows makes ---

3                   MR. SULLIVAN:

4                   Okay.

5                   ATTORNEY ESTRIPLET:

6                   --- are there opportunities offered to  
7 the Meadows employees to volunteer with community  
8 partner ---?

9                   MR. SULLIVAN:

10                   I'm glad you asked. Yes, we do. We do  
11 many times walk-a-thons around the track and people go  
12 out and get folks to support them and contribute. And  
13 we started this year a program called Helping Hands.  
14 And actually in June, July and August, we're going to  
15 go out to the state fair and we're going to  
16 participate with the food bank in distributing produce  
17 to the needy families.

18                   Every month, we're going to try to have  
19 a helping hand effort, whether it's Habitat for  
20 Humanity, whether it's helping the food bank or  
21 whether it's like we have in the past, we'll serve  
22 turkey dinner, Christmas dinner at the city mission.  
23 Yes, we actively participate and we always want to do  
24 more.

25                   ATTORNEY ESTRIPLET:



1                   Okay. Turning your attention to slide  
2 number 27.

3                   MR. SULLIVAN:

4                   Yes.

5                   ATTORNEY ESTRIPLET:

6                   Are there any differences in the  
7 training required for part and full time employees?

8                   MR. SULLIVAN:

9                   No, it's more based on position. If  
10 you're security, you can be extra board. You can be  
11 part-time. You can be temp. You can be full-time,  
12 but you're going to know everything there is to know  
13 about security. You're going to know every single  
14 part of it. If you work in the cage, you could be one  
15 of those categories, but you're going to know how to  
16 process transactions, so it's based on position, not  
17 on, you know, classification of your job.

18                  ATTORNEY ESTRIPLET:

19                  I have no further questions for Meadows.

20                  PRESIDING OFFICER:

21                  Do you have any follow-up from their  
22 questions that you would like to add? I'm not sure  
23 who is representing you today.

24                  MR. SULLIVAN:

25                  No, I think we have properly categorized

1 and it will be introduced --- is this the time to  
2 bring up a couple of our employees, or is that coming?

3 MR. PAULOS:

4 That's coming.

5 MR. SULLIVAN:

6 Okay. So, that's coming. I can talk  
7 for hours, but I always get yelled at, so I'm not  
8 going to. No, I think that concludes our official  
9 portion of the presentation. Right, Mr. Paulos?

10 MR. PAULOS:

11 Yes.

12 MR. SULLIVAN:

13 Thank you.

14 PRESIDING OFFICER:

15 Well, then I will ask questions from the  
16 Board, and today I'll start my right with Commissioner  
17 Woods. Do you have any questions?

18 MR. WOODS:

19 Not a question, just a --- not a  
20 question, just a comment. The comment being that I  
21 appreciate the ideas that were set forth on the  
22 legislature, making us aware of them. The legislator  
23 quite often asks our opinion on those types of pieces  
24 and we make some recommendations back. Again, it's  
25 the legislator's job to legislate and ours to

1 regulate, but we do have interactions and I appreciate  
2 your candor with the Board today in these areas, which  
3 we can assist, and we will and we will work towards  
4 that end.

5 MR. SULLIVAN:

6 Thank you. I'd be remiss if I didn't  
7 point the tremendous relationship that we have, not  
8 only with members of the Board, I hope, but the staff.  
9 I mean, Kevin O'Toole, we'll talk, we'll soundboard  
10 things back and forth. I'll call him on his cell at  
11 10:00 p.m., he picks it up or calls me back by 10:05.  
12 Mike Cruz is engaged. Mike Kelong (phonetic) works  
13 with licensing and approval vendors. If he needs an  
14 emergency credential for someone to get on the floor,  
15 72-hour pass, he gets it.

16 So it's not that there's things that are  
17 tremendously broken, but there's better opportunities  
18 to move faster and move forward together. But surely,  
19 we work hand in hand, I believe, with the PGCB staff,  
20 State Police and anybody else. It's one team.  
21 There's no us versus them. So, I appreciate that, and  
22 that's our spirit with bringing these ideas as how can  
23 we work together to advance the gaming industry in the  
24 Commonwealth.

25 MR. MCCALL:

1                   Yeah, I certainly --- I don't really  
2 have any questions, you know. I would echo  
3 Commissioner Woods' sentiments. Certainly, there's a  
4 lot of challenging issues that you have before you and  
5 they will --- before the legislature, not this body.  
6 However, you know, we do share our opinions with the  
7 legislature and you know, it's going to be a tough  
8 road ahead of you, of course you know that. But it  
9 begins with communication and making those concerns  
10 --- you know, your concerns heard.

11                   That being said, I mean, there are the  
12 regulatory side of this. There are issues that have  
13 been brought to light to this Board that we will  
14 certainly address. The things that we can control, we  
15 will control and address and try to make your life  
16 easier because, you know, I said it yesterday when we  
17 were at Allegany County, when you look at, you know,  
18 the tax rate and, you know, Pennsylvania has the  
19 highest tax rate, but the fact that you still have,  
20 you know, that community of entrepreneurship, the  
21 community giving, community partnerships, in addition  
22 to what you pay to the Commonwealth, it's to really be  
23 commended.

24                   It's a shame that every one of us can't  
25 have a casino in our backyard because you really do

1 provide a lot to the community, and for that, you are  
2 to be commended.

3                   But as far as, you know, the regulatory  
4 side of things, anything that comes before us I can  
5 tell you as a Board, we will address that to the best  
6 of our ability and I encourage you to keep those lines  
7 of communication open with the legislature on the  
8 issues that we know affect you, but that's where you  
9 have to keep that up. Thank you.

10                   CHAIRMAN:

11                   I just have one question. You indicate  
12 --- excuse me, on page 19, that benefits have gone up  
13 76.3 percent in just five years. What is that  
14 increase made up of?

15                   MR. SULLIVAN:

16                   No competition, just no competition and  
17 the basic ---. No competition for health service here  
18 in Western, PA and then the ensuing Obamacare that all  
19 the insurance companies are covering their proverbial  
20 ears about.

21                   CHAIRMAN:

22                   So it's healthcare?

23                   MR. SULLIVAN:

24                   No question. Yes, it's healthcare.

25                   CHAIRMAN:

1                   Okay.

2                   MR. FAJT:

3                   Yeah, I have a couple of questions.  
4 While we're on the compensation issue on page 19, the  
5 average compensation, I put that in quotes, is \$43,000  
6 annually and then, Mr. Sullivan, underneath that, you  
7 talk about the cost of benefits as 13.8 for employees.  
8 So my question is does the \$43,000 compensation  
9 include the 13.8?

10                  MR. SULLIVAN:

11                  Yes.

12                  MR. FAJT:

13                  So, the average salary, if I can use  
14 that term cash is about \$30,000 plus the 13.8 takes  
15 you to 43?

16                  MR. SULLIVAN:

17                  Right. What it doesn't include is tips  
18 and ---.

19                  MR. FAJT:

20                  Got you.

21                  MR. SULLIVAN:

22                  For example, a table game dealer may  
23 make \$8 an hour, they're making another \$20 an hour,  
24 \$15 an hour in gratuities.

25                  MR. FAJT:

1 Got you.

2 MR. SULLIVAN:

3 And the same with cocktail servers and  
4 so on.

5 MR. FAJT:

6 Thank you. And just to reiterate, these  
7 are to Mr. Paulos. You raised two issues that I want  
8 to talk about. One is the 40,000 illegal slot  
9 machines and I don't know whether that number is right  
10 or wrong, but I will tell you from the Board's  
11 standpoint, that we get \$2 million every year, maybe  
12 \$2, \$2 and a half million every year to give out to  
13 local law enforcement. It follows local law  
14 enforcement grants. We cannot give that money out  
15 fast enough.

16 It has built up over the years. We've  
17 gotten a little better in the last couple of years,  
18 but it got to the point where that fund, if you will,  
19 was about \$7 and a half to \$8 million and we were not  
20 getting requests from local police, from DAs, from the  
21 attorney general. We were not getting enough requests  
22 where we could deplete that \$2 million per year.

23 As I said, it's gotten a little better  
24 lately, so I want to make clear because you made the  
25 point that, you know, you were disappointed in your

1 partner and we're sitting in front of you, so people  
2 are going to say, well, there is partner and we are  
3 part of that partnership, but as Commissioner Woods  
4 and Commissioner McCall said we can't help you with  
5 that. That is not, that is a legislative issue, not a  
6 Gaming Board issue.

7 MR. SULLIVAN:

8 Isn't it an enforcement issue?

9 MR. FAJT:

10 No, it is not. We cannot give that  
11 money out unless somebody applies.

12 MR. PAULOS:

13 Okay. Then may I --- again, when we ---  
14 we're solution guys.

15 MR. FAJT:

16 Correct.

17 MR. PAULOS:

18 That's what we do.

19 MR. FAJT:

20 I'm with you on that.

21 MR. PAULOS:

22 Okay. So, I have a solution, possible.  
23 All right. I don't know if it's possible or not, but  
24 let's talk about it, okay. We have 11 state troopers,  
25 okay, that are housed at The Meadows. I am sure that



1 Rivers has a very similar number and I'm sure  
2 Nemacolin has a smaller number, but there's a number.  
3 Why couldn't a task force be formed? We are already  
4 paying for that, doesn't cost another dime, but that  
5 task force, one out of each property, so there's three  
6 together in Western Pennsylvania get rid of those slot  
7 machines?

8 MR. FAJT:

9 And that is an absolute possible  
10 solution, but it is not a solution that we can  
11 dictate.

12 MR. PAULOS:

13 No.

14 MR. FAJT:

15 We do not have the authority to say to  
16 the State Police, we want you to set up this task  
17 force. They have to come to us, request the money,  
18 give us a proposal. We cannot dictate to them.

19 MR. PAULOS:

20 Well, they don't need money because  
21 we're already paying.

22 MR. FAJT:

23 You're paying them.

24 MR. PAULOS:

25 Perhaps Mr. Fajt would pass the

1 suggestion onto the Commissioner of the State Police.

2 MR. FAJT:

3 Absolutely. We can do that.

4 MR. PAULOS:

5 I appreciate that.

6 MR. FAJT:

7 No problem, Mr. Paulos. Second issue on  
8 the competitive disadvantage, and Mr. Sullivan and I  
9 have talked about this on my last visit to the casino  
10 and I think Mr. Paulos, you and I, and Commissioner  
11 Moscato talked about this. Using that same theory  
12 about the tax rate being a competitive disadvantage to  
13 Ohio and West Virginia, why doesn't New Jersey use  
14 that against us? In other words, their tax rate is  
15 eight percent. Ours is 55. Why aren't they able to  
16 glean from Pennsylvania all of our high end players?  
17 I'm sure they get some.

18 MR. PAULOS:

19 Oh, they get plenty. All of our high  
20 end players go to Atlantic City, okay. There's no  
21 question about that. However, now we're talking about  
22 a state, okay, that loaned --- the state loaned a  
23 property by the name of Revel \$250 million dollars.  
24 So, when we're talking about decisions here, probably  
25 Jersey isn't the greatest example to go and say, why

1 aren't they getting our business.

2 MR. FAJT:

3 Well, and the reason I bring that up is  
4 because, I mean, your premise is that our high tax  
5 rate is a disadvantage to us, and I don't disagree  
6 with that, but I'm saying if the tax rate in Jersey is  
7 so low, why aren't they more successful in luring the  
8 big players from ---?

9 MR. PAULOS:

10 The Borgata flies from Pittsburgh to  
11 Borgata, no question, private jets. No question.

12 MR. FAJT:

13 But it hasn't --- I mean, it hasn't  
14 significantly helped the New Jersey revenues. I guess  
15 there just aren't enough ---.

16 MR. PAULOS:

17 It's just not enough people. I mean,  
18 that's what you're really talking about.

19 MR. FAJT:

20 Okay. And lastly for Mr. Sullivan, I do  
21 agree with your assessment on smoking and I've said it  
22 for years, you know, smokers like to gamble, gamblers  
23 like to smoke. Gamblers like to smoke. I am sensing,  
24 though, and we heard this yesterday at the Rivers and  
25 I've seen it, heard it in other casinos that there is

1 --- and I'll call it a small shift to non-smoking  
2 amenities, and so the Rivers told us yesterday that  
3 they are looking at putting a non-smoking table game  
4 pit.

5           It is still the number one issue that we  
6 hear in the public. We all do public speeches to  
7 rotary clubs and Lions clubs as you know. It is still  
8 the number one issue that we hear from patrons that  
9 they don't like the smoke in the casino, but then we  
10 look at the empirical battle like what's happening in  
11 Ohio, what happened with Revel, which was a non-  
12 smoking property initially and, you know, they are not  
13 doing well, and in Revel's case, went out of business.

14           But I just --- my sense is that there is  
15 a slight shift taking place as older people pass away  
16 and younger people come in who do not have the same  
17 propensity to smoke that older folks did, that there  
18 is a shift in that casino market and that's just a  
19 statement as opposed to, you know, anything else.

20           MR. SULLIVAN:

21           And I would just suggest that that's  
22 another challenge. It's another opportunity that we  
23 can either fumble the ball or not fumble the ball, but  
24 for us we have to have a solution to that, right. So,  
25 we already have a non-smoking pit. We already have

1 the same games in smoking equaled in non-gaming ---  
2 non-smoking, so we offer them. And equally when the  
3 air conditioning went on here and we felt a little  
4 cooler, it's got to be a property that supports  
5 smoking. You can't have the old casinos where there  
6 roofs were this tall and smoking was an issue. We've  
7 invested a tremendous amount of money into the  
8 structure of that building to mitigate smoking. We  
9 think we do.

10 I can tell you and I don't want to --- I  
11 don't want to ever believe I live in a box, but I walk  
12 the floor. I talk to the employees quarterly, all  
13 employees. We're not getting that same message. Yes,  
14 of course, we hear some, you know, and listen. I mean  
15 there's people that may not even experience --- it's a  
16 psychosomatic issue sometimes, but smoking is not the  
17 cry at The Meadows. It's not the loud response.

18 MR. PAULOS:

19 We just spent a lot of money on our  
20 center bar to make it --- you know, to try to attract  
21 younger folks. It is amazing how successful it's  
22 been, okay. It is on Friday and Saturday nights, 25  
23 year olds to 45 year olds are wall to wall in that  
24 ultra lounge. We're not --- you know, we're not  
25 getting that, oh my gosh, it's --- you know, where

1 there's too much smoke in here, but again, you know,  
2 we have 40 foot ceilings. So, it's --- you know, it's  
3 the construction, the mechanical --- the mechanical  
4 devices that we use, and we filter our air, you know,  
5 11 to 13 times an hour.

6 MR. SULLIVAN:

7 And just a quick maybe follow-up on what  
8 Bill said, slot players and table game players are  
9 night and day different. You know, table game players  
10 are well schooled in what they can get in the form of  
11 complimentaries, whether it's a private jet sent to  
12 their attention, complimentary boxing tickets, the  
13 whole pleather. In our world, we can list you our  
14 table games whales, as they're called, on two hands  
15 maybe. I mean, we really know who there --- and  
16 they're going to Borgata and they're going to Seneca  
17 and we tell them, stop going to there, but they go  
18 there and they're invited. They're treated well and  
19 it's different experience. It's more of a destination  
20 trip.

21 Our players are coming in playing for  
22 the day. There's the whole convenience that's very  
23 appropriate and applicable to them. So, don't think  
24 that, you know, New Jersey and other jurisdictions  
25 aren't getting them. They surely are especially in

1 table games.

2 MR. PAULOS:

3 We want to get theirs.

4 MR. SULLIVAN:

5 Yeah.

6 MR. PAULOS:

7 The point is keeping ours more, okay,  
8 but what we want to do is we want to go out and get  
9 theirs.

10 MR. SULLIVAN:

11 And conversely, slot players, it  
12 surprises me every day after 35 years, they're just  
13 not in that game. They're not in it. It's a  
14 different demographic. It's a different experiential  
15 customer, and again, most of ours are day trippers.  
16 They're not looking for the long term. They're still  
17 going to those cities, but they're not going to be  
18 offered --- because if you're not up at this level,  
19 you don't get those offers. And they are poaching our  
20 customers, no doubt about it, but it's a very few and  
21 far between lists. It's not the masses.

22 The masses do not get those kinds of  
23 offers. And they tell us all the time. Peg Wilson,  
24 she used to go to Vegas all the time to gamble before  
25 Pennsylvania, but what she was getting isn't worth the

1 inconvenience and the travel cost and all the things  
2 that she has to do to go there. So, we have some good  
3 things helping us keep people in, but as Bill  
4 mentioned, the war is get people that are in those  
5 pockets to come here.

6 MS. KAISER:

7 That's okay. I'll just talk loud. I  
8 just wanted to say thank you for your presentation. I  
9 thought it was very informative and not only was it  
10 informative, but I appreciated the cooperative spirit  
11 in your approach, particularly going through the  
12 legislative proposals and explaining why you took that  
13 particular position. It's very helpful.

14 And along those lines, I just wanted to  
15 mention to you a piece of legislation that the Board  
16 has supported as well as the State Police, and that's  
17 dealing with self-excluded persons. Right now, you  
18 know that it's somebody --- it's on the self-exclusion  
19 list. They go into your property. They're arrested  
20 for trespassing and you have to address the issue and  
21 a lot of those folks do it repeatedly.

22 We worked with the legislature to  
23 introduce legislation such that when an individual is  
24 arrested for trespassing and they go in, the court may  
25 order an evaluation to see if the person needs



1 treatment for a gaming disorder because that  
2 treatment's already available and, you know, the  
3 judges have even indicated some of them were not aware  
4 that it was available or that they could do an  
5 evaluation. There's going to be a hearing on that in  
6 the House Judiciary Committee coming up, so I think  
7 it's House Bill 1322, Representative Gingrich, just  
8 something to look it.

9                   The only is a real quick question, I'm  
10 just kind of curious. With using the electronic  
11 equipment to prevent minors from entering the  
12 property, do you find that that equipment stays up to  
13 date with detecting false IDs or false IDs being made  
14 in such a way that you have to constantly look at  
15 getting new equipment to address it?

16                   MR. SULLIVAN:

17                   And I can speak loud enough. If you  
18 have any follow up, keep the mic. But the answer is,  
19 it doesn't happen by osmosis. You have to make sure  
20 you do it. We just spent a sizable amount of money  
21 upgrading our scanning system. And that was after  
22 replacing our old antiquated scanning system. So,  
23 everything we do, whether it's people trying to cheat  
24 slot machines or the latest, greatest fandangl way to  
25 cheat tables, if we're not on our game, we will be

1 taken advantage of.

2                   So when it comes to protecting ourselves  
3 from minors with that instrumental scanner, we have to  
4 make sure that we subscribe to each upgrade and that  
5 we do indeed, as Guy Hillyer mentioned, have the  
6 latest technology and the latest tools to be  
7 successful.

8                   And like I said, Karen, our director of  
9 security there, just went through an upgrade recently.  
10 We think we're good for today, but I'll tell you what,  
11 they challenge you every day with more sophisticated  
12 cheating techniques. Thank you.

13                   MR. MOSCATO:

14                   How'd you know I'd get ---? A comment  
15 and a quick question. Much like my colleagues, I  
16 wanted to thank you for your presentation. I always  
17 enjoy coming down here, always enjoy --- always learn  
18 something from you, so I really do enjoy that. And I  
19 like hearing your success stories. And I think gaming  
20 in Pennsylvania has been a success story.

21                   And as you said, Mr. Sullivan, you know,  
22 everybody makes mistakes and --- I don't know that the  
23 Act when written was perfect, but I think it's pretty  
24 darn well-written. So, kudos to the Governor and  
25 General Assembly and whoever did that in 2004.

1                   But I think more collectively we've  
2 heard concerns of the different licensees and I think,  
3 as Commissioner Fajt pointed out, there are things  
4 that we cannot do. But there are some regulatory  
5 things that I think we can look at, and as a board, I  
6 think we're willing to do that to help our partners.  
7 So, I wanted to make that comment.

8                   The question I had very briefly --- and  
9 you were asked about, do you have plans to increase  
10 employment or anything like that, do you routinely  
11 ramp up maybe slightly during the summer?

12                   MR. SULLIVAN:

13                   Yes, yes. Due to the concerts, the  
14 boxing, just business opportunities we do increase  
15 slightly. You know, as mentioned, we'd love to have  
16 additional --- we have things on the drawing board,  
17 whether it's an events center or other things, but  
18 we're so busy doing these things we haven't got to  
19 those yet. Hopefully we can, as revenues continue to  
20 climb. Those are the motivators.

21                   MR. PAULOS:

22                   Our very big problem is getting  
23 employees. It is now in Western Pennsylvania --- you  
24 know, the unemployment rate is pretty low. So, we  
25 have, right now, a hundred open jobs. And as we said,

1 40 of them are waiting to get licensed.

2 MR. MOSCATO:

3 Would you characterize, though, that  
4 summer employees could be students?

5 MR. SULLIVAN:

6 Students?

7 MR. MOSCATO:

8 Yes.

9 MR. SULLIVAN:

10 Some of them are students. The ones  
11 that work off the casino floor surely can be students,  
12 whether it's ballet or our concerts or bowling, all  
13 there, it's all good news. We can hire a variety of  
14 ages. But yes, summer employment is one of our key  
15 ingredients so we hit these volume periods, so ---.

16 MR. MOSCATO:

17 Thank you.

18 MR. SULLIVAN:

19 Sure.

20 MR. JEWELL:

21 Thank you. As the newest Commissioner,  
22 and very new to this whole area, I've found actually  
23 the last two days to be eye-openers for me and your  
24 presentation to be very cohesive. It was very  
25 understandable and with a good feel of advocacy to

1 your points that you wanted to get across, so I  
2 congratulate you on that.

3 I do have a couple questions that I  
4 would like to ask of you. And some of this is from my  
5 own recently experiences as college president in a  
6 community where the community outreach was very poor.  
7 And we had sufficient cash flow ourselves, even as a  
8 501(c)(3) to help United Way and a lot of other  
9 groups, fire companies, things like that.

10 As to your community relations list, how  
11 do you triage that list? How do you make your  
12 decisions? Because there are more requests and more  
13 needs than those that you represent here that you  
14 fulfill. So, how do you handle that, and how do you  
15 come to a number, like 1.6 million, where did that  
16 come from?

17 MR. SULLIVAN:

18 I know I'll hear about this later, but  
19 the head bean counter who you met earlier, David  
20 Wiegmann, keeps an absolute methodical ledger of our  
21 contributions. So, in fact, he heads the contribution  
22 committee. The contributions committee has a mission  
23 statement, if you will, and it has bi-laws. We cannot  
24 --- by the nature of the problem gambling statement,  
25 cannot support, you know, underage or children,

1 schools and those kinds of things, so that makes it  
2 difficult. However, we can --- when we take about the  
3 race book and the race area and that type of thing,  
4 but we get --- as you pointed at, we get letters every  
5 day. We get phone calls every day. And we have to go  
6 through those. The committee gets together, they  
7 review every one of them, and they decide that they  
8 meet our mission statement which is truly people in  
9 need who are not --- even before pets. You know,  
10 we're talking about human beings.

11                   We're not sympathetic too much for  
12 soccer teams and bowling leagues and those kinds of  
13 things. We know we don't have enough money to give  
14 away. We have more requests than we could ever  
15 imagine. But we try to direct those to the right  
16 needy community groups that are in the county, first  
17 and foremost, and then we'll go to neighboring  
18 counties. So, if you're an out of state request,  
19 you're probably not going to get to the top of the  
20 list during the committee review. So, we believe we  
21 have a very methodical and appropriate approach to  
22 that.

23                   And the 1.6 is very well documented. It  
24 was even a point of discussion three years ago,  
25 comparing those, so the Board --- we submitted every

1 month on how much we do and who we work with to do  
2 that.

3 MR. JEWELL:

4 And how much over the last five years  
5 has that, let's say, grown?

6 MR. SULLIVAN:

7 You know, not huge, but probably ---  
8 well, I mean --- maybe 600,000, 700,000 maybe since  
9 the last time we got together. You know, and that  
10 doesn't take into count the food bank, the poundage of  
11 food and some of the other things that we probably  
12 don't document as well. Walks around the track for  
13 ailing employees, those type of things. So, I would  
14 say it's the minimum number because sometimes we just  
15 don't put it in the formula.

16 MR. JEWELL:

17 Do you have internship programs,  
18 relationships with local colleges?

19 MR. SULLIVAN:

20 We do. My Thursday meeting with the  
21 orientation group, racing got a brand new intern.  
22 What school's she go to?

23 MR. DECKER:

24 She goes to St. Vincent College.

25 MR. SULLIVAN:

1 St. Vincent, which is where Kevin Decker  
2 went, so yes, we have an internship and we're ---  
3 we're happy to have it because they're bright-eyed,  
4 bushy-tailed and --- sadly, we lose some of them. You  
5 know, we'd love to see them come back, but they go on  
6 to get nice jobs and have good careers, so ---.

7 MR. JEWELL:

8 Final question. Your minority number, I  
9 think 7.1 percent, how do you allocate ethnicity or  
10 groups within that 7.1 percent?

11 MR. SULLIVAN:

12 That's a good question. And to be  
13 truthful, it's --- you know, it's --- there's not a  
14 lot of ethnicity in Washington County or at least that  
15 are in the employment field, so you know, it's not  
16 that we're trying to manage by a percent or anything  
17 else. But I'm not sure ---.

18 HR REPRESENTATIVE:

19 We send regular reports --- reporting  
20 and ---.

21 MR. SULLIVAN:

22 We send regular reports, EEOC. Yeah.  
23 And listen, we go to every job fair we can. I mean,  
24 we go to --- we're active participants in NAACP. We  
25 go to --- Ari sitting there, our food and beverage



1 director, goes to all the tech colleges and he teaches  
2 courses in food. He competes in food or chef  
3 cook-offs, so we're not just in our building looking  
4 for people. We're out in the marketplace looking for  
5 people. And as Bill mentioned, we wish there were  
6 more. I mean, it's difficult to fill some of our  
7 positions.

8 MR. JEWELL:

9 Thank you very much.

10 MR. SULLIVAN:

11 My pleasure.

12 PRESIDING OFFICER:

13 Do you have anything to add based on the  
14 questions that were asked?

15 MR. PAULOS:

16 No, we're good.

17 PRESIDING OFFICER:

18 Okay. Then we will move on. First,  
19 let's enter into the record --- I'll mark as WTA  
20 Exhibit Number 1 the packet of information which  
21 contains the PowerPoint and the deck for the  
22 legislature. Do you have any objection?

23 (WTA Exhibit Number 1 marked for  
24 identification.)

25 ATTORNEY ESTRIPLET:

1 No objections.

2 PRESIDING OFFICER:

3 Okay. That's entered into the record.  
4 And now we'll move on to the OEC's presentation.

5 ATTORNEY ESTRIPLET:

6 Just a housekeeping matter before we  
7 begin. The WTA Meadows entered into a stipulation.  
8 WTA and Meadows entered into a stipulation with the  
9 OEC, a copy of the executed stipulations has been  
10 provided in the binder for you to review. I would  
11 like to go through these exhibits as listed and  
12 request that they be moved into evidence. And just,  
13 again, an executed copy of the stipulations has been  
14 provided to Director Lloyd.

15 There are eight exhibits denoted by tab,  
16 which include copies on the Uniform Crime Reporting  
17 system reports from September of 2011 until April of  
18 2015, a letter from the Bureau of Liquor Control  
19 Enforcement and accompanying documents. A letter from  
20 the Pennsylvania State Harness Racing Commission, a  
21 memorandum from the Office of Compulsive and Problem  
22 Gambling for the Gaming Control Board, a Consent  
23 Agreement and the accompanying Board Orders, a  
24 compliance conference memorandum, cease and desist  
25 letters from the OEC, and warning letters from the OEC

1 as well as the accompanying responses from Meadows.

2 And at this time, I would request that  
3 those eight exhibits be admitted into evidence and the  
4 items attached, two through eight, be marked as  
5 confidential pursuant to Section 1206(f) of the Act.

6 PRESIDING OFFICER:

7 Which items to maintain confidentiality?

8 ATTORNEY ESTRIPLET:

9 Those are going to be tabs two through  
10 eight. So, that would be everything the UCR reports,  
11 the Uniform Crime Reports.

12 PRESIDING OFFICER:

13 Well, I will let you know right now,  
14 number five is not confidential. That is already out  
15 in the public domain.

16 ATTORNEY ESTRIPLET:

17 Okay. That's fine.

18 PRESIDING OFFICER:

19 The remainder, we'll keep those  
20 confidential. Any objections from The Meadows?

21 MR. PAULOS:

22 No.

23 ATTORNEY ESTRIPLET:

24 OEC will be calling three witnesses.  
25 They are Lieutenant Daniel Brooks of the Pennsylvania

1 State Police, Gerald Stoll, the director of the Bureau  
2 of Casino Compliance and William Bonner, investigative  
3 supervisor from the Bureau of Investigations and  
4 Enforcement (BIE). At this time, we'll call  
5 Lieutenant Daniel Brooks.

6 -----  
7 LIEUTENANT DANIEL BROOKS, HAVING BEEN PREVIOUSLY  
8 SWORN, TESTIFIED AS FOLLOWS:

9 -----  
10 DIRECT EXAMINATION

11 BY ATTORNEY ESTRIPLET:

12 Q. Please state your name and spell your last name  
13 for the record.

14 A. It is Lieutenant Daniel Brooks, B-R-O-O-K-S.

15 Q. And what is your official title?

16 A. I am a Western Section Commander for the Bureau  
17 of Gaming Enforcement, Pennsylvania State Police.

18 Q. And what are your duties?

19 A. My duties, I oversee four casinos in the western  
20 side of the state, which would be Nemaquin, Meadows,  
21 Rivers and Presque Isle.

22 Q. And how many years have you been with the  
23 Pennsylvania State Police?

24 A. I'm currently in my 24th year.

25 Q. Could you please describe the role of the PSP at

1 Meadows?

2 A. Yes. The role of the PSP at The Meadows is  
3 similar to the other casinos. We are responsible for  
4 investigating any crime that has occurred on the  
5 gaming floor and that's by an act of legislation.

6 Q. And what is their jurisdiction at the Meadows  
7 Racetrack and Casino?

8 A. That would be the game floor. Any part of the  
9 casino that has gaming, either tables or machines.

10 Q. Who has the primary jurisdiction over the parking  
11 lot?

12 A. That would be North Strabane Township Police  
13 Department.

14 Q. Does PSP have a working relationship with Meadows  
15 personnel?

16 A. Yes, we do.

17 Q. Would you please describe that relationship?

18 A. It's a good relationship. It's professional in  
19 nature.

20 Q. Does PSP have a working relationship with the  
21 Board's Casino Compliance representatives?

22 A. Yes, we do.

23 Q. And could you please describe that relationship?

24 A. I would define that as the same.

25 Q. Directing your attention to the Uniform Crime

1 Reporting System, are you familiar with the Uniform  
2 Crime Reporting System?

3 A. Yes, I am.

4 Q. Which agency compiles the information contained  
5 in the UCR?

6 A. The Pennsylvania State Police.

7 Q. Is it in an electronic format?

8 A. Yes, it is.

9 Q. Is the UCR information available to the public?

10 A. It is.

11 Q. And would that be on the PSP's website?

12 A. Yes.

13 Q. How frequently is the information updated?

14 A. The information's put in monthly, and it's put in  
15 by the tenth day of the following month. So, right  
16 now we would be --- we would have the information in  
17 for April.

18 Q. Is the information contained in that database  
19 subject to editing?

20 A. Yes, we can edit it.

21 Q. Under what circumstances would the information be  
22 edited?

23 A. It could be edited --- one example would be if we  
24 had an offense that we later --- after we  
25 investigated, we found it to be unfounded, we could go

1 back and make that offense as an unfounded offense.

2 Q. And what type of information is typically  
3 contained in a UCR?

4 A. UCR information would be offenses, arrests,  
5 clearances, anything having to do with an  
6 investigation.

7 Q. Are criminal offenses that occur at a licensed  
8 facility listed in the UCR?

9 A. Yes, they are.

10 Q. And would this also include information from  
11 Meadows Casino?

12 A. Yes, it does.

13 Q. Can you explain how the offenses that occur at a  
14 licensed facility are entered into the UCR?

15 A. We are summoned to investigate an offense. We  
16 investigate it, we document it on a subsequent report,  
17 and then later on, we enter that information into a  
18 UCR.

19 Q. Does the UCR list the number of actual offenses  
20 that are prosecuted?

21 A. Yes and no. We have clearances. You could look  
22 at arrests and determine how many were prosecuted, but  
23 we also have clearances.

24 Q. What do you mean by clearances?

25 A. There are different forms of clearances of an

1 investigation. Whether it's prosecuted or whether  
2 it's cleared and what --- we have terminology that  
3 it's exceptionally cleared, where we do not prosecute,  
4 but the offense is basically listed as a cleared  
5 offense.

6 Q. What is the most common criminal offense based at  
7 The Meadows based on the reports?

8 A. That would be thefts.

9 Q. Can you give an average of how many thefts are  
10 reported in a given month?

11 A. For The Meadows, it's probably about 15.

12 Q. Are there a significant number of violent crimes  
13 at Meadows?

14 A. No, there's not.

15 Q. Are there a significant number of crimes  
16 regarding individuals under the age of 21?

17 A. No, The Meadows doesn't have a lot of those.  
18 Typically, they'd be lucky if they had six a year.

19 Q. Has there been a noticeable increase in any  
20 specific crimes between August 2011 and the present?

21 A. I don't think there's been an increase.  
22 Typically we deal with thefts, we deal with forgeries,  
23 we deal with your minor offenses that would be  
24 intoxications, disorderly conducts or trespasses.

25 Q. After reviewing the UCR offenses from Meadows,



1 did you see a pattern in the type of actual offenses  
2 that have occurred?

3 A. Pattern wise, again, it would be thefts,  
4 trespasses, your more minor offenses. Summary in  
5 nature is what we list them as.

6 Q. What is the last date that the UCR records are  
7 available for reported offenses at Meadows?

8 A. That would be the month of April, 2015.

9 Q. Generally, is PSP satisfied with the level of  
10 cooperation between the staff of the Meadows and  
11 troopers stationed within the facility?

12 A. Yes. We have a good working relationship.

13 Q. Are there any issues or concerns that you think  
14 would negatively impact the suitability of Meadows  
15 Racetrack and Casino?

16 A. No, there is not.

17 ATTORNEY ESTRIPLET:

18 I have no further questions for this  
19 witness.

20 PRESIDING OFFICER:

21 Does the Meadows have any Cross  
22 Examination for this witness?

23 MR. SULLIVAN:

24 Just one question.

25 CROSS EXAMINATION

1 BY MR. SULLIVAN:

2 Q. The definition of theft would be generally ---?

3 A. The taking of one's property. Unlawful taking.

4 Q. Yes. And as I understand, I think the majority  
5 of those are teto tickets or playing people's credits?

6 A. Yes. When you're talking about --- we call them  
7 vouchers. A lot of them are voucher related. We do,  
8 however, deal with sometimes purses, wallets, even  
9 jackets. But most of them are either vouchers that  
10 are left in the machine, on a machine, somewhere  
11 somebody dropped something of that nature.

12 MR. SULLIVAN:

13 Yeah.

14 PRESIDING OFFICER:

15 And we have a question from the Board.

16 MR. FAJT:

17 While you're here, we heard earlier  
18 about the possible --- I hate to put you on the spot,  
19 but I will.

20 A. I knew this was coming.

21 MR. FAJT:

22 Yeah, the old one more question, the old  
23 Colombo question. On the expansion of alcohol hours,  
24 the serving of alcohol hours, do you guys have an  
25 opinion on that? Does PSP have an opinion on that?

1 A. To be honest with you, I don't feel that that  
2 would be an answer I can render.

3 MR. FAJT:

4 Fair enough.

5 A. Again, I heard some other questions earlier about  
6 enforcement at bars and such. We have the Bureau of  
7 Liquor Enforcement that that's their responsibility.  
8 The Bureau of Gaming Enforcement, we're tasked with  
9 strictly investigating crimes on the casino floor. I  
10 did not mention also, you know, cheating, table games  
11 cheats, stuff like that, that's what we were tasked  
12 with.

13 MR. FAJT:

14 Thank you.

15 PRESIDING OFFICER:

16 Any other questions from the Board  
17 Members?

18 ATTORNEY ESTRIPLET:

19 At this time, I'd like to call Director  
20 Gerald Stoll from the Bureau of Casino Compliance,  
21 please.

22 -----  
23 GERALD STOLL, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED  
24 AS FOLLOWS:

25 -----

1 DIRECT EXAMINATION

2 BY ATTORNEY ESTRIPLET:

3 Q. For the record, please state your full name and  
4 spell your last name.

5 A. Gerald Stoll, S-T-O-L-L.

6 Q. How are you employed?

7 A. I'm the Director of Compliance from the Gaming  
8 Board.

9 Q. How long have you been in that position?

10 A. I've been in the Director's position since  
11 January 2010.

12 Q. And prior to that, did you work for the Gaming  
13 Control Board?

14 A. Yes. I started in 2006 as an agent in BIE.

15 Q. And what are your current duties?

16 A. I'm responsible for the operation of compliance  
17 offices in 12 casinos within the Commonwealth.

18 Q. Can you describe the role of the Bureau of Casino  
19 Compliance at a licensed gaming facility?

20 A. Yeah. Generally, what the Compliance Bureau is  
21 responsible for is to assure that the casino maintains  
22 compliance with the regulations and the internal  
23 controls that, you know, outline their  
24 responsibilities.

25 Q. Is the Bureau of Casino Compliance available or

1 representatives --- are they available 24/7?

2 A. Yes, ma'am.

3 Q. Do they ensure that the employees of The Meadows  
4 Racetrack and Casino are properly licensed?

5 A. They do.

6 Q. What kind of access does the Bureau of Casino  
7 Compliance have within the facility?

8 A. We have unfettered access except for the GT room,  
9 the central computer system room, which is maintained  
10 by DOR.

11 Q. And do you have a good working relationship with  
12 DOR?

13 A. Yes.

14 Q. Does the Bureau of Casino Compliance have  
15 interaction with patrons?

16 A. Daily, absolutely.

17 Q. And are patrons able to report complaints and  
18 concerns to the Bureau of Casino Compliance?

19 A. Yes, they're able to report them in person by way  
20 of our website or, you know, anonymously as well as,  
21 you know --- and we will address the complaints.

22 Q. Does the Bureau of Casino Compliance conduct  
23 self-inclusion intakes?

24 A. Yes.

25 Q. Please describe the relationship between the

1 Bureau of Casino Compliance and PSP?

2 A. We have a very professional relationship with the  
3 PSP.

4 Q. Can you describe the relationship between the  
5 Bureau of Casino Compliance and Meadow staff?

6 A. Yes, there as well the relationship is  
7 professional.

8 Q. Have they been cooperative in compliance reviews  
9 conducted by the Bureau of Casino Compliance?

10 A. Yes, ma'am.

11 Q. What are the biggest or most common regulatory  
12 issues at Meadows?

13 A. There really are no biggest issues. It's --- you  
14 know, everything is just unremarkable.

15 Q. Are there any issues or concerns that would  
16 negatively impact The Meadows' suitability for  
17 continue licensure?

18 A. No, ma'am.

19 ATTORNEY ESTRIPLET:

20 I have no further questions for this  
21 witness.

22 PRESIDING OFFICER:

23 That might be the first time being  
24 unremarkable is a good thing.

25 MR. PAULOS:

1                   That was really good.

2                   PRESIDING OFFICER:

3                   Does the Meadows have any Cross  
4 Examination for Mr. Stoll?

5                   MR. PAULOS:

6                   No.

7                   PRESIDING OFFICER:

8                   Board Members have any questions for Mr.  
9 Stoll? Okay.

10 A. Thank you.

11                   PRESIDING OFFICER:

12                   You're excused.

13                   ATTORNEY ESTRIPLET:

14                   At this time, I'd like to call my final  
15 witness, William Bonner, from the Bureau of  
16 Investigation and Enforcement.

17 -----

18 WILLIAM BONNER, HAVING BEEN PREVIOUSLY SWORN,  
19 TESTIFIED AS FOLLOWS:

20 -----

21 DIRECT EXAMINATION

22 BY ATTORNEY ESTRIPLET:

23 Q. For the record, please state your name and spell  
24 your last name.

25 A. William Bonner, B-O-N-N-E-R.

1 Q. How are you employed?

2 A. I am a supervisor --- investigative supervisor  
3 for BIE Western Regional Office, BIE.

4 Q. How long have you been in that position?

5 A. About three and a half years.

6 Q. And were you employed with the Gaming Control  
7 Board prior to that?

8 A. Yes.

9 Q. And what were your duties?

10 A. I was an agent for BIE Western Regional office. I  
11 was --- started in 2006.

12 Q. What are your responsibilities as a supervisor in  
13 BIE?

14 A. I have about six agents that I monitor and  
15 supervise and assist when needed in completing  
16 reports.

17 Q. In your professional capacity, have you been  
18 involved in the investigation of Meadows' renewal  
19 application?

20 A. Yes.

21 Q. And at this time, is the background investigation  
22 of Meadows Casino and its associated entities and  
23 individuals complete?

24 A. I'm happy to say, yes.

25 Q. Can you describe the scope of a typical renewal



1 investigation?

2 A. Well, the first thing we do is review the old  
3 ROI, which is report of investigation. We compare  
4 that with the new application that has come in. And  
5 then we do database searches and interviews.

6 Q. Do you review the applications filed by the not  
7 only the Casino, but its principles and affiliates as  
8 part of the investigation?

9 A. Yes.

10 Q. What is some of the information or areas that you  
11 look at with regard to suitability for individuals?

12 A. Criminal history, also credit history, public  
13 record checks and we also interview.

14 Q. Please give some examples of the areas that you  
15 look at with regard to suitability for your entities.

16 A. Well, the entities, we look at the criminal  
17 history, also, and the credit history, and also public  
18 record checks for the entities.

19 Q. Has the Meadows and its associated entities and  
20 individuals been cooperative during the course of the  
21 investigation?

22 A. Yes.

23 Q. Once the renewal investigation is complete, what  
24 is the next step?

25 A. We complete what we call our ROI, report of

1 investigation, and that is passed on to OEC.

2 ATTORNEY ESTRIPLET:

3 I have no further questions for this  
4 witness.

5 PRESIDING OFFICER:

6 Does the Meadows have any questions for  
7 Mr. Bonner?

8 MR. PAULOS:

9 No.

10 PRESIDING OFFICER:

11 Questions from the Board? You are  
12 excused. Thank you.

13 A. Thank you.

14 ATTORNEY ESTRIPLET:

15 We have no further witnesses at this  
16 time.

17 PRESIDING OFFICER:

18 Okay. Before we move on to public input  
19 speakers, I have two written comments that were  
20 received by the Board in support of the renewal of the  
21 license. The first is from Senator Camera Bartolotta  
22 in support. And that's, B-A-R-T-O-L-O-T-T-A. First  
23 name, C-A-M-E-R-A. And the second is from the  
24 Representative Brandon Nauman, B-R-A-N-D-O-N,  
25 N-A-U-M-A-N. Also in support of the license renewal.

1 And we will move those into the record as Hearing  
2 Exhibit Number 1, if I hear no objections.

3 (Hearing Exhibit Number 1 marked for  
4 identification.)

5 ATTORNEY ESTRIPLET:

6 No objection.

7 PRESIDING OFFICER:

8 With that, we will move on to the public  
9 speakers. If you have registered on the Board's  
10 website, if you would please stand and raise your  
11 right hand at this time to be sworn by our court  
12 reporter.

13 -----  
14 WITNESSES SWORN EN MASSE

15 -----  
16 PRESIDING OFFICER:

17 And we will begin with Senator Barry  
18 Stout.

19 SENATOR STOUT:

20 J. Barry Stout, S-T-O-U-T. I have had  
21 the honor and pleasure of representing Washington  
22 County in the Pennsylvania General Assembly as a House  
23 member and a Senator, total years of service 1970  
24 through 2010, 40 years. I had that unique honor and  
25 pleasure of representing my home County of Washington.

1 And today --- appearing today was like a homecoming  
2 because I saw members of the General Assembly that I  
3 had the privilege of serving with, Greg Feith for many  
4 years and for --- also, he's not in the room right  
5 now, but Keith McCall. So, I had an opportunity to  
6 see from the beginning to the end.

7           In fact, previous speaker mentioned that  
8 The Meadows Track opened up in 1963. For those that  
9 are not aware, but prior to that, several years before  
10 that in order to get a harness racing track, the  
11 voters of the county had to approve a referendum. At  
12 that time, other counties had rejected it and turned  
13 down having a harness racing track in their community.  
14 And I had graduated several years before that, and I  
15 had a --- I was registered to vote. You had to be 21  
16 at that time. And I had an opportunity --- Washington  
17 County Board of Commissioners at that time were  
18 supporting the harness track in Washington County.

19           But unfortunately, it was controversial.  
20 For some people for moral reasons didn't want to see  
21 gambling darken the door in Washington County. We had  
22 other people that were --- from out of state and  
23 happened to be living to the west of us that had a dog  
24 track and they didn't want any competition, so they  
25 sent resources here in Washington County to oppose the

1 referendum.

2                   Well, it finally passed by a little over  
3 1,000 votes where other counties rejected, but I had a  
4 friend who was a former mayor of a municipality in my  
5 community that worked for the county commissioners.  
6 And order to support their efforts to get the track  
7 here, he was looking for votes, so he came to me and I  
8 had had the unique pleasure, when I was in high  
9 school, I was elected class president, freshman,  
10 sophomore, junior and senior year. He said, Barry,  
11 you're a natural politician. He said you should ---  
12 can you help me. I said, well, I don't know. I'll  
13 see what I can.

14                   So I got about eight or ten high school  
15 girls I went with and that was day there was not  
16 electronic voting. It was the old paper ballots. So,  
17 down in the basement of my family business, we marked  
18 the paper ballots with marking pencils --- pens to  
19 encourage people to vote. We went out and we're just  
20 neophytes. We got our friends, our neighbors in the  
21 community, and the area where I'm from provided a  
22 large share of the majority of votes that approved the  
23 racetrack at the Meadows.

24                   Now, even my own mother was against it.  
25 My mother didn't believe because of church reasons to

1 be opposed to it. But the track opened up and she  
2 found out my dad got a box up there because he liked  
3 the racing and then she approved it when she found out  
4 you could get dinner up there. So, that's how the  
5 family got interested in the Meadows.

6                   And then as time passed, I was fortunate  
7 enough to get elected for the General Assembly and had  
8 an opportunity to vote on legislation, and  
9 particularly, as impacts the casino and racetrack  
10 today was in 2004 when in the legislation came before  
11 the General Assembly. And there was a lot of  
12 questions and so forth, concerned people on what the  
13 impact casino gambling would have on Washington  
14 County.

15                   And at that time, a gentleman that's no  
16 longer living, but a fellow by the name of Mike Geno  
17 (phonetic). Mike Geno was the information source of  
18 the Washington County Legislative Delegation. And he  
19 did not give bias information, he didn't give  
20 bipartisan information. He gave the facts. And  
21 that's what helped Washington County have support for  
22 the legislation. But in order to assure any kind of  
23 negative impact the casino would have on it, we  
24 insisted that there be some action here in Washington  
25 County. There would be some direct benefit.

1                   So I know later on a speaker here this  
2 evening is Mr. Bill McGowen, who is the Executive  
3 Director of the Washington County Redevelopment  
4 Authority, which I had the pleasure of serving as a  
5 member and as a chairman as we speak. And for your  
6 information, it's all pro bono. I have no pecuniary  
7 interest. It's all pro bono. I want to help young  
8 people to have opportunities here in Washington  
9 County, because my wife and I have five daughters and  
10 one son. I have about 15 grandchildren. So, I want  
11 them to stay here in Washington County.

12                   As my other colleagues know, when you  
13 have an opportunity as a member of General Assembly to  
14 speak to many groups. And I spoke to many senior  
15 citizens groups over the years. There's always a  
16 question about Social Security and Medicare and so on.  
17 But the number one question that has come to me --- I  
18 ask them what is the priority you want me to work for  
19 on behalf of the State Senate. The number one  
20 question is Barry Stout, get jobs here. We don't want  
21 to have to go to Texas or Florida to see our  
22 grandchildren. So, that's the reason to try to get  
23 great jobs and opportunities for people in Washington  
24 County.

25                   Now, this past weekend the Washington

1 County Historical Society had a meeting to identify  
2 and express thank you to Washington County people for  
3 the history that is the very important. Now, we all  
4 know that Pennsylvania played a major part in this  
5 country, particularly the City of Philadelphia with  
6 Declaration of Independence. But the number two  
7 county is right here in Washington County. There was  
8 thing called the Whiskey Rebellion, which will be  
9 celebrated here in a few weeks.

10                   And that Whiskey Rebellion, after the  
11 Revolutionary War was over, there was a debt. So, to  
12 take care of the debt of the war, then President  
13 Washington and the Congress at that time put an excise  
14 tax on whiskey. When the pioneers came out here to  
15 southwestern Pennsylvania, they cleared the ground and  
16 their main cash crop was corn. So, they raised corn  
17 out here. Then to get the corn to market they had to  
18 have a horse or mule and go about 300 miles here to  
19 Philadelphia or to D.C. or to Baltimore where the  
20 market was.

21                   Well, a pack mule could only carry about  
22 three or bushels of corn because of the weight, but if  
23 they took that corn and converted it to whiskey, that  
24 horse would carry the equivalent of eight or nine  
25 bushels of corn. So, it was a matter of



1 transportation.

2                   Then when the Whiskey Rebellion --- the  
3 farmers didn't want to pay that excise tax. They had  
4 a rebellion. And then for the first time ever at that  
5 time the President Washington sent troops over to  
6 suppress the rebellion. It was right here, down the  
7 street here, the Bradford House where --- the guy lead  
8 the rebellion. And he jumped out --- when the troops  
9 were coming at him, he jumped out of the house and  
10 went down to the river and ended up floating down to  
11 New Orleans. And not to offend the lawyers in the  
12 audience today, he was qualified because he was a  
13 lawyer. He went down there and he opened up a --- he  
14 got in the liquor business and so forth.

15                   But Washington County has a rich  
16 history. In fact, I'll tell you the Whiskey Rebellion  
17 determined that the government can collect taxes. So,  
18 where in the hell would we be today if government  
19 didn't collect taxes. And it started right here in  
20 Washington County. So, that's a bit of history.

21                   This past Saturday we recognize a lot of  
22 the history in Washington County. And one of things  
23 that you may not know that Washington County is a site  
24 of the oldest human habitation in North America. The  
25 Meadowcroft Rock Shelter in northern Washington County

1 goes back over 16,000 years. It's been archeological  
2 determination. So, we have a lot of things in  
3 Washington County to be proud of.

4                   And you heard the word destination many  
5 times today. Because of people and things that have  
6 happened in Washington County, Washington County today  
7 is a destination point. People come here. And one of  
8 the main reasons is a thing called Meadows Racetrack  
9 and Casino. People are attracted here. They spend  
10 money here. They get services here and so forth that  
11 it's really important.

12                   Now, as I mentioned, I happen to have  
13 the privilege of being Chairman of the Redevelopment  
14 Authority, and the Redevelopment Authority's mission  
15 is set by our Board of County Commissions that want us  
16 to create jobs and opportunities. So, the Meadows  
17 Racetrack has played a very important role in  
18 Washington County.

19                   Those in the audience that have dealt  
20 with real estate it's all location, location,  
21 location. We're very blessed here in Washington  
22 County to have the cross roads of two intestates, 70  
23 to 79, where they built the Mon-Fayette Expressway  
24 from the eastern part, Mon-Valley area. It provides  
25 access to getting here in Washington County. And as

1 we speak, the southern beltway is under construction.  
2 It's now built from the Pittsburg Airport down to  
3 Route 22 in northern Washington County. The bridge is  
4 being built as we speak over to 22 and will be  
5 finished in the near future. And then the right-of-  
6 way has already been purchased from Route 22 to  
7 Interstate 79. Interstate 79 will be connected. This  
8 has 13 miles from 22 to 79, and that is under design.  
9 The right-of-way has been purchased and cleared. And  
10 the highway project will be new --- will be in the  
11 next several years, because the resources --- the  
12 funding resources are already in place.

13                   But that is going to provide access to  
14 the airport. You'll be able to go up Interstate 79,  
15 get off at the Southern Beltway and be at the airport  
16 in about 15 to 20 minutes. That's going to allow  
17 people to come here that want to come to the Meadow's  
18 Racetrack, a very short trip. And as I mentioned, the  
19 Redevelopment Authority is also in charge of the  
20 Washington County Airport, which is a few miles south  
21 of here.

22                   Now, that airport is undergoing major  
23 expansion. And it's operated by the Redevelopment  
24 Authority. And Mr. McGowan is a former naval aviator  
25 and so forth, so he has been one of the leaders in

1 helping get the airport development expanded. So,  
2 that's going to --- those people who have private  
3 planes and stuff will be able to land at this  
4 Washington County Airport. If they want to go to the  
5 Meadows, it'll be about a 15 mile trip.

6                   So Washington County has a lot of  
7 positive things. And one of the most positive things  
8 has been The Meadows. I told you when I first  
9 supported the racing at The Meadows, I was originally  
10 brought up in a rural community, an agricultural  
11 community in the western part of the county. And I  
12 saw there was an opportunity so farmers would have a  
13 market for hay and feed and for other services. So,  
14 it's not only had an impact on the people operating  
15 restaurants and motels, it's helped the agricultural  
16 community in Washington County. So, there've been a  
17 lot of contributions.

18                   And as was mentioned about their support  
19 of public service in the area, I assure you that they  
20 been --- as a former member of the food bank board, I  
21 saw how they participated in helping the Washington  
22 County Food Bank. We're lucky to have President Peg  
23 Wilson with us at today's hearing. But the food bank  
24 feeds over 5,200 people a month, look for the food  
25 bank for help and so forth. So, it's good we have the

1 financial support from The Meadows Racetrack, so ---  
2 and Casino, so it's all important.

3 PRESIDING OFFICER:

4 I'm going to have to ask you to wrap up  
5 your comments.

6 SENATOR STOUT:

7 Yes.

8 PRESIDING OFFICER:

9 You're over your time. Sorry.

10 SENATOR STOUT:

11 So I just wanted to testify not as a  
12 State Senator anymore, but as a citizen of Washington  
13 County that I appreciate the contributions the Meadows  
14 Racetrack and Casino makes to Washington County and  
15 the Commonwealth, and to the Gaming Control Board for  
16 you being here again to --- and as they go through the  
17 relicensing process to show you that there is real  
18 base support in Washington County for The Meadows  
19 Racetrack and Casino. Thank you.

20 PRESIDING OFFICER:

21 Thank you. Representative Brandon  
22 Nauman? Just the written comment. Okay. Diana Irey  
23 Vaughn.

24 MS. IREY VAUGHAN:

25 Good afternoon. Welcome to Washington

1 County. I've been serving as a Commissioner here for  
2 20 years and I'm glad to see you all here on this very  
3 important issue. I have written testimony. I don't  
4 know if I should provide it, bring it to you.

5 I'm really glad to see the addition to  
6 this Board because, President Jewell, I'm a huge fan,  
7 as I've had two college age students at Grove City as  
8 well, so a great addition to you all.

9 The Meadows Racetrack and Casino is a  
10 key component in Washington County's tourism economy  
11 both directly and indirectly. In fact, the impact of  
12 tourism in general is broad and significant.  
13 According to a recent report prepared for the  
14 Pennsylvania Department of Community and Economic  
15 Development, Washington County's tourism industry  
16 supports 5,957 jobs and generates over \$80 million in  
17 federal and state tax revenues. A recent report by  
18 the Pennsylvania Department of Community and Economic  
19 Development found that in 2013, which is the most  
20 recent report we have access to, direct visitor  
21 spending dollars in Washington County was \$754  
22 million. This significant growth is credited to the  
23 development of the County's tourism assets, the impact  
24 of the Marcellus Shale Clay and how they complement  
25 each other.

1           To give you some perspective, in 2006  
2 direct visitor spending dollars in Washington County  
3 was \$333 million. This was prior to the full  
4 development of such tourism assets as the Meadows  
5 Casino, Tanger Outlets and the hotel growth near the  
6 casino and the tremendous opportunities presented by  
7 the energy industry. Now, visitors spending has more  
8 than doubled in nine short years. You can clearly see  
9 the positive impact these assets have on our economy  
10 and especially the casino.

11           The Meadows Casino turned eight years  
12 old in 2015 and is now one of the County's largest  
13 employers with about 1,300 employees hosting more than  
14 5 million guests per year making it our largest  
15 tourism attraction in the County. The Meadows Casino  
16 also spent \$16 million on goods and services in  
17 Washington County last year, which is an addition to  
18 the over \$50 million in payroll and related expenses.  
19 That leaves \$130 million plus in gaming taxes that is  
20 paid to the state, which has benefited us as well.

21           While these economic impacts are  
22 significant, the casino has allowed us to attract  
23 additional investments, having a major casino property  
24 in Washington County which serves to create interest  
25 and provide cross promotional opportunities for other

1 tourism assets such as the Washington County  
2 Fairgrounds, an Expo Center and the Pennsylvania  
3 Trolley Museum.

4                   The increase in hotel stays created by  
5 the casino's presence has allowed us to market our  
6 hotels and other destinations such as the Washington  
7 Wild Things and the Pennsylvania Bavarian Oktoberfest.  
8 This increase of interest and increase in our hotel  
9 tax revenue due to the casino's location has  
10 encouraged our tourism promotion agency to increase  
11 its funding of improvements to many attractions.

12                   The impact of the Meadows has been  
13 significant to our economy, our tourism efforts and  
14 our quality of life. I strongly encourage you to  
15 continue the success of our County and our  
16 Commonwealth. I thank you for your time.

17                   PRESIDING OFFICER:

18                   Thank you. Lawrence Maggi, and I'm  
19 sorry if I mispronounced your name.

20                   MR. MAGGI:

21                   It's Maggi (corrects pronunciation), but  
22 that's okay.

23                   PRESIDING OFFICER:

24                   Maggi. I always get one wrong at least.

25                   MR. MAGGI:



1 I also have copies here. Good  
2 afternoon. I'm also a Washington County Commissioner  
3 and welcome to Washington County. I've been a  
4 Washington County Commissioners for 12 years, a County  
5 Sheriff for 6 years and most importantly I'm a state  
6 trooper for 25 years and proud to be here on behalf of  
7 the casino.

8 In addition to the impressive economic  
9 development successes of the Meadows Racetrack and  
10 Casino, Washington County continues to invest its  
11 infrastructure --- in infrastructure, business parks  
12 and community development projects through the  
13 Washington County Local Share Account Program. As  
14 you are you aware, the Local Share Account Program is  
15 the Washington County's share of the gross revenues  
16 for the Meadows Casino that has been directed by the  
17 Board of Commissioners to economic development  
18 projects in the County. The program has been  
19 investing in Washington County projects since 2008.  
20 Since 2008, the LSA has invested over \$60 million ---  
21 \$64 million in new economic community, industrial  
22 developmental projects.

23 However, more impressive than that  
24 number is, we've been able to realize from those  
25 investments in that same time frame we've been able to

1 match that \$64 million in local share account funds  
2 with over \$185 million in additional federal, state  
3 and local monies for a total of \$250 million in total  
4 impact to Washington County. These investments in  
5 business parks such as Alta Vista Business Park in  
6 Fallowfield Township, Star Point Business Park in  
7 Hanover Township as well as the expansion of the  
8 Washington County Airport and other job creation  
9 projects are preparing us for future development and  
10 allowing us to capitalize on our existing assets.

11           Community investments such as new  
12 infrastructure in areas such as Vestaburg, Peters  
13 Township, Cross Creek Township and Independence  
14 Township, new recreational areas in Centerville,  
15 Charleroi, and revamped senior citizen centers further  
16 demonstrate what the local share account resources has  
17 done in improving the quality of life in our county.

18           Other counties that have had host  
19 casinos also have gaming monies available to them, but  
20 we believe our process of awarding the funds is unique  
21 among those counties. We established a process early,  
22 and to keep --- which keeps the decision process for  
23 the LSA funds local and direct the monies towards  
24 ready to go projects. We also utilize these funds for  
25 new investments. Projects that maximize economic

1 impacts and focus on job creation. Of course, we work  
2 with the Pennsylvania Department of Community and  
3 Economic Development and our legislative delegation,  
4 but our successes in strength with the program has  
5 always been listening to the priorities of our  
6 Washington County communities and directing resources  
7 to them. That will always be the true success of our  
8 program. We like to often talk that our programs is  
9 about as pristine as you can get in our environment.  
10 We try to take the politics out of it.

11                   And lot of thanks to our former State  
12 Senator, J. Barry Stout. A lot of this is possible  
13 because of the work he's done. And he talked a little  
14 about it earlier.

15                   And also, in closing, I would like to  
16 comment on the Pennsylvania State Police's report at  
17 The Meadows. As you are aware, when the casino and  
18 gaming were first being discussed in our Commonwealth,  
19 one of the negatives discussion points was a potential  
20 for increased crime in and around the casino. I've  
21 worked here and lived here my whole live. I've never  
22 left here other than the time I was in the military.  
23 Even as a state trooper I had the opportunity to work  
24 here in Washington County. So, I'm 64 years old and  
25 other than the time I served in the Marine Corp, I

1 never left this area.

2                   And I'd like to say that what they  
3 always talked about --- I remember when the Meadows  
4 came and also with the casino there's going to be an  
5 increase in crime. There's going to be the crime  
6 rate. There's going to be the mob influence. This,  
7 of course, did not occur. The crimes we are seeing at  
8 our casino are minimal. And a few of the examples  
9 that I would like to cite is that from September 2011  
10 to April 20115 the largest category of crime reported  
11 by the State --- Pennsylvania State Police has been  
12 larceny and with 511 incidents they had. But if you  
13 take a closer look at that category, we see that 54  
14 percent of what is considered larceny, there also have  
15 been offenses where someone has either found payment  
16 vouchers or utilized free play and credit that were  
17 not theirs. So, in fact, out of a total of 1,335  
18 reported incidents, over half of these offenses were  
19 considered larceny and the others were minor  
20 infractions such as vandalism, disorderly conduct and  
21 public intoxication.

22                   So as a retired state police officer, I  
23 can realize that the severity in incidents of major  
24 crimes at the casino are simply just not occurring.  
25 And we ask for your support to continue the Meadows'

1 gaming license. That is my report.

2 PRESIDING OFFICER:

3 Thank you. William McGowan.

4 MR. MCGOWAN:

5 My name is Bill McGowan. I'm the  
6 Executive Director of the Redevelopment Authority for  
7 the County of Washington.

8 I would like to first state that The  
9 Meadows is an excellent neighbor and is a very, very  
10 solid part of Washington County in so many ways, and  
11 you've heard a lot of that today and I'll second that.

12 The Redevelopment Authority administers  
13 that local share account monies that you've heard so  
14 much about. We do that for the County, so we see all  
15 the projects that come in and what good it does for  
16 the County. In the eight years, as Larry just said,  
17 we, the Redevelopment Authority, has administered 268  
18 projects in those eight years totaling about \$70  
19 million, \$22 million for economic development, \$19  
20 million for water, sewer, infrastructure improvements  
21 in the County, \$15 million for community improvements  
22 and I could go on and on.

23 Let me give a couple of examples. A  
24 regional police force down the valley for Charleroi,  
25 north Charleroi and Spears, a nice use of those funds

1 to create that regionalism. Western Vo-tech, truck  
2 driver --- CDL truck driving training, the LSA money  
3 has helped establish that. The same with the new  
4 welding, with all our gas stuff going on, we need  
5 welders, and so the LSA money helped to do that. The  
6 County, we feel, has an excellent process in place for  
7 selecting the good projects. And the state DCD likes  
8 the way we do business in selecting those projects.

9           Another example is the multi-municipal  
10 planning and zoning ordinances that we put in place  
11 with the help of the local share moneys. Six (6)  
12 different groups throughout the County, 17 different  
13 municipalities. That's good. Community facilities  
14 that have been improved. Historic Deemston Borough  
15 Building, we restored a school house and made them a  
16 nice borough building. The Charleroi Community  
17 Center, which is in progress. A lot of these projects  
18 just wouldn't happen if we did not have the good,  
19 local share money that we're making good use of.

20           It greatly improves the quality of life  
21 in Washington County, so thank you, Meadows. We look  
22 forward to more of the same.

23                           PRESIDING OFFICER:

24                           Thank you. Frank Siffrinn.

25                           MR. SIFFRINN:

1                   Thank you, members of the Board for the  
2 opportunity to speak to you this afternoon. My name  
3 is Frank Siffrinn. I'm the manager of North Strabane  
4 Township. I'm here authorized to present testimony  
5 today on behalf of the North Strabane Township Board  
6 of Supervisors.

7                   North Strabane Township is the host  
8 municipality to the Meadows Racetrack and Casino who  
9 is applying for renewal of the Category 1 Slots Gaming  
10 License. I'd like to say that North Strabane Township  
11 strongly supports and urges this Board to approve  
12 licensing renewal for the Meadows and predicates that  
13 support on three major criteria, economic Development  
14 and job creation, budgetary and service level impacts  
15 and community investment.

16                   The Township deems license renewal of  
17 vital importance to the continued economic growth and  
18 wellbeing of the North Strabane Township and also  
19 Washington County. The Meadows has been a major  
20 catalyst and economic stimulus in promoting new  
21 development and investment in the Racetrack Road and  
22 surrounding area. Since 2006 when the conditional  
23 license was originally issued for the temporary  
24 casino, commercial development near or around the  
25 casino literally exploded. There were 11 hotels

1 within a mile radius that have been constructed since  
2 2006. Over 1,600 rooms are currently available  
3 compared to 138 rooms that were available in 1972.  
4 Hotel taxes collected by Washington County in 2014  
5 totaled \$1.7 million.

6                   Additionally, two major commercial  
7 developments, Park Place and The Street at the  
8 Meadows, currently under construction, will provide  
9 over 250,000 square feet of retail space, 10  
10 restaurants and over 350 apartments. Collectively,  
11 these developments will generate for North Strabane  
12 Township in excess of \$100,000 in real estate taxes,  
13 over \$30,000 in local service taxes, and increase in  
14 earned income taxes. Building permits issued in the  
15 Racetrack Road area since 2006 including the casino  
16 has yielded in excess of \$400,000 in building permit  
17 fees.

18                   The direct and indirect economic impacts  
19 of the casino and surrounding development relative to  
20 employment and wages need to be underscored. The  
21 casino employs over 1,300 individuals with full-time  
22 employees receiving in excess of \$43,000 in benefits  
23 and salary. The economic impact of slots, table games  
24 and poker has generated gross internal revenue in  
25 excess of \$1.9 billion with over \$912 million being



1 distributed in taxes and fees and \$213 million in  
2 harness racing purse funds. Harness racing at the  
3 Meadows has also benefited from the gaming industry.  
4 Average daily purses have increased over by \$83,000  
5 since 2003. Live on tract handle is up by 20 percent.  
6 And over 247 racing jobs have been preserved.

7                   Relative to budgetary and service  
8 impacts, it is important to address how revenue of  
9 \$2.7 million per year has been earmarked by the  
10 Township as host municipality to meet not only demands  
11 of the casino, but also to address ongoing growth and  
12 development needs. North Strabane Township is the  
13 fastest growing community in Washington County.  
14 Between 1990 and 2010, the Township's population more  
15 than doubled, currently stands at 13,600 residents.  
16 As the predominance of development in the Township has  
17 been residential, the challenge from both policy and  
18 budgetary perspectives has been to satisfy expanding  
19 municipal service needs within the confines of the  
20 existing tax base. Residential and increased  
21 commercial development continues to challenge the  
22 Township in terms of providing more personnel,  
23 equipment and support to meet service delivery demands  
24 in the areas of police, fire, public works, building  
25 inspection and parks and recreation.

1                   To meet these services demands, the  
2 Township since 2006 has made an investment of over \$20  
3 million in added manpower and staffing, vehicles and  
4 equipment, parks, roads and infrastructure. This  
5 investment has resulted in the hiring of additional  
6 six full-time police officers and four full-time  
7 career firefighters. A new public safety building was  
8 completed in 2012 at a cost of \$1.8 million to improve  
9 response times to the Racetrack Road area.  
10 Infrastructure and roadway improvements relative to  
11 the casino and surrounding area totaled over \$3  
12 million.

13                   Last, but no least, the crowning  
14 achievement the Township is most proud of is the  
15 construction and opening in 2012 of a \$9 million park.  
16 The park is fully handicapped accessible. It includes  
17 a synthetic turf field, bleachers, three ball fields,  
18 multi-purpose field, six pavilions, each with seating  
19 capacities of 50 to 200 people, a park maintenance  
20 building, basketball courts, restrooms and a fully  
21 equipped concession stand. The park has been featured  
22 as a model by the Pennsylvania Department of  
23 Conservation and Natural Resources.

24                   It is evidence the gaming revenue the  
25 Township has and will continue to receive as a host

1 municipality will be invested to address both short-  
2 and long-terms programs and service delivery needs and  
3 to provide the necessary resources to ensure that  
4 enriching and sustainable quality of life  
5 opportunities are afforded to residents of North  
6 Strabane Township in Washington County.

7                   Finally, North Strabane Township can  
8 attest and commends The Meadows ownership and  
9 management for promoting a good neighbor and  
10 partnership role with the community. It was  
11 represented from day one that management was vested  
12 for the long term and would provide a vital economic  
13 stimulus to the region and revitalization of the horse  
14 racing industry. To date, that commitment has  
15 translated to over \$1.6 million in charitable  
16 contributions, to a myriad of various non-profit  
17 organizations. Another \$4.5 million has been  
18 contributed to various neighborhood partners that  
19 include schools, restaurants and other retail  
20 businesses.

21                   North Strabane Township has personally  
22 has benefited from these philanthropic efforts through  
23 monetary contributions to its fire department, funding  
24 for fireworks at community days and the generous  
25 donation in 2012 of 2.4 acres valued at over a

1 \$150,000 for the construction of the Township's public  
2 safety building.

3                   Community involvement of this magnitude  
4 serves to reinforce the Meadows' commitment to the  
5 present and to the future and speaks convincingly to  
6 its mantra the best is yet to come. On behalf of the  
7 North Strabane Township Board of supervisors, Members,  
8 I thank you again for the opportunity to address you,  
9 and the Township certainly anticipates a favorable  
10 review and renewal of the Meadows' slots gaming  
11 license. Thank you.

12                   PRESIDING OFFICER:

13                   Thank you. Jeff Kotula.

14                   MR. KOTULA:

15                   Good afternoon, Mr. Chairman, members of  
16 the Gaming Control Board. I am Jeff Kotula. I'm  
17 President of the 1,100 member Washington County  
18 Chamber of Commerce and Washington County Tourism  
19 Promotion Agency.

20                   It is my pleasure to appear before you  
21 TO offer our continuing support of the Meadows  
22 Racetrack and Casino and inform you of the positive  
23 economic impact we're experiencing in Washington  
24 County and gaming. And I'd also like to thank you for  
25 putting me a little earlier in the program today

1 simply because we have press conference at 2:00  
2 o'clock announcing more positive tourism investments  
3 because of the Meadows Gaming.

4                   As you're aware, the Meadows Racetrack  
5 and Casino is 100 acre, \$700 million entertainment  
6 destination with a tremendous economic and tourism  
7 impact for Washington County. It employs 1,300  
8 employees, has contributed over \$1.1 billion in taxes,  
9 fees and harness racing purse funds since 2007 and has  
10 allowed Washington County to invest in new economic  
11 development, job creation and infrastructure projects  
12 through the Washington County Local Share Program.

13                   It has also become our County's number  
14 one tourist attraction each year attracting thousands  
15 of visitors to Washington County to experience one of  
16 the country's best entertainment venues. However, I  
17 want to be clear, that the impact of these visitors is  
18 not only witnessed at the Casino, but also has a  
19 substantial effect on the surrounding and arguable  
20 region's economy.

21                   Since The Meadows development, we have  
22 seen major economic and job creation renaissances in  
23 Washington County, especially in the Racetrack Road  
24 corridor. New attractions such as Tanger Outlets, The  
25 Street, retail commercial development, Hyatt Place

1 Hotel and other hotel constructions and improvement  
2 have created over \$1 billion in new opportunities in  
3 the immediate area of Racetrack Road. The presence of  
4 The Meadows and the drawing power of this industry  
5 leading venue has also allowed us to cross market  
6 other county attractions tapping into the casino's  
7 tremendous customer base. Historical treasures such  
8 as the PA Trolley Museum, the Bradford House,  
9 Meadowcroft Rock Shelter and other tours and assets  
10 have benefited from the increased visitor traffic  
11 created by the casino. And we have actively partnered  
12 with them to market all of our County attractions and  
13 historical sites to this broad market.

14                   Increased traffic has also increased  
15 demands for hotels causing major construction actively  
16 creating new hospitality jobs and increasing revenues  
17 for the County's hotel tax. It's a simple economic  
18 case of customer demand driving new economic growth  
19 and we want to continue to do that by drawing even  
20 more customers from outside of this Commonwealth of  
21 Pennsylvania to Washington County.

22                   We also have a great interest in not  
23 only supporting gaming, but the economic generation  
24 The Meadows is fostering on agriculture, in  
25 particularly horse racing. We are interested in this

1 aspect as Washington County has one of the highest  
2 horse populations in the state ranking fourth with  
3 approximately 800 --- 8,500 in total horse population  
4 with over 2,000 of those race horses. And these  
5 horses mean jobs with over 1,500 horsemen relying on  
6 racing.

7                   We believe that gaming and increased  
8 daily purses at the Meadows has not only offered  
9 opportunities for these jobs, but it strengthens one  
10 of our core agricultural industries as well as  
11 provides a competitive environment for horse racing as  
12 it competes with other states such as West Virginia,  
13 New Jersey and Delaware.

14                   The impact of the Meadows Casino has  
15 been substantial and we have witnessed firsthand in  
16 Washington County the tremendous economic, tourism and  
17 agricultural effects of the casino in creating new  
18 jobs, attracting new visitors and bolstering our  
19 marketability as a business and travel destination.  
20 For these positive reasons and for our continued  
21 economic development, the Washington County Chamber of  
22 Commerce and the Washington County Tourism Promotion  
23 Agency fully supports The Meadows' license renewal  
24 application. Thank you very much, Committee. And  
25 have a wonderful day.

1                   PRESIDING OFFICER:

2                   Thank you. Kim Hankins.

3                   MS. HANKINS:

4                   Good afternoon. My name is Kim Hankins,  
5 H-A-N-K-I-N-S. I'm the executive director of The  
6 Meadows Standardbred Owners Association. The MSOA  
7 represents the trainer, drivers, owners and grooms  
8 that race horses at the Meadows.

9                   I appreciate Jeff's comments regarding  
10 the horse racing being a part of agriculture. We are  
11 very proud of that fact. And we hope to continue to  
12 maintain the economy of the ag business --- the agri  
13 business here in western PA.

14                   The MSOA maintains the purses on a  
15 weekly basis and administrates health insurance and  
16 retirement programs for drivers, trainers and grooms.  
17 Those programs are overseen by the Gaming Control  
18 Board. We are the representative organization to  
19 track management and casino management, the  
20 Pennsylvania Harness Racing Commission, the  
21 Legislature of the Commonwealth, and of course, the  
22 Gaming Control Board.

23                   Since the last licensure renewal of the  
24 Meadows, the MSOA has continued to work with track  
25 management to promote harness racing in a cooperative



1 manner. In the last year, we have seen significant  
2 increases in PR and marketing of our product from both  
3 the MSOA and Meadows management. Another important  
4 cooperative effort has been the backstretch  
5 improvement project, which we came to agreement on  
6 about six years ago. We are approaching the end of  
7 Phase II and completion of the agreed to projects,  
8 which includes six new state-of-the art barns, an 11  
9 race paddock and the rehabilitation of 18 existing  
10 barns and the paving of the barn area.

11                   Again, this was a joint effort by the  
12 Meadows and the MSOA financially and creatively. The  
13 expected completions totals will be approximately \$11  
14 million with each group essentially dividing the cost.  
15 The casino contributed the Act 71 mandated funds and  
16 the horsemen participated with a similar amount  
17 through the implementation of \$100 purse stall fee for  
18 the last five years. We are proud to have what I  
19 believe is the finest backstretch in the United  
20 States.

21                   As mentioned earlier, we race 208 races  
22 at race day per year providing year round racing and  
23 thereby year round jobs, which helps the economy and  
24 the Commonwealth and the local economy.

25                   On the legislative side, as I heard the

1 talks earlier, it brought to mind some of the issues  
2 that we have as horsemen. The MSOA is a member of the  
3 Pennsylvania Equine Coalition, which is a group of the  
4 Horsemen's Association and Breeders Associations for  
5 thoroughbred and horsemen. We always like to remind  
6 --- whenever we get a microphone, we like to remind  
7 everyone that the Act 71 is named the Pennsylvania  
8 Horse Racing Development and Gaming Act. And that's  
9 one of the purposes, is to develop the horse racing  
10 end of it.

11                   Regarding race dates, we've very  
12 concerned as we hear rumblings from Harrisburg  
13 regarding legislation that would mandate a reduction  
14 in raced dates. The MSOA and the Pennsylvania Equine  
15 Coalition will vigorously oppose any such legislation,  
16 but will support the individual negotiations of  
17 scheduled race dates between track management and the  
18 MSOA. There may be room for some reductions, just not  
19 to the point of what we're hearing from them in  
20 Harrisburg.

21                   In regards to online gaming and the  
22 slots at the OTVs, we would be supportive. We  
23 understand the needs of the Commonwealth to drive more  
24 money, but we would like for the splits of revenue to  
25 be the same as they for the slots as they are now

1 because any changes, increases in types of gaming will  
2 impact us dramatically.

3                   In regard to the subject of this  
4 hearing, the MSOA enthusiastically supports the  
5 renewal of the gaming license of the racetrack and  
6 casino. And I would be glad to answer any questions.  
7 Thank you.

8                   PRESIDING OFFICER:

9                   Thank you. Peggy Wilson.

10                  MS. WILSON:

11                  I'm the president of the Greater  
12 Washington Food Bank. And everybody, I think, has  
13 said everything that has to be said. So, I'm going to  
14 do it backwards. I'm going to back the Pennsylvania  
15 Gaming Control Board for letting me have time to speak  
16 for the Food Bank and also for Bill Paulos and Sean  
17 and Guy and everybody else in the audience that has  
18 been with me and helped me out here. They do food  
19 drives, which has been very good.

20                  So, I'm going to tell --- ask each one  
21 of you have you ever went to a bed hungry? Not unless  
22 you're on a diet. But anyway, the main thing is we're  
23 going to be building a building. We've waited 30  
24 years. We finally got good board and been working  
25 hard having different programs that we raised money.

1 And as I say today, it's a good day because we've been  
2 looking for a building. We just found one about three  
3 weeks ago. So, I hope everything goes fine.

4                   And I wanted to thank so many people  
5 that are here and I'm not going to name them by names,  
6 other than we do feed 761 families every month. We  
7 have a firm in Pittsburgh that I had contacted and  
8 they gave us their truckload of food. It's all  
9 produce. There's no cans. And the people --- we have  
10 42 pantries that they go to every month to get their  
11 food and this is something extra for the people.

12                   And you really, all of you, should stop  
13 sometime and just see if you've never been to a food  
14 pantry, how many people depend upon the food pantries.  
15 They have no other means. They only have a little bit  
16 of Social Security and things don't always go the way  
17 we want it.

18                   And I'm just thankful for so many people  
19 here. And I'm not going to keep you longer because I  
20 know you're all probably tired. But the one thing  
21 that I did want to tell you, I do support The Meadows,  
22 as you know. And the Gaming Board, I hope you give  
23 them the license again. Thank you.

24                   PRESIDING OFFICER:

25                   Thank you.

1                   MS. WILSON:

2                   And I know you don't have any questions;  
3 right?

4                   PRESIDING OFFICER:

5                   Mr. Fajt would like to make a comment.

6                   MR. FAJT:

7                   Peg, I just want to thank you. You  
8 know, I've heard you speak before several times  
9 regarding The Meadows. And you are --- you are a true  
10 public servant and a credit to Washington County. I  
11 always look forward to your comments, so thank you.

12                   MS. WILSON:

13                   Thank you.

14                   PRESIDING OFFICER:

15                   Lisa Atard (phonetic). She sat  
16 patiently waiting this whole time.

17                   MS. ATARD:

18                   You know, I'm not going to lie. I had a  
19 nice little speech all prepared, but I know we're all  
20 kind of probably hungry and ready to get on with it.

21                   So, I'll just say I work for the  
22 Meadows. I'm one of the statistics. I don't have the  
23 statistics to give you on the front line. I'm that  
24 girl that, you know, I pour that drink and I cut the  
25 cigar. I'm the girl you need your --- you know, your

1 car from valet, I'll go get it. I work in the food  
2 and beverage department. I'm one of the butlers  
3 there. And we do it all. I mean, we try to make it  
4 as seamless and fun for our guests.

5 I've been there for over six years and  
6 I've met a lot of people in that time. And honestly,  
7 they always say we're here because you of guys. I  
8 mean, it's not --- the slot machines, yeah, that  
9 brings people or whatever, but the Meadows is unique  
10 because of the people that work there. And I take  
11 pride in that. I mean, it's exciting, you know,  
12 so ---.

13 If we didn't get this, obviously, I  
14 would be out of work and that would be very upsetting.  
15 And I know a lot of people, not just me as an  
16 employee, but the guests that come in would --- they'd  
17 be devastated. I mean, that's our home away from  
18 home, as I think it is, cliché as that sounds, it is.  
19 So thank you for considering and I made it short and  
20 sweet for you.

21 PRESIDING OFFICER:

22 Thank you. And one who waited even  
23 more patiently, James Quatar (phonetic).

24 MR. QUATAR:

25 I go by Pete. But I'm a dealer at the

1 Meadows, and this is a like the third phase of my  
2 life. I had 35 years with United Airlines, eight  
3 years retirement, now five years at the Meadows and I  
4 love it up there. My wife keeps asking me to leave.  
5 I said, I just enjoy dealing and meeting everybody.  
6 All the people that I deal with, I just love them.  
7 And it's something that --- how much longer I'm going  
8 to work, but I wish I could stay with them forever.  
9 Thank you all.

10 PRESIDING OFFICER:

11 Thank you. That is the end of the list  
12 that I have been given. Is there anyone here who  
13 believes they registered and I did not call your name,  
14 raise your hand? I don't see any hands, so ---.  
15 Meadows, do you have any closing statement you'd like  
16 to make? I know I shouldn't give you another  
17 opportunity to speak.

18 MR. PAULOS:

19 Well, I'm blocking Sean. I'm blocking  
20 Sean. No, we just want to say thank you very much for  
21 your time, your attention. And again, all our  
22 supporters that are here, all our management, we have  
23 a phenomenal relationship. And I believe there's not  
24 another casino in the state that has such a  
25 relationship with their employees, with their

1 communities and with their county. Thank you.

2 PRESIDING OFFICER:

3 OEC?

4 ATTORNEY ESTRIPLET:

5 Nothing.

6 PRESIDING OFFICER:

7 Okay. If either party has any burning  
8 desire to file any brief or written memorandum, you  
9 can do that by close of business next Wednesday. The  
10 record will remain open until the Board hears the  
11 matter at a later public board meeting in Harrisburg.  
12 I'll prepare a report based on today's testimony and  
13 evidence and that will be forwarded to the Board along  
14 with all of the documents and the transcripts. And  
15 again, out of convenience, it will schedule the matter  
16 to be heard in Harrisburg. I want to thank you all  
17 for coming today and your cooperation and patience.  
18 And the hearing is now concluded. Thank you.

19

20 \* \* \* \* \*

21 HEARING CONCLUDED AT 1:47 P.M.

22 \* \* \* \* \*

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CERTIFICATE

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I hereby certify that the foregoing proceedings,  
hearing held before Officer Lloyd was reported by me  
on 06/03/2015 and that I Juliette Hoffman read this  
transcript and that I attest that this transcript is a  
true and accurate record of the proceeding.

  
\_\_\_\_\_  
Court Reporter  
Juliette Hoffman