

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: SANDS BETHWORDS GAMING, LLC - PETITION FOR
APPROVAL OF RECONFIGURATION OF GAMING FLOOR- OP16

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PUBLIC HEARING

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BEFORE: WILLIAM H. RYAN, CHAIRMAN
Gregory C. Fajt, Keith R. McCall, Anthony
Moscato, David W. Woods, Annmarie Kaiser,
Richard G. Jewell
Robert P. Coyne, Representing Eileen
McNulty, Secretary of Revenue, Fred
Strathmeyer, Representing Russell Reading,
Secretary of Agriculture, Jennifer Langan,
Representing Timothy Reece, State Treasurer

HEARING: Wednesday, September 2, 2015

LOCATION: Strawberry Square Complex
303 Walnut Street
2nd Floor
Harrisburg, PA 17106

Reporter: Bernadette Black

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DUSTIN L. MILLER, ESQUIRE
PA Gaming Control Board
OEC
P.O. Box 69060
Harrisburg, PA 17106-9060
Counsel for the Pennsylvania Gaming Control Board

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CHAIRMAN:

Okay. We will now move to our second hearing concerning Sands Bethworks Gaming, LLC and their Petition for Approval of a Reconfiguration of the Gaming Floor. So, I would ask all representatives involved in this matter to come forward. And again, I would say that any non-attorney witnesses will have to be sworn in. But if you want, you can make your introductions first and we can go from there.

MR. JULIANO:

Okay. Thank you. Thank you, Chairman. And let's begin with the introductions of the associates that are here with me from Sands Bethlehem. To the far right is Brian Carr, chief Financial Officer. Brian is new to the company, so this is his first hearing, I believe, in front of the Board. Kathy McCracken is our vice president of marketing. Jack Kennedy is the Director of Table Game Operations. And Dennis Dougherty, at the end who will be working our presentation today, is our Vice President of Strategy, Optimization and PowerPoint. Would you like us to be sworn in now?

CHAIRMAN:

1 Yes, please. For the record, what's
2 your name, sir?

3 MR. JULIANO:

4 Oh, and I am Mark Juliano, and I'm the
5 Chief Operating Officer at Sands Bethlehem.

6 CHAIRMAN:

7 Okay. Thank you.

8 -----

9 WITNESSES SWORN EN MASSE

10 -----

11 CHAIRMAN:

12 Okay. Mr. Juliano, you may begin.

13 MR. JULIANO:

14 Okay. Well, thank you Chairman Ryan,
15 thank you, Commissioners. We are happy to have this
16 opportunity today to present to you some exciting
17 changes that we'd like to make at Sands Bethlehem. We
18 were before the Board once before, and I think that at
19 today's presentation we will dwell a little bit more
20 on what actually the table game --- electronic table
21 game stadium will look like, what we think our
22 customers will look like, where we think those
23 customers will come from and how we will actually
24 market to these customers.

25 We are talking about building a

1 multimillion dollar state of the art, live electronic
2 table game stadium. And that stadium will feature
3 three games to start with, Baccarat, Roulette and Sic
4 Bo games. They will be --- it will consist of 150
5 betting terminals and it will include 4 to 8 live
6 dealer stations. And as we get a little bit further
7 in the presentation, we'll show you what that will
8 look like.

9 Some of the concerns that people had
10 expressed earlier, when we started to talk about this
11 was two things, employment and whether or not we would
12 have a decrease in table game or existing slot machine
13 count. We will show later in the presentation that
14 employment actually increases by about 50, maybe 52
15 additional employees. And we will have no decrease in
16 our present slot or table game count. We will have
17 some dislocation, but we'll show you where those
18 machines will be located.

19 The present plans take an existing bar
20 that is in the middle of the casino, and a rather
21 poorly performing bar, and turns it into gaming space
22 for this electronic table game facility that we're
23 talking about. We'll show also throughout the
24 presentation that, as always has been the case with
25 Sands Bethlehem, we like to continually refresh our

1 casino either by decor or by adding new amenities.
2 This is certainly an amenity that will be new to the
3 State of Pennsylvania, although they exist in some of
4 --- in, I believe, somewhere else in Pennsylvania, I'm
5 not quite sure, but nothing to this scale.

6 The real advantage of it is not only
7 does it offer players another choice when they come,
8 it gives us the ability to offer players a lower entry
9 point to start to understand how to play table games
10 and understand that there is a reasonable betting
11 limit that they can start with. As you see month
12 after month, we continually dominate the market in our
13 table game play, and that causes our live our live
14 table game limits to be a little bit higher than some
15 people are comfortable with. So, this is a good
16 alternative for them.

17 We will show that our players that will
18 play these games will come from most of the
19 traditional markets that we are now serving, which
20 would be our local market, Northern New Jersey and New
21 York City.

22 The next slide will give you a look of
23 what the decorating is, which is an example of what
24 this stadium will look like. The tall cylinder in the
25 center is display screens where the dealers, as they

1 deal, those screens will show what the hands are. And
2 then the terminals, of course, will ring all the way
3 around that in a full circle, truly like a stadium.
4 The next slide shows you what the existing stadium
5 looks like now at our Venetian Hotel in Macau. And
6 then the next slide will show you what the existing
7 stadium looks like in Las Vegas at the Venetian and at
8 the Palazzo.

9 I think it's important to note here that
10 the Venetian started with 24 betting terminals.
11 They're adding an additional 10 now, and they're
12 building a second stadium with an additional 20
13 terminals. So, it is getting more and more popular as
14 people get used to it. We have decided to take a much
15 more aggressive approach and go right with 150 of
16 these terminals so that we can create real excitement
17 and really create some mass that people can always
18 find one of these betting terminals, probably, when
19 they do come here.

20 I'm going to turn it over to Jack
21 Kennedy now, who will give you an idea what the impact
22 on the casino floor will be like, and where we had
23 talked a little earlier about how the displaced slots
24 and table games will be reconfigured into the floor.
25 Jack.

1 MR. KENNEDY:

2 Jack Kennedy, K-E-N-N-E-D-Y, Director of
3 Table Games, Sands Bethlehem. This slide depicts the
4 area, if you go right to the side where that box is
5 around there, that's the existing Infusion Bar, for
6 any of you members or Chairman that's been down there
7 before. It's pretty unutilized prime gaming space, so
8 we're going to repurpose that space for the stadium.

9 In this depiction, you can see the
10 stadium area in around and circle that. The yellow
11 boxes indicate the slot machines that'll be displaced
12 or relocated. It should be 128 units. It will not
13 decrease the amount of slot machines we presently have
14 on the floor. As a matter of fact, we'll add more of
15 the offerings into the nonsmoking area. Tables games
16 will not be disrupted whatsoever. That particular map
17 will stay exactly the way it is. It's just enhanced
18 and flanked by the stadium.

19 If we go to the next slide. With Live
20 Dealer ETGs, we created a new market. We've
21 identified a market that we missed, being with our
22 success our limits are a lot higher than most of the
23 casinos, and we force out a lot of our little players.
24 The ETGs will allow us to more service that \$5 player,
25 the small bankroll player, the person who just wants

1 to come out, relax and have a good time. The ETGs
2 also are easy to learn and easy to play. They're
3 touch screen interactive, very, very simple. Cadence
4 from the dealers on the screen gives them ample time
5 to bet. There's nobody being rushed, it's just a nice
6 environment for them. Also, I've noticed that we've
7 had groups that if you have people who like Baccarat,
8 Roulette and Sic Bo, they can all now sit together.
9 So, it's a social thing, too, for them, which is
10 really nice.

11 So, the lower limits is an important
12 thing that we're looking for. We're looking to grant
13 that market segment and having the ability to teach a
14 new --- this market how to play and then be able to be
15 like a social atmosphere in the stadium.

16 It increases our capacity, which is
17 nice. We have capacity issues on the weekends,
18 usually Thursday, Friday, Saturday and Sunday during
19 the day. This will increase our seating availability
20 by 12 percent, which will be a really, really, really
21 good thing for us. And all the buy-ins --- and the
22 beauty about electronic wagering is that the human
23 error factors are almost taken totally out of it. All
24 this fills credits and stuff that you normally do will
25 disappear. It's all done electronically, just through

1 the system.

2 The state of the art development, of
3 course, this is going to be unique to the Northeast,
4 which I'm very excited about the whole concept. I've
5 seen it in Macau and I've seen it in Singapore
6 employed and I've seen it in Las Vegas employed as
7 well. It's a really, really neat concept, and once it
8 catches on, it gives a nice, exciting atmosphere. And
9 it's also to stay competitive in this business, you
10 always have to stay one step ahead of the competition
11 so what we do, it matters. So, I'm going to turn this
12 over to Brian Carr now, who is our chief financial
13 officer.

14 MR. CARR:

15 Thank you, Jack. Mr. Chairman, members
16 of the Board, my name is Brian Carr, C-A-R-R.
17 Currently Sands Bethlehem has more than 2,300 team
18 members. With the introduction of these gaming
19 programs, we'll be able to grow that roughly about 49
20 to 52 people. As you look on the slide, you can see
21 in the operations of the game it's going to take
22 roughly 37 people to operate it. We anticipate ten
23 people to support, it would hospitality, customer
24 service and then additional support through security
25 and surveillance of an additional two. Obviously,

1 these will grow as we continue to roll this program
2 out. And with that, I'll turn it over to Cathy
3 McCracken to go over the marketing.

4 MS. MCCRACKEN:

5 Cathy McCracken, last name is
6 M-C-C-R-A-C-K-E-N, Vice President of Marketing. This
7 next slide here, as people have already mentioned,
8 we're not the first to have stadium gaming, but we're
9 definitely the first to have it at this size. And we
10 do feel that we're a leader in Pennsylvania, so our
11 guests do come to expect new amenities from us.
12 What's exciting about the stadium gaming is we feel
13 it's less intimidating for a lot of customers. It
14 will attract new gamers, we think, as well as people
15 that like new trends and things.

16 So, we think that social atmosphere and
17 the fun atmosphere will actually allow us to really
18 target a new customer. Dennis, you can go to the next
19 slide. As we've done the research for our customer
20 profiles, what we have found is that the electronic
21 table game customer, as well as our current table
22 games customers, both hold similar demographic and
23 psychographic characteristics which is a benefit for
24 us because as we target these customers they actually
25 have similar tendencies on how they receive their

1 messaging and media. So, we're actually going to use
2 the same media to attract these customers, but just go
3 out with a different message.

4 And on the last slide, really, we're
5 just going to have, like I mentioned, all of our media
6 channels that we've used in the past, we're going to
7 use again. Our biggest challenge and biggest efforts
8 that we have to put in is really communicating what
9 stadium gaming is, because it is so new. So, our
10 messaging is going to be really important.

11 And we plan to start promoting during
12 our construction phase all the way through, and have
13 our guests become more familiar with what this new
14 product's about. We'll also run special brands,
15 promotions, all the typical stuff. And we also plan
16 to do some live training sessions so that individuals
17 can see what this is about. I think what'll be fun
18 for us and our team members is they'll be a big part
19 of promoting this new product and learning more about
20 it. So, it's just a new way to game, so we're excited
21 to have it. With that, I'll turn it back over to
22 Mark.

23 MR. JULIANO:

24 Yeah. Really in conclusion, I'd just
25 like to say some of things that Cathy had mentioned

1 earlier. The customers have come to expect, you know,
2 really progressive and kind of innovative things from
3 us because we have been so successful in Bethlehem and
4 in Pennsylvania, of course. So, we're constantly
5 looking at ways to refresh the casino and refresh the
6 offerings that we have not only on the gaming floor.

7 But, as you'll hear from us in the
8 future, we are talking to new restaurateurs. If you
9 get down there any time soon, you'll see that we've
10 replaced the carpet, and it's make a huge difference.
11 We are working on a master plan to really think about
12 how the rest of the site gets developed. So, we are
13 very careful about looking at the product that we have
14 and how we can improve it, and how we can continue to
15 offer more reasons for people to come back to Sands.
16 And we think that this will be a great way to do it.

17 You know, as the world moves towards
18 electronic and digital and automated everything, you
19 know, we are trying to kind of keep pace with that.
20 We were at our agency in New York a couple weeks ago
21 and they talked about something called SoLoMo. And I
22 said, what --- you know, what are you talking about.
23 And it's because the young people are so much more
24 attuned to this and SoLoMo is social, local and
25 mobile. So, that means as you walk around with your

1 device, you are getting messages immediately as you
2 walk by, perhaps, a vendor or retailer, or a product
3 that they know that you are interested in.

4 So, we're trying to kind of keep pace
5 with that, but we don't forget that we are still a
6 very traditional, full service casino. For example,
7 this weekend, we did a giveaway where we gave away
8 electric frying skillets, and we gave away 15,000 of
9 them. So, we know what works and now we're trying to
10 find some more things that work and make it a nice
11 combination for everybody. If we were allowed, I
12 would send you all a skillet. They were very excited.
13 Thank you very much.

14 CHAIRMAN:

15 Okay.

16 MR. JULIANO:

17 Certainly, if there's any questions,
18 we're available.

19 CHAIRMAN:

20 Any questions or comments from
21 Enforcement Counsel?

22 ATTORNEY ROLAND:

23 Yes, we do have a few. Good morning,
24 Mr. Chairman, members of the Board. It's Michael
25 Roland, R-O-L-A-N-D, with the Office Enforcement

1 Counsel (OEC). Sands has decided to go with Baccarat,
2 Roulette and Sic Bo as the games of choice. Why are
3 those the magic games, and down the road is there a
4 change to add something new?

5 MR. JULIANO:

6 Jack, do you want to take that?

7 MR. KENNEDY:

8 Yeah. With the stadium game, we found
9 that the Roulette and the Baccarat are what we call
10 trend games. People look for certain patterns, you
11 know, whether it's black --- a lot of black red or
12 bank player-type runs. So, we offer those in a group
13 so they can bet those trends. As far as down the
14 road, now we'll be looking at Blackjack alternative as
15 well once that starts after the market, and whatever
16 games that come along as far as stadium.

17 But right now, the four major ones that
18 they're doing in stadium form are the Baccarat or
19 Roulette, the Sic Bo and the Blackjack. But no
20 objections to doing Blackjack down the road,
21 absolutely not.

22 ATTORNEY ROLAND:

23 The proposal that you have before the
24 Board today has 4 to 8 live table games, 150 betting
25 terminals. I think it was actually you, Mr. Kennedy,

1 who testified back on March 31st before the Board that
2 there were 435 terminals out at Marina Bay at Sands,
3 756 terminals in Macau and the Venetian had 24
4 terminals, and as you pointed out today they're adding
5 10, putting in a second stadium for a total of 54, the
6 second stadium will have 20. Why is the magic number
7 150 for Pennsylvania and Sands Casino here?

8 MR. KENNEDY:

9 150 was, when we designed it, was the
10 exact size, it was nice footprint without displacing
11 the slot machines or tables. We wouldn't have to
12 reduce the table count or reduce the slot machine
13 count, using the magic number of 150. There's
14 probably more room to expand, and hopefully we would.
15 But the 150 number was the magic number for the
16 footprint.

17 MR. JULIANO:

18 And if I might just add to that, we
19 actually looked at a couple different scenarios where
20 we would phase it. So, where we would perhaps start
21 with 50, see what the customer acceptance was, then go
22 to 100 and then go to 150. But, you know, we're
23 pretty confident that people are going to like it.
24 And rather than go in and disrupt the floor three
25 separate times, and like Jack said, this 150 fits

1 right in the footprint just about where the bar is
2 going, we just decided to go that way.

3 ATTORNEY ROLAND:

4 Okay. About expansion, since you
5 brought it up, I hate to even say this because we
6 haven't even started and we're talking about
7 expanding. But, the current footprint, is there room
8 to expand or would you have to redo the stadium as
9 it's currently proposed?

10 MR. KENNEDY:

11 We would probably add another ring to
12 the stadium, if we had to. You know what I mean, we
13 can go out and out or you could --- we could start
14 building rows towards the north lot, towards the back
15 of the building. So, there's room for expansion, and
16 we still have room on the floor. And I mean, we can
17 tighten it up, but we kind of like the comfort we have
18 right now with the slot floor. You know, it's nice,
19 wide aisles, people are comfortable there, there's
20 nobody bumping into you when you're playing, stuff
21 like that. The whole feel of the casino is nice and
22 comfortable. But for expansion, we're always open to
23 opportunities.

24 MR. JULIANO:

25 But we really would study the

1 performance of it, because those games that surround
2 the existing spot where we're putting it are very
3 profitable. So, you know, these ETGs would have to
4 perform much better than they would before we would do
5 that, because we are kind of running out of footprint
6 after this, but ---.

7 ATTORNEY ROLAND:

8 In both Board presentations, the one
9 back in March and the one today, and actually in your
10 official petition to ask for reconfiguration, the
11 whole concept of the lower betting limits has come up
12 repeatedly. Is this something that is specific or
13 enabled because of these types of electronic table
14 games, or is it just the way Sands has decided to
15 market it at this point?

16 MR. JULIANO:

17 Well, we are developing this whole
18 concept to have an alterative for people who come in
19 to play table games, but because we are so busy in the
20 limits --- you know, it gives us the opportunity to
21 keep the limits high, they're not able to. Or, they
22 aren't familiar with table games and they're
23 intimidated to sit down sometimes.

24 So, there's two approaches to keeping
25 the limits low, number one, to open it up to a market

1 that we think we're missing because we don't offer
2 these lower limits, and number two, to let people that
3 aren't comfortable playing table games do it kind of
4 at their own pace in their own way without interfering
5 with other players.

6 ATTORNEY ROLAND:

7 Okay. And as I understand it, all of
8 the bets, the money exchange, I think even tipping is
9 going to be electronic; correct?

10 MR. KENNEDY:

11 Right. Correct.

12 ATTORNEY ROLAND:

13 Is there ever a point in time where
14 there will be tangible chips located in the stadium,
15 and if so, why and when would that be?

16 MR. KENNEDY:

17 No, it wouldn't be --- this will be a
18 total ticket in, ticket out system. I don't foresee
19 anything as far as --- unless, of course, the product
20 changes or new line comes out. But what we're putting
21 in, no, there'll be no tangible chip rack or anything
22 like that in the pit.

23 ATTORNEY ROLAND:

24 Okay. And when you look at the physical
25 location of the proposed stadium, the entire footprint

1 sits within the smoking area of your floor. Are there
2 any discussions or plans about making something
3 available to nonsmoking guests, something similar?

4 MR. KENNEDY:

5 Yeah. But first, we'll have to see the
6 performance of these. The footprint that we used just
7 happened to be in the middle of a non --- smoking
8 section. But I would take a look, if the performance
9 is up to what we anticipate, I don't see why we
10 wouldn't think about moving something towards the
11 other end of the casino as well.

12 ATTORNEY ROLAND:

13 Okay. And slide eight of your
14 presentation, looking a little bit at the employees
15 and the staff that you're going to bring on board, and
16 I think, Mr. Carr, you touched up this a little bit.
17 The 51 --- approximately 51, 50, employees that are
18 going to be required to run this stadium project, will
19 all of those genuinely be new hires, they will add to
20 the overall compliment of the Sands workforce, they
21 won't just be people moved from one area to another.
22 Is that correct?

23 MR. CARR:

24 It would be an increase in headcount,
25 correct.

1 ATTORNEY ROLAND:

2 Okay. And those positions, full time,
3 part time or a combination?

4 MR. CARR:

5 Most likely combination.

6 CHAIRMAN:

7 Do you have any idea at this point what
8 percentage full-time positions will take?

9 MR. CARR:

10 I would venture a majority of them will
11 be full time.

12 ATTORNEY ROLAND:

13 One of the new positions that's on slide
14 number eight is an ambassador. Is an ambassador
15 basically --- it's a tutor to teach somebody how to
16 play these games; is that what it is?

17 MR. JULIANO:

18 Cathy, you can take that. Because they
19 report up to the Cathy, they exist.

20 MS. MCCRACKEN:

21 Yeah, actually, we do have ambassadors
22 now. We added ambassadors on --- I think they've been
23 on the total of 2015. I'm not sure exactly when we
24 hired them. We have six ambassadors now, so this
25 would be an extension of that. So, they really are

1 there for customer service, yes, they can train. But
2 they're really there to make sure the whole experience
3 on the casino floor is what we want the customers to
4 have.

5 Now, we don't have --- they're not
6 player development hosts and they're not hosts like
7 floor hosts, but these people really are there to ---
8 they actually go to one section of the floor, they'll
9 have a section and they'll be in there all day just to
10 make sure people --- or you know, if there's any issue
11 with service, is there any issue with our public areas
12 and cleaning, is there issues that a customer doesn't
13 understand the machine, if they hit their service bell
14 and it didn't work. So, we'll actually station them
15 in this area too for training as well as for service.

16 ATTORNEY ROLAND:

17 Specifically about the ambassadors and
18 one other position was the service technicians. From
19 the initial guess in March when you made a
20 presentation to today, there seems to be a different
21 requirement for those positions. It looks like the
22 ambassadors dropped from 15 to 5 and the service
23 technicians from 6 to 2. Any reason, or is it just
24 being closer to the project you can see what the
25 demand will be?

1 MR. JULIANO:

2 Yeah. I mean, I don't think there's any
3 --- I think you're probably right, we are getting
4 closer to it, we've done a little bit more research
5 from our casinos in Singapore and Macau, and this is a
6 more realistic number. But, of course, you know, as
7 we --- this is a new proposition for us, too, and
8 we'll learn as go. So, if we need more employees, we
9 won't know that until we see what the customer
10 acceptance is. But we think this is a good starting
11 point.

12 ATTORNEY ROLAND:

13 Question about underage gaming. It
14 seems like one of the draws for this concept is it
15 gives the person the ability to sit down and learn a
16 game at their own pace or play at their own pace. And
17 they don't have the direct face-to-face interaction
18 that they would have at a traditional table game with
19 a dealer. Has any consideration been given to that,
20 and is there anything Sands is going to implement
21 because of it?

22 MR. JULIANO:

23 Well, I mean, obviously we're
24 continually --- constantly training the security
25 guards at those entry points, that's the biggest

1 checkpoint to make sure that there is, you know, no
2 underage gaming. People who go onto the floor without
3 an escort. But also, it will be one of the things
4 that we will train the ambassadors about, we will
5 train the cocktail servers about, we'll train the
6 security people about, because we do, on many
7 occasions find, not many --- Thank God not many. On
8 occasion it will be a cocktail server or it will be a
9 security guard that looks and says, you know what this
10 just doesn't look quite right and they'll call
11 security over.

12 So, we'll make sure that because, as you
13 mentioned, there's not that face-to-face interaction
14 with the dealer or with a supervisor, that our people
15 that are in those areas are much more aware that
16 that's something that they need to look for and
17 report, if they suspect there's an underage person.

18 ATTORNEY ROLAND:

19 And lastly, if approved by the Board
20 today, how quickly would you actually start the
21 project and when would you anticipate that it would be
22 finished?

23 MR. JULIANO:

24 We are hoping to have all of the design
25 and demolition done by the end of the fourth quarter,

1 and get it open by sometime in mid-February.

2 ATTORNEY ROLAND:

3 Okay. I think that's all the questions
4 we have.

5 CHAIRMAN:

6 Okay.

7 MR. MCCALL:

8 Question.

9 CHAIRMAN:

10 Okay. Keith.

11 MR. MCCALL:

12 If I could refer you to slide six. In
13 your diagram, slots highlighted in yellow will be
14 relocated from the ETG stadium area. All of these
15 other yellow boxes, are they slot machines that will
16 be removed as well?

17 MR. KENNEDY:

18 Right. When we demolish the Infusion
19 Bar, the footprint's a little bit bigger than the bar
20 itself, so it's going to displace some slot machines.
21 Those yellow boxes are showing the new locations of
22 the 128 units that are going to be displaced by the
23 stadium.

24 MR. MCCALL:

25 So, that's where the new slot machines

1 will be placed that you relocate from this area?

2 MR. KENNEDY:

3 Correct.

4 MR. MCCALL:

5 Okay. Okay. So, they're not machines
6 that are going to be leaving the ---

7 MR. KENNEDY:

8 The floor.

9 MR. MCCALL:

10 --- the floor at that point?

11 MR. KENNEDY:

12 No, we're going to stay at 3,013
13 machines.

14 MR. MCCALL:

15 No, I understand that. But what I'm
16 saying is, so the boxes that are scattered around that
17 floor are coming specifically from the ETG area?

18 MR. KENNEDY:

19 Right. Correct.

20 MR. MCCALL:

21 They're not slots that are going to be
22 disappearing or moved somewhere else?

23 MR. KENNEDY:

24 Nope, that's exactly their new
25 locations, as a matter of fact.

1 MR. MCCALL:

2 I think this is a great concept, but I
3 want to dig down a little bit, too. You know, and we
4 all get the supply and demand side of this, and it
5 drives the priced of gaming up. And that's one of the
6 things that I hear the most, you know, person that
7 wants to sit down at a \$5 Blackjack table and they're
8 all \$25 and they can't play. So, I understand the
9 economy scale, we're going to be able to get a lot of
10 people in here with some live games. But at 10
11 o'clock does that number change again, because, you
12 know, supply and demand is going up. Is all of a
13 sudden, you know, the price going from \$5 to \$20 at 9
14 or 10 o'clock because it's ---?

15 MR. KENNEDY:

16 I would say, just from a business man's
17 point of view, if it demands it, yes, we would push
18 the limits up on these machines. So, I mean, we
19 try ---.

20 MR. MCCALL:

21 I think the whole idea behind this
22 though, the concept that I like is that you're
23 affording this game to people who can't afford those
24 more expensive games. The reason why I like it is
25 you're going to provide a \$5 or \$10 experience to

1 gamers, and that's what I'd like to see maintained as
2 opposed to all of a sudden we grant this and then that
3 same person's going to come to me and say all of a
4 sudden they're at \$25 again.

5 MR. KENNEDY:

6 You know, I mean, all those --- some of
7 those games might inch up a little bit. We will
8 definitely keep enough of them at that low entry level
9 \$5 limit.

10 MR. MCCALL:

11 Yeah.

12 MR. KENNEDY:

13 We'll make sure of that because that is
14 really what we're --- what we're trying to really
15 accomplish here is give people the opportunity to
16 learn how to play table games at an affordable rate.
17 And the long-term plan is that when they get
18 comfortable, then they go to one of our live games.

19 MR. MCCALL:

20 Right.

21 MR. KENNEDY:

22 And the live games will always have
23 higher limits.

24 MR. MCCALL:

25 Because that's very true, that's the

1 other side of the coin is the intimidation factor. A
2 lot of people will not sit down at that table because
3 they are intimidated, and this will afford them that
4 opportunity. And that's what I want to hear. Thank
5 you very much.

6 CHAIRMAN:

7 David?

8 MR. WOODS:

9 In your other jurisdictions, how many
10 terminals are considered a table? I know we've
11 rendered an opinion on that, I just wondered if that
12 is used in any other jurisdiction.

13 MR. KENNEDY:

14 Well, as far as the ETGs?

15 MR. JULIANO:

16 The ratio.

17 MR. KENNEDY:

18 The ratios, I believe, at Macau and
19 Singapore, we just put them in as --- it's unlimited,
20 yeah.

21 MR. WOODS:

22 How do you feel about the ratio
23 established in Pennsylvania?

24 MR. KENNEDY:

25 I think it was fair for openers. I

1 mean, of course, I would like to see that --- you
2 know, the eight tables would equal 150, you know,
3 eight to our total game count. But I mean, if this is
4 successful enough and, like Mark said, promotes more
5 live table game players, I see us sitting in front of
6 the Board probably in maybe another year going, you
7 know, we're right at 250, do you think we can go a
8 little bit further. You know, so it's fair enough.

9 MR. DOUGHERTY:

10 If I could just add a little bit to
11 that. In Macau, actually, there is an equivalent, and
12 I believe it's around 50 betting terminals equals one
13 table in Macau. So, totally on the other side of the
14 spectrum from what we're talking about here.
15 Singapore, I don't think, is limited on tables, so
16 it's not relevant there. But in Macau, it's about 50
17 betting terminals per one table.

18 MR. WOODS:

19 And having had a couple presentations,
20 are these terminals able to play multiple games at the
21 same time?

22 MR. KENNEDY:

23 That's the beauty about the concept,
24 yeah.

25 MR. WOODS:

1 Right. So, but it's mixed games? You
2 could be doing Roulette at the same time as Blackjack?

3 MR. KENNEDY:

4 You can play two Roulettes, a Sic Bo and
5 a Blackjack, just toggle back and forth. It's real
6 user-friendly type screen.

7 MR. WOODS:

8 So, the percentage of people that are
9 playing more than one game, you would anticipate to be
10 very high?

11 MR. KENNEDY:

12 I would say the Baccarat side, we would
13 probably see nice trend players that would bounce back
14 and forth as the shoes progress. Roulette, same
15 thing, if I'm not hitting on a Roulette table, I'd
16 like to move, so they might try their luck back and
17 forth. So, it's going to be interesting to see once
18 we get up and running --- if we're approved and we get
19 up and running, sorry, exactly what the trend is, what
20 the players are doing. Are they betting everything,
21 are they betting just four Baccarat, are they betting
22 three Blackjack? It's going to be really, really
23 cool.

24 MR. WOODS:

25 That would speak again to keeping the

1 table limits lower ---

2 MR. KENNEDY:

3 Yes.

4 MR. WOODS:

5 --- in order to allow for multiple
6 playing. Thank you, Mr. Chairman.

7 CHAIRMAN:

8 Dick.

9 MR. JEWELL:

10 I would join Commissioner McCall's line
11 of inquiry.

12 CHAIRMAN:

13 Okay. Annmarie?

14 MR. FAJT:

15 Tony took a break.

16 CHAIRMAN:

17 Anything from the Ex-Officios? Anything
18 from your side?

19 ATTORNEY ROLAND:

20 The OEC doesn't have a formal
21 presentation. We actually have no objection to Sands
22 Operational Plan 16, which would involve the high
23 route table games and the electronic wagering
24 terminals. We simply ask that if the Board does
25 approve it, the approval will be made subject to the

1 15 conditions set forth by OEC in our August 26, 2015
2 Amended Answer. I believe Sands has had an
3 opportunity to look at all of those conditions, and to
4 the best of my knowledge, does not oppose any of them.

5 MR. KENNEDY:

6 Thanks correct.

7 MR. JULIANO:

8 Yes.

9 CHAIRMAN:

10 Okay. Anything else needs to be done?

11 MR. JULIANO:

12 Thank you very much.

13 CHAIRMAN:

14 Okay. Thank all of you. A vote on this
15 matter is scheduled for later today under the Office
16 of Chief Counsel (OCC) section of the agenda. So,
17 ladies and gentlemen, thank you.

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19 HEARING CONCLUDED

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CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Chairman Ryan was reported by me on 9/2/15 and that I, Bernadette M. Black, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

Bernadette M. Black

Bernadette M. Black,

Court Reporter