

COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS GAMING COMMISSION
PUBLIC MEETING #79

CHAIRMAN

Stephen P. Crosby

COMMISSIONERS

James F. McHugh

Gayle Cameron

Enrique Zuniga

Bruce W. Stebbins

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BOSTON CONVENTION AND EXHIBITION CENTER

415 Summer Street, Room 151B

Boston, Massachusetts 02210

1 CHAIRMAN CROSBY: Okay, it's almost
2 exactly 10 o'clock. I am going to call to
3 order the 79th meeting of the Massachusetts
4 Gaming Commission.

5 I realized as I was coming in today,
6 that the first meeting of the Gaming
7 Commission was the first week of April last
8 year. That means exactly 18 months almost
9 to the day ago we first got started. So
10 this is an exciting day. Eighteen months
11 to the day later we are finally beginning
12 the process of actually seeing the
13 presentations from our bidders, and I hope
14 everybody is looking forward to this as
15 much as we are.

16 The process will be that each of our
17 three bidders, starting with PPE Casino,
18 which is also The Cordish Companies, then
19 with -- that'll be from 10 to 11:30. We'll
20 then have an hour break for lunch. Then
21 from 12:30 to two Penn National Gaming will
22 have an opportunity to make its
23 presentation. Then from 2:30 there'll be a
24 have hour for changeover, then from 2:30 to

1 four Raynham Park, LLC will have its
2 opportunity to make its presentation.

3 For the most part, this will just be
4 the bidders' opportunities to put their
5 best foot forward to show us what they're
6 doing as they see fit. The Commissioners
7 will have an opportunity to ask for
8 clarification or ask questions, if we want
9 to, but this is really not an iterative
10 process. This is a process of asking the
11 bidders to tell us what they're doing in
12 whatever way they see fit.

13 There will be many opportunities in
14 the future, to hear more from the bidders,
15 if we do have questions, but also from the
16 public about these presentations. There
17 will be two public meetings for each
18 proposal. One will be held in one of the
19 surrounding communities. And that will be
20 an opportunity for the public to speak.
21 This is a step that we've added to the
22 process that was not legislatively
23 mandated. Then there will be the
24 legislatively-mandated session in the host

1 community for each proposal as well. And
2 that will be a final opportunity where we
3 will have an opportunity to ask -- after
4 we've done all the reviewing of these
5 proposals, we will have a final opportunity
6 to iterate back and forth with our
7 proposers as to any clarifications and
8 final questions and so forth. We will then
9 set about making a decision, and on or
10 about the end of December, maybe the first
11 week in January, we will hope to make our
12 final decision.

13 We are just about to be joined by
14 Commissioner Stebbins, so I don't have to
15 do a soft shoe anymore.

16 COMMISSIONER STEBBINS: You stalled
17 beautifully.

18 CHAIRMAN CROSBY: He gets -- cut a
19 little slack, because he has to come in
20 every day from Springfield,
21 Massachusetts, so welcome.

22 All right. Unless there's anything
23 else from the Commissioners, it's my
24 pleasure to introduce and pass the ball to

1 the representatives of PPE Casino Resorts.

2 MR. CORDISH: Good morning. Is the
3 microphone working?

4 CHAIRMAN CROSBY: Yep. Can
5 everybody hear?

6 MR. CORDISH: My name is
7 David Cordish. I'm the chairman of The
8 Cordish Company, and have been for,
9 approximately, 40 years, maybe a little bit
10 more. You get to 40 I think you stop
11 counting. I have with me today, the
12 president of The Cordish Company, Joseph
13 Weinberg, and our gaming division comes
14 under him. And Stephen McCarthy from the
15 University of Massachusetts. I'll
16 introduce Stephen in a little more length
17 later. I haven't figured out, yet, the
18 best way to introduce him because he sent
19 me a nine-paged, single-spaced resumé and
20 I'm still cutting it down.

21 We thank you all for having us, and
22 appreciate the opportunity to highlight the
23 unique aspects of our application. And
24 there are three that we feel set us apart

1 and that are quite unique. The first, and
2 it's the only one that I'm going to really
3 deal with in any length, is the uniqueness
4 of our company and our company culture and
5 how that works.

6 The second unique aspect of our
7 application is the location. And Joe will
8 delve into that in much more detail. But
9 there's an old saying in real estate, which
10 is, there are three things that matter when
11 you're building a casino or a business, or
12 anything else, and it's location, location,
13 location.

14 And the final thing that's unique
15 about our application is our partnership
16 with the University of Massachusetts. And,
17 to our knowledge, the way that we are going
18 to combine with UMass has never really been
19 done in the gaming world before. In a
20 short form, it's our money and their
21 brains. And we're going to create
22 industrial jobs and manufacturing jobs in
23 addition to what you get from any casino,
24 which is a lot of jobs related to the

1 casinos and the vendors. It's a very
2 unique thing that we're very excited about.

3 Now, briefly on our company, it's a
4 family business that was started by my
5 grandfather over a hundred years ago. My
6 dad was active, and I mean active, until he
7 was 93 years old. And I took over, as I
8 indicated earlier, about 40 years ago. I
9 have three sons who are the fourth
10 generation. And each of them had a
11 particular function within The Cordish
12 Company.

13 What's unique about our setup is you
14 have a family business where there are a
15 number of principals who are the partners.
16 And these principals react on every project
17 that we do, both in the construction and
18 the management, and the negotiations with
19 the counties, cities, states, whoever we're
20 negotiating with, the citizens, on a
21 one-on-one basis. So that, we think it
22 creates an accountability that is very
23 unusual, and especially unusual for a
24 company as large as ours.

1 A couple of the people here today
2 said to me, you really go door to door and
3 you personally knocked on doors as part of
4 the referendum in your host community? And
5 I said, yes. And it's not something that
6 was new to me. It's something I've done
7 quite often before, and I'm sure it's
8 something that I'll do again in the future.

9 I cite it to you, not that's a big
10 deal. I actually found, every time I've
11 done it, that it's a very enjoyable
12 experience. People are polite. People are
13 nice to you, even if they disagree. And
14 some person's going to say to you, I'm
15 morally or religiously opposed to gambling,
16 and all you can do is say I respect your
17 view and move on to the next house.
18 They'll still say, how about a cup of
19 coffee? Do you want to sit down for a
20 minute? So I find it something that I
21 enjoy.

22 I site it to you, though, merely as
23 an illustration of the way our company
24 works. The principals from the chairman to

1 the president, to my three sons, to the
2 other major principals, are involved in the
3 nitty-gritty. There is no little matter
4 that we don't know about. And, therefore,
5 when you translate that to a community, to
6 a city counsel, to a mayor, to a state
7 where we interact with many states, to the
8 federal government, our company has done
9 more public, private partnerships, I think,
10 than just about anybody in the United
11 States. Joe will dwell on that a little
12 bit. They need to know who is accountable,
13 who they can talk to. And this is the
14 ownership. In other words, there is no
15 division between the ownership and the
16 people actually doing the work. No
17 daylight, as we like to say.

18 The other side of that coin, which
19 I'd be remiss if I didn't mention, I am
20 sure this Commission, in some capacity or
21 another, will have heard at some point,
22 when you have a small family company where
23 it's David against Goliath, so they play
24 the card of accessibility, and that's a

1 perfectly natural. Nothing wrong with
2 doing it. But that isn't the case here. I
3 can't say to you this is David against
4 Goliath. We are a very, very large
5 company. And, in fact, larger if you base
6 it on the tens of millions of square feet
7 that we own on the number of casinos we
8 constructed in the last 10 years, on our
9 gross revenues, on our number of employees,
10 we are larger than almost all of the
11 Class 1 applicants and the Class 2
12 applicants.

13 So I think, in my understanding of
14 today's charge to us, is to tell you what's
15 unique about our application. Is that you
16 have a family-owned business that happens
17 to be extremely large, but at the same time
18 has an ethic and a work ethic in which the
19 principals, the people that own the company
20 are involved on a day-to-day basis with the
21 nitty-gritty.

22 There are three divisions of The
23 Cordish Company that I want to touch on so
24 that you can fit the gaming division into a

1 framework as you start to deal with us
2 going forward.

3 Over a hundred years ago we started
4 as a pure real estate development company,
5 and this was my grandfather. And during
6 the decades we have built, as I just
7 indicated, tens of millions of square feet
8 of every type of property that you can
9 think of just about. We've done hotels,
10 we've done office buildings, we've done
11 shopping centers. And in that division, we
12 are a complete soup-to-nuts kind of
13 company. So that, we have in-house
14 architects, in-house engineers, in-house
15 construction people, in-house leasing
16 people, in-house finance people. It's not
17 to say we don't use outside architects or
18 outside general contractors, but we control
19 the process, and we've been doing this
20 over, as I indicated, a hundred years. It
21 has been an enormous benefit to the rest of
22 the company and the other two divisions,
23 which I'll mention, as we've expanded over
24 the years because the talent pool and the

1 experience of the real estate development
2 company is a hundred percent accessible to
3 the other divisions. It's the same people
4 who own the real estate company own the
5 other two divisions. It's the same
6 principals I've been referring to.

7 The next division that I want to
8 touch on is called ECI, or Entertainment
9 Concepts, Incorporated. My youngest son is
10 the president of that division. And if it
11 was a separate company and wasn't just a
12 subsidiary of Cordish, it would be one of
13 the larger restaurant entertainment
14 hospitality companies in the country with
15 thousands of employees.

16 What does ECI do? It runs
17 restaurants, clubs, comedy, live
18 performance, dueling pianos. If it's in
19 entertainment ECI does it. And it does in
20 a unique way in which many of its brands
21 are national brands that any of you would
22 have heard of in a second. These are
23 major, major, some are international brands
24 that partner with Cordish. They give us a

1 brands to run the venue, but we put up all
2 the money. It's a hundred percent our
3 employees. We run the concept and we make
4 the profit, or if it was a loss, a loss.
5 But we're partnering with, and we're very
6 proud of the fact that these major
7 recognizable brands would come to us and
8 trust us with their name. The other --
9 that's about half of the venues that we own
10 and run.

11 The other half are simply ones that
12 is we make up our own name. And, you know,
13 it would be called Dave's Barbecue and so
14 forth and so on, or whatever. And it's
15 just a name that we make up. There are not
16 other major developers in the United
17 States, there just simply aren't anywhere,
18 that run their own venues the way we do.
19 There are some fabulous development
20 companies, and we partner with a lot of
21 them, but they lease space to third-party
22 tenants and so do we. You know, we do a
23 lot of leases with, you know,
24 Barnes and Noble or Ruth Chris and

1 whatever, whatever, and we simply collect
2 the rent, they run the bookstore. But in
3 ECI it's entirely different. Every
4 employee there is one of ours.

5 And there's a third wing of ECI
6 that's worth mentioning. And we have
7 copyrighted and patented the word Live!.
8 And if you see up here, it's Massachusetts
9 Live!. And if you come to Maryland, you'll
10 see a casino Maryland Live!. And we have
11 the right, and we're the only ones in the
12 country because of our patent, to call our
13 hotels Live!, our casinos Live!, and our
14 entertainment districts Live!. And it's a
15 little hard in a couple minutes to describe
16 our Live! districts.

17 All of these projects are coast to
18 coast, and I can point them out to you in
19 many, many states. But a Live! district
20 that is run and owned by Cordish, in
21 essence, it's a casino without gambling.
22 In essence, it's a public plaza, it's open
23 to the public, it's free to the public, we
24 program it, we program it with music, with

1 other performance. And then around that
2 Live! plaza we have our venues that we run.
3 And as I say, it can be anything from
4 comedy to jazz, to restaurants to live
5 performances, et cetera. So ECI is our
6 second division within the Cordish Company,
7 and the third is the gambling division.
8 And that's what Joe will address primarily
9 today.

10 The gambling division is our most
11 recent of the three, and it's a little over
12 20 years old at this point. But if you
13 look at what we've accomplished in the last
14 10 years, in particular, that you will see
15 that we have built more ground-up casinos
16 with higher revenues, with higher NOI
17 profits than just about any other casino
18 operator in the United States. I don't
19 want to quibble whether we're one or two or
20 whatever, but when you look at the last 10
21 years and who's built the most, Joe will
22 get into that.

23 One of the reasons we were able, I
24 think, to -- to us 20 years is a short

1 period of time, accomplish what we've had,
2 is you had the advantages of the other two
3 divisions. So the real estate development,
4 construction in an expertise is just
5 brought over to apply to the building of
6 the casino.

7 What makes a successful casino is
8 the entertainment. If you looked at the
9 machines that are in casinos, or even for
10 that matter, while we don't have, in this
11 category dealers, poker is poker and Black
12 Jack is Black Jack, and Wheel of Fortune is
13 Wheel of Fortune. Why our casinos have
14 been so spectacularly successful is the
15 combination with the entertainment. It's
16 what else you do that distinguishes you.

17 I said there were three unique
18 things about our application. I've given
19 you a little feeling for the company, which
20 we think is unique. The second thing,
21 which I'll just touch on and let Joe go
22 into in more detail is the location. And
23 we were not constrained by owning a
24 racetrack. And if you own one there's

1 nothing wrong with that, but if that's what
2 you own then that's where you're casino's
3 going to be. We were able to look at the
4 map in Massachusetts, to use the words of
5 the NFL or Major League Baseball, we were a
6 free agent, and pick a spot that would not
7 cannibalize the -- what I'll call The Big
8 Three. And I'm lecturing here to the
9 choir, but you know what I mean by "The Big
10 Three." And these are billion-dollar plus
11 casinos, and whether it's in Palmer or
12 Springfield, you're talking a couple hours
13 from where we were. Whether it's one of
14 the three contenders for Boston, you're
15 about an hour and 15 minutes from where we
16 are. And if you go to the south in
17 Taunton -- and this map, my left behind me
18 illustrates it, you're well over an hour
19 from where we are.

20 To me, a stake goes into the
21 gambling business for a couple of different
22 reasons. But, clearly, one of the primary,
23 primary, primary reasons is to make money
24 for the state. States are struggling,

1 every one of them in the United States, with
2 balancing their budgets. You all can't
3 print money like you can in Washington so
4 you got to balance your budget, and
5 gambling is a good way to pick up revenue.

6 Well, if you want to pick up the
7 most revenue in the state of Massachusetts
8 you will locate where our application is
9 because of its distance from the three
10 major casinos that are the focal point of
11 the Class 1. The two racetracks are a few
12 miles from Taunton, and there's no way
13 possible that they don't cannibalize or
14 feed upon each other, so we think our
15 location gives us a unique advantage.

16 Our third unique aspect is our
17 partnership with the University of
18 Massachusetts. And after Joe speaks
19 Dr. McCarthy will detail that. But suffice
20 to say at this point, the University of
21 Massachusetts has, with the help of the
22 state of Massachusetts, formed something
23 years ago called M2D2, and it's a incubator
24 program to help startup businesses,

1 manufacturing businesses. Exclusively
2 manufacturing business. In other words,
3 this has nothing to do with our casino jobs
4 or our spinoff with casinos. What M2D2
5 does is help a struggling startup go about
6 - and I'm going to oversimplify it for the
7 time being - get their patent, have a lab
8 where they can do experiments, have the
9 backup support from the University of
10 Massachusetts where they can go through the
11 process in Washington and prove out their
12 initial thoughts.

13 What we discovered as we became more
14 and more familiar over these last months
15 with north central Massachusetts is the
16 plastics in particular, on which the region
17 was founded, and is not in good times, it's
18 on very hard times. And you have
19 tremendous undercapacity and
20 underutilization of these plants and
21 related. And you had an industry, decades
22 ago, where these companies made low-tech
23 plastics. So it's as simple as a bucket to
24 illustrate.

1 And, unfortunately, that market for
2 low tech has moved overseas, and the answer
3 to these companies is high tech and
4 biotech, and bioengineering. And nobody
5 does that better than Massachusetts with
6 your engineering companies and your
7 high-tech companies.

8 And so, somehow, the challenge is to
9 get a plastics and other hard core
10 manufacturers that are struggling to
11 combine with the high tech, which is --
12 there's nobody in the country that can
13 match Massachusetts to work together. And
14 so we came up, and a tremendous amount of
15 work has gone into this, I really can't
16 tell you how many hours with
17 Massachusetts -- University of
18 Massachusetts. And it runs from where
19 Steve is from, which is in Lowell, through
20 the crescent, through our gateway city
21 where our host community is down to
22 Worcester where you have the University of
23 Massachusetts Medical School. The medical
24 school and the engineering school are

1 already partners in MT -- M2D2.

2 So what happens to a graduate of
3 M2D2? What happens to one of these startup
4 guys who gets through the incubator, gets
5 their patent, how do they get into the
6 manufacture world? They still don't have
7 the money. They don't have the backing,
8 they don't have the clout. And we're going
9 to -- by going to the next level, from M2D2
10 to M3D3, we're going to provide the money.
11 And this is an absolute binding, legal
12 commitment of our company to the University
13 of Massachusetts with whom we're
14 partnering. And we're going to create
15 thousands, and I mean thousands of
16 manufacturing jobs in addition to the
17 normal gaming jobs.

18 So let me close and introduce Joe.
19 When you put our unique characteristic
20 together, what you're going to see is we
21 will create a sense of place in a gateway
22 city. The leadership of the state of
23 Massachusetts invented the concept of
24 gateway cities a long time before we knew

1 anything about it. It's a very sound
2 concept. It is where your economic
3 development must go, if you're going to
4 bring back the entire state. We are
5 located in a gateway city. And with the
6 three divisions that we have, we will
7 create a sense of place there that will
8 radiate out. Joe, you want to take it from
9 there?

10 MR. WEINBERG: Absolutely. Good
11 morning.

12 CHAIRMAN CROSBY: Good morning.

13 COMMISSIONER MCHUGH: Good morning.

14 COMMISSIONER STEBBINS: Good
15 morning.

16 COMMISSIONER CAMERON: Good morning.

17
18 MR. WEINBERG: It's great to be back
19 before you all this morning. I'm going to
20 talk today about -- more in detail about
21 our track record. Our financial strength
22 and financial plan for this -- for this
23 project. I'm going to talk a lot about
24 real estate, because as Dave had mentioned,

1 that's a critical part of this project and
2 this decision-making process. And I'm
3 going to talk about the economic benefits
4 of the project as well as the community
5 benefits. I'm going to start by playing a
6 short video to give you a little bit more
7 background on our company. And if I can
8 manage the technology, here we go.

9
10 (Cordish Company Video Playing)

11
12 MR. WEINBERG: As you can see in the
13 film, a lot of the components that you put
14 out in a very detailed application form are
15 all elements that we have experience in
16 doing, and have had commitments long before
17 the application came out from
18 Massachusetts. Whether it's, you know,
19 working with local community colleges on
20 workforce development, we have programs in
21 place for doing that, and are working with
22 the system here in Massachusetts to help to
23 put together, you know, the programs that
24 will be developed here in Massachusetts to

1 working with communities, being a leader in
2 the philanthropic world, and not to mention
3 building world-class facilities that
4 dominate in the markets in which we -- in
5 which we build.

6 Again, track record is critical. In
7 real estate, we have been recognized by the
8 Urban Land Institute with more awards of
9 excellence for our project than any company
10 in the world. These awards not only
11 recognize the excellence in design of our
12 projects, but also the tremendous impact
13 that they have on the communities in which
14 we -- in which we develop.

15 David had mentioned our Live! brand.
16 Our Live! brand is located -- our Live!
17 entertainment districts are located from
18 coast to coast, and they are the number one
19 tourist destinations in each of the markets
20 in which we operate. In Maryland alone we
21 operate three of the top five visited
22 attractions in the state, whether it's
23 Louisville or Kansas City or L.A., or
24 Houston, we know how to draw traffic to

1 our -- to our projects. And we know it,
2 both from the gaming side, as well as from
3 the dining and entertainment side.

4 Just a sense of some of the scope of
5 some of our Live!-branded districts in
6 across the country, from Philadelphia,
7 Xfinity Live! where we're considered the
8 fourth stadium in the Philadelphia stadium
9 complex, to Baltimore, to Florida, through
10 the Midwest to California.

11 In gaming we have built two of the
12 five largest casinos in the country. Our
13 Tampa Hollywood Hard Rock -- our Tampa
14 Hard Rock facility and Maryland Live! are
15 two of the five largest. If we added our
16 Hard Rock in Hollywood, we own three of the
17 top 15 largest casinos by number of gaming
18 positions that have been built in the
19 country. And our Maryland Live! facility
20 is the largest commercial casino by number
21 of gaming positions in the country.
22 Commercial casinos being -- taking out
23 native American casinos, which tend to work
24 under very different tax regimes.

1 In the mid-Atlantic region, our
2 Maryland Live! facility is the top-grossing
3 facility in the mid-Atlantic, outgrossing
4 every facility in New Jersey, Pennsylvania,
5 Delaware, West Virginia and Maryland,
6 including exceeding Borgata in Atlantic
7 City.

8 And our gaming projects have won
9 numerous awards and have been recognized in
10 each of our markets as -- as the best
11 casino in their markets. Recently, Casino
12 Player Magazine recognized Maryland Live!
13 as in its own class. In the state of
14 Maryland -- in Maryland, Maryland Live! was
15 recognized as the project of the year in
16 the state by the real estate industry, and
17 we've won numerous other public service and
18 community-involvement awards, which I'll
19 talk about later.

20 In Florida, our Hard Rock facilities
21 have been recognized as best in class in
22 every category continuously since their
23 opening. Everything from best casino to
24 best rooms, best hotel, best customer

1 service, best rewards card programs and on
2 and on.

3 And in Indiana, during our
4 stewardship of Indiana Live! our Indiana
5 Live! casino was recognized as best overall
6 casino in the state, even though it was a
7 slots-only casino surrounded by a full
8 casino. So it's very instructive in terms
9 a very similar situation in which we'll be
10 experiencing here in Massachusetts.

11 Tell you a little bit about the --
12 about the project team. We have a very,
13 very experienced development team. Almost
14 all of us have worked together in the past
15 on numerous projects. Obviously, we are
16 the developer, owner-operator. SOSH
17 Architects as our lead architect. Cleo
18 Design, which is a very fine interior
19 design firm has designed all of other -- of
20 casino projects, will be leading up
21 interiors. We have Stantec and McCarty
22 Companies, both local here to
23 Massachusetts, will be handling civil
24 traffic and landscape architecture. Tutor

1 Perini is our contractor. We've worked in
2 the past. Perini built our two Hard Rock
3 facilities in Florida. And then, GSA is
4 our MEP engineer again, who has worked with
5 us continuously on other projects.

6 So a very experienced team that has
7 worked together successfully in the past,
8 and really one of the, you know, themes
9 that we operate our business, you know, by
10 on an ongoing basis is, you know, we work
11 with people who have done it, who have done
12 it successfully time and time again, and
13 that protends to success in the future.

14 The site, this ariel may be a little
15 bit difficult to see. I'll go more into a
16 close-up. So as David had mentioned, when
17 we looked at where do you cite the
18 Category 2 facility, because it was the one
19 case where this facility could go anywhere
20 in the state. So what did we do? You have
21 to look at a number of different metrics.
22 First of all, where is the competition
23 going to be? You know, there are three
24 regions that were designated for the

1 Category 1 facilities, in the Boston area,
2 west and south. So when we looked at the
3 market, to us it seemed to be a no-brainer
4 that the north, north central region of the
5 state was the one hole in the market where
6 revenues could be maximized from this
7 facility and cannibalization minimized.

8 So our site is in Leominster. We
9 are right at the intersection of I-190 at
10 117, as you can see on this ariel. A
11 closeup of the parcels, we have a 26-acre
12 assemblage of land that we have under
13 option. We have a 16-acre parcel, and then
14 just literally in the last couple of weeks
15 we have secured another 10-acre parcel to
16 the north of the previous 16 acres, which
17 we had. I'm going to talk a little bit --
18 you're going to see in a little bit, we
19 actually have two options on the site
20 plans, because we have one for the original
21 16 acres, and then we have the second
22 option that we have now put together, now
23 that we have been able to acquire this
24 additional 10-acre parcel.

1 Again, talking a little bit about
2 the strategy at looking at the marketplace,
3 and I'm going to get, a little bit later in
4 the presentation, to some of the
5 demographics and supply and demand
6 characteristics that we saw as we analyzed
7 the market. But just visually, if you look
8 at the -- if you look at the map of the
9 different regions in the state, and then
10 you also have to take into impact our
11 surrounding states and existing competition
12 in those states.

13 So when you assume a Category 1
14 facility in the Boston market, Category 1
15 facility in the Springfield-Palmer region,
16 one to the south in the Taunton area, and
17 then you take a look at Twin Rivers, which
18 is one of the five largest casinos in the
19 country by -- commercial casinos by gaming
20 positions, and then you look at the other
21 potential Category 2 sites at Plainville
22 and Raynham, you can see that there's a lot
23 of concentration of gaming positions in
24 that southern area. And this is, you know,

1 if a picture speaks a thousand words, I
2 mean, this is really what we saw when we
3 looked at the -- where to cite this
4 facility. And, again, as Dave had said
5 before, we were not constrained by having
6 at previous real estate that, you know,
7 that we were going to apply for. We were
8 able to look at what was the best site in
9 the Commonwealth, given the competitive
10 set.

11 Our site strengths are clearly the
12 fact that this geographic separation from
13 the other Category 1 sites. We have
14 unbelievable highway access off of I-190,
15 which is actually an underutilized highway
16 at this point. All of our road and utility
17 infrastructure is in place. The
18 intersection that we are at today is
19 operating at just under 35 percent of
20 capacity. So the area right off of 117 and
21 I-190 at Jungle Road was built out
22 originally to handle additional commercial
23 development, much more than -- than what's
24 there today, and even much more than we

1 will put into the area. Even after we've
2 looked at the full build-out of the
3 commercial areas in our areas in our
4 Jungle Road 117 area, the road intersection
5 will operate at about 60 to 65 percent of
6 capacity, so plenty of infrastructure in
7 place, including water, sewer and other
8 utilities.

9 Our zoning is in place today, and as
10 we are in an existing commercial,
11 industrial area, one of the things we look
12 at for -- you know, for all of our
13 projects, is to -- is to go into an
14 existing commercial area where that
15 infrastructure is in place. We have a
16 large parcel of 26 acres, which allows us
17 expansion capabilities in the future, and
18 we'll talk a little bit about that. Our
19 area is designated for growth, as part of
20 the regional plan for this north-central
21 area.

22 And as David had mentioned,
23 Leominster is one of the few gateway cities
24 in the Commonwealth. And for those of you

1 are who aren't familiar with the gateway
2 city program, this is a designation set up
3 by the Commonwealth, and it targets
4 medium-sized urban areas for economic
5 growth. These cities are given this
6 designation because they have medium
7 household incomes below the state averages,
8 they have rates of educational attainment
9 below state averages, and they have
10 unemployment rates well above state
11 averages.

12 So if you look at the Leominster
13 area today unemployment is around
14 9.2 percent, well in excess of the state
15 and national averages. So the state has
16 designated Leominster to -- to get just
17 this type of economic development with this
18 concentration on job growth that we're --
19 that we're talking about.

20 The project itself will be a
21 world-class development. You know, as
22 David said before, we build best-in-class
23 facilities. Obviously, we're limited to
24 the 1,250 slot -- slot machines, gaming

1 positions, but this facility will be of the
2 highest quality, great dining options,
3 great entertainment, great physical design
4 and environmental design characteristics.

5 This is the initial site plan, and
6 I'm going to show you an alternate in a few
7 moments. But the project lays out, you
8 know, very well, surface parking to
9 accommodate the site. And then rendering
10 of the porte-cochere entrance on the north
11 side of the facility. Again, as I had said
12 before, this will have state-of-the-art
13 environmental features. We're
14 incorporating natural light, green walls,
15 cogeneration plants, wind and solar energy
16 into the facility. The design of the
17 facility will also incorporate explanations
18 throughout the -- out and about the
19 facility of the environmental design
20 characteristics to educate the public about
21 what's gone into the facility.

22 I'll go through some of the other
23 elevations you can see of the facility.
24 Here you can see the solar panels on the

1 south side, which, obviously, the side
2 which will receive the most sun for -- for
3 the facility. Rain cisterns to collect
4 rainwater from the -- from the roofs to
5 help with irrigation. So we've built in
6 these environmental characteristics into
7 the design of the facility.

8 The type of materials we're using
9 are glass, steel, stone that comes from the
10 site. Part of our site is actually a
11 quarry, so we're going to actually utilize
12 stone that comes from the site. A lot of
13 natural vegetation, heavy landscaping for
14 the site.

15 Floor plan. So we've cited the
16 dining and entertainment options around the
17 perimeter of the gaming floor. All of the
18 restaurants have outdoor dining seating,
19 and I'll show you some renderings of that
20 in a bit. But, you know, outdoor dining
21 will have fireplaces and covered -- covered
22 roofs and be able to really bring the the
23 inside of the -- the outside inside to the
24 facility.

1 We have a 430-seat live music venue
2 part of the facility, and then a
3 high-energy center bar with skylight
4 features as well. We have some of our
5 back-house functions, more of the office
6 functions on the second level of facility.

7 Walk you through some of the, you
8 know, the look and feel of some of the
9 venues within the facility. Our buffet
10 will have a live market type of -- type of
11 feel to it. Center bar that integrates
12 with the entertainment within the facility.
13 Our entertainment venue, very similar to
14 our -- to our Maryland venue,
15 state-of-the-art sound and light, and a
16 tremendous intimate music venue.

17 Our dining, very upscale dining
18 facilities. You know, state-of-the-art
19 facilities will have a range of dining from
20 fine dining to quick casual.

21 CHAIRMAN CROSBY: Are these examples
22 of ones that you've done, or these -- these
23 actually -- these are the actual interiors
24 you're proposing?

1 MR. WEINBERG: Both. These are
2 actually facilities we've done and
3 facilities we're looking at bringing into
4 this facility. This is one of the finest
5 steakhouses in the mid-Atlantic region.

6 Sense the outdoor dining here, again
7 incorporating fireplaces and really brining
8 the inside and outside in together. Very
9 high quality of finishes. This facility
10 we're looking at right here actually has a
11 retractable roof so it can open up
12 completely on -- you know, during the
13 summer or spring for nice days.

14 Some of the sustainability of
15 features that we'll be including in this
16 facility, the facility will be gold LEED or
17 better in terms of goals. We have a
18 central plant, as well as cogeneration,
19 to -- which gives us several things. One
20 versus sustainable design. It also gives
21 us, you know, full backup from a
22 electricity standpoint -- standpoint. So
23 the -- you know, we'll have full backup for
24 the entire facility built in, in terms of

1 that redundancy.

2 We're targeting 40-percent reduction
3 and water runoff, and are using everything
4 from subsurface infiltration, rain gardens,
5 permeable pavements and so forth. We'll be
6 using all energy-star rated equipment, and
7 on the renewable energy side will be
8 focused on solar wind and geothermal.

9 We've also, as we do with all our
10 projects, we want to look at -- think up
11 front about how we would grow the project
12 in the future. So this is a master plan,
13 which would allow for a hotel and
14 additional parking in the future. Our plan
15 is just about a thousand hotel rooms in the
16 area, they're running at about 65 percent
17 occupancy. So our plan is to help bring
18 the occupancy on those hotel units, you
19 know, up as high as possible and to have
20 the ability to add a hotel. Once the
21 market would dictate adding those hotels,
22 we would be running all kinds of - of
23 cross-marketing programs with hotels in the
24 region. Similar to what we do in Maryland,

1 we actually put all the hotels on our Web
2 site, and anyone who's going to the casino
3 Web site can book directly into any of the
4 hotels in the region. So one of the ways
5 that we work to help those -- those other
6 businesses in the area.

7 This is a rendering of what that
8 future master plan would look like. We've
9 master-planned for about 260-plus hotel
10 room, upscale, as well as additional
11 meeting and convention space for the area.

12 The cost of the project is just over
13 \$200 million. It's about 155-plus million
14 in terms of the costs that apply toward the
15 the \$125 million minimum threshold. So the
16 total project cost really provides for
17 about close to \$1,000 a foot in costs going
18 into the finishes, which is a very, very
19 high level of finish for the project.

20 I'm going to talk to you about two
21 project schedules. This first project
22 schedule is with the initial layout, and we
23 would project about a six -- you know,
24 assuming a six-month permitting period and

1 a one-year construction period, a decision
2 from the Commission, you know, end of the
3 year, to be able to open the facility
4 sometime mid part of 2015. When we see on
5 our alternate plan, we believe we can save
6 about six months time frame in construction
7 and development, and we'd be able to open
8 the facility by the end of 2014.

9 CHAIRMAN CROSBY: And what's the
10 essence of the difference?

11 MR. WEINBERG: Walk you through it
12 right now. The essence of the difference
13 is, and you see the site plan here, is that
14 the additional 10 acres that we've acquired
15 has an existing 125,000 square foot
16 building, high ceilings. It's almost the
17 identical footprint of the building that we
18 have -- we have designed. And here you see
19 the layout for this building. And this is
20 just shifting the casino to the adjacent
21 property to the north. Here is the floor
22 plan. It's, you know, basically the
23 identical floor plan. So this would be
24 the -- you know, our preferred direction to

1 go in because, literally, it's the
2 identical, you know, size building, and --
3 and would really speed up the permitting
4 and construction time frame.

5 This property, by the way, is -- was
6 included in our -- you know, as the
7 definition of the property and our host
8 agreement, as well as our referendum vote,
9 so there's no logistical issues from --
10 from that standpoint.

11 Again, this is the -- we believe we
12 could expedite the construction and opening
13 of this facility by about six months, and
14 this would be with the permanent facility.
15 So this is not doing a temporary facility
16 first. This is going and building the
17 permanent facility.

18 This -- I'll give you a sense of the
19 project from a fly-through standpoint.

20
21 (Cordish Company Video playing)
22

23 CHAIRMAN CROSBY: Mr. Weinberg, you
24 have about 33 minutes. I just want to make

1 sure you're --

2 MR. WEINBERG: Okay, we'll go.

3 CHAIRMAN CROSBY: -- okay with time.

4 MR. WEINBERG: To go through some of
5 the economic impacts for the project, let
6 me just go to the taxes.

7 Over the first 10 years we see a
8 little over a billion dollars in -- in
9 taxes to the state and local community.
10 You have, in your presentation, the
11 breakdown of the all those taxes. This
12 does not include all the, you know,
13 economic spinoff benefits from the project.

14 Our Host Community Agreement is --
15 has a annual minimum payment to city of
16 Leominster of \$3.8 million per year versus
17 2 percent of gross revenues, gaming
18 revenues from the facility. And that
19 2 percent increases to 2-1/2 percent after
20 10 years. There's also an initial \$250,000
21 grant to the city for capital improvements
22 in the city, and we are creating an annual
23 philanthropic fund with a minimum of
24 \$50,000 that will go to grants in the area.

1 We, of course, would we responsible for any
2 infrastructure costs required as part of
3 the project.

4 In looking at projected gaming
5 revenues for Massachusetts Live! versus the
6 two track locations based on -- at least
7 based on the gaming revenues shown on the
8 Web sites for the city of Raynham and
9 Plainridge, we are looking at, on the
10 average case, Massachusetts Live!
11 generating about \$218 million of gaming
12 revenue before competition, and
13 approximately \$170 million after
14 competition. And that -- you can see the
15 comparison to the other two facilities.

16 COMMISSION ZUNIGA: What do you mean
17 by "state competition," Mr. Weinberg?

18 MR. WEINBERG: Once the -- the
19 before competition is before the three
20 Category 1 facilities open in the state.
21 After competition where it says yes, that's
22 after all the three Category 1s. So, you
23 know, clearly, we would expect there to be
24 more revenues before the rest of the

1 facilities open. And this actually gets to
2 that issue, this slide.

3 When we break down the number of,
4 you know, adults per gaming position in the
5 market and we compare Leominster to the two
6 track locations, both before and after
7 competition, one of the metrics we look at
8 in terms of the supply and demand, you
9 know, for the -- for the facility, you can
10 see in all instances when you look at the
11 adult population within 30 miles and within
12 60 miles of each of the facilities, the
13 Leominster facility has the highest number
14 of adults per gaming position that will be
15 in the -- within that market radius. So,
16 again, shows that there's a higher demand
17 for the slot facility in this north-central
18 region.

19 Very quickly, we've done extensive
20 outreach in the community thus far, and
21 we'll continue to do that. We've had the
22 support of trade unions and public safety
23 unions. We've reached out to all Chambers
24 of Commerce in the region, have cooperation

1 agreements with the Chambers in our region.
2 We've reached out to cultural and community
3 organizations, including, you know,
4 Veterans' -- Veterans' groups and different
5 other organizations.

6 Educational institutions. We have a
7 cooperation and cross-marketing agreement
8 with Fitchburg State University, as well as
9 with the Massachusetts community college
10 Casino Careers Training Institute. We have
11 a cooperation agreement with the one
12 community that is closest to our facility
13 and have their full support, as well as
14 some of the entertainment venues within our
15 -- within our region, Center Stage at
16 Fitchburg State, the DCU Center in
17 Worcester.

18 So we've done tremendous outreach,
19 including with the two -- with Fitchburg
20 State and with the Career Training
21 Institute, we have cooperation agreements
22 with Workforce Development, internships for
23 students. We've also have agreements with
24 Arc of Opportunity to help train disabled

1 citizens to work within our facility, as
2 well as Veterans' organizations, so
3 tremendous outreach.

4 And, again, this is not something
5 that we've done special for Massachusetts.
6 This is something we have done in our --
7 we've done this on our other projects. We
8 find that it's a win-win, both for us as
9 well as for the community. We want to give
10 broad opportunities, you know, to work and
11 benefit from this facility. And it's
12 something that we take very seriously.

13 Now I'm going to introduce David,
14 who's going to introduce the M3D3 program.

15 MR. CORDISH: The hardest assignment
16 I had today was to figure out, as I said
17 earlier, how to introduce Dr. McCarthy,
18 because the resumé is nine pages,
19 single-spaced and I was thinking as -- I
20 started to cut it out, well, we have a lot
21 of partnerships with major league sports
22 teams, NFL, Major League Baseball, et
23 cetera. And I get to introduce owners of
24 these teams, and their resumé's are not as

1 long as his.

2 The four points that I have chosen
3 are that he's the distinguished professor
4 at the University of Massachusetts Lowell
5 for the department of plastics engineering,
6 he's a director of the M2D2 program, he's
7 an editor of the Journal of Polymers in the
8 Environment for about two decades, and he's
9 chair of the selections committee, The
10 Society of Plastics Engineers. And with
11 that, I turn it over, Steve, to you.

12 MR. MCARTHY: Okay. Good morning.

13 CHAIRMAN CROSBY: Good morning.

14 MR. MCARTHY: So M3D3 is proposal at
15 this stage, and so I'm going to sort of go
16 through M3D3, and then tell you a little
17 about M2D2, which is an actual working
18 center between UMass Lowell and UMass
19 Worcester.

20 So this is an economic development
21 program, so it's both a gift from The
22 Cordish Company that goes through UMass
23 Lowell and Worcester, but we think of it as
24 a stewardship of the taxpayers' money to

1 leverage that to create jobs in the medical
2 device industry. So what we want to do is
3 to accelerate these medical device
4 companies in Massachusetts to get FDA
5 approval faster than they currently do.
6 These are small startup companies.

7 A second thing is, once they get FDA
8 approval we want to keep them in
9 Massachusetts and manufacture in
10 Massachusetts. So with this program, we
11 will be able to help 10 companies per year.
12 We approximate an average of 25 employees
13 so over 20 years that would be 5,000
14 high-paying jobs, and then 15,000 indirect
15 jobs from that. And the average med.
16 device company at 15 years is about 70
17 people, \$75,000 each as to average salary
18 or \$5 million per year. So that's the
19 proposal.

20 But I want to talk a little about
21 bit about M2D2 because it currently exists,
22 and so our expertise currently exists in
23 doing this. Like I said, it's a joint
24 center between UMass Lowell and UMass

1 Worcester. And if you look at the corridor
2 between Lowell and Worcester that goes
3 through Leominster, there's about 900
4 medical device companies in Massachusetts.
5 There's 500 of them in that corridor.
6 Okay. So it's a real cluster of medical
7 device companies and manufacturers in this
8 region that we're going to take advantage
9 of.

10 And what we do is we connect the
11 resources of the University of
12 Massachusetts to these medical device
13 firms. We have three legs to it. One
14 product realization process where we help
15 them develop their product, get a working
16 prototype, then a business realization part
17 will help them with business plans and
18 raising money. And then the medical
19 realization process at the medical school,
20 we have access to the medical doctors,
21 animal trials and clinical trials. We also
22 have an incubator, and we train students
23 for the workforce.

24 So how did we come out with M2D2?

1 So we looked at the landscape of the
2 medical device startups and we saw that
3 there were a lot of NIH funding.
4 Massachusetts is one of the highest, per
5 capita, NIH funding in the country, and so
6 there's a lot of NIH funding that results
7 in patents. Okay. So these are great
8 patents and could become real medical
9 devices. The problem is the investors
10 won't invest in a patent. They need a real
11 device. They need, you know, to be sort of
12 vetted and derisked. So there's sort of
13 this valley of death that the inventors
14 have to -- with very small amount of money
15 they travel through this valley of death, we
16 help them develop their product, develop
17 their business, and develop the medical
18 assessment so that they can raise money,
19 okay, because they can't with just a
20 patent. And then once they raise money,
21 there's products and jobs.

22 So the partnership at Lowell we have
23 engineering expertise where we can help
24 them with the prototyping, develop their

1 product, characterization of materials, et
2 cetera. We have the business expertise,
3 marketing identification, access to raising
4 money, and at Worcester we have a
5 world-class medical school, okay, where we
6 have the clinical expertise. We have
7 surgeons that can derisk these products,
8 plus we have the animal trial capability
9 and the clinical trial capability at
10 Worcester.

11 So it started in 2005 with a grant
12 from the president's office, and then in
13 2007 we received a grant based on Mass.
14 Economic Development bill of \$650,000, and
15 then in 2007 we also received \$4 million in
16 capital funds for renovating an old mill
17 building in Lowell where we currently have
18 the incubator.

19 So based on that amount of state
20 funding, we were able to work with these
21 companies and raise \$4.7 million in small
22 business grants from NIH, and also help
23 them raise \$22 million dollars in equity
24 funding from angel and venture firms. And

1 so, we have a saying that we help these
2 companies raise money and then we help them
3 spend money, and that creates jobs.

4 So M3D3, what is that? Okay. So we
5 have a gap in the state funding. So we
6 have a lot of business plan competitions,
7 friends and family where companies were
8 able to raise around tens of thousands of
9 dollars, okay. Also, the Mass Life
10 Sciences Center is a great center. They
11 have a large program, an accelerated
12 program where they can give grants of a
13 million dollars. Okay. There's nothing in
14 the middle. There's nothing in the range
15 of a hundreds of thousands of dollars where
16 the companies could then access and get FDA
17 approval. Okay. Once they have FDA
18 approval, they're much easier for them to
19 get funding from -- from investors. So
20 that's where M3D3 would live.

21 With this revenue that we get from
22 the gift and from the taxpayers, we'd be
23 able to grant these companies hundreds of
24 thousands of dollars and hopefully match

1 that so that we could then help them get
2 their product development business, raising
3 money and medical development so they get
4 the FDA approval.

5 So this is the way it would work.
6 We'd have this M3D3 fund. We'd also have
7 an advisory board of M3D3. It would go to
8 the executive board of M2D2 where these
9 companies would apply for this funding.
10 We'd then fund them through product
11 development, business development, medical
12 development so that they then could get FDA
13 approval. And then, also, we'd want them
14 to stay in Massachusetts and get jobs in
15 Massachusetts. We also have job training
16 at local community colleges and at UMass
17 Lowell. And so we're going to work closely
18 with those 500 manufacturers in that
19 crescent.

20 So the pipeline for this, so for the
21 development grants for the FDA approval, we
22 currently have about 400 -- 40
23 Massachusetts medical device startups
24 working with us currently in the pipeline,

1 so there'd be -- 10 of those who would be
2 eligible in the first year to receive this
3 money. None of them have received the FDA
4 approval yet, and a total of about 165
5 total employees.

6 Also, the product line support, so
7 this would be for companies that have FDA
8 approval and are ready to start
9 manufacturing. So we have one company
10 currently who's eligible for this. They've
11 just gotten their CE mark and they're going
12 to be getting their FDA approval. This is
13 InfoBionic. This is a proprietary wireless
14 remote patient monitoring for heart
15 arrhythmia. It goes through bluetooth to
16 the cloud, it's processed in the cloud and
17 then gets sent to the doctor's office. So
18 it's revolutionary, and it's a platform
19 technology. Their -- we want them to
20 manufacture and stay in Massachusetts.

21 So just to conclude, this is --
22 again, we want to use M3D3 to really
23 accelerate, you know, the companies that we
24 already have in the pipeline and to help

1 them get jobs in this region. And we,
2 hopefully, would do this with the gift from
3 The Cordish Companies and give benefit to
4 the state. Thank you.

5 CHAIRMAN CROSBY: So this -- this
6 would be a million to a million five a year
7 from the Cordish Companies to --

8 MR. MCARTHY: That's right.

9 CHAIRMAN CROSBY: -- the M3D3
10 project?

11 MR. MCARTHY: Yeah, yeah. And I
12 also want to say, there's three directors.
13 I'm the engineering one, Steve Tully's
14 business. Nate Hafer from Worcester, he
15 was supposed to be here so we'd have this
16 Worcester-Lowell connection, he tore a
17 ligament in his knee and is now recovering
18 from that. But he had it fixed at UMass
19 Worcester.

20 MR. WEINBERG: And we'll have the
21 medical device to --

22 MR. MCARTHY: And we'll have the
23 medical -- that's right. Thank you.

24 CHAIRMAN CROSBY: Thank you.

1 MR. MCARTHY: Thank you.

2 MR. WEINBERG: We're more exit
3 excited about that than the casino.

4 MR. CORDISH: As we should be.

5 MR. WEINBERG: Play one final video
6 and then we'll wrap up, really on this
7 topic of what's the net result of what
8 we've accomplished in the -- you know, with
9 our facilities and how others have viewed
10 you know, us living up to our commitments.

11
12 (Cordish Companies video playing)

13
14 MR. WEINBERG: So we wanted to show
15 that because it's really important for the
16 members of the -- you know, particularly,
17 of the community to understand that what
18 we're all collectively talking about here
19 is not, you know, philosophy, it's not, oh,
20 it'll never happen. You know, these
21 projects have the ability to have -- not
22 only generate a lot of jobs and a lot of
23 revenue for state and local coffers, but
24 also has the ability to have a tremendous

1 positive impact on the communities. You
2 can see that vis a vis our relationship
3 with University of Massachusetts with the
4 M3D3 program, you can see it in the video
5 in terms of the, you know, the economic
6 positive impact it's had, not only on, you
7 know, public safety, but what you saw in
8 the video was a health clinic in the
9 poorest neighborhood of Anne Arundel County
10 that for 30 years had been attempting to
11 get funded a health clinic and we were able
12 to make it happen.

13 So, in summary, this is how we feel
14 about our -- about our project. We have,
15 we believe, an unparalleled track record of
16 success in the gaming and entertainment
17 world. Leominster is, by far, the
18 strategic -- if you look the map, the
19 strategic position for this Category 2
20 facility. It's a gateway facility. It's a
21 gateway city. The Commonwealth has already
22 targeted this city as an area that needs
23 and deserves and should get this type of
24 economic development and job creation. In

1 and of itself, it will maximize revenues to
2 both state and local governments.

3 We talked about the spinoff
4 opportunities with M3D3, which we believe
5 the next 20 years could generate about
6 5,000 direct and 15,000 indirect jobs by
7 sponsoring these companies from patent to
8 production and opening high-tech
9 manufacturing facilities in the crescent
10 between Lowell, Leominster and Worcester.

11 We've had tremendous community
12 support. We've had overwhelming, you know,
13 referendum yes vote. In fact, more people
14 voted yes in Leominster than the combined
15 votes in Raynham and Plainridge combined.

16 We have the financial -- I forgot to
17 mention, you know, we're prepared to build
18 this project completely out of equity. So
19 if we're selected, we will get the project
20 done, we'll get it done quickly. We may
21 put debt on in. But, in fact, we just
22 built our Maryland Live! facility out of
23 equity, only put debt on when we were ready
24 to open. It's a much smaller facility and

1 we're prepared to do that -- to do that
2 here. And either good or bad, you get us
3 in the process. So with that, thank you
4 for your time, and I think we made it with
5 a few minutes to spare.

6 CHAIRMAN CROSBY: Any other quick
7 questions or --

8 Thank you, Mr. Cordish,
9 Mr. McCarthy, Mr. Weinberg. Mr. Weinberg,
10 thank you for your support of the
11 Boston Red Sox.

12 MR. CORDISH: We have a meeting
13 right -- right now. That's where we're
14 going. I don't know if that counts.

15 MR. WEINBERG: Thank you.

16 CHAIRMAN CROSBY: Thank you.

17 COMMISSIONER MCHUGH: Thank you very
18 much.

19 MR. CORDISH: Thank you.

20 CHAIRMAN CROSBY: We're going to
21 temporarily adjourn now. It's about almost
22 11:30. We will reconvene at 12:30 for the
23 presentation of Penn National Gaming.
24

1 (A recess was taken)

2
3 CHAIRMAN CROSBY: Ladies and
4 Gentlemen, we are going to reconvene the
5 formal meeting No. 79 of the Mass Gaming
6 Commission, and I will jump right to
7 introducing and welcoming our applicants
8 from the Penn National Gaming.

9 MR SCHIPPER: Thank you very much.
10 Good afternoon Mr. Chairman, members of the
11 Commission and staff. My name is
12 Eric Schippers and I am the senior vice
13 president for public affairs for Penn
14 National Gaming. And it's an honor to be
15 with you today to share with you our
16 exciting plans for Plainridge Park Casino.
17 Before we begin, I wanted to introduce,
18 together, members of our team who are here
19 with us today.

20 Starting with those who are going to
21 be presenting, to my left Tim Wilmott. Tim
22 is currently the president and chief
23 operating officer for Penn National Gaming,
24 and soon to be with the planned spin of our

1 company into an operating entity and a real
2 estate investment trust, the CEO, chief
3 executive officer of Penn National Gaming.
4 Tim comes to us -- to Penn National,
5 arrived in 2008 with 20 years of experience
6 and managing an developing casino
7 operations around the world for Harrah's
8 Entertain, which is now Caesars, and we're
9 fortunate to have him.

10 To my right -- actually, before I do
11 that, let me also add that Tim holds a
12 degree in industrial engineering, which is
13 put to good use in the gaming industry and
14 has an MBA from Wharton.

15 On my right is Jay Snowden. Jay is
16 our senior vice-president of regional
17 operations. He oversees in that capacity,
18 six of 21 gaming facilities that we have,
19 and we're hoping that he'll oversee a
20 seventh, if we're fortunate enough to be
21 awarded the license for Plainridge.

22 Jay is a graduate of Harvard
23 University, the former starting quarter
24 back, and reminded us on the flight out

1 that his team won this weekend. Had to
2 hear all about that. And Jay, prior to
3 joining Penn National spent a dozen years
4 at Caesars Entertainment as well where he
5 oversaw and served in senior management
6 roles for operations in St. Louis,
7 San Diego, Atlantic City and Las Vegas, and
8 most recently for Caesars, oversaw three of
9 their flagship properties in the Atlantic
10 City marketplace.

11 Then to Jay's right is
12 Cori Whitacre. Cori is our vice president
13 of talent management and is responsible, as
14 you'll hear today, for developing one of
15 the deepest benches of management teammates
16 in the gaming industry. And Cori, prior to
17 joining Penn National, worked at EB Games
18 which is a national retailer with more than
19 2,000 retail outlets around the country
20 where she did training and development
21 work.

22 I also have, for moral support and
23 also to answer whatever follow-up questions
24 you might have, a whole team from

1 Penn National here starting, as you can see
2 on the list, with Jim Balm our senior vice
3 president of design and construction, Carl
4 Sottosanti, our vice president and deputy
5 general counsel, Alex Stolyer, the
6 gentleman in the blazing orange tie from --
7 who is our vice president of corporate
8 development, and Jeff Morris our director
9 of public affairs, and also Chris McErlean,
10 thank you, our vice president of racing.

11 Before I begin, I also want to
12 acknowledge thank a cast of other people
13 who are here with us today, including
14 members of the harness horsemen industry,
15 who we are delighted to have entered into
16 an agreement with covering live and
17 simulcast racing for 2014 and, hopefully,
18 beyond.

19 We also have community leaders,
20 members of the local business community,
21 city officials and representative from the
22 UFCW, the machinist and the seafarer's
23 unions, whom we have agreements with. And,
24 all of whom, that whole group of

1 individuals were responsible for helping us
2 with our successful 76-percent yes vote in
3 our election in Plainville, as well as
4 nearly a 40-percent turnout, which, for
5 that community is the largest turnout of
6 any election, any special election in that
7 town's history. It's a reflection of their
8 great work, but also a reflection of the
9 strength of our Host Community Agreement,
10 which, if you look at it on a per capita
11 basis, provides more benefits, more dollars
12 for the citizens of Plainville than any of
13 the other Cat 2 host agreements.

14 Now I want to turn it over to Tim,
15 but before I do, we have a brief video on
16 the background and history of Penn National
17 Gaming.

18
19 (Penn National Gaming video playing)
20

21 MR. WILMOTT: Good afternoon.
22 Again, I'm Tim Wilmott, the president and
23 chief operating officer today of
24 Penn National Gaming. And thank you for

1 your -- the opportunity to present our
2 proposal here for Plainridge Park Casino.
3 I think you saw in your video a number of
4 things about our company, but I'd like to
5 just expand a bit about Penn National,
6 where we are, and where we've been and
7 where we're going.

8 We happen to be the largest regional
9 gaming operator in the United States. We
10 also happen to be the largest parimutuel
11 operator of racetracks in north America.
12 We have over 20 properties that are casinos
13 and we have seven or eight others that are
14 standalone racetrack operations.

15 We have the distinction of being the
16 only casino company that opened up three
17 new properties last year from the ground
18 up. In February of 2012 we opened up
19 Hollywood Casino in Kansas City, Kansas,
20 and then in May, Hollywood Casino in
21 Toledo, Ohio, and in October Hollywood
22 Casino, Columbus, Ohio. In fact, we've
23 opened six brand new properties in the last
24 five years. And we're not just developers,

1 we're owners, we're operators and we manage
2 all of our businesses for the long-term.

3 In fact, we have two projects under
4 development that we broke ground in May of
5 this year that happened to be very, very
6 similar to the proposal we have here in
7 Massachusetts. We opened -- we broke
8 ground on a racetrack and slot operation in
9 Dayton, Ohio, and also a racetrack and slot
10 operation in -- outside of Youngstown,
11 Ohio. Those broke ground in May of '13,
12 and will open up in the fall of 2014. Both
13 those developments are approximately
14 \$250 million capital per location.

15 As you saw in the video, it's
16 somewhat dated. It said we had 15,000
17 employees. That's the problem with company
18 videos, they age quickly. We're now close
19 to 20,000 employees with the openings that
20 I just talked about in 2012.

21 We have a very deep management
22 bench. You'll hear from Cori Whitacre
23 later of our ability to take our team
24 members, promote from within at the top of

1 organization structure in these new
2 properties, put experienced management in
3 place and then hire and train over 90
4 percent of our staff locally through our --
5 through our various training programs.

6 We also have a very extensive
7 national database to draw from.
8 Jay Snowden will cover that in a little bit
9 more detail as we continue to roll out our
10 Marquee rewards program across the United
11 States and continue to open up these new
12 facilities. We have a very well-developed
13 understanding of how to market to casino
14 customers, how to develop their loyalty and
15 make sure that they understand the value of
16 the programs that we offer and the
17 transferability of those programs across
18 our enterprise.

19 I did want to mention in our video
20 that we did highlight, very strongly, the
21 Hollywood brand. And, in fact, two-thirds
22 of our properties have the Hollywood brand.
23 And so, as we got involved in Plainville we
24 did some extensive research with known

1 casino customers in Massachusetts and
2 Rhode Island, and we asked them questions
3 about the Plainridge brand versus the
4 Hollywood brand. And to our surprise, the
5 vast majority of customers preferred the
6 Plainridge brand. They value the brand,
7 they value the location, they know the
8 location, there was a very high, favorable
9 previous position to the Plainridge Park
10 Casino.

11 So we're making the decision here
12 not to go forward with our core brand, but
13 to keep the brand local and keep it with
14 the knowledge that it's built up since its
15 opening in 1999. But I can assure you the
16 level of design detail and quality of our
17 facilities, and Jay's going to go into more
18 detail, will be just as high as anything
19 we've opened in the last five years with
20 the quality of our design team, our
21 interior designers and our architects that
22 work on all the Hollywood properties will
23 also work on this one as well.

24 On our next slide is a rendering of

1 our \$225 million facility, fully
2 integrating racing operations and slot
3 operations, which we have a lot of
4 experience doing. I also want to highlight
5 that our application is fully funded and
6 guaranteed by our parent. There is no
7 financing contingency attached to this \$225
8 million proposal.

9 We're fortunate enough to inherit a
10 project that has already undergone some
11 development. There is a parking structure
12 that is has a 1,080 spaces that is near
13 completion. The five-eighths mile harness
14 racetrack is done. It's in operation, as
15 you know. So we feel we have inherited a
16 property that is well advanced that can get
17 us to opening faster than the other
18 applicants.

19 We've also designed this facility to
20 be certified LEED gold. You can hopefully
21 see on top of our structure there are solar
22 panels, which is just one element of a very
23 aggressive of green energy plan that's part
24 of this operation.

1 Given it's location, down off the
2 Interstate of 495 and Route 1, we believe
3 before the rest of Massachusetts is built
4 out our year one revenues to be
5 \$250 million, our year two revenues
6 \$270 million. And then after the build out
7 of the -- the other three casinos in
8 Massachusetts we stabilize at approximately
9 \$150 million of annual gaming revenues.

10 Before Jay gets into greater detail
11 of our project, I wanted to just highlight
12 why we believe Penn National at Plainridge
13 Park is the best applicant for
14 consideration by you as a Commission.

15 First, we're the most experienced
16 developers and operators of these type of
17 facilities. We have tremendous knowledge
18 of racing operations integrating with slot
19 operations, integrating, in some cases,
20 with full-blown casinos.

21 Our location, we believe, is also a
22 tremendous advantage, because at that
23 intersection of 495 and Route 1 we know,
24 through our traffic studies, there is

1 100,000 vehicles a day that pass through
2 that interchange. We know there's a lot of
3 customers today going down to Rhode Island
4 and also to Connecticut that we will cut
5 off with our facility, once it's opened.
6 And we have -- we clearly have an
7 understanding of what the market is down
8 there in terms of level of competition.

9 We know that there is competition in
10 Rhode Island, there is competition in
11 Connecticut, but we believe our location
12 will be able to take advantage of what's
13 known, and also the fact that we don't
14 believe there's going to be much new
15 competition in that area, beyond what
16 happens with the Massachusetts build out.

17 And then, finally, at the core of
18 our company, founded in 1974 as a single
19 racetrack in central Pennsylvania, having
20 gone public in 1994 as a racetrack company,
21 horse racing is in our DNA. This is what
22 we are about. We realize that the racing
23 industry needs the attachment to slot
24 operations, or in some cases, full casino

1 operation to stay afloat because the
2 economic model in racing is not strong
3 without the subsidies coming from casino
4 operations. Our application gives us the
5 opportunity to preserve harness racing at
6 Plainridge Park. It gives us the
7 opportunity to preserve thousands of acres
8 of open space and thousands of agricultural
9 jobs tied to the harness racing industry
10 here in the state of Massachusetts.

11 I do want to highlight, before I
12 conclude, we have a recent experience
13 opening up in Bangor, Maine with the
14 racetrack operation. Since we've opened
15 that casino approximately five, six years
16 ago, racing days have doubled, purses have
17 tripled. But, unfortunately, the purse
18 supplements that are generated by the
19 revenues of slot operations go to the horse
20 owners. They don't go to the track
21 operators. That's why it's very important,
22 we believe, to connect the track operator
23 here at Plainridge with this slot license
24 to ensure the continuity of operation at

1 that facility. With that, I want to thank
2 you and I'll turn it now over to
3 Jay Snowden.

4 MR. SNOWDEN: Thank you, Tim. Good
5 afternoon, Chairman, members of the
6 Commission, staff, thanks again for having
7 us today and allowing us the opportunity to
8 share more detail on our project.

9 You heard from Tim, a high-level
10 overview of the company, a lot about who we
11 are and a little bit about the project.
12 I'm now going to go into more of the
13 specific programming and details with
14 regard to the project itself and how we
15 plan to market this facility as well.

16 Starting with our location, we
17 really do view it as the optimal location.
18 And it's really primarily for two reasons.
19 You see the black rectangle there right at
20 the cross section of 495 and 95, close
21 proximity to 295 and along Route 1. Great
22 accessibility to our facility from any of
23 those major Massachusetts arteries, and we
24 are literally two miles from the state line

1 of Rhode Island and 12 miles from
2 Pawtucket, 18 miles from Providence, Rhode
3 Island. And there is a great deal of
4 business that's leaving the state every
5 day, as you guys know.

6 One of the goals of the enabling
7 gaming legislation was to repatriate those
8 gaming visits and those gaming dollars back
9 to the Commonwealth. We view our location,
10 really, as a last line of defense as
11 customers, even with the other three casino
12 integrated facilities that, once their
13 open, there's still going to be a great
14 deal of residence in Massachusetts who are
15 still potentially closer to Twin River than
16 they would be in one of those other
17 facilities. And in this case, that would
18 not be true, given our proximity, again, to
19 495, 95 and the way out of the
20 Massachusetts Commonwealth into the state
21 of Rhode Island.

22 Next is our site plan. Again, as
23 Tim mentioned what exists today is the
24 five-eighth mile harness track. On the

1 right-hand side, what is labeled the club
2 house, which is the racing and simulcast
3 facility, as well as the 1,080 structured
4 parking garage on the bottom there. We are
5 proposing building a casino, which
6 essentially would create an integrated,
7 seamless experience for all guests.
8 Whether you're a racing enthusiast, you're
9 there for game, or simply visit one of the
10 food and beverage offerings, whether you
11 park valet or in the parking garage, it
12 really is seamless because it's all
13 connected and it's all integrated into one
14 experience.

15 The driveway connecting us, our
16 facility, if you follow the laser here,
17 this is Route 1, to orient everyone, Route
18 1 northbound and southbound here. Today
19 it's difficult to access the facility from
20 Route 1, depending on which direction
21 you're coming from, if you've been to the
22 site.

23 So talk a little bit about the
24 traffic improvement plans. We're committed

1 to \$4 million, over \$4 million in roadway
2 improvements. They're primarily focused on
3 the two red circles, which are the
4 intersections on the right-hand side of
5 U.S. 495 southbound here, exiting off of
6 495 southbound onto Route 1 south. We are
7 proposing to construct a traffic light
8 there, a traffic signal, and to also
9 improve the configuration so that we can
10 better allow for traffic cueing at that
11 offramp onto Route 1.

12 Today, if you were to exit onto
13 Route 1 you would not be able to take a --
14 drive left into the driveway facility
15 because there is a hard island, a Jersey
16 barricade that stretches all the way across
17 here. So we're proposing removing a
18 portion of that barricade and installing a
19 traffic signal at the intersection of
20 Route 1 and what will be Plainridge Park
21 Drive. That would allow for road widening,
22 if you're headed south from 495, dedicated
23 turn lanes into the facility. Same, if
24 you're heading northbound on Route 1, road

1 widening and dedicated turn lanes. And
2 then when you're exiting the facility,
3 today you are forced to go onto Route 1
4 northbound. After these traffic
5 improvement plans are implemented, you'd be
6 able to take a left and head southbound as
7 well. Today it's very difficult. You have
8 to essentially, pass by the facility, go
9 onto a jug handle and turn back around, if
10 you're coming from the north. And if
11 you're coming -- if you're exiting headed
12 south, you have to exit north first, go
13 onto 495 and turn around. So this
14 certainly does resolve those issues.

15 This next slide is the approach. It
16 gives you a good feel for the sense of
17 arrival to our facility. Some of the
18 landscaping, the water features out front.
19 You've got the standalone -- excuse me, the
20 dedicated parking garage on the right-hand
21 side connected to the casino and the
22 porte-cochere valet drop-off area, and on
23 the left-hand side you see the racing
24 facility, which exists today, but will be

1 upgraded as well as part of this
2 investment.

3 The project details, Tim mentioned,
4 \$225 million investment over 100,000 square
5 feet -- square foot venue, excuse me, with
6 1,250 slot machines, the maximum allowable.
7 We anticipate over a thousand construction
8 jobs as part of this project and 500
9 permanent jobs on a go-forward basis.

10 We plan to offer three food
11 offerings. A food court, a sports bar,
12 which I'll get into momentarily, and an
13 upscale casual dining restaurant. We
14 really believe, given the demographics,
15 this hits all of the price points, the
16 appropriate price points. The food court
17 would be in the five to \$10 range, the
18 sports bar 10 to \$15 price point, and the
19 upscale casual 15 to \$20.

20 Multipurpose and banquet room of
21 5,000 square feet, which is, today, a
22 shelled space in the racing facility but
23 would be a great venue for weddings,
24 banquets, anniversaries, reunions, things

1 of that nature overlooking the racetrack.
2 Entertainment lounge I'll speak to
3 momentarily. And between the surface
4 parking and the flat parking we have --
5 excuse me, surface parking, over 1,600
6 dedicated spaces, and I mentioned the track
7 earlier.

8 This slide, as my colleagues love to
9 refer to as the circuit board, really gives
10 you a feel for the overall casino floor
11 layouts. You can see the slot machines,
12 and the legend on the right-hand side's
13 color coded. Food and beverage is the
14 orange yellow, to orient everyone. The
15 main entrance porte-cochere, valet drop off
16 here, the existing racing facility here.
17 One of our restaurants would be within that
18 racing facility. This is live racing first
19 floor and second floor, as well as
20 simulcast.

21 The sports bar in the middle, pardon
22 the pun, the 50-yard line, and certainly
23 the feature attraction from a nongaming
24 perspective, and the four-venued food court

1 just below that, the casino lounge that I
2 referenced earlier, and this would be where
3 all of the parking garage guests, majority
4 of your customers would be coming and going
5 from this direction here.

6 Tim spoke a little bit about racing
7 and preserving the heritage of racing in
8 Massachusetts. This is what we do.
9 It's -- our company was founded on racing.
10 We operate and own 11 tracks today. Four
11 of those are harness racing tracks. So we
12 have experience, not just within
13 thoroughbred racing, but we also expand
14 from the harness side of the business, even
15 as close as Bangor, Maine as a harness
16 facility.

17 We anticipate and envision hosting
18 special events for the Triple Crown,
19 obviously, as well as the Hamiltonian,
20 which is very important here in
21 Massachusetts, and to leverage our
22 portfolio of tracks to cross-promote,
23 cross-market, and certainly our database of
24 racing customers to educate them that we

1 now have an offering in the Commonwealth of
2 Massachusetts.

3 Doug Flutie Sports Pub. The one,
4 the only. This is unique to our project.
5 This will be Doug's first and only
6 restaurant project in his career. Doug
7 Flutie has been a fantastic partner. We've
8 been working with him on this concept for
9 several months now. We see this as the
10 must-see the must-visit attraction as far
11 as sports bars go in southeast
12 Massachusetts. We're very close to
13 Gillette Stadium where he used to play as a
14 New England Patriot. As you know,
15 Doug Flutie won the Heisman. He's promised
16 us to showcase his Heisman Trophy at our
17 facility in this venue for good portions of
18 the year, and to make personal appearances
19 and bring some of his former athlete and
20 current athlete friends along with him.
21 Very excited about offering the Doug Flutie
22 Sports Pub.

23 From an entertainment perspective,
24 this is where our project really starts to

1 differentiate itself from others in the
2 fact that we view our project as
3 outward-facing. The first thing we did
4 when we considered entertainment is we went
5 met with the Comcast Center Live Nation
6 folks and said, explain to us what it is
7 that you do. What would you view as
8 competitive, versus what would you view as
9 complementary?

10 And so, after having conversations
11 with them and some of the other venues, we
12 decided there would be a two-prong approach
13 for entertainment for our facility. One is
14 to offer live entertainment on the casino
15 floor. And this is really meant to be
16 local acts, cover bands, less than a
17 hundred seats, but it provides energy and
18 excitement on the casino floor throughout
19 the evening, and certainly over the course
20 of the weekends into the wee hours of the
21 night. So that's the first-prong approach.
22 Doug Flutie has his own local band where
23 he's the drummer. I'm sure we'll be able
24 to convince him to play in there on

1 occasion as well.

2 And then, secondarily, Tim had
3 mentioned, you know, we have 90 acres of
4 land. And so, we have the ability to put
5 on outdoor festivals, whether that's in the
6 infield of the racetrack itself or some of
7 the adjacent lands. We've been very
8 successful in the past of putting up
9 outdoor sprung or tent structures and
10 offering simulated game shows. We just did
11 this at our Charlestown facility. The
12 Price is Right, we offered five shows over
13 three nights, 2,000 people per show. All
14 of them sold out. Let's Make a Deal,
15 Family Feud. These are the type of things
16 that we can do that, again, will be
17 complementary, they're not done in the area
18 today, as opposed to cannibalizing any of
19 the existing entertainment business going
20 elsewhere for the existing venues.

21 Now, from a marketing perspective,
22 28 properties across 18 jurisdictions, 21
23 of those being gaming facilities, and we
24 really have had a great deal of experience

1 honing our marketing strategy and markets
2 just like Plainville. We are at -- believe
3 it or not, we operate in small towns like
4 Plainville. Perryville, Maryland be an
5 example, Grantville, Pennsylvania. So we
6 believe that our project will be able to
7 hit the ground running by virtue of our
8 experience on the marketing side of things
9 in these regional markets.

10 One of the unique strengths of our
11 project is our database. We have a
12 database of over 4 million active gaming
13 customers across the country. Over
14 1 million of those customers reside in the
15 northeast mid-Atlantic and Canadian
16 regions. So think about it as a 1-million
17 person database that's seated before we
18 ever open the doors. Other casinos would
19 have to open the doors and sign people up.
20 We have a million before we ever open the
21 door that we can market to and drive trial
22 with, that are either within a short drive
23 or a short flight to Providence, Rhode
24 Island, Boston, Massachusetts that can

1 easily frequent the facility.

2 Not to mention, we do share our VIP
3 business across jurisdictions. And a
4 number of our customers, particularly in
5 Bangor, Maine have been asking us, daily at
6 this point, when we're going to be open, if
7 we get a facility, because they have
8 family, friends or second homes in the
9 Commonwealth and would love to come visit
10 and be able to spend some of their
11 gaming dollars and comps earned at this
12 facility.

13 Speaking of being able to do just
14 that, one of our proprietary concepts is
15 the Marquee reward program that Tim alluded
16 to earlier. Every casino across the
17 country offers a loyalty card program.
18 What makes ours unique is that at the
19 majority of our properties it's linked. So
20 the points that you earn as you game, if
21 you play in a slot machine and you earn
22 points with your player card inserted, you
23 are earning points that are bankable and
24 they're portable.

1 So if you're a customer in Bangor,
2 Maine and you're earning comps by playing
3 slot machines, you can certainly redeem
4 those comps for a hotel room in Bangor,
5 Maine at our hotel, one of our restaurants,
6 or you can bank those points in the future
7 and come redeem those either at our
8 facility in Massachusetts or in Las Vegas,
9 Nevada. Certainly, the ability to redeem
10 those points, and I'll get into our
11 partnerships that we have envisioned a
12 little bit further, but be able to redeem
13 those points to go see a Patriot game, even
14 though you earned them in Bangor, Maine is
15 pretty powerful.

16 Similarly, we believe that we'll be
17 able to drive consolidation of play, not
18 just in the Commonwealth, but when you're
19 talking about bringing business over from
20 Rhode Island, across state lines into
21 Massachusetts. Even though Twin River is
22 right across the state line, Twin River
23 can't offer what we can. Twin River can't
24 offer to have customers earn comps, bank

1 those comps and port them to Las Vegas,
2 Nevada to stay at our M Resort, a
3 billion-dollar facility on the south end of
4 Las Vegas Boulevard, to pay for the hotel
5 rooms and pay for their food and beverage,
6 spa experience in Las Vegas, Nevada. That
7 is unique to our project.

8 From an advertising perspective,
9 again, as Tim mentioned, we've opened six
10 properties over the course of the last five
11 years. Dating back to February 2008, Penn
12 National Race Course in Grantville,
13 Pennsylvania, Bangor, Maine, Perryville,
14 Maryland, the Kansas Speedway Project,
15 Toledo, Ohio, Columbus, Ohio. We have a
16 formula that we feel strong -- strong about
17 because it works. We've learned a lot
18 through those six openings in the last five
19 years. What does work. We've made plenty
20 of mistakes about what doesn't work. When
21 do you start advertising? What are the
22 appropriate channels? How far out from
23 your facility should you go? What channels
24 of marketing, is it radio, it is TV, is it

1 outdoor billboard and level of partnership
2 that adds the most value to drive
3 visitation to this facility?

4 I showed you this map earlier and
5 the benefits that I was hitting on was the
6 proximity to Rhode Island and the easy
7 access from off of 95 and 495. The other
8 benefit of our location here is that we
9 find ourselves in the center of the action,
10 as we put it on this slide. We are less
11 than a 10-minute drive from the Wrentham
12 Village Premium Outlets, Gillette Stadium
13 and Patriot Place, Comcast Center operated
14 by Live Nation, and TPC Boston. And we
15 want our project to be outward-facing.

16 So we have begun discussions -- I'll
17 get into the number of MOUs we have in a
18 couple of slides, but when we first
19 considered this project we were debating
20 internally on whether or not to build a
21 hotel as part of the first phase. We did
22 our research, we met with hotel operators
23 in the area, and they could use our help.
24 Another hotel would really hurt their

1 business, certainly, from a cannibalization
2 perspective.

3 So we elected to not go with the
4 hotel in the first phase, and to drive
5 occupancy for the neighboring hotels in the
6 area who are sitting at 50- and 60-percent
7 occupancy ranges today. We call that a
8 virtual hotel program so our VIP customers,
9 based on their play will be able to stay in
10 local hotels on your dime, because we want
11 to make sure that we're partnering with
12 those local hotels to drive occupancy.

13 Stay, play and shop packages, I'll
14 get into it a little bit. We envision,
15 certainly with the folks at Gillette
16 Stadium, we've had some productive
17 conversations, potentially sponsorship
18 opportunities, block tickets for games, for
19 concerts that are put on there. Easy in,
20 easy out back to our facility, so it really
21 does make a great deal of sense for us to
22 be partnering as opposed to be competing
23 with all of these regional destinations.
24 Charitable golf events at TPC Boston and

1 gift card programs as well.

2 Some examples of just that, our
3 property in Kansas City, Kansas, which we
4 opened about a year-and-a-half ago, we
5 partnered with the local Cabela's as well
6 as Nebraska Furniture Mart for comp
7 redemption. So what I mentioned earlier of
8 earning points and earning comps, you can
9 certainly utilize those and redeem those
10 within our facility, if you want to grab a
11 bite to eat at Doug Flutie's Sports Bar, or
12 if you want to save those and be able to
13 redeem comps to buy gift cards come the
14 holiday season, you can do that as well.
15 So it's our way of being a part the fabric
16 of the local community and supporting local
17 businesses by driving business their way,
18 even though those points and comps are
19 earned at our facility.

20 Other examples in the Aurora,
21 Illinois market, gift card giveaways for
22 local retailers. You've got examples here
23 as well.

24 We currently have 12 MOUs,

1 already-signed memorandums of understanding
2 with regards to how we would cooperate with
3 our surrounding community, local
4 businesses. Some of them as large as
5 Wrentham Village Premium Outlets, and some
6 of them as small as the Chieftain Pub. So
7 we're out there shaking hands, making sure
8 that the local community understands what
9 your project is and ultimately what it
10 isn't. And we don't want to be viewed as a
11 competitor, which is why we plan to have
12 not just the 12 that are signed today, but
13 to double that number over the course of
14 next couple of weeks. We are in ongoing
15 discussions with dozens of local area
16 attractions.

17 The Massachusetts State Lottery,
18 it's crystal clear, if you do any research,
19 just how important this is to the
20 Commonwealth. It's the number one most
21 successful lottery in the country on a per
22 capita basis. We have had some very
23 productive dialogue with Kathy, Bill and
24 Owen at the Massachusetts State Lottery.

1 And last week we did ex -- fully execute an
2 agreement with the lottery with regards to
3 rules of engagement, cross-marketing,
4 cross-promotion, cross-advertising
5 opportunities, the ability for us to
6 potentially be home of any new product
7 launches for the lottery.

8 And we were comfortable enough as
9 well, understanding how important keno
10 specifically is to the Massachusetts State
11 Lottery, providing for the Massachusetts
12 State Lottery to be the exclusive offering
13 of keno within our facility, within our
14 four walls. There will be no competition
15 with their keno product, and we don't
16 envision any competition with any of their
17 other products.

18 We picked several locations
19 throughout the facility for the standalone
20 lottery kiosks, as well as potentially be
21 able to redeem tickets beyond \$600 as a
22 retailer, which there are not many of those
23 outlets, but given our hours of operation,
24 it would be ideal for the lottery to have

1 us do that. So we have an executed
2 agreement. We're sure you will talk to the
3 lottery folks, I think both sides are happy
4 with the way that agreement turned out.

5 The nice thing for us as well with
6 regards to lottery, is that we've got a
7 great deal of experience working with state
8 lotteries. In three of the jurisdictions
9 where we operate, Kansas, Maryland and West
10 Virginia, and soon with the two
11 developments will be our fourth that Tim
12 mentioned in Ohio, the lottery serves as
13 our regulatory body.

14 And so, we've been working very
15 closely with state lotteries for a number
16 of years. And we are actually in the state
17 of West Virginia, the number seven
18 retailer -- retailer agent for -- for
19 selling lottery products, excuse me,
20 throughout the entire state. And we are
21 the number one producer in the greater
22 Harrisburg, Hershey region of Pennsylvania.
23 So we have had some great experience, vast
24 experience, and we don't view that product

1 as competitive. We really view it as
2 complementary versus the slot machine
3 products that we offer across the casino
4 floor.

5 Lastly, from a marketing
6 perspective, from a travel and tourism,
7 we've partner with the local convention and
8 visitor bureau, both at the local level and
9 the state level, in all of the markets
10 where we operate. We've had some very good
11 discussions early on. We were already
12 members of the local CVB in the Plainridge
13 region -- excuse me, the Plainville region.
14 And we have some ideas on how we can
15 partner with the Massachusetts Office of
16 Tourism and Travel for stay, play and shop
17 packages, that are not just centered around
18 what we offer, but around the surrounding
19 community and the surrounding destinations
20 as well, as I alluded to earlier. We think
21 that there is -- we are right in the middle
22 of where customers would want to spend a
23 weekend getaway, spend Friday and Saturday
24 night at our facility, go see a concert, a

1 Patriot game on Sunday, we can put together
2 some very appealing packages for both
3 in-state and out-of-state residents. With
4 that, I'm going to turn it over to
5 Cori Whitacre.

6 MS. WHITACRE: Thanks, Jay, very
7 much. And thank you for the opportunity to
8 talk to you about one of my favorite
9 topics, and that's jobs and job creation.

10 Like Tim and Jay both mentioned,
11 Penn's opened six new facilities in the
12 past five years, and adding thousands and
13 thousands of jobs in those communities has
14 been very rewarding. But I have to tell
15 you, our opportunity here in Massachusetts
16 is even more -- more exciting and more
17 special.

18 Not only are we going to be adding
19 jobs, and some really good jobs, but we're
20 going to be preserving jobs. We're going
21 to be preserving the jobs of 124 current
22 employees of Plainridge Race Course. We're
23 going to be preserving hundreds and
24 hundreds of racing-related jobs, such as

1 drivers and farmers, and trainers, all of
2 whom are dependent upon racing operations
3 continuing in the Commonwealth. That makes
4 this opportunity at Plainridge even more
5 exciting and more meaningful for us at
6 Penn.

7 Ultimately, Plainridge Park Casino
8 will employ 500 -- over 500 team members.
9 The majority of which will be full time
10 with benefits. Our goal is to hire a
11 minimum of 90 percent of those team members
12 from Plainville and the surrounding
13 communities. Our projected average salary
14 is \$40,000 inclusive of benefits. And
15 speaking of benefits, we have a very robust
16 benefit program, which includes medical,
17 dental, vision, life, prescription,
18 disability. And we also offer tuition
19 assistance for our employees because, you
20 know, as I'll talk in a little bit, we'll
21 have some real strong partners with
22 community colleges, but we also believe in
23 investing our employees and in helping them
24 grow and develop their careers.

1 And last but not least, we have a
2 401K with matching -- with matching funds.
3 And I always like to mention, a few years
4 back when times got tough in our industry,
5 we saw our competitors cut this benefit for
6 their employees but not Penn. Penn kept
7 this benefit intact, and I really believe
8 it speaks to who we are as a company.

9 As I mentioned earlier, we have a
10 very robust hiring goal, and this has been
11 a very successful theme for us throughout
12 our openings, our past six openings, in
13 particular. We're able to accomplish this
14 through the partnerships that we've
15 developed and we create locally.

16 We've entered into an agreement with
17 the Massachusetts Casino Careers Institute
18 and are looking very much forward to
19 working with them. We're also looking
20 forward to work withing them on our -- a
21 robust diversity plan, which has also been
22 a very successful component for us in
23 our -- in our recent openings. Massassoit
24 and Bristol community colleges are also

1 partners with the Institute, and we've had
2 some great conversations with those
3 colleges, and they're excited and we're
4 excited to be partnering together to help
5 hire and develop our workforce.

6 We've also met with the Executive
7 Office of Labor and Workforce Development,
8 as well as the Bristol and Norfolk County
9 career centers, and believe they'll be
10 great partners for us to assist us with
11 recruiting a wide variety of populations,
12 including the Veterans', the unemployed and
13 the underemployed populations.

14 Now, as I mentioned, it's all about
15 hiring local. It's all about being part of
16 community. And the only way for us to do
17 that is through our successful community
18 partnership that we have and that we've
19 started to develop.

20 Along with hiring local, we also
21 rely on local vendors and suppliers, and
22 that's important to us. We look to these
23 new projects, not only to provide good
24 jobs, which they do, but also to stimulate

1 the local economy by buying local. We've
2 got a strong commitment and a strong record
3 of success with our LBE, NBE, WBE and DBE
4 purchasing, and we've exceeded our goals
5 with our past six openings.

6 We've got a strong union history
7 with our construction projects. And over
8 the last four construction projects we've
9 had, they've been wall to wall union.
10 We've got great working relationships and
11 we've had no work stoppages. Before we
12 even but a shovel in the ground, though,
13 it's all about working again with the
14 community. We've done vendor fairs, and
15 those are designed for local business to
16 showcase how they can provide services and
17 goods to the casino, and we're currently
18 signed up to do one next week. So we're
19 very excited, again taking advantage of
20 buying locally.

21 Another really cool program we have
22 is our mentoring programs. And those have
23 been very successful for us in the past,
24 and we'll look to do the same here with our

1 project. And example of one I'd like to
2 share with you is from our Toledo project.

3 And we've had the privilege of
4 working with a woman named Sara Bates. And
5 Sara thought she was just another victim of
6 the automobile industry's collapse. Her
7 company was New Tech Steel out of Toledo.
8 It relied heavily on the auto industry for
9 a majority of their contracts.

10 When the economy went sour -- went
11 south, Sara took a chance and reached out
12 to Penn National Gaming. Penn, along with
13 our general contractor, worked with Sara
14 from the very beginning to help transform
15 her automobile expertise into the ability
16 to develop the steel beams needed to build
17 our casino. So pretty nice transformation
18 of one business to another that we helped
19 mentor and partnership with.

20 The new line of business gave Sara
21 the opportunity to transform her business
22 and turn her balance sheet from red to
23 black, and in the -- in the process became
24 one of Penn National Gaming's most

1 successful and most effective
2 subcontractors. So a pretty really --
3 really cool story of how that mentorship
4 program actually works.

5 I have to tell you, I'm very proud
6 to work for Penn National Gaming for a
7 number of different reasons, but the main
8 reason is because of the type of company we
9 are. What I've talked about today isn't
10 lip service. We deliver on our promises at
11 each of our 28 facilities. And with that,
12 I'd like to turn it over to a quick video
13 that will really demonstrate that.

14
15 (Penn National Gaming video playing)

16
17 MR SCHIPPER: I have the honor of
18 closing out our presentation. And our goal
19 was to try to present in an hour, because
20 we understand the importance of brevity
21 that this Commission has placed on
22 applications in the past, and so we wanted
23 to make sure we hit 60 minutes, and we're
24 going to do that.

1 I wanted to, though, make sure, and
2 hopefully you'll agree, that we have
3 covered a tremendous amount of ground in a
4 relatively brief amount of time since
5 coming before this Commission to receive
6 approval to appear on the ballot in
7 Plainville. And we're grateful and have
8 been working tirelessly to try to check
9 every box.

10 And so this was a taste of what
11 we've been able to accomplish in that time.
12 It's the tip of the iceberg. And we hope
13 to continue to have opportunities in the
14 coming weeks and months to make even more
15 relationships, friendships, partnerships
16 with the businesses in our community and
17 our region at large.

18 I'm going to wrap up with a --
19 another brief video that's going to, I
20 think, highlight the centerpiece of what
21 our argument is, which is the
22 revitalization of harness racing in
23 Massachusetts. But before I do -- and by
24 the way, I should add that this is the

1 birthplace of harness racing in the
2 country. And so, it is an important,
3 critical element of our proposal and what
4 we're seeking to accomplish here.

5 But before I do, in the brief time
6 that I have I wanted to you to provide you
7 an update on our discussions with
8 surrounding communities, because there's
9 been some articles in the press about that,
10 and I wanted to give you the very latest
11 information about what is occurring there.

12 So even before Penn National entered
13 the scene, Plainridge and representatives
14 from the racetrack had been reaching out to
15 start talking to their communities,
16 surrounding communities, and start talking
17 about what had previously been proposed by
18 the previous group. And when Penn National
19 came to the scene there was a hand-off so
20 to speak where we went ourselves to meet
21 with representatives from the communities
22 of Mansfield and Wrentham, and Foxboro and
23 North Attleboro. Those four communities.
24 And so even before there was an official

1 designation, there was dialogue that we had
2 engaged in. And then on October 2nd we
3 sent an official letter to each of those
4 four communities designating them as our
5 surrounding communities.

6 In those meetings I talked about, we
7 provided background on who Penn National
8 is, a background our proposal, the studies
9 that we had conducted, the projections that
10 we had put together, and we provided a
11 template of a surrounding community
12 agreement that covered things like job
13 fairs, like cross-marketing and promotions.
14 Things like Jay covered in his portion of
15 the presentation, as well as our commitment
16 to buy locally and hire locally. And our
17 goal has been, and will be, to hire
18 90 percent of these jobs in our local area,
19 which includes Plainville and those four
20 surrounding communities.

21 We then made sure that we not only
22 committed to mitigating the direct net
23 impacts of our facility in those
24 surrounding communities, but acknowledged

1 the fact that what we had provided were
2 projections. Only that. Projections.

3 And so, different economists can
4 disagree in terms of different impacts.
5 And so, what we did was make a commitment
6 that we will come back in a year from
7 opening and we will look at the real-world,
8 direct net impact that our casino might
9 have on these communities, which we think
10 will be minimal. But, indeed, we're going
11 to co-commission a study with an economist
12 that the surrounding communities and Penn
13 will agree upon mutually, and look at those
14 impacts and, importantly, agree to pay for
15 the cost of mitigation of those impacts.

16 Those conversations with those
17 surrounding communities I would
18 characterize as ongoing. And we are
19 appreciative of the extra time that this
20 Commission has given to get to final
21 agreements, and we are hopeful that we will
22 be able to present signed agreements with
23 these communities by that timeline.

24 With that, I want to play our final

1 video, and then hopefully have a couple of
2 minutes, if you do have any questions or
3 seek any clarification. Thank you.

4
5 (Penn National Gaming video playing)

6
7 MR SCHIPPER: With that, I want to
8 thank you for your time and your
9 consideration. Thank you very much.

10 CHAIRMAN CROSBY: Thank you,
11 Mr. Schipper.

12 COMMISSIONER CAMERON: Thank you.

13 COMMISSIONER MCHUGH: Thank you.

14 COMMISSIONER STEBBINS: Thank you.

15 COMMISSION ZUNIGA: Thank you.

16 CHAIRMAN CROSBY: Anybody,
17 questions, clarification? Thank you very
18 much. Appreciate you coming. Thank you,
19 Mr. Wilmott. Thank you all.

20 COMMISSIONER CAMERON: Okay.

21 CHAIRMAN CROSBY: We will -- let's
22 see now, it's 1:30 --

23 COMMISSIONER CAMERON: It'll be an
24 hour.

1 CHAIRMAN CROSBY: It'll be an hour.
2 Yeah, that's right. All right. We will
3 take a break for an hour because we're not
4 scheduled until 2:30 for our next
5 presenter. That would be Raynham Park,
6 LLC. And we can't move them forward since
7 people have been planning on those times,
8 so we'll about be back in an hour.

9
10 (A recess was taken)

11
12 CHAIRMAN CROSBY: Folks, thank you
13 for your patience. We will now reconvene
14 the 79th meeting of the Massachusetts
15 Gaming Commission, and we will go to
16 straight to our third and final application
17 presentation, that would be Raynham Park,
18 LLC and other names.

19 MR. RICCI: Thank you, Mr. Chairman,
20 fellow Commissioners. Good afternoon.

21 CHAIRMAN CROSBY: Good afternoon.

22 COMMISSION ZUNIGA: Good afternoon.

23 COMMISSIONER MCHUGH: Good
24 afternoon.

1 COMMISSIONER STEBBINS: Good
2 afternoon.

3 COMMISSIONER CAMERON: Good
4 afternoon.

5 MR. RICCI: My name's Tony Ricci.
6 I'm the chief executive officer of
7 Greenwood Racing. And it's truly a
8 privilege for our outstanding team to
9 appear before you today.

10 We're very familiar with the other
11 applicants in this contest, both The
12 Cordish Company and Penn National are
13 partners of ours in separate joint
14 ventures. And I think's it's a credit to
15 the perception and the opportunity here and
16 the process that it's attracted such a
17 strong feel.

18 However, we know there can only be
19 one winner in this contest so we're here
20 today to demonstrate to you why our
21 proposal is clearly the best for the
22 Commonwealth. John?

23 We have the best location and the
24 best market demographics. We'll be first

1 to market. With our Phase 1 temporary
2 program we'll be open in six months, and
3 that will maximize the revenue of the
4 state.

5 We have the best team. We combine
6 the talents of the Parx team, which is the
7 most successful casino operator in
8 Pennsylvania, with the extensive local
9 experience of the Carney team. This is the
10 added dimension that none of the other
11 applicants possess. And it will enable us
12 to not only maximize this opportunity, but
13 to enjoy close relationships and maximize
14 the relationships with the local community.

15 I think that point is supported by
16 the next point, which is we received the
17 highest level of local support of all the
18 competitors with an 86-percent approval
19 rating in our referendum. And that speaks
20 to the strong relationship that the Carney
21 team has had with the community, and it
22 also speaks to the support for our project.

23 The elegant design of our casino
24 will provide a significant, architectural,

1 social and economic boost to the region,
2 and will incorporate significant
3 environmental sustainability features. We
4 also offer a safety net for the harness
5 racing safety, given this very uncertain
6 climate.

7 Our 100-acre site offers additional
8 development opportunities beyond the
9 initial phases, particularly with the
10 designated station stop on the South Coast
11 Rail Line.

12 And, finally, certainty of
13 execution. The Parx team has executed this
14 exact plan before in Pennsylvania when we
15 opened in our racetrack grandstand with
16 2,000 slots and subsequently moved to a
17 permanent, standalone casino in 2009.

18 It's for these very reasons that
19 when we first assessed the landscape of the
20 Massachusetts market after the passage of
21 the legislation the first place we visited
22 was Raynham Park. After we toured the
23 site, met George, we knew we didn't need to
24 look any further. This was the best

1 location for a casino in the state. Over
2 the last two years, that view has only been
3 strengthened.

4 So with that, I would now like to
5 introduce our next presenter, a man who's
6 waited a long time for this, and I don't
7 want to make him wait any longer, a man I
8 call my partner and my friend, Mr. George
9 Carney.

10 MR. CARNEY: Thank you very much,
11 Mr. Chairman and members of the board.
12 Honestly, it's seems like it's been four
13 lifetimes before I could get here today,
14 but I got to tell you, it's a great
15 feeling, no matter what the outcome is that
16 just to be one of the finalists in this
17 operation, this selection process makes me
18 feel very, very good.

19 My family's been in the racing
20 business for better than 50 years. I've
21 been int for better than 50 years, my
22 family's been in it altogether over 70
23 years.

24 I started out the racing business a

1 very young man, not to waste a lot of time
2 on that, but I hung in with it through good
3 times and bad times. As far as the thing
4 is concerned, I have had experience in the
5 flat business. I worked at Rockingham
6 Park. I worked at the -- at Eastern
7 Racing, which is known as Suffolk Downs
8 now, and also with the fairs. And I -- in
9 the fairs, when you're in the business, you
10 learn what racing is all about.

11 As a matter of fact, I feel with way
12 here, that I took over the Raynham Dog
13 Track at a very young age, and I took it
14 from being, probably, the 10th or 12th
15 biggest track in the country to make it a
16 number one track in the country, as far as
17 the thing is concerned.

18 So I really feel that by standing as
19 the partner, I had a chance, if I chose to,
20 sell my half, but I decided I was going to
21 keep 50 percent and be 50 percent with
22 Tony's company, because I felt this way
23 here, I've had a lot of employees that have
24 been obligated to me. Most of these people

1 work for me for 35 or 40 years.

2 I felt this way, the town of Raynham
3 had great faith in the Carney family, they
4 knew what to expect from us, and that's why
5 I felt we had such a tremendous vote there.
6 Getting 86 percent for anything to do with
7 gaming is a tough -- you've got to really
8 work hard at it. But the people in the
9 town felt that comfortable with us, that's
10 one of the reasons that I'm -- that we
11 could be sitting here tonight -- or this
12 afternoon, because we were accepted with a
13 number, with a great number.

14 As far as the people are concerned
15 at the track, they know as long as I'm
16 involved their job is going to be safe.
17 They dedicated their life to me, and what
18 time I got left, I'm going to spend with
19 them. And I chose this group here -- I had
20 several chances to make other arrangements
21 that I just kept pushing off and pushing
22 off because I didn't -- for one reason or
23 the other, didn't feel comfortable. I
24 selected what I thought was the best

1 partner would be for the state of
2 Massachusetts.

3 I'm looking forward to having plenty
4 of jobs and raising plenty of money for the
5 Commonwealth. I've had a great track
6 record with the Commonwealth for 50 years,
7 never had -- been involved in any scandal
8 or anything whatsoever. Ran a first-class
9 company. And I really feel that this
10 product we're bringing here today to
11 present to you people is outstanding. If
12 it wasn't, I just felt this way here, that
13 if I want to do one thing. I want to leave
14 something that people -- that I could be
15 proud of, my family wouldn't be ashamed of.
16 You know, it would be something -- be
17 something that the town of Raynham would be
18 thankful for. This is a great opportunity
19 to raise a lot of money for the town and
20 keep a lot of people working.

21 I didn't come here today to tell a
22 lot about of good things for myself. I
23 just came here to plead for the people that
24 work for me, and I want to shift gears a

1 little bit about the harness.

2 I own -- fortunately enough, I own
3 the Brockton Fair, which started with
4 harness racing in 1874, conducted it there
5 until 1952. It became very unpopular. It
6 didn't -- it lost kind of its interest.
7 And, at that time, prior to my take over
8 the fair, they shipped it to flat racing,
9 which is known as The Runners, and we ran
10 there for many years. We had bad tax bills
11 that we couldn't live with so we shut it
12 down.

13 But then this opportunity came back
14 that I felt that, for us I do have some
15 concern for the harness people. I know
16 it's an issue that has to be addressed.
17 And I felt this way here, that if we could
18 come back, and I worked it out with my
19 partners, that we would put an application
20 for harness racing in at Brockton Fair.
21 And that we're committed to spend
22 2-and-a-half to \$3 million to renovate the
23 place to make it a first-class operation.
24 We put in 40 days because we felt that, if

1 we put in more, we couldn't really -- with
2 bad weather we probably -- we figured it
3 would be probably the middle of January at
4 the earliest a decision would be made, and
5 rather than putting an application for a
6 lot of dates that we couldn't fulfill, I
7 didn't want to have that hanging over my
8 head, because with the wintertime
9 construction heavy with the work we want to
10 do to make it a first-class operation, it
11 just couldn't be done.

12 So we put in for the 40 days, and
13 I'll tell you this, with my experience in
14 racing, the number of days is not what I'm
15 looking for. To put a first-class product
16 on the track that people want to come back
17 to and spend -- and spend some time there,
18 it's not going to be by having the number
19 of days, it's by running the kind of racing
20 that people want to come and see.

21 As far as the thing is concerned, I
22 think the money coming for the Gaming
23 Commission for the purses that's going to
24 attract the top-flight caliber horse, you

1 know, you -- we'll bring in great trainers.
2 It'll be something that you Commission
3 members would never be ashamed, if given
4 the opportunity to produce what I think we
5 can really produce.

6 If there's any questions I could
7 ask -- if you could ask or want answers
8 from me, I'd be happy to do the best I
9 could to answer them. But I've been
10 waiting a long for today. I'm very proud
11 of my partner here today. It's been a long
12 time coming, and thank you for the
13 opportunity.

14 CHAIRMAN CROSBY: Thank you.

15 COMMISSIONER CAMERON: Thank you.

16 MR. CARNEY: Thank you.

17 MR. RICCI: The next item on the
18 agenda, if you're reviewing your -- through
19 the binders, is the introduction to
20 Greenwood Racing, which, I as chief
21 executive officer, will walk you through.

22 We are the owner and operator of
23 Parx Casino, which is the number one casino
24 in Pennsylvania. We also operate Parx

1 Racetrack, which is the number one
2 racetrack in the state also. We race
3 thoroughbreds year round at Parx. We also
4 own and operate the Atlantic City Racetrack
5 in New Jersey, six offtrack wagering
6 locations in Pennsylvania and New Jersey.
7 We conduct account wagering operations in
8 Oregon and Pennsylvania, and we are a
9 50-percent joint venture partner with Penn
10 National Gaming in Freehold Raceway, New
11 Jersey, which is a harness racetrack.

12 We boast a top-notch management team
13 with extensive experience in the gaming
14 industry. And just like George's group,
15 they have a long tenure with our company.

16 We build a beautiful property. We
17 ensure that it is well-maintained, clean
18 and safe, and we provide first-class
19 service to ensure customer satisfaction and
20 loyalty. Our third-party customer surveys
21 consistently rank us as the top customer
22 service provider in the area, and this is a
23 very highly-competitive market. We have 17
24 casinos within a 75-mile radius. This can

1 only be achieved with talent, motivated and
2 a well-trained team. Our employees receive
3 extensive training in both mandated areas
4 and in customer service to ensure
5 consistent experience for our customers.

6 Our firm has a strong commitment to
7 diversity, community outreach and social
8 responsibility. We take great pride in the
9 recognition that we've receive in these
10 areas, and we understand that a strong
11 community also provides an attractive
12 destination for customers.

13 Parx has a long tradition of
14 cooperation with local labor unions. All
15 of our construction projects have been
16 performed with union labor, and we have 16
17 separate collective bargaining agreements
18 with 12 different unions in our operations.

19 We're highly respected within the
20 banking community, and our balance sheet is
21 among the best in the industry. We possess
22 the necessary financial resources to
23 complete this project, including a \$150
24 million debt commitment from Credit Suisse

1 First Boston.

2 Next item on the agenda is a review
3 of the project, and I'll walk you through
4 that. I think it's important that we start
5 with the highlights of our location, which
6 we feel is the best in the state.

7 Our property is approximately 30
8 miles south of Boston. We have excellent
9 highway access with close proximity to
10 Routes I-495, I-95 and Route 24. Our
11 100-acre site was once the world's top
12 greyhound track. We have an existing
13 infrastructure that will easily serve the
14 anticipated casino traffic, while offering
15 additional development opportunities,
16 including that South Coast Rail Line.

17 We have outstanding market
18 demographics. Approximately 1.8 million
19 adults live within 25 miles of Raynham
20 Park. If you look to the map on your
21 right, it shows a heat map with population
22 densities, and you can see it's a straight
23 shot from Boston straight down to Raynham
24 Park, where all the people live. That also

1 presents an opportunity to cut off some of
2 that business that's currently flowing into
3 Rhode Island and Connecticut traveling
4 south. So we do believe that this not only
5 is a good location with -- due to its
6 proximity, but we also think strategically,
7 it will help preserve revenues within the
8 Commonwealth.

9 We have existing zoning approval,
10 and we have a grandstand facility that's
11 ready to go. And that creates an expedited
12 timeline for our casino opening. As I
13 said, we can be open within six months of
14 the Commission's decision.

15 The superior quality of our location
16 as a gaming facility, we believe is
17 evidenced by the significantly-higher
18 wagering levels experienced at Raynham
19 versus Plainridge when both facilities were
20 conducting live racing. For the period
21 1999 through 2008 Raynham Park averaged
22 83 percent more wagering handle than
23 Plainridge. I think that's a powerful
24 statement, and the next chart shows how --

1 how that happened each year.

2 You can see in the early years it
3 was actually in the 100-percent range, and
4 then that declined later on as Raynham Park
5 significantly reduced its live racing
6 dates. Nevertheless, it was still
7 significantly higher than Plainridge's
8 wagering handle.

9 I think it would be logical to
10 conclude from this point that Raynham would
11 also be a stronger casino location than
12 Plainridge. I think it speaks to the
13 proximity to the local market, the superior
14 access and egress that this site enjoys.

15 The next chart speaks to the project
16 highlights itself. We have a construction
17 plan that will proceed in two phases.
18 Phase 1 will be to refurbish the existing
19 racetrack grandstand and install 1,250 slot
20 machines. That will be within six months
21 of the Gaming Commission decision. Our
22 projections that we submitted on our
23 application assume a July 1, 2014 opening,
24 assuming a January decision.

1 In Phase 2, which will be conducted
2 in parallel while we're constructing the
3 temporary facility, we'll construct a
4 175,000 square foot casino that will, of
5 course, include the slot machines, but will
6 also offer best-in-class, branded bars and
7 restaurants, along with a multipurpose
8 entertainment venue that will offer
9 exciting live entertainment, and also offer
10 the ability to serve banquets and
11 conferences. This is something that,
12 hopefully when the South Coast Rail Line
13 comes in, will be an added dimension for
14 our property.

15 The expected timeline for this
16 second phase is 18 months. And as I said
17 earlier, this is consistent with our
18 approach at Parx in Pennsylvania. We were
19 initially opened with a 2,000-slot casino
20 within five months and our racetrack
21 grandstand, and subsequently relocated to a
22 standalone, permanent facility where we
23 currently conduct our operations, in
24 December of 2009.

1 The next chart reviews our capital
2 budget for the project, and this is more
3 related to the construction efforts and
4 establishing the facility itself. You can
5 see we have construction profession fees,
6 insurance and slots and other equipment
7 included in this budget.

8 For the first six months we'll
9 expend \$58 million to get that facility up
10 and running, we'll have to spend another
11 \$110 million to complete the permanent
12 facility for a grand total of \$168 million.
13 And that would be over 18 months.

14 The next chart represents our total
15 capital requirements, which include other
16 items in addition to what we need to
17 construct the facility, such as the license
18 fee, financing fees, preopening expenses,
19 working capital, and a loan to Brockton
20 Racing to establish the harness meet. That
21 totals \$227.3 million.

22 We will fund that requirement with
23 \$45 million of equity from Greenwood
24 Racing, \$11 million from the Carney Group,

1 \$125 million from Credit Suisse bank debt,
2 and \$46.3 million of cash flow generated as
3 we open the temporary facility in July.

4 The next chart summarizes our
5 projected gaming revenue for the facilities
6 and the ultimate taxes that will be
7 generated by these properties.

8 We had an interesting challenge as
9 we approached these projections because it
10 became apparent to us very quickly that the
11 demand far outstripped our ability to serve
12 this market with 1,250 machines. We
13 believe there is significantly more
14 customer demand than \$300 million of
15 revenue.

16 However, with 1,250 slots, we were
17 constrained on our ability to offer a good
18 experience for customers. So we actually
19 looked at it from our own internal
20 experience, and we've assumed here that
21 realistically the highest level of revenue
22 we could achieve received with only 1,250
23 slots is 300 million per annum. That
24 translates into a win per unit per day of

1 \$658. We expect to achieve that peak level
2 of win -- of revenue in the facilities in
3 year three, which -- when we open the
4 permanent facilities.

5 So you see in the projections, in
6 year three and four we're projecting
7 \$300 million of gaming revenue. That
8 declines to \$250 million in year five and
9 six, when we assume that there will be
10 competition in the south.

11 We will open in July of 2014.
12 Assuming again that we were fortunate
13 enough to win in the decisions rendered in
14 January, we would open July and we would
15 generate in the first six months
16 \$120 million of gaming revenue. In year
17 two, \$264 million full year revenue.

18 On average, we anticipate for this
19 five-and-a-half year period the gaming
20 taxes paid would be \$131 million. Assuming
21 that we open one year before any of the
22 other locations, and given the information
23 in the public domain, that appears to be a
24 reasonable assumption, the Commonwealth

1 would immediately receive between 120 and
2 130 million of incremental gaming tax
3 revenue from our proposal's compared to the
4 other applicants. This doesn't include
5 additional tax benefits that we believe we
6 would provide the Commonwealth due to our
7 superior location.

8 In addition, we believe the
9 Commonwealth could receive incremental tax
10 revenue by locating a casino at Raynham, if
11 a license is ultimately awarded to the
12 Mashpee tribe in Taunton. We agree with
13 Professor Clyde Barrow, a noted gaming
14 expert with the University of Massachusetts
15 Dartmouth, and I quote, "It might actually
16 be in the state's interest to locate a
17 slots parlor close to the casino to capture
18 that revenue at a higher rate of taxation."

19 The next chart speaks to the number
20 of jobs we'll create with the project.

21 CHAIRMAN CROSBY: Can I just ask a
22 quick --

23 MR. RICCI: Yes.

24 CHAIRMAN CROSBY: I didn't quite get

1 that point. The point is that you would
2 take gambling away from --

3 MR. RICCI: We would syphon
4 revenue -- and this was part of Professor
5 Barrow's interview, that we would syphon
6 revenue from a lower tax property to a much
7 higher tax property.

8 CHAIRMAN CROSBY: Okay. I see.

9 MR. RICCI: In Phase 1 we will
10 create 603 jobs, and that will grow to 804
11 new jobs once the permanent facility is
12 established. We expect the average salary
13 to be in the 42 to \$43,000 range for these
14 positions. And we also offer outstanding
15 health benefits. And in keeping with the
16 theme of having a talented, motivated and
17 highly-engaged workforce, we make sure that
18 they have a great benefit package, and our
19 benefit package is superior to anyone in
20 the industry.

21 The next chart summarizes the
22 economic impact that was performed by
23 Marquette Advisors. During the
24 construction phase they computed that we

1 would generate \$313 million of total GDP
2 throughout the state. Create 1,400 total
3 jobs, \$97 million of worker payroll, and
4 \$25 million of tax revenue.

5 The next chart reflects their
6 assessment of our impact on ongoing
7 operations, which suggests \$402 million of
8 total annual economic output, 1,778 jobs,
9 \$73 million of worker payroll, and
10 \$138 million of new tax revenue.

11 Our ability to open one year before
12 the other locations would generate,
13 approximately, \$400 million of incremental
14 economic output to the state, along with a
15 \$138 million of new tax revenue. In
16 addition, we would obviously accelerate the
17 creation of new jobs. I think that's a
18 very powerful point in our application.

19 Another very important point that
20 John has related to in his presentation is
21 our support for the harness industry. As
22 this process evolved, it became very clear
23 to us that the harness racing industry,
24 that Plainridge could close, which would be

1 devastating to the industry. Given that
2 George's and our heritages are rooted in
3 the racing industry, we worked together and
4 developed a plan. We created a new entity,
5 Brockton Racing, LLC, which is comprised of
6 the same members as our entity, Raynham
7 Park, LLC, we submitted a racing
8 application with the Commission to conduct
9 a 40-day meet next year at the Brockton
10 Fairgrounds from August to October of 2014.
11 Of course this assumes that we will be --
12 the license will be award to us and that
13 Plainridge Racetrack would close. Not
14 something we're looking to see happen, but
15 in the event it did, we would be there to
16 offer the safety net for the harness
17 horsemen.

18 We will provide a \$6 million loan.
19 Raynham Park will provide a \$6 million to
20 Brockton Racing for the capital
21 expenditures required to convert the
22 existing track to a harness track. As
23 George said, back in 1874 and through the
24 1940s it was a harness track. And we also

1 provide the working capital necessary to
2 conduct the meet.

3 Our next presenter is a gentleman
4 who performed our gaming marketing
5 analysis. He is the founder and managing
6 director of The Fine Point Group,
7 Mr. Randy Fine.

8 MR. FINE: Good afternoon.

9 CHAIRMAN CROSBY: Good afternoon.

10 COMMISSIONER MCHUGH: Good
11 afternoon.

12 COMMISSIONER STEBBINS: Good
13 afternoon.

14 COMMISSION ZUNIGA: Good afternoon.

15 COMMISSIONER CAMERON: Good
16 afternoon.

17 MR. FINE: Mr. Chairman, and
18 Commissioners, thank you for taking the
19 time to listen to me today. I'm going to
20 summarize, very briefly, the market study
21 that we performed, and a full copy of which
22 was provided as part of the application.

23 Our group, we are a group of casino
24 consultants, been around for eight years.

1 I actually spent 10 years living in Boston.
 2 I got my undergraduate and my MBA degree
 3 from Harvard, so it's nice to be back to
 4 see another cold, grey rainy day. It
 5 reminded me of those 10 years. Las Vegas
 6 weather's a little bit different.

7 CHAIRMAN CROSBY: That's going to
 8 hurt you.

9 MR. FINE: So moving to the scope of
 10 work page, just I want to get through this
 11 quickly. Go. One more. So we were
 12 hired -- one more. We were hired to do a
 13 comprehensive market assessment and to do a
 14 number of things.

15 First, to develop the addressable
 16 market. The total revenue that this
 17 property could conceivably go after. To
 18 estimate the penetration of gaming
 19 customers within the market, to develop
 20 projections over five years, tax revenue
 21 projections.

22 Also, we were asked to take a look
 23 at what percentage of the revenue might we
 24 recaptured. Obviously, one would expect

1 some of it to be recaptured, given the
2 proximity to Rhode Island and Connecticut,
3 and then we were also asked to take a look
4 at the competitors and based on the
5 publicly-available information.

6 Next slide -- next two slides. We
7 used a -- we used a market -- a gravity
8 model to determine what we thought revenue
9 would be. Basically, the closer you live
10 to the property, the more likely you are to
11 visit it. It's not just about where your
12 dot is on the map, but it's about how many
13 people live close to that particular -- to
14 that particular location. And we looked
15 at -- to develop the model we looked at
16 folks who lived in the 10 counties in
17 region A and region C. We took a very
18 conservative approach, assuming that
19 Rhode Island was adequately serviced and
20 western Massachusetts was too far away to
21 attract revenue to this property.

22 We also made some -- we also three
23 cases, a low case, a medium case, and a
24 high case for the addressable market. And

1 then, once we developed an addressable
2 market, we discounted that market to say,
3 folk in Essex County, even if this is the
4 only casino in the state of Massachusetts,
5 might not be willing to drive as much as
6 they would if the casino was more close by.
7 So we did an addressable market by county
8 and then discounted it based on the
9 distance away from the facility. But
10 basically what we found on -- we found that
11 it's going to be a very big market. And I
12 think this is something that you all are
13 fully aware of.

14 Once we developed the addressable
15 market we created three separate scenarios.
16 I'm going to get to what the numbers are in
17 a minute, but the three scenarios -- we did
18 three cases. We assumed a large
19 addressable market and no competition for
20 five years, for one reason or another. In
21 a medium case, we assumed a medium-sized
22 market, no competition for three years, and
23 then in years four and five, one of the
24 Category 1 casinos would open in

1 Springfield area and the Boston area. And
2 then, finally, we did a worst case where we
3 assumed again, a small addressable market,
4 but a casino would open in year three in
5 Boston and Springfield, and in year four a
6 third casino would open in Taunton. We
7 assumed, in the worst case, it would take a
8 little bit longer for one reason or
9 another. So we modeled competition in more
10 than one way.

11 And what you'll see from a revenue
12 projection perspective, it's our belief, as
13 Tony mentioned, we came to the same
14 conclusion, that a 1,250-machine facility,
15 if the only facility in the state, will be
16 constrained by the fact there are only
17 1,250 machines. It will do \$300 million a
18 year.

19 In fact, even in our medium
20 addressable-market case, even if one were
21 to assume a casino was open in Boston and
22 in Springfield, the Springfield area, we
23 still believe that the property will
24 continue to do \$300 million a year in

1 revenue. It is only in the circumstance
2 where the market is of a smaller size and
3 we believe Taunton opens that we see the
4 property doing less than 300 million.

5 In that low addressable market case,
6 where there is a casino in Boston and
7 Springfield, we think it will do
8 229 million. And then, in a world where
9 Taunton opens as well, we believe this
10 facility will do \$176 million.

11 The next page is our analysis as to
12 recapture. We did work that estimated what
13 percentage of that 176 million to
14 300 million would we fresh revenue, the
15 equivalent of new gambling, because casinos
16 are more convenient, versus what percentage
17 would be recaptured from folks who are
18 riding in those buses and those cars to go
19 to Rhode Island and to go to Connecticut.

20 It is our belief that somewhere
21 between 44 and 60 percent of the revenue
22 that the facility generates will be revenue
23 that is brought back into the state that is
24 currently going out of the state. And,

1 obviously, we believe that's revenue that's
2 currently going to either Rhode Island or
3 Connecticut.

4 The final thing that I would add,
5 and then I'll turn it over to the next
6 presenter, is we believe that this
7 facility, having looked at it from a
8 perspective, is extremely well-situated to
9 protect Massachusetts revenue from going,
10 particularly to Rhode Island. And given
11 the facility, it is very well insulated
12 from the effects of a Boston and a
13 Springfield facility.

14 We found the site has excellent
15 highway access. Access, I mean, it runs a
16 half-a-mile effectively next to the road,
17 so it's very easy to get in and out of from
18 the road. And it is our view, having
19 visited all three of the sites and walked
20 around them as best as one can do, that it
21 is the best of the three facilities that is
22 available for your consideration. Thank
23 you.

24 MR. RICCI: Randy, one point just to

1 clarify, when you spoke earlier about a low
2 addressable market with \$177 million of
3 revenue --

4 MR. FINE: Correct.

5 MR. RICCI: -- you weren't stating
6 that's projected revenue? You just said
7 under those circumstances that would be a
8 worst-case scenario, correct?

9 MR. FINE: That is a worst-case
10 scenario. The market is a smaller size,
11 and the competitive impact of the three
12 facilities opening is substantial.

13 The \$176 million is our view of a
14 worst-case revenue projection for the
15 facility. It's hard for us to imagine the
16 facility doing less revenue than
17 \$176 million, even with Taunton, Boston and
18 Springfield open.

19 MR. RICCI: Thank you, Randy.

20 CHAIRMAN CROSBY: Thank you.

21 COMMISSIONER MCHUGH: Thank you.

22 COMMISSIONER CAMERON: Thank you.

23 COMMISSIONER STEBBINS: Thank you.

24 COMMISSION ZUNIGA: Thank you.

1 MR. RICCI: Our next presenter is
2 our chief marketing officer,
3 Mr. Marc Oppenheimer. Marc has extensive
4 background in the gaming industry starting
5 out with Harrah's and then moving on to
6 station casinos, and we were fortunate
7 enough to persuade him to join us last
8 year. So take it away, Marc.

9 MR. OPPENHEIMER: Thank you, Tony.
10 Mr. Chairman and Commissioners, I'm happy
11 to be here this afternoon. As both Tony
12 mentioned as he was giving you his overview
13 of the project and the Fine Point
14 assessment mentioned, we do believe that we
15 will be capacity constrained at Parx
16 Raynham. For the first couple of years we
17 do believe that the demand for the property
18 will be greater than the supply that can be
19 given comfortably at a 1,250-slot machine
20 environment.

21 However, that does not mean that a
22 marketing plan is not important. In fact,
23 we believe that the marketing plan of the
24 property is going to be critical. And it's

1 going to be critical for a couple of
2 fundamental reasons.

3 First, as Tony stated, we believe
4 and we know that we be able to be open
5 earlier than some of other applicants.
6 With the property being open earlier, it's
7 critical that we have an effective plan so
8 that we can recapture the gaming revenue
9 that is currently leaving Massachusetts to
10 go to the other states. We can do that
11 effectively, we can do that rapidly, and we
12 can deliver on the additional tax benefit
13 that we know is a part of our project.

14 In order to do this, there are two
15 major objectives. First, we have to make
16 people aware of the property, both before
17 it opens, as soon as it opens, and then a
18 second time when the permanent phase is
19 ready to be opened.

20 Secondly, we have to build loyalty
21 among these guests when they come to visit,
22 because we are not arrogant enough to
23 believe that we'll operate in a vacuum and
24 no one else is going to react to what we

1 do. We know that both in state eventually,
2 and out of state more importantly,
3 competition will react to what we do. So
4 we need to have a marketing plan that
5 engenders loyalty with our guests so that
6 they don't get drawn back out of state and
7 the state and the Commonwealth lose the tax
8 revenue that they're going to be getting.
9 How are we go can this, as we move to the
10 next slide.

11 Three main parts to our marketing
12 plan. First, advertising and partnerships;
13 second, events and promotions; third,
14 database marketing. I'll take a little bit
15 of time to walk through each of those,
16 starting with advertising and partnerships.

17 Incredibly importantly up front is
18 going to be our preopening acquisition of
19 guests. Now, we do have a very strong
20 database that sits less than 300 miles
21 south of here and extends up into the
22 states of Rhode Island, the states of
23 Connecticut, and a little bit into
24 Massachusetts but not very much, so we

1 don't think there will be a lot of
2 cannibalization between the Parx property
3 in Pennsylvania and a Parx Raynham property
4 in Massachusetts. In fact, we think
5 there's the opportunity for the two to
6 complement each other. So we're going to
7 need to get people aware of Parx Raynham
8 before the opening occurs. Three main ways
9 we're going to do that.

10 First, and something that I've done
11 in multiple markets previously, we will
12 develop partnerships with local malls,
13 gathering places, other area attractions,
14 let's say Patriots' games for instance, and
15 we will put people there to actually sign
16 up and start a database. Literally, within
17 weeks of when we would receive the approval
18 to go forward with the property we will
19 start the process of making people aware of
20 the property and make sure that when we
21 open there is a large customer base ready
22 to come to our property that isn't
23 necessarily having to come from all over
24 the country, but is known locals that

1 already in the area and already taking
2 their revenue outside of the state.

3 We also will back this up with mass
4 advertising. Be it social media, Web,
5 Facebook, Twitter, those types of things,
6 as well as more conventional methods of
7 advertising within southeast Massachusetts
8 and Boston metro as well as down into Rhode
9 Island and Connecticut.

10 Moving on to more traditional
11 advertising once we are open. As I said,
12 the majority of our media plan will be
13 focused in Boston and southeast
14 Massachusetts. However, we will also focus
15 in Rhode Island and Connecticut. Our plan
16 will begin with a brand campaign.

17 We were fortunate enough, within the
18 past few weeks, in fact, at the 2013
19 American Gaming Association Awards during
20 the global gaming exposition in Las Vegas a
21 few weeks ago, to win the award in the
22 industry for the outstanding marketing
23 campaign. Our Get-Lucky-in-no-Time
24 campaign. We will use that campaign here

1 in Massachusetts as well. We will
2 transition it up to the Parx Raynham
3 property, and we will focus on the key
4 attributes, luck, fun, convenience speed of
5 service and friendliness. Those are the
6 five key attributes our campaign will focus
7 on.

8 Over time that campaign will
9 transition from the brand of the key things
10 we're going to deliver to you to what's
11 going on at the property, and give people
12 information about the reasons why they
13 should come to visit us. Importantly as
14 well, we are aware of social media and the
15 growing importance of media, so our
16 campaign is fully integrated with all of
17 the different aspects of social media.

18 Advertising and partnerships, we'll
19 also have the partnership side. We have
20 two key things that we will do here.
21 First, through Mr. Carney and his
22 connections, we will build and have already
23 started to build very strong connections
24 with local business both in Raynham

1 throughout southeast Massachusetts and up
2 into the Boston area.

3 In Pennsylvania now, we have a
4 program that we call Communities Partners
5 where we have signed deals with local
6 business and regional businesses where we
7 have inherent cross-marketing between them.
8 We market their businesses, they market our
9 business. We provide benefits to each
10 other. We plan on bringing that program up
11 here to southeastern Massachusetts and have
12 it running by the time the property would
13 be opened.

14 In addition, we'll be a full
15 participant in the community from a
16 sponsorship point of view, whether it be
17 the easy things, Patriots, Celtics, Bruins.
18 You know, those areas. Red Sox. They're
19 playing this evening, I have to remember to
20 include them.

21 Whether it be those things or some
22 of the things that may not be quite as
23 obvious. The music venues, fairs, places
24 where adults of gaming age are actually

1 going to be congregating, we will work with
2 them to make sure that we're able to
3 support them and they make their guests
4 aware of us.

5 Second phase of the marketing plan,
6 events and promotions. Starts with
7 effective promotions. And there's a key
8 reason why we include the word effective.
9 Massachusetts is going to be a high tax
10 rate environment when you look relative to
11 slot gaming in many of the areas around the
12 country. We have experience both in normal
13 tax rate environments, low like Atlantic
14 City, like Nevada, and high tax rate
15 environments like Pennsylvania where we
16 operate, like Indiana where I've operated
17 previously. So we know the types of things
18 that work effectively and draw patrons in,
19 but also allow both the Commonwealth and
20 the ownership to be successful in a high
21 tax rate environment. There are going to
22 be things like gift giveaways, drawings,
23 daily promotions. These are typical
24 things, but they have to be adjusted a

1 little bit to work in a high tax rate
2 environment, and we have the experience to
3 know what needs to happen to do that.

4 In addition, we'll be running
5 events, as you'll see as we get into our
6 project, we are going to have a banquet
7 event multipurpose space in our venue. We
8 will use this for VIP parties, we'll use
9 this for concerts. We may do boxing. We
10 may do mixed martial arts. A whole number
11 of different things that we would be able
12 to put on at the property to make it an
13 entertainment destination for the
14 community, as well as an attraction for our
15 gamblers and guests.

16 Skipping forward to the third
17 element, database marketing. Potentially
18 the most important element as the property
19 matures. We will have attracted people to
20 the property already, people will know
21 about us. We will need the database
22 marketing to keep our guests involved in
23 the property. Keep our guests coming to
24 the property as other states start to punch

1 back at us. We're going to do this through
2 three things.

3 Our X Club loyalty program that
4 already exists at the Parx property in
5 Bensalem, we will bring it up to
6 Massachusetts. We will integrate the two.
7 Our guests will have choice across the
8 multiple markets. As we may bring other
9 markets on board in the future, they'll
10 have choice, again across multiple markets,
11 be able to earn and redeem, and visit
12 across those markets.

13 And then, finally, as well as
14 rewarding players for their play at the
15 property, we will know how to, and we'll
16 put in place, an effective program to
17 provide incentives so we can get players
18 that may not already be loyal to us coming
19 to the property, whether it be from within
20 the Commonwealth of Massachusetts or
21 outside of Massachusetts and other areas of
22 our database.

23 Those three elements, advertising,
24 events and promotions and database

1 marketing will combine to create the
2 effective marketing strategy that we'll
3 first ensure that we hit our revenue
4 projections, and then in the future,
5 protect that revenue as competition and
6 out-of-state competitors start to come back
7 into the fray. Tony.

8 MR. RICCI: Thank you very much,
9 Marc. Our next presenter is Eric Rahe.
10 He's principal with BLT Architects. He
11 will review our property design
12 architectural plan. BLT's a firm with
13 extensive experience in the gaming
14 industry, having designed many casinos,
15 particularly in Atlantic City. Eric.

16 MR. RAHE: Thank you. Good
17 afternoon.

18 CHAIRMAN CROSBY: Good afternoon.

19 COMMISSIONER CAMERON: Good
20 afternoon.

21 COMMISSIONER MCHUGH: Good
22 afternoon.

23 COMMISSIONER STEBBINS: Good
24 afternoon.

1 COMMISSION ZUNIGA: Good afternoon.

2 MR. RAHE: The first slide that you
3 see is a relatively simple slide, and it
4 represents the site plan for what we're
5 calling Phase 1, the temporary casino. But
6 it was, in fact, some of the most important
7 design work that we did. Because in making
8 a decision about where the temporary casino
9 would be located, specifically what
10 portions of the existing facility we would
11 use, we also had to consider where the new
12 casino would go. And we knew that those
13 decisions could influence development on
14 this site for decades to come.

15 So you can see that the light blue
16 colored building represents the temporary
17 casino, and then the dashed blue line
18 represents the footprint of what will be
19 the Phase 2 casino. A lot of this is
20 existing, both the building and the parking
21 in Phase 1 we're showing 1,400 parking
22 spaces, which we believe will be very
23 sufficient for the requirements of the
24 temporary casino.

1 This is a floor plan of that casino,
2 of the temporary casino, which is a
3 two-level casino. And a fair amount of
4 thought went into this building. We looked
5 at the structural systems, the electrical
6 mechanical systems. There are things that
7 we need to do to bring it up to code in
8 terms of life safety, in terms of simple
9 things like adequate toilets. But a lot of
10 the structure was in sound condition and
11 represented a great opportunity to not only
12 open a temporary casino, but to do so with
13 1,250 slots.

14 So this particular floor plan, the
15 purple represents the gaming area, the
16 light blue represents what we call back of
17 house, which are all the employee
18 facilities. And the orange represent, on
19 this level, two of four food and beverage
20 venues that will exist in this temporary
21 casino, on this level both an entertainment
22 bar as well as a cafe.

23 And the next slide is the second or
24 upper floor of the temporary casino. The

1 green exists -- or represents the existing
2 simulcast facility, which is there today
3 and something we intend to keep in
4 operation, both during construction and
5 then following the opening of the temporary
6 casino. And the balance of this floor is
7 additional slots in what was an existing
8 restaurant and the provision of two
9 additional bars.

10 MR. RICCI: On thing I'd like to add
11 to that, we spent a lot of time on this,
12 and we were able to develop this plan
13 without adversely impacting simulcast
14 operations. So as Eric said, we're going
15 to leave this intact and we're going to fit
16 out the rest of the building that is not
17 really being used at this point.

18 MR. RAHE: That's correct.

19 MR. RICCI: And we will not have --
20 we will not have to close down the
21 operation for simulcasting, which is
22 exactly what we did at Parx. We never had
23 to close a day there either. Thanks, Eric.

24 MR. RAHE: Sure. This slide

1 represents a rendering of the temporary
2 casino. There was a fair amount of
3 discussion about how much we needed to do.
4 It is an existing building. But we and
5 Parx felt it was important that even in the
6 temporary casino, we set an example in
7 terms of the quality of this facility, the
8 quality of this site, and in a combination
9 of using brand elements typical to the Parx
10 brand, such as the multicolored wall, but
11 also a new element such as light walls and
12 video screens. We think this design
13 provides a lot of high energy and really
14 sets the standard for what will be further
15 development on the site.

16 Phase 2 is the construction of the
17 new casino, which will be quickly followed
18 by the demolition of the Phase 1 temporary
19 casino. As you see in this location, we're
20 showing the overall footprint of the Phase
21 2 permanent casino and our parking site
22 then grows to 2,400 spaces.

23 We have a main entrance at the
24 bottom of the screen -- sorry, the laser is

1 not working. There it is. At the bottom
2 of the screen we have a main entrance,
3 which takes you directly in, and then we've
4 distributed parking around three sides of
5 the facility. And this is very important
6 for a regional gaming facility because we
7 know a lot of people will be coming. Their
8 stay will vary, but it may be several
9 hours. And the ability to have people move
10 in and out of the site safely and without a
11 lot of effort, and also to enter the
12 building from multiple sources -- or
13 multiple locations, rather, provides very
14 good guest satisfaction.

15 This is a floor plan of the first
16 level, or the upper level of the permanent
17 casino. The purple, as it did in the
18 temporary, represents the gaming facility.
19 Again, 1,250 slots subdivided into an
20 arrangement that allows a variety of
21 different interior environments, but it
22 also provides for future flexibility. It's
23 a very -- this kind of shape, the rectangle
24 or the square, lends itself very well, not

1 only to the initial opening, but ongoing
2 operations as slot patterns and gaming
3 preferences change over time.

4 I think it's significant that the
5 gaming, the purple represents only about
6 half of the floor plan that you see here.
7 And in that way, we believe this is truly a
8 mixed-use facility. To either side we
9 have -- the two orange elements represent
10 food and beverage venues. One would be a
11 food court, the other would be more of a
12 signature restaurant. These are good-sized
13 facilities. There are about 8,000 square
14 feet each.

15 And then sitting to the center of
16 those is the special events center, which
17 is a 16,000 square foot space. It could
18 function as a more conventional ballroom,
19 meeting space, not unlike what we're
20 sitting in today, or it can be converted
21 for a variety of venues, such as concerts
22 as Tony mentioned, boxing events. There
23 may even be slot tournaments in there.

24 We think that this space is somewhat

1 unique to many of the offerings that you've
2 looked at today. I think it's not only an
3 asset for this facility, but I think it's
4 an asset for the community.

5 And then the next slide contains the
6 new simulcast facility, which will have its
7 own independents entrance and then, via
8 escalator and elevator, be connected up to
9 the gaming floor. And then the maybe
10 less-interesting, but nevertheless very
11 important back-of-house areas. And a lot
12 of thought is going into this to make a
13 very effective layout of operations for the
14 casino. And this is all designed for
15 future expansion.

16 And this is a rendering of the
17 permanent casino. Again, the goal was not
18 to create something historic, but to create
19 something that was very contemporary, a lot
20 of high-energy, high-quality materials.
21 You see large video screens here, but you
22 also see the central glass atrium space
23 that represents the main entry.

24 And then these are elevations. This

1 is the main elevation of the new facility.
2 And, again, in addition to the screens and
3 the central glass atrium we see store
4 windows to the side. The materials that we
5 envision at the entrance to this building
6 would be a combination of stone and metal,
7 so these are high-quality materials that
8 we're talking about.

9 And then these represents the site
10 elevations. And, again, you can just see
11 that the goal here is to create a statement
12 with the architecture, something that's
13 strong and something that's contemporary.
14 Both restaurants will have natural light.
15 In one case, looking out to the natural
16 swamp area immediately to the north of the
17 site.

18 Then I wanted to talk a little bit
19 about the interiors. What you're going to
20 see in the next several slides are
21 photographs of the Parx facility. And I
22 can say this with a lot of confidence,
23 we've had the opportunity to work with
24 different gaming operators, and resorts

1 certainly make higher investments than
2 regional facilities.

3 But I have to tell you that the Parx
4 interiors, and I would encourage you to
5 visit, if you haven't, are resort-level
6 interiors. These are very high-quality
7 finishes, very high-quality design. And I
8 think that these photographs give a good
9 indication of the quality of the interior
10 space, the space most interacted with the
11 guests, what that will be at Parx Raynham.

12 Here you see a variety of different
13 elements of their casino from the
14 entertainment bar to the player's card
15 area, which is part of their ongoing
16 registration. Entertainment bars, which
17 will sit in the center of the casino, and
18 then a signature restaurant. On this
19 particular case, it's a sports bar. I
20 think that they're continuing to evaluate
21 whether what would be the right operator
22 for this facility.

23 And then, finally, one of the really
24 interesting aspects for us about this site

1 is that with a hundred acres there's
2 tremendous opportunity. And while what
3 we've just discussed, the Phase 1 and Phase
4 2 casinos represent the extent of this
5 current application, we know that with this
6 site being identified as a stop for the
7 South Coast Rail Line, that there's a
8 number of opportunities to expand
9 development on this site.

10 So in this particular case, the dark
11 purple represents the Phase 2 casino, the
12 light purple represents a very natural
13 expansion to include additional
14 entertainment and other uses. Possibly
15 nightclub, possibly additional meeting
16 space, the opportunity for a hotel and then
17 linking back to the rail station, which is
18 this darker orange rectangle to the rear of
19 the site. And we think that that rail
20 station in the casino could act as anchors
21 and that a strip of development between the
22 two would be a very natural evolution on
23 the site. This particular plan includes
24 3,600 parking spaces. So we know that not

1 only in terms of development buildings, but
2 in terms of the site infrastructure that
3 supported, in particular parking, that this
4 site lends itself well to serious
5 consideration for future development.

6 And on that point, I'd just like to
7 make several points. And that is that the
8 site is already intensely developed. And
9 in terms of redevelopment, in terms of
10 restoration of natural resources, that's an
11 advantage to us. The infrastructure that
12 is on the site today, the water, the power,
13 the sewer, is sufficient to support the
14 temporary casino. That's part of the
15 reason that we can do that fairly quickly.
16 The infrastructure to the site is
17 sufficient to support the Phase 2, the new
18 casino. We will, of course, add new water
19 lines and new power on site to support
20 that. But getting to the site, it exists
21 today.

22 The site has, as Tony has mentioned,
23 has been a site for gaming an entertainment
24 for decades, and it is designed to handle

1 the kind of traffic that we envision for
2 this particular facility. The one
3 improvement will be the road widening and a
4 new traffic signal at the main entrance.

5 As I've mentioned, it is a site that
6 really lends itself well to future
7 expansion. And, finally, we know that in
8 that expansion, or even in the early phases
9 of development, we will provide more green
10 space on this site than exists today, and
11 we believe at full development over
12 25-percent improvement in terms of the
13 greening of the facility.

14 And the last point I would look to
15 make is sustainability and LEED. And on
16 this point, I will have to give my client
17 credit. He's right. This is a difficult
18 slide to read. The point we were trying to
19 make here is it's sustainability, and in
20 particular meeting the LEED requirements as
21 established by the USGBC. It's more than
22 just providing solar panels on your site.
23 It's a hard process, it's a complex
24 process. Our firm's been involved in a

1 number of LEED Gold facilities. We are, in
2 fact, going to have photovoltaic cells on
3 our site. We believe that as much as 15
4 percent of the power for this facility can
5 come from solar. But that's not enough to
6 get you there. And there's a whole series
7 of aspects of the site. From energy to
8 materials, to site sustainability that are
9 necessary. And we believe across all those
10 categories we will achieve points. In
11 fact, we feel confident sitting here today,
12 that we can achieve 50-plus points required
13 for LEED Silver certification.

14 However, we think there's some
15 unique opportunities here. Possibly, the
16 provision of a second bus line, use of
17 potable water in terms of irrigation, that
18 we could pretty quickly get up to the LEED
19 Gold. So we're here today to commit to
20 LEED Silver, but a strong desire to strive
21 for LEED NC gold.

22 MR. RICCI: Thank you very much,
23 Eric. My next presenter who reviewed the
24 projects program is Tom Erickson. He's the

1 executive vice president with Tishman
2 Corporation. He's based here in the Boston
3 area.

4 MR. ERICKSON: Thank you very much
5 Tony, George, members of the Commission,
6 thank you. So as Tony said, we're on the
7 team, and we have studied both the schedule
8 for the permanent casino as well as the
9 temporary casino provisions. And we looked
10 hard at the temporary facilities, looked at
11 existing conditions, worked with Eric's
12 group as far as design requirements and
13 bringing the building up to code. And with
14 quite confidence, we've developed a
15 critical path schedule that shows a
16 six-month completion. So six months from
17 award, this facility will open.

18 And in studying the schedule we
19 benefited greatly from our existing local
20 resources. We've been in business here for
21 30 years, we're a national builder. So our
22 existing resources, our superintendents and
23 project managers are very well versed in
24 the building code, Mass. building code.

1 Very well versed and experienced in
2 renovations. We have extremely strong
3 labor relations with organized labor. And,
4 lastly, and very important, we're casino
5 builders. Both in Atlantic City and Las
6 Vegas, Nevada we've completed significant
7 projects, and we've -- we're the executive
8 construction manager on City Center in Las
9 Vegas and multiple projects in Atlantic
10 City. So we can bring to bear everything
11 that's necessary to ensure the delivery of
12 this facility, and again with great
13 confidence, a six-month schedule for the --
14 for the temporary casino.

15 MR. RICCI: Do you want to review
16 the permanent timeline too, Tom?

17 MR. ERICKSON: Absolutely. So the
18 permanent timeline as -- we studied with
19 Tony's casino in Bensalem. And we looked
20 very closely at the finishes that Eric
21 spoke to and the finishes are significant.
22 And so, as we developed that schedule we
23 factored the finishes in, and an 18-month
24 schedule is the critical path schedule that

1 we developed. And with great confidence,
2 we see that as the timeline.

3 Again, these finishes are
4 substantial. It's a terrific-looking
5 facility. And so I would say 16 months
6 maybe, for a typical casino of this size,
7 but given the high level of finish, 18
8 months is the schedule for this one.

9 MR. RICCI: Thank you very much,
10 Tom.

11 MR. ERICKSON: Great. Thank you.

12 MR. RICCI: Our next presenter is
13 John Dixon, he's our chief technology
14 officer. With the evolution of the gaming
15 industry from standalone slot machines to
16 now networked systems that require
17 extensive security and backups and
18 protections, technology's a critical
19 component of our business. We're very
20 proud to have one of the best technical
21 teams in the world led by John, who's been
22 with us since 1990. John.

23 MR. DIXON: Thank you, Tony. Good
24 afternoon. I lead the Parx technology

1 group, as Tony said, and over the years
2 we've assembled a dedicated group of
3 technology specialists with a wide range of
4 skills, and that allows us to be very fast
5 and flexible in developing systems for our
6 operations. I just wanted to run through a
7 few of the types of people that we employ
8 on the team.

9 We have a number of Web developers,
10 who create all of our Web sites, social
11 media, such as Facebook and Twitter, and
12 all of our Web-based kiosks and services.
13 We have multimedia graphics artists. We
14 produce all of our audio and video content
15 for our operations. And that means for our
16 Web sites for radio, television and digital
17 signage inside and outside the property,
18 like the big LED screens that you saw
19 earlier on the design for the Raynham
20 Casino.

21 We have a number of application
22 developers. These are skilled programmers
23 in a wide variety of languages that develop
24 tools that our managers use and tools that

1 our staff use in order to manage the
2 business, give good service to our
3 customers, and also our sophisticated
4 business intelligence tools that we use to
5 continually monitor and improve the
6 business.

7 System administrators, they monitor
8 and ensure that all of our systems are
9 working at peak performance 24/7.

10 Obviously, it's very important in a 24/7
11 business that we don't have any downtime.
12 They also perform first- and second-level
13 maintenance and liais with our outside
14 vendors as needed to make sure everything's
15 working.

16 Gaming systems managers, very key,
17 dedicated people with extensive Bally
18 Gaming Systems, who is our system operator
19 of choice. Strong liaison with the
20 marketing department so that we can
21 implement marketing plans in the Bally
22 system so that Marc's marketing plans can
23 be as effective as possible.

24 Help desk. We have a 24/7 help desk

1 that really is aimed at helping all of the
2 other departments within the casino. So
3 whatever technical problems they have, they
4 have one phone number to call. We take
5 that call and then we'll assign the right
6 people to actually fix whatever the problem
7 is. And then IT techs, who are basically
8 the guys who get down and dirty on the
9 floor who actually have the tools an fix
10 things as needed.

11 A big point I think that you've
12 probably picked up already from our
13 presentation is our customer service focus.
14 It's a key metric for our business, and
15 we'd like to think we do it better than
16 anybody else. And a lot of that comes from
17 technology that we develop, which is
18 totally aimed at helping provide that
19 excellent customer service that we
20 constantly strive for.

21 Give you some examples of some of
22 those things that we've done. Our drink
23 service from slot machines. Our customers,
24 once they're sitting playing a slot

1 machine, can order a drink using the small
2 LCD display on the slots machine called an
3 Eye View, and that drink will be delivered
4 to them by a world-famous Paquettes, who
5 are a big part of our brand.

6 Automated slot dispatch. This one
7 really is designed to help efficiency when
8 guests win a jackpot or there's a problem
9 with a game and they need someone to come
10 and help them. We have an automated system
11 that tracks all those sort of events that
12 happen in slot machines in real time, and
13 it sends the message to a handheld device
14 that the player service reps carry, and
15 this helps to get the right person to the
16 right customer as quickly as possible. And
17 some of our things like jackpot processing
18 times, we have some of the shortest times
19 in the industry when we look at that at
20 other casinos.

21 Self-service kiosks, another
22 important part of our technology. Players
23 can go up to our self-service kiosk, they
24 can get all the information they need about

1 their comp balances, how many sweepstakes
2 entries they have. They can print
3 Matchplay coupons, if they're a Title 1
4 player. I know that probably doesn't apply
5 here, but it's one of the things we can do.
6 They can order their car from valet parking
7 so by the time they walk to the -- to the
8 the valet pick up, their car will be there
9 waiting for them. All things that help
10 customer service.

11 My Account is a dedicated section of
12 our Web site where customer can see all of
13 their information in one place. They log
14 on using their account number and pin --

15 CHAIRMAN CROSBY: Excuse me, I just
16 want to give you a heads-up, you've got 30
17 minutes.

18 MR. RICCI: I've been watching too.

19 MR. DIXON: Okay. And everything
20 that they need is all there all in one
21 place.

22 Award-winning digital signage. We
23 won an award last year at the Digital
24 Signage Expo in Las Vegas for the best

1 signage in an entertainment venue. When
2 you've seen in the design that we're
3 including a lot of large LED screens on the
4 outside of the building, as well as a
5 number of screens inside the building as
6 well. And I'll move on to the next slide,
7 please, Marc.

8 Just some examples of the innovative
9 technology that we've designed, developed
10 and installed within our operations. We
11 were the first U.S. casino to have a
12 high-speed slot floor. So all of our floor
13 is high-speed ethernet. And that allows us
14 to do things like video streaming onto the
15 slot machines so you can sit and watch some
16 video on the slot machine. It also makes
17 us 100 percent ready for server-based
18 gaming, which is going to be one of the
19 next big things that happens in gaming over
20 the next three or four years.

21 We're the first casino in the U.S.
22 will a fully digital surveillance system.
23 And that's important because it gives us
24 the best quality video so that we can see

1 exactly what's going on on the casino floor
2 and ensure that we are, you know, offering
3 a fair and good experience to everybody and
4 no one is finding a way to cheat us.

5 We were the first casino to use
6 flywheels for backup power. That's
7 important as well. Most operations you
8 have UPSs with big banks of batteries.
9 Batteries are something you have to replace
10 very frequently, they're also horrible to
11 recycle because they're full of lead, and
12 that's a huge problem these days. We use
13 flywheels, which is a new technology that
14 takes the place of batteries, virtually
15 maintenance free and you don't have all the
16 problems of recycling all those batteries.
17 So a very clean and green energy.

18 Data centers. We believe in
19 redundancy. We have two fully redundant
20 data centers at Parx in Pennsylvania, and
21 we intend to leverage that same technology
22 to provide backup services to our operation
23 here in Raynham, if we're fortunate enough
24 to win.

1 Distributed antenna systems. Very
2 important for -- particularly for the state
3 and local police. It's an antenna system
4 throughout the building that guarantees the
5 police can communicate wherever they are
6 inside our building. Very important. As a
7 secondary use, it also provides coverage
8 for WiFi and cell phones, both for the
9 company and for our customers.

10 The state exclusion database system.
11 We developed a database system to deal with
12 excluded players. The system that was in
13 place up to now is a kind of paper-based
14 system, not totally reliable. So we've
15 developed a database system, which the
16 Pennsylvania gaming control board are
17 actually looking at and considering
18 mandating for all casinos in Pennsylvania.

19 Tera data warehouse. We have a
20 sophisticated database system that we use
21 for our marketing efforts that Marc alluded
22 to earlier, and is also used by our finance
23 folks to track all of the business that's
24 going on within our property.

1 And then solar winds is our network
2 monitoring system we use where we can
3 actually keep track of every single device
4 that's connected to our network in the
5 casino, and we can often pick up problems
6 before they become serious problems. So
7 that's just some examples of our
8 technology. Thank you.

9 MR. RICCI: Thank you, John. As you
10 can see, we're in the technology business
11 too.

12 Our next presenter is Mr. Ron Davis,
13 who is our chief diversity and inclusion
14 officer and director of community
15 development. Ron's been with us for seven
16 years since we opened the casino in 2006,
17 and he has a lot to do with why we have
18 such an outstanding reputation within the
19 community and for our development efforts.
20 Ron.

21 MR. DAVIS: Thank you, Tony,
22 Mr. Chairman, Members of the Commission.
23 It is a great opportunity for me to talk
24 about some of the work that Parx has done

1 in the past. For what you do in the past
2 paints a great picture for the future.

3 First of all, if there's anything
4 you remember about these few moments I
5 spend with you it's sharing our success
6 with the community. That is our attitude.
7 That is our focus. To share our success
8 with the community. And we do it in many
9 ways.

10 We believe that Parx is an engine of
11 economic development. So we look at
12 opportunities to partner, we look at
13 opportunities to grow, not only our
14 business, but other businesses in the
15 community. We do it through diversity and
16 inclusion, through the workforce,
17 workplace, marketplace, community and
18 giving. And I'll go over those quickly for
19 you.

20 Workforce. Our workforce, we have
21 2,396 total employees as of June of 2012,
22 1,908 live in Pennsylvania. I was
23 fortunate to be one of the first, if not
24 the first, hired by Parx Casino, so I'm

1 very proud of that fact. And we're very
2 proud of bringing others along and take
3 advantage of being around the best of the
4 best. That's what we're looking for.

5 If you look at underrepresented
6 groups, in our talent pool we have 12
7 percent African-American, Hispanic
8 6 percent, 17 percent Asian and 38 percent
9 women. And that compares favorably, and in
10 some ways, overrepresented when we look at
11 Buck County census information on the next
12 page.

13 Our workforce. 17,000 online
14 applications. We are very aggressive. We
15 go out and do job fairs, not only in the
16 traditional areas. We go to churches, we
17 go to wherever people are who need jobs,
18 because that's what it's all about. Jobs.
19 Jobs. Jobs. Whatever we say with screens
20 and we say with charts, it's about jobs.
21 It's creating a sense of people having to
22 feed their families every day. And that's
23 what we're mindful when we do this.

24 We have 11 job fairs since 2011 and

1 65 percent of employees live within a
2 15-mile radius, 25 percent of our employees
3 live within a five-mile radius, and we grow
4 talent locally.

5 Workplace. We created 125 full-time
6 permanent, executive, managerial,
7 professional jobs. Seventy percent of all
8 advancement opportunities filled
9 internally, approximately 35 individuals in
10 three years. The development of new casino
11 professions, many of our -- or most of our
12 staff have not worked in a casino before
13 when we started growing our business. And,
14 again, local. And I know others have
15 mentioned it, but we really do local,
16 because we feel that we have an LBE, local
17 business responsibility to grow business as
18 an engine to develop, not only communities,
19 develop jobs and develop relationships.

20 MR. RICCI: As a point of
21 clarification, when Ron said 125 jobs, that
22 meant distinct job classes, not the number
23 of people hired.

24 MR. DAVIS: Oh, yes. Thank you,

1 Tony. Construction. This is also exciting
2 for us. Total spent on construction for
3 June 30, 2009 was \$194 million. Of that
4 total, LBE, our local business was at
5 12.3 percent, which is \$40 million dollars.
6 Total MBE, WBE was at 20.6 percent, which
7 is -- from 2009 to 2012, \$40 million. Add
8 50 contractors and we had prebid meetings,
9 outreach meetings for MBE, WBE and LBE
10 vendors.

11 Vendor purchasing. And, again,
12 another exciting number because out of the
13 expenditures of -- from 2006 to 2013, \$1
14 billion -- 500 million or 514 million are
15 spent by LBE businesses. We've had 720
16 outreach meetings. Meaning again, we go
17 out and talk with vendors. We talk with --
18 we have how-to-do-business-with-Parx
19 sessions, which, certainly, is part of our
20 ongoing effort to reach our community.

21 Speaking of community, Parx giving
22 is second to none. We are generous
23 contributions to 740 local, state, national
24 and international organizations. Some of

1 that giving is listed on the next slide.
2 Scholarships and giving. We're giving to
3 churches and synagogues, places of food,
4 in-kind gifts. Sometimes there are parts
5 of the community that can't take and won't
6 take from the casino, and that's
7 understood. But we can give them other
8 in-kind gifts to mitigate some of the
9 problems in the community.

10 Senior health fairs. Support
11 through responsible gaming. And that is
12 part of our mission and part of our ongoing
13 focus. We also do community fairs and
14 festivals, and we're a part of Habitat for
15 Humanity. Our employees work -- at work to
16 build houses with Habitat Humanity.
17 There's a new project we call The Brush
18 With Kindness where they go and paint --
19 actually go out and paint houses for
20 seniors out in the community. So it's
21 very, very important to us.

22 And we do that by doing three
23 things. We listen, learn and we lead. And
24 we feel that when we listen, learn and

1 lead, we can help the community. We've
2 been recognized by U.S. Department of State
3 for our diversity inclusion efforts. We've
4 been recognized by Women's Business
5 Enterprise Counsel, an awards of excellence
6 at our Bucks County NAACP. And by the way,
7 we are a member of the NAACP. We are very
8 aggressive in being part of all of the
9 boards in the area, all the councils and
10 boards, the Chambers of Commerce. We
11 received the Bensalem Jewish Community
12 Outreach Award, Bucks County YWCA Award,
13 and Bensalem Business Generation Award.
14 And we have this history of continued
15 philanthropy.

16 And what our focus is to develop a
17 legacy. A legacy that goes beyond us that
18 continues to help the community grow, that
19 continues to work and partner with the
20 community.

21 We get -- and I get hundreds of
22 letters of thank you every day from the
23 things that we do, because we give a lot of
24 money, support and manpower to the

1 community. But this, to me, is an
2 outstanding representation, of what Parx
3 giving is all about. This is a letter from
4 a student. He says, "Dear, Mr. Ron Davis
5 and Parx Casino, I'd like to say thank you
6 on behalf of myself, Bhavin Patel, and my
7 family for awarding me a Parx scholarship,
8 2013 scholarship. This means a lot to us
9 because it helps me further my education.
10 With this that you have given me, I hope to
11 make you, along with my family, proud. You
12 have shown me that hard work truly does pay
13 off. As of now, I am hoping to go into
14 medical field to become a physician. By
15 awarding me this scholarship, I am one step
16 closer to my goal. I hope that one day
17 when I become successful, give a student in
18 need a scholarship the way you have done
19 for me. I truly appreciate the honor and
20 will never forget this. Thank you very
21 much." That sums up our giving. Of all
22 the greats things we do of giving, this
23 letter cuts through all of that. I thank
24 you.

1 MR. RICCI: Thank you, Ron. And you
2 can see that our efforts led by Ron that
3 complement what George's does in his
4 community very well.

5 Our next presenter is Mr. Tom
6 Bonner. He's our vice president and legal
7 counsel. He'll review the status of our
8 host and surrounding community agreements,
9 and also give you an overview of our
10 compliance initiatives.

11 MR. BONNER: Good afternoon,
12 Mr. Chairman and Commissioners, it's good
13 to be before you again. Before I talk
14 about the Host Community Agreements, I just
15 wanted to mention one thing, Marc
16 Oppenheimer had mentioned the significance
17 of partnership as one of our key marketing
18 strategies. Tony had talked about the
19 importance of partnership generally and
20 partnering with our local representative,
21 Mr. Carney, and we've also begun that
22 partnership already. We executed, in
23 August, an agreement with the Massachusetts
24 Casino Careers Training Institute in order

1 to develop a program for training, if we
2 are awarded the license. So we already
3 have a very important training platform in
4 place with a local, recognized educational
5 institute to move forward.

6 The Host Community Agreement was
7 executed with Raynham on June 11th and was
8 approved by the community shortly
9 thereafter. The agreement requires Raynham
10 Park to bear expenses incurred by the
11 township in connection with reviewing the
12 application, processing permits, basically
13 getting us up to speed. So whatever is
14 incurred by the township will be reimbursed
15 by the applicant moving forward.

16 More significantly, the agreement
17 requires some substantial cash payments to
18 the town. We've committed a \$1 million
19 annual mitigation payment, which will
20 increase beginning the fifth year by
21 2.5 percent through the 20th year. So by
22 the 20th year that dedicated cash payment
23 will be about \$1.5 million. We've also
24 agreed to make a capital cost payment each

1 year to be used by the town to fund its
2 capital expenses, and that's in the amount
3 of \$100,000.

4 We've agreed to fund dedicated
5 improvements for the Route 138 business
6 corridor facade improvements. Also,
7 significantly we've agreed to mitigate
8 certain transportation impacts that will be
9 created as a result of the casino
10 operation.

11 Those transportation improvements
12 have been specifically identified in a
13 study that we have worked on and submitted
14 to the town. And the estimate is about
15 \$1.5 million for work to be done within the
16 town itself, and about a quarter of a
17 million dollars for work to be done outside
18 the town of Raynham.

19 We've also committed to do things
20 such as offering hiring preference to
21 residents of the town, for both
22 construction and operational jobs. We've
23 agreed to support local business, as Marc
24 Oppenheimer had mentioned, through these

1 local partnerships. And we intend to do
2 that in conjunction with the rewards and
3 player loyalty programs that we will
4 operate for our customers. So the local
5 business community will benefit from those
6 customer loyalty programs that we'll be
7 setting up.

8 As Ron just indicated, we have a
9 history of philanthropy and we intend to
10 continues that by dedicating to nonprofits
11 and charities that benefit Raynham citizens
12 in particular, as well as residents of the
13 general southeast Massachusetts region.

14 Turning to the Surrounding Community
15 Agreement, we understand, full well, the
16 importance of the surrounding community's
17 process and we're fully committed to it.
18 And now that we've gotten that October 4
19 application behind us, we're able to
20 dedicate more time to the process, but we
21 haven't been asleep at the switch on this.
22 We've already designated the town -- the
23 towns of Taunton and Easton as surrounding
24 communities. We've had extensive

1 negotiations and discussions with those
2 towns. We're close to an agreement with
3 one, we've made good progress with another.
4 And we think that with respect to those two
5 towns we're where we need to be to get
6 something done. We're targeting the
7 October 31 completion date that the board
8 has mandated for those towns.

9 We've also met with representatives
10 of nine of the 10 local communities that we
11 feel it was appropriate to contact. One
12 community just did not request a meeting.
13 We would have been 10 for 10. We've not
14 declined surrounding community status to
15 either of those communities, and we do
16 intend, as I said, to rededicate our
17 efforts to that process in the coming
18 weeks.

19 We have formally designated Taunton
20 and Easton as surrounding communities. We
21 submitted the required letter to them on
22 October 2nd. We're still within that
23 10-day period for them to respond to us
24 that they accept that designation. And I

1 think importantly, mayors of surrounding
2 towns in Taunton, and also in Brockton
3 where we proposed the harness racing
4 operation, have issued letters that support
5 our application.

6 Turning next to the lottery
7 agreement, we're pleased to report that we
8 did execute an agreement with the Lottery
9 Commission on October 2nd. I think it's
10 important to bear in mind that what this
11 agreement does is provide for a
12 continuation of the existing partnership
13 that the Raynham Park facility has had with
14 the Lottery Commission for many, many
15 years.

16 Raynham Park currently offers all
17 lottery products at the racing facility.
18 And we've agreed in the lottery agreement
19 with the Commission, that we will provide
20 no fewer than 10 self-service,
21 player-activated terminals in the temporary
22 casino, and we've agreed to locations where
23 they will be. They'll be at high-traffic
24 areas. They'll be next to the parimutuel

1 range -- wagering windows, they'll be
2 adjacent to the cashier cages, they'll be
3 at entry areas to bars and simulcast
4 locations.

5 We've also agreed where we will --
6 we've also agreed that in the permanent
7 casino we will increase the number of
8 lottery outlets and terminals above that 10
9 number to a number that we agree upon with
10 the Lottery Commission.

11 We've also specifically agreed that
12 we will provides sale and cash -- sale and
13 cashing of lottery on line and lottery game
14 tickets at the property at the cashier
15 windows. We'll provide sale of lottery
16 online tickets and game tickets at retail
17 stores that are going to be located within
18 the property. We're going to offer keno in
19 bar and lounge areas, and in any
20 entertainment facilities that may be part
21 of the project. We're also going to
22 provide a cashing facility for prizes of
23 \$600 or more.

24 And, as Eric Rahe had mentioned,

1 although we're committing to Phases 1 and
2 2, there is a Phase 3 market-dependent
3 project that would include a hotel. And if
4 that were to come to pass, we have also
5 agreed with the Lottery Commission that we
6 would provide lottery products, including
7 keno, in the hotel at locations that we
8 would agree upon with the Lottery
9 Commission.

10 Final topic I'll address is
11 regulatory compliance. You will recall
12 that we addressed this with you at the
13 suitability hearing. We return to it today
14 because of the significance of this issue
15 to a successful casino operation.

16 Parx Casino in Pennsylvania has
17 developed a commendable record of
18 regulatory compliance in Pennsylvania, and
19 we will bring to Massachusetts the
20 organizational and governance structure,
21 policies and procedures that have enabled us
22 to achieve that record in Pennsylvania.
23 Several key components of this performance
24 record I'll discuss.

1 The compliance committee of the
2 board of directors, that is a three-member
3 committee comprised of members of the
4 parent company board of directors. These
5 are nonexecutive directors, outside
6 directors at the parent level. This board
7 meets monthly with key staff at Parx
8 Casino. General counsel, compliance
9 officer, director of internal audit and
10 director of surveillance. We all meet with
11 the compliance committee monthly. The
12 compliance committee actually reviews
13 internal audit reports that are prepared by
14 our on-site Parx Casino director of
15 internal audit, and we discuss regulatory
16 and compliance exceptions that may be noted
17 in those reports, and we receive
18 instruction and direction from the
19 committee members.

20 As I mentioned to you when we met at
21 the suitability hearing, minutes of these
22 monthly meetings are recorded and they are
23 filed with the Pennsylvania gaming control
24 board on a monthly, current basis.

1 We also have a compulsive and
2 problem gambling plan that governs
3 operations at our Pennsylvania casino.
4 This is a plan that is approved by the
5 gaming control board and it is reviewed
6 annually by our internal compliance
7 officer, and it's modified as required or
8 as we recommend.

9 This plan directs specific
10 procedures for the frontline staff with
11 respect -- with respect to issue that deal
12 with problem gambling, alcoholic beverage
13 consumption, underage gaming prevention,
14 self-exclusion from gaming, and state
15 exclusion from gaming. The plan mandates
16 initial training for every employee in
17 frontline positions and refresher annual
18 training for folks in frontline customer
19 contact positions.

20 We also have mandatory training in
21 other areas. A casino's operations touch
22 many regulated areas that go beyond gaming,
23 and this requires specialized training of
24 certain staff persons. We have regulations

1 under the occupational safe and health --
2 safety and health act, OSHA. That law
3 requires every employee to be trained, even
4 folks who, like me, work in the office.
5 There's certain training we have to undergo
6 under OSHA, and then there's specialized
7 training for staff who work in carpentry,
8 electricians, other folks in some of the
9 trades.

10 We have Title 31 training that's
11 mandated under the Federal Bank Secrecy Act
12 that deal with casino currency transactions
13 that occur on a daily basis on the floor,
14 and also deal with transactions that are
15 deemed suspicion under the Bank Secrecy Act
16 regulations.

17 We have compulsive and problem
18 gambling training under the plan that I had
19 mentioned that is approved by the gaming
20 control board and reviewed annually.

21 We have Tips, which is alcoholic
22 beverage server training for not only folks
23 who serve beverages, like bartenders and
24 cocktail servers, but for other employees

1 in front of house positions who have
2 customer contacts. This includes security
3 officers, surveillance operations who are
4 monitoring activities on the floor, valet
5 parking attendants who are giving car keys
6 to people to drive away. Player service
7 representatives who work in the slot areas
8 on the floor, and even our cleaning staff
9 are trained in Tips to recognize evidence
10 of folks who maybe have had too much to
11 drink.

12 No employee who directly serves
13 alcoholic beverages is permitted to work a
14 minute on the floor until he or she has
15 received Tips training. And Tips requires
16 an annual -- a three-year certification,
17 and nobody can continues working beyond the
18 three years, unless that training has been
19 completed.

20 And, finally, we have specialized
21 dram shop training that goes beyond the
22 Tips training. We bring our outside
23 counsel in with our risk manager, and once
24 a year we train the direct beverage service

1 staff on more advanced procedures and
2 issues concerning dram shop and alcoholic
3 beverage law requirements.

4 And, finally, you will see this as
5 part of our application, but we operate in
6 Pennsylvania, as do most casinos, under a
7 very extensive system of internal controls.
8 They govern all areas of operation. They
9 are submitted to the gaming control board
10 for approval, and they become our contract
11 with the Gaming Commission.

12 That is the basis on which we
13 conduct our business. We agree to follow
14 those procedures as we operate our casinos.
15 We found that a detailed, written set of
16 procedures that affect and direct the daily
17 operating activities have proven to be an
18 effective guide for all of our staff in the
19 various operating and support departments.
20 And I'll turn it back over to Mr. Ricci at
21 this time, Mr. Chairman, and thank you for
22 your time.

23 MR. RICCI: Thank you, Tom. It
24 looks like we beat the buzzer. And I think

1 our team did an outstanding job of
2 providing clear and convincing evidence to
3 support my opening remarks. So I'd like to
4 reiterate them one more time. We have the
5 best location. We have a powerful benefit
6 to the state by opening first to market,
7 which, as I had said earlier, if we open a
8 year before the other casinos that
9 generates \$400 million of additional
10 economic output for the state versus the
11 other applicants' and \$138 million of tax
12 revenue, which is very powerful.

13 In addition, because we are certain
14 we have the best location, there are
15 ongoing benefits for tax revenue beyond the
16 other -- compared to the other locations.

17 We have a great team with George's
18 team and our team collaborating together to
19 fully develop the market and work with the
20 communities. And I think the safety net
21 we've thrown to the harness racing, with
22 our plan to race at Brockton Fairgrounds,
23 offers them a soft landing and not a
24 disastrous outcome, if Plainridge were not

1 to receive the award. And again, as Eric
2 Rahe mentioned before, when you look at
3 that site, there's plenty of development
4 opportunity beyond these first two phases.
5 The other applications really don't have
6 that potential. And we have the South
7 Coast Rail Line Station designated to stop
8 there, which gives tremendous opportunity
9 to develop that location. So I thank you,
10 but in keeping with our 50/50 partnership,
11 my partner, George, will close out the
12 session. Thank you.

13 MR. CARNEY: I want to thank
14 everybody on the Commission. It really
15 makes me very proud to be here at 85 to be
16 one of the final applicants, I'll be honest
17 with you, and I want to just say this, that
18 I'm leaving here today, I feel even prouder
19 that I made the right decision. I had a
20 lot of interviews with different
21 competitors. And I know one thing, I made
22 the right choice. And, hopefully, the
23 Commission will make the same choice that I
24 feel should be made. And thank you very

1 much for your time.

2 CHAIRMAN CROSBY: Thank you.

3 COMMISSIONER MCHUGH: Thank you.

4 COMMISSIONER STEBBINS: Thank you.

5 COMMISSION ZUNIGA: Thank you.

6 COMMISSIONER CAMERON: Thank you.

7 CHAIRMAN CROSBY: Any questions?

8 Thank you all, folks.

9 That terminates our three
10 presentations. I think everybody will
11 agree, and I'm sure I can speak for the
12 Commission that we're going to have a
13 really tough choice. We've got three,
14 really credible, professional, integrious
15 folks, which we're very pleased with, and
16 we will do our best and make our best
17 judgment by the end of December or the
18 first week or so of January. Thank you all
19 for your time.

20 COMMISSIONER MCHUGH: Thank you.

21 COMMISSIONER STEBBINS: Thank you.

22 COMMISSIONER CAMERON: Thank you.

23 COMMISSION ZUNIGA: Thank you.

24 (Proceeding concluded at 3:58 p.m.)

GUEST SPEAKERS:

David Cordish, The Cordish Companies

Joseph Weinberg, The Cordish Companies

Stephen McCarthy, UMass Lowell

Eric Schippers, Penn National Gaming

Timothy Wilmott, Penn National Gaming

Jay Snowden, Penn National Gaming

Cori Whitacre, Penn National Gaming

Tony Ricci, Greenwood Racing, LLC

George Carney, Carney Group

Randall A. Fine, The Fine Point Group

Marc Oppenheimer, Parx Casino

Eric Rahe, BLT Architects

Thomas Erickson, The Tishman Corporation

John Dixon, Parx Casino

Ron Davis, Parx Casino

Thomas C. Bonner, Esq., Parx Casino

C E R T I F I C A T E

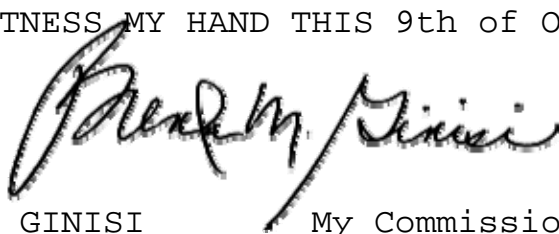
I, Brenda M. Ginisi, Court Reporter, do hereby certify that the foregoing is a true and accurate transcript from the record of the proceedings.

I, Brenda M. Ginisi, further certify that the foregoing is in compliance with the Administrative Office of the Trial Court Directive of Transcript Format.

I, Brenda M. Ginisi, further certify that I neither am counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken and further that I am not financially nor otherwise interested in the outcome of this action.

Proceedings recorded by verbatim means, and transcript produced from computer.

WITNESS MY HAND THIS 9th of October
2013.



BRENDA M. GINISI

My Commission expires:

Notary Public

July 11, 2014