

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

* * * * *

IN RE: HOLDINGS ACQUISITION CO., L.P., d/b/a RIVERS

CASINO PITTSBURGH

DOCKET NUMBER OHA-11569-2024

* * * * *

HEARING

* * * * *

BEFORE: MEMBERS OF THE BOARD:

DENISE J. SMYLER, CHAIR

Frank Dermody

Shawn Dillon

David S. Hickernell

Sara Manzano-Diaz

Nedia Ralston

Frances J. Regan

Reporter: Autumn Karper

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

MEETING: Wednesday, April 24, 2024

10:04 a.m.

LOCATION: Pennsylvania Gaming Control Board

Commonwealth Tower

Strawberry Square Complex

303 Walnut Street, 2nd Floor

Harrisburg, PA 17101

WITNESSES: Andre Barnabei, Derek Peluso

A P P E A R A N C E S

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

DAVID TEPPER, ESQUIRE

PA Gaming Control Board

Office of Enforcement Counsel

303 Walnut Street

Commonwealth Tower

5th Floor

Harrisburg, PA 17101

Counsel for Office of Enforcement

JOHN M. DONNELLY, ESQUIRE

Donnelly Law

24 Georgetown Court

Linwood, NJ 082

Counsel for Holdings Acquisition Company, L.P.

d/b/a Rivers Casino Pittsburgh

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

I N D E X

DISCUSSION AMONG PARTIES	5 - 7
OPENING STATEMENT	
By Attorney Donnelly	7 - 8
PRESENTATION	
By Mr. Barnabei	9 - 11
By Mr. Peluso	11 - 14
By Mr. Barnabei	14 - 20
COMMENTS	
By Attorney Donnelly	21 - 25
QUESTIONS	
By Attorney Tepper	25 - 28
By Mr. Dillon	29 - 30
CLOSING STATEMENT	
By Attorney Tepper	30 - 31
By Attorney Donnelly	31 - 32
DISCUSSION AMONG PARTIES	32 - 33
CERTIFICATE	34

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

E X H I B I T S

		Page	Page
<u>Number</u>	<u>Description</u>	<u>Offered</u>	<u>Admitted</u>
<u>Petitioner Exhibit:</u>			
1	PowerPoint Presentation	32	32

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

P R O C E E D I N G S

CHAIR : We will now hear from
Holdings Acquisition Company, L.P., doing business as
Rivers Casino Pittsburgh, and the Office of
Enforcement Counsel regarding River's Petition to
Reconfigure Gaming Offerings and Revise the Gaming
Floor. I would note for the record that Rivers
Counsel, John Donnelly, is participating remotely,
pursuant to request he made in advance to the Board's
OEC which was approved. His client's
representatives, however, are all present in the
Hearing Room.

1 With that being said, I would ask if
2 there are any non-attorneys who will be presenting
3 evidence today in this proceeding that you please
4 stand to be sworn in by the Court Reporter at this
5 time.

6 COURT REPORTER: Please raise your
7 right hand.

8 ---

9 (WHEREUPON, WITNESSES SWORN EN MASSE)

10 ---

11 CHAIR: Thank you. I would also ask
12 that everyone who's going to speak to please state
13 and spell your name for the Court Reporter prior to
14 your speaking.

15 Mr. Donnelly, can you hear us?

16 ATTORNEY DONNELLY: I can, thank you.
17 Good morning, everyone. Can you hear me?

18 CHAIR: Yes, we can. Yes, we can.

19 With that confirmation - with that confirmation, I'm
20 going to ask Rivers to begin.

21 ATTORNEY DONNELLY: Thank you, John
22 Donnelly, D-O-N-N-E-L-L-Y, on behalf of Rivers

1 Pittsburgh, who has the unfortunate corporate name of
2 Holdings Acquisition Co. We're here today to follow-
3 up on a Petition that was filed in February and has
4 been subject to a great deal of effort on the part of
5 the FIU on the OEC and others to review what we put
6 in the Petition and the responses that we gave to
7 those inquiries.

8 What we're looking for today is
9 permission from the Board to remove 302 machines from
10 the gaming floor, which will leave us with
11 approximately, 2,000 - actually 1,981 slot machines
12 on the floor. The purposes of these, obviously, are
13 to enhance our revenues. We are kind of in a shared
14 venture with the Commonwealth with regards to slot
15 machines because of the tax rate, which we all know
16 is an excess of 50 percent. We make money, and when
17 we make money, the Commonwealth makes money. So, we
18 don't take this lightly.

19 The purpose of this request and our
20 plan is to keep up with competition that has
21 increased and continues to increase from a number of
22 areas, including skilled slots, which we'll address a

1 little bit later on. The addition of a new
2 competitor in our backyard in the form of an
3 aggressive and good competitor in the form of Live
4 Casino. The proliferation of the aforementioned
5 skilled slot machines, more competition in Ohio and
6 West Virginia, and also sports betting and Internet
7 betting. All things that didn't exist in - when the
8 initial statute was passed and when table games came
9 into place.

10 And I have with me today Andre
11 Barnabei, who is our Assistant Manager, and I'm sure
12 to wreck Derek's name, Derek Peluso, who is the
13 Manager of Slots, who are both sitting at the table
14 and will address the PowerPoint. And with that, I'll
15 turn the PowerPoint and the presentation over to -
16 over to Andre, but with one - and I thank you. I
17 appreciate allowing me to participate remotely is a
18 great accommodation and thank you for that. Andre?

19 MR. BARNABEI: Thank you. Andre
20 Barnabei, A-N-D-R-E, B-A-R-N-A-B-E-I. Good morning,
21 Chairperson Smyler, Members of the Commission and
22 Members of the Gaming Control Board, we want to thank

1 you guys for allowing us to be here today to present
2 our Petition for a Gaming Floor Reconfiguration and
3 for working with us over the past few months to get
4 into the analytics behind the information that we
5 provided and the good back and forth that we had to
6 get here today.

7 My name is Andre Barnabei. I'm the
8 Assistant General Manager at Rivers Casino in
9 Pittsburgh. I've been with the company now for more
10 than 16 years, and I've been in the gaming business
11 for over 25 years in a variety of roles, both in the
12 State of Pennsylvania and the State of West Virginia.
13 In my role currently and in previous roles, my job is
14 to make sure that we increase revenues and run an
15 efficient business and those are some of the things
16 that we want to talk about today.

17 We also have the ability and the need
18 to address our customer demands and what they are
19 looking for in our market to make sure that they come
20 back to us as a casino of choice. With that, I'd
21 like to take us through where we are today and what
22 we're looking to do. We're looking to reconfigure

1 our gaming space, which currently consists of 2,283
2 slot machines, by removing 302 units noted in the
3 chart there at the top. The number of slots, the
4 reduction, leaving us with a total of 1,981 units.

5 Our proposed reconfiguration will
6 allow us to create a better gaming environment for
7 our players by introducing things such as wider
8 pathways, less middle seats and a more comfortable
9 banking configuration. Things like more carousel
10 banks. A reduction is necessary to achieve that due
11 in part to the size of the new slot machines, which
12 Derek will show you here shortly.

13 We also had some recent additions and
14 changes to our facility. We added a new Starbucks
15 right near our main entrance from our parking garage,
16 and we also added a metal detection system, which
17 takes up more real estate as you come in the
18 building. We have a service bar in that area as
19 well, and that is an area that we will reconfigure if
20 we are granted permission for this Petition.

21 As you will see here in the near
22 future, our current supply of slot units is

1 significantly higher than what our guest demand is
2 for those units. This proposal will not impact the
3 counts for table games, ETGs or poker tables as
4 indicated in the chart above. Again, our goal is to
5 maximize our slot revenue by offering the best
6 available player experience.

7 With me today, I have Derek Peluso who
8 is our current Director of Slots. Derek actually
9 started with the property in 2012 as an intern with
10 us. I'm going to turn it over to Derek for the next
11 few slides.

12 MR. PELUSO: Thank you. Good morning,
13 everybody. Derek Peluso, D-E-R-E-K, P-E-L-U-S-O. As
14 Andre stated, I'm going to walk us through the next
15 handful of slides that aim to support our Petition.

16 As you'll see on the slide in front of
17 us, there are two slot machines pictured. The slot
18 machine on the left is one that has been on our floor
19 since we opened nearly 15 years ago. Since we've
20 opened, the gaming industry has changed quite a bit.
21 Some of those changes include that slot machine sizes
22 continue to get bigger and bigger.

1 The most recent example of this is the
2 slot machine pictured on the right. This slot
3 machine is the Horizon Cabinet that is manufactured
4 by Light and Wonder. We're actually installing this
5 cabinet on our floor next month as the picture
6 suggests. And as you can confirm with the dimensions
7 listed on the right, this new slot machine is over
8 twice the size of the older one.

9 Slot machine sizes continue to grow.
10 However, our gaming floor has remained the same size.
11 In order for us to be able to continue to purchase
12 and place the very best slot machine products
13 available, we believe it's necessary to reconfigure
14 our slot floor. Next, I'd like to speak to our
15 current supply and demand. These charts illustrate
16 the highest occupancy percentages that we experienced
17 during a 12-month time period. The 12-month time
18 period that was used was from November 2022 to
19 October 2023 and this date frame was used because at
20 the time that we were putting this data together, it
21 was the most recent data available to us.

22 So, during this 12-month period, our

1 very highest occupancy for a one-hour period was 65
2 percent. Said differently, on our very busiest day
3 in a 12-month period, 35 percent of our slot machines
4 were not being played. About 800 slot machines not
5 being played on a very busy hour during a 12-month
6 period. This data certainly suggests that we have an
7 oversupply of slot machines to meet the current
8 demand.

9 This next table takes an even deeper
10 look at our supply and demand. It shows the average
11 occupancy per hour, per day of the week during that
12 same 12-month time period. As many of you would
13 likely guess, our busiest hours during the week are
14 Friday Saturday nights from 8:00 p.m. to 10:00 p.m.
15 As you can see on this chart, at our very busiest
16 hours of the week, only about 45 - only 40 percent of
17 our slot machines are being occupied on average. So,
18 said differently, about 60 percent of our slot
19 machines are not being occupied.

20 To summarize, our slot occupancy and
21 the current demand, this last chart on the subject
22 again looks at the average occupancy per hour for

1 each day of the week during this 12-month period. We
2 never averaged 45 percent or higher occupancy at any
3 point during the week, including our very busiest
4 weekend hours.

5 Before handing it back to Andre, I'd
6 like to go over a few more reasons that we believe
7 justify our reconfiguration proposal. We consider
8 our slot floor to be pretty old. If you look at the
9 chart in front of us, you can see that we have over
10 500 slot machines that have been on our floor since
11 we opened and are now 14-plus years old. With this
12 reconfiguration, we plan on removing the lowest
13 performing and oldest units.

14 In fact, the average age of the units
15 that we plan on removing is over 11-years old. Now,
16 why do we want to get rid of the old stuff? That's
17 because our analysis tells us that the newer machines
18 outperform the older ones by 55 percent. In addition
19 to the performance, it's also costly to keep the
20 older machines up and running. Each year, as parts
21 become more scarce, they become more expensive.
22 Despite these rising costs, Rivers has continued to

1 reinvest in our slot floor.

2 In fact, last year in 2023, Rivers
3 spent \$2.9 million on new slot machine product. Now
4 I'd like to hand it back to Andre to continue our
5 presentation. Thank you.

6 MR. BARNABEI: Thank you, Derek. So,,
7 as I mentioned, our roles and our responsibility are
8 to increase revenues not only for Rivers Casino, but
9 for the State of Pennsylvania, and to do so
10 responsibly and to manage our business.

11 I'd like to review some of the history
12 that we've had, some of the changes that have
13 occurred to our competitive landscape, and some of
14 our changes to our past slot counts and our financial
15 results over that same time period. This data is
16 data that was used via the Pennsylvania Gaming
17 Control Board's website from the 2013-'14 Fiscal Year
18 through the 2022, slash, 2023 Fiscal Year, and again
19 is posted via the PGCB's website data.

20 So, what we see here on the top of the
21 chart would be our years, running for the Fiscal
22 Years, our counts. Those counts are represented as

1 an average of each of the 12 months over that period
2 of time. So, in the fiscal year 2013 and '14, we had
3 an average of 2,962 slots. Fast forwarding to the
4 fiscal year 2022-2023, we had 2,385 slots. And then
5 our gross terminal revenue is listed for each of
6 those respective years, and then some, what we felt
7 may be some significant changes in competitive
8 landscape that has occurred also during some of those
9 years.

10 And so as we come across, one of the
11 first things that changed was the introduction of
12 fantasies contests online, and that occurred in the
13 2017 to 2018 timeframe. Sports wagering was
14 legalized and launched and I believe we were one of
15 the first ones, if not the first, in the State of
16 Pennsylvania to launch a land based, and that was in
17 the 2018 to 1'9 year. And we really had a great year
18 from a financial perspective for that because we did
19 receive a lot of positive publicity and coverage for
20 a good length of time.

21 In 2019 and 2020, there was a lot of
22 different things that happened, one of which was Live

1 Casino opening in our backyard. So, a brand new
2 competitor, a good competitor and a good market and
3 some of the shared market, overlapping market. Also
4 iGaming and video truck stops VGTs were also
5 introduced at that time. And then, of course, the
6 pandemic. So, we had a lot of factors that occurred
7 in that timeframe, and then impacting also the 2020
8 and 2021 year would have been the pandemic, as well
9 as the launch of iGaming in West Virginia. And why
10 that's relevant is just simply due to the geography
11 of our casino, able to be from the Pittsburgh casino
12 into the State of West Virginia in about 30 minutes.
13 A number of employees that we have actually work in
14 West Virginia, and a good amount of visitors visit
15 both from PA and West Virginia due to the proximity.

16 And then in 2022-2023 would have been
17 the launch of sports betting in the State of Ohio.
18 So, I wanted to note that. I also wanted to note, if
19 you look at our gross terminal revenue over those
20 respective years, regardless of the change in
21 reduction in count of slot machines, we're not seeing
22 an impact that correlates to the number of slots that

1 changed or reduced in terms of that versus our GTR.
2 If you took out the COVID years and the recovery
3 thereafter, there's, I think, 600 games, give or
4 take, from 2013-'14 through 2022, 2023, with
5 relatively stable GTR through those years.

6 So, I note that because those aren't
7 the only factors that are out there. There are other
8 things in addition, like guest preferences that have
9 changed over time. The size of the machines, as
10 Derek has indicated, the bet structures, right? What
11 is the entry level bet today on a machine versus what
12 it was 10, or 12 or 15 years ago. Video slot
13 machines, which are more popular today, versus real
14 machines that were the majority of our games when we
15 first opened. So, there's been a lot of changes in
16 the market, both from a competitive landscape and
17 also what we're able to offer as a casino of choice,
18 right? A lot more new versus a lot more old.

19 So, I also wanted touch base on what
20 we consider our end-of-life slot machines. So, for a
21 slot machine to be considered end of life, we
22 actually get a notice from the manufacturer. That

1 manufacturer tells us that we are no longer going to
2 support that slot machine. So, that means there's no
3 more software being developed, so no new games, no
4 new options to put on that game. And the parts, when
5 they run out of the parts inventory, you kind of need
6 to find them on your own, which creates a quite
7 challenging environment for us, especially given the
8 fact that we have games that have been on our floor
9 since the day we opened, some of which were used when
10 we first opened the facility.

11 So, what does that look like for
12 Pittsburgh? Right now, we have about 45 percent of
13 our games that are considered end of life, and yes,
14 45 percent is a fair amount, but I can tell you that
15 we've done a very good job in getting to 45 percent.
16 When I first took over slots about eight years ago, I
17 think were in the 60 percent range, and we made a
18 concerted effort to try to adjust and improve that
19 number, as we noted that the newer games were
20 outperforming the older games.

21 If our reduction proposal is approved,
22 we will see that number go down into the 36 percent

1 range. So, 36 percent of our games would be end of
2 life. We have a way to continue to cut through that
3 as we plan to invest over \$2 million this year again
4 in new slot machines. So, we should greatly improve
5 into the low 30-ish (sic) percent range. Now, we
6 don't anticipate ever getting to zero. It would be
7 nice if we did, but I don't think that's realistic
8 for us.

9 And frankly, there is still some
10 demand for a little bit of the older games that exist
11 out there. But what that does is that allows us to
12 take some of those older games, as Derek mentioned,
13 off the floor by choosing the lowest performers from
14 a software perspective, and then literally taking
15 those machines apart to allow those parts to help
16 other machines survive for the next few years to
17 come. And so that's how we've kind of been able to
18 do that through the years and maintain those games
19 that we don't have the ability to get new parts for.

20 So, what we know is that the number of
21 units does not determine or drive the revenues. It's
22 the guest choice, the guest preference, and what they

1 choose to play. You know, we didn't have a crystal
2 ball when we opened that said, you should put this
3 many machines in today, and these are the types of
4 machines, and it will sustain itself for the rest of
5 your business, right? We chose at that time to do
6 what the business supported, and we're choosing today
7 to try to adjust and adapt our business according to
8 the current business demands, as well as the
9 competitive landscape change and all the other
10 factors that we mentioned about end-of-life games and
11 the size of new games.

12 I kind of was, this morning, kind of
13 toying, in my head, a way to kind of put it, and I
14 thought our slot machine floor is kind of similar to
15 a car lot, right? You could have a car lot that runs
16 on for blocks and blocks and blocks, but if you don't
17 have the right cars on the lot, you're not going to
18 sell anything. And if we think about cars today,
19 most of the things that are selling are SUV's and
20 trucks much bigger than the cars of the past, taking
21 up more space on the car lot. And the older cars,
22 they're really hard to maintain. They're hard to

1 find parts for, and they're hard to find people to
2 work on them.

3 So, our business, our market in
4 Pittsburgh, we have customers that are shopping for
5 the - for the new, the glitz, the glamour, everything
6 with the bells and whistles and they want the size
7 and everything to go with it. And that's what we're
8 here to try to provide to them to increase our
9 revenues and to increase the revenues for the State,
10 Commonwealth of Pennsylvania. And with that, I will
11 turn it over to Mr. Donnelly.

12 ATTORNEY DONNELLY: Thank you, Andre.

13 Well, we added three slides in this
14 presentation that are from - that we pulled from an
15 address that Tim Drehkoff, the Chief Operating
16 Officer of Rush Street Gaming, presented just last
17 week at the East Coast Gaming Conference, and I know
18 many of the Board Members were there. I want to
19 emphasize that these charts represent statistics that
20 are available and created by the Illinois Gaming
21 Board and the Virginia Lottery Board. So they aren't
22 numbers that we created or made up. And the purpose

1 of them is to demonstrate what we are anticipating
2 and have seen is the effect of skilled slot machines
3 on the demand in bricks and mortar casinos.

4 I am a big advocate of bricks and
5 mortar casinos. They create capital, create jobs,
6 they improve neighborhoods. A prime example is
7 SugarHouse and moving into the Fishtown area, that
8 completely changed that neighborhood, and they
9 provide a place where people can get together and
10 socialize, and where the rich can rub elbows with the
11 poor. And a guy, take even a Derek, who can start
12 out as an intern, can become a big shot in the casino
13 industry.

14 I don't feel - I don't not only feel,
15 I know that skilled slot machines do none of that.
16 And let's be crystal clear; those skilled, so-called
17 skilled slot machines are slot machines. They are
18 defined in the Act that we're under right now, the
19 Gaming Act in Pennsylvania in Section 1103, dead-on
20 as a slot machine, which should be regulated by this
21 Board, but, as you know, are not. Moreover, it's
22 just common sense. It walks, quacks, waddles like a

1 duck, then they're ducks.

2 If any of you, and I'm sure you have
3 played them, the skill element is sometimes as goofy
4 as a tic-tac-toe screen where a person puts a zero at
5 the right spot. They have cut in dramatically into
6 the - into the revenues at the casinos in
7 Pennsylvania. We don't have any good statistics in
8 Pennsylvania because we don't know how many machines
9 there are.

10 There was an Amicus Brief filed by, I
11 believe, all the casinos recently before the Supreme
12 Court asking the court to take up the recent
13 Commonwealth Court Decision that permitted skilled
14 slots. And the estimates in there are that there's
15 currently 67,000 of these machines operating, and I
16 call them rogue machines because that's what they
17 are, operating in Pennsylvania.

18 They're unregulated. They're untaxed.
19 They have no controls over underage kids playing
20 them. And again, I invite someone to go down and
21 have a cup of coffee in one of the facilities that
22 has these and watch kids come in, because that's what

1 you'll see. They have no controls over self-excluded
2 persons.

3 The hold percentage is horrible.
4 Almost 25 percent hold percentage versus 80 percent
5 max in Pennsylvania. There are no customer
6 protections. They are very hard to, if not
7 impossible, to regulate. I invite anybody to take a
8 look at what happened in Louisiana and with slot
9 machine truck routes, the routes that people would
10 collect from machines, they're very difficult to
11 regulate and very costly to regulate.

12 That's hurting us a lot and when Mr.
13 Drehkoff presented at the East Coast Gaming
14 Conference the other day, he pulled some statistics
15 from the Virginia - from Virginia. And that's, as
16 you know, Rush Street also has oversight over a
17 casino in Virginia and one in Illinois. We'll look
18 at Illinois first. With Illinois, when it went into
19 slot machines in competition they were not - it
20 dropped revenues precipitously from 2012 to 2019,
21 down 35 percent.

22 Virginia is kind of a more, even a

1 more interesting -. You can go to Virginia. Kind of
2 more interesting because Virginia had an experiment
3 where skilled games were permitted for a year, I
4 believe, and then they were removed as a ban on them
5 was promoted. And you can see what happened with
6 revenues when the ban came in November of 2023,
7 revenues which had been going down immediately popped
8 and rose, and rose and rose. So don't take our word
9 for it. Don't take your - all of our intuitive
10 knowledge and common sense, but the statistics are
11 right in front of us.

12 I recognize there's two things going
13 on. The Legislature is considering a bill right now,
14 and of course the court is considering. I'm very
15 hopeful that the court will take this matter up. I'm
16 hopeful that it will read the Gaming Act and
17 implement the will of the legislature at the time
18 that it passed the Gaming Act and the two major
19 amendments to it where it never tinkered with the
20 definition of a slot machine and I hope that the
21 court will take this and reverse the Commonwealth.

22 If not, I understand that there's a

1 bill pending. I hope that the legislature sees the
2 wisdom of not passing that bill. It will be
3 devastating to the bricks and mortar facilities, and
4 the bricks and mortar facilities are much more
5 valuable to the Commonwealth just taking the real
6 estate taxes alone and forgetting about the human
7 factors than are the skilled slot machines.

8 So, with that, I'll turn it back to
9 Andre.

10 MR. BARNABEI: At this time, we, at
11 this time, we would like to thank everybody for their
12 time and attention, and we would appreciate you guys
13 considering our Petition for our slot floor
14 reconfiguration. Thank you.

15 CHAIR: Enforcement Counsel, do you
16 have any questions for Rivers?

17 ATTORNEY TEPPER: We do. David
18 Tepper, T-E-P-P-E-R, on behalf of the OEC.

19 Going to slide three. You note that
20 you have 55 ETGs. Are these considered table games?
21 And if so, are they banking, non-banked or hybrid
22 table games?

1 MR. BARNABEI: Yeah. So, the 55 ETGs
2 are hybrid table games. Those are actually
3 considered table games on our state reporting, and
4 the ratio is for each of - for every five units we
5 have, it is considered one non-banking table, and
6 that's how it's reported on the state website as
7 well.

8 ATTORNEY TEPPER: Thank you. Do you
9 anticipate the number of slot machines dipping below
10 1981 machines at any time during the reconfiguration?

11 MR. PELUSO: No, we do not anticipate
12 that. We have not finalized our schedule. There's a
13 lot of factors that we have to work through as, you
14 know, we're scheduling construction workers,
15 electricians, slot machine vendors, but we do not
16 anticipate going below that 1981 number during the
17 process.

18 ATTORNEY TEPPER: Staying on that, if
19 the Petition is granted by the Board, when
20 approximately does rivers intend to begin the process
21 of the reconfiguration slot reduction and when does
22 Rivers anticipate its completion?

1 MR. PELUSO: Again, our schedule
2 hasn't been finalized yet. However, we're hoping to
3 have it started in early June and finish before the
4 end of July. If this Petition is granted by the
5 Board, would there be any reduction in the number of
6 employees at Rivers associated with this project?

7 MR. BARNABEI: There would be no
8 reductions in the headcount of our employees as a
9 result of this project.

10 ATTORNEY TEPPER: And at this stage,
11 do you know what the impact would be on the square
12 footage of the smoking and non-smoking areas of the
13 slot machine area?

14 MR. PELUSO: There would be no impact
15 on the square footage for either smoking or non-
16 smoking.

17 ATTORNEY TEPPER: And do you know what
18 impact would be on the number of available slot
19 machines in the smoking area versus the non-smoking
20 area of the gaming floor?

21 MR. PELUSO: There would be an impact
22 to both smoking and non-smoking. We're looking to

1 reduce our count by 302 units, so we're going to be
2 taking units off in both areas. However, our goal is
3 to meet our current demand. So, if a patron comes
4 into our casino, whether they're a smoker or a non-
5 smoker, we believe we're going to have the game that
6 they want to play when they come visit us.

7 ATTORNEY TEPPER: And turning to slide
8 ten. Other than the \$2 million that Rivers plans to
9 invest in 2024, what plans does Rivers have to
10 address the remaining end-of-life slot machines that
11 will be left on the gaming floor?

12 MR. BARNABEI: Yeah. So, we continue
13 to try to improve that. As I mentioned earlier, went
14 from the 60 percent range down to the 40 percent
15 range and we're striving to get into the 30 percent
16 range. We will continue to reinvest in the property
17 as we have done in previous years, and we will
18 continue to do our best to decrease that number as
19 much as possible. Again, I don't think we'll ever
20 get to zero, but we are in a much better place today
21 and hopefully in a much better place here if this
22 Petition is approved.

1 ATTORNEY TEPPER: And just to confirm,
2 the \$2 million that Rivers intends to invest in their
3 slot product in 2024 on slide ten, is in addition to
4 the \$2.9 million that Rivers invested in 2023 on
5 their slot product on slide eight?

6 MR. BARNABEI: That is correct. That
7 is slot product that we anticipate hitting our floor
8 before the end of the 2024 year.

9 ATTORNEY TEPPER: Thank you. The
10 Office of Enforcement Counsel has no further
11 questions.

12 CHAIR: Any questions or comments from
13 the Board? Commissioners Dermody and Hickernell, do
14 you have any questions for Rivers?

15 MR. DERMODY: No questions.

16 MR. HICKERNELL: None, Madam Chair.

17 CHAIR: Thank you. Any other
18 questions from Board?

19 MR. DILLON: I have one question.

20 CHAIR: Yes, go ahead.

21 MR. DILLON: So with your
22 reconfiguration, how many new machines are you

1 planning to bring into that right at the start? Are
2 you just taking away 302 or you just bring it in a
3 hundred?

4 MR. BARNABEI: Yes. So, 302 that we
5 take off will be over 11-years old.

6 MR. DILLON: Okay.

7 MR. BARNABEI: We will bring in an
8 additional two million dollars' worth of games before
9 the end of the calendar year. Can't give you an
10 exact number on that just because each machine has a
11 different price and it depends on -. We will
12 actually order based on what our customer demand in
13 the recent trends have been. Meaning, we will look
14 at the time of decision and say, all right, is
15 cabinet A or cabinet B performing better? All right,
16 we want more cabinet A. Cabinet A may cost 20,000,
17 cabinet B may cost 30. So, we can, you know, we kind
18 of wheel and deal and get the most amount of units
19 for that \$2 million, but all of that would be new
20 games. And then when those games come in, there'll
21 be an additional one-to-one removal and replacement
22 with new games.

1 MR. DILLON: Yeah, that was the
2 question I had.

3 MR. BARNABEI: So, it's removing 302
4 old and then reinvesting the \$2 million to replace
5 additional old units.

6 MR. DILLON: Okay.

7 And then you should replace - get rid
8 of the older and keep just -.

9 MR. BARNABEI: Yeah.

10 MR. DILLON: All right.

11 MR. BARNABEI: Yep. And we'll keep
12 them for parts.

13 MR. DILLON: Thank you.

14 CHAIR: Any other questions or
15 comments from the Board?

16 Hearing none, thank you. OEC, do you
17 have a presentation?

18 ATTORNEY TEPPER: The OEC does not
19 have a public presentation. However, we respectfully
20 request that should the Board grant Rivers' Petition
21 to Reconfigure the Gaming Floor, that the approval be
22 made subject to the conditions outlined in the OEC's

1 Answer. The OEC would be happy to answer any
2 questions the Board may have.

3 CHAIR: Rivers, do you have any
4 questions for Enforcement Counsel? Mr. Donnelly? Do
5 you have any questions for Enforcement Counsel?

6 ATTORNEY DONNELLY: No, I do not. No.
7 None.

8 CHAIR: Any questions or comments for
9 Enforcement Counsel from the Board? Commissioners
10 Dermody, Hickernell, any questions for Enforcement
11 Counsel?

12 MR. DERMODY: No, Madam Chair.

13 MR. HICKERNELL: No.

14 CHAIR: Okay.

15 Rivers, would you like to add anything
16 else at this time?

17 MR. BARNABEI: Not at this time.

18 Thank you.

19 ATTORNEY DONNELLY: I just - I'd like
20 to - just a quick conclusion, like four sentences.

21 That this action will not reduce
22 revenues. It will not have any effect on table

1 games. It will not have adverse effect on peak
2 demand, and the motivation is purely to meet
3 competition and to continue to keep up with the
4 Joneses, if not exceed the Joneses. Thank you.

5 CHAIR: Mr. Donnelly, would you like
6 to move your PowerPoint Presentation into evidence?

7 ATTORNEY DONNELLY: I do so. I do so
8 move that into evidence. Thank you.

9 ---

10 (Whereupon, Petitioner Exhibit 1, PowerPoint
11 Presentation, was marked for identification.)

12 ---

13 CHAIR: Any objection?

14 ATTORNEY TEPPER: Nope.

15 CHAIR: No objection.

16 Okay.

17 ---

18 (Whereupon, Petitioner Exhibit 1, PowerPoint
19 Presentation, was admitted.)

20 ---

21 CHAIR: OEC, do you have anything else
22 to add?

1 ATTORNEY TEPPER: We have nothing
2 further to add.

3 CHAIR: Thank you. That concludes
4 this proceeding. This matter will be put before the
5 Board for a vote later this morning during the Office
6 of Chief Counsel's portion of the Agenda. Thank you,
7 gentlemen.

8 MR. BARNABEI: Thank you.

9 MR. PELUSO: Thank you.

10 CHAIR: Thank you, Mr. Donnelly.

11 ATTORNEY DONNELLY: Thank you.

12 Thanks.

13 * * * * *

14 HEARING CONCLUDED AT 10:38 A.M.

15 * * * * *

16

17

18

19

20

21

22

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

CERTIFICATE

I hereby certify that the foregoing proceedings,
a hearing held by Pennsylvania Gaming Control Board,
was reported by me on April 24, 2024 and that I,
Autumn Karper, read this transcript, and that I
attest that this transcript is a true and accurate
record of the proceeding.

Dated the 10th day of May, 2024



Autumn Karper,

Court Reporter

1
2
3
4
5
6
7
8