

Meadows Racetrack, Casino and Hotel

Senate Community,
Economic and Recreational Development
Committee
June 10, 2015

Meadows Racetrack & Casino Today



Online Gaming

Support: Affordable & Reasonable Framework

Overarching Components:

- Up Front Fee:
 - Paid with Slot & Table Game License Fee
 - Consider any Upfront Fee as advance payment towards taxes
- Revenue Tax at **10%**:
 - Gross Gaming Revenue Less Promotional Costs
 - High Customer Acquisition Costs
- Existing Brick & Mortar Casinos (Not Category 3 Casinos)
- All Casino Games (poker, tables, slots and bingo)
- Patrons Not Required to be at Casinos to Enroll
- Used as a Marketing Tool to Generate Visits to Properties
- Be Aware that the Feds may soon Introduce a Bill to Ban Online Gaming
- Wagering Funding Mechanisms (New Merchant Codes, Pre-Paid Debit Cards, Pay Pal, etc.)

Online Gaming Competition

Nevada:

- Upfront Fee: **\$500,000**
- Tax Rate: **6.75%** (same as casino)
- Poker Only
- Brick & Mortar Casinos
- Currently Caesars (WSOP) & South Point (Own)
- Stations Casinos shut down Operations for Online Gaming
- Revenue **\$8.1 Million** (10-Months)
- Residents: **3 Million**
- Not Profitable

Delaware (State Lottery Operated):

- Upfront Fee: **none**
- Tax Rate: **43.5%** Slots & **34%** Tables (same as casino)
- All Games
- Brick & Mortar Casinos (3)
- Revenue **\$2.1 Million** (12-Months)
- Residents: **900,000**
- Not Profitable

New Jersey:

- Upfront Fee: **\$400,000**
 - Licensed Operator Fee only
- Tax Rate: **17.5%** Gross Gaming Revenue
- All Games (poker, tables, slots and bingo)
- Brick & Mortar Casinos
- Revenue: **\$122.9 Million** (12-Months)
- Residents: **9 Million**
- Profitability: **TBD**

Pennsylvania:

- Upfront Fee: none
- Tax Rate 10%
- All Games
- Brick & Mortar Casinos
- Revenue: TBD
- Residents: **12.7 Million**
- Profitability: **TBD**

Video Gaming Terminals

Recommend: Not in Pennsylvania

1. PA casino operators paid **\$66 Million** to be the exclusive and sole operators of gaming in the Commonwealth
2. The Meadows has invested **\$700 Million** to create a destination casino entertainment complex, with **1,400 Jobs**, Paid **\$1.2 Billion** in taxes and contributed **\$70 Million** to the Local Share Account
3. The Meadows works tirelessly to support the racing industry in Pennsylvania
4. The Commonwealth is not receiving tax proceeds from nearly **40,000** illegal gaming devices (Casinos have **26,000** Slots)
5. VGT's at Non-Casino Locations will Not have Consumer Protection and will create minimal new jobs.
6. The probability of job loss at existing casinos is high

Video Gaming Terminals

Recommend: Not in Pennsylvania

1. Job Loss:

- State gaming tax revenue may be up approximately **20%** since VGT's came online in 2012, but casino attendance and revenues are down **17%** and **16%** respectively.
- The loss in business cost approximately **1,000** jobs statewide, or roughly **\$35 Million** in lost wages annually.

2. Local Economies Hurt:

- Casino tax payments statewide have declined **\$73.7 Million (13%)** since the first VGT's were installed.
- Host community tax share loss has ranged from **8% to 17%**

3. Capital Investment Suffers:

- Pennsylvania's current operators will have no incentive to reinvest in their properties to enhance offerings to compete for new customers

4. No Problem Gaming Oversight:

- Illinois now has **4,675** locations where anyone can gamble with no safety net

Video Gaming Terminals

Recommend: Not in Pennsylvania

Riverboat Adjusted Gross Receipts:

- 2013 Revenue for Illinois Riverboat Casinos - **\$1.552 Billion**
- 2014 Revenue for Illinois Riverboat Casinos - **\$1.465 Billion (\$88 Million or 5.6% Decrease)**

Admission Fees (\$3):

- 2013 Admissions - **14.9 Million**
- 2014 Admissions - **13.5 Million (1.4 Million or 9.2% Decrease)**

Casino Employment:

- **7,911** Employees in 2011
- **7,687** Employees in 2012
- **7,360** Employees in 2013
- **7,072** Employees in 2014

Meadows Slot Revenues Continue to Decline

Meadows Loss: **\$22,271,600** or **13.2%**

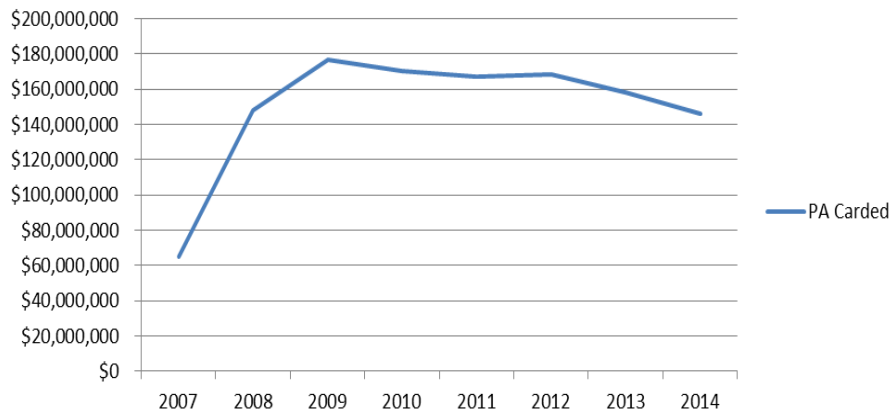
Commonwealth Loss: **\$12,249,400** or **13.2%**

Year	Total Carded	PA Carded	PA Carded Tax Rev	Out of State Carded	Out of State Carded Tax Rev
2007	\$70,779,423	\$65,372,395	\$35,954,817	\$5,407,027	\$2,973,865
2008	\$160,550,649	\$147,840,610	\$81,312,335	\$12,710,039	\$6,990,522
2009	\$196,298,731	\$177,085,437	\$97,396,990	\$19,213,294	\$10,567,312
2010	\$191,395,997	\$170,710,074	\$93,890,541	\$20,685,923	\$11,377,257
2011	\$190,314,188	\$167,510,548	\$92,130,801	\$22,803,640	\$12,542,002
2012	\$189,939,466	\$168,607,553	\$92,734,154	\$21,331,913	\$11,732,552
2013	\$175,835,029	\$158,307,368	\$87,069,053	\$17,527,661	\$9,640,213
2014	\$161,874,728	\$146,335,916	\$80,484,754	\$15,538,811	\$8,546,346

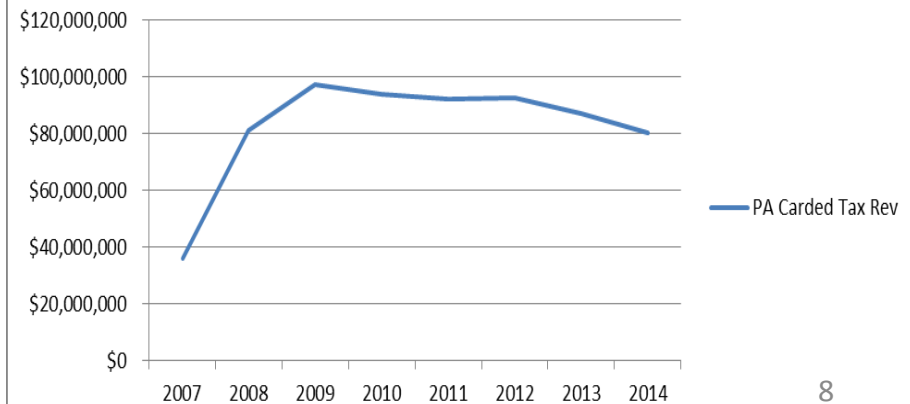
Rivers Opens in Aug. 2009

Ohio Casinos Opened in May 2012
Lady Luck Casino Opened July 2013

Meadows PA State Slot Revenue



PA Slot Tax Rev to PGCB from Meadows



Out-of-State Slot Revenues Continue to Decline

Meadows Revenue Loss: **\$7,264,800** or **32%**

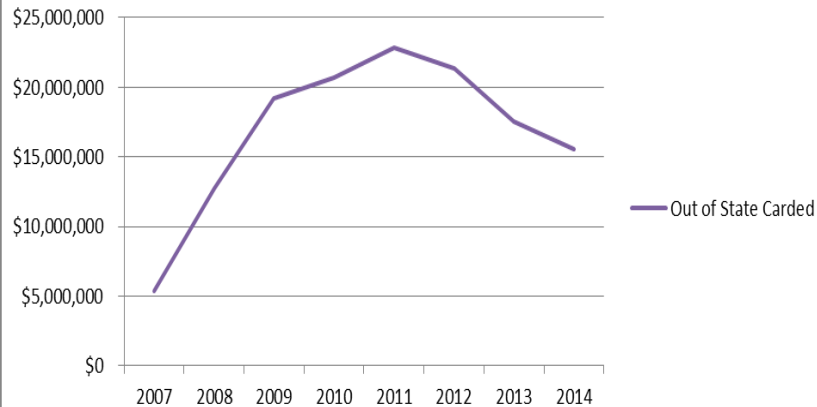
Commonwealth Loss: **\$3,995,700** or **32%**

Meadows Carded Slot Revenue					
Year	Total Carded	PA Carded	PA Carded Tax Rev	Out of State Carded	Out of State Carded Tax Rev
2007	\$70,779,423	\$65,372,395	\$35,954,817	\$5,407,027	\$2,973,865
2008	\$160,550,649	\$147,840,610	\$81,312,335	\$12,710,039	\$6,990,522
2009	\$196,298,731	\$177,085,437	\$97,396,990	\$19,213,294	\$10,567,312
2010	\$191,395,997	\$170,710,074	\$93,890,541	\$20,685,923	\$11,377,257
2011	\$190,314,188	\$167,510,548	\$92,130,801	\$22,803,640	\$12,542,002
2012	\$189,939,466	\$168,607,553	\$92,734,154	\$21,331,913	\$11,732,552
2013	\$175,835,029	\$158,307,368	\$87,069,053	\$17,527,661	\$9,640,213
2014	\$161,874,728	\$146,335,916	\$80,484,754	\$15,538,811	\$8,546,346

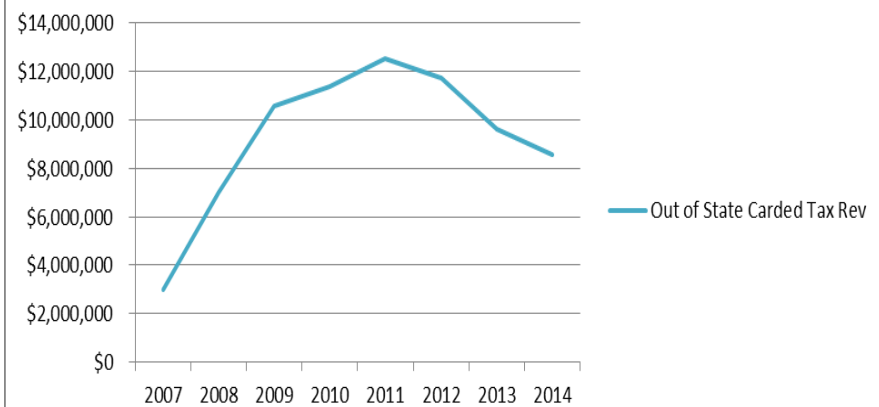
Rivers Opens in Aug. 2009

Ohio Casinos Opened in May 2012
Lady Luck Casino Opened July 2013

Meadows Out of State Slot Revenue



Out of State Slot Tax Rev to PGCB from Meadows



Meadows Table Game Revenues Continue to Decline

Meadows Revenue Loss: **\$2,046,800** or **10.5%**

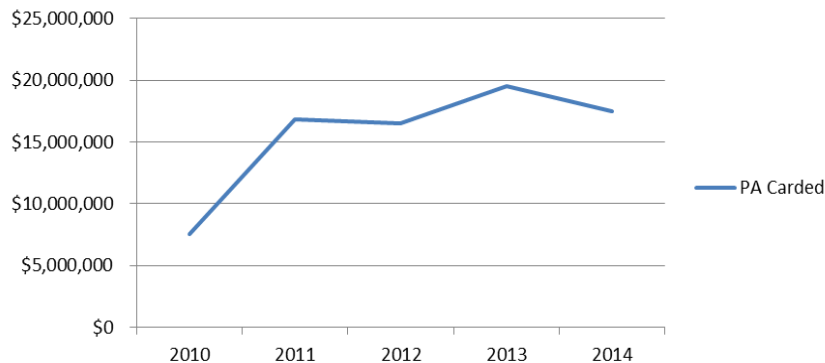
Commonwealth Loss: **\$286,600** or **10.5%**

Meadows Carded Table Revenue					
Year	Total Carded	PA Carded	PA Carded Tax Rev	Out of State Carded	Out of State Carded Tax Rev
2010	\$10,255,543	\$7,556,360	\$1,209,018	\$2,699,183	\$431,869
2011	\$24,700,649	\$16,822,388	\$2,691,582	\$7,878,261	\$1,260,522
2012	\$25,290,286	\$16,507,816	\$2,476,172	\$8,782,470	\$1,317,371
2013	\$25,776,123	\$19,524,776	\$2,733,469	\$6,251,347	\$875,189
2014	\$22,369,755	\$17,477,963	\$2,446,915	\$4,891,792	\$684,851

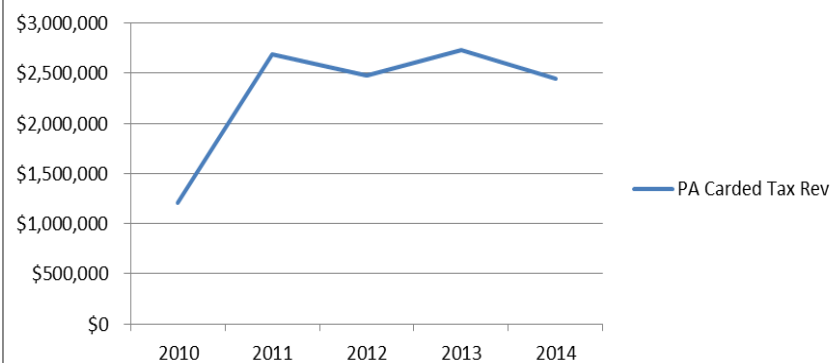
Rivers Opens in Aug. 2009

Ohio Casinos Opened in May 2012
Lady Luck Casino Opened July 2013

Meadows PA State Table Revenue



PA Table Tax Rev to PGCB from Meadows



Out-of-State *Table Game Revenues* Continue to Decline

Meadows Loss: **\$3,890,700** or **44.32%**

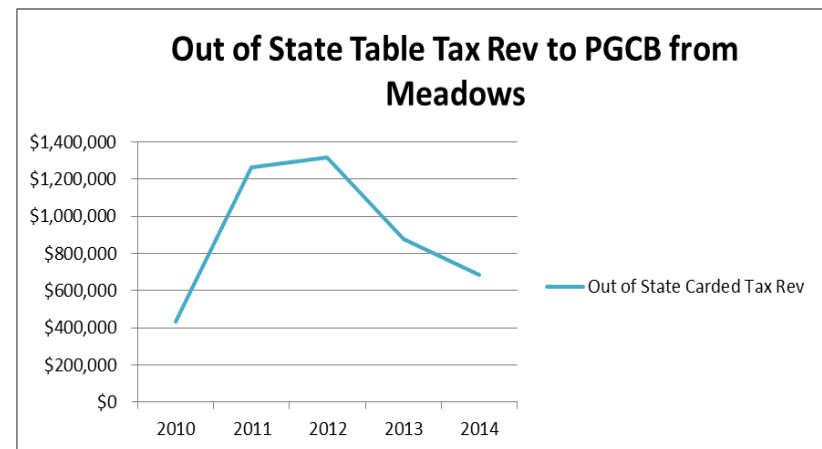
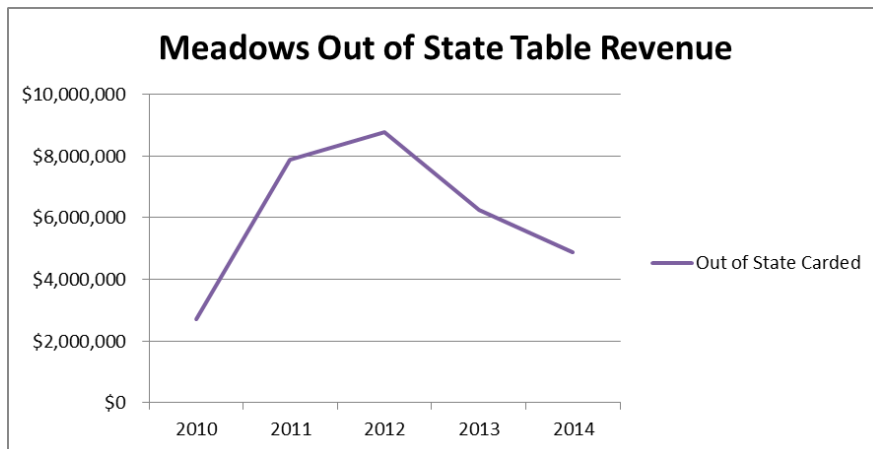
Commonwealth Loss **\$632,500** or **48%**

(2012 tax reduction)

Meadows Carded Table Revenue					
Year	Total Carded	PA Carded	PA Carded Tax Rev	Out of State Carded	Out of State Carded Tax Rev
2010	\$10,255,543	\$7,556,360	\$1,209,018	\$2,699,183	\$431,869
2011	\$24,700,649	\$16,822,388	\$2,691,582	\$7,878,261	\$1,260,522
2012	\$25,290,286	\$16,507,816	\$2,476,172	\$8,782,470	\$1,317,371
2013	\$25,776,123	\$19,524,776	\$2,733,469	\$6,251,347	\$875,189
2014	\$22,369,755	\$17,477,963	\$2,446,915	\$4,891,792	\$684,851

Rivers Opens in Aug. 2009

Ohio Casinos Opened in May 2012
Lady Luck Casino Opened July 2013



New Games to Market Faster (slots & tables)

Recommend: New Jersey Model or Gaming Laboratories International (GLI)

Meadows “New Game” Zone:

- New Slots at the Meadows out perform the floor average
 - WPUPD **\$337** vs. **\$184** or **83%** advantage – year ending 5/18/15

New Jersey – “New Jersey First”:

- Permits the use of a new product after only 14-days if it is submitted to New Jersey before any other jurisdiction

Gaming Laboratories International Clients:

- All Jurisdictions except for Pennsylvania, New Jersey and Michigan (Commercial Casinos)

New Aristocrat Games Approved in 2014

- GLI **109**
- Ohio **120**
- Nevada **117**
- New Jersey **100**
- Michigan **90**
- **Pennsylvania 23**

New Bally Games Approved in 2014

- GLI **233**
- Ohio **128**
- Nevada **231**
- New Jersey **126**
- Michigan **115**
- **Pennsylvania 105**

New IGT Games Approved in 2014

- GLI **137**
- Ohio **151**
- Nevada **170**
- New Jersey **132**
- Michigan **149**
- **Pennsylvania 60**

New WMS Games Approved in 2014

- GLI **150**
- Ohio **122**
- Nevada **175**
- New Jersey **144**
- Michigan **144**
- **Pennsylvania 59**

GLI provides gaming devices and system testing worldwide by serving as an independent with 20 offices working with more than 475 jurisdictions.

Category 3 Casinos

Recommend: No Change to Current Regulations

1. **\$50 Million** Payment for PA casinos to be the exclusive and sole operators of slot machines in the Commonwealth
2. **\$16.5 Million** Payment for PA casinos to be the exclusive and sole operators of table games in the Commonwealth
3. **\$700 Million** Invested to create a destination casino entertainment complex with **1,400 Jobs**
4. **\$1.2 Billion** Paid in Taxes
5. The Meadows works tirelessly to support the Pennsylvania racing industry
6. Casino Operators knew the rules when they agreed to be in Pennsylvania
7. It is unfair to changing legislation to accommodate category 3 properties
8. Category 1 & 2 operators will reduce capital expenditures, jeopardizing the long-term viability of our industry

“Promises made promises kept”

Check Cashing Limits

Recommend: Ohio Model

(PA: \$2,500 Limit / Only Personal Checks / Must Be Guaranteed)

	Check limits	Check types
OH	No specified check cashing limit.	May be set by casino's internal controls.
WV	Casino shall establish policies and procedures approved by the Commission in accordance with Rule §179-8-122.	Permitted: personal; drafts; cashier's checks; money orders; credit and debit card advances; traveler's checks and wire transfers.
MD	A facility operator may not...accept from a player a check or multiple checks which in the aggregate exceed \$5,000 during a gaming day.	Permitted: employment compensation; a payout in connection with gaming activity and personal (additional requirements in excess of \$500).
NY	A gaming facility licensee may accept a personal check or checks from a person for up to \$5,000 .	Permitted: personal check
NJ	A casino licensee may, accept a personal check or checks from a person for up to \$5,000	Permitted: personal check
NV	No specified check cashing limit.	Permitted: personal; third-party and guaranteed drafts (traveler's checks)

Liquor Hours

Recommend: 24-Hour Service

- On Weekends, younger crowds travel late
- “Last Call” is notification that it’s time to leave the casino and go to a club, hotel or Elsewhere
- Casino visitors want to have fun, part of the experience is to have a beer or a cocktail
- Casinos accept “responsible serving”
- Adults should be able to decide how they want to spend their money and how they want to relax

24-Hour Service:

- Las Vegas
- New Jersey
- Louisiana
- Illinois
- Florida (Miami-Dade County)
- Mississippi (Local Decides)

Extended Hours:

- New York 8a – 4a
- Indiana 7a – 3a
- Missouri 6a – 3a
- Ohio 5:30a – 2:30a
- PA Clubs 7a – 3am
- West Virginia Club 7a – 3a

Standard:

- PA Casinos 7a – 2a
- West Virginia (WE) 7a – 2a
- Michigan 7a – 2a
- Colorado 7a – 2a
- Connecticut (WE) 9a – 2a
- Massachusetts 8a – 2a
- Delaware 9a – 1a

Smoking

Recommend: No Change to Current Regulation

Smoking in Casinos:

- Pennsylvania, West Virginia, New Jersey, Nevada, Michigan, Indiana, Missouri, Connecticut, Virginia, Rhode Island, Iowa and Kentucky

Native American Gaming:

- Tribal casinos exists in 29 states and are not subject to state and local laws

New Orleans Ban:

- Harrah's Casino requested to cut **400** jobs based on decrease in revenues of **20%**
- Local Business owners warn that the ban may cut into revenues by as much as **20%** in the first year

Mountaineer Casino Ban:

- Mountaineer officials said ban could damage revenues at the casino by **15% to 20%** and job loss of **250** employees

Illinois Ban:

- **21.8%** casino revenue decline, **14.1%** fewer patrons, **9%** decline in per-capita win and a **32.8%** reduction in casino taxes

Colorado Ban:

- Projected to year 2028, the ban is expected to reduce gaming taxes by a cumulative **\$1,319,800**

Out-of State Marketing

Out-of-State *Slot Revenues* Continue to Decline

Meadows Revenue Loss: **\$7,264,800** or **32%**

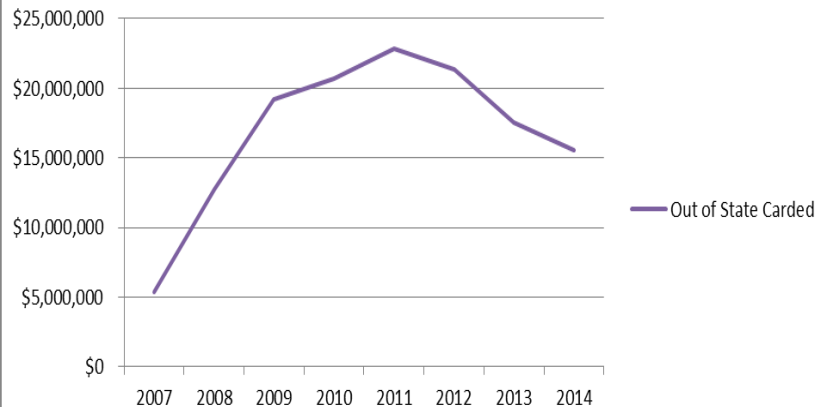
Commonwealth Loss: **\$3,995,700** or **32%**

Meadows Carded Slot Revenue					
Year	Total Carded	PA Carded	PA Carded Tax Rev	Out of State Carded	Out of State Carded Tax Rev
2007	\$70,779,423	\$65,372,395	\$35,954,817	\$5,407,027	\$2,973,865
2008	\$160,550,649	\$147,840,610	\$81,312,335	\$12,710,039	\$6,990,522
2009	\$196,298,731	\$177,085,437	\$97,396,990	\$19,213,294	\$10,567,312
2010	\$191,395,997	\$170,710,074	\$93,890,541	\$20,685,923	\$11,377,257
2011	\$190,314,188	\$167,510,548	\$92,130,801	\$22,803,640	\$12,542,002
2012	\$189,939,466	\$168,607,553	\$92,734,154	\$21,331,913	\$11,732,552
2013	\$175,835,029	\$158,307,368	\$87,069,053	\$17,527,661	\$9,640,213
2014	\$161,874,728	\$146,335,916	\$80,484,754	\$15,538,811	\$8,546,346

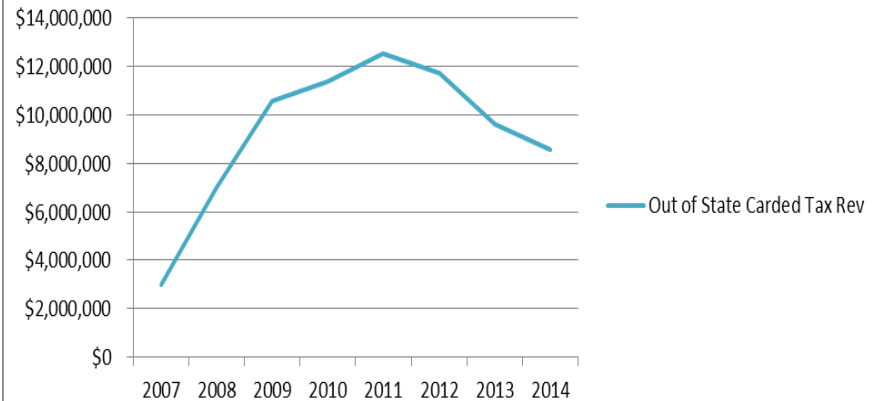
Rivers Opens in Aug. 2009

Ohio Casinos Opened in May 2012
Lady Luck Casino Opened July 2013

Meadows Out of State Slot Revenue



Out of State Slot Tax Rev to PGCB from Meadows



Out-of-State *Table Game Revenues* Continue to Decline

Meadows Loss: **\$3,890,700** or **44.32%**

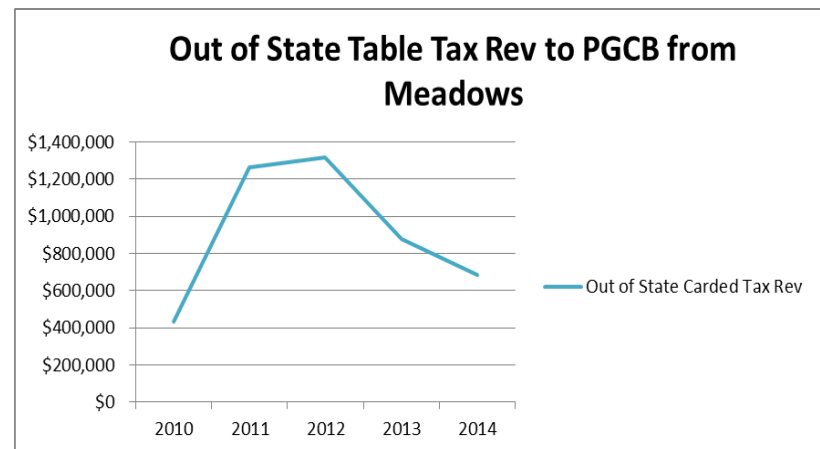
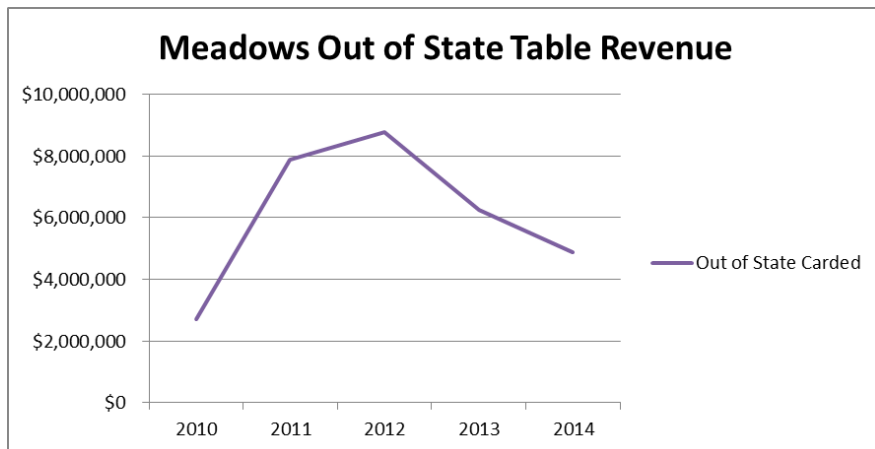
Commonwealth Loss **\$632,500** or **48%**

(2012 tax reduction)

Meadows Carded Table Revenue					
Year	Total Carded	PA Carded	PA Carded Tax Rev	Out of State Carded	Out of State Carded Tax Rev
2010	\$10,255,543	\$7,556,360	\$1,209,018	\$2,699,183	\$431,869
2011	\$24,700,649	\$16,822,388	\$2,691,582	\$7,878,261	\$1,260,522
2012	\$25,290,286	\$16,507,816	\$2,476,172	\$8,782,470	\$1,317,371
2013	\$25,776,123	\$19,524,776	\$2,733,469	\$6,251,347	\$875,189
2014	\$22,369,755	\$17,477,963	\$2,446,915	\$4,891,792	\$684,851

Rivers Opens in Aug. 2009

Ohio Casinos Opened in May 2012
Lady Luck Casino Opened July 2013



Competitive Disadvantage

Other Jurisdiction Attacking Pennsylvania Residents

		<u>Pennsylvania</u>		<u>Ohio</u>		<u>West Virginia</u>
Total Customer Loss		\$ 500.00		\$ 500.00		\$ 500.00
State Slot Tax	61.0%	\$ (305.00)	33.0%	\$ (165.00)	35.0%	\$ (175.00)
Comp (Dinner/Room)		\$ (175.00)		\$ (175.00)		\$ (175.00)
Net Before Operating Expenses		\$ 20.00		\$ 160.00		\$ 150.00

Disincentive to Market to Out-of-State Customers

Current Situation:

- A group of 10 customers with an Average Daily Theoretical Win (ATD) of \$1,000 each
 - Flying to PA from Chicago for the weekend (2 nights) to play slots at The Meadows
 - Attend a Pirates vs. Cubs games at PNC Park
- | | | |
|--------------------------|------------------------|---|
| – Revenue (slot play) | \$20,000 | (10 players @ \$1,000 per day x 2-days) |
| – Expenses | | |
| • Hotel Stay | \$3,000 | (20 room nights at \$150 per night) |
| • Food and Beverage | \$2,000 | (10 Customers at \$200 each) |
| • Travel | \$5,000 | (10 Customers at \$500 airfare each) |
| • Pirate Game Tickets | <u>\$500</u> | <u>(10 Tickets at \$50 each)</u> |
| – Incentive Expenses | \$10,500 | |
| – Net Revenue | \$9,500 | |
| – State Gaming Tax (61%) | \$12,200 | (Which the State is not getting) |
| – Meadows Loss | <\$2,700> | (Pre Operating Costs) |

Conclusion:

The Meadows is not incented to actively pursue customers that live outside of Pennsylvania.

Out-of-State Solution

The Plan:

- A group of 10 customers with an Average Daily Theoretical Win (ATD) of \$1,000 each
- Flying to PA from Chicago for the weekend (2 nights) to play slots at The Meadows
- Attend a Pirates vs. Cubs games at PNC Park

– Revenue (slot play)	\$20,000	(10 players @ \$1,000 per day x 2-days)
– Expenses		
• Hotel (20 room nights)	\$3,000	(20 room nights at \$150 each)
• Food and Beverage	\$2,000	(10 Customers at \$200 each)
• Travel	\$5,000	(10 Customers at \$500 airfare)
• Game Tickets	<u>\$500</u>	<u>(10 Tickets at \$50 each)</u>
– Incentive Expenses	\$10,500	
– Net Revenue	\$9,500	
– State Gaming Tax	\$5,795	(61% tax based on Net Revenue)
– Meadows Win	\$3,705	(Pre Operating Costs)

Conclusion:

- The Meadows actively pursue profitable out-of-state customers.
- The Commonwealth will receive significant new tax revenue.

Out-of-State Promotional Plan

Recommend: Plan to Increase Gaming Revenue & Tax

The Plan:

- The Meadows will aggressively market to out-of-state customers using the incentive offers required to motivate trips to Pennsylvania casinos (overnight hotel stays, dining experiences, world class concerts, spa trips, shopping, golf outings, major sporting events, VIP special events, transportation and incentive commissions).
- Gaming activity will be documented using the Meadows existing Patron Management Tracking System.
- Slot Revenues are already audited by the States' G-Tech System
- Customer identification, residency and gaming activity is all ready authenticated and recorded by the above mentioned systems:
 - Patron's Name
 - State of Residency (Drivers License)
 - Dates of Play (System Generated)
 - Predominance of Play (Slots or Tables)
 - Cost & Vendor(s) Providing Incentives

Out-of-State Marketing Programs

New Customer Acquisition & Reactivation

Meadows Investment

VIP Host Programs (Acquisition):

- Monthly Out-of-State Customer Recruitment Parties & Special Events
- Hire VIP Executive Hosts Currently Working at Out-of-State Competitor Casinos
- Network with Known High Value Customers (Friends & Acquaintances)
- Strategic Marketing of High Value Targeted Customer Groups
- High Value Charter Bus Programs
- Partner Program with Hyatt Hotels

Meadows Database (Reactivation):

- Direct Mail Campaign
- Telemarketing
- Executive Host Solicitation (Lucrative Incentive Commission Structure)

Junket Program Representatives:

- Necessary to adjust the Junket Regulations to be simplified and less costly

Harness Racing

Recommend: Reduced Race Days (148 vs. 208)

Largest Daily Purses (\$183k vs. \$130k)

- Top Racetrack in the Country
- Increased On-Track Wagering & Attendance
- Increased Simulcast Wagering

Return on Investment:

- Partnership with the MSOA and the Community
- Focus Effort & Costs During Most Profitable Months
- Eliminate Underperforming Days (August – Late November)
- Do Not Competing Against “Football” (High School, College & Pro’s)
- Less Wear & Tear on Horses, Track, Equipment, etc.

Marketable Meets:

- Opening & Closing Celebrations:
- Attract Out-of-State Visitors
- Spring Meet:
 - Triple Crown Series
 - Theme Activities for the Family
 - Behind the Scenes Tours
 - Starting Gate and Jog Cart Rides
 - Gift Giveaways Day’s “First 200”
 - Horse & Drivers on the Apron
- Summer “Championship” Meet:
 - “Adios Pace for the Orchids”
 - Million Dollar Stakes Races
 - Grand Circuit
- Winter Meet:
 - Holiday Theme
 - Regions Largest Holiday Tree Lot
 - Ice Carving Contest on the Apron
 - Sleigh Rides

Streamline Regulatory Process

Vendor Approval Process

Recommend: New Jersey Model

- Licensing levels simplified and Cost of licensure reduced
- Enable more small business the opportunity to do work with the casinos
- Increase Competition Among Vendors
- Eliminate the licensing requirement for vendors involved in non-gaming activities (entertainers, florists, etc.) even if work is on casinos floor
- Pennsylvania follow a New Jersey or Nevada vendor licensing model

Classifications			PA	WV	OH	MD	NJ	NY	NV
Manufacturer		INITIAL	\$55,000/1 Year	\$10,000/1 Year	\$25,000/3 Years	\$ Variable/5 Years	\$5,000/Unlimited	\$ Variable/5 Years	NA
		RENEWAL	\$95,000/3 Years	\$10,000/1 Year	\$25,000/3 Years				
Supplier		INITIAL	\$30,000/1 Year	\$200/1 Year	NA	NA	\$5,000/Unlimited	NA	NA
		RENEWAL	\$50,000/3 Years	\$100/1 Year					
Manufacturer		INITIAL	\$10,000/Year	NA	NA	NA	NA	NA	NA
		RENEWAL	\$12,500/3 Years						
Certified		INITIAL	\$6,500/4 Years	NA	NA	NA	NA	\$4,000/5 Years	NA
Registered		INITIAL	\$2,500/4 Years	NA	NA	\$500/3 Years	NA	NA	NA
Unlicensed		INITIAL	NA	NA	\$0/Unlimited	\$0/3 Years	\$0/Unlimited	NA	NA

Employee Licensing

Recommend: New Jersey Model (described below)

Key License:

- Application fee **\$750**; credited to actual investigation expense up to **\$4,000**
- Valid 5 Years from date of licensure
- Temporary Key License may be obtained through petition to Casino Control Commission
- Approval **2-Weeks** for Temporary

All Casino Employees License:

- Application fee **\$95**
- Valid for duration of employment at that casino
- Approval **24-hours**

Non-Casino Employees (BOH, Hotel, Restaurants, Admin., etc.):

- **No licensing required**
- Property Responsibility

Note: Meadows has Credit Check, Background and Drug Test Results in 24-Hours

Employee Licensing

One Week Approval in Five Easy Steps

One Week (or less) Process:

1. Applicant completes SlotsLink application and is fingerprinted by PSP
2. The Meadows submits applicant's SlotsLink application to PGCB (electronically)
3. Upon receipt of report from PSP, PGCB Licensing authorizes applicant to begin work immediately (assumes no criminal history)
4. Temporary/Emergency credential issued to new employee by on-site PGCB Casino Compliance Staff
 - a. Should derogatory information be developed during PGCB background investigation, work authorization could be withdrawn pending resolution
5. Upon completion of PGCB background investigation, permanent Key License or Gaming Permit would be issued

Committee Suggested Topics

Slot Machines at Airports

Support: Affordable & Reasonable Framework

Las Vegas, McCarran International Airport (Year ending 3/31/15):

- **1,271** Slot Machines (1.1% of Clark County Total Machines of 113,412)
- Average Win Per Unit Day **\$63.50** (47% of Clark County WPUPD of \$135)
- Win Amount **\$29,500,000** (.53% of Clark County Total Revenue of \$5.59B)

Reno Tahoe International Airport (Year ending 3/31/15):

- **250** Slot Machines (1.3% of Washoe County Total Machines of 18,027)
- Average Win Per Unit Per Day **\$23.23** (25% of Washoe County WPUPD of \$92.92)
- Win Amount **\$2,119,700** (.35% of Washoe County Total revenue of \$611m)

Slot Machines at OTB's

Recommend: Full Support - Great Idea

- The Meadows has paid to operate **5,000** slots in the Commonwealth (currently 3,200)
- Slot at OTB's are the State's "best bet" for new & immediate revenues in the Commonwealth
- Slots at OTB's will have a meaningful & direct impact on further supporting the suffering horse racing industry OTB's will follow existing gaming regulations and consumer protections guidelines
- The State's G-Tech Slot Tracking System can easily be used at all OTB's
- It is not be appropriate or necessary to have a third-party outside vendors come to Pennsylvania to provide new gaming equipment
- New Exciting Sports Bar Concept to attract Millennials and others.
- Casino operators already have well trained professional employees
- Slots at OTB's will increase Jobs
- LSA money will be disbursed to localities of the OTB's, extending the benefits of slot legislation
- If OTB's are not allowed to have slot machines, it is likely that OTB will continue to close and the race industry will be further burdened with escalating expenses and declining revenues

Daily Fantasy Sports Tournaments

Pittsburghers Love Sports

Support Concept – More Research Needed:

- Clear Monetization Engine
- Contests Held at Existing Brick & Mortar Casinos
- Design Simple Activities that Attract & Retain Millennials
- Social Based Interactions – Games of Skill – Real Time Interaction
- Method to Collect Fees or Buy-ins for Tournament Participation
- Partnership with Existing DFS Site to Provide Online or Mobile Platform (Draft Kings, Star Fantasy Leagues, FanDuel, Fantasy Sports Network, etc.)
- Up Front Fee
- Tax Rate
- Costs to Operate (TBD)
- Acquisition Costs for Customers
- Mass Media Opportunities
- New Marketing Activity to attract Out-of-state visitors and locals to the property