

**PITG Gaming, LLC**  
**Testimony Before**  
**Pennsylvania Gaming Control Board**  
**Harrisburg, Pennsylvania**

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**[SLIDE 1]**

**[MR. BARDEN]:** GOOD MORNING, MR. CHAIRMAN. ONCE AGAIN, IT'S A PLEASURE TO APPEAR BEFORE YOU AND THE MEMBERS OF THE BOARD AND WE APPRECIATE YOUR INVITATION TO BE HERE.

BEFORE WE BEGIN WITH OUR PRESENTATION, I WOULD BE REMISS IF I DIDN'T JOIN WITH ALL THE OTHER APPLICANTS IN ADDING MY THANKS AND CONGRATULATIONS TO YOU, THE BOARD, DIRECTOR NEEB AND HER ENTIRE STAFF FOR THE OUTSTANDING MANNER IN WHICH THIS PROCESS HAS BEEN CONDUCTED. YOU HAVE ALL DONE A MASTERFUL JOB OF MAKING ACT 71 A REALITY AND YOU'VE DONE IT WITH THE HIGHEST STANDARDS OF INTEGRITY, PROFESSIONALISM, AND COURTESY. THE PEOPLE OF PENNSYLVANIA CAN BE PROUD AND CONFIDENT IN THIS BOARD FOR A JOB WELL DONE.

**[PAUSE]**

I KNOW THAT YOU AND THE STAFF HAVE REVIEWED OUR APPLICATION IN GREAT DETAIL ALREADY, AND I KNOW THAT I'M THE ONLY THING

STANDING BETWEEN YOU AND A TURKEY DINNER, SO WE WILL NOT ENGAGE IN ANYTHING TOO REPETITIVE FROM WHAT YOU ALREADY HAVE SEEN. HOWEVER, WE WOULD LIKE TO SIMPLY AND DIRECTLY REVIEW WITH YOU THE REASONS WHY WE BELIEVE OUR PROPOSAL FOR THE MAJESTIC STAR CASINO REPRESENTS THE BEST POSSIBLE SOLUTION FOR GAMING IN THE CITY OF PITTSBURGH.

JOINING ME THIS MORNING ARE SEVERAL MEMBERS OF OUR PROJECT TEAM WHO WILL ADDRESS THESE ISSUES IN GREATER DETAIL, AND I'LL INTRODUCE THEM TO YOU THROUGHOUT THE COURSE OF OUR PRESENTATION.

BUT LET ME GET RIGHT TO IT AND ENUMERATE FOR YOU THE FACTORS THAT WE FEEL SO STRONGLY ABOUT THAT MAKE OUR PROPOSAL THE MOST COMPELLING FOR YOUR CONSIDERATION.

**FIRST**, AND WE BELIEVE THIS IS SO VERY IMPORTANT, IS THE LOCATION OF OUR SITE.

AS YOU KNOW, I'M FROM DETROIT. SO SEVERAL YEARS AGO, WHEN I FIRST HEARD THAT CASINO GAMING WAS COMING TO PENNSYLVANIA, I CAME HERE AND LOOKED AT A NUMBER OF PLACES THROUGHOUT THIS STATE, INCLUDING PHILADELPHIA, IN SEARCH OF THE BEST LOCATION FOR A SLOTS CASINO.

I CONCLUDED THAT THE BEST POSSIBLE LOCATION FOR A CASINO IN PENNSYLVANIA WAS A 17-ACRE SITE ON PITTSBURGH'S NORTH SHORE. THIS SITE STRUCK ME AS AN ABSOLUTELY IDEAL SPOT FOR A CASINO FOR SEVERAL REASONS:

1. IT WAS PERFECTLY SITUATED ALONGSIDE THREE MAJOR HIGHWAYS, INCLUDING TWO STATE HIGHWAYS AND ONE INTERSTATE, MAKING IT EASY TO MOVE PEOPLE ON AND OFF THE PREMISES WITHOUT IMPACTING EXISTING TRAFFIC PATTERNS. EASE OF ACCESS, TRAFFIC AND PARKING ARE ABSOLUTELY CRITICAL IN THE SELECTION OF A SITE FOR THE PITTSBURGH CASINO FOR ONE VERY SIMPLE REASON – GAMING REVENUE. IF PATRONS GROW FRUSTRATED FROM WAITING IN TRAFFIC, OR HAVE DIFFICULTY GETTING TO THE CASINO, OR CAN'T FIND A PLACE TO PARK, THE NOVELTY AND ATTRACTION OF THE CASINO WILL WEAR OFF QUICKLY AND THE REVENUE PROJECTIONS THAT YOU DEPEND ON TO HELP GUIDE YOU IN YOUR DECISION WILL BE MEANINGLESS. TO BE A SUSTAINABLE SOURCE OF GAMING REVENUES, TRANSPORTATION TO AND FROM THE CASINO MUST BE A POSITIVE EXPERIENCE EVERY TIME. AND THE FACT OF THE MATTER IS THAT BOTH OUR TRANSPORTATION ANALYSIS AS WELL AS THE STUDY COMMISSIONED BY THIS BOARD, HAVE CONCLUDED THAT OUR SITE

AND PROPOSED ROAD IMPROVEMENTS ACHIEVE THAT ALL-IMPORTANT OBJECTIVE.

2. ADDITIONALLY, THESE HIGHWAYS CREATED A BUFFER FROM RESIDENTIAL COMMUNITIES THAT WOULD PROVIDE A NATURAL BARRIER BETWEEN THE CASINO AND OUR NEAREST NEIGHBORS.
  
3. IT WOULD BECOME THE WESTERNMOST ENTERTAINMENT DESTINATION IN PITTSBURGH'S BUSTLING NORTH SHORE, HOME TO THE PITTSBURGH STEELERS, THE PIRATES, THE CARNEGIE SCIENCE CENTER, SHOPPING, RESTAURANTS, AND OTHER RECREATIONAL VENUES. SINCE THAT TIME, THE NORTH SHORE HAS CONTINUED TO GROW WITH NEW OFFICE BUILDINGS, A RIVERFRONT PROMENADE, AND NOW NEW NIGHTCLUBS, RESTAURANTS AND SHOPPING DEVELOPMENTS ARE PLANNED FOR THIS AREA. A CASINO LOCATED AT THE WESTERN END OF THE NORTH SHORE WAS A PERFECT LOCATION TO ACHIEVE CRITICAL MASS IN A MIXED-USE ENTERTAINMENT FACILITY WHILE NOT DISRUPTING THE CITY'S DEVELOPMENT STRATEGY FOR THIS AREA.
  
4. THIS SITE OFFERED A BEAUTIFUL RIVERFRONT LOCATION WITH A MILLION-DOLLAR VIEW OF PITTSBURGH'S DOWNTOWN SKYLINE. WE IMMEDIATELY SAW HOW WE COULD ENHANCE THE REVIVAL OF PITTSBURGH'S RIVERFRONTS AND CREATE SOMETHING THAT WOULD BE FAR MORE THAN A CASINO, BUT A WORLDCLASS

RIVERFRONT DESTINATION FOR THE CITY THAT WOULD HELP BRING PEOPLE DOWN TO THE RIVERS ONCE AGAIN AND BE A CATALYST FOR ECONOMIC DEVELOPMENT ON PITTSBURGH'S NORTH SHORE.

5. WE ALSO SAW INSTANTLY HOW A CASINO IN THIS LOCATION COULD SOLVE A NUMBER OF SIGNIFICANT PROBLEMS FOR THE CITY OF PITTSBURGH.

- THE DEMAND FOR PARKING DURING PITTSBURGH STEELER FOOTBALL GAMES COULD BE EASED BY THE ADDITION OF A CASINO PARKING FACILITY. NORTH SIDE RESIDENTS WOULD NO LONGER HAVE TO ENDURE SEEING THEIR NEIGHBORHOODS REDUCED TO PARKING LOTS ON SUNDAY AFTERNOONS.

IN FACT, WE'RE DELIGHTED TO REPORT THAT WE'VE HAD SEVERAL VERY POSITIVE AND PRODUCTIVE WITH THE STEELERS IN RECENT WEEKS ON THIS VERY ISSUE AND THEY'RE MOST INTERESTED IN WORKING WITH US TO HELP RELIEVE THE PROBLEM OF NORTH SHORE PARKING ON STEELER GAME DAYS.

- A NORTH SHORE CASINO WOULD NOT INTERFERE OR COMPETE WITH DOWNTOWN RESTAURANTS AND BARS, GIVING LOCAL SMALL BUSINESSES MUCH-NEEDED ASSURANCE THAT A SLOTS CASINO WOULD BE A COMPLEMENTARY BUSINESS, AND NOT A COMPETITIVE ONE.

- A CASINO PROJECT OF THIS SCALE WOULD BE A SIGNIFICANT PRIVATE DEVELOPMENT OF A MAJOR NORTH SHORE ENTERTAINMENT AMENITY TO HELP ACHIEVE THAT CRITICAL MASS AND SPUR ECONOMIC GROWTH IN THE AREA OF TRAVEL AND TOURISM.
- THIS SITE IS CURRENTLY A PARKING LOT WITH A FEW OLDER INDUSTRIAL WAREHOUSES AND IS ALREADY UNDER OUR CONTROL THROUGH AN OPTION. SO AT A TIME WHEN THE CITY OF PITTSBURGH IS SIGNIFICANT FINANCIAL DISTRESS, WE WOULD BE TAKING HIGHLY VALUABLE RIVERFRONT REAL ESTATE THAT IS TERRIBLY UNDERUTILIZED AND TRANSFORMING IT INTO AN ECONOMIC ENGINE FOR THE CITY AND THE REGION.

6. EQUALLY IMPORTANT, IT'S IMPORTANT TO POINT OUT **THAT** **THERE IS NO NEIGHBORHOOD OPPOSITION** TO A CASINO ON PITTSBURGH'S NORTH SHORE. LET ME REPEAT THAT – *THERE IS NO NEIGHBORHOOD OPPOSITION TO A CASINO ON THE NORTH SHORE.*

IT'S IMPORTANT FOR THIS BOARD TO KNOW THAT AMID ALL THE HYPE OF THE PITTSBURGH FIRST APPLICATION TO BUILD AND OPERATE THE ISLE OF CAPRI CASINO IN PITTSBURGH'S HILL DISTRICT, THAT 3 OUT OF EVERY 4 RESIDENTS OF THAT COMMUNITY DO NOT WANT A CASINO IN THEIR NEIGHBORHOOD.

OUR PROJECT ACHIEVES A UNIQUE BLEND OF BENEFITS TO THE CITY – IT LOCATES THE CASINO IN AN IDEAL LOCATION FOR GAMING AND ENTERTAINMENT...INSULATED FROM RESIDENTIAL NEIGHBORHOODS...PROVIDES THE BEST TRAFFIC SOLUTION WITH VERY MINOR HIGHWAY INFRASTRUCTURE MODIFICATIONS...AND OUR COMMITMENT TO SPEARHEAD THE REDEVELOPMENT OF THE HILL DISTRICT GIVES THAT COMMUNITY THE BENEFIT OF A MAJOR NEIGHBORHOOD DEVELOPMENT INVESTMENT WITHOUT PUTTING A CASINO IN THEIR BACKYARD.

**THE SECOND REASON** WHY WE BELIEVE SO STRONGLY IN OUR APPLICATION IS THE QUALITY OF OUR DESIGN. WE HAVE TAKEN QUITE SERIOUSLY THE RESPONSIBILITY AND THE OPPORTUNITY WE HAVE IN BEING A RIVERFRONT DESTINATION AND WE HAVE DONE EVERYTHING WE CAN TO CREATE SOMETHING THAT THE PEOPLE OF PITTSBURGH WILL TAKE PRIDE IN AND THAT WILL BE AN ENGINE FOR ECONOMIC DEVELOPMENT FOR THE REGION BEYOND THE CASINO.

OUR DESIGN COMBINES THE LOCAL ARCHITECTURE OF THE NORTH SHORE WITH THE EXTRAORDINARY VIEWS OF THE THREE RIVERS AND DOWNTOWN PITTSBURGH.

IN ITS DESIGN REVIEW OF THE THREE PITTSBURGH APPLICANTS LAST MONTH, THE PITTSBURGH GAMING TASK FORCE COMPLEMENTED US FOR THE WAY WE'VE INTEGRATED OUR CASINO TO THE RIVERFRONT,

REFLECTED THE CHARACTER OF THE RIVERFRONT IN OUR DESIGN, AND FOR OUR RESPONSIVENESS IN ADDRESSING THE DESIGN STANDARDS THEY HAVE SOUGHT TO ACHIEVE IN THIS PROCESS.

OUR VISION FOR THIS PROJECT HAS BEEN BROUGHT TO LIFE BY A TEAM OF THE BEST ARCHITECTURAL DESIGNERS IN THE CASINO INDUSTRY, THE REDEVELOPMENT OF PITTSBURGH'S NORTH SHORE, AS WELL AS IN INNER-CITY REVITALIZATION. YOU'LL BE HEARING MORE FROM EACH OF THEM SHORTLY.

**THIRD**, AS YOU PROBABLY KNOW, OUR PROPOSAL CONSISTS OF MUCH MORE THAN THE DEVELOPMENT OF THE MAJESTIC STAR CASINO. WE HAVE PLEDGED TO LEAD A \$350 MILLION NEIGHBORHOOD REDEVELOPMENT PROJECT IN PITTSBURGH'S HILL DISTRICT. THIS COMMUNITY WAS ONCE THE CULTURAL HEART OF PITTSBURGH AND A THRIVING URBAN RESIDENTIAL AND BUSINESS DISTRICT. BUT BECAUSE OF A DISASTER OR URBAN RENEWAL IN THE 1950s, THIS NEIGHBORHOOD WAS CUT OFF FROM DOWNTOWN PITTSBURGH, ISOLATED FROM THE REST OF THE CITY, AND LEFT FOR DEAD.

I'VE PLEDGED TO THE PEOPLE OF THE HILL DISTRICT TO HELP TURN THAT AROUND AND BEGIN TO RESTORE THE HILL DISTRICT NOT TO WHAT IT ONCE WAS, BUT SOMETHING MUCH MORE THAN THAT. WE INTEND TO DO EVERYTHING WE CAN TO ENSURE THAT CASINO GAMING RESULTS IN A COMMUNITY BENEFIT THAT FAR EXCEEDS THE INTENT OF THE STATUTE



AND ALLOWS THE PEOPLE OF PITTSBURGH TO EASILY CONCLUDE THAT THE MAJESTIC STAR CASINO IS A POSITIVE ADDITION TO PITTSBURGH.

OUR PROPOSAL IS THE ONLY ONE OF THE THREE BEFORE YOU THAT INCLUDES MAJOR ECONOMIC DEVELOPMENT PROJECTS IN NOT ONE, BUT TWO CITY OF PITTSBURGH NEIGHBORHOODS – THE NORTH SHORE AND THE HILL DISTRICT. AND IT DOES SO WITH THE FULL SUPPORT OF OUR NORTH SHORE NEIGHBORS AS WELL AS THE OVERWHELMING SUPPORT OF THE PEOPLE OF THE HILL DISTRICT, WHO HAVE WELCOMED US INTO THEIR COMMUNITY AND EMBRACED OUR PROPOSAL.

WE'RE PROUD OF THE RELATIONSHIPS WE'VE MADE WITH THE LEADERSHIP AND RESIDENTS OF THESE NEIGHBORHOODS AND WE'VE BUILT A FOUNDATION OF TRUST THAT WILL ENSURE LASTING AND PRODUCTIVE PARTNERSHIPS FOR YEARS TO COME.

OUR COMBINED COMMITMENT – THE MAJESTIC STAR CASINO, THE REDEVELOPMENT OF THE HILL DISTRICT, AS WELL AS BEING THE FIRST PITTSBURGH APPLICANT TO STEP FORWARD AND SUPPORT GOVERNOR RENDELL'S "PLAN B" FOR FUNDING A NEW ARENA FOR THE CITY OF PITTSBURGH – REPRESENTS THE SINGLE LARGEST ECONOMIC DEVELOPMENT PROJECT IN PITTSBURGH HISTORY.

**FOURTH**, THE MAJESTIC STAR CASINO WILL BE A POWERFUL SOURCE OF ECONOMIC VITALITY FOR THE CITY, THE REGION, AND THE

COMMONWEALTH. OUR FINANCIAL PROJECTIONS HAVE BEEN PRESENTED TO YOU IN DETAIL IN OUR APPLICATION:

- WE EXPECT TO REALIZE APPROXIMATELY \$500 MILLION WHEN WE REACH THE 5000 SLOT CAPACITY.
- WE'LL GENERATE \$230 MILLION IN TAX REVENUES FOR THE COMMONWEALTH AND AN ADDITIONAL \$24 MILLION FOR THE CITY OF PITTSBURGH.
- WE'LL BE CREATING 4000 CONSTRUCTION JOBS, BETWEEN 900 AND 1500 CASINO JOBS, AND AN ADDITIONAL 1500 CASINO-RELATED JOBS IN THE PITTSBURGH COMMUNITY. AND DIVERSITY WILL BE A DRIVING FORCE IN THE OPERATIONS OF THE MAJESTIC STAR. THE MINORITY HIRING AT OUR CASINO OPERATIONS AROUND THE COUNTRY AVERAGES 60% – WELL ABOVE NATIONAL AVERAGES AND WELL ABOVE THE MINORITY WORKFORCE AVERAGE OF THE PITTSBURGH WORKFORCE IN GENERAL.

YOU'LL HEAR MUCH MORE ABOUT OUR COMMITMENT TO DIVERSITY LATER IN OUR PRESENTATION.

- AND OUR ECONOMIC IMPACT ANALYSIS HAS FOUND THAT, IN PART DUE TO OUR LOCATION ON THE NORTH SHORE, THE MAJESTIC STAR WILL GENERATE:

- \$130 MILLION IN NEW TOURISM SPENDING FOR THE REGION

- o \$150 MILLION IN NEW SPENDING AT PITTSBURGH-AREA ATTRACTIONS AND DESTINATIONS, AND
- o \$26 MILLION IN NEW SPENDING AT DOWNTOWN PITTSBURGH'S EXISTING RESTAURANTS.

WE'RE COMING TO PITTSBURGH TO HELP GROW THE ECONOMY BY COMPLEMENTING THE RESTAURANTS, BARS, AND ENTERTAINMENT VENUES THAT ARE ALREADY THERE – NOT COMPETE WITH THEM.

SIMPLY PUT, WE INTEND THAT THE MAJESTIC STAR CASINO IN PITTSBURGH WILL BE OUR FLAGSHIP PROPERTY – OUR CROWN JEWEL AND THE CASINO THAT WE BUILD OUR NATIONAL MARKETING PROGRAM AROUND. RATHER THAN BUILDING A DATABASE OF PITTSBURGH PATRONS THAT WE CAN USE TO DIRECT THEM TO ATLANTIC CITY OR LAS VEGAS, WE’LL BE DIRECTING OUR DATABASE OF CUSTOMERS TO PITTSBURGH, WHERE WE CAN SHOW OFF NOT ONLY OUR VERY BEST PROPERTY, BUT ALSO THE CITY OF PITTSBURGH AND THE SURROUNDING REGION.

I HOPE EACH MEMBER OF THE BOARD WILL CONCLUDE, AS WE HAVE, THAT OUR APPLICATION AND THE TEAM THAT STANDS BEHIND IT PROVIDES THE MOST COMPELLING OPTION FOR GAMING, ECONOMIC DEVELOPMENT, COMMUNITY IMPACT, AND EASE OF ACCESS IN THE CITY OF PITTSBURGH. AND, OUR PROPOSAL PROVIDES THE COMMONWEALTH OF PENNSYLVANIA WITH THE MOST VIABLE AND SUSTAINABLE OPPORTUNITY FOR OPTIMIZED GAMING REVENUES DUE TO THE LOCATION OF OUR SITE, THE ATTRACTIVE FACILITY WE HAVE PLANNED, AND THE SPEED WITH WHICH WE ARE PREPARED TO BE UP AND RUNNING AND GENERATING GAMING REVENUES ON A PERMANENT BASIS.

**[PAUSE]**

I'D NOW LIKE TO TURN THE DISCUSSION TO THE SUBJECT OF OUR COMPANY'S FINANCIAL STRENGTH AND OUR ABILITY TO BUILD THE MAJESTIC STAR, OPERATE IT SUCCESSFULLY AND EXPAND IT TO ACCOMMODATE FUTURE GROWTH.

TO HELP ME DO THAT, PLEASE ALLOW ME TO INTRODUCE YOU TO MR. STEVE CROXTON, THE MANAGING DIRECTOR AND CO-HEAD OF THE GAMING GROUP AT JEFFERIES & COMPANY IN NEW YORK. JEFFERIES, AS YOU MAY KNOW, IS THE LARGEST INVESTMENT GAMING INVESTMENT BANKING PRACTICE IN THE WORLD, AND HAS HAD A LONG AND PRODUCTIVE RELATIONSHIP WITH OUR COMPANY.

JEFFERIES HAS PROVIDED US WITH A COMMITMENT LETTER FOR THE ENTIRE CONSTRUCTION COST OF THE MAJESTIC STAR – \$450 MILLION – AND IS HERE TO DISCUSS WITH YOU THEIR RELATIONSHIP WITH OUR COMPANY, OUR TRACK RECORD, AND THEIR VIEW ON HOW THE CAPITAL MARKETS WILL REACT TO OUR PROJECT.

STEVE?

**[MR CROXTON:]**