

*Gaming Revenue
Projections for the
Northeast Gaming Zone
DRAFT*

Presentation to Lottery Gaming Facility Review Board
by Will Cummings / Cummings Associates

September 2, 2008

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Questions, Please!
(at any time)

Overview

- Process (briefly)
- Cummings Projections
- Location, Location and . . . Size Matters
- “Net Export” and Tourist Info
- Detail: Cummings vs. Applicants
- “Fair Share” Perspective

Northeast Zone

[Map – KC Metro Area]

[in preparation]

[Map – Local Area Detail]

[in preparation]

Gravity Model(s) Updated

- Separate Slot / Table Models
- Precise Locations
- Precise Sizes
- Everything Else . . .

“Power Ratings”

Exhibit 1: Power Ratings Used in Previous Projections

	Kansas City *	Harrah's Mulvane	Marvel Wellington	Penn Wellington	Penn Cherokee	Dodge City
Slot Performance						
High	107.0	110.0	116.0	116.0	107.0	117.0
Baseline	102.0	104.0	110.0	110.0	102.0	112.0
Low	97.0	98.0	104.0	104.0	97.0	107.0
Table Performance						
High	107.0	106.0	108.0	103.0	95.0	105.0
Baseline	102.0	98.0	100.0	95.0	90.0	100.0
Total Power Rating	97.0	90.0	92.0	87.0	85.0	95.0

* Power Ratings for Northeast-Zone Applicants updated for this report in Exhibit 2. All others remain unchanged.

Note: 100 = "Midwest Standard." Higher slot baselines here typical of new facilities.

Exhibit 2: Power Ratings Updated for Northeast Applicants

	Speedway/ Cordish	Golden Gaming	PNK Kansas	Legends Sun
Gaming Positions (not inc. poker):	3,840	2,980	2,660	2,360
Baselines for Slots and Tables:				
Midwest Standard	100.00	100.00	100.00	100.00
Synergy with Area Attractions	1.00	1.00	1.00	1.00
Bricks & Mortar \$ / Gaming Position (in \$100ks)	1.84	1.96	2.34	3.25
Casino Square Footage / Gaming Position (x .02)	0.66	0.88	0.74	1.12
Hotel Rooms / Gaming Position (x 2)	0.16	0.20	0.38	0.30
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Total Power Rating	103.66	104.04	104.46	105.67

Note: 100 = "Midwest Standard." Latest facilities in Iowa (smaller & less expensive) range from 99 to 104. "High" and "Low" projections remain 5 points above and below these figures, respectively.

Summary of Projections

In 2007 Dollars

Gaming Facility / Location:	# Slots	Power Rating	Slot Win (\$mn)	win/slot/day	Total Win (\$mn)
Northeast Zone:					
Speedway/Cordish	3,000	103.7	\$192.4	\$176	\$234.2
Golden Heartland	2,500	104.0	\$182.0	\$199	\$223.2
Pinnacle	2,300	104.5	\$170.8	\$204	\$206.3
Legends Sun	2,000	105.7	\$149.0	\$204	\$182.8

Summary of Projections

In 2013 Dollars

(at 2.5% per annum)

Gaming Facility / Location:	# Slots	Power Rating	Slot Win (\$mn)	win/slot/day	Total Win (\$mn)
Northeast Zone:					
Speedway/Cordish	3,000	103.7	\$223.1	\$204	\$271.6
Golden Heartland	2,500	104.0	\$211.1	\$231	\$258.8
Pinnacle	2,300	104.5	\$198.1	\$236	\$239.2
Legends Sun	2,000	105.7	\$172.8	\$237	\$212.0

Size Matters

All Same Size

In 2013 Dollars

(at 2.5% per annum)

Gaming Facility / Location:	# Slots	Power Rating	Slot Win (\$mn)	win/slot/day	Total Win (\$mn)
Northeast Zone:					
Golden Heartland	3,000	104.0	\$234.5	\$214	\$282.3
PNK Kansas	3,000	104.0	\$228.7	\$209	\$275.8
Speedway/Cordish	3,000	104.0	\$225.8	\$206	\$272.2
Legends Sun	3,000	104.0	\$209.2	\$191	\$252.6

At Sizes Actually Proposed

In 2013 Dollars

(at 2.5% per annum)

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Cummings Projections (2013\$)

	As Proposed	3,000 slots *
Speedway	\$271.6	\$272.2
Golden	\$258.8	\$282.3
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* And 80 tables, and power rating of 104.0

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*Location Matters --
A Little*

[Map – Local Area Detail]

[in preparation]

[Map – KC Metro Area]

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“Micro” Access (from KC / J Co)

Intersection:	1	2	3	4	5
Golden	L	R			
Pinnacle	(r)	R	R		
Speedway	R	R	L		
Legends Sun	(r)	st	st	L	R

(r) indicates smooth merge (no stop); Pinnacle has 90° exit, Leg Sun 270°

[Map – Local Area Detail]

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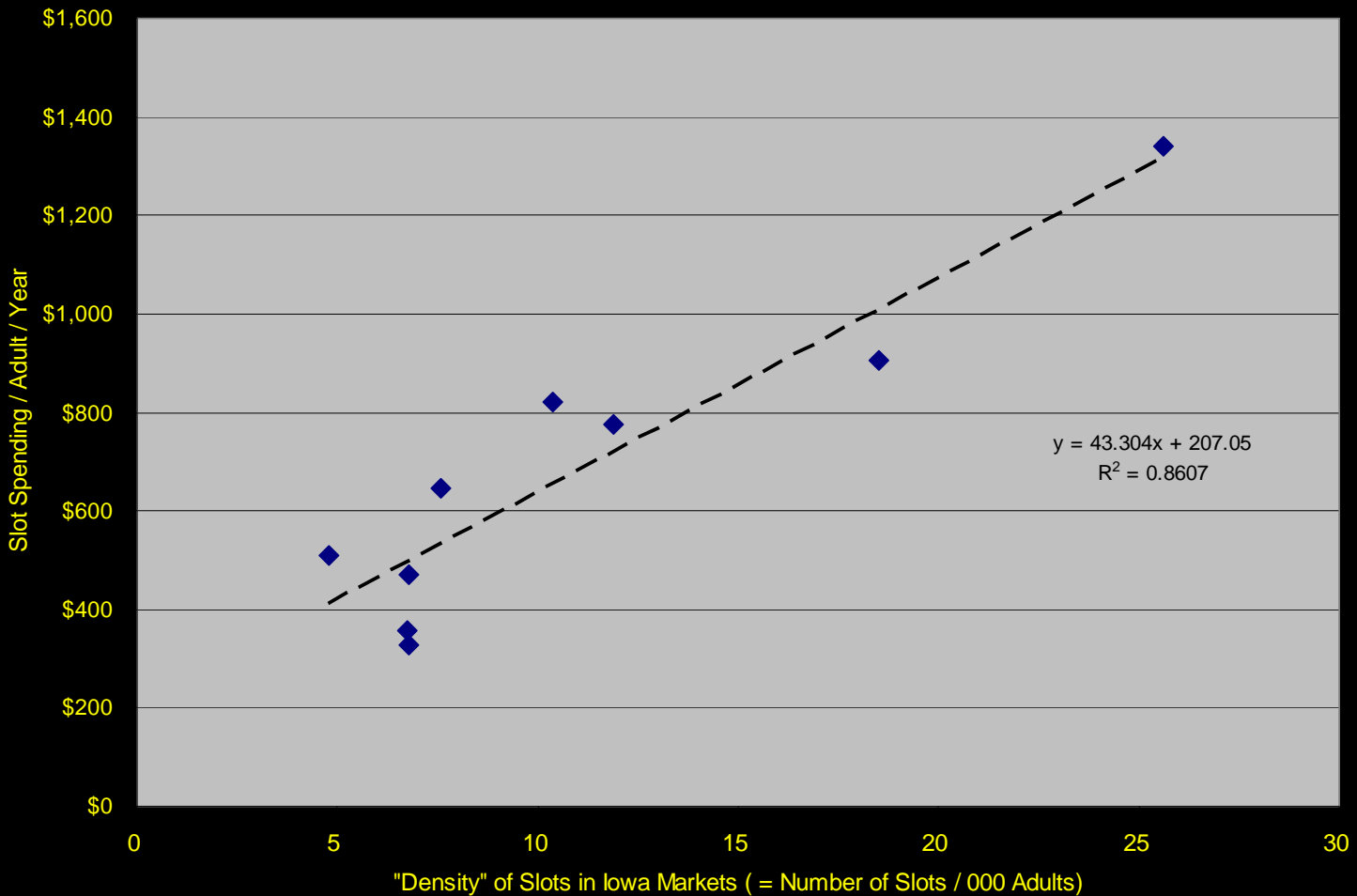
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Size Matters?

	# Slots	Projected Win*
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* 2013 dollars

Size Matters!



Cummings vs. Proponents

	Cummings	Proponent	%
Speedway	\$271.6	\$367.0	135%
Golden	\$258.8	\$284.7	110%
Pinnacle	\$239.2	\$425.9	178%
Legends Sun	\$212.0	\$295.6	139%

(all \$ million in 2013)

Speedway / Cordish

Sources of Difference

	Cummings	Cordish	Diff.
0-100 miles	\$248.9		
100+ miles	\$22.7		
Drive-Bys	\$0.0		
Hotel etc.	<u>\$0.0</u>		
Total	\$271.6	\$367.0	\$95.4

(all \$ million in 2013)

Golden Heartland

Sources of Difference

	Cummings	Golden	Diff.
0-100 miles	\$238.5		
100+ miles	\$20.3		
Drive-Bys	\$0.0		
Hotel etc.	<u>\$0.0</u>		
Total	\$258.8	\$284.7	\$25.9

(all \$ million in 2013)

PNK Kansas (Pinnacle)

Sources of Difference

	Cummings	Pinnacle	Diff.
0-100 miles	\$220.7		
100+ miles	\$18.5		
Drive-Bys	\$0.0		
Hotel etc.	<u>\$0.0</u>		
Total	\$239.2	\$425.9	\$186.7

(all \$ million in 2013)

Legends Sun

Sources of Difference

	Cummings	Leg Sun	Diff.
0-100 miles	\$193.9		
100+ miles	\$18.1		
Drive-Bys	\$0.0		
Hotel etc.	<u>\$0.0</u>		
Total	\$212.0	\$295.6	\$83.6

(all \$ million in 2013)

“Fair Share” Perspective

“Fair Share” Perspective

$$\text{“Fair Share”} = \text{\% Capacity} \times \text{Total Market Win}$$

Example: Casino X has 2,000 gaming positions

Total Market has 10,000

“Fair Share” = 20% of the market

Projected Win vs. Fair Share

	Cummings	Applicant *
Speedway	112%	153%
Golden	121%	129%
Pinnacle	124%	188%
Legends Sun	120%	168%

* Applicants' projections as interpreted by Cummings models.

*Projections for
“Net Exports” & “Tourists”*

Projected Impacts on . . . (2007\$)

	<i>“Net Exports”</i>	<i>“Tourist” \$ *</i>
Speedway	\$161.6	\$19.4
Golden	\$148.1	\$17.4
Pinnacle	\$140.9	\$15.8
Legends Sun	\$123.0	\$15.5

* “Tourists” defined as those traveling over 100 miles (\$ in million)

Summary

Cummings Projections (2013\$)

	# Slots	Projected Win
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Projected Impacts on . . . (2007\$)

	<i>“Net Exports”</i>	<i>“Tourist” \$ *</i>
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Pinnacle	\$140.9	\$15.8
Legends Sun	\$123.0	\$15.5

* “Tourists” defined as those traveling over 100 miles.

Conclusions

- Location matters . . . a little
- Size matters . . . a lot
- But anyone can build you a **bigger** mousetrap
- Key Question: Who will build you the **BEST** mousetrap?

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