Kansas Lottery
Gaming Facility Review Board
Northeast Gaming Zone
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Introduction

The Kansas Lottery Gaming Facility Review Board engaged the partners of Probe Strategic Services to conduct an assessment of the ancillary development and amenities associated with the management proposals for the Lottery Gaming Facilities (LGF) located in the four gaming zones.

To conduct this analysis, Probe examined the characteristics of the market. Based upon the market customer characteristics, the available products in the market area, and the data produced in the gaming market assessments generated in Task 1, a list of possible amenities was developed. In the case of the Northeast Gaming Zone, we have examined the customer characteristics in 30, 60 and 100 miles radii and rings from a point located between the two proposed casinos.

Next, we examined each proposal's amenity package by considering the appropriateness of the individual amenity to the property, market, and customer characteristics. We then reviewed the entire amenity package and its alignment with the market and the operating strategy proposed by the prospective managers.

Finally, we compared consolidated versions of the applicants' pro-formas in relation to each other and their stated visitation estimates to ascertain any differences or identify possible inconsistencies in assumptions.

The proposals were examined in the overall context of their ability to fulfill the goals set out in Senate Bill 66:

- Maximize Revenues for the state of Kansas.
- Promote Tourism.
- Serve the best interests of the state of Kansas.

In our professional opinion, each of the amenity and ancillary development packages that are being proposed by the prospective managers are appropriate for their market and overall operating strategy and are sufficient to meet the needs of the visitor volume projected in Tasks 1 and 4 and by the separate market assessments presented by the applicants.

There are, however, concerns about each property, which we highlight in the following slide.

Caveats

Golden Heartland:

The Kansas local, Tom Watson designed golf course can be a draw for the high end gamblers that Gold Heartland intends to capture from their planned regional development offices. However, care must be taken in marketing and positioning in the local region given the current supply of premium courses in the area.

Legends Sun:

The Robert Trent Jones Jr. designed golf course can be a draw for the casino department to use. Similar issues exist for this course as with the Golden Heartland course.

Additionally, Probe is aware that the retail planned for the Legends Sun facility is going to be designed not to compete with the current Legends property. It is unclear what is planned for the facility and how the market would react to those tenants. We assume that the property is attempting to be a destination retail location similar to the other area facilities and the market will be larger than the western suburbs.

Pinnacle Entertainment:

Probe has certain concerns with the ability to create the synergies discussed between the family oriented Schlitterbahn property and a proposed LGF. While there are successful examples, those provided are in warm weather destination resort locations (Florida, California, the Bahamas). An examination the revenues for the Diamond Joe Dubuque property following the opening of a water park in the vicinity did not impact revenues appreciably differently than the Iowa market as a whole. Probe recognizes the ability to utilize the hotel rooms from Schlitterbahn for larger conventions can be both positive (more rooms at a potentially different price point) and negative (rooms separate from the main center in a family destination).

Kansas Entertainment:

As noted in the primary customer research provided, the Hard Rock/NASCAR brand have strong brand awareness. However, this does not necessarily translate to visits. For instance, the research results in the Kansas City DMA show that the existing property with the greatest proportion of individuals stating that they would visit is Harrah’s despite its third place results in the market (size, location, and everything else also matters).

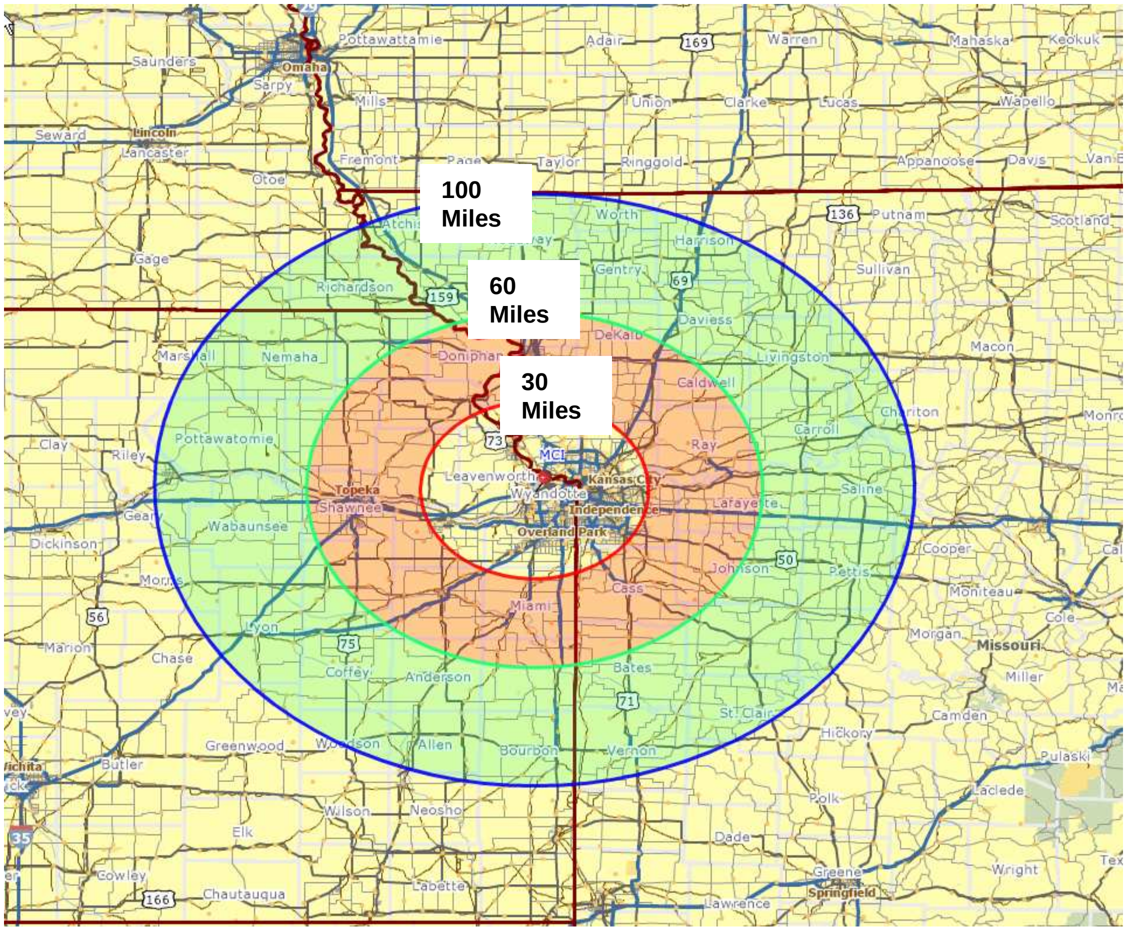
With regards to the consumer research, there appears to be methodological flaw in the questionnaire construction that a marketing researcher who is not familiar with the casino industry could have easily made. As Will Cummings has stated, Location, Location, Size and everything else matters in casino visitation. When asked about visiting the Hard Rock property, the question specifically states that it is at the Speedway. The locations for the other proposed properties were not stated. The question also measure ‘Most Likely to Visit’, a better method would have been to describe the location, state the brand and ask ‘How likely would you be to visit?’ While this does not subtract from the Hard Rock results, the instrument construction may have attenuated the relative results of the other applicants.

Brands with strong awareness can also have strong detractors as well as proponents. Finally there were certain results that point to some weaknesses in the brand: while for 60% of national respondents it would not make a difference, knowing that Hard Rock casino was at a NASCAR venue had a net negative impact on likelihood to visit: (13% more likely, 25% less likely).

There are concerns for the Entertainment/Retail district with regards to the absorption in the market, however, the heavy weighting towards F&B and entertainment as a compliment to the Casino provides some assurances that this could be absorbed. The one question is how it will compete with the Kansas City Power and Light District.

Market Assessment

Market Area



Four applications to manage a Lottery Gaming Facility were submitted and endorsed for the Northeast Gaming Zone in Ford County.

All of the properties are located in the area surrounding the Village West development area where I-70 meets I-435

We have examined demographic data within radius miles from the midpoint between the locations (hereafter referred to as ‘locations’), using 30 mile, 60 mile and 100 mile radii. In the map to the left, the shaded areas depict the different distance radii from the midpoint between the sites while the circles depict the radii.

Data is presented for the 0-30, 0-60 and 0-100 mile radii as well as the 31-60, and 61-100 mile rings.

Data Source: ERSI, Probe

Market Assessment

Demographic Composition – Population / Age

Population by Age	Demographic Data Population Within							Demographic Data Population Within			
	0-30 Miles		0-60 Miles		0-100 Miles			31-60 Miles		61-100 Miles	
	2008	2013	2008	2013	2008	2013		2008	2013	2008	2013
Total Population	1,826,627	1,944,094	2,487,573	2,634,000	2,993,492	3,145,045		660,946	689,906	505,918	511,046
Average Age	36	36.5	36.5	37.2	36.6	37.3		38.2	39.2	37.1	38.1
Adult Population Over 21	1,296,175	1,389,250	1,771,152	1,891,739	2,137,353	2,265,690		475,352	500,872	365,172	371,939
Population 45 Years +	674,025	717,371	940,303	1,045,698	1,146,507	1,261,163		267,683	293,210	205,909	216,684
Population 45 Years + %	52%	52%	53%	55%	54%	56%		56%	59%	56%	58%

Within 30 miles of the locations, there are 1,826,627 residents with an average age of 36 years; by 2013 the population is expected to rise to 1,944,094 with an average age of 36.5 years. At this distance from the locations, there are 1,296,175 Adults over the age of 21, increasing to 1,389,250 by 2013. Fifty two percent of the Adult population is over 45 years of age and totals 674,025; the comparable numbers for 2013 are 717,371 and 52%.

Within 60 miles of the locations, there are 2,487,573 residents with an average age of 36.5 years; by 2013 the population is expected to increase to 2,634,000 with an average age of 37.2 years. At this distance from the locations, there are 1,771,152 Adults over the age of 21, increasing to 1,891,739 by 2013. Fifty-three percent of the Adult population is over 45 years of age and totals 940,303; the comparable numbers for 2013 are 1,045,698 and 55%.

Within 100 miles of the locations, there are 2,993,492 residents with an average age of 36.6 years; by 2013 the population is expected to increase to 3,145,045 with an average age of 37.3 years. At this distance from the locations, there are 2,137,353 Adults over the age of 21, increasing to 2,265,690 by 2013. Fifty-four percent of the Adult population is over 45 years of age and totals 1,146,507; the comparable numbers for 2013 are 1,261,163 and 56%.

Data Source: ERSI, Probe

Market Assessment

Demographic Composition - Race

Percent of Total Population by Race/Ethnicity	Demographic Data Population Within							Demographic Data Population Within			
	0-30 Miles		0-60 Miles		0-100 Miles			31-60 Miles		61-100 Miles	
	2008	2013	2008	2013	2008	2013		2008	2013	2008	2013
White	77%	76%	81%	80%	83%	82%		90%	90%	92%	92%
Black	14%	14%	11%	11%	10%	10%		4%	5%	2%	3%
American Indian	1%	1%	1%	1%	1%	1%		1%	1%	1%	1%
Asian or Pacific Islander	3%	4%	2%	3%	2%	3%		1%	1%	1%	2%
Some Other Race	3%	4%	3%	3%	3%	3%		2%	2%	2%	2%
Two or More Races	2%	3%	2%	2%	2%	2%		2%	2%	2%	2%
Hispanic Origin	7%	8%	6%	7%	6%	7%		4%	5%	4%	5%

Within 30 miles of the locations, the percentage of the White residents is expected to decrease slightly from 77% in 2008 to 76% in 2013; Black residents (14%) and American Indian (1%) populations are expected to remain in the same proportions in 2013 as in 2008, while Asian or Pacific Islander (3%) residents will increase slightly (4%). Within 30 miles of the locations, 7% of the population is of Hispanic Origin and is expected to increase slightly to 8% by 2013.

Within 60 miles of the locations, the percentages of the White residents is expected to decrease slightly from 81% in 2008 to 80% in 2013; Black residents (11%) and American Indian residents (1%) are expected to remain in the same proportions in 2013 as in 2008, while Asian or Pacific Islander populations will increase slightly from 2% to 3%. Within 60 miles of the locations, 6% of the population is of Hispanic Origin and is expected to increase to 7% by 2013.

Within 100 miles of the locations, the percentages of the White residents is expected to decrease from 83% in 2008 to 82% in 2013; Black residents (10%) and American Indian (1%) populations are expected to remain in the same proportions in 2013 as in 2008. Within 100 miles of the locations, 6% of the population is of Hispanic Origin and is expected to increase to 7% by 2013 while Asian or Pacific Islander is expected to increase from 2% to 3%.

Data Source: ERSI, Probe

Market Assessment

Demographic Composition – Educational Attainment

Percent of + 25 Age Population by Educational Attainment	Demographic Data Population Within					
	0-30 Miles	0-60 Miles	0-100 Miles		31-60 Miles	61-100 Miles
	2008	2008	2008		2008	2008
No High School Diploma	10%	11%	11%		12%	15%
High School Graduate	27%	30%	31%		39%	38%
Some College	30%	29%	29%		28%	26%
Bachelor Degree	34%	30%	29%		22%	21%

Within 30 miles of the locations, 10% of the population does not have a High School Diploma; 27% are High School graduates; 30% have some college, and 34% have a Bachelor Degree.

Within 60 miles of the locations, 11% of the population does not have a High School Diploma; 30% are High School graduates; 29% have some college, and 30% have a Bachelor Degree.

Within 100 miles of the locations, 11% of the population does not have a High School Diploma; 31% are High School graduates; 29% have some college, and 29% have a Bachelor Degree.

Data Source: ERSI, Probe

Market Assessment

Demographic Composition – Financial

Per Capita	2008 Demographic Data Population Within					
	0-30 Miles	0-60 Miles	0-100 Miles		31-60 Miles	61-100 Miles
	2008	2008	2008		2008	2008
Median Disposable Income	$ 19,684	$ 18,728	$ 17,548		$ 16,555	$ 13,443
Indexed to US	1.18	1.12	1.05		0.99	0.80
Mean Disposable Income	$ 24,896	$ 23,651	$ 22,506		$ 20,162	$ 16,838
Indexed to US	1.11	1.05	1.00		0.90	0.75
Median Net Worth	$ 53,536	$ 49,933	$ 43,819		$ 42,461	$ 22,032
Indexed to US	1.31	1.22	1.07		1.04	0.54
Mean Net Worth	$ 217,604	$ 203,950	$ 190,883		$ 165,722	$ 125,925
Indexed to US	1.11	1.04	0.97		0.84	0.64

Within 30 miles of the locations, half the population (median) earns $19,684 or more in disposable (after tax) income; within 60 miles, $18,728 or more; within 100 miles, $17,548 or more. The average (mean) disposable income within 30 miles of the locations is $24,896; within 60 miles $23,651; within 100 miles, $22,506.

Within 30 miles of the locations, half the population (median) possesses a net worth of $53,536 or more; within 60 miles, $49,933 or more; within 100 miles, $43,819 or more. The average (mean) net worth within 30 miles of the locations is $217,604; within 60 miles $203,950; within 100 miles, $190,883.

We can compare the mean disposable incomes and net worth at various distances from the locations to the U.S. Index. At 30 miles radius, the median income is indexed 18% higher than the US average while the mean is 11% higher. The median net worth is 31% higher than the US average, and the mean net worth is 11% higher. The levels of these data decrease at greater distances from the locations, but remain above the US level, with the exception of the average net worth within 100 miles of the locations (97% of the US average).

Data Source: ERSI, Probe

Market Assessment

Data Note on Index Construction and Sources

The following slides detail the resident population's Market Potential Index (MPI). This measures the relative likelihood of the adults in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. average. An MPI of 100 represents the U.S. average.

These data are based upon national propensities to use various products and services, applied to local demographic composition. Thus, consumer behaviors in an area are inferred from the known behavior of persons with similar characteristics obtained from a representative national survey.

Usage data were collected by Mediamark Research Inc. in a nationally representative survey of U.S. households.

Market Assessment

Entertainment and Leisure Activities

Based Upon Propensity of US Population with Demographics similar to Market Area

Indexed to US Levels	2008 Demographic Data Population Within					
	0-30 Miles	0-60 Miles	0-100 Miles		31-60 Miles	61-100 Miles
	2008	2008	2008		2008	2008
Gambled at casino in last 12 months	102	99	97		93	87
Gambled at casino 6+ times in last 12 months	108	106	104		99	96
Gambled in Atlantic City in last 12 months	87	79	77		57	69
Gambled in Las Vegas in last 12 months	102	94	89		73	66
Bought lottery ticket in last 12 months	101	101	99		100	92
Bought lottery ticket in last 12 mo: Daily Drawing	96	94	91		87	78
Bought lottery ticket in last 12 mo: Instant Game	103	106	106		114	109
Bought lottery ticket in last 12 mo: Lotto Drawing	101	101	99		100	89
Played lottery: <2 times in last 30 days	101	99	96		94	82
Played lottery: 2-6 times in last 30 days	101	101	100		102	93
Played lottery: 7+ times in last 30 days	100	101	102		106	106

This table presents, in part, the casino gambling and bingo playing indices that compare the market area of the study to the propensities of the national population. Generally, the propensity of this population is more likely to have gambled at a casino last year and more likely to have gambled frequently at a casino, and at closer distances even more likely to be frequent casino gamblers. The propensity to visit a casino multiple times decreases with distance from the locations.

Similarly, the propensity to purchase lottery tickets is at or slightly below the national level. Frequent play is slightly above the national level. Instant ticket purchases are slightly above the national levels.

Data Source: ERSI, Probe

Market Assessment

Entertainment and Leisure Activities

Based Upon Propensity of US Population with Demographics similar to Market Area

Indexed to US Levels	2008 Demographic Data Population Within					
	0-30 Miles	0-60 Miles	0-100 Miles		31-60 Miles	61-100 Miles
	2008	2008	2008		2008	2008
Went to bar/night club in last 12 months	112	109	109		101	108
Danced/went dancing in last 12 months	104	100	100		90	100
Dined out in last 12 months	105	104	102		101	93
Dine out < once a month	101	102	103		103	109
Dine out once a month	106	105	103		103	94
Dine out 2-3 times a month	103	102	102		100	100
Dine out once a week	107	105	102		101	85
Dine out 2+ times per week	106	103	100		95	86

The population demographics are more likely to dine out compared to the US average; residents within 30 miles of the locations are more likely to dine out at least once a week.

The propensity to attend a bar/night club in the last year and to go dancing is higher than the US average, with the propensity to visit a bar decreasing with distance from the locations.

Data Source: ERSI, Probe

Market Assessment

Entertainment and Leisure Activities

Based Upon Propensity of US Population with Demographics similar to Market Area

Indexed to US Levels	2008 Demographic Data Population Within					
	0-30 Miles	0-60 Miles	0-100 Miles		31-60 Miles	61-100 Miles
	2008	2008	2008		2008	2008
Attended movies in last 6 months	106	103	100		95	86
Attended movies in last 90 days: < once a month	106	105	102		101	90
Attended movies in last 90 days: once a month	108	104	100		91	82
Attended movies in last 90 days: 2-3 times a mont	110	101	96		74	73
Attended movies in last 90 days: once/week or mo	103	97	97		80	97
Attended country music performance in last 12 mo	104	109	111		122	124
Attended rock music performance in last 12 month	115	108	104		88	84
Visited a theme park in last 12 months	107	103	98		92	76

The area demographics forecasts a population likely to attend movies and rock/country music shows.

Residents within 60 miles of the locations are more likely to attend movies when compared with the national average.

The propensity to attend a country music performance increases with distance from the locations. However, the propensity to attend a rock music performance decreases with distance from the locations, as does the propensity to visit theme parks.

Data Source: ERSI, Probe

Market Assessment

Entertainment and Leisure Activities

Based Upon Propensity of US Population with Demographics similar to Market Area

Indexed to US Levels	2008 Demographic Data Population Within					
	0-30 Miles	0-60 Miles	0-100 Miles		31-60 Miles	61-100 Miles
	2008	2008	2008		2008	2008
Participated in aerobics	112	106	99		90	68
Participated in backpacking/hiking	109	105	103		94	93
Participated in bowling	115	113	112		109	105
Participated in golf	114	110	105		99	84
Play golf < once a month	116	110	105		94	80
Play golf 1+ times a month	108	107	105		103	95
Attend sports event: golf tournament	117	109	106		89	89
Participated in walking for exercise	106	104	102		101	91
Participated in jogging/running	113	106	103		88	87
Participated in yoga	107	100	97		81	80
Participated in horseback riding	95	100	103		114	118
Participated in hunting with rifle	88	98	115		126	194
Participated in hunting with shotgun	93	102	108		125	141
Participated in target shooting	94	100	105		118	127
Participated in motorcycling	102	106	108		115	117
Participated in fishing (fresh water)	100	106	113		124	143

The demographics suggest a population in this area is likely to participate in individual physical activities such as aerobics, yoga, bowling, or golf. Certain outdoor activities such as hunting, target shooting, motorcycling, horseback riding and fishing increase in popularity with distance from the locations.

Data Source: ERSI, Probe

Market Assessment

Entertainment and Leisure Activities

Based Upon Propensity of US Population with Demographics similar to Market Area

Indexed to US Levels	2008 Demographic Data Population Within					
	0-30 Miles	0-60 Miles	0-100 Miles		31-60 Miles	61-100 Miles
	2008	2008	2008		2008	2008
Attend sports event: auto racing (NASCAR)	107	108	108		108	109
Attend sports event: auto racing (not NASCAR)	108	108	109		107	114
Attended auto show in last 12 months	106	107	104		107	92
Attend sports event: baseball game	112	107	102		94	80
Attend sports event: basketball game (college)	116	110	109		94	102
Attend sports event: basketball game (pro)	114	105	99		80	68
Attend sports event: football game (college)	120	114	112		97	101
Attend sports event: football-weekend game (pro)	115	108	103		90	80

The demographics suggest a population in this area is likely to attend auto races and auto shows. Attendance at baseball and football games decreases with distance from the locations.

Data Source: ERSI, Probe

Market Assessment

Market Area Offerings - Golf

Regional Golf Demand Index

NGF Golf Demand Report	30 Miles	60 Miles	100 Miles
Index: Golfing Households	115	115	115
Index: Rounds Played by Residents	99	99	98
Index: Rounds Played Locally (less than 50 mi)	103	103	101
Index: Rounds Played Regionally (50-200 mi)	105	102	99
Index: Rounds Played on Vacation (more than 200 mi)	58	68	80
Index: Rounds Played at Seasonal Home	76	84	92
Index: Golfing Fees	99	97	94

Regional Golf Supply

NGF Golf Demand Report	30 Miles	60 Miles	100 Miles
Total	75	121	181
Public	48	78	116
Private	27	43	65
Resort	2	3	3
Premium facilities (>$70)	3	3	4
Standard facilities ($40-$70)	26	29	32
Value facilities (<$40)	19	46	80

Regional Golf Supply Index

NGF Golf Demand Report	30 Miles	60 Miles	100 Miles
HH Supply Index: Total	121	110	99
HH Supply Index: Public	131	120	107
HH Supply Index: Private	103	92	85
HH Supply Index: Premium (>$70)	260	358	304
HH Supply Index: Standard ($40-$70)	82	102	115
HH Supply Index: Value (<$40)	189	113	86

Indices are based on a comparison to the US average of 100

Despite pronouncements that Baby Boomers everywhere would be flocking to golf courses and a nascent interest in the sport thanks to stars like Tiger Woods, golf courses remain a difficult business. We examined data from the National Golf Foundation for 30, 60 and 90 mile areas from Kansas City to determine the local demand for Golf in relation to supply.

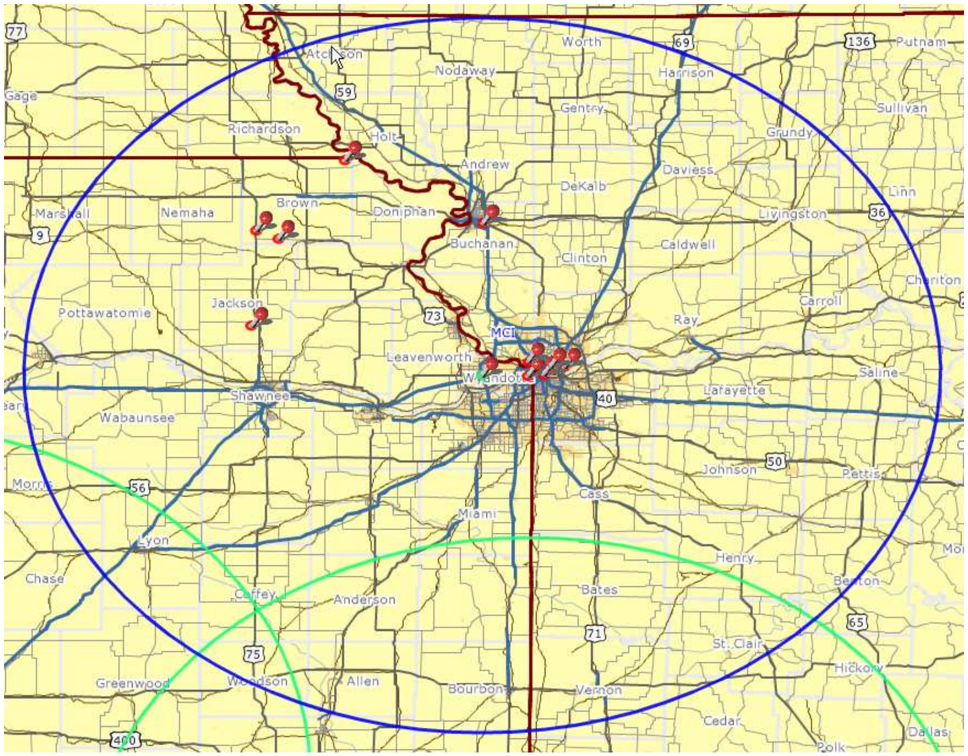
Based upon the demographic composition of the area, the Index of golfing households in the 30 mile area is 115, above the national average; however, rounds played by local residents is below the national level at 99. This is partially a function of the Northern Latitude location of the area, limiting the season. Residents within 30 miles are more likely to play regionally (105) compared to locally (103), but much less likely to play on vacation (58).

There are a total of 75 courses within 30 miles of Kansas City, 48 Public, 27 Private, and 2 Resort courses. The local area is over supplied (121) compared to the national benchmark, and significantly oversupplied with regards to Public courses (131) and Premium courses (260). There is an undersupply of Standard courses (82).

Data Source: National Golf Foundation

Market Assessment

Regional Casino Competition



There are nine operating casino properties within the 100 mile radius for the Lottery Gaming Facility in the Northeast Zone (shown in blue). There are four riverboat facilities in Kansas City, MO. There are four Indian gaming facilities Northeast of the Zone approximately 60 to 80 miles away from the proposed locations, and another riverboat facility in Missouri approximately 60 miles away. The Wyandotte tribal facility at 7th street in Kansas City will create minimal competition for convenience gamblers when operating.

There is some overlap in the 100 mile trade area between the Northeast zone and the South Central and Southeast zones (shown in green). However, the overlap is minimal with regards to the South Central Zone, and the proposed size of the facility in the Southeast Zone will limit its ability to compete in the overlap area with the Northeast property.

The major gaming competition will come from the four established riverboats in Kansas City, Missouri. The dining and hotel amenities at Harrah’s, Argosy, and Ameristar will be competitive within the local market; they are not necessarily substandard because they are located on a boat. However, as the newest product in the market, and co-located with the surrounding facilities, the LGF will have the strongest ‘gravitational pull’ among the properties in the region.

Data Source: ERSI, Probe

Market Assessment

Market Area Offerings – Hotel and Convention

Hotel Supply

Total Hotels in MSA	108
Total Rooms in MSA	8,118
Upper Level Hotels in MSA	19
Upper Level Rooms in MSA	2,449
Hotels within 5 miles of Village West	16
Upper Level Rooms in MSA	1,629

Hotels with Convention Supply

Hotels with Convention (any)	41
Total Hotel Convention Space (sq ft)	706,631
Hotels with 10,000 sq ft or greater	8
Hotels with 30,000 sq ft or more	2

There are 108 hotels in the Kansas City MSA with 8,118 rooms.

Of those, 19 are up-market hotels with 2,449 rooms.

Within five miles of Village West, there are 16 hotels with 1,629 rooms.

Utilizing Smith Travel Research data and Probe projections, we believe that the Average Daily Rate (ADR) in 2013 for an upper level room in the Kansas City Market area will be $139.63 and the occupancy rate will be 70%.

Of the 108 hotels in the market, 41 have some convention or meeting space, totaling 706,631 sq ft. of space. Eight properties have 10,000 sq ft or more and two have 30,000 sq ft or more. There is an additional 388,800 sq ft of contiguous exhibit space at the The Kansas City Convention Facilities, which also contains additional space of 55,000 sq ft, 45 meeting rooms, a 46,000 sq ft, ballroom, and a 2,400-seat theater. There is also a variety of non-traditional spaces located outside hotels throughout the MSA.

Data Source: Smith Travel Research, Kansas City, MO CVB, Probe

Product Assessment

Potential Products

2013 Task 4 Estimates

Revenue Inflated at 2.5% per annum

Revenue	Speedway/Cordish	Golden Heartland	Pinnacle	Legends Sun	Consultant Average
Wells	$ 215,777,363	$ 169,641,267	$ 183,807,894	$ 155,464,133	$ 181,172,664
Cummings	$ 246,056,375	$ 234,499,500	$ 216,743,938	$ 192,054,250	$ 222,338,516
Property Average	$ 230,916,869	$ 202,070,383	$ 200,275,916	$ 173,759,192	**$ 201,755,590**

Visits	Speedway/Cordish	Golden Heartland	Pinnacle	Legends Sun	Consultant Average
Wells	3,147,783	2,482,351	2,688,793	2,265,806	2,646,183
Cummings	2,780,915	2,548,578	2,346,302	2,092,216	2,442,003
Property Average	2,964,349	2,515,465	2,517,548	2,179,011	**2,544,093**

Probe has been asked to examine the potential amenities assuming the consultant gaming revenue estimates. Operating under this instruction, we assumed a property with 2,500-3,000 slot machines and 20 table games. Probe notes that the ability to drive tourism will require incorporating a ‘wow’ factor into the property.

The Task 4 estimates of visitation for this facility are located in the accompanying table. Given these estimates from Task 4, the average daily attendance across the two facilities would be 6,970. In a local environment such as this, approximately 55% to 60% of the visits to the property would occur over weekends and holidays. Visitation will peak on Saturday at about 1.6 times the daily average, or an expected 11,152 patrons on a typical Saturday. Facilities should be planned to meet this typical pattern, with excess capacity for peak days and times.

The number, level, and type of amenities proposed by any prospective manager will be dependent on company strengths, their interpretation of the market, and their operating strategy.

Data Source: Wells, Cummings

Product Assessment

Potential Products

F&B:

Buffet: (400-500 Seats). Utilizing a live action exciting food product.

Café: (150-250 Seats) Upscale café product.

Specialty Restaurant: (75-100 seats) Steakhouse or other specialty restaurant

Food Court/Quick Serve: (75-125 Seats) Appeal to the budget/convenience gambler looking for an inexpensive and fast alternative.

Three-five main bars including a center or main bar attraction, a bar with the ability for live entertainment, a lounge, a sports bar, and a nightclub concepts.

Hotel:

Rooms: 300 - 400 upscale rooms.

Pools: Indoor and outdoor to meet seasonal needs.

Spa and exercise facilities.

Retail, 2,500 – 5,000 sq feet including Sundries, Gift Shop and specialty store.

Convention space: Would be sized in relation to hotel in the first phase, and contain at least 30,000 to 40,000 sq ft of usable space.

Entertainment facility: Showroom for 1,000 to 1,500.

Additional Features:

Golf course.

Outdoor recreation facilities.

Truck, and Bus Parking – Traffic intercept from and marketed bus trips to outer regional markets.

RV parking with full hook-ups.

Proposal Assessment

The following pages contain Probe's assessment of each of the prospective managers' amenities.

For each proposal, we present an overview of the amenities offered, and then offer comments by area.

In addition to a description of the amenities, the consolidated pro forma for the third year of each operation are displayed where available. We present 2013 as this will be the time when most properties would achieve stable operations. In relation to the prospective managers' estimates of gaming revenue, the proposals contain reasonable, albeit optimistic at times, estimates of performance.

The revenue projections for the ancillary products are relative to the amount of visitation each property would achieve. Should the properties achieve the visitation projected as an average of Task 4, ancillary revenue would decline or rise in a proportionate manner.

It is worth highlighting for the board a potential difference that can emerge among the pro formas based upon the pricing of hotel rooms and the corporate strategy for accounting for revenue.

Utilizing Smith Travel Research data for the Kansas City market, we believe that a 350 room casino property with the amenities described could achieve an ADR of $154 in the third year of operations, or 2013. It is expected that the property will be the nicest of any available in the area and will be able to capture a significant amount of business travel to the area.

Casinos will offer complimentary and discounted rooms to its casino segment of customers. Internally, the hotel department will charge the casino department a transfer price for the complimentary goods and services provided in the hotel for casino customers. Depending on the corporate strategy, the hotel may charge the casino a rate that yields up or down with the market, or a standard below market rate to the casino.

How this internal transfer price is set can affect the overall average daily rate as reported or projected. If the corporate strategy is to report revenue in the hotel, a higher market drive transfer price would be used. If the strategy is to show greater income in the casino department, there would be a larger differential between the transfer price and the market price. Consequently, differences in average daily rates contained in the different proposals may not reflect actual prices paid in the market.

Proposal Assessment Golden Heartland, Inc.

Ancillary Products Summary

Golden Heartland, Inc has proposed a property operating as Golden Heartland Casino. The property will be located at 300 North 110th Street in Edwardsville. The casino will be 131,804 sq ft with 2,500 slot machines and 98 table games. The following is an overview of the amenities and ancillary developments that will be available.

There will be five dining outlets on property and three bars.

Located on the property will be a 300 room hotel including 240 standard rooms at ~ 429 sq ft and sixty luxury suites at ~627 and 948 sq ft. The hotel will include a 6,482 sq ft spa and a 40,167 sq ft outdoor pool area.

There is 25,000 sq ft of convention space that can be divided into six break-out rooms. There will be a separate 1,000 seat showroom with bars on two levels.

Golden Heartland proposes 1,100 sq ft of retail space and a Kids Quest on property.

There will be a Tom Watson designed championship golf course on property.

Data Source: Golden Heartland

Proposal Assessment
Golden Heartland - Hotel

Hotel Rate and Occupancy Data	
Number of Rooms	300
Occupancy Rate	88.0%
2014 Average Daily Rate (ADR)	$ 166.00
Leisure Percent of Occupied	61%
Business Percent of Occupied	39%
Percentage residents (Wyandotte)	6%
Percentage Tourists (>Wyandotte)	94%
2014 Consolidated Pro Forma	
Room Sales	$ 11,548
Complimentary Rooms	2,887
Other Revenue	737
TOTAL REVENUE	15,172
TOTAL HOTEL EXPENSES	6,940
TOTAL HOTEL INCOME	$ 8,232
Hotel Revenue Ratios	
Comp sales as percent of Revenue	19%
Expenses as percent of Revenue	46%
Income as Percent of Revenue	54%

The Golden Heartland hotel property is appropriate for the market and for the plan as proposed.

Golden Heartland projects that 61% of the rooms sold will be Leisure occupied and overall 19% of the revenue will be comp.

Golden Heartland did not estimate the percentage of rooms sold to those outside and inside a 100 mile radius but rather estimated by the percentage sold to residents of Wyandotte County (6%) and from outside the county (94%).

The ADR of $166 projected for year three of operation is above the Probe projected market price of $154 for a casino property in the Northeast Zone.

Data Source: Golden Heartland

Proposal Assessment Golden Heartland - Food

Outlet	Seating Capacity	Mean Spend/ Cover	Theme/Description
Restaurant #1	350	$ 16.07	Buffet
Restaurant #2	220	$ 13.38	Café
Restaurant #3	125	$ 63.11	Fine dining (Steakhouse)
Restaurant #4	100	$ 21.37	TBD - specialty restaurant
Restaurant #5	275	TBD	Golf course view restaurant (similar to Tommy Bahamas')
Total	**1,070**	**$ 19.37**	**Average weighted by expected covers/day**

2013 Consolidated Pro Forma	
Food Sales	$ 7,155
Complimentary Food Sales	13,593
Banquet Food Sales	2,647
Employee Meals	1,545
TOTAL REVENUE	24,941
Cost of Sales	11,698
GROSS MARGIN	13,243
TOTAL FOOD EXPENSES	13,274
TOTAL FOOD INCOME	$ (31)
Food Revenue Ratios	
Comp sales as percent of Revenue	55%
Cost of Sales as percent of Revenue	47%
Expenses as percent of Revenue	53%
Income as Percent of Revenue	0%

The Golden Heartland food outlets are appropriate to the market, and would complement its master brand.

The average price point of $19.37 is appropriate to the market. Given the estimate of the number of annual covers (with Probe estimates of the golf course view outlet), it expects to serve 39% of gaming visitors to the property (assuming one meal per visitor).

Comp sales are estimated at 55% of total food revenue and the department is projected to post a small loss.

Data Source: Golden Heartland

Proposal Assessment
Golden Heartland - Beverage

Outlet	Seating Capacity	Theme/Description
Bar #1	50	Center Bar
Bar #2	20	Sports Bar
Bar #3	81	Lobby Bar - seats 53 inside and 28 on the patio

2013 Consolidated Pro Forma

Beverage Sales	$ 7,415
Complimentary Beverage Sales	247
Banquet Beverage Sales	294
TOTAL REVENUE	7,956
Cost of Sales	2,387
GROSS MARGIN	5,569
TOTAL Beverage EXPENSES	2,711
TOTAL Beverage INCOME	$ 2,858
Beverage Revenue Ratios	
Comp sales as percent of Revenue	3%
Cost of Sales as percent of Revenue	30%
Expenses as percent of Revenue	34%
Income as Percent of Revenue	36%

The Golden Heartland beverage outlets are appropriate to the market.

Comp sales are estimated at 3% of total beverage revenue. This would be consistent with the inability to comp alcohol.

Data Source: Golden Heartland

Proposal Assessment Golden Heartland – Convention/Entertainment

Golden Heartland has proposed a 25,000 square foot meeting and banquet space. The space can be configured for six different room sizes in addition to the full space. Convention department estimates were not made, however, $2.6 Million in banquet sales were included in the food sales estimates.

The proposal also includes a 1,000 seat showroom that Golden Heartland expects to ‘four-wall’, indicating that they will operate it as a leased facility. The 2013 projection for revenue generated by the showroom to Golden Heartland is $636,540.

Data Source: Golden Heartland

Proposal Assessment Golden Heartland - Golf

Golden Heartland has proposed a Tom Watson designed Championship Golf Course. The course will be used as an incentive for the casino and provide a semi-private experience for local guests.

Revenue estimates from the spreadsheets submitted indicate that that Golden Projects a 9% income level as a percent of revenue. However, the revenue projections provided in the presentation were approximately 20% less.

Noted previously there are three premium facilities within 30 miles of Village West and there is an oversupply of golf in the area with fees of over $70, and an undersupply of standard facilities from $40-$70 dollars. Golden projected a $70 price point – maintaining the price near or below that level will provide the ability to reach the underserved portion of the market.

2013 Consolidated Pro Forma

Golf Sales*	$	3,097
Complimentary Golf Sales		-
TOTAL REVENUE		3,097
Cost of Sales		434
GROSS MARGIN		2,663
TOTAL Golf EXPENSES		2,370
TOTAL Golf INCOME	$	293
Golf Revenue Ratios		
Comp sales as percent of Revenue		0%
Cost of Sales as percent of Revenue		14%
Expenses as percent of Revenue		77%
Income as Percent of Revenue		9%

* from spreadsheets, presentation estimate: $2,470,903

Data Source: Golden Heartland

Proposal Assessment
Golden Heartland - Additional

Golden Heartland will have a 6,482 square foot spa in the hotel, an amenity becoming standard across the industry which can be used for packages, and adds to the stature of the facility, but will not drive significant additional tourism as an operating entity.

Golden will operate a 1,100 sq ft retail space.

The property will have an outdoor pool with cabana; it will have a Kids Quest (a feature found in casinos in Las Vegas) as well as an arcade.

There facility will have 1,229 surface parking spaces and 2,020 covered spaces, the most of any applicant in the zone. Probe believes that having both options available provides the greatest access and options for guests given the variety of weather the area receives.

2013 Consolidated Pro Forma		
Spa	$	1,381
Showroom (4 wall)		637
Gift Shop		135
TOTAL REVENUE		2,153
Cost of Sales		67
GROSS MARGIN		2,085
TOTAL Other EXPENSES		3,372
TOTAL Other INCOME	$	(1,287)
Other Revenue Ratios		
Comp sales as percent of Revenue		6%
Cost of Sales as percent of Revenue		3%
Expenses as percent of Revenue		157%
Income as Percent of Revenue		-60%
Other Non-Operating Income		
Kids Quest (outside vendor)	$	76
Arcade		673
ATM/Credit cash advance		937
Total	$	1,687

Data Source: Golden Heartland

Proposal Assessment Kansas Entertainment

Ancillary Products Summary

Kansas Entertainment has proposed a property operating as Hard Rock Hotel and Casino at the Kansas Speedway. The property will be located adjacent to the Kansas Speedway track at 821 Speedway Boulevard. The casino will be 125,000 sq ft with 3,000 slot machines and 140 table games. The following is an overview of the amenities and ancillary developments that will be available.

There will be four dining outlets on property – with three additional bars and a nightclub on property. In addition to the outlets located in the property, there are designs for the Entertainment/Retail District to have a potential of six additional restaurants and eight additional bar/entertainment outlets.

Located on the property will be a 300 room hotel including 250 standard rooms and 450 sq ft and fifty luxury suites at 800 sq ft. The hotel will include a 18,000 sq ft spa, a 26,000 sq ft indoor pool area in addition to an 13,000 sq ft outdoor pool area.

There is 40,000 sq ft of convention space, including a grand and junior ballroom and five additional meeting rooms that can be divided into 4 different sized break-out rooms and converted into a 1,000 seat entertainment venue. In addition to this space, the feature bar will have entertainment seating for 50.

There will be a music/entertainment venue with stadium seating for 2,000 on the property and the center casino bar will be host to live music as well. There is an additional 100,000 sq ft of common space in the Entertainment/Retail district that can also be utilized.

The proposal includes 5,000 sq ft of retail space on the property and designs for an additional 89,000 sq ft in the Entertainment/Retail district.

Proposal Assessment Kansas Entertainment - Hotel

Hotel Rate and Occupancy Data	
Number of Rooms	300
Occupancy Rate	82.3%
2013 Average Daily Rate (ADR)	$ 175.16
Leisure Percent of Occupied	66%
Business Percent of Occupied	34%
Percentage residents (<100 miles)	23%
Percentage Tourists (>100 miles)	77%
2013 Consolidated Pro Forma	
Room Sales	$ 4,906
Complimentary Rooms	11,448
TOTAL REVENUE	16,355
TOTAL HOTEL EXPENSES	7,591
TOTAL HOTEL INCOME	$ 8,764
Hotel Revenue Ratios	
Comp sales as percent of Revenue	70%
Expenses as percent of Revenue	46%
Income as Percent of Revenue	54%

The Hard Rock Hotel property is appropriate for the market and for the plan as proposed by Kansas Entertainment.

The ADR of $175.16 is greater than the $154 ADR projected by Probe for a casino hotel in the area. The Hard Rock brand may provide the ability to charge a higher ADR and proximity to the Speedway will provide the ability to increase rates as well.

However, the percentage of rooms projected to be comped is the highest among the applicants in this zone. We note that the projected ADR, given the high percentage of comped rooms, implies that the intention is to charge the market rate for rooms to the casino.

Data Source: Kansas Entertainment

Proposal Assessment Kansas Entertainment - Food

PROBE STRATEGIC SOLUTIONS

Outlet	Seating Capacity	Mean Spend/ Cover	Theme/Description
Steak Restaurant	165	$40.00	Gourmet Steakhouse
Buffet/Market Food Court	467	$12.50	High-volume buffet/food court
All Day Café	275	$10.00	Casual dining eatery
Italian Restaurant	195	$40.00	Gourmet Italian
Total	**1,102**	**$ 15.65**	**Average weighted by expected covers/day**

2013 Consolidated Pro Forma	
Food Sales	$ 7,007
Complimentary Food Sales	14,226
TOTAL REVENUE	21,232
Cost of Sales	9,342
GROSS MARGIN	11,890
TOTAL FOOD EXPENSES	10,991
TOTAL FOOD INCOME	$ 899
Food Revenue Ratios	
Comp sales as percent of Revenue	67%
Cost of Sales as percent of Revenue	44%
Expenses as percent of Revenue	52%
Income as Percent of Revenue	4%

Entertainment/Retail District: Floor Plans for an additional 855 seats in six outlets

The Kansas Entertainment food outlets are appropriate to the market, and would complement their master brand. Some excess casino patron dining demand will be met by the Entertainment/Retail District, however, the combined on-property and Entertainment/Retail District outlets provide excess capacity for gaming and non-gaming visits. The Entertainment/Retail district will need to generate its own visitation to absorb that capacity.

The average price point of $15.65 is appropriate to the market. Given the estimate of the number of annual covers, it expects to serve 28% of all gaming visitors to the property (assuming one meal per visitor). This does not include meals that would be consumed in the Entertainment/Retail district.

Comp sales are estimated at 67% of total food revenue. Overall, the department is projected to produce an income as a percentage of revenue of 4%, consistent with the industry.

Data Source: Kansas Entertainment

Proposal Assessment Kansas Entertainment - Beverage

PROBE STRATEGIC SOLUTIONS

Outlet	Seating Capacity	Theme/Description
Sports Bar	400	NASCAR Sports Grille
Night Club	850	Upscale, hip club [Note: occupancy not seats]
Casino Center Bar	100	High-energy bar in center of casino with live entertainment acts.
Pool Bar & Grille	120	Casual drink and food in pool-side setting.

Entertainment/Retail District: Floor Plans for an additional 3,080 seats in eight outlets

The Kansas Entertainment beverage outlets are appropriate to the market, and would complement its master brand. Taken together, the on-property and Entertainment/Retail District outlets provides excess capacity for gaming customer visits. The Entertainment/Retail district will need to generate its own visitation to absorb that capacity.

Comp sales are estimated at 67% of total beverage revenue. This may not reflect the inability to comp alcohol at the LGF. Overall, the department is projected to produce income as a percentage of revenue of 27%, consistent with the industry. .

2013 Consolidated Pro Forma

Beverage Sales	$	3,003
Complimentary Beverage Sales		6,097
TOTAL REVENUE		9,099
Cost of Sales		2,184
GROSS MARGIN		6,916
TOTAL Beverage EXPENSES		4,483
TOTAL Beverage INCOME	$	2,433

Beverage Revenue Ratios	
Comp sales as percent of Revenue	67%
Cost of Sales as percent of Revenue	24%
Expenses as percent of Revenue	49%
Income as Percent of Revenue	27%

Data Source: Kansas Entertainment

Proposal Assessment Kansas Entertainment - Retail

PROBE STRATEGIC SOLUTIONS

Kansas Entertainment has proposed 5,000 sq ft of retail space, including the coffee shop.

Note that Hard Rock is a strong retail brand and would be expected to generate a significant volume of retail sales.

In addition to the on-property retail, Entertainment/Retail District has plans for 89,000 additional sq ft of retail space. This space would need to generate its own visits over and above the visits projected for the LGF.

Comp sales are estimated at 22%. Pro Forma projections are within industry norms.

Outlet	Square Feet
Convenience retail and newstand	2,500
24-hour gourmet coffee shop	1,200
Branded merchandice store for casino	1,300

2013 Consolidated Pro Forma

Retail Sales	$ 8,150
Complimentary Retail Sales	2,717
TOTAL REVENUE	10,866
Cost of Sales	2,391
GROSS MARGIN	8,476
TOTAL Retail EXPENSES	2,756
TOTAL Retail INCOME	$ 5,720
Retail Revenue Ratios	
Comp sales as percent of Revenue	25%
Cost of Sales as percent of Revenue	22%
Expenses as percent of Revenue	25%
Income as Percent of Revenue	53%

Data Source: Kansas Entertainment

Proposal Assessment Kansas Entertainment - Convention

Kansas Entertainment has proposed 40,000 sq ft of convention space in the form of a Grand Ballroom, a Junior Ballroom and six additional meeting rooms.

Pro Forma projections are within industry norms.

2013 Consolidated Pro Forma

Convention Sales	$	3,580
Complimentary Sales		-
TOTAL REVENUE		3,580
Cost of Sales		859
GROSS MARGIN		2,721
TOTAL Convention EXPENSES		1,155
TOTAL Convention INCOME	$	1,566
Convention Revenue Ratios		
Comp sales as percent of Revenue		0%
Cost of Sales as percent of Revenue		24%
Expenses as percent of Revenue		32%
Income as Percent of Revenue		44%

Data Source: Kansas Entertainment

Proposal Assessment Kansas Entertainment - Entertainment

The Kansas Entertainment proposal includes a 40,000 sq ft music/entertainment venue with stadium seating for 1,000.

The casino center bar will have the ability to host live music.

Among the possible concepts for the Entertainment/Retail District are performance clubs. In addition, the 100,000 sq ft of common area in the district can be programmed for live events as well.

Comp sales are estimated at 25%. Pro Forma projections are within industry norms. Note that Kansas Entertainment expects the Entertainment area to perform at a loss, possibly in an attempt to drive visitation to the property.

2013 Consolidated Pro Forma

Entertainment Sales	$	5,921
Complimentary Sales		1,974
TOTAL REVENUE		7,894
Cost of Sales		7,925
GROSS MARGIN		(31)
TOTAL Entertainment EXPENSES		4,061
TOTAL Entertainment INCOME	$	(4,092)

Entertainment Revenue Ratios

Comp sales as percent of Revenue	25%
Cost of Sales as percent of Revenue	100%
Expenses as percent of Revenue	51%
Income as Percent of Revenue	-52%

Data Source: Kansas Entertainment

Proposal Assessment Kansas Entertainment - Additional Amenities

PROBE
STRATEGIC SOLUTIONS

Kansas Entertainment will offer a 18,000 sq ft spa in the hotel, the largest by a significant amount among the applicants, and perhaps somewhat large given the size of the property. This may, however, include common space with the pool facilities. Spas are an amenity becoming standard across the industry which can be used for packages, and adds to the stature of the facility, but will not drive significant additional tourism as an operating entity. However, in the context of the current property and the size of the property, the planned spa will need to have significant penetration into the community as a day spa.

The plans include a 26,000 sq ft indoor pool area in addition to an 13,000 sq ft outdoor pool area. The indoor/outdoor design of the facility is appropriate to the climate of the area.

There facility will have 5,584 surface parking spaces and 1,342 covered spaces. Probe believes that having both options available provides the greatest access and options for guests given the variety of weather the area receives. The covered spaces will be sufficient to serve the casino property, given the outdoor nature of the Entertainment/Retail District one would expect visitation to be depressed in inclement weather negating the need for proportionate covered spaces.

2013 Consolidated Pro Forma

Other Sales	$	613
Complimentary Sales		242
TOTAL REVENUE		855
Cost of Sales		
GROSS MARGIN		855
TOTAL Other EXPENSES		4,570
TOTAL Other INCOME	$	(3,714)
Other Revenue Ratios		
Comp sales as percent of Revenue		28%
Cost of Sales as percent of Revenue		0%
Expenses as percent of Revenue		534%
Income as Percent of Revenue		-434%

Data Source: Kansas Entertainment

Proposal Assessment Legends Sun

Ancillary Products Summary

Legends Sun has proposed a property operating as Legends Sun. The property will be located at 110th street and Parallel Parkway. The casino will be 131,000 sq ft with 2,000 slot machines and 85 table games. The following is an overview of the amenities and ancillary developments that will be available.

There will be five dining outlets on property – with four additional bars. In addition, there will be 75,000 sq ft of restaurants and bars in the associated lifestyle/retail development.

Located on the property will be a 350 room hotel including 314 standard rooms at 560 sq ft and 36 luxury suites at 1,200 sq ft. The hotel will include a 4,000 sq ft spa, an outside pool area, and tennis courts.

There is 40,500 sq ft of convention space and an additional eight meeting rooms.

There is 36,500 sq ft entertainment showroom with seating capacity of 1,200. One of the proposed casino bars will host live entertainment.

There will be a Trent Jones Jr. Golf course located on the property.

The proposal includes 5,000 sq ft of retail space on property and an additional 125,000 sq ft of retail space in the associated lifestyle/retail development.

There will be 250 residential units in the associated lifestyle/retail development.

Data Source: Legends Sun

Proposal Assessment
Legends Sun - Hotel

Hotel Rate and Occupancy Data	
Number of Rooms	350
Occupancy Rate	87.0%
2013 Average Daily Rate (ADR)	$ 124.85
Leisure Percent of Occupied	53%
Business Percent of Occupied	47%
Percentage residents (<100 miles)	60%
Percentage Tourists (>100 miles)	40%
2013 Consolidated Pro Forma	
Room Sales	$ 16,501
Complimentary Rooms	-
TOTAL REVENUE	16,501
TOTAL HOTEL EXPENSES	7,450
TOTAL HOTEL INCOME	$ 9,051
Hotel Revenue Ratios	
Comp sales as percent of Revenue	0%
Expenses as percent of Revenue	45%
Income as Percent of Revenue	55%

The Legends Sun Hotel property is appropriate for the market and for the plan as proposed.

Legends Sun did not estimate comp sales in the departments, but there is comp expense in the Casino department that may reflect aggregate comp sales data.

The ADR of $125.85 is less than the $154 ADR projected by Probe for a casino hotel in the area. This may reflect a comp rate or a strategy to drive occupancy with rate.

Data Source: Legends Sun

Proposal Assessment Legends Sun – Food

Outlet	Seating Capacity	Mean Spend/ Cover	Theme/Description
24-Hour 'Coffee-Shop'	200	$13.75	American Contemporary
Buffet	350	$15.25	Fresh Market Theme with International & Southwestern Influences
Casual Themed Concept	120	$35.00	A Bistro Concept Featuring Authentic International Cuisine
Quick Service	150	$8.50	A Mix of 4 to 5 Nationally Branded Concepts with Shared Seating, includes a Free Standing Coffee Shop
Michael Jordan's Steakhouse	150	$54.00	A Tenant Leased or Licensed world-class Steakhouse
Total	**970**	**$ 18.05**	**Average weighted by expected covers/day**

Lifestyle/Retail Development: Plans for an additional 75,000 sq ft of restaurants and bars.

The Legends Sun food outlets are appropriate to the market, and would complement their master brand. Taken together, the on-property and the Lifestyle/Retail Development outlets provides excess capacity for gaming customer visits. The Lifestyle/Retail Development will need to generate its own visitation to absorb the capacity.

The average price point of $18.05 is appropriate to the market. Given their estimate of the number of annual covers, they would expect to serve 41% of all gaming visitors to the property (assuming one meal per visitor). This does not include meals that would be consumed in the Lifestyle/Retail Development.

Sales are combined with beverage.

Data Source: Legends Sun

Proposal Assessment
Legends Sun – Beverage

Outlet	Seating Capacity	Theme/Description
Center Bar	80	An inviting, 'where the action is' attraction that is the focal point of the center of the casino
Lobby Bar	35	An upscale, relaxing lounge; appointed with the central theme of the hotel lobby
Entertainment Bar	120	A lounge adjacent to the entertainment venue profiling the best in Sports and Entertainment
Terrace & Pool Bar	12	A tropical theme specializing in frozen exotic drinks
High Limit Lounge	30	A convenient escape from the casino floor for our most valued guests

2013 Consolidated Pro Forma	
Food and Beverage Sales	$ 29,316
Complimentary F&B Sales	-
TOTAL REVENUE	29,316
Cost of Sales	9,969
GROSS MARGIN	19,347
TOTAL F&B EXPENSES	17,424
TOTAL F&B INCOME	$ 1,924
Food and Beverage Revenue Ratios	
Comp sales as percent of Revenue	0%
Cost of Sales as percent of Revenue	34%
Expenses as percent of Revenue	59%
Income as Percent of Revenue	7%

Lifestyle/Retail Development: Plans for an additional 75,000 sq ft of restaurants and bars.

The Legends Sun beverage outlets are appropriate to the market, and would complement their master brand. As noted with food, taken together, the on-property and the Lifestyle/Retail Development outlets provides excess capacity for gaming customer visits. The Lifestyle/Retail Development will need to generate its own visitation to absorb the capacity.

The average price point of $18.05 is appropriate to the market. Given their estimate of the number of annual covers, they would expect to serve 41% of all gaming visitors to the property (assuming one meal per visitor). This does not include meals that would be consumed in the Lifestyle/Retail Development.

Sales are combined with Food. Comp revenues are not estimated. The Food and Beverage departments together are projected to generate a small amount of income, consistent with industry norms.

Data Source: Legends Sun

PROBE
STRATEGIC SOLUTIONS

Proposal Assessment Legends Sun - Retail

Legends Sun has proposed 5,000 sq ft of retail space.

In addition to the on-property retail, the Lifestyle/Retail Development has plans for 125,000 additional sq ft of retail space, designed to be less . This space would need to generate its own visits over and above the visits projected for the LGF.

Comp revenues are not estimated. Pro Forma projections are within industry norms.

Outlet	Square Feet
Legends Sun Logo	1,800
Tobacco Shop	900
Hotel Shop	900
Jewelry	1,400

2013 Consolidated Pro Forma

Retail Sales	$ 7,895
Complimentary Retail Sales	-
TOTAL REVENUE	7,895
Cost of Sales	1,737
GROSS MARGIN	6,158
TOTAL Retail EXPENSES	1,674
TOTAL Retail INCOME	$ 4,484
Retail Revenue Ratios	
Comp sales as percent of Revenue	0%
Cost of Sales as percent of Revenue	22%
Expenses as percent of Revenue	21%
Income as Percent of Revenue	57%

Data Source: Legends Sun

Proposal Assessment Legends Sun - Convention

Legends Sun has proposed 40,500 sq ft of convention space and an additional eight meeting rooms.

Comp revenues are not estimated. Pro Forma projections are within industry norms.

2013 Consolidated Pro Forma

Convention Sales	$	3,178
Complimentary Convention Sales		-
TOTAL REVENUE		3,178
Cost of Sales		736
GROSS MARGIN		2,442
TOTAL Convention EXPENSES		1,915
TOTAL Convention INCOME	$	527
Convention Revenue Ratios		
Comp sales as percent of Revenue		0%
Cost of Sales as percent of Revenue		23%
Expenses as percent of Revenue		60%
Income as Percent of Revenue		17%

Data Source: Legends Sun

Proposal Assessment Legends Sun - Entertainment

Legends Sun has included a 36,500 sq ft entertainment showroom with seating capacity of 1,200. In addition to the showroom, one of the proposed casino bars will host live entertainment.

Comp revenues are not estimated. Pro Forma projections are within industry norms.

2013 Consolidated Pro Forma

Entertainment Sales	$ 2,202
Complimentary Entertainment Sales	-
TOTAL REVENUE	2,202
Cost of Sales	-
GROSS MARGIN	2,202
TOTAL Entertainment EXPENSES	1,904
TOTAL Entertainment INCOME	$ 298
Entertainment Revenue Ratios	
Comp sales as percent of Revenue	0%
Cost of Sales as percent of Revenue	0%
Expenses as percent of Revenue	86%
Income as Percent of Revenue	14%

Data Source: Legends Sun

Proposal Assessment Legends Sun - Additional Amenities

The hotel will include a 4,000 sq ft spa. Spas are an amenity becoming standard across the industry which can be used for packages, and adds to the stature of the facility, but will not drive significant additional tourism as an operating entity.

The property will also include an outside pool area and tennis courts.

There will be a Trent Jones Jr. Golf course located on the property that will be operated as a semi-private facility.

Noted previously there are three premium facilities within 30 miles of Village West and there is an oversupply of golf in the area with fees of over $70, and an undersupply of standard facilities from $40-$70 dollars. Legends Sun projected a $75 price point – holding the price to near or below that level when open would provide the ability to reach the underserved portion of the market.

There will be 250 residential units in the associated Lifestyle/Retail Development .

The facility will have 2,000 surface parking spaces and 1,500 covered spaces. Probe believes that having both options available provides the greatest access and options for guests given the variety of weather the area receives. The covered spaces will be sufficient to serve the casino property, given the outdoor nature of the Lifestyle/Retail Development one would expect visitation to be depressed in inclement weather negating the need for proportionate covered spaces.

2013 Consolidated Pro Forma

Other Sales (Golf*/Retail/Residential)	$ 14,682
Complimentary Other Sales	
TOTAL REVENUE	14,682
Cost of Sales	195
GROSS MARGIN	14,487
TOTAL Other EXPENSES	7,009
TOTAL Other INCOME	$ 7,478
Other Revenue Ratios	
Comp sales as percent of Revenue	0%
Cost of Sales as percent of Revenue	1%
Expenses as percent of Revenue	48%
Income as Percent of Revenue	51%

*$2.7 million in golf

Data Source: Legends Sun

Proposal Assessment
Pinnacle Entertainment

Ancillary Products Summary

Pinnacle Entertainment has proposed a property co-located with the proposed Schlitterbahn water park in the southeast corner of I-435 and Parallel Parkway. The property is not currently named, and would be done so with extensive customer input through research. The casino will be 100,000 sq ft with 2,300 slot machines and 85 table games. The following is an overview of the amenities and ancillary developments that will be available.

There will be eight dining outlets on property – with four additional bars. The dining, retail, and shopping will surround a "River Walk" design that will link the property to the Schlitterbahn property.

Located on the property will be a 500 room hotel including 300 standard rooms and 475 sq ft and 200 premium rooms at 650 sq ft. The hotel will include a spa and a pool.

There is 68,540 sq ft of convention space that can be divided into a maximum of 24 different sized break-out rooms and converted into a 3,500 seat entertainment venue.

The proposal also includes 15,000 sq ft of retail space.

There are 20 RV parking spaces indicated in the proposal.

Data Source: Pinnacle Entertainment

Proposal Assessment Pinnacle Entertainment - Hotel

Hotel Rate and Occupancy Data	
Number of Rooms	500
Occupancy Rate	90.0%
2013 Average Daily Rate (ADR)	$ 93.00
Leisure Percent of Occupied	85%
Business Percent of Occupied	15%
Percentage residents (<100 miles)	23%
Percentage Tourists (>100 miles)	77%
2013 Consolidated Pro Forma	
Room Sales	$ 8,778
Complimentary Rooms	6,829
TOTAL REVENUE	15,607
TOTAL HOTEL EXPENSES	7,654
TOTAL HOTEL INCOME	$ 7,953
Hotel Revenue Ratios	
Comp sales as percent of Revenue	44%
Expenses as percent of Revenue	49%
Income as Percent of Revenue	51%

The Pinnacle Entertainment hotel property is appropriate for the market and for the plan as proposed with one caveat. With the significant amount of convention space planned to drive room nights we note that Pinnacle projects the smallest proportion of business guests for the largest hotel.

The ADR of $93 projected for year three of operation is significantly below the Probe projected market price of $154 for a casino property in the Northeast Zone. Noting that the plan is for a significant percentage of premium rooms, and a very high projected Leisure market as a percent of occupied, Probe believes that the ADR accurate reflects a casino rate transfer price for the 44% of rooms planned to be comped.

Data Source: Pinnacle Entertainment

PROBE
STRATEGIC SOLUTIONS

Proposal Assessment
Pinnacle Entertainment - Food

Outlet	Seating Capacity	Mean Spend/ Cover	Theme/Description
Restaurant #1	629	$22.00	Buffet
Restaurant #2	286	$50.00	Fine Dining
Restaurant #3	245	$50.00	Fine Dining
Restaurant #4	223	$17.00	Casual
Restaurant #5	223	$17.00	Casual
Restaurant #6	179	$25.00	Casual
Restaurant #7	223	$17.00	Casual
Restaurant #8	30	$6.00	Coffee
Total	**2,037**	**$ 21.20**	**Average weighted by expected covers/day**

2013 Consolidated Pro Forma	
Food Sales	$ 21,107
Complimentary Food Sales	20,244
TOTAL REVENUE	41,351
Cost of Sales	17,782
GROSS MARGIN	23,569
TOTAL FOOD EXPENSES	20,314
TOTAL FOOD INCOME	$ 3,255
Food Revenue Ratios	
Comp sales as percent of Revenue	49%
Cost of Sales as percent of Revenue	43%
Expenses as percent of Revenue	49%
Income as Percent of Revenue	8%

The mix of Pinnacle Entertainment food outlets and the $21.20 average price point, despite the highest of the applicants are appropriate to the market. The dining supply integrated into the resort at Pinnacle is the highest among the current applicants, however, Pinnacle projects fewer turns at some of their establishments compared to other properties. The plans reflect some capture from the integrated with the Schlitterbahn facility.

Comp sales are estimated at 49% of total food revenue. Overall, the department is projected to produce a income as a percentage of revenue of 8%, consistent with the industry.

Given its estimate of the number of annual covers and gaming visitors it would expect to serve 46% of gaming visitors to the property (assuming one meal per visitor).

Data Source: Pinnacle Entertainment

Proposal Assessment Pinnacle Entertainment - Beverage

Outlet	Seating Capacity	Theme/Description
Bar #1	122	Piano Bar
Bar #2	122	Sports Bar
Bar #3	306	Central Island Bar
Bar #4	122	Beer Garden Bar

The Golden Heartland beverage outlets are appropriate to the market. Probe understands that the Center Island Bar will operate as a nightclub.

Comp sales are estimated at 80% of total beverage revenue. This is inconsistent with the inability to comp alcohol.

2013 Consolidated Pro Forma

Beverage Sales	$ 1,126
Complimentary Beverage Sales	4,502
TOTAL REVENUE	5,628
Cost of Sales	1,404
GROSS MARGIN	4,224
TOTAL Beverage EXPENSES	2,769
TOTAL Beverage INCOME	$ 1,455
Beverage Revenue Ratios	
Comp sales as percent of Revenue	80%
Cost of Sales as percent of Revenue	25%
Expenses as percent of Revenue	49%
Income as Percent of Revenue	26%

Data Source: Pinnacle Entertainment

Proposal Assessment Pinnacle Entertainment -Retail

Pinnacle Entertainment has proposed 15,000 sq ft of retail space, 1,000 sq ft for Sundries and the remaining 14,000 sq ft for specialty retail.

Comp sales are estimated at 26%. Pro Forma projections are within industry norms.

Outlet	**Square Feet**
Sundries	1000
Men's Clothing	5000
Women's Clothing	5000
Art Store	4000

2013 Consolidated Pro Forma

Retail Sales	$	8,440
Complimentary Retail Sales		2,890
TOTAL REVENUE		11,330
Cost of Sales		5,707
GROSS MARGIN		5,623
TOTAL Retail EXPENSES		3,533
TOTAL Retail INCOME	$	2,090

Retail Revenue Ratios	
Comp sales as percent of Revenue	26%
Cost of Sales as percent of Revenue	50%
Expenses as percent of Revenue	31%
Income as Percent of Revenue	18%

Data Source: Pinnacle Entertainment

Proposal Assessment Pinnacle Entertainment – Convention

There is 68,540 sq ft of convention space that can be divided into a maximum of 24 different sized break-out rooms.

It is the applicant's intention to drive midweek room rates with the convention facility, as well as utilize the 1,600 planned rooms at the Schlitterbahn facility in off peak periods to drive business to the convention facility.

This would be the largest hotel based meeting and convention space in the market. Meeting the pro forma objectives will be contingent on creating synergies with the Schlitterbahn facility.

2013 Consolidated Pro Forma

Convention Sales	$	5,800
Complimentary Sales		2,624
TOTAL REVENUE		8,424
Cost of Sales		1,871
GROSS MARGIN		6,552
TOTAL Convention EXPENSES		3,149
TOTAL Convention INCOME	$	3,403
Convention Revenue Ratios		
Comp sales as percent of Revenue		31%
Cost of Sales as percent of Revenue		22%
Expenses as percent of Revenue		37%
Income as Percent of Revenue		40%

Data Source: Pinnacle Entertainment

Proposal Assessment Pinnacle Entertainment - Entertainment

The convention facility can be utilized as a 50,000 sq ft event and entertainment facility with stadium seating for 3,500.

Comp revenues are estimated to be 75% of revenues, indicating that the strategy will be to generally drive revenue with entertainment. Pro Forma projections are within industry norms.

2013 Consolidated Pro Forma

Entertainment Sales	$	386
Complimentary Sales		1,159
TOTAL REVENUE		1,545
Cost of Sales		-
GROSS MARGIN		1,545
TOTAL Entertainment EXPENSES		3,654
TOTAL Entertainment INCOME	$	(2,109)
Entertainment Revenue Ratios		
Comp sales as percent of Revenue		75%
Cost of Sales as percent of Revenue		0%
Expenses as percent of Revenue		236%
Income as Percent of Revenue		-136%

Data Source: Pinnacle Entertainment

Proposal Assessment Pinnacle Entertainment - Additional

The property will contain a spa and pool, although sizes are not specified.

Twenty RV parking spaces are planned.

There facility will have 2,800 surface parking spaces and no covered parking spaces. Probe believes that covered parking is a desired amenity in a climate such as Kansas City.

2013 Consolidated Pro Forma

Other Sales	$	5,168
Complimentary Sales		394
TOTAL REVENUE		5,562
Cost of Sales		778
GROSS MARGIN		4,784
TOTAL Other EXPENSES		482
TOTAL Other INCOME	$	4,302

Other Revenue Ratios	
Comp sales as percent of Revenue	7%
Cost of Sales as percent of Revenue	14%
Expenses as percent of Revenue	9%
Income as Percent of Revenue	77%

Data Source: Pinnacle Entertainment

Cross Proposal Assessment Ancillary Revenue as Percent of Gaming Revenue

Department	Golden Heartland	Kansas Entertainment	Legends Sun	Pinnacle Entertainment
Casino	100%	100%	100%	100%
Hotel	5.3%	4.5%	5.6%	3.8%
F&B	11.6%	8.3%	9.9%	11.4%
Convention	0.0%	1.0%	1.1%	2.0%
Entertainmnent	0.0%	2.2%	0.7%	0.4%
Retail	0.0%	3.0%	2.7%	2.7%
Other	1.8%	0.2%	6.1%	1.3%
Ancillary Total	18.7%	19.0%	26.1%	21.6%

Since gaming is the engine that drives the economics of the properties it is useful to examine the revenue lines as a percent of total gaming revenue. The revenue contribution by department statistics are consistent with the strategies put forward by the applicants.

When expressed as a percentage of gaming revenue, the total ancillary revenue projected by the four prospective LGF managers is 18.7% for Golden Heartland; 19% for Kansas Entertainment; 26.1% for Legends Sun; and somewhat higher at 21.6% for Pinnacle Entertainment.

A significant portion of this difference is due to the inclusion of residential and retail development in the Legends Sun revenue.

Convention F&B is specifically included in the F&B revenue for Golden Heartland, the Other category contains the revenue for the Four-Walled showroom as well as the retail component.

Kansas Entertainment is going to emphasize retail and entertainment to drive revenue and visitation.

Pinnacle is going to use F&B and convention to drive revenue and visitation.

Data Source: Applicants