
AGENDA
KANSAS LOTTERY GAMING FACILITY REVIEW BOARD
9 am, Wednesday, July 9, 2008
Community Building, 320 East Maple, Columbus, Kansas

- A. CALL TO ORDER
- B. APPROVAL OF THE AGENDA
- C. BOARD ITEMS
1. Regarding the proposed management contract between Kansas Penn Gaming LLC and the Lottery Commission for the southeast gaming zone
 - a. Presentation by Kansas Lottery Commission (30 minutes)
 - b. Presentation by Kansas Penn Gaming LLC (70 minutes)
 - c. Presentation by the Cherokee County Commission, the endorsing authority for the proposal (15 minutes)

The board reserves the right to question each entity, without any time limitation.

2. Discussion, consideration and possible action on approving a format for July 24 and 25 and September 2 and 3 meetings.
- D. OTHER MOTIONS
- E. PUBLIC COMMENTS (90 minutes)
- Persons interested in making comments to the board must sign-up at the meeting site on the day of public comment. There will be an official sign up sheet at the meeting location, and it will be available 30 minutes prior to the start of the meeting. Names will not be taken less than 30 minutes prior to the start of the public comment session. Those wishing to speak must provide their name, address and, if affiliated with a specific group, identify that group. Each person will have two minutes to address the board and will be asked to give his or her name at the microphone so that it can be entered into the official record.
- F. STAFF REPORTS
1. Executive Director
 2. Chief Gaming Officer
 3. Director of Administration
- G. EXECUTIVE SESSIONS
1. Attorney-client
 2. Background and security
- H. ADJOURNMENT

Executive Summary of: **Kansas Penn Gaming, LLC**
Gaming Zone: **Southeast**

1. Name of Facility: **Hollywood Casino**
2. Name of Manager: **Kansas Penn Gaming, LLC**
3. Location of Facility: **Cherokee County, on US Highway 166/400, approximately 1 mile north of Interstate 44 (I-44)**
4. Investment in Infrastructure: **\$225 million**
5. Principals/ Owners: **Penn National Gaming, Inc.**
6. Gaming Experience: **Parent company (Penn National Gaming, Inc.) has operated Class III gaming casinos since 1997. It is a leading, diversified, multi-jurisdictional owner and operator of gaming and pari-mutuel properties. It currently owns or operates 19 casinos and/or pari-mutuel racetrack facilities.**
7. Resolution of Endorsement Obtained: **Yes (July 22, 2007 by the Cherokee County Board of County Commissioners as amended in April 2008)**
8. Planning and Zoning Approval: **None required in Cherokee County**
9. Theme: **Hollywood**
10. Number of Slot Machines: **900 (expandable to 1,500)**
11. Number of Tables (positions): **Approx. 30 (180 positions)**
12. Anticipated Gaming Revenue in Year 1, Year 2, Year 3:
 - a. **Year 1 – \$35,871,000 (Partial Year – 7 Months of Operation)**
 - b. **Year 2 – \$57,393,218**
 - c. **Year 3 – \$72,927,535**
13. Ancillary Facilities:

At Open:

 - a. **225 seat buffet**
 - b. **30 seat coffee/pastry shop**
 - c. **Retail gift shop**
 - d. **75 seat Entertainment lounge/bar**

Amenities phased in over time to potentially include:

- e. Hotel (up to 200 rooms)**
- f. Pool, fitness and spa facilities**
- g. Car museum**
- h. Multi-function / Event Center (1,750 spaces)**
- i. Additional meeting and conference space**
- j. Expanded gaming (up to 600 additional positions)**
- k. Additional food and beverage amenities**
 - 1. 125 seat mid-price restaurant**
 - 2. Sports bar**
 - 3. Other restaurants**
- l. Additional surface / parking garage**
- m. Third party retail**
- n. Other as market warrants**

14. Anticipated Ancillary Revenue Year 1, Year 2, Year 3:

- a. Year 1 – \$2,511,000 (Partial Year – 7 Months of Operation)**
- b. Year 2 – \$4,018,000**
- c. Year 3 – \$5,104,000**

15. Number of Gaming Visitors (local – within 100 miles of facility) per year:
732,376 – 1,125,355

16. Number of Gaming Visitors (tourists – further than 100 from facility) per year:
130,240 – 179,395

17. Number of Ancillary Visitors (local) per year: **0**

18. Number of Ancillary Visitors (tourists) per year: **0**

19. Number of Full Time Employees: **595**

20. Projected Opening Date: **Second Quarter 2010**

21. Length of Construction Period: **Approximately 18 months for final plan development and construction of first phase.**

22. Proposed Temporary Facility: **No**

23. If yes, projected date of opening temporary facility:

- a. Number of Slot Machines at temporary):
- b. Number of Tables (positions) at temporary:

c. Anticipated Gaming Revenue at temporary:

24. Rewards Program: **Kansas Penn Gaming, LLC will operate a multi-tier rewards program that will allow play and redemption at both Kansas facilities.**

25. Potential for Expansion of Gaming Floor: **Up to 600 additional positions, 20,000 square feet.**

26. Other Gaming Operations:

Name	City, State	Operated Since
Bullwhackers Casino	Blackhawk, Colorado	2002
Argosy Alton	Alton, Illinois	2005
Empress Joliet Casino	Joliet, Illinois	2005
Hollywood Casino Aurora	Aurora, Illinois	2003
Argosy Lawrenceburg	Lawrence, Indiana	2005
Argosy Sioux City	Sioux City, Iowa	2005
Casino Rouge (Baton Rouge)	Baton Rouge, Louisiana	2001
Hollywood Slots at Bangor (Bangor Raceway)	Bangor, Maine	2004
Hollywood Casino Bay St. Louis	Bay St. Louis, Mississippi	2000
Boomtown Casino – Biloxi	Biloxi, Mississippi	2000
Hollywood Casino Tunica	Tunica, Mississippi	2003
Argosy Riverside	Kansas City, Missouri	2005
Freehold Raceway (Joint Venture - Harness Racetrack)	New Jersey	
Black Gold Casino (Zia Park Race Track)	Hobbs, New Mexico	2007
Raceway Park (Harness Racetrack in Toledo)	Toledo, Ohio	2005
Hollywood Casino at Penn National	Grantville, Pennsylvania	1971

Race Course (Thoroughbred Racetrack in Grantville)		
Four off-track wagering facilities		
Charles Town Races & Slots	Charles Town, West Virginia	1997
SOKC, LLC (Greyhound Track)	Orlando, Florida	2007
Manages Casino Rama in Rama, Ontario for the provincial government of Ontario.		2001

Instructions to Proposers	
1	Proposers are required, at the minimum, to submit information requested in the accompanying Worksheets, in the format provided. The Pro Forma worksheet follows the general format of the Nevada Gaming Abstracts and NGC-17 Filings for the State of Nevada.
2	Proposers are allowed to supplement the mandatory submissions with additional information and references to their original submissions to th Lottery Commission.
3	Proposals shall provide projected information for 5 complete calendar years following opening, starting from the projected calendar date of opening.
4	All data and information provided shall be supported with material assumptions upon which the projections are based, as well as any documentary evidence, publications or studies that could support the assumptions
5	When consolidated and totalled, the respective values in the various Worksheets should be internally consistent.
6	Instructions and notes which are specific to the worksheets are contained within the relevant worksheets themselves

Glossary of Terms	
Terms	Definition
Resident Gaming Visitors	This refers to residents within a 100-mile radius of the Lottery Gaming Facility (LGF) who visit the LGF and gamble. This represents the proposer's view of the total number of resident gambling visitors will have over the period under consideration
Resident Non-Gaming Visitors	This refers to residents within a 100-mile radius of the site who visit the LGF and do not gamble. This represents the proposer's view of the total number of resident non-gambling visitors will have over the period under consideration
Tourist Gaming Visitors	This refers to visitors who reside outside a 100-mile radius of the LGF who visit the LGF and gamble. This represents the proposer's view of the total number of tourist gambling visitors over the period under consideration
Tourist Non-Gaming Visitors	This refers to visitors who reside outside a 100-mile radius of the LGF who visit the LGF and do not gamble. This represents the proposer's view of the total number of tourist non-gambling visitors over the period under consideration
Visit per Resident Ratio	The number of times a resident visits the LGF on a per year basis
Additional length of stay	The additional number of days that a tourist visitor stays in the region (within a 100-mile radius) because of the LGF
Market Penetration Rate	Percentage of total adult resident population that is likely to visit the LGF (on a head-count basis)
Per Diem Gaming Resident	The expenditure of a Gaming Resident visitor on a per day basis
Per Diem Non-Gaming Resident	The expenditure of a Non-Gaming Resident visitor on a per day basis
Per Diem Gaming Tourist	The expenditure of a Gaming Tourist visitor on a per day basis
Per Diem Non-Gaming Tourist	The expenditure of a Non-Gaming Tourist visitor on a per day basis
Leisure Hotel Guest	A hotel guest whose primary motivation for staying at the hotel is leisure, vacation, or holiday
Business Hotel Guest	A hotel guest whose primary motivation for staying at the hotel is business, convention, or other commercial pursuits

TIMELINE OF PROJECT - Kansas Penn Gaming, LLC		
	DATE	COMMENTS OR DESCRIPTIONS
Estimated date of awarding of License	September 1, 2008	Commencement of full project design and release of project commitments, and thus drives all dates that follow.
Estimated date for approval of all building plans and variances	April 2, 2009	The project will be "fast-tracked", wherein construction will commence before the design is completed. Therefore, design packages will be submitted for permitting, and to all reviewing agencies beginning in November and December 2008 and throughout the first quarter of 2009. These will include the overall site plan, preliminary floor plans and elevations, site preparation and grading plans, site utilities, foundations, building shell packages, and building interiors. This will culminate with a complete set of construction documents released for vertical construction on or before 3/24/2009.
Estimated date for Ground-breaking	December 19, 2008	Consistent with the statement above, and based on submission of signed and sealed engineering drawings in November 2008, we anticipate receipt of a permit in December 2008 to begin site preparation and grading as soon as possible thereafter.
If project is to be phased, please describe the phases	12 year program	The initial \$150 MM investment will be completed in one phase. The site is master planned for expansion of the casino resort, and includes acreage for potential third party development. Future expansion and additions will occur in accordance with the proposed gaming facility management agreement.
Completion date for Phase 1	March 26, 2010	Completion of construction - begin 1 month startup period
Completion date for Phase 2	12 year program	Future phasing per proposed gaming facility management agreement.
If project is going to involve a temporary gaming facility, please note estimated date of opening of the temporary and the permanent facility	N/A	
Estimated Opening Date for temporary facility	N/A	
Estimated Opening Date for permanent facility	May 5, 2010	

BARS AND LOUNGES								
Number of bars and lounges			1					
Specify theme & size of each bar		Square Footage	Seating Capacity	THEME				
Bar #1		1,813	75	Sports Bar and Entertainment Lounge (see above in Restaurants)				
Bar #2								
Bar #3								
Bar #4								
Bar #5								
Bar #6								
Bar #7								
ENTERTAINMENT VENUES								
Number of Entertainment Venues			1					
Describe and note size of each venue		Square Footage	Seating Capacity	DESCRIPTION				
Venue #1		1,813	75	Sports Bar and Entertainment Lounge				
Venue #2								
Venue #3								
Venue #4								
Venue #5								
EVENT VENUES								
Number of Event Venues								
Describe and note size of each venue		Square Footage	Seating Capacity	DESCRIPTION				
Venue #1								
Venue #2								
Venue #3								
Venue #4								

CONVENTION FACILITIES								
Square footage of Convention Space								
Square footage of Pre Function & Back of House Space								
Number of Break-out Rooms								
Capacity of Break-out rooms		School-room seating	Theater seating					
Room #1								
Room #2								
Room #3								
Room #4								
Room #5								
Room #6								
Room #7								
SPORTS AND RECREATION FACILITIES								
Description of Sports/Recreation Offerings		Square Footage	Seating Capacity	DESCRIPTION				
Offering #1								
Offering #2								
Offering #3								
Offering #4								
Offering #5								
RETAIL OUTLETS								
Description and size of Retail Outlets			SQUARE FOOTAGE	DESCRIPTION				
Outlet #1			550	Retail Center / Hollywood Memorabilia Museum				
Outlet #2								
Outlet #3								
Outlet #4								
Outlet #5								
PARKING FACILITIES								
Number of surface parking spaces			1,140	Surface parking for 1100 cars and 40 tractor trailer trucks or RV's				
Total paved square footage for surface parking			680,000	Includes ingress and egress coverage				
Number of enclosed parking spaces								
Total square footage for enclosed parking								
Number of valet parking spaces			125	Can be adjusted based on demand				
Number of employee parking spaces			250	Supplemental back lot parking will be available for peak hours				
Number of parking spaces for Recreational Vehicles			40	Shared with truck parking				

VISITATION AND SPENDING PATTERNS DURING OPERATIONS PHASE OF LOTTERY GAMING FACILITY									
Kansas Penn Gaming, LLC									
Please submit 5-year projections, starting from the date of opening									
	Unit of Measure								
PROJECTED DATE OF OPENING:	5/5/2010								
		2009	2010	2011	2012	2013	2014	2015	
RESIDENTS									
Resident population (within 100 miles)									
Number of adult residents	#		1,948,629	1,974,561	2,001,199	2,028,565	2,056,686	2,085,586	Only 9% of the population within 100 miles is from Kansas. The rest are from Oklahoma (41%), Missouri (33%), and Arkansas (17%)
Residential gaming penetration rate *	%		44.37%	44.38%	44.38%	44.39%	44.39%	44.40%	* Indicates only resident gaming customers
Market penetration rate**	%		44.37%	44.38%	44.38%	44.39%	44.39%	44.40%	** Includes all residents
Visits per gaming resident per year	#		0.55	0.84	0.99	1.17	1.19	1.22	
Total resident gaming visits per year	#		477,197	732,376	877,829	1,052,161	1,088,036	1,125,355	
Resident non-gaming visits per year***	#		-	-	-	-	-	-	*** Resident non-gaming visitors
Total Residential visits per year	#		477,197	732,376	877,829	1,052,161	1,088,036	1,125,355	
Residential gaming spend per visit	\$		\$ 65.93	\$ 62.56	\$ 67.34	\$ 69.71	\$ 70.72	\$ 71.71	
Residential gamer non-gaming spend per diem	\$		\$ 2.05	\$ 2.12	\$ 2.26	\$ 2.34	\$ 2.38	\$ 2.43	
Per diem gaming resident			\$ 67.99	\$ 64.68	\$ 69.60	\$ 72.05	\$ 73.10	\$ 74.14	
Per diem non-gaming resident			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Residential Gaming Spend per annum	\$		31,463,664	45,816,079	59,114,778	73,348,787	76,945,703	80,700,274	
Total Residential Non-Gaming Spend per annum	\$		979,773	1,551,668	1,981,117	2,462,544	2,594,406	2,732,788	

Kansas Penn Gaming, LLC										
Please submit 5-year projections, starting from the date of opening										
	Unit of Measure									
PROJECTED DATE OF OPENING:	5/5/2010									
		2009	2010	2011	2012	2013	2014	2015		
TOURISTS (residence more than 100 miles away)										
Tourist gaming visits per year*	#		81,034	130,240	144,761	167,829	173,435	179,395	* Indicates gaming customers	
Tourist non-gaming visits per year**	#		-	-	-	-	-	-	** Customers who do not game	
Total Tourist visits per year	#		81,034	130,240	144,761	167,829	173,435	179,395		
Tourist gaming spend per diem	\$		\$ 92.06	\$ 88.89	\$ 95.42	\$ 101.71	\$ 103.75	\$ 105.83		
Tourist gamer non-gaming spend per diem	\$		\$ 3.40	\$ 3.65	\$ 4.09	\$ 4.33	\$ 4.35	\$ 4.36		
Tourist non-gamer spend per diem	\$		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Tourist Gaming Spend per annum	\$		7,460,089	11,577,139	13,812,757	17,069,414	17,993,408	18,985,792		
Total Tourist Non-Gaming Spend per annum	\$		275,703	475,104	592,655	727,488	753,730	781,397		
TOTAL VISITATION PER YEAR	#		558,232	862,616	1,022,590	1,219,991	1,261,471	1,304,750		
TOTAL GAMING SPEND PER YEAR	\$		#####	#####	#####	#####	#####	#####		
TOTAL NON-GAMING SPEND PER YEAR	\$		\$ 1,255,477	\$ 2,026,772	\$ 2,573,772	\$ 3,190,032	\$ 3,348,136	\$ 3,514,184		

Kansas Penn Gaming, LLC									
Please submit 5-year projections, starting from the date of opening									
	Unit of Measure								
PROJECTED DATE OF OPENING:	5/5/2010								
		2009	2010	2011	2012	2013	2014	2015	
Tourist Visitors									
Total number of tourists									
Leisure tourists	#		81,034	130,240	144,761	167,829	173,435	179,395	
Business/conference tourists	#		-	-	-	-	-	-	
Leisure tourists - Please specify top five source markets									
Missouri	#		36,163	58,122	64,603	74,897	77,399	80,059	
Arkansas	#		23,565	37,874	42,097	48,805	50,435	52,168	
Other Kansas	#		12,529	20,137	22,383	25,949	26,816	27,738	
Oklahoma	#		8,777	14,107	15,679	18,178	18,785	19,431	
Other	#		-	-	-	-	-	-	
Other	#		-	-	-	-	-	-	
Business/Conference Tourists - Please specify top five source markets									
Missouri	#		-	-	-	-	-	-	
Arkansas	#		-	-	-	-	-	-	
Other Kansas	#		-	-	-	-	-	-	
Oklahoma	#		-	-	-	-	-	-	
Other	#		-	-	-	-	-	-	
Other	#		-	-	-	-	-	-	
HOTEL GUESTS									
Number of hotel rooms	#								
Occupancy rate	%								
Visitors per room	#								
Total hotel guests per year	#								
Average room rate	\$								
Percentage of hotel guests who are residents (within 100 miles)	%								
Percentage of hotel guests who are tourists	%								
Total hotel revenues per year	\$								
Total gaming spend by hotel guests per year	\$								
Total non-gaming non-hotel spend by hotel guests per year	\$								
TOTAL SPEND BY HOTEL GUESTS PER YEAR	\$		\$ -						

Kansas Penn Gaming, LLC										
Please submit 5-year projections, starting from the date of opening										
	Unit of Measure									
PROJECTED DATE OF OPENING:	5/5/2010									
		2009	2010	2011	2012	2013	2014	2015		
LEISURE HOTEL GUESTS										
Visitors per room	#									
Total leisure guests per year	#									
Average room rate	\$									
Percentage of leisure guests who are residents	%									
Percentage of leisure guests who are tourists	%									
Total leisure hotel revenues per year	\$									
Total gaming spend by leisure guests per year	\$									
Total other non-gaming leisure spend by leisure guests per year	\$								Separate from Leisure Hotel Spend	
TOTAL SPEND BY LEISURE HOTEL GUESTS PER YEAR	\$		-	-	-	-	-	-		
BUSINESS HOTEL GUESTS										
Visitors per room	#									
Total business hotel guests per year	#									
Average room rate	\$									
Percentage of business hotel guests who are residents	%									
Percentage of business hotel guests who are tourists	%									
Total business hotel revenues per year	\$									
Total gaming spend by business hotel guests per year	\$									
Total other non-gaming spend by business hotel guests per year	\$								Separate from Business Hotel Spend	
TOTAL SPEND BY BUSINESS HOTEL GUESTS PER YEAR	\$		-	-	-	-	-	-		

CHANGES IN SPENDING PATTERNS DUE TO LOTTERY GAMING FACILITY DURING OPERATIONS PHASE									
Kansas Penn Gaming, LLC									
<i>Please submit 5-year projections, starting from the date of opening</i>	Unit of Measure								
PROJECTED DATE OF OPENING:	5/5/2010								
		2009	2010	2011	2012	2013	2014	2015	
Annual Spending by Residents at the Lottery Gaming Facility									Note: Resident visitors here includes both Leisure and Business Resident visitors
Total spending by residents per year (Note: distinguish between residents who gamble (Resident Gaming Visitors) and residents who do not gamble (Resident Non-Gaming Visitors))									
Resident Gaming Visitors									
Accommodation	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Food & Beverage	\$	\$ 824,197	\$ 1,304,294	\$ 1,665,867	\$ 2,071,077	\$ 2,182,521	\$ 2,299,474		
Retail	\$	\$ 155,577	\$ 247,374	\$ 315,250	\$ 391,467	\$ 411,885	\$ 433,314		
Gaming	\$	\$ 31,463,664	\$ 45,816,079	\$ 59,114,778	\$ 73,348,787	\$ 76,945,703	\$ 80,700,274		
Tickets to events, concerts, shows	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Other spending	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
TOTAL spending by gaming visitors (residents)	\$	\$ -	\$ 32,443,438	\$ 47,367,748	\$ 61,095,894	\$ 75,811,330	\$ 79,540,109	\$ 83,433,062	
Resident Non-Gaming Visitors									
Accommodation	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Food & Beverage	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Retail	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Tickets to events, concerts, shows	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Ticketed attractions	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other spending	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL spending by non gaming visitors (residents)	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Spending by Residents									
Gaming	\$	\$ 31,463,664	\$ 45,816,079	\$ 59,114,778	\$ 73,348,787	\$ 76,945,703	\$ 80,700,274		
Non Gaming	\$	\$ 979,773	\$ 1,551,668	\$ 1,981,117	\$ 2,462,544	\$ 2,594,406	\$ 2,732,788		
TOTAL SPENDING BY RESIDENTS AT LOTTERY GAMING FACILITY	\$	\$ 32,443,438	\$ 47,367,748	\$ 61,095,894	\$ 75,811,330	\$ 79,540,109	\$ 83,433,062		

Kansas Penn Gaming, LLC									
<i>Please submit 5-year projections, starting from the date of opening</i>	Unit of Measure								
PROJECTED DATE OF OPENING:	5/5/2010								
		2009	2010	2011	2012	2013	2014	2015	
SOURCES OF EXPENDITURES AT LOTTERY GAMING FACILITY: For the following questions, provide your best estimates, based on your economic models									
Percent of Spend that would have occurred within the region*	%		95.6%	95.6%	95.2%	94.7%	94.8%	94.8%	* What percent of residents' total spend would have taken place within the 100-mile radius if the LGF facility did not exist
Percent of Spend that would have taken place outside the region**	%		53.8%	53.8%	53.8%	53.0%	52.4%	51.8%	**Without an LGF, what percent would have been spent outside the 100-mile radius
Percent of Spend that comes from new income generated in the region***	%		58.2%	58.2%	58.6%	58.3%	57.6%	57.0%	***Percent of total spending by residents that comes from income generated by the LGF and its multiplier effects
	No.								
	No.								
Tourist Gaming Visitors									
Accommodation	\$	\$	-	\$	-	\$	-	\$	-
Food & Beverage	\$	\$	251,926	\$	417,502	\$	521,959	\$	641,469
Retail	\$	\$	23,777	\$	57,602	\$	70,696	\$	86,019
Gaming	\$	\$	7,460,089	\$	11,577,139	\$	13,812,757	\$	17,069,414
Tickets to events, concerts, shows	\$	\$	-	\$	-	\$	-	\$	-
Other spending	\$	\$	-	\$	-	\$	-	\$	-
TOTAL spending by gaming visitors (tourists)	\$	\$	7,735,793	\$	12,052,243	\$	14,405,413	\$	17,796,903
Tourist Non-Gaming Visitors									
Accommodation	\$	\$	-	\$	-	\$	-	\$	-
Food & Beverage	\$	\$	-	\$	-	\$	-	\$	-
Retail	\$	\$	-	\$	-	\$	-	\$	-
Gaming	\$	\$	-	\$	-	\$	-	\$	-
Tickets to events, concerts, shows	\$	\$	-	\$	-	\$	-	\$	-
Other spending	\$	\$	-	\$	-	\$	-	\$	-
TOTAL spending by non-gaming visitors (tourists)	\$	\$	-	\$	-	\$	-	\$	-
TOTAL SPENDING BY TOURISTS AT LOTTERY GAMING FACILITY									
			\$ 7,735,793	\$ 12,052,243	\$ 14,405,413	\$ 17,796,903	\$ 18,747,137	\$ 19,767,189	Note: Tourist visitors here includes both Leisure and Business Tourist visitors

Kansas Penn Gaming, LLC									
<i>Please submit 5-year projections, starting from the date of opening</i>	Unit of Measure								
PROJECTED DATE OF OPENING:	5/5/2010								
		2009	2010	2011	2012	2013	2014	2015	

Kansas Penn Gaming, LLC									
<i>Please submit 5-year projections, starting from the date of opening</i>	Unit of Measure								
PROJECTED DATE OF OPENING:	5/5/2010								
		2009	2010	2011	2012	2013	2014	2015	
SOURCES OF EXPENDITURES AT LOTTERY GAMING FACILITY: For the following questions, provide your best estimates, based on your economic models									
What proportion of Tourist visitors would not have visited the region if the Lottery Gaming Facility did not exist?	%		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
What proportion of Tourist visitor spending would not have occurred within the region if the Lottery Gaming Facility did not exist?	%		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
Please provide your estimate of induced spending by resident visitors to the LGF (import substitution)	\$		\$ 18,877,999	\$ 27,562,070	\$ 35,813,588	\$ 44,184,029	\$ 45,817,553	\$ 47,561,888	
Please provide your estimate of direct spending by tourist visitors to the LGF (newly injected spending)	\$		\$ 773,579	\$ 1,205,224	\$ 1,440,541	\$ 1,779,690	\$ 1,874,714	\$ 1,976,719	
Please provide your estimate of induced spending by tourist visitors to the LGF (newly injected spending to the region but not at the LGF)	\$		\$ 235,091	\$ 361,508	\$ 368,466	\$ 371,568	\$ 374,701	\$ 377,864	
Please provide your estimate of an appropriate expenditure multiplier for the region	#		1.9419	1.9419	1.9419	1.9419	1.9419	1.9419	
TOTAL DIRECT, INDIRECT,, AND INDUCED INCREASES IN SPENDING IN THE REGION, PER YEAR (SPEND)	\$		\$ 38,617,924	\$ 56,565,221	\$ 73,059,318	\$ 89,978,495	\$ 93,341,244	\$ 96,932,795	
ESTIMATED AGGREGATE PERSONAL INCOME IN THE REGION (API)	\$		72,281,535,244	73,279,020,430	74,290,270,912	75,315,476,651	76,354,830,228	77,408,526,886	
RATIO OF SPEND/API	#		0.053%	0.077%	0.098%	0.119%	0.122%	0.125%	

Kansas Penn Gaming, LLC									
<i>Please submit 5-year projections, starting from the date of opening</i>	Unit of Measure								
PROJECTED DATE OF OPENING:	5/5/2010								
		2009	2010	2011	2012	2013	2014	2015	
Instructions to Proposers									
<p>The intent of this section is to provide a foundation to estimate the amount of new direct spending (from import substitution by residents and newly injected spending by tourists), and then to estimate the indirect increases in expenditure brought about in the region via a regional expenditure multiplier process</p>									
<p>INDUCED SPENDING BY RESIDENTS is incremental spending that results from residents who are in the region because of the LGF (rather than visiting other regions) and the additional expenditures they make in the region as a result. <u>(This does not include substitution or "cannibalization" of spending that would have shifted from other businesses in the region to the LGF.)</u></p>									
<p>INDUCED SPENDING is incremental spending that results from tourists who stay longer in the region because of the LGF and the additional expenditures they make in the region, <u>not at the LGF</u>, as a result of their longer stays.</p>									

EMPLOYMENT INFORMATION DURING OPERATIONS' PHASE OF LOTTERY GAMING FACILITY								
Kansas Penn Gaming, LLC								
<i>Please submit 5-year projections, starting from the date of opening</i>	Unit of Measure							
PROJECTED DATE OF OPENING:	5/5/2010							
		2009	2010	2011	2012	2013	2014	2015
No. of FTE Workers employed within the Lottery Gaming Facility	#		319	510	552.5	595	595	595
General and Administrative								
Professionals, Managers, Executives and Technicians	#		3	4	4	4	4	4
Clerical Workers, Sales and Service Workers	#		1	2	2	2	2	2
Production and Transport Operators, Laborers and Cleaners	#							
Casino								
Professionals, Managers, Executives and Technicians	#		10	16	17	18	18	18
Dealers and game supervisors	#		137	222	234	247	247	247
Clerical Workers, Sales and Hosts	#		26	41	43	45	45	45
Security and surveillance	#		34	55	59	63	63	63
Cleaners	#		13	21	23	25	25	25
Other	#							
Hotel								
Professionals, Managers, Executives and Technicians	#		-	-	-	-	-	-
Clerical Workers, Sales and Marketing Staff	#		-	-	-	-	-	-
Room cleaners, housekeeping supervisors	#		-	-	-	-	-	-
Other	#							

Kansas Penn Gaming, LLC								
<i>Please submit 5-year projections, starting from the date of opening</i>	Unit of Measure							
PROJECTED DATE OF OPENING:	5/5/2010							
		2009	2010	2011	2012	2013	2014	2015
No. of FTE Workers employed within the Lottery Gaming Facility	#		319	510	552.5	595	595	595
Food and Beverage								
Professionals, Chefs, Managers, Executives and Technicians	#		5	8	9	10	10	10
Clerical Workers, Sales and Service Workers	#		4	6	7	8	8	8
Food preparers and servers, Hosting staff, and Cleaners	#		37	60	72	80	80	80
Other	#							
Other (including convention, entertainment, retail, etc.)								
Professionals, Managers, Executives and Technicians	#		2	3	4	4	4	4
Clerical Workers, Compliance, Accounting, and Sales	#		10	15	16	18	18	18
Human Resources	#		6	6	6	7	7	7
Other	#							
Others (please specify)								
Professionals, Managers, Executives and Technicians	#		4	6	6	7	7	7
Clerical Workers, Sales and Service Workers	#		3	5	5	6	6	6
Production and Transport Operators, Laborers and Cleaners	#		24	40	46	51	51	51
TOTAL EMPLOYED BY THE LGF	#		319	510	553	595	595	595

Kansas Penn Gaming, LLC								
<i>Please submit 5-year projections, starting from the date of opening</i>	Unit of Measure							
PROJECTED DATE OF OPENING:	5/5/2010							
		2009	2010	2011	2012	2013	2014	2015
No. of FTE Workers employed within the Lottery Gaming Facility	#		319	510	552.5	595	595	595
FTE=full time equivalent								

PAYROLL INFORMATION DURING OPERATIONS' PHASE OF LOTTERY GAMING FACILITY								
Kansas Penn Gaming, LLC			NOTE: Excludes Pre-opening expenses					
<i>Please submit 5-year projections, starting from the date of opening</i>	Unit of Measure							
PROJECTED DATE OF OPENING:	5/5/2010							
		2009	2010	2011	2012	2013	2014	2015
Total Payroll of Workers employed within the Lottery Gaming Facility, including cost of paid benefits such as health insurance, unemployment insurance, worker's compensation, retirement.			12,760,000	20,400,000	22,100,000	23,800,000	23,800,000	23,800,000
General and Administrative								
Professionals, Managers, Executives and Technicians			453,018	607,444	607,978	609,215	609,215	609,215
Clerical Workers, Sales and Service Workers			35,235	70,868	70,931	71,075	71,075	71,075
Production and Transport Operators, Laborers and Cleaners								
Casino								
Professionals, Managers, Executives and Technicians			755,030	1,214,888	1,291,953	1,370,734	1,370,734	1,370,734
Dealers and game supervisors			4,827,156	7,866,402	8,298,900	8,777,773	8,777,773	8,777,773
Clerical Workers, Sales and Hosts			916,103	1,452,804	1,525,011	1,599,189	1,599,189	1,599,189
Security and surveillance			1,540,260	2,505,707	2,690,303	2,878,541	2,878,541	2,878,541
Cleaners			392,615	637,816	699,175	761,519	761,519	761,519
Other								
Hotel								
Professionals, Managers, Executives and Technicians			-	-	-	-	-	-
Clerical Workers, Sales and Marketing Staff			-	-	-	-	-	-
Room cleaners, housekeeping supervisors			-	-	-	-	-	-
Other								

Food and Beverage								
Professionals, Chefs, Managers, Executives and Technicians			377,515	607,444	683,975	761,519	761,519	761,519
Clerical Workers, Sales and Service Workers			140,939	212,605	248,258	284,300	284,300	284,300
Food preparers and servers, Hosting staff, and Cleaners			1,303,684	2,126,055	2,553,508	2,843,003	2,843,003	2,843,003
Other								
Other (including convention, entertainment, retail, etc.)								
Professionals, Managers, Executives and Technicians			151,006	227,792	303,989	304,608	304,608	304,608
Clerical Workers, Compliance, Accounting, and Sales			402,682	607,444	648,510	731,058	731,058	731,058
Human Resources			211,408	212,605	212,792	248,763	248,763	248,763
Other								
Others								
Professionals, Managers, Executives and Technicians			302,012	455,583	455,983	533,063	533,063	533,063
Clerical Workers, Sales and Service Workers			105,704	177,171	177,327	213,225	213,225	213,225
Production and Transport Operators, Laborers and Cleaners			845,633	1,417,370	1,631,408	1,812,415	1,812,415	1,812,415
TOTAL PAYROLL (INCLUDING BENEFITS) FOR THE LGF			12,760,000	20,400,000	22,100,000	23,800,000	23,800,000	23,800,000

Kansas Penn Gaming, LLC							
Consolidated Pro-Forma Income and Expenditure Statement for the LGF							
Amounts in thousands of dollars							
Please submit 5-year projections, starting from the date of opening	Unit of Measure						
PROJECTED DATE OF OPENING:	5/5/2010						
	2009	2010	2011	2012	2013	2014	2015
REVENUE (from below)							
Casino		35,871	57,393	72,928	90,418	94,939	99,686
Hotel							
Food		1,722	2,755	3,501	4,340	4,557	4,785
Beverage		430	689	875	1,085	1,139	1,196
Convention							
Entertainment							
Retail		359	574	729	904	949	997
Other							
Gross Revenues		38,382	61,411	78,032	96,747	101,585	106,664
less: cost of sales		(955)	(1,709)	(2,252)	(2,865)	(3,023)	(3,189)
Gross Margin		37,426	59,702	75,780	93,883	98,562	103,475
DEPARTMENTAL EXPENSES (from below)		23,512	37,527	43,964	50,997	52,376	53,824
DEPARTMENTAL INCOME		13,914	22,175	31,816	42,886	46,186	49,651
GENERAL AND ADMINISTRATIVE EXPENDITURE							
Advertising and Promotion		4,663	7,461	9,481	11,754	12,342	12,959
Bad debt expense							
Complementary expense (not reported in departments)							
Depreciation - Buildings		2,230	3,568	3,568	3,568	3,568	3,568
Depreciation and Amortization		3,959	6,334	6,518	6,991	7,478	7,980
Energy Expense (electricity, gas, etc.)							
Equipment rental or lease							
Interest expense		8,438	13,500	13,500	13,500	13,500	13,500
Payroll taxes		93	129	129	129	129	129
Payroll - Employee benefits		50	70	70	70	70	70
Payroll - officers		346	480	481	482	482	482
Rent of Premises							
Taxes - Real Estate		938	1,500	1,500	1,500	1,500	1,500
Taxes and Licenses - Other		(616)	(984)	(517)	5	145	293
Utilities (other than Energy Expenses)		120	192	396	627	687	749
Other General and Administrative expenses		1,454	2,326	3,208	4,202	4,459	4,729
TOTAL GENERAL AND ADM. EXPENDITURE		21,673	34,575	38,333	42,827	44,359	45,958
NET INCOME BEFORE FEDERAL INCOME TAX		(7,759)	(12,400)	(6,517)	58	1,827	3,693

DEPARTMENTAL INCOME STATEMENTS							
CASINO DEPARTMENT							
REVENUE							
Pit Revenue (including keno, bingo)		4,484	7,174	9,116	11,302	11,867	12,461
Electronic gaming machines		31,387	50,219	63,812	79,116	83,072	87,225
Poker and other non-banked card games							
TOTAL REVENUE		35,871	57,393	72,928	90,418	94,939	99,686
DEPARTMENTAL EXPENSES							
Bad debt expenses							
Commissions							
Complementary expenses		1,255	2,009	2,552	3,165	3,323	3,489
Gaming taxes and licenses		9,685	15,496	19,690	24,413	25,634	26,915
Preferred guest expenses							
Payroll taxes		1,598	2,593	2,750	2,917	2,917	2,917
Payroll - Employee Benefits		864	1,402	1,487	1,577	1,577	1,577
Payroll - Officers							
Payroll - Other Employees		5,969	9,683	10,269	10,893	10,893	10,893
Other Departmental Expenses		300	300	300	300	300	300
Preferred guest expenses							
Payroll taxes							
TOTAL EXPENSES		19,672	31,483	37,048	43,265	44,644	46,092
TOTAL CASINO INCOME		16,199	25,911	35,879	47,153	50,295	53,594
HOTEL DEPARTMENT							
REVENUE							
Room Sales							
Complementary rooms							
TOTAL REVENUE							
DEPARTMENTAL EXPENSES							
Bad debt expenses							
Complementary expenses							
Payroll taxes							
Payroll - Employee Benefits							
Payroll - Officers							
Payroll - Other Employees							
Other Departmental Expenses							
Payroll taxes							
TOTAL EXPENSES							
TOTAL HOTEL INCOME							

FOOD DEPARTMENT							
REVENUE							
Food Sales		861	1,377	1,750	2,170	2,279	2,392
Complementary Food Sales		861	1,377	1,750	2,170	2,279	2,392
TOTAL REVENUE		1,722	2,755	3,501	4,340	4,557	4,785
Cost of sales		(647)	(1,215)	(1,625)	(2,087)	(2,206)	(2,332)
GROSS MARGIN		1,075	1,540	1,875	2,253	2,351	2,453
DEPARTMENTAL EXPENSES							
Bad debt expenses							
Complimentary expenses							
Payroll taxes		276	447	529	590	590	590
Payroll - Employee Benefits		149	242	286	319	319	319
Payroll - Officers							
Payroll - Other Employees		1,032	1,668	1,974	2,202	2,202	2,202
Other Departmental Expenses							
Payroll taxes							
TOTAL EXPENSES		1,458	2,357	2,789	3,111	3,111	3,111
TOTAL FOOD INCOME		(383)	(817)	(913)	(858)	(760)	(658)
BEVERAGE DEPARTMENT							
REVENUE							
Beverage Sales		215	344	438	543	570	598
Complementary Beverage Sales		215	344	438	543	570	598
TOTAL REVENUE		430	689	875	1,085	1,139	1,196
Cost of sales		(129)	(207)	(263)	(326)	(342)	(359)
GROSS MARGIN		301	482	613	760	797	837
DEPARTMENTAL EXPENSES							
Bad debt expenses							
Complimentary expenses							
Payroll taxes		69	112	132	147	147	147
Payroll - Employee Benefits		37	60	71	80	80	80
Payroll - Officers							
Payroll - Other Employees		258	417	494	551	551	551
Other Departmental Expenses							
Payroll taxes							
TOTAL EXPENSES		364	589	697	778	778	778
TOTAL BEVERAGE INCOME		(63)	(107)	(85)	(18)	20	60

CONVENTION DEPARTMENT							
REVENUE							
Total Sales							
Complementary Sales							
TOTAL REVENUE							
Cost of sales							
GROSS MARGIN							
DEPARTMENTAL EXPENSES							
Bad debt expenses							
Complimentary expenses							
Payroll taxes							
Payroll - Employee Benefits							
Payroll - Officers							
Payroll - Other Employees							
Other Departmental Expenses							
Payroll taxes							
TOTAL EXPENSES							
TOTAL CONVENTION INCOME							
ENTERTAINMENT DEPARTMENT							
REVENUE							
Total Sales							
Complementary Sales							
TOTAL REVENUE							
Cost of sales							
GROSS MARGIN							
DEPARTMENTAL EXPENSES							
Bad debt expenses							
Complimentary expenses							
Payroll taxes							
Payroll - Employee Benefits							
Payroll - Officers							
Payroll - Other Employees							
Other Departmental Expenses							
Payroll taxes							
TOTAL EXPENSES							
TOTAL ENTERTAINMENT INCOME							

RETAIL								
REVENUE								
Total Sales		179	287	365	452	475	498	
Complementary Sales		179	287	365	452	475	498	
TOTAL REVENUE		359	574	729	904	949	997	
Cost of sales		(179)	(287)	(365)	(452)	(475)	(498)	
GROSS MARGIN		179	287	365	452	475	498	
DEPARTMENTAL EXPENSES								
Bad debt expenses								
Complimentary expenses								
Payroll taxes		37	45	45	45	45	45	
Payroll - Employee Benefits		20	24	24	24	24	24	
Payroll - Officers								
Payroll - Other Employees		139	168	169	169	169	169	
Other Departmental Expenses								
Payroll taxes								
TOTAL EXPENSES		196	238	238	239	239	239	
TOTAL RETAIL INCOME		(17)	49	127	213	236	260	
OTHER DEPARTMENTAL INCOME (please specify)								
REVENUE								
Total Sales								
Complementary Sales								
TOTAL REVENUE								
Cost of sales								
GROSS MARGIN								
DEPARTMENTAL EXPENSES								
Bad debt expenses								
Complimentary expenses								
Payroll taxes		345	542	605	683	683	683	
Payroll - Employee Benefits		187	293	327	369	369	369	
Payroll - Officers								
Payroll - Other Employees		1,290	2,025	2,260	2,552	2,552	2,552	
Other Departmental Expenses								
Payroll taxes								
TOTAL EXPENSES		1,822	2,860	3,192	3,605	3,605	3,605	
TOTAL OTHER DEPARTMENTAL INCOME		(1,822)	(2,860)	(3,192)	(3,605)	(3,605)	(3,605)	

TOTAL INVESTMENT		50,285,147	58,456,339	42,062,085	1,285,714	3,310,714	36,364,014	3,512,337	16,447,083
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Source of Funds for Investment										
Percent each year from:										
Construction Loan										
Debt										
Working Capital from Parent Company		12,571,287	14,614,085	10,515,521	1,285,714	3,310,714	9,091,004	3,512,337	4,111,771	
Sale of Equity										
Other - Existing Parent Bank Agreement		37,713,861	43,842,254	31,546,564			27,273,011		12,335,312	
At the following figures on a Quarterly basis		2008-IV	2009-I	2009-II	2009-III	2009-IV	2010-I	2010-II	2010-III	2010-IV
Development Employment Data										
Construction Employment										
Average Wage per employee		35.00	29.00	28.00	29.00	30.00	30.00	30.00		
Total construction payroll		800,000	1,300,000	2,000,000	3,100,000	3,250,000	3,500,000	1,250,000		
Average Benefits per employee		360,000	552,500	850,000	1,317,500	1,381,250	1,487,500	531,250		
Other expenses per employee		1,160,000	518,700	798,000	1,236,900	1,296,750	1,396,500	498,750		
Cost of materials from region			2,000,000	3,000,000	4,500,000	5,000,000	4,500,000	1,000,000		
Cost of materials from outside of region			-	1,000,000	2,000,000	3,000,000	3,000,000	1,000,000		
Other Development Expenses		47,965,147	1,000,000	6,451,580	6,451,580	6,451,580	11,547,257	11,547,257		

Kansas Penn Gaming, LLC									
PUBLIC SECTOR IMPACTS OF LGF									
			<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Population Growth	Units of Measure								
# of Construction Employees or LGF Employees who will be new residents to the area	#	25	20	32	51	55	60	60	
Infrastructure Costs									
Roads/Streets Improvements	1,659,060	1,161,342	497,718						
% Paid by Developer	100								
% Paid by Public Sector	0								
Water/Sewer Improvements	1,659,060	1,161,342	497,718						
% Paid by Developer	100								
% Paid by Public Sector	0								
Storm Drains	incl in roadway improvements above								
% Paid by Developer	100								
% Paid by Public Sector	0								
Law Enforcement Building, New or Improved	\$	Developer will pay for reasonable expenses - no formal agreement in place at this time.							
% Paid by Developer	%								
% Paid by Public Sector	%								
Fire Station, New or Improved	\$	Developer will pay for reasonable expenses - no formal agreement in place at this time.							
% Paid by Developer	%								
% Paid by Public Sector	%								

Operating Costs									
School System									
# of Additional K-12 students	#	35	28	44	71	77	82	82	
Estimated number of additional K-12 teachers	#	2	2	2	3	4	4	4	
K-12 support staff	#	1	1	1	1	1	1	1	
Add't salary cost-teachers	\$	80,000	80,000	80,000	120,000	160,000	160,000	160,000	
Add't salary cost-support staff	\$	40,000	40,000	40,000	40,000	40,000	40,000	40,000	
Estimated number of additional classrooms needed	#								
Estimated add't sq. footage of ancillary K-12 needed (gyms, cafeterias, etc.)	#								
Estimated cost of additional rolling stock	\$								
Law Enforcement									
Estimated # of add't personnel									
Uniform	#		5	5	5	5	5	5	
Non-Uniform	#		1	1	1	1	1	1	
Estimated salary/benefits									
Uniform	\$		200,000	210,000	220,500	231,525	243,101	255,256	
Non-Uniform	\$		40,000	42,000	44,100	46,305	48,620	51,051	
Estimated add't non-salary expense (services/supplies)	\$		20,000			20,000			
Estimated add't rolling stock expense	\$		144,000			144,000			
Estimated add't capital outlay expense (computers, equipment)	\$		30,000			30,000			
Fire Protection									
Estimated # of add't personnel									
Uniform	#		-	-	-	-	-	-	
Non-Uniform	#		-	-	-	-	-	-	
Estimated salary/benefits									
Uniform	\$		2,000	2,100	2,205	2,315	2,431	2,553	
Non-Uniform	\$		-	-	-	-	-	-	
Estimated add't non-salary expense (services/supplies)	\$		2,000	2,100	2,205	2,315	2,431	2,553	
Estimated add't rolling stock expense	\$								
Estimated add't capital outlay expense (computers, equipment)	\$								

Ambulance Service									
Estimated # of add't personnel									
Uniform	#		-	-	-	-	-	-	-
Non-Uniform	#		-	-	-	-	-	-	-
Estimated salary/benefits									
Uniform	\$		5,000	5,250	5,513	5,788	6,078	6,381	
Non-Uniform	\$		-	-	-	-	-	-	
Estimated add't non-salary expense (services/supplies)	\$		5,000	5,250	5,513	5,788	6,078	6,381	
Estimated add't rolling stock expense	\$		6,000	6,240	6,490	6,749	7,019	7,300	
Estimated add't capital outlay expense (computers, equipment)	\$		4,000	4,160	4,326	4,499	4,679	4,867	
Public Sector Revenue			<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Change in Ad Valorem Tax (Property Tax)									
State (Building Fund)	\$		14,625	23,400	23,400	23,400	23,400	23,400	23,400
County (County, School and Library)	\$		922,875	1,476,600	1,476,600	1,476,600	1,476,600	1,476,600	1,476,600
City	\$								
Sales and Use Tax									
State	\$		176,125	281,801	358,074	443,953	466,151	489,459	
County	\$		37,664	60,263	76,574	94,939	99,686	104,670	
City	\$		-	-	-	-	-	-	
LGF Gaming Revenue									
Exp. Lottery Act Revenue Fund	\$		7,891,567	12,626,508	16,044,058	19,892,004	20,886,604	21,930,935	
Problem Gambling Fund	\$		717,415	1,147,864	1,458,551	1,808,364	1,898,782	1,993,721	
Cities	\$		358,708	573,932	729,275	904,182	949,391	996,861	
County	\$		717,415	1,147,864	1,458,551	1,808,364	1,898,782	1,993,721	

Kansas Penn Gaming, LLC

PLEASE NOTE WHAT YOU CONSIDER TO BE THE TEN MOST IMPORTANT FEATURES OF YOUR PROPOSAL.

What factors of your proposal are most distinctive in making it more attractive to Kansas and its residents than a "generic" gaming facility that could be developed within this zone?

Please provide descriptions of ten (or fewer) features in 250 words or less for each.

1. **Strong Competitor** – Penn National Gaming, Inc, the parent company of Kansas Penn Gaming, LLC, has a proven track record of successfully competing in intensely competitive markets such as Chicago, the Mississippi Gulf Coast, Kansas City Missouri and other jurisdictions. This experience will be crucial for Hollywood Casino Cherokee to compete against the \$300 million Quapaw Downstream Casino Resort currently being constructed adjacent to our Cherokee property.

2. **Location** - The project is located adjacent to the borders of Missouri and Oklahoma with the state of Arkansas also within an easy drive. It is expected therefore, that the majority of the casino's business will come from out of state residents spending their money at the Applicant's Kansas facility. The facility is located only 1 mile north of I-44 is a major interstate highway so access to the facility will be easy. The casino's rural location will minimize the impact of traffic on nearby population centers.

3. **Commitment to Kansas and the Southeast Gaming Zone** – Kansas Penn Gaming, LLC has demonstrated its commitment to the Southeast gaming zone in Kansas by being the only casino operator to commit to a casino facility in this area. Kansas Penn Gaming, LLC has committed to invest \$225 million into this facility during the initial term of its management agreement with the Kansas Lottery.

A Penn National subsidiary is also vying to be selected as the Casino Manager in the South Central Kansas Gaming Zone. If Penn National is fortunate enough to be selected as Lottery Gaming Facility Manager in both Sumner and Cherokee Counties, we will be able to create critical mass along the southern Kansas border and generate important marketing synergies to better compete against the ongoing proliferation of Oklahoma tribal gaming.

In addition, this would present synergies not only for implementation and operations, but also for the regulators in terms of oversight of operations. Hollywood Casino Wellington will be managed like all Penn National Gaming properties by developing area and regional players that will play in its

4. **Experience at Master Planned Expansion** - Penn National Gaming, Inc, the parent company of Kansas Penn Gaming, LLC, has a long history of aggressive master planned expansion of the facilities it operates. Multi-million dollar renovations or expansions are currently underway or in the design/planning stages at six of the nineteen casino/racing properties that Penn National operates. As further phases to the Cherokee resort complex are added you can be sure they will be high quality with minimal disruption to existing operations.

5. **Future Investment Commitment** – After Kansas Penn Gaming, LLC's initial investment of \$125 million to get the facility open, the company has committed to phase in an additional \$125 million in capital investment expansion over the life of the management contract which could include such amenities as:

- Hotel (up to 200 rooms)
- Pool, fitness and spa facilities
- Car Museum (for approximately 300 vintage automobiles)
- Additional meeting and conference space
- Expanded Gaming (up to 600 additional positions, 20,000 square feet)
- Multi-Function/Event center (up to 1,750 seats)
- Additional Food & beverage amenities (such as 125 seat mid-price restaurant)
- Additional third party retail/food & beverage outlets
- Additional Surface/parking garage (up to 1,200 spaces)
- Other as market warrants

6. Gaming Floor – The 35,000 square feet of gaming space will be filled with 900 slots in denominations from 1¢ to \$100 and thirty (30) of America's favorite table games. The facility will be built for quick expansion so that an additional 500 slot machines can be added with limited construction to expand the building. The facility will have video reel, traditional reel, and video poker to meet all gamer tastes including slot machine classics like Blazing Sevens, Red White & Blue and Double Bonus Poker to the hottest new slots featuring bonus rounds, high definition displays and state of the art sound. The table game action will include craps, roulette, baccarat, Caribbean stud and other popular house banked games as well as a live poker room offering the hugely popular game of Texas Hold-em.

7. Fabulous Dining/Beverage Options – Hollywood Casino Cherokee will initially feature three restaurant and bar choices to bring Las Vegas style dining to Southeast Kansas. The facility will feature:

- Epic Buffet – Food for every taste, including stations for Chinese, Seafood, All-American, Pizza & Pasta and Carving, along with our Salad Bar and Ethnic favorites and a wide assortment of desserts!
- Hollywood Coffee/pastry Shoppe - Features a variety of fresh deli sandwiches, burgers, pizza, and garden fresh salads and sweet treats to satisfy your craving.
- Rockin' Entertainment/Sports bar - A great place to relax in a casual, comfortable and fun atmosphere! Live entertainment will keep the place hoppin' along with a satellite dish that's beaming sports and entertainment from around the globe.

8. Hollywood Theme – The entire casino facility will be built using Penn National Gaming's trademarked Hollywood theme to bring the glitz and glamour of Hollywood to Cherokee county. The dynamic Hollywood theme will be constantly changing to highlight current Hollywood blockbusters while still honoring the Golden Age of Hollywood from the 30's, 40's and 50's.

9. Leveraging the True Las Vegas Gaming Experience – Besides the company's experienced management, popular Hollywood theme, and reputation for running first class gaming facilities, the biggest advantage Hollywood Casino will have over the formidable competition from the Native-American casinos in Oklahoma will be its ability to offer full Las Vegas Style Gaming. Native American casinos in Oklahoma can only offer certain non-house banked games that do not have the same appeal as true Las Vegas Style table Games. Hollywood Casino Cherokee will leverage this advantage to take market share from the Native American casinos operating in the region.

10. Charitable Giving/Local Commitment - In 2007, Penn National and its subsidiaries donated a total \$12.6 million for local economic development and other non-profit organizations. Consistent with Penn's well established record in other jurisdictions, Kansas Penn Gaming LLC will be an active supporter of the community and local causes in Cherokee County.

SUMMARY OF PROPOSAL DATA				
Proposer: Kansas Penn Gaming, LLC				
<u>Project Description</u>		<u>Unit of Measure</u>		
From award of license to opening (in months)		#	20	
Temporary facility if applicable		#		
Permanent facility		#	20	
Total investment in project		\$	150,000,000	
Casino square footage		#	30,000	
No. of hotel rooms		#	-	Future
# food and beverage outlets		#	3	
Convention center square footage		#	-	Future
Retail square footage		#	550	
Event/entertainment facility square footage		#	1,813	sports bar / entertainment lounge
No. of covered parking spaces		#	-	Future
No. of surface parking spaces		#	1,140	
1st Full Year of Operation				
No. of annual visitors		#	862,616	
% within 100 miles		%	84.9%	
% of overnight visitors		%	0.0%	
Annual gross gaming revenue		\$	57,393,218	
Annual hotel occupancy		%	0.0%	
Annual hotel revenue		\$	0	
Annual food and beverage revenue		\$	3,443,593	
Net income before federal income taxes		\$	-12,399,906	
<u>Employment and Payroll</u>				
No. of FTE operating employees-total project		#	510	
Annual operating payroll-total project		\$	12,760,000	

Economic and Fiscal Impacts				
Total economic impact-construction	\$	58,585,600	Phase 1 only	
Total economic impact-operating	\$	56,565,221		
Total incremental public sector revenue-construction	\$	6,636,240	100% Paid by the developer	
Total incremental public sector costs-construction	\$	0		
Total incremental public sector revenue-operating	\$	17,338,232		
Total incremental public sector costs-operating	\$	376,200		
Three Most Important Features				
1	1. <u>Strong Competitor</u> – Penn National Gaming, Inc, the parent company of Kansas Penn Gaming, LLC, has a proven track record of successfully competing in intensely competitive markets such as Chicago, the Mississippi Gulf Coast, Kansas City Missouri and other jurisdictions. This experience will be crucial for Hollywood Casino Cherokee to compete against the \$300 million Quapaw Downstream Casino Resort currently being constructed adjacent to our Cherokee property.			
2	2. <u>Location</u> - The project is located adjacent to the borders of Missouri and Oklahoma with the state of Arkansas also within an easy drive. It is expected therefore, that the majority of the casino's business will come from out of state residents spending their money at the Applicant's Kansas facility. The facility is located only 1 mile north of I-44 is a major interstate highway so access to the facility will be easy. The casino's rural location will minimize the impact of traffic on nearby population centers.			
3	3. <u>Commitment to Kansas and the Southeast Gaming Zone</u> – Kansas Penn Gaming, LLC has demonstrated its commitment to the Southeast gaming zone in Kansas by being the only casino operator to commit to a casino facility in this area. Kansas Penn Gaming, LLC has committed to invest \$225 million into this facility during the initial term of its management agreement with the Kansas Lottery. A Penn National subsidiary is also vying to be selected as the Casino Manager in the South Central Kansas Gaming Zone. If Penn National is fortunate enough to be selected as Lottery Gaming Facility Manager in both Sumner and Cherokee Counties, we will be able to create critical mass along the southern Kansas border and generate important marketing synergies to better compete against the ongoing proliferation of Oklahoma tribal gaming. In addition, this would present synergies not only for implementation and operations, but also for the regulators in terms of oversight of operations. Hollywood Casino Wellington will be managed like all Penn National Gaming properties by developing area and regional players that will play in its local casino. Unlike many other national casino operators, Penn National does not currently have properties in the low tax tourist destinations of Las Vegas and Atlantic City. Therefore, the company has no incentive to develop Kansas players and ship them to Las Vegas or Atlantic City to spend a portion of their gambling budget. Hollywood Casino Cherokee customers will be encouraged to spend their gambling budget in Kansas			

Kansas Lottery Gaming Facility Review Board

STAFF AGENDA MEMORANDUM

DATE OF MEETING: July 9, 2008

AGENDA ITEM: Discussion, consideration and possible action on a format for July 24 and 25 and September 2 and 3 meetings.

PRESENTER: Stephen Martino, Executive Director

ISSUE SUMMARY: Meeting No. 3 is designated for presentations by the Review Board consultant team. However, a format for this meeting was not discussed or adopted. It is proposed that each consultant or consulting group will present information and reports on their analyzed portion of the lottery gaming facility proposals, with time for questions by the Review Board. In addition, this meeting also would allow each of the prospective managers an opportunity to respond to the consultant reports. We would propose a 45 minute rebuttal after all consultant reports have been presented.

BOARD ACTION REQUESTED/ REQUIRED: Approve the format for the July 24 and 25 and September 2 and 3 meetings.