

Investment Plan

Massachusetts Gaming Commission

February 2014

Investment Plan: Introduction

The suitability of the proposed physical facility/complex plan to compete in the market over the life of the license.

Key issues to investigate:

- Commitment to spend required capital
- Timing of total development
- Consistency between quality/scope of proposed facility and expected market penetration and financial results

Required Capital: Introduction

Expectations of Applicant:

- Provide evidence that capital budget includes eligible capital expenses of at least \$125 million.

Assessment Approach:

- Reviewed Applicant's submitted capital budgets and determined eligible and ineligible expenses.

Required Capital: Development Budget

- Total budgeted cost ranges from \$216 million at Leominster/PPE to \$227 million at Raynham/PR.
- Raynham/PR's total budget includes construction costs for both the temporary and permanent structures. One time opening costs (e.g. slot machine purchase, license fee, etc.) have been included in the budgeted costs for the temporary facility.

	Budget Comparison				Total
	Leominster/ PPE	Plainville/Penn National	Raynham/PR		
			Temporary*	Permanent	
Construction					
Building					
Architectural and Engineering					
Insurance					
Permits					
Parking Garage					
Total Construction					
FF&E					
Slot Equipment					
Other FF&E					
Total FF&E					
Other Costs					
License and Application Fee					
Start-up Capital and Cage Cash					
Financing Costs					
Contingencies					
Land					
Chase Costs					
Corporate Overhead					
Legal					
Offsite Improvements					
Pre-opening Expenses					
Brockton Racing Loan					
Total Other Costs					
Total Budgeted Cost	\$215,717,083	\$225,000,000			\$227,299,000

Source: HLT Advisory Inc. based on Applicant submissions and HLT's interpretation of eligible capital costs.

* One-time costs associated with Raynham Park are included in the temporary structure totals.

Required Capital: Eligible Costs

- Construction costs range from [REDACTED] million to [REDACTED] million.
- FF&E ranges from [REDACTED] million to [REDACTED] million.

Budget Comparison- Eligible Costs					
	Leominster/ PPE	Plainville/Penn National	Raynham/PR		
			Temporary*	Permanent	Total
<u>Eligible Capital Costs</u>					
Construction					
Building					
Architectural and Engineering					
Insurance					
Permits					
Parking Garage					
Total Construction					
FF&E					
Slot Equipment					
Other FF&E					
Total FF&E					
Total Eligible Costs	\$139,008,750	\$165,501,200			\$152,500,000

Source: HLT Advisory Inc. based on Applicant submissions and HLT's interpretation of eligible capital costs.

* One-time costs associated with Raynham Park are included in the temporary structure totals.

Required Capital: Ineligible Costs

- Offsite improvements for Leominster/PPE and Raynham/PR included in answer to 2-28, but not clear in budget.
- Land value of \$11 million for Raynham/PR included in operating agreement, but not made clear in budget.

Budget Comparison- Ineligible Costs					
	Leominster/ PPE	Plainville/Penn National	Raynham/PR		Total
			Temporary*	Permanent	
<u>Ineligible Budgeted Costs</u>					
License and Application Fee					
Start-up Capital and Cage Cash					
Financing Costs					
Contingencies					
Land					
Chase Costs					
Corporate Overhead					
Legal					
Offsite Improvements					
Pre-opening Expenses					
Brockton Racing Loan					
Total Ineligible Costs					

*Source: HLT Advisory Inc. based on Applicant submissions and HLT's interpretation of eligible capital costs.
* One-time costs associated with Raynham Park are included in the temporary structure totals.*

Project Timeline: Introduction

Expectations of Applicant:

- Provided a reasonable development timeline for opening the permanent facility.

Assessment Approach:

- Reviewed planned timelines. Note: Time to obtain necessary permits not considered.

Project Timeline: Applicants' Proposed Timing

Note: Timeline is based on Building and Site Design Team's analysis of proposed schedules – based on December 10, 2013 update.

- Permanent casino opening dates range from December 2014 in Leominster to summer of 2015 in Raynham.
- Raynham/PR and Plainville/Penn National have proposed temporary structures that would open in the summer of 2014.

Milestone	Construction Schedule Comparison				
	Leominster/PPE	Plainville/Penn National		Raynham/PR*	
		Temporary	Permanent	Temporary	Permanent
Design and Permitting					
Start					
Finish					
Construction					
Start					
Finish					
Opening Date					

Source: HLT Advisory Inc. based on Applicant submissions.

Note: Dates are approximate based on schedules provided and subsequent revisions.

n/p- Not provided.

**Raynham did not provide specific dates. Based on months given, the first of the month was assumed.*

Consistency with Financials: Introduction

Expectations of Applicant:

- Consistency between size and scope of facility and operating and financial plans.

Assessment Approach:

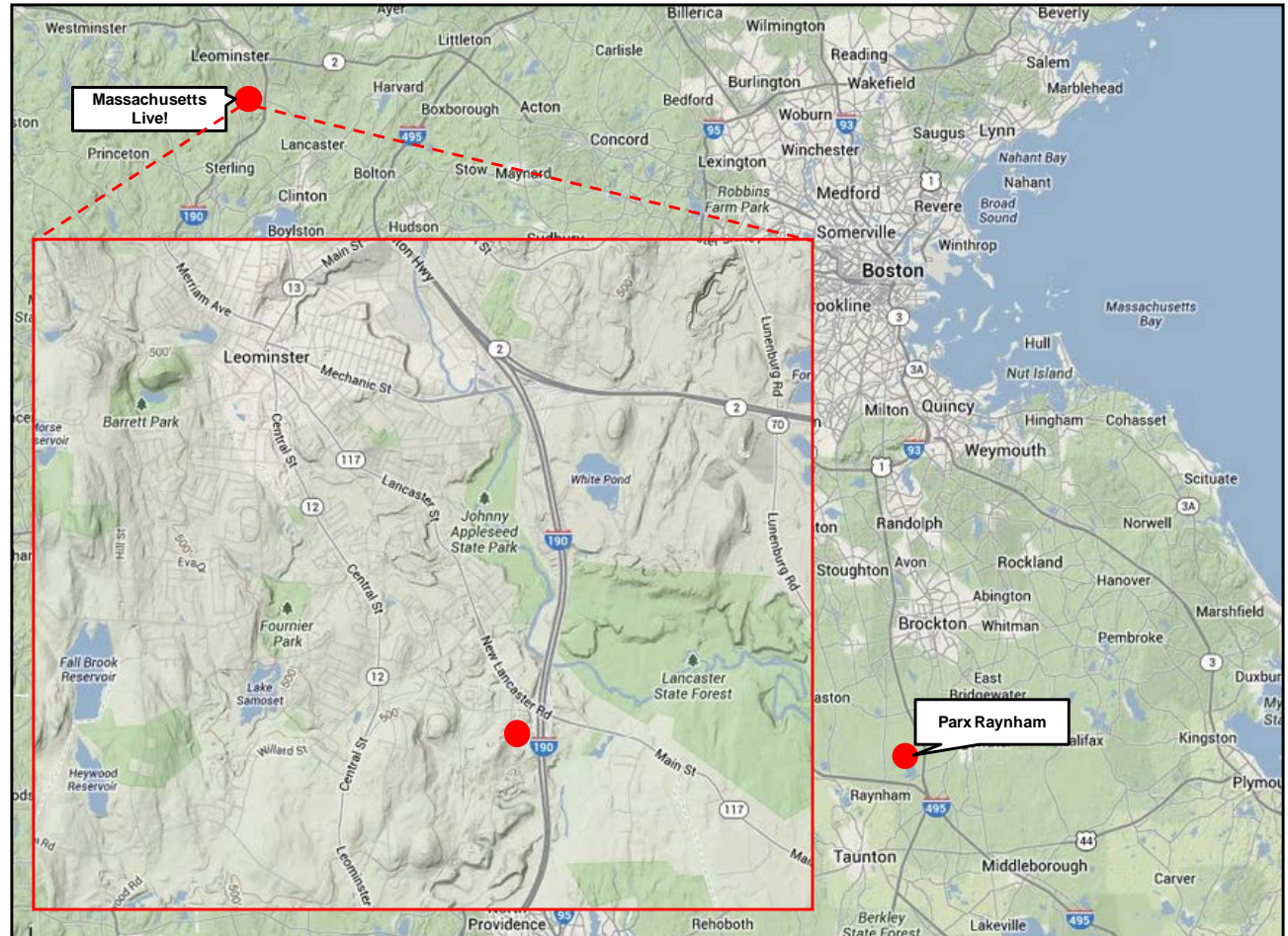
- Reviewed capital budget and building renderings in connection with operating and financial plans.

Consistency with Financials: Leominster/PPE Proposal



Consistency with Financials: Leominster/PPE Site

- Located in Leominster, approximately one hour drive from downtown Boston.
- Located adjacent to Highway I-190.



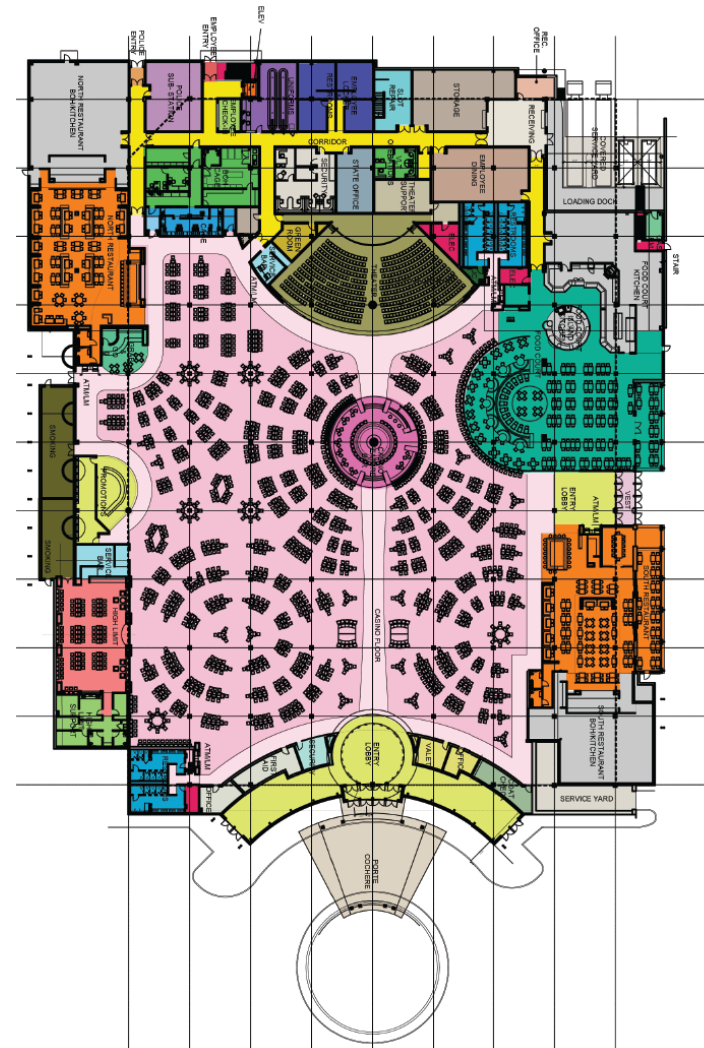
Consistency with Financials: Leominster/PPE Site

- Site includes 1,601 parking spaces of which 304 are valet parking (red)

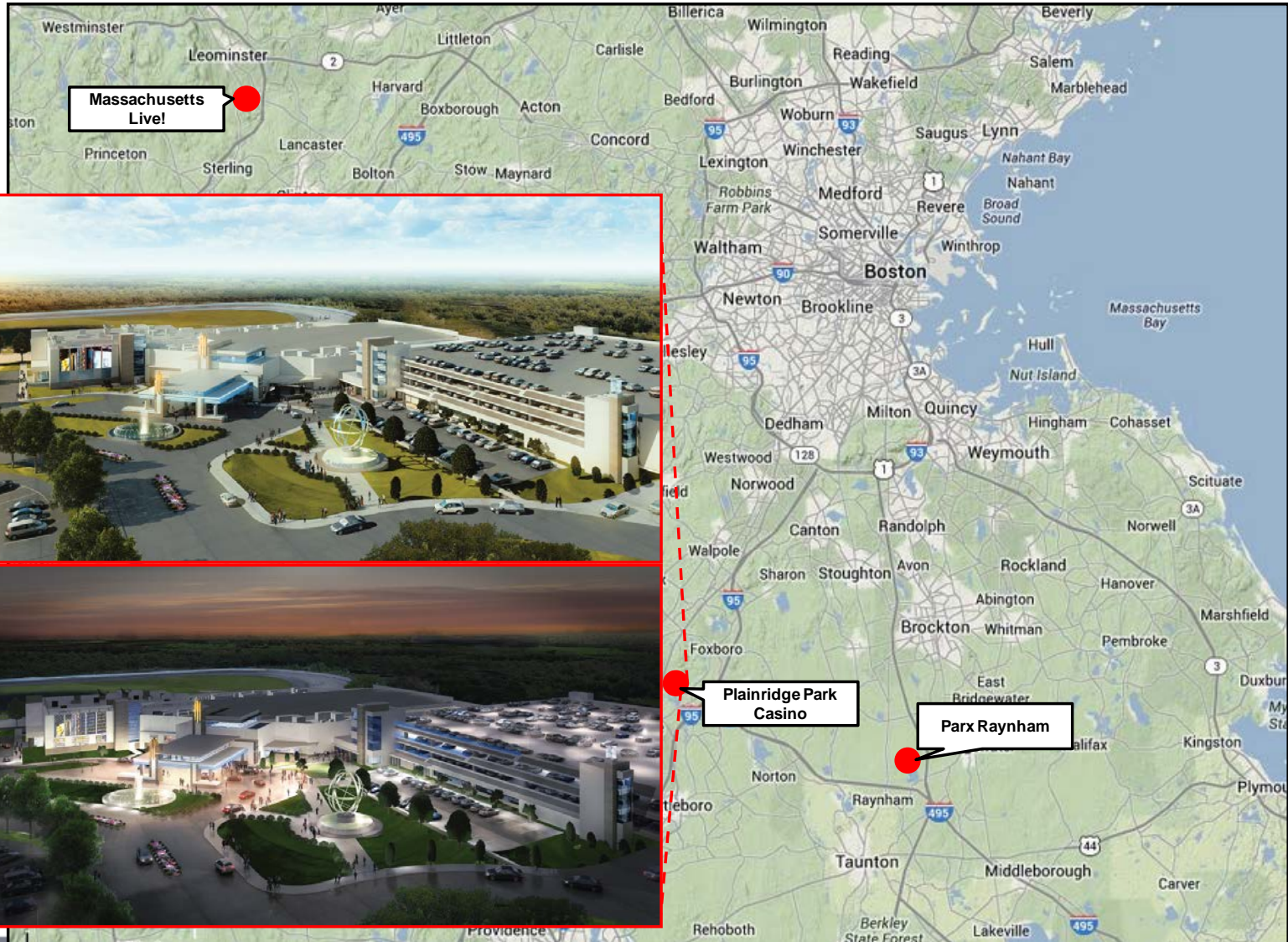


Consistency with Financials: Leominster/PPE Site

- Two restaurants (200 and 220 seats) located in the northwest and southeast corners of the building (orange).
- Food court (336 seats) located in the east portion of the building (green).
- Small retail component included in 12 seat “Grab N Go” shop (green) attached to northwest restaurant.
- 430 seat theatre at back of the gaming floor (olive).

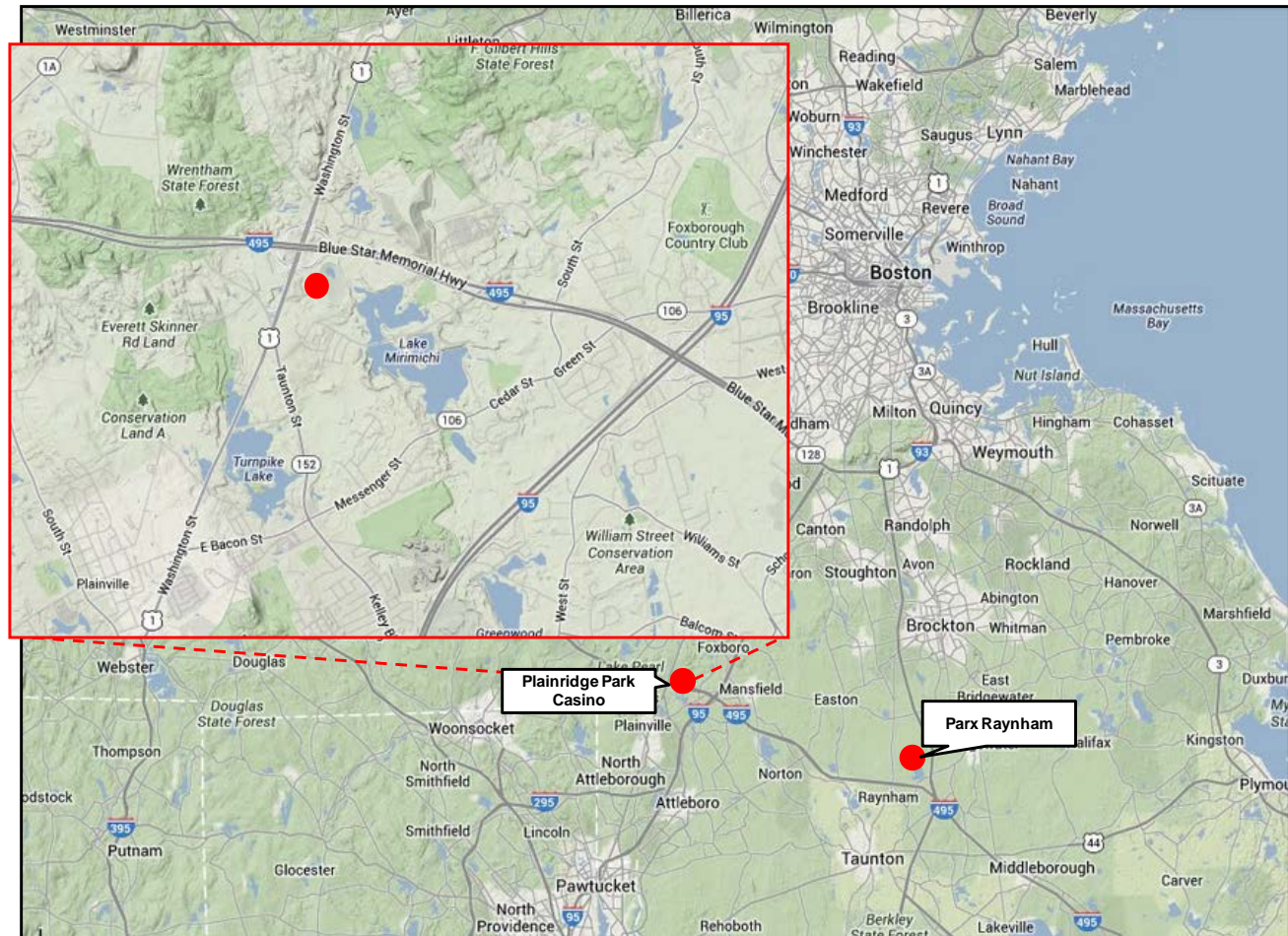


Consistency with Financials: Plainville/Penn National Proposal



Consistency with Financials: Plainville/Penn National Site

- Located in Plainville, approximately 40 minute drive from downtown Boston.
- Located adjacent to Highway I-495.



Consistency with Financials: Plainville/Penn National Site

- Existing clubhouse will remain and be renovated.
- Casino and parking garage will be built (attached to clubhouse).
- Includes 532 surface parking spaces and 1,088 parking garage spaces.
- Incorporate live racing at casino site as part of gaming complex.

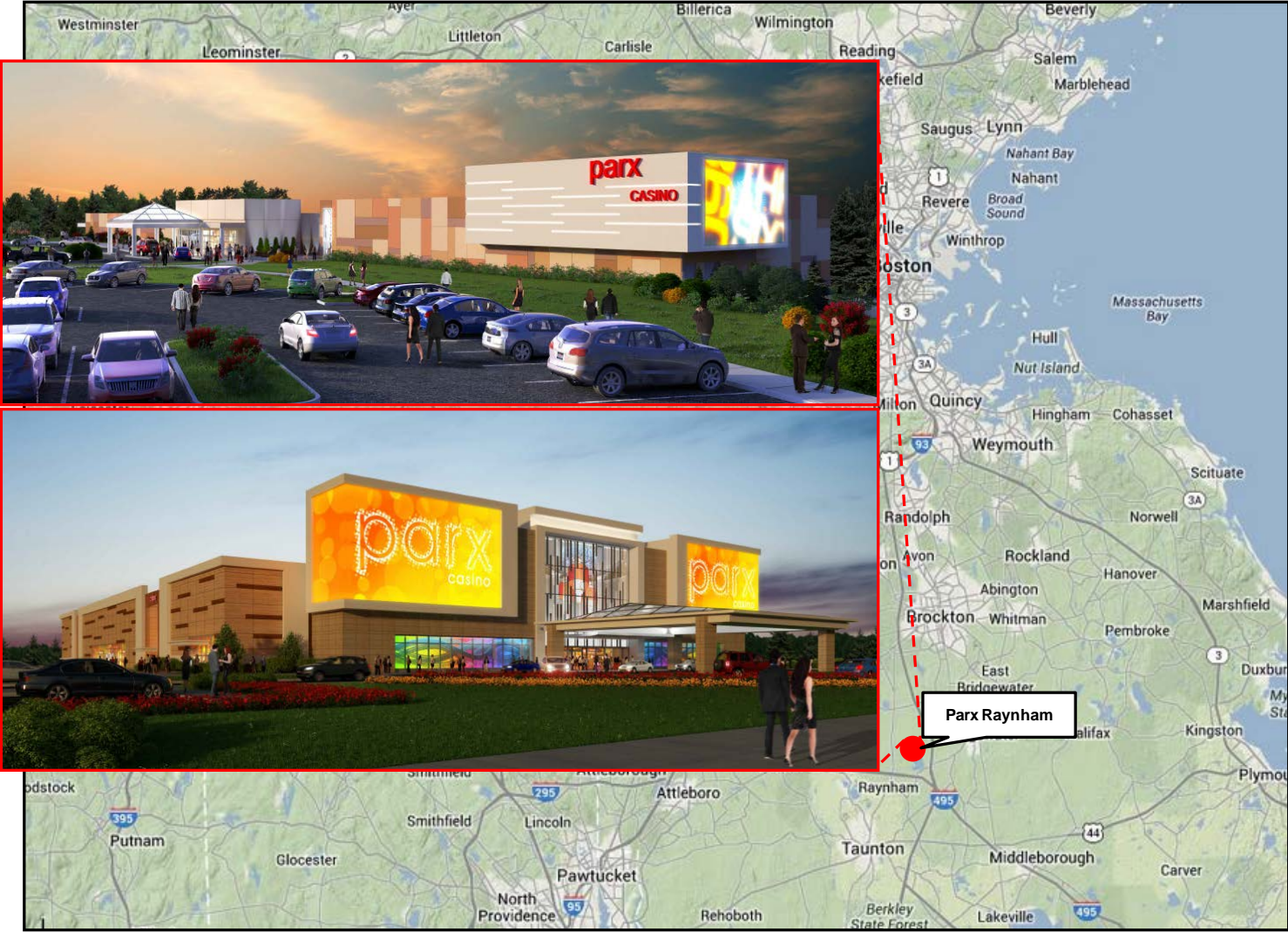


Consistency with Financials: Plainville/Penn National Site

- Casino contains two restaurants (175 and 125 seats), one of which is branded “Doug Flutie’s Sports Pub”.
- Also includes a small 75 seat food court (orange).
- Parking garage (1,088 spaces) attached to the southwest portion of the casino.
- A simulcast theatre and 5,163 sf multi-purpose room are located on the second level of the facility.

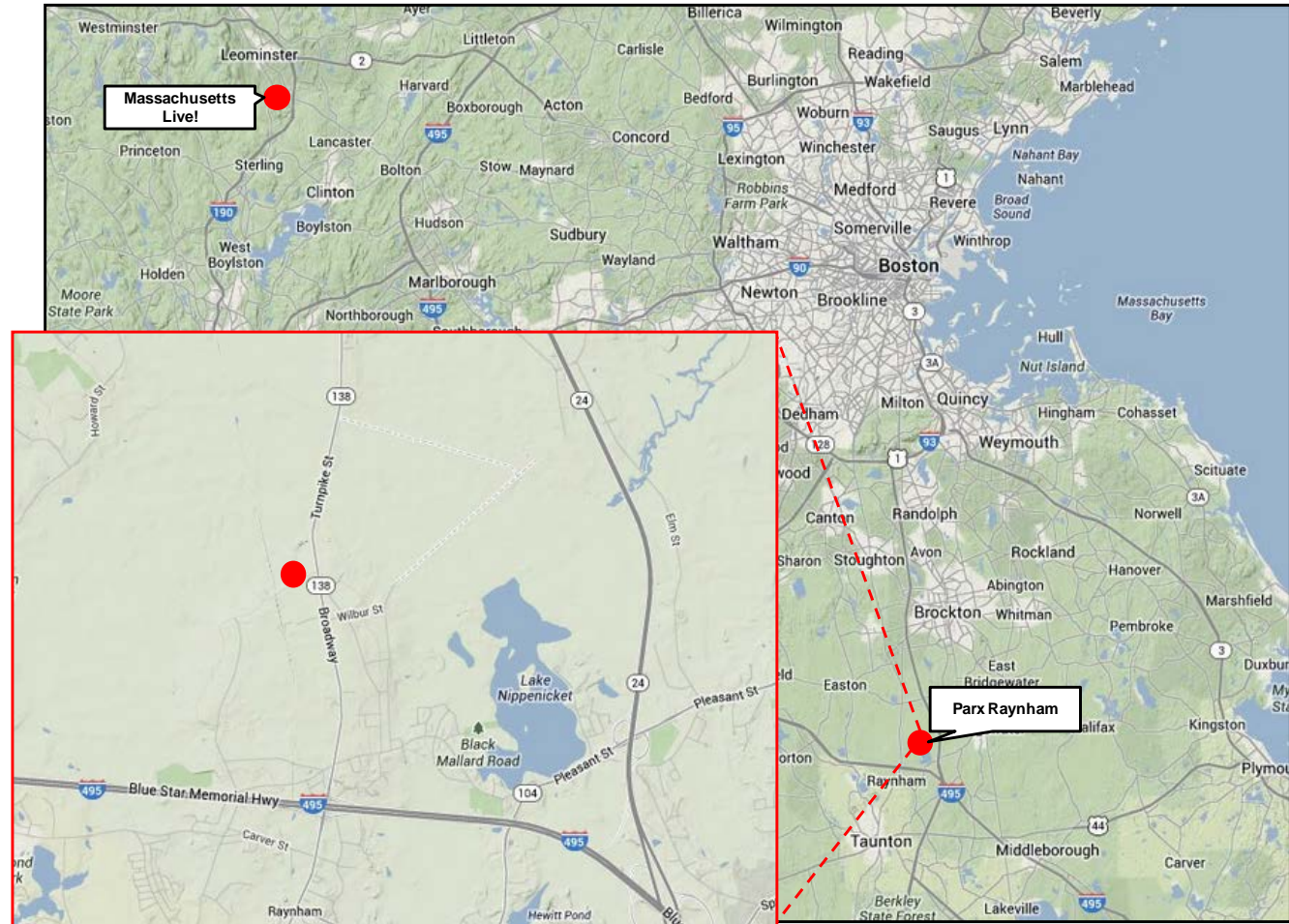


Consistency with Financials: Raynham/PR Proposal



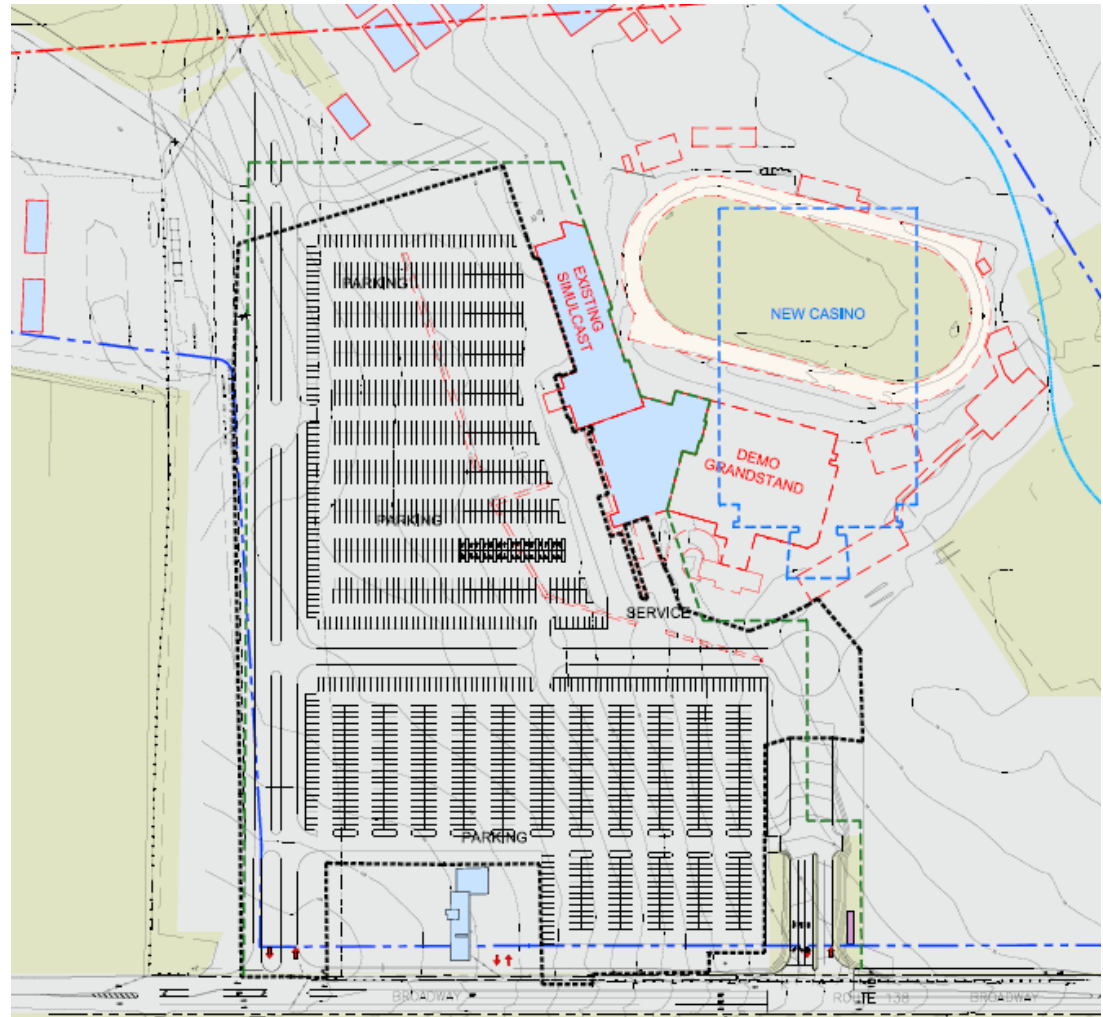
Consistency with Financials: Raynham/PR Site

- Located in Raynham, approximately 35 minute drive from downtown Boston.
- Located near Highways MA-24 and I-495.



Consistency with Financials: Raynham/PR Site (Temporary)

- Proposed temporary structure in existing simulcast building.
- Grandstand will be demolished and permanent casino will be built over old greyhound track.
- Temporary facility includes 1,388 surface parking spaces.
- While live racing at site is not part of development plan, Applicant is proposing limited live racing at alternate site (Brockton).



Consistency with Financials: Raynham/PR Site (Temporary)

- Level 1 includes 500 slot machines (purple).
- Level 2 includes the remaining 750 slot machines (purple).
- The existing simulcast area is also located on Level 2 (light green).

Level 1



Level 2



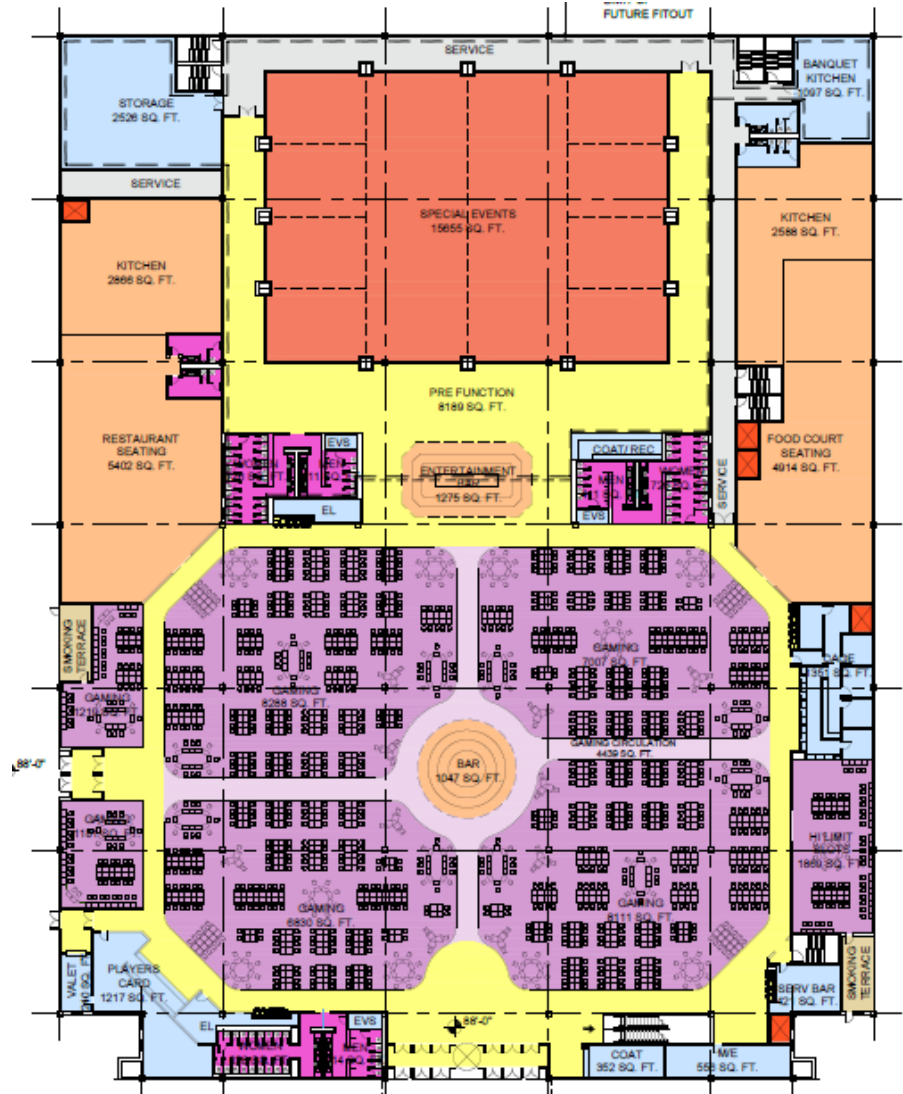
Consistency with Financials: Raynham/PR Site (Permanent)

- The temporary facility is demolished when permanent opens.
- Permanent facility expands parking from 1,388 to 2,425 parking spaces.



Consistency with Financials: Raynham/PR Site (Permanent)

- Raynham/PR permanent structure includes a 5,402 sf restaurant and a 4,914 sf food court at the back of the casino floor (orange). Seat counts for these F&B outlets were not provided.
- Also includes 15,655 sf of event space (red) with an additional 8,180 sf of pre function space.
- An 8,022 sf simulcast area and back of house space is located on level-B (basement) of the facility.



Consistency with Financials: Proposed Facilities Suitability

- Leominster/PPE includes the largest gaming floor, but all plans have sufficient gaming sf for 1,250 slot machines.
- Leominster/PPE provides nearly twice as many F&B seats as the other two applicants.
- Raynham/PR provides approximately 50% more parking spaces than the other two applicants.

Proposed Facility Suitability			
	Leominster/ PPE	Plainville/Penn National	Raynham/PR (Permanent)
Slot Machines	1,250	1,250	1,250
Gaming Square Footage (sf)	51,048	42,051	37,893
Gaming sf per Slot Machine	41	34	30
F&B Seats*	768	375	413
F&B Seats per Position	0.61	0.30	0.33
Total Parking Spaces	1,601	1,620	2,425
Parking Spaces per Position	1.28	1.30	1.94

*Source: HLT Advisory Inc. based on Applicant submissions and HLT estimates.
Raynham Park F&B Seats were not provided. HLT assumed 25 sf per F&B seat.

Project Consistency with Financials: Proposed Facilities Suitability

- Construction costs for Raynham/PR's temporary and permanent facility are significantly lower than Leominster/PPE and Plainville/Penn National on a per square foot basis.
- Cost per slot machine for Leominster/PPE and Raynham/PR is [REDACTED] versus [REDACTED] for Plainville/Penn National.
- Plainville/Penn National could realize some savings as a result of purchasing power, but the projected cost per machine is not reasonable.

	Proposed Facility Suitability			
	Leominster/ PPE*	Plainville/Penn National**	Raynham/PR	
			Temporary	Permanent
Total Building Square Footage	148,562	175,064	95,778	183,385
Construction Cost	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Construction Cost/sf	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Slot Machines				
Purchased	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Leased*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Slot Machines	1,250	1,250	1,250	1,250
Total Slot Machine Cost	\$25,000,000	\$18,100,000	\$27,000,000	
Cost per Slot Machine	\$22,857	\$15,162	\$21,600	

Source: HLT Advisory Inc. based on Applicant submissions and HLT estimates.

* [REDACTED]

** [REDACTED]