

# West Shore Casino Resort



# Location, Location, Location



# Location, Location, Location



# Video

Richard Aljian, Penn Harris Principal, CMS Companies



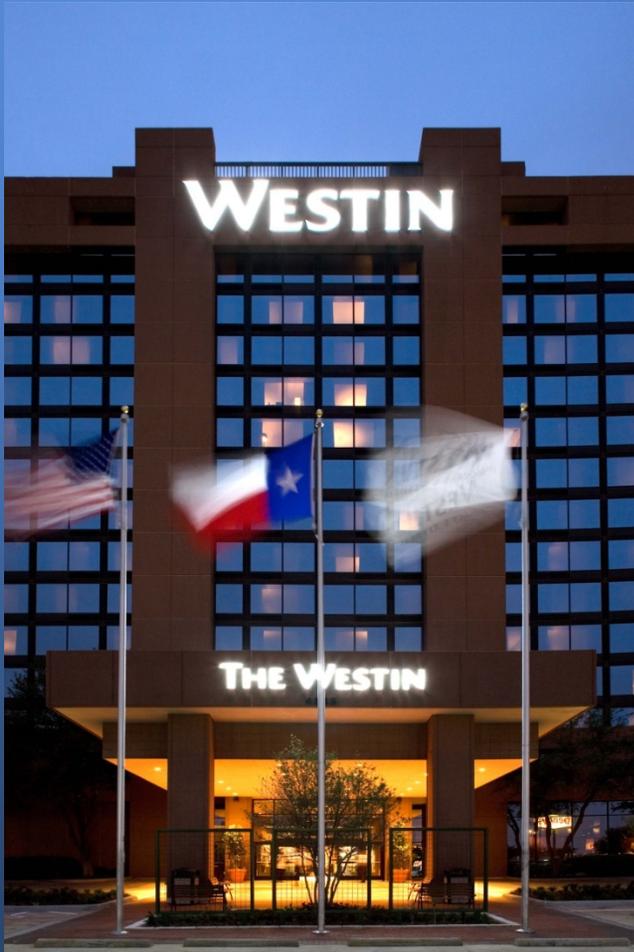
# CMS Companies

- Nationwide hospitality portfolio includes: Doubletree Santa Monica; Paradise Valley Doubletree Resort; Hilton Suites Chicago; Hilton Manhattan East; Marriott Colorado Springs; and Westin Tysons Corner



# CMS Companies

## DFW Westin



## Doubletree Santa Monica

# CMS Companies



## Doubletree Tulsa



## Hilton Scottsdale

# CMS Companies



## Westin Tysons



## InterContinental Kansas City

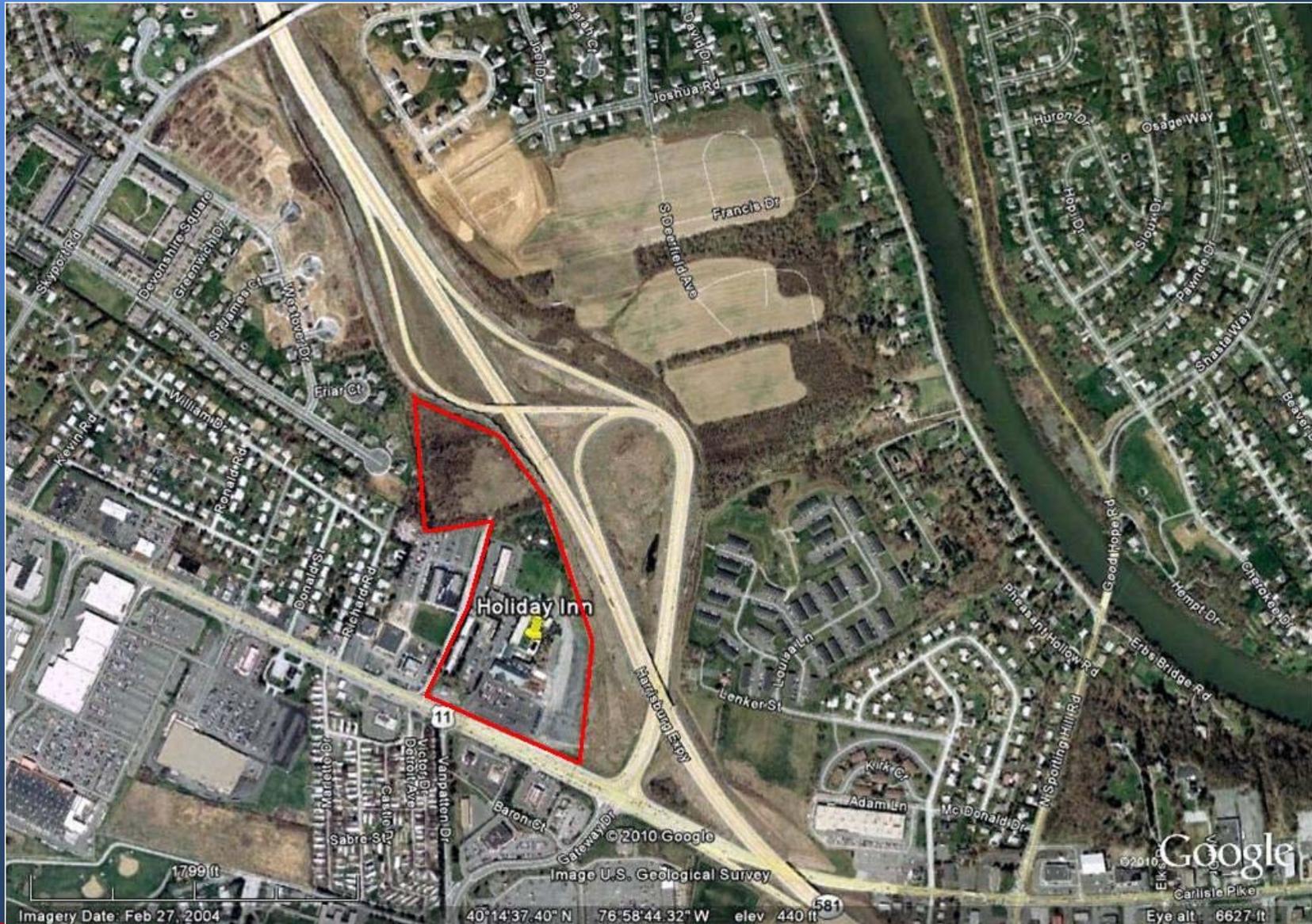
# Project Overview

*Location, Location,  
Location*



# Project Overview

*Location, Location,*



# Project Overview

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# Location, Location, Location



# Project Cost & Financing

**Development Costs    \$75,500,000**

*Sources of Funds:*

Equity \$45,100,000

Debt    \$30,400,000

Total: \$75,500,000

# GF Management

## *Hotel Owner and Management Company*

- Kenneth Kochenour, Founder and CEO
- Operated more than 225 properties in 27 states
- Currently operates 100 properties; 16,000 rooms under management
- Annual revenue under management approximately \$300 million (2009)



# Location, Location, Location



Daniel Richardson, General Manager, Holiday Inn Harrisburg West



# Facility Description

## Resort History



# Location, Location, Location



# Current Hotel Business



- Guests from outside of PA: **70%**
- Leisure guests: **65%**
- Average length of stay: **2.4 nights**

# Existing Resort Amenities

## Indoor Pool



## Outdoor Pool

# Existing Resort Amenities

## Beach Volleyball



## Badminton & Croquet

# Existing Resort Amenities

## Miniature Golf Course



## Multi-purpose field

# Existing Resort Amenities



**Outdoor Seasonal  
Deck**

## Multipurpose Field



# Existing Resort Amenities

## Picnic Grove



## Fitness Center

# Existing Resort Amenities



Convention Space

Meeting Rooms



# Existing Resort Amenities

## Banquet Facilities, Ballroom and Event Space



# Existing Resort Amenities

## Banquet Facilities, Ballroom and Event Space



# Existing Resort Amenities

## Banquet Facilities, Ballroom and Event Space



# Existing Resort Amenities

- Legends Sports Bar and Grill
- Hardware Bar
- Carlisle Pike Saloon



# Existing Resort Amenities

## California Fire Place



## 24 Hour Business Center

# Location, Location, Location



# Current Hotel Business

- 100+ weddings held annually



- Host picnics, reunions, corporate outings, and events



# Location, Location, Location



# Facility Transformation



Tom O'Connor, SOSH Architects



# SOSH Architects



- **Founded in 1979**
- **Offices in Atlantic City and New York**
- **Grown from four partners to more than 45 professional and support personnel**

# SOSH Architects



- 30 Years, 1979-2010
- Design That Rewards
- Thoughtful Collaboration
- Partner Involvement

**Thomas Sykes**  
**Thomas O'Connor**  
**William Salerno**  
**Nory Hazaveh**

29 Palms Band of Mission Indians  
Aqueduct Raceway  
Bally's Entertainment  
BET Investments  
Cachil Dehe Band of Wintun Indians  
Cabazon Band of Mission Indians  
Caesars  
Crowne Plaza Hotels & Resorts  
Disney Regional Entertainment  
Delaware Park  
Eighth Wonder  
Fantasy Springs Resort Casino  
Forest City Enterprises  
Foxwoods  
Gila River Indian Community  
Hard Rock Entertainment  
Harrah's Entertainment  
Hilton Hotels Corporation  
Isle of Capri Casinos  
Kalispel Tribe  
Le Méridien  
Marriott  
Mashantucket Pequot Tribal Nation  
MGM Mirage  
Mohegan Sun  
New York Racing Authority  
Novotel Hotels  
Revel Entertainment  
Seminole Tribe of Florida  
Showboat  
Sofitel Hotels  
StarbucksStarwood Hotels & Resorts  
Storm International  
The Seneca Nation of Indians  
Tropicana Casino & Resort  
Trump Entertainment  
Westin  
Wyndham Hotels & Resorts  
Yavapai-Apache Community



## A Wealth of Casino Experience:

- Harrah's Chester Casino & Racetrack



# SOSH Architects



## A Wealth of Casino Experience:

### •Black Rock Resort Casino



# SOSH Architects

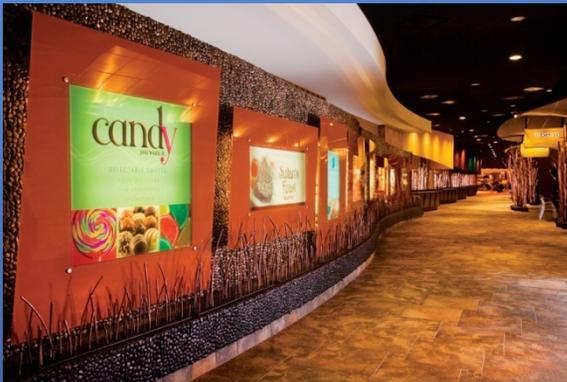
## A Wealth of Entertainment Experience:

- Disney ESPN Zone



## A Wealth of Casino Experience:

- Trump Taj Mahal Spice Road



# SOSH Architects



## A Wealth of Casino Resort Experience:

- Fantasy Springs Casino Resort



# Project Description



## RESORT CASINO - EXTENDED STAY

- Relaxation
- Recreation
- Rejuvenation



# Animation

# Project Description



## Zoning Criteria

- Commercial Limited Zone
- Hotel is a Permitted Use
- Casino Considered an Accessory Use
- Plan Conforms with Bulk and Area Requirements



Consulted Civil Engineer, Buchart Horn, to assess proposed project.

Conclusions:

- ✓ Adequate existing sewer infrastructure
- ✓ Adequate existing water infrastructure
- ✓ Adequate existing stormwater infrastructure
- ✓ Adequate existing utilities infrastructure

# Project Description



1. EXISTING HOTEL
2. EXISTING HOTEL PORTE-COCHERE
3. CASINO
4. CASINO PORTE-COCHERE
5. SERVICE ENTRY
6. EXTERIOR DECK
7. 18 PERMANENT RV'S
8. HORSESHOES, SOFTBALL, BADMINTON, & PICNIC AREA
9. TRANSIENT RV PARK
10. DECELERATION LANE
11. POOL & MINI GOLF
12. FUTURE HOTEL

# Project Description



# Project Description



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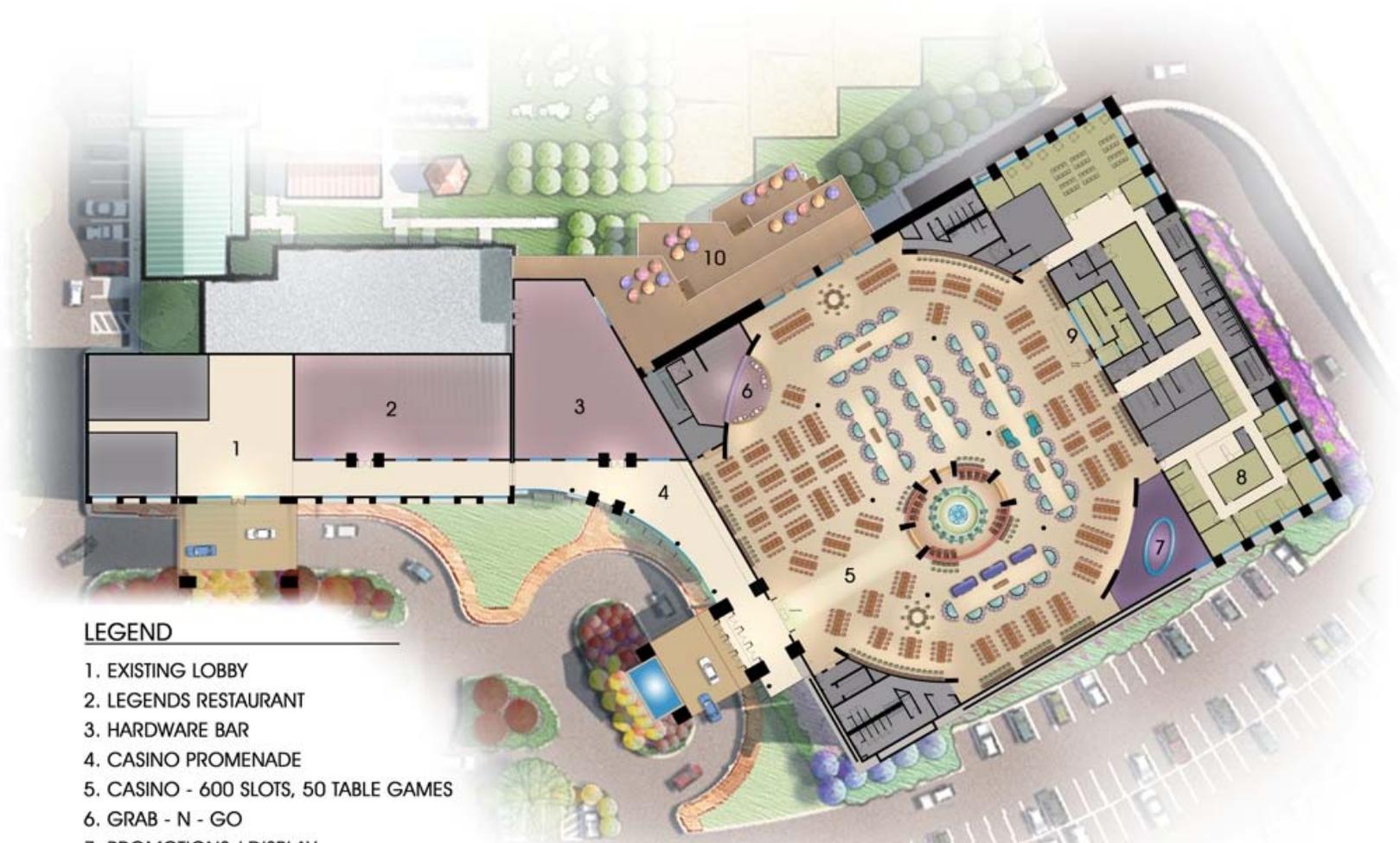


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# Project Description



# Project Description



## LEGEND

1. EXISTING LOBBY
2. LEGENDS RESTAURANT
3. HARDWARE BAR
4. CASINO PROMENADE
5. CASINO - 600 SLOTS, 50 TABLE GAMES
6. GRAB - N - GO
7. PROMOTIONS / DISPLAY
8. ADMINISTRATION
9. CASHIER
10. EXTERIOR DECK



0 16 32 64  
GRAPHIC SCALE

FIRST FLOOR PLAN



# Project Description



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12. EXTERIOR DECK

# Project Description



# Project Description



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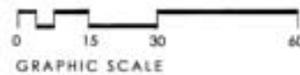
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# Project Description



## LEGEND

1. CASINO PORTE-COCHERE
2. CASINO
3. CASINO BAR
4. ADMINISTRATION
5. PARKING
6. SOLAR PANELS



CASINO SECTION



# Project Description



## LEGEND

1. CASINO PORTE-COCHERE
2. CASINO
3. CASINO BAR
4. ADMINISTRATION
5. PARKING
6. SOLAR PANELS

# Project Description



## LEGEND

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# Project Description



## RESORT CASINO - EXTENDED STAY

- Relaxation
- Recreation
- Rejuvenation



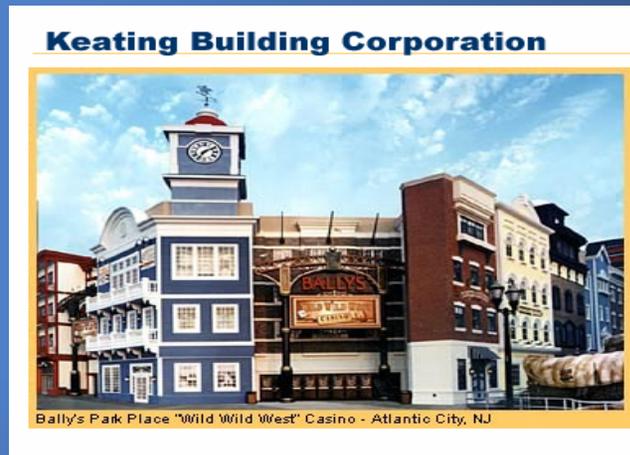
Daniel Keating, CEO, Keating Building Corporation



## Daniel J. Keating, III, Chairman & CEO

- Founded in 1976 & headquartered in Philadelphia
- Completed more than 500 commercial & institutional projects valued at over \$7 billion
- More than \$1 billion gaming/hotel/entertainment projects completed or underway, including:
  - Six casinos in PA – 7,500+ slots
  - Ten hotels – 4,330 rooms

# Keating Building Corporation



- Consistently listed as one of the “Top Construction Managers & General Contractors” by *Engineering News Record*
- Over 35 years experience in construction & real estate development
- Recognized as an industry leader in diversity participation

# Keating Building Corporation



## Pennsylvania Casino projects:

- Hollywood Casino
- Mohegan Sun
- Rivers Casino
- Sugarhouse Casino



# Job Creation & Construction Timeline



- Anticipated Construction Jobs Created: **350**
- Construction Period: **9 months** from issuance of Category 3 license

**Kerry Smith, General Manager, West Shore Casino Resort**



# Casino Operations



## Kerry Smith, General Manager

- Three decades of management experience and thorough knowledge of table game and slot operations, including extensive experience with opening new facilities and expansions.
- Experience in the casino RV market with Circus Circus in Las Vegas and Laughlin, Nevada.
- Currently licensed by PGCB

# Casino Operations



**Job Creation: 300 positions**

**Average Salary with benefits: \$40,000/yr.**

- Departments

- |                       |                              |
|-----------------------|------------------------------|
| 1. Slots              | 5. Security                  |
| 2. Administrative     | 6. Valet                     |
| 3. Table Games        | 7. Food & Beverage           |
| 4. Cage & Count Rooms | 8. Information<br>Technology |

- Job fairs will be held in the local community
- Attractive candidates due to the economy
- Vendor opportunities, goods and services creating spin off jobs for the community

# Casino Operation



## Diversity Plan

- Committed to recruiting, employing, training and advancing people without regard to race, color, national origin, ancestry, sex, sexual orientation, sexual identity and expression, marital status, family status, lifestyle, age, culture, religion, military and veteran status, citizenship, or disability.
- Committed to working with local Hampden Township and Cumberland County vendors, suppliers and contractors, and ensuring inclusion of MBE/WBE businesses.
- Will require contractors and vendors to practice equal opportunity policies when they deal with others.

# Casino Operation



## Responsible Gaming

- Will strictly enforce prohibition on underage gaming
- Will train all employees in the recognition of problem gaming
- Will post notices throughout casino and in advertisements regarding where problem gamblers can seek help
- Assist patrons to self-exclude and enforce self-exclusion

# Penn Harris Foundation

Commitment: Contribute one percent of annual pre-tax income to benefit Hampden Township residents.



# Community Outreach

## October 23, 2010: Job and Vendor Forum held in Hampden Township

### The Patriot-News

#### CARLISLE PIKE CASINO PROPOSAL

## Sides rally for allies in casino showdown

With the state expected to award its final license soon, the battle over a plan to bring gaming to the Holiday Inn Harrisburg West is heating up.

BY LIAN MCDAIL-SMITH  
lmcdail-smith@patriotnews.com

The battle for Hampden Twp.'s public opinion has started.

Investors looking to build a casino along the Carlisle Pike have been talking up their plans

with area businesses and organizations and held a job fair to showcase what positions would be available should the casino be approved. They are rallying their supporters through mailings and social networking sites.

Meanwhile, "NoHampdenCasino.org" signs have been multiplying on right-of-ways and lawns as opponents take their message door to door.

With less than a week until the deadline for sending public com-

ments to the gaming board about Penn Harris Gaming's application for a license to put a casino in Hampden Twp., supporters and opponents of the plan are making their efforts to rally their sides.

"We're doing as much work as possible to get the facts out," said Michael Sklar, a principal investor with Penn Harris.

Penn Harris' plan is to add a casino to the Holiday Inn Harrisburg

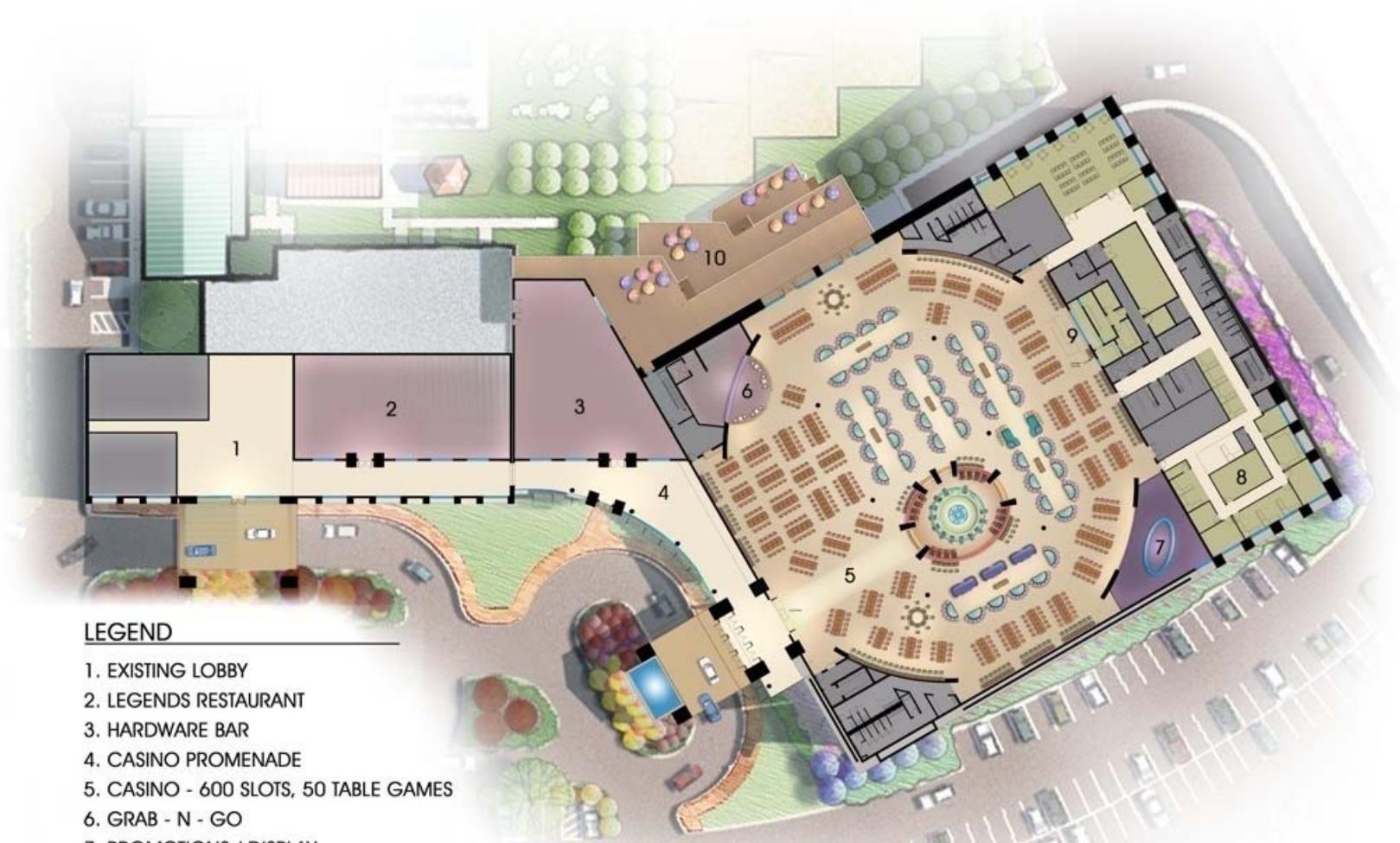


Prospective Hampden Twp. casino developer Michael Sklar talks with Rajak, Sanjay and Ojas Kayaethia of Lemoyne and New Cumberland during a job fair at the Holiday Inn Harrisburg West on Saturday.

Please see CASINO on Back Page

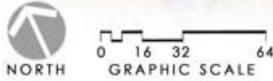
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# Patron of Amenities Compliance



**LEGEND**

- 1. EXISTING LOBBY
- 2. LEGENDS RESTAURANT
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FIRST FLOOR PLAN



# RV World



John Glassey, Marketing Consultant



# Marketing & RV World



## Dr. John Glassey, Marketing Consultant

- 31 years experience in casino development, marketing and entertainment
  - Foxwoods Resorts
  - Resorts International Casino Hotel
  - Norwegian Cruise Lines
  - Northern Quest Resort
  - Crowne Casino (Australia)
- Experience with casino start-ups at Foxwoods, Mountaineer Park, Crowne, Gold Shore Casino

# Marketing Plan



1. Leisure Travelers
2. Business Travelers
3. Regional Residents
4. Existing Resort Business
5. RV Enthusiast & Traveler

# Market Profile



7.9M Leisure Trips

4.3M Business Trips

1.6M Regional Residents

70% Resort Occupancy

20+ Regional RV Facilities



# Greater Harrisburg Region



- Hershey/Gettysburg/York Region:
  - 7.9M overnight leisure visitors; 72% out of state
  - 3.1 days per trip
  - #2 region in state
- Hampden Township is ideal base to visit Hershey, Gettysburg, Lancaster, York, Carlisle, Car Shows
- Travel Crossroads: Penn State, Pocono Nascar Races; Leaf Peeping; University of Maryland; Nation's Capital; Shenandoah Mountains; Snowbirds; Car Shows; Craft Festivals; Antiquing

# Tourism

## Amusement Parks



## Historical Destinations



# Visitor Profile



<u>Age Group</u>	<u>Visitor %</u>	<u>Revenue</u>
<u>%</u>		
Gen X (30-45)	42%	35%
Boomers (46-65)	38%	43%
Seniors (65+)	13%	16%

# Tourism

## Outlet Shopping



## Annual Shows and Festivals



# Profile of the RV Owner



- 49 years old, married, empty nester with an annual household income of \$68,000
- Likely to own their homes and spend disposable income on traveling
  - an average of 26 days annually.
  - typical trip data:
    - 73% travel more than 500 miles;
    - 25% travel 3,4 or 5 days; 23% travel 7 days; 48% travel more than 7 days;
    - 20% of trips in Fall; 50% in Summer; 20% in Spring
- RVIA estimates nationwide there are as many as 30 million RV enthusiasts, including RV renters.

# RV Motivators

- Motivation for trips: Get away from pressure; spend time with friends/family; visit historical sites; attend entertainment/sporting event
- *Harris Interactive Study*: RV owners were asked what did you do on your most enjoyable trip?
  - Nearly one quarter said “visit a casino”
- *2008 PKF Vacation Cost Comparison Study*:
  - Family of four can save 27-to-61% on vacation costs by traveling in an RV

# Pennsylvania RV Market



- PA RV Association sponsors the #1 trade/retail show in the nation, held annually in Hershey. More than 560 businesses attend trade days. This annual event ranks #8 out of the 200 largest tradeshow in the U.S. and Canada.
- PA is #4 in recreation vehicle production with annual production figures exceeding 771 million dollars.
- PA is home to approximately 450 private campgrounds, 200 public camping parks.
- Region has more than 20 campgrounds with over 2,000 sites

Adrienne Eiss, Orth-Rodgers & Associates



# Orth-Rodgers & Associates, Inc.



- Multi-disciplinary transportation planning and engineering firm
- Founded 1977
- Offices in Pennsylvania, New Jersey and Nevada
- Serve public and private clients such as State Departments of Transportation, municipal and county governments, planning organizations, institutions, commercial and corporate owners, developers
- Services provided include:
  - Traffic Impact Studies
  - Parking Studies
  - Highway and Bridge Design
  - Traffic Signals and Signal Systems
  - Transportation Planning
  - Operations and Safety Studies
  - Site Transportation Engineering
  - Intelligent Transportation Systems

***Highway Design • Traffic / ITS • Structures • Environmental • Graphics / Website***

## *Transportation Planning and Design for Gaming Venues*

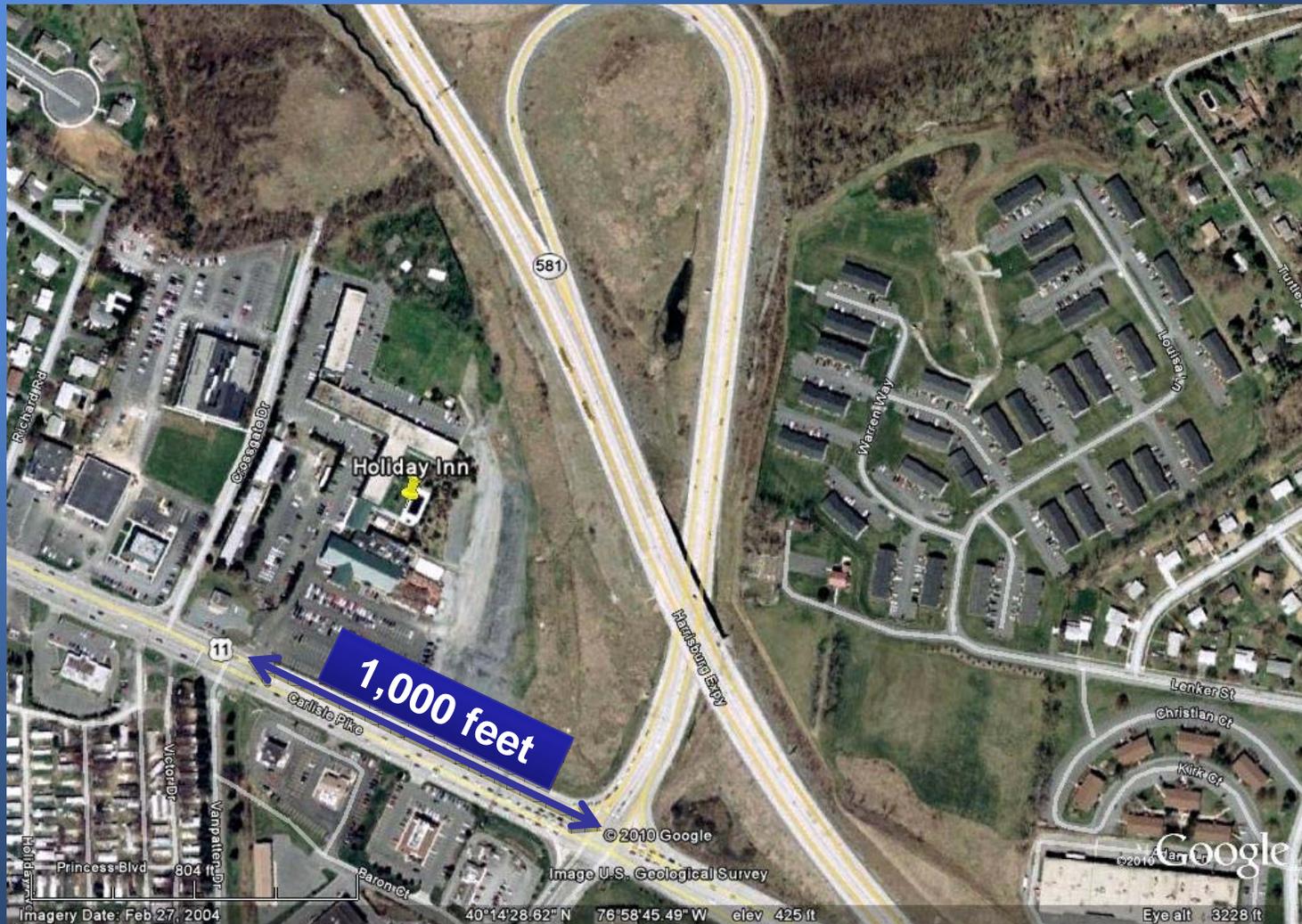
- Harrah's Racetrack Casino, Chester PA
- Foxwoods Casino-Connecticut, Ledyard, CT
- Foxwoods Casino-Philadelphia, Philadelphia, PA
- 'Green Lot', Las Vegas Boulevard, Las Vegas, NV
- Westwoods Casino, Shinnecock Reservation, Long Island, NY
- President Riverboat Casino, New Orleans, LA
- Riverboat Gaming/Port Impact Analysis, Philadelphia, PA
- Atlantic City Expressway Missouri Avenue/Arkansas Avenue Corridor Study, NJ



## *Methodology for Penn Harris Casino Study*

- Manual intersection counts Friday PM and Saturday afternoon
- 24-hour ATR (tube) count on Carlisle Pike for one week
- Traffic generation of casino
- Traffic assignment to roadways based on market study
- Analysis of the study intersections
  - Without casino
  - With casino
- Development of traffic improvements
- Coordination with SOSH to incorporate required improvements within site

# Orth-Rodgers & Associates, Inc.



70% of casino traffic will be on Carlisle Pike for just the 1,000 feet between the driveway and the ramp intersection signals

## Level of Service Comparison Future Conditions without and with Casino

<u>Intersection</u>	FRIDAY PM PEAK		SATURDAY AFTERNOON PEAK	
	No Build	Casino w/ Improvements	No Build	Casino w/ Improvements
Carlisle Pike & K-Mart Dr./Jeffrey Rd	B(16)	B(16)	C(25)	C(28)
Carlisle Pike & Holiday Inn Dr./Van Patten Dr.	B(18)	C(26)	C(21)	C(23)
Carlisle Pike & SR 581 Ramp/Gateway Drive	D(51)	E(61)	C(25)	C(30)

Traffic operation meets PennDOT criteria for Highway Permit

## Recommended Improvements

- 200- foot long right turn lane on Carlisle Pike at driveway
- Widen Holiday Inn driveway and provide three exit lanes
- Modify the traffic signal operation at driveway intersection
- ADA improvements

With these improvements, all study intersections meet PennDOT level of service criteria for mitigation of traffic impact.

Andrew Klebanow, Gaming Market Advisors



# Gaming Market Advisors

- Offices in Las Vegas and Denver
- Domestic, International and Native American Markets in US and Canada
- Primary Consulting Services
  - Gaming Market Assessments
  - Hotel Feasibility Studies
  - Expansion/Relocation Analysis
  - Master Planning Recommendations
  - Marketing Plan Development
  - Business Plan Development
  - Player Rewards Program Design
  - Market Research
  - Operations & Financial Analysis
  - Marketing Audits

# Gaming Market Advisors

## Recent Clients



# Gaming Market Advisors

## The Consulting Team

Andrew Klebanow

- BA, New York University (1975)
- 14 years in Food and Beverage (Northern Nevada)
- MPS, Cornell School of Hotel Administration (1991)
- Director of Marketing, Hacienda Hotel/Casino, Las Vegas
- Director of Marketing, Alliance Gaming Co., Las Vegas
- VP of Marketing Santa Fe Gaming Corp, Las Vegas
- General Manager, Santa Fe Hotel/Casino
- Vice President of Marketing, Sam's Town LV
- Founded Klebanow Consulting in 2001
- Formed Gaming Market Advisors in 2005

# Gaming Market Advisors

## Methodology

### Numerous Methods to Project Gaming Revenues

- Basic Market Carveout Model
- Drive Time Analysis
- Benchmark Analysis
- Gravity Model

# Gaming Market Advisors

## Gravity Model Methodology

- Based on Newton's Universal Law of Gravitation

Newton's Law of Gravitation simply states that every particle in the universe attracts every other particle with a force that is directly proportional to the product of their masses and inversely proportional to the square of the distance between them

$$\text{Distance} = \text{SQRT} ((C \text{ lat} - B \text{ lat})^2 + (C \text{ lon} - B \text{ lon})^2)$$

# Gaming Market Advisors

## Results of Analysis: Holiday Inn Gravity Model

### Summary

- Holiday Inn Gaming Demand

#### Holiday Inn Local Market Gaming Revenue, 2013 Holiday Inn

	Propensity	% Revenue to Casinos in Model	% Income as Annual Win	Holiday Inn Gaming Revenue
Harrisburg West	34%	95.0%	1.70%	\$ 35,149,099
I-76 West	29%	87.5%	1.43%	\$ 3,056,571
Secondary South	30%	92.5%	1.50%	\$ 12,261,479
Secondary North	32%	92.5%	1.53%	\$ 3,428,263
Secondary East	36%	95.0%	1.78%	\$ 11,472,630
Tertiary South	34%	95.0%	1.60%	\$ 5,618,356
<b>SubTOTAL</b>	<b>34%</b>	<b>93.9%</b>	<b>1.65%</b>	<b>\$ 70,986,399</b>
Outer Market				\$ 1,820,164
<b>TOTAL</b>				<b>\$ 72,806,563</b>

Source: GMA

# Gaming Market Advisors

## Results of Analysis: Holiday Inn Hotel Market

- Holiday Inn Gaming Demand

### Casino Overnight Demand Summary, 2013

	Win Per Trip	Total Visits	% Overnight	RND
Harrisburg West	\$74	476,327	0.5%	2,382
I-76 West	\$53	57,794	1.5%	867
Secondary South	\$57	215,059	1.5%	3,226
Secondary North	\$49	69,678	1.5%	1,045
Secondary East	\$60	191,821	3.0%	5,755
Tertiary South	\$64	87,813	3.0%	2,634
<b>TOTAL</b>	<b>\$60</b>	<b>1,098,492</b>	<b>1.4%</b>	<b>15,909</b>

Source: GMA

# Gaming Market Advisors

## Results of Analysis: Non-Gaming Hotel Demand Casino Contribution

- Existing Market Hotel Demand

### Penn Harris Casino Hotel Demand Summary, 2013

Rooms	239
Themed Recreational Vehides	36
Occupancy	70%
Casino RND	15,909
Non-Casino RND	54,354
Non-Casino Win Per Room	\$55
Incremental Gaming Revenue	\$2,989,463

Source: GMA

# Gaming Market Advisors

## Results of Analysis: Five Year Revenue Projections

### PennHarris Casino Gaming Revenue Summary, 2013

Local Market	\$	72,806,563
Non-Casino Hotel Demand	\$	2,989,463
<b>TOTAL</b>	<b>\$</b>	<b>75,796,026</b>

Source: GMA

### PennHarris Casino Gaming Revenue Five Year Summary

	2012	2013	2014	2015	2016
<b>GROSSGAMING REVENUE</b>	<b>\$ 64,426,622</b>	<b>\$ 75,796,026</b>	<b>\$ 78,069,906</b>	<b>\$ 80,021,654</b>	<b>\$ 83,222,520</b>
Slot Revenue	\$ 51,541,297	\$ 60,636,820	\$ 62,455,925	\$ 64,017,323	\$ 66,578,016
Win Per Slot	\$235	\$277	\$285	\$292	\$304
Table Revenue	\$ 12,885,324	\$ 15,159,205	\$ 15,613,981	\$ 16,004,331	\$ 16,644,504
Win Per Table	\$706	\$831	\$856	\$877	\$912

Source: GMA

Michael Sklar, Penn Harris Principal



# Eligibility Criteria

- Neither Penn Harris nor its affiliates, intermediaries, subsidiaries or holding companies have applied for a Category 1 or 2 license.
  
- Penn Harris' proposed location is more than 15 linear miles from the site of any licensed facility.
  
- Holiday Inn Harrisburg West is a well-established resort hotel containing
  - (a) 275 guest rooms
  - (b) under common ownership
  - (c) at the time of application and
  - (d) having substantial year-round recreational guest amenities.

# Eligibility Criteria

## a) 275 Guest Rooms

- Board's Regulations defines "guest room" as "a room or group of rooms, including timeshare units."
- Neither the Gaming Act nor Regulations require that "guest" rooms must be located in a hotel.
- The term "hotel room" is commonly used throughout the Pennsylvania statutes and regulations, including being added to the Gaming Act during January 2010 Amendment.

# Eligibility Criteria

## a) 275 Guest Rooms

- In January 2010, the Legislature amended the Gaming Act and added a definition of “hotel”. No amendment was made to Section 1305 requiring guest rooms to be housed in hotel.
- The N.J. Casino Control Act, after which much of PA Gaming Act was modeled, requires “sleeping units” to be housed in a “hotel building.” The PA Gaming Act, both as initially adopted and as amended, had no such requirement.

# Eligibility Criteria

## a) 275 Guest Rooms

- The fact that different words – guest v. hotel – are used demonstrates that the Legislature was consciously distinguishing between two forms of accommodation. Any regulatory body interpreting the words must honor that distinction:

[W]hen the General Assembly selects words to use in a statute, it has chosen them purposefully. *1 Pa.C.S. § 1921(b)*. We cannot change those words to reflect our own public policy concerns, nor can we edit them based on the supposition that we know what the General Assembly meant to say when it said something different.

*Pa Supreme Court.*

# Eligibility Criteria



## b) Common Ownership

- Penn Harris is the equitable owner of 275 guest rooms.
- The 36 recreational vehicle guest rooms are owned and titled in name of Penn Harris Gaming, L.P. Purchase contracts and title documentation have been provided to the Board.
- The 239 hotel rooms are 100% owned by Mechanicsburg GF Investors, LP, which, in turn, is wholly owned by Kenneth Kochenour, a Penn Harris Principal. Pursuant to the Contribution Agreement, as amended, GF is unconditionally obligated to contribute all real and personal property to Penn Harris upon written notice from Penn Harris.

# Eligibility Criteria

## c) At the Time of Application

- Board Regulations provide that the application submission is a “process” whereby an application is filed on a certain date and then reviewed and processed by the Board, including providing an applicant the opportunity to amend and cure deficient applications

# Eligibility Criteria

## c) At the Time of Application

The Board, in its May 8, 2009 Valley Forge Adjudication, memorialized the regulatory amend/cure procedure as applied in the past and as memorialized in the Regulations:

- “[T]he issue of whether Valley Forge’s equitable ownership through equitable conversion should be applied retroactive to the June 27, 2007 application date, the Board is inclined to act in a manner consistent with its past practice of allowing applicants in this nascent industry in the Commonwealth to amend their application when deficiencies, including eligibility deficiencies are noted.”

# Eligibility Criteria



## c) At the Time of Application

As of August 2, 2010, the Board-established deemed complete date, Penn Harris had 275 guest rooms available for rental.

# Eligibility Criteria

## d) Having Substantial Year-Round Recreational Guest Amenities

- PKF Consulting's *Trends in the Hotel Industry* defines a “resort” as a “hotel, usually in a suburban or isolated rural location, with special recreational amenities.” (Emphasis added). The Holiday Inn Harrisburg West falls squarely within this definition.
- The Holiday Inn has served as a regional resort for almost 20 years.

# Eligibility Criteria

d) Having Substantial Year-Round Recreational Guest Amenities

- The following list of amenities offered at the Holiday Inn conform to those listed in the Board's Regulations

Indoor Pool

Outdoor Seasonal Pool

Volleyball Courts

Badminton

Croquet Courts

Miniature Golf Course

Horseshoe Pits

Multi-purpose field for baseball, softball and other sports

Fitness Center

Convention Space

Banquet Facilities

Meeting Rooms

Ballroom

24 hour Business Center

Picnic Grove

# Eligibility Criteria

## d) Having Substantial Year-Round Recreational Guest Amenities

- Guest Breakdown is that typical at a resort hotel:
  - Guests from outside of PA: 70%
  - Leisure guests: 65%
  - Average length of stay: 2.4 nights
  
- Activities hosted are those typical at a resort hotel:
  - 100+ weddings annually
  - Picnics
  - Corporate outings
  - Team building events

# Eligibility Criteria

- ☑ Neither Penn Harris nor its affiliates, intermediaries, subsidiaries or holding companies have applied for a Category 1 or 2 license.
  
- ☑ Penn Harris' proposed location is more than 15 linear miles from the site of any licensed facility.
  
- ☑ Holiday Inn Harrisburg West is a well-established resort hotel containing
  - ☑ (a) 275 guest rooms
  - ☑ (b) under common ownership
  - ☑ (c) at the time of application and
  - ☑ (d) having substantial year-round recreational guest amenities.

# Comparative Evidence



# Nemacolin

## Location



# Nemacolin

## Location



# Nemacolin



## Revenue Projections

	Projections Prior to First <u>Withdrawal</u>	Current Projections ( <u>TMG Consulting</u> )	<u>% Change</u>
Slot Win Per Unit Per Day	\$189	\$244	29%
Gross Terminal Revenue	\$34.5 Million	\$57.6 Million	67%

\*The only change that has occurred is that Nemacolin proposes to add an additional 100 slot machines and 28 table games.

# Nemacolin



## Market Study (TMG Consulting)

### Gaming Revenue Projections (2013)

• “Market Area Residents” .....	\$44.5M
• Overnight Guests at Nemacolin and surrounding areas.....	<u>22.3M</u>
	\$66.8M

# Nemacolin



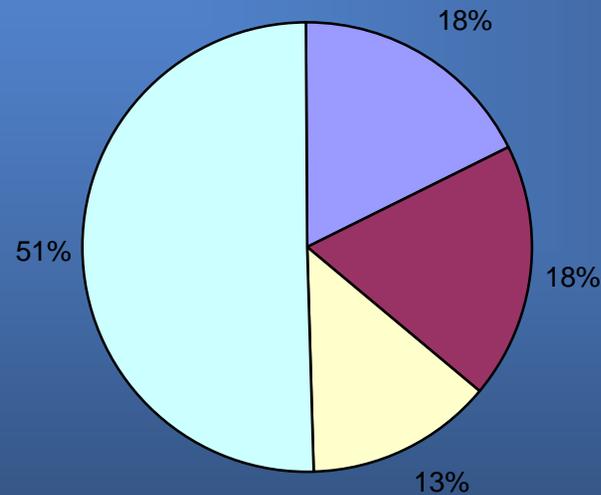
## “Market Area Residents” Gaming Revenue Breakdown (TMG Consulting) (2013)

<u>Patron Drive-Time to Nemacolin</u>	<u>Number of Visits Per Year Per Patron</u>	<u>Revenue Generated</u>
Within 60 minutes	11 – 12	\$7.9M
From Pittsburgh (1½ hours)	11	8.2M
1 – 3 hours	10.4 – 15.5	5.9M
3 – 4 hours*	8.5 – 13	<u>22.5M</u>
Total		\$44.5M

\*Note: These are not overnight guests.

# Nemacolin

## “Market Area Residents” Gaming Revenue Breakdown (TMG Consulting) (2013)



- Within 60 minutes (18%)
- From Pittsburgh (18%)
- 60 Minutes - 3 Hours (13%)
- 3 - 4 Hours (51%)

# Nemacolin



## Overnight Guest Projections

Rooms nights sold	101,550
Days/yr.	365
Rooms sold/night	278
Total Rooms (claimed)	335
<u>Resulting Occupancy</u>	<u>83%</u>
Avg. Room Rate	\$400++
Projected Average Amount spent in casino	\$300

# Nemacolin

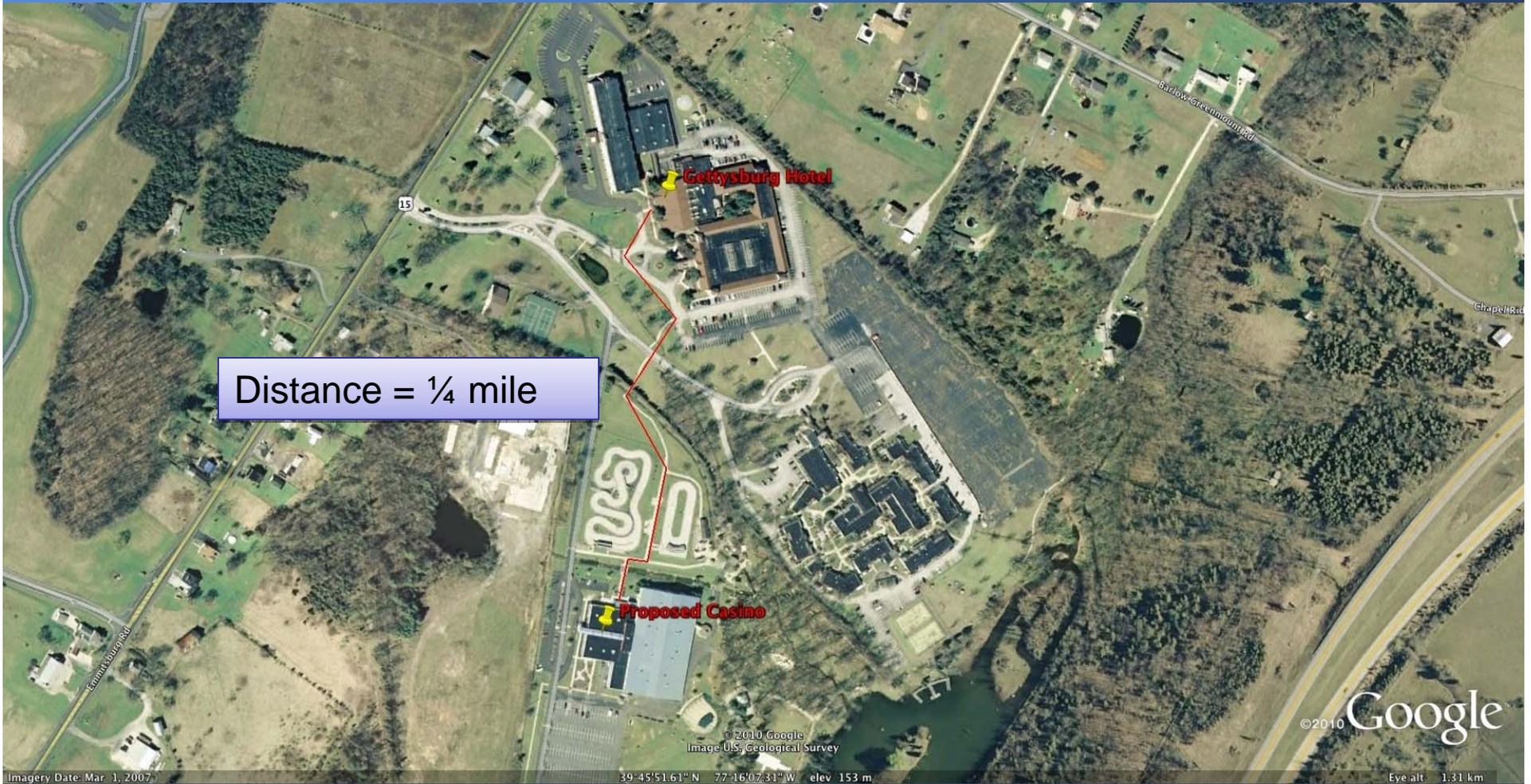


	<u>Greenbrier</u>	<u>Nemacolin</u>
Location	Extremely isolated, rural	Extremely isolated, rural
Hotel Style	Ultra high-end, luxury	Ultra high-end, luxury
# of Rooms	682	335 (claimed)
Avg Room Rate	\$350++	\$400++
Casino and associated support	102,000sf (320 slots / 37 tables)	Proposed 71,000sf (600 slots / 28 tables)
<u>July – October 2010</u>		
Gross Table Rev	\$1,747,365	
Gross Slot Rev	<u>\$1,457,389</u>	
	\$3,204,754	
Annualized Total Gaming Revenue	\$12,819,016*	\$68,000,000 (projected)

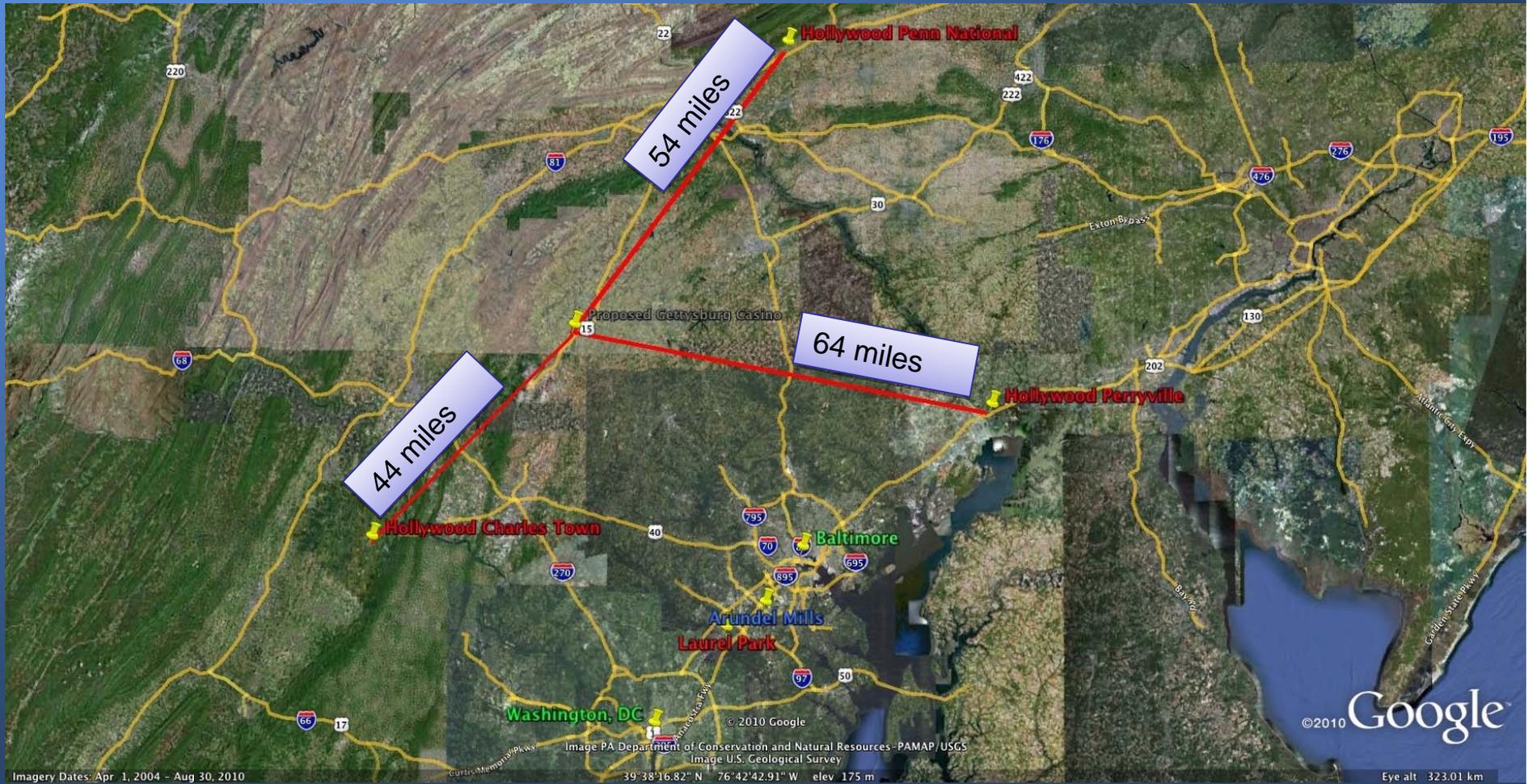
\*Assumes revenues will remain constant even though revenues July – October are generally the best performing months during the year and revenues generally fall during the winter months

# Gettysburg

## Location



# Gettysburg



## Gettysburg's Competition per PKF

“The Casino would most directly compete with the Hollywood Casino at Penn National Racetrack in Grantville, Pennsylvania, Charles Town Slots & Racetrack in Charles Town, West Virginia and from the new Maryland casinos to be developed along I-95 from Arundel Mills to the south to Perryville to the north and in Rocky Gap State Park to the west.”

– *PKF Market Study Prepared for Gettysburg*

## What They Say in Pennsylvania

“The Mason-Dixon Resort & Casino will be located two miles from the Maryland border ... Its proximity to Maryland will allow the state to tap a new marketplace and avoid further saturating of its existing markets.”

– *David Levan, August 31, 2010 Public Input Hearing*

## What They Say in Pennsylvania

- “MDR will present evidence that it is better situated...to recapture Pennsylvania gaming revenues from other jurisdictions in light of MDR’s closer proximity to Maryland casinos.”
  - *MDR Comparative Evidence Memorandum*
- “Mason Dixon has the best location based on proximity to existing tourist attraction and closeness to Baltimore-Washington Metropolitan area.”
- “The location of Mason-Dixon near the border with Maryland will help recapture lost PA gaming revenue from West Virginia and possibly Maryland.”
  - *Randall Fine, Gettysburg consultant*

# Gettysburg



## What They Say in Pennsylvania

“There are also proposed sites in each of Gettysburg and the Reading area for a category 3 license. If any of these sites begin slot operations, it will have a negative impact on Hollywood Casino at Penn National Race Course.”

– 2009 10-K Penn National Gaming, Inc.

## What They Say in Maryland

- “[Hollywood Perryville will] capture Maryland players currently traveling to Delaware, Pennsylvania & Atlantic City.”
  - *Presentation to Maryland Gaming Commission regarding its then proposed Hollywood Perryville, MD Casino*
- There are “large opportunities” in Maryland.
  - *Penn National 3<sup>rd</sup> Qtr Earnings Conference Call*

## What They Say in Maryland

- Established joint venture with MI Developments to own and operate the Maryland Jockey Club, including Laurel Park located in Anne Arundel County, Maryland, approximately 20 miles from Baltimore and Washington, DC
- November 11, 2010: Penn National announces that it exploring options to bring slots to Laurel Park Racetrack

# Bushkill

## Location

- Proximity to three existing casinos:
  - Mount Airy: 15.5 miles
  - Sands Bethworks: 36.7 miles
  - Mohegan Sun: 43 miles

## Projected Job Creation

	Oct 2008**	Oct 2010	% Increase
Casino	83	360	333%
Non-Casino	----	<u>279</u>	
Total	83	639	670%

\*\* Source: Fernwood October 23, 2008 Suitability Presentation

# Bushkill



## Revenue Projections

	Innovation Group <u>Oct 2008</u>	David West Projections <u>Oct 2010</u>	<u>% Change</u>	Current Mount Airy <u>Figures</u>
<u>Opening Year</u>				
Patronage	408,005	807,380	98%	
Win Per Position – Slots	\$153	\$308	102%	\$167
Gross Terminal Revenue	\$27,829,648	\$56,210,000	102%	
<u>Stable Year</u>				
Patronage	407,553	1,345,755	230%	
Win Per Position – Slots	\$157	\$513	226%	\$167
Gross Terminal Revenue	\$28,726,197	\$93,622,500	226%	

➤ The only change that has occurred between 2008 and 2010 is that Bushkill proposes to operate 22 table games.

# Location, Location, Location



# Penn National



- According to Penn National, gaming markets of sufficient size to accommodate multiple casinos (adult pop.):
  - Philadelphia: 3,400,000
  - Pittsburgh: 1,400,000
- Per Penn National, Harrisburg market is too small at 750,000 to accommodate another casino
  - *Penn National Intervention Petition*
- Penn National Hollywood  
Gaming Population: 1,400,000
  - *Penn National CFO at Deutsche Bank Investor Conference, October 7, 2010*

# Penn National Admission



“Now I think what’s important here, though, Section 1305 of the Act was substantially amended in November of ’06, very – almost the whole thing was rewritten. The one thing that wasn’t rewritten was 1305(b) didn’t change. The Act was written originally with two resorts in mind. There is no doubt about that. Both of those resorts originally applied to you, and they both withdrew...

... So the Legislature could have said if they wanted to, they could have changed 15 miles to 20 or 50. They could have changed it as it applied to Philadelphia Park or Penn National or Meadows or any other place. They didn’t. ... They added several other parts to 1305. They didn’t touch the 15 miles. And I think what the Legislature was saying was, look, we think 15 miles is the proper amount of area...

# Penn National Admission



I will tell you my own experience. When this law was being drafted and I saw 1305, I asked the leadership at Penn National, whom as you know, I represent, do you care if there's a resort nearby? And they looked and they said that will not affect our ability to conduct business. 500 machines is not a casino. It's an amenity to allow tourism. It's an amenity to draw people. It's not a casino.”

*- Testimony of Counsel for Penn National, October 22, 2008, PGCB Board Hearing*

# Why Penn Harris



*Location, Location, Location*

- **Best Location**
- **Best Site**
- **Best Tourism/Travel Market**
- **Experienced Team**
- **Will Not Cannibalize Existing Operators**
- **Enhance an already successful resort**
- **Significant Economic Benefits**
  - *Tax Revenues*
  - *Jobs*