

VALLEY FORGE
CONVENTION
CENTER



OVERVIEW & FINANCING

IRA LUBERT

CHAIRMAN

VALLEY FORGE CONVENTION CENTER PARTNERS, LP

IRA LUBERT

BIOGRAPHY

- ❖ More than 35 years of Real Estate & Hotel Experience
- ❖ Co-Founder of Independence Capital Partners
\$11 Billion Family of Private Equity & Real Estate Funds
- ❖ General Partner of Valley Forge Colonial, LP
& Valley Forge Convention Center Partners, LP
- ❖ Graduate of Penn State Food Service & Hotel
Management School in 1973, Past & Present Member
of Penn State Board of Trustees



FINANCING COMMITMENT

- ❖ \$107M Senior Secured Credit Facility by
Delaware Valley Real Estate Investment Fund, LP
(DVREIF) & Co-Lenders



DVREIF CO-LENDERS

- ❖ Union Labor Life Insurance Company
- ❖ National Electrical Benefit Fund
- ❖ ASB Capital Management
- ❖ UNITEHERE!
- ❖ Multi-Employer Property Trust



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MARKET ASSESSMENT

PETER TYSON

VICE PRESIDENT
PKF CONSULTING

PETER TYSON

BIOGRAPHY

- ❖ Market & Financial Expert in Hotel, Resort & Gaming Industries
- ❖ 40 Years Experience in Pennsylvania Hospitality Industry
- ❖ Consultant to Greater Philadelphia Tourism & Marketing Corporation, Philadelphia Convention & Visitors Bureau
- ❖ Over 30 Years Experience in Gaming Consulting in United States & Abroad
- ❖ Testified for Sugarhouse & Crossroads



PKF CONSULTING

- ❖ Largest & Oldest Hospitality Consulting Firm
- ❖ 12 Offices Nationwide
- ❖ Publishers of Industry Data for Hotels & Conference Centers



SCOPE OF ENGAGEMENT

- ❖ To Prepare Casino Revenue Projections for Valley Forge
- ❖ To Estimate the Potential Gaming Revenue Impact of Valley Forge on Philadelphia Park
- ❖ To Compare the Valley Forge Tourism Market with the Poconos Tourism Market
- ❖ To Compare the Valley Forge Gaming Revenue Projections with the Fernwood Gaming Revenue Projections

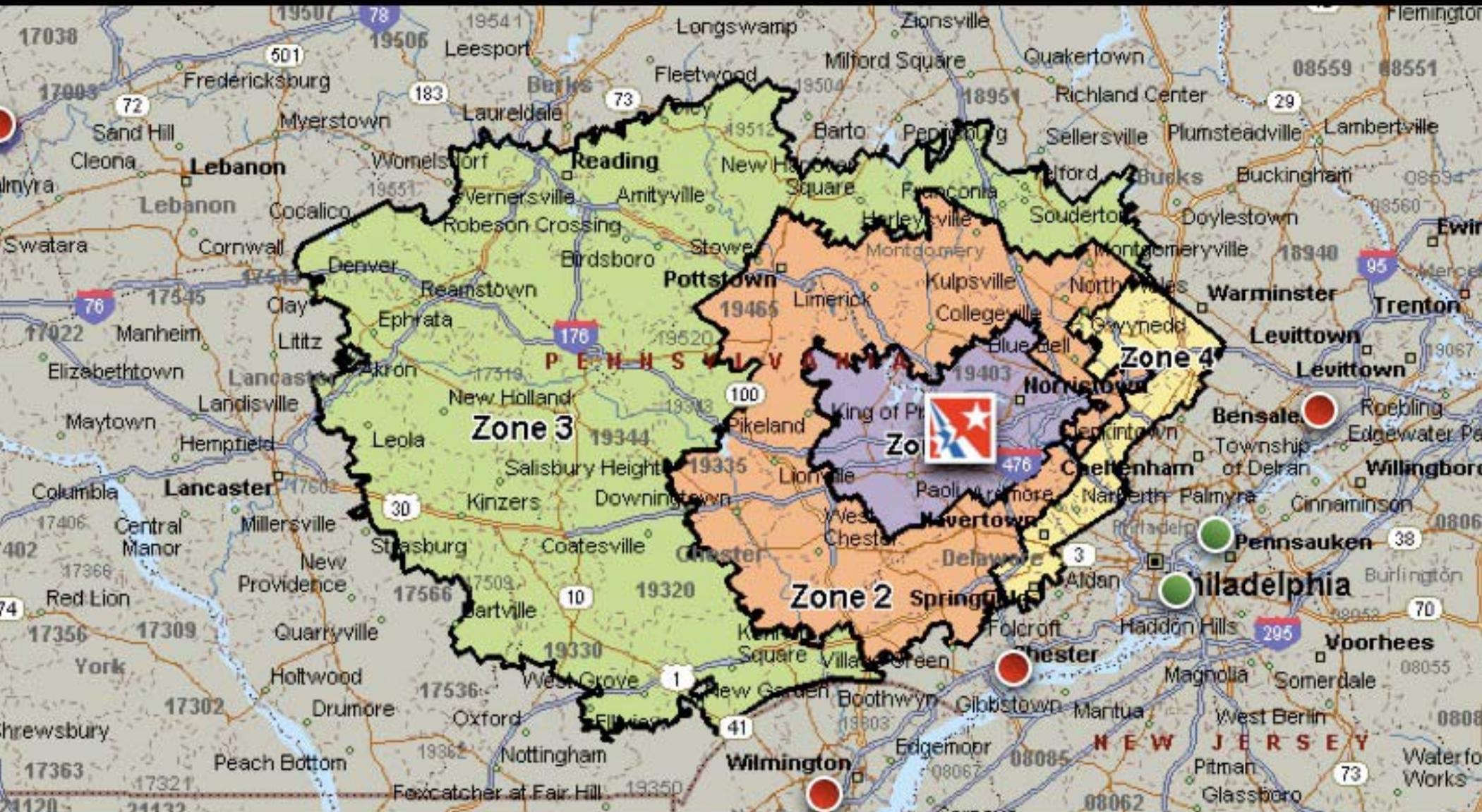


CONCLUSIONS

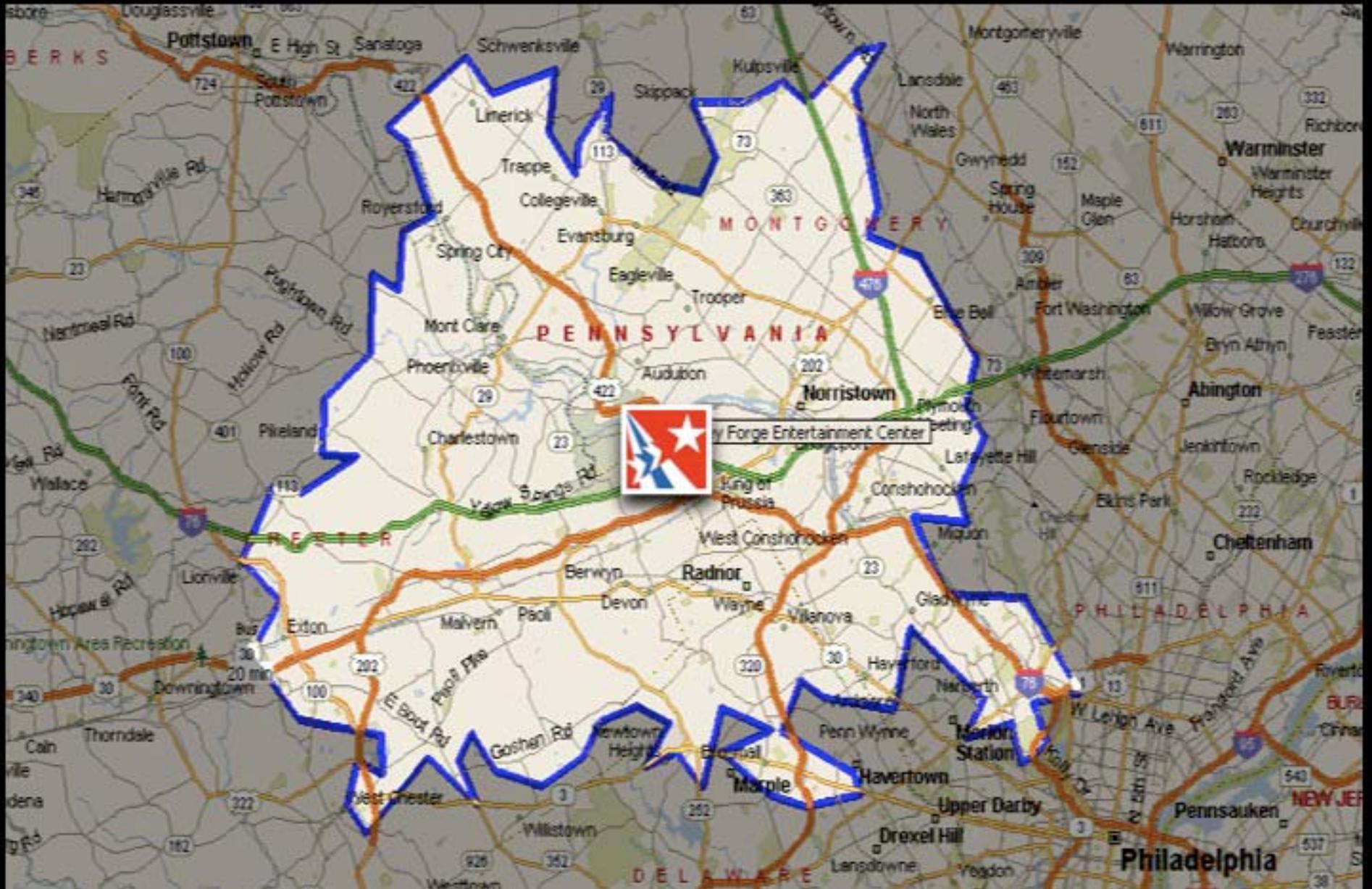
- ❖ Projected Stabilized (Year 3) Casino Win of \$60M, Including \$23M in Valley Forge-Specific Win
- ❖ De Minimis Impact on Philadelphia Park
- ❖ The Valley Forge Tourism Market is Substantially Larger than the Poconos Tourism Market
- ❖ The Projected Valley Forge Casino Win is Twice That Projected for Fernwood



ZONE MAP



20 MINUTE DRIVE TIME



**ESTIMATED IMPACT OF VALLEY FORGE CASINO
ON PHILADELPHIA PARK CASINO
EXPRESSED IN 2007/CURRENT DOLLARS**

SOURCE OF PHILADELPHIA PARK WIN DATA (COLUMN 3)	ESTIMATED/ACTUAL WINS PHILADELPHIA PARK (000)	PKF-ESTIMATED IMPACT ON WIN (000)	ESTIMATED IMPACT PERCENTAGE
FSTF ESTIMATES	\$315,978 (P)	\$11,025	3.49%
PGCB ACTUAL 12 MOS. (ENDED 8/2008)	\$337,100 (T)	\$11,025	3.27%

(P) = WITH PERMANENT CASINO | (T) = WITH TEMPORARY CASINO



COMPARATIVE TOURISM IMPACT

REGION	OVERNIGHT LEISURE PERSON TRIPS	HOTEL ROOMS
PHILADELPHIA COUNTRYSIDE (4 COUNTIES)	8.9 MILLION	17,800
POCONOS	2.1 MILLION	6,500

- ❖ **Valley Forge License Will Create Synergy with Valley Forge National Historical Park, King of Prussia Mall and Other Area Attractions**
- ❖ **No Comparable Synergy Available in The Poconos**

COMPARATIVE GAMING REVENUES

- ❖ \$60M for Valley Forge
(Source: PKF Consulting)
- ❖ \$27M for Bushkill/Fernwood
(Source: Bushkill Impact Study by Innovation Group)



ECONOMIC IMPACT

STEPHEN P. MULLIN, M.A.

PRINCIPAL & SENIOR VICE PRESIDENT
ECONSULT CORPORATION

STEPHEN P. MULLIN, M.A.

BIOGRAPHY

- ❖ University of Pennsylvania, M.A. (Economics)
- ❖ Commerce Director, City of Philadelphia, 1993-1999
- ❖ Finance Director, City of Philadelphia, 1992-1993
- ❖ Adjunct Professor, University of Pennsylvania, Drexel University



BENEFITS

- ❖ Increased Spending & Employment
- ❖ Tax Revenues to Commonwealth & Local Government
- ❖ Qualitative Benefits



INCREASED SPENDING & EMPLOYMENT

- ❖ \$45M in Additional Spending
- ❖ Over 500 New Jobs (Including 150 at Entertainment Center)
- ❖ Over \$13M in Wages & Employee Earnings



TAX REVENUES

- ❖ Includes Gaming Taxes & Taxes on Spin-Off Activities
- ❖ \$31.7M Annually to Commonwealth
- ❖ \$2.8M Annually to Local Government



QUALITATIVE BENEFITS

- ❖ Maximize Gaming “Recapture” Rate for Pennsylvania
- ❖ Synergy with Valley Forge National Historical Park, King of Prussia Mall and Other Area Attractions



VALLEY FORGE CONVENTION CENTER COMPLEX

KENNETH KOCHENOUR

CHIEF EXECUTIVE OFFICER

GF MANAGEMENT

PRESIDENT

VALLEY FORGE CONVENTION CENTER PARTNERS, LP

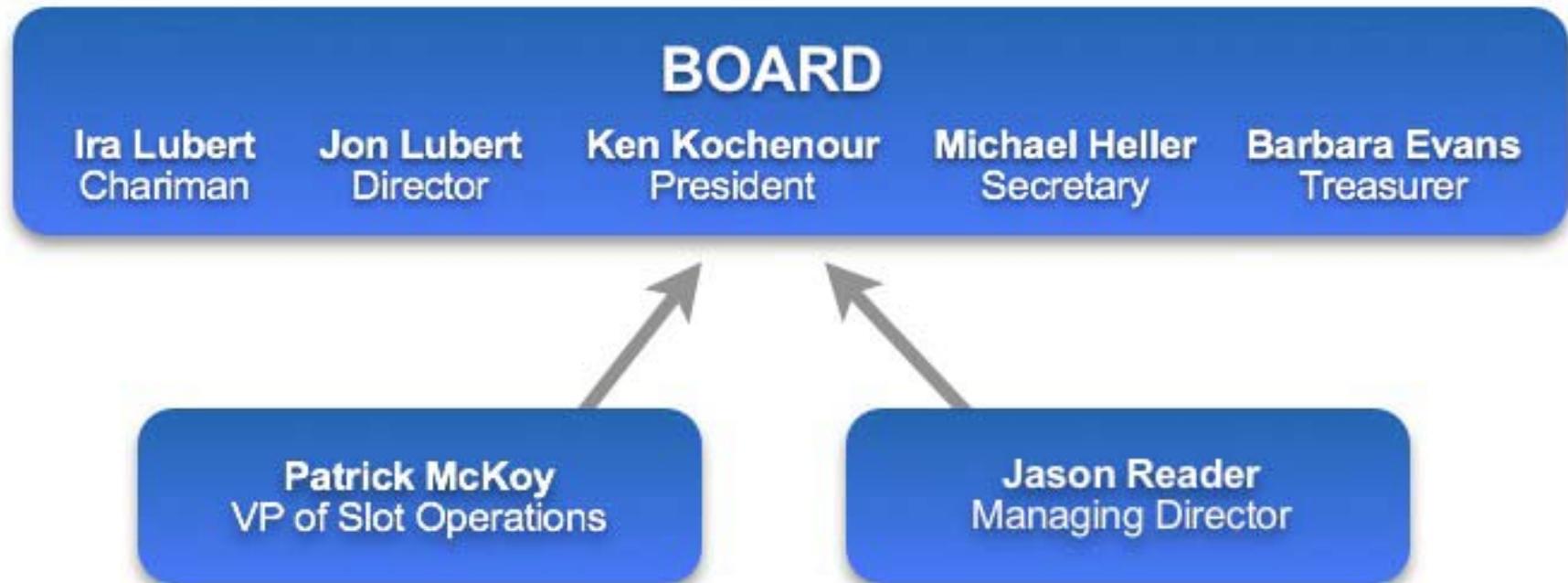
KENNETH KOCHENOUR

BIOGRAPHY

- ❖ York College (BS Police Science 1974)
Law Enforcement Assistance Program (LEAP) Grant
- ❖ Police Officer, Doylestown Township, 1974-1978
- ❖ Shawnee Highpoint, 1978-1988
Vice President, Shawnee Management
- ❖ GF Management, 1988-Present
- ❖ Management of Valley Forge Convention Center Complex
Since 1994



ORGANIZATION CHART



VALLEY FORGE CONVENTION CENTER COMPLEX 850,000 SQUARE FEET



SCANTICON HOTEL
95,000 SQ. FT.

VF CONVENTION CENTER
363,000 SQ. FT.

RADISSON HOTEL
392,000 SQ. FT.

ON-SITE RESORT HOTEL AMENITIES

- ❖ Fantasy & Theme Rooms
- ❖ 3 Full Service Restaurants
- ❖ Convention, Meeting & Banquet Facilities
- ❖ Exhibit & Trade Show Space
- ❖ Ballroom & Show Room
- ❖ Ice Night Club
- ❖ 3,000 sq. ft. Health Club Full Service Spa (2009)
- ❖ Racquetball Facilities
- ❖ Outdoor Swimming Pool
- ❖ Shuttle Service
- ❖ Gift Shop



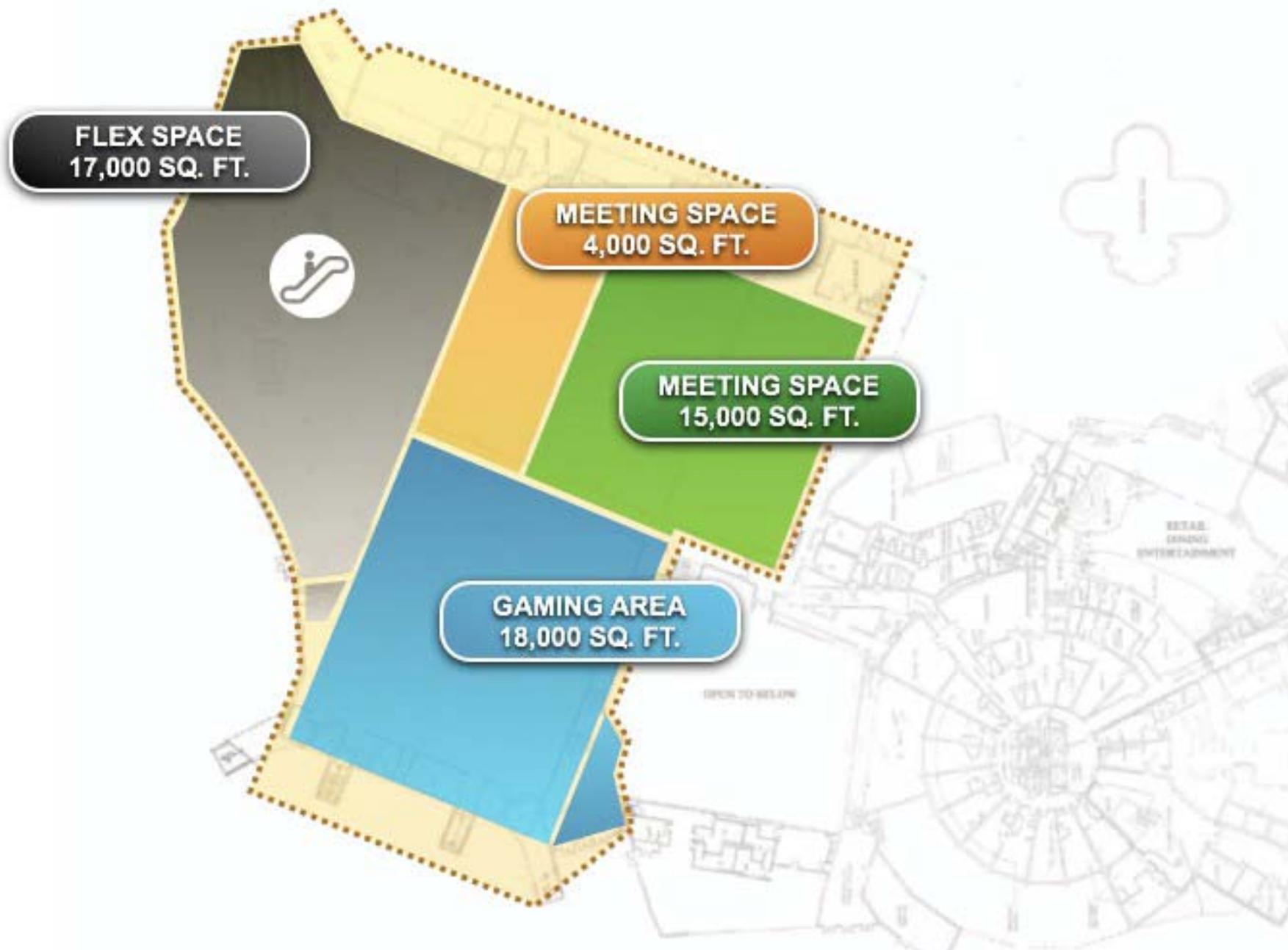
FACILITY UPGRADES

- ❖ Conversion from Radisson to Doubletree Franchise
- ❖ Joining Hilton Family & Reservation System
- ❖ \$10M Upgrade Underway for Rooms & Common Areas
- ❖ Substantial Completion Expected August 2009





CONCOURSE LEVEL



CONSTRUCTION SCHEDULE & BUDGET

- ❖ 6-12 Months From Final Non-Appealable License
- ❖ \$40 Million



COMMITMENTS TO UPPER MERION TOWNSHIP

- ❖ \$415,000 Contribution Towards Area Traffic Improvements
- ❖ Improvement or Addition of Parking If Needed
- ❖ Staffing & Training of Emergency & Security Personnel
- ❖ Annual \$75,000 Quality of Life Contribution



COMMUNITY SUPPORT

EDWARD McBRIDE

BOARD OF SUPERVISORS
UPPER MERION TOWNSHIP

OPERATIONAL VIABILITY

C. PATRICK MCKOY

PRESIDENT

REAL MCKOY GAMING, LLC

VICE PRESIDENT, SLOT OPERATIONS

VALLEY FORGE CONVENTION CENTER & RESORT

C. PATRICK McKOY

BIOGRAPHY

- ❖ More than 25 Years of Gaming Experience
- ❖ Senior Management Posts in Major Atlantic City Casinos:
Caesars, Bally's & Atlantic City Hilton
- ❖ Former CEO & President of Riverwalk Casino Project
- ❖ Found Suitable for Licensure in PA



ROLE WITH VALLEY FORGE

- ❖ Conditional Employment Agreement
- ❖ Gaming Floor Design & Marketing Plan
- ❖ Diversity Plan
- ❖ Responsible Gaming Program



DIVERSITY PLAN

- ❖ Diverse Employee Workforce
- ❖ Safe, Respectful, Positive Work Environment
- ❖ Diverse Business Partners
- ❖ Diverse Construction Workforce



RESPONSIBLE GAMING PROGRAM

- ❖ Educate & Inform Patrons and Employees Regarding Responsible Gambling
- ❖ Promote Responsible Gaming through Interventions (Exclusion Lists, Marketing Restrictions, Service Denials)
- ❖ Identify & Prohibit Underage Gambling & Unattended Children
- ❖ Promote Responsible Alcoholic Beverage Consumption
- ❖ Responsible Gaming Committee



ACCESS & PARKING

KENNETH D. O'BRIEN, P.E.

TRANSPORTATION ENGINEER & SENIOR PROJECT MANAGER

McMAHON ASSOCIATES, INC.

KENNETH D. O'BRIEN, P.E.

BIOGRAPHY

- ❖ 14 Years Experience
- ❖ Licensed in PA & NJ
- ❖ Member of the Institute of Transportation Engineers
- ❖ Has Conducted Numerous Traffic Impact Studies & Parking Studies



SCOPE OF ENGAGEMENT

- ❖ Evaluate Incremental Traffic Impacts
- ❖ Provide Recommendations for Efficient Traffic Movement
- ❖ Traffic Impact Study
- ❖ Traffic Impact Study Report
- ❖ Evaluate Parking Conditions



CONCLUSIONS

- ❖ Relatively Low New Traffic Generation
- ❖ Minimal Impact on Operation of Roadways & Intersections in Vicinity of Site
- ❖ Adequate Existing Parking Supply



METHODOLOGY

- ◆ Analyzed Existing Traffic Conditions





**VALLEY FORGE
CONVENTION CENTER**

363

GULPH ROAD

FIRST AVENUE

363

County Line Expy

Richards Rd

22

County Line Expy

1st Ave

1st Ave

Freedom Business Center Dr

Richards Rd

Free

METHODOLOGY

- ❖ Analyzed Existing Traffic Conditions
- ❖ Projected Future Conditions Without Entertainment Center
- ❖ Projected Future Conditions With Entertainment Center
- ❖ Evaluated Current & Future Parking Needs



FINDINGS

- ❖ Area Intersections Generally Operate at Acceptable Conditions During Peak Hours
- ❖ Limited Existing Delays Will Be Remedied by Programmed Roadway Improvements
- ❖ Existing Parking Capacity Sufficient to Meet Future Needs



CLOSING

IRA LUBERT

CHAIRMAN

VALLEY FORGE CONVENTION CENTER PARTNERS, LP



VALLEY FORGE
CONVENTION
CENTER



REBUTTAL

ROBERT P. KRAUSS

PARTNER

BALLARD SPAHR ANDREWS & INGERSOLL