



# Major Assumptions

- The analysis includes the introduction of 5,000 slot machines at Rockingham and a 49% tax rate at a new structure that would include a grandstand, gaming floor, entertainment pavilion, and restaurants operating without immediate competition.
- An additional scenario includes competition from Massachusetts under Governor Patrick's proposal.
  - Under the proposal, slot machines and table games would be authorized at Suffolk Downs, located just north of Boston, and in Middleboro and Palmer with a 50% effective tax rate.
- The third and final evaluation assesses the opportunity cost if gaming moves forward in Massachusetts and not in New Hampshire.



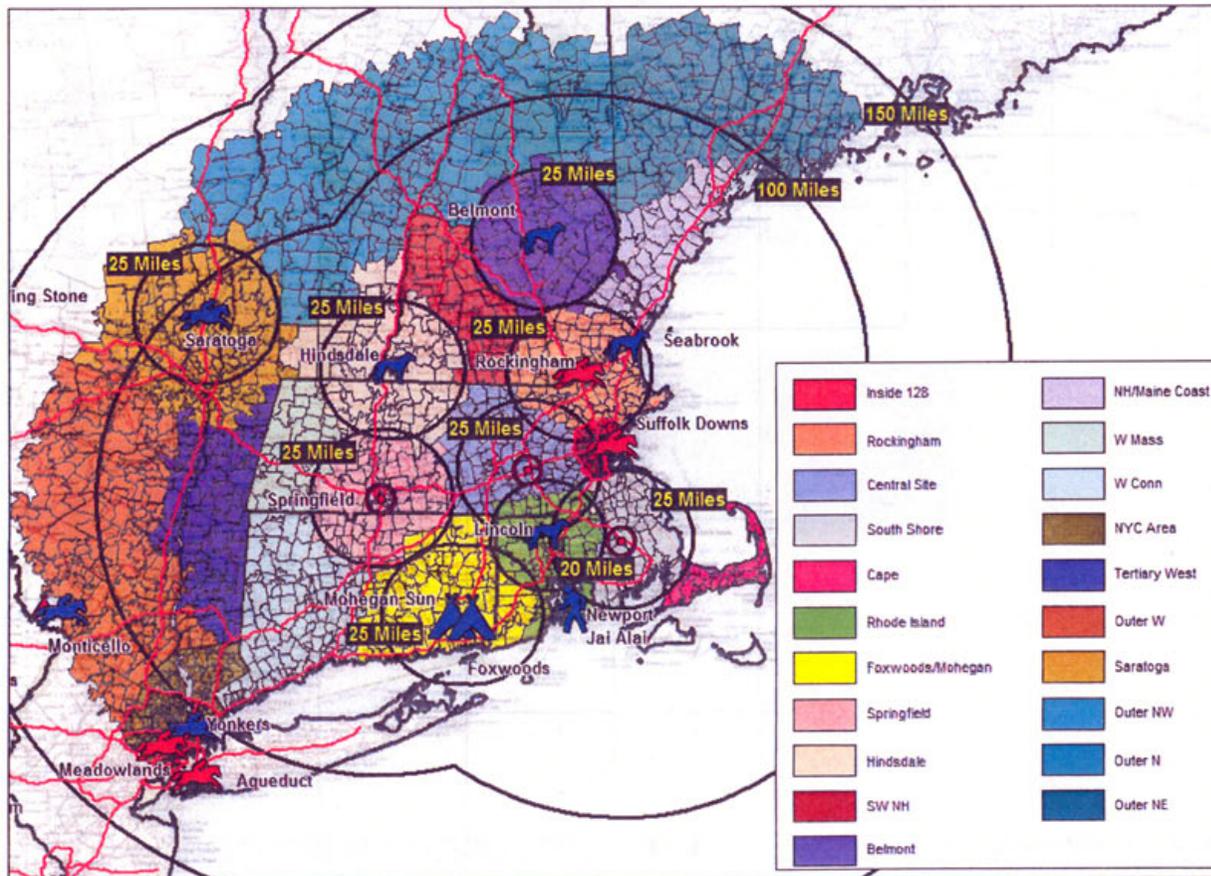
# Gaming Projection Methodology

- Three mutually exclusive and collectively exhaustive sources of revenue were considered.
- Local & regional population
  - A demographic analysis considered the adult population and income levels that currently exist in the region, projected growth rates of those metrics, and the region's economy and employment levels.
  - Considered the most accurate tool for forecasting, a gravity model was used to project revenues and incorporated elements of distance, the size of the facility, and its amenities into the analysis.
  - A map is provided on the following page showing the market areas considered in the study.
  - Similar to other drive-in markets, the local market will account for approximately 97% of gaming revenue at the proposed facility.
- The other two, smaller sources of visitation include:
  - Hotel guests staying in Salem and the surrounding area.
  - Motorists passing the facility that are not part of the local population and not staying in a local hotel.



# Local Market Regions

## Potential Gaming Sites and Competition





# Population Demographics

- Approximately 1.2 million people live within 25 miles of Rockingham Park, with another 1.3 million in the Boston area.
- Three of the top six market areas, as ranked by income, are within 75 miles of Rockingham Park.

<u>Market</u>	<u>2008 Adult Population</u>	<u>2008 Average Annual Household Income</u>
Inside 128	1,292,184	\$81,112
Rockingham	1,166,487	\$86,931
Central Site	852,634	\$92,307
South Shore	742,103	\$77,116
Cape	166,267	\$71,725
Rhode Island	1,055,103	\$72,988
Foxwoods/Mohegan		
Sun	584,745	\$82,851
Springfield	874,376	\$67,819
Hindsdale	182,274	\$59,950
SW New Hampshire	89,386	\$73,795
NH ME Coast	389,762	\$70,549
Belmont	205,986	\$68,716
W Mass	103,495	\$62,278
W Conn	1,648,336	\$90,501
NYC	4,664,659	\$84,689
Tertiary West	340,971	\$77,046
Outer West	654,021	\$75,110
Saratoga	740,329	\$65,648
Outer NW	112,780	\$59,781
Outer North	200,540	\$62,310
Outer NE	308,567	\$58,533
Total	16,375,006	\$80,000

Source: Claritas, MapInfo, The Innovation Group



# Rockingham's Contribution

## *Annual Revenue Amounts*

	<b>Without Competition from Massachusetts</b>	<b>With Governor Patrick's Three Locations</b>
Gross Gaming Revenue (\$M)	\$418.2	\$286.9
Mass Revenue as % of Total	62.7%	48.9%
Distributed Revenue	\$204.9	\$140.6

**Revenue is expected to grow with population growth and inflation, typically forecasted at 3% - 3.5% a year.**



# Distributed Revenue Example

First Year Annual Recurring

<b>Distribution % of Gross Gaming Revenue</b>	<b>Distributed Revenue Without Mass Competition (\$204.9M)</b>	<b>Distributed Revenue With Mass Competition (\$140.6M)</b>
<b>40% General Fund</b>	\$167.3M	\$114.8M
<b>3% Host Municipality</b>	\$12.5	\$8.6
<b>1% Host County</b>	\$4.2	\$2.9
<b>2% Problem Gaming Programs</b>	\$8.4	\$5.7
<b>1% State Tourism Fund</b>	\$4.2	\$2.9
<b>1% Police/Fire/EMS</b>	\$4.2	\$2.9
<b>1% Live Racing Enhancements</b>	\$4.2	\$2.9
<b>TOTAL</b>	\$204.9M	\$140.6M



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# Massachusetts Without New Hampshire

- Residents of New Hampshire will continue to play casino games even if they are not available in-state.
- The main regional options for gamers from New Hampshire include Native American casinos in Connecticut and slot machines available at racetracks in Rhode Island and Maine.
- Destination alternatives include Las Vegas (one non-stop daily flight from Manchester, New Hampshire) and the Bahamas.

Assuming casinos are open in Massachusetts in 2013, it is estimated that residents of the Granite State will spend nearly \$165 million in casinos including \$74.7 million in Massachusetts.