

New Hampshire Gaming Study Commission

Jim Rafferty

President & CEO
Hampshire Charitable Gaming

New

October 20, 2009

NHCG LLC...

Building Communities

- Create jobs
- Generate tourism
- Promote entertainment
- Strengthen the economy
- Support charities

Who is NHCG LLC?

- Experienced team of casino operators
Jim Rafferty, Dave Wirshing, Ken Mimmack
- Create win-win opportunities
- Proven commitment to community redevelopment
- River Card Room, licensed as primary game operators in New Hampshire

Why NHCG is the Right Gaming Company?

- Paving the way in New Hampshire gaming for 8 years
- Leader in 'two tier tax' and reduced licensing fee issues
 - Gaming revenue tax should be reduced for small markets to 30% of first \$10 million of gaming revenue
 - Licensing fee structure should be changed to \$5000 per machine/pay as you grow legislation
- Will work with legislators and Governor's office to facilitate slot bill
- We can 'right size' this property
- Developing the right model for Berlin

Why Downtown Berlin is the Right Place

- “Make downtown redevelopment a priority.” *
- “Deteriorated/vacant properties . . . in downtown Berlin . . . reflection of how the people “feel” about their own community . . . Also detracts from business climate and tax base.”*
- The casino project would be a significant catalyst for growth
- The Albert Theatre is well located within the downtown and is worthy of preservation
- Create quality jobs*

*Berlin Master Plan 12/11/08

Downtown Berlin, NH



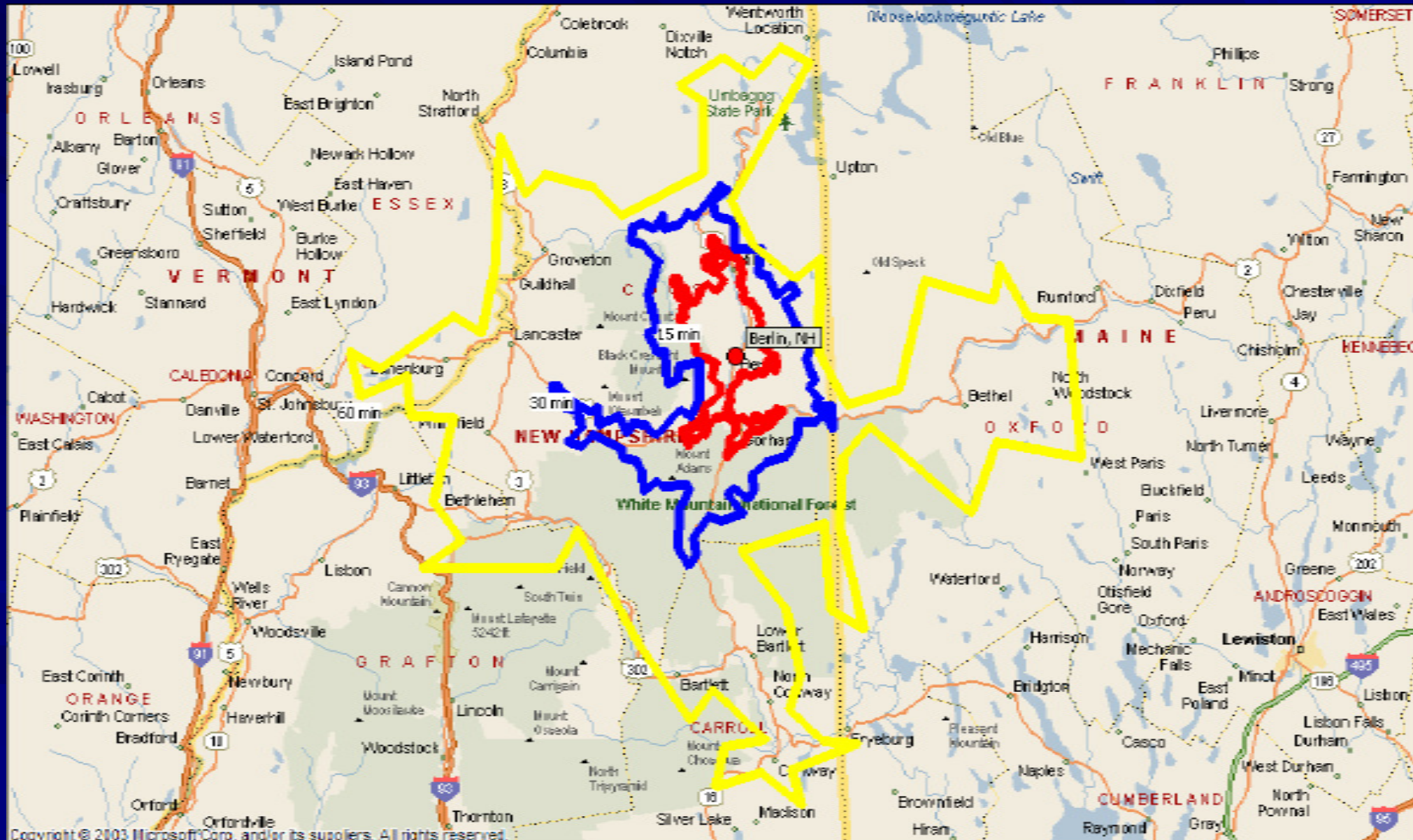
Drive Times/Population

Red = 15 minutes = 12,355 people

Blue = 30 minutes = 15,449 people

Yellow = 60 minutes = 48,934 people

Berlin, NH

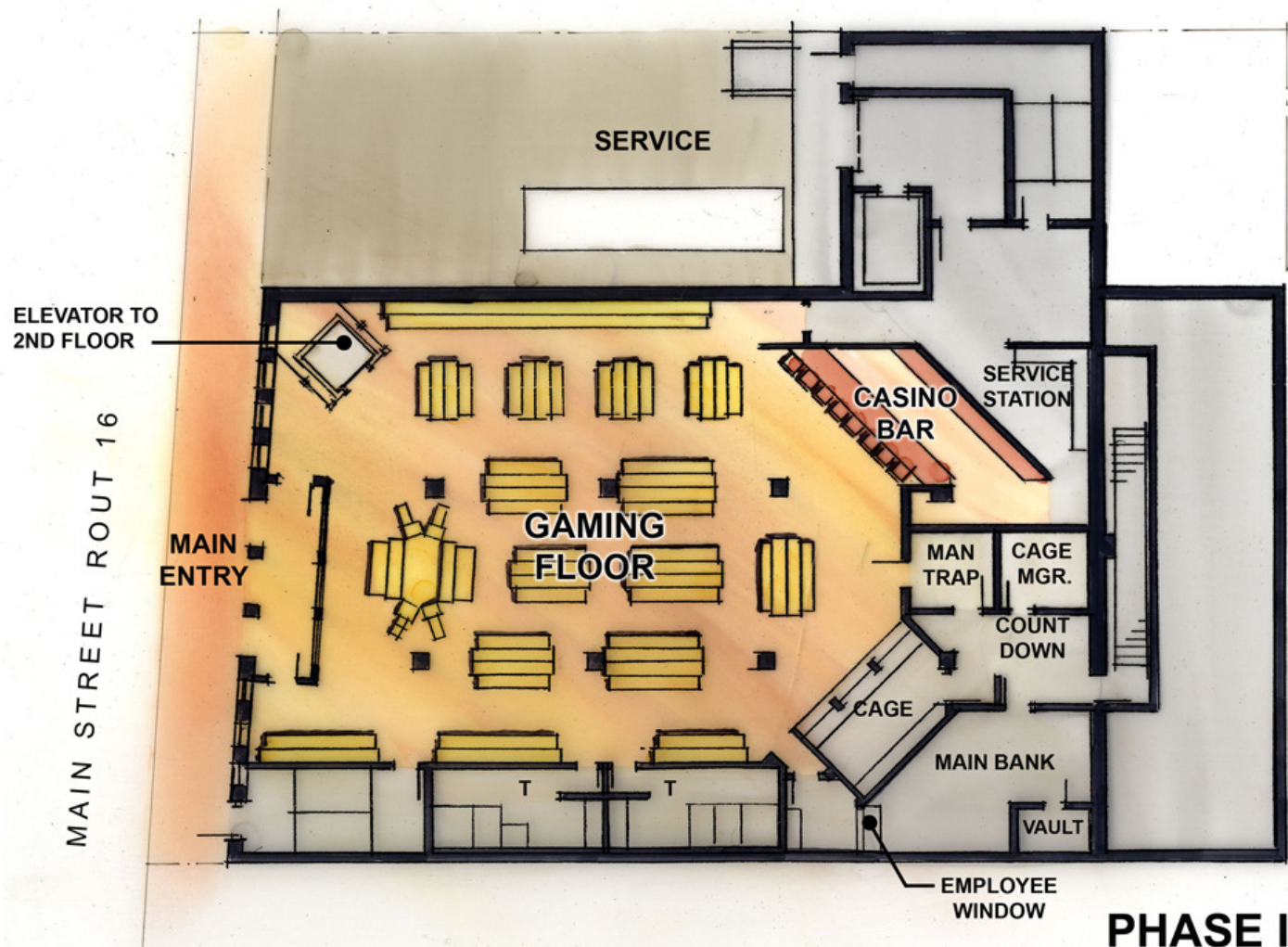


The Right Entertainment Venue

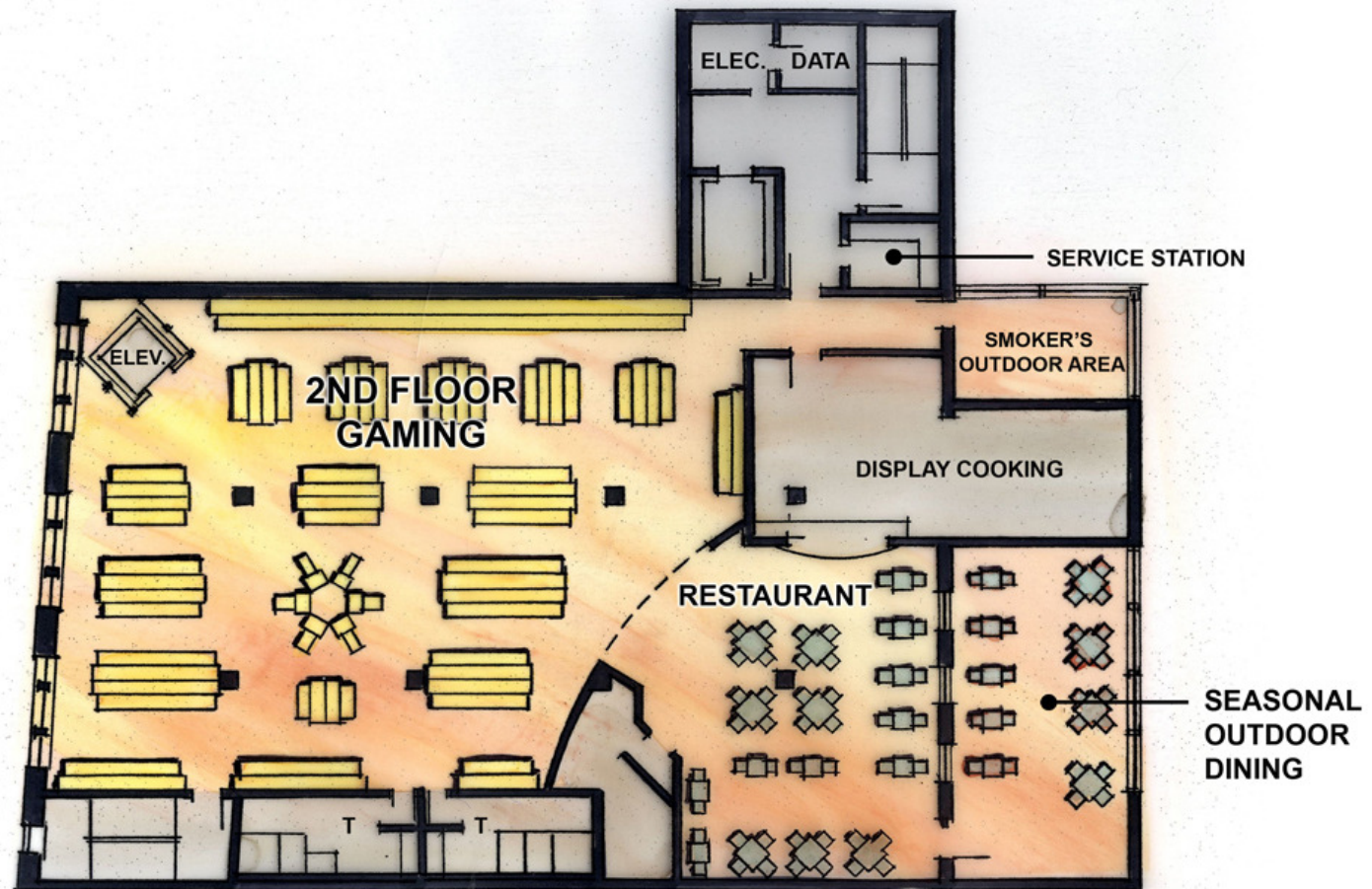
Three Phased Project

- Phase 1: Albert Theatre and Rite Aid parcels
 - 12,000 - 15,000 square foot property
 - 250 gaming machines
 - 10 table games
 - 70-seat restaurant
 - Bar and performance stage
 - Phase 1 is a \$7 million budgeted project

First Floor of the Albert Theatre



Second Floor of the Albert Theatre



PHASE I

Economics of Phase 1

■ Key statistics:

- \$2.6 million annual income to State
- \$300,000 annual income to City
- \$100,000 annual income to the County
- \$260,000 annual income to local charities
- \$100,000 problem gambling programs
- 155 FTE jobs created

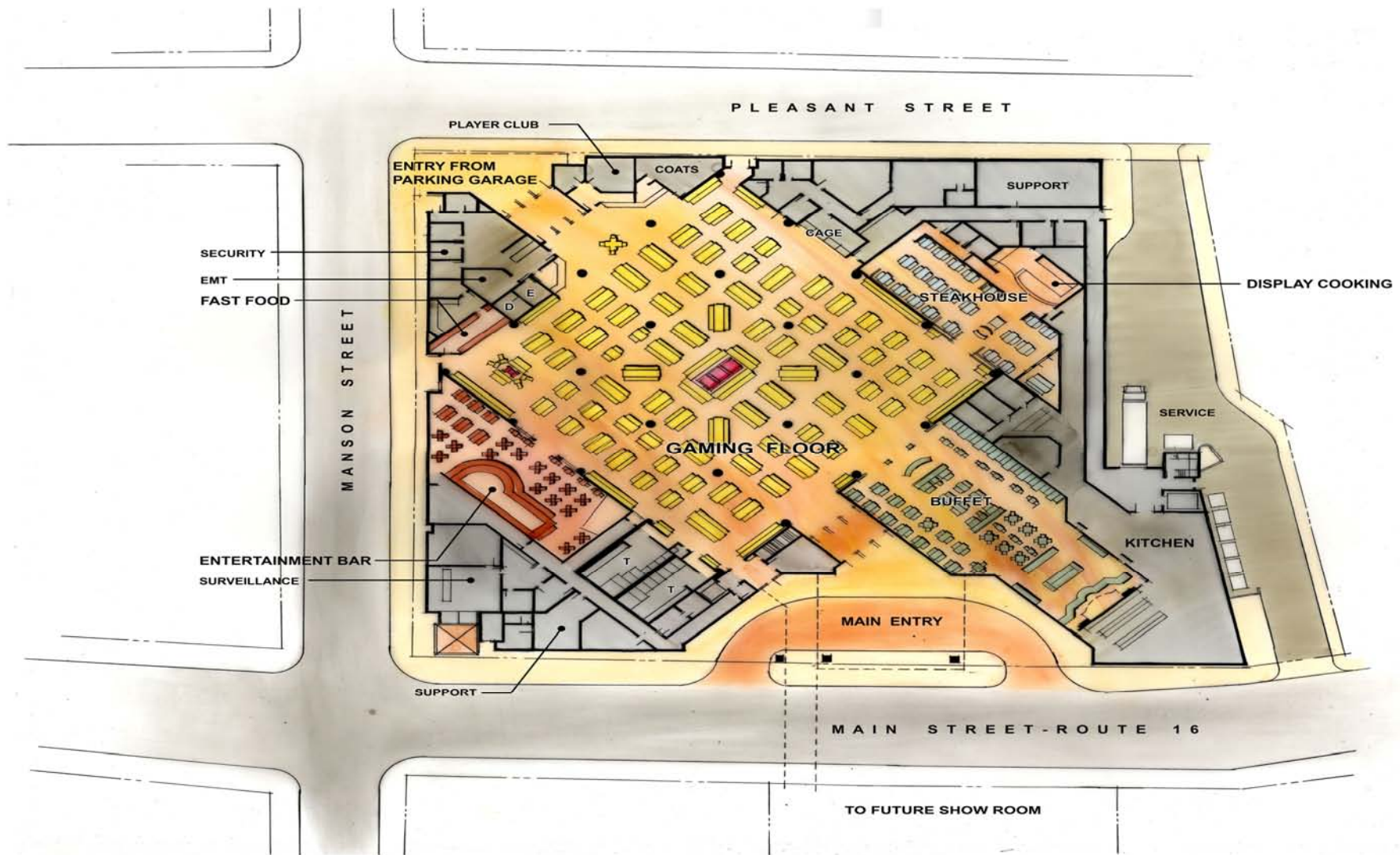
Economic Assumptions Phase 1

- Revenue slots - 250 machines \$10 million
- 10 Table games - \$730,000
- Payroll expenses \$4.6 million
- Debt service: \$800,000
- Direct jobs created - 155
- Additional 155 indirect jobs created
- Project cost without equipment purchases \$7 million

The Right Entertainment Venue

- Phase 2: Located on Rite Aid parcel
 - 25,000 - 30,000 square foot property
 - 500 gaming machines
 - 20 table games
 - Second restaurant
 - Additional parking, including city supported parking structure
 - Phase 2 is a \$17 million budgeted project

Phase II



PHASE II

Main Street View



Pleasant Street View



The Right Entertainment Venue

■ Phase 3: Expanded Phase 2 Facility and Hotel

- 40,000 square foot property
- 1,000 gaming machines
- 25 table games
- 300 room hotel and convention center
- Showroom
- Phase 3 is a \$50 million budgeted project

Main Street

NH

Berlin,



NHCG Work in Charitable Gaming in New Hampshire

■ *Why Milford?*

- Because Nashua said no
- Why Racinos work
- Welcomed to Milford to redevelop Granite Town Plaza on Elm Street



Milford, NH



The Financials of The River Card Room, Milford, NH

NHCG, INC.

Projected Income 2009

Prepared by J. Donohue

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	August-09	Sept-09
Revenue	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projection
Gross Gaming Revenue	\$ 67,886	\$ 72,031	\$ 76,609	\$ 74,096	\$ 88,934	\$ 81,445	\$ 93,384	\$ 84,754.50	\$ 71,000
Charity Revenue (35%)	\$ (23,793)	\$ (24,900)	\$ (26,941)	\$ (25,932)	\$ (31,137)	\$ (28,506)	\$ (32,685)	\$ -29,756.55	\$ (24,850)
State Tax	\$ (7,874)	\$ (7,988)	\$ (8,900)	\$ (8,220)	\$ (10,299)	\$ (9,276)	\$ (10,294)	\$ -9,382.85	\$ (8,520)
Total Gaming Revenue	\$ 36,219	\$ 39,143	\$ 40,768	\$ 39,944	\$ 47,498	\$ 43,663	\$ 50,405	\$ 45,615	\$ 37,630
Vending Games Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540	\$ 180.00	\$ 200
Cost of Vending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (260)	\$ -82.00	\$ (100)
Total Vending Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280	\$ 98	\$ 100
River Bluff Sales	\$ 636	\$ -	\$ 14,035	\$ 12,521	\$ 14,401	\$ 13,000	\$ 11,653	\$ 12,635.00	\$ 11,500
Cost of F&B Sales	\$ -	\$ -	\$ (8,335)	\$ (10,785)	\$ (12,161)	\$ (9,604)	\$ (9,397)	\$ (8,192)	\$ (8,000)
Total F&B Revenue	\$ 636	\$ -	\$ 5,700	\$ 1,736	\$ 2,240	\$ 3,396	\$ 2,256	\$ 4,443	\$ 3,500
Other River Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ATM Revenue	\$ 97	\$ 49	\$ 1,271	\$ 1,148	\$ 1,348	\$ 1,488	\$ 1,228	\$ 1,252	\$ 1,100
Lottery	\$ 50	\$ 1,355	\$ (1,333)	\$ 1,032	\$ 991	\$ 54	\$ (573)	\$ (628)	\$ 75
Misc (G.Cert, Chip Walk etc)	\$ -	\$ 150	\$ -	\$ (160)	\$ 76	\$ 122	\$ 643	\$ 846	\$ -
Total Other River Revenue	\$ 1,022	\$ 2,471	\$ (62)	\$ 2,020	\$ 2,379	\$ 1,817	\$ 1,298	\$ 1,470	\$ 1,175
Total Revenue	\$ 37,837	\$ 41,614	\$ 45,406	\$ 43,700	\$ 52,117	\$ 48,966	\$ 54,239	\$ 51,626	\$ 42,405
Expenses									
Salaries and Wages	\$ 26,494	\$ 29,823	\$ 29,812	\$ 30,223	\$ 36,739	\$ 24,342	\$ 22,734	\$ 22,042	\$ 22,000
Employer Payroll Tax (FICA)	\$ 2,653	\$ 2,943	\$ 3,152	\$ 3,368	\$ 3,665	\$ 2,892	\$ 2,360	\$ 2,245	\$ 2,500
Payroll Service Expense	\$ 250	\$ 211	\$ 96	\$ 221	\$ 176	\$ 166	\$ 207	\$ 144	\$ 110
Worker's Compensation Ins	\$ -	\$ 548	\$ 548	\$ 536	\$ 548	\$ 548	\$ 548	\$ 548	\$ 548
Property & Casualty Insurance	\$ 356	\$ 356	\$ 356	\$ 356	\$ 356	\$ 356	\$ 406	\$ 406	\$ 356
Bond Insurance	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87
Flood Insurance	\$ -	\$ -	\$ -	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21
Liquor and Food Insurance	\$ -	\$ -	\$ 193	\$ 193	\$ 193	\$ 193	\$ 193	\$ 193	\$ 193
Gaming Expense	\$ 1,225	\$ 1,225	\$ 1,293	\$ 3,249	\$ 4,453	\$ 1,453	\$ 465	\$ 400	\$ 500
Lobbying Expense	\$ -	\$ 726	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ -
Computer Expense	\$ 29	\$ 445	\$ 221	\$ 91	\$ -	\$ -	\$ -	\$ 29	\$ 29
Office and Marketing Suppl	\$ 100	\$ 100	\$ 287	\$ -	\$ 29	\$ 10	\$ 173	\$ 99	\$ 100
Postage and Delivery	\$ 546	\$ 546	\$ 902	\$ 57	\$ 57	\$ 57	\$ 14	\$ 14	\$ 450
Billboard Advertising	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 475	\$ 350
Other Advertising and Marketing	\$ 1,000	\$ 1,300	\$ 405	\$ 540	\$ 301	\$ 846	\$ 570	\$ 439	\$ 1,000
Repairs and Maintenance	\$ 150	\$ 150	\$ 65	\$ -	\$ 7	\$ 210	\$ -	\$ -	\$ 484
CAM Maintenance Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Janitorial Expense	\$ 497	\$ 287	\$ 725	\$ 508	\$ 218	\$ -	\$ 504	\$ 157	\$ 200
Rent Expense	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500
Telephone, TV and Internet Expense	\$ 146	\$ 228	\$ 231	\$ 228	\$ 327	\$ -	\$ 458	\$ 103	\$ 228
Police/Fire Dept Coverage	\$ 64	\$ 30	\$ 387	\$ -	\$ 64	\$ 63	\$ 64	\$ 64	\$ 64
Propane Gas (Heat)	\$ 638	\$ 534	\$ 1,387	\$ -	\$ 138	\$ -	\$ -	\$ -	\$ -
Electricity	\$ 1,402	\$ 1,913	\$ 1,567	\$ 1,566	\$ 1,387	\$ 1,195	\$ 602	\$ 540	\$ 1,000
Disposal Service	\$ 100	\$ 100	\$ 175	\$ -	\$ 185	\$ 185	\$ 185	\$ 185	\$ 175
Other Misc Expenses	\$ -	\$ 250	\$ 259	\$ 1,550	\$ 3,946	\$ 1,881	\$ 513	\$ 870	\$ 100
Website Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200	\$ -	\$ -	\$ -
Business Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 660	\$ -	\$ 0	\$ 660
Total Expenses	\$ 41,616	\$ 48,893	\$ 50,068	\$ 50,694	\$ 56,936	\$ 44,155	\$ 37,894	\$ 36,311	\$ 37,655
Income	\$ (3,739)	\$ (7,279)	\$ (3,662)	\$ (6,994)	\$ (4,819)	\$ 4,721	\$ 16,345	\$ 15,315	\$ 4,750

2009

Projected Revenue

\$1,037,895

Charity Contributions

\$ 315,351

State Taxes

\$ 103,674

Payroll (33 FTE's)

\$ 315,209

Projected Profit

\$ 10,002

The River Card Room

Charitable Gaming and the Charities We Serve



www.riverpokerroom.com

NHCG Work in Charitable Gaming in New Hampshire

- *The Regulation of Charitable Gaming*
 - NHRCGC has the fundamentals right
 - Licensing of employees & ownership ensures industry integrity
 - Current inspection procedures provide weekly inspections of The River Card Room
 - Improved audit programs at NHRCGC identifying key flaws in internal control systems

NHCG Work in Charitable Gaming in New Hampshire

- *Recommendations for Improving Charitable Gaming in New Hampshire*
 - *Require licensing of facility ownership*
 - *If casinos are recommended for NH include charity gaming and table games in facilities*
 - *Suggest to attorney general additional enforcement of laws regulating existing illegal, unauthorized, and unlicensed gaming in NH*

Why Slots are a Great Entertainment Product and Why Mary Midway Plays



Who is Mary?

- 47- 69 years old
- More likely to be female (55%) than male (44%)
- More educated than average American
- Higher household income than the average American
- Is tactile – cleans her house, gardens, plays slots
- Loves to eat out in restaurants*
- Reads newspapers
- Travels*

Why Mary Midway loves slot machines...

- Loyal to winning on her machines

* Harrahs Profile of American Gamer

■ Questions and Answers