



March 19, 2013

Response to Request for Proposal

PART II

TECHNICAL REPLY

ITN #859

Prepared for Office of Legislative Services

I. EXECUTIVE SUMMARY

Gaming Market Advisors is pleased to present the following proposal to the Florida Legislature. GMA, which has provided consulting services to the hospitality and tourism industries since 2005, understands the gaming industry, both the positives and negatives, those which are actual and perceived. The GMA consulting team has considerable experience in understanding the various inputs needed to develop a successful gaming and tourism strategy. The consulting team's experience in public policy working with the governments of Singapore, Russia, Pennsylvania, Native American governments, and other governing bodies enables it understand the challenges that government policy makers face and the narrow course that those policy makers must often walk in developing sound gaming legislation.

Any expansion of gaming must not only yield substantial income streams to government, but must deliver on the promise made to host communities in the form of jobs, wages and total output. Gaming must be legislated and developed in a manner that maintains steady income streams to government, sustains the industry for the long term and enhances the communities in which they operate. Equally as important, any legislation that is enacted must be done with a goal to grow tourism and work in harmony with host communities.

In developing public policy and evaluating various development strategies, consideration must be given to the return that developers can expect as well. GMA has worked for more than half of the gaming industry's largest developers and understands the conditions under which legislation must be designed to attract the greatest capital investment. Equally as important is a consideration of the impact that legislation expanding gaming can have on existing operators. GMA's experience leads it to have the ability to fine tune recommendations to ensure that the state will attract the necessary investment and operators; and protect existing stakeholders, which will therefore meet the tax revenue, job growth and overall economic goals of any proposed legislation.

GMA believes that the appropriate consulting team is one that has the ability to answer all of the concerns proposed by the Florida Legislature. Moreover, it is essential that the team enter any research project without preconceived beliefs or biases. They cannot be pro-gaming or opposed to gaming expansion.

The five primary members of the GMA consulting team will provide an unbiased approach to its analysis. This group is comprised of two experts from the gaming

industry with experience in operations, development and marketing. It also includes two economists with doctoral degrees focusing on tourism development: one is the Associate Dean at the Rosen College of Hospitality Management, University of Central Florida and the other a consultant with years of experience advising governments on gaming and hospitality strategy. The fifth consultant is an academic who is the former Associate Dean of the University of Las Vegas' Singapore campus who advises governments and private companies on tourism related development strategies. This diverse team has in-depth experience working on projects together and mutual respect for each other's experience, education and knowledge.

The Technical Proposal starts by describing the capabilities of each member of the Consulting Team, their education, research accomplishments and areas of expertise. It then describes recent projects that the consulting team completed. Included are two sample reports that illustrate the depth of analysis that GMA provides.

This Technical Proposal includes a detailed Project Plan that addresses each of the issues outlined in the Scope of Services. GMA has addressed each requirement stipulated within the Scope of Services and has proposed a sound methodology to achieve them.

To complete Part II of the Two-Part Study, GMA will employ statistical analyses developed by Tadayuki Hara, Associate Dean at the Rosen College of Hospitality Management, University of Central Florida, and tools developed by Dr. Scott Fisher. Mr. Hara's academic works include "Introduction to Quantitative Tourism Industry Analysis," and "Income Distribution Effect Over Regional Residents: Comparative Analysis of Income Generated from Tourism Industry and Other Industries."

The five members of the consulting team thank the Florida Legislature for the opportunity to respond to its Invitation To Negotiate and submit this Technical Proposal.



II. ORGANIZATIONAL BACKGROUND, EXPERIENCE AND CAPABILITIES

Gaming Market Advisors, LLC ("GMA" or "Respondent") is a hospitality research and consulting firm that focuses on the gaming industry. Founded in 2005, GMA provides clients with market feasibility studies, economic impact studies, primary research, due diligence, operations analysis, business and marketing plans, and player reward program design. The principals and associates of GMA have hands-on experience in nearly all aspects of the gaming industry including domestic and international operations, project development, marketing expertise, and detailed market analysis. GMA is very familiar with the US gaming industry and the gaming markets of the southeast United States, in particular.

II.A. THE CONSULTING TEAM

GMA has assembled a consulting team that is experienced in academic research, economics, public policy and casino feasibility analysis. Below are brief vitae of the GMA consulting team.

ANDREW M. KLEBANOW

Andrew Klebanow is a Principal at Gaming Market Advisors, LLC and will serve as project leader for this engagement. Mr. Klebanow has worked in the hospitality industry since 1975 and in the fields of marketing and business planning since 1991. Andrew earned a Bachelor of Arts degree at New York University and a Masters Degree in Marketing from Cornell University's School of Hotel Administration.

In addition to his role at GMA, Mr. Klebanow is a periodic lecturer at Cornell University's School of Hotel Administration, the University of Nevada Las Vegas and the University of Nevada Reno's School of Continuing Education. He has contributed academic papers to the Cornell University Hotel and Restaurant Quarterly and the UNLV Hospitality Journal. Most recently he co-authored "Food & Beverage Operations in Casino Environments," a teaching module for Hospitality Management Learning Modules

Mr. Klebanow has authored over 80 articles in Indian Gaming Magazine and had articles published in Global Gaming Business Magazine, In Asian Gaming Magazine, and the online publication, Urbino.net. In addition to academia, Mr. Klebanow is a periodic lecturer at gaming industry conferences. Most recently, he spoke at G2E Asia 2012 on the future of the Manila gaming market; in 2011 on trends in the Korean gaming market and in 2010 on the topic of tiered player reward programs.

Prior to forming Gaming Market Advisors, Mr. Klebanow was Vice President of Marketing at Sam's Town Hotel and Gambling Hall, where he oversaw the repositioning of the 22-year-old gaming property and the re-branding of its player rewards program.

From 1996 to 1999, Klebanow was Vice President of Marketing for Santa Fe Gaming Corporation where he oversaw the marketing efforts for the Santa Fe Hotel and Casino in Las Vegas and the Pioneer Hotel and Gambling Hall in Laughlin NV. During his tenure at Santa Fe Gaming his team repositioned both casinos' player rewards programs to better meet the needs of the business. He also served as Vice President and General Manager of the Santa Fe Hotel and Casino.

Prior Mr. Klebanow was Director of Marketing for Alliance Gaming Corporation where he conducted the initial market research, consumer testing and marketing plan development for Gamblers Bonus, the industry's first cardless slot club for the company's Nevada slot route division. Gamblers Bonus was the first player tracking system that allowed customers to redeem bonus points for game credits at the machine.

From 1991-1993, he was Director of Marketing at Sahara Gaming Corporation's Hacienda Hotel and Casino and Director of Marketing and Planning for the parent company's Development Group.

STEVEN M. GALLAWAY

Steve Gallaway, a Principal at GMA has had a life-long exposure to the gaming industry with the past ten years focusing on consulting in the gaming industry. During his career, he has had hands-on experience in operations management, organizational development, business development, process improvement, contract negotiations, customer service training and employee development. Today, Mr. Gallaway is known throughout the gaming industry for his knowledge of both domestic and international markets. Among other honors, Steve is a leader with Gerson Lehrman Group Councils, as such providing dozens of domestic and international investment firms with advice on gaming markets and gaming investments.

Mr. Gallaway, a former Senior Vice President of The Innovation Group, has completed over 200 feasibility studies with a strong focus in Native American gaming operations, public bond transactions, and international gaming developments. Steve has worked with over 50 Native American Tribes from California to Florida.



Internationally, Mr. Gallaway has worked on more than 50 projects in Western and Eastern Europe, Asia, the Bahamas, the Caribbean, Canada, and Mexico. The depth of his experience in Mexico prompted an invitation to speak at the G2E (Global Gaming Expo) to discuss the future of gaming in Mexico. Other experience in gaming consulting includes an extensive amount of primary research, operational reviews, completing due diligence for clients on potential gaming acquisitions, and assisting casinos in analyzing and maximizing the utility of their player database.

Mr. Gallaway is a periodic lecturer at the University of Nevada, Reno's School of Continuing Education, where he teaches a course on casino feasibility analysis. He also contributes articles to Global Gaming Business Magazine.

SCOTT FISHER, PH.D.

Dr. Fisher has broad economic expertise which makes him very adept with a wide range of analytical tools. He has performed feasibility studies, market analyses and economic impact assessments for casinos, hotels, theme parks, airports, arenas and convention facilities for clients in both the public and private sector throughout the world. He frequently prepares operational audits of existing casinos and hotels for the purpose of consulting on departmental inefficiencies. He also performs various asset valuations to evaluate potential property sales, purchases and litigation processes. To determine the ultimate viability of a new property, Dr. Fisher's analyses typically require the preparation of complex, detailed operating pro formas.

Yet another of Dr. Fisher's responsibilities is the generation of the economic impact analyses. He has provided socioeconomic impact analyses for casino and resort developments throughout the U.S., including direct, indirect, induced and fiscal impacts, as well as impacts on schools, fire, police service and schools as a result of population growth to staff the resorts as well as increased traffic and tourists visiting the property. Additionally, he has performed a broad variety of demand and operating analyses for gaming, resort, and entertainment facility projects worldwide.

Dr. Fisher's sound approach and precise nature of his reports have enabled them to be used to successfully finance major resort developments worldwide, to determine economic impacts and to determine whether projects are not feasible. Along with Deutsche Bank and Societe Generale, he presented to potential syndicate banks to successfully secure financing for the \$1.1 billion Wynn Resorts development in Macau.



Additionally, Dr. Fisher analyzed the socioeconomic impact of the development of a tribal gaming facility in Madera, CA, including construction and operating impacts for the subject property, as well as impacts on existing competitors as well as social costs relating to public services. He also analyzed the gaming revenue potential for five potential sites for a slot facility development in Massachusetts for the Clairvest Group, taking into consideration the potential competitive risk of development by other operators in the state. Clairvest ultimately did not pursue a Massachusetts license, based in part on the report results.

In addition to his work with GMA, Dr. Fisher is President of the consulting firm Leisure Dynamics Research, LLC. Prior to founding Leisure Dynamics Research, Dr. Fisher was Managing Director at The Innovation Group, a consulting firm focused on the leisure and gaming industry. Dr. Fisher has a Ph. D. in Economics from Tulane University with a focus on International Trade, Industrial Organization and Public Finance and an MBA from the Freeman School of Business at Tulane University with a concentration in Finance. Concurrent with the Ph.D. program, Dr. Fisher was an instructor of Public Finance, Law and Economics, Microeconomics and Macroeconomics, and was employed by Oakland Econometrics as a research analyst, where he performed economic analyses for the public and private sector.

TADAYUKI HARA, PH.D, MPS, MBA, MS

Tadayuki (Tad) Hara is Associate Dean, Associate Professor and Senior Research Fellow at the Rosen College of Hospitality Management, School of Central Florida. Prior to his role as Associate Dean, Tad served as the Rosen College's Interim Director of Finance (2011-2012), Interim Associate Dean (2008-2010) and Associate Professor and Senior Research Fellow, Dick Pope Sr. Institute (2005-present).

Preceding his roles at the Rosen College, Mr. Hara was a Visiting Assistant Professor at Cornell University's School of Hotel Administration (2004-2005), Lausanne Hotel School (2008) and Waseda University, Japan (2009-present).

Tad Hara spent 17 years in corporate finance and investment banking field in various assignments in the world, mainly in real estate, hospitality and energy-related projects before switching to academics. He holds masters degrees in Hotel Administration (Cornell University), in Regional Science (Cornell University), in management (MBA, University of Glamorgan, U.K.) and a PhD (Cornell University). He taught courses of "tourism industry analysis" in which he utilizes Input-Output/Social Accounting Matrix



modeling and the Tourism Satellite Accounts concepts at School of Hotel Administration, Cornell University.

Mr. Hara has authored 30 peer-reviewed academic publications including an "Introduction to Quantitative Tourism Industry Analysis," a technical textbook on the Input-Output, Social Accounting Matrix, Computable General Equilibrium Modeling and Tourism Satellite Accounts. He also authored 30 peer-reviewed academic paper presentations. Mr. Hara is a foremost specialist on developing analytical tools that measure the economic/social costs and benefits of tourism projects on their host communities.

JONATHAN GALAVIZ

Jonathan Galaviz is an economist and senior advisor to both governments and Fortune 500 companies in Asia and the United States. He currently serves as the Managing Director at Galaviz & Company LLC, a strategic advisory firm that advises clients on business development, global economic analysis, and international joint venture strategies. He sits on various company and non-profit boards.

Mr. Galaviz frequently appears on the BBC, CNBC, and Bloomberg TV as a commentator on general economic trends. He has also provided analysis for the Associated Press, AFP, Financial Times, Wall Street Journal, USA Today, International Herald Tribune, Straits-Times of Singapore, the Macau Daily Times and has written several leading articles for various magazines.

Some of his past clients have included firms such as the Bank of Tokyo-Mitsubishi UFJ, Goldman Sachs (U.S. and Asia), CapitaLand, Duetsche Bank, Caesars Entertainment, Station Casinos (Fertitta Gaming), eSun/Lai Sun, Keppel Land, Lend Lease (Australia) and several private equity / venture capital funds.

In the late 1990's Mr. Galaviz began his first job at the U.S. Senate, co-assigned to the office of U.S. Senator Peter Dominici (R-New Mexico) and the U.S. Senate Sergeant at Arms Office in Washington DC as a paid-staffer focusing on legislative analysis and constituent relations.

He later became employed as a Consulting Manager at Whittman-Hart, a 4,000 person-consulting firm at the time. He was based at its San Francisco office where he consulted to leading technology start-up firms in Silicon Valley on strategies for growth and joint ventures; the firm later became marchFIRST.



In 2001 Mr. Galaviz was then recruited to work for Mandalay Resort Group (now MGM Resorts International) in Las Vegas, NV as a Senior Project Analyst focused on technology strategy, international market analysis, and business forecasting. From 2002 until today, Mr. Galaviz has been a leading independent advisor to the most senior levels of management in corporations and government.

For most of 2011 he served as Interim Head of Campus at the University of Nevada, Las Vegas (Singapore campus). He was asked to temporarily leave the private sector to lead a turnaround of the campus, which was suffering from poor financial and operational conditions. In early 2012 he was widely credited in the Singapore and Las Vegas press for successfully stabilizing and enhancing the financial condition of the campus; he returned to the private sector after his work at UNLV was complete.

Mr. Galaviz holds an MBA from the Saïd Business School of Oxford University (England), Hertford College. He studied finance at the Faculty of Business at the National University of Singapore (NUS) in 1997 as an exchange student during his undergraduate years.

He is a member of the Royal Economic Society, National Association for Business Economics, American Economic Association, Economists for Peace and Security, and the Association for Social Economics. He is currently the volunteer President of The Economic Club of Las Vegas.



II. B. SUMMARY OF PROJECTS

SOCIOECONOMIC IMPACT ASSESSMENT OF CASINO RESORT DEVELOPMENT AND OPERATION IN MADERA, CALIFORNIA FOR THE NORTH FORK RANCHERIA

Dr. Fisher performed an assessment of the economic impact of casino resort development of a tribal casino, off historic tribal lands, in a competitive northern California gaming market. The analysis considered the direct, indirect and induced impacts from construction and operations in terms of spending, earnings, jobs and taxes, based on several alternative development scales. Additionally the assessment calculated the potential impacts in terms of incremental costs for schools, police, fire and other social costs, as attributable to potential population and tourism growth. During the course of the analysis we also projected the impacts to existing tribal gaming facilities in the region in terms of revenues and employment.

We did not encounter any problems in the analysis other than significant community opposition to the development, particularly from tribes operating competitive facilities in the region, though this had no bearing on our ability to produce the report.

GAMING LICENSE RELOCATION ANALYSIS

IN 2012 GMA was engaged by a licensed casino operator in Indiana, operating in the highly competitive Northern Indiana gaming market, to identify the best alternative site within the state, to relocate gaming operations.

GMA determined the optimal location by conducting an analysis of those cities with the greatest population density and those least served by casinos today, indicative of areas that have the greatest potential to yield substantial gaming revenues given a facility with the appropriate mix of amenities. This analysis took into account the proximity of these population centers to existing casinos in the marketplace, labor impact and social impact. Once the analysis was completed, a representative of GMA visited those cities that were projected to yield the highest levels of gaming revenue in order to better understand each city's attributes, appeals and possible deficiencies.

II. C. SAMPLE OF RESPONDENT'S WORK-PRODUCT

GMA attached a copy an Economic Impact Study for the Kansas City Motor Speedway Casino as an example of its work product. GMA was limited in which reports it could issue since most are proprietary and confidential to the client.

II. D. REFERENCES

References can be found in Attachment D of this Technical Reply.



PROJECT PLAN AND METHODOLOGY

In preparing this Project Plan and Methodology, GMA followed the numerical order presented within 7.0: Scope of Services.

STATISTICAL RELATIONSHIPS BETWEEN GAMING AND ECONOMIC VARIABLES FOR COMMUNITIES

GMA will determine opening dates and sizes in terms of gaming positions for all casino gaming facilities that it can identify as having opened in the United States since 1990. For each of the counties in which these casinos are located, data on employment, wages, tax revenues, crime rates and property values will be compared against the 3,000+ counties in the U.S. for the opening and subsequent year. GMA will also consider whether casinos are newly located in adjacent counties, as this may have an impact on social welfare as well. This econometric exercise will determine what relationship there have been, if any, between casino presence, scale and socio-economic impacts (Parts 1a., b., c.) and whether these impacts have varied over time or by region.

Based on the results drawn from the Task I report obtained by the State, which will illustrate recommendations for the optimal scale and opening timelines of casino development in the State, GMA will be able to use these quantitative results to demonstrate the potential annual impacts to Florida, by county and statewide, of the development and operation of new gaming facilities (Part 1d.).

GMA will then endeavor to determine the spatial relationship between the presence of casinos and industry mixes and magnitudes of the host counties once the facilities are opened. There are two sources of data from which a morph in area business climates can be measured: the National Establishment Time Series (NETS) database, created by Dun & Bradstreet, looks at business employment, sales, job creation and job destruction for specific areas. If possible, GMA will consider this as a data source for comparison, though since it is on a subscription basis, obtaining such data on potentially hundreds of individual markets could be cost-prohibitive (\$2,500 per market). (Parts 2a., b.).

The second source is the U.S. Census' County Business Patterns, where data is available electronically going back to 1998. Therefore, GMA should be able, using econometric modeling for each of the casino markets we identify in Part 1, to compare and contrast pre-casino (year prior to opening) and post-casino (year after opening) employment and wage levels by 2-digit NAICS codes for casino host counties where casinos have opened

since 1999 against all other counties in the U.S. for the same year ranges. This analysis will assess how the business presence, wage levels and employment composition in casino home counties differs from the overall business compositions of their peer counties and how they have changed based on the presence of casinos (Parts 2c., d.).

TIMELINE

GMA will complete each requested item listed in Part II of the Two-Part Study and deliver it to the Florida Legislature on or before October 1, 2013.



Gaming Market Assessment, Hotel Feasibility
Study and ProForma Income Statement

Legends at Village West

Kansas City, KS

August 2007

Prepared for:
Olympia Gaming, LLC
Red Development, LLC

Prepared by:
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Table of Contents

I. EXECUTIVE SUMMARY	1
II. ENGAGEMENT OVERVIEW	4
METHODOLOGY	4
III. SITE DESCRIPTION	8
AREA OVERVIEW	8
SITE LOCATION	9
PROJECT PROGRAM	12
IV. MARKET OVERVIEW	13
LOCAL POPULATION ANALYSIS	13
LOCAL ECONOMIC ANALYSIS	14
LOCAL LODGING TRENDS	15
TRENDS IN KANSAS AND MISSOURI GAMING	17
KANSAS GAMING	19
V. THE COMPETITION	22
COMPETITIVE LANDSCAPE	22
VI. GAMING MARKET ASSESSMENT	31
METHODOLOGY: LOCALS MARKET	31
THE KANSAS CITY LOCAL DAY TRIP GAMING MARKET	32
DAY TRIP GAMING REVENUE	39
PROJECT HOTEL GUEST GAMING REVENUE	39
KANSAS SPEEDWAY	40
NEARBY HOTEL GAMING CONTRIBUTION	41
TRAFFIC INTERCEPT GAMING REVENUE	42
GAMING REVENUE FROM THE LEGENDS & VILLAGE WEST COMPLEX	42
GAMING SUMMARY	43
REASONABLENESS TEST	44
VII. HOTEL FEASIBILITY STUDY	45
HOTEL SUMMARY	49
VIII. FOOD AND BEVERAGE	50
RESTAURANT REVENUE	50
BARS & CASINO BEVERAGE REVENUE	50
BARS & CASINO BEVERAGE REVENUE	51
IX. PRO FORMA INCOME STATEMENT	52
GAMING REVENUE	52
HOTEL REVENUE, FOOD & BEVERAGE	52
HOTEL OTHER:	52
SPA	52
MEETINGS AND BANQUET	52
GOLF	52
KID'S QUEST	52
RETAIL AND OTHER	53
PROMOTIONAL ALLOWANCES	53
EXPENSES	53
X. DISCLAIMER	55
XI. APPENDICES	56
A. THE CONSULTING TEAM	56

I. Executive Summary

In March 2007, the State of Kansas passed the Kansas Expanded Lottery Act ("KELA") allowing voters in Kansas City, Wichita, Dodge City and southeast Kansas to decide if they wanted to have state-owned but privately managed casinos in their counties. Since then, the voters of Cherokee County (in southeast Kansas) have had a voter referendum and it passed with a 70% majority in June 2007.

In April 2007 the Kansas Lottery released the initial application for companies to follow to apply for the management contract of the state-owned but privately managed Kansas casinos. There are barriers to entry within the application that will keep inexperienced companies and companies not positioned for growth from submitting proposals.

With the passage of the casino-racino bill, there potentially will be up to 10,600 electronic gaming devices ("EGD's") added to the Kansas market. The state-owned but privately managed casino near Kansas City is expected to be on land near the Kansas Speedway and would be part of, or appurtenant to, a regional shopping and entertainment complex that exists today at the Speedway that is referred to in this report as the Legends and Village West Development. On June 26 2007, Wyandotte County voters passed legislation legalizing gaming in their county.

Given these recent developments, Olympia Gaming and Red Development are considering submitting a proposal to the Kansas Lottery for the exclusive right to develop and manage a casino in Kansas City within Wyandotte County. As part of this proposal, Olympia Gaming and Red Development would like to better understand the Kansas City gaming market and revenue potential for a casino at Legends at Village West. Olympia and Red Development will have until December 31, 2007 to submit a proposal for the Kansas Lottery.

Olympia and Red Development have asked Gaming Marketing Advisors ("GMA") for 1) a Gaming Market Assessment to determine the gaming revenue potential for a casino located as part of the Legends at Village West complex, 2) determine the feasibility of a hotel as part of the project and 3) forecast revenues and expenses for a full-scale casino-resort including a casino, hotel and related non-gaming amenities.

Gaming Market Advisors first conducted a Gaming Market Assessment. To complete the Gaming Market Assessment GMA first determined the value of the Local Day-Trip Gaming Market by building a gravity model. Gaming Market Advisors then examined the other sources of gaming revenue from the Project's hotel, nearby hotels, the Kansas Speedway, travelers from nearby highways, and shoppers at the Legends at Village West Development. GMA estimates that in the second year of operation, 2011, that Olympia and Red Development should be able to yield \$213.3 million in gaming revenue.

Gaming Summary, 2011	
	Gaming Revenue
Local Day Trip Market	\$ 155,361,161
Overnight Hotel Guests	20,287,849
Kansas City Speedway	20,156,650
Nearby Hotels	1,648,943
Traffic Intercept	11,472,262
Legends & Village West Development	4,389,000
TOTAL	\$ 213,315,865
Source: GMA	

In estimating the financial performance of Legends at Village West Casino Resort, GMA conducted a detailed analysis of the local lodging market to determine hotel feasibility, examining recent room rate and occupancy trends for the immediate area and compared them to those of the Greater Kansas City region. GMA then analyzed the food and beverage offerings at the Legends and Village West Development to determine to optimal number of restaurants and sizing recommendations for restaurants for the Project. GMA prepared a Five Year ProForma Income Statement to summarize the results of these analyses and to project property-level Earnings Before Interest, Taxes, Depreciation, Amortization and Management Fees ("EBITDAM").

2011 is assumed to be the first stabilized year of operation and the Project is assumed to open in the beginning of 2010.

**Legends at Village West Casino Resort
ProForma Income Statement (000s)**

	2010	2011	2012	2013	2014
Total Slots	2,000	2,000	2,000	2,000	2,000
Total Tables	60	60	60	60	60
Win Per Slot	\$229	\$234	\$241	\$247	\$252
Win Per Table	\$1,759	\$1,793	\$1,847	\$1,892	\$1,934
Number of Hotel Rooms	350	350	350	350	350
Hotel Occupancy	84.0%	89.6%	91.6%	93.6%	94.9%
Hotel ADR	\$137.58	\$139.92	\$144.17	\$148.54	\$152.86
Hotel RevPAR	\$115.56	\$125.34	\$132.03	\$139.07	\$145.05
Revenues					
Gaming	\$ 209,050	\$ 213,316	\$ 219,715	\$ 225,208	\$ 230,369
Food	17,812	18,175	18,721	19,189	19,236
Beverage	9,562	9,757	10,050	10,301	10,326
Meeting & Banquets	1,103	1,164	1,211	1,260	1,311
Rooms	14,763	16,012	16,912	17,766	18,530
Other	7,257	7,616	7,895	8,170	8,440
GROSS REVENUE	\$ 259,546	\$ 266,041	\$ 274,504	\$ 281,894	\$ 288,212
EBITDAM	\$ 57,309	\$ 61,126	\$ 65,752	\$ 68,279	\$ 70,479
EBITDAM Margin (Net) (Net)	24.3%	25.3%	26.4%	26.7%	26.9%

Source: GMA

II. Engagement Overview

In March of 2007, proponents for the expansion of gaming in Kansas won two major victories after years of failed attempts when the State Legislature and Senate approved a bill allowing state-owned casino gaming in Kansas City, Wichita, Dodge City and southeast Kansas. The bill will also allow 2,200 slot machines to be distributed over the three horse tracks.¹ The bill was immediately signed by Governor Sebelius, who has been a proponent of gaming and has called the bill's passage a "historic achievement".² With the bill now passed, the voters of each local region where gaming would take place will decide if they want gaming in their locale.

With the passage of the casino-racino bill, there potentially will be up to 10,600 electronic gaming devices ("EGD's") added to the Kansas market. The state-owned but privately managed casino near Kansas City is expected to be on land near the Kansas Speedway and would be part of, or appurtenant to, a regional shopping and entertainment complex that exists today at the Speedway.

Given these recent developments, Olympia Gaming, LLC ("Olympia") and Red Development, LLC ("Red" or "Red Development") are considering submitting a proposal to the State of Kansas for the exclusive right to develop a full-service casino resort at Legends at Village West ("Project" or "Legends Casino"). As part of this proposal, Olympia and Red would like to better understand the Kansas City gaming market and the gaming revenue potential for a casino at the Legends at Village West site. In addition, the Company would like to examine the overall feasibility of developing a full-scale casino resort complete with a hotel, a mix of restaurants and other non-gaming amenities such as spa, conference center and entertainment center.

Olympia and Red have asked Gaming Marketing Advisors ("GMA") for 1) a Gaming Market Assessment to determine the gaming revenue potential for a casino located as part of Legends at Village West, 2) determine the feasibility of a hotel as part of the project and 3) forecast revenues and expenses for a full-scale casino-resort including a casino, hotel and related non-gaming amenities.

Methodology

Site Visit

The GMA Consulting Team first visited the Project site in order to understand the location of the Project and its relationship to nearby businesses and residential areas. Also, since the Project will be located near a regional shopping mall and racetrack, the Consulting Team quantified the number of visitors to the area. Other entertainment venues, such as nationally branded restaurants, movie theatres and entertainment centers were also examined for possible synergies with the Project.

¹ Cogan, J. Bank of America Equity Research. Email Update March 29, 2007

² NBC Action News Kansas City. Associated Press Report. March 29, 2007

http://www.nbcactionnews.com/content/news/kansas/story.aspx?content_id=ed5c30f8-de59-4bda-8cae-26ab1f8debc7

The Consulting Team then visited each of the primary gaming competitors in the greater Kansas City market in order to understand each casino's mix of gaming and non-gaming amenities, access to the region's highway network, each property's strengths and weaknesses, marketing strategies and the kinds of customers they appeal to. The Consulting Team also visited the Indian casino under construction in downtown Kansas City, KS as well as the Woodlands Race Track.

For the hotel feasibility study, the Consulting Team visited each of the hotels in the immediate area of the Speedway site. Where possible, the Consulting Team met with managers of area lodging properties in order to understand the current mix of customers, seasonality patterns and the effect that the shopping mall and racetrack have on their businesses. Upon completing its site visit, the Consulting Team moved forward with its analysis.

Gaming Market Assessment Analysis

To complete the Gaming Market Assessment GMA first determined the value of the Local Day-Trip Gaming Market by building a gravity model. The model was first calibrated to existing market conditions. Once the market was calibrated, the projected Legends at Village West Casino Day Trip Gaming Revenue was determined by estimating how various gaming factors would increase in the different sub-markets where new product is entering (i.e. Legends at Village West Casino Resort and Woodlands Racetrack Racino), and estimating the percent of revenue that would be cannibalized from the existing casinos in Kansas City, MO and the Indian casino in downtown Kansas City, KS. Based on the quality of the proposed Legends at Village West Casino Resort, GMA adjusted both the gaming factors of the local market and the overall attractiveness factor for the Project to determine the likely revenue levels that could be achieved from the Local Day Trip Gaming Market.

The Project site offers a considerable number of entertainment options and thus attracts tourists to the market. GMA estimated the gaming revenue that would be generated by tourists staying at nearby hotels as well as tourists staying at the Project's hotel.

The Project's proximity to the Legends Shopping Mall, Speedway and an independent baseball stadium will allow it to attract gaming customers whose primary reason to visit the area is for shopping or attending a sporting event. GMA quantified the visitation and gaming revenue that could be derived from these segments.

Finally, the Project is adjacent to an Interstate highway. While much of the traffic is generated by local residents, a certain portion is comprised of interstate travelers. The Project is expected to capture a portion of those travelers and that segment's gaming contribution was quantified. GMA estimated the capture rate of drive-by travelers and their expected contributions to gaming revenue.

The sum of gaming revenue derived from the day-trip market, tourists staying in both the Project's hotel and other hotels, attendees of sporting events, shoppers and drive-by travelers determined the total gaming revenue that would be derived from the Project.

Hotel Feasibility Study

It is expected that a full-service hotel will be an important part of this Project and, combined with a variety of other non-gaming amenities, will form the basis of Olympia and Red Development's proposal to the State of Kansas and will help differentiate its proposal from other bidders. In order to prepare a proposal that is both attractive to the State and viable to Olympia and Red Development, GMA conducted a Hotel Feasibility Study.

A hotel will service customers from a number of market segments including Tourists, Commercial Travelers, Group and Casino demand. GMA analyzed data from Smith Travel Research ("STR") to quantify each demand segment's market performance in terms of occupancy, average daily rate, seasonality and weekend versus weekday demand. In addition, the customers gambling in the casino will be an important demand generator. To quantify this segment, GMA evaluated the origin of gaming revenue as demonstrated by the gravity model and estimated the likely levels of hotel demand from that segment.

To confirm much of the data received from STR and to gather additional information on the market, the Consulting Team interviewed managers of local hotels to gather their understanding and potential of the local market area. In addition, The Consulting Team met with the local Chamber Of Commerce, Visitors and Convention Authority and economic development agency to gather information on the current market, and any planned developments that will likely come to fruition and could potentially have an impact on the Project.

With this information gathered, GMA conducted a fair share analysis to quantify the demand generated from these market segments. With both the casino demand and latent demand quantified, GMA was able to project the occupancy levels for the hotel.

The next step was to determine the projected Average Daily Rate ("ADR") for the hotel. This was completed by assigning average rates by demand segment based upon the competitive environment. GMA projected the ADR based upon the Consulting Team's recommendation for quality level of the hotel and whether or not a recommendation is made to flag the hotel.

Facility Programming Recommendations

After reviewing the mix of amenities at other Kansas City casinos and analyzing recent trends in other gaming markets, GMA made recommendations regarding the size and quality level of the hotel's banquet facilities, conference center, quantity, types and quality levels of the facility's restaurants as well as other non-gaming amenities such as a spa and retail operations.

Five Year ProForma Income Statement and Sizing Summary

With the casino and hotel revenues projected, GMA prepared a five-year proforma income statement for the new resort. Revenue categories within the proforma income statement included casino, hotel, food and beverage, banquet and meeting space, retail and other. To estimate food and beverage revenue, GMA estimated the number of covers

and revenue per cover for the expected F&B outlets. In projecting departmental and facility expenses, GMA evaluated competing facilities in the region to gather an understanding of the competitive makeup and player reinvestment strategies.

III. Site Description

Area Overview

The Project site is located in Wyandotte County, KS on the far western portion of the Greater Kansas City metroplex. While the region's central business district is located on the Missouri side of the Missouri River, the immediate market area contains a sizable amount of commercial, retail, office and industrial development as well as sizable amount of residential development.

The site offers convenient freeway access to virtually all parts of the Kansas City metroplex and is in fact, more convenient to residents of both western Wyandotte County as well as those residing in Johnson County and the communities in the southern portion of the metroplex. The map below illustrates the Project site within the Kansas City metroplex and its location to regional competitors.



Currently, all gaming competition is concentrated along the north side of the Missouri River in Kansas City, MO. The Wyandotte Nation Casino will open within the Civic Center in Kansas City, KS. The closest competitor will be the Woodlands Race Track, approximately 3.5 miles to the north of the Project site. The table below details distances of local competitors to the Project site.

Property	Miles
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Source: MapPoint

The Project site is located just north of the Kansas Speedway, at the intersection of Parallel Parkway and North 110th Street in Kansas City, KS. The site is just north of the intersection of two interstate highways. Interstate 70 is a primary east-west corridor connecting Denver to St. Louis and Interstate 435 serves as a beltway around the Kansas City metroplex.

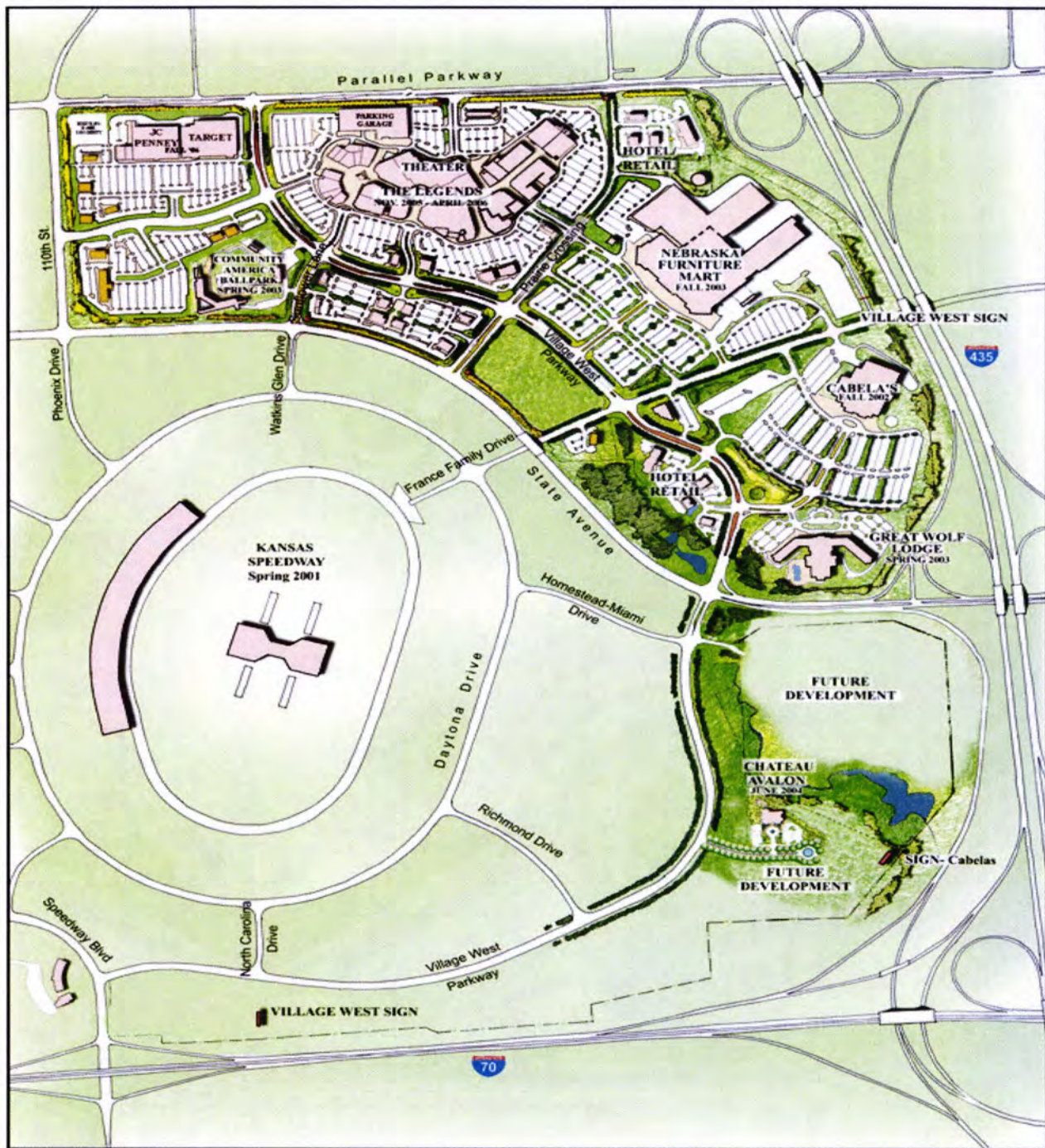









The Project site is just west of Legends at Village West, a regional shopping mall developed by Red Development and the Village West master planned entertainment and retail development. In addition to the mall, Legends and Village West include a number of freestanding stores including Cabela's Sporting Goods and the Nebraska Furniture Mart. The latter is largest freestanding single tenant retail outlet that the Consulting Team has ever seen at approximately 750,000 sq ft.

Further east in relation to the Project site, but within the confines of the Village West development is Great Wolf Lodge. Great Wolf Lodge is a highly themed, family-oriented hotel property. In addition to 281 hotel rooms and suites, the property features an indoor water park, oversized arcade, spa and family-oriented dining outlets.

Just to the southeast of the Project site, an independent baseball stadium was developed. The Speedway and ballpark are expected to contribute to periodic dramatic increases in visitation to the Project while the shopping mall is expected to bring steady volumes of both overnight and day-trip visitation.

The map on the next page is from the master developer of the area, Zimmer Commercial Real Estate Services, and shows the Legends and Village West Development and the location of the hotels and attractions. The Project site is clearly marked with an X.



 <p>VILLAGE WEST REDEVELOPMENT AREA Unified Government Wyandotte County/ Kansas City, Kansas</p>	 EXISTING DEVELOPMENT	  	
	 PLANNED DEVELOPMENT		

Project Program

The Project is expected to contain the following facilities program. GMA worked with Olympia and Red Development to determine the optimal building plan: new program phase I residential

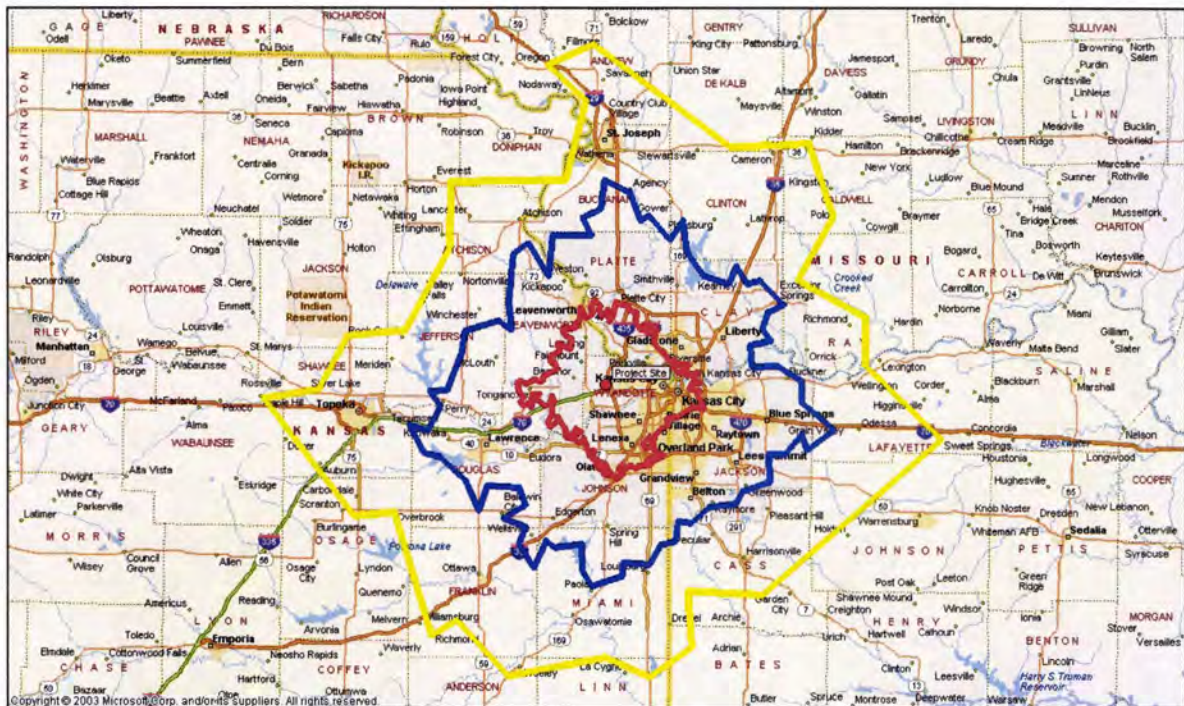
Phase I:

- Hotel
 - o 350 room branded hotel (4 star rating)
 - o Two outdoor swimming pools
- Spa
 - o 15,000 SF
 - o Inclusive of Beauty Salon and Fitness Centre
- Casino
 - o 2,000 Class III slot machines
 - o 60 table games
 - o 12 poker tables
- Approximately 45,000 SF of meeting & banquet space
 - o 20,000 SF net leasable
- Dining
 - o Buffet
 - o Coffee Shop
 - o Fine Dining
 - o Casual Dining
 - o Coffee Kiosk
 - o Deli
 - o 24 Hour room service
- Four bars & lounges
- 1,000 SF Showroom
- 5,000 SF of in-house retail
- Signature Semi-Private Golf Course
 - o Only open to members, hotel guests and invited casino guests
- 10,000 SF child care facility (outsource)
- Parking
 - o 1,500 space garage
 - o 2,000 surface parking spaces

IV. Market Overview

Local Population Analysis

In order to gain a better understanding of the Greater Kansas City market area, GMA conducted a number of preliminary analyses. Utilizing PCensus demographic mapping software, the Consulting Team first conducted a drive-time analysis. Drive times of 0-30 minutes, 30-60 minutes and 60-90 minutes were drawn around the Project site. For each ring total population, adult (21+) population and average annual household income ("AAHI") were quantified. The map below illustrates these drive times.



0-30 Minute Market

The population within a 30-minute drive of the Project was estimated at approximately 1.3 million people in 2006, with approximately 71% of the population 21 years of age or older (adults). The population is expected to grow at an average annual growth rate of 1.0% and by 2011 have a population of nearly 1.4 million people, 72% of whom will be adults. The area is growing slightly faster than the national average, expected to increase at an annual growth rate of 0.9% between 2006 and 2011. 19% of the population is expected to be over the age of 65 in 2011.

30-60 Minute Market

The population within a 30-minute and 60-minute drive of the Project was estimated at approximately 0.97 million people in 2006, growing annually at a growth rate of 0.8% for a total population of 1.01 million people in 2011. The annual growth rate of this region is slightly behind the national average's annual growth rate of 0.9% between 2006 and

2011. Approximately 71% of the population are adults in this segment and over the next five years, the adult population is expected to grow to 72%.

60-90 Minute Market

The area between a 60 and 90-minute drive from the Project site is more rural than the areas within an hour's drive. The population within a 60 and 90-minute drive from the Project was estimated at approximately 228,000 people in 2006 and is only expected to grow to approximately 234,000 people by 2011, a 0.5% annualized growth rate. In 2006, just over 72% of the population were adults and by 2011, it is estimated that nearly 74% of the population will be adults. Approximately 15% of the population are 65 years of age or older. 39% of the population is between 35 and 64 years of age.

Total Population by Driving Time				
	2000	2006	2011	'06-'11 CAGR
0 min - 30 min	1,219,934	1,302,117	1,367,543	1.0%
30 min - 60 min	918,148	971,175	1,011,411	0.8%
60 min - 90 min	220,003	228,251	233,556	0.5%
TOTAL	2,358,085	2,501,543	2,612,510	0.9%
Source: AGS/GMA				

Adult (21+) Population by Driving Time				
	2000	2006	2011	'06-'11 CAGR
0 min - 30 min	899,863	929,104	982,876	1.1%
30 min - 60 min	666,382	687,088	723,708	1.0%
60 min - 90 min	161,959	165,054	172,183	0.8%
TOTAL	1,728,204	1,781,246	1,878,767	1.1%
Source: AGS/GMA				

Average Annual Household Income (AAHI) by Driving Time				
	2000	2006	2011	'06-'11 CAGR
0 min - 30 min	59,005	66,720	72,992	1.8%
30 min - 60 min	54,481	60,426	66,299	1.9%
60 min - 90 min	44,133	49,168	53,342	1.6%
TOTAL	55,856	62,675	68,644	1.8%
Source: AGS/GMA				

Local Economic Analysis

In order to gain a better understanding of the strength of the region's economy, GMA analyzed historical unemployment levels for Kansas City MSA and Wyandotte County. In addition to providing insight into the strength of the local economy, this analysis illustrates the overall stability of a region's economy.

In general, the unemployment rates in the regions studied in this analysis have followed national trends over the past five years. Unemployment rates experienced in the Kansas City MSA remained below or close to national levels from 2002 to 2006 while rates experienced in Wyandotte County were substantially higher. In 2002, 5.5% of the labor force was out of work in the Kansas City MSA, slightly below the national rate of 5.8%. In the same year, 7.6% of the labor force in Wyandotte County was unemployed.

Unemployment Statistics					
	Wyandotte County	Kansas City MSA	United States Average	Var Wyandotte County - US Avg	Var Kansas City MSA - US Avg
2002	9.9%	5.5%	5.8%	4.1%	-0.3%
2003	11.2%	6.0%	6.0%	5.2%	0.0%
2004	9.5%	6.1%	5.5%	4.0%	0.6%
2005	8.9%	5.6%	5.1%	3.8%	0.5%
2006	7.6%	5.0%	4.6%	3.0%	0.4%
2006 - 2002 Var	-2.3%	-0.5%	-1.2%	-1.1%	0.7%

Source: Bureau of Labor Statistics, GMA

Unemployment rates in both the Kansas City MSA and Wyandotte County rose through 2003 as the national economy slumped following the 9/11 terrorist attacks and the burst of the dot com bubble. In 2003, unemployment rates hit 6.0% for both the Kansas City MSA and the nation while rising to 11.2% in Wyandotte County. Unemployment continued to rise in the Kansas City MSA reaching a high of 6.1% in 2004 before dropping to 5.6%, slightly above the national level of 5.1%, in 2005. In 2006, the Kansas City MSA saw unemployment fall to 5.0% as the nation saw unemployment fall to 4.6%. In 2005, the unemployment rate in Wyandotte County dropped to 8.9% and continued to drop to 7.6% in 2006.

Local Lodging Trends

The Kansas City MSA lodging area has approximately 29,000 hotel rooms. According to Smith Travel Research, the average occupancy for the hotels within the immediate market area was 63.5% in 2006 with a \$113 ADR. The market is seasonal with the winter months being the weakest time for occupancy. The summer months are the strongest for occupancy while ADR stays fairly consistent throughout the year.

According to a recent Kansas City Star article, the average hotel occupancy for Kansas City as a whole is between 60-65% annually and in the mid-50%'s for the first quarter. During the first quarter of 2007, the Kansas City hotel market was challenged with hotel occupancy for the city at 52.8%, the lowest it has been since 2003.³ Kansas City's ADR however was able to grow 5%, resulting in a RevPAR increase of 2.6% during the quarter over the previous year. The immediate Project area's hotels had an occupancy of 60.0% in the first quarter of 2007, a 3.7% increase from the prior year and a 7% premium over

³Alm, Rick. *Kansas City First Quarter 2007 Hotel Occupancy Falls from 54.2% a Year Ago to 52.8%*. Kansas City Star. 30 May 2007 http://www.hotel-online.com/News/PR2007_2nd/May07_KCOccupancy.html Last accessed 06/01/2007

the greater Kansas City area. The immediate Project area's hotels also saw an ADR increase of 4.4% from the previous year resulting in a RevPAR increase of 11.3%.

The following chart displays the hotels and number of rooms within a 5-mile radius of the Project site that will directly compete with the Project.

Nearby Hotels to Olympia Project Site	
Hotel Name	# Rooms
Great Wolf Lodge	281
Holiday Inn Express	96
Hampton Inn	76
Comfort Suites	45
Chateau Avalon	62
TOTAL	560

Great Wolf Lodge

With 281 rooms, Great Wolf Lodge is a family-friendly, indoor water park hotel and resort. Catering specifically to families with children, Great Wolf has family-oriented activities, an arcade, a spa and food and beverage outlets.

Holiday Inn Express and Comfort Suites

These nationally branded hotels are the “cookie-cutter” hotels that are developed throughout the nation. At around 3 stars, the properties are consistent with the other properties in the chain. Both hotels were developed in the last four years so they do not show the wear and tear yet that other lodging properties do outside the immediate area.

Hampton Inn

The newest hotel in the area is the Hampton Inn. This property is unique because it is the only Hampton Inn in the chain that has a log-cabin-style exterior. The rooms and public areas however, are standard Hampton Inn and 3-star quality.

Chateau Avalon

Positioned as a suite-only product, the Chateau Avalon has made itself a getaway for couples looking for intimate time together. Complete with a spa, outdoor fountain and statuary, the room product is themed with different suites like Casablanca, Roman Dynasty and Camelot.

Trends in Kansas and Missouri Gaming

The location for the Project is close to the Kansas-Missouri border. Because of the fully developed highway system in and around the Greater Kansas City metropolitan area, gamers in the region have fairly easy access to all competitors, albeit with some increases in drive time, depending on their place of residence. Therefore, it is important to understand the issues facing gaming operators in both states.

Missouri Gaming Trends

Voters in Missouri in 1992 approved gaming for riverboat casinos, whether cruising or while docked, and a \$500 loss limit per day on casino gaming. Today there are 11 riverboat casinos with 17,749 slot machines, 463 table games, and 100 poker tables, 1,530 hotel rooms, 48 restaurants, and 22 entertainment venues in the State of Missouri.⁴

In the Missouri Gaming Commission's 2006 Annual Report, Chairman Noel J. Shull and the Commission made recommendations on loss limits, tax rates, and problem gaming.

Loss Limits

The Chairman encouraged the legislature, in his "Message from the Chairman" section of the report, to closely examine the impact of the \$500 loss limit provision in the current gaming law. Chairman Shull estimated that the loss limit is potentially costing the state \$100 million annually in additional gaming tax revenues. The Missouri Gaming Commission believes that Missouri is the only location in the world that currently imposes a loss limit.

If the Missouri legislature heeds the advice of Chairman Shull, it could mean more significant tax revenue for the state as well as more investment from current operators and further interest in gaming development. Members of the gaming industry are willing to accept a 1% increase in the state gaming tax as a trade off for the elimination of the \$500 loss limit.

On March 27, 2007 Senate Bill 430 (SB 430) was debated a second time on the Missouri Senate floor. However, due to a last minute filibuster the scheduled vote never took place. It is likely that a similar bill will be introduced in the next legislative session. If passed SB 430 would have:

- Repealed the \$500 maximum loss limit per player per gambling excursion.
- Instituted a cap of 13 gaming licenses in Missouri.
- Imposed a 1% increase in the tax rate on gross gaming revenues.
- Proceeds would have been used to fund scholarships for Missouri residents.

⁴ Casino City 2006 North American Gaming Almanac. Pg 257

Tax Rates

The Commission discussed how Missouri's tax rate compares to neighboring states. The effective tax rates are displayed in the following chart.

Effective Tax Rates in IL, IA, MO, and KS	
State	Effective Tax Rate
Illinois	37.7%
Iowa	21.7%
Missouri	27.4%
Kansas	27.0%

Source: Missouri Gaming Commission 2006 Annual Report, GMA

The Commission believes that Missouri casinos have been profitable in spite of the high tax rate because of the Commission's gradual approach to licensing. The Commission judiciously expands gaming within the state when the market warrants it.

Missouri Gaming Commission believes that Illinois' high tax rate hurts Illinois' ability to grow casino revenue. The Commission is nervous because at the time the Annual Report was written, the Illinois legislature passed a bill lowering the top tax rate to 50%. While this will still make the tax rate higher than Missouri and Iowa, Missouri believes that if the bill is signed, the Illinois casinos may increase their capital investments in the properties, which could hurt the surrounding states' ability to drive casino revenue.

Illinois' tax level can be seen by the gaming industry as a disincentive to increased capital investment. At the time of the drafting of the 2006 Annual Report, the Illinois legislature was reconsidering its tax policy. In Illinois Governor Blagojevich's FY 2008 budget proposal,⁵ the following is outlined:

1. 5% increase in tax on gambling revenue between \$25 million and \$50 million;
2. 5% increase in tax on gambling revenue between \$150 and \$200 million; and
3. Instituting a license renewal fee - calculated as 10% of the previous year's gambling revenue.

In response to Blagojevich's proposal, Tom Swoik, executive director of the Illinois Casino Gaming Association, has said that he is opposed to any tax increase unless additional gaming positions are permitted in conjunction with the increase.

Problem Gaming

The Missouri Gaming Commission also recommended the General Assembly enact legislation that would direct the jackpot winnings of problem gamblers who have voluntarily excluded themselves from Missouri casinos into a fund for problem gambling prevention and treatment. The current law allows the casino to keep the money from these self-excluded gamblers who, if they choose to gamble in a Missouri casino, are doing so illegally.

⁵ CIBC World Markets. 2007 Legislative Report. 3/14/2007

Implications for Kansas Speedway Project

If the Missouri legislature heeds the advice of the Chairman in the next legislative session and eliminates the \$500 loss limit, it should have a positive impact on gaming in Missouri. Missouri should be able to increase the win per patron and increase the number of patrons (those who did not go because of the limit or requirement that their gaming activity be tracked). The Project may find increased competition should the loss limit be repealed. The Project should be able to benefit from a cap of 13 licenses in Missouri and capitalize on overflow from the casinos nearby on busy weekends.

Kansas Gaming

Tribal Gaming

The Governor of Kansas entered into compacts with Native American tribes in 1995, allowing tribal casinos to offer Class III games.⁶ The first tribal casino opened in May of 1996. Since 2004, Governor Kathleen Sebelius has undergone continued negotiations with the tribes and reached a compact proposal. The proposal sets limits on the amount of gaming allowed in the future. In addition to barring new tribal casinos, the compact sets a limit of no more than 500 slot machines within a 100-mile radius at a pari-mutuel track. Outside the 100-mile limit, the limit is no more than 1,500 slots at racetracks. During the 2005-2006 legislative session, lawmakers in the House and Senate proposed two bills regarding tribal gaming compacts, but both died.

There are currently five tribal casinos in Kansas operated by four tribes: the Iowa Tribe of Kansas and Nebraska, the Kickapoo Tribe of Kansas, the Prairie Band Potawatomi Nation and the Sac and Fox Nation of Missouri. These casinos have a mix of Class II and Class III games with the exception of the Prairie Band Casino and Hotel which is 100% Class III.⁷ A detailed explanation of Class II and Class III games can be found later in this section.

Casino White Cloud

The Iowa Tribe of Kansas and Nebraska operates Casino White Cloud, an intimate casino operation with 21,000 sq ft of casino space with 360 slot machines, 6 table games and 400 bingo seats.

Golden Eagle Casino

The Kickapoo Tribe of Kansas operates the Golden Eagle Casino, a slightly larger casino with 45,000 sq ft of casino space with 777 slot machines, 14 table games and 368 bingo seats.

Harrah's Prairie Band Casino

The Prairie Band of Potawatomi Indians owns the Prairie Band Casino and Hotel in Mayetta, KS. The casino opened on January 12, 1998. The Tribe had previously entered into an agreement with Harrah's Entertainment whereby Harrah's would operate the

⁶ Casino City's 2006-2007 North American Gaming Almanac. Pg 202. January, 2007

⁷ Phone interview with Rachel in Harrah's Prairie Band Casino Slot Department who stated Harrah's is the only 100% Class III casino in Kansas. 3/27/2007

casino enterprise. That agreement expires in June 2007. At that time, the Tribe will assume day-to-day operation of their gaming enterprise.

Potawatomi Nation Bingo

The Prairie Band Potawatomi Nation owns and operates a bingo hall with 60 electronic bingo machines and 508 live bingo seats.

Sac & Fox Casino

The Sac and Fox Nation of Missouri owns the Sac & Fox Casino with 500 slots and 9 table games in 40,000 sq ft of gaming space.

Trends in Kansas Gaming

In late March of 2007, proponents of the expansion of gaming in Kansas won two major victories after years of attempting when the House and Senate approved a bill allowing state-owned casino gaming in Kansas City, Wichita, Dodge City and southeast Kansas. The bill also allowed 2,200 slot machines to be distributed over the three horse tracks.⁸ The bill, also called the Kansas Expanded Lottery Act gave the Kansas Lottery control of determining the companies that will manage the state-owned casinos and gave the Kansas Racing and Gaming Commission oversight of the operations.

According to a Kansas City Kansan article, the supporters of the bill want to realize \$200 million per year in revenue without having to raise taxes by having the state own the casinos.⁹ The bill calls for casino operators to invest at least \$225 million and pay a one-time, nonrefundable fee of \$25 million. The state would receive at least 22% of the casinos' revenue and 40% of the slot revenue from the tracks. Also, the bill specifies that an additional 2% of the revenue from both casinos and slots would go to programs to help addicted gamblers. Supporters believe the programs could receive as much as \$16-17 million per year.

On March 25, 2007 the Kansas City Kansan discussed the development plans of two tribes to build a casino in Wyandotte County.¹⁰ The Kickapoo and Sac and Fox tribes own 80 acres of land just northwest of the Kansas Speedway and are hoping the legislature will allow them to develop the land into a world-class resort with a casino.

With the passage of the casino-racino bill, there will be potentially up to 10,600 slot machines added to the Kansas market, which currently has 2,785 slots.¹¹

⁸ Cogan, J. Bank of America Equity Research. Email Update March 29, 2007

⁹ Kelsey, Matt & Hurtle, Sam. *Supporters Rejoice After Senate Approves Gambling Package*. Kansas City Kansan. <http://www.kansascitykansan.com/articles/2007/03/30/news/news1.txt> Last accessed 3/31/07

¹⁰ Kelsey, Matt. *Waiting on state approval, Native American tribes have big plans for Wyandotte County casino*. Kansas City Kansan. <http://www.kansascitykansan.com/articles/2007/03/25/news/news3.txt> Last accessed 3/27/07

¹¹ Stutz, Howard. Las Vegas Review Journal. *GAMBLING BEYOND NEVADA: Manufacturers keeping eyes fixed on Kansas*. http://www.reviewjournal.com/lvrj_home/2007/Mar-30-Fri-2007/business/13476043.html

Casino City. North American Gaming Almanac 2006-2007 edition. Pg 201

2,200 slot machines will be distributed among the three racetracks in the state. The Woodlands Racetrack is the nearest racetrack to the Project, just minutes off of I-435. While the specific division of the 2,200 slot machines is unclear at this time, GMA estimates that there will be 800 slots at The Woodlands Racetrack and it will take up to 24 months to introduce slot machines at the track.¹²

The Prairie Band Potawatomi has stated that they plan to challenge the law once it is enacted because they believe it violates the Kansas Constitution, said tribal chairwoman Tracey Stanhoff.¹³

Recent Developments

In April, 2007 the Kansas Lottery released the initial application for companies to follow to apply for the management contract of the state-owned but privately managed Kansas casinos. There are barriers to entry within the application that will keep inexperienced companies and companies not positioned for growth from submitting proposals. Part of the application in its current form includes conditions that the company prove it has sufficient access to financial resources to support the activities required of a Lottery Gaming Facility Manager under the KELA and that the company has no less than three consecutive years' experience in the management of one or multiple class III gaming facilities.

On June 26, 2007 Wyandotte County voters passed legislation allowing the introduction gaming into their county, giving Olympia and Red Development until December 31, 2007 to submit its proposal for management of the Project. The minimum investment has been increased in Wyandotte County from the \$225 million, as originally established by the Kansas Lottery, to \$300 million to ensure the property will be a destination resort by the Unified Government.

¹² Hurtle, Sam & Kelsey, Matt. *Supporters Rejoice After Senate Approves Gambling Package*. Kansas City Kansan. 3/30/2007 <http://www.kansascitykansan.com/articles/2007/03/30/news/news1.txt>

¹³ Fox 4 Kansas City.
<http://www.myfoxkc.com/myfox/pages/News/Detail?contentId=2795330&version=7&locale=EN-US&layoutCode=TSTY&pageId=3.2.1>

V. The Competition

Competitive Landscape

Four casinos currently serve the greater Kansas City market and all are located on the Missouri side of the border. They include the Ameristar Casino Hotel and Casino, Harrah's Hotel and Casino, Argosy Hotel & Casino and Isle of Capri. Also, the Wyandotte Nation is moving forward with re-opening its Class II gaming facility in downtown Kansas City, KS.

The table below details the size of each of the Project's primary competitors.

Kansas City Gaming Supply					
	Ameristar	Harrah's	Argosy	Isle	TOTAL
Slots	2,900	1,790	1,800	1,550	8,040
Table Games	105	60	40	25	230
Poker Tables	15	12	7	6	40
Source: MO Gaming Commission/ Casino City/ EDGAR Online					

The Kansas City gaming market has grown at substantial rates since the introduction of casino gaming into the market in 1994. From Fiscal Year 1995 to 2006 (Fiscal Year ends June 30 of each year) the gaming market grew at an average annual rate of 14.6%. From FY 2000 to FY 2006, the market experienced strong growth at an average annual rate of 5.1%. With the completion of Harrah's recent hotel expansion and refurbishment of its casino and dining amenities, the market continued to experience strong growth, growing 3.7%, in FY 2006 over FY 2005.

The four existing casinos have all experienced significant growth over the past decade. As evidenced by their subject gaming revenues, each expansion of a gaming facility has resulted not only in individual property growth, but an overall increase in market revenues.

The only casino that was unable to succeed in the Kansas City marketplace was Boyd Gaming's Sam's Town Gambling Hall, which opened in September 1995, and closed in July of 1999. However, GMA does not believe that Sam's Town failed as a result of lack of market demand but rather it was hindered by a poor location in between the Harrah's and Ameristar properties (formerly a Stations property) and also suffered from poor access.

The following table details market and individual property gaming revenues for all properties in the Kansas City market.

Historical Kansas City Gaming Revenues

Fiscal Year	Argosy	Harrah's	Isle (Hilton)	Ameristar (Station)	Sams Town	TOTAL	Year Over Year Growth
2006	\$ 151,424,672	\$ 201,746,959	\$ 92,445,530	\$ 259,908,271	N/A	\$ 705,525,432	3.7%
2005	\$ 149,634,188	\$ 184,935,738	\$ 100,624,613	\$ 245,287,918	N/A	\$ 680,482,457	4.8%
2004	\$ 124,003,379	\$ 199,332,830	\$ 100,107,936	\$ 225,875,976	N/A	\$ 649,320,121	6.0%
2003	\$ 95,642,071	\$ 207,873,039	\$ 99,271,902	\$ 209,781,150	N/A	\$ 612,568,162	2.7%
2002	\$ 100,073,364	\$ 202,609,471	\$ 96,717,035	\$ 196,791,350	N/A	\$ 596,191,220	7.5%
2001	\$ 98,080,488	\$ 196,712,907	\$ 74,889,468	\$ 184,987,616	N/A	\$ 554,670,479	6.2%
2000	\$ 93,875,436	\$ 175,393,292	\$ 77,661,349	\$ 175,452,672	N/A	\$ 522,382,749	9.7%
1999	\$ 77,390,591	\$ 169,067,707	\$ 66,211,269	\$ 162,671,060	\$ 635,836	\$ 475,976,463	8.6%
1998	\$ 67,173,278	\$ 155,261,029	\$ 50,119,719	\$ 129,559,877	\$ 36,149,283	\$ 438,263,186	17.9%
1997	\$ 69,902,019	\$ 163,179,336	\$ 29,374,953	\$ 58,827,225	\$ 50,585,151	\$ 371,868,684	30.0%
1996	\$ 87,704,983	\$ 141,492,526	N/A	N/A	\$ 56,840,633	\$ 286,038,142	81.6%
1995	\$ 71,462,985	\$ 86,053,437	N/A	N/A	N/A	\$ 157,516,422	

* Fiscal Year Ends June 30

Source: Missouri Gaming Commission

Ameristar Casino Hotel

The Ameristar Casino Hotel is the largest casino in Kansas City and the second largest casino in Missouri. Its 2,900 electronic gaming devices and 120 tables are housed in two Victorian themed, two story barges, which are seamlessly connected to one another. The property is amenity rich and features entertainment options that one would normally find in a Las Vegas locals' casino rather than in a Midwest riverboat. It is located approximately 8.5 miles from the Project site on the north side of the Missouri River.

The property was originally developed by Station Casinos. However, an impending investigation of senior Station Casino executives by the Missouri Gaming Commission forced the company to sell the property to Ameristar Casinos and exit the Missouri market. After assuming ownership, Ameristar rebranded the property and expanded the gaming floor.

Ameristar Hotel and Casino



Ameristar is currently the market leader in terms of gross gaming revenue. Over the trailing twelve months of reported data (March 2006 – February 2007), the property generated \$256.3 million in gaming win. The property maintains a very generous player

rewards program, which includes an aggressive database marketing program. The casino uses its hotel to reward loyalty with attractive overnight lodging offers.

The property also maintains over a dozen dining outlets including six restaurants with table service. Food quality is excellent but the property has struggled to maintain high dining head counts due to a number of factors including pricing, location and overall capacity.

The following is a list of the amenities included in the property.

Dining

- Amerisports Brew Pub (2-meal sports bar and restaurant)
- Arthur Bryant's Barbecue (2-meal self-serve)
- Bugatti's (Italian dinner house)
- Casino Deli (Self-serve dining located on the casino barge)
- Falcon Diner (3-meal casual dining)
- Falcon Diner Self-Serve Counter
- Food Court (Serving the movie theatres, arcade and casino)
- Great Plains Cattle Co. (Steakhouse)
- Horizons Buffet (3-meal)
- Pearl Oyster Bar (2-meal casual dining)
- Asian Noodle Bar (2-meal casual dining)

Entertainment

- Star Pavilion (1,400 seat entertainment venue)
- Depot #9 (Replica railroad car converted to a bar and lounge)
- Casino Cabaret (Casino bar with raised stage)
- 18-screen Regal movie theatre complex
- Kids Quest soft play activity center
- Arcade

Hotel

- 392 room full-service 4 star hotel

Harrah's Casino Hotel

Harrah's is located in North Kansas City. It has consistently maintained the #2 position in the market, with the past twelve months gaming revenues totaling \$198.7 million. The property recently underwent an expansion and renovation. A second hotel tower and nightclub were added, restaurants were re-branded and the casino was re-themed. The property carries a more contemporary theme and is now arguably the most attractive in the market. However, Ameristar still offers the premium hotel product between the two.

Harrah's Hotel and Casino



Harrah's North Kansas City leads the market in terms of win per position, averaging \$237 over the past twelve months. Through the combination of a superior gaming product and nationwide rewards program, Harrah's has effectively marketed to and penetrated the local Kansas City market. The following details the non-gaming components that comprise Harrah's North Kansas City.

Dining

- The Range Steakhouse (Dinner house)
- Moby's Fish Tales (Dinner house)
- Toby Keith's 'I Love This Bar and Grille' (Country music themed 2-meal restaurant, bar and entertainment lounge)
- The Buffet at Harrah's (3-meal)
- Corner Grill (Casino snack bar)
- Starbucks

Entertainment

- Voodoo Lounge (showroom and dance club)

- Purple Twist (high energy casino bar with raised stage)

Hotel

- 392 room 3 ½ star hotel and suites
- 10,000 square feet of banquet and meeting space

Argosy Casino

In 2004 the Argosy Casino replaced its aging boat with a \$105 million castle themed barge, pavilion and 1,200-space parking garage. A 250-room hotel opened in April 2007. Over the past 12 months, the casino generated \$164.8 million in gaming win, with an average win per position of approximately \$212.

Argosy sits in a somewhat protected market, serving the communities near and north of the Kansas City Airport. The new facility, while of less quality than both the Harrah's and Ameristar facilities, is a significant improvement over the old property. Despite having a property of lower quality than its two larger competitors, the Argosy property generates the highest win per patron.

Argosy Hotel and Casino



Similar to the other market competitors, Argosy offers an aggressive rewards program. With the new facility came a handsome amount of new slot product, which is expected to

assist the property in further increasing its levels of gaming revenue. The new Argosy facility offers a nice complement of non-gaming amenities, as follows:

Dining

The new pavilion contains a number of themed dining experiences, clustered along a faux streetscape. They include:

- The Journey (North African themed steakhouse)
- Terrace Buffet (3-meal)
- Crazy Olives (2-meal dining and bar)
- Zoe's (Coffee and pastries)
- Leo's Deli (Casino snack bar)

Entertainment

- Casino Stage Bar (High energy casino bar with raised stage)
- Crazy Olives (Bar and restaurant offering lounge entertainment)

Hotel

- A 250-room hotel opened in April 2007.
- 11,000 square feet of banquet and meeting space.

Isle of Capri

The Isle of Capri is the oldest boat in the market and in need of a wholesale replacement. In addition to operating in an aging facility, the casino has done a poor job of maintaining an up-to-date gaming product or a timely conversion to 100% TITO. With trailing 12 month gaming revenue of \$89.5 million at a paltry \$139 win per position, the Isle generates the lowest levels of gaming win.

The casino facility is a traditional single floor riverboat with a dilapidated boarding pavilion dating back to a time when riverboats still cruised. Based upon site visits made to the casinos in the market, it appears that the Isle facility attracts a lower middle class gaming customer. In addition to having the least number of non-gaming amenities, the casino is the only facility in the market without plans of adding a hotel.

It can be expected that in upcoming years, Isle of Capri will either invest significant levels of capital into the facility or sell the operation. At this point in time, there have been no formal or preliminary plans announced by the Isle of Capri. Interestingly, Isle of Capri Corporate recently announced that it will be relocating its headquarters to St. Louis. Since the Alton Belle Riverboat Casino in Alton, IL may be put up for sale by Penn National, Isle of Capri may have long term plans of investing capital in the Missouri market.

The Isle of Capri's non-gaming amenities are not competitive with the other casinos in the market. These amenities include:

Dining

- Farraday's Bistro (Dinner house)
- Calypso Buffet (3-meals)

- Tradewinds (Quick serve snack bar)
- Tradewinds Express (Casino snack bar)

Entertainment

- Casino bar with stage

Isle of Capri Casino



Woodlands Race Track

The nearest competition to the Project will most likely be Woodlands Racetrack, just minutes off of I-435. While the specific division of the 2,200 slot machines is unclear at this time, Gaming Market Advisors estimates that there will be 800 slots at The Woodlands Racetrack and it will take up to 24 months to introduce slot machines at the track.¹⁴

Wyandotte Nation Casino

The Wyandotte Nation of Oklahoma is developing a gaming facility on lands owned in trust in downtown Kansas City, KS. This project is comprised of 400-600 Class II gaming devices, and related amenities such as food and beverage service.

In the fall of 2003, the Tribe opened a temporary gaming facility in two trailers located on a parking lot adjacent to the historic Shriners' Building, the permanent structure on the Kansas trust land. That facility operated with approximately 150 Class II gaming devices from September, 2003 through April, 2004. The temporary facility closed in April, 2004 as the result of a raid ordered by the Attorney General of the State of Kansas, who claimed jurisdiction despite the federal trust status of the property. The gaming devices, related equipment and cash were seized, and the Tribe's General Manager was arrested.

Between April, 2004 and April, 2007, there were a series of legal rulings in favor of the Tribe. First, the actions of the Attorney General in carrying out the raid and arrest were

¹⁴ Hurtle, Sam & Kelsey, Matt. *Supporters Rejoice After Senate Approves Gambling Package*. Kansas City Kansan. 3/30/2007 <http://www.kansascitykansan.com/articles/2007/03/30/news/news1.txt>

deemed improper because the State was found to have no jurisdiction over the property or the activities on the property. The criminal charges against the General Manager were dismissed. Second, a determination by the National Indian Gaming Commission that the Tribe was not eligible to conduct gaming operations on the Shriners' property was reversed by the U.S. District Court in Kansas. The United States first appealed this ruling, then dismissed the appeal, letting stand the decision that the Tribe has the right to conduct gaming on the Shriners' property.

Finally, the same court ruled that the actions of the United States in originally taking the land into trust in 1996 were proper. With the legal path now virtually cleared, the Tribe is moving to develop a permanent gaming facility inside the Shriners' Building itself, rather than in trailers.

Wyandotte Nation's Casino at Shriners' Site



VI. Gaming Market Assessment

A Gaming Market Assessment was conducted to understand the potential gaming revenue of the Project. A variety of revenue sources were considered because of the complexity of the Project including: the Local Day Trip market, hotel gaming revenue from the Project's hotel, gaming revenue from lodgers at hotels within the immediate area, gaming demand from patrons attending events at the Kansas City Speedway, gaming demand from passenger cars traveling along the two main highways adjacent to the site, and gaming demand from visitors to the Cabela's, Nebraska Furniture Mart and Legends developments including the baseball stadium.

Methodology: Locals Market

In order to quantify revenues generated by the day trip market segment, GMA developed a series of Gravity Models. A Gravity Model is a model 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.¹⁵ Newton's theory, which was first published in his 1687 work, "Mathematical Principles of Natural Philosophy," started to be adapted for commercial applications early in the 20th century.

For commercial purposes, the theory can generally be applied as follows: if one has two equally sized commercial establishments (for example a retail store), then an individual that lives in the middle of the two establishments will be equally attracted to each. Should one of the commercial establishments be twice the size (which in theory doubles its attractiveness factor) then the larger of the two establishments will have twice the attraction. Alternatively, should both establishments be the same size, and an individual resides half the distance to one versus the other, then that individual, in theory, will be four times (two squared) as attracted to the closer establishment.

Through a number of modifications, Newton's Law of Gravitation can be applied to casinos. While a casino twice the size of another may not have twice the attraction of another, it does have some constant increased factor of attraction. In terms of distance, squaring the distance is not necessarily always the right figure. Typically, the power to which the distance is taken varies from a factor 1.5 to 2.5. The reason for this is that actual distance between two locations will have a different impact on varying communities throughout the United States. This is primarily attributed to varying traffic patterns and geographical barriers between different communities, which can result in significant changes in drive time. For example, for an individual living in rural Texas, traveling 100 miles to reach a business may not be perceived as a barrier as it would likely take less than 1 ½ hours to reach. However, for someone living in the middle of New York City, 100 miles could take up to three hours due to traffic congestion.

¹⁵ Wikipedia, the free encyclopedia. <http://en.wikipedia.org/wiki/Gravity>

By researching historical revenue levels at each of the casino properties within the competitive set, researching the number of gaming positions provided within each, visiting each facility to understand their relative aesthetic attractiveness (including a consideration of non-gaming amenities), and utilizing gaming factors from proprietary and public sources, the model can be calibrated to current market conditions.

The Kansas City Local Day Trip Gaming Market

The Kansas City Gaming Market is a mature gaming market with four riverboat casinos on the Missouri side of the river and two tribal casinos on the rural Kansas side to the west.

The general Kansas City market was carved out into eight different segments as seen in the map on page 32.

NW Kansas City

The NW Kansas City region is where the Project site is located and contains the Kansas City Speedway as well as the Legends and Cabela's complex. In 2006, the population of the area was estimated to be 245,179 people, of which approximately 70.5%, nearly 172,906 people, are adults over 21 years of age. The region is expected to see the adult population grow at an annual growth rate of 1.4% to 2011 where the adult population is expected to be nearly 185,792 people.

The AAHI is estimated to be \$69,129, approximately 7% above the national average AAHI of \$64,400. The growth rate of the region's AAHI is expected to be 1.7% annually for an AAHI of \$75,346 in 2011, 5% above the national average, expected to be approximately \$71,500.

S Kansas City & Overland Park

The S Kansas City & Overland Park region is located to the south of the Project and extends to the east towards Bruce Watkins Dr (Highway 71). The region is the most populated and most affluent of the regions examined. The population in 2006 was 494,202 people, of which 69%, or 341,641 people, were adults. The adult population is growing at a modest pace of 1.5% annually for a total adult population of 367,470 in 2011.

The AAHI of the region was estimated to be over \$80,734 in 2006, a 25% premium to the national average. By 2011 the AAHI is expected to grow to nearly \$87,698, which is expected to be nearly a 23% premium to the national average.

E Kansas City

The E Kansas City region is located to the east and south of the Project and Kansas City. The population in 2006 is estimated to be 356,812 of which 258,418 are adults, approximately 72%. The adult population is not expected to grow rapidly through 2011, only growing at an annual growth rate of 0.4% for a total adult population of 263,667 in 2011. The population at large is expected to grow at a slightly faster rate, 0.9% annually, for a total population of 372,940 in 2011.

The AAHI of the region was \$59,735 in 2006, approximately 7% below the national average, and is expected to grow \$66,444 by 2011.

NE Kansas City

The NE Kansas City region is located on the Missouri side of the Missouri River and contains the Ameristar Hotel & Casino. The region is located to the northeast of the Project. The population in 2006 is estimated to be 54,841 of which 37,463 are adults, approximately 68%. The adult population is expected to grow rapidly through 2011, growing at an annual rate of 2.3% for a total adult population of 42,031 in 2011. The population is expected to grow at a slightly slower rate, 2.2% annually, for a total population of 61,136 in 2011.

The AAHI of the region was \$69,749 in 2006, approximately 8% above the national average, and is expected to grow \$76,182 by 2011, approximately 7% above the forecasted national average.

Central Kansas City

The Central Kansas City region is located right at the heart of Kansas City, contains the Isle of Capri and is mainly on the south side of the Missouri River, toward the southeast of the Project. The population in 2006 was estimated to be 156,099 people, of which approximately 116,020 people were adults. The adult population is expected to be virtually flat through 2011, only growing annually at 0.1% to 116,836 people. The region is the most economically depressed of the areas surveyed.

The 2006 AAHI was only \$46,395, 28% below the national average. The area is expected to become more economically depressed, falling to 30% below the national average in 2011 with an AAHI of \$49,818.

N Kansas City

The North Kansas City region is located to the North of Kansas City and to the east of the Project. The 2006 population of the region was estimated to be 262,534 with adults accounting for 192,999 people, approximately 74% of the population. The adult population is expected to grow at an annual rate of 1.1%, for a 2011 adult population of 204,172.

The AAHI of the region was estimated to be \$61,172, approximately 5% below the national average. The region is expected to have an AAHI of \$67,381 in 2011, 6% less than the national average.

Lawrence

The Lawrence region is located to the west of the Project. The 2006 population was 110,096 people, of which approximately 85,119 people were adults, accounting for 77% of the total population. The Lawrence region is anticipating growth and has begun some road and infrastructure improvements. The adult population is expected to increase at an annual rate of 1.6% for an adult population of 92,027 in 2011. The AAHI in 2006 was estimated to be \$55,082, 15% below the national average.

The AAHI level of the region is expected to increase proportionally to the adult population, at 1.6% annually to \$59,576. Unfortunately the growth in income of the region is expected to grow at a slower rate than the national average, causing the 2011 AAHI estimate to be 17% less than the national average.

Topeka

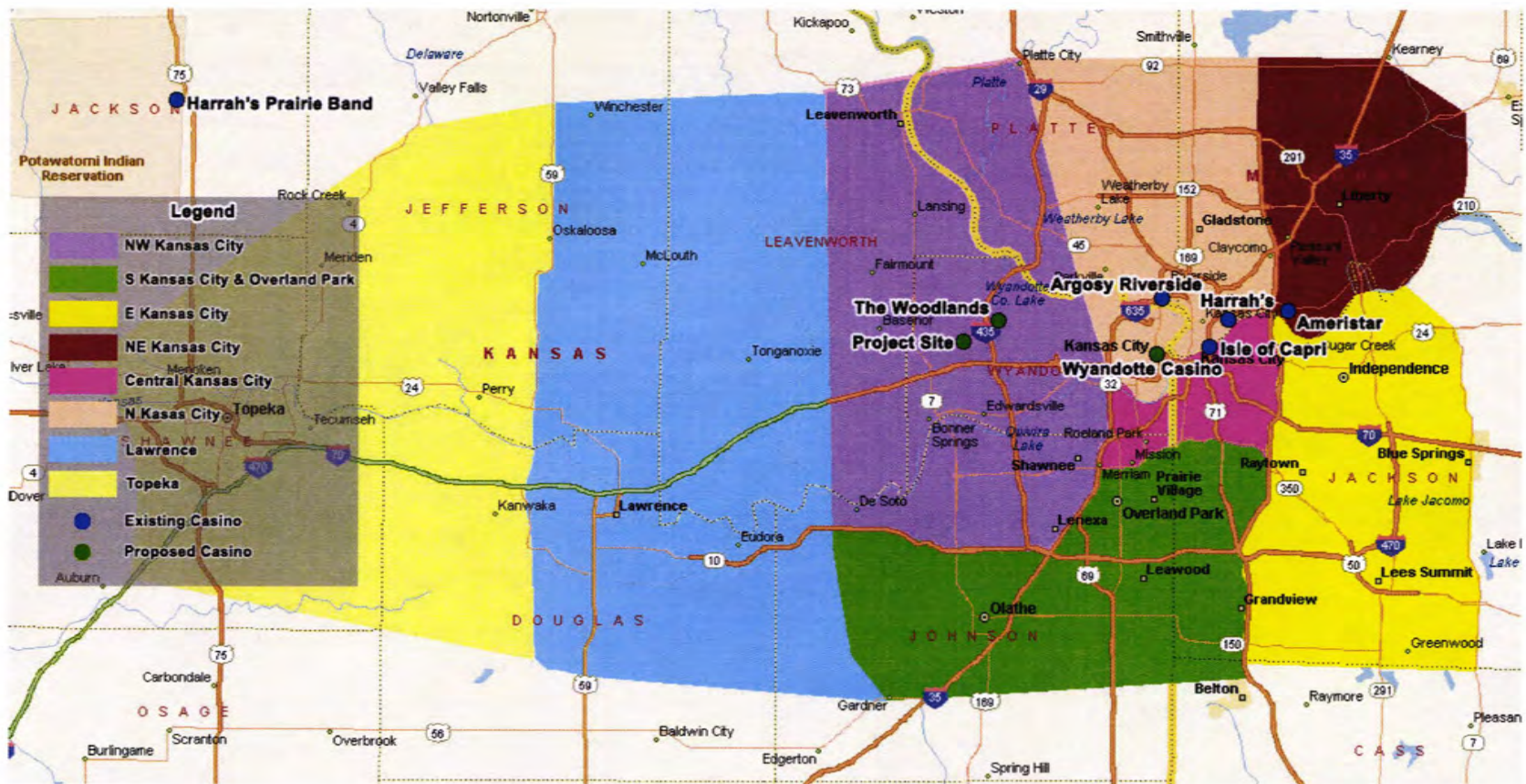
The Topeka region is located further west than the Lawrence region. The 2006 population was estimated to be 175,451 people with 125,188, or 72% of the population, as adults. The adult population is expected to remain fairly consistent with 2006 levels through 2011, only growing 0.3% annually to 127,061 adults in 2011.

The AAHI is very similar to Lawrence's in 2006 and 2011, at \$55,087 growing to \$59,263, respectively.

Total Population by Market Segment				
	2000	2006	2011	'06-'11 CAGR
NW KC	223,755	245,179	259,149	1.1%
S KC & Overland Park	438,952	494,202	514,293	0.8%
E KC	355,278	356,812	372,940	0.9%
NE Kansas City	46,982	54,841	61,136	2.2%
Central KC	161,738	156,099	163,152	0.9%
N KC	255,534	262,534	284,614	1.6%
Lawrence	109,015	110,096	120,331	1.8%
Topeka	171,211	175,451	175,872	0.0%
TOTAL	1,762,465	1,855,214	1,951,487	1.0%
Source: AGS/GMA				

Adult (21+) Population by Market Segment				
	2000	2006	2011	'06-'11 CAGR
NW KC	162,926	172,906	185,792	1.4%
S KC & Overland Park	322,815	341,641	367,470	1.5%
E KC	262,935	258,418	263,667	0.4%
NE Kansas City	33,109	37,463	42,031	2.3%
Central KC	120,276	116,020	116,836	0.1%
N KC	187,596	192,999	204,172	1.1%
Lawrence	76,330	85,119	92,027	1.6%
Topeka	128,157	125,188	127,061	0.3%
TOTAL	1,294,144	1,329,754	1,399,056	1.0%
Source: AGS/GMA				

Average Annual Household Income				
	2000	2006	2011	'06-'11 CAGR
NW KC	\$62,138	\$69,129	\$75,346	1.7%
S KC & Overland Park	\$71,199	\$80,734	\$87,698	1.7%
E KC	\$53,990	\$59,735	\$66,444	2.2%
NE Kansas City	\$63,393	\$69,749	\$76,782	1.9%
Central KC	\$42,051	\$46,395	\$49,818	1.4%
N KC	\$53,693	\$61,172	\$67,381	2.0%
Lawrence	\$50,494	\$55,082	\$59,576	1.6%
Topeka	\$50,302	\$55,087	\$59,263	1.5%
TOTAL	\$57,848	\$65,232	\$71,227	1.8%
Source: AGS/GMA				



Gaming Factors and Overall Market Size

In order to project gaming revenues as accurately as possible, GMA assigned gaming factors of Propensity, average annual gamer worth as a percent of annual income to each of the eight market segments. The multiplication of gaming factors by a market's adult population and its AAHI determines the gross levels of gaming revenue generated by a given market.

Propensity

Propensity represents the percent of the adult population (defined as people age 21 and over) that will visit a casino at least once in a given year. Propensity factors experience large ranges throughout the United States. At the high-end of the scale is the local Las Vegas market in which 70% of adults gamble. In a rural section of the country with few gaming options, this factor can be as low as 17%. The chart below shows the Propensity ranges by segment, ranging from 34% to 43% with an average Propensity of 40%. The gaming factors in the greater Kansas City area are relatively strong compared to other jurisdictions throughout the United States. As can be seen, only modest increases were projected from 2007 to 2011.

Gaming Propensities		
	2007	2011
NW Kansas City	38%	41%
S Kansas City & Overland Park	41%	41%
East Kansas City	40%	40%
NE Kansas City	41%	41%
Central Kansas City	42%	42%
North Kansas City	43%	43%
Lawrence W	32%	34%
Topeka W	33%	34%
Average Based on Adult Population	39%	40%
Source: AGS, GMA		

Percentage of Annual Income as Casino Win

Average Win represents the amount of money a gamer in a market segment will lose on average to a casino over a period of 12 months. This factor is generally dependent on a player's average household income and distance that he/she must travel to reach a casino. Average Win is based on a percentage of a player's Average Annual Household Income.

In order to more precisely estimate gaming win, GMA calculated gaming win at the block group/zip code level, as discussed earlier in this report. By calculating gaming win at this level, various pockets within a given market segment are taken into consideration, so if one group in a segment has an AAHI of \$40,000 and another has an AAHI of \$75,000, each group's AAHI is multiplied by percent of casino win as opposed to taking an average.

Annual revenue as a percent of gamers' annual income figures experienced in the greater Kansas City market are towards the higher end of the average, indicating a relatively mature market. Given the mature level of the market, increases are expected only in those markets that lay closest to the new casinos.

% AAHL as Casino Win		
	2007	2011
NW Kansas City	1.90%	2.05%
S Kansas City & Overland Park	2.05%	2.05%
East Kansas City	2.05%	2.05%
NE Kansas City	2.10%	2.10%
Central Kansas City	2.20%	2.20%
North Kansas City	2.20%	2.20%
Lawrence W	1.75%	1.85%
Topeka W	1.80%	1.85%
Average Based on Adult Population	2.02%	2.05%
Source: AGS, GMA		

Other Factors

For each market area, distance was taken into account from each block group to each casino property.¹⁶ The number of positions in each casino is also taken into account as the model is calibrated to estimate overall market revenue.

Overall Market Size

With the model calibrated, the size of the greater Kansas City market is estimated to be \$793 million in 2011 from the Local Day Trip Market.

Gaming Win, Local Day Trip Market		
	2007	2011
NW Kansas City	\$ 85,490,961	\$ 113,326,664
S Kansas City & Overland Park	\$ 231,095,432	\$ 262,134,450
East Kansas City	\$ 124,443,676	\$ 137,775,178
NE Kansas City	\$ 22,472,444	\$ 26,615,609
Central Kansas City	\$ 47,990,889	\$ 51,171,584
North Kansas City	\$ 109,735,974	\$ 124,176,727
Lawrence W	\$ 25,721,369	\$ 32,735,526
Topeka W	\$ 39,922,800	\$ 45,385,294
Average Based on Adult Population	\$686,873,545	\$ 793,321,031
Source: GMA		

¹⁶ A block group is a census tracking area. By examining census data by block group, a more accurate estimation of population can be conducted than by other methodologies.

Day Trip Gaming Revenue

Having evaluated the market regions for the local day trip market, GMA determined Olympia and Red Development's share of the market of 2011 gaming revenue. In total, local day-trip gaming revenues is projected at \$151.2 million. While the model totals \$140.6 million, GMA estimated that an additional 7.5% would accrue from those not residing within the market area outlined on page 32. This 7.5% was based on the dispersion of gamer databases of other casinos operating in similar jurisdictions. While not shown on the map on page 32, the market area only extends 17 miles to the north, 22 miles to the south, 34 miles to the east and 51 miles to the west. Logically, the greatest levels of gaming win are expected to be generated by the NW Kansas City market and the S Kansas City and Overland Park market due to their proximity to the casino. The third most valuable market is expected to be the Lawrence market, again due to its proximity to the casino.

Gravity Model Gaming Revenue	
	Gaming Revenue (2011 \$)
NW Kansas City	\$ 51,568,268
S Kansas City & Overland Park	55,630,943
East Kansas City	8,372,860
NE Kansas City	818,533
Central Kansas City	2,111,616
North Kansas City	6,809,010
Lawrence	12,776,613
Topeka	6,434,167
Subtotal	\$ 144,522,010
Outer Market	\$ 10,839,151
TOTAL	\$ 155,361,161
Source: GMA	

Project Hotel Guest Gaming Revenue

Based on the results of the Hotel Market Assessment that begins on page 43, GMA projected incremental gaming revenue from patrons staying within the Project's hotel. Based on other casino hotels in the area, GMA estimates that 95% those patrons who are guests of the casino will gamble and have an average win per room of \$275. For the remainder of the hotel guests whose primary purpose of staying at the hotel is not gaming, GMA projects that the casino will capture gamers from 38% of the occupied rooms (equal to the average propensity for the marketplace) and each room will generate an average win of \$130. In total, the Project Hotel is expected to generate an incremental \$20.3 million in gaming revenue from this market segment.

Hotel Guest Gaming Revenue

2011

Overnight Gaming Room Nights	69,219
Project Gaming Capture	95%
Gaming Spend Per Room	\$275
Gaming Revenue from Gamers (000s)	\$18,083
Non-Gaming Room Nights	45,218
Project Gaming Capture	38%
Win Per Room	\$130
Gaming Revenue from Non-Gamers (000s)	\$2,204
Gaming Revenue from Hotel Guests	\$20,288

Source: GMA

Kansas Speedway

GMA interviewed the Group Sales Manager at the Kansas Speedway to determine the number of large and small events that the facility holds each year. The Kansas City Speedway can accommodate 82,000 guests and there are two major weekends per year where the Speedway is filled to capacity, accounting for approximately 8 days per year. For these 8 days, GMA completed a capacity analysis to determine the incremental gaming revenue as the casino is expected to be operating at 100% capacity during these 8 days. Given a capacity constrained day at other casinos in similar jurisdictions, the casino would be expected to conservatively average \$1,250 win per position. Assuming that the casino would have averaged \$235 on an average day, an incremental \$1,015 per day per position generated by these two large events is expected. Incremental revenue from these events is therefore estimated to total \$19.7 million.

In addition to the two major events, Kansas Speedway estimates and additional 125 days per year where the Speedway will have approximately 1,500 people attending driving schools, private events, etc. GMA applied a capture rate of 5% of those attendees for these events but then subtracted out 0.5% for hotel crossover for a net capture rate of 4.5% to reflect the amount of incremental revenue that could be generated from events at the Speedway. GMA calculated that the potential patrons to capture would be 187,500 annually and applied the 4.5% capture rate and a \$60 spend per Speedway patron for an incremental non-major patron gaming revenue of approximately \$500,000.

Total incremental Kansas Speedway revenue is therefore estimated at \$20.2 million. The chart on the top of the following page illustrates these figures.

Kansas Speedway: Incremental Gaming Revenue

2011

Major Event Analysis

Total Capacity	82,000
# Days/ Nights at Full Capacity	8
Total Casino Positions	2,420
Max Win Per Position Per Day	\$1,250
Avg. Win Per Position Per Day	\$235
Incremental Win Per Position Per Day	\$1,015
Incremental Major Event Revenue	\$19,650,400

Non-Major Event Analysis

Other days with average of 1,500 people	125
Capture Rate	5.00%
Less: Hotel Crossover	0.50%
Net Capture Rate	4.50%
Non-Major Events Patrons	187,500
Captured Speedway Patrons	8,438
Average Spend Per Person	\$60
Incremental Non-Major Events	\$506,250

Total Speedway Incremental **\$20,156,650**

Source: Kansas Speedway, GMA

Nearby Hotel Gaming Contribution

To determine the amount of gaming revenue generated by the 560 hotel rooms within a 5-mile radius of the Project, GMA estimated the total number of guests at each hotel in 2011. GMA then applied a capture rate and average casino win or spend per guest to yield incremental gaming revenues from the nearby hotel patrons. In total, this market segment is expected to yield an incremental \$1.8 million in gaming win.

Local Hotels Estimated Occupancy 2011

Hotel Name	# Rooms	Annual Occupancy	Average # of Occupied Rooms / Year	Capture Rate	Average Spend / Occupied Room	Incremental Gaming Revenue
Great Wolf Lodge	281	70.0%	71,796	5%	\$ 125.00	\$ 448,722
Holiday Inn Express	96	61.2%	21,444	15%	\$ 110.00	\$ 353,834
Hampton Inn	76	61.2%	16,977	15%	\$ 110.00	\$ 280,119
Comfort Suites	45	61.2%	10,052	15%	\$ 100.00	\$ 150,782
Chateau Avalon	62	61.2%	13,850	20%	\$ 150.00	\$ 415,487
TOTAL	560	65.6%	134,119	10%	\$ 120.97	\$ 1,648,943

Source: Smith Travel Research, GMA

Traffic Intercept Gaming Revenue

Two main highways run close to the Speedway site, I-435 and I-70. The Kansas Department of Transportation collects data regarding the average annual daily traffic counts and average annual daily heavy commercial traffic. GMA utilized this data to determine the number of guests that would be attracted to the Project site (outside of the local population) and estimated their gaming worth. Based on national transportation studies, GMA estimated that 35% of the traffic on the highways was through traffic, or people traveling through the region who do not live locally. Given the attractiveness of Legends development, a capture rate of 1.5% was assumed for those traveling on I-70, lowering slightly to 1.25% for those on I-435. Assuming an average win per vehicle of \$60, total incremental traffic intercept revenue is estimated at \$9.7 million.

Traffic Intercept Incremental Gaming Win: I-70 and I-435

	Average Annual Daily Traffic Count	Average Daily Heavy Commercial Traffic	Average Annual Daily Traffic of Non-Heavy Commercial Vehicles	% Through Traffic	Capture Rate	Annual Vehicles Captured	Average Spend Per Vehicle	2006 Incremental Gaming Win	Annual Growth Rate	2011 Incremental Gaming Win
I-70 between Rt 7 and I-435	42,300	5,075	37,225	35%	1.50%	71,332	\$60	\$ 4,279,944	3.50%	\$ 5,083,231
I-435 between I-70 and Rt 32	61,175	5,030	56,145	35%	1.25%	89,657	\$60	\$ 5,379,393	3.50%	\$ 6,389,031
TOTAL	103,475	10,105	93,370			160,989	\$60	\$9,659,337	3.50%	\$11,472,262

Source: Kansas DOT, GMA

Gaming Revenue from the Legends & Village West Complex

The retail and entertainment offerings at the Legends and Village West Complex are vast. Cabela's is a large sport and recreation store. At 720,000 square feet, The Nebraska Furniture Mart is one of the largest furniture and electronics superstores in the United States, attracting visitors from hundreds of miles away. The Legends at Village West mall and entertainment complex has a wide variety of stores and entertainment options. The local Kansas City independent baseball team, the T-Bones, calls the complex home.

The Kansas City Convention & Visitors Authority estimates that the complex attracts approximately seven to nine million visitors annually. Due to the proximity of this development to the Project, some guests will travel from the complex to the Project for gaming. In order to

avoid double counting, GMA assumed that 70% of those average 8 million are local and that 5% of the remaining are staying at local hotels. From the remaining 2.3 million visitors, a capture rate of 3.5% of potential guests was estimated with an average \$55 in gaming revenue per person to yield a 2011 gaming impact of \$4.4 million.

Gaming Revenue Impact of Legends and Village West Development, 2011

Annual Visitors	8,000,000
Percent Locals	70%
Percent Hotel & Nearby Hotel Patrons	5%
Day Trip Guests To Capture	2,280,000
Capture Rate	3.5%
Visitors captured	79,800
Average Spend Per Person	\$55
Incremental Gaming Win from Visitors	\$4,389,000

Gaming Summary

Combining all sources of gaming revenue, the Legends at Village West Casino is projected to generate \$213.3 million in gross gaming revenue in 2011, the first stabilized year of gaming operation.

Gaming Summary, 2011

	Gaming Revenue
Local Day Trip Market	\$ 155,361,161
Overnight Hotel Guests	20,287,849
Kansas City Speedway	20,156,650
Nearby Hotels	1,648,943
Traffic Intercept	11,472,262
Legends & Village West Development	4,389,000
TOTAL	\$ 213,315,865

Source: GMA

With gaming revenues forecasted for 2011, GMA then examined the way the gaming revenues would be distributed among the slots, tables, and poker departments and the win per unit per day figures. Given the lack of loss limits on the Kansas side of the border, it is expected that 80% of gaming revenues will be generated by slots, a slightly lower percentage than the existing competitors within the marketplace and more inline with other regional gaming jurisdictions throughout the United States. In 2011, the casino is expected to generate an average win per slot of \$234 on 2,000 slot machines, \$1,796 win per table on 60 table games and \$775 win per poker table given a 12-table poker room.

Legends Gaming Five-Year Forecast					
	Year 1 2010	Year 2 2011	Year 3 2012	Year 4 2013	Year 5 2014
Gross Gaming Revenue	\$209,049,548	\$213,315,865	\$219,715,341	\$225,208,224	\$230,369,113
Slot Revenue	\$167,239,638	\$170,652,692	\$175,772,273	\$180,166,579	\$184,295,291
Table Revenue	\$38,524,910	\$39,268,673	\$40,439,068	\$41,428,145	\$42,350,823
Other	\$3,285,000	\$3,394,500	\$3,504,000	\$3,613,500	\$3,723,000
 # Slots	 2000	 2000	 2000	 2000	 2000
# Tables	60	60	60	60	60
# Poker Tables	12	12	12	12	12
 Win Per Slot	 \$229	 \$234	 \$240	 \$247	 \$252
Win Per Table	\$1,759	\$1,793	\$1,841	\$1,892	\$1,934
Win Per Position	\$233	\$238	\$244	\$251	\$256.59
Win Per Poker Table	\$750	\$775	\$800	\$825	\$850
Source: GMA					

Reasonableness Test

To determine the reasonableness of the gaming projection, GMA discounted the Project's gaming revenues to 2006 dollars and compared the values against the MO Gaming Commission figures of gaming revenue from the operators in Kansas City, MO. Olympia would be positioned as the market leader in table games revenue and win per table due to the lack of loss limits. Olympia would be positioned as the third highest for slot revenue and second highest in win per slot because of the high quality customers that would be attracted to the facility and number of slots on property. GMA determined that the revenues are reasonable for the concept that Olympia and Red Development want to implement.

Gaming Revenue Comparison to Fiscal 2006 from MO Gaming Commission									
	Slot Rev	Table Rev	# Slots	# Tables	# Positions*	Win Per Slot	Win Per Table	Win Per Position	
Ameristar	\$ 229,699,505	\$ 30,208,766	2,994	93	3,645	\$ 210	\$ 890	\$ 195	
Harrah's North KC	\$ 173,905,961	\$ 27,840,998	1,851	62	2,285	\$ 257	\$ 1,230	\$ 242	
Argosy	\$ 134,425,001	\$ 16,999,671	1,768	47	2,097	\$ 208	\$ 991	\$ 198	
Isle	\$ 84,065,588	\$ 8,379,942	1,504	37	1,763	\$ 153	\$ 621	\$ 144	
Legends at Village West (brought to PV)	\$ 155,822,613	\$ 35,894,912	2,000	60	2,420	\$ 213	\$ 1,639	\$ 217	
*Assumes 7 positions per table									
Source: MO Gaming Commission, GMA									

VII. Hotel Feasibility Study

As part of the engagement, GMA projected the performance of a 350-room hotel attached to the casino. This hotel is expected to be utilized by the casino and casino marketing department for casino guests, and will also attract guests to the Speedway and Legends retail development. To complete this analysis, GMA looked at two primary sources of demand, the existing hotel market and incremental demand from the casino. Once total demand was projected, GMA determined ADR for the casino based on the market and projected demand mix. The combination of occupancy, ADR, and hotel size then yielded gross rooms revenue.

Room Nights of Demand Generated by Casino Patrons

Local Contribution to Olympia Hotel, 2011						
	Gaming Revenue (2011)	2011 AAHI	Gaming Budget Per Trip	Number of Visits at Respective Gaming Budgets/Trip	% Overnight Capture	Casino Room Night Demand (RND)
NW Kansas City	\$ 51,568,268	\$ 75,346	\$ 77.20	667,949	2.5%	16,699
S Kansas City & Overland Park	\$ 55,630,943	\$ 87,698	\$ 83.71	664,545	2.5%	16,614
East Kansas City	\$ 8,372,860	\$ 66,444	\$ 72.51	115,467	4.5%	5,196
NE Kansas City	\$ 818,533	\$ 76,782	\$ 77.96	10,499	4.5%	472
Central Kansas City	\$ 2,111,616	\$ 49,818	\$ 63.75	33,122	2.5%	828
North Kansas City	\$ 6,809,010	\$ 67,381	\$ 73.01	93,265	4.0%	3,731
Lawrence	\$ 12,776,613	\$ 59,576	\$ 68.89	185,454	5.5%	10,200
Topeka	\$ 6,434,167	\$ 59,263	\$ 68.73	93,617	6.5%	6,085
Outer Market	\$ 10,839,151	\$ 71,164	\$ 75.00	144,522	6.5%	9,394
TOTAL	\$ 155,361,161	\$ 71,164	\$ 75.00	2,008,440	3.4%	69,219

GMA examined the amount of gaming revenue generated by the local market and determined the number of trips that would be generated to the hotel. GMA determined the average gaming budget per trip for the market would be \$75 and that Gaming Budget Per Trip would fluctuate with the AAHI of the region. By dividing the amount of gaming revenue in the region by the Gaming Budget Per Trip, GMA was able to determine the number of gamer visits generated. Based on other casino hotels, a hotel will capture between 3% and 7% of the day trips for an overnight stay. These percentages represent incremental visits and vary based on proximity to casino. By applying a capture rate consistent with other regional markets similar to Kansas City and taking into account distance factors, GMA was able to determine the number of overnight guests that would stay at the Project Hotel. In total, overnight guests are expected to generate 79,260 room nights of demand. This demand will be spread relatively evenly between midweek and weekend as the casino will offer discounted or comped rooms to lower worth players for midweek rooms only in order to keep the weekend rooms for the higher worth players.

Market Occupancy Projection

The following section addresses demand from non-casino customers. Based on information gathered from Smith Travel Research, combined with data from interviews with front desk

managers and the various hotels, GMA estimated hotel occupancy levels for the surrounding hotels, as illustrated in the following chart.

Local Hotels Estimated Occupancy 2006		
Hotel Name	# Rooms	Annual Occupancy
Great Wolf Lodge	281	70.0%
Holiday Inn Express	96	61.2%
Hampton Inn	76	61.2%
Comfort Suites	45	61.2%
Chateau Avalon	62	61.2%
TOTAL	560	65.6%
<i>Source: Smith Travel Research, GMA</i>		

GMA utilized data from the Kansas City Convention & Visitors Association (“KCCVA”) to understand the mix of demand segments within the market. Approximately 73% of demand in the existing Kansas City market is attributed to leisure guests and 27% attributed to business guests.

Overnight Demand (in millions)		
	2006	% of Total
Overnight Leisure	5.9 M	73%
Overnight Business	2.2 M	27%
Total	8.1 M	100%
<i>Source: KCCVA, GMA</i>		

GMA forecasted the RND by segment utilizing the data from the KCCVA and from Smith Travel Research to determine the way the market is expected to grow over time through 2014. According to Smith Travel Research, RND in the market area increased by 6.5% between April YTD 2006 and April YTD 2007. Because the development’s hotels are not yet well established, with the Hampton Inn opening as recently as late 2004, Smith Travel Research data only began for the area in July of 2005. Business demand is expected to increase dramatically in 2010 with the introduction of the Project and the associated convention room nights generated from the meeting space.

Kansas City Market Projection							
Year	# of Rooms	Leisure		Business		Casino	TOTAL
		Growth %	RND	Growth %	RND	RND	RND
2006	560		97,691	0.0%	36,427		134,119
2007	560	6.0%	103,553	2.0%	37,156		140,709
2008	560	6.0%	109,766	2.0%	37,899		147,665
2009	560	5.0%	115,254	2.5%	38,846		147,665
2010	910	5.0%	121,017	6.0%	41,177	58,836	154,101
2011	910	3.0%	124,647	3.5%	42,618	69,219	162,194
2012	910	3.0%	128,387	2.0%	43,471	70,603	167,266
2013	910	3.0%	132,238	2.0%	44,340	72,015	171,858
2014	910	3.0%	136,206	2.0%	45,227	73,456	176,579

Note: 2010 room size increases due to Project hotel * Casino RND was estimated for 2011 and then adjusted based on projected gaming revenue

Source: GMA

Project Hotel Occupancy

Having determined the amount of RND from casino patrons in 2011, GMA then determined the amount of RND that would be generated from Leisure and Business guests by taking into account Olympia and Red Development's fair share of the market, then applying a premium or discount to its fair share because of positioning. GMA believes that the hotel will position itself as a business and convention hotel and that the other hotels in the market will be able to obtain more than their fair share of Leisure guests through positioning (such as Great Wolf and Chateau Avalon being almost entirely Leisure demand). GMA believes that because of the location of the Project and a strong sales team that is effective in pre-selling meeting space, the Project should be able to open with strong Business demand and maintain it. Leisure rooms are discounted 35% in the first year but fall to 45% - 47% in subsequent years because of competition and displacing Leisure rooms for Casino rooms. Property-wide occupancy is able to grow dramatically from 84% to nearly 95% over the five-year period, as the casino marketing department is able to effectively fill more rooms with casino patrons and increased visitation to the property occurs from the non-gaming segments.

Projected Legends at Village West Casino Resort Non-Local Attraction								
	Fair Share	Leisure Demand		Business Demand		Casino Demand	Total RND	Total Occupancy
		Premium/Discount	RND	Premium/Discount	RND			
2010	38.5%	-35%	30,254	15%	18,213	58,836	107,303	84.0%
2011	38.5%	-45%	26,368	15%	18,850	69,219	114,437	89.6%
2012	38.5%	-45%	27,159	15%	19,227	70,603	116,990	91.6%
2013	38.5%	-45%	27,974	15%	19,612	72,015	119,601	93.6%
2014	38.5%	-47%	27,765	15%	20,004	73,456	121,225	94.9%

Source: KCCVA, GMA

As a reasonableness test, GMA examined the room mix of Leisure, Business and Casino guests. GMA projects that the mix created for the hotel should allow it to maximize its RevPAR for the hotel division and gaming revenue for the casino division.

Olympia Hotel Room Mix			
	% Leisure Demand	% Business Demand	% Casino Demand
2010	28%	17%	55%
2011	23%	16%	60%
2012	23%	16%	60%
2013	23%	16%	60%
2014	23%	17%	61%

Source: GMA

Average Daily Rate

According to Smith Travel Research, the market ADR grew from \$108.80 to \$114.44 YTD April 2007 versus YTD April 2006, a \$5.64 increase. This represents a 5.2% increase in ADR year-over-year. GMA does not believe this kind of growth is sustainable because of increasing fuel prices and lack of strong occupancy rates and many of the surrounding hotels. However, many of the hotels are new and the strong historical performance must not be ignored. The following chart illustrates the projected ADRs for the market through 2013.

Kansas City Market ADR Projection			
Year	# of Rooms	ADR	% Change
2006	560	\$113.45	
2007	560	\$117.13	3.25%
2008	560	\$120.94	3.25%
2009	560	\$124.57	3.00%
2010	910	\$124.57	0.00%
2011	910	\$128.31	3.00%
2012	910	\$132.16	3.00%
2013	910	\$136.12	3.00%
2014	910	\$140.20	3.00%

Source: GMA, Smith Travel Research

Based on the market ADR, GMA then forecasted the Project's ADR by determining the premium or discount that each segment would receive. The Project is expected to be able to charge premiums to the market ADR because of the quality of room product. The Project is expected to charge a 25% premium to the market ADR for Leisure guests because of the high quality of the product offered and convenient location. Business guests will pay 20% above the market average because of late booking patterns and a strong hotel sales and revenue management team, in addition to offering the highest quality room within the market. GMA performed an internet rate check search for a seven-day out overnight stay to see what the

existing business rates would be quoted. Doubletree Kansas City quoted \$199, Hampton Inn quoted \$159 and Courtyard quoted \$154. This coincides with the assumption of Olympia and Red Development being able to charge strong rates from the business segment. Based on an expected casino comping policy, casino ADR is expected to be equal to the market average.

Projected Legends at Village West Casino Resort Hotel ADR							
	LEISURE		BUSINESS		CASINO		PROPERTY
	Premium/ Discount	ADR	Premium/ Discount	ADR	Premium/ Discount	ADR	ADR
2010	25.0%	\$155.71	20.0%	\$149.48	0.0%	\$124.57	\$ 137.58
2011	25.0%	\$160.38	20.0%	\$153.97	0.0%	\$128.31	\$ 139.92
2012	25.0%	\$165.19	20.0%	\$158.59	0.0%	\$132.16	\$ 144.17
2013	25.0%	\$170.15	20.0%	\$163.34	0.0%	\$136.12	\$ 148.54
2014	25.0%	\$175.25	20.0%	\$168.24	0.0%	\$140.20	\$ 152.86

Source: GMA

Hotel Summary

With the ADR and occupancy levels determined, total room revenues were calculated. In 2011, GMA projects that the hotel will operate at an 89.6% occupancy level with an ADR of \$139.92. Resultant gross rooms revenue are estimated at \$18.5 million.

Projected Legends at Village West Hotel Revenue				
	Occupancy	ADR	RevPAR	Rooms Revenue (000s)
2010	84.0%	\$ 137.58	\$115.56	\$14,763
2011	89.6%	\$ 139.92	\$125.34	\$16,012
2012	91.6%	\$ 144.17	\$132.03	\$16,912
2013	93.6%	\$ 148.54	\$139.07	\$17,766
2014	94.9%	\$ 152.86	\$145.05	\$18,530

Source: GMA

VIII. Food and Beverage

Given the extensive food and beverage ("F&B") offerings in the Legends and Village West Development, GMA recommends that the Project offer an appropriate amount of F&B options for their guests that are able to complement the existing restaurants in the area.

Restaurant Revenue

With a conservative food and beverage program, the Project is expected to generate approximately 4,285 covers per day with \$20.3 million in revenue in 2007 dollars from a buffet, coffee shop, fine dining establishment, casual dining establishment, deli and a coffee kiosk. The values from 2007 were inflated to account for price increases until the Project opens.

Food and Beverage Cover Assumptions									
	# Seats	# Days/ Week	Brkfst	Lunch	Dinner	Latenight	Avg. Turns/ Day	Annual Covers	Covers per Day
Buffet	350	7	0.0	1.8	1.5	0.0	3.25	415,188	1,138
Coffee shop	200	7	1.0	1.0	1.5	0.8	4.25	310,250	850
Fine Dining	75	7	0.0	0.0	2.5	0.0	2.50	68,438	188
Coffee Kiosk	25	7	15.0	10.0	5.0	0.0	30.00	273,750	750
Deli	25	7	0.0	4.0	3.0	0.0	7.00	63,875	175
Casual Dining	120	7	0.0	2.0	3.0	0.5	5.50	240,900	660
TOTAL	795		575	1,403	1,573	210		1,372,400	3,760
RND Capture Rate									
Rooms Service	114,437		15.0%	2.5%	5.0%	2.50%		28,609	78
Pool Service	57,219		5.0%	5.0%				5,722	16
19th Hole	25	6	-	2.00	1.00	0.0	3.00	11,250	31
Men's Grill	50	7	0.50	0.50	0.75	0.0	1.75	31,938	88

Source: GMA/ Olympia

Restaurant Assumptions, 2007 Dollars									
	Bkfst Cover	Lunch Cover	Dinner Cover	Latenight Dinner	Avg. Cover	TOTAL F&B	% Beverage	Beverage Rev	Food Rev
Buffet	\$6	\$9	\$14		\$11	\$ 4,694,813	5%	\$ 234,741	\$ 4,460,072
Coffee shop	\$8	\$11	\$18	\$12	\$13	\$ 4,015,000	15%	\$ 602,250	\$ 3,412,750
Fine Dining			\$50		\$50	\$ 3,421,875	30%	\$ 1,026,563	\$ 2,395,313
Coffee Kiosk	\$4	\$4	\$4		\$4	\$ 1,129,219	0%	\$ -	\$ 1,129,219
Deli		\$7	\$10		\$8	\$ 511,000	10%	\$ 51,100	\$ 459,900
Casual Dining		\$14	\$23		\$18	\$ 4,248,600	20%	\$ 849,720	\$ 3,398,880
SubTOTAL					\$13	\$ 18,020,506		\$ 2,764,373	\$ 15,256,133
Rooms Service	\$18	\$20	\$40	\$35	\$24	\$ 695,206	25%	\$ 173,801	\$ 521,404
Pool Service	\$11	\$15			\$13	\$ 74,384	40%	\$ 29,754	\$ 44,630
19th Hole	\$0	\$15	\$20		\$68	\$ 390,000	20%	\$ 78,000	\$ 312,000
Men's Grill	\$10	\$20	\$40		#DIV/0!	\$ 821,250	20%	\$ 164,250	\$ 657,000
TOTAL						\$ 20,001,346	16.0%	\$ 3,210,178	\$ 16,791,168

Source: GMA

Bars & Casino Beverage Revenue

Based on the facility program, GMA determined the number of the turns and revenue for each beverage outlet. There are a total of two casino bars, a lounge and a poolside bar. Revenue from these outlets is estimated at nearly \$2.4 million as displayed in the chart below.

Olympia Bar Revenue, 2007 Dollars					
	Seats	Turns/ Day	Patrons	Cost Per Drink	Revenue
Poolside	20	5	24,333	\$4.5	\$ 109,500
Lounge	50	7	127,750	\$5.0	\$ 638,750
Casino Bar 1	50	10	182,500	\$4.5	\$ 821,250
Casino Bar 2	50	10	182,500	\$4.5	\$ 821,250
TOTAL	170		517,083	\$4.6	\$ 2,390,750
Source: GMA/ Olympia					

In 2011, GMA projects 2.8 million visits to the Project's casino by gamblers. Assuming that 40% of them choose to drink and the average guest drinks 1.2 drinks, the revenue generated in 2007 dollars would be \$3.4 million.

Incremental Casino Beverage, 2007 Dollars				
Patron Visits	Capture	Frequency	Cost/ Drink	Revenue
2,844,212	40.0%	1.2	\$2.5	\$3,413,054
Source: GMA				

IX. Pro Forma Income Statement

GMA prepared a detailed ProForma Income Statement for the proposed Project. In estimating departmental expenses, GMA relied on four primary sources of data:

- 2006 Missouri Gaming Commission Annual Report
- Public SEC filings of casino companies that operate in the Kansas city market,
- Various Wall Street analyst reports,
- Financial data from casinos with similar characteristics.

Gaming Revenue

Assumptions regarding gross gaming revenues were detailed earlier within this report. With regards to the distribution between Slots, Table Games and Other Gaming, GMA projects that by Year 3, the Project will generate 80% of revenue from Slots, 18% from Tables, and 2% from Other Gaming, specifically Poker.

Hotel Revenue, Food & Beverage

Assumptions regarding Hotel and Food & Beverage revenue have been detailed earlier within this report.

Hotel Other:

Hotel Other revenues are based upon \$9 per occupied room in 2011 dollars. Included in this revenue item are Internet, Mini-Bar, In-Room Movies, Vending, Telephone, Laundry and Other small revenue sources associated with hotel room rentals.

Spa

The spa at the Project will feature a state-of-the-art fitness studio, a salon with manicure and pedicure stations, hair stations and a small retail component. It is estimated that the Spa will generate \$10 per occupied room in 2011 dollars.

Meetings and Banquet

Meeting and Banquet revenue is forecasted at \$75 per occupied convention room in 2012 dollars. It is assumed that convention room nights will fill 60% of the business room night demand.

Golf

GMA worked with Olympia in projecting revenues associated with the operation of the proposed public golf course. In total, it was estimated the golf course would generate \$4.1 million in total revenue. The majority of this revenue is projected to originate from greens fees of \$75 per round on 39,500 rounds in the first year of operations, resulting in \$3.0 million in revenue. The facility's Pro Shop is estimated to generate \$790,000 in revenue. The remaining revenue is attributed to Food & Beverage and fees associated with hosting private tournaments.

Kid's Quest

GMA utilized current pricing structures at a Kid's Quest in Las Vegas casino and assumed the pricing to be equitable for the Kansas City hourly childcare market. GMA determined that the Kid's Quest for the Project should be able to have a capacity of 100 kids. With an average

occupancy of 35% and open 14 hours per day at an average price per hour of \$7.25 in 2007, GMA estimated the revenue at \$0.9 million in 2007 and grew the revenue at 2.0% per year for 2011 revenue of \$0.98 million.

Retail and Other

Retail and Other revenues are based on \$2 per occupied room in 2007 dollars.

Promotional Allowances

Promotional Allowances were estimated at 11.5% of gaming revenue.

Expenses

Following were major assumptions utilized in the preparing the departmental expenses.

- The Project will employ a player reinvestment strategy comparable to its peer set in order to remain competitive. Player reinvestment was estimated to be 20% of total gaming revenue. This figure is the sum of promotional allowances and the majority of the “Marketing and Player Reinvestment” line item.
- The gaming tax rate will be 27% of gaming revenue.
 - The way the taxes are expected to be distributed according to the Kansas State Lottery :
 - 22.0% to the State,
 - 2.0% to the Problem Gambling and Addictions Fund
 - 1.5% to the city
 - 1.5% to county
- The casino will employ the latest technology within the casino in terms of gaming equipment, player tracking and surveillance equipment.
- Franchise Fees were estimated using the following formula:
 - 7% of Non-Casino Rooms Revenue and Meeting & Banquet Revenue
 - 4% of Room Service, Pool and Hotel Lobby Bar Revenue
- Food and Beverage departmental expenses reflect those experienced at other F&B departments at casinos operating in similar jurisdictions. Given the number of F&B outlets within the Legends complex, the restaurants within the casino will be focused towards the casino gamer, which calls for low prices and large volume. As such, high operating expenses are to be expected.

**Legends at Village West Casino Resort
ProForma Income Statement**

	2010	2011	2012	2013	2014
Total Slots	2,000	2,000	2,000	2,000	2,000
Total Tables	60	60	60	60	60
Win Per Slot	\$229	\$234	\$241	\$247	\$252
Win Per Table	\$1,759	\$1,793	\$1,847	\$1,892	\$1,934
Number of Hotel Rooms	350	350	350	350	350
Available Room Nights	127,750	127,750	128,100	127,750	127,750
Hotel Occupancy	84.0%	89.6%	91.6%	93.6%	94.9%
Hotel ADR	\$137.58	\$139.92	\$144.17	\$148.54	\$152.86
Hotel RevPAR	\$115.56	\$125.34	\$132.03	\$139.07	\$145.05

Revenues

Slots	\$ 167,240	\$ 170,653	\$ 175,772	\$ 180,167	\$ 184,295
Table	\$ 38,525	\$ 39,269	\$ 40,439	\$ 41,428	\$ 42,351
Poker	\$ 3,285	\$ 3,395	\$ 3,504	\$ 3,614	\$ 3,723
TOTAL GAMING	\$ 209,050	\$ 213,316	\$ 219,715	\$ 225,208	\$ 230,369

Food	\$ 17,812	\$ 18,175	\$ 18,721	\$ 19,189	\$ 19,236
Beverage	\$ 9,562	\$ 9,757	\$ 10,050	\$ 10,301	\$ 10,326
Meeting & Banquets	\$ 1,103	\$ 1,164	\$ 1,211	\$ 1,260	\$ 1,311
Rooms	\$ 14,763	\$ 16,012	\$ 16,912	\$ 17,766	\$ 18,530
Hotel Other	\$ 937	\$ 1,030	\$ 1,087	\$ 1,142	\$ 1,192
Spa	\$ 1,041	\$ 1,144	\$ 1,208	\$ 1,269	\$ 1,325
Golf	\$ 4,089	\$ 4,211	\$ 4,338	\$ 4,468	\$ 4,602
Kid's Quest	\$ 963	\$ 982	\$ 1,002	\$ 1,022	\$ 1,043
Retail and Other	\$ 228	\$ 248	\$ 259	\$ 269	\$ 278
TOTAL Non Gaming	\$ 50,496	\$ 52,725	\$ 54,789	\$ 56,686	\$ 57,843

GROSS REVENUE	\$ 259,546	\$ 266,041	\$ 274,504	\$ 281,894	\$ 288,212
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Promotional Allowances	\$ 24,041	\$ 24,531	\$ 25,267	\$ 25,899	\$ 26,492
NET REVENUE	\$ 235,505	\$ 241,510	\$ 249,237	\$ 255,995	\$ 261,720

EXPENSES

Slots	\$ 13,379	\$ 13,226	\$ 13,183	\$ 13,512	\$ 13,822
Tables	\$ 16,951	\$ 16,493	\$ 16,176	\$ 16,364	\$ 16,517
Poker	\$ 2,037	\$ 2,054	\$ 2,102	\$ 2,150	\$ 2,197
Cage and Count	\$ 3,345	\$ 3,413	\$ 3,515	\$ 3,603	\$ 3,686
Taxes and Contributions	\$ 56,443	\$ 57,595	\$ 59,323	\$ 60,806	\$ 62,200
Food and Beverage	\$ 25,458	\$ 25,698	\$ 25,893	\$ 26,541	\$ 26,606
Meetings & Banquets	\$ 849	\$ 885	\$ 908	\$ 945	\$ 983
Rooms	\$ 4,724	\$ 4,804	\$ 4,735	\$ 4,797	\$ 4,911
Franchise Fee	\$ 657	\$ 642	\$ 678	\$ 710	\$ 733
Hotel Other	\$ 347	\$ 381	\$ 402	\$ 423	\$ 441
Spa	\$ 801	\$ 858	\$ 906	\$ 952	\$ 993
Golf	\$ 4,089	\$ 4,211	\$ 4,338	\$ 4,468	\$ 4,602
Kid's Quest	\$ 674	\$ 688	\$ 701	\$ 716	\$ 730
Retail and Other	\$ 91	\$ 99	\$ 104	\$ 108	\$ 111
General & Administrative	\$ 16,873	\$ 17,217	\$ 17,568	\$ 17,920	\$ 18,278
Marketing and Player Reinvestment	\$ 17,769	\$ 18,132	\$ 18,676	\$ 19,143	\$ 19,581
Maintenance and Engineering	\$ 9,227	\$ 9,415	\$ 9,608	\$ 9,800	\$ 9,996
Security and Surveillance	\$ 4,482	\$ 4,573	\$ 4,667	\$ 4,760	\$ 4,855
TOTAL	\$ 178,196	\$ 180,383	\$ 183,485	\$ 187,716	\$ 191,241

EBITDAM	\$ 57,309	\$ 61,126	\$ 65,752	\$ 68,279	\$ 70,479
EBITDAM Margin (Net)	24.3%	25.3%	26.4%	26.7%	26.9%

Source: GMA

X. Disclaimer

Gaming Market Advisors has made its best effort to secure accurate information, however, much of the information contained in this report was received from third-parties which Gaming Market Advisors did not validate or verify. Accordingly, Gaming Market Advisors makes no warranty, real or implied, regarding the data contained in this report. This report also contains projections of future events based upon certain assumptions. As it is not possible to predict future outcomes with absolute accuracy, these projections should be treated only as estimates of potential future results. Actual results may differ due to unforeseen events. Consequently, Gaming Market Advisors assumes no liability for the accuracy of these projections.

XI. Appendices

A. The Consulting Team

Gaming Market Advisors provides clients with market feasibility studies, primary research, socioeconomic studies, due diligence, payroll control, operations consults, business and marketing plans, and player reward program design. The principals and associates of GMA have hands-on experience in nearly all aspects of the gaming industry including domestic and international operations, project development, marketing expertise, and detailed market analysis. Following are the vitas of the Consulting Team who were assigned to this project.

Andrew M. Klebanow

Andrew Klebanow specializes in Marketing Plan and Business Plan Development, Market Research, Casino Property Analysis, Market Assessments and Player Rewards Program Design exclusive to the gaming industries.

Mr. Klebanow has worked in the hospitality industry since 1975 and in the fields of casino marketing and casino business planning since 1991. He earned a Bachelor of Arts degree at New York University and Masters Degree in Marketing from Cornell University's School of Hotel Administration.

From 1991-1993 he was Director of Marketing at Sahara Gaming Corporation's Hacienda Hotel and Casino and Director of Marketing and Planning for the parent company's Development Group.

As a consultant to Horseshoe Gaming, Klebanow conducted an analysis of the gaming market in Tunica, MS and subsequently prepared its pre-opening business and marketing plans. In addition, Mr. Klebanow wrote the opening marketing plan for the Horseshoe Casino in Bossier City, LA.

Mr. Klebanow also worked as Director of Marketing for Alliance Gaming Corporation where he conducted the initial market research, consumer testing and marketing plan development for Gamblers Bonus, the industry's first cardless slot club for the company's Nevada slot route division. Gamblers Bonus was the first player tracking system that allowed customers to redeem bonus points for game credits at the machine.

From 1996 to 1999 Klebanow was Vice President of Marketing for Santa Fe Gaming Corporation where he oversaw the marketing efforts for the Santa Fe Hotel and Casino in Las Vegas and the Pioneer Hotel and Gambling Hall in Laughlin NV. His most recent position was that of Vice President of Marketing at Sam's Town Hotel and Gambling Hall, where he oversaw the repositioning of the 22-year-old gaming property and the re-branding of its player rewards program.

In addition, Mr. Klebanow is a periodic lecturer at Cornell University's School of Hotel Administration and at the University of Nevada Las Vegas. He has participated on several panels at the World Gaming Congress, the Slot Managers Institute and at National Indian Gaming Association conferences. Mr. Klebanow also authors a monthly column in Indian Gaming Magazine.

Steven M. Gallaway

Mr. Gallaway, a former Senior Vice President of The Innovation Group, has been consulting in the gaming industry for the past four years. He has completed over 100 feasibility studies with a strong focus in Native American gaming operations, public bond transactions and international gaming developments. Steve has worked with over 35 Native American Tribes from California to Arizona to Florida. Many of these Native American engagements have resulted in Mr. Gallaway assisting his clients in obtaining the necessary funding to allow their projects to move forward. Steve worked with the Fantasy Springs Casino Resort in California in obtaining the first tax-free municipal bond to fund a casino project, and more recently worked with the Golden State Transportation Financing Corporation.

Internationally, Mr. Gallaway has worked on more than 40 projects in Western and Eastern Europe, the Bahamas, the Caribbean, Canada, and Mexico. The depth of his experience in Mexico prompted an invitation to speak at the 2002 G2E (Global Gaming Expo) to discuss the future of gaming in Mexico. Other experience in gaming consulting includes an extensive amount of primary research, operational reviews, completing due diligence for clients on potential gaming acquisitions, and assisting casinos in analyzing and maximizing the utility of their player database. Because of his proficiency in this area, Steve was asked to participate on a panel at the 2003 G2E.

Alexander C. Koch

Alexander Koch has breadth and depth of gaming industry experience. He has hands-on experience in operations management, financial and operational analysis, market and project feasibility, process improvement and design, marketing planning and program design, yield management, transactional due diligence and valuation, and business plan development.

Mr. Koch, a former Senior Analyst with the Edge Group, developers of the proposed W Las Vegas Hotel, Casino & Residences, has been in the gaming industry since 2002. Prior to the Edge Group, Mr. Koch was a Senior Analyst for the Golden Nugget Las Vegas and Golden Nugget Laughlin. He earned a Bachelors of Science degree in Hotel Administration with a concentration in Information Systems from Cornell University's School of Hotel Administration in 2004.

Mr. Koch helped perform the property-level due diligence work for the sales of the Golden Nugget properties from MGM Mirage to Poster Financial, and from Poster Financial to Landry's Restaurants. Playing a role in executing the transition of the Golden Nugget properties between Poster Financial and Landry's Restaurants, Mr. Koch was key in policy and procedure implementations and adjustments to meet Landry's standards.

In addition, Mr. Koch is a periodic guest lecturer at Cornell University's School of Hotel Administration and is the co-captain of a volunteer organization in the Las Vegas area.

Economic Impact Study: Kansas City Speedway Development Project

September 2007

Prepared for:
Olympia Gaming, LLC
RED Development, LLC

Prepared By:
Gaming Market Advisors

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TABLE OF CONTENTS

I. EXECUTIVE SUMMARY	1
II. ENGAGEMENT OVERVIEW	13
OVERVIEW/SITUATION ANALYSIS	13
SITE VISIT	13
II. DEMOGRAPHIC ANALYSIS	14
LOCAL POPULATION ANALYSIS.....	14
0-30 Minute Market.....	15
30-60 Minute Market.....	15
60-90 Minute Market.....	15
III. LOCATION & VISITATION ANALYSIS	17
SITE LOCATION	17
PROJECTED PATRON VISITS.....	18
IV. ECONOMIC IMPACT STUDY	20
METHODOLOGY	20
Data Sources.....	22
Construction Impact.....	22
Operational Impact.....	29
V. SOCIAL IMPACT	37
Impact on the School System	37
Impact on the Police Service	39
Impact on the Fire Service.....	40
Impact on the Ambulance Service.....	41
Impact on Population Growth.....	41
Impact on Housing Demand.....	41
Impact on Community Planning & Development Scheme	42
VI. EFFECT ON COMPETITION.....	43
VII. APPENDICES	44
APPENDIX A. THE CONSULTING TEAM.....	45
APPENDIX B: BRIEF REVIEW OF THE INPUT/OUTPUT SOCIAL ACCOUNTING MATRIX.....	47
APPENDIX C: WYANDOTTE COUNTY CENSUS DATA	51
APPENDIX D: TAX CATEGORY DESCRIPTION	53
APPENDIX E: SECTION VII OF THE KANSAS GAMING APPLICATION	54

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I. Executive Summary

The State of Kansas recently approved a bill that was subsequently confirmed by voters in Wyandotte County allowing slot machines at both racetracks and at privately managed but publicly owned freestanding casinos.

Given these recent developments, Olympia Gaming, LLC ("Olympia") is considering submitting a proposal to the State of Kansas for the exclusive right to develop a full-service casino resort at a site adjacent to the Kansas Speedway and the Legends at Village West complex ("Project"). As part of this proposal to the State of Kansas and the Kansas Lottery, Olympia is required to submit a social and economic impact study as outlined in Section VII of the Kansas Gaming Application.

Olympia engaged Gaming Market Advisors ("GMA") to perform the analyses needed to complete Section VII Subsections A, B, C, D and G of the Kansas Gaming Application. Section VII examines the economic impact, demographic, and social impact of casino gaming within Wyandotte County.

Section VII. A) State the population of the area, the growth trend and describe the potential market.

GMA conducted both a general population trend analysis and a drive-time population and average annual household income analysis from the Project site. GMA concluded that the population growth of Wyandotte County and the Kansas City MSA are expected to be fairly stagnant through 2011, with 0% and 1% average annual growth expected, respectively.

Population Trend				
	2000	2006	2011	2006 - 2011 CAGR
Wyandotte County	157,882	155,257	152,926	0%
Kansas City, MO-KS	1,836,038	1,968,704	2,073,024	1%
Source: AGS / GMA				

There has been considerable amount of land speculation in Kansas City and western Wyandotte County at the potential sites for the gaming licensee. Casino companies and other real estate developers have begun accumulating large parcels of land that may be sold to home builders and other developers should parcels purchased not be selected for the gaming site. It is possible for population growth to outpace the forecast should home developers build at a faster than anticipated pace.

Section VII. B) Set forth an analysis of the facility's location as a tourist and entertainment destination designed to attract patrons residing outside the immediate area of the facility, including an estimate of the number of patrons that would be attracted to the gaming facility and the ancillary operations each year.

In order to project visitation spurred by the Legends Resort and Casino, GMA utilized internal performance projections for the facility's first stabilized year of operations, currently expected to be 2011. GMA estimated visitation generated by the subject casino by dividing gross levels of day-trip gaming revenue by an average spend per visit. In order to project visitation spurred by the hotel associated with the Project, GMA divided total Room Nights of Demand ("RND") for the hotel into gaming and non-gaming demand. The proposed Legends retail development is also expected to drive visitation to the Project. In projecting visitation resulting from this aspect of the Project, GMA determined that 66.7% of projected revenue would originate outside the county. In total, GMA estimates the Legends Resort & Casino will generate 2.0 million visits from outside Wyandotte County and nearly 800,000 visits from county residents for a grand total of 2.8 million visitors.

Legends Resort & Casino Visitation Summary			
	Wyandotte County	Outside of County	TOTAL
Casino	521,943	1,584,335	2,106,278
Hotel	6,922	221,952	228,874
Legends Retail	269,983	230,721	500,705
TOTAL	798,848	2,037,009	2,835,857
Source: GMA			

Section VII. C) State the projected economic impact of the facility. This impact statement shall be included in the attachments to this application and shall address the following:

- 1. The economic impact to the State funds to which the gaming revenues will be paid;**
- 2. Any employment created, including:**
 - a. Whether the employment is temporary or permanent;**
 - b. the type of work and compensation;**
 - c. the employer; and**
 - d. how the employment was created;**
- 3. any purchases of goods and services including the dollar amount and type of purchase;**
- 4. any private investment;**
- 5. any tax revenue generated; and**
- 6. any relative economic site advantage.**

Overall, the economic impact study can be summarized by the following chart which demonstrates total output of the Construction Phase at nearly \$856 million and the Operational Phase at over \$447 million.

Kasas City Casino Project's Economic Impact Summary				
	Direct	Indirect	Induced	TOTAL
Construction Phase				
Total Output	\$ 547,332,389	\$ 170,557,538	\$ 137,665,673	\$ 855,555,601
Employment	4,841	1,205	1,367	7,413
Wages	\$ 206,719,880	\$ 46,468,811	\$ 51,926,535	\$ 305,115,230
Indirect Business Taxes	\$ 21,728,952	\$ 8,480,259	\$ 6,172,035	\$ 36,381,246
Operational Phase				
Total Output	\$ 296,374,614	\$ 86,940,201	\$ 63,817,518	\$ 447,132,321
Employment	4,915	553	586	6,053
Wages	\$ 101,073,079	\$ 23,500,162	\$ 24,081,711	\$ 148,654,953
Indirect Business Taxes	\$ 21,176,010	\$ 3,416,005	\$ 2,855,042	\$ 27,447,057
Source: made by the authors based on Impact Analysis using IMPLAN data.				

The economic impact to the State and Local funds to which the gaming revenues will be paid is forecasted to be \$53 million. The State is expected to receive nearly \$47 million in gaming taxes.

State & Local Gaming Tax Revenue Summary		
	Assumptions	Gaming Tax Revenue
Gross Gaming Revenue	\$ 213,315,865	
State Tax Rate on Gaming	22.00%	\$46,929,490
Unified Government Tax Rate on Gaming	0.75%	\$1,599,869
Bonner Springs/Edwardsville Tax Rate on G	0.75%	\$1,599,869
County Tax Rate on Gaming	1.50%	\$3,199,738
Total State, City and County Tax		\$53,328,966
Source: GMA		

The Construction Phase has the following effect on employment:

- The surge in investment in the construction sector leads to an increase in new jobs in the region to meet the demands for goods and services for the Project, thus yielding about 1,205 man-years of work.
- Increased activities in construction and other sectors, which provide goods and services for construction activities, will result in the creation of an estimated 1,367 new jobs across broad industrial sectors.
- In total, the Wyandotte County region will enjoy newly created jobs for about 7,413 man-years due to the construction of the Project.

**Kansas City Casino Project's Construction Phase
Impact Analysis on Jobs**

Aggregated Industrial Sectors (NAICS 2 digit)	Direct	Indirect	Induced	Total
11 Ag, Forestry, Fish & Hunting (AGG)	0	3	1	4
21 Mining (AGG)	0	0	0	0
22 Utilities (AGG)	0	0	0	0
23 Construction (AGG)	2,634	12	5	2,651
31-33 Manufacturing (AGG)	36	106	35	177
42 Wholesale Trade (AGG)	633	116	56	805
48-49 Transportation & Warehousing (AGG)	0	91	41	132
44-45 Retail trade (AGG)	0	371	239	610
51 Information (AGG)	0	11	6	17
52 Finance & insurance (AGG)	0	29	36	64
53 Real estate & rental (AGG)	0	34	24	58
54 Professional- scientific & tech svcs (AGG)	126	81	19	225
55 Management of companies (AGG)	32	14	4	50
56 Administrative & waste services (AGG)	0	139	47	186
61 Educational svcs (AGG)	0	4	28	32
62 Health & social services (AGG)	0	0	274	274
71 Arts- entertainment & recreation (AGG)	0	16	48	65
72 Accommodation & food services (AGG)	1,380	46	160	1,587
81 Other services (AGG)	0	101	137	238
92 Government & non NAICS (AGG)	0	31	206	237
Total	4,841	1,205	1,367	7,413

Source: made by the authors based on Impact Analysis using IMPLAN data.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in # of jobs, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients.

The impact of the construction of the Project on wages appears in the next table.

- Direct investment in construction will generate initial wages of \$206.7 million, of which 67% will be in the construction sector. The surge in investment in the construction sector will lead to the creation of new jobs in Wyandotte County to meet the demands for goods and services caused by the construction of the Project. This surge is estimated to yield \$46.5 million of indirect wages.
- Increased activities in other sectors, which provide goods and services for the Project will result in the creation of new jobs and labor income to otherwise unemployed local residents. This will lead to increased induced wages paid in other sectors in the amount of \$51.9 million.
- In total, the Wyandotte County region will enjoy a positive impact of \$305.1 million in wages during construction.

Kansas City Casino Project's Construction Phase Impact Analysis on Wages

Aggregated Industrial Sectors (NAICS 2 digit)	Direct	Indirect	Induced	Total
11 Ag, Forestry, Fish & Hunting (AGG)	\$ -	\$ 11,646	\$ 4,872	\$ 16,518
21 Mining (AGG)	\$ -	\$ 3,343	\$ 690	\$ 4,033
22 Utilities (AGG)	\$ -	\$ 6,642	\$ 6,375	\$ 13,017
23 Construction (AGG)	\$ 139,154,992	\$ 626,181	\$ 284,460	\$ 140,065,632
31-33 Manufacturing (AGG)	\$ 2,898,246	\$ 8,606,683	\$ 2,863,001	\$ 14,367,930
42 Wholesale Trade (AGG)	\$ 34,152,100	\$ 6,261,323	\$ 3,029,285	\$ 43,442,712
48-49 Transportation & Warehousing (AGG)	\$ -	\$ 5,142,046	\$ 2,305,368	\$ 7,447,413
44-45 Retail trade (AGG)	\$ -	\$ 10,332,859	\$ 6,652,508	\$ 16,985,368
51 Information (AGG)	\$ -	\$ 680,659	\$ 375,549	\$ 1,056,208
52 Finance & insurance (AGG)	\$ -	\$ 1,294,156	\$ 1,624,533	\$ 2,918,689
53 Real estate & rental (AGG)	\$ -	\$ 1,245,513	\$ 893,928	\$ 2,139,440
54 Professional- scientific & tech svcs (AGG)	\$ 5,172,998	\$ 3,321,415	\$ 772,671	\$ 9,267,084
55 Management of companies (AGG)	\$ 1,826,805	\$ 823,252	\$ 241,742	\$ 2,891,799
56 Administrative & waste services (AGG)	\$ -	\$ 3,040,614	\$ 1,018,244	\$ 4,058,858
61 Educational svcs (AGG)	\$ -	\$ 70,449	\$ 494,348	\$ 564,798
62 Health & social services (AGG)	\$ -	\$ 4,615	\$ 12,527,356	\$ 12,531,970
71 Arts- entertainment & recreation (AGG)	\$ -	\$ 292,898	\$ 868,724	\$ 1,161,622
72 Accommodation & food services (AGG)	\$ 23,514,740	\$ 787,979	\$ 2,730,217	\$ 27,032,938
81 Other services (AGG)	\$ -	\$ 2,030,366	\$ 2,757,159	\$ 4,787,525
92 Government & non NAICS (AGG)	\$ -	\$ 1,886,172	\$ 12,475,505	\$ 14,361,677
Total	\$ 206,719,880	\$ 46,468,811	\$ 51,926,535	\$ 305,115,230

Source: made by the authors based on Impact Analysis using IMPLAN data.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients.

The following table details the effects of the Project on employment.

- Direct expenditures by visitors to the Project and other tourism-related facilities in the area will generate direct employment of about 4,915 people, of which 82% will be in the gaming sector with the rest in other tourism-related jobs, such as retail shops, hotels, restaurants and bars. This is due to the fact that while the majority of visitors' direct expenditures are estimated to benefit gaming operations first, other sizable portions will go to surrounding businesses. The Tourism Industrial sector tends to be more labor-intensive than average industrial sectors, as human labor inputs are required to produce and deliver the services for visitors.
- The Project's operations are estimated to lead to increased employment in the region to meet the demand for goods and services generated by suppliers for the casino, hotel and retail operations. This is estimated to yield about 553 indirect jobs outside of the Project.
- Business activities induced by the Project will result in the creation of 586 induced jobs across broad industrial sectors.
- In total, the Wyandotte County region will enjoy 6,053 newly created jobs due to the Project.

Kansas City Project's Operation Impact Analysis on # of Jobs*

Aggregated Industrial Sectors (NAICS 2 digit)	Direct	Indirect	Induced	Total
11 Ag, Forestry, Fish & Hunting (AGG)	0	2	0	3
21 Mining (AGG)	0	0	0	0
22 Utilities (AGG)	0	0	0	0
23 Construction (AGG)	0	14	2	16
31-33 Manufacturing (AGG)	0	48	15	63
42 Wholesale Trade (AGG)	0	58	24	82
48-49 Transportation & Warehousing (AGG)	43	47	17	107
44-45 Retail trade (AGG)	746	50	102	898
51 Information (AGG)	0	6	3	9
52 Finance & insurance (AGG)	0	18	15	33
53 Real estate & rental (AGG)	0	32	10	43
54 Professional- scientific & tech svcs (AGG)	0	33	8	41
55 Management of companies (AGG)	0	10	2	12
56 Administrative & waste services (AGG)	50	78	20	148
61 Educational svcs (AGG)	0	2	12	14
62 Health & social services (AGG)	0	0	117	118
71 Arts- entertainment & recreation (AGG)	287	36	21	344
72 Accommodation & food services (AGG)	3,739	41	69	3,849
81 Other services (AGG)	49	50	59	158
92 Government & non NAICS (AGG)	0	28	88	116
Total	4,915	553	586	6,053

Source: made by the authors based on Impact Analysis using IMPLAN data.

*FT and PT jobs included in this number.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients. *Numbers of jobs include both full time and part time workers.

The next table details the operational wage impact for the Project.

- Direct expenditures by visitors to the Project will generate wages for its employees in the amount of \$101.1 million. The surge in the gaming sector will lead to an increase in new jobs to meet the demand for goods and services for the Project, thus yielding \$23.5 million in additional indirect wages for those who would otherwise be unemployed.
- Increased activities in tourism-related sectors which provide goods and services for gaming activities will result in the creation of new jobs and labor income to otherwise unemployed local residents. This will lead to induced wages paid in other sectors in the range of \$24.1 million.
- In total, the Wyandotte County region will enjoy a positive impact of at least \$148.7 million per year in wages once the Project begins operations.

Kansas City Project's Operation Impact Analysis on Wages

Aggregated Industrial Sectors (NAICS 2 digit)	Direct	Indirect	Induced	Total
11 Ag, Forestry, Fish & Hunting (AGG)	\$ -	\$ 10,356	\$ 2,167	\$ 12,523
21 Mining (AGG)	\$ -	\$ 1,006	\$ 335	\$ 1,342
22 Utilities (AGG)	\$ -	\$ 7,690	\$ 2,911	\$ 10,601
23 Construction (AGG)	\$ -	\$ 762,275	\$ 127,858	\$ 890,132
31-33 Manufacturing (AGG)	\$ -	\$ 4,227,040	\$ 1,334,535	\$ 5,561,575
42 Wholesale Trade (AGG)	\$ -	\$ 3,364,094	\$ 1,391,076	\$ 4,755,170
48-49 Transportation & Warehousing (AGG)	\$ 2,548,173	\$ 2,779,626	\$ 1,044,294	\$ 6,372,094
44-45 Retail trade (AGG)	\$ 22,648,162	\$ 1,516,160	\$ 3,108,050	\$ 27,272,374
51 Information (AGG)	\$ -	\$ 415,535	\$ 169,578	\$ 585,112
52 Finance & insurance (AGG)	\$ -	\$ 860,001	\$ 742,757	\$ 1,602,758
53 Real estate & rental (AGG)	\$ -	\$ 1,290,910	\$ 416,163	\$ 1,707,073
54 Professional- scientific & tech svcs (AGG)	\$ -	\$ 1,456,978	\$ 356,331	\$ 1,813,308
55 Management of companies (AGG)	\$ -	\$ 652,649	\$ 116,965	\$ 769,614
56 Administrative & waste services (AGG)	\$ 1,161,431	\$ 1,813,580	\$ 462,647	\$ 3,437,658
61 Educational svcs (AGG)	\$ -	\$ 40,270	\$ 228,177	\$ 268,447
62 Health & social services (AGG)	\$ -	\$ 6,959	\$ 5,970,267	\$ 5,977,226
71 Arts- entertainment & recreation (AGG)	\$ 5,415,525	\$ 683,265	\$ 390,737	\$ 6,489,527
72 Accomodation & food services (AGG)	\$ 68,229,032	\$ 745,516	\$ 1,252,367	\$ 70,226,912
81 Other services (AGG)	\$ 1,070,757	\$ 1,081,715	\$ 1,273,425	\$ 3,425,897
92 Government & non NAICS (AGG)	\$ -	\$ 1,784,540	\$ 5,691,071	\$ 7,475,612
Total	\$ 101,073,079	\$ 23,500,162	\$ 24,081,711	\$ 148,654,953

Source: made by the authors based on Impact Analysis using IMPLAN data.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients.

The Project will also have an impact on tax revenues. The Construction Phase will impact Indirect Business Tax while there will be additional tax revenues gained by the Operational Phase.

Kansas City Casino Project's Construction Phase Impact Analysis on Indirect Business Tax

Aggregated Industrial Sectors (NAICS 2 digit)	Direct	Indirect	Induced	Total
11 Ag, Forestry, Fish & Hunting (AGG)	\$ -	\$ 1,973	\$ 825	\$ 2,798
21 Mining (AGG)	\$ -	\$ 2,584	\$ 533	\$ 3,117
22 Utilities (AGG)	\$ -	\$ 4,870	\$ 4,674	\$ 9,544
23 Construction (AGG)	\$ 2,340,958	\$ 10,534	\$ 4,785	\$ 2,356,278
31-33 Manufacturing (AGG)	\$ 120,469	\$ 357,748	\$ 119,004	\$ 597,222
42 Wholesale Trade (AGG)	\$ 15,193,924	\$ 2,785,599	\$ 1,347,698	\$ 19,327,222
48-49 Transportation & Warehousing (AGG)	\$ -	\$ 197,410	\$ 88,506	\$ 285,916
44-45 Retail trade (AGG)	\$ -	\$ 3,850,585	\$ 2,479,086	\$ 6,329,671
51 Information (AGG)	\$ -	\$ 136,544	\$ 75,337	\$ 211,881
52 Finance & insurance (AGG)	\$ -	\$ 84,128	\$ 105,604	\$ 189,732
53 Real estate & rental (AGG)	\$ -	\$ 289,153	\$ 207,531	\$ 496,684
54 Professional- scientific & tech svcs (AGG)	\$ 151,218	\$ 97,092	\$ 22,587	\$ 270,897
55 Management of companies (AGG)	\$ 38,748	\$ 17,462	\$ 5,127	\$ 61,337
56 Administrative & waste services (AGG)	\$ -	\$ 141,834	\$ 47,497	\$ 189,331
61 Educational svcs (AGG)	\$ -	\$ 1,523	\$ 10,688	\$ 12,211
62 Health & social services (AGG)	\$ -	\$ 65	\$ 177,018	\$ 177,083
71 Arts- entertainment & recreation (AGG)	\$ -	\$ 64,675	\$ 191,823	\$ 256,498
72 Accomodation & food services (AGG)	\$ 3,883,634	\$ 130,141	\$ 450,916	\$ 4,464,691
81 Other services (AGG)	\$ -	\$ 227,044	\$ 308,317	\$ 535,362
92 Government & non NAICS (AGG)	\$ -	\$ 79,296	\$ 524,476	\$ 603,772
Total	\$ 21,728,952	\$ 8,480,259	\$ 6,172,035	\$ 36,381,246

Source: made by the authors based on Impact Analysis using IMPLAN data.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients.

Kansas City Project's Operation Impact Analysis (1) on Overall Tax Revenues

	Employee Compensation	Proprietary Income	Household Expenditures	Corporations	Indirect Business Taxes	Total
Federal Government NonDefense	Corporate Profits Tax			\$ 3,019,776		\$ 3,019,776
	Indirect Bus Tax: Custom Duty				\$ 604,340	\$ 604,340
	Indirect Bus Tax: Excise Taxes				\$ 1,851,927	\$ 1,851,927
	Indirect Bus Tax: Fed NonTaxes				\$ 645,840	\$ 645,840
	Personal Tax: Estate and Gift Tax					\$ -
	Personal Tax: Income Tax		\$ 5,211,123			\$ 5,211,123
	Personal Tax: NonTaxes (Fines- Fees)					\$ -
	Social Ins Tax- Employee Contribution	\$ 6,905,383	\$ 214,681			\$ 7,120,064
	Social Ins Tax- Employer Contribution	\$ 7,171,185				\$ 7,171,185
	Total	\$ 14,076,568	\$ 214,681	\$ 5,211,123	\$ 3,102,108	\$ 25,624,256
State/Local Government NonEducation				\$ 288,569		\$ 288,569
	Corporate Profits Tax			\$ 572,573		\$ 572,573
	Dividends				\$ 173,120	\$ 173,120
	Indirect Bus Tax: Motor Vehicle Lic				\$ 402,349	\$ 402,349
	Indirect Bus Tax: Other Taxes				\$ 8,269,187	\$ 8,269,187
	Indirect Bus Tax: Property Tax				\$ 1,113,677	\$ 1,113,677
	Indirect Bus Tax: S/L NonTaxes				\$ 9,731,996	\$ 9,731,996
	Indirect Bus Tax: Sales Tax				\$ 278,067	\$ 278,067
	Personal Tax: Estate and Gift Tax					\$ -
	Personal Tax: Income Tax		\$ 1,764,029			\$ 1,764,029
	Personal Tax: Motor Vehicle License		\$ 107,451			\$ 107,451
	Personal Tax: NonTaxes (Fines- Fees)		\$ 225,679			\$ 225,679
	Personal Tax: Other Tax (Fish/Hunt)		\$ 49,076			\$ 49,076
	Personal Tax: Property Taxes		\$ 54,181			\$ 54,181
	Social Ins Tax- Employee Contribution	\$ 76,550				\$ 76,550
	Social Ins Tax- Employer Contribution	\$ 254,254				\$ 254,254
	Total	\$ 330,804	\$ -	\$ 2,200,416	\$ 861,143	\$ 19,968,395
	TOTAL	\$ 14,124,580	\$ 214,681	\$ 7,411,539	\$ 3,880,919	\$ 23,070,502
						\$ 48,702,222

Source: made by the authors based on Impact Analysis using IMPLAN data.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients. Also note that tax revenues may lag behind projected economic activities from which tax revenues are generated.

* Gaming Tax are not shown in this table format.

d. State the projected social impact of the facility. This impact statement shall be included in the attachments to the application and shall state how the facility may affect the following in the locale of the facility, or the State of Kansas, as may be applicable:

- (1) The school system;**
- (2) the police service;**
- (3) the fire service;**
- (4) the ambulance service;**
- (5) the population growth;**
- (6) the housing demand; and**
- (7) the community planning and development scheme.**

Impact on the School System

The Piper School District is where the Project is located. To better learn about Piper School District and the impact the Project will have upon Piper and other school districts within Wyandotte County, GMA met with Piper School District Superintendent Steve Adams and President of the School Board Andy Turnley.

Piper School District is a high performing school district that has the laudable challenge of having too many students wanting to enroll in the district. The schools are almost all currently running over capacity and the introduction of a new destination resort and jobs associated with it will make Piper Schools even more capacity constrained. GMA recommends that Olympia and Red Development make a donation to Piper School District to allow the district to build more schools which will spur further growth and alleviate some of the capacity issues the district is currently struggling with.

Impact on the Police Service

Major Terry Zeigler of the Kansas City Kansas Police Department ("KCKPD") was interviewed to discuss the impact that the Project would have upon police service. Major Zeigler believes the Project will have little impact to police service because the department is currently able to handle all calls within the region and has been able to handle the growth of the region over the last few years. Additionally the security employed by the casino should help ease the burden on the police department with on-property calls.

However, GMA recommends that Olympia and Red Development dedicate space at the Project site for an additional police substation to virtually double the police's exposure to western Wyandotte County and specifically the Project site and Legends development. A stronger police presence usually decreases the number of law enforcement calls to an area, which would be beneficial for the entertainment and resort corridor. The police response time to the Project should be at or better than what the department is currently averaging. There will be benefit to the entire community by having the additional substation conveniently located in close proximity to both I-435 and I-70 from an ease of access perspective.

Impact on the Fire Service

Assistant Chief Craig Duke of the Kansas City Kansas Fire Department (“KCKFD”) was interviewed to learn about the economic impact that the Project would have upon the fire service. The closest firehouse is located about 3.6 miles away from the Project site and the Legends development. The average response time for the fire department is usually around 4 minutes.

Assistant Chief Duke does not believe the Project would cause any strain on the ability of the fire department to respond because the site is easily accessible. The people who move to Wyandotte County for the jobs created by the Project are not expected to strain the fire department because many would be moving to existing vacant housing units. Even the additional volume of tourist and local traffic to the Project because of its draw as a gaming, lodging, meeting, retail and entertainment facility, are not expected to adversely affect the fire department’s ability to be more effective and efficient than the national average for response times.

Impact on the Ambulance Service

The KCKFD also provides nearly all the Advanced Life Support (“ALS”) services and ambulatory services for the Legends area and as such, Assistant Chief Duke was able to provide further information regarding ambulance services.

The ambulatory services come from the fire station. Assistant Chief Duke does not believe that the Project will adversely affect ambulatory services.

Impact on the Population Growth

GMA projects 6,053 jobs to be created by the ongoing operation of the Project. Assuming 5% of new jobs come from outside of Wyandotte County, approximately 303 families would be moving to the county, which would not significantly be adding to the population count.

Impact on the Housing Demand

According to Applied Geographic Solutions (“AGS”), at the end of 2006, Wyandotte County had 4,918 vacant housing units, representing 7% of total housing units in the market. It is projected that Wyandotte County will have 4,028 vacant housing units in 2011, representing 6% of the total number of housing units in the county.

Housing Unit Data: Wyandotte County				
	2006	%	2011	%
Vacant	4,918	7.4%	4,028	6.0%
Owner-Occupied	38,950	58.6%	39,947	59.8%
Renter-Occupied	22,574	34.0%	22,825	34.2%
Total in Market	66,442	100.0%	66,800	100.0%
Source: AGS				

With the amount of vacant housing units estimated for 2011 combined with the current construction, estimated to add an additional 997 owner-occupied units and 251 renter-

occupied units, it should not be difficult for the 303 employees to find housing. Additional housing units should not need to be constructed to accommodate the housing demand of the Project.

Impact on Community Planning & Development Scheme

The Project should have minimal impact on the community planning and development scheme. Wyandotte County and Kansas City are not expected to have to dramatically change their community planning and development scheme in order for the Project to go forward. As previously stated, the community master plan is a fluid document that is revisited every few years to understand and forecast the growth of the community.

G) Describe the effect of competition with any other gaming facility in and out of the state and with any other sport or recreational facility in the area, including a detailed statement of what effect the competition from any other facility will have on the availability of qualified personnel. These statements and descriptions of competition shall be included in the attachments to this application.

The Project will not directly compete with any sport facility; in fact it is likely that the Project will help the economic viability of the sports facilities in the area. In the immediate Legends area, the Kansas City T-Bones play baseball. Kansas City sports teams may see the Project's operators purchase private boxes each season and give the tickets to some of their most valuable casino patrons. The casino will have a positive impact on the Kansas Speedway, which already attracts hundreds of thousands of visitors to Wyandotte County twice each year for the NASCAR races. The casino resort will give NASCAR patrons an additional entertainment option during race weekends. Operating a sporting venue requires a somewhat different skill set than operating a casino resort; it is not expected to adversely affect the availability of qualified personnel to sporting venues or the Project.

The Project will, however, compete with the four riverboat casinos in Kansas City, MO and the state sanctioned racino at The Woodlands racetrack in Kansas City, KS. GMA estimates that in 2011 the four Missouri riverboats will generate \$646.5 million in gaming revenue with the Kansas racino generating \$68.2 million in gaming revenue for the same year if the Project is not constructed. Assuming the Project is completed as scheduled, GMA projects gaming revenue for these casinos in aggregate to drop by \$99.3 million to \$547.2 million in 2011. Gaming revenue at the Kansas racino is also estimated to be negatively impacted by the opening of the subject casino with gaming revenue projected to decrease \$21.5 million to \$46.7 million. It is important to note that overall gaming revenue within the market does grow with the addition of the Project and that no casino, individually or collectively, is impacted greatly enough to cause financial hardship to the business.

The area is somewhat limited in the availability of qualified personnel who can sufficiently open and be part of the management team for a casino with the size and scope of the Project. GMA estimates that approximately 5% of the jobs at the casino property will come from outside of Wyandotte County. There are four primary ways these

employees would join the Project: transfer within Olympia Gaming or Red Development, enter from a competing casino in Kansas City MO, enter from a different region or background, or begin working straight from high school or college. The line level employees at the Project will be desired positions because of ease of scheduling, quality health benefits, etc. that are associated with casino companies.

II. Engagement Overview

Overview/Situation Analysis

The State of Kansas recently approved a bill that was subsequently confirmed by voters in Wyandotte County allowing slot machines at both racetracks and at privately managed but publicly owned freestanding casinos.

Given these recent developments, Olympia Gaming, LLC (“Olympia”) is considering submitting a proposal to the State of Kansas for the exclusive right to develop a full-service casino resort at a site adjacent to the Kansas Speedway and the Legends at Village West complex (“Project”). As part of this proposal to the State of Kansas and the Kansas Lottery, Olympia is required to submit a social and economic impact study as outlined in Section VII of the Kansas Gaming Application.

Olympia engaged Gaming Market Advisors (“GMA”) to perform the analyses needed to complete Section VII Subsections A, B, C, D and G of the Kansas Gaming Application.

GMA employed an Input-Output Model to determine the social and economic impact that the Project will have on the greater Kansas City region and be able to give Olympia the data needed to fill out Subsections C and D of Section VII of the Gaming Application. The outputs of this model address the Total Output, Wages, Employment, and Tax Impact of the proposed Project. This study addressed not only the impact resulting from construction but the ongoing annual impacts resulting from a stabilized casino-resort operation as well.

Site Visit

As part of this engagement, one member of GMA conducted a site visit. The representative of GMA interviewed a Major Terry Zeigler of the Kansas City, KS Police Department (KCKPD), the Assistant Chief of the Kansas City, KS Fire Department, homebuilders in the area, and members of the local school district to learn more about the expected services for the Project.

II. Demographic Analysis

Local Population Analysis

In order to gain a better understanding of the Greater Kansas City market area, GMA conducted a number of preliminary analyses. Utilizing PCensus demographic mapping software, the Consulting Team studied population figures for Wyandotte County and the Kansas City Metropolitan Statistical Area ("MSA") and conducted a drive-time analysis.

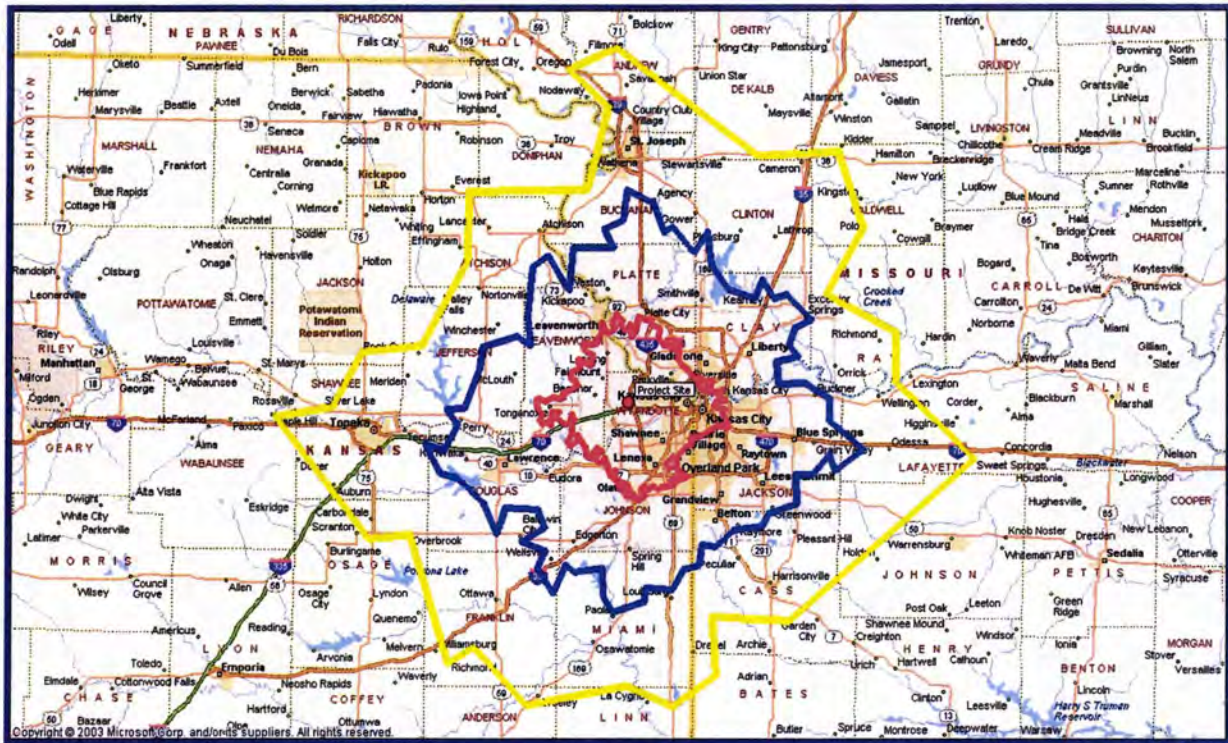
In 2006, Wyandotte County contained 155,257 total residents while the Kansas City MSA was home to 1,968,704. This region is projected to remain relatively stagnant in terms of population. Over the next five years, population in Wyandotte County is projected to undergo a minimal drop with total population estimated at 152,926 in 2011. Over the same period, the Kansas City MSA is anticipated to experience marginal growth, estimated at 2,073,024 in 2011.

Population Trend				
	2000	2006	2011	2006 - 2011 CAGR
Wyandotte County	157,882	155,257	152,926	0%
Kansas City, MO-KS	1,836,038	1,968,704	2,073,024	1%

Source: AGS / GMA

There has been great speculation on land in Kansas City and western Wyandotte County at the potential sites for the gaming licensee. Casino companies and other real estate developers have begun accumulating large masses of land that may be sold to home builders and other developers should parcels purchased not be selected for the gaming site. It is possible for population growth to outpace the forecast should home developers build at a faster than anticipated pace.

For the purposes of the drive-time analysis, GMA utilized drive-times of 0-30 minutes, 30-60 minutes and 60-90 minutes around the Project site. For each ring total population, adult (21+) population and average annual household income ("AAHI") were quantified. The map below illustrates these drive times.



0-30 Minute Market

The population within a 30-minute drive of the Project was estimated at approximately 1.3 million people in 2006, with approximately 71% of the population 21 years of age or older (adults). The population is expected to grow at an average annual growth rate of 1.0% and by 2011 have a population of nearly 1.4 million people, 72% of whom will be adults. The area is growing slightly faster than the national average, expected to increase at an annual growth rate of 0.9% between 2006 and 2011. 19% of the population is expected to be over the age of 65 in 2011.

30-60 Minute Market

The population within a 30- and 60-minute drive of the Project was estimated at approximately .97 million people in 2006, growing annually at a growth rate of 0.8% for a total population of 1.01 million people in 2011. The annual growth rate of this region is slightly behind the national average's annual growth rate of 0.9% between 2006 and 2011. Approximately 71% of the population are adults in this market and over the next five years, the adult population is expected to grow to 72%.

60-90 Minute Market

The area between a 60- and 90-minute drive from the Project site is more rural than the areas within an hour's drive. The population within a 60 and 90-minute drive from the Project was estimated at approximately 228,000 people in 2006 and is only expected to grow to approximately 234,000 people by 2011, a 0.5% annualized growth rate. In 2006, just over 72% of the population were adults and by 2011, it is estimated that nearly 74%

of the population will be adults. Approximately 15% of the population are 65 years of age or older. 39% of the population is between 35 and 64 years of age.

Total Population by Driving Time				
	2000	2006	2011	'06-'11 CAGR
0 min - 30 min	1,219,934	1,302,117	1,367,543	1.0%
30 min - 60 min	918,148	971,175	1,011,411	0.8%
60 min - 90 min	220,003	228,251	233,556	0.5%
TOTAL	2,358,085	2,501,543	2,612,510	0.9%
Source: AGS/GMA				

Adult (21+) Population by Driving Time				
	2000	2006	2011	'06-'11 CAGR
0 min - 30 min	899,863	929,104	982,876	1.1%
30 min - 60 min	666,382	687,088	723,708	1.0%
60 min - 90 min	161,959	165,054	172,183	0.8%
TOTAL	1,728,204	1,781,246	1,878,767	1.1%
Source: AGS/GMA				

Average Annual Household Income by Driving Time				
	2000	2006	2011	'06-'11 CAGR
0 min - 30 min	59,005	66,720	72,992	1.8%
30 min - 60 min	54,481	60,426	66,299	1.9%
60 min - 90 min	44,133	49,168	53,342	1.6%
AVERAGE	55,856	62,675	68,644	1.8%
Source: AGS/GMA				

Site Location

This map shows the Legends at Village West area in Edwardsville, Illinois. The map is centered on the intersection of I-40 and I-70. Key landmarks and locations include:

- Casino Site**: Located near the intersection of I-40 and I-70.
- T Bones Baseball Stadium**: Located near the intersection of I-40 and I-70.
- Shopping Mall**: Located near the intersection of I-40 and I-70.
- Nebraska Furniture Mart**: Located near the intersection of I-40 and I-70.
- Cabela's Sporting Goods**: Located near the intersection of I-40 and I-70.
- Great Wolf Lodge**: Located near the intersection of I-40 and I-70.
- Kansas Speedway**: Located near the intersection of I-40 and I-70.
- Kansas City**: Located near the intersection of I-40 and I-70.
- Edwardsville**: Located near the intersection of I-40 and I-70.
- Legends at Village West**: Located near the intersection of I-40 and I-70.
- Parallel Pkwy**: Located near the intersection of I-40 and I-70.
- Chicago Land Dr**: Located near the intersection of I-40 and I-70.
- Nazareth Dr**: Located near the intersection of I-40 and I-70.
- Americatown Dr**: Located near the intersection of I-40 and I-70.
- California Dr**: Located near the intersection of I-40 and I-70.
- Talladega Dr**: Located near the intersection of I-40 and I-70.
- Tuscon Dr**: Located near the intersection of I-40 and I-70.
- Daytona Dr**: Located near the intersection of I-40 and I-70.
- Richmond Dr**: Located near the intersection of I-40 and I-70.
- Village West Pkwy**: Located near the intersection of I-40 and I-70.
- N 110th St**: Located near the intersection of I-40 and I-70.
- N 118th St**: Located near the intersection of I-40 and I-70.
- N 115th St**: Located near the intersection of I-40 and I-70.
- N 109th St**: Located near the intersection of I-40 and I-70.
- N 98th St**: Located near the intersection of I-40 and I-70.
- N 101st St**: Located near the intersection of I-40 and I-70.
- Wyandotte County Fairgrounds**: Located near the intersection of I-40 and I-70.

Further east in relation to the Project site, but within the confines of the Village West development is Great Wolf Lodge. Great Wolf Lodge is a highly themed, family-oriented hotel property. In addition to 281 hotel rooms and suites, the property features an indoor water park, oversized arcade, spa and family-oriented dining outlets.

Just to the southeast of the Project site, an independent baseball stadium was developed. The Speedway and ballpark are expected to contribute to periodic dramatic increases in visitation to the Project while the shopping mall is expected to bring steady volumes of both overnight and day-trip visitation.

Projected Patron Visits

The Project site's proximity to existing tourist attractions is expected to maximize the attractiveness of the development as a regional tourist destination resulting in increased levels of visitation to the area. In order to project visitation spurred by the Legends Resort and Casino, GMA utilized internal performance projections for the facility's first stabilized year of operations, currently expected to be 2011.

GMA estimated visitation generated by the subject casino by dividing gross levels of day-trip gaming revenue by an average spend per visit. In total, the casino is estimated to generate \$155.4 million in day-trip gaming revenue in 2011, \$118.8 million of which is estimated to originate outside of Wyandotte County. Applying an average spend per visit of \$75 for gamers residing outside of Wyandotte County this equates to a total of 1.6 million visits accruing to the casino from outside the county. GMA estimated Wyandotte County gamers would, on average, have a slightly lower spend per visit of \$70 resulting in 522,000 visits to the casino in 2011.

In order to project visitation spurred by the hotel associated with the project, GMA divided total Room Nights of Demand ("RND") for the hotel into gaming and non-gaming demand. It was estimated that 95% of gaming demand and 100% of non-gaming demand would be generated outside of Wyandotte County. Based on figures currently experienced at other regional casino-hotels, it was projected that occupied rooms would house an average of 2 people. In total, GMA estimated the subject hotel will generate 222,000 visits from outside of Wyandotte County in its first stabilized year of operations.

The proposed Legends retail development is also expected to drive visitation to the Project. In projecting visitation resulting from this aspect of the Project, GMA determined that 66.7% of projected revenue would originate outside the county. It was then estimated that retail shoppers from within the county would spend an average of \$75 per trip with shoppers from outside the county spending \$175 per trip. In total, GMA estimates the Legends retail development generate 231,000 visits from outside Wyandotte County and 270,000 visits from county residents.

Legends Resort & Casino Visitation Summary			
	Wyandotte County	Outside of County	TOTAL
Casino	521,943	1,584,335	2,106,278
Hotel	6,922	221,952	228,874
Legends Retail	269,983	230,721	500,705
TOTAL	798,848	2,037,009	2,835,857
<i>Source: GMA</i>			

The Legends & Village West development are expected to draw approximately nine million visitors in 2007, making the development one of the largest tourist draws for the State of Kansas. There will be substantial synergy derived from constructing a destination casino resort. The additional amenities offered by the resort, the gaming experience, and the number of food, beverage, meeting, retail and entertainment options will continue to make the entire area a destination within Wyandotte County.

The ease of access roads from I-70 and I-435 also make the site attractive for tourists. By being able to utilize major highways, visiting tourists will generate very little disruption to the majority of residents.

IV. Economic Impact Study

Methodology

GMA employed the Input-Output/Social Accounting Matrix Model ("I-O/SAM") to determine the economic impact of the Project in Wyandotte County. The Input-Output economic model depicts how the total output of each industry in an economy depends on inter-industry demands and final demands by putting transactions in a matrix framework. In other words, a tourism project like a casino has significant effects on other industries in its trade area. The I-O/SAM model measures those effects by using a series of multipliers. These multipliers consider all aspects of the Input-Output framework, including what Inputs and Outputs will come from the subject region. A detailed description of the history of the Input-Output economic model and how it works can be found in the appendices. Below is a simpler explanation of how the model is applied.

Construction Phase and Operational Phase

There are two distinct phases associated with the construction of the proposed development. First, there will be a series of economic impacts stimulated by construction of the facility, which is considered a non-recurring, one-time impact to the regional economy.

As soon as construction is started, procurements of goods and services by a general contractor not only stimulate other businesses, which supply goods and services for the construction project, but also new employment, created by the construction project as a whole, will stimulate local households, including the effect of poverty alleviation among lower income households. These are one-time stimuli to the economy.

Some construction materials are purchased through local distributors/dealers even though they were manufactured elsewhere (in China for example). When this occurs, purchases of those goods as local transactions are captured from a local wholesaler, not from a local manufacturer. Construction activities usually have large multipliers because of the large labor inputs needed to complete the job as well as the large local construction material purchases. To continue the example, if the concrete is manufactured by a company in Minnesota directly, then the purchase is recorded as import from an outer region. If a slot machine (made in Nevada) is distributed and sold by Slot Manufacturer A, then we see it as local transaction from a wholesale sector to us. A regional purchase coefficient ("RPC") will capture how much of each item is purchased from local business and how much from other regions in the USA and from overseas. GMA used historical RPC to calculate each effect.

In the Operational Phase, there will be a series of impacts stimulated by the operation of the proposed casino, which are considered recurring, continuous stimuli to the regional economy. As soon as the gaming operator starts to hire and train employees, the impact can be noticed through wages paid to workers. Once the gaming facility opens its doors,

there will also be substantial inflow of revenues to the gaming operation and to the local economy.¹

Direct Effect, Indirect Effect and Induced Effect

GMA calculated the effects on Total Output, Wages, Number of Jobs generated, Indirect Business Taxes generated and Overall Tax Revenues generated. Summary tables were prepared for both the Construction Phase and Operations Phase.

Throughout the Economic Impact Analysis, GMA refers to three effects: the Direct Effect, the Indirect Effect and the Induced Effect. These are used to describe the types of output generated by the Project and these terms are best defined in the context in which they are used. The effect on Employment offers a very clear example.

Direct Effect on Employment

In this context Direct Effect refers to jobs created by patron expenditures in the study region. As an example, if 2,000 people a day visit a casino, those people would be served by employees working at the casino. In addition, some people may choose to spend the night at an area hotel, eat at a nearby restaurant or purchase fuel at a neighborhood convenience store. Their demand for goods and services at these businesses would create additional employment. Direct Effect on Employment includes those jobs created by the Project as well as jobs created by businesses around the Project.

Indirect Effect on Employment

Technically, Indirect Effect is caused by inter-industry transactions. Simply put, when a casino-hotel provides goods and services to its customers, then the Project needs inputs from other sources, such as utilities, food products, uniforms and supplies. For example, a local food distributor will have to hire additional delivery drivers and warehouse personnel to properly serve the casino. The demands of the Project for other industries' goods and services create jobs in other industrial sectors. This is the Indirect Effect on Employment.

Induced Effect on Employment

Induced Effect is the factor-institution interactions of labor and capital. Simply put, when employees of the Project receive their paychecks, they go out and spend money. They visit Best Buy, Wal-Mart and other stores and buy products. That consumption, which obviously has nothing to do with casino customers' expenditures, creates another set of jobs at retail stores and service establishments. In addition, those new workers hired by merchants to service the Project's employees in turn spend their money at other area merchants, creating more jobs. This is the Induced Effect on Employment.

¹ The local economy is defined as Wyandotte County.

Data Sources

IMPLAN

IMPLAN, which stands for "IMpact Analysis for PLANning," was developed by the USDA Forest Service. The Minnesota Implan Group (MIG) began work on the IMPLAN database in 1987 at the University of Minnesota. The MIG was formed as a private entity to develop and maintain IMPLAN data and software.² GMA relied on the I-O/SAM data compiled by the IMPLAN for Wyandotte County for 2002, the latest version available at the time of this analysis.

Construction Impact

Based on the estimates of construction costs for the proposed development at the Project site, the estimated impacts from construction activities, which include the costs for general construction, investment in Furniture, Fixture and Equipment ("FF&E"), other equipment, various business and consulting fees and pre-opening expenses were calculated. The costs for land acquisition, financing costs and interest expense are not included in the construction impact calculation to allow for better accuracy. It was also assumed that gaming related equipment will be purchased outside of the region and as such, will not have an impact on the local community.

The following table shows the breakdown of each construction cost item.

Breakdown of Construction Cost Items for Measurement of Impact Studies	
General Costruction	\$337,722,904
FFE	
General + FFE	\$91,582,753
Kitchen Items	\$6,621,560
Computers and electronic items	\$8,026,200
Other miscellaneous	\$12,990,436
Consulting Fees	
Architechture	\$14,139,965
Other	\$4,677,750
Pre-opening Expenses	
Wages	\$26,645,450
Other	\$44,925,406
TOTAL Soft Cost	\$209,609,520
TOTAL	\$641,982,424
Note: Financing costs & interest expenses, cost for land are not included in the construction impact calculations	

² While the IMPLAN is rather convenient software to simulate impact studies based on I-O/SAM models, researchers are strongly recommended to review the I-O/SAM model's limitations due to its assumptions. It is particularly important to know how the system works in order to simulate beyond a simple positive impact analysis.

Total Outputs

The following table details Total Outputs generated during the construction phase.

- Direct investment in construction and related activities, estimated at \$547.3 million, excluding land and financing-related costs, will generate indirect outputs from other regional sectors estimated at \$170.6 million.
- Increased activities in construction and other sectors, which provide support to construction activities, will result in the creation of new jobs and labor income to otherwise unemployed local residents. This will lead to increased commercial activity induced by increases in wages and consumption in the amount of \$137.7 million.
- In total, Wyandotte County will enjoy a positive impact of \$855.6 million during the construction phase of the Project.

Kansas City Casino Project's Construction Phase Impact Analysis on Total Output					
Aggregated Industrial Sectors (NAICS 2 digit)	Direct	Indirect	Induced	Total	
11 Ag, Forestry, Fish & Hunting (AGG)	\$ -	\$ 96,438	\$ 40,345	\$ 136,784	
21 Mining (AGG)	\$ -	\$ 47,719	\$ 9,847	\$ 57,566	
22 Utilities (AGG)	\$ -	\$ 69,533	\$ 66,737	\$ 136,270	
23 Construction (AGG)	\$ 337,722,848	\$ 1,519,713	\$ 690,373	\$ 339,932,928	
31-33 Manufacturing (AGG)	\$ 21,016,642	\$ 62,411,392	\$ 20,761,064	\$ 104,189,096	
42 Wholesale Trade (AGG)	\$ 98,204,328	\$ 18,004,428	\$ 8,710,705	\$ 124,919,464	
48-49 Transportation & Warehousing (AGG)	\$ -	\$ 12,191,455	\$ 5,465,876	\$ 17,657,332	
44-45 Retail trade (AGG)	\$ -	\$ 28,068,272	\$ 18,070,934	\$ 46,139,204	
51 Information (AGG)	\$ -	\$ 5,659,137	\$ 3,122,388	\$ 8,781,525	
52 Finance & insurance (AGG)	\$ -	\$ 4,838,606	\$ 6,073,822	\$ 10,912,427	
53 Real estate & rental (AGG)	\$ -	\$ 6,287,106	\$ 4,512,372	\$ 10,799,477	
54 Professional- scientific & tech svcs (AGG)	\$ 14,139,967	\$ 9,078,817	\$ 2,112,033	\$ 25,330,816	
55 Management of companies (AGG)	\$ 4,677,748	\$ 2,108,034	\$ 619,009	\$ 7,404,791	
56 Administrative & waste services (AGG)	\$ -	\$ 7,908,363	\$ 2,648,359	\$ 10,556,722	
61 Educational svcs (AGG)	\$ -	\$ 159,687	\$ 1,120,532	\$ 1,280,218	
62 Health & social services (AGG)	\$ -	\$ 8,933	\$ 24,251,254	\$ 24,260,188	
71 Arts- entertainment & recreation (AGG)	\$ -	\$ 816,893	\$ 2,422,869	\$ 3,239,762	
72 Accommodation & food services (AGG)	\$ 71,570,856	\$ 2,398,341	\$ 8,309,852	\$ 82,279,056	
81 Other services (AGG)	\$ -	\$ 5,727,990	\$ 7,778,390	\$ 13,506,379	
92 Government & non NAICS (AGG)	\$ -	\$ 3,156,684	\$ 20,878,914	\$ 24,035,598	
Total	\$ 547,332,389	\$ 170,557,538	\$ 137,665,673	\$ 855,555,601	

Source: made by the authors based on Impact Analysis using IMPLAN data.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients.

Employment

- Direct investment in construction will generate employment of about 4,841 man-years, of which 54% will be in the construction sector with the rest in professional and service-related jobs. A man-year is defined as the amount of labor one full time employee can complete in a calendar year, as such two full time employees working for six months would constitute one man-year. This is due to the fact that while the majority of construction costs are estimated to enter the “construction sector,” other portions will go into the acquisition of FF&E in addition to the hiring of employees prior to the casino’s opening.³ The surge in investment in the construction sector leads to an increase in new jobs in the region to meet the demands for goods and services for the Project, thus yielding about 1,205 man-years of work.
- Increased activities in construction and other sectors, which provide goods and services for construction activities, will result in the creation of an estimated 1,367 new jobs across broad industrial sectors.
- In total, Wyandotte County will enjoy newly created jobs for about 7,413 man-years due to the construction of the Project.

³ Pre-opening activities of the operation, including hiring and training of key personnel would start concurrently during construction, and such activities are also captured in the construction impacts.

**Kansas City Casino Project's Construction Phase
Impact Analysis on Jobs**

Aggregated Industrial Sectors (NAICS 2 digit)	Direct	Indirect	Induced	Total
11 Ag, Forestry, Fish & Hunting (AGG)	0	3	1	4
21 Mining (AGG)	0	0	0	0
22 Utilities (AGG)	0	0	0	0
23 Construction (AGG)	2,634	12	5	2,651
31-33 Manufacturing (AGG)	36	106	35	177
42 Wholesale Trade (AGG)	633	116	56	805
48-49 Transportation & Warehousing (AGG)	0	91	41	132
44-45 Retail trade (AGG)	0	371	239	610
51 Information (AGG)	0	11	6	17
52 Finance & insurance (AGG)	0	29	36	64
53 Real estate & rental (AGG)	0	34	24	58
54 Professional- scientific & tech svcs (AGG)	126	81	19	225
55 Management of companies (AGG)	32	14	4	50
56 Administrative & waste services (AGG)	0	139	47	186
61 Educational svcs (AGG)	0	4	28	32
62 Health & social services (AGG)	0	0	274	274
71 Arts- entertainment & recreation (AGG)	0	16	48	65
72 Accommodation & food services (AGG)	1,380	46	160	1,587
81 Other services (AGG)	0	101	137	238
92 Government & non NAICs (AGG)	0	31	206	237
Total	4,841	1,205	1,367	7,413

Source: made by the authors based on Impact Analysis using IMPLAN data.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in # of jobs, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients.

Wages

The impact of the construction of the Project on wages appears in the next table.

- Direct investment in construction will generate initial wages of \$206.7 million, of which 67% will be in the construction sector. The surge in investment in the construction sector will lead to the creation of new jobs in Wyandotte County to meet the demands for goods and services caused by the construction of the Project. This surge is estimated to yield \$46.5 million of indirect wages.
- Increased activities in other sectors, which provide goods and services for the Project will result in the creation of new jobs and labor income to otherwise unemployed local residents. This will lead to increased induced wages paid in other sectors in the amount of \$51.9 million.
- In total, Wyandotte County will enjoy a positive impact of \$305.1 million in wages during construction.

Kansas City Casino Project's Construction Phase Impact Analysis on Wages

Aggregated Industrial Sectors (NAICS 2 digit)	Direct	Indirect	Induced	Total
11 Ag, Forestry, Fish & Hunting (AGG)	\$ -	\$ 11,646	\$ 4,872	\$ 16,518
21 Mining (AGG)	\$ -	\$ 3,343	\$ 690	\$ 4,033
22 Utilities (AGG)	\$ -	\$ 6,642	\$ 6,375	\$ 13,017
23 Construction (AGG)	\$ 139,154,992	\$ 626,181	\$ 284,460	\$ 140,065,632
31-33 Manufacturing (AGG)	\$ 2,898,246	\$ 8,606,683	\$ 2,863,001	\$ 14,367,930
42 Wholesale Trade (AGG)	\$ 34,152,100	\$ 6,261,323	\$ 3,029,285	\$ 43,442,712
48-49 Transportation & Warehousing (AGG)	\$ -	\$ 5,142,046	\$ 2,305,368	\$ 7,447,413
44-45 Retail trade (AGG)	\$ -	\$ 10,332,859	\$ 6,652,508	\$ 16,985,368
51 Information (AGG)	\$ -	\$ 680,659	\$ 375,549	\$ 1,056,208
52 Finance & insurance (AGG)	\$ -	\$ 1,294,156	\$ 1,624,533	\$ 2,918,689
53 Real estate & rental (AGG)	\$ -	\$ 1,245,513	\$ 893,928	\$ 2,139,440
54 Professional- scientific & tech svcs (AGG)	\$ 5,172,998	\$ 3,321,415	\$ 772,671	\$ 9,267,084
55 Management of companies (AGG)	\$ 1,826,805	\$ 823,252	\$ 241,742	\$ 2,891,799
56 Administrative & waste services (AGG)	\$ -	\$ 3,040,614	\$ 1,018,244	\$ 4,058,858
61 Educational svcs (AGG)	\$ -	\$ 70,449	\$ 494,348	\$ 564,798
62 Health & social services (AGG)	\$ -	\$ 4,615	\$ 12,527,356	\$ 12,531,970
71 Arts- entertainment & recreation (AGG)	\$ -	\$ 292,898	\$ 868,724	\$ 1,161,622
72 Accommodation & food services (AGG)	\$ 23,514,740	\$ 787,979	\$ 2,730,217	\$ 27,032,938
81 Other services (AGG)	\$ -	\$ 2,030,366	\$ 2,757,159	\$ 4,787,525
92 Government & non NAICS (AGG)	\$ -	\$ 1,886,172	\$ 12,475,505	\$ 14,361,677
Total	\$ 206,719,880	\$ 46,468,811	\$ 51,926,535	\$ 305,115,230

Source: made by the authors based on Impact Analysis using IMPLAN data.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients.

Tax Impact

The impacts of construction of the proposed Project on taxes are detailed in the following two tables.

- The construction of the Project will generate substantial tax revenues to federal, state and local governments. Total tax revenue during the construction phase is estimated at \$90.5 million, the largest portion of this revenue is projected to be social security tax in the amount of \$32.3 million for the federal government.

Kansas City Casino Project's Construction Phase Impact Analysis on Overall Tax Revenues						
	Employee Compensation	Proprietary Income	Household Expenditures	Corporations	Indirect Business Taxes	Total
Federal Government NonDefense	Corporate Profits Tax			\$ 5,976,344		\$ 5,976,344
	Indirect Bus Tax: Custom Duty				\$ 866,706	\$ 866,706
	Indirect Bus Tax: Excise Taxes				\$ 2,655,915	\$ 2,655,915
	Indirect Bus Tax: Fed NonTaxes				\$ 926,223	\$ 926,223
	Personal Tax: Estate and Gift Tax					\$ -
	Personal Tax: Income Tax		\$ 12,165,020			\$ 12,165,020
	Personal Tax: NonTaxes (Fines- Fees)					\$ -
	Social Ins Tax- Employee Contribution	\$ 15,438,350	\$ 817,143			\$ 16,255,493
	Social Ins Tax- Employer Contribution	\$ 16,032,603				\$ 16,032,603
	Total	\$ 31,470,953	\$ 817,143	\$ 12,165,020	\$ 4,448,844	\$ 54,878,305
State/Local Government NonEducation	Corporate Profits Tax			\$ 571,099		\$ 571,099
	Dividends			\$ 1,133,162		\$ 1,133,162
	Indirect Bus Tax: Motor Vehicle Lic				\$ 248,277	\$ 248,277
	Indirect Bus Tax: Other Taxes				\$ 577,023	\$ 577,023
	Indirect Bus Tax: Property Tax				\$ 11,859,138	\$ 11,859,138
	Indirect Bus Tax: S/L NonTaxes				\$ 1,597,164	\$ 1,597,164
	Indirect Bus Tax: Sales Tax				\$ 13,957,005	\$ 13,957,005
	Indirect Bus Tax: Severance Tax				\$ 398,785	\$ 398,785
	Personal Tax: Estate and Gift Tax					\$ -
	Personal Tax: Income Tax		\$ 4,118,028			\$ 4,118,028
	Personal Tax: Motor Vehicle License		\$ 250,829			\$ 250,829
	Personal Tax: NonTaxes (Fines- Fees)		\$ 526,838			\$ 526,838
	Personal Tax: Other Tax (Fish/Hunt)		\$ 114,558			\$ 114,558
	Personal Tax: Property Taxes		\$ 126,496			\$ 126,496
	Social Ins Tax- Employee Contribution	\$ 171,142				\$ 171,142
	Social Ins Tax- Employer Contribution	\$ 568,435				\$ 568,435
	Total	\$ 739,577	\$ -	\$ 5,136,749	\$ 28,637,392	\$ 36,217,979
Total	\$ 31,578,294	\$ 817,143	\$ 17,301,769	\$ 7,680,604	\$ 33,086,236	\$ 90,464,047

Source: made by the authors based on Impact Analysis using IMPLAN data.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients. Also note that tax revenues may lag behind projected economic activities from which tax revenues are generated.

- Local government is estimated to receive total tax revenue of \$36.2 million with the majority coming from indirect business taxes of \$28.6 million, such as increased property taxes (\$11.9 million) and increased sales tax revenue (\$14.0

million).⁴ While the indirect business taxes' initial amount is significant (\$21.7 million), taxes generated from all other supplying sectors (\$8.5 million) and taxes generated from increased consumption from newly employed workers (\$6.2 million) are also substantial.⁵

- A more detailed discussion of the tax categories found in the following charts can be found in Appendix D.

Even though the impacts from construction activities are one-time, non-recurring, it is expected to bring considerable positive impacts reaching beyond the boundaries of the construction sector.

Kansas City Casino Project's Construction Phase Impact Analysis on Indirect Business Tax				
Aggregated Industrial Sectors (NAICS 2 digit)	Direct	Indirect	Induced	Total
11 Ag, Forestry, Fish & Hunting (AGG)	\$ -	\$ 1,973	\$ 825	\$ 2,798
21 Mining (AGG)	\$ -	\$ 2,584	\$ 533	\$ 3,117
22 Utilities (AGG)	\$ -	\$ 4,870	\$ 4,674	\$ 9,544
23 Construction (AGG)	\$ 2,340,958	\$ 10,534	\$ 4,785	\$ 2,356,278
31-33 Manufacturing (AGG)	\$ 120,469	\$ 357,748	\$ 119,004	\$ 597,222
42 Wholesale Trade (AGG)	\$ 15,193,924	\$ 2,785,599	\$ 1,347,698	\$ 19,327,222
48-49 Transportation & Warehousing (AGG)	\$ -	\$ 197,410	\$ 88,506	\$ 285,916
44-45 Retail trade (AGG)	\$ -	\$ 3,850,585	\$ 2,479,086	\$ 6,329,671
51 Information (AGG)	\$ -	\$ 136,544	\$ 75,337	\$ 211,881
52 Finance & insurance (AGG)	\$ -	\$ 84,128	\$ 105,604	\$ 189,732
53 Real estate & rental (AGG)	\$ -	\$ 289,153	\$ 207,531	\$ 496,684
54 Professional- scientific & tech svcs (AGG)	\$ 151,218	\$ 97,092	\$ 22,587	\$ 270,897
55 Management of companies (AGG)	\$ 38,748	\$ 17,462	\$ 5,127	\$ 61,337
56 Administrative & waste services (AGG)	\$ -	\$ 141,834	\$ 47,497	\$ 189,331
61 Educational svcs (AGG)	\$ -	\$ 1,523	\$ 10,688	\$ 12,211
62 Health & social services (AGG)	\$ -	\$ 65	\$ 177,018	\$ 177,083
71 Arts- entertainment & recreation (AGG)	\$ -	\$ 64,675	\$ 191,823	\$ 256,498
72 Accommodation & food services (AGG)	\$ 3,883,634	\$ 130,141	\$ 450,916	\$ 4,464,691
81 Other services (AGG)	\$ -	\$ 227,044	\$ 308,317	\$ 535,362
92 Government & non NAICs (AGG)	\$ -	\$ 79,296	\$ 524,476	\$ 603,772
Total	\$ 21,728,952	\$ 8,480,259	\$ 6,172,035	\$ 36,381,246

Source: made by the authors based on Impact Analysis using IMPLAN data.
Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients.

⁴ Increase in tax revenues may mean either revenue increases for local government or an opportunity to mitigate existing tax obligations to existing taxpayers due to the emerging alternative revenue sources from the Project.

⁵ Again, this can be deemed as additional revenue to the local government, or as an opportunity to mitigate existing tax structures in favor of the existing business community.

Operational Impact

Based on the revenue projections for the Project, GMA calculated the estimated impact from ongoing operations. Impacts are estimated based on the first stabilized year of operation, currently estimated as 2011 with \$327 million of gross revenue. Based on customer behaviors in other markets, while the hotel operation will likely attract many visitors from outside of the region, the majority of visitors will be residents of the region. As such, the spending patterns will likely coincide with those experienced at other regional casinos. In addition, the majority of revenue is expected to be generated by the casino, which is then followed by Legends retail complex.

In the following sections, the direct impact from the Project is found in both the NAICS cost 71 (Arts, entertainment & recreation) and 72 (Accommodation & food services categories).

Total Output

- Direct expenditures by patrons of the Project and other hospitality outlets, such as restaurants, bars, and shops in the area, are estimated at \$296.4 million, and will generate additional outputs from other sectors of the regional economy in the induced amount of \$86.9 million.
- Increased activities in gaming and other supporting sectors will result in the creation of new jobs and labor income to otherwise unemployed local residents. This will lead to increased commercial activities induced by increases in wages and consumption in the indirect amount of \$63.8 million.
- In total, the Wyandotte County region will enjoy a positive impact estimated at \$447.1 million per year once the Project commences normal operation.

Kansas City Project's Operation Impact Analysis on Total Output

Aggregated Industrial Sectors (NAICS 2 digit)	Direct	Indirect	Induced	Total
11 Ag, Forestry, Fish & Hunting (AGG)	\$ -	\$ 85,758	\$ 17,944	\$ 103,703
21 Mining (AGG)	\$ -	\$ 14,365	\$ 4,789	\$ 19,154
22 Utilities (AGG)	\$ -	\$ 80,502	\$ 30,474	\$ 110,976
23 Construction (AGG)	\$ -	\$ 1,850,006	\$ 310,305	\$ 2,160,311
31-33 Manufacturing (AGG)	\$ -	\$ 30,652,392	\$ 9,677,388	\$ 40,329,780
42 Wholesale Trade (AGG)	\$ -	\$ 9,673,447	\$ 4,000,037	\$ 13,673,485
48-49 Transportation & Warehousing (AGG)	\$ 6,041,552	\$ 6,590,312	\$ 2,475,953	\$ 15,107,816
44-45 Retail trade (AGG)	\$ 61,521,672	\$ 4,118,511	\$ 8,442,735	\$ 74,082,920
51 Information (AGG)	\$ -	\$ 3,454,839	\$ 1,409,902	\$ 4,864,741
52 Finance & insurance (AGG)	\$ -	\$ 3,215,380	\$ 2,777,030	\$ 5,992,409
53 Real estate & rental (AGG)	\$ -	\$ 6,516,262	\$ 2,100,709	\$ 8,616,970
54 Professional- scientific & tech svcs (AGG)	\$ -	\$ 3,982,530	\$ 974,001	\$ 4,956,530
55 Management of companies (AGG)	\$ -	\$ 1,671,184	\$ 299,503	\$ 1,970,687
56 Administrative & waste services (AGG)	\$ 3,020,776	\$ 4,716,959	\$ 1,203,303	\$ 8,941,038
61 Educational svcs (AGG)	\$ -	\$ 91,279	\$ 517,206	\$ 608,485
62 Health & social services (AGG)	\$ -	\$ 13,472	\$ 11,557,624	\$ 11,571,095
71 Arts- entertainment & recreation (AGG)	\$ 15,103,885	\$ 1,905,624	\$ 1,089,765	\$ 18,099,272
72 Accomodation & food services (AGG)	\$ 207,665,952	\$ 2,269,097	\$ 3,811,779	\$ 213,746,816
81 Other services (AGG)	\$ 3,020,777	\$ 3,051,691	\$ 3,592,538	\$ 9,665,006
92 Government & non NAICS (AGG)	\$ -	\$ 2,986,594	\$ 9,524,535	\$ 12,511,128
Total	\$ 296,374,614	\$ 86,940,201	\$ 63,817,518	\$ 447,132,321

Source: made by the authors based on Impact Analysis using IMPLAN data.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients.

Employment

The following table details the effects of the Project on employment.

- Direct expenditures by visitors to the Project and other tourism-related facilities in the area will generate direct employment of about 4,915 people, of which 82% will be in the gaming sector with the rest in other tourism-related jobs, such as retail shops, hotels, restaurants and bars. This is due to the fact that while the majority of visitors' direct expenditures are estimated to benefit gaming operations first, other sizable portions will go to surrounding businesses. The Tourism Industrial sector tends to be more labor-intensive than average industrial sectors, as human labor inputs are required to produce and deliver the services for visitors.
- The Project's operations are estimated to lead to increased employment in the region to meet the demand for goods and services generated by suppliers for the casino, hotel and retail operations. This is estimated to yield about 553 indirect jobs outside of the Project.
- Business activities induced by the Project will result in the creation of 586 induced jobs across broad industrial sectors.
- In total, Wyandotte County will enjoy 6,053 newly created jobs due to the Project.

Kansas City Project's Operation Impact Analysis on # of Jobs*

Aggregated Industrial Sectors (NAICS 2 digit)	Direct	Indirect	Induced	Total
11 Ag, Forestry, Fish & Hunting (AGG)	0	2	0	3
21 Mining (AGG)	0	0	0	0
22 Utilities (AGG)	0	0	0	0
23 Construction (AGG)	0	14	2	16
31-33 Manufacturing (AGG)	0	48	15	63
42 Wholesale Trade (AGG)	0	58	24	82
48-49 Transportation & Warehousing (AGG)	43	47	17	107
44-45 Retail trade (AGG)	746	50	102	898
51 Information (AGG)	0	6	3	9
52 Finance & insurance (AGG)	0	18	15	33
53 Real estate & rental (AGG)	0	32	10	43
54 Professional- scientific & tech svcs (AGG)	0	33	8	41
55 Management of companies (AGG)	0	10	2	12
56 Administrative & waste services (AGG)	50	78	20	148
61 Educational svcs (AGG)	0	2	12	14
62 Health & social services (AGG)	0	0	117	118
71 Arts- entertainment & recreation (AGG)	287	36	21	344
72 Accommodation & food services (AGG)	3,739	41	69	3,849
81 Other services (AGG)	49	50	59	158
92 Government & non NAICS (AGG)	0	28	88	116
Total	4,915	553	586	6,053

Source: made by the authors based on Impact Analysis using IMPLAN data.

*FT and PT jobs included in this number.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients. *Numbers of jobs include both full time and part time workers.

Wages

The next table details the operational wage impact for the Project.

- Direct expenditures by visitors to the Project will generate wages for its employees in the amount of \$101.1 million. The surge in the gaming sector will lead to an increase in new jobs to meet the demand for goods and services for the Project, thus yielding \$23.5 million in additional indirect wages for those who would otherwise be unemployed.
- Increased activities in tourism-related sectors which provide goods and services for gaming activities will result in the creation of new jobs and labor income to otherwise unemployed local residents. This will lead to induced wages paid in other sectors in the range of \$24.1 million.
- In total, Wyandotte County will enjoy a positive impact of at least \$148.7 million per year in wages once the Project begins operations.

Kansas City Project's Operation Impact Analysis on Wages				
Aggregated Industrial Sectors (NAICS 2 digit)	Direct	Indirect	Induced	Total
11 Ag, Forestry, Fish & Hunting (AGG)	\$ -	\$ 10,356	\$ 2,167	\$ 12,523
21 Mining (AGG)	\$ -	\$ 1,006	\$ 335	\$ 1,342
22 Utilities (AGG)	\$ -	\$ 7,690	\$ 2,911	\$ 10,601
23 Construction (AGG)	\$ -	\$ 762,275	\$ 127,858	\$ 890,132
31-33 Manufacturing (AGG)	\$ -	\$ 4,227,040	\$ 1,334,535	\$ 5,561,575
42 Wholesale Trade (AGG)	\$ -	\$ 3,364,094	\$ 1,391,076	\$ 4,755,170
48-49 Transportation & Warehousing (AGG)	\$ 2,548,173	\$ 2,779,626	\$ 1,044,294	\$ 6,372,094
44-45 Retail trade (AGG)	\$ 22,648,162	\$ 1,516,160	\$ 3,108,050	\$ 27,272,374
51 Information (AGG)	\$ -	\$ 415,535	\$ 169,578	\$ 585,112
52 Finance & insurance (AGG)	\$ -	\$ 860,001	\$ 742,757	\$ 1,602,758
53 Real estate & rental (AGG)	\$ -	\$ 1,290,910	\$ 416,163	\$ 1,707,073
54 Professional- scientific & tech svcs (AGG)	\$ -	\$ 1,456,978	\$ 356,331	\$ 1,813,308
55 Management of companies (AGG)	\$ -	\$ 652,649	\$ 116,965	\$ 769,614
56 Administrative & waste services (AGG)	\$ 1,161,431	\$ 1,813,580	\$ 462,647	\$ 3,437,658
61 Educational svcs (AGG)	\$ -	\$ 40,270	\$ 228,177	\$ 268,447
62 Health & social services (AGG)	\$ -	\$ 6,959	\$ 5,970,267	\$ 5,977,226
71 Arts- entertainment & recreation (AGG)	\$ 5,415,525	\$ 683,265	\$ 390,737	\$ 6,489,527
72 Accomodation & food services (AGG)	\$ 68,229,032	\$ 745,516	\$ 1,252,367	\$ 70,226,912
81 Other services (AGG)	\$ 1,070,757	\$ 1,081,715	\$ 1,273,425	\$ 3,425,897
92 Government & non NAICs (AGG)	\$ -	\$ 1,784,540	\$ 5,691,071	\$ 7,475,612
Total	\$ 101,073,079	\$ 23,500,162	\$ 24,081,711	\$ 148,654,953

Source: made by the authors based on Impact Analysis using IMPLAN data.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients.

Tax Impact

The following two tables detail the impact of the proposed development on tax revenues. In looking at the following chart, it is important to note that any gaming taxes paid to local and state governments are not included in the following tables.

- The operation of the Project will generate substantial tax revenues to federal, state and local governments estimated at \$48.7 million, the largest component being indirect business taxes for the local government. Compared to the impact from construction, during the operational phase there will be relatively more benefits to the local and state governments than to the federal government.
- Local government is estimated to receive \$23.4 million in tax revenue with the majority generated by indirect business taxes (\$20.0 million), and Personal Income Tax (\$1.8 million).
- Ongoing operations at the Legends Casino & Resort are estimated to generate at least \$21.2 million annually in tax revenue. Taxes generated by supporting indirect sectors of the regional economy will add an additional \$3.4 million in tax revenue annually. Increases employment and the subsequent increase in consumption in the local economy are estimated to generate an additional \$2.9 million in induced tax revenue for the local governments.
- A more detailed discussion of the tax categories found in the following charts can be found in Appendix D.

Kansas City Project's Operation Impact Analysis on Indirect Business Tax					
Aggregated Industrial Sectors (NAICS 2 digit)	Direct	Indirect	Induced	Total	
11 Ag, Forestry, Fish & Hunting (AGG)	\$ -	\$ 1,754	\$ 367	\$ 2,122	
21 Mining (AGG)	\$ -	\$ 778	\$ 259	\$ 1,037	
22 Utilities (AGG)	\$ -	\$ 5,638	\$ 2,134	\$ 7,773	
23 Construction (AGG)	\$ -	\$ 12,823	\$ 2,151	\$ 14,974	
31-33 Manufacturing (AGG)	\$ -	\$ 175,703	\$ 55,472	\$ 231,174	
42 Wholesale Trade (AGG)	\$ -	\$ 1,496,651	\$ 618,876	\$ 2,115,527	
48-49 Transportation & Warehousing (AGG)	\$ 97,828	\$ 106,713	\$ 40,092	\$ 244,633	
44-45 Retail trade (AGG)	\$ 8,439,935	\$ 565,004	\$ 1,158,228	\$ 10,163,168	
51 Information (AGG)	\$ -	\$ 83,359	\$ 34,018	\$ 117,377	
52 Finance & insurance (AGG)	\$ -	\$ 55,905	\$ 48,284	\$ 104,189	
53 Real estate & rental (AGG)	\$ -	\$ 299,692	\$ 96,615	\$ 396,307	
54 Professional- scientific & tech svcs (AGG)	\$ -	\$ 42,591	\$ 10,416	\$ 53,007	
55 Management of companies (AGG)	\$ -	\$ 13,843	\$ 2,481	\$ 16,324	
56 Administrative & waste services (AGG)	\$ 54,177	\$ 84,597	\$ 21,581	\$ 160,355	
61 Educational svcs (AGG)	\$ -	\$ 871	\$ 4,933	\$ 5,804	
62 Health & social services (AGG)	\$ -	\$ 98	\$ 84,363	\$ 84,461	
71 Arts- entertainment & recreation (AGG)	\$ 1,195,801	\$ 150,872	\$ 86,279	\$ 1,432,951	
72 Accomodation & food services (AGG)*	\$ 11,268,533	\$ 123,128	\$ 206,838	\$ 11,598,498	
81 Other services (AGG)	\$ 119,737	\$ 120,962	\$ 142,400	\$ 383,099	
92 Government & non NAICs (AGG)	\$ -	\$ 75,023	\$ 239,255	\$ 314,278	
Total	\$ 21,176,010	\$ 3,416,005	\$ 2,855,042	\$ 27,447,057	
Source: made by the authors based on Impact Analysis using IMPLAN data.					
Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients. *Gaming Tax is not included in this figure.					

Kansas City Project's Operation Impact Analysis (1) on Overall Tax Revenues

	Employee Compensation	Proprietary Income	Household Expenditures	Corporations	Indirect Business Taxes	Total
Federal Government NonDefense	Corporate Profits Tax			\$ 3,019,776		\$ 3,019,776
	Indirect Bus Tax: Custom Duty				\$ 604,340	\$ 604,340
	Indirect Bus Tax: Excise Taxes				\$ 1,851,927	\$ 1,851,927
	Indirect Bus Tax: Fed NonTaxes				\$ 645,840	\$ 645,840
	Personal Tax: Estate and Gift Tax					\$ -
	Personal Tax: Income Tax		\$ 5,211,123			\$ 5,211,123
	Personal Tax: NonTaxes (Fines- Fees)					\$ -
	Social Ins Tax- Employee Contribution	\$ 6,905,383	\$ 214,681			\$ 7,120,064
	Social Ins Tax- Employer Contribution	\$ 7,171,185				\$ 7,171,185
	Total	\$ 14,076,568	\$ 214,681	\$ 5,211,123	\$ 3,019,776	\$ 3,102,108
State/Local Government NonEducation				\$ 288,569		\$ 288,569
	Corporate Profits Tax			\$ 572,573		\$ 572,573
	Dividends				\$ 173,120	\$ 173,120
	Indirect Bus Tax: Motor Vehicle Lic				\$ 402,349	\$ 402,349
	Indirect Bus Tax: Other Taxes				\$ 8,269,187	\$ 8,269,187
	Indirect Bus Tax: Property Tax				\$ 1,113,677	\$ 1,113,677
	Indirect Bus Tax: S/L NonTaxes				\$ 9,731,996	\$ 9,731,996
	Indirect Bus Tax: Sales Tax				\$ 278,067	\$ 278,067
	Personal Tax: Estate and Gift Tax					\$ -
	Personal Tax: Income Tax		\$ 1,764,029			\$ 1,764,029
	Personal Tax: Motor Vehicle License		\$ 107,451			\$ 107,451
	Personal Tax: NonTaxes (Fines- Fees)		\$ 225,679			\$ 225,679
	Personal Tax: Other Tax (Fish/Hunt)		\$ 49,076			\$ 49,076
	Personal Tax: Property Taxes		\$ 54,181			\$ 54,181
	Social Ins Tax- Employee Contribution	\$ 76,550				\$ 76,550
	Social Ins Tax- Employer Contribution	\$ 254,254				\$ 254,254
	Total	\$ 330,804	\$ -	\$ 2,200,416	\$ 861,143	\$ 19,968,395
	TOTAL	\$ 14,124,580	\$ 214,681	\$ 7,411,539	\$ 3,880,919	\$ 23,070,502
						\$ 48,702,222

Source: made by the authors based on Impact Analysis using IMPLAN data.

Note: Sectors are aggregated to NAICS 2 digit level. While numbers are in \$, it does not indicate accuracy to that level. The model is not a stochastic one, but deterministic one with fixed inter-industry coefficients. Also note that tax revenues may lag behind projected economic activities from which tax revenues are generated.

* Gaming Tax are not shown in this table format.

In addition to the taxes detailed above, the casino will generate substantial revenues for the state and local governments in the form of gaming taxes. Under the tax provisions outlined in the legislation, the state will receive 22.0% of Gross Gaming Revenue with Wyandotte County receiving 1.5%, the Unified Government receiving 0.75% and the cities of Bonner Springs and Edwardsville splitting 0.75%. GMA estimates that gaming tax will generate a total of \$53.3 million for the state, county and city governments. A breakdown of gaming tax can be found in the following table.

State & Local Gaming Tax Revenue Summary

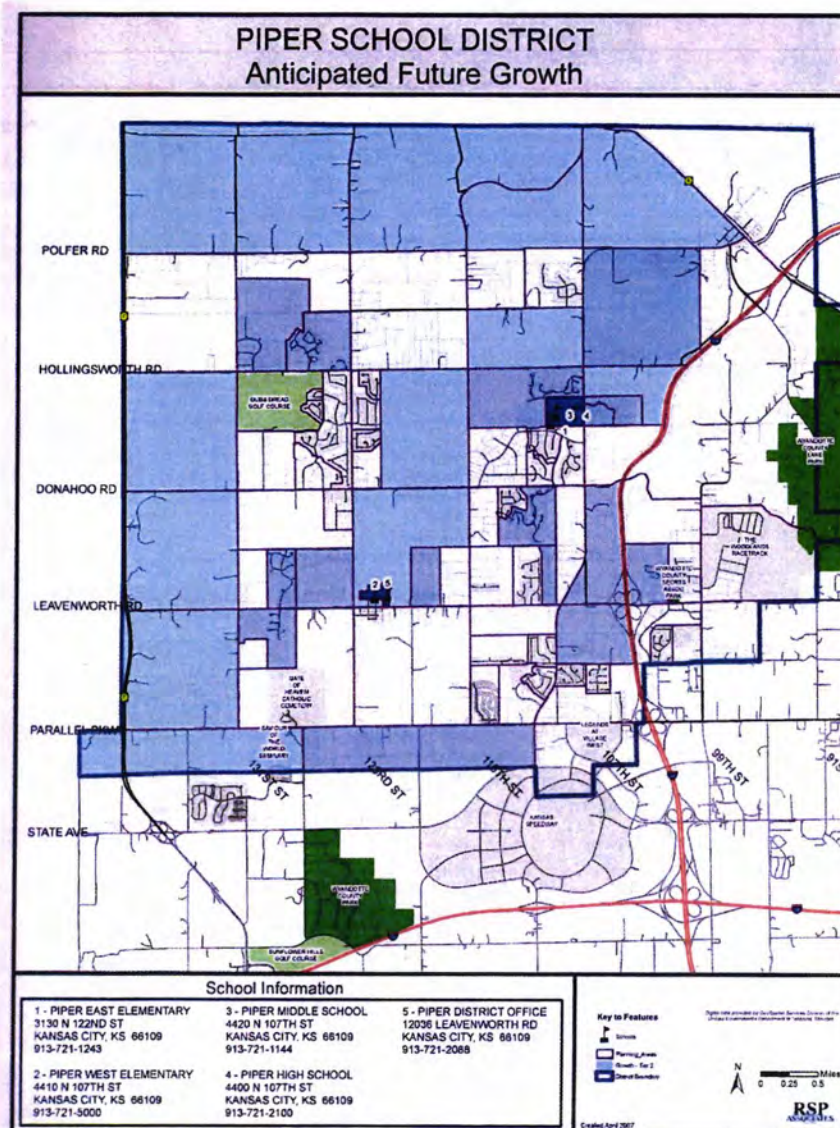
	Assumptions	Gaming Tax Revenue
Gross Gaming Revenue	\$ 213,315,865	
State Tax Rate on Gaming	22.00%	\$46,929,490
Unified Government Tax Rate on Gaming	0.75%	\$1,599,869
Bonner Springs/Edwardsville Tax Rate on G	0.75%	\$1,599,869
County Tax Rate on Gaming	1.50%	\$3,199,738
Total State, City and County Tax		\$53,328,966
Source: GMA		

V. Social Impact

The social impact of the Project is multi-faceted. The school system, police service, fire service, ambulance service, population growth, housing demand and community planning and development scheme were analyzed.

Impact on the School System

As seen in the map below, the Project falls within Piper School District. To better learn about Piper School District and the impact the Project will have upon Piper and other school districts within Wyandotte County, GMA met with Piper School District Superintendent Steve Adams and President of the School Board Andy Turnley.⁶



⁶ RSP & Associates. Piper School District Enrollment Report & Boundary Report 2006/07. page 20.

Superintendent Adams stated that the single largest challenge the school district needs to overcome is having the land, buildings and equipment to accommodate the growth in student enrollment projected over the next ten years. According to the research group RSP & Associates who prepared the student enrollment forecast for the Piper School District, the current capacity of the school buildings is not adequate to handle the growth anticipated over the next few years. In fact, many of the schools' current enrollments exceed the desired number of students.

The following chart, based on a chart from RSP & Associates, demonstrates that the school district will be overcrowded and is currently severely capacity constrained.

Enrollment Projections from 2007-2008 through 2010-2011							
School	Capacity	Projection	2006-07	2007-08	2008-09	2009-10	2010-11
Piper West Elementary	320	Conservative	320	309	310	302	323
		Current Pace		336	372	401	439
		Aggressive		363	433	500	556
Piper East Elementary	320	Conservative	351	345	350	366	370
		Current Pace		348	362	388	430
		Aggressive		352	374	410	489
Piper Middle	360	Conservative	356	368	393	393	390
		Current Pace		372	408	420	428
		Aggressive		376	422	448	465
Piper High School	460	Conservative	510	520	534	567	582
		Current Pace		532	560	609	644
		Aggressive		544	586	652	707
ELEMENTARY TOTAL	640	Conservative	671	654	660	668	693
		Current Pace		684	733	789	869
		Aggressive		714	807	911	1,045
MIDDLE TOTAL	360	Conservative	356	368	393	393	390
		Current Pace		372	408	420	428
		Aggressive		376	422	448	465
HIGH TOTAL	460	Conservative	510	520	534	567	582
		Current Pace		532	560	609	644
		Aggressive		544	586	652	707
DISTRICT TOTAL	1,460	Conservative	1,537	1,541	1,587	1,628	1,664
		Current Pace		1,588	1,701	1,819	1,941
		Aggressive		1,635	1,815	2,010	2,217

Source: Abbreviated Report from RSP & Associates. Piper School District Enrollment Report and Boundary Report 2006-2007, page 26

Over 100% Capacity

Even though capacity constrained, the average ratio of students to teachers in the district is 22 to 1. Piper School District is one of the highest academically performing school districts in the State of Kansas and because of its affluent residents, it has been placed on the "Sweet 16" list of top 16 affluent school districts in the State of Kansas that do not qualify for state aid. This is somewhat a double-edged sword however because by not qualifying for state aid, the Piper School District must find the funds it needs to secure the budget for the district and expansion of the school system through bond issuances.

There is currently a \$22 million bond coming up for voter approval that does not include the purchase of land for new schools as one of the line items. This was done because the district is unsure of where the new schools will go until after the location of the casinos have been decided and further information is gathered as to where new population centers will be developed within the district.

In order for the school district to succeed, it needs to grow capacity to accommodate new enrollees. The only way to expand the capacity enough is to construct new schools and corollary busses, administration, etc. Superintendent Adams stated that he wants the Piper School District and the greater Wyandotte County schools to be a good partner with the Project. Olympia and Red Development have an opportunity to help out the community, specifically the school system, should they be selected for the casino license. Making a donation to the school district to allow for additional schools, buses, etc. will help ensure the vitality of the district, the test scores of the students, and overall impact the lives of the students who grow up in the area.

Impact on the Police Service

Major Terry Zeigler of the Kansas City Kansas Police Department ("KCKPD") was interviewed to discuss the impact that the Project would have upon police service. Major Zeigler believes the Project will have little impact to police service because the department is currently able to handle all calls within the region and has been able to handle the growth of the region over the last few years. Additionally the security employed by the casino should help ease the burden on the police department with on-property calls. The current response time average in western Wyandotte County for any location is just under 10 minutes at 9 minutes and 58 seconds. While no national average is available for response times, the average response time in 2006 in San Francisco CA was approximately 4.5 minutes, Reno NV was approximately 15 minutes, Rochester NY was approximately 15 minutes and Tucson AZ was 39 minutes.

Major Zeigler did mention that while the staffing of the KCKFD is adequate today, an additional 30-50 officers would make the department more efficient, proactive and allow the department to have greater reach.

Should a police substation be incorporated into the design and scope of the Project, GMA estimates that the KCKFD would virtually be able to double its exposure to western Wyandotte County. Additionally, there is added benefit to the entire Legends at Village West complex as well as the Kansas Speedway as an entertainment and resort corridor to having the additional substation there. A stronger police presence usually decreases the number of law enforcement calls to an area, which would be beneficial for the entertainment and resort corridor. The police response time to the Project should be at or better than what the department is currently averaging. There will be benefit to the entire community by having the additional substation so conveniently located in close proximity to both I-435 and I-70 from an ease of access perspective.

Impact on the Fire Service

According to their website, Kansas City, KS is protected by 18 fire stations, four of which are double houses staffed by both a pumper and a ladder or quint. The first line equipment lineup is as follows: 2 Quints, 4 Aerials, 16 Pumpers, 3 Brush Trucks, 2 Heavy Rescue Units, 1 Haz Mat, 2 Air Trucks, 1 Rescue Boat and 1 Water Tanker. The Kansas City, Kansas Fire Department (“KCKFD”) also differs from most Fire Departments in that they are Advanced Life Support (“ALS”) as first responders, simply meaning the pumpers are staffed by a licensed paramedic and the rig is fully stocked with necessary drugs and equipment for advanced life support on scene. On medical calls both an ALS pumper and an ambulance respond. On average, the KCKFD responds to over 18,000 alarms per year.⁷

Assistant Chief Craig Duke of the KCKFD was interviewed to learn about the economic impact that the Project would have upon the fire service. The closest firehouse is located about 3.6 miles away from the Project site and the Legends development. The average response time for the fire department is usually around 4 minutes.



Assistant Chief Duke does not believe the Project would cause any strain on the ability of the fire department to respond because the site is easily accessible. The people who move to Wyandotte County for the jobs created by the Project are not expected to strain the fire department because many would be moving to existing vacant housing units. Even the additional volume of tourist and local traffic to the Project because of its draw as a gaming, lodging, meeting, retail and entertainment facility, are not expected to adversely affect the fire department’s ability to be more effective and efficient than the national average for response times.

As of September 2007, there are currently discussions within the Unified Government about potentially adding a fire station in west Wyandotte County as the Unified Government remains proactive in its desire to keep its citizens safe. The placement of the station will be dependant upon active developments and the Unified Government’s Master Plan. The Master Plan is a fluid document that is revisited every few years and

⁷ Kansas City Fire Department website. <http://www.geocities.com/kckfd/us.html> Last accessed 9/10/2007

updated for new and projected developments. Assistant Chief Duke stated that while he believes that the additional fire station will not be required to keep up with the growth of the community and businesses, he does believe that an additional station would allow the fire service to better anticipate the needs of the community and local businesses.

Impact on the Ambulance Service

The Kansas City Fire Department also provides nearly all the ALS services and ambulatory services for the Legends area and as such, Assistant Chief Duke was able to provide further information regarding ambulance services.

The ambulatory services come from the fire station. Assistant Chief Duke does not believe that the Project will adversely affect ambulatory services.

Impact on Population Growth

Wyandotte County and the Kansas City, MO-KS region are expected to have somewhat stagnant population growth between 2006 and 2011.

Population Trend				
	2000	2006	2011	2006 - 2011 CAGR
Wyandotte County	157,882	155,257	152,926	0%
Kansas City, MO-KS	1,836,038	1,968,704	2,073,024	1%

Source: AGS / GMA

The Project is expected to create approximately 6,053 jobs directly, indirectly and induced. Assuming approximately 5% of the jobs will be filled with employees who currently live outside of the county that will need to move into the county; approximately 303 employees will be moving into the area and will significantly be adding to the population count.

Impact on Housing Demand

According to Applied Geographic Solutions ("AGS"), at the end of 2006, Wyandotte County had 4,918 vacant housing units, representing 7% of total housing units in the market. It is projected that Wyandotte County will have 4,028 vacant housing units in 2011, representing 6% of the total number of housing units in the county.

Housing Unit Data: Wyandotte County				
	2006	%	2011	%
Vacant	4,918	7.4%	4,028	6.0%
Owner-Occupied	38,950	58.6%	39,947	59.8%
Renter-Occupied	22,574	34.0%	22,825	34.2%
Total in Market	66,442	100.0%	66,800	100.0%

Source: AGS

The Project is expected to create approximately 6,053 jobs directly, indirectly and induced. Assuming approximately 5% of the jobs will be filled with employees who

currently live outside of the area that will need to move into the county; approximately 303 employees will be moving into the area and will need housing.

With the amount of vacant housing units estimated for 2011 combined with the current construction, estimated to add an additional 997 owner-occupied units and 251 renter-occupied units, it should not be difficult for the 303 employees to find housing. Additional housing units should not need to be constructed to accommodate the housing demand of the Project.

Impact on Community Planning & Development Scheme

The Project should have minimal impact on the community planning and development scheme. Wyandotte County and Kansas City are not expected to have to dramatically change their community planning and development scheme in order for the Project to go forward. As previously stated, the community master plan is a fluid document that is revisited every few years to understand and forecast the growth of the community.

VI. Effect on Competition

The Project will not directly compete with any sport facility, in fact it is likely that the Project will help the economic viability of the sports facilities in the area. In the immediate Legends area, the Kansas City T-Bones play baseball. The T-Bones may see an increase in the number of guests going to their games because of the casino's proximity to the ballpark. Also, the Kansas City Royals and Kansas City Chiefs will most likely benefit from the existence of a casino in Wyandotte County because many casino operators purchase private boxes each season and give the tickets to some of their most valuable casino patrons. The casino will have a positive impact on the Kansas Speedway, which already attracts hundreds of thousands of visitors to Wyandotte County twice each year for the NASCAR races. The casino resort will give NASCAR patrons an additional entertainment option during race weekends. The additional hotel rooms offered by the Project will also be a logical place for the drivers, crew and spectators to stay should they be arriving to Kansas City from out of Wyandotte County. Operating a sporting venue requires a somewhat different skill set than operating a casino resort; it is not expected to adversely affect the availability of qualified personnel to sporting venues or the Project.

The Project will, however, compete with the four riverboat casinos in Kansas City, MO and the state sanctioned racino at The Woodlands racetrack in Kansas City, KS. GMA estimates that in 2011 the four Missouri riverboats will generate \$646.5 million in gaming revenue with the Kansas racino generating \$68.2 million in gaming revenue for the same year if the Project is not constructed. Assuming the Project is completed as scheduled, GMA projects gaming revenue for these casinos in aggregate to drop by \$99.3 million to \$547.2 million in 2011. Gaming revenue at the Kansas racino is also estimated to be negatively impacted by the opening of the subject casino with gaming revenue projected to decrease \$21.5 million to \$46.7 million. It is important to note that overall gaming revenue within the market does grow with the addition of the Project and that no casino, individually or collectively, is impacted greatly enough to cause financial hardship to the business.

The area is somewhat limited in the availability of qualified personnel who can sufficiently open and be part of the management team for a casino with the size and scope of the Project. GMA estimates that approximately 5% of the jobs at the casino property will come from outside of Wyandotte County. There are four primary ways these employees would join the Project: transfer within Olympia Gaming or Red Development, enter from a competing casino in Kansas City MO, enter from a different region or background, or begin working straight from high school or college. The line level employees at the Project will be desired positions because of ease of scheduling, quality health benefits, etc. that are associated with casino companies.

VII. Appendices

Appendix A. The Consulting Team

Gaming Market Advisors provides clients with market feasibility studies, primary research, socioeconomic studies, due diligence, payroll control, operations consults, business and marketing plans, and player reward program design. The principals and associates of GMA have hands-on experience in nearly all aspects of the gaming industry including domestic and international operations, project development, marketing expertise, and detailed market analysis. Following are the vitas of the Consulting Team who would be assigned to this project.

Andrew M. Klebanow

Andrew Klebanow specializes in Marketing Plan and Business Plan Development, Market Research, Casino Property Analysis, Market Assessments and Player Rewards Program Design exclusive to the gaming industries.

Mr. Klebanow has worked in the hospitality industry since 1975 and in the fields of casino marketing and casino business planning since 1991. He earned a Bachelor of Arts degree at New York University and Masters Degree in Marketing from Cornell University's School of Hotel Administration.

From 1991-1993 he was Director of Marketing at Sahara Gaming Corporation's Hacienda Hotel and Casino and Director of Marketing and Planning for the parent company's Development Group.

As a consultant to Horseshoe Gaming, Klebanow conducted an analysis of the gaming market in Tunica, MS and subsequently prepared its pre-opening business and marketing plans. In addition Mr. Klebanow wrote the opening marketing plan for the Horseshoe Casino in Bossier City, LA.

Mr. Klebanow also worked as Director of Marketing for Alliance Gaming Corporation where he conducted the initial market research, consumer testing and marketing plan development for Gamblers Bonus, the industry's first cardless slot club for the company's Nevada slot route division. Gamblers Bonus was the first player tracking system that allowed customers to redeem bonus points for game credits at the machine.

From 1996 to 1999 Klebanow was Vice President of Marketing for Santa Fe Gaming Corporation where he oversaw the marketing efforts for the Santa Fe Hotel and Casino in Las Vegas and the Pioneer Hotel and Gambling Hall in Laughlin NV. His most recent position was that of Vice President of Marketing at Sam's Town Hotel and Gambling Hall, where he oversaw the repositioning of the 22-year-old gaming property and the re-branding of its player rewards program.

In addition, Mr. Klebanow is a periodic lecturer at Cornell University's School of Hotel Administration and at the University of Nevada Las Vegas. He has participated on several panels at the World Gaming Congress, the Slot Managers Institute and at National

Indian Gaming Association conferences. Mr. Klebanow also authors a monthly column in Indian Gaming Magazine.

Steven M. Gallaway

Mr. Gallaway, a former Senior Vice President of The Innovation Group, has been consulting in the gaming industry for the past four years. He has completed over 100 feasibility studies with a strong focus in Native American gaming operations, public bond transactions, and international gaming developments. Steve has worked with over 35 Native American Tribes from California to Arizona to Florida. Many of these Native American engagements have resulted in Mr. Gallaway assisting his clients in obtaining the necessary funding to allow their projects to move forward. Steve worked with the Fantasy Springs Casino Resort in California in obtaining the first tax-free municipal bond to fund a casino project, and more recently worked with the Golden State Transportation Financing Corporation.

Internationally, Mr. Gallaway has worked on more than 40 projects in Western and Eastern Europe, the Bahamas, the Caribbean, Canada, and Mexico. The depth of his experience in Mexico prompted an invitation to speak at the 2002 G2E (Global Gaming Expo) to discuss the future of gaming in Mexico. Other experience in gaming consulting includes an extensive amount of primary research, operational reviews, completing due diligence for clients on potential gaming acquisitions, and assisting casinos in analyzing and maximizing the utility of their player database. Because of his proficiency in this area, Steve was asked to participate on a panel at the 2003 G2E.

Tadayuki (Tad) Hara, Ph.D, MPS, MBA, MS

Tad Hara spent 17 years in corporate finance and investment banking field in various assignments in the world, mainly in real estate, hospitality and energy-related projects before switching to academics. He holds a master's degrees in Hotel Administration (Cornell University), in Regional Science (Cornell University), in management (MBA, University of Glamorgan, U.K.) and a PhD (Cornell University). He taught courses of "tourism industry analysis" in which he utilizes Input-Output/Social Accounting Matrix modeling and the Tourism Satellite Accounts concepts at School of Hotel Administration, Cornell University.

Currently, he works at Rosen College of Hospitality Management, University of Central Florida as an Associate Professor, and teaches finance for both undergraduate and graduate students. He is also appointed as a senior research fellow at Dick Pope Institute for Tourism Studies, with current research interest in quantitative tourism industry analysis, particularly the economic impact of tourism for poverty alleviation and income distribution patterns in regional economy.

Appendix B: Brief Review of the Input/Output Social Accounting Matrix

GMA employed the Input-Output/Social Accounting Matrix Model to determine the economic impact of the Legends Resort & Casino development. The Input-Output economic model depicts how the total output of each industry in an economy depends on inter-industry demands and final demands by putting transactions in a matrix framework. While the concept of inter-industry transactions is as old as the eighteenth century, W. Leontief first developed the model in the 1930's, resulting in a 1973 Nobel Prize in Economics.⁸ W. Isard applied the model to the regional science field and established its usage for economic impact analyses in a region.

The model can be expressed briefly as: $X = (I - A)^{-1}Y$

X= total output (an n x 1 vector),

I= identity matrix (an n x n matrix),

A= normalized inter-industry coefficient matrix in cents per dollar (an n x n matrix),

Y=final demand (an n x 1 vector),

n = the number of sectors included in the model.

The matrix, which here is a normalized inter-industry coefficient matrix, demonstrates the proportion of inputs that must be purchased by each sector in order to produce one unit of output. Thus, if one were to simulate an increase in final demand in one sector (or final demand in aggregated sectors), such an increase would require a corresponding increase in another sector's output because that sector's intermediate goods and services are required to produce final goods and services in the first sector. Here, the increase in final demand is called the "direct effect" (or initial impact), and the increase in output in response to the initial impact is called the "indirect effect." These two effects are summed up and called the "Type I multiplier."

Any increase in output produced by the Type I multiplier (direct effect + indirect effect) will induce a corresponding increase in income for households in the region. This increase in household income is regarded as increasing regional expenditures in proportion to the increase in household income. In other words, once the output of an industry increases, household income will increase along with expenditures in the region. This increased expenditure effect induced by the increase in household income is called the induced effect, and the addition of the induced effect to the Type I multiplier (direct effect + indirect effect) is called the Type II multiplier (direct effect + indirect effect + induced effect).

The following table (Figure 1) illustrates the Social Accounting Matrix ("SAM") and is an extension of the I-O framework⁹. The column items represent expenditures by (payment from) each entity. The row items depict receipts to (payment to) each entity.

⁸ Dr. Leontief was awarded with a Nobel Prize in Economics in 1973 "for the development of the Input-Output method and for its application to important economic problems"

(Source: <http://nobelprize.org/economics/laureates/1973/>)

⁹ Sir Richard Stone was awarded with Nobel Prize in Economics in 1984 "for having made fundamental contributions to the development of systems of national accounts and hence greatly improved the basis for empirical economic analysis" (Source: <http://nobelprize.org/economics/laureates/1984/index.html>)

Figure 1: Social Accounting Matrix Framework

	Industry	Commodity	Factors	Institutions	Enterprises	Capital	Trade	Total
Industry		Make					Exports	Total Industry Income
Commodity	Use			Consumption		Consum.		Total Comm. Income
Factors	Value added						Exports	Total factor income
Institutions		Sales	Transfers	Transfers	Transfers		Exports	Total Institu. Income
Enterprises								Total Enterpri. Income
Capital						Transfer	Exports	Total Capital Income
Trade	Imports		Factor Trade	Imports		Transfer	Exports	Total Trade Income
Total	Total Industry Income	Total Comm. Income	Total factor income	Total Institution Income	Total Enterprise Income	Total Capital Income	Total Trade Income	

Made by the author based on the Database Guide, IMPLAN Pro, MIG Inc.

Following along the rows, “industry” represents industries producing goods and services.¹⁰ “Commodity” represents the goods and services consumed by industries and institutions. “Factors” are factors of production, such as employee compensation, proprietors’ income and other income. “Institutions” represent household and government accounts. “Capital” represents investment and borrowing. “Enterprises” represents the distribution of corporate profits. “Trade” includes “Exports” and “Imports” that show monetary flows into and out of a region.

The SAM is very useful because it adds non-industrial financial flows to an I-O framework. If one were to look at the industry column (second column from the left), for instance, industries receive commodities (the goods and services), factors (labor etc.), and imports in return for payment.

The I-O Model is based on several assumptions (MIG Inc, 2000). They are:

- Constant Returns to Scale
- No Supply Constraints
- Fixed Commodity Input Structure
- Homogenous Sector Output
- Industry Technology Assumption

The Constant Returns to Scale assumption means that the production functions are linear and all inputs increase proportionately if additional output is required. The No Supply Constraints assumption means that as the demand for certain goods and services increases, they will be provided without any shortages in supply (due to shortages in raw materials, insufficient production capacity in the factory, etc.). This assumption also means that prices are not affected by supply constraints. The Fixed Commodity Input Structure assumption means that price changes do not cause industry to look for substitute goods and services. The Homogenous Sector Output assumption means that the industry does not change the proportion of its produced items. If the hotel, for example, mixes low-budget leisure guests with high-paying business customers, the hotel is assumed not to change the guest mix while the total sales changes with the constant

¹⁰ The explanation of the SAM table is based on the database manual for the IMPLAN by MIG Inc.

proportion of the guest mix. The Industry Technology assumption means that an industry uses the same technology to produce all of its products. The first three assumptions tend to be criticized more by researchers, particularly the assumption of Constant Returns to Scale. The I-O/SAM is still, however, one of the most important and widely used regional analysis models, and more sophisticated attempts such as the Computable General Equilibrium model ("CGE") still requires I-O/SAM data in its core programming.

I-O/SAM models are often used by governments and economic researchers to estimate the impacts of certain actions and policy choices. They are also used for estimating the positive impact of large development projects in a region, such as housing developments, large industrial developments, tourist developments, and income and other tax revenue. In a typical case, an increase in final demand in a given sector will be used as an initial shock (e.g., a new factory development in a county). Subsequently, assumptions of figures such as the annual sales of a factory, employment and payroll data, as well as construction effects, will be used as an initial shock to estimate the total impact of such development in the economy of that county, in terms of total outputs, jobs, and tax revenues.

How the economic impacts of each of the proposed alternatives will be calculated is briefly reviewed below, though the logical flows are similar to those that characterize the above case of traditional positive impact studies. There will be a change in final demand—but in this case an increase caused by two different sets of impacts.

First, there will be a series of impacts stimulated by construction of the proposed facility under each development alternative, which is considered a non-recurring, one-time shock to the regional economy. As soon as construction is started, procurements of goods and services by a general contractor stimulate the businesses of subcontractors and suppliers, who supply goods and services for the construction project and also new employment, created by the construction project as a whole, which in turn stimulate local households, including the effect of poverty alleviation among lower income households.

Second, there will be series of impacts stimulated by the operation of the proposed gaming facilities, which are considered a recurring, continuous shock to the regional economy. As soon as the gaming operator starts to hire and train employees, the impact can be noticed through wages paid, but once the gaming facility opens its doors, there will also be substantial inflow of revenues to the gaming operation and to the local economy.¹¹

In order to increase the likelihood of achieving the projected impacts, all the stakeholders have to understand that vocational training to local residents is critical to position these residents as more employable in the hospitality industry¹² and that any form of public or

¹¹ The local economy is defined as Wyandotte County.

¹² Tourists require consumption of "tourism commodities" (hotel rooms, casino experience, taxi cab rides, dining experiences, souvenirs, which can be tangible goods or intangible services). Production of commodities requires not only intermediate goods and services from other industrial sectors, but also the input of labor. In the hospitality industry, the labor component is relatively larger in terms of total inputs. By providing labor to the "factors" market, the tourism industry purchases the labor. Employees receive

private structural support for the small-to-medium local entrepreneurs in the tourism-related sectors would increase the impacts on income distribution over the local community.

wages in exchange for this labor. Wages are considered "labor income," which provides employees with disposable income, leading to a new wave of consumption. By converting unemployed residents to employed status, the effect on local government is considerable, since government no longer has to transfer cash (in the form of government assistance) to those unemployed people anymore but in reverse receives tax income from those newly employed people.

Appendix C: Wyandotte County Census Data

Table 14: Wayne County, MI: Census Data in Perspective

People QuickFacts	Wayne County	Michigan	USA
Population, 2005 estimate	1,998,217	10,120,860	296,410,404
Population, percent change, April 1, 2000 to July 1, 2005	-3.10%	1.80%	5.30%
Population, 2000	2,061,162	9,938,444	281,421,906
Population, percent change, 1990 to 2000	-2.40%	6.90%	13.10%
Persons under 5 years old, percent, 2004	7.20%	6.40%	6.80%
Persons under 18 years old, percent, 2004	27.70%	25.10%	25.00%
Persons 65 years old and over, percent, 2004	11.60%	12.30%	12.40%
Female persons, percent, 2004	52.00%	50.90%	50.80%
	Wayne County	Michigan	USA
White persons, percent, 2004 (a)	53.80%	81.40%	80.40%
Black persons, percent, 2004 (a)	42.10%	14.30%	12.80%
American Indian and Alaska Native persons, percent, 2004 (a)	0.40%	0.60%	1.00%
Asian persons, percent, 2004 (a)	2.20%	2.20%	4.20%
Native Hawaiian and Other Pacific Islander, percent, 2004 (a)	0.00%	0.00%	0.20%
Persons reporting two or more races, percent, 2004	1.50%	1.40%	1.50%
Persons of Hispanic or Latino origin, percent, 2004 (b)	4.40%	3.70%	14.10%
White persons, not Hispanic, percent, 2004	49.90%	78.10%	67.40%
	Wayne County	Michigan	USA
Living in same house in 1995 and 2000, pct age 5+, 2000	60.00%	57.30%	54.10%
Foreign born persons, percent, 2000	6.70%	5.30%	11.10%
Language other than English spoken at home, pct age 5+, 2000	10.80%	8.40%	17.90%
High school graduates, percent of persons age 25+, 2000	77.00%	83.40%	80.40%
Bachelor's degree or higher, pct of persons age 25+, 2000	17.20%	21.80%	24.40%
Persons with a disability, age 5+, 2000	433,933	1,711,231	49,746,248
Mean travel time to work (minutes), workers age 16+, 2000	25.8	24.1	25.5
	Yuba County	California	USA
Housing units, 2004	834,620	4,433,482	122,671,734
Homeownership rate, 2000	66.60%	73.80%	66.20%
Housing units in multi-unit structures, percent, 2000	24.60%	18.80%	26.40%
Median value of owner-occupied housing units, 2000	\$99,400	\$115,600	\$119,600
	Wayne County	Michigan	USA
Households, 2000	768,440	3,785,661	105,480,101
Persons per household, 2000	2.64	2.56	2.59
Per capita money income, 1999	\$20,058	\$22,168	\$21,587
Median household income, 2003	\$37,742	\$46,291	\$43,318
Persons below poverty, percent, 2003	16.50%	11.00%	12.50%
Business QuickFacts	Wayne County	Michigan	USA
Private nonfarm establishments, 2003	35,473	2,371,221	7,254,745
Private nonfarm employment, 2003	709,943	38,852,211	113,398,043
Private nonfarm employment, percent change 2000-2003	-6.30%	-4.60%	-0.60%
Nonemployer establishments, 2003	86,161	582,296	18,649,114
Manufacturers shipments, 2002 (\$1000)	52,401,486	221,433,262	3,916,136,712
Retail sales, 2002 (\$1000)	17,444,033	109,350,139	3,056,421,997
Retail sales per capita, 2002	\$8,550	\$10,889	\$10,615
Minority-owned firms, percent of total, 1997	18.60%	7.60%	14.60%
Women-owned firms, percent of total, 1997	27.30%	27.20%	26.00%
Housing units authorized by building permits, 2004	6,317	547,211	2,070,077
Federal spending, 2004 (\$1000)	13,823,191	604,885,001	21,437,817,271
Geography QuickFacts	Wayne County	Michigan	USA
Land area, 2000 (square miles)	614	56,804	3,537,438
Persons per square mile, 2000	3,356.10	175	79.6

Source: made by the authors based on the US Census Data

Appendix D: Tax Category Description

Employee Compensation	
Social Ins Tax – Employee Contribution	The portion of tax paid by the employees themselves
Proprietary Income	
Social Ins Tax – Employee Contribution	The portion of tax paid by the employees themselves
Household Expenditures	
Personal Tax – Estate and Gift Tax	Personal tax levied for inheritance and gifts related
Personal Tax – Income Tax	Personal tax levied on the workers' gross income
Personal Tax – Motor Vehicle Tax	Personal tax levied for ownership of vehicles
Personal Tax – NonTaxes (Fines-Fees)	Tax revenues generated by traffic fines and fees
Personal Tax – Other Tax (Fish/Hunt)	Tax revenues generated by issuance of fishing-hunting licenses
Personal Tax – Property Tax	Personal tax levied for the ownership of properties
Corporations	
Corporate Profits Tax	Tax levied on the profits of corporations
Dividends	Tax levied on the receipt of dividends
Indirect Business Tax	
(In the context of this table)	
Indirect Bus Tax – Motor Vehicle Lic	Tax levied on business associated with issuance of vehicle licenses
Indirect Bus Tax – Other Taxes	Tax levied on businesses associated with other taxes
Indirect Bus Tax – Property Tax	Tax levied on businesses associated with ownership of properties
Indirect Bus Tax – S/L NonTaxes	Charges levied on businesses by State and Local authority not named as “tax” (ex. Charges for certain municipal services)
Indirect Bus Tax – Sales Tax	Tax levied on businesses associated with their gross sales of goods and services to consumers
Indirect Bus Tax – Severance Tax	Tax levied on businesses on non-renewable natural resources

Appendix E: Section VII of the Kansas Gaming Application

VII. ECONOMIC, DEMOGRAPHIC AND OTHER INFORMATION¹³

Each application shall contain the following information, along with the bases for any estimates or projections:

- a. State the population of the area, the growth trend and describe the potential market.
- b. Set forth an analysis of the facility's location as a tourist and entertainment destination designed to attract patrons residing outside the immediate area of the facility, including an estimate of the number of patrons that would be attracted to the gaming facility and the ancillary operations each year.
- c. State the projected economic impact of the facility. This impact statement shall be included in the attachments to this application and shall address the following:
 - (1) The economic impact to the State funds to which the gaming revenues will be paid;
 - (2) Any employment created, including:
 - (A) Whether the employment is temporary or permanent;
 - (B) the type of work and compensation;
 - (C) the employer; and
 - (D) how the employment was created;
 - (3) any purchases of goods and services including the dollar amount and type of purchase;
 - (4) any private investment;
 - (5) any tax revenue generated; and
 - (6) any relative economic site advantage.
- d. State the projected social impact of the facility. This impact statement shall be included in the attachments to the application and shall state how the facility may affect the following in the locale of the facility, or the State of Kansas, as may be applicable:
 - (1) The school system;
 - (2) the police service;
 - (3) the fire service;
 - (4) the ambulance service;
 - (5) the population growth;
 - (6) the housing demand; and
 - (7) the community planning and development scheme.
- e. Has the facility received a resolution of endorsement from the city governing body (if the facility is to be located within the corporate limits of a city) or from

¹³ Source: June 13, 2007 Kansas Gaming Application. Last accessed 8/13/07.
http://www.kslottery.com/ExpandedLotteryAct/GamingApplication_6_13_07.pdf

the county commission (if the facility to be located in the unincorporated area of a county)? _____ yes/no

If "yes," attach to this application a copy of the resolution of endorsement.

If "no," explain why the resolution of endorsement has not been received.

- f. State the ecological impact of the facility site, including a plan for waste disposal. This impact statement shall be included in the attachments to this application.
- g. Describe the effect of competition with any other gaming facility in and out of the state and with any other sport or recreational facility in the area, including a detailed statement of what effect the competition from any other facility will have on the availability of qualified personnel. These statements and descriptions of competition shall be included in the attachments to this application.

ATTACHMENT "A"

THE FLORIDA LEGISLATURE

DISCLOSURE INFORMATION

PARTNERSHIP OR INDIVIDUAL

I hereby certify that I, if an individual, or each of us, if a partnership, doing business as _____
(Name of Individual or Partnership)
is not now involved in nor have I ever engaged in any private business venture or enterprise, directly or indirectly,
with the Florida Senate, the Florida House of Representatives, or any Member or employee of either the Florida
Senate or the Florida House of Representatives.

I further certify that neither I, nor any partner, if a partnership, nor anyone acting in my or our behalf has requested
that any of the above designated persons or any other employee of the Florida Legislature exert any influence to
secure the appointment of _____ under this proposed agreement.
(Name of Individual or Partnership)

If partnership, each partner must sign and execute.

Signature: _____ Title: _____

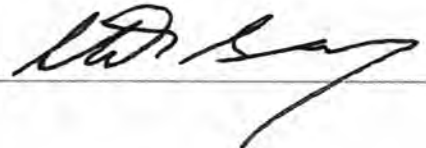
Signature: _____ Title: _____

Signature: _____ Title: _____

COMPANY OR CORPORATION

I hereby certify that neither I, nor any owner, officer, director, or shareholder of Gaming Market Advisors, LLC
(Name of Corporation/Company)
are presently engaged in or have ever been engaged in any private business venture or enterprise, directly or
indirectly, with the Florida Senate, the Florida House of Representatives, or any Member or employee of either the
Florida Senate or the Florida House of Representatives.

I further certify that neither I, nor any owner, officer, director, or shareholder of this company/corporation, nor
anyone acting on its behalf, has requested that any of the above designated persons or any other employee of the
Florida Legislature exert any influence to secure the appointment of Gaming Market Advisors, LLC
under this proposed agreement. (Name of Corporation/Company)

Signature:  Title: Principal

ATTACHMENT "B"

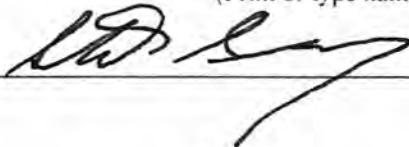
THE FLORIDA LEGISLATURE

NON-COLLUSION STATEMENT

I certify that this ITN Reply is made without prior understanding, agreement, or connection with any corporation, firm or person submitting a reply for the same ITN and is in all respects fair and without collusion or fraud. I agree to abide by all conditions of this ITN and certify that I am authorized to sign this ITN for the represented Vendor and that the Vendor is in compliance with all requirements of the Invitation to Negotiate including, but not limited to, certification requirements. In submitting a Reply to the Florida Legislature, the Vendor offers and agrees that, upon the ITN's acceptance, the Vendor is deemed to have sold, assigned, and transferred to the Florida Legislature all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of Florida relating to the particular commodities or services purchased or acquired by the State of Florida or its political subdivisions.

Vendor Name: Gaming Market Advisors, LLC

Certified by: Steve Gallaway
(Print or type name of owner, officer, or authorized agent)

Signature:  Title: Principal

ATTACHMENT "C"

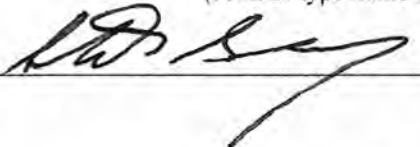
THE FLORIDA LEGISLATURE

WARRANTIES

The Respondent represents that it is professionally qualified and possesses the requisite skills, knowledge, qualifications and experience to provide the required services specified. The following are warranty certification requirements that must be certified in writing using Attachment C. If the Respondent cannot so certify to any of the following, the Respondent must submit with its Response a written explanation of why it cannot do so within the Administrative Documents Required.

1. The Respondent or any other organization associated with the ITN is not currently under suspension or debarment by the State or any other governmental authority.
2. To the best knowledge of the person signing the Response, the Respondent, its affiliates, subsidiaries, directors, officers, employees of any other organization associated with this ITN are not currently under investigation by any governmental authority and have not in the last ten years been convicted or found liable for any act prohibited by law in any jurisdiction involving conspiracy or collusion with respect to bidding on any public contract.
3. To the best knowledge of the person signing the Response, the Respondent, its affiliates, subsidiaries, directors, officers or any other organization associated with this ITN have no delinquent obligations to the State, including a claim by the State for liquidated damages under any other contract.
4. To the best knowledge of the person signing the Response, the Respondent, its affiliates, subsidiaries, directors, officers or any other organization associated with this ITN have not within the preceding three years been convicted of or had a civil judgment rendered against them or is presently under indictment for or otherwise criminally or civilly charged for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a federal, state, or local government transaction or public contract; violation of federal or state antitrust statutes; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.
5. To the best knowledge of the person signing the Response, the Respondent, its affiliates, subsidiaries, directors, officers or any other organization associated with this ITN have not within a three-year period preceding this certification had one or more federal, state, or local government public transactions terminated for cause or default.

Certified by: Steve Gallaway
(Print or type name of owner, officer, or authorized agent)

Signature:  Title: Principal

ATTACHMENT "D"

THE FLORIDA LEGISLATURE

REFERENCES for Gaming Market Advisors
(Name of Respondent)

Provide the following reference information for a minimum of three businesses where services of similar size and scope have been completed.
Make additional copies as necessary to provide a maximum of five business references.

Business Name	K6 Urban Enterprises
Address	125 Park Avenue New York, NY 10017
Contact Person	Andrew Stern
Phone Number	212-850-5428
Fax Number	212-850-5483
Email Address	astern@k6urban.com
Date and Description of Services	Nov 2009- BMA conducted an economic impact study for a casino resort in New Bedford, MA. This report was for K6 Urban Enterprises and was submitted to the state of MA with their gaming license application.

Business Name	Lewis and Roca LLP Lawyers
Address	40 North Central Avenue 19th Floor Phoenix, AZ 85004
Contact Person	Mike Bielecki
Phone Number	602-262-5354
Fax Number	602-734-3760
Email Address	MBielecki@LRLaw.com
Date and Description of Services	In 2012 BMA was engaged to conduct a series of cannibalization analyses forecasting the impact that racino developments in AZ will have on existing Native American gaming operations.

Business Name	Institute for Policy Studies
Address	Lee Kuan Yew School of Public Policy, National University of Singapore. 1C Cluny Road House 5 Singapore 259539
Contact Person	Dr. Gillian Koh Senior Research Fellow
Phone Number	+65 6516 8369
Fax Number	+65 6763 6033
Email Address	gillian.koh@nus.edu.sg
Date and Description of Services	2004- Developed public policy white paper that provided the baseline for the legalization of casino gambling in the Republic of Singapore resulting in one of the largest casino gaming economic developments in the world. Galaviz + Co. developed the white paper, provided public speaking support systems and counseled public officials on the legalization of casino gambling in the context of broad tourism economic development in Singapore.



March 19, 2013

Jeannie Evans
Purchasing Program Administrator
Office of Legislative Services
111 West Madison Street Room 874
Tallahassee, FL 32399-1400

Dear Ms. Evans:

I am submitting this transmittal letter regarding ITN# 859, a two-part gaming study. I am providing to you the following requested information.

#1- I confirm that I, Steven Gallaway am authorized to represent Gaming Market Advisors and acknowledge that I am bound to all matters contained within this reply.

#2- The federal tax identification number for Gaming Market Advisors is 20-3330892

#3- I, Steven Gallaway, have read, understood, complied with and agree with all provisions of ITN #859

#4- I, Steven Gallaway, contacted Tammy Hampton at the Division of Corporations in Tallahassee, FL and she has confirmed receipt of our application and registration fees. She has also stated that she will be filing those documents on March 19 or March 20 2013. This authorization will be secured prior to the awarding of the contract.

Yours Sincerely,

Steve Gallaway
Principal
Gaming Market Advisors, LLC