Technical Memorandum

Connecticut

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Introduction

Strategic Market Advisors ("SMA") was retained by the Schaghticoke Tribal Nation ("STN") to provide a technical memorandum forecasting the potential performance of additional casino facilities in Connecticut. Currently two Native American properties are operated by the Mashantucket Pequot and Mohegan tribes in the southeastern part of the state. This technical memorandum forecasts the performance of an additional casino located in one of two proposed locations. The first is a location north of Hartford along Interstate 91. The second location is in the southwestern part of the state, between Greenwich, Bridgeport, and Danbury.

Connecticut casinos have been subject to increasing competition from out of state, suppressing casino and state revenue. Gross gaming revenue ("GGR") in Connecticut peaked nearly ten years ago, with competition increasing from facilities located in New York, Rhode Island, and more recently Massachusetts. Five more casino resorts are expected to be opened in the coming 3-4 year period, leading to a greater decline in GGR and revenue sharing to the State of Connecticut.

SMA forecasted the performance of the proposed casino resort at two different locations. In each instance, a specific developable location was not identified. Rather, locations were assumed to be located along and easily accessible from the highway system. Without a specific location, the technical memorandum should be considered to be an estimate for a casino resort in the region.

This technical memorandum provides an overview of the competitive environment, the regional population from which the proposed casino would generate revenue, and other major factors identified in its research. Taking all of the following analysis into account, and subject to the disclaimers below, we conclude that a Schaghticoke Tribal commercial casino would be economically viable in the Hartford and southwestern Connecticut regions.

Competitive Environment

There are three mature competitive gaming jurisdictions in the region: Connecticut (Foxwoods and Mohegan Sun), Rhode Island (Twin River and Newport), and eastern New York (Resorts World, Monticello, Tioga Downs, and Yonkers).

GGR in the region has risen at a compounded annual growth rate ("CAGR") of 2.5% between 2006 and 2015. In 2006, the combined GGR across the three markets was $3.0 billion. By 2015 this total reached nearly $3.8 billion. Growth has not been experienced equally in the individual markets. In fact, the opening of Resorts World has been the primary growth engine in the market area since 2011.

GGR at the Connecticut properties peaked at $2.5 billion[1] in 2006 and has fallen each year since. The decline has been due to both a challenging economic environment and additional competition in the region. Subsequently, combined gross gaming revenue at Foxwoods and Mohegan Sun fell to $1.6 billion in 2015.

Resorts World has become the regional market leader in machine revenue (and the global leader as well), generating $831 million in 2015. This figure is more than $250 million higher than Mohegan Sun, which generated the second highest slot revenue total in the market in 2015. Empire Casino at Yonkers

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[1] Includes reported slot figures and estimated revenue from table games

has also experienced significant growth since its inception. In 2007, which was its first full year of operations, Empire City generated $394 million in slot revenue. By 2015, this figure reached $558 million, significantly more than Foxwoods' $465 million in slot revenue and approximately $20 million lower than Mohegan Sun's $579 million.

In Rhode Island, GGR increased from $407 million in 2006 at a CAGR of 5.2% to reach $643 million in 2015. While the overall average growth rate has been impressive, slot machine revenue has actually fallen since 2012. Slot revenue peaked at $528 million in 2012 and fell to $501 million in 2015. A 2012 ballot initiative allowed Twin River to operate table games in the state and the addition of table games in 2013 offset the reduction in slot play.

Against this competition, the Connecticut facilities have benefited from their early entrance into the market and their efforts to build extensive amenities to host guests, who have historically come from both the Boston and New York metropolitan areas. The properties pay 25% of slot win to the State of Connecticut as part of a revenue sharing agreement. This relatively low effective tax has enabled them to develop thousands of hotel rooms, expansive retail promenades, a wide selection of dining options, and a number of other entertainment options. In the absence of a similar development in a central location it is likely that the resorts will continue to attract guests to their resorts.

The following table provides an annual historical summary of gaming in the region from 2006 through 2015.

Regional Market Statistics Summary

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	CAGR[1]
				Regional Gaming Summary by Market 2006 through 2015							
Connecticut[1]	$2,450,476,324	$2,437,209,266	$2,300,197,953	$2,068,403,896	$1,985,778,575	$1,962,361,398	$1,820,442,796	$1,749,436,706	$1,635,471,619	$1,615,506,285	-4.5%
Eastern New York[2]	$147,312,739	$500,050,517	$591,809,072	$643,599,559	$692,660,641	$831,632,693	$1,342,843,500	$1,467,488,385	$1,460,536,788	$1,505,844,475	29.5%
Rhode Island	$406,504,072	$448,080,905	$475,050,582	$461,168,880	$476,958,130	$512,864,801	$527,958,667	$558,064,713	$611,082,322	$643,347,266	5.2%
Total	$3,004,293,135	$3,385,340,688	$3,367,057,607	$3,173,172,335	$3,155,397,346	$3,306,858,892	$3,691,244,963	$3,774,989,804	$3,707,090,729	$3,764,698,026	2.5%
Number of Slots	22,479	26,154	27,702	28,100	26,480	28,787	29,853	29,382	29,011	27,664	2.3%
Number of Tables	700	655	675	721	721	719	706	746	760	769	1.0%
Number of Casinos[3]	7	7	7	7	7	8	8	8	8	8	1.5%

1) Includes Table Revenue and Position estimates at Foxwoods and Mohegan Sun based upon MTGA Annual Reports

2) Eastern New York includes: Resorts World, Yonkers, Tioga Downs and Monticello

3) Includes the number of Casinos open at the end of each calendar year

4) CAGR - Compounded Annual Growth Rate

Source: State Reporting Agencies, Strategic Market Advisors

Current Regional Gaming Environment

In 2015 gross gaming revenue in the competitive market appears relatively stable. GGR grew by 1.6% over 2014 levels and was roughly equivalent to the combined market's 2012 totals. While GGR at Connecticut properties dropped for the 9th consecutive year, competitive supply seems to largely be absorbed and gaming behavior moderating. This made the year over year decrease the lowest percentage drop since the decline began in 2007. Unfortunately further competition is expected to impact GGR again in the coming years.

Growth was relatively robust for the eastern New York and Rhode Island properties in 2015, which experienced year over year growth rates of 3.1% and 5.3%, respectively. In New York, growth came from Resorts World and Yonkers, which have the benefit of a broad and underserved market. In Rhode Island, revenue growth came from table games, which still may be able to drive additional growth.

In 2015 the eastern New York properties had the highest win per position, $337, among the competitive set. This figure is skewed significantly by Resorts World, which averaged $450 win per slot per day in 2015. Its New York City location drives a significantly higher win per slot figure than other regional competitors. The other three eastern New York properties average a combined $257 win per slot per day. The table that follows provides the performance of the regional competitive market in 2015.

2015 Regional Gaming Summary					
Region/Facility	Gross Gaming Revenue	Average Number of Positions	Win Per Position Per Day	Gross Gaming Revenue %	Positions %
Connecticut[1]	$1,615,506,285	13,973	$317	42.9%	43.3%
Eastern New York[2]	$1,505,844,475	12,248	$337	40.0%	37.9%
Rhode Island	$643,347,266	6,055	$291	17.1%	18.8%
Total	$3,764,698,026	32,276	$320	100.0%	100.0%
1) Includes Table Revenue and Position estimates at Foxwoods and Mohegan Sun based upon the MTGA 2015 Annual Report					
2) Eastern New York includes: Resorts World, Yonkers, Tioga Downs and Monticello					
Source: State Reporting Agencies, Strategic Market Advisors					

The Plainridge Park slot facility in Plainville Massachusetts opened on June 24th 2015. Therefore, a full-year of operational statistics for this property is unavailable. However, for its first full six months of operations (July 2015 through December 2015), this facility generated approximately $82 million in gross gaming revenue. This total equates to an average of $357 win per slot per day. After a strong start, the property appears to be settling at between $140 and $150 million annually.

Recent and Future Entrants
Massachusetts

Plainridge Park casino opened in Plainville, Massachusetts on June 24th 2015. The facility is owned and operated by Penn National Gaming. Plainridge Park is the only live harness race operation in the state and the development added a 106,000 square-foot slot parlor to the existing property. This $225 million development contains 1,250 slots, eight restaurants, and an entertainment lounge. This slot parlor is

subject to a gaming tax rate of 49%[2]. In November 2015, the Massachusetts state budget office projected that the property would generate approximately $160 million in GGR during its first year of operations.

The $1.7 billion Wynn Everett casino development will be located on a 33-acre plot on the waterfront in Everett, Massachusetts. Everett is a suburb of Boston and water taxis will connect the property to Boston's North End, Logan Airport, and Boston Harbor. Current development plans call for a large-scale casino with an adjoining 600-room, 5-star hotel and numerous dining and entertainment options. Developers project that the property will generate approximately $636 million in gross gaming revenue annually from the local market with additional play coming from Wynn's ability to attract high rollers to Boston. Wynn Resorts recently announced that it would postpone groundbreaking of the project indefinitely as a result of continued objections of an environmental permit by the mayor of neighboring Somerville. Given the continued delays and the size and scope of the project, developers do not expect the casino to open until late 2018 at the earliest.

Planned for the downtown area, the $950 million MGM Springfield is planned to include 3,000 slots and 100 tables with an adjoining six-story, 250-room hotel. A six-screen movie theater and a bowling alley will also be constructed at the site. Other amenities include 55,000 square feet of retail and restaurant space inside and outside of the casino. MGM projects that the casino will generate $489 million in GGR annually. Construction was expected to start in the spring of 2015 with an opening in the fall of 2017. However, due to construction on nearby Interstate 91 the project's opening has been delayed until September 2018. Both the Wynn Everett casino and the MGM Springfield will be subject to a 25% tax on gross gaming revenue.

In addition to these commercial ventures, the Mashpee Wampanoag plan to build a large-scale casino resort on 151 acres held in-trust in the town of Taunton, approximately 40 miles south of Boston. Current development plans call for a 150,000 square-foot casino which would contain 3,000 slots and 150 tables with a 40-table poker room. The project calls for two 300-room hotels – one luxury hotel and one mid-range product. Additionally, multiple dining and retail options have been proposed. Finally, a 300-room family waterpark hotel with a 25,000 square foot indoor/outdoor waterpark is expected to be built at the site. The Tribe's compact with the state calls for a 17% tax on gaming revenue as long as it remains the only casino in region C, which encompasses southeast Massachusetts. If a commercial casino is approved by the state in this region, the Tribe would no longer be obligated to pay any revenue to the state. Currently groundbreaking for the project is slated for Spring 2016.

New York
On July 30th, 2013, Governor Cuomo signed the Upstate New York Gaming Development Act of 2013 into law. This law, and a November 2014 voter-approved amendment to the state constitution, allows for the licensing and development of four new casino resorts to be allocated among three different regions in the state. In December 2014, the New York Gaming Commission recommended licenses for a proposed resort in the Town of Thompson in Sullivan County, a proposed project in Schenectady, and a proposed facility in the Town of Tyre, near the Finger Lakes. Both the Thompson and Schenectady sites are expected to serve as competitors to the Connecticut market.

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[2] Includes revenue sharing with horseman's funds

Empire Resorts is developing the $1 billion Montreign Resort in Thompson, New York. The development will include an 80,000 square foot casino with a 390-room luxury hotel. The resort development plans also call for other entertainment options including an indoor waterpark with a hotel, a "Monster" golf course, and multiple shopping and entertainment options. The resort will also contain several restaurants, a spa and salon, and conference and meeting space. Developers project Montreign Resort Casino will generate $302 million in annual GGR. The casino is on track to open by early 2018.

The $330 million Rivers Casino and Resort will be developed and operated in Schenectady by Rush Street Gaming. Rush Street also operates casinos in Philadelphia, Pittsburgh, and suburban Chicago. The 50,000-square-foot casino will contain 1,150 slot machines, 63 tables, and a 15 table poker room. The casino will be attached to a 163-room hotel with a 10,000-square-foot banquet facility. The development will also contain a fine dining restaurant, a marketplace with other dining options, an entertainment lounge, and a spa. Developers project that the Rivers Casino and Resort will generate $223 million in GGR annually. Site work for the development began in December 2015 and the project is expected to open in the first quarter of 2017. A $150 million development called Mohawk Harbor is being built next to the casino. This development is expected to include a hotel, apartments, office and retail space, and a newly constructed harbor, enhancing the appeal of the area and the Rivers project.

Market Area Analysis

A gravity model was used to conduct this analysis. The major components incorporated into the gravity model include the proposed size of the subject facility and its competitors, the amenities available at each facility, the regional adult population, and the distance those people live from each casino gaming alternative. In part due to its ability to include all of these elements, and also due to support from empirical evidence, the gravity model is widely seen as the most accurate modeling tool available to analysts forecasting casino gaming revenue.

Market Areas and Demographics

The first step in developing the gravity model is to define market areas. The catchment area of the model was designed to include the population living within a day trip of the proposed facility locations, estimated to be up to a 2-hour drive, and was further segmented into nineteen market areas. Each market area is defined to incorporate a number of factors including competition in the region, distance, the transportation network, accessibility, income levels, and competing forms of entertainment. For each defined market area shown in the following map demographics were compiled. Particular consideration was paid to the area within a 30-minute drive of the proposed location because of the unique characteristics of the regional economy, the road network in the area, and the lack of immediate competition. A map of the market areas is shown on the following page.
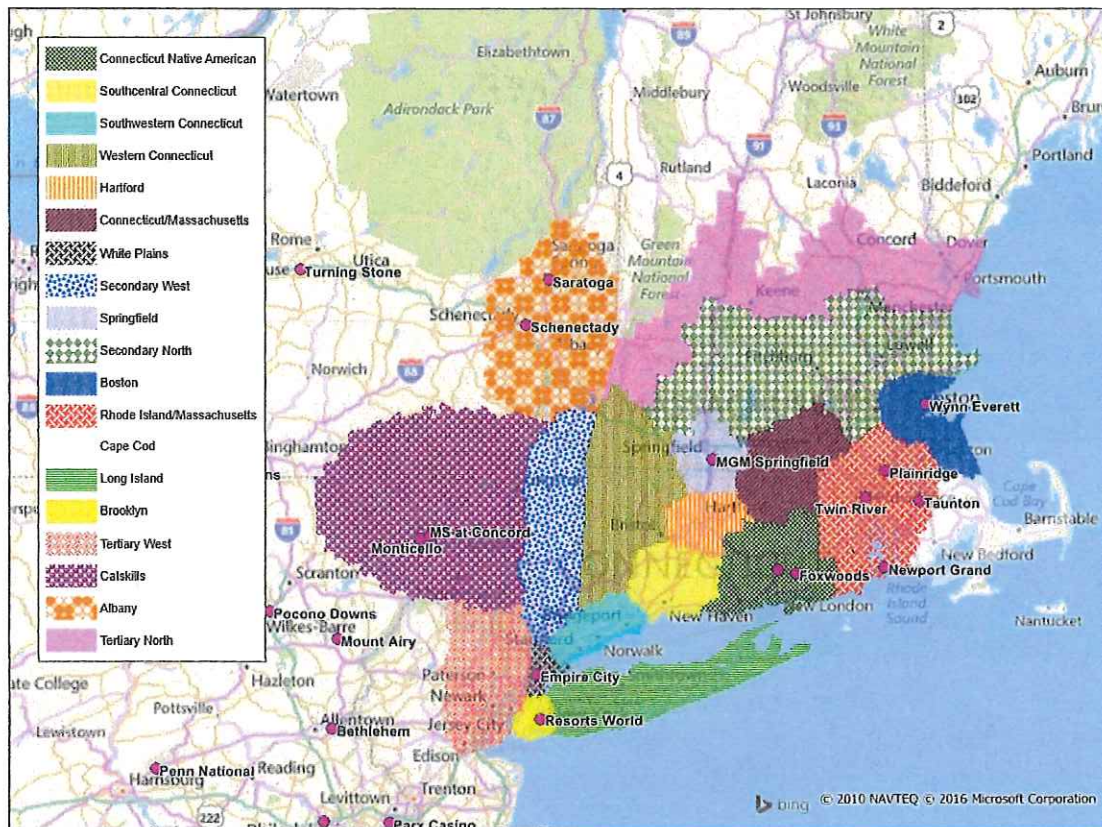
The following table details the population and incomes for each of the designated markets. The market areas had an estimated population of 24.0 million and an average annual household income of $91,512 in 2015. Particularly wealthy and populated areas lie north of New York City in both New York and southwestern Connecticut. The population in the region is expected to grow modestly over the forecasted period, similar to growth in the United States overall. Incomes are expected to grow at roughly 4.5% annually, leading to higher disposable incomes upon the proposed casino's opening.

Market Area Demographics				
	Adult Population		Average Annual Household Income	
	2015	2020	2015	2020
Connecticut NA	364,354	379,549	$86,759	$109,393
Southcentral CT	712,048	734,765	$83,380	$103,482
Southwestern CT	636,921	672,561	$142,773	$180,582
Western CT	404,640	416,514	$101,040	$128,609
Hartford	599,072	616,646	$84,458	$105,371
CT/MA	427,129	444,941	$79,039	$99,525
White Plains	1,456,044	1,526,332	$70,789	$85,874
Secondary West	523,098	545,418	$115,314	$145,109
Springfield	467,530	487,495	$69,893	$84,301
Secondary North	1,588,951	1,660,275	$93,212	$118,291
Boston	1,846,216	1,942,159	$97,169	$121,845
RI/MA	1,475,676	1,509,593	$82,151	$103,945
Cape Cod	411,424	417,105	$76,996	$96,892
Long Island	2,742,011	2,868,280	$116,346	$149,000
Brooklyn	3,641,690	3,810,322	$67,339	$80,617
Tertiary West	4,952,106	5,070,255	$103,527	$129,379
Catskills	516,089	537,241	$78,197	$95,717
Albany	744,012	769,865	$74,430	$91,381
Tertiary North	463,777	473,556	$80,871	$100,615
Total	23,972,787	24,882,872	$91,512	$114,274

Source: Applied Geographic Solutions

Market Performance and Forecasts

Methodology

Gaming behavior is defined for each market area by propensity and frequency. **Propensity** is defined as the percentage of adults that will visit a casino over a year and increases with the number and accessibility of facilities. Propensity typically drops of precipitously as the distance required for a patron to travel increases. **Frequency** is the average number of times an adult will visit a casino. Like propensity, frequency is influenced by the number and accessibility of facilities available to any particular market area. When facilities are a greater distance, gaming behavior in a region will not be as high as if they were proximate. However, all other things being held constant, such as incomes and cost of living, those individuals will have higher gaming budgets on the occasion they visit a facility, thus offsetting to some degree less frequent visitation. It is important to note that more distant guests are more likely to take advantage of lodging, leading to increased overall average spending on gaming as well as other amenities, such as food and beverage and entertainment.

The adult population, propensity, and frequency are used to calculate the number of gamer visits generated by each region over a given year. Any one player may deviate from these assumed averages. These visits are then distributed throughout the market based on the distance from each region to each market, with closer facilities receiving a greater share of visits than more distant ones, all other things being constant. In attracting gamer visits, facilities are distinguished from one-another by two metrics. The first is the number of **gaming positions** offered by each facility. The number of gaming positions is the number of players that can be accommodated at any one point in time and is calculated by adding

the number of slot machines and the number of seats at table games. Thus, facilities with a greater number of gaming positions become more attractive to players.

The second element distinguishing each facility when distributing gamer visits is the **attraction factor**. Attraction factors are indexed and applied to the number of gaming positions to adjust for differences in facilities. They adjust for a number of factors outside of the number of gaming positions and can account for differences in the amenities available at a facility, the appeal of the facility within the market, branding, management's effectiveness marketing to and rewarding players (inclusive of the impact of varying tax rates), the variety of games, odds, and other factors. Attraction factors differentiate between the facilities in the market, and a facility with an attraction factor lower than the index is considered, overall, to be less attractive based on these factors, whereas a facility with an attraction factor greater than the index is deemed to be above average. A sub-set of attraction factors account for the transportation network, to reflect the challenges in road networks, congestion, bottlenecks, and other deterrents between any one market area and facility.

Each of these factors; adult population, propensity, frequency, gaming positions, and attraction factors, are used to distribute gamer visits originating in each region to each facility. The distribution of gamer visits therefore incorporates and quantifies information including the size of a facility, its amenities, its marketing efforts, rewards programs, and appeal to calculate and distribute gamer visits within the catchment area. For each market area, and specific to each facility, an **average win** is then applied. Average win tends to increase with disposable income levels and distance traveled. Projected GGR is then calculated by multiplying the estimated number of visits and the average win.

Calibration

Calibration is the initial step in preparing the model for forecasting future performance. Calibration integrates the recently observed dynamics in the catchment area by incorporating reported performance to form a basis for further analysis. Information on gaming behavior and average win (also referred to as win per visit) is estimated based on other, comparable markets, disposable incomes in the region, information gathered through interviews with managers, data gathered in public filings, publicly available survey data, reported revenue levels from the existing properties in the region, confidential information shared by operators in this and other market areas, and our previous experience in and knowledge of the Northeast market. Adjustments were made to the model to account for win estimated to come from outside of the catchment area.

Gaming behavior is adjusted to forecast the total number of gamer visits originating within each market area. Next, gamer visits are distributed to the existing facilities based on adjustments to attraction factors, with minute adjustments enabled by attraction factors that are specific to each market for each facility. An iterative process of adjustments is undertaken to all of these factors to hone the model's forecasts to reflect the existing visitation patterns and revenue levels.

The gaming behavior and average win used in the calibration are included in the following table. The calibration is based on 2015 visitation and revenue and leverages the aforementioned public and private sources of information on gaming in the Northeast. In particular, it should be noted that play from the Tertiary West market, which includes northern New Jersey, is calibrated to casinos located in the catchment area. Gaming behavior in northern New Jersey is higher when visitation to Atlantic City and western Pennsylvania is taken into consideration.

Calibrated Gaming Behavior: 2015			
Name	Propensity	Frequency	Win/Visit
Connecticut NA	42%	12.0	$75
Southcentral CT	34%	10.0	$74
Southwestern CT	32%	8.0	$120
Western CT	26%	6.0	$102
Hartford	34%	10.0	$75
CT/MA	34%	10.0	$70
White Plains	29%	10.5	$71
Secondary West	20%	5.0	$108
Springfield	26%	6.0	$70
Secondary North	23%	3.5	$95
Boston	24%	4.5	$100
RI/MA	42%	12.0	$73
Cape Cod	18%	3.0	$75
Long Island	18%	4.0	$110
Brooklyn	29%	9.0	$65
Tertiary West	8%	3.0	$100
Catskills	30%	9.0	$65
Albany	34%	9.0	$65
Tertiary North	15%	3.0	$70
Source: Strategic Market Advisors			

Assumptions

In order to forecast revenue for the proposed gaming facility, a series of assumptions were made including:

- The casino gaming facility will be built based on demand as it is perceived in the market, its positioning, and its competition; and
- The property will open on January 1, 2019; and
- The expansion of casino gaming in the market area will only include the development of five casino resorts in Massachusetts and New York as described earlier in this report; and
- A gaming tax of between 25% and 35% will be assessed on slot machines and table games at the proposed facility; and
- Economic conditions will continue to gradually improve; and
- The facility is managed by a professional, experienced management team that will initiate marketing efforts throughout the market well in advance of opening.

In each instance, it is assumed that a rational and responsible investment is made. This disciplined approach will result in a facility with a high-quality finish, but not one that is excessive.

From a competitive standpoint, a new Connecticut casino will have a tax rate comparable to Massachusetts and existing Connecticut properties and significantly lower than New York, which taxes video lottery terminal ("VLT") facilities at rates higher than 60%. Rhode Island has similarly high tax rates on VLT play. The New York and Rhode Island facilities are successful despite their high tax rates. While the tax rate may not have enabled investments in facilities and rewards programs that characterize other jurisdictions, the proximity of a large customer base has enabled them to attract regular play based on convenience. Customers that find these casinos convenient continue to visit for

shorter gaming trips. Regional casino resorts such as those found in Connecticut feature more robust entertainment offerings. Their ability to provide incentives such as hotel rooms and rewards programs add to that attractiveness and enable them to attract gamers despite the greater distance people need to travel. The proposed Connecticut facilities will compete similarly.

Revenue Forecasts: Scenario One

The first scenario includes a Schaghticoke casino facility located between Hartford and Springfield. The facility would be located within proximity of Interstate 91 such that access to the property will not require a great deal of time for a driver once they leave the interstate. Ingress, egress, and parking are all assumed to be planned and constructed to minimize any delays. The facility itself, being so close to its targeted market areas, would not incorporate a hotel or a great deal of amenities. Rather, the facility would incorporate the appropriate amenities to provide choices in terms of pricing and selection within the food and beverage program, retail opportunities, and other conveniences that cater to a drive-in market. The property would have a high-quality finish and provide outstanding customer service. For example, the Schaghticoke facility would be roughly similar to the planned Schenectady Rivers Casino and Resort in terms of appearance, overall square footage, number of slot machines and table games, and other non-hotel amenities. The property will predominately compete against the planned $950 million Springfield MGM, which will have an extensive amenity package subject to a similar tax rate.

From the calibration the first step in modeling future revenue was to account for forecasted growth in population and incomes. The forecasted change in these demographics accounts for changes upon opening of the proposed casino facility. Introductions to supply including the subject facility, other expected additions in the Commonwealth of Massachusetts and State of New York, and expansions at existing facilities were added to the available supply in the region.

Corresponding adjustments to gaming behavior were also made to account for changes in supply. As in other markets, the addition of a casino is expected to lead to an increase in gaming behavior in underserved areas. Since there's a number of facilities targeting the customer base this growth is anticipated to be somewhat constrained. Growth is expected in market areas within proximity to the proposed facilities, which will be targeted through marketing efforts. The overall market will grow modestly with the addition of the new developments and subsequent accessibility, supply, and marketing efforts.

The next table shows the subsequent estimated gaming visits, average win, and GGR by market and in total for visits from the local market for the first full year of operations, which would likely be the second year of operations. As the table shows, the local market is expected to drive an estimated $239.2 million in GGR in its first full year of operations. For a similar regional casino gaming facility, a small share of gaming revenue will be generated by tourists to the area including motorists that may make an incidental stop while passing through. This can range from roughly 2% up to 18% but the typical range is 3% to 10%. In this case Hartford does not receive an extraordinary amount of tourists and the facility is located outside of the center of the city and presumably will not be in an area that tourists frequent. For that reason it was estimated that 5% of revenue comes from outside the local market, bringing the estimated total gross gaming win to $251.7 million during the first full year of mature operations.

Estimated Hartford-Area Casino Gaming Revenue: First Full Stablized Year of Operations			
Market	Gamer Visits	Average Win	Total Win
Connecticut NA	47,350	$81	$3,843,993
Southcentral CT	509,873	$80	$40,840,799
Southwestern CT	151,702	$130	$19,704,870
Western CT	134,189	$110	$14,815,573
Hartford	1,441,570	$81	$117,030,119
CT/MA	75,829	$76	$5,745,551
White Plains	4,340	$77	$333,507
Secondary West	25,178	$117	$2,943,321
Springfield	143,339	$76	$10,860,815
Secondary North	22,156	$103	$2,278,334
Boston	4,930	$108	$533,651
RI/MA	13,972	$79	$1,104,031
Cape Cod	1,294	$81	$105,087
Long Island	45,889	$119	$5,463,838
Brooklyn	12,060	$70	$848,528
Tertiary West	8,574	$108	$928,042
Catskills	48,202	$70	$3,391,381
Albany	113,234	$70	$7,966,930
Tertiary North	5,473	$76	$414,671
Local Market Total	2,809,152	$85	$239,153,040
Estimated Share of GGR from Tourists and Motorists		5.0%	
Total Estimated Gross Gaming Revenue		$251,740,042	
Source: Strategic Market Advisors			

Revenue Forecasts: Scenario Two

For the second scenario, it was assumed that the Schaghticoke casino is located in the southwestern part of the state rather than north of Hartford. The southwestern part of the state's economy is closely related to that of New York City, and accordingly is densely populated and features relatively high incomes. A casino in this area would be more proximate to New York and could therefore be expected to attract from a more highly populated catchment area. Given the market potential, an operator or investor in this region would likely invest a greater amount compared to a Hartford facility to offer more slot machines and table games as well as the infrastructure to accommodate more guests including parking, dining, and a broader array of amenities that would likely include a hotel. The resulting casino hotel would be the closest property to the New York City area and would be subject to a tax rate that would enable a competitive advantage compared to commercial properties in New York and Pennsylvania. The casino was assumed to be located centrally within the market area and to be located near a highway with easy access to and from the property and ample parking. For example, the Schaghticoke facility would be roughly similar to the planned MGM National Harbor facility, in terms of appearance, overall square footage, number of slot machines and table games, and other amenities.

Similar to the first scenario, the proposed casino would lead to some growth in the immediate vicinity, although growth in this instance is also constrained since a number of facilities already target the area's population. The ability of the property to attract out-of-market guests was assumed to be higher based on its location and the visitation in the area. The following table shows the projected revenue for the proposed development.

Estimated Southwest Connecticut-Area Casino Gaming Revenue: First Full Stablized Year of Operations			
Market	Gamer Visits	Average Win	Total Win
Connecticut NA	32,159	$93	$3,002,384
Southcentral CT	1,024,837	$92	$94,402,866
Southwestern CT	1,731,752	$149	$258,681,551
Western CT	304,752	$127	$38,694,192
Hartford	260,788	$93	$24,347,131
CT/MA	27,978	$87	$2,437,863
White Plains	980,769	$88	$86,680,925
Secondary West	226,260	$134	$30,417,977
Springfield	15,123	$87	$1,317,731
Secondary North	16,276	$118	$1,924,772
Boston	5,199	$124	$647,134
RI/MA	13,551	$91	$1,231,391
Cape Cod	1,835	$93	$171,334
Long Island	380,047	$141	$53,600,051
Brooklyn	387,112	$81	$31,321,962
Tertiary West	179,926	$124	$22,397,176
Catskills	278,212	$81	$22,510,664
Albany	209,064	$81	$16,915,774
Tertiary North	3,267	$87	$284,685
Local Market Total	6,078,909	$114	$690,987,563
Estimated Share of GGR from Tourists and Motorists		8.0%	
Total Estimated Gross Gaming Revenue		$751,073,439	
Source: Strategic Market Advisors			

Summary

The Northeast hosts a growing number of casinos. Whereas for sometime Connecticut offered the only gaming in New England and benefited from attracting guests from Massachusetts and New York, those states are now expanding their casino offerings and attempting to keep revenue in-state. Connecticut casino GGR has been declining for nearly a decade and proposed additional casinos in Boston and Springfield are expected to retain gamers that currently visit Foxwoods and Mohegan Sun and in the case of Springfield attract play from Connecticut.

The STN asked that two development scenarios forecast the performance of Connecticut's third casino facility. The first location, near Hartford, would retain some play that would otherwise accrue in Springfield, Massachusetts. That casino is expected to generate approximately $250 million in GGR. The second proposed location is in the southwestern part of the state, closer to the New York City area. That location is more lucrative due to the larger and wealthier population and a latent demand. It is

forecasted that a casino in this area would generate approximately $750 million in its first full year of operations, approximately 3 times the Hartford-area proposal. The depth of the market is demonstrated in the revenue levels at the New York City VLT facilities and in the forecasted win per unit per day of $407, which is shown in the following table.

Summary of Forecasted Performance		
	Hartford	Southwestern CT
Slots	2,000	4,000
Tables	50	175
Gaming Positions	2,300	5,050
GGR ($M)	$251.7	$751.1
Win/Position/Day	$300	$407
Source: Strategic Market Advisors		
Note: One table includes six gaming positions		

Taking all of the forgoing into account, and subject to the disclaimers below, we conclude that a Schaghticoke Tribal commercial casino would be economically viable in the Hartford and southwestern Connecticut regions.

Disclaimer

Certain information included in this report contains forward-looking estimates, projections and/or statements. Strategic Market Advisors has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans.

Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, Strategic Market Advisors accepts no liability in relation to the estimates provided herein.