



CONVERGENCE
STRATEGY GROUP

NEW MEXICO RACING COMMISSION

FEASIBILITY STUDY OF A 6TH RACETRACK CASINO LICENSE

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EXECUTIVE SUMMARY

Convergence Strategy Group (“CSG”) was contracted by the New Mexico Racing Commission to conduct a Feasibility Study on the communities of Clovis, Lordsburg, and Tucumcari with regard to the potential issuance of a 6th Racing License in the State of New Mexico. A total of 5 development locations and associated license applications (3 in Clovis, and 1 each in Lordsburg and Tucumcari) were evaluated by CSG. Through extensive research, comparative analyses, and independent forecast models, CSG projected the potential impacts of each proposed development. This study does not make recommendations as to the selection of applicants, but provides insights into the scope, objectives, benefits, and challenges of a 6th Racing License.

CASINO GAMING

CSG projected the gross gaming revenues for each of the 5 applicant developments, as well as the expected impacts on gaming visitation and spending at competing facilities. While a portion of the gaming revenues projected for the 5 applicants are anticipated to come from existing racetrack facilities, the majority are to come from a combination of out-of-state gamers, new in-state gaming spend, and capture of gaming behavior currently going to Native American facilities in New Mexico, Arizona, and Oklahoma. The following table shows the projected “new” gaming revenues to the State of New Mexico from each applicant, with the greatest net gaming revenue impact coming from Clovis – La Posada del Llano at \$66.2 million in increased gaming revenues to the State.

SUMMARY OF PROJECTED “NEW GAMING REVENUES” TO NEW MEXICO IN 2021

APPLICANT	GGR PROJECTION	CANNIBALIZED FROM NM RACETRACKS	NEW TO STATE
Clovis - Clovis Racetrack & Casino	\$52,136,347	(\$629,751)	\$51,506,596
Clovis - Curry Downs	\$54,306,380	(\$884,407)	\$53,421,974
Clovis - La Posada del Llano	\$68,290,692	(\$2,049,526)	\$66,241,166
Lordsburg - Hidalgo Downs	\$17,954,443	(\$2,155,140)	\$15,799,303
Tucumcari - Coronado Park	\$43,269,811	(\$326,112)	\$42,943,699

PARI-MUTUEL AND RACING

Currently in the State of New Mexico, 5 race tracks are in operation and offer a mix of Thoroughbred and Quarter Horse racing across approximately 250-280 racing days. Sunland Park sets the pace in the State, leading the State in Handle Per Race for both Thoroughbred and Quarter Horse. Similar to the rest of the country, New Mexico is faced with smaller foal crops and declines in Pari-Mutuel Handle. It is important that the racing industry in the State is strategic in developing a plan to move forward in a way that can benefit the current horsemen as well as encourage new people to invest in racing.

As with many States, the purses and racing product in New Mexico is supported disproportionately with proceeds from casino gaming. The proposals submitted for a 6th racino are no different. The following table details CSG’s projections for purses, taxes, and commissions attributable to each of the applicants.

PROJECTED PURSES, TAXES, AND COMMISSIONS

Track Location		La Posada Clovis	Curry Downs Clovis	Clovis Race Track & Casino Clovis	Hidalgo Downs Lordsburg	Coronado Park Tucumcari
Season		Late Feb-May	Spring	Mid March-Mid May	Apr-Dec	Mid March-Mid May
Estimated Purses from Pari-Mutuels	<g>	\$1,104,378	\$941,050	\$636,805	\$642,930	\$785,378
		7%	8%	6%	15%	8%
Estimated Gaming Revenues		\$68,290,692	\$54,306,380	\$52,136,347	\$17,954,443	\$43,269,811
Estimated Purses from Gaming		\$13,658,138	\$10,861,276	\$10,427,269	\$3,590,889	\$8,653,962
		89%	88%	92%	81%	87%
Estimated Purses Available from other Sources	<h>	\$500,000	\$500,000	\$250,000	\$200,000	\$500,000
(entry fees, breeders, etc)						
Total Purses Available		\$15,262,516	\$12,302,326	\$11,314,075	\$4,433,819	\$9,939,340
Purses Per Day		\$254,375	\$223,679	\$314,280	\$73,897	\$248,484
Purses Per Race		\$25,438	\$24,853	\$34,920	\$12,316	\$24,848
Estimated Pari-Mutuel Taxes	<i>					
Live Racing		\$11,544	\$9,524	\$4,316	\$4,529	\$7,696
Simulcast		\$6,144	\$6,024	\$5,567	\$5,589	\$5,663
Total		\$17,688	\$15,547	\$9,882	\$10,118	\$13,359
Daily Tax (\$650)	<i>	\$39,000	\$35,750	\$23,400	\$39,000	\$26,000
Daily License Fee (\$500)	<i>	\$30,000	\$27,500	\$18,000	\$30,000	\$20,000
Other Fees (\$1000)	<i>	\$60,000	\$55,000	\$36,000	\$60,000	\$40,000
Total Taxes and Fees to State		\$146,688	\$133,797	\$87,282	\$139,118	\$99,359
(From Pari-Mutuel Activity)						
Capital and Testing Fund	<i>	\$171,369	\$146,025	\$98,815	\$99,765	\$121,869
Track Commission		\$4,093,815	\$3,488,375	\$2,360,571	\$2,383,275	\$2,911,315
Net commissions (less Taxes & Purses)		\$2,671,380	\$2,267,503	\$1,537,669	\$1,501,462	\$1,904,709

Below, we outline some of the concerns we see in the proposals, as well as some positives of what the facility can do for New Mexico.

La Posada:

- They offer the largest combination of Stalls and Races, not to mention the best potential available total purses.
- The ideas in the bid related to the moving grandstand are intriguing but do not seem feasible from a cost and safety stand point.
- The bid indicated flexibility with selecting dates and a willingness to work with all related parties for the benefit of New Mexico horsemen.

Curry Downs:

- As with La Posada, the Curry Downs proposal focused on being flexible for the benefit of New Mexico horsemen. They included a few different proposals but provided estimates on 55 race days.

- We do not think the turf course proposed is feasible, as they may be severely underestimating the cost to build and maintain, without seeing a return on the investment through large enough gains in handle.

Clovis Race Track and Casino:

- The proposal called for 36 race days, which seem low considering the number of stalls available, and the potential for purses. With our estimates of casino-funded purses, the average purse per day equates to \$314K per day, which would far exceed the current State average of \$212K per day.
- The bid did not provide an estimate of Thoroughbred to Quarter Horse mix, so we estimated it at 60% Thoroughbred, 40% Quarter Horse.

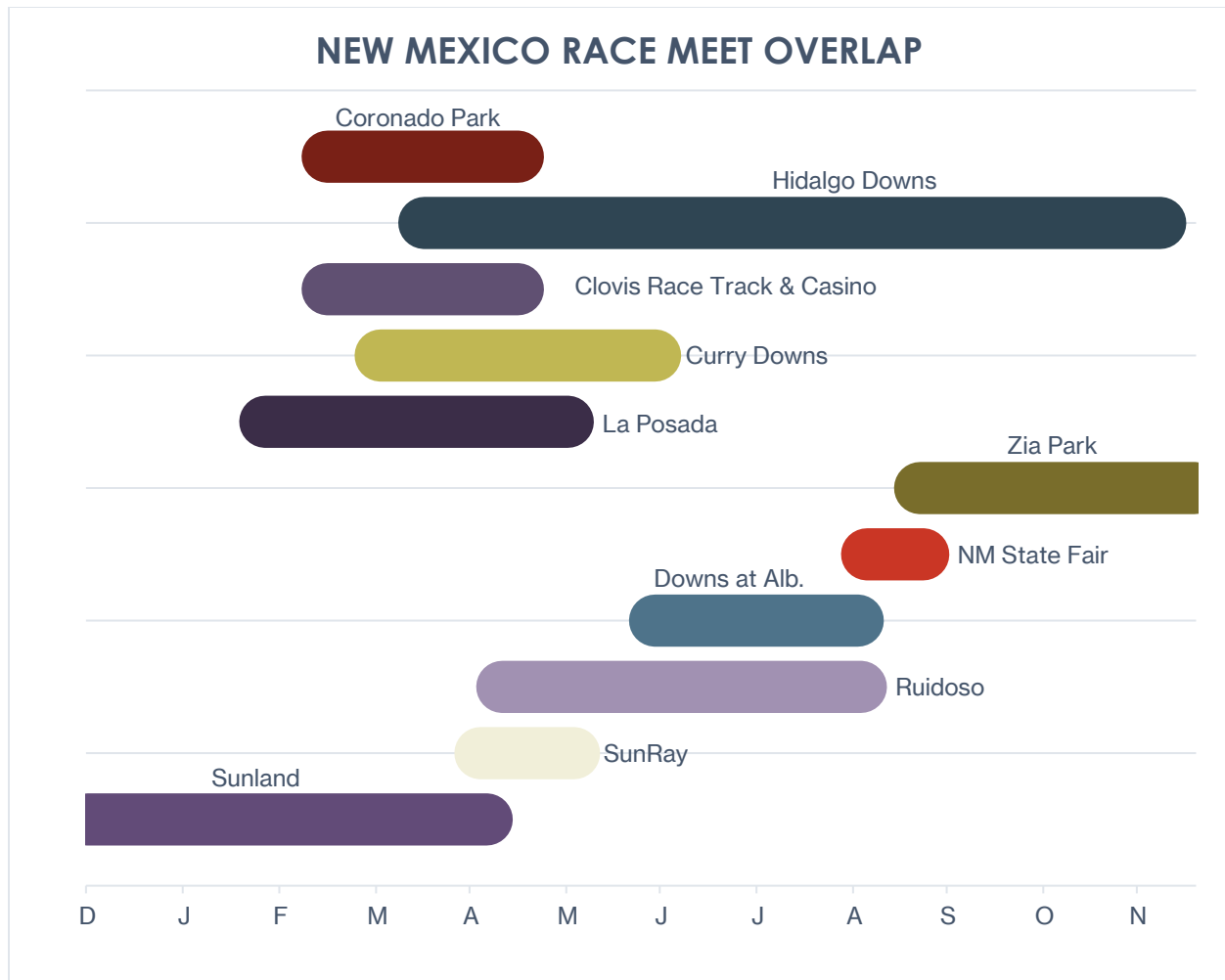
Hidalgo Downs:

- The submission was light on details, but what was included could be concerning.
- A backside with 1,500 stalls should race more than 6 races and 60 days over the course of 8 months. Spreading out the races and days over that long of a period will be extremely costly for the track and it seems unlikely, given the remote location, they could be successful and profitable from a racing perspective.
- Estimated Live and Simulcast Handle numbers are predicted to be lower than in other parts of the State, due also to the smaller population and location.

Coronado Park:

- The Tucumcari area appears to be strongly in favor of having the race track as to some of the opposition voiced in Clovis.
- The upside in the casino and track revenues aren't as high as they might be in Clovis, but the location might have some advantages due to being on I-40, the proximity to Amarillo, and the greater distance away from existing tracks.

There has to be a commitment from the State to find the right mixture of dates at the new track, as it will certainly cause overlap with other tracks. As you can see in the following chart, Zia and Sunland face very little overlap in days from other tracks, which also means they face very little competition in the State for the necessary labor needed to operate a race meet (officials, backside workers, tellers, etc.).



Racing at a new track during the same time as Ruidoso Downs or Downs at Albuquerque would not be advised, as it would likely put strain on the racing product and labor supply in the State. With respect to Sunland overlap, consideration should be given to offering a differentiable racing product (breed mix) to maximize purses and minimize conflict.

NET TAX AND ECONOMIC IMPACTS

From an economic impact standpoint, the respective communities and the State will benefit from employment growth, income growth, spending growth and incremental fiscal benefits. As each of the proposed locations are relatively small communities, the local impacts of both construction and operations will be significant, but so too will be the need to attract workers and supplies from throughout the state. The benefits will also be notable during the operating stage in that a significant share of revenues for each of the potential locations will come from out-of-state gamers, and the prospect for cannibalized gaming revenues from other commercial gaming venues should be low based on our forecast of the source of gaming demand.

The economic impact of a new racino will be felt in two time periods – the construction phase and the operations phase. Bidders have suggested that the construction phase for a new racino will be 1 to 2 years. The economic impacts during construction are felt in the regional economy during that phase, but are one-time impacts, meaning they are not ongoing infusions to the regional economy. In contrast, the operations phase yields annual, ongoing impacts to the regional economy and the State.

During the construction phase, impacts can be measured in terms of Total Spending, Total Earnings and Total Jobs created. It should be noted that all of these forecasts are calculated using multipliers purchased from the US Bureau of Economic Research, tying direct construction-related expenditures to multipliers for effected industries (i.e. construction, business services). The concept of “Total Jobs” during a construction phase can be misleading, in that as a one-time impact, they are measured in terms of man-years of employment. However, during a construction project that is not exactly one year, the majority of workers may only have involvement during a few months, working on whatever their specialty is. As such, there may be more workers involved in the project than the man-years total would imply. Additionally, construction work may not reflect new employment, it is likely to more appropriately be considered as sustained employment - as construction work has a finite schedule, workers go from job site to job site, thus it may be inappropriate to consider relative to an unemployment level.

The following table demonstrates the projected economic impacts during the construction phase, based on the construction budgets and building programs provided to us:

ECONOMIC IMPACT CONSTRUCTION MODEL RESULTS

	DIRECT	INDIRECT	TOTAL
LA POSADA			
Spending	\$146,855,660	\$107,478,801	\$254,334,462
Earnings	\$41,876,935	\$43,321,054	\$85,197,989
Employment (Man Years)	991	853	1,843
HIDALGO			
Spending	\$54,542,230	\$40,039,387	\$94,581,618
Earnings	\$15,790,260	\$15,921,818	\$31,712,078
Employment (Man Years)	374	313	687
LM/CURRY			
Spending	\$53,312,705	\$38,976,389	\$92,289,094
Earnings	\$15,145,733	\$15,758,634	\$30,904,368
Employment (Man Years)	358	310	669
CORONADO			
Spending	\$49,645,622	\$36,236,546	\$85,882,168
Earnings	\$13,986,516	\$14,758,629	\$28,745,145
Employment (Man Years)	331	291	622
CLOVIS			
Spending	\$31,359,807	\$23,004,680	\$54,364,487
Earnings	\$9,044,782	\$9,179,177	\$18,223,959
Employment (Man Years)	214	181	395

Source: Convergence Strategy Group calculations.

*Development cost estimates appeared conflicting in Coronado's presentations. We assume the \$78.5 million total for Coronado is the correct top-line figure to use. If one of the other figures presented by Coronado is correct (\$61.7 million to \$65 million), Coronado's construction impact would rank closer to a mid-point between LM/Curry and Clovis rather than within 10 percent of the LM/Curry impact.

Fiscal impacts will also be felt during the construction phase. This includes Gross Receipts Taxes on construction materials that we forecast will be purchased in state, personal sales tax for construction workers and those that provide services, and local property taxes. We note that while we made an estimate of the property tax for the site in Lordsburg based on what the construction cost will be, the City intends to own the land and lease to Hidalgo Downs, LLC. They therefore may not receive these property tax benefits.

CONSTRUCTION FISCAL IMPACT

	LA POSADA	HIDALGO	CORONADO	LM/CURRY	CLOVIS
State Gross Receipts Tax	\$11,402,989	\$4,281,633	\$4,128,005	\$3,821,060	\$2,455,135
Personal Income Tax	\$2,385,544	\$887,938	\$865,322	\$804,864	\$510,271
Property Tax	\$1,179,799	\$467,461	\$673,278	\$394,042	\$254,819

Source: Convergence Strategy Group calculations.

Once the racino becomes operational there will be ongoing, annual benefits to the state and the host community. Based on the projected demand for the gaming, racing and ancillary amenities proposed, the following ongoing impacts are forecast. These impacts include only the benefits that are induced by out-of-state customers, as dollars that are spent by New Mexico patrons are considered to be substituted from other discretionary spending activities. We note that this substitution effect likely does not hold as true for the host community or county, i.e. the impact of a gamer from Albuquerque going to Tucumcari, Clovis or Lordsburg is not counted due to substitution away from spending somewhere else in New Mexico, but their spending would likely be an incremental impact on the racino's local economy.

TOTAL ECONOMIC IMPACTS FROM OPERATIONS

	DIRECT SPENDING	TOTAL SPENDING	TOTAL EARNINGS	TOTAL JOBS
LA POSADA				
Casino	\$54,025,099	\$82,372,069	\$17,077,334	521
Hotel	\$7,719,750	\$12,337,704	\$3,553,401	119
Restaurant	\$8,331,465	\$14,005,192	\$5,805,365	226
Other Amenities	\$8,025,905	\$13,506,395	\$3,868,486	159
Racetrack	\$2,113,342	\$3,222,212	\$668,027	20
Total Impact	\$80,215,561	\$125,443,572	\$30,972,613	1,045
HIDALGO				
Casino	\$12,850,355	\$19,592,937	\$4,061,997	124
Hotel	\$4,342,359	\$6,939,958	\$1,998,788	67
Restaurant	\$2,088,747	\$3,511,184	\$1,455,439	57
Other Amenities	\$784,426	\$1,320,072	\$378,093	16
Racetrack	\$1,074,627	\$1,638,483	\$339,690	10
Total Impact	\$21,140,515	\$33,002,634	\$8,234,007	274
LM/CURRY				
Casino	\$42,640,271	\$65,013,621	\$13,478,590	411
Hotel	\$0	\$0	\$0	-
Restaurant	\$5,535,155	\$9,304,596	\$3,856,896	150
Other Amenities	\$1,509,973	\$2,541,058	\$727,807	30
Racetrack	\$1,780,397	\$2,714,572	\$562,784	17
Total Impact	\$51,465,796	\$79,573,847	\$18,626,076	608
CORONADO				
Casino	\$37,159,111	\$56,656,497	\$11,745,995	359
Hotel	\$0	\$0	\$0	-
Restaurant	\$4,849,354	\$8,151,764	\$3,379,030	131
Other Amenities	\$1,327,122	\$2,233,347	\$639,673	26
Racetrack	\$1,635,720	\$2,493,982	\$517,051	16
Total Impact	\$44,971,307	\$69,535,590	\$16,281,749	532
CLOVIS				
Casino	\$40,101,147	\$61,142,218	\$12,675,972	387
Hotel	\$0	\$0	\$0	-
Restaurant	\$4,201,147	\$7,062,128	\$2,927,359	114
Other Amenities	\$1,232,879	\$2,074,750	\$594,247	24
Racetrack	\$1,182,712	\$1,803,281	\$373,855	11
Total Impact	\$46,717,885	\$72,082,378	\$16,571,435	536

Source: Convergence Strategy Group calculations.

In addition to the fiscal benefits that will accrue in the form of taxes on racing and gaming, the local and statewide economies will benefit from Gross Receipts Taxes, personal income taxes and hotel bed taxes (where applicable). The following table presents these comparative annual impact estimates:

COMPARATIVE PROJECTED FISCAL IMPACTS OF NON-GAMING ACTIVITIES

	La Posada	Hidalgo	Coronado	LM/Curry	Clovis
State Gross Receipts Tax	\$3,947,854	\$1,135,583	\$1,546,851	\$1,764,539	\$1,493,781
State Personal Income Tax	\$867,233	\$230,552	\$455,889	\$521,530	\$464,000
Local Direct Gross Receipts Tax	\$876,426	\$219,364	\$233,746	\$275,652	\$212,615
Local Hotel Tax	\$385,988	\$217,118	\$0	\$0	\$0

Source: Convergence Strategy Group calculations.

SOCIAL IMPACTS

As a result of numerous public meetings, letters from government officials and presentations from each of the bidders, we recognize that a variety of issues and concerns exist regarding the awarding of another (the 6th) racino license in New Mexico. Notably, most in (non-faith-based) opposition to the awarding of the license cited the lack of a feasibility analysis and consideration for what it would mean in terms of cannibalization of existing businesses. One of the primary purposes of this report was to analyze these issues, determine in what market (if any) a racino may be feasible, as well as to address what steps could be taken to minimize any negative impacts that a new racino would have on existing racino operations.

One of the other major considerations for a socioeconomic analysis is whether there are sufficient public services to accommodate the addition of a large, new business in a rural area. A new racino will likely reflect one of the largest regional construction projects in years, as well as one of the largest regional employers and one of the largest consumers of utilities. There has been some concern that a racino in Clovis may have trouble with adequate water supply, but local officials discount this as a valid concern. Similarly, we found Clovis to have less public support for a racino than Tucumcari or Lordsburg, but City Counsellors state that they have enough support to permit it, and it is their votes that matter. Public safety officials in all three proposed locations state that they have sufficient manpower and vehicles to accommodate the racino, though clearly any funding offered to them by the racino operator to enhance their operating budgets, provide new equipment and/or station houses would not be rejected.

The main concern for which there may be a foundation for further discussion and consideration was raised by the Horsemen's Association. There will need to be coordination with interested parties, including incumbent racetracks in the state, to ensure that the schedule for racetrack operations (and breed types) is optimal so as to ensure the best racing product statewide, while also ensuring that the result is not that an incumbent track suffers from a desire to move to the new property for better purse opportunities.

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INTRODUCTION

Convergence Strategy Group (“CSG”) was contracted by the New Mexico Racing Commission to conduct a Feasibility Study in order to provide insights into the scope, objectives, benefits, and challenges of a 6th Racing License in the State of New Mexico. The Essential Questions for the study included:

1. Is a 6th race track with a casino a viable venture within the State of New Mexico?
2. What will the positive implications be in regards to tax revenue, increased commerce and job creation on the communities of Tucumcari, Clovis, or Lordsburg, New Mexico if a new race track/casino is built in any one of the aforementioned cities?
3. What will the negative implications be in regards to social issues such as crime, compulsive gambling, and financial deterioration of citizens in the communities of Tucumcari, Clovis, or Lordsburg, New Mexico if a new race track/casino is built in any one of the aforementioned cities?
4. What financial benefits from both gaming and pari-mutuel will be seen for the State of New Mexico in regards to incremental gaming revenue source market components created by the following?
 - a. Local Market
 - b. Regional Tourists
 - c. Traffic Intercept
5. In addition to pari-mutuel and gaming revenues, what are the projected gaming revenues in regards to comparative gaming revenues, state taxes, and purse contributions?
6. Can the current horse population support an additional race meet that races minimally 17 to 72 days?
7. What opposition/support will there be before the issuance of the 6th racing license?
8. What is the total population within (of each of the aforementioned communities):
 - a. 0-30 minute drive time
 - b. 30-60 minute drive time
 - c. 60-90 minute drive time
 - d. 90-120 minute drive time
9. How will traffic flows influence the success or failure of a race track/casino in the aforementioned communities?
10. What would be the optimum months to conduct a race meet in the aforementioned cities based on weather, traffic flow and population?

In order to answer these questions, CSG conducted a series of analyses of the potential for casino gaming and racing at the proposed license locations, as well as considered the applications for each as submitted to the New Mexico Racing Commission. This study document details the analyses undertaken and the independent projections made by CSG.

DEMOGRAPHIC AND ECONOMIC ANALYSIS

In evaluating any market, it is critical to understand the demographic and economic profile of its residents. The following section details and assesses the size of the populations, income levels, and employment in the region surrounding each proposed racetrack site. The data presented herein were derived from a number of sources, including Convergence Strategy Group's in-house geographic information systems (GIS) provider, ESRI. ESRI is the worldwide leader in geographic information systems, utilizing data from the U.S. Census, local, state and federal government agencies, and its own proprietary research¹.

POPULATION

As directed by the New Mexico Racing Commission, CSG obtained statistics on the total population within the following drive-times of each applicant.

- 0 – 30 minutes
- 30 -60 minutes
- 60 – 90 minutes
- 90 – 120 minutes

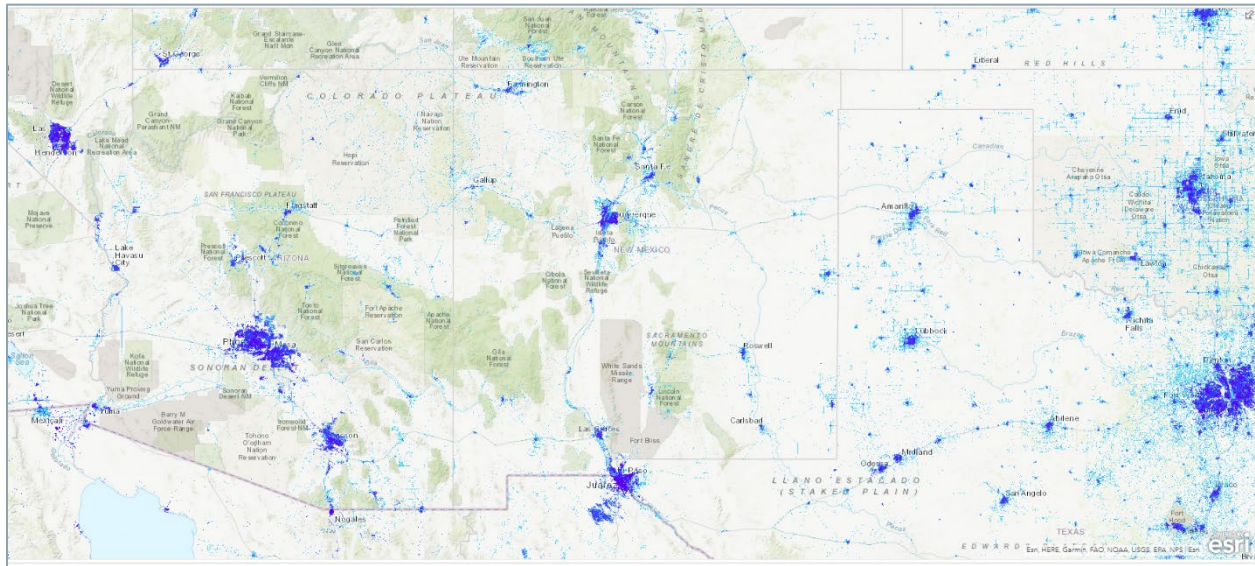
It should be noted that through our GIS provider, the data are segmented into distance bands in order to prevent any double-counting of populations on the edge of a drive time boundary.

As shown in Table 1, the area surrounding Clovis is the most heavily populated of the three cities/locations proposed, with approximately 890,000 people residing within a 120-minute drive. Within a 120-minute drive time of the Lordsburg site reside approximately 300,000 people; Tucumcari is within a 120-minute drive of nearly 420,000 people. For a racing or gaming perspective, the feeder markets for these facilities are somewhat smaller, as only adults over the age of 18 may participate in race wagering, and the legal age to visit a casino is 21 years. By these measures, the Clovis applicants also have access to the largest eligible populations – 670,000 who are over the age of 18, and 623,000 over the age of 21. The size of the eligible populations within a 120-minute drive of the Tucumcari site (314,000 and 295,000) are less than one-half that of Clovis, while still significantly higher than Lordsburg (232,000 and 218,000).

It should be recognized, however, that all of the proposed racetrack sites are in relatively low-populated areas and that the vast majority of their feeder markets reside more than a 90-minute drive away. This is demonstrated in the following maps as well as Table 1.

¹ ESRI's full Methodology Statement:
http://downloads.esri.com/esri_content_doc/dbl/us/J10268_Methodology_Statement_2017-2022_Esri_US_Demographic_Updates.pdf

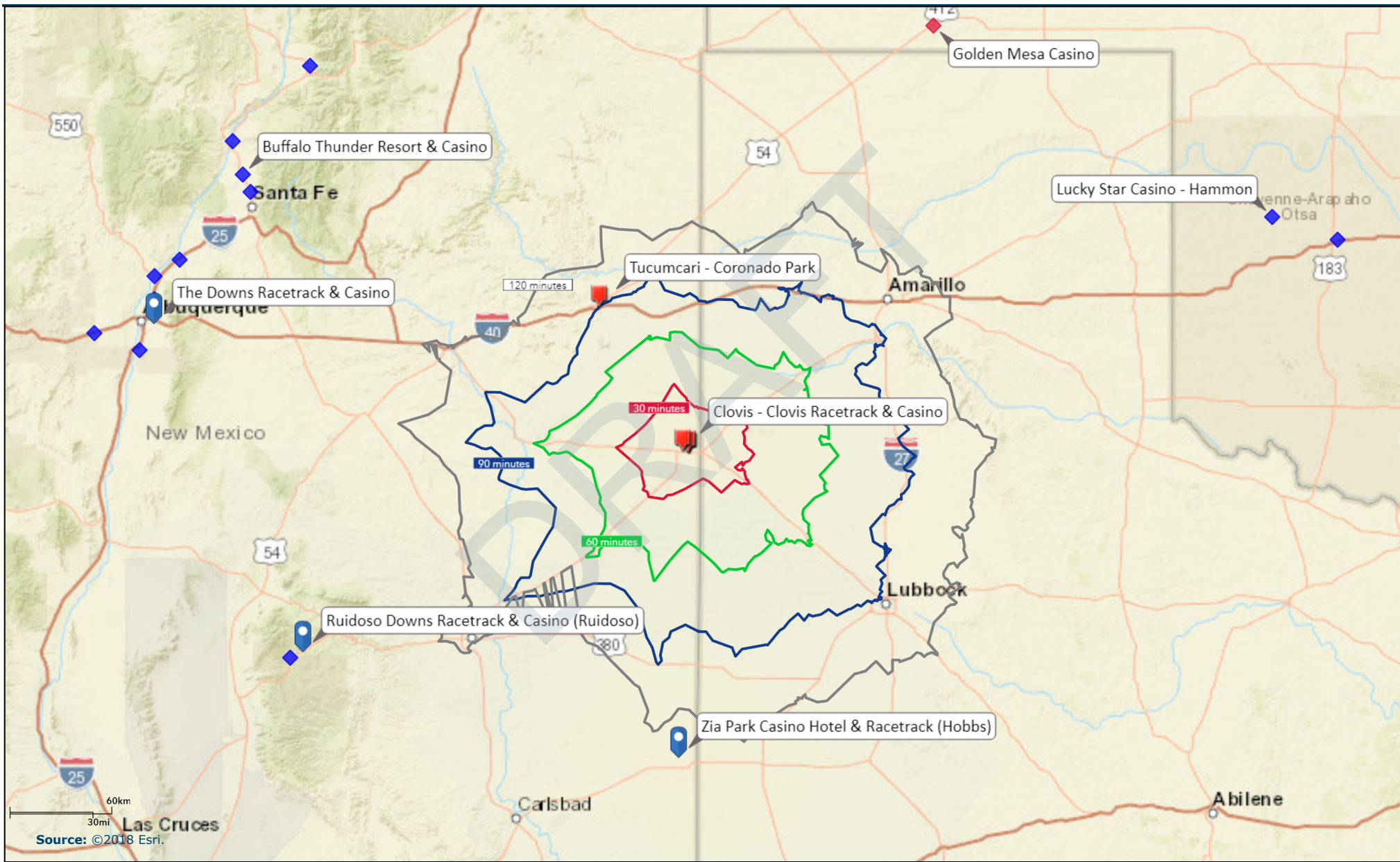
MAP 1: REGIONAL POPULATION DENSITY





MAP 2:

CLOVIS - CLOVIS RACETRACK AND CASINO WITH DRIVE TIMES

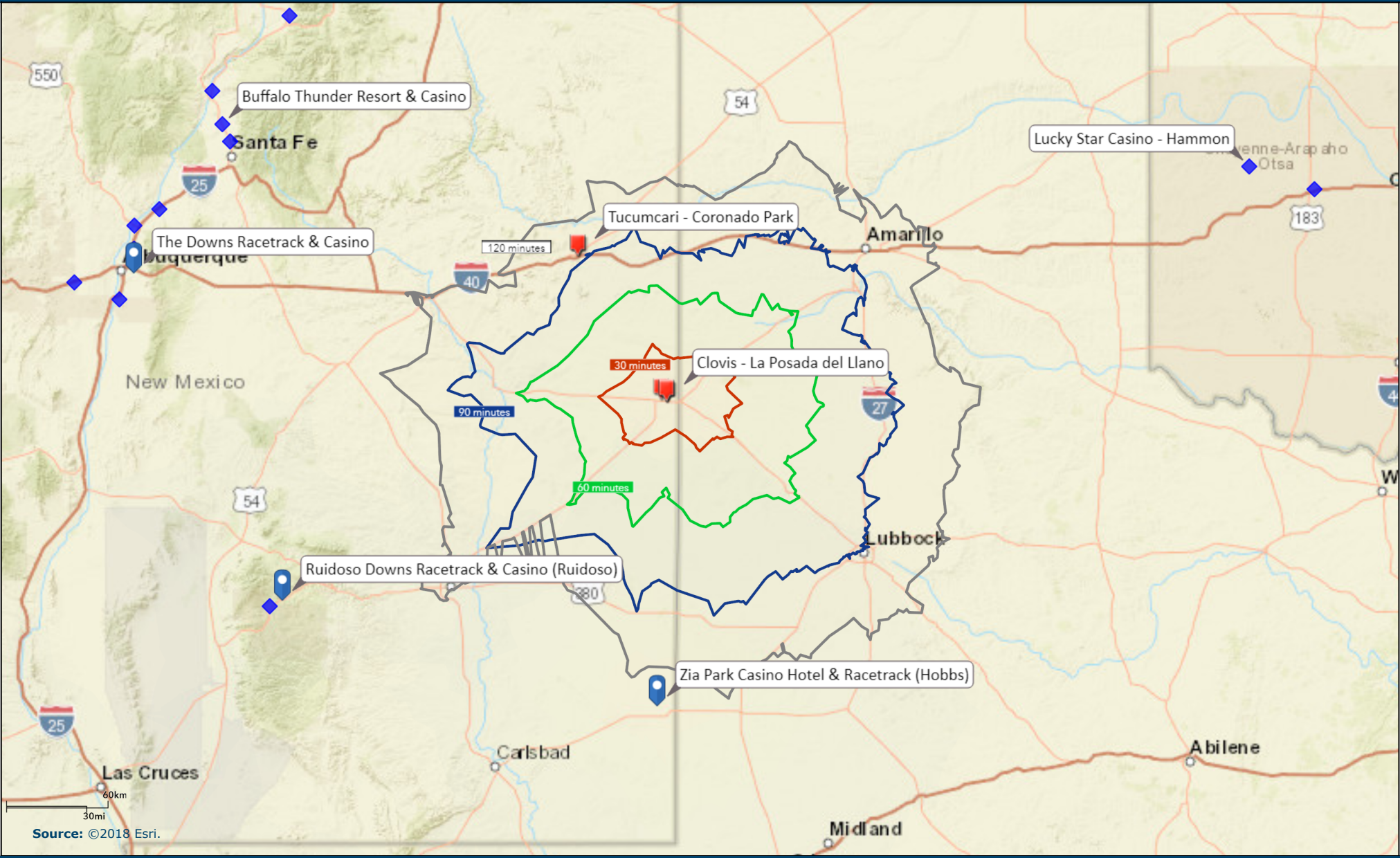


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MAP 3:

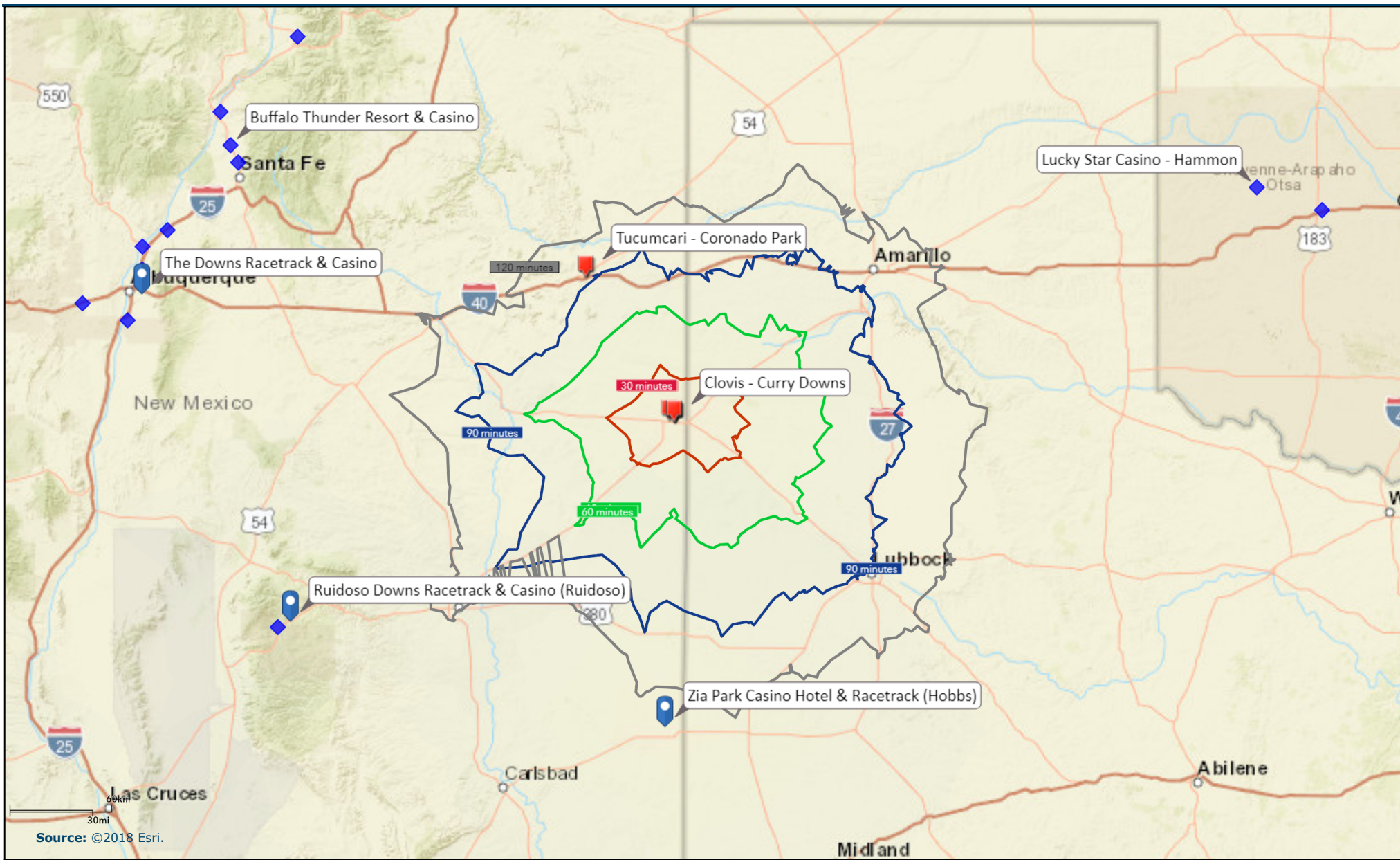
CLOVIS - LA POSADA DEL LLANO WITH DRIVE TIMES





MAP 4:

CLOVIS - CURRY DOWNS WITH DRIVE TIMES

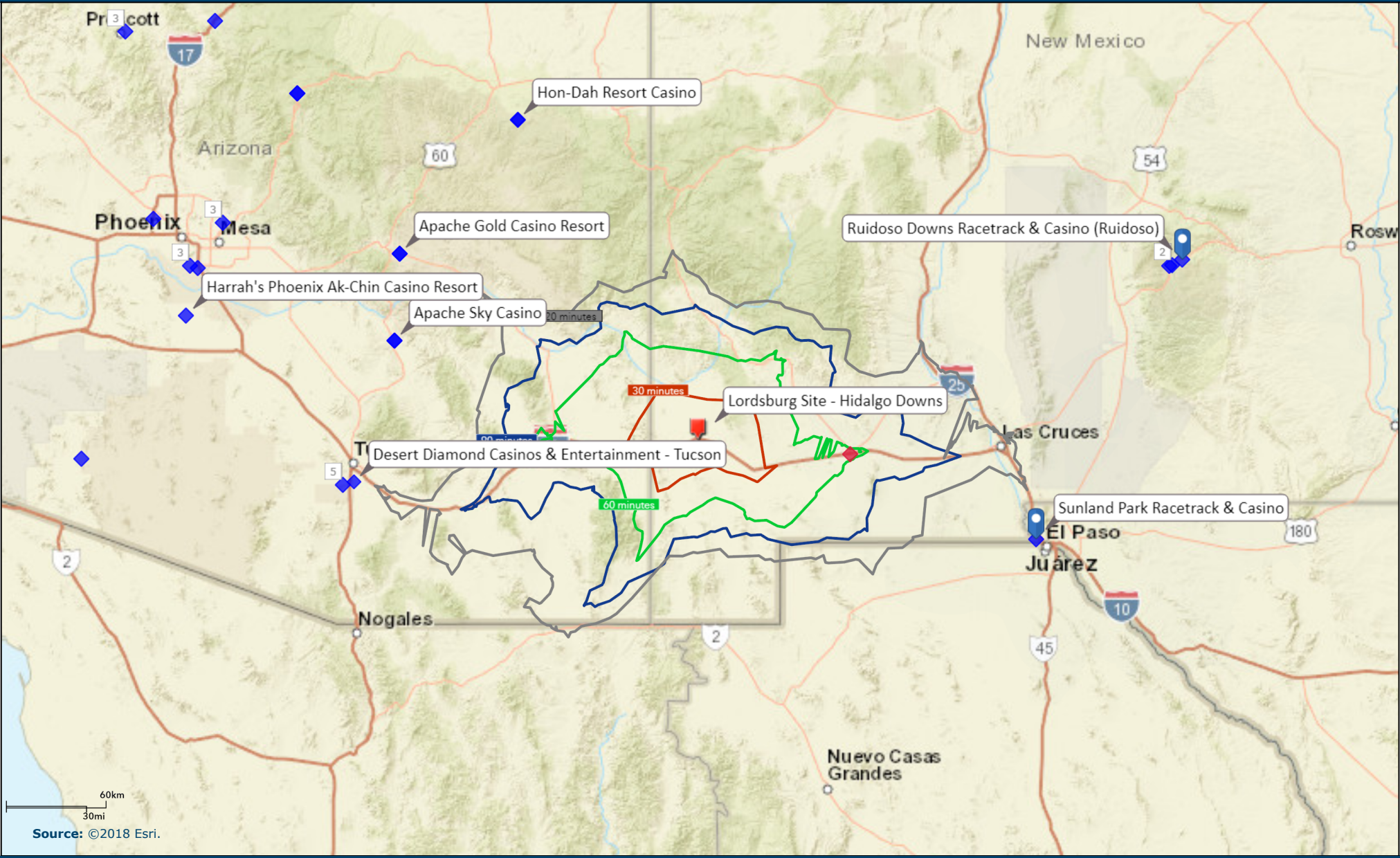


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MAP 5:

LORDSBURG - HIDALGO DOWNS WITH DRIVE TIMES

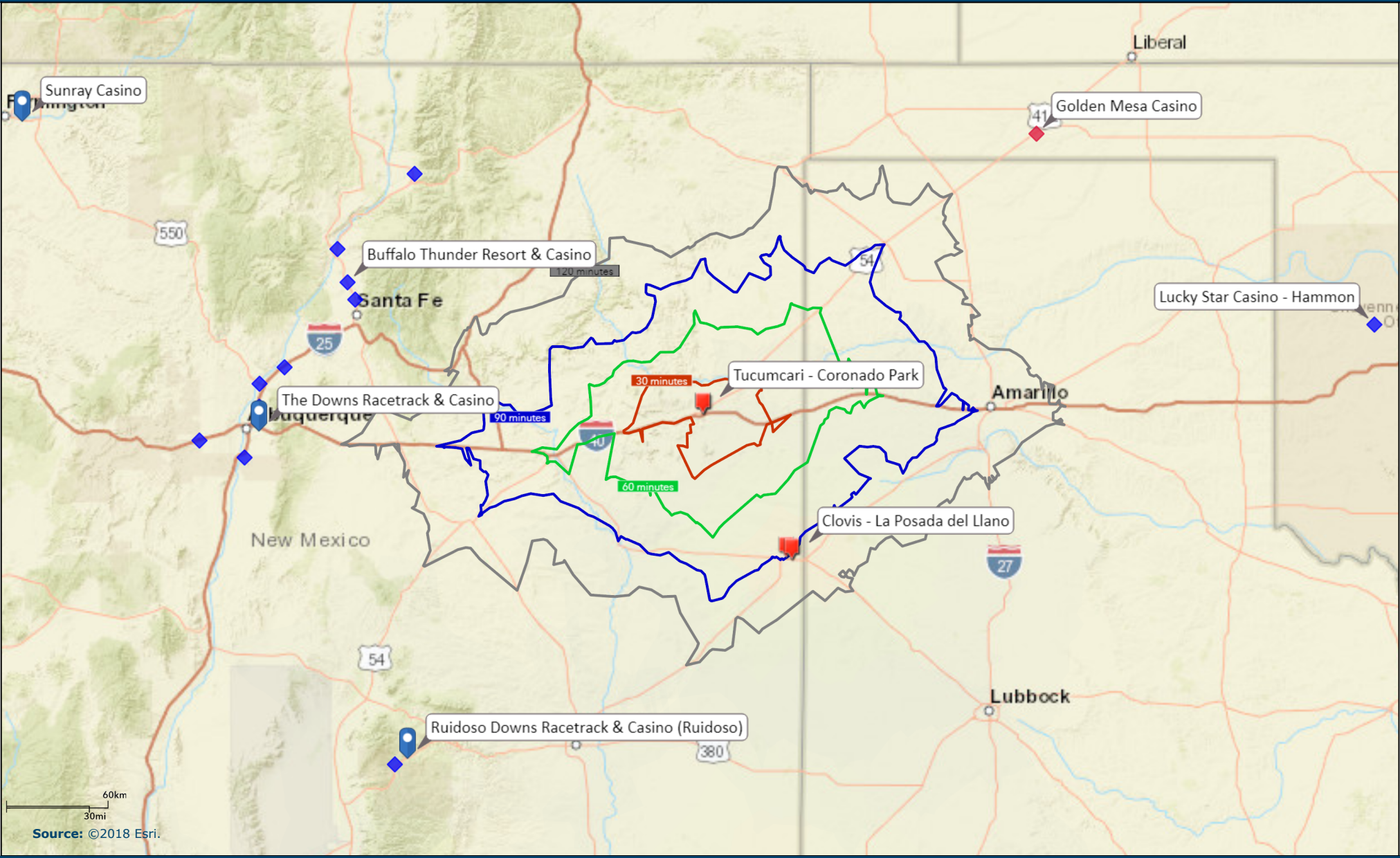


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MAP 6:

TUCUMCARI - CORONADO PARK WITH DRIVE TIMES



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TABLE 1: TOTAL AND GAMING AGE POPULATION BY DRIVE TIMES FROM PROPOSED RACETRACK SITES

SITE	DRIVE TIME	2018 TOTAL POP	2023 TOTAL POP (Esri)	2018-2023 POP: ANNUAL GROWTH RATE (Esri)	2018 TOTAL POP AGE 18+ (Esri)	2023 TOTAL POP AGE 18+ (Esri)	2018 TOTAL POP AGE 21+ (Esri)	2023 TOTAL POP AGE 21+ (Esri)
Clovis - La Posada del Llano								
	(0 - 30 minutes)	77,008	78,188	0.30%	55,944	56,620	52,262	52,923
	(30 - 60 minutes)	47,362	46,412	-0.40%	34,078	33,323	31,908	31,259
	(60 - 90 minutes)	170,914	177,460	0.75%	130,111	135,492	119,114	124,365
	(90 - 120 minutes)	597,577	626,242	0.94%	451,116	472,304	420,516	440,633
	(0 - 120 minutes)	892,861	928,302	0.78%	671,249	697,739	623,800	649,180
Clovis - Clovis Racetrack & Casino								
	(0 - 30 minutes)	74,190	75,324	0.30%	54,295	54,958	50,459	51,125
	(30 - 60 minutes)	43,501	42,799	-0.32%	30,867	30,287	29,093	28,582
	(60 - 90 minutes)	111,782	114,630	0.50%	84,733	87,046	77,454	79,708
	(90 - 120 minutes)	661,367	693,361	0.95%	499,853	523,832	465,349	488,204
	(0 - 120 minutes)	890,840	926,114	0.78%	669,748	696,123	622,355	647,619
Clovis - Curry Downs								
	(0 - 30 minutes)	73,507	74,707	0.32%	53,377	54,082	49,903	50,591
	(30 - 60 minutes)	50,393	49,431	-0.38%	36,300	35,521	33,940	33,268
	(60 - 90 minutes)	158,669	164,209	0.69%	120,519	125,085	110,184	114,652
	(90 - 120 minutes)	604,439	634,011	0.96%	456,693	478,609	425,694	446,508
	(0 - 120 minutes)	887,008	922,358	0.78%	666,889	693,297	619,721	645,019
Lordsburg - Hidalgo Downs								
	(0 - 30 minutes)	3,499	3,318	-1.06%	2,685	2,516	2,554	2,404
	(30 - 60 minutes)	39,297	39,568	0.14%	30,356	30,533	28,857	29,078
	(60 - 90 minutes)	63,071	63,739	0.21%	48,191	48,525	45,743	46,101
	(90 - 120 minutes)	194,185	196,944	0.28%	150,464	152,907	140,643	143,405
	(0 - 120 minutes)	300,052	303,569	0.23%	231,696	234,481	217,797	220,988
Tucumcari - Coronado Park								
	(0 - 30 minutes)	7,824	7,533	-0.76%	6,261	6,037	6,015	5,811
	(30 - 60 minutes)	5,051	5,103	0.21%	4,061	4,126	3,909	3,977
	(60 - 90 minutes)	50,943	52,386	0.56%	37,578	38,614	35,379	36,379
	(90 - 120 minutes)	355,538	365,422	0.55%	266,025	273,375	250,135	257,352
	(0 - 120 minutes)	419,356	430,444	0.52%	313,925	322,152	295,438	303,519
New Mexico		2,147,526	2,193,830	0.43%	1,646,644	1,683,466	1,559,909	1,597,461
USA		330,088,686	343,954,683	0.83%	256,772,936	268,763,048	242,878,155	254,839,268

Source: ESRI Business Analyst 2018

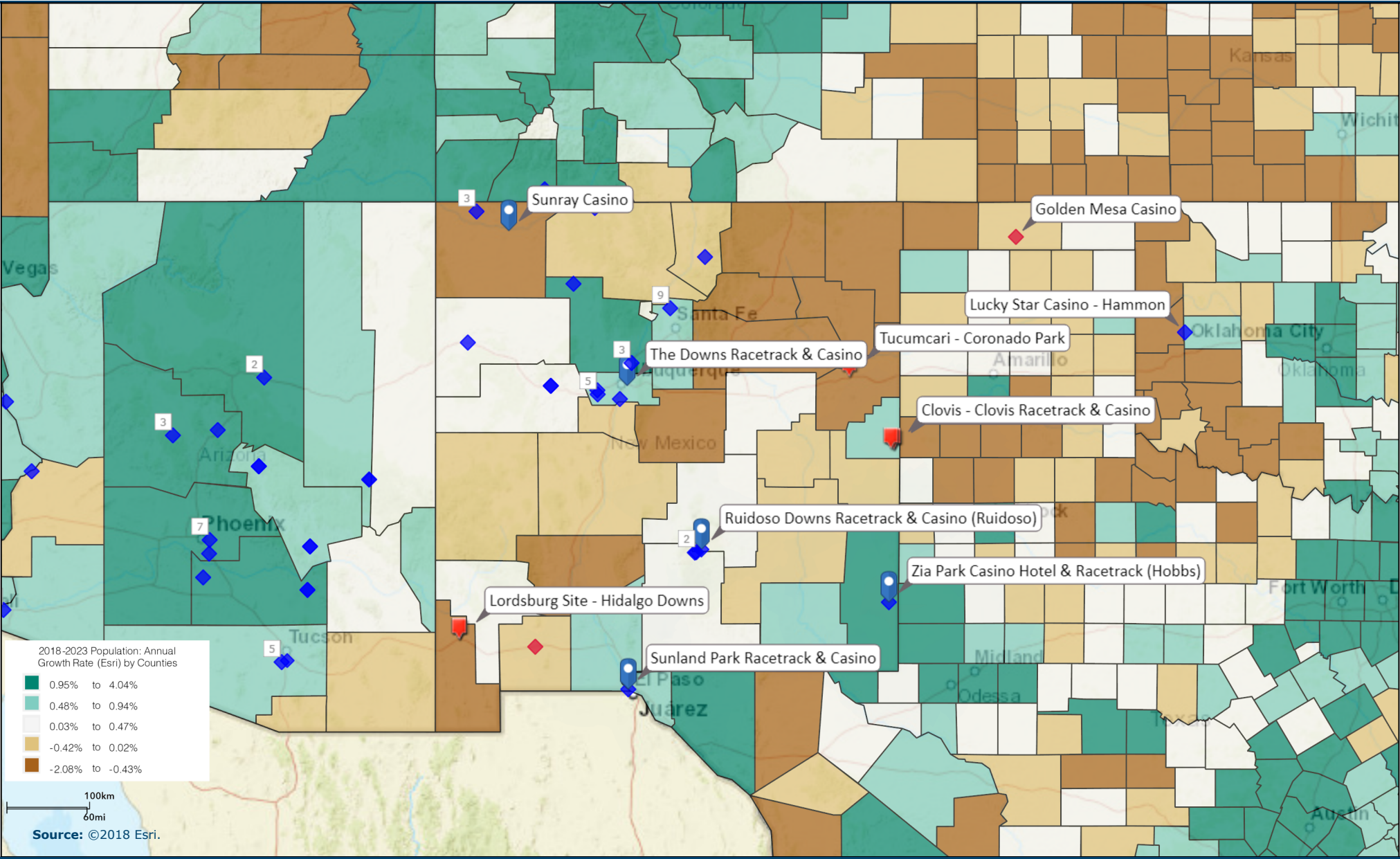
Projections for population growth across the markets studied are lower than national averages (0.83% annually), yet only one market is expected to grow slower than the statewide rate of 0.43% annually. The population living within a 120-minute drive time of Hidalgo Downs is projected to grow by only 0.23% each year over the next 5 years, with the population in the 30-minute drive time area projected to decline by more than 1% each year. The population residing within the 120-minute area surrounding the Coronado Park site is projected to grow by 0.52% per year (yet the 0-30 minute population is projected to decline by 0.76% annually), somewhat higher than the state average yet still lower than the national rate. The Clovis area poised is to see the greatest percentage growth in population over the next 5 years, at a compound annual growth rate of 0.78% annually. This growth in population is shown at the county level in Map 7.



MAP 7:

REGIONAL POPULATION GROWTH

2018-2023 Population: Annual Growth Rate (Esri) by Counties

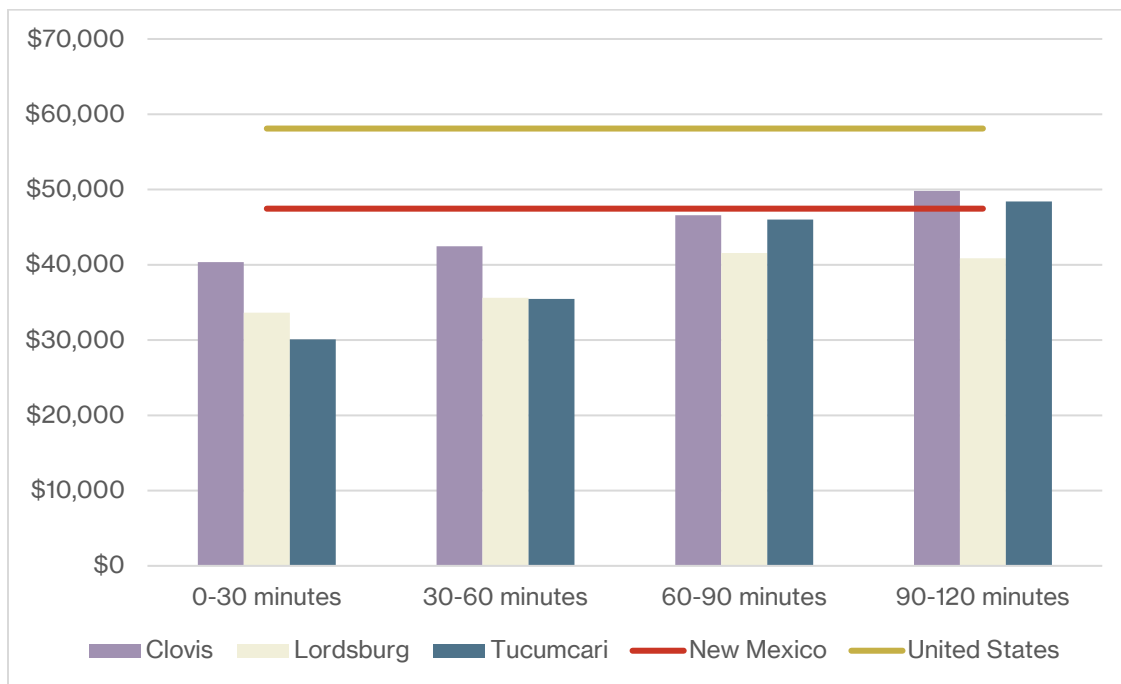


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INCOME

In order to understand the potential spending capabilities of the feeder populations, CSG assessed the income levels of those residing within the drive-time bands. The median household income in the state of New Mexico is currently estimated at \$47,457, significantly lower than the national median of \$58,100. With the exception of the 90 to 120-minute regions from Clovis and Tucumcari, all of the feeder populations have income levels that are below both state and national medians. As shown in Chart 1 and Table 2, the populations nearest the proposed development sites have the lowest median incomes, with median income levels rising as one drives further away from the sites.

CHART 1: MEDIAN HOUSEHOLD INCOME (2018)



Source: ESRI Business Analyst, 2018

While median, average, and per capita income levels are illustrative of a population, disposable income is particularly informative when assessing leisure developments such as racetracks and casinos. Aggregate Disposable Income demonstrates the spending power of a market, combining both population size and income levels into one measure. Within a 120-minute drive, the Clovis sites have access to approximately \$17.7 billion in disposable income, versus \$5.2 billion for Lordsburg and \$8.3 billion for Tucumcari (see Table 2).

TABLE 2: INCOME LEVELS BY DRIVE TIMES FROM PROPOSED DEVELOPMENT SITES

SITE	DRIVE TIME	2018 MEDIAN HOUSEHOLD INCOME (Esri)	2018 AVERAGE HOUSEHOLD INCOME (Esri)	2018 PER CAPITA INCOME (Esri)	2018 AGGREGATE DISPOSABLE INCOME (Esri)
Clovis - La Posada del Llano					
	(0 - 30 minutes)	\$40,362	\$54,905	\$20,356	\$1,251,316,121
	(30 - 60 minutes)	\$42,457	\$57,584	\$20,194	\$780,027,314
	(60 - 90 minutes)	\$46,583	\$65,280	\$24,488	\$3,305,090,906
	(90 - 120 minutes)	\$49,821	\$69,699	\$26,770	\$12,376,852,759
	Total within 120 minutes				\$17,713,287,100
Clovis - Clovis Racetrack & Casino					
	(0 - 30 minutes)	\$40,311	\$54,975	\$20,608	\$1,212,992,626
	(30 - 60 minutes)	\$42,746	\$57,697	\$19,849	\$712,850,642
	(60 - 90 minutes)	\$47,874	\$64,981	\$23,953	\$2,128,989,141
	(90 - 120 minutes)	\$49,200	\$69,234	\$26,576	\$13,604,572,310
	Total within 120 minutes				\$17,659,404,719
Clovis - Curry Downs					
	(0 - 30 minutes)	\$40,168	\$54,576	\$20,233	\$1,193,603,949
	(30 - 60 minutes)	\$42,600	\$57,881	\$20,373	\$829,552,936
	(60 - 90 minutes)	\$47,115	\$65,042	\$24,192	\$3,038,254,711
	(90 - 120 minutes)	\$49,682	\$69,770	\$26,857	\$12,554,780,422
	Total within 120 minutes				\$17,616,192,018
Lordsburg - Hidalgo Downs					
	(0 - 30 minutes)	\$33,631	\$44,959	\$18,171	\$52,226,562
	(30 - 60 minutes)	\$35,612	\$49,215	\$20,283	\$643,456,806
	(60 - 90 minutes)	\$41,572	\$55,250	\$20,718	\$1,052,040,736
	(90 - 120 minutes)	\$40,855	\$58,894	\$22,846	\$3,467,303,881
	Total within 120 minutes				\$5,215,027,985
Tucumcari - Coronado Park					
	(0 - 30 minutes)	\$30,081	\$45,341	\$20,538	\$135,722,104
	(30 - 60 minutes)	\$35,475	\$49,349	\$20,993	\$81,175,452
	(60 - 90 minutes)	\$46,006	\$61,893	\$23,469	\$942,033,747
	(90 - 120 minutes)	\$48,416	\$67,193	\$26,001	\$7,123,092,988
	Total within 120 minutes				\$8,282,024,291
New Mexico		\$47,457	\$66,038	\$25,553	\$43,044,270,721
USA		\$58,100	\$83,694	\$31,950	\$7,854,303,963,376

Source: ESRI Business Analyst 2018

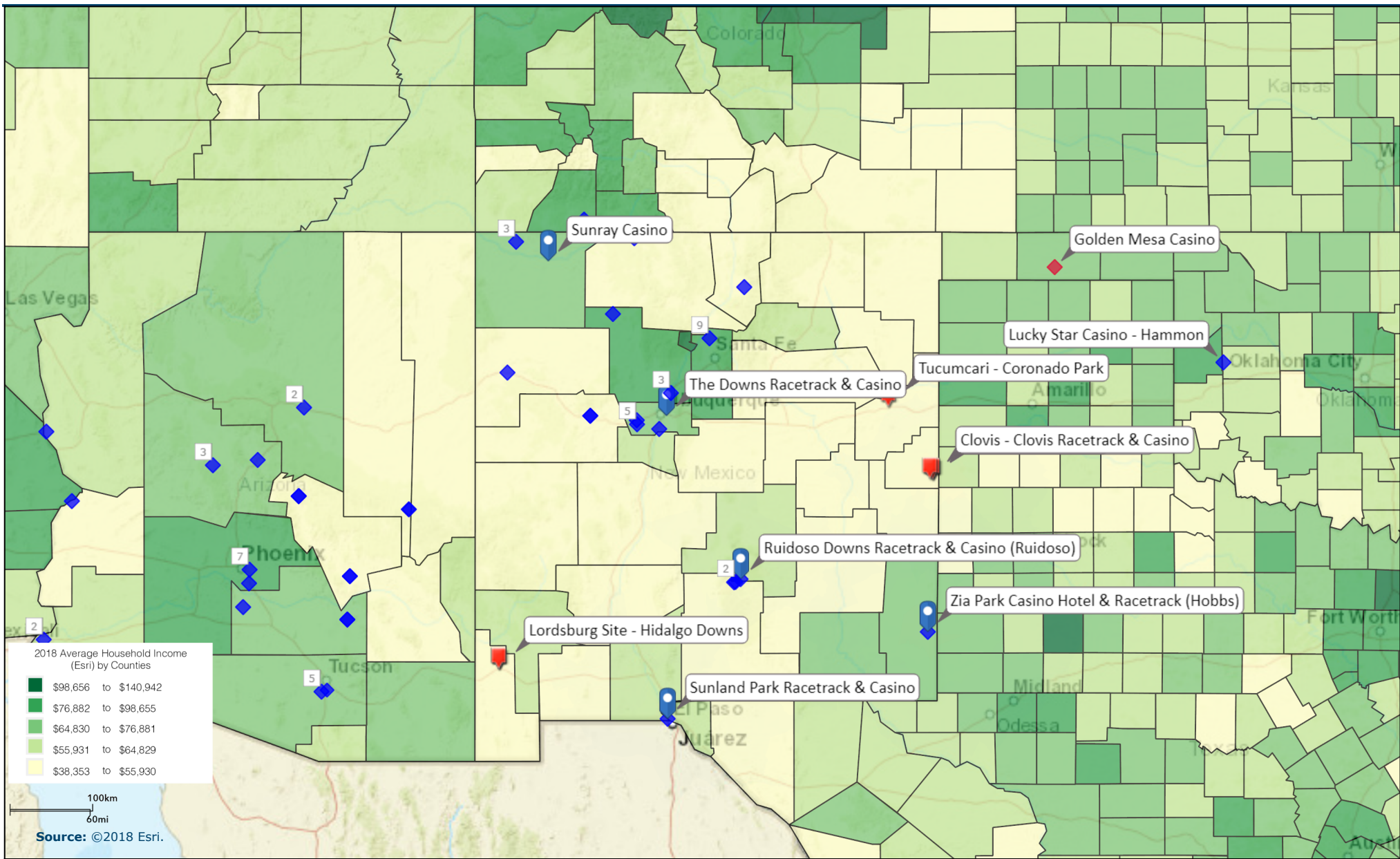
Average household incomes at the county level are shown in Map 8, highlighting the disparity in income levels across the state of New Mexico and its border states of Arizona and Texas.



MAP 8:

REGIONAL INCOME LEVELS

2018 Average Household Income (Esri) by Counties



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CASINO GAMING COMPETITIVE LANDSCAPE

New Mexico has a relatively mature gaming environment, regulated by the New Mexico Gaming Control Board whose charge is to enforce the “state’s policy on gaming that limited gaming activities should be allowed in the state if those activities are strictly regulated to ensure honest and competitive gaming that is free from criminal and corruptive elements and influences.” The competitive marketplace in New Mexico includes 5 racetrack casinos, 60 non-profit casinos, and 24 Native American casinos. The racetrack casinos each offer between 300 and 750 slot machines; the non-profit casinos are limited to no more than 15 slot machines each; and the Native American casinos range from small travel plazas with 11 slot machines to large resort casinos with 2,300 slots and more than 25 table games. Map 9 and Map 10 display the directly competitive supply for the proposed racetrack casinos – the existing racetrack casinos and Native American casinos in this market.²

EXISTING FACILITIES

The following section describes the existing supply of casino gaming in the marketplaces studied.

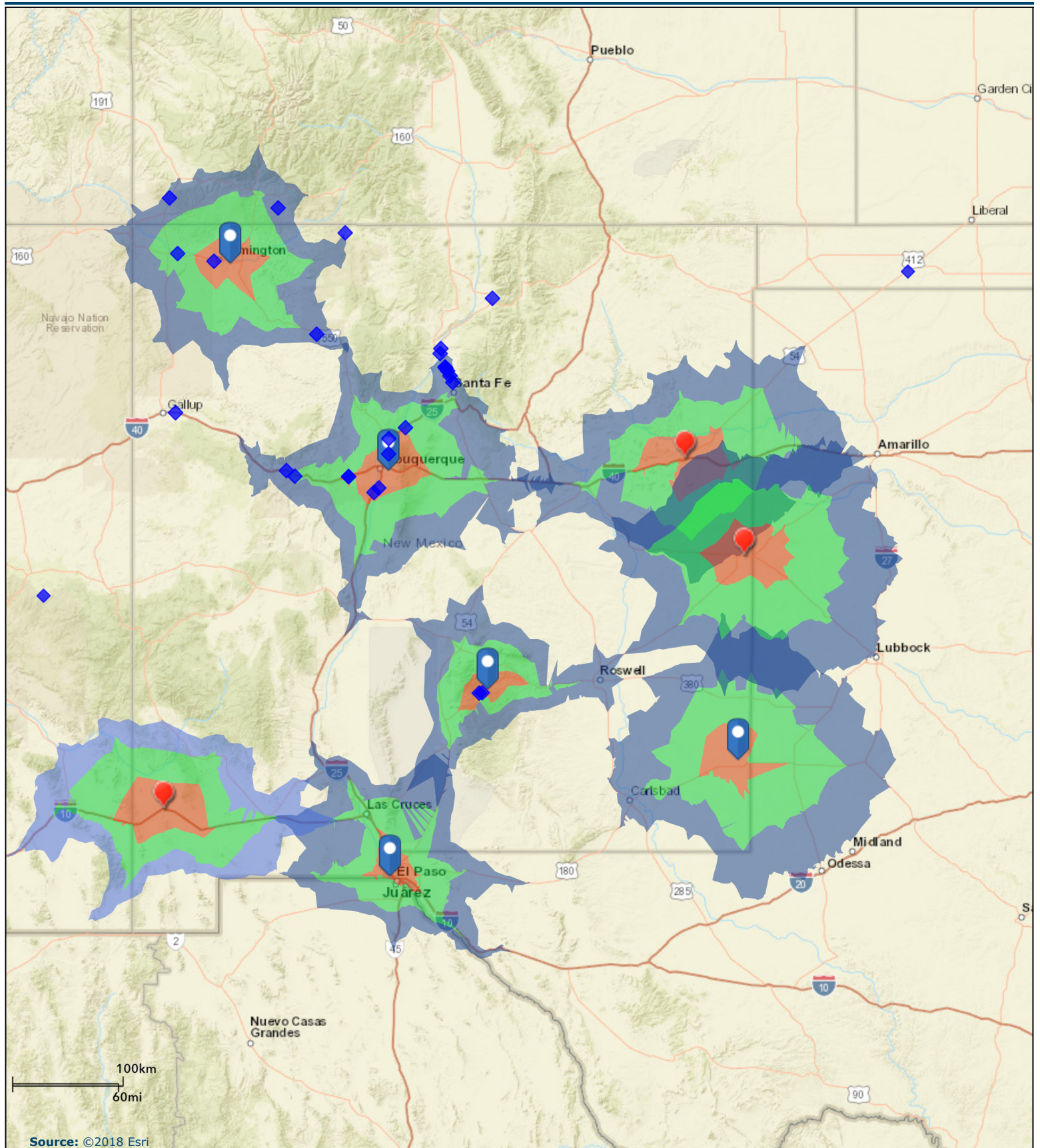
² New Mexico also contains non-profit slot facilities; these facilities are not considered directly competitive due to their small size and limited patron base (only members of the non-profit organizations may play).



MAP 9:

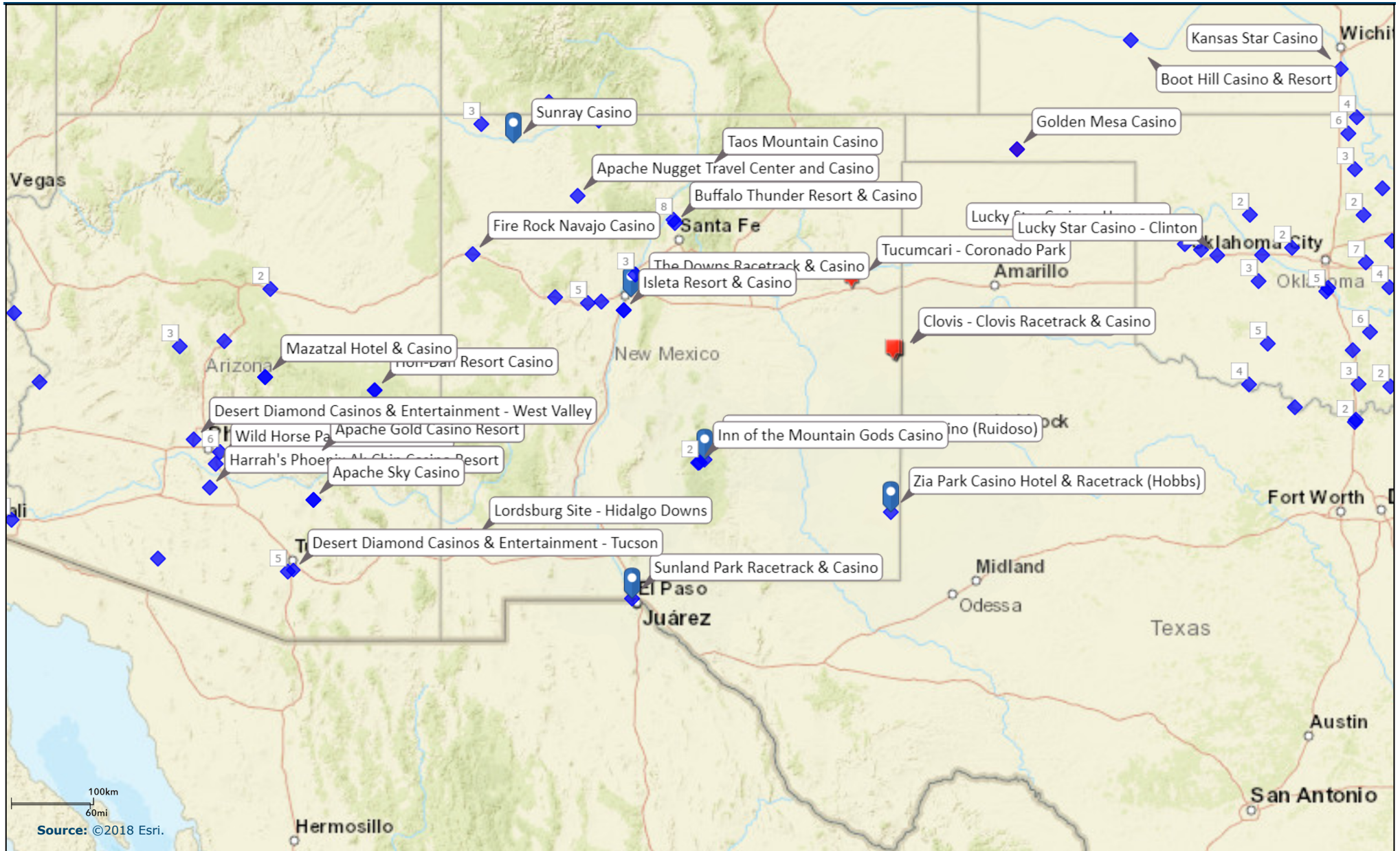
NEW MEXICO EXISTING & PROPOSED RACETRACK CASINOS

With 30, 60, & 90-minute drive times and Native American casinos





MAP 10: REGIONAL COMPETITIVE CASINO SUPPLY



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NEW MEXICO

RACETRACK CASINOS

The 5 existing racetrack casinos in New Mexico range in size, types of racing conducted, and are located across the state. The New Mexico Gaming Control Board reports that in Fiscal Year 2018, these facilities generated approximately \$230.2 million in gaming revenues, for an average of \$216 per machine per day. TABLE 3 presents these statistics, followed by descriptions of each property and its offerings.³

TABLE 3: ANNUAL GAMING PERFORMANCE OF NEW MEXICO RACETRACK CASINOS (BY FISCAL YEAR)

FISCAL YEAR	GAMING MACHINE NET WIN	AVERAGE DAILY NET WIN PER MACHINE	GAMING MACHINES AT END OF PERIOD	% CHANGE NET WIN	% CHANGE WIN PER MACHINE
2008	\$257,236,581	\$273.06	2,581		
2009	\$242,050,224	\$246.98	2,685	-6%	-10%
2010	\$242,050,224	\$248.37	2,670	0%	1%
2011	\$246,887,976	\$255.05	2,652	2%	3%
2012	\$247,251,106	\$263.17	2,574	0%	3%
2013	\$236,185,953	\$251.88	2,569	-4%	-4%
2014	\$251,663,102	\$238.91	2,886	7%	-5%
2015	\$265,315,775	\$244.99	2,967	5%	3%
2016	\$240,992,584	\$224.12	2,946	-9%	-9%
2017	\$226,435,645	\$212.38	2,921	-6%	-5%
2018	\$230,191,134	\$216.20	2,917	2%	2%

Source: New Mexico Gaming Control Board

³ The performance of individual properties was provided Convergence Strategy Group by the State of New Mexico and utilized in our analyses and forecast models. However, the gaming and racing revenue statistics at the property-level are confidential, not public record, and therefore not detailed in this study.

TABLE 4: ANNUAL GAMING PERFORMANCE OF NEW MEXICO RACETRACK CASINOS (BY CALENDAR YEAR)

YEAR	GAMING MACHINE NET WIN	AVERAGE DAILY NET WIN PER MACHINE	GAMING MACHINES AT END OF PERIOD	% CHANGE NET WIN	% CHANGE WIN PER MACHINE
2008	263,843,958	\$267.43	2,703		
2009	\$243,942,277	\$249.29	2,681	-8%	-7%
2010	\$247,348,933	\$258.26	2,624	1%	4%
2011	\$248,920,875	\$261.09	2,612	1%	1%
2012	\$241,484,319	\$256.93	2,575	-3%	-2%
2013	\$241,866,401	\$232.83	2,846	0%	-9%
2014	\$257,664,416	\$238.25	2,963	7%	2%
2015	\$255,819,103	\$238.07	2,944	-1%	0%
2016	\$232,366,546	\$217.05	2,933	-9%	-9%
2017	\$227,502,827	\$213.38	2,921	-2%	-2%
2018 est.	\$233,579,585	\$220.29	2,905	3%	3%

* 2018 estimated using the growth posted for first three quarters of the year (2.67%)

Source: New Mexico Gaming Control Board; CSG analysis

The Downs Racetrack & Casino

The Downs Racetrack and Casino is located in Albuquerque and offers over 700 slot machines in a 65,000 square foot gaming space. The property features both live racing and simulcast. There are three food and beverage options for patrons on-site.

Zia Park Racetrack & Casino

Zia Park is located in Hobbs, offering 750 slot machines and electronic table games. In addition to live and simulcast racing, the property offers three food and beverage outlets, banquet capabilities, and a 160-room hotel. During CSG's weekday overnight visit, approximately 9/10 of all vehicles in the parking lot had Texas license plates. The casino floor was well laid-out and in good shape, with slot machines and electronic table games (Roulette, Texas Hold 'Em, and Black Jack), 2 restaurants, a breakfast bar, and snack bar adjacent. Live entertainment was offered on Wednesday evenings. The city of Hobbs is currently benefiting from increases in oil prices and production, as oilfield services and oilfield service workers dominate the area. According to discussions with hotel staff, a large number of hotel room nights are booked by oil production companies to provide lodging for their workers.

Ruidoso Downs Race Track

Ruidoso Downs features live and simulcast racing, as well as a casino with over 300 slot machines. The property offers four food and beverage options as well as concessions.

Sunland Park Racetrack & Casino

Sunland Park Racetrack & Casino is located nearly within the City of El Paso, Texas, alongside the New Mexico state line in Sunland Park. The facility hosts live and simulcast racing and offers over 700 slot machines and electronic table games, and a 78-room hotel. Adjacent to the property is an amusement park. On CSG's weekday afternoon site visit, the property was somewhat difficult to access. The racetrack is more than a couple of miles off of I-10, with significant construction on its feeder roads. The property boasts a hotel on-site, yet not connected. The casino floor was observed to be very active, with older model slot machines (approximately 75% in use) and electronic table games (which were approximately ¼ in use – significantly more popular than those at Zia Park). The racetrack did not have active racing during the site visit, however the race book was active with around 40 patrons watching races at 3:00pm on a Tuesday. Across the parking lot is an amusement park, Western Playland, that did not appear to be open for business at that time.

Sunray Park & Casino

Sunray Park is located in Farmington, hosts live and simulcast racing, and offers over 400 slot machines and electronic table games.

NATIVE AMERICAN CASINOS

Native American casino gaming is widespread in New Mexico and ranges from small truck stop style casinos to large integrated casino resorts. These facilities and their locations are detailed in Table 5.

TABLE 5: NEW MEXICO NATIVE AMERICAN CASINO PROPERTIES

COMPANY	CITY	RESTAURANTS	SLOTS	TABLE GAMES	POKER TABLES	BINGO SEATS	RACEBOOK	CASINO SQ. FT.	CONVENTION SQ. FT.	HOTEL ROOMS	ENTERTAIN VENUES
Apache Nugget Travel Center and Casino	Dulce	1	110	0	0	0	No	5,000	0	0	0
Black Mesa Casino	San Felipe Pueblo	2	680	7	0	0	No	22,000	8,225	0	2
Buffalo Thunder Resort & Casino	Santa Fe	7	1,060	18	8	0	Yes	61,000	66,000	393	0
Camel Rock Casino	Santa Fe	3	550	5	0	0	No	60,000	10,000	0	1
Casino Apache Travel Center	Mescalero	1	444	5	0	0	No	34,700	0	0	0
Casino Express	Albuquerque	1	125	0	0	0	No	0	0	0	0
Cities of Gold Casino	Santa Fe	3	503	0	0	300	Yes	40,000	6,000	0	3
Cities of Gold Hotel	Santa Fe	1	24	0	0	0	No	0	0	124	0
Dancing Eagle Casino	Casa Blanca	2	498	0	0	0	No	25,000	3,480	0	0
Fire Rock Navajo Casino	Church Rock	2	898	7	0	400	No	64,000	0	0	0
Flowing Water Navajo Casino	Shiprock	1	130	0	0	0	No	11,000	0	0	0
Inn of the Mountain Gods Resort & Casino	Mescalero	8	723	23	9	0	No	38,000	40,000	273	3
Isleta Palace West	Albuquerque	1	261	0	0	0	No	0	0	0	0
Isleta Resort & Casino	Albuquerque	6	1,743	25	9	2,500	No	100,000	30,000	201	3
Jake's Casino	Santa Fe	1	63	0	0	0	No	0	0	0	0
Kicks 66	Santa Fe	1	11	0	0	0	No	400	0	0	0
Northern Edge Navajo Casino	Farmington	2	750	10	0	0	No	86,000	0	0	0
Ohkay Casino Resort Hotel	Ohkay Owingeh	3	575	3	0	0	No	30,000	36,000	101	3
Route 66 Casino Hotel	Albuquerque	6	1,375	24	10	600	No	50,000	8,000	154	2
Sandia Resort & Casino	Albuquerque	9	2,300	23	15	450	No	140,000	50,000	228	3
Santa Ana Star Casino	Santa Ana Pueblo	4	1,500	20	1	0	No	70,390	0	0	2
Santa Claran Hotel Casino	Espanola	2	680	6	0	0	No	36,000	10,000	122	1
Sky City Casino Hotel	Acoma	3	655	8	0	500	No	64,000	10,000	134	3
Taos Mountain Casino	Taos	1	200	1	1	0	No	10,000	0	0	0
Tesuque Casino	Santa Fe	0	750	5	0	0	No	70,000	0	0	0
Wildhorse Casino & Hotel	Dulce	2	160	0	0	0	No	8,872	0	41	0

Source: Meister, Alan (2018). Casino City's Indian Gaming Industry Report CD, 2018 Edition. Newton: Casino City Press.

In assessing the competitiveness of the Native American casinos in New Mexico, data from the New Mexico Gaming Control Board were assessed (see Table 6). In 2018, these properties are expected to generate \$792.3 million in revenues from gaming machines. It should be noted that due to disputes between the Pueblo of Pojoaque and the State of New Mexico, reporting for the years 2016 and 2017 are not complete.

TABLE 6: NET WIN PER TRIBE (ON GAMING MACHINES)

TRIBE	2016	2017	2018 (EST.)
Pueblo of Acoma	\$22,605,956	\$21,565,742	\$23,495,722
Pueblo of Isleta	\$98,552,326	\$103,145,401	\$103,659,836
Jicarilla Apache Nation	\$4,204,277	\$3,923,418	\$4,273,318
Laguna Pueblo	\$80,215,457	\$81,314,461	\$83,801,648
Mescalero Apache Tribe	\$66,606,992	\$67,292,645	\$67,778,086
Nambe Pueblo	\$2,851,594	\$566,895	\$0
Navajo Nation	\$84,356,614	\$80,665,981	\$89,584,242
Ohkay Owingeh	\$16,172,635	\$16,451,054	\$17,796,968
Pueblo of Pojoaque ⁴	\$0	\$9,109,046	\$57,773,030
Pueblo of San Felipe	\$16,918,063	\$17,332,468	\$18,654,536
Pueblo of Sandia	\$164,913,695	\$159,113,396	\$175,720,246
Pueblo of Santa Ana	\$84,929,175	\$87,156,158	\$90,458,362
Pueblo of Santa Clara	\$29,930,621	\$32,861,107	\$31,499,004
Taos Pueblo	\$7,107,085	\$7,510,698	\$7,298,608
Pueblo of Tesuque	\$19,398,223	\$20,782,004	\$20,461,830
Total Net Win	\$698,762,714	\$708,790,472	\$792,255,438

Source: New Mexico Gaming Control Board; CSG estimates (2018)

ARIZONA

The proposed racetrack casino in Lordsburg will compete with Native American casinos in Arizona. These facilities are shown on Map 10 and detailed in Table 7 of this study.

OKLAHOMA

The proposed racetrack casinos in Tucumcari and Clovis will compete with Native American casinos in Oklahoma. These facilities are shown on Map 10 and detailed in Table 8 later in this study.

TEXAS

Class II gaming at Native American facilities is currently permitted in Texas. However, none of these facilities are within the market areas of the applicants, and therefore are not included in CSG's models.

⁴ The Pueblo of Pojoaque's compact with the State of New Mexico expired in 2015, and revenue sharing payments were in dispute until March 2018. TABLE 6 includes only those revenues reported to and by the State of New Mexico, and therefore does not include full revenues for the Pojoaque facility.

PLANNED NEW FACILITIES

NEW MEXICO

NEAR SANTA FE - PUEBLO OF TESUQUE

The Pueblo of Tesuque has announced plans for a new casino near on tribal land that was formerly home to a flea market, at the intersection of U.S. 84 and 285, adjacent to the Santa Fe Opera. This facility is expected to replace their existing Camel Rock Casino.

DEMING – FORT SILL APACHE

The Fort Sill Apache Tribe (currently located in Oklahoma) originated from the Chiricahua and Warm Springs Apache Tribes that lived in Southern New Mexico. The Tribe has pursued plans for a casino in Deming for nearly two decades. Due to the uncertain nature of this potential competitor, CSG has not included it in our forecast models.

OKLAHOMA

In June 2018, the Shawnee Tribe of Oklahoma broke ground on a new casino project in the panhandle of Oklahoma. The Golden Mesa Casino in Guymon, Oklahoma, is expected to comprise 42,000 square feet, and offer 600 table games, 8 black jack tables, a restaurant and bar. The facility is expected to open in the summer of 2019.

ARIZONA

A number of new-builds and property expansions have been announced for casino properties in Arizona which generally lie outside of the expected market area for the Lordsburg facility. These include:

- Phoenix Area (Glendale) - Tohono O'odham Gaming Enterprise's Desert Diamond West Valley Casino
 - To replace temporary casino opened in 2015
 - \$400 million casino: 75,000 square foot casino floor with slot machines, poker, live bingo and blackjack tables
- Phoenix Area (Fort McDowell) – Fort McDowell Yavapai Nation
 - New facilities to replace existing, under construction and will open in 2020

APPLICANTS

The New Mexico Racing Commission provided CSG with digital copies of the 5 applications received for the 6th race track license. These applications are not public record and are therefore not detailed herein. The content of the applications, including the proposed facility locations, casino sizes, racing schedules, and amenities were considered in CSG's analysis. Additionally, CSG staff personally visited the applicants' proposed development sites, attended public hearings in Tucumcari and Clovis, and interviewed public officials in Lordsburg. The following section briefly summarizes publicly announced components of each application.

CLOVIS – CLOVIS RACETRACK & CASINO

The location for the proposed Clovis Racetrack & Casino is near the intersection of East 7th Street and Humphrey Road, as shown in the following aerial image and Map 2.



Source: Google images

The parcel proposed for development is reportedly greater than 100 acres, and is located approximately 1-mile from U.S. Highway 60/70/84. Plans call for a 600-slot machine casino. CSG has not modeled a 750-slot machine casino as agreements with other New Mexico race tracks would be necessary and are at present uncertain.

CLOVIS – CURRY DOWNS

The Curry Downs project is proposed for a location very near the La Posada project, only somewhat further down County Road F (see Map 4). The project developers have publicly stated plans to develop a racetrack facility with food and beverage services, but no hotel. The property developers aim to utilize the existing supply of hotels and golf courses in the region, and should a hotel be in demand in the future, sufficient space has been



allocated. The applicants have proposed a turf racetrack – the first of its kind in New Mexico. During the October 5, 2018 public meetings, the project developers stated that the property will have access to City utilities, as well as water rights on-site and two wells. The developers stated that the project is projected to be a net gain to the City’s water supply, as the existing farm on site uses more water than the racetrack is expected to.

CLOVIS – LA POSADA DEL LLANO



The La Posada site is a one square mile parcel located on Highway 60/70/84 (see also Map 3). According to the project developer’s October 5, 2018 presentation, the proposed racetrack facility be developed in one phase and will contain a 300- room hotel, 228-acre golf course, and waterpark. The developer stated that the property is close to City water lines, and that the property has water rights. Current plans include the use of City grey water for irrigation of the golf course.

The developer of this project has stated a goal of increasing excitement around racing and therefore frequency of races on-site, attempting to run races every 15-minutes, rather than every 30-minutes.

LORDSBURG – HIDALGO DOWNS

The site for the proposed Lordsburg racetrack and casino is a large parcel along Interstate 10 East, at Exit 20 (see Map 5). The parcel is adjacent to an existing gas station and a very large United States Border Patrol station stationed by approximately 350 agents. While somewhat remote, the location benefits from substantial vehicular traffic along I-10, as well as from overnight stays for long haul truck drivers. An Amtrak station also services the site. Historic landmarks are located across the broader



region, with sites such as a small “ghost town” and old stagecoach lines nearby, and Tombstone approximately 2 hours to the West.

According to discussions with local officials, this 69-acre plot is owned by the City of Lordsburg and will offer approximately 600 slot machines, year-round horse racing (quarter horse, thoroughbred, and Mexican-style racing), rodeo facilities, water park, and movie theater. The property has access to a nearby extension of water (10-inch) and sewer lines, gas lines, as well as high-speed fiber optics recently installed in part for the newly opened Border Patrol station.⁵

TUCUMCARI – CORONADO PARK

According to the public documents and the application’s presentation at the October 4, 2018 public hearing, “The proposed development for Coronado Park is located on a 330-acre site, which is bounded by Interstate 40 to the South, Tucumcari Blvd. (Route 66) to the North, and U.S. Highway 54 (Mountain Road) to the West (see also Map 6). There is also direct access to Tucumcari Blvd. from the East, via Interstate 40.”⁶



Convergence Strategy Group staff were fortunate to attend the public hearing for the proposed Coronado Park project in Tucumcari. During this hearing, the project developers presented plans for a racetrack and equine event center (with 1,100 stalls), 600-slot casino, amphitheater, RV village, Route 66 museum, and food and beverage outlets. Live racing is proposed for 40 days per year. The project developers testified that the project investment will be \$65 million, and the facility will employ 400 full and part-time employees. The project developers publicly stated that 5% of revenues will be dedicated to the surrounding communities to fund necessary services and local improvements in San Jon, Quay County, Tucumcari, and Logan.⁷

⁵ On-site interviews with City of Lordsburg officials. October 2, 2018.

⁶ Coronado Partners’ presentation to the New Mexico Racing Commission. Tucumcari, New Mexico. October 4, 2018.

⁷ Ibid.

CASINO GAMING FORECAST

The current and potential future market for racetrack casino gaming in New Mexico consists of local gamers, tourists, and drive-through travelers. To assess the feasibility of the proposed developments, Convergence Strategy Group constructed a series of models: Drive-Time Gravity Models for the local population; Regional Tourism Models for the tourist population; and Traffic Intercept Models for drive-through travelers. The combination of these model forecasts yields the gross gaming revenues for each project.

LOCAL MARKET DRIVE-TIME GRAVITY MODELS

In order to assess the current market dynamics and to project the potential future visitation and revenue generation for the proposed developments from the local area market, Convergence Strategy Group designed and built a custom drive-time gravity model for the competitive regions within a roughly 3-hour drive of each site. A total of 11 models were constructed:

1. 2017/2018 Base Model Calibration - Lordsburg
 - Calibrated based upon historical gaming revenues for casinos New Mexico and Arizona. Model re-created the existing visitation and revenue patterns.
2. 2017/2018 Base Model Calibration – Clovis & Tucumcari
 - Calibrated based upon historical gaming revenues for casinos New Mexico and Oklahoma. Model re-created the existing visitation and revenue patterns.
3. 2021 Baseline - Lordsburg
 - Accounts for organic growth in the market only – population growth, income growth, and tourism growth. No expansions of competing properties were included, providing a status quo scenario for comparisons.
4. 2021 Baseline – Clovis & Tucumcari
 - Accounts for organic growth in the market only – population growth, income growth, and tourism growth. No expansions of competing properties were included, providing a status quo scenario for comparisons.
5. 2021 Base Model - Lordsburg
 - Adds in the expected expansions to competing facilities in the market, but not the proposed Lordsburg facility.
6. 2021 Base Model – Clovis & Tucumcari
 - Adds in the expected expansions to competing facilities in the market, but not the proposed Clovis or Tucumcari facilities.
7. 2021 Projection – Lordsburg, Hidalgo Downs
 - Adds in the proposed Hidalgo Downs facility to the 2021 Base Model.
8. 2021 Projection – Clovis – Clovis Racetrack & Casino
 - Adds in the proposed Clovis Racetrack & Casino facility to the 2021 Base Model.
9. 2021 Projection – Clovis – Curry Downs
 - Adds in the proposed Curry Downs facility to the 2021 Base Model.
10. 2021 Projection – Clovis – La Posada del Llano
 - Adds in the proposed La Posada del Llano facility to the 2021 Base Model.
11. 2021 Projection – Tucumcari – Coronado Park
 - Adds in the proposed Coronado Park facility to the 2021 Base Model.

METHODOLOGY

In competitive gaming markets, gravity models are the most widely used tool to determine local and regional market demand and the distribution of that demand between different properties. The general format of gravity models is that size and attractiveness of properties are factors that pull patrons towards a specific property, whereas distance from a property exponentially detracts a patron from visiting a specific property. Model calibration was done based on the percentage of total gaming revenues at each property that we estimate comes from the regional population, taking into consideration as well the average win per visit as reported for the client's casino. With the addition of the new supply, we also made minor adjustments to gaming participation rates, as demand growth in some areas may be expected as a result of adding new alternatives to the market.

Rather than constructing a standard “crow-flies” gravity model, wherein the straight-line distance between each zip code in the market to each competitive property is calculated based upon geographic coordinates (X, Y), Convergence constructed a drive-time gravity model. For this model, the real-world drive times from each ZIP Code (at the centroid) in the market to each competitive property⁸ were derived from our in-house geographic information system, ArcGIS Online from Redlands, California-based ESRI⁹. The result is a model that more accurately assesses the relationships between the people and places in a market.

COMPETITION

LORDSBURG – HIDALGO DOWNS

A racetrack and casino in Lordsburg would be expected to compete with gaming facilities in both New Mexico and Arizona. Map 10 displays this competition, and TABLE 7 lists these facilities included in the local market drive-time gravity models. It should be noted that the competitive Native American facilities offer table games in addition to slot machines. For modeling purposes, only slot machines were included. However, the overall “attractiveness” of casinos with more to offer and therefore reaching more gamers were factored into the model calibrations and future projections. This “attraction” factor is a measure of the quality and draw of a facility, and accounts for the differences between hotel resorts with large amenity packages that draw from a larger regional market and stand-alone casino properties that draw from a more local market.

⁸ Per ESRI specifications for drive times, “measurements are made along roads or walkways, and they honor applicable rules, such as one-way streets, illegal turns, and so on.” Due to the complex nature of the area traffic environment, no one day or time was selected for drive time comparison, rather drive times were calculated at the average travel time from one point to another.

⁹ ESRI is the global market leader in GIS, with its ArcGIS product as the standard platform for government agencies across the United States, most national governments worldwide, as well as the private sector.

TABLE 7: COMPETITIVE CASINO SET: LORDSBURG – HIDALGO DOWNS

FACILITY	SLOTS	TABLES
Lordsburg - Hidalgo Downs	600	0
Sunland Park	700	0
Ruidoso Downs	300	0
Inn of Mountain Gods & Travel Center	1,167	28
Tucson*	2909	44
Apache Sky Casino	375	4
Apache Gold Casino	544	3
Hon-Dah Resort Casino	824	2
Phoenix**	7464	181
Mazatal Hotel & Casino	412	6
Sky City & Dancing Eagle	1,255	8
Casino Express/Route 66	1,500	24
Isleta Resort Casino & Palace West	2,061	25
Deming (Potential)	0	0
Zia Park	750	0

Source: Application to the New Mexico Racing Commission; Meister (ibid); Property and Tribal websites

* includes Desert Diamond Sahuarita, Desert Diamond Tucson, Casino of the Sun, Casino del Sol

** includes Wild Horse Pass, Fort McDowell Casino, Talking Stick, Casino Arizona, Lone Butte, Vee Quiva, Harrah's Ak-Chin, Desert Diamond West Valley

CLOVIS AND TUCUMCARI

In developing the models for these locations, the existing and potential new competition were assessed. Competition lying outside of a three-hour drive-time of sub-market areas (such as casinos in Oklahoma which are more than three hours away from the Amarillo or Lubbock markets, and therefore greater than 4 ½ hours from the proposed Clovis and Tucumcari facilities) were excluded as their impact would be expected to be minimal. Table 8 lists these facilities included in the local market drive-time gravity models. It should be noted that the majority of the Native American facilities offer table games in addition to slot machines. For modeling purposes, only slot machines were included. However, the overall “attractiveness” of casinos with more to offer and therefore reaching more gamers were factored into the model calibrations and future projections.

TABLE 8: COMPETITIVE SET: CLOVIS AND TUCUMCARI

FACILITY	SLOTS	TABLES
Clovis - Clovis Race Track & Casino	600	0
Clovis - Curry Downs	600	0
Clovis - La Posada del Llano	750	0
Tucumcari	600	0
Isleta Resort Casino & Palace West	2,061	25
Sandia	2,300	23
Casino Express/Route 66	1,500	24
Santa Ana Star	1,600	20
Black Mesa	680	7
Downs at Albuquerque	700	
Tesuque	750	5
Buffalo Thunder/Cities of Gold/Camel Rock/Jake's/Kicks 66	2,351	23
Ohkay Casino Resort/Santa Claran	1,255	9
Taos	200	1
Ruidoso Downs	300	0
Inn of Mountain Gods & Travel Center	1,167	28
Zia Park	750	0
Golden Mesa (proposed OK casino)	600	8
Lucky Star - Hammon	327	0
Lucky Star - Clinton	1,143	6

Source: Applications to the New Mexico Racing Commission; Meister (ibid); Property and Tribal websites

SUB-MARKET REGIONS

LORDSBURG – HIDALGO DOWNS

The next step in constructing the drive-time gravity model for Lordsburg was the designation of sub-market regions. CSG utilized our in-house Geographic Information System, ESRI's ArcGIS to design groupings of US ZIP Code regions or Mexico's Municipios in consideration of population centers, as well as current and potential future access to casino gaming. The size and location (by ZIP Code or Municipio) of the eligible population for casino gaming (21+) were assessed, as were the average household incomes within each distinct geographic area. For military populations that can be under-counted, CSG drew from not only our data provider, but publicly available sources reporting the number of active-duty, reservists, and family members residing on-base.

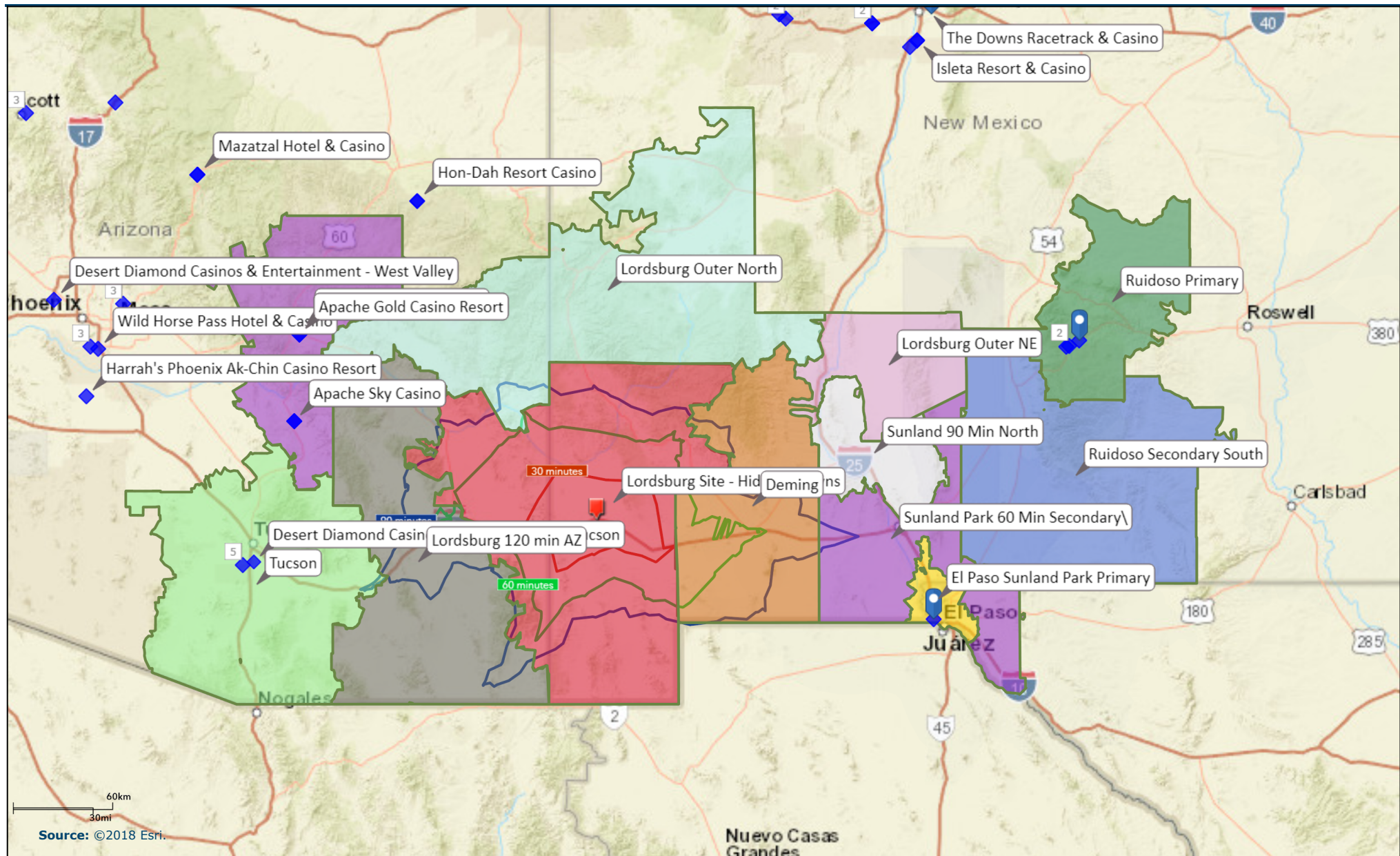
In designating the local market areas to model for Lordsburg, CSG first assessed the regions within a 30-minute, 60-minute, 90-minute, 120-minute, and 180-minute drive time from the proposed site. The proposed facility is expected to draw from as far West as the Tucson market (120 to 180 minutes away), North to the Gila National Forest region (180 minutes away), South to Mexico, and into the El Paso region (180 minutes away). The proposed Lordsburg facility is expected to draw from only the

outer markets of Ruidoso – those populations lying to the South of Ruidoso. This local market population includes just under 3.1 million adults of legal gaming age, with average household incomes of \$62,929. However, the largest segments of this population are located in the outer markets (Tucson, El Paso, and Juarez, Mexico), at some distance from Lordsburg. Map 11 displays this local market area, TABLE 9 presents the number of gaming age adults (21+), and TABLE 10 details the average household income levels for each submarket within the Lordsburg local market area. It should be noted that data for Mexico submarkets are based upon the most recent data (2016), and future year projections were not available. These demographic statistics were inputs to CSG's local market drive-time gravity models.



MAP 11: LORDSBURG MARKET AREAS MAP (1)

United States Market Areas Only



November 13, 2018



LORDSBURG MARKET AREAS MAP (2)

Mexico Only



TABLE 9: LORDSBURG MARKET AREA GAMING AGE (21+) POPULATION

SUBMARKET	2018	2019	2020	2021	2022	2023	CAGR 2018- 2023
Lordsburg Primary 60 min	43,915	44,043	44,172	44,301	44,431	44,561	0.29%
Deming	23,034	23,020	23,006	22,993	22,979	22,965	-0.06%
Lordsburg 120 min AZ	97,588	97,310	97,032	96,756	96,480	96,205	-0.29%
Lordsburg 180 min AZ N	26,531	26,689	26,847	27,006	27,167	27,328	0.59%
Lordsburg Outer North	14,492	14,453	14,414	14,375	14,337	14,298	-0.27%
Lordsburg Outer NE	8,009	7,936	7,863	7,792	7,720	7,650	-0.91%
Ruidoso Primary	18,104	18,160	18,217	18,274	18,331	18,388	0.31%
Ruidoso Secondary South	38,815	38,880	38,945	39,010	39,075	39,140	0.17%
El Paso Sunland Park Primary	543,306	547,271	551,264	555,287	559,338	563,420	0.73%
Sunland Park Secondary 60 min	250,345	253,553	256,803	260,094	263,427	266,803	1.28%
Sunland Park 90 min North	42,611	42,973	43,338	43,706	44,077	44,451	0.85%
Juarez	1,025,824	1,025,824	1,025,824	1,025,824	1,025,824	1,025,824	0.00%
Mexico 180 min	112,466	112,466	112,466	112,466	112,466	112,466	0.00%
Tucson	820,175	828,150	836,203	844,333	852,543	860,833	0.97%
Total	3,065,215	3,080,728	3,096,395	3,112,216	3,128,195	3,144,332	0.51%

Source: ESRI; CSG analysis

TABLE 10: LORDSBURG MARKET AREA AVERAGE ANNUAL HOUSEHOLD INCOMES

SUBMARKET	2018	2019	2020	2021	2022	2023	CAGR 2018- 2023
Lordsburg Primary 60 min	\$54,394	\$55,802	\$57,246	\$58,728	\$60,248	\$61,807	2.59%
Deming	\$45,191	\$46,210	\$47,252	\$48,317	\$49,407	\$50,521	2.25%
Lordsburg 120 min AZ	\$65,038	\$67,105	\$69,238	\$71,439	\$73,709	\$76,052	3.18%
Lordsburg 180 min AZ N	\$51,147	\$52,705	\$54,312	\$55,967	\$57,673	\$59,430	3.05%
Lordsburg Outer North	\$44,528	\$45,668	\$46,837	\$48,036	\$49,265	\$50,527	2.56%
Lordsburg Outer NE	\$36,924	\$37,697	\$38,486	\$39,292	\$40,115	\$40,954	2.09%
Ruidoso Primary	\$58,668	\$60,207	\$61,788	\$63,409	\$65,073	\$66,781	2.62%
Ruidoso Secondary South	\$56,517	\$57,619	\$58,741	\$59,886	\$61,053	\$62,242	1.95%
El Paso Sunland Park Primary	\$53,422	\$54,709	\$56,027	\$57,378	\$58,760	\$60,176	2.41%
Sunland Park Secondary 60 min	\$59,675	\$61,246	\$62,858	\$64,513	\$66,211	\$67,954	2.63%
Sunland Park 90 min North	\$62,681	\$64,373	\$66,110	\$67,894	\$69,726	\$71,608	2.70%
Juarez*	\$117,003	\$117,003	\$117,003	\$117,003	\$117,003	\$117,003	0.00%
Mexico 180 min*	\$104,663	\$104,663	\$104,663	\$104,663	\$104,663	\$104,663	0.00%
Tucson	\$71,150	\$73,490	\$75,906	\$78,401	\$80,979	\$83,641	3.29%
Average	\$62,929	\$64,178	\$65,462	\$66,780	\$68,135	\$69,526	2.24%

*Reflects 2016 Purchasing Power Per Capita, and is not directly comparable to average household income levels in the United States; Purchasing Power describes the disposable income (income without taxes and social security contributions, including received transfer payments) and is shown in the country's currency (\$MXN). Exchange rate of 0.05043 USD to MXN on November 7, 2018.

Source: ESRI; CSG analysis

CLOVIS AND TUCUMCARI

The local market population for the Clovis and Tucumcari regions includes 1.6 million adults of legal gaming age, with average household incomes of \$61,033. The most heavily populated market area is Albuquerque, while large concentrations of population are also found in the Amarillo and Lubbock submarket regions. Map 13 displays this local market area, TABLE 11 presents the number of gaming age adults (21+), and TABLE 12 details the average household income levels for each submarket within the Lordsburg local market area. These demographic statistics were inputs to CSG's local market drive-time gravity models.

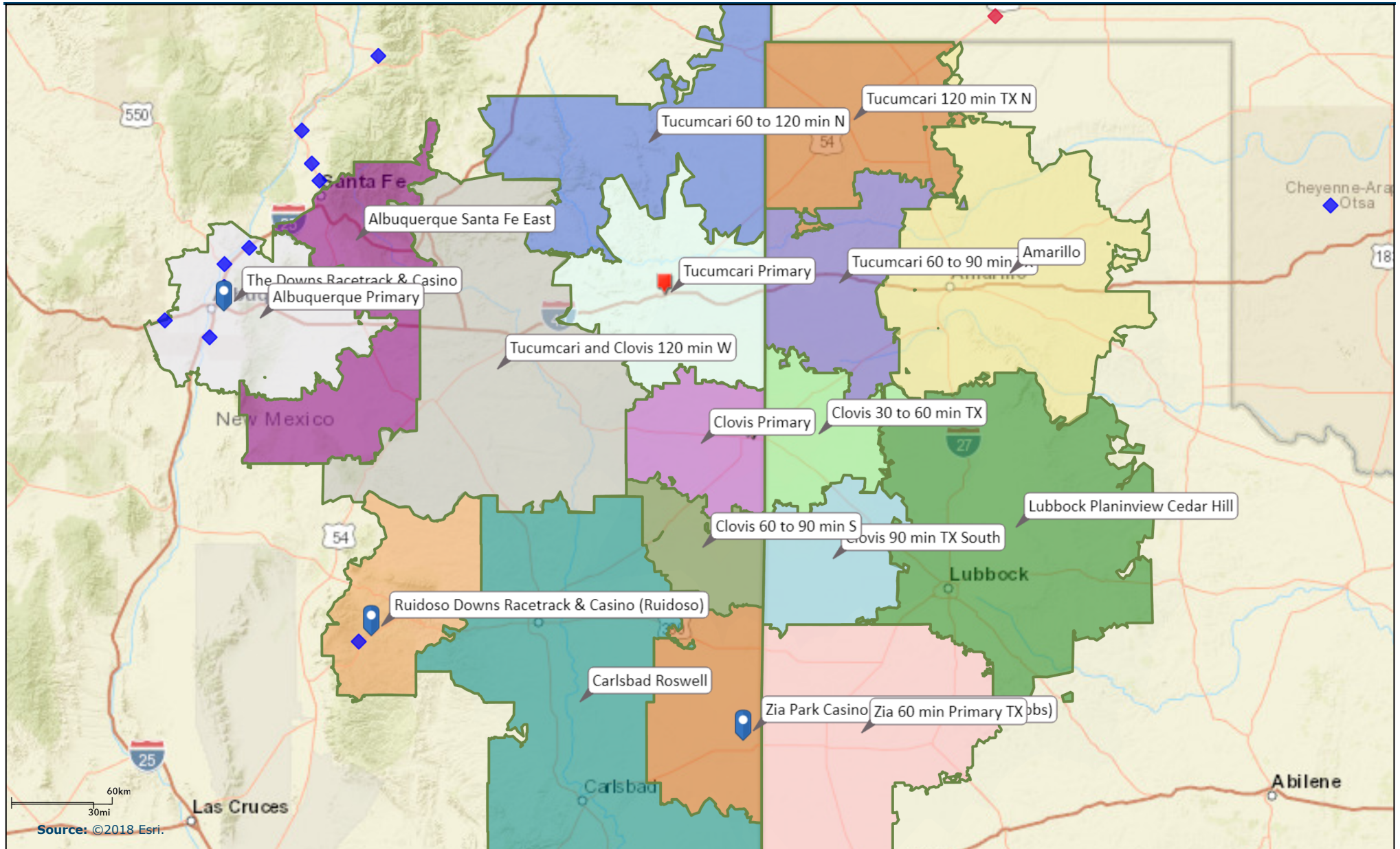


TABLE 11: CLOVIS AND TUCUMCARI MARKET AREA GAMING AGE (21+) POPULATION

SUBMARKET	2018	2019	2020	2021	2022	2023	CAGR (2018-2023)
Clovis Primary	49,063	49,214	49,366	49,518	49,670	49,823	0.31%
Clovis 30 to 60 TX	16,187	16,112	16,037	15,962	15,888	15,814	-0.47%
Clovis 60 to 90 South	13,149	13,095	13,042	12,988	12,935	12,882	-0.41%
Clovis 90 TX South	22,606	22,578	22,550	22,522	22,495	22,467	-0.12%
Clovis & Tucumcari 120 West	21,115	21,081	21,048	21,015	20,981	20,948	-0.16%
Tucumcari Primary	7,243	7,201	7,159	7,118	7,077	7,036	-0.58%
Tucumcari 60 to 90 TX	13,885	13,859	13,834	13,808	13,783	13,757	-0.19%
Tucumcari 60 to 120 North	3,714	3,685	3,657	3,628	3,600	3,572	-0.78%
Tucumcari 120 TX N	24,984	25,073	25,162	25,251	25,341	25,431	0.36%
Amarillo	241,272	242,712	244,161	245,619	247,085	248,560	0.60%
Lubbock	279,273	282,502	285,769	289,073	292,416	295,797	1.16%
Zia 60 NM	47,148	47,543	47,942	48,343	48,748	49,157	0.84%
Zia 60 TX	53,411	53,938	54,471	55,009	55,552	56,100	0.99%
Carlsbad Roswell	89,947	90,325	90,704	91,085	91,467	91,851	0.42%
Albuquerque	660,512	665,390	670,304	675,254	680,240	685,264	0.74%
Albuquerque Santa Fe East	81,659	82,074	82,491	82,910	83,331	83,754	0.51%
Ruidoso Primary	17,808	17,863	17,918	17,974	18,029	18,085	0.31%
Total	1,642,976	1,654,246	1,665,613	1,677,076	1,688,638	1,700,298	0.69%

Source: ESRI; CSG analysis

TABLE 12: CLOVIS AND TUCUMCARI MARKET AREA AVERAGE ANNUAL HOUSEHOLD INCOMES

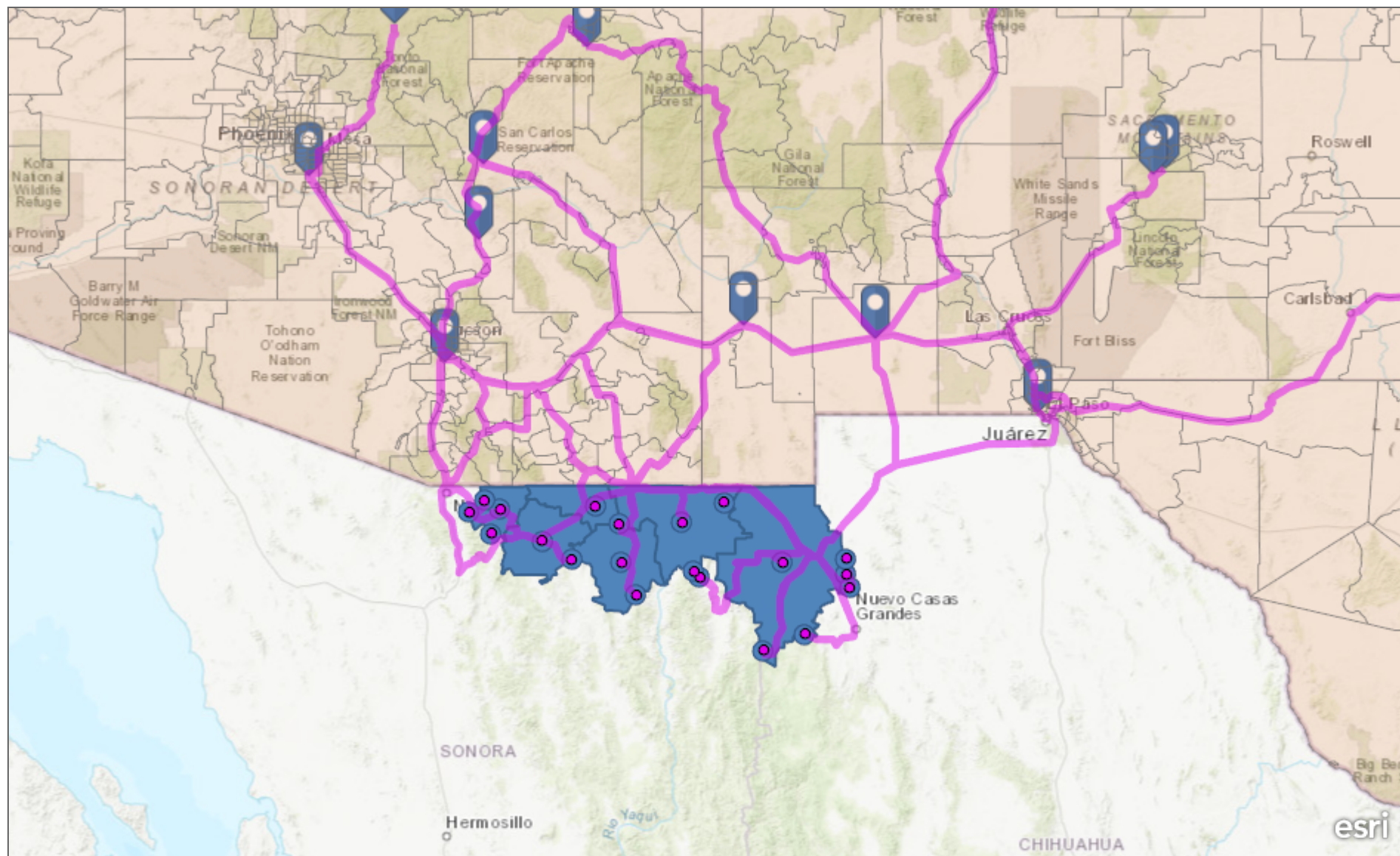
SUBMARKET	2018	2019	2020	2021	2022	2023	CAGR (2018-2023)
Clovis Primary	\$54,694	\$55,724	\$56,773.97738	\$57,843	\$58,933	\$60,043	1.88%
Clovis 30 to 60 TX	\$58,351	\$59,612	\$60,901	\$62,217	\$63,561	\$64,935	2.16%
Clovis 60 to 90 South	\$52,564	\$53,601	\$54,658	\$55,737	\$56,836	\$57,957	1.97%
Clovis 90 TX South	\$61,544	\$62,984	\$64,457	\$65,965	\$67,508	\$69,088	2.34%
Clovis & Tucumcari 120 West	\$44,722	\$45,710	\$46,719	\$47,751	\$48,806	\$49,884	2.21%
Tucumcari Primary	\$47,219	\$48,362	\$49,533	\$50,733	\$51,962	\$53,220	2.42%
Tucumcari 60 to 90 TX	\$61,069	\$62,613	\$64,197	\$65,820	\$67,484	\$69,190	2.53%
Tucumcari 60 to 120 North	\$52,456	\$54,193	\$55,986	\$57,840	\$59,755	\$61,733	3.31%
Tucumcari 120 TX N	\$66,201	\$67,680	\$69,191	\$70,737	\$72,317	\$73,932	2.23%
Amarillo	\$70,611	\$72,377	\$74,188	\$76,043	\$77,945	\$79,895	2.50%
Lubbock	\$68,248	\$70,024	\$71,847	\$73,717	\$75,636	\$77,605	2.60%
Zia 60 NM	\$65,431	\$66,776	\$68,148	\$69,549	\$70,979	\$72,438	2.06%
Zia 60 TX	\$65,652	\$67,315	\$69,020	\$70,769	\$72,561	\$74,400	2.53%
Carlsbad Roswell	\$61,313	\$62,749	\$64,218	\$65,722	\$67,261	\$68,836	2.34%
Albuquerque	\$72,626	\$74,292	\$75,995	\$77,738	\$79,520	\$81,344	2.29%
Albuquerque Santa Fe East	\$76,099	\$77,841	\$79,623	\$81,446	\$83,311	\$85,218	2.29%
Ruidoso Primary	\$58,766	\$60,310	\$61,895	\$63,522	\$65,192	\$66,906	2.63%
Average	\$61,033	\$62,480	\$63,962	\$65,479	\$67,033	\$68,625	2.37%

Source: ESRI; CSG analysis

DRIVE-TIME CALCULATIONS

Rather than utilizing a standard “as the crow flies” gravity model which considers straight-line distance from each ZIP Code within a market to each competitive facility, CSG constructed multiple real-world drive-time gravity models. The distinct sub-market areas for the proposed facilities, consisting of groupings of US ZIP Codes and Mexican Municipios, were evaluated for their relative access to existing and potential casino locations through the calculation of vehicular drive-times from the centroid of each ZIP Code to each competitive location (see Map 14). These drive-times consider the average or typical driving time, following the quickest routes from one point to another.

Drive Time Calculation Process Map: Mexico 180 Min Market Area to Competitive Sites



Esri, HERE, Garmin, FAO, NOAA, USGS, EPA, NPS



MODEL CALIBRATIONS

The first step in forecasting the potential visitation and revenue generation of the proposed facilities is the construction and calibration of base models which re-create existing conditions. The 2017/2018 base models were calibrated to re-create the current visitation and revenue generation of the existing gaming facilities in the marketplace. Proprietary and confidential data on the gross gaming revenues of each of New Mexico's racetrack casinos were critical factors in our models, wherein not only annual gaming revenues but monthly trends related to the racing seasons were considered. The gross slot revenues (table games revenues are not reported and were not factored into our models as the racetrack facilities are competing directly with slots only) at Native American properties were estimated based upon published reports by the New Mexico Gaming Control Board as well as CSG's site visit observations and industry insights.

In calibrating the model, CSG drew from proprietary data sets on the prevalence of casino gaming participation segmented by ZIP Code of residence. Such data enabled CSG to refine our models so that they more accurately reflect the current marketplace and consumer behaviors. As seen across the world, the addition of casino gaming options to an area results in an increase in gaming behavior – as adults have increased access to casinos, the propensity of those adults to be gamers increases as does the frequency of their play.

Win per Visit was estimated through a comparative analysis of the average household incomes of the population, as well as the historical gaming revenues the facilities in the market. Gaming participation in the gravity model was estimated through the application of propensity, frequency, and market index factors. The national average propensity of the gaming age population to participate in casino gaming (33%), as well as the average frequency of visitation (11 visits) were first applied across the model.

Thereafter, and most importantly, these model factors were adjusted for every zip code in the model. Proprietary survey data compiled by ESRI's Business Analyst service produces reliable estimates of the gaming participation (participated in casino gaming within the last 12 months) of the country's population down to the block group level. Comparing each block group to the entire country results in a gaming participation index for each. An index of 100 represents a population that matches the national average in gaming participation, while an index higher or lower represents populations that have higher or lower participation. **The casino gaming index for each of the ZIP Codes in the market areas were obtained and applied to the national participation rates to arrive at highly refined and accurate participation factors at a granular level.** As an example, TABLE 13 presents the gaming indices for the ZIP Codes within the Clovis 60 to 90-Minute South submarket area.

**TABLE 13: GAMING
PARTICIPATION INDEX BY
ZIP CODE: CLOVIS 60 TO
90 MIN SOUTH**

NAME	ZIP CODE	INDEX
Causey	88113	101
Crossroads	88114	110
Elida	88116	93
Lingo	88123	101
Milnesand	88125	81
Pep	88126	97
Portales	88130	87
Rogers	88132	96

Source: ESRI Business Analyst
(2018)

Combining the gaming participation index with reasonable and observed propensity and frequency factors results in the refined gaming participation rates. The resulting model factors used in CSG's calibrated gravity models are shown in TABLE 14 and TABLE 15.

TABLE 14: CLOVIS/TUCUMCARI BASE CALIBRATION MODEL FACTORS

SUBMARKET	PROPENSITY	FREQUENCY	CALCULATED RATE	ADJUSTED RATE*	WIN PER VISIT
Clovis Primary	33.0%	7.7	2.54	2.32	\$62.19
Clovis 30 to 60 TX	33.0%	7.7	2.54	2.45	\$62.89
Clovis 60 to 90 South	33.0%	9.4	3.09	2.70	\$61.15
Clovis 90 TX South	33.0%	8.8	2.90	2.52	\$63.06
Clovis & Tucumcari 120 West	33.0%	9.9	3.27	2.85	\$59.47
Tucumcari Primary	33.0%	8.3	2.72	2.46	\$60.56
Tucumcari 60 to 90 TX	33.0%	7.7	2.54	2.55	\$63.41
Tucumcari 60 to 120 North	33.0%	7.7	2.54	2.33	\$61.77
Tucumcari 120 TX N	33.0%	7.2	2.36	2.23	\$64.60
Amarillo	33.0%	4.4	1.45	1.39	\$66.57
Lubbock	33.0%	4.4	1.45	1.35	\$66.11
Zia 60 NM	33.0%	12.4	4.08	3.78	\$46.30
Zia 60 TX	33.0%	12.4	4.08	3.71	\$46.30
Carlsbad Roswell	33.0%	11.6	3.81	3.46	\$61.91
Albuquerque	33.0%	13.0	4.28	4.26	\$63.42
Albuquerque Santa Fe East	33.0%	13.0	4.28	4.08	\$64.06
Ruidoso Primary	33.0%	13.2	4.36	3.96	\$60.79

* Adjusted rate considers proprietary data on the percentage of the population that participated in casino gaming within the last 12 months

Source: CSG analysis

TABLE 15: LORDSBURG BASE CALIBRATION MODEL FACTORS

SUBMARKET	PROPENSITY	FREQUENCY	RATE	ADJUSTED RATE	WIN PER VISIT
Lordsburg Primary 60 min	33.0%	10.1	3.34	2.86	\$56.87
Deming	33.0%	10.7	3.53	2.98	\$54.95
Lordsburg 120 min AZ	33.0%	9.0	2.97	2.75	\$59.28
Lordsburg 180 min AZ N	33.0%	12.4	4.08	3.54	\$55.45
Lordsburg Outer North	33.0%	9.6	3.16	2.86	\$55.22
Lordsburg Outer NE	33.0%	10.7	3.53	3.43	\$53.41
Ruidoso Primary	33.0%	12.6	4.16	3.78	\$56.76
Ruidoso Secondary South	33.0%	11.8	3.90	3.59	\$56.65
El Paso Sunland Park Primary	33.0%	11.5	3.81	3.72	\$56.18
Sunland Park Secondary 60 min	33.0%	10.7	3.53	3.41	\$57.65
Sunland Park 90 min North	33.0%	10.1	3.34	3.10	\$58.42
Juarez	8.0%	3.2	0.26	0.26	\$42.38
Mexico 180 min	6.0%	2.3	0.14	0.14	\$42.38
Tucson	33.0%	12.4	4.08	4.13	\$59.14

* Adjusted rate considers proprietary data on the percentage of the population that participated in casino gaming within the last 12 months

Source: CSG analysis

Once these model factors were built in, the real-world drive times from each ZIP Code centroid to each competitive facility were input, as were the size (in terms of gaming positions), and relative attractiveness of each competitor. This “attraction” factor is a measure of the quality and draw of a facility, and accounts for the differences between hotel resorts with large amenity packages that draw from a larger regional market and stand-alone casino properties that draw from a more local market.

With calibrated base models¹⁰, baseline models for the projection year of 2021 were created. The projected changes in population and income levels as reported by our data provider, ESRI, were factored into the model, as were expected changes to the competitive supply (see *Planned New Facilities* section of this study) and observed trends in gaming revenue growth on a property-level and regional basis.

¹⁰ As the gaming revenues generated by individual racetrack casinos in New Mexico is not public record, the results of these base model calibrations (which re-create these revenues) are not presented herein.

LOCAL MARKET PROJECTIONS

Projections of casino gaming visits and resulting gross gaming revenues from the local market population were generated for each of the applicant sites. It should be noted that the differences between projections for one site versus another result from factors such as relative access to population centers, proposed building program and facility amenities, and competition.

CLOVIS – CLOVIS RACETRACK & CASINO

The local market drive-time gravity model inputs and outputs for Clovis Racetrack & Casino are detailed herein.

Model Inputs

In generating the future year projections for the Clovis Racetrack & Casino project, expected growth in the size and income levels of the population were input to the gravity models. The expected changes in gaming supply, including the proposed project and new facilities in New Mexico and Oklahoma were considered in adjustments to the model factors from the base calibration. The following factors were utilized in the gravity model. As with the base model calibration, casino gaming participation rates were adjusted with proprietary data on the reported gaming behavior of the population at the individual ZIP Code level.

As casino gaming participation is associated with access to casino gaming options, the propensity of populations to visit a casino and the frequency of visitation increase with increases in supply. In the projection model, the propensity for those residing in the Clovis Primary region is expected to increase from 33% to 39.6%, with frequency increasing from an average of 7.7 visits to 10.4 visits annually. The propensities, frequencies, gaming participation rates, adjusted participation rates (considering casino gaming indices), and win per visit in this model are detailed in TABLE 16.

TABLE 16: CLOVIE – CLOVIS RACETRACK PROJECTION MODEL FACTORS

SUBMARKET	PROPENSITY	FREQUENCY	RATE	ADJUSTED RATE	WIN PER VISIT
Clovis Primary	39.6%	10.4	4.13	3.77	\$62.89
Clovis 30 to 60 TX	38.0%	10.4	3.96	3.82	\$63.77
Clovis 60 to 90 South	36.3%	11.2	4.07	3.56	\$62.56
Clovis 90 TX South	36.3%	10.1	3.67	3.19	\$64.70
Clovis & Tucumcari 120 West	33.0%	9.9	3.27	2.85	\$62.05
Tucumcari Primary	33.0%	8.3	2.72	2.46	\$63.14
Tucumcari 60 to 90 TX	33.0%	7.7	2.54	2.55	\$65.98
Tucumcari 60 to 120 North	36.4%	8.5	3.09	2.83	\$63.70
Tucumcari 120 TX N	39.9%	8.7	3.45	3.26	\$65.84
Amarillo	38.1%	7.0	2.69	2.57	\$67.62
Lubbock	35.5%	6.7	2.38	2.21	\$67.55
Zia 60 NM	33.0%	12.4	4.08	3.78	\$48.87
Zia 60 TX	33.0%	12.4	4.08	3.71	\$48.87
Carlsbad Roswell	33.0%	11.6	3.81	3.46	\$64.49
Albuquerque	33.0%	13.0	4.28	4.26	\$66.00
Albuquerque Santa Fe East	33.0%	13.0	4.28	4.08	\$66.64
Ruidoso Primary	33.0%	13.2	4.36	3.96	\$63.37

* Adjusted rate considers proprietary data on the percentage of the population that participated in casino gaming within the last 12 months

Source: CSG analysis

Model Outputs

A race track casino in Clovis would compete with not only gaming facilities in New Mexico such as Zia Park, but also those in Oklahoma (both existing and planned), and gaming options in the greater Albuquerque and Santa Fe markets. Considering the competitive landscape, size and geographic dispersal of the population (drive-time from the site), and the facility and amenity programming presented by the applicant, CSG projects that Clovis Racetrack & Casino should be capable of generating **\$47.7 million in gross gaming revenues from the local market**. TABLE 17 presents the model projections for number of gaming visits, win per visit, and gross gaming revenue projected for Clovis Racetrack & Casino from each submarket in the region. For the Tucumcari 120 TX N, Amarillo, and Lubbock submarket regions, a small premium was applied to win per visit to account for the considerable distances that residents of these markets would travel to reach the Clovis area, and the increase in gaming spend that typically results from such travel.

TABLE 17: CLOVIS – CLOVIS RACETRACK & CASINO, PROJECTED LOCAL MARKET PATRONAGE AND GAMING REVENUES - 2021

SUBMARKET	GAMER VISITS	WIN PER VISIT	GAMING REVENUE (MMS)
Clovis Primary	128,022	\$62.89	\$8.1
Clovis 30 to 60 TX	37,029	\$63.77	\$2.4
Clovis 60 to 90 South	25,043	\$62.56	\$1.6
Clovis 90 TX South	24,077	\$64.70	\$1.6
Clovis & Tucumcari 120 West	1,415	\$62.05	\$0.1
Tucumcari Primary	2,169	\$63.14	\$0.1
Tucumcari 60 to 90 TX	10,798	\$65.98	\$0.7
Tucumcari 60 to 120 North	703	\$63.70	\$0.0
Tucumcari 120 TX N	10,225	\$70.45	\$0.7
Amarillo	202,904	\$75.05	\$15.2
Lubbock	202,427	\$74.98	\$15.2
Zia 60 NM	7,346	\$48.87	\$0.4
Zia 60 TX	12,852	\$48.87	\$0.6
Carlsbad Roswell	12,586	\$64.49	\$0.8
Albuquerque	2,107	\$66.00	\$0.1
Albuquerque Santa Fe East	1,043	\$66.64	\$0.1
Ruidoso Primary	340	\$63.37	\$0.0
Total:	681,087	\$70.00	\$47.7

Source: CSG analysis

Of the nearly \$47.7 million in projected gaming revenues from the local market, approximately 76% are anticipated to accrue from those residing out-of-state. TABLE 18 details the split between in-state and out-of-state local market revenues projected for Clovis Racetrack & Casino.

TABLE 18: CLOVIS – CLOVIS RACETRACK & CASINO LOCAL MARKET PROJECTION, IN-STATE V. OUT-OF-STATE MARKET REVENUES

MARKET SEGMENT	IN-STATE	OUT-OF-STATE	TOTAL
Local Market	\$11,288,060	\$36,385,784	\$47,673,844
	24%	76%	100%

CLOVIS – CURRY DOWNS

The local market drive-time gravity model inputs and outputs for Curry Downs are detailed herein.

Model Inputs

In generating the future year projections for the Curry Downs project, expected growth in the size and income levels of the population were input to the gravity models. The expected changes in gaming supply, including the proposed project and new facilities in New Mexico and Oklahoma were considered in adjustments to the model factors from the base calibration. The following factors were

utilized in the gravity model. As with the base model calibration, casino gaming participation rates were adjusted with proprietary data on the reported gaming behavior of the population at the individual ZIP Code level.

TABLE 19: CLOVIS – CURRY DOWNS PROJECTION MODEL FACTORS

Submarket	PROPENSITY	FREQUENCY	RATE	ADJUSTED RATE*	WIN PER VISIT
Clovis Primary	39.6%	10.4	4.13	3.77	\$62.89
Clovis 30 to 60 TX	38.0%	10.4	3.96	3.82	\$63.77
Clovis 60 to 90 South	36.3%	11.2	4.07	3.56	\$62.56
Clovis 90 TX South	36.3%	10.1	3.67	3.19	\$64.70
Clovis & Tucumcari 120 West	33.0%	9.9	3.27	2.85	\$62.05
Tucumcari Primary	33.0%	8.3	2.72	2.46	\$63.14
Tucumcari 60 to 90 TX	33.0%	7.7	2.54	2.55	\$65.98
Tucumcari 60 to 120 North	36.4%	8.5	3.09	2.83	\$63.70
Tucumcari 120 TX N	39.9%	8.7	3.45	3.26	\$65.84
Amarillo	38.1%	7.0	2.69	2.57	\$67.62
Lubbock	35.5%	6.7	2.38	2.21	\$67.55
Zia 60 NM	33.0%	12.4	4.08	3.78	\$48.87
Zia 60 TX	33.0%	12.4	4.08	3.71	\$48.87
Carlsbad Roswell	33.0%	11.6	3.81	3.46	\$64.49
Albuquerque	33.0%	13.0	4.28	4.26	\$66.00
Albuquerque Santa Fe East	33.0%	13.0	4.28	4.08	\$66.64
Ruidoso Primary	33.0%	13.2	4.36	3.96	\$63.37

* Adjusted rate considers proprietary data on the percentage of the population that participated in casino gaming within the last 12 months

Source: CSG analysis

Model Outputs

As with the Clovis Racetrack & Casino model and all other drive-time gravity models discussed herein, CSG evaluated the competitive landscape, size and geographic dispersal of the population, and the facility and amenity programming presented by the applicant. CSG projects that Curry Downs should be capable of generating **\$48.8 million in gross gaming revenues from the local market**. The projected number of gamer visits, win per visit, and gaming revenues for each distinct submarket region are detailed in TABLE 20. For the Tucumcari 120 TX N, Amarillo, and Lubbock submarket regions, a small premium was applied to win per visit to account for the considerable distances that residents of these markets would travel to reach the Clovis area, and the increase in gaming spend that typically results from such travel.

TABLE 20: CLOVIS – CURRY DOWNS, PROJECTED LOCAL MARKET PATRONAGE AND GAMING REVENUES - 2021

SUBMARKET	GAMER VISITS	WIN PER VISIT	GAMING REVENUE (MMS)
Clovis Primary	120,199	\$62.89	\$7.6
Clovis 30 to 60 TX	38,635	\$63.77	\$2.5
Clovis 60 to 90 South	24,385	\$62.56	\$1.5
Clovis 90 TX South	25,323	\$64.70	\$1.6
Clovis & Tucumcari 120 West	1,415	\$62.05	\$0.1
Tucumcari Primary	2,072	\$63.14	\$0.1
Tucumcari 60 to 90 TX	11,436	\$65.98	\$0.8
Tucumcari 60 to 120 North	696	\$63.70	\$0.0
Tucumcari 120 TX N	10,647	\$70.45	\$0.8
Amarillo	211,343	\$75.05	\$15.9
Lubbock	212,759	\$74.98	\$16.0
Zia 60 NM	7,388	\$48.87	\$0.4
Zia 60 TX	13,401	\$48.87	\$0.7
Carlsbad Roswell	12,619	\$64.49	\$0.8
Albuquerque	2,127	\$66.00	\$0.1
Albuquerque Santa Fe East	1,052	\$66.64	\$0.1
Ruidoso Primary	343	\$63.37	\$0.0
Total:	695,840	\$70.17	\$48.8

Source: CSG analysis

Approximately 78% of the projected \$48.8 million in gaming revenues from the local market are expected to come from out-of-state submarket areas. TABLE 21 details the split between in-state and out-of-state local market revenues projected for Curry Downs.

TABLE 21: CLOVIS – CURRY DOWNS LOCAL MARKET PROJECTION, IN-STATE V. OUT-OF-STATE LOCAL MARKET REVENUES

MARKET SEGMENT	IN-STATE	OUT-OF-STATE	TOTAL
Local Market	\$10,754,597	\$38,075,537	\$48,830,134
	22%	78%	100%

CLOVIS – LA POSADA DEL LLANO

The local market drive-time gravity model inputs and outputs for La Posada del Llano are detailed herein.

Model Inputs

In generating the future year projections for the La Posada del Llano, expected growth in the size and income levels of the population were input to the gravity models. The expected changes in gaming supply, including the proposed project and new facilities in New Mexico and Oklahoma were considered in adjustments to the model factors from the base calibration. CSG asserts that the resort-nature of the proposed project could result in further increases in gamer behavior and spending levels from those residing in the local market area.

The following factors were utilized in the gravity model. As with the base model calibration, casino gaming participation rates were adjusted with proprietary data on the reported gaming behavior of the population at the individual ZIP Code level.

TABLE 22: CLOVIS – LA POSADA DEL LLANO PROJECTION MODEL FACTORS

SUBMARKET	PROPENSITY	FREQUENCY	RATE	ADJUSTED RATE*	WIN PER VISIT
Clovis Primary	39.6%	10.4	4.13	3.77	\$62.89
Clovis 30 to 60 TX	38.0%	10.4	3.96	3.82	\$63.77
Clovis 60 to 90 South	36.3%	11.2	4.07	3.56	\$62.56
Clovis 90 TX South	36.3%	10.1	3.67	3.19	\$64.70
Clovis & Tucumcari 120 West	33.0%	9.9	3.27	2.85	\$62.05
Tucumcari Primary	33.0%	8.3	2.72	2.46	\$63.14
Tucumcari 60 to 90 TX	33.0%	7.7	2.54	2.55	\$65.98
Tucumcari 60 to 120 North	36.4%	8.5	3.09	2.83	\$63.70
Tucumcari 120 TX N	39.9%	8.7	3.45	3.26	\$65.84
Amarillo	38.1%	7.0	2.69	2.57	\$67.62
Lubbock	35.5%	6.7	2.38	2.21	\$67.55
Zia 60 NM	33.0%	12.4	4.08	3.78	\$48.87
Zia 60 TX	33.0%	12.4	4.08	3.71	\$48.87
Carlsbad Roswell	33.0%	11.6	3.81	3.46	\$64.49
Albuquerque	33.0%	13.0	4.28	4.26	\$66.00
Albuquerque Santa Fe East	33.0%	13.0	4.28	4.08	\$66.64
Ruidoso Primary	33.0%	13.2	4.36	3.96	\$63.37

* Adjusted rate considers proprietary data on the percentage of the population that participated in casino gaming within the last 12 months

Source: CSG analysis

The highly visible location of the La Posada del Llano site, coupled with the proposed building program, result in a projection of **\$59.9 million in gross gaming revenues from the local market region**. The gaming visits, win per visit, and resulting gross gaming revenues expected from each distinct submarket are detailed in TABLE 23. For all of the submarkets, a small premium was applied to win per visit to account for the resort nature of the project, resulting in longer stays and somewhat increased gaming spend.

TABLE 23: CLOVIS – LA POSADA DEL LLANO, PROJECTED LOCAL MARKET PATRONAGE AND GAMING REVENUES - 2021

SUBMARKET	GAMER VISITS	WIN PER VISIT	GAMING REVENUE (MMS)
Clovis Primary	129,035	\$69.18	\$8.9
Clovis 30 to 60 TX	41,177	\$70.14	\$2.9
Clovis 60 to 90 South	26,747	\$68.82	\$1.8
Clovis 90 TX South	28,552	\$71.17	\$2.0
Clovis & Tucumcari 120 West	1,691	\$68.25	\$0.1
Tucumcari Primary	2,439	\$69.46	\$0.2
Tucumcari 60 to 90 TX	12,972	\$72.58	\$0.9
Tucumcari 60 to 120 North	824	\$70.07	\$0.1
Tucumcari 120 TX N	12,478	\$77.49	\$1.0
Amarillo	238,023	\$82.56	\$19.7
Lubbock	240,167	\$81.73	\$19.6
Zia 60 NM	8,809	\$53.76	\$0.5
Zia 60 TX	15,887	\$53.76	\$0.9
Carlsbad Roswell	15,063	\$70.94	\$1.1
Albuquerque	2,553	\$72.60	\$0.2
Albuquerque Santa Fe East	1,262	\$73.30	\$0.1
Ruidoso Primary	411	\$69.70	\$0.0
Total:	778,092	\$77.01	\$59.9

Source: CSG analysis

As with the other applications for Clovis, the vast majority of gaming revenues are expected to accrue from those residing out-of-state. With an approximate 90-minute drive to both Amarillo and Lubbock, the Clovis area facilities would be the closest casino gaming option for these populations. In total, the out-of-state submarkets are projected to generate 78% of the local market gaming revenues for La Posada del Llano (see TABLE 24).

TABLE 24: CLOVIS – LA POSADA DEL LLANO LOCAL MARKET PROJECTION, IN-STATE V. OUT-OF-STATE LOCAL MARKET REVENUES

MARKET SEGMENT	IN-STATE	OUT-OF-STATE	TOTAL
Local Market	\$12,958,097	\$46,962,856	\$59,920,953
	22%	78%	100%

LORDSBURG – HIDALGO DOWNS

The local market drive-time gravity model inputs and outputs for Hidalgo Downs are detailed herein.

Model Inputs

In generating the future year projections for the Hidalgo Downs project, expected growth in the size and income levels of the population were input to the gravity models. The expected changes in gaming

supply, including the proposed project and new facilities in Arizona were considered in adjustments to the model factors from the base calibration. The following factors were utilized in the gravity model. As with the base model calibration, casino gaming participation rates were adjusted with proprietary data on the reported gaming behavior of the population at the individual ZIP Code level.

TABLE 25: LORDSBURG – HIDALGO DOWNS PROJECTION MODEL FACTORS

SUBMARKET	PROPENSITY	FREQUENCY	RATE	ADJUSTED RATE*	WIN PER VISIT
Lordsburg Primary 60 min	37.0%	11.9	4.40	3.76	\$57.20
Deming	36.3%	11.5	4.17	3.52	\$55.76
Lordsburg 120 min AZ	33.8%	9.0	3.04	2.82	\$60.69
Lordsburg 180 min AZ N	33.0%	12.4	4.08	3.54	\$56.95
Lordsburg Outer North	33.0%	9.6	3.16	2.86	\$56.72
Lordsburg Outer NE	33.0%	10.7	3.53	3.43	\$54.91
Ruidoso Primary	33.0%	12.0	3.95	3.59	\$58.48
Ruidoso Secondary South	33.0%	11.2	3.70	3.41	\$58.36
El Paso Sunland Park Primary	33.0%	11.0	3.62	3.53	\$57.88
Sunland Park Secondary 60 min	33.0%	10.2	3.35	3.24	\$59.34
Sunland Park 90 min North	33.0%	10.1	3.34	3.10	\$59.91
Juarez	8.0%	3.2	0.26	0.26	\$43.88
Mexico 180 min	6.0%	2.3	0.14	0.14	\$43.88
Tucson	33.0%	12.4	4.08	4.13	\$60.63

* Adjusted rate considers proprietary data on the percentage of the population that participated in casino gaming within the last 12 months

Source: CSG analysis

Model Outputs

The proposed Lordsburg facility would compete with casino gaming options in New Mexico, such as Sunland Park, as well as significant numbers of Native American casinos in Arizona. Considering the proposed facility programming, competition, and access to population, the local market for the Hidalgo Downs is projected to contribute **201,111 gaming visits for \$11.6 million in gross gaming revenues** in the first full year of stabilized operations, estimated to be 2021 (see TABLE 26).

TABLE 26: LORDSBURG – HIDALGO DOWNS ESTIMATED LOCAL MARKET PATRONAGE AND GAMING REVENUES - 2021

SUBMARKET	GAMER VISITS	WIN PER VISIT	GAMING REVENUE (MMS)
Lordsburg Primary 60 min	54,587	\$57.20	\$3.1
Deming	17,415	\$55.76	\$1.0
Lordsburg 120 min AZ	16,242	\$60.69	\$1.0
Lordsburg 180 min AZ N	808	\$56.95	\$0.0
Lordsburg Outer North	2,372	\$56.72	\$0.1
Lordsburg Outer NE	887	\$54.91	\$0.0
Ruidoso Primary	407	\$58.48	\$0.0
Ruidoso Secondary South	3,036	\$58.36	\$0.2
El Paso Sunland Park Primary	43,681	\$57.88	\$2.5
Sunland Park Secondary 60 min	31,096	\$59.34	\$1.8
Sunland Park 90 min North	4,329	\$59.91	\$0.3
Juarez	10,111	\$43.88	\$0.4
Mexico 180 min	657	\$43.88	\$0.0
Tucson	15,482	\$60.63	\$0.9
Total:	201,111	\$57.45	\$11.6

Source: CSG analysis

While the Lordsburg site is only approximately 25-minutes away from the Arizona state line, the majority of the out-of-state population resides further away and has access to a large number of gaming facilities in cities such as Tucson. Therefore, the projected local market revenues are expected to accrue from a mix of in-state and out-of-state residents, with approximately \$6.8 million (59% of the projected revenues) coming from out-of-state.

TABLE 27: LORDSBURG – HIDALGO DOWNS LOCAL MARKET PROJECTION, IN-STATE V. OUT-OF-STATE LOCAL MARKET REVENUES

MARKET SEGMENT	IN-STATE	OUT-OF-STATE	TOTAL
Local Market	\$4,758,858	\$6,794,795	\$11,553,653
	41%	59%	

TUCUMCARI – CORONADO PARK

The local market drive-time gravity model inputs and outputs for Coronado Park are detailed herein.

Model Inputs

In generating the future year projections for the Coronado Park project, expected growth in the size and income levels of the population were input to the gravity models (see TABLE 11 and TABLE 12). The expected changes in gaming supply, including the Tucumcari project and new facilities in New

Mexico and Oklahoma were considered in adjustments to the model factors from the base calibration. The following factors were utilized in the gravity model. As with the base model calibration, casino gaming participation rates were adjusted with proprietary data on the reported gaming behavior of the population at the individual ZIP Code level.

TABLE 28: TUCUMCARI – CORONADO PARK PROJECTION MODEL FACTORS

SUBMARKET	PROPENSITY	FREQUENCY	CALCULATED RATE	ADJUSTED RATE*	WIN PER VISIT
Clovis Primary	36.3%	8.5	3.07	2.80	\$64.14
Clovis 30 to 60 TX	34.7%	8.5	2.93	2.83	\$65.00
Clovis 60 to 90 South	33.0%	9.8	3.24	2.83	\$63.55
Clovis 90 TX South	33.0%	8.8	2.90	2.52	\$65.63
Clovis & Tucumcari 120 West	33.0%	9.9	3.27	2.85	\$62.05
Tucumcari Primary	39.6%	11.6	4.57	4.14	\$61.00
Tucumcari 60 to 90 TX	38.0%	10.4	3.94	3.96	\$64.29
Tucumcari 60 to 120 North	38.1%	9.3	3.54	3.25	\$63.17
Tucumcari 120 TX N	39.9%	9.0	3.61	3.41	\$65.64
Amarillo	38.1%	7.0	2.69	2.57	\$67.62
Lubbock	34.7%	5.5	1.91	1.77	\$68.13
Zia 60 NM	33.0%	12.4	4.08	3.78	\$48.87
Zia 60 TX	33.0%	12.4	4.08	3.71	\$48.87
Carlsbad Roswell	33.0%	11.6	3.81	3.46	\$64.49
Albuquerque	33.0%	13.0	4.28	4.26	\$66.00
Albuquerque Santa Fe East	33.0%	13.0	4.28	4.08	\$66.64
Ruidoso Primary	33.0%	13.2	4.36	3.96	\$63.37

* Adjusted rate considers proprietary data on the percentage of the population that participated in casino gaming within the last 12 months
Source: CSG analysis

Model Outputs

The proposed Coronado Park facility in Tucumcari could be expected to compete with the same facilities as the Clovis sites, but to different degrees based upon proximity. Tucumcari would likely be in more direct competition with facilities in the Albuquerque, Santa Fe, and Oklahoma markets than with Zia Park. The gravity model considers the access of each competitor as well as the applicant's site to the market populations, and therefore this relative competition is factored in. The Coronado Park development is projected to generate **nearly \$37.4 million in gross gaming revenues from the local market region**. The gaming visits, win per visit, and resulting gross gaming revenues projected for each submarket are detailed in TABLE 29.

TABLE 29: TUCUMCARI – CORONADO PARK, ESTIMATED LOCAL MARKET PATRONAGE AND GAMING REVENUES - 2021

Submarket	Gamer Visits	Win per Visit	Gaming Revenue (MMs)
Clovis Primary	34,616	\$64.14	\$2.2
Clovis 30 to 60 TX	13,043	\$65.00	\$0.8
Clovis 60 to 90 South	6,047	\$63.55	\$0.4
Clovis 90 TX South	6,687	\$65.63	\$0.4
Clovis & Tucumcari 120 West	2,529	\$62.05	\$0.2
Tucumcari Primary	21,057	\$61.00	\$1.3
Tucumcari 60 to 90 TX	19,784	\$64.29	\$1.3
Tucumcari 60 to 120 North	2,995	\$63.17	\$0.2
Tucumcari 120 TX N	24,104	\$70.24	\$1.7
Amarillo	281,648	\$75.05	\$21.1
Lubbock	84,630	\$75.29	\$6.4
Zia 60 NM	3,057	\$48.87	\$0.1
Zia 60 TX	4,844	\$48.87	\$0.2
Carlsbad Roswell	8,169	\$64.49	\$0.5
Albuquerque	4,381	\$66.00	\$0.3
Albuquerque Santa Fe East	2,208	\$66.64	\$0.1
Ruidoso Primary	270	\$63.37	\$0.0
Total:	520,069	\$71.84	\$37.4

Source: CSG analysis

With a strong reliance and expected marketing focus on the Texas markets, approximately 86% of the local market revenues for Coronado Park are projected to accrue from out-of-state residents (see TABLE 30).

TABLE 30: TUCUMCARI – CORONADO PARK LOCAL MARKET PROJECTION, IN-STATE V. OUT-OF-STATE LOCAL MARKET REVENUES

MARKET SEGMENT	IN-STATE	OUT-OF-STATE	TOTAL
Local Market	\$5,364,757	\$31,998,425	\$37,363,182
	14%	86%	100%

REGIONAL TOURISM

According to the 2017 Annual Report of the New Mexico Tourism Department, visitation to the state has steadily increased since 2013, rising to 35 million visitors with visitor spending of \$6.4 billion in 2016. As shown in TABLE 31, Hidalgo County captured \$39.2 million in visitor spending in 2016. Approximately 30% of this spending was on food and beverage, while 25% was spent on lodging, and only 9% on recreation. Curry County saw visitor spending of \$103.5 million, and visitors spent \$84.7 million in Quay County in 2016.¹¹

TABLE 31: NEW MEXICO TOURISM STATISTICS: 2016

COUNTY	EST. VISITORS	TOTAL VISITOR SPENDING	FOOD AND BEVERAGE (%)	LODGING (%)	REC- REATION (%)
Curry	566,016	\$103,500,000	26%	22%	10%
Hidalgo	214,375	\$39,200,000	30%	25%	9%
Quay	463,203	\$84,700,000	22%	27%	8%
State of New Mexico	35,000,000	\$6,400,000,000	23%	31%	13%

Source: Economic Impact of Tourism in New Mexico, Tourism Economics (2017 ed.); CSG analysis

Note: Visitors/County estimated by CSG in proportion to total visitor spending

Visitors to New Mexico are largely from out-of-state, with only 21.9% of overnight visitors coming from New Mexico.¹² According to the most recent surveys of New Mexico visitors, approximately 12.2% visit a casino on their trip, making it the #7 most popular activity.

TABLE 32: NEW MEXICO VISITOR PROFILE (2015-2016)

WHAT DO THEY DO DURING VISIT? (TOP ACTIVITIES)	PERCENT
Shopping	28.3%
Landmark/historical site	19.5%
National/State Park	18.5%
Fine Dining	18.0%
Museum	15.6%
Hiking/backpacking	14.4%
Casino	12.2%
Art Gallery	10.4%
Swimming	10.2%
Camping	7.9%

Source: New Mexico Tourism Department (with data from Longwoods International 2015 and 2016 TravelUSA)

¹¹ *Economic Impact of Tourism in New Mexico, 2016*. Tourism Economics. September 2017. <https://www.newmexico.org/industry/resources/research/>. Accessed 3 July 2018.

¹² *New Mexico Visitor Profile (2015-2016)*. New Mexico Tourism Department. March 2018. <https://www.newmexico.org/industry/resources/research/>. Accessed 3 July 2018.

CURRY COUNTY

As visitor spending data by county were available, yet reliable and comparable tourism counts were not available for all counties, CSG estimated the number of annual visitors to each county based upon share of total visitor spending. In the most recent year for which data are available, Curry County captured \$103.5 million in visitor spending, or 1.6% of the total visitor spending statewide. Applying this same share to visitor counts yields an estimated 566,016 visitors to Curry County annually. Should the visitors to Curry County follow statewide trends of casino gaming participation (12.2%), it would result in 69,054 incremental gaming visits to a casino located in Curry County. Applying an average spend per visit of \$60 yields **an additional \$4.14 million** in gaming revenues annually.

CLOVIS RACETRACK & CASINO

As the proposed Clovis Racetrack & Casino includes only basic amenities, it would not be expected to generate the same level of visitation as the statewide average which includes large-scale integrated resort casinos. Its capture rate of the tourist population is therefore projected to be somewhat lower, at 10%. TABLE 33 presents the projection of nearly **\$3.4 million in gaming revenues for Clovis Racetrack & Casino from the tourist market**.

**TABLE 33: POTENTIAL CASINO CAPTURE
OF TOURISM VISITS: CLOVIS RACETRACK
& CASINO**

Est. Annual Visitors	566,016
NM Visitor Casino Participation	12.2%
Basic Racino facility capture	10.0%
Projected Capture	56,602
Spend/Visit	\$60
Projected Gaming Revenues	\$3,396,094

Source: Economic Impact of Tourism in New Mexico, Tourism Economics (2017 ed.); New Mexico Tourism Department (with data from Longwoods International 2015 and 2016 TravelUSA); CSG analysis

CURRY DOWNS

Due to its proposed building program and amenity package, the Curry Downs facility is projected to generate the aforementioned average level of gaming revenues from the tourist population.

**TABLE 34: POTENTIAL CASINO CAPTURE
OF TOURISM VISITS: CURRY DOWNS**

Est. Annual Visitors	566,016
NM Visitor Casino Participation	12.2%
Projected Capture	69,054
Spend/Visit	\$60
Projected Gaming Revenues	\$4,143,234

Source: Economic Impact of Tourism in New Mexico, Tourism Economics (2017 ed.); New Mexico Tourism Department (with data from Longwoods International 2015 and 2016 TravelUSA); CSG analysis

LA POSADA DEL LLANO

A resort-style development including hotel, golf course, and waterpark are proposed for the La Posada del Llano race track and casino. Such resort offerings would likely attract additional tourists over the statewide averages. CSG estimates that this proposed facility could capture 15% of tourists to Curry County, spending somewhat more per visit than at other facilities, resulting in \$5.9 million in incremental gaming revenues.

TABLE 35: POTENTIAL CASINO CAPTURE OF TOURISM VISITS: LA POSADA DEL LLANO

Est. Annual Visitors	566,016
NM Visitor Casino Participation	12.2%
Resort Casino facility capture	15.0%
Projected Capture	84,902
Spend/Visit	\$70
Projected Gaming Revenues	\$5,943,164

Source: Economic Impact of Tourism in New Mexico, Tourism Economics (2017 ed.); New Mexico Tourism Department (with data from Longwoods International 2015 and 2016 TravelUSA); CSG analysis

HIDALGO COUNTY – HIDALGO DOWNS

Should the estimated 214,375 annual visitors to Hidalgo County follow statewide trends of casino gaming participation (12.2%), it would result in 26,154 incremental gaming visits to Hidalgo Downs. Applying an average spend per visit of \$60 yields **an additional \$1.57 million** in gaming revenues annually.

TABLE 36: POTENTIAL CASINO CAPTURE OF TOURISM VISITS: HIDALGO DOWNS

Est. Annual Visitors	214,375
NM Visitor Casino Participation	12.2%
Projected Capture	26,154
Spend/Visit	\$60
Projected Gaming Revenues	\$1,569,225

Source: Economic Impact of Tourism in New Mexico, Tourism Economics (2017 ed.); New Mexico Tourism Department (with data from Longwoods International 2015 and 2016 TravelUSA); CSG analysis

QUAY COUNTY - TUCUMCARI

Quay County is estimated to generate 1.3% of all tourism dollars in the State of New Mexico, and therefore 1.3% of all visitors. The 463,203 visitors to Quay County could be expected to participate in casino gaming at the statewide rate of 12.2%, yielding a projected 56,511 in incremental gaming visits. With an average spend per visit of \$60, tourists to Quay County could contribute **an additional \$3.4 million** in gaming revenues to a Tucumcari casino annually.

**TABLE 37: POTENTIAL CASINO CAPTURE
OF TOURISM VISITS: QUAY
COUNTY/TUCUMCARI**

Est. Annual Visitors	463,203
NM Visitor Casino Participation	12.2%
Projected Capture	56,511
Spend/Visit	\$60
Projected Gaming Revenues	\$3,390,647

Source: Economic Impact of Tourism in New Mexico, Tourism Economics (2017 ed.); New Mexico Tourism Department (with data from Longwoods International 2015 and 2016 TravelUSA); CSG analysis

TRAFFIC INTERCEPT

In addition to gaming visits from the local and tourist populations, conveniently located casinos can capture pass-through travelers into their facilities. Typically, such visits are from those stopping for a meal or similar break, with casino gaming as a secondary purpose for the visit. The length of stay and spend per visit for this segment are naturally somewhat lower than for other market segments.

CLOVIS – CLOVIS RACETRACK & CASINO

Located approximately 1 mile off of Highway 60/70, the proposed Clovis Racetrack & Casino could be expected to capture a small share of pass through traffic on the highway. According to the most recent data from the New Mexico Department of Transportation, approximately 10,821 vehicles pass Highway 60/84/70 at CRF & Humphrey daily (see TABLE 38).

**TABLE 38: CLOVIS ANNUAL AVERAGE DAILY
TRAFFIC COUNTS: SITE 3587 (HWY 60/84/70
AT CRF & HUMPHREY)**

Year	AADT	Growth
2009	10,087	
2010	10,137	0%
2011	10,104	0%
2012	9,982	-1%
2013	9,942	0%
2014	10,221	3%
2015	10,497	3%
2016	10,810	3%
2017	10,821	0%
Total Growth		7%
CAGR Growth		1%

Source: New Mexico Department of Transportation; CSG analysis

Considering the location of the Clovis Racetrack & Casino project, as well as the proposed facilities, a capture rate of 0.4% of vehicles into the casino could be expected. At an average of 1.5 adults per vehicle, and an average spend per visit of \$45, this would result in approximately **\$1.1 million in additional gaming revenues annually**.

TABLE 39: CLOVIS – CLOVIS RACETRACK & CASINO: POTENTIAL CAPTURE OF PASS-THROUGH TRAFFIC

Hwy 60/84/70 at CRF & Humphrey AADT	10,821
Capture Rate	0.40%
Adults/Vehicle	1.5
Adult Visits/Day	65
Spend/Visit	\$45
Daily Gaming Revenue	\$2,921.67
Annual Gaming Revenue	\$1,066,410

Source: New Mexico Department of Transportation (AADT only); CSG analysis

CLOVIS – CURRY DOWNS

The Curry Downs project, located somewhat closer to Highway 60/70, could be expected to capture a slightly higher share of pass-through traffic than one further away. We estimate that Curry Downs could be capable of drawing 0.5% of all traffic on the highway, resulting in an **additional \$1.3 million in gaming revenues annually**.

TABLE 40: CLOVIS – CURRY DOWNS: POTENTIAL CAPTURE OF PASS THROUGH TRAFFIC

Hwy 60/84/70 at CRF & Humphrey AADT	10,821
Capture Rate	0.5%
Adults/Vehicle	1.5
Adult Visits/Day	81
Spend/Visit	\$45
Daily Gaming Revenue	\$3,652
Annual Gaming Revenue	\$1,333,012

Source: New Mexico Department of Transportation (AADT only); CSG analysis

CLOVIS – LA POSADA

The La Posada del Llano project boasts one mile of frontage on Highway 60/70, and therefore could be expected to capture a higher share of pass-through traffic than the other two proposals for casinos in Clovis. With an expected capture rate of 0.6%, this project could generate an **additional \$1.6 million in gaming revenues annually** from pass through traffic.

**TABLE 41: CLOVIS – LA POSADA DEL LLANO:
POTENTIAL CAPTURE OF PASS THROUGH TRAFFIC**

Hwy 60/84/70 at CRF & Humphrey AADT	10,821
Capture Rate	0.6%
Adults/Vehicle	1.5
Adult Visits/Day	97
Spend/Visit	\$45
Daily Gaming Revenue	\$4,383
Annual Gaming Revenue	\$1,599,614

Source: New Mexico Department of Transportation (AADT only); CSG analysis

LORDSBURG – HIDALGO DOWNS

The proposed casino in Lordsburg would be located on a highly visible site, with the potential for capturing pass-through travelers on I-10 and US 70. As Lordsburg is a frequent stop for commercial truck drivers during cross-country trips, it would be expected to capture a slightly higher share of traffic into the casino than a location without such traffic patterns. This higher capture is somewhat tempered by an estimated lower than average number of adults per vehicle.

According to the most recent data from the New Mexico Department of Transportation, approximately 17,573 vehicles pass through I-10 at West Motel Drive, and 2,460 traverse US-70 at West Motel Drive daily (see TABLE 42 and TABLE 43).

**TABLE 42: LORDSBURG
ANNUAL AVERAGE DAILY
TRAFFIC COUNTS: SITE 63 (I-10
NEAR W. MOTEL DRIVE)**

Year	AADT	Growth
2009	9,813	
2010	10,254	4%
2011	17,993	75%
2012	17,870	-1%
2013	17,738	-1%
2014	15,729	-11%
2015	16,260	3%
2016	17,057	5%
2017	17,573	3%
Total Growth		79%
CAGR Growth		8%

Source: New Mexico Department of Transportation; CSG analysis

**TABLE 43: LORDSBURG
ANNUAL AVERAGE DAILY
TRAFFIC COUNTS: SITE 4091
(US 70 AT W MOTEL DR)**

Year	AADT	Growth
2005	2,402	
2006	2,537	6%
2007	2,713	7%
2008	2,629	-3%
2009	2,472	-6%
2010	2,471	0%
2011	2,450	-1%
2012	2,451	0%
2013	2,478	1%
2014	2,476	0%
2015	2,300	-7%
2016	2,323	1%
2017	2,460	6%
Total Growth		2%
CAGR Growth		0.2%

Source: New Mexico Department of
Transportation; CSG analysis

With a capture rate of 1.0%, and an estimated 1.3 adults per vehicle, spending on average \$45 per visit, the proposed casino in Lordsburg could generate **an additional \$4.3 million in gaming revenues** from pass-through travelers annually.

**TABLE 44: LORDSBURG – HIDALGO
DOWNS: POTENTIAL CAPTURE OF
PASS THROUGH TRAFFIC**

I-10 near W. Motel Drive	17,573
Capture Rate	1.0%
Adults/Vehicle	1.3
Adult Visits/Day	228
Spend/Visit	\$45
Daily Gaming Revenue	\$10,280
Annual Gaming Revenue	\$3,752,275
US 70 at W Motel Dr	2,460
Capture Rate	1.0%
Adults/Vehicle	1.3
Adult Visits/Day	32
Spend/Visit	\$45
Daily Gaming Revenue	\$1,439
Annual Gaming Revenue	\$525,272
TOTAL GGR	\$4,277,546

Source: New Mexico DOT (AADT only); CSG analysis

TUCUMCARI – CORONADO PARK

Data on the annual average daily traffic of the major feeder roads into Tucumcari were requested of the New Mexico Department of Transportation. According to NMDOT data provided, S Mountain Rd at I-40/Route 66 Blvd serves an approximate 4,424 vehicles on a daily basis.

**TABLE 45: TUCUMCARI
ANNUAL AVERAGE DAILY
TRAFFIC COUNTS: SITE 21227
(S MOUNTAIN RD AT I-
40/ROUTE 66 BLVD)**

YEAR	AADT	GROWTH
2009	5,612	
2010	5,577	-1%
2011	5,580	0%
2012	5,562	0%
2013	5,478	-2%
2014	5,450	-1%
2015	5,494	1%
2016	3,643	-34%
2017	4,424	21%
Total Growth		-21%
CAGR Growth		-3%

Source: New Mexico Department of
Transportation; CSG analysis

Traffic data for I-40 at Tucumcari Blvd or State Highway 209, while requested, has not yet been made available to CSG. Based upon statements made by the Mayor of Logan during the October 4, 2018 public hearing, CSG has applied an AADT of 16,000 vehicles on this roadway.

Applying industry standard capture rates (0.5%), an estimated 1.5 adults per vehicle, and an average spend per visit of \$45 yields **\$2.5 million in incremental gaming revenues for the Coronado Park project from traffic intercept visitors.**

**TABLE 46: TUCUMCARI – CORONADO PARK:
POTENTIAL CAPTURE OF PASS THROUGH TRAFFIC**

(I-40 at Tucumcari Blvd.)*	16,000
Capture Rate	0.5%
Adults/Vehicle	1.5
Adult Visits/Day	120
Spend/Visit	\$45
Daily Gaming Revenue	\$5,400
Annual Gaming Revenue	\$1,971,000
S Mountain Rd at I-40/Route 66 Blvd AADT	4,424
Capture Rate	0.5%
Adults/Vehicle	1.5
Adult Visits/Day	33
Spend/Visit	\$45
Daily Gaming Revenue	\$1,493
Annual Gaming Revenue	\$544,982
TOTAL GGR	\$2,515,982

* per statements made during October 4, 2018 public hearing

Source: New Mexico Department of Transportation; CSG analysis

RODEO INCREMENTAL

While a study of the potential for rodeo or similar facilities at the proposed Hidalgo Downs property was not included in Convergence Strategy Group's scope of work, the potential impacts of this development component must still be considered. CSG drew from publicly available estimates of rodeo attendance, as well as reasonable capture rates to arrive at an estimate of the potential incremental visitation from this market segment.

As shown in TABLE 47, approximately 21.6 million households are estimated to have attended a rodeo event in the last year. With an estimated 126.2 million households in the U.S., this translates into a rate of 17%. Should the Hidalgo Downs facility be capable of capturing 5% of the rodeo attendance within the larger market area (the local market area within an approximate 3 to 4-hour drive, as designated previously herein), this could translate into attendance of 15,425 (see TABLE 54).

TABLE 47: NATIONWIDE RODEO ATTENDANCE

Households that attended pro rodeo event	21,600,000
Households in U.S.	126,240,000
Rate	17%

Source: United States Census Bureau & Federal Reserve Bank of St. Louis;
Statista.com; CSG analysis

HOTEL INCREMENTAL

CLOVIS – LA POSADA DEL LLANO

While a hotel study for the proposed La Posada del Llano property was not included in Convergence Strategy Group's scope of work with the State of New Mexico, the potential impacts of this development component must still be considered. Industry standard capture rates were applied to the local, traffic intercept, tourism, and rodeo market segments to arrive at a potential number of room nights of demand (RND) for the hotel on an annual basis.

TABLE 48: POTENTIAL CAPTURE OF LOCAL MARKET IN HOTEL: LA POSADA DEL LLANO

MARKET AREA	GAMER VISITS	CAPTURE RATE	HOTEL GUESTS	GUESTS/ROOM	ROOM NIGHTS
Clovis Primary	129,035	0.50%	645	1.5	430
Clovis 30 to 60 TX	41,177	1%	412	1.5	275
Clovis 60 to 90 South	26,747	1%	267	1.5	178
Clovis 90 TX South	28,552	3%	857	1.5	571
Clovis & Tucumcari 120 West	1,691	4%	68	1.5	45
Tucumcari Primary	2,439	4%	98	1.5	65
Tucumcari 60 to 90 TX	12,972	5%	649	1.5	432
Tucumcari 60 to 120 North	824	5%	41	1.5	27
Tucumcari 120 TX N	12,478	5%	624	1.5	416
Amarillo	238,023	6%	14,281	1.5	9,521
Lubbock	240,167	6%	14,410	1.5	9,607
Zia 60 NM	8,809	7%	617	1.5	411
Zia 60 TX	15,887	9%	1,430	1.5	953
Carlsbad Roswell	15,063	9%	1,356	1.5	904
Albuquerque	2,553	10%	255	1.5	170
Albuquerque Santa Fe East	1,262	10%	126	1.5	84
Ruidoso Primary	411	10%	41	1.5	27
TOTAL	778,092		36,176		24,117

A portion of the highway travelers and area tourists who stop at the proposed gaming facility (see Regional Tourism and Traffic Intercept sections of this study) could be expected to stay overnight. Approximately 7% of traffic intercept visitors and 5% of tourists could stay overnight, resulting in 3,413 room nights of demand.

TABLE 49: POTENTIAL CAPTURE OF INCREMENTAL MARKET SEGMENTS IN HOTEL: LA POSADA DEL LLANO

MARKET SEGMENT	GAMING VISITS	CAPTURE RATE	CAPTURE	ADULTS/ROOM	RND
Traffic Intercept	29,622	7.0%	2,074	1.5	1,382
Tourism	69,054	5.0%	3,453	1.7	2,031
TOTAL/AVERAGE	98,676	5.6%	5,526	1.6	3,413

The various segments of demand could result in demand for a total of 27,531 room nights, or an occupancy rate of 25% for the 300-room hotel.¹³ However, this does not consider potential capture of hotel demand that might otherwise accrue to the numerous hotels in Clovis. For this reason, CSG has applied a sustainable 60% occupancy rate to the expected 300-room hotel.

As detailed hotel operations data for the region were not readily accessible, CSG drew from the Federal Per Diem for Lodging for New Mexico, with a 25% premium for casino and resort-type amenities applied, yielding an average daily rate of \$118. Total room revenues under these conditions could total \$7.7 million annually.

TABLE 50: POTENTIAL HOTEL PERFORMANCE: CLOVIS – LA POSADA DEL LLANO

Rooms			300
Room Nights of Demand			
	Local Market	24,117	
	Traffic Intercept	1,382	
	Tourism	2,031	
	TOTAL RND		27,531
Room Nights Available			109,500
Occupancy			25.1%
Potential Occupancy			60.0%
Potential Room Nights			65,700
Average Daily Rate*			\$118
Room Revenues (at 60% occupancy)			\$7,719,750

* Average Daily Rate = to Federal Per Diem Lodging for New Mexico, with 25% resort premium applied

Source: GSA.gov; CSG analysis

While the previous table assumes a 60% occupancy rate for the hotel, the majority of that occupancy could be attributable to the local hotel market demand, and not casino visitors. Therefore, only the incremental gaming revenues from true casino hotel guests are included in our assessment of total property gaming revenues, or **an additional \$826,961 per year**.

TABLE 51: POTENTIAL INCREMENTAL GAMING REVENUES FROM HOTEL STAYS: CLOVIS – LA POSADA DEL LLANO

MARKET SEGMENT	BASE WIN/VISIT	HOTEL WIN/VISIT	INCREMENTAL WIN/VISIT	INCREMENTAL WIN
Local Market	\$77.01	\$95.00	\$17.99	\$650,805
Traffic Intercept	\$45.00	\$80.00	\$35.00	\$72,575
Tourism	\$60.00	\$90.00	\$30.00	\$103,581
TOTAL				\$826,961

¹³ A hotel occupancy rate of 25% is not considered sustainable by standard hotel and leisure industry benchmarks. Such a rate reflects a property that is under-utilized, cost-prohibitive to operate, and therefore not feasible for development.

LORDSBURG – HIDALGO DOWNS

While a hotel study for the proposed Hidalgo Downs property was also not included in Convergence Strategy Group's scope of work, the potential impacts of this development component must still be considered. Industry standard capture rates were applied to the local, traffic intercept, tourism, and rodeo market segments to arrive at a potential number of room nights of demand (RND) for the hotel on an annual basis.

The potential capture of the local area market gamers into the hotel would be expected to vary in part by distance from the proposed facility. Assuming an industry standard rate of 1.5 guests per room results in an estimate of 4,486 room nights from this market segment.

TABLE 52: POTENTIAL CAPTURE OF LOCAL MARKET IN HOTEL: HIDALGO DOWNS

MARKET AREA	GAMER VISITS	CAPTURE RATE	HOTEL GUESTS	GUESTS/ROOM	ROOM NIGHTS
Lordsburg Primary 60 min	54,587	0.50%	273	1.5	182
Deming	17,415	1%	174	1.5	116
Lordsburg 120 min AZ	16,242	1%	162	1.5	108
Lordsburg 180 min AZ N	808	3%	24	1.5	16
Lordsburg Outer North	2,372	4%	95	1.5	63
Lordsburg Outer NE	887	4%	35	1.5	24
Ruidoso Primary	407	5%	20	1.5	14
Ruidoso Secondary South	3,036	5%	152	1.5	101
El Paso Sunland Park Primary	43,681	5%	2184	1.5	1,456
Sunland Park Secondary 60 min	31,096	5%	1555	1.5	1,037
Sunland Park 90 min North	4,329	5%	216	1.5	144
Juarez	10,111	7%	708	1.5	472
Mexico 180 min	657	7%	46	1.5	31
Tucson	15,482	7%	1084	1.5	722
TOTAL	201,111		6,729		4,486

A portion of the highway travelers and area tourists who stop at the proposed gaming facility could be expected to stay overnight. Approximately 7% of traffic intercept visitors and 5% of tourists could stay overnight, resulting in 8,878 room nights of demand. Similarly, a portion of rodeo visitors may stay overnight on-site (see TABLE 54).

TABLE 53: POTENTIAL CAPTURE OF INCREMENTAL MARKET SEGMENTS IN HOTEL: HIDALGO DOWNS

MARKET SEGMENT	GAMING VISITS	CAPTURE RATE	CAPTURE	ADULTS/ROOM	RND
Traffic Intercept	95,057	7.0%	6,654	1.3	5,118
Tourism	26,154	5.0%	1,308	1.7	769
TOTAL/AVERAGE	322,321	3.9%	12,448	1.4	8,878

**TABLE 54: POTENTIAL CAPTURE OF
RODEO PATRONS IN HOTEL: LORDSBURG
– HIDALGO DOWNS**

Adult Population within Model	3,065,215
Adults/Household	1.7
Households	1,803,068
Rodeo Attendance Rate	17%
Rodeo Households	308,510
Capture at Lordsburg	5%
Lordsburg Rodeo Attendees	15,425
Room Nights/Household	0.5
Room Nights of Demand	7,713

The various segments of demand could result in demand for 18,086 room nights, or an occupancy rate of 37% for the 135-room hotel.¹⁴ According to officials with the City of Lordsburg, the region's hotels operate at high occupancy rates. Therefore, some additional hotel room night demand for local lodging could be expected, and CSG has applied a robust 75% occupancy rate to the expected 135-room hotel.

As detailed hotel operations data for the region were not readily accessible, CSG drew from the Federal Per Diem for Lodging for New Mexico, with a 25% premium for casino and resort-type amenities applied, yielding an average daily rate of \$118. Total room revenues under these conditions could total **\$4.3 million** annually, as detailed in TABLE 55.

TABLE 55: POTENTIAL HOTEL PERFORMANCE: LORDSBURG – HIDALGO DOWNS

Rooms			135
Room Nights of Demand			
	Local Market	4,486	
	Traffic Intercept	5,118	
	Tourism	769	
	Rodeo	7,713	
	TOTAL		18,086
Room Nights Available			49275
Occupancy			37%
Potential Occupancy Rate			75%
Potential Room Nights			36,956
Average Daily Rate*			\$118
Room Revenues			\$4,342,359

* Average Daily Rate = to Federal Per Diem Lodging for New Mexico , with 25% premium for resort amenities applied

Source: GSA.gov; CSG analysis

¹⁴ A hotel occupancy rate of 37% is not considered sustainable by standard hotel and leisure industry benchmarks. Such a rate reflects a property that is under-utilized, cost-prohibitive to operate, and therefore not feasible for development. While the proposed hotel does not appear to be feasible, the potential revenues associated with it are nevertheless included in this study.

In addition to the revenues from hotel rooms, incremental gaming revenues could be expected from those staying on-site. Incremental gaming revenues were only projected from the capture of gamers in the hotel, and not the capture of hotel guests that would otherwise stay at another area hotel. TABLE 56 details the projection of **\$554,019 in incremental gaming revenues attributable to additional spending by demand segments staying in the hotel.**

**TABLE 56: POTENTIAL INCRMENTAL GAMING REVENUES FROM HOTEL STAYS: LORDSBURG
– HIDALGO DOWNS**

MARKET SEGMENT	BASE WIN/VISIT	HOTEL WIN/VISIT	INCREMENTAL WIN/VISIT	INCREMENTAL WIN
Local Market	\$57.45	\$85.00	\$27.55	\$123,595
Traffic Intercept	\$45.00	\$70.00	\$25.00	\$166,349
Tourism	\$60.00	\$85.00	\$25.00	\$32,692
Rodeo	\$0.00	\$80.00	\$80.00	\$231,382
TOTAL				\$554,019

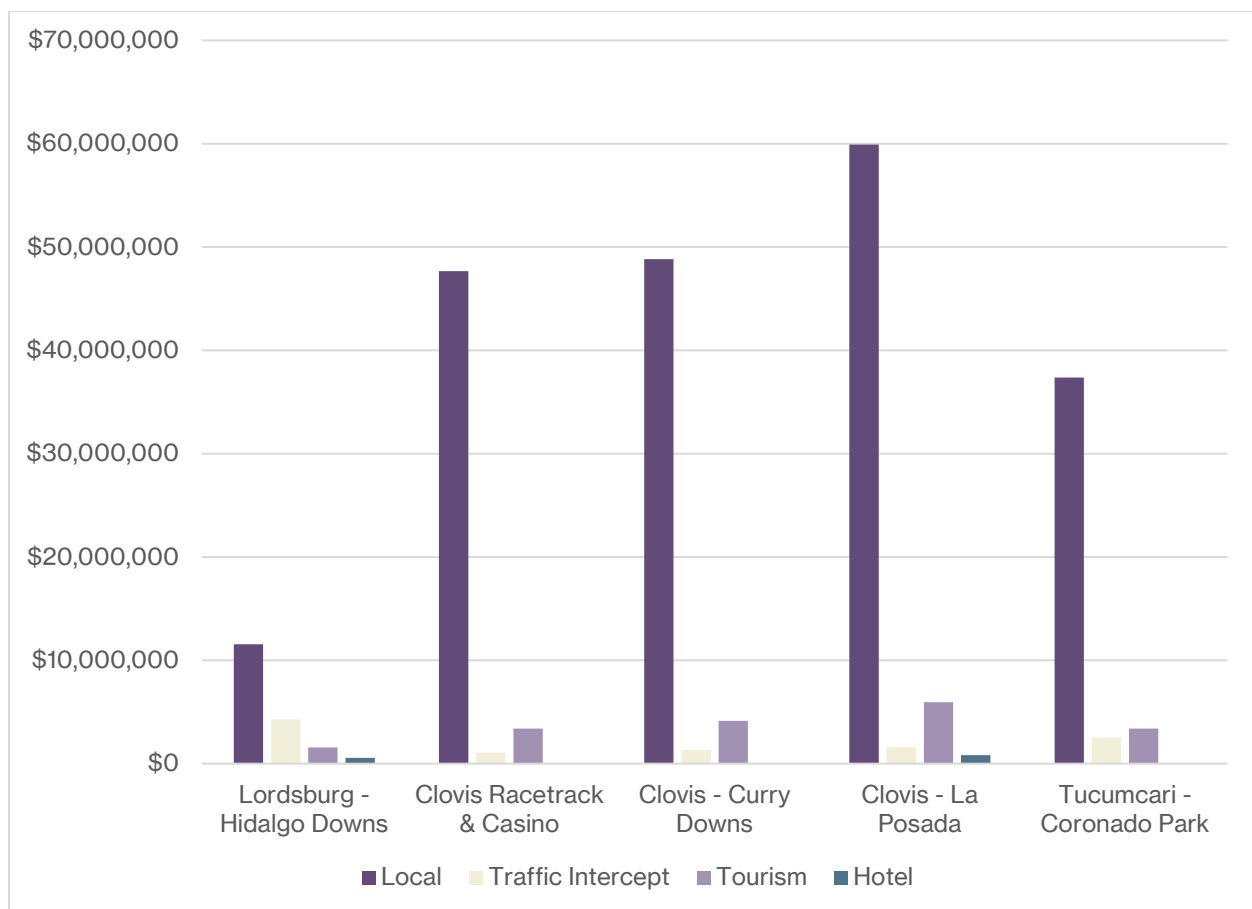
SUMMARY OF CASINO GAMING PROJECTIONS

Including the projected casino visitation and gaming revenues from the local, traffic intercept, tourism and hotel (for those proposing a hotel) markets, the **La Posada del Llano application is expected to have the greatest casino gaming revenue potential, at \$68.3 million in gross gaming revenues annually. The Curry Downs development is projected to generate \$54.3 million; Clovis Racetrack & Casino is projected to generate \$52.1 million; Coronado Park is projected to generate \$43.3 million; and Hidalgo Downs is projected to generate \$18 million.**

TABLE 57: SUMMARY OF GAMING REVENUE PROJECTIONS

Applicant	Local	Traffic Intercept	Tourism	HOTEL	TOTAL
Lordsburg – Hidalgo Downs	\$11,553,653	\$4,277,546	\$1,569,225	\$554,019	\$17,954,443
Clovis - Clovis Racetrack & Casino	\$47,673,844	\$1,066,410	\$3,396,094	\$0	\$52,136,347
Clovis - Curry Downs	\$48,830,134	\$1,333,012	\$4,143,234	\$0	\$54,306,380
Clovis - La Posada	\$59,920,953	\$1,599,614	\$5,943,164	\$826,961	\$68,290,692
Tucumcari - Coronado Park	\$37,363,182	\$2,515,982	\$3,390,647	\$0	\$43,269,811

CHART 2: GAMING REVENUE PROJECTIONS BY MARKET SEGMENT



LORDSBURG – HIDALGO DOWNS

With a total projected 322,321 gaming visits and nearly \$18 million in gaming revenues, Hidalgo Downs could potentially generate \$81.98 per gaming machine per day.

TABLE 58: PROJECTION OF GAMING VISITATION AND GROSS GAMING REVENUES: LORDSBURG – HIDALGO DOWNS

MARKET SEGMENT	VISITS	GAMING REVENUES
Local	201,111	\$11,553,653
Traffic Intercept	95,057	\$4,277,546
Tourism	26,154	\$1,569,225
Hotel		\$554,019
TOTAL	322,321	\$17,954,443
Slots		600
Win/Slot/Day		\$81.98

CLOVIS – CLOVIS RACETRACK & CASINO

With a total projected 761,386 gaming visits and \$52.1 million in gaming revenues, Clovis Racetrack & Casino could potentially generate \$238.07 per gaming machine per day.

TABLE 59: PROJECTION OF GAMING VISITATION AND GROSS GAMING REVENUES: CLOVIS – CLOVIS RACETRACK & CASINO

Market Segment	Visits	GAMING REVENUES
Local	681,087	\$47,673,844
Traffic Intercept	23,698	\$1,066,410
Tourism	56,602	\$3,396,094
Hotel Incremental	0	\$0
TOTAL	761,386	\$52,136,347
Slots		600
Win/Slot/Day		\$238.07

CLOVIS – CURRY DOWNS

With a total projected 794,517 gaming visits and \$52.1 million in gaming revenues, Curry Downs could potentially generate \$247.97 per gaming machine per day.

TABLE 60: PROJECTION OF GAMING VISITATION AND GROSS GAMING REVENUES: CLOVIS – CURRY DOWNS

Market Segment	VISITS	GAMING REVENUES
Local	695,840	\$48,830,134
Traffic Intercept	29,622	\$1,333,012
Tourism	69,054	\$4,143,234
Hotel Incremental	0	\$0
TOTAL	794,517	\$54,306,380
Slots		600
Win/Slot/Day		\$247.97

CLOVIS – LA POSADA

With a total projected 898,541 gaming visits and \$68.3 million in gaming revenues, La Posada del Llano could potentially generate \$311.83 per gaming machine per day.

TABLE 61: PROJECTION OF GAMING VISITATION AND GROSS GAMING REVENUES: CLOVIS – LA POSADA DEL LLANO

MARKET SEGMENT	VISITS	GAMING REVENUES
Local	778,092	\$59,920,953
Traffic Intercept	35,547	\$1,599,614
Tourism	84,902	\$5,943,164
Hotel Incremental	0	\$826,961
TOTAL	898,541	\$68,290,692
Slots		600
Win/Slot/Day		\$311.83

TUCUMCARI – CORONADO PARK

With a total projected 632,491 gaming visits and \$43.3 million in gaming revenues, Coronado Park could potentially generate \$197.58 per gaming machine per day.

TABLE 62: PROJECTION OF GAMING VISITATION AND GROSS GAMING REVENUES: TUCUMCARI – CORONADO PARK

MARKET SEGMENT	VISITS	GAMING REVENUES
Local	520,069	\$37,363,182
Traffic Intercept	55,911	\$2,515,982
Tourism	56,511	\$3,390,647
Hotel Incremental	0	\$0
TOTAL	632,491	\$43,269,811
Slots		600
Win/Slot/Day		\$197.58

IMPACTS ON EXISTING RACETRACK CASINO OPERATIONS

All of the proposed racetrack casinos are expected to draw a portion of their gaming revenues from existing racetracks in New Mexico, but to varying degrees. The greatest projected impacts would be felt from the Lordsburg facility, Hidalgo Downs, which could pull a total of \$2.2 million in gaming revenues (12% of Hidalgo Downs total GGR projection) from Ruidoso, Sunland Park, and Zia Park. The second greatest impacts could come from the opening of the La Posada del Llano facility, drawing a projected \$2 million from New Mexico's racetrack casinos, and making up only 3% of the total gaming revenues projected for it. The smallest impacts on existing operations could be expected from the Tucumcari project, Coronado Park. Coronado Park is projected to take only \$326,122 from existing racetracks, or less than 1% of its total gaming revenues. The following table details the potential gaming revenue impacts from each applicant on existing racetracks.

TABLE 63: SUMMARY OF PROJECTED CANNIBALIZATION OF EXISTING NM RACETRACK CASINOS (LOCAL MARKET) IN 2021

RACETRACK CASINO	CLOVIS - CLOVIS RACETRACK & CASINO	CLOVIS - CURRY DOWNS	CLOVIS - LA POSADA	LORDSBURG - HIDALGO DOWNS	TUCUMCARI - CORONADO PARK
Zia Park Casino Hotel & Racetrack (Hobbs)	(\$294,384)	(\$509,071)	(\$1,413,027)	(\$145,017)	(\$27,938)
Ruidoso Downs Racetrack & Casino (Ruidoso)	(\$76,064)	(\$83,852)	(\$136,141)	(\$76,285)	(\$48,283)
The Downs Racetrack & Casino	(\$154,619)	(\$161,319)	(\$249,096)		(\$166,539)
Sunland Park Racetrack & Casino	(\$104,685)	(\$130,165)	(\$251,263)	(\$1,933,838)	(\$83,352)
Total from NM Tracks	(\$629,751)	(\$884,407)	(\$2,049,526)	(\$2,155,140)	(\$326,112)

NET GAMING REVENUES TO THE STATE OF NEW MEXICO

While a portion of the gaming revenues projected for the 5 applicants are anticipated to come from existing racetrack facilities, the majority are to come from a combination of out-of-state, new in-state spending, and from capture of gaming behavior currently going to Native American facilities in New Mexico, Arizona, and Oklahoma. TABLE 64 shows the projected "new" gaming revenues to the State of New Mexico from each applicant, with the greatest net gaming revenue impact coming from Clovis – La Posada del Llano at \$66.2 million in increased gaming revenues to the State.

TABLE 64: SUMMARY OF PROJECTED "NEW" GAMING REVENUES TO NEW MEXICO IN 2021

APPLICANT	GGR PROJECTION	CANNIBALIZED FROM NM RACETRACKS	NEW TO STATE
Clovis - Clovis Racetrack & Casino	\$52,136,347	(\$629,751)	\$51,506,596
Clovis - Curry Downs	\$54,306,380	(\$884,407)	\$53,421,974
Clovis - La Posada del Llano	\$68,290,692	(\$2,049,526)	\$66,241,166
Lordsburg - Hidalgo Downs	\$17,954,443	(\$2,155,140)	\$15,799,303
Tucumcari - Coronado Park	\$43,269,811	(\$326,112)	\$42,943,699

REGIONAL RACING ASSESSMENT & IMPACTS

Currently in the State of New Mexico, 5 race tracks are in operation and offer a mix of Thoroughbred and Quarter Horse racing across approximately 250-280 racing days. Sunland Park sets the pace in the State, leading the State in Handle Per Race for both Thoroughbred and Quarter Horse. Similar to the rest of the country, New Mexico is faced with smaller foal crops and declines in Pari-Mutuel Handle. It is important that the racing industry in the State is strategic in developing a plan to move forward in a way that can benefit the current horsemen as well as encourage new people to invest in racing.

In New Mexico, there is very little overlap in the State with regards to race meets. Based on the calendar provided the New Mexico Racing Commission, the 255 scheduled racing days will create an overlap in tracks being open at the same time of 27% (meaning, of the 356 days the New Mexico tracks will be open from December 2018- December 2019, only 96 days have multiple tracks running at the same time). This overlap primarily occurs when SunRay and Downs at Albuquerque run at the same time as Ruidoso Downs. The data below outlines the upcoming race meet schedule.

- Sunland Park: 75 days from December 28, 2018 through May 5, 2019
- SunRay Park: 17 days from May 3, 2019 through June 2, 2019
- Ruidoso Downs: 54 days from May 10, 2019 through September 2, 2019
- Downs at Albuquerque: 39 days from June 28, 2019 through September 1, 2019
- New Mexico State Fair (run at Downs at Albuquerque): 17 days from September 4, 2019 through October 26, 2019
- Zia Park: 53 days from September 21, 2019 through December 18, 2019

The New Mexico Racing Commission provided their 2017 Annual Report which contained many details related to Days, Handle, and Purses by breed for each track. A summary of relevant information from the annual report and discussions with State personnel follows.

ANALYSIS OF EXISTING CONDITIONS

On average, Track Commissions and Breakage equal 21.5% of Total Handle, and money allocated for Capital Improvements and Testing equates to 0.9% of Total Handle. Both of these averages are used in the model evaluating the submissions for the 6th race track in New Mexico.

TABLE 65: TOTAL HANDLE, COMMISSIONS, ETC. (2017)

Track	Total Handle	Commissions	Breakage	Total	% of Handle	Capital Improvement	Testing Fund	Total	% of Handle
Ruidoso Downs	\$24,388,718	\$4,928,785	\$177,098	\$5,105,883	20.9%	\$124,250	\$150,880	\$275,130	1.1%
Downs at Albuquerque	\$27,598,278	\$5,688,060	\$138,506	\$5,826,566	21.1%	\$240,712	\$246,242	\$486,954	1.8%
New Mexico State Fair	\$5,034,051	\$1,087,971	\$29,796	\$1,117,767	22.2%	\$21,281	\$21,281	\$42,562	0.8%
SunRay Park	\$7,215,979	\$1,583,112	\$37,944	\$1,621,056	22.5%	\$22,163	\$22,163	\$44,326	0.6%
Sunland Park	\$64,418,230	\$13,537,035	\$253,052	\$13,790,087	21.4%	\$215,649	\$217,812	\$433,461	0.7%
Zia Park	\$28,893,208	\$6,250,587	\$126,678	\$6,377,265	22.1%	\$77,130	\$77,130	\$154,260	0.5%
Total	\$157,548,464	\$33,075,550	\$763,074	\$33,838,624	21.5%	\$701,185	\$735,508	\$1,436,693	0.9%

It is understood that Pari-Mutuel Taxes in New Mexico are calculated on several factors (Type of Wager, etc.), but on average, Pari-Mutuel Taxes are 0.2% of Live and Simulcast Handle. Daily Taxes are calculated at \$650 Per Day (SunRay and Zia had some exemption to this) and Daily License Fees are \$500 Per Day. Other Occupational Fees and Fines can vary, so in the projections for the potential 6th race track, we estimated \$1,000 Per Day.

TABLE 66: LIVE AND SUMULCAST HANDLE, PARI-MUTUEL TAXES AND OTHER TAXES & FEES

Track	Days	Live Handle	Simulcast Handle	Pari-Mutuel Taxes	% of Live & Simulcast Handle	Daily Tax	Daily License Fee	Other Occupational Fees & Fines	Total to the State
Ruidoso Downs	52	\$10,847,640	\$3,581,714	\$47,503	0.3%	\$33,800	\$26,000	\$91,370	\$198,673
Downs at Albuquerque	41	\$2,608,004	\$18,679,724	\$44,015	0.2%	\$26,650	\$20,500	\$42,800	\$133,965
New Mexico State Fair	17	\$1,091,706	\$876,643	\$2,266	0.1%	\$11,050	\$8,500	\$12,125	\$33,941
SunRay Park	36	\$987,949	\$1,274,560	\$2,533	0.1%	\$902	\$18,000	\$25,590	\$47,025
Sunland Park	72	\$4,915,583	\$15,200,333	\$32,909	0.2%	\$46,800	\$36,000	\$121,680	\$237,389
Zia Park	56	\$2,702,224	\$4,479,769	\$5,203	0.1%	\$3,612	\$28,000	\$83,205	\$120,020
Total	274	\$23,153,106	\$44,092,743	\$134,429	0.2%	\$122,814	\$137,000	\$376,770	\$771,013

Note that Simulcast Handle Per Day is estimated using 363 days, as there is no horseracing product on Christmas Eve and Christmas Day in the United States. For the State Fair, the Simulcast Handle Per Day is based on their racing days. These figures are important to keep in mind when estimated the potential Simulcast Handle at a 6th race track.

TABLE 67: ON TRACK, IN-STATE, AND EXPORT HANDLE AND SIMULCAST HANDLE

Track	Days	On Track Handle	Other In-State Handle	Total In-State Per Day	Export Handle	Total Export Handle Per Day	Simulcast Handle	Total Export Simulcast Per Day (363 days)	Total Handle
Ruidoso Downs	52	\$9,805,058	\$1,042,582	\$208,608	\$9,959,424	\$191,527	\$3,581,714	\$9,867	\$24,788,914
Downs at Albuquerque	41	\$2,296,834	\$311,170	\$63,610	\$6,310,550	\$153,916	\$18,679,724	\$51,459	\$27,815,804
New Mexico State Fair	17	\$972,449	\$119,257	\$64,218	\$3,065,702	\$180,335	\$876,643	\$51,567	\$5,278,604
SunRay Park	36	\$529,974	\$457,975	\$27,443	\$4,953,471	\$137,596	\$1,274,560	\$3,511	\$7,381,019
Sunland Park	72	\$3,824,671	\$1,090,912	\$68,272	\$44,302,314	\$615,310	\$15,200,333	\$41,874	\$65,101,812
Zia Park	56	\$1,983,342	\$718,882	\$48,254	\$21,711,215	\$387,700	\$4,479,769	\$12,341	\$29,329,162
Total	274	\$19,412,328	\$3,740,778	\$84,500	\$90,302,676	\$329,572	\$44,092,743	\$121,468	\$159,695,316

Apart from Ruidoso Downs and Downs at Albuquerque, Handle Per Race is much lower for Quarter Horse races than for Thoroughbred, which is common within the racing industry in general. At SunRay Park, Sunland Park, and Zia Park combined, Thoroughbred races typically Handle 113% more than Quarter Horse Races (\$66K vs. \$31K) on average.

TABLE 68: LIVE, EXPORT AND TOTAL HANDLE (TOTAL AND PER RACE) BY BREED

THOROUGHBRED RACING							
Track	Races	Live Handle	Live Handle Per Race	Export Handle	Export Handle Per Race	Total Handle	Total Handle Per Race
Ruidoso Downs	194	\$3,246,933	\$16,737	\$2,981,071	\$15,366	\$6,228,004	\$32,103
Downs at Albuquerque	220	\$1,487,680	\$6,762	\$3,599,717	\$16,362	\$5,087,397	\$23,125
New Mexico State Fair	71	\$511,862	\$7,209	\$1,437,399	\$20,245	\$1,949,261	\$27,454
SunRay Park	165	\$648,282	\$3,929	\$3,250,416	\$19,699	\$3,898,698	\$23,628
Sunland Park	482	\$4,022,306	\$8,345	\$36,251,540	\$75,211	\$40,273,846	\$83,556
Zia Park	299	\$1,982,100	\$6,629	\$15,925,329	\$53,262	\$17,907,429	\$59,891
Total	1,431	\$11,899,163	\$8,315	\$63,445,472	\$44,336	\$75,344,635	\$52,652

QUARTER HORSE RACING							
Track	Races	Live Handle	Live Handle Per Race	Export Handle	Export Handle Per Race	Total Handle	Total Handle Per Race
Ruidoso Downs	366	\$7,600,704	\$20,767	\$6,978,351	\$19,067	\$14,579,055	\$39,833
Downs at Albuquerque	163	\$1,120,324	\$6,873	\$2,710,831	\$16,631	\$3,831,155	\$23,504
New Mexico State Fair	90	\$579,843	\$6,443	\$1,628,302	\$18,092	\$2,208,145	\$24,535
SunRay Park	159	\$339,667	\$2,136	\$1,703,056	\$10,711	\$2,042,723	\$12,847
Sunland Park	177	\$893,277	\$5,047	\$8,050,769	\$45,485	\$8,944,046	\$50,531
Zia Park	234	\$720,123	\$3,077	\$5,785,885	\$24,726	\$6,506,008	\$27,803
Total	1,189	\$11,253,939	\$9,465	\$26,857,193	\$22,588	\$38,111,132	\$32,053

The information below is helpful to understand current field sizes and other metrics that need to be determined when estimating the impact of a 6th track in the State.

TABLE 69: RACES PER DAY, STARTERS PER RACE, AND HANDLE PER START BY BREED

THOROUGHBRED RACING							
Track	Days	Races	Races Per Day	% of Total	Starters	Starters Per Race	Handle Per Starter
Ruidoso Downs	52	194	3.7	34.6%	1,295	6.7	\$4,809
Downs at Albuquerque	41	220	5.4	57.4%	1,737	7.9	\$2,929
SunRay Park	36	165	4.6	50.9%	1,143	6.9	\$3,411
Sunland Park	72	482	6.7	73.1%	3,975	8.2	\$10,132
Zia Park	56	299	5.3	56.1%	2,426	8.1	\$7,381
Total	257	1,360	5.3	55.3%	10,576	7.8	\$6,940

QUARTER HORSE RACING							
Track	Days	Races	Races Per Day	% of Total	Starters	Starters Per Race	Handle Per Starter
Ruidoso Downs	52	366	7.0	65.4%	3,078	8.4	\$4,737
Downs at Albuquerque	41	163	4.0	42.6%	1,435	8.8	\$2,670
SunRay Park	36	159	4.4	49.1%	1,325	8.3	\$1,542
Sunland Park	72	177	2.5	26.9%	1,753	9.9	\$5,102
Zia Park	56	234	4.2	43.9%	2,131	9.1	\$3,053
Total	257	1,099	4.3	44.7%	9,722	8.8	\$3,693

Purses in New Mexico are heavily subsidized through Gaming Operations and in some cases through other contributions (such as entry fees, stake fees, etc.). Note as well that some tracks have revenue share agreement with other tracks which provide gaming funded purses funds above what they generate at their own facility (for instance, Ruidoso received funds from both Sunland and Zia Park).

TABLE 70: PURSES BY SOURCE AND BREED

THOROUGHBRED RACING									
Track	Races	Track Purses	Gaming Purses	Other Contributions	Total Purses	Purses Per Race	% Track Purses	% Gaming Purses	% Other
Ruidoso Downs	194	\$1,341,814	\$485,686	\$362,947	\$2,190,447	\$11,291	61%	22%	17%
Downs at Albuquerque	220	\$738,840	\$2,606,560	\$86,800	\$3,432,200	\$15,601	22%	76%	3%
New Mexico State Fair	71	\$377,870	\$705,330	\$119,678	\$1,202,878	\$16,942	31%	59%	10%
SunRay Park	165	\$340,958	\$1,422,163	\$97,613	\$1,860,734	\$11,277	18%	76%	5%
Sunland Park	482	\$2,696,786	\$8,723,929	\$428,328	\$11,849,043	\$24,583	23%	74%	4%
Zia Park	299	\$1,373,507	\$5,502,058	\$193,500	\$7,069,065	\$23,642	19%	78%	3%
Total	1,431	\$6,869,775	\$19,445,726	\$1,288,866	\$27,604,367	\$19,290	25%	70%	5%
<i>Without Ruidoso Downs</i>	<i>1,237</i>	<i>\$5,527,961</i>	<i>\$18,960,040</i>	<i>\$925,919</i>	<i>\$25,413,920</i>	<i>\$20,545</i>	<i>22%</i>	<i>75%</i>	<i>4%</i>

QUARTER HORSE RACING									
Track	Races	Track Purses	Gaming Purses	Other Contributions	Total Purses	Purses Per Race	% Track Purses	% Gaming Purses	% Other
Ruidoso Downs	366	\$211,586	\$2,842,314	\$9,764,949	\$12,818,849	\$35,024	2%	22%	76%
Downs at Albuquerque	163	\$490,315	\$2,081,185	\$54,078	\$2,625,578	\$16,108	19%	79%	2%
New Mexico State Fair	90	\$453,219	\$1,275,581	\$529,038	\$2,257,838	\$25,087	20%	56%	23%
SunRay Park	159	\$199,623	\$1,564,152	\$76,313	\$1,840,088	\$11,573	11%	85%	4%
Sunland Park	177	\$688,055	\$3,720,411	\$644,682	\$5,053,148	\$28,549	14%	74%	13%
Zia Park	234	\$750,393	\$4,596,332	\$558,660	\$5,905,385	\$25,237	13%	78%	9%
Total	1,189	\$2,793,191	\$16,079,975	\$11,627,720	\$30,500,886	\$25,653	9%	53%	38%
<i>Without Ruidoso Downs</i>	<i>823</i>	<i>\$2,581,605</i>	<i>\$13,237,661</i>	<i>\$1,862,771</i>	<i>\$17,682,037</i>	<i>\$21,485</i>	<i>15%</i>	<i>75%</i>	<i>11%</i>

TOTAL RACING									
Track	Races	Track Purses	Gaming Purses	Other Contributions	Total Purses	Purses Per Race	% Track Purses	% Gaming Purses	% Other
Ruidoso Downs	560	\$1,553,400	\$3,328,000	\$10,127,896	\$15,009,296	\$26,802	10%	22%	67%
Downs at Albuquerque	383	\$1,229,155	\$4,687,745	\$140,878	\$6,057,778	\$15,817	20%	77%	2%
New Mexico State Fair	161	\$831,089	\$1,980,911	\$648,716	\$3,460,716	\$21,495	24%	57%	19%
SunRay Park	324	\$540,581	\$2,986,315	\$173,926	\$3,700,822	\$11,422	15%	81%	5%
Sunland Park	659	\$3,384,841	\$12,444,340	\$1,073,010	\$16,902,191	\$25,648	20%	74%	6%
Zia Park	533	\$2,123,900	\$10,098,390	\$752,160	\$12,974,450	\$24,342	16%	78%	6%
Total	2,620	\$9,662,966	\$35,525,701	\$12,916,586	\$58,105,253	\$22,178	17%	61%	22%
<i>Without Ruidoso Downs</i>	<i>2,060</i>	<i>\$8,109,566</i>	<i>\$32,197,701</i>	<i>\$2,788,690</i>	<i>\$43,095,957</i>	<i>\$20,920</i>	<i>19%</i>	<i>75%</i>	<i>6%</i>

The calculation for determining purse funds is complicated in New Mexico and is not easily calculated using available data. The table below shows the Track Purses given away, compared to the Total Handle and the calculated Net Commissions. There are some inherent issues with this comparison, as it assumes the Purses given away were 100% of the Purses earned and there would also be a timing difference of when the purses would be generated and when they would be paid out. However, for the purposes of our work in modeling the potential 6th licensee in the State, we had to utilize some assumptions in how purses are calculated.

TABLE 71: PURSES AND COMMISSIONS

Track	Track Purses	Handle	Purses % of Handle	Net Commissions (less Taxes, etc.)	Purses % of Net Commissions
Ruidoso Downs	\$1,553,400	\$24,388,718	6.4%	\$4,632,080	33.5%
Downs at Albuquerque	\$1,229,155	\$27,598,278	4.5%	\$5,205,647	23.6%
New Mexico State Fair	\$831,089	\$5,034,051	16.5%	\$1,041,264	79.8%
SunRay Park	\$540,581	\$7,215,979	7.5%	\$1,529,705	35.3%
Sunland Park	\$3,384,841	\$64,418,230	5.3%	\$13,119,237	25.8%
Zia Park	\$2,123,900	\$28,893,208	7.4%	\$6,102,985	34.8%
Total	\$9,662,966	\$157,548,464	6.1%	\$31,630,918	30.5%
<i>Without State Fair</i>	<i>\$8,831,877</i>	<i>\$152,514,413</i>	<i>5.8%</i>	<i>\$30,589,654</i>	<i>28.9%</i>

PROJECTIONS FOR 6TH RACING LICENSE

The data provided in the bids was inconsistent with regards to an outline for the estimated racing program that will be offered. Some data was provided, but other data must be inferred from current trends in the State and logic related to adding additional racing product. The table below outlines some metrics used in handle estimates.

TABLE 72: ESTIMATED STALLS, HORSES, STARTERS AND RACES

Track Location	La Posada Clovis	Curry Downs Clovis	Clovis Race Track & Casino Clovis	Hidalgo Downs Lordsburg	Coronado Park Tucumcari
Season	Late Feb-May	Spring	Mid March-Mid May	Apr-Dec	Mid March-Mid May
Stalls	1,500	1,008	1,000	1,500	1,114
Occupied % Est.	<a> 95%	95%	95%	75%	95%
Occupied Stalls	1,425	958	950	1,125	1,058
Starts per Stall (Est.)	 3.1	3.8	2.5	2.4	2.8
Total Starts	4,440	3,663	2,398	2,736	2,960
Starters Per Race	7.4	7.4	7.4	7.6	7.4
Thoroughbred	<c> 7.0	7.0	7.0	7.0	7.0
Quarter Horse	<c> 8.0	8.0	8.0	8.0	8.0
Race Days	60	55	36	60	40
Breed Mix	60% TB / 40% QH	60% TB / 40% QH	60% TB / 40% QH	40% TB / 60% QH	60% TB / 40% QH
Total Races	600	495	324	360	400
Thoroughbred	360	297	194	144	240
Quarter Horse	240	198	130	216	160
Races Per Day	<d> 10.0	9.0	9.0	6.0	10.0
Thoroughbred	6.0	5.4	5.4	2.4	6.0
Quarter Horse	4.0	3.6	3.6	3.6	4.0

Notes:

<a>: The assumption is that the barn areas will be relatively full, similar to how they are now at the current tracks in the state. We are predicting that Hidalgo Downs will have more difficulty filling their stalls due to the remote location of the track.

: Starts per stall is a difficult metric to predict, as at some tracks it would be aggressive to estimate over 3 starts per stall during a race meet. La Posada and Currey Downs project above 3, only as a byproduct of the stalls available, the number of racing days and the estimated starters per race (which is conservative based on the trends in the State).

<c>: The projection here is that starters per race will be conservatively less than what the current tracks see.

<d>: La Posada and Coronado Park both stated a desire to run 10 races per day, which was included in the model and does not seem unreasonable. Hidalgo Downs stated they would run 6 races per day, which is on the very low in comparison to other tracks in the country, but nevertheless was included. Curry Downs and Clovis Race Track were modeled at 9 per day, as it seemed the most reasonable based on the potential purses and estimated occupied stalls.

TABLE 73: HANDLE PROJECTIONS

Track Location		La Posada Clovis	Curry Downs Clovis	Clovis Race Track & Casino Clovis Mid March-Mid May	Hidalgo Downs Lordsburg	Coronado Park Tucumcari Mid March-Mid May
Season		Late Feb-May	Spring		Apr-Dec	
Live Handle Per Day		\$52,000	\$46,800	\$32,400	\$20,400	\$52,000
Live Handle Per Race		\$5,200	\$5,200	\$3,600	\$3,400	\$5,200
Thoroughbred	<e>	\$6,000	\$6,000	\$4,000	\$4,000	\$6,000
Quarter Horse	<e>	\$4,000	\$4,000	\$3,000	\$3,000	\$4,000
Total Live Handle		\$3,120,000	\$2,574,000	\$1,166,400	\$1,224,000	\$2,080,000
Export Handle Per Day		\$210,000	\$189,000	\$189,000	\$114,000	\$210,000
Export Handle Per Race		\$21,000	\$21,000	\$21,000	\$19,000	\$21,000
Thoroughbred	<e>	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Quarter Horse	<e>	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Total Export Handle		\$12,600,000	\$10,395,000	\$6,804,000	\$6,840,000	\$8,400,000
Handle Per Starter		\$3,541	\$3,541	\$3,324	\$2,947	\$3,541
Simulcast Handle Per Day		\$9,149	\$8,970	\$8,289	\$8,322	\$8,433
Live Racing	<f>	\$20,000	\$20,000	\$20,000	\$15,000	\$20,000
Simulcast Only	<f>	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Total Simulcast Handle		\$3,321,000	\$3,256,000	\$3,009,000	\$3,021,000	\$3,061,000
Total Handle		\$19,041,000	\$16,225,000	\$10,979,400	\$11,085,000	\$13,541,000

Notes:

<e> and <f>: Expected Live and Export Handle estimates were determined by looking at the current trends in New Mexico and anticipating a continued decline in racing handle, which follows trends in the industry.

TABLE 74: PROJECTED PURSES, TAXES, AND COMMISSIONS

Track Location		La Posada Clovis	Curry Downs Clovis	Clovis Race Track & Casino Clovis	Hidalgo Downs Lordsburg	Coronado Park Tucumcari
Season		Late Feb-May	Spring	Mid March-Mid May	Apr-Dec	Mid March-Mid May
Estimated Purses from Pari-Mutuels	<g>	\$1,104,378	\$941,050	\$636,805	\$642,930	\$785,378
		7%	8%	6%	15%	8%
Estimated Gaming Revenues		\$68,290,692	\$54,306,380	\$52,136,347	\$17,954,443	\$43,269,811
Estimated Purses from Gaming		\$13,658,138	\$10,861,276	\$10,427,269	\$3,590,889	\$8,653,962
		89%	88%	92%	81%	87%
Estimated Purses Available from other Sources (entry fees, breeders, etc)	<h>	\$500,000	\$500,000	\$250,000	\$200,000	\$500,000
Total Purses Available		\$15,262,516	\$12,302,326	\$11,314,075	\$4,433,819	\$9,939,340
Purses Per Day		\$254,375	\$223,679	\$314,280	\$73,897	\$248,484
Purses Per Race		\$25,438	\$24,853	\$34,920	\$12,316	\$24,848
Estimated Pari-Mutuel Taxes	<i>					
Live Racing		\$11,544	\$9,524	\$4,316	\$4,529	\$7,696
Simulcast		\$6,144	\$6,024	\$5,567	\$5,589	\$5,663
Total		\$17,688	\$15,547	\$9,882	\$10,118	\$13,359
Daily Tax (\$650)	<i>	\$39,000	\$35,750	\$23,400	\$39,000	\$26,000
Daily License Fee (\$500)	<i>	\$30,000	\$27,500	\$18,000	\$30,000	\$20,000
Other Fees (\$1000)	<i>	\$60,000	\$55,000	\$36,000	\$60,000	\$40,000
Total Taxes and Fees to State (From Pari-Mutuel Activity)		\$146,688	\$133,797	\$87,282	\$139,118	\$99,359
Capital and Testing Fund	<i>	\$171,369	\$146,025	\$98,815	\$99,765	\$121,869
Track Commission		\$4,093,815	\$3,488,375	\$2,360,571	\$2,383,275	\$2,911,315
Net commissions (less Taxes & Purses)		\$2,671,380	\$2,267,503	\$1,537,669	\$1,501,462	\$1,904,709

Notes

<g>: As mentioned with the table above, calculating Purses is complex. For this model, we used conservative averages based on the data preceding.

<h>: The additional funds available for purses via entry fees, nomination fees, or breeder fees is unknown, so a rough estimate was used as their will likely be some funds available depending on how the race meets are structured.

<i>: Estimated Taxes and Fees were determined using data in in previous tables.

<j>: Estimated Commissions were determined using data in previous tables.

SUMMARY AND THOUGHTS ON SUBMITTED PROPOSALS

As with many States, the purses and racing product in New Mexico is supported disproportionately with proceeds from casino gaming. The proposals submitted for a 6th racino are no different. Below, we outline some of the concerns we see in the proposals, as well as some positives of what the facility can do for New Mexico.

La Posada:

- They offer the largest combination of Stalls and Races, not to mention the best potential available total purses.
- The ideas in the bid related to the moving grandstand are intriguing but do not seem feasible from a cost and safety stand point.
- The bid indicated flexibility with selecting dates and a willingness to work with all related parties for the benefit of New Mexico horsemen.

Curry Downs:

- As with La Posada, the Curry Downs proposal focused on being flexible for the benefit of New Mexico horsemen. They included a few different proposals but provided estimates on 55 race days.
- We do not think the turf course proposed is feasible, as they may be severely underestimating the cost to build and maintain, without seeing a return on the investment through large enough gains in handle.

Clovis Race Track and Casino:

- The proposal called for 36 race days, which seem low considering the number of stalls available, and the potential for purses. With our estimates of casino-funded purses, the average purse per day equates to \$314K per day, which would far exceed the current State average of \$212K per day.
- The bid did not provide an estimate of Thoroughbred to Quarter Horse mix, so we estimated it at 60% Thoroughbred, 40% Quarter Horse.

Hidalgo Downs:

- The submission was light on details, but what was included could be concerning.
- A backside with 1,500 stalls should race more than 6 races and 60 days over the course of 8 months. Spreading out the races and days over that long of a period will be extremely costly for the track and it seems unlikely, given the remote location, they could be successful and profitable from a racing perspective.
- Estimated Live and Simulcast Handle numbers are predicted to be lower than in other parts of the State, due also to the smaller population and location.

Coronado Park:

- The Tucumcari area appears to be strongly in favor of having the race track as to some of the opposition voiced in Clovis.
- The upside in the casino and track revenues aren't as high as they might be in Clovis, but the location might have some advantages due to being on I-40, the proximity to Amarillo, and the greater distance away from existing tracks.

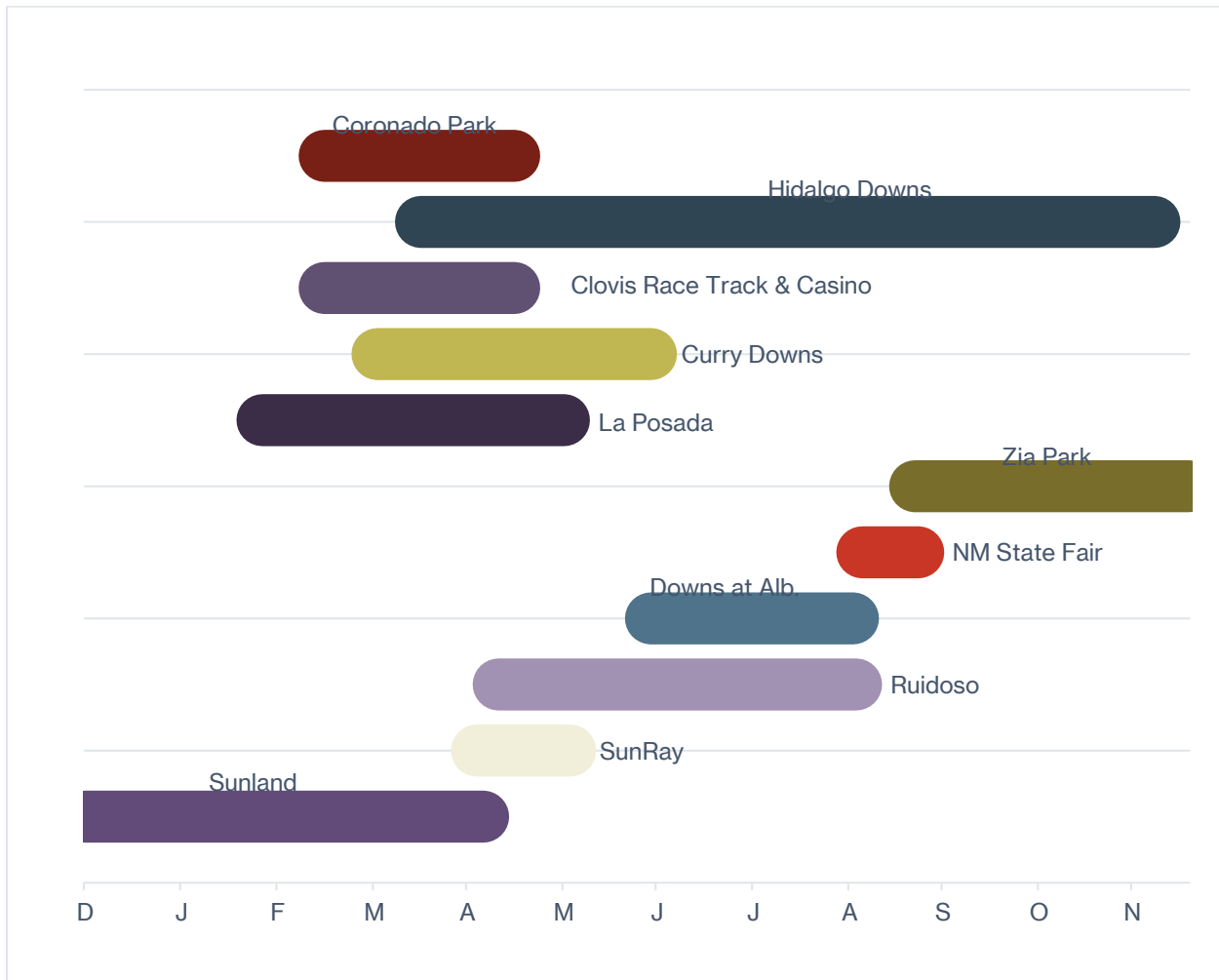
FINAL THOUGHTS ON RACING

The two greatest concerns raised in evaluating the bids and listening to some of the parties in the State with a vested interest are: Does New Mexico have the man power and the horse power to support another track? It is difficult to say for certain, but with a strategic alignment of dates and horses, the State could absorb the additional dates and provide more value to New Mexican horsemen, which could help stabilize and grow the industry in the State.

Due to the fact that a large percentage of the purses will come from gaming, and those gaming dollars are largely independent from any cannibalization of current tracks, the purses will be too attractive to not garner interest from current horsemen in state and those in other states. This will drive more horses and more horsemen into the State as well as potentially increase the awareness and attractiveness of the horse breeding industry in the State.

Along with this however, there has to be a commitment from the State to find the right mixture of dates at the new track, as it will certainly cause overlap with other tracks. As you can see in the following chart, Zia and Sunland face very little overlap in days from other tracks, which also means they face very little competition in the State for the necessary labor needed to operate a race meet (officials, backside workers, tellers, etc.).

CHART 3: NEW MEXICO RACE MEET OVERLAP (PROPOSED 2018-19 DATES)



Racing at a new track during the same time as Ruidoso Downs or Downs at Albuquerque would not be advised, as it would likely put strain on the racing product and labor supply in the State.

ECONOMIC IMPACTS ANALYSIS

The construction and operation of the racetracks, gaming facilities and ancillary amenities would provide significant economic benefits to each of the respective regions in which they are being proposed. These benefits will likely spread well beyond the counties in which they are proposed, given that a) several of the sites are located proximate to county lines, b) the population bases and labor forces in the host counties may be too small to support the labor demands for construction and operation (particularly with respect to providing skilled labor), and c) major suppliers may be elsewhere in the state (particularly the Albuquerque area). Given these caveats, and the fact that this is a comparative analysis to be viewed at the State level, in this section of our analysis we seek to measure the relative benefits that may accrue from each proposed development/operation. We also provide some insight into the population and industry base of the respective local populations, in order to demonstrate the local capacity to provide the labor necessary to develop and operate these facilities (recognizing that the need to have employees drive an hour to work should not be disqualifying, just comparatively challenging).

This section is followed by a socio-economic impact analysis, providing a more qualitative analysis of what the development of a new racetrack casino facility could mean for each of these communities. This includes a survey of what other communities have experiences from a public service impact perspective of adding a casino to their market, as well as negative externalities of adding gaming that have been experienced (i.e. crime, traffic, problem gaming). Public feedback in each of these markets, as drawn from public meeting records and letters to the Racing Commission, are also taken into consideration to determine the level of support and possible social costs of gaming for each of these communities.

COUNTY DEMOGRAPHICS

POPULATION

Three of the license bids are in Curry County (Clovis Racetrack, LM/Curry Downs and La Posada), with one each in Hidalgo County (Hidalgo Downs) and Quay County (Coronado Tucumcari). The sites in Curry County are in Clovis, proximate to the Roosevelt County line, as well as the Texas state line (approximately 9 miles via Route 60). The site in Hidalgo County is in Lordsburg, proximate to the Grant County line, as well as to the Arizona state line (approximately 22 miles via I-10). The site in Quay County is in Tucumcari, proximate to the San Miguel County line, but the furthest of the three potential host cities from the nearest state line (approximately 100 miles from Texas via I-40). These three towns are the county seats of their respective counties, with no other significant towns or villages in any of the three counties. The neighboring counties to those in which racetrack casinos are proposed are all comparatively sparsely populated, with the exception of Grant County (when compared relative to Hidalgo County).

As of July 2017, the total population of New Mexico was 2,088,070.¹⁵ Approximately half of this population is concentrated in the three largest counties – Bernalillo, Doña Ana and Santa Fe Counties. Curry County ranks in the upper half of New Mexico’s 33 counties in terms of population base, while Quay and Hidalgo both rank near the bottom. The following table demonstrates the 2010 Census, 2017

¹⁵ United States Census Bureau, 2017 Census estimate. <https://www.census.gov/quickfacts/nm>, accessed October 19, 2018.

Census estimate and projected 2020 county populations (based on historical growth)¹⁶, for each New Mexico County, ranked in order of 2017 population.

TABLE 75: NEW MEXICO COUNTY POPULATION ESTIMATES

COUNTY	CENSUS 2010 POPULATION	2017 CENSUS POPULATION ESTIMATE	2020 POPULATION ESTIMATE
Bernalillo	662,564	676,773	682,323
Doña Ana	209,233	215,579	217,964
Santa Fe	144,170	148,750	150,599
Sandoval	131,561	142,507	147,079
San Juan	130,044	126,926	125,546
Valencia	76,569	75,940	75,579
McKinley	71,492	72,564	72,950
Lea	64,727	68,759	70,625
Otero	63,797	65,817	66,440
Chaves	65,645	64,866	64,500
Eddy	53,829	56,997	58,374
Curry	48,376	49,812	50,180
Rio Arriba	40,246	39,159	38,680
Taos	32,937	32,795	32,752
San Miguel	29,393	27,748	27,067
Grant	29,514	27,687	26,991
Cibola	27,213	26,853	26,656
Luna	25,095	24,078	23,660
Lincoln	20,497	19,395	18,960
Roosevelt	19,846	18,847	18,365
Los Alamos	17,950	18,738	19,066
Socorro	17,866	16,798	16,390
Torrance	16,383	15,506	15,139
Colfax	13,750	12,174	11,561
Sierra	11,988	11,116	10,742
Quay	9,041	8,306	8,000
Mora	4,881	4,551	4,412
Guadalupe	4,687	4,429	4,320
Hidalgo	4,894	4,305	4,086
Union	4,549	4,187	4,043
Catron County	3,725	3,587	3,519
De Baca	2,022	1,829	1,749
Harding	695	692	691
Total	2,059,179	2,088,070	2,099,008

Source: U.S. Census. 2020 estimates by CSG.

Notable from the preceding table is that while most of the counties with the largest population bases are experiencing population growth, most of the counties with the smallest bases have been experiencing population declines. In particular, Quay and Hidalgo Counties are experiencing significant population declines, with Hidalgo estimated to be losing 1.73 percent of its population annually since

¹⁶ United States Census Bureau, 2017 Census estimate.

<https://www.census.gov/data/tables/2017/demo/popest/counties-total.html>, accessed October 19, 2018. 2020 Estimates by CSG based on July 2010 and July 2017 Census estimates.

2010 and Quay losing 1.24 percent annually. In contrast, the statewide average has shown a gain of 0.16 percent annually, with Curry County adding 0.25 percent annually.¹⁷ However, outward migration often is tied to job opportunities, so the 2017-2020 growth estimates could certainly be impacted/reversed if there is construction and operation of a racetrack casino in one of these locations.

At the local city level, population growth rates have closely tracked their respective county growth rates, given that they account for the majority of their county population bases. The city of Clovis had a population estimate of 38,962 in 2017, up from 38,278 in 2010, for an average annual growth of 0.25 percent. Clovis accounted for over 77 percent of the Curry County population in 2017. Curry County also is comprised of the city of Texico (1,117 residents), the villages of Melrose and Grady (639 and 105 residents, respectively), several unincorporated communities and the Cannon Air Force Base. The city of Lordsburg had a population estimate of 2,464 in 2017, down from 2,786 in 2010, for an average annual decline of 1.74 percent. Lordsburg accounted for 60 percent of the Hidalgo County population in 2017, with the village of Virden having the only notable population base (131 residents). The city of Tucumcari had a population estimate of 4,915 in 2017, down from 5,363 in 2010, for an average annual decline of 1.30 percent. Tucumcari accounted for 61 percent of the Quay County population in 2017. The majority of the balance of Quay were in the villages of Logan (972 residents), San Jon (200 residents) and House (63 residents).¹⁸

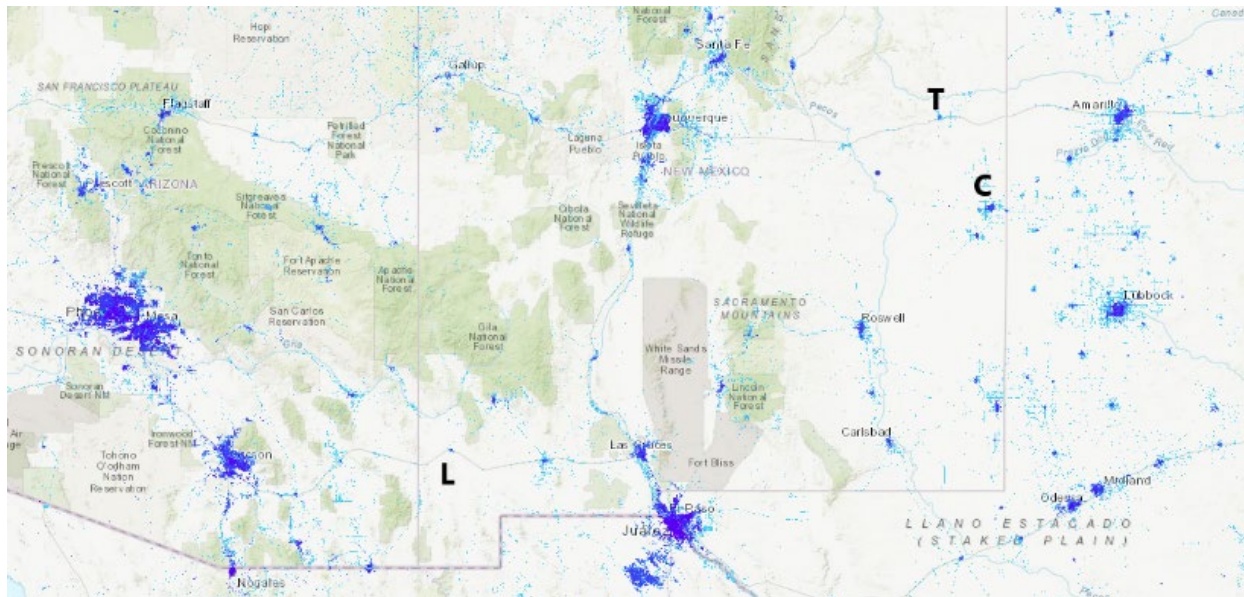
Neighboring counties for the sites in eastern New Mexico have few major population centers. For example, the proximate county to Tucumcari is San Miguel, where the largest population base is the city of Las Vegas, population 13,201, on the west side of the county (approximately 108 miles from Tucumcari via NM-104; it is more of a suburb to Santa Fe than it is a neighbor to Quay County, as the eastern half of the county is relatively desolate). The only other notable population center in San Miguel is the village of Pecos, population 1,316. The only notable population base in Roosevelt County is in the city of Portales (population 11,850). There are no other towns or villages with population bases of more than 150.¹⁹ The proximate county to Lordsburg is Grant, where the largest population bases are the city of Bayard (population 2,185), the towns of Silver City (population 9,647, located 44 miles northeast of Lordsburg via NM-90) and Hurley (population 1,210) and the village of Santa Clara (1,800 residents).

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

MAP 15: REGIONAL POPULATION DENSITY



C: Clovis; L: Lordsburg; T: Tucumcari. Source: ESRI.

COUNTY LABOR MARKETS

The state of New Mexico reached is currently experiencing its lowest unemployment levels since August 2008, as are most of the counties analyzed in this report. Statewide, the unemployment rate was 4.6 percent in August 2018, down notably from rates that were in the 6 to 7 percent range as annual averages from 2014 through 2017.²⁰ Quay County's unemployment rate historically has been very close to the statewide average, while Curry County generally has been well below the statewide average. Hidalgo County has a very low labor force volume, such that any volatility in county employment can have a significant impact on the county unemployment rate, and as such does not closely mirror statewide trends.

The statewide labor force currently stands at approximately 940,000 persons, of which 43,345 are considered unemployed. Of the three counties potentially hosting the new racetrack casino, Curry County has by far the largest labor force, with 21,874 in August 2018 (remaining relatively static since 2014 at 21,000 to 22,000). The unemployment level has remained under 1,000 persons in Curry County for 2018 year-to-date, the first time this has occurred since 2008. As a result, the August 2018 unemployment rate in the county was 4.1 percent; the unemployment rate had been relatively flat from 2014 to 2017, with annual averages ranging from 4.8 percent to 5.1 percent.²¹

In contrast to Curry County, the labor forces and volumes of unemployed workers in Quay County and Hidalgo County are small, such that it would be necessary to draw the majority of workers from afield in order to develop and operate facilities. The labor force volume in Quay County in August 2018 was 3,189, reflecting minimal variance from annual averages for 2014-2017. The unemployment level in Quay was 161 persons, or 5.0 percent in August 2018. This represents a considerable decline from previous years, where the unemployment level ranged from 6.2 to 7.1 percent from 2014-2017 and the

²⁰ U.S. Bureau of Labor Statistics data, as published by www.economagic.com. Accessed October 20, 2018.

²¹ Ibid.

annual unemployment level ranged from 200 to 231. The labor force in Hidalgo County is even smaller, with a total of 2,186 in August 2018. This volume has not been volatile since 2014. However, the unemployment level has fallen considerably over the past year, to 100 persons in August 2018 (the lowest monthly total since 2008). As a result, the Hidalgo County unemployment rate was 4.6 percent in August 2018, steadily falling from a rate of 7.1 percent in 2014.²²

TABLE 76: COUNTY HISTORICAL LABOR FORCE DATA

	2014	2015	2016	2017	Aug-18
Labor Force					
Curry County	21,696	21,806	21,776	22,017	21,874
Quay County	3,305	3,257	3,182	3,210	3,189
Hidalgo County	2,147	2,127	2,182	2,107	2,186
San Miguel County	11,003	11,041	10,994	10,852	10,504
Grant County	12,521	12,417	12,353	12,153	11,932
Roosevelt County	8,126	8,008	7,997	7,937	7,814
New Mexico	927,187	928,075	928,768	929,395	939,866
Unemployment Level					
Curry County	1,100	1,063	1,102	1,066	900
Quay County	217	231	216	200	161
Hidalgo County	153	132	121	109	100
San Miguel County	896	846	846	807	631
Grant County	827	803	797	748	583
Roosevelt County	451	432	456	419	358
New Mexico	61,989	60,551	62,081	57,216	43,345
Unemployment Rate					
Curry County	5.1%	4.9%	5.1%	4.8%	4.1%
Quay County	6.6%	7.1%	6.8%	6.2%	5.0%
Hidalgo County	7.1%	6.2%	5.5%	5.2%	4.6%
San Miguel County	8.1%	7.7%	7.7%	7.4%	6.0%
Grant County	6.6%	6.5%	6.5%	6.2%	4.9%
Roosevelt County	5.6%	5.4%	5.7%	5.3%	4.6%
New Mexico	6.7%	6.5%	6.7%	6.2%	4.6%

Source: U.S. Bureau of Labor Statistics.

²² Ibid.

ECONOMICS OF BID SPECIFICATIONS

In order to determine the potential economic impacts of proposed racetrack gaming facilities, Convergence Strategy Group:

- Reviewed the bid submissions to try to determine:
 - What each bidder intended as a development cost and timeline
 - What each bidder was proposing as gaming and non-gaming elements of their racinos
 - What each bidder was proposing as a racing season and racing product
- Collected statewide multipliers from the U.S. Bureau of Economic Analysis to estimate what construction and spending would mean for each bid in terms of total economic impact to the State from a spending, earnings, jobs and fiscal impact perspective
- Utilized the results of our gaming market estimates and racing demand estimates as inputs for the economic impact models.

Notably, what Convergence Strategy Group did not do is utilize the market assessments and economic impact assessments provided in *some* of the bid submissions for use in our models. This happened for three reasons: 1) Not all of the bids included demand models, economic impact models, or both, 2) We found flaws (calculation errors, unreasonable assumptions) in most, if not all of the models in the submitted reports, but given that only some bids included such reports, it was not fair to have a relative opinion on a submitted/flawed report versus a bid without any attached reports, and 3) the objective of this report is to provide unbiased estimates for each of the bids, and the best way to do that is to have a common set of assumptions and/or use a single model to drive the results. In our experience, comparing economic impact analyses side-by-side without a common set of assumptions or methodology can yield wildly different conclusions.

Bid documents were relatively vague from a development cost perspective on how the money would be spent. For the casino and hotel developments, CSG used its proprietary construction models to estimate what the development and Furnishings, Fixtures and Equipment (“FF&E”) costs would be for those components. Similarly, we estimated what the paving costs would be for parking areas, based on the announced number of paved parking spaces. We recognized that racetrack development costs, ranging from the grandstands to the stalls may have the widest variance in terms of cost, as their construction, surfaces, exteriors and interiors could be more vastly different than what typically varies for hotel or slot facility constructions. We therefore estimate those costs as being components of the net of total cost, less hotel (where proposed) and slot facility costs, with a balance reserved for land, pre-opening, design and finance costs. Where provided in the bids, such costs were input into the models.²³ Assumptions then also need to be made regarding what percentage of the development costs are spent in-state, in terms of construction spending, FF&E spending, design spending and professional services spending. We also understand that bidders are planning on purchasing 80 to 90 percent of their slots, with the balance being leases. As slot machines are not likely to be in-state purchases, these costs are netted out of the economic impact model, at an estimated average cost of approximately \$18,500 per device.²⁴

²³ An exception to this was the bid for Coronado (Tucumcari), which appeared to have conflicting development cost assertions in the bid. Innovation Capital asserted that the project was \$78.5 million, while the economic impact assessment provided stated a cost of \$61.7 million. Our calculations utilize the \$78.5 million figure, but also will demonstrate the relative change/rank if using the lower figure.

²⁴ CSG notes that The Innovation Group’s economic impact study submitted with the LM Entertainment/Curry Downs bid suggested that approximately \$10 million of the projected development cost was for slot machine purchases. Based on questions posed to the applicants for the purpose of this analysis, LM Entertainment/Curry Downs stated that they intended to

Economic impacts are considered in two phases: the construction phase and the operating phase. The development phase is considered as a one-time benefit to the market, in that the impacts occur for a brief period (during construction) and disappear once construction is complete (aside from the ripple effect in the economy resulting from the initial expenditures). The proposed timeframe for development of the facilities ranges by bidder from less than one year to approximately 18 months. From an employment perspective, projections are provided in terms of man-years of employment. Thus, if everyone is employed for the full term of construction, and the full term is 18 months, the job forecast would reflect 1.5 times the number of people that would actually be employed. However, the opposite is generally the case, which makes construction labor estimates difficult to reasonably equate to labor availability. Construction workers that deal with site work generally are involved early in the process, but would have less involvement once construction starts and becomes limited to interiors work. Similarly, painters, carpet-layers and electricians may likely have minimal involvement during the initial months of construction. As a result, during the construction phase the actual number of people that will be employed in some fashion to help develop a racino will likely well exceed the forecast of quantity of man-years of employment, but most may only work for a small fraction of the construction timeline.

The operating phase for the economic impacts reflects ongoing, annual impacts from operations. For the purpose of this analysis we use our projections for racing and gaming operations from the gravity model forecast year of 2021, which should closely reflect stabilized operation. These models also consider the share of demand that would come from out-of-state patrons for the gaming and racing operations and potential substitution effects for other local businesses and gaming/racing facilities. We also estimate jobs and earnings for facility workers, based on the scale and demand for each of the facilities, using data from comparable racinos elsewhere in the country.

CONSTRUCTION MODEL

Based on reports provided to CSG, as well as press releases found via internet search, we understand project budgets for the five bids range from \$50 million for Clovis Racetrack to \$200 million for La Posada. The other three bids are nearly identical to each other in cost, at \$75 to \$80 million.²⁵ The following table summarizes and compares costs, scales and amenity mixes between the five bids. According to bid documents, all tracks will be one-mile ovals:

purchase 90 percent of their 600 devices, which would equate to \$18,500/device to arrive at \$10 million. We believe this is a reasonable average and apply it to all models.

²⁵ Costs for all bids, except La Posada, are from bid documents provided to CSG from NMRA. Estimated cost for La Posada from Steve Sinovic, "Clovis racino draws another player," August 20, 2018. <https://www.abqjournal.com/1211123/clovis-racino-draws-another-player.html>.

TABLE 77: BID AMENITY MIX AND SCALE

	HIDALGO	CORONADO	CLOVIS	LM/CURRY	LA POSADA
# of slots	600	600	600 ^(a)	600	600 ^(a)
# of hotel rooms	135	-	-	-	300
# of horse stalls	1,500	1,114	1,000	1,448	1,500
# of acres	Not stated	330	130	169	520
Land cost	Not stated	\$3.2M	\$780K	Not stated	\$3.0M
Development cost	\$80M	\$78.5M ^(b)	\$50M	\$75M	\$200M
Other amenities	Steak house Sports bar Casual dining Entertainment bar 1,500 seat grandstand Racing/Rodeo HOF Rodeo grounds	100-seat buffet 50-seat Turf Club rest. 804-seat clubhouse 256-seat Turf Club 80-seat OTB Covered grandstand Gift shop	Mexican restaurant Jockey Club Bar and grill	80-100 seat steakhouse Snack bar 200-seat Turf Club Beer garden 1,200 seat grandstand	New Mexican fine dining Boot Scootin' bar Burgers and Ribs Café Azteca coffee & shakes 75-space RV park Moving grandstand Golf course

Note: We understand Clovis Racetrack has stated intentions of acquiring 150 additional devices, as part of a Phase 2 development to include a hotel. We do not address Phase 2 proposals in this analysis.

- (a) Clovis and La Posada proposals call for the potential installation of 750 slots, though the maximum that is allocated to each racino is 600. It will therefore be necessary to acquire an additional from another operator in the state to get to 750 devices, which may not be initially necessary given our demand forecasts. From a development cost standpoint, the incremental 150 devices is not a factor anyway.
- (b) The proposed development cost for Coronado varies in the documents provided, from \$61.7 million in the economic impact analysis to \$65 million in the PowerPoint Presentation to \$78.5 million as per the Innovation Capital letter in the bid. We have not been provided with an explanation for the discrepancies, i.e. whether certain figures include/exclude financing fees, land, slot purchases, etc. This is notable in that while the Coronado budget at \$78.5 million is comparable to Hidalgo and Curry, at \$61.7 million to \$65 million it would be an outlier. We assume the \$78.5 million figure is correct (i.e., we assume the other figures are net of non-construction costs) for this report but provide this note as a caveat.

The projected development costs for each of the projects is provided in the preceding table, but there was no elaboration provided in the bids as to how the cost estimates were calculated. Specifically, no mention was made as to how much was allocated to pre-opening costs, finance costs, working capital, design fees and the purchase of slot machines, or, in most of the bids, whether these costs were included in the development cost estimate total. Based on the amenities and scale of amenities planned for each of the projects, as well as typical design and finance fees for these types of projects, we made the following estimates regarding construction costs and FF&E costs for each of the project bids. Furthermore, we made uniform assumptions regarding the percentage of construction (85 percent), non-slot FF&E (70 percent) and business services (33 percent) that would come from New Mexico for the purpose of estimating the direct impact on the labor market. In total, we estimate that approximately 63 to 73 percent of the total development costs will be spent in New Mexico, with variance in the estimates generally related to the share of total cost allocated to slot purchases (i.e., slots are estimated to account for nearly 18 percent of the Clovis development cost, 4.4 percent of the La Posada development cost and 11 to 13 percent of the development cost for the other three bids.

It should be noted that since these projects are in areas where there is not a large construction industry, it may be a bold assumption that the majority of the construction expenditures will take place in New Mexico, paying New Mexico construction companies, particularly given the proximity to state lines for Lordsburg and Clovis. There is therefore naturally a risk that these expenditures will not materialize in New Mexico, but there is no way to handicap which bidder will be more or less likely than others to utilize New Mexico companies or purchase materials in New Mexico.

TABLE 78: ESTIMATED DEVELOPMENT EXPENDITURES, BY CATEGORY

	La Posada	Hidalgo	Coronado	LM/Curry	Clovis
Total Cost	\$200,000,000	\$80,000,000	\$78,500,000	\$75,000,000	\$50,000,000
Construction	\$144,902,890	\$54,637,578	\$52,407,382	\$48,396,249	\$31,296,822
Slots	\$8,880,000	\$8,880,000	\$8,880,000	\$9,990,000	\$8,880,000
Other FF&E	\$31,720,426	\$10,759,702	\$11,841,936	\$11,523,709	\$6,326,647
Other*	\$23,376,684	\$14,602,720	\$14,250,682	\$15,080,042	\$12,376,530
NM Construction	\$123,167,456	\$46,441,941	\$44,546,275	\$41,136,812	\$26,602,299
NM FF&E	\$22,204,298	\$7,531,792	\$8,289,355	\$8,066,596	\$4,428,653
NM Other	\$1,483,906	\$568,498	\$477,075	\$442,214	\$328,855

*Other costs may include working capital, finance costs, land costs, architectural design services, other professional services, and other pre-opening costs.

Again, as footnoted in the preceding table, we assume the \$78.5 million total for Coronado is the correct top-line figure to use. If one of the other figures presented by Coronado is correct (\$61.7 million to \$65 million), Coronado would rank between LM/Curry and Clovis rather than comparable to Hidalgo and LM/Curry.

Our understanding is that bidders intend to purchase 80 to 90 percent of their slots, with the balance being leases (LM/Curry was the only one to state an intent of 90 percent).

ECONOMIC IMPACT OF CONSTRUCTION

As noted above, construction impacts are temporal in that they only are experienced during the construction phase of the project, with some ripple effects in the local economy for a short period after construction is completed. Ripple effects are essentially a multiplier effect, meaning that money earned by construction employees and materials suppliers will then be re-spent in the local (New Mexico) economy, further benefiting other businesses in the state, as well as the benefits resulting from the incremental spending ability of those businesses, and so on.

CSG created economic impact models using RIMS II multipliers, created by the U.S. Bureau of Economic Analysis, based on cross-industry purchasing patterns in New Mexico. These multipliers are applied to the direct spending totals, by category above, in order to calculate the overall economic impacts in terms of Output, Earnings, and Employment. These are not annual totals, rather they are the overall impact generated in the statewide economy as a result of the construction process, with the Employment estimate being calculated in terms of man-years of employment.

Total Output is an aggregation of the value of goods and services that go into the construction of the racetrack casino project, together with the ripple effect in the economy (calculated using the multipliers applicable to the construction industry, business services and wholesale goods, as applied to the dollars projected to be spent in-state). We estimate Total Output to be in the range of \$54 million for Clovis Downs to \$254 million for La Posada, with the other three projects being relatively comparable to one another, at \$86 million to \$95 million (i.e. the result is that the overall spending amounts are approximately 110 to 127 percent greater than the proposed development budgets).

Direct labor costs were estimated to equate to 40 percent of the total in-state construction expenditures, with earnings accounting for 85 percent of that total (the balance being labor burden). As a result of expenditures by the construction firms, suppliers of FF&E and professional service firms and the ripple effect in the statewide economy, statewide household earnings during the development phase are projected to increase by \$18 million (Clovis Racetrack) to \$85 million (La Posada). Incremental earnings for the other three projects are projected to be comparable, at \$29 million to \$32 million.

As a result, the projected man-years of employment attributable to the development of the 6th racetrack casino property in New Mexico would range from 395 to 1,843 (with the three comparable properties generating employment of 622 to 687 man-years). Direct jobs, which account for slightly less than half of the overall man-years of labor that will be induced by the facility development, will be a combination of skilled labor and unskilled manual labor, but the totals would clearly be far greater than exists in the labor force in the host counties. This is both a positive and a potential negative, as it can create job opportunities statewide and would have substantial benefits to the local communities, but also provides risk in the fact that scarce labor availability may induce construction delays and cost run-ups. It should be noted that it is difficult, and potentially misleading, to relate this employment to the unemployment rate in the county, region or state in order to demonstrate potential changes in unemployment rates. Construction and related work is done on a project basis, such that the forecast direct man-years of labor demand will reflect a mix of new, temporary job opportunities for those that are currently unemployed and those that are in the industry and wishing to sustain their employment.

TABLE 79: ECONOMIC IMPACT CONSTRUCTION MODEL RESULTS

	DIRECT	INDIRECT	TOTAL
LA POSADA			
Spending	\$146,855,660	\$107,478,801	\$254,334,462
Earnings	\$41,876,935	\$43,321,054	\$85,197,989
Employment (Man Years)	991	853	1,843
HIDALGO			
Spending	\$54,542,230	\$40,039,387	\$94,581,618
Earnings	\$15,790,260	\$15,921,818	\$31,712,078
Employment (Man Years)	374	313	687
LM/CURRY			
Spending	\$53,312,705	\$38,976,389	\$92,289,094
Earnings	\$15,145,733	\$15,758,634	\$30,904,368
Employment (Man Years)	358	310	669
CORONADO			
Spending	\$49,645,622	\$36,236,546	\$85,882,168
Earnings	\$13,986,516	\$14,758,629	\$28,745,145
Employment (Man Years)	331	291	622
CLOVIS			
Spending	\$31,359,807	\$23,004,680	\$54,364,487
Earnings	\$9,044,782	\$9,179,177	\$18,223,959
Employment (Man Years)	214	181	395

Source: Convergence Strategy Group calculations.

*Again, as footnoted in the preceding tables, we assume the \$78.5 million total for Coronado is the correct top-line figure to use. If one of the other figures presented by Coronado is correct (\$61.7 million to \$65 million), Coronado's construction impact would rank closer to a mid-point between LM/Curry and Clovis rather than within 10 percent of the LM/Curry impact.

FISCAL IMPACTS OF CONSTRUCTION

Construction spending for a new racetrack and casino will generate fiscal benefits in the form of sales taxes and state income taxes, as well as incremental property taxes (unless there are PILOT agreements to get the projects developed). State gross receipts taxes on construction activity are assumed to be at a rate of 5.125 percent on construction expenditure, with an assumed rate of 3.7 percent on all indirect spending. Annual property taxes vary by jurisdiction. Our understanding is that a Clovis site would need to be annexed into the city, and that the effective tax rate paid per \$10M in construction cost is \$81,420. The effective property tax in Quay County per \$10M in construction cost is \$128,470, including millages for Mesalands College and Arch Hurley Conservatory. The effective property tax per \$10M in Hidalgo County is \$85,557.²⁶ Statewide personal income taxes are calculated at 2.8 percent of earnings.

Additionally, county gross receipts taxes also apply, which may be more applicable to ongoing operations than construction, as it is likely that construction purchases will be throughout the state

²⁶ New Mexico Department of Finance and Administration reported 2018 rates. http://nmdfa.state.nm.us/Certificate_of_Property_Tax.aspx, consistent with responses from Quay County Assessor Vic Baum and Curry County Assessor Candace Morrison.

and not in the host communities, given the relatively rural nature of the proposed host communities (as such they are not estimated in the following table). As noted above, the statewide gross receipts tax rate is 5.125 percent. The incremental county gross receipts tax rates are 3.25 percent in Quay County, 3.0625 percent in Curry County and 2.625 percent in Hidalgo County. We note that while we made an estimate of the property tax for the site in Lordsburg based on what the construction cost will be, the City intends to own the land and lease to Hidalgo Downs, LLC. They therefore may not receive these property tax benefits.

TABLE 80: ECONOMIC IMPACT FISCAL IMPACT MODEL RESULTS

	LA POSADA	HIDALGO	CORONADO	LM/CURRY	CLOVIS
State Gross Receipts Tax	\$11,402,989	\$4,281,633	\$4,128,005	\$3,821,060	\$2,455,135
Personal Income Tax	\$2,385,544	\$887,938	\$865,322	\$804,864	\$510,271
Property Tax	\$1,179,799	\$467,461	\$673,278	\$394,042	\$254,819

Source: Convergence Strategy Group calculations.

OPERATING IMPACTS

The impact from racino operations differs from the construction impacts in that they are ongoing, annual impacts that will continue to be felt in the New Mexico economy as long as the racino is operational. For the purpose of this assessment we consider the year 2021 as a stabilized year of operation, basing our impact assessments on the demand forecasts made in a separate chapter of this report. We note that racing and gaming are the two primary segments that we were engaged to evaluate for the purpose of this report. However, we recognize that there are additional amenity elements proposed for all of the bids, and as such, we have made our best effort to determine what the incremental direct jobs, spending and earnings impacts could be from these developments.

The casino and racing models also consider the in-state versus out-of-state patronage and patron spending levels anticipated from each of the five bids. For the purpose of this assessment we consider only the incremental spending by out-of-state patrons as contributing to the total spending in the New Mexico economy, but we also take into consideration the fact that these businesses will also be major local employers and that all of those jobs will be important, not just the ones funded by out-of-state visitors. We recognize that there may be negative impacts on existing racetracks and casinos in New Mexico from a revenue standpoint, but we do not anticipate that any of these impacts would be sufficient enough to result in changes to employment levels at any of those properties. We will therefore provide both a direct-jobs estimate and employment economic impact calculations for each of the proposed projects, the latter of which are deflated by the in-state/out-of-state considerations. Finally, from an employment standpoint, we recognize that there are many seasonal jobs that could be related to racing operations, from both a customer-facing standpoint (tellers, grandstand/club workers) to those working in the barns/stalls. Many of these jobs will not be incremental jobs to New Mexico residents, as they will rotate from track to track for their respective racing seasons. It does, however, reflect incremental spending and earnings, as well as help to provide a more year-long level of employment.

DIRECT IMPACT OF OPERATIONS

Revenues from racing and gaming operations are provided in preceding sections of this report. We recognize that each of the bids also include a variety of non-gaming amenities, to include at a minimum a variety of food and beverage venues. Two of the bidders propose hotel developments in the first year of operations, with amenities such as a water park, golf course, RV parks, Racing/Rodeo Hall of Fame and retail shops also featured in bids. While feasibility studies for these non-gaming amenities were not part of Convergence Strategy Group's scope of work, for the purpose of an economic impact analysis it was necessary for us to estimate some benchmarks as to what they contribute as incremental benefits.

The gaming market assessment section of this report provides casino revenue forecasts for each of the five bids. Based on the results of the gravity models, as well as the forecasts of visitation attributable to traffic intercept, tourism and on-site hotel stays, we also have estimated breakdowns of in-state versus out-of-state revenues. The out-of-state revenues serve as the inputs for the economic impact models, and are based on the source of gamers from the gravity model, traffic intercept demand, hotel incremental demand, and an estimate of 78 percent of tourism demand (our understanding is that approximately 22 percent of New Mexico tourism spending is considered as in-state spending; we do not have data to support any regional differentiation). The total revenues serve as inputs for us to estimate total employment and earnings for the casino workers. Gaming taxes are considered net of impacts to other gaming facilities in New Mexico. Similarly, racing handle, purses, revenues and taxes are used as inputs for the economic impact model, to the extent that they are not diverted revenues away from other New Mexico tracks. Hotel revenue and occupancy estimates for Hidalgo and La Posada are included in the demand assessments, though we note that no formal hotel market assessment was included in our scope of work. As will be demonstrated in this analysis, our occupancy rate assumptions for the hotels do not materially impact our forecasts of relative economic impacts.

Food and beverage revenues are simply estimated at 15 percent of gross gaming and racing revenues. The out-of-state share of non-gaming expenditures are assumed to be at the same ratio as out-of-state gaming/racing revenues. Retail expenditures are estimated at 2.5 percent of gross gaming and racing revenues. Other non-gaming revenues vary by property, based on the proposed amenity mixes. Specifically, it includes admission fees for the Hall of Fame in Lordsburg, as well as revenues from golf, the aquatic park and the RV park for La Posada. Revenues for the racetrack operations (admissions, programs, rental fees, services, etc., but not including any wagering or F&B revenues) are estimated to equate to 20 percent of live handle per track, with the exception of La Posada at 25 percent (to account for incremental revenues from the revolving grandstand). All other non-gaming amenity revenues for the five property bids are assumed to fall into F&B or Retail classifications.

TABLE 81: ECONOMIC IMPACT OPERATING MODEL INPUTS

	La Posada	Hidalgo	Coronado	LM/Curry	Clovis
Gaming Revenues	\$68,290,692	\$17,954,443	\$43,269,811	\$54,306,380	\$52,136,347
Out-of-state Gaming Revenues	\$54,025,099	\$12,850,355	\$37,159,111	\$42,640,271	\$40,101,147
Incremental NM Gaming Revenues	59,220,600	\$14,760,739	\$39,476,827	\$49,539,836	\$48,088,508
Gamer Visits	898,541	322,321	632,491	794,517	761,386
Out of State Gamer Visits	691,028	233,802	534,729	607,030	568,160
Hotel revenues	\$7,719,750	\$4,342,359	\$0	\$0	\$0
F&B revenues	\$10,644,311	\$2,918,386	\$5,646,815	\$7,071,735	\$5,367,402
Retail Revenues	\$1,774,052	\$486,398	\$1,129,363	\$1,414,347	\$1,341,850
Other Revenues*	\$8,479,875	\$609,598	\$416,000	\$514,800	\$233,280
Non-Gaming Revenue Total	\$28,617,988	\$8,356,741	\$7,192,178	\$9,000,882	\$6,942,532
Est. Out of State Non-Gaming	\$24,252,448	\$7,215,533	\$6,176,476	\$7,067,311	\$5,339,912
Racing Handle	\$19,041,000	\$11,085,000	\$13,541,000	\$16,225,000	\$10,979,400
Purses	\$15,262,516	\$4,433,819	\$9,939,340	\$12,302,326	\$11,314,075
Track Commission (net of distributions)	\$2,671,380	\$1,501,462	\$1,904,709	\$2,267,503	\$1,537,669
Out-of-state Net Track Commission	\$2,113,342	\$1,074,627	\$1,635,720	\$1,780,397	\$1,182,712

Source: Convergence Strategy Group calculations. Out of state estimates are based on demand models and reflect dollars, gamers and race bettors that come in from out of state.

*Other Revenues equates to 20 percent of live handle for all racinos (parking, admissions, programs, etc.), except 25 percent at La Posada, to account for the moving grandstand incremental admission expenditure. Additional Other Revs.:

- For Hidalgo we estimate Hall of Fame admissions will equate to 0.75x F&B revenues.
- For La Posada the calculations for Other demand include:
 - Golf @ 25,000 rounds annually, with expenditure of \$75/golfer on green fees/rentals/retail, etc.;
 - Aquatic park: 150,000 annual attendance at @ \$35 expenditure per patron;
 - RV Park: \$30/RV slip for 75 slips, with a 70 percent occupancy.

Based on these inputs, we have made the following estimates regarding facility staffing at each of the properties. Note that these are not the inputs or outputs of the economic impact models, as those are multiplier/formula-driven from the out-of-state revenues as presented above. The racing-related jobs would reflect only those working in customer-facing areas, i.e. it does not reflect employment in the stalls or other parts of the back-side of the track. Many of these jobs, as with those in racing activities or officials, are seasonal and may shift from track to track for the respective race seasons. All other jobs are presumed to be year-round averages.

TABLE 82: TOTAL LABOR PROJECTIONS (FULL-TIME EQUIVALENTS) FOR PROPOSED RACINOS

	La Posada	Hidalgo	Coronado	LM/Curry	Clovis
Casino	242	190	223	249	244
F&B	225	62	119	150	150
Hotel	98	55	-	-	-
Racing (Grandstand/Club)	14	7	9	11	7
Other	82	9	12	15	13
Total	661	323	363	425	414

Source: Convergence Strategy Group calculations. These totals do not include seasonal backside racing operations.

TOTAL ECONOMIC IMPACT OF OPERATIONS

The economic impact of racino operations is projected based on the 2021 forecasts of gaming and non-gaming revenues for the five different bids, taking into consideration revenues contributed to the operations from out of state visitors. The gaming and racing sections of this report provided the forecasts of demand for each activity, for each of the five proposed racinos. These forecasts are summarized and expanded upon in **Table 81**, further providing the inputs to our models in terms of net out-of-dollars projected to be spend on racing (the track commission and admission-related spending), gaming, F&B, retail and other activities. The respective industry multipliers are then applied to these revenues in order to derive forecasts of Total Spending, Earnings and Employment as attributable to operation of any of these five proposed racinos.

As evident from the following table, considering only new dollars to the state of New Mexico, La Posada is forecast to generate an annual spending impact of \$125 million, supporting earnings growth of \$31 million, supporting the full-time equivalent employment of 1,045 workers. Given that the proposed investment is approximately 150 percent of the next highest bid, also reflected by a building program far broader from a non-gaming perspective than other bids, the differential is to be expected. This is not an opinion on the financial feasibility of such additional amenities, just that they would require significantly more workers and generate more revenues than a property with a smaller amenity mix.

The LM/Curry Downs project is forecast to yield the next highest economic impacts, generating \$80 million in new annual spending in New Mexico, \$19 million in incremental household incomes and supporting the full-time equivalent of 608 new jobs. Coronado and Clovis Park are forecast to have nearly identical economic impacts to the state: \$70 million to \$72 million in total annual spending, approximately \$16.5 million in incremental household earnings and approximately 535 new jobs.

The economic impact of the Hidalgo project is forecast to yield the lowest economic impacts, consistent with a gaming revenue forecast less than half of the next lowest property. The total spending impact for Hidalgo is forecast to total \$33.0 million, supporting income growth of \$8.2 million and supporting 274 jobs. A side-note to this is that while this total falls below the other four bids, the current unemployment level of Hidalgo County is 100 people. Even this level of job growth (274 jobs) is something that could require some significant recruitment and migration to service the property and customers (especially noting that these projections are just the amount that is induced by out-of-state

customers – actual employment needs will be higher). There could be a similar concern about Tucumcari, as the unemployment level of Quay County is currently 161 people.

TABLE 83: TOTAL ECONOMIC IMPACTS FROM OPERATIONS

	DIRECT SPENDING	TOTAL SPENDING	TOTAL EARNINGS	TOTAL JOBS
LA POSADA				
Casino	\$54,025,099	\$82,372,069	\$17,077,334	521
Hotel	\$7,719,750	\$12,337,704	\$3,553,401	119
Restaurant	\$8,331,465	\$14,005,192	\$5,805,365	226
Other Amenities	\$8,025,905	\$13,506,395	\$3,868,486	159
Racetrack	\$2,113,342	\$3,222,212	\$668,027	20
Total Impact	\$80,215,561	\$125,443,572	\$30,972,613	1,045
HIDALGO				
Casino	\$12,850,355	\$19,592,937	\$4,061,997	124
Hotel	\$4,342,359	\$6,939,958	\$1,998,788	67
Restaurant	\$2,088,747	\$3,511,184	\$1,455,439	57
Other Amenities	\$784,426	\$1,320,072	\$378,093	16
Racetrack	\$1,074,627	\$1,638,483	\$339,690	10
Total Impact	\$21,140,515	\$33,002,634	\$8,234,007	274
LM/CURRY				
Casino	\$42,640,271	\$65,013,621	\$13,478,590	411
Hotel	\$0	\$0	\$0	-
Restaurant	\$5,535,155	\$9,304,596	\$3,856,896	150
Other Amenities	\$1,509,973	\$2,541,058	\$727,807	30
Racetrack	\$1,780,397	\$2,714,572	\$562,784	17
Total Impact	\$51,465,796	\$79,573,847	\$18,626,076	608
CORONADO				
Casino	\$37,159,111	\$56,656,497	\$11,745,995	359
Hotel	\$0	\$0	\$0	-
Restaurant	\$4,849,354	\$8,151,764	\$3,379,030	131
Other Amenities	\$1,327,122	\$2,233,347	\$639,673	26
Racetrack	\$1,635,720	\$2,493,982	\$517,051	16
Total Impact	\$44,971,307	\$69,535,590	\$16,281,749	532
CLOVIS				
Casino	\$40,101,147	\$61,142,218	\$12,675,972	387
Hotel	\$0	\$0	\$0	-
Restaurant	\$4,201,147	\$7,062,128	\$2,927,359	114
Other Amenities	\$1,232,879	\$2,074,750	\$594,247	24
Racetrack	\$1,182,712	\$1,803,281	\$373,855	11
Total Impact	\$46,717,885	\$72,082,378	\$16,571,435	536

Source: Convergence Strategy Group calculations.

FISCAL IMPACT OF OPERATIONS

The state and local authorities will benefit from a variety of activities, ranging from gaming and pari-mutuel taxes to personal income taxes and gross receipts taxes. There will also be distributions from other segments of racing operations, as illustrated in the Racing section of this report.

We also calculate local gross receipts taxes on direct spending for F&B, retail and hotel rooms, but do not have estimates from total spending, as multipliers (and much of the indirect spending) are at the statewide level. The county gross receipts tax rates are 3.25 percent in Quay County, 3.0625 percent in Curry County and 2.625 percent in Hidalgo County. An additional 5 percent is collected from hotel room revenues in Curry County and Hidalgo County (no hotel is assumed for Tucumcari/Quay County). The projected annual fiscal impacts from these non-gaming activities is presented in TABLE 84.

TABLE 84: COMPARATIVE PROJECTED FISCAL IMPACTS OF NON-GAMING ACTIVITIES

	La Posada	Hidalgo	Coronado	LM/Curry	Clovis
State Incremental GGR Tax	\$17,222,703	\$4,107,819	\$11,165,362	\$13,889,713	\$13,391,715
State Racing Tax	\$146,688	\$139,118	\$99,359	\$133,797	\$87,282
State Gross Receipts Tax	\$3,947,854	\$1,135,583	\$1,546,851	\$1,764,539	\$1,493,781
State Personal Income Tax	\$867,233	\$230,552	\$455,889	\$521,530	\$464,000
Local Direct Gross Receipts Tax	\$876,426	\$219,364	\$233,746	\$275,652	\$212,615
Local Hotel Tax	\$385,988	\$217,118	\$0	\$0	\$0

Source: Convergence Strategy Group calculations

ECONOMIC IMPLICATIONS

TAX REVENUE

The development and operation of a racino will create new tax dollars for the State, as well as local jurisdictions. Horsemen will also benefit from enhanced purses and an additional venue to race, though we've made no assumptions in this report as to the percentage of horses winning purses that will be NM-bred. The preceding table provides CSG's comparative projected fiscal impacts of the racing and gaming operations for the five bidders.

INCREASED COMMERCE

The amount that will be spent during the construction process and during facility operations will make facility development and operations one of, if not the largest, economic engines in the respective local markets. Table 79 and Table 83 present the total spending forecasts within New Mexico that are projected to result from construction and from operations, as well as the incremental household earnings and the incremental job creation. A key to the economic impacts is that the forecasts only considered the incremental spending attributable to out-of-state gamers and tourists; for the construction model it included only the construction budget that we estimate will be spent in state. With respect to operations, at the local levels that impacts could be far more significant, as there will be demand for businesses to provide services to the racino that will not be a simple substitution effect away from other businesses, covering a broad array of industries, i.e. food service providers, armored cars, utility providers and business service providers. Therefore, many industries could be positively impacted by the introduction of a racino, not just those affiliated with racing and gaming.

JOB CREATION

As noted above, several hundred, to over one thousand jobs could be created as a result of the development of a racino in one of these three towns. At present, there may not be an available labor force to fill the jobs that will be created. Some people will need to move into the area to fill these jobs. Some jobs may be filled by people that feel underpaid in their current job. This may put pressure on some regional employers that are currently paying their employees minimum wage, or less than some workers consider as a reasonable living wage. The more the jobs that need to move into the area, the higher will likely need to be the salaries to induce a move, which also may mean the higher the likelihood of people leaving current jobs in the area to take a new one. As a result, area businesses may be initially hurt by employee movement, but they should also benefit from increased visitation to the town, as well as possibly the need to provide services to the racino.

SOCIOECONOMIC AND COMMUNITY IMPACTS

The development and operation of a racetrack, gaming facility and ancillary amenities in Clovis, Tucumcari or Lordsburg will bring economic benefits, as outlined in the previous section, as well as possible concerns, as will be outlined in this section. In contrast to gaming and racing facilities that are developed or operate in urban areas, these are all relatively rural locations, such that the influx of gamers and tourists, as well as new employees, could have a notable impact on public services and quality of life. Convergence Strategy Group has reviewed transcripts of (and in some cases sat in) public meetings that the New Mexico Racing Commission conducted statewide, in which the goal was to hear and address concerns of the populations of these markets. We understand and recognize the importance of the fact that public approval is necessary to develop a racino in any county; at least as significant a factor in determining an optimal site for a racino as other factors such as economics and issues related to the racing product, as a highly feasible project becomes totally infeasible if it is not permitted.

We note that gambling has rightly caught the attention of regulators, law enforcement, counselors, and casino gaming operators across the United States. Individual States have mandated varying sums to be dedicated to services and support of problem gamblers, although large scale studies of the true impacts of problem gambling and casino gaming in general are few. In this section of the report we provide some conclusions from (and links to) the most methodologically sound research on the topic in order to understand the potential implications of an additional racetrack casino in New Mexico.

We also interviewed public officials in Ruidoso to understand what their racino has brought, both from a positive and negative perspective (i.e. economic benefits from incremental tourism vs. crime, traffic, problem gaming, etc.). Finally, based on our experience doing similar projects throughout the US, we consider feedback from public officials in similarly-sized towns regarding the public safety impacts they have experienced from having a casino/racino within their jurisdiction.

This section of our analysis predominantly relates to the towns/counties for proposed development, rather than the specific bids, unless otherwise noted.

COMMUNITY SUPPORT – PUBLIC COMMENTS AND CONCERNS

In assessing the levels of opposition to, support of, and concerns regarding the applications for a 6th racing license in New Mexico, CSG considered the following:

- Interviews with local officials
- Statements made by the applicants, local officials, supporters, and those in opposition at public hearings (both in-person attendance, interviews with NMRC staff, and published reports)
- Published articles available on-line
- Social media posts (Facebook and Twitter)
- October 3, 2018 letter from New Mexico Horsemen's Association President Pat Bingham to New Mexico Racing Commission Executive Director Izzy Trejo
- Public statements from local officials

CLOVIS

The Clovis market has by far the largest population base of the three cities/towns in which racino bids have been submitted. The actual sites being proposed for development in Clovis are actually outside of the city limits, which will require annexation in order to be able to receive public services, as well as to be able to offer alcohol in the facility (Curry County is a dry county outside of the city of Clovis).²⁷ According to a letter dated October 31, 2018 from the Executive Director (Ernie Kos) and Director of Economic Development (Chase Gentry) of the Clovis/Curry County Chamber of Commerce,

“The City of Clovis will need to annex the property, approve the liquor license request once the application is sent from the State and approve the zoning of the annexed property.....The majority of the Clovis City Commission supports the racino project and will support the annexation of the land associated with the project into the City of Clovis. Annexation will be approved by the majority vote of the City Commission.” (authors note that the Mayor of Clovis has no authority to veto any item approved by the City Commission and has no vote unless in the event of a tie. Moreover, it does not require approval of Curry County or Clovis voters)

Development of a racino in Clovis would likely bring an influx of residents to the area due to the new job creation. The Clovis area real estate market is apparently currently a buyer’s market, with 439 homes for sale and 158 rental units. Much of this excess in supply is attributable to the development of 1,500 new military housing units on Cannon Air Force Base. Clovis Municipal Schools has excess capacity within its school system, and this year is down 175 students due to transfers. Additionally, the Clovis Schools have expanded to prepare for potential growth at Cannon Air Force Base. Clovis also has one Christian School and several smaller schools that surround the community including Melrose, Grady, Texico and Farewell, Texas.²⁸

The availability of water had been raised as a concern for Clovis, statements from city officials that the city water supply is not overly scarce.²⁹ It is our understanding that there are agreements in place to provide water, both from EPCOR Water Company for the use of the racino as well as reuse water from the City of Clovis for the purpose of watering the racetrack and the grounds. According to a letter from Daniel S. Bailet, VP and GM of EPCOR Water Company to Chase Gentry (dated October 26, 2018),

“We understand the planned Racino to have a peak water demand during the summer of approximately 60,000 gallons (max day), and an average daily supply requirement of 30,000 gallons. EPCOR is fully capable of adding new commercial customers of this size to its system.”³⁰

CSG has not verified that this water usage estimate is correct, but presume that it is reasonable. We further presume that it is not inclusive of supply needed to operate an aquatic park at La Posada. Water parks generally recycle the vast majority of water that they use, but may need upwards of 10,000 gallons per day to replenish. Based on the EPCOR statement, this does not appear to be an

²⁷ Liquor licenses are actually awarded by the state, not by local jurisdictions, though local laws outlawing alcohol within a jurisdiction would take precedence.

²⁸ Information provide to CSG by Chase Gentry, Clovis/Curry County Chamber of Commerce Economic Development Director.

²⁹ Letters from Mayor Pro Tem Juan F. Garza and City Commissioner Helen Casaus included in “Clovis NM Community Support Packet”, submitted by Clovis/Curry County Chamber of Commerce.

³⁰ Letter from Daniel S. Bailet, VP and GM of EPCOR Water Company included in ““Clovis NM Community Support Packet”, submitted by Clovis/Curry County Chamber of Commerce.

amount that would change their assertion regarding sufficiency of supply, but it is not clear whether the cost of provision would make such an amenity infeasible.

Mr. Gentry also provided the following information regarding public safety concerns and supply in the city of Clovis:

From a public safety perspective, the City of Clovis Fire Department recently received an ISO Class 2 Rating, tying the second highest rating in the State. The Department consists of 85 personnel, of which, 81 are firefighter and EMT certified. The Department operates out of six staffed and one unstaffed stations. They maintain a fleet of eight engines, three aerial trucks, one heavy rescue, three brush trucks, two tankers, and 11 ambulances. The Department would be able to respond to a structure under 10 stories without any limitations. The Department responded to 7,578 calls for service last year; medical calls accounted for 7,016 and fire calls were 562. The Department can also provide Hazmat, Tactical EMS, Confined Space, High Angle Rope, Collapse and Trench Rescue Teams, and Aircraft Rescue. Currently, the Department maintains mutual aid agreements with Cannon Air Force Base, AeroCare, Portales, Melrose, Texico, Curry County, Quay County, Tucumcari, Ft. Sumner, Farwell (Texas) and Muleshoe (Texas). With community growth need for a new station would ultimately be needed to reduce response times; however, our understanding is that there would not be any limitations on serving the proposed sites with the current stations, apparatus, and personnel.

The Clovis Police Department has a total of 88 employees which includes 65 commissioned officers. The department anticipates that growth of the community has the potential to impact crime levels, regardless of whether the crime is directly or indirectly related to the new industry or business. The Clovis Police Department is committed to protecting the people, their property, and their rights with professional and ethical services. The City of Clovis has policies and procedures in place to assist with any event that may be held. Coordination by the event provider would be necessary to assure proper coverage.

The City of Clovis under its subdivision regulations would require any applicant to perform a traffic impact analysis. Based on the analysis the applicant would be required to make all necessary infrastructure improvements necessary to serve the facility. The City has also adopted the New Mexico Department of Transportation's Access Management Manual. This manual dictates the design requirements for any proposed access points to a public roadway. Any proposed access to US 60/70/84 would be required to be permitted by the NMDOT.³¹

As a result of population declines in the region, school classroom sizes are down, such that migration into Clovis to work or supply services to the racino should not impact schools. As noted above, there is sufficient housing stock in the region to accommodate new residents as well.

Public sentiment regarding a racetrack casino in Clovis does not appear to be uniform. Both strong support and strong opposition to the three proposals have been voiced publicly. According to a tally by The Eastern New Mexico News, 27 individuals at the October 5, 2018 hearing spoke in favor of the proposals, while 16 spoke in opposition.³²

³¹ Information provide to CSG by Chase Gentry, Clovis/Curry County Chamber of Commerce Economic Development Director for the purpose of this analysis.

³² *State Rep: Racino Not Guaranteed.* The Eastern New Mexico News. October 31, 2018. <https://www.easternnewmexiconews.com/story/2018/10/31/news/state-rep-racino-not->

OPPOSITION

At the New Mexico Racing Commission's October 5, 2018 public hearing in Clovis, substantial opposition to a racetrack casino on moral and ethical grounds was voiced. Clovis Mayor David Lansford, as an individual citizen, voiced opposition to the applications, as did City Commissioner Gary Elliorr and Curry County Commissioner Robert Thornton.

Additionally, a nonprofit organization, Racino-Clovis Racino Facts and Truth has publicly announced its opposition to the applications through a Facebook page³³, and statements in media publications. Numerous editorials and website comments have been devoted to the potential ills associated with a casino in Clovis, including those published by The Eastern New Mexico News.³⁴

The Hobbs Economic Development Corporation has come out against the proposals for casinos in Clovis. The organization's president and CEO Steve Vierck was quoted in the News-Sun as saying, "After much review, EDC's position is that an additional racetrack and casino within southeast New Mexico would adversely impact our economy, tax revenues and the racing industry."³⁵ In particular, the organization is in opposition to the Clovis location as it fears a loss of revenues from the Lubbock and Lea County markets.

SUPPORT

At the public hearing, significant support was shown for the proposed projects on grounds that it would bring economic prosperity to the region. According to published reports, "City Commissioners Sandra Taylor-Sawyer, Fidel Madrid, Chris Bryant and Helen Casaus expressed their support."³⁶

A petition started on GoPetition.com for supporters of the Clovis locations garnered 537 signatures as of November 5, 2018.³⁷ One member of this committee, Kathy Elliot, was quoted by KFDD in Amarillo as saying, "A racino, racetrack, we all thought would be great with revenue, bringing West Texas money into Clovis was a great thing, and provide a lot more jobs."³⁸

guaranteed/159737.html?fbclid=IwAR23614ltoAfIRRSR44DFCwdR47qe8NOw2yVDAz8gpEvQIKdS9IHxVVe9JQ. Accessed 5 Nov 2018.

³³ Facebook page: *Racino – Clovis Racino Facts and Truth*. <https://www.facebook.com/pg/clovisracinofacts/>. Accessed 5 Nov 2018.

³⁴ Regarding Last Week's Racino Editorials in The Eastern New Mexico News. The Eastern New Mexico News. October 14, 2018. <https://www.easternnewmexiconews.com/story/2018/10/14/voices/letters-to-the-editor-oct-14/159521.html?fbclid=IwAR0qQLmpl0YUVd4TZKuZVjXPFDVJZpKsCD9O-5hQFxyD7FPILNCedZcPh8>. Accessed 5 Nov 2018.

³⁵ *EDC opposes racetrack in Clovis*. News-Sun. October 14, 2018. <http://www.hobbsnews.com/2018/10/14/edc-opposes-racetrack-in-clovis/?fbclid=IwAR1SvbpZyyIB0MUvazyabKPyloASHqnrV0-xRQ5PwKdxVIBstZJH4qKM2Oc>. Accessed 1 Nov 2018.

³⁶ *State Rep: Racino Not Guaranteed*. The Eastern New Mexico News. October 31, 2018. <https://www.easternnewmexiconews.com/story/2018/10/31/news/state-rep-racino-not-guaranteed/159737.html?fbclid=IwAR23614ltoAfIRRSR44DFCwdR47qe8NOw2yVDAz8gpEvQIKdS9IHxVVe9JQ>. Accessed 5 Nov 2018.

³⁷ *I Support a Racetrack & Casino for Clovis – Vision 2020*. https://www.gopetition.com/petitions/i-support-a-racetrack-casino-for-clovis-vision-2020.html?fbclid=IwAR3WprnO_zqt1NktCeJMwIT04hldysSFG-Us2wmpG4t2psWRKRANFdHjVmQ. Accessed 5 Nov 2018.

³⁸ The race for the last racino: Companies look to Clovis, Tucumcari for New Mexico's sixth and final racino. KFDD Amarillo, TX. August 24, 2018. <http://www.newschannel10.com/story/38958599/the-race-for-the-last-racino-companies-look-to-clovis-tucumcari-for-new-mexicos-sixth-and-final-racino/>. Accessed 4 Nov 2018.

LORDSBURG

According to Lordsburg Mayor Robert Barrera, “there are no concerns regarding a Racino being awarded to our community and believe that the Racino would be beneficial and provide the much-needed boost to our economy. The current location selected is best for all traffic concerns since it has its own exit and would not conflict with the local traffic. A major plus to this site is that this area is away from the municipal schools and does eliminate the concerns of parents regarding alcohol and gaming.”³⁹

As we note in the economic impact analysis, while a Lordsburg casino may generate the lowest employment of the five proposed projects, labor availability may still be an issue given the small population base and low unemployment level. In Mayor Barrera’s response to CSG, he noted that the availability of rentals and for-sale homes in Lordsburg is low due to the small population and lack of large complexes or recent housing developments. There are, however, several existing subdivisions with home-sites for sale ready for buyers to site-build or place a manufactured home. Moreover, the city has received inquiries from home developers because of the potential for racino development. The Mayor further noted that several sites have been identified around Lordsburg that have the potential for rapid development due to proximity of utilities and appropriate zoning. He therefore does not envision available housing stock to be an issue in accommodating the additional population that may be necessary to staff or provide services to the racino, and noted that Hidalgo Downs, LLC (the racino applicant) has indicated their interest in building apartment or condominium style housing to rent to their employees.

From a school standpoint, capacity would not be an issue, as the Lordsburg Municipal Schools were built when the school population was significantly larger than it is today. As such, an increase in Lordsburg’s population by a few hundred would not overcrowd the schools.

The City of Lordsburg has a 30-person fire department, with three water tankers (1,000 gal), one brush truck and one 75-foot aerial ladder truck w/rescue mode for high rise buildings. All trucks are capable of handling fires in high-rise buildings and all types of fires. The department does not have its own EMS personnel, but it has an operating agreement contract with Hidalgo County EMS and Fire to provide services. The County has 17 EMTs and 35 firefighters, with 8 ambulances and 23 total fire trucks.⁴⁰ According to their bid documents, Hidalgo Downs, LLC will work hand in hand with these departments during planning and construction to put in place plans and purchase any equipment needed to provide more than sufficient protection for the facilities and surrounding community.

From a police standpoint the Lordsburg Police Department has 12 personnel, responding to 2,063 calls for service annually. Additional law enforcement personnel in the Lordsburg vicinity include Hidalgo County Sheriff’s Department (9 personnel), New Mexico State Police (13), US Border Patrol (350 agents) and US Department of Homeland Security Investigations team (24).⁴¹

Support has also been voiced from those not residing in the Lordsburg area, such as Mexico government officials, and communities in Arizona. This support is largely based upon the desire of these individuals to visit the proposed facilities and participate in its gaming and racing activities.

³⁹ Information provided to CSG by Lordsburg Mayor Robert D. Barrera for the purpose of this analysis.

⁴⁰ Ibid.

⁴¹ Ibid.

Based in Greenlee County, AZ, The Growing Greenlee website states that, “we polled our members on how they felt about the Racino coming to Lordsburg. The majority of the responses were in favor, a few not so much.”⁴²

TUCUMCARI

Convergence Strategy Group staff was in attendance at the October 4, 2018 public hearing in Tucumcari, observing first-hand the widespread community support for the proposed racetrack casino in Tucumcari. With a reported 1,140 attendees, the hearing was largely dominated by local leaders and public officials speaking in favor of the project. The only speaker in opposition to a racino opposed for spiritual purposes.

The public school superintendent spoke and said that enrolment is down, despite there being new, large facilities that can accommodate over 700 additional students. Incremental residents that may be attributable to racino operations should therefore not create a burden on classroom sizes.

No other concerns of significance were raised regarding introducing a racino to the market – there is sufficient water in the area, and the proposed site is on the highway, such that it would not create neighborhood traffic issues.

According to the Tucumcari/ Coronado Partners bid document, Tucumcari falls under the jurisdiction of three police agencies: The Tucumcari Police Department (18 full-time officers), The Quay County Sheriff’s Office (7 full-time officers) and the New Mexico State Police (17 full-time stationed in Tucumcari). The Fire Department is all volunteer, with 20 members, operating out of two stations. The County has nine fire departments with a total of 175 volunteers.

OPPOSITION

During the public hearing, only one individual spoke who was not in support, only asking the community to consider the potential moral, social, and religious implications of a racetrack casino.

SUPPORT

At the October 4, 2018 public hearing, in social media posts, as well as in published articles, the citizens of Tucumcari appear to be largely in favor of a racetrack casino in Tucumcari. Over 1,140 people attended the public hearing, loudly cheering and applauding the applicants as well as every speaker who was in favor of the application. The support of the application was largely based upon expected economic prosperity stemming from the racetrack and casino.

⁴² *Racing, Racino to be Discussed in Lordsburg.* Growing Greenlee. September 24, 2018. <http://growinggreenlee.org/2018/09/racing-racino-to-be-discussed-in-lordsburg/>. Accessed 5 Nov 2018.

NEW MEXICO HORSEMEN

In a letter sent October 3, 2018 from New Mexico Horsemen's Association President Pat Bingham to New Mexico Racing Commission Executive Director Izzy Trejo, Mr. Bingham raised the following concerns regarding his Association's opposition to the granting of a 6th license:

"First, there has been no economic/feasibility study performed that shows that any of the venues that have applied for the 6th and final license would be a viable enterprise that would bring new money into the state. The impression is that a race track in Clovis would do nothing more than to siphon off ZIA's clientele (from Lubbock, Roswell and surrounds) and would result in a simple reallocation of available gaming income and income from para mutual wagering without the generation of new income from new clientele. This would be unfair to ZIA Park which it has put much effort into becoming a viable part of racing and gaming in New Mexico.

In terms of new money coming into the state of New Mexico a racetrack/casino in Clovis would presumably turn to Amarillo as well as smaller communities in the area. Amarillo, Texas has about 192,000 residents. Taking out the "minors", who cannot lawfully wager or play the slots, the impact of the addition of Amarillo residents as possible patrons to a track/casino in Clovis would be minimal at best. This gets us back to the inherent concern which is that no one knows what would happen because that NMRC has not done a feasibility study to ensure that any decision that it makes would be prudent.

With respect to a track with casino in Tucumcari or Lordsburg, there has been no economic feasibility study done on whether the promoters of a track/casino at either location would be able to attract sufficient travelers along Interstate 40 or Interstate 10 respectively to make a racetrack and a casino work. Travelers, it may turn out, may be a fickle bunch seemingly more intent on getting to the final destination than stopping off to wager on a race or put money into a slot machine.

Finally, there is the question of horseflesh. The breeding industry nationwide has yet to recover from the past years of decline. Certainly the breeding of New Mexico bred TBs and QHs is doing better numbers. But race meets cannot be run with NM Breds alone, open horses are necessary for successful racing. In recent days, the Blood Horse reported that the foal count for 2018 was 2% less than for 2017. This is despite favorable tax treatment enacted by the US Government with regard to the purchase of race horses, a much improved economy with low inflation and with almost full employment and other positive factors.

In sum, the NMHA feels that the economic feasibility and practicality of a 6th racetrack with casino must be thoroughly evaluated before any decision can be made toward granting of the 6th and final license for a new racetrack in New Mexico. Our industry must ensure that the 6th track when awarded will meet all the criteria necessary to be a positive to our industry and our state."

Clearly one of the main concerns of Mr. Bingham and his Association is that this decision was being made without the tools a feasibility study would provide. The intent of this report is to provide those tools, as well as to address the validity of his other concerns (the objective was not explicitly to address their concerns, but their concerns are the types of concerns that a feasibility study of the pros and cons of adding a facility would be most appropriate to address).

One of the key conclusions of the racing analysis is that any new racing product in Clovis, Tucumcari or Lordsburg should have as minimal an overlap in racing season with any proximate racetrack in order to not have any cannibalization of bettor demand or dilution of horses/declines in average race fields. With the exception of Hidalgo, it appeared that the bidders had some flexibility in what they anticipated for race dates, though there may be some winter seasonality issues in Clovis that would need to be factored in. From a gaming market perspective, Amarillo and Lubbock would be the primary market sources of gamers for a Clovis or Tucumcari casino, such that Ruidoso and Hobbs are not expected to suffer massive demand declines. A casino in Lordsburg has even less of a shared market.

Traffic intercept is factored into our models, but only contributes a small (less than 10 percent) share of total demand. We concur that it should not be relied upon for project feasibility. Hidalgo may benefit the most from highway intercept, as it apparently is a mid-way point for many east-west travelers with virtually nothing else proximate where travelers can stop with any significant amenities (food, lodging).

Finally, with respect to horseflesh, there would clearly need to be some coordination in schedules in terms of when and where thoroughbreds and quarter horses run. With sizable purses, it should not be difficult to attract horses from Texas or other markets to supplement fields and have competitive races. We note that foal counts are on the decline. If the decline remains precipitous, perhaps this could be an issue, but probably no more so than having just the existing five tracks.

The final paragraph in Mr. Bingham's letter notes that many of their fears could be alleviated with the input of a feasibility analysis and some strategic planning. As evident from this report, The New Mexico Racing Commission is undertaking these activities in order to determine the merits of a 6th license and to be proactive in protecting the interests of New Mexico's racing industry.

PATHOLOGICAL GAMBLING, CRIME & PERSONAL BANKRUPTCY

SUMMARY OF THE RESEARCH

FEDERAL RESERVE BANK OF PHILADELPHIA

As pointed out in the Federal Reserve Bank of Philadelphia's 2010 report, *Economic and Social Impact of Introducing Casino Gambling* by Alan Mallach, "there is no consensus in the literature on either the magnitude of these effects or the costs they impose on society and the economy" and further that "it is impossible to generalize about the economic impact of casino. The actual economic impact of a casino, or a cluster of casinos, will vary widely depending on the characteristics of the host community, the community's position within the regional economy, the features of the casino or casinos, and the interaction among those variables."⁴³

Mallach essentially asserts that there is no stereotypical casino impact, as facilities can be differentiated by several significant characteristics:

- Is the casino a destination property, or will it primarily serve the local market clientele (and as such any money spent may not be new money introduced to the local economy)?
- Can the local market provide the workforce for the casino, and are there local businesses that can provide the goods and services?
 - These factors vary for the three markets considered for the 6th license bid. For the purpose of the economic impact assessment CSG considered the state of New Mexico rather than the host town or county to measure the economic impacts, but given the proximity to state borders for these three towns, out-of-state workers and suppliers are a possible issue.
- What is the scale of the casino and its related amenities, i.e., does it have attached hotel and restaurants, or would area businesses benefit from spillover effects, providing many of these types of services to casino patrons?

Mallach concludes that the answers to these questions go a long way in determining whether a casino is a positive thing for a community. He also notes that social costs of casinos can outweigh the economic benefits, but that in many cases the measure of social costs are qualitative, not quantitative, and that some of these costs are not felt in the market of the casino, but in the market of the casino customer:

"The manner in which casinos affect the global quality of life in a city or region is difficult to measure and highly subjective. The cumulative effects of a particular trend, such as an increase in crime, can have significant ramifications for the social and economic vitality of a community or a region. Conversely, many of the costs of pathological gambling will not be experienced in the community in which the casino is located but in the community from which the casino visitor comes. Moreover, even within the local area, how the social costs affect different community members will vary widely. One resident will find that the entertainment value added by the casino

⁴³ Economic and Social Impact of Introducing Casino Gambling: A Review and Assessment of the Literature. Mallach, Alan. Federal Reserve Bank of Philadelphia. March 2010.

outweighs the increased traffic or crime that may be associated with it, while another may find that it does not.”⁴⁴

MASSACHUSETTS GAMING COMMISSION

With the advent of casino-style gaming in Massachusetts, the Massachusetts Gaming Commission (MGC) embarked on the first ever comprehensive long-term study of the economic and social impacts of gaming. In July 2018, the MGC presented the impact data for Plainridge Park Casino (“PPC”). The findings “are based on a five-year study of the economic and social impacts of Plainridge Park in the host community of Plainville and the surrounding towns” and are “fact-based evidence by academic-quality researchers, of the true costs and benefits of introducing casinos in a new jurisdiction.”⁴⁵ The report was completed by the University of Massachusetts School of Public Health and Health Sciences.

TABLE 85: PLAINRIDGE PARK CASINO IMPACT STUDY FACILITY INFORMATION

VENUE	HOST COMMUNITY	SURROUNDING COMMUNITIES	OPENING DATE	CURRENT GAMBLING AVAILABILITY	NOTES
Slot Parlor	Plainville	Attleboro Foxborough Mansfield North Attleborough Wrentham	6/24/2015	<ol style="list-style-type: none"> 1,249 slots + electronic table games live harness racing track + simulcast betting several instant ticket and lottery ticket terminals 	<ol style="list-style-type: none"> Harness racing since 1999 Casino expansion cost \$150.2M 196,000 sq ft for casino operations several restaurants & bars Owned by Penn National

Source: “The Economic and Social Impact of the Plainridge Park Casino on Plainville and Surrounding Communities (Attleboro, Foxborough, Mansfield, North Attleborough, and Wrentham) July 2015-June 2017,” Massachusetts Gaming Commission, June 26, 2018. <https://massgaming.com/wp-content/uploads/SEIGMAPresentation6.26.18.pdf>

The authors of the report compared changes in the host and surrounding communities to those observed in what they defined as “Matched Control Communities”. The findings of their analysis were:

- No significant change in problem gambling or related indices have likely occurred in the PPC host and surrounding communities subsequent to the opening of PPC;
- No reported change in number of Gamblers Anonymous meetings in Plainville area or number of people attending meetings;
- No change in divorce filings, restraining orders or cases of child welfare endangerment in Norfolk County;
- PPC has not significantly increased overall crime in PPC host and surrounding communities, but there was an increase (temporary) in credit card fraud and reports of lost property and suspicious activity in Plainville likely attributable to PPC;
- There were no significant changes in the number of illegal gambling offenses in Plainville.

⁴⁴ Ibid, page 24.

⁴⁵ MGC presents social and economic impact data for first two-years of operations at Plainridge Park Casino. Commission News. Massachusetts Gaming Commission. July 3, 2018.

Plainville police statistics show increase in property crime, total crime, and calls for service at PPC in 2 years after it became a casino compared to prior 2 years when it was just a racetrack.

However, when considering Plainville crime in general, annual offenses averaged 302 from 2010 to 2015, but fell to an average of 286 for 2016 and 2017. Inclusive of surrounding communities, the average annual crime volume declined from 8,305 (2010-2015) to 7,104 (2016-2017).⁴⁶

TABLE 86: HISTORICAL POLICE CALLS TO PLAINRIDGE PARK, MASSACHUSETTS

	2-YEARS PRIOR TO JUNE 2015 AS RACETRACK	JUNE 2015 – JULY 2017 (POST- OPENING OF PPC) AS RACINO
Total Crime Offenses	10	90
Property Crime Offenses	6	47
Violent Crime Offenses	0	0
Calls for Service	1,130	1,566

Source: "The Economic and Social Impact of the Plainridge Park Casino on Plainville and Surrounding Communities (Attleboro, Foxborough, Mansfield, North Attleborough, and Wrentham) July 2015-June 2017," Massachusetts Gaming Commission, June 26, 2018. <https://massgaming.com/wp-content/uploads/SEIGMAPresentation6.26.18.pdf>

TABLE 87: HISTORICAL CRIMES IN PLAINVILLE AND SURROUNDING COMMUNITIES

	2010-2015 AVERAGES	2016-2017	% CHANGE
Plainville:			
Total Crime Offenses	301.8	285.5	- 5.4%
Property Crimes	208.6	187.5	- 10.1%
Violent Crimes	29.6	37.5	+ 26.7%
Plainville and Surrounding Communities			
Total Crime Offenses	8,305.4	7,103.5	-14.5%
Property Crimes	3,904.6	3,466	-11.2%
Violent Crimes	870.4	943	+ 8.3%

Source: "The Economic and Social Impact of the Plainridge Park Casino on Plainville and Surrounding Communities (Attleboro, Foxborough, Mansfield, North Attleborough, and Wrentham) July 2015-June 2017," Massachusetts Gaming Commission, June 26, 2018. <https://massgaming.com/wp-content/uploads/SEIGMAPresentation6.26.18.pdf>

The researchers also found no change in health of the local community as attributable to PPC:

- No significant change from BTPS (baseline 2014)-Plainville to FTPS (2016 follow-up)-Plainville in health, happiness or stress.
- No significant change from BTPS-Plainville to FTPS-Plainville in % of people who reported seeking help for their use of alcohol or drugs or who reported having a behavioral addiction.
- No significant change from BTPS-Plainville to FTPS-Plainville in rated 'importance of gambling as a recreational activity'.

⁴⁶ Ibid.

There is evidence of some environmental impacts:

- There were noise complaints in Plainville associated with PPC construction, but not its operation.
- Plainville has experienced an increase in traffic volume.
- Plainville has experienced an increase in traffic complaints.

Additional conclusions include:

- There may be a small increase in the number of businesses in Plainville attributable to PPC
- In terms of impact on other gambling industries, PPC has increased lottery sales in Plainville and stabilized PPC horse racing revenues;
- It seems unlikely that PPC has had an impact on property values or commercial or industrial rental rates;
- There are some increased governmental costs, but they are offset by significant financial gain from GGR local aid and revenue from host and surrounding community agreements.

CSG INTERVIEW: RUIDOSO IMPACTS

CSG interviewed Lawrence Chavez, Administrative Superintendent of the Ruidoso Police Department for the purpose of this analysis to gauge their perception of the impact of casinos in their market on public safety, needs, concerns, etc. His initial note was that the Billy the Kid racetrack casino was technically in Ruidoso Downs, just outside the Village of Ruidoso limits.

The Village of Ruidoso has a full-time population of approximately 7,500 residents, but during the racing season the population more than doubles to approximately 17,000. As such, a significant percentage of the homes are considered as second homes, typically rented out during the racing season or as nightly rentals, with demand very much correlated to what is happening at Ruidoso Downs. Much of this demand is also related to backside workers at the racetrack. Ruidoso Downs actually has no restaurants or bars in its jurisdiction, so any nightlife demand generated from racino workers or patrons actually takes place in the Village of Ruidoso once the races are over.

Mr Chavez has not found traffic impacts to be notable within the Village of Ruidoso as a result of racino visitation, but from a crime perspective he finds correlation predominantly with racetrack workers rather than its patrons, generally in the form of drug use and associated crimes such as prostitution, violent felonies and home burglaries. The police department does have an MOU with the track, however, providing K9 support for drug activity. Overall, from an economic development standpoint, Mr. Chavez noted “I feel that having the racino near our jurisdiction is a positive thing. Local full-time residents have opportunities to have employment and the tourism department gets an overwhelming opportunity to advertise and make local events very successful during this time. The Gross Receipts Taxes are boosted which gives the Village of Ruidoso positive income during this time. The downfall is that our police department is staffed for a full-time population of 7,500, but we have to conduct business event with the huge crowds that the racino generates. We are accustomed to relying on outside resources to supplement the Law Enforcement Need during these times (Local County Sheriff's Department and the New Mexico State Police).”⁴⁷

⁴⁷ Information provide to CSG by Lawrence Chavez, Administrative Lieutenant, Village of Ruidoso Police Department, for the purpose of this analysis.

CSG SURVEYS NATIONALLY

In addition to the research (discussed above) conducted by third parties regarding various negative externalities of racino and casino operations, as well as CSG's Ruidoso interview, we have interviewed public safety officials in markets throughout the US to gain perspective on how gaming facilities have impacted communities; i.e., whether the gaming facilities created any issues with respect to public safety staffing needs, the volume of calls to the casino and any information related to memorandums of understanding (MOUs) and/or funding from the casino to the departments. For a different engagement in 2016, CSG has surveyed the following departments (the feedback is still pertinent today, and was closer to the opening dates at that time):

- Mount Pocono, PA where the Mount Airy Lodge Casino opened in October 2007
- Emmetsburg, IA where the Wild Rose Casino and Resort opened in May 2006
- City of Waterloo, Black Hawk County, IA where the Isle Casino Hotel opened in June 2007
- Oxford, ME where the Oxford Casino opened in June 2012

MOUNT POCONO, PENNSYLVANIA

The Pocono Mountain Regional Police Department serves Tobyhanna, Mt. Pocono, Tunkhannok and Coolbaugh, the communities surrounding the Mt. Airy Casino. Chief Harry Lewis only had data available going back to 2010, which is after the casino opened, but in all categories surveyed there has been a steady decline in incidents, suggesting that the casino is not a continuing negative influence on criminal activity in the Mount Pocono region.

CHART 4: POCONO MOUNTAIN REGIONAL POLICE ANNUAL 911 CALLS

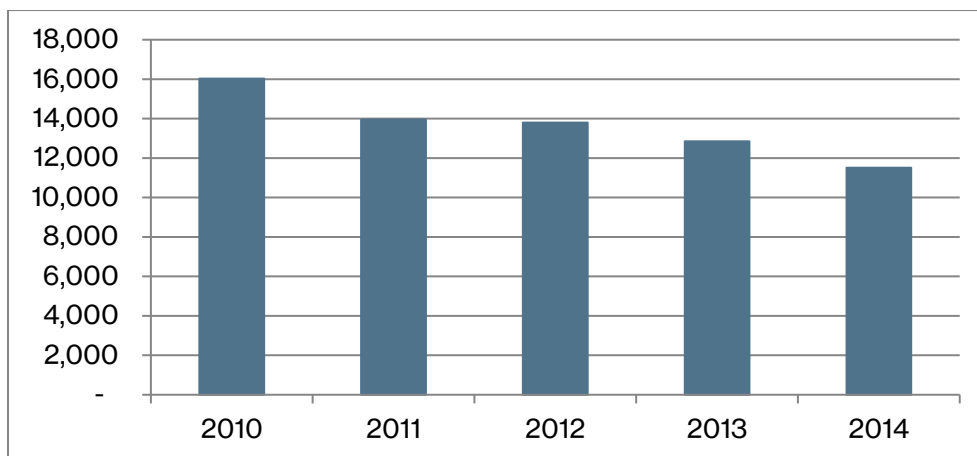
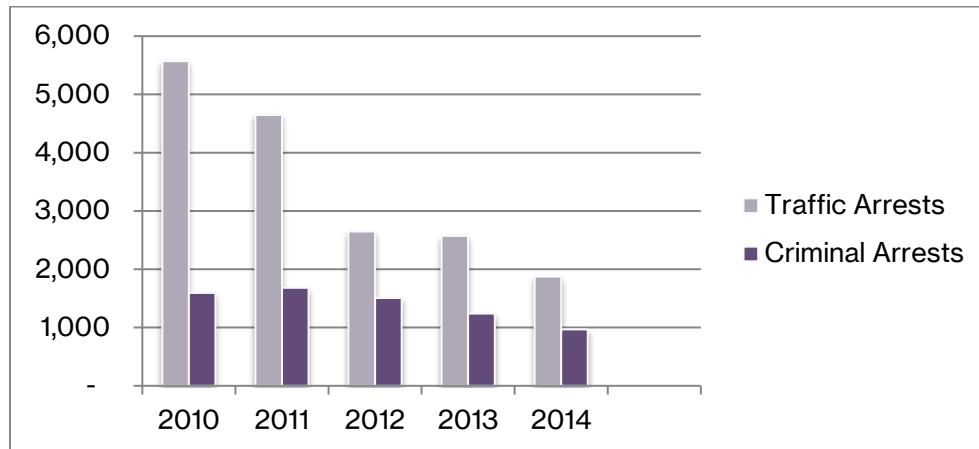


CHART 5: POCONO MOUNTAIN REGIONAL POLICE ARRESTS



The Pocono Mountain Fire Department is a 100% volunteer department, as are all of Monroe County and the surrounding counties. Chief Dan Luddeni stated that his station had not seen any increase in residential fires since the opening of the casino, but that they have seen "more traffic accidents in general and specifically in the area of the casino". Chief Luddeni said that the major cost increase was volunteer time spent, but that the department did spend approximately \$60,000 for vehicle rescue equipment to be used for the entire coverage area. He said that overall call volume for his Company had grown slightly over the past 12 years from roughly 170 fire calls annually to approximately 200 currently, but that it has grown largely due to population increases over the past few decades and not as a result of the casino. Chief Luddeni also said that the number of volunteers has shown a slight increase recently, "but it is cyclical. We often gain a few then lose a few, always settling in or around the same number although we could always use more". His department has not received any funding or donations from the casino and did not have an MOU in place.

EMMETSBURG, BLACK HAWK COUNTY, IOWA

The Emmetsburg, IA Chief of Police Eric Hanson stated that his department gets eight to ten calls per month to the Wild Rose Casino and Resort, and that they fall into three main categories: request for support of armored trucks transporting casino property, ambulance calls, and requests to unlock vehicles. He said that it is extremely rare that the police department is called to the casino for criminal activity and that there are very few arrests. He said that on the occasions that an arrest is made, it is usually for Public Intoxication.

Chief Hanson said that the number of DUI/DWI arrests over the past ten years has remained relatively steady and he does not feel that there was an increase due to the casino opening. He provided information that there has been a total of 158 DUI/DWI arrests over the past ten years, for an average of 15.8 arrests annually. His department did not add any staff or equipment due to the opening of the casino and has had six full time officers and one secretary for the past ten years. There was not an MOU with the casino when it opened and the police department has not received any funds directly from the casino, but has applied for and received grant funding from the casino's non-profit foundation.

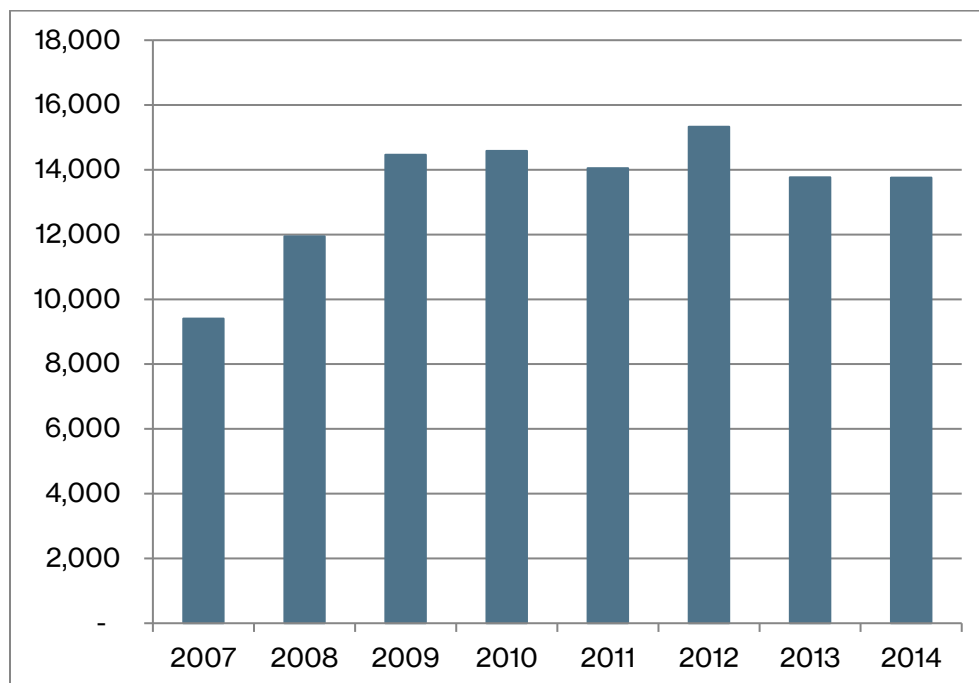
Kim Kibbie, the Emmetsburg City Clerk, stated that the fire department had not needed to add a new fire station due to the opening of the casino. She said that they had purchased new equipment, but

that that was not necessarily due to the casino opening. She said that the fire department had not signed an MOU with the casino, but that like the police department, had received numerous grants to fund equipment purchases from the casino.

Deputy George Wright of the Black Hawk County Sheriff's Department stated that the department had not added any staff when the Isle Hotel and Casino opened, but that they had loaned the Iowa Department of Criminal Investigations, which handles many of the law enforcement activities for the casino, the use of their NetMotion/Shield software to track offender in Black Hawk County at a cost of \$500 to the department. They did not have an MOU with the casino and have not received any funding from the casino.

Since the casino opened there has been an increase in the number of annual 911 calls that the Black Hawk County Sheriff's Department receives, going from 9,405 calls in 2007, the year the casino opened, to a peak of 15,328 calls in 2012, a 63 percent increase. However, the number of annual 911 calls had fallen in the past two years.

CHART 6: BLACK HAWK COUNTY, IA ANNUAL 911 CALLS



Similarly, there has been an increase in the annual number of arrests and number of DUI/DWI arrests since the casino in Black Hawk County opened. However, this trend began prior to the casino opening, but there was a significant jump in DUI/DWI arrests after the casino opened. Deputy Wright did not indicate whether he felt these increases were due to the opening of the Isle casino or not.

CHART 7: BLACK HAWK COUNTY, IA SHERIFF ANNUAL ARRESTS

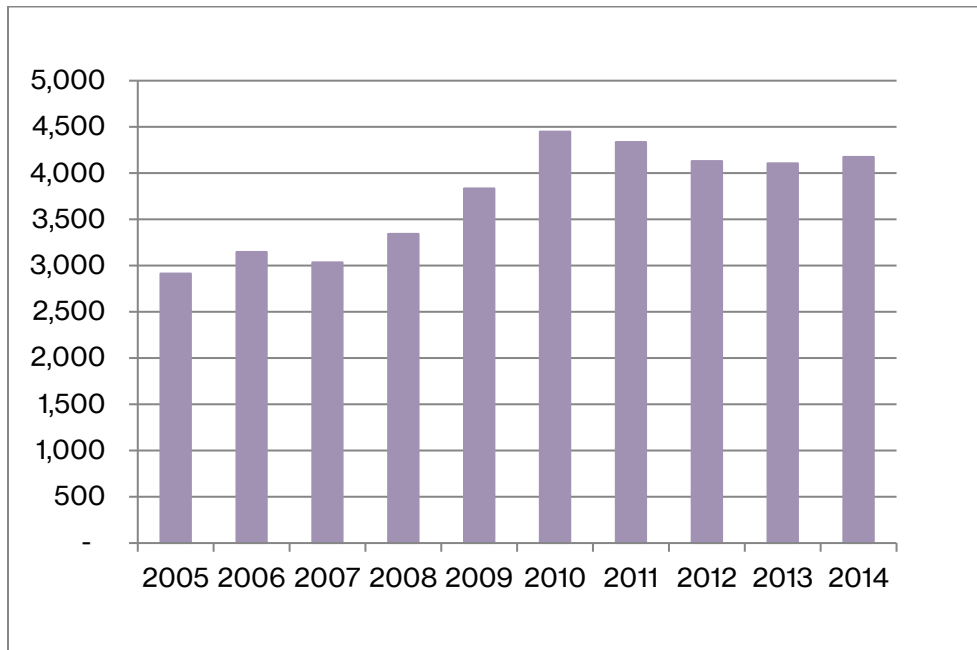
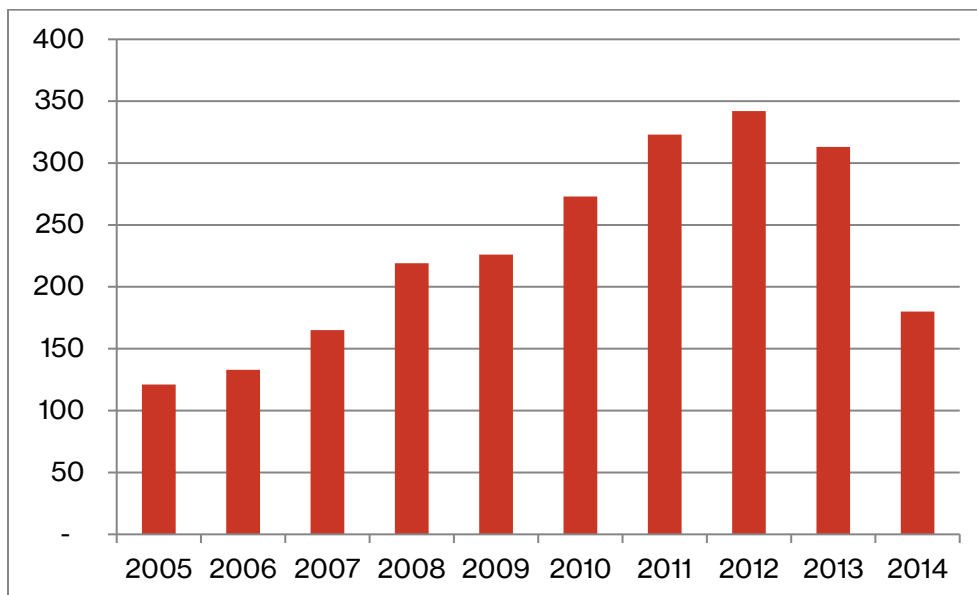


CHART 8: BLACK HAWK COUNTY, IA SHERIFF ANNUAL DUI/DWI ARRESTS



WATERLOO, IOWA

The City of Waterloo Fire Rescue is a professional company that employs 100 uniformed and four civilian professional staff. In addition to its role in fire suppression and rescue, the department provides fire-service based Emergency Medical Services (EMS). Ambulances are staged at firehouses and are staffed by cross-trained firefighter-paramedics. This department feels that this affords considerable efficiency and flexibility to its operations. The budget for 2014-2015 was roughly \$13.5M.⁴⁸ Chief of Fire Services Pat Treloar did not indicate whether the department had signed an MOU with the casino or if they had received any funding from the casino, but the department secretary felt that there had not been any money given by the casino or any kind of agreement with the casino. The department opened a new fire station and added staff since the casino opened, but the administrative liaison did not feel that this was due to the Isle Casino opening.

OXFORD, MAINE

Lieutenant Mike Ward of the Oxford, Maine police department stated that the number of calls to his department has increased in the past two to three years, but he indicated that this was due to all of the new businesses that had recently opened in Oxford and were bringing many people to the area. He said that in addition to the Oxford Casino, a Wal-Mart and numerous other businesses had recently opened that brought more people into Oxford from out of town than actually live in the city. He stated that they were, "a small community of about 4,000 people. These businesses opening have been a boon for the town. We have a great relationship with the casino and the other businesses". He was very enthusiastic about the Oxford Casino and said that it had brought many jobs to the community. He said that he had not noticed any increase in serious crimes, but that there was far more traffic in the town, again stating that "businesses are bringing more people in than actually live here". Although there was more traffic, Lt. Ward seemed to view the increased activity in the town as a significant positive.

Oxford Fire/Rescue is a professional company of 47 firefighters, EMTs, and paramedics. Lieutenant Steve Cordwell said that the department had grown in the past few years, but said that he wouldn't necessarily attribute that to the Oxford Casino. He was unsure if the casino had provided any funding to the department or if there had been a signed MOU.

In conclusion, there seems to be very little deleterious impact on community services in areas that we surveyed in which a casino has opened. In most small communities there was also no signed MOU with any casino. In general, communities seemed to have an overall positive feeling toward the casino and felt that it was an asset to the town or county.

SOCIAL IMPACT CONCLUSION

We have found no concerns regarding the availability of public services to support the operations of the racinos, though some MOU's should be in place to ensure that there is sufficient EMS and fire

⁴⁸ Waterloo FY2015 budget, <http://165.206.254.124/local/city/fy15/budgets/WATERLOO15.pdf>

services proximate to the facilities in case of emergency. Based on our surveys and third-party research discussed in this report, we do not anticipate crime to be a major concern for host communities.

The locations of proposed facilities are proximate to major roadways, such that incremental traffic is not a concern. Population declines in the respective communities has resulted in schools that are currently over-sized for their enrollments, such that additional students will not require additional schools. Housing availability may be a concern in smaller communities; Hidalgo Downs, LLC has explicitly stated their willingness to develop some housing for their staff, which could alleviate some of this concern. Due to recent plant closures in communities surrounding Clovis, as well as developments on the Air Force base, there is ample housing in that market.

The main concern for which there may be a foundation for further discussion and consideration was raised by the Horsemen's Association. There will need to be coordination with interested parties, including incumbent racetracks in the state, to ensure that the schedule for racetrack operations (and breed types) is optimal so as to ensure the best racing product statewide, while also ensuring that the result is not that an incumbent track suffers from a desire to move to the new property for better purse opportunities.

APPENDIX

COMPARISON OF POPULATION TO GAMING SUPPLY

In evaluating the projections detailed in the body of this study, it is informative to consider the existing supply of casino-style games versus the size of the marketplace. The tables below compare the gaming age (21+) population within the 0-30, 30-60, and 60-120-minute drive time bands from the proposed racetrack casino locations as well as existing racetrack casinos in the greater market.

TABLE 88: TOTAL POPULATION AGE 21+ BY DRIVE TIME: EXISTING AND PROPOSED RACETRACK SITES

SITE	0-30 MINUTES	30-60 MINUTES	60-120 MINUTES	TOTAL (0-120 MINUTES)
Clovis - Clovis Racetrack & Casino	50,459	29,093	542,803	622,355
Clovis - Curry Downs	49,903	33,940	535,878	619,721
Clovis - La Posada del Llano	52,262	31,908	539,630	623,800
Lordsburg - Hidalgo Downs	2,554	28,857	186,386	217,797
Tucumcari - Coronado Park	6,015	3,909	285,514	295,438
The Downs Racetrack & Casino	559,724	179,001	154,544	893,269
Ruidoso Downs Racetrack & Casino	14,653	27,103	121,006	162,762
Sunland Park Racetrack & Casino*	436,986	307,436	71,598	816,020
Zia Park Casino Hotel & Racetrack	43,571	25,803	631,746	701,120

*U.S. Population only

Source: ESRI Business Analyst 2018

TABLE 89: COMPARISON OF COMPETITION AND GAMING AGE (21+) POPULATION WITHIN 120-MINUTE DRIVE TIME OF EXISTING AND PROPOSED RACETRACK SITES

	0-30 MINUTES		30-60 MINUTES		60-120 MINUTES		0-120 MINUTES	
	SLOTS	GAMER POP/SLOT	SLOTS	GAMER POP/SLOT	SLOTS	GAMER POP/SLOT	SLOTS	GAMER POP/SLOT
Clovis - Clovis Racetrack & Casino	600	84	0	29,093	0	542,803	600	1,037
Clovis - Curry Downs	600	83	0	33,940	0	535,878	600	1,033
Clovis - La Posada del Llano	600	87	0	31,908	0	539,630	600	1,040
Lordsburg - Hidalgo Downs	600	4	0	28,857	0	186,386	600	363
Tucumcari - Coronado Park	600	10	0	3,909	0	285,514	600	492
Sunland Park Racetrack & Casino*	700	624	0	307,436	0	71,598	700	1,166
Zia Park Casino Hotel & Racetrack	750	58	0	25,803	0	631,746	750	935

Source: ESRI Business Analyst; New Mexico Racing Commission; Meister 2018; CSG analysis

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