



MARKET ANALYSIS AND ECONOMIC IMPACT STUDY:

Proposed La Posada del Llano Racetrack and
Destination Gaming Resort in Clovis, NM

Prepared for Full House Resorts
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Executive Summary

In 2018, the New Mexico Racing Commission (“Commission”) opened the application process for its sixth and final racetrack casino (“racino”) license. Under the state’s compacts with Native American tribes, only six non-tribal racinos are allowed in New Mexico. Five are currently in operation. The Commission received five applications for the sixth license by its July 30, 2018, deadline.

In support of its application for the sixth license, Full House Resorts Inc. retained Spectrum Gaming Group (“Spectrum,” “we” or “our”) to independently evaluate its proposed La Posada del Llano racetrack and destination gaming resort in comparison to the other four applications that were submitted. This report details our analysis of the five submitted applications. Our methodological approach included:

- An analysis of the existing gaming landscape in New Mexico and within 100 miles of the state border.
- A gravity model employed to estimate the gross gaming revenue (“GGR”) of each proposed casino, incorporating several factors, including: distance from each casino, availability of nearby gaming alternatives, the supply of gaming located at the casino, the quality of the casino, and customer demographics.
- A pari-mutuel market assessment that forecasts the participation rates of each proposed racino.
- An economic impact analysis for each of the five proposed racinos that estimates their direct, indirect and induced impacts on their host county and the state of New Mexico.

Based on our analysis, we estimate that the proposed La Posada del Llano casino will generate \$124.6 million in GGR during its third year of full operations in 2023 (i.e., at full potential after two years of ramp-up). The casino will generate 73 percent of its revenue from Texas and 23 percent from New Mexico, with the remaining revenue coming from other nearby states.

- We estimate that the proposed La Posada del Llano will have a premium daily win per position of \$455 in 2023, compared to the current average of \$210 for the existing racinos for two primary reasons:
 1. The proposed La Posada del Llano destination gaming resort offers the broadest set of amenities among the five applications, including a 300-room luxury hotel and spa, waterpark, five-mile riding trail, 1-mile racetrack with moving grandstand, and 18-hole championship golf course.
 2. The quality of La Posada del Llano is expected to be higher than the existing casinos and racinos in the market.
- The proposed La Posada del Llano is expected to increase the total gaming revenue (racino and tribal) in New Mexico by \$65.8 million annually (in 2017 dollars).

- We estimate 73 percent of all visitors to La Posada del Llano will be Texas residents, creating a large infusion of out-of-state dollars into the New Mexico economy.
- The total economic impact of La Posada del Llano is estimated to be \$157 million annually, compared to \$99 million from the second-largest impact among the five racino applicants. The hotel and additional amenities at La Posada del Llano, as well as the scope of higher-quality of the facility, are driving its larger economic impact.

On all three measures – additional gaming revenue, out-of-state draw, and economic impact – La Posada del Llano ranks first among the five submitted applications.

Spectrum believes the conclusions resulting from our research and analysis are not surprising in that the La Posada del Llano project has 2.5 times more initial capital investment – \$200 million – than the second-highest racino applicant and is situated in an attractive market area.

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Introduction and Background

Under New Mexico’s compacts with casino-operating Native American tribes, only six, non-tribal racetrack casinos (“racinos”) are allowed in the state; five are currently in operation. In 2018, New Mexico opened the application process for the state’s last racino license. In total, five applications were submitted to the New Mexico Racing Commission (“Commission”) by the July 30, 2018, deadline.

In support of its application for the remaining racino license, Full House Resorts retained Spectrum Gaming Group (“Spectrum,” “we” or “our”) to independently compare and contrast its proposed La Posada del Llano racetrack and destination gaming resort in Clovis with the other applications for the racino license. This report presents our analysis of the local gaming market and estimated economic impact for each proposed location. The report details our methodological approach, the assumptions that underpin our analysis, and the results of our comparison between the five proposed racinos.

The Full House Resorts La Posada del Llano Plan

Full House Resorts’ proposed La Posada del Llano racino and destination gaming resort in Clovis will include a 1-mile racetrack, capable of hosting both thoroughbred and Quarter Horse racing. Track seating will include patio seating, private luxury boxes, and a unique moving grandstand capable of following a race around the track. In addition to these high-end seating options, the track will offer a small, traditional grandstand with rooftop views and a trackside viewing area.

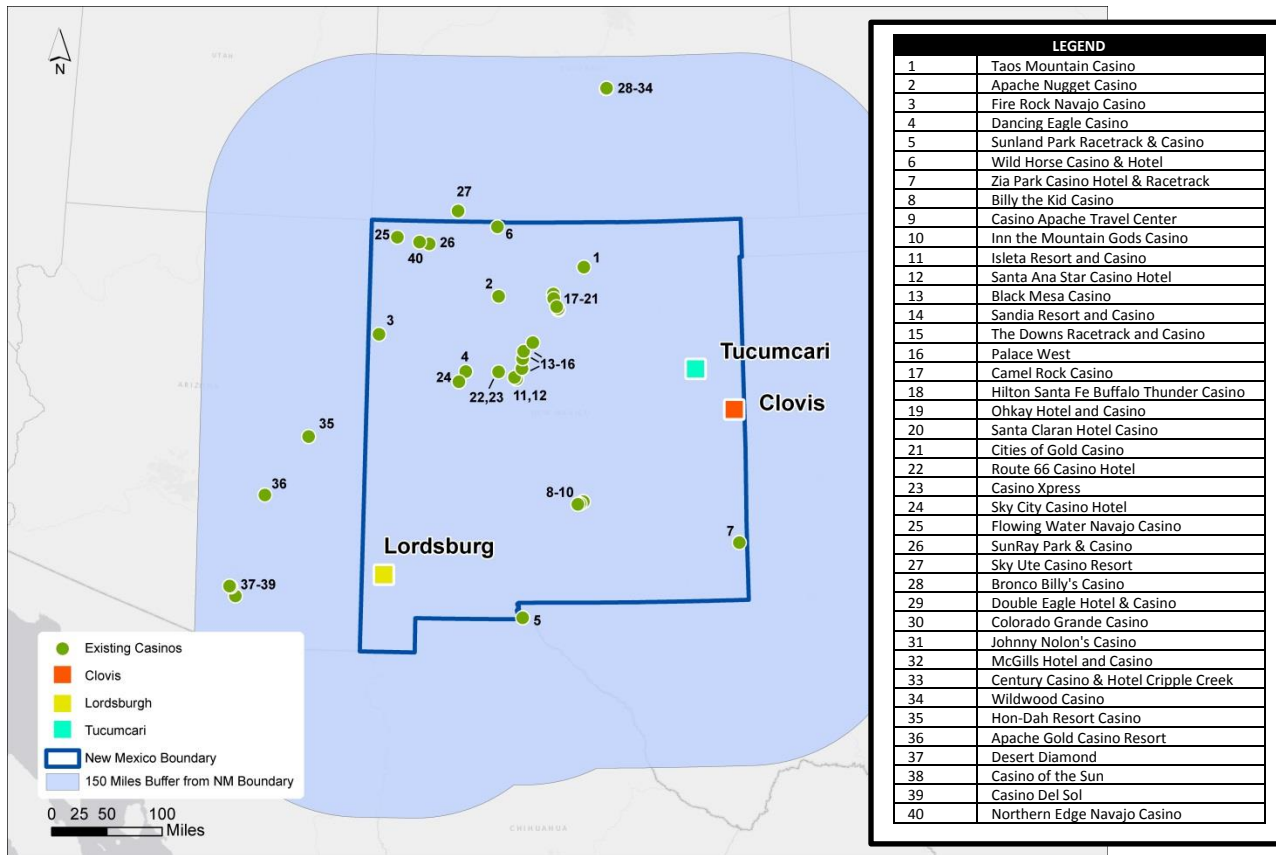
The racetrack will be supported by stables with 1,200 to 1,500 stalls, office space for stewards and horsemen, and a dedicated jockey’s room. Full House Resorts stipulates that it will collaborate closely with the New Mexico Horsemen’s Association to ensure that the housing, office, and tack room needs of jockeys and trainers are met.

The racetrack will be adjoined by amenities including a 300-room luxury hotel and spa, waterpark, RV park, 18-hole golf course, and five-mile riding trail. Food and beverage options will include fine- and casual-dining restaurants, a quick-service eatery, and bar offering country music and line dancing. The on-site casino will offer 750 slot machines and simulcasting. The hotel will also offer meeting and convention facilities, entertainment venues, and party hosting options for midweek and seasonally slow periods.

Other Applicants’ Locations

In addition to the La Posada del Llano proposal, four other racino applications were submitted for consideration to the Commission. Two were submitted for Clovis and one each in Lordsburg and Tucumcari (see Figure 1 and Figure 2 below). (For a more detailed comparison of the proposals, see Appendix A.)

Figure 1: Map of existing casinos in study area



Source: Spectrum Gaming Group

Figure 2: Summary of proposed New Mexico racinos: Phase 1 amenities (see Appendix A for detail)

Location	Applicant (Owned By)	Racetrack Stalls	Food / Beverage Options	Hotel or Other Amenities
Clovis	Full House Resorts	1,200 – 1,500	Two restaurants (one upscale, one casual), quick service eatery, and bar	300-room luxury hotel and spa, waterpark, 18-hole golf course, 5-mile riding trail, multi-purpose meeting and event space
Clovis	Shaun Hubbard	1,000	Bar and grill restaurant	n/a
Clovis	Laguna Tribe/ Rob Miller	1,008	Two restaurants	n/a
Tucumcari	Coronado Partners	1,114	Two restaurants and a buffet	n/a
Lordsburg	Hidalgo Downs	1,500	Casual dining at casino, upscale steakhouse, snack bar, fast food options	n/a

Source: Spectrum Gaming Group, applications submitted to New Mexico Racing Commission. Data for applicants' first phase only.

As illustrated above, the La Posada del Llano project plan is significantly broader in scope and amenities than the other applications. Its plan has more food and beverage options, it is the only racino application that has committed to a 300-room, 4-star hotel and spa during Phase 1 of development, and will offer an 18-hole golf course, a five-mile riding trail, and waterpark – making it a true destination resort.

Current Casino and Racino Landscape

Our model includes 40 existing casinos¹ within 350 miles from the proposed locations and within 150 miles distance from the New Mexico border. Casinos within the Phoenix metropolitan region are excluded because they are outside the catchment area of the proposed location. All existing non-racetrack casinos in New Mexico are tribal-owned, but the existing racinos are non-tribal-owned, commercial operations. The casinos and racinos outside New Mexico and within the 150-mile radius are a mix of tribal-owned and commercial facilities.

Figure 3: Existing casino and racino locations within market area

Map #	Name	State	Type	No. Slots/ VLTs	No. Tables	No. Hotel Rooms
1	Taos Mountain Casino	NM	Tribal	200	4	0
2	Apache Nugget Casino	NM	Tribal	130	0	0
3	Fire Rock Navajo Casino	NM	Tribal	730	10	0
4	Dancing Eagle Casino	NM	Tribal	584	0	0
5	Sunland Park Racetrack & Casino	NM	Commercial	700	0	78
6	Wild Horse Casino & Hotel	NM	Tribal	190	0	41
7	Zia Park Casino Hotel & Racetrack	NM	Commercial	750	0	160
8	Billy the Kid Casino	NM	Commercial	300	0	0
9	Casino Apache Travel Center	NM	Tribal	380	10	0
10	Inn the Mountain Gods Casino and Hotel	NM	Tribal	1,503	56	273
11	Isleta Resort and Casino	NM	Tribal	1,600	30	201
12	Santa Ana Star Casino Hotel	NM	Tribal	1,600	25	204
13	Black Mesa Casino	NM	Tribal	600	10	0
14	Sandia Resort and Casino	NM	Tribal	600	52	228
15	The Downs Racetrack and Casino	NM	Commercial	700	0	0
16	Palace West	NM	Tribal	90	0	0
17	Camel Rock Casino	NM	Tribal	500	2	0
18	Hilton Santa Fe Buffalo Thunder Casino and Hotel	NM	Tribal	1,200	18	395
19	Ohkay Hotel and Casino	NM	Tribal	700	5	101
20	Santa Clarán Hotel Casino	NM	Tribal	750	10	122
21	Cities of Gold Casino	NM	Tribal	575	0	124
22	Route 66 Casino Hotel	NM	Tribal	1,700	40	154
23	Casino Xpress	NM	Tribal	130	0	0
24	Sky City Casino Hotel	NM	Tribal	669	10	134
25	Flowing Water Navajo Casino	NM	Tribal	120	0	0
26	SunRay Park & Casino	NM	Commercial	400	35	0
27	Sky Ute Casino Resort	CO	Tribal	700	12	140
28	Bronco Billy's Casino	CO	Commercial	800	9	24
29	Double Eagle Hotel & Casino	CO	Commercial	500	0	158

¹ For the discussion and modeling purposes, we use “casino” to denote all commercial, tribal and racetrack gaming facilities.

30	Colorado Grande Casino	CO	Commercial	225	0	7
31	Johnny Nolon's Casino	CO	Commercial	253	0	7
32	McGills Hotel and Casino	CO	Commercial	308	0	59
33	Century Casino & Hotel Cripple Creek	CO	Commercial	445	6	26
34	Wildwood Casino	CO	Commercial	625	14	100
35	Hon-Dah Resort Casino	AZ	Tribal	832	7	128
36	Apache Gold Casino Resort	AZ	Tribal	600	5	145
37	Desert Diamond Casinos & Entertainment, Sahaurita	AZ	Tribal	756	0	148
38	Casino of the Sun	AZ	Tribal	410	0	0
39	Casino Del Sol	AZ	Tribal	1300	35	215
40	Northern Edge Navajo Casino	NM	Tribal	750	10	124

Source: Spectrum Gaming Group

Racino Gaming Market Assessment

Spectrum forecasts the potential gross gaming revenue (“GGR”) that will be generated by each of the proposed racinos. We first estimated the results for the proposed La Posada del Llano casino in Clovis as a baseline for comparing the other applications. For the purposes of our analysis we assumed a casino with up to 750 slot machines. The project will be developed as a destination resort that, in addition to the casino, will offer a full slate of equestrian and resort entertainment, including a moving grandstand, a 4-star 300-room hotel, 18-hole PGA quality golf course, waterpark, moving grandstand and spa.

Methodology

In our analysis we employed a gravity model, an industry-standard technique used to estimate the GGR that will be generated by the project. This approach is an adaptation of a technique used in general retail demand modeling and has been utilized within the gaming industry for decades.

While the particulars of gravity models vary from study to study, the general framework is the same. The analysis assumes that a consumer’s demand for gaming at a particular casino is a function of several factors: distance from the subject casino, availability of nearby gaming alternatives, the supply of gaming located at the casino, the quality of the casino, the other amenities offered, and customer demographics. All else being equal, the farther away someone resides from a given casino, the lower the probability that he or she will make a trip to gamble at the particular casino.

To produce a model, assumptions about individual behavior must be aggregated to a greater geographic market area. In this study we used ZIP Code-level data as the consumer unit. This data included adult population, education levels, age, percentage of households with children, and median household income. To ensure maximum coverage of visitors to the proposed locations for the state’s sixth racino, we used ZIP Code-level data from every ZIP Code in New Mexico and within 150 miles of the New Mexico border.² In total, 1,109 ZIP Codes were included in the model.

The model proceeds in the following steps:

1. Predict ZIP Code-level gaming participation;
2. Predict ZIP Code-level gross gaming win per gaming participant;
3. Predict what each casino’s share of each ZIP Code’s gaming revenue will be; and
4. Calibrate the model to match observed data on facility-level revenues.

² This radius excludes three Phoenix-area casinos and related ZIP Codes. Due to their greater proximity to Phoenix-area casinos than any proposed racing casinos, we do not anticipate that any of the proposed casinos would draw from this area.

Steps 1 and 2: The first two steps of the model require estimating total gaming demand for each ZIP Code in the market area. The demand is broken into two components: participation and GGR per player.³

Casino participation rate data (percent of the adult population that gambles) from the American Gaming Association is combined with data on the adult population of each ZIP Code from the US Census Bureau. These data are used to estimate the number of gaming participants from each ZIP Code. Total gaming revenue generated by each ZIP Code was calculated by multiplying the gaming population by an estimate of gross gaming revenue per casino player.

Step 3: The third step of the model involves estimating what share of a given ZIP Code's total gaming demand will go to each gaming facility. In other words, we use the model to estimate each casino's market share for each ZIP Code. Our industry standard gravity model calculations relate market share to distance, competition, and quality of the casino as measured by the casino's attraction factor.

Step 4: The fourth and final step is to calibrate the gravity model's parameters to fit the observed data on casino revenues. This calibration is done by running the model on the market as it is today, with only the existing gaming facilities. This ensures that the variables described above have been properly determined for the existing market and gaming facilities and that the model reflects the actual demand of the New Mexico gaming market. The model is calibrated so that the projected revenue of each casino matches the actual revenue from each casino.

Data

Data from multiple sources were used to create and calibrate this gravity model. Individual casino data – including location, revenue, and number of slots and tables – were found through a combination of state gaming commissions, American Gaming Association publications, and casino websites. Revenue estimates for the individual Indian casinos are not public; however, an estimate of the aggregate revenue from all tribal casinos is publicly available per state and per tribe.

Gaming revenue was estimated separately for tribal casinos in New Mexico, Arizona, and Colorado, New Mexico commercial racinos, and Colorado commercial casinos. For tribal casinos, total positions and total gaming revenue as reported to the New Mexico and the Arizona boards were used to estimate an average gaming revenue per position. This figure was then applied to the total slot and table positions at each casino to generate an estimate for GGR at each casino. For commercial casinos in Colorado, revenue per position was developed from revenue information from the Colorado Department of Revenue.

Casino access is measured using drive times to each casino included in the model. To find the distances, we used Google Maps to calculate the driving time from the center of each ZIP Code to every casino used in the model. Drive time is the most relevant measure of distance to

³ Alternative demand specifications exist, such as participation, visits, and win per visit. However, utilizing just participation and win per player is an accepted approach, and was taken in, for example, Spectrum's 2013 study of the Florida gaming market commissioned by the Florida Legislature.

the casino, rather than straight-line distance, because it estimates the actual time required to travel to current and proposed casinos from the ZIP Codes in the market area.

Data from the American Gaming Association was used to estimate casino participation rates. According to the American Gaming Association's 2013 *State of the States survey*, 34 percent of the US adult (over 21 years of age) population visited a casino during 2012. Casino participation rates for adults that live near a casino are higher than the national average, especially in an area where there is a lack of other entertainment options. For the purposes of this analysis, we assume that the casino participation rate for individuals that live within 20 minutes of the casino is 50 percent. The participation rates were then adjusted downward based on the distance to the closest casino (gravity effect).

Our model includes an attraction factor for each casino. A standard measure often used in gravity models, an attraction factor (also called a power rating) reflects a facility's ability to attract customers from the market area based on the size, scope and quality of the casino and the other amenities. In our gravity model, the attraction factors affect the attraction of each casino in terms of distance (the higher the power rating, the farther a customer is willing to travel to visit the casino). In addition, the proposed 300-room luxury hotel differentiates La Posada del Llano from the other applicants, providing a broader range of amenities and offering destination-quality attractions. The hotel also provides on-site, high-quality lodging, enabling it to draw from a broader geographic area.

Assumptions

The following are the key assumptions in our gravity model:

1. The casino participation rate is 50 percent if the closest casino is within 20 minutes of the ZIP Code. The participation rate was adjusted downward at a logarithmic rate for every one-minute increase in drive time.
2. The baseline GGR per player is \$995. This is based on national average GGR per player estimates. We adjusted the GGR for each ZIP Code based on the ratio of the ZIP Codes' median household income and the national household income.
3. That there is minimal revenue generated from players that live outside of the 1,109 ZIP Codes included in the model.

These assumptions are appropriate and are consistent with the current state-of-art forecasting in the gaming industry.

Analysis

Our first step in the forecasting process was to calibrate the gravity model to the estimated 2017 gaming revenues for the other casinos included in the study area. In the calibration process, we adjusted the model parameters so that the revenue forecasted by model matches the actual revenues generated by each of the other 39 casinos included in the model. The calibrated model represents the starting point for estimating the potential impact of the proposed La Posada del Llano.

We estimated the potential impact that the proposed La Posada del Llano property will have on the market by adding the proposed casino to the model. The addition of the proposed La Posada del Llano will provide a high-quality destination casino that is in closer proximity than the existing casinos to a large portion of the area surrounding Clovis, including a significant portion of the population in West Texas. This will result in higher participation rates, which in turn will generate increased casino visits and gambling spending. A key input to the model is the attraction factor of the proposed La Posada del Llano casino. This was based on the performance of the other racinos, adjusted for differences in amenities and based on our knowledge of the gaming market.

In total, we estimate that the proposed La Posada del Llano casino will generate \$124.6 million in GGR in Year 3 of operation, which is typically when a casino reaches its full potential after two years of ramping up operations. We estimate that 73 percent of the revenue of the proposed La Posada del Llano casino will come from Texas, mainly the areas around Amarillo and Lubbock.

Figure 4: La Posada del Llano GGR forecast by drive-time distance from proposed location, 2023

	Adult Population	GGR	Percent of Revenue
Within 30 minutes	37,149	\$14,837,000	11.9%
30 to 60 minutes	29,826	\$9,000,800	7.2%
60 to 90 minutes	42,949	\$8,711,600	7.0%
90 to 120 minutes	456,366	\$56,581,100	45.4%
120 to 180 minutes	236,052	\$15,240,500	12.2%
Farther than 180 minutes	5,036,871	\$20,277,000	16.3%
Total	5,839,214	\$124,648,000	

Source: Spectrum Gaming Group

Figure 5: La Posada del Llano GGR forecast by state, 2023

	GGR	Percent of Revenue
New Mexico	\$28,393,600	22.8%
Texas	\$90,800,000	72.8%
All other States	\$5,454,400	4.4%
Total	\$124,648,000	

Source: Spectrum Gaming Group

The daily win per position of the proposed La Posada del Llano casino amounts to \$455. The average win per position per day (“WPP”) for the existing racinos in New Mexico is \$210 WPP. We estimate that the proposed La Posada del Llano casino will have a premium WPP for two reasons:

- First, the proposed property will have a number of additional amenities compared to the other racinos, including a PGA-quality golf course, 4-star 300-room hotel, waterpark, spa, and high-quality restaurants, as well as a moving grandstand and five-mile riding trail.
- Second, the quality of the facilities is expected to be superior to the existing gaming properties in the market. The combination of the additional amenities and the quality of

amenities tend to increase the amount of time that the average player spends at the facility, resulting in a higher spend-per-visit.

As we have seen across the country, casinos that are widely considered the premium properties in their respective markets – based on breadth and quality of non-gaming amenities, including a luxury hotel – generate higher WPP than their competitors. Examples for the 12-month period ending July 2018 include:

- Atlantic City, NJ: Borgata, which has invested \$2 billion since opening in 2003, generates 43 percent more in daily WPP than the second-ranked casino among the nine in the market.
- Baltimore-Washington: MGM National Harbor, which has invested \$1.2 billion since opening less than two years ago, generates 53 percent more WPP than the second-ranked casino among the five in the market
- Northeast Pennsylvania: Sands Bethlehem, which has invested more than \$900 million since opening in 2009, generates WPP that is more than double the second-ranked casino among the three in the market.
- Colorado (which does not report revenues by property): The casinos in Black Hawk, which include several full-service casino hotels, collectively have had obviously higher levels of capital investment than the smaller properties in Central City and Black Hawk – and they collectively generate more than twice the WPP of casinos in the other two markets, one of which (Central City) is adjacent to Black Hawk.

It is important to note higher quality casinos do generate exceptionally high WPP in markets where the gaming supply is restricted. The most prominent – and highly unusual – example is in Illinois, where casinos are statutorily restricted to 1,200 positions. The Rivers Casino Des Plaines in suburban Chicago generated a WPP of \$7,433 per table game and \$798 per slot machine, believed to be the highest such statistics in the country.

Similarly in Louisiana, casinos are restricted to a gaming floor of no more than 30,000 square feet, which limits the number of slots and tables that can be offered. In Lake Charles, which serves the Houston, TX, market, the Golden Nugget Lake Charles and L’Auberge casinos generated impressive WPP of \$414 and \$424, respectively, which are well above industry norms.

Spectrum notes that New Mexico limits racino licensees to between 600 and 750 slots. We believe this has led to above-average WPP at Zia Park in Hobbs and, as indicated in our projections above, would lead to above-average WPP at La Posada del Llano in Clovis.

2021 – 2025 Forecast

The proposed La Posada del Llano racino is not expected to begin operations until 2021; as such, we need to extrapolate the results of the model to future years. We do this by assuming

county-specific population growth rates⁴ and a growth in spending per player of 1.9 percent per year.⁵ To account for the potential learning curve, we assume that the actual GGR in Year 1 is equal to 90 percent of the estimated GGR and in Year 2 it is equal to 95 percent.

Based on a casino with 750 slot machines, we estimate that the GGR in 2021 will be equal to \$104.1 million and will increase to \$129.8 million by 2025, accounting for population growth and the ramp-up of casino performance to fully operational capacity and function. The daily win per position is estimated to be \$380 in 2021 and will increase to nearly \$474 by 2025. We believe that the market premium is justified due to the destination-resort scope and appeal of the proposed La Posada del Llano as well as its market location.

Figure 6: La Posada del Llano GGR projections, 2021–2025⁶

	2021	2022	2022	2024	2025
Slot Machines	750	750	750	750	750
Gaming Revenue	\$105,856,000	\$115,027,000	\$124,648,000	\$128,321,000	\$132,103,000
Win/Position	\$141,140	\$153,370	\$166,200	\$171,090	\$176,140
Win/Position/Day	\$387	\$420	\$455	\$469	\$483

Source: Spectrum Gaming Group

⁴ We used county-level population projections from each of the states included in the model – most notably those in West Texas – to forecast the growth in the gaming population from 2017 through 2024.

⁵ The 1.9 percent growth in spending per player is equal to the average CPI increase of the 2011 to 2017 period.

⁶ Note that revenue estimates for 2020 and 2021 assume a discount from the model results of 10 percent and 5 percent, respectively. The discount is to account for a ramp-up period before the racino is fully operational.

Pari-Mutuel Market Assessment

The primary goal of Spectrum's pari-mutuel market assessment is to forecast the potential live and simulcast handle that will be generated by the racetrack at La Posada del Llano. For the purposes of our analysis, we assumed that La Posada del Llano will present 60 days of live racing per year.

We defined the market for the pari-mutuel assessment based on a maximum of 120-minute drive time. Similar to the racino market assessment, the pari-mutuel assessment uses ZIP Code-level data and assumes that gaming participation decreases as one gets farther from the racetrack. It is important to note that while the market area (120 minutes) is larger than the nationwide industry standard for a racetrack, the larger market area is justified for several reasons:

- There is a lack of current gaming options in the study area;
- There are no existing racetracks in the immediate vicinity;
- The region is relatively remote and as such the residents of the study area are familiar with driving long distances for entertainment and services; and
- The proposed moving grandstand does not exist at another existing racetrack, and the unique experience that this amenity will offer, combined with the other high-quality amenities planned for the facility, should expand the market area of the racetrack.

New Mexico Racing Statistics

New Mexico is currently home to five full-service racetracks and one fair meet. The full-service racetracks include Albuquerque Downs, Ruidoso Downs, Sunray Park, Sunland Park, and Zia Park (see figures 7-10 below). The fair meet is associated with Albuquerque Downs and for the purposes of this analysis we include the handle associated with the fair meet to be attributable to Albuquerque Downs. All of the tracks have both thoroughbred and Quarter Horse racing.

The number of live race days for the five existing racetracks was relatively consistent over the 2012 – 2016 period, with the number fluctuating between 284 and 288 days. Sunland Park has consistently had the greatest number of race days, with the number of days ranging from 77 in 2012 to 72 in 2016. The total number of race days is projected to be 254 in 2019. This represents a CGAR of -1.8% since 2012.

Figure 7: New Mexico live race days by property, actual and scheduled, 2012–2019

Year	Albuquerque Downs	Ruidoso Downs	SunRay Park	Sunland Park	Zia Park	Total
2012	54	61	42	77	54	288
2013	57	60	39	76	56	288
2014	54	61	39	76	56	286
2015	56	64	36	76	56	288
2016	60	60	36	72	56	284
2017	55	47	33	72	53	260
2018	55	48	33	64	56	256
2019	56	54	17	74	53	254
2012-2016 CAGR	2.1%	-0.3%	-3.0%	-1.3%	0.7%	-0.3%
2012-2019 CAGR	0.5%	-1.7%	-12.1%	-0.6%	-0.3%	-1.8%

Source: Spectrum Gaming Group

Racetracks generate four types of handle – live on-track, intrastate, out-of-state, and simulcast handle. Handle refers to the total amount of money bet. We define each type of handle as follows:

- **Live on-track handle.** This is the amount of money that wagered on races that occur at the given racetrack on a given day.
- **Intrastate Handle.** The intrastate handle are wagers that are placed at the subject racetrack on races that are staged at the other New Mexico racetracks.
- **Out-of-State Handle.** This is the amount of money that is wagered by players from out-of-state on races that occur at a track in New Mexico
- **Simulcast Handle.** The simulcast handle is the amount of money that is wagered by players on races that occur at other race tracks outside of New Mexico. An example of this are wagers made on races run at Churchill Downs in Kentucky during the Kentucky Derby.

Figure 8 displays the racing statistics for the five existing racetracks for 2016. Sunland Park and Ruidoso have the highest average daily attendance, 3,963 and 3,540, respectively. The on-track revenue ranged from less than \$600,000 at SunRay Park to nearly \$9.4 million at Ruidoso Downs. The total meet handle ranged from \$5.3 million at SunRay Park to nearly \$36.4 million at Sunland Park.

Figure 8: New Mexico racetrack handle summary by track, 2016

	Albuquerque Downs	Ruidoso Downs	SunRay Park	Sunland Park	Zia Park	Total
Live Race Days	74	60	36	72	56	298
Attendance	117,806	212,411	57,577	285,358	86,657	759,809
Attendance/Race	1,592	3,540	1,599	3,963	1,547	2,550
On-track						
Handle	\$3,472,046	\$9,395,920	\$564,406	\$3,116,871	\$1,937,245	\$18,486,488
Handle/Day	\$46,920	\$156,599	\$15,678	\$43,290	\$34,594	\$62,035
Handle/Person	\$29.47	\$44.23	\$9.80	\$10.92	\$22.36	\$24.33
Intrastate (New Mexico)						
Handle	\$383,295	\$1,173,905	\$387,036	\$926,080	\$766,302	\$3,636,618
Handle/Day	\$5,180	\$19,565	\$10,751	\$12,862	\$13,684	\$12,203
As % of on-Track	11.0%	12.5%	68.6%	29.7%	39.6%	
Export						
Handle	\$8,848,983	\$11,590,355	\$4,331,236	\$32,320,511	\$21,477,117	\$78,568,202
Handle/Day	\$119,581	\$193,173	\$120,312	\$448,896	\$383,520	\$263,652
Total Meet Handle	\$12,704,324	\$22,160,180	\$5,282,678	\$36,363,462	\$24,180,664	\$100,691,308
Total/Day	\$171,680.05	\$369,336.33	\$146,741.06	\$505,048.08	\$431,797.57	\$337,890.30
Out-of-State						
Handle	\$18,441,577	\$4,509,860	\$1,410,891	\$17,207,962	\$4,718,719	\$46,289,009
Ratio to Live	5.31	0.48	2.50	5.52	2.44	2.50

Source: Spectrum Gaming Group, New Mexico Racing Commission

The live on-track handle has decreased at a compound annual growth rate (“CAGR”) of 3.3 percent from 2012 to 2016, decreasing from \$21.8 million in 2012 to \$18.5 million in 2016. This represents a decrease of \$3.5 million. Albuquerque Downs was the only racetrack to see an increase over the 2012 to 2016 period, with the handle increasing at a CAGR of 7.2 percent. The live on-track handle at the other racetracks decreased between 1.0 percent (Ruidoso Downs) to 13.0 percent (Sunland Park).

Figure 9: New Mexico racetrack live on-track handle by property, 2012–2016

Year	Albuquerque Downs	Ruidoso Downs	SunRay Park	Sunland Park	Zia Park	Total
2012	\$2,456,055	\$9,855,735	\$787,102	\$6,248,322	\$2,490,132	\$21,837,346
2013	\$2,608,638	\$10,829,918	\$787,102	\$5,638,095	\$2,390,272	\$22,254,025
2014	\$2,884,152	\$10,385,648	\$658,614	\$5,631,692	\$2,502,731	\$22,062,837
2015	\$3,195,578	\$10,843,600	\$599,736	\$4,701,059	\$2,568,723	\$21,908,696
2016	\$3,472,046	\$9,395,920	\$564,406	\$3,116,871	\$1,937,245	\$18,486,488
CAGR	7.2%	-1.0%	-6.4%	-13.0%	-4.9%	-3.3%

Source: Spectrum Gaming Group

Simulcast handle has, coincidentally, also decreased at the same rate as the on-track handle over the same period. The total simulcast handle has decreased by \$8.3 million from \$52.9 million in 2012 to \$44.7 million in 2016. Zia Park was the only track to see an increase over the period.

Figure 10: New Mexico racetrack simulcast handle by property, 2012–2016

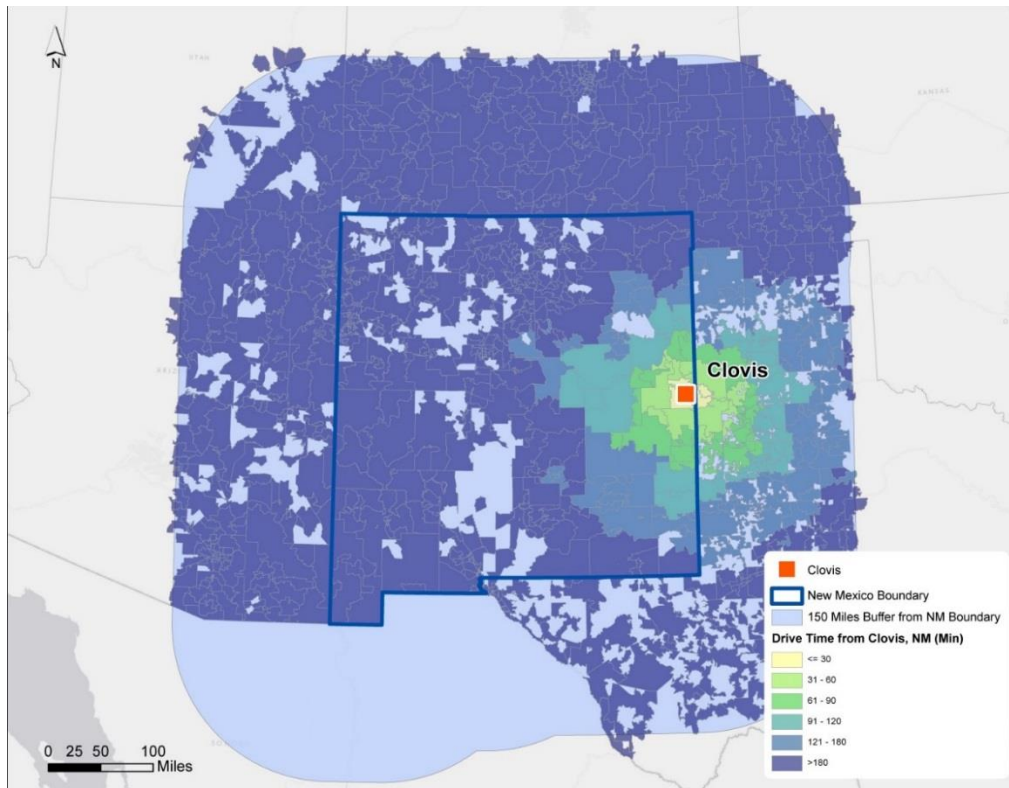
Year	Albuquerque Downs	Ruidoso Downs	SunRay Park	Sunland Park	Zia Park	Total
2012	\$23,392,214	\$3,593,661	\$2,121,002	\$19,647,064	\$4,240,389	\$52,994,330
2013	\$23,085,336	\$3,399,695	\$2,066,286	\$19,005,152	\$3,568,464	\$51,124,933
2014	\$23,609,572	\$3,484,721	\$1,798,713	\$18,655,763	\$3,944,109	\$51,492,878
2015	\$23,078,516	\$3,389,141	\$1,772,280	\$18,017,821	\$4,697,588	\$50,955,346
2016	\$18,058,282	\$3,335,955	\$1,410,891	\$17,207,962	\$4,718,719	\$44,731,809
CAGR	-5.0%	-1.5%	-7.8%	-2.6%	2.2%	-3.3%

Source: Spectrum Gaming Group

Forecasts

The first step in developing the pari-mutuel market assessment was to estimate the number of pari-mutuel bettors. We assumed that the participation rate was equal to 25 percent for ZIP Codes within 15 minutes of the racetrack and decreasing linearly to 12.5 percent for ZIP Codes that are within 120 minutes of the proposed La Posada del Llano.⁷

Figure 11: Proposed La Posada del Llano racetrack location



Source: Spectrum Gaming Group

⁷ Participation rates adapted from Abby McCormack, et al, “An examination of participation in online gambling activities and the relationship with problem gambling,” *Journal of Behavioral Addictions*, November 30, 2012. <https://pdfs.semanticscholar.org/0e43/871af31a1a66020895932f04e0e69679d5b9.pdf>

We estimate that the number of admissions to the track will be 114,750 per year (Figure 12) in 2023.⁸ Based on a 60-day meet, this amounts to an average admission of 1,913 per race day. Nearly 84 percent of the admissions are estimated to come from Texas, with the remainder from New Mexico (Figure 13).

Figure 12: Potential admissions by distance from proposed La Posada del Llano racetrack, 2023

	Total Adult Population	Admissions	Percent of Total
Within 30 mins	37,440	11,040	9.6%
30 to 60 mins	30,170	7,920	6.9%
60 to 90 mins	43,360	9,660	8.4%
90 to 120 mins	460,850	86,130	75.1%
Total	571,820	114,750	

Source: Spectrum Gaming Group

Figure 13: Potential admissions to La Posada del Llano racetrack, by state, 2023

	Admissions	Percent of Total
New Mexico	18,760	16%
Texas	96,000	84%
Total	114,760	

Source: Spectrum Gaming Group

To estimate the handle that will be generated by the proposed La Posada del Llano racetrack, we choose an existing racing with similar characteristics as the starting point for our analysis. Zia Park is in a market that is similar to the proposed La Posada del Llano. Both have low populations in the immediate market combined with a large feeder market outside of 1.5 hours.

We estimated four sources of handle for La Posada del Llano: live on-track handle, intrastate handle, out-of-state handle, and the simulcast handle. For the purposes of this analysis we assumed a 60-day meet. The methodology for each source of handle is detailed below.

- Live on-track handle.** The live on-track handle forecast was based on an estimated number of players and an assumed average handle per player. The average live, on-track handle-per-player at Zia Park in 2017 was \$22.36. However, given the amenities of the proposed La Posada del Llano, namely the proposed moving grandstand and the other high-quality amenities, such as the 4-star hotel and luxury boxes, the property should generate a premium compared to Zia Park. To account for the premium, we assumed that the live racing handle per attendee is the average live handle per attendee for Zia Park (\$22.36) and Ruidoso Downs (\$44.23), which was the highest performing racetrack in

⁸ We assume that there will be a ramp-up period before the track is fully operational. The racetrack will begin operations in 2021. During the first year of operations (2021) the racetrack will achieve 90 percent of its equilibrium impacts, Year 2 (2022) the racetrack will achieve 95 percent of its equilibrium impacts, and by Year 3 (2023) the racetrack will be at full operation.

2017. This amounts to an average live on-track handle per attendee of \$33.29.⁹ The total live on-track handle was calculated by multiplying the total number of players by the assumed live on-track handle per attendee.

Based on 2023 data, we estimate that the live on-track handle will amount to \$4,291,520.

- **Intrastate Handle.** The intrastate handle are wagers that are placed at the subject racetrack on races that are staged at the other New Mexico racetracks. We calculated the intrastate handle as the percent of the live on-track handle. The intrastate handle at Zia Park in 2017 was equal to 40 percent of the live on-track handle. The intrastate handle was calculated by multiplying the live on-track by 40 percent.

Based on our estimated live on-track handle, we estimate that the intrastate handle at the La Posada racetrack will amount to \$1,716,610 in 2023.

- **Out-of-State Handle.** The out-of-state handle was calculated based on the number of race days and an assumed average handle per race day. The average out-of-state handle per race day at Zia Park in 2017 was \$383,520.

Based on data from Zia Park, we estimate that the proposed La Posada del Llano racetrack will generate \$25.9 million in out-of-state handle in 2023.

- **Simulcast Handle.** The simulcast handle was calculated based on an estimated number of players and an assumed average handle per player. The average simulcast handle at Zia Park in 2017 was \$63.30.

We estimate that the proposed La Posada del Llano will generate \$8.1 million simulcast handle in 2023.

Based on 2023 data, we estimate that the total track handle will be \$14.2 million. This includes the live on-track handle, the intrastate handle and the simulcast handle. Including the out-of-state handle, the total handle increases to \$40.0 million (Figure 14).

Figure 14: Estimated handle for proposed La Posada del Llano racetrack

	Total	Per Race Day
Attendees	114,750	1,913
Live on Track	\$4,291,520	\$71,525
Intrastate	\$1,716,610	\$28,610
Out-of-State	\$25,845,260	\$430,754
Total Meet Handle	\$31,853,390	\$530,890
Simulcast	\$8,158,440	\$135,974
Total Track Handle (Live + intrastate + Simulcast)	\$14,166,570	\$236,110
Total Handle (Total Track + Out-of-State)	\$40,011,830	\$666,864
Simulcast	\$9,875,050	\$164,584

Source: Spectrum Gaming Group

⁹ The handle estimates are based on 2017 data. La Posada del Llano is not expected to begin operations until 2021. We extrapolate the spending to future years using a growth in spending per player of 1.9 percent per year.

2021-2025 Forecast

The handle estimates above are based on data from 2017. The proposed La Posada del Llano is not expected to begin operations until 2021. We then extrapolate the results of the model to future years using county-specific annual population growth rates¹⁰ and a growth in spending per player of 1.9 percent per year.¹¹ To account for the potential learning curve, we assume that the actual revenue in Year 1 is equal to 90 percent of the estimated revenue; in Year 2 it is equal to 95 percent of the estimated revenue.

We estimate that in 2021 the live on-track handle will be \$3.6 million and will increase to \$4.5 million by 2025 (Figure 15). The total track handle, which includes live on-track, intrastate, and simulcast, will increase from \$12.0 million in 2021 to \$15.0 million by 2025. The handle, which also includes the out-of-state handle, is estimated to increase from \$34.4 million in 2021 to over \$41.9 million by 2025.

Figure 15: La Posada del Llano racetrack performance projections, 2021–2025¹²

	2021	2022	2023	2024	2025
Attendees	101,300	107,970	114,760	115,870	117,000
Live on Track	\$3,644,460	\$3,960,100	\$4,291,520	\$4,417,720	\$4,548,000
Intrastate	\$1,457,780	\$1,584,040	\$1,716,610	\$1,767,090	\$1,819,200
Out-of-State	\$22,377,390	\$24,082,280	\$25,845,260	\$26,350,440	\$26,865,490
Total Meet Handle	\$27,479,630	\$29,626,420	\$31,853,390	\$32,535,250	\$33,232,690
Simulcast	\$6,928,400	\$7,528,660	\$8,158,440	\$8,398,670	\$8,646,150
Total Track Handle (Live + intrastate + Simulcast)	\$12,030,640	\$13,072,800	\$14,166,570	\$14,583,480	\$15,013,350
Total Handle (Total Track + Out-of-State)	\$34,408,030	\$37,155,080	\$40,011,830	\$40,933,920	\$41,878,840
Total simulcast	\$8,386,180	\$9,112,700	\$9,875,050	\$10,165,760	\$10,465,350

Source: Spectrum Gaming Group

¹⁰ We used county-level population projections from each of the states – most notably including West Texas – included in the model to forecast the growth in the gaming population from 2017 through 2024.

¹¹ The 1.9 percent growth in spending per player is equal to average CPI increase of the 2011 to 2017 period.

¹² Note that revenue and attendee estimates for 2020 and 2021 assume a discount from the model results of 10 percent and 5 percent, respectively. The discount is to account for a ramp-up period before the racetrack is fully operational.

Economic Impact Analysis

Overview

Each proposed New Mexico racino would generate new economic impact for the state. The amount of revenue is dependent on location, amenities, and size of operations. The direct expenditures, whether resulting from the operations of the casino or the annual capital improvements, generate a ripple effect on the economy of New Mexico in two ways:

1. Expenditures on goods and services cause suppliers of those goods and services to increase production to meet demand, as well as to acquire additional goods and services from their suppliers, who themselves will do the same. These economic activities are known as **indirect expenditures**. Indirect expenditures support additional employment and earnings beyond the activity supported by the direct expenditures.
2. Increased wages and salaries from the direct expenditures provide the earners with additional spending power. Some of that spending power is exercised within the region, supporting local providers of various goods and services (e.g., food, entertainment, housing, retail, and transportation). The sum of these economic activities is known as the **induced expenditures**. Induced expenditures also support additional employment and earnings beyond the employment and earnings supported by the direct expenditures.

The sum of the direct, indirect, and induced expenditures represents the total economic impact generated.

Methodology

To model the economic and employment impact of each proposed racino, we developed an economic impact model using the IMPLAN input/output modeling system. IMPLAN is an industry-standard approach to assess the economic and job creation impacts of economic development projects, the creation of new businesses, the expansion of existing businesses, and public policy changes. This model employs revenue estimates generated by the gravity model, as well as the revenue estimates presented by each racino proposal.

The activity levels for each racino were derived from their license proposals. For consistency, the direct inputs for each racino (for construction and ongoing operations) were modeled using IMPLAN.

Economic Impacts

Upfront Construction

Figure 16: New Mexico racino applicant comparison: projected economic impact from upfront construction (\$ in M)

Casino	Site	Direct Output	Indirect and Induced Output	Total Impact	Direct Jobs	Indirect and Induced Jobs	Total Jobs Supported	Employee Compensation
La Posada del Llano	Clovis	\$200	\$66	\$266	1,640	474	2,115	\$93
Shaun Hubbard	Clovis	\$50	\$17	\$67	410	119	529	\$23
Laguna Tribe/Rob Miller	Clovis	\$72	\$24	\$96	590	171	761	\$34
Coronado Partners LLC	Tucumcari	\$62	\$18	\$80	567	152	720	\$24
Hidalgo Downs LLC	Lordsburg	\$64	\$12	\$76	723	98	821	\$15

Source: Spectrum Gaming Group

Annual Operations

Figure 17: New Mexico racino applicant comparison: projected economic impact from ongoing operations (\$ in M)

Casino	Site	Direct Output	Indirect and Induced Output	Total Impact	Direct Jobs	Indirect and Induced Jobs	Total Jobs Supported	Employee Compensation
La Posada del Llano	Clovis	\$155	\$48	\$203	1,571	349	1,920	\$43
Shaun Hubbard	Clovis	\$62	\$27	\$90	555	200	755	\$17
Laguna Tribe/Rob Miller	Clovis	\$69	\$30	\$99	624	219	843	\$19
Coronado Partners LLC	Tucumcari	\$59	\$20	\$78	515	180	695	\$14
Hidalgo Downs LLC	Lordsburg	\$64	\$12	\$76	648	221	821	\$15

Source: Spectrum Gaming Group

Fiscal Impacts Summary

The economic impacts of La Posada del Llano will generate significant fiscal impacts for the State of New Mexico and the City of Clovis both during the upfront construction and annually from ongoing operations. The upfront construction of the project will generate \$12.0 million in gross receipts taxes and \$3.4 million in personal income taxes for the State of New Mexico and \$7.6 million in local gross receipt taxes (Figure 18).

Figure 18: State and local fiscal impacts from the upfront construction of La Posada del Llano

	State Gross Receipts	State Personal Income Taxes	Local Gross Receipts
Direct	\$9.6	\$2.7	\$6.1
Indirect	\$1.2	\$0.3	\$0.7
Induced	\$1.2	\$0.4	\$0.8
Total	\$12.0	\$3.4	\$7.6

Source: Spectrum Gaming Group

The direct operations of La Posada del Llano will generate significant annual fiscal impacts. After the initial ramp-up period (years 1 and 2), we estimate that La Posada del Llano will generate \$35.5 million of State tax revenue for New Mexico during Year 3 (2023). This includes more than \$32.4 million in gaming taxes, \$1.0 million in personal income taxes, and \$1.5 million in gross receipts.

Over its first five years of operations, the impacts will range from \$29.7 million in Year 1 (2021), including \$27.5 million gaming taxes, \$1.0 million in personal income taxes, and \$1.2 million in gross receipts, to more than \$37.8 million in State tax revenue in Year 5 (2025), including \$34.3 million in gaming taxes, \$0.7 million in corporate income taxes, \$1.1 million in personal income taxes, and \$1.6 million in gross receipt taxes.

Figure 19: State fiscal impacts the direct operations of La Posada del Llano

	Year 1 2021	Year 2 2022	Year 3 2023	Year 4 2024	Year 5 2025
Gaming Tax	\$27.5	\$29.9	\$32.4	\$33.4	\$34.3
Corporate Income Tax	\$0.0	\$0.3	\$0.6	\$0.6	\$0.7
Personal Income Tax	\$1.0	\$1.0	\$1.0	\$1.1	\$1.1
Gross Receipts Tax	\$1.2	\$1.4	\$1.5	\$1.6	\$1.6
Total	\$29.7	\$32.6	\$35.5	\$36.7	\$37.8

Source: Spectrum Gaming Group

In addition to the State tax revenue, La Posada del Llano will pay \$1.6 million in property taxes, \$0.7 million in gross receipt taxes, and \$0.6 million in lodger’s tax to the City of Clovis annually after the initial ramp-up period. The local tax impacts will range from \$2.8 million, including \$1.6 million in property taxes, \$0.7 million in gross receipt taxes, and \$0.4 million in lodger’s tax in Year 1 (2021) to \$3.4 million, including \$1.8 million property taxes, \$1.0 million local gross receipt taxes, and \$0.7 million in lodger’s tax in Year 5 (2025) (Figure 20).

Figure 20: Local fiscal impacts direct operations of La Posada del Llano

	Year 1 2021	Year 2 2022	Year 3 2023	Year 4 2024	Year 5 2025
Property Taxes	\$1.6	\$1.6	\$1.7	\$1.7	\$1.8
Gross Receipts Tax - Clovis	\$0.7	\$0.8	\$0.9	\$1.0	\$1.0
Lodger's Tax	\$0.4	\$0.5	\$0.6	\$0.6	\$0.7
Total	\$2.8	\$3.0	\$3.2	\$3.3	\$3.4

Source: Spectrum Gaming Group

In addition to taxes paid directly by La Posada del Llano, the indirect and induced impacts that will be supported by the annual operations will also generate State and local tax revenue. After the initial ramp-up period (years 1 and 2), the indirect and induced impacts supported by the operations of La Posada will generate \$2.3 million in State taxes and \$1.1 million local taxes during Year 3 (2023). Over the first five years of the operations, the State impacts will range from \$2.1 million in Year 1 (2021) to \$2.3 million in Year 5 (2025). During the same period, the local tax impacts will range from \$1.0 million to \$1.1 million.

Figure 21: State and local fiscal impacts resulting from indirect and induced Impacts

	Year 1 2021	Year 2 2022	Year 3 2023	Year 4 2024	Year 5 2025
State Personal Income Taxes	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
State Gross Receipts Taxes	\$1.7	\$1.7	\$1.8	\$1.8	\$1.8
State Total	\$2.1	\$2.2	\$2.3	\$2.3	\$2.3
Local Gross Receipts	\$1.0	\$1.1	\$1.1	\$1.1	\$1.1
Local Total	\$1.0	\$1.1	\$1.1	\$1.1	\$1.1

Source: Spectrum Gaming Group

All told, the annual operations of La Posada del Llano will generate \$37.8 million in fiscal impacts to New Mexico, including \$32.4 million in gaming taxes, \$1.5 in personal income taxes, and \$3.3 million in gross receipts taxes, during after the initial ramp-up period (Year 3 – 2023). Over the first five years of operations, the State fiscal impacts will range from \$31.9 million in Year 1 (2021) to \$40.2 million in Year 5 (2025). The local fiscal impacts during the first year of full operations (Year 3 – 2023) will amount to \$4.3 million, include \$1.7 million in property taxes, \$2.0 million in gross receipts taxes, and \$0.6 million in lodger's tax. The local fiscal impacts will range from \$3.8 million in Year 1 (2021) to \$4.6 million in Year 5 (2025).

Figure 22: Aggregate state and local fiscal impacts resulting from direct, indirect and induced impacts

	Year 1 2021	Year 2 2022	Year 3 2023	Year 4 2024	Year 5 2025
State					
Gaming Taxes	\$27.5	\$29.9	\$32.4	\$33.4	\$34.3
Corporate Income Tax	\$0.0	\$0.3	\$0.6	\$0.6	\$0.7
Personal Income Tax - Direct	\$1.0	\$1.0	\$1.0	\$1.1	\$1.1
Personal Income Tax - Indirect and Induced	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Gross Receipts Tax - Direct	\$1.2	\$1.4	\$1.5	\$1.6	\$1.6
Gross Receipts - Indirect and Induced	\$1.7	\$1.7	\$1.8	\$1.8	\$1.8
State Total	\$31.9	\$34.8	\$37.8	\$39.0	\$40.2
Local					
Property Tax	\$1.6	\$1.6	\$1.7	\$1.7	\$1.8
Gross Receipts Tax - Direct	\$0.7	\$0.8	\$0.9	\$1.0	\$1.0
Gross Receipts Tax - Indirect and Induced	\$1.0	\$1.1	\$1.1	\$1.1	\$1.1
Lodger's Tax	\$0.4	\$0.5	\$0.6	\$0.6	\$0.7
Local Total	\$3.8	\$4.1	\$4.3	\$4.4	\$4.6

Source: Spectrum Gaming Group

Economic Impacts Summary

The proposed La Posada del Llano generates significantly greater economic impacts, both during construction and ongoing operations, than the other applicants for the New Mexico racino license. This is consistent with the severe difference in development approach and scope – as reflected in the differences in initial capital expenditure – as compared to the other potential racinos. While each proposed racino has a comparable number of gaming positions, the La Posada del Llano proposal involves a 300-room luxury hotel, a water park, golf course, multiple restaurants, and spa, meeting, and event space in addition to its casino and racetrack. None of the other proposed racinos includes as many assets as the La Posada del Llano, and as such their upfront and ongoing impacts are significantly smaller. The La Posada del Llano proposal supports more than twice as many jobs as the next-largest proposal.

Appendix A: New Mexico Racino Applicant Phase I Comparison Matrix

Casino Name	Location	Total Project Cost	Non-gaming Amenities
La Posada del Llano	Clovis	\$200M	<p>Dining: Upscale dining establishment featuring New Mexican cuisine, club-like grandstand restaurant, country bar with live entertainment, casual-dining restaurant, coffee shop, other quick-dining options</p> <p>Entertainment: Bar w/ dance floor, stage on infield and multi-purpose event space</p> <p>Accommodations: 300 rooms (4-star; all rooms offer views of the golf course and/or racetrack)</p> <p>Other: spa, water park w/ lazy river, slides and pool bar, 18-hole golf course, meeting and convention center, RV park, moving grandstand, five-mile riding trail</p>
Sean Hubbard	Clovis	\$50M+	<p>Dining: Air Force-themed upscale bar and grill, Jockey Club restaurant w/ beer and alcohol, Spanish-themed bar w/ light meals, food court, Owners' Bar for horsemen, trainers and owners</p> <p>Entertainment: n/a</p> <p>Accommodation: n/a</p> <p>Other: n/a</p>
Laguna Tribe / Rob Miller	Clovis	\$72M	<p>Dining: Thunder Road Steakhouse and Cantina, Snack Bar, Turf Club upscale restaurant, beer garden featuring regionally-crafted brews and fair food</p> <p>Entertainment: outdoor venue for live entertainment and special events, lounge and meeting space</p> <p>Accommodation: n/a</p> <p>Other: special event and meeting facilities</p>
Tucumcari Racetrack and Casino	Tucumcari	\$61M	<p>Dining: buffet-style restaurant, upscale restaurant, bar with lounge area</p> <p>Entertainment: entertainment area with stage and dance floor, private function area, amphitheater for concerts</p> <p>Accommodation: n/a</p> <p>Other: RV park</p>
Hidalgo Downs Racetrack and Rodeo	Lordsburg	\$80M	<p>Dining: upscale steak house, snack bar, full-service bar, casual dining</p> <p>Entertainment: rodeo venue that doubles a concert venue</p> <p>Accommodation: 135 rooms</p> <p>Other: indoor pool with water slide, New Mexico Horse Racing and Rodeo Hall of Fame Museum</p>

n/a = not available in application materials or not applicable

Appendix B: About This Report

This report was prepared by Spectrum Gaming Group, an independent research and professional services firm founded in 1993 that serves private- and public-sector clients worldwide. Our principals have backgrounds in operations, economic analysis, law enforcement, regulation and journalism.

Spectrum holds no beneficial interest in any casino operating companies or gaming equipment manufacturers or suppliers. We employ only senior-level executives and associates who have earned reputations for honesty, integrity and the highest standards of professional conduct. Our work is never influenced by the interests of past or potentially future clients.

Each Spectrum project is customized to our client's specific requirements and developed from the ground up. Our findings, conclusions and recommendations are based solely on our research, analysis and experience. Our mandate is not to tell clients what they want to hear; we tell them what they need to know. We will not accept, and have never accepted, engagements that seek a preferred result.

Our public-sector clients in 47 countries on six continents have included government entities of all types, numerous gaming companies (national and international) of all sizes, both public and private. In addition, our principals have testified or presented before the following governmental bodies:

- British Columbia Lottery Corporation
- California Assembly Governmental Organization Committee
- Connecticut Public Safety and Security Committee
- Florida House Select Committee on Gaming
- Florida Senate Gaming Committee
- Georgia House Study Committee on the Preservation of the HOPE Scholarship Program
- Georgia Joint Committee on Economic Development and Tourism
- Illinois Gaming Board
- Illinois House Executive Committee
- Indiana Gaming Study Commission
- Indiana Horse Racing Commission
- International Tribunal, The Hague
- Iowa Racing and Gaming Commission
- Louisiana House and Senate Joint Criminal Justice Committee
- Massachusetts Gaming Commission
- Massachusetts Joint Committee on Bonding, Capital Expenditures, and State Assets
- Michigan Senate Regulatory Reform Committee
- National Gambling Impact Study Commission
- New Hampshire Gaming Study Commission
- New Jersey Assembly Regulatory Oversight and Gaming Committee
- New Jersey Assembly Tourism and Gaming Committee
- New Jersey Senate Legislative Oversight Committee
- New Jersey Senate Wagering, Tourism & Historic Preservation Committee
- New York Senate Racing, Gaming and Wagering Committee
- New York State Economic Development Council
- Ohio House Economic Development Committee
- Ohio Senate Oversight Committee

- Pennsylvania Gaming Control Board
- Pennsylvania House Gaming Oversight Committee
- Puerto Rico Racing Board
- US House Congressional Gaming Caucus
- US Senate Indian Affairs Committee
- US Senate Permanent Subcommittee on Investigations
- US Senate Select Committee on Indian Gaming
- US Senate Subcommittee on Organized Crime
- Washington State Gambling Commission
- West Virginia Joint Standing Committee on Finance
- World Bank, Washington, DC

Disclaimer

Spectrum Gaming Group (“Spectrum,” “we” or “our”) has made every reasonable effort to ensure that the data and information contained in this study reflect the most accurate and timely information possible. The data are believed to be generally reliable. This study is based on estimates, assumptions, and other information developed by Spectrum from its independent research effort, general knowledge of the gaming industry, and consultations with the Client and its representatives. Spectrum shall not be responsible for any inaccuracies in reporting by the Client or its agents and representatives, or any other data source used in preparing or presenting this study. The data presented in this study were collected through the cover date of this report. Spectrum has not undertaken any effort to update this information since this time.

Some significant factors that are unquantifiable and unpredictable – including, but not limited to, economic, governmental, managerial and regulatory changes; and acts of nature – are qualitative by nature, and cannot be readily used in any quantitative projections. No warranty or representation is made by Spectrum that any of the projected values or results contained in this study will actually be achieved. We shall not be responsible for any deviations in the project’s actual performance from any predictions, estimates, or conclusions contained in this study.