



170 Sawyer Road
New Gloucester, ME 04260
Phone: 207.926.1039
Email: stsinc@zwi.net

Rhode Island Gaming and State Revenue Forecast

Prepared by: Christiansen Capital Advisors, LLC
Prepared for: The Rhode Island Department of Revenue
March 12, 2019

Table of Contents

SUMMARY OF RECENT AND PROJECTED DEVELOPMENTS	1
REVENUE FORECASTING METHODOLOGY	3
THE CURRENT NEW ENGLAND MARKET—MAP AND FACILITY REVIEW	5
THE NEW ENGLAND GAMING MARKET—PROPOSED FACILITIES REVIEW	11
RHODE ISLAND GAMING AND STATE REVENUE FORECASTS	14
THE REVENUE IMPACTS OF MASSACHUSETTS CASINOS.....	14
SPORTS WAGERING	16
SPORTS WAGERING REVENUE FORECASTS.....	19
REVENUE FORECAST SCENARIO A: BASELINE.....	24
REVENUE FORECAST SCENARIO B: NEW CASINOS IN EVERETT (ENCORE BOSTON HARBOR) AND TAUNTON, MASSACHUSETTS	27
REVENUE FORECAST SCENARIO C: NEW CASINOS IN EVERETT (ENCORE BOSTON HARBOR), TAUNTON AND SPORTS WAGERING IN CONNECTICUT AND MASSACHUSETTS	30
SUMMARY OF FORECASTS	32

Table of Figures

EXHIBIT 1.1: MAP OF THE CURRENT (2019) REGIONAL GAMING MARKET	6
EXHIBIT 1.2: SOUTHERN NEW ENGLAND GAMING REVENUES BY CALENDAR YEAR (IN \$S MILLIONS)	10
EXHIBIT 1.3: PROJECT SUMMARIES FOR MASSACHUSETTS CASINOS.....	13
EXHIBIT 1.4: UNITED STATES SPORTS WAGERING 2018.....	20
EXHIBIT 1.5: PER ADULT SPENDING ON SPORTS WAGERING	21
EXHIBIT 1.6: NEVADA SPORTS WAGERING HOLD PERCENTAGE, 1998-2018	23
EXHIBIT 1.7: BASELINE SCENARIO TIMELINE.....	24
EXHIBIT 1.8: BASELINE RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR (\$S MM)	25
EXHIBIT 1.9: BASELINE RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR (\$S MM)	26
EXHIBIT 1.10: SCENARIO B TIMELINE.....	27
EXHIBIT 1.11: REVENUE PROJECTIONS W/TAUNTON CASINO, BY FISCAL YEAR (\$S MM).....	28
EXHIBIT 1.12: REVENUE PROJECTIONS W/TAUNTON CASINO, BY FISCAL YEAR (\$S MM).....	29
EXHIBIT 1.13: SCENARIO C TIMELINE.....	30
EXHIBIT 1.14: REVENUE PROJECTIONS TAUNTON CASINO AND SPORTS WAGERING, BY FISCAL YEAR (\$S MM).....	31
EXHIBIT 1.15: REVENUE PROJECTIONS W/TAUNTON CASINO AND SPORTS WAGERING IN CONNECTICUT AND MASSACHUSETTS, BY FISCAL YEAR (\$ MM).....	32
EXHIBIT 1.16: SUMMARY OF RHODE ISLAND GAMING REVENUE PROJECTIONS BY FISCAL YEAR.....	33
EXHIBIT 1.17: SUMMARY OF RHODE ISLAND GOVERNMENT REVENUE BY FISCAL YEAR	34

Rhode Island Gaming and State Revenue Forecast

SUMMARY OF RECENT AND PROJECTED DEVELOPMENTS

Christiansen Capital Advisors, LLC (CCA) has been retained by the State of Rhode Island Department of Revenue (DOR) to update its previous studies of gaming in Rhode Island and New England.¹ These prior studies successfully forecasted the observed impacts of slot machine gaming at Plainridge Park in Plainville, Massachusetts (opened June 2015), and MGM Springfield (opened August 2018), although there have been considerable delays in the implementation of full scale casino gaming in the Commonwealth that have delayed these impacts.²

In this study, we forecast the likely additional revenue impacts on casino gaming venues in the State of Rhode Island from the nearly completed Encore Boston Harbor casino in Everett, Massachusetts and a potential Class III tribal gaming facility in Taunton, Massachusetts. At the present time, it appears that a Region C (southeastern Massachusetts including Cape Cod) casino is still at least a few years away. Although the Massachusetts Gaming Commission rejected a competing Region C application in Brockton and accepted a Mashpee Wampanoag tribal casino in Taunton, that casino is on hold as the result of a successful lawsuit challenging the United States Department of the Interior (DOI) ruling to take the land owned by the Tribe for the casino site into trust.³

Unforeseen in our previous studies, shortly after the Supreme Court of the United States overturned the Professional and Amateur Sports Protection Act (“PASPA”), Rhode Island authorized sports betting at Twin River Casino Hotel in Lincoln and Tiverton Casino Hotel in Tiverton. Sports wagering commenced at Twin River Casino Hotel on November 26, 2018 and at Tiverton Casino Hotel on December 3, 2018 and a bill is currently pending in the legislature to allow these venues to offer remote sports wagering via internet enabled devices.⁴ In this study we add sports wagering to our analysis and project gross sports wagering revenues in Rhode

¹ Christiansen Capital Advisors, LLC, for the Rhode Island Department of Revenue “Rhode Island Gaming and State Revenue Forecast,” October 31, 2017, 2015, and 2014.

² Massachusetts’ Expanded Gaming Act was passed into law in November of 2011. Three years later (February 2014), Plainridge Park was awarded a slot-only facility license and opened in June 2015. MGM Springfield was licensed in June of 2014 and opened its doors in late August of 2018. Wynn Boston Harbor was awarded a license to conduct casino games in September of 2014 and is scheduled to open in June 2019. This compares to neighboring New York where a constitutional amendment allowing as many as seven casinos (four initially) was approved by New York voters in November of 2013. Three licenses were issued in December 2014 (and additional license for Tioga Downs, which was not approved in the first round was later approved in August 2016). Three of the four casinos opened in 2017 (the largest of the four Montreign opened in February, 2018). The whole process took only 3 and one half years compared to the nearly eight years in Massachusetts.

³ Although, as some others have noted, the State of Massachusetts could award a commercial (non-tribal) gambling license to the Wampanoag tribe thereby circumventing the need for the casino site to be taken into trust under the Indian Gaming Regulatory Act (IGRA), but this would likely require reopening of the competitive bidding process for Region C.

⁴ <https://legiscan.com/RI/text/S0037/id/1851946>

Island under a no new competition scenario and two other scenarios assuming that Connecticut and Massachusetts also authorize land based and remote sports wagering. Other meaningful changes in the Rhode Island gaming landscape since our last study include: the October 2018 opening of a 136-room hotel at the Twin River casino in Lincoln and (authorized by a November of 2016 referendum in both Tiverton, Rhode Island and statewide) the transfer to Twin River of the Newport Grand license to operate video lottery terminals and the subsequent closure of Newport Grand and the transfer of that gaming license to a full casino and 84-room hotel with 1,000 VLTs and 32 table games in Tiverton, Rhode Island. The Tiverton Casino Hotel officially opened and Newport Grand was closed on August 29, 2018.

In light of these meaningful changes that have occurred and are anticipated to occur within the southern New England gaming market, CCA has revisited its analysis of two years ago and has developed gaming revenue and Rhode Island revenue projections for the next five years under the following three potential competitive scenarios:

(1) Scenario A: a baseline scenario, consisting of a five year projection of Rhode Island gross gaming revenue and the State of Rhode Island's share of that revenue, for Twin River Casino Hotel in Lincoln and Tiverton Casino Hotel in Tiverton with large casinos in Springfield and Everett, Massachusetts and the existing slots-only facility in Plainville, Massachusetts.

(2) Scenario B: consisting of a five year projection of Rhode Island gross gaming revenue and the State of Rhode Island's share of that revenue, for Twin River Casino Hotel in Lincoln and Tiverton Casino Hotel in Tiverton with large casinos in Springfield and Everett, Massachusetts; the existing slots-only facility in Plainville, Massachusetts; and the addition in July 2021 of either a Class III tribal facility or a State licensed commercial gaming facility in Taunton, Massachusetts.

(3) Scenario C: consisting of a five year projection of Rhode Island gross gaming revenue and the State of Rhode Island's share of that revenue, for Twin River Casino Hotel in Lincoln and Tiverton Casino Hotel in Tiverton with large casinos in Springfield and Everett, Massachusetts; the existing slots-only facility in Plainville, Massachusetts; the addition in July 2021 of either a Class III tribal facility or State licensed commercial facility in Taunton, Massachusetts; and legalized bricks and mortar and remote sports wagering in Connecticut and Massachusetts. For the purposes of this study we have assumed that these sports wagering operations commence in January and June of 2020, respectively.

To develop projections for the revenue potential of casinos (and one racino) in Massachusetts, CCA utilized proprietary models it has used in previous studies,⁵ modified to take into account specific southern New England and surrounding area market conditions, to develop projections for the market potential of expanded gaming in Massachusetts and its impact on Rhode Island.

In preparing this report CCA compiled pertinent historical data relating to casinos and video lottery terminal (VLT) facilities in New England, including the Twin River Casino Hotel and the

⁵ CCA has conducted similar studies with accurate results for the Federal National Gambling Impact Study Commission and in Kentucky, Kansas, Pennsylvania, Ontario, Connecticut, Iowa, Illinois, Massachusetts, Bermuda, Florida, New York, Macau, Maryland, Greece, California, and various other domestic and international markets.

Tiverton Casino Hotel markets, casino gaming in Connecticut and in adjoining States, and constructed models of similar markets in other jurisdictions. Our analysis of this historical experience and the output of our models form the basis for the following independent analysis and conclusions.

REVENUE FORECASTING METHODOLOGY

The methodology employed by CCA in constructing the estimates presented in this report is rigorous in approach. To develop these projections, CCA utilized the same basic modeling technique it has used in similar studies over the past 30 years, modified to take into account specific New England and surrounding area market conditions, to develop projections for the market potential of, and impacts on, existing Rhode Island licensees of expanded gaming in New England.

The core of the model, which is used in many location-based analyses of this type, is often referred to as a "gravity model," because it is similar to Newton's Law of Gravitation (for which the distance factor would be -2.0 : if you double the distance, the attraction declines by a factor of four). This model has been consistently refined and improved by CCA over the years as it relates to gaming facilities; the technique focuses on the demographics of areas surrounding each facility, in particular the number of adults residing at various distances (measured in drive time), and the observed ratio of actual spending of other similar adult populations in other gambling markets.

In other words, our model assesses, and projects, gambling revenues based upon the distribution and characteristics of the adult populations surrounding each facility. The model includes parameters for distance, competition, *per capita* income, urban/rural population mix, and the nonresident "visitor" population. These factors or variables are then weighted using real world data and experience to generate the resulting projections. In conducting these analyses, CCA drills down to a precise level of detail. CCA models markets in the United States down to adult population by ZIP Code, and in Canada by postal FSA. Carrying the analysis down to the ZIP Code level is particularly important in markets that have several gambling facilities in close proximity.

Another important component of CCA's modeling procedure that is often missing from other types of gravity model analyses is a *verifiable* adult spending base for slot machines and table games. We apply the experience of existing casino, racino and riverboat facilities in the existing market(s) and in comparable markets to estimate the consumer demand for a proposed gambling facility and its potential impacts upon other forms of gaming providing a firm real world foundation for its projections. In this case, we have applied the experience of existing casinos and video lottery terminal (VLT) facilities in New England and in other comparable markets to estimate the consumer demand for New England casinos and their impacts upon Rhode Island. To this end, we analyzed the performance of gaming machines and table games at casinos and racetrack gaming facilities in a wide variety of markets, including Pennsylvania, New York, Indiana, West Virginia, Delaware, Connecticut, Illinois, Iowa and Maryland.

Our projections of casino demand and potential revenues are based on a very important observation: other things being equal, patrons of regional gaming facilities, as distinct from patrons of destination resorts serving long-distance travelers, overwhelmingly tend to gamble at the facility that is most conveniently located for them. Because the public tends to gamble at the facility that is most conveniently located, patronage (and associated spending) at full-service casino gambling facilities falls off with increased drive time. For very large casino resorts, like Foxwoods and Mohegan Sun we utilize a "drive time coefficient"⁶ of about -0.45, compared to values of about -0.7 for racino or VLT only facilities. These coefficients are derived from observed experience and player tracking from many disparate casino markets. In other words, casino patronage rises with increased proximity to a gaming facility, but at differing rates for different types of gaming properties.⁷

Because regional casino slot machines and table games are in essence commodities, drive time is by far the predominant determinant of casino patronage. The drive time impact is manifold because it not only determines the overall level of *per capita* expenditures in the marketplace; it weighs heavily in consumer choice among competing suppliers. In general, the evidence from other markets overwhelmingly indicates that consumer expenditures on regional casino games will flow to the closest supplier to any given market.⁸ Effective player databases, clever promotions, amenities such as signature restaurants, concert venues and so forth can play a key role in the relative *attractiveness* of competing gambling properties, particularly if they are in close proximity, but at round trip travel times measured in an hour or more the tyranny of distance generally prevails. That said, casino patrons sometimes do visit more distant facilities, particularly if there is a critical mass of casinos or amenities that they cannot get at the nearest facility and they will spend more per visit at those casinos, but the local (nearby) supplier will usually get the lion's share of that patron's annual gambling budget.

To recap, the models used for the projections in this report adjust the populations surrounding each facility (or proposed facility) for drive time, *per capita* income,⁹ the proportion of urban to rural residents in the population (urbanites typically spend more), the nonresident "visitor" population, and competition. From these data, we calculate an *adjusted adult population* around each facility, or group of facilities. This measure weights the adults who live closest to a facility (and not closer to a competing facility) at higher values than those who live at greater drive

⁶ The "distance factors" estimated for these models are, technically, the "elasticities" of spending with respect to distance. Based upon survey data from several jurisdictions, rates of casino visitation appear to decline in proportion to about the 0.5 to 0.7 power of the distance to the casino, yielding distance factors of about 0.5 to 0.7. This is a relatively "long-distance" attraction; if distance doubles, for example, spending (other things being equal) declines by only about 30 percent.

⁷ Specifically, the drive time coefficient obtained from the analysis of comparable markets is -.45 for very large scale casino resorts, -.5 for large casinos with hotels and other amenities, -.6 for smaller casinos without a hotel, and -.7 for single product facilities.

⁸ Integrated casino resorts or IRs such as those in Las Vegas, Singapore, Macau, and proposed for Japan are an exception. These markets are unique both in terms of intensity of capital investment and of the many additional attractions that enable them to attract a truly global market.

⁹ We assume that for counties with *per capita* money incomes below regional averages, resort casino spending declines with income with an elasticity of 0.5.

times. Total actual or estimated revenues (or consumer spending) in each market is divided by these adjusted population figures to arrive at a drive time adjusted spending base.¹⁰

THE CURRENT NEW ENGLAND MARKET—MAP AND FACILITY REVIEW

The following section presents an overview of the facilities that comprise the current New England gambling market. Exhibit 1.1 presents a map of this regional market. The locations of the six currently operating gaming facilities (Foxwoods, Mohegan Sun, MGM Springfield, Twin River Casino Hotel, Tiverton Casino Hotel, and Plainridge Park Casino) as well as the soon to open Encore Boston Harbor and the location of the proposed Mashpee Wampanoag Region C casino in Taunton are indicated with pins on this map.

¹⁰ As noted above, these populations are adjusted for several other factors as well; however, the most significant variable, in terms of casino spending, is drive time. Hence, we refer to these populations as “drive time” adjusted.

Exhibit 1.1: Map of the Current (2019) Regional Gaming Market



Source: Christiansen Capital Advisors, LLC

Connecticut Gaming Facilities

Connecticut's two tribal casinos, located approximately 10 miles apart in the Ledyard/Montville area in the southeastern region of the State, are currently the largest destination gaming resort attractions north of Atlantic City, more than 270 miles to the south.

Foxwoods and Mohegan Sun Property Descriptions¹¹

- Foxwoods: Approximately 343 tables; 4,400 slot machines, 3,600 bingo seats; 344,000 square feet of casino floor; 39 restaurants and 3 bars; 2,224 hotel rooms in 4 hotels and \$679 million in gross gaming revenue in calendar 2018;
- Mohegan Sun Casino: 350 table and poker games; 5,072 slot machines; 350,000 square feet of casino floor; 10,000 seat Mohegan Sun Arena; 38 restaurants and 7 bars; 40-story, 1,200 room Sky Tower hotel; the Earth Tower hotel with 361 standard rooms and 39 suites, and \$914 million in gross gaming revenue in calendar 2018.

The Connecticut Division of Special Revenue reports Foxwoods and Mohegan Sun slot gross gaming revenue (GGR). It does not report table GGR. Mohegan Sun and Foxwoods do report both slot and table revenue (for the calendar year) in annual filings with the Securities and Exchange Commission (SEC).

Due in part to the Great Recession and primarily from increased competition in neighboring states, including Rhode Island, Connecticut gross gaming revenue decreased from approximately \$2.4 billion in 2007 to approximately \$1.6 billion in 2018. With the further expansion of racinos and casinos in New York and the addition of casinos and racinos in Massachusetts, particularly MGM Springfield, Connecticut tribal gaming continues to undergo substantial competitive pressure.

Rhode Island Gaming FacilitiesTwin River Casino Hotel

Twin River Casino Hotel in Lincoln is four miles (as the crow flies) from the center of Providence and is easily accessible from Massachusetts via the heavily traveled I-95 and I-295 arteries. Twin River Casino Hotel is located in the Town of Lincoln in Providence County, which contains more than half the adult population of the State of Rhode Island. According to our models, Twin River Casino Hotel draws upon a population of over half-million adults within a 10-mile radius of the facility. This large and nearby segment of the market population contributes over 30% of the facilities revenues.

After shaking off the impact of the Great Recession, Twin River Casino Hotel VLT revenue grew more or less steadily for six years until peaking at nearly \$476 million in FY 2012, and then declined marginally in FY 2013 and FY 2014. The decline in gross gaming revenue in the 2013-2014-time period was an industry wide phenomenon. Results in Rhode Island are consistent with the performance of gaming markets across the United States during that time. The majority of stable gaming markets (markets without material supply additions or other

¹¹ <http://connecticut.casinocity.com/>

changes) across the country began to contract, or only slightly grow, on a year over year basis in 2013 and 2014.¹²

In FY 2015, VLT revenue at Twin River Casino Hotel was \$470.8 million. The Plainridge Park casino opened in June of 2015, or right at the end of that fiscal year. In FY 2016, the first full year of competition for Twin River Casino Hotel from nearby Plainridge Park, VLT revenue declined by \$27 million or 5.74% from FY 2015, an additional \$7.5 million or 1.7% in FY 2017, and \$1.4 million or 0.3% in FY 2018. Revenue from table games has been increasing steadily since they started operating at Twin River Casino Hotel in FY 2014, totaling \$145.8 million in FY2018, more than offsetting the decline in VLT revenues since the opening of Plainridge Park.¹³

Tiverton Casino Hotel

Twin River Worldwide Holdings purchased the Newport Grand casino in Newport, Rhode Island in July 2015, and, after passage of an authorizing referendum in November 2016, transferred that license on August 29, 2018 to an 80,000 square foot casino in Tiverton, Rhode Island off Route 81 only hundreds of feet from the Massachusetts border in Fall River. Tiverton Casino Hotel is currently equipped with 1,000 VLTs, 32 table games, and amenities such as a full-service restaurant and entertainment with an attached three-story 84-room hotel. The transfer of gaming operations from the Newport Grand slot parlor to Tiverton Casino Hotel has been a success. Although only being open since late August, we estimate Tiverton Casino Hotel is on track to more than double the revenue of Newport Grand in FY2019 with \$92.8 million in VLT revenue and \$20.3 million in table game revenue for a total gross gaming revenue (GGR) of \$113.1 million compared to the \$46.5 million generated by Newport Grand in FY 2018.

Massachusetts Gaming Facilities

The following section presents a description of the currently open, soon to be open, and proposed casino facilities in Massachusetts. We present a description of the relative size, amenities, and gross gaming revenues of these properties in the order that they opened or are scheduled to open.

Slots Only Facility: Plainridge Park Casino in Plainville, Massachusetts

Formerly a small harness track located in Plainville, Massachusetts, Plainridge Park Casino still offers approximately 105 live racing days per year in April to November and simulcasting all year round. The length of the racecourse is 5/8 mile and the length of stretch is 600 feet. The original Plainridge Racecourse offered the “21 Club,” which is a 172-seat simulcast theater with 80-inch TV screens, and 15-inch LCD TVs. The racecourse provides 3,500 seating accommodations, in Grandstand, Simulcast Theater and Clubhouse.

Penn National Gaming was the first company awarded a gaming license (Category 2) with a 3-to-2 majority vote by the Massachusetts Gaming Commission on February 28th, 2014. The \$225

¹² This phenomenon is described in greater detail with a market-by-market analysis in another study recently completed by CCA. Christiansen Capital Advisors, LLC. “Analysis of the Demand for and the Revenue Impact of the Award of a Casino License in Cedar Rapids on the Central Eastern Iowa Casino Market.” <https://irgc.iowa.gov/document/wild-rose>.

¹³ Table gaming is considerably less profitable for both the casino and the State of Rhode Island, however.

million Plainridge Park Casino opened on June 24, 2015. The horse track racino's gaming space features its full allotment of 1,250 slot machines in a 106,000 square foot expansion to the existing racecourse site.¹⁴ The property has eight restaurants and one bar, and Penn National Gaming added approximately 1,620 structured and surface parking spaces to the existing facility. In 2018 Plainridge Park Casino generated \$171.6 million in gross gaming revenue from slot machines, an increase of \$6.8 million, or 4.1% from 2017 (Exhibit 1.2).

Region B Casino: MGM Springfield in Springfield, Massachusetts

On June 13, 2014, the Massachusetts Gaming Commission awarded a casino license for Region B¹⁵ to MGM Springfield. MGM Springfield offers 3,000 slots and 75 table and poker games in approximately 125,000 square feet of gaming space. As of the date of this report, the property also includes one bar, 12 restaurants, and 250 hotel rooms. As of the end of December 2018, MGM Springfield had generated \$101.7 million in gross gaming revenue since its August 24, 2018 opening date. On an annualized basis, that \$101.7 million suggests a run rate of about \$300-350 million. This is substantially below MGM's \$500 million year three projection for the property, unless performance meaningfully improves.¹⁶

Region A Casino: Encore Boston Harbor in Everett, Massachusetts

Wynn Resorts was awarded its casino license for Region A¹⁷ by the Massachusetts Gaming Commission on September 17, 2014. Originally budgeted at \$1.7 billion the project has since expanded to \$2.4 billion,¹⁸ Encore Boston Harbor is planning on deploying 3,242 slot machines and 168 table games and a 90-table poker room in a 193,000 square foot gaming facility. The property is anticipated to be a five-star resort with more than 600 hotel rooms, a nightclub with more than 30,000 square feet of floor space, high-end spa, retail, dining, and a ballroom and meeting space. In addition, Encore Boston Harbor plans to incorporate approximately 33,000 square feet of exhibition space and multi-purpose rooms, 77,250 square feet of retail and 3,750 parking spaces (2,900 in a covered parking structure and approximately 850 offsite). The resort is scheduled to open in June of 2019.

Exhibit 1.2 presents a historical performance summary of all the above-described gaming facilities (slot machines, VLTs, table games and sports wagering) in southern New England over the past six calendar years. CCA has converted all values to calendar rather than fiscal years because we can only get Connecticut table revenues by calendar year. It also carries the benefit of providing the most up to date data with the very recent end of Calendar 2018. In this exhibit the Connecticut casinos, Mohegan Sun and Foxwoods, are indicated by blue bars (slots and tables), Twin River Casino Hotel, Newport Grand, and Tiverton Casino Hotel with orange bars, and Massachusetts gaming facilities MGM Springfield and Plainridge Park Casino with red bars.

¹⁴ Plainridge Racecourse Visitor's General Information. <http://www.prcharness.com/Visitor_Info/General_Info/general_info.html> 25 Oct 2014.

¹⁵ Region B includes Hampshire, Hampden, Franklin and Berkshire counties in western Massachusetts.

¹⁶ Chesto, Jon. "No surprises in early MGM Springfield casino revenue numbers" Boston Globe, September 17, 2018. <https://www.bostonglobe.com/business/talking-points/2018/09/17/mgm-springfield-early-haul-unremarkable/4A3gFq4794uwn0j32BspcK/story.html>

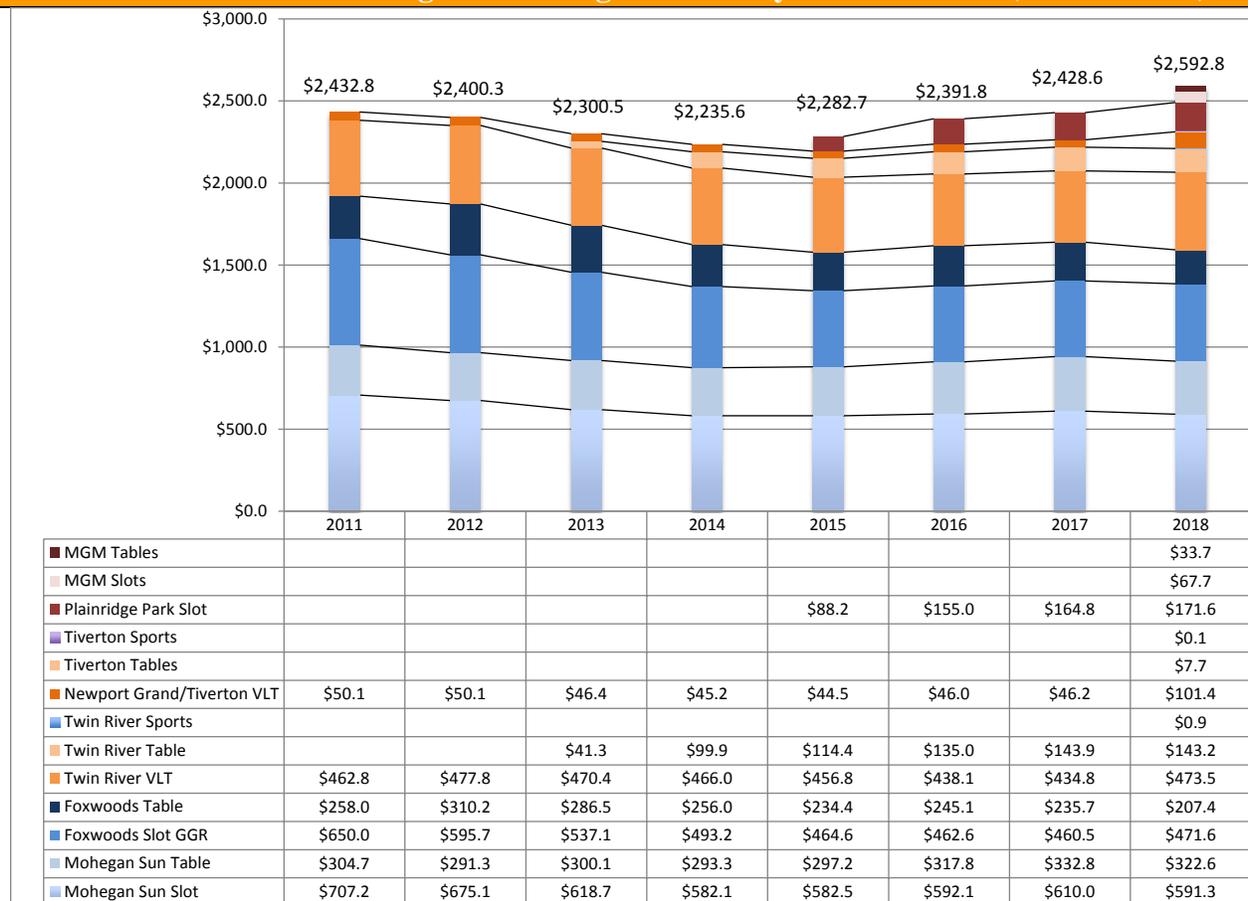
¹⁷ Region A includes Suffolk, Middlesex, Essex, Norfolk and Worcester counties in central Massachusetts.

¹⁸ "Wynn tweaks Everett casino plan as cost rises to \$2.4 billion", Boston.com,

<https://www.boston.com/news/business/2017/03/02/wynn-tweaks-everett-casino-plan-as-cost-rises-to-2-4-billion>

Like most U.S. gaming markets, total gaming revenue in southern New England was down in 2013 and 2014 but began recovering in 2015 and that recovery has continued into 2018. As depicted by the trend lines, the addition of tables and a hotel at Twin River Casino Hotel, the transfer of Newport Grand gaming operations to Tiverton Casino Hotel and their subsequent expansion to table games and the authorization of sports wagering have, so far, substantially mitigated the competitive impact of expanded gaming in Massachusetts. In fact, as of the end of 2018, statewide gaming revenue in Rhode Island has increased from \$615.8 million in 2015 (the year Plainridge Park Casino opened) to \$726.8 million in 2018 an increase of 18%; this makes Rhode Island somewhat unique by *increasing* gaming revenue in the face of out-of-state competition.

Exhibit 1.2: Southern New England Gaming Revenues by Calendar Year (in \$s millions)



Source: Rhode Island Lottery, Massachusetts Gaming Commission, Connecticut Division of Special Revenue, Mohegan Tribal Gaming Authority Form 10-K, Electronic Municipal Market Access, Christiansen Capital Advisors estimates.

THE NEW ENGLAND GAMING MARKET—PROPOSED FACILITIES REVIEW

Region C Casino: First Light Casino in Taunton, Massachusetts (Mashpee Wampanoag Tribe)

The Massachusetts Gaming Act envisioned a Class III tribal casino owned by the Mashpee Wampanoag tribe in Region C¹⁹ provided that the United States Secretary of the Interior took land for the casino into trust. The legislation also left open the possibility of a commercial casino in that region should the Tribe fail to succeed in gaining trust lands.²⁰

In 2015 the Department of the Interior under President Barack Obama took 151 acres in Taunton and 170 acres in Mashpee into trust for the Mashpee Wampanoag tribe. A group of East Taunton residents, financed by Rush Street Gaming (that wants to build a commercial Region C casino in Brockton, Massachusetts) filed suit.

Construction had already begun on the project when, in 2016, U.S. District Court Judge William G. Young ruled that United States Department of the Interior (DOI) erred by taking the land into trust (which for practical purposes makes these lands a tribal reservation) because the Tribe was not formally under federal jurisdiction in 1934 when the Indian Reorganization Act was enacted.²¹ The judge remanded the case back to the DOI. In June of 2017, prior to the release of a new finding by the DOI, the Mashpee Wampanoag tribe announced that, "In consultation with the U.S. Department of Interior, the Tribe has suspended its request for review under Category 1 of the Indian Reorganization Act."²²

Nevertheless, in September of 2018, the DOI (now under the Trump administration) agreed with Judge Young's conclusion that the Mashpee Wampanoag did not meet the definition of "Indian." "Because the Tribe was not 'under federal jurisdiction' in 1934, the Tribe does not qualify under the [Indian Reorganization Act's] first definition of 'Indian,'" Assistant Secretary—Indian Affairs Tara Sweeney wrote in a letter to the Tribe.²³ The Tribe then filed a lawsuit against the administration, saying its decision was "arbitrary, capricious and contrary to law, and if left unaddressed, will have a devastating impact on the tribe [sic]."²⁴

Two Massachusetts lawmakers, representatives Bill Keating and Joe Kennedy III, have co-authored legislation to federally recognize the Mashpee Wampanoags and return the land to trust

¹⁹ Region C includes Bristol, Plymouth, Nantucket, Dukes and Barnstable counties in southeastern Massachusetts and Cape Cod.

²⁰ Massachusetts Session Law, Act 2011. Chapter 194. Section 91(e).

²¹ The basis for this decision was *Carcieri v. Salazar*, 555 U.S. 379 (2009), in which the Supreme Court of the United States held that the federal government could not take land into trust that was acquired by the Narragansett Tribe in the late 20th century, as it was not federally recognized until 1983. The Court ruled that the phrase "now under Federal jurisdiction" in the Indian Reorganization Act of 1934 referred only to those tribes that were federally recognized when the act was passed. It ruled that the federal government could not take land into trust for the Narragansett or other tribes that were federally recognized and acquired land after 1934.

²² Although, as a few others have noted, the State of Massachusetts could award a commercial (non-tribal) gambling license to the Wampanoag tribe thereby circumventing the need for the casino site to be taken into Trust under the Indian Gaming Regulatory Act (IGRA), but this would likely require reopening of the competitive bidding process for Region C.

²³ <https://www.indianz.com/News/2018/09/10/mashpee090718.pdf>

²⁴ by Shafik Mandhai, "Native American Mashpee tribe turns to Congress in land dispute" Aljazeera, 14 Nov 2018.

<https://www.aljazeera.com/news/2018/11/native-american-mashpee-tribe-turns-congress-land-dispute-181114184734541.html>

status. The Mashpee Tribe Reservation Reaffirmation Act²⁵ is about one page and simply states that all laws with “general applicability to Indians” apply to the Mashpee Wampanoags. In other words, the members of the Mashpee Wampanoag Tribe are “Indians.” The bill has 21 Republican and Democratic co-sponsors, although it is vehemently opposed by Rhode Island’s Congressional delegation.²⁶

At the time of writing this report, the future of the Mashpee Wampanoag’s First Light Casino is uncertain, although we believe it unlikely that the Region C gambling license created by the Massachusetts Gaming Act will remain dormant forever. Furthermore, the Tribe has vowed to “investigate all options” and “examine all avenues available under the law.”²⁷ In the absence of another viable location until and unless the State of Massachusetts re-opens Region C for bidding, we have assumed for the purposes of our analysis that the First Light Casino will eventually get built, but that it will likely be years from now. We have assumed a July 2021 opening date for the First Light Casino.

The Mashpee Wampanoag Tribe proposal is a \$500 million casino and resort facility in East Taunton, which is located approximately 35 miles south of Boston and 20 miles east of Providence (Exhibit 1.3).

The Tribe has proposed a phased construction plan (also known as The Project First Light Casino plan). Phase 1 of the construction plan involves building a 150,000 square foot casino facility with 3,000 slot machines, 150 house banked table games, and 40 poker tables. Phase 1 of the plan will also include the following facilities: a 2,500 to 3,200 space-parking garage, 2,085 surface parking spaces, a food court, an international buffet, two dining restaurants, a center bar with lounge seats and a small stage and 7-10 retail stores.²⁸

Exhibit 1.3 presents a detailed summary of the scope of the three casinos in Massachusetts.

²⁵ <https://www.congress.gov/115/bills/hr5244/BILLS-115hr5244ih.pdf>

²⁶ By Rebecca Nagle, This Thanksgiving, The Trump Administration Is Taking Land From The Tribe That Welcomed The Pilgrims”, Huffington Post, Nov 25, 2018, https://www.huffingtonpost.com/entry/trump-wampanoag-reservation-thanksgiving_us_5bf5b80de4b03b230f9e44ac

²⁷ <http://www.tauntongazette.com/news/20170627/mashpee-wampanoag-land-in-trust-taunton-casino-deal-hits-another-snag>

²⁸ <http://www.mashpeewampanoagtribe.com/content/pages/77/MWT-Presentation.pdf>

Exhibit 1.3: Project Summaries for Massachusetts Casinos

Massachusetts Casinos - Project Summaries			
Applicant	Springfield/ MGM	Everett/ Wynn	Mashpee Wampanoag
Name	MGM Springfield	The Wynn Resort in Everett	The Mashpee Wampanoag Tribe
Location	Springfield, MA	Everett, MA	Taunton, MA
Construction Period	27 months	36 months	Construction begun but halted after court decision
Opening Date	September 2018 [1]	June 2019 [3]	July 2022E
Project Size	759,000 square feet [4]	3,096,700 square feet [3]	151 acres [8]
Gaming			
Slots	3,000 [2]	3,242 [5]	3,000 [9]
Table Games	75 [3]	168 [5]	150 [9]
Area (sq ft)	125,000 [3]	192,543	150,000 [9]
Non-Gaming			
Shops & Restaurants	15 [3]	10	7-10 branded themed outlets; International buffet; two fine dining restaurants [9]
Total Seats	2,065	1,160	
Hotel	6-story hotel with 250 rooms [4]	365-foot glass-like hotel tower [5] with 671 rooms [3]	three 300-room hotels [7]; 12 stories in height [9]
Entertainment	Eight-screen cinema, bowling alley and an outdoor stage [3]	Nightclub, 1,000 seat multi-purpose venue, 500 seat outdoor amphitheatre	25,000 square foot water park [7]; bar, spa, large pool, roof terrace [9]
Exhibition/Meeting Space	19,388 sq ft	32,942 sq ft [5]	6 Event/meeting rooms; 15,000 sq ft event center [9]
Retail	55,000 sq ft dining, retail, and entertainment space [3]	77,250 sq ft retail [5]	10 retail stores [9]
Parking (spaces)	Multi-level parking garage with 5,000 parking spaces [3]	3,750 [3]	2,500 to 3,200 space-parking garage, 2,085 surface parking spaces [7]

Sources:

- [1] http://www.masslive.com/news/boston/index.ssf/2015/08/massachusetts_gaming_commissio_9.html
- [2] <http://www.courant.com/business/hc-mgm-springfield-casino-groundbreaking-0324-2-20150324-story.html>
- [3] <https://massgaming.com/wp-content/uploads/Encore-Boston-Harbor-Quarterly-Report-2018-Q3.pdf>
- [4] <http://netimegambling.com/2015/08/20/wynn-everett-anticipation-builds-above-turmoil/>
- [5] <http://netimegambling.com/2015/08/20/wynn-everett-anticipation-builds-above-turmoil/>
- [6] <http://boston.cbslocal.com/2015/09/19/mashpee-wampanoag-tribal-leaders-plan-to-start-mass-casino-construction-in-2016/>
- [7] <http://www.mashpeewampanoagtribe.com/content/pages/77/MWT-Presentation.pdf>
- [8] <http://www.indianz.com/IndianGaming/2015/09/21/mashpee-wampanoag-tribe-aims-t.asp>
- [9] <http://www.mashpeewampanoagtribe.com/content/pages/77/MWT-Presentation.pdf>
- [10] The Connecticut Mirror, House votes for final approval of tribes' casino in East Windsor By: MARK PAZNIOKAS | June 7, 2017
- [11] Christiansen Capital Advisors, LLC. estimate
- [12] <https://netimegambling.com/2017/02/27/east-windsor-is-chosen-by-mmct-for-ct-casino/>

RHODE ISLAND GAMING AND STATE REVENUE FORECASTS

Utilizing the models and methodology developed in our assessment of the current casino gambling market in New England (which is described in the previous section) we constructed estimates of the impact of the MGM Springfield and Encore Boston Harbor casinos and the Plainridge Park Casino in Massachusetts on Rhode Island gaming revenues and the State of Rhode Island's revenues derived from gaming. CCA also utilized three and a half years of historical data on the Plainridge Park Casino's operations and five months of historical data on MGM Springfield's operations as a basis for our projections. The projections for the Encore Boston Harbor casino were derived solely from models we have developed over the many years of performing this type of analysis.

In evaluating the Plainridge property, we have assumed that the lack of table games at Plainridge, the availability of smoking at Twin River Casino Hotel, and the statutory slot machine cap of 1,250 units at Plainridge will continue to give Twin River Casino Hotel a competitive advantage.²⁹ These two sites, only 11 miles apart, aggressively compete for gamblers. Both Plainridge and Twin River Casino Hotel draw from areas that are rich in population and *per capita* income. Our models and results from these areas are very sensitive to changes in facility and/or operator quality. In other words, small differences in facility quality and/or management effectiveness in the densely populated areas of southern Massachusetts and northern Rhode Island could produce large swings in the revenue potential of these gaming facilities.

As discussed elsewhere in this report, geographic proximity is the most important variable when assessing the demand for a proposed casino facility. As casino gaming becomes increasingly available throughout New England, casino visitation becomes more frequent and spending on casino games increases. For example, casino visitation and spending by residents of Massachusetts will increase as travel time to the nearest casino is reduced to 30 minutes or less for the vast majority of Massachusetts' residents.

THE REVENUE IMPACTS OF MASSACHUSETTS CASINOS

As of the writing of this report, the Region C license in Massachusetts remains in limbo, as such, we have constructed three different scenarios for gaming in southern New England: a baseline scenario (Scenario A), consisting of five year projections of Rhode Island gross gaming revenue and the State of Rhode Island's share of that revenue, for Twin River Casino Hotel and Tiverton Casino Hotel with Plainridge Park Casino (opened June 2015), MGM Springfield (opened August 2018), Encore Boston Harbor (opening June 2019) and sports wagering, both on-site at Twin River Casino Hotel and Tiverton Casino Hotel and remotely from anywhere in the State of Rhode Island; a second scenario (Scenario B) consisting of five year projections of Rhode Island gross gaming revenue and the State of Rhode Island's share of that revenue with the Scenario A casino gaming operations and the addition in July 2021 of either a Class III tribal gaming facility or State licensed commercial gaming facility in Taunton, Massachusetts; and, a third scenario

²⁹ Massachusetts Session Law, Act 2011, Chapter 194.

(Scenario C) consisting of a five year projection of Rhode Island gross gaming revenue and the State of Rhode Island's share of that revenue, with the Scenario B casino gaming operations and legalized bricks and mortar and remote sports wagering in Connecticut and Massachusetts. For the purposes of this study we have assumed that sports wagering operations commence in January of 2020 in Connecticut and June of 2020 in Massachusetts.

In all three scenarios, expanded casino gaming in Massachusetts will have measurable negative impacts on gaming revenues in Rhode Island, but that recently authorized sports wagering, a new hotel at Twin River Casino Hotel and the Tiverton Casino Hotel will mitigate some of those impacts. As discussed in the previous section, a substantial portion of Rhode Island gambling revenues are contributed by Massachusetts residents, and, as previously noted, it is relatively rare for the public to drive by one gambling facility to get to another. The result of expanded gaming in southern New England is that some of the Massachusetts spending that currently crosses the Rhode Island border on its way to Rhode Island gaming establishments will stay in Massachusetts. In terms of the relative revenue impacts upon the State of Rhode Island, the following section shows that the closer Massachusetts gaming facilities are located to properties in Rhode Island, the greater the impacts on Rhode Island gaming facilities.

In assessing the impacts of expanded gaming on Rhode Island facilities, we have relied primarily upon a gravity model analysis utilizing the methodologies and methods described in the previous section, and the most recent available data on gaming revenues in concert with updated projected opening dates for each operating casino in the market and the observed historical impacts of Plainridge Park and MGM Springfield on Rhode Island venues.

Gaming markets in the United States caught a tailwind recently due to markedly decreasing gas prices. Prior to that, spending per adult and gross gaming revenues in reasonably supplied markets were in decline. To a large degree, this decline in spending per adult and gaming revenues is reflective of a material change in casino gaming market economics in the United States: baby boomers with less retirement savings after the 2008 market crash; an anemic recovery in the years following that event; millennials and generation Xers that don't gamble at the levels of their parents (and showing a clear preference for table gaming when they do gamble); and the hollowing out of the middle class. All of these things are affecting consumer spending on gambling at some level. As a result CCA projects substantially less "organic growth" in U.S. gaming markets than was observed in the 2000s. For this report, we have assumed underlying non-supply related growth at about -0.5% per year for machine gaming (slots, VLTs, etc.) and +1.7% per year for table gaming.

Timing

Upon consultation with the Department of Revenue, we have assumed in all three scenarios that Encore Boston Harbor opens in June 2019. In Scenarios B and C, we assume that the Mashpee Wampanoag casino located in Taunton opens in July 2021.³⁰

³⁰ Although it is important to note that based upon the experience of the last three years, these projected opening dates are likely to be quite fluid.

SPORTS WAGERING

Sports wagering, once restricted to only four states (and only one, Nevada, was allowed full sports wagering), is expanding rapidly in America. At the time of writing, there are no less than 25 states with active legislation to allow betting on sports.³¹ Rhode Island got in early. In the time since our last report, the State of Rhode Island has affirmatively legalized and implemented sports wagering at Twin River Casino Hotel in late November 2018 and at Tiverton Casino Hotel in early December 2018 and it is expected that statewide remote sports wagering will be authorized in the State this year.

Sports Wagering Background

On May 14, 2018 The Supreme Court of the United States ruled in favor of the State of New Jersey in *Murphy v. NCAA*. At issue in the case was the constitutionality of The Professional and Amateur Sports Protection Act (“PASPA”) a federal law seeking to halt the expansion of sports wagering in the United States passed by Congress in 1992.

PASPA specifically held that it was unlawful for a State or its subdivisions “to sponsor, operate, advertise, promote, license, or authorize by law or compact . . . a lottery, sweepstakes, or other betting, gambling, or wagering scheme based. . . on” competitive sporting events³², and for “a person to sponsor, operate, advertise, or promote” those same gambling schemes if done “pursuant to the law or compact of a governmental entity.”³³ PASPA did not make sports wagering a federal crime. Instead, it allowed the Attorney General, as well as professional and amateur sports organizations, to bring civil actions to enjoin violations.³⁴ The law included “grandfather” provisions which allowed existing forms of sports wagering prior to the passage of PASPA to continue in four States: Nevada, Delaware, Montana, and Oregon. It also would have permitted New Jersey to set up sports wagering in Atlantic City within a year of PASPA’s enactment.³⁵ The one-year deadline came and went without New Jersey taking action on sports wagering.

More than twenty years later, however, New Jersey voters approved an amendment to the State Constitution giving the legislature the authority to legalize sports wagering in Atlantic City and at horseracing tracks. The New Jersey legislature quickly exercised that authority, and almost immediately the NCAA and three major professional sports leagues brought an action in federal court against New Jersey’s Governor and other state officials on the grounds that it had violated PASPA.

³¹ Ramsey, Eric. “Bookmaking Legislative Lasso: Half Of US States Look At Legalizing” Legal Sports Report. Feb 1, 2019. <https://www.legalsportsreport.com/28447/sports-betting-bills-february-1/>

³² 28 U. S. C. §3702(1)

³³ 28 U. S. C. §3702(2)

³⁴ 28 U. S. C. §3702(3)

³⁵ §3704(a)(1)–(3)

The New Jersey legislature enacted law in 2014 that partially repealed its own sports wagering ban.³⁶ Over the next three years, New Jersey lost in both federal district court and the US Third Circuit Court of Appeals. New Jersey then appealed the case to the US Supreme Court.

The Supreme Court agreed to hear New Jersey's appeal (granted *certiorari*) in the summer of 2017. Oral arguments in the case took place in December of that year. The majority opinion issued in May 2018 was written by Justice Samuel Alito, and, in sum, held that PASPA is unconstitutional.³⁷

Sports Wagering in Rhode Island

In anticipation of the Supreme Court ruling, Rhode Island began taking affirmative steps to authorize and enact sports wagering in early 2018. On January 18, 2018, a bill was introduced in the Rhode Island Senate (S-2045) that would allow the Rhode Island Lottery to operate sports wagering at the two state operated casinos. Governor Gina Raimondo's FY 2019 Recommended Budget included different statutory language from S-2045 that also implemented sports wagering at Twin River Casino Hotel and Tiverton Casino Hotel and S-2045 was subsequently replaced with S-2045 Substitute A which mirrored the Governor's proposed statutory changes to implement sports wagering. The Governor's FY 2019 proposed budget projected \$23.5 million in revenue to the state from on-site sports wagering at the two facilities.³⁸ These estimated revenues were later included in the FY 2019 Enacted Budget passed by the House of Representatives and the Senate when the statutory language proposed by the Governor to implement sports wagering was modified slightly and passed into law contingent on the overturning of PASPA by the United States Supreme Court.

On April 3, 2018 the Rhode Island Lottery issued a Request for Proposals (RFP) for a "Sports Betting Service Provider for the Rhode Island Lottery." According to the RFP, the Lottery service provider would be responsible for the establishment, implementation, and maintenance of all sports wagering within the state. While initial interest in the RFP seemed high, only one firm, IGT (and their sports wagering partner U.K. based William Hill), submitted a final bid.

On May 15, 2018 (one day after the Supreme Court's ruling in *Murphy v. NCAA*) Rhode Island lawmakers held the first post-PASPA hearing in the United States. The legislature passed the FY 2019 Enacted Budget including the slightly modified sports wagering provisions proposed by the Governor in mid-June and Governor Raimondo signed it into law on June 22, 2018. As noted

³⁶ The 2014 law was narrowly tailored as a "partial repeal" after the first attempt, a similar law passed in 2012, was contested by the NCAA and the leagues in Federal Court but failed to be granted *certiorari* by the United States Supreme Court.

³⁷ Key components of the ruling include: that when a State completely or partially repeals old laws banning sports gambling schemes, it for practical purposes "authorize[s]" those schemes under PASPA; PASPA's provision prohibiting state authorization of sports gambling schemes violates the anticommandeering rule; PASPA's provision prohibiting "licens[ing]" of sports gambling schemes also violates the anticommandeering rule. It issues a direct order to the state legislature and suffers from the same defect as the prohibition of state authorization. Thus, this Court need not decide whether New Jersey's 2014 law violates PASPA's antilicensing provision."

³⁸ The estimated revenue to the state from sports wagering for FY 2019 was subsequently reduced to \$11.5 million at the November 2018 Revenue Estimating Conference. Thus, the amount of revenue included in the FY 2019 budget from on-site sports wagering is now one-half of the original estimate.

above, sports wagering commenced at Twin River Casino Hotel on November 26, 2018 and at Tiverton Casino Hotel on December 3, 2018. Furthermore, on January 16, 2019 Senate President Dominick Ruggerio submitted legislation (S-0037 since replaced by S-0037 Substitute A) to allow remote sports wagering statewide in Rhode Island.³⁹ S-0037 Substitute A passed the Senate on February 13, 2019 and the approved bill has been referred to the House Finance Committee for consideration and action. It should be noted that Speaker of the House Nicholas A. Mattiello submitted H-5241, a companion bill to S-0037, and a hearing before the House Finance Committee on this bill was held on February 7, 2019. Given the support of the leadership of the General Assembly and the Governor, it is expected that statewide remote sports wagering will become available in Rhode Island in FY 2020.

As noted previously in this section, half of all U.S. states are considering legalizing some form of sports wagering adding to the seven states that approved it in 2018 and those states include neighboring Massachusetts and Connecticut.

Massachusetts Sports Wagering

Massachusetts has allowed legal and regulated daily fantasy sports (DFS) since 2016. There are currently no fees or taxes on DFS operations in Massachusetts, but that arrangement expired in 2018. Massachusetts's lawmakers are considering adopting a new schedule of taxes and fees on DFS, including licensing fees and taxes of up to 12.5 percent on revenues as part of a broader legalization of sports wagering in the Commonwealth.

There are currently four bills pending in Massachusetts in regard to sports wagering. SD 908, sponsored by Senator Bruce Tarr, would create an 11-person study commission to examine sports wagering in Massachusetts. The commission would be given 180 days to complete its report to the legislature.⁴⁰

SD 882, sponsored by Senator James Welch, would enable existing Massachusetts casinos to begin sports wagering operations, including both in-person and mobile sports wagering. The legislation levies a 6.75 percent tax on sports wagering revenue.⁴¹

SD 903, sponsored by Senator Brendan Crighton, also legalizes both retail and mobile sports wagering operations in Massachusetts. This bill would levy an initial license fee of \$500,000 per operator and sports wagering revenue would be taxed at 12.5 percent of gross revenue.⁴²

Governor Charlie Baker introduced H 68 "An Act Expanding Sports Wagering in the Commonwealth" in the current session. Baker's bill would allow the Massachusetts Gaming Commission to license the State's three casino operators to offer both on-site and online sports wagering, but the proposal would also allow other entities, such as daily fantasy sports operators, (including Boston based Draft Kings) to also be licensed for sports wagering. Baker's proposal

³⁹ <https://legiscan.com/RI/text/S0037/id/1851946>. The FY 2019 Enacted Budget already provided for remote, or mobile, sports wagering within the property boundaries of the Twin River Casino Hotel and Tiverton Casino Hotel, including in the parking lots of the two facilities.

⁴⁰ <https://malegislature.gov/Bills/191/SD908>

⁴¹ <https://malegislature.gov/Bills/191/SD882>

⁴² <https://malegislature.gov/Bills/191/SD903>

would levy a 10 percent tax on in-person sports wagering at casinos, while online bets would be taxed at 12.5 percent. The governor's proposal would not allow betting on college sports or other amateur sporting events.⁴³

Connecticut Sports Wagering

In 2017, Connecticut lawmakers passed a gaming bill that authorized a tribally owned casino in East Windsor, expanded the number of Off Track Betting (OTB) sites, and instructed the State's consumer protection department to begin establishing a regulatory structure for sports wagering in the event of PASPA being overturned.⁴⁴ The Connecticut legislature adjourned on May 9, 2018 five days before the Supreme Court's ruling in *Murphy v NCAA*. Connecticut's existing law in theory became active with the Supreme Court's ruling, but regulators asked for more direction from the legislature including details such as who should be allowed to offer sports wagering in the State.

Given the above, we expect Connecticut to move quite quickly on sports wagering in the current legislative session. There are currently two bills pending in the Connecticut legislature to authorize sports wagering. The first is SB 17 which was introduced by Senator Catherine A. Osten and would not only allow remote and in person sports wagering by the State's two Indian tribes but also full scale Internet gaming including casino games and poker as well as allow the State lottery to offer Keno over Internet enabled devices.⁴⁵ The second is SB 665, introduced by Senator Martin M. Looney "An Act Concerning Sports Wagering" that would allow sports wagering only. The bill is unclear if that includes remote betting or who would be allowed to conduct sports wagering.⁴⁶

For forecasting purposes, we have assumed in Scenarios B and C that both remote and in person sports wagering will be authorized and made operational in Connecticut and Massachusetts by January and June of 2020, respectively.

SPORTS WAGERING REVENUE FORECASTS

To produce estimates of sports wagering revenue in Rhode Island, CCA utilized its gravity modeling technique discussed earlier in this report using three sets of comparables and two methodologies. For in person or onsite betting at Twin River Casino Hotel and Tiverton Casino Hotel, we relied on the experience of local Nevada sports wagering markets such as Downtown Las Vegas and the Boulder Strip as well as models of newly implemented sports wagering results in West Virginia, Delaware, and New Jersey (utilizing estimates of sports wagering revenue for 2019 based on reported 2018 results) as well as comparing these results with the early returns from sports wagering in Rhode Island. For remote, or online, betting we utilized a weighted average of per adult remote betting results from Nevada the United Kingdom as well as

⁴³ <https://malegislature.gov/Bills/191/H68>

⁴⁴ Keating, Christopher and Gosselin, Kenneth R. "House Approves East Windsor Casino, But MGM Expects Legal Battle" Hartford Courant. June 7, 2017. <https://www.courant.com/politics/hc-house-casino-debate-20170606-story.html>

⁴⁵ https://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&bill_num=SB00017&which_year=2019

⁴⁶ https://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&which_year=2019&bill_num=Sb665

estimates for less developed remote sports wagering markets such as New Jersey. As we expected, data from newly authorized sports wagering states lags the more developed markets such as Nevada and the U.K. but we expect this gap to close as sports wagering becomes more developed and mature in these new jurisdictions.

As described above, and shown in the proceeding exhibit, it is the very early days for sports wagering in the United States outside the State of Nevada. Exhibit 1.4 presents total sports wagering revenue for the seven states that authorized sports wagering in 2018. None have yet operated for a full year. While the methodology employed by CCA in generating projections for sports wagering in Rhode Island is sound and CCA’s knowledge and years of global experience in the industry is unsurpassed, the relative paucity of available data will inherently make our forecasts for Rhode Island sports wagering subject to greater variability than similar projections for slot machines and table games.

Exhibit 1.4: United States Sports Wagering 2018

Month	Delaware	Mississippi	Nevada	New Jersey	Pennsylvania	Rhode Island	West Virginia	Total
January	-	-	\$25,089,000	-	-	-	-	\$25,089,000
February	-	-	\$10,691,000	-	-	-	-	\$10,691,000
March	-	-	\$34,163,000	-	-	-	-	\$34,163,000
April	-	-	\$16,324,000	-	-	-	-	\$16,324,000
May	-	-	\$20,476,000	-	-	-	-	\$20,476,000
June	\$875,216	-	\$20,173,000	\$3,458,668	-	-	-	\$24,506,884
July	\$461,226	-	\$4,061,000	\$3,845,880	-	-	-	\$8,368,106
August	\$706,780	\$645,057	\$12,604,000	\$9,198,272	-	-	-	\$23,154,109
September	\$3,153,529	\$5,503,793	\$56,304,000	\$23,775,366	-	-	\$2,129,235	\$90,865,923
October	\$448,578	\$1,178,343	\$29,547,000	\$11,686,119	-	-	\$1,010,246	\$43,870,286
November	\$1,124,979	\$1,674,250	\$27,136,000	\$21,243,865	\$508,997	\$72,997	\$1,371,803	\$53,132,891
December	\$2,149,611	\$6,174,224	\$44,106,000	\$20,814,222	\$2,006,546	\$957,913	\$2,247,152	\$78,455,667
YTD	\$8,919,919	\$15,175,668	\$300,674,000	\$94,022,392	\$2,515,542	\$1,030,910	\$6,758,436	\$429,096,867

Note: Total sports betting revenue per state; includes both in-person and online/mobile play, where applicable.
 Nevada has had legal sports betting since 1931
 Delaware began sports betting on June 5th 2018
 Mississippi began sports betting on August 1st 2018
 Pennsylvania began sports betting on November 17th 2018
 Rhode Island began sports betting on November 26th 2018
 New Jersey began sports betting on June 14th 2018

Source: David G. Schwartz and Autumn Bassett. United States Sports Betting: Monthly and Year-to-Date Revenue Results from States. Las Vegas: Center for Gaming Research, University Libraries, University of Nevada Las Vegas, 2019.

In Exhibit 1.7 we take the data for sports wagering in the seven states that allowed it in 2018 and compare these results with the adult populations of these states as well as the more developed market for bookmaking in the United Kingdom. Bookmaking has been legal in the UK since 1960, remote betting via the technology of the day, the telephone, was also legal,⁴⁷ thus when the world was altered by the Internet and mobile technology, U.K. bookmakers were allowed to embrace this sea change unencumbered. As sports wagering spreads across America we believe that our neighbor across the pond will serve as a useful analog of the likely breadth and depth of sports wagering in the United States. For that reason we have included that experience as well in generating our projections for remote sports wagering in Rhode Island.

In the case of emerging markets where sports wagering is just getting underway and experiencing rapid growth, CCA has generated estimates for 2019 based upon that observed

⁴⁷ Entirely by accident in most historical accounts. It is not that remote telephone betting was affirmatively legalized by the Betting Gaming and Lotteries Act of 1960, but rather that the act was silent on telephone betting.

rapid growth and the available reported data from 2018. The State of Nevada only reports total sports wagering revenue, it does not break down these figures into remote versus in person betting. However, William Hill’s CEO of US operations, Joe Asher, (William Hill has partnered with many Nevada casinos for sports wagering) reported at the industry trade show G2E that roughly 75% of Nevada sports betting is now processed remotely.⁴⁸ Thus, as depicted in Exhibit 1.5, remote betting per adult ranges from a low of \$23.80 in New Jersey (and, given the rapid growth and continued build out of sports betting in New Jersey, CCA expects that number will at least double by 2019) to \$98.50 in the entire State of Nevada and that remote betting makes up the lions share (63% to 75%) of sports betting revenue.

To generate estimates for remote sports betting in Rhode Island we have averaged the most comparable remote per adult spending figures of the United Kingdom, Nevada (excluding the large strip casinos that cater primarily to international travelers) and double the \$23.80 per adult sports wagering estimated for New Jersey in 2019. We have doubled New Jersey because it is a still developing and rapidly growing market that we expect to continue for at least the next two years. The result is a per adult spending of around \$53.53 that we applied to the estimated 2021 adult population in Rhode Island to generate FY 2021 remote sports wagering revenue of around \$43 million.

Exhibit 1.5: Per Adult Spending on Sports Wagering

	Adult (US21+, UK18+) Population (000s)	Remote Sports Wagering Revenue (\$MMs)	Onsite Sports Wagering Revenue (\$MMs)	Total Sports Wagering Revenue (\$MMs)	Remote per adult	Onsite per Adult	Total per Adult	Remote % to Total
<i>Developed Markets</i>								
United Kingdom	51,312.7	\$2,233.5	\$1,297.6	\$3,531.1	\$43.5	\$25.3	\$68.8	63.3%
Nevada Statewide	2,289.5	\$225.5	\$75.2	\$300.7	\$98.5	\$32.8	\$131.3	75.0%
Nevada ex The Strip	2,289.5	\$124.8	\$41.6	\$166.5	\$54.5	\$18.2	\$72.7	75.0%
Nevada ex The Strip \$72MM+	2,289.5	\$158.9	\$53.0	\$211.9	\$69.4	\$23.1	\$92.5	75.0%
<i>Emerging Markets(1)</i>								
Delaware (2)	749.9	\$0.0	\$21.8	\$21.8	\$0.0	\$29.1	\$29.1	0.0%
Mississippi (2)	2,247.8	\$0.0	\$52.0	\$52.0	\$0.0	\$23.1	\$23.1	0.0%
New Jersey	6,956.4	\$165.8	\$64.5	\$230.3	\$23.8	\$9.3	\$33.1	72.0%
West Virginia	1,431.7	n/a (2)	\$29.0	\$29.0	n/a	\$20.3	\$20.2	n/a

(1) Revenues for emerging markets are 2019 estimates based on 2018 results

(2) Remote wagering currently unavailable

(3) Remote wagering did not begin in West Virginia until 12/29/18

Sources: U.K. Gambling Commission, United States Census Bureau, Nielsen/Claritas, U.K. Office for National Statistics, Delaware Lottery, West Virginia Lottery, New Jersey Division of Gaming Enforcement, Nevada Gaming Control Board, Mississippi Gaming Commission, Legal Sports Report, Christiansen Capital Advisors estimates.

As discussed above, as sports wagering is relatively new in the United States CCA’s projections for sports wagering will be subject to greater variability than our projections for table and machine gaming. In addition, sports wagering is unlike slot machine or table gaming in one very material respect—volatility of hold. Over the course of a year the hold percentage (what is retained by the operator as revenues expressed as percentage of the total amount wagered) for machine and table gaming is almost entirely predictable. Sometimes players or casinos can get

⁴⁸ Candee, Adam. “Casinos Pitch For Fully Remote Registration Of Nevada Sports Betting Mobile App Accounts,” Legal Sports Report. October 16, 2018. <https://www.legalsportsreport.com/24933/nevada-sports-betting-mobile-app-registration/>

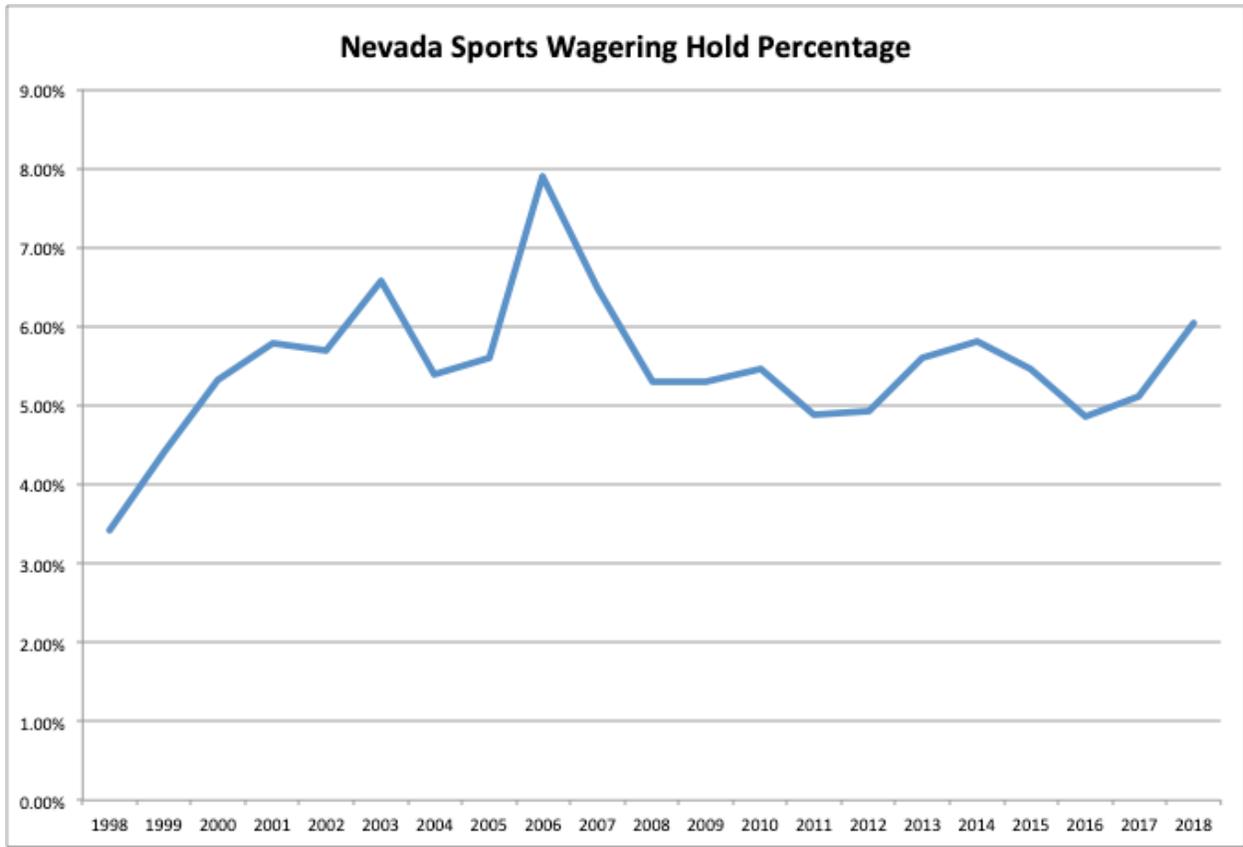
lucky, but over the course of a year the billions of handle pulls on slot machines and rolls of the dice or flip of the cards on table games will **hold** very close to what probability dictates the games should retain. In sports wagering, which is focused on a very finite pool of sporting contests and heavily weighted toward championships and certain sports, sports wagering operators can and do lose, sometimes in a big way. This phenomenon is best depicted by Exhibit 1.6, which shows the sports wagering hold percentage in the entire State of Nevada for the past 20 years. As shown in the exhibit the sports wagering hold can vary widely in any given year from 3.5% in some years to 7.9% in others. Over longer periods we expect sports books to hold about 5.5%. The average hold percentage for sports wagering was 5.52% in the State of Nevada from 1984 to 2018.⁴⁹

In other words, although we forecast sports wagering revenue in whole numbers assuming an industry standard hold percentage, CCA does not expect these forecasts will play out exactly as forecast in any given year, but that in the aggregate, and over the five years projected below, these numbers should prove relatively accurate.

For budgeting purposes, CCA would recommend that the State of Rhode Island should prepare for the worst and hope for the best, because revenue derived from sports wagering will be inherently volatile producing years of feast and famine.

⁴⁹ David G. Schwartz. Nevada Bookmaking Totals: 1984-2018. Las Vegas: Center for Gaming Research, University Libraries, University of Nevada Las Vegas, 2018. https://gaming.unlv.edu/reports/NV_sportsbetting.pdf

Exhibit 1.6: Nevada Sports Wagering Hold Percentage, 1998-2018



Source: University of Nevada Las Vegas Center for Gaming Research

REVENUE FORECAST SCENARIO A: BASELINE

For the purposes of comparison with our previous study and the other scenarios in this report,⁵⁰ CCA has prepared a baseline scenario to assess the extent of the impact of expanded gaming in Massachusetts on Rhode Island revenues assuming only the known (approved and under construction) casinos in Massachusetts and the new hotel at Twin River Casino Hotel and the new casino hotel in Tiverton, Rhode Island with recently authorized sports wagering.

Exhibit 1.7 presents a timeline of the opening of Encore Boston Harbor and remote sports wagering assumed in Scenario A by fiscal year (ended June 30).

Exhibit 1.7: Baseline Scenario Timeline



Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

⁵⁰ Christiansen Capital Advisors, LLC, for the Rhode Island Department of Revenue "Rhode Island Gaming and State Revenue Forecast," October 31, 2017.

The resulting projections are presented in Exhibits 1.8 and 1.9.

Exhibit 1.8: Baseline Rhode Island Revenue Projections by Fiscal Year (\$s MM)

GGR (in millions)	2018A	2019E	2020E	2021E	2022E	2023E	2024E	5 Year CAGR
Twin River VLTs	\$434.8	\$435.2	\$413.0	\$410.9	\$408.9	\$406.8	\$404.8	-1.4%
Twin River Tables	\$145.8	\$140.5	\$135.7	\$137.7	\$139.8	\$141.9	\$144.0	0.5%
Twin River Sports Wagering		\$5.5	\$9.9	\$10.9	\$11.3	\$11.6	\$11.9	23.8%
Newport Grand/Tiverton VLTs	\$46.5	\$92.8	\$104.2	\$112.0	\$111.4	\$110.9	\$110.3	3.8%
Tiverton Tables		\$20.3	\$25.3	\$27.2	\$27.7	\$28.1	\$28.5	8.0%
Tiverton Sports Wagering		\$1.0	\$1.8	\$2.0	\$2.1	\$2.1	\$2.2	22.6%
Remote Sports Wagering			\$19.6	\$43.1	\$45.3	\$47.5	\$49.9	
Rhode Island Gaming Revenue	\$627.2	\$695.2	\$709.5	\$743.9	\$746.3	\$748.9	\$751.6	1.6%

Net State Revenue (in millions)*	2018A	2019E	2020E	2021E	2022E	2023E	2024E	5 Year CAGR
Twin River VLTs	\$260.7	\$261.1	\$247.4	\$246.2	\$244.8	\$243.5	\$242.2	-1.4%
Twin River Net Table Revenue	\$18.6	\$18.4	\$17.4	\$17.7	\$18.0	\$18.3	\$18.7	0.3%
Twin River Sports Wagering		\$2.3	\$4.7	\$5.2	\$5.3	\$5.5	\$5.7	30.2%
Newport Grand/Tiverton VLTs	\$27.7	\$55.3	\$62.4	\$67.2	\$66.8	\$66.5	\$66.1	3.9%
Twin River Net Table Revenue		\$1.3	\$1.7	\$2.0	\$2.1	\$2.1	\$2.2	13.9%
Tiverton Sports Wagering		\$0.4	\$0.8	\$0.9	\$0.9	\$1.0	\$1.0	31.8%
Remote Sports Wagering			\$9.3	\$20.7	\$21.7	\$22.8	\$24.0	
Rhode Island Gov't Revenue	\$307.0	\$338.8	\$343.7	\$359.8	\$359.6	\$359.7	\$359.8	1.2%

* Excludes payments to third parties, such as host municipalities.

Facility Assumptions

Tiverton Casino Hotel: 1,000 VLTs, 32 table games, and a hotel with 84 rooms. Newport Grand ceased operations on August 28, and the Tiverton facility opened August 29, 2018.

Twin River-Lincoln: 125 table games and 4,180 VLTs in 2019. Hotel with 136 rooms. We assume that machine counts will decline by 25 per year between FY2020 and FY 2024.

MGM Springfield: 75 gaming tables, 3,000 slot machines and 250-room hotel. Opened August 24, 2018

Encore Boston Harbor: 168 tables, 2,838 slot machines and a 671-room hotel. Projected to open in June, 2019

Remote wagering commences in Rhode Island in January 2020.

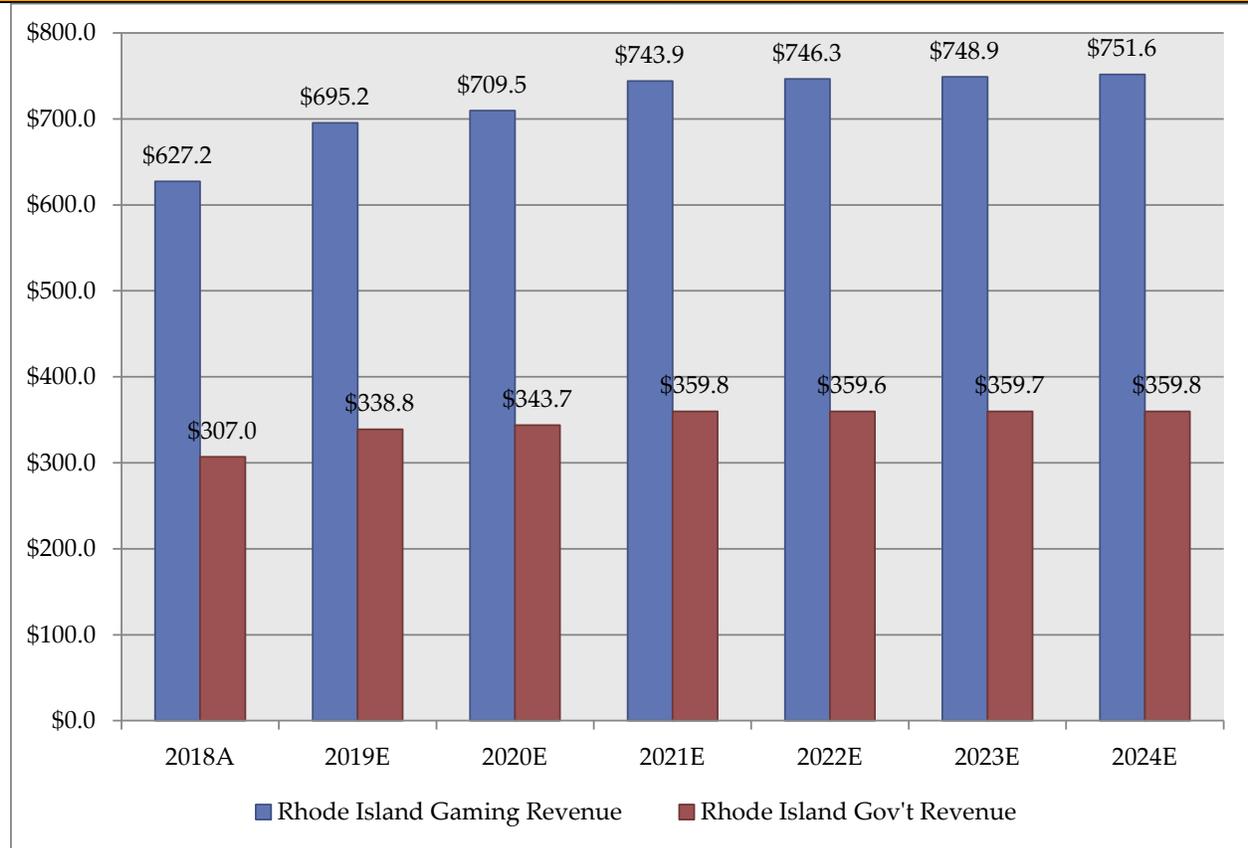
Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

In Exhibit 1.8 we project that with anticipated competition from the Encore Boston Harbor casino, Rhode Island gross gaming revenue from VLTs, table games, and sports wagering would grow by approximately \$56.4 million, or 8.1 percent, between FY 2019 and FY 2024. We estimate that the State's share of these revenues will grow by about \$21 million over the same period. We project that the impact of the opening of the Encore Boston Harbor casino in Everett will be modest as gross gaming revenues and the State's share of those revenues increase from FY 2020, the fiscal year in which the Encore Boston Harbor casino opens, through FY 2024. This is mostly due to the offsetting impact of expanded sports wagering in Rhode Island.

We estimate that the Encore Boston Harbor will divert approximately \$20 million in consumer expenditures on VLTs and \$5 million in table revenues from Twin River-Lincoln. We project that the Tiverton Hotel Casino will be impacted as well, but to a lesser degree, with VLT revenues approximately \$10 million lower and tables \$4 million lower than what they would be in the absence of Encore Boston Harbor.

Exhibit 1.9 summarizes and expresses in graphical form the results from Exhibit 1.8. CCA’s analysis concludes that in the absence of a Region C casino in Taunton, Rhode Island gaming revenues will continue to rise (albeit slightly) despite additional competition for New England gaming customers from Encore Boston Harbor.

Exhibit 1.9: Baseline Rhode Island Revenue Projections by Fiscal Year (\$s MM)



Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

REVENUE FORECAST SCENARIO B: NEW CASINOS IN EVERETT (ENCORE BOSTON HARBOR) AND TAUNTON, MASSACHUSETTS

The following scenario examines the impact of expanded gaming in southern New England on Rhode Island revenues if there are (as authorized) three casinos in Massachusetts, specifically MGM Springfield, Encore Boston Harbor, as well as a tribally owned casino in Taunton, Massachusetts and the slots only venue at Plainridge Park Casino.

Since the exact date of the opening of a Mashpee Wampanoag casino is still uncertain (and, if the past is any guide, likely to change), and for ease of calculation, we have assumed that the Taunton casino opens on July 1st 2021. Exhibit 1.10 presents a timeline of the opening of the casinos assumed in Scenario B by Rhode Island fiscal year.

Exhibit 1.10: Scenario B Timeline



Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

Exhibit 1.11 presents our estimates of the impacts of a potential casino in Taunton, Massachusetts. We project that these impacts will be significant on both Twin River-Lincoln and Tiverton Casino Hotel. We estimate that total gaming revenue will decline by \$31.1 million, or 4.5 percent, between FY 2019 and FY 2024. We estimate that the State’s share of these revenues will decrease by about \$16.3 million over the same period. Over the FY 2021 through FY 2024 period, however, the additional impact of a Taunton casino is more pronounced with gross gaming revenue declining by \$79.8 million and the State’s share of these revenues falling by \$37.3 million.

We estimate that a Taunton Casino will divert another \$23 million in consumer expenditures on VLTs and \$14 million in table revenues from Twin River-Lincoln. We project that the Tiverton Hotel Casino will be meaningfully impacted as well with VLT revenues approximately \$17 million lower and table revenue \$5 million lower than what they would be in the absence of a Taunton casino.⁵¹

Exhibit 1.11: Revenue Projections w/Taunton Casino, by Fiscal Year (\$s MM)

GGR (in millions)	2018A	2019E	2020E	2021E	2022E	2023E	2024E	5 Year CAGR
Twin River VLTs	\$434.1	\$435.2	\$413.0	\$410.9	\$388.4	\$378.8	\$369.3	-3.0%
Twin River Tables	\$150.0	\$140.5	\$135.7	\$137.7	\$123.8	\$118.9	\$114.2	-3.7%
Twin River Sports Wagering		\$5.5	\$9.9	\$10.9	\$11.3	\$11.6	\$11.9	23.8%
Newport Grand/Tiverton VLTs	\$46.5	\$92.8	\$104.2	\$112.0	\$94.7	\$94.2	\$93.8	0.2%
Tiverton Tables		\$20.3	\$25.3	\$27.2	\$22.1	\$22.5	\$22.8	2.4%
Tiverton Sports Wagering		\$1.0	\$1.8	\$2.0	\$2.1	\$2.1	\$2.2	22.6%
Remote Sports Wagering			\$19.6	\$43.1	\$45.3	\$47.5	\$49.9	N/A
Rhode Island Gaming Revenue	\$630.7	\$695.2	\$709.5	\$743.9	\$687.6	\$675.6	\$664.1	-0.9%

Net State Revenue (in millions)*	2018E	2019E	2020E	2021E	2022E	2023E	2024E	5 Year CAGR
Twin River VLTs	\$260.7	\$261.1	\$247.4	\$246.2	\$232.2	\$226.3	\$220.5	-3.1%
Twin River Net Table Revenue	\$18.6	\$18.4	\$17.4	\$17.7	\$15.5	\$14.8	\$14.1	-4.7%
Twin River Sports Wagering		\$2.3	\$4.7	\$5.2	\$5.3	\$5.5	\$5.7	30.2%
Newport Grand/Tiverton VLTs	\$27.7	\$55.3	\$62.4	\$67.2	\$56.6	\$56.3	\$56.0	0.2%
Tiverton Net Table Revenue		\$1.3	\$1.7	\$2.0	\$1.2	\$1.3	\$1.3	0.3%
Tiverton Sports Wagering		\$0.4	\$0.8	\$0.9	\$0.9	\$1.0	\$1.0	31.8%
Remote Sports Wagering			\$9.3	\$20.7	\$21.7	\$22.8	\$24.0	N/A
Rhode Island Gov't Revenue	\$307.0	\$338.8	\$343.6	\$359.8	\$333.5	\$327.9	\$322.5	-1.0%

* Excludes payments to third parties, such as host municipalities.

Facility Assumptions

Tiverton Casino Hotel: 1,000 VLTs, 32 table games, and a hotel with 84 rooms. Newport Grand ceased operations on August 28, and the Tiverton facility opened August 29, 2018.

Twin River-Lincoln: 125 table games and 4,180 VLTs in 2019. Hotel with 136 rooms. We assume that machine counts will decline by 25 per year between FY2020 and FY 2024.

MGM Springfield: 75 gaming tables, 3,000 slot machines and 250-room hotel. Opened August 24, 2018

Encore Boston Harbor: 168 tables, 2,838 slot machines and a 671-room Hotel. Projected to open in June, 2019

Remote wagering commences in Rhode Island in January 2020.

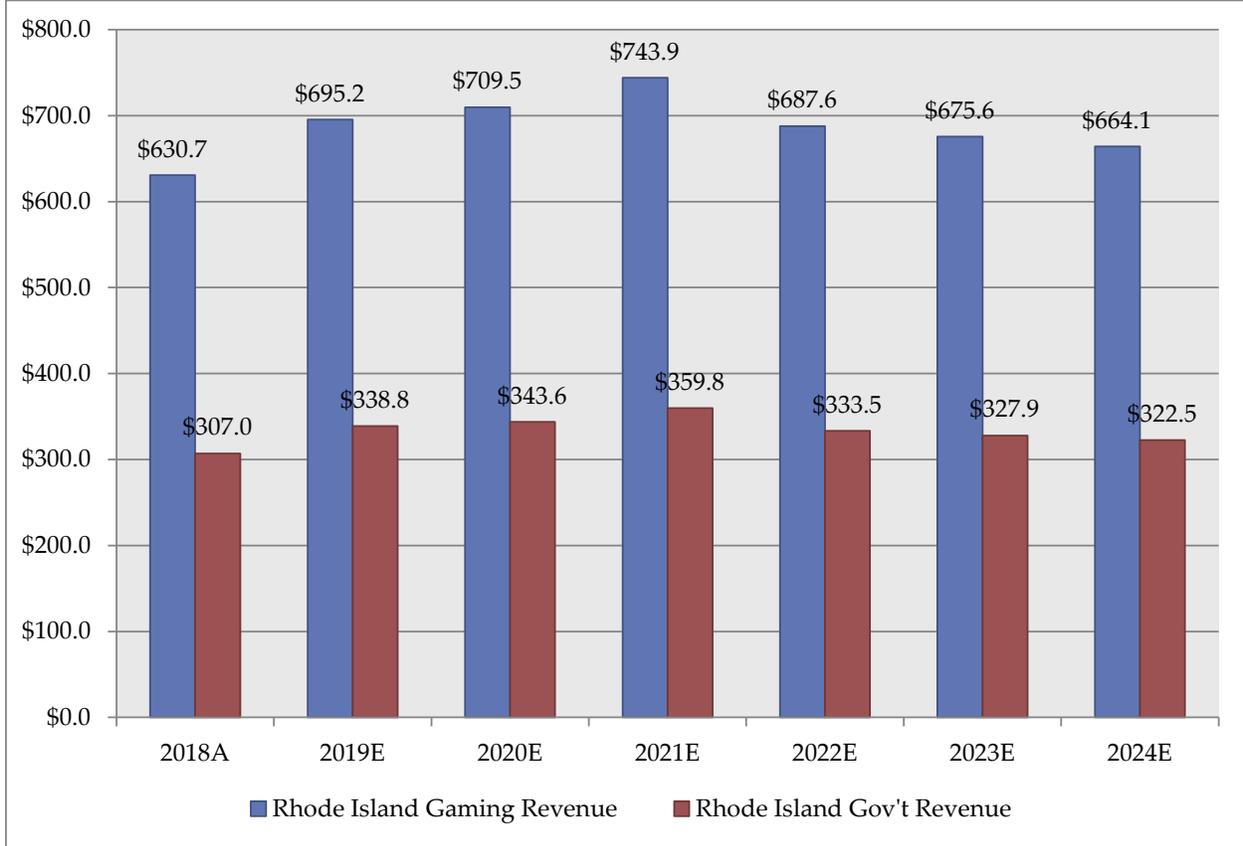
First Light Resort and Casino: 3,000 slot machines, 190 tables (40 poker), and a 300-room hotel. Projected to open July 2021

Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC estimates.

⁵¹ It is important to remember that in this scenario these impacts are cumulative of Encore Boston Harbor and a new casino in Taunton. In the absence of a Boston casino, Rhode Island gaming revenues would be larger and the negative impacts upon Rhode Island facilities of a single casino in Taunton would also be larger.

Exhibit 1.12 summarizes and expresses in graphic format the results presented in Exhibit 1.11.

Exhibit 1.12: Revenue Projections w/Taunton Casino, by Fiscal Year (\$s MM)

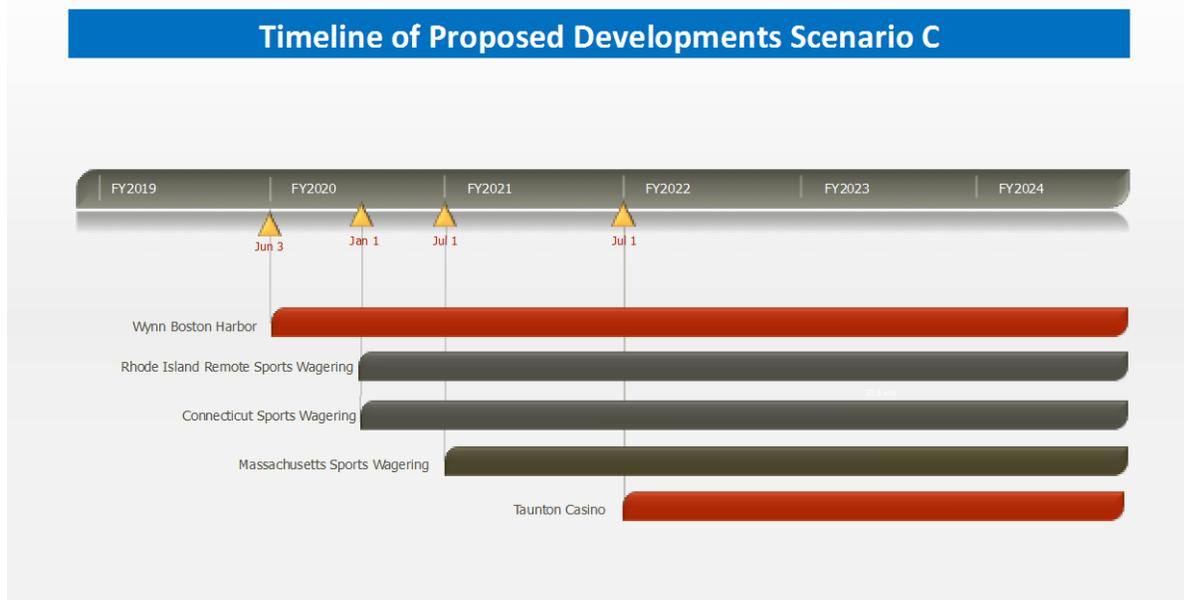


Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

REVENUE FORECAST SCENARIO C: NEW CASINOS IN EVERETT (ENCORE BOSTON HARBOR), TAUNTON AND SPORTS WAGERING IN CONNECTICUT AND MASSACHUSETTS

The following scenario examines the impact of expanded gaming in Southern New England on Rhode Island revenues if there are three casinos in Massachusetts, specifically MGM Springfield, Encore Boston Harbor, and the First Light Casino in Taunton, the slots only Plainridge Park Casino, and in person and remote sports wagering in Connecticut and Massachusetts. Exhibit 1.13 presents a timeline of the opening of the two new casinos and the implementation of sports wagering assumed in Scenario C by Rhode Island fiscal year.

Exhibit 1.13: Scenario C Timeline



Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

Exhibit 1.14 presents our estimates of the impacts of expanded gaming in Massachusetts and Connecticut. As in our previous forecast for the State of Rhode Island our models indicate that a casino in Taunton will have meaningful deleterious effects on Rhode Island gaming revenue and State of Rhode Island revenue derived from gaming. Sports wagering in Massachusetts and Connecticut will add to these woes but given that the impacts will primarily be on on-site sports wagering and that sports wagering is projected to be a comparatively small revenue source the overall impacts are not that large. We project Rhode Island gross gaming revenue from VLTs, table games, and sports wagering will decline by approximately \$33.9 million, or 4.9 percent, between FY 2019 and FY 2024. We estimate that the State’s share of these revenues will decline by about \$17.7 million over this same period. We estimate sports wagering in Connecticut and Massachusetts in will reduce Rhode Island gross gaming revenues by about \$2.6 million and the State’s share of sports wagering revenues by about \$1.3 million. While there may be some slight impact on remote sports wagering in Rhode Island, due to the fact that remote wagering will be

restricted to Rhode Island residents and visiting gamblers physically located in the State, we do not expect that these impacts to be meaningful on remote sports wagering.

Exhibit 1.14: Revenue Projections Taunton Casino and Sports Wagering, by Fiscal Year (\$s MM)

GGR (in millions)	2018A	2019E	2020E	2021E	2022E	2023E	2024E	5 Year CAGR
Twin River VLTs	\$434.8	\$435.2	\$413.0	\$410.9	\$388.4	\$378.8	\$369.3	-3.0%
Twin River Tables	\$145.8	\$140.5	\$135.7	\$137.7	\$123.8	\$118.9	\$114.2	-3.7%
Twin River Sports Wagering		\$5.5	\$9.4	\$8.7	\$9.0	\$9.3	\$9.6	15.0%
Newport Grand/Tiverton VLTs	\$46.5	\$92.8	\$104.2	\$112.0	\$94.7	\$94.2	\$93.8	0.2%
Tiverton Tables		\$20.3	\$25.3	\$27.2	\$22.1	\$22.5	\$22.8	2.4%
Tiverton Sports Wagering		\$1.0	\$1.8	\$1.6	\$1.7	\$1.7	\$1.8	14.1%
Remote Sports Wagering			\$19.6	\$43.1	\$45.3	\$47.5	\$49.9	N/A
Rhode Island Gaming Revenue	\$627.2	\$695.2	\$709.0	\$741.3	\$685.0	\$672.8	\$661.3	-1.0%

Net State Revenue (in millions)*	2018E	2019E	2020E	2021E	2022E	2023E	2024E	5 Year CAGR
Twin River VLTs	\$260.7	\$261.1	\$247.4	\$246.2	\$232.2	\$226.3	\$220.5	-3.1%
Twin River Tables	\$18.6	\$18.4	\$17.4	\$17.7	\$15.5	\$14.8	\$14.1	-4.7%
Twin River Sports Wagering		\$2.3	\$4.4	\$4.1	\$4.3	\$4.4	\$4.5	20.0%
Newport Grand/Tiverton VLTs	\$27.7	\$55.3	\$62.4	\$67.2	\$56.6	\$56.3	\$56.0	0.2%
Tiverton Tables		\$1.3	\$1.7	\$2.0	\$1.2	\$1.3	\$1.3	0.0%
Tiverton Sports Wagering		\$0.4	\$0.8	\$0.7	\$0.7	\$0.8	\$0.8	20.9%
Remote Sports Wagering			\$9.3	\$20.6	\$21.7	\$22.8	\$23.9	N/A
Rhode Island Gov't Revenue	\$307.0	\$338.8	\$343.4	\$358.6	\$332.2	\$326.6	\$321.1	-1.0%

* Excludes payments to third parties, such as host municipalities.

Facility Assumptions

Tiverton Casino Hotel: 1,000 VLTs, 32 table games, and a hotel with 84 rooms. Newport Grand ceased operations on August 28, and the Tiverton facility opened August 29, 2018.

Twin River-Lincoln: 125 table games and 4,180 VLTs in 2019. Hotel with 136 rooms. We assume that machine counts will decline by 25 per year between FY2020 and FY 2024.

MGM Springfield: 75 gaming tables, 3,000 slot machines and 250-room hotel. Opened August 24, 2018

Encore Boston Harbor: 168 tables, 2,838 slot machines and a 671-room Hotel. Projected to open in June, 2019

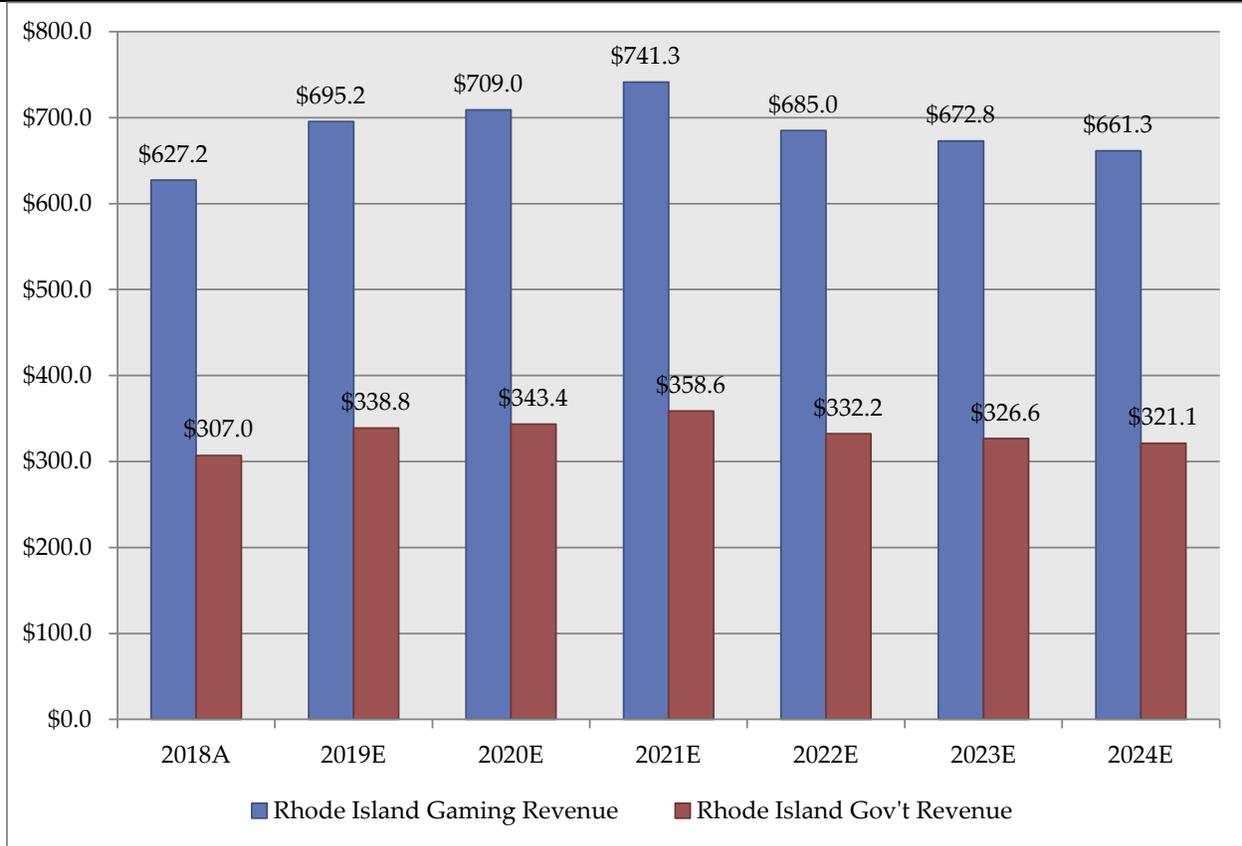
We assume remote sports wagering commences in Rhode Island and Connecticut in January 2020, and that remote and land based sports wagering commencing July 2020 in Massachusetts.

First Light Resort and Casino: 3,000 slot machines, 190 tables (40 poker), and a 300 room hotel. Projected to open July 2021

Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC estimates.

Exhibit 1.15 summarizes and expresses in graphic format the results presented in Exhibit 1.14.

Exhibit 1.15: Revenue Projections w/Taunton Casino and Sports Wagering in Connecticut and Massachusetts, by Fiscal Year (\$ MM)



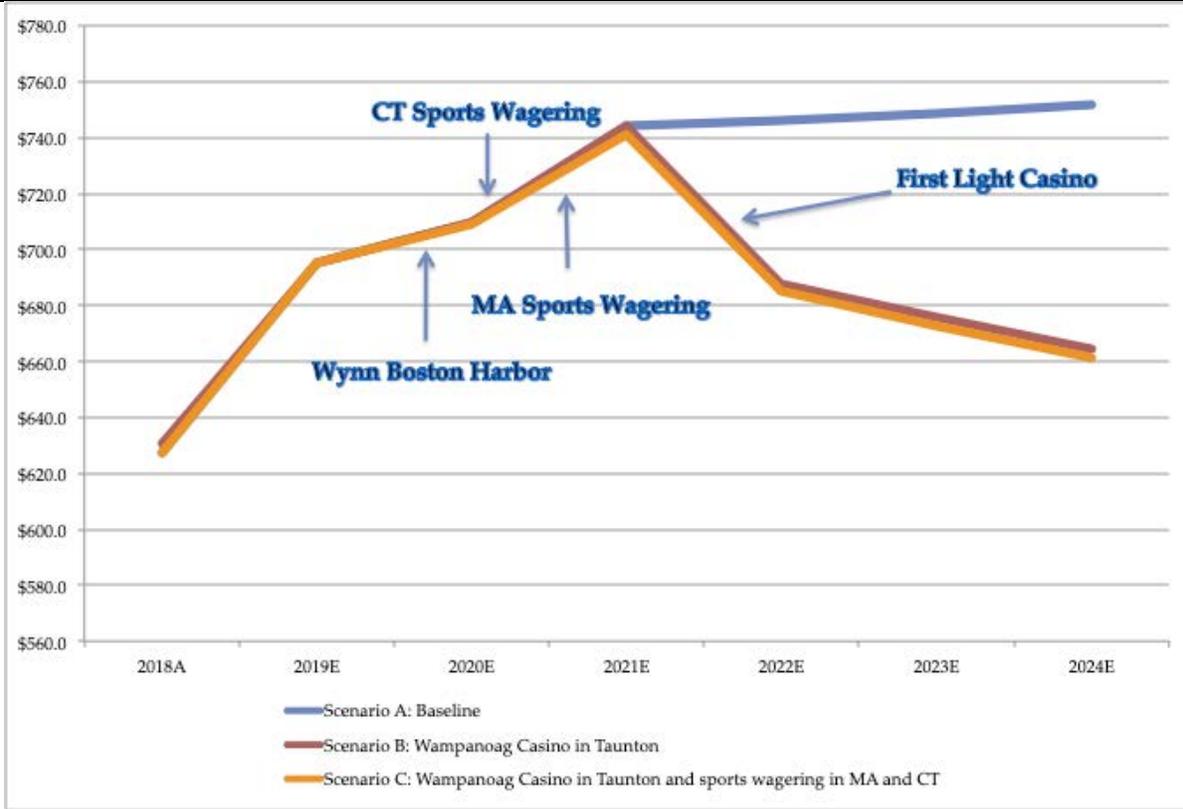
Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

SUMMARY OF FORECASTS

Exhibit 1.16 summarizes Rhode Island total gaming revenue and Rhode Island government revenue from gaming under the scenarios we have examined in this report, including the dates of various milestones that will impact gaming revenue in the future. As shown in the exhibit, Rhode Island gaming revenues will be impacted in FY 2020 by the June 2019 opening of Encore Boston Harbor, but, all other things equal, should still squeak out a small gain. As shown in Exhibits 1.8, 1.11, and 1.14 the opening of the Tiverton Casino Hotel will more than double the gaming revenue that was derived from Newport Grand, a slots only facility. Summarized in Exhibit 1.16, CCA projects that this will help offset the negative impact of the opening of the Encore Boston Harbor casino in FY 2020. As depicted by the blue line in Exhibit 1.16, if no additional casinos open in Massachusetts or Connecticut, gaming revenue will continue to grow until FY 2021 when we expect (all other things equal) that gaming revenue growth will flatten out in FY 2022 through FY 2024 without further expansion of gaming in Rhode Island. If a new

tribal facility in Taunton comes to fruition, we project that Rhode Island gaming revenues will meaningfully decline (about \$30 million) by FY 2024.

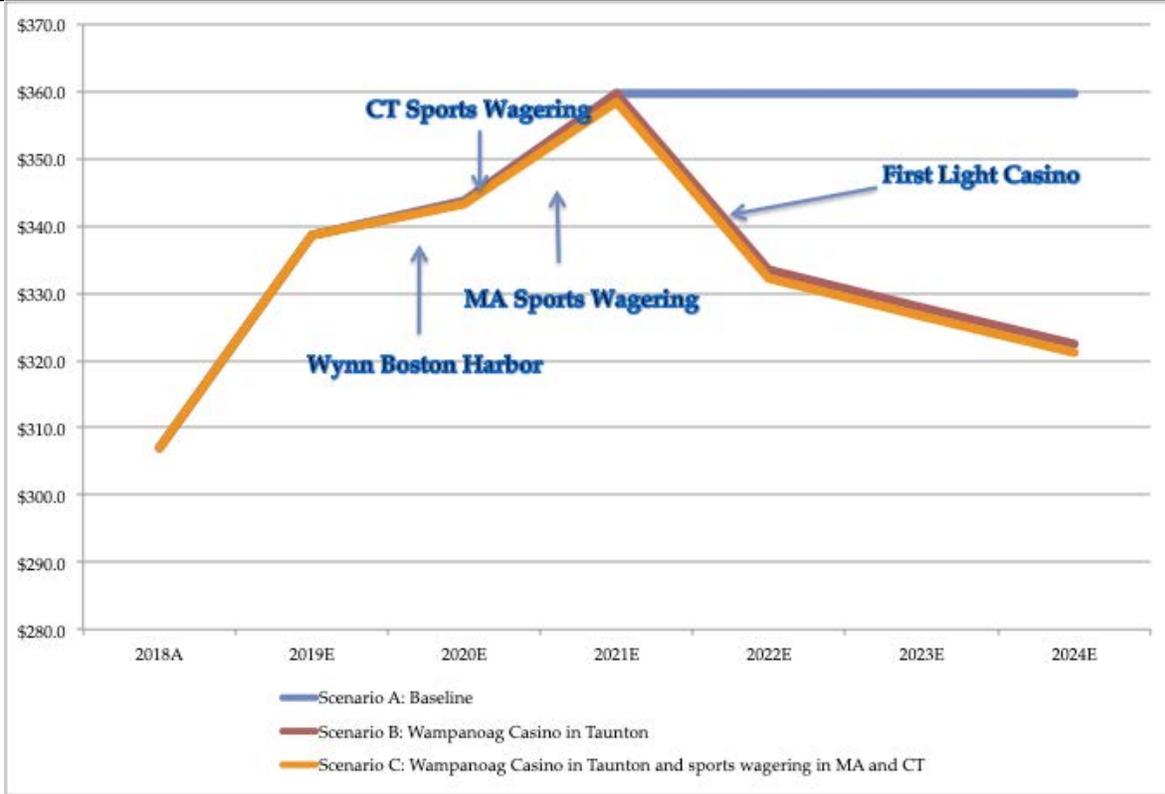
Exhibit 1.16: Summary of Rhode Island Gaming Revenue Projections by Fiscal Year



Source: Christiansen Capital Advisors, LLC. estimates

Exhibit 1.17 shows Rhode Island government revenue from gaming under the scenarios we have examined in this report, including the various milestones that will impact government revenue in the future. As one would expect, these lines track closely to the results in Exhibit 1.16.

Exhibit 1.17: Summary of Rhode Island Government Revenue by Fiscal Year



Source: Christiansen Capital Advisors, LLC. estimates

The projections presented herein are based upon the accompanying assumptions. Some of these assumptions will inevitably not materialize, and unanticipated events and circumstances will occur. Actual results may therefore vary from our projections, and such variations may be material.