

Hidalgo Downs, LLC

Overview

Hidalgo Downs LLC is proposing a \$75 million racetrack facility that is complemented with a rodeo program and a racing, rodeo hall of fame and museum. The location is in Lordsburg which is located on I-10 between El Paso, TX and Tucson, AZ. The applicant provided detailed demographics, drawing in population from Mexico and as far away as Phoenix, AZ. The proposed racing program is for 9 months of racing, from April to December. Eighteen rodeo events are planned with entertainment for the racing and rodeo events. Food, beverage and a 135 room hotel is planned to complement the racing, rodeo and museum programs.

The Casino facility is planned to house 600 slot machines grossing over \$49 million annually in slot revenues. This averages to be \$225 in revenue per machine per day.

Racing Program

Location	Including and adjacent Hidalgo County Fairgrounds, Lordsburg, NM
Track Size	1 mile oval, 6 furlong chute
Proposed Race Days	60 days
Racing Facility	1500 patron grandstand. Jockey quarters, paddock, and test barn to meet all standards.
Estimated Completion of Facilities	Approximately 18 to 27 months from issuance of license.
Race Dates	April – December. Limited racing in October and December.
Races per Race Date	6 – 8
Number Thoroughbred Races	140
Number of Quarter Horses Races	220
Proposed Purse Total Per Race Meet	\$9.8 million

Number Proposed Stalls 1500

Proposed Market Area 300 mile radius with a population of 9.2 million. Number of vehicles passing through Lordsburg per day off I-10 is over 29,000 of which commercial trucks account for 10,535.

Competing Facilities Sunland Park is located 158 miles east of Lordsburg whereas Ruidoso Downs is located 244 miles northeast of Lordsburg.

Questions

At different places in your application and executive summary you indicate you will be offering six races per day and at others you will offer 8 races per day. How many races per day are you planning to offer?

Your proposal indicates you will offer 18 rodeo events per year. Do you have the cost breakdown of providing rodeo events?

On the supplemental financial information you provided your expenses from slot revenue (Tax, Purse, Problem Gaming) appear not to be disclosed. Was this an oversight?

Have you researched the cost of operating a live race meet?

With a nine month live racing program, have you investigated the cost of keeping a racetrack open when offering only three days of racing in some months?

Can you provide any information for officials and track workers you will be hiring for your racing program?

Will your officials and track workers be full-time workers during the full nine month racing program?

You indicate your facility should generate approximately \$49 million in slot machine revenue the first year? Did you complete or commission a study to determine the gaming demographics of your proposed market area?

REVENUES	New Mexico AVERAGE	%	Hidalgo Downs	%
Gaming	54,565	86%	49,275	95%
Horse racing	5,128	8%	4,400	9%
Food & Beverage, Hotel	4,240	7%	5,128	10%
Other/Cost of Goods Sold	- 193	0%	-7,056	-14%
TOTAL REVENUES	63,740	100%	51,747	100%

EXPENSES

Cost of Goods Sold

Gaming	30,934	49%	0	
Racing	7,150	11%	0	
Food & Beverage, Hotel	4,648	7%	0	
General & Administrative	6,705	11%	0	

OPERATING EXPENSES	50,927	80%	15,288	30%
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EBITDA	13,092	21%	36,459	70%
Depreciation	2,657	4%	1,700	3%
Interest/Other Expenses	8,527	13%	14,659	28%
Other Income				
EBT	7,759	12%	20,100	39%

Notes:

- All dollars above are in terms of thousands.
- From the data provided by Hidalgo, it appears taxes, purses and other expenses were not deducted from gaming revenues.

Projected Gaming Revenue	49,275
Gaming Tax 26%	12,812
Purses 20%	9,855
Problem Gaming Fund .25%	123
TOTAL REQUIRED TAKE-OUT	22,790
- Detailed expense data was not provided by applicant.
- Planned facility cost \$75 million.
- Facility equity/financing ratio was not stated in the application.
- Interest expense for the first year is stated at \$6.7 million. This interest figure divided by an interest rate of 10% would yield an amount financed of approximately \$67 million.
- Hidalgo Racing anticipates 600 slot machines. At 600 slots the average daily total revenue per day, per machine would be approximately \$225.
- The New Mexico average total revenue per day, per machine is \$218 with the most revenue produced by any racetrack casino is approximately \$334. Hidalgo's revenue per machine, per day the first year is 3% greater than the New Mexico average.

Coronado Partners LLC

Overview

Coronado Partners, LLC is proposing a \$78.5 million racing, casino, entertainment facility in Tucumcari. A clear span building is planned to be used for various types of equine competition. An amphitheater for concerts of all genres based on knowledge of the region.

The applicant expects its primary market to come from West Texas, in particular Amarillo, approximately 100 miles to the east. The applicant expects a considerable amount of its market will come off I-40 which has approximately 11,000 vehicles passing daily.

Coronado Partners is proposing a possible 2020 or 2021 spring race meet March to May covering 40 race days. They plan a 60/40 thoroughbred, quarter horse race meet. Ten races per day is planned with anticipated purses of \$13.3 million.

The Casino facility is planned to house 600 slot machines grossing over \$63 million annually in slot revenues. This averages to be \$288 revenue per machine, per day.

Racing Program

Location

Tucumcari, NM

Track Size

1 mile oval, Seven Furlong Chute, Quarter Horse Chute

Racing Facility

804 seat clubhouse, 256 seat turf club, outdoor grandstand with covered seating and uncovered standing apron. 80 seat OTB/simulcast area. "State of the Art" Jockey's room with private kitchen/restaurant, sleep quarters, massage room. Horsemen Kitchen, Meditation Chapel and various recreation areas available for Grooms.

Estimated Completion of Facilities

Approximately 14 – 16 months with proposed race meet starting March, 2021 or in 2020 if license is issued prior to December 2018.

Race Dates

40 days in 2021, March through May.

Races per Race Date

10 races per day for a total of 400 races.

Number Thoroughbred Races	240
Number of Quarter Horses Races	160
Proposed Purse Total Per Race Meet	\$13.3 million. 18% -- \$2.3 million to stake or added money races. 82% - \$10.8 million for overnight races. Twenty five stake races which will include 16 thoroughbred and 9 quarter horse races. Of the stake races, 12 will be New Mexico Bred races.
Number Proposed Stalls	1114
Proposed Market Area	Tucumcari located on I-40 is approximately 100 miles west of Amarillo, TX, with a population of 276,000. Population within a 120 mile radius of Tucumcari is 321,000. Over 11,000 vehicles per day travel on I-40. Over 6,000 owners and 2,000 breeders in an area of 31 zip codes in Texas and 8 zip codes in New Mexico surrounding Tucumcari. The applicant does not anticipate its market coming from the Lubbock, TX and does not anticipate "cannibalizing" market share from other NM racetracks.
Competing Facilities	The Downs at Albuquerque is the closest NM racing facility to Tucumcari, 175 miles west. Zia Park is 200 miles, Ruidoso Downs is 215 miles and Sunland Park is 335 miles from Tucumcari.
Questions	<p>Is it correct that you plan to contribute \$23.5 million in equity for this project.</p> <p>Will you be able to attract enough patrons to your facility by excluding the Lubbock market?</p> <p>Are you aware of the expenses and various tasks in running a live race meet?</p> <p>Have you researched who will run your racing program?</p>

REVENUES	New Mexico AVERAGE	%	Coronado Partners	%
Gaming	54,565	86%	63,080	93%
Horse racing	5,128	8%	3,054	5%
Food & Beverage, Hotel	4,240	7%	4,297	6%
Other/Cost of Goods Sold	- 193	0%	-2,839	-4%
TOTAL REVENUES	63,740	100%	67,592	100%

EXPENSES

Gaming	30,934	49%	32,762	48%
Racing	7,150	11%	2,895	4%
Food & Beverage, Hotel	4,648	7%	3,042	5%
General & Administrative	6,705	11%	12,733	19%
OPERATING EXPENSES	50,927	80%	51,432	76%
EBITDA	13,092	21%	16,160	24%
Depreciation	2,657	4%	2,704	4%
Interest/Other Expenses	8,527	13%	6,796	10%
EBT	7,759	12%	6,660	10%

Notes:

- 1) All dollars above are in terms of thousands
- 2) Gaming and racetrack figures provided by The Innovation Group
- 3) Figures stated assume gaming is not initiated in Guymon, Oklahoma.
- 4) Security and Marketing, are shared expenses of gaming and racing and were placed into general & administrative expenses.
- 5) Projected depreciation expense was not disclosed, 4% New Mexico average was used.
- 6) Planned facility cost \$78.5 million
- 7) Coronado plans to use \$23.5 million equity contribution for the construction of the racetrack, financing \$55 million.
- 8) Coronado Racing anticipates 600 slot machines. At 600 slots the average daily total revenue per day, per machine would be approximately \$288. The New Mexico average total revenue per day, per machine is \$218 with the most revenue produced by any racetrack casino is approximately \$334.

Clovis Racetrack and Casino

Overview

Clovis Racetrack and Casino is proposing a \$55 million racing, casino, facility on 130 acres in Clovis. The facility will offer several concession, dining and beverage venues catered to the region. The applicant emphasizes the principals are horsemen making a racetrack for horsemen. They promote their expertise as horsemen and operators of racetracks make them the best qualified for a racing license.

The proposed mixed racing program includes an initial 36 day spring race meet. The race meet would include approximately 30 stake races with no early entries. All stake races would include an initial payment and a later entry fee. The stake races would include NM Bred races. Initial purses are estimated to be \$10 - \$11 million. The applicant emphasizes an excellent racing surface that will attract horses and horsemen from outside of the state. The applicant offered detailed racing operation manuals for all aspects of racing.

The Casino facility is planned to house up to 750 slot machines initially grossing over \$47 million annually in slot revenues. This averages to be \$173 in revenue per machine per day. Full operations estimates slot revenues to be over \$56 million per year.

Racing Program

Location

Clovis, NM

Track Size

1 mile oval with a 6 ½ furlong Thoroughbred chute and 550 yard Quarter Horse chute. Industry experts are ready to ensure a quality racing surface second to none.

Racing Facility

5000 patron grandstand and clubhouse with pub-style tables and seats in various food and beverage outlets. Separate and distinct simulcast area. Jockey quarters with usual equipment. An "Officials Level" operation center for live racing for racetrack officials.

Estimated Completion of Facilities

First day racing March 13, 2020.

Race Dates

36 days in 2020 – March 13 through May 18.

Races per Race Date	Clovis Racetrack and Casino is proposing innovative ideas in attracting horsemen to their facility including no early closing futurities and derbies, along with a New Owner Recruitment program to ensure a full racing program.
Number Thoroughbred Races Number of Quarter Horses Races	Clovis Racetrack and Casino is offering a mixed racing program of Thoroughbred and Quarter Horse Races.
Proposed Purse Total Per Race Meet	Approximately \$10 – \$11 Million. Clovis Racetrack & Casino is offering 30 stake/bred races. Total stakes race purses over \$1.7 million. Stake Breed money \$575,000 and stakes with breed money over \$2.3 million.
Number Proposed Stalls	1000
Proposed Market Area	Curry County and West Texas, including population centers of Amarillo and Lubbock. A population of 755,000 people are within a 100 mile radius of Clovis.
Competing Facilities	Zia Park is located 124 miles south of Clovis. Direct competition for patrons with Zia Park would come from customers visiting from Lubbock, TX. Clovis Downs & Casino predicts a modest impact on Zia Park.
Questions	<p>Mr. Cummings' estimates and projections are based on a 750 slot machine casino. Are there an additional 150 slot machines available in the state?</p> <p>Can you estimate the cost of these machines from other racetracks?</p> <p>Is BBVA Compass your only source of financing of your proposed facility?</p> <p>Would total financing be approximately \$49 million?</p> <p>Is the equity contribution for this project \$6 million?</p>

REVENUES	New Mexico AVERAGE	%	Clovis Racetrack and Casino	%
Gaming	54,565	86%	47,400	85%
Horse racing	5,128	8%	4,500	8%
Food & Beverage, Hotel	4,240	7%	3,943	7%
Other/Cost of Goods Sold	- 193	0%	0	0%
TOTAL REVENUES	63,740	100%	55,843	100%
EXPENSES				
Gaming	30,934	49%	27,500	49%
Racing	7,150	11%	6,200	11%
Food & Beverage, Hotel	4,648	7%	4,000	7%
General & Administrative	6,705	11%	6,000	11%
OPERATING EXPENSES	50,927	80%	43,700	80%
EBITDA	13,092	21%	14,523	26%
Depreciation	2,657	4%	2,234	4%
Interest/Other Expenses	8,527	13%	5,513	10%
EBT	7,759	12%	6,777	16%

Notes:

- 1) All dollars above are in terms of thousands.
- 2) Planned facility cost \$55 million.
- 3) Clovis Racetrack & Casino plans to use \$6 million equity contribution for the construction of the racetrack, financing \$49 million.
- 3) The only financial figures provided by Clovis Racetrack and Casino is the initial slot revenue figure (\$47.4 Million) for first year of racing. All other figures are based on racetrack averages.
- 4) Interest cost based on \$49 million multiplied by 11.25% interest rate, no principal reduction included.
- 5) Curry Downs anticipates up to 750 slot machines. At 750 slots the average daily total revenue per day per machine would be approximately \$173.
- 7) The New Mexico average total revenue per day, per machine is \$218 with the most revenue produced by any racetrack casino is \$334

L & M Entertainment -- Curry Downs

Overview

L & M Entertainment – Curry Downs is proposing a \$75 million racing, casino, entertainment facility in Clovis. The applicant emphasizes its expertise in offering top quality entertainment, dining and casino gaming to complement the horse racing program. Laguna Development Corporation, along with nationally known horse racing experts is proposing a top quality racing program.

L & M Entertainment presented a detailed application covering all aspects of racing. The proposed racing program is flexible to offer optimal racing for the best interest of stakeholders. They are offering a turf racing surface in addition to a traditional dirt oval. The first year of racing include three options of racing. Option 1 includes festival racing to include exclusively quarter horse and/or thoroughbred in an 18 to 20 day race meet.

Option 2 includes an exclusive quarter horse race meet for 20 days. This option would preclude the construction of a turf race track. Option 3 would include a traditional Thoroughbred, Quarter Horse split 30 day race meet.

The Casino facility is planned to house 600 slot machines grossing over \$59 million annually in slot revenues. This averages to be \$269 in revenue per machine per day.

Racing Program

Location	Clovis, NM
Track Size	1 mile oval, 7 furlong turf track
Proposed Race Days	(See Option proposals below.)
Racing Facility	3000 patron grandstand and clubhouse, (up to 10,000 patrons with the use of the apron) stables, administration building, dormitory
Estimated Completion of Facilities	Approximately 18 to 24 months from issuance of license.
Race Dates	Option A – Festival Meets – One or two race meets. Fall and late spring or early summer, 18 – 20 days of racing. Possible emphasis on Quarter

Horse racing one meet and emphasis on Thoroughbred racing the other meet.

Option B – Straight Quarter Horse or Thoroughbred meet, 28 days.
If just a straight Quarter Horse meet is offered, then L & M would not proceed with the construction of a turf track.

Option C – Mixed race meet in late spring and early summer consisting of 36 race days.

Races per Race Date	L & M had offered different proposals to try to ensure full racing fields.
Number Thoroughbred Races Number of Quarter Horses Races	L & M, Curry Downs propose to work with all stakeholders to ensure optimal races to enhance racing in New Mexico.
Proposed Purse Total Per Race Meet	Not mentioned. Will work with stakeholders in formulating racing program.
Number Proposed Stalls	1448
Proposed Market Area	Curry County along with primary population centers of West Texas. Eighty percent of patrons is estimated to be from Lubbock and Amarillo. Total population of local and regional market is approximately 804,000 people.
Competing Facilities	Zia Park is located 124 miles south of Clovis. Direct competition for patrons with Zia Park would come from customers visiting from Lubbock, TX.
Questions	<p>The Innovation Group based its projections on a 55 day race meet. Your application indicates an 18 to 30 day race meet. Will this discrepancy impact your financial projections?</p> <p>In your application, you indicate two race meets in Option 1, a thoroughbred meet and a quarter horse meet, would this total a combined meet of 36 to 40 days.</p> <p>You offer three initial year racing options. What would future racing options, past year one, look like?</p>

REVENUES	New Mexico AVERAGE	%	L&M Racing Curry Downs	%
Gaming	54,565	86%	58,962	92%
Horse racing	5,128	8%	3,701	6%
Food & Beverage, Hotel	4,240	7%	3,943	6%
Other/Cost of Goods Sold	- 193	0%	-2,653	-4%
TOTAL REVENUES	63,740	100%	63,953	100%

EXPENSES

Gaming	30,934	49%	30,788	48%
Racing	7,150	11%	3,567	6%
Food & Beverage, Hotel	4,648	7%	2,792	4%
General & Administrative	6,705	11%	12,293	19%
OPERATING EXPENSES	50,927	80%	49,440	76%
EBITDA	13,092	21%	14,523	23%
Depreciation	2,657	4%	2,558	4%
Interest/Other Expenses	8,527	13%	5,063	8%
Other Income				
EBT	7,759	12%	6,902	10%

Notes:

- 1) All dollars above are in terms of thousands
- 2) Gaming and racetrack figures provided by The Innovation Group.
- 3) Planned facility cost \$75 million
- 3) L&M plans to use \$30 million equity contribution for the construction of the racetrack, financing \$45 million.
- 4) Security and Marketing, shared expenses of gaming and racing were placed into general & administrative expenses
- 5) L & M Racing anticipates 600 slot machines. At 600 slots the average daily total revenue per day, per machine would be approximately \$269.
- 6) The New Mexico average total revenue per day, per machine is \$218 with the most revenue produced by any racetrack casino is \$334
- 7) L&M's revenue per machine, per day the first year is 23% greater than the New Mexico average.

FHR – Atlas, LLC – La Posada del Llano

Overview

FHR-Atlas, LLC – La Posada del Llano is proposing a 520 acre \$200 million, destination resort, racing, casino, eighteen hole golfing, RV park, water park, riding stables, entertainment facility in Clovis. The applicant's principal is a publicly-traded entity with multiple gaming facilities located throughout the United States.

There is minimal information offered on their proposed racing program. The applicant is proposing a 60 day 60/40 split race meet in late winter to spring including the months February through May. Purses and stake, breed races are proposed, however, the applicant provided little information and will confer with the Commission and stakeholders to offer an optimal racing program. The applicant will work with stakeholders to recruit top experts to put on a racing program.

The casino facility is planned to house 600 - 750 slot machines grossing over \$105 million annually in slot revenues. At 600 slot machines, this revenue would amount to \$483 per machine, per day. This amount per machine would be 121% more than the New Mexico daily average and 44% more than the most productive racetrack in New Mexico.

Racing Program

Location

Clovis, NM

Track Size

1 mile oval capable of thoroughbred and quarter horse racing.

Racing Facility

Patio seating, private luxury boxes, and "Unique moving grandstand", traditional grandstand atop the resort. Two paddocks to speed up the racing experience. Steward, Horsemen office space, jockey's room.

Estimated Completion of Facilities

Approximately 24 months from issuance of license.

Race Dates

Sixty day race meet from February through May, flexible to work with all stakeholders.

Races per Race Date

Proposed 10 races per day.

Number Thoroughbred Races

Sixty percent thoroughbred, forty percent quarter horse split race meet.

Number of Quarter Horses Races

Sixty percent thoroughbred, forty percent quarter horse split race meet.

Proposed Purse Total Per Race Meet	Not mentioned, will work with the NMRC and stakeholders to divide purse moneys.
Number Proposed Stalls	1,200 – 1,500
Proposed Market Area	West Texas markets of 1.2 million people of which 700,000 are from the Amarillo and Lubbock metro areas. Majority of customers will arrive by car or bus with exploration of charter flights to Clovis from outside the West Texas area.
Competing Facilities	Zia Park is located 124 miles south of Clovis. Direct competition for patrons with Zia Park would come from customers visiting from Lubbock, TX. FHR-Atlas believes their track will complement competing tracks by expanding the racing fan base.
Questions	<p>Your projections for slot machine revenues appear to be significantly higher than the New Mexico average and New Mexico’s most productive racetrack. Did you complete or commission any study to determine gaming demographics of the Clovis area?</p> <p>If your revenue projections prove to be off, can your other properties support this property and for how long?</p> <p>In looking at your market demographics you indicated that the facility would complement other racetracks within the state. Do you mean complement the racing programs and gaming programs?</p> <p>Your five year projection includes exceptional growth in slot machine revenue of 25% by 2025. Have any of your other properties experienced this type of growth?</p> <p>Have you explored who may develop your horseracing program?</p> <p>Are you aware of the cost and the various tasks involved in running a live race meet?</p> <p>Your proposed facility will appear to require significant volumes of water to operate. Have you researched and secured the water to properly operate your proposed facility?</p> <p>Regarding the concept of the moving grandstand. Are you currently engineering the function and safety of this unique concept? How would it operate?</p> <p>Your application indicates patrons could view races from your proposed “lazy river”. How many race days do you anticipate racing patrons could enjoy using the “lazy river” during a race meet?</p>

REVENUES	New Mexico AVERAGE	%	Full House La Posada	%
Gaming	54,565	86%	105,856	89%
Horse Racing	5,128	8%	7,226	6%
Food & Beverage, Hotel	4,240	7%	18,710	16%
Other/Cost of Goods Sold	- 193	0%	4,975	4%
Less Promo & Comps			-18,194	
TOTAL REVENUES	63,740	100%	118,573	100%

EXPENSES

Gaming	30,934	49%	48,694	41%
Horse Racing	7,150	11%		0%
Food & Beverage, Hotel	4,648	7%		0%
Other Expenses *	6,705	11%	49,739	42%
OPERATING EXPENSES	50,927	80%	98,433	80%
EBITDA	13,092	21%	20,140	17%
Depreciation	2,657	4%	8,500	7%
Interest/Other Expenses	8,527	13%	11,900	10%
Other Income				
EBT	7,759	12% -	260	0%

Notes:

- 1) All dollars are in terms of thousands.
- 2) Expenses were not broken out for racing, food & beverage, hotel, etc, therefore expenses listed as other expenses.
- 3) No facility cost is mentioned in the application, however, local media reports facility cost to be \$200 million.
- 4) Full House did not provide any equity/financing ratios for the facility.
- 5) Full House lists initial interest expense of \$11.9 million for the first year.
- 6) The interest financing figure divided by a 8% interest rate would indicate financing of approximately \$149 million.
- 7) Full House anticipates 600 to 750 slot machines. At 600 slots the average daily total revenue per day, per machine would be approximately \$483. With 750 machines this number would be in excess of \$386.
- 8) The New Mexico average total revenue per day, per machine is \$218 with the most revenue produced by any racetrack casino is \$334