

From: Keith Miller

To: Pennsylvania Gaming Control Board
PO Box 69060
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Re: Claims of Historic Significance

Date: November 1, 2010

Mason-Dixon has tried to claim that the Eisenhower Hotel and Conference Center sits on an inconsequential portion of the battlefield. They base their claims on misrepresentations of statements from the Pennsylvania Museum and Historical Commission and the Gettysburg National Military Park. Hundreds of historians disagree.

On August 31, 2010, David LeVan testified before the PGCB

As for the historic value of our proposed property, I have received a letter dated August the 25th from the Pennsylvania Museum and Historical Commission confirming that our property does not contain any artifacts of historical relevance. Further, the National Park Service has indicated that Mason-Dixon will have no impact on the park, because it will be not located within the 6,000-acre boundary of the park.¹

Attached is an August 25th letter provided to Sharrah Design Group from the Pennsylvania Museum and Historical Commission which states,

Based on our survey files, which include both archeological sites and standing structures, and the information you provided, there are no National Register eligible, or listed historic or archaeological properties in the area of the proposed site.

The letter does not say that the "property does not contain any artifacts of historical significance," but states that none of the buildings are on or eligible for the National Register.

On May 12, 2010, the Gettysburg National Military Park released the below statement. While the Gettysburg National Park Service has confirmed the known fact that the proposed casino is

¹ Pennsylvania Gaming Control Board, Mason-Dixon Resorts, LP Application for Category 3, Slot Machine License. page 15-16

not to be built within the boundary of the Gettysburg National Park, it has not endorsed nor has it said that the proposed site is of historical insignificance.

The National Park Service is neither for nor against the proposed casino near Gettysburg because the site is outside the congressionally authorized boundary of Gettysburg National Military Park and the Gettysburg Battlefield Historic District and because there are no known direct impacts to park resources. We will continue to watch the issue carefully.²

On August 27, they released a similar statement and on October 27th this statement was forwarded to Mickey Kane at the PGCB by Katie Lawhon Management Assistant of the Gettysburg National Military Park. of the Gettysburg National Military Park. National Park

Clearly these two organizations have not taken a stand on the casino or the historical importance of the ground on which it is to be developed. They have simply stated that it is not within the park and that there are no listed historic or archaeological properties on the proposed site. As explained by Gettysburg historian Eric Wittenburg in a June 11, 2010 letter to the Frederick News Post,

Gettysburg Casino Near Hallowed Ground?

When President Abraham Lincoln delivered his Gettysburg Address, he explained: "We can not hallow this ground. The brave men, living and dead, who struggled here, have consecrated it, far above our poor power to add or detract."

As a published historian of the Battle of Gettysburg, I could not agree more. Indeed, I am the author of an award-winning book that is to this day the only volume specifically dedicated to the actions that took place on South Cavalry Field at Gettysburg.

And so, I was appalled to read in the June 2 edition of The Frederick News-Post ("Casino proposed for area south of Gettysburg") that the proponents of a casino half a mile from the Gettysburg battlefield callously disregarded the southernmost portions of the battlefield -- where a desperate cavalry fight raged on July 3 -- as just a "satellite area" of the actual park.

This was a protracted and ferocious fight. It occurs to me that to the descendants of soldiers who fell there, it wasn't a sideshow to the "real" battle. American soldiers died on that ground, and to suggest otherwise only underscores the disregard these misguided investors have for our national treasure.

The simple truth is this: The consecration of that ground with the lifeblood of the American soldier is an immutable fact, far above anyone's poor power to add or detract.

² "Park Statement on Proposed Casino," May 10, 2010, <http://www.nps.gov/gett/parknews/casino.htm>, viewed October 28, 2010.

ERIC J. WITTENBERG

Columbus, Ohio³

Wittenberg has written several books on the battle of Gettysburg including Gettysburg's Forgotten Cavalry Actions which explains the fight along the Emmitsburg Road.

On June 30th the Civil War Preservation trust released a letter signed by 272 of the Nation's renowned historians petitioned the PGCB "to reject the proposed Mason-Dixon Resort & Casino gaming facility near Gettysburg, 1/2 mile from Gettysburg National Military Park (NMP)." Among the signers is Pulitzer Prize winner James McPherson who commented, "The proposed site of the casino lies athwart the advance of Union cavalry toward what became known as South Cavalry Field, which saw substantial fighting on the afternoon of July 3, 1863. This ground is as hallowed as any other part of the Gettysburg battlefield, and the idea of a casino near the fields and woods where men of both North and South gave the last full measure of devotion is simply outrageous."⁴ The letter is attached.

On August 31, 2010, Chuck Teague testified before the PGCB as to the action that occurred along the Emmitsburg Road before what is now the Eisenhower Hotel.⁵

The comments by the GNMP and Pennsylvania Museum and Historical Commission in no way support the casino or refute the commentary of these historians.

³ Eric Wittenburg, "Gettysburg Casino Near Hallowed Ground?" Frederick News Post June 11, 2010

⁴ Tim Prudente, "Historians Speak Out Against Casino, Letter to be sent to the Gaming Control Board Today," The Evening Sun, June 30, 2010

⁵ Commonwealth of Pennsylvania Gaming Control Board Public Meeting Re: Mason-Dixon, August 31 2010, Part 2 page 46-49

Realistic Mason-Dixon Gettysburg Casino Market Assessment

Keith E. Miller

~~9/15/2010~~ Revised 11/1/2010

Mason-Dixon has overestimated the market potential for a Gettysburg Casino. Lying in a conservative rural area, surrounded by casinos within an hour's drive which do not charge entrance fees and which offer more amenities, Mason-Dixon would struggle to achieve 30% of its projected gross gambling revenue. It is not the best choice for the PGCB to award the remaining Category 3 license. Keith Miller is a former business executive and consultant residing in Ridgefield, Connecticut. He is a member of the Civil War Preservation Trust and No Casino Gettysburg. He has voluntarily written several reports on the potential impact of casino gambling on Adams County.

Summary

As in 2006, David LeVan presents Pennsylvania with the most contentious and least attractive option for a casino license.

In denying the previous Gettysburg Casino license application from Crossroads, the Pennsylvania Gaming Control Board concluded:

"The Crossroads location is primarily rural without nearby population centers. As discussed below in Section C, Crossroads touts its location as desirable because of the populations to the South in the Baltimore/Washington D.C. markets. As addressed in that Section, the Board finds that Crossroads has not demonstrated to the Board's satisfaction through credible evidence that the Crossroad's location presents the advantages and benefits asserted by Crossroads."

"The Gettysburg area itself is primarily a rural area without large population centers nearby to sustain the casino."¹

Little has changed in four years. Adams county remains a conservative rural county unable to support a Category 3 license. In making its case at the August 31, 2010 Public Hearing, Mason-Dixon failed to explain why it presented an attractive opportunity for a Category 3 License in Pennsylvania. No one presented Mason-Dixon's forecast. The closest any of the presenters came was a statement by Peter Angelides of Econsult who prepared Mason-Dixon's Local Impact Report:

"Our data comes from Mason-Dixon, which we have reviewed for reasonableness. For example, Mason-Dixon supplied the number of employees for the hotel and casino and based on our experience with hotels and other facilities given the number of rooms and visitors the projection of 375 FTE's seemed reasonable. Similarly the number of visitors also came from Mason-Dixon seemed reasonable."²

Mr. LeVan made some references to tapping into the Baltimore market, but no one-- not Penn National, not David LeVan, not TRG, not Econsult-- no one stepped up under oath and took ownership for Mason-Dixon's projected gambling revenues. This was distinctly different from the presentation at the other applicants. At Fernwood, Steve Snyder of Penn National, who also spoke on behalf of Mason-Dixon at the Public Input Hearing on August 31, stepped up and presented Fernwood's projections.

Three possible reasons for the applicant hiding from his projections are: 1) no one wanted to present the suspect forecast under oath; 2) no one wanted to tell the supporters in the audience that, for the casino to succeed, 30% of Adams adults have to lose \$1284 a year; and/or Mason-Dixon's forecast for a

¹ Pennsylvania Gaming Control Board, *Adjudication of the Pennsylvania Gaming Control Board in the Mattes of the Application for Category 2 slot Machine Licenses in a Revenue or Tourism Enhanced Location* pages 84 & 101

² August 31, 2010, testimony of Peter Angelides Econsult before the PGCB Part 1 of 7 25:00 into tape.

locals casino proves it is not a fit candidate for a Resort Casino Category 3 license. A forecast is but an estimate, but the fact that Penn National was willing to take ownership of Fernwood's but not Mason-Dixon's forecast says something about the verisimilitude of Mason-Dixon's numbers.

Mason-Dixon released two Local Impact Reports. The one released in April to the public, Adams County Commissioners and Cumberland Township Supervisors stated that the forecasts were prepared by Mason-Dixon. Much of this LIR prepared by Econsult was a cut and paste of the LIR Econsult had prepared for VFCC in June 2007. In the VFCC LIR, Econsult identified PKF as having prepared the forecast, but this was not cut and paste into the April Mason-Dixon LIR release. In a second version of the Mason-Dixon's LIR released on the PGCB's website in July 2010, PKF is identified as having prepared the market forecast. Since this report was initially published, Mason-Dixon released PKF's February 26, 2010, report "Estimate of Gaming Revenue and Net Operating Income for the Proposed Mason-Dixon Resort & Casino Adams County Pennsylvania." This report differs from Mason-Dixon's LIR in that it forecasts patrons living in Zone 2 31-60 minutes from the casino will lose \$120 a visit-- not the \$100 reported in the LIR. Due to this difference, PKF's report forecasts greater revenue for Mason-Dixon than reflected in the LIR. As explained in greater detail in section 2, Econsult added a significant amount of overnight visitation which is not reflected in PKF's forecast. Differences in opinion over these matters may have contributed to PKF being excluded from the April LIR release and the August 31, 2010, Public Input Hearing.

In my August 31, 2010, testimony before the Pennsylvania Gaming Control Board at the Public Input Hearing, I demonstrated that the rural area around Adams County cannot sustain a casino. I asked the room packed with about 200 people divided between casino supporters and opponents who had \$1284 on them. Only two hands went up: casino advocate Gene Golden's and another man's, whom I did not recognize. When I asked who was willing to lose this at the casino, the other man's hand went down, but Gene kept his up.³ Mason-Dixon's plan requires that 30% of Adams adults go to a casino 12 times a year and lose \$107 on each visit. Less than 1% of those in attendance had the \$1284 required by Mason-Dixon's plan,⁴ and only one out of about 200 was willing to support the plan.

Casino advocates fail to accept that this is a locals casino. In May, when casino advocate Richard Kitner was presented with the reality that millions would be "sucked out" of the Adams County economy by the casino he wrote "This county would have difficulty getting \$42 thousand 'sucked out' of it."⁵ In debating me on August 31, 2010, on PCN, ProCasinoAdamsCounty leader Jeff Klein tried to deny that Mason-Dixon's plan requires 30% of Adams adults to lose \$1284. Klein said "That's a complete fallacy. What you are saying is that if a casino comes we are all going to become gambling degenerates and that's not the case. Only one percent will be pathological gamblers. It's not an issue."⁶

The reaction of those who came to testify, as well as Mason-Dixon's most ardent supporters proves the PGCB got it right the first time when they said, "the Gettysburg area itself is primarily a rural area without large population centers nearby to sustain the casino." Mason-Dixon's supporters are correct in

³ Keith Miller, Category 3 License Public Input Hearing -- Mason-Dixon Resorts, LP -- Cumberland Township, Adams County, Part 1 of 7 2 hours 13 minutes

⁴ Appendix 41 (B) Local Impact Report, Engineering Repors (sic), and Traffic Studies received by the PGCB July 26, 2010, Page 185; Mason-Dixon Local Impact Report March 2010; Econsult, "Potential Impact of the Proposed Category 3, Mason-Dixon Resort & Casino." Philadelphia, PA, March 2010. Page 2

⁵ Richard Kitner, "Another Look at Casino Facts," *The Gettysburg Times*, May 19, 2010

⁶ PCN Call In Program 7-8PM, August 31, 2010.

pointing out that Mason-Dixon will not be able to achieve its business plan requirement to extract \$1284 from 30% of Adams adults.

Mason-Dixon's forecast proves it is simply a locals casino and not a well established resort hotel offering substantial year-round recreational guest amenities. Only 5.7% of Mason-Dixon's forecast for attendance are guests of the Eisenhower Inn (43,675). 88% (673,894) are daytrip locals coming from an hour away, and 49,658 are hotel guests of surrounding hotels. These forecasts prove that this is a locals casino and not a resort.

In pursuing a Slots license four years ago, Crossroads, Mason Dixon's predecessor, claimed, "A Slots only facility like the one being proposed for the Adams County ... have a tendency to be much less visually ostentatious, and feature attractions that are more in line with the conservative culture found in our area." Even Mason-Dixon's promoters understood that Adams county is a conservative rural community for which a full blown casino attempting to draw high rollers is a bad bet. Over and over, Mr. LeVan claimed that a Gettysburg casino would not draw high rollers.

Mason-Dixon is surrounded by Penn National casinos to its north and south, and soon casinos in Maryland. One can imagine that Penn National views its partnership with Mason-Dixon as a win-win. If Mason-Dixon fails to obtain a license, Penn National will continue to funnel business from Adams County to its casinos in Grantville, Pennsylvania, and Charles Town, West Virginia. If Mason-Dixon obtains a license, Penn National will control operations at Mason-Dixon such that most customers, particularly good ones, will go to its casinos in Charles Town and Grantville, with only the locals who cannot afford the gas for an hour's drive going to the Mason-Dixon casino. In watching Penn National present at Fernwood and Gettysburg, it is clear they prefer the Fernwood application.

In this environment, Mason-Dixon will struggle to achieve half its projected attendance and 30% of its projected revenues from a constrained conservative rural economy.

The proposed Mason-Dixon casino is neither a resort casino drawing visitors from around the nation, nor a locals casino located in a populous urban or suburban market. The Eisenhower Inn was selected because, in the opinion of the investors, it satisfied the gaming control legislation⁷ and, as a faltering institution, it was available on the cheap. Pennsylvania has more lucrative and less controversial options for a Category 3 license.

The below paper expounds on these points, taking, in turn,

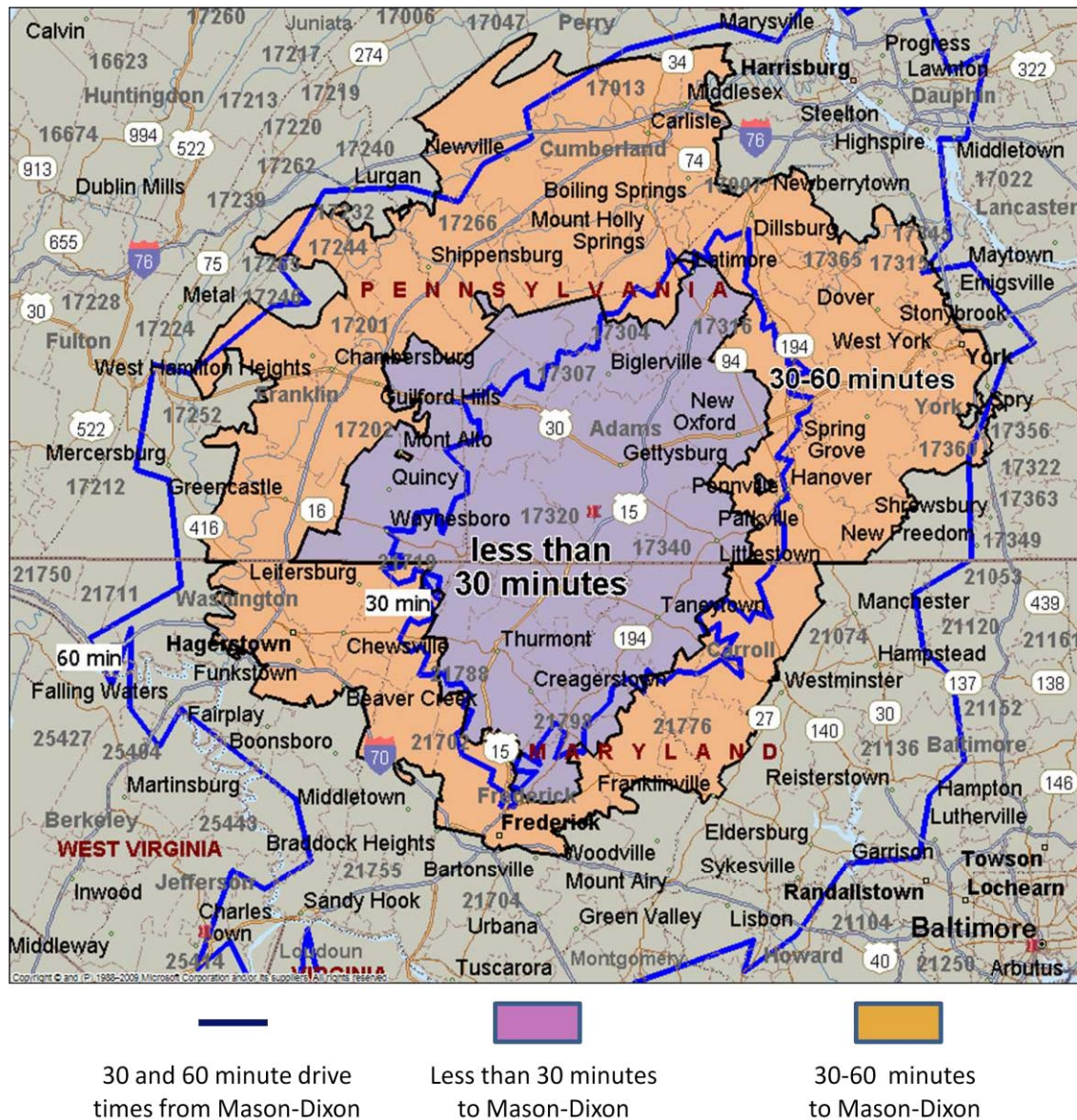
1. Residential Day Trip Potential
2. Overnight Hotel Casino Visitor Potential
3. Table Games vs. Slots
4. Small Rural Locals Casinos vs. Suburban Urban Casinos
5. Win Per Attendee
6. Cumulative Impact a Realistic Forecast
7. Traffic
8. Better Options for Resort Casinos
9. Conclusion

⁷ Transcript: 04/07/10 Casino applicant and Gettysburg businessman David LeVan appears on 1320 WGET. published April 21, 2010 Gettysburg Times.

1) Residential Day Trip Potential

Mason-Dixon's current residential forecast is shown in Table 1. It relies primarily on revenues from 49 zip codes in Adams, Franklin, Cumberland, and York counties in Pennsylvania, and Carroll, Frederick, and Washington Counties in Maryland. Mason-Dixon's own forecast concedes that its market reach will be limited by Penn National's casinos in Grantville and Charles Town and a future competitor in Baltimore. As shown in Figure 1, less than half the zip codes in the target counties located within an hour of the Mason-Dixon casino are considered viable, and none of the zip codes in Dauphin County Pennsylvania, or Montgomery or Baltimore counties in Maryland are considered viable.

Figure 1 Replication Mason-Dixon Forecast



⁸ Zip Codes assigned using Microsoft MapPoint 2010 and replicating Mason-Dixon's forecast for 2000 population.

Table 1 Mason-Dixon Marketing Study

Marketing Study

MASON-DIXON RESORT & CASINO ESTIMATED ADULTS IN RESIDENTIAL ZONES 1 & 2 2014						
Zone	County	State	# of Zip Codes	Populations - 2000		Est. Adult Population 2014
				Total	Adults	
Zone 1:	Adams	PA	10	79,978	56,265	67,399
	York	PA	3	10,588	7,571	9,126
	Franklin	PA	3	35,503	26,225	31,511
	Carroll	MD	2	12,108	8,186	10,025
	Frederick	MD	7	53,412	37,317	48,186
			<u>25</u>	<u>191,589</u>	<u>135,564</u>	<u>166,247</u>
Zone 2:	York	PA	7	196,283	140,365	169,197
	Franklin	PA	4	75,742	54,910	65,978
	Cumberland	PA	5	95,771	67,408	76,289
	Carroll	MD	2	23,544	16,276	18,933
	Frederick	MD	2	41,864	29,949	38,672
	Washington	MD	4	93,277	67,423	79,984
			<u>24</u>	<u>526,481</u>	<u>378,331</u>	<u>450,053</u>
Totals			49	718,070	511,895	616,300

Residential Gamers:

Partic. %s	Visits Per Year	M-D Share	Patrons
30%	12	75%	181,978
30%	12	75%	24,641
30%	12	75%	85,081
30%	12	75%	27,068
30%	12	75%	130,101
			<u>448,868</u>
25%	4	50%	84,599
25%	4	50%	32,989
25%	4	50%	38,144
25%	4	50%	9,966
25%	4	50%	19,336
25%	4	50%	39,992
			<u>225,026</u>
			<u>673,894</u>

Zone 1 is within half an hour, Zone 2 is 30-60 minutes away
 Source: Appendix 41(B) received by PGCB Licensing July 25-1010, page 185

Mason-Dixon's forecast presupposes that it will share the market shown in Figure 1 with Penn National in Grantville and Charles Town, and the casino in Baltimore. No one is certain what the impact of entrance fees will be on Resort Casinos. Undoubtedly, it is not helpful. Several states charge admission fees, but they are typically only a few dollars. Pennsylvania's requirement that Resort Casinos charge an entrance fee was a significant barrier to Resort Licenses being aggressively pursued in the past. The fee has been reduced to \$10 and could take the form of vouchers for meals or drinks, but given a choice of equal distance or even a few more minutes to another facility with more amenities and no entry fee, most consumers will prefer the free casino.

Table 2 depicts the current gambling behavior of Adams County residents. This is based on a survey conducted at the request of Mason-Dixon by Terry Madonna and Bernwood Yost in March, 2010. The survey asked adults how often they went to Charles Town or Grantville. The answers were converted into an estimated number of total visits. Note that for those answering six or more, it was necessary to estimate how many visits per year were made. This was done by looking at the distribution of visits for one, two, three etc., and placing the remaining percentage for six and above along an even tail. If those making six or more trips per year made the minimum number of trips (6) then a total of 528 trips would be made or 0.87 per adult. Mason-Dixon assumes that 25% of adults living 30-60 minutes from a casino like Mason-Dixon's will make 4 trips per year to a casino for an average of 1 trip per adult (25% participation x 4 trips per participating adult per year). We cannot calculate the percent participation from Mr. Madonna's surveys. Some respondents may go to both Charles Town and Grantville. If there was complete overlap, then participation would be 20.5%, and if there were no overlap, participation would be 36.5%⁹. The results of Terry Madonna's March survey of Adams County residents conducted

Table 2 Current Gambling Activity of Adams Residents

	Charlestown				Grantville			
	People	Visits per	Tot Visits		People	Visits per	Tot Visits	
One Time	48%	60	1	60	45%	44	1	44
Two Times	22%	27	2	55	19%	18	2	37
Three Times	9%	11	3	33	10%	10	3	29
Four Times	5%	6	4	25	5%	5	4	19
Five Times	2%	2	5	12	11%	11	5	53
Six of More Times	14%	17	10	175	10%	10	7	65
Total and Average		124	2.9	360		97	2.6	247
Visits Per Year Per Adult			0.60				0.41	
Total Visits							607	
Sample Size							604	
Visits per Adult							1.01	

⁹ Complete overlap implies only 124 people gambled with all of them going to Charles Town and 97 of the 124 going to Grantville. $124/604 = 20.5\%$. If there is no overlap, then 124 gambled at Charles Town and a different 97 gambled at Grantville, so a total of $124+97= 221$ people gambled which is 36.5% of the 604 surveyed.

¹⁰ Terry Madonna and Bernwood Yost, Adams County Gaming Survey, 3/15/2010

for Mason Dixon provides a base line for current gambling behavior of adults living in south central Pennsylvania about an hour from a casino.

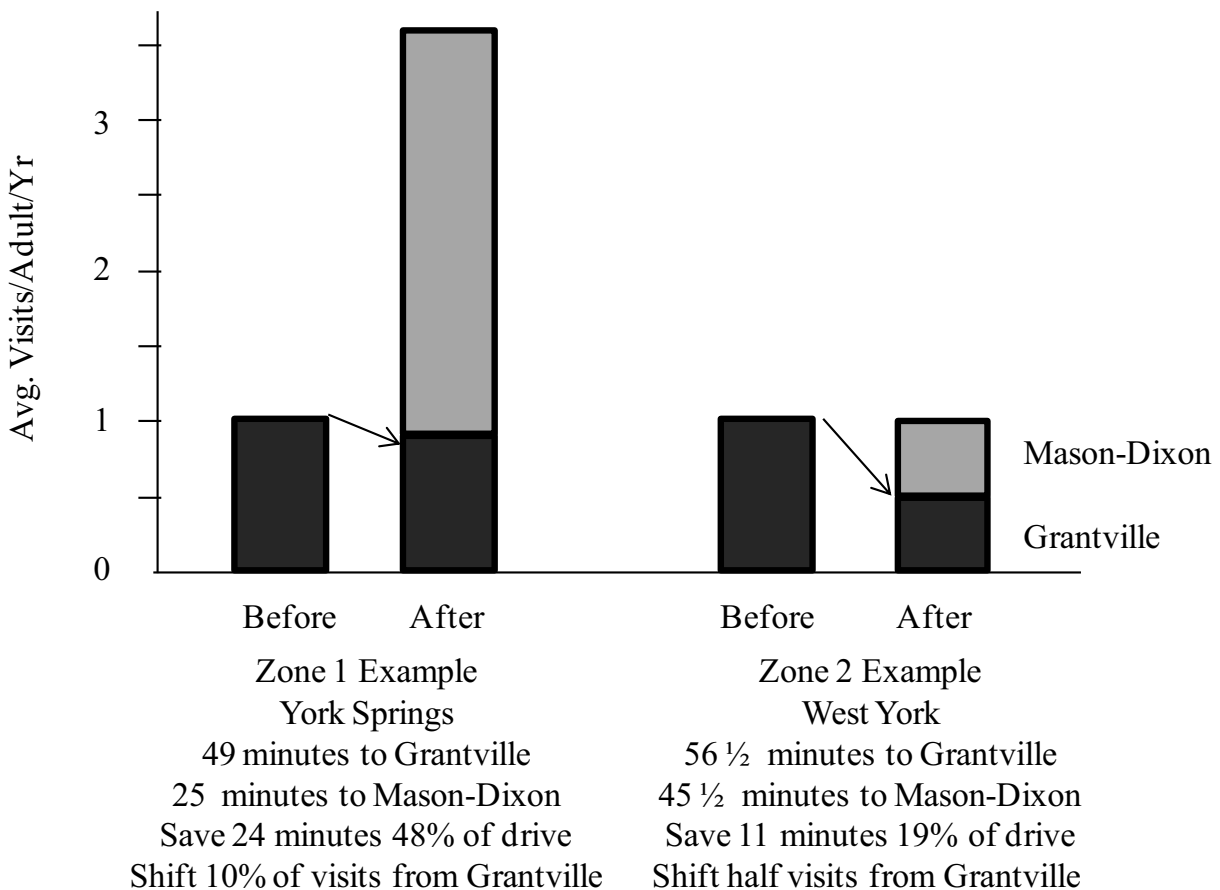
Mason-Dixon's forecast was replicated through an examination of the surrounding zip codes and assigning each zip code based on distance from the proposed casino until Mason-Dixon's total populations per zone and county were achieved. It was not possible to wholly recreate Mason-Dixon's forecast, but the variance between the Replication and Mason-Dixon's Forecast is about ½ %. A comparison of the Replication and Mason-Dixon's Forecast is provided in Table 3, with the details of which zip codes were used provided in Appendix 1.

Table 3 Mason-Dixon Forecast vs. Replication of Mason-Dixon Forecast

	County	State	# of Zip Codes	Population 2000		# of Zip Codes	Population 2000		# of Zip Codes	Population 2000
Mason-Dixon Forecast			Zone 1			Zone 2			Total	
	Adams	PA	10	79,978					10	79,978
	York	PA	3	10,588		7	196,283		10	206,871
	Franklin	PA	3	35,503		4	75,742		7	111,245
	Cumberland	PA				5	95,771		5	95,771
	Carroll	MD	2	12,108		2	23,544		4	35,652
	Frederick	MD	7	53,412		2	41,864		9	95,276
	Washington	MD		-		4	93,277		4	93,277
				191,589			526,481		0	718,070
Replication of Mason-Dixon Forecast										
	Adams	PA	10	79,754					10	79,754
	York	PA	1	3,396		11	203,774		12	207,170
	Franklin	PA	3	36,779		6	71,624		9	108,403
	Cumberland					8	100,481		8	100,481
	Carroll	MD	2	12,134		2	24,307		4	36,441
	Frederick	MD	6	59,626		2	37,356		8	96,982
	Washington	MD		-		5	92,711		5	92,711
				191,689			530,253		0	721,942
Variance										
	Adams	PA	-	(224)		-	-		-	(224)
	York	PA	(2)	(7,192)		4	7,491		2	299
	Franklin	PA	-	1,276		2	(4,118)		2	(2,842)
	Cumberland		-	-		3	4,710		3	4,710
	Carroll	MD	-	26		-	763		-	789
	Frederick	MD	(1)	6,214		-	(4,508)		(1)	1,706
	Washington	MD	-	-		1	(566)		1	(566)
				100			3,772		0	3,872

Mason-Dixon's methodology is optimistic. As is shown in Figure 2, Mason-Dixon's forecast assumes 25% of adults living 30-60 minutes from a casino participate with a frequency of 4 visits per year for an average casino attendance of once per year per adult. With the introduction of the proposed Mason-Dixon casino, those patterns change. In the example of York Springs, located 49 minutes from Grantville and 25 minutes from Mason-Dixon, adults increase their participation to 30%, and frequency to 12 visits per year for an average of 3.6 visits per adult per year. Mason-Dixon assumes that 25% of the increased attendance, 0.9 visits per year, continues to go to Grantville and 2.7 visits per year go to Mason-Dixon. In the situation where a potential patron could save 24 minutes driving, almost half the drive time, they maintain 90% of their visits to Grantville. West York is located 56½ minutes from Grantville and 45½ minutes from Mason-Dixon. It is in Zone 2 of either casino. For Pennsylvania in aggregate, there is no change to casino revenue, just a question of which casino captures it. In the case of West York, Mason-Dixon assumes that 50% of Grantville's patrons will shift their loyalty to Gettysburg to save these ten minutes. It is hard to reconcile these two examples. In the case where a patron can save 24 minutes they shift only 10% of their visits, while in the case where they save 10 minutes they shift half their loyalty. In much of Zone 2, Mason-Dixon will be competitively challenged, and it is highly unlikely that they will be able to divert half the patronage.

Figure 2 Impact of Mason Dixon on Casino Visits



Adjustments were made to the Replicated Mason-Dixon Forecast when the assumptions were found wanting and an Adjusted Forecast was created. These adjustments were made when it was found that Mason-Dixon rounded down on distance and ignored competitors. The adjustments made were:

- Distance. Several zip codes that Mason-Dixon counted in Zone 1 were, in fact, more than 30 minutes from the proposed casino. These were shifted to Zone 2.
- Disadvantaged. Several zip codes are simply closer to competing casinos. It is highly unlikely that Mason-Dixon will take share from a casino that offers more amenities, is free to enter, and is a shorter drive.
- Challenged. Although several zip codes were closer to Mason-Dixon than competing facilities, the difference was less than 20%. For example, if it were a 30-minute drive to Mason-Dixon and a 36-minute drive to a competing facility, Mason Dixon is Disadvantaged, because it is highly unlikely that existing casino customer will shift their loyalty to save 6 minutes' drive time when they will have to pay to enter and will receive fewer amenities.

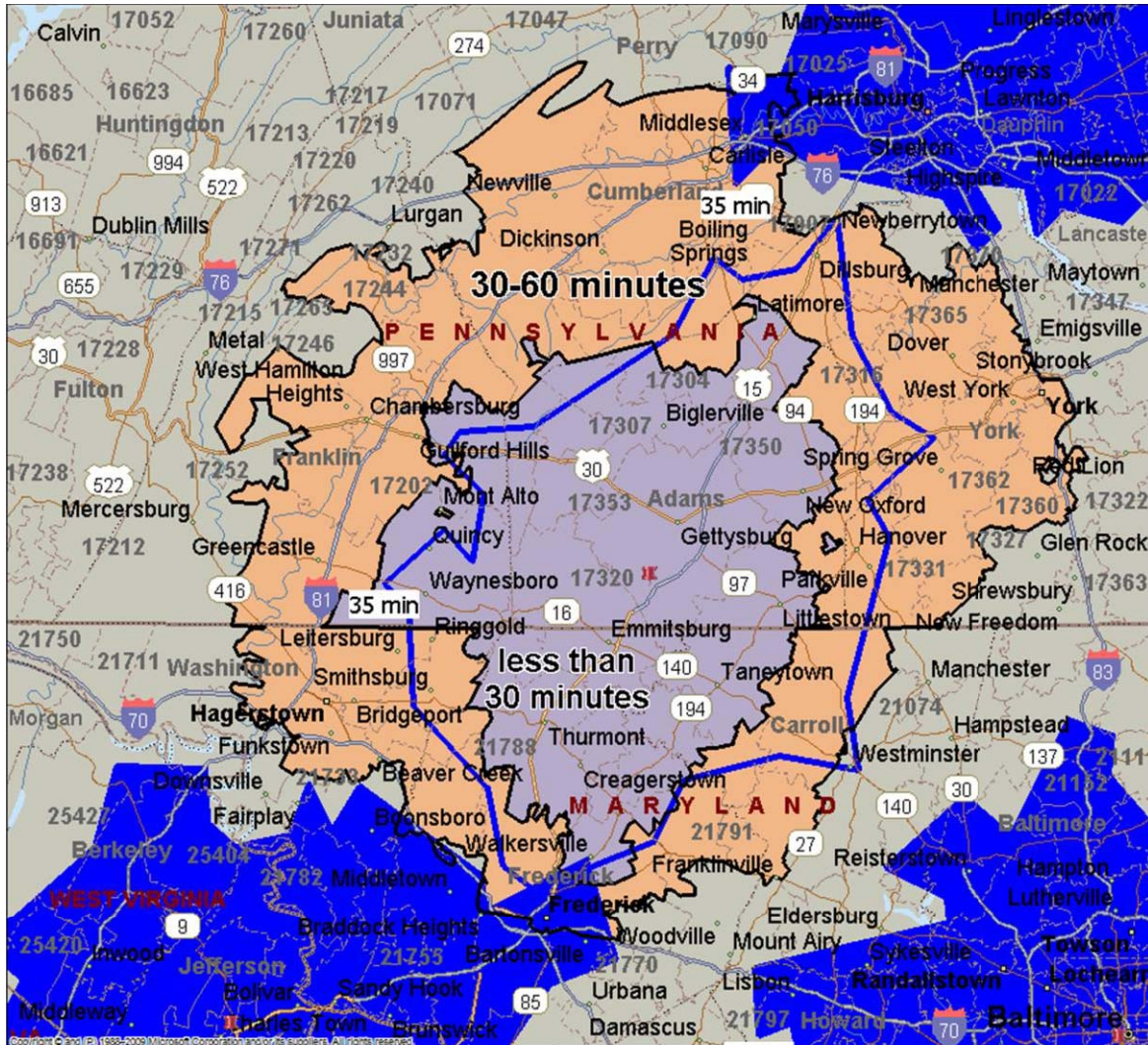
Table 4 Distance Adjustments to Replicated Mason-Dixon Forecast

Zip	Town	County	Population	Time to Mason-Dixon		
				Google	Mapquest	Average
17307	Biglerville	Adams	PA (5,422)	40	29	34.5
17316	East Berlin	Adams	PA (7,262)	37	33	35
			(12,684)			
17301	Abbotstown	Adams/York	PA (3,396)	30	32	31
17241	Newville	Cumberland	PA (11,708)	70	65	67.5
17222	Fayetteville	Franklin	PA (8,972)	31	37	34
17268	Waynesboro	Franklin	PA (26,823)	38	33	35.5
			(35,795)			
21798	Woodsboro	Frederick	MD (1,888)	32	31	31.5
21702	Frederick	Frederick	MD (30,983)	33	36	34.5
21793	Walkersville	Frederick	MD (9,414)	36	33	34.5
			(42,285)			
21780	Sabillasville	Washington	MD 1,604	25	25	25
21719		Washington	MD 1,583	26	26	26
			3,187			

Maps were made looking at travel times using Microsoft MapPoint North America 2010. The distances were also checked using an average of the estimated travel times provided by Google Maps and MapQuest. As shown in Table 4: eight zip codes were moved from Zone 1 to Zone 2, two zip codes were

moved from Zone 2 to Zone 1, and one zip code was removed from zone 2. 17301 was changed from York to Adams. Travel time is important in Mason-Dixon's model in that it determines participation and frequency. By understating times and ignoring competition, Mason-Dixon was overstating visitation.

Figure 3 Competitive Landscape 35 minutes from Mason-Dixon and Competing Casinos



35 minutes to Mason-Dixon
 less than 30 minutes to Mason-Dixon
 30-60 minutes to Mason-Dixon
 35 Minute to Competing Casino

Distances to competing casinos were also examined. Mason-Dixon's assumption that it would win 50% market share from competing casinos that offered a shorter drive, more amenities, and did not charge to enter, is highly suspect. Figure 3 shows the Replicated Mason-Dixon market overlaid with blue zones showing the reach of competing casinos. As can be seen in Figure 3, Carlisle is closer to Grantville than to Mason-Dixon. Mason-Dixon is fundamentally disadvantaged in competing for Carlisle adults.

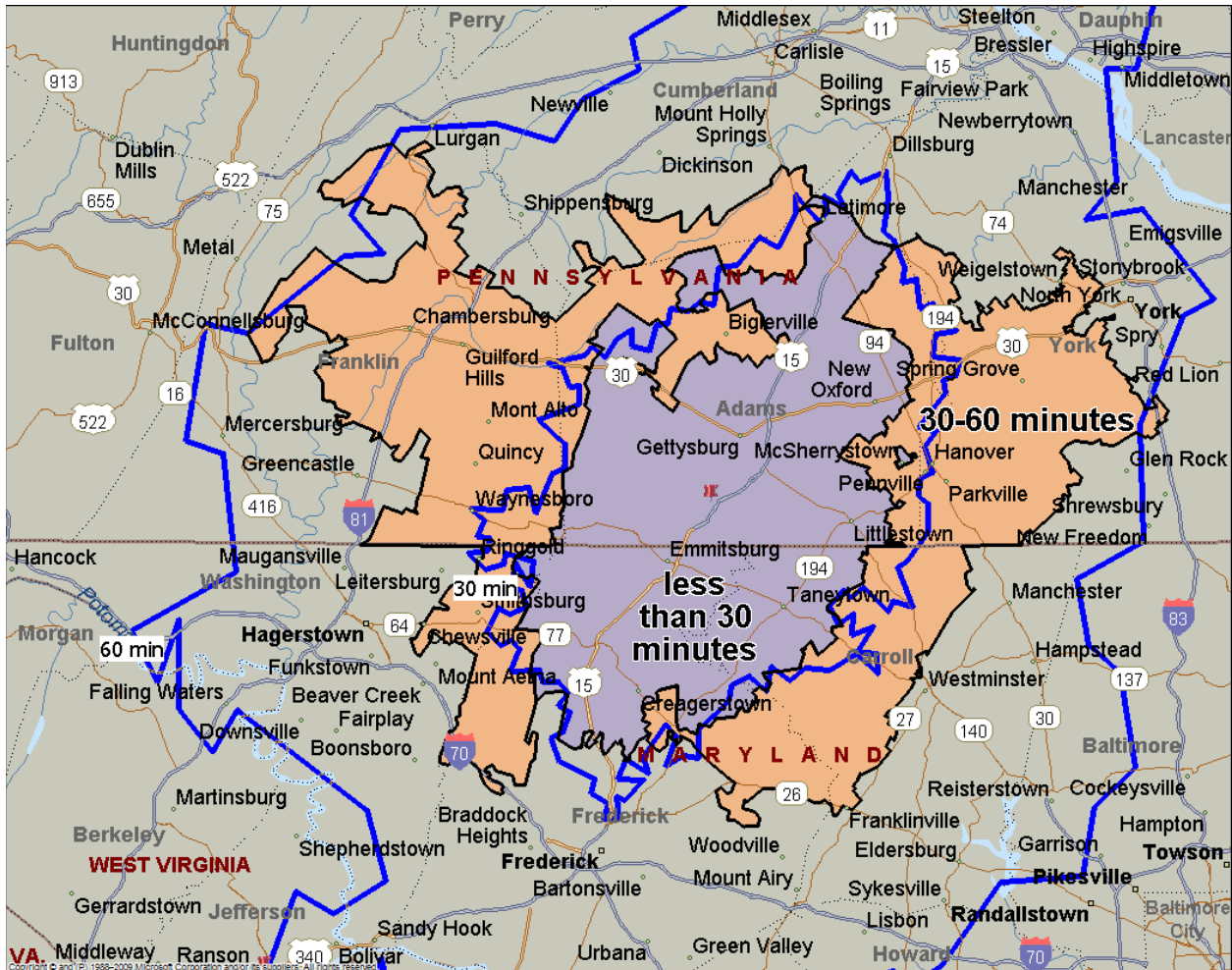
Table 5 Competitively Disadvantaged and Challenged Zip Codes

ZIP Code	Town	County	State	2000 Pop	Average Drive Time to Casino from Zip Code		
					Gettysburg	Charles Town	Grantville
York							
17315	Dover	York	PA	(22,664)	52.5		51.5
17401	York	York	PA	(17,307)	53.5		51.5
17404	York	York	PA	(28,253)	54.5		47.5
17403	York	York	PA	(35,979)	60.0		55.0
York Disadvantaged				(104,203)			
17019	Dillsburg	York	PA	(15,404)	36.0		43.0
17365	Wellsville	York	PA	(2,403)	44.5		51.0
York Challenged				(17,807)			
Franklin							
17225	Greencastle	Franklin	PA	(16,222)	53.5	62.0	
Franklin Challenged				(16,222)			
Cumberland							
17007	Boiling Springs	Cumberland	PA	(5,114)	44.0		45.0
17013	Carlisle	Cumberland	PA	(31,272)	54.5		43.0
17015	Carlisle	Cumberland	PA	(20,722)	52.0		41.0
Cumberland Disadvantaged				(57,108)			
17065	Mt Holly	Cumberland	PA	(3,714)	44.0		50.5
17257	Shippensburg	Cumberland	PA	(23,164)	51.0		57.0
17266	Walnut Bottom	Cumberland	PA	(490)	55.0		56.5
Cumberland Challenged				(27,368)			
Frederick							
21702	Frederick	Frederick	MD	(30,983)	34.5	40.0	
21793	Walkersville	Frederick	MD	(9,414)	34.5	40.0	
21701	Frederick	Frederick	MD	(32,042)	37.5	39.5	
Frederick Challenged				(72,439)			
Washington							
21740	Hagerstown	Washington	MD	(56,314)	52.0	44.5	
Washington Disadvantaged				(56,314)			
21742	Hagerstown	Washington	MD	(23,566)	44.5	53.0	
Washington Challenged				(23,566)			

Furthermore, since Penn National owns Grantville and is only managing Mason-Dixon, it is hard to believe they would permit their customers to be cannibalized. As shown in Figure 3, although Mason-Dixon may be closer to some zip codes in Zone 2, the advantage is marginal and it is inconceivable that half the patronage will change. For example, Dillsburg is 43 minutes from Grantville and 36 minutes from Mason-Dixon. It is highly unlikely that that patrons in Dillsburg will shift their patronage from

Penn National to Mason-Dixon where they will have to pay \$10 to enter, and will enjoy fewer amenities simply to save seven minutes in drive time. Challenged zip codes are those where Mason-Dixon offers less than a 20% travel time advantage and these were subtracted from Mason-Dixon's potential market. Table 5 shows the average drive time (Google and Map Quest) for various zip codes for which Mason-Dixon is Disadvantaged and Challenged.

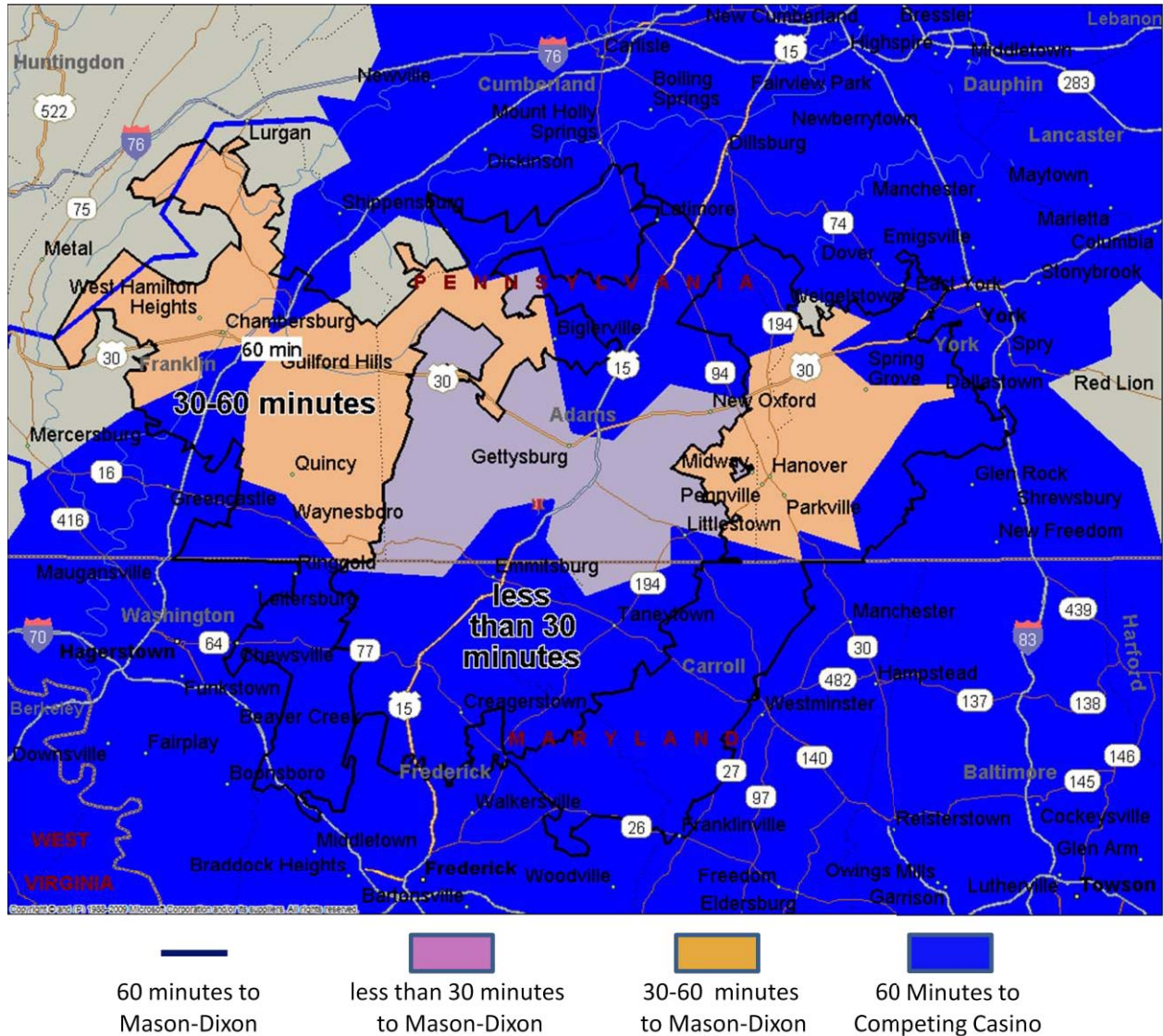
Figure 4 Adjusted Mason-Dixon Market



After adjusting for distance and competition, Mason-Dixon presents a far more limited market as is shown in Figure 4. This forecast is still optimistic because much of Zone 2 remains within a 60 minute reach of Grantville and Charles Town. As shown in Figure 3, it is unlikely that half the existing casino patrons of zip codes in zone 2, when faced with the option of maintaining their loyalty to an existing casino, will shift to another one for a small savings in drive time, given they will have to pay \$10 to enter and will enjoy fewer amenities. As shown in Figure 5 by the blue area, much of the Adjusted Mason-Dixon market remains within an hour's reach of Penn National's Grantville and Charles Town. Maryland is covered in blue. Mason-Dixon will serve a narrow rural band from Chambersburg to Hanover. Residential volume using Mason-Dixon's own methodology, but adjusted for actual distances and competition, will be half of Mason-Dixon's forecast. As shown in Table 6, the Adjusted Forecast for

Residential visitation is 334,189 vs. the 673,985 projected by Mason-Dixon. Potential patrons from Shippensburg, Carlisle, York, Frederick and Hagerstown will continue to go to the existing Penn National facilities in Grantville and Charles Town. Adams County adults represent almost half of the Adjusted Residential Day Trip visits.

Figure 5 Adjusted Mason-Dixon Market vs. Competition



In its presentation to the PGCB on August 31, Mason-Dixon presented a video narrated by David LeVan which described Mason-Dixon's market opportunity. While a map of Mason-Dixon's market flashed on the screen as shown in Figure 6, Mr. LeVan explained,

"The Mason-Dixon Resort and Casino will be located two miles from the Maryland border in southern Adams County, and unlike the development that continues to take place on the battlefield, Mason Dixon is not located on a single inch of the 6,000 acre national park. Its proximity to Maryland will allow the state to tap a new market place and avoid further saturating its existing

markets. Other Category 3 applicants will place their casinos in existing markets where Pennsylvania Casinos are still working to establish a foothold."

Figure 6, Mason-Dixon's Projected Market



The grey area highlighted in Figure 6 excludes most of York County, and much of Cumberland. It reaches down into Maryland's rural regions, but not to Baltimore. It appears to imply, without explanation, that Mason-Dixon will compete better with Charles Town than with Grantville. This map, recreated in Figure 7, shows that Mason-Dixon is ceding to Grantville areas within 50 minutes of Grantville including the northern tip of Adams County, while it is claiming it will capture Hagerstown and Frederick, which are well within 50 minutes of Charles Town. In fact Mason-Dixon's map implies that Mason-Dixon will be able to capture market within 30 minutes of Charles Town despite the fact that Mason-Dixon is smaller, offers fewer amenities, and you have to pay \$10 to enter. Mason-Dixon's claim that it will tap important portions of Maryland appears to be without foundation. Mason-Dixon will penetrate areas like Emmitsburg and Taneytown which are similar to Adams County in their conservative rural outlook.

¹¹ Mason-Dixon Presentation to PGCB August 31, 2010, Part 1 of 7 46:00 minutes.

Figure 7 Mason-Dixon's Projected Market vs. Competitors.

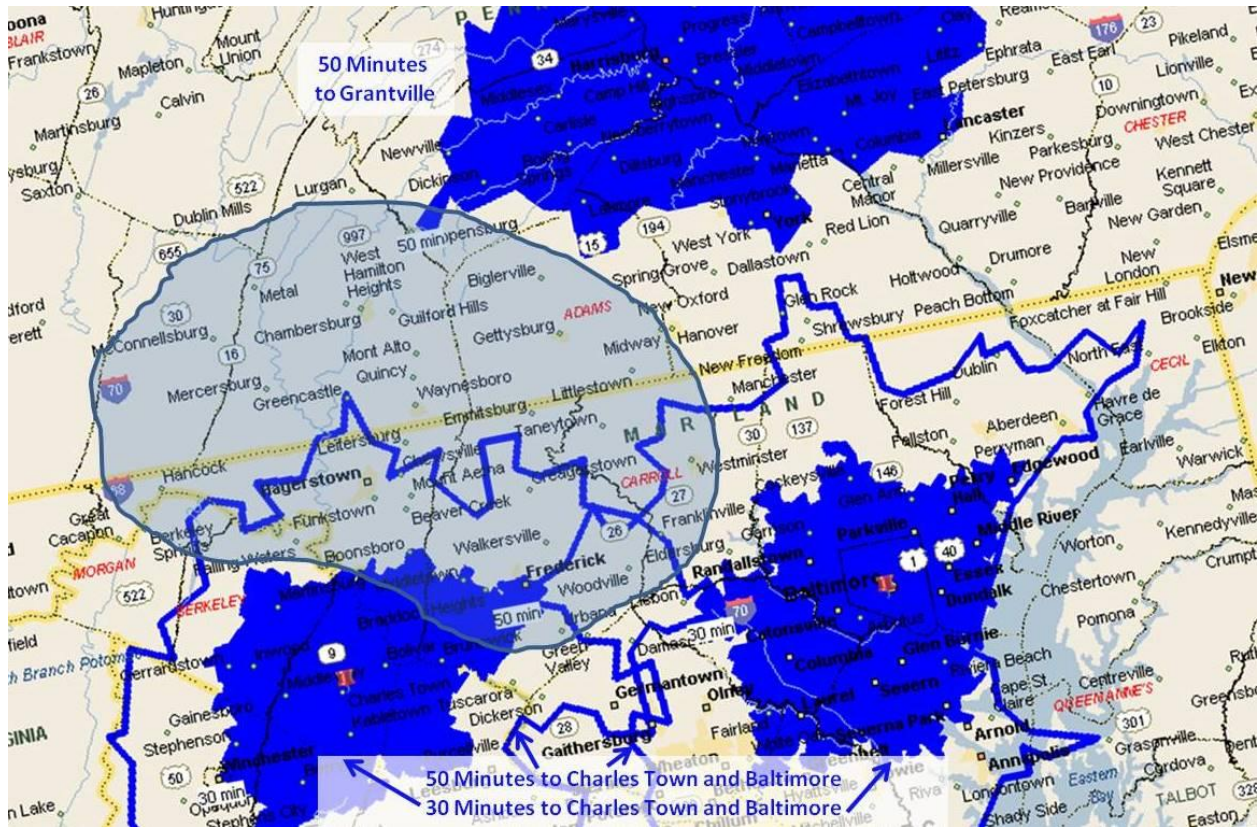


Table 6 shows the changes made to Mason-Dixon's forecast in terms of Distance, Disadvantaged and Challenged Zip Codes to derive an Adjusted Market. by these adjustments in terms of . Total Residential Day Trip attendance is reduced from 673,895 to 334,189 or 50%. The reductions are greatest in the outlying regions. Adams County will be even more critical to revenue. With an adjusted 159,383 patrons, Adams represents 48% of the Residential Day Trip market. Mason-Dixon predicted that 33% of the patrons--or 226,463 people-- would come from Maryland, but the Adjusted Forecast shows only 28% of the patrons or 95,028 visits coming from Maryland. As shown in Figure 5, many of these potential patrons could easily go to Charles Town where they do not have to pay \$10 to enter and there are more amenities. Visitation from Maryland may simply be from the rural regions just south of the border around Emmitsburg and Tannytown.

Table 6 Summary Comparison of Adjusted Mason Dixon Forecast

<u>Total Patrons</u>	<u>Adams</u>	<u>York</u>	<u>Franklin</u>	<u>Cumberland</u>	<u>Carroll</u>	<u>Frederick</u>	<u>Washington</u>	<u>Total</u>
Zone 1	<u>PA</u>	<u>PA</u>	<u>PA</u>	<u>PA</u>	<u>MD</u>	<u>MD</u>	<u>MD</u>	<u>Total</u>
Mason Dixon Forecast	79,978	10,588	35,503	-	12,108	53,412	-	191,589
Replication	79,754	3,396	36,779	-	12,134	55,526	-	187,589
<u>Adjustments</u>								
Distance	(12,684)	(3,396)	(35,795)	-	-	(38,185)	3,187	(86,873)
Disadvantaged							-	-
Challenged	-	-	-	-	-	-	-	-
Adjusted	<u>67,070</u>	<u>-</u>	<u>984</u>	<u>-</u>	<u>12,134</u>	<u>17,341</u>	<u>3,187</u>	<u>100,716</u>
	84%	86%	89%	80%	85%	90%	86%	
2014 Adults	56,521	-	873	-	10,273	15,644	2,733	86,045
Participation	30%	30%	30%	30%	30%	30%	30%	30%
Visits/Year	12	12	12	12	12	12	12	12
M-D Share	<u>75%</u>	<u>75%</u>	<u>75%</u>	<u>75%</u>	<u>75%</u>	<u>75%</u>	<u>75%</u>	<u>75%</u>
	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Patrons	152,607	-	2,358	-	27,737	42,240	7,379	232,321
Zone 2								
Mason Dixon Forecast	-	196,283	75,742	95,771	23,544	41,864	93,277	526,481
Replication	-	203,774	71,624	100,481	24,307	37,356	92,711	530,253
<u>Adjustments</u>								
Distance	16,080		35,795			42,285	(3,187)	86,873
Disadvantaged		(104,203)		(57,108)			(56,314)	(217,625)
Challenged	-	(17,807)	(16,222)	(27,368)	-	(72,439)	(23,566)	(157,402)
Adjusted	<u>16,080</u>	<u>81,764</u>	<u>91,197</u>	<u>4,297</u>	<u>24,307</u>	<u>7,202</u>	<u>9,644</u>	<u>234,491</u>
	84%	86%	89%	80%	85%	90%	86%	
2014 Adults	13,551	70,474	80,943	3,423	20,579	6,497	8,270	203,736
Participation	25%	25%	25%	25%	25%	25%	25%	25%
Visits/Year	4	4	4	4	4	4	4	4
M-D Share	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>
	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Patrons	6,775	35,237	40,471	1,711	10,289	3,249	4,135	101,868
Adjusted	159,383	35,237	42,829	1,711	38,027	45,488	11,513	334,189
% of Total	48%	11%	13%	1%	11%	14%	3%	100%
Mason Dixon Forecast	181,978	109,240	118,070	38,144	37,034	149,437	39,992	673,895
% of Total	27%	16%	18%	6%	5%	22%	6%	100%
V to Adjusted	(12%)	(68%)	(64%)	(96%)	3%	(70%)	(71%)	(50%)

More volume may be possible from Gettysburg and Emmitsburg. Casino studies have repeatedly shown that visitation increases for those living adjacent to casinos. Analysis by Cummings Associates indicates that casino losses can run from \$582 in Detroit Windsor to over a \$1000 per adult in Nevada for adults

living adjacent to casinos.¹² The American Gaming Association's current report, *2010 State of the States the AGA Survey of Casino Entertainment*, provides that on average 28% of Americans went to a casino last year, but for those living in a casino county, visitation was 42%.¹³ According to a 2008 report, 38% of Iowa adults living in counties with casinos went to a casino.¹⁴ Mason-Dixon forecasts that 30% of adults living within 30 minutes of it will make 12 visits losing \$107 per visit or \$1284 per participating adult. The average annual loss per Adams adult is therefore \$385 (30% x \$1284). This result indicates that Mason-Dixon anticipates Resort Casinos, with their entrance fee, will underperform regular casinos.

If 40% of Gettysburg adults(zip 17325 11 minutes from the casino) and 40% of Emmitsburg adults (zip 21727 10 minutes from the casino) went to the casino 15 times a year they would make an additional 50,790 and 13,760 visits respectively increasing losses per adult for adults in these zips from \$385 to \$642, and adding \$6.9 million to Mason-Dixon's GGR. It is doubtful if casinos charging a \$10 entry fee can achieve the success of casinos that do not. Further, as will be discussed below, Mason-Dixon's current assumption of \$107 lost per visit is high relative to other Category 3 applicants, and relative to what is achieved nationally.

2) Overnight Hotel Casino Visitors

Since this report was initially published, PKF's February 26, 2010, report "Estimate of Gaming Revenue and Net Operating Income for the Proposed Mason-Dixon Resort & Casino Adams County Pennsylvania" was released. PKF's report provides additional insight into Adams County's current hospitality industry and Mason-Dixon's forecast for overnight gambler participation. PKF's forecast for Mason-Dixon is extremely optimistic when compared to its forecast for Valley Forge Convention Center's Category 3 Casino. While the below analysis arrives at the same conclusion as the original edition of this report-- less than 43,675 of Mason-Dixon's patrons will be overnight patrons-- it provides a better comparison of PKF's forecasts to other Pennsylvania markets.

According to PKF, Adams County currently has 2,159 available rooms in 26 hotels generating the supply, demand and occupancy rates described in Table A. Based on this history, PKF would forecast that Adams would enjoy demand for 400,000 hotel rooms after the Mason-Dixon casino was built.

¹² Analysis of the Current Markets for Gaming in South Dakota with Projections for the likely impacts of New or Enlarged Facilities, Cummings Associates, April 5, 2004, 135 Jason St., Arlington, MA

¹³ The American Gaming Association, *2010 State of the States the AGA Survey of Casino Entertainment* page 25 and 29

¹⁴ Survey of 1,722 households living within 50 miles of Iowa's 17 casinos. Deepak, Chhabra,

Table A

ADAMS COUNTY, PA HOTEL MARKET PERFORMANCE 2003 THROUGH 2009						
Year	Annual Supply	Annual Demand		Occ. %	Average Room Rate	
		Amount	% Chg.		\$	% Chg.
2003	562,106	339,755		60.4%	\$82.18	
2004	601,652	352,545	3.8%	58.6	85.26	3.8%
2005	617,580	348,276	-1.2	56.4	88.66	4.0
2006	694,348	347,636	-0.2	50.1	90.92	2.6
2007	760,466	372,847	7.3	49.0	92.73	2.0
2008	762,485	404,052	8.4	53.0	94.59	2.0
2009	773,195	391,380	-3.1	50.6	92.96	-1.7

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PKF wrote in their report,

Based on the experience of existing gaming areas, it is certain that a casino in Adams County will attract gaming patrons from those hotel guests already staying overnight in the area. The casino would be an added amenity of the area's array of attractions and recreational options. Estimates of such patronages in selected gaming venues are 40 percent in Detroit, 40 percent in Tunica Mississippi markets and 60 percent along the Mississippi Gulf Coast. For the more urban casinos in the Philadelphia area, where there is a myriad of entertainment options, we typically estimate that some 20 percent of all hotel guests will visit a casino during their stay.¹⁶

PKF cites no source justifying its claims as to overnight participation in these markets. There are 10,000 hotel rooms in Center city Philadelphia and over 30,000 in the Greater Philadelphia area. 2009 Occupancy rate was 62%, 2010 is 65%.¹⁷ At 65% occupancy with 1.75 adults per room this is 12.45 million adult overnights. In its September 2003 Report to the Senate Democrat Appropriations Committee Commonwealth of Pennsylvania, Pennsylvania Slot Machine Facilities: Statewide Revenue Projections, The Innovation Group estimated tourism visits to Philadelphia area casinos. As reported the five county area around Philadelphia - Philadelphia, Bucks, Montgomery, Chester, and Delaware drew an estimated 11.24 million overnight visitors. As shown in Table B, Innovation estimated that these

¹⁵ PKF, "Estimates of Gaming Revenue and Net Operating Income Re: The Proposed Mason-Dixon Resort & Casino, Adams County, PA," February 26, 2010, contained in Mason-Dixon Resorts, L.P.'s Revised Memorandum of Evidence in Support of Application for a Category 3, Slot Machine License Pursuant to 58PA Code §441a.7(i), dated October 21, 2010. Pages per PGCB filing PDF are, Part 2 page 18, and per PKF memo page numbering pages 16. Future footnotes will simply be per PKF numbering

¹⁶ PKF page 17

¹⁷ Philadelphia, The Official Convention & Visitors Site for Philadelphia. <http://www.philadelphiausa.travel/meeting-planners/why-choose-philadelphia/destination-statistics> viewed Oct 30, 2010. STR Monthly Hotel Review Volume 10, Issue M9, October 19, 2010 page 5

overnight visitors would make 984,624 casino visits. This represents 13% of each Separate Adult Guest making a trip. 984,264 represented 5.1% of total casino attendance. Innovation forecast that 5.2% of the balance of Pennsylvania casino patrons would be overnight guests with a low of 1.3% at the Meadows and a high of 10.9% at Long Pond in the Poconos. Shrewsbury was 2.1%. With the exception of Mount Airy in the Poconos, none of Pennsylvania's other casinos has yet built a hotel, and this reflects the fact that, with the dispersion of Pennsylvania's casinos, they are primarily locals venues.

Table B Innovation Forecast for Overnight Gamblers in Philadelphia Area

Gambling Visits	Overnight	Total	% Overnight
Philadelphia Park	249,315	4,919,547	5.1%
Chester	191,293	3,773,666	5.1%
2 casinos in Philadelphia	<u>544,016</u>	<u>10,694,591</u>	<u>5.1%</u>
	984,624	19,387,804	5.1%
Total Overnight Visits	11,240,000		
ALOS	<u>1.5</u>		
Separate Guests	<u>7,493,333</u>		
% Gambling	13.1%		
	984,624		

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Per Table C PKF estimated that, with a constant hotel occupancy of 400,000, 1.75 adults per room, ALOS 1.5 nights, Adams County hotels would satisfy 466,667 Separate [Adult] Guests. PKF estimated 20% of these adults would visit the Mason-Dixon casino resulting in 93,333 adult overnight casino visits.

Table C PRK Forecast for Overnight Casino Gamblers

"Visitors":	
Occupied rooms (county)	400,000
Adults/Occupied room	<u>1.75</u>
Adult guests	700,000
Length-of-stay (nights)	<u>1.5</u>
Separate guests	466,667
Percent gaming	<u>20.0%</u>
Gaming visitors	<u>93,333</u>

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¹⁸ Innovation Group, " Report to the Senate Democrat Appropriations Committee Commonwealth of Pennsylvania, Pennsylvania Slot Machine Facilities: Statewide Revenue Projections," September 2003, Page 34-36

¹⁹ PKF page 18

Per Table D, PKF forecast 43,675 of these overnight gamblers would come from the Mason-Dixon (formerly Eisenhower) hotel.

Table D Mason-Dixon Forecast for Mason-Dixon Overnight Casino Guests

"Visitors":		
Total gaming "visitors"		93,333
Mason-Dixon guests:		
Occupied rooms	83,191	
Adults/occupied room	<u>1.75</u>	
Adult guest-nights	145,584	
ALOS	<u>2.00</u>	
Separate hotel guests	72,792	
% gaming	<u>60%</u>	
Mason-Dixon separate patrons	43,675	
Visits/stay	<u>1.00</u>	
Mason-Dixon patrons (on site already)	<u>43,675</u>	<u>43,675</u>
Visitors from other hotels (all to the north)		<u>49,658</u> <u>49,658</u>

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As shown in Table E, combining these two charts shows that PKF forecast the Mason-Dixon hotel would see a 134% increase in occupancy over 2008 occupancy rates, while other area hotels would see a decline of about 13%. Whereas 60% of adults staying at the Mason-Dixon Hotel would spend one of their two nights at the casino, 12.6% of other area hotel guests would spend one of their 1.4 nights at the casino.

Table E Mason-Dixon's Overnight Casino Guests

	Pre Casino			Post Casino		
	Eisenhower	All Other	Total	Eisenhower	All Other	Total
Rooms	308	1,851	2,159	308	1,851	2,159
Supply	112,420	675,615	788,035	112,420	675,615	788,035
Occupancy	<u>31.6%</u>	<u>53.9%</u>	<u>50.8%</u>	<u>74.0%</u>	<u>46.9%</u>	<u>50.8%</u>
Occupied Rooms	35,522	364,478	400,000	83,191	316,809	400,000
% Change Pre to Post				134%	-13%	0%
Adult/Occupied Room	<u>1.75</u>	<u>1.75</u>	<u>1.75</u>	<u>1.75</u>	<u>1.75</u>	<u>1.75</u>
Adult Guests	62,164	637,837	700,000	145,584	554,416	700,000
Length of Stay	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>2.00</u>	<u>1.41</u>	<u>1.50</u>
Separate Hotel Guests	41,442	425,224	466,667	72,792	393,875	466,667
% Gaming				<u>60.0%</u>	<u>12.6%</u>	<u>20.0%</u>
Gaming Visitors				43,675	49,658	93,333

²⁰ Mason-Dixon Category 3 License Application Appendix 41 (B) received by PGCB Licensing Bureau July 25, 2010 page 185

This forecast is far more optimistic than PKF's forecast for the Valley Forge Convention Center(VFCC) in their Category 3 application. PKF and Econsult also produced the Valley Forge Convention Center's forecast and Local Impact Report. In that LIR, they made the same statement that overnight casino visitors were existing hotel guests. PKF forecast that VFCC would attract 85,000-88,000 overnight casino visitors who would lose six million dollars or \$68 per visit.²¹ According to testimony provided by Mr. Tyson of PKF to the PGCB during the October 22, 2008 VFCC Public Hearing, "Montgomery County alone has 7,300 hotel rooms." According to Tyson, VFCC with 480 rooms ran an occupancy of 70% generating roughly "130,000 to 140,000 guests."²² As shown in Table E, replicating PKF's Mason-Dixon methodology for Valley Forge indicates that only 4% of area overnight guests will make a trip to the VFCC casino and virtually all are current guests of the VFCC.

Table E PKF Forecast for VFCC

	Pre Casino			Post Casino		
	VFCC	All Other	Total	VFCC	All Other	Total
Rooms	480	6,820	7,300	480	6,820	7,300
Supply	175,200	2,489,300	2,664,500	175,200	2,489,300	2,664,500
Occupancy	<u>70.0%</u>	<u>70.0%</u>	<u>70.0%</u>	<u>70.0%</u>	<u>70.0%</u>	<u>70.0%</u>
Occupied Rooms	122,640	1,742,510	1,865,150	122,640	1,742,510	1,865,150
% Change Pre to Post				0%	0%	0%
Adult/Occupied Room	<u>1.75</u>	<u>1.75</u>	<u>1.75</u>	<u>1.75</u>	<u>1.75</u>	<u>1.75</u>
Adult Guests	214,620	3,049,393	3,264,013	214,620	3,049,393	3,264,013
Length of Stay	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
Separate Hotel Guests	143,080	2,032,928	2,176,008	143,080	2,032,928	2,176,008
% Gaming				<u>60.0%</u>	<u>0.1%</u>	<u>4.0%</u>
Gaming Visitors				85,848	2,152	88,000

4% is at the high end of the statement in VFCC's LIR that "In their work for the Philadelphia Gaming Advisory Task Force, the Innovation Group (IG) estimated that only a small proportion (2-4%) of visitors to slots-only facilities stay overnight at the destination."²³

Econsult estimated that an additional 1% of non-Zone 1 and not current overnight guests would add an overnight stay because of the casino.

We conservatively assume that 1%, or 4,900 of the new visitors will become overnighters and stay in area hotels outside of the VFCC hotels, with an average length of stay (LOS) of 1.5 nights and 1.8 occupants per room.²⁴

²¹ Econsult, "Potential Economic Impacts of Proposed Category 3 Entertainment Center Gaming Facility for the Valley Forge Convention Center, June 2007, pages 3, says 885,000 page 13 says 88,000

²² Public Hearing, Pennsylvania Gaming Control Board 10/22/2008 pages 29-31, 62

²³ Econsult, "Potential Economic Impacts of Proposed Category 3 Entertainment Center Gaming Facility for the Valley Forge Convention Center, June 2007, page 13

²⁴ Econsult, "Potential Economic Impacts of Proposed Category 3 Entertainment Center Gaming Facility for the Valley Forge Convention Center, June 2007, page 13

During testimony before the PGCB, Mr. Tyson of PKF described, that VFCC would be marketed to the 1.35 million adults living within one hour of VFCC, where VFCC was competitively positioned as well as to the 600,000 event and hotel attendees to the VFCC. Hotel guests were 130,000-140,000 and event attendees were 475,000.²⁵ After subtracting the hotel guests and adults living within Zone 1, VFCC was marketing to 1.15 million adults who lived from 21-60 minutes from the casino (outside Zone 1) plus 475,000 event attendees for a total of 1.625 million adults. From this they forecast 490,000 casino visits or 0.3 visits per adult.²⁶ 1% of these casino visitors would decide to stay overnight or 4,900 visitors. Coincidentally 4,900 is also approximately equal to 1% of the 475,000 event attendees. It is probable that in describing additional hotel guests, PKF and Econsult planned that 1% of event guests would add an overnight visit, and that casino guests making a 20-60 minute drive to the VFCC casino would simply return home.

Unlike in its LIR for VFCC, Econsult added significantly more additional overnight stays to Adams' hotels in its Mason-Dixon LIR. Whereas for VFCC Econsult estimated that 1% of Non-Zone 1 guests would stay a night, it estimated that all of the estimated 93,333 overnight gamblers would add another night to their stay.²⁷ This is contrary to what Econsult did in the VFCC LIR; all statements in the Mason-Dixon LIR that forecast no change in occupancy rates; and what is presented in the PKF forecast for Mason-Dixon. It appears to be wholly unjustified. Adams County hotels sold 400,000 rooms. Adding 93,000 is equivalent to adding 23% to demand, and PKF could not have been any clearer that their forecast did not see such an increase in demand.

PKF provides no basis for its claim that Gettysburg area hotels have 1.75 adults per room. The GNMP, area colleges and sports activities make Gettysburg a family destination drawing a significant number of minors. While this author has not been able to find statistical data showing the ratio of adult to minor visitation it appears to be about 50/50. If each hotel room had 1.25 adults and 1.25 children that would put 2.5 persons in each room.

In its forecast for Mason-Dixon, PKF estimated that overnight gamblers would lose \$120 per visit. This is significantly greater than the estimate of \$68 lost per visit for VFCC.

Table F shows a range of forecasts for Mason-Dixon starting with PKF's forecast. The next three scenarios all use 1.25 adults per room, with the percent of adults making a trip to the casino ranging from PKF's claim of 20% for Mason Dixon to the 13.1% predicted by Innovation for Philadelphia casinos to the 4% used by PKF for VFCC. The result is a range of overnight visits. 1.25 adults per room and Innovation's 13.1% participation results in 43,675 overnight visits which is what PKF forecast for the former Eisenhower Hotel alone. Applying the same loss of \$68 per visit as used by PKF for VFCC results in \$3 million in revenue from overnight gamblers. Results could be worse, because the high percentage of families traveling to Gettysburg should impede gambling participation by adults. Arranging child supervision to allow parents to gamble is simply more difficult when one is on the road. A forecast of

²⁵ Public Hearing, Pennsylvania Gaming Control Board 10/22/2008 page 24-25 and 62

²⁶ PKF forecast 0.5 visits per non-zone 1 adult for Mason-Dixon, which is a 66% increase over what they forecast for VFCC.

²⁷ LIR page 15

43,675 visits generating \$3 million in revenue may be optimistic. Given the adjustments to the local market forecast, a forecast of 43,675 overnight casino attendance equals 11.6% of total attendance. This is more than twice the 5.2% of total patrons being overnight patrons that Innovation forecast.

Table F

	PKF Forecast	1.25 adults per room		
		Mason-Dixon %	Philadelphia %	VFCC %
		<u>20.0%</u>	13.1%	<u>4.0% gaming</u>
Rooms	2,159	2,159	2,159	2,159
Supply	788,035	788,035	788,035	788,035
Occupancy	<u>50.8%</u>	<u>50.8%</u>	50.8%	<u>50.8%</u>
Occupied Rooms	400,000	400,000	400,000	400,000
Adult/Occupied Room	<u>1.75</u>	<u>1.25</u>	1.25	<u>1.25</u>
Adult Guests	700,000	500,000	500,000	500,000
Length of Stay	<u>1.5</u>	<u>1.5</u>	1.5	<u>1.5</u>
Separate Hotel Guests	466,667	333,333	333,333	333,333
% Gaming	<u>20.0%</u>	<u>20.0%</u>	13.1%	<u>4.0%</u>
Gaming Visitors	93,333	66,667	43,675	13,333
\$ per visit	\$ 120	\$ 68	\$ 68	\$ 68
\$ per visit	\$ 11,200,000	\$ 4,533,333	\$ 2,969,900	\$ 906,667
Day Trip	673,894	334,192	334,192	334,192
Total Attendance	767,227	400,859	377,867	347,525
% Overnight Att.	12.2%	16.6%	11.6%	3.8%

~~Mason-Dixon's forecast shows it is a locals casino—88% of the attendance comes from patrons within an hour, and only 12% is forecast to come from overnight visitors. Mason-Dixon's Local Impact Report prepared by Econsult, states,~~

~~In addition, approximately 93,000 visits and \$11.2 million in gross gaming revenue would come from hotel guests at both Mason-Dixon and hotels in the area.~~

~~Note that the estimates for gaming visits by hotel guests (at Mason-Dixon hotel and nearby hotels) are based on existing market occupancy levels, and do not account for any additional hotel room nights generated by the existence or operation of the facility.²⁸~~

²⁸ Econsult, "Potential Impact of the Proposed Category 3, Mason-Dixon Resort & Casino." Philadelphia, PA, March 2010. Page 2

This is the same language found in Econsult's Local Impact Report for the VFCC casino, and Mason-Dixon, LIR repeats the comment on page 14 of its report:²⁹ –Later in its LIR for VFCC, Econsult notes,

In their work for the Philadelphia Gaming Advisory Task Force, the Innovation Group (IG) estimated that only a small proportion (2-4%) of visitors to Slots-only facilities stay overnight at the destination. This estimate should clearly be adjusted down for VFCC since city facilities are closer to many of the region's main attractions and tourist destinations. We conservatively assume that 1%, or 4,900 of the new visitors will become overnighters and stay in area hotels outside of the VFCC hotels, with an average length of stay (LOS) of 1.5 nights and 1.8 occupants per room.³⁰

Clearly Econsult believes there is little potential for a Mason-Dixon Resort Casino to draw new overnight patrons.³¹

Figure 6 Mason-Dixon Hotel Gaming "visitors" forecast

"Visitors":			
Total gaming "visitors"			93,333
Mason-Dixon guests:			
Occupied rooms	83,191		
Adults/occupied room	<u>1.75</u>		
Adult guest-nights	145,584		
ALOS	<u>2.00</u>		
Separate hotel guests	72,792		
% gaming	<u>60%</u>		
Mason-Dixon separate patrons	43,675		
Visits/stay	<u>1.00</u>		
Mason-Dixon patrons (on site already)	<u>43,675</u>	<u>43,675</u>	
Visitors from other hotels (all to the north)		<u>49,658</u>	<u>49,658</u>

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²⁹ Econsult, "Potential Local Economic Impacts of the Proposed Category 3 Entertainment Center Gaming Facility for the Valley Forge Convention Center," Philadelphia June 2007 Page 2; Econsult, "Potential Impact of the Proposed Category 3, Mason-Dixon Resort & Casino." Philadelphia, PA, March 2010. Page 14

³⁰ Econsult, "Potential Local Economic Impacts of the Proposed Category 3 Entertainment Center Gaming Facility for the Valley Forge Convention Center," Philadelphia June 2007 Page 12-13 * Philadelphia Gaming Advisory Task Force: The Final Report, 2005.

³¹ Econsult, "Potential Impact of the Proposed Category 3, Mason-Dixon Resort & Casino." Philadelphia, PA, March 2010. Page 15-16. —Despite the fact that Econsult was clear in stating that the predicted 93,333 existing overnight guests going to the Mason-Dixon represented existing hotel guests, it would later contradict itself claiming they represented new economic activity.

³² Mason-Dixon Category 3 License Application Appendix 41 (B) received by PGCB Licensing Bureau July 25, 2010 page 185

Figure 6 shows Mason-Dixon's Hotel Gaming "visitors" forecast. The methodology is straightforward. Mason-Dixon predicts that 60% of overnight hotel guests at the Mason-Dixon casino (former Eisenhower Inn) will make at least one casino visit per stay. Per Mason-Dixon's forecast, the former Eisenhower Inn has become an adults-only facility with 1.75 adults staying in each room and enjoying an average length of stay of two nights per room.

As shown in Table 8, applying this same methodology to the balance of Gettysburg hotels and backing into the forecast 49,658 overnight casino visitors staying at area hotels indicates that Mason-Dixon believes 24% of adults staying at Gettysburg area hotels will go to the casino. Since many of Gettysburg guests are traveling with families this is a staggeringly large number. Furthermore, it is optimistic compared to other facilities. VFCC in its LIR predicted that 85,000 of the existing hotel guests to its facility or surrounding hotels would visit its casino losing \$6 million dollars.³³ The Accommodation industry in the Valley Forge area is seven times larger than that in Adams County. If Mason-Dixon drew overnight gambling visitors like Valley Forge did, its overnight GGRs would be less than a million dollars.

³³ Econsult, "Potential Local Economic Impacts of the Proposed Category 3 Entertainment Center Gaming Facility for the Valley Forge Convention Center," Philadelphia June 2007 Page 2

Table 8 Overnight Casino Attendance

	Prepared by Mason Dixon			Adjusted		
	Mason-Dixon	Other Gettysburg Hotels	Total	Mason-Dixon	Other Gettysburg Hotels	Total
Overnight Casino Attendance						
Rooms	307	1818		307	1818	
Days	365	365		365	365	
Occupancy Rate	74%	74%		74%	74%	
Occupied Rooms	83,191	492,642		83,191	492,642	
Adults/Occupied Room	1.75	1.00		1.75	1.00	
Adult guest-nights	145,584	492,642	638,227	145,584	492,642	638,227
ALOS (Avg. Length of Stay)	2.00	1.50	1.59	2.00	1.50	1.59
Separate hotel guests	72,792	328,428	401,220	72,792	328,428	401,220
% gaming	60%	15%	23%	60%	0%	11%
Mason-Dixon separate patrons	43,675	49,658	93,333	43,675	-	43,675
Visits/Stay	1.00	1.00	1.00	1.00	1.00	1.00
Mason-Dixon patrons (on site already)	43,675	49,658	93,333	43,675	-	43,675
Losses Per Visit	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 70.00	\$ 120.00
Total Losses \$ Millions	\$ 5.2	\$ 6.0	\$ 11.20	\$ 5.2	\$ -	\$ 5.2

According to the AGA, 28% of American adults gambled at casinos in 2010. Most went just to local casinos, but 23% of the 28% made an overnight trip to a local casino or destination resort.³⁴ Accordingly, only 6.4% of adults made an overnight stay at a casino. To suggest that 24% or even 11% of adults going to an area overnight will be gambling, suggests the area is a destination casino and Gettysburg—located in rural conservative Adams County—will not achieve this level of performance. Such performance may be possible at a five-star resort like Nemaquin or Fernwood, but the same is unlikely at the Eisenhower Hotel and Convention Center which is surrounded by Penn National casinos which are free and offer more amenities. If only gamblers and spouses stay at the Eisenhower, then according to Mason Dixon 11% of overnight guests to Gettysburg would be diverting \$5.2 million into casino losses.—Compared to Valley Forge and other markets \$5.2 million may be too optimistic.

³⁴ The American Gaming Association, 2010 State of the States the AGA Survey of Casino Entertainment page 29

3) Table Games vs. Slots

In applying for a license in 2006, Mason-Dixon's predecessor, Crossroads Resort and Spa, declared the conservative Adams County area was inhospitable and inappropriate for Table Games. The current proposal from Mason-Dixon includes 50 Table Games and predicts 27% of the revenue will come from these operations. Given the investors' prior assertions that Table Games were inappropriate for Adams County, and an examination of other facilities, this claim for Table revenue seems grossly inappropriate and unrealistic. Mason-Dixon's Table operations would at best be about a third of their announcements.

When Mr. LeVan proposed a Slots casino for Adams County in 2005, he claimed it was appropriate for a conservative Adams County because it excluded Table Games. The original website for the Gettysburg Gaming Resort and Spa promoted by Mr. LeVan claimed:

"A Slots only facility like the one being proposed for the Adams County area is very different from the types of facilities one sees in places like Atlantic City and Las Vegas. Specifically, the Slots facilities have a tendency to be much less visually ostentatious, and feature attractions that are more in line with the conservative culture found in our area. For these and other reasons, the customers that are most likely to regularly frequent Slots-only facilities are usually older, are more likely to be women, and tend to arrive by car or bus. They are very unlike the "high rollers" that patronize Atlantic City and Vegas gaming venues."³⁵

On December 30, 2005, Chance Enterprises launched its new Crossroads Gaming Resort and Spa website which explained:

"Studies show that people who patronize Slots gaming are very different from people who regularly patronize at high-stakes Table gaming casinos such as those in Nevada, Louisiana and New Jersey. Visitors to Slots-only facilities tend to be infrequent gamblers who patronize casinos like Crossroads for entertainment rather than in an attempt to win large amounts of money."³⁶

Crossroads protested comparisons to Indiana casinos stating, "The attempt to compare the Indiana Riverboat Casinos to what will happen in Gettysburg is not an appropriate comparison. Indiana has Table gaming which is well recognized as the biggest source of problem gambling."³⁷ In supporting the slots only casino, Mr. LeVan's nephew, J. Mathew LeVan, wrote the PGCB:

"When someone says the word casino, people automatically think of Las Vegas, Atlantic City, and a lot of Neon Lights, but what they don't realize is that the Crossroads Gaming Resort will be just that, a Luxury Resort and Spa that just happens to have a big room with Slot machines. No Roulette

³⁵ Gettysburg Gaming Resort and Spa <http://www.gettysburggamingresortandspa.com/faq.htm>

³⁶ Crossroads Gaming Resort and Spa <http://www.crossroadsgaming.com/faqs.html>

³⁷ "Crossroads Gaming Resort and Spa Brief Comments on Presentation of Keith Miller and Presentation of Michael Siegel." January, 2006

wheel, No Black Jack, and no poker, which translates to no "Hard Core" gambling, Just entertainment.³⁸

According to the applicant's own statements and those of its supporters, Adams County, South Central Pennsylvania, and the tourists they draw are not high rollers interested in gambling large sums of money on the turn of a card.

Table 9 July 2010 Slots and Table Games in Pennsylvania

Casino	Slots	Tables	Slots/ Table
Harrah's Chester Downs	2,957	99	30
The Rivers	2,800	85	33
Mount Airy	2,438	72	34
Sands Bethlehem	3,030	89	34
Mohegan Sun	2,222	62	36
Presque Isle	2,030	48	42
Penn National	2,450	50	49
The Meadows	3,506	62	57
Parx	3,470	57	61
Total	24,903	624	40 ³⁹

Mason-Dixon's claim that it will install 50 Tables and 600 Slots is without precedent for what is basically a locals casino. As shown in Table 9, Pennsylvania existing casinos operated 24,903 Slots and 624 Table Games in July 2010, for a ratio of 40 Slots to each Table Game (with a low of 30 for Chester Downs and a high of 61 for the Parx Casino.)⁴⁰ This is consistent with locals casinos across the nation. In 2009, Missouri had 19,132 Slots and 532 Table Games or 36 Slots for each Table, and Iowa had 17,554 Slots and 492 Table Games or 36 Slots for each Table Game. As is shown in Table 10, seven smaller casinos in these two states averaged a higher ratio of 38 Slots for each Table. These seven smaller casinos operated an average 595 Slots and 16 Table Games. The ratio of Slots to Tables ran from a low of 27 at Catfish Bend to a high of 50 at Terrible's St. Jo Frontier.

Fernwood and Nemacolin have been far more reasonable in their applications for a Category 3 license. Fernwood, supported by Penn National, is proposing 500 Slots and 10 Poker Tables and 16 banked Table Games. Nemacolin's application includes 600 Slots and 28 Table Games. Mechanicsburg, like Mason-Dixon, claims it will use the maximum permitted 600 Slots and 50 Table Games.

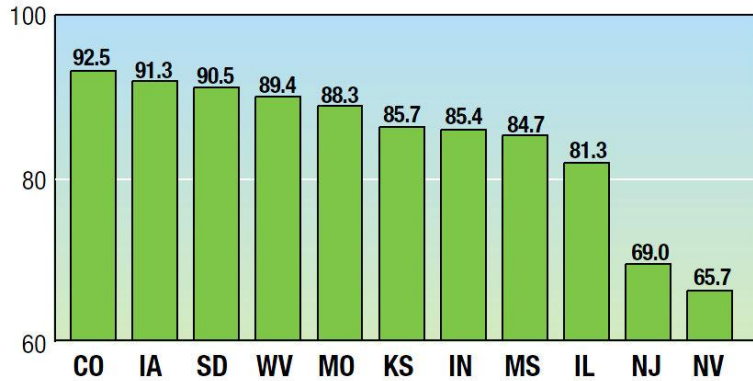
³⁸ Written Comment to be included in the Evidentiary record of the Public Input Hearings PGCB By J. Mathew LeVan

³⁹ PGCB Monthly Revenue Report July 2010

⁴⁰ PGCB July 2010 Revenue Report

Mason-Dixon forecasts it would generate \$60.25 million in Slot gaming revenue and \$22.85 million in Table Gaming revenue for a total of \$83.1 million.⁴¹ Table Games represent 27% of the Mason-Dixon's total forecast. As is seen in Figure 6, with the exception of Vegas and Atlantic City, Table revenues average 12% for most of the balance of the nation. Assuming Mason-Dixon's Slots revenue is correct, and Table revenues were 12% of the total then Table revenues would be only \$8.2 million

Figure 6, Gaming Machine Revenue as a Percentage of Overall Gaming Revenue in Commercial Casino States 2009



**Commercial casino states not listed here either do not have table games or do not collect separate revenue data for table games and gaming machines.*

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4) Small Rural Locals Casinos vs. Suburban Urban Casinos

As Table 10 shows small rural casinos underperform larger more urban casinos in Missouri and Iowa. Losses per attendee are comparable at \$41 a visit, but larger suburban and urban casinos simply draw more visits per gaming position allowing them to produce almost 50% more revenue per gaming position: \$198 vs. \$135 for smaller casinos. Larger casinos are operated in richer and more densely populated regions. 2008 per capita earnings for counties with small casinos was 18% less than per capita income in counties with large casinos: \$32,000 vs. \$39,000. Small casino counties had a population density only 13% of large casino counties.

⁴¹ Econsult, "Potential Impact of the Proposed Category 3, Mason-Dixon Resort & Casino." Philadelphia, PA, March 2010 Page 17

⁴² The American Gaming Association, 2010 State of the States the AGA Survey of Casino Entertainment page 33

Table 10 Small Casinos vs. Large Casinos in Missouri and Iowa

	Missouri	Slots	Tables	Hotel Rooms	Slots/table	Admissions	GGR \$ Millions	win/admission	Empl	Empl/Gaming Position	Daily Revenue / Gaming Position
	Terrible's St. Jo Frontier	550	11	-	50	1,230,987	\$37.7	\$30.7	284	0.45	\$164.9
	Lady Luck of Caruthersville	600	17	-	35	989,194	\$33.2	\$33.5	326	0.45	\$126.4
	Terrible's Mark Twain Casino	650	14	-	46	1,200,057	\$36.4	\$30.3	243	0.32	\$133.4
	9 Larger Casinos	17,512	490	1,774	36	48,916,377	\$1,596.4	\$32.6	10108	0.48	\$208.8
Iowa											
	Lady Luck Isle of Capri	604	13	24	46	385,022	\$29.2	\$75.8	244	0.35	\$115.0
	Wild Rose Clinton	593	13	40	46	784,801	\$39.2	\$49.9	328	0.48	\$156.8
	Catfish Bend Casino	645	24	180	27	781,327	\$38.7	\$49.5	210	0.26	\$130.3
	Wild Rose Emmetsburg	520	17	70	31	549,646	\$28.7	\$52.1	268	0.42	\$122.9
	13 Larger Casinos	15,192	425	1593	36	19,606,800	\$1,228.6	\$62.7	8276	0.46	\$185.3
	Total 7 Small Casinos	4,162	109	314	38	5,921,034	\$243.0	\$41.0	1903	0.39	\$135.2
	Average Small Casino	595	16	45		845,862	\$34.7		272	0.39	
	IA & MO 22 Larger Casinos	32,704	915	3,367	36	68,523,177	\$2,825.0	\$41.2	19237	0.49	\$197.9
	Average Larger Casino	1,487	42	153		3,114,690	\$128.4		874		
	Adams Mason-Dixon Forecast	600	50	307	12	767,000	\$83.1	\$108.3	375	0.39	\$239.7
	Adams Adjusted Forecast	600	16		38	377,864	\$43.9	\$116.2	274	0.39	\$169.4
	Pennsylvania	24,903	624		40	NA	\$2,164.8				\$241.4

The proposed Mason-Dixon casino has the characteristics of Iowa's and Missouri's small casinos. With 88% of the attendance coming from locals, it is not a resort. Adams' 2008 per capita income of \$31,750 is 20% below that of counties currently hosting casinos, and its population density is 28% of current casino host counties. Given these differences, one would expect Mason-Dixon, like small rural locals casinos in Iowa and Missouri, to underperform Pennsylvania's other casinos by at least 30%. The 30% still does not account for the \$10 entrance fee required at Mason-Dixon.

5) Win per Attendee

Mason-Dixon's forecast that it will win \$107 per day trip attendee and \$120 per overnight attendee,⁴³ is significantly greater than what is predicted by competing casinos and what is achieved nationally. Mason-Dixon claimed in its LIR:

Using various reasonable assumptions about annual growth rates, market penetration, and utilization ramp-up, the resort and casino is forecast to generate approximately 767,000 visits and \$83.1 million in gross gaming revenues upon completion. Of this, almost 674,000 visits and \$72 million in gross revenues would be generated by daytrippers to Mason-Dixon. In addition, approximately 93,000 visits and \$11.2 million in gross gaming revenue would come from hotel guests at both Mason-Dixon and hotels in the area.⁴⁴

In preparing VFCC's LIR, Econsult, the same firm which prepared Mason-Dixon's LIR noted that VFCC would generate \$80 per day trip attendee and \$70 per overnight attendee.,

Using various reasonable assumptions about annual growth rates, market penetration, and utilization ramp-up, the entertainment center is forecast to generate approximately 740,000 entertainment center visits and \$59.8 million in gross gaming revenues, or "entertainment center wins", in its first full year of operation (for our purposes, assumed to be 2009). Of this, almost 660,000 visits and \$53 million in gross revenues would be generated by visitors to Valley Forge. In addition, approximately 85,000 visits and \$6 million in gross gaming revenue would come from hotel guests at both VFCC hotels and hotels in the area.⁴⁵

Like VFCC, Mason-Dixon is proposing a locals casino dependent primarily on locals for revenue. Median 2008 Household Income in Adams is \$55,124 which is almost 30% less than the \$77,993 achieved around Valley Forge. It is inconceivable that locals from around Gettysburg would lose 34% more than locals around Valley Forge. If loss per attendance were adjusted for income, then the loss per attendee at the Mason-Dixon casino would be \$56.54 or 29.3% less than the \$80 predicted loss per local attendee

⁴³ Econsult, "Potential Impact of the Proposed Category 3, Mason-Dixon Resort & Casino." Philadelphia, PA, March 2010. Page 2

⁴⁴ Econsult, "Potential Impact of the Proposed Category 3, Mason-Dixon Resort & Casino." Philadelphia, PA, March 2010. Page 2

⁴⁵ Econsult, "Potential Local Economic Impacts of the Proposed Category 3 Entertainment Center Gaming Facility for the Valley Forge Convention Center," Philadelphia June 2007 Page 2

at Valley Forge. Given that Econsult prepared LIR's for both VFCC and Mason-Dixon, Econsult's comment during Mason-Dixon's public input hearing on August 31, that Mason-Dixon's forecast appears "reasonable" is unexplainable.

During Fernwood's September 2, 2010 Public Input Hearing, Penn National presented Fernwood's interim revenue estimate of \$86,126,000 in revenue from 1,076,750 attendees or \$80 per attendee.⁴⁶ Most of those attendees are wealthy vacationers to the eastern Poconos and Fernwood resort. Penn National did not present or defend Mason-Dixon's estimate of \$107 per attendee from primarily rural local residents of more limited means.

As shown in Table 10, Midwest Locals casinos achieve an average win per admission of \$68.73 ranging from a low of \$32.55 in Missouri to a high of \$103.38 in Indiana. Missouri, Indiana, and Illinois charge for admission, ranging from \$2.00 to \$4.00.

Table 10 AGR/Admission.

	AGR	Admissions	AGR/Admit	Admission
Missouri	\$ 1,703,637,656	52,335,276	\$ 32.55	\$2.00
Iowa	\$ 1,412,817,242	22,955,618	\$ 61.55	None
Mississippi	\$ 2,584,890,618	35,502,745	\$ 72.81	None
Louisiana	\$ 3,214,147,113	35,237,921	\$ 91.21	None
Indiana	\$ 2,408,297,251	25,905,384	\$ 92.97	\$3-\$4.00
Illinois	\$ 1,474,460,000	14,262,077	\$ 103.38	\$2-\$3.00
	\$ 12,798,249,880	186,199,021	\$ 68.73	

⁴⁷

Mason-Dixon's prediction that attendees will lose \$107 is simply too high. Adams area residents are not as wealthy as Valley Forge residents or the vacation travelers drawn to Fernwood and Nemaquin. It is hard to imagine that Mason-Dixon would do much better than the \$68.73 achieved in the Midwest.

6) Cumulative Impact a Realistic Forecast

If, as discussed above, Mason-Dixon enjoyed half its predicted day trip attendance, and the loss per attendee was \$70 per visit, its Gross Gambling Revenue for day trip attendees would be, as shown in Table 11, about \$23.4 million. Assuming Mason-Dixon was able to fill the Eisenhower with gamblers as claimed and that these gamblers lost \$70 per visit, then overnight gamblers would contribute \$3.1 million to Gross Gambling Revenue. Total Gross Gambling Revenue would be \$26.5 million. Assuming win per gambling position per day was 30% below Pennsylvania's average, then only 431 gambling positions would be required or less than half the 950 gambling positions predicted by Mason-Dixon. If

⁴⁶ Fernwood presentation to PGCB, Public Input Hearing Bushkill Group Sept 2, 2010

⁴⁷ Indiana Gaming Commission Annual Report FY 2009 Page 47. Indiana Data excludes Hoosier Park and Indiana Live which do not collect admission data.

12% of these were Table positions, then a total of 7 Table Games and 379 slots would be required. Over half of this revenue, \$14.2 million, is a diversion from the Adams economy. The adjusted revenue projections require that approximately 30% of Adams' adults lose \$840 a year going to a casino twelve times and losing \$70 at each visit. This is less than Mason-Dixon's plan but still more than what casino supporters like Richard Kitner say Adams can afford.

Table 11 Mason-Dixon Revenue Forecast vs. Realistic Assessment

	<u>Mason-Dixon</u>	<u>Realistic</u>
Day Trip		
Attendance	673,894	334,192
\$ per attendance	<u>\$107.0</u>	<u>\$70.0</u>
GGR \$ millions	\$72.1	\$23.4
Overnight		
Attendance	93,333	43,675
\$ per attendance	<u>\$120.0</u>	<u>\$70.0</u>
GGR \$ millions	\$11.2	\$3.1
Total		
Attendance	767,227	377,867
GGR \$ millions	\$83.3	\$26.5
Gaming Positions		
Slots	600	379
Tables	<u>350</u>	<u>52</u>
Total	950	431
Tables	50	7
\$ per position per day	\$240	\$168

7) Traffic

Mason-Dixon's June 2010 Transportation Impact Study prepared by Transportation Resources Group (the TIS) is inconsistent with Mason-Dixon's market forecast. The TIS understates the volume of traffic which will come through Gettysburg and south on the Emmitsburg Road/ Steinwehr Ave.⁴⁸ A potential one sixth to one third traffic increase on the Emmitsburg Road through Gettysburg National Military Park and the Borough of Gettysburg may be a problem. The TIS demonstrates this is a locals casino that will drive virtually no business into town. The TIS overlooks the burden that park roads and small rural roads may face due to the casino.

Mason-Dixon's TIS was prepared based upon the ITE article prepared by Michael Trueblood and Tara Gude, *Trip Generation of Small and Medium Sized Casino*. Trueblood's and Gude's work was based on five casinos from Iowa and Missouri that contained a mix of slots and table games, summarized in Table 12. Because only partial information was available concerning traffic around the Casino Queen in St. Louis, it is omitted from Table 12.

The final column of Table 11 describes Mason-Dixon based upon ratios developed in the ITE article. Based on this ITE article, TRG estimated Mason-Dixon's slots would generate 5,958 trips per day Monday to Friday, and an average of 6,464 trips per day or 3,232 vehicles per day on average which TRG reported.⁴⁹

3,232 vehicles per day implies 1,179,680 vehicles will arrive at the casino per year. This is greater than Mason-Dixon's forecast 767,228 attendance. Assuming Mason-Dixon's claim of 375 FTE employees is correct, and that they work 40 hour weeks 48 weeks a year, then on an average day 247 would be at work adding 90,247 vehicles per year, increasing the total to 857,475, which is 73% of the 1,179,680 provided for in the TIS. This assumes that each patron and employee arrives by themselves.

It appears that TRG based its results on multiplying the number of slots claimed by Mason-Dixon by the trips per slot produced by the ITE study, without checking to see if the result was consistent with Mason-Dixon's forecast. An alternative use of the ITE study is to compute the number of required slots. That is, if there are 857,475 vehicles arriving producing 1,722,170 trips per year or 4,698 trips per day, then only 450 slots would be needed.

⁴⁸ Much of this analysis is based on Mason-Dixon Resorts and Casino Transportation Impact Study revised June 2010, prepared by Transportation Resources Group, York, PA. and included in Appendix 41 (B) Local Impact Report, Engineering Reports (sic), and Traffic Studies received by the PGCB July 26, 2010, Page numbers are shown first from the PDF page numbers in this document, and second if applicable in parenthesis from the TIS contained in that document.

⁴⁹ Transportation Impact Study prepared by TRG, June 2010, as found in Appendix 41 (B) Local Impact Report, Engineering Reports (sic), and Traffic Studies received by the PGCB July 26, 2010, pages 28 & 32, (TIS pages 13 and 17). For some reason, TRG's math appears off on the 6464 trips per day.

Table 12 Summary Trueblood and Gude Trip Generation of Small and Medium Sized Casinos

Amenities	Council Bluffs Iowa			St. Louis	Average	Mason Dixon
	Harvey's	Ameristar	Bluffs Run	St. Charles		
Slots	1169	1446	1479	1847	1485	600
Total Tables	53	51	0	90	49	50
Gaming Positions	1540	1803	1479	2477	1825	950
% Slots	76%	80%	100%	75%	81%	63%
Gaming Sq Ft	28,250	38,000	34,280	50,000	37,633	
Hotel Rooms	251	356	0	Not Appl	202	308
Employees	1257	1329	1046	Not Avail	1211	375
Pari Mutual	No	No	Yes	No		
Convention Seats	900	170	0	Not Avail	357	

Adj Street Peak Hour PM													
	In	Out	In	Out	In	Out	In	Out	In	Out	In	Out	
Monday-Friday	453	340	427	378	442	373	475	600					
Saturday/Sunday	423	334	491	413	490	467	Not Avail						

Adj Street Peak Hour PM/Slot													
													Estimate
Monday-Friday	0.39	0.29	0.30	0.26	0.30	0.25	0.26	0.32	0.31	0.28	186	169	
Saturday/Sunday	0.36	0.29	0.34	0.29	0.33	0.32	Not Avail		0.26	0.22	155	133	

Adj Street Peak Hour PM/Gaming Position													
													Estimate
Monday-Friday	0.29	0.22	0.24	0.21	0.30	0.25	0.19	0.24	0.26	0.23	243	220	
Saturday/Sunday	0.27	0.22	0.27	0.23	0.33	0.32	Not Avail		0.22	0.19	209	181	

Average Daily Traffic Rates								
Monday-Friday	13,249		12,496		15,325		17,362	
Saturday/Sunday	14,443		16,026		18,554		19,959	

ADT/Slot												
Monday-Friday	11.33		8.64		10.36		9.40		9.93		5,958	
Saturday/Sunday	12.36		11.08		12.54		10.81		11.70		7,020	
Monday-Sunday									10.44		6,261	

ADT/Gaming Position												
Monday-Friday	8.60		6.93		10.36		7.01		8.23		7,815	
Saturday/Sunday	9.38		8.89		12.54		8.06		9.72		9,232	
Monday-Sunday									8.65		8,220	

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A similar calculation could be done based on Mason-Dixon's predicted attendance and the ADT per gaming position. Using the same casinos as in the ITE study, an average ADT/Gaming position of 8.65 was calculated. If Mason-Dixon generated 4,698 trips per day, that would imply it needs 543 gaming

⁵⁰ Michael Trueblood and Tara Gude, Trip Generation of Small and Medium Sized Casinos, as replicated in Appendix 41 (B) Local Impact Report, Engineering Repors (sic), and Traffic Studies received by the PGCB July 26, 2010, pages 187-195

positions. If 81% of the gaming positions were Tables, as is the case with these four casinos, then it would have 442 Slots, and 14.4 Tables.

A second cause for the apparent disconnect between Mason-Dixon's forecast and the ITE study may be due to the difference in loss per visit. As shown in Table 10, Missouri and Iowa casinos average attendee loses \$41, not the \$107 predicted by Mason-Dixon. It is possible that Missouri and Iowa gamblers who do not have to pay \$10 to enter a casino go with a greater frequency, losing less money per visit than is predicted by Mason-Dixon. If Mason-Dixon could replicate this behavior it would demonstrate greater traffic without a revenue increase.

The TIS understates the volume of traffic which will come through Gettysburg and travel south on the Emmitsburg Road/ Steinwehr Ave to the casino. Traffic on the Emmitsburg Road/Steinwehr Avenue could increase by 1000 to 2100 trips per day.

Page 13 of the TIS states

Site Trip Distribution and Assignment.

Figure 9 in the appendices shows the trip distribution percentages for the site traffic on the major roadway system. Figure 10 in the Appendices shows the total site trip distribution and assignment of the proposed development on the major roadway system at full buildout of the proposed development. Site trip distribution was based on existing patterns, a marketing study of the casino and engineering judgment. The following tip distribution was assumed for the site trips generated by the proposed development:

- 9% oriented to/from the north on the Emmitsburg Road (S.R. 3001)
- 1% oriented to/from the east on Barlow Greenmount Road (S.R. 3006)
- 50% oriented to/from the south on Route 15
- 38% oriented to/from the north on Route 15
- 2% oriented to/from the south on Emmitsburg Road (S.R. 3001)

On a daily basis, the existing driveway on Emmitsburg Road (S.R. 3001) will have an estimated ADT of 6,464 trips or 3,232 vehicles, which is a high volume operation. Details of the site trip distribution and assignment are included in the Appendices.⁵¹

Table 1 of this report showed Mason-Dixon's Market Forecast. Table 13 shows Mason-Dixon's forecast's distribution of patrons by arrival route to Mason-Dixon. 455,277 patrons would arrive from the north on Route 15.

⁵¹ Transportation Impact Study prepared by TRG, June 2010, as found in Appendix 41 (B) Local Impact Report, Engineering Repors (sic), and Traffic Studies received by the PGCB July 26, 2010, page 28, (TIS page 13)

Table 13 Mason-Dixon Patron Forecast by Arrival Route

			MD Forecast Patrons	Percentage Coming on Route 15 From		Patrons Coming on Route 15 From	
				North	South	North	South
Zone 1	Adams	PA	181,978	90%	10%	163,780	18,198
	York	PA	24,641	100%		24,641	-
	Franklin	PA	85,081	80%	20%	68,065	17,016
	Carroll	MD	27,068		100%	-	27,068
	Frederick	MD	<u>130,101</u>		100%	<u>-</u>	<u>130,101</u>
	Washington						
			448,868			256,486	192,383
Zone 2	Adams						
	York	PA	84,599	100%		84,599	-
	Franklin	PA	32,989	80%	20%	26,391	6,598
	Cumberland	PA	38,144	100%		38,144	-
	Carroll	MD	9,966		100%	-	9,966
	Frederick	MD	19,336		100%	-	19,336
	Washington	MD	<u>39,992</u>		100%	<u>-</u>	<u>39,992</u>
			<u>225,026</u>			<u>149,134</u>	<u>75,892</u>
			673,894			405,619	268,275
Visitors from Area Hotels (all to the North)						49,658	
						455,277	

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An examination of drive times by zip code indicates that Mason-Dixon's Forecast by Arrival Route and TRG's forecast are inaccurate. Appendix 2 provides the Drive Time by zip code by route. This examination shows that the Emmitsburg Road provides the shortest travel time for 21% of the day trip attendance. 9% would find traveling from the north on Highway 15 to be the most convenient. 22% would find that they could save a minute or two using Highway 15 vs. the Emmitsburg Road. While saving time is attractive, the implication is that none of these patrons would spend an extra minute driving through the Borough of Gettysburg to patronize its businesses, even though it is basically on their way. 44% of the day trip attendance would arrive from the South on Highway 15. 5% would arrive on Highway 15 or spend a minute or two more traveling Barlow-Greenmount Road. TRG predicts that 2% of the traffic would come over Barlow-Greenmount indicating that 40% of the local traffic would

⁵² Appendix 41 (B) Local Impact Report, Engineering Reports (sic), and Traffic Studies received by the PGCB July 26, 2010, page 185

Table 14, Traffic Patterns Mason Dixon Forecast

			Patrons coming from					
			Recreated	N on 15 or	North on		South on	
			Patrons	North on 15	Emmitsburg	Emmitsburg	South on 15	15 or B-G
Zone 1	Adams	PA	181,468	29,882	51,755	83,960	15,871	
	York	PA	7,903	7,903				
	Franklin	PA	88,138			21,501	66,637	
	Carroll	MD	27,737				7,207	20,530
	Frederick	MD	<u>145,238</u>				145,238	
	Washington							
			450,484					
Zone 2	Adams							
	York	PA	87,827	19,874	67,954			
	Franklin	PA	31,785			24,586	7,199	
	Cumberland	PA	40,020	1,479	27,409	11,133		
	Carroll	MD	10,289					10,289
	Frederick	MD	16,850				16,850	
	Washington	MD	<u>39,749</u>				39,749	
			226,522					
			677,006	59,138	147,117	141,180	298,752	30,819
				9%	22%	21%	44%	5%
Visitors from Area Hotels			49,658	24,829		24,829		
Employees 375			90,247	14,861	25,739	41,755	7,893	
			816,911	98,828	197,685	182,934	306,645	30,819
				12%	24%	22%	38%	4%

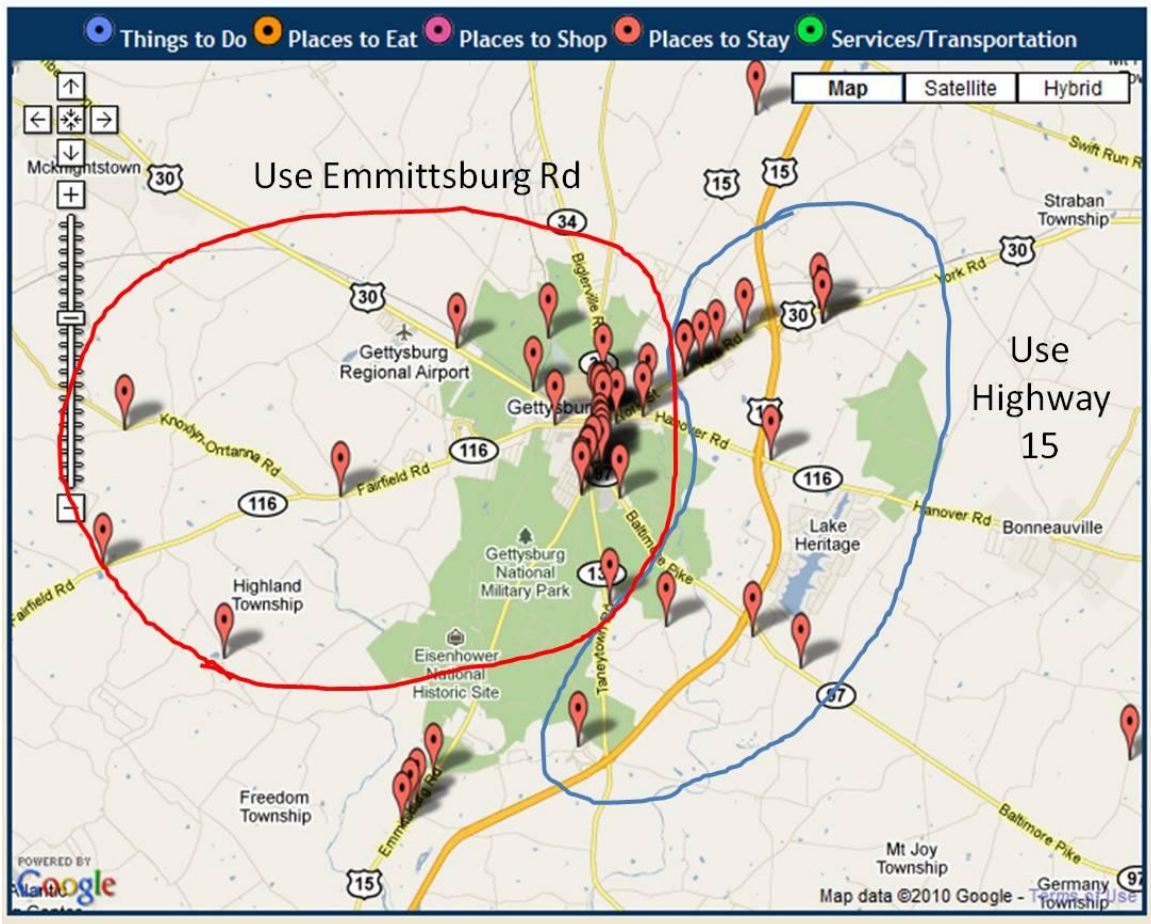
use a back road over a highway. If they had used the same heuristic to the north, then 40% of those traveling down Highway 15 for whom the Emmitsburg Road represented another minute or two, 17% of the total traffic, would have used the Emmitsburg Road. Although TRG understands that locals may prefer local roads over highways, it ignored this phenomena with respect to borough traffic. Table 14 provides a summary of these traffic patterns. It adds in visitors from area hotels, about which more will be said shortly as well as employees. At least 22% of the traffic would come through the borough down the Emmitsburg road and as much as 46% might choose this route. This would equate to an additional 1000 to 2100 vehicles per day traveling from the borough to the casino along the Emmitsburg Road. According to PennDOT information, as shown in Figure 7, this would equate to a 1/6 to 1/3 increase at the borough and up to an 80% increase in traffic just north of the casino.

Table 16 Traffic Patterns Adjusted Forecast

			Patrons coming from						
			Adjusted	North	N on 15 or	North on	South	South on	
			Patrons	on 15	Emmitsburg	Emmitsburg	on 15	15 or B-G	
Zone 1	Adams	PA	152,607	29,882	35,231	71,623	15,871	-	152607
	York	PA	-						
	Franklin	PA	2,358	-	-	-	2,358	-	2358
	Carroll	MD	27,737	-	-	-	7,207	20,530	27737
	Frederick	MD	42,240	-	-	-	42,240	-	42240
	Washington		7,379	-	-	-	7,379	-	7379
Zone 2	Adams		6,775	1,431	3,060	2,285	-	-	6775
	York	PA	35,241	18,981	16,260	-	-	-	35237
	Franklin	PA	40,471	-	-	28,568	11,903	-	40471
	Cumberland	PA	1,711	-	-	1,711	-	-	1711
	Carroll	MD	10,289	-	-	-	-	10,289	10289
	Frederick	MD	3,249	-	-	-	3,249	-	3249
	Washington	MD	4,135	-	-	-	4,135	-	4135
			334,192	50,294	54,551	104,187	94,341	30,819	
				15%	16%	31%	28%	9%	
Visitors from Area Hotels									
Employees 275			66,181	12,959	15,279	31,061	6,883		
			400,374	63,253	69,830	125,402	111,070	30,819	
				16%	17%	31%	28%	8%	

As illustrated in Figure 8, many of Gettysburg's hotels are located in town. These hotels contain about half the rooms located in the area. Patrons of these hotels, if they go to the casino as forecast by Mason-Dixon, would travel down the Emmitsburg Road to the casino. It is worth noting that the fastest way to get from the visitors' center to the Eisenhower Inn is through town, and not back out to Highway 15. The 5.9 mile trip through town takes 10 minutes, while the 10.5 mile drive via Highway 15 takes 17 minutes. If one was visiting the casino and the battlefield and town, one would drive up the Emmitsburg Road.

Figure 8 Gettysburg Area Hotels



Rural Roads

By claiming that 90% of the traffic arrived from highway 15, TRG and Mason-Dixon masked the impact that this casino will have on the small rural roads in the region and circumvented PennDOT's March 19, 2010, request to describe the potential impact of traffic on all intersections projected to generate 100 or more new trips during the peak hour.⁵⁴

M-D should have done a more thorough analysis of traffic along the Emmittsburg road. The TIS predicts:

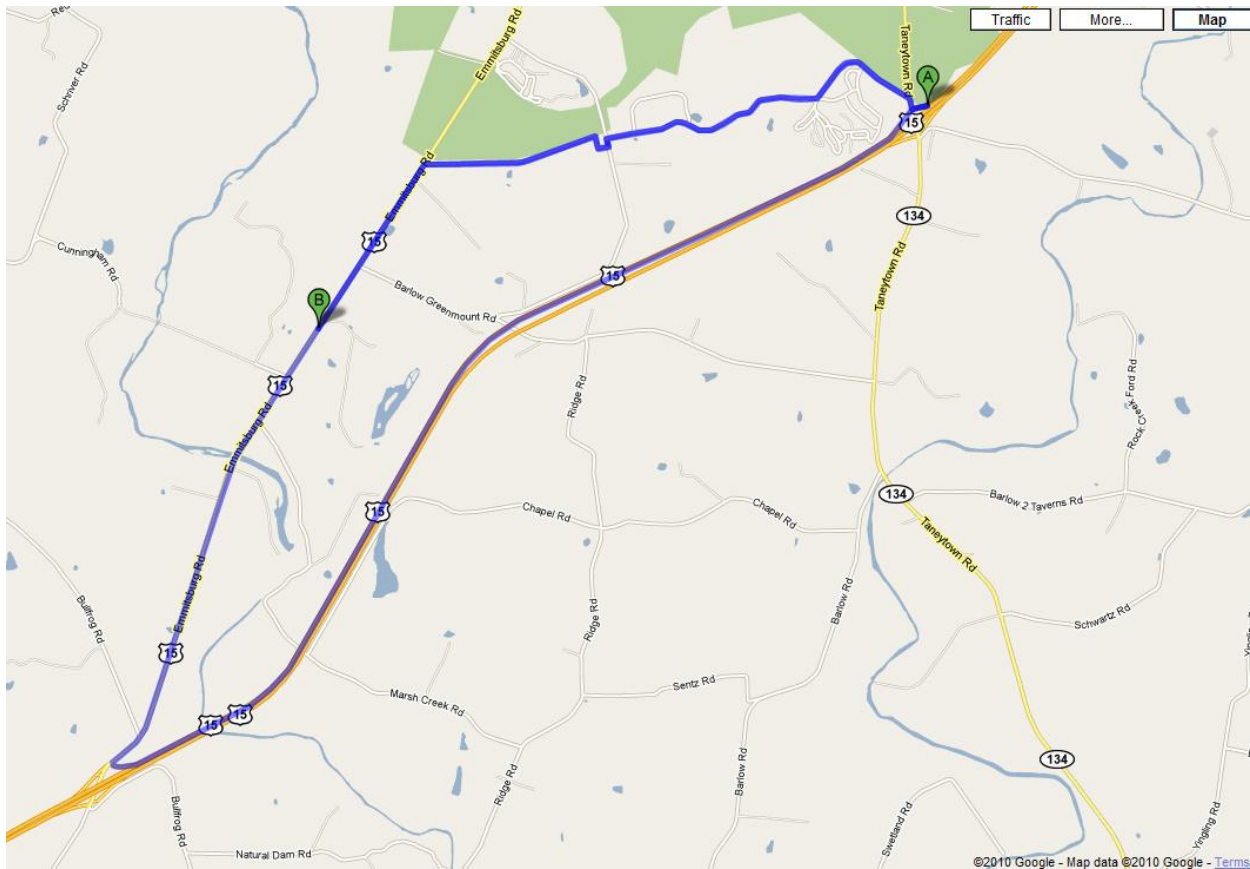
The proposed Mason-Dixon Resorts and Casino is anticipated to generate an estimated 354 new trips during the typical weekday PM peak hour, 414 new trips during the Friday PM peak hour and 468 new trips during the Saturday peak hour.⁵⁵

⁵⁴ Tucker Ferguson District Executive PennDOT, to Daniel J. Thornton TRG, March 19, 2010 found Mason-Dixon Category 3 Traffic Study, part 2, page 238, replicated Appendix 5

⁵⁵ Appendix 41 (B) Local Impact Report, Engineering Reports (sic), and Traffic Studies received by the PGCB July 26, 2010, page 32 (TIS page 17)

If 22% of the casino traffic is traveling down the Emmitsburg Road then Saturday Peak Hour will see an additional 102 peak hour trips.

Figure 9 Knight Road vs. Highway 15



The traffic study has not accounted for the potential diversion of traffic over Knight Road. As shown in Figure 9, local casino employees and patrons will understand that they can shorten their trip by using this minor two lane country road. Google maps indicates that from the Taneytown Rd Exit on Highway 15 to the Eisenhower Inn is an 8 minute 6.1 mile drive south on Highway 15 to the Emmitsburg road and then north on that road to the casino. Mapquest provides that this is a 7 minute drive. Alternatively Google Maps provides that traveling over Knight and Ridge Roads from the Taneytown exit is a 3.0 mile 9 minute drive while Mapquest suggests it can be completed in 6 minutes. I did the shorter drive in five minutes while the longer drive took seven minutes. Locals will use this short cut to save time. If 36% of the traffic (12% for which Route 15 to the North is simply a quicker route, and 24% for whom 15 is a minute or two quicker than driving through the Borough) uses this route, then Saturday peak traffic along Knight Road is 168 vehicles, well above the 100 threshold set by PennDOT. This route borders the southern boundary of the GNMP.

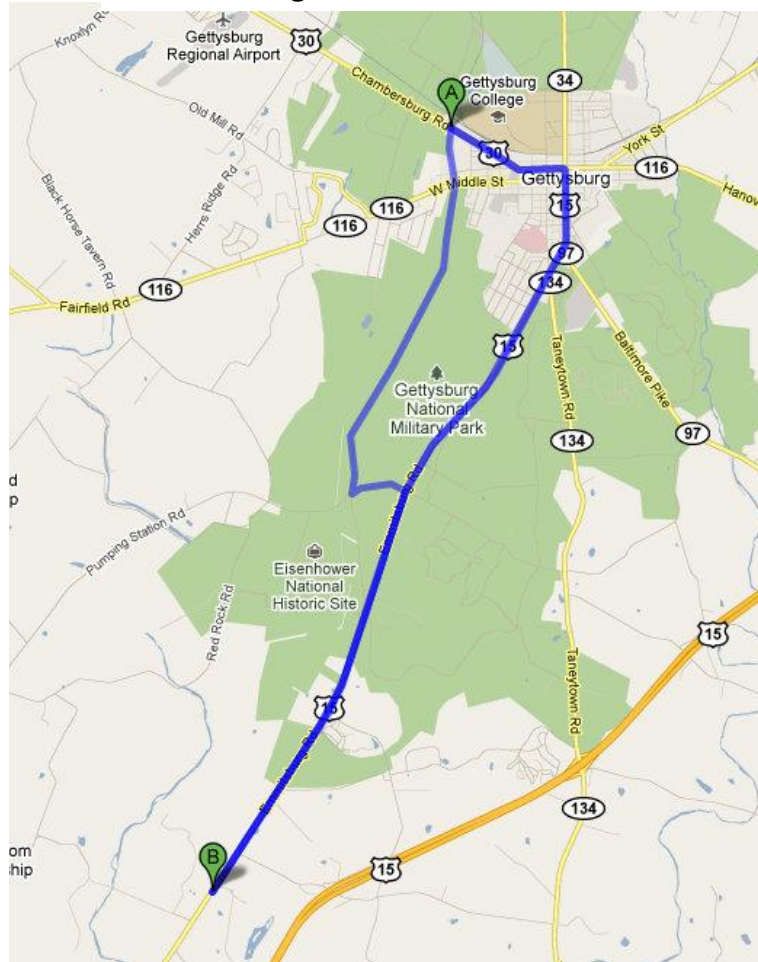
Figure 10 Confederate Ave.

Similarly patrons and employees from the west may detour through the Gettysburg National Military Park and down Confederate Avenue to access the casino. Patrons and employees from Orrtanna, Fayetteville, Mont Alto, Chambersburg, Pleasant Hall, St. Thomas, and Orrstown, along with Gettysburg zip code residents 17325 living on the west side of town may all find this route convenient. In total upwards of 65,000 patrons or 178 a day may use this route.

From Route 30 through the center of town and to the proposed casino is a 6.0 mile 10 minute drive according to Google and a 13 minute drive according to Mapquest. Using Confederate Avenue reduces the distance to 5.1 miles, and requires 12 minutes according to Google and 11 minutes according to Mapquest.

According to Google, going through the center of town saves two minutes while Mapquest says two minutes can be saved traveling down Confederate Avenue. This driver accomplished both in about 11 minutes. Depending upon traffic and speed, avoiding the center of town with its lights and stop signs can save significant time. On the return, because Confederate Avenue is one way, patrons and employees will have to drive north up the Emmittsburg Road. The addition of thousands of through commercial traffic to Confederate Avenue would harm the park.

PennDOT should request Mason-Dixon redo its study based on Mason-Dixon's projected patronage with a careful examination of the impact on roads through the borough of Gettysburg as well as an examination of rural roads such as Knight and Ridge and park roads such as Confederate Avenue.



The September 15, version of this report was provided to PennDOT. In discussions with PennDOT, PennDOT expressed gratitude for the information and said they discussed with the PGCB the appropriate way to handle it. At the current time, since Mason-Dixon does not have a Category 3 license and therefore has not requested a highway occupancy permit, PennDOT will simply "review the report and include it in the project file." Correspondence (excluding a copy of the report which was previously delivered to the PGCB) is attached.

8) Better Options for a Report Casino

Section 1305 of the Gaming Act provides the specific eligibility criteria for a Category 3 license. These include the following: the applicant, its affiliate, intermediary, subsidiary or holding company has not applied for or been approved or issued a Category 1 or 2 license; the applicant seeks to locate the Category 3 licensed facility in a well-established resort hotel having no fewer than 275 guest rooms under common ownership and having substantial year-round recreational guest amenities; a Category 3 license may only be granted upon the express condition that an individual may not enter the gaming area of the licensed facility if the individual is not a registered overnight guest of the established resort hotel or a patron of one or more of the facility's amenities.⁵⁶

Unlike several of the other applicants, the Eisenhower Hotel and Conference Center is not a "well-established resort hotel ... having substantial year-round amenities." In fact it is, in the words of David LeVan, an unsuccessful "aging and struggling hotel" in need of saving. As shown in Table 17 the Eisenhower Hotel and Conference Center is a seasonal hotel charging over 50% more in the summer than the winter. Mr. LeVan proposes to transform the hotel into a resort by adding the single amenity of a casino. During the August 31, 2010, Public Input Hearing, Mr. LeVan testified,

"The Mason-Dixon Resort and Casino is a key to boosting the region's sustainability. The aging and struggling Eisenhower hotel and conference center provides the perfect start. The current space would be transformed into a beautiful naturally rich and rustic world class resort with more than 300 guest rooms, 20,000 square feet of meeting and exposition space, spacious parking, and exciting entertainment facilities. The casino will include 600 of the most state of the art slot machines, fifty popular table games, casual and fine dining restaurants, pools, athletic and entertainment facilities, and other amenities. This is a perfect use of a Category 3 license. The casino wouldn't just be an added perk to an already successful business. The state has a unique opportunity to embrace a real economic development project, by saving a once popular resort, and one hundred local jobs."⁵⁷

Table 17 provides a comparison of the Eisenhower Hotel and Conference Center to Valley Forge which was licensed and the three other current applicants. It is important to note that per my October 26 (revised October 28, 2010 paper, "Mason-Dixon is Unqualified to be a Category 3 Casino," the conversion of the Eisenhower Hotel into a casino entails the elimination of the current amenities. Furthermore the current occupancy of the Eisenhower is about half of that shown in Table 17 as is the number of visitors.

⁵⁶ Adjudication, Application of Valley Forge Convention Center Partners, LP Application for Category 3 Slot Machine License filed March 8, 2009 page 2-3

⁵⁷ Testimony of David M. LeVan August 31, 2010, Category 3 License Public Input Hearing- Mason-Dixon Resorts, LP - Cumberland Township, Adams County - Part 1 of 7 45:00-46:00

Table 17 Category 3 Applicant Comparison

	<u>Eisenhower Hotel and Conference Center</u>	<u>Valley Forge Conference Center</u>	<u>Fernwood Resort</u>	<u>Nemacolin Woodland Resort</u>	<u>Mechanicsburg Holiday Inn</u>
Rooms	307	488	905	335	239
RV Park				√	36
Estimated Room Nights	60,000	160,000	230,000	105,000	60,000
Estimated Occupancy	54%	90%	70%	86%	69%
Annual Visitors	100,000	650,000	420,000	350,000	100,000
Room Rate					
April-Oct	\$120	\$153-\$229	\$100	\$300-400	\$103
Nov-March	\$78	\$130-\$239	\$120	\$300-400	\$99
Fantasy Suites		58			
Inroom Jacuzzi		220			
Acres			440	2000	23
Amenities					
Golf			√	√√	
Minigolf	√		√	√	√
Tennis				√	
Raquet Ball		√			
Skiing				√	
Snow Tubing			√	√	
Indoor Pool	√	√	√	√	√
Outdoor Pool	√		√	√	√
Bumper Boats			√		
Fitness Center		√	√	√	√
Spa		√	√	√	
Paintball			√	√	
Horseback Riding			√	√	
Art Collection				\$45 million	
Car Museum				√	
Airplane Museum				√	
Gun Museum				√	
Zoo				√	
Event Center				√	
Night Club		√			
Retail Shops				14	
Five Star Restaurants				1	
Fine Dining	1	1	1	2	
Casual Dining	1	2	2	12	3
Meeting Space	20,000	116,000	42,000	31,000	16,000
Billiard Room	√				
Arcades	√		√		
Sports Fields	√		√	√	√
Batting Cages	√				
Volleyball	√		√	√	√

Fernwood and Nemacolin offer true Resort Casino options that service primarily out of state patrons. These are not rural locals casinos.

The Pocono region is a well established resort destination. According to Fernwood CEO Andrew Worthington, 26.5 million people live within 100 miles of the region, and the Poconos draw 23.8 million overnight visits a year. Monroe and Pike County possess 7,000 guest rooms, and within a five mile radius of the Fernwood resort there are 38,500 vacation homes. These homes rent to groups of relatively affluent adults and families who enjoy extended vacations in the region. Affluent vacationers flock to the area year round to enjoy the outdoors, golf, spas, shows, and skiing. With 900 rooms, the Fernwood resort serves 425,000 customer visits annually. 84% are out of state: NY, 48%; NJ, 23%; MD, 2%; CT, 2%; other states, 9%. Put simply, the Pocono Region and Fernwood are resort destinations an order of magnitude larger than Gettysburg.⁵⁸

According to the National Park Service, the Delaware Water Gap is the ninth greatest destination amongst the National Parks drawing 5.2 million visitors a year. The same report lists Gettysburg as drawing a million visitors. While we would contend that the vast majority of such tourists have no interest in a casino, if 5% wanted to go to a casino this would represent 50,000 in the case of Gettysburg but 260,000 in the case of Fernwood.

In its 2008 projections for a 500 slot casino, Innovation group estimated that Fernwood would enjoy patronage of 400,000 and produce Gross Gambling Revenues of about \$28 million (\$154 per gaming position and \$70 per attendee). Only a third of this revenue was from local day-trip gamblers, two thirds was from resort attendance. 81% of gaming revenues were new revenues to Pennsylvania not cannibalized. Innovation assumed that Split Rock located 90 minutes away to the northwest along US Interstate 81 would also receive a Category 3 license. Innovation believed that the geographically large Pocono region could easily support three licenses, Mount Airy, Split Rock and Fernwood.⁵⁹

During the September 2, 2010 public input hearing, Steve Snyder of Penn National said that because Penn National would be converting an existing tennis barn into a casino, "Because of its existing infrastructure, the fact that it is there, the current building, it is something that we feel upon selection we could mobilize very quickly, and be open as quickly, in fact more quickly, than any of the other Category 3 applicants."⁶⁰ Mr. Snyder is also working with Mason-Dixon and understands their situation with respect to water and sewer and the need for renovations. Penn National presented that Fernwood could be up and running in 6-9 months from licensure, while Mason-Dixon talked about 2014 operations.

After describing the facility, Steve Snyder went on to present Penn National's projections for the Fernwood Casino based on demographics within 60 miles of the site.

⁵⁸ Fernwood Resort & Casino, Pennsylvania Gaming Control Board Public Input Hearing, September 2, 2010 19 minutes into presentation by Andrew Worthington

⁵⁹ Fernwood Resort & Casino, Pennsylvania Gaming Control Board Suitability Hearing, October 23, 2008

⁶⁰ Fernwood Resort & Casino, Pennsylvania Gaming Control Board Public Input Hearing, September 2, 2010; 30 minutes into presentation Steve Snyder

"We believe, based on decisions in New Jersey, that this facility could easily achieve gaming revenues of \$100 million within five years, as it approaches stabilized operations. This does not take revenues from existing gaming facilities in the commonwealth. It produces revenue from neighboring locations. (In presenting a map of the region Mr. Snyder went on to say) The revenue is strictly from an area 60 miles to the east not to the west because of the existence of existing casinos at Mohegan Sun Pocono Downs and Mount Airy. But we have looked at the ability to penetrate the New Jersey market place and into New York. The challenge will be what will happen in New Jersey. I would not envision, given the current discussions, that New Jersey will build casinos in the northern portion of the state prior to maturity being achieved at Fernwood."⁶¹

Table 18 Fernwood Projections

	<u>Open</u>	<u>Interim</u>	<u>Stable</u>
Patronage	807,830	1,076,750	1,345,755
Win per Position per day			
Slots	308	410	513
Tables	1539	2052	2565
\$ Millions			
Gross Gaming Revenue	64.6	86.1	107.7
State Tax	28.1	37.3	46.6
County/Municipal LSA	2.4	3.2	4.0
Win per attendee	80.0	80.0	80.0

Reaching into New Jersey, Penn National significantly increased Fernwood's revenue projections over the previous projections which were based primarily on existing resort guests. The win per attendee is in line with that predicted by Valley Forge and lower than the \$107 predicted by Mason-Dixon. The win per gaming position is much higher than existing Pennsylvania casinos. It is in line with what the Financial Suitability Task Force found for VFCC. The Task Force projected that VFCC 500 slots would produce \$340/slot/day which was greater than the \$308/slot/day forecast by PKF who had been retained by VFCC.⁶² If the interim win per day was reduced to \$240 per day per slot, which is what Pennsylvania casinos average, Gross Gaming Revenue would be \$53 million. \$240 is used because this is a Resort Casino and not a Locals Casino located in a small rural market as is the case with Mason-Dixon. It is important to note that these revenue projections were based upon 500 slots, 16 table games and 10 poker tables. With room to expand, the win per position could be reduced.

In 2006, The Nemaquin Woodland Resort applied for a 500 slot Category 3 license. A major stumbling block was the requirement that Resort Casino patrons purchase at least \$25 in resort amenities to be

⁶¹ Presentation by Steve Snyder Penn National at Category 3 Public Input Hearing -- Bushkill Group -- Middle Smithfield Township Monroe County Sept 2, 2010 34:00 minutes

⁶² Adjudication, Application of Valley Forge Convention Center Partners, LP Application for Category 3 Slot Machine License filed March 8, 2009 page page 14 & 15

allowed to enter. Despite this barrier, Nemaocolin predicted it would achieve \$34.5 million in revenue with slot win per day of \$189. The PGCB Financial Suitability Task Force estimated that Nemaocolin's 500 slots would achieve \$29.9 million in revenue with \$164 slot win per day. Both estimates took into account the award of a Category 1 license to the existing Washington Meadows racetrack. The Financial Suitability Task Force indicated that it took into consideration competition from the proposed Category 2 Crossroads facility, which the Applicant did not consider.⁶³ The \$29.9 million predicted by the Financial Suitability Task Force was based upon a belief that resort guests had to spend at least \$25 each day they wanted to enter the casino, while Nemaocolin was looking for relief such that guests could obtain greater access for having spent \$25 at the resort.⁶⁴ Unable to obtain relief on the \$25 entry charge, Nemaocolin withdrew its application in November 2006. A year later, the PGCB relaxed its requirements on amenities purchased and lowered the threshold to ten dollars.⁶⁵

Teamed with Isle of Capri which will build, operate and finance the Lady Luck Casino at Nemaocolin, Nemaocolin reapplied. Nemaocolin clearly fulfills the intent of the legislation to add a casino to an existing resort. Located in the Laurel Valley, Nemaocolin is one of the nation's premier resorts drawing patronage from around the nation. 60% of its 350,000 annual guests come from outside Pennsylvania to this five star resort. The cream of the crop from Washington, Maryland, Virginia, Ohio, New York and New Jersey come to this resort. Half the revenue is corporate meetings. Nemaocolin plans a \$50 million dollar upgrade to an existing 71,000 square foot facility to bring in 600 slots and 28 table games. Nemaocolin has not published a revenue number but their Local Impact Report indicates that they forecast revenues of over \$60 million, with approximately \$9.7 million from table games and \$51.9 million from slots. The development of this forecast is shown in Table 19. Revenues per Slot per day are \$237 and per Table Game per day \$950. During his presentation on September 9, 2010, Jeff Nobers of Nemaocolin claimed its Gross Gambling Revenues would be \$67.8 million. No explanation was given for this forecast.

Nemaocolin claims 97% of this revenue is new gambling revenue for Pennsylvania, and that only 3% is cannibalized from existing Pennsylvania Casinos. According to the applicant, Nemaocolin will attract 350,000 new visitors to the Laurel region with 30,000 of them staying overnight at the resort. According to the applicant, the resort is located 71 minutes from the Meadows in Washington PA (Google calculates the drive as 76 minutes.) As presented by the applicant, whereas Midwest communities have 63-90 gaming positions per 10,000 adults, the addition of Nemaocolin would bring Southwest PA to only 41. Nemaocolin accepts that it cannot compete for customers who live north and west closer to the Meadows and is targeting wealthy resort visitors, regional tourists, and locals to the south and east.⁶⁶

⁶³ Pennsylvania Gaming Control Board Report of the Financial Suitability Task Force for Category 3 Applicants Woodlands Fayette LLC. 2006

⁶⁴ Pennsylvania Gaming Control Board Suitability Hearing, in Re: Woodlands Fayette, October 25, 2006, page 66-69,

⁶⁵ Mike Wereschagin, "Nemaocolin Studies New Bud for Slots at Resort," *The Tribune Review*, April 22, 2009

⁶⁶ Nemaocolin Resort & Casino, Pennsylvania Gaming Control Board Public Input Hearing, September 8, 2010

Table 19 Nemaocolin Projections

<u>2012 Nemaocolin</u>				<u>Tables</u>	<u>Slots</u>	
State Gaming Fund & Property tax Relief	17,639,857	34%			51,881,932	
Fayette County	1,231,819					
Wharton Township	1,231,819					
Economic Development Fund	2,594,097	5%			51,881,940	
General Revenue Fund	1,359,260	14%	9,709,000			
Total Revenue						61,590,940
Units				28	600	
Revenue per Unit per day				\$ 950	\$ 237	

In its prior application the PGCB Financial Suitability Task Force projected \$30 million for Nemaocolin. The addition of table games and reduction of entry fees should allow them to do better.

Mechanicsburg offers a stronger suburban urban market for a casino than Mason-Dixon. While some of their revenue would be cannibalized from Grantville, Mechanicsburg would expand gambling on the west side of the Susquehanna by offering a more convenient venue to Mechanicsburg residents as well as those in Carlisle, Shippensburg, Chambersburg and York. About 30,000 adults live within 15 minutes of Mason Dixon, but almost five times as many live that close to Mechanicsburg. The applicant presented a plan that entailed almost \$90 million in revenue. Much of this would come from the west bank of the Susquehanna as adults increase their participation and frequency due to a more convenient location. Even if half of this revenue was cannibalized, Mechanicsburg as a locals casino located in a suburban urban market would vastly exceed what could be done in rural Adams County.

9) Conclusion

Mason-Dixon is neither a resort nor an urban suburban casino. It will generate about 377,864, or half the predicted attendance and \$26.5 million in gross gambling revenue or 30% of Mason-Dixon's forecast. Most of its potential patrons will go to Penn National casinos in Grantville and Charles Town. 55% of the revenue will come from Adams County residents or existing tourists. The displacement of these funds will have a negative impact on local businesses. Pennsylvania has better alternatives. Although other applicants no doubt presented their best case for revenues, they at least presented it. As noted before, Mason-Dixon failed to present its market forecast during the public hearings.

Table 20 compares the four options. Undoubtedly, all of the applicants put forward optimistic scenarios. By far the most optimistic was Mason-Dixon, whose forecast none wanted to utter or defend.

⁶⁷ Local Impact Report, Nemaocolin Woodlands Resort & Spa, March 31, 2010, Page 2, Page 2 reported Slot Machine and Gaming Tax Revenue. Revenues were developed by applying the statutory tax rates to these items. Nemaocolin Resort & Casino, Pennsylvania Gaming Control Board Public Input Hearing, September 8, 2010

Although Mason-Dixon talked of tapping into the Maryland market, two thirds of its patrons are locals. The best chance to tap into out of state gamblers is with the resorts in Fernwood and Nemacolin.

Table 20 PGCB Options

<u>GGR \$ millions</u>	<u>Applicant</u>	<u>Realistic New Revenue</u>	<u>% Out of State</u>			
Mason-Dixon	\$ 83.1	\$ 26.5	33%	Rural region surrounded by casinos		
Fernwood	\$ 86.1	\$ 53.0	81%	Resort tapping into New Jersey		
Nemacolin	\$ 61.6	\$ 57.3	70%	5 Star Resort		
Mechanicsburg	\$ 89.8	\$ 44.9	nil	Suburban Casino enhancing participation and frequency		

At the Mason-Dixon Public Input Hearing on August 31, 2010, 18 community groups and 90 individuals spoke against the casino. Nine community groups and about three dozen individuals spoke for it, and approximately 90 others granted their proxies to procasino speakers. Fernwood had virtually unanimous support at its public input hearing. Nemacolin had the same from local residents and politicians. Opposition to Nemacolin came from the Meadows Las Vegas based casino owner Bill Paulos, and his allies who want to monopolize the market. It is hard to imagine that a significant portion of Nemacolin's wealthy resort guests want to take an hour drive to go to the Meadows. Mechanicsburg faced more opposition but it still fell well short of the controversy in Gettysburg. While there was support for a casino in all four locations, opposition was an order of magnitude greater in Gettysburg compared to any of the other locations.

Pennsylvania and the PGCB have more attractive and less contentious options than Gettysburg for a Resort Casino.

However, even if Gettysburg were the only applicant, would Pennsylvania actually consider placing a casino in this town to extract ten million in gaming taxes in a program that is raising a billion dollars? Would it rebrand Gettysburg for 1% more? Is that the legacy you wish to leave?

Appendix 1 Zip Codes

ZIP Code	County	State	Town	Average Time to Casino from Zip Code						M-D Territory	Adjustments			Adjusted Territory	
				2000 Pop	Mason Dixon	Charles Town	Grant: ville	Balti- more	Distance		Disadv	Challenged			
17325	Adams	PA	Gettysburg	25,112	11	72.5	63.5	more	30	30-60			30	30-60	
17320	Adams	PA	Fairfield	6,975	18	68.5	81.5		25,112				25,112		
17340	Adams	PA	Littlestown	9,822	25	77.5	76		6,975				6,975		
17372	Adams	PA	York Springs	3,373	27	83.5	49		9,822				9,822		
17350	Adams	PA	New Oxford	12,111	27	83.5	64.5		3,373				3,373		
17353	Adams	PA	Orrtanna	3,154	27	84.5	81		12,111				12,111		
17344	Adams	PA	McSherrystown	3,311	29	86.5	75		3,154				3,154		
17304	Adams	PA	Aspers	3,212	30	90.5	61.5		3,311				3,311		
17307	Adams	PA	Biglerville	5,422	35	94	73		3,212				3,212		
17316	Adams	PA	East Berlin	7,262	35	92	59.5		5,422	(5,422)				5,422	
17301	Adams/York	PA	Abbotstown	3,396	31	88.5	66		7,262	(7,262)				7,262	
									-	-			-	3,396	
									79,754	(12,684)				67,070	16,080
17301	Adams/York	PA	Abbotstown	3,396	31	88.5	66		3,396	(3,396)					
17331	York	PA	Hanover	44,039	36		74.5							44,039	
17019	York	PA	Dillsburg	15,404	37		43							15,404	
17364	York	PA	Thomasville	2,897	40		63.5							2,897	
17365	York	PA	Wellsville	2,403	46		51							2,403	
17408	York	PA	West York	20,107	47		56.5							20,107	
17329	York	PA	Glenville	2,071	48		79							2,071	
17362	York	PA	Spring Grove	12,650	49		67.5							12,650	
17315	York	PA	Dover	22,664	55		51.5							22,664	
17401	York	PA	York	17,307	55		51.5							17,307	
17404	York	PA	York	28,253	55		47.5							28,253	
17360	York	PA	Seven Valleys	4,801	58		65	61							
17403	York	PA	York	35,979	60		55								
									-	-			-	-	
									35,979	(35,979)					
									203,774	(104,203)				81,764	
17324	Cumberland	PA	Gardners	4,297	36		56							4,297	
17007	Cumberland	PA	Boiling Springs	5,114	45	102	45						(5,114)		
17065	Cumberland	PA	Mt Holly	3,714	45	102	50.5							3,714	
17257	Cumberland	PA	Shippensburg	23,164	53	82.5	57							23,164	
17266	Cumberland	PA	Walnut Bottom	490	56	85.5	56.5							490	
17015	Cumberland	PA	Carlisle	20,722	52		41							20,722	
17013	Cumberland	PA	Carlisle	31,272	56	106	43							31,272	
17241	Cumberland	PA	Newville	11,708	68	97.5	56							11,708	
17055	Cumberland	PA	Mechanicsburg	32,764	44		32.5								
									-	-			-	-	
									100,481	(11,708)					
									57,108	(27,368)				4,297	

Appendix 1 Zip Codes Continued

ZIP Code	County	State	Town	2000 Pop	Average Time to Casino from Zip Code				M-D Territory		Adjustments		Adjusted Territory	
					Mason Dixon	Charles Town	Grantville	Baltimore	30	30-60	Disadv	Challenged	30	30-60
17214	Franklin	PA	Blue Ridge Sum	984	22	67.5			984			984		
17222	Franklin	PA	Fayetteville	8,972	35	78			8,972	(8,972)			8,972	
17268	Franklin	PA	Waynesboro	26,823	36	69			26,823	(26,823)			26,823	
17237	Franklin	PA	Mont Alto	1,122	43								1,122	
17202	Franklin	PA	Chambersburg	NA	49	67				NA			-	
17201	Franklin	PA	Chambersburg	48,244	50	76.5			48,244				48,244	
17225	Franklin	PA	Greencastle	16,222	52	62			16,222	(16,222)			-	
17246	Franklin	PA	Pleasant Hall	13	56	86.5			13				13	
17252	Franklin	PA	St Thomas	3,433	57	82.5			3,433				3,433	
17244	Franklin	PA	Orrstown	2,590	57	88.5			-	-			2,590	
									36,779	(35,795)			984	
									71,624	(16,222)			91,197	
21787	Carroll	MD	Taneytown	8,981	22			63	8,981				8,981	
21757	Carroll	MD	Keymar	3,153	27			71	3,153				3,153	
21158	Carroll	MD	Westminster	18,443	37			53		18,443			18,443	
21157	Carroll	MD	Westminster	34,661	40			44						
21776	Carroll	MD	New Windsor	5,864	43			59		5,864			5,864	
21102	Carroll	MD	Manchester	9,329	56			57						
									12,134	(24,307)			12,134	
									24,307				24,307	
21727	Frederick	MD	Emmitsburg	5,649	10	57			5,649				5,649	
21778	Frederick	MD	Rocky Ridge	937	19	57			937				937	
21788	Frederick	MD	Thurmont	10,755	20	49.5			10,755				10,755	
21798	Frederick	MD	Woodsboro	1,888	32	48.5			1,888	(1,888)			1,888	
21702	Frederick	MD	Frederick	30,983	35	40			30,983	(30,983)				
21793	Frederick	MD	Walkersville	9,414	35	40			9,414	(9,414)				
21701	Frederick	MD	Frederick	32,042	38	39.5				32,042	(32,042)			
21791	Frederick	MD	Union Bridge	5,314	39	61				5,314			5,314	
21773	Frederick	MD	Myersville	4,830	45	44								
21770	Frederick	MD	Monrovia	5,375	52	47.5								
21767	Frederick	MD	Maugansville	1,057	52	51								
									59,626	(42,285)			17,341	
									37,356	(72,439)			7,202	

Appendix 2 Drive Time By Route

ZIP Code	County	State	Town	Traffic Coming From																
				Google					Map Quest					Average						
				15 North	15 South	Emmits N	B-G	Emmits S	15 North	15 South	Emmits N	B-G	Emmits S	15 North	15 South	Emmits N	B-G	Emmits S		
17325	Adams	PA	Gettysburg	16		11				17					16.5					11.5
17320	Adams	PA	Fairfield		19						16								17.5	
17340	Adams	PA	Littlestown	26					20						23.0					27.0
17372	Adams	PA	York Springs	25		26			25					28	26.5					28.0
17350	Adams	PA	New Oxford	27		28			26					28	26.5					27.0
17353	Adams	PA	Orrtanna	37		27			32					27	34.5					27.0
17344	Adams	PA	McSherrystown	28					29						28.5					29.5
17304	Adams	PA	Aspers	31		30			39					29	35.0					34.5
17307	Adams	PA	Biglerville	46		40			31					29	38.5					36.5
17316	Adams	PA	East Berlin	37		37			33					36	35.0					31.0
17301	Adams/York	PA	Abbotstown	30		30			32					32	31.0					31.0
17301	Adams/York	PA	Abbotstown																	
17331	York	PA	Hanover	36											36.0					37.0
17019	York	PA	Dillsburg	36		36			36					38	36.0					38.5
17364	York	PA	Thomasville	38		39			35					38	36.5					45.5
17365	York	PA	Wellsville	46		46			46					45	44.5					47.0
17408	York	PA	West York	45		46			46					48	45.5					47.0
17329	York	PA	Glenville	45					49						47.0					52.5
17362	York	PA	Spring Grove	48		53			50					52	49.0					54.0
17315	York	PA	Dover	55		55			50					53	52.5					54.5
17401	York	PA	York	51		52			56					57	53.5					55.5
17404	York	PA	York	57		57			52					54	54.5					59.0
17360	York	PA	Seven Valleys	60		59			57					59	58.5					62.0
17403	York	PA	York	59		61			61					63	60.0					62.0
17324	Cumberland	PA	Gardners	38		34			39					38	38.5					36.0
17007	Cumberland	PA	Boiling Springs	45		46			43					46	44.0					46.0
17065	Cumberland	PA	Mt Holly	47		48			41					47	44.0					47.5
17257	Cumberland	PA	Shippensburg	55		49			49					53	56.0					51.0
17266	Cumberland	PA	Walnut Bottom	61		54			57					56	59.0					55.0
17015	Cumberland	PA	Carlisle	53		53			51					54	52.0					53.5
17013	Cumberland	PA	Carlisle	57		57			52					55	54.5					56.0
17241	Cumberland	PA	Newville	70		70			65					69	67.5					69.5
17055	Cumberland	PA	Mechanicsburg	40		41			42					45	41.0					43.0

Appendix 2 Drive Time By Route continued

		Traffic Coming From													
		Google						Map Quest						Average	
		15 North	15 South	Emmits N	B-G	Emmits S	15 North	15 South	Emmits N	B-G	Emmits S	15 North	15 South	Emmits N	B-G
17214	Franklin	PA	Blue Ridge Sum	24	31	28	45	20	37	21	41.5	22.0	34.0	24.5	
17222	Franklin	PA	Fayetteville	38	31	31	45	20	37	21	41.5	22.0	34.0	24.5	
17268	Franklin	PA	Waynesboro	38	31	31	45	20	37	21	41.5	22.0	34.0	24.5	
17237	Franklin	PA	Mont Alto	48	47	42	47	47	43		47.5	47.0	42.5		
17202	Franklin	PA	Chambersburg	54	48	48	49	45	45		51.5	46.5	46.5		
17201	Franklin	PA	Chambersburg	59	53	53	51	47	47		55.0	50.0	50.0		
17225	Franklin	PA	Greencastle	55	55	55	61	56	56		61.5	53.5	53.5		
17246	Franklin	PA	Pleasant Hall	62	56	56	61	57	57		62.0	55.5	55.5		
17252	Franklin	PA	St Thomas	63	56	56	61	57	57		62.0	56.5	56.5		
17244	Franklin	PA	Orrstown	63	56	56	61	57	57		62.0	56.5	56.5		
21787	Carroll	MD	Taneytown	25	28	28	20	20	20		22.5	24.0	24.0		
21757	Carroll	MD	Keymar	31	31	31	25	25	25		28.0	28.0	28.0		
21158	Carroll	MD	Westminster	36	39	39	38	37	37		37.0	38.0	38.0		
21157	Carroll	MD	Westminster	42	45	45	40	40	40		41.0	42.5	42.5		
21776	Carroll	MD	New Windsor	43	45	45	42	41	41		42.5	43.0	43.0		
21102	Carroll	MD	Manchester	57	57	57	54	54	54		55.5	55.5	55.5		
21727	Frederick	MD	Emmitsburg	10	14	14	9	9	9	10	9.5	12.0	12.0		
21778	Frederick	MD	Rocky Ridge	18	23	23	19	19	19	20	18.5	21.5	21.5		
21788	Frederick	MD	Thurmont	22	24	24	19	19	19	20	20.5	22.0	22.0		
21798	Frederick	MD	Woodsboro	32	38	38	31	31	31	32	31.5	35.0	35.0		
21702	Frederick	MD	Frederick	33	38	38	36	36	36	37	34.5	37.5	37.5		
21793	Frederick	MD	Walkersville	36	41	41	33	33	33	34	34.5	37.5	37.5		
21701	Frederick	MD	Frederick	40	45	45	35	35	35	36	37.5	40.5	40.5		
21791	Frederick	MD	Union Bridge	40	43	43	38	38	38	38	39.0	40.5	40.5		
21773	Frederick	MD	Myersville	44	50	50	45	45	45	46	44.5	48.0	48.0		
21770	Frederick	MD	Monrovia	51	56	56	52	52	52	53	51.5	54.5	54.5		
21767	Frederick	MD	Maugansville	54	59	59	50	50	50	51	52.0	55.0	55.0		
21780	Washington	MD	Sabillasville	25	30	30	25	25	25	26	25.0	28.0	28.0		
21719	Washington	MD	Washington	26	31	31	26	26	26	27	26.0	29.0	29.0		
21783	Washington	MD	Smithsburg	27	32	32	34	34	34	35	30.5	33.5	33.5		
21742	Washington	MD	Hagerstown	44	49	49	45	45	45	46	44.5	47.5	47.5		
21740	Washington	MD	Hagerstown	50	55	55	54	54	54	55	52.0	55.0	55.0		

Appendix 3 Patrons Per Route Mason Dixon Forecast

Mason Dixon Forecast												
Zone 1					Zone 2							
ZIP Code	County	State	Town	2000 Pop	2014 Adult /2000 Pop.	15 North	15 North or Emmitsburg	15 South or B-G	15 South	15 North or Emmitsburg	Emmitsburg North	15 South or B-G
17325	Adams	PA	Gettysburg	25,112	84%			57,138				
17320	Adams	PA	Fairfield	6,975	84%				15,871			
17340	Adams	PA	Littlestown	9,822	84%	22,348						
17372	Adams	PA	York Springs	3,373	84%		7,675					
17350	Adams	PA	New Oxford	12,111	84%		27,557					
17353	Adams	PA	Orrtanna	3,154	84%			7,176				
17344	Adams	PA	McSherrystown	3,311	84%	7,534						
17304	Adams	PA	Aspers	3,212	84%			7,308				
17307	Adams	PA	Biglerville	5,422	84%			12,337				
17316	Adams	PA	East Berlin	7,262	84%		16,524					
17301	Adams/York	PA	Abbotstown	3,396	84%	-						
						29,882	51,755	83,960	15,871			
17301	Adams/York	PA	Abbotstown	3,396	86%	7,903						
17331	York	PA	Hanover	44,039	86%				18,981			
17019	York	PA	Dillsburg	15,404	86%	-				6,639		
17364	York	PA	Thomasville	2,897	86%	-				1,249		
17365	York	PA	Wellsville	2,403	86%	-				1,036		
17408	York	PA	West York	20,107	86%	-				8,666		
17329	York	PA	Glenville	2,071	86%	-			893			
17362	York	PA	Spring Grove	12,650	86%	-				5,452		
17315	York	PA	Dover	22,664	86%	-				9,768		
17401	York	PA	York	17,307	86%	-				7,459		
17404	York	PA	York	28,253	86%	-				12,177		
17403	York	PA	York	35,979	86%	-				15,507		
						7,903		-	19,874	67,954		
17324	Cumberland	PA	Gardners	4,297	80%						1,711	
17007	Cumberland	PA	Boiling Springs	5,114	80%					2,037		
17065	Cumberland	PA	Mt Holly	3,714	80%				1,479			
17257	Cumberland	PA	Shippensburg	23,164	80%						9,226	
17266	Cumberland	PA	Walnut Bottom	490	80%						195	
17015	Cumberland	PA	Carlisle	20,722	80%						8,253	
17013	Cumberland	PA	Carlisle	31,272	80%						12,455	
17241	Cumberland	PA	Newville	11,708	80%				1,479	27,409	4,663	
											11,133	-

Appendix 3 Patrons Per Route Mason Dixon Forecast Continued

Mason Dixon Forecast														
Zone 1					Zone 2									
ZIP Code	County	State	Town	2000 Pop	2014 Adult /2000 Pop.	15 North	15 North or Emmitsburg	Emmitsburg North	15 South or B-G	15 North	15 North or Emmitsburg	Emmitsburg North	15 South	15 South or B-G
17214	Franklin	PA	Blue Ridge Sum	984	89%			21,501	2,358					
17222	Franklin	PA	Fayetteville	8,972	89%									
17268	Franklin	PA	Waynesboro	26,823	89%				64,279					
17237	Franklin	PA	Mont Alto	1,122	89%							498		
17202	Franklin	PA	Chambersburg	NA	89%							21,410		
17201	Franklin	PA	Chambersburg	48,244	89%								7,199	
17225	Franklin	PA	Greencastle	16,222	89%							6		
17246	Franklin	PA	Pleasant Hall	13	89%							1,523		
17252	Franklin	PA	St Thomas	3,433	89%							1,149		
17244	Franklin	PA	Orrstown	2,590	89%			21,501	66,637			24,586	7,199	
21787	Carroll	MD	Taneytown	8,981	85%									
21757	Carroll	MD	Keymar	3,153	85%				7,207		20,530			
21158	Carroll	MD	Westminster	18,443	85%									7,807
21157	Carroll	MD	Westminster	34,661	85%									-
21776	Carroll	MD	New Windsor	5,864	85%				7,207		20,530			2,482
21727	Frederick	MD	Emmitsburg	5,649	90%									10,289
21778	Frederick	MD	Rocky Ridge	937	90%				13,760					
21788	Frederick	MD	Thurmont	10,755	90%				2,282					
21798	Frederick	MD	Woodboro	1,888	90%				26,197					
21702	Frederick	MD	Frederick	30,983	90%				4,599					
21793	Frederick	MD	Walkersville	9,414	90%				75,469					
21701	Frederick	MD	Frederick	32,042	90%				22,931				14,453	
21791	Frederick	MD	Union Bridge	5,314	90%								2,397	
									145,238				16,850	
21780	Washington	MD	Sabillasville	1,604	86%								688	
21719	Washington	MD	Smithsburg	1,583	86%								679	
21783	Washington	MD	Hagerstown	9,644	86%								4,135	
21742	Washington	MD	Hagerstown	23,566	86%								10,104	
21740	Washington	MD	Hagerstown	56,314	86%								24,144	
													39,749	

Appendix 4 Patrons Per Route Adjusted Forecast

ZIP Code	County	State	Town	2000 Pop	2014 Adult /2000 Pop.	Adjusted Forecast										
						Zone 1			Zone 2							
						15 North	15 North or Emmitsburg	Emmitsburg North	15 South	15 South or B-G	Emmitsburg North	15 North or Emmitsburg	15 South	15 South or B-G		
17325	Adams	PA	Gettysburg	25,112	84%	-	-	57,138	-	-	-	-	-	-	-	-
17320	Adams	PA	Fairfield	6,975	84%	-	-	-	15,871	-	-	-	-	-	-	-
17340	Adams	PA	Littlestown	9,822	84%	22,348	-	-	-	-	-	-	-	-	-	-
17372	Adams	PA	York Springs	3,373	84%	-	7,675	-	-	-	-	-	-	-	-	-
17350	Adams	PA	New Oxford	12,111	84%	-	27,557	-	-	-	-	-	-	-	-	-
17353	Adams	PA	Orrtanna	3,154	84%	-	-	7,176	-	-	-	-	-	-	-	-
17344	Adams	PA	McSherrystown	3,311	84%	7,534	-	-	-	-	-	-	-	-	-	-
17304	Adams	PA	Aspers	3,212	84%	-	-	7,308	-	-	-	-	-	-	-	-
17307	Adams	PA	Biglerville	5,422	84%	-	-	-	-	-	-	-	-	-	-	-
17316	Adams	PA	East Berlin	7,262	84%	-	-	-	-	-	-	-	-	-	-	-
17301	Adams/York	PA	Abbotstown	3,396	84%	29,882	35,231	71,623	15,871	-	1,431	3,060	2,285	-	-	-
17301	Adams/York	PA	Abbotstown	3,396	86%	-	-	-	-	-	-	-	-	-	-	-
17331	York	PA	Hanover	44,039	86%	-	-	-	-	-	18,981	-	-	-	-	-
17019	York	PA	Dillsburg	15,404	86%	-	-	-	-	-	-	-	-	-	-	-
17364	York	PA	Thomasville	2,897	86%	-	-	-	-	-	-	1,249	-	-	-	-
17365	York	PA	Wellsville	2,403	86%	-	-	-	-	-	-	-	-	-	-	-
17408	York	PA	West York	20,107	86%	-	-	-	-	-	-	8,666	-	-	-	-
17329	York	PA	Glenville	2,071	86%	-	-	-	-	-	-	893	-	-	-	-
17362	York	PA	Spring Grove	12,650	86%	-	-	-	-	-	-	5,452	-	-	-	-
17315	York	PA	Dover	22,664	86%	-	-	-	-	-	-	-	-	-	-	-
17401	York	PA	York	17,307	86%	-	-	-	-	-	-	-	-	-	-	-
17404	York	PA	York	28,253	86%	-	-	-	-	-	-	-	-	-	-	-
17360	York	PA	Seven Valleys	4,801	86%	-	-	-	-	-	-	-	-	-	-	-
17403	York	PA	York	35,979	86%	-	-	-	-	-	18,981	16,260	-	-	-	-
17324	Cumberland	PA	Gardners	4,297	80%	-	-	-	-	-	-	-	-	-	-	-
17007	Cumberland	PA	Boiling Springs	5,114	80%	-	-	-	-	-	-	-	-	-	1,711	-
17065	Cumberland	PA	Mt Holly	3,714	80%	-	-	-	-	-	-	-	-	-	-	-
17257	Cumberland	PA	Shippensburg	23,164	80%	-	-	-	-	-	-	-	-	-	-	-
17266	Cumberland	PA	Walnut Bottom	490	80%	-	-	-	-	-	-	-	-	-	-	-
17015	Cumberland	PA	Carlisle	20,722	80%	-	-	-	-	-	-	-	-	-	-	-
17013	Cumberland	PA	Carlisle	31,272	80%	-	-	-	-	-	-	-	-	-	-	-
17241	Cumberland	PA	Newville	11,708	80%	-	-	-	-	-	-	-	-	-	-	-
17055	Cumberland	PA	Mechanicsburg	32,764	80%	-	-	-	-	-	-	-	-	-	1,711	-

Appendix 4 Patrons Per Route Adjusted Forecast Continued

ZIP Code	County	State	Town	2000 Pop	2014 Adult /2000 Pop.	Adjusted Forecast													
						Zone 1				Zone 2									
						15 North	15 North or Emmitsburg	Emmitsburg North	15 South or B-G	15 North	15 North or Emmitsburg	Emmitsburg North	15 South or B-G						
17214	Franklin	PA	Blue Ridge Sum	984	89%				2,358										
17222	Franklin	PA	Fayetteville	8,972	89%							3,982							
17268	Franklin	PA	Waynesboro	26,823	89%													11,903	
17237	Franklin	PA	Mont Alto	1,122	89%													498	
17202	Franklin	PA	Chambersburg	NA	89%														
17201	Franklin	PA	Chambersburg	48,244	89%													21,410	
17225	Franklin	PA	Greencastle	16,222	89%														
17246	Franklin	PA	Pleasant Hall	13	89%													6	
17252	Franklin	PA	St Thomas	3,433	89%													1,523	
17244	Franklin	PA	Orrstown	2,590	89%													1,149	
									2,358									28,568	11,903
21787	Carroll	MD	Taneytown	8,981	85%														
21757	Carroll	MD	Keymar	3,153	85%				7,207										
21158	Carroll	MD	Westminster	18,443	85%														7,807
21157	Carroll	MD	Westminster	34,661	85%														
21776	Carroll	MD	New Windsor	5,864	85%														2,482
									7,207										10,289
21727	Frederick	MD	Emmitsburg	5,649	90%														
21778	Frederick	MD	Rocky Ridge	937	90%				13,760										
21788	Frederick	MD	Thurmont	10,755	90%				2,282										
21798	Frederick	MD	Woodsboro	1,888	90%				26,197										852
21702	Frederick	MD	Frederick	30,983	90%														
21793	Frederick	MD	Walkersville	9,414	90%														
21701	Frederick	MD	Frederick	32,042	90%														
21791	Frederick	MD	Union Bridge	5,314	90%														2,397
									42,240										3,249
21780	Washington	MD	Sabillasville	1,604	86%														
21719	Washington	MD		1,583	86%				3,714										
21783	Washington	MD	Smithsburg	9,644	86%				3,665										4,135
21742	Washington	MD	Hagerstown	23,566	86%														
21740	Washington	MD	Hagerstown	56,314	86%														
									7,379										4,135

Appendix 5 PennDOT Letter

OS-2 (10-08)



pennsylvania
DEPARTMENT OF TRANSPORTATION
www.dot.state.pa.us

March 19, 2010

RECEIVED

MAR 24 2010

TRG

Daniel J. Thornton, P. E.
Transportation Resource Group, Inc.
204 North George Street
Suite 110
York, PA 17401-1108

Adams Co.-Cumberland Twp.
Emmitsburg Rd. (SR 3001)/(Bus 15), Seg.: 0080
Mason-Dixon Resort & Casino
Scope of Study

Dear Mr. Thornton:

We have received your letter regarding the locations you have chosen to study for the proposed development at the subject location.

We concur with the locations you have chosen. However, you may need to modify the scope of traffic impact study to include all intersections where the proposed development is projected to generate 100 or more new trips during the peak hour. Scope must include the driveway(s) for possible turn lanes.

If you have any further questions regarding this matter, please contact Eric Kinard of the District Traffic Unit at 717-787-9237.

Very truly yours,

for: Tucker Ferguson, P. E.
District Executive

CHT/sab
(ch0319t)

cc: Office of Planning & Zoning, Cumberland Township

Keith Miller
6 Kendra CT
Ridgefield, CT 06877
203 894 4686
MillerKeithE@sbcglobal.net
September 15, 2010

Tucker Fergusson P.E.
District Executive
Pennsylvania Department of Transportation Engineering District 8-0
2140 Herr Street
Harrisburg, PA 17103-1699

Dear Mr. Fergusson:

I am in possession of your March 19, 2010 letter to Daniel J. Thornton of Transportation Resources Group, Inc., concerning the proposed Mason-Dixon Resort and Casino. Based on this I believe you are the responsible person within PennDOT concerning this review. I spoke with Eric Kinard yesterday, but he has not had an opportunity to return my call. If there is someone on your staff more directly evolved in this matter I would appreciate if you could let me know who that person is, and refer this letter and accompanying information to him/her.

Pages 28-37 of the attached information provides a review of Mason-Dixon's Transportation Impact Study. The study prepared by TRG is flawed because it ignores the specific origination of patrons for the proposed casino in concluding that 88% will arrive using Highway 15 and only 8% will use the Emmitsburg Road. An detailed analysis by zip code of Mason-Dixon's forecast and the origination of Mason-Dixon's patrons and employees shows that 22-46% will arrive via the Emmitsburg Road via the Borough of Gettysburg. Furthermore many patrons and employees will attempt to bypass more substantial roads by using rural roads such as Knight and Ridge or West Confederate Avenue. The impact of this traffic deserves examination.

I would welcome the opportunity to meet with you or your staff. As Mr. Kinard explained PennDOT's work is conducted confidentially. If you have questions, please contact me at 203 894 4686 or MillerKeithE@sbcglobal.net.

Sincerely,

Keith E. Miller

Enclosure: Realistic Mason-Dixon Gettysburg Casino Market Assessment



pennsylvania

DEPARTMENT OF TRANSPORTATION

www.dot.state.pa.us

October 1, 2010

Keith E. Miller
6 Kendra Court
Ridgefield, CT 06877

Adams Co. – Cumberland Twp.
Emmitsburg Rd. (SR 3001)
TIS: Mason-Dixon Resorts & Casino

Dear Mr. Miller:

We have received your assessment report, dated September 15, 2010, regarding the proposed Mason-Dixon Resorts & Casino Project, on Emmitsburg Road (SR 3001) in Cumberland Township, Adams County.

Thank you for providing this additional information on traffic flows in the area of this project. We will review your report and include it in the project file.

We appreciate your concerns regarding the state highway system. Should you require any additional information, please feel free to contact Eric Kinard of the District Traffic Unit at 717-787-9237.

Sincerely,

A handwritten signature in black ink that reads "Jason C. Bewley".

for: Tucker Ferguson, P.E.
District Executive

CHT/sab
(cht0924)

From: Keith Miller
6 Kendra Ct
Ridgefield, CT. 06877
203 894 4686
MillerKeithE@sbcglobal.net

To: Pennsylvania Gaming Control Board
PO Box 69060
Harrisburg, PA 17106-9060

Re: Mason-Dixon is Unqualified to be a Category 3 Casino

Date: October 26, 2010 Revised October 28, 2010 (see page 5 & 9)

Pennsylvania statute requires that a Category 3 casino be placed at a "well-established resort having no fewer than 275 guest rooms under common ownership and having substantial year-round recreational amenities." The Eisenhower Hotel and Conference Center is at best a seasonal, not well-established hotel, offering few amenities beyond convention space. The Eisenhower's 30% occupancy rate falls far below industry standards and even Adams County's norms. The amount of visitors it draws could be satisfied by a 150 room hotel. In fact the Eisenhower is, in the words of David LeVan, an "aging and struggling hotel", "a once popular resort", and an "economic development project" in need of saving. Mr. LeVan's proposal to transform the Allstar events complex into a casino fails the letter, spirit, and intent of the law because it replaces the only amenity which might satisfy the law (as shown below it is not a "substantial" amenity) with a casino. The proposed Mason-Dixon casino is not a resort attracting new visitors to the area but a locals casino which, according to Mason-Dixon's forecasts, will cannibalize 13.5% of competing hotels' businesses. Messrs. LeVan and Lashinger have an option to buy the Eisenhower, but, if they fail to obtain a license, it is doubtful they will execute that option because unlike the other applicants which desire to run a resort with a casino, Messrs. LeVan and Lashinger only want to run a casino.

The Eisenhower Hotel and Conference Center is an economic development project not a well-established year-round resort. During the August 31, 2010, Public Input Hearing, Mr. LeVan testified,

"The Mason-Dixon Resort and Casino is a key to boosting the region's sustainability. The aging and struggling Eisenhower Hotel and Conference center provides the perfect

start. The current space would be transformed into a beautiful naturally rich and rustic world-class resort with more than 300 guest rooms, 20,000 square feet of meeting and exposition space, spacious parking, and exciting entertainment facilities. The casino will include 600 of the most state-of-the-art slot machines, 50 popular table games, casual and fine dining restaurants, pools, athletic and entertainment facilities, and other amenities.

This is a perfect use of a Category 3 license. The casino wouldn't just be an added perk to an already successful business. The state has a unique opportunity to embrace a real economic development project, by saving a once popular resort, and one hundred local jobs."¹

Senate Bill No. 711 provides

§1305 Category 3 slot machine license (a) Eligibility (1) A person may be eligible to apply for a Category 3 slot machine license if the applicant, its affiliate, intermediary, subsidiary or holding company has not applied for or been approved or issued a Category 1 or Category 2 slot machine license and the person is seeking to locate a Category 3 licensed facility in a well-established resort hotel having no fewer than 275 guest rooms under common ownership and having substantial year-round recreational guest amenities.

(e) Definitions.--For the purpose of subsection (a), the following words and phrases shall have the meaning given to them in this subsection:

"Amenities." Any ancillary activities, services or facilities in which a registered guest or the transient public, in return for non-de minimis consideration as defined by board regulation, may participate at a well-established resort hotel, including, but not limited to, sports and recreational activities and facilities such as a golf course or golf driving range, tennis courts or swimming pool; health spa; convention, meeting and banquet facilities; entertainment facilities; and restaurant facilities.

Over and over in their presentations, Mason-Dixon has said that a casino is not simply an added amenity but critical to saving the 100 jobs at the Eisenhower Hotel. At the end of 2009, according to one report, the owners of the Eisenhower Hotel complex requested the assessed value be reduced from \$5,187,943 to \$2,750,000. At the end of 2009, without disclosing the intent to convert the failing hotel into a casino, Mason-Dixon signed an option agreement to purchase the Eisenhower Hotel complex with the executor of the estate that holds title to the complex. On December 14, 2009, certain beneficiaries of the estate sued to have the option agreement voided because the executor had failed to act "in the best interest of the beneficiaries," because the agreed-upon price did not take into consideration "the value of the facility increases by a factor of five when considering its potential as a licensed gaming facility."² These records

¹ Testimony of David M. LeVan August 31, 2010, Category 3 License Public Input Hearing- Mason-Dixon Resorts, LP - Cumberland Township, Adams County - Transcript part 1 page 42-43

² Rick Fulton, "LeVan Land in Legal Limbo," *The Gettysburg Times*, January 11, 2010.

reflect a failing Hotel and Convention center which was bought on the cheap with the intention to convert it into a casino. It is worth asking Mr. LeVan and Mason-Dixon if they will complete their purchase and rejuvenation of the Eisenhower if they do not obtain a license. A "no" answer is simply additional confirmation that the Eisenhower is not a well established resort but a failing operation, that the investors have no interest in saving unless it is to convert it to a casino.

The Eisenhower Hotel is a seasonal hotel with utilization equivalent to a 150 room hotel.

PKF which produced the market forecasts and P&L projections for Mason-Dixon describes the existing Eisenhower Hotel and Conference center as a marginal operation which fails the test of being an established year-round resort of greater than 275 rooms. The Appendix provides some background on some of the issues at the hotel. Occupancy in 2007 and 2008 was 28.3% and 31.5% respectively. Industry standard for a year-round hotel is 70% occupancy.³ 70% is not the benchmark for a successful establishment, simply an average hotel. If the Eisenhower were to enjoy 70% occupancy, it would have had 78,694 occupied rooms per annum. As shown in Table 1, its "Comparative Utilization vs. Ind. Std. Occ. Rate" was 40.4% in 2007 and 45.1% in

Table 1

	<u>Eisenhower</u> <u>Hotel</u>	<u>2007</u>	<u>2008</u>
Rooms	308		
Days	<u>365</u>		
Avail. Number of Rooms Annually	112,420		
Occupancy		28.3%	31.6%
Occupied Rooms		31,798	35,522
Industry Standard Occupancy Rate		<u>70.0%</u>	<u>70.0%</u>
Eisenhower @ Industry Std. Occupancy Rate		78,694	78,694
Comparative Utilization vs. Ind. Std. Occ. Rate		<u>40.4%</u>	<u>45.1%</u>
Rooms Required @ Ind. Std. Occ. Rate to Achieve Eisenhower Occ. Rooms.		124	139
Adams Occupancy Rate		<u>49.0%</u>	<u>53.0%</u>
Eisenhower @ Adams Occupancy Rate		55,086	59,583
Comparative Utilization vs. Adams' Occ. Rate		<u>57.7%</u>	<u>59.6%</u>
Rooms Required @ Adams County Occ. Rate to Achieve Eisenhower Occ. Rooms.		178	184

³ PKF, "The Proposed Mason-Dixon Resort & Casino, Adams County, PA," February 26, 2010, contained in Mason-Dixon Resorts, L.P.'s Revised Memorandum of Evidence in Support of Application for a Category 3, Slot Machine License Pursuant to 58PA Code §441a.7(i). dated October 21, 2010. Pages per PGCB filing PDF are, Part 2 page 18 and 22 , and per PKF memo page numbering pages 16 and 20. Future footnotes will simply be per PKF numbering

2008⁴. A hotel with 124 rooms and industry standard occupancy rates of 70% would achieve the 31,798 occupied rooms obtained by the Eisenhower Hotel in 2007. By falling far short of industry standard occupancy rates for a year-round hotel, the Eisenhower does not qualify as a well-established 275-room year-round resort.

Gettysburg's hotels as described by PKF are predominantly seasonal, and the Eisenhower is no exception. Due to the highly seasonal nature of Adams County hotels, they averaged occupancy of 49% and 53% in 2007 and 2008 respectively.⁵ Even after taking into account Gettysburg's seasonal nature, the Eisenhower's Comparative Utilization vs. Adams' Occ. Rate was 57.7% and 59.6% respectively for 2007 and 2008. The Eisenhower complex is virtually abandoned for much of the year. Using Adams County occupancy rates, a hotel of 178-184 rooms could have achieved the Eisenhower Hotel's 31,798 and 35,522 occupancy in 2007 and 2008. Such a seasonal hotel would still fall far below the threshold for a 275-room well-established resort.



A biker enters Allstar Events Complex During Bike week⁶

The Allstar complex is an underutilized marginal event complex not a "substantial" amenity. The amenity offered at the Eisenhower Hotel and Convention Center is 76,243 square feet of convention space for meetings, events, exhibits, and conventions most of which is in the Allstar Complex. As described in Mason-Dixon's LIR, the Eisenhower has:

⁴ Comparative Utilization vs. Ind. Std. Occ. Rate = Occupied Rooms / Eisenhower @ Industry Std. Occupancy Rate. E.g. for 2007, 31,798/78,694 = 40.4%

⁵ PKF, pages 16 and 20

⁶ Tim Prudente, "Bikers Weigh In On Casino" *The Evening Sun*, Photo by Clare Becker, July 11, 2010.

- 12,420 square feet of meeting space in Eisenhower I with six meeting rooms including a ballroom of approximately 9,800 square feet.
- 15,563 square feet of meeting space in Eisenhower II with 19 meeting rooms, including a ballroom of approximately 9,700 square feet
- The Allstar (Events) Complex of approximately 48,260 square feet currently used for events, exhibits etc.⁷

The majority of this space is located at the Allstar Family Fun & Sports Complex. The Allstar complex offers:

- A 48,000 square foot Indoor Arena
- Arcade Games, Virtual reality games and Redemption Center
- Billiard Room (8 regulation size tables)
- Indoor Soccer Arena
- Indoor and Outdoor Volleyball
- Basketball (Full and Half court available)
- Indoor Kiddie Ball Pit and Slide
- Space Capsule Thrill Ride
- Video Conference Room

And a 30-Acre Outdoor Recreational Area offering seasonal

- 2 Go-Kart Tracks
- 36 Holes of Miniature Golf
- Outdoor Kiddie Playground with battery operated cars
- Horseshoe pits
- 32' x 60' Covered Pavilion with 32'x60' deck tucked in the trees overlooking the lake
- 4 Soccer Sized Fields - Perfect for outdoor games, additional tents, car shows, or flea markets
- Complimentary Parking for over 2,000 vehicles.⁸

PKF describes Gettysburg area hotels as "limited service properties" except for the Eisenhower Hotel "which offers substantial convention group meeting and exhibit space." No hotel offers traditional resort amenities.⁹ With the exception of the convention space, the amenities offered by the Allstar complex are not consistent with the definition of resort described in the statute. They are more consistent with what would be found at a Chuck-E-Cheese outlet for families. A third of the Allstar is an indoor sports field and like a Chuck-E-Cheese the facility markets itself for birthday parties. In fact, the Allstar website is clear in stating that neither it nor the Eisenhower offers resort amenities. If you want golf or skiing, they are not available on site.

⁷ Econsult, "Potential Economic Impacts of Proposed Category 3 Mason-Dixon Resort & Casino," March 2010 page 1

⁸ Allstar Events Complex website, <http://www.allstarpa.com/activities.php>, obtained October 23, 2010

⁹ [PKF page 17](#)



Allstar
Events Complex



[Directions](#)
[Coupons](#)
[Contact us](#)
[Home](#)

● **Birthday Parties**

Expositions & Tradeshows

Activities

Request Information

Photo Album

Group Outings & Picnics

Birthday Parties

Eisenhower Inn & Conference Center

Arcade Party

24 Arcade Tokens
\$5.00 Per Person

Ultimate Party

6 Arcade Tokens
1 Ticket Good for 1 Go-Kart Ride (58" height min. to drive),
18 holes of Miniature Golf, **OR**
1 Capsule Thrill Ride
\$7.00 Per Person

Extreme Party

1 Hour Unlimited Run Pass Good for Go-Karts (58" height min. to drive), Miniature Golf, & Capsule Thrill Ride
\$14.00 per person

Inflatable Party

(For Kids 8 and Under)
1 Hour on the Indoor Moon Bounce
\$50.00 Rental Fee

Additional Information:

- All parties include Special Gift for the Birthday Child.
- Party Table(s) reserved for 2 hours. Extra time available at \$25.00 per hour.
- A \$25.00 non-refundable deposit is required when booking your party.
- Pizza purchase is required to receive Birthday Party pricing.
- No outside food or drink permitted.
- You bring the cake & party supplies.
- Pitchers of soda may be purchased separately.
- Reservations required at least 10 days in advance.
- Go-Karts are seasonal and based on weather conditions.
- The Family Track is used for all go-kart rides.
- Adequate Parental Supervision is required at all parties.







¹⁰ Allstar Events Complex website, <http://www.allstarpa.com/birthday.php>, obtained October 23, 2010



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As an events or convention center the Eisenhower complex is a marginal not a substantial operation. The Allstar complex advertises for Expositions & Tradeshows, Group Outings & Picnics and Birthday Parties. The complex sees most of its use on the weekends. According to its website it has events booked for five of the next 60 days. The upcoming events schedule includes:

November 6 - 7 – The Autumn Gettysburg Civil War Show:

Hundreds of tables with vendor displays of Civil War firearms, uniforms, accouterments, prints, and books. Open to the public, admission charged, free parking.

November 19 - 20 – Ground Breaking Wrestling: Live Pro-Wrestling:

Doors open at 6:30 pm. Bell Time 7:30 pm.

December 11 – Chambersburg Area Kennel Club All-Breeds Dog Show:

Competition in many categories for dogs of all breeds with AKC judges. Over 800 dogs entered with vendors and products available. Open to the public, no admission.¹²

¹¹ Allstar Events Complex website, <http://www.allstarpa.com/eisenhower.php>, obtained October 23, 2010

¹² Allstar Events Complex website, <http://www.allstarpa.com/schedule.php>, obtained October 23, 2010

According to PKF, the events side of the Eisenhower Hotel and Convention Center generated \$489,537 and \$455,748 of revenue in 2007 and 2008.¹³ Convention center rents vary, but a benchmark of about a dime per square foot per day indicates that a fully utilized Allstar complex would generate \$1.8 million in rental revenue alone plus any food, beverage, and other services. Adding a dime a day per foot for the other 27,983 square feet of event space in Eisenhower I and II would add another million dollars in annual event revenue. Averaging \$470,000 a year of event rental indicates that the Eisenhower's 76,243 square feet are running at about 17% utilization.

As with most convention operations, outside catering is not permitted or economically discouraged, and the hotel provides food and beverages for events at the facility. As shown in Table 2, after subtracting an estimate for food and beverage revenue for hotel guests, the Events side of the Eisenhower complex had food, beverage, deli, and event complex revenue of about \$1.4 million dollars per year in 2007 and 2008 associated with events. \$1.6 million is the average revenue of the typical 10,000 square foot Chuck-E-Cheese family fun center and pizzeria or \$160 per square foot.¹⁴ On a per square foot basis the Eisenhower complex is generating about \$18 per square foot or one ninth of what a Chuck-E-Cheese generates. The convention event side of the Eisenhower complex appears to be running at an 11-17% utilization rate and is no more substantial than a Chuck-E-Cheese. This does not satisfy the letter or intent of the law.

Table 2

	2007				2008			
	Total	\$ Per	Estimated	Estimated	Total	\$ Per	Estimated	Estimated
	Reported Revenue	Hotel Guest	Hotel Revenue	Events Revenue	Reported Revenue	Hotel Guest	Hotel Revenue	Events Revenue
Number of Occupied Rooms			31,798				35,522	
Guests per Room			1.75				1.75	
Hotel Guests			55,647				62,164	
Food	\$ 1,705,567	\$15.00	\$ 834,698	\$ 870,870	\$ 1,639,571	\$ 15.00	\$ 932,453	\$ 707,119
Beverage	\$ 288,177	\$ 5.00	\$ 278,233	\$ 9,945	\$ 390,814	\$ 5.00	\$ 310,818	\$ 79,997
Deli	\$ 103,837		\$ -	\$ 103,837	\$ 109,434		\$ -	\$ 109,434
Events	\$ 489,537		\$ -	\$ 489,537	\$ 455,748		\$ -	\$ 455,748
			\$ 1,112,930	\$ 1,474,188			\$ 1,243,270	\$ 1,352,297

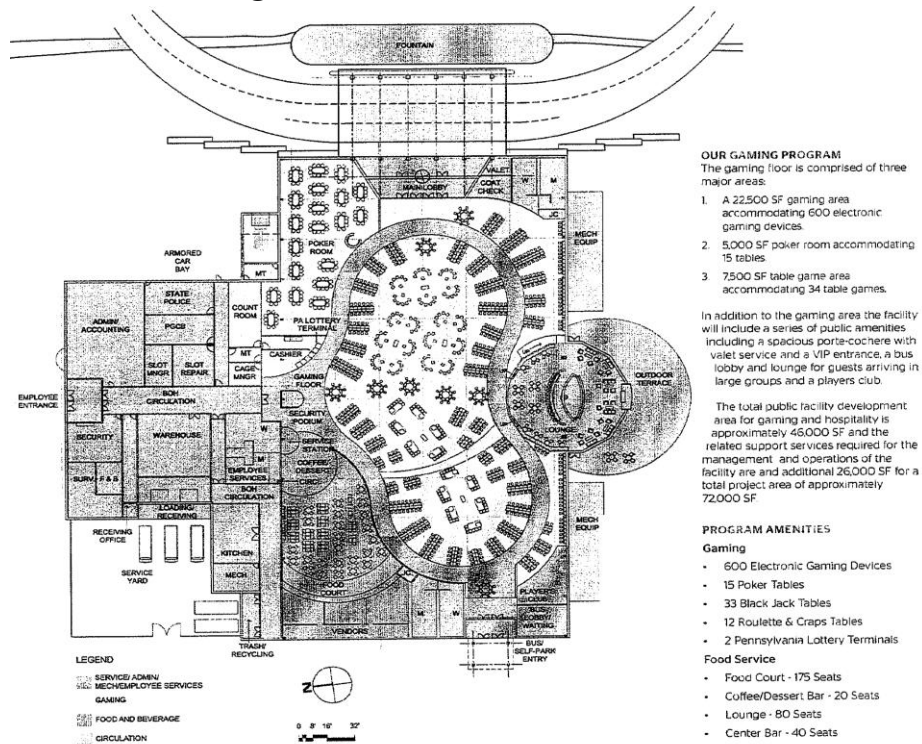
Mason-Dixon plans to eliminate only amenity. Regardless of whether the Events Complex is a "substantial" resort amenity, the plan is to eliminate it and replace it with a casino. PKF explains and Mason-Dixon's plans show, that "The plan is to convert and expand the Events Complex to incorporate 600 slot machines, 50 table games, a food court and lounge." The event

¹³ PKF 20

¹⁴ CEC Entertainment Inc. (Chuck-E-Cheese) 10K, filed February 26, 2010, page 19. Average Annual Sales per Comparable Store 2008 \$1,633,000 and in 2007 \$1,602,000.; Susan Spielberg, "Chuck-E-Cheese's fund-raising sales initiative raises revenues too," *Nation's Restaurant News*, Oct 25, 2004.

complex is gone. As is shown in Figure 3, the amenities within the Allstar complex are replaced with a casino. As shown in Figures 4 and 5 below, the existing Allstar complex, with its associated Go-Kart tracks mini golf, picnic areas and ball fields is converted into a casino, VIP parking, bus parking and overflow parking.¹⁵

Figure 3 Planned Mason-Dixon Casino



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As shown in Figures 6 & 7, PKF projects "Events" revenue post conversion going to zero. The Eisenhower Hotel and Conference Center becomes the Eisenhower Hotel and Casino offering no amenities that fall under the definition of a resort.¹⁷ ~~Although EwingCole has prepared visions for a full development which would include an indoor aqua park and outdoor music amphitheater built on the grounds of the current Devonshire condominiums and apartments, there is no capital budget for this, no revenues reflected in Mason-Dixon's plan, and it has nothing to do with the Eisenhower being an "well-established resort" with "substantial year-round recreational guest amenities." The sketches appear to be so much pie in the sky.~~¹⁸

¹⁵ PKF page 10

¹⁶ Mason-Dixon Resorts, L.P.'s Revised Memorandum of Evidence in Support of Application for a Category 3, Slot Machine License Pursuant to 58PA Code §441a.7(i). dated October 21, 2010 part 1 page 79.

¹⁷ PKF page 20 and 23.

¹⁸ Mason-Dixon Resorts, L.P.'s Revised Memorandum of Evidence in Support of Application for a Category 3, Slot Machine License Pursuant to 58PA Code §441a.7(i). dated October 21, 2010 Part 1 Page 67; [Mason-Dixon denied plans to replace Devonshire with Aqua Park or Amphitheater : Scot Pitzer, "Casino Group plans to keep Devonshier, despite plans". Gettysburg Times, October 26, 2010](#)



Figure 4 Existing Eisenhower Hotel and Allstar Complex

4. Existing Go-Kart Track and miniature golf converted to Gaming VIP Parking & Porte Cochere Entry
5. Existing Allstar Complex Pavilion converted to New Gaming & Entertainment Building
6. Existing Picnic Area converted to Bus Depot & Shuttle Drop Off Area
7. Existing Parking remains Parking
8. Existing Soccer fields converted to Overflow Parking
9. Existing Brownfield Site Reclamation remains a Brownfield Site Reclamation

Figure 5 Proposed Eisenhower Hotel and Mason-Dixon Casino



Figure 6 Historical Operating Results¹⁹

Eisenhower Hotel & Conference Center
Historical Operating Results

	2007				2008			
	Amount	Percent	P.A.R.	P.O.R.	Amount	Percent	P.A.R.	P.O.R.
Number of Units:			308				308	
Number of Months:			12				12	
Number of Annual Rooms Available:			112,420				112,728	
Number of Rooms Occupied:			31,798				35,522	
Annual Occupancy:			28.3%				31.5%	
Average Daily Rate:			\$94.61				\$94.67	
RevPAR:			\$26.76				\$29.83	
Revenues								
Rooms	\$3,008,374	53.6%	\$9,767	\$94.61	\$3,362,797	56.1%	\$10,918	\$94.67
Food	1,706,567	30.4%	5,541	53.67	1,639,671	27.4%	5,324	46.16
Beverage	288,177	5.1%	936	9.06	390,814	6.5%	1,269	11.00
Deli	103,837	1.8%	337	3.27	109,434	1.8%	355	3.08
Events Complex	489,537	8.7%	1,589	15.40	455,748	7.6%	1,480	12.83
Other Operated Departments	16,432	0.3%	53	0.52	35,619	0.6%	116	1.00
Rentals and Other Income	0	0.0%	0	0.00	0	0.0%	0	0.00
Total Revenues	5,612,924	100.0%	18,224	176.52	5,994,083	100.0%	19,461	168.74

Figure 7 Projected Operating Results²⁰

Mason-Dixon Resort & Casino
Projected Operating Results
Calendar Years

	2011		2012		2013	
	Amount	Percent	Amount	Percent	Amount	Percent
Number of Rooms:	308		309		308	
Number of Annual Rooms Available:	112,420		112,728		112,420	
Number of Rooms Occupied:	74,200		81,160		83,190	
Annual Occupancy:	66.0%		72.0%		74.0%	
Average Daily Rate:	\$99.00		\$101.75		\$105.00	
Revenue Per Available Room:	\$65.34		\$73.26		\$77.70	
Win-Per-Position-Per-Day (900 Gaming Positions)	\$247.39		\$261.59		\$276.43	
Revenues						
Rooms	\$7,346,000	7.7%	\$8,258,000	8.1%	\$8,735,000	8.1%
Food	5,089,000	5.3%	5,592,000	5.5%	5,906,000	5.5%
Beverage	1,120,000	1.2%	1,230,000	1.2%	1,299,000	1.2%
Deli	229,000	0.2%	258,000	0.3%	273,000	0.3%
Casino	81,267,000	85.3%	85,933,000	84.7%	90,806,000	84.7%
Other Operated Departments	76,000	0.1%	86,000	0.1%	91,000	0.1%
Rentals and Other Income	103,000	0.1%	106,000	0.1%	109,000	0.1%
Total Revenues	95,230,000	100.0%	101,463,000	100.0%	107,219,000	100.0%

PKF predicts Mason-Dixon will cannibalize area hotel businesses. PKF explains:

To estimate the gaming win from hotel guests in the Gettysburg area, defined by us for this analysis as Adams County, we first conservatively assumed that the number of occupied rooms in Adams County would remain at recent levels of approximately 400,000 room-nights. Multiplying this number by an estimated 1.75 adult guests per occupied room results in an estimated total adult count of 700,000. Dividing this number by an estimated 1.5-night average length-of-stay results in an estimate of 467,000 separate hotel guests for the market. We then conservatively estimated that 20 percent, or roughly 93,300, of the adult guests would visit the Casino during their stay. We finally

¹⁹ PKF page 20

²⁰ PKF page 23

estimated an average win-per-visit of \$120, the same as the per-visit win estimate for the Zone 2 residents.²¹

PKF's methodology for estimating total overnight and Mason-Dixon overnight casino guests is shown in Figure 8 and 9. PKF showed the annual demand for rooms in Adams was 372,847 in 2007; 404,052 in 2008; and 391,380 in 2009.²² Figure 6 shows that 20% of the existing estimated overnight Adams County adult hotel guests will go to a casino. Note the projection of 1.75 adults per room appears high and may not account for any minors as hotel guests in Adams. Given the large number of families that travel to Adams, this seems inappropriate. Further, as noted below, the use of 20% as overnight hotel guests going to a casino appears high given PKF's prior work for Valley Forge, and the experience of locals' casinos across the nation.

Figure 8 Adams County Projected Overnight Casino Guests

"Visitors":	
Occupied rooms (county)	400,000
Adults/Occupied room	<u>1.75</u>
Adult guests	700,000
Length-of-stay (nights)	<u>1.5</u>
Separate guests	466,667
Percent gaming	<u>20.0%</u>
Gaming visitors	<u>93,333</u> ²³

Figure 7 shows Mason-Dixon's estimate for the number of overnight guests at the Mason-Dixon hotel. This reflects 83,191 occupied rooms. The result of the calculation is consistent with PKF's forecast for the Eisenhower Hotel post-casino of 74,200 rooms sold in 2011; 81,160 sold in 2012; 83,190 sold in 2013; and 83,190 sold in 2014.²⁴ As noted earlier, the Eisenhower Hotel sold 31,798 rooms in 2007 and 35,522 rooms in 2008. 83,191 rooms is an increase of 49,531 rooms over the average achieved in the prior two years. These additional rooms come at the expense of Adams' other hotels, as PKF predicts no increase occupancy to county hotels.

Mason-Dixon is planning that existing Adams County hotels will lose approximately 13.5% of their business overnight visits to the casino.²⁵ As shown in Figure 7, PKF predicts that in 2013 the Mason-Dixon Casino will generate almost nine million dollars in hotel room revenue. This is almost six million more than achieved in 2007. This money is lost by Adams' hotels whose seasonal nature would make such loss extremely harmful.²⁶

²¹ PKF page 17-18

²² PKF page 16

²³ PKF page 18

²⁴ PKF page 23

²⁵ $(83,191 \text{ Mason-Dixon Rooms in 2014} - 33,660 \text{ avg. Eisenhower Rooms}) / (400,000 \text{ Adams rooms} - 33,660 \text{ avg. Eisenhower Rooms}) = 13.5\%$

²⁶ PKF page 23

Figure 9 Mason-Dixon Projected Overnight Guests

"Visitors":		
Total gaming "visitors"		93,333
Mason-Dixon guests:		
Occupied rooms	83,191	
Adults/occupied room	<u>1.75</u>	
Adult guest-nights	145,584	
ALOS	<u>2.00</u>	
Separate hotel guests	72,792	
% gaming	<u>90%</u>	
Mason-Dixon separate patrons	43,675	
Visits/stay	<u>1.00</u>	
Mason-Dixon patrons (on site already)	<u>43,675</u>	<u>43,675</u>
Visitors from other hotels (all to the north)		<u>49,658</u>

27

The question of cannibalization is important. PKF clearly states that it considered only existing hotel guests as potential casino patrons. Mason-Dixon's LIR stated,

The estimates for gaming visits by hotel guests (at Mason-Dixon and nearby hotels) are based on existing market occupancy levels, and do not account for any additional hotel room nights generated by the existence of operation of the facility.²⁸

PKF and Econsult also produced the Valley Forge Convention Center's forecast and Local Impact Report. In that LIR, they made the same statement that overnight casino visitors were existing hotel guests. PKF forecast that VFCC would attract 88,000 overnight casino visitors who would lose six million dollars or \$68 per visit.²⁹ According to testimony provided by Mr. Tyson of PKF to the PGCB during the VFCC October 22, 2008 Public Hearing, "Montgomery County alone has 7,300 hotel rooms."³⁰ Montgomery County is not a seasonal hotel market and occupancy rates are around 70%. Applying the methodology used by PKF for Mason-Dixon to Montgomery County would result in an estimated 435,202 adult overnight gaming visits to the VFCC. PKF forecast only 20% of this number -- 88,000 -- which is 4% of the estimated overnight guests for the area. PKF's forecast for Mason-Dixon of 20% participation and \$120 lost per visit is far more optimistic than their previous VFCC forecast. As shown in Table 3, if Mason-Dixon performed as PKF had forecast for VFCC, it

²⁷ "Marketing Study" Mason-Dixon Category 3 Local Impact Report Update to Appendix 41 part 1 page 185,

²⁸ Econsult, "Potential Economic Impacts of Proposed Category 3 Mason-Dixon Resort & Casino," March 2010 page 2

²⁹ Econsult, "Potential Economic Impacts of Proposed Category 3 Entertainment Center Gaming Facility for the Valley Forge Convention Center, June 2007, pages 3, 13

³⁰ Public Hearing, Pennsylvania Gaming Control Board 10/22/2008 page 29-31

would generate only 18,667 overnight gaming visits and \$1.3 million in overnight gambling revenues.

Table 3

	<u>Valley Forge</u>		Mason Dixon at VFCC Percent Gaming
	<u>Mason-Dixon Methodology</u>	<u>PKF Forecast for VFCC</u>	
"Visitors"			
Rooms (County)	7,300	7,300	2159
Occupancy Rate	<u>70%</u>	<u>70%</u>	<u>51%</u>
Occupied Rooms (County)	1,865,150	1,865,150	400,000
Adults/Occupied room	<u>1.75</u>	<u>1.75</u>	<u>1.75</u>
Adult Guests	3,264,013	3,264,013	700,000
Length-of-stay (nights)	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
Separate guests	2,176,008	2,176,008	466,667
Percent Gaming	<u>20.0%</u>	<u>4.0%</u>	<u>4.0%</u>
Gaming Visitors	435,202	88,000	18,667
\$ per visit		<u>\$ 68.18</u>	<u>\$ 68.18</u>
Overnight Adult Gaming Revenue		\$ 6,000,000	\$ 1,272,727

The question of overnight casino guests and gamblers coming from a distance to Gettysburg was a key question during Crossroads Suitability Hearing. During that December 13, 2006 hearing PGCB board members drilled down trying to understand why potential gamblers would bypass Charles Town, Grantville and the then potential, now certain, Maryland casinos. Over and over Mr. Tyson of PKF was queried by Ms. Collins, Mr. Angeli, Mr. Marshall, and Chairman Decker, as to why 60% of the predicted Crossroads business would come from 30-120 minutes away from south of the Pennsylvania border, and why if 60% came from Maryland, DC and Virginia only 17% of the revenue would be lost if Maryland legalized casinos. After several go rounds, the absurdity of Mr. Tyson's forecast was exhibited in an exchange between him and Chairman Decker.

Chairman Decker: Okay. All right. And it's only --- I guess I come back to the question that if --- why would -- the fundable product, Why would people drive 60 miles when they can drive 15 miles?

Mr. Tyson: Well, I think my point was, you know, --.

Chairman Decker: Presuming you ---

Mr. Tyson: Yeah. Seventeen (17) percent of them wouldn't, you know, 17 percent, the equivalent of that win would elect to go to the closer facility. It's just the people in those outer rings and in Washington --- .

Chairman Decker: So they're more energetic in Maryland than they are in Pennsylvania?

Mr. Tyson: They want to go to the bucolic setting in Adams County.

Chairman Decker: That might be the reason, yes.³¹

As discussed in my September 15, 2010 "Realistic Mason-Dixon Gettysburg Casino Market Assessment", Mason-Dixon's locals forecast is too optimistic. But the estimates for overnight revenues are proportionately more optimistic. Virtually all revenue comes from locals and not hotel guests. Whether or not some gamblers are willing to drive an hour when they can go fifteen minutes so they can stay overnight for an expanded resort experience is immaterial in the case of Mason-Dixon. By eliminating the Allstar event complex, the Eisenhower's only "resort amenity," Mason-Dixon is eliminating its "resort" draw and replacing a failing conference center with a marginal locals' casino. The Eisenhower Hotel and Conference does not satisfy the requirements to become a Category 3 Resort Casino.

³¹ Pennsylvania Gaming Control Board, Suitability Hearings in Re: Crossroads Gaming Resort & Spa, December 13, 2006, page 110-112

Addendum

The September 15, 2010 report "Realistic Mason-Dixon Gettysburg Casino Market Assessment" which included questions concerning the traffic impact of the proposed casino was provided to PennDOT. In discussions with PennDOT, PennDOT expressed gratitude for the information and said they discussed with the PGCB the appropriate way to handle it. At the current time, since Mason-Dixon does not have a Category 3 license and therefore has not requested a highway occupancy permit, PennDOT will simply "review the report and include it in the project file." As the report noted, TRG, for unexplained reasons used a different market forecast than Mason-Dixon's with respect to traffic origination. TRG ignored the potential traffic through the borough and down the Emmitsburg road and on park and secondary roads. The impact of such potential traffic requires study. Correspondence (excluding a copy of the report which was previously delivered to the PGCB) is attached.

In the September 15, 2010, report, reference was made to the fact that no one took credit for Mason-Dixon's forecast during the Public Input Hearing on August 31, 2010. Per Mason-Dixon's pre Suitability Hearing memorandum, PKF is now taking credit for the forecast.

PKF was not mentioned in the Local Impact Report that Mason-Dixon released to the community in April 2006. Their name does show up in the LIR included in the PGCB filing. It is worth asking why there is a difference. While PKF has been firm in saying that they did not forecast additional hotel guests due to the casino, Econsult added some for the LIR analysis. Such addition is inconsistent with PKF's forecast for Mason-Dixon, as well as PKF's forecast for VFCC and Econsult's LIR for VFCC. A debate over this issue may have contributed to PKF not being listed in the April released LIR.

PKF forecasts and competitive analysis prepared for Crossroads and Valley Forge invariably show that their clients are the best choices. However the assumptions used are also invariably different. Most striking are the differences between PKF's forecasts for VFCC and Mason-Dixon. PKF described a zone 1 that was within 20 minutes of VFCC and forecast that an estimated 200,000 2009 adults in this zone would make 175,000 visits or 0.85 visits per adult losing \$80 a visit.³² For Mason-Dixon, PKF defined a Zone 1 which encompassed 166,247 adults living within 30 minutes of Mason-Dixon and predicted they would make 448,868 visits (2.7 visits per adult), losing \$44.9 million (\$100 per visit).³³ Applying PKF's VFCC forecast methodology to Mason-Dixon's larger Zone 1 would result in only 143,014 visits and \$11.4 million in revenue. VFCC lacked table games. If table games added 20% to this estimate, the result is still only \$13.7 million in Zone 1 revenue for Mason Dixon or 70% less than predicted. Adams County is not as wealthy as Montgomery. PKF's forecast for Mason-Dixon is unexplainably inconsistent and very optimistic compared to its work for VFCC.

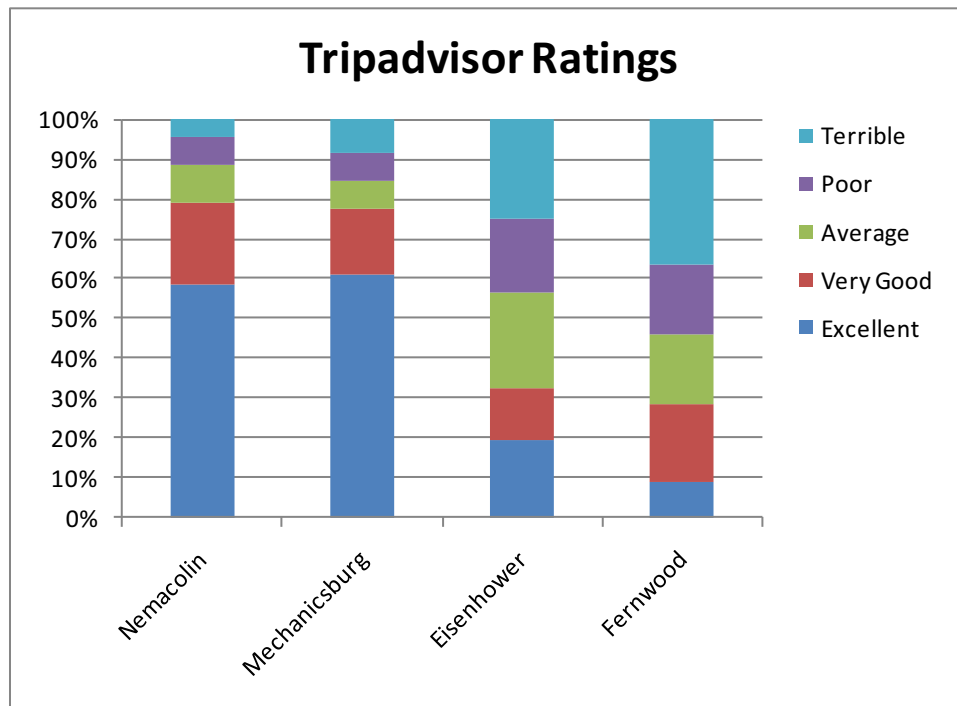
³² Econsult, Potential Local Economic Impacts of the Proposed Category 3 Entertainment Center Gaming Facility for the Valley Forge Convention Center June 2007, page 12-13

³³ PKF page 18

Appendix

Below are the first ten reviews obtained from www.Tripadvisor.com on October 24, 2010. These are recent from September and October 2010, and are reproduced in their entirety. Six guests would recommend the hotel; four would not. Two of the yeses booked through Priceline and were pleased given the price of about \$50 a night; almost all mentioned the hotel was dated or other issues.

Tripadvisor claimed to have 92 reviews for the Eisenhower. 50% of visitors would recommend the Eisenhower 50% would not. 18 listed it as excellent 12 as very good, 22 as average, 17 as poor and 23 as terrible. 81% of the 299 people who reviewed Nemaocolin Woodlands recommended it, 175 rated it excellent, 62 good, 27 average, 21 poor, and 14 terrible. 82% of 161 reviews for the Mechanicsburg Holiday Inn would recommend the facility. 98 rated it excellent, 27 very good, 11 average, 11 poor and 14 terrible. 62% of 176 travelers to Fernwood would not recommend it. 16 found rated it excellent, 34 very good, 31 average, 31 poor and 64 terrible. Perhaps of note, and reflecting relative occupancy levels, the Eisenhower Hotel had the fewest reviews 92, followed by Mechanicsburg 161, Fernwood, 176, and Nemaocolin 299. The Eisenhower had less than a third of the reviews of Nemaocolin. A detailed and scientific study would be needed to truly discern patterns. Those listing Nemaocolin as terrible might be objecting because they paid \$300 for the night and they did not receive the level of service they anticipated, while those praising the Eisenhower may be happy that it cost only \$50 and had no expectation of service.



"Once opulent resort now just a great family experience."

●●●○○

JLHalliday1 9 contributions

MA

Oct 21, 2010 | Trip type: Solo travel

Once again, Priceline to the rescue. If this is the first review of mine that you read, you'll fast come to know Priceline is just about the only way I travel.

Not knowing the area, I won this bid for my typical \$50 and was very pleased at the comfort level of my stay. I met a couple who were stranded with a motorcycle at a HD dealership (traveling with a pet) and for the same room they were being charged \$110 plus a \$30 pet fee! Bottom line; the pics look fantastic, and honestly, in its day, I'm sure it lived up to luxury traveler's expectations; but today it's in dire need of a facelift. Tile in the Jacuzzi and pool area are loose and faded, and the Jacuzzi was only half-filled with temped water. The seating arrangements poolside are wonderful, but again kind of tired and in need of updating. There is a poolside shop that sells anything you may have forgotten while traveling, but it also makes dynamite sandwiches for a reasonable price. I didn't eat at the restaurant because it was pricey and I was afraid I'd be disappointed, but the sandwich was fresh, piled high and with a pickle, kettle chips and an iced tea cost me under \$10 delivered to my table. I couldn't complain.

The room was good sized with comfortable and clean bedding; nicely appointed with all the extras. Interaction with the front desk was very curt and I was situated at an end room towards the back which was quiet and had immediate access to my vehicle. Absolutely ZERO complaints but I am thrilled I did not pay full price.

- **My ratings for this hotel**

- Value
- Rooms
- Location
- Cleanliness
- Service
- Sleep Quality

- **Date of stay** October 2010
- **Visit was for** Leisure
- **Traveled with** Solo Traveler
- **Member since** October 09, 2010
- **Would you recommend this hotel to a friend?** Yes

"Employees are thieves"

●●○○○

jmb12177 1 contribution

Williamsport, Pennsylvania

Oct 16, 2010 | Trip type: Couples

was a nice clean room, guy that checked us in acted like he was in a bad mood, went to dinner and left a \$300 camera there, didn't think we needed, came back and the camera was gone. no one in staff know anything. emailed management, the have not replied after a week. when we were getting ready to check out, was still getting dressed at 9am, and check out was 11 am. house keeping walked in. so when we were not there when the camera disappeared, knowing the doors were both locked, it is obvious where it went.

- **My ratings for this hotel**

- Value
- Rooms
- Location
- Cleanliness
- Service
- Sleep Quality

- **Date of stay** October 2010
- **Visit was for** Leisure
- **Traveled with** With Spouse/Partner
- **Member since** October 16, 2010
- **Would you recommend this hotel to a friend?** No

"Skip it"

••••

turkeyssister 1 contribution

Bayville, New Jersey

Oct 14, 2010 | Trip type: Business, Solo travel

I paid 100 per night to stay in this dumpy hotel. I was in the older section and my room was dirty and smelled. I also killed a few bugs while I was there. I would not recommend this hotel for the price. The older section has wireless access but the newer building doesn't. The only plus is its location to the battlefield.

- **My ratings for this hotel**

- Value
- Rooms
- Location
- Cleanliness
- Service
- Sleep Quality

- **Date of stay** September 2010
- **Visit was for** Leisure
- **Traveled with** Solo Traveler
- **Member since** July 11, 2008
- **Would you recommend this hotel to a friend?** No

"Never Again"

•0000

halfpint1 8 contributions

Woodbine

Oct 11, 2010 | Trip type: Business, Couples

Ok, where to begin. We just checked out after a three day conference and I could not wait to write this review, as I could not do so from the hotel without difficulty.

I should begin with my stay was dictated by the conference, or I would never have remained in the room even for one night, much less three.

This hotel was no doubt "top of the line" in it's day, the problem is that day was 60 years ago. Eisenhower is an apt name for the hotel as it has not changed much since he was our president.

Upon check in , I got my first taste of the un-helpful staff which would remain un-changed throughout my stay. My rate was in excess of \$100.00 per night which I feel should enable me to expect a decent room.

My ground floor Eisenhower I room was adjacent to the enclosed patio / pool area. The hallway leading to my door, from the broken security door at the parking lot was long and dark. Unfortunately it was not dark enough to prevent me from seeing the worn out and much stained carpet on the floor of the hall.

Upon finding my room door, it resembled an antique home entry door, with a recently added electronic lock, my key worked the first time, unlike many of my fellow conference attendee's. The door was "sticky" and required a good push/kick to open and close each time I went in the room. This was apparently due to the water/humidity in the room which I immediately noticed by the SMELL.

This room reeked of old and moldy carpet, bedding and dropped ceiling tiles. The single king bed was covered in a musty and dusty duvet of a maroon color. It came with four pillows approximately the thickness of four sheets of notebook paper. One velveteen blanket of the same thickness. The bed sat on particle board pedestal and had a box spring along with a mattress which was as comfortable as a slab of concrete.

The bathroom contained yellow 50's tile and flat white wall board much stained with a tub/shower whose nozzle could take paint off a Ford Truck. The water temp would scald a dog should it wander near.

The carpet in the room must have been left over from the hallway, as it was worn out and dirty.

As to the "internet" , apparently even though it was promised it was absent, when I asked the front desk, the clerk who was really not interested, told me it was "out, and there was nothing they could do about it" , this remained over the entire three days I was there.

When I used the "business center" (u get a key with on a brass ring the size of a small car tire) to gain access to the internet I found Bill Gates first computer there, along with his original printer (no paper available).

Let me tell you about the maid who doubled as the waitress, buss boy, and pool cleaner, what a life she must have there. The only bright employee works the deli and wishes to write a book about every person she meets, I say this because she enquires about the background of every person she meets.

On another note, we had catered food from the restaurant it was a surprise because it was fairly decent. However the pricing lacked a lot, the cost of a canned soft drink was \$1.50 a bottle soft drink \$2.00 a beer \$5.00. Oh and by the way, do not show up to a conference room early as you will find the doors locked, and be forced to wait in un-air conditioned hallways.

If you have kids there is a large amusement area nearby (on the grounds) that for the most part is closed. There is also a large lake/pond that is home to flocks of traveling Canadians (geese that is).

All in all, I would not recommend staying there to anyone. We were much relieved to put the Eisenhower in the rear view mirror!

- **My ratings for this hotel**

- Value
- Rooms
- Location
- Cleanliness
- Service
- Sleep Quality

- **Date of stay** October 2010
- **Visit was for** Leisure
- **Traveled with** With Spouse/Partner
- **Member since** January 09, 2005
- **Would you recommend this hotel to a friend?** No

"Ok spot for a soccer tournament overnigher"

•••••

123online 13 contributions

Reading, PA

Oct 11, 2010

Hotel is large and spread out over 2 buildings. Lots of room for soccer tournament players (Gettysburg Blast). Pool was small for the number of people there. Deck was slippery. Did not dine in the restaurant. Deli was typical hotel price - more expensive than local but not as expensive as Disney!

Rooms were clean and beds were comfortable. We had a room that slept six, but they only put towels in for 4, so we needed to get additional towels. Small refrigerator was a plus.

When booking, please be sure to call directly too. Sometimes you can get a better price than online.

- **My ratings for this hotel**
 - Value
 - Rooms
 - Location
 - Cleanliness
 - Service
 - Sleep Quality
- **Date of stay** August 2010
- **Visit was for** Leisure
- **Traveled with** Large Group/Tour
- **Member since** April 05, 2004
- **Would you recommend this hotel to a friend?** Yes

"Quaint but needs a few improvements."

••••

luvthebeach18 8 contributions
 East Stroudsburg, Pennsylvania
Oct 10, 2010 | Trip type: Family

We booked for an overnight stay. We thought the grounds were very nice . Our family found it to be adequate and comfortable for our needs. The room was clean except for some construction residue (dust) on the extra vanity sink. The beds were comfortable, bring your own pillow, because their pillows are too thick. The only thing that really upset us, was that we couldn't get wi fi access for our laptop to look up places of interest while we were there. We didn't use the pool, so I can't comment on that. The lobby bathrooms are outdated, but that occurs in a lot of businesses. Also the blowdryer didn't work.

- **My ratings for this hotel**
 - Value
 - Rooms
 - Location
 - Cleanliness
 - Service
 - Sleep Quality
- **Date of stay** October 2010
- **Visit was for** Leisure
- **Traveled with** Family with Teenagers
- **Member since** March 08, 2005
- **Would you recommend this hotel to a friend?** Yes

"Beware of this hotels business practices!"

●●○○○

TravelGirlMar 2 contributions

Pelham, Canada

Oct 4, 2010 | Trip type: Business, Friends getaway

We were booked at this hotel because of a dog show. I was a bit worried about staying here after reading all the reviews.

When we checked in it was obvious that the previous reviews about poor serviced were right on. The desk clerk was curt and treated us like we were lucky to have her attention at all.

She also left us standing there mid-sentence as she answered the phone.

The room was not as bad as we expected. We had room 214 in Eisenhower 1 and the room was clean and did not smell bad. We also had concerns about bed bugs from previous reviews but did not have a problem during our stay.

The restaurant was very basic and the food was expensive and mediocre. I would recommend going to one of the many very good restaurants in the area. We had wonderful service and food at both the Dobbin House (Tavern) and the Pike.

The indoor pool area had the potential to be very nice. However, it was dirty, the whirlpool had clumps of dirt, sand, hair, who knows what in all the corners.

The biggest problem we had with this hotel was that they charged us for 3 extra nights that we were not even at the hotel (over \$340). They refused to remove the charges at checkout, basically saying we were lying to them. Even though I specifically told them not to charge my credit card until it was resolved they did charge my card. I called the accounting department many times when I returned home and all my messages were ignored. Finally when I threatened to call my credit card company and despute the whole charge they did credit me, but not without a fight. I travel often and have never been treated so badly.

Another note, if you are travelling to this hotel for a dog show be aware that the dog show facility is not walking distance from the rooms. You will need to drived over to the show area with the dogs in your vehicle.

We are planning a return trip to Gettysburg. However, we will not be staying at this hotel!

- **My ratings for this hotel**

- Value
- Rooms
- Location
- Cleanliness
- Service
- Sleep Quality

- **Date of stay** September 2010
- **Visit was for** Leisure
- **Traveled with** With Friends
- **Age group** 35-49
- **Member since** October 04, 2010
- **Would you recommend this hotel to a friend?** No

"Great Hotel"

•••••

fleabittencustomer 2 contributions

Youngwood, Pennsylvania

Oct 4, 2010 | Trip type: Family

After all the reviews was a little worried to arrive. After getting there, front desk was very nice. Walked into our rooms and they were very nice, roomy, and cleaned. The hotel was beyond our expectations! We stayed in Eisenhower 2 side and this hotel is beautiful! Even when we walked around in the hotel I saw nothing like everyone else said. I did see a little wall paper, and ceiling tile where water leaked in that needs replaced, but my opinion was I saw a lot worse in hotels and that was minor!!!! NO BED BUGS! The room is very spacious, has a frig and microwave, clean and the best comfortable beds I slept in at Hotel! Water pressure to take shower was great! Maid service was excellent.... The only down fall I had was there was no hotel desk person on that side... But I guess they figure you can call or walk to the other side of the hotel to the main desk?

- **My ratings for this hotel**

- Value
- Rooms
- Location
- Cleanliness
- o Service
- Sleep Quality

- **Date of stay** October 2010
- **Visit was for** Leisure
- **Traveled with** Extended Family
- **Member since** September 22, 2010
- **Would you recommend this hotel to a friend?** Yes

"Charming Hotel in Civil War Country"

•••••

pat58394 4 contributions

Chehalis, Washington

Sep 30, 2010 | Trip type: Business

Rooms were comfortable and the staff friendly. The ballroom was 9000 sq feet and was very comfortable for our 160 attendees. Very close to the battlefields and visitor information center. Everyone worked hard to make our stay a good one.

- **My ratings for this hotel**

- Value
- Rooms
- Location

- Cleanliness
- Service
- Sleep Quality

- **Date of stay** September 2010
- **Visit was for** Business
- **Traveled with** With Colleagues
- **Member since** September 30, 2010
- **Would you recommend this hotel to a friend?** Yes

"Pretty Good"

•••••

RoyMcAvoy 5 contributions

Pennsylvania

Sep 22, 2010 | Trip type: Friends getaway

Based on reviews we had very low expectations but ,overall, we were pleasantly surprised. We booked through pricelines "name yor price" and got the room for \$65. So we fell we got good value for our overnight stay. It was clean but outdated. We asked about the bed bug issue and they said they have taken care of it. Our room had none. The air conditioner did not work but it was cool enough. I would venture outside the hotel for food. If they are not going to care to update the grounds I wonder what's going on with the kitchen.

- **My ratings for this hotel**

- Value
- Rooms
- Location
- Cleanliness
- Service
- Sleep Quality

- **Date of stay** September 2010
- **Visit was for** Leisure
- **Traveled with** With Friends
- **Member since** January 18, 2010
- **Would you recommend this hotel to a friend?** Yes

From: Keith Miller
6 Kendra Ct
Ridgefield, CT. 06877
203 894 4686
MillerKeithE@sbcglobal.net

To: Pennsylvania Gaming Control Board
PO Box 69060
Harrisburg, PA 17106-9060

Date: October 17, 2010

Re: Mason-Dixon, Crossroads, Vicksburg, and Dr. Duarte Morais.

One of the great yarns put forward by Crossroads and Mason-Dixon was that a large proportion of casino gamblers are battlefield tourists. These claims are unsupportable and based on a faulty reading of the literature. Associate Professor of Tourism Dr. Duarte Morais was retained by Crossroads in 2005, and by Mason-Dixon in 2010, to support the casino investors' contention that what was good for the investors was good for Heritage Tourism. Dr. Morais, who has little background in casinos, using research provided by the investors, wrote the report supporting their viewpoint that 15-20% of casino visits would result in tourism visits. As explained below, this is simply unrealistic.

As shown on the next page, in November 2005 Morais claimed limited stakes gambling in historic towns in Colorado and South Dakota authorized to aid historic preservation has had mixed results. Economic growth, increased employment, and tax revenues were offset by problems with traffic, escalating prices, parking, and loss of community identity.¹ Although Morais touches on the negatives he is not as blunt as Long who noted:

¹ Duarte B. Morais, PHD, "Casino Development and Historical Preservation In Gettysburg, PA. November 21, 2005, page 8-9, Exhibit H of Crossroads Local Impact Report

4. Impacts on Historic Preservation

Contrasting with the large body of literature examining the socio-economic impacts of casino development, there has been less empirical work conducted in the cultural impacts of this form of tourism. Nevertheless we can draw some lessons from recent studies conducted on casino development in small historic towns, from a study of visitors to Vicksburg National Park and neighboring casinos, and from comments regarding Native American casino development.

Limited stakes gambling in historic towns in Colorado and South Dakota was authorized with the objective of generating economic revenues necessary for historic preservation (Long 1995). Overall, the towns selected for this form of casino development have registered significant economic growth with fast rises in employment, tax revenues and restoration of previously threatened historic buildings (Colorado Historical Society 2004). However, in some towns there have been significant social, cultural and environmental costs. Namely, many residents complain of traffic, poor parking, loss of community identity and escalating prices of commercial real estate (Ackerman 1996; Long 1995). This balance between economic gains and social costs has not been consistent across all the towns. Namely, Long (1995) reported that Deadwood, South Dakota may be used as a benchmark for future policy. For example, gambling taxes and fees are collected by the city and administered by the Deadwood Historic Preservation Commission. The commission uses the funds for historical restoration, to improve support infrastructure, and to provide grants and low-interest loans to local residents (Ackerman 1996).

The commission uses the funds for historical restoration.

Riverboat gambling contrasts with the limited stakes gambling in mountain towns because riverboats are not as integrated within living communities (Long 1995). Nevertheless, riverboat casinos do co-exist with significant natural and cultural resources/attractions. Indeed, some have argued that "visitors attracted to the [Upper Mississippi River corridor] for gaming, will frequently stay longer to experience other

opportunities, such as touring historic, scenic, or recreation sites” (Black et al. 1999, p. 59). This assertion was confirmed by a study of the profile of visitors to Vicksburg, Mississippi (Southern Travel Data 1999). The research firm reported that among respondents interviewed in local casinos, many reported to also visiting Vicksburg’s historic/cultural attractions. Namely, 17.8% visited the Vicksburg National Military Park 11.1% visited historic homes and 6.7% visited local museums. In addition, several of the respondents visited downtown (13.3%) and shopped in local retail establishments (11.1%). Therefore it is likely that a small but meaningful proportion of gamblers attracted by a possible casino in Gettysburg would visit the National Battlefield Park and patronize other local tourism attractions.

Many visitors reported visiting Vicksburg’s historic attractions.

Lessons for Gettysburg:

- Fees and taxes from gambling should be used to support historic preservation;
- Casino should not shock with the rural landscape idealized for the park – observation tower was removed because it did shock with the landscape;
- Some revenues should be channeled for historic preservation – through a new historic society or through existing preservation groups;
- Approximately 15% to 20% of casino visitors will visit Gettysburg national Battlefield Park and other local attractions bringing economic benefits but creating increased pressures in the infrastructure.

Despite the economic gains derived (mostly to the area and state), it has not been easy for local residents. Shopping outlets for retail and basic supplies have dwindled to the point of scarcity. Today, Central City and Black Hawk have no grocery stores or gasoline station. Local residents from both states feel they have lost their political influence and that the gaming industry now has the ear of politicians. Noise, traffic, congestion and an influx of 'new' gaming tourists have replaced the relative peace and tranquility that once blanketed the towns. Parking, for both residents and visitors has become a major problem. Many residents claim that their community is no longer an ideal place to live and would consider moving. And few residents of these gaming towns recommend that other communities consider legalizing gaming.²

Seven years later, the situation had not improved, and Denise von Herrmann noted in The Big Gamble, the Politics of Lottery and Casino Expansion,

"Gambling in Colorado today bears little resemblance to the original version that began on October 1, 1991. The measure was billed as a way to revitalize the three dying towns by refurbishing their crumbling Victorian buildings into gambling parlors with a period theme. ... Many in deteriorating Central City believe Colorado officials abandoned the gaming amendment's original spirit of historic preservation when big money arrived: 'We have all these buildings that are the core of Colorado history, and they're empty. And they keep building new ones. ... Now it's so far out of hand, all they see is the almighty dollar that it's generating for the state,' according to one local resident."³

Morais's projections for Vicksburg were also problematic. Vicksburg's casinos could have four possible impacts on visitation to the Vicksburg's Heritage Tourism trade.

1. They could be accretive, that is the influx of casino visitation could add Heritage Tourism visits.
2. They could be complementary, that is existing Heritage Tourists could go to the casino extending their visits and adding to Vicksburg's trade.
3. They could cannibalize the Heritage Tourism trade by displacing Heritage Tourism spending into the casino.
4. Cannibalization could result in an atrophy of existing Heritage Tourism businesses causing Heritage Tourism to decline.

² Patrick T. Long, "Casino Gaming in the United States: 1994 status and implications." *Tourism Management*, 1995 Volume 16 Number 3 page 192

³ Dr. Denise von Herrmann, The Big Gamble, the Politics of Lottery and Casino Expansion, Praeger, Westport, CT, 2002 page 43-45

Dr. Morais's claim that the casinos are accretive and that 15-20% of casino patrons are visiting the National Military Park is wholly unrealistic and not supported by any data. As shown in Table 1, Vicksburg's casinos had attendance of about 3.1 million in 2009. If 17.8% went to the Vicksburg National Military Park, that would represent Park attendance of about 550,000. Attendance at VNMP in 2009 was 584,105. If you ask anyone at the park or in town if there is crossover they will tell you "no" or "very little." It is impossible to believe that all of these people overlook almost all of the park tourists supposedly coming from the casino.⁴

Table 1 Vicksburg Casino and National Military Park Attendance

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>% Chng</u> <u>'04-'09</u>
Mississippi Casino Attendance								
Gulf Coast		22,725,352	12,161,106	10,172,299	16,759,248	15,215,913	16,174,066	(29%)
North River		25,009,482	25,259,546	19,138,208	17,499,255	15,939,195	12,719,735	(49%)
South River		7,132,856	6,476,681	6,229,909	5,702,482	5,337,308	4,752,987	(33%)
Total Mississippi		54,867,690	43,897,333	35,540,416	39,960,985	36,492,416	33,646,788	(39%)
% of South River _____ in Vicksburg Casinos								
Employees		71%	70%	70%	67%	63%	67%	
Slots		62%	63%	64%	63%	61%	64%	
Gambling Square feet		63%	64%	64%	62%	60%	63%	
Vicksburg Attendance Based on								
Employees		5,033,773	4,541,448	4,351,619	3,824,479	3,348,181	3,161,344	
Slots		4,432,186	4,070,230	3,967,543	3,614,538	3,256,042	3,054,253	
Gambling Square feet		<u>4,515,470</u>	<u>4,124,857</u>	<u>3,968,194</u>	<u>3,511,697</u>	<u>3,183,198</u>	<u>2,999,794</u>	
Estimated Vicksburg Casino Attendance		4,660,477	4,245,512	4,095,785	3,650,238	3,262,474	3,071,797	(34%)
% Change			(9%)	(4%)	(11%)	(11%)	(6%)	
% of South River		65%	66%	66%	64%	61%	65%	
Vicksburg NMP Attendance		958,081	703,484	676,605	699,314	555,109	584,105	(39%)
% Change			(27%)	(4%)	3%	(21%)	5%	
Vicksburg NMP Attendance/ Estimated Vicksburg Casino Attendance		21%	17%	17%	19%	17%	19%	

If some Heritage Tourists spend money in town and additional money (that is money they would not have spent at existing Heritage Tourism businesses if there was no casino) at the casino, this would be complementary and add to the Vicksburg trade. Such does not appear to be the case, and if anything, the casinos have cannibalized Vicksburg's businesses. The net

⁴ Casino attendance from Mississippi Gaming Commission Reports. These reports provide attendance for North River (Tunica) South River (Greenville, Vicksburg, and Natchez) and Gulf Coast. The Gulf Coast was effectively closed in Q3 2005 by Katrina. It reopened in 2006 and has rebuilt. Vicksburg attendance was estimated by taking the average of South River attendance multiplied by % of South River Employee, Slots, and Gambling Square Footage located in Vicksburg. Vicksburg NMP attendance from National Park data base.

result of this cannibalization is that visitation at Vicksburg's National Military Park lagged and then fell relative to that at Gettysburg's National Military Park. In 1993, the year before casinos arrived in Vicksburg, visitation at VNMP was 1,010,001. 16 years later this number has dropped 42% despite the fact that Vicksburg added three million casino attendees. Katrina's impact was fleeting. The hurricane struck in September 2005. VNMP attendance fell 46% comparing Sept-Nov 2005 to Sept-Nov 2004. but only 8% March-May 2006 to March-May 2005.⁵ The nature of Vicksburg's Heritage Tourism decline is detailed in Mike Siegel's, August 2010, "Impact of the Proposed Mason-Dixon Casino on the Gettysburg Area - A Realistic Assessment."

On January 10, 2006 Mike Siegel and I gave presentations in Adams County which called into question Morais's claim. Within days, Crossroads produced a "Brief Comments on Presentation of Keith Miller and Presentation of Michael Siegel." This riposte contained comments such as

14. Both Keith Miller and Michael Siegel made references to "cross-over between the casinos and the national parks for visitation purposes." Cross-over tourism is an established fact and is shown in studies done by the Visitors and Convention Bureau in Vicksburg. Siegel and Miller suggest that there will be 2%-5% maximum crossover. The actual cross-over experience from the Vicksburg Visitors and Convention Bureau study is that 27% of park visitors also go to the casinos and 18% of the casino visitors go to the park. Furthermore, the Vicksburg tourism study finds that while 58% of casino visitors come from their own state, 64% of casino visitors spend at least one night, compared to park visitors who are almost all out of state, and only 49% spend at least one night. 80% of casino visitors said Vicksburg was their primary destination. This supports the finding that the average stay of a park visitor is about 3 hours before they move on to another town.

As demonstrated above the statistics simply do not support Crossroads/Mason-Dixon's argument that 18% of casino visits result in a VNMP visit. Crossroads added the claim that Vicksburg Visitors and Convention Study claimed 27% of park visitors go to the casinos. We have not been able to find the study that supports this claim. Finally and most damningly, even Crossroads admitted: ***"This supports the finding that the average stay of a park visitor is about 3 hours before they move on to another town."*** Although there is no source for Crossroad's

⁵ Attendance from National Park Service Stats. Gettysburg changed accounting January 1, 2009 reducing passengers per car November-March, from 3.3 to 2.4; and April - October, from 4.0 to 2.6. Vehicles at Hancock Road actually increased. In addition they reduced the number of busses from 1.8 times the number at the visitor center to 1.2 times the number of busses at visitor center. For comparison purposes 2009 Gettysburg attendance estimated using the old 4.0 and 3.3 passengers per car and the average non auto visitors for last five years.

assertion, it reflects a belief that VNMP Heritage Tourists, unable to find much in town other than casinos, which dominate the town's economy, move on after three hours.

After reading Dr. Morais's report I contacted Dr. Morais and we talked on January 12, 2006.

Phone notes with Dr. Duarte Morais January 12, 2006 11 am

Dr. Morais has been assistant professor of tourism at Penn State University for the past 6 years. He received his PHd from Princeton in Parks management, a Masters Degree from Bowling Green in Sports Management, and his undergraduate came from the Technical college in Lisbon. Dr. Morais is Portuguese.

Dr. Morais admits he is not an expert on the gaming industry and has no prior experience in this area. He has not written any papers on gambling. He says this is not atypical for tourism experts who cover broad areas of tourism and many different forms of recreation. Dr. Morais' area of interest and specialization is in Heritage Tourism, studying its benefits, costs, and sustainability.

In discussing the benefits, costs, and sustainability we concurred that, although many tourism jobs are low wage, low education and entry level, they can be considered some of the prime jobs in the developing world like China, where dishwashing is preferred to farming.

Dr. Morais agreed that most casino jobs were below average wage, low skill, entry level with little growth path. He said the risk to a community is if the management is brought in and not trained from locals; in that case there would be little benefit to the local communities. We discussed the fact that the benefit is not 1000 jobs x \$20,000 a year but simply 1000 jobs x the incremental salary (say \$1000) which people might obtain if the casino paid more than their existing jobs. The benefit is not \$20 million but \$1 million.

In discussing his comments on page 6 of his report which talked about the continued blight around Atlantic City's casinos, Dr Morais said that the low wage low skill workers such as janitorial may live near the casino, but the better wage earners live further from the casino in affluent neighborhoods. The impact of this is that AC does not get the property value and tax benefits that many would think they should get.

After again stating that he was not an expert on gambling, Dr. Morais said that "9 out of 10" studies he has seen in this area have an agenda and have been paid for by the gaming industry. Dr. Morais said he relied on several Wall Street Journal articles which were at least neutrally reported for information in preparing his report. Dr. Morais agreed that

gambling has a deleterious effect on a portion of the population with respect to crime, social problems, bankruptcy etc. He went on to say it is a public policy matter how to manage and balance these impacts with any potential good which may come from Casinos. Dr. Morais acknowledged that there were social costs, but had not studied these at all.

I described to Dr. Morais the forecasts I had done using Cummings' and the industry's standard gravity models. Dr. Morais asked if by putting a casino in a community whether that community did not recapture gambling dollars which would leak out otherwise, and I said that although there was some recapture there were far greater losses due to the convenience of local gambling.

Morais repeated the conclusion of his study that, depending how a Gettysburg casino is managed, it could be good or bad. He went on to say that even a well managed casino might be wholly inappropriate, in that it could lead to the trivialization of the memory of Gettysburg.

We discussed the situation of Colorado and South Dakota casinos mentioned in his report which offer Wild West dancing shows consistent with what had been offered in those towns to enliven the gambling experience. Such dancing shows would be completely inappropriate for Gettysburg. Further, any marketing of a Gettysburg Casino with a Gettysburg theme would most likely be in bad taste.

With respect to what has happened at Vicksburg, Dr. Morais indicated that he had no direct knowledge and in quoting that there was a linkage between tourists he had relied upon data provided by Chance enterprises.

Dr. Morais felt the investors, in commissioning market studies, were hopeful of finding new markets for the Casino, markets that did not overlap.

I invited Dr. Morais to the Feb 11 meeting, and he said he would like this, but felt obligated to ask Chance Enterprises. I indicated to him that they had refused thus far to participate. I told him I thought he was at liberty to participate as he was had been portrayed as an independent consultant providing unbiased views of the potential impact of a Gettysburg casino on Heritage tourism and that he should be able to participate unless his agreement with Chance contained a non-compete or confidentiality agreements that would preclude this.

Dr. Morais also said he would check with Chance Enterprises with respect to conversations with me or with NCG. The information in this note is strictly for internal discussion

within NCG until such time as we find whether Dr. Morais can participate in the Feb 11, public forum or he responds to the Gettysburg Casino FACTS report.

I sent Dr. Morais an invitation copying Susan Paddock on it, as well as a copy of Gettysburg Casino FACTS a Cost Benefit Analysis of Gambling in Adams County, requesting the opportunity to discuss this with him.

Dr. Morais was friendly and cordial which was reciprocated.

Dr. Morais can be reached at Penn State at 814 865 5614

January 12, 2006

Keith Miller

We exchanged emails.

Thu, January 12, 2006 12:21:38 PM

Gettysburg

From: keith miller <millеркеithe@sbcglobal.net>

[View Contact](#)

To: dmorais@psu.edu

GettysburgCasinoFACTS__final_1[1].10.2006_.doc (1512KB)

Dr. Morais,

It was a pleasure talking with you. As we are both somewhat novices to the gambling industry, you may find the attached report on the potential cost benefits of a Gettysburg Casino interesting. I should say we gave copies of this to Chance enterprises.

As we discussed I think it would be great if you could come to the public forum in Gettysburg on February 11th, and when I talked to the head of No Casino Gettysburg she agreed. She is copied on this above, so, if you would like more information you can contact her directly. As I mentioned, so far Chance has said they will not participate in a public forum. They have indicated that you were an independent consultant to them, and that your opinions were in no way influenced by their retention of your services, which is understandable given your position at PennState. You may want to check with them on whether you could participate, but if your agreement/contract with them did not contain a no compete or confidentiality agreement I can think of nothing that would stop you from enjoying the direct input of the community.

I would enjoy the opportunity to get your impressions of the attached report. If you would like to call or drop me a line when would be convenient to talk, that would be great.

Best Regards and again Thank You.

Keith Miller

[phone number redacted]

Dr. Morais responded.

Thu, January 12, 2006 3:33:59 PM

Re: Gettysburg

From: Duarte Morais <dmorais@psu.edu>

[View Contact](#)

To: keith miller <millerkeithe@sbcglobal.net>

Thank you for your email Mr. Miller,

I also very much enjoyed talking with you over the phone. As I believe [sic] you meant to say in your email, I am (we are) novices in the litigious "expert witness" role, and therefore, I will seek clarification from Chance regarding my ability to talk about the report and to engage in any other conversations/venues related to this case.

Time permitting, I will print and browse through the document you provided. I [sic] am sincerely interested in your opinion and will when/if possible send you my impressions.

I also thank you for the invitation. Independently of the feedback I [sic] receive from Chance, I will discuss this opportunity with my wife to determine whether we could make this an interesting family outing.

Sincerely, Duarte

[Original Email Redacted]

Duarte B. Morais, Ph.D.

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Penn State University
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University Park, PA 16802
Phone: (814) 865-5614
Fax: (814) 863-4257
<http://www.personal.psu.edu/dim3>

On February 8, 2006 NoCasinoGettysburg published Keith Miller's report "Gettysburg Casino FACTS A Cost Benefit Analysis of Gambling in Adams County." This report commented upon Dr. Morais stating:

Chance Enterprises retained Associate Professor of Tourism Duarte Morais at Penn State to provide them "an independent position based on existing scientific literature and in the

author's experience in tourism and heritage preservation." In discussions with Dr. Morais he indicated he has little prior experience with casinos or the gambling industry. He also indicated that he did no independent research into the interaction of casinos and heritage sites beyond a cursory review of the literature and reports provided to him by Chance Enterprises. Although this information led him to conclude that casinos may have benefited some heritage areas because of the casino revenues put into heritage preservation, particularly in Wild West mining towns, he said that he could not imagine an appropriately themed casino near Gettysburg. Although dancing girls and scantily clad cocktail waitresses may be appropriate in Deadwood or Black Hawk, such would not be appropriate near Gettysburg. Any attempt to capitalize on the Civil War theme would be an inappropriate trivialization.⁶

Dr. Morais never came to the February 11 meeting. At that meeting, copies of Gettysburg Casino FACTS were given and a presentation was made by Keith Miller to the public, Adams County Commissioners, members of the Chamber of Commerce and representatives of Chance Enterprises.

On February 13, Dr. Morais posted a rebuttal letter on Crossroads' website. The Third Edition of Keith Miller's report commented upon this letter.

In this letter Dr. Morais wrote, "There is no evidence for the frequent claims that casino development causes social problems such as addictive gambling, crime, personal bankruptcies, etc."⁷ Even gambling proponents recognize that casinos are related to gambling problems and other social ills-- Pennsylvania originally was going to set aside \$1.5 million from the casinos to treat gambling addiction, and, recognizing that this was wholly inadequate to address the looming problems, it is in the process of passing legislation to increase this to \$4.5 million.⁸

As explained in his report, confirmed by discussions with this author, and reconfirmed in the February letter, Dr. Morais did no independent research into the interaction of casinos and heritage sites. Using literature and information provided by Chance, Dr. Morais concluded that casinos may have benefited some heritage areas because casino revenues were dedicated to heritage preservation, particularly in Wild West mining towns. In his February 13, letter, Dr. Morais wrote, "These benefits are greater when some tax revenues are allocated specifically for community projects and historical preservation." This comment is partially true for communities like Deadwood and Blackhawk where the legislation ensured millions went into preservation efforts. There is, however, no

⁶ Keith E. Miller, Gettysburg Casino FACTS A Cost Benefit Analysis of Gambling in Adams County February 8, 2006 page 23-24. Duarte Morais, Casino Development and Historical Preservation in Gettysburg, PA. Conversation between Keith Miller and Dr. Morais, January 12, 2006.

⁷ Rebuttal Comments of Dr. Duarte Morais, Posted 2/13/06 <http://www.crossroadsgaming.com/localimpact.html>

⁸ SB 862 March 14, 2006.

similarity between these towns and Gettysburg. Before the advent of casinos, Deadwood and Blackhawk were shrinking out of existence, Adams is growing. Since casinos have come, the casinos have consumed these communities.

In our January 11th phone call, Dr. Morais went on to say he could not imagine an appropriately themed casino near Gettysburg. Dr. Morais agreed that any attempt to capitalize on the Civil War theme would be an inappropriate trivialization. Although dancing girls and scantily clad cocktail waitresses may be a good draw and appropriate in Deadwood or Black Hawk, they would be inappropriate near Gettysburg. Without dancing girls and scantily clad cocktail waitresses, it is difficult to market to profitable young male gamblers.

In his February 13 letter, Dr. Morais recanted this conversation, but he still could not propose a profitable and appropriate theme. Dr. Morais wrote, "Mr. Miller wrongfully implied that I felt the development of a casino in Gettysburg would inevitably lead to the "exploitative desecration" of Gettysburg's heritage. These comments could not have been further from what I tried to convey to him in our phone conversation." Although he [Dr. Morais] claimed that a Gettysburg casino would not be an "exploitative desecration," his letter makes no suggestion as to what would be an appropriate or successful theme for the proposed Gettysburg Casino. Dr. Morais has been unwilling to answer calls since.

Chance's objective is simply unachievable. It wants to draw 20% of the existing Heritage Tourists, which would suggest a Civil War and perhaps family friendly environment with Child Care. It wants to attract new patrons, i.e. young males so it will need to play the sex card. At times, Chance says it just wants busloads of safe old ladies, but they do not make for a profitable casino. It is simply impossible to identify a theme and market large enough and appropriate for Gettysburg. Gettysburg will need to compete with Delaware Park and Charles Town, or the large facilities to be put in Philadelphia, and those facilities will not face the constraints that Gettysburg faces in marketing. Gettysburg's one unique draw is its history, and Chance cannot play that card without trivializing our nation's history and it cannot offer can can dancers or any of the other marketing theme to appeal to patrons without being a desecration.⁹

As shown on the next page, in Mason-Dixon's current Local Impact Report, Dr. Morais revisits his prior work. In this report Morais writes much as he did the last time.¹⁰ He continues to materially misrepresents his sources to build his conclusions.

⁹ Keith E. Miller, Gettysburg Casino FACTS -- A Cost Benefit Analysis of Casino Gambling in Adams County Third Edition. March 29, 2006, page 83-84

¹⁰ Duarte B. Morais, "Casino Development in Gettysburg: Social, Economic and Heritage Impacts," March 29, 2010, page 10-11

5. Impacts on Historic Preservation

Contrasting with the large body of literature examining the socio-economic impacts of casino development, there has been less empirical work conducted in the cultural impacts of this form of tourism. Nevertheless we can draw some lessons from recent studies conducted on casino development in small historic towns, from a study of visitors to Vicksburg National Park and neighboring casinos, and from comments regarding Native American casino development.

Gambling in historic towns in Colorado and South Dakota was authorized with the objective of generating economic revenues necessary for historic preservation (Long 1995). Overall, the towns selected for this form of casino development have registered significant economic growth with fast rises in employment, tax revenues and restoration of previously threatened historic buildings (Colorado Historical Society 2004). However, in some towns there have been significant social, cultural and environmental costs. Namely, many residents complain of traffic, poor parking, loss of community identity and escalating prices of commercial real estate (Ackerman 1996; Long 1995). This balance between economic gains and social costs has not been consistent across all the towns. Namely, Long (1995) reported that Deadwood, South Dakota may be used as a benchmark for future policy. For example, gambling taxes and fees are collected by the city and administered by the Deadwood Historic Preservation Commission. The commission uses the funds for historical restoration, to improve support infrastructure, and to provide grants and low-interest loans to local residents (Ackerman 1996).

Riverboat gambling contrasts with gambling in mountain towns because riverboats are not as integrated within living communities (Long 1995). Nevertheless, riverboat casinos do co-exist with significant natural and cultural resources/attractions.

The historic commission uses funds from gambling for historical restoration.

Lessons for Gettysburg:

- Fees and taxes from gambling should be used to support historic preservation;
- Casino should not shock with the rural landscape idealized for the park – the observation tower in Gettysburg was removed because it did shock with the landscape;
- Some revenues should be channeled for historic preservation, through a new historic society or through existing preservation groups;

6. Impacts on Visitation Numbers

Casino development in economically depressed areas is often seen as a panacea for development.; however, in areas with pre-existing revenue-generating industries (e.g., heritage tourism), the spill-over and deterrent impact of casino development on baseline visitation must be carefully considered. Forecasting the impact of the development of a casino near Gettysburg on current visitation levels is very subjective and condemned to be based on unsubstantiated assumptions. A review of select literature however provides several potentially useful insights. For example, Black et al. (1999) argued that “visitors attracted to the [Upper Mississippi River corridor] for gaming, will frequently stay longer to experience other opportunities, such as touring historic, scenic, or recreation sites” (Black et al. 1999, p. 59). This assertion was confirmed by a study of the profile of visitors to Vicksburg, Mississippi (Southern Travel Data 1999). This research firm reported that among respondents interviewed in local casinos, many reported to also visiting Vicksburg’s historic/cultural attractions. Namely, 17.8% of Vicksburg’s casino patrons visited the Vicksburg National Military Park, 11.1% visited historic homes, and 6.7% visited local museums. In addition, 13.3% of the casino patrons also visited downtown and 11.1% shopped in local retail establishments.

It should be noted, however, that the degree to which casino visitation trickles to neighboring tourism services, attractions and destinations varies greatly. For example, according to Herrman et al (2000), in Mississippi, the proportion of overnight casino patrons staying in non-casino lodging varied between 38% in the Gulf Coast and 9% in the North River Region. Additionally, these authors report that while casino visitors’ average expenditures in food, entertainment and shopping are higher in Las Vegas than in Mississippi, their average expenditures in sightseeing are significantly higher in Mississippi.

Many visitors reported visiting Vicksburg’s historic attractions.

Lessons for Gettysburg:

- It is likely that a proportion of gamblers attracted by a possible casino in Gettysburg would visit the National Battlefield Park and patronize other local tourism attractions. Approximately 15% to 20% of casino visitors will visit Gettysburg national Battlefield Park and other local attractions bringing economic benefits but creating increased pressures in the infrastructure.

Written in 1995, Long's paper does not mention Mississippi casinos. Black's Report: " Economic Profile of the Upper Mississippi River Region." deals with navigation, fishing, water supply, recreation, tourism, mineral resources, agriculture, manufacturing, natural resource supply and only peripherally with casinos north of Cairo Illinois. It has nothing to do with Vicksburg or Mississippi. Page 49 (59 of the PDF) states:

Visitors attracted to the river for gaming will frequently stay longer to experience other opportunities such as touring historic, scenic or recreation sites. Tour operators often package tours that include a number of river attractions and/or festivals in addition to the initial draw of riverboat gambling. The Quad Cities in Illinois and Iowa report that riverboat gaming has stimulated downtown businesses, including restaurants, shops and hotels.¹¹

Black claims the source of this statement is "National Park Service op.cit. p. 43" which this author has been unable to identify. It makes little sense that the National Park Service is the source of this claim as there is no national park near the Quad Cities of Davenport and Bettendorf Iowa, and Rock Island and Moline, Illinois.

Dr. Morais inaccurately reported the results of the 1999 Visitor Profile Study performed by Southern Travel Data for the Vicksburg Convention & Visitors Bureau. Morais claims: "This research firm reported that among respondents interviewed in local casinos, many reported to also visiting Vicksburg's historic/cultural attractions. Namely, 17.8% of Vicksburg's casino patrons visited the Vicksburg National Military Park, 11.1% visited historic homes, and 6.7% visited local museums." A copy of this report is attached. This report stated

- ❖ Some respondents stated they planned on visiting a number of historic sites in the area. The six most common sites named by respondents were:
 1. Vicksburg National Military Park (17.8%)
 2. Historic Downtown (13.3%)
 3. Historic Homes (11.1%)
 4. Shopping (11%)
 5. Local Museums (6.7%)

Intention to do something is not the same as having done it. A prior question provided some indication of actual behavior.

- ❖ 79% state that during previous trips, they visited or participated in at least one non-casino related activity. Six non-casino related activities can be identified
 1. Golf (15%)
 2. Dining (15%)
 3. Recreational Activities (13%)

¹¹ Black, R., McKenle, B., & O'Connor, A, & Gray, E. (1999). report, " Economic Profile of the Upper Mississippi River Region." Industrial Economics, Inc., Cambridge, MA, 1999

4. Visiting Cultural Sites (11%)
5. Visiting Historical Sites (10%)
6. Shopping (5%)

In this query only 10% reported that they had ever visited historic sites in a prior visit. According to Herrmann, the median South River (Vicksburg) casino patron made 18 trips per year in 2000 to a casino. If one in ten casino patrons (10%) made one trip to a historical site then there would be one historical site visit to 180 casino visits. By and large, Vicksburg casino patrons, who are primarily locals, go to the casino and go home. This was amply demonstrated by the Visitor Profile Study's recommendations which Dr. Morais chose to overlook.

- ❖ Offer shuttle services to casino visitors to popular attractions.
- ❖ Create "Stay and Play" packages that include outside activities that will encourage guests to stay longer.
- ❖ Encourage visitors to shop in downtown businesses which have complained in earlier studies of lack of customers.

Vicksburg still lacks a shuttle service, the casinos promote their own restaurants and facilities not those in town, and casino visitors still do not visit town. Leslie Silver's and Daniel Boone's Attic Gallery & Highway 61 Coffee Shop sits on the hill above the Horizon Casino. As Boone noted in the July 2010, *Mississippi Business Journal*, "as far as seeing shopping traffic - it's just not there, it doesn't happen." Silver added, "sometimes people will visit the Attic Gallery and say, 'If I go to the casino and win some money then I'm going to come back and buy that.'" She never sees them again."¹²

In reporting on Dr. Denise von Herrmann's report, "Gaming in the Mississippi Economy," Dr. Morais selectively used the material. Herrmann was given a grant of \$200,000 by the State of Mississippi to report on gambling which contributes significantly to Mississippi's taxes. By and large her report was complimentary of the industry which fills the state treasury, which paid her grant. Morais wrote in his report for Mason-Dixon,

For example, according to Herrman[n] et al (2000), in Mississippi, the proportion of overnight casino patrons staying in non-casino lodging varied between 38% in the Gulf Coast and 9% in the North River Region. Additionally, these authors report that while casino visitors' average expenditures in food, entertainment and shopping are higher in Las Vegas than in Mississippi, their average expenditures in sightseeing are significantly higher in Mississippi.

As Herrmann's report notes, Vicksburg is in Mississippi's South Mississippi River region, and is unlike the casinos in North Mississippi Tunica, which service Memphis, and the Gulf Coast

¹² Stephn McDill, " MJB Small Business Spotlight: Attic Gallery & Hwy. 61 Coffee", *Mississippi Business Journal*, July 11, 2010.

casinos which service beach tourists. Unlike these other two locations, Vicksburg's clientele is weighted toward locals who make repeated trips to the casino bypassing area attractions.

Page 4 states, "South River region caters primarily to a locals market."

Page 15, Retail Sales While some gambling communities outperformed the state, others did not. ... Warren County's [home to Vicksburg] growth was in-line the with state average ...

In those counties where casino gambling is more of a local activity, retail sales growth has tended to be below the state average, lending some credibility to the so-called "cannibalization" or "substitution" effects. In other words it appears that some local spending is being shifted from general retail business to casinos. Gambling obviously provided retail sales stimulus in the "destination" destination markets of the Gulf Coast and Tunica, but its effects on sales in other state casino market areas is less certain.

Page 16, In the three markets surveyed, out of state gamblers made up 78% of North River market, 23% of South River market and 61% of Gulf Coast market.

Page 17, 77% of South River patrons were from Mississippi and 11% were from across the River in Louisiana

Page 18, Overnight stays range from a low of 18% in the South River market to a a high of 47% in the North River market. Twenty-four percent of Gulf Coast patrons stayed overnight. ... The number of patrons spending the night in non-casino owned lodging on the Gulf Coast is 38%, 30% in the South River region and 9% in the north river region. Of those spending the night, guests stay longer on the Gulf Coast (3.31 days) than in either the North River region (2.53 days) or South River region. (1.71 days). ... Mean expenditures for food/drinks, shows/entertainment, and shopping all lag behind Las Vegas. Sightseeing expenditures are significantly higher in Mississippi¹³

Morais repeated the sightseeing statement without mentioning that Herrmann was referring to expenditures along the Gulf Coast and in Tunica. 82% of South River patrons are day trip patrons who do not stay overnight and have little impact on retail sales or tourism.

Page 37, As Coahoma, Washington, Warren [Vicksburg] and Adams County gaming markets are more local than destination type markets, retail growth in those counties will be more difficult to spur.

Page 38, A vast majority of former gaming visitors surveyed indicated that they came "to gamble" and spent little on other activities.

¹³ Denise von Herrmann, Robert Ingram, William Smith, "Gaming in the Mississippi Economy, The University of Southern Mississippi June 30, 2000

Page 39-40 The majority of respondents both the North River and Gulf Coast regions indicated that they visited the casinos between one and five times per year, the plurality of South River region respondents visit 26 time per year or more. The respective median number of visits were: 8 times for the North River region, 13 times for the Gulf Coast and 18 times for the South River region.

Page 40: Gamblers engaged in very few activities other than gambling (98%) and dining (75%). The other most popular activities were shopping (16%), evening entertainment (14%), sightseeing (11%).¹⁴

Though Dr. Herrmann's report shows that Tunica and the Gulf Coast derived significant economic benefits from the introduction of casinos, she does not show that such is the case with Vicksburg. As noted, retail sales growth in Warren County lagged the state. In her 2006 book, Resorting to Casinos, Herrmann demonstrates that Warren County (Vicksburg) lags the state as well as the other casino counties in terms of service sector job growth. Herrmann explains that: "Greenville, Vicksburg, Natchez each have tight limited market areas without significant drive-in customer support. This local traffic is sufficient for small gaming facilities, but is not large enough, nor geographically located for growth. The North River region and Gulf Coast have large day trip (150 miles) populations and have little to no competition. ... In sum, the Gulf Coast gaming counties (especially Harrison) and Tunica County showed marked improvement over the state as a whole in most of these areas. These are the only areas where casino gaming attracts large numbers of out of state visitors. Results were mixed in other gaming counties, however, with little evidence of substantial positive impact."¹⁵

Table 5.3
Mississippi Service Sector Employment

County	Percent Growth (1985-99)	Percent Change (relative to state)
Adams	7.3	+0.72
Coahoma	14.9	+7.59
Harrison	16.8	+8.68
Hancock	13.5	+7.11
Tunica	62.5	+56.08
Warren	5.1	-2.04
Washington	6.9	+0.62
MISSISSIPPI	6.5	***

Morais abused the work of Black and Herrmann to support his faulty reading of the Vicksburg Tourist study. Intent to visit does not equal a historic site visit. Furthermore, locals visiting a casino twice a month are not likely to add visitation to historic sites.

¹⁴ Denise von Herrmann, Robert Ingram, William Smith, "Gaming in the Mississippi Economy, The University of Southern Mississippi June 30, 2000

¹⁵ Denise von Herrmann, Resorting to Casinos, University Press of Mississippi, Jackson, 2006 page 71, 77-78

The claim that 15-20% of casino visits will be followed by a visit to the Gettysburg National Military Park is without foundation.

Tim Prudente of *The Evening Sun* recently caught up with Dr. Morais, who is now at North Carolina State University. Dr. Morais explained that post modern tourists "less devoted to authenticity" will visit an area mixing historical with modern forms of entertainment. Mr. Prudente discussed with Dr. Morais his report's conclusion that 15-20% of casino patrons would go to the battlefield, and then Mr. Prudente concluded, "If 15 percent visited the park, it would mean an additional 115,000 people, or a 9 percent increase in the number of visitors that attended last year." Neither Mr. Morais nor Mason-Dixon made this assertion.

Not only is the absolute number of 115,000 crossover attendance arguable, but the claim of "additional" attendance is extremely problematic. If 115,000 existing Heritage tourists divert their business to the casino, this is a loss to the existing tourism industry. To the extent that the existing Heritage tourism industry is harmed and has to reduce services, then Heritage tourists who have no interest in a casino will perhaps reduce their patronage of Gettysburg's traditional Heritage Tourism enterprises. Thus begins a negative spiral that shrinks the industry. If the 115,000 were new additional patrons, this would not happen, but this is not what Mason-Dixon is claiming, nor is it what happened in Vicksburg.

Below are the pages from Mason Dixon's Local Impact Report and Transportation Impact Study which describe Mason-Dixon's forecast and patron origination. Although Mason-Dixon's forecast is arguably too optimistic--particularly with respect to those living in zone 2, which is closer to Grantville and Charles Town and hotel guests--it is used here for the sake of consistency.

As shown in Table 2, Mason-Dixon forecasts there are 37,406 unique patrons from Zone 1, 56,257 from Zone 2, and 93,333 existing hotel guests. Zone 1 is within a half hour, and Zone 2 is 31 minutes to 60 minutes from the proposed casino site. 15,156 of the patrons and 181,977 of the visits are from Adams County. Per Mason-Dixon's LIR, Mason-Dixon did not count any economic activity from Zone 1 patrons. They already live close enough to Gettysburg that the casino does not generate new economic activity. Similarly, economic activity from existing hotel patrons is not new activity. In its LIR for VFCC, Econsult explicitly excluded consideration of activity from such patrons. In its report for Mason-Dixon, Econsult considered additional economic activity from such patrons but said they did not change the occupancy level in local hotels. The statements are inconsistent, and the attempt to add activity appears to be an economic error. What remains are 56,257 Zone 2 patrons making four trips apiece or 225,031 total trips. Mason-Dixon forecasts that on average 25% of these trips will result in spending of \$25. \$25 could simply cover the cost of gas to return home one out of four trips to the casino. 56,257 visits is less than 115,000.

**Table 2
Mason-Dixon Visitor Forecast**

	<u>Zone 1</u>	<u>Zone 2</u>	<u>Total</u>
Time	> 30 min	31-60 min	
2000 Population	191,589	526,481	718,070
2014 Adults	166,247	450,053	616,300
Participation	30%	25%	
Participants	49,874	112,513	162,387
Share	75%	50%	
M-D Participants	37,406	56,257	93,662
Visits/Yr	12	4	
Visits	448,867	225,027	673,893
Existing Hotel Patrons			93,333
Total			767,226

Mason-Dixon Transportation Impact Study projects only 9% of the casino traffic would go up or come down the Emmitsburg Road. Clearly, if you want to go to the Round Tops, the visitor center, or town, the Emmitsburg Road is the quickest route. Furthermore, a significant percentage of the patronage lives west and north of the casino and will use the Emmitsburg road and not Highway 15. The 9% in the traffic study leaves no trips for people leaving the casino for the battlefield or town.

While Mason-Dixon might want to claim they will add business to town, their LIR and traffic study do not reflect this. Dr. Morais's claim that 15-20% of casino visitors will go to the battlefield is without merit and is based on an erroneous reading of the Vicksburg Visitor Center Study. If anything, Vicksburg's casinos have displaced Heritage Tourism and reduced Vicksburg's attractiveness to Heritage Tourists contributing to the decline in VNMP visitation.

Visitor Profile Study:
Final Report for the Vicksburg Convention & Visitors Bureau

May 1999

Research by:

Southern Travel Data

129 South President Street ❖ Jackson, MS ❖ 39201

(601)-353-5009 ❖ Phone & FAX

❖❖❖INTRODUCTION❖❖❖

Members of the Vicksburg Chamber of Commerce and the Vicksburg Convention and Visitors Bureau request a study to "profile" the most probable tourist demographics to waterfront casinos. Further, whether or not there is a relationship between the casino visitor and probable visitation to other historic, scenic or recreational sites.

❖❖❖METHODOLOGY❖❖❖

Several multivariate methodologies are applied to accomplish this effort. The first objective is "classify" likely versus unlikely visitors based on respondent impressions and opinions from select survey questions.

Discriminate Analysis: The goal of discriminate analysis is to classify cases into one of several mutually exclusive groups based on their values for a set of predictor variables. In the analysis phase, a classification rule is developed using cases for which group membership is known. In the classification phase, the rule is used to classify cases for which group membership is not known. This analysis is applied to identify and explain two visitation segments those that are somewhat to very likely to visit sites outside the casino and those who are unlikely.

CHAID: CHi-square Automated Interaction Detector is a tree based classification system that aids in segmentation research and exploratory data analysis. It is used here to identify homogeneous segments that include most likely visitors' activities outside the casino, then applying the results from the discriminate classification model.

❖❖❖OBSERVATIONS❖❖❖

This segmentation study finds that the more "probable" visitor will be in the upper income group, slightly older, tend to play the slots and/or table games in the late-night and early morning hours, visit off-location sites during the day, and stay longer than visitors.

Moreover, the likely tourist visitor will have high expectations for activities outside the casino - good customer service, seek out restaurants, lounges, movie theaters - and seek out attractions that are close to the casino (within walking distance) While convenient location to residence is an important factor, it is subservient to the services and amenities provided at the new location. Further, though the sample pool includes known, gamblers, this study finds that from 65% to 75% of these will engage in activities outside the casino.

❖❖❖FINDINGS❖❖❖

The response base is segmented into two components. Likely to visit and not likely to visit. This was the scale used when respondents answer each question.

- ❖ Six attributes can identify likely visitors to activities outside of riverfront casinos:
 1. Proximity to the casino
 2. Shuttle service
 3. Personal interest
 4. Cost
 5. Amenities at the location

- ❖ 69% of respondents say that they extend their typical casino trip one day in order to visit cultural sites

- ❖ 79% state that during previous trips, they visited or participated in at least one non-casino related activity. Six non-casino related activities can be identified
 1. Golf (15%)
 2. Dining (15%)
 3. Recreational Activities (13%)
 4. Visiting Cultural Sites (11%)
 5. Visiting Historical Sites (10%)
 6. Shopping (5%)

- ❖ 89% of respondents played at least one round of golf in the area. When asked if they would play more golf if more sites were available, 98% agreed.

- ❖ Dining outside the casino was typically in upscale or fine dining restaurants. 38% of respondents said they would spend a minimum of \$50 and a maximum of \$100 at a fine dining establishment during their stay.

- ❖ The five most common recreational activities stated by respondents were
 1. Night Clubs
 2. Swimming
 3. Movies
 4. People watching
 5. Reading

- ❖ Some respondents stated they planned on visiting a number of historic sites in the area. The six most common sites named by respondents were:
 1. Vicksburg National Military Park (17.8%)
 2. Historic Downtown (13.3%)
 3. Historic Homes (11.1%)
 4. Shopping (11%)
 5. Local Museums (6.7%)

❖❖❖RECOMMENDATIONS❖❖❖

Based on the results of this survey of casino gamblers to Vicksburg casinos, we would like to make the following recommendations.

- ❖ Offer shuttle services to casino visitors to popular attractions.
- ❖ Continue to promote historic and cultural sites with literature in casino hotel lobbies, rooms, and casino hotel concierges.
- ❖ Invite more convention guests by offering packages that include golf.
- ❖ Explore possibilities of opening more golf courses in the area.
- ❖ Continue to advertise cultural history sites, and place a more specialized focus on demographics revealed in earlier studies (i.e. African-American History)
- ❖ Create "Stay and Play" packages that include outside activities that will encourage guests to stay longer.
- ❖ Encourage visitors to shop in downtown businesses which have complained in earlier studies of lack of customers.
- ❖ Route foot traffic past Visitor Center Brochures in casino hotel lobbies.

2.4 Economic Impacts of Ancillary Expenditures (Ongoing) (Visitor Spending Outside of Mason-Dixon)

In addition to patron spending inside the resort and casino facility, this project can be expected to generate significant additional visitor spending (by the patrons) outside of the Mason-Dixon resort and casino at other area establishments, including local hotels, restaurants, shops, entertainment, and cultural venues.

As we noted earlier, PKF Consulting's estimates for gaming visits by hotel guests (at Mason-Dixon hotels and nearby hotels) are based on *existing* market occupancy levels, and do not account for any additional hotel room nights generated by the existence or operation of the facility. This is clearly conservative (and appropriate) when estimating resort and casino visitor numbers, but also clearly understates an important, potential spin-off effect: generating more hotel visitors and more visitor spending by both overnights and daytrippers.

We refer to this as "ancillary" spending, and it represents an estimate of the incremental spending in the economy in addition to resort and casino and other Mason-Dixon spending. The magnitude of this ancillary spending will be influenced by several factors:

- Total estimated number of patrons/visitors
- Residence of resort and casino patrons
- Proportion of visitors who stay overnight (and length of stay) in other hotels
- Proportion of visitors classified as DAYTRIPPERS
- Average daily ancillary expenditures per OVERNIGHT or DAYTRIPPER visitor
- Spending of DAYTRIPPERS and OVERNIGHT visitors

We have developed estimates of direct ancillary spending based in part on PKF Consulting's estimates of annual resort and casino visitors. Underlying our estimates are several assumptions, which we think are conservative, thereby making our estimates of ancillary direct spending conservative.

We define direct ancillary (outside of the resort and casino facility) spending to be the sum of the spending by OVERNIGHT visitors (outside of Mason-Dixon hotel) and DAYTRIPPERS. In order to estimate the two direct expenditure amounts, we use the following methodology.⁶

The first step is to estimate the proportion and number of gaming visitors (DAYTRIPPERS) that will spend money in the local area. First, we exclude approximately 449,000 visits that are expected to be local -- that is, visitors will be coming from Zone 1 (residents within a 30-minute drive time from Mason-Dixon).

⁶ An alternative method is to make an assumption about the amount of spending each resort and casino visitor will spend on his or her trip, and then make an assumption about what PORTION of that spending will be made INSIDE and OUTSIDE of the resort and casino. Although this is a reasonable and direct method, we do not use this methodology because we do not have any good basis for making the proportion assumption.

Zone 1 includes the following number of zip codes in the counties specified below:

Zone 1 Breakdown

- 10 zip codes in Adams County, PA
- 3 zip codes in York County, PA
- 3 zip codes in Franklin County, PA
- 2 zip codes in Carroll County, MD
- 7 zip codes in Frederick County, MD

This leaves an estimated 225,000 visits from Zone 2, or residents within a 30-minute to 60-minute drive time from Mason-Dixon. Zone 2 includes the following number of zip codes in the counties specified below:

Zone 2 Breakdown

- 7 zip codes in York County, PA
- 4 zip codes in Franklin County, PA
- 5 zip codes in Cumberland County, PA
- 2 zip codes in Carroll County, MD
- 2 zip codes in Frederick County, MD
- 4 zip codes in Washington County, MD

In addition to the 674,000 local gaming visits, there will also be an additional 93,000 non-local gaming visitors (OVERNIGHTERS), as indicated by PKF Consulting.

**Table 2.4.1
 Total Visitors & Ancillary Spending
 (Millions of 2010 Dollars)**

Description	Amount
Total Overnights	93,333
Spending per Overnighter ⁷	\$120.0
Total Overnighter Spending	\$11.20
Total Daytrippers (Zone 2)	225,027
% of Daytrippers who Spend \$	25%
Daytrippers Spending \$	56,257
Spending per Daytripper	\$25
Total Daytripper Spending	\$ 1.41
Total Visitor Spending	\$ 12.61

Source: Econsult Corporation (2010)

⁷ In addition to the average hotel cost of \$92.96, we assume that overnighters will spend approximately \$30 at local attractions, restaurants, and retail establishments.

Marketing Study

MASON-DIXON RESORT & CASINO ESTIMATED ADULTS IN RESIDENTIAL ZONES 1 & 2 2014						
Zone	County	State	# of Zip Codes	Populations - 2000		Est. Adult Population 2014
				Total	Adults	
Zone 1:	Adams	PA	10	79,978	56,265	67,389
	York	PA	3	10,588	7,571	9,126
	Franklin	PA	3	35,503	26,225	31,511
	Carroll	MD	2	12,108	8,186	10,025
	Frederick	MD	7	53,412	37,317	48,186
			25	191,589	135,564	166,247
Zone 2:	York	PA	7	196,283	140,365	169,197
	Franklin	PA	4	75,742	54,910	65,978
	Cumberland	PA	5	95,771	67,408	76,289
	Carroll	MD	2	23,544	16,276	19,933
	Frederick	MD	2	41,864	29,949	38,672
			4	93,277	67,423	79,984
			24	526,481	378,331	450,053
Totals			49	718,070	511,895	616,300

Residential Gamers:

Partic. %s	Visits Per Year	M-D Share	Patrons	Percentage Coming on Route 15 from		Patrons Coming on Route 15 from	
				North	South	North	South
30%	12	75%	181,978	90%	10%	163,780	18,198
30%	12	75%	24,641	100%	0%	24,641	0
30%	12	75%	85,081	80%	20%	68,064	17,016
30%	12	75%	27,068	0%	100%	0	27,068
30%	12	75%	130,101	0%	100%	0	130,101
			<u>448,888</u>			<u>256,485</u>	<u>192,383</u>
25%	4	50%	84,599	100%	0%	84,599	0
25%	4	50%	32,989	80%	20%	26,391	6,598
25%	4	50%	38,144	100%	0%	38,144	0
25%	4	50%	9,966	0%	100%	0	9,966
25%	4	50%	19,336	0%	100%	0	19,336
25%	4	50%	<u>39,982</u>	<u>0%</u>		<u>39,982</u>	
			<u>225,026</u>			<u>149,134</u>	<u>75,892</u>
			<u>673,884</u>			<u>405,619</u>	<u>268,275</u>

"Visitors":

Total gaming "visitors"	93,333
Mason-Dixon guests:	
Occupied rooms	83,191
Adults/occupied room	1.75
Adult guest-nights	145,584
ALOS	2.00
Separate hotel guests	72,792
% gaming	50%
Mason-Dixon separate patrons	43,675
Visits/stay	1.00
Mason-Dixon patrons (on site already)	<u>43,675</u>
Visitors from other hotels (all to the north)	<u>49,658</u>
Summary for stabilized year:	
Coming from the north	455,277
Coming from the south	268,275
Staying at Mason-Dixon/On-site	43,675
Totals	<u>767,227</u>

Site Trip Distribution and Assignment

Figure 9 in the appendices shows the trip distribution percentages for the site traffic on the major roadway system. Figure 10 in the Appendices shows the total site trip distribution and assignment of the proposed development on the major roadway system at full buildout of the proposed development. Site trip distribution was based on existing traffic patterns, a marketing study for the casino and engineering judgment. The following trip distribution was assumed for the site trips generated by the proposed development:

- 9% oriented to/from the north on Emmitsburg Road (S.R.3001)
- 1% oriented to/from the east on Barlow Greenmount Road (S.R.3006)
- 50% oriented to/from the south on Route 15
- 38% oriented to/from the north on Route 15
- 2% oriented to/from the south on Emmitsburg Road (S.R.3001)

On a daily basis, the existing driveway on Emmitsburg Road (S.R.3001) will have an estimated ADT of 6,464 trips or 3,232 vehicles, which is a high volume operation. Details of the site trip distribution and assignment are included in the Appendices.

From: Keith Miller
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To: Pennsylvania Gaming Control Board
PO Box 69060
Harrisburg, PA 17106-9060

Re: Mason-Dixon Casino False Advertising

Date: October 13, 2010

Mason-Dixon has promoted its proposed casino with false advertising. Such practices raise two questions: 1) is the alleged local support based on an understanding of reality? and 2) if Mason-Dixon and its supporters have blatantly misrepresented Mason-Dixon's case, will Mason-Dixon be a suitable operator of a casino which must balance a desire to produce a profit and taxes with the need to protect the public from addictive gambling behavior? Below are just three examples of false promotion by Mason-Dixon and its promoters. These examples are not exhaustive.

- 1) Casino Proximity to Gettysburg National Military Park
- 2) False Advertising of Benefits
- 3) Claims by ProCasinoAdamsCounty that Coca-Cola supports the proposed Mason-Dixon casino

Casino Proximity to Gettysburg National Military Park

From its inception, Mason-Dixon has obfuscated and falsely promoted its location in relation to the Gettysburg National Military park. Mason-Dixon's predecessor, Crossroads, was denied a license due, in part, to proximity to the battlefield. Mason-Dixon has repeatedly tried to deceive the public with respect to its proximity to the Gettysburg National Military Park. Its website makes no mention of the proximity and implies it is further from the battlefield than Crossroads. These misrepresentations resulted in Governor Ed Rendell being misled into believing the proposed Mason-Dixon site was less objectionable than the prior Crossroads location. The governor has since recanted. In surveying Adams County for Mason-Dixon, Terry Madonna, not wanting to include negative information in the survey omitted to mention the proposed casino locations proximity to the GNMP. Such deceptions raise questions as to the integrity of the applicant.

As precedent for an acceptable distance for a casino to be located from the Gettysburg National Military Park, one can look to Crossroads' prior claims. In 2006, David LeVan and Crossroads labored to show that their proposal for a Category 2 license was distant from the battlefield. On December 13, 2006, Mr. LeVan testified during Crossroads Suitability Hearing,

“Now, much has been made of our location to the Gettysburg National Military Park. And as you take a look at this map we have provided [Figure 4], please keep in mind these important facts. Crossroads is not located in the Borough of Gettysburg or on the park. It would be located on land near the intersection of Routes 15 and 30 in Straban Township and just across the street from the new Gateway Gettysburg 100-acre complex.

Crossroads is not located on land that has been designated historic. Crossroads will be situated several miles from the most visited parts of the park. And Crossroads is not visible from any point in the park, including its highest points, Cobb's Hill [Culps Hill] and the Round tops.

Our project is, in fact several miles away and not visible from the battlefield.”¹

Figure 4

Outstanding Location

- Several miles from the main Battlefield and not visible from any point on the Battlefield
- Not designated as historical land



2

¹ Testimony of David LeVan,, Pennsylvania Gaming Control Board Suitability Hearings in Re: Crossroads Gaming Resort & Spa, December 13, 2006, page 20-21 and 94

² Crossroads Presentation to the Pennsylvania Gaming Control Board December 13, 2006 Page 10

Although the PGCB accepted Mr. LeVan's claims on these issues, it found that the proposed location, within 2 ½ miles of the battlefield, was a contributing factor to their decision to reject the Crossroads' application. As described in its, "Adjudication of the Pennsylvania Gaming Control Board in the Matters of the Applications for Category 2 Slot Machine Licenses in a Revenue or Tourism Enhanced Location, " the Pennsylvania Gaming Control Board found:

- 1) "The [Crossroads] site was situated several miles east of Gettysburg, Pennsylvania."
- 2) "The [Crossroads] property is located approximately 2.5 miles from the historical Gettysburg battlefield and is not visible from the battlefield itself," and
- 3) " We note particularly the opposition to the Crossroads proposal in Gettysburg. During the public input hearings in April and May, 2006 community group representatives and individual members of the community testified overwhelmingly in opposition to the project. Opposition was strongest in relation to the proximity of the casino to the historic Gettysburg battlefield areas and the effect the casino would have on the traditionally rural nature of the community. Section 1102 (10) of the Act instructs that 'the public interest of the citizens of the Commonwealth and social effect of gaming shall be taken into consideration in any decisions or order made.' While the Board duly noted and considered the degree and proportion of public opposition, the Board's decision was not based solely on this factor."³

Mason-Dixon portrays that it has found a better location in the Eisenhower Hotel, explaining that it is two miles from the Maryland border. At no point do they explain that it is but a half mile from the boundary of the Gettysburg National Military Park or that it is located astride the Emmitsburg Road, a critical artery to the battle. Mason-Dixon's misrepresentation of the location tricked even Governor Ed Rendell into saying that the proposed Mason-Dixon location was an acceptable and better site than the Crossroads location.

The last time around, Governor Rendell came out against the proposed casino. During a September 15, 2005 television appearance on PCN, Governor Ed Rendell explained, "if it were my decision, I wouldn't want it [a casino] anywhere close to the historic area of Gettysburg.." Subsequent to this, the Governor repeated his opposition to the proposed Gettysburg Casino.⁴

When news that LeVan was pursuing a Category 3 license leaked out last November he gave an interview to the Hanover *Evening Sun*, claiming the proposed Mason-Dixon casino would "is further away from the border of the battlefield than the Crossroads place."

Question: "What is attractive about this new location?"

Answer: "It is distinctly away from the downtown. It is distinctly away from the battlefield. And it is not visible if you drive by it. Other than the signage that you would see out on the frontage of the old Emmitsburg Road, you could drive by there and not be aware that this facility would be there."

³ Pennsylvania Gaming Control Board, "Adjudication of the Pennsylvania Gaming Control Board in the Matters of the Applications for Category 2 Slot Machine Licenses in a Revenue or Tourism Enhanced Location, " February 2, 2007, page 42, 81, & 109-110

⁴ Tim Prudente, "Rendell: "Wrong place for a casino"" The Evening Sun, September 18, 2010; Rinker Buck, "The Second Battle of Gettysburg At the Edge of Lincoln's 'Hallowed Ground,' A New Fight Rages -- Not Over Slavery, But Slot Machines., Hartford Courant, January 22, 2006; CWPT, "LeVan, Chance Enterprises, Losing Debate Over Slots Parlor at Gettysburg." 3/2/2006;

Question: How do [you] apply lessons learned from your previous proposal to this project?

Answer: "It is six miles - five-plus miles - from downtown Gettysburg. It is further away from the border of the battlefield than the Crossroads place. It's an existing facility compared to the Crossroads place. We think it meets all the necessary tests from what we learned the last time around."⁵

Reporting on LeVan's claims, the Hanover *Evening Sun* contradicted LeVan and noted: " The Eisenhower Center is about 0.8 of a mile by road from the southern boundary of the battlefield, 2.9 miles from the Peach Orchard and 5.3 miles from the center of town. By comparison, LeVan's original site on Route 30 was 1.3 miles from East Cavalry Field and 2.4 miles from Lincoln Square." ⁶

Figures 1, 2 & 3 show screenshots taken October 5 & 6 , 2010 explaining Mason-Dixon's location relative to the battlefield.

Figure 1

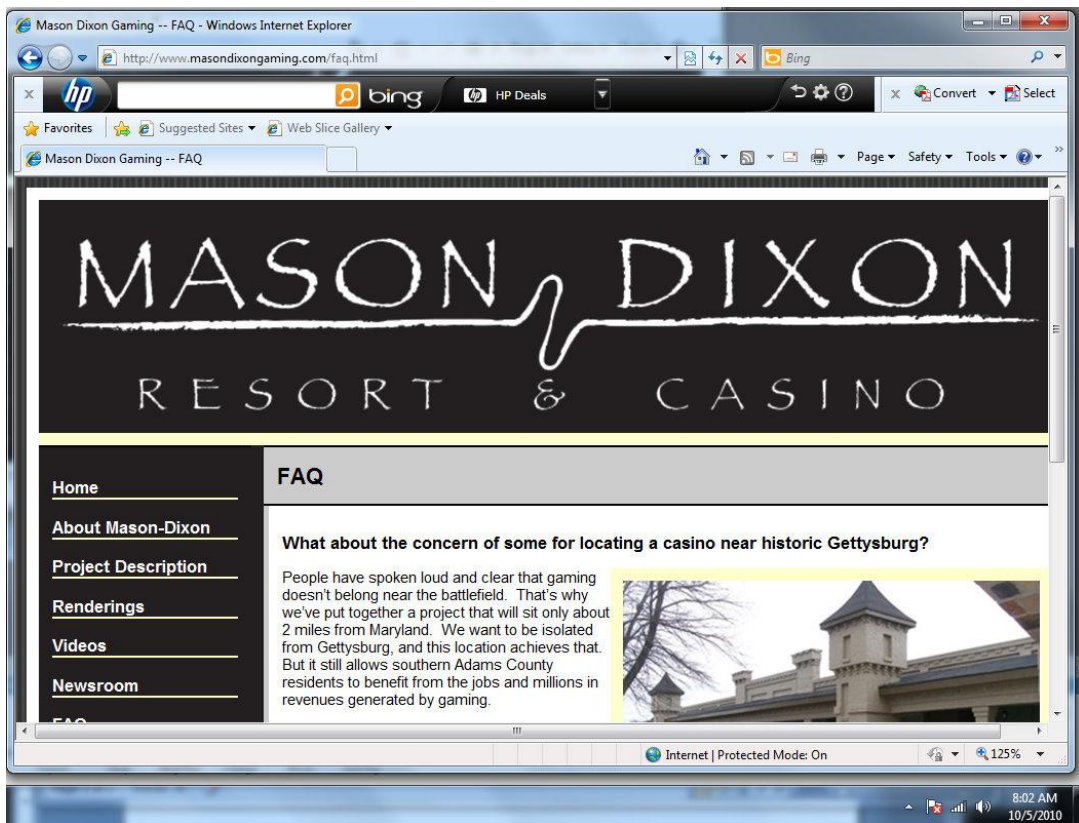


Figure 1 of the website Mason-Dixon explains:

⁵ "Dave LeVan answers questions on gaming resort proposal" *The Evening Sun*, November 25, 2009,

⁶ Erin James, "Casino Proposal Renews Debate," *The Evening Sun*, December 1, 2009

⁷ Mason-Dixon Website screenshot taken 10/5/2010 <http://www.masondixongaming.com/faq.html>

“People have spoken loud and clear that gaming doesn't belong near the battlefield. That's why we've put together a project that will sit only about 2 miles from Maryland. We want to be isolated from Gettysburg, and this location achieves that. But it still allows southern Adams County residents to benefit from the jobs and millions in revenue generated by gaming. “

Figure 2. shows a description of the location of the proposed Mason-Dixon casino at the Eisenhower Hotel. Nowhere on this map does one see the location of the GNMP

Figure 2



Figure 3. shows a portion of a letter from David LeVan which reads in part,

“People spoke loud and clear that the previous project was too big and too close to Gettysburg, and I didn't forget.

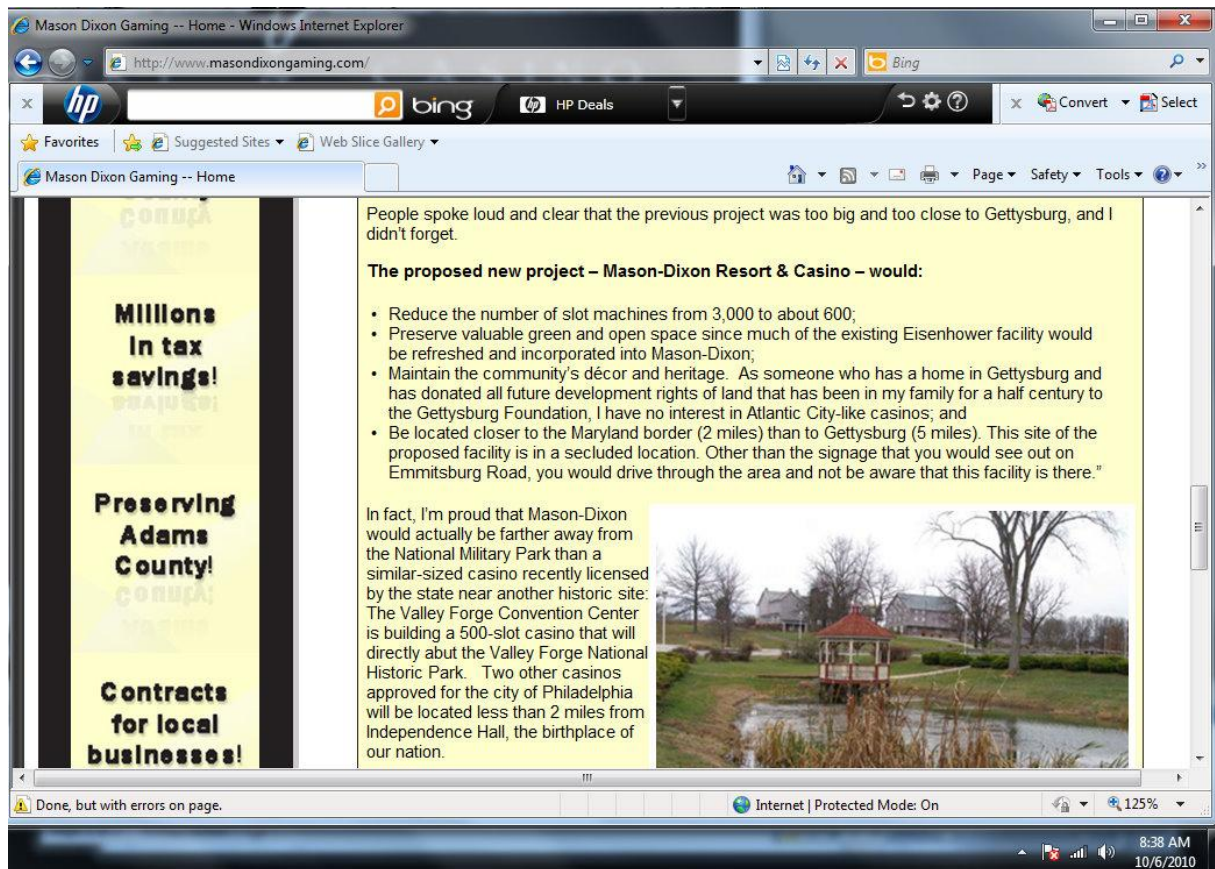
⁸ Mason-Dixon website screenshot taken 10/6/2010 <http://www.masondixongaming.com/>

The proposed new project – Mason-Dixon Resort & Casino – would:

- Be located closer to the Maryland border (2 miles) than to Gettysburg (5 miles). This site of the proposed facility is in a secluded location. Other than the signage that you would see out on Emmitsburg Road, you would drive through the area and not be aware that this facility is there.

In fact, I'm proud that Mason-Dixon would actually be farther away from the National Military Park than a similar-sized casino recently licensed by the state near another historic site: The Valley Forge Convention Center is building a 500-slot casino that will directly abut the Valley Forge National Historic Park. Two other casinos approved for the city of Philadelphia will be located less than 2 miles from Independence Hall, the birthplace of our nation.

Figure 3



⁹ Mason-Dixon website, Screenshot taken 10/6/2010, <http://www.masondixongaming.com/>

On Friday morning March 5, 2010, Governor Ed Rendell came to the Gettysburg Hotel to present his plan to lower the state's sale tax rate from 6 to 4 percent and remove exemptions on 74 goods and services to less than 20 local business owners and community leaders. The question on many people's minds was, what did he think of the proposed casino, since he had opposed Dave LeVan, his friend's 2005 Crossroads proposal. According to the Gettysburg Times, Rendell told the audience,

the proposed Mason Dixon Resort & Casino in Cumberland Township is 'much better' ... because it is 'located farther from Gettysburg and closer to Maryland.'"

'If I were the decision maker, this proposal is better and less objectionable than the last one. ... When the first proposal came out, I said it was too close to the battlefield and too close to our heritage tourism.'

'But I am told this new location is much closer to the Maryland border .. and that would make it less objectionable.'¹⁰

Tim Stonesifer reported for the Evening Sun, the Governor saying,

Rendell said a move south a toward Maryland and away from the battlefield - as well as putting the casino in a pre-existing structure - makes more sense than the previous plan.

"Moving this farther out of town is a good thing," he said, "And while I'm not sure it totally cures my objections, it does mitigate them."

Rendell opposed LeVan's effort in 2005, saying on a call-in program on the Pennsylvania Cable Network, "I wouldn't want a casino two blocks from the Liberty Bell in Philadelphia and if it were my decision, I wouldn't want it anywhere close to the historic area of Gettysburg."¹¹

Dan Siderio had gone to the Gettysburg Hotel hoping to find the Governor and ask the same question. Mr. Siderio arrived as Rendell was concluding an interview with Channel 27 News. When the Governor was done and approached Mr. Siderio, who was standing in the aisle, Dan asked him what he thought of the proposed casino. Rendell said "it's ten miles away." Dan informed him, "it is not ten miles away, it is five miles from the town of Gettysburg, and about half-mile from the Battlefield." The Governor replied "It is?", to which Dan affirmed, "yes it is."¹²

At the conclusion of the conference, the Governor gave an hour-long interview to Pitzer, in which he was again asked about the casino.

SCOT PITZER: "In 2005, there was a proposal to build a gaming facility in Adams County. Now, there is a license available that will probably be applied for by a local businessman. It could generate a lot of dollars in our economically strapped county, but there has been opposition, saying that it doesn't belong five miles from Gettysburg. How would you feel about a gaming facility in Adams County?"

¹⁰ Scot Pitzer, "Governor Talks Taxes and Casino" *The Gettysburg Times*, March 6, 2010

¹¹ Tim Stonesifer "Gov. softens casino opposition," *The Evening Sun*, March 5, 2010

¹² Email from Dan Siderio to Keith Miller, October 7, 2010

GOVERNOR RENDELL: "I said when the proposal first came out (in 2005), I said it was too close to the battlefield and too close to our heritage tourism. But I am told that this new location is much closer to the Maryland border...and that would make it less objectionable. Again it's not my decision, it's the Gaming Control Board, and I do not correspond with them...deliberately. Under the law, it's their decision. If I were the decision-maker, this proposal is better and less objectionable than the last one. And you should know, for the record, that David LeVan was a heavy supporter of mine when I ran for Governor. I haven't taken any money from him since, because he's a potential gaming applicant. But he was a heavy supporter of mine. I'm friends with him."¹³

Subsequent articles by Mr. Pitzer would repeat the Governor's statements "that the Mason-Dixon project is 'less objectionable' than the Crossroads proposal, because it is closer to Maryland and farther away from Gettysburg."¹⁴

In reporting the story of the Governor's visit, Tim Stonesifer, asked No Casino Gettysburg's leader Susan Paddock for comment. Her answers caused Mr. Stonesifer to do a little more research as to the Governor's apparent misunderstanding of the casino's proposed location. *The Evening Sun* reporter wrote:

No Casino Gettysburg chairwoman Susan Star Paddock said she felt the governor was misinformed about the proposed new casino location, which is actually closer to the center of the battlefield than LeVan's previous project.

"In the past the governor said he wouldn't want a casino within a mile from the park, and now this is a half-mile," Paddock said. "I would hope if he knew exactly where the new casino was going, he would probably rethink his statement."

Measurements taken by *The Evening Sun* show the Eisenhower Hotel and Conference Center lies 0.8 miles south of the park boundary and is 2.9 miles from the Peach Orchard, roughly the center of the battlefield. The previous location north of town was about 1.3 miles from East Cavalry Field and 4.8 miles from the Peach Orchard.

During a call to clarify Rendell's position, press secretary Gary Tuma said Rendell finds the new site "less objectionable" because it's proposed to go in an existing structure, and because it's farther south and nearer to Maryland than the previous site along Route 30.

Rendell was not speaking about the two sites' absolute distance from the battlefield, Tuma said.¹⁵

On March 16, 2010, Mason-Dixon proudly proclaimed that a February 21-March 5 survey performed by Terry Madonna Opinion Research proved that 62% of Adams County support the proposed casino. But

¹³ Scot Pitzer, "Rendell talks about casino, budget, health care and future plans during Gettysburg visit," *The Gettysburg Times*, March 5, 2010.

¹⁴ Scot Pitzer "Casino Application arrives in Harrisburg," *The Gettysburg Times*, April 8, 2010

¹⁵ Tim Stonesifer "Gov. softens casino opposition," *The Evening Sun*, March 5, 2010

the results were cast in doubt by the order of the questions, their nature, and the exclusion of critical information with respect to the proximity of the Eisenhower Hotel to the Gettysburg National Military Park. Specifically respondents were asked:

5. In 2006 there was a proposal to build a new casino in Straban Township, Adams County that would have included 5,000 slot machines. Did you favor or oppose the construction of this casino or don't you recall this proposal? Is that strongly or somewhat [favored / opposed]?

- Strongly favor
- Somewhat favor
- Somewhat oppose
- Strongly oppose
- Don't know

6. What is the main reason you [favored / opposed] the 2006 proposal?

FAVORED

- Bring jobs, employment to the area
- Provides tax relief, keeps taxes down
- Keeps money in the state

OPPOSED

- Against it for moral reasons
- Hurt the community, increase crime
- Increases traffic

7. There is currently a proposal to open a resort casino in Cumberland Township at the existing Eisenhower Hotel and Conference Center. This limited casino would have 600 slot machines and 50 table games. Have you heard, read or seen anything about this proposed Casino, or not?

- Yes
- No
- Don't know

8. What have you heard?

- General information – what, when, where
- There is a lot of controversy
- Will bring money to the area
- It is a done deal, already scheduled to open
- Will bring jobs to the area
- Will harm, destroy the area, the landmarks, the history
- Other

Don't know

9. Would you favor or oppose opening a limited casino the Eisenhower Hotel and Conference Center in Cumberland Township? Is that strongly or somewhat [favor / oppose]?

Strongly favor

Somewhat favor

Somewhat oppose

Strongly oppose

Don't know

Do you think that opening a casino at the Eisenhower Hotel and Conference Center in Cumberland Township will...

10. increase crime Yes No Don't Know

11. increase traffic Yes No Don't Know

12. create jobs Yes No Don't Know

13. Hurt other local businesses Yes No Don't Know

14. Harm the historic character of Gettysburg National Park Yes No Don't Know¹⁶

As reported in the Hanover *Evening Sun*, Peter Miller, President of the American Association of Public Opinion Research commented ...

The order of two questions asked early in the poll may have influenced the results.

Before residents were asked if they favored the casino proposal, he pointed out, the poll informed respondents of a previous casino proposal which was to include 5,000 slot machines in Straban Township. Those taking the poll were also told the current proposal called for a "limited casino" with only 600 slot machines and 50 table games.

"Order is very important and people could be favoring the proposal because they're thinking it's smaller and a more limited venture than the earlier one," he said. "They could be answering one question in the context of another."

Melvin Kulbicki, a political science professor at York College also said he would not have included the information regarding the number of slot machines and table games.

"You're predisposing them to a certain answer," commented Auden Thomas, the director of the Center for Survey Research at Penn State-Harrisburg.¹⁷

Both Miller and Kulbicki believed Madonna had included positive information concerning the proposed casino that would predispose respondents to view the current proposal as more favorable than the prior casino proposal. In a March 18, 2010 interview on the Bob Durgin Radio show, Mr. Madonna insisted he

¹⁶ Mason-Dixon, "Poll Shows Overwhelming Adams County Support for Gaming, Mason-Dixon Resort Casino, March 26, 2010.

¹⁷ Tim Prudente, Bias Complaints Plague Casino Poll" *The Hanover Evening Sun*, March 18, 2010

had excluded all information in his survey that was either positive or negative. This included information concerning the location of the proposed casino relative to the Gettysburg National Military Park. Mr. Durgin was never satisfied with the answer. The below transcript includes many incomplete sentences.

Durgin: Well good afternoon everybody, how the heck are you? What a gorgeous day, huh? 540-0580 WHP that is the talk line number. Now political analyst and pollster Terry Madonna joins me here, right Terry. How are you?

Madonna: I am great Bob, how about yourself?

Durgin: Good, good, good. Yesterday, I interviewed, I mean this, ahh, this Gettysburg casino question is getting to be as hot this time around as it was a few years ago. You took a poll on behalf of LeVan right?

Madonna : Mason-Dixon correct. Mason-Dixon the organization that wants to put the casino in the Eisenhower Hotel, yep, that's correct.

Durgin: Now, you reported that nearly two thirds of Adams County residents support the casino near Gettysburg. However, Susan Star Paddock, who I interviewed yesterday, she heads the group NoCasinoGettysburg, she called the poll inherently flawed and purposely designed to lead respondents to the desired result. Now, you've got the floor.

Madonna: Thank You. First of all, let me begin by saying after doing polls for twenty years on all sorts of subjects, my professional judgment is that the people in Adams county support, at this moment, with what they know about the proposal the limited casino to be placed in the Eisenhower Hotel and Conference Center. And, I want to qualify this. Not only do the residents of Adams County as a whole, but one of the things that happened yesterday was there was a continual reference to the fact that we did not interview people who lived in the region where the casino would be located in the Eisenhower Hotel and Conference Center area in Cumberland Township or Gettysburg. That is patently false. I want to make that very clear. One third of the interviews that we did were completed in the zip code which includes Gettysburg as well as Cumberland Township. What we found, and it was surprising to me, the view of the people who live there within a very few miles of the Eisenhower Hotel, and the views of the rest of the citizens in Adams County were almost identical. So I want to put that to rest. There was this reference throughout this conversation to the did not interview people who lived in and around the hotel. They did not interview people who live in Gettysburg proper in and around the battlefield. That is patently false.

Now, let's go to the next point that's worth mentioning. Another big issue had to do with the fact that we didn't indicate the location of the Eisenhower Hotel to the Gettysburg Battlefield, and you had extensive discussion about this. Now look the Eisenhower Hotel, Bob, is not a Motel 6. It is a 300 room convention center that's been around for decades -- for decades. The people who live within three or four or five miles, know where it's located. Know how close it is to the battlefield. Do you

think that the residents of Dauphin County don't know where the Hilton Hotel is, or in York that they don't know where the Yorktown Inn is, or where I live they don't know where the Host is?

Durgin: Yah but the reason this is controversial, this whole casino thing is controversial, is because of the National Park, not some (Madonna tries to break in) ... well let me finish ... not some hotel. So, I was asking the question, why has LeVan or whatever the hell is name is, and the Mason-Dixon people, and in your poll, why is the National Park never mentioned when the casino would be just about only one half mile from the National Park border.

Madonna: Well first of all that's not correct. That's not correct. We asked people in this poll in question 14, before we got into any message testing, "Do you think the opening of a casino at the Eisenhower Hotel and Conference Center in Cumberland Township will harm the historic character of the Gettysburg National Park?" Now now,

Durgin: Yah but the people weren't told, the people weren't told that the casino was going to be only half a mile from the National Park border.

Madonna: Bob, do you think that the people in Dauphin County don't know how close City Island is to the Hilton downtown? Now that's unreasonable. Of course people who live within three or four miles, know where one of the largest convention centers in the area is located in relationship to the National Park. I mean that's that's unreasonable. We didn't ask people in New York or Maryland, we asked people who are in the community, right in the community. In and around the park and the hotel and Gettysburg proper. Now you can't make that assumption, that's not credible. What do you think they don't know where that place is? Of course they do.

Durgin: Well I can make any assumption I want. I still have a question. Why was the National Park ignored?

Madonna: I just told you. It wasn't ignored.

Durgin: Well it was ignored in the fact that, and maybe it's because I'm not familiar with the area down there, and like you say all the people in Adams County know where this hotel is, but the point is, the point is, the hotel isn't the controversy, the National Park is.

Madonna: We asked the question of the people who live in and around the casino the hotel complex and the park. I can't do anything more than that. They know where it is. Now it's unreasonable to assume I've been on that road in the past when I've gone to Gettysburg. I don't even live there. I don't even live in the community.

Durgin: Why do you think that Governor (Madonna interrupts)

Madonna: I want to get through these things. Look that is a reasonable explanation for any of us to conclude that someone would have a reasonable understanding of the

proximity of the hotel to the battlefield when they live in the community. Now (Durgin interrupts)

Durgin: I can accept that. But, but, but, the National Park is what the controversy is, not that hotel. Why didn't you use the proximity to the National Park border instead of that hotel? I don't understand that.

Madonna: Hold on, hold on. We asked people, we asked people, if putting the casino at the Eisenhower Hotel, you got that, if putting it there, would harm the historic character of Gettysburg National Military Park. We have linked the two together -- inextricably -- not separate -- linked together. Hotel, here it is, Cumberland Township, Gettysburg National Park. If you live in that zip code, you know exactly where we are, and what we are talking about. As even one of your callers, an anti-casino folk yesterday indicated. People know that, and we link them together, and, and 64% of the people said it would not harm the park. Now look I am giving you my professional judgment. We can argue over (Durgin interrupts)

Durgin: Ok, I've got something else here for you. Apparently Governor Ed Rendell on more than one occasion, indicated that he thought the casino was ten miles away from Gettysburg and much closer to the Maryland border. Well he was mistaken. (Madonna interrupts) Well let me finish. Mr. LeVan or somebody with Mason-Dixon said that their slots and table games parlor would be much smaller than their '06 proposal, and it would be in an existing building, and would be farther from town and closer to the Maryland border, again never mentioning the National Park and the fact that it might be farther from town, but it'll be right next door, less than half a mile from the National Park border. Why didn't the guy say that? Why don't they want to talk about the National Park? Why don't they want to talk about the proximity of the National Park? Why? Why do you think that is?

Madonna: Bob, I don't have a clue. Let me just answer the question. I was asked to do this survey of the residents of Adams County and the people who lived around. I have no idea about what Governor Rendell said or why he said it. I have no clue. You're going to have to ask those people who want to put the casino in the Eisenhower Hotel. My job with you today is to talk about this survey, and what the people in Adams County think. I have already told you in my humble professional judgment, the people of the county right now, including the people in and around the park, the Gettysburg Borough, and Cumberland Township, as it stands now support the idea of putting a limited casino in the Eisenhower Hotel. (Durgin interrupts)

Durgin: Ok. But I have questions about, I'm sorry but, Terry, I have questions about this poll. What I want to know is, why didn't you ask the question, something to the effect that, you did ask the question, do you support the locating of the casino near this hotel, or whatever the hell it is, why didn't you ask them if they, the same question, asking them if they support the casino being approximately one half mile from the National Park border? Why didn't you ask that question?

Madonna: Bob, we are going over, we didn't supply people with positive or negative information period. We didn't help them, up through question nine, where that

question appears, in terms of their formulating their responses. We asked all neutral, we didn't indicate, we wanted to know, what they knew and what they thought. It (Durgin interrupts)

Durgin: Well why didn't you tell them? You didn't give them all the information then.

Madonna: No.

Durgin: You didn't give them , you didn't say that the casino would be located about one half mile from the National Park border.

Madonna: You are beating a dead horse. You don't

Durgin: Ok fine. I gotta take a break. Take a breath. We'll be right back.

Durgin: Terry did you get a opportunity to say everything you wanted to?

Madonna: No. no. We don't agree on that. I think that the evidence is clear that people who live in the area would certainly know the proximity, just as the people in any area within a three or four mile radius would know a big hotel and a battlefield, but let's move on to the next one.

.....

Durgin: We've got Dan here. Dan your on WHP, with Terry Madonna. Go ahead Dan.

Caller (Dan Siderio): How you doing Bob?

Durgin: Ok.

Caller: I have a question for Mr. Madonna, and then I would like to make a comment. I heard you ask Mr. Madonna in the last five or ten minutes, three or four times, why the location of the casino was not told to the people that were polled as far as its proximity to the battlefield, and he has answered, that people in that area know where that Eisenhower Inn is, and they don't have to be told. Well I've lived here twenty years, and I know a great many people that don't know, have any idea where the Eisenhower Inn was. Now if we don't know, and we live here, how about people five, ten, fifteen, twenty miles away, who've never heard of the Eisenhower Inn, have no idea where it is, but they weren't told during the poll, it's about half a mile away from the casino, and they could base their answers on that information. Why weren't they given that information if they live outside of the Gettysburg area? That's my question for Mr. Madonna.

Madonna: Well the answer is, we just don't agree with it. We didn't supply information positive or negative about it. We assumed, and you have a point of view on it, I don't agree with your point of view, but (Siderio interrupts)

Caller: Well that's information they need to make an intelligent decision.

Madonna: Well (laughing) I think people understand and know where the Eisenhower center is, because you don't that's fine. Someone else can do a poll and they can point out its proximity and see what that happens to the result. I, I just ahh, we, when we designed it we were not going to supply positive or negative. We just literally asked people what they knew (Durgin interrupts)

Durgin: Well, excuse me just a minute here, are you saying Terry, that if you had mentioned the proximity of the National Park in your question that would be a negative?

Madonna: No. I don't know. We just decided, no, we didn't supply any additional information at all. We didn't try to help or hinder or provide a (Durgin interrupting)

Durgin: Ok, well I accept that, but what's that got to do with not mentioning the National Park?

Madonna: But Bob, we did. The point I am trying to make is that we did ask the question about the National Park. I mean we did ask people, we did mention the Eisenhower center and we did ask about, we did tell 'em about the Park, so, the Park in relationship to the casino. We said, would it harm the character? We can go down this road all we want, but the question was asked the way it is (Durgin interrupting)

Durgin: Yah, well the people of Mason-Dixon (Madonna talking over Durgin)

Madonna: I don't think it would have materially changed people's opinion about it. Look (Durgin interrupts)

Durgin: We don't know that though, do we?

Madonna: Let me make one other point. You can go into Gettysburg on Route 30, and find a ton of commercial and retail activity. All sorts of things. And you can go down, Route 15 between Gettysburg and the exit to get to Eisenhower Hotel, and you find all kinds of retail and commercial establishments. So the fact of the matter is, that, all reasonably close to the battlefield, so I could make the assumption that Gettysburg is already inundated with all sorts of commercial and retail and consumer activities, from ahh from ahh, you know. (Durgin interrupts)

Durgin: I'm lost. I don't know why your'e (Madonna interrupts)

Madonna: Why are you lost. It's an analogy. You're talking about preserving the quality of the battlefield. You have all kinds of retail and commercial activity within a mile and a mile and half of the battlefield. Do you not? So what's (Durgin interrupts)

Durgin: So what's the point?

Madonna: Well the point is, so you have a casino in a conference center (Siderio interrupts)

Caller: Can I break in and ask what happened to my question, about the people five, ten, fifteen, twenty miles away, that have no idea where the Eisenhower Inn is in relationship to the battlefield and were not told.

Madonna: Ok. Here's your answer to your question. The people who live near the battlefield and the hotel, had the same view of whether to put the casino in the hotel half a mile from the battlefield, as the people who live in Adams County as a whole. Now I will repeat that. The people who live within the area code 17325 have the same view of whether to put the casino in the hotel close to the battlefield as the people who live fifteen or twenty miles away. (Durgin interrupting)

Durgin: Hold on Dan.

Caller: But they weren't told.

Durgin: Dan, hold on, hold on.

Madonna: They had the same view.

Caller: Not the same information?

Madonna: Well if anything they would have been maybe more supportive, if that is your point. Cause the further we get away, they would have been more supportive because it's not in their back yard.

Durgin: Terry, I want to go back to the statement, apparently issued by somebody within the Mason-Dixon group. Again, saying that the proposed casino would offer slots and table games and would be much smaller than their proposal in '06, and it would be an existing building, and would be further from town and closer to the Maryland border. What a tortured statement that is? They don't want to talk about the National Park. The National Park is the whole reason for the controversy and they don't want to talk about it. They don't want to remind everybody that it's going to be a half mile away from the National Park border. This is incredible. That's why Governor Rendell thought it was ten miles down the road closer to the Maryland border, hell I thought the same thing.

Madonna: Well, you're going to have to ask them that. (Siderio interrupting)

Caller: Bob, can I read my comment so I can get off. I just have a comment I want to read to try and emphasize the importance of the casino being so close to the battlefield.

On February first of 2007, the Pennsylvania Gaming Control Board issued a 114 page report on the reasons that the Gettysburg casino application was denied. One of the top three reasons was proximity to the battlefield. That is how important that that issue was to the Gaming Board. So Mr. Madonna how could you possibly conduct, what you claim was a scientific fair and unbiased poll, without informing the people being polled of the exact location of a casino in relation to the battlefield.

Madonna: Bob, I've answered this question.

Caller: No you haven't answered that question.

Madonna: I've answered the question ten times. The people who live in and around the battlefield and the hotel are well aware of the proximity. Look, look, you and I can disagree on that, and and that's fine, but that's the answer.¹⁸

...

Consistent with the website, Mason-Dixon's survey failed to disclose the proximity of the Gettysburg National Military Park to the proposed casino at the Eisenhower Hotel. As indicated above, Mr. Madonna excluded negative information he might have been prejudicial to the respondents answer. Further although he claims the questions were worded in a neutral manner, Messrs Miller and Kulbicki, suggest they were designed to provide a positive response.

Finally it is worth noting that Mr. Madonna repeatedly referred to the Eisenhower as a Hotel, never as a resort. This is because the Eisenhower Hotel and Conference Center is not a resort.

On April 29, Susan Paddock, Bill Schneider, Dan and Jean Siderio, Greg Baran, Joyce Wentz, Stephanie Mendenhall and I met with the Governor's Chief of Staff Steve Crawford and Deputy Chief of Staff Steve Niley at the Governor's office to explain the casino location and why this was a worse deal than the last time. The discussion covered topics from how the site was marginal from a revenue potential to how it presented risks to the existing family- oriented heritage tourism industry. The Governor's staff were surprised about the proposed site's proximity to the GNMP, and said they would share the information with the governor.

On September 16, 2010, Dan Siderio succeeded in getting through to the Governor during the PCN Call - in show. With Mason-Dixon's and Dave Levan's deceptions about the location made known to the Governor, he came out strongly against the casino. Here is the text of that encounter:

Dan Siderio:

Governor Rendell, I'd like to ask you a question about the casino that was proposed near the town of Gettysburg and the battlefield in 2006. (Governor looking down scratching his left eye with left finger). At that time the casino was a mile and a quarter from the battlefield, and the Pennsylvania Gaming Control Board denied the license and one of the reasons they gave was it was too close to the battlefield. You made a statement in 2006, that you were opposed to this casino because you said it was too close to a historic site and now another casino is proposed in Gettysburg a half mile from the battlefield and newspaper editorials all over the nation have condemned this location, including three in the past few months from the Philadelphia Inquirer your old home town, and the National Commander of the American Legion which is the largest veterans' organization in the country

PCN interrupts:

caller can you get to your point.

¹⁸ Thursday, March 18, 2010, Bob Durgin Show, Terry Madonna Prof at Franklin & Marshal discusses Survey of putting a Casino in Gettysburg. <http://www.whp580.com/podcast/bobdurgin.xml>

Dan Siderio

has called a casino near Gettysburg a national disgrace.

PCN:

Ok Governor do you want to respond?

Governor Rendell:

Well I'm still opposed to it. But, the caller has to understand, and all of our viewers have to understand, I don't have a vote. And we created the Casino control commission in a way that they were immune from the influence of elected officials, including the Governor. I made that statement in '06 publicly and I've made it again a number of times. Ahh ahh, David LeVan (Governor warms and begins to smile) who is the main proponent of this is a good friend of mine was a big contributor to my campaigns, and I love David, but I just think ***it's the wrong place for a casino*** [emphasis added] for the reasons that the our caller enunciated.

Six days later at a senior center in Harrisburg, the Governor repeated his opposition to the proposed Mason-Dixon casino explaining, "I think the historic area is of such value, and the tourist economy is so important that it would be inappropriate for it to be there."¹⁹ Mason-Dixon's efforts to deceive the Governor and the public with respect to the proposed casinos location failed. Hundreds of historians, veteran groups, and tens of thousands of concerned citizens have come out squarely in agreement that "it's the wrong place for a casino."

¹⁹ Tom Barnes, "Rendell, vet groups opposing Gettysburg casino idea." *The Patriot News*, September 23, 2010

False Advertising of Benefits

Mason-Dixon has built local support for the proposed casino by misrepresenting the opportunity it creates for the community. Figure 4 shows another screen shot of the Mason-Dixon website containing a series of false claims with respect to the project's potential. The website's claims of: millions of dollars in school taxes, millions of unique/new day visitors and a million tourist overnights requiring 1,200 additional hotel rooms are gross exaggerations or simply false. Table 1 shows the magnitude of these distortions through a comparison of these false claims to Mason-Dixon's Local Impact Report. The comparison to Mason-Dixon's LIR is not an endorsement of the LIR which also contains exaggerations. The point is simply that Mason-Dixon is advertising benefits which their own LIR does refute.

Table 1

WEBSITE CLAIM	REALITY AS EXPLAINED IN LIR
Millions of dollars annual real-estate tax contributions to school district	<ul style="list-style-type: none"> • \$225,885 for Gettysburg Area School District²⁰
Millions of unique/new day visitors	<ul style="list-style-type: none"> • Between 93,662 and 162,387 unique visitors will make 673,894 day trip visits to Mason-Dixon.²¹ " • 449,000 visits ... are expected to be local -- that is, ... residents within a 30-minute drive time from Mason-Dixon. "²² • Of the 449,000 local visits 181,978 are made by Adams residents.²³ • Unique/new day visitors are less than one tenth of the millions claimed.
1 million tourist overnights requiring 1,200 additional hotel rooms	<ul style="list-style-type: none"> • "approximately 93,000 visits...would come from hotel guests at both Mason-Dixon and hotels in the area. Note that the estimates for gaming visits by hotel guests (at Mason-Dixon hotels and nearby hotels) are based on existing market occupancy levels and do not account for any additional hotel room nights generated by the existence or operation of the facility."²⁴

²⁰ Econsult Corporation, "Potential Economic Impacts of the Proposed Category 3, Mason-Dixon Resort & Casino," March 2010 page 18

²¹ "Marketing Plan" Mason-Dixon Update to Appendix 41 (part 1) page 185. Mason-Dixon forecasts that it will capture 75% of the business in zone 1 and 50% of the business in zone 2. If patrons focus their business, e.g. 50% of Zone 2 patrons go to competing facilities and 50% go to Mason-Dixon, then there are 93,662 unique visitors to Mason-Dixon. If patrons split their business, e.g. Zone 2 patrons go half the time to Mason-Dixon and half the time to competing facilities, then there would be 162,387 unique visitors.

²² Econsult Corporation, "Potential Economic Impacts of the Proposed Category 3, Mason-Dixon Resort & Casino," March 2010 page 14

²³ "Marketing Plan" Mason-Dixon Update to Appendix 41 (part 1) page 185.

²⁴ Econsult Corporation, "Potential Economic Impacts of the Proposed Category 3, Mason-Dixon Resort & Casino," March 2010 page 2

Figure 4



²⁵ Mason-Dixon website, <http://www.masondixongaming.com/product.html>, October 5, 2010

Coca-Cola

According to *The Gettysburg Times* on Friday night April 23, David LeVan rallied his supporters at the Edgewood Bowling Lanes and ProCasinoAdamsCounty announced that Coca-Cola was supporting Mason-Dixon. LeVan explained to supporters that "it would be good for him," to receive the remaining category three license and he would "make it good for the community." Mr. LeVan explained the process he went through selecting Penn National to be the operator and what a great company they are. "They have Grantville, Charlestown, and they will open the first casino in Maryland in Cecil County. If they are successful with us, they will have a stronghold on this region."

In addition to hearing from LeVan, Jeff Klein, the leader of ProCasinoAdamsCounty, proclaimed that Coca-Cola Inc., and Lane Bryant, had "recently signed on to support their fight for the proposed casino"²⁶ "I am proud to announce three companies have just signed up with Pro Casino Adams County. Coca-Cola is now the official soft drink of Pro Casino Adams County. Coca-Cola believes in what we are doing as a grassroots organization. This should send a message to every other business. If Coca-Cola is willing to stand behind a group of folks like us, so should everybody else. ... Lane Bryant, a national company, has signed on with us. And again, when I say us, I'm talking about all of us - Pro Casino Adams County."²⁷ David LeVan who was in attendance made no effort then or later to correct this fraudulent statement. Coca-Cola's trademark was displayed on PCAC's website and used by PCAC and Mason-Dixon to induce other businesses to support the proposed casino.

Several people (samples below) wrote Coca-Cola's Chairman and CEO Muhtar Kent and many more called to ask if it was true that Coca Cola had decided to support the proposed Mason-Dixon Casino.

On May 6th, Coca-Cola responded in writing to those who had written. As they explained

To be clear, the Coca-Cola Company does not have any relationship with Mason-Dixon Gaming nor have we supported or endorsed the casino gaming project located near Gettysburg National Battlefield.

Coca-Cola's responses were sent to *The Gettysburg Times* which had announced Coca-Cola's support without investigating whether or not it was true. As the *Times* reported on May 15, "Coca-Cola, Lane Bryant distance themselves from claims that they support casino"

Mason-Dixon and PCAC had misrepresented a Coca-Cola's bottlers' donation of a small amount of product in support of monument preservation as support for the Mason-Dixon project. Curtis Epherly, Coca-Cola's Mid-Atlantic vice President for Public Affairs and Communications explained to the *Times*, "There was a misunderstanding that the gratis (donated) product was in support of (the casino)." "We absolutely have no position at all with respect to the Casino."²⁸

Mason-Dixon's repeated attempts to mislead the public cast in doubt its suitability for a Category 3 license.

²⁶ Jarrad Hedes, "LeVan rallies Mason-Dixon supporters," *The Gettysburg Times*, April 24, 2010.

²⁷ John Messeder, "Coca-Cola, Lane Bryant distance themselves from claims that they support casino," *The Gettysburg Times*, May 15, 2010.

²⁸ John Messeder, "Coca-Cola, Lane Bryant distance themselves from claims that they support casino," *The Gettysburg Times*, May 15, 2010.

Keith Miller

Chairman and CEO Muhtar Kent
The Coca-Cola Company
P.O. Box 1734
Atlanta, GA 30301

April 24, 2010

Dear, Chairman and CEO Muhtar Kent

In an April 24 online article published by the Gettysburg Times (Gettysburg, PA) "LeVan rallies Mason Dixon supporters" Jarrad Hedes reported "The group gathered to announce three new business partners - Coca Cola Inc., Lane and Bryant, and Scott's Tire and Auto Repair in Gettysburg - recently signed on to support their fight for the proposed casino."

Is this correct? has Coca Cola Inc., aligned itself to support the construction of a casino within half a mile of the Gettysburg National Military Park. The proposed casino is highly contentious, and it is inconceivable to me that a company as marketing savvy as Coca-Cola would support an effort which many view as a desecration of our history.

Please let me know at your earliest convenience whether this is correct.

Sincerely

Keith Miller

Mr. Muhtar Kent, Chairman and CEO
Coca Cola Company
PO Box 1734
Atlanta, Georgia

Dear Mr. Kent:

On April 24, I was appalled and saddened to read a statement in the Gettysburg (PA) Times made by a spokesman for Mason-Dixon Resort and Casino that “Coca-Cola, Lane (sic) and Bryant, and Scott’s Tire and Auto Repair in Gettysburg recently signed on to support their (Mason-Dixon’s) fight for the proposed casino”.

I am hoping that the spokesman was misrepresenting your role, when it may be only that they cut a deal for purchasing beverages with the local distributor. Otherwise, I would be aghast if such an American icon as Coca-Cola would lend itself and its reputation to such an ill-advised venture as this one...to place a venue for frivolous escapist entertainment 3000 feet from the southernmost (and most used) entrance to the revered Gettysburg National Military Park, and right on the “Journey Through Hallowed Ground”, a historic “Scenic Byway” which extends from Monticello to Gettysburg. Ironically, the creators of that byway purposely avoided Charlestown WVA, despite its strategic location and significant historic importance, because of the racetracks and slots parlors there, which they deemed incompatible with heritage tourism.

I don’t know how much interest you have in American History, but let the record show, I am telling you that the Gettysburg Battlefield, its contextual community, and the 51,000 casualties suffered on July 1, 2, and 3, 1863, represent the essence of what America is all about. Nothing that the word “Gettysburg” conjures up in the national consciousness can abide with a casino with all the tawdriness it represents and attracts.

Abraham Lincoln, in his November 1863 address, beseeched us to be responsible stewards of this Hallowed Ground, where so many fought and died so that the words “all men are created equal” could truly have resonance for each citizen. Have we placed greed over any concern to preserve our historic sites for future generations? These investors tout economic development as their purpose for this travesty, but we have statistics that show indisputably that it will wreak economic and social havoc for this particular community. No one would object to economic development that would be compatible with the unique character of this place. Would we build a go-cart track at Shanksville, the site of the Flight 93 crash on Sept. 11? Would we open an amusement park at the gates of the cemetery in Normandy? A water park at the Arizona Memorial in Pearl Harbor? I think not.

Four years ago, this same individual attempted to open a 5000-machine slots parlor one mile from the battlefield and was turned down due to an outpouring of public fury expressed locally, regionally and nationally. This time there is only one gaming license to be awarded. Interestingly, another entity has entered the competition for a proposed casino 35 miles north of Gettysburg and only ½ mile from my pleasant suburban home. It’s the last thing I want in my backyard; however, I would endure it if it meant that Mason-Dixon’s license application for a casino on the Gettysburg Battlefield’s doorstep would be rejected.

Ron Maxwell, Director of the epic movie “Gettysburg” spoke here recently in impassioned opposition to this casino. He was vilified by casino supporters for stating his opinion that these investors are not altruistic; rather, they were exploiting the international fame of Gettysburg by locating it there. But consider this; if the battle had been fought elsewhere, or not at all, Gettysburg would still be a sleepy farm town in rural Adams County...a location that no greedy investor would ever consider as a venue for a gaming establishment.

We hope you agree that if opening a casino is so important to these investors, and they want to do it in this rural region of South Central Pennsylvania, they should purchase land 5-10 miles in any direction and open one there. If this is truly an altruistic endeavor as the investors say it is, then those who need jobs will travel the short distance to work there and no one will take issue. The tens of thousands of folks who come to Gettysburg each year to learn, to reflect, to grieve for the pain and death suffered there to save our union don’t come to gamble. Heritage tourists overwhelmingly say just the thought of a casino is repugnant to them.

If the Times statement that motivated me to write this letter is untrue, you should immediately contact the Gettysburg Times, P.O. Box 3669, Gettysburg, PA, 17325; the Pennsylvania Gaming Control Board, Gregory C. Fajt, Chairman, P.O. Box 69060, Harrisburg, PA 17106, and Mr. Doug Harbach, Director of Communications, Pennsylvania Gaming Control Board, 717-346-8321, and advise them that Coca-Cola is being misrepresented by the Mason-Dixon Resort and Casino Applicant.

Sincerely,

Tanya S. Wagner, R.N., M.Ed.

**Muhtar Kent - Chairman
Coca Cola Corporation
P.O. Box 1734
Atlanta, GA 30313**

April 24, 2010

Dear Sir -

I am writing to you concerning the enclosed article which appeared in the Gettysburg Times on Saturday, April 24, 2010.

I cannot believe that a company with your national and international reputation, would ever think of supporting a gambling casino located one-half mile from the Gettysburg Battlefield in historic Gettysburg, Pennsylvania.

I would like to receive a letter of explanation with your assurance that Coca Cola Corporation does not support this proposal.

Sincerely,

Dan & Jean Siderio



May 6, 2010

Sonya Soutus
Senior Vice President
Public Affairs & Communications

Keith Miller

Dear Mr. Miller:

Thank you for your recent letter to our Chairman, Muhtar Kent. We take very seriously your concerns and are grateful for your bringing this matter to our attention.

We have investigated the issue you raise. To be clear, The Coca-Cola Company does not have any relationship with Mason Dixon Gaming nor have we supported or endorsed the casino gaming project located near Gettysburg National Battlefield.

Based upon our initial inquiries, we understand that one of the Company's bottlers donated a small amount of product in response to request from a local organization that was hosting a fund-raising event for monument preservation. It appears that the bottler's product donation was misconstrued as support for the Mason-Dixon gaming project. We are currently taking steps to clarify this issue with Mason-Dixon and all involved. I hope this information helps allay your concerns.

It may interest you to know that The Coca-Cola Company has had a long-standing relationship with the Gettysburg Foundation through our local bottler, Coca-Cola Enterprises, and through The Coca-Cola Foundation, which donated \$1 million to the Gettysburg Foundation. Please feel free to contact me in the future if needed.

Again, thank you for taking the time to express your concerns and for your continued support of Coca-Cola.

Sincerely,

Sonya Soutus