

**Statement of Craig Sculos, VP and General Manager, Twin River  
To the Finance Committee of the Rhode Island House of Representatives  
February 7, 2008**

Thank you Mr. Chairman and members of the Committee. My name is Craig Sculos and I am the Vice President and General Manager of Twin River. Joining me this afternoon is our Chief Financial Officer, Jay Minas.

We fully understand and recognize the enormity of the financial issues confronting this committee, the State of Rhode Island and its taxpayers. We sincerely wish that we could sit here and tell you that we have a solution for all of the problems that confront you. Regrettably, we do not.

Having had the opportunity to review H 7161, however, we are able to conclude that by extending gaming to 24 hours per day, additional revenue can be generated with little or no impact to the local community. This may, in part, assist you in addressing your broader budgetary problems.

The financial conclusions we have reached are based on a regression analysis that is partly derived from data collected through current Twin River operations – including the financial impact of our 2 a.m. opening, which was instituted almost 14 months ago – as well as data gathered from other gaming jurisdictions. We believe the analysis to be conservative in its approach and in its conclusion.

If a decision is made to move forward with 24-hour gaming, we believe that the state could expect to receive an additional \$16.5 million annually. We believe that we could be up and operating on that basis within four to six weeks from the date of your decision. From that point forward, we expect that the state would receive an additional \$318,000 weekly. These are revenues that could perhaps be of assistance in meeting current fiscal year shortfalls.

As I said earlier, we believe that the impacts on the community would be negligible, if at all. We actually believe that the extended hours could prove beneficial as our guests will no longer need to leave at a given time and can instead depart the facility at varied intervals. This should reduce traffic flows that now occur at closing.

This is further supported by the fact that our estimates are not predicated on us attracting a huge new audience. Instead, we expect that the vast majority of the additional revenue will come from existing players who simply choose to extend their stay. There is also a niche segment to the market that we are now losing to Connecticut because of their extended hours, and we do hope to capture a portion of that segment. But, we believe that to be fairly small in terms of both numbers and revenue.

As you would expect, we will also continue to utilize police and fire details throughout the extended hours to compliment our fairly sizeable Security and Surveillance departments. We also think that all now agree that the traffic improvements we have

made are already benefiting the community.

Finally, there will likely be additional ancillary benefit to the state which we have not yet calculated. The extended hours will require us to increase our payroll – which is largely unionized - and those wages will be subject to state taxes. We also expect restaurant revenues to increase as later reservations will now become possible. Currently, our three first class restaurants - Fred & Steve's Steakhouse, Fado Irish Pub and Carmine's – experience a significant drop off in reservations after 9 PM as patrons seek playing time before closing.

In conclusion, please know that our objective at Twin River is to exceed your expectations. When BLB investors acquired the former Lincoln Park, they promised that they would invest \$125 million in renovations. In fact, they have invested over \$225 million and in so doing; they have transformed the former dingy and antiquated facility into a true gaming, dining and entertainment showcase.

In calendar year 2007, Twin River generated over \$234 million in revenue for the state, excluding payroll tax and restaurant taxes. We are fully prepared to continue to work with you to improve that performance further.

We are at your disposal to answer questions.



**Twin River**  
**Estimate of Increased Revenue from 24/7 Operation**  
**Assumptions – Conservative Model**

**Issue**

Additional coin-in from extended hours

**Methodology**

A steady decline from the 1 a.m. to 2 a.m.

coin-in amount is shown until 4 a.m.; remains at that level until 6 a.m, and then a steady increase until 9 a.m. (subject to a minimum coin-in of \$20,000 per hour)

Additional coin-in from existing hours

Additional 1 percent of 2007 coin-in from 1 a.m. to 2 a.m.

Additional Net terminal Income (N.T.I.)

The sum of additional coin-in, less coin-out (amount wagered less amount paid out)

Additional State Share

Additional N.T.I. x 61.50%



**Twin River  
Estimate of Incremental State Share from 24/7 Operation  
Conservative Model**

Additional Weekly Coin-in (amount wagered) from extended hours	<b><u>\$5,747,567</u></b>
Net Terminal Income	\$517,281
State Share at 61.50%	<u>61.50%</u>
State Share of Net Terminal Income (Weekly)	\$318,128
x 52 weeks per year	
State Share of Net Terminal Income (Annually)	<b><u>\$16,542,648</u></b>



**Twin River  
Estimate of Increased Revenue from 24/7 Operation  
Conservative Model**

<b>Additional State Revenue From Extended Hours</b>	<b><u>Weekly</u></b>	<b><u>Annually</u></b>
	<b>\$318,000</b>	<b>\$16,543,000</b>



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**Twin River  
Payments  
January 1, 2007 thru December 31, 2007**

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<b>* Estimated net terminal income payments allocation:</b>	<b>2,007</b>
Town	<b>\$4,750,000</b>

State	\$229,504,000
Sales Tax - State Share	\$1,377,000
Sales Tax - Town Share	\$156,000
DBR Payments (Licensing related)	\$104,000
DBR outstanding mutual tickets over 1 yr	\$344,000
Racing Simulcast tax - State	\$1,573,000
Racing Live Tax - State	\$980,000
DBR Live Racing Fees	\$185,000
DBR Simulcast Live Racing Fees	\$70,000
<b>Town of Lincoln</b>	
Property Tax	\$1,586,000
Lime Rock Fire District	\$250,000
Water Dept	\$146,000
Racing Live Tax	\$81,000

\* State distributes net terminal income, these amounts are estimates