

Downstream Authority of the Quapaw Tribe of Oklahoma Regular Meeting
August 18, 2016

Meeting Called to Order: 11:00 am

ROLL CALL:	John Berrey, Chairman	Present
	Larry Ramsey, Secretary	Present
	Ranny McWatters, Treasurer	Present
	Marilyn Rogers, Member	Absent
	Tamara Reeves, Member	Present

DECLARATION OF QUORUM: announced by Larry Ramsey
Jani/Kent

2017 Budget Review

- Begin Oct 1 2016
- Each department submitted a budget for review
- No major changes planned for this year
- EBITDA projected to be 59 million
- See attached

Motion by DDA Secretary Larry Ramsey to approve as presented. Seconded by DDA Treasurer Ranny McWatters. VOTE: JB: yes; RM: yes; LR: yes; MR: absent; TR: yes (4 yes, 0 no, 0 abstain, 1 absent)) Motion Carries

Adjourn: 12:05 pm

Downstream Casino Resort
Budget 2017 Key Stats and Assumptions
Executive Summary

	Budget 2017
EBITDA	\$ 59.0
Debt Service	34.6
Distribution to Tribe	10.0
Available for Capex	\$ 14.4
2017 Capex Budget - All submissions	\$ 7.3

	A		B		B - A	
	Annualized May-16		Budget 2017		Difference	% Difference
Gaming Revenue, net	137,594,832		140,558,597		2,963,765	2.2%
Hotel Revenue	10,215,488		10,451,728		236,241	2.3%
Retail Revenue	9,014,544		8,994,071		(20,473)	-0.2%
F & B Revenue	13,569,692		14,306,296		736,604	5.4%
Entertainment Revenue	1,282,791		2,019,780		736,989	57.5%
Other Revenue	2,442,965		3,130,500		687,535	28.1%
Total Revenue	174,120,311		179,460,972		5,340,660	3.1%
Cost of Sales	14,812,440	65.6%	14,815,646	63.6%	3,206	0.0%
Net Revenue	159,307,871		164,645,326		5,337,455	3.4%
Salaries and wages	29,994,542	17.2%	31,815,167	17.7%	1,820,626	6.1%
Payroll Overhead	12,860,195	42.9%	14,562,060	45.8%	1,701,865	13.2%
Total Labor and Benefits	42,854,736	24.6%	46,377,227	25.8%	3,522,491	8.2%
Comp Expense	8,676,642	6.3%	9,378,108	6.7%	701,466	8.1%
Operating Expenses	49,144,434	28.2%	49,880,196	27.8%	735,763	1.5%
EBITDA	58,632,060	35.4%	59,009,795	34.7%	377,735	0.6%
Interest Expense, Net	32,760,323		31,591,917		(1,168,406)	-3.6%
Depreciation and Amortization	13,503,619		13,576,080		72,461	0.5%
Net Income (Loss)	12,368,118		13,841,798		1,473,680	11.9%

Key Stats

Guest Counts	1,959,431	2,028,502	69,071	3.5%	Statistically insignificant increase
GGR per Guest	\$ 77.36	\$ 77.00	\$ (0.36)	-0.5%	
Slots - # of Units	1,986	1,986	-	0.0%	No change in number of units

Slot WPU	\$ 180.51	\$ 203.15	\$ 22.64	12.5%	Increase due to pay table change
Tables - # of Units	35	35	-	0.0%	No change
Table WPU - Ante Only	\$ 564.83	\$ 591.71	\$ 26.88	4.76%	Tournament plan
Hotel Occupancy %	82.9%	90.4%	7.5%	N/A	Sales effort and matrix adjustment
Hotel ADR	\$ 90.14	\$ 84.33	\$ (5.81)	-6.4%	Matrix adjustment more heavily toward comp rooms
Food Covers	706,298	709,299	3,002	0.4%	Flat
Avg Revenue per cover	15.80	15.63	\$ (0.17)	-1.1%	
Total Marketing Expenses	36,928,114	\$ 35,764,776	\$ (1,163,338)	-3.2%	Primarily reduction in Q Play
Gross Gaming \$ Generated Per Marketing \$ Spent	\$ 4.10	\$ 4.37	\$ 0.26	6.4%	Improvement over LTM
Marketing \$ as a % of GGR	24.4%	22.9%	-1.5%	N/A	Improvement over LTM

<u>Description</u>	<u>MMS #</u>	<u>Amount</u>	<u>Priority</u>
<u>Security</u>			
Lockers		2,000	A
2 Ways Radios		6,500	A
Rifles		5,000	A
Tasers		8,500	A
Total Security		22,000	

<u>Food and Beverage</u>			
Breading station		2,000	A
Stack Ovens		50,000	A
Blast Chiller		35,000	A
Steamer		20,000	A
Bread Warmer		2,000	A
Countertop Condiment Station		2,000	A
3 Door Freezer		6,500	A
Char Grill		5,000	A
2 Drawer Low boy		5,000	A
Beverage Uniforms		12,000	A
Radios		7,000	A
Wall Backing for Center Bar		4,000	A
Ice cream machine		16,000	A
Table Tops for Legends		6,000	A
Total Food and Beverage		172,500	

Hotel and Related

Desks for Osotouy Rooms	111,000	A
Lamps for Osotouy Rooms	43,500	A
Wall Sconce for Kappa	17,750	A
Sheers for Osotouy Rooms	55,500	A
Computer Tablets	25,000	A
Large Carpet extractor	11,500	A
Small Carpet extractor	2,000	A
Upholstery Cleaner	1,500	A

Total Hotel and related

267,750

Gaming and Related**Poker**

Total Poker

-

Slots

Slot bases	30,000	A
Equipment for Shop	15,000	A
Radios	10,000	A
Floor mobile devises	10,000	A
Bank signage	50,000	A
Games	1,500,000	A
Conversions	100,000	A

Various Ops Equipment	20,000	A
Office Furniture	5,000	A
EGM Seating	50,000	A
Total Slots	1,790,000	

Tables

Total Tables	-	

Surveillance

Camera Upgrade - Cage/Count	50,000	A
NSM Recorders	42,000	A
Office equipment	5,200	A
Supplemental Camera / Access Control	40,000	A
Radios	3,500	A
Monitor Replacement	20,000	A
Hard Drive replacement	36,000	A
System Manager Upgrade	10,000	A
Total Surveillance	206,700	

Finance /Cage/Warehouse/Human Relations

Serger and folding cutting table	3,000	A
Embroidery Machine	16,000	A
Various Currency Counting Equipment - Cage	450,000	A

Soft Count Equipment	800,000	A
Cage Remodel	100,000	A
Forklift	30,000	A
Warehouse pallet jacks - 2	10,000	A
Total Finance	1,409,000	

IT

Mobile Device Management	20,000	A
Network Security Management	36,000	A
Switch Replacement	40,000	A
Printers	5,000	A
Computers	30,000	A
Wireless Devices	20,000	A
BOH VM Upgrade	62,000	A
Marketing Storage Upgrade	5,500	A
eMail Server Upgrade (Exchange)	20,000	A
Gaming System Upgrades	100,000	A
Backup Systems Upgrade	25,000	A
Phone System Servers	30,000	A
Phone Replacement	10,000	A
POS Terminals	50,000	A
Table Pay for InfoGenesis	20,000	A
Datamagine LMS	55,000	A
AS400 Role Swap	16,000	A
Infinium Upgrade	30,000	A
Microsoft Licenses	60,000	A
Pro Care Upgrade	1,000	A
Televisions	30,000	A
Venue Equipment	40,000	A
IT Vehicle	10,000	A
Legends Video Wall	25,000	A
Center Bar Video Screens	10,000	A

Column Video Screens	50,000	A
Total IT	800,500	

Marketing and Related (including AV)

Digital Displays	35,000	A
Display player nodes	50,000	A
Video Camera	3,000	A
Design Printer	49,995	A
FloorAudio	10,000	A
Back up Amplifiers	2,000	A
Calumet upgrade	12,000	A
Banquet room upgrades	1,000	A
Projectors, AV Carts and related	30,000	A
Legends screen upgrade and audio upgrade	25,000	A
Pavilion concert equipment	10,000	A
Total Marketing and related	227,995	

Facilities

Bobcat/Lull	45,000	A
Boiler Replacement	75,000	A
Battery Strings/UPS Change Out	50,000	A
Capacitor Replacement	101,000	A
Dutchwitch Trencher 36"	30,000	A
Gate Way to Nalco Update	3,500	A
Reseal / Repair Parking Lots/Streets	200,000	A
New Facilities Truck	45,000	A

Tool Replacement	12,000	A
Radio/Equipment	5,000	A
Golf Cart replacement	15,000	A
Truck / Shuttle Lift	7,000	A
Update Building Management System	35,000	A
Parking Lot Lights	45,000	A
Paint Booth / Dust Collector	8,000	A
Outdoor Equipment/ weed eaters/chainsaws/blowers	8,000	A
Riding Mowers	30,000	A
Roof Repair	200,000	A
Street Sweeper/small Rider	15,000	A
Total Facilities	929,500	

Contingency	500,000	B
Total Other	500,000	

Expansion Related		
VIP Lounge and VIP Check-in	1,000,000	A
Total Expansion Related	1,000,000	

Total Requested	7,325,945	
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Downstream Casino Resort
Budget FY 2017

	FY 2017 Minimum	
Debt Service		
Principal	3,000,000	(DDTL) Current Amort.
Interest	31,633,917	(DDTL and Sr Notes)
Tribal Distribution	10,000,000	Current Distribution level
Expansion Capex - ESTIMATED.	-	
Maintenance Capex - Things that are needed to maintain the property	<u>5,000,000</u>	(games, vehicles, hotel upgrades, software upgrades, various IT equipment, etc.) A Projects Only
Minimum required EBITDA to cover fixed charges	<u>49,633,917</u>	\$ 383,052 Daily Gross Revenue necessary assuming 35.5% Margin

Recap of Historical and Projected EBITDA is below										
	(In Millions)									
	Budget	Projected	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
	2017	2016	2015	2014	2013	2012	2011	2010	2009	
Achieved EBITDA	59.0	\$ 59.3	\$ 60.2	57.4	\$ 57.8	\$ 65.3	\$ 61.7	\$ 58.4	\$ 44.9	
% Change	-0.5%	-1.5%	4.9%	-0.7%	-11.5%	5.8%	5.7%	30.1%	N/A	

Downstream Casino Resort

Rolling EBITDA

FYE 09-30-16

	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	
	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Total
Budgeted EBITDA - 2016 (DCR/Q Store)	4,951,234	5,234,744	5,106,214	5,365,586	5,896,092	6,154,296	4,722,394	5,658,761	4,599,834	5,687,057	5,956,891	3,476,340	62,809,443
Actual EBITDA - 2016 Rolling (DCR/Q Store)	4,937,583	4,227,974	5,041,272	4,569,215	5,278,622	5,865,030	4,925,935	5,237,080	4,402,681	5,198,940	5,300,000	3,476,340	58,460,672
Favorable / (Unfavorable) V Budg	(13,651)	(1,006,770)	(64,942)	(796,371)	(617,470)	(289,266)	203,541	(421,681)	(197,153)	(488,117)	(656,891)	-	(4,348,771)
Actual EBITDA as a % of Budget	99.72%	80.77%	98.73%	85.16%	89.53%	95.30%	104.31%	92.55%	95.71%	91.42%	88.97%	100.00%	93.08%
Actual EBITDA - FY 2015	5,035,252	4,530,546	4,995,270	5,010,725	5,974,607	6,175,666	4,584,945	5,427,587	3,770,345	4,792,451	4,916,711	4,938,636	60,152,741
Favorable / (Unfavorable) 2016 v 2015	(97,669)	(302,572)	46,002	(441,510)	(695,985)	(310,636)	340,990	(190,507)	632,336	406,489	383,289	(1,462,296)	(1,692,069)
Actual EBITDA as a % of Last Year	98.06%	93.32%	100.92%	91.19%	88.35%	94.97%	107.44%	96.49%	116.77%	108.48%	107.80%	70.39%	97.19%
GGR variance v. Budget	(835,042)	(1,606,440)	(1,034,762)	(1,782,054)	(1,134,549)	(2,145,049)	(264,002)	(1,672,386)	(842,705)	(838,178)	(1,204,251)	-	
%	1.63%	62.67%	6.28%	44.69%	54.42%	13.49%	-77.10%	25.21%	23.40%	58.24%	54.55%	#DIV/0!	

EBITDA Shortfall 10 Mo Ended 7/31/16 v. 7/31/15 (613,062)

EBITDA FYE 09/30/15 60,162,728

Actual EBITDA LTM 07/31/16 59,549,666

As of 07-31-16 DCR is running at approx. 93.3 % of 2016 plan. Extrapolated for the full year = \$58.6M EBITDA

As of 07-31-16 DCR is running at approx. 99.6% of 2015 Actual. Extrapolated for the full year = \$59.9M EBITDA

Downstream Casino Resort
Marketing Cost Analysis
FY 2017 Budget

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	LTM	Change
Slot Revenue	(12,744,710)	(12,003,993)	(12,656,442)	(11,865,098)	(12,574,019)	(12,777,976)	(11,568,862)	(12,609,268)	(11,597,996)	(12,333,854)	(12,355,685)	(12,172,597)	(147,260,501)	94.3%	94.5%
Table Game Revenue	(601,850)	(620,544)	(638,090)	(638,580)	(630,871)	(657,758)	(640,532)	(664,241)	(607,629)	(623,578)	(615,276)	(600,184)	(7,539,133)	4.8%	4.6%
Poker Revenue	(109,000)	(135,000)	(117,000)	(122,000)	(125,000)	(114,000)	(105,000)	(120,000)	(102,000)	(120,000)	(117,000)	(109,000)	(1,395,000)	0.9%	0.9%
Gross Gaming Revenue Budget	\$ (13,455,560)	\$ (12,759,537)	\$ (13,411,532)	\$ (12,625,678)	\$ (13,329,890)	\$ (13,549,734)	\$ (12,314,394)	\$ (13,393,509)	\$ (12,307,625)	\$ (13,077,432)	\$ (13,087,961)	\$ (12,881,781)	\$ (156,194,634)		
GGR per guest	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.00	\$ 77.36	\$ (0.36)
Projected Guest Counts	174,748	165,708	174,176	163,970	173,115	175,971	159,927	173,942	159,839	169,837	169,974	167,296	2,028,502	1,959,431	69,071

Marketing Budget as Submitted

Entertainment	46,803	29,153	39,233	46,953	43,353	43,453	42,453	(18,347)	(16,319)	(19,679)	13,881	160,721	411,658	712,904	(301,246)
Market Admin	30,091	28,305	29,623	30,290	30,280	37,673	36,626	43,656	40,856	41,040	36,258	38,052	422,750	410,950	11,801
Q Club	1,427,146	1,428,780	1,382,363	1,383,159	1,308,510	1,333,613	1,314,985	1,420,350	1,303,790	1,373,051	1,344,693	1,432,444	16,452,885	18,290,471	(1,837,586)
Advertising	440,934	483,286	451,743	485,098	454,029	485,207	455,846	492,117	479,158	514,728	466,784	871,414	6,080,343	5,536,685	543,658
Promotions	481,274	393,580	415,506	283,736	314,155	296,078	313,530	324,119	312,570	335,224	308,925	400,231	4,178,928	4,064,053	114,875
Bus Marketing	166,296	171,774	134,811	135,094	129,703	163,186	171,669	147,103	152,580	146,915	149,329	161,639	1,830,098	1,750,982	79,116
Player Develop.	457,870	491,109	571,605	511,386	507,006	532,316	455,714	500,157	566,194	533,184	594,694	666,880	6,388,114	6,162,068	226,045
Total Marketing Budget	\$ 3,050,416	\$ 3,025,986	\$ 3,024,884	\$ 2,875,716	\$ 2,787,036	\$ 2,891,526	\$ 2,790,823	\$ 2,909,155	\$ 2,838,828	\$ 2,924,462	\$ 2,914,562	\$ 3,731,381	\$ 35,764,776	36,928,114	\$ (1,163,338)
Gaming \$ generated per Marketing \$ spent	\$ 4.41	\$ 4.22	\$ 4.43	\$ 4.39	\$ 4.78	\$ 4.69	\$ 4.41	\$ 4.60	\$ 4.34	\$ 4.47	\$ 4.49	\$ 3.45	\$ 4.37	\$ 4.10	\$ 0.26
Marketing \$ investment per guest	\$ 17.46	\$ 18.26	\$ 17.37	\$ 17.54	\$ 16.10	\$ 16.43	\$ 17.45	\$ 16.72	\$ 17.76	\$ 17.22	\$ 17.15	\$ 22.30	\$ 17.63	\$ 18.85	\$ (1.22)
Marketing \$ as a % of GGR	22.7%	23.7%	22.6%	22.8%	20.9%	21.3%	22.7%	21.7%	23.1%	22.4%	22.3%	29.0%	22.9%	24.4%	1.5%

Comparison

	Budget	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	2017	2015-2016	2014 -2015	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011	2009-2010	2008 - 2009
Gaming \$ generated per Marketing \$ spent	\$ 4.37	\$ 4.10	\$ 4.42	\$ 4.62	\$ 5.12	\$ 6.26	\$ 5.66	\$ 5.61	6.24
Marketing \$ investment per guest	\$ 17.63	\$ 18.85	\$ 16.40	\$ 15.26	\$ 13.21	\$ 11.29	\$ 11.51	\$ 10.72	\$ 9.09
Marketing \$ as a % of GGR	22.9%	24.4%	22.6%	21.6%	19.5%	16.0%	17.7%	17.8%	16.0%