

## UPDATE

January 19, 2016

We are providing an update to our December 2015, report on the Red Rock Resorts IPO, which is attached below.

In our December 2015, report, "Selling Growth While Cashing Out," we pointed out that investors deserve better analysis of Las Vegas economic conditions from a leading operator in the locals casino market. Focusing on Red Rock Resorts' (then Station Casinos Corp.'s) November 23, 2015, S-1/A filing, we examined the company's claims about the key economic metrics of average weekly wages and home value appreciation, and we asked how confident the company was in its claims.

Since publishing our report, the company has filed a new S-1/A on January 14. In the new filing, the company added an explanation for how the company sources "industry and market data."<sup>1</sup>

Although we are responsible for all disclosure contained in this prospectus, in some cases we have relied on certain market and industry data obtained from third-party sources that we believe to be reliable. Market estimates are calculated by using independent industry publications and government publications in conjunction with our assumptions about our markets. Unless otherwise noted, the independent third-party sources for the economic indicators cited herein are based on the citations set forth as footnotes to the tables appearing on pages 107 and 111 in the section of this prospectus entitled 'Description of Our Business - Our Competitive Strengths.' While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings 'Cautionary Statement Concerning Forward-Looking Statements' and 'Risk Factors' in this prospectus.<sup>2</sup>

It has also updated figures about average weekly wages and home value appreciation. These are the average weekly wage and home value appreciation figures used by Red Rock Resorts in the S-1/A filed on January 14, 2016.

"Based on preliminary data from the BLS, employment and average weekly earnings in the Las Vegas area were 2.6% and 5.5% higher, respectively, in November 2015 compared to November 2014."<sup>3</sup>

"[In 2014] home value appreciation [was] 7.9%, compared to the national average of 5.6% during the twelve months ended September 30, 2015."<sup>4</sup>

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<sup>1</sup> Red Rock Resorts, Inc., S-1/A, January 14, 2016, p. ii.

<sup>2</sup> *Ibid.*

<sup>3</sup> Red Rock Resorts, Inc., S-1/A, p. 4 and p. 106.

<sup>4</sup> Red Rock Resorts, Inc., S-1/A, p. 1 and p. 103.

The company has also added further explanation about its developable land that is currently for sale. In our report, we noted that Station Casinos has not disclosed that some of its casino sites were now on the market.

In its new filing, the company states:

In addition, we own two additional development sites that are zoned for casino gaming and other commercial uses, certain of which are currently for sale. From time to time we may acquire additional parcels or sell portions of our existing sites that are not necessary to the development of additional gaming facilities.<sup>5</sup>

Additionally, the company states they control 310 acres in Las Vegas and Reno, Nevada,<sup>6</sup> and further explained the potential sale of the Boulder Highway site: “this property has grandfathered gaming entitlements that predate room and other amenity requirements which creates greater flexibility in the development of a project on this site and for the potential sale of a portion of the parcel for non-gaming development.”<sup>7</sup>

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<sup>5</sup> Red Rock Resorts, Inc., S-1/A, p. 118.

<sup>6</sup> Red Rock Resorts, Inc., S-1/A, p. 6.

<sup>7</sup> Red Rock Resorts, Inc., S-1/A, p. 117-8.

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## Selling Growth While Cashing Out: Dissecting Station Casinos' Growth Story

As one gaming analyst recently said about the Station Casinos' IPO, "there is going to be an appetite for them to grow."<sup>1</sup> However, economic conditions in Las Vegas and little revenue growth by Station Casinos suggest hungry investors might not find the company very appetizing, especially as they see company insiders planning to take out a substantial amount of cash concurrent with the IPO.

Station Casinos claims it is "well positioned for growth."<sup>2</sup> In the following report we look at everything from slot machines, land sales, casino revenue, and local economic metrics to test this proposition. We also note that the Fertittas and other top executives are selling their management company for an "exit price"<sup>3</sup> of \$460 million.

- **Is the Las Vegas locals market in decline?** Data from the Nevada State Gaming Control Board<sup>4</sup> show a continuing decline in the number of slot machines in the Las Vegas locals market since 2009.<sup>5</sup> This is accompanied by a similar decline in the total amount wagered by customers in the locals market. Both total slot units and amounts wagered have declined to 2003 levels. Station Casinos derives "approximately 80% to 85%" of its gaming revenue coming from slot play.<sup>6</sup>
- **Why is Station Casinos selling hard-to-come-by casino sites?** Historically, Station Casinos built its leading position in the Las Vegas locals gaming market by acquiring a portfolio of competing locals casinos and undeveloped land shielded from competition thanks to Nevada's SB 208 legislation.<sup>7</sup> The company touts its gaming-entitled land holdings in its IPO prospectus, but it has not disclosed that some of its casino sites are now on the market or explained why it is ceding some of its "highly desirable"<sup>8</sup> and "strategically located"<sup>9</sup> gaming-entitled locations in Las Vegas.
- **When will Station Casinos grow again?** Station Casinos has seen little growth in its core Las Vegas business over the last several years. Casino revenues from its properties in Las Vegas barely increased from 2009 to 2014, with a compound annual growth rate of only 0.07%.<sup>10</sup> A significant portion of the company's EBITDA growth over the past three years has come from its tribal casino management agreements, but the company has not signed a new tribal casino development agreement in over a decade.<sup>11</sup>
- **Investors deserve better analysis of Las Vegas economic conditions.** We review how the company in its IPO filings describes certain of its own key metrics for understanding the Las Vegas economy and the potential for growth in the Las Vegas locals gaming market (e.g. average weekly wages and home value appreciation). When Station Casinos says that it believes the Las Vegas locals gaming market is one of the most attractive in the U.S. because of, among other things, "its strong economic and demographic fundamentals,"<sup>12</sup> what is the company talking about? How confident is the company in its claims?

## Is the Las Vegas Locals Market in Decline?

Data from the [Nevada State Gaming Control Board](#) show a continuing decline in the number of slot machines in the Las Vegas locals market. This is accompanied by a similar decline in the total amount wagered by customers in the locals market.

Over a decade ago, Station Casinos' 2004 annual report titled "Econ 101" claimed the Las Vegas locals market showed "classic supply/demand imbalance"<sup>13</sup> and that growth of the company was predicated on meeting the demand for more neighborhood entertainment products.

### Supply, Demand, and the Case of Fewer Slot Machines

Slot Unit Count	Dec. 2009	Sept. 2015	Change
Total Las Vegas Locals	54,608	46,808	↓14.3%
Station Casinos' 9 Major LV Properties	20,174	18,241	↓ 9.6%

Slot units in the locals market have been in decline since December 2009, with the amount of slots shrinking 14.3% over the past six years.<sup>14</sup> (See our month-by-month Slot Unit Count chart below.) Following the recession, slot units did spike upwards, but this coincided with the opening of three new casinos in the locals market. The Eastside Cannery (2008), Aliante (2008) and M Resort (2009) put 6,601 new slots out in the locals market,<sup>15</sup> yet since then the amount of slots has shrunk by 8,054 and no new major local casinos have opened.<sup>16</sup>

At Station Casinos' nine major properties in the Las Vegas locals market,<sup>17</sup> the company has reduced its number of slot machines by 9.6% since December 2009. At that time six years ago there were 20,174 slots at the nine major Station Casinos in the Las Vegas area,<sup>18</sup> declining to 18,241 slots in September 2015.<sup>19</sup>

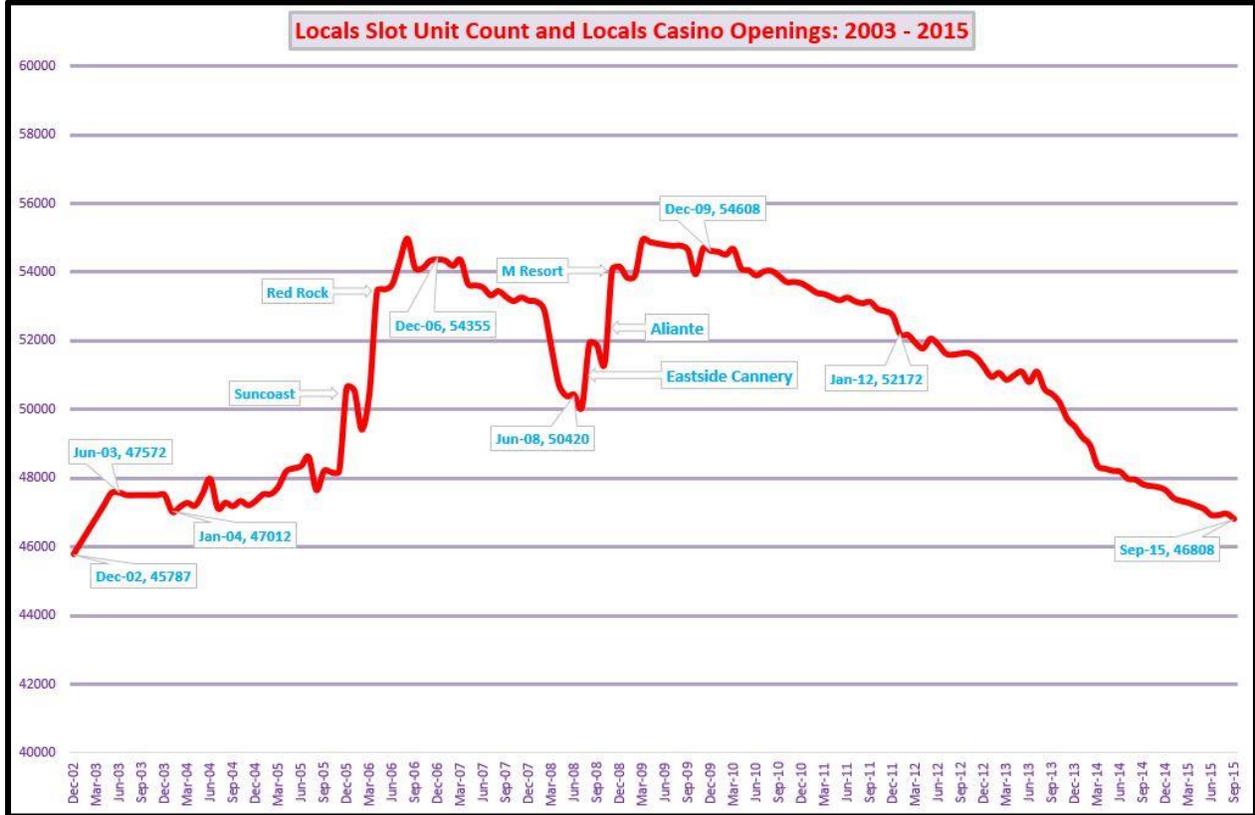
As reported by Station Casinos in their IPO filings, the company relies heavily on slots: "A substantial portion of our operating income is generated from our gaming operations, primarily from slot play, which represents approximately 80% to 85% of our casino revenue."<sup>20</sup>

Why has Station Casinos reduced the number of slot machines at its nine major Las Vegas properties?

### Supply, Demand, and the Case of Lower Gaming Spending

According to data from the Nevada Gaming Control Board, slot wagers by customers in the locals market trended downward by 7.45% in the past six years as well, with customers playing on average \$2.9 million less per month since June 2009.<sup>21</sup> (See our Wager Amount chart below.) This decline follows the massive falloff from March 2007 to June 2009, when wager amount in the locals market dropped by 25.5%.<sup>22</sup>

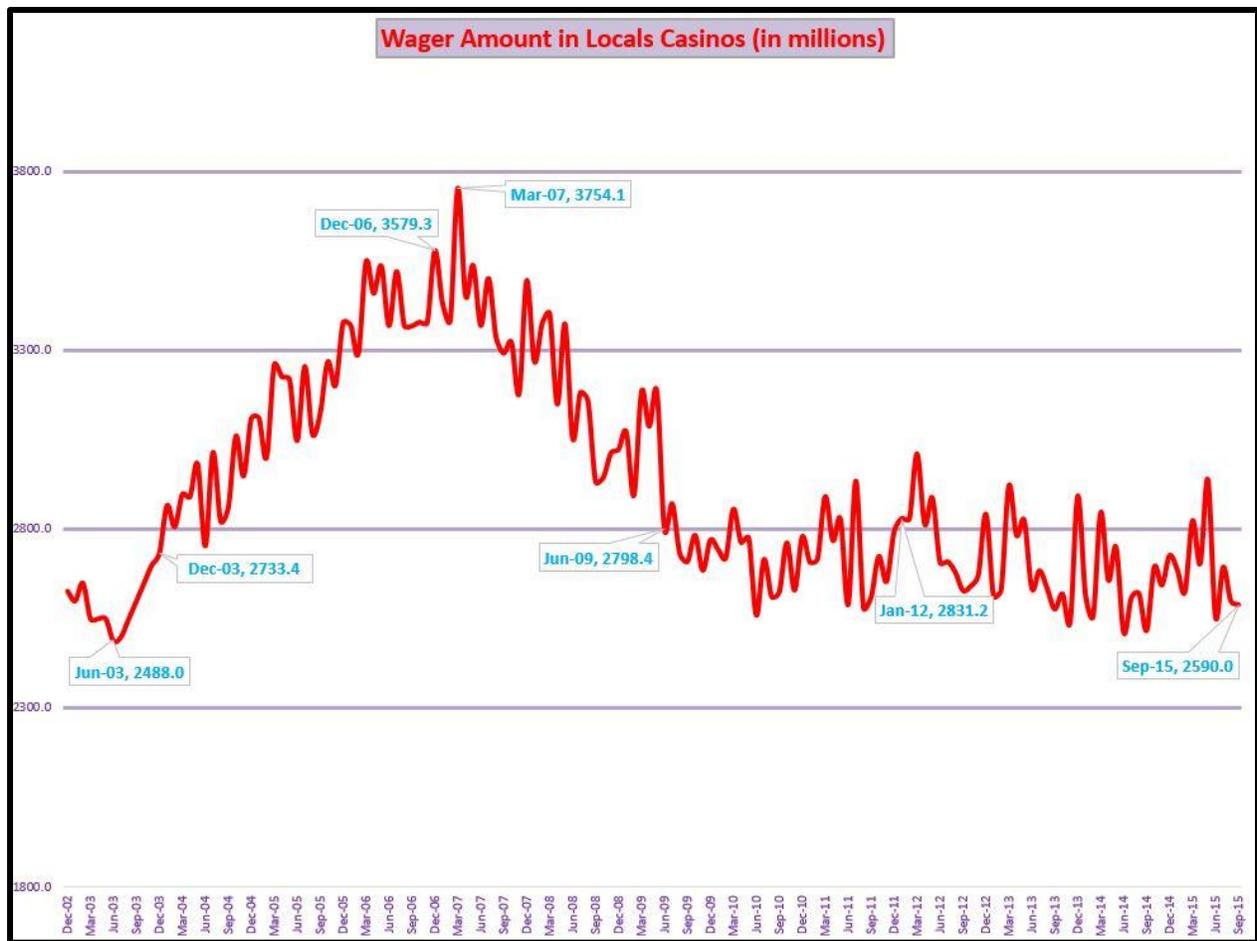
When casino operators see their customers spend more on slots, they put more slots out on the floor. This was the case between 2004 and 2006 when slot wagers in the locals market rose by 20%, and owners added 7,343 slots to the market.<sup>23</sup> Now, there appears to be a similar dynamic at work, but in reverse. From 2012 to September 2015, the monthly amount wagered in the locals market declined by 8.5% and the number of slots in the market decreased by 10.3%.<sup>24</sup>



“Slot machines continue to be the most popular game (43%), followed by video poker (22%, down from 30% in 2012).”

“Gambling declined from two years ago among leisure activities in which Clark County residents participate, coming in tied for fourth (at 10%, down from 19% in 2012) among all activities mentioned. Gambling was sixth among activities done ‘most often’ (5%, from 8%), and also came in sixth among ‘favorite’ activities (also 5%, down from 8%).”

*2014 Clark County Resident Study by the [Las Vegas Convention and Visitors Authority](#)*



## Why is Station Casinos Selling hard-to-come-by Casino Sites?

Historically, Station Casinos built its leading position in the Las Vegas locals gaming market by acquiring a portfolio of competing locals casinos and undeveloped land shielded from competition thanks to Nevada's SB 208 legislation.<sup>25</sup> The company has continued to tout its gaming-entitled land holdings in its IPO prospectus, but it has not disclosed that some of its casino sites are now on the market.

- "Boulder Highway" site: This 30-acre site of the former Castaways casino near Downtown Las Vegas is one of six "highly desirable"<sup>26</sup> and "strategically located"<sup>27</sup> gaming-entitled locations described in the company's IPO prospectus filings. However, the bulk of this site is for sale: the company has listed 25.55 acres of the center portion of the site, asking for \$6.62 million.<sup>28</sup>
- Cactus site in South Las Vegas Valley: formerly described by the company as a future casino development site,<sup>29</sup> these 56 acres at Las Vegas Blvd South and Cactus Avenue are on the market with an asking price of \$40 million.<sup>30</sup>
- Mt. Rose site in South Reno: 88-acre site in Reno,<sup>31</sup> asking \$14 million as of early November.<sup>32</sup> The company bought this parcel in 2005 and won approval for a \$550-million, 900-room hotel-casino by the Reno City Council in 2006.<sup>33</sup>

In its prospectus filings, the company presents its bank of undeveloped, gaming-entitled land as a key component of its future growth because these sites are shielded from competition in the neighborhoods due to the 1997 state law SB 208, which “significantly limits the construction of casinos in the Las Vegas valley.”<sup>34</sup> As the company describes it in the section, “Our Growth Strategy,” in its prospectus:

We own or control six highly desirable gaming-entitled development sites consisting of approximately 290 acres in Las Vegas and Reno, Nevada. As such, we believe we are well positioned to capitalize on future demand for additional gaming and entertainment facilities driven by growth in these markets.<sup>35</sup>

Station Casinos does not explain in its IPO filings why it is selling gaming-entitled sites.

Selling Land in a Competitive South Las Vegas Valley

With respect to the sale listing of the 56-acre Cactus parcel in the South Las Vegas Valley, the company has not explained why it is no longer desirable to hold on to this particular potential casino site. Station Casinos does not have a casino in the South Las Vegas Valley, where there are three other “locals” casinos.<sup>36</sup> It is not as if the Cactus parcel is located in a desolate area devoid of future potential. The population grew by 6.13% from 2009 to 2014<sup>37</sup> in the zip codes surrounding the parcel.<sup>38</sup> And less than four miles north of the Cactus site, a new 390-room tower is currently under construction at Silverton Casino.<sup>39</sup>

**When Will Station Casinos Grow Again?**

Station Casinos’ Las Vegas Revenues

Station Casinos has seen little revenue growth in its core Las Vegas business over the last several years. The following table shows its by-department gross revenues from 2009 to 2014, excluding the company’s management fee revenues, which primarily come from its tribal casino management contracts outside of Nevada.<sup>40</sup>

Gross Revenues (in millions)	2009	2010	2011	2012	2013	2014
Casino	\$ 894.4	\$ 820.0	\$ 851.8	\$ 885.6	\$ 882.2	\$ 897.4
Food & Beverage	\$ 234.6	\$ 202.7	\$ 224.7	\$ 237.8	\$ 235.7	\$ 239.2
Room	\$ 104.6	\$ 92.9	\$ 101.0	\$ 106.3	\$ 105.6	\$ 112.7
Other	\$ 73.2	\$ 67.1	\$ 71.9	\$ 69.7	\$ 67.4	\$ 70.5

*Source: Station Casinos LLC 10-K filings.*

Casino revenues from its casino properties in Las Vegas barely grew from 2009 to 2014, with a compound annual growth rate of only 0.07%. In the first nine months of 2015, its casino revenue increased by 3.2%.<sup>41</sup>

Station Casinos’ Tribal Casino Management Agreements

A significant portion of the company’s EBITDA growth over the past three years has come from management fee revenues based on its tribal casino management agreements with the Gun Lake tribe in western Michigan and the Graton Rancheria tribe in the North Bay area in California.<sup>42</sup>

Increases in management fees revenues were equal to 96%, 24%, and 44% of the increases in the company’s adjusted EBITDA in 2013, 2014, and the first nine months of 2015, respectively.

In millions	9M ended 9/30/2015	9M ended 9/30/2014	2014	2013	2012
Adj. EBITDA	\$ 325.6	\$ 288.5	\$ 399.0	\$ 362.1	\$ 332.0
Management fees revenues	\$ 67.7	\$ 51.5	\$ 68.8	\$ 59.8	\$ 30.8

Y-o-y increases (in millions)					
Adj. EBITDA	\$ 37.1	-	\$ 36.9	\$ 30.2	-
Management fees revenues	\$ 16.2	-	\$ 9.0	\$ 29.0	-

Source: Station Casinos S-1/A.

However, Station Casinos has not signed any new tribal gaming development and management agreements since 2004, more than a decade ago, including the agreements with the North Fork tribe, whose casino has not been built yet.<sup>43</sup> And its management agreements with the Gun Lake and Graton tribes expire in February, 2018, and November, 2020, respectively. Its first tribal casino management contract – for the Thunder Valley casino near Sacramento, California – was not renewed after it expired in June 2010.<sup>44</sup> In the company’s own words:

Although we intend to seek additional development and management contracts with Native American tribes, we cannot be sure that we will be able to enter into any such agreements. In addition, the development of Native American gaming facilities is subject to numerous conditions and is frequently subject to protracted legal challenges. As a result, even if we are able to enter into development and management agreements for Native American gaming projects, we cannot be sure that the projects, including the North Fork project, will be completed or, if completed, that they will generate significant management fees or return on our investment.<sup>45</sup>

As further illustration of the difficulties of the tribal casino development business, consider the following:

- Fertitta Entertainment, the entity that Station Casinos is proposing to acquire for \$460 million using the IPO proceeds and additional debt, withdrew from the Tejon tribal casino project (near Bakersfield, California) in May 2015.<sup>46</sup> An entity that was registered by Fertitta Entertainment, SCCR Tejon LLC was formed back in April 2013.<sup>47</sup> We note that the Tejon tribe seems to be moving ahead with its casino development without Fertitta Entertainment, initiating an environmental review in September.<sup>48</sup>
- A similar entity, SCCR Timbisha LLC, was also formed in April 2013 by Fertitta Entertainment, but is now dissolved.<sup>49</sup> We note that the Timbisha Shoshone tribe has been trying to build a casino near Hesperia, California, since 2003.<sup>50</sup>

Mr. William W. Warner, who was the Chief Development Officer when Station Casinos signed its last tribal casino deals, is no longer with the company.<sup>51</sup> His firm, Warner Hospitality, currently manages several tribal casino resorts across the U.S.<sup>52</sup> Mr. Scott M. Nielson was appointed Chief Development Officer by Station Casinos, in July, 2004,<sup>53</sup> and the company has not signed any tribal gaming deals since. Mr. Nielson, who is still identified as the company’s Chief Development Officer in the prospectus,<sup>54</sup> is no longer one of the company’s top five Named Executive Officers.<sup>55</sup>

#### Non-tribal gaming markets outside of Las Vegas

Station Casinos has not had much success in non-tribal gaming markets outside of Las Vegas. The last time it operated a commercial casino outside of Nevada was in 2000, when it agreed to pay a \$1 million fine to Missouri regulators and then left the market by selling its two casinos in the state.<sup>56</sup>

More recently, Station Casinos tried its hand on legal online gaming in Nevada and New Jersey. However, it exited New Jersey in September, 2014, and then closed down its Nevada online gaming operations, too, in November of the same year.<sup>57</sup>

Does Station Casinos have concrete plans to grow its business in the Las Vegas locals market or in the tribal gaming sector? What “domestic and/or international development and acquisition opportunities in both existing and emerging markets”<sup>58</sup> might the company be able to pursue, if it is using its IPO proceeds primarily to cash out the Fertittas and other insiders with the Fertitta Entertainment purchase?

## Investors Deserve Better Analysis of Las Vegas Economic Conditions

Given that Station Casinos has operated in Las Vegas since 1976, prospective investors should expect to encounter an authoritative analysis of the locals market in Station Casinos’ IPO filings. Our final section examines Station’s data and research.

Focusing on average weekly wages and home values in the Las Vegas area, we take a closer look at the growth story the company is selling with impressive-looking tables and statistics in its prospectus.

So what does the company have to say about average weekly wages and home values in Las Vegas, these “important regional metrics that drive demand for [Station Casinos] products”?<sup>59</sup>

### Local Economic Conditions: Higher Wages?

Average weekly wages provide a window into the health of the Las Vegas economy, but it is unclear where the company got its data from. Station Casinos should disclose to prospective investors the actual sources for what it claims to be the average weekly wage trends of Las Vegas area residents.

In the S-1/A, dated November 23, 2015, Station Casinos uses two different percentages to define Las Vegas average weekly wage improvements during 2014, both without citing any sources.

2.3% wage growth in 2014, described on page 7: “Another important factor impacting the financial health of Las Vegas residents is wage growth, which lagged other post-recession economic indicators until 2014 when average weekly wages grew 2.3% for the year.”

4.4% wage growth in 2014, described on page 108: “Another important factor impacting the financial health of Las Vegas residents is wage growth, which lagged other post-recession economic indicators until 2014 when average weekly wages grew 4.4% for the year.”

These numbers are contradicted by government data. According to the Bureau of Labor Statistic (BLS), average weekly wages in the Las Vegas metro area did not grow by 2.3% or by 4.4%, but rather by 1.3% from \$837 in 2013 to \$848 in 2014.<sup>60</sup> And as of June 2015, average weekly wages in the Las Vegas area are estimated to have declined by 0.35% from 2014.<sup>61</sup>

BLS – Las Vegas Area	2013	2014	Thru June 2015
Avg. Weekly Wages	\$837	\$848	\$845
% increase	-	↑1.3%	↓0.35%

## Local Economic Conditions: Improving Home Values?

Station Casinos' S-1/A says, in three different places, that, "[In 2014] home value appreciation [was] 18.7%, compared to the national average of 5.6%."<sup>62</sup> The document does not provide any citation for these figures.

However, the U.S. Federal Housing Finance Agency has a different figure for home value appreciation in the Las Vegas metro area in 2014, one that is six percent lower than the company's figure. The [FHFA](#) claims a 12.7% house price appreciation for 2014 in the Las Vegas metro area<sup>63</sup> and 4.91% as the national average.<sup>64</sup>

In November 2015 the founder of the Las Vegas-based Home Builders Research noted, "it is a struggle to envision any notable improvement in housing demand in 2016," and that any expansion of the housing market "will be small, at best."<sup>65</sup> Investors looking at Station Casinos' claims about the Las Vegas economy should consider the following:

- In March 2015, RealtyTrac found that in Las Vegas, home price appreciation outpaced wage growth by a 14:1 ratio, above the national average of 13:1.<sup>66</sup>
- In July 2015, RealtyTrac found that 27.9% of Las Vegas properties were "seriously underwater," and that 57.7% of all properties in some stage of foreclosure had a loan to value ratio above 125%.<sup>67</sup>
- In September 2015, RealtyTrac placed Las Vegas second only to Atlantic City (NJ) in terms of number of foreclosures per month. This meant that one in every 480 homes in Southern Nevada received a foreclosure-related filing in September, up 56.3 percent from a year ago.<sup>68</sup>

Two questions face investors who might be considering buying into the IPO:

1. What are the sources for Station Casinos' claims about the Las Vegas economy?
2. When Station Casinos says that it believes the Las Vegas locals gaming market is one of the most attractive in the U.S. because of, among other things, "its strong economic and demographic fundamentals,"<sup>69</sup> why are company insiders cashing out a significant amount of cash concurrent with the proposed IPO?

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### Notes

<sup>1</sup> J.D. Morris, "[Have \\$40M? Station Casinos has some land it would like to sell to you](#)," *Vegas Inc.*, 11/3/15. Union Gaming Group analyst Chris Jones is quoted in the article.

<sup>2</sup> Station Casinos Corp, S-1/A, November 23, 2015, p. 4.

<sup>3</sup> Station Casinos Corp, S-1/A, p. F-75.

<sup>4</sup> State of Nevada, [State Gaming Control Board Statistics and Publications](#), "Gaming Revenue Reports," June 2000 through September 2015.

<sup>5</sup> We define the Las Vegas Locals Market as the aggregate of the following three submarkets in monthly GCB data: North Las Vegas, Boulder Strip, and Balance of Clark County.

<sup>6</sup> Station Casinos Corp, S-1/A, p. 71.

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- <sup>7</sup> Station Casinos, Inc., *2004 Annual Report*, p. 5. See also Station Casinos Corp, S-1/A, November 23, 2015, pp. 1, 4, and 114. In April 2006, Station Casinos stated that there were, “No Additional Gaming Sites in the Area We Don’t Control,” during a part on Red Rock Resort—Future Market Growth of a slide show presentation to analysts.
- <sup>8</sup> Station Casinos Corp, S1/A, p. 1.
- <sup>9</sup> Station Casinos Corp, S-1/A, p. 114.
- <sup>10</sup> See SEC Form 10k for 2011 and 2014: Station Casinos Inc., Form 10K, March 31, 2011; and Station Casinos LLC, Form 10K, March 21, 2014.
- <sup>11</sup> Thunder Valley development agreement signed 10/12/1999 (2000 10-K, p.8); North Fork (Madera) development agreement signed in March, 2004, and Graton development agreement signed in April, 2004 (2004 10-K, p.11). The company also signed a development agreement with Chico in January, 2004 (2004 10-K, p.11), but it’s been terminated. It bought into MPE Enterprises and the latter’s development agreement with the Gun Lake Tribe in November, 2003 (2003 10-K, p. 11).
- <sup>12</sup> Station Casinos Corp, S-1/A, p. 3.
- <sup>13</sup> Station Casinos, Inc., “Econ 101,” 2004 Annual Report, p. 6.
- <sup>14</sup> Total slot unit count for North Las Vegas, Boulder Strip and Balance of County was 54,608 in December 2009. In September 2015 it was 46,808.
- <sup>15</sup> Slot unit counts pulled from “Nonrestricted Count Report,” by the State of Nevada Gaming Control Board. Eastside Cannery slot count (2,200) from report issued on 11/10/2008. Aliante slot count (2,516) from report issued on 1/27/2009. M Resort slot count (1,885) from report issued on 4/24/2009.
- <sup>16</sup> Total slot unit count for North Las Vegas, Boulder Strip and Balance of County was 54,862 in April 2009. In September it was 46,808
- <sup>17</sup> On page 1 of Station Casinos Corp, S-1/A, company states, “Our Las Vegas portfolio includes nine major gaming and entertainment facilities and ten smaller casinos (three of which are 50% owned), offering approximately 19,500 slot machines, 300 table games and 4,000 hotel rooms.”
- <sup>18</sup> Station Casinos Inc., 10K, March 31, 2010, p. 5. Company states slot unit count as of December 31, 2009.
- <sup>19</sup> Station Casinos Corp, S-1/A, p. 110. Company states slot unit count as of September 30, 2015.
- <sup>20</sup> Station Casinos Corp, S1, November 23, 2015, p. 71.
- <sup>21</sup> Slot wager amount in June 2009 was \$2798.4 (million). In September 2015 it was \$2590 (million). Monthly slot wager amounts are found by dividing Win Amount by Win Percent. Nevada’s State Gaming Control Board provides Win Amount and Win Percent in their “Gaming Revenue Reports.”
- <sup>22</sup> Slot wager amount in March 2007 was \$3754.1 (million). In June 2009 it was \$2798.4 (million).
- <sup>23</sup> Slot wager amount was \$2866.7 (million) in January 2004. In December 2006 it was \$3579.3 (million). Slot unit count the locals market in January 2004 was 47,012. In December 2006 it was 54,355.
- <sup>24</sup> Slot wager amount in January 2012 was \$2831.2 (million) and slot count was 52,172. In September 2015 amount wagered was \$2590 (million) and slot count was 46,808.
- <sup>25</sup> Station Casinos, Inc., *2004 Annual Report*, p. 5. See also Station Casinos Corp, S-1/A, p. 1, 4, and 114. In April 2006, Station Casinos stated that there were, “No Additional Gaming Sites in the Area We Don’t Control,” during a part on Red Rock Resort—Future Market Growth in a slide show presentation to analysts.
- <sup>26</sup> Station Casinos Corp, S1/A, p. 1.
- <sup>27</sup> Station Casinos Corp, S-1/A, p. 114.
- <sup>28</sup> See link <http://looplink.lasvegas.cbre.us/xNet/Looplink/Profile/Profile.aspx?stid=cbre/lasvegas&LID=18131069>. For brochure of property, <http://files.propertyline.com/pdf/66466804.pdf>. Both last accessed Dec. 22, 2015.
- <sup>29</sup> Station Casinos’ list of sites for “Future Development” in January 2008 the Cactus site. Station Casinos, Presentation for Bank of America Gaming Conference, January 31, 2008. “Development Update” portion of slide show.
- <sup>30</sup> J.D. Morris, “[Have \\$40M? Station Casinos has some land it would like to sell to you](#),” *Vegas Inc.*, 11/3/15. Links for CBRE listing on [MFRE](#) and [LandAndFarm](#). Find in [Property Search engine](#) on CBRE site, and see the marketing brochure here: <http://files.propertyline.com/pdf/70004934.pdf>. All property sale links last accessed December 22, 2015.
- <sup>31</sup> [Collier.com](#) listings of land sales in [Reno](#). Brochure at <http://www.colliersparrish.com/attachment.aspx?articleID=143575>, last accessed December 22, 2015.
- <sup>32</sup> \$14 million listed on November 3, 2015 Collier Property Search for Reno.

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- <sup>33</sup> Bill O'Driscoll, "[Las Vegas-based Station Casino selling south Reno land](#)," *Reno Gazette-Journal*, 11/18/14. See link, <http://www.rgj.com/story/money/gaming/2014/11/17/casino-operator-selling-south-reno-land/19185487/>
- <sup>34</sup> Station Casinos Corp, S-1/A, p. 1.
- <sup>35</sup> Station Casinos Corp, S-1/A, p. 6.
- <sup>36</sup> From Cactus site, South Point Hotel Casino is 1.2 miles away to the north; Silverton Casino is 3.8 miles to the north; and The M Resort is 2.6 miles to the south.
- <sup>37</sup> Clark County Department of Comprehensive Planning, Total Population Estimates by Zip Code, Clark County, Nevada Population Estimates. Link to [August 2014](#) PDF ([http://www.clarkcountynv.gov/comprehensive-planning/demographics/Documents/ZipCode\\_Population.pdf](http://www.clarkcountynv.gov/comprehensive-planning/demographics/Documents/ZipCode_Population.pdf)) and link to PDF for [2009-2013](#).
- <sup>38</sup> Cactus site is in zip code 89183. There are six adjacent zip codes: 89123, 89141, 89139, 89052, 89044, and 89074. Link to [Las Vegas Valley zip code map](#), accessed 12/7/15.
- <sup>39</sup> Ed Komenda, "[Silverton casino adding 390-room hotel tower](#)," *VegasInc*, 3/7/14. Link to photos of construction site on [VegasTripping.com](#), last accessed 12/22/15.
- <sup>40</sup> For 2009, 2010, and through Jun 16, 2011, the table shows the pro forma combined figures of Station Casinos Inc. and Green Valley Ranch Gaming, LLC. The two were succeeded by Station Casinos LLC after June 17, 2011. See Station Casinos LLC 10-K, filed 3/30/12, p. 59.
- <sup>41</sup> Station Casinos Corp, S-1/A, p. 18.
- <sup>42</sup> Station Casinos Corp, S-1/A, p. 18.
- <sup>43</sup> Thunder Valley development agreement signed 10/12/1999 (2000 10-K, p.8); North Fork (Madera) development agreement signed in March, 2004, and Graton development agreement signed in April, 2004 (2004 10-K, p.11). The company also signed a development agreement with Chico in January, 2004 (2004 10-K, p.11), but it's been terminated. It bought into MPE Enterprises and the latter's development agreement with the Gun Lake Tribe in November, 2003 (2003 10-K, p. 11). For status of North Fork (Madera) development agreement, see Station Casinos Corp, S-1/A p. 6 and 22.
- <sup>44</sup> Station Casinos Inc., 10K filed 3/31/2011, p. 112.
- <sup>45</sup> Station Casinos Corp, S-1/A, p. 22.
- <sup>46</sup> Station Casinos Corp, S-1/A, F-26.
- <sup>47</sup> Nevada Secretary of State business records: [SCCR Tejon LLC](#) (accessed 12/22/15). For link <http://nvsos.gov/sosentitysearch/CorpDetails.aspx?lx8nvq=HMbtVhIQ1%252fMlf5xLmbEYtw%253d%253d&nt7=0>
- <sup>48</sup> James Burger, "Tejon India Tribe casino project begins environmental review," *The Bakersfield Californian*, 9/8/15. For link <http://www.bakersfield.com/news/2015/09/08/tejon-indian-tribe-casino-project-begins-environmental-review.html>
- <sup>49</sup> Nevada Secretary of State business records: [SCCR Timbisha LLC](#) (accessed 12/22/15). For link <http://nvsos.gov/sosentitysearch/CorpDetails.aspx?lx8nvq=rBBJw6qmYxY%252bBV4Dih4gMQ%253d%253d&nt7=0>
- <sup>50</sup> Casino Update, Hesperia California. Link here <http://www.cityofhesperia.us/index.aspx?NID=509> (accessed 12/22/15).
- <sup>51</sup> Station Casinos Inc.'s 2004 DEF-14A, filed 4/14/2004.
- <sup>52</sup> See the firm's website: [www. http://www.warnerhospitality.com/our-current-portfolio1.html](http://www.warnerhospitality.com/our-current-portfolio1.html) (accessed 12/19/15).
- <sup>53</sup> Station Casinos Inc.'s 2005 DEF-14A, filed 4/18/2005.
- <sup>54</sup> See Station Casino Corp, S-1/A, p. 156.
- <sup>55</sup> See Station Casino Corp, S-1/A, p. 134ff.
- <sup>56</sup> Steve Green, "[Missouri directs Caesars owners to sell stake in North Las Vegas casino](#)," *VegasInc*, 7/26/12. Link here <http://vegasinc.com/business/gaming/2012/jul/26/missouri-directs-caesars-owners-sell-stake-north-l/>
- <sup>57</sup> Howard Stutz, "Online poker's Ultimate Gaming folds after 19 months," *Las Vegas Review-Journal*, 11/14/14. Link here <http://www.reviewjournal.com/business/casinos-gaming/online-poker-s-ultimate-gaming-folds-after-19-months>
- <sup>58</sup> Station Casinos Corp, S-1/A, p.6.
- <sup>59</sup> Station Casinos Corp, S-1/A, p.103.
- <sup>60</sup> Bureau of Labor Statistics, [Quarterly Census of Employment and Wages](#), All Metro Statistical Areas (MSA), One Industry, 2014. Annual Average Weekly Wage for Las Vegas-Henderson-Paradise in 2014: \$848. Annual Average Weekly Wage for Las Vegas-Henderson-Paradise in 2013: \$837. In Station Casinos Corp. S-1/A, the company also has two charts (p. 104 and 108) with statistical claims about average weekly wage changes. However, these statistics cannot be verified and traced to an exact source. Both charts attribute the data to "United States Bureau of Labor Statistics (establishment-based employment); Las Vegas-MSA", but this claim cannot be verified based on the information provided.

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<sup>61</sup> Bureau of Labor Statistics, [Quarterly Census of Employment and Wages](#), All MSAs, 2015, Second Quarter, Total All Ownerships, Total All Industries, data for Las Vegas-Henderson-Paradise, NV MSA.

<sup>62</sup> Station Casinos Corp, S-1/A, p. 1, 100, and 102.

<sup>63</sup> [“U.S. House Prices Rise 1.4 Percent in Fourth Quarter,”](#) Federal Housing Finance Agency, News Release, February 26, 2015, p. 34.

<sup>64</sup> [“U.S. House Prices Rise 1.4 Percent in Fourth Quarter,”](#) Federal Housing Finance Agency, News Release, February 26, 2015, p. 13.

<sup>65</sup> Dennis Smith, Home Builders Research, quoted in Eli Segall, [“Report: Troubles in housing market remain like ‘unwanted house guest,’”](#) *VegasInc*, 11/23/15.

<sup>66</sup> RealtyTrac Staff, [“Home Price Appreciation Outpaces Growth in 76 Percent of U.S. Markets During Housing Recovery,”](#) 3/25/15.

<sup>67</sup> Jennifer Von Pohlmann, [“Share of Seriously Underwater Foreclosure Properties Drops to New Low in Q2 2015,”](#) July 29, 2015.

<sup>68</sup> Eli Segall, [“Las Vegas’ foreclosure rate rises to No. 2 in the nation, report says,”](#) *VegasInc*, 10/16/15.

<sup>69</sup> Station Casino Corp, S-1/A, p.3.