



Heard On The Street...

A study was released just this week of interviews with several well-respected gaming industry operating consultants. Experts were asked about their thoughts on the new reality that businesses will face when they re-open and we wanted to share a few of our take-aways:

- **Patron Wellness Check at entry points:** Could include scans, thermal imaging for abnormal temperature readings.
- **Forced social distancing:** Slot machine banks will be partially turned off in order to force a separation between players. Estimates vary, but many predict that due to the limited capacity, slot revenues could be 1/3 of the level pre-outbreak. However, we believe this to be an extreme case that does not factor in previous excess capacity on gaming floors at non-peak hours.
- **Forced separation of table game players:** Limitations were quoted at either 2 or 3 players maximum per table. This is similar what operators in Macau have implemented.
- **Physical dividers:** There may be an increased level of comfort offered to players if there are plexiglass dividers between machines or positions. This may be in addition to the limited number of operating machines.
- **Restaurant offerings change:** Possible new methods of delivering food may entail hermetically sealed food that could be delivered to a player position via an app order. This would eliminate the lines as well as restaurant seating.
- **Limited hotel and entertainment area usage:** Often tied to conventions or meetings, the larger, destination-oriented properties will feel this most.
- **Enhanced cleaning and personal protection protocols:** Cleaning devices and chairs after use. Employee masks and gloves.

Each of these changes is dramatic in its own right. While tribes can self-regulate and set their own standards, these changes may need to be implemented assuming they are *important from the customers' perspective*.

We are working through financial forecast models with our clients that encompass some or all of these changes on tribal properties. Even if there is a path to similar pre-outbreak revenue due to pent up customer demand, *operating costs will be higher*. There will likely be capital costs incurred related to the re-configurations required for an operating model that achieves social distancing. Operating forecasts and financial models will need to address this reality in the near to intermediate term.

Regards,

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