



ENTERTAINMENT RESORTS, INC.

JAMES B. PERRY

PRESIDENT & CHIEF EXECUTIVE OFFICER

HAND DELIVERED

December 20, 2005

The Honorable John F. Street
Mayor
City of Philadelphia
City Hall, Room 215
Philadelphia, PA 19107

The Honorable Anna Verna
Council President
City of Philadelphia
City Hall, Room 405
Philadelphia, PA 19107

The Honorable Thomas A. Chapman
Acting Executive Director
Philadelphia City Planning Commission
One Parkway, 13th Floor
1515 Arch Street
Philadelphia, PA 19102

**RE: Application of Keystone Redevelopment Partners, LLC,
d/b/a TrumpStreet Casino & Entertainment Complex, for
a Category 2 Slot Machine Operator License (the "Application")**

Dear Mayor Street, Council President Verna and Director Chapman:

This letter and the attached documents prepared by Spectrum Gaming Group (SGG) and Vollmer Associates constitute the Local Impact Report required by the Pennsylvania Gaming Control Board (the "Board") to be submitted to the City of Philadelphia pursuant to Board regulations and Appendix 31 of the Application Form. We are pleased to provide these materials to you for your information and consideration.

As you will see, this letter is divided into three sections. First we detail the positive impact that the TrumpStreet development will bring to the City of Philadelphia as a whole, and the Nicetown, East Falls, Allegheny West, Germantown and Tioga neighborhoods in particular. Second, we detail the absence of adverse impact on the various municipal resources and services set forth in Board regulations and Appendix 31. Finally, we address certain misconceptions regarding the development.

Positive Impact of the TrumpStreet Development

The TrumpStreet development will deliver significant beneficial outcomes for the City, including:

- Site location that, as determined by the Philadelphia Gaming Advisory Task Force (PGATF), will maximize gaming revenues and result in increased direct and indirect tax revenue to the City totaling \$188.45 million over five (5) years, or approximately \$37.69 million annually
- Total capital investment of \$350 million in an area of the City that has not typically enjoyed the benefits of large-scale development
- Creation of 905 full-time equivalent positions at the casino facility, with a annual combined payroll of \$31 million and average annual compensation of \$31,000 per employed person
- Preferential hiring and job training programs designed to concentrate a minimum of 450 of the 905 full-time jobs within the immediate local community where:
 - ▶ 27% of the population earns less than \$10,000 per year
 - ▶ 38% of the families live below the poverty line
 - ▶ Only 55% of the residents are employed full-time
- Investment of \$17.5 million to construct a modern, state-of-the art facility for the Philadelphia School District's Randolph Skills Center, together with coordinating curriculum changes with the School District designed to create job opportunities for graduates, including opportunities in the development
- Additional neighborhood improvements and benefits including:
 - ▶ Streetscapes and light roads around the development
 - ▶ \$2 million to demolish abandoned homes, improve home facades and positively impact other aspects of the local community
 - ▶ The inclusion of movie theatres, a performance hall and other amenities within the development that will be designed with local input
 - ▶ A goal to utilize local suppliers and vendors in the construction, equipping and operation of the development, with particular emphasis upon the inclusion of minority-owned, women-owned and locally-owned business enterprises

- ▶ Consistent with similar practices in Atlantic City, TrumpStreet will donate surplus food and goods to charitable and community based organizations
- Creation of between 1,379 and 2,067 construction jobs, with a construction payroll of between \$61.8 million and \$92.7 million
- Creation of a magnet for investment by visitors and spin-off businesses in a neighborhood that currently has virtually no attractions, retail shops or restaurants.
- Enhancement of the City's comprehensive tourism marketing efforts by adding a new and exciting entertainment option

Absence of Adverse Impact on Municipal Resources and Services

Because of the unique characteristics of the TrumpStreet development's formerly industrial location, as well as other factors, we believe that there will be little to no adverse impact on the City's resources and services.

- **Traffic:** The development location is served by a high-volume road network that was originally designed to handle significant commercial traffic to support the business activities of the Budd Company. As the PGATF determined, the Budd site offers "excellent highway access" and there exists "excess traffic capacity on local streets."
- **Transit Access:** Public transportation access to the site is, as described in the Vollmer Traffic Impact Study, "outstanding." The site is served by, or has convenient access to, three (3) bus lines, the Broad Street Subway and Regional Rail System.
- **Housing:** No existing housing stock will be taken, demolished or otherwise adversely impacted by the development. The development site is self-contained and located wholly within the confines of the former Budd Company site.
- **Water and Sewer Systems:** The Budd Company's industrial requirements and high worker population – 10,000 persons at its peak – required high capacity water and sewer connections. The site is more than able to handle the TrumpStreet development, and there will be no adverse impact on these systems. The PGATF projects that the Water Department will realize an \$800,000 increase in water and sewage charges from the location of two (2) casinos within the City.
- **Police Services:** Additional visitor traffic generated by those patronizing the casino sites logically requires an increase in the number of available police officers. The SGG Report estimates the need for 53 additional officers at a cost of \$2.7 million per year. The PGATF estimates an increase in police expenses of \$4.5 to \$7.5 million annually per casino. Under either estimate, we note that such costs will be more than covered by the increase in tax revenue from the development that the City will enjoy.
- **Fire Services:** The use of state-of-the-art technology and modern building codes for the newly constructed casino will result in a property that does not present any

added material risk or cost for the Philadelphia Fire Department (PFD). Indeed, the PFD has indicated that, with the exception of the Navy Yard, it could address initial fire suppression services at all other proposed casino locations, including the Budd Company site.

- **Emergency Services:** The experience of Atlantic City, where the median visitor age is 54, does indicate that the City will experience an increase in cases involving certain illnesses, falls and other incidents. PFD estimates an increase in annual emergency services costs to the city of approximately \$900,000. We again note that such costs will be covered by the City's increased tax revenue from the development.
- **Tourism Resources:** In addition to funding the expansion of the Pennsylvania Convention Center, the PGATF determined that the planned casinos present a "once-in-a-lifetime economic development opportunity for the City" that will "[provide] another boost to the Philadelphia hospitality and tourism industries." In addition, data compiled by SGG indicates that the TrumpStreet development will serve as an additional component in Philadelphia's tourism and hospitality assets, attract additional conventions and meetings to the City, and have no adverse impact on Philadelphia's existing tourism and cultural resources.

Clarification of Misconceptions Regarding the TrumpStreet Development

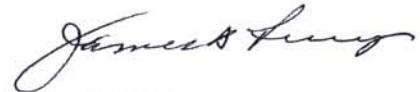
Certain misconceptions regarding the development exist and require clarification. We submit that it would be tragic if an opportunity such as this -- capable of generating significant positive change and capital investment -- were to be derailed as a result of false and inaccurate information.

- **Eminent Domain:** Recent media reports indicate that local residents have expressed fears that their homes may be taken or otherwise sacrificed to facilitate the construction of the TrumpStreet development. In light of national attention given to the issue of eminent domain following the United States Supreme Court decision in Kelo v. City of New London, such fears are not surprising. The unique aspects of the Budd Company site, however, make these concerns unwarranted. The PGATF found that the TrumpStreet development's proposed location constitutes a self-contained, former industrial property with: (i) "ample land for expansion and additional development," (ii) "excellent highway access," and (iii) "excess capacity on local streets." We again wish to emphasize that we do not support or need eminent domain to complete the TrumpStreet development, and that no existing housing stock will be taken, demolished or otherwise adversely impacted.
- **Crime:** Historically, there is a view that the introduction of legalized gambling will increase crime in a community. This is clearly a misconception. In 1999, after two years of extensive study, the National Gambling Impact Study Commission submitted its findings to the

President, Congress, Governors and Tribal Leaders. Among other things, the Commission concluded that: "communities with casinos are just as safe as communities that do not have casinos."

Thank you for your attention and courtesy with respect to these important matters. We would be pleased to discuss this letter and its attachments with you, as well as any other aspect of the Application, at your convenience.

Very truly yours,



JAMES B. PERRY
President and CEO

RMP/ams
Enclosures

cc: Michael A. Nutter, Councilman
Donna Reed Miller, Councilwoman

LOCAL IMPACT REPORT



Spectrum Gaming Group LLC
1001 Tilton Road, Suite 201 Northfield NJ 08225

December 19, 2005

LOCAL-IMPACT REPORT

REGARDING PROPOSED TRUMP PHILADELPHIA CASINO

PREPARED FOR
TRUMP ENTERTAINMENT RESORTS INC.

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Executive Summary

Spectrum Gaming Group, an independent gaming-services firm based in New Jersey, was retained by Trump Entertainment Resorts Inc. to analyze numerous local impacts of the proposed Trump Philadelphia casino.

Trump Entertainment Resorts proposes developing a \$350 million casino and related amenities on a Hunting Park Industrial Area tract commonly known as the Budd Site. We conclude that Trump Philadelphia will have a uniquely significant, positive impact on both the neighborhood and the City of Philadelphia, as well as fulfilling public-policy goals set forth by Act 71, the state gaming act signed in July 2004.

Trump Philadelphia has:

- Targeted an area that clearly needs additional capital investment and a meaningful entertainment magnet.
- Articulated a commitment to working with the local community to determine and implement mutually beneficial strategies.

As a result, the property will dramatically advance several public policies, helping residents of the local neighborhood as well as throughout the commonwealth.

We find that Trump Philadelphia will:

- Generate more than \$1.2 billion in direct taxes to the City of Philadelphia and Commonwealth of Pennsylvania in its first five years, which will likely exceed that of any other identified location in the city.
- Create 905 full-time equivalent positions and require 1,005 people to fill those spots. The employees will earn \$31 million annually, with average annual compensation at \$31,000 per employed person.
- Create, when combined with the direct casino jobs, a total of 1,462 jobs with a total payroll of \$57.5 million, due to the spin-off effect generated by the casino.
- Provide significant employment within the immediate local community, where:
 - 27 percent of the population earns less than \$10,000 per year
 - 38 percent of the families live below the poverty line

- only 55 percent of the residents are employed full-time.
- Attract retail, dining and entertainment establishments (“RDEs”) in the immediate area that will employ roughly 400 people with an annual payroll of \$9.5 million. The shops and restaurants will generate annual sales of at least \$400 per square foot. The on-site retail, dining and entertainment establishments will further lead to the creation of related off-site jobs that will, in total, employ 540 people with a payroll of \$18 million.
- Create between 1,379 and 2,067 construction jobs, with a construction payroll of between \$61.8 million and \$92.7 million.
- Become a magnet for capital investment, for visitors and for spin-off business in a neighborhood that has virtually no attractions and no retail business icons.
- Enhance the city’s comprehensive tourism marketing efforts by adding excitement to Philadelphia’s entertainment options and bolster the city’s image as a fun place to visit rather than just a historical place to visit. The Trump name represents a level of glamour that should increase Philadelphia’s reputation as an exciting place to visit.

The local work force can potentially fill nearly 84 percent of the available openings, and take home more than 70 percent of the total compensation. That possibility alone augurs well for the likelihood that Trump Philadelphia would have a positive economic impact on the local community.

Background

The proposed Trump Philadelphia casino possesses the necessary ingredients to have a significant positive economic impact, chiefly access to capital that will help create a magnet for a region of Philadelphia that sorely needs such a magnet, and will clearly benefit from it.

The ability to attract capital investment and build a destination is a core requirement for a successful gaming property, and for achieving public-policy goals. The core attributes that are common to successful gaming markets are:

- Gaming properties are well-capitalized, with a variety of quality attractions.
- Casino operations play a critical role in supporting a region's entire entertainment industry.
- Public and private leaders share a common vision and pursue common goals.

A Trump Philadelphia casino near the intersection of U.S. Route 1 (Roosevelt Boulevard) and Interstate 76 (Schuylkill Expressway) meets those requirements, thus ensuring that it will likely have a positive economic impact on the neighborhood, the City of Philadelphia and the Commonwealth of Pennsylvania.

Economic impacts are measured in numerous ways, but we suggest that several important measures must be considered as essential for a project to effect positive change:

- Will a project generate a net increase in local employment?
- Will a project attract adults from outside the local area?
- Will a property's success advance public policy?

Our analysis concludes that the answer is yes to all of the above. That latter point – advancing public policy – represents the core and unique economic attribute that Trump Philadelphia will bring to Philadelphia and the rest of Pennsylvania. The stated and debated policy goals behind the 2004 passage of Act 71, as noted in numerous discussions in Harrisburg and in communities throughout Pennsylvania, include the following:

- Generating a new source of tax revenue that will be used for property-tax relief and other uses, such as promoting the horse-racing industry.
- Creating new jobs within Pennsylvania for local residents.
- Reducing the level of discretionary spending by Pennsylvania adults at casinos in other states.

By any credible measure, a Trump project will advance all of those economic goals. The project is projected to generate as much as \$360 million in Year 1 gross gaming revenue, rising to nearly \$440 million in Year 5. As Pennsylvania has an effective tax rate beginning at 55 percent and scaling down to between 50 percent and 52 percent over time, that projected level of revenue translates into annual gaming taxes of nearly \$200 million in Year 1, rising to about \$240 million in Year 5. By way of contrast, the entire casino industry in Atlantic City generated about \$384 million in casino revenue taxes in 2004 for the state of New Jersey, albeit with a significantly lower tax rate¹.

The Philadelphia Gaming Advisory Task Force (“Task Force”), created by Mayor John F. Street in January 2005, recognized the economic potential of a casino at or near the Budd Site in its final report issued Oct. 27, 2005. Attached, as Exhibit A of this report, is the Executive Summary of the Task Force’s Final Report.

The Task Force created and ranked 11 acceptable scenarios for pairing the two Philadelphia casinos; the scenarios were divided into three classes of preference, with those in the “A” class being most preferable. The three most preferable scenarios within the “A” class involved one of the casinos being located at or near the intersection of Interstate 76 (Schuylkill Expressway) and Route 1 (Roosevelt Boulevard). The Task Force specifically identified the Budd Site and the Adam’s Mark hotel site as being possible casino sites at or near this intersection.

The Task Force preference pairings are as follows:

“A” preferred casino pairings

Scenario 14: I-76/Route 1 site & North Central Delaware site

Scenario 8: I-76/Route 1 site & South Delaware site

Scenario 4: I-76/Route 1 site & Market East site

Scenario 1: Two North Central Delaware sites

“B” preferred casino pairings

Scenario 6: North Central Delaware site & South Delaware site

Scenario 3: Market East site & North Central Delaware site

Scenario 2: Market East site & South Delaware site

Scenario 12: Two I-76/Route 1 sites

“C” preferred casino pairings

Scenario 7: Two South Delaware sites

Scenario 9: Navy Yard site & I-76/Route 1 site

Scenario 10: Navy Yard site & Market East site

One of the three casino pairings deemed unacceptable by the Task Force concerned pairing casinos at a I-76/Route 1 site and at Penn’s Landing. The Task Force deemed this unacceptable strictly because Penn’s Landing should not be considered as a gaming location.

¹ Atlantic City casinos pay a casino revenue tax of 8 percent on gaming win, which was approximately \$4.8 billion in 2004. We did not take into account an additional 1.25 percent reinvestment obligation, which gives casinos a below-market return on that investment, and thus it is not a tax.

The Task Force emphasized that its ranking of casino pairings “*assum(ed) comparable development proposals.*”

The Task Force also ranked the 14 possible casino pairings strictly by projected annual gaming revenue. Each of the six highest-grossing casino pairings involved placing a casino at a I-76/Route 1 site. Depending on the pairing, the Task Force concluded that an I-76/Route 1 casino will generate between 5.58 million and 6.61 annual visits and between \$345.6 million and \$429 million in gross revenue.

The Task Force identified the easy of access of the I-76/Route 1 sites from western Philadelphia suburbs and northwest Philadelphia. Regarding the Budd Site specifically, the Task Force reported:

“The Budd Site is large enough to allow for design flexibility, attractive landscaping, and extensive expansion. The site also could stimulate much needed redevelopment in the area and be integrated into a broader community development strategy. However, there is no relationship to tourist attractions, hotels, bars, nightclubs, or restaurants that would help maximize economic spin off. The site is not visible from I-76 and would likely be unfamiliar to non-residents, but will be highly visible to regular commuters on the Roosevelt Expressway (Route 1). The need for traffic circulation on local streets could cause traffic conflicts, but overall local street capacity is excellent”

As noted elsewhere in this report, Trump Philadelphia will be a significant employer in the neighborhood, and in the city of Philadelphia. Just as important from a public-policy standpoint, however, is more than the number of jobs, but the nature of many of the jobs. Most positions will be full-time and will offer significant benefits. Additionally, the jobs will include many entry-level positions that offer such benefits, plus the opportunity for promotion.

Our experience in the gaming industry in urban areas such as Atlantic City is that casino employment – even at entry level – is more valuable than most other jobs in such areas because of the combination of benefits, upward mobility and flexibility of work shifts. The industry is replete with anecdotal evidence of individuals rising through the ranks of organizations that have multiple properties. Since casinos, by their nature, are labor intensive, they operate in their own self-interest in developing programs to identify and cultivate employees who have the potential to take on greater responsibilities. Indeed, the current chief operating officer of Trump Entertainment Resorts began his career as a seating captain in a casino showroom. Although most upward-mobility anecdotes are far less dramatic, the industry has built a clear track record in numerous gaming markets of helping workers at all levels to support families.

That attribute takes on heightened importance in an urban environment, particularly in neighborhoods that are viewed as relatively disadvantaged with little opportunity for career growth.

As such, we believe that the most important public policy that would be advanced by siting Trump Philadelphia at that location is that it would bring numerous assets to a community that sorely needs them. Such assets range from capital investment to employment to creating an entertainment center in an area presently lacking such a magnet.

Additionally, Trump Philadelphia will stem a long-term decline in employment in Philadelphia's leisure and tourism sectors. The Philadelphia Controller's Office noted that the number of jobs in that sector declined from 56,500 to 52,110 from 2000 through 2004, a drop of 7.8 percent. This project would recoup more than 25 percent of that decline².

Numerous applicants for licensure in Pennsylvania could arguably advance several public policies. We suggest that the proposed Trump Philadelphia casino is the only applicant for a Category 2 license in the cities of Philadelphia or Pittsburgh that could significantly advance the state's urban redevelopment policies. Other proposed gaming locations within the cities of Philadelphia and Pittsburgh offer less economic upside, as they already enjoy thriving nightlife, more affluent neighborhoods or other desirable qualities.

The proposed Trump site, however, will be designed to build those advantages from the ground up in a community that has few, if any, other options to attract such levels of capital investment, employment, visitation and other attractions.

Capital investment: necessary requirement

Gaming, relative to most other forms of entertainment, is both labor intensive and capital intensive. The proposed Trump Philadelphia casino has a capital budget of \$350 million. That figure includes a \$50 million license fee and a \$4.5 million cost for leasing the site. The key number is the \$81.2 million in capital investment that will be required to build the casino, along with \$43.5 million for a parking garage. Additionally, the developers have indicated they plan to spend an estimated \$17.5 million to relocate the nearby school.

Those are the dollars that will serve several economic purposes over and above the obvious benefit of creating lasting, usable structures. That investment will create a focal point in the neighborhood for entertainment and nightlife.

Because gaming operates around-the-clock on a year-round basis, a well-planned capital investment in a casino can attract additional capital investment into the area from businesses seeking to capture some spin-off from either the visitor base or the employees.

² Office of the City Comptroller, Jan. 2005

This will likely result, in turn, in creating an entertainment district with the ability to create an upward spiral in investment and visitation.

Note that the operators of Trump Philadelphia will not only provide the catalyst for such economic growth, but will also be among the primary beneficiaries. This, again, hearkens back to one of our core observations of the relationship between successful gaming operations and their surrounding communities: Gaming operators can, and should, operate in their own self-interests to benefit the community.

The fundamental thread that ties all gaming markets is the relationship between capital investment and the ability of a gaming property to meet realistic public-policy goals.

Absent significant capital investment, a gaming property would only be able to attract business from adults who are motivated primarily by convenience, i.e., they live nearby. Not only would such properties be vulnerable to potential competition from casinos in surrounding areas, they would not be advancing public policy.

Gaming works when it attracts adults from outside the local area who provide a new source of revenue. When those visitors travel farther and enjoy multiple attractions, the employment opportunities increase. So does the likelihood that other businesses will be attracted to the region as well, adding more capital investment and employment opportunities.

Strengthen entertainment infrastructure

Gaming is a subset of the hospitality industry. It offers an increasingly popular form of entertainment for adults, which makes it an important weapon in the arsenal of the local business community.

In market after market, experience has shown that gaming is most successful when it is effectively woven into the fabric of the local business industry. A gaming property needs the support of an area's business infrastructure – and that includes everything from business organizations to local restaurants and retailers.

We note that, for the most part, most of the businesses that would likely benefit from and contribute to such a partnership do not yet exist. Some are expected to be attracted to locations within the property itself. Trump Philadelphia has approximately 70,000 square feet of available retail, dining and entertainment space, of which a portion will be owned and operated by Trump Philadelphia itself.

The rest we expect to be allocated to a variety of retail and dining tenants, who would be attracted by a combination of attractive lease rates, and high traffic from adults with disposable income.

Trump Philadelphia is expected to offer attractive terms to attract tenants, largely because doing so is in its own interests. By attracting capital investment from third parties, the property would gain incremental benefit. This would be true for attractions on site, as well as in the immediate area. The recent history of gaming demonstrates that casinos and non-gaming attractions benefit from being in close proximity to each other.

Prominent Biloxi, MS, restaurateur Bobby Mahoney in 1998 noted the impact of the city's nine casinos on his landmark Mary Mahoney's Old French House Restaurant: "My revenue is up probably 60 or 70 percent (since casinos). When people come here, 25 percent do the casino thing; the other 75 percent, they want to get out, walk around and see what's going on."³

The same newspaper story noted the cooperation between the casino industry and non-casino business in Biloxi:

"Casino executives say they understand their role in promoting the whole coast. They encourage their guests to play golf (22 courses), go deep-sea fishing (more than 50 charter boats), attend special events (Mardi Gras, Cruisin' the Coast), go shopping (antiques to outlet malls), enjoy the beach (26 miles of white sand) and visit attractions such as Jefferson Davis' Beauvoir estate, the Maritime & Seafood Industry Museum, NASA's Stennis Space Center and the Mardi Gras Museum.

'We like to let our guests know what's going on in the area. There are wonderful synergies between all the other things going on and what we offer,' said Jeff Dahl, general manager of Casino Magic.

Casinos often encourage guests to eat at non-casino restaurants, and in some cases pick up the bill.

'We joke about it – Bobby (Mahoney) is one of our restaurants,' said Keith Crosby, general manager of the New Palace Casino."⁴

A common attribute of successful gaming properties is that they become strong supporters of the local business community. They generate new revenues for chambers of commerce and local business, civic and charitable organizations, and those revenues

³ *The Press of Atlantic City*, Oct. 18, 1998

⁴ *Ibid.*

are reinvested into new and more powerful marketing campaigns designed to attract additional visitor trips.

These benefits would have a more profound effect with Trump Philadelphia, owing to what would be its prominent presence in a multiuse neighborhood that has virtually no attractions and few retail business icons. This contrasts with other possible gaming locations in Philadelphia, in which a casino would be less likely to make a dramatic impact in an area with plentiful businesses.

At the same time, successful gaming properties recognize that they share a common fate with other local businesses and both must seize common opportunities. The notion that gaming properties work best when they adopt a fortress mentality and try to keep visitors within their four walls has been disproved in numerous gaming markets.

Increasingly, the model is one of cooperation in which local businesses support each other by pooling their collective resources to generate greater marketing clout and to create a menu with a variety of attractive offerings.

In Atlantic City, a new retail district, The Walk, was recently created in what had been wasting acreage that separated the Boardwalk from the Convention Center. The presence of The Walk helps makes Caesars a more attractive destination.

As a result, The Walk is attracting new retailers who want to take advantage of the growing pedestrian traffic: The Cordish Co. is currently planning a Phase II development with 275,000 square feet of additional, retail space (mostly nationally recognized brands) and contemplating a Phase III that would add 75,000 square feet of retail space. That additional investment, in turn, helps other businesses, which generates more traffic and tax revenue, and the upward spiral continues.

Parallel interests for public, private sectors

States approve the creation of gaming industries to achieve some combination of public-policy goals. These goals can range from increasing tax revenue to helping the racing industry to generating employment. For such goals to be achieved, and for the industry to be successful, two criteria must be met:

- Public-policy goals cannot conflict with each other.
- The public's interests and the casino industry's interests must be parallel.

Achieving those two goals is paramount for success. For example, when the industry's interests and the state's interests are parallel, it creates a positive investment

climate. Financial sources – whether banks, securities firms or other capital providers – adopt a positive view when a public-private partnership is adopted.

This positive view translates into a perception of lower risk, since government is in a position to take the necessary steps to nurture a successful gaming industry. Lower risk translates into a lower cost of capital for casinos and other businesses. That, in turn, makes it easier for operators to secure the necessary financing for capital investment. Additionally, a lower cost of capital increases the likelihood of a greater return on invested capital, which also encourages more capital investment.

More capital investment, as noted earlier, is a fundamental requirement for a successful casino industry. Again, the paramount goal must be to attract capital investment, which in turn increases the likelihood of both a successful gaming property and of achieving public-policy goals.

Success for a casino is a result of increased revenue, resulting from more people staying longer and visiting often. This translates into increased traffic, an inevitable by-product of success. Increased traffic is a common characteristic of any successful entertainment operation, whether from an amusement park, sports facility or a casino.

TMG Consulting prepared a report for Trump Entertainment Resorts that projects \$369 million in gaming revenue in the first year, generated by 5.8 million visits from adults throughout the region. That many adults visiting the area will certainly attract investment by ancillary businesses, fueling additional economic growth in the neighborhood.

Capital investment from the private sector requires a catalyst, some sort of trigger that would signal to investors that a certain level of investment will generate a sufficient return. In that context, a potential investment in Philadelphia competes against virtually every other potential investment. To meet that competition, a potential investment must offer assurances to investors that risk has been minimized, and that a sufficient likelihood of positive returns exists.

Our analysis leads to the conclusion that the following factors are present that will collectively help create the catalyst for capital investment:

- A stable political and regulatory environment. By that, we mean that the Pennsylvania Legislature and Pennsylvania Gaming Control Board have enacted – and will continue to enact – a series of rules and regulations that will create a sufficient stable investment climate.

- Access to a sizeable gaming market. Market studies that have been developed by others, as well as those we have prepared ourselves, lead to the conclusion

that the property offers sufficient access to a large, affluent adult population that will make this project an unqualified success.

Those are among the key ingredients necessary to generate capital investment. We suggest, additionally, that the capital investment that the private sector is able to amass in this particular section of Philadelphia will attract additional capital from other sources, leading to a sustained upward growth in the local economic base.

Working with the local community

In our experience in multiple gaming markets, casinos are more likely to be successful and to advance public policy goals when public and private leaders identify and pursue policies that are mutually beneficial. When casino operators, for example, invest in training for a local workforce, such policies benefit the community, but also serve to advance the operator's own interests by ensuring the presence of a stable pool of qualified workers.

Similarly, when a community invests in itself by adding new attractions, it increases the appeal of a casino. Trump Entertainment Resorts has demonstrated that it understands the benefits of pursuing such policies, and the company has articulated several specific goals that would do just that in response to its ongoing community outreach efforts.

For example, the company has explored several possibilities with respect to improving a Second Alarmers headquarters at 2900 Roberts Avenue. The building, built in 1973, sits on land originally donated by the Budd Company, and houses two service vehicles. The Second Alarmers, a group of volunteers that dates back to 1921, provide support to firefighters in emergencies, including providing coffee and other forms of assistance⁵. Trump Philadelphia is, at present, considering an investment in that property that could include adding a police sub-station to the site, among other options.

We found that Trump Philadelphia has participated in numerous meetings with the Multi-Community Alliance ("MCA"), an organization of 18 community groups. The meetings enabled Trump Philadelphia to identify and respond to many valid concerns expressed by MCA members. Trump Philadelphia has represented that it is committed to continuing a dialogue through the application process and beyond for the purpose of addressing the community's concerns and needs.

The Trump Philadelphia community outreach has resulted in Trump's willingness to enter into a Community Benefits Agreement ("CBA") with MCA members. Attached, as Exhibit B of this report, are the parameters of the CBA, which are

⁵ www.secondalarmers.net

contained in a Nov. 14, 2005, letter to the MCA. Among Trump's commitments to the community, as outlined in the CBA:

- Streetscape and light roads around the project.
- Invest an initial \$2 million – followed by future funding as available – to demolish abandoned homes, improve facades and other aspects of the local community.
- Develop a preferential hiring program for local residents, coupled with training for many entry-level jobs.
- Minimize any negative traffic impact in the surrounding areas.
- Add movie theatres, a performance hall and other amenities that will be developed with local input.

Trump Philadelphia leaders have already held discussions with the Allegheny West Foundation and other community organizations to identify and help organize businesses and distributorships that could supply certain goods and services to the property, thus further increasing local employment.

Ryan Dickey of Preferred Real Estate Investments, Inc. (PREI), which owns the site for which Trump Philadelphia is seeking a license, noted the following:

"If Trump is granted a gaming license to operate a 'slots parlor' at The Budd Commerce Center, it will be once-in-a-lifetime economic engine for the overall betterment of the Nicetown section of Philadelphia. We feel confident that the traffic count and increase of an immediate employee base with substantial paying jobs will drastically increase the likelihood of attracting retailers, specifically a supermarket operator, which is the one use on site the local community wants to see most.

"Through the Preferred Neighborhood Improvement Initiative, PREI has committed to help revitalize the adjacent communities. Without contributions from Trump, the overall beneficial impact of this initiative will not be as strong as it would with Trump's participation. This initiative has the ability to make a lasting impact on peoples' lives for the better.

"PREI would welcome the Trump development due to the fact that we feel it would be easier to complete the total redevelopment of The Budd Commerce Center because more potential tenants would want to be in the vicinity of such an exciting project and enjoy the associated benefits of having Trump as a neighbor⁶."

⁶ "Trump at the Budd Commerce Center," email from Ryan Dickey, Dec. 8, 2005.

Employment

The preliminary projections put forth by Trump Philadelphia indicate the following levels of employment:

- The property will create approximately 905 full-time-equivalent employee positions (FTEs) and will employ an estimated 1,005 people to fill those spots.
- Its annual payroll will be \$31 million.
- Additionally, it will spend about \$4.9 million on salaries and wages during construction, and nearly \$800,000 during the training phase.

Based on those estimates, Trump will generate average annual compensation of about \$31,000 per employed person, and about \$34,000 per FTE.

We cross-checked those numbers with other gaming properties in the Northeast. Seneca Niagara in New York presently employs about 2,241 people, and its direct wages are approximately \$60 million⁷. This equates to an average salary of \$26,773.

Turning Stone Casino Resort in New York employed more than 4,200 individuals as of last March, and reported a payroll – including benefits – of more than \$109 million⁸. This equates to an average salary of \$25,860.

Other gaming markets in the east have similar average compensation levels. The following table shows a 10-year history in Atlantic City:

	Full-time	Part-time	Other	Estimated full-time equivalents	Payroll (in thousands)	Est. average salary per FTE
1995	40,170	3,940	3,207	43,209	\$1,019,481	\$23,594
1996	41,068	4,180	3,718	44,387	\$1,043,249	\$23,503
1997	41,323	3,863	3,837	44,567	\$1,060,671	\$23,799
1998	40,843	3,710	3,943	44,012	\$1,075,592	\$24,439
1999	39,328	3,719	4,318	42,628	\$1,081,376	\$25,368
2000	39,174	3,962	4,290	42,585	\$1,106,761	\$25,989
2001	37,912	3,682	3,998	41,086	\$1,097,626	\$26,715
2002	37,540	3,452	3,828	40,542	\$1,097,718	\$27,076
2003	38,964	3,486	3,758	41,960	\$1,106,720	\$26,376
2004	37,874	4,266	3,361	41,127	\$1,124,271	\$27,336

⁷ "Seneca Niagara Casino Fiscal & Economic Impact On Niagara Falls, NY," by Kent Gardner, CGR, June 2005, Seneca Territory Gaming Corp. Form 424B3 filed Sept. 2, 2004

⁸ "Let The Games Begin: The Economic Impact Of Indian Gaming." *Indian Country Today*, March 9, 2005.

The projected labor cost for the proposed Trump Philadelphia casino in Philadelphia is higher than in surrounding areas, and that difference is rooted in a number of areas, particularly:

- Philadelphia, as an urban area in a highly populous, affluent region, has higher wage rates.
- Trump Philadelphia does not include a hotel. Because hotel labor costs include many positions such as housekeeping that are at the low end of the compensation scale, the average compensation will be higher for this project.
- Trump Philadelphia's projections do not include dealers, since there will be no table games. Dealers' listed compensation does not include tips, since employers do not pay that portion of income. Absent tip income, dealer salaries tend to be relatively low. (See below.)

The following table lists average hourly and annual salaries and wages for a sampling of jobs in the casino industry in Atlantic City:

Sample compensation, gaming-specific Atlantic City jobs⁹	Hourly rate	Annual salary
Gaming surveillance officers and gaming investigators	\$ 14.85	\$ 30,880
Security guards	\$ 11.45	\$ 23,810
Gaming supervisors	\$ 22.76	\$ 47,350
Slot key persons	\$ 13.13	\$ 27,310
Gaming dealers*	\$ 7.25	\$ 15,090
Gaming and sports book writers and runners	\$ 9.94	\$ 20,680
Gaming change persons and booth cashiers	\$ 10.68	\$ 22,210
Gaming cage workers	\$ 11.73	\$ 24,390

**Dealers also receive tips, which are not reflected here.*

The above salaries generally hug the mean salary for the industry.

⁹ U.S. Department of Labor, May 2004 Occupational Employment and Wage Estimates

We also looked at jobs that are more prevalent, but are entry-level with generally lower compensation levels:

Sample compensation, gaming-specific Atlantic City jobs	Hourly rate	Annual salary
Cooks, short order	\$ 11.21	\$ 23,320
Counter attendants, cafeteria, food concession, and coffee shop	\$ 7.73	\$ 16,070
Waiters and waitresses	\$ 8.14	\$ 16,930
Food servers, non-restaurant	\$ 9.71	\$ 20,190
Dining room and cafeteria attendants and bartender helpers	\$ 8.55	\$ 17,780
Dishwashers	\$ 8.81	\$ 18,330
Hosts and hostesses, restaurant, lounge, and coffee shop	\$ 9.21	\$ 19,160

We also examined relative wage rates for jobs that are presently common in both Atlantic City and Philadelphia, to get a comparative basis for compensation levels in general¹⁰:

	Philadelphia hourly rate	Philadelphia annual compensation	Atlantic City hourly rate	Atlantic City annual compensation	Atlantic City pct. increase (decrease)
Bartenders	\$ 7.97	\$ 16,570	\$11.37	\$23,660	43%
Combined food preparation and serving workers, including fast food	\$ 7.90	\$ 16,420	\$7.92	\$16,480	0%
Counter attendants, cafeteria, food concession, and coffee shop	\$7.60	\$15,810	\$7.73	\$16,070	2%
Waiters and waitresses	\$7.60	\$15,820	\$8.14	\$16,930	7%
Food servers, non-restaurant	\$8.86	\$18,440	\$9.71	\$20,190	9%
Dining room and cafeteria attendants and bartender helpers	\$6.74	\$14,020	\$8.55	\$17,780	27%
Dishwashers	\$6.57	\$13,660	\$8.81	\$18,330	34%
Hosts and hostesses, restaurant, lounge, and coffee shop	\$8.60	\$17,900	\$9.21	\$19,160	7%
Food preparation and serving related workers, all other	\$8.35	\$17,360	\$9.79	\$20,360	17%
Janitors and cleaners, except maids and housekeeping cleaners	\$11.09	\$23,060	\$11.16	\$23,210	1%

¹⁰ U.S. Department of Labor

In all these job areas, Atlantic City enjoys a higher compensation package. This can, in large measure, be attributed to the overall trend in which gaming properties tend to pay more than non-gaming properties in an effort to attract a higher caliber of employee.

Construction employment

We operate with a longstanding model that assumes that \$1 million of capital investment in construction yields between 10 and 15 construction jobs¹¹. This methodology looks strictly at construction work on site. It does not, for example, take into account employment at distant slot manufacturing facilities or other off-site locations.

For Trump Philadelphia itself, the proposed capital budget is \$81.2 million. The parking garage will cost an additional \$43.5 million. Additionally, the cost to relocate the vo-tech school will be \$13.1 million. The total construction cost will be \$137.86 million. This will result in between 1,379 and 2,067 construction jobs.

The average blended labor rate for construction trades in the Philadelphia area is \$21.55 per hour, or annual wages of \$44,830¹². We can assume that all the incremental construction jobs will be in place during Year 1.

This creates a total construction payroll in Year 1 of between \$61.8 million and \$92.7 million.

¹¹ "Economic Impacts of Casino Gambling in the United States," Arthur Andersen, December 1996, p. 30

¹² U.S. Department of Labor, May 2004 Occupational Employment and Wage Estimates

Spin-off effect

Indirect, induced employment

The employment level at Trump Philadelphia will create both an “indirect” and an “induced” effect on employment in the immediate region. The indirect jobs will comprise those resulting from goods and services purchased by the casino hotels in areas that range from construction to regulation to the supply of food products, linen services, etc. The “induced” effect refers to the impact on employment generated by the spending of casino employees.

That spending creates various employment needs, ranging from home construction contractors to salespeople at retail stores to meet the demands of a growing economic base.

A 1996 study by Arthur Andersen for the American Gaming Association noted that, while the industry employs 300,000 individuals in the United States with an annual payroll of \$10 billion, “approximately 400,000 indirect jobs and \$12.5 billion in wages are supported by casino gaming industry spending.”¹³ In estimating from a single property, however, we have to confine our projections to the immediate jobs that would be created through the indirect and induced effects.

Rutgers University applied a multiplier of 1.66 to the casinos in Atlantic City¹⁴ in studying the impact of casinos on the state of New Jersey.

Such a ratio is supported by methodologies used in similar surveys. A 2003 report issued by the Rhode Island Secretary of State notes:

“The multiplier effect of any new casino, as with the substitution effect will depend on the type and placement of the casino. (Adam Rose & Associates) notes that the economic backdrop ‘is the same whether a casino or a new auto parts plant is placed in its midst ...’

“Describing the number of times a dollar of initial investment moves through the local or regional economy: ‘There are some rules of thumb on multiplier effects: small cities or groups of rural counties are not likely to have multipliers exceeding 1.5, medium-sized to large cities multipliers would not exceed 2.0 and very large cities or state multipliers would not exceed 2.5.’¹⁵

¹³ “Economic Impacts of Casino Gaming in the United States,” Arthur Andersen, December 1996, p. 40.

¹⁴ “The Future Impact of Gaming on Atlantic City: 2003 – 2008”, Rutgers School of Business, Camden, April 2003, p. 8.

¹⁵ Adam Rose and Associates *The Regional Impacts of Casino Gambling: Assessment of the Literature and Establishment of a Research Agenda*, pp. 9-11, as cited by report to Rhode Island Secretary of State on economic impacts of casino gambling.

The following table shows multiplier in gaming markets in Louisiana.

State Planning District	Multiplier
Lake Charles	1.63
New Orleans	1.31
Shreveport	1.75
Baton Rouge	1.23
Lafayette/Houma	1.02
Alexandria	1.38

Source: University of New Orleans¹⁶

The following table relies on RIMS II estimates for tribal gaming in Wisconsin.

Total direct, indirect increase in employment from Indian gaming industry in Wisconsin			
	Direct	Multiplier	Total
Number of workers employed at casinos	7,843	1.40	10,980
Number of workers employed at ancillary facilities	1,905	1.41	2,686
<i>Total</i>	9,748	1.402	13,666

Source: Evans Carroll & Associates¹⁷

An Omaha study, relying on a different methodology known as IMPLAN, assumes an employment multiplier of 1.819.¹⁸

We also examined a report prepared for the City of Rochester, NY, also an urban center: "The casino is likely to create jobs for Rochester residents, many of whom have become isolated from Downtown's traditional entry-level job market by a shifting of retail and service employment to the suburbs. In its second year of operation at the casino, the developer estimates employment to be nearly 1,300 with payroll of \$48 million." The report concludes that the net direct employment would be 800 jobs, with

¹⁶ "The Economic Impact of Casino Gambling in Louisiana,": University of New Orleans, February 1999.

¹⁷ "The Economic Impact of the Indian Gaming Industry in Wisconsin and Potential Impact of Modified Compact Terms," By Michael K. Evans, Ph. D., Evans, Carroll & Associates. March 2002.

¹⁸ "The Economic Impact of An Omaha, Nebraska Casino," by Ernest Goss, Ph.D., August 12, 2002.

total compensation of \$31 million, while the indirect and induced effects would be an additional 500 jobs, with compensation of \$15 million.¹⁹

That implies a multiplier of 1.625.

Next, we examined projections regarding a proposed casino in a non-urban area of Washington State:

	Direct	Indirect	Induced	Total
Casino	495	200	191	885

Source: Gardner Johnson²⁰

That implies a multiplier of 1.782.

We also examined a study for a proposed casino in West Warwick, Rhode Island:

	Direct	Indirect	Induced	Total
Employment	3,571	528	807	4,906
Compensation	\$ 101,434,542	\$ 15,044,659	\$ 21,898,648	\$ 138,377,849
Annual average wage	\$ 28,405	\$ 28,494	\$ 27,136	\$ 28,206

Source: University of Massachusetts, Dartmouth

Here, the implied multiplier is only 1.38.

We also examined estimates from the Bureau of Economic Analysis ("BEA") within the U.S. Department of Commerce, which has developed the Regional Input-Output Modeling System (RIMS II). Based on their estimates for the Philadelphia region, casinos would generate the following:

	Earnings (dollars)	Employment (number of jobs)
Multiplier	1.8565	1.616

Source: Bureau of Economic Analysis, RIMS II multipliers, Philadelphia-Camden-Wilmington

¹⁹ "Rochester Downtown Casino An Economic & Social Impact Assessment," Kent Gardner, July 2004

²⁰ The Economic & Fiscal Impacts Arising From The Development Of Quil Ceda Village, Marysville, Gardner Johnson, May 28, 2002

Clearly, no methodology or estimate by itself can claim perfection. However, we feel comfortable – after examining several methodologies and estimates in various geographic areas – that a multiplier effect of 1.616 is a reasonable starting point for a casino operation in a major city such as Philadelphia. The ultimate effect could be higher, based on other estimates for an urban casino, but we are confident that this multiplier offers a conservative, achievable estimate for a baseline.

Thus, Trump Philadelphia will create, both directly and indirectly, a total payroll of \$57.5 million, and 1,462 FTEs.

During the construction phase, the BEA has established the following RIMS II multipliers for the region:

	Earnings (dollars)	Employment (number of jobs)
Multiplier	2.1105	2.3168

Based on that, we estimate that, during the construction phase, between 3,194 and 4,788 total positions will be created, generating a payroll of between \$130.4 million and \$195.6 million.

Impact on unemployment

The indigenous adult population will be among the beneficiaries of the employment generated by Trump Philadelphia. While many of the available openings are entry level that require minimal skills, others are relatively specialized and often require some level of training or experience.

Communities that seek to maximize the benefit for their existing constituencies should establish training programs for the various skills that will be in demand, and local community colleges and vocational schools – working with their counterparts in established gaming communities – are often well-equipped to address that need. The Borgata Hotel Casino & Spa, for example, created the Atlantic City Jobs and Opportunities Program in advance of its July 2003 opening. The program – designed to assist Atlantic City residents with employment opportunities through training and job placement – trained more than 1,400 residents, half of whom gained employment directly with Borgata²¹. Other Atlantic City casinos recruit employees from the program as well.

²¹ Interview conducted by Spectrum Gaming Group with Program Director Eric Reynolds, Sept. 8, 2005.

At the same time, however, communities must recognize that unemployed or under-employed adults can often be highly mobile, willing to relocate or travel greater distances to secure employment.

One notable example can be found in Mississippi, which legalized casinos in 1990. Tunica County, the poorest county in what was then the poorest state, gave birth to casinos in 1992, and within three years had nearly a dozen gaming operations.

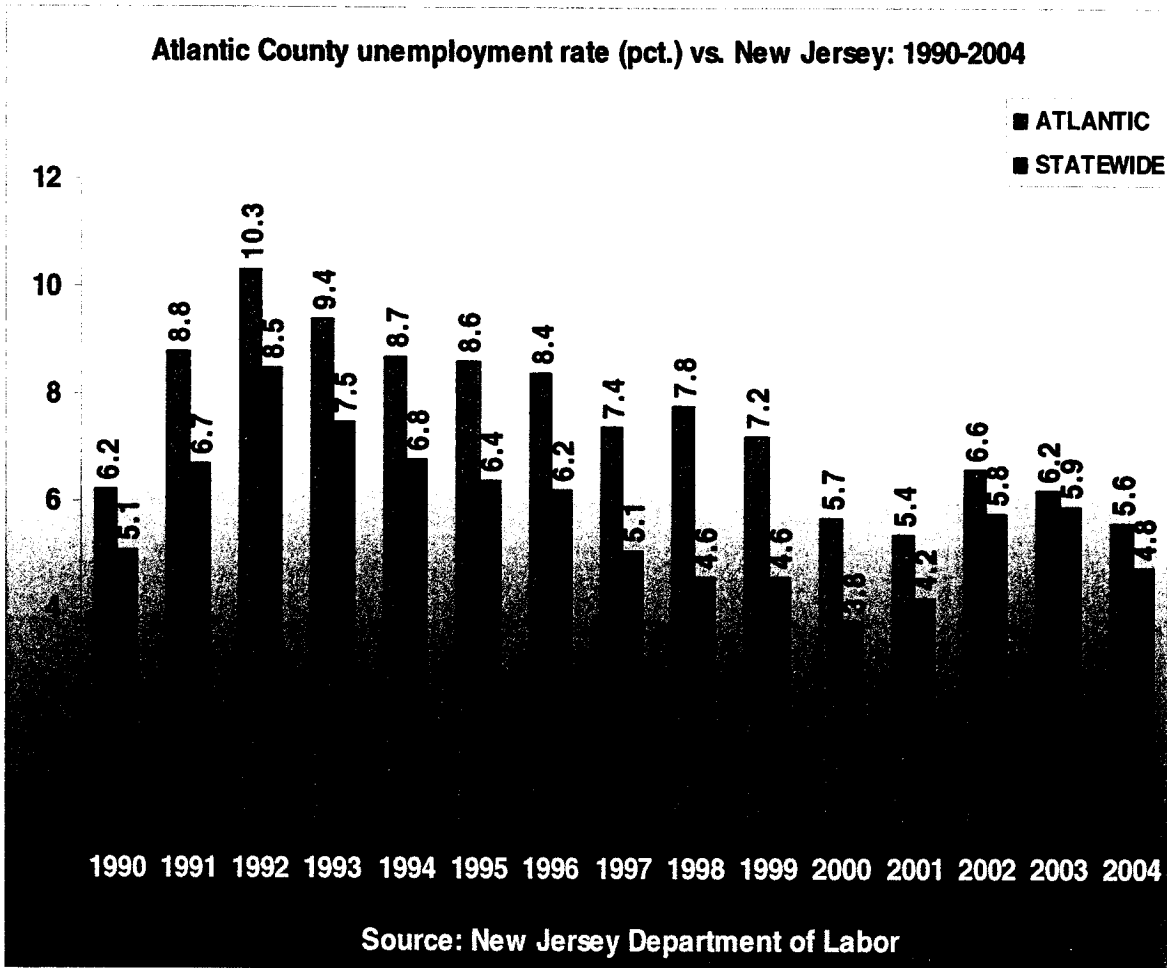
By 1996, unemployment shrank to 4.9 percent, its lowest point in nearly 20 year, while the welfare rolls were cut by a third, and the percentage of people receiving food stamps also declined²². At the same time, however, it was noted that many of the industry's jobs had gone to workers in nearby Memphis, a community in a different state that was an easy commute for workers while it also serves as Tunica's largest feeder market for customers²³.

Similarly, total unemployment might not decline as a result of new jobs. That might seem counter-intuitive, but could be considered likely. The creation of new jobs should prompt those who had been discouraged from seeking employment to begin a job search. At the same time, the prospect of new hiring – fueled by the attendant publicity surrounding the opening of casinos – will attract in-migration of unemployed adults from elsewhere to the area in search of jobs.

It is likely that some of these new arrivals in search of work will not find a job, and they will add to a region's unemployment rate. This phenomenon explains, for example, why the unemployment rate in Atlantic County – home to 90 percent of all 40,000-plus casino-industry jobs – remains relatively high:

²² "Gambling in California," by Roger Dunstan, California Research Bureau, January 1997

²³ "Mississippi Monte Carlo: Gambling Industry in Tunica County," The Atlantic Monthly, January 1996



Note that, while the unemployment rate in Atlantic County has declined over the past decade, it actually rose from its recent low point in 2001 despite the opening of a new casino hotel, Borgata, as well as several other significant expansions in the gaming industry that collectively created thousands of new jobs.

This clearly represents the phenomenon in which the prospect of additional employment generates increased activity from a growing number of job-seekers.

We note the same phenomenon in other states. The following table shows the growth in casino employment in Minnesota – home to 18 tribal casinos with an estimated \$1 billion in revenue at the time of this study – relative to overall state employment²⁴:

²⁴ "Casino Gaming in Minnesota— A Winning Job Generator," by Rachel Hillman & Annie Tietma, Minnesota Economic Trends, July/August 2002, Minnesota Department of Employment and Economic Development.

Employment Growth in Minnesota and Minnesota Casinos

Percent change of employment from previous year:

	Casino	State
1991	151.1 percent	0.4 percent
1992	182.1 percent	2.3 percent
1993	86.9 percent	2.6 percent
1994	3.4 percent	3.2 percent
1995	3.9 percent	3.3 percent
1996	0.8 percent	2.3 percent
1997	19.2 percent	2.5 percent
1998	3.1 percent	2.8 percent
1999	4.6 percent	2.3 percent
2000	7.1 percent	2.2 percent
1990-2000	1874.5 percent	26.5 percent

Source: Minnesota Department of Economic Security, Hillman & Tietna

The next table shows unemployment rates for the same time period:

**Unemployment Rates on Minnesota Reservations,
1990 - 2000**

	Unemployment Rates:	
	1990	2000
State	4.9 percent	3.3 percent
All Counties with Casinos	7.5 percent	5.5 percent
All Counties without Casinos	6.0 percent	4.5 percent
Rural Counties with Casinos	7.8 percent	5.8 percent
Rural Counties without Casinos	5.5 percent	4.3 percent

Counties located in Metropolitan Statistical Areas (MSAs) have been excluded.

Source: Minnesota Department of Economic Security, Local Area Unemployment Statistics (LAUS), 2002, Hillman & Tietna

The data show that, even in the face of astounding growth in casino employment, unemployment does not disappear. Again, the factors that largely drive that phenomenon include an upsurge in the number of people seeking employment, including adults who might have earlier been discouraged from entering the job market.

Clearly, job seekers also move to an area that promises new employment, and that has been demonstrated in casino markets.

The Hotel Employees and Restaurant Employees International Union ("HEREIU") revealed to the National Gambling Impact Study Commission the results of a December 1997 poll of its members who were then working in Atlantic City: The poll reported, among other things, that nearly half of the membership (49 percent) moved to the Atlantic City area because there were jobs available in the casino industry²⁵.

²⁵ Expanded Legalized Gaming In Massachusetts: A Presentation of Gaming Regulation, Economic Development Impact, Fiscal Impact and Social and Cultural Impact, by The Commission to Study the Potential Expansion of Legalized Gaming, Essex County District Attorney Kevin M. Burke, Chairman

Tax analysis

We projected the total state and local taxes that will be realized by the State of Pennsylvania as a result of the development of Trump Philadelphia in Philadelphia. We note that the Trump Philadelphia gaming operation does not intend to apply for tax relief as a Keystone Opportunity Zone (“KOZ”), which is an economic-development program administered by the Philadelphia Department of Commerce.

In the following analysis, we have projected the cumulative Trump Philadelphia taxes for the first five years of operation and the cumulative taxes for each tax category. (See Exhibits 1 through 3 at the end of this section). The taxes are based on the following assumptions:

Direct Tax Impacts

1. Philadelphia taxes

Gaming tax – local portion

The Pennsylvania gaming act provides for a 4 percent tax on Category 2 casinos to be paid directly to the host county or municipality. The tax base is the projected gaming revenue for each of the first five years of operations.

Business Privilege Tax – gross receipts portion

The City of Philadelphia imposes a Business Privilege tax on businesses located and operating within the City. The tax has two parts: (1) a tax on gross receipts imposed at the rate of 0.21 percent on the gross receipts collected by the enterprise and (2) a tax on net income imposed at the rate of 6.5 percent on the net income allocable to Philadelphia. For purposes of the gross receipts tax, we have included all revenues derived by Trump owned facilities plus the projected revenues of the retail, dining and entertainment district (RDE).

Business Privilege Tax – net income portion

The tax base for the income tax portion of the Business Privilege Tax was arrived at by adding the projected net income for each year to the projected income taxes to arrive at pre-tax net income. Pre-tax net income is multiplied by the tax rate (6.5 percent) to arrive at the tax. For purposes of this projection, profits on the RDE are not included, because they are unknown.

Liquor sales tax on Trump liquor sales

The City of Philadelphia imposes a 10 percent tax on every retail sale of liquor or malt and brewed beverage which is not subject to the

Pennsylvania sales tax. The tax base for this tax was projected based on all retail sales of alcoholic beverages at Trump-owned facilities, included in the summary of food and beverage revenues, adjusted for complimentary beverages, which are not subject to sales or liquor tax.

Sales tax on food and retail sales at Trump-owned facilities

The City imposes a 1 percent sales tax on most retail sales. The tax base includes cash sales at Trump owned facilities including restaurants, retail and other revenue (does not include gaming revenue, space rentals and complimentary sales).

Real estate taxes

Real estate taxes are based on the statutory combined rate (municipal and school) of \$82.64 per \$1,000 of assessed value. The base assessed value is estimated at \$150 million. Real estate taxes are projected to increase by 3 percent annually during the projection period.

Liquor sales tax on liquor portion of RDE

The City of Philadelphia liquor tax will also be imposed on alcoholic beverages sold in the RDE. We have assumed that 10 percent of RDE revenues will be from alcoholic beverage sales.

Sales tax on RDE Sales

The remaining 90 percent of RDE revenues will be subject to the 1 percent Philadelphia sales tax.

Sales taxes on goods and services

Goods and services purchased from Pennsylvania companies are subject to Philadelphia sales and use tax at the rate of 1 percent. Payments for these goods and services are projected as follows:

(Amounts in millions)

Year 1	Year 2	Year 3	Year 4	Year 5
\$32.52	\$38.00	\$43.84	\$50.19	\$57.08

Sales Taxes on Construction Materials

It is anticipated that in the first year of the projection, spending on construction materials could range from \$45.16 million to \$76.06 million. These costs will be subject to the 1 percent Philadelphia sales tax. The projections assume spending of \$76.06 million.

Wage and earnings taxes

Wages in Philadelphia are subject to city wage taxes as follows:

- Residents 4.331 percent

- Non-Residents 3.8197 percent

The projections assume city wage taxes at an average rate of 4.08 percent. Direct wages associated with the project are broken into three classes in the schedule of direct tax impacts and include operating wages paid directly by Trump, wages paid by the RDE and wages paid by Trump for construction. Annual wages for each class are reflected in the schedule of direct tax impacts.

2. Commonwealth of Pennsylvania Taxes

Sales tax on food and retail sales – Trump-owned

The Commonwealth imposes a 6 percent sales tax on most retail sales. The tax base includes cash sales at Trump owned facilities including restaurants, retail and other revenue (does not include gaming revenue, space rentals and complimentary sales).

Sales tax on RDE

Ninety percent of RDE revenues will also be subject to the 6 percent state sales tax and are reflected in the projection.

Sales and use tax on goods and services

Goods and services purchased from Pennsylvania companies are subject to state sales and use tax at the rate of 6 percent.

Sales and use tax on construction materials

Payments for construction materials will also be subject to the Pennsylvania sales and use tax at the rate of 6 percent.

Liquor tax on purchased liquor

Pennsylvania imposes an 18 percent tax on all liquor sold at the wholesale level within Pennsylvania. The tax is imposed by the wholesaler and passed onto the retailer. We have projected this tax by deriving the projected liquor sales and then deriving the wholesale liquor purchases from the derived liquor sales data. Liquor sales were determined based on the total beverage revenues in the Summary of Food and Beverage Revenue plus an assumed amount of 10 percent of the RDE revenue. Wholesale liquor purchases were derived by allocating a 20 percent cost factor to the liquor sales. Total liquor costs were then multiplied by 18 percent to arrive at the tax.

State corporate income tax

Net income before taxes is subject to corporate income taxes in Pennsylvania at the rate of 9.99 percent. Annual net income is included on the schedule of direct tax impacts.

State capital stock tax

The state provides for an annual capital stock tax on the average earnings and equity of the enterprise at the rate of 0.499 percent.

State withholding tax

The Commonwealth of Pennsylvania imposes a withholding tax on wages at the rate of 3.07 percent. For purposes of the schedule of direct tax impacts, total annual wages referred to in the Philadelphia wage tax assumptions above are combined.

State unemployment tax

The Commonwealth of Pennsylvania imposes an unemployment tax at the rate of 3.752 percent (new employers) plus .09 percent for employees on wages up to \$8,000 per employee. For purposes of the projection, we have assumed that 33 percent of all wages will be subject to the unemployment tax.

Gaming and related tax (including horsemen)

In addition to the local gaming tax of 4 percent referred to above, gaming revenues will be subject to state level taxes (including amounts earmarked for the horse racing industry) ranging from 50 percent (in years 1 through 3) to 48 percent (in years 4 and 5).

The total direct tax impacts as follows:

Exhibit 1 (All amounts in millions)

Tax Type	Direct Tax Impacts										Rate	Annual Tax Year 1	Annual Tax Year 2	Annual Tax Year 3	Annual Tax Year 4	Annual Tax Year 5	Total for First Five Years
	Tax Base Year 1	Tax Base Year 2	Tax Base Year 3	Tax Base Year 4	Tax Base Year 5												
City of Philadelphia																	
Gaming Tax - Local Portion	\$ 361.35	\$ 379.96	\$ 398.58	\$ 418.29	\$ 439.10	4.0%	\$ 14.45	\$ 15.20	\$ 15.94	\$ 16.73	\$ 17.56	\$ 79.89					
Business Privilege Tax (Gross Receipts)	\$ 415.14	\$ 435.50	\$ 455.92	\$ 477.48	\$ 500.21	0.21%	\$ 0.87	\$ 0.91	\$ 0.96	\$ 1.00	\$ 1.05	\$ 4.80					
Business Privilege Tax (Net Income)	\$ 6.58	\$ 10.34	\$ 14.10	\$ 18.08	\$ 22.28	6.50%	\$ 0.43	\$ 0.67	\$ 0.92	\$ 1.18	\$ 1.45	\$ 4.64					
Liquor Sales Tax on Trump Liquor Sales	\$ 3.95	\$ 4.03	\$ 4.11	\$ 4.18	\$ 4.26	10.00%	\$ 0.40	\$ 0.40	\$ 0.41	\$ 0.42	\$ 0.43	\$ 2.05					
Sales Tax on Food and Retail Sales - Trump Owned	\$ 8.99	\$ 9.18	\$ 9.36	\$ 9.58	\$ 9.76	1.00%	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.10	\$ 0.10	\$ 0.47					
Real Estate Tax	\$ 150.05	\$ 154.53	\$ 159.12	\$ 163.96	\$ 168.80	8.26%	\$ 12.40	\$ 12.77	\$ 13.15	\$ 13.55	\$ 13.95	\$ 65.82					
Liquor Sales Tax on Liquor Portion of RDE (10%)	\$ 3.00	\$ 3.12	\$ 3.25	\$ 3.38	\$ 3.51	10.00%	\$ 0.30	\$ 0.31	\$ 0.32	\$ 0.34	\$ 0.35	\$ 1.63					
Sales Tax on Retail, Dining and Entertainment	\$ 27.00	\$ 28.08	\$ 29.21	\$ 30.38	\$ 31.59	1.00%	\$ 0.27	\$ 0.28	\$ 0.29	\$ 0.30	\$ 0.32	\$ 1.46					
Sales and Use Tax on Goods and Services	\$ 32.52	\$ 38.00	\$ 43.84	\$ 50.19	\$ 57.08	1.00%	\$ 0.33	\$ 0.38	\$ 0.44	\$ 0.50	\$ 0.57	\$ 2.22					
Sales and Use Tax on Construction Materials	\$ 76.06					1.00%	\$ 0.76					\$ 0.76					
Wage & Earnings Tax (Average Resident and Non-Resident)	\$ 30.98	\$ 32.28	\$ 33.64	\$ 35.05	\$ 36.52	4.08%	\$ 1.26	\$ 1.32	\$ 1.37	\$ 1.43	\$ 1.49	\$ 6.87					
Wage & Earnings Tax on RDE	\$ 9.50	\$ 9.88	\$ 10.28	\$ 10.69	\$ 11.11	4.08%	\$ 0.39	\$ 0.40	\$ 0.42	\$ 0.44	\$ 0.45	\$ 2.10					
Wage & Earnings Tax on Construction Wages	\$ 92.70					4.08%	\$ 3.78					\$ 3.78					
Total to City of Philadelphia							\$ 35.73	\$ 32.74	\$ 34.32	\$ 35.98	\$ 37.72	\$ 176.48					
State of Pennsylvania																	
Sales Tax on Food and Retail Sales - Trump Owned	\$ 8.99	\$ 9.18	\$ 9.36	\$ 9.58	\$ 9.76	6.00%	\$ 0.54	\$ 0.55	\$ 0.56	\$ 0.57	\$ 0.59	\$ 2.81					
State Sales Tax on Retail, Dining and Entertainment	\$ 27.00	\$ 28.08	\$ 29.21	\$ 30.38	\$ 31.59	6.00%	\$ 1.62	\$ 1.68	\$ 1.75	\$ 1.82	\$ 1.90	\$ 8.78					
Sales and Use Tax on Goods and Services	\$ 32.52	\$ 38.00	\$ 43.84	\$ 50.19	\$ 57.08	6.00%	\$ 1.95	\$ 2.28	\$ 2.63	\$ 3.01	\$ 3.42	\$ 13.30					
Sales and Use Tax on Construction Materials	\$ 76.06					6.00%	\$ 4.56					\$ 4.56					
Liquor Tax on Purchased Liquor	\$ 1.83	\$ 1.88	\$ 1.93	\$ 1.99	\$ 2.05	18.00%	\$ 0.33	\$ 0.34	\$ 0.35	\$ 0.36	\$ 0.37	\$ 1.74					
State Corporate Income Tax	\$ 6.58	\$ 10.34	\$ 14.10	\$ 18.08	\$ 22.28	9.99%	\$ 0.66	\$ 1.03	\$ 1.41	\$ 1.81	\$ 2.23	\$ 7.13					
State Capital Stock Tax							\$ 0.17	\$ 0.26	\$ 0.27	\$ 0.30	\$ 0.33	\$ 1.34					
State Withholding Tax	\$ 133.18	\$ 42.16	\$ 43.92	\$ 45.74	\$ 47.63	3.07%	\$ 4.09	\$ 1.29	\$ 1.35	\$ 1.40	\$ 1.46	\$ 9.60					
State Unemployment Tax	\$ 44.39	\$ 14.05	\$ 14.64	\$ 15.25	\$ 15.88	3.84%	\$ 1.71	\$ 0.54	\$ 0.56	\$ 0.59	\$ 0.61	\$ 4.00					
Gaming and Related Tax	\$ 361.35	\$ 379.96	\$ 398.58	\$ 418.29	\$ 439.10	50.00%	\$ 180.68	\$ 189.98	\$ 199.29	\$ 200.78	\$ 210.77	\$ 981.49					
Total to State of Pennsylvania							\$ 196.30	\$ 197.96	\$ 208.18	\$ 210.64	\$ 221.67	\$ 1,034.75					
Total City and State							\$ 232.03	\$ 230.70	\$ 242.49	\$ 246.63	\$ 259.39	\$ 1,211.24					

Indirect tax impacts

1. Philadelphia taxes

Wage and earnings taxes

The amounts of induced wages from casino, RDE and construction related spending, have been projected, and are included on the schedule of indirect tax impacts. These wages are subject to the Philadelphia wage taxes described above.

2. Commonwealth of Pennsylvania Taxes

Wage and earnings taxes

The amounts of induced wages from casino, RDE and construction related spending, have been projected, and are included on the schedule of indirect tax impacts. These wages are also subject to the Pennsylvania wage taxes described above.

Indirect tax impacts are included in the table below:

Exhibit 2 (All amounts in millions)

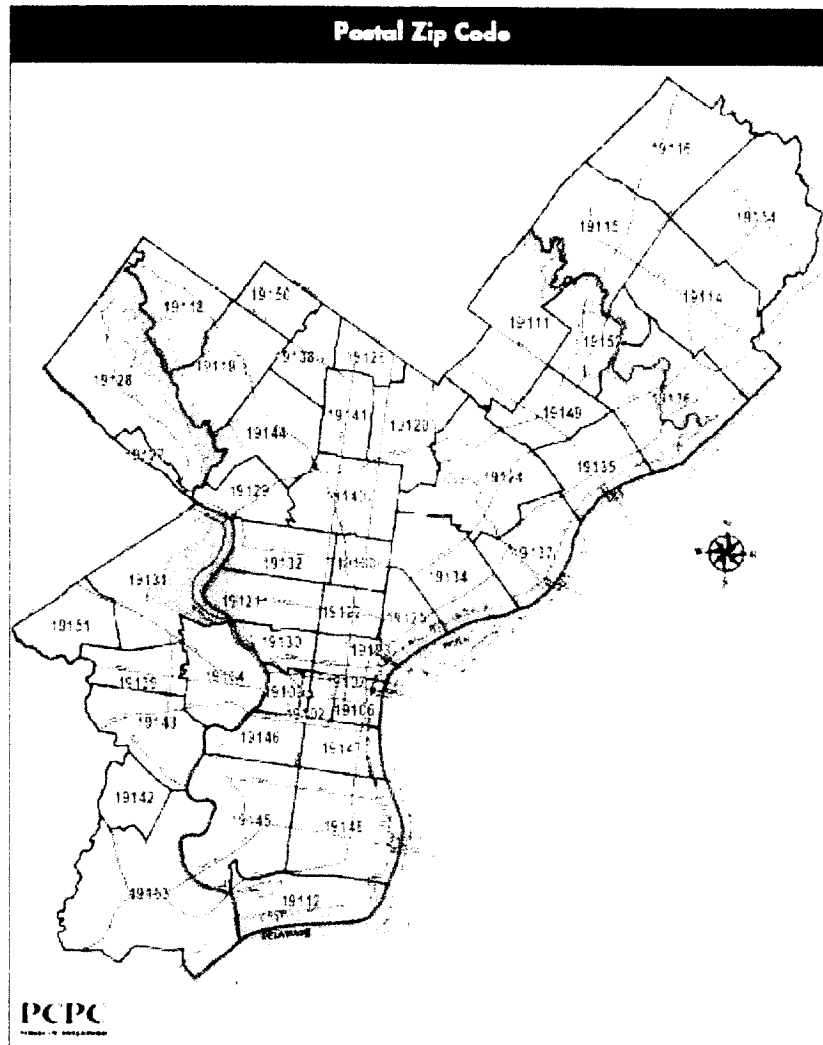
Indirect Tax Impacts												
Tax Type	Tax Base Year 1	Tax Base Year 2	Tax Base Year 3	Tax Base Year 4	Tax Base Year 5	Rate	Annual Tax Year 1	Annual Tax Year 2	Annual Tax Year 3	Annual Tax Year 4	Annual Tax Year 5	Total for First Five Years
City of Philadelphia												
Wage & Earnings Tax - Indirect, Induced from Casino	\$ 26.52	\$ 27.63	\$ 28.79	\$ 30.00	\$ 31.26	4.08%	\$ 1.08	\$ 1.13	\$ 1.17	\$ 1.22	\$ 1.28	\$ 5.88
Wage & Earnings Tax - Indirect, Induced from RDE	\$ 8.50	\$ 8.86	\$ 9.23	\$ 9.62	\$ 10.02	4.08%	\$ 0.35	\$ 0.36	\$ 0.38	\$ 0.39	\$ 0.41	\$ 1.89
Wage & Earnings Tax - Indirect, Induced from Construction	\$ 102.90					4.08%	\$ 4.20	\$ -	\$ -	\$ -	\$ -	\$ 4.20
Total to City of Philadelphia							\$ 5.63	\$ 1.49	\$ 1.55	\$ 1.62	\$ 1.68	\$ 11.97
State of Pennsylvania												
State Withholding Tax on Total Induced Wages	\$ 137.92	\$ 36.49	\$ 38.02	\$ 39.62	\$ 41.28	3.07%	\$ 4.23	\$ 1.12	\$ 1.17	\$ 1.22	\$ 1.27	\$ 9.01
State Unemployment Tax on Total Induced Wages	\$ 45.97	\$ 12.16	\$ 12.67	\$ 13.21	\$ 13.76	3.84%	\$ 1.77	\$ 0.47	\$ 0.49	\$ 0.51	\$ 0.53	\$ 3.76
Total to State of Pennsylvania							\$ 6.00	\$ 1.59	\$ 1.65	\$ 1.72	\$ 1.80	\$ 12.76
Total City and State							\$ 11.63	\$ 3.08	\$ 3.21	\$ 3.34	\$ 3.48	\$ 24.73

Thus, the total direct and indirect taxes are as follows:

	Annual Tax Year 1	Annual Tax Year 2	Annual Tax Year 3	Annual Tax Year 4	Annual Tax Year 5	Total for First Five Years
City of Philadelphia						
Direct	\$ 35.73	\$ 32.74	\$ 34.32	\$ 35.98	\$ 37.72	\$ 176.48
Indirect	\$ 5.63	\$ 1.49	\$ 1.55	\$ 1.62	\$ 1.68	\$ 11.97
Total	\$ 41.35	\$ 34.23	\$ 35.87	\$ 37.60	\$ 39.40	\$ 188.45
State of Pennsylvania						
Direct	\$ 196.30	\$ 197.96	\$ 208.18	\$ 210.64	\$ 221.67	\$ 1,034.75
Indirect	\$ 6.00	\$ 1.59	\$ 1.65	\$ 1.72	\$ 1.80	\$ 12.76
Total	\$ 202.30	\$ 199.54	\$ 209.83	\$ 212.37	\$ 223.47	\$ 1,047.51
Total City and State	\$ 243.65	\$ 233.78	\$ 245.70	\$ 249.97	\$ 262.87	\$ 1,235.96

Exhibit 3 (All amounts in millions)

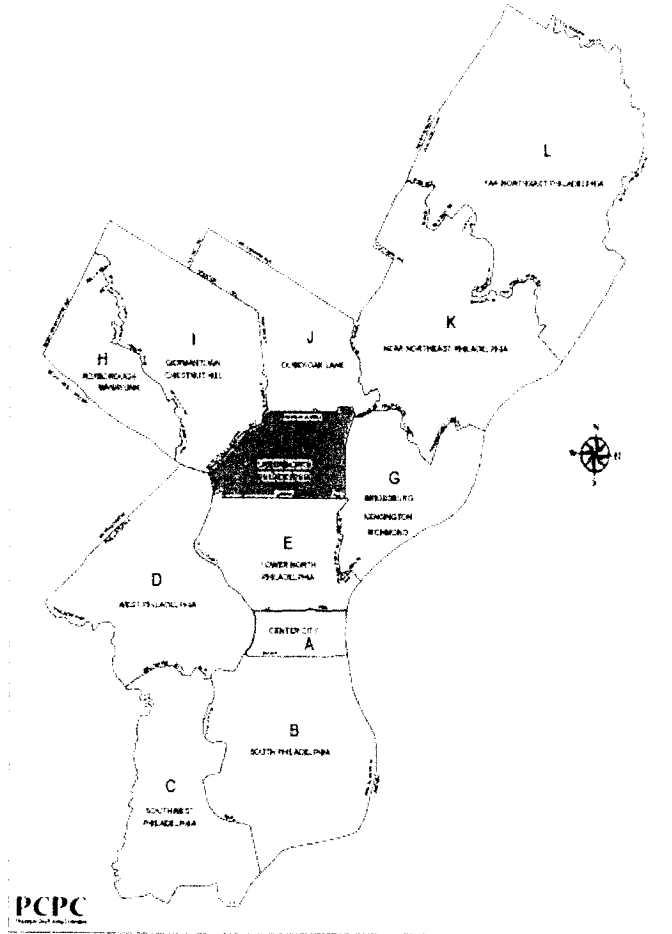
Demographic and Socio-Economic Characteristics of the Budd Site Neighborhood



The Budd Site is located in Upper North Philadelphia at 2900 Hunting Park Avenue West. The Budd Site lies within ZIP Code 19129 but is close to the border of ZIP Code 19132. Therefore, this analysis will consider the combined ZIP Codes of 19129 and 19132 to be the immediate neighborhood of the site and will be referred to as the "Hunting Park Industrial Area."

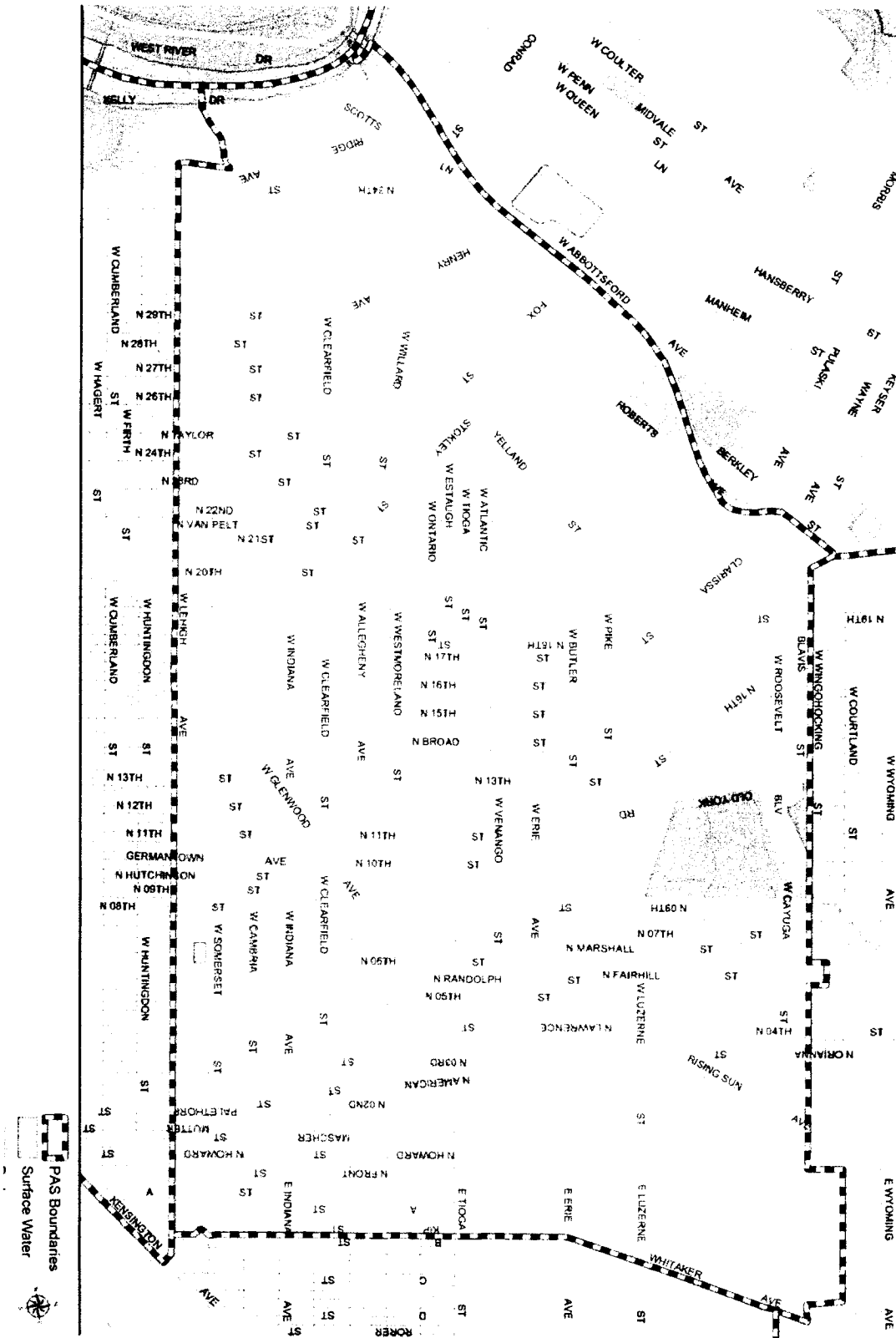
Most of the data evaluated for this report comes from the U.S. Census of 2000. The residents living near the Budd Site are in census tracts 170 and 171. The area is designated Planning Analysis Section F, Upper North Philadelphia. The neighborhoods

adjacent to the Hunting Park Industrial Area are East Falls, Southwest Germantown, Nicetown, North Tioga, West Tioga, and Allegheny West.



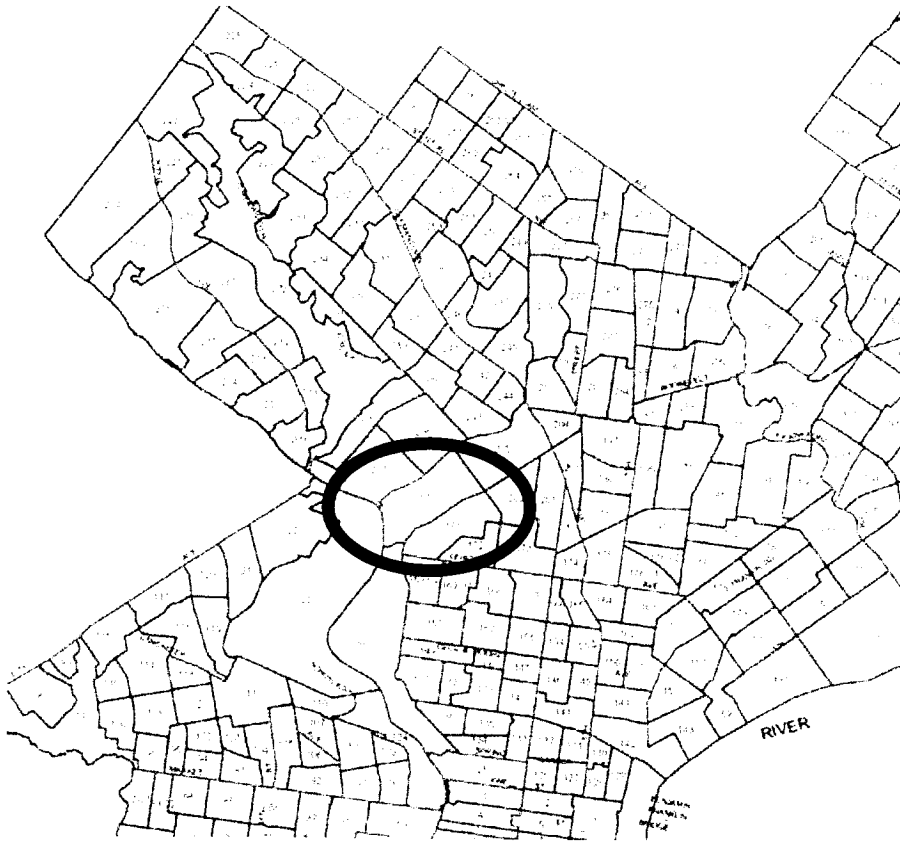
Planning Analysis Sections

Planning Analysis Section F in Detail:

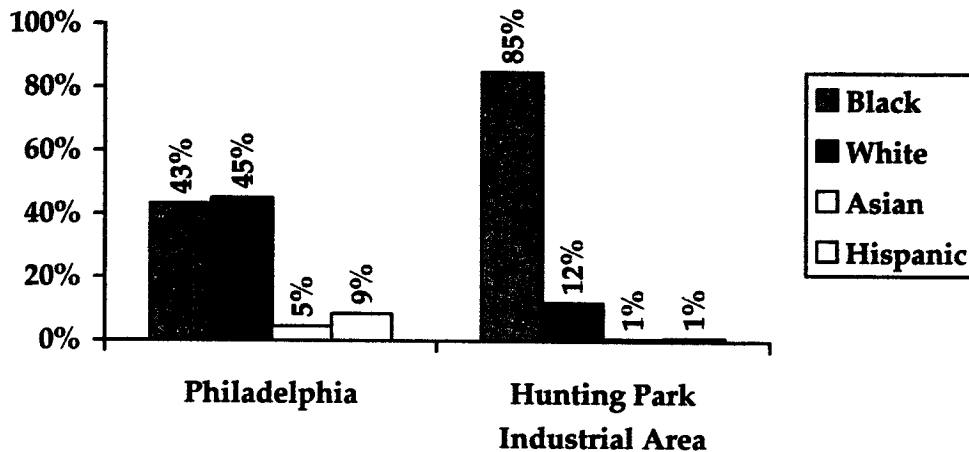


Census Tracts 170 and 171

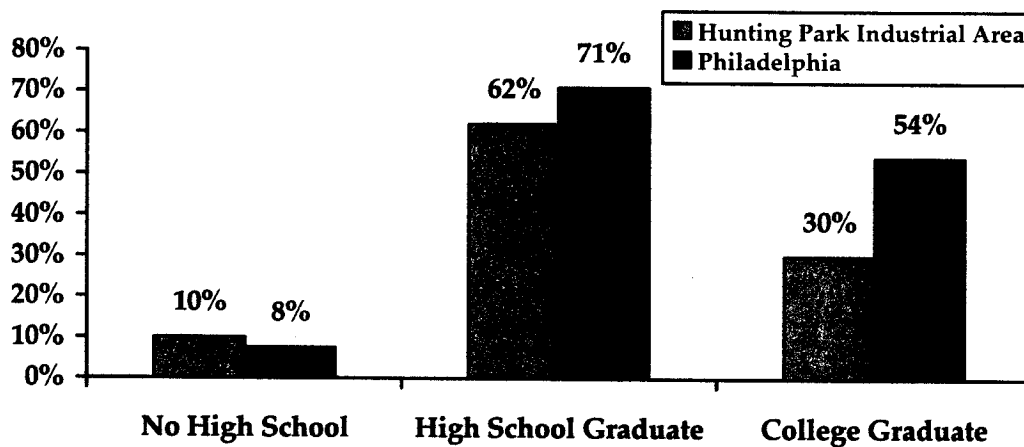
Trump Philadelphia will share the neighborhood with 52,457 residents. Of those residents, 37,672 are over 18 and will, therefore, be eligible to gamble within the next three years. This represents 72 percent of the neighborhood's population. The median age of the residents is 32 years old. This is lower than the median age for the city, which is 34.2.



The majority of the neighbors are African-American (85 percent). This is followed by White, or Caucasian, residents (12 percent). The neighborhood is a little more than 1 percent Hispanic and a little less than 1 percent Asian. To compare, 75 percent of Philadelphians are White, 12 percent are Black, 4 percent are Asian, and 9 percent are Hispanic.

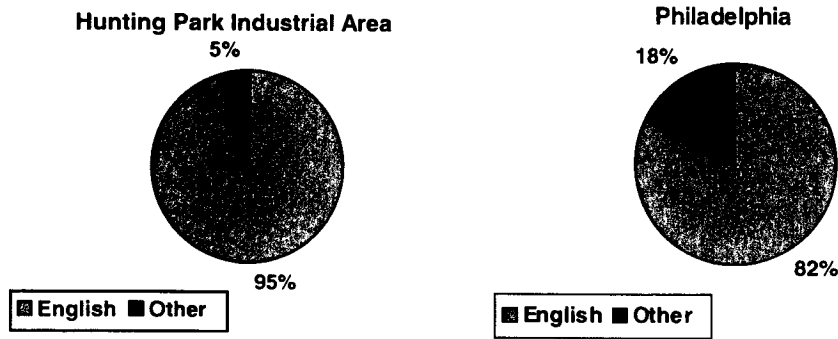


The residents of Hunting Park Industrial Area have attained less education than the average for the city of Philadelphia as a whole. For Hunting Park Industrial Area, approximately 62 percent of the residents have completed at least high school as compared with 71 percent of all Philadelphians. Of the Hunting Park Industrial Area graduates, only 30 percent went on to earn a bachelor's degree. Of the general Philadelphia population of high school graduates, 54 percent earned the degree. In addition, in Hunting Park Industrial Area, more than 10 percent of the residents never attended any high school. For Philadelphia in general, the rate is 7.5 percent.

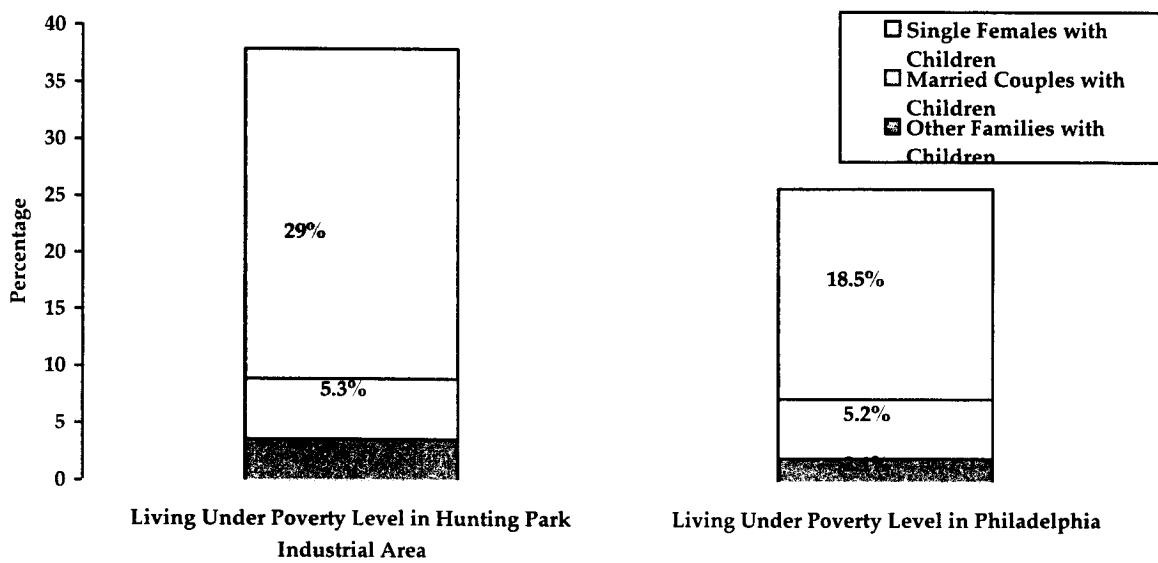


An estimated 95 percent of the residents of Hunting Park Industrial Area speak English fluently and rely on it when communicating at home. This is greater than that of

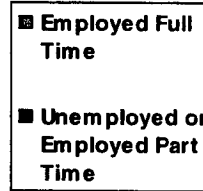
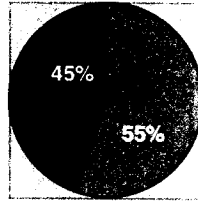
the general population in Philadelphia (82 percent). Spanish is spoken in the home of less than 1 percent of Hunting Park Industrial Area residents, compared with 8 percent of Philadelphia residents.



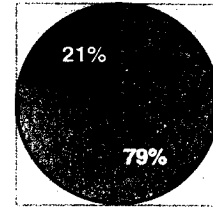
Poverty is a serious issue in Hunting Park Industrial Area. According to the 2000 census, there are 7,499 families with children under the age of 18 living in Hunting Park Industrial Area. Of those families, 2,823 (38 percent) are living below the poverty line. The poverty rate in Hunting Park Industrial Area is significantly higher than the citywide poverty rate of 26 percent. For families supported by a single mother, this trend is more alarming. Approximately 46 percent of these families live beneath the poverty level.



Unemployment Rate in Hunting Park Industrial Area

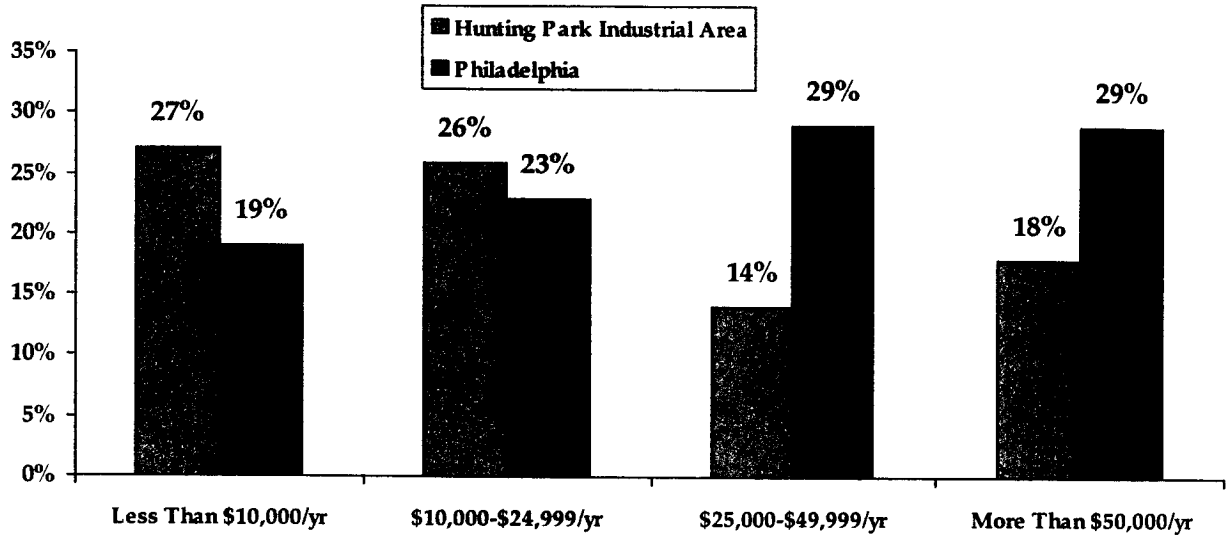


Unemployment Rate in Philadelphia



In Hunting Park Industrial Area, only 55 percent of the residents work fulltime, compared with 79 percent citywide. Fulltime employment is not insurance against poverty. Of these working citizens in Hunting Park Industrial Area, 7 percent still live below the poverty line. Almost half of all families with children in Hunting Park Industrial Area receive public assistance in the form of welfare, supplemental security income, and food stamps. This is significantly higher than the citywide rate of 43 percent.

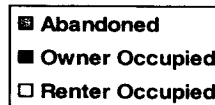
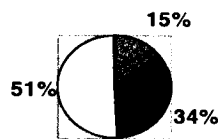
Incomes are quite low in Hunting Park Industrial Area as compared with the rest of Philadelphia. In Hunting Park Industrial Area, more than 27 percent of the population earns less than \$10,000 per year (compared with 19 percent in citywide). On the flip side, less than 18 percent of the population earns more than \$50,000 per year (compared with 29 percent citywide). The median household income in Hunting Park Industrial Area is \$27,621. This is 10 percent lower than the median household income for the city of Philadelphia which is \$30,746.



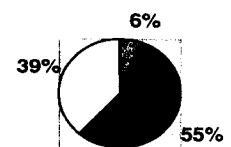
Most of the houses in Hunting Park Industrial Area are row-houses built during the first half of the 20th century. The majority of the houses have 3 bedrooms, 1 bathroom, and no garage. They are usually heated by gas although some use electricity or oil. As of 2000, 80 percent of these houses were valued at below \$50,000. A recent visual inspection revealed that there are several houses which are boarded-up, have broken window panes, or are in a state of disrepair. However, the vast majority of houses appear to be well tended. These homes have newer paint, flower pots on the front porch, and are free from litter and graffiti. There are security bars on a majority of the windows and doors.

In the Hunting Park Industrial Area, for every 10 occupied houses, four are rentals and six are owner-occupied. This is consistent with the citywide rate. According to the 2000 census, 80 percent of the homes in Hunting Park Industrial Area are occupied. There are approximately 2,666 homes, or 14 percent of the total number of houses, that have been abandoned. Many of these have since been demolished or are on schedule to be demolished. For Philadelphia in general, close to 90 percent of houses are occupied. In addition, only 6 percent of the city's houses have been abandoned.

**House occupancy
Hunting Park Industrial Area**



**House occupancy
Philadelphia**



As of 2000, there were 431 total businesses located in ZIP Codes 19129 and 19132,

otherwise known as the Budd Site Neighborhood or Hunting Park Industrial Area. There are 7,976 people employed by these businesses with an annual payroll of about \$148 million.

Industry Description	Total Number of Establishments	Number of Establishments by Number of Employees								
		1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000 or more
Total	431	256	63	51	33	15	7	4	1	1
Construction	22	14	3	1	2	0	1	1	0	0
Manufacturing	32	5	7	5	6	5	2	1	0	1
Wholesale Trade	29	15	7	4	3	0	0	0	0	0
Retail Trade	77	48	11	10	3	4	1	0	0	0
Transportation & Warehousing	7	3	1	2	1	0	0	0	0	0
Information	4	4	0	0	0	0	0	0	0	0
Finance & Insurance	15	9	4	2	0	0	0	0	0	0
Real Estate	14	10	0	1	3	0	0	0	0	0
Professional, Scientific	24	20	1	3	0	0	0	0	0	0
Management Services	1	0	0	0	0	0	0	0	1	0
Waste Management	14	9	1	1	1	2	0	1	0	0
Educational Services	6	3	1	0	0	1	1	0	0	0
Healthcare & Social Support	65	32	11	10	10	1	0	1	0	0
Arts, Entertainment, Recreation	3	3	0	0	0	0	0	0	0	0
Accommodation & Food Services	62	45	7	6	2	0	2	0	0	0
Other Services	53	33	10	6	2	2	0	0	0	0
Unclassified	3	3	0	0	0	0	0	0	0	0

INDUSTRY BY NUMBER OF EMPLOYEES IN BUDD SITE NEIGHBORHOOD

As can be seen in the table, most of the firms in Hunting Park Industrial Area are small businesses with fewer than 50 employees.

The most significant company in the area is Tastykake Corporation. Tastykake employs more than 1,000 people in Hunting Park Industrial Area. This is a commercial bakery that supplies wholesale baked goods to food stores nationally. Tastykake has a very strong local following. It is considered an iconic Philadelphia food, similar to soft pretzels and cheese steaks. Tastykake has its corporate offices, the majority of its manufacturing facilities, and warehouses adjacent to the Budd Site. Tastykake has just recently switched its stock listing from the NYSE to the NASDAQ national market. Its new name under NASDAQ is TSTY.

Pep Boys, an automotive parts and services corporation, is headquartered in Hunting Park Industrial Area at 3111 W. Allegheny Avenue. It employs more than 700 people at this location. All of Pep Boys business support functions such as, accounting, advertising, customer service, human resources, etc., are conducted here. Pep Boys has been in business for over 80 years and was founded in Philadelphia. The firm now operates 595 stores in 36 states and Puerto Rico. Pep Boys is active in Philadelphia community service programs such as Big Brothers/Big Sisters.

Temple University Hospital is located in the vicinity of Hunting Park Industrial Area. Temple University Hospital is a 617-bed tertiary medical center. The hospital cares for more than 28,000 inpatients and 150,000 outpatients annually. It is a certified Level I regional trauma center and has one of the busiest emergency departments in the region. Other hospitals in the area include Gerard Medical Center and St. Joseph's Hospital.

There are a couple of construction firms in the neighborhood that employ a few hundred people each. These companies perform electrical, plumbing, and HVAC services. Royal Electrical Supply Company is located on Hunting Park Avenue. This firm employs more than 250 people. Its business is to manufacture semiconductors and related devices. Royal includes a wholesale and retail outlet at the site.

Jubilee HVAC Incorporated is located on North 27th Street. This firm employs more than 100 people. It is owned by Randall Jubilee, who is a member of the African American Chamber of Commerce along Philadelphia Mayor John Street.

There are few significant retail establishments in the area. The neighborhood has a couple of supermarkets and several small convenience stores. The supermarkets employ approximately 300 people. The biggest supermarket in the area is Neighbors Supermarket on West Allegheny Avenue. Additionally, there are a couple of clothing stores and a few pharmacies.

One thriving business in the neighborhood is Joyce's Restaurant on West Allegheny Avenue. Joyce's is a soul-food restaurant that is popular with the local

residents. Joyce's is one example of the handful of small local eateries that are located on West Allegheny Avenue, within a few blocks of the Budd Site. Other examples are The Golden House, Mimmo's Pizza, and Pete's Luncheonette.

There are two public high schools that serve the immediate neighborhood. They are Simon Gratz Senior High and Dobbins Technical High School. There is also a private Christian vocational high school, Mercy Vocational High School, located within blocks of the Budd Site.

Gratz has established "academies" to teach job skills as part of its curriculum. Two of these academies are especially relevant to the casino project: the Academy of Hotel, Travel and Tourism, and the Academy of Information Technology. The Academy of Hotel, Travel and Tourism is partially funded by Communities-In-Schools of Philadelphia, an organization devoted to collaborating private industry and the public sector with education. The Hotel, Travel, and Tourism Career Academy, developed by the National Academy Foundation, offers students academic instruction and practical, industry-related work experience.

The Academy of Information Technology was established to provide students with the skills needed to obtain entry-level technical positions immediately after graduation. These students learn using state-of-the-art computers in networked lab settings.

Dobbins Technical High School is located at 2150 W. Lehigh Avenue. The mission of the Murrell Dobbins Area Vocational Technical High School is to provide its students with marketable skills that can be applied to the workforce immediately upon graduation in addition to academics.

Dobbins/Randolph offers instruction in 16 vocational areas. Dobbins' students participate in School-to-Career experiences including opportunities for work-based learning in the 11th and 12th grades. Some of the vocational areas include computer technology, food service, graphic design, electronics, cosmetology, fashion design, banking, and general business.

All Randolph students speak English. Approximately 60 percent are from low-income families which is better than the citywide average of 71 percent. Currently, 1,860 students are enrolled. Dobbins has had some incidents of assault, weapons offenses, drugs, and vandalism. The students do not typically perform well academically at Dobbins. In 2004, only 3 percent of the students were proficient at math and only 10 percent were proficient at reading. This is worse than the city average of 13 percent proficient for math and 19 percent proficient at reading. Further, a full 82 percent do not have basic math skills and 64 percent do not have basic reading skills.

We understand that Trump Philadelphia, as part of its license application, has proposed acquiring the adjacent Randolph Skills Center from the School District of Philadelphia. Trump Philadelphia would relocate the Skills Center, which we believe would be win-win situation for Trump and the School District. On the business side, the relocation would provide Trump Philadelphia with a larger site and frontage on Henry Avenue, a wide and well-traveled avenue.

From a public-policy perspective the relocation would not only provide Randolph students with a new, more modern facility, it would also involve a new curriculum – moving away from courses without significant job prospects, such as auto repair, and toward courses with significant job prospects, including health care, slot-machine repair, culinary and hospitality. Such courses would likely lead to apprenticeships and, ultimately, full-time employment at gaming facilities. Attached, as Exhibit C of this report, is a letter from Paul G. Vallas, Chief Executive Officer of the School District of Philadelphia.

Mercy Vocational High School is the only private Catholic vocational high school in the United States and is located in the Hunting Park Industrial Area neighborhood. It is located at 2900 Hunting Park W. Avenue, about a block from the Budd Site. Mercy has been recognized by the U.S. Department of Education and the Council for American Private Education as one of 60 exemplary private high schools in the nation. Since 1998, Mercy has been recognized by the PA Cooperative Vocational Education Association for having been the recipient of more post-secondary scholarships than any other vocational high school in Pennsylvania. Seven vocational programs are currently offered at Mercy: business education, carpentry, cosmetology, culinary arts, electronics, industrial electricity, and the nursing assistant training program.

The Budd Site

The Task Force examined the economic impact of a casino at the Budd Site, listing both the advantages and disadvantages:

Advantages

- “The casino could spur master planned development of the entire site.
- “The site could engender both new development and redevelopment of the area, including nearby brownfield properties.
- “Large adjacent tracts are available for spin-off development.
- “The site is located close to a portion of the regional or city-wide labor pool that could benefit significantly from the jobs created. Being on the transit network provides additional access.”

Challenges

- “The site has no meaningful relationship to entertainment, restaurant, nightclub/bar, or hotel concentrations.”

We believe the one listed "challenge" is rather an "opportunity" – the opportunity for a well-planned casino to serve as a catalyst in a community that is thirsting for economic development.

Preferred Real Estate Investments Inc. ("PREI" or "Preferred") controls the Budd Site. In an interview, Preferred outlined the following development plans that are occurring with or without the development of a casino on the site:

- Temple University Health Systems is relocating its corporate head quarters to the site, occupying 283,000 square feet of office space on 10 acres. The transition will be completed in March 2006 and will be home to 800 employees.
- GRM Information Management Services currently occupies a 250,000-square-foot warehouse for paper and electronic file storage.
- The Salvation Army is planning an elaborate, \$80 million Ray and Joan Kroc Corps Community Center. This would be funded through the \$1.5 billion gift to the Salvation Army from Ray and Joan Kroc (McDonald's founder) to develop community centers in underdeveloped urban areas. The project would include a \$50 million endowment from the Krocs, to be matched by \$50 million in other corporate and personal contributions. A decision on the project is expected by September 2006.
- Preferred is finalizing a lease for a 30,000-square-foot medical facility that would complement the Temple University Healthy System.

As noted earlier in the letter from Ryan Dickey, Preferred has held discussions with several operators of urban supermarkets to develop a supermarket on or near the Budd Site. The operators have advised Preferred that the current traffic counts and demographics do not justify the development of a supermarket. Preferred and the supermarket operators believe the placement of a casino on the Budd Site would boost the traffic counts and demographic profile of the relevant neighborhoods to justify developing a supermarket. In turn, Preferred believes that a successful supermarket would spawn additional retail development.

In discussions with Trump Entertainment Resorts, we have learned that the larger opportunity of the Budd Site and the track record of Preferred in maximizing the realization of similar opportunities were a key factor in choosing this site for Trump Philadelphia. Attached, as Exhibit D of this report, is background on Preferred, including a description of past accomplishments and status of additional development projects at the Budd Site.

Filling jobs from local community

We have examined the proposed listing of job titles for Trump Philadelphia, and have divided the positions into four categories:

- **Entry level:** Little training is required for these positions, and the likelihood is that they will be filled by the local workforce.
- **Semi-skilled:** These positions require some training, which can be provided locally, to benefit local workforce.
- **Highly skilled:** These positions require more advanced training and/or experience. The likelihood is greater that these openings will attract more workers from outside the local area.
- **Professional, gaming-related:** These positions require some material experience at high levels or within highly specialized areas of the gaming industry. They will likely be filled by individuals from outside the local area.

Even with the highly skilled and professional positions that are available, local workers can gain the necessary skills and experience. The following tables list the positions by category:

Entry level, little training needed	FTEs	Employees	Hourly/Salary
Security Officer	0.0	0.0	H
Slot Cashiers	45.0	50.0	H
Master Bank Cashiers	10.8	12.0	H
Impressment Attendants	4.0	5.0	H
Count Room Attendant	11.7	13.0	H
Administrative Asst	4.0	4.0	S
PBX Operator	8.4	9.0	H
Guest Services Representative	17.0	19.0	H
Marketing Secretary	1.0	1.0	S
Secretary	1.0	1.0	S
Food Runner/Storage	3.6	4.0	H
Carver	4.5	5.0	H
Line Server	13.5	15.0	H
K . U. Porter	15.3	17.0	H
Spec. Utility Porter	4.5	5.0	H
Liquor Attendant/Storeroom	3.6	4.0	H
Bar porter	8.1	9.0	H
Bartender	20.0	22.0	H
Heavy Porter	1.0	1.0	H
Cocktail Server	41	45	H
Dining Area Attendant	6.3	7	H
F & B Cashier	9.5	11	H
Food Server	16	20	H
Buffet Food Server	16	20	H
Host/Hostess	12	14	H

Entry level, little training needed	FTEs	Employees	Hourly/Salary
Bus Person	7.5	11	H
Retail Sales Representatives	4.5	5	H
Costroom Attendant	9	10	H
Senior Porter	3.6	4	H
Porter	81	88	H
Security Officer	75.6	84	H
Administrative Assistant	1	1	S
Secretary	1	1	H
Clerical	1	1	H
Auto Valet Attendant	7.2	8	H
Secretary	1	1	H
Lead Office Services Clerk	1	1	H
Office Services Clerk	1	1	H
Receptionist	1	1	H
Administrative Assistant	1	1	S
Administrative Asst	1	1	S
Total	475	532	-

* Total compensation, entry level positions: \$11.3 million.

* Average salary per FTE, entry level positions: \$23,694.

Semi-skilled, some training needed	FTEs	Employees	Hourly/Salary
Slot Attendant	65.0	72.0	H
Slot Cashier Shift Mgr	4.5	5.0	S
Slot Cashier Shift Supervisor	12.0	14.0	S
Mgr Of Count Room Ops	1.0	1.0	S
Count Room Supervisor	2.7	3.0	S
Income Control Supervisor	1.8	2.0	S
Income Control representatives	8.1	9.0	H
Marketing Operation Asst Manager	1.0	1.0	S
Database Marketing Rep	2.7	3.0	H
Special Events Representative	1.0	1.0	H
Sous Chef	3.6	4.0	S

Semi-skilled, some training needed	FTEs	Employees	Hourly/Salary
Relief Cook	1.8	2.0	H
Cook	16.2	16.0	H
Pantry Person	3.6	4.0	H
Executive Steward	1.0	1.0	S
Steward Supervisor	3.6	4.0	S
Beverage Shift Supervisor	3.6	4.0	S
Restaurant Asst Mgr	3.6	4.0	S
Restaurant Supervisor	5.4	6.0	S
Retail Operations Spvr.	2.7	3.0	S
Parking Mgr	1.0	1.0	S
Parking Supervisor	5.4	6.0	S
Valet Attendant	31.5	35.0	H
Parking Clerk/ Cashier	6.3	7.0	H
Ticket Issuer	5.4	6.0	H
Shuttle Bus Driver	0.0	0.0	H
Administrative Assistant	1.0	1.0	H
Kitchen Mechanics	3.6	4.0	H
Painters	3.6	4.0	H
Carpet Mechanics	1.8	2.0	H
Carpenters	4.5	5.0	H
Groundskeepers	7.2	8.0	H
Environmental Svcs Supervisor	9.0	10.0	S
Security Supervisor	14.4	16.0	S
Life Safety Monitor	13.5	15.0	H
Senior Payroll Representative	1.0	1.0	H
Accounts Payable Representatives	1.0	1.0	H

Semi-skilled, some training needed	FTEs	Employees	Hourly/Salary
Administrative Assistant	1.0	1.0	S
Staffing Representatives	1.0	1.0	H
Total	285	316	

* Total compensation, semi-skilled positions: \$9.1 million.

* Average salary per FTE, entry level positions: \$32,084.

Highly skilled: more advanced training/experience	FTEs	Employees	Hourly/Salary
Slot Attendant Supervisor	15.0	18.0	S
CCTV Technician	0.0	0.0	H
Equipment Mechanic	4.5	5.0	H
Income Control Mgr	1.0	1.0	S
Marketing Operation Manager	1.0	1.0	S
Marketing Ops Shift Supervisor	3.6	4.0	S
Database/ Analysis Manager	1.0	1.0	S
Special Events Manager	1.0	1.0	S
Player Development/Host Staff	5.0	5.0	S
Executive Chef	1.0	1.0	S
Outlet Chef	1.0	1.0	S
Beverage Mgr	1.0	1.0	S
Restaurant Mgr	1.0	1.0	S
Retail Operations Mgr	1.0	1.0	S
Advertising/ Event Supervisor	1.0	1.0	S
Manager Of Facilities	1.0	1.0	S
Facilities Shift Manager	4.5	5.0	S
HVAC Refrigeration Mechanic	6.3	7.0	H
Electricians	6.3	7.0	H
Upholstery Shop	2.0	2.0	H
Plumbers	5.4	6.0	H
Manager Of Public Areas	1.0	1.0	S
Equipment Mechanic	1.0	1.0	H
CCTV Technician	1.8	2.0	H
Director Of Finance	1.0	1.0	S
Controller	1.0	1.0	S
Payroll Supervisor	1.0	1.0	S
Accounts Payable Supervisor	1.0	1.0	S
Financial Accounting Mgr	1.0	1.0	S
Senior Accountant	1.0	1.0	S
Staff Accountant	1.0	1.0	S

Highly skilled: more advanced training/experience	FTEs	Employees	Hourly/Salary
Senior Financial Analyst	1.0	1.0	S
Staff Financial Analyst	1.0	1.0	S
Risk Management Supervisor	1.0	1.0	S
Internal Audit Mgr	1.0	1.0	S
Staff Auditor	1.0	1.0	S
Manager Of Uniforms	1.0	1.0	S
Director Of Information Technology	1.0	1.0	S
Info Tech Shift Supervisor	2.7	3.0	S
System Manager	1.0	1.0	S
Sr. Application Support Specialist	1.0	1.0	S
Sr Programmer/Analyst	1.0	1.0	S
Sr Computer Technician	2.7	3.0	S
Computer Technician	2.7	3.0	H
Materials Management Manager	1.0	1.0	S
Purchasing Agent	1.0	1.0	S
Director Of Community Affairs	1.0	1.0	S
Director Of Operations	1.0	1.0	S
Human Resources Director	1.0	1.0	S
Employee/ Labor Relations Mgr	1.0	1.0	S
Benefit/ Compensation Mgr	1.0	1.0	S
Benefit/ Compensation Specialist	1.8	2.0	S
Benefit/ Compensation Rep	1.0	1.0	H
Staffing/Training Mgr	1.0	1.0	S
Staffing/Training Specialist	1.8	2.0	S
Total	105.1	113.0	0

* Total compensation, highly-skilled positions: \$5.6 million.

* Average salary per FTE, entry level positions: \$53,103.

Professional, gaming related	FTEs	Employees	Hourly/Salary
Dir Of Slot Operations	1.0	1.0	S
Slot Operations Shift Mgr	4.5	5.0	S
Admin Office / Analyst	1.0	1.0	S
Admin Office / Analyst	1.0	1.0	S
Slot Tech Supervisor	6.0	7.0	S
Slot Cashier Operation Mgr	1.0	1.0	S
Director Of Marketing	1.0	1.0	S
Marketing Planning Mgr	1.0	1.0	S

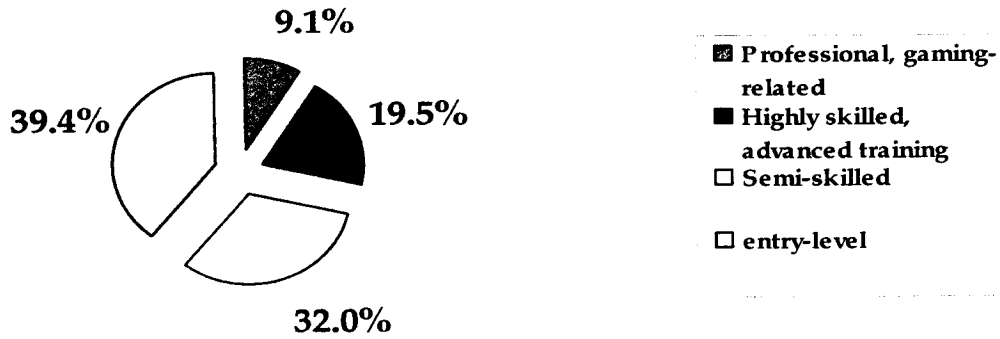
Professional, gaming related	FTEs	Employees	Hourly/Salary
Director Of F& B	1.0	1.0	S
Advertising Manager	1.0	1.0	S
Director Of Security	1.0	1.0	S
Security Shift Manager	5.4	6.0	S
Surveillance Manager	1.0	1.0	S
Surveillance Supervisor	3.6	4.0	S
Surveillance Personnel	8.1	9.0	H
Seamstress/Seamster	2.7	3.0	H
Receiving/ Distribution Attendant	1.8	2.0	H
General Manager	1.0	1.0	S
Total	43.1	47.0	

* Total compensation, professional, gaming-related positions: \$2.6 million.

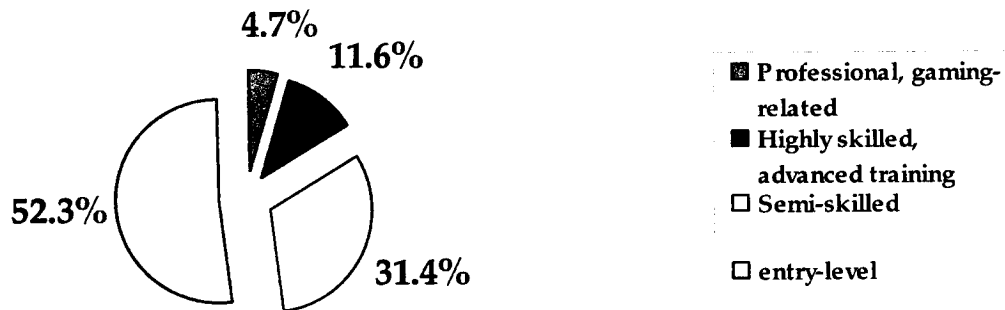
* Average salary per FTE, entry level positions: \$60,551.

Combining the four tables above, we can see that the job categories break down this way:

Breakdown, as percentage of total compensation



Breakdown, as percentage of total job openings



As the charts indicate, the majority of job openings are entry level, which means they can be easily filled by the local workforce. With a reasonable level of training, the local workforce could fill most of the semi-skilled positions as well. This means effectively that a well-planned partnership between management and local community programs designed to prepare the local work force can fill nearly 84 percent of the available openings, and take home more than 70 percent of the total compensation.

We caution again that this does not automatically mean that the present adult population will get those jobs. Others from outside the local area, who are within easy commuting distance of the site, would also be eligible.

To ensure that the local community enjoys the maximum benefit, training programs should begin at the earliest practical date. At the same time, we note that the management of Trump Philadelphia has made an affirmative commitment to recruit and hire as many eligible workers as possible from the immediate area.

Employee benefits

We note that any discussion of compensation for the casino industry has to take into account other factors, such as the potential for union labor, particularly in areas such as Philadelphia where unions are traditionally strong.

One firm, Adam Rose and Associates, after reviewing 36 studies on the economic impact of casinos, noted that – while some casino jobs are clearly entry level – union workers are about 10 times more likely to have employer-funded benefits than their non-union counterparts and their pension benefits are likely to “exceed the national average.”²⁶

The 1997 poll by the Hotel Employees and Restaurant Employees union, cited earlier in this report, included findings that support Rose’s findings. As reported by the Burke Commission in Massachusetts²⁷:

“In 1996, approximately 83 percent of union members working in Atlantic City casinos were covered by health insurance. This family coverage is *entirely* paid for by the casino employer. In contrast, 12 percent of U.S. service workers were covered by health insurance for which their employer paid the entire program. In the year 2000, the blue collar and service sector workers paid an average of over \$171 a month to maintain family health benefits. (US Department of Labor Bureau of Labor Statistics Employee Benefit Survey) When surveyed, it was found:

- 50 percent of those polled thought their benefits were better than average; and
- 48 percent stated they would be unable to pay for any medical insurance if it were not provided by the casino. “

The Burke report also noted:

²⁶ Adam Rose and Associates, *The Regional Impacts of Casino Gambling: Assessment of the Literature and Establishment of a Research Agenda*.

²⁷ Expanded Legalized Gaming In Massachusetts: A Presentation of Gaming Regulation, Economic Development Impact, Fiscal Impact and Social and Cultural Impact, by The Commission to Study the Potential Expansion of Legalized Gaming, Essex County District Attorney Kevin M. Burke, Chairman

“Workers shared the following impressions of the effect of gambling on their standard of living:

- 64 percent reported improvement in their wages since they began working in the industry;
- 61 percent reported improvement in their medical benefits; and
- 36 percent reported improvement in their job security.

Utilizing data from the HEREIU collective bargaining agreements and from trust funds that administer medical and pension benefits, and adjusting for inflation, income for union cooks working at the casinos increased 115 percent and housekeepers increased 100 percent from 1977-1996. This compares to a 10 percent increase in real income for private, non-supervisory service sector workers nationally during the same time period. Results of the members polled found:

- 20 percent of the members reported their jobs helped them buy their first homes;
- 18 percent reported their jobs assisted them in moving to a better home; and
- 8 percent reported their jobs contributed to paying for their own education.”

Substitution effect

We observed, for example, that – prior to the advent of casinos – Atlantic City and the surrounding region had few national franchise or chain restaurants, other than fast food eateries. The region now has several of the most successful restaurant brands with outlets in the city and suburbs. An Applebee’s opened within the past 18 months in the heart of Atlantic City, becoming the second in that brand in the region. Restaurant brands in and around Atlantic City include Olive Garden, Bonefish Grill, Outback Steakhouse, Famous Dave’s, Red Lobster, Hard Rock Café, P.F. Chang’s, and numerous others.

Several major steak houses have opened in Atlantic City within months of each other, from The Palms to Morton’s to Ruth’s Chris. They are not only competing against each other, but against local steakhouses that may or may not offer the same quality of product or service.

When a region becomes more desirable to a national retailer or restaurant chain because of its improving economy and a growing affluence among its adult population, those successful businesses are more likely to invest and compete. That means that all businesses seeking to compete must adopt strategies that target niches such as the growing employment base or targeting visitors looking for activities outside the casinos themselves.

A number of Atlantic City restaurants within a few blocks of the casinos have succeeded handsomely, while others have failed. The reasons for potential failure are numerous, ranging from a poor location to inadequate parking to ineffective marketing.

The successful non-casino restaurants have some common elements as well, including better management, superior service and well-conceived menus.

Again, the issue is not some unique inherent characteristic of casino properties that makes it easier or more difficult for small businesses to succeed in close proximity. Rather, the issue is that – having one or more casinos in a local economy – offers no panacea, and cannot disguise or eliminate the need for good management and access to capital for businesses large or small.

We suggest that any community seeking to get a casino operation should ask if the net benefits will exceed the net costs. Certainly, to some limited degree, local businesses might experience a “substitution effect” in which local customers visit a casino rather than another area establishment that also targets discretionary income. Dr. William Eadington put it well when he said:

“The extent of substitution effects is a question you can try to analyze by looking at comparable jurisdictions, comparable communities that have introduced casino gambling. A reality of casinos is that they do use especially food product, entertainment product as attractions to get people into the facility with the expectation that they're going to gamble a certain amount of money. And as a result of that, they can cross-subsidize their food product with gaming. And in some respects, this is an area where a competitor, someone for example who is running a restaurant or an entertainment center is going to say I'm being put under unfair conditions because they can offer the same products that I offer, but I can't offer gambling. I don't think there's any way around that equity dilemma that is posed, except to acknowledge that you're going to have a degree of substitution effect.

“I think one of the issues that came up in some of the communities that had authorized casino gambling in the early 1990's was the belief that because we're going to get so many new visitors to this town, we're also going to see the benefits spread among all the existing businesses. This is actually a story that goes back to Atlantic City to tell. Customers who are coming for a casino experience are in all likelihood going to stay within the casino complex as opposed to going out into the community, especially if they're day visitors. And so there were considerable disappointment on the part of businesses in places like Moline, Davenport, and Biloxi and so on by the businesses who were there to begin with who thought they were going to have a wonderful economic boon because of all the increased visitors. I think the only way that they can have an economic boon is if they can improve the quality of their offerings so it's attractive to locals whose incomes may go up because they have better jobs and better economic resources. And perhaps to tourists, because they offer something

outside of the casino environment that is attractive and good value for their money. What I think it does is it puts businesses on notice that they're in a more competitive marketplace²⁸

We have a fundamental agreement with Eadington's position, although we note that in the more than two years since he made that statement, the casino industry has continued to evolve in numerous markets. Five months after those comments were made, the Borgata Hotel Casino & Spa opened in Atlantic City, and helped demonstrate to many that a broad array of offerings – even without a high level of complimentaries – can help create a destination.

As noted earlier, the strong likelihood exists that the majority of jobs and compensation created by Trump Philadelphia will inure to the benefit of the local community. This means that the dollars flowing into the neighborhood would be significantly greater than, and will indeed overwhelm any dollars displaced from local businesses. Indeed, such displaced dollars could be easily made up from a greater volume of adults, particularly affluent adults, who will be available to local businesses.

We caution, however, that no business – existing or future – should feel automatically entitled to that business. Consumers will be more likely to spend money at establishments that are attractive, well-financed and have effective business models that allow them to target select markets. The introduction of gaming to a community does not alter that basic economic principle.

Improving social, economic indicators

The National Opinion Research Center (NORC), at the request of the National Gambling Impact Study Commission, developed a database of social and economic indicators and estimated gaming-related spending in a random sample of 100 communities that had a population base in excess of 10,000.

The NORC²⁹ reported that proximity to a casino was a key factor in various markets, resulting in, among other things: lower unemployment and increased earnings in such key industries as lodging, recreation and construction.

Some of the findings are summarized here:

Economic Impact Area	Percent change
Income Maintenance (Welfare) Payments	-13 Percent

²⁸ Rhode Island Special House Commission To Study Gaming, February 12, 2003, Testimony of Dr. William Eadington.

²⁹ NGISC

Unemployment Insurance	-17 Percent
Other Transfer Payments	-3 Percent
Per Capita Construction Earnings	+18 Percent
Hotel and Lodging Earnings	+44 percent
Recreation & Amusement Industries	+22 Percent

Those are significant changes that have been supported by other reports, including some anecdotal findings. For example, the University of Connecticut's Center for Economic Analysis, issued a report in 2000 that found Foxwoods had created 41,000 jobs in the state since its 1992 opening, and contributed about \$1.2 billion a year to the state's economy. Foxwoods was also given credit for a \$1.9 billion increase in personal income.³⁰

³⁰ "Study Finds Pequot Businesses Lift Connecticut's Economy," New York Times, November 29, 2000

Visitor base: seeking prosperity

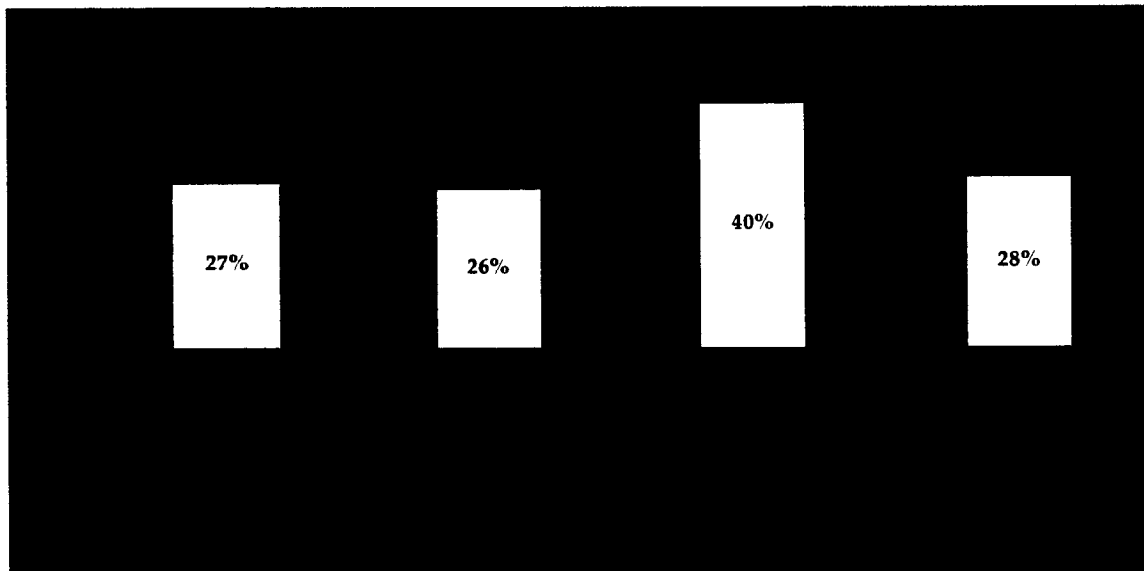
Gaming prospers – and indeed communities prosper – when the customer base is affluent, with a significant amount of discretionary income.

Clearly, the markets that are more likely to target lower-income consumers are those that rely on a convenience-driven business model. Such properties have not invested in their physical plants, lack a quality brand identity or any of the other key attributes of a successful destination.

Lower-income visitors are more likely to have smaller gaming budgets and are less likely to stay overnight or drive in. In Atlantic City, for example, the number of annual bus visitors has declined over the past decade from more than 10 million to fewer than 7 million³¹.

Clearly, in Atlantic City and other destinations the industry is migrating toward higher-quality visitors who have the wherewithal to stay longer, spend more and visit frequently.

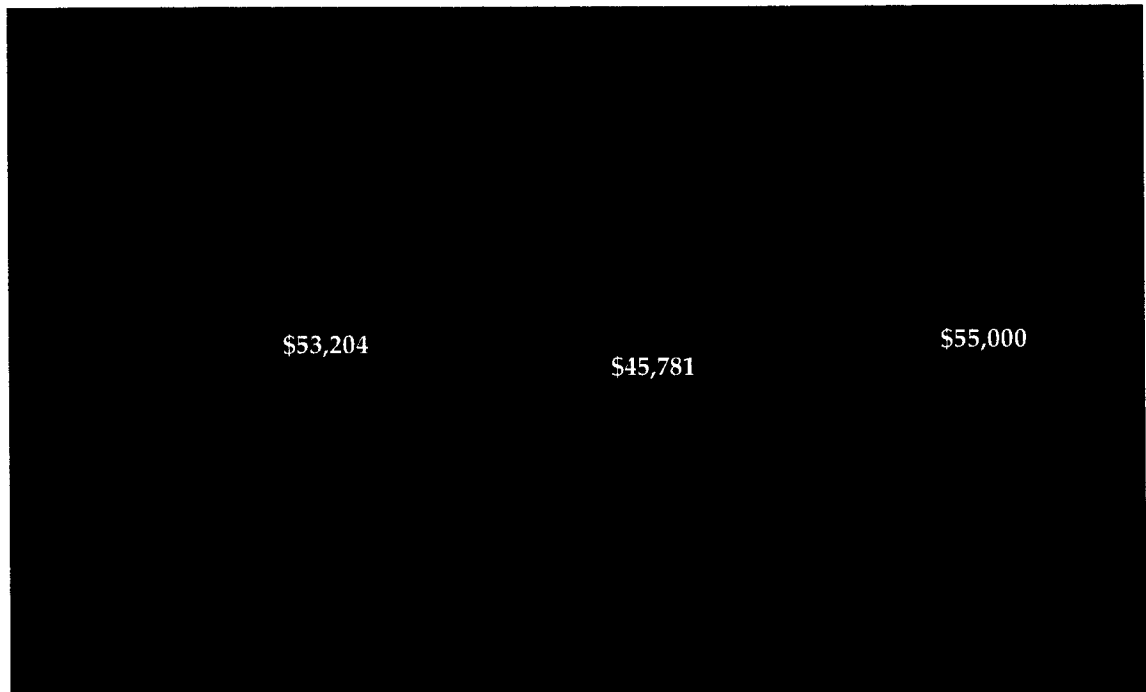
This thesis is supported by various polls that examine the demographics of gaming visitors:



³¹ South Jersey Transportation Authority

The chart above tracks education level, showing a dramatic difference between Las Vegas visitors and the overall population, and a smaller increase among Atlantic City visitors and gaming resorts in general.

The next chart shows the difference in income levels for Atlantic City visitors, gaming customers in general and the overall adult population:



Such data must be weighed in a crucible of common sense: Why would visitors to casino properties have a greater disposable income than the population at large? Because gambling and related activities rely on discretionary income, and adults with higher incomes are more likely to be able to set aside dollars for such discretionary spending. Successful casinos target adults who can afford to gamble.

Retail, dining and entertainment employment

Trump Philadelphia will include a significant investment in retail, dining and entertainment. The design of the Trump property will likely incorporate many of the existing elements of the site, turning its industrial-era roots into a marketing advantage. The architects looked at sites ranging from Reading Terminal Market in Philadelphia to a former power plant at Baltimore's Inner Harbor – which houses an ESPN Zone, a Barnes & Noble store and other attractions – as models that could guide the design of the facility.

Gaming and retail, dining and entertainment ("RDE") have evolved into naturally complementary industries. Gaming itself has become more intertwined with mainstream entertainment, which allows it to broaden its appeal beyond its core gaming-centric base. Third parties, such as retailers and dining establishments, gravitate toward gaming for two compelling reasons:

- Gaming attracts affluent adults with disposable income.
- Gaming is a 365-day, 24-hour industry, which creates more of a potential customer base for retail and dining.

We expect that Trump Philadelphia will accommodate at least 75,000 square feet of retail, dining and entertainment space. This RDE could ultimately become an attraction in its own right, and will effectively complement and enhance the gaming component.

Although the Trump Philadelphia RDE plans are preliminary, we expect that many potential tenants on site – and in surrounding areas – will commit to the local region after Trump Philadelphia is operational. With that in mind, we anticipate that the RDE portion will employ roughly 400 individuals. That number could change, depending on the ratio of dining to retail.

We base this on experience elsewhere, and have interviewed executives at the Tropicana in Atlantic City, which hosts The Quarter, a 200,000-square-foot RDE complex that employs between 1,000 and 1,100 individuals.

The prevailing wage rates for retail in the Trump Philadelphia area average \$11.40 per hour, or \$23,710 in annual compensation. This will create an annual retail payroll of \$9.5 million.

The BEA applies RIMS II multipliers to retail of 2.08 on compensation and 1.67 on jobs. However, much of the RDE space will be occupied by dining establishments, which have lower multiples of 1.89 on compensation and 1.35 on jobs. We do not know what the mix of RDE would be, so to be conservative, we are applying the lower multipliers. This implies total RDE compensation of \$18 million and 540 jobs.

Adding retail helps City

By adding retail, dining and entertainment, Trump Philadelphia could become one of Philadelphia's largest employers. Cigna and Acme Markets now employ about 1,600 people each, and they rank 32nd on the list of Philadelphia's largest employers. With a combined casino and RDE workforce of 1,400, this project will approach that level of employment.

As the following table demonstrates clearly, retail in the City of Philadelphia is becoming an increasingly less significant element of overall retail spending in the greater Philadelphia region³²:

Retail sales (\$ in millions)	1993	1994	1995	1996	1997	1998
Philadelphia	\$8,323	\$8,986	\$8,950	\$9,361	\$9,495	\$9,605
Philadelphia MSA	\$40,858	\$43,481	\$44,309	\$47,088	\$48,187	\$50,381
City as pct. of region	20.4%	20.7%	20.2%	19.9%	19.7%	19.1%
Retail sales (\$ in millions)	1999	2000	2001	2002	2003	
Philadelphia	\$10,874	\$11,271	\$11,173	\$11,533	\$11,367	
Philadelphia MSA	\$58,259	\$65,741	\$65,090	\$67,333	\$70,032	
City as pct. of region	18.7%	17.1%	17.2%	17.1%	16.2%	

In 1993, Philadelphia accounted for more than 20 percent of the area's retail sales, and that has since dropped to nearly 16 percent. We expect that, adding an additional retail element into Philadelphia, will help reverse the trend.

³² Philadelphia City Planning Commission

RDE sales

We examined retail outlet performance at U.S. shopping malls to help project revenue per square foot:

Average Annual Sales per composite average of available major US Shopping Mall data	Average sales per gross square foot
Jewelry	\$ 880
Restaurants - Food courts & Kiosks	\$ 648
Supermarkets	\$ 621
Shoes – Men's	\$ 514
Pharmacies	\$ 498
Accessories – Women's	\$ 478
Restaurants - Fast food	\$ 453
Shoes – Children's	\$ 439
Specialty food stores	\$ 430
Personal Care & Health	\$ 411
Shoes – Women's	\$ 397
Clothing – Children's	\$ 393
Restaurants	\$ 369
Electronics	\$ 355
Home Improvements	\$ 333
Shoes – Athletic	\$ 332
Clothing – Family	\$ 328
Clothing – Women's	\$ 308
Shoes – Family	\$ 299
Clothing – Men's	\$ 299
Furniture & furnishings	\$ 286
Sporting goods	\$ 246
Stationery & Card Shops	\$ 229
Toys & Hobbies	\$ 221
Automotive parts	\$ 210
Books	\$ 199

Source: Newspaper Association of America

We also look examined based on the type of outlet. "Super regional shopping centers" are defined as "Malls that are typically about 1 million square feet with several anchor department stores." "Regional shopping centers" are "smaller malls typically 500,000 square feet with two or fewer anchor stores." "Community shopping centers" are "strip centers ranging from 100,000 to 300,000 square feet," and "neighborhood shopping centers" are "strip centers less than 100,000 square feet, typically built around a supermarket."³³

³³ www.bizstats.com

Sales per Square Foot	Super Regional Shopping Centers	Regional Shopping Centers	Community Shopping Centers	Neighborhood Shopping Centers
General Merchandise	\$ 155	\$ 144	\$ 133	\$ 100
Food	\$ 340	\$ 303	\$ 310	\$ 312
Food Service	\$ 406	\$ 289	\$ 229	\$ 183
Clothing and Accessories	\$ 229	\$ 209	\$ 167	\$ 201
Shoes	\$ 291	\$ 241	\$ 168	\$ 145
Home Furnishings	\$ 257	\$ 234	\$ 158	\$ 160
Home Appliances/Music	\$ 312	\$ 282	\$ 189	\$ 175
Building Materials/Hardware	n/a	\$ 178	\$ 131	\$ 111
Automotive	\$ 140	\$ 184	\$ 146	\$ 136
Hobby/Special Interest	\$ 274	\$ 234	\$ 156	\$ 163
Gifts/Specialty	\$ 267	\$ 197	\$ 146	\$ 149
Jewelry	\$ 748	\$ 549	\$ 264	\$ 280
Liquor	n/a	n/a	\$ 250	\$ 217
Drugs	\$ 229	\$ 228	\$ 247	\$ 241
Other Retail	\$ 371	\$ 288	\$ 172	\$ 143

Source: www.bizstats.com

The range of overall sales appears to be within a blend of between \$300 per square foot and \$400 per square foot. This appears to be an acceptable range. We also looked at sales from the Simon Property Group, which operates the Caesars Palace Forum Shops in Las Vegas along with regional malls across America; its overall production is \$421.20 per square foot.

We also collected information on retail sales in gaming locations in both Atlantic City and Las Vegas.

- * The Forum Shops in Las Vegas for 2003 generated sales per square foot of \$1,471.21³⁴
- * The Grand Canal Shoppes of the Venetian generated sales per square foot of \$1,100³⁵ per square foot.
- * Borgata in Atlantic City generated retail sales per square foot of \$1,400.³⁶

³⁴ "Luxury boutiques become sure bet," *San Diego Tribune*, December 25, 2004

³⁵ "Luxury boutiques become sure bet," *San Diego Tribune*, December 25, 2004

³⁶ *Gaming Industry Observer*

- Tropicana's The Quarter in Atlantic City is generating estimated retail sales per square foot of \$1,000.³⁷

This comports generally with sales at high-end outlets, not just those located near gaming properties. This comports generally with sales at high-end outlets, not just those located near gaming properties.

Retail sales per square foot at luxury malls averaged \$1,500 in 2002, while more than half report sales in excess of \$1,000 per square foot.³⁸ Nationwide, the trend is between \$500 and \$1,000 per square foot for such high-end retailing.³⁹

Pennsylvania Real Estate Investment Trust, which has investments in 37 malls, including many in the Philadelphia area, reported sales per square foot of \$329 for the twelve months ended September 30, 2005, up from \$323 a year earlier.⁴⁰

The 1.1 million square-foot Christiana Mall, which was sold for \$200 million in 2003, generated a reported \$606 in sales per square foot, which is nearly three times the industry average for comparable malls⁴¹. Note that Christiana Mall is in Delaware, which does not impose a sales tax. That makes it much more competitive to retailers in other states, and is thus a difficult comparison. However, it still shows the level of potential sales in the area.

Based on the above research, we can reasonably and conservatively project sales of at least \$400 per square foot for retailers and restaurants on site. At 75,000 square feet, this will translate into annual sales of \$30 million.

The Task Force examined the impact of casino development on retail. Its finding noted, by way of example, the impact of a casino at the Budd Site:

"It is within this context that gaming will impact the retail community. And because of this wide variation, beyond the extent of the gaming amenities that will be included on-site, the factor that will most dictate the effect on the retail community will be the location selected for the casinos.

"For example, a gaming facility on Market East, close to existing retail and dining attractions, could generate additional customer traffic that would expand retail sales and make additional retail more viable. In contrast, if the gaming facilities located in the city are sited in locations far from existing retail and dining attractions—for example a stand-alone facility on the Budd Site in

³⁷ Deutsche Bank Securities, March 21, 2005

³⁸ Marketplace Development

³⁹ Gannett News Service

⁴⁰ PREIT press release

⁴¹ "Christiana Mall is sold," *Wilmington News-Journal*, March 3, 2003.

Nicetown—would likely have very limited impact as surrounding retail establishments almost exclusively service nearby residents.”

Marketing Campaign

The Greater Philadelphia Tourism Monitor Corporation (“GPTMC”) is under contract with the City of Philadelphia to oversee the city’s marketing, marketing research, and public relations. The GPTMC has ascertained that tourists have begun to change their perception of Philadelphia. Whereas the city has been seen as destination limited historical sites, it is now increasingly perceived as an exciting experience with a wide variety of offerings to see and participate in during both the daytime and evening hours. The GPTMC and the city plan to increase this perception so that Philadelphia becomes a must-do tourist destination.

The GPTMC has shifted its advertising strategy from mass marketing (via network television, for example) to targeting high-yield niche segments. The strategy aims at segments such as gay tourists, cuisine aficionados, and African Americans. To reach these markets, relevant media vehicles are being identified to tap into the consumers’ changing media habits.

The slogan “Philly is a lot more fun when you sleep over” has been enormously successful. This campaign began after the events of Sept. 11, 2001. It was originally used in conjunction with discounted hotel packages. As the economy recovered and Philadelphia started to gain in tourist popularity, the discounts were phased out. Following Sept. 11, 2001, the advertisement campaign promoted two nights and free parking at a Philadelphia hotel for \$89. The price of the package increased each season it was offered, and this past winter, hotel package prices averaged \$212 for two nights. Apparently, the time to depend strictly on pricing strategies is over. It is time to address the vacation experience as a valuable product. This message is being communicated with a fresh approach.

With a \$5.9 million advertising budget, the GPTMC crafted flexible 15-second television spots to run only on specific cable stations, print, radio, and the internet. The ad department generated 845 million impressions via these outlets this past year. Cooperative advertising was used. This is a program where nearly 75 attractions and destinations throughout the five-county region joined forces and budgets to produce full-page, four-color print ads under a Philadelphia and Its Countryside banner. This produced an additional 120.3 million advertising impressions. The ads featured destination-definers, like dining, shopping and culture, and tagged the ads with the Philly’s More Fun When You Sleep Over™ message.

Radio advertising shifted from 60-second advertisements to 10-second traffic sponsorships that highlight specific events and reasons to visit with increased frequency. Traffic sponsorships over the past year have featured the following events and themes: Escape New York during the Republican National Convention (summer

2004) with a visit to Philadelphia; The Philadelphia Flower Show; and the Salvador Dali exhibit at the art museum.

Magazine advertising has gone national, with half-page ads in *Cooking Light*, *Art & Antiques*, and *Art News*. Regional buys in magazines (targeting the entire Northeast Corridor) included Oprah and Endless Vacation. The GPTMC also worked with transportation partners Southwest, US Airways and Amtrak by targeting audiences while they were en route, via Attaché, Spirit, and Arrive.

Internet advertising was based on two primary strategies this past year: search engine optimization and ad placement on high-traffic, geo-targeted Web sites. By carefully crafting the Gophila.com homepage content, Gophila.com comes out on top with the most popular search engines used by consumers.

In May 2005, for instance, Gophila.com appeared first on the MSN search engine and second on Yahoo when a consumer searched for Philadelphia. In 2004, the site had nearly three million hits from 181 different countries. To complement and strengthen the traditional media buy, online advertising appeared on the following sites: mapquest.com, zagat.com, nytimes.com, washingtonpost.com, and boston.com.

In 2004, the GPTMC placed 1,945 travel and related lifestyle/entertainment stories creating advertising value of \$35 million and more than 508 million impressions. Coverage was found in every media category, including major market daily newspapers, such as *The New York Times*; glossy magazines, such as *Travel + Leisure*; special interest magazines, such as *Passport*; national newspapers, such as *The Wall Street Journal*; and broadcast and cable television shows, such as ABC's *Good Morning America*, *The Tonight Show* and *The Daily Show with Jon Stewart*. Of these 1,945 media placements, the most popular topics were gay-friendly Philadelphia (465 stories); general destination (244 stories); Fourth of July weekend (191 stories); and tourism marketing (167 stories). A number of stories also focused on specific interests such as neighborhood tours (44 stories) and dining (27 stories).

Partnerships have been developed with other commercial enterprises. For example, Orbitz signed on as a partner and contributed media dollars on cable networks to air the gay-friendly television commercial, "Pen Pals." A partnership with American Express encourages consumers to "Experience Philadelphia with Your American Express Card."

Amtrak is another example. Amtrak provides discounted rail fares on Amtrak travel to Philadelphia. GPTMC partnered with Major League Baseball to invite fans from other cities to see their home teams play in Philadelphia's new Citizen's Bank Park. Major League Baseball sent an e-mail blast to ticket buyers of various teams with a link to a dedicated section of Gophila.com to book a stay in Philadelphia and see their home team play the Phillies in our great new Park.

In addition, the GPTMC and the Philadelphia Convention and Visitors Bureau lead a partnership of nearly 20 community and cultural organizations to produce

Philadelphia Neighborhood Tours. These tours highlight the history, culture and vibrancy of Philadelphia's neighborhoods and offer visitors an immersive, participatory experience.

There are many marketing and public relations venues that are currently being exploited to spread the "Philly is More Fun When You Sleep Over" theme. Trump Philadelphia would easily add to this image. A casino would add more excitement to Philadelphia's entertainment options and would lead the city further down the path of being perceived as a fun place to visit rather than just a historical place to visit.

The Trump name represents a level of glamour that would increase Philadelphia's reputation as an exciting and magnificent place to visit. Marketing in conjunction with its gaming properties in Atlantic City would target those tourists looking for excitement and entertainment; specifically the type of tourist the city wishes to attract. Casino patrons are known to be interested in having fun, eating in fine restaurants, watching shows, and participating in the various entertainment alternatives things that Philadelphia offers.

Impact on conventions, conferences

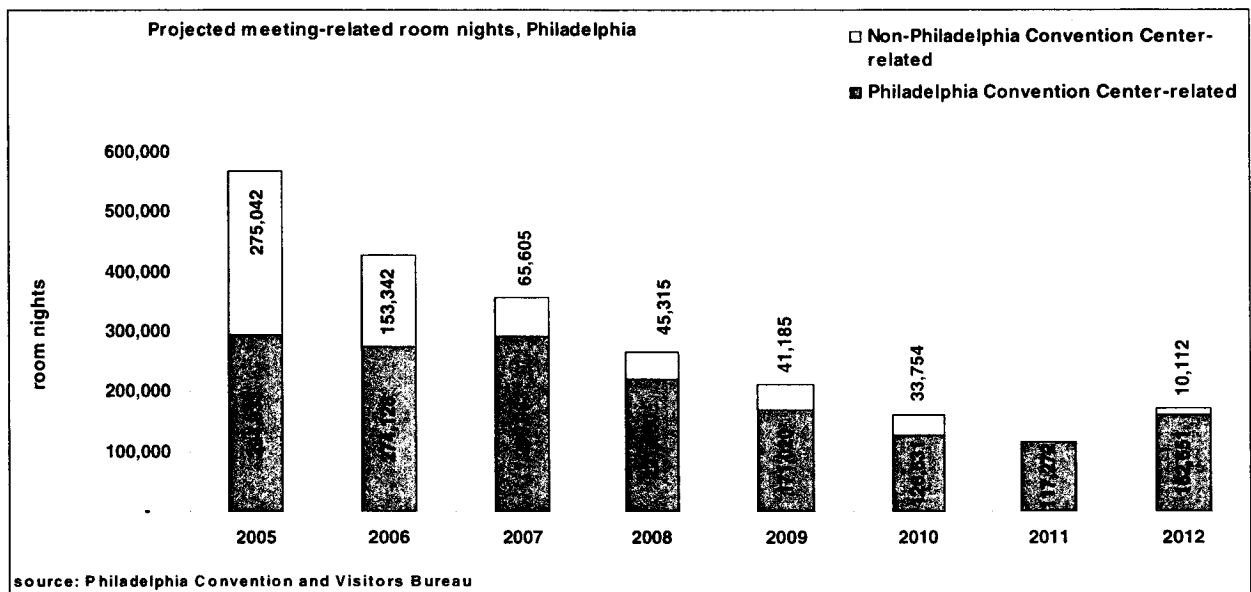
We fully expect that Trump Philadelphia will have a positive effect as well on attracting conventions and meetings to Philadelphia. The following table lists the top 25 cities for business travel in the left column, juxtaposed against the top 25 cities for conventions and meetings:

Top 25 Cities for General Business Travelers	Top 25 Cities for Convention / Conference/Seminar Travelers
1. Chicago	1. Chicago
2. Los Angeles-Long Beach	2. Las Vegas
3. Washington, DC (metro area)	3. Washington, DC (metro area)
4. New York	4. Orlando
5. Atlanta	5. Atlanta
6. Houston	6. Dallas
7. Boston (metro area)	7. San Francisco
8. Minneapolis-St. Paul	8. Nashville
9. Dallas	9. San Diego
10. Detroit	10. New Orleans
11. Denver	11. Denver
12. Phoenix-Mesa	12. San Antonio
13. St Louis, MO	13. Phoenix-Mesa
14. Philadelphia	14. Los Angeles-Long Beach
15. Seattle (metro area)	15. Boston (metro area)
16. New Orleans	16. Philadelphia
17. Tampa-St Petersburg-Clearwater, FL	17. Tampa-St Petersburg-Clearwater, FL
18. Nashville, TN	18. Austin-San Marcos, TX
19. Orlando	19. New York
20. Las Vegas	20. Seattle (metro area)
21. Austin-San Marcos, TX	21. Detroit
22. San Diego	22. St Louis, MO
23. San Francisco	23. Riverside-San Bernardino, CA
24. Riverside-San Bernardino, CA	24. Minneapolis-St Paul
25. San Antonio, TX	25. Houston

Source: Hotel Online, Feb. 28, 2005

Note that Philadelphia, one of the nation's largest economic centers, ranks higher among the cities for business travel (no. 14) than it does as a destination for meetings (no. 16). At the same time, however, cities with significant entertainment industries – such as Las Vegas, Orlando and Nashville – rank higher among meeting travelers than they do as business destinations. This is another strong indication that meeting planners often prefer to book business in cities that have strong, varied entertainment offerings. Trump Philadelphia will add significantly to the mix of offerings.

The following chart shows the potential for additional convention bookings going forward. The addition of gaming and its related attractions to the menu of offerings in Philadelphia will clearly expand the ability of the Philadelphia Convention and Visitors Bureau to attract additional meetings.



We have been advised that representatives of Trump Philadelphia have met with executives of several major Philadelphia hotels to discuss opportunities for co-marketing and cross-promotion. One significant such program currently under discussion concerns the creation of a shuttle system between Trump Philadelphia and major hotels. Such a system would facilitate the transportation of the city's convention population and allow participating hotels the opportunity to market the shuttle and, thereby, Trump Philadelphia as an amenity to attract more convention and overnight business.

Potential impact on law-enforcement

Former Atlantic City Mayor James Whelan often referred to his city as a “Rorschach Test” for people on either side of the gaming issue. Pro-gaming and anti-gaming advocates from various communities have often visited Atlantic City to discover whatever it is they came to see. Like patients describing what they see in a Rorschach ink blot, different individuals can reach different conclusions after gazing at the same scene.

That observation is no truer than in the complex, emotion-laden analysis of the relationship between casinos and crime.

Spectrum Gaming Group and its principals have been involved in this issue from many different approaches over a span of nearly three decades, as former law-enforcement officials and regulators, and as historians, journalists, casino operators and – arguably most important – as residents of a gaming community.

We have examined the quantitative data and developed our own quantitative and qualitative studies. We suggest the following guidelines must apply to any analysis:

- Casino-related crime must not be confused with crime that might be related to increased economic activity of any time.
- Visitor population must be taken into account when analyzing data.
- To whatever extent possible, extraneous factors – such as an urban vs. rural environment, or poverty vs. affluence – must be considered.

That latter point is particularly important and rather complex. In many communities such as Atlantic City, Detroit, Gary, IN, or parts of Philadelphia, the nature of crime and the crime rate itself are often related to pockets of embedded poverty. Such problems precede the introduction of casinos, and in some instances, gaming is introduced in part as a solution that could help address such problems.

Fairness dictates that the existing socio-economic landscape must be taken into account. At the same time, evidence suggests that – when casinos have served as an economic catalyst for a local community – that at least some of the poverty-related crime problems are relieved. Indeed, the demands on social services in general are often alleviated.

The studies and the data we have examined point to two common conclusions that unfairly place an onus on gaming:

- Since the standard reporting of crime rates are based on incidents per 100,000 people, such studies are inherently flawed in communities with a significant hospitality industry. The studies are routinely based on resident population, rather than on residents plus visitors.

- Not surprisingly, some types of crimes can increase as a result of more money in a community, or more people. With a successful gaming operation, both results are inevitable. Thus, gaming is viewed as the proximate cause of such increases. The true “culprit,” however, is often economic growth.

An inter-related issue is the question of whether the presence of more visitors and money will increase demands on local law-enforcement. Inevitably, it will. Increased automobile traffic and a growing volume of cash transactions will require a heightened presence by law-enforcement agencies.

However, we reject the suggestion that – as a result of this heightened demand – that gaming properties should pay additional surcharges over and above their existing taxes. The nature of the present tax system – particularly with respect to local property taxes – is that property owners pay taxes based on the assessed valuation of their real estate. Gaming properties are highly valuable real estate for numerous factors, ranging from their level of cash flow to, in some instances, their legally sanctioned local monopolies. As such, they can be expected to pay relatively high property taxes.

Moreover, the increased economic activity and capital investment that successful properties will draw to their neighborhood will also increase real estate values, and thus create a larger pool of resources for local property taxes.

A related corollary then is: If another type of business were to invest in a community, and generate a concomitant level of employment, capital investment and economic activity, would such a surcharge be contemplated?

In many areas that are starved for capital investment, the answer is not only that no surcharges would apply, but in many instances, private businesses enjoy incentives, including tax abatements or related programs.

In our experience, casino properties rarely apply for – and even more rarely receive – such incentives. An added level of taxation at the local level begs the question of fairness. At the same time, however, we project that the natural increase in the ratable base, coupled with increased payroll and other taxes, would be more than sufficient to cover the cost of providing additional police and related personnel.

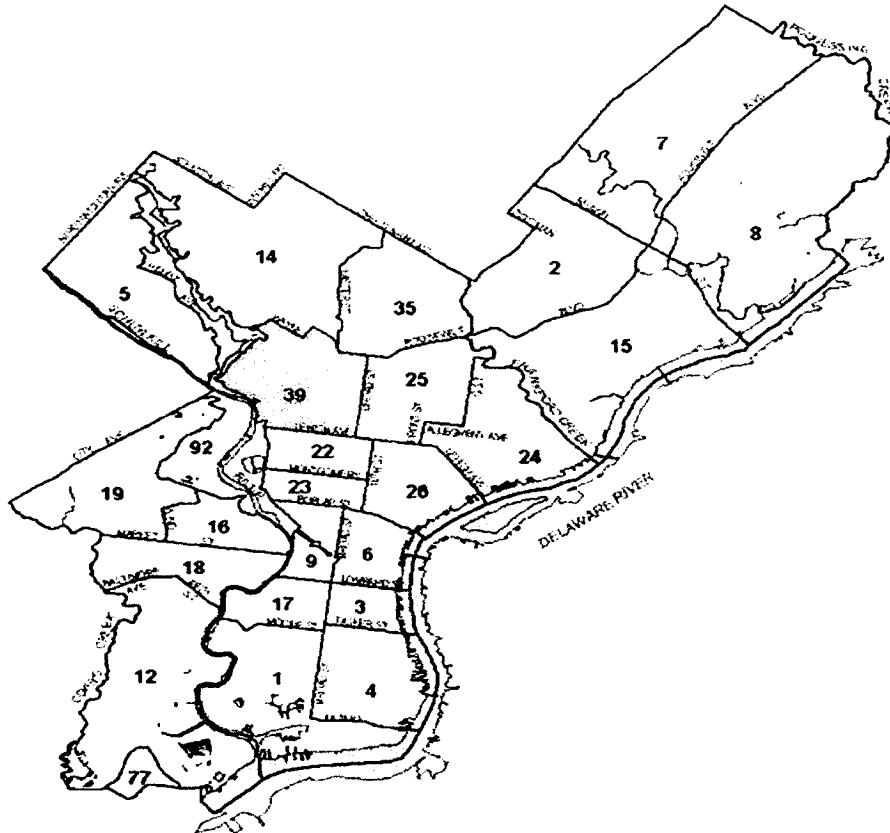
The only justification for impact fees related to casinos is in situations involving tribal casinos on sovereign land. Since such properties are not subject to local property taxes, compacts are often negotiated that require the payment of impact fees to cover any additional demands on the surrounding communities. That situation, however, does not exist in Pennsylvania, nor should that precedent apply.

Crime in Philadelphia: background

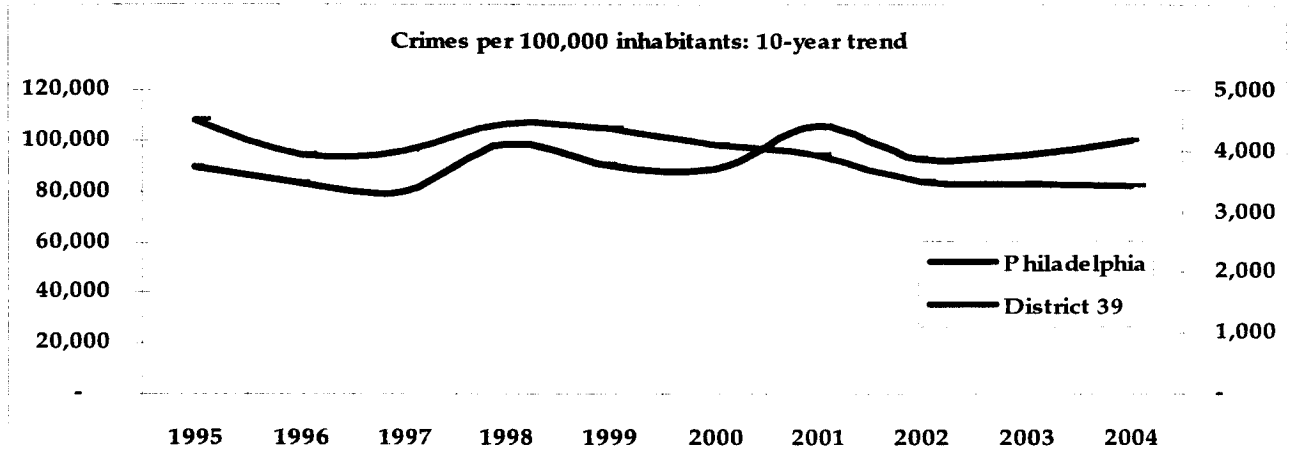
The Philadelphia City Planning Commission formally places the Trump-controlled site within the neighborhood designated “Hunting Park Industrial Area,”

with the site bordering the Allegheny West neighborhood to the south. Other neighborhoods bordering the Hunting Park Industrial Area include West Tioga, North Tioga, Nicetown, Southwest Germantown, East Falls and, marginally, Logan, West Logan and Wister.

The Philadelphia Police Department locates the site within District 39, highlighted in green on the map below:



The next table shows the 10-year in overall crime rates between District 39 and city of Philadelphia:



Source: Philadelphia Police Department

While the city's overall crime rate has been declining, the rate for District 39 has been climbing. This trend is borne out through a more detailed examination by types of crime over the past 10 years. The 39th district is highlighted in each of the tables below. In each table, the districts are ranked by overall crime rate, in descending order:

Uniform Crime Reports — Philadelphia, PA — 1995

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
6th	12	23	806	205	635	6903	1456	10040
9th	7	17	779	151	736	5472	1417	8579
35th	39	65	1446	463	1371	2284	2148	7816
19th	39	52	1029	560	1106	2087	1587	6460
14th	27	64	1013	390	1335	1756	1844	6429
18th	17	38	1094	437	951	2443	1317	6297
15th	6	34	526	280	1155	2349	1700	6050
8th	5	18	185	175	489	2929	1345	5146
12th	33	45	724	510	851	1553	1218	4934
25th	53	67	980	629	935	1164	1065	4893
24th	15	35	574	303	934	1915	1058	4834
2nd	4	18	261	136	658	2430	1150	4657
26th	24	41	645	372	822	1592	727	4223
39th	29	37	732	388	606	1,104	817	3,713
4th	11	12	246	165	415	1572	693	3114
3rd	3	11	318	134	389	1655	603	3113
22nd	24	70	570	508	517	697	471	2857
7th	3	11	69	61	401	1324	862	2731
17th	23	26	429	440	467	897	401	2683
16th	25	19	427	328	427	934	429	2589
23rd	21	29	424	268	421	783	346	2292
1st	8	26	217	168	273	815	475	1982

Uniform Crime Reports — Philadelphia, PA — 1995

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
5th	1	5	57	75	225	735	443	1541
77th	0	0	2	3	7	547	174	733
92nd	3	10	59	6	39	392	63	572

Uniform Crime Reports — Philadelphia, PA — 1996

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
6th	3	17	690	138	522	5567	1188	8125
9th	4	8	596	123	517	4707	1199	7154
35th	41	55	1436	407	1145	1959	1670	6713
15th	8	27	536	249	964	2259	1949	5992
19th	39	51	1056	461	949	2281	1039	5876
14th	31	45	1031	273	1137	1811	1502	5830
18th	21	35	1080	374	814	1900	1240	5464
8th	4	11	139	145	534	2455	1285	4573
25th	62	61	1160	579	768	1016	770	4416
2nd	2	14	304	109	535	2024	1219	4207
24th	16	31	542	281	768	1544	841	4023
26th	24	28	680	353	744	1436	744	4009
12th	29	52	642	440	707	1229	743	3842
39th	25	44	752	329	468	1,016	819	3,453
4th	6	10	229	175	384	1708	475	2987
7th	1	9	92	55	356	1271	946	2730
17th	21	27	345	325	562	857	351	2488
22nd	26	38	595	401	461	494	392	2407
3rd	1	11	242	94	255	1228	423	2254
16th	19	18	305	206	330	728	398	2004
23rd	30	30	443	245	295	623	255	1921
1st	7	10	168	116	262	780	325	1668
5th	0	4	90	53	216	676	287	1326
77th	0	0	1	0	15	486	168	670
92nd	0	8	34	7	15	329	40	433

Uniform Crime Reports — Philadelphia, PA — 1997

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
6th	6	13	598	170	504	6060	1520	8871
9th	7	22	497	135	550	5096	1021	7328
35th	35	71	1410	457	1152	1799	1904	6828
14th	15	59	786	304	1243	1846	1501	5754
15th	13	37	546	236	930	2097	1700	5559
19th	42	53	1000	553	966	1605	1285	5504
18th	18	42	869	409	710	1752	1182	4982

Uniform Crime Reports — Philadelphia, PA — 1997

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
24th	18	27	600	304	985	1793	1146	4873
25th	81	39	949	585	834	1041	1059	4588
2nd	5	17	372	94	547	2022	1489	4546
8th	4	10	150	112	509	2331	1393	4509
26th	15	35	602	353	818	1386	810	4019
12th	26	35	602	444	610	1063	1179	3959
4th	6	15	265	191	393	1874	717	3461
39th	30	38	630	331	502	1,079	721	3,331
3rd	12	8	279	119	309	1223	669	2619
7th	1	5	67	41	449	1172	807	2542
22nd	40	44	501	386	410	588	460	2429
17th	15	31	300	327	420	825	347	2265
23rd	13	21	367	250	311	626	287	1875
16th	9	13	287	209	312	613	346	1789
1st	5	9	158	115	243	727	376	1633
5th	1	4	71	61	225	530	397	1289
77th	0	0	3	5	8	512	167	695
92nd	1	2	29	7	11	367	53	470

Uniform Crime Reports — Philadelphia, PA — 1998

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
35th	19	76	1326	734	1229	2894	1657	7935
6th	10	22	624	271	558	5209	1059	7753
14th	17	40	742	581	1475	2831	1303	6989
9th	8	9	468	169	632	4580	819	6685
15th	16	45	568	353	1064	2753	1556	6355
25th	62	48	1019	718	926	2397	1069	6239
19th	22	57	776	622	936	2422	1076	5911
18th	18	56	707	517	827	2356	965	5446
24th	20	42	661	417	860	2275	1116	5391
12th	31	46	509	565	813	1981	1050	4995
2nd	5	8	304	173	613	2485	1263	4851
8th	3	16	160	175	574	2422	1145	4495
26th	9	47	603	427	650	1794	710	4240
39th	14	33	484	457	823	1,616	662	4,089
4th	2	23	341	251	425	1982	620	3644
22nd	20	58	487	609	514	1205	386	3279
17th	17	24	397	470	542	1314	344	3108
3rd	4	15	279	152	321	1710	546	3027
7th	2	8	88	93	405	1237	653	2486

Uniform Crime Reports — Philadelphia, PA — 1998

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
23rd	18	26	350	411	308	887	243	2243
16th	10	30	244	262	408	772	321	2047
1st	7	14	201	187	248	1009	370	2036
5th	1	3	74	70	253	842	406	1649
77th	0	0	1	6	8	558	143	716
92nd	3	6	22	11	25	361	41	469

Uniform Crime Reports — Philadelphia, PA — 1999

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
35th	19	82	1116	908	1225	2714	1596	7660
6th	5	20	611	274	607	4451	909	6877
15th	5	46	547	530	945	2992	1484	6549
14th	16	59	754	672	1071	2947	1017	6536
25th	49	86	1042	898	834	2359	1075	6343
9th	2	18	479	197	715	4164	714	6289
19th	39	76	669	787	775	2627	1162	6135
24th	5	60	668	558	772	2382	1001	5446
18th	18	52	647	565	769	2412	878	5341
12th	20	70	562	712	708	2273	962	5307
2nd	4	34	355	253	624	2370	1096	4736
26th	13	36	533	644	699	1962	752	4639
8th	2	21	170	244	471	2460	832	4200
39th	16	46	466	536	559	1,573	569	3,765
4th	7	25	376	308	380	1867	602	3565
22nd	24	57	497	716	499	1335	366	3494
17th	13	32	373	493	434	1313	301	2959
3rd	6	7	255	164	268	1484	458	2642
23rd	9	33	355	422	396	986	289	2490
7th	1	10	106	146	396	1361	469	2489
16th	8	30	262	314	351	1060	317	2342
1st	8	15	172	231	215	1103	322	2066
5th	2	13	68	104	285	787	337	1596
77th	1	1	2	8	15	603	174	804
92nd	0	5	19	17	29	289	29	388

Uniform Crime Reports — Philadelphia, PA — 2000

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
35th	18	121	1062	974	989	2659	1482	7305
15th	6	62	612	566	858	2862	1180	6146
18th	20	60	602	584	659	3194	793	5912
14th	17	82	688	665	807	2294	1189	5742
6th	5	25	501	251	470	3839	598	5689

Uniform Crime Reports — Philadelphia, PA — 2000

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
25th	46	78	943	932	608	1931	1021	5559
24th	9	62	592	594	817	2307	919	5300
19th	25	64	610	692	596	2089	1030	5106
12th	35	69	496	778	540	2093	928	4939
9th	3	23	373	193	523	3274	515	4904
2nd	4	19	327	274	654	2538	1085	4901
26th	11	50	569	676	565	1802	613	4286
8th	5	15	195	213	419	2264	682	3793
39th	18	35	429	582	589	1,481	569	3,703
22nd	27	64	463	692	539	1298	345	3428
4th	8	18	338	316	321	1804	614	3419
17th	15	46	379	580	450	1315	358	3143
3rd	2	12	261	167	251	1672	507	2872
16th	21	46	301	444	352	1129	328	2621
7th	2	13	103	126	317	1415	375	2351
23rd	17	35	264	416	272	962	220	2186
1st	2	6	198	187	213	977	357	1940
5th	1	7	91	128	245	856	357	1685
77th	0	0	2	3	22	577	58	662
92nd	2	9	26	14	13	320	24	408

Uniform Crime Reports — Philadelphia, PA — 2001

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
15th	9	87	613	546	920	2814	1416	6405
35th	12	82	800	776	813	2278	1262	6023
14th	21	71	609	556	910	2312	1160	5639
25th	26	78	804	927	670	2011	1029	5545
6th	5	13	381	252	473	3697	576	5397
24th	15	49	674	613	737	2268	926	5282
18th	13	66	534	519	551	2841	701	5225
2nd	1	35	385	261	646	2606	1020	4954
12th	34	70	534	714	634	1988	939	4913
9th	2	11	317	144	576	3272	459	4781
19th	28	61	469	644	528	1882	966	4578
39th	15	68	490	633	561	1,924	702	4,393
26th	14	63	465	633	551	1655	626	4007
8th	2	21	151	238	416	2182	596	3606

Uniform Crime Reports — Philadelphia, PA — 2001

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
22nd	24	62	477	695	413	1248	398	3317
4th	7	22	301	284	274	1788	460	3136
17th	26	39	379	531	354	1307	335	2971
16th	25	38	297	493	351	1032	368	2604
3rd	1	14	257	141	227	1494	399	2533
23rd	19	31	308	417	296	990	254	2315
7th	2	8	100	106	346	1339	336	2237
1st	4	12	167	203	186	847	319	1738
5th	2	4	63	136	160	705	215	1285
77th	0	0	2	7	11	553	38	611
92nd	2	9	27	8	25	285	27	383

Uniform Crime Reports — Philadelphia, PA — 2002

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
15th	14	74	592	544	861	2554	1242	5881
25th	28	94	690	925	734	1752	1050	5273
35th	18	71	653	665	735	1866	1099	5107
14th	16	69	525	507	983	2096	903	5099
24th	11	71	609	586	679	1994	887	4837
18th	9	58	546	468	555	2509	520	4665
6th	5	24	395	257	388	3099	485	4653
2nd	6	33	341	270	655	2161	891	4357
12th	29	80	468	737	521	1672	810	4317
9th	0	16	290	174	547	2656	322	4005
19th	31	75	484	652	620	1462	672	3996
39th	23	52	420	638	644	1,492	602	3,871
26th	12	54	414	537	486	1446	564	3513
8th	1	26	148	204	357	1867	501	3104
22nd	24	53	420	649	315	1176	338	2975
4th	5	26	334	251	247	1656	427	2946
17th	18	28	310	517	345	1120	300	2638
3rd	2	12	265	143	228	1314	444	2408
16th	14	43	292	411	322	1041	271	2394
7th	0	8	96	116	394	1043	261	1918
23rd	14	37	325	347	220	776	198	1917
1st	6	12	174	174	161	784	246	1557
5th	0	12	72	79	230	742	217	1352
77th	0	0	0	3	7	369	27	406
92nd	2	7	6	11	10	142	25	203

Uniform Crime Reports — Philadelphia, PA — 2003

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
15th	17	69	691	590	932	2345	1155	5799
14th	15	58	618	506	717	2052	1070	5036

Uniform Crime Reports — Philadelphia, PA — 2003

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
25th	34	91	640	947	669	1686	792	4859
18th	24	49	607	473	523	2456	718	4850
12th	30	65	559	718	629	1773	1056	4830
35th	31	90	691	626	598	1678	1000	4714
6th	4	21	363	260	375	3146	503	4672
24th	13	84	603	643	656	1746	741	4486
2nd	11	31	391	230	563	2017	992	4235
19th	25	61	573	633	588	1473	757	4110
9th	1	11	352	140	389	2752	387	4032
39th	20	50	455	562	575	1,578	687	3,927
26th	17	52	455	545	460	1362	551	3442
8th	3	17	171	265	447	1908	492	3303
4th	7	20	340	229	235	1776	544	3151
22nd	30	50	405	623	367	1044	374	2893
17th	19	37	350	419	327	1073	308	2533
3rd	2	20	301	133	236	1362	420	2474
16th	16	55	340	385	352	843	324	2315
23rd	14	42	349	347	248	803	227	2030
7th	2	10	98	112	380	1117	291	2010
1st	10	9	186	180	145	809	304	1643
5th	0	2	68	74	231	629	210	1214
77th	0	1	0	3	4	275	15	298
92nd	3	9	11	8	10	161	16	218

Uniform Crime Reports — Philadelphia, PA — 2004

District	Murder	Rape	Robbery	Agg. Assault	Burglary	Theft	Auto Theft	Total
15th	12	71	902	751	970	2,431	1,147	6,284
14th	28	64	555	570	855	2,188	927	5,187
25th	35	94	733	863	672	1,592	939	4,928
35th	35	85	677	589	636	1,655	969	4,646
18th	19	57	623	519	518	2,349	530	4,615
12th								

Uniform Crime Reports — Philadelphia, PA — 2004

District	Murder 29	Rape 72	Robbery 553	Agg. Assault 693	Burglary 552	Theft 1,726	Auto Theft 861	Total 4,486
2nd	5	25	488	313	640	2,235	775	4,481
24th	16	54	541	594	644	1,749	815	4,413
6th	1	21	430	239	299	2,893	456	4,339
39th	24	72	479	597	627	1,719	647	4,165
9th	2	26	326	144	341	2,647	335	3,821
19th	23	54	532	578	583	1,406	600	3,776
8th	4	20	196	328	426	1,859	483	3,316
26th	21	44	451	472	384	1,241	551	3,164
4th	3	20	318	264	293	1,838	397	3,133
22nd	16	60	428	626	249	1,021	332	2,732
16th	17	42	279	384	280	1,008	339	2,349
17th	13	39	291	389	275	1,050	283	2,340
3rd	1	14	259	139	205	1,192	352	2,162
7th	2	9	91	122	426	1,154	227	2,031
23rd	18	30	281	340	165	859	212	1,905
1st	3	15	256	235	178	892	231	1,810

Note that the 39th is hardly the worst district in Philadelphia. However, its rankings have worsened somewhat over the past 10 years.

Overview: crime data in economic context

Numerous academics, journalists have attempted to reach conclusive results about the potential relationship between crime and casinos, and have often fallen short, largely because communities can be so different, coupled with an imposing variety of factors that could conceivably impact crime. An April 2003 study by several academics resulted in the following conclusion:

“The fact that the results are mixed suggests that there may be some contextual factors operating in some communities that allow for casinos to positively affect crime under certain, as yet unknown, circumstances. At the same time there is no way of knowing whether the apparent casino effect, when present, is a direct one.

“When a casino opens in a community, it often changes the nature of the community in a multitude of ways, both positively (e.g., stimulating the economy and adding employment and entertainment options) and negatively (e.g., adding traffic congestion, altering traditional patterns of interaction, and introducing large numbers of nonresidents into a community). The interplay of these and other factors (location, size, and number of casinos; state gaming regulations; law enforcement policies; etc.) vary by jurisdiction and may well determine the effect of the casino on crime in the community. Finally, in those instances where crimes have increased suggesting a possible casino effect, it will be very difficult to determine if the increase is due to casino-related factors or increased tourism, which has been linked to increases in crime in other studies. Clearly, more research is needed to clarify the relationship of casinos to crime. At this point, however, it can be concluded that comparing multiple jurisdictions where casino gambling has been introduced and comparing them to matched control jurisdictions reveals that crime does not appear to be an inevitable or necessary product of casino presence.⁴²”

The National Opinion Research Center (NORC), at the request of the National Gambling Impact Study Commission, developed a database of social and economic indicators and estimated gaming-related spending in a random sample of 100 communities that had a population base in excess of 10,000.

The NORC⁴³ reported that proximity to a casino was a key factor in various markets, resulting in, among other things: lower unemployment and increased earnings in such key industries as lodging, recreation and construction.

⁴² Crime & Delinquency, Vol. 49, No. 2, 253-284 (2003) “Does the Presence of Casinos Increase Crime? An Examination of Casino and Control Communities,” by B. Grant Stitt, Mark Nichols, David Giacopassi

⁴³ NGISC

Some of the findings are summarized here:

Income Maintenance (Welfare) Payments	-13 Percent
Unemployment Insurance	-17 Percent
Other Transfer Payments	-3 Percent
Per Capita Construction Earnings	+18 Percent
Hotel and Lodging Earnings	+44 percent
Recreation & Amusement Industries	+22 Percent

Those are significant changes that have been supported by other reports, including some anecdotal findings. For example, the University of Connecticut's Center for Economic Analysis issued a report in 2000 that found Foxwoods had created 41,000 jobs in the state since its 1992 opening, and contributed about \$1.2 billion a year to the state's economy. Foxwoods was also given credit for a \$1.9 billion increase in personal income.⁴⁴

The clear inference is that, as casinos engender economic growth in an area, the cost of providing social services declines, which is likely to lead to a decline in crimes that are directly to such economic and social issues.

⁴⁴ "Study Finds Pequot Businesses Lift Connecticut's Economy," New York Times, November 29, 2000

Crime, Casinos: analyzing relationship

Any relevant study of the impacts of gaming must confront a difficult issue that leads the list of fears, expectations and concerns: the relationship between casinos and crime. It is an issue that is both critical to understand, and difficult to draw conclusive results from.

Our experience over the past 28 years of studying this issue is that the growth of casinos does indeed correlate with an increase in certain types of crime. However, the catalyst is not any unique attribute of gaming, but rather is the nature of economic growth and of tourism. A successful hospitality business attracts adults, creates traffic and increases an area's population far above and beyond its residential base. Studies have not shown, however, that casinos breed crime.

Spectrum Gaming Group's principals have experience in various aspects of law enforcement related to gaming, including overseeing enforcement activities within the four walls of casino hotels. Agencies such as the New Jersey Division of Gaming Enforcement have shown that a combination of unrelenting vigilance and strong deterrence can limit the ability of patrons, employees and others who are tempted by the presence of large amounts of cash on a casino floor.

Outside the walls of a casino hotel – where the responsibility lies mostly with local and state law-enforcement agencies – we have not seen any indication that casinos are substantively different than other successful tourism industries when it comes to their potential impact on crime rates.

We note a statement made by Kevin M. Burke, District Attorney for Essex County in Massachusetts, who chaired the Commission to Study the Potential Impact of Legalized Gambling:

“Building shopping centers increases the number of compulsive shoppers, generates increased crime, (car jacking, mugging, bad checks, etc) traffic, accidents and pollution. Cinema complexes, groups of restaurants, office complexes and housing developments do the same. We've legalized liquor, allow smoking, movie junkies, compulsive over- eaters (ban restaurants?) and many other entertainment activities that create civic concern, moral outrage and calls to ban free choice and our right to spend our own dollars. Casinos are different? Casinos in Massachusetts are just a business decision when we strip away moral denouncements and the tendency to eliminate and control people's choices.⁴⁵”

⁴⁵ “Expanded Legalized Gaming in Massachusetts: A Presentation Of Gaming Regulation, Economic Development Impact, Fiscal Impact And Social And Cultural Impact,” by The Commission To Study The Potential Expansion Of Legalized Gaming, Essex County District Attorney Kevin M. Burke, Chairman, Dec. 31, 2002

Accounting for visitation

One critical issue that all credible researchers and analysts eventually must come to grips with is the presence of huge numbers of visitors in tourist areas.

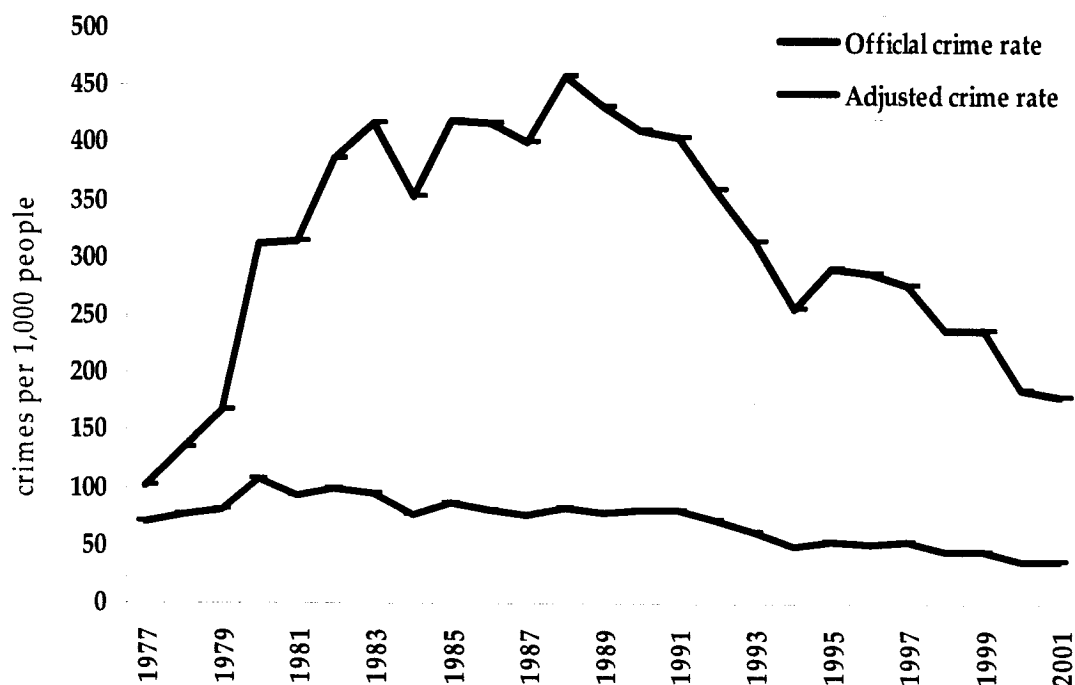
Not only do such numbers of visitors present a target for crime, but they also potentially distort standard crime-reporting rates and call into question methodologies that are largely based on resident population.

A 1998 Michigan study, which has been cited by law-enforcement officials in other states, notes: "Since the opening of casinos in Atlantic City and the opening of Disney World in Florida, the growth of crime in Orlando far surpasses the growth of crimes in Atlantic City"⁴⁶.

The following chart, produced by the New Jersey Casino Control Commission with data from the FBI's Uniform Crime Reports and the South Jersey Transportation Authority, noted the graphic discrepancy between crime reports based on population, and those based on residents plus visitors:

⁴⁶Citizens Research Council of Michigan. (1998). The Effect of Casinos on the Detroit and Wayne County Criminal Justice Agencies.

Atlantic City: official crime rate vs. rate adjusted for visitor population



source: New Jersey Casino Control Commission, South Jersey Transportation Authority

The top bar shows the ratio of reported crimes per resident population, while the lower bar adjusts for visitors. Such differences are understandable in a community with a resident population of less than 40,000 people that generates more than 30 million visitor trips per year.

Atlantic City is a market with which we are intimately familiar, having worked in it for nearly three decades. We have analyzed the available data, and suggest that multiple factors must be taken into account when examining this sensitive issue:

1. Atlantic City is indeed a classic example of a community with a lopsided ratio of visitors to residents.
2. Casinos are a dominant part of the tourism industry in the Atlantic City area, but they are not the entire industry. Other communities in the region, as far south as Cape May, have their own segments of the tourism industry. Collectively, these communities further swell the ratio of visitors to year-round residents.
3. Atlantic City is an urban center, prone to many of the same socio-economic problems that plague other cities.

4. Atlantic City is a small community, not just in population but in total area. It is 48 blocks long. The Atlantic City area, on the other hand, encompasses two entire counties, and includes vast stretches of rural area, plus numerous suburbs.

The latter two points are critically important to any understanding of data coming from Atlantic City. In 1976, when New Jersey voters approved casinos as a means to revitalize Atlantic City, the city was arguably was one of the worst suffering urban centers in the United States.

Its unemployment rate reached 40 percent in the winter and it had the third-highest concentration of public housing in the nation. It had effectively lost its tourism industry and was plagued by seemingly intractable problems tied to urban poverty, from drugs to street crime to teenage pregnancy⁴⁷.

Casinos have provided the means to address many of these problems, but those problems have not entirely vanished. Their lingering presence, however, cannot be tied to any causal relationship with casinos. In our experience, the remaining problems would be far worse in the absence of the city's major industry.

Additionally, we note that any statistics offer the potential to distort perception. Many of Spectrum's principals reside in the Atlantic City area, and our views – however anecdotal they might be – are that the region is safe, stable and increasingly prosperous.

With that in mind, we have reviewed much of the data emanating from Atlantic City. The following tables – which track the first 20 years following passage of the casino referendum⁴⁸ – included data collected by the U.S. General Accounting Office⁴⁹:

⁴⁷ "Hostage to Fortune: Atlantic City and Casino Gambling," 1987, Center for Analysis of Public Issues, Princeton, NJ

⁴⁸ Note for comparative purposes that the first casino opened in Atlantic City in May 1978.

⁴⁹ "Impact of Gambling: Economic Effects More Measurable than Social Effects," GAO, April 2000

Total crimes per 10,000 population

	United States	New Jersey	Atlantic City (based on the population adjusted to include visitors and nonresident workers)	Atlantic City (based on unadjusted population)
1977	507.8	511.4	695.89	1,006.00
1978	514.0	520.7	768.66	1,336.00
1979	556.6	582.1	798.62	1,678.00
1980	595.0	640.1	1079.29	3,109.37
1981	585.8	618.0	922.29	3,132.91
1982	560.4	567.6	986.85	3,863.68
1983	517.5	516.3	947.99	4,168.01
1984	503.1	485.6	763.01	3,537.48
1985	520.7	509.4	857.61	4,203.70
1986	548.0	524.1	850.56	4,179.05
1987	555.0	526.2	749.90	3,963.67
1988	566.4	529.5	833.44	4,593.15
1989	574.1	526.9	794.57	4,323.13
1990	582.0	544.7	800.75	4,107.04
1991	589.8	543.1	808.80	4,047.54
1992	566.0	506.4	721.22	3,597.11
1993	548.4	480.1	641.31	3,144.05
1994	537.4	466.1	509.63	2,555.94
1995	527.6	470.4	538.08	2,902.93
1996	508.7	433.3	525.89	2,874.49
1997	493.0	405.7	526.49	2,776.26

Property crimes per 10,000 population

	United States	New Jersey	Atlantic City (based on the population adjusted to include visitors and nonresident workers)	Atlantic City (based on unadjusted population)
1977	460.2	472.2	624.42	902.68
1978	464.3	478.4	682.13	1,185.59
1979	501.7	531.9	710.33	1,492.48
1980	535.3	579.7	985.87	2,840.26
1981	526.4	554.9	827.97	2,812.51
1982	503.3	506.9	906.31	3,548.34
1983	463.7	461.0	885.10	3,891.49
1984	449.2	432.8	706.36	3,274.86
1985	465.1	455.0	800.91	3,925.78
1986	486.3	466.9	790.28	3,882.88
1987	494.0	472.1	702.73	3,714.35
1988	502.7	471.3	776.85	4,281.28
1989	507.8	466.0	731.11	3,977.84
1990	508.9	480.0	726.53	3,726.37
1991	514.0	479.7	732.83	3,667.40
1992	490.3	443.9	652.81	3,255.94
1993	473.8	417.4	569.09	2,789.98
1994	466.0	404.7	453.83	2,276.10
1995	459.1	410.4	489.01	2,638.19
1996	445.0	380.1	481.41	2,631.35
1997	431.9	356.4	484.67	2,555.72

Prostitution arrests per 10,000 population

	United States	New Jersey	Atlantic City (based on the population adjusted to include visitors and nonresident workers)	Atlantic City (based on unadjusted population)
1977	4.34	1.44	14.26	20.89
1978	4.49	1.07	31.08	53.08
1979	4.49	1.03	20.73	42.61
1980	4.24	1.18	12.89	37.13
1981	5.07	1.34	15.67	55.52
1982	5.93	2.30	31.76	122.88
1983	5.94	2.27	23.88	100.27
1984	5.66	1.91	23.54	107.60
1985	5.53	3.15	36.35	169.33
1986	5.23	3.66	28.33	138.67
1987	4.99	2.31	16.82	88.89
1988	4.25	2.41	19.97	106.15
1989	4.42	2.56	14.12	76.58
1990	4.64	3.44	18.02	92.40
1991	4.53	3.33	21.20	105.69
1992	4.37	3.33	20.80	102.94
1993	4.43	3.99	19.55	96.97
1994	4.17	3.29	18.90	95.60
1995	4.46	2.97	12.93	69.38
1996	4.25	3.02	11.36	61.43
1997	4.19	3.91	9.59	52.08

Drug arrests per 10,000 population

	United States	New Jersey	Atlantic City (based on the population adjusted to include visitors and nonresident workers)	Atlantic City (based on unadjusted population)
1977	30.52	40.47	29.95	43.88
1978	29.81	44.66	17.68	30.20
1979	26.44	36.70	21.08	43.31
1980	27.38	36.82	19.25	55.44
1981	28.90	42.33	35.37	125.31
1982	30.17	41.36	30.96	119.78
1983	30.74	41.13	38.89	163.26
1984	31.67	46.17	40.12	183.42
1985	35.20	48.50	43.91	204.54
1986	36.03	47.90	47.57	232.81
1987	40.09	56.13	43.72	231.05
1988	45.02	72.35	63.04	335.07
1989	53.88	88.16	60.26	326.80
1990	44.40	62.07	70.68	362.50
1991	42.25	55.97	65.02	324.14
1992	44.85	54.50	74.48	368.66
1993	46.97	55.16	65.62	325.53
1994	53.87	64.12	58.26	294.77
1995	59.80	70.72	60.18	322.98
1996	59.27	73.24	72.70	393.23
1997	63.79	77.87	71.48	388.19

Source: GAO analysis of data obtained from the FBI's UCR, South Jersey Transportation Authority and the Bureau of the Census

Notably, in each of these tables, positive trends can be discerned that would rebut the notion that casinos contribute to any of these reported crimes. For example, the rate of prostitution arrests in Atlantic City is significantly higher than in other areas of New Jersey, but the rate has fallen dramatically. Anyone familiar with the history and social milieu of Atlantic City prior to the advent of casinos would recognize that the city's prostitution problem preceded the advent of gaming.

Drug arrests per 100,000 people have increased, but the rate is still below New Jersey's. Although it is slightly above the national average, we note again that Atlantic City is an urban center, and would therefore be expected to be significantly higher than the national average. At the same time, we suggest that the increased number of arrests could be due to a greater focus on this problem by local police, who are now better equip to direct a greater portion of their resources to combating drugs.

Interpreting data

Assessing the impact on crime is one of the most difficult and controversial areas of any analysis regarding casino gaming. Both proponents and opponents of gaming's expansion have looked at the same crime statistics and have reached different conclusions.

For example, the following chart from a 2000 report by the Connecticut Center for Economic Analysis at the University of Connecticut shows changes in the crime rate in the town of Ledyard, CT, following the 1993 opening of Foxwoods.

	In-casino crime	Out-of-casino crime	Total crimes
1990	-	-	214
1991	-	-	214
1992	-	-	283
1993	496	535	1,031
1994	1,212	573	1,785
1995	1,231	542	1,773
1996	828	523	1,351
1997	757	541	1,298
1998	989	364	1,353

Source: Connecticut Division of State Police

A cursory reading of this data would likely lead to the conclusion that Foxwoods was the proximate cause of significantly increased crime in the Ledyard area.

In reviewing this data, the authors of the University of Connecticut report analyzed the data in a broader perspective, writing:

“Public opposition to the spread of casino gaming has been driven mainly by fears of adverse social impacts. Some examples are neighborhood crime issues linked to casinos, such as robberies, larceny, loan sharking, and drug dealing. A study covering 1990 to 1998 (The Connecticut Economy, Summer 1999) shows that over these years the crime rate decreased statewide by 29.7 percent. In the New London Labor Market Area alone it has declined by 10.8 percent. According to the study, the crime rate in Ledyard has increased by more than 300 percent. However, if we disaggregate the total crime in the Town of Ledyard as ‘in casino’ and ‘out of casino’ crimes, then it is true that crime in Ledyard per thousand people has increased by only 70 percent. In North Stonington the crime rate has increased by 14 percent and in Preston it decreased by 31 percent measured as crimes per thousand people. ...

“However, considering ‘out of casino’ crimes only, the effect of Foxwoods Resort Casino on crime in the area is minimal. The statistics for crimes (as shown in the data provided by the Department of Public Safety) in the years 1990 to 1992 does not take into account Part II crimes, such as ‘disorderly conduct’, ‘driving under the influence’, ‘runaways’ and ‘vandalism’, which contribute approximately 50 percent of the crimes committed in the three towns from 1993 to 1998. In fact, the abrupt jump in number of crimes from the year 1992 to 1993 is mainly due to the addition of Part II crimes described above. Thus, crime estimates as given by the Department of Public Safety for these years are biased downwards. In fact, the total number of ‘out of casino’ crimes in Ledyard declined from 535 in 1993 to 364 in 1998. ‘In casino’ crimes also show a decline from 1,212 in 1994 to 989 in 1998 with 60 percent of them being larceny.⁵⁰”

The Connecticut State Police is charged with policing both the interior and exterior of Foxwoods and the state’s other casino, the neighboring Mohegan Sun. Sgt. J. Paul Vance said the State Police does find that the activity of casino gaming is responsible for an increase in crime. Sgt. Vance said, “Certainly there is some crime that does occur due to the sheer volume of people that frequent both facilities – from petty larceny to assaults – but we would expect that with any large venue.”⁵¹

Sgt. Vance added, “The other side of the coin is that they are gaming facilities, which involve people carrying cash in or away from those facilities. We recognize there may be certain (predators) attempting to prey on these folks to relieve them of their funds.”

⁵⁰ “The Economic Impact of the Mashantucket Pequot Tribal Nation Operations on Connecticut,” By Fred Carstensen, William Lott, Stan McMillen, Bobur Alimov, Na Li Dawson, Tapas Ray, November 28, 2000, Connecticut Center For Economic Analysis, University of Connecticut.

⁵¹ Interview conducted by Spectrum Gaming Group Sept. 8, 2005

A common refrain heard in Atlantic City in the late 1970s was that crimes such as pick-pocketing could be expected to increase simply because there were now more pockets to be picked. Or, as famed bank robber Willie Sutton said, when asked why he robbed banks: "Because that is where the money is."

Professional law-enforcement agencies have proven to be up to the challenge, particularly since gaming also tends to generate additional capital investment, which adds to a community's ratable base.

Still, the message can still get muddied, with casinos – rather than increased visitation and economic growth – being viewed as the proximate cause of any increased demand on law enforcement.

"Pennsylvanians Against Gambling Expansion" cites the following data from Gulfport, MS, in the year after casinos were introduced in that jurisdiction:

Gulfport, Mississippi				
	Jan- July	Jan- July	percentage	Increase adjusted
	1993	1994	increase	for population increase
Rapes	13	37	185 percent	90 percent
Robberies	35	105	200 percent	100 percent
Assaults	691	1,114	61 percent	7.50 percent
Burglaries	262	551	110 percent	40 percent

Source: "Pennsylvanians Against Gambling Expansion," citing Gulfport police statistics.⁵²

The group also cites a *US News & World Report* finding that "towns with casinos have experienced an upsurge in crime at the same time it was dropping for the nation as a whole."⁵³ Again, similar findings have been cited in Atlantic City. Crime in Atlantic City did increase by 350 percent from 1977 – the year before the first casino opened – and 1985⁵⁴.

⁵² "The Case Against Casino Gambling," a report by P.A.G.E., "Pennsylvanians Against Gambling Expansion," Harrisburg, PA.

⁵³ *US News & World Report*, Jan. 15, 1996.

⁵⁴ "Hostage to Fortune: Atlantic City and Casino Gambling," by Michael Pollock, Center for Analysis of Public Issues, Princeton, 1987.

Such findings, however, are easily misinterpreted and do not support any sort of causal relationship between casinos and crime. An interesting perspective on this can be found in a 1997 report by Peter Reuter of the School of Public Affairs at the University of Maryland:

“Certainly the overall crime in Atlantic City has increased greatly since the introduction of casinos; by the standard measure of crimes per capita, it has become the most crime-ridden city in the nation. Whereas in 1977, Atlantic City ranked as number 50 among U.S. cities with populations of more than 25,000, within two years after the introduction of large-scale casinos in 1978, it led the nation. ... However, the claims about Atlantic City usually ignore the fact that the population base for these calculations by the FBI is simply the number of residents, as is always the case for crime statistics. The resident population in recent years has been about 37,000 each day now, approximately 80,000 visitors come to the casinos, offering targets for crime, as well as potential offenders.⁵⁵”

That refers to the most common misconception about the relationship between casinos and crime. Our experience over 25 years in Atlantic City is that the growth in crime from a pre-casino era to a casino era can be attributed to the growth in visitation, as well as to generally improved economic conditions in which more money attracts more criminals.

The Atlantic City experience is also noteworthy in that, through the decade of the 1990s, the City’s crime rate fell dramatically year after year for all major categories of crime.

It cannot be reasonably deduced that casino entertainment fosters criminal activity. We cite a 1997 report that:

“Communities with casinos are just as safe as communities that do not have casinos. Many jurisdictions hosting a single casino or a small number of casinos experience no increase in crimes or crime rates following the introduction of casino gaming. In some cases, the numbers of crimes and crime rates actually decrease. Where the number of crimes has increased following the introduction of gaming – a scenario sometimes experienced where clusters of casinos have commenced operations or in very small host communities – the increase in the number of crimes is not due to gaming per se, but simply because of the additional population at risk in these communities. That is, when the increased

⁵⁵ “The Impact of Casinos on Crime and Other Social Issues,” by Peter Reuter, School of Public Affairs, University of Maryland, 1997.

population is properly accounted for, crimes, if they occur, are typically limited to traffic violations and property crimes, often of the petty variety.⁵⁶

Former Assistant U.S. Attorney and Illinois State Police Director Jeremy Margolis also testified before the National Gambling Impact Study Commission, and the Commission's Report concluded that "Taken as a whole, the literature shows that communities with casinos are just as safe as communities that do not have casinos."⁵⁷

Ratio of police to visitors

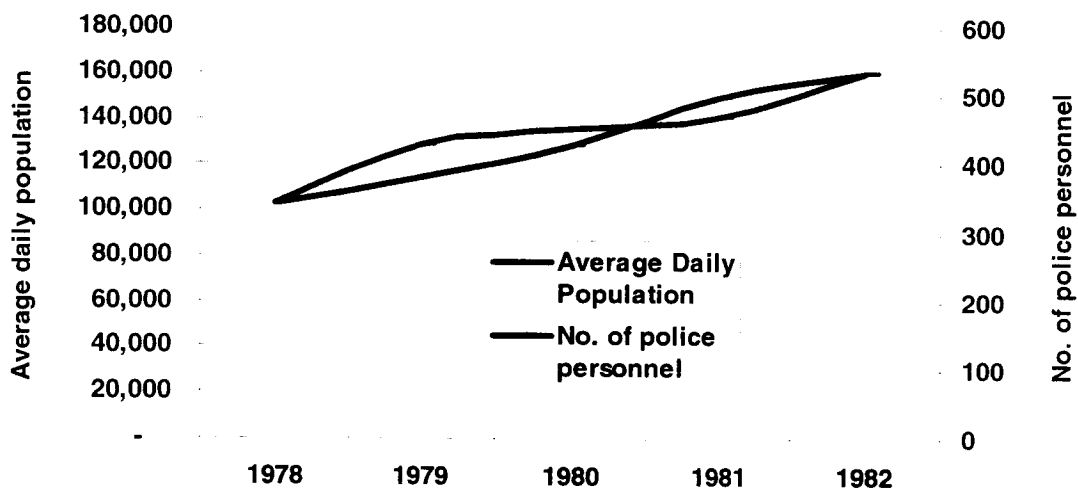
As more visitors converge on a region, it will at some point certainly require some increase in the number of available police officers and support personnel.

Using publicly available data, we compiled the following chart for the first five years of casino gambling in Atlantic City. That, in our estimation, represents the most important five-year stretch since it tracks the period in which Atlantic City evolved from a non-casino community into a gaming-centric community:

⁵⁶ Jeremy Margolis, *Casinos and Crime: An Analysis of the Evidence*, 1997, cited by Harrah's Entertainment: "Casinos and Crime: Is there a Connection?" 2000.

⁵⁷ NGISC, p7-14

Atlantic City ratio of police to visitor population



Over the five-year span, the number of police personnel in Atlantic City rose from 343 to 534, maintaining a very close ratio to the increase in visitation. The ratio was roughly 299 people (visitors and residents) for every police employee.

We note also the data is helpful in assessing the impact on a police district in Philadelphia, since Atlantic City's overall population during this period was roughly 40,000 – which would make it roughly the equivalent of one police district.

The visitation model developed for Trump Philadelphia shows Year 1 revenue of \$368.9 million and annual visitor trips of 5.8 million.⁵⁸ This translates into average daily visitation of 15,891.

Based on the Atlantic City ratio, Philadelphia would need approximately 53 additional officers to handle the increased demand from traffic and other areas. The average Philadelphia police officer salary is \$50,440. This would create a need for additional salaries and wages of \$2.7 million.

Other emergency services

Other than police, we do not project a similar increase for personnel or a material increase in the volume of equipment needed for other emergency services. Based on our experience over 25 years in Atlantic City, we note that demands on the fire department, for example, are related to the size of the resident population, age of the housing stock and other factors not directly related to the advent of gaming within the local economy. If anything, a gaming property – built with state-of-the-art technology and meeting the

⁵⁸ Gaming Market Assessment: Philadelphia, TMG Consulting, p. 21

most stringent codes for new construction – would not present any added material risk or demand for the fire department.

In preparation for this report, we consulted with professionals in a variety of disciplines, including physicians with a significant level of experience in the emergency room of Atlantic City Medical Center. That emergency room – one block from the Boardwalk and adjacent to several major casino hotels – offers the best indicator of the demands for emergency services.

With a property that generated 15,891 visits per day, some slight increase in the volume of medical emergencies will occur. The changes will show up more dramatically, however, in the nature of the emergencies.

Medical personnel can expect to treat a great number of complaints regarding chest pain, angina and myocardial infarctions. Various factors are behind those anecdotal observations, including the relative age of the visitor base. In Atlantic City, the median age of visitors is approximately 54, and there tends to be a higher percentage of senior citizens on weekdays. Additionally, however, some of these older visitors tend to be sicker than other seniors, and choose to visit local properties, rather than risk a trip to more distant casino destinations, such as Las Vegas.

Emergency physicians also note a higher portion of injuries, partly related to the relative age of visitors. Atlantic City physicians have treated visitors who have fallen on escalators or off bar stools. Additionally, the excitement of gaming – and the entertainment factor, including alcoholic beverages – has led to cases of dehydration, and attacks of asthma and other respiratory problems.

The presence of such potential problems should encourage medical personnel in the area to be prepared for these types of emergencies. We have observed no indication that the presence of a casino in the Hunting Park Industrial Area would create a need for a significant additional investment in the area's emergency-treatment infrastructure.

Conclusion

Trump Entertainment Resorts recognizes that which the Philadelphia Gaming Advisory Task Force recognizes: The Budd Site – situated near the desirable intersection of Interstate 76 and Route 1 – is among the most economically attractive locations on which to build one of the two casinos allowed in the city of Philadelphia.

In addition fulfilling the public-policy goals of the Pennsylvania gaming act, Trump Philadelphia will provide a significant economic boost for a neighborhood that lags much of Philadelphia in important socio-economic indicators. Trump Philadelphia, heightened by the renowned Trump brand, will further provide a boost to Philadelphia comprehensive tourism marketing efforts.

Trump Philadelphia will create a burden upon police due to the increases in crime, traffic and other factors. We find that such burdens are not unique to gaming; they commonly accompany the introduction of any high-volume retail attraction.

About Spectrum Gaming Group

Spectrum Gaming Group (www.spectrumgaming.com) is a full-service international gaming consultancy founded in 1993 that provides vital information and analysis to public agencies, task forces, casino owners, developers, operators, suppliers, regulators and Indian gaming commissions.

Our team of experts understands gaming operations, capital markets, the political and regulatory environment throughout the United States and many other markets. Our principals have extensive backgrounds in law enforcement, casino regulation, casino operations and in journalism.

The Spectrum principals and associates who worked on this engagement include: Michael Pollock, Joe Weinert, Harvey Perkins, Cory Morowitz and Jamie Fischer.

EXHIBIT A



Philadelphia Gaming Advisory Task Force

THE FINAL REPORT



Executive Summary

[HTTP://WWW.PHILA.GOV/GAMINGADVISORY/](http://www.phila.gov/gamingadvisory/)

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Project Overview

Pennsylvania is among the most recent states to expand the use of legalized gaming as a means of increasing tax revenue. On July 5, 2004, Governor Ed Rendell signed the Pennsylvania Race Horse Development and Gaming Act (Gaming Act). The Gaming Act legalized slot machine gambling throughout the state and set a Pennsylvania tax rate of 52-54 percent of all gaming revenues with hopes of generating \$1 billion for tax reduction annually once gaming is fully operational throughout the state. The Gaming Act also created the Pennsylvania Gaming Control Board to regulate the gaming industry in the state and to oversee the issuance of licenses to slot machine manufacturers and gaming operators.

The Gaming Act designates three types of slot facilities. Two Category 2 facilities are designated for Philadelphia, but the Gaming Act restricts the location of these two facilities by requiring them to be more than 10 miles away from the Category 1 facilities planned in Bucks and Delaware Counties. Category 2 facilities are stand-alone slot parlors that will have 1,500 to 3,000 machines initially, with an option to increase inventory to a maximum of 5,000 machines each.

In January 2005, Mayor John F. Street created the Philadelphia Gaming Advisory Task Force and charged it with making recommendations about how best to integrate two, slots-only gambling facilities approved for Philadelphia under the Gaming Act.

There are many quality of life concerns that individuals may have regarding the advent of gaming. The Philadelphia Gaming Advisory Task Force, appointed by the Mayor, has now completed its mission to examine all the possible advantages and disadvantages of gaming and to identify its impacts on the citizens and neighborhoods of the City. The Task Force has also developed a list of recommendations to maximize any potential benefits that derive from gaming and address any negative impacts that could result from its implementation and operation.

The Philadelphia Gaming Advisory Task Force Final Report is a compilation of data, observations, and projections based on research and analysis conducted, collected, and/or reviewed by the Task Force and its consultants. This report is intended to be used to assist the Mayor in making recommendations to the Pennsylvania Gaming Control Board on the introduction, implementation, and integration of gaming within the City of Philadelphia.

Several positions developed by the Task Force were based in part on data received from communities in Louisiana and Mississippi. Many of these communities were tragically devastated by Hurricane Katrina. However, their past experiences still have much to teach Philadelphia.

Letter from the Mayor



CITY OF PHILADELPHIA



MAYOR JOHN F. STREET
CITY OF PHILADELPHIA

Dear Friend:

I thank the chairs and members of the Philadelphia Gaming Advisory Task Force for the excellent work they have done in assembling the recommendations in this report. With their thoughtful advice and careful input, they have helped immeasurably as our City prepares for the introduction of gaming into our community.

The introduction of gaming in Philadelphia will have as significant an impact on our City and its neighborhoods as anything in a generation. With this final report and recommendations, the Gaming Advisory Task Force helps ensure that gaming in our City is done right.

The site evaluation committee, under the direction of Task Force co-chair Paul Levy, has done fine work analyzing every viable location for a licensed slot-machine facility in the City. The committee's work in developing criteria to determine the most appropriate site locations will help integrate gaming facilities into the fabric of our City in a way that maximizes the benefits while minimizing any potential adverse effects.

The economic impact committee, under the leadership of Dr. Bernard Anderson, has performed important work in assessing the economic impact that having two licensed slot facilities will have on Philadelphia's economy, and on the generation of tax revenues for our City to use in the delivery of services.

The social impact committee, under the stewardship of Sandra Dungee Glenn, has thoroughly studied the impact that slot facilities will have on Philadelphia residents' quality of life, not only in the communities where facilities are located, but as it relates to the City's ability to deliver services necessary to improve that quality of life for youth and families.

As the process of introducing gaming into Philadelphia moves into its next phase, with the formal application by interested parties to the Commonwealth of Pennsylvania for licenses, I am confident the superb, substantive work, and final recommendations of our Gaming Advisory Task Force will play a critically important role in that process.

Throughout the Task Force's work, public input was placed at a premium. Even with the final report now completed, I still look forward to having the people of Philadelphia participate in the important process that culminates in the introduction of gaming into our City.

With kind regards, I am

A handwritten signature in black ink, appearing to read "John F. Street".

John F. Street, Esquire
Mayor

Letter from the Executive Director



Philadelphia Gaming Advisory Task Force

On behalf of the staff of the Philadelphia Gaming Advisory Task Force, I want to acknowledge the diligent work of the committee members and the guidance of the Task Force chairs. This comprehensive and thorough evaluation of the impacts gaming will have on Philadelphia would have been impossible without the work of the committees, the insight of our consultants, and the leadership of the chairs.

Our purpose was broader than the simple formulation of revenue projections. Instead, the Task Force has made every effort to consider all impacts that gaming will have on our communities. Towards that end, we hope that we have provided a guideline that can be used to protect the integrity of our neighborhoods while maximizing economic benefit.

I also thank the Task Force staff and City officials assigned to this project for their tireless efforts to ensure the quality and accuracy of this report. The findings and recommendations made in this report derive from the intense study and deliberations of all involved and represent the thoughtful and careful work of the chairs, members, and staff of the Task Force.

The members of the Task Force ask that you give the recommendations contained in this report careful consideration. We have tried throughout this report to put the needs of Philadelphia first and not be bound by preconceived ideas and paradigms. We have made every effort to be objective, fair, and unbiased in our analysis on this very important subject. Philadelphia once again has the opportunity to be a shining example of how a city can promote its economic and fiscal well-being and still balance social concerns to implement public policy that can benefit all of Philadelphia.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn L. Fordham".

Shawn L. Fordham
Executive Director
Philadelphia Gaming Advisory Task Force

Philadelphia Gaming Advisory Task Force Staff:

Top (left to right): Thomas Mosher, Howard Moseley, Patrick Mulligan, Shawn Fordham, Kevin Greenberg, Robert Henon.

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Photo by Tony Webb



Site Evaluation and Design

SITE EVALUATION COMMITTEE



Paul R. Levy
COMMITTEE CHAIR

Paul R. Levy is the President and CEO of the Center City District (CCD), serving in that capacity since January 1991. Since 1979, Mr. Levy has also taught in the Urban Studies and City Planning

Departments at the University of Pennsylvania, teaching both graduate planning studios and an introductory course to planning and managing business improvement districts and city center management organizations. Mr. Levy has an M.A. and Ph.D. in history from Columbia University and an undergraduate degree in history from Lafayette College.

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Mission

The Site Evaluation Committee will review proposed and potential locations for licensed slot-machine facilities within the City of Philadelphia. Additionally, the Task Force will develop and recommend to the Mayor criteria to determine appropriate site locations that provide the best opportunity to integrate gaming facilities into the fabric of our City in a way that maximizes benefits and minimizes adverse effects.

Objectives

- Develop criteria for appropriate gaming facility sites
- Review proposed and potential locations for licensed gambling facilities and evaluate each based on agreed-to criteria to determine which sites, if any, help the City maximize benefits and minimize adverse impacts
- Study transportation and parking issues at all locations and determine how much the customer and their mode of arrival (car, bus, on foot) may vary based on location
- Study the capacity of expansion at all sites
- Analyze zoning issues related to all sites
- Recommend design standards for potential facilities

Approach

The Task Force reviewed gaming industry requirements and experiences with respect to choosing casino locations, key elements of casino design, and transportation and site requirements. It also conducted detailed assessments looking at the advantages and challenges associated with a range of potential gaming sites throughout the City. The ultimate goal of this work has been to generate a set of site evaluation and design criteria that can be used in assessing different gaming sites and proposals.

Site Requirements

Industry experts indicate that a casino with 3,000 to 5,000 slot machines would require a gaming floor in the range of 90,000 to 150,000 square feet, or approximately 3.4 acres. A Philadelphia slots-only casino is expected to initially require an additional 130,000 square feet for food and beverage, retail, and back-of-house operations space.

At the industry standard of approximately one parking space per slot machine, a casino with between 3,000 and 5,000 slot machines would require between 3,000 and 5,000 parking spaces, totaling more than 1 million square feet of garage space. This amount of parking could be accommodated by 24 acres for surface parking, six acres for a four-story garage, or three acres for an eight-story garage.

RECOMMENDATION: The City should not support a casino license application on any tract of land that encompasses less than 3.4 acres of contiguous land.

Casino Design

Clear design criteria and standards will be crucial in helping to guide quality casino development in Philadelphia. It is essential to develop design criteria and standards that lead casino developers to create high-quality buildings and site designs that are compatible with their context.

The Task Force worked with its consultants and experts to develop the following criteria:

Location

- Compatible with site context in land use, scale, appearance, and materials.
- Makes maximum use of the site's development potential.

Program

- Includes an effective site plan for pedestrian, auto, bus, and service traffic.
- Incorporates a unique development concept.
- Contains an exciting mix of recreational and entertainment activities.
- Includes retail and restaurant space.
- Allows for expansion of gaming and other entertainment space.

Site

- On site parking is not visible from the street.
- Contains exterior public amenities such as plazas, landscaping, arcades, river walks, and lighting.

Building

- Design approach is bold, contemporary, and innovative.
- Street facades are active, inviting, and visually connected to the interior.
- Uses institutional and corporate quality building materials.
- Contains monumental and memorable public spaces that connect to the exterior.
- Clear and legible interior spatial organization and circulation.

Design Team

- Experienced in design of gambling and entertainment development.
- Has achieved public awards for design excellence.
- Participation by MBE/WBE and local firms.

RECOMMENDATION: The Task Force's proposed design criteria should be used in evaluating all gaming proposals and be formally adopted into a casino design review process.

These performance-based guidelines set design standards, but also are meant to encourage license applicants to think and design creatively. Recognizing the gaming industry's primary concern with profitability, gaming companies should challenge their architects to design a new model for urban casinos, sensitive to the local context. The City should advocate for design elements that adapt to a dense urban environment.

While the Task Force emphasizes the need for gaming facilities that are compatible with their surroundings, it would also like to see the kind of unique and even playful building that typifies casino design at its best. An obvious tension exists between these calls for compatibility and bold design, but Philadelphia should challenge gaming license applicants to come up with their own solutions.

Prompt and thorough review of lengthy casino development and design proposals by the City within the short timeframe mandated by the Gaming Act will likely require additional resources.

RECOMMENDATION: The City should ensure that it has adequate, professional resources to conduct thorough development and design reviews of the application submitted.

The Task Force found that casino designers typically aim to create total, self-contained environments to maximize the entertainment experience. While images of Las Vegas and Atlantic City dominate most people's impressions about casino design, the current industry trend in local convenience gaming markets that draw primarily on regional residents is toward more understated designs.

In contrast, the Task Force found that accessibility and excellent visibility are critical to the success of any casino – especially one that is primarily serving a local convenience gaming market. Advertising through signage is used to help boost visibility.

RECOMMENDATION: The City should create signage guidelines and a design review process that strikes a balance between visibility for casinos and preserving the visual landscape for Philadelphians.

The City should require applicants' signage plans to be submitted in a visual format so the casino site and its signs can be understood in context as seen from multiple perspectives. While advertising and signage is a major facet of the gaming industry, it is important to manage the potential impacts of sign elements such as wall wraps, neon

Site Evaluation and Design

signs, billboards, and LED screens.

Assessment of Potential Gaming Sites

The Task Force reviewed 11 potential gaming sites. It is recognized that there are likely to be additional sites put forward for consideration, however, it is likely that the criteria developed for this analysis and the advantages and challenges associated with each site will remain applicable and fall into one of the six general typologies of sites identified below. Ultimately, these sites cannot be fully evaluated until formal plans have emerged which, hopefully, can accentuate the positives of each site and ameliorate the negatives. The six site typologies, encompassing 11 identified sites, are:

- 1) Center City/Market East (8th & Market, The Gallery, and Girard Estate sites)
- 2) North-Central Delaware Waterfront (Fishtown and Old Incinerator sites)
- 3) Penn's Landing
- 4) South Delaware Waterfront (Sheetmetal Workers and South Delaware sites)
- 5) Navy Yard
- 6) I-76 & Route 1 Interchange (Budd and Adam's Mark sites)

All potential gaming sites have advantages and challenges associated with them. It is also clear that a site cannot be evaluated in isolation from the specific development proposal that is advanced for the site.

The Task Force evaluated these 11 sites with the following criteria:

Site

- Compatibility with planning goals
- Compatibility with surrounding land uses
- Visible from interstate
- Easily located by non-residents
- Synergy with surrounding land uses
- Ability to expand
- Proximity to tourist attractions
- Proximity to hotel concentrations
- Aesthetics
- Infrastructure requirements
- Market segments

Transportation

- Highway access
- Local streets access
- Public transit-bus
- Public transit-rail
- Pedestrian access

- Parking availability
- Space for bus loading
- Minimizes traffic conflicts
- Market segments

Economic Impact

- Relationship to restaurants
- Relationship to hotels
- Relationship to nightclubs/bars
- Relationship to entertainment venues
- Enhances redevelopment
- Enhances new development
- Leverage of public infrastructure
- Location vis-à-vis labor pool



Center City/Market East Sites

8TH AND MARKET (2.8 ACRES), THE GALLERY (7.2 ACRES), AND GIRARD ESTATE (3.7 ACRES)

Advantages

- Good highway and excellent public transit access
- Potentially compatible with extending visitor-oriented, pedestrian-enhancing development along Market East
- Synergy and compatibility with surrounding land uses
- Proximity to hotels, tourist attractions, and

Convention Center, enhance capture rates for these market segments

- Closely integrates with the local economy
- Directly serves tourist and convention market and therefore would maximize economic benefit

Challenges

- I-676 and local street congestion will likely inhibit visitation
- Sites not visible from an interstate, nor easy for non-residents to find
- Development costs are likely to be high for land acquisition, mitigation actions, and construction
- Small sites requiring vertical development at significantly increased costs
- Small site size will limit expansion
- Parking will be a major issue
- Public preference for gaming locations not in the urban core – negative perception of crime and congestion
- Sites are close to several residential communities

Differences Among Center City/Market East Sites

- Both 8th & Market and the Girard Estate sites would necessitate multi-level development; The Gallery could accommodate a single-level casino if the entire site were used as a building footprint
- Located midway between City Hall and Independence Hall, the 8th & Market site would distribute major nodes of activity along Market Street better than the other Center City sites
- While transit access is excellent at all three Market East sites, it is exceptional at The Gallery

North-Central Delaware Waterfront Sites

FISHTOWN (27 ACRES) AND OLD INCINERATOR (11 ACRES) SITES

Advantages

- Excellent highway access, including access to the Ben Franklin Bridge
- Visibility from the interstate and the Ben Franklin Bridge is good for both sites
- Sites have sufficient land to accommodate initial development and expansion
- Sites are compatible with the long-term goal of activating the riverfront
- Local street congestion would be minimized

Challenges

- Aside from the Delaware Avenue nightclubs, there is little potential synergy with existing surrounding land uses
- No direct relationship to tourist, hotel, or convention venues, although both sites are a relatively short cab ride from Center City
- Unlikely that the area would maximize economic spin-off
- Aesthetics of the surrounding area might pose a challenge
- Public transit access is more limited than at the Center City sites

Differences Between North-Central Delaware Waterfront Sites

- The Old Incinerator site would likely offer greater spin-off benefits, be a stronger anchor for riverfront development, and be more closely integrated into the local economy
- Old Incinerator site is publicly controlled
- The Fishtown site would offer greater flexibility in design and opportunities for expansion and is located adjacent to the planned I-95 Girard Avenue ramp reconfiguration

Penn's Landing (13 acres)

Advantages

- Good synergy and integration with the local economy
- Good highway and transit access
- Close to tourist attractions
- High visibility, well-known location regionally
- Publicly controlled
- Could provide resources necessary to bridge gap in pedestrian fabric created by I-95 and Columbus Boulevard

Challenges

- Would limit public access to the riverfront at this key location
- Potential for congestion on local streets
- Not proximate to Convention Center but short cab ride away
- Close to residential communities

Site Evaluation and Design

South Delaware Waterfront Sites

SHEETMETAL WORKERS (12 ACRES) AND SOUTH DELAWARE (16 ACRES) SITES

Advantages

- Excellent highway access and visibility
- Sufficient land to accommodate initial development
- Compatible with City plans to develop waterfront
- Visible from the Ben Franklin and Walt Whitman Bridges

Challenges

- Little synergistic economic development, except for “big box” retail
- Traffic congestion, particularly with new “big box” retail
- Sites may be less familiar to non-residents
- No direct relationship to tourist, hotel, or convention venues, but both sites are a short cab ride from Center City and the stadium complex
- Aesthetics of the surrounding areas would pose a challenge
- Public transit access is more limited than at Center City sites

Differences Between South Delaware Waterfront Sites

- At 16 acres, the South Delaware site is sufficient for a casino development with all the appropriate amenities; the adjacent Sheetmetal Workers site is more constrained at 12 acres and would likely require multi-level development

Navy Yard (1,200 acres)

Advantages

- Land availability allows flexibility of design and future expansion
- Publicly controlled
- Extensive acreage and extended waterfront would allow for attractive aesthetics and compatible uses
- Some synergy with stadium complex
- Good highway access to general area
- Reduces traffic conflicts on I-676

Challenges

- Not visible from the interstate
- Remote from tourist attractions, Convention Center, and hotels in Center City
- Significant traffic conflicts with the sports complex
- Increased impact on stressed local streets
- Limited transit service
- Lack of synergy and integration with local economy

I-76 and Route 1 Interchange Sites

The distinguishing common characteristic for the two potential gaming sites close to the I-76 and Route 1 interchange is their accessibility from the western Philadelphia suburbs and parts of northwestern Philadelphia in comparison to the other sites. However, characteristics that are unique to the Budd and Adam's Mark sites require the Task Force to present separate assessments of these two potential gaming locations.

Budd (75 acres)

Advantages

- Locational advantage with respect to the western Philadelphia suburbs
- Ample land for expansion and additional developments
- Excellent highway access
- Excess traffic capacity on local streets
- Could spur local redevelopment
- Site large enough to handle two casinos

Challenges

- Site not directly visible from the interstate
- Little synergy with surrounding land uses
- Remote from the Convention Center, tourist attractions, and hotels
- Industrial nature of environment around Budd site could create aesthetic problems
- May be perceived as unsafe
- Unfamiliar to regional residents

Adam's Mark (14 acres)

Advantages

- Locational advantage with respect to the western Philadelphia suburbs
- Site is compatible with existing office and commercial uses
- Excellent highway access
- Could facilitate rapid opening in temporary structure

Challenges

- Site not directly visible from the interstate
- Limited site size could inhibit future expansion
- Remote from the Convention Center, tourist attractions, and hotels
- Current local traffic congestion along City Avenue
- Significant ancillary economic benefit from the Adam's Mark site likely to be lost to Montgomery County

RECOMMENDATION: The City should reserve final judgment about potential gaming sites until it has received complete development proposals with detailed information.

It is important to remain objective about potential casino sites until specific development proposals are submitted. The most prudent approach is to review applications once submitted and support high-quality proposals that meet the City's interests. Quite simply, poor quality proposals could be submitted for potentially excellent sites, just as developer-operators could submit very creative and compelling proposals for what currently appear to be very challenged sites.

The success of this approach, however, hinges on the collection of detailed development proposal information that allows the City to evaluate and compare competing proposals using the criteria proposed by the Task Force. A significant amount of development proposal information will be received by the state Gaming Control Board as part of its license application requirements, but not all of this information is required to be made public. The Task Force believes that license applicants will recognize that providing detailed information about development proposals will be a necessary part of gaining support from both the City and the surrounding community and that they will do so willingly.

RECOMMENDATION: The City should not pursue a casino development at the 8th and Market site or at Penn's Landing.

The Task Force believes that there are distinct advantages and challenges to all 11 sites evaluated. With the appropriate development plan that addresses the key challenges outlined in the site assessments that follow, most of these sites can work as successful locations for casinos in Philadelphia. However, the Task Force believes that a casino development at two specific sites would not be appropriate.

The state's requirement to deploy as many as 5,000 slot machines per gaming facility coupled with the casino industry preference of locating all gaming functions on the same floor creates substantial space needs, making the placement of a slots-only casino in Center City a significant challenge. The Task Force believes that the 2.8 acres of space available for development at the 8th and Market site is inadequate.

The Penn's Landing site, however, is large enough to accommodate casino development and additionally has the potential to create synergy with Old City and the historic district. As discussed in the section on revenue generation, this site also has the potential to be a top revenue generator. With all of these advantages in mind, the Task Force recommends that the Penn's Landing Corporation not put this property up for consideration as a gaming site due to other higher and better uses of this key waterfront location.

Penn's Landing is considered by many to be a valuable asset and key component to future riverfront development. A casino at this location could significantly limit public access to the riverfront at this important historical location.

RECOMMENDATION: For any sites that emerge beyond the 11 analyzed by the Task Force, the City should evaluate the advantages and challenges associated with them.

Given the Task Force's timeframe and resources, it could only select a limited number of potential gaming sites to analyze. It is very likely that more potential gaming sites will emerge beyond the 11 studied by the Task Force as the licensing process moves forward. As additional sites emerge, the City should analyze the advantages and challenges associated with these sites using the template and criteria generated by the Task Force. Given the importance of understanding local traffic impacts associated with gaming development, the City should also compare traffic studies submitted by license applicants for each new potential site with baseline traffic studies conducted by the Task Force.

RECOMMENDATION: Prospective license applicants who have not yet publicly identified their prospective sites should do so as soon as possible.

The City can most successfully work with prospective applicants if it is allowed sufficient time to evaluate necessary site preparation measures and costs (e.g., moving sewer lines) required by proposed developments, and to evaluate likely impacts on traffic, nearby neighbors and businesses, the City as a whole, and the revenues generated from Philadelphia casinos collectively.

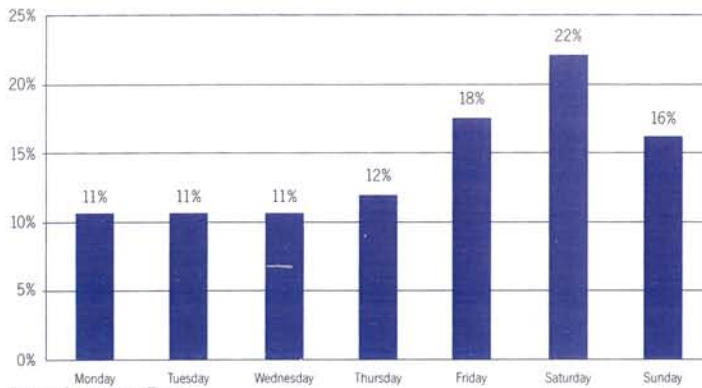
RECOMMENDATION: The City should proactively encourage license applicants to address the challenges associated with potential gaming locations identified by the Task Force.

Transportation

The Task Force conducted an in-depth transportation access study to assess the impact of increased traffic at potential casino locations. The mode of transportation taken by casino visitors and employees is influenced by several factors, including location and marketing strategy, and has a significant impact on casino design and site requirements. The breakdown of the different modes of transportation, or "mode splits," taken by gamers varies among casinos in different locales, but is widely dominated by car use. This makes ample and immediately-adjacent parking a priority for casino operators and leads to parking structures that are designed to facilitate quick access and to make visitors feel like they are in a safe and secure environment.

Site Evaluation and Design

GRAPH 1: Percent of Weekly Attendance



Source: Innovation Group

Peak casino visitation typically occurs on Saturdays, when more than 20 percent of weekly visitors arrive. This is followed by slightly lower levels on Fridays and Sundays, and then Monday through Thursday at about half the level of Saturday attendance. Daily casino visitation tends to peak between 7 p.m. and 10 p.m., when almost one-quarter of a day's customers can arrive. An understanding of these day-of-week and time-of-day peak visitation periods is important in determining the traffic impacts on roads adjacent to gaming facilities.

RECOMMENDATION: The City should require casino developers to provide a complete Transportation Management Plan (TMP) and Parking Management Plan (PMP). These plans should include costs and benefits of each improvement and impact on the community in terms of neighborhood encroachment and livability.

In meeting the parking demands of the casino, the parking strategy should also safeguard the interests of the City and its residents from the unwanted effects of casino traffic. The manner in which these needs are met should be part of a TMP and a PMP that will be prepared by the casino developer for review and approval by the Philadelphia City Planning Commission. The TMP and PMP shall include costs and benefits of each improvement, impact on the community in terms of neighborhood encroachment, and livability.

The TMP should include detailed internal circulation systems, external access points, locations of transit stops, charter bus loading, including layover areas, pedestrian flows to and from parking facilities as well as sidewalk levels of service. It should also include recommendations on intersection improvements, new roadway construction, or widening of existing roadways, if required, traffic buffers to protect residential areas. These improvements shall be designed and constructed in a timely manner at the developer's expense.

The PMP shall describe management's policy on parking for patrons, employees, and managers as well as address issues relating to charter bus, taxi, limousine, and bicycle parking.

RECOMMENDATION: The City should consider the establishment of a dedicated transportation management authority or office to oversee all transportation systems relating to casinos.

A dedicated transportation management authority or office should oversee all transportation systems relating to casinos, from auto, taxi and bus movements, to traffic signals and signs, to SEPTA and PATCO routes and service hours. While each of the above components are currently managed individually within a variety of departments, the casino industry, the City, and adjacent neighborhoods will be best served if there is a single point of contact with responsibility for coordinating and communicating about casino-related transportation issues. The City could also revisit efforts in the 1990s to create a separate Department of Transportation within municipal government. The Atlantic City model for managing casino-related traffic is one that Philadelphia should consider as it deals with high volumes of auto and bus traffic generated by the City's two slots parlors.

RECOMMENDATION: The City should require the casino developer to discuss conditions under which the cost of evening enforcement in nearby Residential Permit Parking Programs become the sole financial responsibility of the developer.

From a public policy perspective, traffic to and from the garage or garages must not be encouraged through residential areas and that ample parking is and will continue to be available for residential populations and other nearby land uses. And in residential permit parking program districts, the casino developer and the City should come up with a more stringent policy of enforcement, especially during late evening hours on Fridays and Saturdays.

Site Evaluation and Design

TABLE 1: Current and Projected Traffic Volumes at Potential Gaming Sites

	24-Hour Traffic		Peak Hours	
	Weekday	Saturday	Weekday	Saturday
Sheetmetal Workers Site				
Current traffic volume (Columbus south of Washington)	44,579	49,119	3,021	3,140
Projected additional casino volume	11,000	25,200	490	1,380
South Delaware Site				
Current traffic volume (Columbus south of Washington)	44,579	49,119	3,021	3,140
Projected additional casino volume	10,800	24,700	480	1,350
Penn's Landing Site				
Current traffic volume (Columbus south of Market)	31,045	32,171	2,264	1,775
Projected additional casino volume	9,630	21,950	430	1,200
Old Incinerator Site				
Current traffic volume (Columbus south of Spring Garden)	28,467	29,007	2,625	1,740
Projected additional casino volume	12,100	27,500	540	1,500
Fishtown Site				
Current traffic volume (N. Delaware north of Berks)	24,414	19,353	2,170	1,034
Projected additional casino volume	9,540	21,740	430	1,190
Navy Yard Site				
Current traffic volume (S. Broad north of Tasker)	26,252	26,136	1,834	1,579
Projected additional casino volume	8,330	21,150	400	1,100
Center City/Market East Site				
Current traffic volume (Market west of 12th)	22,539	23,505	1,490	1,400
Projected additional casino volume	10,070	23,900	450	1,250
Budd Site				
Current traffic volume (Wissahickon north of Hunting Park)	15,502	12,914	1,284	659
Projected additional casino volume	11,670	28,230	550	1,540
Adam's Mark Site				
Current traffic volume (City Avenue east of Monument)	58,599	54,264	4,192	2,942
Projected additional casino volume	11,670	28,230	550	1,540

Source: Urban Systems

Table 1 represents current traffic volume observed throughout a 24-hour period that presently impacts roadways around potential casino sites. This table also shows the projected additional traffic volume that can be expected if a casino is located at that site with the expected peak hour traffic.

Economic Impact

ECONOMIC IMPACT COMMITTEE



Dr. Bernard E. Anderson

COMMITTEE CHAIR

Bernard E. Anderson grew up in South Philadelphia, and has held leadership positions in academia, public service, and civic life. A nationally respected economist, he is the Whitney M. Young, Jr.

Professor of Management at the Wharton School, University of Pennsylvania. Dr. Anderson has served as a member of the board of directors of Provident Mutual Life Insurance Company, United Bank of Philadelphia, Philadelphia Urban League, and the Greater Philadelphia Urban Affairs Coalition. He was also chairman of the board of trustees of Lincoln University. He received a A.B. degree from Livingstone College, and a M.A. degree from Michigan State University.

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Mission

The Economic Impact Committee studied the impact that two licensed slot-machine facilities within the City of Philadelphia will have on the City's economy and on the generation of municipal tax revenues. The committee made recommendations to the Mayor on how best to capitalize on economic development opportunities within Philadelphia, to create jobs, to stimulate other development and business formation, and to increase revenues to the City, while minimizing negative impacts gaming facilities might have on existing businesses.

Objectives

- Study impact on local businesses and the potential for new business formation in Philadelphia
- Review estimates of dollars and jobs that could be created by new gaming facilities that have been prepared by the state, the City, and casino operators, and potentially commission an independent study
- Review what casinos have done in other cities to support job training, business development, and the growth of minority- and women-owned businesses. Determine what is likely to be done in these areas in Philadelphia
- Analyze how casino development can further the growth of tourism and the local hospitality industry and expand the resources available for marketing the City
- Prepare projections of new revenues that will be generated through municipal taxes and a management plan and preliminary budget for spending those new dollars

Approach

Quantitative economic and fiscal research including analysis of existing data and the collection of some market-behavior information. The Task Force undertook an assessment of economic impact in other gaming markets, original analysis on visitors and revenues, original analysis on local economic impact, a fiscal impact assessment, and local hospitality industry research.

Economic Framework

Philadelphia casinos will bring in three-quarters of a billion dollars in gambling revenue each year. But gambling revenue is only the beginning. Added to casino-floor spending will be other spending in the casino complex, other Philadelphia spending by suburban and tourist gamblers, spending by the casinos, and spin-off economic development. There is further benefit from the uses of the gaming taxes, particularly development fueled by tax reduction, and the expansion of the Pennsylvania Convention Center. Altogether, gaming in Philadelphia will be a multi-billion dollar proposition and a

major new engine to help drive the local economy.

Philadelphia casinos will compete in an exceedingly, and increasingly, competitive regional marketplace, where operator strategies, facilities, and marketing play essential roles in determining casino revenues. One major competitive factor is relative tax rates, and Pennsylvania's tax structure is at the high end of the national range but is consistent with the tax rates imposed in Delaware and West Virginia where gaming is succeeding.

Pennsylvania's tax burden has a second component in the \$50 million license fee. This up-front fee is an order of magnitude larger than is typical of fees in high-tax jurisdictions, although license auctions and other processes elsewhere have occasionally resulted in market-entry fees even higher than the Pennsylvania licenses.

Scenario Modeling

The revenue and economic impact of each Philadelphia casino will be affected by its own location, by the location of the other Philadelphia casino, and by the strategies that it and its competitors adopt. When determining revenue from a casino, the location of a site is a driving factor, particularly its proximity to prospective customers and competition. Projections cannot be made for just one site. The revenue generation for each site is heavily dependent upon its nearby competitors, and because the two Philadelphia casinos are likely to be the most crucial competitors to each other, an analysis of revenue has to look at the sites as paired together. In performing this analysis, the Task Force created clusters of sites into certain typologies based upon similar locations and projected shared characteristics of access and target markets. The six typologies selected are the same typologies by which the site assessments are classified and are:

- **Market East** (which includes sites at the Girard Estate property at 12th & Market Streets, The Gallery, and the site at 8th and Market Streets)
- **North-Central Delaware** (which includes the Fishtown and Old Incinerator sites)
- **South Delaware** (which includes the site currently used as the Sheetmetal Workers hall and the vacant site two properties south of that)
- **Navy Yard** (East End only)
- **Penn's Landing** (the Delaware River waterfront at Market Street)
- **I-76/Route 1 area** (which includes the Nicetown and the City Avenue Adam's Mark sites)

The various typologies were paired in combinations to create 14 potential development scenarios, at least one of which should provide a good revenue parallel to any combination of sites that are feasible, at least among the

typologies of sites currently proposed. The Task Force then projected visitation and revenue for each site in each scenario.

The 14 development scenarios reviewed are:

- Scenario 1:** Two on North-Central Delaware
- Scenario 2:** One on Market East, one on South Delaware
- Scenario 3:** One on Market East, one on North-Central Delaware
- Scenario 4:** One on Market East, one near I-76/Route 1
- Scenario 5:** One on North-Central Delaware, one at Navy Yard
- Scenario 6:** One on South Delaware, one North-Central Delaware
- Scenario 7:** Two on South Delaware
- Scenario 8:** One on South Delaware, one near I-76/Route 1
- Scenario 9:** One at Navy Yard, one near I-76/Route 1
- Scenario 10:** One on Market East, one at Navy Yard
- Scenario 11:** One at Penn's Landing, one on North-Central Delaware
- Scenario 12:** Two one near I-76/Route 1
- Scenario 13:** One at Penn's Landing, one near I-76/Route 1
- Scenario 14:** One near I-76/Route 1, one on North-Central Delaware

The Task Force rejected three other scenarios because of severe parking and/or traffic concerns such that the pairing would yield unacceptable development plans. The rejected pairings are: (i) two casinos at the Navy Yard; (ii) two casinos on Market East; and (iii) one casino at Penn's Landing and one on Market East.

Casino Gaming Revenues

Revenue Projections

Depending on the scenario selected, and based upon the projected building program, the two Philadelphia casinos will likely bring in between \$668 and \$747 million in their first full year of operation, with ongoing growth after that. This amounts to approximately a quarter of the projected statewide revenue, although Philadelphia will house two of the 14 statewide casinos. Table 2 projects visitation and gaming revenue for each scenario, both in total and by casino.

The Task Force found that gaming revenue was maximized by locating one casino near the interchange of I-76 and Route 1 and the other casino either on the Delaware

Economic Impact

TABLE 2: Annual Revenue Projections by Scenario (Descending order by total revenue)

Scenario	Casino 1			Casino 2			Full Scenario		
	Visits (# in millions)	Revenue Per Visit	Total (# in millions)	Visits (# in millions)	Revenue Per Visit	Total (# in millions)	Visits (# in millions)	Revenue Per Visit	Total (# in millions)
Scenario 13 One I-76/Rt. 1 One Penn's Landing	5.99	\$66.51	\$398.57	5.77	\$60.48	\$349.23	11.77	\$63.55	\$747.81
Scenario 14 One I-76/Rt. 1 One North-Central Delaware	5.73	\$66.92	\$383.42	5.94	\$59.94	\$355.90	11.67	\$63.37	\$739.32
Scenario 6 One South Delaware One I-76/Rt. 1	5.54	\$60.21	\$333.66	6.04	\$66.63	\$402.52	11.58	\$63.56	\$736.18
Scenario 4 One Market East One I-76/Rt. 1	5.59	\$60.02	\$335.49	5.95	\$66.62	\$396.52	11.54	\$63.42	\$732.01
Scenario 12 Two I-76/Rt. 1	5.81	\$66.17	\$384.34	5.58	\$61.89	\$345.60	11.39	\$64.07	\$729.94
Scenario 9 One Navy Yard One I-76/Rt. 1	4.72	\$62.71	\$295.74	6.61	\$64.86	\$429.01	11.33	\$63.97	\$724.75
Scenario 7 Two South Delaware	5.69	\$62.19	\$353.80	5.59	\$62.23	\$347.84	11.28	\$62.21	\$701.64
Scenario 2 One Market East One South Delaware	5.61	\$61.83	\$347.06	5.52	\$61.90	\$341.78	11.13	\$61.87	\$688.84
Scenario 11 One North-Central Delaware One Penn's Landing	5.83	\$61.94	\$361.12	5.20	\$62.93	\$327.11	11.03	\$62.41	\$688.23
Scenario 1 Two North-Central Delaware	5.89	\$62.21	\$366.14	5.11	\$62.76	\$320.66	10.99	\$62.47	\$686.80
Scenario 3 One Market East One North-Central Delaware	5.42	\$62.09	\$336.54	5.61	\$62.32	\$349.81	11.03	\$62.21	\$686.35
Scenario 10 One Navy Yard One Market East	4.30	\$65.44	\$281.18	6.69	\$60.50	\$404.73	10.99	\$62.43	\$685.91
Scenario 6 One South Delaware One North-Central Delaware	5.61	\$61.59	\$345.26	5.35	\$61.88	\$330.94	10.95	\$61.73	\$676.21
Scenario 5 One North-Central Delaware One Navy Yard	6.42	\$60.81	\$390.19	4.29	\$64.86	\$278.25	10.71	\$62.43	\$668.44

Source: Innovation Group

River waterfront or in Center City. This is also logical, as this will ensure that casinos easily reach the broadest possible market. A casino on Market East or the Delaware River will best compete for dollars from visitors staying at Center City hotels, residents of Southern New Jersey, and Philadelphians who live in the City's eastern portion. And a casino near the intersection of the Schuylkill Expressway and City Avenue/Roosevelt Boulevard will best attract gamblers in the western suburbs and gamblers in Philadelphia's western regions. Further, placing a casino at the western edge of the City minimizes direct competition with the suburban racinos; competition that would likely arise if a Philadelphia casino was placed on I-95 immediately outside of the 10-mile exclusion zones that would minimize both Philadelphia and Commonwealth-wide gaming revenue.

Based upon the revenue numbers generated and projected pro formae for each casino, the Task Force believes that the Philadelphia casinos will be exceptionally profitable. The pro formae developed by Task Force experts, who project only one set of many possible casino development programs, project that the return on investment (measured by earnings before interest, depreciation, taxes, and amortization) will be between 17 and 20 percent. This healthy return is estimated even after the casinos fully fund increased police, fire, and other necessary services at a level of \$20 million per year each, a conservatively large number from the casino operator's perspective. This return will likely result in full repayment of initial construction and licensing costs in less than five years, and potentially in as little as 3.5 years. Both the return and the timing of full repayment of financing are significantly better than the Task Force understands are required to drive gaming industry investment.

RECOMMENDATION: Revenue generation should be an important factor, but not the only factor, in the siting of the Philadelphia casinos.

Gaming revenues are critical, but not the only, factor that should be considered in siting the casinos. While there are definitely casino sites that produce more or less revenue, every site examined by the Task Force produces tax revenues for tax relief and economic development that are consistent with or exceed the state's initial projections. In fact, from scenario to scenario, the change in ancillary and recapture revenues is in many cases significantly larger than the change in total gaming revenues. And other factors, including infrastructure and traffic costs and quality of life concerns may represent a sufficiently significant differential impact on the community that those factors are more important than minor scenario-to-scenario gaming revenue differences.

Thus, the guiding principles for the siting of the two Philadelphia casinos should be locating them in areas

that will maximize the recapture of gaming and ancillary spending and best position Philadelphia venues to compete with gaming venues in surrounding suburbs and states without excessively degrading Philadelphians' quality of life.

Due to the rejection of Penn's Landing and 8th and Market Street sites, scenarios 11 and 13 are eliminated from consideration. Additionally, all Market East scenarios should be considered as modified to be limited to the two remaining Market East sites.

RECOMMENDATION: For comparable slots-only casino proposals, the Task Force recommends several development scenario pairings.

As already stated, no potential gaming site or pairing of sites should be fully evaluated in the absence of a specific development proposal. However, the Task Force has identified preferred development pairings for the remaining nine acceptable sites and five geographical typologies that were studied, assuming comparable development proposals. This is a major assumption given the vast number of components that will be included in casino development proposals; nevertheless, such an assumption is made here to allow the Task Force to generate preferred development pairings under equal conditions.

These preferred pairings are grouped into three categories according to their overall desirability. The "A" grouping represents the most preferred set of scenarios taking into account a range of variables while assuming development proposals of comparable quality. This assessment emphasizes how the casino pairing fares in terms of projected revenues, economic impacts, and neighborhood and traffic impacts.

"A" preferred casino pairings

Scenario 14: I-76/Route 1 site & North-Central Delaware site

Scenario 8: I-76/Route 1 site & South Delaware site

Scenario 4: I-76/Route 1 site & Market East site

Scenario 1: Two North-Central Delaware sites

"B" preferred casino pairings

Scenario 6: North-Central Delaware site & South Delaware site

Scenario 3: Market East site & North-Central Delaware site

Scenario 2: Market East site & South Delaware site

Scenario 12: Two I-76/Route 1 sites

"C" preferred casino pairings

Scenario 7: Two South Delaware sites

Scenario 9: Navy Yard site & I-76/Route 1 site

Scenario 10: Navy Yard site & Market East site

Economic Impact

It is important to reemphasize that these preferred casino development pairings only include sites and areas studied by the Task Force. It is possible that other acceptable gaming locations or pairings may emerge as the application process moves forward.

Visitors, Suburbanites, and Philadelphians as Sources of Revenue

As was expected, Task Force analyses revealed that the more money that comes from outside the City of Philadelphia and the Commonwealth of Pennsylvania, the greater the economic benefit for the City and the Commonwealth.

Of course, if gamblers, be they Philadelphians, suburban residents, or tourists, gamble at the expense of other entertainment and leisure expenditures that would have been made in Philadelphia, that gambling will have a neutral or, possibly, a negative overall impact.

Philadelphia's economy will realize maximum benefits if casino gambling occurs with money that (i) is currently gambled in other jurisdictions, (ii) represents new spending from tourists who extend stays in Philadelphia, and (iii) is new spending in Philadelphia by regional residents who increase how frequently they come to Philadelphia for leisure activities.

The Task Force projects that approximately half of all money gambled at Philadelphia casinos will be recaptured dollars that otherwise would have been gambled elsewhere. Depending on the scenario, the two Philadelphia casinos alone will annually recapture between \$321 and \$400 million dollars from other gaming jurisdictions. This means that about half, between 47 and 54 percent, of all revenue that will be wagered in these casinos will be recaptured dollars.

Task Force analysis projects that 62 to 67 percent of gaming revenue in Philadelphia casinos will be wagered by non-Philadelphians, depending on the scenario evaluated. Revenues from residents of the Pennsylvania suburbs and the rest of the state outside of the City will be between \$207 and \$322 million, with the higher numbers occurring if at least one casino is near the western edge of the City.

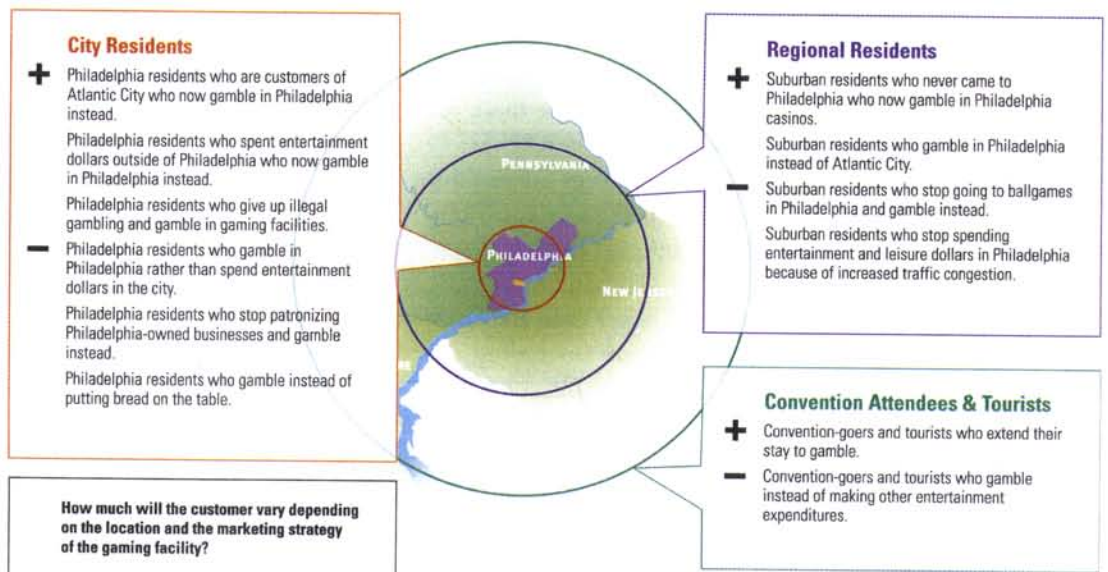
The Task Force estimates that a significant portion of the Philadelphia gaming market will cross the Delaware River from New Jersey. In fact, revenue from gambling by New Jersey residents at the two Philadelphia facilities will likely exceed \$100 million annually, potentially by a significant amount. Maryland and Delaware residents, on the other hand, will be only a small portion of the Philadelphia gaming market. Subject to being intercepted on the way to Philadelphia by both the Delaware casinos and Chester Downs, it is probable that Delaware and Maryland residents out for a day of gambling will gamble closer to home. Task Force scenarios show revenues from residents of both states combining for \$18 to \$25 million in gaming revenues.

The Task Force determined that while overnight tourists are an important part of the Philadelphia target market, they represent at most 12 percent of the predicted gaming revenue. Depending on whether a casino is proximate to the concentration of Center City hotels, overnight tourists will make up between four and 12 percent of the gaming market.

RECOMMENDATION: Philadelphia casino operators should be selected, and operations designed, to ensure that Philadelphia casinos are promoted and developed to enhance revenues in Philadelphia, separate and apart from revenues earned by commonly held casinos elsewhere. As part of the analysis of each license application, both the City and the Gaming Control Board should be cognizant of the fact that casino operators with properties in Atlantic City may have an incentive to direct customers to non-Philadelphia properties.

Who Is The Customer for Philadelphia Gaming Facilities?

Source: Center City District



RECOMMENDATION: The Commonwealth should take every reasonable step to ensure that Pennsylvania casinos can compete with casinos in neighboring jurisdictions.

Table games are a critical area where Philadelphia casinos will be at a disadvantage in the regional competition. As part of the state's efforts to ensure that Pennsylvania casinos can compete with gaming facilities in surrounding states, the Commonwealth should legalize table games statewide, in Philadelphia, or in the Greater Philadelphia area. Legalization would level the playing field between gaming facilities in Atlantic City and the closest Pennsylvania competitors.

RECOMMENDATION: The Gaming Control Board should ensure that its regulations permit certification of table-game type machines that utilize video screens.

Short of legalizing all table games, there are steps that can be taken to close the gap with Atlantic City and still accommodate the legislative concerns about table games that are reflected in the Gaming Act. Table games are banned in Pennsylvania, in significant part, because table games have historically been inconsistent with central control and monitoring by regulators, as is provided for under the Gaming Act.

However, new technology is making possible the same level of control over electronic versions of traditional table games. These include video versions of blackjack, roulette, Caribbean stud and other poker variants, baccarat, and just about every other "table game" with traditional multi-player poker games currently under development. Such games are currently used in several Native American casinos around the country where table games are prohibited by state compacts with the tribes.

The Task Force believes that these games are consistent with the language of the Gaming Act, which defines slot machines as "any mechanical or electronic contrivance, terminal, machine, or other device approved by the Pennsylvania Gaming Control Board ... the play or operation of which, whether by reason of skill or application of the element of chance, or both, may deliver or entitle the person or persons playing ... to receive cash, ... or anything of value whatsoever." It further specifies that a slot machine may use "spinning reels, or a digital display, or both."

Another competitive factor is a potential smoking ban. Smoking bans that impact casinos recently have been imposed at gaming facilities in Delaware and in several other locations around the world. In each case, there was a significant short-term negative effect on gambling revenues and insufficient time has passed to judge long-term effects.

For example, in the three months following the adoption

of a ban that covered Delaware casinos slot revenues drop 16.2 percent compared to the same three months in the prior year and the Task Force has found no other logical correlation or causation factor that could have caused this drop. Although second year revenues increased by 11.2 percent, revenues have not returned to the level they probably would have reached but for the smoking ban.

COMMENT: The Task Force is not in a position to make a recommendation on the adoption of a proposed smoking ban because issues regarding patron and employee health are beyond the scope of the Task Force's research. However, any City smoking ban that includes exceptions for bars, restaurants, or other similar facilities should include an exception for casinos.

Economic Development

Annual gaming floor revenues over \$700 million and corresponding consumer and casino spending will change the City's economy. It will likely spur localized development around casinos, and across many sectors of the economy. It will create thousands of jobs in and around casinos. It will drive millions of dollars in new tax receipts. And it will do so while reducing taxes and improving the City's competitiveness. For these reasons gaming represents a once-in-a-lifetime economic development opportunity for the City.

Each casino will likely draw between 4.5 and 6.5 million visitors annually. All of the events at the Sports Complex combined will draw fewer visitors than the two casinos on an annual basis and all of the cultural institutions on the Parkway collectively draw less than 3 million visitors a year.

Beyond spending at casinos, the economic impact of casinos will include: (i) spending by the casinos on ongoing operations, (ii) spending in the City by casino visitors (hereafter called "ancillary spending"), (iii) economic activity generated by operations and ancillary spending (called "indirect and induced" spending), (iv) construction spending including indirect and induced effects of the construction spending, (v) creation of new good jobs, (vi) funding the expansion of the Pennsylvania Convention Center, (vii) providing another boost to the Philadelphia hospitality and tourism industries, (viii) and funding wage tax reductions which lead to other new economic development.

RECOMMENDATION: When selecting Philadelphia casinos, the Gaming Control Board should focus not only on gaming revenues, but also on total economic enhancement of the City and ensuring that the casinos remain economically healthy contributors to the community.

Economic Impact

Ongoing Spending

The Task Force projects that, depending on revenues, strategies, and the scenario adopted, each casino will likely spend between \$79 and \$114 million on casino operations. Task Force experts have developed projected pro formae on casino operations spending, showing projected ranges of spending at each site on casino and ancillary operations. Driven by the gamblers' spending, it is these casino expenditures that largely will drive other economic impacts in the City.

The Task Force projects that casino operations spending will also lead to \$148 to \$226 million in total indirect and induced expenditures depending on the scenario, although some portion of these expenditures would be substitution

spending. Indirect expenditures are those expenditures resulting from all intermediate rounds of goods and services produced by various firms stimulated by the direct spending. Induced expenditures are those that are generated through the spending of households' earned incomes (salaries and wages) generated by the direct and indirect expenditures. For details on indirect and induced expenditures per casino, see Table 4. Combined with direct spending above, the indirect and induced spending allows the Task Force to calculate the total range of ongoing expenditures per casino. For those details, see Table 5.

Some portion of these operating expenditures will be attributable to substitution spending, probably in the range of 10 to 25 percent. The substitution/incremental

TABLE 3: Ongoing Operating Expenditures Per Casino (\$ in Millions)

Type of Expenditure	Navy Yard	North Delaware	South Delaware	Market East	I76-City Avenue
Ongoing Operations – Low	\$79	\$99	\$92	\$95	\$104
Ongoing Operations – High	\$85	\$108	\$95	\$111	\$114

Source: Econsult and Innovation Group

TABLE 4: Ongoing Indirect & Induced Expenditures Per Casino (\$ in Millions)

Originating from	Navy Yard	North Delaware	South Delaware	Market East	I76-City Avenue
Operations Expenditures - Low	\$43	\$53	\$50	\$51	\$56
Operations Expenditures - High	\$46	\$58	\$51	\$60	\$61
Ancillary Expenditures	\$19	\$42	\$32	\$66	\$20
Ongoing Total – Low	\$62	\$96	\$82	\$117	\$76
Ongoing Total - High	\$65	\$100	\$83	\$126	\$81

Source: Econsult

TABLE 5: Ongoing Total Expenditures Per Casino (\$ in Millions)

Originating from	Navy Yard	North Delaware	South Delaware	Market East	I76-City Avenue
Operations Expenditures - Low	\$122	\$152	\$142	\$146	\$160
Operations Expenditures - High	\$131	\$166	\$147	\$171	\$175
Ancillary Expenditures	\$53	\$115	\$87	\$180	\$54
Total - Low	\$175	\$267	\$229	\$326	\$214
Total - High	\$184	\$281	\$234	\$351	\$228

Source: Econsult

effect on indirect and induced spending tracks exactly the substitution/incremental effect on direct expenditures. Thus, if incremental spending is 75 to 90 percent of direct spending, then it will also be 75 to 90 percent of induced and indirect spending. Because the estimated ancillary expenditures are already controlled for substitution effects, the indirect and induced spending arising from ancillary expenditures would all be new spending. Calculating incremental spending only for the affected spending, the models project the following ranges of incremental spending as a portion of total spending:

Construction Spending

Depending on location, design, and structural elements, the Task Force projects that initial construction spending will likely be between \$144 and \$177 million at each casino. These projected costs do not include land acquisition costs (which will depend on whether the landowner becomes part of the ownership group, as is possible in many cases) and site preparation costs such as demolition and sewer relocation that are necessary for construction. Construction spending will likely lead to total new indirect and induced one-time expenditures between \$152 and \$171 million, depending on the scenario.

Job Creation

The Task Force anticipates between 7,000 and 12,000 new jobs will be created, even before any supply side effect and before counting jobs created by the expanded Convention Center. If these job projections are accurate, it is likely that gambling will have a much larger impact on Philadelphia than is currently projected by the populace.

The Task Force projections indicate that there will likely be 1,445 to 1,500 gaming operations jobs and between 2,100 and 4,500 new jobs in ancillary operations at the two Philadelphia casinos. Additionally, casinos will indirectly lead to between 3,900 and 6,400 new jobs from growth in these other industries and in local businesses across the economy that service casino patrons and businesses that service casinos. These projections do not account for the anticipated substitution effect, as approximately 10 percent of the perceived growth will constitute employment realignment within the marketplace and not new growth.

The Task Force estimates that casino construction will lead to between 945 and 1,071 temporary construction jobs paying between \$30 and \$34 million in wages, with another 1,703 to 1,922 induced and indirect construction-related jobs paying between \$69 and \$78 million in wages.

The Task Force also determined that jobs in the casinos will likely be union jobs and will likely be relatively higher quality jobs with higher wages and better benefits than other

retail and hospitality industry jobs available to workers with comparable qualifications.

RECOMMENDATION: The City should only support applications that will lead to the creation of quality jobs with wages, health, and pension benefits consistent with comparable gaming jobs in Atlantic City and Detroit. This will enable service sector workers in this new industry to become part of the City's middle class.

Well-trained employees will be critical to the successful operation of the casinos because customer service standards are critical for success in gaming industry competition. There are several successful models for private-public partnerships dedicated to training employees for gaming industry jobs. These training centers result in savings of both time and money for gaming employers because graduates are ready to meet industry standards when they start at the gaming facility.

RECOMMENDATION: A commitment to working with union labor should be essential to receiving the support of the City for any gaming license application.

Philadelphia has a proud history of unions bettering the life of local employees. As such, the Task Force believes that casinos in Philadelphia need to work with local unions. This must include committing to utilizing a labor peace agreement with a union with national experience representing gaming industry employees and committing to utilize union labor in construction and maintenance of the proposed development. Any applicant who does not commit to a card-check agreement and union labor should be opposed by the City.

RECOMMENDATION: Casino operators and the City should agree on minimum quantitative goals for local hiring both City-wide and in the immediate neighborhood of the casinos and should work with the Diversity Apprenticeship Program to ensure minorities have equal access to construction jobs.

For most Philadelphians, the most immediate positive economic benefit from casinos will be new jobs that they, family members, or friends can try to obtain. As such, casino operators should develop proposals with the City to ensure that City residents hold a significant majority of casino permanent and construction jobs and that the residents of nearby communities are actively recruited and trained for permanent jobs. All of Philadelphia's communities need to be included in all phases, including, but not limited to, utilization of the Diversity Apprenticeship Program to ensure that a diverse population has access to casino construction jobs.

Once the numbers are agreed to, the casinos need to be

responsible for providing periodic reports that allow the City to track their performance. During construction, these figures need to be presented every two weeks, based on hours worked on the site. Thereafter, casinos should be required to submit to the City on a quarterly basis all information necessary to track compliance with meeting the agreed-to minimums.

RECOMMENDATION: The gaming industry and the Commonwealth should identify dedicated funding to ensure that training is available to those interested in obtaining gainful employment in the casino industry and throughout the other customer service-related industries in southeast Pennsylvania.

RECOMMENDATION: The Commonwealth, the City, operators, slot machine manufacturers, and labor unions should create a government-labor-management oversight committee to explore options for training employees in permanent casino and ancillary component jobs.

Philadelphians as Beneficiaries of Casino-Generated Business Opportunities

Casinos spawn opportunities, ranging from ownership to construction, financing, land ownership, employment, product sales, and professional services. Some of these opportunities will be in-house while others are conducted by vendors outside of the casino. But they will be in virtually all sectors of the economy.

RECOMMENDATION: The City and casino operators should cooperate to ensure that Philadelphia businesses of all sizes are utilized in every area of casino operations. This includes creating casino developments where restaurants, bars, nightclubs, and retail establishments are ventures locally-owned and controlled by Philadelphia businesses.

RECOMMENDATION: The City and casino operators should cooperate to ensure that local minority-owned, woman-owned, and disabled-owned businesses are included throughout the casino's business operations.

Implementation

RECOMMENDATION: The state's Department of General Services (DGS) and the City's Minority Business Enterprise Council (MBEC) and other similar entities should establish a collaborative process to achieve certification/licensing in an efficient and effective manner, potentially including pre-qualification, of minority, women, and disabled businesses.

RECOMMENDATION: The Commonwealth and the City, potentially with the involvement of the casinos, should

develop a process that facilitates the administrative components of financing, bonding, and insurance for small companies that would otherwise be capable of performing work on casino projects.

An alternate or additional effort to ease access for small businesses would be assistance through some sort of centralized bonding and financing program. As part of a comprehensive diversity plan, casino operators could support these small businesses by subsidizing, guaranteeing, or simply using their leverage to negotiate for bonding and financing terms that reflect the operator's commitment to rapid completion in a manner that promotes diversity.

RECOMMENDATION: MBEC and DGS need to develop and update baseline data on the capabilities of local certified and certifiable businesses.

Once centralized baseline data is developed, it can be used to set target figures for scaling contracts in casino construction and casino operations. By establishing reasonable and appropriate scales before bids are solicited, contracts will not need to be debundled to a size which can be fulfilled directly by Philadelphia's minority-owned, woman-owned, disabled-owned, and other small businesses.

Oversight and Enforcement

RECOMMENDATION: The Gaming Control Board, the City, and the Commonwealth's political leaders should work with casino decision makers to ensure that the commitments to local businesses and to diversity are accepted from the top of the relevant corporation or other entity.

For diversity and local hiring programs to be truly successful, it is critical that procurement staff and general managers will be formally evaluated and held accountable on their successes and failures in these areas.

Accountability, including enforcement, is often, but need not be, penalty-driven. MBEC's model economic opportunity plan proposes a non-compliance program of conciliation and persuasion regarding the exercise of best and good faith efforts, followed by suspension, withholding of payment, and other measures after due process. While penalty-based deterrence often works, so do incentives. However, constructing appropriate and enforceable incentives in the gaming context will require creativity on the part of the applicant, the Board, and local members of whatever oversight committee is created.

RECOMMENDATION: The City should develop a local oversight committee to monitor diversity, labor, and local business activities of casinos.

The Task Force recommends that this organization be convened by the City and should include representatives

from MBEC, City Council, minority and small business chambers of commerce, the Philadelphia Commercial Development Corporation, representative neighborhood chambers of commerce, labor unions, the Diversity Apprenticeship Program, and the casinos. Casinos should be required to regularly provide detailed reports to the oversight committee tracking compliance with all goals and these reports should be followed by regular meetings, which should be followed by public reporting by the oversight committee.

RECOMMENDATION: Casino operators, the City, and the oversight committee should agree which quantitative measurements of outcome are to be collected, evaluated and responded to.

Data collection and data analysis are critical to ensuring that goals are met. In other developments, data collection and review has often involved retention by a developer, for the benefit of the oversight group, of a consultant skilled in such assessments. In fact, it may be that City software, currently being used by The School District of Philadelphia, could assist in this process.

Wage Tax Cuts

The bulk of state tax revenues from gaming, 34 percent of all gaming revenues, are to be used at the state level for tax reduction. In Philadelphia, these funds are to be used for wage tax relief. These tax cuts will be in addition to, and not instead of, the wage tax cuts already enacted by the City over the past 14 years. Task Force estimates indicate that gaming revenues will fund reductions in the wage tax of about 13 percent for residents and 8 percent for non-residents. Under current law, tax cuts will be phased in as soon as the Commonwealth's tax-cut share of casino gross revenues reaches \$500 million. Assuming that this tax relief threshold will be reached for a full year in fiscal 2008 and

increase over two years to \$1 billion, the Task Force projects the following wage tax cuts due to gaming (see Table 6).

Tax relief funds depend only on state gaming revenues, so they will not be particularly sensitive to the choice of locations for the Philadelphia casinos. This also means that wage tax cuts will commence as soon as a substantial number of racinos are in operation, even if the Philadelphia casinos open later. However, with about one-quarter of statewide gaming revenue anticipated to come from Philadelphia casinos, full tax cuts likely will not be achieved statewide until Philadelphia casinos open.

The reduction in the wage tax rate while maintaining service levels will spur further economic development in Philadelphia and will enhance Philadelphia's competitiveness, not only leading to new and captured businesses and jobs, but also increased tax receipts. If City tax rates are reduced, not only will more existing businesses stay in the City, but logically more new ones will come and firms with multiple locations within the region will likely keep more of their jobs in Philadelphia, potentially leading to significant additional economic growth and substantially more jobs in Philadelphia.

The Task Force analysis indicates that gaming-funded wage tax cuts can be expected to cause increases in the wage tax base, the property tax base, and the sales tax base.

TABLE 6: Projected Wage Tax Rates*

	FY08	FY09	FY10	FY11
Without Gaming				
Resident	4.2395%	4.1940%	4.0924%	3.9392%
Non-resident	3.7400%	3.7046%	3.6448%	3.5692%
With Assumed State Gaming Revenue of	\$500 M	\$750 M	\$1,000 M	\$1,040 M
Resident	3.9793%	3.8190%	3.6348%	3.4816%
Non-resident	3.6328%	3.5503%	3.3944%	3.3188%

Source: Econsult

*Since some tax cuts do not take place at the start of the fiscal year, those tax cuts are pro-rated for the appropriate number of months in each fiscal year.

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TABLE 7: Projected Supply Side Effects on Tax Revenues (\$ in Millions)

Tax	FY2008	FY2009	FY2010	FY2011
Wage Taxes	\$9.8	\$12.8	\$13.1	\$32.5
Business Privilege	\$0.0	\$0.0	\$0.0	\$0.0
Property	\$0.0	\$11.0	\$16.8	\$23.1
Real Estate Transfer	\$0.0	\$3.5	\$5.0	\$6.4
Sales	\$1.3	\$1.8	\$2.4	\$4.4
Total	\$11.1	\$29.1	\$37.3	\$66.4

Source: Econsult

Due to problems with implementation of property tax cuts across the rest of the state, Act 72 is likely slated for major revision in the coming months. While they are working on the Act, the Legislature should revisit the tax cuts provided for Philadelphia.

RECOMMENDATION: The allocation of Philadelphia’s share of gaming revenue should be revised, allowing the City to eliminate the different rates for residents and non-residents.

Today Philadelphia has different wage tax rates that apply to residents and non-residents. The current version of Act 72 rigidly reduces both the resident and non-resident wage tax rates pursuant to a given schedule. At certain thresholds the amount of money dedicated to resident and non-resident tax cuts shifts, and then it shifts the other direction.

Given that the money used for these reductions is the share dedicated to Philadelphia residents, the Task Force believes that initially all wage tax relief in Philadelphia should be dedicated to eliminating the gap between resident and non-resident wage taxes. The only loss to non-residents is a windfall, as they will still receive gaming-driven property tax breaks in their home county. Eliminating the gap between resident and non-resident wage taxes will simplify accounting for businesses and will increase accountability to residents for all aspects of the wage tax system. Additionally, eliminating the gap between resident and non-resident tax cuts will eliminate the unintentional disincentive for people employed in Philadelphia to live in the City.

RECOMMENDATION: The Commonwealth should ensure that anti-windfall provisions do not result in Philadelphians being frozen out of gaming’s growth for a number of years.

In an attempt to keep jurisdictions from getting property tax relief in excess of taxes paid, Act 72 contains a provision that limits what can constitute the county’s share. When the Legislature worked to apply this cap to Philadelphia,

however, it did so in a manner that does not account for the wage tax and will, after gaming revenues hit certain landmarks, shift all marginal tax relief in “Philadelphia’s share” to non-residents who pay the wage tax. As a result, Philadelphia residents will get no marginal benefit for a number of years as marginal increases in “Philadelphia’s share” of tax relief will be entirely dedicated to eliminating the non-resident wage tax.

The Task Force believes this is inappropriate. Paradoxically, the “Philadelphia share” tax reduction could lead to an increased incentive for people who work in Philadelphia to move to New Jersey, Delaware, or Pennsylvania suburbs. It would also result in a major shift of Pennsylvania tax relief funds to Delaware and New Jersey residents who commute into Philadelphia. While the City does not want to gouge these commuters who so vitally contribute to the City, there is no interest in providing them with a windfall unavailable to Philadelphia residents.

Any revision of Act 72 needs to address this problem provision. Philadelphia’s share of tax reduction revenues should be dedicated to all people who live and/or work in Philadelphia, not just suburbanites who come into the City to work.

The Task Force sees no reason why excess funds should not be used to reduce all wage tax rates on a pro rata basis. As discussed above, the simplest manner to address this would be to consolidate the resident and non-resident wage tax rate and then reduce that rate. However, even if the dual rates are to be retained, pro rata reductions are a fair, reasonable, and logical solution to avoiding windfalls but accomplishing the state and City goal of driving down the wage tax.

RECOMMENDATION: The Commonwealth should allow Philadelphia to determine which taxes should be reduced with tax-reduction funding that exceeds what was projected by the Commonwealth.

The State has made definitive legislative decisions about what will be done with the initial one billion in annual tax relief revenue. There is a complicated formula that details the uses of revenue from \$500 million (before which money is held back) to \$1.25 billion. Any amount in excess of \$1.25 billion for property tax relief is not expected by the Commonwealth — but it should be.

Task Force projections indicate that gaming revenues will be slightly higher than were initially projected by the state, at least in the Philadelphia area. Although extrapolating to the rest of the state is risky, even if the targets are only met once gaming is up and running, nationally, casino revenues generally grow at a rate significantly higher than the rate of inflation – somewhere between seven and 12 percent per

year. Even with a relatively modest seven percent growth rate, \$1 billion in 2008 tax relief revenues would grow to exceed \$1.25 billion in 2012.

As revenue grows, tax relief revenue may more beneficially be directed to other forms of tax relief. For example, in Philadelphia, it might make sense to redirect tax relief away from wage taxes and towards business privilege, property, or other taxes of varying nature.

Once substantial wage tax cuts are achieved (and the Task Force believes the \$1.25 billion statewide tax relief figure works well as that threshold), which taxes to cut is a question that Philadelphia's elected officials should be empowered to make. The City administration, working with the Pennsylvania Intergovernmental Cooperation Authority and City Council, is and will be best positioned to determine which tax reductions will spur the most growth and best benefit Philadelphia.

The Task Force favors legislative safeguards that ensure that any such tax relief be real – reductions below levels then in law. The Task Force urges the Legislature to revise this section of Act 72 to allow future Philadelphia elected officials to cut the most onerous taxes with increases in tax relief revenues beyond the thresholds already planned by the Commonwealth.

Fiscal Impacts

Fees and Savings to the City

Under the Gaming Act, the City will receive four percent of local casinos' gross gaming revenue as a host fee. This amount is deemed a "local share assessment" under the Act and will be paid to the City's general fund. Depending on the scenario, the Task Force projects this amount to be between \$26 and \$30 million annually.

Additionally, by funding the operating deficits at the Pennsylvania Convention Center, gaming could save the City about \$18 million annually. Five percent of gross gaming revenues are dedicated by the Gaming Act to fund other economic development efforts state-wide. Philadelphia's access to, and use of, those funds are limited for the ten years following the commencement of gaming in Pennsylvania. During those ten years, the only payments made on behalf of Philadelphia out of that five percent will be for expansion of the Pennsylvania Convention Center and for reimbursement to the City for payments it has made for Convention Center operation expenses. The City's budget for fiscal 2006 calls for an advance from the City to the Convention Center of \$38.6 million and repayment of \$20.1 million at the end of the year, for a total planned subsidy of \$18.5 million. To the extent that this subsidy is covered by gambling revenues for the next

ten years, it amounts to a saving to the City. It is unclear if Philadelphia's share of the economic development fund, a fund that could be potentially about \$150 million annually, will be sufficient to pay for expansion of the Convention Center and to pay for the ongoing operating subsidies.

RECOMMENDATION: The City's host fees should be used to maintain current funding levels for public amenities that will enhance the quality of life for Philadelphians, including, but not limited to, libraries, parks, riverfront access, entertainment, and art.

City Tax Receipt Growth

Economic development from the casinos will lead not only to job growth, but also to growth in City tax receipts. Most of this economic development will be subject to some combination of wage, business privilege, and sales taxes. This will lead to millions of dollars in additional tax revenue, between \$10.7 and \$15.1 million in additional tax receipts in the first full year of casino operation, with additional growth to follow as casino revenues grow over time.

Similarly, Philadelphia will garner tax receipts from initial construction. The projected tax impact from initial construction will be between \$4.4 and \$5.0 million. Because, as discussed above, all of the construction spending is incremental rather than substitution spending, these projected tax receipts are all new tax receipts for the City.

City Costs

In addition to the economic development and tax benefits outlined above, casinos will also bring new costs associated with public safety, social services, and infrastructure support.

Depending on the scenario, the Task Force in conjunction with the Philadelphia Police Department (PPD) projects that policing the casinos and surrounding areas will annually cost between \$11 and \$16 million, with additional start-up costs. The largest burden on the City will come from having to police not only in the casinos, but in the immediate area surrounding the casinos and on the traffic approaches. The PPD is tentatively planning to follow the model used by the Detroit Police Department, which established a unit of officers specifically dedicated to policing the casinos and surrounding areas. Preliminary police evaluations for each of the potential gaming sites analyzed by the Task Force indicate that there are several areas that will need traffic officers, either full-time or at certain peak times, to ensure safe and orderly flow of vehicles. Additionally there will be a need for two to five round-the-clock bike patrol teams at each location to control crime in and around the parking and pedestrian access areas. In the vicinity of casinos that are open 24-hours a day and seven days a week, police cost increases will range from \$4.5 to \$7.5 million annually per

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casino, although there would likely be some cost savings if two casinos were clustered on adjacent sites.

RECOMMENDATION: The City should expand the Police Department to staff a casino unit or whatever casino policing strategy that is developed.

To ensure that there is not a reduction in policing elsewhere, new hires and equipment will be necessary to establish a casino unit. In the vicinity of casinos that are open 24-hours a day and seven days a week, police costs will increase from \$4.5 to \$7.5 million annually per casino, although there would likely be some cost savings if two casinos were clustered into adjacent sites.

The Task Force, working with the Philadelphia Fire Department (PFD), estimates additional annual emergency medical services costs to the City of about \$900,000. An additional \$2 million in Fire Department operating costs will be needed annually if one of the casinos is at the Navy Yard. PFD expects that it could address initial fire suppression services to all but one of the proposed locations with the current complement of fire stations and apparatus. The exception is the Navy Yard site, where an entire station would need to be built, equipped, and staffed.

RECOMMENDATION: The City should expand emergency medical services capabilities in and around each casino by adding an additional unit, with round-the-clock staffing, near each casino.

The Task Force projects that serving the social service needs caused by new problem and pathological gamblers will cost about \$2.3 million annually. The Task Force projects the following approximate criminal justice, social services, and family costs:

- \$4,000 in criminal justice costs per incremental arrested problem or pathological gambler
- \$600 in treatment costs per incremental pathological or problem gamblers who seek help
- \$110 in support costs per incremental family member or gamblers who seek help for problems relating to gambling

Based on assumptions about the number of pathological gamblers who will turn to crime and be caught, and the projected increased demand for social and family services due to problem or pathological gambling, the Task Force projects the annual cost to the City to deal with these issues is about \$2.3 million.

There also will likely be both infrastructure costs and potential operating margins for Philadelphia municipally-owned utilities. For example, the Water Department projects that there will be annual water and sewage charges of about \$800,000 for casinos, depending on the amount of water consumed.

RECOMMENDATION: In the process of evaluating proposed casino license applications, the City should evaluate all necessary operating and capital costs and determine whether the operator's proposal addresses those costs.

The Task Force determined that casino-driven costs, such as infrastructure, police, fire, and social service costs, can be and often are directly funded by the casino operator, much like they are funded by developers and operators of other major Philadelphia projects. This is particularly important because the City budget currently does not have revenues to subsidize casino-driven costs. Philadelphia, like most other urban areas, is facing a stagnant national economy and a declining tax base necessitating significant cuts in services. Yet at the same time, Philadelphia has continued to push ahead with tax cuts, something not being done by any other major American city. And Philadelphia has run and continues to manage a balanced budget. The Task Force operated from a baseline belief that casinos can not alter that sound fiscal stewardship.

RECOMMENDATION: Applicants seeking to develop and operate a Philadelphia casino should promptly enter into discussions with City officials to develop site specific plans for allocating responsibility for costs created by casino operations.

SOCIAL IMPACT COMMITTEE



Sandra Dungee Glenn
COMMITTEE CHAIR

Sandra Dungee Glenn currently serves as president of the American Cities Foundation, an organization committed to the development and implementation of a national urban policy and to defining a new

relationship between our cities and the federal government. On January 14, 2002, Ms. Glenn was named to the newly created School Reform Commission where she currently works to provide a quality education to Philadelphia's 214,000 public school students. Ms. Glenn, graduated from Pennsylvania State University in 1978 with a Bachelor of Science degree.

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Mission

The Social Impact Committee will study the impact that two licensed slot-machine facilities within the City of Philadelphia will have on the quality of life of Philadelphia's residents, on the community in which they are located, and on the City's ability to deliver services necessary to maintain or improve the quality of life for youth and families.

Objectives

- Determine the impact of gaming facilities on the quality of life of the community in which they are located and review the positive role casino companies have played as corporate citizens in other cities
- Study the impact of gaming facilities on children and on family stability
- Study the effect gaming will have on the need for augmenting existing social services to address addictive behavior, prostitution, and other social impacts, and also on the need for creating new social services to address social impacts that are specific to gambling
- Determine public safety issues associated with gaming facilities and determine what issues the casinos are likely to address and those which will have to be addressed by the City of Philadelphia
- Examine the relationship between the additional expenses to the City's budget due to gaming facilities and the City's ability to maintain other quality of life services

Approach

Quantifying many of the "intangible" effects of this new industry presented several challenges. Comprehensive information on the social implications of gaming is limited. Much of the existing data presented offers conflicting and/or inconclusive information. Additionally, much of the secondary data available is several years old; and is not specific to slots-only gambling, but encompasses all forms of gambling. Under the direction of the Task Force, our consultants reviewed this data and conducted polling of Philadelphia residents. The Task Force also conducted a series of public hearings and engaged local stakeholders and experts as well as gaming industry experts and experts in problem and pathological gambling.

Quality of Life

A majority of Philadelphia residents find the quality of life in Philadelphia acceptable and a majority also believes that a slots-only facility will not cause a decrease in the quality of life.

TABLE 8: Perceived Effect of gaming on the Quality of Life in Philadelphia

	Total	White	Black	Latino	Men	Women	<45 yrs	46-60 yrs	>60 yrs
Improve	16	13	18	31	19	13	18	14	16
No Effect	44	50	42	22	45	44	43	43	47
Worsen	33	34	30	37	31	35	33	36	29
Improve/No Effect	60	63	60	53	64	57	61	57	63

Source: Lester and Associates

RECOMMENDATION: The City of Philadelphia should facilitate the implementation of the necessary systems and procedures to effectively establish baseline data and continually monitor the effects casinos have on neighborhoods, families, and individuals. The results of these studies should be published on a quarterly basis.

The City should acquire professionals with expertise in problem and pathological gambling that can work with the various City agencies to integrate the appropriate screening instruments throughout the City. The level of tracking for problem and pathological gambling within Philadelphia should be raised to the same standards as that of drug and alcohol abuse.

There are several areas that can be monitored for possible impacts, including but not limited to:

- Emergency Medical Services
- Domestic Violence
- Child Abuse/Neglect
- Healthcare and Hospital Intake Systems
- Criminal Investigations
- Suicide and other Crisis Help Lines

The above-mentioned areas are the areas in which the Task Force looked for information in other cities but found it to be extremely lacking. It is important to begin collecting this baseline data before casinos arrive in Philadelphia so that we can have a point of reference with which to judge the actual impact two slots-only facilities will have on the City. This valuable data will help us to more accurately project future costs and assess the effectiveness of any programs put into place for mitigating the possible negative effects of slots-only gambling in Philadelphia.

RECOMMENDATION: The City of Philadelphia should ensure that community groups are included in the efforts to prepare residents for the new jobs that will be created directly and indirectly due to casinos.

Civic leaders can play a very important role in communicating both the needs and resources of potential employers and business to the community and also in

communicating the needs of the community as it pertains to employment and compensation for residents. Civic leaders can help organize the community to take full advantage of the jobs created by the casinos. The community benefits from this type of inclusion when local vendors and residents are able to reap the benefits of contracts and employment from the casino.

RECOMMENDATION: Encourage casinos to help fund 24-hour childcare services and after-school programs for casino workers and their families.

Casinos should fund childcare for its employees and their families. Casino-funded 24-hour childcare services will help residents to maintain the new jobs while ensuring that children are not left home alone. These facilities can ensure that children are maintaining a healthy diet while spending their time productively.

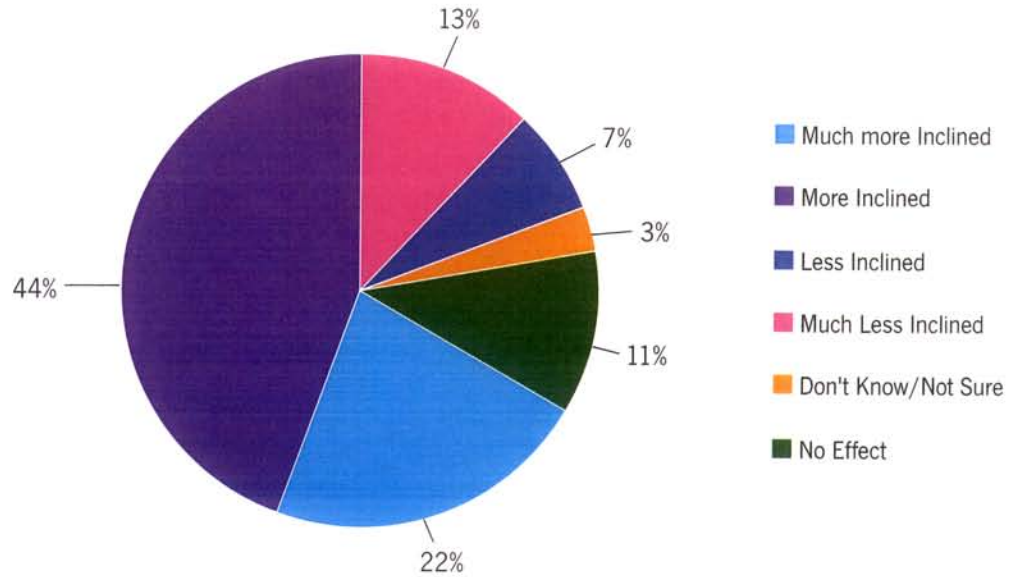
The Task Force found, despite an overwhelming acceptance of slots-only facilities, most Philadelphia residents are against having them near their neighborhoods. While polling supports the fact that citizens do want and will support casino's in Philadelphia, the Task Force has learned through its public process that communities are concerned about the negative effects of having a slots-only casino near residential neighborhoods. Three-in-five (60 percent) residents oppose a slot facility near their neighborhood. The sentiment was a common theme throughout the polling, the public hearings, and the stakeholder meetings. While some minor differences emerge along racial and geographic lines, similarly sized majorities of every race and virtually every region oppose slots facilities near their own neighborhoods.

The Task Force also found a greater amount of public support for casinos when revenue is directed toward community programs. Sixty-six percent of Philadelphia residents say they would be more inclined to support gaming in Philadelphia if they knew that the facilities would make substantial contributions to after-school programs for youth. Eleven percent said it would have no effect on their support and 20 percent said they'd be less inclined to support casinos in Philadelphia.

Although Philadelphia residents accept gaming, 62

GRAPH 2: Suppose you knew that slot machine gaming facilities would make a substantial contribution to after-school programs for youth.

Would this make you much more inclined, more inclined, less inclined or much less inclined to support them?



Source: Lester and Associates

percent of the respondents believe slots-only gaming will “greatly” or “somewhat” increase crime. The three primary concerns for Philadelphia residents were: robbery at 61 percent, theft at 47 percent, and prostitution at 45 percent. However, these are largely just perceptions, and crime can be controlled with appropriate police staffing.

A review of crime rates in comparable cities revealed no discernable correlation between casinos and crime. Crime rates in the comparable markets, New Orleans and Detroit, show no evidence that the introduction of gaming to these cities has caused an increase in the crime rates at the city-wide level. In fact, the Task Force study suggests that crime rates have, for the most part, declined during the period under analysis. This review does not suggest that casinos have caused these declines. These declining crime rates could be as a result of generally improved economic conditions, and improved policing approaches, and other more important causal relationships associated with the broader social and general welfare of these communities. Likewise, there is no evidence for large increases in major crimes within the adjacent casino neighborhoods.

The Task Force found although there are no projected increases in crime rates, an increase in net crimes is expected due to increased visitation. Research suggests that crime will increase in proportion to the increase in the number of people in the area. For example, it is likely that traffic violations will increase with a greater number of people traveling to the casinos.

The Task Force found casinos will impact the number of safety officers needed to maintain crowd control, traffic control, public decency, and protect property. An increase in incidents of crimes could also impact both the Philadelphia

court system and the Philadelphia prison system — steps to expedite the judiciary process may be necessary.

RECOMMENDATION: The Philadelphia Police Department should develop specialized training in casino crimes.

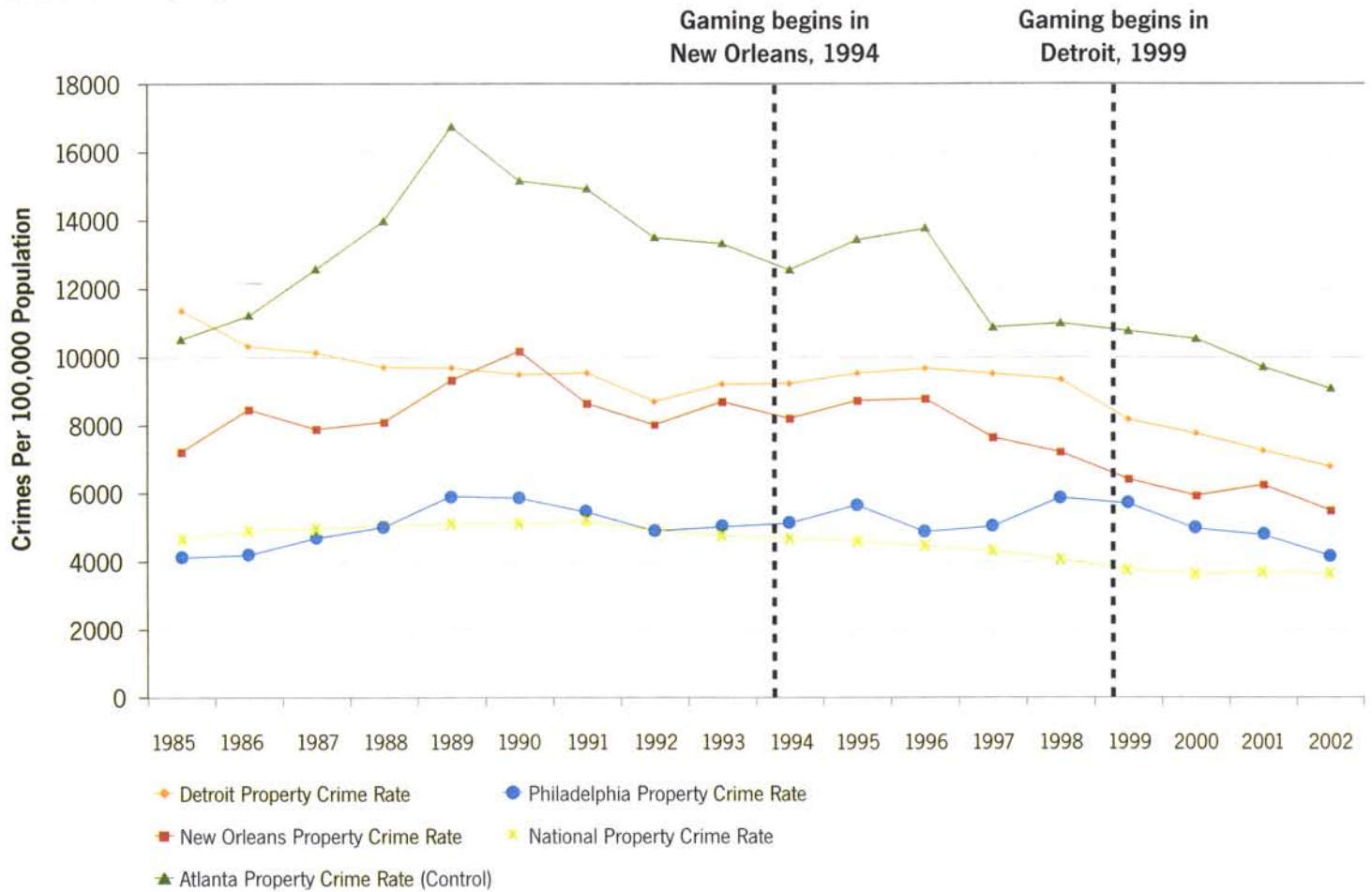
The Philadelphia Police Department and the Law Department should consult with law enforcement from other municipalities that have gambling, such as Las Vegas, Atlantic City, New Orleans, and Detroit to develop a specialized training program for the Philadelphia Police department to prepare officers for enforcing the gaming laws and detecting crimes such as counterfeiting, fraud, and check forgery.

RECOMMENDATION: The Philadelphia Police Department, the Pennsylvania State Police, and the community should develop a close working relationship with security personnel at the casino properties.

A community-friendly approach should be taken to increasing the visibility of public safety officers in the casino areas and in neighboring residential areas. The visible presence of public safety officers is a deterrent to crime; however, if the police presence is too bold then it could be intimidating to residents and visitors. Multiple police cars (and their flashing lights) are often associated with trouble and troubled areas and create a less relaxed and inviting atmosphere for residents and visitors. The Task Force recommends that policing details start out consisting of a combination of plain-clothes officers, bike patrols, and vehicle patrols. This initial approach should be adjusted as needed to fit the needs of the particular venues and neighborhoods.

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GRAPH 3: Property Crime Index



Source: FBI, Uniform Crime Reports, prepared by the National Archive of Criminal Justice Data

Problem and Pathological Gambling

Problem and pathological gambling are more difficult to detect than alcohol and drug abuse. They are hidden behavioral disorders with symptoms that are not as easy to determine as those of someone with a chemical addiction. Like other forms of addiction, pathological gambling can usually be traced to a wish to suppress or avoid some kind of emotional pain. Pathological gambling and chemical dependency are both progressive diseases with similar phases.

RECOMMENDATION: The Department of Public Health should educate the public on how to identify problematic gambling by publicizing screening instruments.

The symptoms of problem and pathological gambling are extremely subtle and early detection is a key to prevention. Public awareness materials and programs should consist of a guide to recognizing the symptoms of problem and pathological gambling. This can be helpful in preventing devastating consequences in families and at

the work place. Problem and pathological gambling are a serious consequence of gambling for millions of Americans. However, the combined national prevalence rate (2.9 percent) is lower than that of both drug (3.6 percent) and alcohol (9.7 percent) dependence and abuse.

When the Harvard Study prevalence percentages (0.9 percent of adults are probable pathological gamblers and 2.0 percent of adults are probable problem gamblers) are applied to the Philadelphia adult population; it is estimated that currently 30,740 Philadelphia citizens are probable problem and pathological gamblers.

Continuing this projection, it can be assumed that at least one family member per problem gambler is also in need of counseling or some other form of treatment as a result of their loved one's affliction. That means that at the least an additional 30,740 people could need some form of therapeutic treatment. That's a grand total of 61,480 possible Philadelphia patients.

RECOMMENDATION: The Office of Behavioral Health should acquire expert consultants to develop and conduct a prevalence study for the City of Philadelphia prior to the onset of gaming and continue to perform this study on a quarterly basis. These efforts should be coordinated with the state Department of Health.

No prevalence study has been conducted for the City of Philadelphia to monitor problem gambling; however, one is needed to assess the rate of problematic gambling. In order to track changes in prevalence rates, medical and social service providers will need to modify both their intake procedures and their statistical tracking mechanisms to detect for the presence of a gambling-related issue.

Treatment availability and accessibility for problem and pathological gambling present specific challenges for Philadelphia residents and family members who need them. Many problem and pathological gamblers in Philadelphia currently face a number of issues when seeking treatment:

- Philadelphia has limited treatment options for problem and pathological gamblers and the only local treatment facility is not qualified to receive insurance payments.
- Philadelphia has limited resources for educating and building awareness about problem and pathological gambling.
- Drug and alcohol treatment centers that have gambling treatment programs do not qualify for insurance payments.
- Only pathological gambling is recognized by insurance carriers since there is no diagnosis for problem gambling in the Diagnostic Statistics Manual (DSM IV).
- \$1.5 million in funding statewide is not sufficient to cover the costs of problem and pathological gambling. The estimated need in Philadelphia alone is \$2.3 million.

RECOMMENDATION: The City of Philadelphia should take steps to ensure that residents have access to treatment for problem and pathological gambling.

The City of Philadelphia should take steps to address the previously stated treatment availability and accessibility issues. The following steps are recommended:

- Modify intake and interview procedures across City departments and non-City social services and organizations to collect meaningful data that may reveal correlations or causal relationships between gambling behaviors and other problems such as domestic abuse, divorce, crime, homelessness, suicides, child abuse, and child abandonment.
- Provide education and training for City healthcare professionals and social service employees on problem and pathological gambling, and it should also encourage non-City healthcare providers and social service organizations to provide training and education to their employees.
- Develop a plan to increase the number of medical providers with expertise in problem and pathological gambling and ensure they are located throughout the City and have a multi-lingual staff.
- Encourage existing drug and alcohol treatment facilities to get qualified as pathological gambling treatment facilities.
- Petition the Gaming Control Board to increase the amount of funding set aside for problem and pathological gambling and work with the state Department of Health in developing the policy for paying for treatment of problem gamblers.

RECOMMENDATION: The City of Philadelphia should develop family centers where children and families feel welcome to seek help when needed.

Family centers can be a one-stop shop for the community to seek social services, but also these centers can provide recreation for children, especially youth, that may be idle or alone after school, and or during evening hours when parents may be working at the casinos.

TABLE 9: Existing Problem and Pathological Gamblers Estimated for Philadelphia

City of Philadelphia	%	Philadelphia Adult Population	#
Probable Pathological Gamblers	0.9%	1,059,979	9,540
Probable Problem Gamblers	2.0%	1,059,979	21,200
Total	2.9%	1,059,979	30,740
Family Members			30,740
Grand Total			61,480

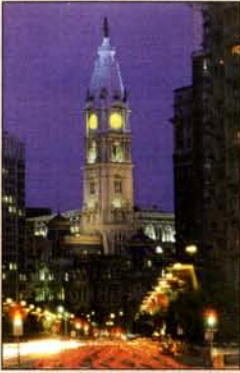
Source: Innovation Group

Social Impact

RECOMMENDATION: Develop programs targeting vulnerable groups such as seniors and youth to make them aware of the potential dangers of gambling. These programs should also refer them to the necessary resources that are available.

It is important to deliver the message about the potential negative influences gaming may have on seniors and youth because these groups appear to be most susceptible to developing problem gambling habits (seniors with disposable income, loneliness, plenty of leisure time, youth with natural curiosity for anything adult-like in nature, free time, rebellious attitudes in general, thrill seeking). Problem and pathological gambling issues can be and will be addressed through our social service network. Help for gambling problems is available if needed in conjunction with the already established Gamblers Anonymous public service announcements and the City's Public Health Awareness Department.

THE ROLE OF LOCAL GOVERNMENT



While the state is the primary authority dealing with gaming issues, the City of Philadelphia will still play a substantial role in the approval, development, and operation of the casinos in the City.

Initially, the City will review casino applications and will have an

opportunity to comment on those applications, ideally providing valuable local input to inform the Gaming Control Board's licensing decision.

Once the casino licenses are awarded, the City will then need to review development plans and regulate all construction activities. This will include a series of licensing and permitting decisions that include zoning and building permitting at the outset and occupancy permits and use licenses at the end of construction.

Throughout the entire process, neighborhood groups, casino applicants/operators, state regulators, the business community, state and federal highway officials, and the City will need to cooperatively address a range of issues, including transportation, site access, noise, employment, diversity, and local business participation. The City is uniquely positioned to coordinate all of these parties and to lead the effort to resolve these complicated development issues.

Philadelphians will only maximize benefits and minimize the social and economic costs if the City, casinos, neighbors, businesses, and the Commonwealth creatively and aggressively address these challenges.

Zoning of Casinos in Philadelphia

Current Zoning Code Provisions

FINDING: While the current Philadelphia Zoning Code permits a variety of entertainment uses across zoning classifications, it does not explicitly regulate gaming.

The Philadelphia Zoning Code classifies land uses into several zoning categories and within each category, applies regulations as to uses and building programs. The permitted uses are critical because if a use is not expressly permitted, it is deemed prohibited absent a variance granted by zoning authorities. Further complicating matters is a 2003 zoning ordinance that bans licensed gaming in Philadelphia unless expressly permitted by a subsequent ordinance. This prohibition will expire on May 29, 2006, under the terms of the 2003 ordinance.

RECOMMENDATION: City Council should amend the Philadelphia Zoning Code to adopt a new Commercial Entertainment District (CED) classification that would permit licensed gaming facilities, in addition to other uses.

The City can best clarify casino development zoning rules through a zoning ordinance. The Planning Commission and the Task Force propose a new CED zoning classification that would permit casinos if licensed pursuant to the Gaming Act. The CED would also permit accessory uses that generally occur with gaming operations, such as hotels and condominiums, restaurants, nightclubs, live entertainment, and amusement arcades, among others. Most "regulated uses," such as adult bookstores and other adult entertainment facilities, would be prohibited.

If the CED enabling legislation is enacted, the City will be able to designate CED zoning overlay areas. The proposed CED designation is designed such that it can be mapped for specific parcels or over broader areas, giving the City many options regarding the location of gaming facilities.

The casino developers will have to comply with the requirements of the CED and submit plans to the Planning Commission for approval. The submitted plans would need to detail the layout and dimensions of the site, proposed buildings and uses, parking areas, and driveways and streets. The developer would also need to submit open space and landscaping plans and details on the size and location of any proposed signs. Additionally, the CED ordinance provides specific regulations concerning gross floor area, open space and setbacks, off-street parking and loading, signage, and public art requirements.

Local Government and Gaming

FINDING: Locations of adult entertainment businesses, check cashing businesses, pawnshops, and other regulated uses are heavily controlled. Such businesses are not permitted to cluster nor are they allowed within 500 feet of any residential district, Institutional Development District, church, school, library, or recreation facility.

Certain businesses that in other gaming markets sometimes cluster near casinos are regulated under Section 14-1605 of the Zoning Code as “regulated uses.” These regulated uses include adult book stores, cabarets (go-go bars), massage parlors, adult video stores, adult entertainment stores, check cashing businesses, pawnshops, adult spas, amusement arcades, pool halls, and tattoo and piercing parlors. Regulated uses are not permitted within 1,000 feet of any existing regulated use, nor are they permitted within 500 feet of any residential district, Institutional Development District, church, school, library, or recreation facility.

RECOMMENDATION: City Council should prohibit regulated uses near casinos with limited exceptions.

Much like the City desires to prevent regulated uses from clustering together, it is also in the interest of the City to avoid having regulated uses surrounding casinos. As such, the City should ban regulated uses within 1,000 feet of the casinos, either by specific amendment to Section 14-1605 or by defining a casino as a regulated use. If a casino is defined as a regulated use, Council should specifically allow casinos to be established without regard to the location of existing regulated uses.

The only exceptions allowed should be for pool halls and amusement arcades in the casino complexes and for grandfathered uses as required by law.

FINDING: Establishing a gaming facility in Philadelphia currently requires numerous permits and licenses.

City development permitting procedures can involve up to 14 different agencies and boards, requiring approvals by multiple decision-makers. These permitting and licensing processes can be very confusing and time-consuming for developers.

The City, through the Departments of Planning, Licenses and Inspection (L&I), Streets, Water, and the Managing Director’s office, among others, has established a developer’s roundtable process to begin to streamline City permitting related to new developments. In a 2004 report titled *If You Fix It, They Will Come*, the Building Industry Association of Philadelphia (BIAP) detailed the complexity of the current City permitting and licensing processes required for new development projects and proposed ten steps for reform. Because of the likely variety of amenities that casinos will

offer, casinos will need even more permits and licenses than would other developments of comparable size.

RECOMMENDATION: The City should accelerate its efforts to streamline its licensing and permitting processes for major developments such as casinos, and evaluate the recommendations made by the Building Industry Association of Philadelphia for all large-scale developments.

As with all major development efforts, the City should take all reasonable steps to accelerate the licensing and permitting process while still exercising all necessary regulatory control. It can do this by assigning project liaisons from relevant departments, implementing a phased permitting process, and by taking other measures to more generally streamline the City’s permitting process. This is in the best interest of not only the developer, but also the City, which will benefit from the host fees, jobs, and the local economic development. The Task Force encourages the efforts of the Managing Director’s office and L&I to continue their efforts in reviewing this process. Assigning a single liaison to ensure that all permit and license requests are promptly processed is one of the methods under consideration. Additionally, as with other major developments, the L&I and Planning departments should allow for phased (also known as “bundled”) permitting that can allow for permits to be issued for foundations or other interim phases while final design elements are still being developed.

Structuring Real Estate Development Incentives Around Casinos

Both the Commonwealth of Pennsylvania and the City of Philadelphia have existing tax-related incentive programs to encourage investment in new construction and rehabilitation of existing buildings. These programs are designed to spur development where development otherwise would not occur.

One of these incentives is the Commonwealth’s Keystone Opportunity Zone program (KOZ). A second type of incentive is the City of Philadelphia’s ten-year property tax abatement that is granted to all new construction and substantial rehabilitation of existing properties.

FINDING: It is not in the public interest to continue incentives for investments if the development would otherwise occur without the public subsidy.

The simple purpose of taxation is to generate revenue. Generally, taxes are allocated with each taxpayer paying a fair share and no more. However, tax-based incentives use tax codes to shift tax burdens with the goal of encouraging development or other activity that would not have otherwise occurred. Task Force research shows that gaming elsewhere has not required any government incentive other than legalization.

RECOMMENDATION: Development incentives should be restructured or eliminated in areas surrounding probable gaming sites where development will occur in the absence of the incentives. The City should not support any casino license application that is not accompanied by a binding commitment to forego City-funded development incentives (including foregone City or school district taxes) if the license is awarded to the applicant.

Given the casinos' exclusive rights under the Gaming Act, the Task Force expects that the two Philadelphia casinos will be sufficiently profitable that licensees will be willing to make the necessary investments without additional incentives. Casinos will return profits significantly in excess of what is required to stimulate investment. These calculations included full application of applicable business and property taxes on the Philadelphia casinos. Thus, the legalization of gaming alone constitutes sufficient incentive for development and the casinos do not require any further tax incentives.

FINDING: Detailed and careful analysis by local community, planning, and development experts will be required to properly determine the precise boundaries of the zone around a casino where the casino's legalization acts as a sufficient incentive to develop the properties.

As a general rule, the Commonwealth and the City also should avoid providing unnecessary tax incentives to developers and investors in properties in close proximity to the casinos.

The casinos will provide the economic incentive for development of both adjacent properties and non-gaming uses on casino-owned property. Each casino will draw approximately 5 million visitors annually. That traffic alone will be sufficient to spur significant development of commercial properties immediately adjacent to casinos and on commercial strips leading to the casinos. Thus, many properties on the perimeter of casinos probably can be developed in the absence of tax incentives. At the same time, incentives may be required and appropriate for particular projects or locations near the casinos.

The Task Force recommends the development of customized approaches for each site guided by the general principle of trying to avoid unnecessary incentives for investments that are likely to be made without incentives. The Task Force thus encourages the Commonwealth and the City to analyze the immediate environment of each casino separately to determine what, if any, incentives might be required within each area and look with skepticism on any claim that such an incentive is required for a casino.

Keystone Opportunity Zones

Keystone Opportunity Zone (KOZ) programs are statewide programs targeting specific formerly industrial properties with the aim of encouraging commercial re-use of those sites provided that they meet capital improvement or new employment targets. KOZs eliminate a large range of taxes, including (i) the business privilege tax, (ii) sales tax for items consumed at the site, (iii) use and occupancy tax, (iv) real estate tax, (v) net profits tax, (vi) corporate net income tax, (vii) capital stock tax, and (viii) franchise tax.

FINDING: Several identified potential gaming sites lie within KOZs and it is possible that other not-yet-identified sites also lie within KOZs.

Each defined-parcel-specific KOZ area has been designated by local communities and approved by the state as part of a partnership effort involving state and local taxing bodies, school districts, economic development agencies, and community-based organizations. If development gets no additional spur from the tax reduction, however, then tax revenue is lost without furthering the goals of the program.

RECOMMENDATION: Gaming sites and immediately surrounding properties should not receive KOZ benefits. Operators and all involved governmental bodies should do everything within their power to prevent these unnecessary windfalls.

The Task Force believes it would be incongruous to allow gaming at these sites if they do not pay their share of the City and state taxes. The responsibility for resolving these contradictory aims can be handled in different ways. One way is for the Legislature to either prohibit the granting of casino licenses in KOZs or to make KOZ benefits inapplicable to casinos.

The Gaming Control Board also can solve the KOZ problem by refusing to issue non-racino licenses (technically, Categories 2 and 3) to any property that is in a KOZ until and unless the operator agrees that it will decertify the property if a license is granted. The City can and should complement these efforts by insisting that a KOZ-located project will only have the City's support if it is covered by a binding commitment to decertify the property promptly upon the award of a gaming license.

Tax Abatement Programs

Under state law, abatements may be made available by the City to any area designated as a "distressed area" that meets a variety of tests under the relevant acts. All of Philadelphia is currently designated as a distressed area, and City Council has extended tax abatements to all new residential, commercial, and industrial developments in the City.

Local Government and Gaming

FINDING: In the absence of legislative action, it is likely that any casino and casino-related construction in Philadelphia would be eligible for a 10-year abatement of property taxes on the value of the new construction. However, there are areas of the City that are not distressed today and where significant development will likely continue if the abatements are eliminated.

For many years the City used a three-year tax abatement program. Since 1997, the City had been using a 10-year tax abatement program to encourage the conversion of obsolete commercial, industrial, and institutional buildings into new residential uses and since 2000 the all new construction and substantial rehabilitation in Philadelphia has qualified for a 10-year abatement of all property taxes on the value of new construction.

Development has recently accelerated in several areas of the City. Some areas have seen commercial development growth and the City's population and job losses are showing signs of halting and potentially reversing.

RECOMMENDATION: The City of Philadelphia should explore restructuring the tax abatement program to limit tax abatement to areas in need of development incentives.

The Task Force thus urges City Council and the Mayor to undertake a thorough review of all tax abatement programs in a thoughtful and deliberate manner through which the City is examined at the scale of individual neighborhoods and commercial districts to determine what areas are truly distressed. If Council determines that an area is not distressed, specifically where Council is certain that development incentives likely are not required for development to occur, the designation can be lifted in that area.

RECOMMENDATION: The first areas to be designated as no longer distressed should be the commercial areas surrounding where casinos are licensed.

The Task Force suggests that the casino sites and the industrial/commercial areas immediately surrounding casinos may be the place to start to reevaluate which neighborhoods are distressed. Development will happen in these areas with or without the incentives, and thus it is bad public policy to provide these developers with unnecessary incentives. If this review is undertaken before casino licenses are awarded, designations should be lifted on a conditional basis, with the sole condition being the award of a slot machine license by the Gaming Control Board.

TIF Districts

If addressing the tax abatements more generally is a course that the City chooses not to pursue, the City could create a Tax Increment Financing (TIF) district to capture the casino-driven appreciation in an area and to direct it to the community surrounding a casino. In the context of casino development, a TIF district is particularly attractive because tax abatements are prohibited in a TIF district. Philadelphia is likely faced with an either-or option of TIF districts or abatement revisions in a specific area because the state TIF act specifically limits Philadelphia TIF districts to redevelopment areas created pursuant to the Urban Redevelopment Law.

TIF districts can be used to provide tax breaks that are smaller than full abatements to areas around the casinos, returning more money to the general fund and creating a pool of money for the benefit of the districts.

Once a district is defined, the other important decisions are the amounts of various taxes to be included and the use of the funds. These decisions are obviously closely interrelated. If the goal is to provide a large amount of funds, then the TIF arrangement will have to apply to substantial portions of one or more taxes. From the point of view of City revenue, however, once there is any TIF at all, every additional dollar that goes into the TIF represents one less dollar of City revenue. Increasing the number of dollars going into a TIF does not create new funds; rather it reallocates funds to particular uses. The City would have maximum fiscal flexibility if a TIF arrangement were put in place for a very small amount of incremental taxes.

The incremental revenues that can be captured by a TIF district can include an allocation of any percentage up to 100 percent of incremental property tax, use and occupancy tax, local sales tax (the one percent Philadelphia tax that raises sales tax from six to seven percent), and business privilege taxes. A TIF district could capture only incremental real estate tax revenues for example, while 100 percent of all other taxes would still flow to the City's general fund.

FINDING: TIF districts will impact the City budget by simultaneously increasing general fund revenues by eliminating the abatement in the TIF district and reducing revenues by diverting the TIF funds to the district.

The net fiscal impact of a TIF on the City is somewhat complex and depends on the portion of taxes covered, the duration of the arrangement, and whether the investment would have been made if the TIF financing had not been made available (the "but for" test). Compared with the ten-year property tax abatement, a TIF can cause a larger or smaller reduction in City tax revenue.

RECOMMENDATION: Any TIF district should include casino sites and nearby commercial and industrial properties that are currently vacant or being used for commercial purposes.

Many casino neighbors might want their areas included within the TIF district. But they must be aware that under Commonwealth law any property included within a TIF district will not be eligible for any new tax abatements. Individual property owners who are anticipating large-scale short-term property improvements might prefer the abatement. The market value of undeveloped or underdeveloped land in the district and the incentives to invest in those properties would be diminished unless the owners derive sufficient offsetting benefits from the presence of the Casino and/or the TIF.

From the City's perspective, the goals should be (i) to include the truly incremental properties (properties that will be developed because the casinos arrive), and (ii) to not undo the benefits of the abatement program for other properties.

FINDING: Funds generated by a TIF district could be used to provide additional public services or neighborhood amenities (e.g., additional police, libraries, parks, school improvements) in the TIF district.

A casino area TIF could provide a reliable stream of funds dedicated to the provision of special services in the district. Such an arrangement would be one way to assure residents and businesses in the area of a long run remediation of any negative impacts that the casino may have on the neighborhood.

RECOMMENDATION: The City should also develop a non-TIF strategy for providing remediation of negative impacts of the casino on the neighborhood. This also could include negotiating contractually obligated payments in lieu of taxes with casinos and nearby property owners.

Of course, there are other ways to assure residents that funds are dedicated to remediation. One way to assure such a stream would be the establishment of an involuntary special tax district, but it would be difficult to convince the neighborhood that it should pay for the remediation. Another way to assure such a stream would be a contractual arrangement between the casino and some sort of neighborhood entity. Finally, the City could make a commitment to long run remediation, though any long-term agreements would have to be structured to address certain City Charter barriers to long-term commitments.

Local Governance and Monitoring of Casino Industry

The work of the Task Force has made it clear that while regulatory authority of gaming resides at the state level, municipalities that host gaming will have to deal with many issues that affect residents and businesses. A critical element to the successful integration of gaming into the infrastructure of Philadelphia will lie in the City's ability to provide an effective, centralized way to coordinate services provided by the City, the casino operators, and other agencies such as SEPTA and PennDOT. As issues arise during the planning, construction, and operation of casinos in Philadelphia, the City will need to be able to efficiently work with the Gaming Control Board, casino operators, and neighborhood residents.

FINDING: Cities with gaming facilities have implemented various strategies to coordinate the needs of citizens, visitors, gaming operators, and other business in the most effective manner.

To date, the Task Force has served in an advisory and coordinating capacity working on casino related issues. The Task Force will cease to exist at the end of October 2005 and it is essential that a process be put in place to continue the coordination and oversight of gaming issues going forward.

The Task Force has conducted research on how other municipalities have managed overall coordination and governance of gaming. While it became clear that the best method for coordinating services was to establish a single point of contact within the City to manage ongoing casino related issues, no one structure prevailed as the "right" solution for Philadelphia.

New Orleans, for example, created a "Downtown Development District" which manages casino related issues on an ongoing basis. The Downtown Development District is funded by a special taxing district created by the state legislature.

The Casino Reinvestment and Development Authority of New Jersey and the Atlantic City Special Improvement District work jointly on coordinating interests of neighborhoods, businesses and casinos. The Legislature created the Casino Reinvestment Development Authority in 1984. Later, Atlantic City chartered the Special Improvement District.

RECOMMENDATION: The City should adopt a four-step process to manage and coordinate issues related to gaming that affect residents, visitors, businesses, and casino operators.

Local Government and Gaming

The Task Force recommends the following four steps:

Step One: Establish the Philadelphia Gaming Commission (PGC)

By Executive Order, a Philadelphia Gaming Commission (PGC) should be created to serve the City as the single point of contact during Philadelphia casino implementation and to coordinate issues between casino developers, operators, the state Gaming Control Board, neighborhood groups, and the City.

The PGC will be charged with several major objectives, including the following:

- **Application Evaluation and Design Review.**
- **Zoning and Development Incentive Legislation.** The PGC will work with the Administration and City Council to prepare legislation that is necessary to open casinos in the City.
- **Oversight.** The PGC will manage, coordinate, and support the efforts of the proposed committee overseeing casino compliance with commitments surrounding diversity, labor policies, and local business participation.
- **Establishment of Casino Neighborhood Special Services Districts.** The PGC will work to establish the recommended special services districts to serve the needs of the residents and businesses in the areas around the Philadelphia casinos.
- **Monitor Implementation of Accepted Task Force Recommendations.**

The PGC should be made up of five members. Three should be appointed by the Mayor and include: one private citizen, one representative of the Managing Director's Office, and one representative of the Planning Commission. Two other members should be appointed by the President of City Council. The Commission members should serve through June 2008. They will meet weekly through the application review process and monthly thereafter. Commissioners not otherwise employed by the City will be compensated at a rate of \$150.00 per meeting. All Commission meetings will be open to the public.

The PGC should be staffed with three full-time employees dedicated to providing day-to-day oversight and administrative support to the Commission. The staff will work with dedicated liaisons from City departments to conduct its work.

Step Two: Ethics Policy

The Task Force has developed an ethics policy that it suggests should be considered by the Mayor and established by Executive Order. This policy will define the actions and activities of the members of the PGC and officials within the administration as well. The ethics policy covers gifts, political activities, and interactions with gaming entities and companies.

Step Three: Establish Casino Neighborhood Special Services Districts

The PGC will coordinate the creation of a Casino Neighborhood Special Services District (CNSSD) for each casino neighborhood. Once the districts are fully operational, they will then serve three critical functions: (1) replace the PGC as the single point of contact for the community on all issues relating to gaming, (2) provide neighborhood improvement services to impacted neighborhoods, and (3) serve as a voice for the nearby communities in dealings with the operators, the City, and the Commonwealth.

One CNSSD should be created to service designated neighborhoods surrounding each casino. In the event that one or both of the selected casino sites is in an area where there is an existing special service district, the Task Force recommends that dedicated resources that would otherwise be used for the CNSSD be utilized to strengthen the staff and infrastructure of the existing special services district so that it may take on the additional functions related to the casinos.

If two casinos are placed in close proximity (two casinos on the waterfront, for example) and there is no existing special service district in place, there should be one centralized special service district that will serve the communities around both casinos.

Step Four: Final Delegation of Responsibilities

In 2008, the PGC should issue a final report making recommendations as to how the City can best handle issues that fall outside of the purview of the special services districts.

For example, as casinos expand, the Philadelphia City Planning Commission should continue the design review process put in place by the PGC. City agencies should be charged to continue the oversight processes put in place by the Commission. The final report also should clearly indicate what objectives were completed and which specific tasks will become the responsibility of other specified entities and to recommend the necessary transition processes.

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EXHIBIT B



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November 14, 2005

Ralph Wynder
Chairman
Multi-Community Alliance
3331 W. Allegheny
Philadelphia, PA 19132

Dear Ralph:

I first want to thank you for the opportunity you have provided to meet with you and members of the Multi-Community Alliance ("MCA") over the past months. I have found these meetings very informative and they have given us a strong foundation on which to structure our proposal for a Category 2 Slot License Facility (the "Project").

We would now like to clarify certain of the representations and commitments we have made to the MCA. To best accomplish that, we would propose a series of small meetings with the MCA and its individual members to discuss the concerns previously expressed with the goal of entering into a Community Benefit Agreement (the "CBA") with the MCA and those of its members as may be interested. We believe that the CBA can both address certain of the concerns voiced by the MCA and confirm the representations and commitments that we intend to be bound by.

For your consideration, we would expect the CBA to contain provisions relating to the following:

- Trump will construct the Project consistent with all plans as submitted to the Pennsylvania Gaming Control Board.
- Trump will, with the advice of traffic engineers, work to minimize any impact of increased traffic as a result of the Project.
- Trump will design and construct the Project in a manner to be aesthetically coherent with its surrounding environment.
- Trump will not support the use of eminent domain for the acquisition of any property in the communities represented by the MCA.
- Trump will confirm that it does not need and will not make any efforts, direct or indirect, to acquire any residential property, including that at Abbotsford, for the Project or any purpose relating to or supporting same.
- Trump will offer preferential hiring to the residents of the communities represented by the MCA and shall have as a goal and endeavor to fill 50% of its jobs from those communities represented by the MCA and 75% of its jobs from the City of Philadelphia.

- Trump will provide training for residents of the communities represented by the MCA offered employment in the jobs available at the Premises.
- Trump shall endeavor to use local suppliers and vendors in the development, construction, equipping and operating of the Project, with particular emphasis upon the inclusion of minority-owned, women-owned and locally-owned business enterprises.
- Trump will endeavor to maximize the use of unionized labor in connection with the construction of the Project. Trump will use its best efforts to encourage building trade unions to enter into project agreements on similar arrangements with local contractors.
- During the operation of the Premises, Trump will, consistent with its similar practice in Atlantic City, donate surplus food and goods to Philabundance, community centers, and the Winchester Rec Facility and such other facilities as determined by the MCA.
- Trump will fund certain community improvements as agreed upon with affected communities including those represented by the MCA in a total initial amount of \$2 million dollars. Trump will also create a Community Improvement Foundation to be administered by the affected communities including those represented by the MCA and will provide annual funding for such Foundation equal to .1% (one-tenth of one percent) of gross gaming revenues. The Foundation shall utilize these funds in a manner to be determined to best serve and improve the communities and the quality of life of their residents.
- Trump will meet on at least a quarterly basis with the MCA both during development and ultimate operation of the Project in order to update the MCA with respect to the Project's progress and Trump's compliance with the CBA.

We are confident that with such a CBA, the residents of these communities will be comfortable with this positive development and the opportunities it will afford them. We look forward to commencing these discussions immediately and ask that you contact my office at your earliest convenience to begin scheduling. Thank you.

Very truly yours,

ROBERT M. PICKUS
Executive Vice President and
General Counsel

RMP/ams

cc: Mayor John F. Street
Councilman Michael A. Nutter
Councilwoman Donna Reed Miller
State Senator Vincent Hughes
State Senator Shirley Kitchen
State Senator Vincent Fumo
State Representative Jewell Williams
State Representative Rosita Youngblood
Mike O'Neill, Preferred Real Estate Investments

EXHIBIT C

THE SCHOOL DISTRICT OF PHILADELPHIA

440 N. BROAD STREET, SUITE 301
PHILADELPHIA, PENNSYLVANIA 19130

PAUL G. VALLAS
CHIEF EXECUTIVE OFFICER

October 31, 2005

Robert M. Pickus
Executive VP, Secretary and General Counsel
Trump Entertainment Resorts, Inc.
1000 Boardwalk at Virginia Avenue
Atlantic City, NJ 08401

Re: Randolph School - Potential Gaming facility (Budd Site)

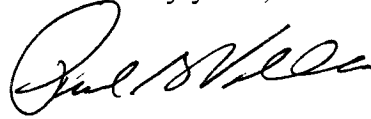
Dear Mr. Pickus:

Thank you very much for your letter dated October 6, 2005 in which Trump Entertainment Resorts Inc. ("Trump") offers to construct a new Randolph Skills Center for the School District on the site of the proposed gaming facility if the District agrees to convey the current Randolph Skills Center property, located at Henry and Hunting Park Avenues, to Preferred Real Estate Investments, Inc., the owners of the former Budd site on which the gaming facility would be built. You asked for a "non-binding" letter of intent from the District agreeing to your proposal to submit to the Pennsylvania Gaming Control Board along with your application for a gaming license by a December 28, 2005 deadline. The letter was not intended to be binding on the District unless and until Trump received a gaming license from the Commonwealth of Pennsylvania.

The School District of Philadelphia is very interested in conveying the Randolph High School property to Trump in exchange for the construction of a new high school on a site and according to design and construction specifications determined by the School District. However, no proposal could be binding on the District until the details of the project are better understood and unless and until a definitive agreement is negotiated, executed and approved by the School Reform Commission at a public meeting. In addition, the sale of the Randolph property to PREI must be approved by the Court of Common Pleas, as may be required by the Public School Code. The points for future discussion include location and size of the school site and building, title, reimbursement for the District's expenses, community opposition, environmental inspections and possible remediation. The School District does not have any legally binding obligation to PREI or Trump including, but not limited to, a legal duty to negotiate or to reach an agreement.

If you have any questions or concerns, please don't hesitate to contact me. I look forward to discussing this project further.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul G. Vallas". The signature is fluid and cursive, with a large initial "P" and "V".

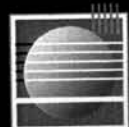
Paul G. Vallas

cc: Natalye Paquin, Esq., Chief Operating Officer
Claudia Averette, Chief of Staff
Miles H. Shore, Interim General Counsel

EXHIBIT D

- ■ Preferred Real Estate Investments, Inc.
- ■ We take commercial real estate personally

PREFERRED REAL ESTATE
Building value beyond buildings





At Preferred Real Estate, our commitment takes us past brick, mortar, and steel. It takes us into the very heart of the communities where we work, into people's lives, their promise, their history and values. We build on that — every project, every city, every time.

Preferred's core business is to find innovative development solutions to a changing economic landscape. In redeveloping obsolete industrial sites to a higher and better use, we act as a catalyst for job creation, improved infrastructure, and community revitalization.

Michael O'Neill, founder and CEO of Preferred Real Estate, calls what he sees in the commercial real estate market these days "Swiss Cheese" development. He's referring to a development model that, in response to the highest market demand, favors the building of new properties around existing, longstanding sites.

Where some see a hole in the market, we see people. We see history, new beginnings, and new possibilities. We see opportunity.

Rather than remediate and reposition properties that are seen as obsolete or outmoded, these sites are considered not cost effective for redevelopment. The perception is that new is better and less costly.

Many developers see these types of properties as having:

- Prohibitive remediation costs
- Complex legal entanglements
- Distressed or disinterested ownership
- An economically depressed community, reeling from job losses
- A deteriorating infrastructure

At Preferred, we look at these properties differently. What we see is:

- Direct access to major transportation arteries
- Urban areas with significant barriers to new commercial and industrial development
- Close proximity to major urban centers
- Distinctive, unique architecture, often with historic landmark status
- Communities with a solid workforce

Underlying these traits, what we see most clearly, beyond buildings, are once-thriving communities in need of transformation.

There is no mystery behind our success; what you will find is vision, guts, and commitment.

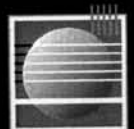
This is the Preferred Way.

Michael O'Neill hands out business cards to Deacon Street residents in North Philadelphia following the launch of the Preferred Neighborhood Revitalization Program.

- ■ *Preferred Real Estate Investments, Inc.*
- ■ *We take commercial real estate personally*

BUILDING VALUE BEYOND BUILDINGS

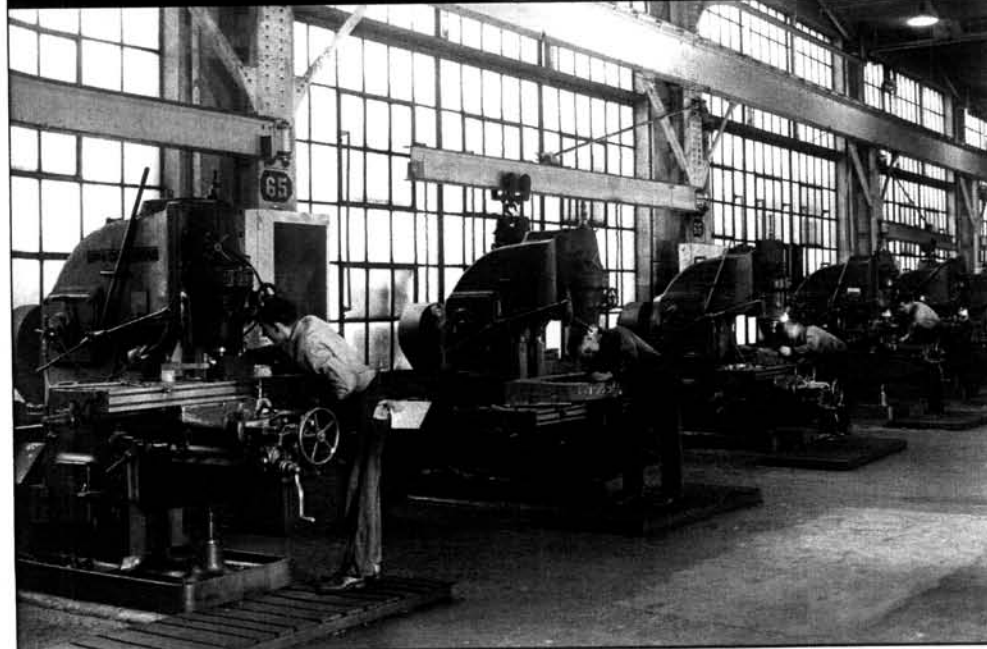
Budd Commerce Center





EDWARD G. BUDD: HISTORY IN MOTION

**The rich history
behind Budd
Commerce Center**



The Edward G. Budd Manufacturing plant was opened in 1915, and was one of Philadelphia's largest employers until closing in 2002.

The name Edward G. Budd echoes across the long, illustrious narrative of American manufacturing history as only few others do. He formed his company, the Edward G. Budd Manufacturing Company, in 1912. In 1915 Budd moved his small metal works company to a site in north Philadelphia and over the next several decades Edward G. Budd made history.

It was Edward G. Budd who pioneered the steel frame body for automobiles and it was Budd who built the diesel-powered Zephyr, the first stainless steel train, whose speed and aerodynamic design electrified crowds and forever changed train travel in the United States.

During the heydays of the 1940's and 1950's the Budd Company employed thousands and supplied body stampings, assemblies, and tools to every major automobile maker in the country. By the 1970's the Budd Company had become a billion dollar organization.

Although Edward G. Budd died in 1946, the company that bore his name remained a force in American manufacturing and in Philadelphia. Bowing to changing economic realities, the Budd Company moved major operations to Michigan in 1972 to be closer to its customers, and in 1978 was ultimately purchased by ThyssenKrupp, a German company.

The Philadelphia location of ThyssenKrupp/Budd continued to produce metal stampings and assemblies such as roofs, doors, fenders, tailgates for cars, trucks, and sport utility vehicles until 2002, when the last of the company's operations moved to Detroit. By that time, the labor force was reduced to 600 jobs, well down from the company's peak of 10,000 workers.

For decades, the Edward G. Budd Company was one of Philadelphia's largest and most important employers. The Budd site has both cultural and historic significance to generations of Philadelphians, as well as to untold numbers of automotive and train enthusiasts around the world, who remember well the contributions and innovations of Edward G. Budd.

THE PAGE TURNS: THE NEW BUDD COMMERCE CENTER

The present
development
opportunity



The 75-acre site of the Edward G. Budd Manufacturing Company in north Philadelphia bears all the hallmarks of a typical Preferred Real Estate project: massive size (approximately 12-14 buildings comprising 2.4 million square feet); a compelling industrial history; an outstanding location near to major transportation arteries; active local communities impacted by the plant's closing; existing infrastructure with mixed-use potential; and keystone opportunity zone designation.

The completed transfer of ownership to Preferred Real Estate investments took two years to complete, and closing occurred in 2004. Environmental remediation clauses added greater complexity to the transaction, which was hailed as the "best real estate deal" of 2004 by the *Philadelphia Business Journal*, citing size and complexity as instrumental in their decision.

Large industrial sites with multiple challenges present obstacles to development. Preferred Real Estate Investments has significant expertise in developing creative solutions to these obstacles. The cost in meeting these challenges can be offset by structuring redevelopment over time, while creating improvements and building equity through the redevelopment process.

In addition, Preferred works tirelessly with local communities, elected officials and others to find common ground, to build goodwill, and to develop long-lasting solutions that deliver highest and best use scenarios.

Preferred purchased the property outright, releasing ThyssenKrupp/Budd and a private investment firm who held title to the land from any further obligations they may have held. Subsequent to purchase, Temple University Health System emerged as the Budd Commerce Center's first, and arguably most important major leaseholder.

The Budd Commerce Center comprises 75 acres in the Nicetown section of Philadelphia, and is situated roughly at the geographic center of the city.



Temple University Health System

Home at Last

The decision by Temple University Health System (TUHS) to centralize all administrative operations in a new headquarters at the Budd Commerce Center represents a critically important milestone in Preferred's commitment to delivering the highest and best use to the Budd site. TUHS plans to fill their soon-to-be-vacated administrative offices – dispersed throughout the organization's citywide system – with more physicians and clinical facilities to better serve patients and generate additional revenue.

The decision also confirms the University's commitment to its longtime roots in north Philadelphia and makes clear the enormous potential for mixed-use development at the Budd site. As a major Tenant and employer, the decision by TUHS to occupy the Budd site is expected to have long-term positive economic benefits on the surrounding neighborhoods and will likely influence additional positive development at the site. TUHS is expected to bring 800-1,000 employees to its new headquarters.

The new facility will include an employee cafeteria, fitness center and a training center that will enable TUHS employees to train for higher paying positions within the system.

TUHS has leased more than 238,000 square feet in two buildings from Preferred, and the site has parking for 700 cars. Construction is well underway and Temple expects to occupy the new space in late March 2006.

GRM Information Services

A Perfect New Location

On April 25, 2005, Preferred announced the sale of a 242,000 square foot building at the Budd Commerce Center to GRM Information Management Services.

GRM Information Management Services operates a records and information management services company in nine markets

in the United States. The company cited security and location as key assets, noting that access to both the Philadelphia and Wilmington, DE, markets was strategically important to the company's operations. The company is eligible for major tax exemptions related to the Budd site's designation as a Keystone Opportunity Zone.

GRM currently occupies the site and is using the location for electronic and paper data storage and have transferred 60 employees to the new location. The building has 20'-25' ceilings, has five tailgates and four drive-in loading bays. Although data storage is classified as industrial use, it is an extremely low-impact business in terms of traffic and general presence in the neighborhood.

Fresenius Medical Care

A Global Health Care Provider

Fresenius Medical Care is a global health care organization with 4,500 dialysis clinics in North America, Latin America, Europe and the Asia/Pacific region. Fresenius serves over 130,000 patients around the world and is the world's largest provider of integrated products and services for individuals with chronic kidney failure. The arrival of Fresenius to the Budd Commerce Center adds an additional healthcare dimension to the Budd site, complementing the presence of TUHS and thus creating a synergistic relationship.

The presence of a healthcare provider in the neighborhood further underscores Preferred Real Estate's commitment to bringing much-needed services to an under-served community.

Fresenius Medical Care is leasing 30,000 square feet from Preferred; the firm will operate twenty-four hours a day and will have capacity to treat 360 patients daily. The parcel is located on Fox Street, only one block from the Temple University Health System. Fresenius and TUHS have an existing relationship predicated upon ongoing patient referrals that TUHS makes to Fresenius.



Above: artist's rendering of the new Temple University Health System (TUHS) headquarters at the Budd Commerce Center; Right: banner welcoming TUHS



**Salvation Army
Kroc Center**
A World Class
Community Center

In January of 2004, the Salvation Army announced the receipt of a gift of \$1.5 billion from the estate of Joan Kroc. The money is specifically earmarked to build and operate community centers modeled on the \$90 million dollar Kroc Center that the Salvation Army and Joan Kroc created in San Diego, California. The community centers are to be fully owned and operated by the Salvation Army. Each community center will serve the needs of diverse, under-served communities by providing ball fields, day care services, a gymnasium, a performing arts center and educational facilities.

Preferred Real Estate Investments is working closely with the Philadelphia Chapter of the Salvation Army to bring a Kroc Center to the Budd site. Preferred is making available to the Salvation Army approximately 12 acres at well below market value.

Preferred is offering to the Salvation Army two parcels totaling 12.43 acres for construction of a Kroc Center. Currently, a vacant warehouse and an impound auction lot operated by the Philadelphia Parking Authority occupy the two parcels.



As Landlord, the Salvation Army can offset development costs by maintaining the lease agreement – as long as practically feasible – with the Parking Authority.

A Kroc Center at the Budd site would be one of single most important developments in the neighborhood's history.

The neighborhood is diverse and strong, but under-served. The Salvation Army conducted an exhaustive search throughout the area to locate a site that could meet the criteria for a Kroc Center. Only one site met all existing criteria: Budd Commerce Center.

The Proposed Philadelphia Kroc Center will include:

- Emergency and supportive family services
- After school learning center
- Computer center
- Aquatics center (recreation, instruction, competition, therapy)
- Community center programs for all ages (social, educational, recreational, spiritual)
- Worship center
- Music education
- Summer day camp
- Supplemental education (GED, English Language Literacy)
- Internet-based library
- Fitness center
- Gymnasium
- Skate park
- Rock climbing wall



THE FUTURE TRANSFORMED

The Budd Commerce Center promises to be among the most important development projects in the city of Philadelphia in recent memory.



The presence of a Trump Casino at the Budd Commerce Center would have enormous implications for the successful development of the Budd site, but more importantly, would have long-lasting implications for the health and economic well being of the surrounding communities.

A Trump Casino by any measure is an enormously powerful economic engine. As such, it brings short- and long-term job gains, millions of visitors year over year, and draws high-quality retail, residential

and commercial developments to the location; A Trump Casino makes many things possible by its mere presence alone.

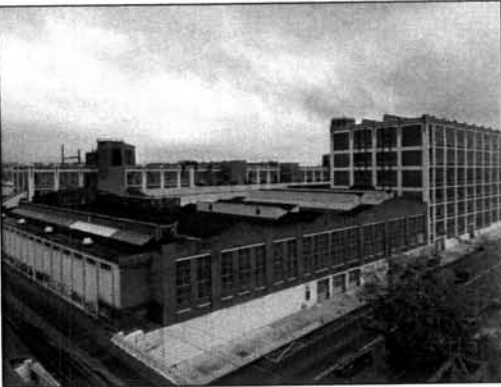
In considering the needs of the community – always a Preferred imperative – it is felt that the presence of a Trump Casino dramatically improves the landscape for the community by offering any potential business owner a truly desirable demographic with significant purchasing power. For example, Preferred has a letter from a prominent grocery store owner (eleven stores in Philadelphia) that without Trump, the numbers do not support his opening a

store in the area. With Trump, the equation changes. The neighborhood has clearly stated a need for a grocery store.

Preferred is also in discussion with other potential tenants to convert remaining parcels into Class A office space. With the addition of the Trump Casino, the Budd Commerce Center has the potential to create long-term, sustainable economic well being in a racially diverse, historically important Philadelphia neighborhood.

THE PREFERRED WAY

A staple of each Preferred development project is an outreach effort to the community — The Preferred Real Estate Investments Neighborhood Improvement Program.



Preferred has begun working with local residents on the cleaning up of vacant lots, is providing pro-bono legal assistance to homeowners to clear longstanding title issues, and is working closely with local groups to acquire vacant homes and turn them over to local Community Development Corporations for ownership.

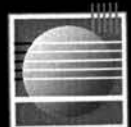
With the arrival of TUHS, the Salvation Army's Kroc Center, Fresenius Medical Care, the potential presence of a Trump Casino, as well as the conversion of other buildings on the site to new, Class A office space, the transformation of the Budd Company site into the new Budd Commerce Center might just recall the auspicious beginnings and triumphant career of one innovative, single-minded Philadelphia entrepreneur named Edward G. Budd.

Above: ribbon-cutting ceremony launching The Preferred Real Estate Investments Neighborhood Improvement Program, November 29, 2005. Left to right: Michael O'Neill, Preferred Real Estate; Jon Duncan, Whittington-Finch Housing Corp.; City Councilman Michael Nutter; State Senator Shirley Kitchen; State Representative Jewell Williams; Ralph Wynder, 38th Ward Leader; Crystall Burnett, Connection Training Services; Michael Balitsaris, Preferred Real Estate. Foreground: residents of Deacon Street community.

- ■ *Preferred Real Estate Investments, Inc.*
- ■ *We take commercial real estate personally*

BUILDING VALUE BEYOND BUILDINGS

About Preferred Real Estate



Preferred Real Estate Investments is a complete resource for the purchase, restoration and leasing of existing commercial and industrial real estate.

Preferred Real Estate Investments, Inc., ("Preferred") specializes in providing customer-centric real estate solutions and offer first-class construction, financing and brokerage services. At Preferred, our mission isn't simply to develop property, but to develop long-term, personal relationships.

Our Story

Preferred Real Estate Investments, Inc., was founded in 1992 by Michael O'Neill to redevelop underutilized and functionally obsolete real estate. Since that time, Preferred has grown its real estate portfolio to over 10 million square feet of predominantly office assets.

Today, Preferred is a comprehensive real estate operation comprised of a leasing company, Preferred Real Estate Advisors, Inc.; a construction company, Preferred Construction Advisors, LLC; and a property management company, Preferred+.

By controlling all aspects of our investments we can deliver unmatched customer service, run our assets more efficiently, and realize superior returns to shareholders. As a private partnership, we can act quickly and invest substantial equity in our projects.

Development Profile

Preferred Real Estate Investments identifies and acquires existing properties, many of them centuries old, and renovates them into modern, functional business environments. We acquire properties at prices substantially below replacement cost and capitalize on our construction and financial expertise to renovate them in spectacular fashion. These renovated facilities are then leased to clients at prices that are highly competitive with traditional office or industrial space.

Our Philosophy

Preferred is committed to making the entire real estate process a positive and personal experience. It's this emphasis on personal service and individual accessibility that sets us apart from the competition in all lines of business from investment and construction, to leasing and property management.

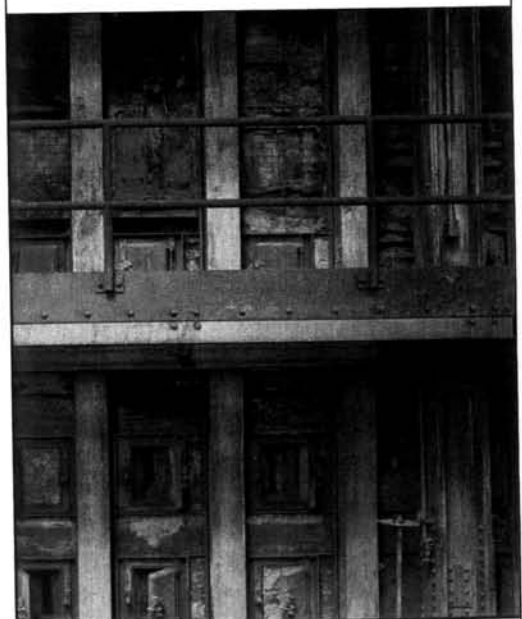
Our Growth

Since 1992, Preferred has grown an average of approximately 1 million square feet per year. In the last three years, we have grown 1.2 million square feet, 1.8 million square feet and 2.1 million square feet, respectively. Our acquisition goal for 2005 is to add 3.5 million square feet.

By 2007, we plan to have 20 million square feet under ownership.

Our Commitment

We promote a culture of giving and community involvement throughout our organization. Our approach is to effectively combine our resources – time, talent, money and space – to achieve maximum community impact and benefit. At the center of our strategy is what we call our Priority Projects. These are significant capital grants to nonprofit organizations in urban, low-income communities for projects that are youth and education related and where development has broader community revitalization impact. We are proud that, to date, we have committed nearly \$2 million to Priority Projects that will change the lives of literally thousands of children and youth; and, we have helped our employees and partners in raising awareness and nearly \$500,000 for charitable causes that reflect their interests and concerns.





**At Preferred
Real Estate
Investments,
we challenge
tradition
every day.**

About Preferred

Preferred Real Estate Investments, Inc. ("Preferred") is a developer, owner and operator of office, industrial and multi-use real estate properties in markets across the United States. Although Preferred has the flexibility and financial strength to consider any type of acquisition opportunity, Preferred specializes in acquiring large, surplus, corporately-owned real estate assets.

Preferred has developed a unique expertise in the acquisition of large, complex sites, including those sites that have environmental, lease-back, phase-out, operational and/or entitlement challenges.

Preferred redevelops the sites it acquires by implementing higher and better uses to create projects that bring lasting benefits to the communities in which they are located.

As a private, closely-held, full-service real estate development company with over \$1 billion in assets, Preferred has the staff and financial resources to execute quickly on transactions of any size.

Real Estate Solutions

- Acquisition
- Financing
- Construction
- Leasing
- Property Management

Headquarters

1001 East Hector Street
Suite 100
Conshohocken, PA 19428
Phone: 610.834.1969
Fax: 610.834.7593

Founded

1992

Website

www.preferredrealestate.com

Key Officers

Michael G. O'Neill,
Founder and Chairman
Nimish Sanghrajka,
Executive Vice President

Ownership

Preferred Real Estate Investments
is a privately-held company

Media Contact

Sam Malandra
Director of Sales and Marketing
smalandra@preferredrealestate.com
Phone: 484.684.1227
Fax: 610.834.7593

Above: Quaker Park, Conshohocken, PA

Preferred specializes in transforming underutilized or obsolete facilities into cutting-edge commercial and industrial workplaces.

Our team of experienced specialists oversees every project phase, ensuring quality control and maximum efficiency.

Our longstanding market presence and industry reputation assists us in expediting the development approval process.

We take commercial real estate

personally. As one of the largest privately-held commercial and industrial real estate developers in the Mid-Atlantic region, we've built our reputation on creating unique, innovative solutions to our clients' needs. Tapping into our exhaustive range of services, we take our clients farther than traditional real estate firms can – not just in developing properties, but in building long-term, personal relationships.

Acquisition

Preferred acquires several million square feet of facilities annually for our business, clients, partners and joint venture relationships. We flawlessly manage the entire acquisition process and use our extensive knowledge of core, geographical markets to research, locate and deliver cost-effective and highly functional space solutions quickly.

Financing

Preferred has long-standing relationships with national and local banks, originators of commercial mortgage-backed securities, life insurance companies and pension funds. These relationships provide us with financial options and the ability to structure real estate transactions creatively for our clients.

Renovation

At Preferred, we do not innovate purely for the sake of design, but rather to provide our clients unique and collaborative work atmospheres. We embrace the existing functionality of classic space – high ceilings, large floor plates and natural light – and leverage its uncommon flexibility to marry modern design with traditional structures. Since many of our properties were originally built with superior materials, we can focus our energy on perfecting aspects of the space that are most important to our clients.

Leasing

Our commitment to meeting our clients' needs extends well beyond the bounds of a single transaction. It is an ongoing relationship, and one of the key reasons our properties consistently have record occupancy levels.

We hold and maintain our buildings on a long-term basis so we can offer a constant level of first-class service. This long-term philosophy enables us to respond to immediate tenant needs and to accommodate our clients' changing space requirements.

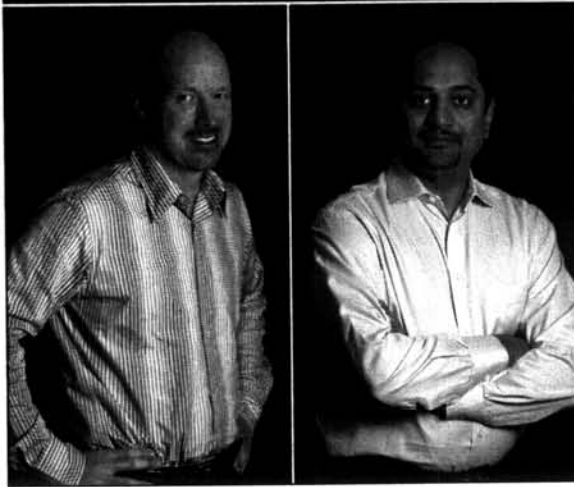
Property Management

When it comes to property management, Preferred's entire business philosophy is tenant-driven. Every decision we make is based on what's best to cultivate a long-term relationship.

At Preferred, we believe in creating productive and exciting environments that improve the quality of life for the people who work in our buildings. Our goal is to provide the highest quality commercial space possible with consistently exceptional property management services for the life of every lease.

Our in-house team, **Preferred+**, provides daily reinforcement of this commitment. To us, that means focusing on preventing problems, not just solving them.





Preferred Real Estate Investments is a visionary team of professionals who have a driving entrepreneurial spirit, uncompromising initiative, and an unusually high level of personal involvement with their clients.

Michael G. O'Neill
CEO

Founder and CEO Michael G. O'Neill sets the tone for the Preferred team, promoting the entrepreneurial atmosphere that drives the company's growth. Michael works across all of Preferred's business disciplines to structure deals, attract business, and cultivate relationships with tenants and sellers.

A native of the Philadelphia area, he holds a bachelor's degree in finance from Villanova University and a law degree from Temple University. Michael began his career with First Pennsylvania Bank in 1984, becoming president of O'Neill Properties in 1988. In 1992, Michael founded Preferred Real Estate Investments, Inc., which today is recognized as one of the most respected and innovative commercial real estate development firms in the mid-Atlantic region.

Michael is the recipient of numerous awards and honors for his achievements in the business community, and is also known for his generosity and dedication to many charities.

Michael resides in Delaware County, Pennsylvania, with his wife and their five children.

Nimish Sanghrajka
CHAIRMAN

Nimish Sanghrajka joined Preferred in 1996 as part of our Finance team. Now as a Chairman of the company, he is responsible for acquiring properties, structuring deals, and debt and equity financing, as well as, the overall financial aspects of Preferred and its projects.

Prior to joining Preferred, Nimish co-founded Trefoil Properties, Inc., which specialized in the development and management of office and retail properties in the Mid-Atlantic region. He served as Trefoil's Executive Vice President for seven years. Prior to Trefoil, he was Senior Financial Analyst at Berwind Property Group, a large real estate investment/development company focused on office, retail, mixed use and residential projects throughout the country.

Nimish has an MBA in finance from Case Western Reserve University and a BBA from the University of Bombay; currently, he is a member of the Beta Gamma Sigma Honor society.

Nimish lives in Montgomery County, Pennsylvania with his wife and their two children.



Michael Balitsaris

PRESIDENT

Michael Balitsaris is responsible for Preferred's overall production team. Michael began his commercial real estate career with CB Commercial in Philadelphia, and in the mid-1990's worked for Bill Rouse in Liberty Property Trust's South Florida regional office.

Michael holds a bachelor's degree in English Literature from Villanova University, where he was a four-year varsity letterman in lacrosse. He is an avid surfer, plays tenor saxophone in a local jazz band, and supports several charities in his community.

Michael lives in Wynnewood, PA with his wife, Maureen, their three children.

Kevin Traynor

EXECUTIVE VICE PRESIDENT

Kevin Traynor joined Preferred in November of 1999 to oversee construction, development, and planning. In 2005, Kevin was promoted to Executive Vice President. He is responsible for all aspects of project planning, project development, and physical building due diligence. Prior to joining Preferred, he worked at LF Driscoll Co. as a project manager. At Driscoll, Kevin oversaw more than two million square feet of institutional and commercial construction projects, focusing primarily on corporate clients. His projects included Vanguard's corporate campus in Malvern, PA, MBNA's bank headquarters in Wilmington, DE, and Smith Kline's US Headquarters in Philadelphia.

Kevin received a BS in civil/structural engineering (with a minor in geotechnical engineering) from Drexel University in 1991. He also has an EIT from the State of Pennsylvania.

Kevin lives in Chester County, PA with his wife Beth, and their five sons.

Lawrence A. Doyle

EXECUTIVE VICE PRESIDENT

Larry Doyle joined Preferred in December of 1996 as a Broker, and quickly developed a reputation for successfully leasing "difficult" properties. His first deal was a 501,000 square foot sale leaseback with ABB. Larry was promoted to the Sales Director for the New Jersey market in 2002.

In 2005, Larry was promoted to Executive Vice President. Prior to Preferred, Larry was a small business owner; he founded his Seattle-based pressure washing company in 1994. By the time he sold the business in November of 1996, it was the largest on Seattle's East side.

Larry graduated from Penn State University in 1994 with a degree in Geology. Larry lives in Montgomery County with his wife Liz and their three children.

Since inception, Preferred Real Estate Investments has been recognized with a multitude of honors for its business, community, and real estate development activities.

2005 Top 25 Commercial Real Estate Brokers

Philadelphia Business Journal
MICHAEL O'NEILL, PREFERRED REAL ESTATE INVESTMENTS, INC.

Honorable Mention, IEDC 2005

Hillier
THE WHARF AT RIVERTOWN

"Best Real Estate Deals" Office Lease Urban Winner 2005

Philadelphia Business Journal
BUDD COMMERCE CENTER

"Best Real Estate Deals" Industrial Sale Urban 2005

Philadelphia Business Journal
BUDD COMMERCE CENTER

"Best Real Estate Deals" Best Rehab/Renovation Winner 2004

Philadelphia Business Journal
THE WHARF AT RIVERTOWN

Business of the Year, Winner 2004

Delaware County Chamber of Commerce
PREFERRED REAL ESTATE INVESTMENTS, INC.

Environmentally Friendly Award, Winner 2004

Bucks County Audubon Society
THE WHARF AT RIVERTOWN

TOBY Award, Building of the Year, Historical/Local, Winner 2004

BOMA International
801 MARKET STREET

TOBY Award, Building of the Year, Historical, Regional Winner 2004

BOMA International
801 MARKET STREET

Best Financial Transaction 2004

NJPA Real Estate Journal
ATTLEBORO CORPORATE CAMPUS

2004 Top 50 Brokers, 4th Place

NJPA Real Estate Journal
MIGUEL PENA, PREFERRED REAL ESTATE INVESTMENTS, INC.

Suburban Greening Award, Winner 2003

Pennsylvania Horticultural Society
LEE PARK

"Best Real Estate Deals"

Best Suburban Lease Winner 2003

Philadelphia Business Journal
WHARF AT RIVERTOWN

Best of 2003, Winner 2003

NJ/PA Real Estate Journal
• BEST FINANCE, LEE PARK
• BEST OFFICE LEASE, SPRING LAKES CAMPUS
• BEST SALE, CITIZEN'S BANK PORTFOLIO

"Best Real Estate Deals"

Urban Office Lease 2002

Philadelphia Business Journal
801 MARKET STREET

Distinguished Performance in Management Award, Winner 2002

Widener University
MICHAEL G. O'NEILL

Lightning Rod Award, Winner 2002

Coalition of Commercial Real Estate Associations (CCREA)

TOBY Award, Best Renovation, Local Winner 2001

BOMA International

Outstanding Land Development, Winner 2001

Montgomery County Planning Commission
RIVER PARK I & II

Heavy Hitters Commercial Real Estate Award, Winner 2000

Baltimore Business Journal
OFFICE/MEDICAL 2ND PLACE-RENAISSANCE AT COLUMBIA GATEWAY

Commendation 1998

Bestowed by Tom Ridge, Governor, State of Pennsylvania

Certificate of Special Congressional Recognition 1998

Bestowed by Congressman Jon Fox

Economic Development Award, Winner 1998

Delaware County Chamber of Commerce
BALDWIN TOWER

In the past five years alone, Preferred and its principals have given over \$5 million to support charitable causes.

Preferred has a philosophy of giving that is reflected in our grantmaking:

- We believe that we should combine our resources with our real estate/physical development expertise to support capital projects that increase access to education and arts & culture for youth in low-income communities; and
- We believe that charity is a very personal thing and that it is important to support and leverage the charitable interests of our employees and business partners.

We refer to our charitable investments as **Preferred Priorities** because it reflects many of our company's values – leadership, creativity, flexibility, responsiveness, engagement, relationships, and long-term commitment.

In fact, Preferred Priorities is not a separate corporate giving program. Rather, it is a culture of giving and community involvement that permeates our organization and an approach in which we effectively employ our resources – time, talent, money and space – to achieve maximum community impact and benefit. We consider this one of our major measures of success as a company.

Listed below are some of the charities Preferred Real Estate and its employees have made substantive contributions to over the past five years.

Community Support

- AIDS Alive
- Birthright
- Catholic Charities
- Catholic Youth Organization
- Cape May Fire Company
- Cape May Library
- Cape May Zoo
- Chester Children's Chorus
- City of Chester-Jameer Nelson & Kevin Jones Day
- Conshohocken Historical Society
- Cradle of Liberty-Boy Scouts of America
- Crossing the Finish Line
- Delco Bird Club
- Fighting Back Scholarship Program
- Good Sports
- Guadalupe Guild
- Juvenile Diabetes Association
- Leukemia & Lymphoma Society
- Maternity Care Coalition
- Narberth Run
- Operation Good Neighbor
- Papal Foundation
- Prayer Power
- Project Rainbow Radnor Ambulance Company
- Radnor Fire Company
- Salvation Army
- Spring Mill Fire Company
- Talk Inc.
- United Way-Alexis de Tocqueville Society
- WHYY

Preferred Priority Projects

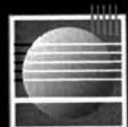
- Chester Arts Inc.
- Mastery Charter High School
- St. Francis de Sales Fine Arts Center

Education Access

- Academy of Notre Dame
- Afterschool All-Stars
- Archbishop Wood
- Archdiocese of Philadelphia-Neumann Scholars Program
- Art Goes to School
- American Cancer Society
- BLOCS: Business Leaders Organized for Catholic Schools
- Father Flanagan's Boys
- Gesu School
- J.W. Platt Scholarships
- Malvern Prep
- Rosemont College
- Project H.O.M.E.
- St. Bartholomew
- St. Edmonds Home for Children
- St. Francis de Sales
- St. Katharine of Siena
- St. Martin de Porres
- Temple Law School
- Villanova University
- Widener University

- ■ Preferred Real Estate Investments, Inc.
- ■ We take commercial real estate personally

BUILDING VALUE BEYOND BUILDINGS
Preferred Real Estate Case Studies



What do you do with a monolithic power plant, long-abandoned, on 100 waterfront acres in a once-prosperous American city?



"I happen to believe this is the most important project going on right now in America."

CONGRESSMAN CURT WELDON

THE WHARF AT RIVERTOWN CHESTER, PA

A historic regeneration

In 1917, Philadelphia Electric Company built a landmark power plant along the banks of the Delaware River in Chester, PA. PECO vacated the antiquated coal-to-steam-to-electric plant in 1981 after it was deemed inefficient compared to modern generation facilities.

The 400,000 square foot structure, which resides on 100 acres, was laden with environmental challenges both in the building and on the site. In the summer of 2000, PECO determined the highest and best use for the site was to demolish the existing structure and remove the environmental liability from their books.

Preferred Real Estate Investments, Inc. ("Preferred") proposed to assume the responsibility for the environmental clean up of the building and to convert the historic generation facility into a 400,000 square foot Class A office building. The additional land will be developed into a mixed-use project and will include residential, two marinas, restaurants and a river walk. This development will open the site's half mile of riverfront to the community for the first time in nearly 100 years. As part of the development, Preferred had the site's

Keystone Opportunity Zone designation re-configured to maximize the development opportunity and allow future tenants to realize exceptional tax incentives for locating their businesses at the site.

Preferred spent one-and-a-half years and nearly \$10 million on environmental clean up and demolition just to prepare the building for conversion into a modern office facility. The building was developed in 2004 and is 85% leased to office users, anchored by Wells Fargo. The project added 2,500 jobs to a community that had only 5,000 jobs in 2000. The \$60 million development has garnered remarkable support from all levels of government. It has also created a powerful public relations story for PECO and its parent company, Exelon Energy, while reducing their environmental liabilities and saving a historic structure.

In addition to the economic impact the project has had on the community, Preferred has worked closely with the residents and public officials to create new Boys and Girls Club centers, an Arts Center, renovated high school football & baseball fields, a rebuilt stadium & locker rooms and is in the process of creating a Charter High School which will open in 2006.

The Wharf at Rivertown, situated along the Delaware River in Chester, PA, has been recognized as one of the most innovative real estate development projects in the United States.



THE WHARF AT RIVERTOWN CHESTER, PA

19 bidders for the site proposed to raze the existing buildings and create a residential development.

The 20th was Preferred.



“Preferred was one of the first developers to proactively engage and incorporate the local neighborhoods into their development, as well as mirroring the Township goals for this highly visible project.”

GLEN T. GILMORE
MAYOR, HAMILTON TOWNSHIP
JULY 2004

AMERICAN METRO CENTER

HAMILTON, NJ

Commodos to Commerce

American Standard had been, for over 50 years, a major local employer in Hamilton, NJ, and felt a deep commitment and responsibility to the surrounding community. After decades of manufacturing its outstanding products in this location, American Standard determined that its facility no longer met its business needs; however, the building that existed on the site was, by all accounts, virtually unusable for any other purpose other than a toilet factory. Not only was the building itself very narrow and almost a half-mile long, but the building and site were environmentally impacted with the remnants of the former manufacturing operation.

Once American Standard put the site on the market it had 20 interested parties make bids to buy the site. Of the 20 bidders, 19 of them proposed knocking the building down and creating a 100% residential development. Preferred was the only bidder to propose a commercial redevelopment that would create new jobs on the site by making use of the existing buildings.

In light of the community's need to replace the lost American Standard jobs and given American Standard's commitment to the community, Preferred was selected as the redeveloper of the site.

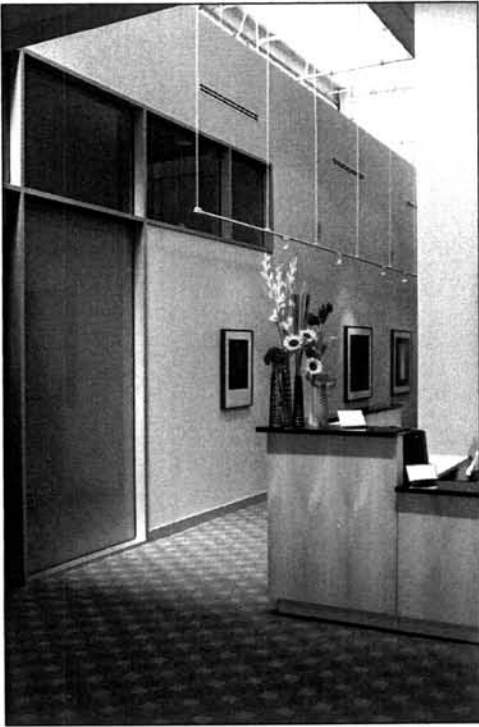
As a result of its expertise in working with challenging sites and adapting existing buildings to modern, dynamic commercial uses, Preferred was able to close on this site, with no financial or development contingencies, in a very short period. Preferred's adaptive rehabilitation and focused remarketing of the site resulted in long-term lease commitments from several high-quality employers

including the major national law firm Duane Morris. Upon its completion, the project, known as American Metro Center, became home to thousands of new jobs and was a major addition to the local municipalities tax base.

American Standard was able to quickly monetize its asset and at the same time made possible a redevelopment project that is a significant and lasting benefit to the community.

Above left: American Metro Center prior to development

Above right: Artist's rendering, American Metro Center, Hamilton, NJ



AMERICAN METRO CENTER HAMILTON, NJ

How does a corporation that has owned and occupied an industrial campus since the 1930's manage a changing business strategy?



TI's goal throughout the whole process has been to achieve the best use of the site for TI and the city. We feel with a quality partner like Preferred we've done that."

LINDA MEGATHLIN,
TEXAS INSTRUMENTS

ATTLEBORO CORPORATE CAMPUS

ATTLEBORO, MA

Meeting the needs of the seller and the city

The Sensors and Controls division of Texas Instruments had owned and occupied the Attleboro Corporate Campus since its inception in the 1930's. As the business grew, so did the property as they acquired more land to accommodate future growth. Their need for space diminished as their manufacturing strategy changed, rendering much of the building underutilized. However, as their industrial space requirements shrank, their need for office space increased. Management wanted to remain in the location where the business was founded but the product didn't exist to house their requirement.

Preferred Real Estate Investments, Inc. ("Preferred") presented a proposal that addressed Texas Instruments' two main concerns: selling the property and creating a new headquarters facility. The acquisition proposal contained a formula that adjusted the purchase price depending on whether TI renovated existing space or built new for their headquarters requirement.

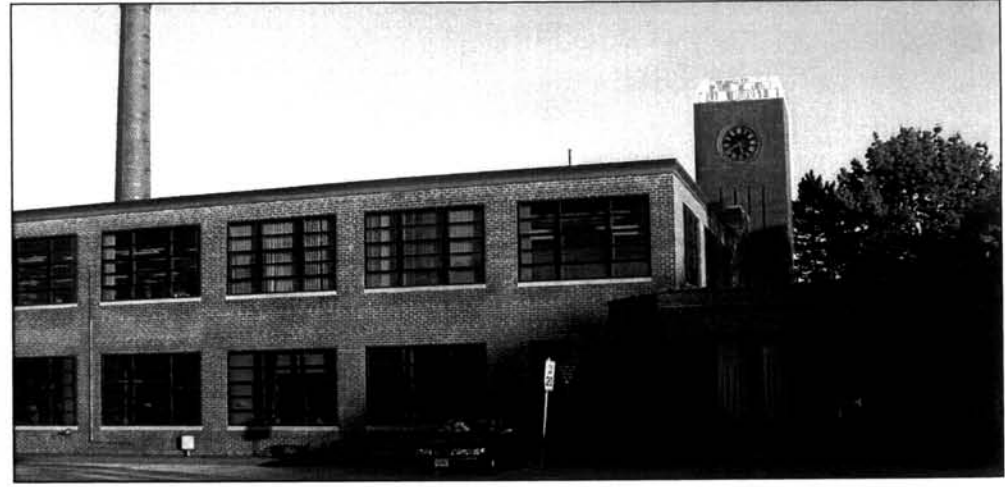
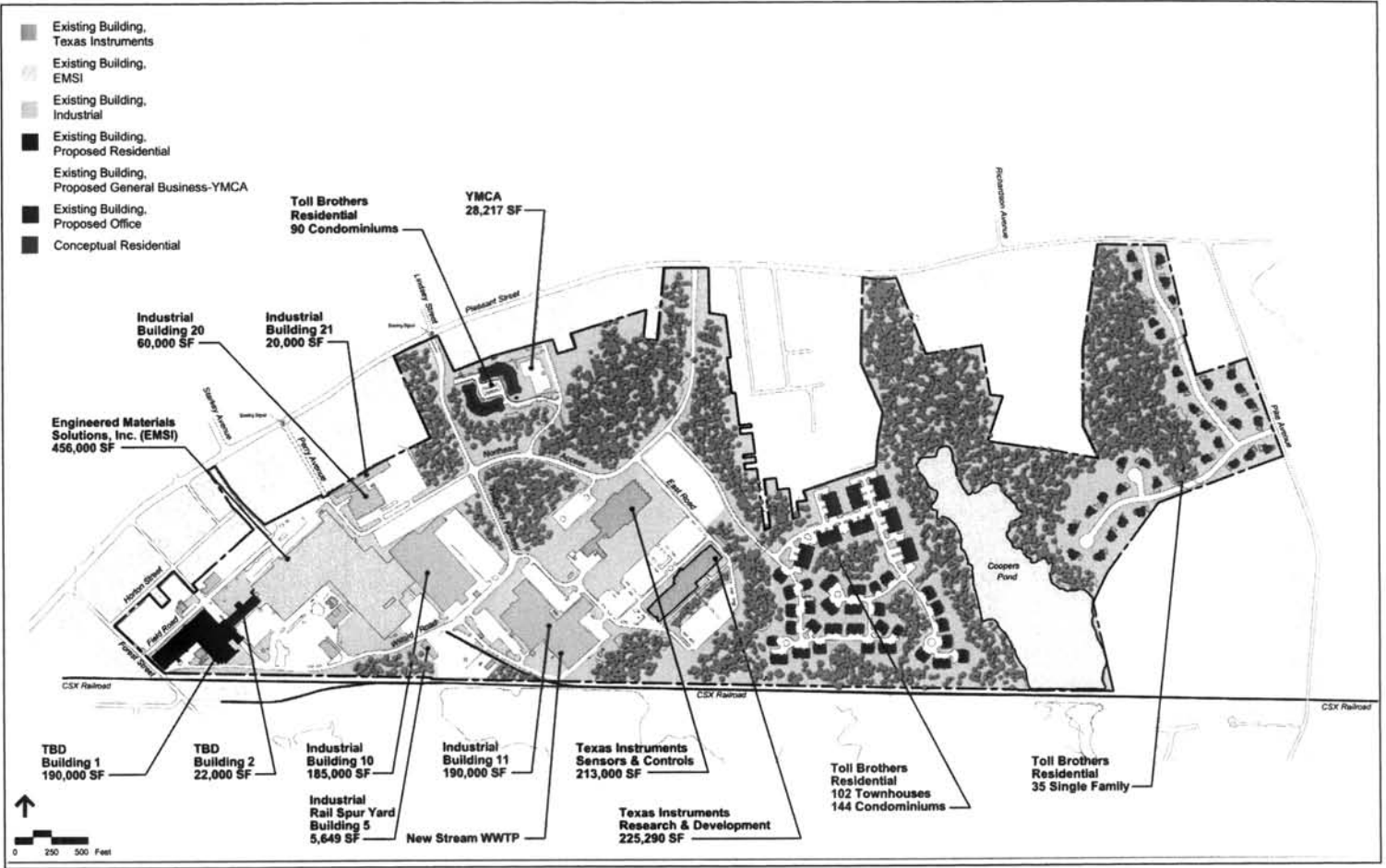
With a sale price determined, TI could then focus its resources on determining the exact specifications of the office and R&D requirement. Ultimately, a build to suit option was selected and the transaction closed.

In selecting Preferred as the purchaser of its Attleboro, MA site, TI gained the flexibility to ensure a sale and remain on the campus in a new world-class office and R&D facility leased from a professional landlord. Preferred will redevelop the facility into a vibrant mixed use campus including, office, R&D space, flex space, retail amenities, and residential development making it an exciting place to go to work everyday.

Given its long track record of similar redevelopments and its expertise in dealing with local approval processes, Preferred was ideally suited to successfully execute on its development plan, giving TI the certainty of closure it required.

Above left: Northeast access road, Attleboro Corporate Campus

Above right: Artist's rendering, Texas Instruments R&D facility, Attleboro Corporate Campus, Attleboro, MA



ATTLEBORO CORPORATE CAMPUS ATTLEBORO, MA

Creating an innovative solution to preserve a Philadelphia landmark retailer's heritage.



801 MARKET STREET PHILADELPHIA, PA

In 1996, The May Department Stores Company acquired the Philadelphia-based Strawbridge & Clothier department store chain. As a result, Strawbridge's corporate headquarter operations were vacated and centralized in St. Louis, MO (home of the May Co.). Further, Strawbridge's 1,000,000 square feet historic Flagship Building, built in 1932, was left half vacant for a period of 5 years. The first six (6) floors remained as a retail operation. The May Co. was looking to maximize the excess real estate, without disrupting their retail store in the bottom half of the building.

Preferred Real Estate Investments, Inc. ("Preferred") proposed a condominium ownership structure, purchasing and redeveloping the upper seven (7) floors of the building (approximately 400,000 square feet). This allowed the May Co. to maintain their retail presence on the lower floors, and reduce their cost of occupancy. Preferred's plan included separating the mechanical infrastructure of the upper floors, creating code compliant space, having the site entered in the National Register for Historical Places, and leasing the space to outside users.

Preferred had leases signed with two anchor tenants (the GSA: 165,000 square feet and Citizens Bank of PA: 125,000 square feet) at settlement. The office unit on the upper floors is now fully leased, adding 2,000 jobs/people to the once vacant space.

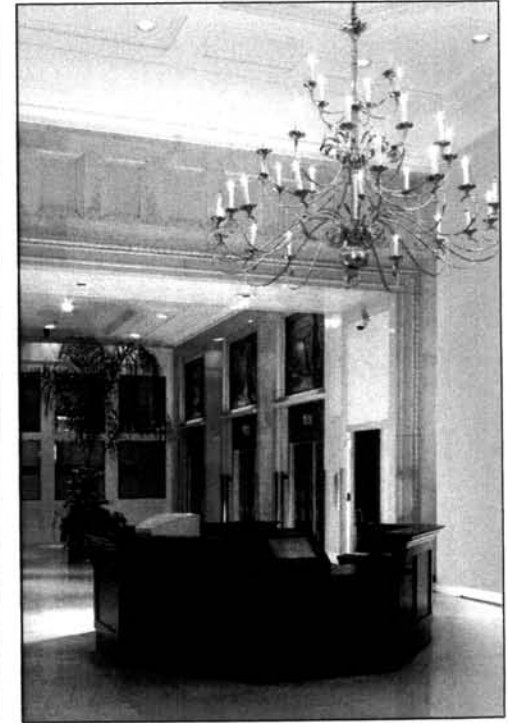
The May Co. is extremely pleased with the quality of product produced by Preferred and the additional foot traffic created in their retail space by the office users. The May Co. was also able to realize an influx of capital and dramatic reduction of operation costs for the facility without any major change to their operations.

**TOBY Award
Building of the Year, Historical,
Regional Winner 2004
BOMA International**

**TOBY Award
Building of the Year, Historical,
Local Winner 2004
BOMA International**

**"Best Real Estate Deals"
Urban Office Lease
Winner 2002
Philadelphia Business Journal**

*Above left: Strawbridge and Clothier Department store, circa 1935
Above right: GSA offices, 801 Market Street, Philadelphia, PA*

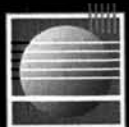


801 MARKET STREET PHILADELPHIA, PA

- ■ Preferred Real Estate Investments, Inc.
- ■ We take commercial real estate personally

BUILDING VALUE BEYOND BUILDINGS

Preferred in the News



INDUSTRIAL DEAL WINNER

Budd Commerce Center

TIM HYLAND
SPECIAL TO THE BUSINESS JOURNAL

Some buyers may have been scared off by the sheer size of the former ThyssenKrupp Budd Co. plant on Hunting Park Avenue in Philadelphia.

Not Preferred Real Estate Investments. The Conshohocken-based business has built its reputation buying and developing similarly large, daunting industrial properties up and down the East Coast, including The Wharf at Rivertown development in Chester, a former power plant that Preferred converted into office space.

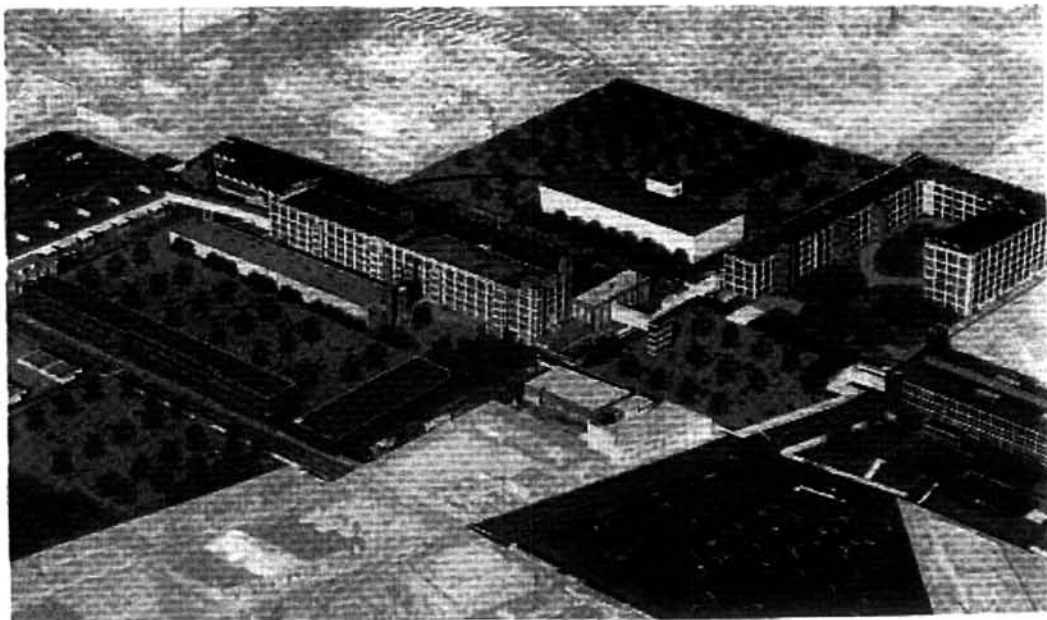
"This is the kind of project that we're always looking for on a national scale."

T.J. Doyle
vice president
Preferred Real
Estate
Investments

saw as a golden opportunity. The massive ThyssenKrupp Budd plant, bordered Hunting Park and Wissahickon avenues, Fox Street, Roberts Avenue and Stokely Street near the Roosevelt Expressway, was for decades among the country's biggest producers of automotive chassis, frames, body panels and other parts. Budd opened the plant in 1915, pioneering Edward G. Budd's ground-breaking concept of the all-steel automobile body. It kept the lines running for nearly 80 years.

The company was a billion-dollar industry titan in the 1970s and the Philadelphia plant, at its zenith, was home to nearly 10,000 workers. But in 2002, Budd announced plans to shut it down and unload the property. They hired Philadelphia's Colliers Lanard & Axilbund to handle the sale.

Richard Gorodesky, senior vice president for Colliers' industrial division, said



it was clear from the start that the property, despite its industrial past, was bound for new uses.

"I guess you could say it was primarily an industrial property, but going forward into the future, that was not going to be the best use for it," Gorodesky said. "There were some aspects of the property that were clearly more than simply industrial — there was office and retail possibilities, too — so we had to broaden the marketing process."

Making the sale trickier than most was, of course, the property's overwhelming size. Though it boasted many amenities — a location 10 minutes from Center City, easy access to major highways and rail, and Keystone Opportunity Zone designation — selling 2.5 million square feet of space was going to present a unique challenge, Gorodesky said.

"Just because of the size of the complex, it was unlikely that selling it to just one user was going to happen," he said. "We figured we would be selling it to someone who could redevelop it. It was unlikely, for instance, that Microsoft was going to move here from Seattle to take over the entire complex."

As it turned out, Colliers didn't need Microsoft. It had an interested buyer just a short drive down I-76.

Preferred, already familiar with the area because of the nearby Wissahickon Industrial Center project it spearheaded in the late 1980s, made its interest in the Budd property known almost as soon as word hit that it would be available.

It's no wonder why. The Budd complex was a perfect fit for Preferred's redevelopment style: Buying enormous industrial properties and turning them into something entirely new. Following the success of the Wharf at Rivertown building — which last year gained a major tenant when Wells Fargo Financial Acceptance signed a 10-year, \$25 million

lease — Preferred also recently bought a former American Standard plant in Hamilton, N.J., and a former Texas Instruments property in Massachusetts.

"What we like about these kinds of projects is that there's such a critical mass that we can create our own environment," Doyle said. "We can do a mix

"This is one of the top 10 deals in the country in the past 10 years," Gorodesky said. "That doesn't come around too often, in terms of square footage. And I don't know when something like it is going to come around again."

Already, Preferred's vision for the Budd property is proving to be a draw. Temple University will take 240,000 square feet of space at the complex and will by the first quarter of next year locate 1,000 employees there. Another 250,000 square feet has been sold to M Management, a document storage firm.

Other companies are interested as well, Doyle said, but Preferred is being picky in who it brings to the site. While the property is continuing to draw offers from the industrial sector — "everything from a junkyard to a mushroom farm," Doyle said — Preferred hopes to keep the complex focused on commercial, retail and possibly residential.

"It's still up in the air," Doyle said. "We've been working with The Trump Organization to put a slots parlor on 18 acres. We've been working with retail developers, hoping to get a grocery store or something similar. We've been approached by about every kind of industrial use out there, but we're not trying to redevelop this as industrial. ... Our vision would be to have the property redeveloped with some housing, some retail, maybe a casino."

Unlike the company's past projects, Doyle said, Preferred is not interested in "controlling every piece" of the development. Instead, it is seeking out developers it believes share the same vision it does for the property — and will let those developers take on some of the task themselves.

"Here, we're interviewing the retail developers and the developers for other uses, like residential, and seeing who is best suited for it," Doyle said. ■

UP CLOSE

PROJECT: Budd Commerce Center
ADDRESS: 2450 Hunting Park Ave., Philadelphia, Pa. 19129
DESCRIPTION: Preferred Real Estate Investments Inc. buys the massive former ThyssenKrupp Budd Co. plant in Philadelphia for \$8.13 million, and begins turning the property into a mixed-use development.
SIZE OF SPACE: 2.5 million square feet of space in 10 buildings, over 82 acres
VALUE OF DEAL: \$8.13 million
BUYER: Preferred Real Estate Investments, Conshohocken
BUYER'S LAW FIRM: Duane Morris, Philadelphia
SELLER: ThyssenKrupp Budd Co.
SELLER'S BROKER: Colliers Lanard & Axilbund, Philadelphia
SELLER'S LAW FIRM: Montgomery McCracken Walker & Rhoads, Philadelphia

of things. These properties are big industrial plants that most people tend to shy away from. We're used to overcoming those obstacles."

Even for a company accustomed to the challenge of reshaping industrial facilities, though, the Budd purchase was notable: In fact, when Preferred signed the deal in November for \$8.13 million, it represented the eighth-largest real estate deal east of the Mississippi, based on square footage, since 1988.

URBAN OFFICE LEASE WINNER

Budd Commerce Center/ Temple lease

TIM HYLAND
SPECIAL TO THE BUSINESS JOURNAL

When Temple University Health System made the decision to consolidate its administrative staff — all 1,000 of them — at a single new administrative headquarters, it wasn't long before the search for space turned its attention right back to where the search began: North Philadelphia.

Not that the system didn't have other options.

"Because of the nature of this organization, and its creditworthiness and reputation, this was a big deal," said Bill Luff, senior vice president of Trammell Crow Co., which represented Temple Health in its search. "240,000 square feet is a lot of space, and 1,000 people is a lot of people. This was a very sought-after transaction.

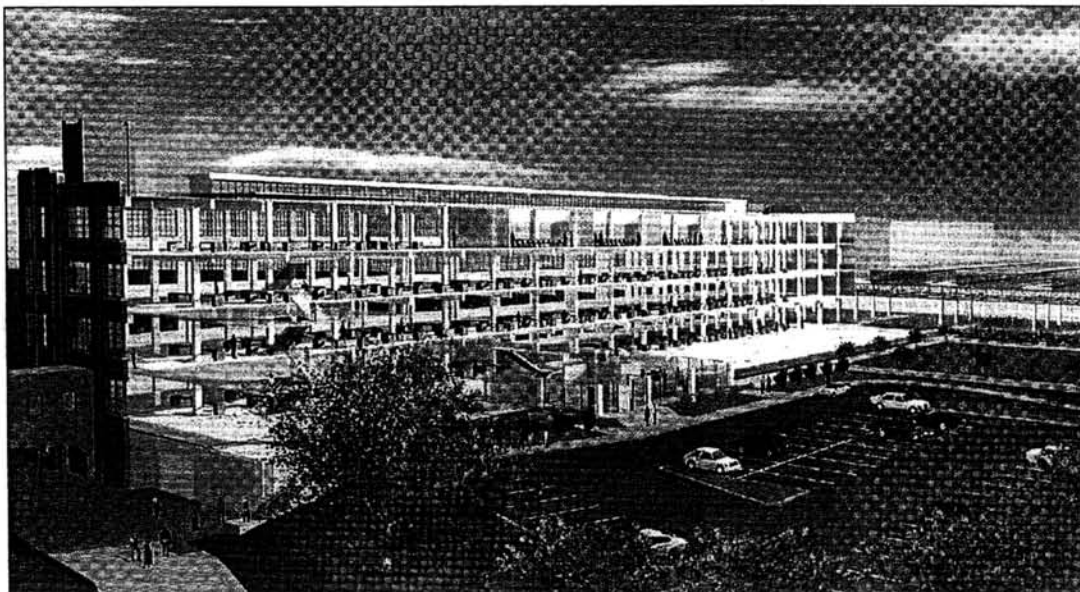
There were many people trying to influence [Temple Health] in all the ways they could, so they would make the choice in their favor."

Landlords across the region, from Center City to the suburbs, would have loved to have landed Temple, Luff said. Incentive packages were there for the taking, and by no means did Temple have to stay in North Philadelphia. It's just that it wanted to be there.

Temple Health Chairman and CEO Joseph W. "Chip" Marshall III eventually decided that Temple, born and raised in North Philly, should stay there.

It was, Marshall decided, the right thing to do — both for Temple and that section of the city.

"Our client was committed to Philadelphia," Luff said. "We didn't play state against state. We didn't negotiate incentive packages. Our client was very focused to being the civic contributor they already are, both to the state of Pennsylvania and to a large degree the city of Philadelphia. Chip and his team were very clear on



that."

So clear, Luff said, that even though some Center City locations may have offered better amenities — higher profile location, for example, or easier access to public transit — those sites were eliminated from consideration.

"The safest decision we could have made would be to take four floors at Liberty Place," Marshall said. "And we considered that kind of thing. But we're the largest employer in North Philadelphia; it's our service area, and this is where we want to be. So we asked ourselves, 'How responsible is it to take an action like this, and spend this kind of money, outside of the community?' That led us to look at various locations around [North Philadelphia].

"I think this is a situation like you see at [the University of Pennsylvania], where [a college] helps improve their neighborhood," added Ken Zirk, a Trammell Crow vice president. "That's what they envision at Temple."

Temple's decision to move its administrative staff out of clinical settings was a financial and logistical no-brainer: Space in the system's clinical settings was increasingly difficult to find, and was in many cases being taken up by back-office operations that, Temple realized, easily could be moved elsewhere.

By taking these nonclinical operations out of clinical sites, Temple would be able to free up revenue-generating space that had been used for nonrevenue-generating operations.

"Basically, we presented a report to them that showed they could take a number of people out of their nonclinical, backroom functions and put them under all one roof," Zirk said. "They could put everyone, in one space, in a more functional environment."

But even though the move was a practical one, Temple hoped its new administrative home would be attractive — the kind of place in which its staff would enjoy working. The task for Trammell Crow, then, was to find a space large enough to

accommodate all of Temple Health's 1,000 employees at a site that would, if at all possible, maintain the "campus" feel that Temple officials believed was important.

They found the perfect site — for all of Temple's needs — at the new Budd Commerce Center in North Philadelphia.

The former home to the ThyssenKrupp Budd auto body plant had recently been bought by local developer Preferred Real Estate Services, which was working to turn the industrial site into something much more: A huge mixed-use development with commercial, institutional, enter-

growth," Marshall said. "At the same time, Budd will let us carve out our own identity. We'll have a big enough footprint so we can make our mark."

Temple's arrival at the site was a major win for the Budd developers. With the Temple lease, Preferred was handed 1,000 workers coming to the site daily around which it could build its ideal development.

T.J. Doyle, vice president at Preferred, said his company believes the Budd site will someday become much more than simply an office park. Preferred is doing what it can to make sure that happens by bringing in only the kind of tenant or developer that will share their vision for the site.

"At the end of the day, you hope you have a world-class project," Doyle said. "And, hopefully, that has a ripple effect for the surrounding area."

Since Temple announced its move to Budd, other tenants, including M Management, have signed leases there as well.

"We do see a lot of potential [at Budd]," Luff said. "The neighborhood will benefit from this. Temple's clear mission, and its commitment to bring close to 1,000 people to a campus environment, was about how that would positively impact the neighborhood. ... and a lot of people brings a lot of security. Positive development brings economic gains to benefit local residents."

Marshall understands that, until other institutions and companies follow, Temple will be "on an island" at its new headquarters. But he also envisions, one day, looking back in wonder at what Budd once was.

"I would love in 10 years to be talking ... about what a success story this has been," Marshall said.

And how confident is he that will happen?

"I'm confident enough that we'll have our board meetings at the Budd site," he said. "So once a month or so, I'll be willing to have my board members there, and they'll decide." ■

UP CLOSE

PROJECT: Temple University Health System/
Budd Commerce Center

ADDRESS: 2450 Hunting Park Ave.
Philadelphia, Pa. 19102

DESCRIPTION: Temple University Health System signs 15-year lease at the Budd Commerce Center, offering a boost to North Philadelphia

SIZE OF DEAL: 238,967 square feet
VALUE OF DEAL: \$78 million

TENANT: Temple University Health System
TENANT'S BROKER: Trammell Crow Co., Philadelphia

LANDLORD: Preferred Real Estate Services, Conshohocken

tainment, retail and, possibly even, residential properties.

The site offered both the campus feel Temple wanted and the kind of space it needed: The system will occupy a 156,000 square-foot, four-story office building and an adjacent 110,000 square-foot former warehouse. The new administrative home, tabbed the Temple Administrative Satellite Offices, or "TASO" — gives Temple access to 600 parking spaces.

"If you can look past the vacant buildings, the transportation is wonderful, and we're fortunate that we will have enough space so we can accommodate future

PHILADELPHIA
**BUSINESS
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Vacant Budd plant to be turned into commercial center

NATALIE KOSTELNI
STAFF WRITER

The former Budd Co. plant, which is a conglomeration of 20 buildings totaling 2.4 million square feet on 75 acres in the Hunting Park section of Philadelphia, has been sold. It will be reinvented as the Budd Commerce Center.

The property was bought for an undisclosed amount by Preferred Real Estate Investments, a Conshohocken developer

that has focused on buying similar properties and converting them into office space. The developer will parlay its expertise in redeveloping the Budd site into a project that includes office, retail, residential, distribution and manufacturing facilities.

The transaction stands out because of the square footage involved. Few properties with that much space exist in the region, let alone trade hands, said Rich Gordon, a broker with Colliers Lanard & Axilbund, who arranged the transaction.

ThyssenKrupp Budd Co. sold the site.

The Budd plant has a significant place in Philadelphia's history as one of the city's largest manufacturers. It was constructed between 1917 and 1988, and served the automotive industry. Edward G. Budd was the first to develop, in 1915, an all-steel body for the automobile, which had previously been constructed from wood.

Also at the Northeast Philadelphia plant, Budd went on to build the first stainless-steel passenger railroad car, as well as the

Burlington Pioneer Zephyr of 1934.

It was shuttered in 2002 when the work done at the plant was consolidated in Detroit. About 600 jobs were lost. The buildings dotting the property were vacated.

The site is designated as a Keystone Opportunity Zone, which gives companies certain tax breaks. Preferred figures the site, once redeveloped, has the potential to attract more than 1,000 jobs.

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Business

 SECTION
C

THURSDAY, FEBRUARY 17, 2005 B

The Philadelphia Inquirer

WWW.PHILLY.COM

Temple Health to move its HQ

Its 800 employees will relocate in the vacant Budd Co. site. That will give the five hospitals more space for medical uses.

By Henry J. Holcomb
 INQUIRER STAFF WRITER

The Temple University Health System is moving its 800-person headquarters to the vacant Budd Co. site a mile west of its hospital complex on North Broad Street.

The move, to be announced today, will free space in the system's five

hospitals for medical uses. It also will provide the system with the administrative and training facilities it needs to acquire hospitals and continue to grow, said Joseph W. "Chip" Marshall, the system's chief executive officer.

And it launches a redevelopment of the 75-acre former manufacturing plant in North Philadelphia by Pre-

ferred Real Estate Investments Inc., of Conshohocken. The health system said it hoped its presence there would trigger economic recovery in the area around its largest cluster of hospitals along North Broad Street.

The health system, a nonprofit corporation affiliated with Temple University, had revenue last year of \$1 billion. It employs 8,000 in addition to 1,500 physicians permitted to practice at its hospitals.

Its headquarters is now on the

ninth floor of Temple Children's Hospital, 3509 N. Broad St.

Construction was already under way yesterday at the Budd site. Temple health officials expect to occupy their new quarters, more than 200,000 square feet, late this year.

The health system's part of the complex is the former Budd headquarters, a four-story building at the northeast corner of Hunting Park Avenue and Stokley Street. The system also will

See **TEMPLE** on C6

Temple University Health System

Created: 1996

Main components:

Temple University Hospital

Temple Children's Hospital

Jeanes Hospital

Northeastern Hospital

Episcopal Hospital

Primary-care network

Two nursing schools

2004 revenue: \$1 billion

Number of employees: 8,000

Physicians with hospital privileges: 1,500

Licensed beds: 1,100

2004 admissions: 61,000

2004 outpatients: 500,000

2004 emergency visits: 183,000

2004 births: 5,000

SOURCE: Temple University Health System

TEMPLE from C1

lease an adjacent former manufacturing building and parking lot.

The new headquarters will cost the system \$90 million over the next 15 years, Marshall said.

The health system elected to lease from Preferred, the real estate firm chaired by Michael O'Neill, rather than buy. This will preserve its borrowing capacity for new equipment that helps "bring in new doctors," Marshall said.

The health system had hired a team headed by William Luff, a senior vice president of the Trammel Crow Co. real estate firm, to evaluate its options and negotiate the lease.

Several sites were under serious consideration, including two in Center City: 1500 Spring Garden St. and 901 Market St. In the end, Marshall said, "we decided that the really responsible thing to do was spend our money in our own community."

Using as a model what the University of Pennsylvania has done to improve West Philadelphia, Marshall hopes to stimulate growth in the mile-long corridor between the hospitals and the Budd complex.

"We create a lot of really good middle-class jobs," Marshall said. As Penn has done, he hopes to find ways to encourage many of these health-care workers to move into the neighborhood and help rebuild it.

The new headquarters will be where the Budd Co., founded in 1912, became a pioneer in automobile and railcar design and manufacturing. The North Philadelphia plant employed 10,000 people in its heyday in the late 1950s and early 1960s.

Most of the complex, idle since Budd shut down in 2002, has been designated a Keystone Opportunity Zone. This will exempt new occupants from many state and local taxes until 2011.

The site looks dilapidated today. "But people will be pleasantly surprised when it opens. ... We want to make this a world-class building," Marshall said.

The headquarters will have a cafeteria, fitness center and parklike grounds, Marshall said. It also will have space for what he calls a large "learning center," where employees can prepare for higher-paying jobs within the system, he said.

The Budd site is another in a series of industrial-site conversions by O'Neill's company, dating to 1987, when it purchased the old Lee Tire & Rubber Co. factory in Conshohocken. With more than two million square feet in buildings, the Budd site is the company's largest project, said Nimish Sanghrajka, one of the

owners of the firm. "We're looking at office, industrial, distribution, retail and residential uses. It is a big site," Sanghrajka said.

O'Neill's firm bought the property in September from ThyssenKrupp Automotive AG, of Bochum, Germany, which earlier had purchased Budd. It would not disclose the purchase price. The site is on Hunting Park Avenue, near Roosevelt Boulevard (U.S. Route 1) and on the SEPTA R8 regional rail line from Center City to Chestnut Hill. It is also served by the major freight railroads.

Peter Longstreth, president of the Philadelphia Industrial Development Corp., a city economic development agency, called the Budd complex "a great engine for economic growth. ... And having a major health-care organization as the lead tenant is a big advantage."

Contact staff writer Henry J. Holcomb at 215-854-2614 or hholcomb@phillynews.com.



SOURCES: ESRI; GOT



The Philadelphia Inquirer

A Power Plant to Get New Life as Offices

In depressed Chester, Pa., a project to bring in more than 700 jobs.

BY MAUREEN MILFORD

Some people who grew up near the electrical power plant on the Delaware River here remember it as an ogre at the foot of Ward Street that puffed plumes of dark smoke from its head.

"We called it the Monster and the Monster," said Bishop Dickie L. Robbins, 45, recalling the coal-fired Chester generating station, property owned by the PECO Energy Company. "It was huge and dismal and just had an eerie look about it." As a child, Bishop Robbins, pastor of the Life in Christ Cathedral of Faith, lived near the station, but he never set foot on the property.

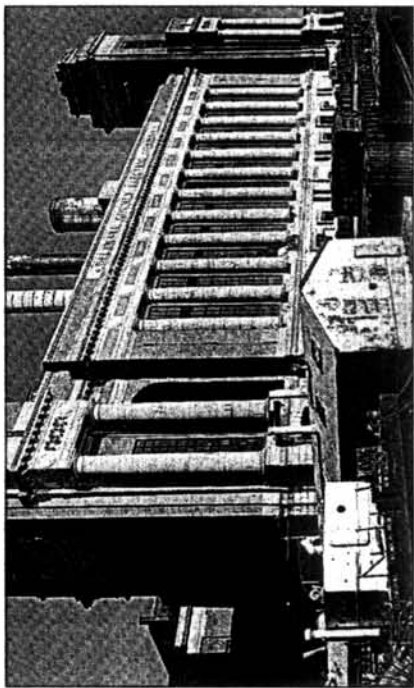
Now, neighbors like Bishop Robbins are touring the imposing 1918 Neo-Classical building as it undergoes a \$55 million conversion into offices.

The onetime power plant is the centerpiece of a \$300 million redevelopment being done by a private developer along a half-mile of riverfront. Called the Wharf at Rivertown, the project is southwest of the Commodore Barry Bridge, which connects Interstate 95 in Pennsylvania with Interstate 295 in southern New Jersey.

Once inside the power plant, Bishop Robbins could not help but be impressed by the majestic-turbine hall, with its 115-foot vaulted ceiling, ornamental skylights, Corinthian pilasters and bronze wall sconces. "My view of it has changed — I see it now as a symbol of hope," he said.

For many, the commitment by Preferred Real Estate Investments Inc. of Conshohocken, Pa., to redevelop the vacant Chester Station is confirmation that the city of 38,854 is inching up from the bottom.

An industrial town southwest of Philadelphia International Airport, Chester has been battered in recent decades by poverty, drugs, crime and AIDS. Founded by Swedish settlers as Upland in 1643, it is now one of the nation's most distressed cities, according to Keith W. Reeves, who grew up in Chester and now heads the Center for Social and Policy Studies at Swarthmore College. The violent crime rate in 1999 was 14 times higher than the rate for surrounding Delaware County, according to the center's data. Though Chester is encircled by comfortable suburbs, at least 75 percent of students at its middle and high schools are eligible for free or reduced-price lunches. The school district, taken over by the state in 1984, has ranked dead last for academic



Sal DeMarco Jr. for The New York Times

Transforming the former coal-fired Chester plant is costing \$55 million.

performance among Pennsylvania's 501 districts, the center reports.

Since 1990, the population has declined by 12 percent, with burdensome property taxes helping to drive middle-class families out.

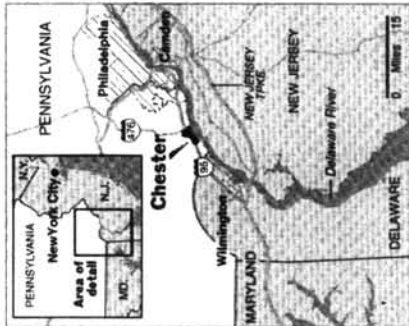
Jobs dwindled to about 5,000, a far cry from the 1940's, when the Sun Shipbuilding and Dry Dock Company alone employed 30,000. In the oldest section of the city, where William Penn landed in 1682, a smattering of derelict Colonial houses provide the only evidence of a place described in an area history just 60 years ago as resembling an old English city.

But residents are proud of Chester's cultural, industrial and social heritage. Penn spent his first winter in America there. Martin Luther King Jr. preached in local churches while attending nearby Crozer Theological Seminary in 1948 to 1951. The legendary singer Ethel Waters was born here at the beginning of the 20th century. And a regional artist, Andrew Turner, uses the city as a setting for colorful paintings.

"Older folks remember a vibrant, hard-working city," Mr. Reeves said. "Despite its problems, we love it."

For most of the second half of the 20th century, there was little outside investment in Chester. But since 1996, more than \$500 million has been committed by the private, public and institutional sectors, according to David N. Sciocechic, executive director of the Chester Economic Development Authority. Projects include three new housing developments for low- to moderate-income families and a new technology park near Widener University.

When the converted power plant's lead tenant, Synegy Inc., relocates from Conshohocken at the end of 2002, it will bring the



The New York Times

cargo ships during World War II. The Ford Motor Company had an assembly plant in Chester and made small tanks and jeeps. The Scott Paper Company occupied a full block on the river. The city's population was about 70,000 during the war years.

Today, of the major manufacturing companies of 50 years ago, only the Kimberly-Clark Corporation, which acquired Scott Paper, remains. PECO stopped generating at the Chester Station in 1982.

Despite being vacant for two decades, the Chester Station building is still magnificent, according to Michael G. O'Neill, chief executive of Preferred Real Estate. "They always tell you, 'Don't fall in love with the real estate,'" he said. "But with this building I couldn't help it."

On the southeast side, facing the river, are huge concrete Tuscan columns and cornices designed to look like stone. Interior details are equally striking. "It was a temple to electricity," said James B. Garrison, senior associate of historic preservation at Hillier, the Philadelphia architectural firm handling interior design for Synegy. "It was a highly symbolic structure."

PECO considered demolishing the building but sold it with 60 acres for \$1 with the provision that the new owner tackle interior environmental clean-up. The remediation mostly involves removing materials in the building, which Mr. O'Neill estimates will cost \$10 million.

Synegy will occupy 178,000 square feet, or nearly half the building. The turbine hall, two floors of the attached switch house and two floors in the boiler house section will be converted to offices once power equipment is removed. The company will also have a corporate apartment, fitness center and meeting rooms in one of two coal towers. Smokestacks will be removed, and a glass

Delaware County Daily Times Wednesday, May 28, 2003

Local

Specter's impressed

■ Senator tours Wharf at Rivertown to see where government funding will go.

By ANDREW CLISHMAN
acclishman@delcour.com

CHESTER - Mayor Wendell Butler believes U.S. Sen. Arlen Specter was impressed. He says that after a tour of the Wharf at Rivertown - the city's largest economic redevelopment project, and one many believe is the key to Chester's financial revitalization - Specter was so impressed that he has agreed to fund a new power plant, the historic and name-oldly former PECO power plant, which when fully renovated will bring 600,000 square feet of office space, 2,000 residential units and 100,000 square feet of retail space to the waterfront. Butler said, "You can't visualize this, you have to come and see what's here. But funding is vital to the project and it specifically involves infrastructure - mainly connecting Interstate 96 to Route 201 via access roads."

The joint venture by Pennsylvania's Department of Transportation and Chester's Economic Development Authority to renovate the waterfront will cost an estimated \$100 million. Specter, who sits on the U.S. Senate Appropriations Committee, is currently important in the funding of the project. The project is owned by Preferred Real Estate Investments Inc., a Columbus-based company that purchased the power plant from PECO in October 2000. "It's critical to the city's plans to revitalize the waterfront," Butler said. "We've had a lot of success in the past, but we need to be able to see the project through to the end."

But Specter's visit to the waterfront was not just to see the project, he also met with city officials and representatives of the project. Specter said that he was "impressed" with the project and that he would be looking for ways to help fund it. He also met with city officials and representatives of the project. Specter said that he was "impressed" with the project and that he would be looking for ways to help fund it.

He added that nearly 70 percent of the space has already been leased and more potential tenants are in every ward and several generally and primarily in the downtown area.

As for Specter, he mingled with workers, listened to interested parties. "What you need from the federal government is highway funding, but funding for highways - (and) we'll be taking a close look at (this project)."

But Specter's visit to the waterfront was not just to see the project, he also met with city officials and representatives of the project. Specter said that he was "impressed" with the project and that he would be looking for ways to help fund it. He also met with city officials and representatives of the project. Specter said that he was "impressed" with the project and that he would be looking for ways to help fund it.

"It's really important to the City of Chester and Delaware County," Pileggi said. "The project is a key to the city's economic revitalization and we're excited to get access to the site (the city's waterfront)."

That was a point Specter appeared very interested in discussing. "It's a key job immediately," Specter said, "and I'm looking for ways to help fund it."

The plans made it very, very critical - we'll go to work to bring that highway funding to the table."

The project is a key to the city's economic revitalization and we're excited to get access to the site (the city's waterfront)."

The Wharf is expected to be leased by additional office space, two marinas, restaurants and retail shops among other things. The project is a key to the city's economic revitalization and we're excited to get access to the site (the city's waterfront)."

DAILY TIMES

DELAWARE COUNTY'S NEWSPAPER 50¢

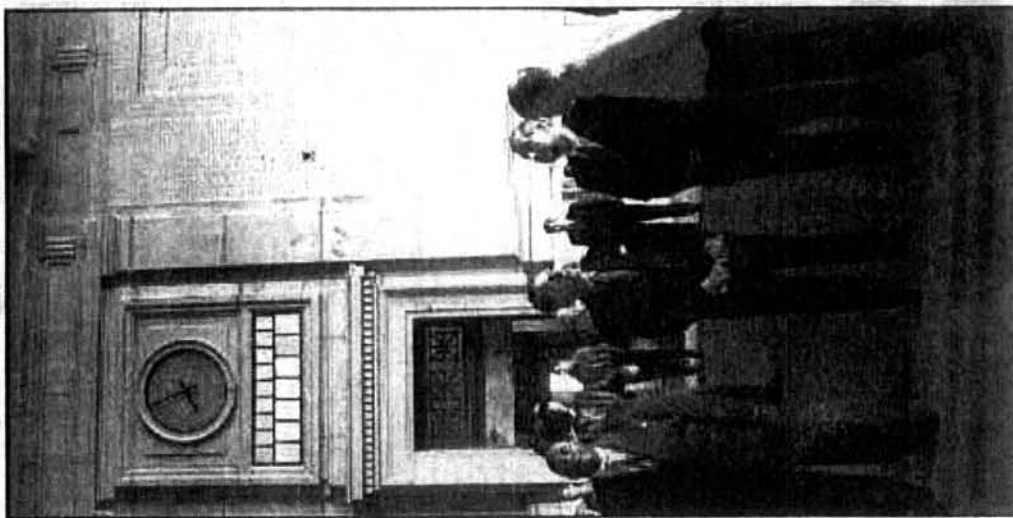
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BOOMTOWN



Chester displays linchpin of revitalization to 'very impressed' Specter / Page 3

U.S. Sen. Arlen Specter, left, Mayor Wendell Butler and state Sen. Dominic Pileggi chat at the Rivertown project in Chester.



U.S. Sen. Arlen Specter, center, is flanked by Chester Mayor Wendell Butler, left, and State Sen. Dominic Pileggi as they are escorted through Turbine Hall by Mike O'Neill, CEO of Preferred Real Estate Investments.

LILIANE B. BENNETT
SPECIAL TO THE BUSINESS JOURNAL

CHESTER — Before French power-generating company Alstom T&D Inc. chose to lease almost 40,000 square feet in the Wharf at Rivertown, the developer faced the difficult task of refurbishing an old power plant that was essentially one big machine.

"The way it worked a barge would bring the coal in. It was carried by crane to the top and dumped into small rooms which would carry it to the boilers that would burn it to generate the steam that powered the turbines that generated the electricity," said Kevin Blackney of Blackney Hayes Architects, the Philadelphia firm working on the project.

While during World War I by Peco Energy's predecessor, the old plant is a beautiful example of the Beaux-Arts style of architecture, but it was obsolete as a power generator. It was closed in the early 1980s and Chester's public officials had various ideas for redevelopment, but all involved tearing down the historic building.

Preferred Real Estate Investments Inc. had a better idea.

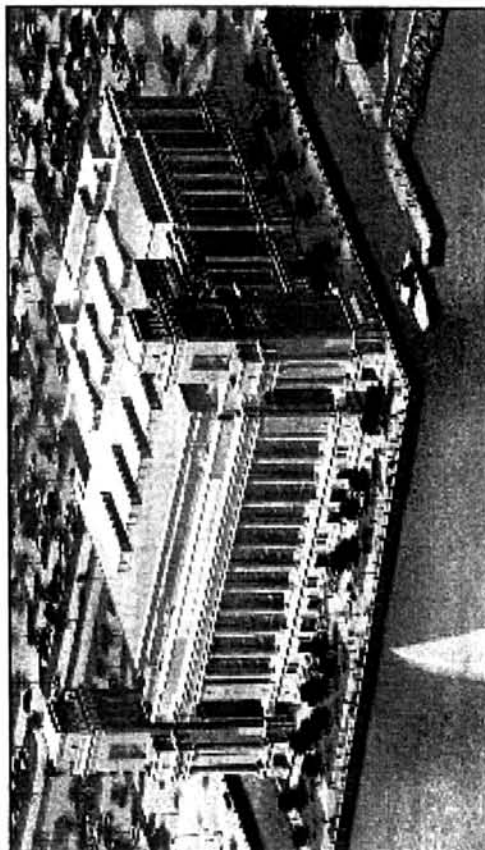
The Cambridge real estate development company bought the site from Peco for \$1, spent about \$1 million bringing it up to snuff environmentally, then set about the arduous task of converting it into Class A office space.

"The question was, could we reuse the structures that we had inside there or would we have to gut it?" Blackney said. "The other thing complicating [the process] was the historic tax credit program."

In the end, the builders had to come out, as did the turbines. Blackney described the work as "shipping" office spaces into the shell of the historic building.

The character of the one-of-a-kind facility was a large part of what attracted Alstom to the Wharf, where it is leasing space in modern, sunny structures built on the roof that affords a 280-degree view. Blackney

Suburban Office Lease WINNER The Wharf at Rivertown



said the rooftop perch was a challenge to constructer mostly because they had to be sure the existing structure could support the weight.

The Wharf will be Alstom's new North American headquarters. The 10-year lease is worth roughly \$9 million, with Alstom expected to move in by year's end.

T.J. Doyle, who works as a broker with Preferred Real Estate, said Alstom's space is "the most unique in the building," and that the company fell in love with the whole project. That's because its business is power generation and it also builds propulsion systems for cruise ships.

The power and marine aspects of the Wharf, which sits on the Delaware River, are "a brooding thing for them. And sort of a cherry on top is that when the deal is finished Alstom gets a boat slip," Doyle said.

Perhaps a bigger cherry is the Wharf's location in a KeyStone Opportunity Zone, which is what made redevelopment of the site a feasible business strategy.

"We can charge less rent than we would

have," Doyle said, because Preferred doesn't have to pay real estate taxes for 10 years as part of the state-sponsored KQZ program. In addition, benefits are exonerated from corporate tax for the same period, among other benefits.

Doyle said his company struck a deal with accounting firm KPMG to prepare tax analyses for potential tenants, "as a marketing tool."

While Alstom had already decided on Delaware County as the site of its headquarters, leases to a state trade delegation the visited France and some hard work by the county's chamber of commerce, it had a number of Class A office buildings from which to choose that wouldn't involve a occupancy delay like the Wharf.

Along with the tax benefits, Doyle said each company Synergy Inc. signing on as the anchor tenant helped enormously when it came to finalizing the deal. Synergy leased 150,000 square feet in the building, Doyle said.

"Not many tenants want to be the pin

THE SHORT OF IT

Project: The Wharf at Rivertown
Address: 2501 Seaport Drive, Chester, Pa.

Description: A World War I-era power-generating station being renovated into Class A office space, the uppermost floor of which was leased to Alstom T&D Inc. for its North American headquarters.

Size of building: 400,000 square feet

Size of leased space: Just under 40,000 square feet

Length of lease: 10 years

Value of deal: About \$9 million (\$20 per square foot)

Tenant: Alstom T&D Inc. of France

Tenant's broker: In-house

Owner/landlord: Preferred Real Estate Investments Inc. of Conshohocken, Pa.

Landlord's broker: Michael Balintzas and T.J. Doyle, Preferred Real Estate Investments Inc.

Developer: Preferred Real Estate Investments Inc.

Architect: Kevin Blackney, Blackney Hayes Architects, Philadelphia, Pa.

Space planner: Blackney Hayes Architects

General contractor: Preferred Construction Advisors

Financiers: Citizens Bank, Ultra LLC, Sprinkler Fund •

near in a new building. Synergy established critical mass. ... It makes the others' decisions a little easier. ... Synergy was leaning toward the one-year lease and Alstom saw this," he said.

Finally, Alstom was informed of plans for new ramps off Interstate 40 near the Commodore Barry Bridge that will guarantee easy access for its employees. The Delaware River Port Authority and the Pennsylvania Department of Transportation are handling that project.

According to Doyle, the Wharf at Rivertown is now 65 percent pre-leased, which is good news for Chester. At full capacity the building will house 5,000 employees, a 40 percent addition to the city's job base. •

COMMITTING REAL ESTATE TO THE FUTURE

NORTHEAST REAL ESTATE BUSINESS

THE PREFERRED APPROACH

Pennsylvania-based Preferred Real Estate Investments turns factories of the past into office buildings of the future.

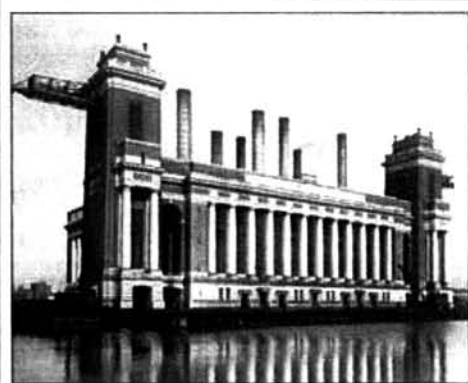
Susan Fishman

Preferred Real Estate Investments (Preferred) has built its brand around restoring former warehouses, manufacturing facilities and obsolete office buildings. The Conshohocken, Pennsylvania-based company owns and operates roughly 9.5 million square feet and is in the process of buying another 3.5 million to 4 million square feet this year. By acquiring properties at prices substantially below replacement cost and renovating them in spectacular fashion, Preferred is able to lease its buildings to clients at prices that are highly competitive with traditional office or industrial space.

"We're very much a growth company," says Erik Kolar, president. "We were starving entrepreneurs trying to get into a business that is highly institutional, so we naturally gravitated toward the buildings that nobody wanted. Philadelphia has such a rich history that there were a lot of these old industrial buildings that we originally started buying and making multi-tenant."

Preferred's core development business has always been around adaptive re-use, 80 percent of which is industrial to office. But the company, which is comprised of a leasing company (Preferred Real Estate Advisors Inc.), a construction company (Preferred Construction Advisors, LLC) and property management company (Preferred+), is also buying more completed office products and is beginning to take a more mixed-use approach as well.

"What's driving our growth is that we manage all of our own disciplines internally," notes Kolar. "So we're very



Preferred Real Estate Investments converted a former power plant built in 1917 into Wharf at Rivertown, a 90-acre mixed-use community in Chester, Pennsylvania, that includes Class A office space.

much a hands-on company and take a very holistic approach to what we do. We have lawyers and space planners on staff; we do all of our financing internally; we manage construction of all of our product; and we manage and lease our own buildings."

With the technology advancements of the late 1990s, Preferred's buildings catered to the market needs, which called for systems furniture and open work environments versus private offices. The buildings also catered to high-density work environments that required much greater parking ratios and bigger window lines than what the typical 1980s buildings offered.

"When the markets and the business needs changed, and corporate America, especially in the late '90s, was look-

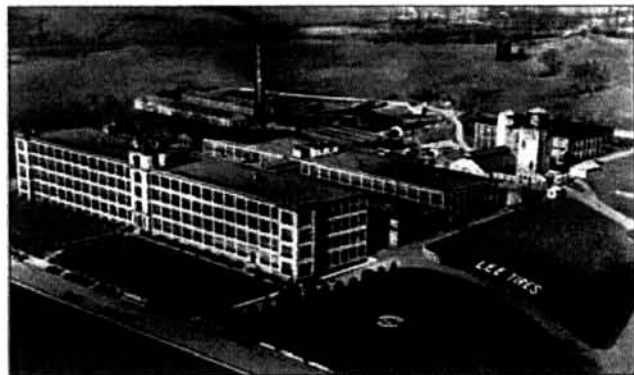
ing to squeeze every cent out of real estate and make it as efficient as possible, our buildings catered to that — heavy power, heavy parking, great ceiling heights — all the things they wanted," notes Kolar. "Our product wanted to be something different, so we needed to buy the same buildings but invest in all new electrical, all new HVAC, all new windows — turn an old building into a new building but hold on to its original architectural aspects."

Its customer-centric business approach has also allowed Preferred to keep growing.

"We're really focused on solving problems, not just developing buildings," says Kolar. "The asset is truly the tenant, so our property managers are uniformed differently. We send them

through the Disney model of customer service training. They're very responsive and very connected, and they carry the vision of long-term growth."

Preferred's first big project was Lee Park, formerly Lee Tire Factory, now a recently renovated Class A office project in Conshohocken, just 150 yards from the train station that serves suburban Philadelphia. In the late 1980s, Preferred converted the old tire manufacturing plant into an office and industrial building. In April 2002, the company purchased the 650,000-square-foot asset from a former partnership and did a \$30 million renovation, shrinking the space by 200,000 square feet, taking down the outside building to bring the parking closer to the property, renovating all the common areas and reducing



Lee Park, formerly Lee Tire Factory, is a recently renovated project in Conshohocken, Pennsylvania. Preferred converted the manufacturing plant into an office and industrial building.

COMMITTING REAL ESTATE TO THE FUTURE

NORTHEAST REAL ESTATE BUSINESS

the tenant rent roll to make larger, more efficient spaces — all while holding on to the building's original architecture. Preferred also added the best office building amenities, including food service, outdoor seating and an expanded tenant conference center, featuring a 75-seat auditorium and training center.

Preferred is also responsible for the Wharf at Rivertown, a 90-acre mixed-use community that includes Class A office space converted from the former power plant in Chester, Pennsylvania. The plant was built in 1917 to support the war effort and was a model of modern technology at the time. Now, the space is 80 percent leased and tenants include Wells Fargo, Synergy, Mita Management and AdminServer.

"It's nothing short of magnificent from a physical perspective," notes Kolar.

The project has also been, according to Kolar, "the perfect storm of public/private participation." The state has agreed to put infrastructure ramps off Interstate 95 to get people into the city, and tenants will receive major tax exemptions through 2013. Just the first phase of the project will increase jobs by 40 percent.

"So it's a great story and I think it will be kind of the poster child for urban/suburban revitalization," Kolar adds.

Another adaptive re-use project is Island View Crossing, a Class A office building in Bristol, Pennsylvania, that was formerly the Dial Soap Factory. The 183,000-square-foot project is significant as one of the first office buildings on Philadelphia's Delaware River, and provides magnificent views from 22-foot glass windows on the top floor. Preferred has also put in pads for an additional 200,000 square feet of new construction.

Preferred's most recent closing was the American Metro Center, a former 750,000-square-foot toilet manufacturing plant located at Interstate 295 and the Hamilton Train Station in New Jersey. The company is shrinking the space to 450,000 square feet and converting it to 100 percent office, restoring the building to its original 1920s fabric. Architectural highlights include a terracotta tile exterior, mosaic design and red brick walls.

"It borders the white collar and blue collar market, so you have great access to labor and incredible access to transportation," notes Kolar. "I think it's a well-planned community, and Hamilton Township had a lot to do with making sure it was done right. The entitle-

ment process was arduous, but efficient in the end."

Since 1992, Preferred has grown an average of approximately 1 million square feet per year. Primarily a Mid-Atlantic business, the company is

branching out into the Maryland and Northern Virginia marketplaces and has opened an office in Columbia, Maryland. Preferred also opened an office in Princeton, New Jersey, and is experiencing a tremendous amount of

growth in the New Jersey marketplace. As the firm continues to grow, it's looking up and down the coastline and, by 2006, plans to have 20 million square feet under ownership. □

McCain backs bill to bar fund marketing fees. Page 2.

Oracle downsizes bid for rival PeopleSoft. Page 3.

Business

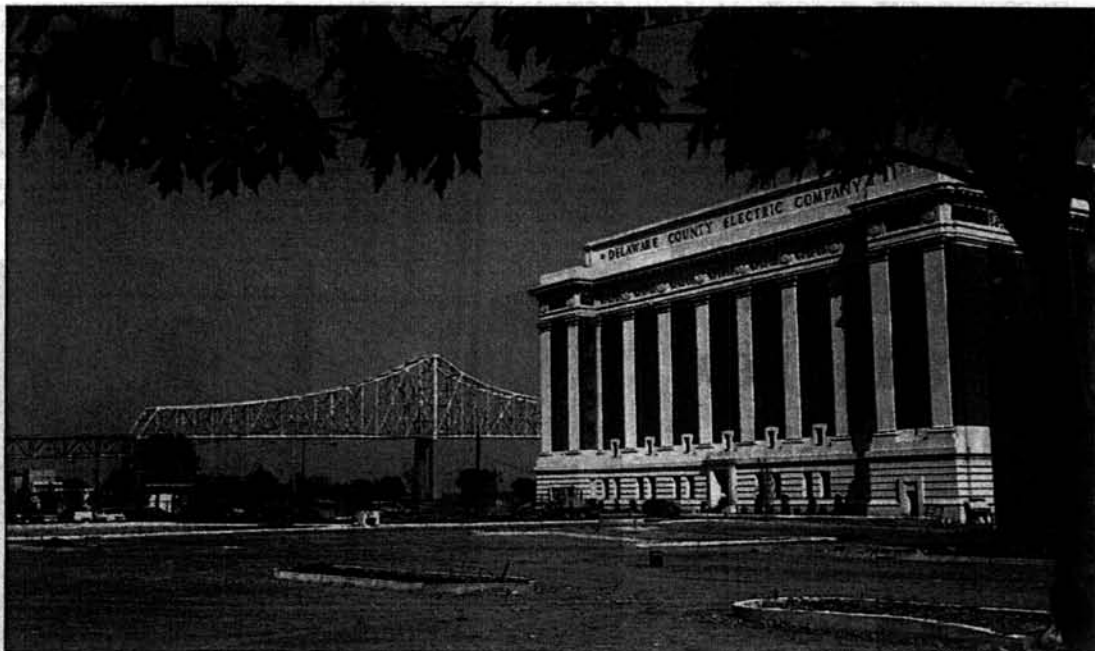
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SATURDAY, MAY 15, 2004

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The Philadelphia Inquirer

WWW.PHILLY.COM



A landmark near the Commodore Barry Bridge, the old generating station — now called the Wharf at Rivertown — was designed in a dramatic style to impress upon the public that electricity was here to stay. Vacant since 1984, it has been rehabbed by Preferred Real Estate Investments Inc., of Conshohocken.

A new electricity at Chester site

By Henry J. Holcomb
INQUIRER STAFF WRITER

Skeptics laughed when Michael O'Neill announced in 1999 that his real estate firm had bought an old electricity generating station in Chester and would turn it into a modern office center.

O'Neill's company, Preferred Real Estate Investments Inc., of Conshohocken, had won praise for conversions of industrial space — for example, the Lee Tire factory in Conshohocken and the Simpson Paper Co. plant in nearby Miquon.

But this building, vacant since 1984, was in economically depressed Chester, surrounded by derelict buildings and piles of debris. The structure itself had a grand, columned exterior. But inside, it was so contaminated that O'Neill's team had to don protective clothing and masks for inspection tours.

Broker-developer Tim Mahoney recalls the party at which O'Neill announced the purchase. "I thought, this is going to be the project that takes them down," he said yesterday.

But the 400,000-square-foot renovation project, still months from completion, is already 80 percent leased. "I've learned not to second-guess Michael," Mahoney said upon hearing the news.

Preferred signed another big tenant this week: Wells Fargo Financial Acceptance, a unit of San Francisco-based Wells Fargo & Co.

Wells Fargo will occupy a major portion of a building built inside the walls that once surrounded the huge coal-fired boilers. This will be the automobile financing unit's headquarters, with executive, technical, sales and clerical personnel.

This summer, it will move 350 employees from Lester, in Delaware County near Philadelphia International Airport, to 110,000 square feet in what O'Neill is now calling the Wharf at

Rivertown. Within a year, Wells Fargo will expand to 450 people, Judy Corcoran, its spokeswoman, said.

Chester has been a hard sell. "Considering what was around it, I didn't have a lot of optimism, even with Mike O'Neill's legendary skill at adaptive reuse of buildings," said Walter D'Alessio, chief executive of the North-Marq Advisors real estate firm.

"But they've pulled it off. What they've done borders on the miraculous," D'Alessio said.

Michael Balitsaris, an executive with O'Neill's firm, said: "People laughed or smirked when we asked them to look at a site in Chester."

Many prospects came. Some decided to lease space in the landmark, next to the Commodore Barry Bridge, that long ago belched black smoke, powering stippyards and other industries that employed tens of thousands along the river in Delaware County.

By fall, the building will house 1,600 office jobs, including Wells Fargo's. This, say those who support it, will help power the recovery of Chester.

"Within the next year, it should be booming up here again. I'm hoping it will be," said Mae Gilmore. Her Mae's Place Soul Food, 1000 W. Second St., which she opened in 1979, has become popular with O'Neill's staff. Balitsaris touts her fried chicken as a good reason to move to Chester.

O'Neill's firm has invested \$60 million in the project, including the 90 acres of surrounding land for future development, which could include more office buildings, apartments, a marina and, possibly, a horse-racing track.

The state and federal governments and the Delaware River Port Authority have added at least \$11 million for environmental clean-up, new roads, and other improvements in the area.

See CHESTER on C2



Erik Kolar (left) and Miguel Pena of Preferred talk in the old turbine room of the former power plant. This space will house Synggy Inc., now in Conshohocken, which provides software and services to manage bonuses and commissions. The room's skylights, covered during World War II, and decorative lamps have been restored.

Local

Waterfront project given \$50G boost

■ DEP vows to continue its support for Chester as it undertakes development plan along the river.

By **REBECCA CORCORAN**
rcorcoran@delcotimes.com

CHESTER — The city's ambitious waterfront development plan was praised and rewarded for its commitment to economic and environmental renewal by the state Department of Environmental Protection Wednesday.

Secretary Kathleen McGinty used the dramatic backdrop of the newly renovated Wharf at Rivertown to announce \$1.2 million in federal and state grant money for projects intended to protect and enhance the state's coastal zones.

More than \$50,000 will go to the Delaware County Planning Department, including \$29,019 for landscaping, signage and streetlights along Route 291 leading to the waterfront. "We are working to further build out the vision that was developed here," McGinty said. "The DEP is in this for the long haul."

The Wharf at Rivertown is anchored by a new 400,000-square-foot office complex constructed in the long-abandoned

Delaware County Electric Co. building. The waterfront area in the city's West End will also boast several restaurants, marina area, park and plenty of parking. A new off-ramp from Interstate 95 to the area has also been proposed.

McGinty commended the city for using prior Coastal Management funds to plan its dramatic transformation. "When we invest in the environment, we invest in the economy and in community revitalization," she said.

The new DEP grant money will be used for the beautification of Route 291, as well as the installation of extra street signs and lights around the waterfront, all of which are aimed at improving the safety and security of the area, McGinty said.

"If you want to push crime out and build the community back up, these small things are really important," she said.

Renovations on the main building are nearly complete and the office space is already 70 percent leased, according to Preferred Real Estate Advisors Inc., the Conshohocken-based Realtor handling the property. Ninety-percent occupancy is projected by the end of 2004, and one tenant — a computer company — has already moved in.

Chester Mayor Wendell Butler called the renovations a "monumental project" and thanked all those who had shared the



Times Staff / PETER A. ZINNER
DEP Secretary Kathleen McGinty discusses the coastal zone management plan from the Wharf at Rivertown Wednesday.

idea of urban renewal. "The main goal is jobs for Chester, along with this vision of revitalization," he said.

More than 200 jobs for Chester residents were created just during the tedious dismantling of the old electric plant, Laborers Local 413 official Jim Harper said.

"When we first came to the building, we said 'What the hell?'" Harper said. "Now, we look at it and say the same thing."

After the DEP's announcements, local government officials and other attendees were taken on a tour of the main building, with its towering ceilings and massive machinery — now used as artwork — left over from the electric company.

Among the other local recipients of the

DEP grant money are the Delaware County Conservation District, which received \$25,000 to implement and track pollution management measures, and Swarthmore College, which received \$50,000 for the development of two computerized decision-making models that municipalities can use to prioritize pollution-management practices with watersheds.

The remaining grant money given to the Delaware County Planning Commission includes \$21,054 to be used for a feasibility study concerning the placement of the East Coast Greenway — a proposed Maine-to-Florida bike and walking trail that will connect urban areas — over Darby Creek between Tinticum and Ridley.

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at Rivertown**ELIZABETH BENNETT
SPECIAL TO THE BUSINESS JOURNAL

CHESTER — The city of Chester was delivered a valuable gift this year: The Wharf at Rivertown. (see rendering, P8) a redevelopment into Class A office space of an old Peco Energy Co. station — obsolete as a power generator, but housed in a beautiful Beaux Art-style building.

With only 5,000 permanent jobs since the decline of the region's ship-building industry, Chester waited while prime waterfront real estate languished. Peco, now Exelon Energy, pondered its best use. Every scenario involved destroying the attractive structure.

Environmental problems and complex construction requirements made the project daunting, but a few years ago Preferred Real Estate Investment Inc. decided the place was too cool to let decay. By now, it's nearly complete, with a handful of high-profile tenants signed up.

"The issue was making this a product the market was looking for, around an existing building, and the construction challenge of maintaining the original building," said Erik Kolar, president of Preferred Real Estate.

The developers' receipt of historic tax credits meant that great care had to be taken to preserve the facade and some interior details.

"It narrows your ability to do much with the building," Kolar said. "How do you take a building that was built in 1917 and make it applicable to what the modern office user wants today? How do you change a factory of the past to an office of the future? ... The construction process was very, very tricky. The demolition was very expensive."

The interior of the power station was stuffed with a giant turbine and boilers. It all had to be ripped out, leaving only a shell in which six stories of high-tech office space could be built from scratch.

"The time frame was very tight due to figuring out the job as you went along because you couldn't get in that boiler room. Everything was mammoth in size," said Bill Santora, president of A&E Construction Inc. of Upper Darby, the general contractor. "The walls were four feet thick. You had to keep the historical exteriors walls intact when you had a large excavating machine driving around tearing things down."

Safety was a constant concern with such a big, messy job.

"There was tight supervision and constant walks through," said William Stevenson, director of business development for A&E.

No developer dislikes timely work. The sooner Preferred Real Estate had the space prepared, the sooner it could see returns on its expensive project. While Peco, happy with the plan, sold Preferred the site for a dollar, the developer spent about \$1 million on environmental remediation alone.

Local and state officials realized Preferred would need their help to pull off the ambitious plan and were certainly enthusiastic about the 2,000 jobs this project could eventually bring.

The officials helped Preferred find financing, obtain historic tax credits and deal with the environmental issues. Also crucial was the site's presence in a Keystone Opportunity Zone, which meant tax exemptions for the developer and tenants. At this point, the building is about 70 percent leased and finished except for some tenant fit out. Kolar said the biggest challenge was "keeping my partner from killing the construction guys," adding more seriously that every facet of this project was a handful.

The construction guys from A&E looked at it as an opportunity to show what they can do.

"It was a great for us as a construction opportunity," Santora said.

The project was "gargantuan and huge and, at the same time, tedious. There were so many little things you had to do," Stevenson said. ■

UP CLOSE**PROJECT:** The Wharf at Rivertown**ADDRESS:** 2501 Seaport Drive, Chester**DESCRIPTION:** Renovation of a World War I-era power-generating station into Class A office space with attention paid to preservation of the historic exterior of the building.**SIZE OF SPACE:** 400,000 square feet**VALUE OF DEAL:** \$60 million**OWNER/DEVELOPER:** Preferred Real Estate Investments Inc., Conshohocken**TENANTS:** AdminServer, Wells Fargo, Synegy, Mita Management**GENERAL CONTRACTOR:** A&E Construction Inc., Upper Darby**ARCHITECT:** Blackney Hayes Architects, Philadelphia**DEVELOPER'S LEGAL COUNSEL:** Alan Werther, in-house**FINANCIERS:** Citizens Bank Commercial Real Estate, Philadelphia; Amalgamated Bank, Washington, D.C.; The Tuckerman Group, Chicago**DATE COMPLETED:** By October 2004 the project will be completed except for final tenant fit out.

Neighbors

Delaware
County

SECTION
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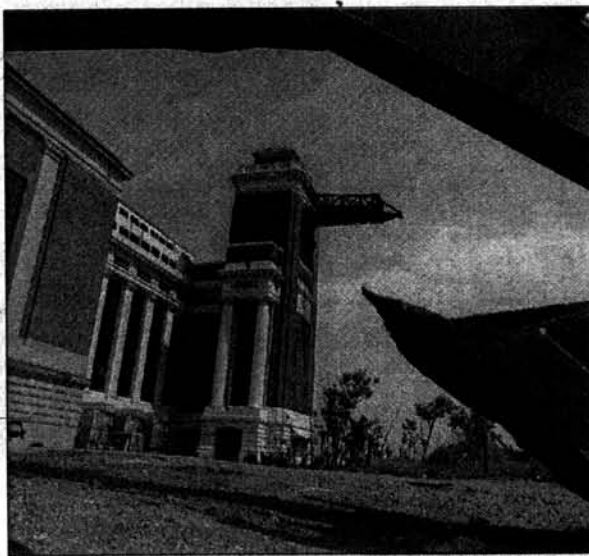
SUNDAY, JUNE 13, 2004

Delaware County

The Philadelphia Inquirer

WWW.PHILLY.COM

Community Voices Smarter Ways to Grow



CHARLES FOX / Inquirer Staff Photographer
The renovation of the abandoned Peco Energy Co. power station in Chester is the centerpiece of the redevelopment of the city's Delaware River waterfront. Preferred Real Estate Investments Inc. is turning the six-story neoclassical structure built in 1918 into 396,000 square feet of office space.

Communities shape face of development

Marianne Scott
is program manager for 10,000 Friends of Pennsylvania

Development occurs every day in Pennsylvania. But in many ways, local communities are first thinking through what, where and how they build to ensure that new development enhances what they already have and fits into what they want their communities to be. They are raising the bar on development, and many developers, builders and design professionals statewide are striving to meet that challenge.

In places such as Pottstown, Coatsville and West Chester, existing buildings are being rehabilitated and reused, bringing new life to once abandoned or neglected sites. New developments are being located where roads, sewers and other services exist, and are designed to support a balanced mix of places to live, work, shop, and enjoy the outdoors.

In places such as Norristown and Upper Darby, main streets and downtown areas are being revitalized near public-transit facilities. All over the region,

growth is being directed away from exceptional natural and rural areas that contribute to our quality of life.

Thinking about what and where we build next, before we build it, has resulted in both new and revitalized additions to Pennsylvania that are drawing interest and investments to our communities. Last year, the first Commonwealth Design Awards recognized 12 projects around the state that best demonstrate how thoughtful planning and innovative design helped improve and revitalize the local communities and contributed to their future prosperity. Honored projects varied from a master plan for a former steel-mill site in Pittsburgh to the redevelopment of a historic shoe factory in central Pennsylvania to the Avenue of the Arts in Philadelphia.

Smart and innovative projects often serve as catalysts for further development and help communities consider the range of options they have to balance growth and conservation needs.

This year, 10,000 Friends' Commonwealth Design Awards program is seeking more projects that will reinforce efforts to maintain and improve what we already have and encourage communities to meet growth needs without randomly locating development on open and rural lands and abandoning a wealth of existing and historic buildings that can be reused. These kinds of smart-growth projects help ensure improvements are cost-effective and promote a strong sense of community in the process. (Submissions for this year's awards are due by June 30.)

To encourage and support sound planning at the earliest stages, the Delaware Valley Smart Growth Alliance is working with representatives of government, business and nonprofit organizations to help develop smart-growth projects while they are still on the drawing table. The hope is that by recognizing these efforts early on, local officials will be encouraged to make them a reality. The Alliance was initiated by the Pennsylvania Environmental Council and convened by the Urban Land Institute, Philadelphia District Council.

As more and more communities, developers, and design professionals apply smart-growth principles in new and creative ways, smart projects, large and small, will help Southeastern Pennsylvania thrive and prosper.

For more information about 10,000 Friends or this year's Commonwealth Design Awards, call 877-566-2225, send e-mail to scott@10000friends.org, visit www.10000friends.org, fax 215-983-2204, or write 10,000 Friends of Pennsylvania, 117 S. 17th St., Suite 2300, Philadelphia 19103-5022.

Project powers revitalization of waterfront

Development: The Wharf at Rivertown, 1 Seaport Dr., Chester
Developer: Preferred Real Estate Investments Inc., Conshohocken
Architect: Blackney Hayes Architects, Philadelphia



The architect of the selling in the station's Turbine Hall also worked on 30th Street Station.

The redevelopment of Chester's Delaware River waterfront signifies the renewal of Pennsylvania's oldest city. The centerpiece of the development is the abandoned Peco Energy Co. power station. Built in 1918, the six-story neoclassical structure is being renovated into 396,000 square feet of office space. The completed project will also include restaurants, parks, and exhibition space. The redevelopment area can be reached by several major highways and is served by SEPTA regional rail and bus routes. The waterfront includes two marinas and two deep-water ports.

Chester's once-prosperous manufacturing economy began to decline in the 1950s, as major industries moved out of the city, accelerating the cycle of deterioration and abandonment. The



An exterior water valve (left) and huge condenser are now ornamental features in the building.

renovation of the power plant represents a shift of the industrial waterfront to a mix of places to work, eat, shop and visit. The site is being redeveloped with assistance from Pennsylvania's Land Recycling Program, administered by the Department of Environmental Protection. The state provided tax incentives to new occupants and helped fund the expansion of the waterfront's main access road.

The initial success in leasing office space at the power station has sparked more interest and reinvestment in one of the region's struggling older cities. In this smart-growth project, public and private funds are working to enhance environmental and cultural resources along the historic waterfront and are strengthening the sense of community.

— Marianne Scott

For a look at other smart-growth projects in Southeastern Pennsylvania, visit www.philly.com/midtown/midtownopinion.



Michael Peco of Preferred Real Estate is silhouetted against a window that affords a view of the Commodore Barry Bridge. The project also includes restaurants and exhibition space.

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FRIDAY, JULY 29, 2005

B

The Philadelphia Inquirer

Friday, July 29, 2005

THE PHILADELPHIA INQUIRER

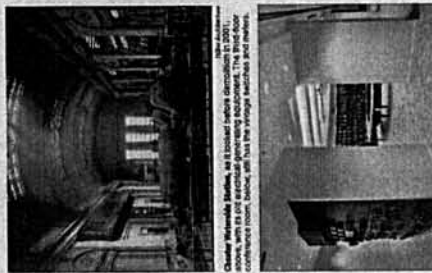
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SECTION
E

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Rebooted and recharged

Chester's grand power plant, shuttered in 1981, is rising from its ashes. Now it's home to a software company that sought a grounding in America's past.



Chester's grand power plant, shuttered in 1981, is rising from its ashes. Now it's home to a software company that sought a grounding in America's past.

Changing Skies

By Ingo Staffner

When the Chester power plant was built in 1928, it was the largest power plant in the world. It was a marvel of engineering, a symbol of America's industrial might. Now, after 77 years, it is being reborn. The plant is being converted into a software development center for a company called Chester Power Plant Software. The new building is a mix of old and new, with the original brick structure and modern glass and steel additions. The company is looking for software developers and engineers who want to work in a historic setting.

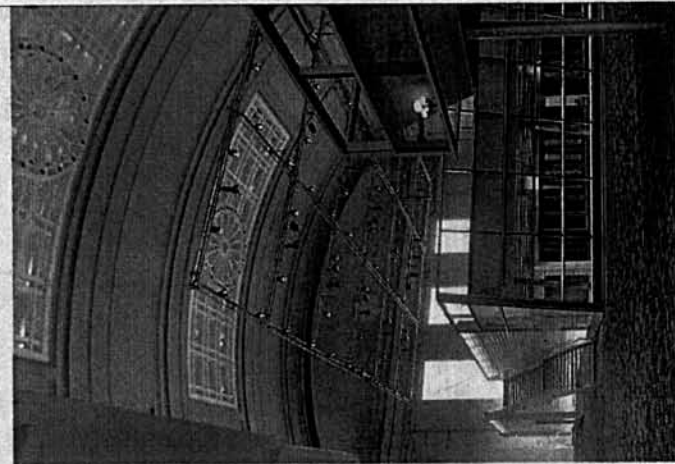


PHOTO BY JIM HANCOCK

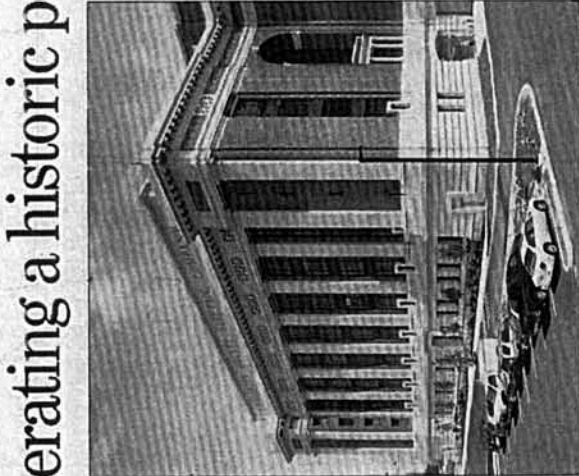
POWER PLANT from E1
London's Riverside Power Co. helped architect Jacques Herzog & de Meuron win the contract to renovate the plant. But those successes have yet to spark a trend. Jersey City's new power plant, built to serve the city's needs, is a far cry from the Chester plant. The new plant is a mix of old and new, with the original brick structure and modern glass and steel additions. The company is looking for software developers and engineers who want to work in a historic setting.

With the Chester plant, O'Neill was an opportunity to revitalize a historic building. The plant is being converted into a software development center for a company called Chester Power Plant Software. The new building is a mix of old and new, with the original brick structure and modern glass and steel additions. The company is looking for software developers and engineers who want to work in a historic setting.

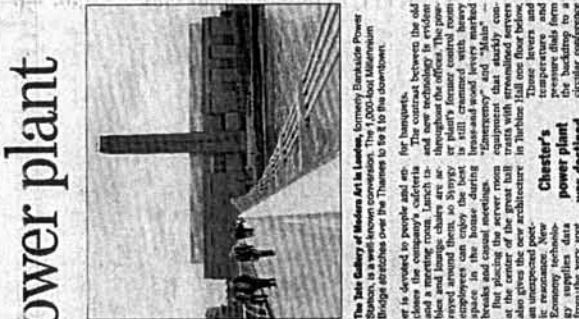
But the Chester plant is not the only one being renovated. In Philadelphia, the former Delaware County Electric Co. plant is being converted into a modern office building. The new building is a mix of old and new, with the original brick structure and modern glass and steel additions. The company is looking for software developers and engineers who want to work in a historic setting.

As far as Syzygy's stiller is concerned, the vast and empty space was a challenge. The company is looking for software developers and engineers who want to work in a historic setting. The new building is a mix of old and new, with the original brick structure and modern glass and steel additions. The company is looking for software developers and engineers who want to work in a historic setting.

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The former Delaware County Electric Co. plant, by two young architects who led the renovation, was shuttered in 1981. This building was built in 1928. The new building is a mix of old and new, with the original brick structure and modern glass and steel additions. The company is looking for software developers and engineers who want to work in a historic setting.



The new building is a mix of old and new, with the original brick structure and modern glass and steel additions. The company is looking for software developers and engineers who want to work in a historic setting.

Regenerating a historic power plant

It is devoted to people and energy. The contrast between the old and new technology is evident in every corner. The plant is being converted into a software development center for a company called Chester Power Plant Software. The new building is a mix of old and new, with the original brick structure and modern glass and steel additions. The company is looking for software developers and engineers who want to work in a historic setting.

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**BEST
REAL
ESTATE
DEALS
2002**

Urban Office Lease WINNER 801 Market Street

JIM CORY

SPECIAL TO THE BUSINESS JOURNAL

In the summer of 2001, Providence, R.I.-based Citizens Financial Group Inc., among the 20 largest commercial bank holding companies in the United States, bought Mellon Financial Corp.'s business banking, retail and certain market units. The acquisition included Mellon's check processing operation, located in Mellon Independence Place at 701 Market St. Acquisition completed, the New England company had to find a new home for the department, a 24-hour, seven-day-a-week operation with more than 500 employees.

"We got a call from our Boston office, saying we needed to do something right away," said Dennis Durkin of Insignia/ESG.

As soon as the search was under way, the events of Sept. 11 brought business transactions up and down the East Coast to a halt. However, Insignia/ESG and its client, Citizens Bank, had little choice but to proceed.

"For the first week, there were no flights. The guys from New England literally took the train or drove down," Durkin said. "This was the only deal going on at that point in time. They didn't have the luxury of waiting."

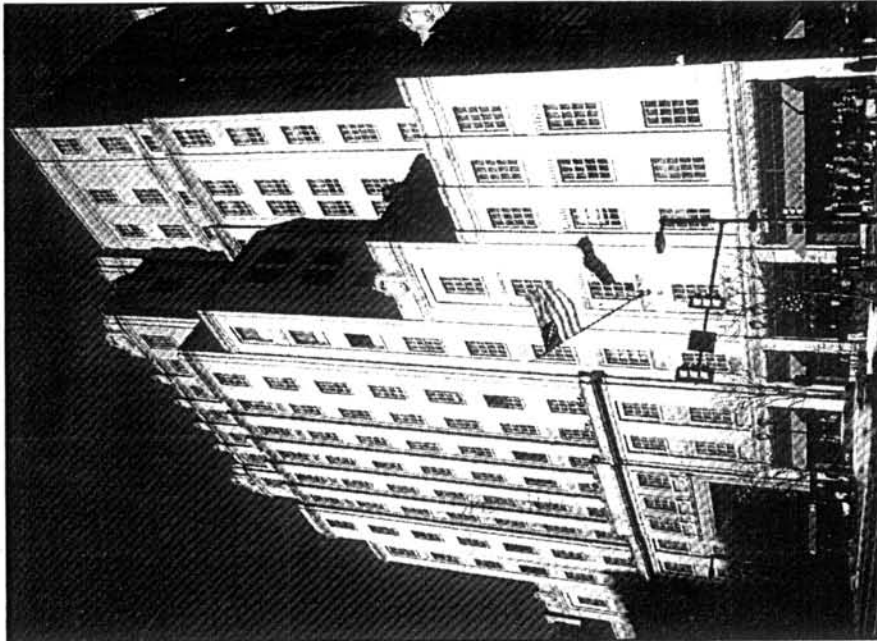
Initially, Citizens Bank had expressed an interest in moving the check processing operation into the suburbs. The center required a minimum of 120,000 square feet. Apart from size, the company

had needs specific to both the building — such as dual electrical feeds, ensuring redundancy — and location, that is, ready access to public transit.

Finding nothing suitable, the search moved downtown, where three facilities qualified: the old Wanamaker department store on Chestnut; another office building at 883 Chestnut; and 801 Market, the 14-story former flagship store and headquarters of the Strawbridge & Clothier department store chain.

Preferred Real Estate Investments of Conshohocken owns the top seven floors of 801 Market, which it purchased in a condominium arrangement with Mays Department Stores. Mays has owned Strawbridge since 1995.

T.J. Doyle, of Preferred Real Estate Investments, said 801 Market had several advantages over the other two buildings. It offered space on two-and-a-half contiguous floors and floors ranging from 45,000 to 65,000 square feet, "double or triple the size of a normal downtown office building." Ceilings ranged from 12 to 15 feet high, enabling the tenant to install raised floors for flexibility in moving offices and equipment and for easy access to mechanicals. The building offered a dedicated loading area, which satisfied Citizens' security concerns.



And, 801 Market sits on a nexus of public transit lines, including the Market Street Elevated, SEPTA regional rail and the PATCO High-Speed Line into New Jersey. In addition, Doyle pointed out, the building's "within walking distance of 585 shops, and there are 5,000 parking places in a three-block radius."

Something else that gave 801 Market the edge: a lease provision allowing for future expansion. If Citizens — on the 11th, 12th and part of the 13th floors — reaches 100 percent capacity this year, the tenant has a right of first offer option to lease the remaining 25,000 square feet on the 13th floor, an additional 8,500 square feet on the eighth floor and the seventh floor in its entirety, should that become available.

Durkin, of Insignia/ESG, said Philadelphia gained by retaining a large bank operations center downtown. "When they started looking at suburban locations vs. where their employee base was, it made a lot of sense to stay here." •

Tomorrow:

The high cost of housing leaves some Bay Staters stuck as renters

Real Estate

Contraction gives way to expansion

As Texas Instruments consolidates its shrinking Attleboro operations, space opens up for smaller companies and housing

By Susan Dieneshouse
GLOBE CORRESPONDENT

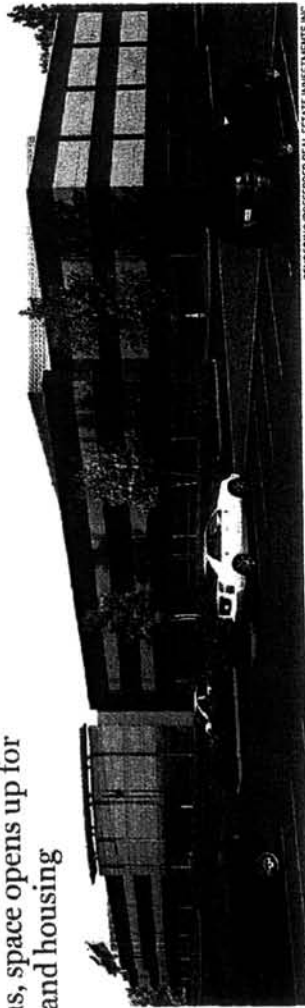
ATTLBORO — In most cases, the construction of a \$29 million building would be a sign of growth. But for Texas Instruments Inc., the structure now rising in an industrial park here marks the company's fading presence, as it contracts its operation into two buildings from the 15 it once occupied.

However, the 220,000-square-foot office/research and development building is part of a planned removal of the 264-acre site that for decades served as Texas Instruments' manufacturing campus. It therefore also reflects the hope that the recent rapid outflow of jobs will be reversed as smaller companies move into what is now called the Attleboro Corporate Campus to help create a new industrial base.

"It's a change for the good," said Gary Ayrassian, the city's director of planning and economic development. "With smaller, more diverse businesses, the local economy won't be vulnerable to the decisions of one company."

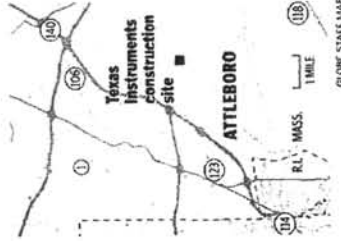
In 1997, the Dallas-based electronics maker occupied 15 buildings with 1.4 million square feet of space at this complex, employing about 5,000.

Since then, the company has moved much of the manufacturing done here to Asia and Latin America, said Jeffrey Bergman, Texas Instrument's project manager for the new office/research



RENDERING/PREFERRED REAL ESTATE INVESTMENTS INC.

When completed, Texas Instruments Inc.'s \$29 million, 220,000-square-foot office/research and development building (rendering above, ongoing construction below) will consolidate its Attleboro operations and clear the way for renewal of the 264-acre site that for decades served as Texas Instruments' manufacturing campus.



GLOBE STAFF MAP

populated region not far from its Pennsylvania headquarters. The site is already outfitted with a wastewater treatment plant, public utilities, and a freight-rail spur. This old manufacturing city, once known for metallurgy and jewelry making, also has a well-skilled workforce, said Michael Kolar, a Preferred broker.

"This is a beachhead for us to grow in the area," said Kolar who expects several tenants from nearby Providence. "We're looking for other properties."

According to the city planner, "Preferred is working with us to break up the site."

The developer, which specializes in reusing industrial properties, hopes to partner with a residential builder to create about 200 town houses, condominiums, and single-family homes priced from about \$250,000 to \$350,000 on 100 acres.

On the commercial portion of the site, Texas Instruments will take a 20-year lease on the new building and a 10-year lease on an adjacent manufacturing building. On the remaining 120 acres, Preferred then hopes to sell buildings to industrial users or rent existing space starting at about \$4 per square foot, Kolar said.

But leasing has been slow and rents falling in the area, said James Grady, a vice president at NAI Hunneeman Commercial in Boston. With an availability rate of 15.8 percent for industrial space in this part of Massachusetts and average asking rents down to about \$5 per square foot from about \$6 a year ago, "They're in for a long lease-up," Grady said.

However, since Preferred acquired the site for a low price and will sell off some of it, Grady added: "They should be able to carry a vacancy of about 50 percent once Texas Instruments consolidates."

developing the new building. Once construction is completed in December, Texas Instruments will occupy two buildings with 438,000 square feet, employing about 1,200, said Bergman.

Preferred Real Estate zeroed in on this property because it is well-located amid a sizable office and industrial market, in a densely

this campus to Preferred Real Estate Investments Inc. of Conshohocken, Pa., which plans to redevelop the property. It will sell some parcels, lease others, and is

up 129 percent over the previous year, according to its annual report. Late last year, meanwhile, it reaped \$24 million on the sale of

and development building. Overall though, its business is thriving. In 2004, company revenues were up 28 percent to \$12.6 billion and its operating profit was

THE SUN CHRONICLE

Dumas praises TI deal

► City officials say sale of property to developer may spur industrial growth

BY GEORGE W. RHODES
SUN CHRONICLE STAFF

ATTLEBORO — News that Texas Instruments sold its 261-acre campus to a real estate development company that aims to bring in new business while keeping a strong TI presence was cheered by city officials who said the move will enhance Attleboro's effort to improve its industrial and commercial base and bring new employment.

Mayor Kevin Dumas said the purchase of TI property by Preferred Real Estate Investments of Pennsylvania shows confidence that business and industry can rebound and thrive in Attleboro.

More jobs will result, he said.

"It says they are making a commitment to the TI property, and that they believe they can lease and build for companies and can manage it successfully," Dumas said. "As time goes on and they secure tenants, it's a great incentive for new jobs."

TI's deal with Preferred was announced Wednesday and comes after months of marketing efforts through the Texas-based Staubach Co. Price for the property was not disclosed.

SEE TI, PAGE B2 ►

► TI: Deal could spur growth in Attleboro

FROM PAGE B1

Preferred plans to build a 220,000-square foot business and technology center for TI, which in turn plans to lease the facility for 20 years. TI will also lease back four other buildings for manufacturing.

Attleboro Economic Development Director Mike Milanoski was elated by the prospect of a company as big as Preferred making a commitment in the city because it has the financial wherewithal to market the TI property nationally.

And national attention on the TI property could well spill over onto parcels the city is working to develop, such as the Attleboro Industrial Park and the soon to be built Industrial Business Park.

The more attention brought to Attleboro, the better, he said.

"We'll get a boost nationally because they'll be marketing the city," said Milanoski, who is also executive director of the Attleboro Redevelopment Authority, which is in charge of both industrial parks.

Preferred's properties, which are mostly located in an area stretching from northern Virginia to northern New Jersey are valued at \$1 billion. It also has three properties in Massachusetts.

Efforts to fill the TI campus will complement city efforts to fill its sites, Milanoski said.

If some companies do not find the TI campus suitable for their needs, they may find what they want on a city site,



Mayor Kevin Dumas

he said. The situation could also work in reverse. A company that inspects property in one of the two city developments may find something more suitable at the TI campus, Milanoski said.

"This is something that can be mutually beneficial," Milanoski said. "It complements what the ARA is doing."

And, business attracts more business, he said. An area that fosters successful businesses and has a skilled workforce can draw more companies.

"Success breeds success," he said.

With TI development underway, the city now has full range of sites to offer businesses, he said.

Heavy industry can be accommodated at TI or the Attleboro Industrial Park, while light industry, research and develop-

ment, high tech and office uses will be available at the Industrial Business Park.

"It completes the package of properties that the city and private developers can offer," Milanoski said.

The first phase of the industrial business park is expected to be ready to accommodate businesses next year, as will a 25-acre parcel in Attleboro Industrial Park. Requests for proposals for that site are to go out soon, Milanoski said. Both parks are fully permitted, which allows businesses to move right in.

ARA Vice Chairman Don Smyth said the prospect of companies going into the TI site does not threaten goals for the Industrial Business Park.

Like Milanoski he views it as an aid rather than a problem.

"People have to remember that the IBP is a long term project," he said. "We're looking at build-out of 20 years. In essence, we're land banking for the future so local businesses can expand and new businesses can come in."

He praised TI for maintaining its presence in the community.

"It's nice TI is making the commitment to occupy 220,000 square feet for the next 20 years," he said. "What they said is what they are doing. We appreciate that. It will help us plan."

GEORGE W. RHODES can be reached at 508-236-0432 or at grhodes@thesunchronicle.com.

THE SUN CHRONICLE

The Evening Chronicle
Established 1887

The Daily Sun
Established 1889

The Sun Chronicle
Established 1971

A8 Saturday, September 4, 2004

Attleboro sets stage for a stronger future

For years, City Hall has been getting calls from businesses wanting to locate in Attleboro. Sorry, the mayor or another official would have to tell the company, there's nothing available.

Today, that's not the case. Far from it.

Not only has the city prepared the remaining acreage in the old Attleboro Industrial Park for development, it is ready to sell lots in the new Industrial Business Park on Ides Hill and now can direct inquiries about hard-to-site heavy industry to the new owner of the vast Texas Instruments property on Route 123.

This week's news that a sizable Pennsylvania development company called Preferred Real Estate Investments has bought the 261-acre TI site could hardly be better for Attleboro and the local economy.

Preferred Real Estate will immediately invest in the site with construction of a large building for a Texas Instruments business and technology center, which TI intends to lease for at least 20 years.

TI will also lease four other of its former buildings for 10 years. These will be for manufacturing, assuring that Attleboro's leading employer will continue to be an economic engine for the region.

And, with TI as the anchor and the economy improving, Preferred Real Estate would seem to have good prospects of enticing other companies to take advantage of a site already approved for heavy-duty manufacturing.

It wasn't long ago that the prospects for the local economy were much dimmer. TI was downsizing as it shifted most of its manufacturing to cheaper regions and decided to emphasize technological development locally.

Meanwhile, the city had virtually no good sites for industrial and business development. Even local start-ups had to go out of town when they were ready to expand.

Now that the situation has changed, development officials expect the various municipal industrial parks to complement each other and provide ample sites for new companies for many years to come.

That will help broaden the city's tax base, but more importantly it will provide good jobs and generally strengthen the local economy.

We look for more good news from Preferred Real Estate Investments about development of the TI property, and from City Hall about new companies coming to Attleboro.

▼
**Development
officials
expect the
industrial
parks to
complement
each other...**
▲

THE SUN CHRONICLE

Vol. 34, No. 216

Home delivery \$4.00 per week

Attleboro - North Attleboro, MA

Sunday, October 3, 2004

New England NEWSPAPER OF THE YEAR

\$1.75

Not your father's TI

Company making the switch to downsized R&D center

BY RICK FOSTER
SUN CHRONICLE STAFF

ATTLEBORO

Throughout most of the 1990s, Texas Instruments reigned as Attleboro's largest employer with about 4,000 workers making everything from industrial control equipment to pressure sensors for car air bags.

That was then. This is now. With the announcement of 400 production job cuts last month and the recent sale of its 261-acre industrial campus to Preferred Real Estate Investments Inc., the company is on its way to a much smaller presence in the Attleboros, which will eventually top out at around 1,300 workers.

The downsized TI will serve as the world headquarters of the Dallas-based company's Sensors and Controls division and handle mostly management and research and development tasks.

But to listen to city and TI officials, retrenchment and retooling at TI is far from a reason for gloom. In fact, it could be the key to a promising future both for the city and the industrial campus off Forest Street, which soon could host development ranging from offices to new homes.

"We're certainly looking at this as a win-win," said Thomas Wroe, senior vice president of TI and president of its locally-based Sensors and Controls division.

Wroe said the sale will allow TI to better match its real estate needs to its business, which no



▼
'We're certainly looking at this as a win-win.'

Thomas Wroe,
senior vice president,
Texas Instruments

▲
longer requires a large number of buildings for manufacturing. It should also free up land for development that will eventually mean new jobs and tax revenues for the city.

Excited

"I'm incredibly excited," said Mayor Kevin Dumas, who said he was favorably impressed by

Preferred executives who came to Attleboro recently to outline their plans.

He said the Pennsylvania-based company's record suggests that it will thoroughly modernize the TI campus over time, bringing additional jobs and increasing property values.

TI has been preparing for the eventual downsizing of the Attleboro plant since the mid-1990s, a process that was accelerated by competition from low-cost manufacturers in Mexico, China and the Pacific.

But the move came into sharper focus earlier last month, when TI announced it had sold its entire Attleboro campus to Pennsylvania-based Preferred. TI will sign a long-term lease on a newly constructed, 220,000-square-foot building as its local base.

TI chose Preferred, a company with a reputation for turning obsolete factory complexes and warehouse buildings into attractive office complexes, following a nationwide search.

"We think we've made a great choice in Preferred," Wroe said.

SEE TI, PAGE A6 ►



Former electric generating station in Chester, Pa., transformed into an office building.

Recycling specialists

► The company that took over Texas Instrument's campus has a track record of putting old buildings to new uses

The Wharf at Rivertown

In Chester, Pa., Preferred Real Estate Investments turned the long-abandoned Philadelphia Electric Co. generating station on the Delaware River into 400,000 square feet of modern offices. Tenants include the world headquarters of Synogy Corp. and Wells Fargo, with more than 1,500 combined employees.

Preferred plans to develop adjacent land into an office park, two marinas and a restaurant. The site is projected to include 1.4 million square feet of office space.



CIGNA/ACE Operations Center

When the insurance company CIGNA sold its property and casualty insurance division to ACE Insurance, the transaction set up an uneasy relationship between employees of the two companies housed in the same large office building in Voorhees, N.J.

Preferred purchased the building from ACE, which subsequently vacated the

building, and leased the resulting vacancy to Comcast.

Quaker Chemical Corp.

Like Texas Instruments, Quaker Chemical in Conshohocken, Pa., no longer had a need for the large manufacturing facility adjacent to its headquarters site. Preferred redeveloped the property by refurbishing the plant into modern office space.

Also like TI, Quaker leased back space at its former site where they continue to have headquarters. In addition, the building was expanded by 100,000 square feet, attracting several additional tenants.

May Department Stores

After Philadelphia's Strawbridge and Clothier department stores sold its business to May Department stores in the mid-1990s, May no longer needed seven floors of office space atop Strawbridge's former flagship location on Market Street.

Preferred proposed turning the building into a condominium, purchasing the top seven floors and refurbishing them for office space. The building is now fully leased and houses about 2,000 workers employed by tenants ranging from the General Services Administration to Citizens Bank of Pennsylvania.

SERVING
THE GOODTaste of the Nation to begin
FOOD, A11

TRENTON METRO

The Times

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25 cents

NHL PLAYOFFS

Devils aiming to knot
series with Flyers tonight

SPORTS, B1



6 tenants agree to deals for Hamilton office park

By LAURIE WHALEN
Staff Writer

HAMILTON — Preferred Real Estate Inc., the Pennsylvania real estate development firm intent on transforming the American Standard toilet factory into an office park, yesterday said it has signed six tenants for its latest redevelopment venture.

About 25 municipal officials and busi-

ness people gathered at the abandoned toilet manufacturing site to celebrate the announcement.

Preferred officials said Union Switch & Signal and MacTec of Princeton Junction, West Windsor Township; FLOORgraphics Inc. of Princeton; Structuretone, a North Jersey company, and two unnamed law firms had agreed to become the first tenants at the American Metro Center — the

See **TENANTS, A13**



Staff photo by Mark Sherman

Hamilton Mayor Glen Gilmore, left, listens as Michael G. O'Neill, chairman of Preferred Real Estate Inc., announces that his company has signed six tenants for a new office park planned at the old American Standard factory.

TENANTS

Continued from Page A1

name being given to the 112-acre site.

At the end of the hour-long event several municipal officials found themselves in a peculiar quagmire at the American Standard-owned property.

A rain-soaked lawn used as a makeshift parking lot trapped at least two township-owned town-cars in the mud.

That was just a minor problem for the company from Conshohocken, Pa., which first announced interest in the 750,000-square-foot site more than 12 months ago.

Initially, the company planned a groundbreaking for the fall of 2003, but that got mired in controversy when the township planning board approved subdividing the property.

The board questioned traffic patterns and trace amounts of contamination, but approval was given in October, said Michael W. Herbert, the board's attorney.

Now, six months later, Preferred officials are still not confirming the parcel's purchase.

Township officials said Preferred still has not completed the estimated \$21 million transaction but could do so by the end of this month.

Michael G. O'Neill, chairman and founder of Preferred, said the site would be open for business by Aug. 1 with tenants committed to leases of five, seven or 10 years.

"We've started demolition and to abate the asbestos, and we'll increase the pace (of work)" over the next several weeks, O'Neill said in his opening remarks.

The factory will lose about 300,000 square feet of space after the company completes its conversion into the smaller American Metro Center — a 450,000-square-foot "Class A" office complex.

Lawrence A. Doyle, Preferred's New Jersey representative, said he expects the location to be 40 percent leased by this summer.

"And our goal will be to finish (leasing) by June 2005," Doyle said.

Leases are ranging between 8,000 square feet and 25,000 square feet, he said.

Local real estate developers said Preferred's goals were bold but anything is possible.

"Vacancy rates in northern Hamilton and Lawrence are relatively low," said Gerard Fennelly of Fennelly Associates.

He reported a vacancy rate of 12 to 14 percent in the immediate area.

But the park has "great things nearby such as access to the train and highways ... and they're in a market where supply is diminishing," Fennelly said.

Doyle said the American Metro Center had been generating a lot of interest, especially because the property is accessible via NJTransit and to major highways including Route 1 and Interstates 295 and 95.

"The property is directly connected to the train station by a skywalk," he said.

Preferred is marketing the new office property as "Class A" space and said amenities such as a full-service cafeteria, fitness center, common conference room and auditorium will be included.

As for the muddied lawn area, the company plans to use the facade facing the railroad tracks as its main entrance.

"Where everyone was stuck," Doyle said, "that will be a parking lot."

New life for an old landmark

By DARRYL R. ISHERWOOD
Staff Writer

HAMILTON — A Hamilton landmark-turned-eyesore that has sat vacant for two years is about to get a new lease on life.

Demolition has begun on portions of the former American Standard building, a 747,000-square-foot former factory near Sloan Avenue that for 80 years produced toilets that were shipped throughout the country.

Preferred Real Estate Investments, a Conshohocken, Pa.-based developer, plans to renovate the factory into 450,000 square feet of office space.

"It's been an extremely exciting start to a comprehensive project," said company president Erik Kolar. "This is an exciting project for the real estate community and for Hamilton, particularly because of the jobs it will bring in."

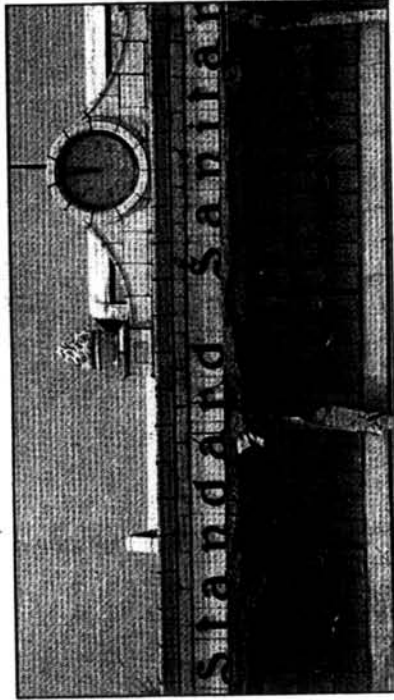
According to company spokesman Rob Florig, final acquisition of the property was completed Tuesday.

Preferred broke ground on the project in April and at the time announced six tenants had signed leases for space in the new building, which will be called the American Metro Center.

Since then, five more tenants have signed on, Florig said, and the building is 30 percent pre-leased.

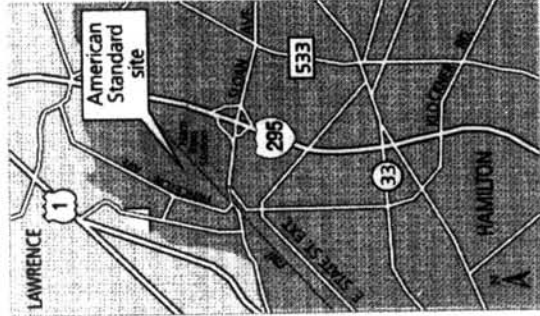
Tenants who have already committed to the building include Union Switch and Signal, MacTec and the Columbia Group of West Windsor; FLOORgraphics Inc. of Princeton; Messer Consulting, a regional firm, and Duane Morris, a local law firm.

The company is marketing the building as "Class A" space and said amenities such as a cafeteria, confer-



Staff photo by Frank Jacobs III

The facade at the landmark American Standard building in Hamilton will be preserved.



Times graphic by Laura Sommerville

Memorial bike ride for Golis is set

By LEN BARDSLEY
Staff Writer

TRENTON — It is only in its sixth year, but already Cory's Ride has become a tradition, giving cyclists a chance to remember the life of a 15-year-old cut short, while giving others hope for the future.

Cory Golis was on the final day of the 1998 Anchor House Ride for Runaways when he was struck and killed by a car.

The tragedy spurred the Anchor House planning committee to create Cory's ride with the blessing of the Golis family. The event, which takes place Saturday at the Tall Cedars Picnic Grove in Crosswicks, raises funds for college scholarships. Each year \$6,000 in scholarships is awarded to area high school students in honor of Cory Golis.

Although Cory's Ride is used as a training exercise for Anchor House bicyclists, who will leave July 10 on the 21st annual 500-mile Ride for Runaways, the ride is open to anyone. A registration fee of \$30 goes toward the Cory C. Golis Anchor House Scholarship Fund.

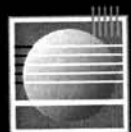
A 20-mile and 50-mile ride are followed by a picnic and the naming of the 2004 scholarship winners.

Registration for the rides begins at 7:30 a.m.

Anyone interested in contributing to the Cory C. Golis Scholarship Fund can mail a check to Anchor House, 462 Centre St., Trenton, N.J. 08611, or call (609) 396-8329.

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- ■ We take commercial real estate personally

BUILDING VALUE BEYOND BUILDINGS
In Support of Budd Commerce Center





CITY OF PHILADELPHIA
CITY COUNCIL

MICHAEL A. NUTTER
ROOM 404, CITY HALL
PHILADELPHIA, PA 19107
(215) 686-3416
Fax No. (215) 686-1934

COUNCILMAN-4TH DISTRICT

December 12, 2005

Mr. Michael O'Neill
Preferred Real Estate Investments, Inc.
1001 E. Hector Street
Suite 100
Conshohocken, PA 19428

COMMITTEES

Chairman
Transportation & Public Utilities

Vice Chairwoman
Commerce & Economic Development

Member
Appropriations
Education
Law & Government
Legislative Oversight
Streets & Services

Re: Re-Development of The Budd Commerce Center

Dear Mr. O'Neill:

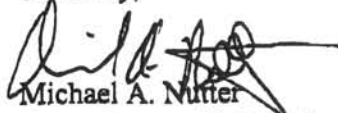
The purpose of this letter is to express my support of Preferred Real Estate Investments, Inc.'s re-development of the former Edward G. Budd Manufacturing Facility in North Philadelphia. As a long time property owner in this area of Philadelphia, you well know that prior to Preferred's purchase of the site, the Budd site had fallen into disuse and had ceased to provide any economic benefit to the surrounding neighborhood.

Since Preferred purchased the property last year, we have been very pleased with the frequent and collaborative meetings that have taken place between Preferred and the community and we look forward with great anticipation to the possibility of a new, vibrant, mixed-use development that provides a new economic engine for the neighborhoods around the Budd site and for this entire area of the City.

However, we realize that bringing the Budd site up to its highest and best use is fraught with significant challenges – not the least of which is being able to attract large employers to the site. In all of our experiences with you and with Preferred to date, you have shown an unwavering commitment to seek out and attract the type of employers to the site that will create a large number of good paying jobs that can be filled by local residents.

Thank you for all of your efforts to date – we look forward to continuing to our work together to ensure that the Budd site continues to be redeveloped along the path that you have set out – a path that will lead to the Budd site becoming the centerpiece of the economic revitalization of this area of North Philadelphia.

Sincerely,


Michael A. Nutter
Councilman - 4th District



CITY OF PHILADELPHIA
CITY COUNCIL

DONNA REED MILLER
Room 312 City Hall
Philadelphia, Pennsylvania 19107
(215) 686-3424 or 3425
Fax No. (215) 686-1937

COUNCILWOMAN - 8th DISTRICT

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Vice Chair
Public Property & Public Works
Public Health & Human Services

Member
Committee of the Whole
Appropriations
Commerce & Economic Development
Education
Housing & Homeless
Rules
Streets & Services
Transportation

December 14, 2005

Mr. Michael O'Neill
Preferred Real Estate Investments, Inc.
1001 E. Hector Street
Suite 100
Conshohocken, PA 19428

Re: Re-Development of the Budd Commerce Center

Dear Mike:

The purpose of this letter is to express my support of Preferred Real Estate Investments, Inc.'s re-development of the former Edward G. Budd Manufacturing Facility in North Philadelphia. As a long time property owner in this area of Philadelphia, you well know that prior to Preferred's purchase of the site; the Budd site had fallen into disuse and had ceased to provide any economic benefit to the surrounding neighborhood.

Since Preferred purchased the property last year, we have been very pleased with the frequent and collaborative meetings that have taken place between Preferred and the community and we look forward with great anticipation to the possibility of a new, vibrant, mixed-use development that provides a new economic engine for the neighborhoods around the Budd site and for this entire area of the City.

However, we realize that bringing the Budd site up to its highest and best use is fraught with significant challenges – not the least of which is being able to attract large employers to the site. In all of our experiences with you and with Preferred to date, you have shown an unwavering commitment to seek out and attract the type of employers to the site that will create a large number of good paying jobs that can be filled by local residents.

Thank you for all of your efforts to date. We look forward to continuing to work together to ensure that the Budd site continues to be redeveloped along the path that you have set out. That path will lead to the Budd site becoming the centerpiece of the economic revitalization of this section of North Philadelphia.

Sincerely,

The Honorable Donna Reed Miller
City Council Eighth District
City Of Philadelphia



December 15, 2005

Mr. Michael O'Neill
Preferred Real Estate Investments, Inc.
1001 E. Hector Street
Suite 100
Conshohocken, PA 19428

Re: Re-Development of The Budd Commerce Center

Dear Mike:

The purpose of this letter is to express my support of Preferred Real Estate Investments, Inc.'s re-development of the former Edward G. Budd Manufacturing Facility in north Philadelphia.

As a long time resident, former business owner and president of the Allegheny West Foundation a not-for profit community development corporation which has been working since 1968, through the ongoing commitment of Tasty Baking Company to improve the quality of life for residents of this community, I am very interested participating in the potential revitalization of the Budd site and opportunities that it will leverage to provide community and economic benefits to the surrounding neighborhood.

Since Preferred purchased the property last year, we have been very pleased with the frequent and collaborative meetings that have taken place between Preferred and the community and we look forward with great anticipation to the possibility of a new, vibrant, mixed-use development that provides a new economic engine for the neighborhoods around the Budd site and for this entire area of the City.

I am also very encouraged by your interest in expanding your commitment to assist Allegheny West Foundation in developing a plan for the potential redevelopment of the Allegheny West, Abbottsford Homes, Tioga-Nicetown and lower Germantown communities.

Thank you for all of your efforts to date – we look forward to continuing to our work together to ensure that the Budd site continues to be redeveloped along the path that you have set out – a path that will lead to the Budd site becoming the centerpiece of the economic revitalization of this area of north Philadelphia.

Sincerely,

Ronald E. Hinton, Jr.
President

REALIZING OUR NEIGHBORHOOD'S DREAMS

2801 Hunting
Park Avenue

Philadelphia
Pennsylvania
19129

p: 215.225.1019
f: 215.221.5933

Residents' Coalition, Inc.

3331 W. Allegheny Avenue
Philadelphia, PA 19132
(office) 215-227-3622 (fax) 215-227-3635

December 13, 2005

To Whom It May Concern:

The Residents' Coalition is an umbrella organization that represents community groups, civic associations, churches, schools and businesses near The Budd Commerce Center. We have been meeting and working with Mr. Mike O'Neil and Preferred Real-Estate Investments (PREI) to transform that large vacant industrial site into a area that mutually benefits the needs of our community and the owner of the site.

We are very pleased with our discussions and the process, in that our community is allowed to give input into a process that will impact on our living conditions.

Mr. O'Neil and PREI have been very receptive to this input and are discussing projects that can spur economic growth and revitalize the surrounding communities near the site.

The Coalition and PREI have many common interest, and when, and if we disagree, we have created a forum and a dialogue to work on those issues. I truly feel our relationship serves as a model that should be used throughout our city, even our nation to bridge the gap where it exist, between business and the community.

The Residents' Coalition commends the efforts of PREI to be a cooperative corporate neighbor. We support mutual efforts to create development that will create jobs and offer neighbors positive retail opportunities that are in harmony with the family values of our neighborhoods.

Sincerely



Ralph Wynder
Chairman

**Brown's Super Stores**

October 4, 2005

Mr. Michael G. O'Neill
Preferred Real Estate Investments, Inc.
1001 E. Hector Street
Suite 100
Conshohocken, Pennsylvania 19428

Re: New Supermarket at The Budd Site

Dear Mike:

Thanks for the time you spent with at the Philadelphia ICSC convention reviewing the potential options for the re-development for the former Budd property.

As part of our conversation you told me how important it was to you to assess whether a new supermarket could be located on the Budd site. You also asked me to provide you with my professional opinion about the viability of a new supermarket in that location.

In assessing ANY new supermarket site, we look to the following factors:

1. High traffic counts;
2. Proximity of other retailers and businesses that generate high traffic counts from both employees and customers;
3. Access from the supermarket site to main roads;
4. Population density and shopping patterns of the surrounding community;
and
5. High visibility to customers.

In assessing the Budd site specifically, our company looks favorably upon the surrounding community and the high population levels, however, in my opinion, the ONLY way that a new supermarket could be successful at the Budd site is as part of the OVERALL REDEVELOPMENT of the site. In addition, we would require the following:

Corporate Office: 363 W. Browning Road - Unit B Bellmawr, NJ 08031 Telephone (856) 933-7000 Fax (856) 933-7898

**Brown's Super Stores**


Mr. Michael G. O'Neill
Preferred Real Estate Investments, Inc.
Page 2 of 2

1. The overall site would have to be redeveloped to its "highest and best" use and would have to include other companies and businesses that brought a high level of spendable income and foot traffic to the site. The Temple University Health System headquarters is a great start but would need to see other employers on the site preferably businesses that also attracted a high degree of customer traffic;
2. The supermarket would have to be located on the site so that it had access to major cross streets through the site.
3. The supermarket site would have to be large enough (approximately 30 acres) to fit a 75,000 square foot prototype supermarket and another one or two major retail anchors.

I believe, as you do, that the successful re-development of this project presents a unique opportunity to bring tremendous array of new opportunity to the surrounding community and to the City of Philadelphia as a whole.

If the critical factors above can be addressed, we would look forward to working with you and with other community leaders to establish a new ShopRite at this location as part of a redeveloped Budd site.

Sincerely,


Jeffrey Brown
President and CEO

WILLIAM BOOTH
FOUNDER

JOHN LARSSON
GENERAL



FOUNDED 1865

LAWRENCE R. MORETZ
TERRITORIAL COMMANDER

WILLIAM R. CARLSON
DIVISIONAL COMMANDER

THE SALVATION ARMY
OF GREATER PHILADELPHIA

CITY HEADQUARTERS
701 NORTH BROAD STREET
PHILADELPHIA, PA 19123
TELEPHONE (215) 787-2800
FAX (215) 787-2848
www.salvationarmyphiladelphia.org

December 13, 2005

Mr. Michael O'Neil
Preferred Real Estate Investments, Inc.
1001 E. Hector Street – Suite 100
Conshohocken, PA 19428

Dear Mike:

We are pleased to be partnering with you and your team as we explore the possibility of locating our new state-of-the-art Ray and Joan Kroc Center at the Budd Site in Philadelphia.

The programs and services The Salvation Army will provide will have a profound impact on the community, and can be an exciting component in your large and historic vision for that part of our city.

We look forward to working together in the future.

Sincerely,

Jorge E. Diaz, Major
Philadelphia Director of Operations

"I WILL CARE"... Please Remember The Salvation Army in Your Will

MEMBER AGENCY





Charles P. Pizzi
President & CEO

December 8, 2005

Mr. Michael O'Neill
Preferred Real Estate Investments, Inc.
1001 E. Hector Street
Suite 100
Conshohocken, PA 19428

Re: Re-Development of The Budd Commerce Center

Dear Mr. O'Neill:

The purpose of this letter is to express my support of Preferred Real Estate Investments, Inc.'s re-development of the former Edward G. Budd Manufacturing Facility in north Philadelphia. As a long time property owner in this area of Philadelphia, you well know that prior to Preferred's purchase of the site, the Budd site had fallen into disuse and had ceased to provide any economic benefit to the surrounding neighborhood.

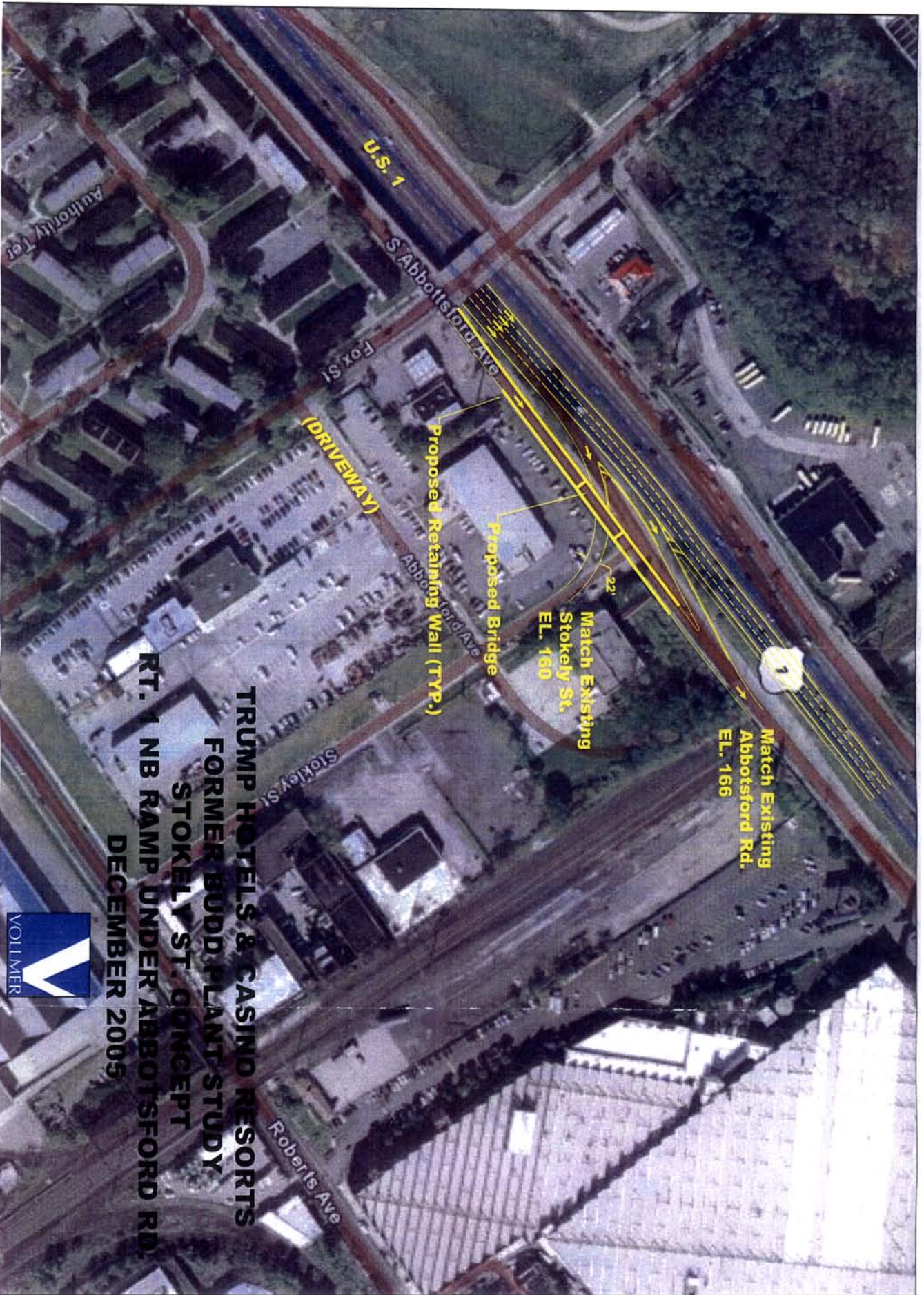
Since Preferred purchased the property last year, we have been very pleased with the frequent and collaborative meetings that have taken place between Preferred and the community and we look forward with great anticipation to the possibility of a new, vibrant, mixed-use development that provides a new economic engine for the neighborhoods around the Budd site and for this entire area of the City.

However, we realize that bringing the Budd site up to its highest and best use is fraught with significant challenges – not the least of which is being able to attract large employers to the site. In all of our experiences with you and with Preferred to date, you have shown an unwavering commitment to seek out and attract the type of employers to the site that will create a large number of good paying jobs that can be filled by local residents.

Thank you for all of your efforts to date – we look forward to continuing to work together to ensure that the Budd site continues to be redeveloped along the path that you have set out – a path that will lead to the Budd site becoming the centerpiece of the economic revitalization of this area of north Philadelphia.

Sincerely,

2801 Hunting Park Avenue, Philadelphia, PA 19129-1392 Tel: (215) 221-8500



**TRUMP HOTELS & CASINO RESORTS
FORMER BUDD PLANT STUDY
STOKELY ST. CONCEPT
RT. 1 NB RAMP UNDER ABBOTSFORD RD.
DECEMBER 2005**



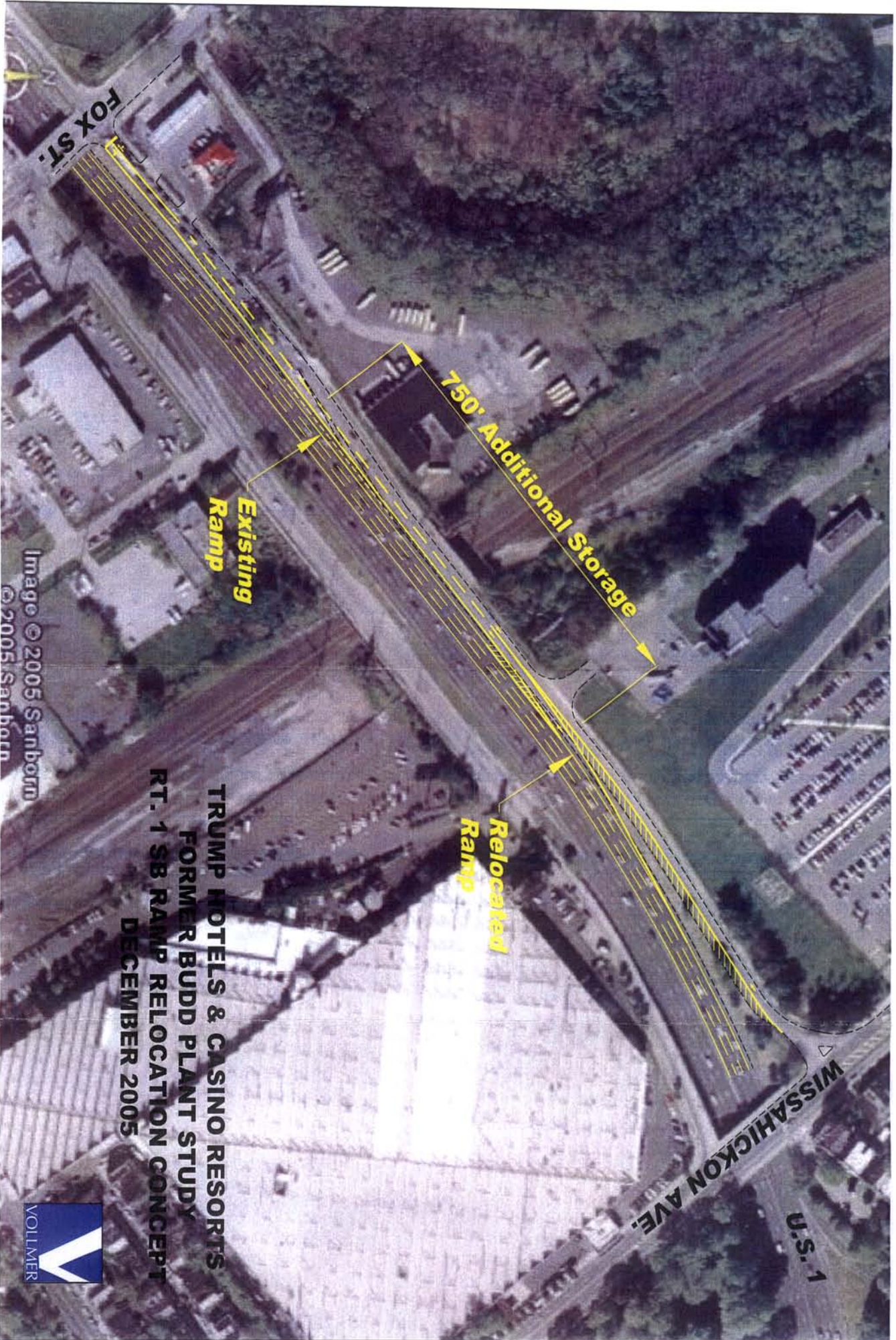


Image © 2005 Sanborn
© 2005 Sanborn

**TRUMP HOTELS & CASINO RESORTS
FORMER BUDD PLANT STUDY
RT. 1 SB RAMP RELOCATION CONCEPT
DECEMBER 2005**





December 12, 2005

Mr. Ryan Dickey
Preferred Real Estate Investments, Inc.
1001 E. Hector St., Suite 100
Conshohocken, PA 19428

Dear Ryan:

Please allow me to express our continued support for PREI's planned redevelopment of The Budd Commerce Center.

We believe that your plan will be a tremendous benefit the surrounding community. We also appreciate your commitment to being a good corporate neighbor by providing grants for local home improvements, clean-up of vacant lots, and pro bono legal counsel for residents through the Preferred Neighborhood Revitalization Program.

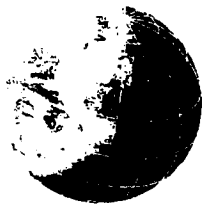
Clearly, you have recognized the importance of re-developing the site to spur economic growth in the Nicetown-Tioga section of the city, and PREI has become the major catalyst for change. Your involvement has created the opportunity to replace existing blight with business, retail, and job opportunities. Additionally, the value of both commercial and residential real estate will be enhanced significantly.

Thank you for your on-going efforts, and we look forward to working with you in the future.

Sincerely,

A handwritten signature in black ink that reads "Mike".

Michael J. Hobbs
Director, Public Affairs



National Allied Bureau, Inc.

Phone (215) 320-5517 Fax (215) 320-5536

December 13, 2005

Ryan Dickey
Preferred Real Estate Investment, Inc.
1001 E. Hector Street, Suite 100
Conshohocken, PA 19428

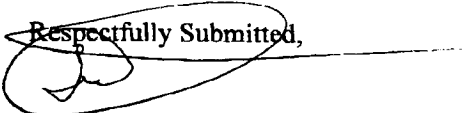
Dear Mr. Dickey:

National Allied Bureau, Inc. (NAB) is pleased to submit this letter on behalf of Preferred Real Estate Investment, Inc. (PREI). The plan outlined to improve the neighborhood within the Huntingdon Park area can benefit all parties concerned. PREI plan addresses several benefits to the community.

- Eliminates the Budd site as a vacant industrial site if it was to remain the same.
- The opportunity to develop the site into a business location, thus producing jobs within the neighborhood.
- The remove of blight within an obvious section of the city.
- Creating a different view for the area is beneficial to the families within that location and can provide additional security.

NAB is excited about the potential outcome of the project PREI envisions for the Budd area. I look forward to the continue progress in the very near future.

Respectfully Submitted,


John Walker
President/CEO

2233 W. Allegheny Avenue 4th Floor Philadelphia, PA 19132
E-mail – jwnab1@ix.netcom.com Web Address – www.nab1.com

WASHINGTON DEVELOPMENT CORPORATION**DEVELOPMENT • MANAGEMENT • CONSTRUCTION****P.O. BOX 7752 • PHILADELPHIA, PA 19101****PHONE: (215) 474-4500 • TOLL FREE: (800) 919-3958****December 05, 2005**

**Preferred Real Estate Investments, Inc.
1001 E. Hector Street, Suite 100
Conshohocken, PA 19428**

Attn: Mr. Ryan Dickey

Ref: The Budd Commerce Center - Letter of Support

Dear Mr. Dickey:

The Washington Development Corporation totally supports all of your efforts to re-develop the site to spur economic growth for the uplifting of the entire North Philadelphia area. We desperately need to replace the existing blight with businesses, retail and job opportunities.

Our community, senior citizens and youth, are in dire need of this type of project and vision to help create much needed jobs, clean-up the vacant lots, rebuild much needed affordable homes and help provide grants for our seniors for local home improvements.

What ever else we can do to show our further support, don't hesitate to contact us.

Sincerely

Bruce Washington



2555 N. 29TH STREET • PHILADELPHIA, PA 19132 • (215) 223-5221

December 05, 2005

**Preferred Real Estate Investments, Inc.
1001 E. Hector Street, Suite 100
Conshohocken, PA 19428**

Attn: Mr. Ryan Dickey

Ref: The Budd Commerce Center - Letter of Support

Dear Mr. Dickey:

The 29th Community Development Corporation totally supports all of your efforts to re-develop the site to spur economic growth for the uplifting of the entire North Philadelphia area. We desperately need to replace the existing blight with businesses, retail and job opportunities.

Our community, senior citizens and youth, are in dire need of this type of project and vision to help create much needed jobs, clean-up the vacant lots, rebuild much needed affordable homes and help provide grants for our seniors for local home improvements.

What ever else we can do to show our further support, don't hesitate to contact us.

Sincerely

**Gladys M. Meade
Executive Director**

WHITTINGTON-FINCH HOUSING CORPORATION

1723 West Butler Street ■ Philadelphia, PA 19140
■ Phone (215) 287-0131 ■ whittingtonfinch@gmail.com

Mr. Michael O'Neill
President & CEO
Preferred Real Estate Advisors, Inc.
1001 E. Hector Street, Suite 100
Conshohocken, PA 19428

December 13, 2005

RE: Letter of Support

Dear Mr. O'Neill:

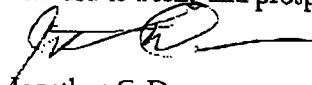
When we were planning to revitalize our neighborhood many concerns and questions filled our minds. With the purchase of the old BUDD MANUFACTURING plant, now renamed the BUDD COMMERCE CENTER, there was much talk about old environmental sites and what re-use plans were being considered. I believe our biggest question was....."Who are the new owners and what do they plan for that area? Since the site had been vacant for so long, neighbors in the surrounding blocks were almost resigned to the buildings being torn down to make way for possible housing or some other development. Once the Medical College of Pennsylvania closed, hope was waning.

Whittington's board voted to approach the new owners through one of their staff and the talks began. PREI, we found, was just as eager to hear from the community and what we wanted to see on the site. Imagine that, a well known, respected developer with national experience and clout wanted to hear from homeowners, seniors and working families; their input really mattered. PREI's approach around the creation of jobs; bringing viable and useful businesses on the site; and involving the students from the schools, is one of great importance and vision. Providing retail opportunities, mixed businesses and stores would not only remove the blight that has crept slowly into this area but, shows commitment as a solid corporate partner with an ongoing investment in people.

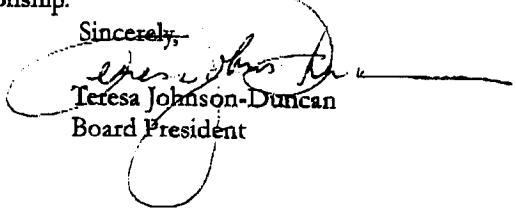
The Whittington-Finch Housing Corporation, Inc. is honored to provide you with words of support from its Board of Directors, Executive Director and staff. Whittington-Finch has found concrete, sensible and honest answers to all of these questions in the meetings, conversations, walk-thrus and collaborations with Preferred. Recently, PREI and Whittington-Finch partnered to have a ribbon-cutting on Deacon Street to mark the preliminary clearing of lots that are a pre-cursor to the Initial Phase of the Redevelopment of the 2600 block of Deacon Street and Roberts Avenue, in the East Falls section of Philadelphia, PA.

Their added commitment of pro bono legal counsel, assistance with the acquisition of City-owned property, and access to grants for local residents for the improvement of their properties, speaks to the practice of open, honest and creative possibilities that will provide a magnificent re-birth and national model for all involved.

We at Whittington-Finch want you to know that we support you in your endeavors and look forward to a long and prosperous relationship.


Jonathan C. Duncan
Executive Director

Sincerely,


Teresa Johnson-Duncan
Board President

JCD: taj

THADDEUS KIRKLAND, MEMBER
 29 EAST 5TH STREET
 CHESTER, PENNSYLVANIA 19013
 PHONE: (610) 876-6420
 FAX: (610) 447-3004

320 IRVIS OFFICE BUILDING
 HOUSE BOX 202020
 HARRISBURG, PENNSYLVANIA 17120-2020
 PHONE: (717) 787-5881
 FAX: (717) 787-9074



House of Representatives
 COMMONWEALTH OF PENNSYLVANIA
 HARRISBURG

COMMITTEES

BASIC EDUCATION –
 SUB-COMMITEE CHAIR
 HEALTH & HUMAN SERVICES
 COMMERCE
 URBAN AFFAIRS
 PENNSYLVANIA LEGISLATIVE BLACK CAUCUS
 CHAIR
 FORMER MEMBER, BOARD OF TRUSTEES –
 LINCOLN UNIVERSITY
 NATIONAL BLACK CAUCUS OF STATE
 LEGISLATORS – CHAPLAIN

December 6, 2005

To Whom It May Concern:

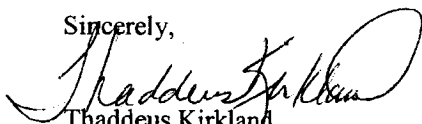
The Representative's office would like to convey its appreciation and support to Michael O'Neill and Preferred Real Estate Investments, Inc for their ongoing efforts in the revitalization of the City of Chester. Since 1999, PREI has displayed their generosity and dedication to the City of Chester in several ways. Preferred Real Estate Investments, Inc made their presence known in 1999 when they announced the purchase of a former power plant owned by Philadelphia Electric Company (PECO) and the 100 acres surrounding the site. Preferred proposed to assume the responsibility for the environmental clean up of the building and to convert the historic generation facility into a 400,000 square foot Class A office complex. As part of the development, Preferred had the site's Keystone Opportunity Zone designation reconfigured to maximize the development opportunity and allow future tenants to realize exceptional tax incentives for locating their businesses at the site. With such benefits in place, and the lure of this beautifully redeveloped historical building, Preferred secured anchor tenants such as Syngy and Wells Fargo, bringing 1,200 new jobs to the City of Chester. Preferred spent one-and-a-half years and nearly \$10 million on environmental clean up to prepare the building for conversion into a modern office facility. The building was delivered in 2004 and is 85% leased to office users. The \$60 million development has garnered remarkable support from all levels of government. It has also created a powerful public relations story for PECO and its parent company, Exelon Energy, reducing their environmental liabilities and saving a historic structure.

Preferred Real Estate Investments, Inc is also involved in several charitable projects in the area. One of those projects is:

- Chester Boys and Girls Club – A \$3,000,000 project that will provide the club with brand new facilities at a new location in Chester. The CBGC has been providing opportunities for wholesome development of the youth of Chester since 1930. Preferred has committed to donate \$500,000 and provide resources to raise the rest. The completion of phase 1 is set for November 2006.

Preferred Real Estate Investments, Inc has played a large role in the redevelopment and revitalization of the City of Chester. Michael O'Neill and his company have acted as a catalyst for positive change, and have served as an economic stimulus to the community. Please feel free to contact me with any question that you may have about Preferred Real Estate Investments, Inc.

Sincerely,


 Thaddeus Kirkland
 State Representative
 159th Legislative District

Wendell N. Butler, Jr.
Mayor



610-447-7723 Voice
610-447-7706 Fax
wbutler@chestercity.com

December 8, 2005

Mr. Michael G. O'Neill, CEO
Preferred Real Estate Investments, Inc.
1001 E. Hector Street, Suite 100
Conshohocken, PA 19428


Dear Mike:

I am pleased to offer my personal appreciation to you and your fine staff at Preferred Real Estate Investments, Inc. for your efforts and support in the revitalization of the City of Chester. In particular, I think there are few developers who have the vision, expertise, and capability that you exhibited in converting the long-abandoned former PECO power plant into the magnificent and award-winning Wharf at Rivertown. The \$60 million conversion of this brownfield site into nearly 400,000 square feet of Class A office space has been truly inspiring and an indication to the rest of the world of the opportunities available in the City with the right kind of public-private partnership. With your significant private sector investment in this project, the city was pleased to be able to aggressively apply for and receive nearly \$11 million in federal and state grants to build up the public infrastructure around the site.

Who would have thought that a building that was vacant and an eyesore for over twenty plus years would become the jewel of our waterfront development and the home to companies like Wells Fargo Financial Corporation, Syngy, and AdminServer who jointly employ nearly 1,200 people? Not only is the Wharf a model of success in terms of economic development, it also serves as an example of how brownfield sites can be remediated and put back into productive use.

Once again, I want to personally thank you for the fine work that you have undertaken in the City on this and other civic-minded projects in which you are engaged. You have been in the truest sense a catalyst for positive change in the community and I look forward to our continued relationship as we forge ahead with our ongoing revitalization efforts.

Sincerely,


Wendell N. Butler, Jr.
Mayor

City Hall • 1 Fourth Street • Chester, Pennsylvania 19013-4400



Mastery Charter High School
Excellence in Education

December 6, 2005

To Whom It May Concern:

Mastery Charter High School would like to convey its appreciation and support to Michael O'Neill and Preferred Real Estate Investments, Inc for their ongoing efforts in the revitalization of the City of Chester. Since 1999, PREI has displayed their generosity and dedication to the City of Chester in several ways. Preferred Real Estate Investments, Inc made their presence known in 1999 when they announced the purchase of a former power plant owned by Philadelphia Electric Company (PECO) and the 100 acres surrounding the site. Preferred proposed to assume the responsibility for the environmental clean up of the building and to convert the historic generation facility into a 400,000 square foot Class A office complex. As part of the development, Preferred had the site's Keystone Opportunity Zone designation reconfigured to maximize the development opportunity and allow future tenants to realize exceptional tax incentives for locating their businesses at the site. With such benefits in place, and the lure of this beautifully redeveloped historical building, Preferred secured anchor tenants such as Synergy and Wells Fargo, bringing 1,200 new jobs to the City of Chester. Preferred spent one-and-a-half years and nearly \$10 million on environmental clean up to prepare the building for conversion into a modern office facility. The building was delivered in 2004 and is 85% leased to office users. The \$60 million development has garnered remarkable support from all levels of government. It has also created a powerful public relations story for PECO and its parent company, Exelon Energy, reducing their environmental liabilities and saving a historic structure.

Preferred Real Estate Investments, Inc is also involved in several charitable projects in the area. The list of projects includes:

- Mastery Charter High School of Chester – Preferred is aiding in site selection and the application process. This great charter school will help to build a pipeline of educated workers for the City of Chester with the use of their strong internship program.
- Chester Boys and Girls Club – The CBGC is launching a \$3,000,000 project to provide the club with brand new facilities at a new location in Chester. The CBGC has been providing opportunities for wholesome development of the youth of Chester since 1930. Preferred has committed to donate \$500,000 and provide resources to raise the rest. The completion of phase 1 is set for November 2006.
- Chester Community Arts Center – Preferred has committed great amounts of time and resources to the planning, building, and funding of the new Arts Center in Chester.

Preferred Real Estate Investments, Inc has played a large role in the redevelopment and revitalization of the City of Chester. Michael O'Neill and his company have acted as a catalyst for positive change, and have served as an economic stimulus to the community. Please feel free to contact me with any question that you may have about Preferred Real Estate Investments, Inc.

Sincerely,

Scott Gordon
 CEO
 Mastery Charter High School

35 South 4th Street, Philadelphia, PA 19106
 215.922-1902 Scott.Gordon@MasteryCharter.org



George E. Carter, Executive Director
 Willie DeJarnette, Jr., Program Director
 Jeffrey Logetto, Athletic Director

BOYS' AND GIRLS'

CLUB OF CHESTER

P. O. Box 1077
 Chester, PA 19016-1077
 Office 610-674-1237
 Fax 610-674-4708
 www.bgccchester.org

December 9, 2005
 8108-008

To Whom It May Concern:

The Boys' and Girls' Club of Chester (BGCC) would like to convey its appreciation to Michael O'Neill and Preferred Real Estate Investments, Inc. (PREI) for the ongoing efforts in the revitalization of the City of Chester and particularly with wanting to support the Boys' and Girls' Club of Chester.

Since 1999 when PREI began its Wharf at Rivertown Project at the former PECO Chester Generating Station, PREI has shown an interest in helping the BGCC improve its facilities. In developing the Wharf at Rivertown, PREI has had an important positive effect on the revitalization efforts in the City of Chester. In 2004 and 2005 PREI's interest in the BGCC became a tangible effort when Michael O'Neil and PREI agreed to take the leadership role in helping the BGCC secure new expanded modern facilities which would serve the traditional BGCC needs as well as the needs of the eastern portion of the City of Chester.

PREI has agreed to seek a coalition of public and private funding to create the proposed East End Recreation Center for the City of Chester and the BGCC.

To jump start the project, PREI paid for the architectural concept plans which were developed by a local architect. Phase 1 of the East End Recreation Center is proposed as a 3.0-4.0 million dollar complex that will be constructed between Crosby & Madison and 6th and 7th Streets in the City of Chester.

PREI has played a large role in the redevelopment and revitalization of the City of Chester. PREI has proven to be a catalyst for positive change and economic stimulus in the Chester community which is served by the Boys' and Girls' Club of Chester.

If there are any questions related to the East End Recreation Center, the Boys' and Girls' Club of Chester, or PREI efforts we would be most happy to answer.

Very truly yours,

Robert W. Naef
 President

sl
 c: GEC

G:\East Recreational Center\East End Rec Ctr-PREI Appreciation 12-9-05.doc

"Building Boys and Girls is Better Than Mending Men and Women"



"It brings out the best in all of us."



GLEN D. GILMORE
Mayor

**HAMILTON TOWNSHIP
OFFICE OF THE MAYOR**

2090 Greenwood Avenue

PO Box 00150

Hamilton, NJ 08650-0150

(609) 890-3502 • FAX (609) 890-3632

e-mail: Comments@hamiltonnj.com



July 7, 2004

Dear Sir or Madam:

I wanted to send a note to express the positive relationship between myself, Hamilton Township and its community, and Preferred Real Estate Investments.

Preferred was selected as the buyer to develop the former American Standard facility in our Township. This former manufacturing plant sat on 112 acres with an antiquated 750,000 square foot manufacturing plant that was shut down as part of cost restructuring. The plant was one of the largest employers in the Township and had a rich history employing generations of family and vendor businesses with our Township.

Although a great loss to the Township, this property stood on one of the greatest development opportunities in our Township. Preferred was selected from a list of over twenty (20) buyers, due to their unique philosophy of adaptive reuse. This restoration will reduce the size of the building, create as many as four (4) times the jobs that were once there, and preserve an important piece of the Township's history.

Preferred was one of the first developers to proactively engage and incorporate the local neighborhoods into their development, as well as mirroring the Township goals for this highly visible project.

Hamilton Township is proud to be a partner in the revitalization process and hope that this unique development will set the standard for future developments in our Township and elsewhere.

Sincerely,

Glen D. Gilmore

Mayor, Hamilton Township

Traffic Impact Study

TRUMP CASINO
AT THE FORMER BUDD PLANT SITE
CITY OF PHILADELPHIA

TRAFFIC IMPACT STUDY

Submitted to:
Pennsylvania Gaming Control Board

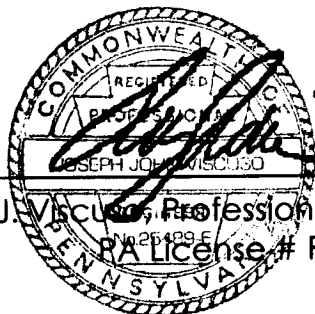
Prepared for:
Trump Hotel and Casino Resorts

Prepared by:



260 South Broad Street, Suite 1210
Philadelphia, PA 19102

Date: December 2005
Vollmer No. 2005-630-73



Joseph J. Vollmer, Professional Engineer
PA License # PE-025489-E

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- A. Site Plan
- B. Traffic Count Data
- C. Delaware Park Vehicle Occupancy Data
- D. SYNCHRO Results
- E. Existing Signal Timings
- F. Conceptual Roadway Improvement Plans

INTRODUCTION

This Traffic Impact Study (TIS) has been prepared on behalf of Trump Hotel and Casino Resorts, to analyze the potential impacts of the proposed Casino at the former Budd Plant Site. The proposed development would be located on the south side of Roberts Avenue in the City of Philadelphia, Philadelphia County, Pennsylvania. The closest intersecting streets along Roberts Avenue are Henry Avenue to the west and Fox Street to the east. The subject property for the initial phase of development is proposed on a 18-acre parcel known as Plate 103N4, Lot 1 and Plate 44N24, Lots 16 and 17 and the future phase of development is proposed on a 7.3-acre parcel known as Plate 103N4, Lot 5 (See Figure 1-Project Location Map).

As shown on the sketch (**See Appendix A**), the initial phase of the proposed Casino would be constructed on an L shaped parcel of land with frontage on Roberts Avenue and Fox Street (Former Budd Plant Site). This first phase of development would consist of a facility containing: 3,000 slot machines, approximately 1200 seats of restaurant/bar uses, a performance hall (estimated to have seating for 400), a three (3) screen, 450 seat, movie theater, an approximately 11, 000 square foot special events area and approximately 7,500 square feet (SF) of retail development. The final phase of the project would involve the development of the 7.3 acre site currently occupied by the Randolph school on the corner of Roberts Avenue and Henry Avenue. The final phase of the development will include the construction of a new school, a 400-room hotel and an additional 2,000 slot machines (If approved by the Pennsylvania Gaming Control Board). The traffic projections for the project have been computed based on development of both the initial and final phases described above.

SCOPE OF STUDY

This TIS analyzes the projected impacts of the proposed casino on the adjoining roadways and intersections. As part of this study, Vollmer Associates (VA) has:

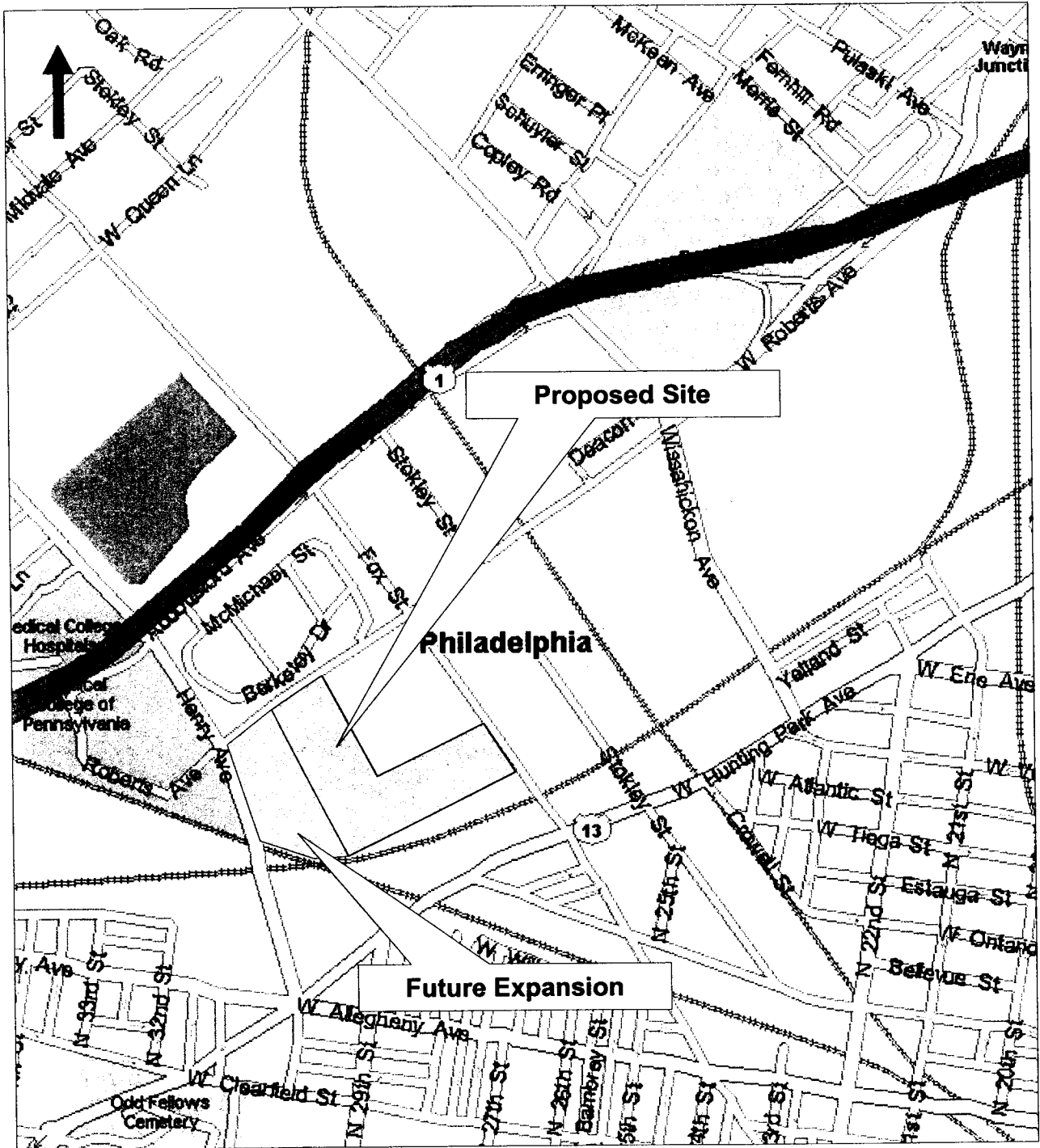
- Performed a field inventory of the existing roadway geometry and surrounding land uses
- Collected current traffic data (manual counts and ATR data)
- Obtained traffic signal timings from the Philadelphia Streets Department, Traffic Engineering Division
- Determined the projected Site Generated Traffic (SGT) and the projected distribution
- Assessed the impacts that the proposed development would have on the adjacent roadways and intersections
- Developed mitigation measures to address the impacts of the proposed development

EXISTING CONDITIONS

A field investigation was performed to inventory the surrounding roadways and intersections and observe the surrounding land uses.

The intersection of **Allegheny Avenue, Hunting Park Avenue, Hunting Park Avenue, 30th Street, and Henry Avenue** is a six-legged intersection. The Allegheny Avenue eastbound and westbound approaches provide one lane for left turn movements and one shared lane for through and left turn movements. The Hunting Park Avenue eastbound approach provides one lane for left-

**TRUMP CASINO AT THE FORMER BUDD PLANT SITE
TRAFFIC IMPACT STUDY**



<p>Figure 1 – Project Location Map</p>	<p>Scale: NTS Source: MSN Maps</p>
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turn movements, one lane for through movements, and one lane for right-turn movements. The Hunting Park Avenue westbound approach provides two lanes for through movements, and one lane for right turn movements; left turns are prohibited at this approach. The 30th Street northbound approach provides one shared lane for all movements. The Henry Street southbound approach provides one lane for left-turn movements, one lane for through movements, two lanes for right-turn movements.

The intersection of Allegheny Avenue, Hunting Park Avenue, 30th Street, and Henry Avenue is controlled by a five-phase pre-timed traffic signal. The Allegheny Avenue approaches operate concurrently. The Hunting Park Avenue eastbound left-turn movement has a lead-green phase that is followed by all east-west movements. Henry Street southbound operates as a protected phase, which is followed by the 30th Street approach operating concurrently with the Henry Street approach. Right turns on red are permitted on all approaches to the intersection.

The intersection of **Henry Avenue and Roberts Avenue** is a three-legged intersection. The Henry Avenue southbound approach provides one exclusive left-turn lane and two through lanes. The Henry Avenue northbound approach provides two lanes for through movements and one lane for exclusive right-turn movements. The Roberts Avenue westbound approach provides one shared lane for left-turn and right-turn movements.

The intersection of Henry Avenue and Roberts Avenue is controlled by a two-phase pre-timed traffic signal. The Henry Avenue approaches operate concurrently and the Roberts Avenue approach has a separate phase. Right turns on red are permitted at the intersection on all three approaches.

The intersection of **Fox Street and Hunting Park Avenue** is a four-legged intersection. The Fox Street southbound approach provides one exclusive left-turn lane and one shared through and right turn lane. The Fox Street northbound approach provides three lanes: one lane for each movement. The Hunting Park Avenue eastbound and westbound approaches provide one exclusive left-turn lane, one lane for through movements, and one shared lane for through and right-turn movements.

The intersection of Fox Street and Hunting Park Avenue is controlled by a three-phase pre-timed traffic signal. Fox Street approaches operate concurrently. Hunting Park Avenue eastbound left-turn movements have a protected lead-green phase followed by all east-west movements. Right turns on red are permitted at the intersection on all approaches.

The intersection of **Fox Street and Roberts Avenue** is a four-legged intersection. The Fox Street northbound and southbound approaches provide one lane for all movements. The Roberts Avenue eastbound and westbound approaches provide one exclusive left-turn lane and one shared through and right-turn lane.

The intersection of Fox Street and Roberts Avenue is controlled by a two-phase pre-timed traffic signal. The Fox Street northbound and southbound approaches operate concurrently. The Roberts Avenue northbound and southbound approaches operate concurrently. Right turns on red are permitted at the intersection.

The intersection of **Fox Street and Abbottsford Avenue** is a three-legged intersection. The Fox Street southbound approach provides one left-turn lane and one lane for through movements. The Fox Street northbound approach provides one through lane and one shared lane for through and right-turn movements. The Abbottsford Avenue eastbound approach provides one shared lane for left-turn and through movements and one shared lane for through and right-turn movements.

The intersection of Fox Street and Abbottsford Avenue is controlled by a three-phase pre-timed traffic signal. The Fox Street southbound left-turn movement has a protected lead-green phase followed by all north-south movements. Movements on the Abbottsford Avenue approach have a separate phase in the signal plan. Right turns on red are permitted at the intersection except at the Fox Street northbound approach.

The intersection of **Fox Street and the Southbound Route 1 Off-Ramp** is a three-legged intersection. The Fox Street southbound approach provides one through lane and shared through and right-turn lane. The Fox Street northbound approach provides one left-turn lane and one lane for through movements. The westerly leg of the intersection is one-way outbound from the intersection. The Southbound Route 1 Off-Ramp approach provides one exclusive left-turn lane and one shared lane for through and right-turn movements.

The intersection of Fox Street and the Southbound Route 1 Off-Ramp is controlled by a three-phase pre-timed traffic signal. The Fox Street northbound left-turn movement has a protected lead-green phase followed by all north-south movements. Movements on the Southbound Route 1 Off-Ramp approach have a separate phase in the signal plan. Right turns on red are permitted at the intersection except at the Fox Street southbound approach.

The intersection of **Stokley Street and Roberts Avenue** is a three-legged intersection. Both the eastbound and westbound Roberts Avenue approaches provide one-lane for through and turning movements. The Stokley Street southbound approach provides one lane for right and left-turn movements. This intersection is controlled by a stop sign for Stokley Street.

The intersection of **Stokley Street and Abbottsford Avenue** is a three-legged intersection. Abbottsford Avenue is a one-way eastbound roadway. The Stokley Street northbound approach provides one lane for right-turn movements. This intersection is controlled by a stop sign for Stokley Street.

The **Route 1 Northbound On-Ramp and Northbound Off-Ramp** are uncontrolled ramps that merge with Abbottsford Avenue. Both the On-Ramp and the Off-Ramp provide one lane for through movements. Abbottsford Avenue is wide enough to provide two lanes for through movements. No signage or other traffic control measures are present for this weave. It was assumed that traffic on both the On-Ramp and Off-Ramp yields to traffic on Abbottsford Avenue.

The intersection of **Wissahickon Avenue and Hunting Park Avenue** is a four-legged intersection. The Wissahickon Avenue southbound approach provides one left-turn lane, one through lane, and one right-turn lane. The Wissahickon Avenue northbound approach provides one left-turn lane, and one shared through and right turn lane. The Hunting Park Avenue eastbound approach provides one exclusive left-turn lane and two through lanes. Prior to the intersection, a channelized right-turn lane at the Hunting Park Avenue northbound approach exists. The Hunting Park Avenue westbound approach provides one exclusive through lane and one shared lane for through and right-turn movements. Left-turn movements are prohibited at this approach.

The intersection of Wissahickon Avenue and Hunting Park Avenue is controlled by a four-phase pre-timed traffic signal. The Wissahickon Avenue southbound left-turn movement has a protected lead-green phase followed by all north-south movements. Hunting Park Avenue eastbound left-turn movements have a protected lead-green phase followed by all east-west movements. Right turns on red are permitted at the intersection except at the Wissahickon Avenue northbound approach.

The intersection of *Wissahickon Avenue and Roberts Avenue* is a four-legged intersection. The Wissahickon Avenue northbound and southbound approaches provide one left-turn lane, one through lane, and one shared lane for through and right-turn movements. The Roberts Avenue eastbound approach provides one exclusive left-turn lane and one shared through and right-turn lane. The Roberts Avenue westbound approach provides three lanes: one for each movement.

The intersection of Wissahickon Avenue and Roberts Avenue is controlled by a two-phase pre-timed traffic signal. The Wissahickon Avenue northbound and southbound approaches operate concurrently. The Roberts Avenue eastbound and westbound approaches operate concurrently. Right turns on red are permitted at the intersection.

The intersection of *Wissahickon Avenue and Abbottsford Avenue* is a three-legged intersection. Both Wissahickon Avenue northbound and southbound approaches provide two-lanes for through movements. Wissahickon Avenue northbound and southbound approaches are separated by a raised median. The Abbottsford Avenue eastbound approach provides one lane for right-turn movements. These movements are for vehicles to turn onto Wissahickon Avenue southbound. Vehicles cannot access Wissahickon Avenue westbound from this intersection. This intersection is controlled by a stop sign for Abbottsford Avenue.

EXISTING TRAFFIC VOLUMES

Traffic volumes were measured by Tri-State Traffic Data and Vollmer Associates during May 2005 and November/December 2005. This work included the installation of Automated Traffic Recorders (ATRs) and manual turning movement counts at the following intersections:

- Hunting Park Avenue / Henry Avenue / Allegheny Avenue / 30th Street (Intersection 10)
- Roberts Avenue / Henry Avenue (Intersection 30)
- Hunting Park Avenue / Fox Street (Intersection 60)
- Roberts Avenue / Fox Street (Intersection 80)
- Abbottsford Avenue / Fox Street (Intersection 90)
- Route 1 SB Off-Ramp / Fox Street (Intersection 100)
- Roberts Avenue / Stokley Street (Intersection 110)
- Abbottsford Avenue / Stokley Street (Intersection 120)
- Abbottsford Avenue / US 1 Off-Ramp (Intersection 140)
- Abbottsford Avenue / US 1 On-Ramp (Intersection 150)
- Hunting Park Avenue / Wissahickon Avenue (Intersection 160)
- Roberts Avenue / Wissahickon Avenue (intersection 170)
- Abbottsford Avenue / Wissahickon Avenue (Intersection 180)

This study focuses on analyzing the maximum traffic impact to the adjacent roadway network. Manual turning movement counts were performed in May 2005 and November/December 2005 (Counts at Stokley Street) during the weekday PM peak period (4:00 PM to 6:00 PM). Automated Traffic Recorders (ATRs) were installed on Saturday November 5, 2005 to determine the period that the Casino would have the peak impact on the adjacent roadway network. Based on the ATR data, manual turning movement counts were performed on Saturday November 12, 2005 during the period of peak impact (2:00 PM to 6:00 PM). The manual traffic count and ATR raw data sheets are included in **APPENDIX B**.

The weekday PM network peak hour was found to be 4:45 PM to 5:45 PM, and the Saturday

network peak hour was found to be 3:15 PM to 4:15 PM. The 2005 existing PM and Saturday peak hour traffic volumes are shown on **FIGURES 2 and 3** respectively.

PROJECTED GROWTH RATES

The DVRPC is a metropolitan planning organization that provides comprehensive planning for the growth of the Delaware Valley region. The Delaware Valley region is comprised of five counties within Pennsylvania (Bucks, Chester, Delaware, Montgomery, and Philadelphia) and four counties within New Jersey (Burlington, Camden, Gloucester, and Mercer). The study area is situated within the Upper North Philadelphia neighborhood of Philadelphia County. Population projections established by the DVRPC show that population of these neighborhoods would decrease at an average annual rate of 0.4 percent from 2005 to 2010. However, to be conservative, VA has assumed background traffic will grow at 0.5 percent a year; this rate coincides with the average annual rate of population growth in the five nearby counties in Pennsylvania.

2008 was selected as the horizon year for the full build out of the site. After the 2005 volumes were grown to 2008 conditions, the 2008 volumes were increased by an additional 5.0 percent in order to account for other traffic-generating development within the study area. The sum of the 2008 volumes with the additional 5.0 percent increase is depicted in the 2008 No-Build figures (**SEE FIGURES 4 and 5**).

TRIP GENERATION

Build condition trips were generated with data from the Institute of Transportation Engineers' *Trip Generation, 7th edition* (ITE Trip Generation) as well as with a series of assumptions made based on professional judgment. It should be noted that it is assumed that the Casino patrons will be the primary users of the different uses in the facility. However, some of the trips generated by these other facilities will be trips generated specifically for that use. Therefore, to be conservative, trip generation was performed separately for each of the proposed land uses. **TABLE 1** summarizes the trip generation described below.

No trip generation data for a Casino land use exists within the ITEs' *Trip Generation*. (Land Use Code 473 – Casino/Video Lottery Establishment is not applicable to the proposed development discussed in this report, because Land Use Code 473 is to be used for small facilities. The sizes of the facilities studied ranged in size from approximately 600 SF to 2,400 SF.) Therefore, professional judgment was used to estimate trip generation data. It was assumed that approximately one person-trip would be generated for each slot machine, meaning 5,000 people would be in attendance. While it is unlikely that every slot machine would be occupied by exactly one person during the peak periods (particularly during the PM peak period), it was assumed that the remainder of the 5000 people are using the remainder of the facility. During the PM peak hour, VA estimated that 20% of the people in attendance would enter and exit during the peak period, with 75% of those people entering the facility and 25% exiting the facility. Therefore, it is assumed that 750 people will arrive and 250 people will depart. During the Saturday peak hour, VA estimated that 25% of the people in attendance would enter and exit the facility, with 55% of those people entering the facility and 45% exiting the facility. Therefore, it is assumed that 688 people will arrive at the facility and 562 people will depart. Trips for the Casino were first estimated in person-trips and then converted into vehicle trips. These adjustments are discussed in a later section of this report.

N



Assumed NORTH

Not to Scale

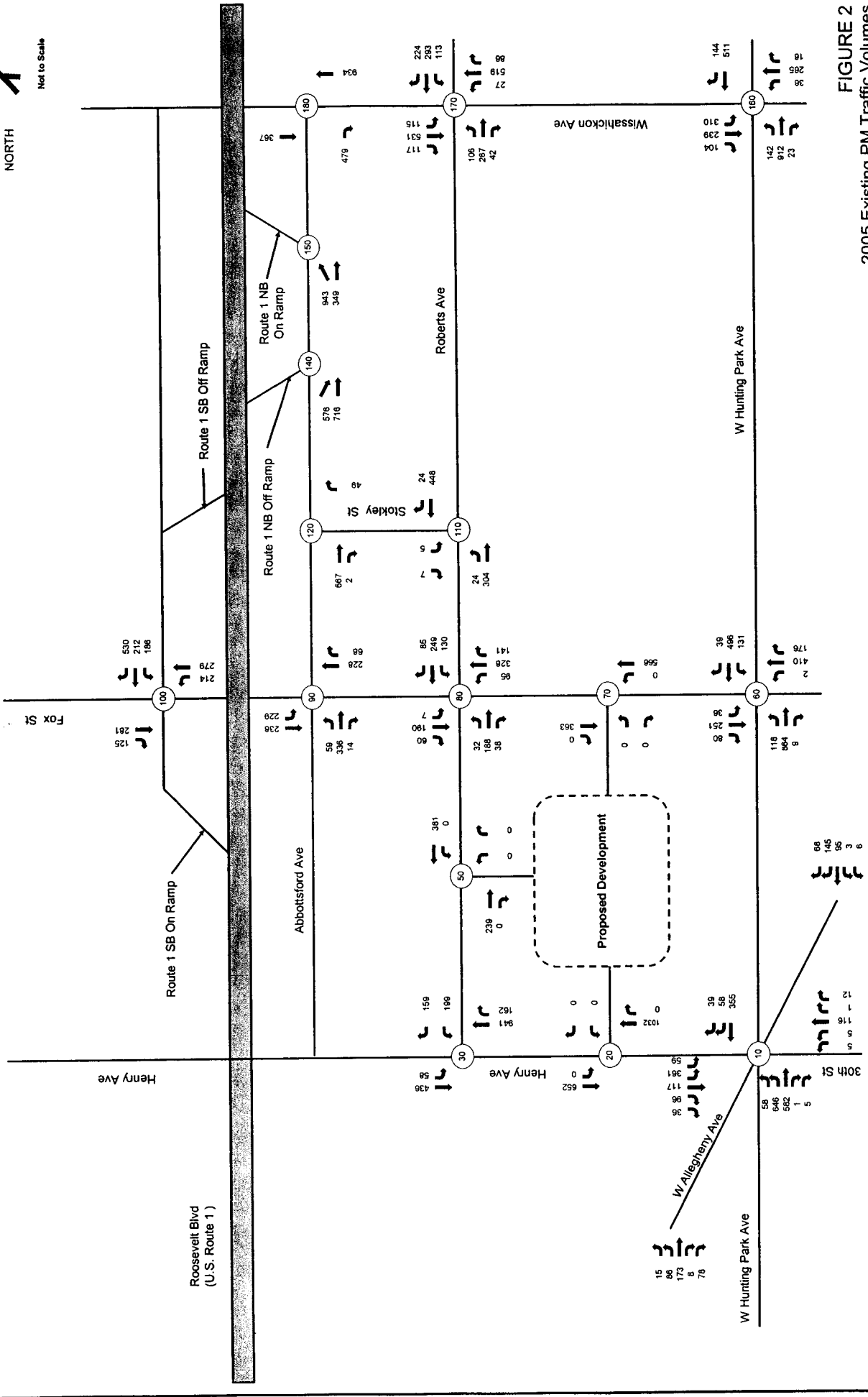


FIGURE 2
2005 Existing PM Traffic Volumes

12/14/2008 11:26

N



Assumed NORTH

Not to Scale

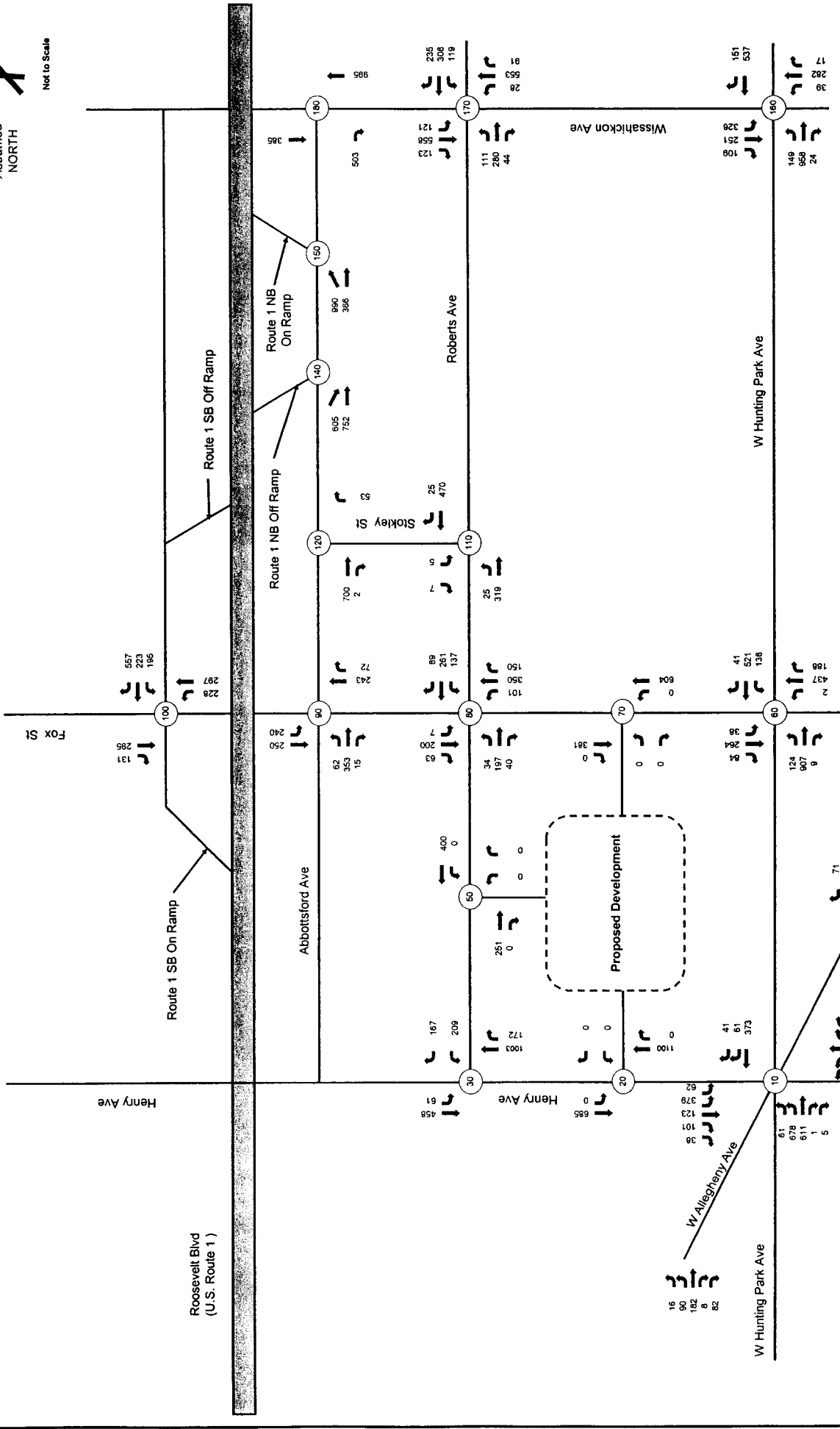


FIGURE 4
2008 PM No Build Traffic Volumes

12/16/2008 11:06

not limited to a predetermined schedule.

Employee Trips - Predetermined scheduling is assumed to occur for employee trips because employees will have shifts that begin and end at a specified time of day. Therefore employee trips made into and out of the facility can be distributed over a finite period of time. Employee shift duration and distribution are given in the following table:

TABLE 2 – Employee Shift Data

Duration of Shift	Distribution of Casino Employees per Shift
8 AM to 4 PM	20%
4 PM to 12 AM	40%
12 AM to 8 AM	40%

In order to calculate the portion of trips entering over a 24-hour time frame, VA has assumed the following:

- 10 percent of employees were assumed to arrive between 1 and 2 hours prior to the shift start.
- 80 percent of employees were assumed to arrive within 1 hour prior to their shift start.
- 10 percent of employees were expected to arrive within 1 hour after the shift start.
- 80 percent of employees were assumed to leave within 1 hour after their shift ends.
- 20 percent of employees were assumed to leave between 1 hour to 2 hours after to their shift end.

An arrival and departure distribution for employees over a 24-hour period is illustrated in **FIGURE 7**.

School Trips - Predetermined scheduling is also assumed to occur for student and teacher trips at the school due to class time schedules. If the aforementioned absentee rate is assumed at the school, the 270 students and 30 teachers are expected to attend class for the following duration and with the following distribution:

TABLE 3 – School Class Data

Duration of Class	Distribution of School Trips
9 AM to 11 AM	33.3%
12 PM to 2 PM	33.3%
4 PM to 6 PM	33.3%

In order to calculate the portion of trips entering over a 24-hour time frame, VA has assumed the following:

- 10 percent of students and teachers were assumed to arrive between 1 and 2 hours prior to their class start.
- 90 percent of students and teachers were assumed to arrive within 1 hour prior to their class start.
- The analysis also assumes that 90 percent of students and teachers were assumed to leave within 1 hour after to their class ends.
- 10 percent of students and teachers were assumed to leave between one to two hours after to their class ends.

The arrival and departure distribution for students and teachers over a 24-hour period is illustrated in **FIGURE 6**.

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- The analysis also assumes that 90 percent of students and teachers were assumed to leave within 1 hour after to their class ends.
- 10 percent of students and teachers were assumed to leave between one to two hours after to their class ends.

The arrival and departure distribution for students and teachers over a 24-hour period is illustrated in **FIGURE 6**.

FIGURE 7 - EMPLOYEE TRIP DISTRIBUTION

3AM - 4AM	0%		0%		0
4AM - 5AM	0%		0%		0
5AM - 6AM	0%		0%		0
6AM - 7AM	2%	30	0%		30
7AM - 8AM	16%	240	0%		270
8AM - 9AM	2%	30	32%	480	-180
9AM - 10AM	0%		8%	120	-300
10AM - 11AM	0%		0%		-300
11AM - 12PM	0%		0%		-300
12PM - 1PM	0%		0%		-300
1PM - 2PM	0%		0%		-300
2PM - 3PM	4%	60	0%		-240
3PM - 4PM	32%	480	0%		240
4PM - 5PM	4%	60	16%	240	60
5PM - 6PM	0%		4%	60	0
6PM - 7PM	0%		0%		0
7PM - 8PM	0%		0%		0
8PM - 9PM	0%		0%		0
9PM - 10PM	0%		0%		0
10PM - 11PM	4%	60	0%		60
11PM - 12AM	32%	480	0%		540
12AM - 1AM	4%	60	32%	480	120
1AM - 2AM	0%		8%	120	0
2AM - 3AM	0%		0%		0
Total		1500		1500	3000

1500 employees

8AM - 4PM	0.2	300
4PM - 12AM	0.4	600
12AM - 8PM	0.4	600

TRIP ADJUSTMENTS

VEHICLE OCCUPANCY

It was necessary to obtain data on vehicle occupancy in order to convert person-trips into vehicle-trips. Vehicle occupancy trends for patrons at this venue were assumed to be similar to vehicle occupancy trends for patrons observed at Delaware Park, which is located in central New Castle County, Delaware. Delaware Park is a slot and horse racing venue that has been in operation for 10 years. A member of the VA staff visited Delaware Park on Friday, May 27th, 2005 between 4 PM and 7 PM to collect vehicle occupancy data by 15-minute periods (It is noted that there was no horse racing at the facility on this day). The average vehicle occupancy rate varied throughout the survey with the highest levels seen during the peak hour when occupancy averaged 2.25 persons per vehicle. A bar chart assembled from raw data from the Delaware Park site visit is included in **APPENDIX C**. To be conservative, a rate of 2.0 persons per vehicle was assumed during the PM peak period. During the Saturday peak period the rate was assumed to increase to 2.5 persons per vehicle.

PASS-BY CREDIT

Although there is no documented data, pass-by trips would occur for the proposed facility. However, to be conservative, no pass-by credit was taken.

INTERNAL TRIPS

After the number of vehicles to and from the venue was determined, it was necessary to adjust for internally captured trips. Prior to adjustments for internal capture, the entire development site was estimated to generate a total of 1226 trips in the PM peak hour (717 trips in and 509 trips out) and 1906 trips in the Saturday peak hour (1218 trips in and 688 trips out).

Based on the ITE's *Trip Generation Handbook, 2nd Edition*, the trip generation data can be adjusted to account for "captured" or internal trips. The Handbook states that in a multi-use development, trips occurring internally will result in a reduction in the trips distributed to the roadway network in the peak hour. For example, some of the trips bound for the Hotel would also be bound for the Casino. The internal trips occur on the site, thus the trips never reach the street network surrounding the development.

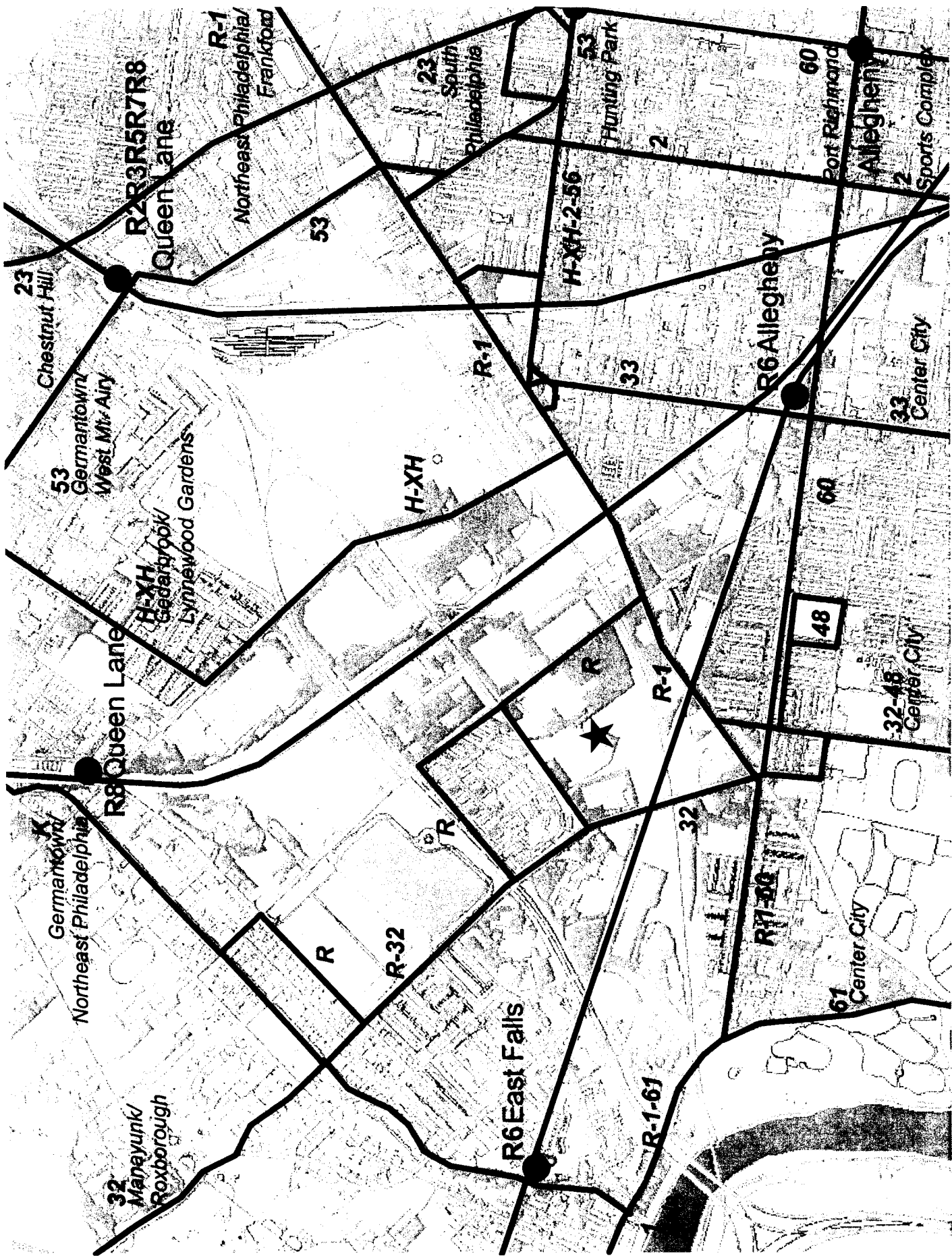
The analysis performed by VA assumed an internal trip reduction of 15 percent for all site generated trips with the exception of employee trips. This reduction was applied to the trip generation estimates in order to determine the number of internal trips related to each land use.

The entire development site, after adjustments for internal capture, is estimated to generate a total of 1059 trips (611 IN and 448 OUT) during the PM peak hour and 1685 trips (1091 IN and 594 OUT) during the Saturday peak period.

TRANSIT ACCESS

The proposed Trump Hotel and Casino site in the Hunting Park neighborhood in Philadelphia is well served by public transportation. All of the transit routes that provide access to the site are operated by the Southeastern Pennsylvania Transportation Authority (SEPTA). **FIGURE 8** illustrates the locations of the routes that provide service to the area near and adjacent to the site.

The closest service to the site is provided by bus. Several routes provide a network of connections that will permit employees and visitors to access the entire regional transit system. A summary



TRANSIT CONNECTIONS
FIGURE 8

description of each relevant bus route follows:

R – The R bus route provides service directly to the site. It connects to the Wissahickon Transfer Center on Ridge Avenue just south of Main Street in Manayunk (where it provides connections the 1, 38 and 61 Routes) and to the Frankford Transportation Center at Frankford Avenue and Pratt Street. At that terminal transfers to and from the Market-Frankford Elevated/Subway and 15 other bus routes are possible. These routes connect to the greater northeast section of Philadelphia and to Lower Bucks County. The R route generally follows Hunting Park Avenue and Roosevelt Boulevard and numerous other transfers, including to the Broad Street Subway are possible. Service is currently provided at approximately 10 minute intervals in the peak hour and 30 minute intervals off-peak.

1 – The 1 bus route provides service one half block from the site at Hunting Park and Fox Street. It provides service to the Wissahickon Transfer Center like the R, and also travels along Hunting Park Avenue and Roosevelt Boulevard. However, it does not connect to the Frankford Transportation Center, but continues much farther to the northeast along Roosevelt Boulevard to Comley Road in the far northeast section of the city. There it travels in a large reversible (AM and PM) loop around the Northeast Airport and serves a variety of residential communities including Normandy Village, Modena Park and Bustleton. Peak service is currently at 15 minute intervals and off-peak is at one hour intervals.

32 – The 32 bus provides service just to the west of the site on Henry Avenue. It travels via Henry Avenue and Ridge Avenue to its northern terminus at Green Lane in the center of the Roxborough neighborhood. It also provides service to Center City by a complex route along 29th Street, Ridge Avenue and 21st Street and reaches its southern terminus at Broad and Carpenter Streets in South Philadelphia. This route passes through Penn Center and provides convenient and very short connections to the Market Frankford and Broad Street Subways, to the entire regional commuter rail system – at Market East Station – and to a host of other bus routes. Current service intervals are 20 minutes during peak and 30 minutes during off-peak operations.

Two other routes also provide useful service to the site although the nearest stops are slightly farther from the site, typically two blocks. These routes also provide strong connections to other parts of the regional system. The **60** runs east-west on Allegheny Avenue and, among other connections, provides an easy to use shuttle to the Broad Street Subway Allegheny Station. The **48** is a major route, typically employing large articulated busses, has a terminal at 27th and Allegheny, and provides service to Center City and, in Center City, on an east-west line along Market and Arch Streets to 3rd Street. This route, in addition to accessing the entire regional system, like the 32, provides service to the Historic District, Old City and brings riders within easy walking distance of Penn's Landing and the Delaware River waterfront. Both the 60 and 48 routes currently operate on a 10 minute interval during peak hours and a 30 minute interval during off-peak.

The site also has access to the Regional Rail system via the **R6** line Allegheny Station. This station is at Allegheny Avenue at 22nd Street, approximately seven blocks from the site. Transfer to the 60 bus is possible at the station if the approximately half mile walk seems excessive. Service headways on the R6 are approximately 30 minutes in the peak hours and one hour in the off-peak. These trains provide service to the Norristown Transportation Center where a wide variety of bus services to the northern suburbs is available. The line also provides connections to the region's extensive system and to the AMTRAK northeast corridor service at 30th Street Station.

**TRUMP CASINO AT THE FORMER BUDD PLANT SITE
TRAFFIC IMPACT STUDY**

Taken collectively, the service available via public transportation to the Trump Casino Resort Hunting Park site is outstanding. Employees and visitors will have numerous public transit travel options from this location. Because employment and students are expected to be drawn heavily from the nearby areas, VA has estimated that during the peak periods 40 percent of venue employees and students will either walk or take public transportation. However, the public transportation credit taken for the remainder of the facility is 10 percent.

The entire development, after adjustments for transit usage, is estimated to generate a total of 918 trips (546 IN and 372 OUT) during the PM peak hour and 1386 trips (870 IN and 516 OUT) during the Saturday peak period.

TRIP DISTRIBUTION

Site access and egress routes at the venue will depend heavily on signage. Primary access/egress routes are assumed to be located on Henry Avenue and Roberts Avenue. A secondary means of access/egress is assumed to be located on Fox Street. The trip distributions for each of the uses is assume to be similar.

Table 4 – Trip Distribution

IV. Access/Egress Route	% of Trips
From East via Route 1 SB Off-Ramp	20%
To East via Route 1 NB On-Ramp	20%
To/From East via Hunting Park Ave	10%
To/From East via Roberts Ave	5%
To/From West via Hunting Park Ave	10%
From West via Route 1 NB Off-Ramp (Near Stokley)	15%
From West via Route 1 NB Off-Ramp (Wissahickon Ramp)	10%
To West via Route 1 SB On-Ramp	25%
To/From North via Henry Ave	15%
To/From North via Wissahickon Avenue	5%
To/From South via Allegheny Avenue	10%

See **FIGURES 9** and **10** for a graphical depiction of the distribution of the site generated trips. These site generated trips were added to the 2008 No-Build volumes to generate the 2008 Build volumes (**SEE FIGURES 11** and **12**).

TRAFFIC IMPACT

METHODOLOGY

Level of Service (LOS) analysis is a procedure used to estimate the traffic-carrying ability of roadway facilities over a range of defined operating conditions. Traffic operations are expressed as a LOS from LOS A to LOS F. For a signalized intersection, LOS A indicates operations with delay less than 10 seconds per vehicle and LOS F describes operations with delay in excess of 80 seconds per vehicle. For an unsignalized intersection, LOS A indicates operations with delay less than 10 seconds per vehicle and LOS F describes operations with delay in excess of 50 seconds per vehicle. See detailed description of Levels of Service in **APPENDIX D**.

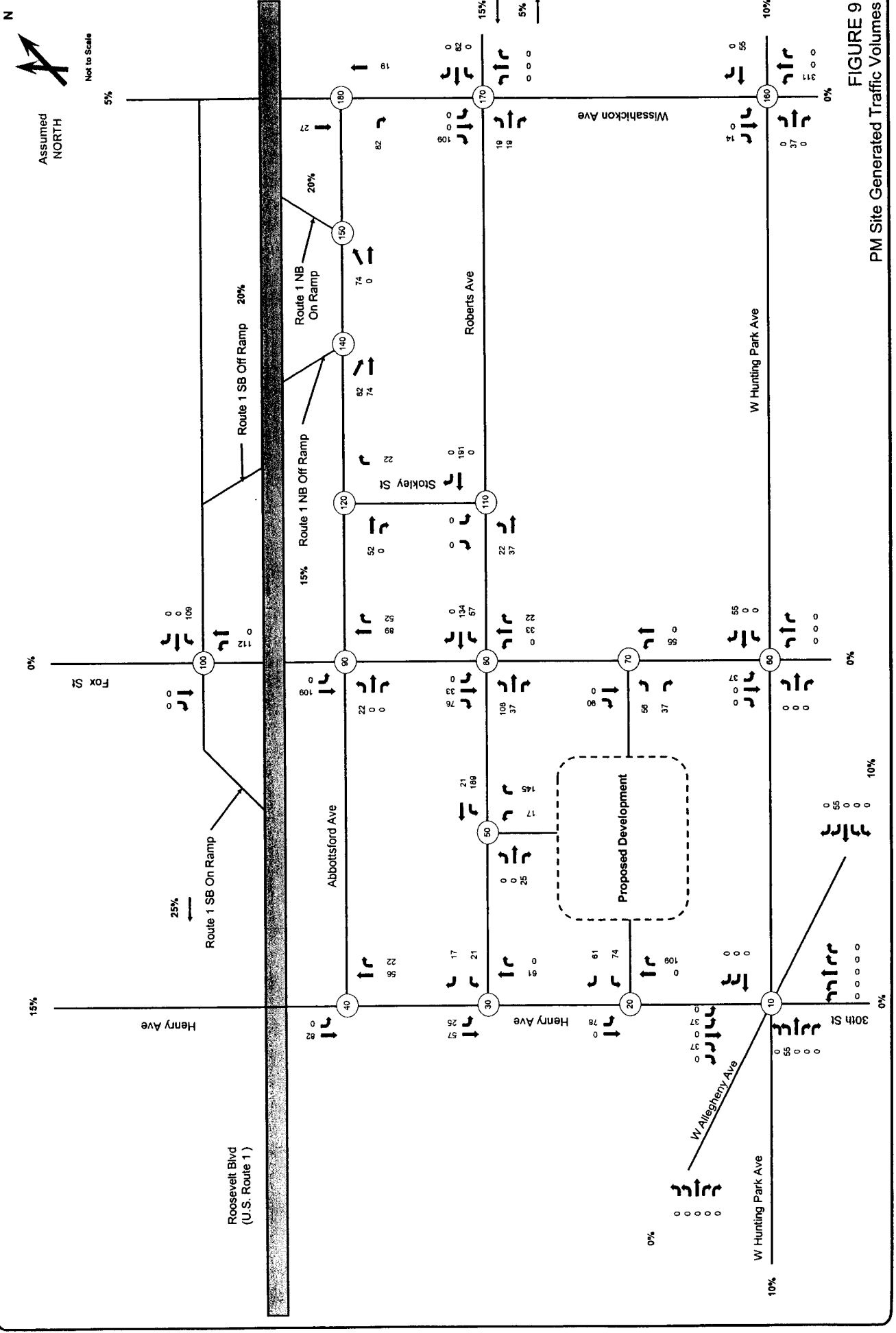


FIGURE 9
PM Site Generated Traffic Volumes

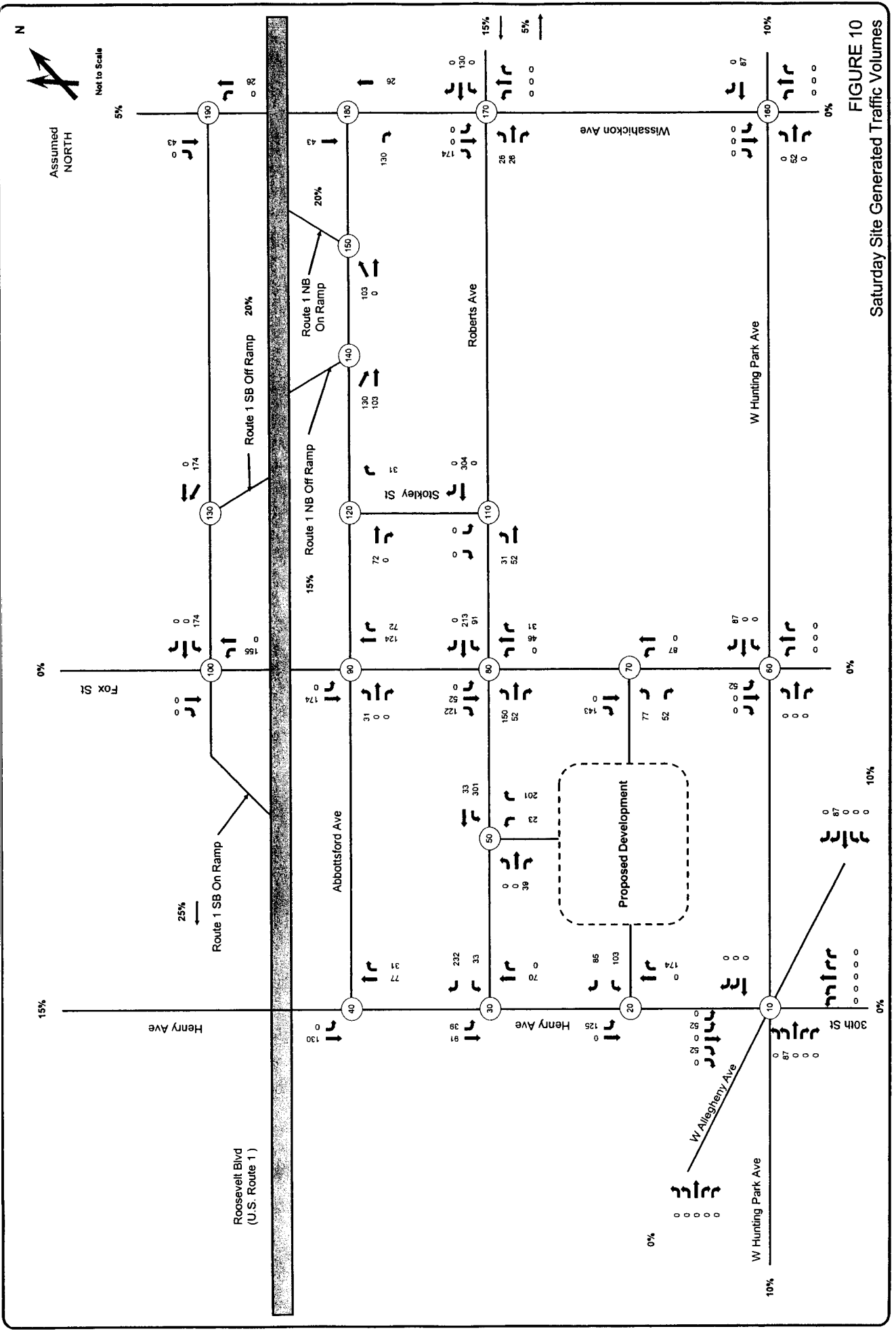


FIGURE 10
Saturday Site Generated Traffic Volumes

N



Assumed NORTH

Not to Scale

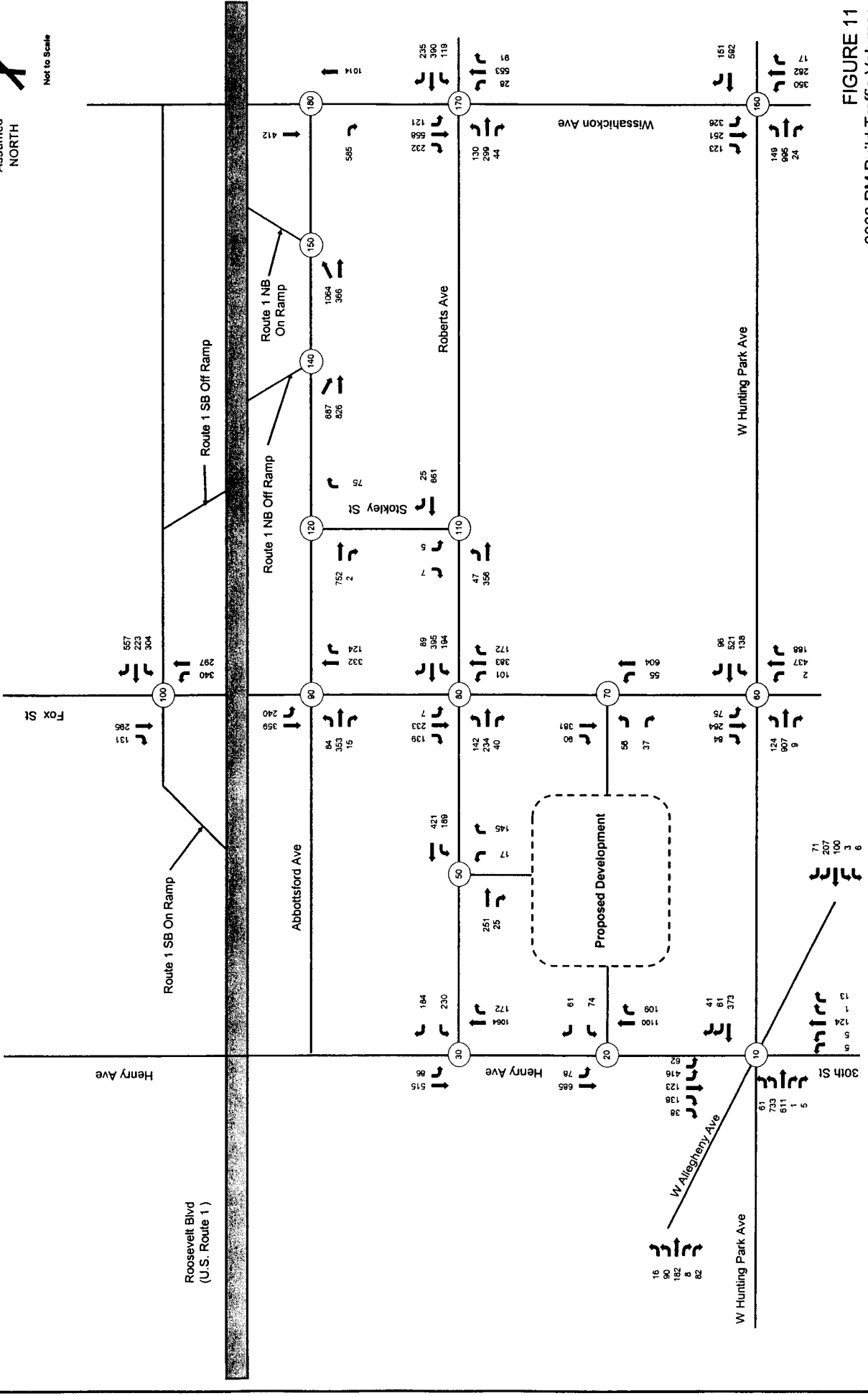


FIGURE 11
2008 PM Build Traffic Volumes

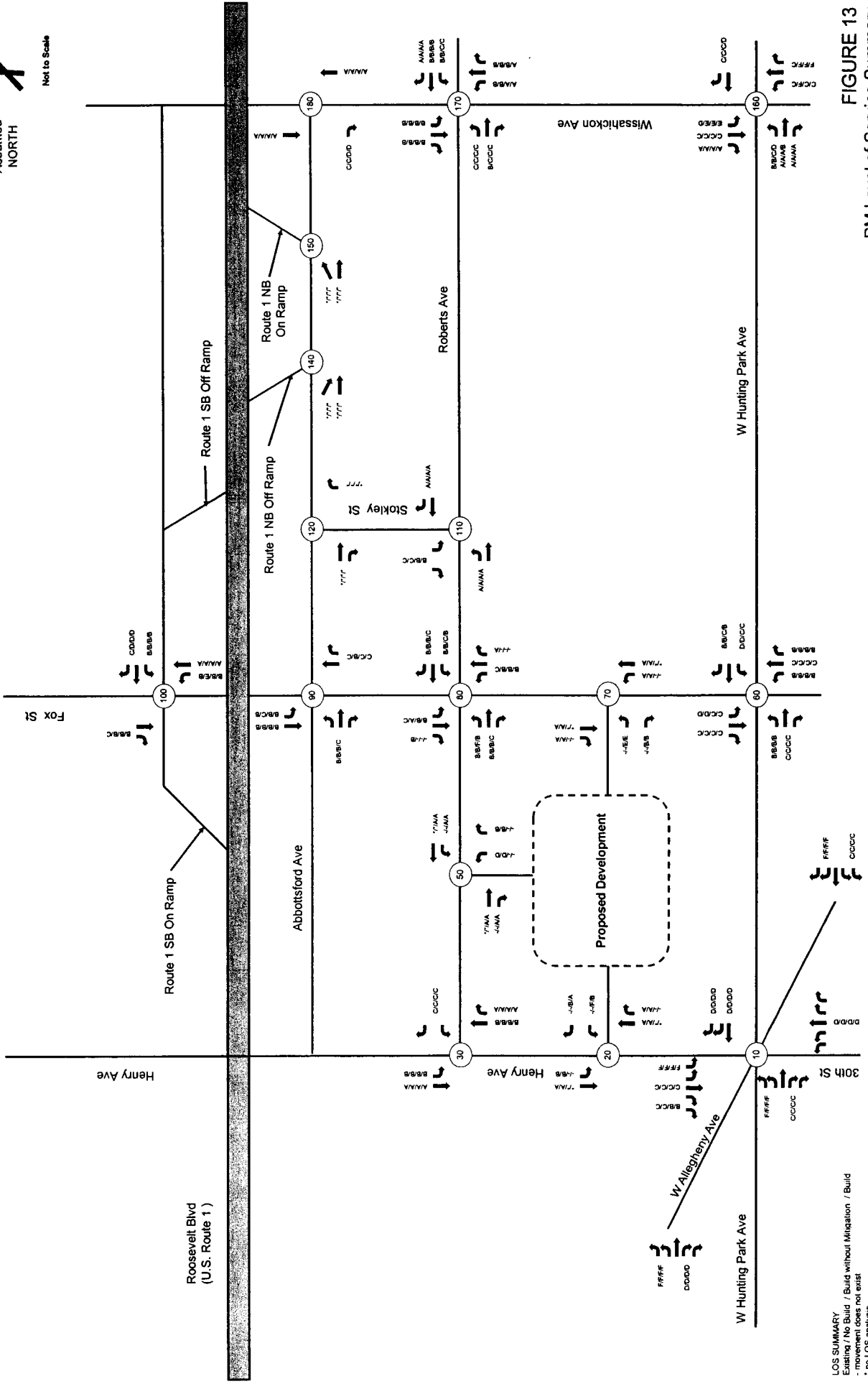
12/14/2006 11:26

N



Assumed NORTH

Not to Scale



LOS SUMMARY
 Existing / No Build / Build without Mitigation / Build
 - movement does not exist
 * no LOS analysis

FIGURE 13
 PM Level of Service Summary

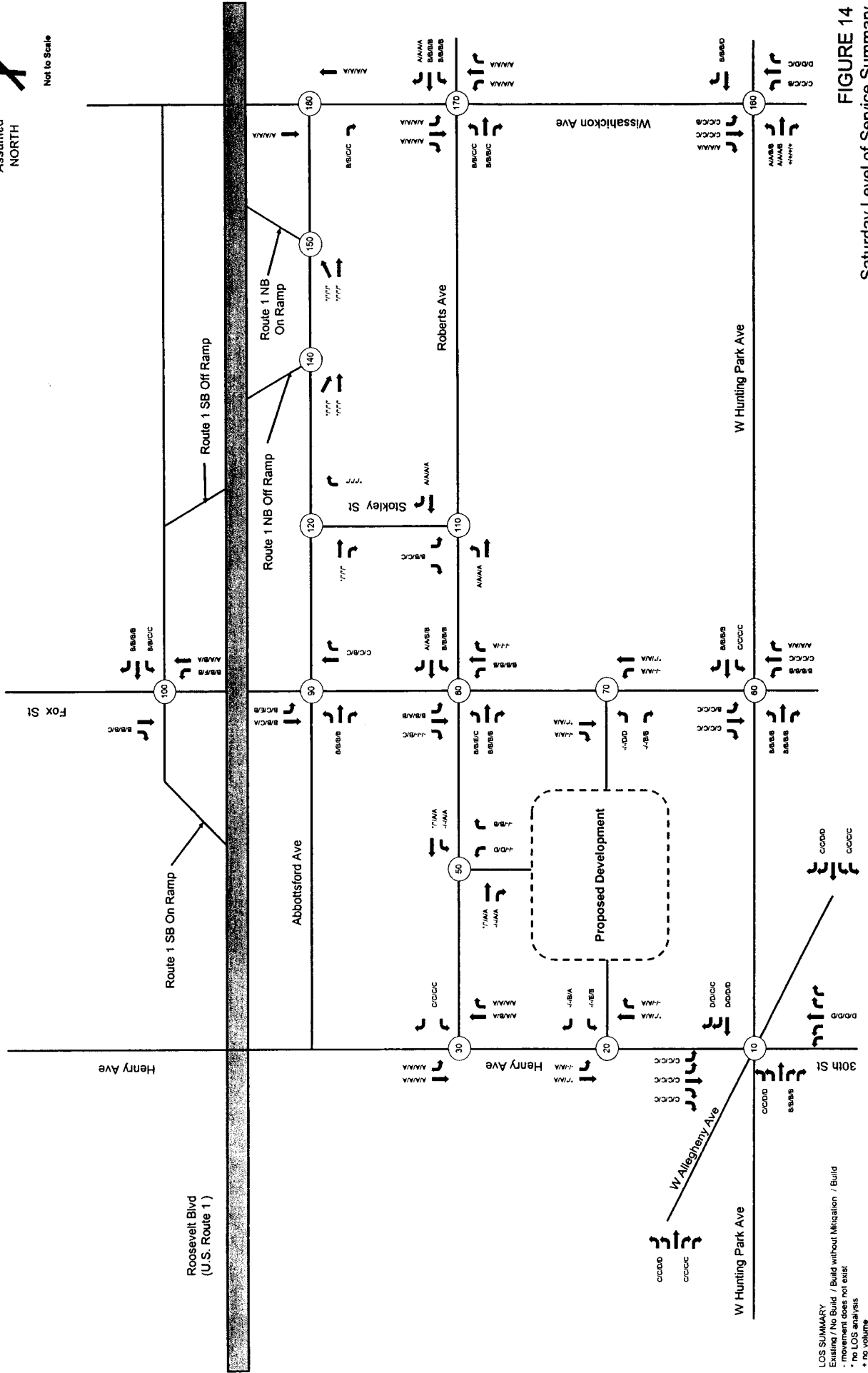
13-10000-1.12

N



Assumed
NORTH

Not to Scale



LOS SUMMARY
 Existing / No Build / Build without Mitigation / Build
 - movement does not exist
 * no LOS analysis
 + no volume

FIGURE 14
 Saturday Level of Service Summary

CAPACITY ANALYSIS RESULTS

For each of the conditions analyzed, Existing, 2008 No Build, 2008 Build (without mitigation) and 2008 Build (with mitigation), the LOS are summarized in **FIGURES 13** and **14**. All **SYNCHRO 6** output sheets are included in **APPENDIX D**. Existing signal timings for each of the signalized study locations were obtained from the City of Philadelphia (**SEE APPENDIX E**). In the analysis of the 2008 No Build condition, if it was necessary, signal timings were optimized to the extent that the existing signal hardware would allow. Note that the signal timings for the intersection of Allegheny Avenue, Hunting Park Avenue, 30th Street, and Henry Avenue were not optimized. See the below discussion of this intersection.

The 2008 Build (without mitigation) analysis assumed that all of the proposed site access points were unsignalized. Under the 2008 No Build and 2008 Build (without mitigation) conditions, the following movements would operate at LOS E or worse during the PM and Saturday peak periods:

2008 No Build

PM Peak Period

- Intersection 10 *: (F) Hunting Park EB Left
* See Note (F) Henry Avenue SB Left
(F) Allegheny Avenue SE Left
(F) Allegheny Avenue NW Through
- Intersection 160: (F) Wissahickon Avenue NB Through/Right
(E) Wissahickon Avenue SB Left

Saturday Peak Period

- No movements would operate at LOS E or worse

2008 Build (Without Mitigation)

PM Peak Period

- Intersection 10 *: (F) Hunting Park EB Left
* See Note (F) Henry Avenue SB Left
(F) Allegheny Avenue SE Left
(F) Allegheny Avenue NW Through
- Intersection 20: (F) West Entrance WB Left (Unsignalized)
- Intersection 70: (E) East Entrance EB Left (Unsignalized)
- Intersection 80: (F) Roberts Avenue EB Left
- Intersection 100: (E) Fox Street NB Left
- Intersection 160: (F) Wissahickon Avenue NB Through/Right
(F) Wissahickon Avenue NB Left
(E) Wissahickon Avenue SB Left

Saturday Peak Period

- Intersection 20: (E) West Entrance WB Left (Unsignalized)
- Intersection 80: (E) Roberts Avenue EB Left
- Intersection 90: (E) Fox Street SB Left
- Intersection 100: (F) Fox Street NB Left

* The intersection of Allegheny Avenue, Hunting Park Avenue, 30th Street, and Henry Avenue currently operates with significant delays on several approaches during the PM peak period. However, there are a number of issues that make it difficult to accurately analyze this intersection. Under the current operation of the intersection, motorists consistently violate the lane designations, left-turning traffic often fails to relinquish control of the intersection at the completion of the protected left-turn phase, and motorists consistently proceed through the intersection during the all-red phase. Modeling the intersection with all vehicles obeying the lane designations and signals shows that the intersection operates with higher delays and longer queues than are actually observed at the intersection. However, the actual delays and queues are difficult to quantify due to the consistent violations that occur on all approaches of the intersection. The additional traffic generated by the proposed development is approximately 5% of the total traffic at this intersection during the PM peak hour, and therefore the additional traffic would have a minimal impact on the operation of the intersection. However, VA will meet with representatives of the City of Philadelphia to facilitate modifications that will improve both the operation and safety of this intersection.

The 2008 Build condition capacity analysis results were compared to the 2008 No Build results to determine the intersections where mitigation measures would be needed. The results of the capacity analysis for the PM and Saturday peak conditions are shown graphically on **FIGURES 13** and **14**, respectively.

PROPOSED MITIGATION

To obtain acceptable changes in delay between the 2008 No Build and the 2008 Build condition the following mitigation measures are proposed:

- Meet with representatives of the City of Philadelphia to facilitate modifications at the intersection of Allegheny Avenue, Hunting Park Avenue, 30th Street, and Henry Avenue that will improve both the operation and safety of this intersection.
- Install a traffic signal at the intersection of the West Entrance and Henry Avenue. Depending on the final configuration of the site, a signal may also be required at the intersection of the North Entrance and Roberts Avenue. If a signal is required at this location, one will be provided.
- Add a protected-permitted left-turn phase for the Roberts Avenue approaches at the intersection of Roberts Avenue and Fox Street. Restripe the Roberts Avenue approaches to provide 200' long left-turn lanes and restripe the Fox Street approaches to provide a dedicated right-turn lane and a shared through/left-turn lane on each approach.
- Modify the traffic signal timings at the intersections of Fox Street with Abbottsford Avenue and the Route 1 Southbound Off-Ramp. During the PM peak period the Route 1 Southbound Off-Ramp at times queues onto the Route 1 mainline. **APPENDIX F** contains a plan depicting the Rt. 1 SB Ramp Relocation Concept. This proposed improvement would relocate the entrance to the ramp to provide an additional 750' of storage on the ramp. This would prevent the queue from spilling back onto the mainline. This proposed improvement is being coordinated with representatives from PennDOT.
- Add a protected permitted left-turn phase to the Wissahickon Avenue approach to the intersection of Wissahickon Avenue and West Hunting Park Avenue.
- It is anticipated that a concept that would modify the slip ramp from Route 1 northbound onto Abbottsford Avenue will be presented to PennDOT. This modification would provide a direct connection to Stokley Street, while maintaining the slip ramp connection to Abbottsford Avenue. Abbottsford Avenue would be brought over this new ramp on a structure. Making this improvement would provide a more direct connection to the site for traffic coming from Route 1 northbound, thus reducing the number of vehicles traveling in front of the residences near the intersection of Roberts Avenue and Wissahickon Avenue. **APPENDIX F** contains a plan

depicting this concept.

With the implementation of the above improvements, under the 2008 Build (with mitigation) conditions, the following movements operate at LOS E or worse during the PM and Saturday peak periods:

2008 Build (With Mitigation)

PM Peak Period

- Intersection 10 *: (F) Hunting Park EB Left
*See Previous Note (F) Henry Avenue SB Left
(F) Allegheny Avenue SE Left
(F) Allegheny Avenue NW Through
- Intersection 70: (E) East Entrance EB Left (Unsignalized)
This left turn is from the secondary access point on Fox Street. The queuing is estimated to be minimal and would be contained on the site. Therefore, there would be no impact on the surrounding roadway network. If additional mitigation measures are required, they will be provided.

Saturday Peak Period

- No movements would operate at LOS E or worse

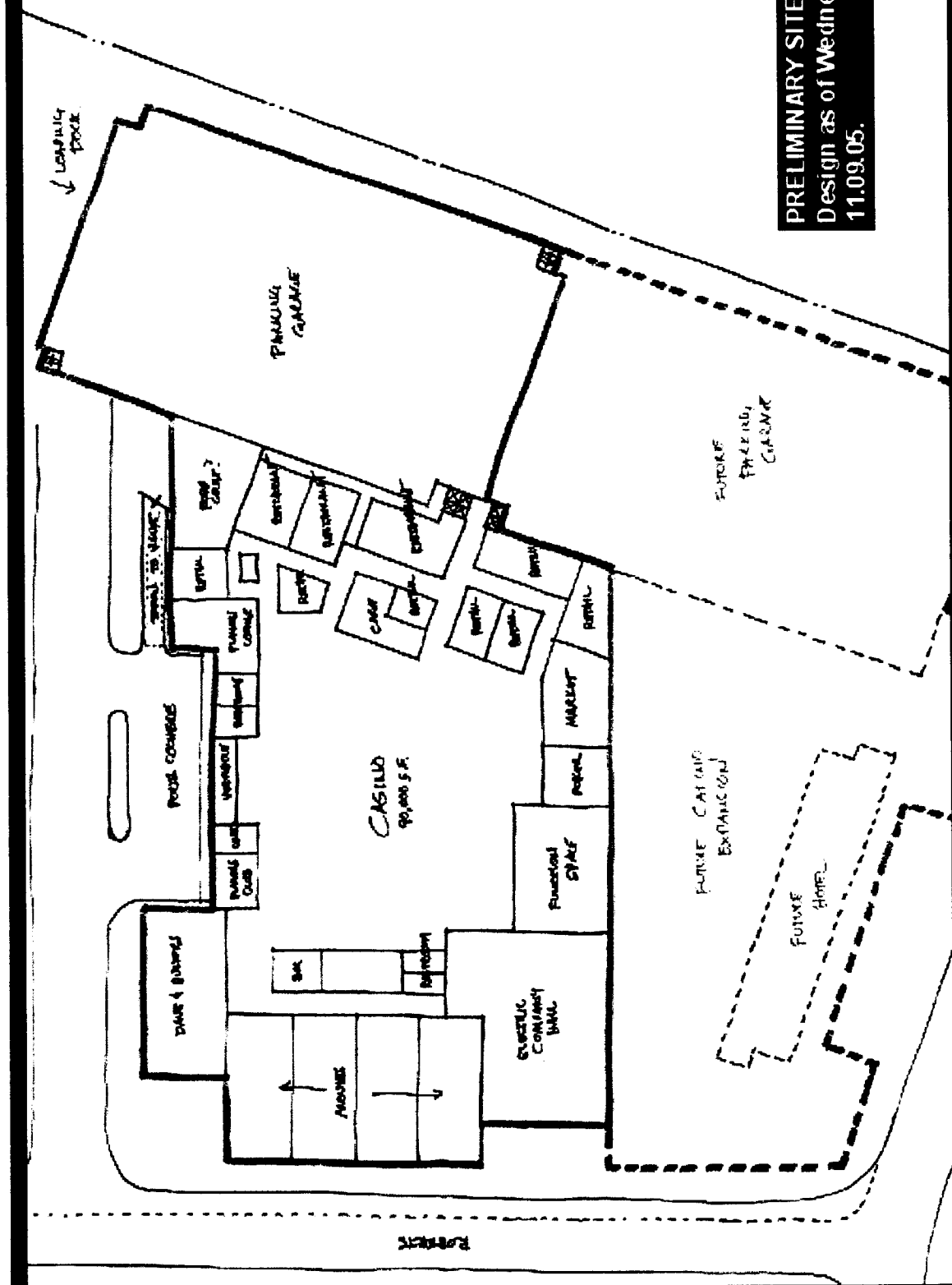
CONCLUSION

This traffic impact study demonstrates that with the recommended mitigation measures described above, the Trump Casino development would not significantly affect the intersections within the study area.

APPENDIX A

Site Plan





PRELIMINARY SITE PLAN
 Design as of Wednesday,
 11.09.05.



NOTE

Appendices B through E have not been included because they contain voluminous technical data relating to: (i) traffic counts, (ii) vehicle occupancy, (iii) synchro results, and (iv) existing signal timing. The Appendices will be provided upon request.

APPENDIX F



**Conceptual Roadway
Improvement Plans**