

SugarHouse

PURE FUN





Letter from Philadelphia Mayor Michael Nutter



CITY OF PHILADELPHIA

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MICHAEL A. NUTTER
MAYOR

April 6, 2009

Honorable Mary DiGiacomo Colins, Chairman
Pennsylvania Gaming Control Board
PO Box 69060
Harrisburg, PA 17106-9060

RE: HSP Gaming, L.P. (SugarHouse)

To the Honorable Chairman and Members of the Pennsylvania Gaming Control Board:

I would like to thank the Chairman and Members of the Pennsylvania Gaming Control Board for this opportunity to provide information on the City of Philadelphia's efforts to facilitate the prompt construction and early opening of the two licensed gaming casinos in Philadelphia. In conjunction with your invitation to representatives of the two gaming licensees to your meeting of April 8, 2009, to provide a full and complete update on the status of their projects, I am hopeful that my submission will assist in delivering a more complete update concerning these projects. The City has a significant interest and a role to play in these developments, which I believe will generate numerous construction and permanent jobs and important tax revenues, all of which will benefit the Commonwealth as well as the City.

Certainly, you are well aware that the road to gaming has been challenging in Philadelphia. As is often the case with such major development projects in urban neighborhoods -- particularly where coupled with the introduction of a controversial activity -- citizens and community groups have voiced concerns about the various potential implications, ranging from gambling addiction to neighborhood traffic to security threats and corruption. The City recognizes that the Gaming Board has been empowered by the Legislature to confront and resolve many of these concerns and that progress is continuing in this direction. On a parallel track, Philadelphia has encouraged the licensees to design their facilities in a way that will enhance the City's physical plan and produce the optimum economic development impact for our taxpayers. As we in Philadelphia struggle with the effects of the global financial crisis, I have endorsed the conclusions of Governor Rendell and leaders in the General Assembly that a vibrant gaming industry can be an important tool in the creation of jobs and tax revenues. In the town meetings leading to my recent budget presentation, I have received the same message from many voters: move ahead with casino development in Philadelphia as quickly as possible.

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Page 2

In a March 13th press conference, I reiterated in unequivocal terms my support for the Foxwoods and SugarHouse projects and outlined the City's recent work to help these ventures move ahead. I acknowledged that projects of this magnitude and complexity create myriad business, technical, design and community issues, some of which lie beyond the authority of the City. But at the same time I pledged to join with the representatives of both casinos to overcome obstacles to opening these facilities. I have emphasized that while the City will responsibly exercise its regulatory duties and comply with the requirements of the law, I do not expect nor do I intend these traditional municipal functions to delay development.

In that same press conference, I also recapped important background information regarding each of the casinos that is particularly relevant to the Board's current inquiry. With regard to SugarHouse, I have publicly expressed my strong support for construction and opening of the facility at its current site as quickly as possible, and I initiated a dialogue between City and casino representatives about facilitating the commencement of construction activities. In the last several days, key City operations officials have spoken frequently with the SugarHouse project management team about current development issues, and have held several joint meetings to collaborate on action items and timelines for completion. The parties have now established a working group that is meeting regularly to facilitate all necessary approvals. SugarHouse already has received key approvals, including its foundation permit. Recently, we began working intensely and cooperatively with SugarHouse on its modified plans which we understand are being presented to you by the licensee. My Administration supports the concept drawings in the proposed SugarHouse plan modifications. SugarHouse has indicated its desire to open an interim gaming facility as part of its modified plan by the second quarter of 2010, and I support the concept drawings that I have reviewed in that plan. I will ensure that all City departments in my Administration will fully cooperate and will continue working diligently with SugarHouse to obtain all permits and approvals within the City's control in a timely manner in order to ensure the opening of the SugarHouse interim gaming facility by the second quarter of 2010.

We hope that this report provides sufficient information to allow the Board a complete understanding of the City's policy position and perspective in connection with SugarHouse's development status. We stand ready to answer any specific inquiries or supply further updates as they may be requested.

Sincerely,


Michael A. Nutter
Mayor



★ Anticipated Job Creation

	<u>INTERIM</u>	<u>PHASE I</u>	<u>TOTAL</u>
Construction Jobs:	500	600	1,100
Permanent Casino Jobs: (Avg. Compensation, incl. benefits: \$40,000/yr.)	500	600	1,100

★ Projected Gross Terminal Revenue

	<u>INTERIM</u>	<u>PHASE I</u>
2006 Projections:	\$182 M	\$372 M
Current Projections:	\$240 M	\$400 M

★ Projected Tax Revenue Per Year

	<u>INTERIM</u>	<u>PHASE I</u>
CITY OF PHILADELPHIA:	\$ 16 M	\$ 25 M
COMMONWEALTH OF PA:		
Tax Relief (34%):	\$82 M	\$136 M
Economic Development: (incl. PA Convention Center)	\$12 M	\$20 M

★ Projected Cost Comparison

Costs in Millions	2006 Approved Development Plan	April 2009 Proposed Modified Plan
Slot License	\$50	\$50
Land	\$71	\$73
Interim Facility	\$146	\$133
Parking Garage	\$54	\$73
Phase 1	\$139	\$144
Total Costs	\$460	\$474

Interim Casino

Design/Approval Period: 4 months

Construction Period: 9 months

Anticipated Opening: 2nd Quarter 2010

★ Interim Casino: Site Plan

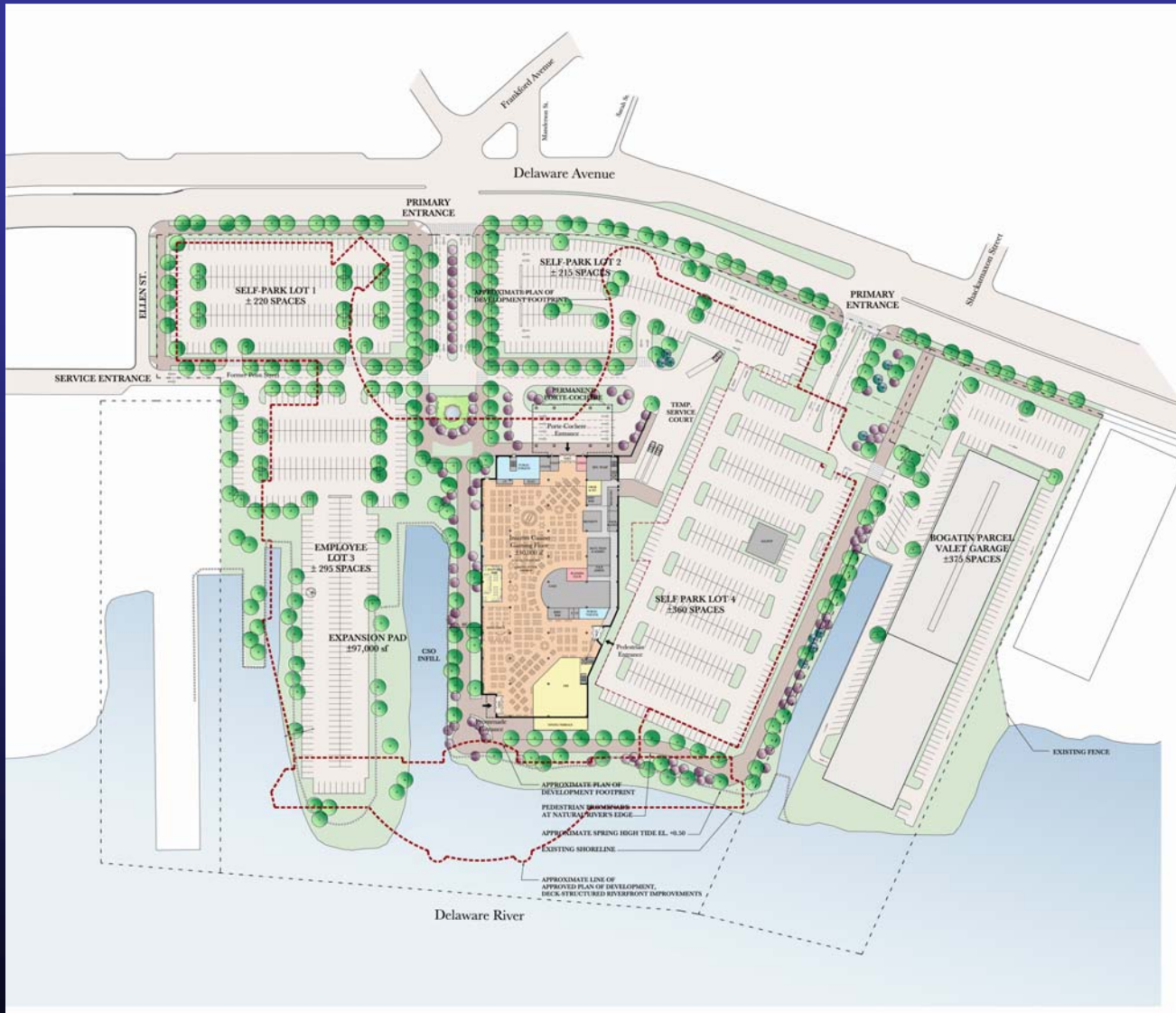


Image courtesy of Cope Linder Architects



★ Interim Casino: Floor Plans

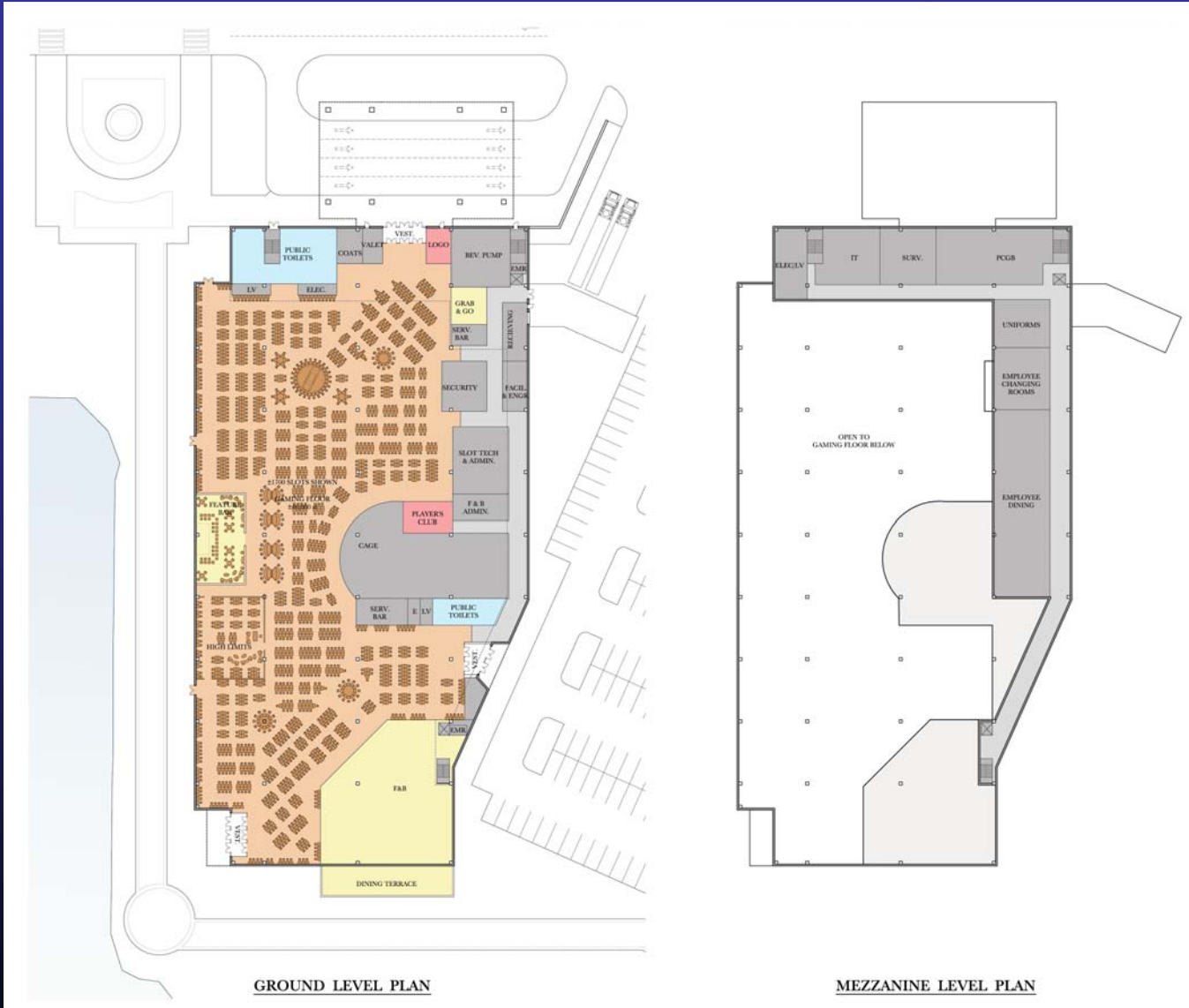


Image courtesy of Cope Linder Architects



★ Phase 1 Casino: Site Plan



Image courtesy of Cope Linder Architects



★ Phase 1 Casino: Mezzanine Level Plan

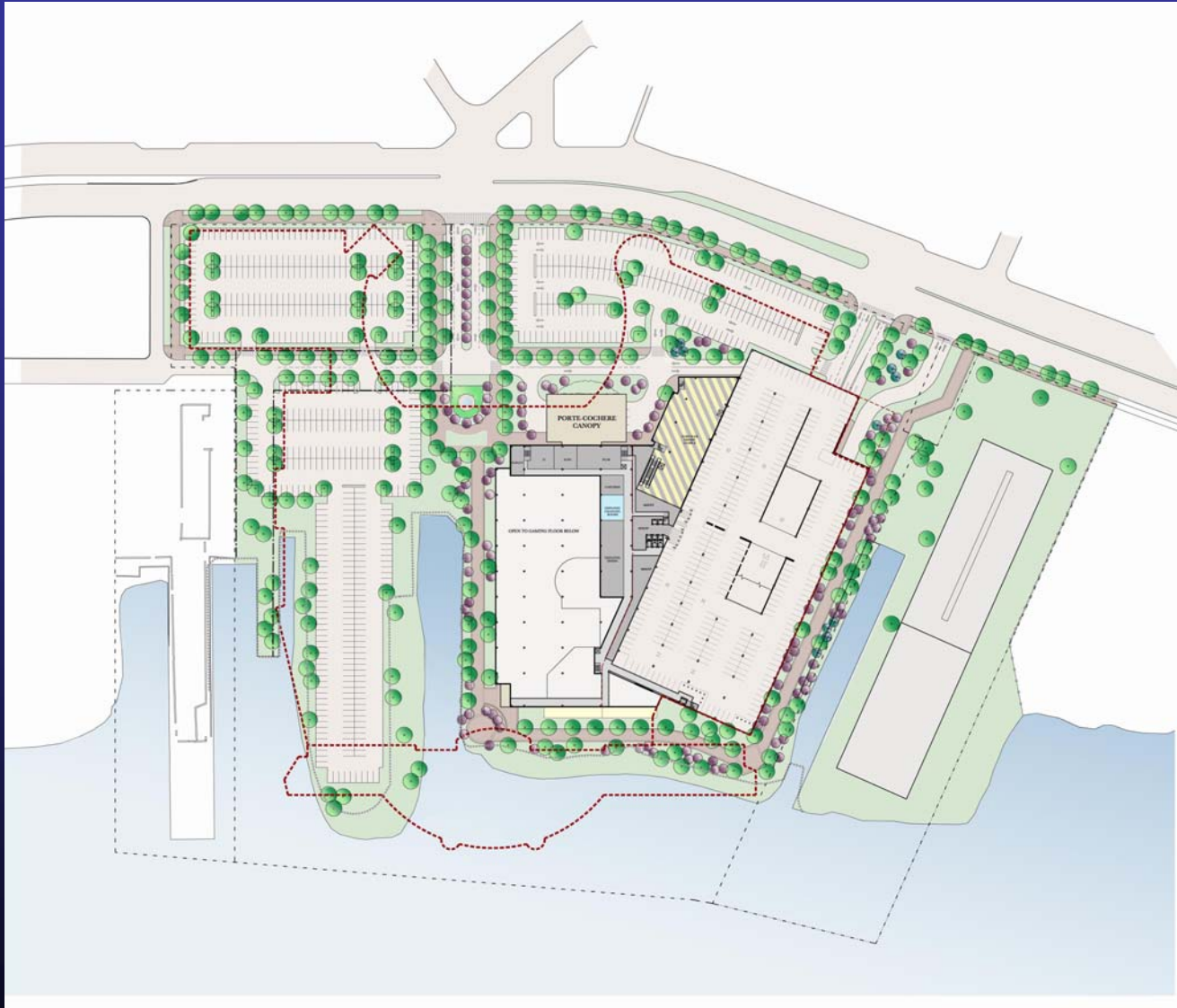


Image courtesy of Cope Linder Architects



★ Phase 1 Casino: Perspective View

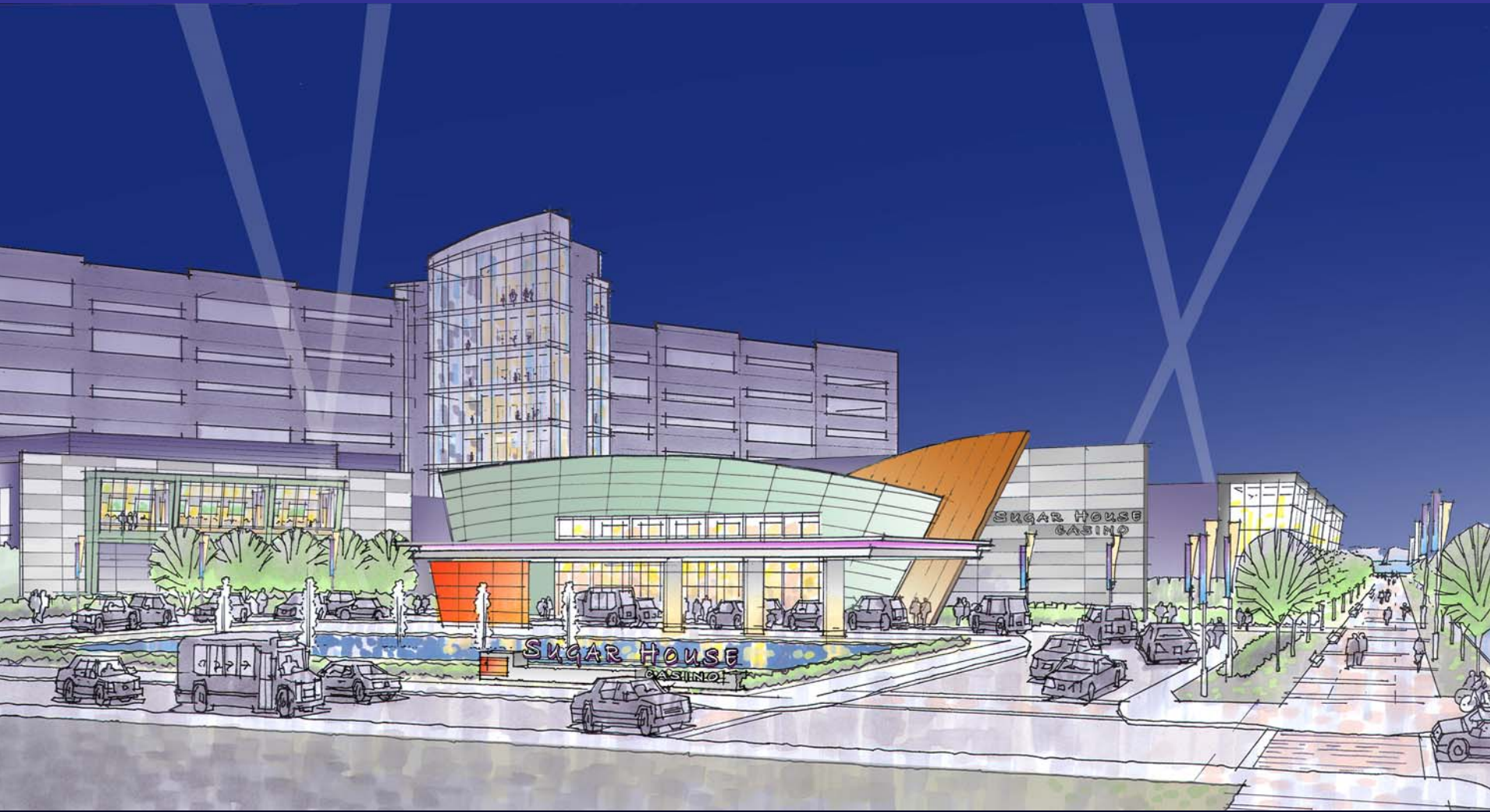


Image courtesy of Cope Linder Architects



★ Phase 2 Casino & Future Development: Site Plan



Image courtesy of Cope Linder Architects



★ Phase 2 Casino & Future Development: Roof Plan

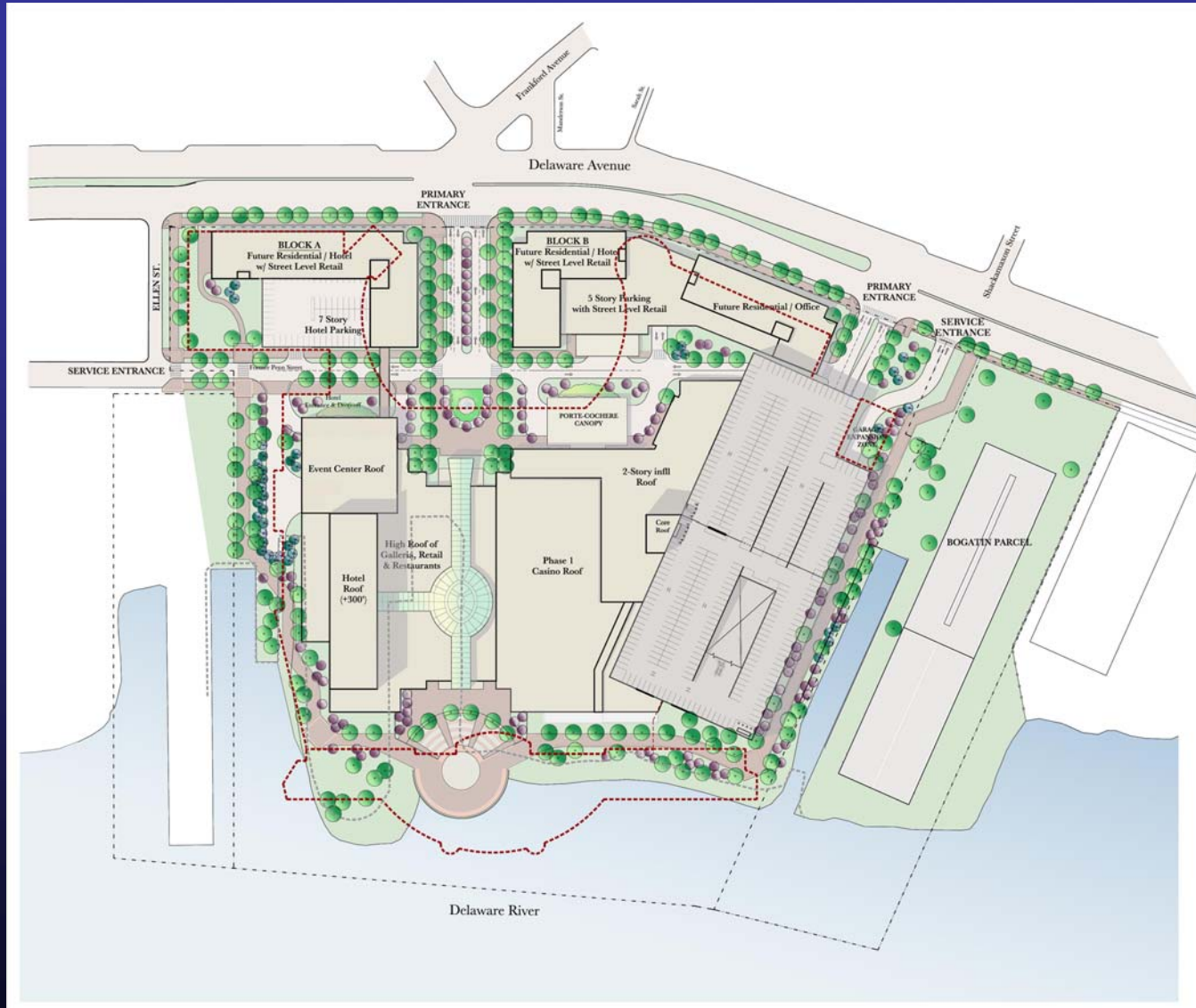


Image courtesy of Cope Linder Architects



★ Proposed Modified Development Plan

- Substantially similar to the 2006 Approved Development Plan

	2006 Approved Development Plan	April 2009 Proposed Modified Plan
<u>INTERIM</u>		
Gaming Floor SF	40,400	40,000
No. of Slots	1,500	1,700
F&B Outlets	3	3
Parking Spaces *	2,700	1,465
Cage SF	6,700	5,000
PSP / PGCB SF	2,650	2,800
<u>PHASE 1</u>		
Gaming Floor SF	84,000	80,000
No. of Slots	3,000	3,000
F&B Outlets	8	7
Parking Spaces	3,063	3,265
Cage SF	6,700	5,000
PSP / PGCB SF	2,650	2,800

* Construction of a 2,400 space parking garage was planned during the interim phase under the Approved Development Plan. Under the Proposed Modified Plan, during the interim phase approximately 1,465 parking spaces will be provided on surface lots and a 3,300 space parking garage will be constructed after the opening of the interim facility.



★ Approvals Needed to Open Interim / Phase I Casino

- City Administration approval of the modifications
- City Council approval of the modifications

No Army Corps of Engineers Permit Required

A bright pink, multi-pointed starburst graphic is centered behind the text. It has eight points, with the top and bottom points being the longest and most prominent. The starburst is semi-transparent, allowing the white text to be visible through it.

Sugar House