

**HARRAH'S KANSAS**

**LOTTERY GAMING FACILITY PROPOSAL**

**July 29, 2010**

# HARRAH'S KANSAS

## Proposal for Lottery Gaming Facility to be Located in Sumner County, Kansas

### Introduction

Harrah's Sumner Investment Company, LLC ("Applicant") is pleased to submit the following proposal to develop and manage a \$260 million casino resort in Sumner County, Kansas. The Applicant envisions this development to include a casino, hotel, meeting space and restaurants, with potential future development of a water park, recreational vehicle park, swimming pools, spa, golf course, tennis facility and use of a local sporting clays facility.

Applicant's submission to the Sumner County Board of County Commissioners is intended to comply with all requirements set forth in Senate Bill No. 66 (Kansas Expanded Lottery Act), the rules and regulations as set forth by the Kansas Lottery Commission, the Lottery Gaming Facility Review Board and the Kansas Racing and Gaming Commission, and the laws of the State of Kansas, as well as any applicable local ordinances and resolutions, including but not limited to those regulating planning, zoning, health and safety.

The following outlines the Applicant's vision for a resort with the power to drive tourism and spur economic growth in both Sumner County and the State of Kansas.

### Description of the Proposed Lottery Gaming Facility

Harrah's Entertainment is synonymous with first-class gaming-entertainment experiences that draw millions of visitors each year to its resorts in Las Vegas and Atlantic City, and more than a dozen other markets around the nation and around the world. With more than 73 years of business experience, Harrah's has acquired a reputation for delivering extraordinary entertainment defined by superior amenities and attentive customer service. We approach this project with a vision of developing a premier casino resort, one whose entertainment offerings, coupled with Harrah's unique ability to promote the facility to its 40 million Total Rewards loyalty-program members, would ensure that the state's ambitions for this project are realized.

#### ***Architectural Inspiration: "Vast land, wide skies, big dreams."***

The majestic splendor of the Great Plains – rugged landscapes, panoramic vistas and seemingly endless horizons – is the architectural inspiration for Harrah's Kansas. The low-rise development was conceived as an almost natural outgrowth of its surroundings, a sophisticated yet approachable facility that reflects its prairie geography and makes both elegant and efficient use of Kansas's own natural resources. By incorporating local building materials into the physical structure, we believe the development blends in with its environment, even as the contemporary architectural composition signals to visitors that they have arrived at a thoroughly modern new casino entertainment destination.

### ***Harrah's Kansas***

Harrah's proposes to develop a first-class gaming and entertainment facility consistent with Harrah's brand and corporate standards. The initial project contemplates a casino entertainment complex with approximately 1,750 slot machines, 50 table games, 100 hotel rooms and multiple food, beverage and entertainment offerings. With Harrah's operating the casino, guests will enjoy a first class experience. In 2009, Harrah's notched 522 "Best of Gaming" awards from *Casino Player* in the magazine's annual reader survey.

Several factors account for Harrah's overwhelming popularity among casino enthusiasts. Among them:

- **Powerful and proprietary casino-management technology:** There is a science to designing a casino floor that offers the games guests want most in a setting they find convenient and comfortable, and Harrah's has mastered it. Over the course of the past decade, the company has engineered a series of sophisticated analytical tools – including slot-floor revenue-management programs and other optimization systems – that together offer all the features players look for in a gaming venue.
- **Customer-satisfaction expertise:** Though having the right machines in the right locations represents a sizable advantage for Harrah's, perhaps the most significant difference casino customers observe when they visit a Harrah's-operated property is the outstanding service they receive day-in and day-out. Because Harrah's constantly gauges its performance in this area through surveys and other customer-feedback channels, Harrah's understands what it takes for casino hosts, dealers, cocktail servers and other front-line personnel to exceed guests' expectations.

To that end, in addition to exhaustive customer-service training, Harrah's employees are given significant incentives to deliver the highest level of customer service: since 2000, the company has paid out more than \$100 million in service performance bonuses to the associates responsible for helping achieve industry leadership in guest-service.

- **Unmatched customer loyalty:** Harrah's pioneering Total Rewards customer-loyalty program offers guests the opportunity to earn valuable points that can be redeemed for a trip to the buffet and many other enticing options. This provides customers with significant incentives to play at Harrah's properties, rather than those of our competitors. And because these rewards are accepted across all of its properties nationwide, customers frequently travel to Harrah's casinos outside their home market. Harrah's ability to attract cross-market visitation is a significant competitive advantage that will help meet the goal of increasing tourism to Kansas.

Taken as a whole, these capabilities lend Harrah's a decisive edge when it comes to running popular casino-gaming enterprises and maximizing revenue.

### ***Cuisine and Meetings***

Beyond the excitement of the casino floor, Harrah's Kansas visitors will have various culinary experiences from which to choose, including a Las Vegas-style buffet and a premium steakhouse.

Our resort will also cater to business travelers: With plans for up to 15,000 square feet of convention space, Harrah's Kansas will accommodate groups of up to 750. And because this meeting space will feature state-of-the-art technology and audio-visual capabilities in a comfortable and functional setting, Harrah's Kansas is sure to offer an attractive new option for meeting planners. Also, Harrah's has a roster of nearly 120,000 corporate customers located throughout the United States and abroad. We intend to leverage this database to attract major business events to Kansas.

### ***Live Performances***

Harrah's Kansas will play host to various entertainment offerings to create additional excitement at the casino. Our outdoor performance courtyard will be capable of hosting shows by various artists from the realms of music, comedy, dance and theater. In addition, the resort's meeting space will double as a second entertainment venue for concerts and other special events.

Given the company's decades of experience in presenting some of the world's best entertainers in settings that range from intimate to arena-sized, Harrah's is particularly well-positioned to bring live entertainment to Kansas. In Las Vegas, Harrah's flagship property, Caesars Palace, hosts sold-out productions such as Cher, Jerry Seinfeld, and returning performer extraordinaire, Celine Dion. The magic duo, Penn and Teller, plays to packed houses night after night at the Harrah's-owned Rio All-Suites Casino and Hotel just off the world-famous Strip. And Donny and Marie Osmond are artists-in-residence at Harrah's Flamingo Las Vegas hotel and casino. These are the sorts of artist relationships that enable Harrah's to bring high-profile entertainment to our resorts.

Finally, Harrah's has a strong track record of attracting talent to our Midwestern resorts, including highly successful summer concert series at our Council Bluffs, IA, Hammond, IN, Southern Indiana and Metropolis, IL, properties. Acts that have played at Harrah's properties include The Allman Brothers Band, Dierks Bentley, Steve Miller Band, Lynyrd Skynyrd, REO Speedwagon, The Black Crowes, The Moody Blues, and Huey Lewis and the News.

### ***Boutique-style Accommodations***

Finally, with such a wide range of exciting attractions, we anticipate strong demand for overnight accommodations at Harrah's Kansas, and we have therefore planned accordingly. The casino resort will offer 100 spacious, comfortable, well-appointed boutique hotel rooms, including up to 20 suites. We also anticipate adding two independently-owned and managed hotels to supplement the initial 100 room capacity.

### ***Potential Future Development***

Subsequent to opening of the casino and hotel, the project may be expanded to include the following amenities:

- Exclusive use of a National Sporting Clays Association-recognized facility located a short drive from the casino;

- Recreational Vehicle Park;
- Additional Convention Space;
- Additional 3rd party hotels to accommodate a growing influx of overnight guests;
- Additional entertainment attractions, including a water park, entertainment venues and retail shopping space;
- Spa Facility;
- Golf Course, clubhouse and instructional facility; and
- Tennis facility.

The total initial investment for the proposed resort is estimated at \$260 million, inclusive of land acquisition costs but exclusive of the cost of the potential future development. Harrah's Kansas will drive significant economic development and tourism in Sumner County and elsewhere in the state.

Please see Appendix I for a rendering of the project.

### **Site**

Applicant has one site under option (please see Appendix II for map) and is in the process of evaluating the need for related infrastructure. Upon completion, Applicant will be able to detail the required upgrades for roads, bridges, interchanges, traffic and utilities (including water, sanitary sewer service, storm water facilities, electrical service, natural gas, communications and solid waste).

### **Investment**

The total initial investment for the proposed resort is estimated to be \$260 million, inclusive of the license fee.

The anticipated financing for Harrah's Kansas does not contemplate the use of state or local retailers' sales tax revenues (STAR Bonds), revenue bonds, tax increment financing, abatement of real property taxes, or similar financing. Applicant will not request Sumner County provide such financing to the project. In addition, the power of eminent domain has not been used, nor will Applicant request such use, to acquire any interest in real estate for use in the proposed gaming project.

### **Financial Impact**

Applicant estimates the casino resort will generate \$176M in net revenues in the third year of operations. Assuming a 2% gaming tax rate, Applicant estimates \$3M in yearly gaming tax revenues will accrue to the benefit of Sumner County.

*Appendix I: Rendering*



