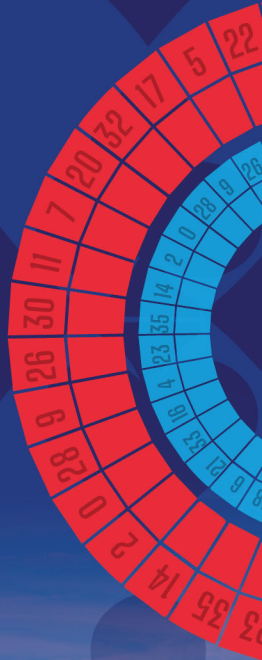


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# CASINO IN THE CITY OF CHICAGO

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EVALUATION REPORT - MARCH 22, 2022



LORI E. LIGHTFOOT  
MAYOR

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**EXECUTIVE SUMMARY**

04

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**PROPOSAL 1****BALLY'S MCCORMICK**

Overview	14
Economic and Financial Benefits to the City	17
Job Creation	20
Equity	21
Design, Planning, Amenities and Transportation Considerations	22

---

**PROPOSAL 2****BALLY'S TRIBUNE**

Overview	26
Economic and Financial Benefits to the City	29
Job Creation	30
Equity	30
Design, Planning, Amenities and Transportation Considerations	32

---

**PROPOSAL 3****HARD ROCK CHICAGO**

Overview	38
Economic and Financial Benefits to the City	41
Job Creation	44
Equity	45
Design, Planning, Amenities and Transportation Considerations	46

---

**PROPOSAL 4****RIVERS 78**

Overview	50
Economic and Financial Benefits to the City	53
Job Creation	57
Equity	57
Design, Planning, Amenities and Transportation Considerations	58

---

**PROPOSAL 5****RIVERS MCCORMICK**

Overview	62
Economic and Financial Benefits to the City	65
Job Creation	71
Equity	71
Design, Planning, Amenities and Transportation Considerations	72

---

**EXHIBIT I: UNION GAMING REPORT**

76

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**EXHIBIT II: TEMPORARY FACILITY**

100



## EXECUTIVE SUMMARY

This casino evaluation report provides a detailed overview of the five submissions received in response to the City of Chicago's (the "City") Request for Proposals (the "RFP") issued in spring 2021. These submissions include the following, in alphabetical order:

1. Bally's Corporation – McCormick Site ("Bally's McCormick")
2. Bally's Corporation – Tribune Site ("Bally's Tribune")
3. HR Chicago, LLC ("Hard Rock Chicago")
4. Rivers 78 Gaming, LLC ("Rivers 78")
5. Rivers Chicago at McCormick, LLC ("Rivers McCormick")

A Chicago-based casino is expected to generate approximately \$400 million annually in gaming revenues for the City and State of Illinois (the "State"). The City's share, projected to be approximately \$200 million, will be allocated as mandated by State law to address budget and pension obligations. A City casino is also expected to generate other taxes, including sales, hotel, restaurant, income and property tax revenues for the City as well as property tax revenues for other taxing bodies, including up to \$20 million annually for Chicago Public Schools. The State's share will be allocated toward the Rebuild Illinois Capital Plan.

In addition to direct revenues, indirect and induced revenues will be created from a casino project. The casino will procure food, beverages, and other supplies that create economic activity, as well as other professional services. Also, casino employees will generate revenue for the City through earned income and consumer spending. The casino will also support economic recovery in the City, in particular for the hospitality and tourism industries that were hit especially hard from the pandemic.

The City first declared intentions to develop a casino over 30-years ago in the early-1990s. Despite more than 30 years of consideration for a Chicago-based casino, a project has never advanced. Time is of the essence in this development project. The State ships \$331 million of gaming revenue every year to support Indiana essential services rather than repatriate those dollars to support Chicago and Illinois causes. The Chicago Casino is expected to repatriate approximately \$190 million of the \$331 million.

The casino will be a massive jobs creator, creating an estimated 5,000 to 19,000+ direct and indirect jobs with 3,400 to 16,000+ of those jobs created upfront in the construction of the casino and another 2,000 to 3,400+ of permanent jobs created over time for the operation of the casino. The City Colleges of Chicago ("CCC") intend to partner with the future operator to create a workforce development program to support a pipeline of hospitality and casino operational careers.

The casino will also be a source of wealth creation that will create equitable opportunities to participate in the Chicago casino for everyday Chicagoans. The casino operators have committed to utilizing the City's goals of:

- (a) 25% ownership representation by minority persons;
- (b) 50% employment of Chicago residents; and
- (c) 26% of its construction spend to be utilized with minority business enterprises.

Throughout this process, the City has encouraged the development of a casino that is not only a source of revenues, but also a first-class entertainment venue that will add to the City's iconic architecture. The casino, as specified in the RFP, will achieve a level of design excellence that provides a welcoming, accessible and entertaining atmosphere for visitors from all walks of life. As a world-class and one-of-a-kind destination, it will provide a broad range of amenities that include a hotel, park spaces, shops, restaurants, cultural venues, and other attractions that enhance its neighborhood and local property values.

The project is expected to enhance property value and the urban environment in the surrounding area.

The City has evaluated the five proposals according to the following "Core Goals" that were laid out in the RFP

### CORE GOALS:

#### ECONOMIC AND FINANCIAL BENEFITS TO THE CITY

Maximize revenues to the City (for which specific gaming revenues are dedicated to funding the City's police and fire pension obligations) and supporting the City's finances and consider revenue impact to the State, Cook County (the "County") and other governmental agencies. A winning proposal must be financially viable on its own accord and not be dependent on the City providing material financial support in order for the project to move forward.

#### JOB CREATOR

Create well-paying union jobs, new employment opportunities, apprenticeships and/or training programs for City residents, minorities, women, veterans and persons with disabilities.

#### EQUITY

Support utilization and participation of Chicago-based business ownership, construction, suppliers and vendors to create wealth-building opportunities as well as Chicago based hiring, including minority-owned businesses, women-owned businesses, and veteran-owned businesses.

#### DESIGN, PLANNING, AMENITIES AND TRANSPORTATION CONSIDERATIONS

- Be of superb quality and design excellence and layout that will add to the City's iconic architecture and enhance its urban environment;
- Provide a standard of service and excellence that equals or exceeds other first-class entertainment venues in the City;
- Be a catalyst for additional economic development in the City and the State in and around the permanent casino facility including creating a large-scale entertainment destination as further defined in Section 1D as well as creating synergies with existing arts and cultural entertainment facilities;
- Integrate well with its surrounding communities, including supporting the transportation and accessibility needs of the surrounding area of the site;
- Be certified as meeting the U.S. Green Building Council's Leadership in Energy and Environmental Design ("LEED") standards.

## EXECUTIVE SUMMARY

### RECOMMENDATION

Based on the RFP's Core Goals and the extensive evaluation of each proposal as summarized in this report, the City recommends Bally's Tribune, Hard Rock Chicago and Rivers 78 (in alphabetical order) as finalists in the casino proposal selection process. The City makes this recommendation after extensive discussions with all RFP respondents, and detailed evaluation of each proposal including the financial materials submitted. Details about the findings of this extensive evaluation process are presented herein.

### COMMUNITY ENGAGEMENT

Proposals may continue to evolve as the City continues to evaluate the finalists, negotiate a Host Community Agreement ("HCA") and make a final selection. After the release of this report, the City will hold a community engagement session for each of the finalists on April 5, 6 and 7 for Hard Rock Chicago, Bally's Tribune, Rivers 78, respectively. Additionally, the City will host an additional virtual community engagement session in early April. After the selection of a finalist, the City intends to host further community engagement.

For more information on the proposals, please visit [chicago.gov/chicagocasino](http://chicago.gov/chicagocasino) for details about each of the proposals. Additionally, written feedback can be provided to [chicagocasino@cityofchicago.org](mailto:chicagocasino@cityofchicago.org).

### EVALUATION PROCESS

This report represents a summary reflecting the evaluations conducted by these City of Chicago departments and agencies.

- Office of the Mayor, including:
  - Business, Economic and Neighborhood Development
  - Office of Community Engagement
  - Office of Equity and Racial Justice
  - Office of the Chief Financial Officer
- Chicago Department of Aviation
- Chicago Department of Transportation ("CDOT")
- Chicago Fire Department
- Chicago Police Department
- Department of Finance
- Department of Law
- Department of Planning and Development ("DPD")

The City will negotiate terms with each of the finalists, negotiate an HCA with a proposed winning bidder and submit that HCA and the related gaming ordinance to City Council for review and approval.

### SUMMARY

The information below provides a summary comparison of all five proposals.

#### CORE GOAL

#### ECONOMIC AND FINANCIAL BENEFITS TO THE CITY

The revenue generating potential to the City is based on a number of factors, including

- 1) upfront payments to the City,
- 2) projected City revenues,
- 3) minimizing public funds used to support casino development specific infrastructure, and
- 4) consideration of impacts to the Metropolitan Pier and Exposition Authority ("MPEA").

Table 1 provides a summary of the estimated financial impact of each proposal to the City. All revenue and expense numbers are based on estimates by the City's consultant, Union Gaming Analytics ("Union Gaming") contained in their report in Exhibit I, of the proposed casino's performance in year six of operations. The projected revenues presume the casino is operated independently from other casinos the owner may operate in the Chicago area.



	BALLY'S MCCORMICK	BALLY'S TRIBUNE (500 ROOM HOTEL)	BALLY'S TRIBUNE (100 ROOM HOTEL)	HARD ROCK CHICAGO	RIVERS 78 (WITH OBSERVATION TOWER AND HOTEL)	RIVERS 78 (WITHOUT OBSERVATION TOWER AND HOTEL)	RIVERS MCCORMICK
<b>CITY IMPACT</b>							
Gaming Revenues	\$114.4M	\$141.2M	\$127.6M	\$139.0M	\$132.2M	\$115.5M	\$131.8M
Other Taxes <i>Property, Hotel, Restaurant</i>	\$17.5M	\$22.9M	\$21.8M	\$21.7M	\$18.4M	\$14.8M	\$14.7M
<b>CITY SISTER AGENCY IMPACT</b>							
CPS	\$16.9M	\$18.7M	\$18.7M	\$16.6M	\$16.6M	\$11.4M	\$9.7M
Other Sister Agencies	\$7.4M	\$8.9M	\$8.8M	\$8.0M	\$7.0M	\$4.8M	\$4.1M
<b>ANNUAL IMPACT</b>	<b>\$156.2M</b>	<b>\$191.7M</b>	<b>\$176.9M</b>	<b>\$185.3M</b>	<b>\$174.2M</b>	<b>\$146.5M</b>	<b>\$160.3M</b>
<b>UPFRONT IMPACT</b>	<b>\$50.0M</b>	<b>\$25.0M</b>	<b>\$25.0M</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

Table 1



# EXECUTIVE SUMMARY

## Independence of Regional Casinos

The City only generates revenues on a Chicago-based casino. The City will want to be comfortable that the operator will work to maximize revenues of the Chicago casino. This dynamic is especially important for the Chicago casino, because approximately 75 - 85% of gaming revenues are projected to come from local activity.

Bally's is the only bidder that does not already have a property in the Chicagoland market and, therefore, is more likely to operate with independence in maximizing revenues for the Chicago casino. Both Hard Rock and Rush Street Gaming operate casinos within 30 miles of their proposed Chicago casinos.

All of the operators have indicated that Chicago will be a marquee casino project for their organizations with very large equity contributions being provided by each bidder to create a successful project with development costs ranging between \$984 million – \$1.7 billion. The projected revenues shown in **Table 1** assume that the casinos are operated independently to maximize revenues to the Chicago casino. Any Chicago casino is projected to recapture at least \$190 million of revenue from Indiana casinos annually.

## Time to Execution and Phasing

Speed to opening is extremely important in maximizing near-term City and State revenues. Each year that a Chicago-based casino is not open means approximately \$200 million in lost annual revenues to the City. **Table 2** highlights the bidders' estimated timelines for expected temporary and permanent casino opening. A key consideration in the ability to open quickly is the level of approvals required for each project. The permanent casino opening for Bally's Tribune and Rivers 78 is expected to be achieved more expeditiously due to fewer governmental approvals that would be needed compared to the other proposed sites.

### 1) Other Regulatory Approvals Impacting Timeline

Any Chicago casino proposal will be required to secure City Council approval of a to-be-negotiated HCA between the selected developer and the City and Illinois Gaming Board ("IGB"), the regulatory body governing gaming in the State, approval of a developer's casino license. For example, before the Bally's McCormick and Rivers McCormick proposals could be considered viable, each may require State legislation to approve the use of MPEA land for private purposes under the MPEA Act. The Bally's McCormick, Hard Rock Chicago, and Rivers McCormick proposals all would require consent and, in some cases, negotiation and significant operational changes from MPEA.

In addition, public engagement and local zoning, licensing and other approvals will be necessary. The IGB, by law, also has a vigorous process for vetting and approval of all casino operators. These approvals are described below in more detail in each section.

Importantly, the economic and financial impacts are evaluated based on the project that each bidder would be willing to commit to in the HCA and for which it has demonstrated an ability to finance. Although additional phases of a project may provide future economic and financial impact to the City, to the extent a bidder has not agreed to legally commit to a future phase in the HCA and demonstrated an ability to finance all proposed phases, such future phases will not be considered in the City's final evaluation of the various proposals. Phasing issues are discussed in the report for the relevant proposals.

## Public Investment for Infrastructure

Each project is required to fund infrastructure improvements needed to accommodate access demands and address impacts that the casino and related development are expected to bring to their respective sites.

In all proposals except for Hard Rock Chicago, the operators have committed to funding sufficient infrastructure improvements and no public investment for infrastructure will be needed. In the case of Hard Rock Chicago, the City would require a sufficient traffic study to determine whether additional commitments would need to be funded by the bidder.

In the case of Bally's Tribune and Rivers 78, both sites already contemplate certain public infrastructure improvements in order to address existing transportation network deficiencies that had been contemplated as a part of the existing Planned Developments ("PDs") relating to their project sites. In these cases, Bally's Tribune and Rivers 78 have been asked and agreed to commit their own dollars to paying for public infrastructure improvements that directly address project needs.



## Financial and Operational Wherewithal

The City has evaluated each proposer's

- 1) financial and operational wherewithal (including the source and ratio of equity and debt to pay for the project; contingencies and guarantees provided for the project; a summary of bidder financials and recent financial events; Highly Confident Letters ("HCLs") from banks to demonstrate ability to access the capital markets) and
- 2) key operational experience considerations (including number of other casino facilities, real estate and construction development experience; and breadth of casino database and other subsidiaries). This evaluation is provided below in the "Financial and Operational Wherewithal" section of this report.

	BALLY'S MCCORMICK	BALLY'S TRIBUNE	HARD ROCK CHICAGO	RIVERS 78	RIVERS MCCORMICK
Temporary	Q2 2023	Q2 2023	Q2 2023	Q2 2024	N/A
Permanent	Q1 2026	Q1 2026	Q3 2025 <sup>1</sup>	Q4 2025	Q2 2024 <sup>2,3</sup>

<sup>1</sup> The City believes this timeline is unrealistic given the foundational work required before casino construction can begin and the significant intergovernmental approvals required. This timeline only anticipates a 3-quarter period for these various intergovernmental approvals.

<sup>2</sup> Does not include the construction of a new MPEA expansion facility which would be required before casino construction could begin on Lakeside Center. By way of example, the West Hall of McCormick Place took 6-years to design and construct which would push this timeline to Q2 2030.

<sup>3</sup> Assumes 12 months for various intergovernmental approvals. In the case of Rivers McCormick, the City believes this timeline is aggressive.

Table 2



## EXECUTIVE SUMMARY

### Impact to MPEA

MPEA is the authority that owns, maintains, and develops the convention center complex. MPEA and convention center business drives \$1.9 billion of economic impact for the City based on 2019 events. Losing even one convention due to a casino could have significant adverse impacts on City and State revenues and jobs. MPEA solicited input from nine major convention clients that represent approximately \$986 million in economic impact to the City and 46% of net revenue to MPEA. Two themes were apparent from this survey:

- 1) **Contiguous space.** MPEA survey responses indicated that contiguous space between the casino and convention causes concern, given the potential for convention disruption. Clients were generally open to the idea of a casino near the convention campus; however, the survey also found greater concern with an on-site casino and the potential for increased needs (and costs) relating to security and avoiding disruption and distraction for convention attendees.
- 2) **Replacement space.** Replacement space must be provided if existing MPEA convention space is impacted by the casino project. Overwhelmingly, MPEA's clients were only supportive of an on-site casino if there was no disruption to their event, no loss of space, or no loss of infrastructure functionality. For example, Lakeside Center has 253 events booked through 2034 (on average 18 events / year) worth an estimated \$14 billion of total economic impact.

Lastly, financial benefit to MPEA must be demonstrated in cash flow benefits that can pay for MPEA's projected revenue shortfalls to current debt service as well as operations. However, financial benefits to MPEA need to be made in the context of the overall impact to the MPEA operations as well as the alternative development opportunities for the MPEA land. The impacts to MPEA of the three proposed MPEA-related sites are noted in the "Impacts to MPEA" sections of the report.



### CORE GOAL

#### ★ JOB CREATOR

All of the proposals would create thousands of new, well-paying permanent and temporary jobs that generally correspond to project size and cost. **Table 3** shows the proposed project sizes and job estimates provided by the bidders.



	BALLY'S MCCORMICK	BALLY'S TRIBUNE	HARD ROCK CHICAGO	RIVERS 78	RIVERS MCCORMICK
Total Jobs	10,342	11,752	19,747 <sup>3</sup>	6,835 to 7,800	5,000 <sup>1</sup>
Operating Jobs	2,002	2,002	3,140	3,425	N/A
Construction Jobs	Phase 1: 8,340 Phase 2: 7,190	Phase 1: 9,750 Phase 2: 2,500	16,607	3,410 to 4,375	N/A
<b>PROJECT SIZE</b>	<b>\$1.60B</b>	<b>\$1.74B<sup>2</sup></b>	<b>\$1.74B</b>	<b>\$1.62B</b>	<b>\$984M</b>

<sup>1</sup> The Rivers McCormick proposal has projected that it will add 5,000 construction and permanent casino jobs in aggregate.

<sup>2</sup> The Bally's Tribune project size includes the extra 400 room build out of the hotel in phase II.

<sup>3</sup> The Hard Rock figures include induced and indirect jobs in addition to direct jobs.

Table 3

### CORE GOAL

#### ★ EQUITY

All of the bidders have agreed to utilize or in some cases exceed the City's goals of 25% minority ownership, 26% construction contracting from minority vendors and 50% hiring of Chicago residents. The report provides additional details of these agreements





## EXECUTIVE SUMMARY

### CORE GOAL

#### ★ DESIGN, PLANNING, AMENITIES AND TRANSPORTATION

##### Design and Planning

The City's RFP required proposed projects to be of interest to both casino and non-gaming patrons by including a dynamic mix of uses that fit within the neighborhood fabric of each proposed site. Each proposal includes various amenities and site activations that aspire to achieve the RFP's design goals, ranging from an observation tower, museums, rooftop gardens, retail corridors, restaurants, theaters, parks, pedestrian bridges, waterfront terraces, riverwalk extensions, and other site improvements.

##### Site Ownership and Control

Site ownership and control considerations were also evaluated, including legal and legislative challenges that may exist for particular sites and existing options on the site in question. These considerations are discussed in the analysis of the individual bids below.

##### Transportation

The "Transportation" section of each proposal evaluates the transportation infrastructure improvements proposed for each site. The City worked with each bidder to assess transportation improvement plans and ensure that each site could accommodate expected access demands and mitigate expected negative impacts from the casino and related development. For sites that are subject to existing PDs, the proposed infrastructure improvements are intended to ensure that casino-related traffic impacts would not be substantially different from that already approved. Modes of transportation considered included pedestrian, bicycle, public transit, and automobile.



### SUSTAINABILITY

All proposals have agreed to LEED certification as required under the State gaming statute. Bally's McCormick, Bally's Tribune, Rivers 78 and Rivers McCormick have each indicated that it intends to seek LEED gold certification. Hard Rock Chicago has indicated that it intends to seek LEED silver certification.

### TEMPORARY FACILITY

The Illinois Gambling Act (the "Act") authorizes operation of a temporary casino for up to 36 months while the permanent casino is under construction. Each bidder has made a proposal for a temporary casino facility that is detailed in their respective sections of the report. In addition to sites the bidders proposed for a temporary casino, the City asked each bidder to consider locating a temporary casino in either a hotel or vacant property to help support ongoing pandemic recovery efforts. For additional information, please see Exhibit II.

### AIRPORT CASINO

None of the bidders provided detailed submissions on an airport casino but some noted they would consider it, if necessary. As noted by Union Gaming, the City would generate more revenues from positions at a permanent casino than at an airport, and all bidders propose reserving all 4,000 positions allowed in the Act for the permanent casino. If not all the positions are utilized, the City may consider allowing a concession at the airport. .

### CONCLUSION

**The City is gratified by the proposals received and looks forward to moving forward with the process of selecting a final bidder. The casino will be a valuable addition to the City that will meaningfully support local tourism, City finances, job creation and economic development. All of the proposals would add to Chicago's architectural fabric and urban landscape.**





PROPOSAL

# 01 BALLY'S MCCORMICK





## OVERVIEW

# BALLY'S MCCORMICK

The Bally's Corporation's ("Bally's") proposal at the McCormick Place site includes the development of a \$1.60 billion casino project on a portion of the current MPEA Marshalling Yards.

The proposal includes a 3,000-seat theater; an Immerse Agency exhibition experience; a Chicago sports museum; a 500-key hotel; an outdoor park; an outdoor music venue; an amenity terrace featuring a large pool, spa, fitness center, and sun deck; and several restaurants/cafes and a food hall. The bidder anticipates housing 3,400 slot machines and 173 table games on the casino floor. The bidder anticipates reserving all 4,000 gaming positions.



## ECONOMIC AND FINANCIAL BENEFITS TO THE CITY

### Upfront Payment to the City

Bally's has proposed a \$50 million upfront payment to the City for the McCormick site paid upon signing of the HCA.

### Projected Revenues

#### Projected Revenues

The City, along with its consultants, has projected gaming and non-gaming revenues including gaming, property, hotel, restaurant, income, and sales taxes. The proposed project is estimated to generate \$681 million in total annual adjusted gaming revenues by year six (year three of phase I of the permanent facility). Approximately \$561 million of the projected gaming revenues are estimated to come from local customers, which represents 82% of the total gaming revenue and activity. Tourist-based activity is estimated to be \$121 million or approximately 18% of total gaming activity. Bally's projection is 5.0% higher than Union Gaming's projections, largely driven by what Union Gaming views as a hotel that is too modestly sized. For more information, see Exhibit I. The City is expected to generate \$156 million in annual taxes in year six of operations.

#### Independence and Cannibalization of Regional Casinos

The City only generates revenues on a Chicago casino. Bally's is the only bidder that does not operate another casino within the Chicagoland market and, therefore, is likely to operate with independence. Either of the proposed Bally's sites would represent the company's "flagship property" and could serve as the hub of a hub-and-spoke network where players at the company's other casinos could be incentivized to visit the Chicago casino (e.g., redeem awards in Chicago). For further discussion, see Exhibit I.

#### Time to Execution and Phasing

Bally's expects the temporary casino to open Q2 2023 and the permanent facility to open in Q1 2026. Within this timeline, it has assumed approximately 12 months of various approvals. Any Chicago casino proposal will be required to secure City Council approval of the HCA and IGB approval of issuance of the casino license. Below are the material additional



approvals that are expected to be required for the proposed project including, but not limited to:

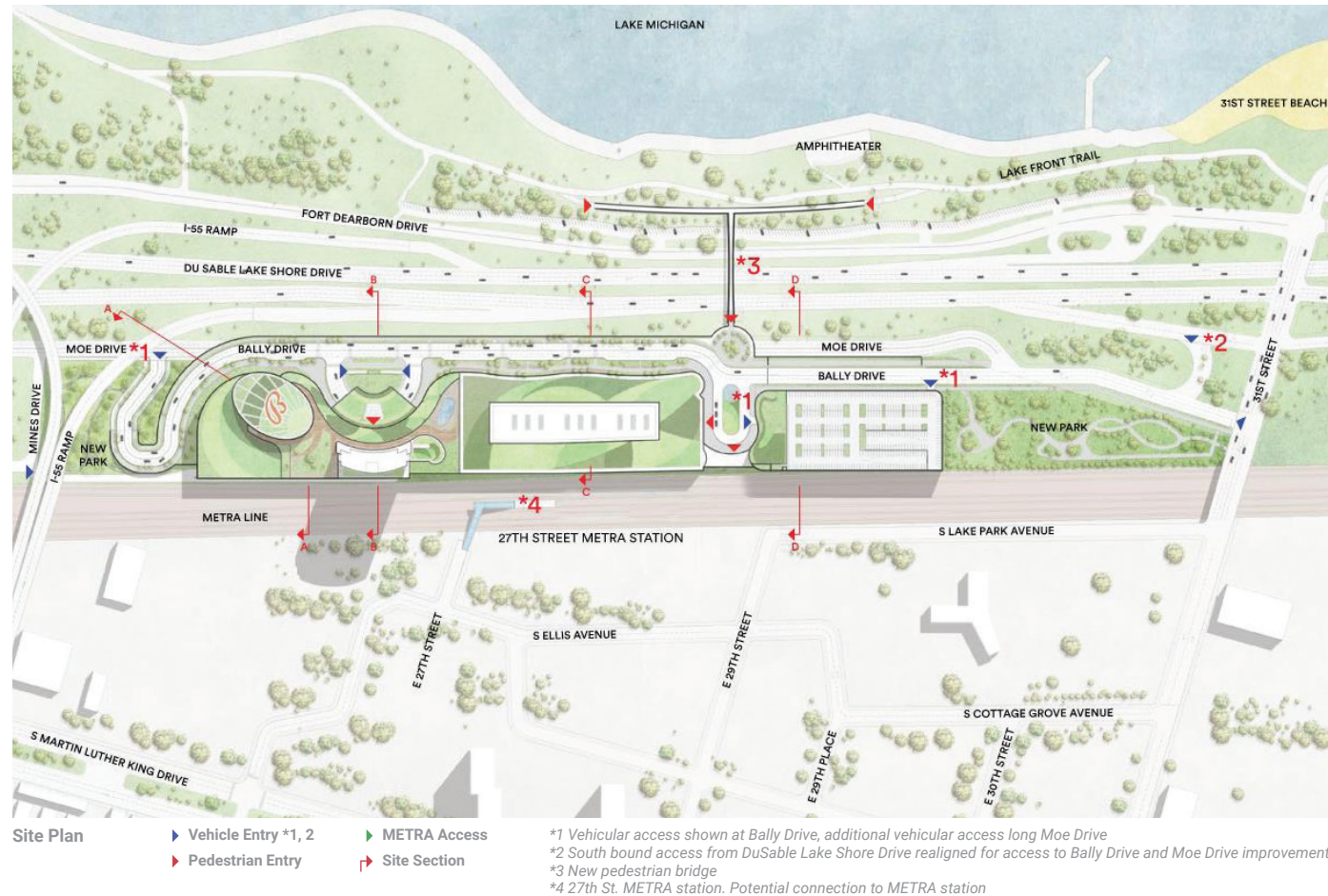
- Likely amendment of the existing PD is approved by City Council as described in the "Design, Planning, Amenities and Transportation Considerations" section
- Filing and approval of a Lakefront Protection Ordinance ("LPO") application as described in the "Design, Planning, Amenities and Transportation Considerations" section
- MPEA approval of an Infrastructure Development Agreement ("IDA") relating to the use of the land between MPEA and Bally's and addressing the exclusive option of Farpoint Development ("Farpoint") to develop the Marshalling Yards

Possible state legislation to approve the use of MPEA land for private purposes under the MPEA Act. Potential IDOT approval for any reconfiguration of lanes, ramps, and intersections affecting DuSable Lake Shore Drive ("DLSD") and/or I-55 as may be called for in the final site plan for the proposed project. Because of the additional approvals involved, particularly additional State legislation, the City believes this proposal involves a high level of execution risk.

Bally's has proposed constructing a \$1.5 billion project in phase I. Phase I would reserve 4,000 gaming positions and contemplates an Immerse Agency exhibit experience, a Chicago sports museum, a 3,000-seat theater, a food hall and restaurants, a rooftop bar, the full exterior of a hotel but with the interior build-out for 100 rooms, and an amenity terrace including a larger pool, spa, fitness center and sun deck. Phase II of the project would include the interior build-out of an additional 400 hotel rooms on a best efforts basis, increasing the overall project cost to \$1.6 billion.



# PROPOSAL 01 BALLY'S MCCORMICK



## Public Investment for Infrastructure

Bally's would commit to fund the infrastructure improvements needed to accommodate expected access demands and mitigate expected negative impacts consistent with the existing PD for the site. The "Transportation" section below outlines the proposed improvements and transportation plans that the City believes support this objective.

## Financial and Operational Wherewithal

### Sources of Funds

Bally's anticipates financing the project with 74% debt and 26% equity. Bally's has indicated that it will commit \$225 million in cash equity to the project, while another \$75 million would come from a diverse minority investor group. There exists the potential for increased cash equity commitment from Bally's and also minority investors.

### Contingencies and Guarantees

Bally's intends to support the project with its full faith and credit. If the project does not generate cash flow as projected by either Union Gaming or the bidder's own projections, the company would back the obligations of the casino project to meet its development obligations. Bally's also would commit to the project build and timeline without a financing contingency and to using equity to begin supporting project construction even if debt financing is not yet in place.

## Company Financials

On January 25, 2022, Standard General, Bally's largest shareholder, submitted an offer to purchase the remaining 42.96 million shares of Bally's that it does not currently own for ~\$38.00 per share (\$1.6 billion in the aggregate) and take the company private. If approved, this transaction would likely create a more leveraged Bally's. Bally's has advised that it does not believe this additional leverage will adversely affect its ability to fund the project.

## HCLs

Bally's has received HCLs from Citizens Capital Markets dated February 24, 2022, and from Deutsche Bank Securities dated February 25, 2022, expressing confidence in Bally's ability to raise \$1.2 billion debt financing for the project. These HCLs do not take into account the proposed going-private transaction described above.

## Operational Experience

Bally's is a global gaming and entertainment company operating 16 casinos in 10 states. Bally's also has a large, global online gaming presence via its Gamesys subsidiary. Its 20+ million customer database will be used to drive customers to Bally's Chicago and its partnership with Sinclair Broadcasting allows it to provide a Bally Sports brand reach in 21 regional sports networks that generates 4.7 billion annual impressions.

Bally's as a company, including its executive management team, has significant casino greenfield development experience.

## Impact to MPEA

The site is proximate to, but not directly connected to, McCormick Place. Bally's has not proposed a design which would create contiguous space between the casino and MPEA. As a result, no conventions would need to be re-booked from existing convention center space.

Bally's would need to negotiate an IDA with MPEA which would include a lease occupancy payment made to MPEA. This lease payment has not been negotiated with MPEA, but if negotiated would represent financial value to MPEA. MPEA is also in the process of evaluating development of the Marshalling Yards and this development would need to be compared to the potential value to MPEA of that alternative development.



If Bally's were to locate on the Marshalling Yards site, a new configuration on the site would need to be designed as the site currently serves as a truck marshalling yard for events at McCormick Place (providing up to 700 trailer spaces). MPEA believes the adjacency of the Marshalling Yards to its convention centers provides it an operational and competitive advantage versus convention facilities in other cities. Maintaining an adjacent marshalling yard site is strongly desired by MPEA. Operational elements of truck marshalling have been reviewed to understand constraints and key characteristics. Based on this review, alternative options to accommodate adjacent marshalling facilities have been conceptually explored, including maintaining truck marshalling to varying degrees at grade on the existing site and in some cases using property west of the railroad tracks and north of 26th Street. These conceptual options also incorporate access configurations that could shift (partially or fully) truck traffic from DLSD and 31st Street to Martin Luther King Jr. Drive at 25th Street. The casino development plan would need to more fully explore opportunities to incorporate truck marshalling into the plan. The development of a new marshalling yard configuration would likely add execution risk and time to the casino project timeline.



## PROPOSAL 01 BALLY'S MCCORMICK

### JOB CREATION

The bidder has projected that the project will generate 8,340 construction jobs for phase I and 7,190 construction jobs for phase II and 2,002 (1,856 FTEs) permanent casino jobs.

Bally's would commit to creating a local hiring program with the goal of providing employment opportunities to those that face significant barriers. The program would consist of two separate pathways, one for entry level semi-skilled positions and another for vocational positions. Candidates in the program would have six-months of on-the-job training, followed by a six-month probationary period, after which the candidate would be transitioned to full-time status.

Bally's also has an internship program to provide interns with administration and management, organization and supervision, facility maintenance and operation, and observation experiences. Bally's has a tuition reimbursement policy for employees within the organization to increase their skills through educational programs.

Bally's is currently revamping its management development throughout the organization, which includes the management development program "Ambassadors Maximizing their Potential," which is a 12-course program intent on providing participants necessary skills for success in a supervisory role.



### EQUITY

Bally's has indicated that it will use its good faith efforts to exceed the City's goals of 25% minority ownership, 26% contracting from Minority Business Enterprise ("MBE") vendors and 6% contracting from Women Business Enterprise ("WBE") vendors for construction of the project, and 50% hiring of Chicago residents.

#### Minority Ownership

Bally's would use its good faith efforts to achieve the City's goal of having 25% minority ownership. The Bally's proposal currently has secured non-binding indications of interest from over 90 minority investors. Bally's proposes crowdfunding for minority participation and has secured an exclusive contract with truCrowd Illinois, Inc. to execute this crowdfunding. Crowdfunding to be focused on the immediate community/neighborhoods surrounding the project site. This is planned to allow for smaller denominations to create wealth building opportunities for those who cannot buy into the equity stake at a higher level. Therefore, minority investors will be able to stay owners in the project at their option. Bally's has proposed that two out of five seats on the board governing the project would be representatives of the minority owners.

#### Minority Construction

Bally's has committed to exceed the RFP's MBE and WBE goals on construction by 10% and 4%, respectively, with a

36% goal on construction completed by minority-owned construction companies and a 10% goal on construction completed by woman-owned construction companies. Bally's has proposed a construction management team called the Chicago Community Builder's Collective, which is a consortium of eight minority construction companies, which would expand the diversity of contractors involved in the project.

#### Minority Hiring

Bally's has committed to a minimum goal of hiring 60% of its employees from minority groups. Across the Bally's organization 30% of employees are minorities and 47% of employees are women. Bally's also describes its workforce outcomes as targeting local hiring in particular ZIP codes in surrounding neighborhoods. This proposal includes a substantial description of plans for Diversity, Equity, and Inclusion ("DEI") and unconscious bias training to promote demographic diversity and inclusion and an internship program and tuition reimbursement structure which could support low-income employees in debt. Bally's lists numerous local groups it would work with to promote local hiring and some strategies - direct mail, door hangers promoting job fairs, ads - and a guaranteed interview to any Chicago resident whenever they apply for a job.

#### Vendor Spend

Bally's would commit to utilizing a goal of at least 15% spend from MBEs, 10% spend from WBEs, 2% spend from Disadvantaged Business Enterprises ("DBEs"), and 3% spend from Veteran-Owned Business Enterprises ("VBEs").





# PROPOSAL 01

## BALLY'S MCCORMICK

### DESIGN, PLANNING, AMENITIES AND TRANSPORTATION CONSIDERATIONS

#### Design and Planning

Bally's has proposed to redevelop McCormick Convention's Marshalling Yards lakefront site into a new casino and hotel facility. Bally's would need to work with the property owner, MPEA, to re-design and/or relocate the existing Marshalling Yards to ensure MPEA's convention business can continue to operate seamlessly and efficiently. Bally's acknowledged that it has not been able to coordinate with MPEA on this casino proposal or the re-design/relocation of the Marshalling Yards in part because of an exclusive right that GRIT Chicago holds with MPEA to negotiate development of the land through May 2023, subject to certain conditions. GRIT Chicago has notified Bally's of their unwillingness to negotiate this agreement with Bally's.

#### Site Planning and Activation

The Bally's site plan would redevelop a large surface parking lot with primary access from 31st Street as well as the 6.59-acre site adjacent to "King Sykes" (2545-2555 South Martin Luther King Drive) parcel located adjacent to the northwest border of the McCormick Parking site. The proposal would be improved by providing a more connected street grid, specifically over the train tracks at 26th and 29th Streets, which will be built in the next two years as part of the Bronzeville Lakefront PD ("BLPD") located to the west of the Metra train tracks. The hotel and casino as currently designed are typical building forms and façade treatments, so additional design work would be needed to provide a memorable skyline along Chicago's lakefront. The main entry sequence, which includes a new park next to a stand-alone, multi-leveled parking garage structure, would also need revisions to provide a more visually engaging gateway. Active uses, such as retail and restaurants, should front the park and also screen the parking structure. The Bally's site plan and programming could be further enhanced by providing more of a destination entertainment district with a mix of other residential and cultural uses, to be more consistent with the adjacent context and other development along Chicago's lakefront.

#### Publicly Accessible Realm

Bally's would commit that its two new parks and open spaces will be publicly accessible following the hours typical of Chicago public parks.

#### Amenities

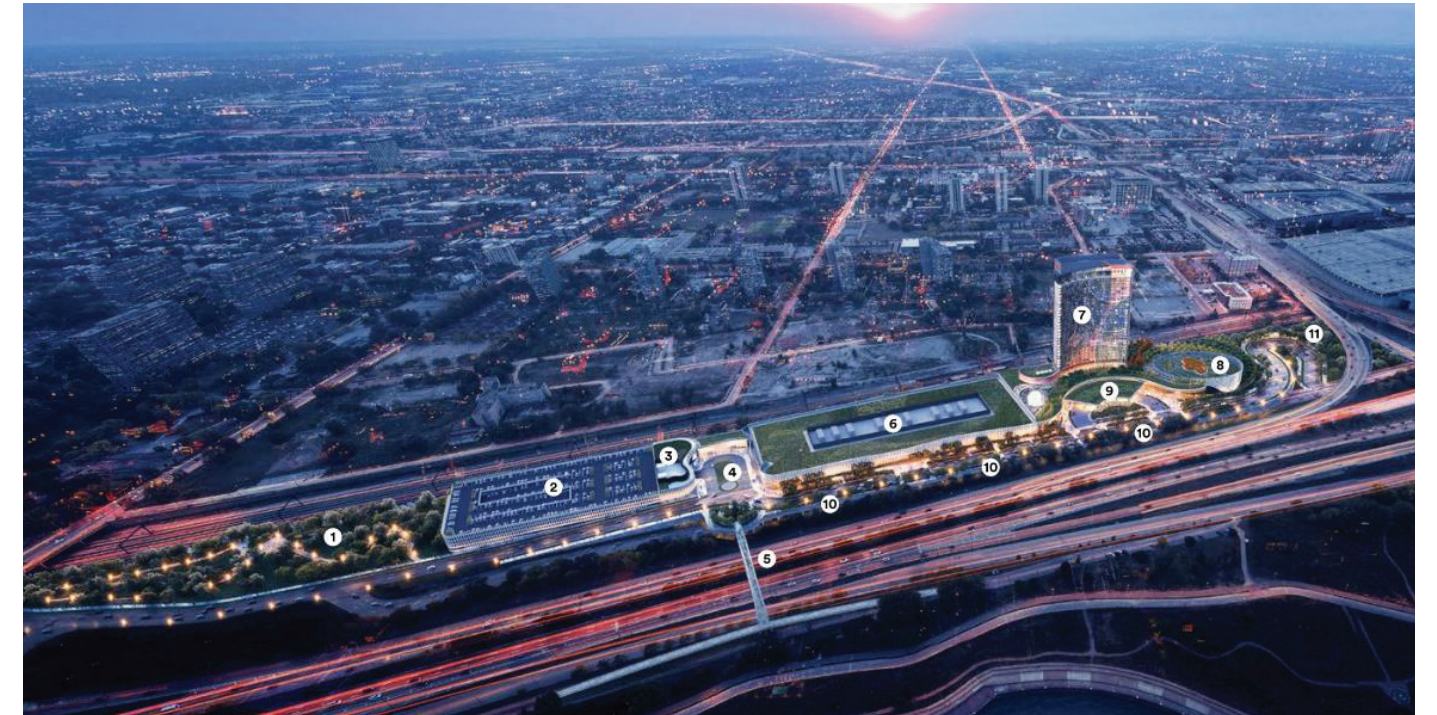
The Bally's site would include non-gaming amenities including a 3,000-seat flexible indoor entertainment venue which would support live performances, meetings and private events; and an outdoor music venue for performances seating 500 to 1,000, as well as green space. The proposal also includes an Immerse Agency exhibit experience, a Chicago sports museum; a food hall and restaurants; bars and lounges; an amenity terrace with a rooftop pool and bar, spa, fitness center and sun deck; a visitor center; and a potential elevated aerial tramway. There will also be a new lakefront promenade along the east edge of a new, raised Bally Drive over the existing Moe Drive and a new pedestrian bridge connecting the lakefront promenade over DLSD to the lakefront.

#### PD and Process Considerations

The subject site is located within the boundaries of PD #331, and falls within the area of the PD defined as sub-area 4F. The overall PD was previously approved with a floor area ratio ("FAR") of 2.0 spread across its entirety and has a wide range of different land uses. However, the current allowances within the PD for sub-area 4F are much more restrictive, permitting a building no more than 20 feet in height and a FAR of 0.005. In addition to these bulk restrictions, uses in sub-area 4F are limited to those related to truck marshalling and fleet storage type functions.

In order to build the proposed casino at this site, the PD would need to be amended in one of two ways. One approach would be to amend PD #331 to increase development rights in sub-area 4F and to modify existing development standards to reflect current development trends in and around the development site. Alternatively, the applicant could amend PD #331 to remove the subject site from its boundaries and concurrently file a separate application to create a new PD for the subject site. In either case, consent of the current property owner and/or control of the property would be required to file an application with the City Clerk.

In addition to the PD amendment procedure, the subject proposal, like all of the proposals, would require a zoning text amendment to define "casino" as a use within the Municipal Code. Lastly, the subject site falls within the private use zone of the Lake Michigan and Chicago LPO and would be subject



Aerial View with Site Elements

- |                  |                     |                  |                                       |
|------------------|---------------------|------------------|---------------------------------------|
| ① South Park     | ④ South Park        | ⑦ Casino         | ⑩ Bally Drive and Lakefront Promenade |
| ② Parking Garage | ⑤ South Drop-Off    | ⑧ Hotel          | ⑪ North Park                          |
| ③ Museum         | ⑥ Pedestrian Bridge | ⑨ North Drop-Off |                                       |

to review and approval by the Chicago Plan Commission. The applicant would need to file an LPO application in conjunction with the PD amendment application. The LPO approval process involves an analysis of the project's compliance with the LPO's policies and purposes.

#### Site Ownership and Control

The bidding team does not have site control. MPEA is the owner of the site. This site is not subject to the public trust doctrine. However, the site was included in the 2016 RFP for the Michael Reese site and the selected developer, GRIT Chicago, LLC, has entered into a Letter of Intent ("LOI") with MPEA concerning this site. The LOI includes a binding commitment on the part of MPEA to negotiate exclusively with GRIT for a period of three years from the date of execution of the LOI, subject to certain conditions, that may or may not be applicable. The three-year exclusive negotiating period expires in May 2023.

State legislation may be necessary for any site located within MPEA's boundary due to existing limits on MPEA under state law.

#### Transportation

##### Infrastructure Improvements

The proposed site plan would create a new access road extending north from 31st Street, parallel to the existing Moe Drive but at a new entry plaza level over structured parking. A new pedestrian bridge over DLSD linking the site to the lakefront is also proposed.

##### Access and Street Network

The proposed site plan has only one point of access—via 31st Street at Moe Drive, adjacent to the 31st Street junction with DLSD. 31st Street currently experiences significant traffic congestion, particularly during lakefront events and the summer season that attracts visitors to the popular 31st Street beach area.



# PROPOSAL 01 BALLY'S MCCORMICK

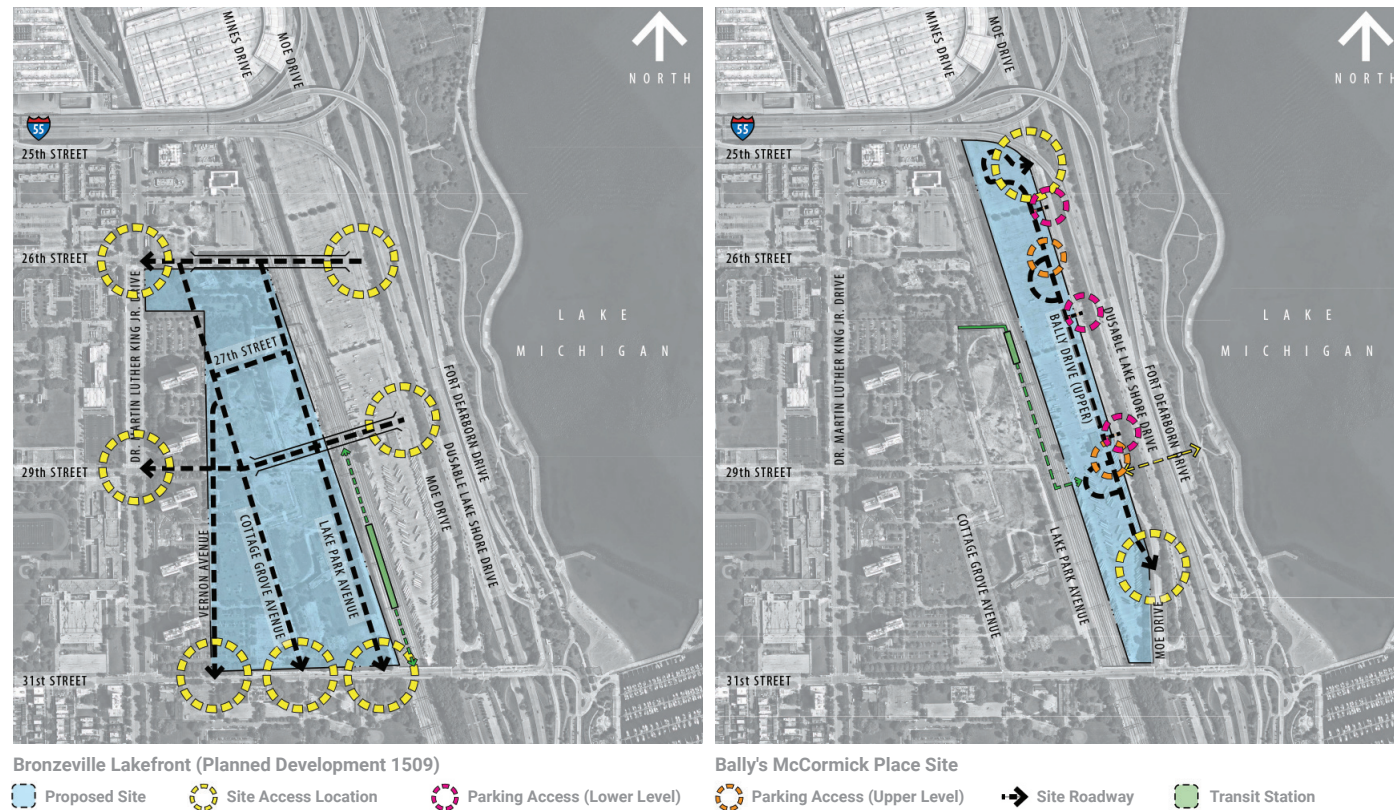


Figure 1

The approved BLPD site is adjacent to and immediately west of the proposed casino site. The BLPD site calls for two future bridge connections along 26th Street and 29th Street through the development to the railroad tracks and to allow for future connection into the proposed casino site. These street links would improve east-west vehicular connectivity between Moe Drive and Martin Luther King Jr. Drive as well as east-west pedestrian and bicycle connectivity between the lakefront and neighborhoods to the west.

The casino site plan should accommodate the proposed 26th Street and 29th Street bridges as called for in the BLPD to increase east-west connectivity and help provide alternatives to concentrating additional traffic on 31st Street. Accommodating these vehicular connections through the site would also help to reduce the concentration of traffic on 31st Street, which is the only direct local street connection between I-90/94 and DLSD within the three-mile stretch between Roosevelt Road and Pershing Road.

### Traffic Activity Levels

Traffic projections for this site and the Bally's Tribune site were prepared with a consistent approach and methodology. The basis used for these projections and assumed distribution of transportation access modes are reasonable for evaluating traffic impacts. Specific to this site, a casino development plan would be likely to generate more traffic on a consistent basis than to the current McCormick Place truck marshalling activity. As noted above, a plan to accommodate/relocate truck marshalling activity would need to be formalized for this site to be developed. If truck marshalling were to continue on site in a full or partial capacity, the combination of casino development and McCormick Place truck marshalling would also need to be evaluated. Additionally, traffic associated with the two proposed bridge connections on 26th Street and 29th Street leading to/from the BLPD west of the site should also be incorporated in the traffic volumes along Moe Drive adjacent to the subject site.



### Pedestrian, Bicycle, and Transit Accessibility

Development of the proposed casino site would provide an opportunity to leverage transit connections and improve east-west connectivity. The existing Metra Electric station at 27th Street provides nearby transit access; this station is planned but not yet programmed to be rebuilt between 29th and 31st Streets to better serve nearby communities and complement the BLPD. A planned future southern extension of the McCormick Lakefront Busway to 31st Street could also be linked to the site to increase transit options for employees and guests to/from the north.

Access to the site for pedestrians and bicyclists would be enhanced by the proposed 26th Street and 29th Street bridges called for in the BLPD. These connections would also improve access to nearby CTA bus transit along King Drive. The site plan's proposed pedestrian bridge over South DLSD would provide a convenient link between the site and the popular Lakefront Trail.

### Sustainability

Bally's has indicated that it would commit to LEED certification as required under the Illinois Gambling Act. Bally's has indicated that it intends to seek LEED gold certification.

### Temporary Casino

The proposal includes a temporary facility north of Chicago Avenue adjacent to the current Tribune Publishing Center and includes retrofitting an existing building which the applicant expects to contribute to the ability to bring the casino online quickly, thus expediting the tax revenue coming into the City. Bally's has expressed its willingness to explore the potential for a temporary facility to be located within a hotel or an alternate location.



PROPOSAL

02 BALLY'S  
TRIBUNE





## OVERVIEW

# BALLY'S TRIBUNE

The Bally's proposal at the Tribune site includes the development of a \$1.74 billion casino project and hotel on a portion of the current Tribune Publishing plant.

The proposal includes a 3,000-seat theater; an Immerse Agency exhibition experience; a Chicago sports museum; an extension of the Riverwalk; a pedestrian bridge; a 500-key hotel tower; an outdoor park; an outdoor music venue; an amenity terrace featuring a large pool, spa, fitness center, and sun deck; and several restaurants/cafes and a food hall. The bidder anticipates housing 3,400 slot machines and 173 table games on the casino floor. The bidder anticipates reserving all 4,000 gaming positions.



## ECONOMIC AND FINANCIAL BENEFITS TO THE CITY

### Upfront Payment to the City

Bally's has proposed a \$25 million upfront payment to the City for the Tribune Publishing Plant site paid upon signing of the HCA.

### Projected Revenues

#### Projected Revenues

The City, along with its consultants, has projected gaming and non-gaming revenues, including gaming, property, hotel, restaurant, income, and sales taxes.

The proposed project is estimated to generate \$816 million in total annual adjusted gaming revenues by year six (year three of the permanent facility). Approximately \$637 million of the projected gaming revenues are estimated to come from local customers, which represents 78% of the total gaming revenue and activity. Tourist based activity is estimated to be \$179 million or approximately 22% of total gaming activity.

Bally's projected revenues in their original RFP submission to be \$835 million at stabilization, with a subsequent amended projected revenues of \$791 million, or a 5.3% decrease from the original projection. Bally's final projection is 3.2% lower than Union Gaming's projections, largely driven by lower expectations of local gaming revenue.

Union Gaming believes the proposed project at the Tribune site will generate the most local-oriented gaming revenue in Chicago, augmented by significant tourist/non-local gaming revenue. Much of the tourist/non-local gaming revenue is driven by hotel rooms offered to higher-tier customers. For more information, see Exhibit I. The City is expected to generate \$192 million in annual taxes in year six of operations.

All of the above estimated revenues assume the interior build-out of a 500-room hotel. As noted in the "Time to Execution and Phasing" section below, Bally's would include the interior build-out of an additional 400 hotel rooms, in addition to the 100 hotel rooms that Bally's would commit



to in phase I, on a best-efforts basis. Accordingly, the City has also projected revenues assuming only the completion of the interior build-out of 100 hotel rooms. The proposed project with only the build-out of 100 hotel rooms is estimated to generate \$748 million in total annual adjusted gaming revenues by year six (year three of the permanent facility). The City is expected to generate \$177 million in annual taxes in year six of operations assuming the interior build-out of only 100 hotel rooms.

### Independence of Regional Casinos

Please see the "Independence of Regional Casinos" section of the Bally's McCormick Proposal.

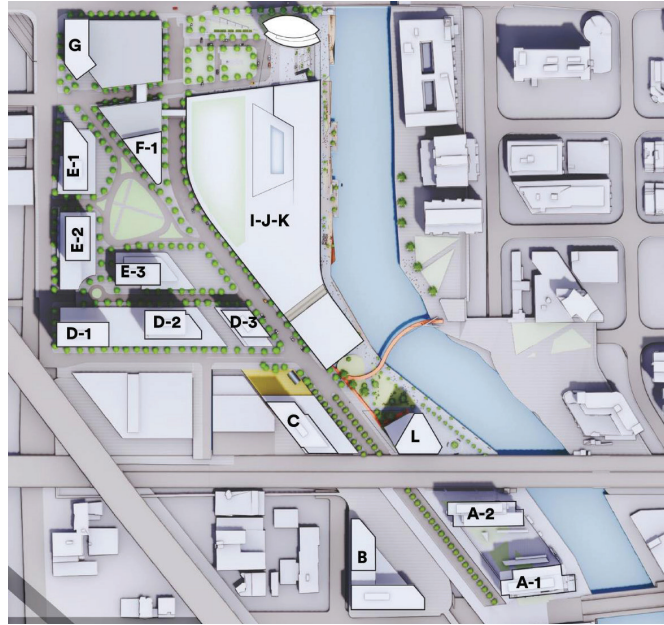
### Time to Execution and Phasing

Bally's expects the temporary casino to open Q2 2023 and the permanent in Q1 2026. Within this timeline, it has assumed approximately 12-months of various approvals, however the casino opening for Bally's should be facilitated by the limited governmental approvals required for the project. Any Chicago casino proposal will be required to secure City Council approval of the HCA and IGB approval of issuance of the casino license. Below are the material additional approvals that are expected to be required for the proposed project including, but not limited to:

- Possible amendment of the existing PD is approved by City Council as described in the "Design, Planning, Amenities and Transportation Considerations" section
- Union Pacific Railroad approvals for the road deck over the existing railway that provides transportation for the Blommer Chocolate Company
- MWRD, IEPA, IDNR, Army Corps of Engineers and Coast Guard approvals for the pedestrian bridge (casino opening is not contingent on the pedestrian bridge completion)



# PROPOSAL 02 BALLY'S TRIBUNE



Site Plan

Bally's has proposed constructing \$1.5 billion project in phase I. Phase I would reserve 4,000 gaming positions and contemplates an Immerse Agency exhibit experience, a Chicago sports museum, a 3,000-seat theater, a food hall and restaurants, a rooftop bar, the full exterior of a hotel but with the interior build-out for 100 rooms, and an amenity terrace including a larger pool, spa, fitness center and sun deck. Phase II of the project would include the interior build-out of an additional 400 hotel rooms on a best efforts basis, increasing the overall project cost to \$1.74 billion.

### Public Investment for Infrastructure

Bally's would commit to fund the infrastructure improvements needed to accommodate expected access demands and mitigate expected negative impacts consistent with the existing PD for the site. The "Transportation" section below outlines the proposed improvements and transportation plans that the City believes support this objective..

### Financial and Operational Wherewithal

Please see the "Financial and Operational Wherewithal" section of the Bally's McCormick proposal above.

## JOB CREATION

The bidder has projected that the project would generate 9,750 construction jobs for phase I and 2,500 construction jobs for phase II and 2,002 (1,856 FTEs) permanent casino jobs.

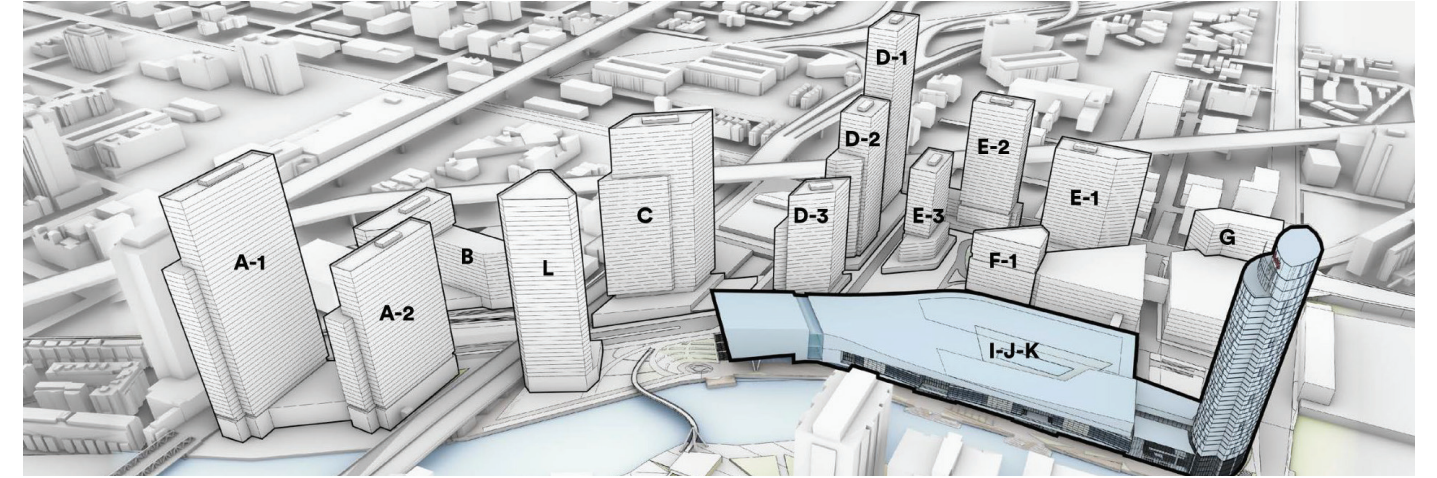
Bally's would commit to creating a local hiring program with the goal of providing employment opportunities to those that face significant barriers. The program would consist of two separate pathways, one for entry level semi-skilled positions and another for vocational positions. Candidates in the program would have 6-months of on-the-job training, followed by a 6-month probationary period, after which the candidate would be transitioned to full time status.

Bally's also has an internship program to provide interns with administration and management, organization and supervision, facility maintenance and operation, and observation experiences. Bally's has a tuition reimbursement policy for employees within the organization to increase their skills through educational programs.

Bally's is currently revamping its management development throughout the organization, which includes the management development program "Ambassadors Maximizing their Potential," which is a 12-course program intent on providing participants necessary skills for success in a supervisory role.

## EQUITY

Please see the "Equity" section of the Bally's McCormick proposal above.



Building	Description	GSF	Building	Description	GSF	Building	Description	GSF
A-1	Residential	668,000	D-2	Residential	449,000	F-1	Residential (Flat Iron)	133,000
A-2	Residential	448,000	D-3	Residential	237,000	G	Hotel	390,000
B	Residential (Affordable)	513,000	E-1	Residential	375,000			
C	Residential & Transit (Air Rights)	610,000	E-2	Residential	427,000	I-J-K	Casino + Hotel	1,000,000
D-1	Residential	678,000	E-3	Residential	245,000	L	Residential	480,000
							<b>TOTAL GSF</b>	<b>6,653,000</b>



Caption



## PROPOSAL 02 BALLY'S TRIBUNE

### DESIGN, PLANNING, AMENITIES AND TRANSPORTATION CONSIDERATIONS

#### Design and Planning

Bally's has proposed the redevelopment of the Tribune Media's riverfront industrial site into a new casino and entertainment district. The Bally's team revised their original casino proposal to provide more connections to the existing street network, and to provide an additional mix of uses such as hotel, residential, and commercial uses, consistent with this downtown context.

#### Site Planning and Activation

The Bally's site plan proposal incorporates new streets to provide improved access and a mix of building uses, bulk, and heights consistent with the originally approved PD. The hotel and casino design have been sited and sculpted to form an iconic and memorable gateway and skyline along the Chicago River. The main entry sequence includes a landscaped plaza and vehicular drop-off area and a winter garden connecting the hotel, casino and riverfront. Restaurant, cafes, and bars have been placed facing the new riverwalk, and retail spaces are located at the ground-floors of important street intersections, such as at the northwest corner of the site to screen a portion of the parking garage.

#### Publicly Accessible Realm

Bally's proposal includes a new landscaped riverwalk with activation elements such as artwork and a new water taxi stop. The casino proposal also includes a new "River Park" and a new pedestrian bridge across the Chicago River. Other riverfront programming includes terraced steps, kayak rentals, and outdoor seating for restaurants, cafes, and bars, like the activation along the main riverwalk branch. Another "Courtyard Park" space is proposed west of the casino parcel. Bally's would commit that the open spaces and riverwalk will be publicly accessible following the hours typical of Chicago public parks. It should be noted that the proposed overlooks along the river and the pedestrian bridge will need additional intergovernmental approvals as noted earlier; however, the opening of the casino facility will not be dependent on such additional approvals for the pedestrian bridge.

#### Amenities

The site's non-gaming amenities would include a 3,000-seat multi-purpose theater which would help support live performances, along with riverfront shopping amenities and park space for outdoor events and public activities. The proposal also includes an Immerse Agency exhibit experience, a Chicago sports museum; a food hall and double-height restaurants, wine bar, cafés and kayak rental at the riverwalk level; an amenity terrace with a pool, spa, fitness center and sun deck; and a rooftop bar.

#### PD and Process Considerations

The subject site is located within the boundaries of PD #1426. PDs, by definition, are intended to allow for flexibility in application of selected use, bulk, and development standards in order to promote excellence and creativity in site planning and high-quality urban design. The approved PD for this site, also known as The River District, assumed a base FAR of 5.0 and contemplated paying for additional floor area bonus through contributions to the Neighborhood Opportunity Fund to achieve an FAR of 7.6. The PD contemplated a variety of land-uses consistent with a mixed-use development, such as residential dwelling units, office uses, retail uses, and entertainment and spectator sport uses.

The flexibility of the current approved PD allows the applicant to seek modifications that fall under minor relief provisions of the zoning code (an administrative rather than legislative process). Modifications that exceed these minor change allowances would need to be reviewed as a PD amendment. In order to amend the PD, consent of the current property owner and/or control of the property would be required to file an application with the City Clerk.

In addition to the PD amendment procedure, the subject proposal, like all of the proposals, would require a zoning text amendment to define "casino" as a use within the Municipal Code.

#### Site Ownership and Control

Bally's has site control of the proposed property through a Purchase Option Agreement. Bally's has indicated that it expects the Tribune Publishing plant will be able to relocate within six to nine months after signing of the HCA, which fits with the proposed casino construction timeline.



#### Transportation

Transportation access would be concentrated on Chicago Avenue to the north, Grand Avenue to the south, and Halsted Street to the west. All three streets are currently served by frequent CTA bus routes and experience congested travel conditions during times of peak travel demand. An ongoing City capital investment project that pre-dates the casino RFP and legislation will reconstruct the existing Chicago Avenue/Halsted Street viaduct and widen the Chicago Avenue bridge at the Chicago River to alleviate a longstanding traffic bottleneck. Additionally, the existing PD contemplates the future construction of a new transitway through the site that would provide a dedicated roadway for buses and bikes, providing an alternative to the existing roadway network for future growth in travel demand.

Building on this infrastructure improvement contemplated within the PD, Bally's would commit to constructing a new street network through the site at its own cost, including extensions of Superior, Ancona, Erie and Jefferson Streets to extend the prevailing city street grid into the site. These street connections, along with improvements to several intersections and traffic signals in the area, would collectively work to mitigate traffic impacts generated by the casino and result in traffic conditions generally consistent with the previously approved River District PD. Overall, the resulting development plan should result in less traffic in the weekday morning, similar traffic levels in the weekday evenings, and additional traffic during weekend evenings when compared to the previously approved PD. However, ambient traffic levels on weekend evenings when casinos are most busy are less than typical weekday peak hours.



## PROPOSAL 02 BALLY'S TRIBUNE

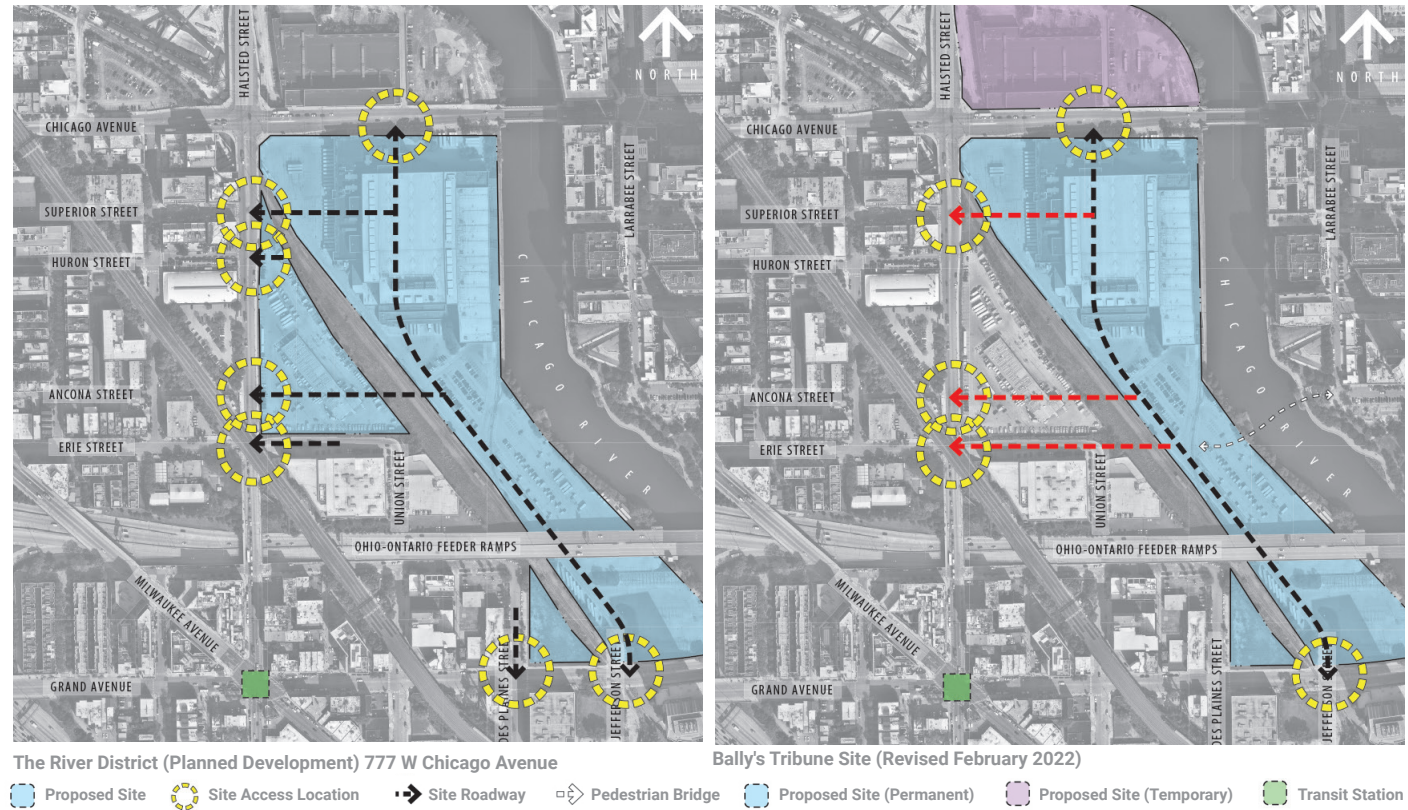


Figure 2

### Infrastructure Improvements

Even before the construction of a casino, the surrounding street system, including Chicago Avenue, Halsted Street, and corridors leading to the site from highway access points, is congested. The City has programmed reconstruction of the Chicago Avenue bridge over the river and the Chicago Avenue/Halsted Street viaduct, with construction scheduled to start in Q4 2023 and be completed in stages over two years. As part of this work, the Chicago Avenue bridge will be widened to alleviate the existing traffic bottleneck. Development of a casino on this site would need to be closely coordinated with planned roadway reconstruction and improvement to limit impacts on the infrastructure work and traffic in the area. While access to all properties will be maintained during construction, traffic capacity will be constrained, and access will be impacted. Casino construction activity would primarily access the site from the south while the viaduct reconstruction is in progress.

### Access and Street Network

Regional access to the site is largely oriented via the existing I-90/94 Ohio/Ontario Feeder Ramps as well as the existing I-90/94 ramps to/from the north at Ogden Avenue. Although outside of the PD, the Chicago Avenue corridor west of the site through Ogden and Milwaukee Avenues currently experiences considerable congestion. This corridor provides a direct connection between the site and I-90/94 ramps leading to/from the north at Ogden Avenue, and traffic generated by a casino at this site will likely impact the intersections along this corridor. Bally's proposes improvements to the traffic signals at the Chicago/Ogden/Milwaukee intersection to increase its capacity and reduce travel delay. Site access to and from I-90/94 via the Ohio/Ontario Feeder Ramps and Grand Avenue would provide greater capacity than via Chicago Avenue and the ramps at Ogden Avenue. As such, access from Grand Avenue should be encouraged through site design elements like parking access points, wayfinding, and casino communications with guests to help reduce travel demand along Chicago Avenue.

The Bally's proposal would extend Jefferson Street north-south through the site between Grand Avenue and Chicago Avenue. It would also extend the City's east-west street grid through the site between Halsted Street and the new Jefferson Street alignment. This street grid is similar to what was included in the approved River District PD. Bally's has proposed to construct the following street improvements in addition to several traffic signal modifications along key routes between the site and expressway ramps at Ogden Avenue and Ohio Street/Ontario Street:

- **Jefferson Street:** A new north-south public street through the site between Grand Avenue and Chicago Avenue, providing access to parking locations, guest curbside loading/valet zones, intersecting east-west street grid extensions, and other mixed-use development access points.
- **Superior Street:** An extension east from Halsted Street through the proposed parking garage site that connects with Jefferson Street to provide street connectivity for vehicles and pedestrians/cyclists.
- **Chicago Avenue Right-Turn Lane:** In coordination with the City's viaduct improvements at Chicago/Halsted, the casino would facilitate construction of a new eastbound right-turn lane on Chicago Avenue at the new Jefferson Street intersection to limit impacts of development traffic on Chicago Avenue.
- **Ancona Street:** An extension east from Halsted Street to serve the development parcels west of the existing railroad corridor through the site with internal street connectivity north to Superior Street and south to Erie Street for vehicles and pedestrians/cyclists.
- **Erie Street:** An extension east across the existing railroad corridor through the site to Jefferson Street to provide street connectivity with Halsted Street for vehicles and pedestrians/cyclists.

These street connections will include intersection improvements such as turn lanes, traffic signals, and other required transportation design elements. Based on these improvements and detailed traffic studies reviewed by independent traffic engineering consultants, the addition of these street improvements is expected to mitigate traffic impacts of the casino and adjoining development consistent with what was previously approved as part of the River District PD.



Further, the planned street network and connectivity would help to distribute traffic, provide a direct public connection through the site between Halsted and the riverfront, and provide alternative options for site access when Chicago Avenue access may be congested.

### Traffic Activity Levels

The mixed-use components of the proposed development plan are expected to generate traffic during peak hours at levels that are generally consistent with, or less than that in The River District PD that was approved for the site in 2019. The proposed access and street network plan, in combination with the committed infrastructure improvements, is expected to keep the traffic impacts associated with the Bally's plan similar to that of the previously approved River District PD.



## PROPOSAL 02 BALLY'S TRIBUNE

**Table 4** presents a comparison of the traffic projections for the approved River District PD with those of the proposed casino development. The proposed plan assumes mixed-use development on the non-casino parcels based on input from potential non-casino development partners. The casino development is expected to generate less traffic in the weekday morning and evening peak hours. Traffic associated with the casino's busiest hours (Thursday, Friday, and Saturday evenings) would likely be higher than the existing River District plan during those times. However, the busiest casino hours are in the evening after the traditional rush period on adjacent streets when background traffic levels are lower. The expected traffic during the casino's busiest times will likely still be less than the traffic in the weekday evenings contemplated in the approved PD. Based on this, the transportation improvements included in the casino plan are expected to help distribute traffic loads throughout the day and across the affected streets and mitigate the traffic impacts of the casino.

### **Pedestrian, Bicycle, and Transit Accessibility**

The site is currently served by CTA bus routes on Chicago, Halsted, and Grand, as well as a station on the CTA Blue Line at Grand/Halsted/Milwaukee. Development of the site presents an opportunity to improve public access to the riverfront through establishing street and pedestrian connections with the adjacent street system. Extending the street grid and creating pedestrian links through the site would improve connectivity between the site and riverfront and the surrounding urban neighborhoods.

The Union Pacific Railroad corridor running through the site has been identified by CDOT and DPD as an opportunity for future repurposing as a transitway (busway) and trail. Although this improvement is currently a longer-term vision, the casino site plan has been configured to accommodate prospective stops along the future transitway, which would increase transit accessibility between the site, the West Loop and Loop, and neighborhoods to the north. This would provide a valuable future transportation connection to support the development and to help manage vehicular traffic impacts on the surrounding streets.

Additionally, Bally's has proposed a water taxi stop along the riverwalk as well as a pedestrian bridge crossing the river which will add additional multi-modal access points to the site from the rest of the City.

*Trip Generation Comparison (PD vs. Casino Plan)*

Plan Scenario	WEEKDAY AM PEAK HOUR			WEEKDAY PM PEAK HOUR			FRIDAY EVENING CASINO PEAK HOUR <sup>1</sup>		
	In	Out	Total	In	Out	Total	In	Out	Total
PD	1,385	1,490	2,875	1,509	1,621	3,130	1,509	1,621	3,130
Casino with Development	574	587	1,161	1,614	1,211	2,825	1,399	1,257	2,656
<b>Comparison</b>			<b>-60%</b>			<b>-10%</b>			<b>-15%</b>

<sup>1</sup> The traffic study for PD did not analyze the Friday evening peak hour. For this comparison, it is assumed to be the same as the typical weekday evening peak hour. Similarly, for the casino scenario, the non-casino portion of the traffic projections reference the typical weekday evening peak hour for the same non-casino site uses.

Table 4

### **Sustainability**

Bally's has indicated that it would commit to LEED certification as required under the Illinois Gambling Act. Bally's has indicated that it intends to seek LEED gold certification.

### **Temporary Facility**

The proposal includes a temporary facility north of Chicago Avenue adjacent to the permanent facility and includes retrofitting an existing building, thus expediting the tax revenue coming into the City. Bally's has expressed its willingness to explore the potential for a temporary facility to be located within a hotel or an alternate location.





PROPOSAL

03

HARD ROCK  
CHICAGO





## OVERVIEW

# HARD ROCK CHICAGO

Hard Rock Chicago is owned 50% by a subsidiary of Seminole HR Holdings, LLC (“**Hard Rock**”) and 50% by Loop Entertainment, LLC (a special purpose vehicle with 51% of its ownership from Loop Capital and 49% of its ownership from Landmark Chicago Interests, LLC (“**Landmark**”), subject to additional minority capital investment). Hard Rock is owned and controlled by Seminole HR Holdings, LLC. Hard Rock Chicago will be managed by HR Chicago Manager, LLC, a subsidiary of Hard Rock.

Hard Rock Chicago’s proposal includes the development of a \$1.74 billion casino project on a portion of the site known as “ONE Central”. ONE Central is a large, proposed development north of the MPEA convention center on the lakefront. The proposal includes a 3,500-seat Hard Rock Live venue; a Hard Rock Music and Entertainment experience; a 500-key hotel tower; a “Rock” spa; rooftop space; outdoor green space; several restaurants, cafes, and a food hall; and six bars and lounges. The bidder anticipates housing 3,000 slot machines and 166 table games on the casino floor. The bidder anticipates reserving all 4,000 gaming positions.



## ECONOMIC AND FINANCIAL BENEFITS TO THE CITY

### Upfront Payment to the City

Hard Rock has not proposed an upfront payment to the City.

### Projected Revenues

#### Projected Revenues

The City, along with its consultants, has projected gaming and non-gaming revenues, including gaming, property, hotel, restaurant, income, and sales taxes.

The proposed project is estimated to generate \$806 million in total annual adjusted gaming revenues by year six (year three of the permanent facility). Approximately \$608 million of the projected gaming revenues are estimated to come from local customers, which represents 75% of the total gaming revenue and activity. Tourist based activity is estimated to be \$198 million or approximately 25% of total gaming activity.

Hard Rock Chicago projected revenues to be \$908 million at stabilization. Hard Rock Chicago’s projection is 11.3% higher than Union Gaming’s projections, largely driven by higher expectations of local gaming revenue. For more information, see Exhibit I. The City is expected to generate \$185 million in annual taxes in year six of operations.

### Independence of Regional Casinos

The City only generates revenues on a Chicago casino. The City will want to be comfortable that the operator will work to maximize revenues in the Chicago casino. This dynamic is especially important for the Chicago casino since approximately 75% of gaming revenues are projected to come from local activity.

Hard Rock currently operates the Hard Rock Casino Northern Indiana located in Gary, Indiana, which is approximately 29 miles from the proposed site at ONE Central.

Indiana has a graduated tax schedule, but it does not differentiate tax rates between table games and slots. The tax rates for Indiana and Chicago are provided in **Table 5**. In short, Chicago’s highest marginal tax rate is 12% higher on slot machines than Indiana and 8-10% lower on table games than Indiana. Union Gaming expects approximately 60% of the Chicago casino revenues to come from slots machines, 39% to come from table games, and 1% to come from sports betting. Given these tax structures, Hard Rock may have an incentive to send slot players to Northern Indiana but send table players to Chicago.

Despite these numerical tax incentives, the Chicago casino is a much larger project. Chicago is a global gateway city with 60.8 million tourists annually, and Hard Rock would invest much more in the Chicago project than in its Gary, Indiana project. As such, a Chicago casino would have a different scale and focus for Hard Rock than its Gary casino. Chicago provides a more attractive destination for tourists and, therefore, Hard Rock’s global customer base potentially mitigating any economic incentives Hard Rock may have to send customers to Hard Rock Casino Northern Indiana.

	INDIANA	CHICAGO	DIFFERENCE
<b>Slot Machines</b>	<ul style="list-style-type: none"> <li>• <b>38% marginal tax rate</b> (rate (35% \$150 - 600 million + 3% supplemental tax)</li> <li>• <b>Estimated slot revenues<sup>1</sup>:</b> \$168 million</li> </ul>	<ul style="list-style-type: none"> <li>• <b>50% marginal tax rate</b> on revenues from \$225 - \$1,000 million</li> <li>• <b>Estimated revenues<sup>2</sup>:</b> \$483 million</li> </ul>	<ul style="list-style-type: none"> <li>• Chicago’s highest marginal tax rates are 12% higher than Indiana</li> </ul>
<b>Table Games</b>	<ul style="list-style-type: none"> <li>• <b>Estimated table revenues<sup>1</sup>:</b> \$66 million</li> </ul>	<ul style="list-style-type: none"> <li>• <b>30% tax rate</b> on revenues from \$275 - \$375 million</li> <li>• <b>Estimated revenues<sup>2</sup>:</b> \$314 million</li> </ul>	<ul style="list-style-type: none"> <li>• Chicago’s highest marginal tax rates are 8% lower than Indiana</li> </ul>

NOTE:

1. Source: Calendar year 2021 actual stub-year revenues (May-December 2021) from the Indiana Gaming Commission, annualized to a full year of operations for portion of time the casino was closed due to the pandemic.

2. Union Gaming projections for year 6 of casino operations.

Table 5



## PROPOSAL 03 HARD ROCK CHICAGO



Site Plan

### Time to Execution and Phasing

Hard Rock Chicago expects the temporary casino to open in Q2 2023 and the permanent casino to open in Q3 2025. This timeline assumes the foundation deck below the casino (which includes limited railroad track work and the foundational work for the casino project) and building the casino can all be completed within three years. The City believes this timeline may be aggressive, given complexities associated with structural work adjacent to live railroad tracks and the significant governmental approvals as noted below.

Any casino proposal will be required to secure City Council approval of the HCA and IGB approval of issuance of the casino license. Additional material approvals include, but are not limited to, the following items:

- Creation of a new PD is approved by City Council as described in the "Design, Planning, Amenities and Transportation Considerations" section
- Approval of an LPO application as described in the "Design, Planning, Amenities and Transportation Considerations" section
- MPEA approval of an IDA and use of the land between MPEA and the Hard Rock Chicago Land Rights
- Negotiation of a Public Private Partnership ("P3") agreement with the State, if State financing does eventually support the project
- Illinois Department of Transportation ("IDOT") approval for reconfiguration of lanes, ramps, and intersections affecting DLSD
- Metra Agreement for the structural work adjacent to the railroad tracks

The majority of these approvals are critical to site acquisition, control, access and transportation improvements and as a result are necessary threshold approvals before the construction of a casino can begin. The City is requesting a signed letter of support or a binding confirmation from these various governmental entities indicating that these approvals will be forthcoming. Landmark has indicated that all of these entities have been contacted and that draft approval agreements have been sent to these parties. The significant number of approvals needed creates execution risk to this proposal and the possibility for construction delays.

Further explanation of the proposed construction costs is needed from Hard Rock Chicago. The Hard Rock Chicago proposal is to build the casino in a phase I of the "Entertainment District" of the broader ONE Central development. The original RFP submission estimated the total cost of the casino construction was \$1.7 billion and an additional estimated \$550 million civic build. The \$550 million is Landmark's estimates of the phase I costs of the \$3.8 billion civic build for the total One Central development. The City does not have enough information to determine the reasonableness of this \$550 million estimate. As a part of the City's evaluation process, Hard Rock Chicago communicated that it found cost savings which now allows it to fold these civic build costs into the same \$1.7 billion in construction costs.

The City has requested the bidder for additional detail concerning whether or not State financing is required for the ONE Central project. Hard Rock Chicago has communicated that the investors in the project would be prepared to commit to the project regardless of the status of the P3 agreement with the State.

### Public Investment for Infrastructure

Additional details surrounding the transportation infrastructure needs of the casino are discussed further in the "Transportation" section of this report. Because a sufficient traffic study was not provided with the Hard Rock Chicago's response, the City is unable to determine the extent of additional infrastructure investment needed to cover additional traffic in the area due to the casino project. In order for the City to select Hard Rock Chicago as the developer and operator, Hard Rock Chicago would need to provide an acceptable and responsive traffic study to the City.

At this point, no City public investment for infrastructure has been asked for or committed toward this project. However, the ONE Central project has been actively seeking \$3.8 billion in financing from the State through a P3 agreement repaid through state sales tax revenues subordinate to the State's Build Illinois bonds. As noted earlier, Hard Rock Chicago would commit that the estimated \$550 million of the \$3.8 billion will be built regardless of the status of the P3 agreement. This doesn't preclude Landmark from continuing to seek the P3 agreement and state funding for the project.

### Financial and Operational Wherewithal

#### Sources of Funds

Hard Rock Chicago anticipates financing the project with 75% debt and 25% equity. Hard Rock would contribute \$200 million in cash equity, while \$200 million would come from Landmark and Loop Capital under the special purpose entity, Loop Entertainment.

#### Contingencies and Guarantees

Hard Rock Chicago would secure a completion guarantee for its lenders and agrees to fund its equity upfront when the financing closes.

#### Company Financials

The Hard Rock Chicago casino would be equally owned by Hard Rock and Loop Entertainment, which is a special-purpose entity consisting of Landmark Chicago, Loop Capital, and additional minority investors. Of the 50% of the project owned by Loop Entertainment, Landmark Chicago will initially own 49% and Loop Capital will initially own 51%, subject to additional minority capital investment. The additional minority capital investment will consist of not less than 10% of the Loop Entertainment capital contribution to the Hard Rock Chicago casino.

#### HCLs

Hard Rock Chicago has received an HCL from Credit Suisse dated March 2, 2022, expressing confidence in Hard Rock Chicago's ability to raise \$915 million in debt financing for the project. In addition, Hard Rock Chicago has provided a Wells Fargo Relationship Letter outlining Wells Fargo's involvement in Hard Rock's recent history of success in over \$2.6 billion in casino financings/refinancings for properties in Indiana, Ohio and California; and a Letter of Interest from VICI Properties Inc. providing an alternative to refinancing (through the sale of the land and building as part of an "Op-Co/Prop-Co" structure).



## PROPOSAL 03 HARD ROCK CHICAGO

### **Operational Experience**

The City believes that Hard Rock brings a very strong brand of casino and entertainment operations. In particular, given the City's objective of creating a larger entertainment district, the Hard Rock brand and proposal provides significant programming opportunities for the Chicago casino development, including maximizing gaming activity from the nearby convention center traffic, creating more retail and entertainment opportunities in and around the Museum campus and Soldier Field as well as creating an overall entertainment district for the new casino project. The retail, dining and entertainment program is based upon detailed market demand and feasibility studies.

Hard Rock is a global casino-entertainment company, operating 13 casinos, with 11 in the US and two in British Columbia and the Dominican Republic, and has a significant customer database. Hard Rock's brand is not just about gaming, but it also has a global entertainment reach and brand. Hard Rock hosts around 35,000 live music events globally on an annual basis and employs 47,000 employees at venues in 68 countries. The development team has a strong track record of successfully completing projects, operating casinos and the Seminole Tribe provides a strong minority ownership structure. The development team is comprised of a separate management and developer team of Hard Rock and Loop Entertainment, which would be operated by Hard Rock.

### **Impact to MPEA**

A portion of the original proposal's site design contemplates creating an indoor pedestrian walkway to connect the casino to MPEA's North Hall as well as a plaza which would create an outdoor connection to a new entrance to MPEA's North Hall. Hard Rock Chicago has agreed to close both of these connections during MPEA conventions. Additionally, Hard Rock Chicago proposes a temporary casino in the North Hall of MPEA but has agreed to explore alternative temporary casino locations as noted in the "Temporary Facility" section below.

## JOB CREATION

The bidder has projected that the project would add 16,607 construction jobs and 3,140 (2,713 FTE) permanent casino jobs.

Hard Rock Chicago has committed to workforce development and investment in human capital throughout its organization. This includes many corporate engagement programs including positional and management training, performance training, leadership and professional training, and more.

Hard Rock Chicago also offers a tuition reimbursement program to all employees based on the length of an employee's service and the achievement of thresholds. Hard Rock Chicago also emphasizes recognition of employee performance and provides platforms for employee feedback.

Hard Rock Chicago indicated that it would utilize the SouthSideWORKS economic opportunity program to build and sustain capacity among disadvantaged business enterprises and for workforce development during both the construction and operations phases of the project. SouthSideWORKS is a partnership between the Chicago Urban League and Landmark Development. The SouthSideWORKS program is also in collaboration with the Illinois Hispanic Chamber of Commerce, Business Leadership Council, and a number of other community, civic and business organizations.



## EQUITY

Hard Rock Chicago has indicated that it would use its good faith efforts to achieve the City's goals of 25% minority ownership, 26% contracting from MBE vendors and 6% contracting from WBE vendors for construction of the project, and 50% hiring of Chicago residents.

### **Minority Ownership**

Hard Rock would own 50% of the Hard Rock Chicago project. Hard Rock is majority owned by the over 4,300 members of the Seminole Tribe of Florida. The remaining 50% of the project would be owned by a special purpose entity, Loop Entertainment, made up of Landmark, Loop Capital and other minority investors. Loop Capital would own 51% of this remaining 50%, subject to additional minority capital investment, and will work to build a coalition of minority investors to support minority participation in the project. Loop Capital and Landmark Chicago would enter into an agreement governing the rights and obligations of Loop Entertainment, and Loop Entertainment would become a member and 50% equity owner of Hard Rock Chicago. Loop Entertainment has stated verbally that it will give priority distributions to its minority investors.

### **Minority Construction**

Hard Rock Chicago has indicated that it would exceed the RFP's MBE and WBE goals on construction by 4% and 4%, respectively, agreeing to a 30% goal on construction completed by minority-owned construction companies and a 10% goal on construction completed by woman-owned construction companies.

### **Minority Hiring**

Over 30% of the employees at Hard Rock Atlantic City and Hard Rock Cincinnati are minorities. Additionally, over 60% of the employees at Hard Rock Sacramento and over 65% of the employees at Hard Rock Casino Northern Indiana are minorities.

### **Vendor Spend**

Hard Rock Chicago has indicated that it would take an active role in monitoring the vendor applicants to help achieve a goal of sourcing 26% of the annual dollar value of all contracts, purchase orders, or other agreements from minority-owned businesses and 6% of the annual dollar value of all contracts from women-owned businesses.





## PROPOSAL 03 HARD ROCK CHICAGO



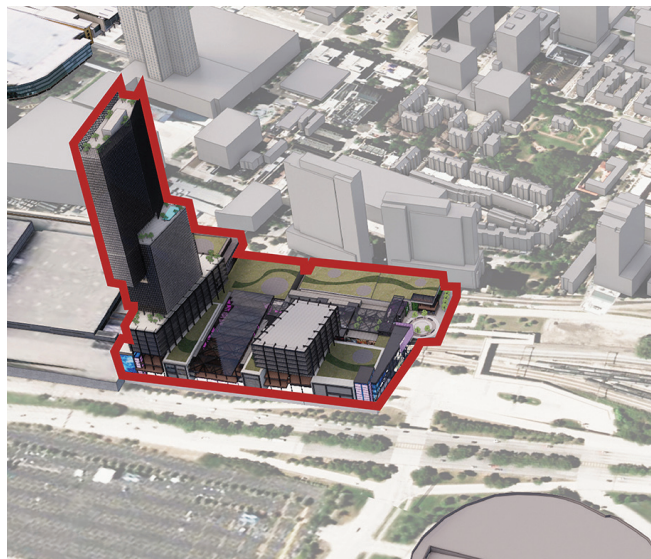
### DESIGN, PLANNING, AMENITIES AND TRANSPORTATION CONSIDERATIONS

#### Design and Planning

Hard Rock Chicago has proposed to redevelop a portion of the Central Station master planned site into a new casino and entertainment district. The Hard Rock Chicago portion of the site represents the first phase out of a contemplated four-phase redevelopment proposal called ONE Central. This team would need to gain approval of and work with impacted property owners, including MPEA. The City has discussed with Hard Rock Chicago issues related to its proposed design, including site planning and activation, pedestrian access, and the development of publicly accessible realms as discussed in the following paragraphs.

#### Site Planning and Activation

The Hard Rock Chicago casino site plan is proposed to be directly connected to the north end of the McCormick Convention Center. The casino venue has both indoor and outdoor pedestrian connections to the convention facilities. As noted in the "Executive Summary" section of this report, contiguous space between the casino and the convention center presents challenges to MPEA. To address MPEA's concerns, Hard Rock Chicago has proposed to close these two access points during MPEA conventions.



The main entry sequence for the casino is from the north with a covered vehicular drop-off area between the railroad tracks and DLSD. Pedestrian access would be through the existing bridge at the 18th Street Metra Station. Additional pedestrian access could also potentially come from within the McCormick Convention Center which would require support by MPEA and reconfiguration of some MPEA facilities. Within the larger ONE Central proposal, the location of the casino is furthest south from the proposed transit hub portion of the ONE Central plan, Soldier Field, and the other institutions of Chicago's Museum Campus. Hard Rock Chicago located the casino and entertainment district so that this first phase could be built independently of the larger ONE Central proposal.

#### Publicly Accessible Realm

Hard Rock Chicago proposes to have all the publicly accessible landscaped outdoor spaces elevated, many floors above grade, on the rooftop of the casino podium and a portion of the rooftop of the convention center. Hard Rock Chicago would commit that the publicly accessible rooftop open spaces would follow the hours typical of other Chicago public parks. However, elevated outdoor spaces are generally not as easily accessible to the public as outdoor spaces at grade level because access is limited by having to go inside the casino venue. Additionally, a significant portion of the new rooftop green space is on top of the North Hall of McCormick Place which would require MPEA consent.

#### Amenities

The Hard Rock Chicago casino would include many non-gaming amenities including a Hard Rock Hotel with music themed memorabilia; a 3,500-seat Hard Rock Live performance venue; a night and day club; a unique set of dining options as well as bars and lounges; a brewery/distillery; E-Cinema; sports book studio; great hall (atrium/event floor); a spa and fitness center; a resort pool, sunset pool and rooftop garden; a winter garden and outdoor pavilion; and a marketplace of boutique shops and storefronts. It is contemplated that the permanent facility at ONE Central would be integrated into the ONE Central Urban Destination District when built. It is contemplated, that the overall ONE Central amenity set would be comprised of four distinct urban districts: entertainment, lifestyle, experiential and a neighborhood.

#### PD and Process Considerations

The subject site is proposed on land that is currently located within multiple PDs: PD #331, PD #499, and potentially PD #883. Given the multitude of development rights which are spread out

across the various sub-areas of each PD, the applicant would need to seek amendments to remove the subject site from each of those individual PDs and concurrently file a separate application to create a new PD for the subject site.

The existing PDs that incorporate the subject site have various levels of bulk and density, as well as, a wide range of land uses, such as residential, office, retail, convention space, and entertainment and spectator sports.

The proposed casino development would be one component of the larger ONE Central development proposal. The overall ONE Central PD proposal has additional review layers to be completed by the CDOT, MPEA, Metra, and IDOT, given its unique financial and public transit structure and the use of "air rights" above land currently utilized by public transportation entities. In order for the applicant to amend these various PDs, consent of the current property owner and/or control of the property would be required to file an application with the City Clerk. In addition to the PD amendment procedure, the subject proposal, like all of the proposals, would require a zoning text amendment to define "casino" as a use within the Municipal Code.

Lastly, the subject site falls within the private use zone of the Lake Michigan and Chicago LPO and would be subject to review and approval by the Plan Commission. A proposal to construct on the subject site would require the applicant to file an LPO application in conjunction with the PD amendments. The LPO approval process involves an analysis of the project's compliance with the LPO's policies and purposes.

#### Site Ownership and Control

As mentioned above, several approvals are necessary in order for ONE Central to exercise its air rights to develop in this location, including approval from MPEA. Hard Rock Chicago would negotiate payments to the City and MPEA with respect to the use of such air rights. The transit hub portion of the ONE Central proposal requires substantial government funding, approval, and cooperation, which the ONE Central developer has not yet secured.

#### Transportation

The Hard Rock Chicago proposal at ONE Central is part of a larger contemplated mixed-use development proposal.

Due to the ongoing review and entitlement process for the overall development proposal, the Entertainment District component of the plan, including the casino, hotel, and related uses are proposed as a separate initial phase. This initial phase includes fewer vehicular access connections (focused on 18th Drive at DLSD) and less transit connectivity (using only the existing 18th Street Metra station) than the overall proposed ONE Central development plan.

#### Infrastructure Improvements

The overall plan for the proposed ONE Central development would rely on significant infrastructure changes that have not yet been reviewed and approved by the City and other relevant parties including but not necessarily limited to Metra, CTA, Amtrak, IDOT, and the Chicago Park District. These proposed infrastructure changes include building over Metra's existing Weldon Railyard and MPEA's existing Busway, adding a new west leg of the Columbus Drive/McFetridge Drive/DLSD intersection, grade-separating northbound DLSD beneath McFetridge Drive, and making extensive changes in and around the existing 18th Drive interchange at DLSD. Additionally, the overall ONE Central development proposes a new CTA rail transit branch line connecting the site to the existing CTA Green and Orange Line elevated tracks near State Street, among other improvements.

However, for the initial casino phase of development, proposed infrastructure improvements are scaled back from the overall plan. The primary proposed transportation improvement is reconfiguration of the southbound DLSD ramp intersection at 18th Drive to incorporate a new "Inner DLSD" that serves as a frontage access road for the site and includes construction of a new southbound ramp (although it is unclear if this would require construction of one or both of the existing southbound on- and off-ramps).

#### Access and Street Network

The proposed overall ONE Central development plan would have two points of access: the existing DLSD interchange at 18th Drive and a new west leg added to the Columbus Drive/McFetridge Drive/DLSD intersection, which would also include reconstructing northbound DLSD as a grade-separated roadway beneath McFetridge Drive. This proposed access plan has not yet been approved by the City or IDOT (DLSD is a State jurisdiction road). For the initial casino phase, all vehicular access would be provided via DLSD and the 18th Drive interchange. A new "Inner DLSD" immediately west of, and likely integrated with, the interchange would provide access to parking, drop-off/pick-up zones, and service vehicles. Limited secondary



## PROPOSAL 03 HARD ROCK CHICAGO

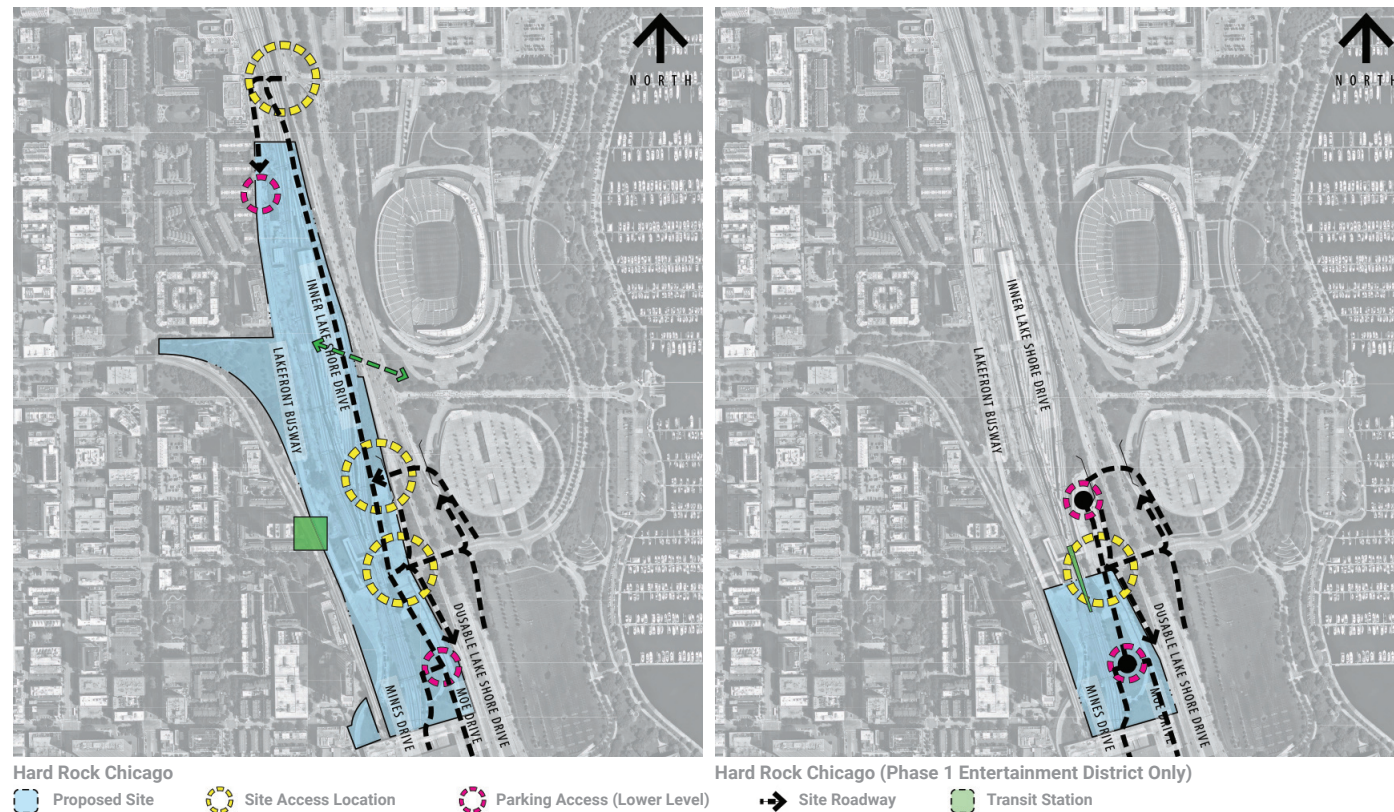


Figure 3

access would be available, which might present challenges, especially for emergency and service vehicle access/egress. Also, all traffic would be focused on DLSD, which currently experiences congestion during periods of peak travel demand, especially related to events at Soldier Field and other Museum Campus destinations, seasonal activity along the lakefront, and as a result of queues extending south from signalized intersections along DLSD through Grant Park.

### Traffic Activity Levels

Traffic projections associated with the initial phase of development with the casino, resort hotel, and other complementary Entertainment District components were updated to not include transit use for weekday morning, weekday evening, and Saturday midday peak hours. Projections for casino peak hours on Friday and Saturday evenings were not provided.

With all site access proposed via the DLSD/18th Drive interchange, a preliminary capacity analysis referencing theoretical ramp capacities (4,000 vehicles/hour per two-lane ramp x four ramps) was outlined. This approach can be appropriate for preliminary reviews, but the City would require a more detailed traffic analysis before moving forward. In addition to the theoretical volume/capacity calculations, the City will need to review the following information:

- Estimated non-casino traffic through the interchange during the various peak periods of travel demand in this area
- Lane utilization for all four ramps (two on-ramps and two off-ramps) at 18th Drive for casino traffic demand as well as Museum Campus traffic demand
- Directional distribution of casino traffic northbound and southbound on DLSD to understand if any particular ramp would need to handle more traffic than another

- A full accounting of traffic demand on the other legs of the intersection that serve the Museum Campus and lakefront as well as the likely share of time the traffic signals at the interchange can allocate to just casino-generated traffic (the estimate provided assumes 76% to 97% of the interchange capacity would be available to serve casino traffic which would not leave much time for other traffic demands in this area)
- Intersection-specific evaluations using Synchro traffic analysis software (or equivalent) for each peak hour that reflect both ambient traffic volumes at the interchange and the additional casino-generated traffic at each affected intersection movement near the site
- An assessment of traffic impacts on other nearby intersections such as McFetridge/Columbus/DLSD and along Roosevelt Road

### Pedestrian, Bicycle, and Transit Accessibility

The overall ONE Central development proposal promotes several pedestrian, bicycle, and transit access options. For the initial casino phase, connectivity options by non-auto modes are limited. Metra Electric service will be available using the existing 18th Street station, while CTA bus service

is available to the west of the site along Michigan Avenue at 18th Street. The casino proposal suggests that a bus stop could also be added to the existing MPEA busway below the casino site. However, the busway's existing operating agreements allow only convention-related bus service and prohibit scheduled public transit service.

### Sustainability

Hard Rock Chicago has indicated that it intends to seek LEED Silver certification. Hard Rock Chicago has indicated that it is not currently prepared to be Gold-certified for the project, but if directed by the City, Hard Rock Chicago would undertake a review of the costs and benefits and reflect relevant costs in an updated project budget.

### Temporary Facility

The proposed temporary facility would be in MPEA's North Building. Given MPEA concerns around contiguous connections between convention and casino space, Hard Rock Chicago has expressed its willingness to explore the potential for locating a temporary casino facility within a hotel or an alternate location.





# PROPOSAL 04 RIVERS 78





## OVERVIEW

# RIVERS 78

Rivers 78 is a joint venture with Rush Street Gaming, LLC (“Rush Street Gaming”), Related Midwest, LLC (“Related”), and a group of minority investors as its members. Rivers 78 will be managed by Rush Street Gaming.

The Rivers 78 proposal includes the development of a \$1.62 billion casino project on a portion of the site known as “The 78”. The 78 is a large development on the near south side of the City. The proposal includes a riverfront plaza; an observation tower with indoor and outdoor space; a “Harbor Hall” multi-purpose riverfront venue for live entertainment culture, arts, and community programs with rooftop space; a 300-key hotel tower; and eight restaurants and cafes, and a food hall, five bars and lounges. The bidder anticipates housing 2,600 slot machines and 190 table games on the casino floor. The bidder anticipates reserving all 4,000 gaming positions.



## ECONOMIC AND FINANCIAL BENEFITS TO THE CITY

### Upfront Payment to the City

Rivers 78 has not proposed an upfront payment to the City. Related has indicated that it would forgo the reimbursement of \$27 million of Tax Increment Financing (“TIF”) funds in the interest of providing financial value for the City. See the “Public Investment for Infrastructure” section for more TIF information.

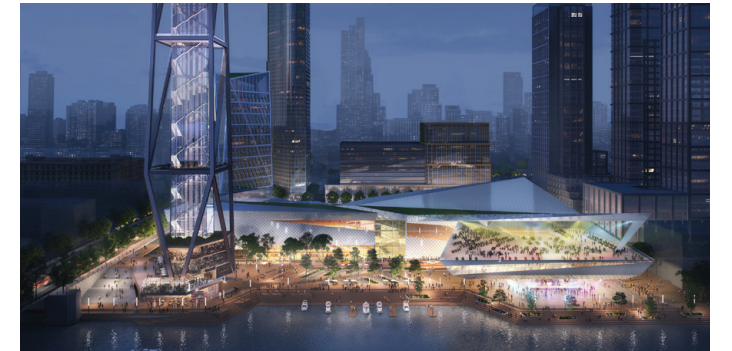
### Projected Revenues

#### Projected Revenues

The City, along with its consultants, has projected gaming and non-gaming revenues, including gaming, property, hotel, restaurant, income, and sales taxes.

The proposed project is estimated to generate \$770 million in total annual adjusted gaming revenues by year six (year four of the permanent facility). Approximately \$630 million of the projected gaming revenues are estimated to come from local customers, which represents 82% of the total gaming revenue and activity. Tourist based activity is estimated to be \$140 million or approximately 18% of total gaming activity. Rivers 78 believes based on third party research it commissioned it is the closest proximity to the most people of any potential site when factoring in traffic patterns.

Rivers 78 projected revenues in their original RFP submission to be \$622 million at stabilization, with a subsequent amended projected revenues of \$829 million, or a 33% increase from the original projection. Rivers 78 increased their projections due to the improved performance of Rivers’ existing casinos coming out of COVID and increased expected visitation to The 78 driven by the unique additional amenities Related is providing to the site including the observation tower. Rivers 78’s final projection is 10.4% higher than Union Gaming’s projections, largely driven by higher expectations of local gaming revenue. For more information, see Exhibit I. The City is expected to generate \$174 million in annual taxes in year six of operations assuming an observation tower and hotel.



All of the above estimated revenues assume the building of an observation tower and hotel. As noted in the “Financial and Operational Wherewithal” section of this proposal, the City cannot yet treat the observation tower and hotel as part of the project without an HCL. Accordingly, the City has also projected revenues assuming no observation tower and hotel are built. The proposed project without the observation tower and hotel is estimated to generate \$685 million in total annual adjusted gaming revenues by year six (year four of the permanent facility). The City is expected to generate \$147 million in annual taxes in year six of operations assuming no observation tower and hotel.

### Independence of Regional Casinos

The City only generates revenues on a Chicago casino. The City will want to be comfortable that the operator will work to maximize revenues in the Chicago casino. This dynamic is especially important for the Chicago casino since approximately 82% of gaming revenues are projected to come from local activity.

Rush Street Gaming currently operates the Rivers Casino Des Plaines located in Des Plaines, Illinois which is approximately 16 miles from the proposed site at The 78. Rush Street Gaming notes that based on proprietary information in their Rivers Des Plaines customer database, a minimal number of Des Plaines’ customers come from within five miles of the McCormick facility. Rivers Des Plaines is a 17-mile drive from The 78 site, and it usually takes over an hour during rush hour to drive between those two locations.



# PROPOSAL 04 RIVER'S 78

The tax rates for Des Plaines and Chicago are provided in **Table 6**. The Chicago highest marginal tax rate is the same for slot machines for GGR above \$225M and is 10% higher for table games for GGR above \$275 million. Union Gaming expects approximately 60% of the revenues to come from slots machines, 39% to come from table games, and 1% to come from sports betting. The City and Union Gaming do not believe that this marginal difference in tax rate is material and, consequently, there should be little tax incentive for Rivers to direct customers to the Des Plaines casino versus the Chicago casino. Further, the Chicago casino would be a much larger project than Rivers Casino Des Plaines.

### Time to Execution and Phasing

Rivers 78 expects the temporary and permanent casinos to open approximately 12 months and 30 months, respectively, after it receives all necessary approvals. The casino opening for the proposed project should be facilitated by the limited governmental approvals required for the project. Assuming approximately 12 months would be necessary to secure most of the approvals discussed below, a temporary casino would open Q2 2024 and a permanent casino would open Q4 2025. Any Chicago casino proposal will be required to secure City Council approval of the HCA and IGB approval of issuance of the casino license. Below are the material additional approvals that are currently expected for the proposed project including, but not limited to:

- An amendment of the existing PD approved by City Council as described in the "Design, Planning, Amenities and Transportation Considerations" section
- Army Corp of Engineers approval required for various riverfront improvements

Rivers 78 proposes constructing the casino project in one phase. However, there are separate legal entities developing separate components of the casino project. Rivers 78 proposes to construct the casino and parking garage, while Related separately would commit to construct the observation tower and hotel. Additional details surrounding the separate financing mechanisms for these two components of the project is discussed in more detail in Financial Wherewithal. Regardless, a proposed casino project at The 78 site without an observation tower and hotel would be a significantly diminished casino project versus the full proposal.

### Public Investment for Infrastructure

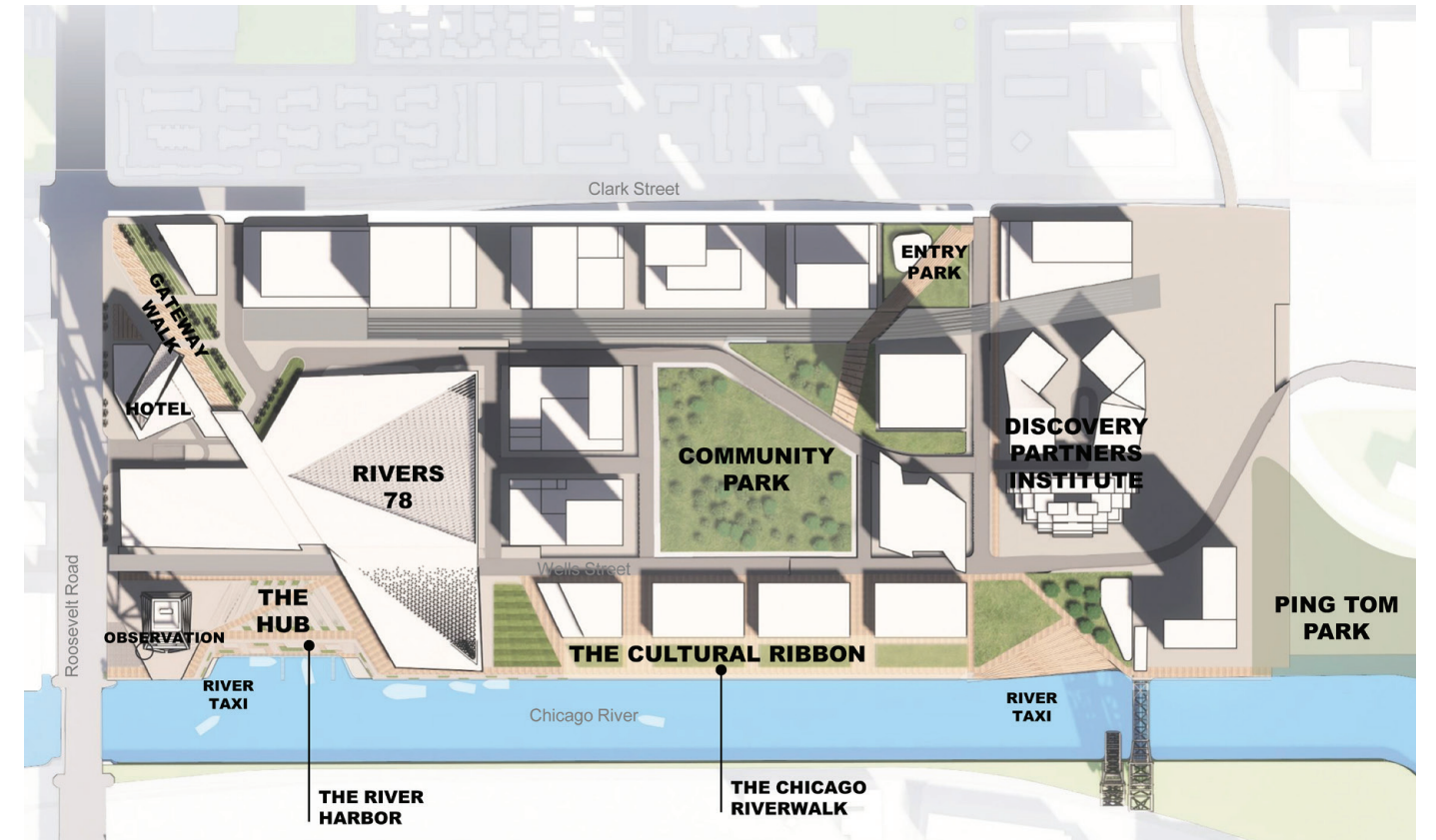
Rivers 78 would commit to fund the infrastructure improvements needed to accommodate expected access demands and mitigate expected negative impacts consistent with the existing PD for the site. The "Transportation" section below outlines the proposed improvements and transportation plans that the City believes support this objective.



	DES PLAINES	CHICAGO	DIFFERENCE
<b>Slot Machines</b>	<ul style="list-style-type: none"> <li>• 50% tax rates on revenues above \$200 million</li> <li>• <b>Estimated revenues<sup>1</sup>:</b> \$282 million</li> </ul>	<ul style="list-style-type: none"> <li>• 50% marginal tax on revenues from \$225 -1,000 million</li> <li>• <b>Estimated revenues<sup>2</sup>:</b> \$462 million</li> </ul>	<ul style="list-style-type: none"> <li>• Chicago's highest marginal tax rates are the same as Des Plaines</li> </ul>
<b>Table Games</b>	<ul style="list-style-type: none"> <li>• 20% tax rates on revenues above \$25 million</li> <li>• <b>Estimated revenues<sup>1</sup>:</b> \$176 million</li> </ul>	<ul style="list-style-type: none"> <li>• 30% tax rate on revenues from \$275 - 375 million</li> <li>• <b>Estimated revenues<sup>2</sup>:</b> \$300 million</li> </ul>	<ul style="list-style-type: none"> <li>• Chicago's highest marginal tax rates are 10% higher than Des Plaines</li> </ul>

NOTE: 1. Source: Calendar year 2021 actual revenues from the IGB. 2. Union Gaming projections for year 6 of casino operations.

Table 6



Site Plan

Rivers 78's proposal is part of the broader Redevelopment Agreement ("RDA") for The 78 parcel of land. As a part of the existing RDA, the City approved TIF funding to provide for a number of public infrastructure expenditures. Because certain infrastructure improvements support the handling of traffic related to the casino, the City has requested that Rivers 78, if it is selected as the winning bidder, agree to forego \$23 million in reimbursement (from TIF funds) of expenses related to 15th Street construction and seawall improvements, both of which are in the current RDA but are supportive of casino specific traffic and infrastructure improvements. In response, Rivers 78 agreed to forego \$50 million of reimbursement from TIF funds approved in The 78 RDA for infrastructure supporting traffic to the casino if selected as the winning bidder. This includes the \$23 million discussed above as well as an additional \$27 million for the financial benefit of the City.

### Financial and Operational Wherewithal

#### Sources of Funds

Rivers 78 anticipates financing the project with 67% debt and 33% equity. Rush Street Gaming and the Related Companies would each commit \$140 million in cash equity to the project, while another \$93 million would come from minority investors. Related and Rush Street each have strong balance sheets that they leverage to finance projects (not relying on public markets).

#### Contingencies and Guarantees

Rivers 78 would secure a completion guarantee for its lenders and agrees to fund its equity upfront when the financing closes.



## PROPOSAL 04 RIVER'S 78

### Company Financials

Rivers 78 will be equally owned by Rush Street Gaming interests and the Related Companies' interests, each with a 37.5% share of the equity for 75% in total. In addition, minority partners would own the remaining 25% of the project, including a wide range of large and small investors.

In addition, Related Companies would commit to building a \$260 million observation tower that is expected to generate a net profit of \$44 million by year five of operations. They plan to finance the project with 60% debt and 40% equity.

Rivers 78 has strong equity and financing options available to fully fund the casino portion of the project even if it experiences cost overruns or operational shortfalls.

### HCLs

Rivers 78 has received an HCL from Goldman Sachs dated March 2, 2022, for up to \$835 million and a HCL from Wells Fargo dated February 28, 2022, for up to \$825 million, expressing confidence in Rivers 78's ability to raise \$825 million to \$835 million in debt financing for the casino project.

Related has provided a letter committing to the building of the observation tower and hotel within the HCA. However, to date, the City has not yet received an HCL or other evidence of financing for the observation tower or the hotel. The City has received an expression of interest letter from Wells Fargo dated March 8, 2022 and a Letter of Interest from Bank of America dated March 10, 2022, both of which participated in Related's recent financing of the Edge observation deck in Hudson Yards. For purposes of the report, the City has evaluated the casino project both with and without the observation tower and hotel in the project evaluation. Rivers 78 has indicated it expects to provide an HCL with respect to financing of the observation tower and hotel.

### Operational Experience

The development team has a strong track record of successfully completing projects. The development team is comprised of a separate management and developer team of Rivers 78 and Related Companies, with separate ownership and governance of the casino which will be operated by Rush Street Gaming, and the observation tower and hotel, which will be 100% owned and operated by Related Companies. Rivers 78 has an agreement in place for Related to be the developer of the casino, observation tower, and hotel, and Rush Street will serve as the operator of the casino. Related and Rush Street have completed projects with similar structures in the past.

Rush Street Gaming has developed and operated six full-service casinos. It currently operates four casinos and is developing a new project now. It also has developed and operated internet gaming, myriad restaurants, multiple hotels, television production and more. Rush Street Gaming also has a proven track record of greenfield casino development, having developed each property it has ever operated. Six of the seven casinos developed were the first in their respective host cities and counties. From 2008 to 2011, Rush Street Gaming opened four casinos, going into and out of the great recession. Rush Street Gaming ownership has 50 years' worth of non-casino real estate experience, having developed, owned or operated over \$60 billion of real estate properties across most asset classes, including high-end, luxury hotels and retail.

Related Midwest, the Chicago office of Related Companies, is a developer of luxury condominium and rental homes, affordable housing communities, and mixed-use properties in Chicago and the Midwest. Related Midwest has developed in the last 10 years or is under construction on over \$2 billion worth of development in 16 neighborhoods of Chicago. In addition to luxury development, Related Midwest has developed, acquired, and preserved more than 6,500 affordable residences and currently has an additional 3,600 units in development.

Related Companies is one of the largest private real estate companies in the United States with over \$60 billion worth of development and acquisition activity. Formed over 45 years ago, Related has experience financing some of the largest and most complicated real estate developments in the United States spanning a wide range of asset classes including the 28-acre Hudson Yards neighborhood on Manhattan's West Side (over \$10 billion worth of the development delivered to date).



### JOB CREATION

The bidder has projected that the project would add 3,410 to 4,375 construction jobs and 3,425 permanent casino jobs.

Rush Street Gaming is committed to empowering its team members and focuses on promoting internally before seeking external candidates. Additionally, Rush Street Gaming provides educational opportunities for team members through a tuition reimbursement program. Each full-time employee is given \$5,000 annually for individual education or training opportunities and Rush Street Gaming properties also have money set aside for training and department education.

Rush Street Gaming works with local employment agencies and non-profit groups to hire and train employees. Rush Street Gaming will partner with HIRE360, co-founded by Related Midwest, to execute its community engagement outreach program, which will include hiring employees, engaging in training workshops, and supporting local businesses. HIRE360 will also lead the collaboration with the CCC to implement a Gaming Operator certification to prepare residents of disadvantaged areas in Chicago for careers in the gaming industry. Rush Street Gaming intends to work with CCC on recruiting and a hospitality curriculum, as it has done with colleges in other markets.



### EQUITY

Rivers 78 would commit to exceed the City's goals of 25% minority ownership, 26% contracting from MBE vendors and 6% contracting from WBE vendors for construction of the project, and 50% hiring of Chicago residents.

### Minority Ownership

The Rivers 78 proposal currently has secured non-binding interest from over 125 investors, which in aggregate meet the City's and State's 25% ownership goal. Rivers 78 has proposed a joint venture structure inclusive of three ownership parties - Rush Street Gaming, Related Midwest, and the diverse group of minority investors. Additionally, one out of five seats on the bidder's Board will be a representative of the minority owners.

### Minority Construction

Rivers 78 would commit to exceed the RFP's MBE and WBE goals on construction by 4% and 4%, respectively, agreeing to a 30% goal on construction completed by minority-owned construction companies and a 10% target on construction completed by woman-owned construction companies. BOWA Group, a Chicago-based MBE and long-time partner of Related, would be the lead general contractor for the entire Rivers 78 Entertainment District.

### Minority Hiring

By way of example, at Rivers Des Plaines, 61% of its employees are minority persons and 44% are women; at Rivers Pittsburgh, 31% of its employees are minority persons and 37% are women; at Rivers Philadelphia, 59% of its employees are minority persons and 43% are women; and at Rivers Schenectady 42% of its employees are minority persons and 42% are women.

### Vendor Spend

Rush Street Gaming would set a combined goal of at least \$10 million annually from MBE/WBE/DBE/VBE vendors with an emphasis on City-based businesses



## PROPOSAL 04 RIVER'S 78

### DESIGN, PLANNING, AMENITIES AND TRANSPORTATION CONSIDERATIONS

#### Design and Planning

Rivers 78 has proposed to redevelop the northwest portion of the overall vacant 78 site into a new casino and entertainment district along the Chicago River. The casino use would be an important anchor to catalyze the development of the remainder of The 78 site. The Rivers 78 team revised its original site plan proposal to provide more street connections, including extending LaSalle Street to 15th Street, to improve access and to be more consistent with the approved PD.

#### Site Planning and Activation

The Rivers 78 site plan proposal incorporates a new and spacious riverwalk with a dramatic new observation tower and publicly accessible outdoor programming along the west side of Wells Street. The casino and observation tower design has been sited and sculpted to form an iconic and memorable gateway and skyline along the Chicago River. The main entry sequence includes a landscaped "Gateway Park" and separate vehicular drop-off areas for the hotel and casino from the new LaSalle Street.

A portion of the casino spans over Wells Street for casino users to have access and views along the river. Rivers 78 has revised this aspect of the casino design to provide more sunlight and areas open to the sky to improve the pedestrian experience along Wells Street. However, the City strongly prefers designs which minimize the utilization of air rights over public ways (e.g., buildings over roads) which has several potential impacts, including limiting solar access and reducing pedestrian activity along the street below. The City plans to continue to evaluate the proposed design in this regard.

South of the casino and entertainment district is proposed to be developed as a mix of uses, including the University of Illinois' Discovery Partners Institute, office and commercial buildings, and new residential buildings consistent with the uses, bulk, and block sizes of the original PD. Related Midwest anticipates moving ahead promptly with relocating the railroad tracks and constructing 15th Street should this site be selected as the winning casino bid. These infrastructure improvements are critical to redevelopment of the overall 78 site as planned.

#### Publicly Accessible Realm

Rivers 78 would commit to provide the same amount of park and open space as previously approved in the PD. The arrangement of the park and open spaces has been distributed throughout The 78 site, including along the Chicago River, the "Gateway Park" fronting Roosevelt Road and Clark Street, the "Community Park" between Wells and LaSalle Streets, and several pedestrian pocket parks from Clark Street to connect westward over the railroad tracks. Rivers 78 would commit that the open spaces and riverwalk will be publicly accessible following the hours typical of Chicago public parks.

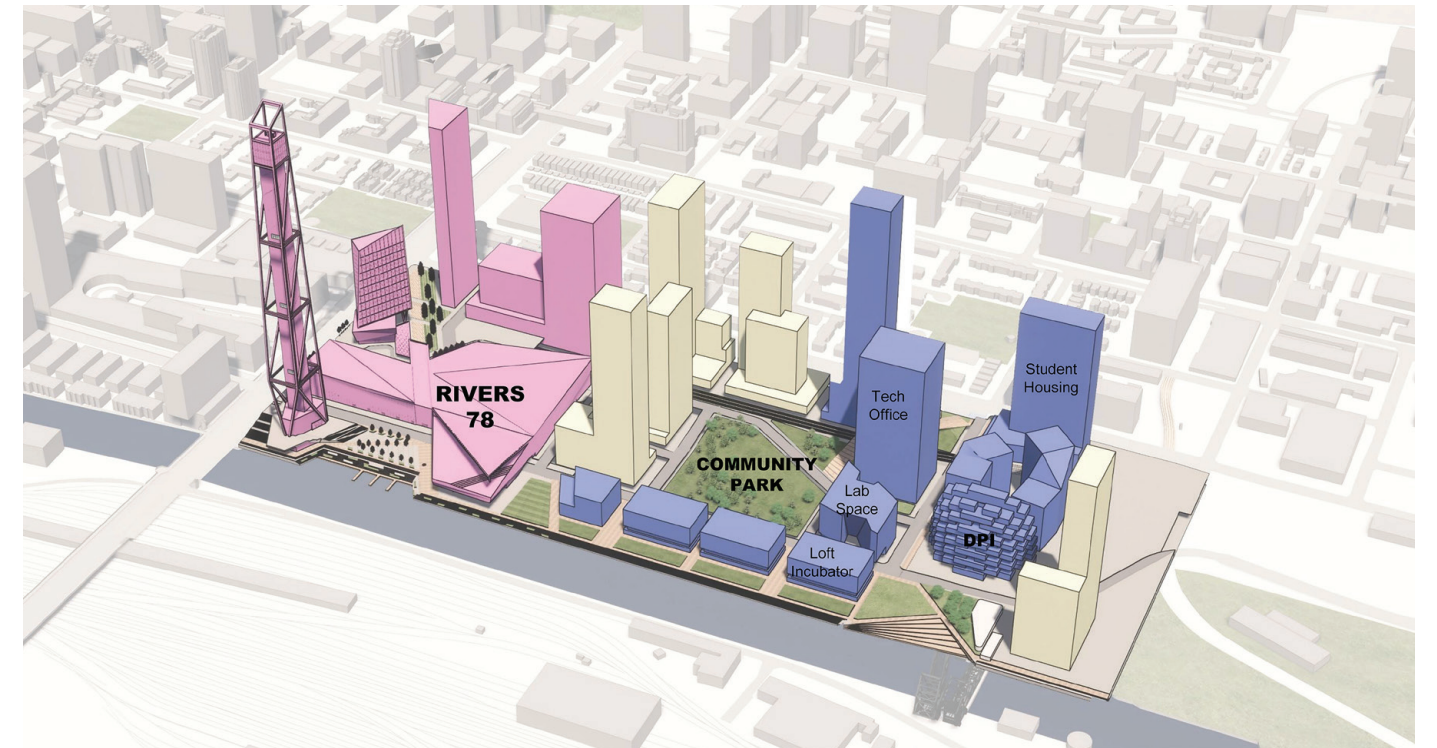
#### Amenities

The 78 site would have non-gaming amenities, including a 1,078-foot observation tower centered within the outdoor riverfront plaza. The observation tower along the riverfront will have direct boat and water taxi access; riverfront outdoor event venue spaces; a food hall and restaurants; sports book/bar and lounges; riverfront café; night club; a spa and Equinox fitness club; winter garden green year-round; pop-up shopping experiences on riverfront; gift shop and café within the observation tower; a multi-purpose space for community engagement, live entertainment and performing arts; the riverfront and gathering spaces lined with accessory spaces will provide a variety of options for use without having to access through the casino.

#### PD and Process Considerations

The subject site is proposed within the boundaries of PD #1434. PDs, by definition, are intended to allow for flexibility in application of selected use, bulk, and development standards in order to promote excellence and creativity in site planning and high-quality urban design. The approved PD for this site assumed a base FAR of 5.0 and contemplated paying for additional floor area bonus through contributions to the Neighborhood Opportunity Fund to achieve an FAR of 5.65. The PD contemplated a variety of land-uses consistent with a mixed-use development, such as residential dwelling units, office uses, retail uses and entertainment and educational and cultural uses.

The flexibility of the current approved PD allows the applicant to seek modifications that fall under minor relief provisions of the zoning code (an administrative rather than legislative process). Modifications that exceed these minor change allowances would need to be reviewed as a PD amendment. If the applicant desires to amend the PD, consent of the current property owner and/or control of the property would be required to file an application with the City Clerk.



In addition to the PD amendment procedure, the subject proposal, like all of the proposals, would require a zoning text amendment to define "casino" as a use within the Municipal Code.

Lastly, the applicant has clarified that it will develop the infrastructure in "The 78" development in accordance with the negotiated RDA. The proposal as currently presented to DPD supports the applicant's assertion that the RDA will not need to be amended.

#### Site Ownership and Control

The City does not anticipate any site control issues but would plan to request evidence of control and a certification from the casino team that there are no private rights or restrictions or public requirements applicable to the land or development that would interfere with a casino opening.

#### Transportation

The Rivers 78 casino plan is integrated into the previously approved PD for the site, a mixed-use development comprised of commercial retail, hospitality, residential, and innovation district uses. The proposed casino, hotel, and associated entertainment uses, including an observation tower, are proposed in the northern third of the site while maintaining access and extensions of the street grid largely consistent with the approved PD. Also generally consistent with the PD are traffic projections expected to be generated during various peak hours. Thus, from a transportation perspective, the proposed casino plan aligns with the PD approved for the site.



# PROPOSAL 04 RIVER'S 78

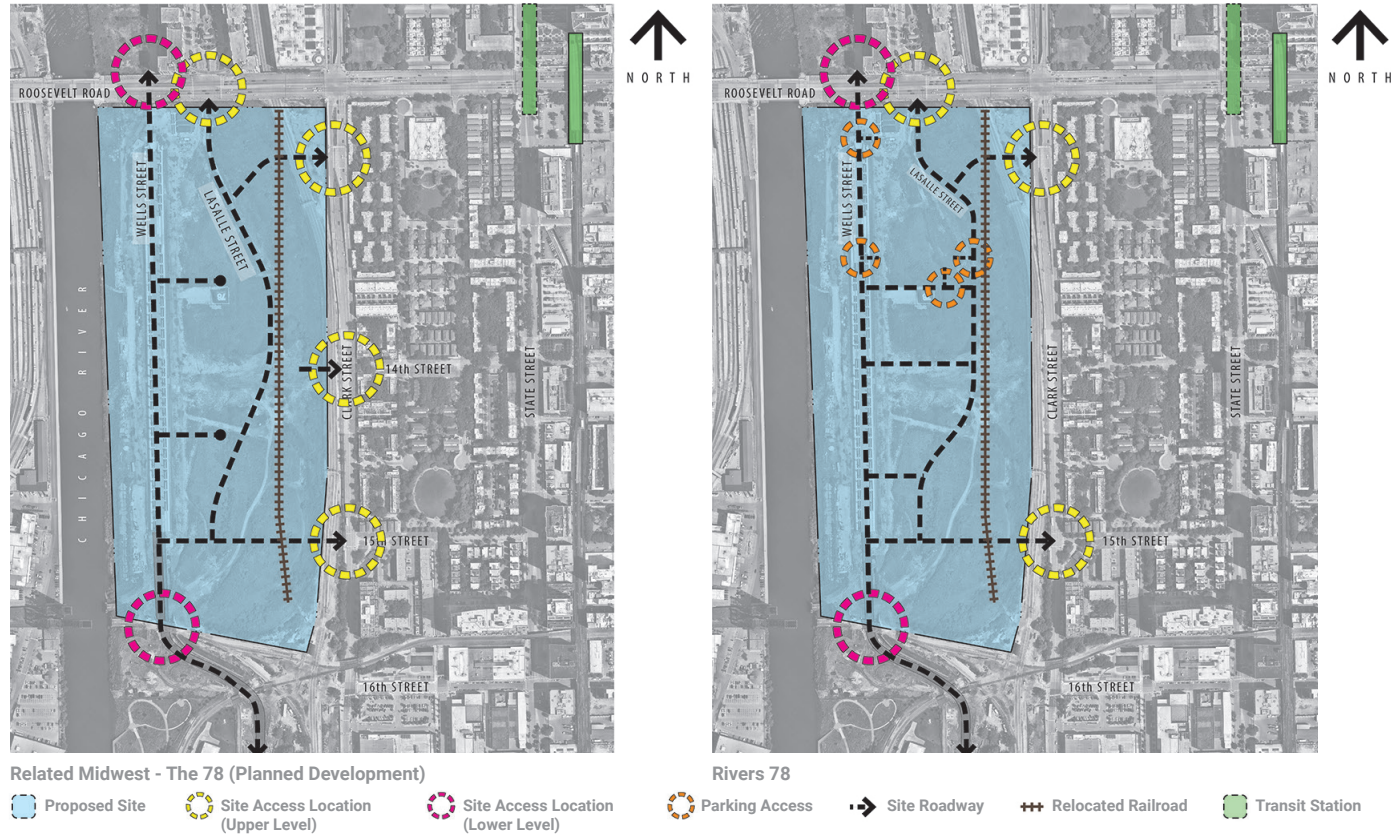


Figure 4

### Infrastructure Improvements

Key infrastructure improvements obligated by the PD include the Wells-Wentworth connection through the site (which is currently under construction and is expected to be completed in November 2022), construction of a street grid through the site, including an extension of LaSalle Street south of Roosevelt Road to a new extension of 15th Street from Clark Street to Wells Street. Additional infrastructure improvements called for as part of the approved PD for The 78 include relocating Metra railroad tracks through the site to enhance public access, improve urban form and traffic operations along Clark Street, and improve train operations. In future phases, the development plan also accommodates a proposed new CTA Red Line station at 15th Street/Clark Street.

### Access and Street Network

The 78 site plan calls for multiple points of access via the surrounding street system. The new Wells/Wentworth Connector runs north-south through the site, linking the development and casino to Chinatown and the Dan Ryan Expressway on the south and to the Loop and the Eisenhower Expressway on the north. On the north edge of the site, the proposed new LaSalle Street would intersect with the existing elevated Roosevelt Road which connects with the Dan Ryan/Kennedy Expressway to the west and DLSD to the east. The proposed new segment of 15th Street linking Clark Street and Wells Street would provide site access and help to distribute traffic across the site's new street grid. A separate new access point to Clark Street at 12th Place would also provide site access while establishing an alternative connection to the new southern extension of LaSalle Street. The proposed street network within the site generally matches the previously approved PD and adds to the approved plan's internal connectivity with proposed additional east-west connections between LaSalle Street and Wells Street.

### Traffic Activity Levels

The remainder of The 78's development plan is consistent with the previously approved PD with a residential district in the central portion of the site and an innovation district south of 15th Street. The northern one third of the site differs from the approved PD with the casino, accompanying entertainment uses, and an observation tower. **Table 7** summarizes a comparison of the peak hour traffic volumes associated with the previously approved PD and the proposed revised plan including the casino.

Based on a comparison of the approved PD and the proposed casino and accompanying entertainment/hospitality uses, the proposed development is expected to generate similar levels of traffic overall. The casino project is projected to generate 12% less traffic during the weekday AM peak hour, 6% more traffic during the weekday PM peak hour, and approximately 4% more traffic during the Friday evening casino peak hour. Although the development traffic is slightly higher on Friday evenings when casinos are busy, the ambient background traffic is lower at that time than during typical weekday evening peak hours. Background volumes are even lower on Saturday evenings when casinos also experience their peak activity levels.

### Pedestrian, Bicycle, and Transit Accessibility

Ease of public access is a feature of this site, with strong public transportation access by being near two CTA stations serving three lines (Red, Green, and Orange) and multiple nearby bus routes along Roosevelt Road, Clark Street, and State Street. The 78 Master Plan also accommodates a proposed new CTA station at 15th Street/Clark Street. Pedestrian connectivity through the site is addressed through proposed street and pedestrian-only connections between the site boundaries and the improved riverfront, enhancing riverfront access for the adjacent neighborhoods.

### Sustainability

Rivers 78 has indicated that it would commit to LEED certification as required under the Illinois Gambling Act. Rivers 78 has indicated that it intends to seek LEED gold or an equivalent certification.

### Temporary Facility

Rivers 78 has proposed a temporary facility using a riverboat at The 78 site. Rivers 78 has expressed its willingness to explore the potential for locating a temporary facility within a hotel or an alternate location.



Trip Generation Comparison (PD vs. Casino Plan)

Plan Scenario	WEEKDAY AM PEAK HOUR			WEEKDAY PM PEAK HOUR			FRIDAY EVENING CASINO PEAK HOUR <sup>1</sup>		
	In	Out	Total	In	Out	Total	In	Out	Total
PD	1,592	997	2,589	1,659	2,180	3,839	1,659	2,180	3,839
Development with Casino	1,613	667	2,280	1,672	2,387	4,059	1,617	2,366	3,983
<b>Comparison</b>			<b>-12%</b>			<b>+6%</b>			<b>+4%</b>

<sup>1</sup> The traffic study for PD did not analyze the Friday evening peak hour. For this comparison, it is assumed to be the same at the typical weekday evening peak hour. Similarly, for the casino scenario, the non-casino portion of the traffic projections reference the typical weekday evening peak hour for the same non-casino site uses

Table 7



# PROPOSAL 05 RIVERS MCCORMICK





## OVERVIEW

# RIVERS MCCORMICK

Rivers McCormick is a joint venture with Rush Street Gaming, LLC, Chicago Lakeside Casino, LLC (which includes Chicago Neighborhood Initiatives, Goodman, Helfand, McLaurin, Pavlik, and Stilp interests), and a group of minority investors as members. Rivers McCormick will be managed by Rush Street Gaming.

The Rivers McCormick proposal includes the development of a \$984 million casino project to renovate the Lakeside Center facility at McCormick Place. The proposal includes updates to the 4,200-seat Arie Crown Theater; direct covered access to McCormick Place; a lakefront setting with outdoor dining, entertainment, and other programming; including 12 restaurants and cafes, four bars and lounges and a food hall. The proposal envisions utilizing the existing 2,900 McCormick Place hotel rooms with the option to add 250 more new rooms. The bidder anticipates housing 2,600 slot machines and 190 table games on the casino floor. The bidder anticipates reserving all 4,000 gaming positions.



## ECONOMIC AND FINANCIAL BENEFITS TO THE CITY

### Upfront Payment to the City

Rivers McCormick has not proposed an upfront payment to the City.

### Projected Revenues

#### Projected Revenues

The City, along with its consultants, has projected gaming and non-gaming revenues, including gaming, property, hotel, restaurant, income, and sales taxes.

The proposed project is estimated to generate \$769 million in total annual adjusted gaming revenues by year six (year six of the permanent facility). Approximately \$653 million of the projected gaming revenues are estimated to come from local customers, which represents 85% of the total gaming revenue and activity. Tourist based activity is estimated to be \$115 million or approximately 15% of total gaming activity.

Rivers McCormick projected revenues in their original RFP submission to be \$606 million at stabilization, with a subsequent amended projected revenues of \$777 million, or a 28% increase from the original projection, driven by the strong performance seen at existing Rivers Casinos coming out of the pandemic. Rivers McCormick's final projection is 8.9% higher than Union Gaming's projections, largely driven by higher expectations of local gaming revenue.

For more information, see Exhibit I. The City is expected to generate \$160 million in annual taxes in year six of operations.

### Independence of Regional Casinos

The City only generates revenues on a Chicago casino. The City will want to be comfortable that the operator will work to maximize revenues in the Chicago casino. This dynamic is especially important for the Chicago casino since approximately 85% of gaming revenues are projected to come from local activity.

Rush Street Gaming currently operates the Rivers Casino Des Plaines located in Des Plaines, Illinois which is approximately 18 miles from the proposed site at Lakeside Center. Rush Street Gaming notes that based on proprietary information in their Rivers Des Plaines customer database, a minimal number of Des Plaines' customers come from within five miles of the McCormick facility. Rivers Des Plaines is 18 miles from the McCormick site and usually takes over an hour during rush hour. Rush Street Gaming would also share its brand and database with the Chicago casino.

The tax rates for Des Plaines and Chicago are provided in **Table 8**. The Chicago highest marginal tax rate is the same for slot machines for GGR above \$225 million and is 10% higher for table games for GGR above \$275 million. Union Gaming expects approximately 60% of the revenues to come from slot machines, 39% to come from table games, and 1% to come from sports betting. The City and Union Gaming do not believe that this marginal difference in tax rate is material and, consequently, there should be little tax incentive for Rivers to direct customers to the Des Plaines versus Chicago casinos. Further, the Chicago casino would be a much larger project than Rivers Casino Des Plaines.

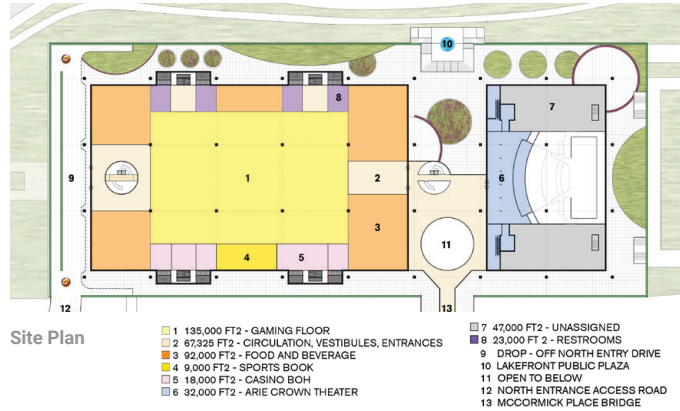
	DES PLAINES	CHICAGO	DIFFERENCE
<b>Slot Machines</b>	<ul style="list-style-type: none"> <li>50% tax rates on revenues above \$200 million</li> <li><b>Estimated revenues<sup>1</sup>:</b> \$282 million</li> </ul>	<ul style="list-style-type: none"> <li>50% marginal tax on revenues from \$225 - 1,000 million</li> <li><b>Estimated revenues<sup>2</sup>:</b> \$461 million</li> </ul>	<ul style="list-style-type: none"> <li>Chicago's highest marginal tax rates are the same as Des Plaines</li> </ul>
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NOTE: 1. Source: Calendar year 2021 actual revenues from the IGB. 2. Union Gaming projections for year 6 of casino operations.

Table 8



# PROPOSAL 05 RIVER'S MCCORMICK



### Time to Execution and Phasing

Rivers McCormick has asserted that it can be opened approximately one-year after it receives all necessary approvals. The City believes it would take a minimum of 12 months to secure most of the approvals discussed below, which still may be an aggressive timeline, which would imply a Q2 2024 or later opening. While the bidder has provided the above expectations for opening, MPEA has indicated that before any construction on Lakeside Center can begin, a new expansion building would need to be built to replace the convention space lost by MPEA at the Lakeside Center. The City estimates that this could add six years to the casino opening timeline which would set the opening to 2030. Rivers McCormick has proposed to address the timing consideration by using approximately 60,000 square feet of space in Hall E of the Lakeside Center to house the interim casino. MPEA has noted this interim proposal still presents the concern of contiguous space between a casino and exhibit patrons. See "Impact to MPEA" below for a further discussion.

This timeline assumes that various regulatory approvals can be accomplished relatively quickly. Any Chicago casino proposal will be required to secure City Council approval of the HCA and IGB approval of issuance of the casino license. Below are the material additional approvals that are currently expected for this project including, but not limited to:

- Amendment of the existing PD or creation of a new PD approved by City Council as described in the "Design, Planning, Amenities and Transportation Considerations" section
- Filing and approval of an LPO application as described in the "Design, Planning, Amenities and Transportation Considerations" section

- MPEA negotiation and approval of IDA and use of the land between MPEA and Rivers McCormick
- Possible State legislation to approve the use of MPEA land for private purposes under the MPEA Act

Because of the additional approvals involved the City believes this proposal involves a certain level of execution risk which could significantly delay the completion of the project.

The Rivers McCormick proposal is largely one phase, although it proposes an interim casino in Lakeside Center in a contiguous space with the Lakeside Center conventions while the permanent casino and replacement convention space are being built. As noted below under Temporary Facility, Rivers McCormick has expressed its willingness to explore the potential for a temporary facility in a hotel or an alternate location to avoid contiguous space with Lakeside Center conventions.

### Public Investment for Infrastructure

Rivers McCormick would commit to fund the infrastructure improvements needed to accommodate expected access demands and mitigate expected negative impacts. The "Transportation" section below outlines the proposed improvements and transportation plans that the City believes support this objective.

### Financial and Operational Wherewithal

#### Sources of Funds

Rivers McCormick anticipates financing the project with 67% debt and 33% equity. Rush Street Gaming would provide \$210 million of equity, the minority investors would contribute \$82 million, and Chicago Lakeside Casino, LLC, which represents the remainder of the ownership interest, would contribute \$37 million.

#### Contingencies and Guarantees

Rivers McCormick would secure a completion guarantee for its lenders and agrees to fund its equity upfront when the financing closes.

#### Company Financials

Rivers McCormick will be owned by Rush Street Gaming interests (63.75%) and Chicago Lakeside Casino, LLC (11.25%). In addition, undisclosed minority partners will own the remaining 25% of the project, including a wide range of large and small

investors, a number of whom have invested alongside the team in the past. Rivers McCormick has strong equity and financing options available to fully fund the casino portion of the project even if it experiences cost overruns or operational shortfalls.

### HCLs

Rivers McCormick has received an HCL from Goldman Sachs dated March 2, 2022, for up to \$670 million and a HCL from Wells Fargo dated February 28, 2022, for up to \$775 million, expressing confidence in Rivers McCormick's ability to raise \$670-775 million in debt financing for the project.

### Operational Experience

Rush Street Gaming has developed and operated six full-service casinos. It currently operates four casinos and is developing a new project now. It also has developed and operated internet gaming, myriad restaurants, multiple hotels, television production and more. Rush Street Gaming also has a proven track record of greenfield casino development, having developed each property it has ever operated. Six of the seven casinos developed were the first in their respective host cities and counties. From 2008 to 2011, Rush Street Gaming opened four casinos, going into and out of the great recession. Rush Street Gaming ownership has 50 years' worth of non-casino real estate experience, having developed, owned or operated over \$60 billion of real estate properties across most asset classes, including high-end, luxury hotels and retail.

Farpoint is a real estate development firm with 30-plus years of experience in developing Chicago commercial office projects,

including the redevelopment of the Michael Reese site for the BLPD project.

Chicago Neighborhood Initiatives ("CNI") was formed in 2010 to coordinate resources, economic development and neighborhood revitalization efforts in Chicagoland's low-to-moderate income neighborhoods. CNI seeks to revitalize neighborhoods and create jobs by developing high impact projects, providing financial resources to entrepreneurs and sustaining long-term community partnerships.

Founded by Zeb McLaurin in 1993, Chicago-based McLaurin Development Partners has shaped its portfolio around revitalization and redevelopment projects that have brought new opportunity and investment to communities on the City's South and West Sides. Farpoint, CNI, and McLaurin Development are all part of the Michael Reese development project.

With a focus on clean energy solutions and sustainable energy investment, David Pavlik and the team at 11 Million Acres bring decades of experience and a critical level of perspective and insight into Rivers McCormick.

### Impact to MPEA

The Rivers McCormick proposal cites the following factors as providing the greatest financial impact to MPEA, including the following:

BENEFIT	DETAILS	NPV
Deferred Maintenance	An estimated \$500M of repairs at Lakeside Center (plus \$311M of bond interest) would be covered by the casino bidder rather than taxpayers	\$500M
Early Opening	Rivers McCormick offers the quickest speed to market as it is the only bid not requiring constructing a new facility, generating hundreds of millions of dollars sooner than other proposals	\$367M
Occupancy Payment	Rivers McCormick proposes making a \$25M annual occupancy payment directly to MPEA	\$453M
Operating Loss Elimination	Reduces \$10M in MPEA's annual operating costs for Lakeside Center	\$234M
Hotel Operating Income	Create \$6.5M in annual incremental hotel operating income by utilizing existing MPEA-owned hotels instead of private hotel owners	\$144M
<b>TOTAL</b>		<b>\$1,698M</b>

Table 9



## PROPOSAL 05 RIVER'S MCCORMICK

The below section describes some considerations related to each of these asserted benefits.

- **Deferred Maintenance**

MPEA would need a discrete, cash-based stable revenue source to secure debt service on bonds to fund the new expansion building. The deferred maintenance value is only beneficial to MPEA if it helps to pay for the new expansion facility that MPEA would need to replace the lost exhibition space at Lakeside Center being occupied by the casino. MPEA does not currently have revenues set aside to cover the deferred maintenance needs for Lakeside Center. As a result, while there is financial value to MPEA for this avoided deferred maintenance being covered by the casino, this cost avoidance is largely a balance sheet benefit and does not have near-term cash value to MPEA. Because there is not near-term cash value, MPEA would still need to secure a revenue source to pay debt service on the bonds, even if it has realized a balance sheet value of the deferred maintenance. Also, MPEA has estimated the deferred maintenance at Lakeside Center to be \$400 million (versus \$500 million estimated in the Rivers McCormick proposal), which also includes approximately \$100 million of upgrades from the existing condition of the Lakeside Center.

- **Early Opening**

The survey of MPEA's convention clients which represent approximately 45% of MPEA's revenues was only supportive of a casino on campus if there were no disruption to their events, loss of space, or loss of infrastructure functionality. Lakeside Center has 253 events booked through 2034 (or 18 events/year) estimated to be worth \$14 billion of economic impact. The Lakeside Center has 50% occupancy. The industry standard for full occupancy is 70%.

Because of these existing bookings, before construction can begin on the Lakeside Center for a casino, MPEA would need to have expansion space built and negotiated relocation of convention bookings to that space. As a point of context, MPEA's West Hall was completed in six-years from design to construction completion. If this timeline were added to the casino construction timeline of one-year, that would set the casino opening at Q2 2029, rather than Q2 2024 as noted in the Rivers McCormick proposal. Time is of the essence, and the loss of three to four years to when most other proposals are projected to be complete would cost approximately \$600-800 million in revenues to the City and a similar amount to the State.

Lastly, this early opening would again not be cash flow to MPEA, except through incremental hotel tax revenues which is addressed later, and as a result would not provide a substantial financing source for the new expansion building. Additionally, the private use of the Lakeside Center may necessitate an expensive restructuring of outstanding bonds.

- **Occupancy Payment**

The City agrees with Rivers McCormick's assessment of the occupancy payment. In a rising interest rate environment a 4.5% cost of capital is a more likely planning assumption than 3% which would reduce the net present value to MPEA which would reduce the net present value of the \$25 million occupancy payment to \$395 million. This occupancy value represents cash value to MPEA that can help support the payment of bonds issued to fund construction of MPEA replacement space.

- **Operating Loss Elimination**

The operating loss at Lakeside Center was approximately \$6.7 million in 2019 (rather than \$10 million as estimated by Rivers McCormick). Regardless, the convention center business model excluding hotels operates at an operating loss in service of attracting conventions to Chicago and creating economic impact throughout the region. This operating loss in 2019 including reserve allocations was \$51 million for the whole convention center complex. MPEA offsets these operating losses through approximately \$54 million of net operating income including reserve allocations. The elimination of the operating loss at Lakeside would be mostly replaced by the operating loss at the new replacement convention center expansion. A new expansion building may present efficiencies, although the magnitude is likely small and is estimated at \$1-2 million or a net present value of \$32 million. Expenditures, labor and commodities as a percentage of revenues, respectively, tend to be approximately the same across all divisions at MPEA.

- **Hotel Operating Income**

The City agrees that a casino is likely to increase occupancy at the hotels adjacent to MPEA where MPEA generates direct revenues. MPEA estimates increased occupancy could generate an additional \$2-3 million in annual net revenues, versus the \$6.5 million in the Rivers McCormick proposal.

	WEST BUILDING	BRIDGE AND NORTH BUILDING (2020 ESTIMATES)	ORANGE COUNTY CONVENTION CENTER (2018 ESTIMATES) (ORLANDO, FL)
Square Footage	711,000 (470,000 exhibit space, 104,000 ballroom, 137,000 meeting space)	Bridge Building: 325,000 (300K exhibit space, 25,000 meeting space) North Building: 65,000 (meeting space) Total: 390,000	260,000 (200,000 exhibit space, 60,000 meeting space, 80,000 ballroom)
Cost	\$900 million (6 years)	Bridge Building: \$490 million North Building: \$134 million Total: \$624 million	\$605 million

Table 10

### New Expansion Building Economics

In this proposal, the construction of a new expansion building is necessary to minimize disruption to those conventions that are already booked within Lakeside Center. The current expansion proposal by Rivers McCormick is to build the Bridge and North Building expansion previously proposed by MPEA which would cost \$624 million in 2020 dollars. This expansion proposal has been amended from the previous proposal in the RFP, which would have created a new expansion building to be located at the Marshalling Yards estimated to cost approximately \$900 million to \$1.5 billion.

As noted in **Table 10**, MPEA's West Building, which opened in 2007, cost approximately \$900 million to build and consists of 711,000 square feet. The contemplated Bridge and North buildings would have built 51% of the exhibition space of Lakeside Center and cost \$624 million. By reference, Orange County Convention Center was expected to build exhibition space of 47% of the size of the proposed addition to the Lakeside Center at an estimated cost of \$605 million.

**Table 11** below provides estimates related to the cost of a new bridge building based on \$900 million estimate. As noted earlier, \$624 million was a 2020 estimate and does not take into account cost inflation. Further, the Bridge and North

	ANNUAL DEBT SERVICE	ANNUAL REVENUES	ANNUAL DEFICIENCY
Pre-2034	\$42M	\$27M	(\$15M)
Post 2034	\$75M	\$27M	(\$48M)
Net Present Value	\$900M	\$427M	(\$473M)

Table 11

building proposal only provide approximately half of the usable convention space at MPEA that Lakeside Center currently provides. Further, the original proposal for the Bridge and North building contemplated that several components of Lakeside Center would still be available for convention use. For example, the Arie Crown theater would still be available for convention opening assemblies. Although Rivers McCormick has indicated that it could be flexible to MPEA to either open or close the pedestrian bridge as necessary, the opening of the bridge could cause the concern around contiguous space between convention and casino uses that have been noted elsewhere in this report.

Annual debt service on a \$900 million MPEA financing at a 4.50% cost of capital would be approximately \$42 million until 2034. After 2034, when MPEA's existing annual debt service levels off and allows for principal amortization, this debt service would jump to \$75 million.

The total value of the above-described benefits from the occupancy lease payment and the incremental hotel tax revenues (representing cash value to MPEA to pay debt service) is approximately \$27 million a year or \$427 million in net present value.



## PROPOSAL 05 RIVER'S MCCORMICK

This creates significant annual revenue deficiencies to MPEA as noted in **Table 11**. Any MPEA revenue deficiency to cover debt service is guaranteed by the State of Illinois through sales tax revenues.

In short, \$427 million of net present value benefit does not outweigh \$900 million of cost of an expansion facility.

Lastly, Rivers McCormick proposes to use the entire Lakeside Center. If replacement space is not provided at an equivalent amount to the space lost to the casino, MPEA risks losing its position as the largest convention center in North America. Several of the largest MPEA conventions utilize the entire MPEA campus (including Lakeside Center). The design of the new expansion building should match the lost space at Lakeside Center, which includes 583,000 square feet of exhibition space, a 44,754 square foot ballroom, 94,829 square feet of meeting space, a 2,000-car parking garage, and a 30,000 square foot kitchen.

### **Operational Considerations**

MPEA has noted that contiguous space between the casino and conventions could cause potential disruption to its convention business. There are increased concerns if a casino is physically connected to the convention center. In particular, it is expected that there would be increased need (and costs) to address security, disruption, and distraction concerns for attendees. The Rivers McCormick proposal includes an interim casino which would operate contiguous and simultaneous with the Lakeside Center conventions and would also maintain the existing pedestrian bridge which connects Lakeside Center to the rest of the MPEA campus. Rivers McCormick has indicated a willingness to consider other temporary casino sites and has agreed to allow the MPEA to control access to the casino during conventions that request it to eliminate the challenges of having contiguous space between casinos and conventions poses.

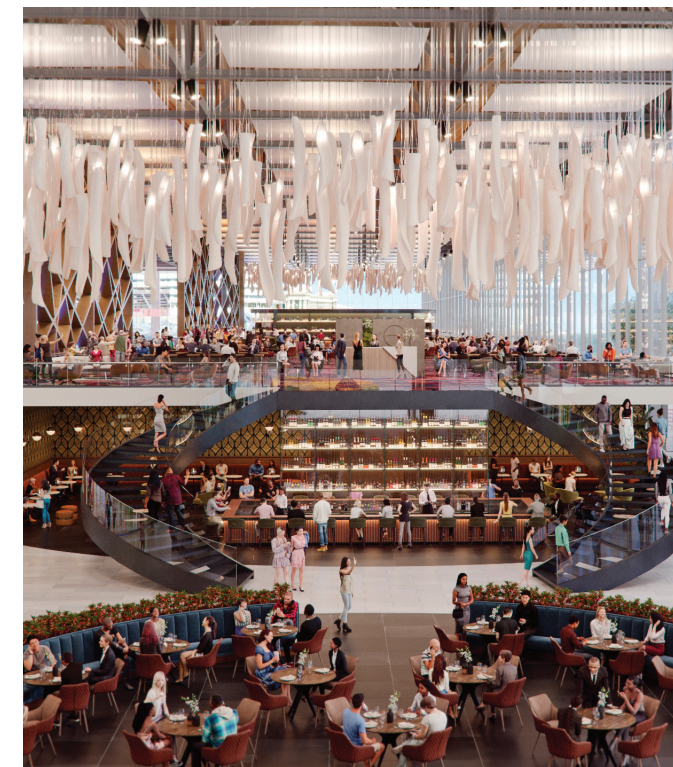


## JOB CREATION

The bidder has projected that the project will add 5,000 construction and permanent casino jobs in aggregate. Rush Street Gaming focuses on promoting from within and will offer higher wage opportunities to internal team members before seeking external candidates. Additionally, Rush Street Gaming has established training programs, tuition reimbursement, and regular feedback and coaching for its employees.

Rush Street Gaming works with local employment agencies and non-profit groups to hire and train employees. Rush Street Gaming properties offer full training programs lasting several weeks (depending on the position) for dealers and other positions, which usually end with a full-time job.

Rush Street Gaming intends to work with CCC on recruiting and a hospitality curriculum, as it has done with colleges in other markets.



## EQUITY

Rivers McCormick would commit to exceed the City's goals of 25% minority ownership, 26% contracting from MBE vendors and 6% contracting from WBE vendors for construction of the project, and 50% hiring of Chicago residents. Rivers McCormick proposal includes minority and women ownership within the development entity

### **Minority Ownership**

The Rivers McCormick proposal currently has secured non-binding interest from over 100 minority investors. Rivers McCormick has proposed a JV structure for minority ownership with the owners being Rush Street Gaming, Chicago Lakeside Casino, LLC, and the diverse group of minority investors. Additionally, one out of five seats on the bidder's Board will be a representative of the minority owners. The minorities equity investment will be on pari-passu terms with Rush Street Gaming and Chicago Lakeside Casino, LLC.

### **Minority Construction**

Further, Rivers would commit to exceed the RFP's MBE and WBE goals on construction by 4% and 4%, respectively, agreeing to a 30% goal on construction completed by minority owned construction companies and a 10% goal on construction completed by woman owned construction companies.

### **Minority Hiring**

By way of example, at Rivers Des Plaines, 61% of its employees are minority persons and 44% are women; at Rivers Pittsburgh, 31% of its employees are minority persons and 37% are women; at Rivers Philadelphia, 59% of its employees are minority persons and 43% are women; and at Rivers Schenectady 42% of its employees are minority persons and 42% are women.

### **Vendor Spend**

Rush Street Gaming would commit to spending a combined goal of at least \$10 million annually from MBE/WBE/DBE/VBE vendors with an emphasis on City-based businesses.





## DESIGN, PLANNING, AMENITIES AND TRANSPORTATION CONSIDERATIONS

### Design and Planning

Rivers McCormick has proposed to adaptively reuse and rehabilitate the 50-year-old McCormick Convention Center's Lakeside Center into a new casino. This building is owned by MPEA and is regularly used for conventions and other events throughout the year. To provide temporary and permanent replacement of the 583,000 square feet of exhibition space that would be lost by converting the Lakeside Center into a casino, the team has conceptually proposed additional exhibition space as discussed under "Impact to MPEA" in this bidder's section. The feasibility of this latest expansion space proposal has yet to be confirmed, and Rivers McCormick does not have site control of those parcels.

#### Site Planning and Activation

The Rivers McCormick proposed site plan utilizes existing vehicular access points from DLSD and provides a new pedestrian and bicycle connection to the casino from the Lakefront Trail. The facility would be revitalized by replacing the glazing and the mechanical systems and by repainting the exposed exterior structural systems. Restaurants are proposed next to the casino and would use the outdoor covered plaza space overlooking the lakefront as outdoor dining. No new hotel facility or other structure is proposed as part of this casino facility. Existing hotels in the neighborhood would be utilized or developed in the future. A significant portion of the first two levels of the building would be used for indoor parking, and the existing surface parking lot north of the Lakeside Center would be re-built and re-landscaped as a new surface parking lot.

#### Publicly Accessible Realm

The Rivers McCormick proposal would provide pedestrian access to revitalize outdoor plaza space of Lakeside East Pavilion from a new grand staircase to the Lakefront Trail. These plaza areas, located under the existing roof overhang, would be used for outdoor gatherings and seating. The pedestrian access from the west side of the casino would be through the McCormick Convention Center. A new water taxi stop would be provided.

#### Amenities

The Rivers McCormick site will include the use of the existing 4,200-seat, 32,000-square-foot Arie Crown Theater, which will continue to accommodate events, shows, performances and concerts. The proposal includes non-gaming amenities, such as a water taxi and tour boat stop to connect to City attractions and nearby harbors at Monroe and Burnham. Within the casino, the site will include a food hall; restaurants; lounges and bars; a sportsbook/bar; pop-up gallery spaces for seasonal retail; and outdoor seating at level three.

#### PD and Process Considerations

The subject site is proposed within the boundaries of PD #331, and falls within the area of the PD defined as sub-area 4C with connectivity to the lakefront that is required to remain open and publicly accessible pursuant to the requirements contained in sub area 4D. The overall PD was previously approved with a FAR of 2.0 spread across its entirety and has a wide range of different land-uses; however, the current allowances within the PD for sub-area 4C are more restrictive. The proposed development in this sub-area seeks to adaptively re-use an existing building. The current assigned and permitted FAR for sub-area 4C is 2.9 and would remain unchanged as a result of this proposal. Additionally, the allowed uses in this sub-area were limited to those related to accessory type uses customarily found in conjunction with convention and or meeting hall type land uses.

In order to locate the proposed casino at this site, the PD would need to be amended to expand the allowable uses for sub-area 4C. During the amendment process, the additional connectivity requirements, currently called for within the PD, would need to be clarified and re-enforced.

In order for the applicant to amend this PD, consent of the current property owner and/or control of the property would be required to file an application with the City Clerk.

In addition to the PD amendment procedure, the subject proposal, like all of the proposals, would require a zoning text amendment to define "casino" as a use within the Municipal Code.

Lastly, the subject site falls within the public use zone of the Lake Michigan and Chicago LPO and will be subject to review and approval by the Plan Commission. A proposal to construct on the subject site would require the applicant to file an LPO application in conjunction with the PD amendment.

The LPO approval process involves an analysis of the project's compliance with the LPO's policies and purposes and could raise questions about private development in the public use zone. The City understands that Rivers McCormick does not agree with the City's views in this regard.

#### Site Ownership and Control

Rivers McCormick does not have site control. MPEA is the owner of the Lakeside Center. The Chicago Park District owns the underlying land and leases it to MPEA for the convention center pursuant to the Park District Exposition Authority Lease Act (70 ILCS 1560/). There are a number of issues with the site. First, this is formerly submerged land and is subject to the public trust doctrine. Despite the fact that the proposal would not reduce land devoted to parkland, it is possible that park advocates or casino opponents would challenge the proposed use of the Lakeside Center for a casino in court as a violation of the public trust doctrine. If challenged, the plaintiffs may argue that the casino does not primarily benefit the public and that MPEA or Park District (depending on how the deal is structured) does not maintain sufficient control of the site under a long-term lease or use agreement. Although legitimate arguments can be made that this proposal would not violate the public trust doctrine, any such litigation could result in substantial delays even if it were ultimately defended successfully.

As noted above with respect to the Marshalling Yards site, state legislation may be necessary for any site within MPEA's boundary due to existing limits on MPEA under state law. But due to the location of the Lakeside Center on public trust land, there is a separate need for state legislative approval of a casino use. This could be accomplished through an amendment to the MPEA Act expressly permitting a casino in the Lakeside Center and finding that a casino would provide public benefits, as well as permitting MPEA to enter into a lease with the casino operator without conducting its own competitive process. The City understands that Rivers McCormick may not agree with the City's views in this regard.



### Transportation

The adaptive re-use of the McCormick Place Lakeside Center as a casino and entertainment venue largely relies upon its current transportation access. The plan leverages existing parking beneath the facility that has historically served conventions at McCormick Place and shows at Arie Crown Theater. The main difference from a transportation perspective would be to establish a primary north-facing arrival terrace and motor court with vehicular access to and from Museum Campus Drive east of the DLSD interchange at 18th Drive. Additional vehicular access to help distribute arrival and departure traffic loads will be available to/from the south at 31st Street/DLSD via the existing Fort Dearborn Drive. Motorists would access the Lakeside Center from the regional expressway network via the SLSD interchange with the Stevenson Expressway, located between 18th Drive and 31st Street..

#### Infrastructure Improvements

The Rivers McCormick plan at Lakeside Center largely re-uses the existing facility, which has historically accommodated large conventions and events. As such, much of the infrastructure needed to serve the proposed casino and entertainment uses is already in place. The primary transportation infrastructure improvement proposed is an access roadway through the Soldier Field South Parking Lot from Museum Campus Drive to the new arrival court on the north side of the center.



## PROPOSAL 05 RIVER'S MCCORMICK



Figure 5

### Access and Street Network

Site access to the proposed casino at Lakeside Center expands on the current access with a key difference. A new arrival court on the north side is planned to accommodate valet service, customer drop-off/pick-up activity, and other curbside loading. Coupled with this new arrival court is a new access route that would traverse the existing Soldier Field South Parking Lot before rising up to the arrival court level. The south end of the Lakeside Center is planned to remain as existing, leading traffic from 31st Street to parking below the Lakeside Center or along the west side of the building using an enhanced access road and a new arrival court that serves both casino and existing Arie Crown theater patrons.

### Traffic Activity Levels

The Lakeside Center is somewhat isolated from convenient public transportation options, which would likely be of greatest use by employees commuting to/from the casino. Given its location, most guests would be expected to drive or ride in a taxi or a Transportation Network Company (“TNC”) such as Uber or Lyft. Background traffic volumes at the DLSD/18th Drive interchange are relatively light during typical weekday peak hours unless special events are planned at Soldier Field and other Museum Campus destinations. The southern access to the site via the existing DLSD/31st Street interchange provides an alternative access point to 18th Drive during special events and helps to distribute the traffic load at other times.

### Pedestrian, Bicycle, and Transit Accessibility

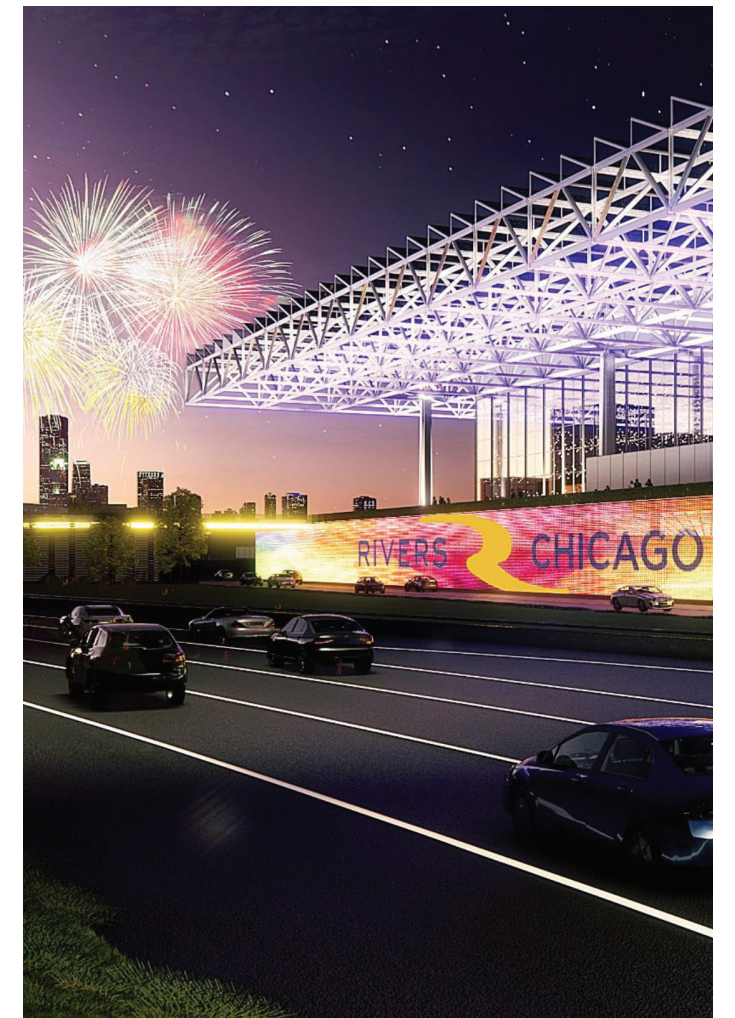
Lakeside Center is highly accessible for pedestrians and cyclists along the Lakefront Trail. However, the pedestrian access path of greatest potential demand would be through McCormick Place from the west across DLSD. This access path connects the facility to nearby CTA bus transit service along King Drive, Cermak Road, and Michigan Avenue, as well as the CTA Green Line station at Cermak/McCormick Place and the Metra Electric District Station inside the McCormick Place South Building. However, MPEA has expressed concerns about providing a direct link between convention facilities and a casino. If the pedestrian bridge connection across DLSD to Lakeside Center is closed, whether permanently or at select times coinciding with active conventions, the most direct pedestrian route linking the site to transit, parking, and other uses west of DLSD would not be available and thereby greatly limit the use of transit as an access option. Alternative but less convenient transit connectivity to the Lakeside Center is available by way of walking to/from 18th Street where there is another Metra Electric District station and intersecting CTA bus service at Michigan/18th.

### Sustainability

Rivers McCormick has indicated that it would commit to LEED certification as required under the Illinois Gambling Act. Rivers McCormick has explained that LEED gold certification would require partnership with MPEA to activate portions of the building beyond Rivers McCormick’s footprint. Rivers McCormick has indicated that it is committed to taking all reasonable measures under its control to achieve LEED gold certification.

### Temporary Facility

Rivers McCormick has proposed an interim casino in the Lakeside East Building in a portion of Exhibit Hall E. MPEA has raised concerns about the casino operating in contiguous space with the convention center. Rivers McCormick has expressed its willingness to explore the potential for locating a temporary casino facility within a hotel or an alternate location.





**EXHIBIT**

# UNION GAMING REPORT



# Chicago Casino RFP

## Gaming Review

March 2022

Introduction	3
Bally's McCormick	14
Bally's Tribune	15
Hard Rock	16
Rivers McCormick	17
Rivers 78 (with hotel and observation tower)	18
Rivers 78 (without hotel and observation tower)	19
Airport analysis	20
Statement of Limiting Conditions	21

Private & Confidential  
Union Gaming Analytics



## Introduction

Herein, we review the five Chicago casino proposals. As part of our analyses, we have modeled anticipated revenue generation, both gaming and non-gaming, as detailed in the methodology section below. We also highlight certain factors, like the benefits of on-property hotel rooms with respect to increased gaming revenue generation. We also highlight certain risk factors that could arise during operation phases, such as operators who already have existing gaming supply in the Chicagoland market, tax rate differentials between Chicago and existing properties, and profit margin performance post-COVID.

## Notes on methodology

In forecasting gaming revenues for each of the five proposals, we utilized three distinct approaches:

- Locals gaming revenue – driven by our proprietary gravity model, which is an industry standard methodology for estimating gaming revenue from persons living within close proximity to a casino
- On-Property Tourist/Non-Local gaming revenue – this segment represents persons, generally tourists, who are staying overnight in an on-property hotel room (for those applicants that are developing hotel rooms; these revenues are modeled based on the number of hotel rooms on property and expected gaming spend per occupied room)
- Off-Property Tourist/Non-Local gaming revenue – this segment represents persons, generally tourists, who visit the casino but are staying elsewhere; these revenues are modeled based in part on the number of hotel rooms in the vicinity, as well as expected capture rates and spending levels
- With respect to all of the above, our models are driven from an independent point-of-view, namely that the model assumes total independence of operations (i.e. that the operator does not take cannibalization of its own nearby properties into account when operating a casino in Chicago)
- Our financial forecasts presented herein are led by our estimates of AGR for each property; our non-gaming revenue forecasts are then modeled using ratios relative to AGR based on what we believe a Chicago casino could handily generate; AGR after reaching stabilization (Year 3 of permanent facility) is grown at 2.5% across all applicants
- With respect to EBITDAM, the figures depicted herein are illustrative and simply follow the performance levels forecasted by the applicants themselves; we note that the Bally’s McCormick and Bally’s Tribune applications showed EBITDAM margins of 31% and 32%, respectively relative to the low-to-mid 20% margin profiles of the remaining proposals

## Generating the most revenues for the City of Chicago

From an operational standpoint, a casino that has a higher revenue potential and has the most aggressive management team (and likely the most economic benefits such as employment) should be strongly considered. Of the five proposals, it is important to consider that three have a casino in very close proximity to Chicago that will compete with a Chicago casino for patrons. While certain factors exist that suggest these three proposals with casinos near Chicago might generally operate their Chicago casino independently of any sister property in close proximity, the potential for conflict – leading to lower revenue – will always exist if the same operator has two casinos that have overlap in their respective customer bases. Only the two Bally’s proposals are conflict-free with respect to the Chicagoland gaming market.

Further, our analysis concludes that a higher number of on-property hotel rooms will be the most beneficial with respect to generating revenues from tourists. Proposals that have either no wholly-owned and integrated hotel, or a limited number of hotel rooms, should be urged to consider the development of 300 to 500 rooms in order to maximize tourism-driven revenue. Without a large block of on-property hotel rooms, tourist-driven revenue will be lower than if the casino primarily relies on third-party hotels.

Finally, it is important to consider that even though we believe there is no substitute for on-property hotel rooms, other hoteliers in Chicago should benefit from the development of a Chicago casino as we anticipate a significant amount of gaming revenue to be generated by persons staying at third-party hotels.

## Establishing baseline assumptions

We have been tasked with establishing financial projections for each of the proposals. To do this, we employed multiple analyses, including a Chicagoland gravity model for the purpose of forecasting local-driven revenue, a hotel-driven model for forecasting revenues generated from on-property hotel guests (where applicable), and a tourist-driven model for forecasting revenues generated from general tourism or customers staying at 3<sup>rd</sup> party hotels elsewhere. Based on a composite of various metropolitan/urban casinos we then forecasted gaming revenue splits between slots, tables, and sports betting.

With respect to gaming revenue mix, the following table highlights that slot machine revenues at metropolitan/urban casinos have accounted for 59% of total gaming revenue (with tables representing all or nearly all of the balance of 41%). With Chicago having a significant destination appeal, we have assumed a slot revenue mix of 60% for Chicago (with tables at 39% and sports betting at 1%).

**Figure 1 – Slot revenue mix at metropolitan/urban casinos**

	Rivers Des Plaines	Horseshoe Baltimore	MGM National Harbor	Encore Boston	Rivers Philadelphia	Select Properties
Slot GGR (\$mm)	282.3	141.7	449.0	353.6	124.5	1,351.1
Total GGR	458.2	209.4	770.7	634.4	234.4	2,307.1
<b>Slot %</b>	<b>62%</b>	<b>68%</b>	<b>58%</b>	<b>56%</b>	<b>53%</b>	<b>59%</b>

Source: Various gaming regulatory bodies



### AGR forecast summary, by component

We have forecasted Adjusted Gross Receipts (“AGR”) for each proposal by three primary sources of revenue: 1) locals, 2) tourists/non-locals visiting the casino and staying at the on-property hotel (where applicable), and 3) tourists/non-locals visiting the casino and staying elsewhere.

Our AGR forecasts, by proposal and by customer segment, are highlighted in the following table. Our forecasts span a range of \$668.6 million (Rivers 78 if no hotel or observation tower is developed) to \$816.1 million (Bally’s Tribune). Our forecasts represent AGR upon reaching stabilization of the respective permanent facilities (Year 3 of operations).

**Figure 2 – Union Gaming AGR forecast, by proposal, by customer segment (\$mm)**

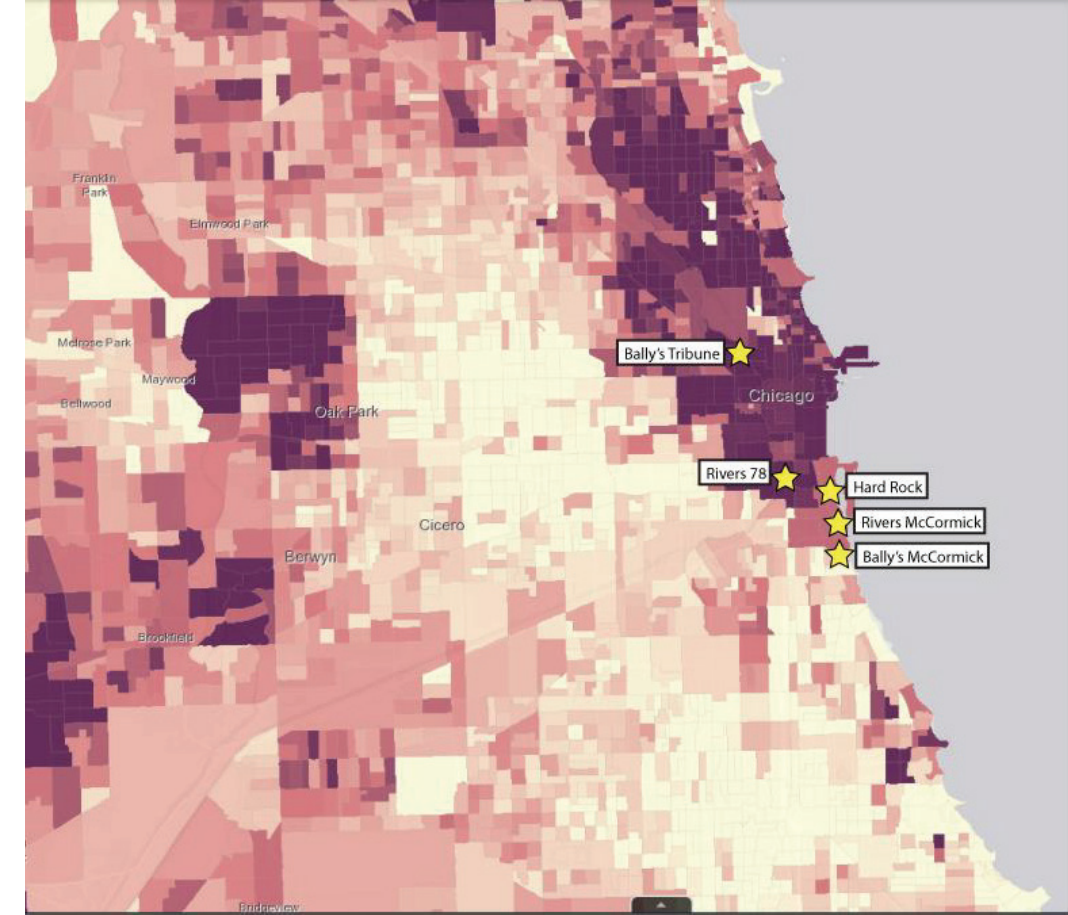
Proposal/Phase	Locals driven	Hotel/Tourist -driven (on-property)	Hotel/Tourist -driven (off-property)	Hotel/Tourist Subtotal	Total AGR
Bally’s McCormick Phase 1	560.7	38.1	82.5	120.6	681.3
Bally’s McCormick Phase 2	604.2	106.4	82.5	188.9	793.1
Bally’s Tribune	636.7	106.4	73.0	179.4	816.1
Hard Rock	607.5	106.4	91.6	198.0	805.5
Rivers McCormick	604.9	29.9	79.0	108.9	713.8
Rivers 78 (with hotel & obv. tower)	614.4	71.9	64.7	136.7	751.1
Rivers 78 (w/o hotel & obv. tower)	614.4	0	54.2	54.2	668.6

Source: Union Gaming

### Further notes on the locals gaming revenue forecast

Noted above, we employed a gravity model to forecast gaming revenue expenditures from persons living in the marketplace. This quantitative model takes many factors into account, including how far a casino might be able to draw customers based on drive-times (our model uses an average of drive-times across multiple day and week parts), the number of persons residing within a defined drive-time, and the income characteristics of the persons residing with a defined drive-time. While there are other factors that drive a gravity model, the preceding characteristics (namely people, incomes, and their drive-time to a casino) form the bedrock of the model. With that in mind, it is important to highlight the relative geography of the five potential casino sites relative to people and incomes. We gauge the Bally’s Tribune project as having the most potential from a locals-oriented AGR perspective. While other casino sites potentially might be able to cast a slightly wider net based on drive-times (particularly being able to access more patrons the south), the Bally’s Tribune site has more convenient access to a wealthier demographic that lives within close proximity. It should also be noted that while other casino sites potentially have a greater ability to reach customers in the southern suburbs these customers already have multiple casino options available to them in closer proximity than Chicago (northwest Indiana as well as the upcoming new casino in Homewood) that these persons are more likely to patronize. In the heat map below, the darker areas denote a higher household income while lighter areas denote lower household incomes.

**Figure 3 – Household Income Heat Map, Chicago area**



Source: ESRI/ArcGIS, Union Gaming



### Quantifying lower revenue due to a sub-optimal number of on-property hotel rooms

Our hotel-driven AGR forecasts span a range of \$0 (Rivers 78 if no hotel is built to \$106.4 million (Bally’s Tribune, Bally’s McCormick Phase 2, and Hard Rock with 500 wholly-owned and integrated hotel rooms each). Our forecasts, on an annual AGR per room basis, are within a range of ~\$99,600 to \$381,200. The variance is driven primarily by the number of rooms, as well as whether or not the hotel is wholly-owned and integrated with the casino. For example, a smaller hotel tower will cause the casino operator to only allocate rooms to its highest caliber customers (making it very much VIP-centric), while a larger hotel tower will allow a casino operator to allocate rooms to more than just its highest caliber customers. As such, the value of any given hotel room in a smaller hotel tower should be greater than any given room in a larger hotel tower. Our on-property hotel-driven gaming revenue forecasts are highlighted in the table below.

Although our forecasted annual AGR per room is notably higher than what has been generated by the addition of on-property hotel rooms at regional casinos (typically sub \$100,000 in AGR per room), generic regional casinos are not an appropriate comparable for Chicago. Our higher per room AGR is driven by a confluence of factors, including 1) Chicago is a world-class city that attracts significant visitation, including material international visitation, 2) the casino developments being proposed are also world-class facilities – with hotel facilities of a much higher quality than what would be found at a regional casino, 3) the appeal factor of the above suggests a higher-caliber customer should be attracted to the property and marketed to by the property (drawing VIP customers that otherwise wouldn’t have an interest in gaming in Chicago).

**Figure 4 – On-property hotel driven AGR forecast, by applicant**

Proposal/Phase	Number of hotel rooms	Hotel-driven AGR (\$mm)	AGR per room
Bally’s McCormick Phase 1	100	38.1	381,200
Bally’s McCormick Phase 2	500	106.4	212,800
Bally’s Tribune	500	106.4	212,800
Hard Rock	500	106.4	212,800
Rivers McCormick*	300	29.9	99,600
Rivers 78 (with hotel & obv. tower)	300	71.9	239,800
Rivers 78 (w/o hotel & obv. tower)	0	0	0

Source: Union Gaming

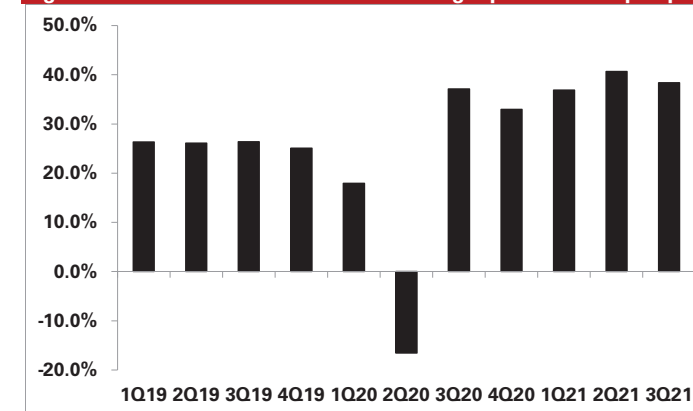
\* assumes Rivers Chicago at McCormick has “blocked” 300 rooms on a nightly basis from hotel(s) in close proximity

### Significant profit margin improvement at regional casinos

As casino operators reassessed their operations following reopening / the lifting of COVID-related lockdowns, there has been a significant increase in EBITDA margins across virtually all regional casino operators. Based on a basket of six publicly traded commercial gaming operators spanning destination and local-centric markets, the average increase in EBITDA margin in 2021 relative to 2019 was 1,270 basis points (12.7 percentage points). There are several drivers of the improved margin performance: 1) a right-sized marketing effort (e.g. lower marketing dollars directed towards lower-value customers); 2) a right-sized labor force; 3) and eliminating unprofitable amenities like buffets. We believe there is a large degree of permanence to margin improvements. Please refer to the below figure for pre/post-COVID comparisons. With respect to the five applicants, EBITDAM margins as forecast by the bidders themselves span a range of 22% to 32%. We note that Bally’s McCormick and Bally’s Tribune are at the high end of the range, at 31% and 32%, respectively (steady-state at full build-out). These EBITDAM margin profiles do represent a premium to the other bidders, although are broadly in line with post-COVID trends as highlighted in the following figure.

Generally speaking, greater EBITDA generation allows for elevated initial project scope. Similarly, greater EBITDA generation also allows for greater reinvestment opportunities over time.

**Figure 5 – Commercial casino EBITDA margin performance pre/post COVID**



Source: Union Gaming, company data

### Thoughts on repatriation of gaming revenue from Indiana

With respect to repatriation of gaming revenue currently flowing to Indiana on the part of Illinois residents, we believe the introduction of new gaming supply in Chicagoland will have a significant impact. While the amount of AGR repatriated from Indiana will, of course, vary based on where in Chicago a casino is located, we estimate total repatriation from Indiana of approximately \$331 million when contemplating all new gaming supply in Chicagoland. Of this \$331 million, approximately \$190 million of the repatriation will be driven by the Chicago casino. The balance will be driven by other new gaming facilities at Hawthorne Race Course and in the south suburbs.



### Dynamics that could lead to a lower outcome for Hard Rock

Hard Rock’s gaming revenue forecast as part of its application is higher than our forecast. Hard Rock also has a potential conflict with respect to marginal tax rates. Namely, Hard Rock would have an incentive to send slot players to Northern Indiana, but to send table players to Chicago. While Indiana has a graduated tax schedule, it does not differentiate revenue types (all gaming revenues are taxed equally). Based on Hard Rock Northern Indiana’s expected revenue generation, both before and after a Chicago casino opens, its marginal tax rate on slots and tables should be ~38% (comprised of a 35% statutory rate + a 3% supplemental tax). With this in mind, we estimate that in Chicago, Hard Rock would face a 50% marginal tax rate on slots (providing an incentive to send slot players to Indiana) and a 28% to 30% tax rate on table games (providing an incentive to send table players to Chicago). For reference slot AGR up to \$75 million in Chicago would be taxed at 37.5%, which is broadly in line with the top marginal rate of 38% in Indiana (when including Indiana’s supplemental gaming tax). As such, slot AGR in excess of \$75 million at a Chicago casino would enjoy a tax benefit in Indiana. Our Year 6 slot AGR estimate for Hard Rock is \$483 million. This suggests that there is \$408 million of potentially “at risk” slots AGR. However, it is important to point out that the decision on where to gamble is ultimately in the hands of the customer and a casino can only do so much to influence the customer’s decision. Marketing dollars would be a clear way to guide a customer towards one property over another, although this could have a self-defeating result should marketing spend outpace whatever tax savings might be gained.

**Figure 6 – Gaming tax rate schedules, Indiana vs. Chicago**

Indiana Tax Schedule		Chicago Tax Schedule	
<b>Wagering Tax</b>		<b>Slots and Other</b>	
Up To	Rate	Up To	Rate
\$25,000,000	15.0%	\$25,000,000	22.5%
\$50,000,000	20.0%	\$50,000,000	30.0%
\$75,000,000	25.0%	\$75,000,000	37.5%
\$150,000,000	30.0%	\$100,000,000	40.0%
\$600,000,000	35.0%	\$150,000,000	42.5%
		\$225,000,000	45.0%
		\$1,000,000,000	50.0%
<b>Supplemental</b>			
Up To	3.50%	\$1,000,000,000 +	74.7%
		<b>Tables</b>	
		Up To	Rate
		\$25,000,000	15.0%
		\$75,000,000	20.0%
		\$175,000,000	21.0%
		\$225,000,000	25.0%
		\$275,000,000	28.0%
		\$375,000,000	30.0%
		\$375,000,000 +	35.0%

Source: Illinois Gaming Board, Indiana Gaming Commission

### Dynamics that could lead to a lower outcome for Rivers McCormick and Rivers 78

Both Rivers McCormick and Rivers 78 revised (updated) gaming revenue forecasts are higher than our forecasts. Rivers also has a potential conflict with respect to marginal tax rates. Namely, Rivers would have an incentive to send table players to Rivers Des Plaines. It is important to highlight that we do not believe gaming tax rates on slots will have a material impact on management attempting to direct customers to Rivers Des Plaines rather than Rivers McCormick or Rivers 78. With respect to marginal slot tax rates, both Rivers Des Plaines and either of Rivers McCormick / Rivers 78 would generate enough slot revenue so that the marginal rate paid would be 50% at either property. However, and depending on the level of table revenue generated in Chicago, Rivers McCormick / Rivers 78 would likely face a marginal tax rate of 28% to 30% on table games vs. 20% at Rivers Des Plaines, providing an incentive to encourage table games play at Rivers Des Plaines. For reference, table AGR of up to \$175 million in Chicago would be taxed at 21%, which is broadly equivalent to the top marginal rate of 20% in Des Plaines. As such, only table AGR in excess of \$175 million at a Chicago casino would enjoy a more meaningful benefit in Des Plaines. Our Year 6 table games AGR estimates for Rivers McCormick and Rivers 78 are each approximately \$300 million. This suggests that there is approximately \$125 million of potentially “at risk” table games AGR. However, it is important to point out that the decision on where to gamble is ultimately in the hands of the customer and a casino can only do so much to influence the customer’s decision. Marketing dollars would be a clear way to guide a customer towards one property over another, although this could have a self-defeating result should marketing spend outpace whatever tax savings might be gained.

**Figure 7 – Gaming tax rate schedules, Illinois (ex-Chicago) vs. Chicago**

Illinois (ex-Chicago) Tax Schedule		Chicago Tax Schedule	
<b>Slots and Other</b>		<b>Slots and Other</b>	
Up To	Rate	Up To	Rate
\$25,000,000	15.0%	\$25,000,000	22.5%
\$50,000,000	22.5%	\$50,000,000	30.0%
\$75,000,000	27.5%	\$75,000,000	37.5%
\$100,000,000	32.5%	\$100,000,000	40.0%
\$150,000,000	37.5%	\$150,000,000	42.5%
\$200,000,000	45.0%	\$225,000,000	45.0%
\$200,000,000 +	50.0%	\$1,000,000,000	50.0%
		\$1,000,000,000 +	74.7%
		<b>Tables</b>	
Up To	Rate	Up To	Rate
\$25,000,000	15.0%	\$25,000,000	15.0%
\$25,000,000 +	20.0%	\$75,000,000	20.0%
		\$175,000,000	21.0%
		\$225,000,000	25.0%
		\$275,000,000	28.0%
		\$375,000,000	30.0%
		\$375,000,000 +	35.0%

Source: Illinois Gaming Board



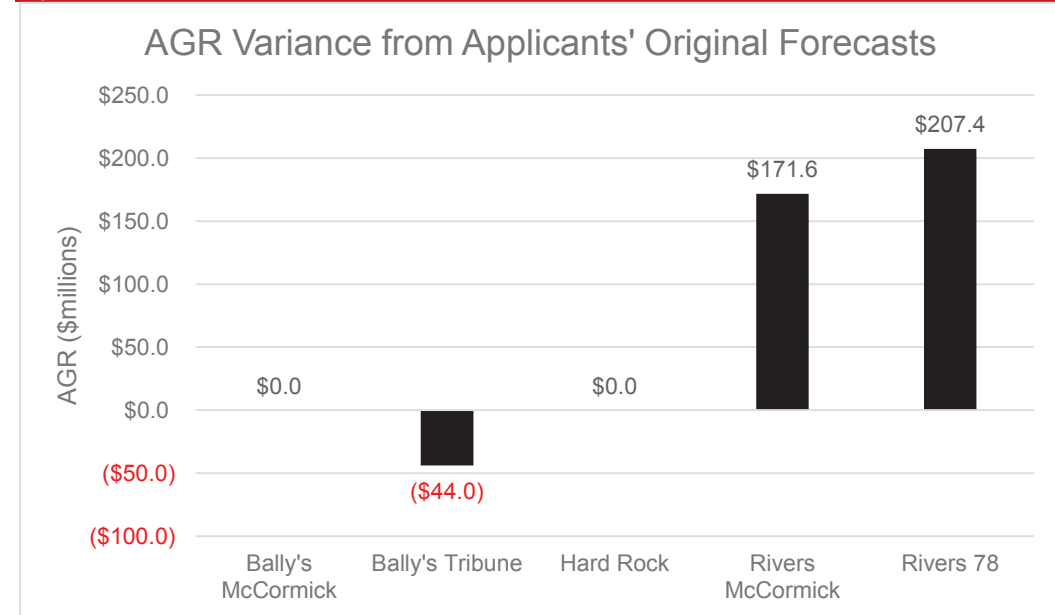
### Revisions to applicants' forecasts

Following a series of meetings with the developers behind all of the casino proposals to better understand the differences between Union Gaming's expectations and their own expectations, new financial forecasts were received for three of the proposals. Two of the proposals, Bally's McCormick and Hard Rock, did not submit revised financials, although our discussions with them were fruitful and led to a greater understanding of the differences between our forecasts and their own. The proposals with revised forecasts are:

- Bally's Tribune
- Rivers McCormick
- Rivers 78

With respect to the above three proposals, Bally's Tribune's changes were relatively modest from a stabilized (permanent facility Year 3) revenue perspective after combining Phases 1 and 2 into a single-phase development. However, Rivers McCormick and Rivers 78 submitted revisions to their respective stabilized (permanent facility Year 3) revenue forecasts that took them from being significantly lower than our forecasts to being significantly higher.

**Figure 8 – Revisions to stabilized AGR forecasts for bidders that submitted revisions**



Source: Union Gaming, proposal data

**Figure 9 –Original and updated AGR comparisons**

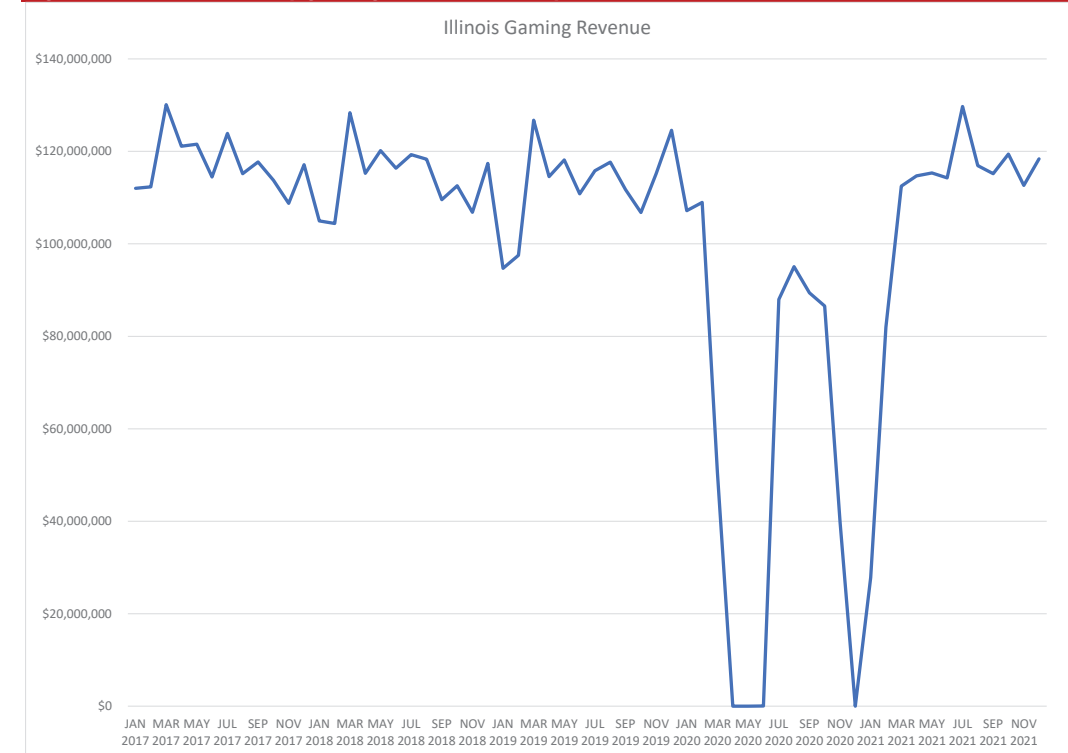
Proposal/Phase	Proposal Original AGR	Proposal Updated AGR	% Change
Bally's McCormick Phase 1	\$717.1	\$717.1	0.0%
Bally's McCormick Phase 2	\$911.2	\$911.2	0.0%
Bally's Tribune	\$835.1	\$791.1	-5.3%
Hard Rock	\$908.0	\$908.0	0.0%
Rivers McCormick	\$605.8	\$777.4	28.3%
Rivers 78	\$621.8	\$829.2	33.4%

Source: Union Gaming, proposal data

### Background on recent gaming revenue trends in IL and in nearby states

For reference, below we present a series of charts that highlight casino gaming revenue trends in order to provide the reader with a sense of how quickly gaming revenues have recovered in 2021 (and often exceeded previous levels) as COVID-related restrictions were lifted or relaxed. Importantly, in Illinois, gaming revenue nearly instantaneously returned to its pre-COVID range as casinos reopened in early 2021 and has generally maintained a pre-COVID level (or better) subsequently. Most other nearby states exhibit similar trends, with strong gaming revenue metrics following the lifting of COVID-related restrictions.

**Figure 10 – Illinois monthly gaming revenue, January 2017 to November 2021**



Source: Illinois Gaming Board

**Figure 11 – Iowa and Indiana monthly gaming revenue, January 2017 to November 2021**



Source: Iowa Racing and Gaming Commission, Indiana Gaming Commission

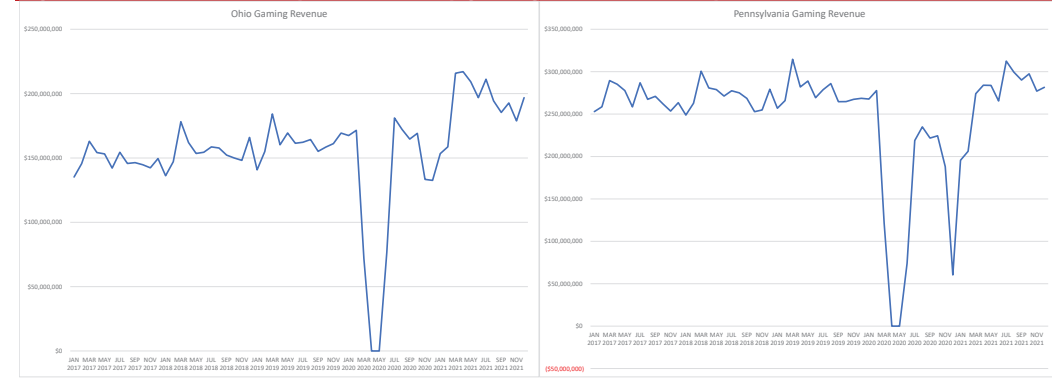


**Figure 12 – Missouri and Michigan monthly gaming revenue, January 2017 to November 2021**



Source: Missouri Gaming Commission, Michigan Gaming Control Board

**Figure 13 – Ohio and Pennsylvania monthly gaming revenue, January 2017 to November 2021**



Source: Ohio Casino Control Commission, Pennsylvania Gaming Control Board

## Bally's McCormick

**Figure 14 – Union Gaming financial forecast for Bally's McCormick (\$mm)**

	Temp Facility		Permanent (Phase 1)			Permanent (Phase 2)				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Slots	123.0	145.7	152.2	337.2	396.7	408.8	416.2	461.7	475.9	487.8
Tables	79.9	94.7	98.9	219.2	257.9	265.7	270.5	300.1	309.3	317.0
Sports	2.0	2.4	2.5	5.6	6.6	6.8	6.9	7.7	7.9	8.1
Casino	204.9	242.9	253.6	562.1	661.2	681.3	693.6	769.5	793.1	812.9
Hotel	0.0	0.0	0.0	11.2	13.2	13.6	41.6	46.2	47.6	48.8
Food & Beverage	13.4	15.6	16.1	39.3	46.3	47.7	83.2	92.3	95.2	97.6
Retail	0.0	0.0	0.0	2.8	3.3	3.4	3.5	3.8	4.0	4.1
Entertainment	0.0	0.0	0.0	0.0	0.0	0.0	13.9	15.4	15.9	16.3
Other	2.2	2.6	2.7	11.2	13.2	13.6	13.9	15.4	15.9	16.3
Total Non-Gaming	15.6	18.2	18.8	64.6	76.0	78.3	156.1	173.1	178.4	182.9
Gross Revenue	220.5	261.1	272.4	626.7	737.2	759.6	849.7	942.7	971.5	995.8
Promotional allowances	2.1	2.5	2.6	20.8	23.8	24.4	71.5	80.6	82.9	84.7
Net Revenue	218.4	258.6	269.8	605.9	713.4	735.2	778.1	862.1	888.7	911.2
Applicant's Net Revenue Forecast	184.8	218.7	228.4	674.5	799.4	823.8	1,011.2	1,121.0	1,154.7	1,189.3
Union Gaming Forecast Variance (\$)	33.6	39.9	41.5	(68.6)	(85.9)	(88.6)	(233.1)	(258.9)	(266.0)	(278.1)
Union Gaming Forecast Variance (%)	18.2%	18.2%	18.2%	-10.2%	-10.7%	-10.8%	-23.0%	-23.1%	-23.0%	-23.4%
EBITDAM (base)	54.0	73.1	80.5	181.5	236.3	243.2	234.8	264.3	273.1	280.4
EBITDAM margin	24.7%	28.3%	29.8%	30.0%	33.1%	33.1%	30.2%	30.7%	30.7%	30.8%
Bidder's EBITDAM	45.7	61.9	68.1	202.0	264.8	272.5	305.2	343.7	354.9	366.0
EBITDAM margin	24.7%	28.3%	29.8%	30.0%	33.1%	33.1%	30.2%	30.7%	30.7%	30.8%

Source: Union Gaming, proposal data

### Bally's McCormick Phase 1

- Our Phase 1 adjusted gaming revenue forecast at stabilization is 5.0% lower than Bally's McCormick's own forecast
- Our lower gaming revenue forecast is driven primarily by what we view as a hotel that is too modestly sized – this accounts for most of the delta between our AGR forecast and Bally's McCormick's forecast
- Like all the bidders for casinos at/around McCormick Place, Bally's McCormick Phase 1 will benefit from a large number of nearby hotel rooms – however, there is no substitute for on-property fully integrated hotel rooms

### Bally's McCormick Phase 2

- Our Phase 2 adjusted gaming revenue forecast at stabilization is 13.0% lower than the Bally's McCormick's own forecast
- Our lower gaming revenue forecast is driven almost entirely by more-modest expectations for the locals segment
- Our lower net revenue forecast relative to Bally's McCormick is driven by a more-modest non-gaming revenue profile (non-gaming driven by Union Gaming's readily-achievable expectations for a Chicago casino rather than Bally's own expectations)

### Bally's McCormick forecast revision

- Bally's McCormick did not provide any updates to their initial financial projections



## Bally's Tribune

Figure 15 – Union Gaming financial forecast for Bally's Tribune (\$mm)

	Temp Facility		Permanent					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Slots	123.0	145.6	152.2	404.0	475.1	489.7	501.9	514.4
Tables	80.0	94.7	98.9	262.6	308.8	318.3	326.2	334.4
Sports	2.1	2.4	2.5	6.7	7.9	8.2	8.4	8.6
<b>Casino</b>	<b>205.0</b>	<b>242.7</b>	<b>253.6</b>	<b>673.4</b>	<b>791.8</b>	<b>816.1</b>	<b>836.5</b>	<b>857.4</b>
Hotel	0.0	0.0	0.0	40.4	47.5	49.0	50.2	51.4
Food & Beverage	13.3	15.6	16.1	80.8	95.0	97.9	100.4	102.9
Retail	0.0	0.0	0.0	3.4	4.0	4.1	4.2	4.3
Entertainment	0.0	0.0	0.0	13.5	15.8	16.3	16.7	17.1
Other	2.2	2.6	2.7	13.5	15.8	16.3	16.7	17.1
Total Non-Gaming	15.5	18.2	18.8	151.5	178.2	183.6	188.2	192.9
<b>Gross Revenue</b>	<b>220.6</b>	<b>261.0</b>	<b>272.4</b>	<b>824.9</b>	<b>970.0</b>	<b>999.7</b>	<b>1,024.7</b>	<b>1,050.3</b>
Promotional allowances	2.1	2.5	2.6	69.9	83.3	84.3	86.4	88.5
<b>TOTAL NET REVENUE</b>	<b>218.4</b>	<b>258.5</b>	<b>269.9</b>	<b>755.0</b>	<b>886.6</b>	<b>915.5</b>	<b>938.4</b>	<b>961.8</b>
<i>Applicant's Net Revenue Forecast</i>	184.8	218.7	228.4	814.6	982.7	1,016.2	1,046.1	1,076.9
<i>Union Gaming Forecast Variance (\$)</i>	33.6	39.8	41.5	(59.6)	(96.0)	(100.8)	(107.8)	(115.1)
<i>Union Gaming Forecast Variance (%)</i>	18.2%	18.2%	18.2%	-7.3%	-9.8%	-9.9%	-10.3%	-10.7%
<b>EBITDAM</b>	<b>58.8</b>	<b>78.1</b>	<b>85.4</b>	<b>232.3</b>	<b>281.0</b>	<b>291.2</b>	<b>298.1</b>	<b>305.2</b>
EBITDAM margin	26.9%	30.2%	31.6%	30.8%	31.7%	31.8%	31.8%	31.7%
Bidder's EBITDAM	49.7	66.1	72.2	250.6	311.5	323.2	332.3	341.7
EBITDAM margin	26.9%	30.2%	31.6%	30.8%	31.7%	31.8%	31.8%	31.7%

Source: Union Gaming, proposal data

### Bally's Tribune

- Our adjusted gaming revenue forecast at stabilization is 3.2% higher than Bally's Tribune's own revised forecast driven by a slightly more optimistic locals-driven contribution
- When comparing Bally's Tribune's previous estimate of stabilized AGR to their current estimate for stabilized AGR, AGR is 5.3% lower
- Our lower net revenue forecast relative to Bally's Tribune is driven by a more-modest non-gaming revenue profile (non-gaming driven by Union Gaming's readily-achievable expectations for a Chicago casino rather than Bally's Tribune's own expectations)

### Bally's Tribune forecast revision

- Bally's Tribune provided a revised financial forecast with AGR 5.3% lower than their initial forecast as noted above
- The initial forecast provided by Bally's Tribune included \$835.1 million in AGR at stabilization (Year 6), which was 2.3% higher than our AGR forecast of \$816.1 million
- The revised forecast provided by Bally's Tribune included \$791.1 million in AGR at stabilization (Year 6), which is 3.2% lower than our AGR forecast of \$816.1 million

## Hard Rock

Figure 16 – Union Gaming financial forecast for Hard Rock (\$mm)

	Temp facility		Permanent					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Slots	168.2	177.4	184.8	439.8	464.0	483.3	495.4	507.8
Tables	109.3	115.3	120.1	285.9	301.6	314.1	322.0	330.0
Sports	2.8	3.0	3.1	7.3	7.7	8.1	8.3	8.5
<b>Casino</b>	<b>280.3</b>	<b>295.7</b>	<b>308.0</b>	<b>733.0</b>	<b>773.3</b>	<b>805.5</b>	<b>825.6</b>	<b>846.3</b>
Hotel	0.0	0.0	0.0	44.0	46.4	48.3	49.5	50.8
Food & Beverage	17.5	17.8	18.0	88.0	92.8	96.7	99.1	101.6
Entertainment	0.0	0.0	0.0	14.7	15.5	16.1	16.5	16.9
Retail	1.5	1.5	1.6	3.7	3.9	4.0	4.1	4.2
Spa	0.0	0.0	0.0	2.0	2.0	2.1	2.1	2.2
Other	4.2	4.4	4.6	14.7	15.5	16.1	16.5	16.9
<b>Gross Revenue</b>	<b>303.4</b>	<b>319.4</b>	<b>332.2</b>	<b>899.9</b>	<b>949.3</b>	<b>988.8</b>	<b>1,013.5</b>	<b>1,038.9</b>
Promotional Allowances	4.5	4.6	4.7	42.7	46.1	49.0	50.2	51.5
<b>Net Revenue</b>	<b>298.9</b>	<b>314.8</b>	<b>327.5</b>	<b>857.3</b>	<b>903.2</b>	<b>939.8</b>	<b>963.3</b>	<b>987.4</b>
<i>Applicant's Net Revenue Forecast</i>	288.7	304.1	316.3	939.5	990.1	1,029.4	1,050.1	1,071.2
<i>Union Gaming Forecast Variance (\$)</i>	10.2	10.8	11.2	(82.2)	(86.9)	(89.6)	(86.8)	(83.8)
<i>Union Gaming Forecast Variance (%)</i>	3.5%	3.5%	3.5%	-8.8%	-8.8%	-8.7%	-8.3%	-7.8%
<b>EBITDAM</b>	<b>57.0</b>	<b>61.9</b>	<b>64.3</b>	<b>183.0</b>	<b>198.1</b>	<b>207.3</b>	<b>212.1</b>	<b>217.1</b>
EBITDAM margin	19.1%	19.7%	19.6%	21.3%	21.9%	22.1%	22.0%	22.0%
Bidder's EBITDAM	55.1	59.8	62.1	200.5	217.2	227.1	231.3	235.5
EBITDAM margin	19.1%	19.7%	19.6%	21.3%	21.9%	22.1%	22.0%	22.0%

Source: Union Gaming, proposal data

### Hard Rock

- Our adjusted gaming revenue forecast at stabilization is 11.3% lower than Hard Rock's own forecast
- Our lower gaming revenue forecast relative to Hard Rock is driven almost entirely by more-modest expectations for the locals segment
- We note that Hard Rock receives a very modest benefit from using Union Gaming's non-gaming expectations as a percentage of AGR that are being applied to all proposals

### Hard Rock forecast revision

- Hard Rock did not provide any updates to their initial financial projections



## Rivers McCormick

Figure 17 – Union Gaming financial forecast for Rivers McCormick (\$mm)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Slots	400.3	416.3	428.3	439.0	450.0	461.2
Tables	238.9	248.4	255.6	262.0	268.5	275.2
Poker	21.3	22.2	22.8	23.4	24.0	24.6
Sports	6.7	6.9	7.1	7.3	7.5	7.7
<b>Casino</b>	<b>667.2</b>	<b>693.9</b>	<b>713.8</b>	<b>731.6</b>	<b>749.9</b>	<b>768.7</b>
Food & Beverage	80.1	83.3	85.7	87.8	90.0	92.2
Entertainment	13.3	13.9	14.3	14.6	15.0	15.4
Other	13.3	13.9	14.3	14.6	15.0	15.4
<b>Gross Revenue</b>	<b>774.0</b>	<b>804.9</b>	<b>828.0</b>	<b>848.7</b>	<b>869.9</b>	<b>891.7</b>
Promotional Allowances	32.9	34.2	35.1	36.0	36.8	37.8
<b>Net Revenue</b>	<b>741.1</b>	<b>770.7</b>	<b>792.9</b>	<b>812.7</b>	<b>833.1</b>	<b>853.9</b>
<i>Applicant's Net Revenue Forecast</i>	799.6	831.5	855.3	876.8	898.2	NA
<i>Union Gaming Forecast Variance (\$)</i>	(58.5)	(60.8)	(62.4)	(64.1)	(65.1)	NA
<i>Union Gaming Forecast Variance (%)</i>	-7.3%	-7.3%	-7.3%	-7.3%	-7.2%	NA
<b>EBITDAM</b>	<b>194.1</b>	<b>199.0</b>	<b>201.5</b>	<b>203.2</b>	<b>204.7</b>	<b>209.8</b>
EBITDAM margin	26.2%	25.8%	25.4%	25.0%	24.6%	24.6%
Bidder's EBITDAM	209.4	214.7	217.4	219.2	220.7	NA
EBITDAM margin	26.2%	25.8%	25.4%	25.0%	24.6%	NA

Source: Union Gaming, proposal data

### Rivers McCormick

- Our adjusted gaming revenue forecast at stabilization is 8.2% lower than Rivers McCormick's own revised forecast
- When comparing Rivers McCormick's previous estimate of stabilized AGR to their current estimate for stabilized AGR, AGR is 28.3% higher
- Our lower gaming revenue forecast relative to Rivers McCormick's forecast is driven entirely by more-modest expectations for the locals segment
- We note that Rivers McCormick receives a very modest benefit from using Union Gaming's non-gaming expectations as a percentage of AGR that are being applied to all proposals
- Given that applicants were only asked to provide 5-year financial statements there are no applicant-provided comparisons for Year 6 in the above model (certain metrics, like the applicant's EBITDAM margin, were carried over from Year 5)

### Rivers McCormick forecast revision

- Rivers McCormick provided a revised financial forecast with AGR 28.3% higher than their initial forecast as noted above
- The initial forecast provided by Rivers McCormick included \$605.8 million in AGR at stabilization (Year 3), which was 15.1% lower than our AGR forecast of \$713.8 million
- The revised forecast provided by Rivers McCormick included \$777.4 million in AGR at stabilization (Year 3), which is 8.9% higher than our AGR forecast of \$713.8 million (note that Rivers McCormick AGR forecasts are generally 8.9% higher than our forecasts for all years after stabilization)

Note, in Figure 2, the split between local and tourist revenue is as-of stabilization of the permanent facility, which maps to Year 3 in the above P&L. With respect to Year 6, our AGR forecast is \$769 million, of which we anticipate approximately \$653 million, or 85% to be derived from local customers, with the balance of approximately \$115 million, or 15%, derived from tourist-based activity.

## Rivers 78 (with hotel and observation tower)

Figure 18 – Union Gaming financial forecast for Rivers 78 (\$mm)

	Temp facility		Permanent				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Slots	88.0	44.9	421.2	438.0	450.7	461.9	473.5
Tables	52.5	26.8	251.3	261.4	268.9	275.7	282.6
Poker	4.7	2.4	22.4	23.3	24.0	24.6	25.2
Sports	1.5	0.7	7.0	7.3	7.5	7.7	7.9
<b>Casino</b>	<b>146.7</b>	<b>74.8</b>	<b>701.9</b>	<b>730.0</b>	<b>751.1</b>	<b>769.9</b>	<b>789.1</b>
Food & Beverage	14.1	7.3	84.2	87.6	90.1	92.4	94.7
Entertainment	0.0	0.0	14.0	14.6	15.0	15.4	15.8
Other	3.1	1.5	14.0	14.6	15.0	15.4	15.8
<b>Gross Revenue</b>	<b>163.9</b>	<b>83.6</b>	<b>814.2</b>	<b>846.8</b>	<b>871.3</b>	<b>893.1</b>	<b>915.4</b>
Promotional Allowances	6.1	3.1	31.9	33.1	34.1	35.0	35.8
<b>Net Revenue</b>	<b>157.8</b>	<b>80.5</b>	<b>782.3</b>	<b>813.6</b>	<b>837.2</b>	<b>858.1</b>	<b>879.6</b>
<i>Applicant's Net Revenue Forecast</i>	112.9	57.6	848.9	882.9	908.3	931.0	953.7
<i>Union Gaming Forecast Variance (\$)</i>	44.9	22.9	(66.6)	(69.3)	(71.1)	(72.9)	(74.1)
<i>Union Gaming Forecast Variance (%)</i>	39.8%	39.8%	-7.8%	-7.8%	-7.8%	-7.8%	-7.8%
<b>EBITDAM</b>	<b>47.4</b>	<b>26.6</b>	<b>206.7</b>	<b>212.0</b>	<b>215.0</b>	<b>216.9</b>	<b>218.8</b>
EBITDAM margin	30.0%	33.0%	26.4%	26.1%	25.7%	25.3%	24.9%
Bidder's EBITDAM	33.9	19.0	224.3	230.0	233.2	235.3	237.2
EBITDAM margin	30.0%	33.0%	26.4%	26.1%	25.7%	25.3%	24.9%

Source: Union Gaming, proposal data

### Rivers 78

- Our adjusted gaming revenue forecast at stabilization is 9.4% lower than Rivers 78's own revised forecast
- When comparing Rivers 78's previous estimate of stabilized AGR to their current estimate for stabilized AGR, AGR is 33.4% higher
- Our lower gaming revenue forecast relative to Rivers 78's forecast is driven primarily by more-modest expectations for the locals segment
- We note that Rivers 78 receives a very modest benefit from using Union Gaming's non-gaming expectations as a percentage of AGR that are being applied to all proposals

### Rivers 78 forecast revision

- Rivers 78 provided a revised financial forecast with AGR 33.4% higher than their initial forecast as noted above
- The initial forecast provided by Rivers 78 included \$621.8 million in AGR at stabilization (Year 5), which was 17.2% lower than our AGR forecast of \$751.1 million
- The revised forecast provided by Rivers 78 included \$829.2 million in AGR at stabilization (Year 5), which is 10.4% higher than our AGR forecast of \$751.1 million (note that Rivers 78 AGR forecasts are generally 10.4% higher than our forecasts for all years after stabilization)

Note, in Figure 2, the split between local and tourist revenue is as-of stabilization of the permanent facility, which maps to Year 5 in the above P&L. With respect to Year 6, our AGR forecast is \$770 million, of which we anticipate approximately \$630 million, or 82% to be derived from local customers, with the balance of approximately \$140 million, or 18%, derived from tourist-based activity.



## Rivers 78 (without hotel and observation tower)

**Figure 19 – Union Gaming financial forecast for Rivers 78 (\$mm)**

	Temp facility		Permanent				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Slots	88.0	44.9	374.9	389.9	401.2	411.2	421.5
Tables	52.5	26.8	223.7	232.7	239.4	245.4	251.5
Poker	4.7	2.4	20.0	20.8	21.4	21.9	22.4
Sports	1.5	0.7	6.2	6.5	6.7	6.9	7.0
<b>Casino</b>	<b>146.7</b>	<b>74.8</b>	<b>624.8</b>	<b>649.8</b>	<b>668.6</b>	<b>685.3</b>	<b>702.4</b>
Food & Beverage	14.1	7.3	75.0	78.0	80.2	82.2	84.3
Entertainment	0.0	0.0	12.5	13.0	13.4	13.7	14.0
Other	3.1	1.5	12.5	13.0	13.4	13.7	14.0
<b>Gross Revenue</b>	<b>163.9</b>	<b>83.6</b>	<b>724.8</b>	<b>753.8</b>	<b>775.6</b>	<b>795.0</b>	<b>814.8</b>
Promotional Allowances	6.1	3.1	28.4	29.5	30.3	31.1	31.9
<b>Net Revenue</b>	<b>157.8</b>	<b>80.5</b>	<b>696.4</b>	<b>724.3</b>	<b>745.3</b>	<b>763.8</b>	<b>783.0</b>
<i>Applicant's Net Revenue Forecast</i>	112.9	57.6	848.9	882.9	908.3	931.0	953.7
<i>Union Gaming Forecast Variance (\$)</i>	44.9	22.9	(152.5)	(158.6)	(163.0)	(167.2)	(170.7)
<i>Union Gaming Forecast Variance (%)</i>	39.8%	39.8%	-18.0%	-18.0%	-17.9%	-18.0%	-17.9%
<b>EBITDAM</b>	<b>47.4</b>	<b>26.6</b>	<b>184.0</b>	<b>188.7</b>	<b>191.3</b>	<b>193.1</b>	<b>194.7</b>
EBITDAM margin	30.0%	33.0%	26.4%	26.1%	25.7%	25.3%	24.9%
Bidder's EBITDAM	33.9	19.0	224.3	230.0	233.2	235.3	237.2
EBITDAM margin	30.0%	33.0%	26.4%	26.1%	25.7%	25.3%	24.9%

Source: Union Gaming, proposal data

### Rivers 78

- Our adjusted gaming revenue forecast at stabilization is 19.3% lower than Rivers 78's own revised forecast (note that Rivers 78's own revised forecast does include the benefit of an on-site hotel and observation tower while our forecasts in this scenario do not)
- When comparing Rivers 78's previous estimate of stabilized AGR to their current estimate for stabilized AGR, AGR is 33.4% higher
- Our lower gaming revenue forecast relative to Rivers 78's forecast is driven by more-modest expectations for the locals segment, as well as not including any related benefits from an on-site hotel or observation tower
- We note that Rivers 78 receives a very modest benefit from using Union Gaming's non-gaming expectations as a percentage of AGR that are being applied to all proposals

### Rivers 78 forecast revision

- Rivers 78 provided a revised financial forecast with AGR 33.4% higher than their initial forecast as noted above
- The initial forecast provided by Rivers 78 included \$621.8 million in AGR at stabilization, which was 7.0% lower than our AGR forecast of \$668.6 million
- The revised forecast provided by Rivers 78 included \$829.2 million in AGR at stabilization, which is 24.0% higher than our AGR forecast of \$668.6 million

## Airport analysis

While no proposal explicitly included airport slots, some proposals mentioned the possibility of running airport slots concessions should there be interest on the part of the City. Despite this, we believe the highest and best use of gaming positions will be to deploy all available gaming positions at the casino itself, as all of the applicants have also assumed. However, if excess positions were available – and there is a way to deploy slot machines in a more economically advantageous format than seen in Nevada (where the airport keeps ~85% of revenue, leaving just 15% for the operator) – the following represents our thoughts on AGR generation.

Even though the slot machines at Nevada's two primary airports have anemic win per day metrics (~\$85 in Las Vegas), this is likely a function of:

- Too many machines deployed (and in less efficient places like at baggage claim where people don't want to linger) and utilization is rather inefficient
- Limited promotional dollars available due to the lopsided revenue sharing agreement in favor of the airport

With the above in mind, Chicago's airports should be able to significantly out-perform the metrics seen at Nevada's airports, based on the following:

- Much higher total passenger volume (Chicago at 40.9 million ORD and 10.1 million MDW vs. Nevada at 24.7 million LAS / 2.2 million RNO) and much higher international passenger traffic in Chicago too
- Slot machines would be a novelty and departing passengers wouldn't be there having just spent the last several days inside casinos; could be especially appealing for international passengers with generally longer time spent in the airport relative to domestic travelers

In addition to the above two points that lead us to believe slots at Chicago airports should notably outperform those in Nevada, there would need to be an economic arrangement between the airport and the casino operator that is not as lopsided as the economic arrangement at Nevada's airports. In addition to the right economic arrangement, we believe the most efficient way to deploy slot machines at Chicago's airports would be in larger increments (e.g. 50 to 75 slots) to create a more casino-like vibe rather than in much smaller arrangements like in Nevada.

The following summary assumes five pods of 75 slots each are deployed at each of O'Hare's four terminals and at Midway's sole terminal. Key takeaways from our analysis include:

- 375 total slot machines are deployed (counting as 338 gaming positions by way of IGB math)
- Spend per passenger is assumed to be half (50%) of spend per passenger in Nevada; this equates to just \$0.89 (89 cents) per Chicago passenger
- Total gross gaming revenue could reach \$45 million on win per day per slot of \$332 (vs. just \$86 win per day in Las Vegas); however, win per day of \$332 is significantly lower than found in any of the five Chicago casino proposals and suggests a higher and better use is to deploy the slots at the casino itself rather than the airport

**Figure 20 – Airport slot gaming revenue forecast**

Airport	Slots	WPU	Passengers (mm)	Slot expenditures per passenger	Total GGR (\$mm)
LAS	1,400	86.1	24.7	\$1.78	44.0
ORD	300	332.6	40.9	\$0.89	36.4
MDW	75	328.6	10.1	\$0.89	9.0
<b>Total Chicago</b>	<b>375</b>	<b>331.8</b>	<b>51.0</b>	<b>\$0.89</b>	<b>45.4</b>

Source: Union Gaming, McCarran Airport



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EXHIBIT



# TEMPORARY FACILITY



## EXHIBIT II TEMPORARY FACILITY

The City has initiated research on alternative temporary casino options in addition to the temporary facilities proposed by the bidders. These additional temporary options have been considered due to their proximity to major transit and retail/hospitality corridors as well as their ability to assist in the City's post-COVID revitalization.

The urban core has witnessed a significant reduction in foot traffic due to the COVID-19 pandemic, which has substantially impacted businesses in the area. Thus, the City has considered utilizing the temporary casino as a way to accelerate economic recovery through increased consumer participation in and around the area of the temporary facility. The use of a strategic location could function as a way to provide benefits from the temporary casino beyond the supplemental tax revenues provided to the City during construction of the permanent casino. These benefits would need to be considered along with the other aspects of various temporary casino alternatives. The alternative options include a temporary casino at the Sheraton Grand Chicago Hotel or the Medinah Temple.

### **Sheraton Grand Chicago**

The Sheraton Grand Chicago is a 1,200-room hotel along the river at 301 E. North Water St. and consists of a 35,000 square foot exhibition space on the first floor and a 40,000-square-foot ballroom on the fourth floor. These spaces separately include adequate square footage to hold a temporary casino with approximately 600 to 1,100+ gaming positions. Additionally, the Sheraton provides room for back-office operations and currently includes five food and beverage programs.

The Sheraton owns and operates 400 parking spaces below the hotel and there is also additional public parking in the area. More research is needed for valet options.

### **Medinah Temple**

The Medinah Temple is a historically significant building at 600 N. Wabash Ave that was built in 1912 and redeveloped in 2003. The building consists of five floors, three of which include at least 30,000 square feet of space. Therefore, the Medinah Temple has adequate space to hold a 77,000-square-foot casino inclusive of a two-level casino floor, two restaurants, and back of house operations. The 45,000-square-foot casino floor might consist of up to 1,200 gaming positions.

There are public parking options near the Medinah Temple, however none of this parking is attached to the site. Additionally, certain spots have been identified for the use of split valet operations, where the drop off and pick up are different locations, however more studies are needed to determine the optimal plan for valet services. Further research would be required on vehicular transportation at the Medinah Temple.





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