



Global Market Advisors

Casinos and the City

A White Paper on the History of Casino Development in
Cities, Past and Current Trends, and Recommendations for
Future Development

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Table of Contents

INTRODUCTION.....	1
THE URBAN CASINO	3
THE ISLAND CASINO	3
<i>Grand Sierra Resort, Reno NV</i>	4
<i>Galaxy Macau, Cotai Macau</i>	5
HISTORICAL OVERVIEW OF CASINOS IN CITIES	7
DOWNTOWN RENO.....	7
ATLANTIC CITY	9
RIVERBOAT CASINOS	10
<i>Rock Island, IL</i>	11
<i>Davenport, IA</i>	12
<i>Shreveport, LA</i>	13
LAND BASED CASINOS	15
<i>Spa Casino, Palm Springs, CA</i>	15
<i>New Orleans, LA</i>	16
<i>Seneca Niagara Casino Resort</i>	18
RECENT TRENDS IN URBAN GAMING	20
<i>Lumiere Place, St. Louis, MO</i>	20
<i>Greektown Casino, Detroit, MI</i>	21
<i>Horseshoe Casino, Cleveland, OH</i>	22
<i>Horseshoe Casino, Cincinnati, OH</i>	23
<i>The Macau Peninsula</i>	24
THE NEXT GENERATION OF URBAN CASINOS	26
<i>MGM Springfield</i>	26
<i>Cannon Street Station, New Bedford</i>	27
THE CASINO AS A TOOL FOR URBAN REDEVELOPMENT	29
THE LESSONS LEARNED FROM PREVIOUS URBAN CASINO DEVELOPMENTS.....	29
THE MODERN URBAN CASINO	33
<i>Urban Casino Development and New Urbanism</i>	33
CRITICAL SUCCESS FACTORS FOR THE MODERN URBAN CASINO	36
REFERENCES.....	39
ABOUT GLOBAL MARKET ADVISORS	40
BIOGRAPHIES OF KEY MEMBERS OF GLOBAL MARKET ADVISORS	41



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INTRODUCTION

Casinos and the places where they can be found have increased dramatically over the last twenty five years. Where at one time there were only a few places on the planet where one could go to participate in legal gambling activities, today casinos are a fairly common enterprise. In the United States alone, there are over 900 commercial and Indian gaming establishments. Casinos can be found not only in North America but also throughout Europe, Central and South America, Oceania and Asia.

Since the passage of the Casino Control Act in 1976, legalizing casino gaming in Atlantic City, NJ, casinos have been narrowly viewed as a tool for urban redevelopment, providing tax revenues to state and local governments and jobs to its citizens. Their success in providing those benefits cannot be disputed. Collectively, the casinos in Atlantic City, the riverboat and barge casinos in the Midwest and southeast United States, Indian casinos, and the land-based commercial casinos in a number of US cities as well as those on the Macau Peninsula and Singapore have contributed billions of dollars to government coffers and created hundreds of thousands of jobs. However, their success as a tool for stimulating commercial activity within the neighborhoods that they are located in has produced less dramatic results.

Much has been written about casinos including their social and economic impact. Despite what some critics may say, casinos are rather popular places as evidenced by the number of places around the world where one can go to enjoy casino gambling. Casinos also attract lots of people. The Venetian in Macau draws over 80,000 people a day and on peak holidays can attract 100,000 or more visitors. In the United States it is not unusual for a casino operating in a regional market to draw 20,000 people a day, yet despite this fact government policy makers and local governments tend to locate casinos in the most isolated regions of their cities. Former industrial sites along the city waterfront, green field parcels on the edges of the community or, in the case of Sands Bethlehem, an abandoned steel foundry have traditionally served as places that seemed appropriate to locate casinos. Despite these remote locations, casinos have succeeded in providing the tax revenue and jobs that so many of those communities desperately needed. Nevertheless, cities have missed another opportunity: to take advantage of those thousands of daily visitors and allow them to spend their money in the shops and restaurants of their central business districts.

During the latter half of the twentieth century, North America underwent a period of suburbanization. Shopping malls, sports venues and office developments were built on cities' outer edges where large plots of land were readily available as was access to new highways and



new residential populations. This in turn brought about a decline in the central business districts of many North American cities.

As cities' urban cores fell into decline, civic leaders sought ways to reinvigorate their central business districts. Sports arenas, stadiums and convention centers were built near downtown cores with the hope of attracting visitors to those areas. Cities provided a variety of tax incentives and funding to stimulate such developments near city centers. Those strategies, though expensive to civic governments, were successful in developing sports, entertainment and convention venues, which in turn attracted large numbers of people back to the urban core. Granted, those visitors only came during game days or days when conventions took place. Other times those facilities stood quiet as did the surrounding neighborhoods.

The notion of using casinos, with their high daily visitation rates and customers, to drive foot traffic back to the urban core eluded many city planners and those in government tasked with determining where to locate proposed casinos. Rather, casinos were allotted plots of land far away from cities' traditional central business districts or entertainment zones. To many community leaders, casinos seemed incompatible with other entertainment activities such as sporting events, dining and shopping. And so, casinos were relegated to less attractive land parcels where they could conduct their business activities, provide the jobs and tax revenues - all out of sight from the rest of the community. This strategy, repeated cities throughout the Midwest United States, ignored the fact that casinos were capable of delivering thousands of visitors on a daily basis and with them, the ability to stimulate other commercial enterprises.

What if casinos were located in central business districts, much like downtown sports arenas? What if casinos were used to bring 10,000 or more people a day into the central business district and at times when other business activities came to an end?

This white paper examines the history of gaming development in cities and their evolution. Using examples of early efforts, notable successes and failures, as well as current trends in urban casino development, this white paper offers suggestions on how casinos can be made into tools for urban regeneration, providing not only jobs and taxes, but stimulate commercial activity around the casino and enhance the quality of the communities in which they are located.

This paper is not intended to offer a complete examination of every market in North America. Rather, by examining select communities in which casinos are located, it hopes to show the reader that, if planned well, a casino can offer benefits to its host community that goes far beyond taxes and jobs.



THE URBAN CASINO

The terms, “Urban Casino” or “Urban Gaming” are used in a variety of contexts. Historically, they have been used to broadly describe casinos which have been developed within the boundaries of American cities. They include everything from the casinos along the boardwalk in Atlantic City to casinos housed on riverboats and barges moored near central business districts and in the industrial zones of many Midwestern cities as well as the casinos on the Macau Peninsula, the Macau Cotai Strip and Singapore.

THE ISLAND CASINO

The vast majority of casino development in North American cities and more recently on the Cotai Strip in Macau can best be described as island casino development. This term refers to casinos that are built as self-contained developments, with all non-gaming amenities located within the casino complex. Island casinos integrate gaming, restaurants, lodging, conference and meeting space, retail and parking in an integrated development. They are essentially, islands within a larger community. While they contribute to the greater community in terms of taxes paid, jobs created and goods and services purchased from local vendors to service casino patrons, they are physically separated from the surrounding community.

For the most part, urban casinos developed in the latter part of the 20th century failed to integrate themselves into their host communities, did not stimulate economic and commercial activity in their host neighborhoods and essentially became islands within the greater urban landscape. This is not to say that urban casinos did not make substantial economic contributions to their host communities in the form of tax revenue and job creation. In these areas, urban casinos excelled. However, a combination of government mandated restrictions and development strategies conspired to limit the contributions that urban casinos could make to their host communities.

CHARACTERISTICS OF ISLAND CASINOS

The vast majority of casino developments have adopted the island model that share the following attributes.

- An island casino is an integrated casino resort in which gaming, dining, lodging, banquet & meeting space, retail and parking are interconnected. Patrons do not have to leave the enclosed environment of the casino complex from the moment they arrive to the time that they drive away from the property.



- Patrons who use the casino's valet parking services are delivered to the hotel-casino's main entrance. Likewise, patrons using the self-park garage facilities enter the casino complex through enclosed walkways or elevators that deliver them directly to the casino entrance.
- Buffer zones separate the casino complex from the surrounding community. A buffer zone can be an expansive surface parking lot, grassy median or multi-story parking garage.
- Island casinos offer limited egress points into the surrounding community. They often lack sidewalks that link them to nearby neighborhoods.
- Neighborhoods surrounding island casinos tend to offer limited appeal or no appeal to gaming patrons. They lack shopping or cultural activities that gaming visitors might find attractive. While it might be possible for a casino patron to walk to the surrounding neighborhood, patrons would have no reason to do so.
- Island casinos occupy large land parcels in order to provide sufficient parking spaces for patrons as well as reserving space for future development. The sheer size of these land parcels act as an additional barrier.
- Highways, rail tracks and other physical barriers often further inhibit movement of pedestrians to surrounding neighborhoods.

The vast majority of urban casino development has been in the form of island casinos. Two examples, built at different times and in vastly different locations, are the Grand Sierra Casino in Reno, NV (formerly the MGM Grand Reno) and the Galaxy Casino-Resort in Macau.

GRAND SIERRA RESORT, RENO NV

The Grand Sierra Resort is an integrated casino resort in Reno, NV. It was originally developed by the Metro-Goldwyn Mayer as the MGM Grand Reno. Located three miles east of downtown Reno and near Reno International Airport, the resort was built on a site that was once a gravel pit. It opened in 1978 and subsequently underwent an expansion. Today it is comprised of 1,990 rooms and suites, ten restaurants, a 49,000 square foot casino, shopping plaza, 50-lane bowling center, cinemas, spa, lake golf driving range and RV Park. A ring road circles an expansive surface parking lot. A pedestrian entering the property from the nearest surface street would have to walk over $\frac{1}{4}$ mile to reach one of its four entrances. The neighborhood surrounding the property is comprised of a mix of light manufacturing and warehousing. Even if one were to venture out by foot past the perimeter of the property, they would find the surrounding area unappealing.



Grand Sierra Resort, Reno, NV, US



GALAXY MACAU, COTAI MACAU

33 years after the opening of the MGM Grand Reno, the Galaxy Macau debuted on the Cotai Strip in Macau. Phase I of the master-planned integrated resort included three hotel brands with 2,200 keys, over 30 restaurants and bars and a casino with 600 tables and 1,500 electronic gaming devices. The property is surrounded by a perimeter of lush landscaping and walkways. Directly across the street from the property sits the island of Taipa. The island's street grid is separated by Estrada da Baia de Nossa Sra. da Esperanca and a light rail transit system that is currently under construction.

The vast majority of patrons arrive by bus at the property's bus depot or by taxi or private vehicle at one of the three hotel porte cochures or VIP entrances. A visitor seeking to leave the casino by foot can do so but the walk can be imposing. Pedestrians must first navigate their way to the street, and then find a pedestrian crosswalk where it is safe enough to cross. This is unfortunate since the streets across from the casino-resort are replete with restaurants, shops and architecture built during Portuguese colonial rule. It is an attractive and appealing neighborhood but known mainly to its residents and the occasional visitor.



Galaxy Macau



The planners of the Grand Sierra and Galaxy Macau cannot be faulted for their designs. Their tasks were to build attractive, themed, integrated casino-resorts with a wide variety of amenities to service their guests. They succeeded in building magnificent properties. They were never asked, nor did they probably consider, linking those resorts to the surrounding area. They were designed as islands in the greater urban landscape.



HISTORICAL OVERVIEW OF CASINOS IN CITIES

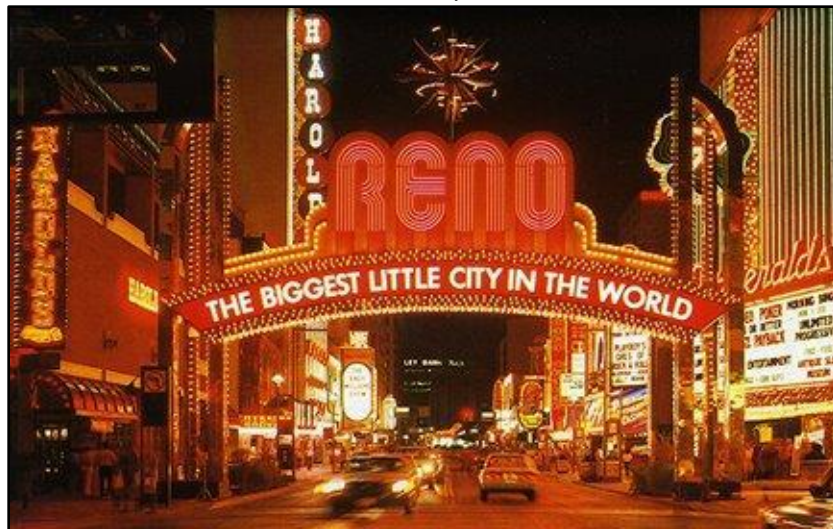
DOWNTOWN RENO

Casino gaming in the United States actually has its roots in urban environments. The earliest legitimate casinos in Nevada, both in Reno and Las Vegas, were located in the central business districts and it was from these humble beginnings that casino development took place.

Downtown Reno, NV offers an excellent example of how a once popular gaming and entertainment district declined from a true urban gaming and entertainment district into a series of island casinos surrounded by closed storefronts and the ensuing demise of the surrounding commercial district.

From the early 1930's through the 1980's, downtown Reno was a vibrant entertainment, gaming and shopping district. The Reno Arch on South Virginia Street (US-395 Business) was the gateway into downtown. Casinos, nightclubs, restaurants and stores lined Virginia Street as well as the various streets that intersected it. Directly behind downtown were a variety of residential housing styles ranging from apartment buildings to single family dwellings. The Circus Circus Casino-Hotel and a large neighborhood supermarket anchored the northern end of the entertainment district and the Truckee River demarcated the southern end. Upscale residential housing was located along the river and was within a three minute walk of the casino district. The Reno government center was located directly south of the river on Virginia Street.

Downtown Reno, circa 1990



restaurants and motels that depended on the foot traffic saw their businesses decline and were eventually forced to close. Today, downtown Reno is a shadow of its former self, with shuttered stores lining Virginia Street and the adjacent streets. The three casinos remain but the area surrounding the casinos is devoid of commercial activity.

In an effort to revive the downtown entertainment district the City of Reno funded a number of developments including the National Bowling Center, the Reno Events Center, and a minor league baseball park, all located within a short walk from the three casinos. While those projects have brought pedestrian traffic onto the streets during the days that events are held, the vast majority of daily pedestrian traffic was lost. Other factors have also contributed to the continued decline of downtown Reno but it was the segregation of pedestrian traffic from the street grid that had the most profound effect on the vibrancy of downtown Reno.

ATLANTIC CITY

Beginning in 1976, with the legalization of gaming in Atlantic City and again in the early 1990's with the introduction of riverboat and barge casinos, state governments restricted where casinos could be located and defined their physical forms. In Atlantic City, casinos were restricted to two finite zones: along the Boardwalk and in an area known as the Marina District. Further, the New Jersey Casino Control Act of 1976 detailed the specific gaming and non-gaming amenities that had to be included in any property applying for a gaming license. These included the number of hotel rooms, meeting space and various dining venues that had to be included within the property. Regulations also defined the various access points into the casino so that minors could be denied access while allowing their movement to non-gaming areas of the property.

The net result, in the case of the Boardwalk casinos, was that pedestrian-friendly entrances were located along the Boardwalk on the east side of those properties; porte cocheres were located along the north and south sides of these buildings where visitors could drop off their cars while the western sides of these developments were occupied by parking garages, employee entrances and loading docks. This functional design had the unintentional effect of restricting pedestrian traffic from the nearby street grid to the west, cutting off those neighborhoods from the casinos, which in turn led to their further economic decay. The Boardwalk casinos of Atlantic City failed to stimulate urban regeneration in the adjacent neighborhood and in fact, contributed to their further isolation from the boardwalk tourism zone in large part because of their physical designs.



The development of Atlantic City's Marina district, on land that was once marsh land, led to the development of stand-alone, self-contained casinos where it was virtually impossible for pedestrians to walk from one property to another. Their primary contributions to the surrounding urban landscape were in the form of taxes and jobs – an important contribution to urban renewal but not one that stimulated commercial activity in surrounding neighborhoods.

RIVERBOAT CASINOS

Beginning in the 1990's, state governments in Iowa, Illinois, Indiana, Mississippi, Missouri and Louisiana legalized gaming on riverboats and barges. Iowa, Indiana, Illinois, Missouri and Louisiana further required that gaming activities be conducted only while riverboats cruised. This required the development of dockside mooring areas, boarding pavilions, parking lots and eventually more elaborate non-gaming amenities to service patrons prior to and after their gaming cruises.

The specific sites on which many of these casinos were located were selected not by some grand urban planning scheme but by more practical concerns: the ability of riverboats to navigate on certain portions of the river as well as the availability of a sufficient amount of riverside land on which to build parking lots and boarding pavilions. Many sites that were initially designated for casino development had previously served as industrial sites, precisely because they afforded those industries access to the river for shipping and sufficient acreage for industrial production at affordable prices. The net results were that a vast majority of these casino sites were located far from other forms of commercial activity and as such, could not be integrated into the urban fabric. Casinos that were restricted to riverboat gaming were built as stand-alone operations and their primary contributions to the local community came in the form of tax revenue and jobs.

As states began to accept casino gaming as legitimate enterprises that contributed substantial amounts of tax revenues to state and local governments, they began to ease the restrictions on how casinos operated. Today, state governments no longer require casino operators to cruise. Most casino operators that once had riverboats replaced their inefficient multi-story vessels with single-story barges.

Over the past two decades the vast majority of riverboat/barge casinos added hotels and other non-gaming amenities in order to better serve their casino guests. However, their remote locations precluded any opportunity to integrate these amenities into other city entertainment activities. These casinos essentially became self-contained islands within the confines of a larger urban environment. Some noted examples are discussed below.



ROCK ISLAND, IL

Rock Island, IL is located on the east side of Mississippi River in a region known as the Quad Cities, comprised of Rock Island, IL; Moline, IL; Bettendorf, IA; and Davenport, IA.

In 1990, the State of Illinois authorized the issuance of up to ten casino licenses in the state. Casino Rock Island was one of the first properties to open with a riverboat operation. The original casino complex was comprised of a riverboat casino and two adjacent barges that made up the boarding pavilion and restaurant. The complex was moored two blocks from downtown Rock Island. The casino operator leased nearby surface parking lots, which afforded patrons the opportunity to walk to the casino and to downtown shops. The operator also leased an adjacent warehouse and converted it to an administrative building for the casino.

Casino Rock Island, Rock Island, IL



While a reasonably-sized market, the Quad Cities was also home to two additional casinos on the Iowa side of the river. Those properties were better capitalized and did not have to operate under the constraints of Illinois gaming law. As such, Casino Rock Island was consistently the poorest performing casino in the State of Illinois. Although the casino had a positive effect on downtown, prompting a local hotel operator to renovate an aging downtown hotel and stimulating the creation of a downtown entertainment district, the casino never made any significant financial investment into downtown Rock Island. The owner of Casino Rock Island never built a permanent shore-side facility or parking structure that it had once promised. Instead, in 2008 the operator built a new island style casino-hotel property four miles from its downtown location and relocated its gaming operations to the new site, adjacent to an interstate highway interchange.

DAVENPORT, IA

In 1989 the State of Iowa authorized riverboat casinos at various locations on the state's navigable waterways. One of the first casinos to open was the President Casino, on the banks of the Mississippi River in Davenport, IA, directly across from Rock Island, IL. The casino was eventually purchased by Isle Corporation and rebranded as the Rhythm City Casino.

Rhythm City Casino and Radisson Hotel



Downtown Davenport was a more attractive city than Rock Island, its neighbor on the other side of the Mississippi River. The city had a larger and more vibrant commercial zone as well as substantial office development already in place. The casino developer also entered the market with a promise that was ultimately fulfilled: to build a new hotel.

Bridge from Rhythm City Casino to Downtown Davenport



Davenport presented unique challenges to the casino operator. The City had designated a portion of the riverfront to a park and promenade. Also, in an effort to link the river to downtown, the City never invested in a levee system. Thus the area along the waterfront was and continues to be prone to periodic flooding. Any ancillary development such as a hotel had to be built several blocks west of the riverfront. To meet this challenge, the developer built an extensive sky bridge linking the casino's riverside boarding pavilion to a hotel and parking structure two blocks to the east. While this solved the challenges posed by river flooding, it removed pedestrian traffic from the street grid. The net result was a riverboat casino that is separate and removed from the downtown street grid.

SHREVEPORT, LA

Six casinos straddle the Red River in Shreveport and Bossier City, LA. The two casinos on the Shreveport side of the river offer an interesting case study in the evolution of urban gaming. The first casino to open was Harrah's Shreveport, approximately ½ mile north of Interstate 20. Originally comprised of a riverboat and boarding pavilion, Harrah's eventually added a hotel tower, complete with restaurants, meeting space and a multi-story parking garage. The property was eventually sold to Boyd Gaming and rebranded as Sam's Town Hotel & Casino.

Sam's Town Hotel and Casino, Shreveport, LA



Hollywood Casino Shreveport (now called Eldorado Shreveport) was built just south of Harrah's. The developer built a hotel tower, dining pavilion and parking garage in a single phase. Today, both properties appear similar in their exterior appearance and relationship to the central business district, two blocks away.

Eldorado Shreveport



The casino barges flank the river. Directly behind, each casino sits a hotel tower. Across the street and connected by overhead walkways are multi-story parking garages. Behind the garages is the central business district. Patrons enter the casinos from their respective garages through the walkways. Given that the casinos are located one block apart, there is some pedestrian traffic between the two casinos; however, the two parking garages act as a wall separating the casinos from the central business district.

The Shreveport central business district is a traditional downtown office center with a 9 AM- 5 PM traffic pattern. For the most part, it is devoid of commercial activity in the evening. Nonetheless, a modest nightlife district, underneath the bridge that runs to the south of the Eldorado, has emerged over the last ten years.

While city planners no doubt envisioned casinos generating increased economic, commercial and tourism activity in the adjacent central business district, there was no formal planning effort to link the casinos to downtown. The location of the garages effectively blocked pedestrian movement from the casinos into downtown and the overhead walkways further segregated pedestrians from the street grid. The net result is a gaming district that is separate and segregated from the central business district.



LAND BASED CASINOS

Casino development in the United States in 1990's was not limited to riverboats and barges. Land-based casinos were developed in a number of cities including Detroit, New Orleans, Palm Springs, and Niagara Falls. Each had an opportunity to positively impact their surrounding communities but fell short because of number of factors. These are discussed below.

SPA CASINO, PALM SPRINGS, CA

Palm Springs, CA is located approximately 100 miles east of Los Angeles. It has long served as a winter getaway for residents of Southern California. Downtown Palm Springs is comprised of an attractive shopping district as well as dozens of upscale, boutique hotels and bed & breakfasts. East Palm Canyon Drive serves as the center of the shopping district. It is a tree-lined boulevard with a 25 mile an hour speed zone that is strictly enforced. It is an ideal urban shopping district.

Portions of the desert community of Palm Springs are owned by the Agua Caliente Band of Indians. In 2004, the tribe opened the Spa Resort Casino, two blocks from the downtown shopping district. The new casino has multiple access points including a pedestrian-friendly side entrance.

Spa Resort Casino



Architecturally, the casino blends nicely into the Palms Springs village. Its entrances are at scale with the rest of the neighborhood and the side entrance (pictured above) makes the casino easily accessible to downtown Palm Springs, one block away.

Despite the connectivity to the downtown street grid, the casino has had limited success integrating itself into the downtown business community. While architecturally the building



blends in nicely, foot traffic between the casino and downtown is limited. Much of the problem stems from the tribe's past relationship with the downtown business community. They had long been a powerful land owner and their relationship with downtown businesses had historically been strained. Also, there is a distinct absence of cooperative marketing programs between the two entities. Casino guests are not encouraged to dine outside of the casino property nor can they redeem their player reward program points outside of the casino. The net result is that neither the casino nor downtown merchants benefit greatly from one another's presence.

NEW ORLEANS, LA

Harrah's New Orleans represents one of the first attempts by a government to incorporate a casino into an urban environment where it could act as a tool for urban regeneration. Unfortunately, the initial experiment failed because the local government imposed onerous restrictions regarding the kinds of amenities the casino operator could build.

The introduction of casino gaming in the State of Louisiana brought with it a host of problems. Originally, legislation passed in 1991 limited the state to fifteen riverboat casinos. One riverboat casino license was granted to the Hilton Hotel, two blocks from what was to become Harrah's New Orleans. Governor Edwin Edwards, elected in 1992, pressed for an additional land-based casino. A license was ultimately issued to a partnership made up of local businessmen and Harrah's Entertainment. The casino opened in 1999, which led to the closure of the nearby Hilton riverboat casino.

Many local constituents played a role in the planning of the casino and that had a deleterious effect on the project. In an effort to appease local restaurateurs and hoteliers, the City prohibited the casino from building a hotel or offering any dining options with the exception of a single cafeteria. The notion behind this was that the casino would have to use local restaurants and hotels to service their guests, even though those amenities were blocks away.

Then there was the issue of onerous taxes and fees that the City and State imposed on the casino. These included a one-time gift of \$125 million to the State, an annual minimum tax of \$100 million paid to the State; \$12.5 million a year to the City for leasing the site and an additional \$12.5 million in local property taxes.

The casino opened in 1999 and by 2001 was facing bankruptcy. After a series of negotiations with the State, the tax burden was reduced and the local partners were bought out. The City also allowed Harrah's to add its own restaurants. The casino eventually became profitable.



Harrah's New Orleans Casino was built at the Foot of Canal in downtown New Orleans. This area is located near the gateway to the French Quarter and near the city's civic center. The Foot of Canal was at one time a transportation hub and a center of commercial activity. However, over the latter half of the 20th century a series of massive construction projects in the area had the effect of diminishing pedestrian traffic and increasing vehicular traffic. The International Trade Center, the massive New Orleans Convention Center, New Orleans Aquarium and the Rivergate Exposition Center (which the casino replaced) were designed to serve visitors arriving by vehicle - not by foot. By the time construction of the casino began in the mid-1990's, the area was not pedestrian-friendly.

Harrah's New Orleans was forced to close in 2005 after Hurricane Katrina. In an effort to stimulate additional economic growth, the City lifted its restriction regarding hotel ownership; Harrah's subsequently opened a 450-room hotel one block from the casino. Today, Harrah's is a vibrant and energetic center of a busy intersection, linking the convention center behind it with the central business district and the French Quarter. The low profile of the casino amidst the high-rise office towers along with multiple entries and egress points, allows pedestrians to flow through and around the casino property, integrating itself into the fabric of the community.

Harrah's Casino Entrance with Harrah's Hotel in Rear



Harrah's New Orleans offers multiple lessons on urban gaming development. In particular, onerous restrictions by local government designed to appease powerful constituents can easily force a development to fail. A casino is an entertainment venue that targets multiple market segments and must be permitted to offer amenities that appeal to diverse groups of people.



These include multiple dining options, attractive gaming environments, entertainment venues, lounges and lodging facilities. When government restricts the kinds of amenities that a casino can offer in order to solely benefit one group of constituents, it constricts the contributions the casino development can make to the community and, at its worst, dooms the project to failure. Harrah's succeeded only after government removed its restrictions on development. Ultimately, cooperation between local government and the developer was essential and that over-burdensome restrictions on casino development proved as ruinous as no restrictions.

SENECA NIAGARA CASINO RESORT

Even when a casino is developed with the expressed goal of reviving an adjacent commercial zone, there is no guarantee that the project will succeed in achieving those goals. Such was the case of the Seneca Niagara Falls Casino Resort in Niagara Falls, NY.

The Niagara Falls Convention Center was originally conceived as an urban renewal project that would spark a development renaissance in the tourism district of the City of Niagara Falls. From its opening in 1973 until its closure in 2002, the convention center never fulfilled its goal. The Governor of New York then entered into a Compact with the Seneca Nation and the property ultimately became the Seneca Niagara Casino Resort. It was hoped that the casino would act as a key component for the regeneration of the Niagara Falls tourism district.

Seneca Niagara Casino Resort



As an adaptive re-use of a former convention center, the property had its design challenges. The casino is housed in a free-span structure that once served as the convention center. A 600-room hotel is located directly east of the casino structure. A parking structure is located along

Niagara Street on the north side of the parcel and connects to the casino and hotel via two enclosed walkways. A large sunken area in front of the casino, which serves as a valet parking area, separates the casino from the tourism district.

Downtown Niagara Falls Tourism District



The parcel is a short walk to a number of attractions. The Old Falls Street tourism district is a three-block street that runs from the Niagara Falls State Park to the casino parcel. Old Falls Street, the primary tourism zone that leads to the Falls, houses the Conference Center Niagara Falls, the Niagara Community College Culinary Institute, and several seasonal retail outlets. The pedestrian entrance to the Rainbow Bridge is approximately six blocks from the SNC parcel.

All of the components necessary for a vibrant tourism district are in place yet there are no synergies between the various elements. The casino is bifurcated from the tourism and entertainment districts by the submerged parking lot and valet entrance. The 3rd Street entertainment district houses only a few successful restaurants. Old Falls Street is largely unoccupied. All attempts at large-scale retail development have failed. Nothing seems to work today.

Like the original convention center, the property has not fulfilled that vision. A combination of politics, building design, public policy and economics conspired to prevent the project from fulfilling that vision. This is not to say that the Seneca Niagara Casino Resort cannot one day play a vital role in enhancing the economic fortunes of the tourism district and with it, improve the operational performance of the casino-resort. To this end, the Seneca Tribe is developing a master plan to link the existing property to the tourism district.



RECENT TRENDS IN URBAN GAMING

Over twenty years have passed since the first riverboat casinos were introduced into cities seeking the economic benefits of casino development, primarily tax revenue and job creation. Casinos have delivered on that promise, having collectively created tens of thousands of jobs and contributed billions of dollars in tax revenue. Their secondary purpose, to act as a catalyst for urban regeneration, (if indeed they had such a purpose) has had some modest success. What can be learned is that urban gaming development is evolutionary in nature, with each project learning from predecessor developments. Several more recent developments illustrate that the newest casino developments have become effective tools for urban regeneration as well as continuing to be substantial contributors to job creation and tax revenue.

LUMIERE PLACE, ST. LOUIS, MO

Lumiere Place is a casino development that opened in downtown St. Louis, MO in December of 2007. The project was developed by Pinnacle Gaming. Pinnacle had long sought to enter the Missouri gaming market, primarily to develop a casino in the south suburbs of St. Louis. To secure a license in that lucrative suburban market, the company offered to build a premiere property in downtown St. Louis. By committing to both projects, Pinnacle was granted two gaming licenses.

Lumiere Place, St. Louis, MO



Lumiere Place is located between Interstate 70 and the Mississippi River, next to the Laclede's Landing Historic District. The casino connects to the Edward Jones Arena on the west side of Interstate 70 via a tunnel. Although it is located four blocks from the river, the casino is actually a barge that floats on a pool of water, thus qualifying it as a "riverboat" casino.



The complex consists of a casino barge with 2,000 electronic gaming devices and 67 tables, five restaurants, a 450-seat entertainment venue and a 294-key Four Seasons Hotel appurtenant to the casino. In addition, Pinnacle bought the Embassy Suites Hotel one block away and renovated it.

The casino offers multiple entry points, allowing for the free flow of pedestrians to the Laclede's Landing historic district, the St. Louis Arch, and the riverfront. The pedestrian tunnel also allows pedestrian flow to the football stadium and convention center on the other side of Interstate 70. While visitors have the option of parking in a garage within the complex, lodgers at the Embassy Suites property would find it more convenient to park in an adjacent surface lot. Essentially, the casino complex was designed to serve multiple market segments, to work within the existing street grid and integrate itself into the fabric of the surrounding neighborhood.

GREEKTOWN CASINO, DETROIT, MI

Greektown Casino is located in the historic Greektown district of Detroit, MI. The property, an adaptive re-use of an existing building, was originally conceived as a true urban casino – one that was integrated into the surrounding entertainment and dining district to act as an anchor attraction. The property has always performed at levels below its two other primary competitors and this financial performance maligned its reputation as a successful urban casino project.

Greektown Casino Hotel



The property has some inherent deficiencies. Unlike its two primary competitors, it does not offer convenient highway access. Arriving patrons must navigate through the downtown street grid to reach the property. The casino did not originally open with convenient and adjacent garage parking, forcing patrons to pay to park in nearby lots or private garages while its competitors offered free garage parking with direct access to the casino. This turned out to be a critical success factor in a city that has long been ridden with high levels of street crime.

As an adaptive re-use the casino was inherently inefficient with gaming divided among multiple levels. It also was limited in the number of non-gaming amenities. While the original operators envisioned marketing relationships with surrounding restaurants and retail outlets, licensing those businesses proved problematic. Michigan gaming regulations required strict background checks of all vendors that do business with casinos and some of those businesses could not obtain licensing or refused to submit to the onerous investigations demanded by the state's gaming regulators. The casino has also gone through a succession of owners with Rock Gaming as its most recent and current owner.

HORSESHOE CASINO, CLEVELAND, OH

Dan Gilbert, owner of Quicken Loans and Rock Gaming, and Caesars Entertainment developed the Horseshoe Casino in downtown Cleveland, OH. Located in a building that once housed the historic Higby Department Store, the property was originally planned as a temporary facility. It soon evolved into a permanent casino and represents an adaptive re-use of an urban commercial development. It is a multi-story facility with gaming housed on the first, second and third levels; a buffet in the lower level, and additional dining located on the upper floors.

The property does not offer lodging and has limited dining, primarily due to the constraints of the building and site footprint. These constraints were turned into attributes. Rather than attempt to engineer a hotel and additional dining outlets, the company entered into marketing agreements with other downtown hotels as well as neighboring restaurants. This served multiple purposes: it reduced the developer's investment costs and allowed neighboring businesses to benefit from their proximity to the casino. It also made the casino more acceptable to local and state governments.



Horseshoe Casino, Cleveland, OH



The property does operate with a number of constraints that limits its ability to positively impact the surrounding area. It is not a particularly porous property, with only two entrances. Parking, located in garages across the street, at first drove a considerable amount of foot traffic onto the street grid; however, a recently completed overhead walkway now diverts this patron traffic off the streets, thereby negatively impacting the various restaurants and stores that could ostensibly benefit from that traffic. Notwithstanding, the Horseshoe Cleveland represents a sound approach to urban gaming development.

HORSESHOE CASINO, CINCINNATI, OH

Another joint venture project of Rock Gaming and Caesars Entertainment, the Horseshoe Casino opened in downtown Cincinnati in March of 2013. Located on the northeast portion of downtown Cincinnati, the property is a purpose-built facility with a casino and multiple dining outlets located on the main level of the property. A large, multi-story garage at the rear of the property offers easy access from Interstate 71 and as well as direct access to the casino floor.

As a purpose-built facility, the casino offers some attractive design elements. The Margaritaville Restaurant, located near the main entrance, faces Eggleston Avenue. The main entrance allows for convenient access to nearby hotels and restaurants.

Like its sister property in Cleveland, the Horseshoe Cincinnati does not offer a hotel and has entered into marketing agreements with nearby hotel operators to place casino guests in those rooms. Overall, the casino integrates nicely with the downtown street grid, with parking

located in the rear, near the highway, and a front entrance that is at scale with the surrounding neighborhood.

Horseshoe Casino, Cincinnati



THE MACAU PENINSULA

There is no better example of casinos working harmoniously with their surrounding neighbors than the casinos that comprise the central casino district on the Macau Peninsula. These include Wynn Macau, MGM Macau, L'Arc, StarWorld, the Lisboa, Grand Lisboa and the President Casino. All of these properties are clustered near Avenida de Amizade and Avenida 24 de Junho. The properties offer multiple entry points, allowing patrons to walk into the street grid, walk from casino to casino and nearby stores. Hundreds of shops targeting tourists have sprung up on the streets and alleys surrounding casinos, creating a vibrant commercial zone.

What makes the casino district on the Macau Peninsula so unique was its organic development. As the first wave of casinos opened in and around the central business district before 2004, retail development grew to take advantage of the pedestrian flow generated by those casinos. With the development of the new generation of casino-resorts, those new properties (Grand Lisboa, Wynn, MGM, L'Arc and StarWorld) built entrances that opened into the street grid. With limited amounts of available land, those casinos could not develop expansive buffer zones, which in turn allowed for the free flow of visitors into and out of their casinos.





THE NEXT GENERATION OF URBAN CASINOS

Casino developers have come to understand that what they bring to a host community can be more than just jobs and tax revenue. Two projects, currently under development in the Commonwealth of Massachusetts, offer a glimpse of what future casinos may look like.

In order for a casino developer to win one of the three coveted gaming licenses in Massachusetts, it must compete with other developers. They must also receive approval from the local population by way of a referendum. For the first time, casino developers had to consider how they could design their properties to not only be efficient but also be an attractive addition to the host community, and the residents of those communities had an opportunity to decide.

MGM SPRINGFIELD

MGM Springfield received voter approval and subsequently a gaming license for a new kind of urban casino, integrated into the fabric of an existing neighborhood. The site for the casino-resort, bounded by an interstate highway to the west and a commercial zone to the east, had fallen into a state of disrepair after a 2011 tornado destroyed a number of buildings. The site is also in close proximity to an arena and symphony hall.

Overview of MGM Springfield



Rather than build an island in the middle of the city, MGM proposed a design that allowed the casino to connect to the street grid and allowed for the free flow of pedestrians and tourists into and out of the property. It offered restaurants that faced the main boulevard and brought what is a massive project down to street level scale. It was this design and consideration of the needs of the surrounding neighborhood that allowed MGM Resorts to receive approval from the local community and with it, a license to operate one of three casinos in the state.

Artist Rendering of MGM Springfield



CANNON STREET STATION, NEW BEDFORD

KG Urban Advisors, LLC is pursuing development of a waterfront brown field site in New Bedford, MA. The developer is proposing the adaptive re-use of a former power plant, as well as the construction of new hotel towers, lifestyle retail, dining, entertainment, conference and event facilities on the New Bedford waterfront. The power plant's exterior, along with its iconic smokestack, will be retained and integrated into the project's design.

If approved, the project will open up the waterfront along the Acushnet River to pedestrian activity while allowing for the continued use of the waterfront for commercial fishing activities. The project will also connect to the downtown New Bedford street grid, allowing visitors to the casino to stroll into the adjacent historic tourism district. A local referendum is scheduled for



later in 2015, after which time the Massachusetts Gaming Commission will render its decision on the project's gaming license, which will compete with two other applicants.

Cannon Street Station



Artist Rendering of Cannon St. by Kostow Greenwood Architects



THE CASINO AS A TOOL FOR URBAN REDEVELOPMENT

In many ways a casino is like any other large commercial enterprise that attracts thousands of people a day. An arena, ballpark or convention center all attract and accommodate large amounts of people. A portion of those visitors in turn spill into the surrounding commercial zones and spend money in restaurants and stores. What sets a casino apart is that it attracts people every day of the year, rather than on game days or when a convention is scheduled. Properly planned and executed, a casino can have a greater, positive impact than other forms of urban regeneration at far less cost to the city.

THE LESSONS LEARNED FROM PREVIOUS URBAN CASINO DEVELOPMENTS

REDEFINE WHAT ECONOMIC DEVELOPMENT IS

Economic development has traditionally been defined in terms of job growth, income growth, total economic output, and increases in property value and tax revenue. A Wal-Mart, Home Depot and Bass Pro Shop are all forms of economic development. These retail companies agree to acquire land in a community and build a retail facility. In order to attract these companies local government provides infrastructure improvements, property tax abatements, sales tax rebates and other financial incentives. These companies in turn invest in the community, build retail centers and provide jobs to local residents.

Casinos are another form of economic development; however their development model is different. They do not ask for property tax abatements or expect to retain a portion of the sales taxes they collect. In fact, they are often assessed a sizable fee just for the privilege of applying for a gaming license. A license to do business as a casino can cost tens of millions of dollars. They are required to pay a significant portion of their gaming revenue as a tax to the government (gaming taxes range from 7.5% to over 70% of gaming revenue) and casinos pay all sales taxes, property taxes and other government fees. They also pay a variety of additional fees to fund programs for civic improvements, police and fire protection, problem gambling and other social programs.

Casinos invest substantial sums in terms of capital investment in their host communities. They also create thousands of jobs and tax revenue. Local governments have long hoped that such investments would stimulate additional economic development but local governments have never defined what those economic developments should be and how to best nurture them. When local government fails to provide a clear development vision for a casino and rational zoning to support a gaming development, casinos are built in the most efficient manner



possible and local governments will inevitably be disappointed that casinos never fulfill their (undefined) vision.

As future casinos are developed in urban environments, local and state government and the developer must develop realistic expectations of what a casino can bring to the community, aside from jobs and tax revenue.

GOVERNMENT MANDATED SITES ARE OFTEN IL-SUITED TO URBAN CASINOS

The single greatest mistake that government can do is to designate a site for gaming that is inappropriate for an casino. Simply because government has identified a site that needs to be redeveloped does not make it compatible for an integrated urban casino resort. The Ameristar Casino in East Chicago, IN is a perfect example of a casino-resort that has no viable business reason for being situated in its current location—with the exception that at one time local government deemed it appropriate.

Originally developed as a riverboat casino by Showboat, Inc., the Ameristar East Chicago is located on Lake Michigan near a closed US Steel foundry. The immediate area around the casino is surrounded by rail tracks and abandoned factory buildings. Past that is a heavy industrial zone. Because the Indiana Gaming Commission required gaming to occur on riverboats while cruising and because the City of East Chicago desired to have a riverboat casino moored within its borders, this site was designated by various government entities as the appropriate site for a casino. The casino developer had no choice but to develop the casino there. The developer built a 286 room hotel and a complement of non-gaming amenities to enhance the casino's operations. The picture below shows where the complex sits today: in a wasteland of industrial development.

Ameristar East Chicago, IL



Had the casino developer been given the freedom to choose a more compatible site, the developer would have employed a process that hotel developers go through and found a site that was more attractive and one that would appeal to different market segments such as business, conference & meeting and leisure travelers. That process is fundamentally denied to most casino developers.

This is not to say that casinos should be free to buy and develop property as a hotel developer would. Gaming licenses, by their nature, are privileged licenses and as such, government is the ultimate arbiter to decide who should be issued a license and where the casino should be located. Having stated that, simply designating an abandoned industrial site as suitable for gaming virtually guarantees that the casino, while contributing jobs and tax dollars, will be developed as an island casino without any integration into the surrounding community.

Rather, working with the developer, government should identify a zone within the city that would be designated as an entertainment/commercial development zone. This zone would have within it certain qualities that assure compatibility with surrounding businesses such as restaurants, nightclubs, hotels and theaters. The zone would also be near both mass transit and the region's highways and the site should be of sufficient size to support a gaming enterprise. An urban casino stands the greatest chance of success when it is located on a site that is mutually compatible with surrounding businesses.

CASINOS MUST BE DESIGNED TO INTEGRATE INTO THE STREET GRID

The lessons learned from the casino developments in Shreveport illustrate that only through sound urban planning can a casino integrate itself into the fabric of the community and act as a catalyst for urban regeneration. The flaws seen in the design of those casinos have their roots in the fact that the casinos were originally mandated as riverboat casinos. By mandating that gaming occur on a boat on a river, government unwittingly set in motion the rest of the development process. A boarding pavilion on shore or on a barge became necessary in order to queue passengers. Non-gaming amenities such as dining and lodging had to be located on land behind the boarding area. With riverfront space at a premium, parking, first located on surface lots and eventually in garages, was located on less valuable real estate further inland. To assist in the efficient flow of patrons to the casino, casino operators built pedestrian bridges from the garages. The garages then acted as a wall separating pedestrian flow to and from the central business district.



CASINO DEVELOPERS PREFER ISLAND STYLE CASINO DEVELOPMENT

Island casinos are the most prevalent form of gaming because they are efficient. An island casino manages the flow of patrons into and through the casino, the delivery of goods and services from the loading dock into the casino and employees through the property efficiently.

Customers, by their nature, like convenience. A multi-story parking garage with high-speed ramps that allows patrons to park their cars close to elevators is convenient to patrons, particularly if those elevators deliver them directly into the casino. Access to lodging, dining, entertainment and gaming is more convenient if the customer does not have to put on a coat and venture outside. Island casinos are models of convenience. Casino operators also prefer island casinos because fewer ingress/egress points allow for more efficient security and patron flow. It allows the operator the ability to better manage employees as well as the flow of goods to points of purchase. Island casinos are thus highly efficient structures.

Rather than allow the casino developer to build the most efficient building, local government must work with the casino developer to build a casino that can be integrated into the surrounding neighborhood, with multiple entrances that lead into the street grid. In other words, the property must be porous.

THE CASINO'S MISSION MATTERS

No other principle better explains why building casinos in cities have not lived up to their potential than the casino's mission to its stakeholders. For the operator, the mission is to enhance wealth for its shareholders. For local government, the mission has always been about job creation and tax generation. Those have always been the fundamental missions of casino development.

Until those fundamental missions are enhanced, urban casinos will never fulfill their full potential as tools for urban regeneration. In addition to profitability, an urban casino's mission must also be to enhance the quality of life for those businesses and people who live near the casino and to act as a catalyst for growth and urban regeneration. Once these new missions are defined, the casino developer and local government can collaborate to achieve them.



THE MODERN URBAN CASINO

Defined, the modern urban casino is a casino development that is surrounded by an urban neighborhood, comprised of residential, retail, cultural and commercial activities, with no artificial barriers, such as rail tracks, highways, expansive parking lots and industrial zones; or natural barriers such as rivers or undeveloped land separating the casino from the surrounding community.¹

An urban casino allows for the free flow of pedestrians to and from the casino and the surrounding neighborhood and the resulting economic activity that such pedestrian flow generates. Properly designed, an urban casino creates a positive impact on the surrounding neighborhood by increasing retail and commercial activity, stimulates additional retail and commercial development and ultimately benefits the casino operator by increased foot traffic into the casino. A properly designed urban casino is both a tool for urban regeneration and an enhancement to casino performance.

URBAN CASINO DEVELOPMENT AND NEW URBANISM

The notion of the modern urban casino springs from the evolution of casino development in American cities and New Urbanism. New Urbanism is an urban design movement that arose in the United States in the early 1980's. Its goal was to reform many aspects of real estate development and urban planning, from urban retrofits to suburban infill. New urbanist neighborhoods are designed to contain a diverse range of housing and jobs, and to be walkable.²

New urbanism was a reaction to urban sprawl, a system of development with a rigorous separation of uses, known as suburban development. New Urbanism, on the other hand, was based on planning and architectural principles working together to create human-scale, walkable communities. It is rooted in the work of architects, planners, and theorists who believed that conventional planning thought that led to the rise of American suburbs was failing.

Social philosopher and historian Lewis Mumford criticized the "anti-urban" development of post-war America. The suburban mall epitomized this kind of development. *The Death and Life of Great American Cities*, written by Jane Jacobs in the early 1960's, called for planners to

¹ Schray

² <http://www.answers.com/topic/congress-for-the-new-urbanism>



reconsider the single-use housing projects, large car-dependent thoroughfares, and segregated commercial centers that had become the “norm” in post-war development.

In the 1970’s and 1980’s, New Urbanism emerged with the urban visions and theoretical models for the reconstruction of the “European” city proposed by architect Leon Krier, and the “pattern language” theories of Christopher Alexander. These eventually coalesced into a unified group in the 1990’s.

PRINCIPLES OF NEW URBANISM

New Urbanism is governed by ten principles.³

1. WALKABILITY

- Pedestrian-friendly street design (buildings close to street; tree-lined streets; on street parking; hidden parking lots; garages in rear; narrow, slow speed streets).
- Pedestrian streets free of cars in special cases.

2. CONNECTIVITY

- Interconnected street grid network disperses traffic and eases walking.
- A hierarchy of narrow streets, boulevards, and alleys.
- A high quality pedestrian network and public realm makes walking pleasurable.

3. MIXED-USE & DIVERSITY

- A mix of shops, offices, apartments, and homes. Mixed-use within neighborhoods, within blocks, and within buildings.
- Diversity of people - of ages, income levels, cultures, and races.

4. MIXED HOUSING

- A range of types, sizes and prices in close proximity.

5. QUALITY ARCHITECTURE & URBAN DESIGN

- Emphasis on beauty, aesthetics, human comfort, and creating a sense of place; special placement of civic uses and sites within the community.
- Human scale architecture.

³ <http://www.newurbanism.org/newurbanism/principles.html>



6. TRADITIONAL NEIGHBORHOOD STRUCTURE

- Discernable center and edge.
- Public space at center.
- Importance of quality public realm; public open space designed as civic art.
- Contains a range of uses and densities within a ten-minute walk.
- Transect planning: highest densities at town center; progressively less dense towards the edge.

7. INCREASED DENSITY

- More buildings, residences, shops, and services closer together for ease of walking, to enable a more efficient use of services and resources, and to create a more convenient, enjoyable place to live.

8. GREEN TRANSPORTATION

- A network of high-quality trains connecting cities, towns, and neighborhoods together.
- Pedestrian-friendly design that encourages a greater use of bicycles, scooters, and walking as daily transportation.

9. SUSTAINABILITY

- Minimal environmental impact of development and its operations.
- Eco-friendly technologies, respect for ecology and value of natural systems.
- Energy efficiency.
- Less use of finite fuels.
- More local production.
- More walking, less driving.

10. QUALITY OF LIFE

- Taken together these add up to a high quality of life well worth living, and create places that enrich, uplift, and inspire the human spirit.

The authors of New Urbanism would probably be aghast that their urban development concepts would one day be adapted to casino developments. Nevertheless, the modern urban casino can be compatible with many of the principles of New Urbanism and the newest generation of urban casinos supports this theory.



CRITICAL SUCCESS FACTORS FOR THE MODERN URBAN CASINO

By combining elements of New Urbanism, urban planners and casino developers can integrate a casino development into the fabric of the urban neighborhood in such a way that the casino becomes an integral element in the commercial activity of the community.

In order for an urban casino to be successful in stimulating economic development and raising the quality of life in its host community, the neighborhood in which the casino is ultimately located must also have qualities that complement the casino development. Further, the casino must be built in a way that allows it to integrate into the neighborhood. At the very least, urban casino development should include the following elements:

1. WALKABILITY TO COMPELLING, COMMERCIALY VIABLE NEIGHBORHOODS

In order for an urban casino to be successful, it must be within a short walking distance to a neighborhood that is not only commercially active but offers appealing retail and cultural activities. The mere fact that a casino is located near retail space does not assure mutual success. While a nearby convenience store or gas station is a form of retail development, it does not offer casino patrons a compelling reason to leave the casino. Rather, dining, nightlife, cultural activities and unique shopping experiences are compelling reasons for casino patrons to venture out of the gaming property and into the surrounding neighborhood.

2. ACCESS TO PUBLIC TRANSPORTATION

A key element of any urban gaming development is for patrons of the casino development to have close access to a city or region's mass transit network. Buses, light rail systems and commuter rail stations need to be in close proximity to the casino development in order to limit the casino's dependence on customers arriving by automobile and limit automobile traffic into the urban core.

3. ACCESS TO THE LOCAL/REGIONAL HIGHWAY NETWORK

All casinos require access to local roadways that interconnect with regional highway networks. Even with the availability of mass transit, many casino patrons prefer the safety, security and convenience of commuting to the casino in passenger cars. A successful urban casino must therefore be accessible to a regional highway network.

4. A SITE LARGE ENOUGH TO SUPPORT A CASINO AND SUPPORTING AMENITIES

An integrated casino resort requires a footprint of sufficient acreage in order to accommodate a full-service casino, hotel, conference & meeting space, retail and support services such as parking and warehousing. A site that is too small forces the developer to build a vertical



structure that overwhelms the adjacent street grid. Thus, an urban casino site must be large enough to allow the developer to “step down” the scale of the project to street level.

5. MULTIPLE ACCESS AND EGRESS POINTS

An urban casino must offer multiple access and egress points to and from the casino. The Atlantic City Boardwalk model limits pedestrian access to the casino from the boardwalk. Access to the street grid is severely constrained. A well designed urban casino offers pedestrians the ability to enter and leave the casino directly into the street grid. Island casinos have limited ingress/egress points. Most casinos can be accessed from the porte cochere, an entrance from the surface lot and garage elevators. A successful urban casino must be porous so that patrons can enter and leave through multiple points.

6. THE ABSENCE OF PHYSICAL BARRIERS

Urban planners have long recognized that physical barriers such as highways, train tracks, parking garages, large expanses of surface parking and other physical buffers impede pedestrian traffic and separate neighborhoods. These buffers act as psychological obstacles to the movement of people into and out of the casino. Something as innocuous as a parking garage can have a similar effect as a highway. It can restrict the flow of pedestrians to and from the casino into the surrounding neighborhood. This is precisely what happened in Atlantic City and Shreveport, LA. In order to be successful, the casino’s designers must locate their parking garages in a manner that does not negatively impact pedestrian traffic flow.

7. SCALE THE CASINO PROJECT TO STREET LEVEL

Casinos, like hotels and convention centers, are large edifices. However, scaling the entrances to the casino to street level makes ingress appealing. This can be achieved through a number of architectural designs including the introduction of retail space that acts as a link between the casino and commercial district, large sidewalks (as seen at Harrah’s New Orleans) and other street level activities (push carts, kiosks, fountains) that bring the project to a street level scale.

8. PROPER LOCATION OF BACK OF HOUSE FACILITIES

Casinos require copious amounts of goods delivered each day in order to properly service their guests. Casinos also generate large amounts of trash (the Mirage Resort Casino in Las Vegas generates over 50,000 empty beer bottles each day). Loading docks, dumpsters and warehousing facilities are natural barriers to the free flow of pedestrians. Therefore these essential back-of-house services must be located out of pedestrians’ pathways and sightlines.

9. ENCOURAGE DEVELOPMENT OF OR ACCESS TO AN ENTERTAINMENT/DINING DISTRICT

The single greatest factor in designing a successful Urban Casino is identifying a casino site that is in close proximity to other retail, dining and entertainment options. If a casino is located too



far from such a district, it will never be able to generate the foot traffic between the casino and the commercial zone. Zoning, tax abatements, sidewalk construction and other civic improvements can be used to encourage local entrepreneurs to open businesses near the casino that are compatible with a building that provides multiple kinds of entertainment.

10. STREET CALMING AND PEDESTRIAN-FRIENDLY ENVIRONMENTS

Vehicular traffic between the casino and the commercial/entertainment district must be calm enough for pedestrians. The French Quarter in New Orleans never enjoyed the synergy between it and Harrah's Casino because Canal Street is a wide boulevard that tended to discourage pedestrian traffic. City government must calm traffic in order to stimulate pedestrian flow. City government must also provide the sidewalks, crosswalks, street lights and street lighting in order to make transit between the commercial/entertainment zone and casino safe and attractive.

11. THE CASINO'S RELATIONSHIP WITH THE SURROUNDING COMMUNITY MATTERS

The Spa Resort Casino illustrates how important it is for the casino operator to have in place marketing programs that drive traffic to the adjacent retail district while adding value to the casino's player rewards program. Allowing casino patrons to redeem their frequent player points at neighborhood businesses enhances the value of the rewards program while benefiting neighborhood shop owners. Relying on local restaurants and clubs to provide additional dining and entertainment options reduces the capital costs and operating costs of the casino and fosters development of neighborhood dining and entertainment venues. How a casino is perceived by the surrounding neighborhood is a critical success factor and one that must be underscored.

12. RATIONAL APPROACH TO GAMING TAX RATES

Unlike other businesses, casinos pay gaming taxes that are deducted from gaming revenue prior to paying operational expenses. In some jurisdictions these tax rates can exceed 50% of revenue. After those taxes are deducted, casino operators must still pay for the costs of running their businesses as well as have a sufficient amount of net income remaining for the payment of debt service. Casinos built in urban environments cost more than those built on greenfield plots. They are also less efficient. The history of Harrah's New Orleans has taught that onerous tax rates and license fees can doom a casino before it opens. When government utilizes a casino as a tool for urban redevelopment, it must develop a rational approach to gaming tax policy so that the casino can be successful as a business and as a contributor to economic development.



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ABOUT GLOBAL MARKET ADVISORS

Global Market Advisors, LLC provides clients with market feasibility studies, primary research, economic impact studies, due diligence, payroll control, operations analysis, business and marketing plan development, and player reward program design for the gaming, hospitality and tourism industries. Global Market Advisors also provides clients with a wide variety of project-related advisory services, including negotiation of project contracts and joint venture contracts, developing responses to government requests for proposals and requests for concepts, public advocacy, and advising on labor, corporate, foreign exchange, and other issues that arise once the project is completed and operational. The principals and associates of GMA have hands-on experience in nearly all aspects of the gaming industry including domestic and international operations, project development, marketing expertise, and detailed market analysis.

Global Market Advisors is a (Nevada) Limited Liability Corporation with offices in Las Vegas, NV, Denver, CO, Taipei, Taiwan and Bangkok, Thailand. Below is the contact information for the company's principals.

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From 1991-1993, he was Director of Marketing at Sahara Gaming Corporation's Hacienda Hotel and Casino and Director of Marketing and Planning for the parent company's Development Group.

Mr. Klebanow also worked as Director of Marketing for Alliance Gaming Corporation where he conducted the initial market research, consumer testing and marketing plan development for Gamblers Bonus, the industry's first cardless slot club for the company's Nevada slot route division. Gamblers Bonus was the first player tracking system that allowed customers to redeem bonus points for game credits at the machine.

As a consultant to Horseshoe Gaming, Klebanow conducted an analysis of the gaming market in Tunica, MS and subsequently prepared its pre-opening business and marketing plans. In addition, Mr. Klebanow wrote the opening marketing plan for the Horseshoe Casino in Bossier City, LA.

From 1996 to 1999, Klebanow was Vice President of Marketing for Santa Fe Gaming Corporation, where he oversaw the marketing efforts for the Santa Fe Hotel and Casino in Las Vegas and the Pioneer Hotel and Gambling Hall in Laughlin NV. During his tenure at Santa Fe Gaming, his team repositioned both casinos' player rewards programs to better meet the needs of the business. His most recent position was that of Vice President of Marketing at Sam's Town Hotel and Gambling Hall, where he oversaw the repositioning of the 22-year-old gaming property and the re-branding of its player rewards program.

Mr. Klebanow formed his own consulting firm in 2001 and, together with Mr. Gallaway, formed Gaming Market Advisors in 2005. In 2013, Gaming Market Advisors acquired the consulting firm Galaviz and Co, and rebranded Global market Advisors, where Mr. Klebanow is a partner today.



Mr. Klebanow is a periodic lecturer at Cornell University's School of Hotel Administration, the University of Nevada Las Vegas and the University of Nevada Reno's School of Continuing Education. He has contributed articles to the Cornell University Hotel and Restaurant Quarterly and the UNLV Hospitality Journal. Mr. Klebanow also authors a column in Indian Gaming Magazine and in the online gaming publication Urbino.net. Mr. Klebanow has written extensively on the subject of player reinvestment and has developed methodologies for calculating a casino's player reinvestment rate. More recently, he spoke at G2E Asia 2010 on the topic tiered player reward programs, in 2011 on the Korean gaming market and in 2012 on the Manila gaming market. In 2013 he spoke at two seminars at the Global Gaming Expo in Las Vegas on an Introduction to Casino Operations and Trends in Asian tourism.

STEVEN M. GALLAWAY

Steve Gallaway has had a life-long exposure to the gaming industry with the past twelve years focusing on consulting in the gaming industry. During his career, he has had hands-on experience in operations management, organizational development, project development, business development, process improvement, contract negotiations, customer service training and employee development. Frequently Steve is engaged by clients to provide expert witness testimony in gaming industry related litigation. Based on his broad range of knowledge and experience in hospitality, Mr. Gallaway is known throughout the industry for his knowledge of both domestic and international markets.

Mr. Gallaway is a visiting lecturer at the School of Continuing Education at the University of Nevada, Reno where he teaches a class on casino feasibility analysis. In the gaming industry, many are familiar with Steve through his articles published in Global Gaming Business Magazine and Indian Gaming Magazine. Steve is also a leader with Gerson Lehrman Group Councils, as such providing dozens of Wall St. and international investment firms with advice on gaming markets and gaming investments.

Currently, Mr. Gallaway is a partner with Global Market Advisors, formerly known as Gaming Market Advisors where Steve has been a founding principal since 2005. Prior to GMA, Mr. Gallaway was a Senior Vice President of The Innovation Group, another consulting firm that provides services to the gaming and hospitality industry. Overall, Steve has completed over 300 feasibility studies with a strong focus in Native American gaming operations, public bond transactions, and international gaming developments. Steve has worked with over 75 Native American Tribes from California to Arizona to Florida. Many of these Native American engagements have resulted in Mr. Gallaway assisting his clients in obtaining the necessary funding to allow their projects to move forward.



Internationally, Mr. Gallaway has worked on more than 50 projects in Western and Eastern Europe, Asia, the Bahamas, the Caribbean, Canada, and Mexico. The depth of his experience in Mexico prompted an invitation to speak at G2E (Global Gaming Expo) to discuss the future of gaming in Mexico and at the 2012 Asian Gaming Congress on the feasibility of gaming development in Vladivostok, Russia. Other experience in gaming consulting includes an extensive amount of primary research, operational reviews, completing due diligence for clients on potential gaming acquisitions, and assisting casinos in analyzing and maximizing the utility of their player database.

KIT L. SZYBALA

Kit L. Szybala graduated from Southern Methodist University as a Hunt Leadership Scholar with degrees in Finance and International Studies giving him a thorough understanding of international business and financial modeling. While studying at the university, Mr. Szybala also gained extensive experience abroad, both working for Oracle Corporation in London, United Kingdom and studying at the University of Oxford. While with Oracle Corporation, Mr. Szybala worked alongside the Senior Director of Marketing and Vice President of Technology Marketing for EMEA as a Marketing Analyst. Mr. Szybala monitored and improved the efficiency of their marketing programs by utilizing Customer Relationship Management software.

Immediately following his time at Southern Methodist University, Mr. Szybala began working for Vail Resorts as a member of the Vail Resorts College Program. This Program gave him valuable insight into hospitality management and operations by giving him various opportunities to meet with chief members of resort management. It also afforded him the ability to work in several different capacities for the corporation, giving him the opportunity to understand the intricacies of the varying moving parts of resort operations.

In 2012, Mr. Szybala began working for Global Market Advisors. Currently, he serves as the company's Senior Analyst. As Global Market Advisors' Senior Analyst, Mr. Szybala has created over 75 robust financial models in various gaming markets across the globe. In addition to these financial models, Mr. Szybala has written a multitude of extensive, analytical reports, including feasibility studies, impact and cannibalization studies, gaming market assessments and strategic planning assessments. Additionally, Mr. Szybala is a visiting lecturer at the School of Continuing Education at the University of Nevada, Reno where he teaches a class on casino feasibility analysis.

JONATHAN GALAVIZ

Mr. Jonathan Galaviz is a Partner in the firm. He manages consulting engagements to Fortune 500 clients and emerging companies in the areas of Asia market expansion, government policy,



tourism strategy, and provides industry specific guidance to companies in the airline, casino gaming, and technology industries.

Mr. Galaviz regularly appears on CNBC, BBC, and Bloomberg TV and is quoted frequently by leading newspapers around the world. His clients include firms such as the Bank of Tokyo-Mitsubishi UFJ, Goldman Sachs (U.S. and Asia), CapitaLand, Deutsche Bank, Caesars Entertainment, Station Casinos (Fertitta Gaming), eSun/Lai Sun, Keppel Land (Singapore), Lend Lease (Australia) and several private equity / venture capital funds.

In 1996 Mr. Galaviz was a U.S. Senate Staffer in Washington DC for the office of U.S. Senator Pete Domenici (R-New Mexico). From 1998 to 2002 Mr. Galaviz was employed in a variety management consulting roles at Spectra Corporation, Whittman-Hart and Mandalay Resort Group (now a part of MGM Resorts International). From 2002 to 2013 Mr. Galaviz was head of Galaviz & Company LLC; a strategy-consulting firm focused on assisting Fortune 500 clients with their Asian market expansion strategies.

In 2011 Mr. Galaviz served as the Interim Head of Campus for the University of Nevada's campus located in the Republic of Singapore. He was responsible for returning the campus to profitability and enhancing its operational viability. His work at UNLV was widely praised in media and academic circles.

Mr. Galaviz serves as the President of The Economic Club of Las Vegas, a non-profit organization dedicated to non-political economic discussion. He is also a member of the National Association for Business Economics.

Mr. Galaviz holds an MBA from the Saïd Business School at the University of Oxford (England) and is a graduate of the New Mexico Military Institute. He studied finance at the National University of Singapore's School of Business as a foreign exchange student in 1997.

WILLIAM BRYSON

Bill Bryson has practiced law in New York and Taipei for over 25 years, and is recognized as a leading lawyer in the fields of gaming, hospitality, real estate development, mergers and acquisitions and financial transactions.

Bill has extensive experience in the representation of local and foreign hospitality industry clients in their operations and investments, both in Taiwan and throughout Asia. Bill has represented casino gaming companies, gaming machine manufacturers and consultants to the industry in Taiwan and 38 other jurisdictions on a variety of issues, including:

- Corporate Structuring



- Taxes
- Employment Issues
- Marketing Restrictions
- Internet/Interactive Gaming
- Debt Collection
- Gaming Development

In connection with prior and ongoing efforts by Taiwan to legalize casino gaming, Bill has represented several gaming industry clients in connection with possible gaming development projects in Taiwan. These representations have involved due diligence on potential joint venture partners, negotiation of joint venture and deal documentation, due diligence on potential casino gaming locations, reviewing and commenting on draft laws and regulations, and preparing background materials for, and participating in, client lobbying efforts and meetings with government officials.

Bill has been acknowledged by Chambers Asia Pacific as a leading gaming lawyer in the region, and by Chambers Global as a leading lawyer in the global gaming industry. He has been a speaker at both the Asian Gaming Congress and G2E Asia, and currently serves on the Advisory Board of the Center for Research on Gaming and Lotteries, a division of the School of Business Administration at the National Taiwan University of Science and Technology.

Bill has also represented non-gaming interests in the hospitality industry, including both local hotel owners and foreign management companies. Bill's roles in such representations have included assisting local owners in the negotiation of letters of intent, hotel operation agreements, management agreements, franchise agreements, technical services agreements, and pre-opening services agreements. He has assisted foreign management companies in similar transactions, as well as in termination scenarios (including related hand-over issues) and owner insolvency proceedings.

Bill's merger and acquisitions, financing and real estate experience includes many "first of a kind" deals in Greater China, including the first-ever sale/leaseback of a commercial building in Taiwan, the first multi-jurisdiction acquisition of non-performing loans in Taiwan, the first acquisition of non-performing loans in China by a foreign investor, the first cross-border limited recourse financing led by Taiwanese banks, the first acquisition of a listed local shipping company by a foreign investor, the first acquisition of a substantial stake in a local financial holding company by a Japanese bank, the largest (by value) acquisition of commercial real estate by a foreign investor in Taiwan, and the acquisition of a local Internet Service Provider by an American internet company. Bill has been acknowledged as a leading lawyer in M&A, real



estate, and finance by Chambers Asia Pacific, Asia Pacific Legal 500, and *AsiaLaw* magazine's Leading Lawyers Survey.

Along with his gaming, hospitality and transactional experience, Bill also brings with him extensive experience in public advocacy. As a member of the Government Relations Committee of the American Chamber of Commerce in Taipei, as well as his roles as Chairman of the Private Equity Committee and member of the Travel and Tourism Committee, Bill has, for the past 20 years, been a regular and central member of the Chamber's advocacy efforts on behalf of foreign companies in Taiwan. Bill's advocacy experience includes working with both local and US government officials on issues of importance to American companies in Taiwan, reviewing and revising draft legislation and regulations, developing advocacy strategies for both clients and industry groups, and being an editor of the Chamber's annual Taiwan White Paper, a collection of position papers produced by the Chamber's industry Committees. Bill's efforts on behalf of foreign companies in Taiwan have been recognized by the American Chamber of Commerce with two Outstanding Achievement Awards.

