

Menominee/ Hard Rock International



SOUTHEAST WISCONSIN'S PREMIER DESTINATION RESORT

KENOSHA

OCTOBER 22, 2013

Agenda

- 1. Project Viability**
- 2. Potential Impacts and Offsets**
- 3. Meeting The Governor's Criteria**



Project Viability: Large Untapped Market

Proforma Advisors LLC In 2011 Stated There Is Between \$2B And \$3.9B In Untapped Gross Gaming Revenue (GGR) Potential In The Regional Chicagoland Market

Chicago MSA Theoretical Regional Market Gaming Potential

	2010	Potential GGR based on Reasonable Saturation (e.g., St. Louis)	Potential GGR based on Full Saturation (e.g., Las Vegas)
Chicago MSA Population	9,461,105	9,461,105	9,461,105
GGR Per Capita	\$190	\$400	\$600
Actual GGR (billions)*	\$1.8		
Potential GGR by Per Capita Ratio		\$3.8	\$5.7

Source: US Census 2010, State Gaming Commissions and Pro Forma Advisors



Project Viability: Growing the Market

As a Regional Entertainment Destination, Hard Rock Kenosha Will Grow The Market – Not Simply Cannibalize It

Projected Change in Participation and Spend Versus 2014 for First Full Year of Phase 1	Population	Change in Participation Rate	Increased Visits	Avg. Spend/Visit	Change in Gaming Win
0-50 Miles	6,323,250	0.675	4,269,338	\$ 65.00	\$ 277,507,000
50 Miles - Two Hours	7,284,400	0.075	546,300	\$ 95.00	\$ 51,899,000
Two Hours - Four Hours	9,724,800	0.001	12,600	\$ 125.00	\$ 1,575,000
TOTALS	23,332,450		4,828,238		\$ 330,981,000

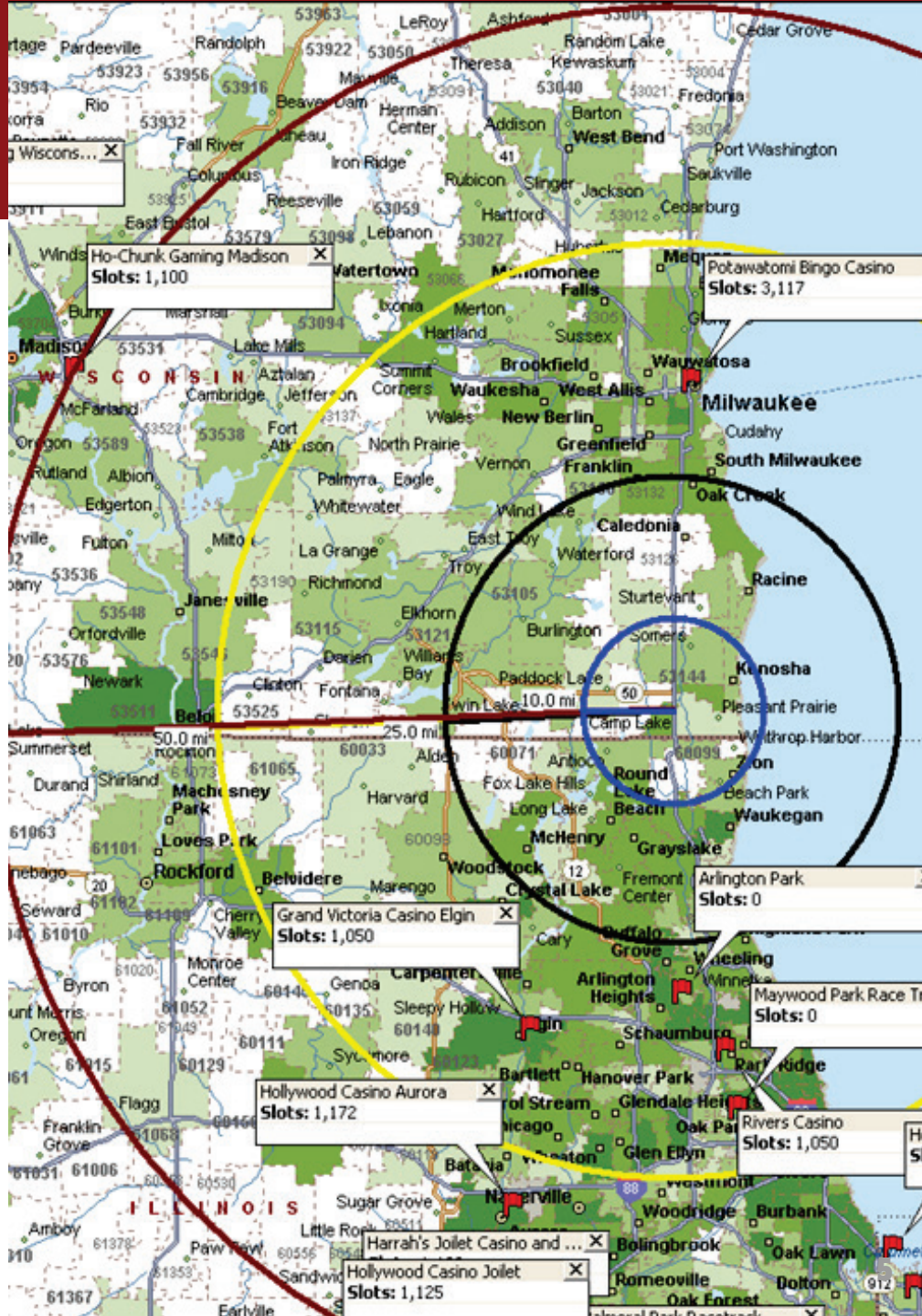
Source: KlasRobinson, Planned Kenosha Casino Resort: Competitive Impact Study, October 2013

New Gaming Revenue
Created in Year 1 of Phase 1



Project Viability: Population Volume

- Over 6.2 Million People Living Within A 50-mile Radius; More Than 13.7 Million People Within A 100-mile Radius
- The Population Per Gaming Position within a one-hour drive will be 17 percent higher than the Chicago market overall, 16 percent higher than the Detroit market, more than two times the Cincinnati market, more than four times Foxwoods/Mohegan Sun
- Income Levels In The Market Exceed National Averages, In Many Cases By More Than 10 Percent
- Approximately 34 Million Vehicles Pass The Exit To The Proposed Site On I-94 Each Year
- In 2012, There Were Over 57,000 Takeoffs And Landings At The Adjacent Kenosha Airport



Source: KlasRobinson, Planned Kenosha Casino Resort: Competitive Impact Study, October 2013



Project Viability: Customer Origin

Over 65% Of Revenues Will Originate In Illinois

Distance	Total Annual	Total Illinois	Total WI/Other	% Illinois
0 - 10 Miles	65,590,298	19,748,074	45,842,224	30.1%
11 - 50 Miles	348,121,642	253,289,895	94,831,747	72.8%
50+ Miles	40,340,409	23,822,332	16,518,077	59.1%
TOTALS	454,052,349	296,860,301	157,192,048	65.4%

Source: Hard Rock

Note: Caesar's press release on Waukegan, IL casino opportunity suggested 30% of their revenues would come from Wisconsin. The Kenosha Casino would only be slightly higher than 30% for Wisconsin-origin revenues. If Waukegan opens, there is no offset in place for other Wisconsin Tribes



Project Viability: Competing for Illinois Customer

Hard Rock Kenosha Intends to Compete Strongly for Untapped Chicagoland Revenues, Using the Power of A True Entertainment Destination

<i>Example: Hard Rock Kenosha Marketing Versus IL Competitors</i>	Hard Rock Kenosha	Illinois Competitors	IL Offers to Achieve Same Margin
Customer Worth	\$ 400	\$ 400	\$ 400
After Tax/State Payment	\$ 370	\$ 220	\$ 220
MARKETING INDUCEMENTS:			
Offer: Two to Steakhouse	\$ 100	\$ 100	\$ 25
Offer: Two Free Concert Tickets	\$ 80	\$ 80	\$ -
Offer: Free Slot Play	\$ 40	\$ 40	\$ 40
Total Offers	\$ 220	\$ 220	\$ 65
Profit After Offers	\$ 150	\$ 0	\$ 155
Profit Margin After Offers	38%	0%	39%

At 7.5 Miles from the Illinois border, Hard Rock Kenosha will be considered a greater Chicagoland Entertainment Destination



Project Viability: Revenue and Profit

Annual Projections of \$400+ Million Gaming Revenues, \$200+ Million EBITDA and \$60+ Million Cash Flow to Menominee

	<u>YR1</u>	<u>YR2</u>	<u>YR3</u>	<u>YR4</u>	<u>YR5</u>
Class III Gaming Revenues	407,199,858	425,863,939	441,151,706	452,604,532	464,383,125
Total Gross Revenue	436,697,804	456,844,559	473,346,787	485,709,424	498,423,709
Less: Promotional Allowances	15,410,254	16,116,586	16,695,143	17,128,569	17,574,323
Net Revenue	421,287,550	440,727,973	456,651,644	468,580,856	480,849,385
Governmental Mitigation Payments					
State Compact Payments	28,503,990	31,088,068	32,204,075	33,945,340	34,828,734
Local Mitigation Payments	13,865,996	14,425,918	14,884,551	15,228,136	15,581,494
Sales Tax	403,160	421,639	436,775	448,114	459,776
Total Governmental Mitigation Payments	42,773,146	45,935,624	47,525,401	49,621,590	50,870,004
Total Direct Expense/Labor/Cost of Goods	167,787,495	175,174,586	181,201,422	185,691,247	190,306,212
EBITDA	210,726,910	219,617,762	227,924,821	233,268,019	239,673,169
EBITDA %	48.3%	48.1%	48.2%	48.0%	48.1%
Interest	50,500,000	45,367,291	39,972,719	34,319,802	28,955,565
Depreciation	30,540,327	32,824,550	35,191,284	37,619,831	37,928,460
EBT	129,686,583	141,425,922	152,760,818	161,328,386	172,789,143
EBT %	29.7%	31.0%	32.3%	33.2%	34.7%
Management and Development Fees	34,756,004	37,902,147	40,939,899	43,236,008	46,307,490
Ongoing Capital Investment	8,733,956	9,136,891	9,466,936	9,714,188	9,968,474
Debt Repayment	53,469,952	56,088,573	58,672,031	50,785,220	52,896,124
Free Cash Flow to Tribe	\$63,266,998	\$71,122,861	\$78,873,236	\$95,212,801	\$101,545,515

Source: Hard Rock



Note: Management and Development Fees that were offered numerous times to Potawatomi will total over \$200 Million in 7-Year Period

Project Viability: Ability to Offset Impacts

We Guarantee to Offset Any Impact to Other Tribes

- Profit impacts at other Wisconsin Tribal casinos are not expected to exceed \$25 Million in any year and not expected to continue for more than 3 years
- Offsetting profits of other Wisconsin Tribes could be seen as equivalent to an extra “tax”* for an interim period until the market absorbs the new supply. We believe this project is viable at an effective rate above 7% - 7.5% for a limited time if necessary. In fact, when you look at gaming taxes across the country, there are a limited number of states that have as favorable “tax” rate equivalents as Wisconsin.

**The gaming fees paid to the State of Wisconsin by the Tribes are not a tax, however, for purposes of comparison throughout the country they are referenced here as equivalent to a tax.*

Casinos	Rate
Maryland	67.0%
Rhode Island	60.2%*
Pennsylvania	16% - 55%
Illinois	15% - 50%
New York	47.1%*
New Mexico	26% - 46.25%
Louisiana	21.5% - 42.5%
West Virginia	42.4%*
Maine	42.0%
Delaware	41.7%*
Indiana	15% - 40%
Oklahoma	19% - 39%
South Florida Racinos	35.0%
Kansas	27.0%
Seminole Properties	12% - 25%
Iowa	22% - 24%
Missouri	21.0%
Colorado	20.0%
Michigan	19% - 24%
Michigan	19.0%
Mississippi	8% - 12%
New Jersey	8% - 9.25%
South Dakota	9.0%
Nevada	6.75% - 7.75%
North Dakota	2.5%



KENOSHA

Project Viability: Ability to Offset Impacts

Two Concepts For Discussion to Ensure The Ability to Offset Revenues

1. Trustee/Waterfall Pledge

FIRST, to State of Wisconsin Revenue Share

SECOND, to Senior Debt Interest

THIRD, to meet Operating Expenses

FOURTH, to Subordinate Debt Interest

FIFTH, to Offset Other Tribes

SIXTH, to Senior Debt Principal Payments

SEVENTH, to Subordinate Principal Payments

EIGHTH, Minimum Distribution to the Menominee Tribe

NINTH, to Manager/Developer

TENTH, balance to Menominee Tribe Account

2. Increased State Payments Through Compact

***Note:** Offsets To Other Tribes Are Expected To Total Less Than \$50 Million Combined in a 4 Year Period, While The Total New Revenue to the State From Kenosha Project Is \$125 Million Over the First 4 Years*



Impacts: Potawatomi Revenues and Profit

Projected Impact To Potawatomi Revenue Totals -\$62.6M Over A Four Year Period

Potawatomi Gaming Revenue Is Expected To Be Impacted:

- -\$18.3M in Year 1
- -\$32.4M in Year 2
- -11.5M in Year 3
- Revenues are expected to recover to over 99% of pre-Kenosha opening levels in year 4 and continue to grow from there
- Profit Impact Scenarios are Provided. At even the most aggressive level, Profit Loss should not eclipse \$25 Million in any year.

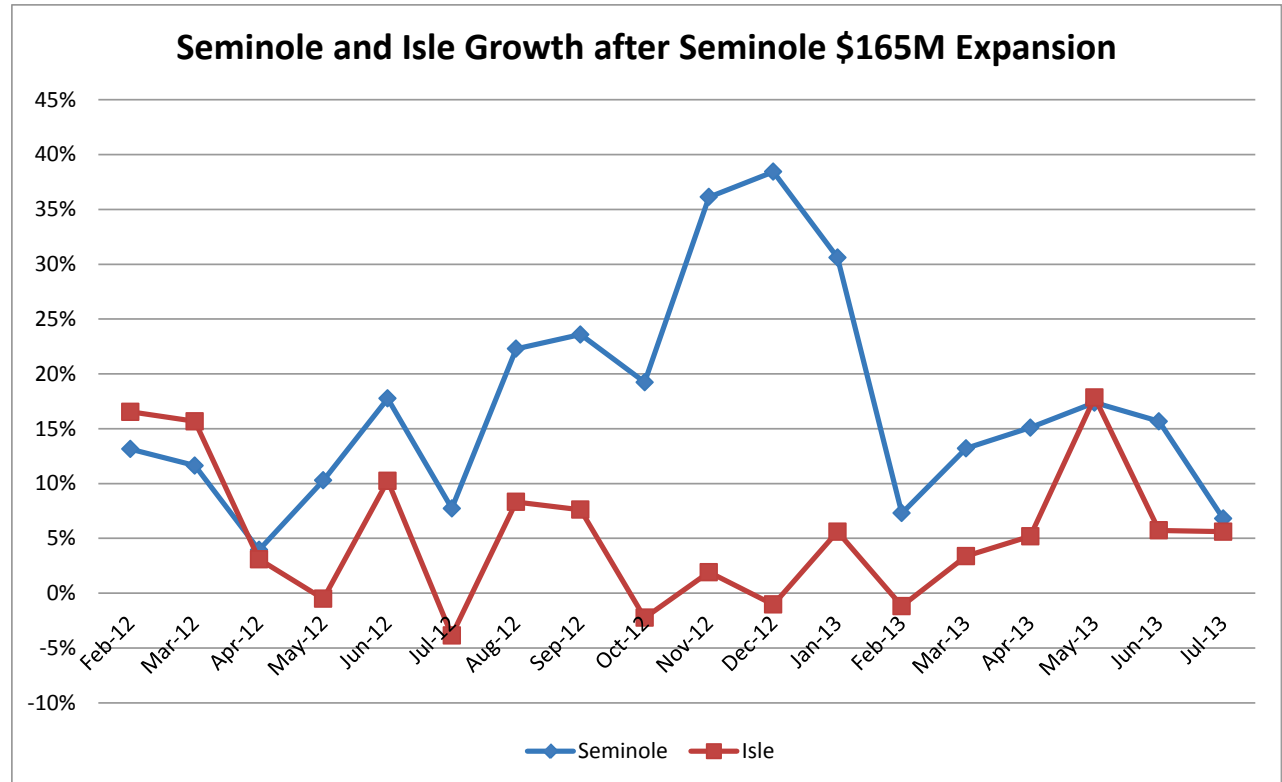
		<i>Impact</i> Year 1	<i>Stronger</i> <i>Impact</i> Year 2	<i>Recovering</i> Year 3	<i>Recovered</i> Year 4	TOTALS
Estimated Revenue Impact vs. Base Year		\$ (18.3)	\$ (32.4)	\$ (11.5)	\$ (0.36)	\$ (62.6)
Net Cash	75%	\$ (13.8)	\$ (24.3)	\$ (8.6)	\$ (0.3)	\$ (46.9)
	70%	\$ (12.8)	\$ (22.7)	\$ (8.0)	\$ (0.3)	\$ (43.8)
Loss to Tribe at Various Margin Scenarios	65%	\$ (11.9)	\$ (21.0)	\$ (7.5)	\$ (0.2)	\$ (40.7)
	60%	\$ (11.0)	\$ (19.4)	\$ (6.9)	\$ (0.2)	\$ (37.5)
	55%	\$ (10.1)	\$ (17.8)	\$ (6.3)	\$ (0.2)	\$ (34.4)
	50%	\$ (9.2)	\$ (16.2)	\$ (5.7)	\$ (0.2)	\$ (31.3)
	45%	\$ (8.3)	\$ (14.6)	\$ (5.2)	\$ (0.2)	\$ (28.2)
	40%	\$ (7.3)	\$ (12.9)	\$ (4.6)	\$ (0.1)	\$ (25.0)
	35%	\$ (6.4)	\$ (11.3)	\$ (4.0)	\$ (0.1)	\$ (21.9)
	30%	\$ (5.5)	\$ (9.7)	\$ (3.4)	\$ (0.1)	\$ (18.8)



Impacts: Competitive Impact Study

Seminole Recently More Than Doubled the Size of their Coconut Creek Casino and it Helped Grow a Competitor's Revenues within 10 Miles by Growing a Major Underdeveloped Feeder Market

- Seminole spent \$165M doubling the number of table games, adding restaurants, a parking garage and increasing slot capacity by over 50%
- Seminole spend significant efforts on Palm Beach County to grow the market and experienced strong results
- Seminole Slot Revenues (not including Tables) grew \$56M in the following 18 Months while competitor's Slot Revenues grew \$9.5M
- Competitor is pleased with the market results (publicly traded at ISLE)



Potawatomi Offers

Menominee Offers to Potawatomi Over Past Three Years Eclipsed \$200 Million

1. The Menominee Tribe has for years offered to Forest County Potawatomi the opportunity to act as the developer / manager of its Kenosha Facility. The most recent offer was made in August, 2013, in the letter attached. That letter specifically asked Potawatomi to meet with Menominee prior to September 5, 2013 if they had any interest in acting as developer manager. Potawatomi did not request such a meeting.
2. Based on Potawatomi's continued lack of interest in management or development of the Kenosha Facility, Menominee subsequently offered the developer / manager position to Hard Rock International on the same terms as offered to Potawatomi. Hard Rock accepted that offer, and they project that over the course of 7 years they will earn \$200M+ as Manager/Developer.
3. As stated in the letter of August 26, 2013 attached, Menominee offered a number of other ways Menominee and Potawatomi could work together on issues related to the Kenosha Facility. Menominee Legislators have met with Potawatomi staff on three separate occasions in the last 30 days, however, a confidentiality agreement prohibits Menominee from discussing the substance of those talks.



Potawatomi Offers



**MENOMINEE INDIAN TRIBE OF WISCONSIN
CHAIRMAN'S OFFICE**
P.O. Box 910
Keshena, WI 54135-0910

Wednesday, May 12, 2010

Honorable Chairman, Harold "Gus" Frank
Forest County Potawatomi Community
5443 Everybody's Road, P. O. Box 340
Crandon, WI 54520

Re: Proposal for Forest County Potawatomi to Replace Mohegan Tribe as Menominee's Developer and Manager of Menominee's Kenosha Gaming Facility

Dear Honorable Chairman Frank:

This letter is to follow up on and confirm earlier discussions between you, myself, the Forest County Potawatomi Council, and the Menominee Tribal Legislature. The Menominee Tribe believes that the best chance for both federal and state approval of Menominee's Kenosha Gaming Facility is if Menominee and Forest County Potawatomi (FCP) join together to push for approval.

Menominee proposes that FCP join us pursuant to the following terms:

1. FCP will replace the Mohegan Tribe as the developer and manager of the Kenosha Gaming Facility. This will entitle FCP to approximately 26% of the Facility's net revenues over a period of seven years. Mohegan is interested in recouping approximately \$13 million it has put into the project; however, only a small portion of that sum would be required as an upfront cash payment. The majority would only be due and payable out of financing for the Facility or out of net revenues if and when the Facility opens, and that majority would be paid by Menominee not FCP.
2. After the seven-year management and development agreements expire, Menominee and FCP would enter into an intergovernmental agreement whereby Menominee would pay FCP a percentage of the Class III net win of the Kenosha Facility for a period of ten years.
3. Menominee will grant to FCP certain development rights over a portion of the trust property in Kenosha allowing FCP to develop complementary facilities.
4. Menominee and FCP will work to develop a cooperative marketing program, so that the Kenosha Gaming Facility and FCP's Menominee Valley Casino complement each other and Wisconsin attracts and retains more gaming revenue from neighboring states. Such programs may include, for example, target marketing in specified zones and cross-casino point redemption and other promotions.



**MENOMINEE INDIAN TRIBE OF WISCONSIN
CHAIRMAN'S OFFICE**
P.O. Box 910
Keshena, WI 54135-0910

August 26, 2013

SENT VIA USPS CERTIFIED & ELECTRONIC MAIL

Chairman Harold "Gus" Frank
Forest County Potawatomi Community
ATTN: Executive Council
P.O. Box 340
Crandon, WI 54520

RE: Development and/or Management Proposal for Forest County Potawatomi of Menominee's Kenosha Facility

Dear Chairman Frank:

It has been the Menominee Indian Tribe's hope, since 2003 to work together with the Forest County Potawatomi Community ("FCP") in regard to the Menominee Indian Tribe's proposed Kenosha Casino and Entertainment Center. Although Menominee has, on at least seven occasions, proposed a number of ways our Tribes could work together, none of those seem to have been acceptable to your Tribe. Nevertheless, Menominee would like to take one more opportunity to propose a plan to work together in order to bring great benefits to both our Tribes and to the State of Wisconsin.

Menominee proposes that FCP join with Menominee pursuant to the following general terms:

1. FCP would have the opportunity to act as the Tribe's Developer and/or Kenosha Casino and Entertainment Center Manager under terms that are beneficial to both the Tribe and FCP. FCP would have no financial obligation to any prior developers or managers;
2. FCP would have the opportunity to lease a certain number of Class III gaming machines to the Kenosha Casino and Entertainment Center for a period of time on commercially reasonable leasing terms;
3. FCP would have the opportunity to participate in the permanent financing as a lender on commercially reasonable terms;
4. FCP would have the opportunity to obtain certain development rights over a portion of the Kenosha trust property allowing FCP to develop complementary facilities;
5. Menominee and FCP would work together to develop a cooperative marketing program, so that the Kenosha Gaming Facility and FCP's Menominee Valley Casino complement each other and jointly attracts visitors to Wisconsin.

It is our belief that working together under the terms described above could generate millions in revenue to FCP.

We would appreciate FCP's consideration of this partnership opportunity which would profit FCP, help Menominee escape poverty, and bring a much needed positive economic impact to the State of Wisconsin. Due to the recent positive decision of the Menominee application by the U.S. Department of the Interior we need to move forward as quickly as possible. The Menominee Tribal Council is prepared to meet with whomever you deem appropriate to discuss any interest the FCP Community may have in the Development and/or Management of the Kenosha Facility. Specifically if the FCP has an interest in acting as the Developer and/or Manager we need to meet to discuss this soon. If FCP wishes to discuss all the options above, please contact me so that we can set up a meeting prior to September 5, 2013. If FCP is uninterested in the development management role, or are unwilling to meet on or before September 5, 2013, our Tribe would be willing to discuss the other partnership opportunities mentioned above at your earliest convenience.

Impacts: Ho Chunk

We Project No Observable Impact on Ho Chunk's Class III Casino

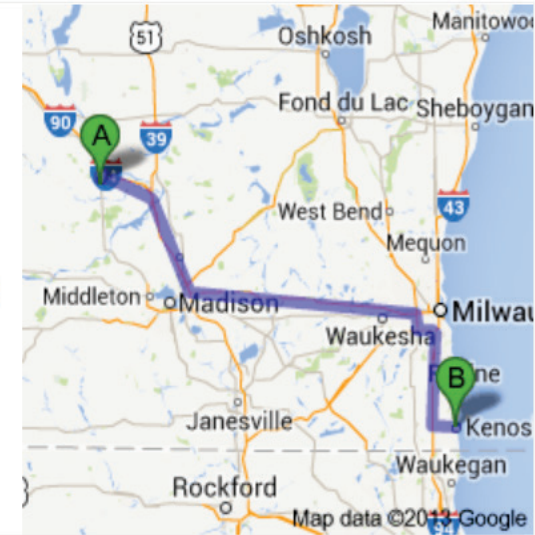
1. Ho Chunk's Class III facility is 155 miles or about a 2 hour and 30 minute drive from Kenosha.
2. Based on their distant location and Kenosha's target market, KlasRobinson states it is highly unlikely that the opening of Kenosha will impact gaming revenues of Ho Chunk
3. IL Case Study: For the first full calendar year of operation, Rivers Des Plaines impacted those casinos closest to them by between -5% and -18%. However, the East Peoria Casino, which is 155 miles away from Des Plaines, experienced an increase in gaming revenues over the same period...further evidence that the impact of Kenosha on Ho Chunk's Class III casino will be minimal to none.

A Ho-Chunk Gaming Wisconsin Dells

2 hours 30 mins

B Kenosha, WI

155.2 mi



Calendar Year 2012 vs. 2011 Illinois Gaming Revenues by Competitor	Total Slots and Table Revenues				Miles to Des Plaines Casino
	YR 2012	YR 2011	Variance	Y-o-Y Gaming Revenue Variance	
Des Plaines	\$381,547	\$144,103	\$237,444	165%	NA
Elgin	\$195,605	\$238,232	(\$42,627)	-18%	29
Aurora	\$139,168	\$160,349	(\$21,181)	-13%	37
Joliet Harrah's	\$194,598	\$205,111	(\$10,513)	-5%	48
Joliet Hollywood	\$129,900	\$136,034	(\$6,134)	-5%	49
East Peoria	\$107,257	\$106,435	\$822	1%	155
Rock Island	\$81,147	\$78,985	\$2,162	3%	174
Alton	\$65,488	\$67,493	(\$2,005)	-3%	287
E St Louis	\$120,934	\$119,014	\$1,920	2%	294
Metropolis	\$90,416	\$87,049	\$3,367	4%	382
Totals	\$1,506,061	\$1,342,803	\$163,258	12%	15

July 15, 2011 Opening for Des Plaines



KENOSHA

Ho Chunk Offers

Menominee Offers to Ho Chunk \$100 Million

Menominee in the attached letter dated October 19, 2011 offered the Ho Chunk Nation the opportunity to act as the developer/manager of its Kenosha Facility. Ho Chunk did not respond to that offer. The Management/Development contract for Kenosha casino is estimated at over \$200 Million over seven (7) years, however, it was articulated at the time to Ho Chunk as “up to \$100 Million”

Menominee has requested meetings with Ho Chunk to discuss the Kenosha Facility many times, however, Ho Chunk has generally refused to meet citing their continued opposition to the Kenosha Facility.



KENOSHA



MENOMINEE INDIAN TRIBE OF WISCONSIN
CHAIRMAN'S OFFICE
P.O. BOX 910
KESHENA, WI 54135

October 19, 2011

Via Electronic Mail and Federal Express

Ho-Chunk Nation
Jon Greendeer, President
PO Box 667
Black River Falls, WI 54615

Re: Menominee Kenosha Project

Dear Jon Greendeer:

The Menominee Indian Tribe of Wisconsin (the "Tribe") is seeking a development partner for its proposed Kenosha, Wisconsin gaming and entertainment facility project ("Kenosha Project"). The Kenosha Project is predicated on the approval of the Tribe's land into trust application ("Application") currently under review by the United States Department of the Interior pursuant to the Indian Reorganization Act and Section 20 of the Indian Gaming Regulatory Act. The Tribe recently met with the Bureau of Indian Affairs regarding its Application and is in the process of updating the Application so it is ready for a decision by the Bureau of Indian Affairs.

The Tribe currently does not have a development partner. It is seeking such a partner because the Tribe, due to its limited resources, is unable to fund all the necessary costs of development. Its preference is to bring in a Wisconsin Tribe or Wisconsin Tribes to act in this capacity, allowing more of the revenue generated by the Kenosha Project to go to Tribes for the ultimate benefit of Tribal members.

The Tribe requires the following in any Development Partner:

1. Commitment to providing funding to cover pre-development costs related primarily to maintaining a real estate option; legal services; government affairs services; environmental analysis; market analysis. All pre-development costs are aimed at the successful acquisition of property in Kenosha, Wisconsin by the United States of America in trust for the Menominee Indian Tribe pursuant to Section 20 of the Indian Gaming Regulatory Act. The financial commitment required could be up to \$4 million.

2. Willingness to enter into a development agreement substantially similar to the development agreement that has been provided to the Bureau of Indian Affairs as part of the Menominee Tribe's land into trust application which includes reimbursement to the developer of any pre-development costs paid and compensation equal to a certain percentage of net revenues over the course of seven years of operation. Based on revenue projections this could result in a payment to the developer of up to \$100 million over the course of the first seven years of operation.

If you have an interest in acting as a developer for the Tribe related to the Kenosha Project and believe you meet the criteria listed above, please contact me at (715) 799-5114 or rchevalier@mitw.org by Friday, November 4, 2011 to discuss the matter in further detail.

Sincerely,

A handwritten signature in black ink, appearing to read "Randal Chevalier".

Randal Chevalier
Chairman
Menominee Indian Tribe of Wisconsin

Impacts: City and County of Milwaukee

There Will be a Net Increase in Milwaukee Direct Jobs Through Menominee Commitment to Hire Milwaukee Residents

1. KlasRobinson suggests that the impacts on gaming revenues at Forest County Potawatomi could result in the loss of 220 Full Time Positions at Potawatomi Bingo Casino. With that information in mind, the Menominee Legislature has committed that **10% or more of the 3,356 employees at the facility will come from Milwaukee.**

- The result is a **Net Increase in Milwaukee Employment of 116 Direct FTEs.**

2. Estimated County and City Payments from Potawatomi could decline by \$2 Million over the four year impact period previously stated

- To put that in perspective, it is equal to roughly 0.026% of the combined 2013 Budgets for Milwaukee and Milwaukee County



Governor Walker's Criteria: Local Support

The Project Enjoys Resounding Support By The Residents Of Kenosha County

1. Residents approved the Project in a 2004 referendum by a margin of 56% to 44%.
2. Menominee has entered into a comprehensive Intergovernmental Agreement with the City and County of Kenosha addressing all aspects of the Project
3. Both the City of Kenosha and the County of Kenosha support the Project by resolution.

Direct Economic Benefits To The Local Community:

- ✓ Over \$100 Million in the first 8 Years to the City and County
- ✓ \$1.5 million annual gift to the Kenosha Unified School District
- ✓ \$5 million contribution to be used for establishing trust funds to support Kenosha public museums, local services for the homeless and other area cultural and charitable needs



Governor Walker's Criteria: No New Net Gaming

Approval of the Kenosha Project will not result in a net increase in gaming in Wisconsin for the following reasons:


1. The Kenosha Project will revive gaming at a gaming facility that has been in existence since 1990.
2. The 2000 amendments to the Menominee Gaming Compact agreed to specific provisions regarding Menominee's conduct of gaming at the Dairyland Greyhound Track in Kenosha, Wisconsin.
3. In 2000, and today, the Menominee operate two gaming facilities, both on their reservation. The Compact contemplated the Menominee to continue to operate two gaming facilities: one on their reservation, and one at the Dairyland Greyhound Track.
4. Thus, Menominee's closure of one of its two existing facilities in conjunction with the opening of the Kenosha Project was deemed to not constitute an increase in gaming.



Governor Walker's Criteria: Consensus

The Following Tribes Have Provided Consensus Via Public Project Endorsement

- ✓ Bad River Band of Lake Superior Chippewa
- ✓ Lac Court Oreilles Band of Lake Superior Chippewa
- ✓ Lac du Flambeau Band of Lake Superior Chippewa
- ✓ Menominee Indian Tribe
- ✓ Oneida Tribe of Indians
- ✓ Red Cliff Band of Lake Superior Chippewa
- ✓ St. Croix Chippewa Indians
- ✓ Sokaogon Mole Lake Community
- ✓ Stockbridge Munsee Community

con·sen·sus  *noun, often attributive* \kən-'sen (t)-səs\
: a general agreement about something : an idea or opinion that is shared by all the people in a group

Full Definition of CONSENSUS [Cite!](#) [+1](#) [Like](#)

1 a : general agreement : **UNANIMITY** <the *consensus* of their opinion, based on reports ... from the border — John Hersey>

b : the judgment arrived at by most of those concerned <the *consensus* was to go ahead>

2 : group **solidarity** in sentiment and belief

As defined by Merriam-Webster

The Following Tribes Have Provided Consensus Via Compact

- ✓ Forest County Potawatomi
- ✓ Ho Chunk



Summary

1. Hard Rock Kenosha will bring **5,000 Jobs** and a **regional entertainment destination** to a very large and **underdeveloped market** in Southeast Wisconsin/Northern Illinois
2. Hard Rock Kenosha will **compete aggressively for the Chicagoland Market** to grow **Wisconsin Gaming revenues**, not cannibalize them
3. The Menominee have extended **creative and substantial offers to Ho Chunk and Potawatomi Tribes**, but they have not reciprocated as the Oneida Tribe did recently in finding common ground
4. There **will be an impact to Potawatomi gaming revenues** with the opening of Hard Rock Kenosha, but it will be **short-lived** and **easily offset** through the Compact Process
5. The project's **tremendous long-term positive impacts far outweigh any short term negative impacts**
6. The **Governor's criteria have been met**
7. We believe the **time to act is now**. With the recent legislation introduced again in Illinois, it is just a matter of time before **casinos could be placed 7.5 miles from the Kenosha site in Illinois**. Illinois would get all the jobs, all the capital investment, all the taxes and economic benefits, and there would be no offset mechanism for Wisconsin Tribes.



executive summary

A letter from Menominee Chairman Craig Corn



Dear Governor Walker:

Please accept the enclosed document as our formal response to your publicly stated criteria. We would also like to take this opportunity to outline why we believe approving the Hard Rock Kenosha project is the right decision for Kenosha and the surrounding community, the State of Wisconsin, the Menominee, and in the end, all 11 tribes within the great state of Wisconsin.

To begin with, we believe we have unequivocally satisfied the criteria you set forth to support this project as follows:

- 1. Local Support:** The proposed project and the new jobs it represents have resounding support of the residents of Kenosha County. In 2004, residents approved the Project in a referendum by a margin of 56% to 44%. Menominee has entered into a comprehensive Intergovernmental Agreement with the City and County of Kenosha addressing all aspects of the Project, and both the City of Kenosha and the County of Kenosha support the Project by resolution.
- 2. No New Net Gaming:** Hard Rock Kenosha will revive gaming at Dairyland Greyhound Park, a wagering facility that has been in existence since 1990. Therefore, the project will merely replace an existing gaming facility. In addition, the 2000 Compact amendments between Menominee and the State contemplated that when Menominee opened the Kenosha Casino, it would close one of its existing on reservation casinos. Menominee will abide by that understanding. In furtherance of your criterion and consistent with the Compact, one of these two casinos will be closed.

3. Consensus of all 11 Wisconsin Tribes:

a. The Following Tribes Have Provided Consensus Via Public Project Endorsement

- i. Bad River Band of Lake Superior Chippewa
- ii. Lac Court Oreilles Band of Lake Superior Chippewa
- iii. Lac du Flambeau Band of Lake Superior Chippewa
- iv. Menominee Indian Tribe
- v. Oneida Tribe of Indians
- vi. Red Cliff Band of Lake Superior Chippewa
- vii. St. Croix Chippewa Indians
- viii. Sokaogon Mole Lake Community
- ix. Stockbridge Munsee Community

b. The Following Tribes Have Provided Consensus Via Compact

- i. Forest County Potawatomi
- ii. Ho Chunk Nation

Second, we address the issues of viability of the market and the project.

4. This is a Proven Robust Market With Substantial Untapped Demand

- a. There are 6.2 Million people within 50 miles of this project.
- b. The population per gaming position within 50 miles of Kenosha will be 17% higher than Chicago, 16% higher than Detroit, more than two times the Cincinnati market and more than four times that of Foxwoods/Mohegan Sun.
- c. The Rivers Casino Des Plaines opened on July 18, 2011, adding nearly 1,400 gaming positions to the market. Gaming win in the competitive market increased by over 20 percent in each of the past two years as

executive summary

A letter from Menominee Chairman Craig Corn



the market began the process of absorbing and responding to the new Rivers Casino. Despite an increase in gaming supply of nearly

26 percent, the average daily win per gaming position in the market actually increased over the past two years.

- d. A 2011 ProForma Advisors LLC report states there is between \$2B and \$3.9B potential in the greater Chicagoland market before saturation occurs.

5. Hard Rock Brings One of the World's Most Iconic Brands and One of the Industry's Strongest Balance Sheet

- a. Simply put, Hard Rock is a game changer. Their brand has the ability to transform Southeastern Wisconsin to a regional entertainment destination and grow regional revenues... both gaming and non-gaming.
- b. What is more, in addition to its owner, the Seminole Tribe of Florida, Seminole Hard Rock Entertainment (Hard Rock) is one of the most financially stable companies within its sector with a portfolio of globally diversified assets. Combined, the financial strength of the Seminole Tribe of Florida and Seminole Hard Rock Entertainment is unmatched by any other gaming and entertainment company in the industry - commercial or tribal. Given this financial strength and proven track-record in having raised billions of dollars for similar projects to what is proposed for Kenosha, we are highly confident in our ability to fund this project.

6. Annual Projections of \$400 Million Gaming Revenues and \$200 Million in EBITDA in Phase 1

- a. Our projections show that significant increases—over \$330M in Year 1 of Phase 1 -- in total market demand can be reasonably attained in response to the addition of the proposed regional entertainment destination, Hard Rock Kenosha.

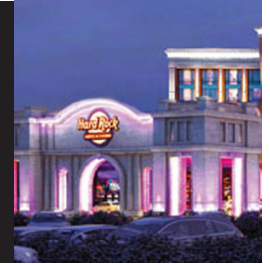
And lastly, we report the potential impacts that the opening of the Kenosha Casino is expected to have on other surrounding communities and Tribal Casinos.

7. Potawatomi Bingo Casino Is The Only Casino Whose Revenues Would Be Impacted Negatively By Kenosha Casino Opening, But It Would Be Short Lived

- a. A recent study performed by KlasRobinson in October 2013 shows that the Potawatomi will likely suffer a short lived reduction in gaming revenues of approximately \$62.6 Million over a three year period and is then expected to recover to pre-Kenosha opening levels.
- i. Menominee have reached out to try to find ways to garner Potawatomi support. In fact, over \$200 Million in value has been offered to the Potawatomi: The Menominee Tribe has for years offered to Forest County Potawatomi the opportunity to act as the developer / manager of its Kenosha Facility. The value of this offer exceeds \$200 Million over a seven year agreement. The most recent offer was made in an August, 2013 letter. That letter specifically asked Potawatomi to meet with Menominee prior to September 5, 2013 if they had any interest in acting as developer manager. Potawatomi did not request such a meeting. Based on Potawatomi's continued lack of interest in management or development of the Kenosha Facility, Menominee subsequently offered the developer /manager position to Hard Rock International on the same terms as offered to Potawatomi. They accepted that offer, and they project that over the course of 7 years they will earn approximately \$200 Million as a result.

executive summary

A letter from Menominee Chairman Craig Corn



- ii. As stated in an August, 2013 letter, Menominee offered a number of other ways Menominee and Potawatomi could work together on issues related to the Kenosha Facility. Menominee Legislators have met with Potawatomi staff on three separate occasions in the last 30 days, however, a confidentiality agreement prohibits Menominee from discussing the substance of those talks
- b. Other casinos in Wisconsin are simply too far away from Kenosha to experience an impact. The next closest Class III casinos after Potawatomi are Ho Chunk and Oneida, each of which are 155 miles driving distance to Kenosha.

8. State and Community Impacts

a. State Payments: It is difficult to determine by what amount State payments would be reduced by Potawatomi Bingo Casino's loss of approximately \$62.7M in revenues, as the tribe would not be able to show that 100% of the revenue loss resulted in Cash Loss to the Tribe. We have attempted to understand the net cash loss to the Potawatomi tribe by year and believe that even at the most aggressive case, the greatest cash loss would be \$24.3 Million in the second full year of the Kenosha Phase 1 casino.

i. Menominee Mitigation of State Payments

1. Menominee will, through its Compact with the State of Wisconsin, or through other means agreeable to the State, reimburse the State for any reduction in its current gaming revenues, and protect Potawatomi from the lost profits attributable to Kenosha listed above. The lost profits, or lost revenue to the State are not expected to exceed \$50 million, and the Kenosha Project is projected to bring in \$150 million in new gaming revenue to the State.

2. Therefore, the State is at no risk of losing direct revenue as a result of approval of the Kenosha Project.

- b. County and City Payments: Based on the short lived reduction in revenues to Potawatomi Bingo Casino, the City and County of Milwaukee are at risk of experiencing a reduction of approximately \$2 million over a four year period. This amount must be kept in perspective. The combined budgets of the City and County of Milwaukee in 2013 exceed \$1.9 billion. The loss of \$2 million in revenue is approximately 1/10 of 1 percent and thus is not believed to constitute a significant impact.

Substantial Positive Impacts Of Hard Rock Kenosha Offset Any Negative Impacts:

- Projected \$808 Million in Capital Investment to create a first-class entertainment destination in Southeast Wisconsin.
- More than 5,000 good-paying jobs for Wisconsin residents.
- State payment will average over \$35 million per year for the first 10 years, more than any other business or Tribe.
- \$75 million in goods and services purchased annually.
- City and County payments of more than \$13 million annually. By comparison, the shuttered Dairyland Greyhound Park site currently generates approximately \$300,000 per year in taxes.
- \$5 million to establish trust funds to support Kenosha public museums, local services for the homeless and other area cultural and charitable needs.
- The Tribe will also make a \$1.5 million annual gift to the Kenosha Unified School District.

executive summary

A letter from Menominee Chairman Craig Corn



- Indemnifying Tribes for the minimal and temporary reductions in profits that they may see initially as a result of the opening of Hard Rock Kenosha – a new Chicago casino would not do that.

- Bringing desperately needed revenue to Menominee and its over 8,700 members to help break out of poverty.

Time to Act is Now Tens of millions of dollars in State and local revenue are currently being lost to the State of Illinois by Wisconsin residents frequenting Chicagoland casinos. The new Hard Rock in Kenosha would recapture a significant portion of these lost revenues for the benefit of the State, County, City and the Menominee Tribe.

If we act now, companies who are considering investing in Illinois will think twice about putting casinos on the state line and importing revenues from Wisconsin. Caesars has openly stated they expect 30% of their Waukegan revenues to come from Wisconsin. Hard Rock Kenosha only expects 35% of revenues from Wisconsin and 65% from Illinois. In its fall session the Illinois legislature is considering new bills to expand casino gaming. You have the power to make this casino a reality before Illinois acts to get the benefits of substantial capital investment, thousands of jobs and revenue from our citizens without doing anything to keep the Wisconsin Tribes whole in the process.



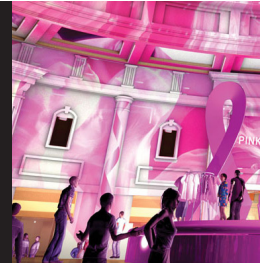
Respectfully submitted,

Chairman Craig Corn

Menominee Indian Tribe of Wisconsin

local support

Overwhelming Support by the City, the County and the State



Support of Local Community

The support of the local community for the Menominee Indian Tribe's Kenosha Casino and Entertainment Center (the "Project") is overwhelming. The residents of Kenosha County approved the Project in a referendum in 2004 by a margin of 56% to 44%. In addition both the City of Kenosha and the County of Kenosha support the Project by resolution.

Further local support is demonstrated by the following:

- Kenosha Mayor Keith Bosman
- Kenosha County Executive Jim Kreuser
- Racine Mayor John Dickert
- Dennis DuChene, Kenosha Convention and Visitors Bureau
- Racine County Executive Jim Ladwig
- Rep. Samantha Kerkman (R-Kenosha)
- Rep. Tyler August (R-Lake Geneva)
- Rep. Tom Weatherston (R-Racine)
- Rep. David Craig (R-Muskego)
- Rep. Peter Barca (D-Kenosha)
- Rep. Tod Ohnstad (D-Kenosha)
- Sen. Bob Wirch (D-Kenosha)
- Sen. John Lehman (D-Racine)
- Rep. Cory Mason (D-Racine)
- Endorsement of the Kenosha News
- Endorsement of the Racine Journal Times

The Tribe has entered into a comprehensive Intergovernmental Agreement ("IGA") with the City and County of Kenosha that the Bureau of Indian Affairs described as follows:

"The IGA between the Tribe, the City and the County mitigates the social, economic and other impacts from the Project by providing the

terms, conditions, and financial compensation for locally provided services to the Project. The IGA establishes a means for ongoing communication between the Tribe, the Tribal Gaming Authority and the local governments and addresses the loss of taxable property and development in the City and the County. The governmental entities that signed the IGA have formed a valuable working relationship" (P. 43 BIA Determination)

In addition to the over 3000 direct jobs at the Project, and the thousands of construction jobs associated with building the Project, the IGA will bring the following direct economic benefits to the local community:

- The Tribe will pay the City of Kenosha and Kenosha County 3 percent of net win over the Kenosha project's first eight years and 4 percent of net win thereafter. Payments to the City and County are expected to total more than \$13 million annually during the first 8 years and increase significantly thereafter. In contrast, the current shuttered Dairyland Greyhound Park site generates approximately \$300,000 per year in taxes.
- The Tribe will also make a \$1.5 million annual gift to the Kenosha Unified School District. Additionally, the City of Kenosha will annually distribute \$500,000 of its casino payment to KUSD, and the County will distribute \$500,000 of its payment to the Kenosha school districts west of Interstate 94.
- The Tribe will make a one-time, \$5 million contribution to be used for establishing trust funds to support Kenosha public museums, local services for the homeless and other area cultural and charitable needs.

The Bureau of Indian Affairs contacted 180 local governments asking for their consultation on the Kenosha Project. Only 2 of the 180 consulted had any objection to the Project. (p. 45 BIA Determination)

no new net gaming



No New Net Gaming

Approval of the Kenosha Project will not result in a net increase in gaming in Wisconsin for the following reasons:

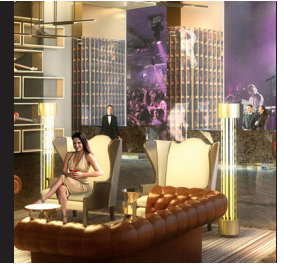
1. The Kenosha Project will revive gaming at a gaming facility that has been in existence since 1990.
2. The State of Wisconsin and the Menominee Indian Tribe in the 2000 amendments to the Menominee Gaming Compact agreed to specific provisions regarding Menominee's conduct of gaming at the Dairyland Greyhound Track in Kenosha, Wisconsin. In 2000, and today, the Menominee operate two gaming facilities, both on their reservation. The Compact contemplated the Menominee to continue to operate two gaming facilities, one on their reservation, and one at the Dairyland Greyhound Track. Thus, Menominee's closure of one of its two existing facilities in conjunction with the opening of the Kenosha Project was deemed to not constitute an increase in gaming.
3. In 1993 the State of Wisconsin held an advisory referendum on off-reservation gaming by Tribes, and a Constitutional amendment referendum regarding Wisconsin constitutional provisions related to gaming. While an advisory referendum from 1993 has little value in regard to the views of the citizens of Wisconsin in 2013, the referendum that amended the Wisconsin Constitution in 1993 is as valid today as it was 20 years ago. That Constitutional amendment affected only the State Lottery and commercial gaming. It did not apply to Indian Gaming.

Approval of the Kenosha Project constitutes a continuation of gaming on a property where gaming has taken place since 1990 and closure of one of its existing casinos, in conformance with specific parameters agreed to between the State of Wisconsin and Menominee Indian Tribe over 13 years ago. It is not an increase in gaming. It is the implementation of gaming long contemplated by both the State and the Menominee Tribe.

The Kenosha project replaces a long-shuttered greyhound track and one existing casino will close resulting in no new net gaming in the state.

consensus

How We See It



We have achieved consensus from all 11 Tribes in Wisconsin based on the following:

The Following Tribes Have Provided Consensus Via Public Project Endorsement

- A. Bad River Band of Lake Superior Chippewa
- B. Lac Court Oreilles Band of Lake Superior Chippewa:
- C. Lac du Flambeau Band of Lake Superior Chippewa:
- D. Menominee Indian Tribe
- E. Oneida Tribe of Indians
- F. Red Cliff Band of Lake Superior Chippewa:
- G. St. Croix Chippewa Indians
- H. Sokaogan Mole Lake Community
- I. Stockbridge Munsee Community

The Following Tribes Have Provided Consensus Via Compact

- A. Forest County Potawatomi
- B. Ho Chunk Nation

Tribal Gaming Compact Provisions Regarding Kenosha

The State of Wisconsin has eleven Indian Tribes within its borders. Each of those eleven Tribes has entered into a Gaming Compact with the State of Wisconsin. These Compacts govern all issues related to Class III gaming between the individual Tribe and the State of Wisconsin. The Compacts have addressed how the Tribes achieve consensus on off-reservation gaming.

All Tribes had the right to negotiate with the State of Wisconsin exclusivity provisions within their Compacts. These provisions specified a procedure that the State and Tribes would go through if the Governor received a determination from the Department of Interior that off-reservation gam-

ing was in the best interest of the applicant Tribe and not detrimental to the surrounding community (“DOI Decision”). Only two Tribes requested and were granted such an exclusivity provision applicable to Menominee’s Kenosha application: Ho Chunk Nation and Forest County Potawatomi Community. All Tribes negotiated these provisions between 2003 and 2009 during which time they were all aware that Menominee had requested and the State had granted Compact provisions for Menominee to engage in off-reservation gaming in Kenosha, Wisconsin. Failure to request such a provision, or including a provision that is limited to certain geographic areas shows that the Tribe did not view such an off-reservation adversely.

Ho Chunk Compact Provisions

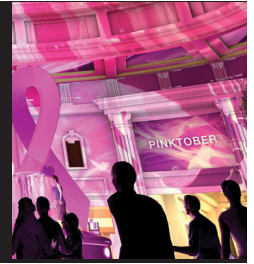
Paragraph 16 of the 2003 amendments to the Ho Chunk Compact states that upon the Governor’s receipt of a DOI decision for any location in the State of Wisconsin, the Governor must notify Ho Chunk. If Ho Chunk notifies the Governor within 60 days that it believes the proposed off-reservation gaming site will cause a substantial reduction in Ho Chunk’s Class III gaming revenues, then the Governor shall not concur in the DOI decision until the State enters into a binding indemnification agreement with Ho Chunk to compensate it for said reduction. If no agreement is reached voluntarily, mediation followed by binding arbitration shall be used.

Forest County Potawatomi Compact Provisions

Paragraph 6 of the 2005 amendments to the Forest County Potawatomi Community states that if the Governor concurs in a DOI decision for a location within 50 miles of Potawatomi’s Milwaukee facility, then Potawatomi shall offer a compact amendment which would provide for a reduction in, or refund of payments made to the State. The State shall offer a compact amendment that would propose a procedure(s) to establish an agreement between Potawatomi and the applicant Tribe (hereinafter

consensus

Consensus of Ho Chunk, Forest County and Lac du Flambeau via Compact



“Menominee”) pursuant to which Menominee would compensate Potawatomi for revenues lost at Potawatomi’s Milwaukee Facility as a result of Menominee’s Kenosha Facility. These competing compact amendments would go to last best offer arbitration.

Consensus of Ho Chunk and Forest County via Compact

Ho Chunk Nation In regard to Ho Chunk, the solution is very straight forward. The State enters into binding indemnification agreements with Ho Chunk (if it claims its Class III revenues will be substantially reduced) where the State reduces Ho Chunk’s payment to the State in an amount equal to the proven reduction attributable to the Kenosha casino. Menominee then enters into a binding indemnification agreement with the State, through the Menominee Compact, to indemnify the State out of Kenosha payments for any reduced payments from Ho Chunk. The result is a process agreed to by Ho Chunk in its Compact regarding Menominee’s operation of the Kenosha Facility, whether achieved through voluntary negotiation or arbitration (i.e. consensus).

Forest County Potawatomi In regard to Forest County Potawatomi, Forest County Potawatomi and the State may propose for last best offer arbitration an amendment to the Forest County Potawatomi compact. The State may propose an amendment to the Forest County Potawatomi compact that creates an agreement between the Menominee, Potawatomi and the State whereby the Tribes through their gaming fees will jointly fund an indemnification pool that will be used to cover any Potawatomi reduction. Utilizing the increased payments from Kenosha, Potawatomi will be reimbursed for losses attributable to Kenosha, while the State will still realize at least as much revenue from both Potawatomi and Kenosha as they currently receive from Forest County Potawatomi alone.

Potawatomi may propose an amendment that would reduce its payments

to the state to cover reduction in their revenues. In a worst case scenario Forest County Potawatomi would pay the State nothing. However, the Kenosha Facility would pay the State more than what they otherwise would have received from Forest County Potawatomi, therefore resulting in a net increase in payments to the State.

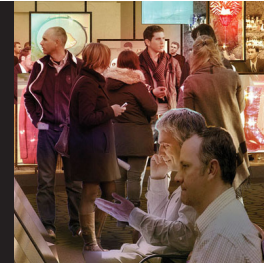
Either way, the result is a process agreed to by Forest County Potawatomi in its Compact regarding Menominee’s operation of the Kenosha Facility (i.e. consensus).

The Lac du Flambeau Tribe Compact contains a provision similar to the Ho Chunk Nation provision, however, Lac du Flambeau has endorsed the Kenosha Project.

See Menominee Gaming Compact, 2000 amendment.

tribes of wisconsin

Tribal Approval of Kenosha Project



Tribes of Wisconsin APPROVE KENOSHA PROJECT

September 7, 2013

Governor Scott Walker
115 East Capitol
Madison, WI 53702

RE: Support of Menominee Indian Tribe's Proposed Kenosha Casino ("Project")

Governor Scott Walker:

We, the undersigned Tribes of the Wisconsin, support the approval of the Menominee Indian Tribe's Proposed Off-Reservation Casino & Entertainment facility to be located at the Dairyland Greyhound Park in Kenosha, Wisconsin. We urge you to take swift action to approve this project due to the tremendous benefits of the Project to the Menominee Indian Tribe, local communities, southeastern Wisconsin, and the entire State.

This Project will bring millions of dollars in new revenue into the State of Wisconsin and create thousands of quality jobs. There should be no question regarding whether or not to approve this Project. The alternative to approval is foregoing this source of new revenue and job creation to the State of Illinois, which would result in additional loss of opportunity for tribes to attain goals of tribal self-sufficiency.

We would like to publicly demonstrate that Menominee has a consensus among the Tribes of Wisconsin. Again, we urge you to approve the Menominee Indian Tribe's Proposed Off-Reservation Casino & Entertainment facility in Kenosha, Wisconsin.

Respectfully,

Craig Corn, Chairman
Menominee Indian Tribe of WI

Mike Wiggins, Chairman
Bad River Band of Lake Superior Chippewa

Rose Soulier, Chairwoman
Red Cliff Band of Lake Superior
Chippewa

Chris McGeshick, Chairman
Sokagon Chippewa Community

Mic Isham, Chairman
Lac Courte Oreilles Band of Lake Superior
Chippewa

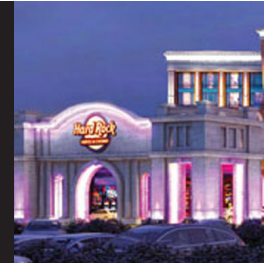
Tom Maulson, President
Lac du Flambeau Band of Lake Superior
Chippewa

Lewis Taylor, Chairman
St. Croix Chippewa Indians of Wisconsin

Wallace Miller, President
Stockbridge-Munsee Community

hard rock kenosha

New Jobs and Economic Growth for Kenosha and the State



Hard Rock Kenosha

The Menominee Tribe is committed to building a first-class phased mixed-use entertainment destination. Hard Rock Hotel and Casino Kenosha will be a destination for out-of-state visitors and a treasured asset to Kenosha and the State of Wisconsin. Plans call for a high-quality entertainment center with upscale amenities and a resort atmosphere. It will also be an economically sustainable project that can make a real difference by creating thousands of new jobs, generating new revenue for state and local governments, increasing tourism to the area and providing numerous other community and economic benefits.

Good Jobs for Wisconsin

- More than 5,000 good-paying jobs for Wisconsin residents.
- The facility will directly employ 3,356 FTE, making it one of the area's largest employers.
- Construction of the facility is expected to create 1,400 additional jobs.
- Total construction employee compensation is estimated at \$164 million.
- Economists project that more than 1,800 additional full- and part-time jobs will be created as a result of the facility's indirect economic impact.
- To ensure that jobs benefit local residents, the facility will establish a hiring process that gives preference to Kenosha, Racine and Milwaukee County residents, in that order, after Menominee tribal members. Since the casino will be located 10 miles from the Illinois border, the hiring preferences are in place to help ensure Wisconsin residents get the first choice for jobs.
- Minority hiring preferences will also be in effect.

Economic Benefits for Wisconsin

- The Compact between the Menominee Tribe and the State of Wisconsin requires the Tribe to pay the State from 7 percent to 7.5 percent of the Kenosha casino's net win every year. Menominee would pay the State a higher percentage of net win than any other Tribe in Wisconsin.
- Menominee would pay the State an average of \$35 million a year or the first ten years, more than any other Tribe.
- Total payments to the State over the course of Menominee's pre-approved Compact are estimated at more than \$600 million.
- Tens of millions of dollars in State and local revenue are currently being lost to the State of Illinois by Wisconsin residents frequenting Chicago-land casinos. The new Hard Rock in Kenosha would recapture a significant portion of these lost revenues for the benefit of the State, County, City and the Menominee Tribe.

Other Economic Benefits

- The complex is expected to purchase nearly \$75 million in goods and services annually. Under terms of the IGA among the Menominee, Kenosha County and the City of Kenosha, Kenosha-based contractors and vendors will have a 3 percent preference. The Menominee Tribe is committed to maximizing its purchases of goods and services with Wisconsin-based companies to the fullest extent possible.
- Under terms of its Intergovernmental Agreement, the Tribe will pay the City of Kenosha and Kenosha County 3 percent of net win over the Kenosha project's first eight years and 4 percent of net win thereafter.
- Payments to the City and County are expected to total more than \$13 million annually. By comparison, the shuttered Dairyland Greyhound Park site currently generates approximately \$300,000 per year in taxes.

hard rock kenosha

New Jobs and Economic Growth for Kenosha and the State



- The Tribe will also make a \$1.5 million annual gift to the Kenosha Unified School District. Additionally, the City of Kenosha will annually distribute \$500,000 of its casino payment to KUSD, and the County will distribute \$500,000 of its payment to the Kenosha school districts west of Interstate 94.
- The Tribe will contribute \$5 million to establish trust funds to support Kenosha public museums, local services for the homeless and other area cultural and charitable needs.
- The Tribe will establish a comprehensive responsible gaming program and match Kenosha County funds up to \$150,000 annually for assessment and treatment of problem gamblers.



financial viability

A Robust Market in Northern Illinois and Southeast Wisconsin



The Kenosha Casino is a viable project with a substantial untapped nearby market, branded and managed by Seminole Hard Rock – a combination of iconic brand and unrivaled financial strength -- with enough profit generation to offset any short term loss of revenue from other Wisconsin Tribal casinos.

- 1. Robust Market:** The population per gaming position of this market will be 17% higher than Chicago, 16% higher than Detroit, more than two times the Cincinnati market and more than four times that of Foxwoods/Mohegan Sun. Reports show there is between \$2 Billion and \$3.9 Billion in revenue potential in the regional Chicago market.
- 2. Financial Giant in Hard Rock.** Hard Rock and its owner, Seminole Tribe of Florida, enjoy the highest financial ratings in the industry, ranking above names like Las Vegas Sands, Wynn Resorts, Penn National Gaming, Ameristar, Pinnacle, MGM Resorts, Boyd Gaming, Caesars and more in Standard and Poor's Industry Rankings. With financial strength like this, there is no question this project can be realized.
- 3. Strong Project Projections.** There are multiple experts who have studied this market and all came to the same conclusion: this is a great market with significant opportunity for hundreds of millions of capital investment, the creation of 5,000 jobs and the opportunity to keep Wisconsin gaming dollars at home while in turn generating significant tourism from Illinois and beyond.



market viability

Experts Say SE Wisconsin and Northern Illinois are Poised for Growth



The gaming market surrounding the Kenosha casino site has room for growth. According to a recent KlasRobinson report on the market, even with the addition of new supply that the Kenosha Casino adds, average wins per gaming position and population per gaming position will remain among the highest in the country. The population per position within a one-hour drive will still be 17 percent higher than the Chicago market overall, 16 percent higher than the Detroit market, more than two times the Cincinnati market, more than four times Foxwoods/Mohegan Sun and more than 50 times higher than Las Vegas.

More moderate growth rates in the absence of significant changes in supply, taxes or regulatory structure do not represent saturation. They simply represent equilibrium, a balancing of demand, pricing and costs reached under the amount of supply and the tax/regulatory structure in place. If further changes in the amount of supply occur, similar to the change represented by the Kenosha project, there remains room for additional changes in demand as well. If changes in the tax and regulatory structure occur, potentially even greater changes in demand could take place.

Chicagoland Market

Projections for the Kenosha Casino call for 65% of revenues to come from Illinois. A recent study by Proforma Advisors LLC in 2011 suggested that the regional Chicago gaming market has substantial room for growth. In fact, they state there is between \$2B and \$3.9B in untapped revenues in the regional Chicagoland market:

“The greater Chicagoland market (defined as the Chicago Metropolitan Statistical Area - MSA3) has been analyzed with respect to current and saturation level Gross Gaming Revenue. Current casino revenues for the market are estimated at \$1.8 billion, which includes the northwest Indiana casinos. By applying saturation level market ratios, GGR saturation potential for the Chicago MSA is between \$3.8 and \$5.7 billion.”

Chicago MSA Theoretical Regional Market Gaming Potential

	2010	Potential GGR based on Reasonable Saturation (e.g., St. Louis)	Potential GGR based on Full Saturation (e.g., Las Vegas)
Chicago MSA Population	9,461,105	9,461,105	9,461,105
GGR Per Capita	\$190	\$400	\$600
Actual GGR (billions)¹	\$1.8		
Potential GGR by Per Capita Ratio		\$3.8	\$5.7

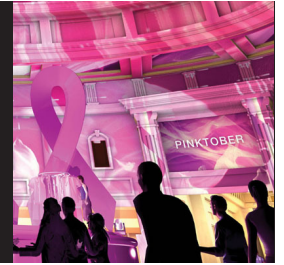
The Illinois Legislature is likely to consider legislation again this year that, when passed, will open the way for casinos in Northern Illinois, including Waukegan -- 8 miles from the Wisconsin border -- or some other community near the Wisconsin state line. Caesar's, a potential casino in Waukegan, has stated they expect 30% of their revenues to come from out of state, mostly from Wisconsin.

The following was lifted directly out of Caesar's Entertainment's PR Newswire Release on Waukegan, IL Casino Opportunity:

“Country Club Hills will be in the backyard of both the Joliet and Indiana casinos, whereas our casino's closest competition is 45 miles away and we've got no casinos across the state line in Wisconsin,” said [Waukegan Mayor Richard] Hyde. It is projected that more than 30 percent of a Waukegan casino's business would come from out-of-state visitors, mostly from southern Wisconsin.

market viability

Experts Say SE Wisconsin and Northern Illinois are Poised for Growth



If Kenosha gets built first, here's what Illinois State Senator Terry Link said: "Whoever builds first will end up not having the other one built at all."

As recent as this past week, the prospect casinos in northern Illinois made headlines:

October 17, 2013 Headline: Lawmaker aims to revive talks on Illinois gambling expansion

CHICAGO (AP) — The sponsor of a bill that would add five new casinos in Illinois and allow slot machines at both major Chicago airports said he plans to revive talks on the measure next week in hopes of coming up with a deal.

Rep. Robert Rita, a Democrat from Blue Island, said Wednesday he wants to begin discussing multiple concerns that prevented a House vote on the bill during the spring legislative session. A hearing is scheduled for Oct. 23 in Springfield before the House Executive Committee.

"Let's put the attention back on what we had going ... to ultimately pass a bill the governor will sign," Rita said.

Chicago Tribune

◆ CHICAGOLAND ◆ 

October 20, 2013

Suburbs urged to take chance on casino revenue sharing

Proposal would split gambling money among 42 municipalities

<p>Some suburban officials are hoping to bring casino cash to the entire region no matter where a gambling venue may end up.</p> <p>A revenue sharing proposal for a potential suburban casino would divide a portion of gaming profits among 42 suburbs based on need,</p>	<p>said Country Club Hills Mayor Dwight Welch. It would hedge the bets of the several towns seeking a casino, giving everyone a slice of the casino-cash pie no matter where the facility is built.</p> <p>By Jennifer Delgado, Chicago Tribune reporter</p>
---	--

case studies

Menominee's Partner, Hard Rock, is an Iconic Brand with Strong Finances



Seminole Hard Rock Entertainment, Inc. With a total of 175 venues in 54 countries, including 138 cafes, 18 hotels and 7 casinos, Hard Rock is one of the most globally recognized companies. Beginning with an Eric Clapton guitar, Hard Rock owns the world's greatest collection of music memorabilia, which is displayed at its locations around the globe. Hard Rock is also known for its collectible fashion and music-related merchandise, Hard Rock Live performance venues and an award-winning website. Seminole Hard Rock Entertainment, Inc. and its related affiliates own the global trademark for all Hard Rock brands. The company owns, operates and franchises Cafes in iconic cities including London, New York, San Francisco, Sydney and Dubai. Hard Rock also owns, licenses and/or manages hotel/casino properties worldwide. Destinations include the company's two most successful Hotel and Casino properties in Tampa and Hollywood, Fl., both owned and operated by Hard Rock's parent company, the Seminole Tribe of Florida., as well as other exciting locations including Bali, Biloxi, Chicago, Cancun, Las Vegas, San Diego, Palm Springs and Singapore. Upcoming new Hard Rock Cafe locations include Johannesburg, San José, Chennai, Istanbul and Tenerife. New Hard Rock Hotel projects include Ibiza, Daytona Beach, Aruba, Riviera Maya, Abu Dhabi and Shenzhen and Haikou in China. New Hard Rock Casino projects in development include Hungary and Northfield, OH.

Combined Financial Strength The Seminole Tribe of Florida has one of the strongest balance sheets in the industry and some of the most successful operations in the country, including the single most profitable casino, the Seminole Hard Rock Tampa. In addition, the Seminole Tribe is the only entity to have achieved and maintained an investment grade rating by all three credit rating agencies (Moody's, Standard & Poor's and Fitch). No other gaming company in history has ever accomplished this before.

As seen in the chart on page 16, the Seminole Tribe of Florida is one of the highest ranked U.S. Gaming, Lodging, and Leisure companies in the United State according to Standard and Poor. In fact, at rank number 12 overall, and number one among all gaming operators, it is ranked higher than names like Las Vegas Sands, Wynn Resorts, Penn National Gaming, Ameristar, Pinnacle, MGM Resorts, Boyd Gaming, Caesars and others.



case study

Punta Cana



Hard Rock branded properties continue to outperform the markets in which they operate as evidenced by the following select case studies in Punta Cana, Orlando and San Diego.

Perhaps one of the most convincing examples is the results experienced at the Hard Rock Punta Cana after re-branding from a "Palace Resort" to a Hard Rock in 2011. Revenues more than doubled in the first year of opening with RevPAR (Revenue per Available Room) increasing 85% in year 1 and another 50% in year 2. Due to the success of this property Hard Rock Hotels in Cancun and Puerto Vallarta were opened with the same group and a third property in Riviera Maya will open later this year.



hard rock hotel & casino punta cana

When it comes to Hard Rock's first all-inclusive resort in the Dominican Republic, size does matter. With 121 acres on some of the most pristine beaches in the Caribbean, our super-sized 4-diamond property literally offers something for everyone, from the largest casino in the Caribbean to its 60,000 sq ft Rock Spa. Converted from a Palace Resort in January 2011, the "power of the brand" has driven performance way beyond expectations.

1,787 guestrooms & suites
48,000 sq ft casino
kerry simon restaurant
oro nightclub (opium group)
19 f&b venues
15 pools
65,500 sq ft of meeting space
jack nicklaus golf course

comp set: all resorts across the dominican republic

indicator	pre conversion	post conversion	
	2010	2011	2012
revpar growth	-	85.2%	50%
revpar index*	149.1	210.6	236.0

case study

Orlando



Arguably the most successful hotel in the Southeast, the family-oriented Hard Rock Hotel in Orlando on the Universal Studios campus generates nearly twice the amount of RevPAR than any of its competitors in the marketplace.



hard rock hotel orlando

Located directly in the heart of Universal Studios Orlando next to numerous hotels and attractions, Hard Rock Hotel Orlando has established itself as the absolute leader in the hotel market, sustaining a growth trajectory that has no rival in the industry. Recipient of numerous awards, our property has been described by guests of all ages as "the coolest place to stay" in Orlando.

650 guestrooms & suites
the palm[®], the kitchen & beachclub restaurants
velvet bar
12,000 sq ft pool with sand beach

comp set: hyatt regency, marriott, renaissance, peabody, walt disney world swan and dolphin

indicator	2008	2009	2010	2011	2012
-----------	------	------	------	------	------

revpar index*	151%	160%	179%	199%	192%
---------------	------	------	------	------	------

segmentation

11% Group

89% Transient

case study

San Diego



Lastly, in San Diego, where we face strong competition, we have set real estate records and consistently dominated the marketplace.



hard rock hotel san diego

Located in the heart of the Gaslamp Quarter, steps away from the Convention Center and Petco Park, Hard Rock Hotel San Diego has become a destination within a destination, bringing additional visibility and vibe to the revived downtown district. Built as a condo-hotel, all 420 units sold out in just 17 hours for as high as \$1,300 per Sq Ft (a downtown San Diego record). Since opening, our property has become the uncontested market leader in Average Daily Room rate (ADR) and Food & Beverage revenues per sq ft. It is the place to see and be seen in San Diego.

420 guestrooms & suites
nobu® & maryjane's restaurants
float & 207 bars
40,000 sq ft of meeting and event space

comp set: w hotel, westin, kimpton, marriott, omni, us grant

indicator	2008	2009	2010	2011	2012
revpar index*	107%	109%	109%	112%	108%

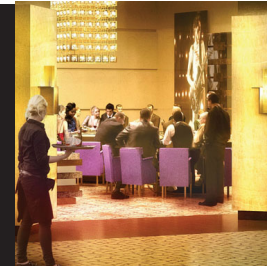
segmentation

47% Group (117% RevPAR Index in Group)

53% Transient

project viability

Kenosha is at the Heart of a Rich, Underserved Market



Given the following key attributes of the project coupled with the aforementioned strength in the market and Hard Rock's ability to drive a brand premium, we have high confidence that this project will generate annual EBITDA in excess of \$200 Million:

- The market for the proposed project is characterized by a substantial population base with higher than average incomes.
- There are over 6.2 million people living within a 50-mile radius. On a broader regional basis, there are more than 13.7 million people within a 100-mile radius and over 23.2 million people within 200 linear miles of site
- With respect to actual drive time, the proposed complex will have access to nearly 5.4 million people within a 60-minute drive and more than 23.0 million people within a 240-minute drive.
- Income levels in the market exceed national averages, in many cases by more than 10 percent.
- The transportation infrastructure provides easy access for residents of the market and access to large numbers of passing traffic from well beyond its boundaries.

- Approximately 34 million vehicles pass the exit to the proposed site on I-94 each year.
- In addition, Kenosha Regional Airport is just South of the property, providing opportunities to extend our reach to a national level via air programs. In 2012, there were over 57,000 takeoffs and landings at the Kenosha Airport.

The following chart shows Hard Rock Kenosha's projections for Phase 1 Revenues, Expenses, EBITDA and Net Profits to Menominee for the first five years.

	YR1	YR2	YR3	YR4	YR5
Class III Gaming Revenues	407,199,858	425,883,939	441,151,708	452,604,532	464,383,125
Total Gross Revenue	436,697,804	456,844,559	473,346,787	485,709,424	498,423,709
Less: Promotional Allowances	15,410,254	16,116,586	16,695,143	17,128,569	17,574,323
Net Revenue	421,287,550	440,727,973	456,651,644	468,580,856	480,849,386
Governmental Mitigation Payments					
State Compact Payments	28,503,990	31,088,068	32,204,075	33,945,340	34,828,734
Local Mitigation Payments	13,865,996	14,425,918	14,884,551	15,228,136	15,581,494
Sales Tax	403,160	421,639	436,775	448,114	459,776
Total Governmental Mitigation Payments	42,773,146	45,935,624	47,525,401	49,621,590	50,870,004
Total Direct Expense/Labor/Cost of Goods	167,787,495	175,174,586	181,201,422	185,691,247	190,306,212
EBITDA	210,726,910	219,617,762	227,924,821	233,268,019	239,673,169
EBITDA %	48.3%	48.1%	48.2%	48.0%	48.1%
Interest	50,500,000	45,367,291	39,972,719	34,319,802	28,955,565
Depreciation	30,540,327	32,824,550	35,191,284	37,619,831	37,928,460
EBT	129,686,583	141,425,922	152,760,818	161,328,386	172,789,143
EBT %	29.7%	31.0%	32.3%	33.2%	34.7%
Management and Development Fees	34,756,004	37,902,147	40,939,899	43,236,008	46,307,490
Ongoing Capital Investment	8,733,956	9,136,891	9,466,936	9,714,188	9,968,474
Debt Repayment	53,469,952	56,088,573	58,672,031	50,785,220	52,896,124
Free Cash Flow to Tribe	\$63,266,998	\$71,122,861	\$78,873,236	\$95,212,801	\$101,545,515

NOTE: Projections Based on Phase I of Project Only

project viability

Independent Analysis Shows the Gaming Market is Expanding



The project is expected to generate over \$400 Million in class III revenues with a substantial amount of that revenue coming from an increased participation rate of gamers in the region as KlasRobinson points out in their Oct. 2013 Kenosha Casino Resort study as follows:

The amount of gaming win which any population base can generate can be defined as the product of the propensity of that population to gamble (the proportion of the people that will gamble), the frequency of their gambling (visits per year) and the average amount they will lose at each visit (or conversely the average win per visit for the facility).

The first two of these factors: propensity and frequency can be combined into a single participation rate, producing an estimate of the number of gaming visits which the designated population base will produce in a given year. This method of analysis is widely used by Wall Street analysts to evaluate entire market areas served by the gaming companies whose stocks they watch.

Neither the participation rate nor the average win per visit in a given market is static. Although the underlying characteristics of the population base usually change slowly, significant changes in the available supply of gaming, both in terms of numbers of gaming positions and numbers of individual casinos, can produce significant changes in the participation rate in the market.

In general, the closer and larger the gaming supply is to a particular area, the higher is the propensity to gamble and the greater is the frequency with which visits are made. Therefore the participation rate increases. The converse tends to be true for the average win per gaming position. In general, the greater the supply of gaming in an area and the closer it is to the sources of demand the lower the average win per visit.

KlasRobinson points out the participation rate changes that occurred with the recent Des Plaines Rivers Casino opening in Chicagoland:

The two-year change in participation rate shown reflect the fact that the change in supply occurred under the Illinois regulatory and tax structure with its attendant impacts on size and market positioning. Where property size is not as constrained and taxes or equivalent payments are lower, such as is the case for Kenosha, changes in participation rate would be higher and average spend per visit would likely be lower.

AREA	POPULATION	CHANGE IN PARTICIPATION RATE	INCREASED VISITS	AVERAGE SPEND/VISIT	CHANGE IN GAMING WIN
0-50 miles	6,254,789	0.5	3,127,395	\$95.00	\$297,102,478
50-miles to 2 hours	7,208,238	0.06	432,494	\$124.00	\$53,629,291
2 hours to 4 hours	9,605,197	0	-	\$175.00	\$0
Total/Average	23,068,224		3,559,889	\$98.52	\$350,731,768
Actual Increase					\$350,572,000

Sources: Nielsen Claritas, Illinois Gaming Board and KlasRobinson Q.E.D.

KlasRobinson projects the participation rate changes that will occur with the opening of the Kenosha Casino:

The participation rate analysis shows that significant increases in total market demand can be reasonably attained in response to the addition of the proposed Kenosha Casino, which will be roughly three times the size of the Rivers Casino, have a 400-room hotel at full build out, and have a much greater incentive to expend significant marketing dollars to attract demand from beyond its immediate area.

Projected Change in Participation and Spend Versus 2014 for First Full Year of Phase 1	Population	Change in Participation Rate	Increased Visits	Avg. Spend/Visit	Change in Gaming Win
0-50 Miles	6,323,250	0.675	4,269,338	\$ 65.00	\$ 277,507,000
50 Miles - Two Hours	7,284,400	0.075	546,300	\$ 95.00	\$ 51,899,000
Two Hours - Four Hours	9,724,800	0.001	12,600	\$ 125.00	\$ 1,575,000
TOTALS	23,332,450		4,828,238		\$ 330,981,000

project impact

Maintain Level of State Payments While Offsetting Profit Impacts to Other Tribes



Project Ability to Offset Impacts

Should it be necessary to offset any profits from other Native American Tribes in Wisconsin, the project is more than able to do so. Payments to the State from the Kenosha Project under the current compact payment structure of 7.5% provide enough revenue to ensure current state revenues from gaming fees are not reduced, while still offsetting profit impacts to other Wisconsin Tribal casinos because:

1. Profit impacts at other Wisconsin Tribal casinos are not expected to exceed \$25 Million in any year and not expected to continue for more than 3 years; and.
2. Profit impacts at other Wisconsin Tribal casinos have the ability to be offset via the pre-arranged compact process.

In the event the current Kenosha Payment structure does not provide the necessary revenue, there are two other sources for offset:

1. Free Cash Flow from the Kenosha Resort is expected to exceed \$60 Million per year for the first 5 years
2. Increased payment to State

Offsetting profits of other Wisconsin Tribes could be seen as equivalent to an extra “tax” for an interim period until the market absorbs the new supply.³ We believe this project is viable at an effective rate above 7% - 7.5% for a limited time if necessary. In fact, when you look at gaming taxes across the country, there are

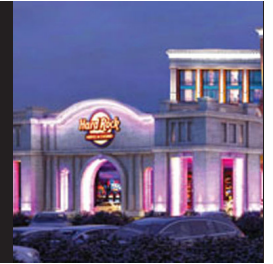
a limited number of states that have as favorable “tax” rate equivalents as Wisconsin.

³The gaming fees paid to the State of Wisconsin by the Tribes are not a tax, however, for purposes of comparison throughout the country they are referenced here as equivalent to a tax.

Casinos	Type of Tax Rate schedule	Rate
Maryland	67%	67.0%
Rhode Island	2011 Gaming tax revenue: \$308.71M; 2011 Gross Casino Gaming Revenue: \$512.86M	60.2%*
Pennsylvania	Slot Machines: 34% to state gaming fund, 12% to horse racing industry, 5% to economic development and 4% to local and county governments; Table Games: 16% tax (14% to general fund, 2% to local counties and municipalities)	16% - 55%
Illinois	Graduated tax rate from 15% to 50% of gross gaming revenue + \$2-3 admission tax	15% - 50%
New York	2011 Gaming tax revenue: \$593.40M; 2011 Gross Casino Gaming Revenue: \$1.259B	47.1%*
New Mexico	26% on gross gaming revenues, 20% to purse supplements, 0.25% to gambling disorder treatment fund	26% - 46.25%
Louisiana	Riverboats = 21.5%; Land Based = greater of \$60M or 21.5%; Racinos = 18% of ggr to horsemen, 22.5% of net to state and local parish	21.5% - 42.5%
West Virginia	2011 Gaming tax revenue: \$406.46M; 2011 Gross Casino Gaming Revenue: \$958.70M	42.4%*
Maine	1% of Coin in, 39% on gross gaming revenue to state, 3% to city of Bangor	42.0%
Delaware	2011 Gaming tax revenue: \$230.16M; 2011 Gross Casino Gaming Revenue: \$552.37M	41.7%*
Indiana	Racinos: Graduated tax rate from 25% to 35% + \$3 admission tax; Riverboat & Land-Based: 15% to 40%	15% - 40%
Oklahoma	Graduated state tax of 10% to 30% on gross gaming revenue, 9% tax to state racing commission, varying payments to horsemen and breeders	19% - 39%
South Florida Racinos	Flat Tax, The parimutuels pay a 3.5 percent tax to the state, plus varying local taxes	35.0%
Kansas	22% state tax, 3% local tax, 2% tax to fund problem gambling treatment	27.0%
Seminole Properties	Yr1 fixed at 150M; Yr2 fixed at \$150M; then Sliding Scale based on annual Oil gaming revenue, 12%-25% with a minimum payment of \$233M in Yr3-Yr5	12% - 25%
Iowa	Graduated tax rate with a maximum tax of 22% on gross gaming revenue (riverboats) 24% (racetracks with ggr exceeding \$100M)	22% - 24%
Missouri	21% of gross gaming revenue + \$2 admission tax	21.0%
Colorado	Graduated tax rate with a maximum tax of 20% on gaming revenue	20.0%
Michigan	Permanent facilities = 19% and Temporary facilities = 24%	19% - 24%
Michigan	6.1% state tax, 10.9% to city of Detroit, plus annual municipal service fees	19.0%
Mississippi	Graduated tax rate of 6% on gaming revenue and up to an additional 4% by local governments	8% - 12%
New Jersey	8% of gross gaming revenue + 1.25% community investment alternative	8% - 9.25%
South Dakota	9% of gross gaming revenue + \$2K per year gaming device tax	9.0%
Nevada	Graduated tax rate with a maximum tax of 6.75% on gaming revenue and approx. 1% add'l from local governments	6.75% - 7.75%
North Dakota	Graduated tax rate of 2.5% of gross gaming revenue	2.5%

impact overview

Bureau of Indian Affairs Forsees Long-Term Stability for All Tribes



Earlier this year, the Bureau of Indian Affairs completed an independent analysis of documentation and comments from the Menominee Tribe, the Forest County Potawatomi Community, the City of Milwaukee and other interested parties and concluded that:

- “1) A gaming establishment on the trust lands would be in the best interest of the tribe and its members; and,
- 2) The Secretary also determines that gaming on the trust lands would not be detrimental to the surrounding community.”

The BIA has no favorable bias toward the Menominee Tribe and gains no benefit from their determinations regarding the Kenosha project. Indeed, the BIA has an equal obligation to protect the interests of all tribes, including not just the Menominee Indian Tribe, but the Forest County Potawatomi Community and others in the region and around the country. They specifically acknowledged their responsibility to the Forest County Potawatomi in their documentation stating:

“FCPC’s interest in seeking to protect its existing Potawatomi Bingo Casino (PBC) in Milwaukee from competition by another Indian tribe warrants special attention.”

Within the context of that special attention given to the concerns of the Potawatomi, the BIA reached these independent conclusions:

“We are confident that the FCPC will continue to be successful and that they can weather the limited competition that they will face from the Menominee.”

And:

“Milwaukee will face some indirect detrimental economic impacts as the result of PBC facing new competition; however, it will be relatively minor and short term.”

And finally:

“This impact will likely stabilize within a few years”

The question remains, just exactly how limited will the impact of the Kenosha project be on Potawatomi Bingo Casino, the City of Milwaukee and other Wisconsin tribes, and how short term. The Forest County Potawatomi Community has offered a report by an outside consulting firm projecting a maximum impact of 20 percent on their gaming revenue. KlasRobinson Q.E.D.* has already prepared an independent review of that report that found the report to have “material errors that result in a substantial overstatement of the negative impact of Kenosha on the Potawatomi operations in Milwaukee.” The City of Milwaukee has made unsupported claims of even greater negative impact that the BIA considered to lack credibility.

A recent report from the Wisconsin Policy Research Institute raised the specter of market “saturation” that would limit or erase any positive economic benefits from the Kenosha project. Unfortunately, that report also confused gaming revenue with gaming profits and made a mathematical error that highlighted a decline of \$500 million in recent years that was in fact only \$50 million. It then offered only very general supporting data, much of it not directly related to Wisconsin, that the report itself acknowledged was heavily affected by the recent recession and gradual, on-going recovery.

Given the confusion over the issue of competitive impact and its importance to the people involved, KlasRobinson Q.E.D. (Klas) was asked to provide current, factual, supportable analysis of the impact of the Kenosha project directly on Potawatomi Bingo Casino, indirectly on the City and County of Milwaukee, and on any other affected Wisconsin tribes.

impact overview



Summary Effects of Kenosha Casino Impact

- **Potawatomi.** Potawatomi will likely suffer a short lived reduction in gaming revenues of approximately \$62.6 Million over a three year period and is then expected to recover to pre-Kenosha opening levels.
- **Ho Chunk and Other Casinos.** The KlasRobinson study did not anticipate a negative impact on the Ho-Chunk facilities of greater than 1.5 percent for a period of 12-18 months, and quite likely less. In fact, Klas did not believe that the impact of Kenosha will be measurable in relation to the year-to-year performance fluctuations of the Ho-Chunk facilities due to other economic forces in the market and their own operating policies and marketing initiatives. As a result, Klas did not consider formal projections and discussion of such limited potential impact to be necessary. Further, Klas suggested that no other Wisconsin casinos are located in close enough proximity to the Kenosha project to suffer measurable impact.
- **State.** It is difficult to determine by what amount State payments would be reduced by Potawatomi Bingo Casino's loss of approximately \$62.7M in revenues, as the tribe would not be able to show that 100% of the revenue loss resulted in Cash Loss to the Tribe. We have attempted to understand the net cash loss to the Potawatomi tribe by year and believe that even at the most aggressive case, the greatest cash loss would be \$24.3 Million in the second full year of the Kenosha Phase 1 casino.
- **County and City Payments:** Based on the revenue impacts to Potawatomi, the City and County of Milwaukee are at risk of losing approximately \$2 million over a four year period which is equal to about 0.026% of the combined 2013 budgets for City of Milwaukee and Milwaukee County.



potawatomi

Gaming Revenue Dips but Rebounds in Four Years



Potawatomi, located in the heart of Milwaukee, has over 700,000 people within only a 15-minute drive, much closer to them than to Kenosha or any other competitor. It can also capitalize on the attractions, amenities and existing tourism of the Milwaukee area, something Kenosha cannot match.

In fall 2008, the **Forest County Potawatomi** completed a \$240.0 million expansion and renovation of **Potawatomi Bingo-Casino** in Milwaukee. Current facilities include a casino with more than 3,100 slots, 129 table and poker games, 1,300-seat bingo hall and numerous bars and restaurants. In July 2012, the casino broke ground on a 381-room hotel with a spa and exercise facility. The hotel is expected to open in summer 2014.

Impact on Casino Revenues

Projected Potawatomi Revenue Change	
YEAR	ACTUAL YEAR-TO-YEAR CHANGE
2015	\$19,914,174
2016	(\$18,347,322)
2017	(\$14,020,313)
2018	\$20,876,059
2019	\$11,129,706
2020	\$19,699,163
2021	\$7,483,332

Source: KlasRobinson Q.E.D.

The actual competitive impact of Kenosha on Potawatomi can be evaluated two ways. The first and clearest is to simply look at the change in gaming revenue at Potawatomi from prior levels as Kenosha opens and expands. The second, more stringent and more complicated approach is

to project what would have occurred at Potawatomi had Kenosha not opened and then look at (or project) what actually happens. The following table presents projected negative competitive impact on actual Potawatomi gaming revenue on a year-to-year basis due to the Kenosha project. The following figures reflect only the given year and are not cumulative.

	Impact Year 1	Stronger Impact Year 2	Recovering Year 3	Recovered Year 4
Estimated Revenue Impact vs. Base Year	\$ (18.3)	\$ (32.4)	\$ (11.5)	\$ (0.36)

Taking figures at the left and aggregating them versus the base year shows the cumulative effect of -\$18.3M in year 1 (Shown as 2016

above), -\$32.4M in Year 2, -11.5M in Year 3. Revenues are expected to recover to over 99% of pre-Kenosha opening levels in year 4 and continue to grow from there. The total negative impact versus the base year to Potawatomi during the four year period is -\$62.6M.

It should be noted that the reduction in gaming revenue described is not the same as a reduction in profits for Potawatomi Bingo Casino. Just as the operation only retains a portion of its revenue as actual profits, it will only experience a drop in profits equal to a portion of the revenue decline, not the full amount. The following chart illustrates net cash loss to the Potawatomi associated with the reduction in gaming revenues at various margins. Assuming a margin range on loss of revenues between 30% at the low and 75% at the high, the range of expected cash loss to the Potawatomi is between \$18.8M, using the conservative end of the range and \$46.9M using the aggressive end of the range for the impact period. The greatest expected net cash loss to Potawatomi in any given period occurs at the most aggressive margin of 75% in Year 2 and totals \$24.3 Million.

	Impact Year 1	Stronger Impact Year 2	Recovering Year 3	Recovered Year 4	TOTALS
Estimated Revenue Impact vs. Base Year	\$ (18.3)	\$ (32.4)	\$ (11.5)	\$ (0.36)	\$ (62.6)
75%	\$ (13.8)	\$ (24.3)	\$ (8.6)	\$ (0.3)	\$ (46.9)
70%	\$ (12.8)	\$ (22.7)	\$ (8.0)	\$ (0.3)	\$ (43.8)
Net Cash 65%	\$ (11.9)	\$ (21.0)	\$ (7.5)	\$ (0.2)	\$ (40.7)
Loss to 60%	\$ (11.0)	\$ (19.4)	\$ (6.9)	\$ (0.2)	\$ (37.5)
Tribe at 55%	\$ (10.1)	\$ (17.8)	\$ (6.3)	\$ (0.2)	\$ (34.4)
Various 50%	\$ (9.2)	\$ (16.2)	\$ (5.7)	\$ (0.2)	\$ (31.3)
Margin 45%	\$ (8.3)	\$ (14.6)	\$ (5.2)	\$ (0.2)	\$ (28.2)
Scenarios 40%	\$ (7.3)	\$ (12.9)	\$ (4.6)	\$ (0.1)	\$ (25.0)
35%	\$ (6.4)	\$ (11.3)	\$ (4.0)	\$ (0.1)	\$ (21.9)
30%	\$ (5.5)	\$ (9.7)	\$ (3.4)	\$ (0.1)	\$ (18.8)

potawatomi

Minimal Jobs Loss Likely to be Offset by Milwaukee Hiring

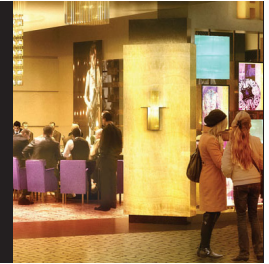


Impact on Employment

Total employment at Potawatomi Bingo Casino is not published in detail. However, their website indicates a current employment level of approximately 2,500 jobs. That figure is actually fairly low for a casino of their size and may reflect full-time equivalent positions rather than actual jobs; but that cannot be determined from the available information. Total employment at Potawatomi Bingo Casino should increase with the addition of their new hotel in 2014 and additional revenue growth. Consequently, we have assumed a base employment of 2,750 by the year 2015 when the proposed Kenosha project opens. An 8.0 percent reduction in employment from that level equates to a loss of 220 jobs. That job reduction will begin in 2016 and be completed within 2017. By 2020, revenue and visitation at Potawatomi Bingo Casino will have returned to volumes comparable to before the opening of the Kenosha project, necessitating a return to prior employment levels, from which point the employment impact will no longer exist. By comparison, the new Kenosha project has been estimated to employ over 3,000 people at full build-out. The Menominee Kenosha Gaming Authority has committed to 10% or more of the employees at the Facility coming from Milwaukee. Therefore, the gain in direct jobs in Milwaukee will be 116 due to the Kenosha casino.”

ho chunk nation

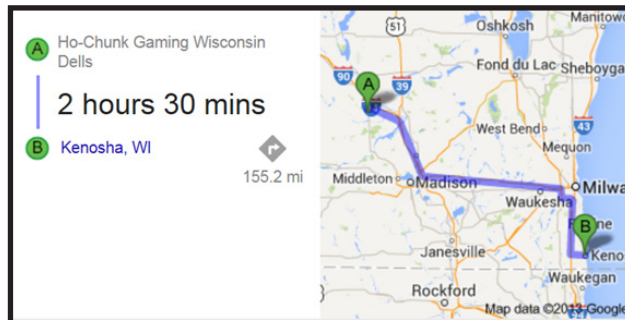
Facilities Too Far From Kenosha to Have Impact



We project over 95% of Kenosha gaming revenues are going to come from within 75 miles of the project.

Ho Chunk's Class III facility is 155 miles or about 2 hour and 30 minute drive from Kenosha. Based on their distant location and Kenosha's gaming market within 75 miles, it is highly unlikely that the opening of Kenosha will have any impact on the gaming revenues of Ho Chunk.

To look at a recent example to try to understand the impact of proximity on casino revenue impact, we can point to the recent



Rivers Des Plaines Casino opening in Illinois. As can be seen by the following table, for the first full calendar year of operation, Des Plaines impacted those casinos closest to them by between -5% and -18%. However, the East Peoria Casino, which is 155 miles away from Des Plaines, experienced an increase in gaming revenues the year after Des Plaines opened. This is further evidence that the impact on Ho Chunk of Kenosha's casino will be minimal to none.

Calendar Year 2012 vs. 2011 Illinois Gaming Revenues by Competitor	Total Slots and Table Revenues			Y-o-Y Gaming Revenue Variance	Miles to Des Plaines Casino
	YR 2012	YR 2011	Variance		
Des Plaines	\$381,547	\$144,103	\$237,444	165%	NA
Elgin	\$195,605	\$238,232	(\$42,627)	-18%	29
Aurora	\$139,168	\$160,349	(\$21,181)	-13%	37
Joliet Harrah's	\$194,598	\$205,111	(\$10,513)	-5%	48
Joliet Hollywood	\$129,900	\$136,034	(\$6,134)	-5%	49
East Peoria	\$107,257	\$106,435	\$822	1%	155
Rock Island	\$81,147	\$78,985	\$2,162	3%	174
Alton	\$65,488	\$67,493	(\$2,005)	-3%	287
E St Louis	\$120,934	\$119,014	\$1,920	2%	294
Metropolis	\$90,416	\$87,049	\$3,367	4%	382
Totals	\$1,506,061	\$1,342,803	\$163,258	12%	

July 15, 2011 Opening for Des Plaines

Furthermore, KlasRobinson investigated the potential negative impacts to revenue at Ho Chunk and came to the following conclusion:

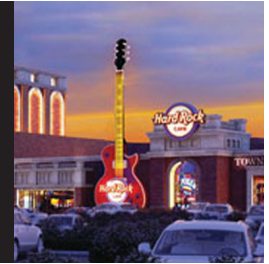
"Based upon our experience in the broader region, we would not anticipate a negative impact on the Ho-Chunk facilities of greater than 1.5 percent for a period of 12-18 months, and quite likely less. As a practical matter, we do not believe that the impact of Kenosha will be measurable in relation to the year-to-year performance fluctuations of the Ho-Chunk facilities due to other economic forces in the market and their own operating policies and marketing initiatives. As a result, we do not consider formal projections and discussion of such limited potential impact to be necessary. No other Wisconsin casinos are located in close enough proximity to the Kenosha project to suffer measurable impact."

KlasRobinson, Planned Kenosha Casino Resort Competitive Impact, October 2013

Notwithstanding the above analysis, **if there were negative impacts to Ho Chunk, there are provisions in their Compact for the State to offset them, and Menominee would indemnify the State for any such offset attributable to Ho Chunk.**

state sees no impact

No Loss of Revenue to Wisconsin



Forest County Potawatomi's 2013 net win at its Milwaukee Facility for the fiscal year ending September 30, 2012 is estimated to be \$363 million⁴. Pursuant to the terms of its compact with the State of Wisconsin, FCP is required to pay the State of Wisconsin 6.5% of the net win at its Milwaukee Facility less any amount over \$10,000,000 it pays to the City and County of Milwaukee pursuant to its Intergovernmental Agreement with them. In 2013 these payments to the City and County of Milwaukee equaled \$10,880,000. Therefore in 2013 FCP is estimated to have paid the State of Wisconsin \$22,715,000.00.⁵

Although FCP's Milwaukee Facility's revenue has been flat, they are in the process of completing a hotel adjacent to the Milwaukee Facility. In order to account for the potential of increased revenue prior to the opening of a Kenosha Facility, it is assumed that the net win of the Milwaukee Facility will increase by approximately \$19,914,174 in its final year of operation prior to a Kenosha Facility operating. Based on this estimate FCP would pay to the State approximately \$23,405,000 in that year.⁶

As the formula for payment to the State is based on a percentage of the Milwaukee Facility's net win, the expected reduction to that net win would act to reduce those payments as shown below:

	2013	Last Year Before Kenosha	Year 1	Year 2	Year 3	Year 4
FCP Net Win	\$363M	\$383.1M	\$364.7	\$350.6	\$371.5	\$382.6
Payment to State	\$22.7	\$23.4	\$22.8	\$22.3	\$23.0	\$23.4
Less Reduction	\$0	\$0	\$13.8	\$24.3	\$8.6	\$0.36
Total State Payment	\$22.7	\$23.4	\$9	\$-2.0	\$14.4	\$23

FCP has agreed with the State through its compact that when the State approves the Kenosha Facility, they will agree to a Compact amendment that will either reduce

the amount they pay the State by an amount equal to their loss of revenue attributable to the Kenosha Facility (FCP Amendment) or that Menominee will enter into a binding agreement with FCP to pay FCP an amount equal to their loss of revenue attributable to the Kenosha Facility (State Amendment). Under the State Amendment the impact on payments received by the State would be as stated above.

Under the FCP Option, FCP payments would be reduced by an amount equal to their revenue impact multiplied by their margin (See Figure __ above regarding relation of revenue to margin). If the FCP

Compact was changed to include the FCP Amendment and the highest margin of 75% shown in the table is utilized, the expected effect on Payments would be as listed below:

	2013	Last Year Before Kenosha	Year 1	Year 2	Year 3	Year 4
FCP Net Win	\$363M	\$383.1M	\$364.7	\$350.6	\$371.5	\$382.6
Payment to State	\$22.7	\$23.4	\$22.8	\$22.3	\$23.0	\$23.4

Menominee Mitigation of State Loss

Menominee will, through its Compact with the State of Wisconsin, or through other means agreeable to the State, reimburse the State for its loss whether it is approximately \$2.1 million under the State Amendment or \$44.4 million under the FCP Amendment

Therefore, the State is at no risk of losing direct revenue as a result of approval of the Kenosha Project.

⁴August 19, 2013 Business Journal <http://www.bizjournals.com/milwaukee/news/2013/08/19/potawatomi-pay-city-county-combined.html>, "Potawatomi Bing Casino paid \$5.44 million apiece to the city and county through its ongoing revenue sharing agreement. The combined city/county payment of \$10.88 million is a decrease from \$11 million paid in 2012, indicating a decline in gaming revenue from about \$367 million in 2012 to about \$363 million, based on the 3 percent share the tribe splits evenly with the city and the county."⁵(\$363,000,000 x 6.5%) -

\$10,880,000 = \$22,715,000.00 ⁶(383,000,000 x 6.5%) - \$1,490,000 = \$23,405,000

local impact

FCP Payment to the City and County of Milwaukee



Forest County Potawatomi's 2013 net win at its Milwaukee Facility for the fiscal year ending September 30, 2012 is estimated to be \$363 million. Pursuant to the terms of its Intergovernmental Agreement with the City and County of Milwaukee, FCP is required to pay the City and County collectively 3% of the net win at its Milwaukee Facility. In 2013 these payments to the City and County of Milwaukee equaled \$10,880,000.⁷

Although FCP's Milwaukee Facility's revenue has been flat, they are in the process of completing a hotel adjacent to the Milwaukee Facility. In order to account for the potential of increased revenue prior to the opening of a Kenosha Facility, it is assumed in the table below that the net win of the Milwaukee Facility will increase by approximately \$19,914,174 in its final year of operation prior to a Kenosha Facility operating. Based on this estimate FCP would pay to the City and County approximately \$11,493,000 in that year.⁸

As the formula for payment to the City and County is based on a percentage of the Milwaukee Facility's net win, the expected reduction to that net win would act to reduce those payments as shown below:

	2013	Last Year Before Kenosha	Year 1	Year 2	Year 3	Year 4
FCP Net Win	\$363M	\$383.1M	\$364.7	\$350.6	\$371.5	\$382.6
Payment to City & County	\$10.9	\$11.5	\$10.9	\$10.5	\$11.1	\$11.15

Based on the tables above, if the Kenosha Project was not approved, the City and County could expect to receive from

Potawatomi over a 4 year period a total of \$46 million.

If Kenosha is approved the City and County could expect to receive from Potawatomi over that same 4 year period \$44 million.

Potawatomi's New Hotel Opening Soon



⁷August 19, 2013 Business Journal <http://www.bizjournals.com/milwaukee/news/2013/08/19/potawatomi-pay-city-county-combined.html>, "Potawatomi Bing Casino paid \$5.44 million apiece to the city and county through its ongoing revenue sharing agreement. The combined city/county payment of \$10.88 million is a decrease from \$11 million paid in 2012, indicating a decline in gaming revenue from about \$367 million in 2012 to about \$363 million, based on the 3 percent share the tribe splits evenly with the city and the county.

⁸(\$383,000,000 x 3%) = \$1,490,000.

comparing cases

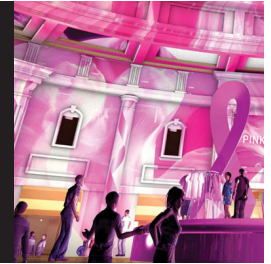
Wisconsin and California



State	Wisconsin	California
Date of Federal Decision	August 2013	August 2011
Tribe	Menominee	North Fork Rancheria
Competitor Tribe	Forest County Potawatomi Ho-Chunk Nation	Picayune Rancheria
Argument by competitor	Loss of Revenue due to competition	Loss of Revenue due to competition
Miles apart	35 and 155	39
Mitigation provisions in the Gaming Compacts	Yes	Yes
Date of Governor Concurrence		August 2012
Reasons for Concurrence in the Secretary of Interior's two part determination	<p>1) Best Interest of the Tribe The Menominee's large population will directly benefit from the gaming facility</p> <p>2) Not Detrimental to the Surrounding Community The gaming facility is supported by both Kenosha County and the City of Kenosha, and the regional gaming market can support the project along with existing gaming facilities.</p> <p>The ability of other tribes to benefit from gaming will not be harmed. The compact procedures in Wisconsin specifically provide mitigation for the tribes likely to be affected by the gaming facility, the Forest County Potawatomi and the Ho-Chunk.</p>	<p>1) Best Interest of the Tribe A large tribal population will directly benefit from the gaming facility."</p> <p>2) Not Detrimental to the Surrounding Community "The gaming facility is supported by both Madera County and the City of Madera, and the regional gaming market can support the project along with existing gaming facilities"</p> <p>"The ability of other tribes to benefit from gaming will not be unduly harmed. The North Fork Mono's compact specifically provides mitigation for the only tribe likely to be affected by the gaming facility, the Picayune Rancheria of the Chukchansi."</p>

comparing cases

How California Dealt with an Issue Similar to Kenosha



August 30, 2012

Kenneth L. Salazar, Secretary of the Interior
United States Department of the Interior
1849 C Street, N.W.
Washington, D.C. 20240

Re: Two-Part Determination–North Fork Rancheria Band of Mono Indians

Dear Secretary Salazar:

I concur with your determination to allow 305 acres in Madera County to be placed in trust for the North Fork Rancheria Band of Mono Indians for the purpose of establishing a class III gaming facility. While I am reluctant to allow the expansion of gaming on land currently ineligible for it, I concur in your determination in this case because of several exceptional circumstances:

- The federal administrative process giving rise to your determination was extremely thorough. The process lasted more than seven years, included numerous hearings, considered hundreds of comments, and generated thousands of pages of administrative records.
- A large tribal population will directly benefit from the gaming facility. The North Fork Mono's compact guarantees that revenues from the gaming facility will be shared directly with the Wiyot Tribe, which has agreed to forgo gaming on its own lands – including environmentally sensitive areas. The two tribes are comprised of approximately 2,500 native Californians.

- Other tribes will indirectly benefit from the gaming facility. The North Fork Mono's compact provides assistance to other tribes by requiring substantial contributions to the Revenue Sharing Trust Fund and the Tribal Nation Grant Fund.
 - The ability of other tribes to benefit from gaming will not be unduly harmed. The North Fork Mono's compact specifically provides mitigation for the only tribe likely to be affected by the gaming facility, the Picayune Rancheria of the Chukchansi.
 - The gaming facility is supported by both Madera County and the City of Madera, and the regional gaming market can support the project along with existing gaming facilities.
 - The location of the gaming facility will not be within a major metropolitan area.
 - The North Fork Mono has a significant historical connection with the land.
- I expect there will be few requests from other tribes that will present the same kind of exceptional circumstances to support a similar expansion of tribal gaming land.

Sincerely,

Edmund G. Brown Jr.
<http://gov.ca.gov/news.php?id=17700>