

SUGAR CREEK CASINO

PRESENTED BY PARAGON GAMING



CITY OF SUGAR CREEK – MAYOR SALVA

- **CITY OF SUGAR CREEK AND PARTNERS**
- **PROJECT DEVELOPMENT HISTORY**
- **MAIN DEVELOPMENT CRITERIA**
 1. Overwhelming Community support – 68.5% voter approval
 2. Market Analysis Based Project
 3. Mixed-use Development
 4. Financial Capacity
- **CITY RESOURCES & MANAGEMENT**
 - Ready, Willing & Able to manage the project
- **RESPONSE TO PUBLIC HEARING OPPONENT COMMENTS**



DIANA L. BENNETT - CEO

PARAGON
— GAMING —

Paragon Background

- Long-standing history in Las Vegas community & gaming industry
- Paragon currently owns and operates:
 - Edgewater Casino in Vancouver, British Columbia
 - Eagle River Casino and Travel Plaza in Whitecourt, Alberta
 - River Cree Resort and Casino in Edmonton, Alberta





PARTNERSHIP WITH EPIC/GAUGHAN

- **Paragon/Epic/Gaughan Joint Venture**

- Paragon Gaming – Majority Partner
- JV to develop and operate the Sugar Creek Casino
- Long-standing relationship between Las Vegas families & companies
 - Executives responsible for successful development & operation of landmark projects

- **Epic/Gaughan**

- Provided Notice of Interest in Sugar Creek Project
- Epic principals have extensive expertise in multiple gaming jurisdictions
- Gaughan is a multi-generation casino operator in Las Vegas, Nevada

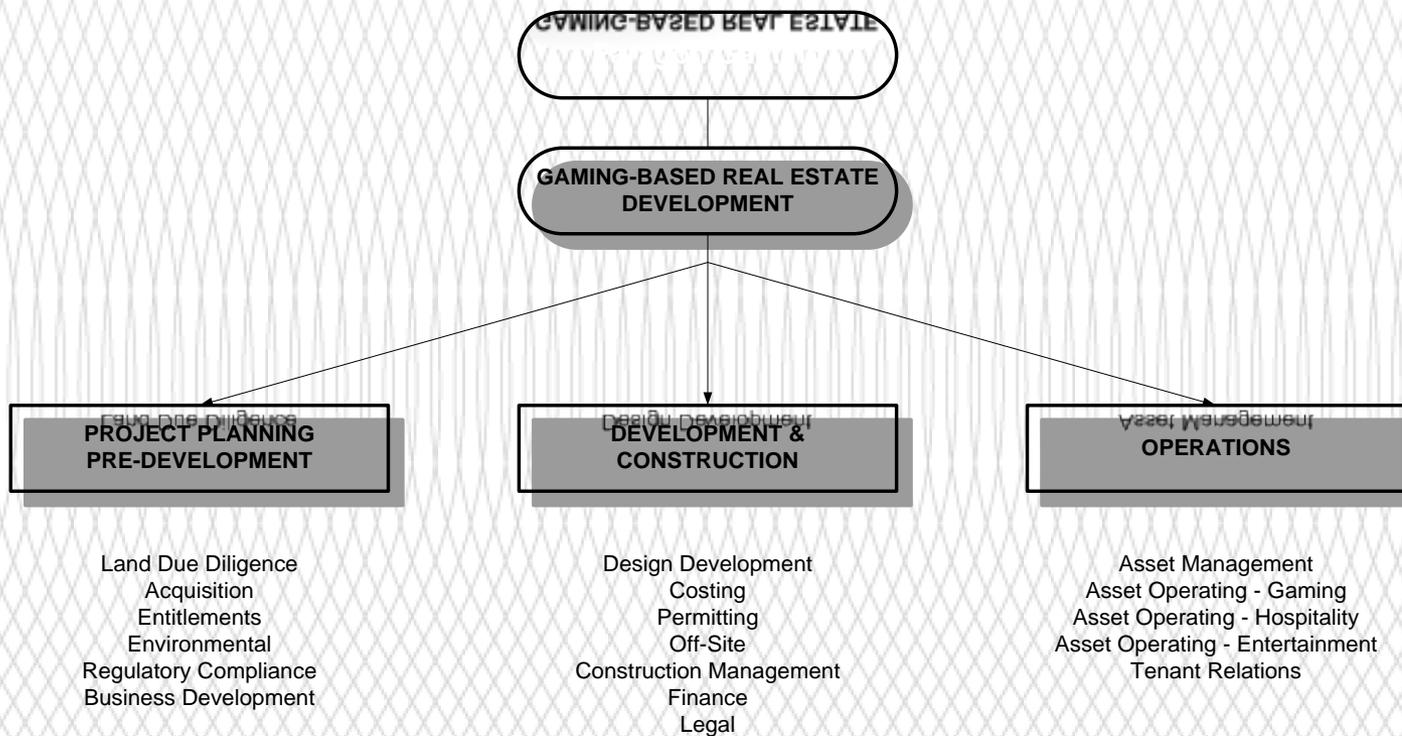




SCOTT MENKE - PRESIDENT

Paragon Approach: Gaming evolved & so did we...

Paragon approaches each unique project with a Multi-Phased approach





OUR CULTURE – BELIEF IN LASTING RELATIONSHIPS

The gaming industry today is a Multiple Stakeholder Environment

We believe the key to success is through strong relationships:

- *Local Communities*
- *State and Provincial Governments*
- *First Nations Groups*
- *Regulatory Bodies*



PARAGON
— GAMING —

PARAGON TEAM – DIVERSE BACKGROUNDS

INDIVIDUAL

Diana Bennett

Scott Menke

John Groom

John Cahill

Justin Kolb

Dennis Amerine

Brent Fleming

Clay Crawford

Cheryl Price

Jennifer Bell-Fields

Vik Mahajan

Kevan Schell

Eris Moncur

Farzad Amedi

Mark Holik

Matt Knipp

POSITION

CEO, Paragon Gaming

President, Paragon Gaming

Chief Operating Officer, Paragon Gaming

Corporate Secretary, Paragon Gaming

Corporate Treasurer, Paragon Gaming

Vice President of Compliance, Paragon Gaming

Vice President of Human Resources, Organizational Development

Corporate Director of Finance, Paragon Gaming

Corporate Director of Marketing, Paragon Gaming

Regional Operations and Player Development Director, Paragon Gaming

Director of Corporate Operations, Paragon Gaming

Vice President and General Manager, River Cree Resort and Casino

Vice President and General Manager, Eagle River Casino and Travel Plaza

Corporate Director of Surveillance, Paragon Gaming

Corporate Director of Security and Safety, Paragon Gaming

Director of Development, Paragon Gaming

EXPERIENCE

30+ years

23+ years

30+ years

30+ years

10+ years

30+ years

20 years

20+ years

10 years

10+ years

15+ years

10+ years

10 years

10+ years

20+ Years

7+ Years



JOHN GROOM - COO

- **Kansas City Market Opportunity**
 - Eastern Jackson County underserved
 - Sugar Creek project centers the gaming market concentration in MO

- **New Development induces gaming demand**
 - Sugar Creek generates new market demand
 - New competition enhances customer experience at all properties

- **New Product enhances consumer opportunities**
 - Cutting edge gaming technology – Server based gaming
 - Broader market reach



PROJECT OVERVIEW – PHASE ONE

▪ CASINO

- 55,200 sq. ft. single-level, gaming floor housing
- 1,200 slot machines
- 30 table games, 10 table poker room

▪ FOOD & BEVERAGE

- 200 seat buffet, 90 seat café & stand-alone food court
- 75 seat sports bar & 50 seat themed bar
- 125 seat cabaret/lounge

▪ OTHER

- 2,100 sq. ft. of retail
- 1,000 vehicle paved parking area



PHASE TWO – DESTINATION CONCEPT

- **CASINO**

- Up to 2,400 slot machines
- Up to 58 table games (including poker)

- **ENTERTAINMENT**

- 1,200 seat showroom
- Multi-screen theatre
- 6,500 seat arena

- **FOOD & BEVERAGE**

- Additional restaurant concepts

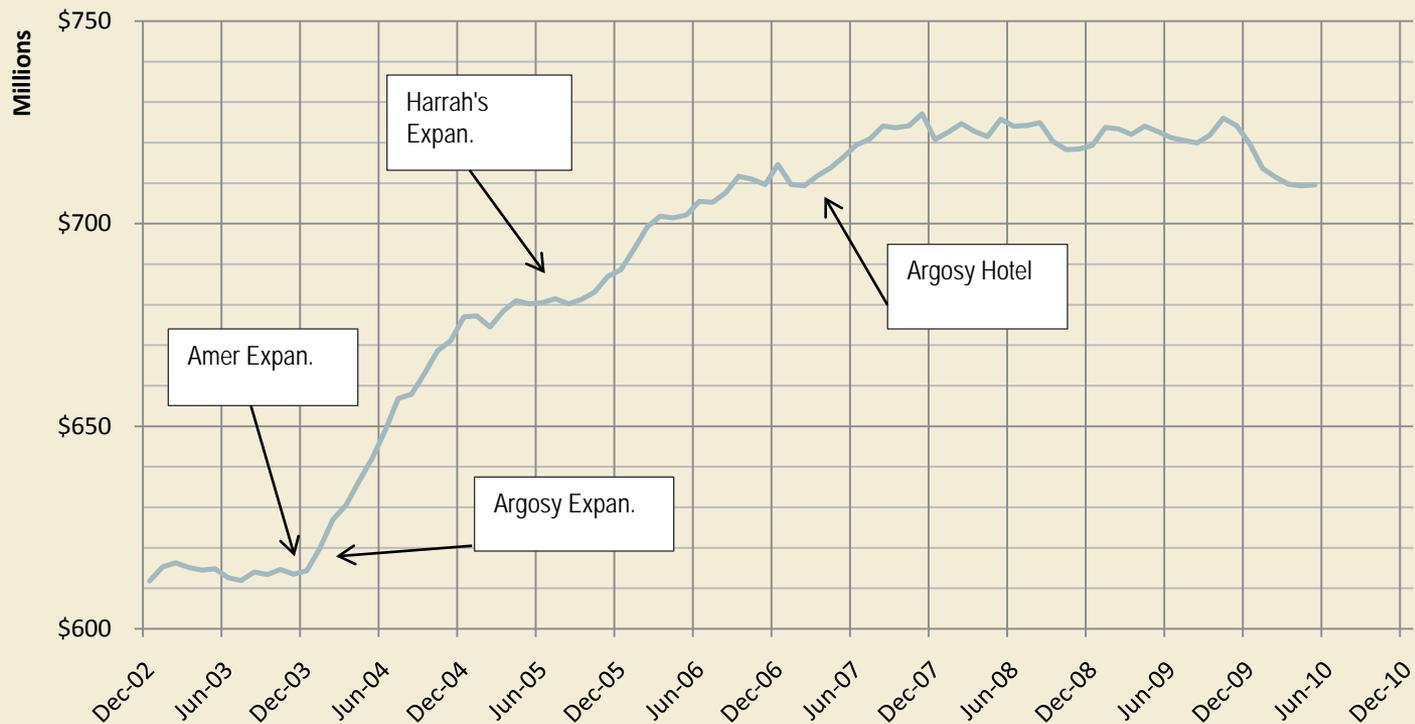
- **HOTEL**

- 400 room resort hotel & spa

GAMING MARKET AND ECONOMIC IMPACT ANALYSIS

THE INNOVATION GROUP – JIM OBERKIRSCH

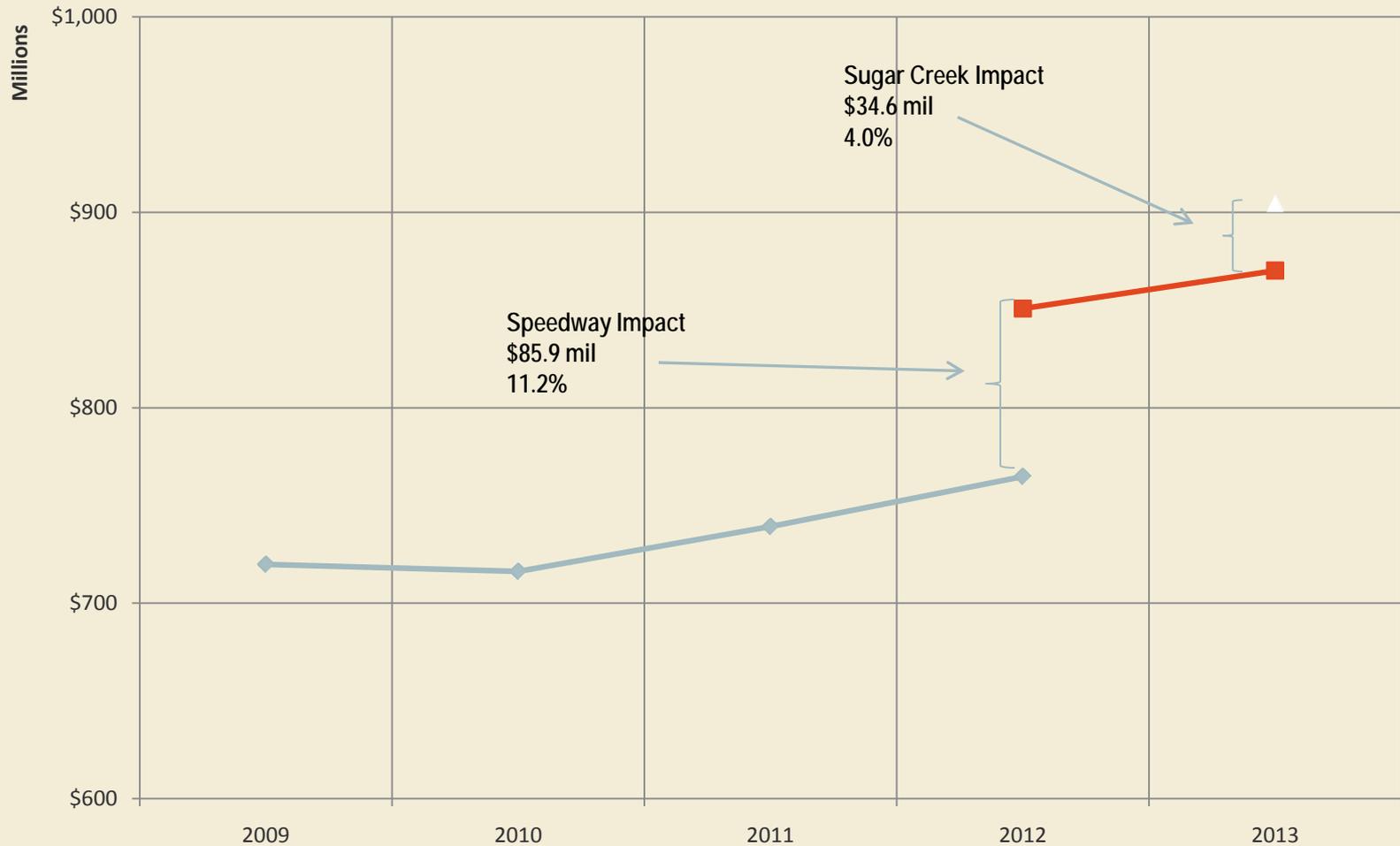
HISTORICAL KANSAS CITY MARKET PERFORMANCE



SUGAR CREEK WILL GROW THE MARKET BECAUSE ...

- 1) Enhance the Convenience of Gaming
- 2) Additional Alternative with Unique Design/Theme
- 3) Additional Alternative with Unique Gaming Product
- 4) Increase in Level of Marketing in the Market
- 5) Additional Capacity During Peak Times
- 6) Additional Traffic Intercept Point

KC MARKET FORECAST



GAMING REVENUE FORECAST - 2013

	Gaming Rev	% of Total
Incremental Local Market	\$30,446,339	31.3%
Incremental Tourism	\$1,064,092	1.1%
Incremental Traffic Intercept	<u>\$3,046,035</u>	<u>3.1%</u>
Total Market Growth	\$34,556,466	35.5%
Recapture from Kansas Properties	<u>\$12,235,370</u>	<u>12.6%</u>
Incremental to Missouri	\$46,791,836	48.0%
Capture from Missouri Properties	<u>\$50,596,898</u>	<u>52.0%</u>
Sugar Creek Gaming Revenue	\$97,388,734	100.0%

Source: The Innovation Group

CAPTURE FROM MISSOURI PROPERTIES

IOC KC	\$5,116,846
Argosy	\$9,126,425
Ameristar	\$22,818,542
Harrah's	\$12,199,657
All Other	\$1,335,428
Total	\$50,596,898

Source: The Innovation Group

TOTAL ECONOMIC IMPACT GAMING INCREMENTAL ANALYSIS – STABILIZED YEAR 2015

Incremental Gaming Revenue Impact to Missouri (2015)

	Total	Incremental %	Incremental \$
Gaming Tax	\$21,738,553	48.0%	\$10,444,605
Admission Fee	\$5,415,517	36.2%	\$1,962,660
Total	\$27,154,070	45.7%	\$12,407,265

* Includes capture from KS properties.

Source: The Innovation Group

ADDITIONAL ECONOMIC IMPACT HIGHLIGHTS

- Total development cost \$115mm, with \$71mm directly related to construction. Increases spending by \$105.6mm locally and \$112mm for the state
- Project generates \$56.5mm in additional annual spending and \$64.8 mm for the state
- \$30mm in property, sales, and gaming taxes generated

	Construction	Local	State
Output		\$105,640,723	\$111,971,161
Labor Income		\$35,549,385	\$36,377,203
Employment		657.7	713.1
	<i>Operations</i>	Local	State
Output		\$56,538,906	\$64,839,464
Labor Income		\$30,540,576	\$32,638,292
Employment		744.1	829.4

Source: 2010 Minnesota IMPLAN Group, Inc



DENNIS AMERINE VICE PRESIDENT OF COMPLIANCE

- **Experience across multiple jurisdictions**
 - Former member of Nevada State Gaming Control Board
 - Consulted to domestic and international gaming jurisdictions on gaming regulation
 - Former Asst. Director of Gaming Regulation Center, UNLV Intl. Gaming Institute
- **Paragon's approach to compliance**
 - Internal Reporting and Compliance System
 - Property-level Compliance Officers
 - Culture of Self-Reporting
- **Regulatory relationships in existing jurisdictions**
 - Alberta Gaming and Liquor Commission
 - British Columbia Gaming Policy and Enforcement Branch, Solicitor General
 - Nevada State Gaming Control Board



DESIGN & CONSTRUCTION OVERVIEW ED VANCE ARCHITECTS

- **Design**
 - January - June 2011
 - Frank Lloyd Wright inspired “Prairie Style”

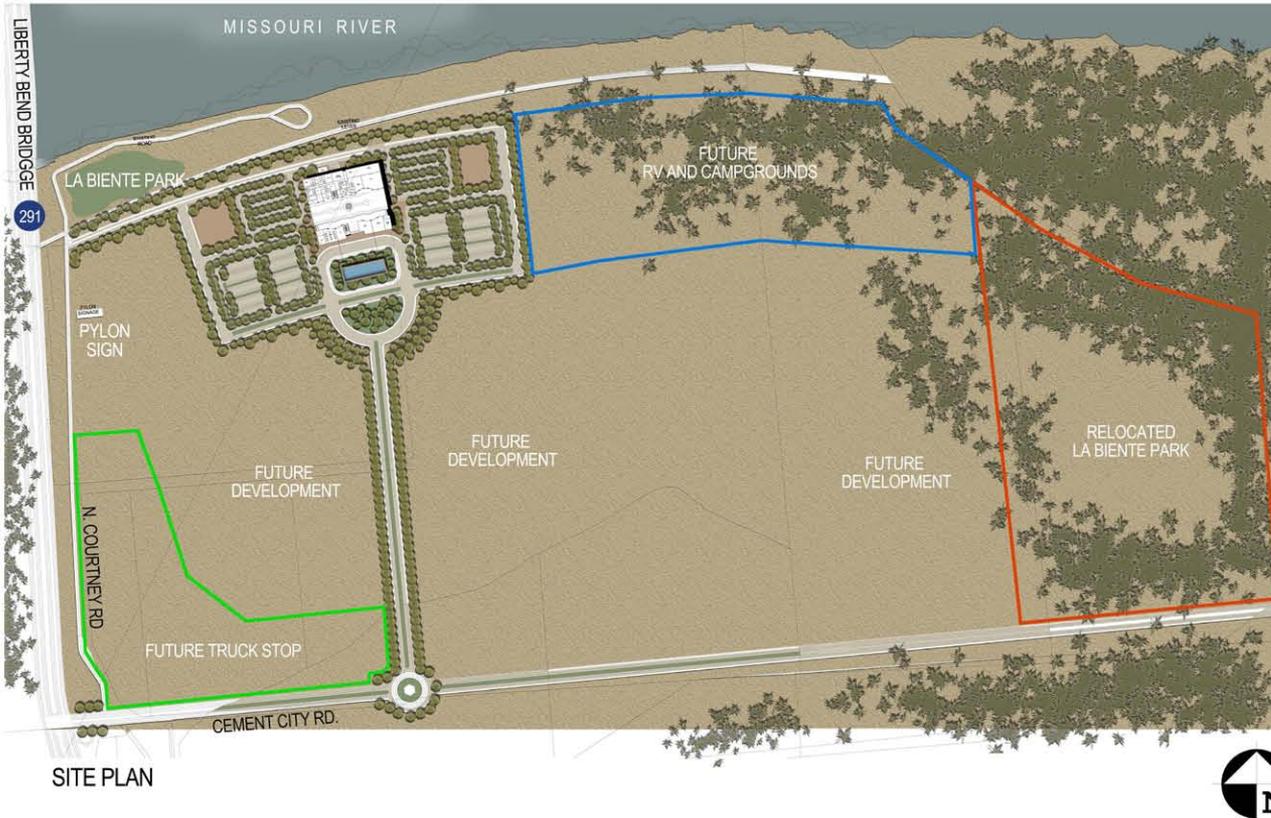
 - **Construction Project**
 - Initial Phase - \$71mm; Future Phase - \$300mm
 - Construction validation by local GC (JE Dunn) & 3rd party (Foxcor)

- **July 2011 Ground-breaking; 4Q 2012 Opening**
 - Accelerated schedule could allow for 3Q opening

 - **Construction Partnership**
 - 713 full-time MO construction jobs
 - Commitment to minority participation



PHASE ONE LAYOUT



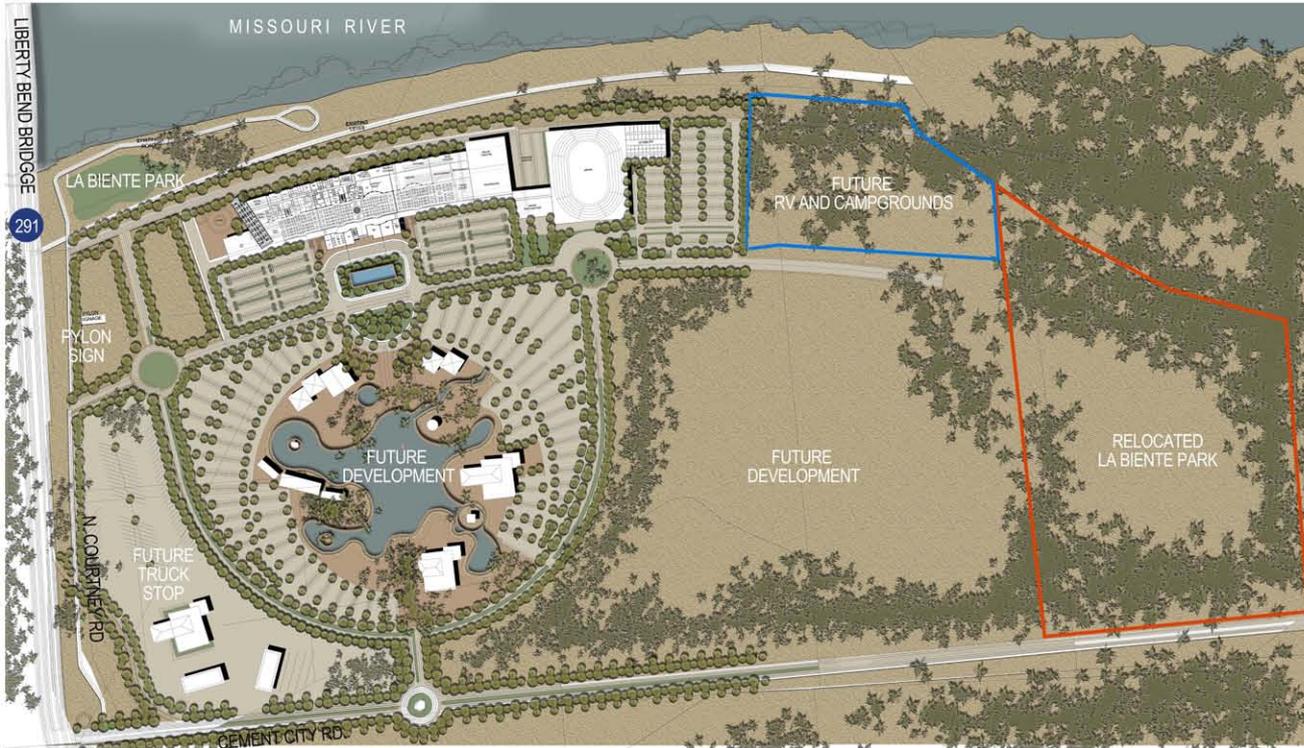
PHASE I FLOOR PLAN



ELEVATION



DESTINATION CONCEPT LAYOUT



SITE PLAN



- CABERET / LOUNGE
- CENTER BAR
- GAMING FLOOR
- RESTAURANTS
- RETAIL
- GAMING PIT
- BOH
- SECURITY
- CAGE
- RESTROOMS
- SPORTS BAR



FUTURE PHASE FLOOR PLAN



DESTINATION CONCEPT RENDERING



ELEVATION
SUGAR CREEK CASINO AND MASTERPLAN, MISSOURI - FUTURE PHASE

CONCEPTUAL MASTERPLAN

JULY 13, 2010

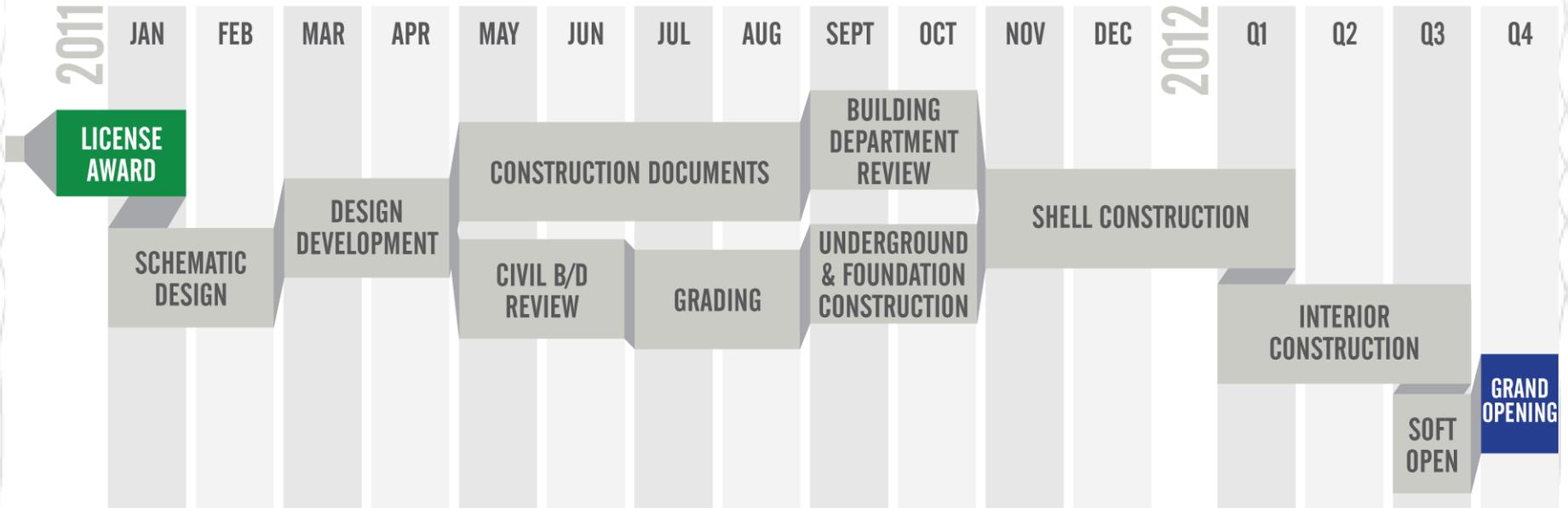
SUGAR CREEK, MISSOURI



DESIGN & CONSTRUCTION SCHEDULE ED VANCE ARCHITECTS

PROJECT TIMELINE

SUGAR CREEK CASINO - PHASE ONE





SUGAR CREEK PROJECT FINANCING REGAL CAPITAL ADVISORS

- **Paragon Gaming - Experienced Capital Providers**
 - Privately held company
 - Capital resources from committed principals
- **Paragon Gaming – Experienced Capital Markets Partner**
 - Financed over \$300mm of North American projects
- **Paragon Gaming & Principals – Experienced Developers**
 - Principals responsible for over \$1 Billion of previous development
 - \$450mm currently under development



SUGAR CREEK PROJECT FINANCING REGAL CAPITAL ADVISORS

- **Highly Confident Letter & Indicative Financing Terms**
 - Obtained from REGAL Capital Advisors
- **Capital Structure - Initial phase**
 - \$107mm Project Cost plus \$8mm of pre-funded interest reserve
 - \$40mm Project Equity provided by Paragon Gaming and its principals
 - \$75mm Debt Financing to be arranged by REGAL Capital Advisors
 - Option – Up to \$20mm Equipment Financing provided by IGT Capital



SUGAR CREEK PROJECT FINANCING REGAL CAPITAL ADVISORS

Company Overview

- Founded by David Berman, CEO, in 2009, to advise Real Estate, Gaming and Lodging companies
- Advises public & private companies (Commercial, Native American and First Nations)
- Former Managing Director and Head of the Gaming, Lodging & Leisure investment banking group at Credit Suisse
- Prior to CS, he was Managing Director and Head of the Gaming, Lodging & Leisure investment banking group at CIBC World Markets and, before its acquisition by CIBC, Head of the Gaming, Lodging & Leisure investment banking group at Oppenheimer & Co.



DIANA L. BENNETT

Paragon believes this Project will be successful...

- **Right Opportunity**
- **Right Product**
- **Right Team**
- **Right Market**
- **Right Community**



PARAGON
— GAMING —

EXHIBITS

EXHIBIT

CITY OF SUGAR CREEK PRESENTATION

- ❑ **City of Sugar Creek and Partners**
- ❑ **Project development and history**
- ❑ **Main development criteria**
- ❑ **Response to Public Hearing Opponent Comments**

WELCOME TO SUGAR CREEK

- ❑ **CITY OF SUGAR CREEK & PARTNERS**

- ❑ Joseph Kenney, Mayor Pro-Tem
- ❑ Ron Martinovich, City Administrator
- ❑ Dan Musser, Zimmer Real-Estate Services
- ❑ Troy Nash, Zimmer Real-Estate Services

- ❑ **CITY OF SUGAR CREEK**

- ❑ **Its people and Its History**

PROJECT DEVELOPMENT & HISTORY

- ❖ **Request for Proposal - November 2006**
- ❖ **Wild Rose Entertainment Application - November 2007**
- ❖ **Project selected for Licensing - February 2008**
- ❖ **Moratorium Approved - June 2008**
- ❖ **November 2008 Ballot issue**
- ❖ **Developer Solicitation Early 2010**
- ❖ **Epic Gaming Project Development - Early 2009**
 - **Gaughan Gaming**
 - **Paragon Gaming**
- ❖ **Formal Application - September 2010**

MAIN DEVELOPMENT CRITERIA

I. COMMUNITY & AREA SUPPORT

- Residents of Sugar Creek – just under 70% Positive Election Results
- Support Letters Included in Notice of Interest
 - ❖ Former Commissioner Judge Jack Gant
 - ❖ State Senator – Victor Callahan
 - ❖ Missouri State Representative – Raymond Salva
 - ❖ Jackson County Executive – Mike Sanders
 - ❖ Independence School District
 - ❖ Fort Osage School District
 - ❖ City of Independence
 - ❖ Independence Chamber of Commerce - Board of Directors
 - ❖ Sugar Creek Community Development Corporation

MAIN DEVELOPMENT CRITERIA *Contd.*

II. MARKET ANALYSIS BASED PROJECT

- Current market studies support the project

III. MIXED USE DEVELOPMENT

- The Sugar Creek proposal offers an entertainment destination with unique amenities anchored by a casino.
- Second phase will induce additional economic growth to the region
- The development will appeal to wide cross section of customers and businesses

IV. FINANCIAL CAPACITY

- Sugar Creek's choice of a developer was based on its capability of a well funded plan.

PUBLIC HEARING OPPONENT COMMENTS

- ❖ **Market comments inaccurate**
- ❖ **Adjacent landowners' agenda not related**
- ❖ **Lafarge mining project not casino related**
- ❖ **Impact to existing businesses positive not negative**



Support Letters