

BOYD GAMING

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April 1, 2024

Via Email VincentQ@ClarkCountyNV.gov

Vincent Queano
Director of Business Licensing

Via Email ARenter@ClarkCountyNV.gov

Andrew Renter
Assistant Operations Manager Business Licensing

Via Email LoriT@ClarkCountyNV.gov

Lori Terry
Supervising Special Agent Liquor and Gaming

Confidential

Re: Boyd Gaming – Eastside Cannery 2001047.LIQ-101, 2000801.GAM-101, 22000502.GEN-102 & 2000506.CON-101

Dear Director Queano, Assistant Operations Manager Renter, and Special Agent Terry,

We are respectfully requesting a temporary closure approval of the Nevada Palace, LLC, dba, Eastside Cannery (“Eastside Cannery” or “the Property”) pursuant to Clark County Municipal Code (CCMC) 8.04.140(G) subject to approval by the Board of County Commissioner due to a number of factors as further detailed below.

Background

Eastside Cannery has been closed since May 17, 2020, when Governor Steve Sisolak ordered a statewide shutdown of all “non-essential businesses” which included all gaming operations and casino resorts, in an effort to curb the spread of COVID-19. While the Governor’s shutdown lasted 78 days, and casinos were allowed to open with restrictions on June 4, 2020, due to the restrictions, visitor volume and staffing, Boyd Gaming decided to not reopen the Eastside Cannery.

On May 5, 2020, the Clark County Commission adopted a “Resolution Suspending Certain Requirements for Privileged Business Licensees Affected by the COVID-19 Emergency” (the “Resolution”). The purpose of this resolution was to “avoid jeopardizing the license status of businesses that have a privileged license that have been affected by the COVID-19 pandemic and to allow these businesses to reopen based on directions from the Governor of the State of Nevada, which may include a phased-in approach.” The Resolution allowed for waivers of certain CCMC requirements in Title 8 for liquor, gaming and resort hotel requirements including 8.04.301(C), 8.20.530, and 8.04.010.145, and suspended the code requirements for 120 days from March 17, 2020. The suspension of requirements was renewable by approval of the Director of the Department of Business License.

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Upon expiration of the original 120-day suspension, Boyd Gaming has since requested renewals of the suspension of the requirements to allow for the temporary closure of the Eastside Cannery, which have all been approved by the Director of Business Licensing. On March 5, 2024, Clark County Department of Business Licensing issued a Notice to all licensees that administrative approvals extending the suspension of the licensing requirements under the Resolution will terminate on May 1, 2024. The current temporary closure approval from the Department of Business Licensing for the Eastside Cannery expires on March 30, 2024. As such, pursuant to CCMC 8.04.140(G), Eastside Cannery is making this application to the Board of County Commissioners to show good cause and request the Board of County Commissioners to grant the temporary closure of the Eastside Cannery for an additional two (2) years as permitted by CCMC 8.04.140(G).

Since the March 17, 2020, shutdown, the Eastside Cannery has also received temporary closure approval from the Nevada Gaming Control Board (NGCB) concurrently with the temporary closure approvals from Clark County Department of Business Licensing. Pursuant to NGCB Regulation 9.010(2), temporary closures cannot be permitted for an entire calendar quarter. Therefore, the closure was conditioned that gaming be conducted and open to the public for at least one day (minimum 8 hours) each quarter. Eastside Cannery's current temporary closure approval from NGCB expires on March 31, 2025, and will open on September 30, 2024; October 1, 2024; March 31, 2025; and April 1, 2025 to satisfy the Regulation 9 requirements, and at that time we will request another extension from the NGCB. Boyd Gaming has provided a courtesy notice to the Clark County Director of Business Licensing each time the Eastside Cannery has temporarily opened to satisfy the NGCB Regulation 9 requirements.

Throughout the temporary closure, Boyd Gaming has continued to maintain the gaming and liquor licenses, paying all required fees and taxes, and will continue to take the necessary actions to maintain those licenses throughout the additional temporary closure period, should it be approved by the Board of County Commissioners.

Temporary Closure Extension Request Pursuant to CCMC 8.04.140(G)

Pursuant to CCMC 8.04.140(G), Eastside Cannery is making this application to the Board of County Commissioners to show good cause and respectfully request the Board of County Commissioners to grant the temporary closure of the Eastside Cannery for an additional two (2) years.

Market Challenges

As the County is aware, Boyd Gaming also operates Sam's Town Hotel & Gambling Hall, which is located on the other side of Harmon from Eastside Cannery, only about 65 to 70 feet apart. Currently, Boyd Gaming has plenty of excess capacity at Sam's Town, and market conditions do not support a property of Eastside Cannery's size reopening right now. Our Eastside Cannery customers, gaming and non-gaming alike, have consolidated to Sam's Town until demand requires additional capacity for both properties.

While economic conditions and demand will dictate when the reopening of Eastside Cannery will occur, Boyd Gaming is currently investing over half a million dollars each month to keep the property well-maintained and safe. This includes maintaining an engineering team to perform routine daily maintenance on the property, along with maintaining IT systems, surveillance/security and slot operations, which are required for the property to open in compliance with the NGCB Regulation 9 quarterly reopenings. Additionally, we routinely run water to keep the system fresh and healthy. Boyd Gaming also pays millions a year in lease payments since we do not own the land on which the Eastside Cannery is located, and if the demand was there to open and cover those payments, the Company

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would certainly do so. However, at this time, that is not the case and we will need market conditions to change in order for us to reevaluate.

Staffing Challenges

Reopening a property of Eastside Cannery's size requires significant hiring and staffing. Since the onset of the COVID-19 pandemic, workforce challenges continue to permeate the Las Vegas valley across various sectors and the gaming industry, and Boyd Gaming is not immune to these challenges. To date, Boyd Gaming still has significant workforce challenges across its Southern Nevada portfolio in the properties that are open and operating, with over 400 open positions in the Las Vegas region that the Company is actively recruiting and hiring for. The Company would need to hire an additional few hundred employees in order to reopen the Eastside Cannery. In this challenging jobs market, it would take at least 6 months to find and hire sufficient staff to manage and operate the property.

Community Partnership

During its closure, Eastside Cannery has remained a community partner, and has been used to serve the needs of the community. Three Square Food Bank was able to use the Property for a weekly food distribution site From October 2020 until March 2022, when it was deemed no longer necessary, facilitating the delivery of nearly 1.5 million meals to those in need in our community.

Additionally, Boyd Gaming coordinated with Clark County to allow Las Vegas Metropolitan Police Department ("Metro") and the Clark County Fire Department to utilize the facility for training purposes while closed. Since the closure, the Metro Southeast Area Command has conducted over a dozen trainings at Eastside Cannery, including room clearing, active shooter and cadet seminars. Crime Scene Investigations also uses the hotel rooms as part of their academy testing. Clark County Fire Department has used the property to train on stairwells, room searches and elevator rescue.

Conclusion

The COVID-19 pandemic was an unprecedented time for Nevada and the entire country as a whole, and Boyd Gaming greatly appreciates the County's swift action to provide relief for licensees to mitigate the impacts of the pandemic. The County has been an invaluable partner in assisting Boyd Gaming navigate through the challenges that have arisen over the course of the last four years, and has continued to work with us as we emerge into a "new normal" of operations. We look forward to continuing to work with the Board of County Commissioners, Director of Business Licensing and County staff to determine future steps for the Eastside Cannery, and appreciate your consideration of this request.

Please do not hesitate to contact me at (702) 696-1113 or Erin McMullen Midby at (702) 692-8715 if you have any questions or if more information is required.

Sincerely,



Michelle Rasmusson

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cc: Keith Smith, President and CEO
Uri Clinton, EVP, Secretary and General Counsel
Ted Bogich, Chief Operating Officer
Steve Schutte, EVP of Operations
Cassie Stratford, SVP Legal Operations and Compliance
Paul Anderson, SVP Industry & Government Affairs
Erin McMullen Midby, VP Government Affairs
Russell Rowe, Rowe Law Group