

Atrium Holding Company

1114 Avenue of the Americas, 39th Floor
New York, NY 10036

December 19, 2012

City of Davenport
Purchasing Division
226 West 4th Street
Davenport, Iowa 52801

Subject: RFP 13-34- Casino Development

To Whom it May Concern:

Enclosed is Atrium Holding Company's response to RFP 13-34 that was published on November 2, 2012 by the City of Davenport for the development and operation of a casino. Also enclosed are copies of the following:

- Draft of proposed floor plan for the casino, public space, F&B outlets and office/storage areas.
- Floor plan for the potential 2nd floor expansion.
- Property survey plat for the subject casino site.

Atrium has prepared a "creative response" as allowed for in the RFP. We did not complete the RFP in full, nor did we develop a comprehensive project scope and cost estimate, due to the short response period; however, we hope that the enclosed materials are responsive to your needs and we look forward to discussing this exciting opportunity at your earliest convenience.

Sincerely

Daniel Abernethy
Senior Vice President - Asset Management
Atrium Holding Company

**Response to RFP 13-34: Casino Developer / Operator
City of Davenport, Iowa
Submitted December 19, 2012**

Atrium Holding Company (“Atrium”) is one of the largest private owners of upscale hotels in the United States, with a current hospitality portfolio value exceeding \$2.0 billion and interests in more than 22,000 rooms across 27 states. Atrium is one of the largest owners and operators of hotels in the state of Iowa, employing over 1,200 associates at the Davenport Radisson, Cedar Rapids Marriott, Des Moines Embassy Suites and West Des Moines Sheraton. Atrium is also a licensed gaming owner and operator in the State of Nevada, and currently owns and operates Diamonds Casino in Reno, Nevada. Atrium maintains offices in Scottsdale, Arizona and New York City. Atrium’s senior officers include Jonathan Eilian, Ron Brown, Dan Abrams and Daniel Abernethy, each of whom has more than 20 years of experience in hospitality and real estate. Atrium’s principals founded Starwood Hotel and Resorts (NYSE: HOT) and have held leadership roles at several lodging and commercial real estate companies.

Atrium is the ideal partner for the City of Davenport’s Downtown Casino Project. Atrium has a significant hospitality and gaming portfolio, a strong balance sheet, deep development and transaction experience, and ample capacity to fund and execute a project of this scale. Lastly, Atrium owns the 221-room Radisson Hotel in downtown Davenport (“the Hotel”), and proposes to convert a significant portion of the Hotel’s public areas to gaming space, to accomplish the City’s desire for a land-based gaming facility in the heart of downtown Davenport.

Our proposal would accomplish several of the City’s objectives including executing an efficient speed-to-market conversion strategy resulting in a first-class land-based gaming facility. The value proposition of offering the Radisson Hotel cannot be overstated; Atrium would collaborate with the City to redesign the contiguous 48,000 square feet of available space on the main floor to create an attractive and efficient casino facility. This attractive structural space on the main floor would maximize the value of the gaming license in a downtown Davenport location, while also incurring low development costs given the existing hotel structure and foundation.

In addition to Atrium’s expanding business interests and successful track record in the hotel and gaming industry, Atrium has also methodically considered the City of Davenport’s criteria measurements. After going through each level of evaluation, Atrium believes that it is the only potential partner that can score 100 percent on the Criteria and Values rating guidelines listed in the RFP and below, as well as scoring 20 additional points on the Bonus Criteria.

Criteria & Values For Evaluation – Proposals will be scored by members of the evaluation panel as follows:

100 Base Points:

- 0 – 20 Cost efficiency of proposal (return on City investment)
- 0 – 20 Time efficiency of proposal (time to casino opening)
- 0 – 12 Capacity to expand existing Quad Cities gaming market
- 0 – 12 Total investment, including related non-casino elements
- 0 – 9 Ease of access
- 0 – 9 Proximity to Quad Cities population center
- 0 – 6 Creativity of proposal
- 0 – 4 Walkable access to existing attractions
- 0 – 4 Expansion capability
- 0 – 4 Experience of development team

25 Bonus Points:

- 0 – 10 No negative impact on City debt capacity
- 0 – 10 Inclusion of existing Davenport businesses
- 0 – 5 Silver, Gold or Platinum LEED design

Atrium’s probable score of 100 percent or higher on the Criteria & Values components is the result of an analysis that was conducted by the architecture and design firm DLR Group (DLR) based in Des Moines, Iowa. In response to the public RFP, Atrium engaged DLR to evaluate the physical plant of the Davenport Radisson Hotel and identified ways to redesign the current available space to accommodate the requested casino facilities. Based upon DLR’s vast experience in casino development and design, including Jumer’s Casino in Rock Island, it was determined that the Radisson Hotel could yield 48,000 square feet of contiguous space on the ground floor of the Hotel. The floor could accommodate most, if not all, of the required gaming space while producing an operating casino within 6 to 9 months upon selecting Atrium as the developer.

Our first floor space would break down as follows (see attached floor plan).

- ❖ 20,000-square foot casino to be located in the Hotel’s lobby, atrium area and ballroom spaces. It is estimated that this space could accommodate approximately 500-700 slot devices and 20 gaming tables
- ❖ Full service restaurant to seat and serve 150 people
- ❖ Full service bar and grill to seat and serve 75 people
- ❖ 10,000 – 12,000 square feet for cage, vault, back office and storage and repairs

In addition, a future expansion phase could potentially include conversion of the second floor of the Hotel to gaming space and offices, as well as developing a 60,000-square foot structure on the surface

parking lot directly behind the hotel, which could yield an additional 24,000 square feet of gaming space.

The ability to convert substantial portions of the Hotel's ground floor to a 20,000-square foot casino within six to nine months is enhanced by the Hotel's existing access to all of the required parking facilities as defined in the RFP without needing to use additional city funds to develop additional parking facilities. The required covered parking is all located within 200 feet of the Radisson's entrance and the proposed gaming facility, and is accessible via sky bridges and street access.

We are enthusiastic about the prospect of a land-based casino in downtown Davenport, and believe the conversion of the Radisson as we have briefly described above constitutes the optimal location, development partner and execution strategy for the City.

We sincerely appreciate the opportunity to submit this response, and look forward to discussing this proposal with you and advancing our partnership with the City by developing the Davenport Casino at the Radisson Hotel.

Sincerely,

Daniel Abernethy

Atrium Holding Company
770-475-4644 (office)
417-827-3289 (cell)
dabernethy@atriumllc.com

Enclosures:

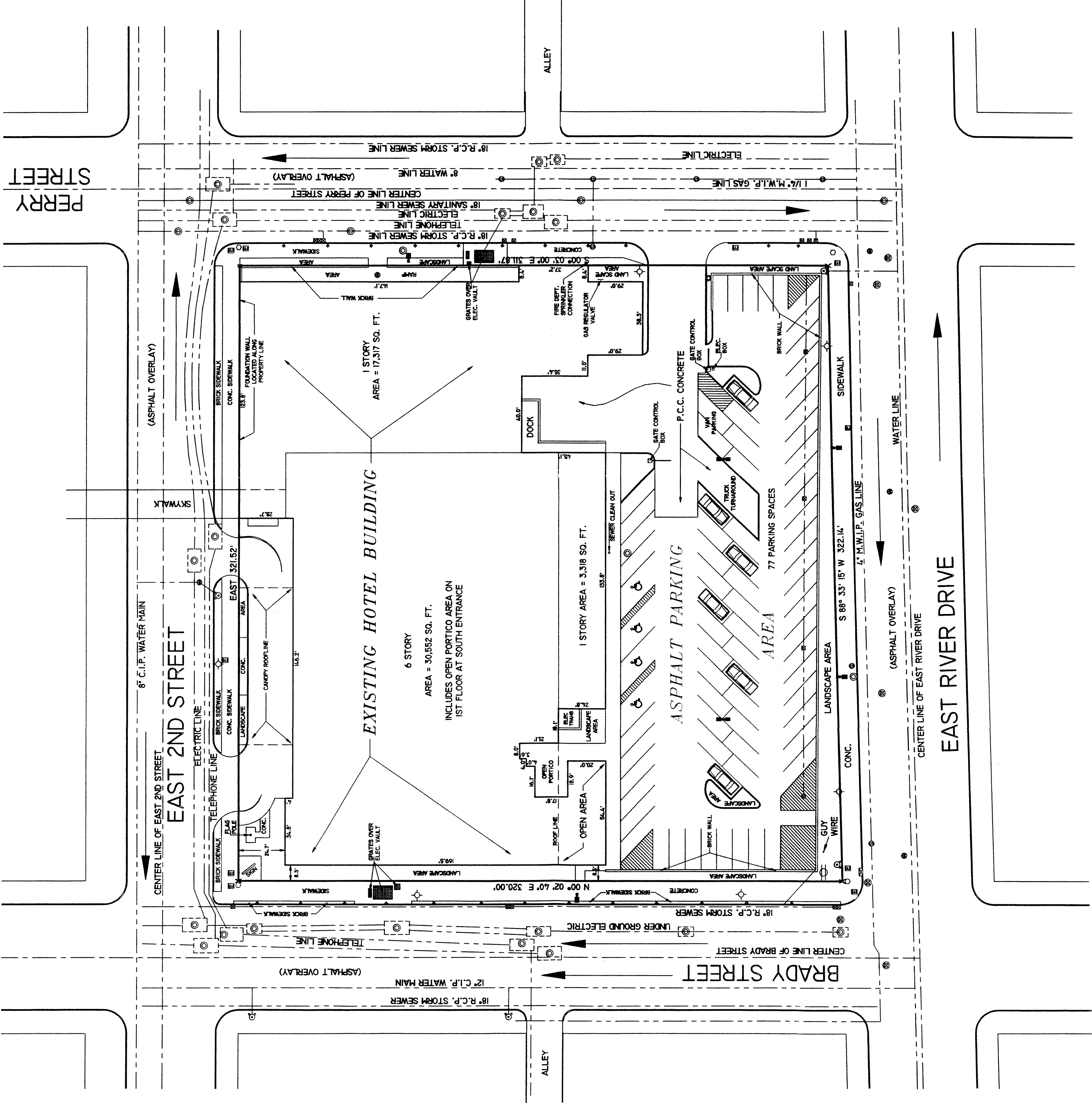
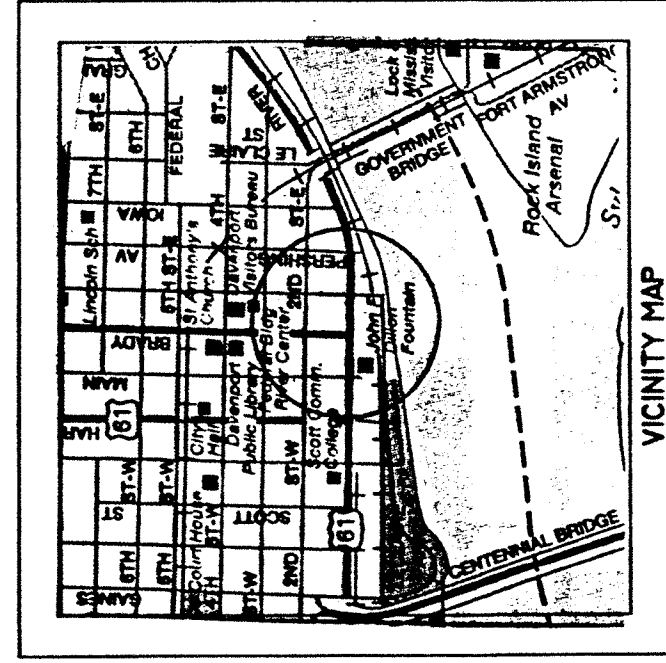
- Draft of proposed floor plan for the casino, public space, F&B outlets and office/storage areas.
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ALTA / ACSM LAND TITLE SURVEY

BLOCK 61 IN LECLAIRE'S
SECOND ADDITION

RADISSON QUAD CITY PLAZA
111 EAST 2ND STREET
DAVENPORT, IOWA.

- LEGEND:
- SANITARY SEWER LINE =
 - STORM SEWER LINE =
 - GAS MAIN =
 - UNDERGROUND ELECTRIC =
 - UNDERGROUND TELEPHONE =
 - WATER LINE =
 - GAS VALVE =
 - WATER VALVE =
 - MANHOLE =
 - MISCELLANEOUS MANHOLE =
 - CATCH BASIN =
 - OVERHEAD LIGHT =
 - STREET LAMP =
 - TRAFFIC SIGNAL =
 - PARKING METERS =
 - FIRE HYDRANT =
 - ELECTRIC SIGNAL BOX =
 - POWER POLE =
 - FOUND CUT 'X' IN CONCRETE = X



LEGAL DESCRIPTION:

LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9 AND 10 ALL IN BLOCK 61 IN LECLAIRE'S SECOND ADDITION TO THE CITY OF DAVENPORT, IOWA, TOGETHER WITH THE 20 FOOT VACATED ALLEY LINE TO THE NORTH SAID LOTS 1 THROUGH 5 AS VACATED BY THE CITY OF DAVENPORT BY ORDINANCE DATED AUGUST 15, 1930 AND RECORDED NOVEMBER 7, 1930 AS DOCUMENT NUMBER 2177-90.

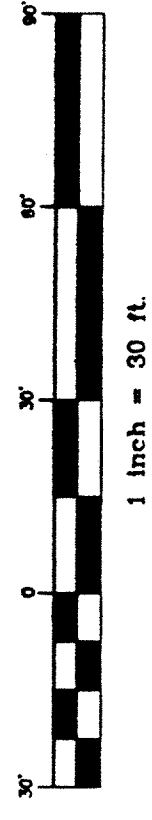
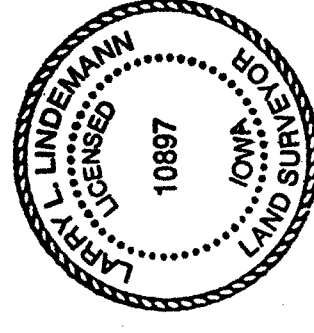
NOTES:

- 1) FOR THE PURPOSE OF THIS SURVEY, THE NORTH LINE OF BLOCK 61 IN LECLAIRE'S SECOND ADDITION TO THE CITY OF DAVENPORT, IOWA, IS ASSUMED TO BEAR DUE EAST.
- 2) THE AREA OF THE LAND ENCOMPASSED IN THIS SURVEY IS 101,666 SQUARE FEET, OR 2.33 ACRES, MORE OR LESS.
- 3) A PORTION OF THIS PROPERTY IS CONTAINED WITHIN ZONE AE FLOOD HAZARD AREA AS INDICATED ON THE NATIONAL FLOOD INSURANCE PROGRAM FLOOD INSURANCE RATE MAP, COMMUNITY NUMBER 190242, PANEL NUMBER 0005 B, DATED NOVEMBER 4, 1992.
- 4) THE ELEVATION OF THE HIGH WATER LINE FROM THE CREST OF THE MISSISSIPPI RIVER ON JULY 9, 1993, WAS 27.26 FEET, DAVENPORT CITY DATUM.
- 5) THE LIMIT FOR FIELD LOCATION OF EXISTING IMPROVEMENTS WAS THE CENTERLINE OF EACH OF THE FOUR STREETS. ANY IMPROVEMENTS SHOWN EAST THE CENTERLINE OF EACH STREET IS PROPRIETARY PUBLIC RECORDS. UNDERGROUND UTILITY STRUCTURES STILL EXIST EVEN THOUGH THEY HAVE BEEN ABANDONED.
- 6) STRUCTURES SHOWN AS 'MISCELLANEOUS MANHOLES' ARE FULL OF WATER AND/OR SILLIATION SO POSITIVE IDENTIFICATION CANNOT READILY BE MADE. MOST OF THESE STRUCTURES HAVE BEEN ABANDONED.
- 7) MOST OF THE UNDERGROUND TELEPHONE AND UNDERGROUND ELECTRIC LINES ARE CONTAINED WITHIN REINFORCED CONCRETE DUCT RUNS OF VARIOUS SIZING.
- 8) REPRESENTATIVES OF MIDAMERICAN ENERGY COMPANY STATE THAT THE UTILITY LINES THAT RAN ACROSS THIS PROPERTY FROM BRADY STREET TO PERRY STREET HAVE BEEN ABANDONED.
- 9) UNDERGROUND UTILITIES ARE SHOWN PARTIALLY FROM FIELD LOCATION AND PARTIALLY FROM REVIEW OF EXISTING PUBLIC RECORDS. ALL UTILITY COMPANIES MUST BE CONTACTED FOR FIELD LOCATION OF THEIR EXISTING LINES PRIOR TO ANY CONSTRUCTION WORK IN THIS AREA.

I AM A LICENSED LAND SURVEYOR IN THE STATE OF IOWA.
I HEREBY CERTIFY TO JOHN O. HAMMONS HOTELS TWO, L.P.,
TO LAWYER'S TITLE INSURANCE CORPORATION AND TO

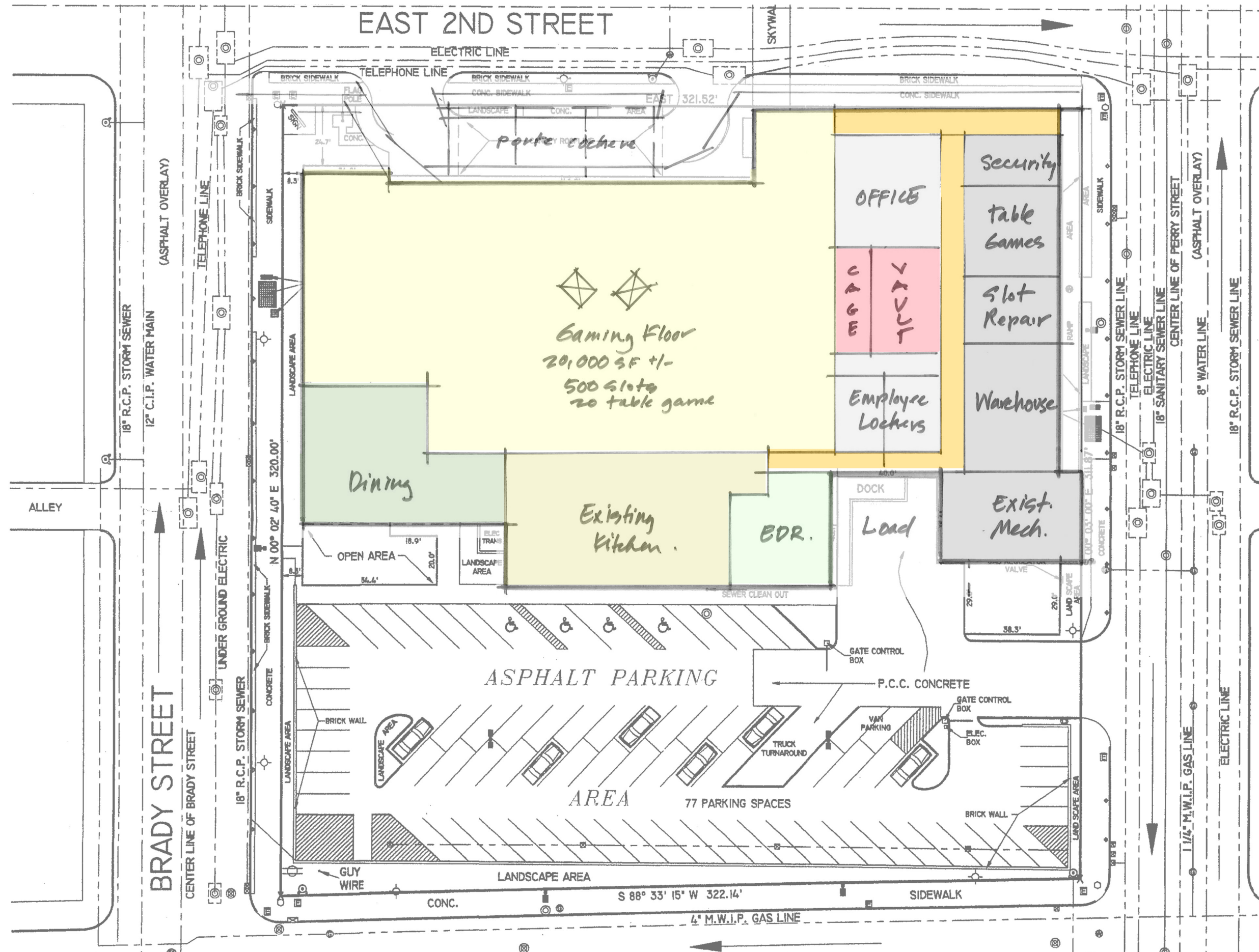
JACKSON NATIONAL LIFE INSURANCE COMPANY (LORNER) AND TO ANY OF THEIR AFFILIATES, SUCCESSORS AND ASSIGNS, THAT I UNDERSTAND THAT THE APPOINTED TITLE INSUROR WILL RELY ON THE ACCURACY AND COMPLETENESS OF THE SURVEY PLAT AND THE TRUTH OF MY CERTIFICATIONS IN ISSUING A POLICY OF TITLE INSURANCE ASSURING THE VALIDITY AND PRIORITY OF THE LIEN OF A MORTGAGE OR DEED OF TRUST ON THE PREMISES AND THE LENDER WILL SO RELY IN DETERMINING WHETHER TO FUND THE RELATED LOAN. I FURTHER CERTIFY I HAVE SURVEYED ON THE GROUND, THE PROPERTY LEGALLY DESCRIBED HEREON, THAT THIS PLAT OF SURVEY IS A TRUE, CORRECT AND ACCURATE DRAWING AND REPRESENTATION OF SAID PROPERTY AND OF THE SIZE, LOCATION, EXTERIOR DIMENSIONS AND BOUNDARIES THEREOF; THAT THE STREET ADDRESS, LOCATION AND DIRECTIONS OF ALL BUILDINGS, AND THE LOCATION OF ALL PARKING AREAS, OF ANY OTHER IMPROVEMENTS UPON SAID PROPERTY, OF ALL FENCES THEREON, OF ALL RECORDED AND/OR VISIBLE EASEMENTS, OF ALL STREETS, ROADS, UTILITY LINES (TO THEIR POINTS OF CONNECTION WITH THE PUBLIC SYSTEMS) AND THE RIGHTS-OF-WAY WHICH AFFECT, INHERIT OR BURDEN SAID PROPERTY ARE CORRECTLY AND CURRENTLY SHOWN HEREON; THAT THERE ARE NOT DISCONTINUED, UNRECORDED, UNRECORDED EASEMENTS, UNRECORDED RIGHTS-OF-WAY, UNRECORDED ALLEYS, RIGHTS-OF-WAY OR BUILDING SETBACK LINES WHICH AFFECT SAID PROPERTY, EXCEPT AS SHOWN HEREON; THAT THESE ARE NOT FENCES, LIGHTPOSTS OR OTHER IMPROVEMENTS APPLICABLE TO SAID PROPERTY WHICH ARE LOCATED WITHIN THE BOUNDARY LINES OF ADJOINING PROPERTIES, EXCEPT AS SHOWN HEREON; AND THAT ANY PORTION OF SAID PROPERTY WHICH IS LOCATED IN A FLOOD PLAIN OR IN ANY OTHER FLOOD HAZARD OR FLOOD DANGER AREA, AS DESIGNATED BY APPLICABLE GOVERNMENTAL AUTHORITIES, IS SHOWN AND IDENTIFIED AS SUCH HEREON. THIS SURVEY IS MADE IN ACCORDANCE WITH THE 'MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/ACSM LAND TITLE SURVEY' JOINTLY ESTABLISHED AND ADOPTED BY ALTA AND ACSM IN 1992; AND INCLUDES STANDARDS 1.2, 3.4, 6.7, 9(X), 8.9, 10.11, AND 13 OF TABLE A THEREOF, AND (1) PURSUANT TO THE ACCURACY STANDARDS (AS ADOPTED BY ALTA AND ACSM) AND IN EFFECT ON THE DATE OF THIS CERTIFICATION OF AN URBAN SURVEY.

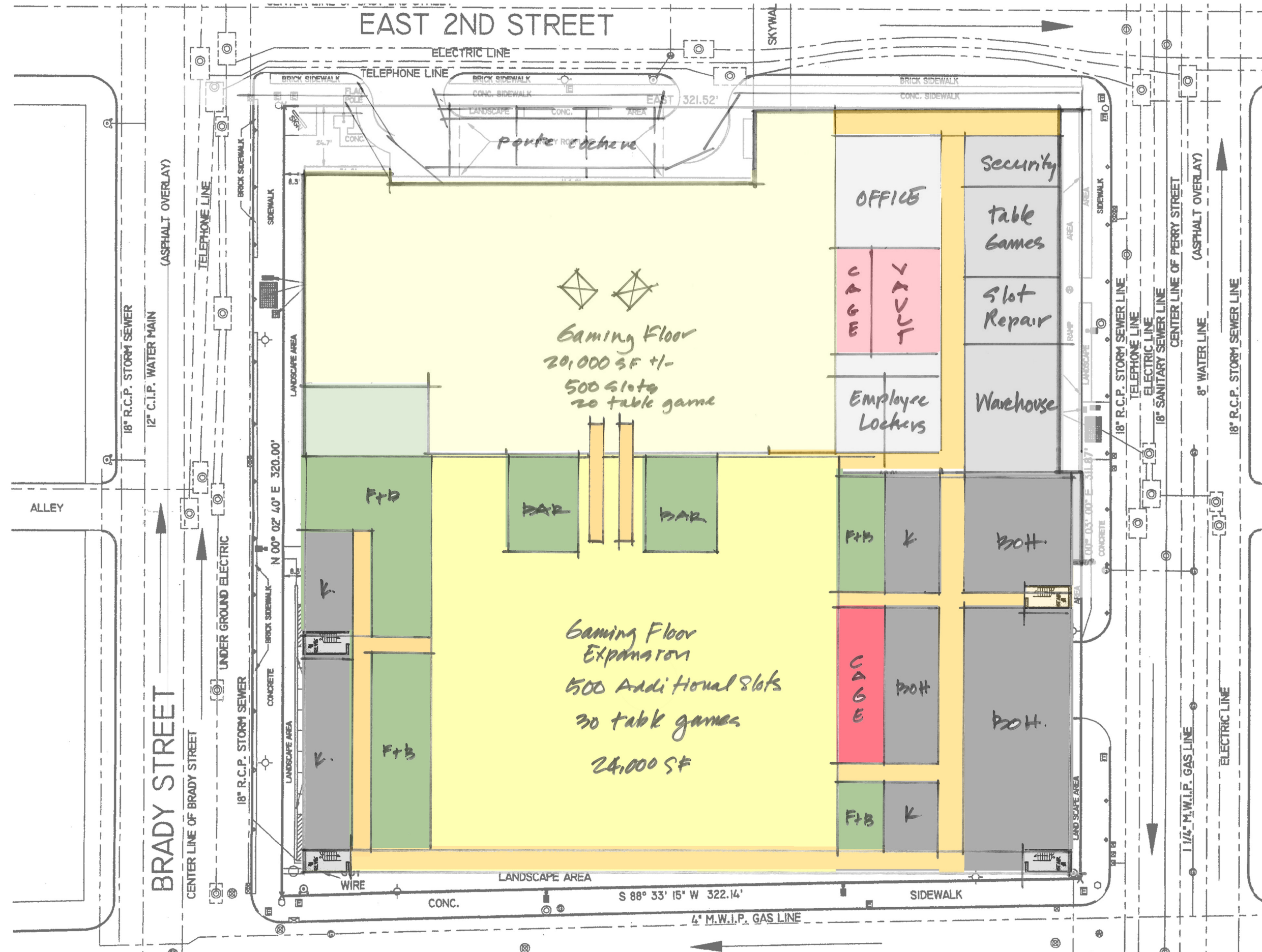
[Signature]
JOHN O. HAMMONS
LAND SURVEYOR NO. 10897
DATE: 8/1/97
MY LICENSE RENEWAL DATE IS DEC. 31, 1997



C & L LAND SURVEYING
811 W. 46TH STREET
DAVENPORT, IOWA 52806
PHONE NO. (319) 596-6729, FAX (319) 596-1960

DATE: 8-6-97
LOCATION: BLOCK 61 IN LECLAIRE'S SECOND ADDITION TO THE CITY OF DAVENPORT, IOWA.
SCALE: 1" = 30'
PROJECT: LLL
DRAWN BY: BKR
JOB NO.: 08-97-259





SECOND LEVEL EXPANSION