



January 11, 2012

The Honorable Mayor Stephen C. Waluk and Councilors
Jeanne-Marie Napolitano, Naomi L. Neville, Henry
F. Winthrop, Charles Y. Duncan, Justin S. McLaughlin,
and Kathryn E. Leonard
Newport City Council
City Hall
Newport, Rhode Island 02840

Re: Request of Newport Grand for Referendum

Dear Mayor and Councilors:

As a family operated Newport business since 1976 Newport Grand has strived to be a responsible and caring corporate member of our community. The business my father, Arthur Silvester, founded and built has literally employed thousands of area residents, providing them with well paid jobs. Even during these difficult economic times we currently employ almost 200 individuals with an annual payroll of over \$7,000,000. Since the company's inception we have paid over \$550,000,000 in gaming taxes to the City of Newport and the State of Rhode Island. For fiscal 2011 Newport Grand paid the City of Newport \$900,000 in property and gaming taxes. In addition, Newport Grand paid \$7,850,000 in 2011 to vendors creating a very positive multiplier effect.

The City of Newport is a destination resort blessed with historic attractions and beautiful scenery. We have never sought to compete with our local hospitality businesses. This would not be good business for us as the health of our hotels, restaurants and attractions complement and assists us in our business operation. We work with such organizations as the Newport Convention and Visitors Bureau to grow Aquidneck Island's hospitality and tourism industry knowing this is critical for our success.

I am very proud of the contributions our company and employees make to our community. They are involved in numerous charitable organizations and have contributed significant time and money for the betterment of our community.

We are, however, faced with a daunting challenge which threatens the ability of Newport Grand to survive. With the recent approval in Massachusetts to construct a destination resort casino in the Fall River area we have come to the conclusion that we cannot financially survive as presently constituted. A destination resort casino on Newport's doorstep which offers a greater variety of gaming options, hotels, entertainment and restaurants is a frightening scenario for us. Under the recently enacted Massachusetts legislation, a developer is required to invest a minimum \$500 million in a casino resort. This scenario should also cause concern to our own tourism industry as a destination resort casino just a short drive away will challenge our local hotels, restaurants and attractions with a very competitive product.

We have examined very carefully what options may be available to Newport Grand in order to survive and continue to contribute to the City of Newport and the State of Rhode Island in this environment. We have concluded that adding table games to our gaming offering presents the best possible option for Newport Grand to be able to continue to be a significant local employer and tax revenue generator.

As I stated above Newport Grand has always felt that our best business strategy in Newport is to complement, not compete. We are uniquely situated in a destination resort community. None of our present and potential competitors can make such a claim. Because of our location we have concluded that the optimal environment in which to operate table games must be consistent with the Newport brand. We feel our potential customer base, the same customer base we will be in competition with from Massachusetts, will most likely wish to stay in Newport hotels and dine in Newport restaurants. A table game option will be one of many a visitor may be able to avail themselves. It appears we are best suited to take advantage of the local resort environment, not attempt to take away from it. In addition, because of the threatened competition posed by a destination resort casino, we are of the belief that marketing our property with the Newport brand provides us with the best strategy for survival and growth. We are prepared to make the capital improvements necessary to create a product that complements the Newport brand.

We understand that the burden will be on Newport Grand to communicate with the voters and provide them with information in order to allow them to make an informed decision. No doubt it will be a lively debate, one that we commit to conduct with honesty and transparency.

My family has strong ties to the community and I so much want Newport Grand to thrive as a business, as an employer and as a tax generator. And I want to do this in an environment that assists our local economy, not hurt it. I believe it is plain good business and it is beneficial for our community.

Accordingly, Newport Grand respectfully requests that the City Council consider a resolution pursuant to Rhode Island General Laws 41-9-4 in order to put to the voters of the City of Newport, by referendum, a question to add table games at Newport Grand.

Thank you for your consideration of our request. We will make ourselves available at any time to appear before the Council as you deem necessary.

Sincerely,



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Newport Grand LLC

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