

BOYD GAMING

September 28, 2011

Mr. Jason King, P.E.
State Engineer
Division of Water Resources
State of Nevada
901 S. Stewart St., Suite 2002
Carson City, NV 89701

Dear Mr. King:

I am writing to express the support of Boyd Gaming Corporation for the Southern Nevada Water Authority's groundwater applications in Spring, Cave, Delmar and Dry Lake Valleys, Nevada.

The continued success and vitality of Nevada's economy depends on the hotel-casino industry. We are this state's largest employer, employing roughly a third of Nevada's workforce. Our industry paid more than \$2 billion in taxes and fees to the state in 2010, accounting for nearly half of Nevada's overall tax revenue.

When we succeed, Nevada succeeds. But our future prospects – and those of the entire southern Nevada economy – are tied inextricably to our region's ability to secure reliable, diverse water supplies. Studies have clearly shown that long-term uncertainty about water resources – perceived or real – severely undermine our ability to attract new industries, companies and jobs. Existing businesses can be impacted along with local and state tax revenue.

This is more than a southern Nevada issue. Clark County is Nevada's economic engine, accounting for a substantial majority of its population, tax revenue and economic activity. We understand that additional supply alone is not the answer to the water issue. And our industry has done its part to ensure we are using this precious resource as efficiently as possible. For example, Boyd Gaming used state-of-the-art conservation technologies at our new industrial laundry facility in Henderson, cutting water consumption by more than 22 million gallons of water annually.

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Today, Clark County's resort sector accounts for just 7% of the Las Vegas Valley's water use, and we continue to look for ways to conserve further. We are also proud to take a leading role in educating our community and guests about the importance of smart water use.

We have been and will continue to be vigilant in our efforts to conserve water. But we cannot solve this problem with conservation alone. Our community must secure stable new water resources. For this reason, it is imperative that the Authority's applications for groundwater be approved in accordance with Nevada law.

Sincerely,

A handwritten signature in black ink, appearing to read 'K+LSTC', written over a horizontal line.

KEITH SMITH
President and
Chief Executive Officer

KS/mc