

INTRODUCED: May 22, 2023

AN ORDINANCE No. 2023-170

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Resort Casino Host Community Agreement between the City of Richmond and RVA Entertainment Holdings, LLC, for the purpose of facilitating the development of a resort casino project in the city of Richmond.

Patrons – Mayor Stoney, Ms. Trammell, President Jones, Ms. Lambert,
Ms. Robertson, Ms. Newbille and Vice President Nye

Approved as to form and legality
by the City Attorney

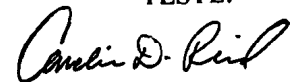
PUBLIC HEARING: JUN 12 2023 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute a Resort Casino Host Community Agreement between the City of Richmond and RVA Entertainment Holdings, LLC, for the purpose of facilitating the development of a resort casino project in the city of Richmond. Such Resort Casino Host Community Agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

§ 2. This ordinance shall be in force and effect upon adoption.

A TRUE COPY:
TESTE:



City Clerk

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: JUN 12 2023 REJECTED: _____ STRICKEN: _____



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

O&R REQUEST

DATE: May 18, 2023

EDITION: 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sabrina Joy-Hogg, DCAO – Finance & Administration Portfolio

THROUGH: Sharon L. Ebert, DCAO – Planning & Economic Development Portfolio

FROM: Leonard L. Sledge, Director of Economic Development

RE: 2023 Resort Casino Referendum and Associated Agreements

ORD. OR RES. No.

PURPOSE: The patron requests the following legislation:

1. A resolution to select RVA Entertainment Holdings, LLC as the City of Richmond's ("City") preferred casino gaming operator to operate a casino gaming establishment located at 2001 Walmsley Boulevard (Parcel ID# S0090310019) and 4700 Trenton Avenue (Parcel ID# S0090387001) and to provide for the requisite referendum thereon pursuant to Va. Code § 58.1-4123.
2. An ordinance to authorize the Chief Administrative Officer, for and on behalf of the City, to execute a Resort Casino Host Community Agreement by and between the City and RVA Entertainment Holdings, LLC, for the purpose of facilitating the development of a resort casino project in the city of Richmond.
3. An ordinance to authorize the Chief Administrative Officer, for and on behalf of the City, to execute a Community Support Agreement between the City, RVA Entertainment Holdings, LLC (as "Owner"), and Richmond VA Management, LLC (as "Manager"), for the purpose of facilitating the fulfillment of certain negotiated community benefits in connection with the development of a resort casino project in the city of Richmond.

REASON: Council approval is necessary to select the City’s preferred casino gaming operator and to authorize the City’s execution of the Host Community Agreement and the Community Support Agreement.

RECOMMENDATION: The City Administration recommends approval.

BACKGROUND: Adopted during the 2020 Session of the Virginia General Assembly, the Virginia Casino Act, Va. Code tit. 58.1, ch. 41, provides the City of Richmond (and four other localities in the Commonwealth of Virginia) the ability to be an eligible host city for a casino gaming establishment. The Virginia Casino Act outlines among other things, regulation of casino gaming, considerations for the selection of a preferred casino gaming operator, minimum investment required for a resort casino project, licensing requirement, statutory tax payments to host cities, and local referendum requirements.

The City issued a Request for Qualifications/Proposals (RFQ/P) in December 2020 for Casino Development and Operation. Six proposals were submitted and reviewed by the City’s Resort Casino Evaluation Panel (RCEP). During the review, virtual meetings were held and electronic media used to engage the community on the resort casino proposals. In May 2021, City Council selected (in consideration of the factors listed in Va. Code §58.1- 4107(B)) RVA Entertainment Holdings, LLC as the City’s Preferred Casino Operator on the proposed site for their project at the former Phillip Morris Operations Center and the parties executed a Host Community Agreement and a Community Support Agreement for such project following approval thereof by City Council in July 2021 – all of which was subject to the November 2, 2021 referendum resulting in a majority of those voters participating in such referendum “voting in the affirmative.” City-wide, 38,750 Richmonders voted “yes” to casino gaming in Richmond during the Nov. 2021 referendum, which represented over 49% of total referendum votes – falling narrowly short of resulting in a majority of those participating in the referendum voting in the affirmative (therefore voiding the aforementioned agreements). Notably, while the city-wide “yes” vote was just over 49%, those Richmonders residing in the geographic areas in closest proximity to the proposed resort casino voted overwhelmingly in favor of casino gaming at that location – e.g., precinct by precinct results posted by VPAP indicate that (i) a majority of voters in each of the six precincts within the 8th Council District (the district within which the proposed resort casino site is located) voted “yes” by large margins (all six precincts reported between 73.84% yes votes on the low end and 81.51% yes votes on the high end) and (ii) similarly, a majority of voters in each of the six precincts within the nearby 9th Council District voted “yes” by large margins (all six precincts reported between 70.55% yes votes on the low end and 85.07% yes votes on the high end).

Based on the foregoing, in January 2022, City Council adopted Res. No. 2022-R003 to once again select RVA Entertainment Holdings, LLC as the City’s preferred casino operator in order to afford Richmond voters further opportunity to consider the question of casino gaming in Richmond via referendum in 2022. Additional legislation approved an updated Host Community Agreement (Ord. No. 2022-014) and Community Support Agreement (Ord. No. 2022-015). However, City Council subsequently requested postponing any 2022 referendum

due to language in the Virginia state budget approved in June 2022.

In short, this O&R request seeks legislation to enable the City to hold such a referendum for Richmond voters in November 2023. Specifically, the requested legislation would (1) select RVA Entertainment Holdings, LLC as the City's preferred casino gaming operator and provide for a November 2023 referendum, (2) approve a Host Community Agreement, and (3) approve a Community Support Agreement.

Proposed Casino + Resort Project

If Richmond voters approve the 2023 referendum, the Host Community Agreement provides for an upfront payment of \$25M to the City followed by development and operation of a casino + resort providing significant employment opportunities, community benefits, and direct revenues to the City. The casino + resort will be owned by Urban ONE and Churchill Downs, Incorporated. Urban ONE is a publicly traded integrated media company. Churchill Downs, Incorporated is a publicly traded company that owns and operates 25 casinos and live and historic horse racing facilities across 15 states. The company also has three (3) additional facilities under development.

The proposed \$562.5 million (1.06 million square feet under roof) project will include a casino gaming area, 250 room hotel, 15 food and beverage offerings, resort amenities, 3,000 seat entertainment venue, production sound stage, greenspace and park, and meeting area – all of which is to be constructed and operated in accordance with the Luxury Hotel and First Class Casino Resort Standards set forth in the Host Community Agreement. The project will create an estimated 1,300 direct jobs that will have an average annual compensation package of \$55,000. The minimum hourly wage for all direct jobs at the resort casino will be \$15 per hour. Additional details about the project, community benefits, and revenue to the city can be found in the attached Host Community Agreement and Community Support Agreement.

FISCAL IMPACT / COST:

The resort casino project has no fiscal impact for FY23. Upon passage and certification of the voter referendum to allow casino gaming in the City of Richmond, RVA Entertainment Holdings, LLC will make a one-time payment of \$25.5 million to the City and reimburse the City (including the Economic Development Authority of the City of Richmond) up to \$500,000 for its expenses paid for consultants and outside legal counsel for the Resort Casino RFQ/P process. The City's including the Economic Development Authority of the City of Richmond) expenses are projected to be less than \$500,000. RVA Entertainment Holdings, LLC will pay an additional \$1million one-time payment upon closing on the financing for the project.

FISCAL IMPLICATIONS:

Per a study completed by Convergence Strategy Group in 2021, a resort casino located in the southern part of the City of Richmond will generate approximately \$29.7 million annually in General Fund revenue (\$148.5 million over five years) upon the project opening. RVA Entertainment Holdings, LLC is solely responsible to pay costs for both public and private infrastructure required for the resort casino project. The Host Community Agreement codifies

RVA Entertainment Holdings, LLC and the City equally sharing costs on mutually agreed upon improvements to improve the physical appearance of public-right-of-way for a defined area in immediate proximity to the proposed resort casino project.

BUDGET AMENDMENT NECESSARY: No

REVENUE TO CITY:

The City will receive a one-time \$25,500,000.00 payment from RVA Entertainment Holdings, LLC after passage and certification of the voter referendum to allow casino gaming in the city. The City will receive an additional one-time \$1,000,000.00 payment from RVA Entertainment Holdings, LLC upon closing on the financing for the project. In addition to the one-time payments, the city will receive ongoing revenue over the life of the project as a percentage of the resort casino's adjusted gross receipts according the "Virginia Casino Act" as well as additional revenue negotiated in the Host Community Agreement. The City will also receive revenue from real estate tax, meals tax, sales tax, lodging tax, business license tax, business personal property tax, and other taxes and fees generated by the \$562 million project. A recent study completed by Convergence Strategy Group estimates that a resort casino project in the southern part of the City of Richmond will generate approximately \$29.7 million annually in General Fund revenue.

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: May 22, 2023

CITY COUNCIL PUBLIC HEARING DATE: June 12, 2023

REQUESTED AGENDA: Regular

RECOMMENDED COUNCIL COMMITTEE: Organizational Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: N/A

AFFECTED AGENCIES: Economic Development, Planning and Development Review, Budget and Strategic Planning, Finance, Public Works, Public Utilities, Office of Minority Business Development, Office of Community Wealth Building

RELATIONSHIP TO EXISTING ORD. OR RES.: N/A

REQUIRED CHANGES TO WORK PROGRAM(S): N / A

ATTACHMENTS:

Resort Casino Host Community Agreement

Community Support Agreement

Market Assessment, Fiscal Impacts & Job Creation of a Richmond Resort Casino (Convergence Strategies Group)

STAFF:

Leonard Sledge, Director (Dept. of Economic Development)

Matt Welch, Senior Policy Advisor (Planning & Economic Development Portfolio)

Katie McConnell, Deputy Director (Dept. of Economic Development)

Sam Earl, Senior Management Analyst (Dept. of Economic Development)



City of Richmond

900 East Broad Street
2nd Floor of City Hall
Richmond, VA 23219
www.rva.gov

Master

File Number: Admin-2023-0372

File ID: Admin-2023-0372

Type: Request for Ordinance or Resolution

Status: Regular Agenda

Version: 1

Reference:

In Control: DCAO For Planning and Economic Development

File Created: 05/18/2023

Subject:

Final Action:

Title:

Internal Notes:

- The O&R request is to select RVA Entertainment Holdings, LLC as the City’s preferred casino gaming operator, approve the Host Community Agreement and Community Support Agreements, and to petition the Circuit Court for a voter referendum in 2023.
- The \$562 million project will result in a resort casino, new hotel, food and beverage, entertainment venue, and public greenspace on an dormant industrial site in South Richmond. The project will create 1,300 new jobs with an average annual compensation package of \$55K.
- The City will receive a one-time upfront payment of \$25 million upon passage and certification of the voter referendum. A study completed by Convergence Strategy Group estimated that the resort casino project will generate an estimated \$29.7 million in new general fund revenue for the City.

Patron(s):

Enactment Date:

Attachments: O&R - Casino Host Community Agreement & Community Support Agreement - Complete Package for City Council Introduction - 051823

Enactment Number:

Contact:

Introduction Date:

Drafter: Alecia.Blackwell@rva.gov

Effective Date:

Approval History

Version	Seq #	Action Date	Approver	Action	Due Date
1	1	5/18/2023	Sharon Ebert	Approve	5/22/2023
1	3	5/19/2023	Sabrina Joy-Hogg	Approve	5/22/2023
1	4	5/19/2023	Lincoln Saunders	Approve	5/23/2023
1	5	5/19/2023	Mayor Stoney	Approve	5/23/2023

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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Text of Legislative File Admin-2023-0372

CITY OF RICHMOND, VIRGINIA

**RESORT CASINO HOST COMMUNITY
AGREEMENT BY AND BETWEEN
THE CITY OF RICHMOND, VIRGINIA**

AND

RVA ENTERTAINMENT HOLDINGS, LLC

[_____], 2023

Exhibits:

Exhibit A (“Parcel Map”)

Exhibit B (“Infrastructure Conditions”)

Exhibit C (“Milestone Schedule”)

Exhibit D (“Key Professional Project Participants”)

Exhibit E (“Escrow Agreement”)

Exhibit F (“Development Cost Schedule”)

Exhibit G (“Minority Business Enterprise, and Emerging Small Business Participation”)

Exhibit H (“Sections of Management Agreement Requiring City Approvals for Amendments”)

Exhibit I (“Arbitration”)

RESORT CASINO HOST COMMUNITY AGREEMENT

THIS RESORT CASINO HOST COMMUNITY AGREEMENT (this “Agreement” or this “Host Community Agreement”) is entered into as of the _____ day of _____, 2023, by and between the City of Richmond, Virginia, a municipal corporation (“City”) and political subdivision of the Commonwealth of Virginia, and RVA Entertainment Holdings, LLC, a Delaware limited liability company (“Owner”), collectively referred to in this Agreement as the “Parties” or individually, a “Party”.

RECITALS

WHEREAS, the Virginia General Assembly has authorized the operation of a resort casino in the City pursuant to the provisions of Title 58.1, Chapter 41 of the Code of Virginia (the “Act”);

WHEREAS, the City solicited from qualified applicants expressions of interest in being designated as a “preferred casino gaming operator” for the purpose of developing and operating a proposed “casino gaming establishment,” all as contemplated by the Act;

WHEREAS, in response to such solicitation, the City reviewed a number of proposals and considered such proposals pursuant to the Act;

WHEREAS, after giving substantial weight to the standards and criteria set forth in the Act, the proposal put forward by Owner was determined by the City to be in the best interests of the City and its residents;

WHEREAS, the City seeks the development of a resort casino project with a minimum capital investment of \$562,534,705 (“the Project” as further described herein), and the Owner seeks to design, finance, construct, operate and maintain the Project, with no financial obligation from the City;

WHEREAS, by Resolution No. 2021-R034, adopted June 14, 2021, the City Council of the City (the “City Council”) selected Owner as the City’s preferred casino gaming operator and authorized petitioning the Circuit Court of the City (the “Circuit Court”) for a referendum to be held on the question of whether casino gaming should be permitted at a casino gaming establishment located at 2001 Walmsley Boulevard and 4700 Trenton Avenue in the City;

WHEREAS, the City and the Owner entered into a host community agreement dated July 29, 2021 (the “Previous Agreement”) in accordance with certain conditions contained in Resolution No. 2021-R034;

WHEREAS, by letter dated July 20, 2021 the Virginia Lottery Board certified approval for the City to proceed to the local referendum required by Virginia Code §58.1-4123 and by order entered August 4, 2021 the Circuit Court ordered that such referendum be placed on the ballot at the general election to be held on Tuesday, November 2, 2021;

WHEREAS, the referendum placed on the ballot at the general election held on Tuesday, November 2, 2021 failed to pass;

WHEREAS, by its terms the Previous Agreement terminated upon the failure of the referendum to pass;

WHEREAS, by Resolution No. 2022-R003, adopted January 24, 2022, the City Council again selected Owner as the City’s preferred casino gaming operator and authorized petitioning the Circuit Court for a referendum to be held in November 2022 on the question of whether casino gaming should be permitted at a casino gaming establishment located at 2001 Walmsley Boulevard and 4700 Trenton Avenue in the City;

WHEREAS, notwithstanding the provisions of the Act, the Virginia state budget approved by the Virginia General Assembly and signed into law by the Governor in June 2022 included a provision precluding the City from holding a referendum on the question of casino gaming in the city of Richmond “until November 2023” and no such referendum was held in 2022;

WHEREAS, in accordance with Resolution No. 2023-_____, adopted _____, 2023, by the City Council, the City again selected the Owner as its preferred casino gaming and resolved that if the City receives certification by the Board (as defined below) pursuant to section 58.1-4107 of the Act and the City and the Owner have executed this Agreement, the City will petition the Circuit Court asking that a Referendum (as defined below) again be held pursuant to section 58.1-4123 and 24.2-684 of the Act; and

WHEREAS, the agreements, commitments and obligations in this Agreement were a material inducement to the City selecting Owner as the City’s “preferred casino gaming operator” and a material inducement to Owner to continue to pursue such selection.

NOW, THEREFORE, in consideration of the covenants and provisions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Owner agree as follows:

Article I.
PRELIMINARY PROVISIONS

Section 1.02 Purpose. The purpose of this Host Community Agreement is to set forth the terms and conditions governing the Parties’ obligations, responsibilities and rights with respect to the successful and timely delivery of the Project and its operation.

Section 1.03 Order of Precedence. Except as otherwise expressly provided in this Section 1.03, if there is any conflict, ambiguity or inconsistency among the provisions of the Host Community Agreement and any City ordinances, the order of precedence will be as follows, from highest to lowest:

- (c) the City ordinances adopted by the City Council on [•], 2023 approving the execution and delivery of this Host Community Agreement;
- (d) any amendments to this Host Community Agreement;
- (e) the provisions of the main body of this Host Community Agreement;
- (f) the Exhibits to this Host Community Agreement; and
- (g) the Escrow Agreement.

Section 1.04 Definitions. The following defined terms shall have the meaning as set forth below in this Agreement:

“Act” means Title 58.1, Chapter 41 and Section 24.2-684 of the Code of Virginia, and includes the Act as amended from time to time, together with all rules and regulations issued by the Board in connection therewith or promulgated thereunder.

“Affiliate” means a Person that directly, or indirectly through one or more intermediaries, Controls or is

Controlled by, or is under common Control with, another Person. Affiliates of Owner shall include, without limitation, Manager, RVA Entertainment Investors, LLC, RVA Holdings Group, LLC, UONE RVA Entertainment Holdings, LLC, Richmond VA Management, LLC and Urban One, Inc. and Churchill Downs, Inc.

“Agreement” means this Host Community Agreement.

“Board” means the Virginia Lottery Board, or its successors, and its staff and director.

“Business Day(s)” means that day that is neither a Saturday, a Sunday nor a day observed as a legal holiday by the City, the State, or the United States government (and for any transaction involving cash any day that is not a holiday generally recognized by national banks).

“Calendar Month” means the applicable calendar month within the twelve (12) months of a Calendar Year.

“Calendar Year” means January 1 through December 31 of any given calendar year.

“Capital Investment” means all expenditures by or on behalf of the Owner with respect to development of the Project, which expenditures include the purchase price of the Property, payments to the City upon passage and certification of the results of the Referendum and upon closing upon Financing, and the hard and soft costs associated with the Project, including the construction costs, financing costs directly incurred in developing the Project, and other costs, reasonably conforming to the categories and amounts as set forth on the Development Cost Schedule at Exhibit F.

“Casino” means the casino described in Section 2.04(d) and includes any portion of the Project at Final Completion wherein gaming is conducted on the Site by Owner pursuant to this Agreement, including all buildings, improvements, equipment, and facilities used or maintained in connection with and in support of such gaming.

“Casino Gaming Operations” means any gaming operations (including sports wagering) permitted under the Act and offered or conducted at the Site in connection with or related to the Project; provided, however, notwithstanding anything herein to the contrary, Casino Gaming Operations (including sports wagering) do not include any mobile wagering that could otherwise be conducted irrespective of location.

“Casino License” means the license issued by the Board to operate the Casino or the Gaming Facility, as applicable, and all other related Gaming Approvals necessary to engage in Casino Gaming Operations.

“Chief Administrative Officer” or “CAO” means the Chief Administrative Officer of the City.

“City” means the City of Richmond, Virginia, a municipal corporation and political subdivision of the Commonwealth of Virginia.

“City Code” means the Code of the City, as that Code may be amended or recodified at any time.

“City Default” is defined in Section 11.04.

“City Sports Wagering Payment” is defined in Section 9.04.

“Community Benefits” means those requirements contained in Article VIII.

“Community Support Agreement” means the Community Support Agreement between the City, the Owner and the Manager dated as of the date of this Agreement.

“Condemnation” means a taking (or deed-in-lieu thereof) of all or any part of the Project by eminent domain, condemnation, compulsory acquisition or any similar proceeding by a competent authority for a public or quasi-public use or purpose.

“Control(s)” or “Controlled” means the actual possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, as such terms are used by and interpreted under federal securities laws, rules and regulations.

“Day(s)” or “day(s)” means a calendar day; provided that if any period of Days referred to in this Agreement shall end on a Day that is not a Business Day, then the expiration of such period shall be automatically extended until the end of the first succeeding Business Day.

“Direct or Indirect Interest” means an interest in an entity held directly or an interest held indirectly through interests in one or more intermediary entities connected through a chain of ownership to the entity in question, taking into account the dilutive effect of the interests of others in such intermediary entities.

“Effective Date” is defined in Section 16.01.

“Escrow Agent” means Truist Bank.

“Escrow Agreement” means the Escrow Agreement by and among the City, the Owner and the Escrow Agent.

“Final Completion” means for the Project, the completion of the Work, as evidenced by the entitlement to or receipt of a certificate of occupancy (preliminary or permanent) issued by the appropriate Governmental Authority for all components to which a certificate of occupancy would apply, and that one hundred percent (100%) of the parking area and structure, hotel, Casino, the venue, the conference center, the retail floor space and restaurant floor space are open to the public for their intended use (in the case of the retail and restaurant floor spaces, when components are completed as shells and available for leasing). Final Completion shall not refer to completion of work necessary for the Gaming Facility unless explicitly set forth in the applicable provision.

“Final Completion Date” means the date on which Final Completion shall have occurred and which date shall be no later than three (3) years after the date the Gaming Facility opens for business to the public (but in no event later than five (5) years and six (6) months following the Referendum Passage).

“Financing” means each of the Gaming Facility Financing and the Permanent Facility Financing.

“Force Majeure” means the following events or circumstances, to the extent that they delay or otherwise adversely affect the performance beyond the reasonable control (i) of Owner, or any of its agents and contractors, of their duties and obligations under this Agreement, or (ii) of City, or any of its agent and contractors, of their duties and obligations under this Agreement:

(1) Strikes, lockouts, labor disputes, inability to procure materials, failure or material interruption of utilities, labor shortages or explosions;

(2) Changes in Governmental Requirements by any Governmental Authority, first effective after the date of this Agreement;

(3) Acts of God, including but not limited to tornadoes, hurricanes, floods, sinkholes, fires and other casualties, landslides, earthquakes, order of or a formal recommendation of or other official recognition by civil authorities with respect to epidemics, pandemics, quarantine and pestilence, or abnormal inclement weather;

(4) Acts of a public enemy, acts of war, terrorism (domestic or foreign), effects of nuclear radiation, blockades, insurrections, riots, civil disturbances, or national or international calamities;

(5) Concealed and unknown conditions of an unusual nature that are encountered below ground or in an existing structure;

(6) Any temporary restraining order, preliminary injunction or permanent injunction, or mandamus or similar order, unless based in whole or in part on the actions or failure to act of Owner;

(7) Causes beyond the reasonable control of the Party seeking the benefits of this definition; or

(8) In the case of the City, an event of default on the part of Owner, and in the case of Owner, an event of default on the part of the City.

“Foreclosing Lender” is defined in Section 10.05 of this Agreement.

“Gaming Approvals” means any license, permit, finding of suitability, approval, order, decree or other action of a Gaming Authority required with respect to the Project by the terms of this Agreement.

“Gaming Authorities” means the Virginia Lottery Board and all other agencies, authorities and instrumentalities of the City, State, or the United States, or any subdivision thereof, having jurisdiction over the gaming or related activities at the Project, including their respective successors.

“Gaming Facility” is defined in Section 2.03.

“Gaming Facility Financing” means the act, process or an instance of obtaining funds for the Gaming Facility, whether secured or unsecured, including but not limited to (i) issuing securities; (ii) drawing upon any existing or new credit facility; or (iii) contributions to capital by any Person.

“Gaming Laws” means all laws (including the Act), including any rules, regulations, judgments, injunctions, orders, decrees or other restrictions of any Gaming Authority, applicable to the gaming industry or the manufacture, sale, lease, distribution or operation of gaming devices or equipment, the design, operation or distribution of internet gaming services or products, online gaming products and services, the ownership or operation of current or contemplated casinos, sports wagering, online gaming or any other gaming activities and operations, each to the extent applicable to the Parties.

“Good Industry Practice” means standards, practices, methods and procedures conforming to the Law and the degree of skill and care, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced Person engaged in a similar type of undertaking under the same or similar circumstances in the same jurisdiction.

“Governmental Approval” means any right, license, registration, Permit, certification, approval, consent, finding of suitability, waiver, approval, authorization or order of a Governmental Authority.

“Governmental Authority” or “Governmental Authorities” means any federal, state, county or municipal governmental authority, including all executive, legislative, judicial and administrative departments and bodies thereof (including any Gaming Authority) having jurisdiction over the Project.

“Governmental Requirements” means all laws (including the Gaming Laws), ordinances, statutes, executive orders, rules, zoning requirements and agreements of any Governmental Authority that are applicable to the acquisition, remediation, renovation, demolition, development, construction and operation of the Project including all required Permits, approvals or findings of suitability, and any rules, guidelines or restrictions enacted or imposed by Governmental Authorities, but only to the extent that such laws, ordinances, statutes, executive orders, zoning requirements, agreements, Permits, approvals, rules, guidelines and restrictions are valid and binding on Owner and Owner would be required to comply with the same without regard to this Agreement.

“Indemnified Parties” or “Indemnified Party” means the City and all of its agents, employees, officers, volunteers, contractors, legal representatives, successors and assigns, and each of them.

“Infrastructure Improvements” is defined in Exhibit B (“Infrastructure Conditions”).

“Key Professional Project Participant” is defined in Section 4.05.

“Law” or “Laws” means any one or more present and future laws, ordinances, rules, regulations, permits, authorizations, orders, judgments, and requirements, to the extent applicable to the Parties, the Property or any portion thereof, or the Project, or any portion thereof, including, without limitation, hazardous materials laws, whether or not in the present contemplation of the Parties, and including, without limitation, all consents or approvals (including Regulatory Approvals) required to be obtained from, and all rules and regulations of, and all building and zoning laws of, all federal, state, and local governments, authorities, courts, and any other body or bodies exercising similar functions.

“Local Richmond Restaurant” means an independent restaurant business located in Richmond, VA that is not associated with or part of any corporate brand, chain or franchise, is local to the City, and is owned, managed and operated locally with sole independent decision making authority over all restaurant operations.

“Loan Default” means a matured event of default or default or event or condition which, with respect to Owner without further action, notice or passage of time, would entitle a Mortgagee to exercise the right to foreclose upon, acquire, possess or obtain the appointment of a receiver or other similar trustee or officer over all or a part of Owner's interest in the Project, and which event or default or default is not subject to a waiver or forbearance agreement from the Mortgagee.

“Loss” or “Losses” when used with reference to any indemnity means, with respect to any Person, any and all claims, demands, losses, liabilities, damages, liens, obligations, interest, injuries, penalties, fines, lawsuits, and other proceedings, judgments and awards and costs and expenses, (including, without limitation, reasonable attorneys’ fees, costs of litigation, and reasonable consultants’ fees and costs) that may be directly incurred by such Person.

“Luxury Hotel and First Class Resort Casino Standards” means the standard of quality , construction and operations established and maintained at the Terre Haute Casino Resort and the Rivers Casino in Des Plaines, Illinois with respect to first class resort casino standards and AAA Four Diamond standards of quality and construction and amenities (other than a requirement for a fine dining restaurant being within the hotel) with respect to luxury hotel standards, provided that after Final Completion of the Project, Owner may modify such standard from time to time based on performance of the Project or competition in the market, so long as (a) such

modification does not materially reduce such standard, and (b) such modification does not conflict with the Development Cost Schedule.

“Manager” means Richmond VA Management, LLC, a Delaware limited liability company.

“Management Agreement” means the Second Amended and Restated Management Agreement between the Owner and the Manager, or any successor agreement for the management or operation of the Project.

“Major Condemnation” means a Condemnation either (i) of the entire Project, or (ii) of a portion of the Project if, as a result of the Condemnation, it would be imprudent or commercially unreasonable to continue to operate the Project even after making all reasonable repairs and restorations.

“Material Adverse Effect” is defined in Section 2.05(a).

“Milestone Schedule” means the schedule for the development of the Project attached hereto as Exhibit C.

“Minimum Payment” is defined in Section 9.04(a)(i).

“Minor Condemnation” means a Condemnation that is not a Major Condemnation.

“Mortgage” means a mortgage or deed of trust on all or any part of Owner's interest in the Project.

“Mortgagee” means the holder from time to time of a mortgage or deed of trust on all or any part of Owner's interest in the Project.

“Nominee” is defined in Section 10.05(a) of this Agreement.

“Onsite Sports Wagering” is defined in Section 9.04(c).

“Owner” is RVA Entertainment Holdings, LLC.

“Owner Default” is defined in Section 11.01.

“Party” or “Parties” is defined in the preamble to this Agreement.

“Permanent Facility” means the portion of the Project not constituting the Gaming Facility.

“Permanent Facility Financing” means the act, process or an instance of obtaining funds for the Permanent Facility, whether secured or unsecured, including but not limited to (i) issuing securities; (ii) drawing upon any existing or new credit facility; or (iii) contributions to capital by any Person.

“Permits” means all licenses, findings of suitability, permits, approvals, consents and authorizations that Owner or its Affiliates is required to obtain from any Governmental Authority, including but not limited to the City, to perform and carry out its obligations under this Agreement including permits and licenses necessary to demolish, build, open, operate and occupy the Project.

“Person” means any individual, corporation, partnership, association, cooperative, limited liability company, trust, business trust, joint venture, government, political subdivision or any other legal or commercial entity and any successor, representative, agent, agency or instrumentality thereof.

“Project” means a resort casino hotel project with a minimum Capital Investment of \$562,534,705 designed,

constructed, financed, operated, and maintained in accordance with this Agreement. “Project” (a) includes the Infrastructure Improvements, the Casino, the hotel, the venue, the conference center and all buildings, parking areas, structures, recreational or entertainment facilities, restaurants or other dining facilities, bars and lounges, retail stores and other amenities that are connected with, or operated in such an integral manner as to form a part of the same operation whether on the same tract of land or otherwise, and (b) is comprised of the Gaming Facility and Permanent Facility.

“Project Reporting Manager” is defined in Section 4.05.

“Property” is defined in Section 2.01 herein.

“Referendum” means the casino gaming referendum to be held in the City pursuant to the Act on such date in Calendar Year 2023 as ordered by the Circuit Court pursuant to Section 24.2-682 of the Code of Virginia.

“Referendum Passage” means the successful passage and certification of the results of the Referendum.

“Referendum Payment” is defined in Section 9.02 herein.

“Regulatory Approval” means any authorization, approval or permit required or granted by any governmental organization having jurisdiction over the Property, the Project or the Work including, but not limited to, the City, the Board and the State.

“Representatives” means a Person’s respective members, managers, officers or directors.

“Resort Casino Gaming Revenue” is defined in Section 9.04(a)(i).

“Site” means the Property.

“State” means the Commonwealth of Virginia.

“Sports Betting Operator” means the third-party operator of sports wagering at the Casino.

“Substantial Completion” means for the Project, the completion of the Work (not including the hotel and food and beverage venues in the hotel and those other amenities that are designed to reside in the hotel portion of the Project), as evidenced by the entitlement to or receipt of a certificate of occupancy (preliminary or final) issued by the appropriate Governmental Authority for all components to which a certificate of occupancy would apply (not including the hotel and food and beverage venues in the hotel and those other amenities that are designed to reside in the hotel portion of the Project), and that one hundred percent (100%) of the parking area and structure, Casino, the venue, the conference center, the retail floor space and restaurant floor space not residing in the hotel portion of the Project are open to the public for their intended use (in the case of the retail and restaurant floor spaces, when components are completed as shells and available for leasing).

“TIA” is defined in Section 5.02(c).

“Transfer” means (i) any sale (including agreements to sell on an installment basis), assignment, transfer, alienation, merger, consolidation, reorganization, liquidation, or any other disposition by operation of law or otherwise or (ii) the issuance of new or additional equity interests in the ownership of Owner, either of which results in Urban One, Inc. and/or Alfred C. Liggins, III ceasing to own (directly or indirectly) forty percent (40%) of the voting equity interests of the Owner; provided, however, in no event shall any transfer of equity interests in RVA Entertainment Investors, LLC between UOne RVA Entertainment Holdings, LLC, RVA and RVA

Holdings Group, LLC be a “Transfer” for purposes of this definition.

“Work” means collectively, the development, planning, financing, funding, demolition, design, acquisition, installation, construction, draining, dredging, excavation, grading, completion, management, renovation, major repair, operation, ordinary repair, maintenance and similar activities and any other services be performed by Owner in connection with delivering the Project.

Article II.
PROJECT DESCRIPTION; DEVELOPMENT
AND OPERATION STANDARDS

Section 2.01 Conditions Precedent; Project Site.

- (a) Referendum. Owner’s obligations under this Agreement, including but not limited to the obligation to make any payments to the City, are conditioned upon a majority of those voting in the Referendum voting in the affirmative for the development and operation of a casino resort at the Property by the Owner. For the avoidance of doubt, with the exception of any obligations which expressly survive termination or expiration of this Agreement, this Agreement shall be void and of no force and/or effect if a majority of those voting do not approve the Referendum. City’s obligations under and the effectiveness of this Agreement are expressly conditioned upon receipt of the following agreements being executed prior to or contemporaneously with this Agreement: (i) the Escrow Agreement, (ii) the Management Agreement, and (iii) the Community Support Agreement among the City, the Manager and the Owner, all in form and substance reasonably satisfactory to the City and Owner.

- (b) Location. The Project will be located on the real property known as the former “Philip Morris Operations Center”, located at 2001 Walmsley Boulevard in the City and identified as Parcel Number S0090310019 in the 2022 records of the City Assessor (approximately 36.99 acres) and 4700 Trenton Avenue in the City and identified as Parcel Number S0090387001 in the 2022 records of the City Assessor (approximately 60.1 acres), all as generally shown on Exhibit A (the “Property”).

Section 2.02 Operating Standard. The Project shall be constructed, and when complete, maintained and operated by Owner according to the Luxury Hotel and First Class Resort Casino Standard. So long as Casino Gaming Operations would be permitted by law to operate at the Project (assuming the existence of a valid Casino License), the primary business to be operated at the Project shall be Casino Gaming Operations. Owner agrees to make such additional capital expenditures it determines are reasonably necessary each year to maintain the Project at Luxury Hotel and First Class Resort Casino Standards. In the event that the City believes that Owner is not complying with the Luxury Hotel and First Class Resort Standard, it shall notify Owner in writing, including the factual basis of its belief. In such event, Owner and City shall promptly meet to discuss such issues in good faith. If the City and Owner fail to reach an agreement regarding whether Owner is complying with the Luxury Hotel and First Class Resort Casino Standard, or fail to agree upon a plan for complying with such standards, then such dispute shall be resolved by arbitration pursuant to Exhibit I (“Arbitration”). In no event shall any such dispute constitute a basis to terminate the interests of Owner under this Agreement unless and until a final determination (“Final Determination”) of the dispute is rendered pursuant to the Arbitration and only if Owner fails, after notice and expiration of the applicable cure period, to perform its obligations in accordance with such Final Determination and the terms of this Agreement. Provided, however, in the event that the Final Determination is contested by legal proceeding, the time in which Owner must cure any such default shall not commence until a final, non-appealable determination has been made with respect to such legal proceeding.

Section 2.03 Phases.

- (a) Phase I. Owner shall finance and construct the Casino described in Section 2.04(d) (the “Gaming Facility”) prior to the completion of the Project in accordance with the Milestone Schedule attached as Exhibit C hereto (subject in all respects to Force Majeure).
- (b) Phase II. After completion of Phase I, Owner shall finance and construct the remainder of the Project in accordance with the Milestone Schedule attached as Exhibit C hereto (subject in all respects to Force Majeure).

Section 2.04 Final Project.

- (a) Resort Casino Hotel Development. Owner shall design, construct, finance, operate and maintain on the Property a luxury resort casino hotel development with approximately 1,061,000 square feet under roof (with a minimum of 1,007,950 square feet) (or, alternatively, Owner shall cause the same to occur) in accordance with the Milestone Schedule attached as Exhibit C hereto (subject in all respects to Force Majeure), the Luxury Hotel and First Class Resort Casino Standard in accordance with and subject to the terms of this Agreement and applicable Law.
- (b) Capital Investment. Owner shall make a minimum Capital Investment of \$562,534,705 (subject to the contingencies in Exhibit F). Owner shall provide to City evidence of all hard and soft costs expended on the Project.
- (c) Obligations. Owner shall perform the Work (or, alternatively, Owner shall cause the same to occur) necessary to develop and complete the Project in accordance with the Milestone Schedule (subject in all respects to Force Majeure), this Agreement, the Infrastructure Conditions, as applicable, and applicable Law.
- (d) Uses and Minimum Square Footages. Owner shall develop the Project, branded as “ONE Casino + Resort” (or such other brand determined by Owner after consultation with City) and, in connection therewith, develop and operate the following uses and square footage associated with each, subject to the provisions below:
 - (i) Hotel. A luxury class hotel with a minimum of 250 rooms, a minimum of twelve (12) stories tall, resort size swimming pool, spa and fitness center. The hotel, with the convention and spa area shall be approximately 265,000 square feet (minimum of 251,750 square feet). The location of a possible additional hotel tower shall be identified for possible future development, as determined by Owner in its sole discretion so long as the location is on the Property and does not adversely affect the size of the “green space and park” described below.
 - (ii) Casino. A casino (“Casino”) with approximately 90,000 square feet (with a minimum of 85,500 square feet) of casino gaming space; poker room; high limit gaming area; onsite sportsbook to be operated by the Sports Betting Operator; with win percentages posted in the Casino. The total of the gaming floor and support areas shall be approximately 117,000 square feet (minimum of 111,150 square feet).
 - (iii) Conference Center / Entertainment Venue. A conference center of approximately 70,000 square feet (with a minimum of 66,500 square feet) of flexible meeting, convention and event space, which can, in part, be used as an entertainment venue of approximately 3,000 person capacity (with a minimum of 2,850 person capacity). Live Nation (or such other company determined by Owner after

consultation with City) will provide major act booking for the Entertainment Venue and will conduct a study to determine if the size of the entertainment venue should be larger.

- (iv) Food and Beverage. Space for a minimum of 15 food and beverage offerings (approximately 84,000 square feet (including support areas); minimum of 79,800 square feet (including support areas)) pursuant to a food and beverage plan which shall provide for at least four non-food hall “sit down” establishments. Owner shall ensure that a minimum of 50% of all non-“sit down” establishments (“50% Non-Sit Down Threshold”) will be operated by Local Richmond Restaurants at the opening of the Project; provided, however, that any failure of Owner, after using commercially reasonable best efforts, to meet the 50% Non-Sit Down Threshold as of opening of the Project shall not constitute a breach of this Agreement. In connection with the opening of the Project, Owner shall further ensure that at least three Local Richmond Restaurants will have a right of first refusal for three of the “sit down” establishments. In connection with the opening of the Project, Owner shall complete the tenant build out of the food and beverage space for the Local Richmond Restaurants at no cost to said providers (excluding any operational equipment and wares and any decorative installations, signage and branding) and provide the leased space at no cost during the first four months of operation following the opening of the Project. At any time (and from time to time) after the first anniversary of the Final Completion Date of the Project, Owner may reduce the number of “sit down” and/or non-“sit down” establishments (each, a “Closed Restaurant”) in its sole business judgment; provided, however, that in the event Owner determines to reopen a Closed Restaurant, Owner will provide a right of first refusal to Local Richmond Restaurants (if Local Richmond Restaurants comprise fifty percent (50%) or less of all “sit down” or non-“sit down” establishments at such time) for at least thirty (30) days. Square footage associated with any Closed Restaurant may be reconfigured by Owner for other commercial uses.
 - (v) Parking Structure and Surface Parking. Parking for the Project shall be no less than required by City regulations (on the date of this Agreement), shall include approximately 1,200 spaces in a parking structure on the Site (approximately 525,000 square feet and a minimum of 498,750 square feet; minimum of 1,000 structured parking spaces) and surface parking of approximately 910,000 square feet. Owner shall not charge Project patrons or guests for parking at the Project, with the exception of any paid valet parking service.
 - (vi) Green Space and Park. Approximately 55-acres of green space and park shall be developed and maintained by Owner at its sole cost on the Site for the Project. The green space and park shall be an amenity for the Project and accessible by the public. The parties agree that such total amount of green space and park shall be maintained by Owner and is not subject to redevelopment.
 - (vii) Studio and Production Space. Radio production studio space and approximately 15,000 square feet (a minimum of 14,250 square feet) of television and film production studio space in the Project; provided, that after the sixth anniversary of the Final Completion Date of the Project, Owner may reevaluate the configuration and usage of the associated space to reflect then current commercial demand; provided, however, that in no event will any reconfiguration or modification of use change the obligations of Owner in Section 12.05.
- (e) Architectural Review, Design Standards and Elements.
- (i) Owner shall construct the Project (which will include the elements described in this Article II) as new construction consistent with the Luxury Hotel and First Class Resort Casino Standards, the Act and all other Governmental Requirements and in compliance with this Agreement.
 - (ii) Owner shall conduct a design charrette, and City staff shall be entitled to participate in such design

charrette with Owner. The City shall have the right to consultation and architectural review of the Project prior to Owner submitting a plan of development and building plans for the Site and Project for review and approval through the City's regular planning and development approval process. Notwithstanding the foregoing or anything in this Agreement to the contrary but subject to applicable Law, as between the City and Owner, Owner shall maintain all control of the Project, including all authority over all design and construction of the Project.

- (iii) The Project shall include art valued in the aggregate minimum amount of \$500,000. Artists from Richmond (35% of the total \$500,000 spend on local artists) and Virginia (65% of the total \$500,000 spend on local artists) will be commissioned to create art. Art created by such artists will be utilized or displayed (together with art created by other artists in Owner's sole discretion) throughout the facility, including on rotating art walls that will act as exhibit space to local artists.
- (iv) Owner shall design and construct all the buildings within the Project to LEED Silver standards and shall use pervious pavement where appropriate. For the avoidance of doubt, the requirement in this subsection 2.04(e)(iv) shall not prohibit smoking at the Project.
- (v) Owner shall attempt to reduce the heat island effect by planting shade trees along sidewalks and in other outdoor landscaping and use other appropriate methods to reduce urban heat such as the use of pervious pavement where possible.
- (f) Gas Service. Owner acknowledges City's desire that Owner use the City's Richmond Gas Works gas utility enterprise supplied natural gas ("Natural Gas") to serve various utility needs within the buildings at the Property, including without limitation, space heating, hot water, commercial dryers, cooking and other appliances. Additionally, Owner shall use Natural Gas where reasonable elsewhere in the Project, and shall, if commercially reasonable in Owner's business judgment, use Natural Gas when requested by a tenant; provided that in each instance where Owner or a tenant uses Natural Gas it shall be supplied by Richmond Gas Works.
- (g) Stormwater Detention.
 - (i) 10-year Storm Peak Flow Rate Control. Owner shall utilize stormwater management and green infrastructure practices to maintain detention of the peak discharge from the 10-year Storm, which is 24-hour, 10-year frequency storm event, for the Property. More specifically, Owner shall maintain detention of the post-development peak discharge rate for the 10-year Storm for the Property at a level that is equal to or less than the pre-development peak discharge rate for the 10-year Storm for the Property.
 - (ii) Sanitary Sewer Peak Flow Rate Control. In addition to accounting for the 10-year Storm on the Property, Owner shall reduce peak stormwater flows by the amount of the projected sanitary sewer flows that will be generated on the Property by the Project calculated pursuant to Sections 2.2.3.B and 2.2.4.C of the City of Richmond, Department of Public Utilities, Sanitary Sewer System Design Guidelines, Standards Specifications and Details, revised: December 1, 2010, as such sections may be amended or modified. Owner shall provide to the City the sanitary sewer flow projections, in accordance with the provisions of Exhibit B (Infrastructure Conditions), along with plans to detain the volume of stormwater equal to such projected sanitary sewer flows.
 - (iii) Stormwater Practices. Owner shall install and maintain on the Property, at Owner's expense, stormwater management and green infrastructure practices to achieve Owner's stormwater detention and reduction obligations under this Section 2.04(g). Owner shall comply with all applicable

stormwater laws and obtain all legally required stormwater Permits and Governmental Approvals.

- (iv) Stormwater Detention Prerequisite to Sewer Tie-ins. The City's Director of Public Utilities shall review and approve or reject the sanitary sewer flow projections and all stormwater detention plans provided by Owner, to determine whether such flow projections and stormwater detention plans comply with this Section 2.04(g) and applicable City codes and ordinances, and to require maintenance agreements and sureties for stormwater detention facilities, before any corresponding sewer tie-in is performed to serve the Project.

Section 2.05 Operational Matters.

- (a) Legal Compliance. Owner shall use its commercially reasonable best efforts to obtain those Permits and Governmental Approvals required to commence operations and operate its business. Owner shall preserve, renew and keep in full force and effect the Permits and Governmental Approvals required to operate its business in compliance with applicable Governmental Requirements (whether now in effect or hereafter enacted), except as would not have a Material Adverse Effect (as defined below) on the business operation of the Casino (or the Project) taken as a whole. For the avoidance of doubt, any failure to preserve, renew and keep in full force and effect such Permits and Governmental Approvals and act in compliance with same that could be reasonably expected to result in a suspension of business operations or suspension of or revocation of Owner's Casino License would have a material adverse effect on the business operation of the Casino (or the Project) taken as a whole (a "Material Adverse Effect").

Owner shall, and shall cause its Affiliates and Representatives and the Manager to, use their respective commercially reasonable best efforts to cooperate with the other Parties hereto to (i) as promptly as reasonably practicable, take, or cause to be taken, appropriate action, and do, or cause to be done, those things reasonably necessary under applicable Governmental Requirements to comply with the obligations set forth in (and consummate the transactions contemplated by) this Agreement, (ii) obtain from any Governmental Authorities any Permits and Governmental Approvals required to be obtained by Owner or any of its respective Affiliates or Representatives or the Manager, as applicable, in the case of clauses (i) or (ii), in connection with the authorization, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, and (ii) make all necessary filings, as applicable, and thereafter make any other required submissions with respect to this Agreement, as required in order to obtain all applicable approvals of Governmental Authorities. The Owner shall, and shall cause its respective Representatives and Affiliates and the Manager, to (x) file all required applications and documents in connection with obtaining the required Governmental Approvals (including under the Act and other applicable Gaming Laws), (y) act diligently to pursue the Governmental Approvals and (z) cooperate with other Parties in connection with the making of all filings referenced in the preceding sentence. Owner shall and shall cause its applicable Affiliate and Representatives and the Manager to use their commercially reasonable best efforts to schedule and attend any hearings or meetings with Governmental Authorities to obtain the Governmental Approvals. The Parties will keep each other reasonably advised of the receipt of comments or requests from Governmental Authorities that could reasonably be expected to result in the material delay or denial of any Permits necessary for the opening of the Project or the continued business operations of the Casino and Project, except as would not constitute a Material Adverse Effect.

- (b) Public Safety. The Owner shall provide access to a security room for the Richmond Police Department to respond to incidents as they occur and to process arrestees and conduct investigations as they occur. The Owner and Manager shall provide real time access to exterior video cameras on the Property. When additional security or law enforcement is required, the Owner shall give strong preference to the use of

off-duty Richmond Police Department personnel (pending availability and subject to applicable Gaming Laws) in accordance with the Richmond Police Department's standard agreements. The Project shall have location identifiers on external doors, light poles, surface lots, structured parking, and other appropriate locations on the property. Each telephone on the Property will transmit a unique caller ID telephone number and name/location.

- (c) Tourism. The Owner shall collaborate with the City to provide an appropriately sized space (e.g., a kiosk or desk) in the Project hotel lobby or other appropriate facility location mutually agreed upon by the Parties for a Richmond Region Tourism Information Desk and representative.
- (d) Point & Reward Program. Owner shall implement a "point & reward program" with respect to the Project that will allow patrons to redeem points for food, beverage, merchandise, and admission to businesses and organizations in the City. The Owner will not charge a set-up fee for businesses and organizations in the City to participate in such program, but operational costs would be recoverable by Owner on a reasonable basis consistent with similar programs in other cities.

Article III. REAL ESTATE

Section 3.01 Zoning and Land Use Approvals. Owner will be solely responsible for obtaining any special use permit, rezoning, or zoning modification that may be required in order to permit Owner to proceed with the Project. Owner shall diligently pursue any special use permit, rezoning, or other regulatory approval necessary to increase the signage height or building height beyond the height currently permitted by applicable zoning regulations. Nothing in this Agreement is to be deemed an agreement by City to provide any Regulatory Approval of any kind. City agrees to cooperate in good faith with Owner's efforts to satisfy the obligations of Owner set forth in Section 3.01. City will assign a project expeditor to ensure that various City departments respond to submittals made by the Owner in connection with the construction and development of the Project in a timely manner.

Article IV. DEVELOPMENT OF PROJECT

Section 4.01 General Obligations.

- (a) General. Owner shall be solely responsible for performing (or, alternatively, Owner shall cause to be performed any portion of) all Work necessary to design, build, and where applicable, finance, operate and maintain the Project in accordance with the Milestone Schedule (subject in all respects to Force Majeure), Good Industry Practice, applicable Law, and any other requirements in this Host Community Agreement.
- (b) Cost and Expense. Owner shall satisfy its obligations under this Agreement at its sole cost and expense, without any legal, moral or financial recourse to City except for the right to enforce the provisions of this Agreement. Owner shall provide evidence of equity and debt financing for the Project reasonably satisfactory to the City. The equity component for the Project shall be a minimum of \$140,035,000 (inclusive of all investors). The City shall not provide any abatements, exemptions, subsidies, incentives, rebates, financing, financial waivers, or any other type of funding or tax relief for the Project during the life of the Project.
- (c) Milestone Schedule. Owner shall perform (or, alternatively, Owner shall cause to be performed) the

Work and deliver the Project in accordance with the Milestone Schedule (subject in all respects to Force Majeure).

- (d) City Regulatory Approvals. Owner acknowledges and agrees that the status, rights and obligations of City, in its proprietary capacity under this Agreement, are separate and independent from the status, functions, powers, rights and obligations of City and that nothing in this Agreement shall be deemed to limit, influence or restrict City in the exercise of its governmental regulatory powers and authority with respect to Owner, the Project or otherwise, or to render City obligated or liable under this Agreement for any acts or omissions of the City in connection with the exercise of its independent governmental regulatory powers and authority.

Without limiting the preceding sentence, Owner acknowledges that this Agreement does not limit Owner's responsibility to obtain all Regulatory Approvals (and pay all related processing and development fees and satisfy all related conditions of approval) for such uses, including, but not limited to, zoning and building code permits and regulations. Owner understands that the entry by City into this Agreement shall not be deemed to imply that Owner will be able to obtain any required approvals from City departments, boards or commissions which have jurisdiction over the Project or the Property or from the City itself. By entering into this Agreement, City is in no way modifying Owner's obligations to cause the Property to be used and occupied in accordance with all applicable Laws, as provided herein. Nothing herein shall be deemed to limit the rights and obligations of Owner or City under any Law as pertaining to the Project.

Section 4.02 Approval of Other Agencies; Conditions. City and Owner acknowledge that the Project, and Owner's contemplated uses and activities on the Property may require that Regulatory Approvals be obtained from governmental agencies with jurisdiction over the Property. Owner shall be solely responsible for obtaining all such Regulatory Approvals as further provided in this Section. In any instance where City will be required to act as a co-permittee, and in instances where modifications are sought from any other governmental agencies in connection with Owner's obligations regarding any hazardous materials release, or where Owner proposes any construction that requires City's input or approval, Owner shall not apply for any Regulatory Approvals (other than a building permit from the City) without first obtaining the input or approval of City, which input or approval (except as otherwise expressly provided herein) will not be unreasonably withheld, conditioned or delayed. Owner shall not agree to the imposition of conditions or restrictions in connection with its efforts to obtain a Regulatory Approval from any regulatory agency, if City is required to be a co-permittee under such Regulatory Approval or the conditions or restrictions could create any obligations on the part of City whether on or off the Property, unless in each instance City has previously approved such conditions in writing in City's sole and absolute discretion. Except as otherwise expressly set forth herein, no such approval by City shall limit Owner's obligation to pay all the costs of complying with such conditions under this Section. All costs associated with applying for and obtaining any necessary Regulatory Approval shall be borne by Owner. The consent of City (which shall not be unreasonably withheld, conditioned, or delayed), shall be required with respect to Owner's exercise of any right to appeal or contest in any manner permitted by law any condition imposed upon any such Regulatory Approval with respect to such co-permittee arrangement. Owner shall pay and discharge any fines, penalties or corrective actions imposed as a result of the failure of Owner to comply with the terms and conditions of any Regulatory Approval, and City shall have no liability for such fines and penalties. Without limiting the indemnification provisions in this Agreement, the Owner shall indemnify the Indemnified Parties from and against any and all such fines and penalties (to the extent such Indemnified Party or City actually incurs a monetary loss), together with reasonable attorneys' fees and costs, for which any Indemnified Party or City becomes actually liable in connection with Owner's failure to comply with any Regulatory Approval.

Section 4.03 Utilities.

- (a) Owner shall cause the performance of all Work involving the utility infrastructure to comply with the requirements contained in Exhibit B to this Host Community Agreement.
- (b) City shall not be required, under this Agreement, to provide any utility services to the Property. Owner shall be responsible for contracting with, and obtaining, all necessary utility and other services as may be necessary and appropriate to the uses to which the Property is put. Owner will pay or cause to be paid as the same become due all deposits, charges, meter installation fees, connection fees and other costs for all public or private utility services at any time rendered to the Project or any part of the Property and will do all other things required for the maintenance and continuance of all such services. Owner agrees, with respect to any public utility services provided to the Property by the City outside of this Agreement, that no act or omission of the City in its capacity as a provider of public utility services shall abrogate, diminish or otherwise affect the respective rights, obligations and liabilities of Owner and City under this Agreement, or entitle Owner to terminate this Agreement or to claim any abatement or diminution of amounts otherwise due and payable under this Agreement. Further, Owner covenants not to raise as a defense to its obligations under this Agreement, or assert as a counterclaim or cross claim in any litigation between Owner and City relating to this Agreement, any losses arising from or in connection with City's provision of (or failure to provide) public utility services.

Section 4.04 Project Reporting Manager. During the performance of the Work for the Project, Owner shall ensure that any third-party project manager retained to manage and develop the Project (a "Project Reporting Manager") shall provide reports to the City and the Owner on a quarterly basis regarding whether the Work is on track with the Milestone Schedule. The Project Reporting Manager shall promptly report any material issues or problems, to the extent such issues or problems materially impact the Milestone Schedule, to City and Owner. In no event shall City be responsible or incur any liability whatsoever related to the report made by, or actions taken by, the Project Reporting Manager.

Section 4.05 Key Professional Project Participants. Owner acknowledges that Owner's commitment to engage certain key entities with whom Owner will contract for the construction, construction management, or operation of the Project is a material consideration to City in entering into this Agreement (the "Key Professional Project Participants"). Owner shall not terminate or replace a contractor expressly identified on Exhibit D without City's prior written approval (which approval shall not be unreasonably withheld, conditioned or delayed) unless any such Key Professional Project Participant is in default allowing for such termination or replacement under the Key Professional Project Participant's contract with Owner or unless any such Key Professional Project Participant fails to obtain or maintain any license, permit, registration, certification or finding of suitability or qualification from the Board. In the event such a default is alleged to have occurred, City will have the right to review promptly (and in no event more than ten (10) Days following written notice from Owner) Owner's contract with such Key Professional Project Participant in order to confirm the occurrence of such default. Nothing herein shall be deemed to limit in any manner the Owner's right to replace any Key Professional Project Participant that dies, becomes disabled, voluntarily terminates its relationship with Owner and/or otherwise terminates its relationship with Owner due to circumstances beyond the control of Owner or for cause.

Article V. INFRASTRUCTURE WORK; AREA BEAUTIFICATION

Section 5.01 Infrastructure Work. Owner shall ensure that the performance of all Work involving the Infrastructure Improvements complies and is performed in accordance with the requirements contained in Exhibit B (Infrastructure Conditions). To the extent of any discrepancy or inconsistency between the main body of this Agreement and Exhibit B (Infrastructure Conditions), Exhibit B will prevail.

Section 5.02 Responsibility for Infrastructure.

- (a) The Owner is solely responsible for all costs to design, construct and maintain onsite and offsite public and private infrastructure required for the Project. All public infrastructure, to include but not be limited to traffic calming, streetscape, landscape, signage, and lighting, must be designed and constructed in conformance with the City Code and all applicable Laws.
- (b) At the request of the City and with sufficient time to provide for the commencement of operation of the Project, the Owner shall convey at no cost to the City the property interest on the Site as is necessary to extend the road and infrastructure improvements of Walmsley Boulevard to Richmond Highway. Costs associated with said extension shall not be considered necessary infrastructure for purposes of this Agreement and, hence, shall not be borne by Owner, unless the extension is required by the TIA (as defined below).
- (c) The Owner shall confer with the City and the City Transportation Engineer on the scope of work to complete a Traffic Impact Analysis (“TIA”) for the Project. The Owner shall use its commercially reasonable best efforts to submit to the City by no later than January 15, 2024 a complete TIA in accordance with the agreed upon scope of work. The TIA shall be performed by a licensed traffic engineer knowledgeable of all applicable Laws, standards and regulations and with the professional experience and qualifications necessary to complete the TIA.

Section 5.03 Area Beautification. In addition to and separate from the Infrastructure Improvements, the Owner and the City shall mutually agree on physical improvements to enhance the appearance in the public right of way of Walmsley Boulevard adjacent to the Project and within a quarter mile of the intersection of Walmsley Boulevard and Commerce Road and equally share the cost of such improvements (provided such improvements are not required for the Project in accordance with the results of the submitted TIA and the City appropriates funds for such purpose). Notwithstanding anything herein to the contrary, the Owner shall not be obligated to fund or create any such area beautification improvements if the City does not appropriate its share of the funding.

Article VI. INDEMNITY

Section 6.01 Indemnification of the City. Owner agrees to indemnify and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any such Indemnified Party, to the extent arising out of, caused by or resulting from (a) any affirmative act or omission by Owner or its agents, contractors or affiliates in Owner’s development, construction, ownership, possession, use, condition, occupancy, or abandonment of the Project; (b) any material breach of any warranty or the inaccuracy of any representation made by Owner; (c) the release of any hazardous or toxic substance, by Owner or anyone performing work on behalf of such entity at the Project, to the environment arising or resulting from any work or things whatsoever done in or at the Project, or in or at off-site improvements or facilities used and controlled by or constructed and controlled by Owner or any of its contractors or sub-contractors in connection with the Project; and (d) any material breach or failure by Owner to perform any of its covenants or obligations under the Agreement that remains uncured by Owner following written notice and expiration of the applicable cure period.

Section 6.02 Limitation. Notwithstanding anything contained in this Agreement to the contrary, (i) neither Owner nor any of its contractors or sub-contractors shall be obligated to indemnify or hold harmless any Indemnified Party to the extent such Indemnified Party’s damages arise from such Indemnitee’s sole gross negligence, willful misconduct or fraud and (ii) Owner’s obligations under Section 6.01 above will not be deemed to provide the City with a right of reimbursement for fees and expenses in connection with the City’s

Resort Casino RFQ/P process up to and including passage and certification of the results of the Referendum other than as expressly provided above or in the Agreement or the Escrow Agreement.

Section 6.03 Notice of a Claim. If any action, suit or proceeding is brought against any Indemnified Party by reason of any occurrence for which Owner is obliged to indemnify such Indemnified Party, such Indemnified Party will promptly provide written notice to Owner of such action, suit or proceeding. Owner may, and upon the request of such Indemnified Party shall, at Owner's sole expense, resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel designated by Owner and subject to the reasonable written approval by such Indemnified Party.

Section 6.04 Obligation to Defend. Owner specifically acknowledges that it has an independent obligation to promptly defend the Indemnified Parties from any claim that is actually or potentially within the scope of the indemnity provision of Section 6.01 or any other indemnification provision of this Agreement, even if such allegation is or may be groundless, fraudulent or false, and such obligation arises at the time such claim is tendered to Owner by an Indemnified Party and continues at all times thereafter. All of the Owner's indemnification obligations in this Agreement are conditioned upon the Indemnified Party: (i) promptly delivering the written notice provided for in Section 6.03; (ii) cooperating with Owner in the defense of any such claim or liability and any related settlement negotiations; and (iii) not compromising or settling any claim or liability without prior written consent of Owner.

Section 6.05 Control of Defense. Except as otherwise provided in this Agreement, Owner shall be entitled to control the defense, compromise or settlement of any such matter through counsel of Owner's own choice; provided, however, in all cases in which any Indemnified Party has been named as a defendant, City shall be entitled to (i) approve counsel (such approval not to be unreasonably withheld, conditioned, or delayed) and (ii) participate in such defense, compromise or settlement at its own expense. No compromise or settlement by Owner under this section may require City to alter any policy or practice of City as a result thereof. If Owner shall fail, however, in City's reasonable judgment, within a reasonable time (but not less than 15 Days following notice from City alleging such failure) to take reasonable and appropriate action to defend, compromise, or settle such suit or claim, City shall have the right promptly to use counsel of its selection, in its sole discretion and at Owner's expense, to carry out such defense, compromise or settlement, which reasonable expense shall be due and payable to City thirty (30) Days after receipt by Owner of an invoice therefor. The Indemnified Parties shall cooperate with Owner in the defense of any matters for which Owner is required to indemnify the Indemnified Parties pursuant to this Article VI.

Section 6.06 Release of Claims Against the Indemnified Parties. Owner, as a material part of the consideration of this Agreement, hereby waives and releases any and all claims against the Indemnified Parties from any Losses, including damages to goods, wares, goodwill, merchandise, equipment or business opportunities and by Persons in, upon or about the Property or the Project for any cause with respect to the development, construction, use, condition, operation or occupancy of the Project arising at any time, including, without limitation, all claims arising from the joint or concurrent negligence of City or the other Indemnified Parties, but excluding all claims arising from the sole gross negligence, willful misconduct or fraud of City or the other Indemnified Parties. For the avoidance of doubt, the release contained in this Section 6.06 shall not include (a) claims with respect to real property interests or assessments related thereto generally applicable to owners of real property (i.e., condemnations, property tax appeals, etc.) and (b) claims with respect to the Owner's enforcement of the City's obligations under this Agreement and the terms and conditions hereof.

Section 6.07 Other Obligations. The indemnification obligations set forth in this Article VI and elsewhere in this Agreement are in addition to, and in no way shall be construed to limit or replace, any other obligations or liabilities that Owner may have to City in this Agreement, at common law or otherwise.

Article VII. INSURANCE

Section 7.01 Insurance Generally. Throughout the term of this Agreement, Owner shall provide and maintain in full force and effect insurance coverage in such amounts and types of coverage as are commercially reasonable for the applicable stage of construction, development or operation of the Project and in any event as required by Law and typical for Luxury Hotel and First Class Resort Casino Standards. In any instance where work is to be performed by Owner on City infrastructure or where work requires a permit to be issued by the City, the entity doing such work shall name the City, its officers, employees and consultants as additional insureds for the coverage appropriate to such activity being performed and provide the City with an appropriate ACORD certificate. The carrying by Owner of the insurance required shall not be interpreted as relieving Owner of any obligations Owner may have under this Agreement (other than obligations related to insurance). Notwithstanding anything in this Section to the contrary, City acknowledges and agrees that Owner shall be deemed to have satisfied its obligation to maintain the insurance required in this Article VII if Owner causes its contractors and subcontractors, where appropriate, to provide and maintain such insurance for the benefit of Owner and, to the extent required by this Article VII.

Section 7.02 Costs and Premiums. Owner shall pay all premiums and other costs of such insurance, and City shall not be responsible therefor.

Section 7.03 Contractor's and Subcontractors' Insurance. Owner shall not allow any contractor or subcontractor to perform any of the Work until the contractor or subcontractor has obtained the same types of insurance required of Owner under this Host Community Agreement in an appropriate amount determined by Owner and until Owner has approved such contractor's or subcontractor's insurance coverage. The furnishing of insurance by a contractor or subcontractor shall not create any contractual relationship between the City and the contractor or subcontractor.

Article VIII. COMMUNITY BENEFITS

Section 8.01 Generally. Owner acknowledges and agrees that the performance by Owner of the requirements of this Article VIII constitutes an important, material, and substantial inducement to City to enter into this Host Community Agreement.

Section 8.02 Assurances and Indemnity. City and Owner each acknowledge that Owner is voluntarily agreeing to provide the Community Benefits. Owner warrants that it or its agents, or contractors, will independently analyze the legal basis for its, or their, selected means and methods of performance and implementation of each Community Benefit to ensure that it, or they, do not engage in any conduct inconsistent with local, state, or federal law in such means and methods of performance and implementation. City shall in no way or in any manner attempt to influence or otherwise control Owner's performance with respect to (or administration of) any Community Benefit it has voluntarily agreed to under this Agreement. Subject to all the provisions of this Article VIII, in addition to the requirements of Article VI, Owner shall indemnify, hold harmless, and defend the Indemnified Parties from and against any claims and liabilities to the extent arising out of, caused by, or resulting from the performance and implementation of Owner's obligations with respect to the workforce and contracting goals for the Project, whether by Owner, its agents, or its contractors. Subject to all the provisions of this Article VIII, Owner releases City, its officers, employees, agents and volunteers from and against any and all losses, liabilities, claims, damages, costs, and expenses (including, but not limited to, court costs and attorneys' fees) that Owner may suffer, pay, or incur caused by, resulting from, or arising out of the performance and implementation of Owner's obligations with respect to the Project's workforce and contracting

goals, whether by Owner, its agents or contractors.

Section 8.03 Minority Business Enterprise, and Emerging Small Business Participation.

- (a) Definitions. As used in this Section, the following capitalized terms shall have the meanings set forth below:

“Emerging Small Business” means a Person certified by the Office of Minority Business Development as meeting the definition of “emerging small business” in section 21-4 of the Code of the City of Richmond or any successor ordinance.

“Minority Business Enterprise” or “MBE” means a Person registered by the Office of Minority Business Development as meeting the definition of “minority business enterprise” in section 21-4 of the Code of the City of Richmond or any successor ordinance.

“Office of Minority Business Development” means the City’s Office of Minority Business Development or its successor agency.

- (b) In consultation with the City’s Office of Minority Business Development, the Owner will make a good faith effort to identify Emerging Small Businesses and Minority Business Enterprises that perform commercially useful functions towards the construction of the Project in order to meet a 40% MBE participation goal through the procurement of goods and services required for the construction of the Project.
- (c) In consultation with the City’s Office of Minority Business Development, the Owner will make a good faith effort to identify Emerging Small Businesses and Minority Business Enterprises that perform commercially useful functions towards the operation of the Project in order to meet a 40% MBE participation goal through the procurement of goods and services required for the operation of the Project following the issuance of the certificate of occupancy for the Project.
- (d) Owner shall submit a MBE plan for the City’s approval no later than January 31, 2024 and such plan shall include processes and procedures for the implementation of the plan and measurement of goals as typically required by the Office of Minority Business Development. Examples of such typical processes and procedures are set forth on Exhibit G.
- (e) Owner’s MBE/ESB Coordinator. The Owner shall designate an MBE/ESB Coordinator and notify the City of the person’s name, title and employer’s name and State Corporation Commission registration number. If, in Owner’s sole discretion, such person cannot at any time fulfill his/her obligations as MBE/ESB Coordinator, then within 14 Days after such time, Owner shall furnish City with the new person’s name, title and employer’s name and State Corporation Commission registration number. The MBE/ESB Coordinator shall be employed or contracted by Owner to be responsible for ensuring that all Purchasers make the requisite good faith efforts to achieve the Goal.

Section 8.04 Jobs and Training. Owner shall work in good faith to create training and outreach programs within the City of Richmond to identify opportunities to secure the job skills needed for both the construction and post-construction phases of the Project, and to employ individuals having such job skills. Owner shall require Owner’s contractors also to undertake all the obligations and activities required of Owner in this Section 8.04. All opportunities for employment in connection with the development of the Project shall be communicated to the City’s Office of Community Wealth Building to coordinate recruitment efforts with the Office of Community Wealth Building. As a part of Owner’s undertakings pursuant to this Section 8.04, Owner will use its

commercially reasonable best efforts in the commercially ordinary timing for hiring in the Project to (i) conduct job fairs and information sessions in each City Council District of the City with respect to the staffing needs of the Project, (ii) recruit city residents first for job placement by conducting an outreach program that targets neighborhoods with the highest concentrations of poverty, (iii) work with willing workforce development teams and training providers (including the Community College Workforce Alliance) to conduct a comprehensive training program, (iv) target city residents for employment opportunities, (v) create ongoing hiring opportunities to benefit students in public schools of the school division administered by the School Board of the City (“Richmond Public Schools”) through recruitment, training and internship programs, (vi) conduct construction and trades job fairs and information sessions in coordination with Richmond Redevelopment and Housing Authority (“RRHA”) and (vii) place job advertisements with multiple media outlets, including all local newspapers with a print circulation in the city of Richmond. Notwithstanding anything herein to the contrary, Owner shall have no liability or responsibility of any kind for any statements, acts or omissions of the City’s Office of Community Wealth Building, the Community College Workforce Alliance, Richmond Public Schools or the RRHA.

Section 8.05 Employment Goals. To the extent permitted by Law and without establishing preferences for Virginia residents over non-Virginia residents, Owner shall make commercially reasonable best efforts for its construction contractors and subcontractors to set a goal to achieve the following targets regarding hiring, such that city residents comprise the following, provided that all such residents meet all of the knowledge, skills (including all required licenses) and eligibility requirements for the available position:

- (a) 100% of construction laborers not previously employed by the contractor or subcontractor but hired to construct the Project.
- (b) 60% of the contractor’s or subcontractor’s existing construction laborers employed in the construction of the Project.
- (c) 50% of skilled construction trades workers not previously employed by the contractor or subcontractor but hired to work on the construction of the Project.
- (d) 15% of the contractor’s or subcontractor’s existing skilled construction trades workers not previously employed by the contractor or subcontractor but hired to work on the construction of the Project.

Section 8.06 Union Personnel. To the extent permitted by law, Owner shall cause its general contractor to use non-skilled and skilled union personnel for a minimum of 40% of the Project’s construction man-hours.

Section 8.07 Prevailing Wage. To the extent permitted by law, and regardless of the existence of a labor agreement, the Owner shall cause all construction management companies, contractors, and subcontractors to pay to each laborer, workman and mechanic employed on the Project at a minimum the local prevailing wage rate for the City as determined by the U.S. Secretary of Labor under the provisions of the Davis-Bacon Act, 40 U.S.C.S. Section 276a et seq., as amended, and no less than \$15 per hour for construction jobs for the Project. This provision shall include all unskilled and skilled construction workers for the Project.

Section 8.08 Employees.

- (a) Minimum Number of Employees. The Owner shall use its commercially reasonable best efforts to meet direct hiring job goals of a minimum of 1,300 employees (minimum 953 full-time jobs (i.e., working at least 35 hours per week) and 347 part time jobs) at the Project upon Final Completion, and thereafter to provide meaningful Project employment opportunities necessary to sustain prudent business operations in accordance with revenues. The employment totals do not include the approximately 200 employees

of onsite third party companies operating a business at the Project. In the event of a partial or total shutdown of the Project as a result of an event of Force Majeure, Owner shall not be required to meet the commitments contained in this subsection for any such period in which a partial or total shutdown of the Project occurs.

- (b) Resort Casino Jobs for Richmonders. To the extent permitted by law and without establishing preferences for Virginia residents over non-Virginia residents, the Owner shall use its commercially reasonable efforts to target Richmond residents for Project employment opportunities pursuant to a Workforce Development Plan, which shall be submitted to the City for approval, with a goal of at least 60% of total employment by Richmond residents provided that such residents meet all of the knowledge, skills and eligibility requirements (including any required licenses) for any such available position. Owner shall hire a workforce development coordinator pursuant to the Workforce Development Plan, partner with the Office of Community Wealth Building, community colleges, and local universities on workforce development programs and career opportunities. The Owner shall submit the Workforce Development Plan for the City's approval no later than January 31, 2024 and conduct information sessions and job fairs in coordination with RRHA and in each of the City Council Districts. Notwithstanding anything herein to the contrary, Owner shall have no liability or responsibility of any kind for any statements, acts or omissions of the City's Office of Community Wealth Building, the Community College Workforce Alliance, Richmond Public Schools or the RRHA.
- (c) Resort Casino Minimum Employee Wages /Average Annual Wages /Benefits. The Owner shall ensure that tipped and non-tipped positions will pay an average annual compensation package of \$55,000 (inclusive of wages, tip income, bonuses, benefits, and all payroll and related expenses). All tipped and non-tipped positions will pay no less than \$15 per hour (inclusive of tips). For tipped personnel, the Owner shall enter into a Gaming Industry Tax Compliance Agreement with the Internal Revenue Service to establish hourly tip declaration rates (the "Tip Rate"). The calculation for determining whether the \$15 per hour minimum has been met shall be to add the base wage rate plus the Tip Rate.
- (d) A benefits package will be made available to eligible employees that includes health, dental, and vision insurance coverage and a 401(k) program.

Article IX.

TAXABILITY OF PROJECT; PAYMENTS TO CITY

Section 9.01 Payment. The Property, the Project, the improvements and any portions thereof or interests therein will be and remain subject to real estate taxation of general applicability at the then-current tax rates without any exemptions, credits, or other provisions that would reduce the amount of real estate taxes due and paid to the City. The Owner shall pay any and all, currently applicable or in the future, fees and taxes of general applicability as they are assessed or due, including those imposed on revenue, property, usage, and operations, and further including the collection and payment of all applicable sales, use and occupancy taxes and any other taxes (or tax increases such as millage increases) of general applicability to the ownership or operation of businesses in the City.

Section 9.02 In-Lieu Payments. If for any reason the Property, the Project, the improvements or any portions thereof are not subject to real estate taxation Owner shall pay to City annually an amount equal to the real estate taxes of general applicability that would be required to be paid if the Property, the Project, the improvements or any portions thereof were subject to such real estate taxation of general applicability at the then-current tax rates without any exemptions, credits, or other provisions that would reduce the amount of real estate taxes due and paid to the City.

Section 9.03 Payments to City Following Passage and Certification of Results of Referendum and Completion of Project Financing. The Owner shall pay to the City \$25,500,000 (the “Referendum Payment”) to be paid within thirty (30) Days after the entry of the court order reflecting the Referendum Passage pursuant to the Act. The payment shall be made pursuant to the terms of the Escrow Agreement. Within five (5) Business Days following closing of the Gaming Facility Financing, Owner shall pay to the City \$1,000,000.

Section 9.04 Ongoing Annual Payments to City. Owner shall remit to the City certain payments (in addition to any other taxes or other payments owed by law) as follows:

(a) Annual Payments -- Gaming Facility.

- (i) Subject to Force Majeure, if the Owner opens the Gaming Facility to the public for business on or before the date that is twenty-four (24) months following Referendum Passage, Owner shall pay to the City an ongoing Annual Payment equal to (a) from the first day of the month in which the Owner opens the Gaming Facility to the public for business through the following 11 months (for a total of 12 months), 1.875% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment, (b) beginning on the first day of the thirteenth month following the opening of the Gaming Facility and until the end of the applicable Calendar Year, the greater of (x) 3.0% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment, or (y) \$5,000,000 (adjusted every five (5) years for the Consumer Price Index increase) (the “Minimum Payment”), with such Minimum Payment being prorated by the number of months remaining in that year for the purpose of calculating the payment due for that year, and (c) for each Calendar Year thereafter, the greater of (x) 3.0% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment, or (y) the Minimum Payment, with such Minimum Payment being prorated by the number of months remaining in that year for the purpose of calculating the payment due for that year. “Resort Casino Gaming Revenue” is defined as the “adjusted gross receipts” (as defined in the Code of Virginia Section 58.1-4100 as from time to time may be amended).
- (ii) Subject to Force Majeure, if the Owner opens the Gaming Facility to the public after the date that is twenty-four (24) months following Referendum Passage, Owner shall pay to the City an ongoing Annual Payment equal to (a) beginning on the first day of the month following the opening of the Gaming Facility to the public and until the end of the Calendar Year in which such opening occurs, the greater of (x) 3.0% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment, or (y) the Minimum Payment, with such Minimum Payment being prorated by the number of months remaining in that Calendar Year for the purpose of calculating the payment due for that Calendar Year; (b) for each Calendar Year thereafter until Final Completion of the Project, the greater of (x) 3.0% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment or (y) the Minimum Payment, with such Minimum Payment being prorated by the number of months remaining in that Calendar Year for the purpose of calculating the payment due for that Calendar Year.

(b) Annual Payments – Project.

- (i) Subject to Force Majeure, if the Owner achieves Final Completion of the Project on or before the date that is thirty (30) months following the date the Gaming Facility opens to the public for business, Owner shall pay to the City an ongoing Annual Payment equal to (a) from the first day of the month in which Final Completion of the Project is achieved through the following 11 months (for a total of 12 months), 1.875% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment; (b) beginning on the first day of the thirteenth month following Final Completion of the Project and until the end of the applicable Calendar Year, the greater of (x) 3.0% of the Resort

Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment, or (y) the Minimum Payment, with such Minimum Payment being prorated by the number of months remaining in that Calendar Year for the purpose of calculating the payment due for that Calendar Year; (c) for each Calendar Year thereafter, the greater of (x) 3.0% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment, or (y) the Minimum Payment.

- (ii) Subject to Force Majeure, if the Owner achieves Final Completion of the Project after the date that is thirty (30) months following the date the Gaming Facility opens to the public for business, Owner shall pay to the City an ongoing Annual Payment equal to (a) beginning on the first day of the month following Final Completion of the Project and until the end of the Calendar Year in which such Final Completion occurs, the greater of (x) 3.0% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment, or (y) the Minimum Payment, with such Minimum Payment being prorated by the number of months remaining in that Calendar Year for the purpose of calculating the payment due for that Calendar Year; (b) for each Calendar Year thereafter, the greater of (x) 3.0% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment or (y) the Minimum Payment.
- (c) Calculation of City Sports Wagering Payment. Owner shall make a payment to the City on or before January 15 of each year, for the prior Calendar Year, based on the Owner's share of revenue from onsite "bricks and mortar" sports betting activity at the Gaming Facility or Project, as applicable (e.g., wagers placed at betting windows and kiosks but in any event not from any mobile wagering irrespective of location) ("Onsite Sports Wagering") for the prior Calendar Year or portion thereof, if the Gaming Facility or Project, as applicable, is not open for the full Calendar Year. The payment shall be calculated as a percentage equivalent to the applicable statutory effective rate for non-sports betting gaming revenue distributed to the City on adjusted gross receipts plus an additional 3 percentage points multiplied by Owner's revenue share actually received from the Sports Betting Operator for Onsite Sports Wagering (the "City Sports Wagering Payment"). For example, if the City's applicable statutory effective rate for non-sports betting gaming revenue (based on adjusted gross receipts) for a subject Calendar Year is 6.3% then Owner would add an additional revenue share of 3%, for a total 9.3%, and the City would receive 9.3% of the Owner's share of Onsite Sports Wagering revenue actually received by Owner from the Sports Betting Operator.
- (d) Payment Dates. All payments are due to the City on the same dates payments are due to the Commonwealth of Virginia, except for (i) any Minimum Payment which shall be due on or before January 15 of each Calendar Year, and (ii) the City Sports Wagering Payment which shall be due on January 15 of each Calendar Year.

Section 9.05 Expenses. Within thirty (30) days of the entry of the court order pursuant to the Act reflecting the successful passage and certification of the results of the Referendum, the Owner shall reimburse the City or the City's Economic Development Authority for attorney's fees and consultant expenses in connection with the City's Resort Casino RFQ/P process up to and including successful passage and certification of the results of the Referendum in a total amount that does not exceed \$500,000. The payments shall be made pursuant to the terms of the Escrow Agreement. The Owner shall be responsible for its attorney's fees and other consulting expenses.

Article X. REPORTS AND AUDIT RIGHTS

Section 10.01 Reporting During Construction and Operation. The Owner will provide (or cause to be

provided) quarterly progress reports to the City's Department of Economic Development by no later than the 15th day of January, April, July, and October of each calendar year beginning July 15, 2024 Reporting shall include but not be limited to: construction milestones; MBE participation; union hours; construction spend (hard costs and soft costs); gaming tax reports that are provided to the Commonwealth of Virginia and the Board; calculations of payments made to the City for Ongoing Annual Payments pursuant to the Section 9.04 and the City Sports Wagering Payment (such calculations certified by the Owner's chief financial officer or officer with the equivalent position); hotel occupancy; employment during the construction and operation of the Project; and other mutually agreed upon information. The Owner acknowledges and agrees that these reporting requirements are in addition to, and do not replace, any reports required by the Commonwealth of Virginia, the Board, and the City.

Section 10.02 Audit Rights. The City shall have the right, at reasonable times and upon reasonable prior notification, to conduct audits of the financial records and other reasonable records of the Owner with respect to the Project or performance by the Owner under this Agreement.

Section 10.03 Required Reporting; Notice to City. As soon as practicable after obtaining actual knowledge or notice thereof, Owner shall deliver to City, together with copies of all relevant documentation with respect thereto, if any:

- (c) Receipt of written notice of any Loan Default under any Financing or Mortgage related to the Project, unless such Loan Default is subject to a waiver or forbearance granted by the lender.
- (d) Receipt of notice of all summons, citations, directives, complaints, notices of violation or deficiency, and other communications from any Governmental Authority other than City, asserting a material violation of Governmental Requirements applicable to the Project.
- (e) Receipt of notice of any pending or, to the knowledge of Owner, threatened action, suit, arbitration or other proceeding or investigation by any Governmental Authority or any other Person (i) challenging this Agreement or seeking damages in connection with the transactions contemplated by this Agreement or (ii) seeking to restrain or prohibit the consummation of any action under this Agreement.
- (f) Receipt of notice by Owner from the Board which asserts a violation of the Act or other Gaming Laws that could reasonably be expected to result in the suspension or revocation of the Gaming License for the Project.
- (g) Any damage or destruction to the Project which in the judgment of Owner may require a closure or shutdown of Casino operations of more than three (3) continuous days.

Section 10.04 Affirmative Covenants of Owner.

- (a) **Damage or Destruction.** In the event of damage to or destruction of improvements at the Project or any part thereof by fire, casualty or otherwise, Owner, at its sole expense and whether or not the insurance proceeds, if any, shall be sufficient therefor (i) shall promptly repair, restore, replace and rebuild the improvements, as nearly as possible to the same condition that existed prior to such damage or destruction using materials of an equal or superior quality to those existing in the improvements prior to such casualty, or (ii) if such repair, restoration, replacement or rebuild under clause (i) would be commercially unreasonable or if in the reasonable commercial discretion of Owner alternative Project improvements would be anticipated to create equal to or greater economic benefit to the Parties than such prior Project improvements, Owner shall use its commercially reasonable business judgment to develop a program of new Project improvements and will promptly repair, restore, replace or rebuild in

a manner to repurpose such damaged or destroyed improvements for such new Project improvements, which shall be explained to the City in writing. Owner shall obtain a permanent certificate of occupancy as soon as practicable after the completion of any such restoration.

- (b) Condemnation. If a Major Condemnation occurs, this Agreement shall terminate, and no Party to this Agreement shall have any claims, rights, obligations, or liabilities towards any other party arising after termination, other than as provided for herein. If a Minor Condemnation occurs or the use or occupancy of the Project or any part thereof is temporarily requisitioned by a civil or military Governmental Authority, then (a) this Agreement shall continue in full force and effect; and (b) Owner (i) shall promptly perform all restoration required in order to repair any physical damage to the Project caused by the Condemnation, and to restore the Project, to the extent reasonably practicable, to its condition immediately before the Condemnation, or (ii) if such repair under clause (i) would be commercially unreasonable or if, in the reasonable commercial discretion of Owner, an alternative purpose would be anticipated to create greater economic benefit to the Parties than the prior use of such condemned portion, Owner shall promptly repair, restore, replace or rebuild the damage to the Project caused by the Condemnation in a manner to repurpose the affected areas of the Project for such an alternative purpose which shall be explained to the City in writing. Owner shall obtain a permanent certificate of occupancy as soon as practicable after the completion of any such work.
- (c) Temporary Reduction in Minimum Payment. During any Calendar Year in which Casino operations are suspended for a period of thirty (30) days or more because (i) Owner is repairing, restoring, replacing or rebuilding Casino improvements pursuant to Section 10.04(c), or (ii) the use or occupancy of the Casino is temporarily requisitioned by a civil or military Governmental Authority or (iii) a Minor Condemnation of the Casino has occurred and Owner is performing repairs or restoration necessitated by such Minor Condemnation of the Casino pursuant to 0, then the Minimum Payment for such Calendar Year shall be ratably reduced for the period of time such conditions or activities described in sections (i) or (ii) or (iii) hereof are continuing. For example, if Casino operations are suspended due to such conditions or activities described herein and Owner is repairing, restoring, replacing or rebuilding improvements for a period of 60 days, then the Minimum Payment shall be reduced by an amount equal to: $60/365$ multiplied by the Minimum Payment.
- (d) Management Agreement. The parties to any agreement delegating authority in whole or in part for the construction, development or operation of the Project including the Management Agreement and the Community Support Agreement shall agree that any such agreement shall be subject to this Agreement and the party exercising such delegated authority (a "Delegate") to comply with the requirements of the Agreement with respect to the exercise of Owner's authority delegated to it pursuant to any such agreement. Notwithstanding anything to the contrary, no Delegate shall be deemed to be a party to the Host Community Agreement in any respect, and in no event shall a Delegate be a guarantor of the Owner's compliance with the requirements of this Agreement. The City shall have the right to approve any such agreement or the amendment or assignment of such agreement by the Owner to a new owner or the appointment by Owner of a new manager or the assignment of the Management Agreement to a new manager , subject to and in accordance with the other terms and conditions set forth in this Agreement; provided, however, that the City's approval or consent with respect to amendments to the Management Agreement shall not be unreasonably withheld, conditioned or delayed and such amendments shall be deemed approved if the City has not acted within ten (10) Days of submission to the City. The right of City to approve such amendments shall be limited to those provisions set forth in Exhibit H.

Section 10.05 Foreclosure.

- (a) The City consents to the assignment of the Owner's right, title and interest in this Agreement to a lender or group of lenders providing financing for the Project (the "Mortgagee") and agrees to promptly deliver to Mortgagee copies of all notices with respect to default, suspension or termination (including any Mandatory Sale) delivered pursuant to this Agreement. The City agrees that if Mortgagee notifies the City in writing that Mortgagee has elected to exercise its rights and remedies pursuant to its financing arrangements with the Owner with respect to the foreclosure or sale of the Project, then Mortgagee or any other purchaser, successor, assignee or designee of (as the case may be, in each case, a "Subsequent Transferee") shall be substituted for Owner under this Agreement and the City shall recognize the Subsequent Transferee as its counterparty under this Agreement and continue to perform its obligations under this Agreement in favor of this Subsequent Transferee; provided, however, that such Subsequent Transferee has elected in writing to assume all of the rights and obligations under this Agreement and has obtained any required Gaming Approvals prior to such assumption. In furtherance of the foregoing, and notwithstanding anything to the contrary, if a Subsequent Transferee is diligently pursuing required Gaming Approvals then any cure periods set forth in 10.5(b) for Defaults which cannot be cured unless and until the Subsequent Transferee has obtained the Gaming Approvals, shall be extended by the period of time necessary to obtain such Gaming Approvals; provided that it is understood and agreed that Gaming Approvals shall not be required to cure payment Defaults, insurance obligation Defaults or certain maintenance and repair obligation Defaults (with respect to areas of the Project not regulated by the Gaming Laws) and as such the cure periods set forth in Section 10.05(b) shall not be extended for such Defaults during the time the Subsequent Transferee is obtaining Gaming Approvals.
- (b) In the event of a default or breach by the Owner in the performance of any of its obligations under this Agreement that would entitle the City to terminate this Agreement, the City shall not terminate this Agreement until it first gives written notice of such Default to Mortgagee and affords Mortgagee (a) a period of ten (10) days from receipt of such notice to cure such Default if such Default is the failure to pay amounts to the City which are due and payable under this Agreement or (b) with respect to any other Default, a reasonable opportunity, but no more than ninety (90) days from receipt of such notice, to cure such non-payment Default. Notwithstanding anything to the contrary herein, if the Default is peculiar to the Owner and not curable by Mortgagee (which it is agreed that no payment Default shall be deemed peculiar to Owner), then, notwithstanding any right that the City may have to terminate this Agreement, the City shall not terminate this Agreement if the Mortgagee shall assume all of the rights and obligations of the Owner under this Agreement within thirty (30) days from receipt of notice of the applicable Default and thereafter immediately commence to cure the applicable Default and diligently pursue such cure to completion (but in no event more than sixty (60) days after Mortgagee assumes this Agreement); provided that if such Default is not reasonably susceptible of cure and is not material to the practical realization of the City's rights under this Host Community Agreement, in the City's sole discretion, the City agrees that such Default shall be waived by the City. If possession of the Project is necessary to cure such breach or Default (which it is agreed that curing a payment Default, insurance obligation Default or certain maintenance and repair obligation Defaults (with respect to areas of the Project not regulated by the Gaming Laws) shall not require possession of the Project), and Mortgagee or a Subsequent Transferee commences foreclosure proceedings or any other proceedings necessary to take possession of the Project, then Mortgagee or Subsequent Transferee will be allowed a reasonable period to complete such proceedings, so long as such Mortgagee or Subsequent Transferee commences such proceedings within ninety (90) days of receipt of the applicable Default notice and thereafter diligently pursues such proceedings to completion within the shortest timeframe permitted by applicable law. After taking possession of the Project, Mortgagee or Subsequent Transferee shall immediately commence curing such breach or Default promptly after having possession of the Project and thereafter diligently pursue such cure to completion after obtaining possession of the Project (but in no event shall such breach or Default remain uncured for more than sixty (60) days after Mortgagee or Subsequent Transferee obtains possession of the Project). If Mortgagee or Subsequent Transferee is prohibited by a

court order in any bankruptcy or insolvency proceedings of the Owner from curing the Default or from commencing or prosecuting such proceedings, any of the foregoing time periods shall be extended by the period of such prohibition.

- (c) If as the result of a Loan Default, the Mortgagee commences to foreclose upon or otherwise acquire all or part of Owner's interest in the Project, the Mortgagee (or the Nominee of the Mortgagee) or Subsequent Transferee (the "Foreclosing Lender"), and Mortgagee, the Subsequent Transferee or Foreclosing Lender has cured all breaches and Defaults of this Agreement within the timeframes provided in Section 10.05(b), the City shall not be entitled to terminate this Agreement unless the Foreclosing Lender fails to (i) expressly accept and agree to assume all of the terms, covenants and provisions of this Agreement contained to be observed and performed by Owner and become bound to comply therewith and (ii) immediately commence curing any non-payment breaches or Defaults of this Agreement that could not be cured without possession of the Project promptly after foreclosing upon the Project and thereafter diligently pursue such cure to completion (but in no event shall any such breaches or Defaults remain uncured for more than sixty (60) days after Foreclosing Lender forecloses upon the Project). As used in this Agreement, the word "Nominee" shall mean a Person who is designated by Mortgagee to act in place of the Mortgagee solely for the purpose of holding title to the Project and performing the obligations of Owner hereunder.
- (d) In connection with the Financing for the Project, City agrees to reasonably cooperate with lenders, including consideration of reasonable requests for amendments to this Agreement regarding this Section 10.05 and the rights of a Mortgagee under this Agreement, and provide estoppel certificates and related documents that are reasonable and customary for transactions of such type as the Financing.

Article XI. EVENTS OF DEFAULT

Section 11.01 Owner Default. The occurrence of any of the following events set forth in this Section 11.01 shall constitute an "Owner Default" under this Agreement:

- (a) Subject to Force Majeure, Owner fails to materially perform or comply with any commitment, agreement, covenant, term or condition (other than those specifically described in any other subsection of this Section 11.01) contained in this Agreement and Owner fails to cure any such default within thirty (30) Days after receipt of written notice of the default; provided that, if such failure cannot be cured within such thirty (30) Day period (provided that the Parties agree that an obligation which can be satisfied solely by the payment of money can be cured within such thirty (30) Day period) and Owner is diligently and in good faith pursuing a cure, the Owner shall have such additional time as may be necessary to complete the cure, not to exceed ninety (90) Days;
- (b) any court of competent jurisdiction enters an order, judgment, or decree approving a petition seeking reorganization of Owner or all or a substantial part of the assets of Owner or any guarantor of Owner or appointing a receiver, sequestrator, trustee or liquidator of Owner, or any guarantor of Owner or any of their property and such order, judgment or decree continues unstayed and in effect for at least ninety (90) consecutive Days;
- (c) Owner (i) makes a general assignment for the benefit of creditors, (ii) is adjudicated as either bankrupt or insolvent, (iii) files a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors, (iv) either (a) takes advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation Law or (b) files an answer

admitting the material allegations of a petition filed against Owner in any proceedings under such a Law or (v) any guarantor of Owner takes action for the purposes of effecting any item identified in item (iv);

- (d) a writ of execution is levied on the Property that is not released within sixty (60) Days, or a receiver, trustee, or custodian is appointed to take custody of all or any material part of the property of Owner in connection with the Project, which appointment is not dismissed within sixty (60) Days;
- (e) Owner suffers or permits an assignment of this Agreement or the Management Agreement, a conveyance of the Property or Project to occur in violation of Article XII or any other provision of this Agreement or the entry into of, or an assignment of, the Management Agreement in violation of this Agreement;
- (f) If the Owner does not achieve Final Completion of the Project by the Final Completion Date (subject to Force Majeure);
- (g) If Owner fails to obtain the required Casino License (including all Gaming Approvals) by the opening of the Gaming Facility or the Final Completion Date, as applicable, the Board issues a final, non-appealable determination that Owner is unsuitable to hold such Casino License, or such Casino License is revoked by a final, non-appealable order or Owner fails to renew such Casino License or such Casino License is suspended in each case for a period of ninety (90) days or longer;
- (h) If Owner makes a voluntary decision to cease operation of the Casino or the hotel for a period of ninety (90) consecutive days or more (other than due to Force Majeure, or for a valid business reason, renovation, or restoration necessitated by fire, casualty, Minor Condemnation or Major Condemnation); or
- (i) If Owner fails to make any payments when due and payable to the City as required by this Agreement that is not cured within thirty (30) Days.

Section 11.02 City Remedies Upon Owner Default. Upon the occurrence and during the continuance of an Owner Default, the City will have the right to avail itself of all rights and remedies at law, in equity, or under this Agreement, including, but not limited to, (i) institution and prosecution of proceedings for reformation of this Agreement; (ii) institution and prosecution of proceedings: (a) to enforce in whole or in part the specific performance of this Agreement; or (b) to enjoin or restrain Owner from commencing or continuing any Owner Default; and to cause Owner to correct any Owner Default or threatened Owner Default; (iii) institution and prosecution of proceedings for actual (but not consequential) damages caused by an Owner Default; and (iv) in the event of an Owner Default under Section 11.01(f), (g) or (h) (a “Significant Event of Default”), but in all cases subject to Section 10.05(d), a Mandatory Sale pursuant to Section 11.03. All of City’s rights and remedies will be cumulative, and the exercise by City of any one or more of such remedies will not preclude the exercise by it, at the same or different times, of any other such remedies for the same Owner Default.

Section 11.03 Mandatory Sale. If a Significant Event of Default shall occur, but in all cases subject to Section 10.05(b)-(d), the following procedures shall be applicable and shall constitute a Mandatory Sale:

- (a) Following both the occurrence of a Significant Event of Default that is continuing and has not been cured within ninety (90) Days following written notice to Owner of such Significant Event of Default and expiration of the cure period available to a lender pursuant to Section 10.05(b)-(d) (and up to an additional ninety (90) Days as approved by the City, provided the Owner is exercising commercially reasonable best efforts to cure such Significant Event of Default (such approval not being unreasonably withheld)) (a “Matured Significant Event of Default”), the City may, on written notice to Owner delivered within ninety (90) Days following the expiration of the ninety (90) Day cure period following

the Significant Event of Default becoming a Matured Significant Event of Default (the “Mandatory Sale Notice”), institute the procedures set forth in this Section 11.03; provided, however, the City’s remedy of Mandatory Sale shall not be available with respect to that Matured Significant Event of Default if: (i) the City fails to deliver such Mandatory Sale Notice to Owner within such ninety (90) Day period (the City shall be deemed to have waived the Mandatory Sale remedy with respect to that Matured Significant Event of Default), or (ii) notwithstanding the expiration of the applicable cure period, Owner has cured the Matured Significant Event of Default prior to the delivery of such Mandatory Sale Notice.

- (b) Following receipt of a timely and proper Mandatory Sale Notice, Owner shall commence good faith efforts to dispose of the Project in a manner consistent with this Agreement. In effecting any such disposition, Owner (or any agent or conservator) shall be entitled to seek to maximize Owner’s own economic return, subject to consultation with the City. During the period in which Owner is endeavoring to effect the disposition of the Project in a Mandatory Sale (the “Sale Period”), Owner shall (if legally permitted to do so) continue to operate the Project pursuant to and in accordance with this Agreement.
- (c) The Project may be operated during the Sale Period by a conservator qualified under the Act on the occurrence and for the duration of any of the following events: (i) Owner’s Casino License is suspended or revoked by a final, non-appealable order or Owner fails to renew its Casino License; (ii) at the election of City upon written notice to Owner, if the disposition of the Project has not been completed within two (2) years following delivery of a timely Mandatory Sale Notice; (iii) at the election of City upon written notice to Owner, upon the occurrence of a further Matured Significant Event of Default other than the original Matured Significant Event of Default giving rise to the Mandatory Sale Notice.
- (d) Prior to completion of the disposition of the Project pursuant to a Mandatory Sale, Owner and City may mutually agree to terminate the disposition process, in which event the Mandatory Sale Notice shall be deemed to have been withdrawn and to be of no force or effect.

Section 11.04 City Default. City’s failure to materially perform any material covenant, condition or obligation under this Agreement, which failure causes a material delay, loss or impairment of the Owner’s rights under this Agreement, and the continuation of such failure for thirty (30) Days after the Owner provides written notice thereof to the City will be considered a “City Default” provided that, if such failure cannot be cured within such thirty (30) Day period and the City is diligently and in good faith pursuing a cure, the City shall have such additional time as may be necessary to complete the cure, not to exceed one hundred eighty (180) Days.

Section 11.05 Owner Remedies in the Event of Default by the City. Upon the occurrence and during the continuance of a City Default under this Agreement, Owner will have the right to avail itself of all rights and remedies at law, in equity, or under this Agreement, including, but not limited to, (i) institution and prosecution of proceedings for reformation of this Agreement; (ii) institution and prosecution of proceedings: (a) to enforce in whole or in part the specific performance of this Agreement, (b) to enjoin or restrain City from commencing or continuing any City Default, and (c) to cause City to correct any City Default or threatened City Default; and (iii) institution and prosecution of proceedings for actual (but not consequential) damages caused by a City Default. All of Owner’s rights and remedies will be cumulative, and the exercise by City of any one or more of such remedies will not preclude the exercise by it, at the same or different times, of any other such remedies for the same City Default.

Article XII. ADDITIONAL OWNER COMMITMENTS

Section 12.01 Support for Local Community Organizations. The Owner commits to fulfill the

obligations to community, non-profit, and government organizations as stated in the “Community ONE” section of its City of Richmond Resort Casino Proposal at a minimum amount of \$16,000,000 over the first ten years of the Project, \$6,000,000 of which will be designated to support research initiatives and the missions of the City’s Office of Community Wealth Building and Richmond Public schools.

Section 12.02 Problem Gambling. The Owner shall spend up to \$200,000 (\$100,000 minimum) annually to fund mental health professionals and resources to prevent and treat problem gambling in the City. This funding is in addition to any requirements regarding problem gambling required of the Owner under applicable Laws.

Section 12.03 Transit Mobility Solutions. The Owner shall provide a minimum of \$325,000 annually for transit mobility solutions to support travel of its employees to and from work. This may include, inter alia, rideshare, carpool/vanpool, shuttle service, bus passes and other appropriate means as determined by Owner in its reasonable discretion.

Section 12.04 Prohibition on On-Site Payroll Check Cashing Services. The Owner shall not provide or permit onsite payroll check cashing services at the Project.

Section 12.05 Richmond Advertising and Production Spend. The Owner through its affiliates shall provide the City with \$25,000,000 in advertising to promote any City initiative (e.g., public service announcements, tourism, education) as the City shall deem acceptable. The funds will be allocated as \$1,000,000 in paid radio advertising plus an additional \$1,500,000 in added value in radio, television and digital media assets, promotions and special events for a total value of \$2,500,000 per year for a period of ten (10) years following the opening of the Gaming Facility by Owner. The Owner through its affiliates shall spend \$50,000,000 in the City to produce television, movie, and audio/visual content during the 120-month period following the opening of the Gaming Facility by Owner.

Article XIII.

TRANSFER AND ASSIGNMENT RESTRICTIONS

Section 13.01 Limitations on Transfer or Assignment of Agreement, the Project and Interest in Property.

- (a) By the Owner. The Owner shall not, whether by operation of law or otherwise, Transfer this Agreement, the Project or the Property (excluding any: (i) sale of the real estate to a real estate investment trust, leased fee arrangement, other sale and leaseback arrangement or other similar financing transaction, but subject to (a) receipt of any necessary Gaming Approvals and (b) City’s review and approval of transaction documentation for the limited purpose of ensuring that Owner remains liable for any and all Owner obligations and responsibilities under this Agreement (provided, however, that such approval shall not be unreasonably withheld, conditioned, or delayed), and (ii) any leases in the ordinary course of business to tenants for restaurants, shops and other third party venues), or the Management Agreement, without providing sixty (60) days advance notice to the City of the proposed Transfer, and such Transfer shall not be consummated without the prior written consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed. In the event of such approved Transfer, Owner (and in case of any subsequent transfers thereof, the then transferor), subject to such transferee accepting and assuming this Agreement and its terms and conditions and agreeing to be bound by the provisions hereof, automatically shall be relieved and released, from and after the date of such assignment or transfer, of all liability with regard to the performance of any covenants or obligations contained in this Agreement thereafter to be performed on the part of Owner (or such transferor, as the case may be), but not from liability incurred by Owner (or such transferor, as the case may be) on account

of covenants or obligations to be performed by Owner (or such transferor, as the case may be) hereunder before the date of such assignment or transfer.

- (b) By the City. The City may freely transfer or assign any or all of its interest in this Agreement to any government entity or political subdivision of the Commonwealth without the prior consent of the Owner. In the event of any permitted assignment or other permitted transfer of City's interest in and to this Agreement, City (and in case of any subsequent transfers thereof, the then transferor), subject to the provisions hereof, automatically shall be relieved and released, from and after the date of such assignment or transfer, of all liability with regard to the performance of any covenants or obligations contained in this Agreement thereafter to be performed on the part of City (or such transferor, as the case may be), but not from liability incurred by City (or such transferor, as the case may be) on account of covenants or obligations to be performed by City (or such transferor, as the case may be) hereunder before the date of such assignment or transfer; provided, however, that City (or such subsequent transferor) also automatically shall be relieved and released from liability on account of covenants and obligations to be performed hereunder before the date of such assignment or transfer if and to the extent City (or such subsequent transferor) has transferred to the transferee any funds in City possession (or in the possession of such subsequent transferor) in which City (or such subsequent transferor) has an interest, in trust, for application to such liability, and such transferee has assumed all liability for all such funds so received by such transferee from City (or such subsequent transferor).

Section 13.02 Restrictions on Transfer of Ownership Interests of Owner or Manager. Owner agrees that any issued and outstanding equity interests in Owner (including equity interests issued to Manager), Manager (and any successor manager), and in UONE RVA Entertainment Holdings, LLC, RVA Entertainment Investors, LLC, and RVA Holdings Group, LLC (collectively, the "Restricted Entities") shall be "Restricted Securities" as set forth in this Agreement. Such Restricted Securities shall not be Transferred to a third party without providing sixty (60) days advance notice to the City of the proposed Transfer, and such Transfer shall not be consummated unless and until the City has consented to such Transfer or Owner shall be in default under this Agreement; provided, that the City shall not unreasonably withhold, condition, or delay its consent to such Transfer; provided, further, that no consent shall be required from the City for any single Transfer (not coordinated with other Transfers) involving ten percent (10%) or less of the voting securities of RVA Entertainment Investors, LLC on a fully- diluted basis. Owner shall make all Restricted Entities and holders of Restricted Securities aware of the restrictions on Transfer set forth in this Agreement, and if any Restricted Securities are issued in certificate form such certificates shall bear a legend identifying such securities as Restricted Securities. In addition, any Transfer of the equity of Owner, or a Transfer of Manager's equity in Owner or a Transfer of equity in Manager or any equity in a Restricted Entity shall be conditioned upon receipt of any necessary Gaming Approval from the Board, and an acknowledgement by the transferee of the obligations set forth in this Agreement, and an agreement to be bound by the terms hereof.

Section 13.03 Qualification on Limitations on Transfers. Notwithstanding the foregoing, no provision of this Agreement shall impose or be construed as imposing any limitation on any Transfer of any ownership interest in Urban One, Inc. or CDIHC, LLC ("CDIHC") or any entity that owns a Direct or Indirect Interest in Urban One, Inc. or CDIHC or with regard to any of the foregoing entities, a successor by merger, consolidation, sale of assets or otherwise, to all or a substantial portion of the assets or business.

Section 13.04 General.

- (a) All transferees of Restricted Securities shall hold their interests subject to the restrictions of this Article.
- (b) Owner agrees to include in the Management Agreement and any other management agreement for the Project a transfer restriction provision substantially similar to the transfer restriction set forth in this

Article and to cause the Manager (or successor manager) to acknowledge that City is a third-party beneficiary of such provision and place a legend referencing these restrictions on its ownership certificates, if any.

- (c) This Article XII shall be in all cases subject to rights of Subsequent Transferees set forth in Section 10.05.

Article XIV. REPRESENTATIONS AND WARRANTIES

Section 14.01 Representations and Warranties of the Owner. As a material inducement to City to enter into this Agreement and the transactions and agreements contemplated hereby, Owner represents and warrants to City that as of the date on which Owner executes this Host Community Agreement:

- (a) **Valid Existence and Good Standing.** Owner is a limited liability company duly organized and validly existing under the laws of the State of Delaware and duly authorized and registered to transact business in the Commonwealth of Virginia. Owner has the requisite power and authority to own its property and conduct its business as presently conducted.
- (b) **Authority to Execute and Perform Contract Documents.** Owner has the requisite power and authority to execute and deliver this Host Community Agreement and to carry out and perform all of the terms and covenants of the Host Community Agreement and the agreements contemplated hereby to be performed by Owner.
- (c) **No Limitation on Ability to Perform.** Neither Owner's articles of formation, operating agreement, bylaws or other governing documents nor any applicable Law prohibits the Owner's entry into this Host Community Agreement or its performance hereunder. No consent, authorization or approval of, and no notice to or filing with, any governmental authority, regulatory body or other Person is required for the due execution and delivery of this Host Community Agreement by Owner, except for consents, authorizations and approvals which have already been obtained, notices which have already been given and filings which have already been made. Except as may otherwise have been disclosed to City in writing, and there are no undischarged judgments pending against Owner, and Owner has not received notice of the filing of any pending suit or proceedings against Owner before any court, governmental agency or arbitrator that might materially adversely affect the enforceability of this Host Community Agreement or the business, operations, assets or condition of Owner.
- (d) **Valid Execution.** The execution and delivery of this Host Community Agreement, and the performance by the Owner thereunder have been duly and validly authorized. When executed and delivered by City and the Owner, this Host Community Agreement will be a legal, valid and binding obligation of Owner.
- (e) **Defaults.** The execution, delivery and performance of this Host Community Agreement (i) do not and will not violate or result in a violation of, contravene, or conflict with or constitute a default by Owner under (A) any agreement, document, or instrument to which Owner is a party or by which Owner is bound, (B) any Law applicable to Owner or its business, or (C) the articles of formation, operating agreement, bylaws, or other governing documents of Owner; and (ii) do not result in the creation or imposition of any lien or other encumbrance upon the assets of Owner, except as contemplated hereby.
- (f) **Financial Matters.** Except to the extent disclosed to City in writing, to Owner's knowledge, (i) Owner is not in default under, and has not received notice asserting that it is in default under, any agreement for borrowed money, (ii) Owner has not filed a petition for relief under any chapter of the United States

Bankruptcy Code, (iii) there has been no event that has materially adversely affected Owner's ability to meet its obligations hereunder or that has occurred that will constitute an event of default by Owner under this Host Community Agreement; and (iv) no involuntary petition naming Owner as debtor has been filed under any chapter of the United States Bankruptcy Code.

- (g) **Gaming Matters.** Owner and, to the knowledge of the Owner, Manager and their Representatives and Affiliates are in good standing with the Gaming Authorities in each of the jurisdictions in which they or any of their respective Affiliates owns or operates gaming facilities. To the knowledge of the Owner, there are no facts that, if known to the Board, would (i) be reasonably likely to result in the denial, restriction, limitation, termination, suspension or revocation of a gaming license, approval, consent or waiver, (ii) result in a negative outcome to any finding of suitability proceedings or other approval proceedings necessary for the transactions contemplated under this Agreement and the licensing of the Project or (ii) be reasonably likely to negatively impact, or cause a delay under, any suitability or other approval proceeding required by the Board to consummate the transactions contemplated hereby and the licensing of the Project.

The representations and warranties above shall survive the expiration or any earlier termination of this Host Community Agreement.

Section 14.02 Representations and Warranties of the City. As a material inducement to Owner to enter into this Host Community Agreement and the transactions and agreements contemplated hereby, the City represents and warrants to the Owner that, as of the date on which the City executes this Host Community Agreement:

- (a) **Valid Existence.** City is a duly created and validly existing municipal corporation and political subdivision of the Commonwealth of Virginia.
- (b) **Authority to Execute and Perform Contract Documents.** City has all requisite right, power, and authority to enter into this Host Community Agreement and has taken all necessary or appropriate actions, steps and other proceedings to approve or authorize, validly and effectively, the entering into, and the execution, delivery and performance of, this Host Community Agreement by City. This Host Community Agreement is a legal, valid and binding obligation of City, enforceable against it in accordance with its terms.

Section 14.03 No Liability for Other Party's Action or Knowledge. Notwithstanding any provision of this Article XIV or any other provision this Agreement to the contrary, neither Party shall have any liability for any breach of the representations or warranties set forth in this Article XIV) caused by or resulting from (i) any act or omission of the other Party or (b) any fact, circumstance or matter known by the other Party on or before the Effective Date. As used in this Section 14.03, "known by" means actual knowledge, and not imputed or constructive knowledge, without any requirement of inquiry or investigation by the Party to which such knowledge is attributed.

Section 14.04 Additional Owner Representation and Warranties. Owner represents and warrants to City that:

- (a) its contractors for the Project will be sophisticated, qualified and experienced contractors capable of performing the Work required to be performed with respect to the Project and independently assessing all available documents and any other information provided by City with respect to the Project; and
- (b) Owner and each of its contractors for the Project has evaluated or will evaluate, in accordance with Good

Industry Practice, the required Work to be performed with respect to the Project and the constraints affecting the Work, including the Property and surrounding locations (based on the available documents and a visible inspection of the Property and surrounding locations), applicable Laws, applicable standards and the conditions of the Regulatory Approvals in effect.

Article XV. LIMITATION ON LIABILITY

Section 15.01 Consequential Loss Waiver. As a material part of the consideration for this Agreement, and notwithstanding any provision herein to the contrary, neither City nor Owner shall be liable for, and each Party hereby waives any claims against the other for, any consequential or punitive damages incurred by either Party and arising out of any default by the other Party hereunder.

Section 15.02 Exceptions to Waiver. The foregoing limitation will not, however, in any manner:

- (a) limit Owner's liability for any type of damage arising out of Owner's obligation to indemnify, protect, defend and hold each Indemnified Parties harmless under this Agreement;
- (b) limit any losses arising out of fraud, gross negligence, criminal conduct, intentional misconduct, recklessness or bad faith on the part of the relevant Party; or
- (c) limit the amounts expressly provided to be payable by either Party pursuant to this Agreement.

Section 15.03 No City Liability.

Except to the extent of the gross negligence or willful misconduct of City and subject to the Owner's indemnification obligations, the City shall not be liable or responsible in any way for:

- (a) any Loss or damage whatsoever to any property belonging to Owner or to its representatives or to any other person who may be in or upon the Property; or
- (b) any Loss, damage or injury, whether direct or indirect, to persons or property resulting from any failure, however caused, in the supply of utilities, services or facilities provided or repairs made to the Project under any of the provisions of this Agreement or otherwise.

Article XVI. MISCELLANEOUS PROVISIONS

Section 16.01 Duration. This Host Community Agreement will be in full force and effect following the City Council's approval of this Agreement and the execution of this Agreement by both Parties (the "Effective Date") and shall terminate or expire only as provided herein; provided, however, that the Agreement shall terminate if upon certification of the results of the Referendum, the Referendum failed to pass.

Section 16.02 Oppose Adverse Litigation. Owner and City shall take, or cause to be taken, all actions reasonably necessary to (i) defend any lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated by this Agreement, (ii) prevent the entry by any Governmental Authority of any decree, injunction or other order challenging this Agreement or the consummation of the transactions contemplated by this Agreement, (iii) appeal as promptly as practicable any such decree, injunction or other order and; (iv) have any such decree, injunction or other order vacated or reversed.

Section 16.03 Renegotiation in Event of Additional Casino in City. The Parties may amend the Agreement in the event there is a material change in the marketplace that alters any of the fundamental assumptions made in negotiating and executing this Agreement or any provision hereof.

Section 16.04 Survival. The following provisions of this Agreement shall survive following any early termination of this Agreement: Article VI; and Section 14.01, Article XV, Section 16.08, Section 16.09, Section 16.10, Section 16.11, Section 16.12, Section 16.13, Section 16.14, Section 16.15, Section 16.16, and Section 16.17.

Section 16.05 Availability of Funds for the City's Performance. All payments and other performances by City under this Agreement are subject to annual appropriations by the City Council. It is understood and agreed between the parties that City will be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this Agreement. Under no circumstances shall the City's total liability under this Agreement exceed the total amount of funds appropriated by the City Council for the payments hereunder for the performance of this Agreement.

Section 16.06 Captions. This Host Community Agreement includes the captions, headings and titles appearing herein for convenience only, and such captions, headings and titles do not affect the construal, interpretation or meaning of this Host Community Agreement or in any way define, limit, extend or describe the scope or intent of any provisions of this Host Community Agreement.

Section 16.07 Counterparts. This Host Community Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same Host Community Agreement.

Section 16.08 Entire Agreement. This Host Community Agreement, including the Exhibits attached hereto, contain the entire understanding between the City and the Owner with respect to the Work to be performed by the Owner with respect to the Project and supersedes any prior understandings and written or oral agreements between them respecting such subject matter.

Section 16.09 Governing Law and Forum Choice. All issues and questions concerning the construction, enforcement, interpretation and validity of this Host Community Agreement, or the rights and obligations of the City or the Owner in connection with this Host Community Agreement, shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Virginia, without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia. Any and all disputes, claims and causes of action arising out of or in connection with this Host Community Agreement, or any performances made hereunder, shall be brought, and any judicial proceeding shall take place, only in the Circuit Court of the City of Richmond, Virginia. Each party shall be responsible for its own attorneys' fees in the event or any litigation or other proceeding arising from this Host Community Agreement.

Section 16.10 Modifications. This Host Community Agreement may be amended, modified and supplemented only by the written consent of the City and the Owner preceded by all formalities required as prerequisites to the signature by each party of this Host Community Agreement.

Section 16.11 No Agency, Joint Venture, or Other Relationship. Neither the execution of this Host Community Agreement nor the performance of any act or acts pursuant to the provisions of this Host Community Agreement shall be deemed to have the effect of creating between the City and the Owner, or any of them, any

relationship of principal and agent, partnership, or relationship other than the relationship established by this Host Community Agreement.

Section 16.12 No Individual Liability. No director, officer, employee or agent of the City or director, officer, employee, interest holder, Affiliate or agent of the Owner shall be personally or otherwise liable to another party hereto or any successor in interest in the event of any default or breach under this Host Community Agreement or on any obligation incurred under the terms of this Host Community Agreement.

Section 16.13 No Third-Party Beneficiaries. Notwithstanding any other provision of this Host Community Agreement, the City and the Owner hereby agree that: (i) no individual or entity shall be considered, deemed or otherwise recognized to be a third-party beneficiary of this Host Community Agreement; (ii) the provisions of this Host Community Agreement are not intended to be for the benefit of any individual or entity other than the City and the Owner; (iii) no individual or entity shall obtain any right to make any claim against the City and the Owner under the provisions of this Host Community Agreement; and (iv) no provision of this Host Community Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity. For purposes of this Section 16.13, the phrase “individual or entity” means any individual or entity, including, but not limited to, individuals, contractors, subcontractors, vendors, subvendors, assignees, licensors and sublicensees, regardless of whether such individual or entity is named in this Host Community Agreement.

Section 16.14 No Waiver. The failure of the City or the Owner to insist upon the strict performance of any provision of this Host Community Agreement shall not be deemed to be a waiver of the right to insist upon the strict performance of such provision or of any other provision of this Host Community Agreement at any time. The waiver of any breach of this Host Community Agreement shall not constitute a waiver of a subsequent breach.

Section 16.15 Severability. Each clause, paragraph and provision of this Host Community Agreement is entirely independent and severable from every other clause, paragraph and provision. If any judicial authority or state or federal regulatory agency or authority determines that any portion of this Host Community Agreement is invalid or unenforceable or unlawful, such determination will affect only the specific portion determined to be invalid or unenforceable or unlawful and will not affect any other portion of this Host Community Agreement which will remain and continue in full force and effect. In all other respects, all provisions of this Host Community Agreement will be interpreted in a manner which favors their validity and enforceability and which gives effect to the substantive intent of the parties.

Section 16.16 Effect of Force Majeure. If the ability of Owner, or its agents and contractors to perform all or any part of their obligations under this Agreement is affected by an event of Force Majeure, Owner shall promptly (i) notify the City in writing of such event of Force Majeure, (ii) supply the City with available information about the event of Force Majeure and its cause, and (iii) exercise commercially reasonable best efforts to eliminate the disabling effects of such event of Force Majeure. Only the obligations of Owner which are incapable of performance (excluding the payments pursuant to Section 9.04(a) hereof that are subject to Force Majeure) because of the event of Force Majeure shall be suspended and only during the continuance of the event of Force Majeure.

Section 16.17 Notices. All notices, offers, consents or other communications required or permitted to be given pursuant to this Host Community Agreement shall be in writing and shall be considered as properly given or made if delivered personally, by messenger, by recognized overnight courier service or by registered or certified U.S. mail with return receipt requested, and addressed to the address of the intended recipient at the following addresses:

A. To the City:

Department of Economic Development
Attention: Director
1500 East Main Street, Suite 400
Richmond, Virginia 23219

with a copy to:

Chief Administrative Officer
City of Richmond, Virginia
900 East Broad Street, 14th Floor
Richmond, Virginia 23219

and

City Attorney
City of Richmond, Virginia
900 East Broad Street, Suite 400
Richmond, Virginia 23219

B To the Owner:

RVA Entertainment Holdings, LLC
c/o Urban One, Inc. 1010 Wayne Avenue, 14th Floor Silver Spring, Maryland 20910
Attention: General Counsel

and

RVA Entertainment Holdings, LLC
c/o Churchill Downs Incorporated
600 N. Hurstbourne Parkway, Suite 400
Louisville, KY 40222
Attention: EVP, General Counsel

with a copy to:

RVA Entertainment Holdings, LLC
c/o Urban One, Inc. 1010 Wayne Avenue, 14th Floor Silver Spring, Maryland 20910
Attention: Chief Administrative Officer
and

Robert L. Ruben Partner
Duane Morris LLP
100 International Drive, Suite 700
Baltimore, MD 21202-5184

Each party may change any of its address information given above by giving notice in writing stating its new address to the other parties.

Section 16.18 Interpretation

- (a) In this Agreement:
- (i) headings are for convenience only and do not affect interpretation;
 - (ii) unless otherwise stated, a reference to any agreement, instrument or other document is to that agreement, instrument or other document as amended or supplemented from time to time;
 - (iii) a reference to this Agreement or any other agreement includes all exhibits, schedules, forms, appendices, addenda, attachments or other documents attached to or otherwise expressly incorporated in this Agreement or any other agreement (as applicable);
 - (iv) reference to an Article, Section, subsection, clause, Exhibit, schedule, form or appendix is to the Article, Section, subsection, clause, Exhibit, schedule, form or appendix in or attached to this Agreement, unless expressly provided otherwise;
 - (v) a reference to a Person includes a Person's permitted successors and assigns;
 - (vi) a reference to a singular word includes the plural and vice versa (as the context may require);
 - (vii) the words "including," "includes" and "include" mean "including, without limitation," "includes, without limitation" and "include, without limitation," respectively;
 - (viii) an obligation to do something "promptly" means an obligation to do so as soon as the circumstances permit, avoiding any delay; and
 - (ix) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" mean "to and including."
- (b) This Agreement is not to be interpreted or construed against the interests of a Party merely because that Party proposed this Agreement or some provision of it or because that Party relies on a provision of this Agreement to protect itself.
- (c) The Parties acknowledge and agree that:
- (i) each Party is an experienced and sophisticated party and has been given the opportunity to independently review this Agreement with legal counsel;
 - (ii) each Party has the requisite experience and sophistication to understand, interpret and agree to the language of the provisions of this Agreement; and
 - (iii) in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement will not be interpreted or construed against the Party preparing it.

Section 16.19 Signatures. This Agreement is signed when a party's signature is delivered by facsimile, email, or other electronic medium. These signatures must be treated in all respects as having the same force and effect as original signatures.

Section 16.20 Authorization to Act. The Chief Administrative Officer or a designee thereof is authorized

to act on behalf of the City under this Agreement.

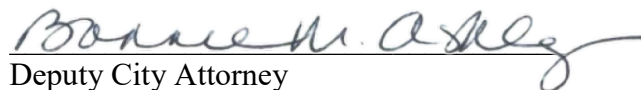
SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the City and the Owner have executed this Host Community Agreement as of the day and year written first above.

CITY OF RICHMOND, VIRGINIA,
a municipal corporation and political subdivision of
the Commonwealth of Virginia

By: _____
Chief Administrative Officer

APPROVED AS TO FORM:


Deputy City Attorney

RVA ENTERTAINMENT HOLDINGS, LLC,
a Delaware limited liability company

By: _____

Title: _____

Exhibit A

Parcel Map



EXHIBIT B -- INFRASTRUCTURE CONDITIONS

1. Preliminary Provisions.

1.1. Purpose. Pursuant to the Agreement, these Infrastructure Conditions govern the performance of all Work involving the Infrastructure Improvements.

1.2. Definitions. Capitalized terms used, but not defined in these Infrastructure Conditions have the meanings ascribed to them by the Agreement unless the context clearly indicates that another meaning is intended.

1.2.1. Charter. “*Charter*” means the Charter of the City of Richmond, Virginia, as amended, and all future amendments thereto.

1.2.2. City Code. “*City Code*” means the Code of the City of Richmond, Virginia, as amended, and all future amendments thereto, with all references to the 2015 codification thereof stated in these Infrastructure Conditions deemed to refer to the corresponding section number in the most recent codification thereof.

1.2.3. Director. “*Director*” means the City’s Director of the Department of Public Works (DPW) or the written designee thereof.

1.2.4. DPU. “*DPU*” means the City’s Department of Public Utilities.

1.2.5. Final Plans. “*Final Plans*” means all plans and specifications necessary to perform all Work on the Infrastructure Improvements, including but not limited to all construction drawings, in a form and condition that such plans and specifications are 100 percent complete.

1.2.6. Infrastructure Improvements. “*Infrastructure Improvements*” means all on-site and off- site public and private infrastructure improvements required to facilitate the development and operation of the Project, which infrastructure improvements shall include but are not limited to: water, sewer, storm water, gas, and electric (streetlight) utility improvements, utility installations, utility relocations, utility abandonments, traffic signals, street signs, curb and gutter, sidewalks, crosswalks, decorative pavement, pavement markings, other improvements designed to facilitate pedestrian and vehicular movements, bus shelters for GRTC bus stops, landscaping, street lighting, street trees and tree wells, and other pedestrian amenities including trash receptacles, benches, and planters, in accordance with all applicable City and Virginia Department of Transportation (VDOT) standards and guidelines.

1.2.7. Landscaping. “*Landscaping*” means the landscaping elements of the Infrastructure Improvements.

1.2.8. Preliminary Plans. “*Preliminary Plans*” means plans and specifications that are approximately 30 percent complete.

1.2.9. Sixty-Percent Plans. “*Sixty-Percent Plans*” means plans and specifications that are approximately 60 percent complete.

1.2.10. Traffic Impact Analysis. “*Traffic Impact Analysis*” means the transportation engineering analysis and traffic study required by the Traffic Engineer of the City’s Department of Public Works to produce the Final Plans.

1.2.11. Utility Infrastructure and Capacity Analysis. “*Utility Infrastructure and Capacity Analysis*” means the utility engineering assessments and capacity modeling studies required by the Director of the City’s Department of Public Utilities to produce the Final Plans. Without limitation, the Utility Infrastructure and Capacity Analysis may include assessments of all water, sewer, and gas lines on the Property, modeling studies for water and sewer capacity to serve to the Project, and stormwater discharge calculations for the Project.

1.2.12. VDOT. “*VDOT*” means the Virginia Department of Transportation.

1.2.13. Warranty Period. “*Warranty Period*” means a period of two-years following the City’s acceptance of the Infrastructure Improvements pursuant to Section 5.1 of these Infrastructure Conditions for Landscaping, and a period of one-year following the City’s acceptance of the Infrastructure Improvements pursuant to Section 5.1 for all other Infrastructure Improvements.

2. Process for Infrastructure Improvements.

2.1. Generally. The Owner shall construct (or, alternatively, the Owner shall cause the same to occur), at Owner’s sole cost and expense, the Infrastructure Improvements, in accordance with plans submitted to and approved by the Director pursuant to Sections 2 and 3.

2.2. Plans.

- A. The Owner represents and warrants that the Preliminary and Final Plans will be designed by a licensed professional engineer or Class B surveyor retained by the Owner (“Owner’s Engineer”) and that said plans will conform to the standards referenced in these Infrastructure Conditions and to generally accepted engineering practices, except where a specific written exemption has been granted by the Director.
- B. Pursuant to Section 5.02(c) of the Agreement, the Owner shall, at Owner’s sole expense, complete the Traffic Impact Analysis and provide a copy to the City. The Owner shall incorporate the Traffic Impact Analysis into its Plans and construct the applicable Infrastructure Improvements in accordance with the Traffic Impact Analysis. The Owner shall submit Preliminary Plans for the Infrastructure Improvements, and ensure that the Preliminary Plans, at the time of submission to

the Director, meet all City requirements for Preliminary Plans under the City's then-existing policies. The Preliminary Plans shall be approved only after such a determination is made by the Director.

- C. Subsequent to the approval of the Preliminary Plans and prior to the submission of the Final Plans, the Owner shall submit the Sixty-Percent Plans for the Infrastructure Improvements. Prior to the submission of the Sixty-Percent Plans, the Owner shall, at Owner's sole expense, complete the Utility Infrastructure and Capacity Analysis. Owner shall ensure that the Sixty-Percent Plans, at the time of submission to the Director, meet all City requirements for Sixty-Percent Plans under the City's then-existing policies. The Sixty-Percent Plans shall be approved only after such a determination is made by the Director.
- D. Subsequent to submission of its Plan of Development and prior to applying for a building permit, the Owner shall submit Final Plans to the Director for review and approval. The Owner acknowledges and agrees that approval of its Plan of Development will not ensure approval of the Final Plans. The Owner shall ensure that the Final Plans submitted to the Director meet all requirements under the City's then-existing policies for Final Plans, including those necessary for obtaining a Work in Streets permit, if applicable.

3. Construction Requirements.

3.1. Insurance. The Owner shall not commence or permit to be commenced any Work on the Infrastructure Improvements until first meeting all insurance requirements of Article VII of the Agreement and, for the issuance of any Work in Streets Permit, to the requirements of Section 24-62 of City Code.

3.2. Indemnification. These Infrastructure Conditions, and Owner's performance of them, are subject to the indemnity provisions of Article VI of the Agreement and, as a condition to the issuance of any Work in Street Permit required to complete the Infrastructure Improvements, to the provisions of Section 24-62(4) of City Code.

3.3. Permits. The Owner shall not commence or permit to be commenced any Work on the Infrastructure Improvements until the Owner has obtained, and paid all required fees for, all Regulatory Approvals with respect to such Work, including, but not limited to, a Work in Streets Permit when applicable.

3.4. Testing and Monitoring.

3.4.1. The Owner shall provide and pay all costs related to the design, engineering and critical inspections with respect to the Infrastructure Improvements. The Owner shall provide all necessary certifications on the subject construction component of the Owner's construction.

3.4.2. The Owner shall provide and pay the cost of all professional engineering and testing

services with respect to the Infrastructure Improvements such as: geotechnical engineering, environmental engineering analysis, critical structure engineering inspections (including, but not limited to: retaining walls, abutments, caissons, piles, piers, footings, etc.), daily construction inspection and the various material science testing services, to adequately monitor the ongoing site construction. This includes such items as the daily testing of soils and soil placement, monitoring cuts and cut slopes, testing engineered fills, checking line and grade, testing pipe materials and structures prior to their delivery, monitoring storm inlet and sewer manhole placements and other utility structure installations, certifying structural fills and building pads, conducting proof roll tests on subgrades, testing stone placements, testing concrete, testing asphalt, testing steel, foundation inspections, inspecting reinforcement bar placement and form work, etc.

3.5. Construction Reports. All required construction inspection requirements shall follow the applicable standards of the City's Department of Public Works, the City's Department of Public Utilities (DPU), Virginia Department of Transportation Materials Division standards and guidelines, those guidelines set by other utilities, and any other standards as may be deemed necessary by the Director in the Director's reasonable discretion.

3.6. Construction Meetings and Schedule. The Owner shall schedule and coordinate a pre-construction conference for the Infrastructure Improvements and shall schedule and attend regular progress meetings with the City. The Owner shall give notice to the City in advance to the actual beginning of construction, and thereafter shall coordinate its construction schedule with the City.

3.7. Inspections.

- A. The City may, at any time, inspect the Infrastructure Improvements or any portion thereof, protections, and stormwater management to ensure compliance with the Final Plans, erosion and sedimentation control plans, and all applicable specifications and standards.
- B. All applicable permits must be paid for and approved prior to start of Work. Where applicable, contracts to extend water mains, wastewater mains, and gas mains shall be executed, separate and apart from these Infrastructure Conditions, prior to the issuance of any permits for construction of such extensions.
- C. DPW does not intend to charge the Owner for costs related to general visit inspections, typical design review and routine surveying performed by DPW.
- D. The City may, in its sole discretion, request that sewer improvements be verified by television (T.V.) inspection. The Owner shall be responsible for all costs associated with any T.V. inspection. The Owner must submit recordings of such inspections for the City's approval prior to any pavement application.

3.8. Manner of Construction. All Infrastructure Improvements, erosion and sedimentation

controls, and stormwater management features shall be constructed in a sound professional manner, in accordance to the Final Plans. The Owner shall provide adequate materials and supervision of all Work. All Infrastructure Improvements shall be constructed in compliance with the current standards and specifications of the VDOT for all materials, workmanship, seasonal limitations and construction procedures; except where specifically superseded by the Final Plans, or current standards and specifications adopted by DPW and DPU. The installation of gas, water, sanitary sewer, storm sewer and street light infrastructure shall be done in compliance with the applicable DPU standards and specifications, latest revisions, which shall be provided in advance and in writing to the Owner upon request.

3.9. Street Standards. All Infrastructure Improvements and any other construction or Work performed in the public right of way by the Owner, its agents or assigns, pursuant to these Infrastructure Conditions and the Final Plans shall fully comply with all applicable design parameters and construction standards as provided in the DPW Better Streets Manual, DPW standards manual, DPW Geotechnical Guidelines, DPW Constructions Notes, DPW Pavement Design Guidelines, all applicable VDOT requirements, including but not limited to the VDOT Road and Bridge Specifications and all standards and guidelines of the VDOT Materials Division, and any additional guidelines and standards established by the City, latest revisions, which shall be provided in advance and in writing to the Owner upon request.

3.10. Requirements upon Final Completion. Upon 100 percent completion of the Work on the Infrastructure Improvements, the Owner shall furnish the City with all required documents relating to the Infrastructure Improvements identified in the City's standards applicable to the Infrastructure Improvements:

- A. Upon 100 percent completion of the Infrastructure Improvements, the Owner shall submit the following to the Director, who shall review each within ten (10) Business Days of receipt thereof and notify the Owner of any deficiencies, to the extent applicable to Infrastructure Improvements:
 - 1. The final inspection log books.
 - 2. Material testing reports and a fully and properly completed Virginia Department of Transportation Source of Materials Form C-25.
 - 3. A construction inspection report certified by a person licensed as a professional engineer in the Commonwealth of Virginia.

- B. Upon the 100 percent completion of the Infrastructure Improvements, the Owner shall, by its engineer, submit the following to the Director, to the extent applicable to the Infrastructure Improvements:
 - 1. Two complete paper copies of the full as-built plan set of the completed Infrastructure Improvements.

2. Intentionally omitted.
3. A digital file, the format of which shall be AutoCAD DWG or DXF format, containing all of the following information, each in a separate layer:
 - a. Existing right-of-way conditions.
 - b. The storm sewer system.
 - c. Water and waste water systems.
 - d. All easements.
 - e. Full as-built plan set of the completed Infrastructure Improvements.

The as-built drawings must include notations, modifications to the drawings, and supplemental drawings to accurately reflect actual construction of all improvements. Both the digital file and the report must be labeled with the plan name, plan number, and the engineering firm. All AutoCAD files must be referenced directly to the Virginia State Plane Coordinate system, South Zone, in the NAD83 Datum.

3.11. Certificates of Occupancy. The Owner acknowledges that, to the extent consistent with City Code, a certificate of occupancy will not be issued until all underground utilities are installed and field approved with respect to the Project, and the applicable capacity, connection, and inspection charges and fees are paid, and not until the base pavement for the streets are installed and field approved within the Project.

4. Surety, Warranty, Default.

- 4.1 Requirement for Surety.** At the time it submits its Plan of Development, the Owner shall prepare and submit to the City an estimate of costs for all Infrastructure Improvements. Owner shall provide any additional information relating to its estimate of costs as may be requested by the City. Based upon such estimate of costs and any such additional information, the City will determine the amount of security necessary for the construction of the Infrastructure Improvements. The Owner shall then furnish to the City a Letter of Credit (LOC), Surety Bond, or Certified Corporate Check in a form approved by the City Attorney in such amount.
- 4.2 Warranties.** The Owner hereby warrants that (i) the Infrastructure Improvements will be constructed in a good and workmanlike manner in accordance with the Final Plans and all City and state standards applicable to the Infrastructure Improvements, (ii) there are no unsatisfied liens on any part of the Infrastructure Improvements, (iii) the Infrastructure Improvements will be free of defects during the Warranty Period, and (iv) the Owner shall repair, at its sole cost and any defects that are discovered or may arise during the Warranty Period. During the course of construction and upon completion of such construction, Owner shall furnish to City evidence, satisfactory to City in City's sole discretion, showing that there has not been filed with respect to the property and improvements to be conveyed to City, or any part thereof, any vendor's, mechanic's, laborer's, materialmen's or similar lien which has not been discharged of record.

4.3 Default. The Owner must construct the Infrastructure Improvements in accordance with all requirements of these Infrastructure Conditions. If the Owner fails to meet or honor the agreed upon conditions stated in these Infrastructure Conditions, or any amendments hereto, the Director may declare the Owner in default with the terms of these Infrastructure Conditions. The Director shall advise the Owner of such default in writing. If the Owner fails to rectify such default within 30 days, the Director may take such actions deemed necessary to complete the Infrastructure Improvements, provided that during the Warranty Period Owner may have such addition period of time (not to exceed 90 days) to rectify such default if Owner promptly commences to correct such defect and diligently pursues the same to completion. In such case, the surety amount posted to cover the Infrastructure Improvements, along with all reasonable administrative and legal expenses actually incurred by the City in enforcing these Infrastructure Conditions, shall be forfeited. If upon completion of the work it is found that the City's actual cost to complete the Infrastructure Improvements exceeds the estimated cost secured by the set bonding amounts, the Owner shall pay such deficit to the City upon demand, within 30 days.

4.4 Release of Surety. After a warranty inspection by the Director at the end of the Warranty Period, release of the performance bond, letter of credit, or other financial security that the Owner provided pursuant to these Infrastructure Conditions will occur upon the Director's issuance to the Owner of a letter indicating that such performance bond, letter of credit, or other financial security is released. The Director will issue such a letter only if the Director determines that, based on all City and state standards applicable to the Infrastructure Improvements, no defects remain that the Owner is required to correct.

5. Certification and Acceptance.

5.1. Certification. Certification that Owner has completed the Infrastructure Improvements will occur upon the Director's issuance to the Owner of a letter indicating that the City certifies Owner's satisfactory completion of the Infrastructure Improvements; however, the Director will continue to monitor the Infrastructure Improvements in accordance with the standards set forth in the VDOT Inspection Manual (as amended, as of the time of such monitoring), during the Warranty Period. The Director will issue such a letter only if the Director determines that, based on all City and state standards applicable to the Infrastructure Improvements, the Infrastructure Improvements are complete and the Director has received all required documents relating to the Infrastructure Improvements.

5.2. Acceptance. Upon certification of the Infrastructure Improvements by the Director in accordance with Subsection 5.1, all public infrastructure improvements that are components thereof shall be deemed accepted by the City. To the extent necessary in order to effectuate the City's acceptance thereof (as determined by the City), the Owner agrees to provide appropriate documentation to dedicate the public improvements to the City in a form approved by the Office of the City Attorney.

6. Completion Timeline; Failure to Complete.

6.1. Completion Timeline. Subject to delays caused by the occurrence of an event of Force Majeure, the Owner shall complete, in a manner in which the City can accept them pursuant to Section 5.1, the Infrastructure Improvements no later than the issuance of the first certificate of occupancy for the Project or phase of the Project.

6.2. Failure to Complete. Should the Owner fail to timely complete the Infrastructure Improvements in accordance with Section 6.1, Owner, shall be considered in default for purposes of Section 4.3, and, promptly upon written demand therefor by the Chief Administrative Officer or her designee, shall dedicate any completed or partially completed Infrastructure Improvements to the City.

END OF INFRASTRUCTURE CONDITIONS

Exhibit C
Milestone Schedule

Subject to Force Majeure, the Owner shall exercise its commercially reasonable best efforts to achieve the following development milestones:

1. On or before the date two (2) months following the passage and certification of the results of the Referendum (the “Referendum Passage”), Owner shall submit to the City a complete TIA per the agreed upon scope of work (see section relative to Public & Private Infrastructure).
2. On or before the date two (2) months following the Referendum Passage, Owner shall file with the Virginia Lottery Board and any other applicable governmental authorities all applications necessary to obtain a Casino License and provide to the City satisfactory evidence thereof.
3. On or before the date two (2) months following the Referendum Passage, Owner shall close on the purchase of the Property.
4. On or before the date three (3) months following the Referendum Passage, Owner shall complete and submit a plan of development for all components of the Gaming Facility (i.e., a 60% civil set).
5. On or before the date three (3) months following the Referendum Passage, Owner shall apply for permits for demolition with respect to the Property.
6. On or before the date (six) 6 months following the Referendum Passage, Owner shall submit construction plans for the Gaming Facility and apply for initial building permits.
7. On or before the date six (6) months following the Referendum Passage, Owner shall complete and submit all required applications for zoning and land use approvals.
8. On or before the date twelve (12) months following the Referendum Passage, Owner shall close on the Gaming Facility Financing necessary to complete the Gaming Facility and continue construction of the Gaming Facility.
9. On or before the date twelve (12) months following the Referendum Passage, Owner shall commence construction, including demolition work, drainage work, dredging, excavation, grading, and all other site work, and installation of utilities and continue

thereafter to diligently pursue the construction of the Gaming Facility subject to receipt of Permits.

10. On or before the date thirty (30) months following the Referendum Passage, Owner shall open the Gaming Facility to the public for business.
11. On or before the date thirty-six (36) months following the date the Gaming Facility opens to the public for business, Owner shall achieve Final Completion of the Project, but in no event later than five (5) years and six (6) months after the Referendum Passage.

Exhibit D
Key Professional Project Participants

Hourigan

Team Henry Enterprises

Timmons Group

Baskervill

Johnson Marketing

EXHIBIT E

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Escrow Agreement") is entered into and effective this _____ day of _____, 2023, by and among City of Richmond, Virginia a municipal corporation ("City") and political subdivision of the Commonwealth of Virginia; the Economic Development Authority of the City of Richmond, Virginia, a political subdivision of the Commonwealth of Virginia ("EDA"); and RVA Entertainment Holdings, LLC, a Delaware limited liability company ("Owner" and together with City and EDA,, the "Parties", and individually, a "Party") and Truist Bank, a North Carolina banking corporation, as escrow agent ("Escrow Agent").

WHEREAS, the Parties entered into that certain Resort Casino Host Community Agreement dated as of _____, 2023 (the "2023 Host Community Agreement"), for the development and operation of a resort casino hotel in the City;

WHEREAS, pursuant to the terms of the 2023 Host Community Agreement, Owner deposited with Escrow Agent by wire transfer the sum of TWENTY-SIX MILLION AND NO/100 DOLLARS (\$26,000,000.00) (the "Escrow Fund");

WHEREAS, in accordance with Resolution No. 2023-_____, adopted _____, 2023, by the Council of the City of Richmond, the City selected the Owner as its preferred casino gaming and the City and the Owner have executed the Host Community Agreement in anticipation of a referendum being placed on the ballot in 2023 (the "2023 Referendum");

WHEREAS, the Parties wish to enter into this Escrow Agreement to reflect the conduct of the 2023 Referendum and to govern the terms of the Escrow Fund in connection therewith;

WHEREAS, any capitalized term used but not expressly defined in this Escrow Agreement shall have the meaning ascribed to such capitalized term in the 2023 Host Community Agreement; and

WHEREAS, the Parties acknowledge that the Escrow Agent is not a party to, and has no duties or obligations under, the 2023 Host Community Agreement, that all references in this Escrow Agreement and 2023 Host Community Agreement are for convenience only, and that the Escrow Agent shall have no implied duties beyond the express duties set forth in this Escrow Agreement.

NOW, THEREFORE, in consideration of the premises herein, the Parties and the Escrow Agent agree as follows:

I. Terms and Conditions

1.1. The Parties hereby continue to appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such continued appointment under the terms and conditions set forth herein.

1.2 Owner has remitted \$26,000,000.00 (the "Escrow Fund") to the Escrow Agent, using the wire instructions below, to be held by the Escrow Agent and invested and disbursed as provided in this Escrow Agreement.

Truist Bank
ABA: 061000104
Account: 9443001321
Account Name: Escrow Services
Reference: RVA Entertainment/City Of Richmond
Attention: Megan Gazzola

1.3. Upon receipt by the Escrow Agent from the City of (i) the applicable court order certifying the results of the 2023 Referendum indicating successful passage of the 2023 Referendum, (ii) a statement from the EDA of the actual amount of the consultant's fees incurred by the EDA in connection with the City's Resort Casino RFQ/P process, up to and including passage and certification of the results of the 2023 Referendum (the "EDA's Expenses"), and (iii) a statement from the City of the actual amount of the attorney's fees incurred by the City in connection with the City's Resort Casino RFQ/P process up to and including passage and certification of the results of the 2023 Referendum (the "City's Expenses"), the Escrow Agent is hereby authorized and directed to release to the City, thirty (30) days after such receipt of items (i), (ii) and (iii) above, (i) TWENTY FIVE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$25,500,000.00) to be wire transferred to the banking account designated by the City, (ii) the actual amount of City's Expenses, to be wire transferred to the banking account designated by the City and (iii) the actual amount of EDA's Expenses to be wire transferred to the banking account designated by the EDA. The total amount to be paid for the City's Expenses and EDA's Expenses in the aggregate shall not exceed FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00), and if the total of the City's Expenses and the EDA's Expenses shall exceed such maximum amount, the City shall receive an amount calculated as the ratio of the City's Expenses divided by the total of the City's Expenses plus the EDA's Expenses times \$500,000, and the EDA shall receive an amount calculated as the ratio of the EDA's Expenses divided by the total of the City's Expenses plus the EDA's Expenses times \$500,000. If the total of the City's Expenses and the EDA's Expenses shall not equal or exceed \$500,000, then any remaining balance of the Escrow Funds shall be immediately returned to the Owner. Notwithstanding anything herein to the contrary, in the event any of the following events occur: (i) the 2023 Host Community Agreement terminates; (ii) the City fails to petition the Circuit Court for the City of Richmond ("Circuit Court") for the conduct of the 2023 Referendum; (iii) the Circuit Court fails to order the 2023 Referendum to proceed; (iv) the 2023 Referendum fails or (v) at any time, any intervening action is taken by the legislature of the Commonwealth of Virginia that prevents either (a) the 2023 Referendum or (b) the establishment/development of a casino/resort in the City of Richmond, the Escrow Funds shall be immediately returned to Owner. All interest and income earned on the Escrow Funds shall be for the benefit of and paid to the Owner.

II. Provisions as to Escrow Agent

2.1. This Escrow Agreement expressly and exclusively sets forth the duties of the Escrow Agent with respect to any and all matters pertinent hereto, which duties shall be deemed purely ministerial in nature, and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Agent. The Escrow Agent shall in no event be deemed to be a fiduciary to any Party or any other person or entity under this Escrow Agreement. The permissive rights of the Escrow Agent to do things enumerated in this Escrow Agreement shall not be construed as duties. In performing its duties under this Escrow Agreement, or upon the claimed failure to perform its duties, the Escrow Agent shall not be liable for any damages, losses or expenses other than damages, losses or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Escrow Agent's willful misconduct or gross negligence. In no event shall the Escrow Agent be liable for incidental, indirect, special, consequential or punitive damages of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Agent shall not be responsible or liable for the failure of any Party to take any action in accordance with this Escrow Agreement. Any wire transfers of funds made by the Escrow Agent pursuant to this Escrow Agreement will be made subject to and in accordance with the Escrow Agent's usual and ordinary wire transfer procedures in effect from time to time. The Escrow Agent shall have no liability with respect to the transfer or distribution of any funds affected by the Escrow Agent pursuant to wiring or transfer instructions provided to the Escrow Agent in accordance with the provisions of this Escrow Agreement. The Escrow Agent shall not be obligated to take any legal action or to commence any proceedings in connection with this Escrow Agreement or any property held hereunder or to appear in, prosecute or defend in any such legal action or proceedings.

2.2. The Parties acknowledge and agree that the Escrow Agent acts hereunder as a depository only, and is not responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of the subject matter of this Escrow Agreement or any part thereof, or of any

person executing or depositing such subject matter. No provision of this Escrow Agreement shall require the Escrow Agent to risk or advance its own funds or otherwise incur any financial liability or potential financial liability in the performance of its duties or the exercise of its rights under this Escrow Agreement.

2.3. This Escrow Agreement constitutes the entire agreement between the Escrow Agent and the Parties in connection with the subject matter of this Escrow Agreement, and no other agreement entered into between the Parties, or any of them, including, without limitation, the 2023 Host Community Agreement, shall be considered as adopted or binding, in whole or in part, upon the Escrow Agent notwithstanding that any such other agreement may be deposited with the Escrow Agent or the Escrow Agent may have knowledge thereof.

2.4. The Escrow Agent shall in no way be responsible for nor shall it be its duty to notify any Party or any other person or entity interested in this Escrow Agreement of any payment required or maturity occurring under this Escrow Agreement or under the terms of any instrument deposited herewith unless such notice is explicitly provided for in this Escrow Agreement.

2.5. The Escrow Agent shall be protected in acting upon any written instruction, notice, request, waiver, consent, certificate, receipt, authorization, power of attorney or other paper or document which the Escrow Agent in good faith believes to be genuine and what it purports to be, including, but not limited to, items directing investment or non-investment of funds, items requesting or authorizing release, disbursement or retainage of the subject matter of this Escrow Agreement and items amending the terms of this Escrow Agreement, so long as such instrument is jointly executed by the City, the EDA and the Owner; provided, however, that the Escrow Agent shall be authorized to act in accordance with Section 1.3 solely upon its receipt of the documentation described therein and shall not be required to obtain any further documentation or consent or instruction of the Owner with respect to release of any of the Escrow Funds to the City and the EDA pursuant to Section 1.3 or required to obtain any further documentation or consent or instruction of the City or the EDA with respect to release any of the Escrow Funds to the Owner if such releases are made in accordance with the provisions of Section 1.3. The Escrow Agent shall be under no duty or obligation to inquire into or investigate the validity, accuracy or content of any such notice, request, waiver, consent, certificate, receipt, authorization, power of attorney or other paper or document. The Escrow Agent shall have no duty or obligation to make any formulaic calculations of any kind hereunder.

2.6. The Escrow Agent may execute any of its powers and perform any of its duties hereunder directly or through affiliates or agents. The Escrow Agent shall be entitled to seek the advice of legal counsel with respect to any matter arising under this Escrow Agreement and the Escrow Agent shall have no liability and shall be fully protected with respect to any action taken or omitted pursuant to the advice of such legal counsel. The Owner shall be liable for and shall promptly pay upon demand by the Escrow Agent the reasonable and documented fees and expenses of any such legal counsel.

2.7. In the event of any disagreement between any of the Parties, or between any of them and any other person or entity, resulting in adverse claims or demands being made in connection with the matters covered by this Escrow Agreement, or in the event that the Escrow Agent, in good faith, is in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to any Party or other person or entity for its failure or refusal to act, and the Escrow Agent shall be entitled to continue to refrain from acting until (i) the rights of the Parties and all other interested persons and entities shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been settled and all doubt resolved by agreement among all of the Parties and all other interested persons and entities, and the Escrow Agent shall have been notified thereof in writing signed by the Parties and all such persons and entities. Notwithstanding the preceding, the Escrow Agent may in its discretion obey the order, judgment, decree or levy of any court, whether with or without jurisdiction, or of an agency of the United States or any political subdivision thereof, or of any agency of any State of the United States or of any political subdivision of any thereof, and the Escrow Agent is hereby authorized in its sole discretion to comply with and obey any such orders, judgments,

decrees or levies. The rights of the Escrow Agent under this sub-paragraph are cumulative of all other rights which it may have by law or otherwise.

In the event of any disagreement or doubt, as described above, the Escrow Agent shall have the right, in addition to the rights described above and at the election of the Escrow Agent, to tender into the registry or custody of any court having jurisdiction, all funds and property held under this Escrow Agreement, and the Escrow Agent shall have the right to take such other legal action as may be appropriate or necessary, in the sole discretion of the Escrow Agent. Upon such tender, the Parties agree that the Escrow Agent shall be discharged from all further duties under this Escrow Agreement; provided, however, that any such action of the Escrow Agent shall not deprive the Escrow Agent of its compensation and right to reimbursement of expenses hereunder arising prior to such action and discharge of the Escrow Agent of its duties hereunder.

2.8. The Owner agrees to indemnify, defend and hold harmless the Escrow Agent and each of the Escrow Agent's officers, directors, agents and employees (the "Indemnified Parties") from and against any and all losses, liabilities, claims made by any Party or any other person or entity, damages, expenses and costs (including, without limitation, attorneys' fees and expenses) of every nature whatsoever (collectively, "Losses") which any such Indemnified Party may incur and which arise directly or indirectly from this Escrow Agreement or which arise directly or indirectly by virtue of the Escrow Agent's undertaking to serve as Escrow Agent hereunder; provided, however, that no Indemnified Party shall be entitled to indemnity with respect to Losses that have been finally adjudicated by a court of competent jurisdiction to have been directly caused by such Indemnified Party's gross negligence or willful misconduct. The provisions of this section shall survive the termination of this Escrow Agreement and any resignation or removal of the Escrow Agent.

2.9. Any entity into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any entity to which all or substantially all the escrow business of the Escrow Agent may be transferred, shall be the Escrow Agent under this Escrow Agreement without further act.

2.10. The Escrow Agent may resign at any time from its obligations under this Escrow Agreement by providing written notice to the Parties. Such resignation shall be effective on the date set forth in such written notice, which shall be no earlier than thirty (30) days after such written notice has been furnished. In such event, the Parties shall promptly appoint a successor escrow agent. In the event no successor escrow agent has been appointed on or prior to the date such resignation is to become effective, the Escrow Agent shall be entitled to tender into the custody of any court of competent jurisdiction all funds and other property then held by the Escrow Agent hereunder and the Escrow Agent shall thereupon be relieved of all further duties and obligations under this Escrow Agreement; provided, however, that any such action of the Escrow Agent shall not deprive the Escrow Agent of its compensation and right to reimbursement of expenses hereunder arising prior to such action and discharge of the Escrow Agent of its duties hereunder. The Escrow Agent shall have no responsibility for the appointment of a successor escrow agent hereunder.

2.11 The Escrow Agent and any director, officer or employee of the Escrow Agent may become financially interested in any transaction in which any of the Parties may be interested and may contract with and lend money to any Party and otherwise act as fully and freely as though it were not escrow agent under this Escrow Agreement. Nothing herein shall preclude the Escrow Agent from acting in any other capacity for any Party.

III. Compensation of Escrow Agent

3.1. The Owner agrees to pay to the Escrow Agent compensation, and to reimburse the Escrow Agent for costs and expenses, all in accordance with the provisions of **Exhibit A** hereto, which is incorporated herein by reference and made a part hereof. The fees agreed upon for the services rendered hereunder are intended as full compensation for the Escrow Agent's services as contemplated by this Escrow Agreement; provided, however, that in the event that the conditions for the disbursement of funds are not fulfilled, or the Escrow Agent renders any service not contemplated in this Escrow Agreement, or

there is any assignment of interest in the subject matter of this Escrow Agreement or any material modification hereof, or if any dispute or controversy arises hereunder, or the Escrow Agent is made a party to any litigation pertaining to this Escrow Agreement or the subject matter hereof, then the Owner agrees to compensate the Escrow Agent for such extraordinary services and reimburse the Escrow Agent for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such event. The provisions of this section shall survive the termination of this Escrow Agreement and any resignation or removal of the Escrow Agent. The Escrow Agent acknowledges payment of the Acceptance Fee and the first Administration Fee as set forth in **Exhibit A**, which payment was received by Escrow Agent on [add date.]

IV. Miscellaneous

4.1. The Escrow Agent shall make no disbursement, investment or other use of funds until and unless it has collected funds. The Escrow Agent shall not be liable for collection items until the proceeds of the same in actual cash have been received or the Federal Reserve has given the Escrow Agent credit for the funds.

4.2. The Escrow Agent shall invest all funds held pursuant to this Escrow Agreement in the Truist Institutional Deposit Option. The investments in the Truist Institutional Deposit Option are insured, subject to the applicable rules and regulations of the Federal Deposit Insurance Corporation (the "FDIC"), in the standard FDIC insurance amount of \$250,000, including principal and accrued interest, and are not secured. The Truist Institutional Deposit Option is more fully described in materials which have been furnished to the Parties by the Escrow Agent, and the Parties acknowledge receipt of such materials from the Escrow Agent. Instructions to make any other investment must be in writing and signed by each of the Parties. The Parties recognize and agree that the Escrow Agent will not provide supervision, recommendations or advice relating to the investment of moneys held hereunder or the purchase, sale, retention or other disposition of any investment, and the Escrow Agent shall not be liable to any Party or any other person or entity for any loss incurred in connection with any such investment. The Escrow Agent is hereby authorized to execute purchases and sales of investments through the facilities of its own trading or capital markets operations or those of any affiliated entity. The Escrow Agent or any of its affiliates may receive compensation with respect to any investment directed hereunder including without limitation charging any applicable agency fee in connection with each transaction. The Escrow Agent shall use its best efforts to invest funds on a timely basis upon receipt of such funds; provided, however, that the Escrow Agent shall in no event be liable for compensation to any Party or other person or entity related to funds which are held un-invested or funds which are not invested timely. The Escrow Agent is authorized and directed to sell or redeem any investments as it deems necessary to make any payments or distributions required under this Escrow Agreement.

4.3 The Escrow Agent shall provide monthly reports of transactions and holdings to the Parties as of the end of each month, at the addresses provided by the Parties in Section 4.5.

4.4 The Parties agree that all interest and income from the investment of the funds shall be for the benefit of and reported as having been earned by Owner as of the end of each calendar year whether or not such income was disbursed during such calendar year and to the extent required by the Internal Revenue Service. On or before the execution and delivery of this Escrow Agreement, each of the Parties shall provide to the Escrow Agent a correct, duly completed, dated and executed current United States Internal Revenue Service Form W-9 or Form W-8, whichever is appropriate or any successor forms thereto, in a form and substance satisfactory to the Escrow Agent including appropriate supporting documentation and/or any other form, document, and/or certificate required or reasonably requested by the Escrow Agent to validate the form provided. Notwithstanding anything to the contrary herein provided, except for the delivery and filing of tax information reporting forms required pursuant to the Internal Revenue Code of 1986, as amended, to be delivered and filed with the Internal Revenue Service by the Escrow Agent, as escrow agent hereunder, the Escrow Agent shall have no duty to prepare or file any Federal or state tax report or return with respect to any funds held pursuant to this Escrow Agreement or any income earned thereon. With respect to the preparation, delivery and filing of such required tax information reporting forms and all matters pertaining to the reporting of earnings on funds held under this

Escrow Agreement, the Escrow Agent shall be entitled to request and receive written instructions from Owner, and the Escrow Agent shall be entitled to rely conclusively and without further inquiry on such written instructions. The Owner agreed to indemnify, defend and hold the Escrow Agent harmless from and against any tax, late payment, interest, penalty or other cost or expense that may be assessed against the Escrow Agent on or with respect to the Escrow Fund or any earnings or interest thereon unless such tax, late payment, interest, penalty or other cost or expense was finally adjudicated by a court of competent jurisdiction to have been directly caused by the gross negligence of willful misconduct of the Escrow Agent. The indemnification provided in this section is in addition to the indemnification provided to the Escrow Agent elsewhere in this Escrow Agreement and shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

4.5. Any notice, request for consent, report, or any other communication required or permitted in this Escrow Agreement shall be in writing and shall be deemed to have been given when delivered (i) personally, (ii) by facsimile transmission with written confirmation of receipt, (iii) by electronic mail to the e-mail address given below, and written confirmation of receipt is obtained promptly after completion of the transmission, (iv) by overnight delivery with a reputable national overnight delivery service, or (v) by United States mail, postage prepaid, or by certified mail, return receipt requested and postage prepaid, in each case to the appropriate address set forth below or at such other address as any party hereto may have furnished to the other parties hereto in writing:

If to Escrow Agent: **Truist Bank**
Attn: Escrow Services
919 East Main Street, 2nd Floor
Richmond, Virginia 23219
Client Manager: Megan Gazzola
Phone: 804-782-5407
Email: megan.gazzola@Truist.com

To the City: **Chief Administrative Officer**
City of Richmond, Virginia
900 East Broad Street, Suite 201
Richmond, Virginia 23219

with a copy to:

City Attorney: **City of Richmond, Virginia**
900 East Broad Street, Suite 400
Richmond, Virginia 23219

To the EDA: **Director, Economic Development Authority of the**
City of Richmond, Virginia
1500 East Main St.
Richmond, Virginia 23219

with a copy to:

City Attorney: **City of Richmond, Virginia**
900 East Broad Street, Suite 400
Richmond, Virginia 23219

To the Owner:

RVA Entertainment Holdings, LLC
c/o Urban One, Inc. 1010 Wayne Avenue, 14th Floor
Silver Spring, Maryland 20910

Attention: General Counsel

and

**RVA Entertainment Holdings, LLC
c/o Churchill Downs Incorporated
600 N. Hurstbourne Parkway, Suite 400
Louisville, KY 40222
Attention: General Counsel**

with a copy to:

**RVA Entertainment Holdings, LLC
c/o Urban One, Inc. 1010 Wayne Avenue, 14th Floor
Silver Spring, Maryland 20910
Attention: Chief Administrative Officer**

Any party hereto may unilaterally designate a different address by giving notice of each change in the manner specified above to each other party hereto. Notwithstanding anything to the contrary herein provided, the Escrow Agent shall not be deemed to have received any notice, request, report or other communication hereunder prior to the Escrow Agent's actual receipt thereof.

4.6. This Escrow Agreement is being made in and is intended to be construed according to the laws of the Commonwealth of Virginia. Except as permitted in Section 2.9, neither this Escrow Agreement nor any rights or obligations hereunder may be assigned by any party hereto without the express written consent of each of the other parties hereto. This Escrow Agreement shall inure to and be binding upon the Parties and the Escrow Agent and their respective successors, heirs and permitted assigns.

4.7. This Escrow Agreement amends, restates and supersedes the Original Escrow Agreement and the terms and conditions of this Escrow Agreement shall control in all respects, and the terms and conditions in the Original Escrow Agreement shall be of no further force or effect. The terms of this Escrow Agreement may be altered, amended, modified or revoked only by an instrument in writing signed by all the Parties and the Escrow Agent.

4.8. This Escrow Agreement is for the sole benefit of the Indemnified Parties, the Parties and the Escrow Agent, and their respective successors and permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Escrow Agreement.

4.9. No party to this Escrow Agreement shall be liable to any other party hereto for losses due to, or if it is unable to perform its obligations under the terms of this Escrow Agreement because of, acts of God, fire, war, terrorism, floods, strikes, electrical outages, equipment or transmission failure, or other causes reasonably beyond its control.

4.10. This Escrow Agreement shall terminate on the first to occur of (i) the date on which all of the funds and property held by the Escrow Agent under this Escrow Agreement have been disbursed or (ii) December 31, 2023 at which time the Escrow Agent is authorized and directed to disburse all of the remaining funds and property held hereunder in accordance with the joint written instructions of the Parties. Upon the termination of this Escrow Agreement and the disbursement of all of the funds and property held hereunder, this Escrow Agreement shall be of no further effect except that the provisions of Sections 2.8, 3.1 and 4.4 shall survive such termination.

4.11. All titles and headings in this Escrow Agreement are intended solely for convenience of reference and shall in no way limit or otherwise affect the interpretation of any of the provisions hereof.

4.12. This Escrow Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

4.13. For all purposes hereunder, the Chief Administrative Officer of the City, on behalf of the City, Director of the Department of Economic Development, on behalf of the EDA, and Alfred C. Liggins, III, the President and CEO of the Owner shall be entitled to issue notices, instructions or directions to the Escrow Agent on behalf of each such party. Whenever this Escrow Agreement provides for joint written notices, joint written instructions or other joint actions to be delivered to the Escrow Agent, the Escrow Agent shall be fully protected in relying, without further inquiry, on any joint written notice, instructions or action executed by persons named in this Section 4.13.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first above written.

Truist Bank, as Escrow Agent

By: _____

Name: _____

Title: _____

City of Richmond

By: _____

Name: _____

Title: _____

Title: _____

RVA Entertainment Holdings, LLC

By: _____

Name: _____

Title: _____

Economic Development Authority of the City of Richmond

By:

Name: _____

Title: _____

EXHIBIT A

Truist Bank, as Escrow Agent

Schedule of Fees & Expenses

Acceptance Fee: **\$1,000.00** – one time only payable at the time of signing the Escrow Agreement

The Acceptance Fee includes review of all related documents and accepting the appointment of Escrow Agent on behalf of Truist Bank. The fee also includes setting up the required account(s) and accounting records, document filing, and coordinating the receipt of funds/assets for deposit to the Escrow Account. This is a one-time fee payable upon execution of the Escrow Agreement. As soon as Truist Bank's attorney begins to review the Escrow Agreement, the legal review fee is subject to payment regardless if the Parties decide to appoint a different escrow agent or a decision is made that the Escrow Agreement is not needed.

Administration Fee: **\$2,500** – payable at the time of signing the Escrow Agreement and on the anniversary date thereafter, if applicable

The Administration Fee includes providing routine and standard services of an Escrow Agent. The fee includes administering the escrow account, performing investment transactions, processing cash transactions (including wires and check processing), disbursing funds in accordance with the Agreement (note any pricing considerations below), and providing trust account statements to the Parties for a twelve (12) month period. If the account remains open beyond the twelve (12) month term, the Parties will be invoiced each year on the anniversary date of the execution of the Escrow Agreement. Extraordinary expenses, including legal counsel fees, will be billed as out-of-pocket. The Administration Fee is due upon execution of the Escrow Agreement. The fees shall be deemed earned in full upon receipt by the Escrow Agent, and no portion shall be refundable for any reason, including without limitation, termination of the agreement.

Out-of-Pocket Expenses: **At Cost**

Out-of-pocket expenses such as, but not limited to, postage, courier, overnight mail, wire transfer, travel, legal (out-of-pocket to counsel) or accounting, will be billed at cost.

Note: This fee schedule is based on the assumption that the escrowed funds will be invested in one of the Truist Deposit Options. If any other investment options are chosen, this fee schedule will become subject to change.

EXHIBIT F

Development Cost Schedule

Development Category	Estimated Expense
Land Acquisition	\$ 14,500,000
Design (includes 10% contingency)	\$ 14,267,000
Development Fees	\$ 5,000,000
Construction	\$ 273,529,659
Operating Supplies/Equipment (includes 10% contingency)	\$ 70,460,131
Pre-Opening Expense (includes 10% contingency)	\$ 8,451,462
Construction Contingency	\$ 25,598,328
License Fee and Investigation	<u>\$ 15,500,000</u>
Direct Project Costs	\$ 427,306,580
Add Soft Costs:	
Pre-Development Expense	\$ 5,000,000
Legal	\$ 3,000,000
Financing Fee (Term Loan)	\$ 8,121,875
OID (Term Loan)	\$ 4,225,000
Interest Reserve	\$ 72,881,250
Operating Cash	\$ 17,000,000
Upfront Payment	<u>\$ 25,000,000</u>
Total Soft Costs	<u>\$ 135,228,125</u>
Total Project Costs	<u>\$ 562,534,705</u>

Exhibit G

Minority Business Enterprise, and Emerging Small Business Participation

1. Definitions:

“**Contractor**” means a Person contracted by Owner to perform services or work on the Property in connection with the construction and operation of the Project.

“**Emerging Small Business**” means a Person certified by the Office of Minority Business Development as meeting the definition of “emerging small business” in section 21-4 of the Code of the City of Richmond or any successor ordinance.

“**Goal**” means a 40% MBE participation goal through the procurement of goods and services required for the construction and operation of the Project.

“**Good Faith Efforts**” has the same meaning as provided in section 21-4 of the Code of the City of Richmond or any successor ordinance for “good faith minority business enterprise and emerging small business participation efforts.”

“**Cost**” means all costs expended by Owner to construct and operate the Project, except for the following:

- (i) any payment to a grantor of real property as consideration for the acquisition of real property from that grantor, excluding any charges, commissions, fees, or other compensation due to real estate agent, broker or finder on account thereof;
- (ii) any payment to a public or private utility to connect to the utility services of that public or private utility; and
- (iii) other costs expended by Owner to construct and operate the Project that the Office of Minority Business Development determines cannot be performed by an Emerging Small Business or a Minority Business Enterprise.

“**Minority Business Enterprise**” means a Person registered by the Office of Minority Business Development as meeting the definition of “minority business enterprise” in section 21-4 of the Code of the City of Richmond or any successor ordinance.

“**Office of Minority Business Development**” means the City’s Office of

Minority Business Development or its successor agency.

“**Purchaser**” means Owner and any Contractor or Subcontractor of Owner.

2. Goal.

2.1. **Efforts Cumulative.** The Goal does not apply individually to each contract into which Owner and other Purchasers enter for part of the Cost to which the Goal applies. Rather, Owner will be considered to have met the Goal if the Goal’s percentage of the entire Cost is fulfilled even if the Goal is not met for individual contracts that relate to that Cost.

2.2. **Performance Measurement.** The Office of Minority Business Development will use the following rules to determine whether Owner properly has counted particular payments to Contractors and Subcontractors towards meeting the Goal:

(A) Only payments made to a Contractor or Subcontractor that is an Emerging Small Business or a Minority Business Enterprise will be counted towards the Goal.

(B) The value of work performed by a Contractor or Subcontractor that ceases to be certified by the Office of Minority Business Development as an Emerging Small Business or registered by the Office of Minority Business Development as a Minority Business Enterprise will not be counted, unless such Contractor or Subcontractor is recertified or reregistered, as applicable, within 90 calendar days following the termination of its certification or registration, as applicable.

(C) When an Emerging Small Business or a Minority Business Enterprise subcontracts part of the work of its contract to a Subcontractor, the value of the subcontracted work will be counted towards the Goal only if that Subcontractor is itself an Emerging Small Business or a Minority Business Enterprise.

(D) The entire amount of payments to an Emerging Small Business or a Minority Business Enterprise for “general conditions,” as that term is used in the construction industry to describe a category of a construction contractor’s costs, will be counted towards the Goal.

(E) When an Emerging Small Business or a Minority Business Enterprise performs as a participant in a joint venture, a portion of the total value of the contract equal to the portion of the work of that contract that the Emerging Small Business or the Minority Business Enterprise performs, as measured by the amount paid to that Emerging Small Business or Minority Business Enterprise and not paid to a Subcontractor thereof will be counted towards the Goal.

(F) Payments to an Emerging Small Business or a Minority Business Enterprise for materials or supplies will be counted towards the Goal as follows:

- (i) If the materials or supplies are obtained directly from a manufacturer that is an Emerging Small Business or a Minority Business Enterprise, 100 percent of the

- cost of those materials or supplies will count towards the Goal; and
- (ii) If the materials or supplies are obtained from an Emerging Small Business or a Minority Business Enterprise that has stored or warehoused the materials or supplies, 60 percent of the cost of those materials or supplies so stored or warehoused by the Emerging Small Business or the Minority Business Enterprise will count towards the Goal.

2.3. **Good Faith Efforts.** Owner will be deemed to have made Good Faith Efforts to achieve the Goal if Owner has done all of the following:

- (i) Owner has caused each Purchaser to implement plans and procedures that will require that Purchaser to comply with all of the elements herein.
- (ii) Owner causes implementation of the following:
 - (A) Contractor or owner-controlled insurance programs to cover Subcontractors under insurance policies for each component of the Project.
 - (B) Payment schedules for Subcontractors that are biweekly instead of monthly.
 - (C) Owner has caused all Purchasers to do the following:
 - (1) Provide and, as needed, update contact information for a point of contact to Owner and City for the purpose of communications required or permitted to be given herein.
 - (2) Set individual targets on individual contracts consistent with the Owner's Good Faith Efforts to achieve the Goal.
 - (3) If the Purchaser is a Contractor, work with Owner to host, plan, adequately advertise, and conduct at least two "meet and greet" sessions intended to introduce Emerging Small Businesses and Minority Business Enterprises to Contractor.
 - (4) If the Purchaser is a Contractor, hold a pre-bid or pre-proposal meeting for all Subcontractors prior to any due date for bids or proposals at which the Goal and the requirements of this Section 2.3 are explained.
 - (5) If the Purchaser is a Contractor, recruit Subcontractors to participate in the pre-bid or pre-proposal.
 - (D) For each contract the cost of which is part of the Cost:
 - (1) Owner has used the Office of Minority Business Development's database and other available sources to identify qualified, willing and able Emerging

Small Businesses and Minority Business Enterprises.

(2) Owner has participated in outreach efforts and programs designed to assist qualified potential Contractors or Subcontractors in becoming certified as Emerging Small Businesses or registered as Minority Business Enterprises.

(3) Owner has notified potential Contractors or Subcontractors that might qualify as Emerging Small Businesses and Minority Business Enterprises, through meetings, fora, presentations, seminars, newsletters, website notices or other means of the upcoming opportunities available to Emerging Small Businesses and Minority Business Enterprises to participate in the construction or operation of the Project.

(4) Owner has provided Purchasers with assistance and resources to identify and contract with Emerging Small Businesses and Minority Business Enterprises.

(5) Owner has worked with not-for-profit organizations to reduce barriers to Emerging Small Business and Minority Business Enterprise participation in the construction and operation of the Project, including implementation of the requirements of this Section.

(6) Owner has assisted Purchasers, bidders or offerors and Emerging Small Businesses and Minority Business Enterprises with any questions relating to the provisions herein.

(7) Owner has provided the City with a copy of all correspondence in which it has informed Purchasers, bidders or offerors and Emerging Small Businesses and Minority Business Enterprises of the Owner's opinion as to whether a particular contract or portion thereof should be counted towards the Goal.

(8) Owner has required Purchasers to submit a form containing all of the information required above for each Emerging Small Business or Minority Business Enterprise the Purchaser is committing to using.

(9) Owner has resolved any disputes related to Emerging Small Business or Minority Business Enterprise participation in the Project and advised the City in writing of each such dispute and its resolution.

(10) Owner has complied with and caused all Purchasers to comply with all compliance monitoring and reporting requirements set forth herein.

2.4. Compliance Monitoring and Reporting.

(A) **Responsibility.** Although all final determinations as to whether the Goal has been met shall be made only by City, in consultation with the Office of Minority Business Development, Owner will be responsible for monitoring and enforcing the compliance of Purchasers with the requirements herein. Owner shall cause all Purchasers to gather and report to Owner all data needed to ensure that all Purchasers are complying with such requirements. Owner shall furnish City with all data so gathered and reported and all other information required herein no less frequently than once per month at a time designated by City.

(1) **Reporting.** Owner shall require all Purchasers to submit, monthly and on a form approved by the Office of Minority Business Development, complete and accurate data on the participation of Emerging Small Businesses and Minority Business Enterprises, including, but not necessarily limited to, the following:

- (a) The name, address, identification number and work description of each Emerging Small Business or Minority Business Enterprise that the Purchaser has committed to use, as of the date of the report;
- (b) Identification of the Purchaser that has hired each Emerging Small Business or Minority Business Enterprise;
- (c) The total contract value for each committed Emerging Small Business or Minority Business Enterprise;
- (d) Any changes to the total contract value for each committed Emerging Small Business or Minority Business Enterprise;
- (e) The classification of each Emerging Small Business or Minority Business Enterprise by function using classifications prescribed by the Office of Minority Business Development;
- (f) The value of each element of work, supplies, or services provided by each Emerging Small Business or Minority Business Enterprise during the reporting period;
- (g) The value of each element of work, supplies, or services that the Owner believes should be counted towards the Goal during the reporting period;
- (h) The total value of work, supplies, or services invoiced during the reporting period and paid during the reporting period for each Emerging Small Business or Minority Business Enterprise; and

(i) The total amount of invoices during the reporting period and paid during the reporting period.

Exhibit H

Sections of Management Agreement Requiring City Approvals for Amendments

1. Preparation, maintenance and furnishing of reports and information required pursuant to the terms and conditions of the Host Community Agreement (Section 2.01(d)(vi) as of 2-14-23)
2. Collection, accounting for and remitting to any non-Governmental Authority or the City of any taxes, fees, gifts, charitable donations and the like as part of the Owner's commitments to the City under the terms and conditions of the Host Community Agreement (Section 2.01(d)(xvi) as of 2-14-23)
3. Owner's compliance obligations under the terms and conditions of the Host Community Agreement (Section 2.01(d)(xxv) as of 2-14-23)
4. Other operations of Manager and Owner (Section 2.03 as of 2-14-23)
5. Manager's Use of Managed Facilities Guest Data (Sections 2.03 and 6.01(c)(i) and (ii) as of 2-14-23)
6. Maintenance and Repair, Capital Improvements (Section 4.02 as of 2-14-23)
7. Assignments (Section 10.03 as of 2-14-23)
8. Gaming Approvals (Section 5.01 as of 2-14-23)
9. Casualty and Condemnation Notices (Article XIV as of 2-14-23)
10. Definitions (Exhibit B as of 2-14-23) - "Applicable Law."

EXHIBIT I
ARBITRATION

If, pursuant to Section 2.2, the City and Owner fail to reach an agreement regarding whether Owner is complying with the Luxury Hotel and First Class Resort Casino Standard, or agree upon a plan for complying with such standards, then arbitration shall be conducted in accordance with the following:

(a) The party desiring arbitration shall appoint a disinterested person that satisfies the requirements of (g), below, as arbitrator on its behalf and give notice thereof to the other party who shall, within fifteen (15) days thereafter, appoint a second disinterested person that satisfies the requirements of (g), below, as arbitrator on its behalf and give notice thereof to the first party.

(b) The two (2) arbitrators thus appointed shall together appoint a third disinterested person that satisfies the requirements of (g), below, within fifteen (15) days after the appointment of the second arbitrator, and said three (3) arbitrators shall, as promptly as possible, determine the matter that is the subject of the arbitration and the decision of the majority of them shall be conclusive and binding on all parties and judgment upon the award may be entered in any court having jurisdiction.

(c) If a party who has the right pursuant to the foregoing to appoint an arbitrator fails or neglects to do so, then and in such event, the other party (or if the two (2) arbitrators appointed by the parties fail to appoint a third arbitrator when required hereunder, then either party) may apply to the American Arbitration Association (or any organization successor thereto), or in its absence, refusal, failure or inability to act, may apply for a court appointment of such arbitrator.

(d) The arbitration shall be conducted in the City of Richmond, and to the extent applicable and consistent with this Section, shall be conducted in accordance with the commercial Arbitration Rules then obtaining of the American Arbitration Association in effect at the time of such arbitration or any successor body of similar function. Each party shall have the right to present evidence in the arbitration.

(e) Each party shall pay (i) its own fees and expenses relating to the arbitration and its arbitrator (including, without limitation, the fees and expenses of its counsel and of experts and witnesses retained or called by it) and (ii) one-half of the fees and expenses of the third arbitrator, provided, that the arbitrators shall have the authority to award such fees and expenses in favor of the prevailing party.

(f) City and Owner shall sign all documents and do all other things necessary to submit any such matter to arbitration and further shall, and hereby do, waive any and all rights they or either of them may at any time have to revoke their agreement hereunder to submit to arbitration and to abide by the decision rendered thereunder. The arbitrators shall have no power to vary or modify any of the provisions of this Lease and their jurisdiction is limited accordingly.

Each of the arbitrators shall have at least ten (10) years' experience in the operation of casinos and/or hotels similar in all material respects to the Project.

**COMMUNITY SUPPORT AGREEMENT
AMONG CITY OF RICHMOND, CASINO OWNER, AND CASINO
MANAGER**

THIS COMMUNITY SUPPORT AGREEMENT (this “Agreement”) is entered into as of the ____ day of _____, 2023, by and among the City of Richmond, Virginia, a municipal corporation (“City”) and political subdivision of the Commonwealth of Virginia, RVA Entertainment Holdings, LLC, a Delaware limited liability company (“Owner”), and Richmond VA Management, LLC, a Delaware limited liability company (“Manager”), collectively referred to in this Agreement as the “Parties” or individually, a “Party”.

RECITALS

WHEREAS, the Virginia General Assembly has authorized the operation of a casino in the City pursuant to the provisions of Title 58.1, Chapter 41 of the Code of Virginia (the “Act”);

WHEREAS, the City solicited from qualified applicants expressions of interest in being designated as a “preferred casino gaming operator” for the purpose of developing and operating a proposed “casino gaming establishment,” all as contemplated by the Act;

WHEREAS, in response to such solicitation, the City reviewed a number of proposals and considered such proposals pursuant to the Act;

WHEREAS, after giving substantial weight to the standards and criteria set forth in the Act, the proposal put forward by the Owner was judged by the City to be in the best interests of the City and its residents, and the City selected Owner as the City’s “preferred casino gaming operator” under the Act;

WHEREAS, the City and the Owner have contemporaneously entered into a Resort Casino Host Community Agreement (the “Host Community Agreement”) for the development of a resort casino hotel project with a minimum capital investment of \$562,534,705 (“the Project” as further described in the Host Community Agreement);

WHEREAS, the Manager has entered into a Second Amended and Restated Management Agreement (defined in the Host Community Agreement as the “Management Agreement”) with the Owner to manage the Project for the Owner;

WHEREAS, the Owner and the Manager agreed to make certain commitments to the City in connection with the Owner’s selection as the City’s “preferred casino gaming operator” under the Act;

WHEREAS, the City, the Owner and the Manager desire to enter into this Agreement and

make the agreements, commitments and obligations provided herein; and

WHEREAS, the agreements, commitments and obligations in this Agreement were a material inducement to the City selecting Owner as the City's "preferred casino gaming operator".

NOW, THEREFORE, in consideration of the covenants and provisions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City, Owner, and Manager agree as follows:

Article I. PRELIMINARY PROVISIONS

Section 1.01 Purpose. The purpose of this Agreement is to set forth the terms and conditions governing the Parties' obligations, responsibilities and rights with respect to the matters addressed herein.

Section 1.02 Subject to Host Community Agreement. This Agreement and the Management Agreement are and shall be subject to the terms and conditions of the Host Community Agreement. Subject to the terms and conditions of this Agreement, Manager agrees to comply with the requirements of the Host Community Agreement with respect to the exercise of Owner's authority delegated to it pursuant to the Management Agreement. Subject to the conditions contained in Article 3, the City shall have the right to approve any amendment or assignment of the Management Agreement by the Owner to a new owner or the appointment by Owner of a new manager or the assignment of this Agreement or the Management Agreement. Notwithstanding anything to the contrary, Manager shall not be deemed to be a party to the Host Community Agreement in any respect, and in no event shall neither be a guarantor of Owner's performance with respect to the obligations in the Host Community Agreement.

Section 1.03 Definitions. Defined terms used herein and not otherwise defined herein shall have the same meaning as provided in the Host Community Agreement.

Article II. COMMITMENTS

Section 2.01 Mitigation Annual Payment. From and after Substantial Completion, in the event that Owner, Manager, or any Affiliate of Owner or Manager (for purposes of this paragraph "New Casino Operator") operates either or both (i) a "Casino Gaming Establishment" as defined by Code of Virginia Section 58.1-4100 in Dumfries, Virginia or (ii) a large "Casino Gaming Establishment" as defined by Code of Virginia Section 58.1-4100 of at least 1,300 gaming positions located in Prince William County, Virginia ("Additional Class III Gaming Facility"), then in any given year that the Project's "adjusted gross receipts" as defined by Code of Virginia Section 58.1-4100 decline as measured against the Base Measuring Period (as defined below), the Owner or Manager, as applicable, shall cause the New Casino Operator to pay to the City an ongoing Mitigation Annual Payment to offset such decline in each year of operation following the opening of the Additional Class III Gaming Facility. Such decline will be measured against the Project's average adjusted gross receipts for the two years prior (or in the event of only one year of Project operation, the immediate preceding

year, the “Base Measuring Period”) to the opening of the Additional Class III Gaming Facility and the Mitigation Annual Payment will be capped at a maximum of 4% of the decline from the Base Measuring Period multiplied by the applicable statutory gaming tax tier percentage allocated to the City pursuant to Code of Virginia Section 58.1-4124. In the event there is no decline from the Base Measuring Period in any Calendar Year in the Project’s “adjusted gross receipts” as defined by Code of Virginia Section 58.1-4100, then no Mitigation Annual Payment will be due to the City. The Mitigation Annual Payment will be based on a Calendar Year and will include a prorated amount for the initial Mitigation Annual Payment that is not necessarily based on a full 12 month Calendar Year. Mitigation Annual Payments are due on or before January 15 of each Calendar Year. Owner or Manager, as applicable, shall cause the New Casino Operator to provide to the City such information that was used to calculate the Mitigation Annual Payments (such calculations to be certified by the chief financial officer or equivalent position of the New Casino Operator).

For the avoidance of doubt, assuming a scenario where the Project’s average adjusted gross receipts for the Base Measuring Period (the immediate two years preceding the opening of a Class III casino) are \$300,000,000; then assuming that over the next twelve months, while the Class III casino is in operation, adjusted gross receipts for the Project declined to \$290,000,000. In that instance, the decline of \$10,000,000 from the Base Measuring Period would be multiplied by the City’s applicable statutory tax tier of 7% (based on \$300,000,000 of adjusted gross receipts), resulting in a Mitigation Payment of \$700,000 to the City from the New Casino Operator. If the subsequent year’s adjusted gross receipts for the Project declined to \$285,000,000, the decline of \$15,000,000 from the Base Measuring Period would be subject to the maximum 4% cap, or \$12,000,000 in this example. In that event, the \$12,000,000 would be multiplied by the City’s applicable statutory tax tier of 7%, resulting in a Mitigation Payment of \$840,000 to the City from the New Casino Operator.

Section 2.02 Support for Richmond Public Schools. Manager shall make a cash payment to Richmond Public Schools Education Foundation for the benefit of students of Richmond Public Schools in the amount of \$30,000 annually for a total of \$150,000 over a five year period commencing on January 1, 2024. Manager shall provide to the City each year evidence of such annual payment, in such form and substance as shall be reasonably requested by the City.

Article III. TRANSFER AND ASSIGNMENT RESTRICTIONS

Section 3.01 Limitations on Transfer or Assignment of Agreement. Neither Owner nor Manager shall, whether by operation of law or otherwise, Transfer this Agreement or the Management Agreement, and Owner shall not whether by operation of law or otherwise, Transfer this Agreement without providing sixty (60) days advance notice to the City of the proposed Transfer, and such Transfer shall not be consummated without the prior written consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed. In the event of such approved Transfer, Owner or Manager (or all of Owner and Manager) as applicable (and in case of any subsequent transfers thereof, the then transferor), subject to such transferee accepting and assuming this Agreement or the Management Agreement, as applicable, and its respective terms and conditions and agreeing to be

bound by the provisions hereof, automatically shall be relieved and released, from and after the date of such assignment or transfer, of all liability with regard to the performance of any covenants or obligations contained in this Agreement or the Management Agreement, as applicable, thereafter to be performed on the part of Owner or Manager as applicable (or such transferor, as the case may be), but not from liability incurred by Owner or Manager as applicable (or such transferor, as the case may be) on account of covenants or obligations to be performed by Owner or Manager as applicable (or such transferor, as the case may be) hereunder before the date of such assignment or transfer.

Section 3.02 Restrictions on Transfer of Ownership Interests of Manager.

(a) **General.** Manager agrees that any issued and outstanding equity interests in Manager (and any successor manager) shall be “Restricted Securities” as set forth in this Agreement. Such Restricted Securities shall not be Transferred to a third party without providing sixty (60) days advance notice to the City of the proposed Transfer, and such Transfer shall not be consummated unless and until the City has consented to such Transfer; provided, that the City shall not unreasonably withhold, condition, or delay its consent to such Transfer; provided, further, that no consent shall be required from the City for any single Transfer (not coordinated with other Transfers) involving one percent (1%) or less of such Manager’s securities on a fully-diluted basis. Manager shall make all holders of Restricted Securities aware of the restrictions on Transfer set forth in this Agreement, and if any Restricted Securities are issued in certificate form, such certificates shall bear a legend identifying such securities as Restricted Securities. In addition, any Transfer of the equity of Manager shall be conditioned upon receipt of any necessary Gaming Approval from the Board. Any Transfer shall include an acknowledgement by the transferee of the obligations set forth in this Agreement, and an agreement to be bound by the terms hereof.

(b) **Qualification on Limitations on Transfers.** Notwithstanding the foregoing, no provision of this Agreement shall impose or be construed as imposing any limitation on any Transfer of any ownership interest in CDIHC, LLC (“CDIHC”), or any entity that owns a Direct or Indirect Interest in CDIHC, or with regard to any of the foregoing entities, a successor by merger, consolidation, sale of assets or otherwise, to all or a substantial portion of the assets or business.

(c) All transferees of Restricted Securities shall hold their interests subject to the restrictions of this Article. Manager agrees to place a legend referencing these restrictions on its ownership certificates, if any.

Article IV. REPRESENTATIONS AND WARRANTIES

Section 4.01 Representations and Warranties of the Manager. As a material inducement to City to enter into this Agreement and the transactions and agreements contemplated hereby, Manager represents and warrants to City that as of the date of execution of this Agreement:

(a) **Valid Existence and Good Standing.** Manager is a limited liability company duly organized and validly existing under the laws of the State of Delaware and duly

authorized and registered to transact business in the Commonwealth of Virginia. Manager has the requisite power and authority to own its property and conduct its business as presently conducted.

(b) **Authority to Execute and Perform Contract Documents.** Manager has the requisite power and authority to execute and deliver the Agreement and to carry out and perform all of the terms and covenants of the Agreement and the agreements contemplated hereby to be performed by it.

(c) **No Limitation on Ability to Perform.** Neither Manager's articles of formation, operating agreement, bylaws or other governing documents nor any applicable Law prohibit the Manager's entry into the Agreement or its performance thereunder. No consent, authorization or approval of, and no notice to or filing with, any governmental authority, regulatory body or other Person is required for the due execution and delivery of the Agreement by Manager, except for consents, authorizations and approvals which have already been obtained, notices which have already been given and filings which have already been made, and any Gaming Approvals, or submissions to Gaming Authorities therewith, or other filings or permits with any regulatory authorities as required in connection with the Project (as such terms are defined in the Host Community Agreement). Except as may otherwise have been disclosed to City in writing, there are no undischarged judgments pending against Manager, and neither has received notice of the filing of any pending suit or proceedings against it before any court, governmental agency or arbitrator that might materially adversely affect the enforceability of the Agreement or the business, operations, assets or condition of Manager.

(d) **Valid Execution.** The execution and delivery of the Agreement, and the performance by the Manager hereunder have been duly and validly authorized. When executed and delivered by City, the Owner, and the Manager, the Agreement will be a legal, valid and binding obligation of Manager.

(e) **Defaults.** The execution, delivery and performance of the Agreement (i) do not and will not violate or result in a violation of, contravene, or conflict with or constitute a default by Manager under (A) any agreement, document, or instrument to which either is a party or by which either is bound, (B) any Law applicable to Manager or its business, or (C) the articles of formation, operating agreement, bylaws, or other governing documents of Manager; and (ii) do not result in the creation or imposition of any lien or other encumbrance upon the assets of Manager, except as contemplated hereby.

(f) **Financial Matters.** Except to the extent disclosed to City in writing, to Manager's knowledge, (i) Manager is not in default under, and has not received notice asserting that it is in default under, any agreement for borrowed money, (ii) Manager has not filed a petition for relief under any chapter of the United States Bankruptcy Code, (iii) there has been no event that has materially adversely affected Manager's ability to meet its obligations hereunder or that has occurred that will constitute an event of default by Manager under the Agreement; and (iv) no involuntary petition naming Manager as debtor has been filed under any chapter of the United States Bankruptcy Code.

(g) **Gaming Matters.** Manager and its Representatives and Affiliates are in good standing with the Gaming Authorities in each of the jurisdictions in which they or any of their respective Affiliates owns or operates gaming facilities. To the knowledge of Manager, there are no facts that, if known to the Board, would be reasonably likely to (i) result in the denial, restriction, limitation, termination, suspension or revocation of a gaming license, approval, consent or waiver, (ii) result in a negative outcome to any finding of suitability proceedings or other approval proceedings necessary for the transactions contemplated under this Agreement and the licensing of the Project or (iii) be reasonably likely to negatively impact, or cause a delay under, any suitability or other approval proceeding required by the Board to consummate the transactions contemplated hereby and the licensing of the Project.

(h) **Survival.** The representations and warranties above shall survive the expiration or any earlier termination of the Agreement. Notwithstanding anything to the contrary, the representations and warranties in this Section 4.01 speak solely as of and are limited to the date of execution of this Agreement.

Section 4.02 Representations and Warranties of the Owner. As a material inducement to City to enter into this Agreement and the transactions and agreements contemplated hereby, Owner represents and warrants to City that as of the date of execution of the Agreement:

(a) **Valid Existence and Good Standing.** Owner is a limited liability company duly organized and validly existing under the laws of the State of Delaware and duly authorized and registered to transact business in the Commonwealth of Virginia. Owner has the requisite power and authority to own its property and conduct its business as presently conducted.

(b) **Authority to Execute and Perform Contract Documents.** Owner has the requisite power and authority to execute and deliver the Agreement and to carry out and perform all of the terms and covenants of the Agreement and the agreements contemplated hereby to be performed by Owner.

(c) **No Limitation on Ability to Perform.** Neither Owner's articles of formation, operating agreement, bylaws or other governing documents nor any applicable Law prohibits the Owner's entry into the Agreement or its performance thereunder. No consent, authorization or approval of, and no notice to or filing with, any governmental authority, regulatory body or other Person is required for the due execution and delivery of the Agreement by Owner, except for consents, authorizations and approvals which have already been obtained, notices which have already been given and filings which have already been made, and any Gaming Approvals, or submissions to Gaming Authorities therewith, or other filings or permits with any regulatory authorities as required in connection with the Project (as such terms are defined in the Host Community Agreement). Except as may otherwise have been disclosed to City in writing, there are no undischarged judgments pending against Owner, and Owner has not received notice of the filing of any pending suit or proceedings against Owner before any court, governmental agency or arbitrator that might materially adversely affect the enforceability of the Agreement or the

business, operations, assets or condition of Owner.

(d) **Valid Execution.** The execution and delivery of the Agreement, and the performance by the Owner thereunder have been duly and validly authorized. When executed and delivered by City, the Owner and the Manager, the Agreement will be a legal, valid and binding obligation of Owner.

(e) **Defaults.** The execution, delivery and performance of the Agreement (i) do not and will not violate or result in a violation of, contravene, or conflict with or constitute a default by Owner under (A) any agreement, document, or instrument to which Owner is a party or by which Owner is bound, (B) any Law applicable to Owner or its business, or (C) the articles of formation, operating agreement, bylaws, or other governing documents of Owner; and (ii) do not result in the creation or imposition of any lien or other encumbrance upon the assets of Owner, except as contemplated hereby.

(f) **Financial Matters.** Except to the extent disclosed to City in writing, to Owner's knowledge, (i) Owner is not in default under, and has not received notice asserting that it is in default under, any agreement for borrowed money, (ii) Owner has not filed a petition for relief under any chapter of the United States Bankruptcy Code, (iii) there has been no event that has materially adversely affected Owner's ability to meet its obligations hereunder or that has occurred that will constitute an event of default by Owner under the Agreement; and (iv) no involuntary petition naming Owner as debtor has been filed under any chapter of the United States Bankruptcy Code.

(g) **Gaming Matters.** Owner and its Representatives and Affiliates are in good standing with the Gaming Authorities in each of the jurisdictions in which they or any of their respective Affiliates owns or operates gaming facilities. To the knowledge of Owner, there are no facts that, if known to the Board, would be reasonably likely to (i) result in the denial, restriction, limitation, termination, suspension or revocation of a gaming license, approval, consent or waiver, (ii) result in a negative outcome to any finding of suitability proceedings or other approval proceedings necessary for the transactions contemplated under this Agreement and the licensing of the Project or (ii) be reasonably likely to negatively impact, or cause a delay under, any suitability or other approval proceeding required by the Board to consummate the transactions contemplated hereby and the licensing of the Project.

(h) **Survival.** The representations and warranties above shall survive the expiration or any earlier termination of the Agreement. Notwithstanding anything to the contrary, the representations and warranties in this Section 4.02 speak solely as of and are limited to the date of execution of this Agreement.

Section 4.03 Obligations Several. The City acknowledges that the obligations of Owner and its Affiliates, and Manager and its Affiliates, are several and not joint. Owner shall not be responsible to take any action or refrain from taking any action required of Manager or Manager's Affiliates pursuant to this Agreement, and Manager and its Affiliates shall not be responsible to

take any action or refrain from taking any action required of Owner or Owner's Affiliates pursuant to this Agreement. The City also acknowledges that Owner and Manager shall not be deemed Affiliates of each other for any purpose under this Agreement.

Article V. MISCELLANEOUS PROVISIONS

Section 5.01 Duration. This Agreement will be in full force and effect following the City Council's approval of this Agreement and the execution of this Agreement by all Parties (the "Effective Date") and shall terminate or expire only as provided herein; provided, however, that the Agreement shall terminate if upon certification of the results of the Referendum, the Referendum failed to pass; provided, further, that this Agreement shall terminate with respect to the Parties (and such Parties' rights and obligations set forth herein) upon the termination or expiration of the Management Agreement, as applicable.

Section 5.02 Oppose Adverse Litigation. Owner, Manager and City shall take, or cause to be taken, all actions reasonably necessary to (i) defend any lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated by this Agreement, (ii) prevent the entry by any Governmental Authority of any decree, injunction or other order challenging this Agreement or the consummation of the transactions contemplated by this Agreement, (iii) appeal as promptly as practicable any such decree, injunction or other order and (iv) have any such decree, injunction or other order vacated or reversed.

Section 5.03 Survival. The following provisions of this Agreement shall survive following any early termination of this Agreement: Article IV, Section 5.06, Section 5.07, Section 5.09, Section 5.10, Section 5.11, Section 5.12, Section 5.13, and Section 5.14 hereof.

Section 5.04 Captions. This Agreement includes the captions, headings and titles appearing herein for convenience only, and such captions, headings and titles do not affect the construal, interpretation or meaning of this Agreement or in any way define, limit, extend or describe the scope or intent of any provisions of this Agreement.

Section 5.05 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same Agreement.

Section 5.06 Entire Agreement. This Agreement contains the entire understanding between the parties with respect to the subject matter hereof and supersedes any prior understandings and written or oral agreements between them respecting such subject matter.

Section 5.07 Governing Law and Forum Choice. All issues and questions concerning the construction, enforcement, interpretation and validity of this Agreement, or the rights and obligations of the City, the Owner or the Manager in connection with this Agreement, shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Virginia, without giving effect to any choice of law or conflict of laws rules or provisions, whether

of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia. Any and all disputes, claims and causes of action arising out of or in connection with this Agreement, or any performances made hereunder, shall be brought, and any judicial proceeding shall take place, only in the Circuit Court of the City of Richmond, Virginia. Each party shall be responsible for its own attorneys' fees in the event of any litigation or other proceeding arising from this Agreement.

Section 5.08 Modifications. This Agreement may be amended, modified and supplemented only by the written consent of the City, the Owner and the Manager preceded by all formalities required as prerequisites to the signature by each party of this Agreement.

Section 5.09 No Agency, Joint Venture, or Other Relationship. Neither the execution of this Agreement nor the performance of any act or acts pursuant to the provisions of this Agreement shall be deemed to have the effect of creating between the City, the Owner, and the Manager or any of them, any relationship of principal and agent, partnership, or relationship other than the relationship established by this Agreement.

Section 5.10 No Individual Liability. No director, officer, member, employee, agent, or representative of the City, the Owner, the Manager or any Affiliate of them shall be personally liable to another party hereto or any successor in interest in the event of any default or breach under this Agreement or on any obligation incurred under the terms of this Agreement.

Section 5.11 No Third-Party Beneficiaries. Notwithstanding any other provision of this Agreement, the parties hereby agree that: (i) no individual or entity shall be considered, deemed or otherwise recognized to be a third-party beneficiary of this Agreement; (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than the parties hereto; (iii) no individual or entity shall obtain any right to make any claim against any party under the provisions of this Agreement; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity. For purposes of this Section 5.11, the phrase "individual or entity" means any individual or entity, including, but not limited to, individuals, contractors, subcontractors, vendors, subvendors, assignees, licensors and sublicensors, regardless of whether such individual or entity is named in this Agreement.

Section 5.12 No Waiver. The failure of any party to insist upon the strict performance of any provision of this Agreement shall not be deemed to be a waiver of the right to insist upon the strict performance of such provision or of any other provision of this Agreement at any time.

The waiver of any breach of this Agreement shall not constitute a waiver of a subsequent breach.

Section 5.13 Severability. Each clause, paragraph and provision of this Agreement is entirely independent and severable from every other clause, paragraph and provision. If any judicial authority or state or federal regulatory agency or authority determines that any portion

of this Agreement is invalid or unenforceable or unlawful, such determination will affect only the specific portion determined to be invalid or unenforceable or unlawful and will not affect any other portion of this Agreement which will remain and continue in full force and effect. In all other respects, all provisions of this Agreement will be interpreted in a manner which favors their validity and enforceability and which gives effect to the substantive intent of the parties.

Section 5.14 Notices. All notices, offers, consents or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly given or made if delivered personally, by messenger, by recognized overnight courier service or by registered or certified U.S. mail with return receipt requested, and addressed to the address of the intended recipient at the following addresses:

A. To the City:

Department of Economic Development
Attention: Director
1500 East Main Street, Suite 400
Richmond, Virginia 23219

with a copy to:

Chief Administrative Officer
City of Richmond, Virginia
900 East Broad Street, 14th Floor
Richmond, Virginia 23219

and

City Attorney
City of Richmond, Virginia
900 East Broad Street, Suite 400
Richmond, Virginia 23219

B. To the Owner:

RVA Entertainment Holdings, LLC
c/o Urban One, Inc.
1010 Wayne Avenue, 14th Floor
Silver Spring, Maryland 20910
Attention: General Counsel

and

RVA Entertainment Holdings, LLC
c/o Churchill Downs Incorporated
600 N. Hurstbourne Parkway, Suite 400
Louisville, KY 40222
Attention: General Counsel

with a copy to:

RVA Entertainment Holdings, LLC
c/o Urban One, Inc.
1010 Wayne Avenue, 14th Floor
Silver Spring, Maryland 20910
Attention: Chief Administrative Officer

and

Robert L. Ruben Partner
Duane Morris LLP
100 International Drive, Suite 700
Baltimore, MD 21202-5184

C. To the Manager:

Richmond VA Management, LLC
600 N. Hurstbourne Parkway, Suite 400
Louisville, KY 40222
Attention:
Telephone:
Facsimile:
Email:

with a copy to:

Churchill Downs Incorporated
600 N. Hurstbourne Parkway, Suite 400
Louisville, KY 40222
Attention: Brad Blackwell, EVP, General Counsel
Telephone:
Facsimile:
Email: brad.blackwell@kyderby.com

Each party may change any of its address information given above by giving notice in

writing stating its new address to the other parties.

Section 5.15 Interpretation

- (a) In this Agreement:
 - (i) headings are for convenience only and do not affect interpretation;
 - (ii) unless otherwise stated, a reference to any agreement, instrument or other document is to that agreement, instrument or other document as amended or supplemented from time to time;
 - (iii) a reference to this Agreement or any other agreement includes all exhibits, schedules, forms, appendices, addenda, attachments or other documents attached to or otherwise expressly incorporated in this Agreement or any other agreement (as applicable);
 - (iv) reference to an Article, Section, subsection, clause, Exhibit, schedule, form or appendix is to the Article, Section, subsection, clause, Exhibit, schedule, form or appendix in or attached to this Agreement, unless expressly provided otherwise;
 - (v) a reference to a Person includes a Person's permitted successors and assigns;
 - (vi) a reference to a singular word includes the plural and vice versa (as the context may require);
 - (vii) the words "including," "includes" and "include" mean "including, without limitation," "includes, without limitation" and "include, without limitation," respectively;
 - (viii) an obligation to do something "promptly" means an obligation to do so as soon as the circumstances permit, avoiding any delay; and
 - (ix) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" mean "to and including."
- (b) This Agreement is not to be interpreted or construed against the interests of a Party merely because that Party proposed this Agreement or some provision of it or because that Party relies on a provision of this Agreement to protect itself.
- (c) The Parties acknowledge and agree that:

- (i) each Party is an experienced and sophisticated party and has been given the opportunity to independently review this Agreement with legal counsel;
- (ii) each Party has the requisite experience and sophistication to understand, interpret and agree to the language of the provisions of this Agreement; and
- (iii) in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement will not be interpreted or construed against the Party preparing it.

Section 5.16 Signatures. This Agreement is signed when a party's signature is delivered by facsimile, email, or other electronic medium. These signatures must be treated in all respects as having the same force and effect as original signatures.

Section 5.17 Authorization to Act. The Chief Administrative Officer of the City or a designee thereof is authorized to act on behalf of the City under this Agreement.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the City, the Owner, and the Manager, have executed this Agreement as of the day and year written first above.

CITY OF RICHMOND, VIRGINIA,
a municipal corporation and political subdivision
of the Commonwealth of Virginia

By: _____
Chief Administrative Officer

APPROVED AS TO FORM:

Deputy City Attorney

RVA ENTERTAINMENT HOLDINGS, LLC,
a Delaware limited liability company

By: _____
Title: _____

RICHMOND VA MANAGEMENT, LLC, a
Delaware limited liability company

By: _____
Title: _____



CONVERGENCE
STRATEGY GROUP

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA

MARKET ASSESSMENT, FISCAL IMPACTS & JOB CREATION OF A
RICHMOND RESORT CASINO

March 4, 2021

EXECUTIVE SUMMARY

Convergence Strategy Group (“CSG”) was retained by the Economic Development Authority of the City of Richmond (“EDA”) in February 2021 to provide consulting services related to selection of a site and operator of a private resort casino in the city. This brief provides a summary of one of the initial critical services in this regard – an independent assessment of the gaming market for the potential resort casino, as well as its resulting fiscal impacts and job creation.

The following assessment considers a resort casino in Richmond at three alternative general locations,¹ and is three-fold in importance and use:

- To apprise the City in what we project as the comparative levels of demand, job creation and fiscal impact potential for the alternative sites;
- To use as a reasonableness check against promises made by bidders as to the relative demand and fiscal impact potential for different sites; and
- We recognize that projections have been previously made by third parties for the Commonwealth of Virginia of the market potential for each of the eligible cities for gaming, but the projections were made prior to the determination of the gaming tax rate, which is a major determinant in potential facility scale and magnitude of marketing efforts. As the applicable tax rates are now known, the market potential and fiscal impacts can now be more credibly modeled.

The general locations for study were speculative, based partly on news reports, Richmond 300 discussions, and mutually agreed upon with the EDA and the Department of Economic Development. The locations modeled were: 1) Downtown Richmond; 2) South Richmond; and 3) Northwest Richmond.

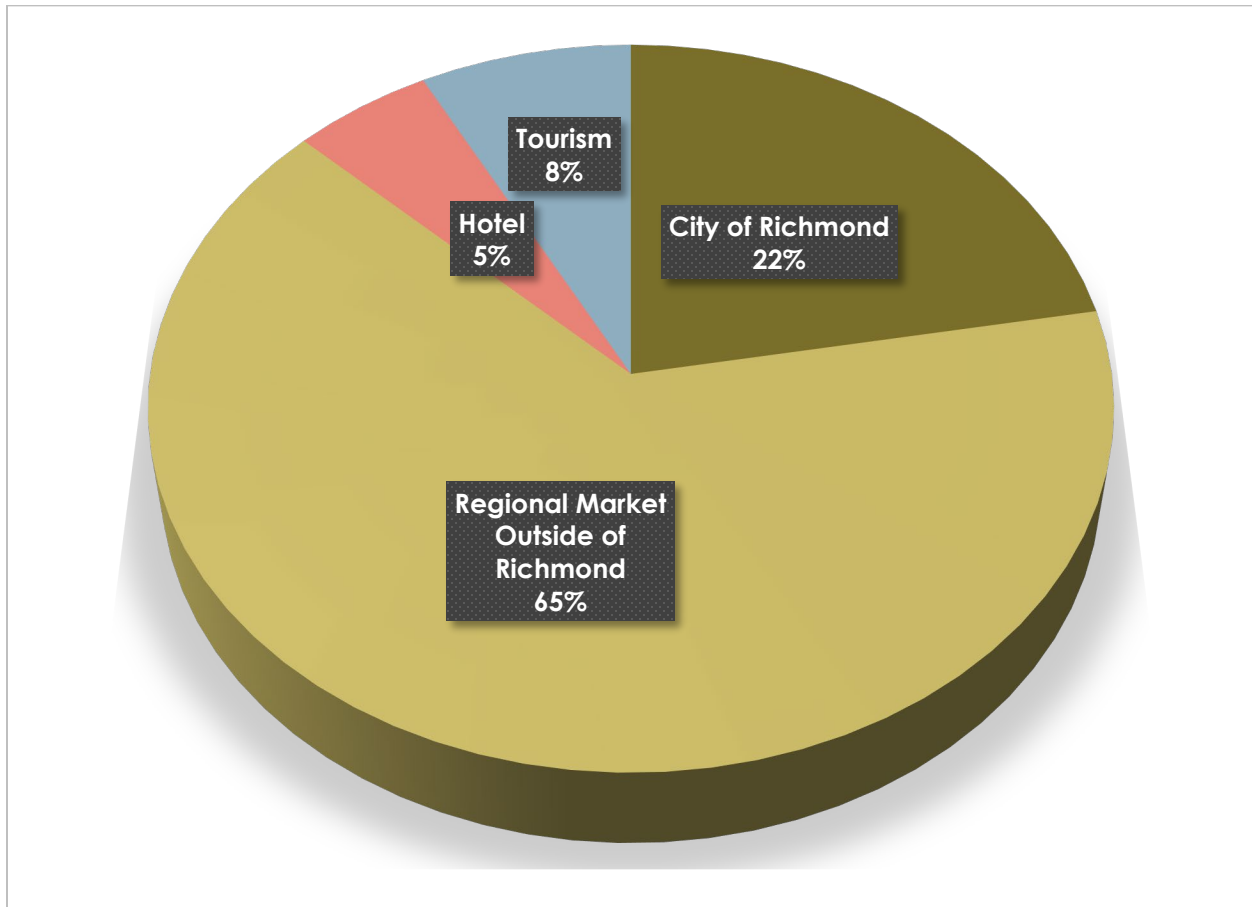
The findings included herein are CSG’s preliminary assessment, and may be amended or revised as additional information and data are provided.

MARKET ASSESSMENT

In consideration of all of the existing and anticipated competition in the regional market, the Richmond regional market should be capable of supporting a Richmond resort casino with 1,870 to 2,000 slot machines, 80 to 90 table games, and a hotel with 325 to 400 rooms, and should be capable of generating between \$309 million and \$328 million in gross gaming revenues in its first full year of stabilized operations, depending upon the facility location. For each of the alternative locations considered for a casino in Richmond, we project Richmond residents to contribute approximately 22% of the facility gaming revenues, with the remaining generated by those living outside of the city. The mix for a Downtown facility is demonstrated in the following pie chart and table.

¹ As of the date of this study, no responses to the City’s RFQ/P for Casino Development and Operation had been received and therefore no specific sites or locations were studied.

GAMING REVENUE POTENTIAL BY SOURCE, DOWNTOWN RICHMOND SITE



Source: CSG projections

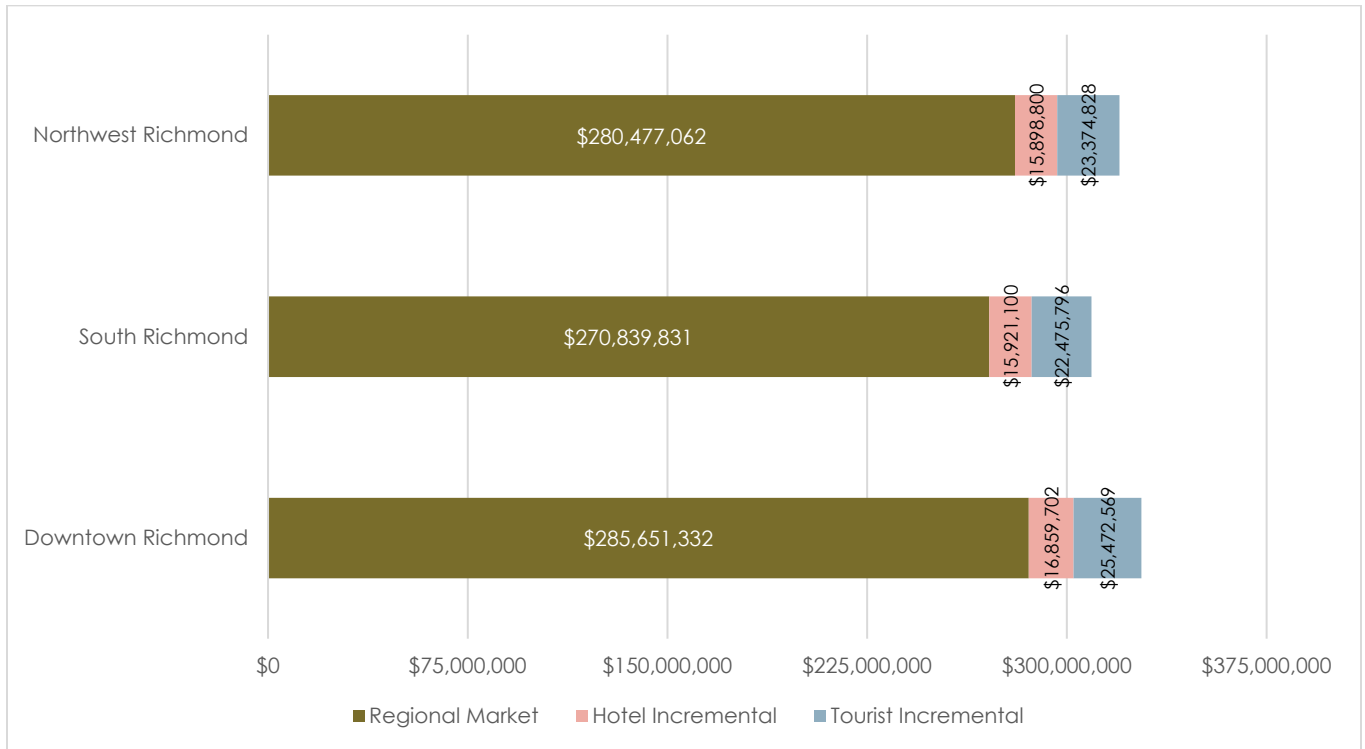
GAMING REVENUE POTENTIAL BY SOURCE, DOWNTOWN RICHMOND SITE

SOURCE	GGR	SHARE OF GGR
City of Richmond Residents	\$72,696,641	22.2%
Regional Market Outside of Richmond	\$212,954,691	64.9%
Hotel	\$16,859,702	5.1%
Tourism	\$25,472,569	7.8%
TOTAL	\$327,983,603	100.0%

Source: CSG projections

Total gross gaming revenues of \$328.0 million for the Downtown site were projected to be the highest of the locations and scenarios evaluated, with alternative sites expected to generate only slightly less. The lowest projected gross gaming revenues are for the South Richmond site - \$309.2 million, based on all existing and anticipated competition. We note that these totals do not include revenues that may be generated through sports betting, as it is not subject to gaming tax at the local level, and the growth trajectory may be much different than for casino gaming due to the degree of development of an online presence. Bricks and mortar sports betting could be expected to add approximately 3% to GGR.

GAMING REVENUE POTENTIAL BY LOCATION



Source: CSG projections

We note that the operator of a new (open January 2021), small Historical Horse Racing (“HHR”) gaming facility north of Richmond in Dumfries (approximately 90 minutes from Richmond) has since proposed replacing it with a resort-scale gaming facility, much larger than the existing facility. The projected impact on potential gaming revenues for a Richmond casino are demonstrated in the following table, while noting that the impact would likely be felt to a larger degree at competition to the north of Dumfries, not Richmond.²

SUMMARY OF GAMING REVENUE POTENTIAL

MARKET SEGMENT	DOWNTOWN RICHMOND		SOUTH RICHMOND		NORTHWEST RICHMOND	
	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort
Regional Market	\$285,651,332	\$277,520,388	\$270,839,831	\$262,581,230	\$280,477,062	\$268,982,498
Hotel Incremental	\$16,859,702	\$16,185,516	\$15,921,100	\$15,168,891	\$15,898,800	\$15,089,485
Tourist Incremental	\$25,472,569	\$25,472,569	\$22,475,796	\$22,475,796	\$23,374,828	\$23,374,828
Total GGR	\$327,983,603	\$319,178,473	\$309,236,726	\$300,225,917	\$319,750,690	\$307,446,810

Source: CSG projections

² In February 2021 an announcement was made of plans for a 150-device HHR facility in Emporia, on the North Carolina border, which will require a voter referendum. All projections herein assume the HHR facility in Emporia is not developed. As discussed in the regional market assessment, an HHR facility at that location potentially could divert \$2 to \$3 million from a Richmond resort casino. The higher end of that range may apply most to a South Richmond location due to its otherwise greater ability to draw from North Carolina markets, but the difference relative to a Northwest Richmond location would not be substantial.

From a patron demand perspective, we project 2.6 million to 2.8 million casino patrons per year. This helps us to define the optimal scale of the casino, at approximately 2,350 to 2,540 gaming positions,³ which equates to the aforementioned range of 1,870 to 2,000 slot machines and 80 to 90 table games.

CASINO PERFORMANCE MEASURES, FIRST STABILIZED YEAR OF OPERATIONS

	DOWNTOWN RICHMOND		SOUTH RICHMOND		NORTHWEST RICHMOND	
	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort
Gaming Revenue (\$M)	\$328.0	\$319.2	\$309.2	\$300.2	\$319.8	\$307.4
Visitation (M)	2.80	2.73	2.63	2.56	2.71	2.61
Win per Visit	\$117	\$117	\$118	\$117	\$118	\$118
Number of Units	2,540	2,490	2,410	2,350	2,490	2,400
Win/Position/Day	\$354	\$351	\$352	\$350	\$352	\$351
Turns/Position/Day	3.0	3.0	3.0	3.0	3.0	3.0

Source: CSG projections. Positions = the number of slots plus 6 positions per table game.

With respect to scale of a hotel, CSG projects an optimal scale of 325 rooms if developed outside of Downtown, with a scale of 400 rooms if developed Downtown to provide additional support to the convention center. Based on prevailing room rates in the Richmond market for upscale properties, an average daily room rate of \$142 was projected, with potential attainment of an occupancy rate in the range of 81% to 86%, generating \$14 million to \$17 million in room revenues (though the casino operator may provide a large share of this complimentary to the patrons).

POTENTIAL HOTEL PERFORMANCE, FIRST STABILIZED YEAR OF OPERATION

	W/DUMFRIES SMALL HHR			W/DUMFRIES RESORT HHR		
	Downtown	South	Northwest	Downtown	South	Northwest
Rooms	400	325	325	400	325	325
RNA	146,000	118,625	118,625	146,000	118,625	118,625
RND	122,215	102,118	101,108	118,405	97,873	96,919
Occupancy	83.7%	86.1%	85.2%	81.1%	82.5%	81.7%

Source: CSG analysis

Food and beverage (“F&B”) venues would also contribute heavily to patron attraction and spending. CSG projects F&B is projected to generate \$42 million to \$46 million in revenues, a large share of which may be provided as complimentary benefits to gamers. While the gaming and hotel demand is relatively straightforward to forecast based on our modeling for other markets, the food and beverage amenity mix and scale as may be proposed by developers may skew widely, but for an attractive, regional casino, F&B revenues equal to approximately 14% of casino gaming revenues should be a reasonable and attainable assumption.

One of the major differentiating factors that should be expected from casino resort bidders is what is to be offered in the way of additional, revenue-generating ancillary amenities, i.e., entertainment venues, spas, retail, and mixed-use venues. As there are many different concepts that may be

³ Gaming positions equal the number of slot machines plus the number of seats at a gaming table, or Slots+(Tables x 6) = gaming positions.

proposed, revenue estimates may vary considerable from what is ultimately attainable. In our models we assume a 2,500-seat entertainment venue as the major, ancillary amenity, which should be capable of generating approximately \$10 million per year in ticket sales.

FISCAL AND EMPLOYMENT IMPACTS

The fiscal impacts as presented in this report primarily address the potential impacts on the City of Richmond. The gaming tax law in Virginia stipulates that the total gaming tax for the first \$200 million in Adjusted Gross Receipts⁴ is 18%, for which the host city gets 6% (one-third of the total), a marginal tax rate of 23% on Adjusted Gross Receipts of \$200-\$400 million, of which the host city gets 7%, and a marginal tax rate of 30% for Adjusted Gross Receipts greater than \$400 million, of which the host city gets 8%. As evident from the results of CSG’s models, the AGR threshold of \$400 million is not attainable in the first year of stabilized operations. Rather, we project the effective total gaming tax rate will be approximately 20%, and the share going to Richmond equates to an effective 6.3% to 6.4% (but not incremental to the total), for a range of \$19.0 million to \$21.0 million.

SUMMARY OF GAMING TAX REVENUE POTENTIAL

	DOWNTOWN RICHMOND		SOUTH RICHMOND		NORTHWEST RICHMOND	
	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort
Total Gaming Tax						
First \$200m @ 18%	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000
Incremental @ 23%	\$29,436,229	\$27,411,049	\$25,124,447	\$23,051,961	\$27,542,659	\$24,712,766
Total	\$65,436,229	\$63,411,049	\$61,124,447	\$59,051,961	\$63,542,659	\$60,712,766
Effective	20.0%	19.9%	19.8%	19.7%	19.9%	19.7%
City share						
First \$200m @ 6%	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000
Incremental @ 7%	\$8,958,852	\$8,342,493	\$7,646,571	\$7,015,814	\$8,382,548	\$7,521,277
Total	\$20,958,852	\$20,342,493	\$19,646,571	\$19,015,814	\$20,382,548	\$19,521,277
Effective	6.4%	6.4%	6.4%	6.3%	6.4%	6.3%

Source: CSG projections

We note that there is an existing HHR facility in Richmond (Rosie’s Richmond), for which the City gets a share of the gaming taxes. In our models, the decline in tax revenues that may result from a decline in demand at Rosie’s is projected to be in the range of \$0.55 million to \$0.79 million.

In addition to gaming taxes, the resort should be expected to generate tax revenues to the City of Richmond through F&B sales (7.5% of revenues), hotel room sales (8% of revenues), entertainment ticket sales (7% of revenues), local sales taxes (1% of F&B, hotel and entertainment ticket sales), property taxes, business licenses and utility taxes. Collectively, the direct fiscal impact of the casino resort is projected to be approximately \$30-\$31 million (potentially \$1 million less if the competitive HHR landscape expands, as discussed as a possibility in this report). This does not include any incremental fiscal agreements between the City and the operator negotiated through the Host Agreement. With respect to the property taxes, we assume a construction cost of approximately \$400

⁴ Adjusted Gross Receipts reflects the amount of player buy-in to play, less payouts in prizes (also referred to as Casino Win). Notably, it excludes promotional free play offered by the casino operator and is not inclusive of sports betting.

million, inclusive of approximately \$275 in hard costs for construction and approximately \$60-\$75 million in FF&E.

ANNUAL TAX POTENTIAL SUMMARY (WITHOUT DUMFRIES RESORT)

	DOWNTOWN	SOUTH	NORTHWEST
Gaming Taxes			
Casino	\$20,958,852	\$19,646,571	\$20,382,548
Net Rosie's decline	-\$752,352	-\$548,787	-\$686,439
Net Gaming	\$20,206,500	\$19,097,784	\$19,696,110
Hotel	\$1,388,362	\$1,160,060	\$1,148,587
F&B	\$3,443,828	\$3,246,986	\$3,357,382
Entertainment	\$716,625	\$716,625	\$716,625
City Sales Tax	\$735,097	\$680,314	\$693,599
Property	\$3,300,000	\$3,300,000	\$3,300,000
Business License	\$165,304	\$155,855	\$161,154
Personal Property (avg/yr first 5 years)	\$1,156,250	\$1,156,250	\$1,156,250
Utilities	\$165,304	\$155,855	\$161,154
Downtown District Special Assessment	\$137,500		
Total	\$31,414,770	\$29,669,730	\$30,390,862

Source: CSG projections

From a jobs perspective, the City of Richmond enjoyed continual job growth from the Great Recession through 2019, ending 2019 with a decade-low unemployment rate of 2.8%. By early in the pandemic the unemployment rate topped 10%, but recovered partially, ending 2020 at 6.5%, reflecting an unemployment level of 7,635, out of a total city labor force of approximately 117,000. Notably, it appears that approximately 3,000 people have dropped out of the labor force during the pandemic, such that the 6.5% unemployment rate is understated. The unemployment level for the city has consistently been approximately 0.5% to 1.5% higher than the rate for the metropolitan area over the past decade. Based on the scale of amenities as we project for the resort, we project a resort casino **full-time equivalent employment range of approximately 1,875 to 2,035**. As a major purveyor of goods and services in the regional economy, indirect job creation should also be expected, though we note that a full economic impact assessment covering indirect benefits was not part of the scope of our engagement.

A significant share of these jobs may go to city residents, especially if negotiated as a target through the host agreement, with nearly all jobs going to residents of the metropolitan area. As noted, while there are currently over 7,600 unemployed persons in Richmond, there are thousands more that are not statistically part of the labor force. As many casino resort jobs require no skill or a modest amount of training, and the facility will be operational 24/7, there will be ample opportunity to lower the unemployment rate in the city and the metropolitan area, but it should not create a strain on the labor market.

SOCIOECONOMIC IMPACTS

CSG has interviewed public safety officials and city economic development directors in comparable markets throughout the US to gain perspective on how gaming facilities have impacted communities; i.e., whether the gaming facilities created any issues with respect to public safety staffing needs, the volume of calls to the casino, and any information related to memorandums of understanding (MOUs) and/or funding from the casino to the departments and other aspects of city funding. In general, public service needs are minimal for cities as the incremental needs are deemed to be no different than a new, big-box store. Casinos (security operations and executives) typically partner with local public safety officials in order for there to be seamless engagement when there are needs – this is not something that necessarily needs to be negotiated other than having arrangements during special events when some crowd and traffic control assistance may be beneficial.

As the competitive bids for resort casinos come in, it should be expected that there will be plans proposed to engage in different levels of partnerships and financial assistance between the casino operator and the City, and/or various community groups. The structure of such engagements (or lack thereof) will likely vary from bid to bid, and cannot be predicted in form in this assessment. Nevertheless, it should be a significant factor in evaluating potential socioeconomic benefits of specific bids, as well as a tool in negotiations with a preferred bidder.

Negotiations with the preferred bidder through a Host Community Agreement will be key in ensuring that any reasonably anticipated adverse impacts are mitigated, such as traffic impacts, public service needs and efforts to curb problem gambling. The Host Community Agreement should also ensure targets for the hiring of city residents, as well as for the purchases of goods and services from Richmond businesses.

In summary, the casino resort can enrich quality of life for Richmond residents by being a source of entertainment, employment and income, but has the potential to also provide some adverse impacts. Recognition and proactive mitigation of potential adverse impacts can ensure that the casino resort is a clear benefit to the city and its residents, as opined by officials CSG has interviewed in other cities.

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INTRODUCTION

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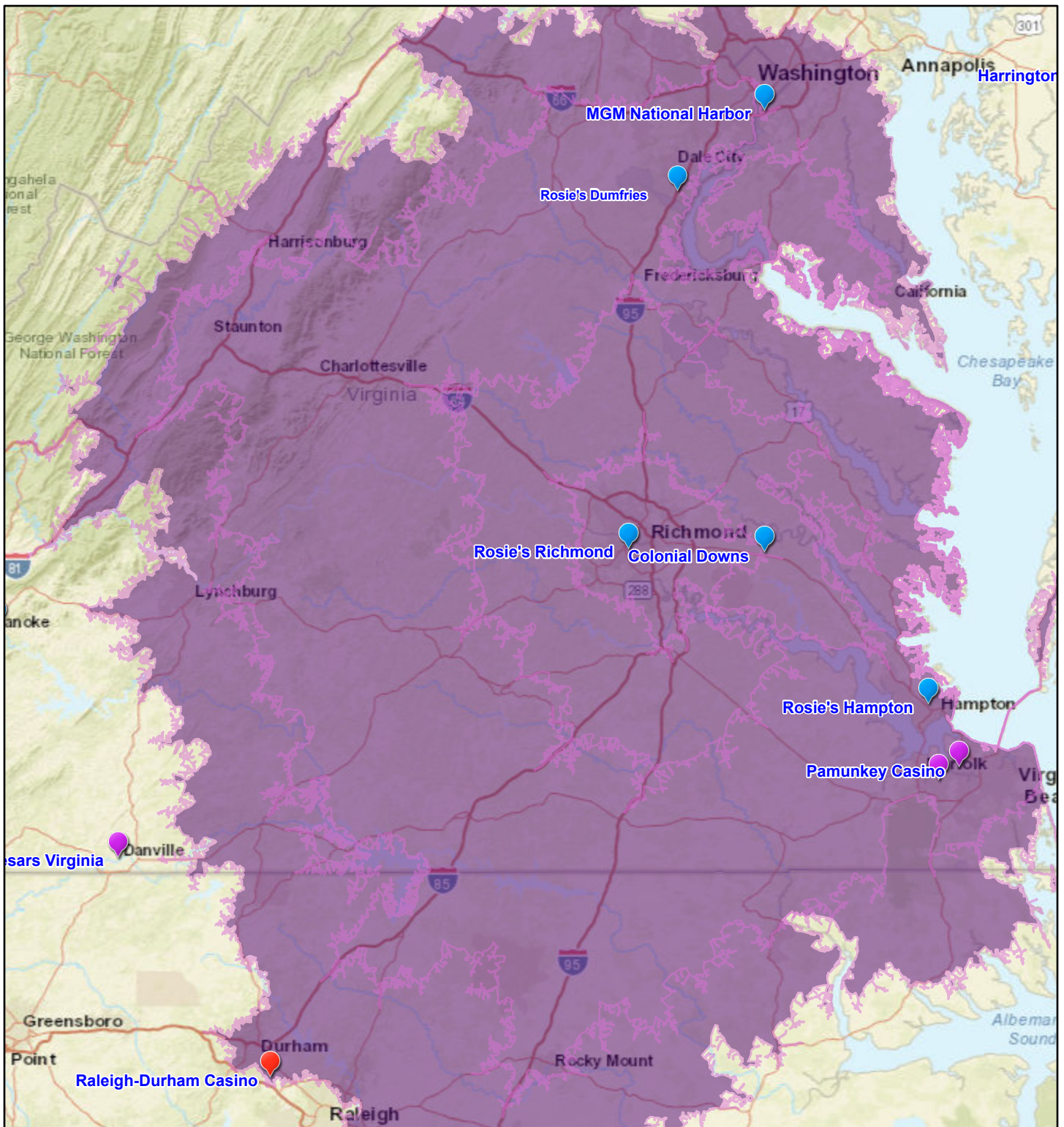
ECONOMIC AND DEMOGRAPHIC ANALYSIS

In evaluating any market, it is critical to understand the demographic and economic profile of its residents and visitors. The following section details and assesses the size of the population, income levels, and employment in the region surrounding and including Richmond, Virginia. Various reports and statistics prepared by federal, state and local agencies were reviewed, including the U.S. Census, Bureau of Labor Statistics, and Richmond Region Tourism. Additionally, data was derived from sources such as Convergence Strategy Group's in-house geographic information systems (GIS) provider, ESRI. ESRI is the worldwide leader in geographic information systems and data aggregation, utilizing data from the U.S. Census, local, state and federal government agencies, and its own proprietary research.⁶



Typical urban-based casinos in the United States draw primarily from the population within an approximate 2-hour drive time, as well as from an existing tourism base. Rural casinos more commonly market to, and draw from, a somewhat wider region, extending 3 hours or more, as may be necessary in order to target areas with sufficient population density to support operations. *Map 1* illustrates the regional geography surrounding Downtown Richmond in terms of drive-time rings, as calculated from a centroid location of the Richmond EDA office at 1500 East Main Street.

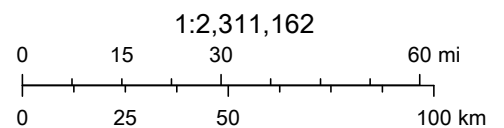
⁶ ESRI's full Methodology Statement:
http://downloads.esri.com/esri_content_doc/dbl/us/J10268_Methodology_Statement_2020-2025_Esri_US_Demographic_Updates.pdf

MAP 1: RICHMOND AREA AND DRIVE TIMES FROM DOWNTOWN



March 3, 2021

- | | | | |
|---|---|---|---------------|
| Existing and Potential Gaming |  | 30.0 Minutes | |
|  | Existing |  | 60.0 Minutes |
|  | Potential |  | 120.0 Minutes |
|  | Pending |  | 150.0 Minutes |



Esri, HERE, Garmin, NGA, USGS, NPS

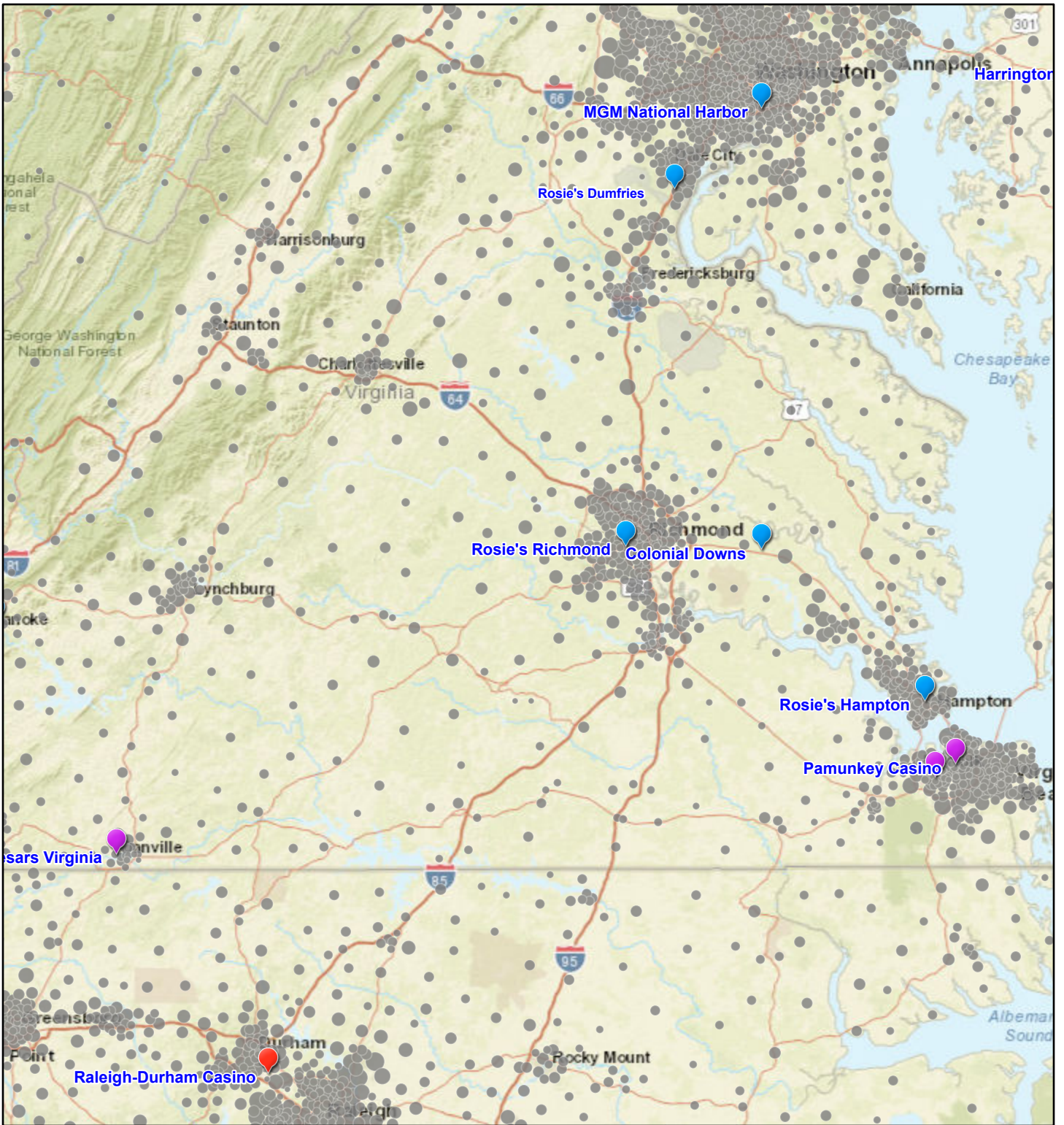
As detailed in *Table 1* and illustrated in *Map 2*, the City of Richmond has a total population of 230,163, nearly 1.1 million people living within a 30-minute drive time of Downtown Richmond, and over 6.4 million people within a 2-hour drive. Those of legal gaming age (21+) number 171,819 in Richmond, 793,174 within 30 minutes, and nearly 4.8 million within 2 hours.

The income levels in the 2-hour region surrounding Richmond exceed national levels in terms of median household income, average household income, and per capita income, but for the City itself fall below the national median, average and per capita, as could be expected given Richmond's status as a 'disadvantaged city', allowing it to be eligible to pursue a gaming license.

Map 4 displays the casino gaming indices for the region surrounding Richmond. The data underlying the map is derived from ESRI research into consumer behaviors across the United States, and is specific to the question of whether an adult has gambled in a casino in the last 12 months.⁷ For the index, a score of 100 is the national average, while one below it represents below-average behavior, and one above 100 reflects above-average behavior. Such indices can be one indicator of the potential success of casino operations in a market.

⁷ These data for 2020 are derived from the June 2020 data release and reflect the period 12 months prior.

MAP 2: RICHMOND AREA TOTAL POPULATION BY CENSUS TRACT, DOT DENSITY (2020)

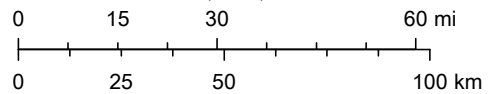
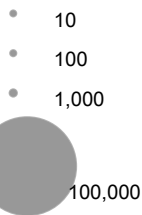


March 3, 2021

1:2,311,162

Existing and Potential Gaming

- Existing
- Potential
- Pending

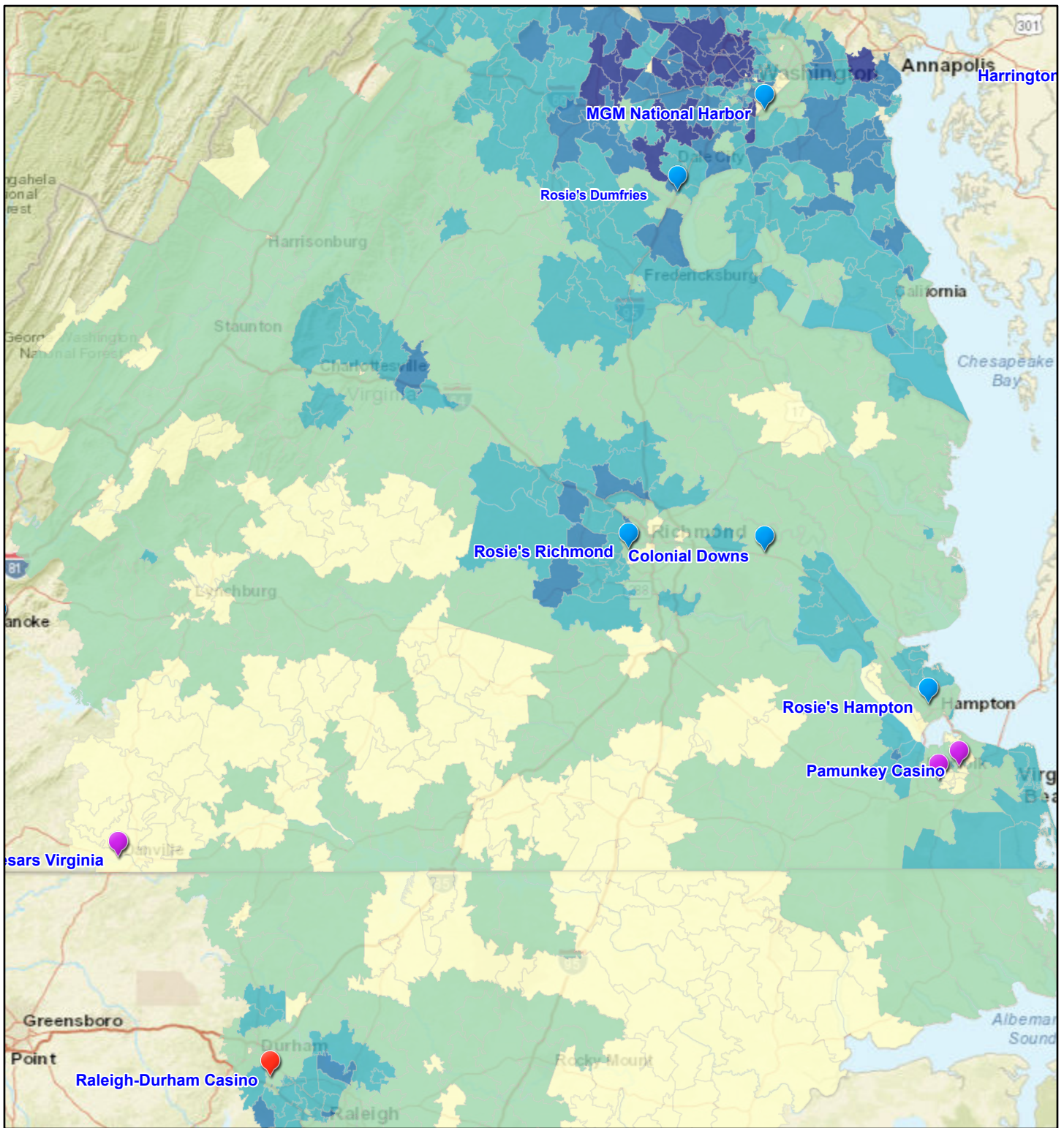


Esri, HERE, Garmin, NGA, USGS, NPS

ACS Population Variables - Centroids - Tract

• 1

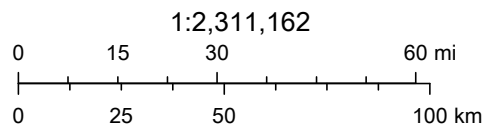
MAP 3: RICHMOND AREA AVERAGE HOUSEHOLD INCOMES (2020)



March 3, 2021

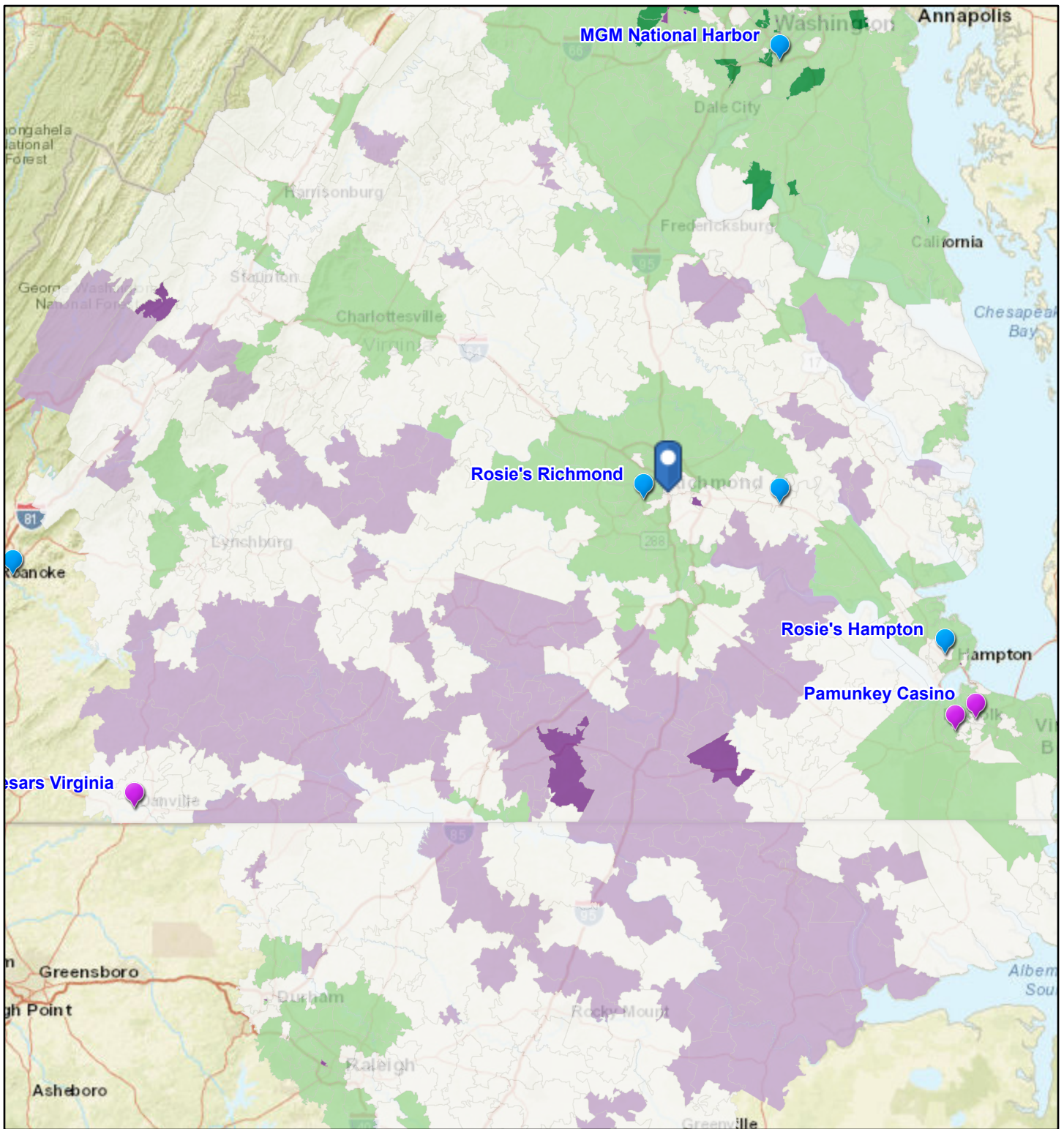
Existing and Potential Gaming Market Area Data.AvgHHInc 2020

- | | |
|---|---|
|  Existing |  0 – 60,000 |
|  Potential |  > 60,000 – 100,000 |
|  Pending |  > 100,000 – 140,000 |
| |  > 140,000 – 180,000 |
| |  > 180,000 – 368,200 |



Esri, HERE, Garmin, NGA, USGS, NPS

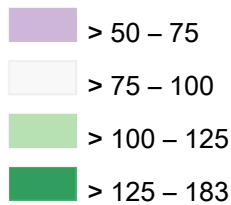
MAP 4: RICHMOND AREA CASINO INDICES (Gambled at Casino Last 12 Months, June 2020)



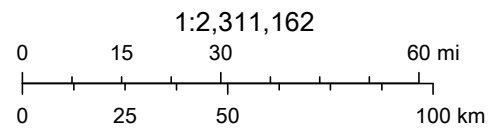
February 10, 2021

Existing and Potential Gaming

- 📍 Existing
- 📍 Pending



Market Area Data.Casino Index 2020



Esri, HERE, Garmin, NGA, USGS, NPS

TABLE 1: KEY DEMOGRAPHIC STATISTICS

	RICHMOND DOWNTOWN (30 MINUTES)	RICHMOND DOWNTOWN (60 MINUTES)	RICHMOND DOWNTOWN (120 MINUTES)	RICHMOND CITY, VA	VIRGINIA	USA
Total Population						
2020	1,066,437	1,590,967	6,430,305	230,163	8,684,166	333,793,107
2025	1,117,811	1,674,226	6,668,977	242,282	9,008,218	346,021,282
CAGR	1.0%	1.0%	0.7%	1.0%	0.7%	0.7%
Total Population Age 21+						
2020	793,174	1,188,464	4,779,877	171,819	6,459,367	246,683,741
2025	838,127	1,259,480	4,994,304	181,144	6,742,224	257,134,340
CAGR	1.1%	1.2%	0.9%	1.1%	0.9%	0.8%
Median Age						
2020	38.6	39.5	38.3	34	38.9	38.5
2025	39.4	40.3	39.2	34.7	39.7	39.3
Median Household Income						
2020	\$67,574	\$68,662	\$75,582	\$49,548	\$73,543	\$62,203
2025	\$72,489	\$73,670	\$79,794	\$52,176	\$78,237	\$67,325
CAGR	1.4%	1.4%	1.1%	1.0%	1.2%	1.6%
Average Household Income						
2020	\$93,909	\$93,811	\$103,342	\$77,299	\$104,769	\$90,054
2025	\$102,398	\$102,341	\$112,832	\$85,034	\$114,508	\$99,510
CAGR	1.7%	1.8%	1.8%	1.9%	1.8%	2.0%
Per Capita Income						
2020	\$37,097	\$36,299	\$39,238	\$33,232	\$40,095	\$34,136
2025	\$40,412	\$39,553	\$42,795	\$36,542	\$43,727	\$37,691
CAGR	1.7%	1.7%	1.8%	1.9%	1.7%	2.0%
Aggregate Household Income						
2020	\$39,429,478,251	\$57,447,187,876	\$250,836,799,333	\$7,598,667,636	\$346,407,308,548	\$11,354,233,213,345
2025	\$45,043,063,811	\$65,916,848,078	\$283,933,630,748	\$8,803,483,854	\$392,114,933,386	\$13,001,711,477,846
CAGR	2.7%	2.8%	2.5%	3.0%	2.5%	2.7%
Aggregate Disposable Income						
2020	\$29,502,109,213	\$43,115,334,429	\$184,285,350,460	\$5,679,788,727	\$252,477,298,816	\$8,574,636,928,271
Entertainment/Recreation Spending						
2020	\$1,405,867,603	\$2,064,384,937	\$9,004,763,307	\$269,895,351	\$12,561,185,662	\$409,653,990,432
Gambled at casino in last 12 months (metric where 100=normative, the US average)						
2020	104	102	104	103	102	100

Source: ESRI. Note: ESRI surveys do not project future spending or activity participation. CAGR: Compound Annual Growth Rate.

Of note when assessing potential resort casino markets are the behaviors and spending patterns of the regional population. In our analysis for the City of Richmond, we have additionally considered the disposable income, entertainment spending, and prevalence of casino gaming behavior of the population. Richmond households spend on average \$3,020 per year on entertainment and recreation, a figure somewhat lower than that for the 30-minute region (\$3,650), and significantly less than the 2-hour region (\$4,048). By comparison, the average for Virginia households is \$4,147 and the national average is \$3,590. These figures are shown in *Table 2* below.

TABLE 2: ENTERTAINMENT SPENDING PER HOUSEHOLD (2020)

GEOGRAPHY	ENTERTAINMENT SPENDING/HOUSEHOLD
Richmond City, VA	\$3,020
Richmond Downtown (30 minutes)	\$3,651
Richmond Downtown (60 minutes)	\$3,677
Richmond Downtown (120 minutes)	\$4,048
Virginia	\$4,148
USA	\$3,590

Note: ESRI spending estimates for 2020 are from the June 2020 data release and reflect the 12 months prior.
Source: ESRI

TOURISM

According to the FY 2019-2020 Annual Report of The Impact of Tourism for Richmond Region Tourism, the area hosted 7.7 million visitors who spent \$2.9 billion (or an average of \$377 each) in 2019. The visitors to the city of Richmond spent an estimated \$836.45 million in 2019. More detailed data was provided to CSG by Richmond Region Tourism which indicates that the city hosts 3.75 million adult overnight visitors who stay on average 2.1 nights.

TABLE 3: ADULT OVERNIGHT VISITORS TO RICHMOND (2019)

	ALL TRIPS	OVERNIGHTS
Total Est. US Adult Trips (July to December 2019)	3,704,497	1,872,983
Annualized	7,408,994	3,745,966
Average Nights (July to December 2019)		2.1

Source: Richmond 2019 and 2020, Arrivalist study; CSG estimates

ATTRACTIONS AND DRIVERS OF VISITATION

For the period of July 2019 through June 2020, the top attractions in in the Richmond area included James River Park, Virginia Capital Trail, and Maymont – each hosting over 900 thousand visitors in the year.

TABLE 4: RICHMOND TOP 10 ATTRACTION ATTENDANCE

ATTRACTION	ATTENDANCE (2019)
James River Park	1,992,028
Virginia Capital Trail	1,074,799
Maymont	935,543
Henricus Historical Park	576,463
Science Museum of Virginia	393,597
Virginia Museum of Fine Arts	372,533
Lewis Ginter Botanical Garden	330,718
Three Lakes Park & Nature Center	294,070
Meadow Farm	279,423
Children’s Museum of Richmond	237,833

Source: Richmond Region Tourism

As noted in numerous publications, and confirmed through our interview with John Berry, President & CEO of Richmond Region Tourism, the city’s popularity among young professionals and those seeking food and recreation experiences has steadily increased in recent years, while those seeking historical sites and experiences has decreased as a share of the whole. Additionally, sports tourism has become a major driver of visits in the region.

HOTEL PERFORMANCE

Hotel occupancy data compiled by STR and provided to CSG by the City of Richmond, comports with the estimated number of annual visitors to the region and indicates that the Richmond-Petersburg, VA region’s 22,548 hotel rooms operated at an occupancy rate of 66% and earned an average daily rate (ADR) of \$96 in 2019. Hotel performance in 2020 was drastically impacted by the COVID-19 pandemic, and those same properties operated at an average occupancy rate of only 47% and earned an ADR of \$78.

EMPLOYMENT AND UNEMPLOYMENT

The labor force in the city of Richmond grew from approximately 105,000 at the start of 2010 to 120,000 at the start of 2020, with seasonality each year adding approximately 3,000 workers during summer months. At the beginning of 2010, emerging from the Great Recession, the Richmond unemployment rate was approximately 10%, but steadily declined to approximately 3% by the end of 2019. As with the rest of the country, the pandemic has had a significant impact on the labor market, with the unemployment rate in the city of Richmond at the end of 2020 at 6.5%. However, this rate indicates considerable recovery from the peak pandemic unemployment rate of 14.1% in April 2020. It should also be noted that relative to December 2019, the labor force in Richmond has shrunk by nearly 3,300 participants, or 2.7%, ending 2020 at 116,571.⁸ *Table 5* details the monthly unemployment rate for the city of Richmond going back to the year 2010.

TABLE 5: UNEMPLOYMENT RATE, CITY OF RICHMOND, VA

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2010	10.1%	10.0%	9.8%	9.2%	9.3%	9.5%	9.7%	9.8%	9.4%	9.1%	9.3%	8.9%
2011	9.1%	8.8%	8.4%	8.1%	8.3%	8.8%	8.7%	9.0%	8.6%	8.3%	7.9%	7.9%
2012	8.2%	7.9%	7.6%	7.1%	7.5%	7.8%	8.0%	7.8%	7.2%	7.0%	6.8%	6.9%
2013	7.7%	7.2%	6.9%	6.4%	6.7%	7.1%	7.0%	7.0%	6.6%	6.6%	6.3%	6.1%
2014	6.7%	6.6%	6.5%	5.7%	6.2%	6.3%	6.6%	6.6%	6.0%	5.7%	5.6%	5.3%
2015	5.9%	5.7%	5.5%	5.0%	5.5%	5.5%	5.5%	5.3%	4.9%	4.6%	4.6%	4.4%
2016	4.8%	4.7%	4.6%	4.3%	4.4%	5.0%	5.1%	5.2%	4.9%	4.6%	4.4%	4.3%
2017	4.9%	4.7%	4.4%	4.1%	4.1%	4.4%	4.4%	4.6%	4.2%	3.9%	3.9%	3.8%
2018	4.2%	4.1%	3.8%	3.3%	3.4%	3.8%	3.7%	3.8%	3.4%	3.2%	3.1%	3.3%
2019	3.9%	3.6%	3.5%	2.9%	3.2%	3.4%	3.6%	3.5%	3.1%	3.0%	2.9%	2.8%
2020	3.5%	3.2%	3.8%	14.1%	12.1%	11.8%	12.1%	9.5%	9.3%	7.6%	6.5%	6.5%

Source: U.S. Bureau of Labor Statistics (accessed 3/1/21)

⁸ U.S. Bureau of Labor Statistics

Relative to the Richmond MSA region, unemployment in the city of Richmond has generally been 0.5% to 1.5% higher than the regional average, as demonstrated in Table 6.

TABLE 6: UNEMPLOYMENT RATE, RICHMOND MSA

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2010	8.7%	8.6%	8.4%	7.7%	7.8%	8.0%	8.0%	8.1%	7.8%	7.5%	7.7%	7.5%
2011	7.8%	7.6%	7.3%	6.9%	7.1%	7.6%	7.5%	7.7%	7.5%	7.2%	6.8%	6.8%
2012	7.2%	7.1%	6.8%	6.2%	6.6%	6.9%	7.0%	6.8%	6.3%	6.1%	5.9%	6.1%
2013	6.8%	6.5%	6.1%	5.7%	6.0%	6.4%	6.2%	6.2%	6.0%	5.9%	5.6%	5.4%
2014	6.0%	6.0%	5.9%	5.2%	5.5%	5.7%	5.8%	5.8%	5.4%	5.1%	5.1%	4.8%
2015	5.4%	5.2%	5.0%	4.5%	4.9%	4.8%	4.8%	4.6%	4.4%	4.2%	4.1%	4.0%
2016	4.4%	4.3%	4.2%	3.8%	4.0%	4.4%	4.5%	4.5%	4.4%	4.1%	4.0%	3.9%
2017	4.5%	4.4%	4.1%	3.7%	3.8%	4.0%	4.0%	4.1%	3.7%	3.5%	3.5%	3.4%
2018	3.7%	3.6%	3.4%	3.0%	3.0%	3.4%	3.3%	3.4%	3.0%	2.9%	2.8%	3.0%
2019	3.5%	3.3%	3.1%	2.6%	2.8%	3.1%	3.1%	3.2%	2.8%	2.7%	2.6%	2.5%
2020	3.1%	2.8%	3.4%	11.2%	9.4%	8.9%	8.8%	6.9%	6.8%	5.5%	4.9%	5.0%

Source: U.S. Bureau of Labor Statistics (accessed 2/10/21)

Data on employment by sector is provided by the U.S. Bureau of Labor Statistics at the MSA level, for which the Richmond MSA non-farm employment pre-pandemic totaled nearly 700,000. The largest share of non-farm employment in the Richmond MSA is in the Trade, Transportation, & Utilities sector, posting 125,200 jobs in December 2019 and 127,800 jobs in December 2020. This sector is followed closely by the Professional & Business Services sector at 122,000 and 116,800 jobs in December 2019 and 2020, respectively. Leisure & Hospitality, the industry under which resort casino operations employees would fall, employed 65,600 individuals in December 2019, which dropped as low as 39,100 in April 2020 – the peak of pandemic-related unemployment. Since that time, however, there has been significant yet not full recovery in the sector which posted 56,200 jobs in December 2020. Table 7 details these data from the Bureau of Labor Statistics, and our analysis of the potential employment impacts of a Richmond resort casino are detailed in the *Labor Market Impacts* section of this study.

TABLE 7: NONFARM EMPLOYMENT AND LABOR FORCE DATA, RICHMOND, VA METROPOLITAN STATISTICAL AREA (IN THOUSANDS)

SECTOR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Avg
Total Nonfarm													
2019	676.4	679	680.4	684.9	685.9	691.7	686.7	686.3	684.7	689.8	697.9	696.2	686.7
2020	686.3	690.2	684.2	620.1	625.1	638.2	642.3	651.7	653.5	658.4	664.4	(P)664.4	
Mining, Logging, & Construction													
2019	38.8	38.9	39.5	39.7	40.2	40.3	40.9	41	40.7	41	41.2	41.1	40.3
2020	41.2	41.3	41.3	40.2	39.7	41	40.4	39.8	39.2	39.6	38.8	(P)39.3	
Manufacturing													
2019	31.9	32	31.8	32	32.1	32.2	31.8	31.5	31.4	31.2	31.2	31.2	31.7
2020	30.8	30.9	30.9	29.8	29.8	30.4	29.9	29.7	30.1	30.2	30.2	(P)30.4	
Trade, Transportation, & Utilities													
2019	122	120.5	120.5	120.7	121.6	122	121.6	121.7	121	121.2	123.2	125.2	121.8
2020	120.8	119.7	120.2	110	111.3	115.4	115.6	119.1	119.4	121.3	124.2	(P)127.8	
Information													
2019	6.8	7	6.9	6.8	7.3	7	7	7.1	7	7.1	7.1	7.1	7
2020	7	7.1	7	6.7	6.6	6.6	6.6	6.5	6.5	6.6	6.5	(P)6.6	
Financial Activities													
2019	51.8	52	52	52.3	52.8	53.6	53.7	53.5	53.2	53.1	54.1	53.3	53
2020	54.5	55.8	55	54.4	54.9	54.8	53.4	53	55.7	55.3	55.6	(P)55.0	
Professional & Business Services													
2019	116.9	116.3	115.9	118	118.6	119.6	118.3	119.1	118.8	119.7	122.4	122	118.8
2020	119.6	121.7	117.8	110.2	113.8	113.2	114.8	116.9	115.8	116.5	119	(P)116.8	
Educational & Health Services													
2019	101.6	102.8	102.7	102.6	100.7	100.7	99.7	100.3	101.2	102.3	103.7	102.8	101.8
2020	101.9	102.3	100.6	88.8	91	92.3	93.7	92.5	92.4	93.2	93.5	(P)92.6	
Leisure & Hospitality													
2019	63	63.6	64.9	66.8	68.3	71.1	70.8	70	66.6	67	66.6	65.6	67
2020	64.3	64.1	63.7	39.1	45.1	51.1	55.8	57.8	56.5	57.5	57.3	(P)56.2	
Other Services													
2019	31.7	32	32.3	32.3	32.5	32.9	33.2	33	32.5	32.6	32.6	32.5	32.5
2020	32.2	32.4	32.6	28.8	29	29.4	30.4	30.7	30.4	30.5	30.5	(P)30.3	
Government													
2019	111.9	113.9	113.9	113.7	111.8	112.3	109.7	109.1	112.3	114.6	115.8	115.4	112.9
2020	114	114.9	115.1	112.1	103.9	104	101.7	105.7	107.5	107.7	108.8	(P)109.4	
Footnotes													
(P) Preliminary													

Source: U.S. Bureau of Labor Statistics (accessed 2/10/21)

GAMING MARKET ASSESSMENT

CSG conducted a series of analyses of the potential visitation and gross gaming revenue generation for resort casino gaming at three general locations in Richmond. The general locations for study were speculative, based partially on news reports, Richmond 300 discussions, and mutually agreed upon with the EDA and the Department of Economic Development:

- Downtown Richmond (modeled at Richmond EDA, 1500 East Main Street);
- South Richmond; and
- Northwest Richmond.

The existing and potential future competitive environments for casino gaming were considered, and a series of custom forecast models were constructed.

COMPETITIVE ENVIRONMENT




There are not currently any casino operations within the State of Virginia, however, resort casinos have been approved for four cities in the state and its historic horseracing facilities are an attractive form of gaming that will compete with the new resort casino facilities. The nearby states of North Carolina, Maryland, Pennsylvania, West Virginia, and Delaware host multiple casinos that will pose varying levels of competition to a resort casino in Richmond.

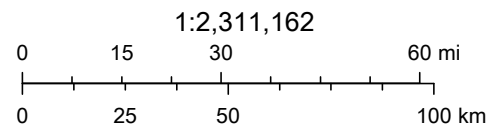
MAP 5: RICHMOND AREA GAMING FACILITIES



March 3, 2021

Existing and Potential Gaming

-  Existing
-  Potential
-  Pending



Esri, HERE, Garmin, NGA, USGS, NPS

TABLE 8: COMPETITIVE GAMING FACILITIES IN REGIONAL MARKET

FACILITY	CITY	STATE	SLOTS	TABLES	HHR MACHINES	STATUS
Downtown Richmond	Richmond	VA				Sample Site
Northwest Richmond	Richmond	VA				Sample Site
South Richmond	Richmond	VA				Sample Site
Rosie's at Colonial Downs	New Kent	VA			600	Existing
Rosie's Richmond	Richmond	VA			700	Existing
Rosie's Vinton	Vinton	VA			150	Existing
Rosie's Hampton	Hampton	VA			700	Existing
Rosie's Dumfries	Dumfries	VA			150	Existing*
Rosie's Emporia	Emporia	VA			150	Potential
Rush St. Portsmouth	Portsmouth	VA	1,500	35		Pending
Pamunkey Casino	Norfolk	VA	3,000	125		Pending
Caesars Virginia	Danville	VA	2,000	75		Pending
Hard Rock Bristol	Bristol	VA	1,250	15		Pending
Raleigh-Durham Casino	Durham	NC	2,000	60		Potential
Greensboro Casino	Greensboro	NC	2,000	50		Potential
MGM National Harbor	Oxon Hill	MD	3,137	207		Existing
Live! Casino & Hotel Arundel Mills	Hanover	MD	3,852	191		Existing
Horseshoe Casino Baltimore	Baltimore	MD	2,200	178		Existing
Hollywood Casino Perryville	Perryville	MD	850	22		Existing
Hollywood Casino at Penn National	Grantville	PA	2,002	85		Existing
Hollywood Casino at Charles Town Races	Charles Town	WV	2,300	89		Existing
Mardi Gras Casino	Cross Lanes	WV	776	47		Existing
Catawba	Kings Mountain	NC	1,800	54		Pending
Harrington Raceway	Harrington	DE	1,730	31		Existing
Ocean Downs	Berlin	MD	892	18		Existing
Dover Downs	Dover	DE	2,240	42		Existing

Source: State gaming commissions; casino websites; casinocity.com. *potentially to shift to larger resort-scale with up to 1,800 devices.

EXISTING GAMING FACILITIES

CASINO FACILITIES

The regional gaming market is comprised of casinos to the north in Maryland and West Virginia, and to the east in Delaware. There are casinos further afield in Pennsylvania and New Jersey, as well as to the southwest in the Smoky Mountains region of North Carolina, but these facilities would have negligible overlap with potential Richmond resort casino demand.

Delaware casino gaming is governed by the State Lottery, with gaming facilities initially opening with video lottery machines in 1995 and 1996, later approving table games in 2009. The facilities were then also permitted to operate internet gaming starting in 2012, as well as sports betting starting in 2018 (parlay wagering on pro football had been permissible beginning in 2010). The effective tax rate on slots (and other electronic gaming devices) in Delaware is 57%, and 20% on table games. These rates are inclusive of required distributions for the racing industry (purse enhancements). Operators retain 35% of sports betting revenues. The Lottery provides for no allocation of gaming taxes back to host jurisdictions. In 2019 the state's three gaming facilities generated gross gaming revenues of

approximately \$437 million, though this was led by Delaware Park, located proximate to Philadelphia (well outside of the region serving Richmond), accounting for approximately 40% of the total.⁹

The first gaming facilities in West Virginia opened with video lottery machines in 1994, with Hollywood Casino at Charles Town Races being the last of four racetrack casinos to open, in 1997. West Virginia legalized table gaming in 2007. A final gaming facility, located at the historic Greenbriar Resort, opened in 2010, though Hollywood is the only casino in the state that may have some overlap with Richmond's gaming market. The effective tax rate on electronic gaming devices is 53.5%, 35% on table games and 10% on sports betting. An additional excise tax equating to 0.25% of sports betting handle is also applied. A share of the gaming taxes goes to local governments, as local counties and municipalities receive 2% of video lottery revenues and 5.5% of table gaming revenues.¹⁰

Casinos in Maryland were the last in the region to open, with the six licensed facilities opening on a more staggered schedule than most markets. The first casino to open was Hollywood Casino in Perryville, more proximate to the Philadelphia market, in September 2010. Shortly thereafter (January 2011), Ocean Downs opened in Berlin, followed by Live! in Anne Arundel County in June 2012. The state's smallest facility, Rocky Gap Casino Resort, opened in May 2013, followed by Horseshoe in Baltimore in August 2014. The final casino in the market to open was MGM National Harbor, serving the D.C. market (in the town of Oxon Hill), in December 2016. The initial casinos were only permitted to operate slot machines, but in November 2012 voters approved by referendum the addition of table gaming. MGM National Harbor and Live! are among the most lucrative commercial casinos in the U.S. outside of Nevada. Gaming tax rates vary by property, with taxes on electronic games ranging from 40% to 61%, while table games are taxed at a flat, uniform 20%. In 2019, the state generated \$727 million in gaming taxes, of which approximately \$62 million was distributed in the form of local impact grants and contributions to local governments.¹¹

HISTORICAL HORSERACING (HHR) FACILITIES

Virginia expanded parimutuel wagering offerings at Colonial Downs in 2019 with the addition of historical horseracing machines, which are inter-linked, parimutuel wagering devices with payouts based off a central server running an actual, old horse race (not identifiable which race to the player), but from a player's perspective, the devices strongly resemble (both in terms of visuals and payouts) traditional video slot machines.

All of the HHR facilities in Virginia are operated by the Colonial Downs group, opening a total of four facilities statewide in 2019 and one in 2021 (all operating under the "Rosie's" brand), with the State controlling how many devices are permissible per facility and in aggregate. In addition to the Colonial Downs facility, there is a Rosie's in west Richmond, in Vinton (Roanoke market), in Hampton (northwest Norfolk market) and the newest in Dumfries (opening in January 2021, but proposed to shift to a resort concept at an alternative Dumfries site by 2023, closing the recently-opened one).¹²

The HHR facilities are under the licensure of the Virginia Racing Commission. The gaming tax equates to 1.25% of pari-mutuel handle, of which the State gets 0.75% and local governments get the 0.5%

⁹ Delaware Lottery website, net proceeds reports for 2019. <https://www.delottery.com/Financials/Where-The-Money-Goes>, accessed February 13, 2021.

¹⁰ West Virginia Lottery 2019 Annual Report. [WV_L2019AR.pdf \(wvlottery.com\)](#), pages 44-46.

¹¹ American Gaming Association "State of the States 2020". [AGA-2020-State_of_the_States.pdf \(americangaming.org\)](#), page 60.

¹² Uriah Kiser, "Resort Casino Proposed to Open in Dumfries in January 2023", [Potomaclocal.com](#), February 15, 2021. <https://potomaclocal.com/2021/02/15/resort-casino-proposed-to-open-in-dumfries-in-january-2023/>. The new HHR facility opened with 125 devices but is expected to offer 150. If a resort is developed in Dumfries, they will be allowed to operate up to 1,800 HHR devices at the site.

balance. In the case of Colonia Downs, New Kent County receives the 0.5%. For Rosie’s Richmond, the 0.5% for local governments is split evenly between New Kent County and the City of Richmond. Taxation on handle is different from a taxation on win, such that they are only moderately comparable. Payouts generally range from 91% to 92% of handle, such that the effective gaming tax rate is roughly in the 14% to 15.5% range of HHR win (used here for the purpose of comparing to casino tax rates), such that the City of Richmond’s share representing 0.25% of handle roughly equates to 3% of gaming win; at approximately \$34 million in annual gaming win, the City of Richmond’s share of gaming tax revenue from Rosie’s Richmond is therefore approximately \$1 million out of the total tax of approximately \$5 million. It should be noted that this is not the sole allocation of win paid out by HHR facilities -they have additional operating expenses, as they are required to pay 6% of the 1st \$60 million in HHR revenues (net of free play) and 7% thereafter as purse subsidies, and 11.5% of HHR revenues to the system/game provider. As a result, taxes and fees imposed on HHR operations equate to approximately 32% to 33% of win.

The facilities were closed from mid-March through June 2019 due to the pandemic, but have been operational since July. Revenues for most of the properties have already reverted to pre-pandemic levels. The following table presents the historical performance of each of the HHR facilities in the state, from inception. Due to business interruptions and the staggered introduction of Rosie’s facilities during 2019, for modeling purposes we also provide our current estimate of what should be annualized revenues for each of the properties (with the exception of Dumfries, as it is too premature to make an annualized estimate based on only three weeks of operation).

TABLE 9: MONTHLY VIRGINIA HHR PERFORMANCE SINCE INCEPTION

	COLONIAL	VINTON	RICHMOND	HAMPTON	DUMFRIES	TOTAL
Apr-19	\$973,402					\$973,402
May-19	\$3,971,043	\$794,673				\$4,765,716
Jun-19	\$4,657,953	\$1,550,626	\$145,092			\$6,353,671
Jul-19	\$3,757,243	\$1,740,037	\$4,590,761			\$10,088,041
Aug-19	\$3,898,896	\$1,835,243	\$4,902,894			\$10,637,033
Sep-19	\$3,610,851	\$1,785,682	\$5,410,030			\$10,806,563
Oct-19	\$3,499,601	\$1,730,586	\$5,310,441	\$638,057		\$11,178,685
Nov-19	\$2,611,775	\$1,689,404	\$5,414,821	\$4,386,353		\$14,102,353
Dec-19	\$2,443,765	\$1,787,366	\$5,422,101	\$4,661,868		\$14,315,100
Jan-20	\$2,741,816	\$1,906,930	\$6,051,113	\$5,341,909		\$16,041,768
Feb-20	\$2,807,413	\$1,996,874	\$6,315,707	\$5,843,706		\$16,963,700
Mar-20	\$1,365,502	\$1,014,801	\$3,179,315	\$2,963,914		\$8,523,532
Apr thru Jun-20	\$0	\$0	\$0	\$0		\$0
Jul-20	\$3,179,891	\$1,590,749	\$5,098,371	\$4,463,997		\$14,333,008
Aug-20	\$2,872,436	\$1,747,682	\$5,571,834	\$4,934,152		\$15,126,104
Sep-20	\$2,819,323	\$1,672,858	\$5,464,713	\$4,960,021		\$14,916,915
Oct-20	\$3,160,296	\$1,745,265	\$6,184,747	\$5,532,778		\$16,623,086
Nov-20	\$2,613,025	\$1,614,374	\$5,025,268	\$4,833,292		\$14,085,959
Dec-20	\$2,514,422	\$1,510,887	\$5,440,976	\$4,682,184		\$14,148,469
Jan-21	\$3,023,183	\$1,670,667	\$5,547,379	\$4,799,925	\$1,071,937	\$16,113,091
Devices	600	150	700	700	125	2,275
Annualized est.	\$34,100,000	\$20,300,000	\$65,700,000	\$60,600,000		
Est. Win/device/day	\$156	\$93	\$300	\$277	\$373 (prel.)	\$230 (n.i. Dumfries)

Sources: Virginia Racing Commission. Annualized estimate by CSG based on average performance through December 2020.

PLANNED AND POTENTIAL GAMING FACILITIES

In addition to the proposed HHR resort in Dumfries, four resort casinos have been proposed and approved through referenda in cities across Virginia – Norfolk, Portsmouth, Danville and Bristol. Each of the four planned resort casinos are subject to the same legislation that a resort casino in Richmond will be in terms of tax rates and other regulations.

The casino resort in Norfolk is planned by the Pamunkey Tribe. The city had an obligation to give preference to the Pamunkey Tribe for casino licensure, therefore there was no competitive bid process there. Details on the Pamunkey resort have not been in-depth (though they likely will be in a response if the Tribe bids on a resort casino license in Richmond). An initial announcement was a plan for it to be a \$500 million resort casino, with 3,000 slots and 125 table games in the casino, a 300-room hotel, a 2,500-seat entertainment venue and 4 to 5 restaurants, on a 13.4-acre plot.¹³ An alternative plan considered is for it to be a \$350 million development, with the casino scaled down to 2,170 slots and 100 table games, with 200 guest rooms and 2 to 4 restaurants.¹⁴

The casino resort in Portsmouth is planned by Rush Street Gaming, operators of the largest casino in Illinois, as well as casinos in Philadelphia, Pittsburgh and Schenectady, New York. Rush Street plans a \$300-million development with a hotel, indoor and outdoor entertainment venues, food and beverage venues and conference space. Rush Street has announced that the facility will be 400,000 square feet, but has not announced a mix of slots and tables.

Casinos in Danville and Bristol are more proximate to the North Carolina border, with less of a regional overlap with Richmond (essentially no overlap for the Bristol casino, which will be operated by Hard Rock). The resort casino in Danville was a competitive bid process won by Caesars Entertainment. The Caesars facility will have a casino with 2,000 slots and 50 table games, a 300-room hotel, 2,500-seat entertainment venue, 35,000 square feet of conference space, a spa and broad food and beverage offerings.¹⁵

In February 2021 an additional Rosie's facility proposed for the city of Emporia, Virginia, proximate to Interstate 95 on the North Carolina state line was proposed, sized at 150 gaming positions. The proposal is expected to go to a referendum in November, such that 2022 would be a possible opening year.¹⁶

A casino further to the south in North Carolina, to be operated by the Catawba Tribe, recently received an agreement with the state to commence development. The casino resort, currently under development in Kings Mountain, is on the western outskirts of Charlotte, more than 300 miles (4+ hours drive time) from Richmond. Given the expected developments in Danville and Bristol, the Catawba development has negligible impact on Richmond gaming market potential.

¹³ "Virginia: Norfolk Confirms Pamunkey Tribe for Casino Project, but it won't be on Tribal Land", *Yogonet Gaming News*, May 29, 2020. <https://www.yogonet.com/international/noticias/2020/05/29/53401-virginia-norfolk-confirms-pamunkey-tribe-for-casino-project-but-it-wont-be-on-tribal-land>.

¹⁴ Memo from Dr. Chip Filer, Norfolk City Manager, to Co-Chairs of Mayor's Committee on Gaming, re: "Staff Report – Impacts of a Casino Hotel on the City of Norfolk", dated September 25, 2020. <https://www.norfolk.gov/DocumentCenter/View/62929/Casino-Hotel-Staff-Report-Final>, pages 13-14, accessed February 16, 2021.

¹⁵ Caesars Virginia website. <https://caesarsfordanville.com/project-details/>, accessed February 16, 2021.

¹⁶ Mark Mathews, "Colonia Downs Launching Effort in Emporia", *Emporia Independent Messenger*, February 24, 2021. https://www.emporaiindependentmessenger.com/news/article_97e924f8-76c6-11eb-b12e-bf000dfdd3a9.html

CASINO GAMING FORECAST

REGIONAL MARKET

We assess the demand for casino gaming through multiple models: drive-time based gravity models for the regional market living within an approximate 2.5-hour drive of Downtown Richmond; hotel incremental models for this market; and out-of-market models for tourists and visitors to the area. The drive-time based gravity model projections of demand are discussed herein, with the other segments to follow later in this study.

GRAVITY MODEL METHODOLOGY

In competitive gaming markets, gravity models are the most widely used tool to determine local and regional market demand and the distribution of that demand between different properties. The general format of gravity models is that size and attractiveness of properties are factors that pull patrons towards a specific property, whereas distance from a property exponentially detracts a patron from visiting a specific property. Rather than constructing a standard “crow-flies” gravity model, wherein the straight-line distance between each zip code in the market to each competitive property is calculated based upon geographic coordinates (X, Y), we constructed a drive-time gravity model. For this model, the real-world drive times from each ZIP Code (at the centroid) in the market to each competitive property¹⁷ were derived from ArcGIS, the geographic information system of Redlands, California-based ESRI¹⁸. The result is a model that more accurately assesses the relationships between the people and places in a market.

The first step in forecasting the potential visitation and revenue generation of the proposed facilities is the construction and calibration of base models which re-create existing conditions. A base model was calibrated to re-create the visitation and revenue generation of the existing gaming facilities in the marketplace in 2019, as well as our estimate of annualize revenues for the Virginia HHR facilities (we considered 2019 as a base year since all facilities were operational for the full year and not impacted by the pandemic – we further perceive that the pandemic will have no long-term impacts on gaming revenues, as most properties are already attaining monthly revenues comparable to what they attained pre-pandemic). Reported gross gaming revenues of each facility were critical factors in our models.

In calibrating the model, CSG drew from proprietary data sets on the prevalence of casino gaming participation segmented by ZIP Code of residence. Such data enabled CSG to refine our models so that they more accurately reflect the current marketplace and consumer behaviors. As seen across the world, the addition of casino gaming options to an area results in an increase in gaming behavior – as adults have increased access to casinos, the propensity of those adults to be gamers increases as does the frequency of their play.

Win per Visit was estimated through a comparative analysis of the average household incomes of the population, as well as the historical gaming revenues of the facilities in the market. Gaming participation in the gravity model was estimated through the application of propensity, frequency, and market index factors. CSG estimated the average propensity to participate in gaming by the adult population in the market, and the average annual frequency of visitation for those that do participate,

¹⁷ Per ESRI specifications for drive times, “measurements are made along roads or walkways, and they honor applicable rules, such as one-way streets, illegal turns, and so on.” Due to the complex nature of the area traffic environment, no one day or time was selected for drive time comparison, rather drive times were calculated at the average travel time from one point to another.

¹⁸ ESRI is the global market leader in GIS, with its ArcGIS product as the standard platform for government agencies across the United States, most national governments worldwide, as well as the private sector.

based on national average participation rates and knowledge we have gained from proprietary access to player databases of existing casinos nationwide, with the ultimate goal of calibrating the model’s actual revenues by property to actual demographics in the region (while accounting for the fact that a share of revenues for each property may be from outside of the Richmond 2.5-hour ring, and/or from tourists).

For expansion models we consider participation rate averages for markets where full-scale casinos are more easily accessible, as will be the case in Virginia by 2024, taking into consideration the locations of the casinos, drive times and the prevalence indices of each of the market areas, as presented in Table 10.

TABLE 10: RICHMOND MARKET AREA, GAMBLED IN A CASINO IN LAST 12 MONTHS (INDEX)

MARKET AREA	INDEX
Richmond Downtown Core ¹	104
South Richmond ²	100
Northwest Glen Allen ³	107
West Richmond ⁴	110
30 min North ⁵	105
Midlothian ⁶	98
Montrose Airport ⁷	98
30 to 60 min North ⁸	94
45 min South ⁹	93
90 min Charlottesville ¹⁰	99
90 min NorthEast ¹¹	104
90 min South ¹²	73
90 min SouthEast ¹³	100
30 min South ¹⁴	109
Harrisonburg Culpeper ¹⁵	94
Norfolk VA Beach Suffolk ¹⁶	105
150 min North ¹⁷	113
150 min North Carolina East ¹⁸	81
150 min North Carolina Raleigh ¹⁹	99
150 min Danville ²⁰	78
150 min West ²¹	92
Washington DC ²²	114
DC Suburbs VA ²³	113
Outer DC Maryland ²⁴	113

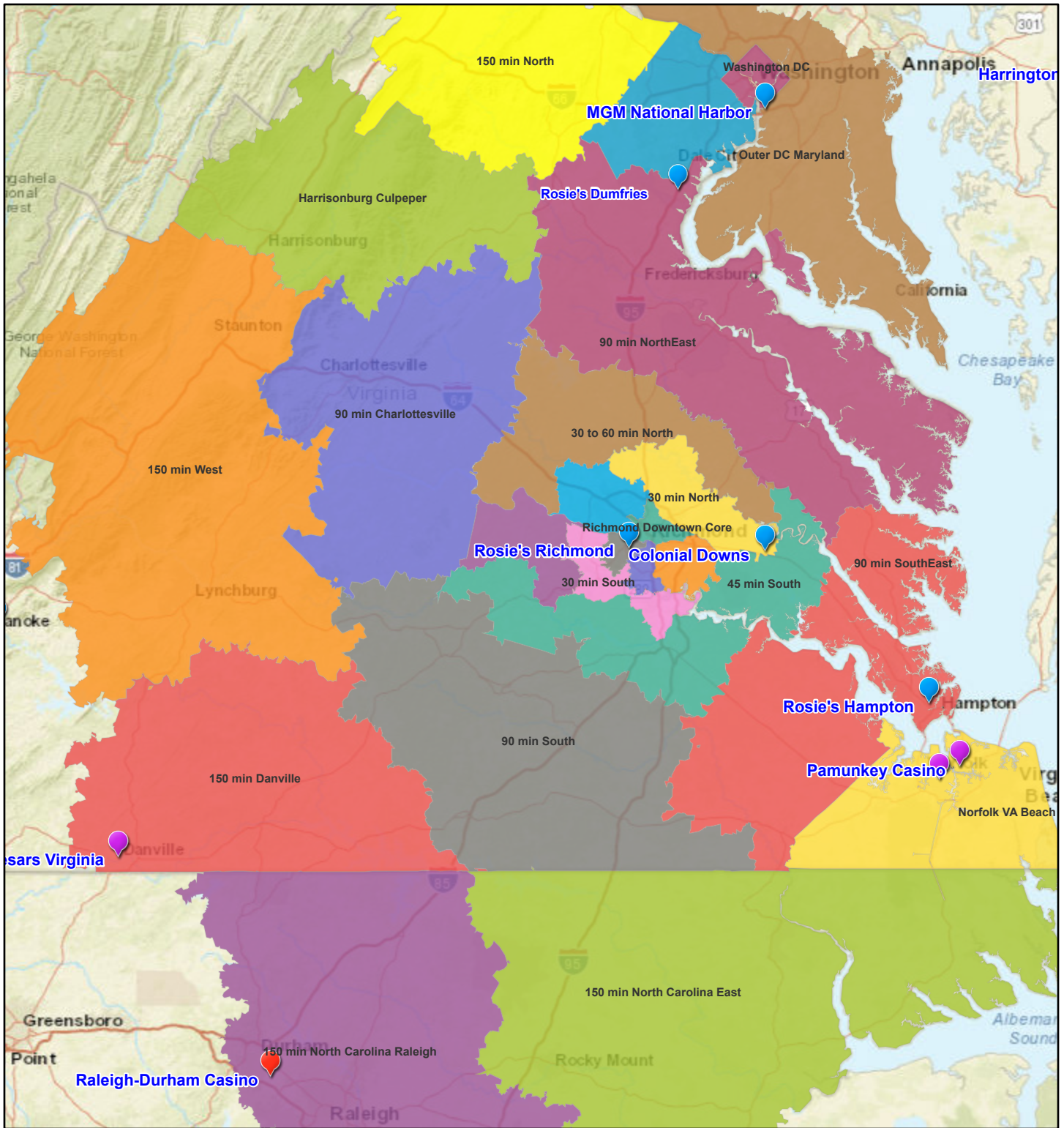
Source: ESRI; CSG market designation

SUB-MARKET REGIONS

In consideration of the geographic dispersal of the regional population, drive-times to Downtown Richmond, and the locations of existing and future competition, we carved the region surrounding into 24 distinct market areas extending out approximately 2.5 hours from Downtown Richmond. This market area carve-out is as demonstrated in




Map 6, with demographics related to adult population bases and average household income levels by market area presented in *Table 11* and *Table 12*. In total, approximately 9.3 million adults reside in the region, with projected growth to 9.9 million by 2025 (average annual growth of 1.1%, with most all market areas projected to be growing). Average household incomes in the region as a whole were estimated at \$95,595, with projected growth Average household incomes in the region were \$95,595 in 2020, with projected growth to \$104,272 (CAGR of 1.75%) by 2025. This is slightly skewed by high income levels in the greater DC area market, with incomes in some of the defined Richmond area markets and along the North Carolina border being well below the regional average, as evident in *Table 12*.

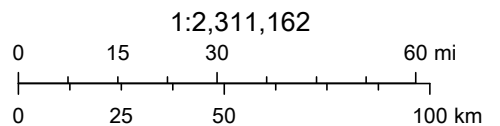
MAP 6: RICHMOND GAMING MARKET AREAS



March 3, 2021

Existing and Potential Gaming

-  Existing
-  Potential
-  Pending



Esri, HERE, Garmin, NGA, USGS, NPS

TABLE 11: RICHMOND MARKET AREA GAMING AGE (21+) POPULATION

SUBMARKET	2020	2021	2022	2023	2024	2025	CAGR 2020-2025
Richmond Downtown Core1	138,904	140,372	141,856	143,355	144,871	146,402	1.06%
South Richmond2	77,526	78,336	79,154	79,981	80,816	81,660	1.04%
Northwest Glen Allen3	184,373	186,021	187,684	189,362	191,055	192,763	0.89%
West Richmond4	79,413	80,049	80,690	81,337	81,988	82,645	0.80%
30 min North5	79,993	81,304	82,636	83,989	85,365	86,764	1.64%
Midlothian6	29,692	30,276	30,871	31,477	32,096	32,727	1.97%
Montrose Airport7	38,044	38,530	39,022	39,521	40,026	40,537	1.28%
30 to 60 min North8	58,030	59,182	60,356	61,554	62,775	64,021	1.98%
45 min South9	138,653	139,496	140,344	141,197	142,055	142,919	0.61%
90 min Charlottesville10	209,507	211,683	213,881	216,102	218,346	220,614	1.04%
90 min NorthEast11	441,102	447,850	454,700	461,656	468,718	475,888	1.53%
90 min South12	99,969	99,783	99,597	99,411	99,226	99,041	-0.19%
90 min SouthEast13	458,626	460,043	461,464	462,889	464,319	465,753	0.31%
30 min South14	161,991	164,412	166,868	169,362	171,892	174,461	1.49%
Harrisonburg Culpeper15	167,088	168,444	169,811	171,189	172,578	173,978	0.81%
Norfolk VA Beach Suffolk16	845,498	850,632	855,798	860,995	866,224	871,484	0.61%
150 min North17	425,081	435,248	445,658	456,317	467,231	478,406	2.39%
150 min North Carolina East18	358,599	359,438	360,278	361,121	361,965	362,812	0.23%
150 min North Carolina Raleigh19	1,321,828	1,346,686	1,372,012	1,397,815	1,424,102	1,450,884	1.88%
150 min Danville20	130,635	130,039	129,446	128,856	128,268	127,683	-0.46%
150 min West21	335,866	337,359	338,858	340,364	341,877	343,396	0.44%
Washington DC22	784,298	795,548	806,959	818,534	830,276	842,185	1.43%
DC Suburbs VA23	1,190,862	1,202,496	1,214,245	1,226,107	1,238,086	1,250,182	0.98%
Outer DC Maryland24	1,625,775	1,639,904	1,654,157	1,668,533	1,683,034	1,697,661	0.87%
Total	9,381,353	9,483,129	9,586,345	9,691,024	9,797,190	9,904,866	1.09%

Source: ESRI; CSG market designation and analysis

TABLE 12: RICHMOND MARKET AREA AVERAGE HOUSEHOLD INCOMES

	2020	2021	2022	2023	2024	2025	CAGR 2020-2025
Richmond Downtown Core1	\$72,371	\$73,649	\$74,949	\$76,272	\$77,619	\$78,989	1.77%
South Richmond2	\$60,553	\$61,500	\$62,462	\$63,439	\$64,432	\$65,440	1.56%
Northwest Glen Allen3	\$117,434	\$119,662	\$121,932	\$124,245	\$126,601	\$129,003	1.90%
West Richmond4	\$88,150	\$89,795	\$91,470	\$93,177	\$94,916	\$96,687	1.87%
30 min North5	\$112,303	\$114,179	\$116,087	\$118,027	\$119,999	\$122,004	1.67%
Midlothian6	\$119,973	\$122,070	\$124,202	\$126,373	\$128,581	\$130,827	1.75%
Montrose Airport7	\$75,007	\$76,416	\$77,850	\$79,312	\$80,801	\$82,319	1.88%
30 to 60 min North8	\$95,378	\$96,868	\$98,381	\$99,917	\$101,478	\$103,063	1.56%
45 min South9	\$75,062	\$76,412	\$77,787	\$79,186	\$80,610	\$82,060	1.80%
90 min Charlottesville10	\$93,652	\$95,376	\$97,133	\$98,921	\$100,743	\$102,598	1.84%
90 min NorthEast11	\$111,261	\$113,153	\$115,078	\$117,036	\$119,026	\$121,051	1.70%
90 min South12	\$58,070	\$58,995	\$59,934	\$60,888	\$61,858	\$62,843	1.59%
90 min SouthEast13	\$82,679	\$84,170	\$85,687	\$87,232	\$88,804	\$90,405	1.80%
30 min South14	\$109,020	\$110,848	\$112,706	\$114,595	\$116,516	\$118,470	1.68%
Harrisonburg Culpeper15	\$72,303	\$73,490	\$74,697	\$75,923	\$77,170	\$78,437	1.64%
Norfolk VA Beach Suffolk16	\$90,109	\$91,683	\$93,285	\$94,915	\$96,574	\$98,262	1.75%
150 min North17	\$152,301	\$154,940	\$157,624	\$160,356	\$163,134	\$165,961	1.73%
150 min North Carolina East18	\$60,372	\$61,566	\$62,784	\$64,025	\$65,292	\$66,583	1.98%
150 min North Carolina Raleigh19	\$93,937	\$95,847	\$97,797	\$99,786	\$101,815	\$103,886	2.03%
150 min Danville20	\$55,659	\$56,491	\$57,336	\$58,193	\$59,064	\$59,947	1.50%
150 min West21	\$68,818	\$69,952	\$71,104	\$72,275	\$73,465	\$74,675	1.65%
Washington DC22	\$141,394	\$144,192	\$147,044	\$149,954	\$152,920	\$155,946	1.98%
DC Suburbs VA23	\$158,830	\$161,360	\$163,931	\$166,543	\$169,197	\$171,893	1.59%
Outer DC Maryland24	\$129,644	\$131,871	\$134,136	\$136,440	\$138,784	\$141,168	1.72%
Average	\$95,595	\$97,270	\$98,975	\$100,710	\$102,475	\$104,272	1.75%

Source: ESRI; CSG market designation and analysis

The following demand projections are based on what can be defined as the “First Stabilized Year of Operation”. The figures are based on projection economic and demographic data for the year 2024, but more importantly, reflect the potential performance of a casino resort fully developed, including a fully-trained staff and maturation of marketing efforts. It typically takes 2 to 3 years for a new casino to reach what can be defined as “stabilized operations”, with years 1 and 2 showing a ramp-up of demand, falling short of stabilized potential; year 1 it is common to attain 87 to 90% of potential demand (especially if the resort opens while some amenities and/or roadway infrastructure are still under construction), and year 2 approximately 94 to 97% of potential demand. After year 3, growth is generally organic in terms of inflation and population changes, as well as overall changes to regional tourism.

LOCATION 1: DOWNTOWN RICHMOND

CSG is not suggesting a ranking of where in Richmond is an optimal location for resort casino development, rather we have drawn a concurrence with City leaders as to where sites are likely to be proposed, from a broad perspective (i.e., neighborhood or part of town, not a specific parcel). In the

case of Downtown Richmond, our presumption is that it would be sufficiently proximate to the convention center so as to have a goal of supporting tourism and business travel.

From a regional gaming market perspective, our predictive gravity model concludes a gaming revenue potential of \$285.7 million from the regional market, not including incremental value of regional patrons staying overnight at the resort casino (the incremental value is discussed further below), assuming the HHR facility in Dumfries remains a small, 150-device venue and does not shift to a large, resort concept. This demand is projected to result from 2.36 million annual gamer visits. The Richmond Downtown and Northwest Glen Allen market areas collectively account for approximately 34% of the projected regional gamer visitation and 31% of the projected regional gamer casino win, and collectively the four Richmond market areas would account for approximately 45% of the patronage and 41% of the casino win. These percentages will get diluted when considering the incremental demand emanating from hotel guests and tourists, as discussed further below.

TABLE 13: POTENTIAL REGIONAL MARKET GAMING PATRONAGE AND REVENUES, DOWNTOWN RICHMOND SITE

MARKET AREA	GAMER VISITS	WIN PER VISIT	GAMING REVENUE (MMS)
Richmond Downtown Core1	402,067	\$108.63	\$43.7
South Richmond2	138,578	\$106.23	\$14.7
Northwest Glen Allen3	398,768	\$117.77	\$47.0
West Richmond4	111,959	\$111.83	\$12.5
30 min North5	158,765	\$116.73	\$18.5
Midlothian6	24,326	\$118.29	\$2.9
Montrose Airport7	84,279	\$109.16	\$9.2
30 to 60 min North8	40,207	\$113.30	\$4.6
45 min South9	97,146	\$109.17	\$10.6
90 min Charlottesville10	46,342	\$112.95	\$5.2
90 min NorthEast11	148,206	\$116.52	\$17.3
90 min South12	25,482	\$105.73	\$2.7
90 min SouthEast13	93,631	\$110.72	\$10.4
30 min South14	181,674	\$116.07	\$21.1
Harrisonburg Culpeper15	25,337	\$108.61	\$2.8
Norfolk VA Beach Suffolk16	55,203	\$112.23	\$6.2
150 min North17	52,530	\$124.85	\$6.6
150 min North Carolina East18	35,702	\$106.19	\$3.8
150 min North Carolina Raleigh19	156,378	\$113.01	\$17.7
150 min Danville20	12,791	\$105.24	\$1.3
150 min West21	69,852	\$107.91	\$7.5
Washington DC22	20,656	\$122.64	\$2.5
DC Suburbs VA23	70,368	\$126.18	\$8.9
Outer DC Maryland24	67,212	\$120.25	\$8.1
Total:	2,359,221	\$121.08	\$285.7

Source: CSG analysis

If the Dumfries facility is moved within the town to a site with an HHR resort concept (and substantially more devices), only a small fraction of gaming demand for the facility would be from gamers that would otherwise patronize a Richmond resort casino facility. The projected Richmond gaming demand from the regional market would fall to \$277.5 million in gaming revenues from 2.30 million gamer visits. If a

150-device HHR facility is developed in Emporia, we estimate it could generate revenues of approximately \$20 million per year, of which approximately half would be incremental to the market, and half (\$10 million) would roughly be equally cannibalized from the casinos in Danville, Portsmouth, Norfolk and Richmond. As such, if developed, an Emporia HHR facility could impact Richmond resort casino market potential by \$2 to \$3 million.

In our base model, Rosie's Richmond is estimated to generate \$64.4 million annually from the regional market. As a result of regional gaming expansion (all new facilities, not just a Downtown Richmond resort casino), the projected Rosie's Richmond revenues would fall to \$39.5 million. If the Dumfries facility is resort-scale, the revenues would fall to \$38.6 million.

LOCATION 2: SOUTH RICHMOND

In the case of a potential resort casino in the South Richmond area, our presumption is that it would be proximate to the interchange of I-95 and Route 895 so as to enjoy excellent highway accessibility.

From a regional gaming market perspective, our predictive gravity model concludes a gaming revenue potential of \$270.8 million from the regional market if the Dumfries facility remains a small HHR venue, not including incremental value of regional patrons staying overnight at the resort casino (the incremental value is discussed further below). This demand is projected to result from 2.25 million annual gamer visits. The source of demand for a South Richmond resort casino is more dispersed than the Downtown Richmond location, with the four defined Richmond market areas collectively account for approximately 41% of both the projected regional market visitation (with the Downtown market area being the largest segment at 14%) and the regional market gaming win. As with the alternative sites, we note that these percentages all get diluted as tourists and hotel guests are added to the totals.

TABLE 14: POTENTIAL REGIONAL MARKET GAMING PATRONAGE AND REVENUES, SOUTH RICHMOND SITE

MARKET AREA	GAMER VISITS	WIN PER VISIT	GAMING REVENUE (MMS)
Richmond Downtown Core ¹	321,843	\$108.63	\$35.0
South Richmond ²	208,516	\$106.23	\$22.2
Northwest Glen Allen ³	296,311	\$117.77	\$34.9
West Richmond ⁴	96,632	\$111.83	\$10.8
30 min North ⁵	108,568	\$116.73	\$12.7
Midlothian ⁶	23,671	\$118.29	\$2.8
Montrose Airport ⁷	72,186	\$109.16	\$7.9
30 to 60 min North ⁸	32,270	\$113.30	\$3.7
45 min South ⁹	133,489	\$109.17	\$14.6
90 min Charlottesville ¹⁰	41,239	\$112.95	\$4.7
90 min NorthEast ¹¹	125,780	\$116.52	\$14.7
90 min South ¹²	30,194	\$105.73	\$3.2
90 min SouthEast ¹³	94,384	\$110.72	\$10.5
30 min South ¹⁴	239,514	\$116.07	\$27.8
Harrisonburg Culpeper ¹⁵	22,069	\$108.61	\$2.4
Norfolk VA Beach Suffolk ¹⁶	55,782	\$112.23	\$6.3
150 min North ¹⁷	48,565	\$124.85	\$6.1
150 min North Carolina East ¹⁸	40,076	\$106.19	\$4.3
150 min North Carolina Raleigh ¹⁹	174,716	\$113.01	\$19.7
150 min Danville ²⁰	13,990	\$105.24	\$1.5
150 min West ²¹	68,706	\$107.91	\$7.4
Washington DC ²²	18,748	\$122.64	\$2.3
DC Suburbs VA ²³	66,136	\$126.18	\$8.3
Outer DC Maryland ²⁴	61,817	\$120.25	\$7.4
Total:	2,248,502	\$120.45	\$270.8

Source: CSG analysis

If the Dumfries facility is moved within the town to a site with an HHR resort concept (and substantially more devices), the projected Richmond casino demand from the regional market would fall to \$262.6 million in gaming revenues from 2.19 million gamer visits. See note above in Downtown market potential regarding potential impact of an Emporia HHR facility.

As noted above, in our base model, Rosie’s Richmond is estimated to generate \$64.4 million annually from the regional market. As a result of regional gaming expansion (all new facilities, not just a South Richmond resort casino), the projected Rosie’s Richmond revenues would fall to \$45.7 million. If the Dumfries facility is resort-scale, the revenues would fall to \$44.4 million.

LOCATION 3: NORTHWEST RICHMOND

In the case of a potential resort casino in the Northwest Richmond area, our presumption is that it would be in the general vicinity of Scott’s Addition.

From a regional gaming market perspective, our predictive gravity model concludes a gaming revenue potential of \$276.7 million from the regional market, not including incremental value of regional patrons

staying overnight at the resort casino, assuming the Dumfries facility remains a small venue. This demand is projected to result from 2.26 million annual gamer visits. The Richmond Downtown and Northwest Glen Allen market areas collectively account for approximately 36% of the projected regional gamer visitation and 34% of the projected regional gamer casino win, and collectively the four Richmond market areas would account for approximately 45.5% of the patronage and 42% of the casino win. As with the alternative sites, we note that these percentages all get diluted as tourists and hotel guests are added to the totals.

TABLE 15: POTENTIAL REGIONAL MARKET GAMING PATRONAGE AND REVENUES, NORTHWEST RICHMOND SITE

MARKET AREA	GAMER VISITS	WIN PER VISIT	GAMING REVENUE (MMS)
Richmond Downtown Core ¹	361,402	\$108.63	\$39.3
South Richmond ²	94,995	\$106.23	\$10.1
Northwest Glen Allen ³	457,122	\$117.77	\$53.8
West Richmond ⁴	117,246	\$111.83	\$13.1
30 min North ⁵	156,764	\$116.73	\$18.3
Midlothian ⁶	25,666	\$118.29	\$3.0
Montrose Airport ⁷	53,749	\$109.16	\$5.9
30 to 60 min North ⁸	42,526	\$113.30	\$4.8
45 min South ⁹	75,691	\$109.17	\$8.3
90 min Charlottesville ¹⁰	48,141	\$112.95	\$5.4
90 min NorthEast ¹¹	154,374	\$116.52	\$18.0
90 min South ¹²	23,979	\$105.73	\$2.5
90 min SouthEast ¹³	80,630	\$110.72	\$8.9
30 min South ¹⁴	175,772	\$116.07	\$20.4
Harrisonburg Culpeper ¹⁵	26,253	\$108.61	\$2.9
Norfolk VA Beach Suffolk ¹⁶	50,777	\$112.23	\$5.7
150 min North ¹⁷	54,313	\$124.85	\$6.8
150 min North Carolina East ¹⁸	33,183	\$106.19	\$3.5
150 min North Carolina Raleigh ¹⁹	147,298	\$113.01	\$16.6
150 min Danville ²⁰	12,922	\$105.24	\$1.4
150 min West ²¹	72,196	\$107.91	\$7.8
Washington DC ²²	21,395	\$122.64	\$2.6
DC Suburbs VA ²³	72,717	\$126.18	\$9.2
Outer DC Maryland ²⁴	69,518	\$120.25	\$8.4
Total:	2,264,998	\$122.16	\$276.7

Source: CSG analysis

If the Dumfries facility is moved within the town to a site with an HHR resort concept (and substantially more devices), the projected Richmond casino demand from the regional market would fall to \$269.0 million in gaming revenues from 2.21 million gamer visits. See note above in Downtown market potential regarding potential impact of an Emporia HHR facility.

As noted above, in our base model, Rosie’s Richmond is estimated to generate \$64.4 million annually from the regional market. As a result of regional gaming expansion (all new facilities, not just a Northwest Richmond resort casino), the projected Rosie’s Richmond revenues would fall to \$41.1 million. If the Dumfries facility is resort-scale, the revenues would fall to \$40.3 million.

REGIONAL TOURISM

Tourism is expected to be a significant contributor to the success of a resort casino in Richmond, providing an additional entertainment option to the region's estimated 7.7 million visitors per year.¹⁹ The location of the potential resort casino will have an impact on the capture of tourists to it, as casino locations near existing tourism infrastructure and hotels are likely to draw more tourist visits than those located in less tourist-friendly areas.

COMPARABLE RESEARCH

While comparative data on the share of tourists that visit casinos in the U.S. is not abundant and not often up-to-date, herein we present recent relevant data for comparison to Richmond. Pennsylvania has reported that the main purpose of between 3% and 4% of the state's adult overnight trips, and 4% of the state's adult day-trips were for casino gaming. These figures, it should be noted, do not include tourists who simply include a visit to a casino as part of their overall trip. Of all visitors to PA, 9% visited a casino or racetrack in 2017. While visiting a casino did not rank in the top 15 activities for visitors to PA aged 18-34 years old, it ranked highly among older age groups. Approximately 17% of middle-age and older travelers (both 35-54 and 55+ age cohorts) who visited PA without children included a casino visit during their stay.²⁰ Should only locales with casinos have been included in the study, these casino visitation rates would certainly have been higher.

Baton Rouge, Louisiana is a market very similar to Richmond in terms of demographics, income levels, and status as a state capital. Unlike Richmond, Baton Rouge has a long-standing relationship with casino gaming as it is home to three casinos (two in the downtown area dating back as far as 1993, and one in the southern suburbs opened in 2012). According to the 2018 Baton Rouge Overnight Visitor Report prepared for West Baton Rouge CVB & Visit Baton Rouge in 2019, 6% of all overnight person trips to Baton Rouge listed "casino" as their main purpose of trip, and 16% of overnight person-trips visited a casino during their stay.²¹ For reference, the same study reported 11.3 million person-trips to Baton Rouge in 2018, of which 4.1 million were overnight visits, of which 3.3 million were adults.

New Orleans, a major tourist destination for leisure travel and host to one well-established casino (centrally located in Downtown, adjacent to the historic French Quarter), draws approximately 23.9% of tourists into its Harrah's casino.²² On a state-wide basis, and largely impacted by the proliferation of casinos and their adjacency to state borders, 17% of all visitors to Louisiana participated in casino gambling during their trip.²³

The most recent Leisure Visitor Profile for the State of Illinois reports that 3% of all visitors to this state with ten casinos (yet none located in its largest destination, Chicago) participate in casino gambling.²⁴

PROJECTED TOURISM CAPTURE AND REVENUES

In consideration of the unique market dynamics of Richmond and its visitor patterns, we have estimated that 8% of all adult overnight visitors could include a casino visit during their stay. In our

¹⁹ Richmond Region Tourism, FY 2019-2020 Annual Report

²⁰ Pennsylvania Annual Travel Profile: 2017 and 2015 Travel Years, Commonwealth of Pennsylvania Department of Community and Economic Development.

²¹ 2018 Baton Rouge Overnight Visitor Report Travel USA, Prepared for West Baton Rouge CVB & Visit Baton Rouge, Longwoods International, July 2019.

²² 2015 New Orleans Area Visitor Profile Annual Report, prepared for New Orleans Convention and Visitors Bureau and New Orleans Tourism Marketing Corporation, University of New Orleans Hospitality Research Center, March 2016.

²³ Year-End 2017 Visitor Profile. An Inside Look at the Louisiana Travel Market, D.K. Shifflet & Associates, August 2018.

²⁴ 2016 Leisure Visitor Profile for the State of Illinois and the City of Chicago, D.K. Shifflet & Associates, June 2016.

base model calibration, we estimate that the two Rosie’s HHR facilities in the market currently draw a small share of the region’s tourists, and should continue to do so. In the case that the resort casino is located in Downtown Richmond, we forecast that 85% of those will visit it, versus 10% to Rosie’s Richmond and 5% to Rosie’s Colonial Downs. From these 254,726 projected tourist visits, we forecast an average win per visit of \$100, resulting in \$25.5 million in gross gaming revenues. In the case wherein the resort casino is located in the Northwest or South Richmond areas of the city, we estimate a slightly lower capture of tourists due to the relative supply of hotels and tourism infrastructure in those areas. *Table 16* details these projections by resort casino location.

TABLE 16: POTENTIAL TOURISM INCREMENTAL BY LOCATION

	DOWNTOWN	SOUTH	NORTHWEST
Richmond Region Annual Visitors	7,700,000	7,700,000	7,700,000
Adult Overnight Trips	3,745,966	3,745,966	3,745,966
Est. Capture Rate	8%	8%	8%
Tourist Gaming Visits	299,677	299,677	299,677
Richmond Casino Share of Visits	85%	75%	78%
Richmond Casino Visits	254,726	224,758	233,748
Win/Visit	\$100	\$100	\$100
GGR	\$25,472,569	\$22,475,796	\$23,374,828

Source: FY 2019-2020 Annual Report, Richmond Region Tourism; Richmond 2019 and 2020 Arrivalist study; CSG analysis

HOTEL INCREMENTAL

As our model extends out to a 2.5-hour drive time, it is reasonable to assume that some gamers will want to stay overnight at the resort casino hotel, with that percentage increasing as the distance from Richmond increases. CSG has created resort casino-hotel demand models that are based on proprietary data that we have seen from regional casino hotels and take into consideration where in Richmond the resort casino may be relative to other hotel options. The following section provides estimates of the incremental gaming demand from hotel patrons, as well as projected hotel supply metrics and needs, but location.

DOWNTOWN RICHMOND RESORT CASINO HOTEL DEMAND

If the casino resort is to be developed in Downtown Richmond, we project that 5.3% of casino patrons will opt to stay overnight, generate 78,415 room nights of demand (assuming 1.7 gamers per room), and will generate an incremental gaming win of \$13.2 million, based on an estimated incremental win per visit of \$99. As a result, the win per room occupied by gamers would be \$364.

TABLE 17: POTENTIAL HOTEL GUEST INCREMENTAL, DOWNTOWN RICHMOND SITE

MARKET AREA	DAY-TRIP VISITS	CONVERSION TO OVERNIGHT	OVERNIGHT VISITS	INCREMENTAL WIN/VISIT	INCREMENTAL WIN	RND
Richmond Downtown Core1	402,067	0.2%	804	\$92.96	\$74,756	473
South Richmond2	138,578	0.3%	346	\$90.85	\$31,474	204
Northwest Glen Allen3	398,768	0.3%	997	\$101.04	\$100,725	586
West Richmond4	111,959	0.3%	280	\$95.79	\$26,812	165
30 min North5	158,765	1.0%	1,588	\$100.12	\$158,951	934
Midlothian6	24,326	1.0%	243	\$101.49	\$24,689	143
Montrose Airport7	84,279	1.0%	843	\$93.44	\$78,747	496
30 to 60 min North8	40,207	4.0%	1,608	\$97.09	\$156,140	946
45 min South9	97,146	4.0%	3,886	\$93.45	\$363,116	2,286
90 min Charlottesville10	46,342	7.5%	3,476	\$96.78	\$336,359	2,044
90 min NorthEast11	148,206	7.5%	11,115	\$99.93	\$1,110,771	6,538
90 min South12	25,482	7.5%	1,911	\$90.40	\$172,769	1,124
90 min SouthEast13	93,631	7.5%	7,022	\$94.81	\$665,794	4,131
30 min South14	181,674	1.0%	1,817	\$99.53	\$180,819	1,069
Harrisonburg Culpeper15	25,337	7.5%	1,900	\$92.95	\$176,633	1,118
Norfolk VA Beach Suffolk16	55,203	10.0%	5,520	\$96.14	\$530,732	3,247
150 min North17	52,530	17.5%	9,193	\$107.28	\$986,214	5,407
150 min North Carolina East18	35,702	17.5%	6,248	\$90.81	\$567,393	3,675
150 min North Carolina Raleigh19	156,378	17.5%	27,366	\$96.83	\$2,649,788	16,098
150 min Danville20	12,791	17.5%	2,238	\$89.97	\$201,390	1,317
150 min West21	69,852	17.5%	12,224	\$92.33	\$1,128,617	7,191
Washington DC22	20,656	25.0%	5,164	\$105.33	\$543,930	3,038
DC Suburbs VA23	70,368	20.0%	14,074	\$108.45	\$1,526,304	8,279
Outer DC Maryland24	67,212	20.0%	13,442	\$103.22	\$1,387,578	7,907
TOTAL	2,517,458	5.3%	133,306	\$98.87	\$13,180,502	78,415

Source: CSG analysis

The hotel demand model changes slightly if the Dumfries HHR facility shifts to a resort. In that scenario, a total of 126,829 gamers would stay overnight, generating 74,605 room nights of demand and generate \$12.5 million in incremental gross gaming revenues.

There may be some incremental hotel demand, and ultimately some casino demand, if the primary purpose of visitation to the hotel is to visit downtown, as may be the case for convention center visitors, if the hotel is sized sufficiently to accommodate large groups. Visitors not coming for the primary purpose of gaming would not have the same propensity to game, or gaming budgets as large as those coming for the primary purpose of gaming, but their demand would have an impact on both gaming revenues and room revenues (as well as taxes related to both).

We assume that if a resort casino hotel is developed in the downtown market that it would allot 150 rooms for non-primary gamers, incremental to what would be needed solely to accommodate those coming for the primary purpose of gaming. Assuming the incremental 150 rooms attain an 80% occupancy rate, with 1.4 persons per room and 50% of those being gamers, at an average win per visitor of \$120, the incremental gaming win would be \$3.7 million.

In total, we therefore estimate that the gaming win attributable to a hotel at a downtown resort casino would be \$16.9 million. A property may be optimally sized at 400 rooms, which would entail attaining an 83.7% occupancy rate based on these projections. A full-scale facility in Dumfries would lower the incremental revenue projection to \$16.2 million, lowering the occupancy rate forecast to 81.1%.

SOUTH RICHMOND RESORT CASINO HOTEL DEMAND

If the resort casino is to be developed in South Richmond, a slightly higher percentage of gamers would opt to stay overnight than we assumed for the Downtown site, as there would likely be fewer options for visitors to stay at a proximate property instead. This primarily applies to assumed overnight capture rates for those in the outer market areas. As a result, we project that 6.2% of casino patrons will opt to stay overnight, generate 87,518 room nights of demand (assuming 1.7 gamers per room), and will generate an incremental gaming win of \$14.7 million, based on an estimated incremental win per visit of \$99. As a result, the win per room occupied by gamers would be \$364.

TABLE 18: POTENTIAL HOTEL GUEST INCREMENTAL, SOUTH RICHMOND SITE

MARKET AREA	DAY-TRIP VISITS	CONVERSION TO OVERNIGHT	OVERNIGHT VISITS	INCREMENTAL WIN/VISIT	INCREMENTAL WIN	RND
Richmond Downtown Core ¹	321,843	0.2%	644	\$92.96	\$59,840	379
South Richmond ²	208,516	0.3%	521	\$90.85	\$47,358	307
Northwest Glen Allen ³	296,311	0.3%	741	\$101.04	\$74,846	436
West Richmond ⁴	96,632	0.3%	242	\$95.79	\$23,141	142
30 min North ⁵	108,568	1.0%	1,086	\$100.12	\$108,696	639
Midlothian ⁶	23,671	1.0%	237	\$101.49	\$24,025	139
Montrose Airport ⁷	72,186	1.0%	722	\$93.44	\$67,448	425
30 to 60 min North ⁸	32,270	4.3%	1,371	\$97.09	\$133,149	807
45 min South ⁹	133,489	4.3%	5,673	\$93.45	\$530,148	3,337
90 min Charlottesville ¹⁰	41,239	8.0%	3,299	\$96.78	\$319,278	1,941
90 min NorthEast ¹¹	125,780	8.0%	10,062	\$99.93	\$1,005,544	5,919
90 min South ¹²	30,194	8.0%	2,416	\$90.40	\$218,372	1,421
90 min SouthEast ¹³	94,384	8.0%	7,551	\$94.81	\$715,889	4,442
30 min South ¹⁴	239,514	1.0%	2,395	\$99.53	\$238,387	1,409
Harrisonburg Culpeper ¹⁵	22,069	8.0%	1,765	\$92.95	\$164,105	1,039
Norfolk VA Beach Suffolk ¹⁶	55,782	12.0%	6,694	\$96.14	\$643,554	3,938
150 min North ¹⁷	48,565	19.0%	9,227	\$107.28	\$989,936	5,428
150 min North Carolina East ¹⁸	40,076	19.0%	7,614	\$90.81	\$691,500	4,479
150 min North Carolina Raleigh ¹⁹	174,716	19.0%	33,196	\$96.83	\$3,214,283	19,527
150 min Danville ²⁰	13,990	19.0%	2,658	\$89.97	\$239,153	1,564
150 min West ²¹	68,706	19.0%	13,054	\$92.33	\$1,205,260	7,679
Washington DC ²²	18,748	30.0%	5,624	\$105.33	\$592,397	3,308
DC Suburbs VA ²³	66,136	25.0%	16,534	\$108.45	\$1,793,154	9,726
Outer DC Maryland ²⁴	61,817	25.0%	15,454	\$103.22	\$1,595,239	9,091
TOTAL	2,395,203	6.2%	148,781	\$98.77	\$14,694,700	87,518

Source: CSG analysis

The hotel demand model changes slightly if the Dumfries HHR facility shifts to a resort. In that scenario, a total of 141,564 gamers would stay overnight, generating 83,273 room nights of demand and generate \$13.9 million in incremental gross gaming revenues.

While there may be some incremental hotel demand from those who are not coming for the primary purpose of casino visitation, it would likely have less appeal than a downtown location. As with our previous assumption, visitors not coming for the primary purpose of gaming would not have the same propensity to game, or gaming budgets as large as those coming for the primary purpose of gaming, but their demand would have an impact on both gaming revenues and room revenues (as well as taxes related to both).

We assume that if a resort casino hotel is developed in South Richmond that it would have 50 rooms incremental to what would be needed solely to accommodate gamers. Assuming the incremental 50 rooms attain an 80% occupancy rate, with 1.4 persons per room and 50% of those being gamers, at an average win per visitor of \$120, the incremental gaming win would be \$1.2 million.

In total, we therefore estimate that the gaming win attributable to a hotel at a South Richmond resort casino would be \$15.9 million. A property may be optimally sized at 325 rooms, which would entail attaining an 86.1% occupancy rate based on these projections. A full-scale facility in Dumfries would lower the incremental revenue projection to \$15.2 million, lowering the occupancy rate forecast to 82.5%.

NORTHWEST RICHMOND RESORT CASINO HOTEL DEMAND

A resort casino hotel in Northwest Richmond is assumed to have similar demand dynamics as was assumed for South Richmond. Based on the projected source of gaming demand, we project that 6.1% of casino patrons will opt to stay overnight, generate 86,508 room nights of demand (assuming 1.7 gamers per room), and will generate an incremental gaming win of \$14.6 million, based on an estimated incremental win per visit of \$99. As a result, the win per room occupied by gamers would be \$366.

TABLE 19: POTENTIAL HOTEL GUEST INCREMENTAL, NORTHWEST RICHMOND SITE

MARKET AREA	DAY-TRIP VISITS	CONVERSION TO OVERNIGHT	OVERNIGHT VISITS	INCREMENTAL WIN/VISIT	INCREMENTAL WIN	RND
Richmond Downtown Core ¹	361,402	0.2%	723	\$92.96	\$67,195	425
South Richmond ²	94,995	0.3%	237	\$90.85	\$21,575	140
Northwest Glen Allen ³	457,122	0.3%	1,143	\$101.04	\$115,465	672
West Richmond ⁴	117,246	0.3%	293	\$95.79	\$28,078	172
30 min North ⁵	156,764	1.0%	1,568	\$100.12	\$156,947	922
Midlothian ⁶	25,666	1.0%	257	\$101.49	\$26,049	151
Montrose Airport ⁷	53,749	1.0%	537	\$93.44	\$50,221	316
30 to 60 min North ⁸	42,526	4.3%	1,807	\$97.09	\$175,467	1,063
45 min South ⁹	75,691	4.3%	3,217	\$93.45	\$300,602	1,892
90 min Charlottesville ¹⁰	48,141	8.0%	3,851	\$96.78	\$372,715	2,265
90 min NorthEast ¹¹	154,374	8.0%	12,350	\$99.93	\$1,234,135	7,265
90 min South ¹²	23,979	8.0%	1,918	\$90.40	\$173,419	1,128
90 min SouthEast ¹³	80,630	8.0%	6,450	\$94.81	\$611,564	3,794
30 min South ¹⁴	175,772	1.0%	1,758	\$99.53	\$174,945	1,034
Harrisonburg Culpeper ¹⁵	26,253	8.0%	2,100	\$92.95	\$195,220	1,235
Norfolk VA Beach Suffolk ¹⁶	50,777	12.0%	6,093	\$96.14	\$585,810	3,584
150 min North ¹⁷	54,313	19.0%	10,320	\$107.28	\$1,107,102	6,070
150 min North Carolina East ¹⁸	33,183	19.0%	6,305	\$90.81	\$572,561	3,709
150 min North Carolina Raleigh ¹⁹	147,298	19.0%	27,987	\$96.83	\$2,709,864	16,463
150 min Danville ²⁰	12,922	19.0%	2,455	\$89.97	\$220,888	1,444
150 min West ²¹	72,196	19.0%	13,717	\$92.33	\$1,266,481	8,069
Washington DC ²²	21,395	30.0%	6,419	\$105.33	\$676,062	3,776
DC Suburbs VA ²³	72,717	25.0%	18,179	\$108.45	\$1,971,576	10,694
Outer DC Maryland ²⁴	69,518	25.0%	17,379	\$103.22	\$1,793,966	10,223
TOTAL	2,428,628	6.1%	147,064	\$99.33	\$14,607,911	86,508

Source: CSG analysis

The hotel demand model changes slightly if the Dumfries HHR facility shifts to a resort. In that scenario, a total of 139,942 gamers would stay overnight, generating 82,319 room nights of demand and generate \$13.9 million in incremental gross gaming revenues.

We assume that if a resort casino hotel is developed in Northwest Richmond that it would have 50 rooms incremental to what would be needed solely to accommodate gamers, consistent with the South Richmond site assumption. Assuming the incremental 50 rooms attain an 80% occupancy rate, with 1.4 persons per room and 50% of those being gamers, at an average win per visitor of \$120, the incremental gaming win would be \$1.2 million.

In total, we therefore estimate that the gaming win attributable to a hotel at a Northwest Richmond resort casino would be \$15.8 million. A property may be optimally sized at 325 rooms, which would entail attaining an 85.2% occupancy rate based on these projections. A full-scale facility in Dumfries would lower the incremental revenue projection to \$15.1 million, lowering the occupancy rate forecast to 81.7%.

TABLE 20: POTENTIAL HOTEL PERFORMANCE, FIRST STABILIZED YEAR OF OPERATION

	W/DUMFRIES SMALL HHR			W/DUMFRIES RESORT HHR		
	Downtown	South	Northwest	Downtown	South	Northwest
Rooms	400	325	325	400	325	325
RNA	146,000	118,625	118,625	146,000	118,625	118,625
RND	122,215	102,118	101,108	118,405	97,873	96,919
Occupancy	83.7%	86.1%	85.2%	81.1%	82.5%	81.7%

Source: CSG analysis

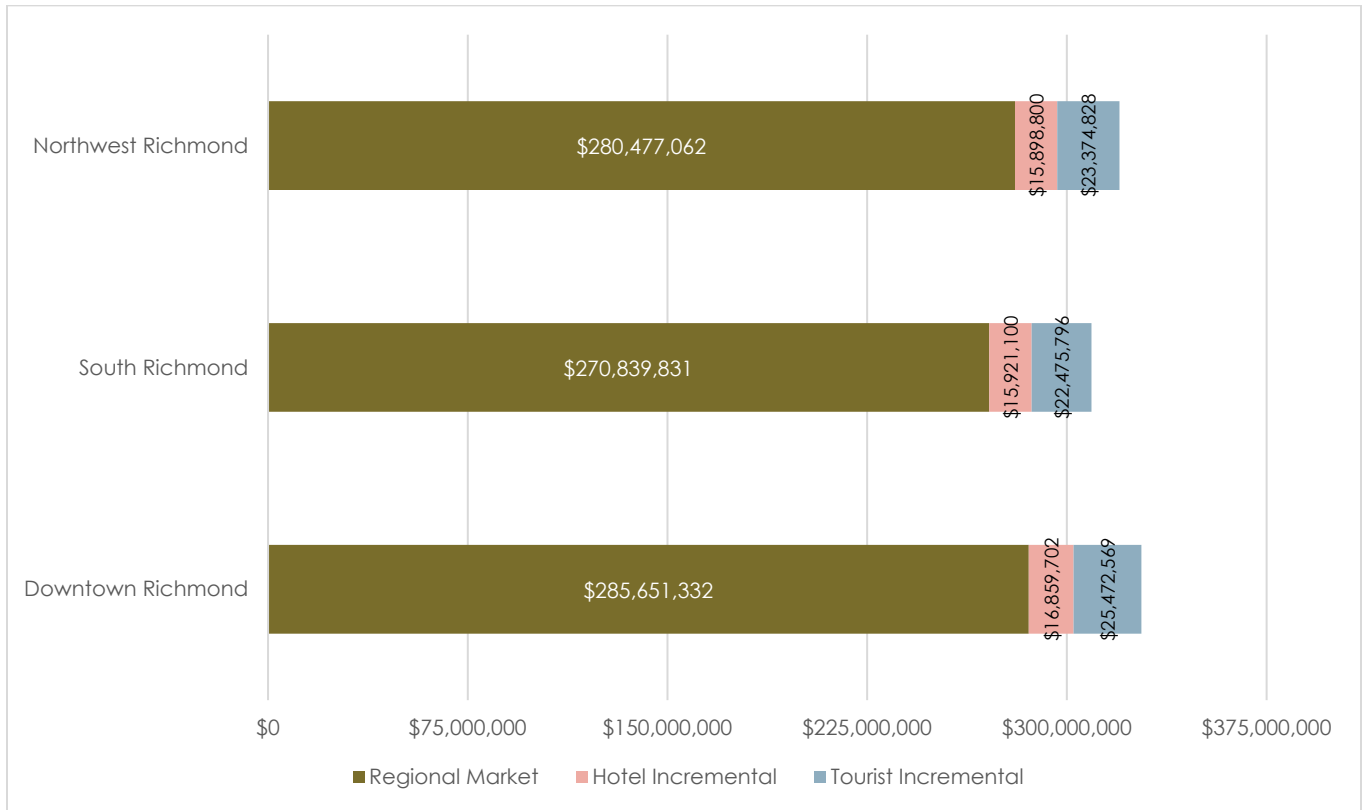
SUMMARY OF RESORT CASINO GAMING POTENTIAL

Total gaming revenues for each of the considered alternative sites in Richmond are presented in Table 21.²⁵ We note that these totals do not include revenues that may be generated through sports betting, as it is not subject to gaming tax at the local level, and the growth trajectory may be much different than for casino gaming due to the degree of development of an online presence. Bricks and mortar sports betting could be expected to add approximately 3% to GGR. Gaming revenues as presented in this report are also net of promotional free play, as it is not a taxable event.²⁶

²⁵ These projections assume the HHR facility in Emporia is not developed. As discussed in the regional market assessment, an HHR facility at that location potentially could divert \$2 to \$3 million from a Richmond resort casino. The higher end of that range may apply most to a South Richmond location due to its otherwise greater ability to draw from North Carolina markets, but the difference relative to a Northwest Richmond location would not be substantial.

²⁶ The non-taxation of free play was confirmed by Gina Smith, Deputy Director of Casino Compliance, Virginia Lottery, via email correspondence March 2, 2021.

CHART 1: GROSS GAMING REVENUE POTENTIAL BY LOCATION (WITH DUMFRIES SMALL HHR)



Source: CSG projections

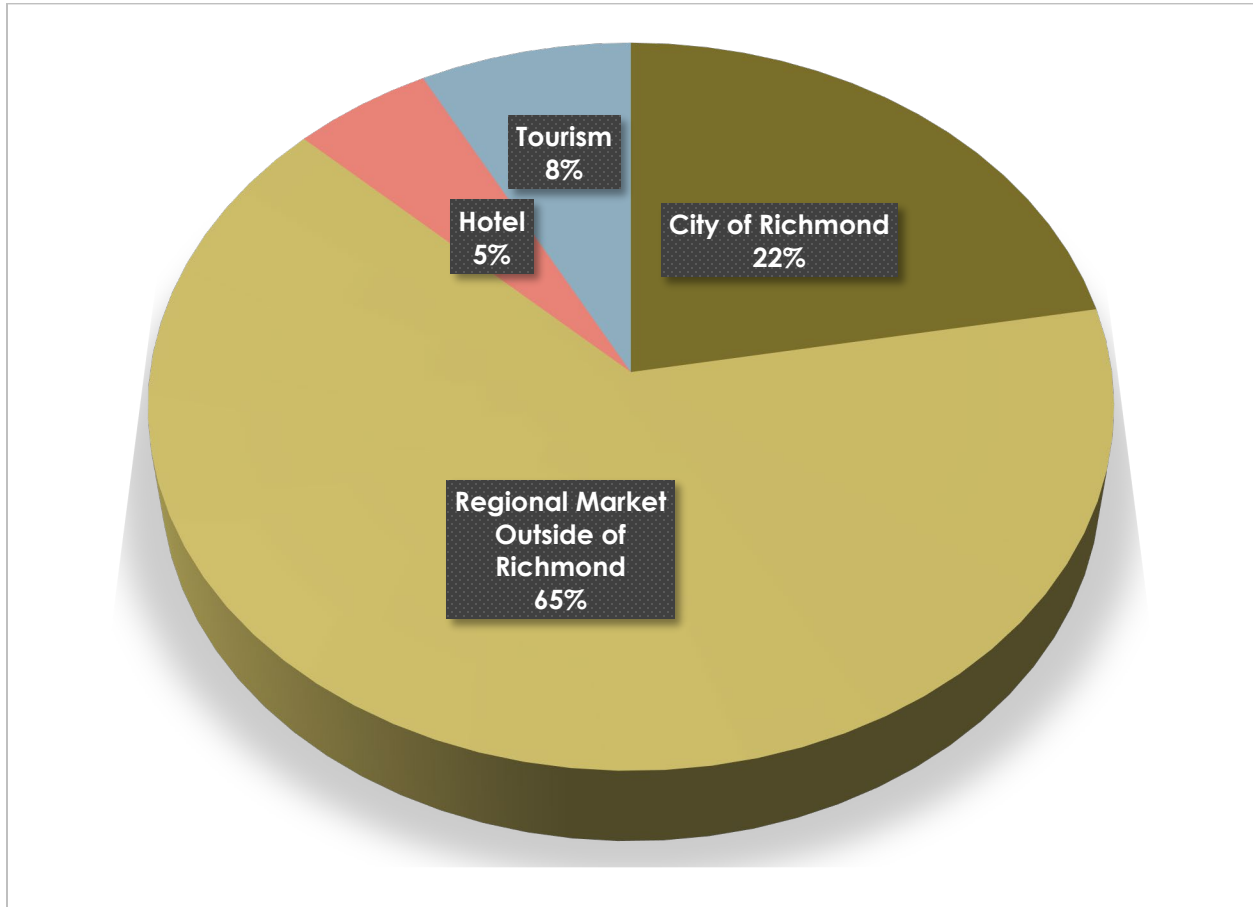
TABLE 21: SUMMARY OF GROSS GAMING REVENUE POTENTIAL

MARKET SEGMENT	DOWNTOWN RICHMOND		SOUTH RICHMOND		NORTHWEST RICHMOND	
	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort
Regional Market	\$285,651,332	\$277,520,388	\$270,839,831	\$262,581,230	\$280,477,062	\$268,982,498
Hotel Incremental	\$16,859,702	\$16,185,516	\$15,921,100	\$15,168,891	\$15,898,800	\$15,089,485
Tourist Incremental	\$25,472,569	\$25,472,569	\$22,475,796	\$22,475,796	\$23,374,828	\$23,374,828
Total GGR	\$327,983,603	\$319,178,473	\$309,236,726	\$300,225,917	\$319,750,690	\$307,446,810

Source: CSG projections

Of particular relevance to the City of Richmond is the share of gaming revenues that are expected to be generated by its residents versus those living outside of the city. In the case of the Downtown Richmond site, the resort casino is projected to generate approximately 22% of its gross gaming revenues, or \$72.7 million, from Richmond residents’ day-trip visits (approximately \$233,000 of the \$16.9 million hotel-associated GGR is projected from Richmond residents, resulting in approximately \$72.9 million total GGR from Richmonders). *Table 22* details the sources of GGR in our forecast. It should be noted that the different sites vary only minimally in terms of proportion of revenues by source.

CHART 2: GROSS GAMING REVENUE POTENTIAL BY SOURCE, DOWNTOWN RICHMOND SITE



Source: CSG projections

TABLE 22: GROSS GAMING REVENUE POTENTIAL BY SOURCE, DOWNTOWN RICHMOND SITE

SOURCE	GGR	SHARE OF GGR
City of Richmond Residents	\$72,696,641	22.2%
Regional Market Outside of Richmond	\$212,954,691	64.9%
Hotel	\$16,859,702	5.1%
Tourism	\$25,472,569	7.8%
TOTAL	\$327,983,603	100.0%

Source: CSG projections

SCALE AND PERFORMANCE METRICS

The following table translates our projections of visitation and gaming win into assumptions regarding optimal scale and resulting key performance metrics of the casino. Particularly, two metrics that we focus on are the win per unit per day, which is the ratio of daily gaming win by the number of gaming seats in a casino (with 6 being the number of seats assigned as an average per gaming table), as well as the metric of ‘turns per day’, which is the ratio of the number of gaming patrons per day to the number of seats. Optimal sizing of a casino in terms of turns per day can be skewed if a facility is exceptionally dependent on weekend or evening visitation, though that is generally not the case for casinos that focus on a local/regional market. In our analysis below, we estimate that a casino with between 1,870 and 2,000 electronic gaming devices (slots or electronic table game seats) and 80 to 90 table games (2,350 to 2,540 positions) may be optimal to accommodate demand. A facility sized in this range (varying depending on Richmond location and Dumfries scale) has the potential to average 3.0 turns per day and generate a win per gaming position of approximately \$350.

An alternative, smaller scale at approximately 85% of the above assumptions may be reasonably effective in the initial years of operation, as casinos generally do not achieve projected demand until operations stabilize, generally assumed to occur by year 3. Even if the facility does achieve projections, it would equate to a win per position per day of approximately \$400, and turns per day of 3.45, neither of which would be red flags of concern.

TABLE 23: CASINO PERFORMANCE MEASURES, FIRST STABILIZED YEAR OF OPERATIONS

	DOWNTOWN RICHMOND		SOUTH RICHMOND		NORTHWEST RICHMOND	
	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort
Gaming Revenue (\$M)	\$328.0	\$319.2	\$309.2	\$300.2	\$319.8	\$307.4
Visitation (M)	2.80	2.73	2.63	2.56	2.71	2.61
Win per Visit	\$117	\$117	\$118	\$117	\$118	\$118
Number of Gaming Positions	2,540	2,490	2,410	2,350	2,490	2,400
Win/Position/Day	\$354	\$351	\$352	\$350	\$352	\$351
Turns/Position/Day	3.0	3.0	3.0	3.0	3.0	3.0

Source: CSG projections. Positions = the number of slots plus 6 positions per table game.

FISCAL AND EMPLOYMENT IMPACT

The addition of a resort casino to Richmond will create fiscal benefits for the city, as well as create a source of new employment. Through City negotiations with an operator it may be possible to attain higher than average wage rates for resort casino employees, as well as ascertain hiring targets for city residents or segments of the population. In our fiscal and employment analysis below we address only the direct impacts – taxes generated by the facility and employment at the facility. We recognize that incremental fiscal impacts and employment impacts will be felt through the multiplier process, with rising revenues for vendors supporting employment growth, and resort casino employees having greater spending power within the local economy, but the scope of this analysis did not include undertaking those calculations.

TAX IMPACTS

CASINO GAMING TAXES

Gaming taxes collected by the State for distribution to the host city are at a marginal rates of 6% for the first \$200 million in Adjusted Gross Receipts (“AGR”), a marginal tax rate of 7% for AGR in the range of \$200 million to \$400 million and a marginal tax rate of 8% for AGR above \$400 million, where AGR is defined as the total amount of money exchanged for the purpose of chips, tokens, or electronic cards by casino gaming patrons less winnings paid to winners. This is synonymous with the gross gaming revenue projections provided in this report, and notably does not apply tax to promotional free play.

As such, for gaming revenues in the range of \$300 million to \$328 million (as is projected in our modeling for Richmond, as demonstrated in Table 21 and Table 23), an effective tax rate paid to the local government would be 6.35% to 6.4%, resulting in \$19.5 million to \$21.0 million in taxes generated for the City. The marginal tax rates on gaming win for the casinos in Virginia are at a rate of 18% for the first \$200 million in AGR, 23% for \$200 million to \$400 million in AGR and 30% for AGR above \$400 million. As such, the casino is projected to be paying a total gaming tax of \$59 million to \$65 million, or approximately 20% of AGR. In summary, the host city will receive nearly one-third of gaming tax revenues paid by the casino.

TABLE 24: SUMMARY OF GAMING TAX REVENUE POTENTIAL

	DOWNTOWN RICHMOND		SOUTH RICHMOND		NORTHWEST RICHMOND	
	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort
Total Gaming Tax						
First \$200m @ 18%	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000
Incremental @ 23%	\$29,436,229	\$27,411,049	\$25,124,447	\$23,051,961	\$27,542,659	\$24,712,766
Total	\$65,436,229	\$63,411,049	\$61,124,447	\$59,051,961	\$63,542,659	\$60,712,766
Effective	20.0%	19.9%	19.8%	19.7%	19.9%	19.7%
City share						
First \$200m @ 6%	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000
Incremental @ 7%	\$8,958,852	\$8,342,493	\$7,646,571	\$7,015,814	\$8,382,548	\$7,521,277
Total	\$20,958,852	\$20,342,493	\$19,646,571	\$19,015,814	\$20,382,548	\$19,521,277
Effective	6.4%	6.4%	6.4%	6.3%	6.4%	6.3%

Source: CSG projections

These impacts need to be netted against the projected decline in gaming taxes as could be expected from Rosie’s Richmond. In our models, the projected decline in gaming win at Rosie’s ranges from approximately \$18 million to approximately \$26 million, depending on resort casino location and scale of the Dumfries HHR facility, reflecting a decline of 28.2% to 39.5%. Based on a local HHR tax collection of approximately 3% of HHR gaming win, this would reflect a decline in gaming tax in the range of \$0.55 million to \$0.79 million. We note that these impacts include those that are induced by *all* new casinos in Virginia, not just a Richmond resort casino.

HOTEL TAXES

The vast majority of hotel rooms that will be occupied at a Richmond resort casino resort may be provided complimentary by the casino operator, with the notable exception of if a resort casino is to be located downtown, sized appropriately to capture and induce incremental downtown tourism.

The local lodging tax rate is 8%. In CSG’s casino demand models we forecast the hotel room demand for each location considered, to include people with the primary purpose of visitation as casino, as well as a smaller segment for those that stay for some other primary purpose. It should be assumed that 80% of the hotel demand generated by primary gamers would be provided complimentary, while the demand for the remaining rooms would all be cash. For the purpose of this analysis we are assuming that all rooms will be taxable regardless of whether they are cash or comped, though the decision to tax the comped activities varies between jurisdictions in the U.S.

In the case of a resort casino sited in either South Richmond or Northwest Richmond, the projected total hotel room demand fell in the range of 96,919 to 102,118, depending on the scale of the HHR facility in Dumfries (the projection for South Richmond was only approximately 1% higher room demand than Northwest Richmond).

In the case of a resort casino sited in Downtown Richmond, the projected total hotel room demand fell in the range of 118,405 to 122,215, depending on the scale of the HHR facility in Dumfries, including an estimated 43,800 room nights for those coming for the primary purpose of something other than gaming (i.e., all cash-paying customers).

According to Smith Travel Research monthly reports for 2019, average daily room rates for the year for rooms classified as Luxury averaged \$152, and for Upscale classified rooms \$114. These averages fell as an average for 2020 by 12% to 13%, due to the impact of the pandemic. Prior to the pandemic (January/February 2020), rates for Upscale and Luxury hotels were up slightly over the same periods in 2019. If we assume a resort casino hotel categorically may fall in the middle of the range of Upscale to Luxury (\$133.50 in 2019 dollars), and apply a small inflation rate from 2022 to 2024 relative to 2019, a likely attainable average daily rate would be approximately \$142.

This yields the following projections of room accommodations and room taxes, ranging from \$1.1 million to \$1.4 million per year, depending on location.

TABLE 25: POTENTIAL ANNUAL HOTEL ROOM TAX

	DOWNTOWN RICHMOND		SOUTH RICHMOND		NORTHWEST RICHMOND	
	w/Dumfries small HHR	w/Dumfries Resort	w/Dumfries small HHR	w/Dumfries Resort	w/Dumfries small HHR	w/Dumfries Resort
Rooms Demanded	122,215	118,405	102,118	97,873	101,108	96,919
Room Rev. at \$142/night	\$17,354,530	\$16,813,510	\$14,500,756	\$13,897,966	\$14,357,336	\$13,762,498
Tax Revenues at 8%	\$1,388,362	\$1,345,081	\$1,160,060	\$1,111,837	\$1,148,587	\$1,101,000

Source: CSG projections

F&B TAXES

Based on similar casino resorts in regional destinations in the U.S. (i.e., not Las Vegas), it should be expected that F&B revenues would equate to approximately 14% of casino gaming revenues. As a result, food and beverage revenues are projected to be approximately \$44 million annually, ± \$2 million, depending on the volume of casino and hotel visitation.

Based on a meals tax rate of 7.5%, tax revenues are projected to be in the range of **\$3.2 million to \$3.4 million**.

TABLE 26: POTENTIAL ANNUAL F&B TAX

	DOWNTOWN RICHMOND		SOUTH RICHMOND		NORTHWEST RICHMOND	
	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort	with Dumfries small HHR	with Dumfries Resort
F&B Revenue	\$45,917,704	\$44,684,986	\$43,293,142	\$42,031,628	\$44,765,097	\$43,042,553
Tax Revenues at 7.5%	\$3,443,828	\$3,351,374	\$3,246,986	\$3,152,372	\$3,357,382	\$3,228,192

Source: CSG projections

ANCILLARY AMENITY TAXES

Entertainment is taxed by the city at a rate of 7% for ticketed events greater than \$.50 cents a ticket. The scale of entertainment facility proposed, frequency of event and type of event will likely vary widely by proposal, if at all specifically forecast. A reasonable assumption may be for a 2,500-seat facility, 70% full, offering 78 events per year (1.5x/week) at an average ticket price of \$75. This would result in just over \$10 million in ticket revenues, and **approximately \$716,625 in tax revenues**.

SALES TAXES (CITY SHARE)

The City's share of the sales tax on hotel rooms, F&B and other purchases is at a rate of 1%. Based on the above projections for hotel, F&B and ancillary amenities, City sales tax revenues are projected to be in the range of **\$680,000 to \$735,000**.

PROPERTY TAXES

Real estate is taxed at a rate of \$1.20 per \$100 in assessed value. We do not know what dollar value the investments will be, but assuming a typical bid for the hard cost construction value is \$275 million (with additional costs for FF&E, financing, professional fees, etc.), potential real estate taxes will be **\$3.3 million**.

A special assessment fee is also imposed for developments in the downtown area, with most areas having a fee of \$0.05 per \$100 in assessed value. This translates to \$137,500 for the Downtown district project assuming the base is \$275 million in hard costs.

ADDITIONAL TAXES

The City will also generate taxes based on business licenses, business personal property and utilities. Based on the food and beverage revenue projections, with a license fee of \$0.36 per \$100 in revenues, the business license cost would likely be in the range of \$151,000 to \$165,000.

Business personal property could be more substantial, taxed at a rate of \$3.70 per \$100 in value of furnishings and fixtures, initially at 70% of the value, but declining annually to 20% as the assets depreciate. A key issue here is the degree to which slots are purchased versus leased, which would provide for broad variance in terms of total furnishings and fixtures costs. We envision the tax revenue for the first five years (taxed at an average of 50% of value) would be in the range of \$0.9 million to \$1.4 million per year, assuming a value in the range of \$50 to \$75 million (using \$62.5 million as an average in our tables that follow, the average would be \$1.16 million). There is no reason to assume a different value for different locations, but the estimate for this tax should be more evident when RFP submissions are made.

The City currently generated approximately \$18 million per year in consumer utilities taxes. CSG cannot estimate the volume of natural gas that the resort casino will consume, but we presume that the impact of this tax will be negligible relative to these other forms of taxation (i.e., having less than a 1% impact on city-wide utility consumption). We presume this total will be comparable to that of the projected business license tax.

TOTAL TAX IMPACTS

In total, the potential direct fiscal impact to the City of Richmond of annual resort casino operations is projected to be in the range of \$29.7 million to \$31.4 million. This does not include any agreements with resort casino operators regarding additional negotiated payments to the City and assumes promotional allowances are taxed. These totals also presume that the HHR facility in Dumfries will remain as is, rather than move and convert to a resort, or that a small HHR facility gets developed in Emporia. If the Dumfries move and transformation occurs, these aggregate totals may decline by \$0.73 million to \$1.0 million, for a range of \$28.9 million to \$30.7 million, while further narrowing the difference in the total between South and Northwest (South \$28.9 million, Northwest \$29.4 million). If a small HHR facility is developed in Emporia as proposed, the tax impact may be an additional \$0.2 million, with slight variance by potential Richmond casino location (impact being highest for a South Richmond casino, but effectively a 'rounding error' when considering the total fiscal impact of a Richmond casino).

TABLE 27: ANNUAL TAX POTENTIAL SUMMARY (WITHOUT DUMFRIES RESORT)

	DOWNTOWN	SOUTH	NORTHWEST
Gaming Taxes			
Casino	\$20,958,852	\$19,646,571	\$20,382,548
Net Rosie's decline	-\$752,352	-\$548,787	-\$686,439
Net Gaming	\$20,206,500	\$19,097,784	\$19,696,110
Hotel	\$1,388,362	\$1,160,060	\$1,148,587
F&B	\$3,443,828	\$3,246,986	\$3,357,382
Entertainment	\$716,625	\$716,625	\$716,625
City Sales Tax	\$735,097	\$680,314	\$693,599
Property	\$3,300,000	\$3,300,000	\$3,300,000
Business License	\$165,304	\$155,855	\$161,154
Personal Property (avg/yr first 5 years)	\$1,156,250	\$1,156,250	\$1,156,250
Utilities	\$165,304	\$155,855	\$161,154
Downtown District Special Assessment	\$137,500		
Total	\$31,414,770	\$29,669,730	\$30,390,862

Source: CSG projections

LABOR MARKET IMPACTS

In the Economic and Demographic Overview section of this report we noted that the labor force in the city of Richmond totaled approximately 120,000, and nearly 700,000 for the Richmond MSA as a whole. The unemployment rate in the city of Richmond was 6.5% in December 2020, reflecting an unemployment level of 7,635, down from nearly 15,000 during Summer 2020, but up from a decade-low of 3,373 in December 2019. At the MSA level, the volume of unemployment since April 2020 has also varied widely on a month-to-month basis, from approximately 32,500 people to 65,000 people, in contrast to the range of approximately 17,500 to 23,900 for 2019. We presume that recovery may take several years for the labor markets, but that by the time the resort casino opens the unemployment levels in the city and MSA may be closer to the 2019 ranges.²⁷

It should be reasonable to expect that casinos will make a concerted effort (or pledge) to have preferential hiring for city residents, and that the vast majority of the remainder of labor demand will be filled by residents of the Richmond MSA, with very small exceptions for skilled, senior management positions. Few employees should be expected to move to the city or MSA for the purpose of resort casino employment, such that there should be no impact on school needs either.

Based on our assumption of a resort casino with 1,870 to 2,000 electronic games, 80 to 90 gaming tables and a sports book, generating \$300 million to \$328 million in gaming revenues, labor costs are estimated to be in the range of \$52 million to \$56 million. Assuming an estimated average labor cost of \$45,000 per employee, the casino would employ approximately between 1,150 and 1,240 people, including administration, security, finance, marketing and related functions. The hotel is assumed to be

²⁷ U.S. Bureau of Labor Statistics. <https://www.bls.gov/lau/>, accessed March 1, 2021.

sized in the range of 325 to 400 rooms. Based on data for resort casino hotels in other regional gaming markets, a reasonable room count/employee count ratio to assume is approximately 3.5:1, which would result in a hotel employment range of approximately 95 to 115. In our fiscal analysis we estimate F&B revenues will be in the range of \$42 million to \$48 million, which should support employment in the range of 560 to 610 (based on a ratio of one job per \$75,000 in revenues). Ancillary amenities, such as entertainment and spa may add approximately 70 employees. In total, we project a resort casino **full-time equivalent employment range of approximately 1,875 to 2,035**. These totals potentially could be larger depending on the ancillary amenity mix, as the addition of concepts like a retail promenade have not been assumed here.

As such, assuming the city unemployment rate trends back down to the 2017 average by the time the casino opens (i.e., to a level of approximately 5,000), and there is preferential hiring for city residents, casino operations potentially could lower the unemployment rate by 1% or more. A more likely, or additional outcome may be that a sizable share of casino resort jobs will reflect a return to the labor force for those that have dropped out, as the 24/7 operation of a casino resort provides for ample opportunity for people (especially those that are unskilled) to re-enter.

CSG SOCIOECONOMIC RESEARCH

In addition to the research presented in the body of this report, CSG has interviewed public safety officials and city economic development directors in comparable markets throughout the US to gain perspective on how gaming facilities have impacted communities; i.e., whether the gaming facilities created any issues with respect to public safety staffing needs, the volume of calls to the casino and any information related to memorandums of understanding (MOUs) and/or funding from the casino to the departments and other aspects of city funding. We have identified six cities of comparable size to Richmond that have opened casinos during the past 12 years for the first time (also including one that has added a casino to a market that had not had a new casino in over 25 years).

While we have attempted interviews in each of these cities, not all have provided feedback, but we provide below contact information for city leaders in each city for Richmond officials to try to reach out to, as we believe that speaking directly to cohorts in similar cities is the best way for Richmond officials to get unbiased opinions on what the pros and cons are of adding casinos, what they should ensure is in any Host Agreement, what the true impacts may be on crime and other public safety needs, and allay or affirm any other concerns there may be.

The cities that we have identified as being similar in various regards are:

- Pittsburgh, PA (Rivers Casino, operated by Rush Street Gaming (formerly Majestic Star Casino, operated by Majestic Star), open 2009)
- Baton Rouge, LA (L'Auberge Baton Rouge, operated by Penn National, open 2012, adding to Baton Rouge's incumbent two-casino market)
- Cincinnati, OH (Hard Rock Cincinnati (formerly Jack Cincinnati and Horseshoe Cincinnati), open 2013)
- Baltimore, MD (Horseshoe Baltimore, operated by Caesars Entertainment, open 2014)
- Cleveland, OH (Jack Cleveland, operated by Jack Entertainment, open 2016)
- Springfield, MA (MGM Springfield, open 2018)

As evident from the following table, each of the cities cited above have populations (2019 U.S. Census) in the range of 153,000 to 600,000, with Baton Rouge being nearly identical in size to Richmond. Each of the cities also has a large minority population, with Cleveland and Cincinnati having the most comparable racial composition to Richmond. Household income levels and poverty levels for each of these comparable cities are also similar, with Pittsburgh and Baton Rouge being the closest peers.

TABLE 28: COMPARABLE CITIES WITH NEW CASINO DEVELOPMENT

	RICHMOND	PITTSBURGH	BATON ROUGE	CINCINNATI	BALTIMORE	CLEVELAND	SPRINGFIELD
Total population, July 2019	230,436	300,286	220,236	303,940	593,460	381,009	153,606
% over age 18	82.4%	84.9%	78.4%	78.0%	79.3%	77.9%	75.2%
White non-Hispanic	40.8%	64.7%	36.6%	48.2%	27.5%	33.8%	31.2%
Black/African American alone	46.9%	23.0%	54.7%	42.3%	62.4%	48.8%	20.9%
Hispanic/Latino	6.9%	3.2%	3.7%	3.8%	5.3%	11.9%	45.0%
Asian	2.1%	5.8%	3.5%	2.2%	2.6%	2.6%	2.7%
Two or more races	3.4%	3.5%	1.3%	3.7%	2.5%	4.4%	4.5%
% age 16+ in civilian labor force 2015-2019	65.6%	63.7%	64.1%	66.0%	60.3%	59.1%	57.7%
Median household income (in 2019 dollars) 2015-2019	\$47,250	\$48,711	\$44,470	\$40,640	\$50,379	\$30,907	\$39,432
Per capita income past 12 mo. (in 2019 dollars) 2015-2019	\$33,549	\$34,083	\$28,491	\$30,531	\$31,271	\$21,223	\$21,499
% of persons in poverty	23.2%	20.5%	24.8%	26.3%	21.2%	32.7%	26.9%

Source: U.S. Census data

The feedback as provided below for each city includes a combination of individuals’ qualitative feelings regarding the pros and cons of the casinos in their towns, as well as some quantitative data as it relates to levels of service needs and funding changes. As evident from the feedback, CSG sought opinions on the pros and cons of the development and operations, including what they wish they knew to expect or ask for when the Host Agreement was being negotiated, knowing what they know now. Nevertheless, the responses for what people would have wanted to do different was relatively minimal, as the proliferation of casinos across the U.S. over the past four decades, and discussions with other cities that have gone through the experience, has made it much easier to be proactive on mitigation issues and to have realistic expectations of what a new casino will and won’t mean to a city. It also means being able to recognize that negative stereotypes of what new casinos meant to cities back in the early years (1980’s) of proliferation across the U.S. through proactive mitigation measures and gaming regulations, and directed funding.

CINCINNATI, OH

In Ohio, 5% of the gaming tax collected goes to the host city. In Ohio, the gaming tax rate is 33%, meaning that the host city gets 1.67%. There are also taxes allocated to counties, but they go to all counties, not specifically those that host casinos.

CSG interviewed Cincinnati Assistant Fire Chief Anson Turley, for which there is a fire station approximately one block from Hard Rock Cincinnati. Mr. Turley did not recall there being any notable increase in service calls when the casino was added in 2013 and does not consider the casino to be a trouble area. The casino has never come up as a subject in staff meetings, though he has no recollection of whether there was any agreement or equipment provided to the city in a host agreement. At present there is no MOU between the city and casino as it relates to Fire and EMS.

Based on data provided by Cincinnati Fire to CSG, there have been 570 service calls to the casino since January 1, 2018 (186 in 2018, 206 in 2019, 167 in 2020 and 11 YTD through February 19). Approximately half of all calls require EMS medical transport, which equates to approximately one every four days. Since January 2018 there have been 35 heroin-related calls including 8 cases where EMS had to administer Narcan for overdoses, or on average approximately 10 calls and 2.5 overdoses per year. Actual fire-related responses are rare, with personnel predominantly responding to false alarms, fire drills and people injured or stuck.²⁸

CSG also interviewed Cincinnati Police Department Commander Doug Wiesman, who stated that the department has not conducted any studies regarding the casino impact. Wiesman stated that the Hamilton County Sheriff's Office is hired for police detail at the casino, and that the casino's volume of calls for service does not overwhelm them. Further, he opined that the Cincinnati Police Department and the Hamilton County Sheriff's Office have a good relationship with casino security and executive staff whenever issues arise and need to be addressed.²⁹

The following tables, provided in Ohio Gaming Commission annual reports, present actual annual service calls to each of the Ohio casinos for the past two years, demonstrating relative frequency and types of calls needed for police response.

²⁸ CSG interview with Cincinnati Assistant Fire Chief Anson Turley, February 19, 2021.

²⁹ CSG correspondence with Cincinnati Police Commander, February 16, 2021.

TABLE 29: EXCERPT FROM 2020 OHIO CASINO CONTROL COMMISSION ANNUAL REPORT - CRIMINAL STATISTICS

Ohio Casino Control Commission - Criminal Statistics						
Fiscal Year 2020 (July 1, 2019 - June 30, 2020)						
	Cleveland	Toledo	Columbus	Cincinnati	Total of Each Type of Charge Statewide	
Assault	0	0	1	2	3	0.76%
Burglary	1	0	0	0	1	0.25%
Casino Cheat	16	5	0	8	29	7.37%
Counterfeiting	1	0	0	1	2	0.50%
Criminal Damaging/Endangering	1	0	0	1	2	0.50%
Criminal Trespassing	1	23	16	12	52	14.32%
Criminal Trespassing (VEP)	18	5	9	4	36	9.16%
Disorderly and/or Intoxicated	0	18	2	7	27	6.87%
Endangering Children	0	4	0	0	4	1.00%
Fake/False ID (Prohibitions)	3	0	19	3	25	6.36%
Falsification	0	0	1	0	1	0.25%
Inducing Panic	1	0	0	0	1	0.25%
Making False Alarms	1	0	0	0	1	0.25%
Menacing	0	1	0	0	1	0.25%
Misuse of Credit Card	2	0	0	0	2	0.50%
Money Laundering	0	0	0	2	2	0.50%
Obstructing Official Business	0	7	0	6	13	3.31%
Operation of an Illegal Casino	0	0	0	32	32	8.14%
Other Offenses	1	8	0	2	11	2.80%
Possession of Controlled Substances	0	2	4	6	12	3.05%
Possession of Drug Paraphernalia/Illegal Use	0	1	0	1	2	0.50%
Public Indecency	0	0	0	2	2	0.50%
Receiving Stolen Property	1	0	0	0	1	0.25%
Resisting Arrest	0	7	1	3	11	2.80%
Robbery	2	0	0	0	2	0.50%
Tampering With Records	3	0	0	0	3	0.76%
Theft	17	9	21	25	72	18.32%
Underage, Aids Entry	1	3	2	0	6	1.52%
Underage, Attempted Entry	3	4	13	0	20	5.09%
Underage Entry	0	5	7	2	14	3.56%
Vandalism	1	1	0	0	2	0.50%
Voyeurism	0	0	1	0	1	0.25%
Total of All Charges Per Casino	74	103	97	119		
Total of All Charges Statewide					393	100%

* Statistics represent charges as presented to prosecutor including felonies and misdemeanors.

* Number of individuals charged statewide: 241

* All Ohio casinos were closed March 13-June 18 in accordance with directives from the Ohio Department of Health.

TABLE 30: EXCERPT FROM 2019 OHIO CASINO CONTROL COMMISSION ANNUAL REPORT - CRIMINAL STATISTICS

Ohio Casino Control Commission - Criminal Statistics						
Fiscal Year 2019 (July 1, 2018 - June 30, 2019)						
	Cleveland	Toledo	Columbus	Cincinnati	Total of Each Type of Charge Statewide	
Aggravated Menacing	0	0	0	3	3	0.45%
Assault	2	2	0	0	4	0.60%
Burglary	1	0	0	0	1	0.15%
Carrying Concealed Weapons	0	0	0	1	1	0.15%
Casino Cheat	48	0	1	5	54	8.08%
Counterfeiting	1	0	0	0	1	0.15%
Criminal Damaging/Endangering	4	4	3	6	17	2.54%
Criminal Mischief	0	0	0	2	2	0.30%
Criminal Simulation	5	0	0	1	6	0.90%
Criminal Trespassing	3	19	41	22	85	12.72%
Criminal Trespassing (VEP)	38	5	17	12	72	10.78%
Disorderly and/or Intoxicated	1	15	7	11	34	5.09%
Drug Trafficking/ Agg. Drug Trafficking	1	2	0	2	5	0.75%
Endangering Children	0	0	2	0	2	0.30%
Fake/False ID (Prohibitions)	7	0	56	8	71	10.63%
Falsification	0	1	3	1	5	0.75%
Forgery	0	0	1	6	7	1.05%
Identity Fraud	0	0	1	0	1	0.15%
Menacing	0	0	0	6	6	0.90%
Misuse of Credit Card	0	0	2	0	2	0.30%
Money Laundering	0	0	0	6	6	0.90%
Obstructing Official Business	3	4	2	2	11	1.65%
Other Offenses	2	6	3	2	13	1.95%
Possession of Controlled Substances	2	6	5	3	16	2.40%
Possession of Drug Paraphernalia/Illegal Use	0	3	6	3	12	1.80%
Public Indecency	0	3	2	2	7	1.05%
Receiving Stolen Property	1	0	1	2	4	0.60%
Resisting Arrest	4	5	3	6	18	2.69%
Sexual Imposition	1	1	0	0	2	0.30%
Telecommunications/ Wire Fraud	0	0	0	6	6	0.90%
Theft	13	18	27	54	112	16.77%
Unauthorized Use of Motor Vehicle	0	0	1	0	1	0.15%
Unauthorized Use of Property	0	0	0	1	1	0.15%
Underage Consumption	0	1	2	0	3	0.45%
Underage, Aids Entry	5	0	3	1	9	1.35%
Underage, Attempted Entry	6	1	15	5	27	4.04%
Underage Entry	3	2	28	3	36	5.39%
Vandalism	3	1	0	0	4	0.60%
Voyeurism	1	0	0	0	1	0.15%
Total of All Charges Per Casino	155	99	232	182		
Total of All Charges Statewide					668	100%

* Statistics represent charges as presented to prosecutor including felonies and misdemeanors.

* Number of individuals charged statewide: 385

SPRINGFIELD, MA

CSG interviewed Timothy Sheehan, Chief Development Officer, City of Springfield, in order to get an understanding of MGM Springfield's contribution as a downtown casino development and operation. Mr. Sheehan's observations were³⁰:

- The city has seen nothing remotely resembling an impact on crime as a result of the casino;
- The casino is located diagonal from the convention center, and MGM has taken over the operations of the convention center,
 - Much like Richmond, Springfield had a shortage of hotel rooms to support the convention center, and the initial phase of development of MGM Springfield has not sufficed to meet the need. However, a 200+ room hotel is being added to the campus to support that need;
 - In planning, he wishes MGM had focused more on supporting and growing regional convention business;
- There does not appear to be a correlation between real estate values in the market and the casino opening, but values in the region have been overall appreciating;
- The most negative aspect is that there was a lot of vacant space nearby, and speculators bought but have not developed, hoping instead to cash in if/when MGM expands. So there has been no spinoff new business growth;
 - Sheehan wishes MGM's initial plan focused more on doing something to create a district around the casino – as noted, it is now in speculators' hands, not getting developed
- There is a need for a high-end performance venue, but MGM has not yet added one.

Mr. Sheehan also provided CSG with the Host Community Agreement between MGM (Blue Tarp Development, LLC) and the City of Springfield, dated May 14, 2013. The most significant point (as read by CSG) of the Agreement includes:

COMMUNITY DEVELOPMENT GRANTS

Developer shall make a One Million Dollar (\$1,000,000) unrestricted grant to the City. In the event the Developer is not awarded a Category 1 license by the Commission having no material conditions that are unacceptable to Developer, the amount of such grant shall be credited by the City against the purchase price for 29 Howard Street (the Armory Building) at the closing of such purchase. In addition, recognizing the fact that: (i) workforce development requires a healthy and an educated workforce; and (ii) the Act requires that the Developer demonstrate how Developer proposes to address community development, the City Treasurer shall establish a separate fund (the "Community Development Fund") for the purpose of accepting and administering (pursuant to municipal finance appropriation laws and policies) annual grants from the Developer in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000).³¹

³⁰ CSG interview with Tim Sheehan, Chief Development Officer, City of Springfield, MA, February 12, 2021.

³¹ Host Community Agreement by and between City of Springfield, Massachusetts and Blue Tarp Development, LLC, Page 19.

CONTACTS IN OTHER MARKETS

In addition to the cities addressed above, CSG has reached out to city officials in Pittsburgh, Cleveland, Baton Rouge, Baltimore and Columbus. In the Pittsburgh market, the Western Pennsylvania Regional Data Center was responsive and provided links to several reports that were reflective of public health impacts, but all were dated/pre-casino opening and had minimal/negligible value. Officials in Cleveland, Baton Rouge, Baltimore and Columbus were non-responsive to our outreach, but may be more fruitful if coming from a city official than a research firm like CSG.

BENEFITS AND MITIGATION OF IMPACTS

Casinos and resort casinos can enrich the quality of life for host community residents by being a source of entertainment, employment and income, but such developments have also the potential to provide some adverse impacts. Recognition and proactive mitigation of potential adverse impacts can ensure that a resort casino in Richmond is a clear benefit to the city and its residents.

While we note that there are numerous markets of similar size to Richmond that have opened casinos over the past 12 years, there are many others that have opened in much smaller towns. Even in the smaller towns, our research and interviews have revealed very little deleterious impact on community services in areas where a casino has opened, with public safety officials likening casinos to any other large business.

MITIGATING IMPACTS THROUGH COMMUNITY AGREEMENTS WITH CASINOS

In order to ensure that the potential negative impacts of resort casino development are mitigated, the City of Richmond should enter into a legal agreement with its selected operator/developer. There is, however, little precedent for such agreements, as in years past most casino operations were purely overseen by state-level regulatory bodies, and local considerations were secondary. This state-led model resulted in some communities being left out of financial benefits and responsible for casino-related costs. There are, however, some recent examples of local government agreements with casino operators, including:

NEW ORLEANS, LOUISIANA

Until recently, the Harrah's New Orleans Casino which opened in Downtown New Orleans in 1999, paid all of its gaming taxes (21.5%) directly to the State of Louisiana, which allocated only small annual payments to the City of New Orleans to subsidize dedicated police patrols surrounding the facility. The City of New Orleans, while the beneficiary of the jobs created and maintained by the casino, as well the increased tourism, and visitor spending, did not receive any direct mitigation payments from the casino until an agreement was signed in late 2019. Under this new agreement and in exchange for permitting a \$325 million renovation and expansion and re-branding the property as Caesars New Orleans, the casino operator will pay \$19.5 million over 3 years for infrastructure projects in New Orleans, as well as maintain at least 2,400 staff and add another 500 employees once the expansion is complete.

EVERETT, MASSACHUSETTS

Prior to the development of Encore Boston Harbor in Massachusetts, Wynn Resorts was directed by the Massachusetts Gaming Commission to enter into a host community agreement with the City of Everett (where the property is located),³² but also with the surrounding communities of Boston, Cambridge, Lynn, Malden, Medford, Melrose, and Somerville.³³ The host community agreement with Everett includes include items such as:

³² Host Community Agreements. Massachusetts Gaming Commission. <https://massgaming.com/about/community-mitigation-fund/host-surrounding-communities/host-community-agreements/> (Accessed March 2021)

³³ Surrounding Community Agreements. Massachusetts Gaming Commission. <https://massgaming.com/about/community-mitigation-fund/host-surrounding-communities/surrounding-community-agreements/> (Accessed March 2021)

Wynn Resorts' Commitments and Payments to Everett

- Commitment to invest more than \$1 billion in the development of the Resort (which ultimately cost \$2.6 billion)
- Full opening at one time; no phased construction
- Mitigation of transportation infrastructure impacts
- Hiring preference to Everett citizens
- Remediation of environmental contamination at development site
- Public access to Resort's waterfront
- Support for local artists and art programs
- \$30 million advance payment for a Community Enhancement Fund
- \$25.25 million annually to the City of Everett after resort opening, including:
 - \$20 million in real estate taxes
 - \$5 million Community Impact Fee
 - \$250,000 contribution to Everett Citizens Foundation
 - An annual increase of 2.5% per year for all payments
- \$50,000 annual payment to purchase vouchers/gift certificates from Everett businesses as part of resort casino loyalty program
- Estimated \$2.5 million annually in hotel and restaurant taxes collected
- Payments for costs incurred by the City, including determining impacts, zoning and permitting, upgrading electric, gas and water/sewer infrastructure.

Everett's Commitments to Wynn Resorts

- Support the project and assistance obtaining permits, certifications, legislation and regulatory approvals
- Pursue development and approval of a Municipal Harbor Plan
- Work to amend zoning and other land use regulations³⁴

TYRE, NEW YORK

As part of its gaming license application to the State of New York for its Lago Resort & Casino, Wilmorite, Inc. and its operating partner Peninsula Pacific included:³⁵

- Project Labor Agreement and Labor Peace Agreement
- Agreement with the Finger Lakes Workforce Investment Board
- Host Community Agreement with Tyre, NY, in which the developer agreed to pay all direct and indirect costs of the Town
- Fund the Seneca County Health Offices to address problem gaming issues
- Agreement with Finger Lakes Community College for training and career advancement

Additionally, part of the project's licensing agreement with the State of New York includes a provision for a 10% host county and municipality tax on the casino's gross gaming revenue.

³⁴ Summary of Wynn Resorts' Host Community Agreement with the City of Everett. Massachusetts Gaming Commission. <http://massgaming.com/wp-content/uploads/Host-Agreement-Summary1.pdf> (Accessed March 2021)

³⁵ Lago Resort & Casino Application Exhibits. New York Gaming Commission website. [https://www.gaming.ny.gov/pdf/Lago%20Resort%20&%20Casino%20Executive%20Summary%20\(redacted%20NA\).pdf](https://www.gaming.ny.gov/pdf/Lago%20Resort%20&%20Casino%20Executive%20Summary%20(redacted%20NA).pdf) (Accessed March 2021)

DANVILLE, VIRGINIA

The City of Danville, Virginia recently entered into a development agreement with Caesars Entertainment with regard to its resort casino, and includes items such as requirements to maintain staffing levels, minimum annual payments to the City, a share of gaming revenues above the state-allocated share of taxes (a portion of which is dedicated to infrastructure improvements in the area surrounding the casino, with the lion share available for other City priorities), the purchase of City-owned property, a one-time mitigation payment, and financial contributions to the City's master planning process.

BEST PRACTICES

These preceding examples demonstrate that cities have recently gained in their negotiating power with casino developers and operators. In most communities we spoke with there was no signed memorandum of understanding ("MOU") with the casino. However, and in general, representatives and officials in these communities conveyed an overall positive feeling toward the casino and felt that it was an asset to the town or county, while select few lamented not having an MOU with the casino. This is not to say that a Host Agreement or MOU is a bad or unnecessary practice, but mitigation needs at the host community level have rarely gone beyond ensuring sufficient infrastructure is in place to support changes in traffic volumes, utility infrastructure, and in rare circumstances, public safety labor and equipment needs. These should all be readily apparent as potential problems when considering site issues and projected traffic counts and are not correlated with casino gaming activities.

The mitigation of potential problems related to casino gaming activities is achieved through three avenues:

- Prevention of harmful and illegal gaming behavior
 - The casino operator should have processes in place (and any experienced operator will, often mandated) to have an exclusion program, either voluntary or imposed on an individual, which will keep them from gambling, with penalties imposed on the operator if they are permitted to play;
 - Security should ensure minors are not gaming;
 - Actively promoting help for those with issues related to problem gaming;
 - 0.8% of the State gaming tax is to be earmarked to fund problem gaming. Assuming the five casinos in Virginia collectively generate between \$1 billion and \$1.25 billion (\$200m-\$250m/casino), at an effective tax rate in the range of 19% to 20%, the statewide funding would be in the range of \$1.5 million to \$2.0 million per year.
- Pro-active handling of alcohol-related problems
 - Casino, restaurant and bar personnel need to be responsible to cut off intoxicated patrons.
- Ensuring a safe and secure environment
 - Security and surveillance should ensure that the resort area is safe from opportunistic criminal activity
 - Modern procedures at casinos across the U.S. have made them among the safest environments due to the heavy surveillance;
 - State-required background checks and stringent state-level regulatory requirements of casino license holders

- The criminal element related to organized crime, money laundering and related activities has been and continues to be reined in through extensive background checks that are required for casino operators, staff and vendors, as well as recognition and reporting of suspicious activity with respect to financial transactions on the casino floor.

Additionally, communities considering casino development need apply the same development standards as they would to any other large-scale project. Host community agreements can include items such as:

- **Traffic** mitigation and infrastructure needs
 - For mitigation issues outside the footprint of the resort, traffic studies need to be completed to demonstrate that the roadway infrastructure is sufficient to support increased traffic, with the developer needing to take responsibility for necessary changes to roadways/interchanges/dedicated turn lanes, etc.
- **Public services**
 - **Water** - In some markets water rights is an issue, in which case an analysis would need to be completed to demonstrate how the addition of a casino resort to the market will impact availability of water to the community.
 - **Police, fire and EMS** demands, as briefly discussed above in terms of Cincinnati and Springfield, also need to be evaluated in terms of whether the casino resort will create stress on service provision.
 - In a city the size of Richmond, the answer will almost certainly be no.
 - **Housing and Schools**
 - While pressures on housing and schools are of public concern, we have not found significant impacts on housing demand or housing values as a direct result of casino development, and we expect none in Richmond. Similarly, we expect no changes in school needs as a result of such development.
- **Jobs** requirements
 - The number of resort casino employees can and should be included in host community agreements.

POTENTIAL BENEFITS FROM RESORT CASINO DEVELOPMENT

There is no one model for host city relationships with their casinos, and benefits that accrue to a jurisdiction depend in part on how a geography is defined – i.e., whether it is a town, city, county, MSA or state. The larger the geography, the greater the nominal impacts, though the smaller the geography, often the greatest incremental impact. In general, the benefits that a host city or regional will enjoy from resort casino facilities includes:

- Job creation – both direct and indirect, resulting from the casino being a major procurer of goods and services in the region;
- Job training programs, enabling people to enter or re-enter the labor force;
- Revenue growth for area businesses, as a major procurer of goods and services – the resort should complement businesses and not be cannibalistic, given a large percentage of demand will be from outside of Richmond;
- Increased average wages and aggregate regional incomes;
- Support for charitable causes – casinos are often a significant philanthropic entity in the community;

- Business community collaboration and leadership - Likely strong representation and participation in Chamber of Commerce events, community partnerships, coordination with the hotel/motel association and tourism authority planning;
- An expansion of entertainment (quality of life) options, both gaming and non-gaming events;
- A broadening of market hotel room supply and conference space, allowing for tourism growth and the related economic impacts;
- Fiscal impacts emanating from all activities, ranging from gaming taxes to room, food, sales and property taxes.

From a best practices perspective, the gaming industry is sufficiently mature now that casinos have a standard of practice to mitigate the potential negative issues, but with respect to yielding the best benefits for the host community, the needs of the specific community needs to be considered in order to design an agreement reflective of what is best for that specific host.

With respect to knowing what is best for the host community of Richmond, it is important to understand demographics of gamers in general across the country, and then how that may relate to the local and feeder market for a Richmond casino. The following section provides is a brief discussion of demographic studies on gaming behavior, as well as problem gaming behavior.

CASINO GAMER PROFILE AND GAMING BEHAVIOR

Volumes of research have been conducted over decades regarding just who casino gamers are. Casino marketing departments continuously survey and interview their customers to understand their preferences and how best to market to them. CSG's principals continuously review such proprietary industry research, as well as scholarly research. As discussed above, the most comprehensive, unbiased industry research currently being conducted appears to be by SEIGMA, which found:³⁶

- Men are more likely to gamble than women (77% of men vs. 70% of women)
- Middle-aged adults (25-64) are more likely to gamble than younger adults (75% of middle-aged adults compared to 55% of young adults)
- Those who identify as White are more likely to gamble than those who identify as Hispanic, Black, or Asian (75% of Whites compared to 63% of Hispanics, 66% of Blacks, 56% of Asians)

The Massachusetts Gambling Impact Cohort Study (MAGIC) has specifically tracked transitions between gaming behavior groups *pre-* and *post-*casino development in the state. The key findings of this research indicate:³⁷

- Recreational Gamblers and Non-Gamblers display the most stable pattern of gambling behavior
 - 80% of Recreational Gamblers stayed Recreational Gamblers
 - 64% of Non-Gamblers remained Non-Gamblers
 - A sizable portion transitioned into Recreational Gambling
 - Only 49% of Problem or Pathological Gamblers stayed in this category
 - Sizable portions transitioned into At-Risk Gambling and Recreational Gambling
 - At-Risk Gamblers display the most unstable pattern of gambling behavior

³⁶ "Gambling Participation", SEIGMA Fact Sheet Number 03, June 2018.

<https://www.umass.edu/seigma/sites/default/files/Seigma-GamblingParticipation-FactSheet-F2-2018.pdf> (Accessed 2/20/21)

³⁷ "Cohort Transitions," MAGIC Fact Sheet, Number 01, June 2018. <https://www.umass.edu/seigma/sites/default/files/Magic-CohortTransitions-F3-2018.pdf> (Accessed 2/20/21)

- Only 37% remained in this category
- Most transitioned to Recreational Gambling
- As significant minority transitioned to Problem or Pathological Gambling

PROBLEM GAMBLING

INCIDENCE

According to the International Center for Responsible Gaming, approximately 1% of the adult population has a gambling disorder.³⁸ As such problem gaming should be a priority for State and City leaders with regard to the introduction of casino gaming in Virginia. Currently, State law allocates 8/10 of a percent of the gaming tax to problem gaming initiatives. Such funding will provide new services to Virginia residents that have not been available previously, although some level of problem gaming is certainly present in the state already.

Studies have indicated that the incidence of problem gaming does not necessarily increase with the addition of a casino to a region. The Commonwealth of Massachusetts in particular has been very active in studying the socio-economic impacts of casinos, both before they were legalized and since the casinos have become operational. Specifically, the Massachusetts Gaming Commission (MGC) embarked on the first ever comprehensive long-term study of the economic and social impacts of gaming. Most of the research for MGC was conducted by the University of Massachusetts School of Public Health and Health Sciences, which has an ongoing research project known as the Social and Economic Impacts of Gambling in Massachusetts (SEIGMA) reporting to the MGC and Department of Public Health.

According to SEIGMA there has been “no change in problem gambling in Springfield with the Opening of MGM Springfield.”^{39 40}

MASSACHUSETTS STUDY OF ECONOMIC AND SOCIAL IMPACTS OF GAMBLING

A number of studies have been conducted on the impacts of casino gambling on the social and economic welfare of gamblers and their communities. Few, however, have been comprehensive. CSG continually conducts our own research as well as keeping up to date on published studies. The following section summarizes some of the more relevant and recent published works addressing such impacts.

Prior to the opening of casinos in Massachusetts, SEIGMA’s survey of 10,000 Massachusetts adults found that 63% were recreational gamblers, 27% were non-gamblers, 8% were at-risk gamblers and 2% were problem gamblers. Demographically, SEIGMA found that those identifying as African-American were four times more likely than those who identify as White to be vulnerable to experience harm from problems with gambling, men were three times more likely than women, and those with only a high school diploma were three times more likely than those with a college degree.⁴¹ But as will be

³⁸ “Key Research Findings,” International Center for Responsible Gaming. <https://www.icrg.org/research-center/key-research-findings> (Accessed 3/3/21)

³⁹ “Targeted Surveys,” SEIGMA Fact Sheet Number 15, November 2020.

<https://www.umass.edu/seigma/sites/default/files/Seigma-SpringfieldTargeted-FactSheet-V2-2020.pdf> (Accessed 2/20/21)

⁴⁰ While the SEIGMA study is continuously tracking the impacts from all Massachusetts casinos, only the Springfield property has been open long enough for full and meaningful analyses.

⁴¹ SEIGMA Research Team (2018). Fact Sheet Number 9, June 2018.

<https://www.umass.edu/seigma/sites/default/files/Seigma-GamblingHarm-Fact-Sheet-F2-2018%20copy.pdf>

discussed further below, in the Springfield market SEIGMA found that the percentage of at-risk and problem gamblers actually declined after the opening of the casino.

In the 2018 “Social and Economic Impacts of Expanded Gambling in Massachusetts” report, SEIGMA authors state “As of mid-2018 (i.e., after the opening of Plainridge Park Casino and prior to the opening of MGM Springfield and Encore Boston Harbor), the evidence indicates the following (truncated by CSG to show most relevant topics)⁴²:

- There has been no significant change in the prevalence of problem gambling or related indices (treatment seeking, bankruptcy, divorce/separation, suicides) at either a state level or in the PPC Host and Surrounding Communities (H&SC).
- There has been no significant change in the overall amount of crime at a state level or in the PPC H&SC. However, there has been an increase in credit card fraud and reports of lost property, suspicious activity, and traffic complaints in the Town of Plainville that can likely be attributed to the PPC. These increases, in turn, are largely attributable to an increased volume of visitors to the area.
- There has been a significant change in both statewide and regional attitudes towards gambling that likely reflects greater satisfaction with the current gambling landscape. Both in the state and in the PPC H&SC a greater portion of people now report being satisfied with the availability of gambling. Similarly, at a statewide level, a smaller portion of people now express the opinion that all forms of gambling should be legal. An additional statewide change is that fewer people indicate the benefits of gambling are equal to the harms. In the PPC H&SC, there has been a decrease in the percentage of people who believe casinos will be beneficial to Massachusetts and an increase in the percentage of people with more neutral opinions about PPC (i.e., more people believing it will be neither beneficial or harmful).
- There has been no significant change in population health (health, happiness, stress, substance use, addictions) at either a statewide level or in the PPC H&SC that can be attributed to casino introduction.
- There is no evidence of a statewide impact on real estate property values, residential building permits, or rental costs. Similarly, at a regional level it is unlikely that PPC has impacted property values or rental costs.

The Massachusetts Gaming Commission also released a voluminous report on the “Impact of MGM Springfield on Gambling Attitudes, Participation and Problem Gaming” in November 2020, comparing a pre-opening baseline of 2015 to a 2019 follow-up survey (one year after casino opening). The key findings, as defined in the report, were⁴³:

ATTITUDES TOWARD GAMBLING

There were several significant changes in attitudes toward gambling among residents of Springfield and surrounding communities between 2015 and 2019. First, compared to 2015, more residents surveyed in 2019 believed that the availability of gambling in Massachusetts was too high. Second, the majority of residents in both 2015 and 2019 believed that the harm of gambling to society outweighed the benefits with a significantly higher proportion feeling this way in 2019. Third, compared to 2015, more residents viewed the importance of gambling

⁴² SEIGMA Research Team (2018). Social and Economic Impacts of Expanded Gambling in Massachusetts: 2018. Amherst, MA: School of Public Health and Health Sciences, University of Massachusetts Amherst. September 18, 2018. https://www.umass.edu/seigma/sites/default/files/2018_SOCIOECONOMIC_IMPACTS_2018-10-03.pdf, pages viii-ix.

⁴³ Massachusetts Gaming Commission, “Impact of MGM Springfield on Gambling Attitudes, Participation and Problem Gambling”, November 13, 2020. https://massgaming.com/wp-content/uploads/Springfield-Targeted-Surveys-Report_11.13.20.pdf, pages v-vi.

as a recreational activity as “not at all important.” Finally, compared to 2015, fewer residents surveyed in 2019 viewed the impact of expanded gambling in Massachusetts as harmful and more residents held a neutral view. Taken together, these changes suggest that overall perceptions of gambling among residents of Springfield and surrounding communities became somewhat more negative but also less polarized between 2015 and 2019.

GAMBLING PARTICIPATION

Between 2015 and 2019, overall gambling participation changed very little. There was a statistically significant increase in past year participation in daily lottery games that was likely due to changes in the question wording. Past year gambling at out-of-state casinos did not change significantly but there was a statistically significant increase in any casino gambling in the past year. This change was driven by the greater proportion of residents of Springfield and surrounding communities who gambled at both Massachusetts and out-of-state casinos in 2019. Beyond past year daily lottery play and overall casino gambling, there were no statistically significant changes in gambling behavior among residents of Springfield and surrounding communities between 2015 and 2019. Given the lack of changes in past year participation in most specific forms of gambling, we felt it was important to explore whether there were changes in overall gambling participation, overall lottery participation, and overall casino gambling in Massachusetts and out-of-state by specific demographic groups. There were no significant changes in overall gambling or overall lottery participation by gender, race/ethnicity and among adults aged 50 and over. The rate of overall casino gambling was significantly higher in 2019 compared to 2015 among males and females, among Blacks/Hispanics/Asians and Whites/Other, and among individuals aged 50 to 64 and those aged 65 and over. In contrast to most other demographic groups, the rate of overall casino gambling did not change significantly between 2015 and 2019 among adults aged 18 to 34 and those aged 35 to 49. Among adults aged 18 to 34, the rate of overall lottery participation was significantly lower in 2019 compared to 2015 (45.8% in 2019 compared to 62.5% in 2015). When it comes to educational attainment, rates of overall gambling and overall lottery participation changed very little among residents of Springfield and surrounding communities with different levels of education. The rate of overall casino gambling was significantly higher among those with a high school education or less and among those who attended or graduated from college in 2019 compared to 2015. This was not the case among those with graduate level education. With regard to income, there were no statistically significant changes in rates of overall gambling, overall lottery participation, or overall casino gambling among residents of Springfield and surrounding communities with annual household incomes of \$50,000 or higher. Among residents with annual household incomes lower than \$50,000, rates of overall gambling and overall casino gambling were significantly higher in 2019 compared to 2015.

PROBLEM GAMBLING

One of the main negative social impacts of expanded gambling availability tends to be an increase in problem gambling. In epidemiological research, prevalence is a measure of the number of individuals in the population with a disorder at one point in time. In problem gambling prevalence surveys, individuals are classified on the basis of their responses to a valid and reliable problem gambling instrument. The Problem and Pathological Gambling Measure (PPGM) serves as the primary instrument to assess problem gambling in the SEIGMA study. Based on the PPGM, there was no change in the prevalence of at-risk and problem gambling between 2015 and 2019 among residents of Springfield and surrounding communities. We estimate that between 42,074 (9.3%) and 70,123 (15.5%) residents of Springfield and

surrounding communities were at-risk for or experiencing a gambling problem in 2015. In 2019, we estimate that between 36,421 (8.0%) and 63,281 (13.9%) adult residents of Springfield and surrounding communities were at-risk for or experiencing a gambling problem. Problem gambling prevalence rates can vary significantly across important subgroups in the population. We examined differences and changes in problem gambling prevalence across the same five demographic groups discussed earlier in relation to gambling participation. The only statistically significant change was a decrease in non-gambling (accompanied by a substantial but not significantly higher rate of recreational gambling) in 2019 among residents of Springfield and surrounding communities with annual household incomes under \$50,000.

AWARENESS AND UTILIZATION OF PROBLEM GAMBLING PROGRAMS

Previous research has found that many people experiencing gambling problems recover without the aid of professional treatment. Indeed, the literature indicates that the number of people who have recovered on their own may greatly exceed the number of people who ever seek treatment. These findings highlight the importance of increasing public awareness and encouraging changes in attitudes and behavior among individuals experiencing mild or moderate difficulties to reduce their progression toward more severe gambling related problems. Between 2015 and 2019, there was a statistically significant reduction in the proportion of residents of Springfield and surrounding communities who indicated that they were aware of media campaigns to prevent problem gambling in Massachusetts in the past year. Almost half of the respondents in the 2015 survey (47.9%) were aware of problem gambling prevention media campaigns in 2015 but the proportion dropped to 32.1% in 2019. Awareness of problem gambling prevention programs other than media campaigns was lower than awareness of media campaigns in both surveys and the change between 2015 and 2019 was not statistically significant. It is possible that changes in the administration of problem gambling services in Massachusetts beginning in 2016, along with the end of heated public discussion of the casino issue in Western Massachusetts, contributed to these changes. Responses to email and telephone queries to two of the three Gamblers Anonymous meetings in the Springfield area indicated that these meetings have taken place for many years with little change in the number of attendees following the opening of the casino. There has been a much greater impact on these meetings from COVID-19, which has limited the number of participants to 10 rather than the more usual 25-30 attendees.

In May 2020 SEIGMA produced a report “Gambling Harms in Massachusetts: Evidence from the BGPS and BOPS” (Baseline General Population Survey and Baseline Online Population Survey). The report is valuable in that it not only quantifies and identifies the differences demographically in terms of problems resulting from gambling, it categorizes the problems in terms of health, illegal acts, family problems, financial problems, work/school, depression/suicide, or multiple issues, and the degree to which demographic cohort is most prone to each of these problems. The findings of the report are broad and informative, with some pertinent issues reported to be:

“Financial problems and health problems were the most common negative impacts reported by people experiencing gambling problems in Massachusetts; these are also the types of harm most commonly reported by regular gamblers in Massachusetts. Similarly, work/school problems and illegal acts were the least common negative impacts reported by people experiencing gambling problems and these are also the types of harm least likely to be reported by regular gamblers;

Higher rates of financial and health harms among males, young adults, Blacks and Hispanics suggest the importance of raising awareness about gambling-related harm with these groups. One important step toward mitigating gambling harm within communities would be to educate community-based organizations about the extent of gambling harm in their communities compared to levels of awareness of and availability of specialized services. Beyond community organizations, health professionals and financial counselors would benefit from a better understanding of the scope of gambling harm among their clientele as well as some knowledge of how to sensitively ask their clients about their gambling and the gambling of their family members and friends; and

A particular concern, given the higher rates of all types of gambling harm among regular gamblers with children in the household, is to raise awareness and improve screening among professionals working with families and among community organizations concerned with child welfare. Communities and professionals would benefit from a better understanding of the greater risk of gambling harm in households where one or both parents gamble regularly.”⁴⁴

CRIME

The Massachusetts Gaming Commission also has studied the impact of the casino on crime, in the report prepared for the commission by a crime analysis consultant titled “Assessing the Influence of Gambling on Public Safety in Massachusetts Cities and Towns: Analysis of changes in police data following one year of activity at MGM Springfield”, dated February 20, 2020.⁴⁵ The summary findings were:

MGM Springfield opened on 24 August 2018 in the midst of a dense, urban area with a historically higher-than- average, but decreasing, crime rate. The large number of patrons drawn to the casino and their associated offenses and victimizations have made the facility the top location for crimes and calls for service in the region, although the overall effect on the region’s numbers is mild. In the first year after MGM opened, the most conclusive evidence of effects on public safety has been in certain calls for service related to traffic and visiting population numbers, such as traffic collisions, traffic complaints, and disabled vehicles. Even these are regionally localized and seem to be affecting the southern communities more than the northern ones. There have also been a couple of micro locations close to MGM – principally Union Station in Springfield, a gas station on the same block as MGM, and commercial areas across the bridges in West Springfield – that have seen increased activity. The region has also seen increases in thefts from vehicles, fraud, and purse snatchings, but any direct MGM association remains uncertain.

The major findings of the crime analysis included the opinion that **from a crime perspective, the casino generated as much activity as a large shopping mall**, and that to the extent that the casino “caused” crime, it was **largely confined to the casino itself and did not spill over to the neighborhood**. There was no certain, direct correlation that they could point to regarding changes in crime levels outside of the casino area. This is wholly consistent with interviews CSG has conducted with police departments around the country. Nevertheless, we have attached Table 29 and Table 30 demonstrating data for Ohio casino police needs to show actuals in cities of comparable size to Richmond.

⁴⁴ “Gambling Harms in Massachusetts: Evidence from the BGPS and BOPS,” SEIGMA Social and Economic Impacts of Gambling in Massachusetts, May 22, 2020. https://www.umass.edu/seigma/sites/default/files/Gambling_Harms_in_Massachusetts_BGPS_and_BOPS_Final.pdf (Accessed 3/3/21)

⁴⁵ Christopher Bruce, “Assessing the Influence of Gambling on Public Safety in Massachusetts Cities and Towns: Analysis of changes in police data following one year of activity at MGM Springfield”, February 20, 2020. <https://massgaming.com/wp-content/uploads/Public-Safety-Impact-Report-Springfield-and-the-Surrounding-Communities-%E2%80%93-2.27.20.pdf>.

DISCLAIMER

Certain information included in this report contains projections, estimates and/or forward-looking statements which Convergence Strategy Group has based on our current expectations about future events. These items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, public announcements, objectives, goals, expectations, anticipations, results of operations, future performance and business plans.

Further, statements that include the words “project,” “estimate,” “intend,” “plan,” “may,” “could,” “should,” “would,” “believe,” “expect,” “anticipate,” or other words or expressions of similar meaning have been utilized. These statements reflect our current judgment based on information available to us when producing this report and we undertake no duty to update such statements in the future.

Although we believe that assumptions and methodologies used in this report are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions, and/or unanticipated events and circumstances may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, Convergence Strategy Group accepts no liability in relation to the estimates provided herein.

GLOSSARY

Adjusted gross receipts (AGR) - the total amount of money exchanged for the purpose of chips, tokens, or electronic cards by casino gaming patrons less winnings paid to winners. AGR is used interchangeably in this report with “gross gaming revenue”

Gross gaming revenue (GGR) – the amount that casino players wager minus winnings; GGR is used interchangeably in this report with “adjusted gross receipts”

Win per Visit – the average amount that the casino earns per visitor (wagers less payouts)

Win per Position – the average amount that the casino earns per gaming position (slots = 1 position; table games = 6 positions) per day, typically on an annual basis

RNA – room nights available; a measure of hotel capacity which is equal to the number of hotel rooms multiplied by number of nights in operation, typically shown on an annual basis

RND - room nights of demand; a measure of hotel occupancy which is equal to the number of hotel rooms occupied, typically shown on an annual basis