

INTRODUCED: May 24, 2021

A RESOLUTION No. 2021-R034

To select RVA Entertainment Holdings, LLC, as the City's preferred casino gaming operator to operate a casino gaming establishment located at 2001 Walmsley Boulevard and 4700 Trenton Avenue and to provide for the requisite referendum thereon pursuant to Va. Code § 58.1-4123.

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: JUN 14 2021 AT 6 P.M.

WHEREAS, on December 28, 2020, the City issued a Request for Qualifications/Proposals for the development and operation of a resort casino within the city of Richmond pursuant to authority granted to the City by Title 58.1, Chapter 41 of the Code of Virginia (1950), as amended, to select one preferred casino gaming operator; and

WHEREAS, an evaluation panel of City officers and employees considered and gave substantial weight to the criteria set forth in section 58.1-4107 of the Code of Virginia (1950), as amended, when reviewing the six proposals received pursuant to the Request for Qualifications/Proposals, including a proposal from RVA Entertainment Holdings, LLC; and

AYES: 8 NOES: 1 ABSTAIN: _____

ADOPTED: JUN 14 2021 REJECTED: _____ STRICKEN: _____

WHEREAS, based on the evaluation panel's review, the Mayor of the City of Richmond has recommended that the City select RVA Entertainment Holdings, LLC, as the City's preferred casino gaming operator to develop and operate a resort casino located within the city of Richmond on the property known as 2001 Walmsley Boulevard and 4700 Trenton Avenue; and

WHEREAS, the Council believes that it is in the best interests of the city of Richmond that the City select the preferred casino gaming operator recommended by the Mayor and that, upon certification of approval by the independent agency responsible for the administration of the Virginia Lottery for the City to proceed to a referendum and upon execution of a Host Casino Agreement with the City's selected preferred casino gaming operator, the Council petition the Circuit Court of the City of Richmond to order the referendum required by section 58.1-4123 of the Code of Virginia (1950), as amended, as a prerequisite for the grant by the independent agency responsible for the administration of the Virginia Lottery of any initial license to operate a gaming operation in the city of Richmond;

NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

That:

1. Pursuant to and in accordance with section 58.1-4107 of the Code of Virginia (1950), as amended, the City selects RVA Entertainment Holdings, LLC, as the City's preferred casino gaming operator to operate a casino gaming establishment located in the city at 2001 Walmsley Boulevard, with Tax Parcel No. S009-0310/019 in the 2021 records of the City Assessor, and 4700 Trenton Avenue, with Tax Parcel No. S009-0387/001 in the 2021 records of the City Assessor. The Chief Administrative Officer is authorized and requested to promptly submit the City's preferred casino gaming operator to the independent agency responsible for the

administration of the Virginia Lottery as required by section 58.1-4107 of the Code of Virginia (1950), as amended, for preliminary review and certification of approval by such agency for the City to proceed to the referendum required by section 58.1-4123 of the Code of Virginia (1950), as amended.

2. The Council supports the proposed minimum business terms and conditions set forth in the document entitled “Term Sheet, Resort Casino Host Community Agreement, City of Richmond & RVA Entertainment Holdings, LLC,” a copy of which is attached to this resolution. The Chief Administrative Officer and the City Attorney are authorized and requested to prepare and negotiate, for the Council’s consideration and approval by ordinance, a Host Community Agreement between the City and RVA Entertainment Holdings, LLC, consistent with those proposed minimum business terms and conditions.

3. By its adoption of this resolution, the Council both resolves to petition, pursuant to and in accordance with section 58.1-4123 of the Code of Virginia (1950), as amended, the Circuit Court of the City of Richmond asking that a referendum be held on the question of whether casino gaming should be permitted at a casino gaming establishment in the city of Richmond, Virginia, on the property located at 2001 Walmsley Boulevard and 4700 Trenton Avenue as may be approved by the Virginia Lottery Board and authorizes and directs the City Attorney, on behalf of the City and of the Council, to promptly file such petition in such court only at such time as (i) the City has received certification of approval pursuant to section 58.1-4107 of the Code of Virginia (1950), as amended, by the independent agency responsible for the administration of the Virginia Lottery for the City to proceed to the referendum required by section 58.1-4123 of the Code of Virginia (1950), as amended, with the City’s preferred casino gaming operator and (ii) the City and RVA Entertainment Holdings, LLC, have executed a Host Community Agreement, the City’s

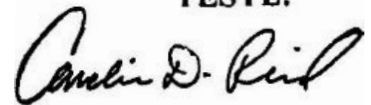
execution of which the Council has authorized by ordinance, consistent with the proposed minimum business terms and conditions set forth in the aforementioned document entitled “Term Sheet, Resort Casino Host Community Agreement, City of Richmond & RVA Entertainment Holdings, LLC.”

4. It is the intent of this resolution that the officers identified above and all other officers and employees of the City be authorized and empowered to take all actions necessary to effectuate the provisions of this resolution within the parameters set by this resolution as soon as practicable after the adoption of this resolution and that no further action by this Council other than as set forth in paragraph 3 of this resolution be necessary or required therefor.

5. This resolution shall be in force and effect upon adoption.

A TRUE COPY:

TESTE:

A handwritten signature in black ink, appearing to read "Caroline D. Reed".

City Clerk



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

O&R REQUEST

DATE: May 21, 2021

EDITION: 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: Lincoln Saunders, Acting Chief Administrative Officer

THROUGH: Sheila D. White, Director, Department of Finance

THROUGH: Jay A. Brown, Director, Department of Budget and Strategic Planning

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

FROM: Leonard L. Sledge, Director of Economic Development

RE: City of Richmond Resort Casino Preferred Casino Gaming Operator, Location, Host Community Agreement Terms, and Petitioning the Court for a Voter Referendum

ORD. OR RES. No. _____

PURPOSE: This O&R request is for the following ordinances and resolutions associated with selecting the Preferred Casino Gaming Operator, the Preferred Casino Gaming Operator's Location for its project in the City of Richmond, the business terms for the City of Richmond's Resort Casino Host Community Agreement, and City Council petitioning the Court to hold a referendum on November 2, 2021 on the question of whether casino gaming shall be permitted in the City:

1. To select ONE Casino + Resort (RVA Entertainment Holdings, LLC) as the City's Preferred Casino Gaming Operator pursuant to Chapter 41 of Title 58.1 of the Code of Virginia (the "Virginia Casino Act") in order to support the development of a resort casino at the former "Phillip Morris Operations Center" located at 2001 Walmsley Boulevard (Parcel ID# S0090310019) and 4700 Trenton Avenue (Parcel ID# S0090387001) and to direct the Chief Administrative Office to take such actions necessary to promptly submit the selection of the Preferred Casino Gaming Operator to the Virginia Lottery for its preliminary review and approval as set forth in the Virginia Casino Act.

2. To express support for the Resort Casino Host Community Agreement Term Sheet and to authorize the Chief Administrative Officer and City Attorney to draft a Resort Host Community Agreement to be introduced to City Council for its consideration and approval.

3. To adopt a resolution, as the governing body of an eligible host city, to petition the court asking that a referendum be held on the question of whether casino gaming shall be permitted in the city, and to direct the City Attorney to file such petition in the Circuit Court, on behalf of City Council, following the Virginia Lottery completing preliminary review of the City's Preferred Casino Operator and certifying its approval for the City to proceed to referendum pursuant to the Virginia Casino Act.

REASON: Ordinances and resolutions are necessary to be in compliance with the Virginia Casino Act in order to hold a voter referendum on casino gaming in the City of Richmond.

RECOMMENDATION: The City Administration recommends approval.

BACKGROUND:

Virginia Casino Act

Adopted during the 2020 Session of the Virginia General Assembly, the Virginia Casino Act gives 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.

Request for Qualifications/Proposals

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 mediums used to engage the community on the resort casino proposals. On May 20, 2021 the RCEP publicly announced its recommendation of ONE Casino + Resort as the City's Preferred Casino Operator and the site for their project proposed at the former Phillip Morris Operations Center. The recommendation was made in consideration of the factors listed in Va. Code §58.1-4107(B) and based on five overarching categories: Feasibility and Sustainability; Location; Economic Development Impact; Financial Revenue Impact; and Community Benefits.

ONE Casino + Resort

ONE Casino + Resort will be owned by Urban ONE and managed by Peninsula Pacific Entertainment. Urban ONE is a publicly traded integrated media company. Peninsula Pacific Entertainment owns and operates several casinos and Rosie's Gaming Emporiums in Virginia.

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. 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 Resort Casino Host Community Agreement Term Sheet and ONE Casino + Resort Information Sheet.

FISCAL IMPACT / COST:

The resort casino project has no fiscal impact for FY21. Upon passage and certification of the voter referendum to allow casino gaming in the City of Richmond, the Preferred Casino Operator will make a one-time payment of \$25 million to the City in FY22 and will reimburse the City up to \$500,000 for its expenses paid for consultants and outside legal counsel for the Resort Casino RFQ/P process. The City's expenses are projected to be less than \$500,000. If the voter referendum is approved, the resort casino is scheduled to open as early as December 31, 2023 (FY24).

FISCAL IMPLICATIONS: Per a recent study completed by Convergence Strategy Group, 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. The Preferred Casino Operator is solely responsible to pay costs for both public and private infrastructure required for the resort casino project. The Resort Casino Host Community Agreement Term Sheet contemplates the Preferred Casino Operator 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: N/A

REVENUE TO CITY: The city will receive a one-time \$25,000,000.00 payment from the Preferred Casino Gaming Operator after passage and certification of the voter referendum to allow casino gaming in the city. In addition to the one-time payment, 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 Resort Casino Host Community Agreement Term Sheet and will be memorialized in a forthcoming 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 24, 2021

CITY COUNCIL PUBLIC HEARING DATE: June 14, 2021

REQUESTED AGENDA: Regular

RECOMMENDED COUNCIL COMMITTEE: Organizational Development Committee

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): None

ATTACHMENTS:

Resort Casino Host Community Agreement Term Sheet

ONE Casino + Resort Information Sheet

Virginia Casino Act

Market Assessment, Fiscal Impacts & Job Creation of a Richmond Resort Casino

STAFF:

Sharon L. Ebert, DCAO – Planning and Economic Development Portfolio

Leonard L. Sledge, Director – Department of Economic Development

Maritza M. Pechin, Deputy Director – Planning and Development Review

Matt Welch, Senior Policy Advisor – Planning & Economic Development Portfolio

TERM SHEET
RESORT CASINO HOST COMMUNITY AGREEMENT
CITY OF RICHMOND & RVA Entertainment Holdings, LLC

This non-binding Term Sheet sets forth the proposed minimum business terms and conditions regarding the Host Community Agreement for a Resort Casino Project in the City of Richmond, Virginia between the City of Richmond, Virginia and RVA Entertainment Holdings, LLC ("Owner") as the owner of ONE Casino + Resort. The terms provided herein are non-binding and are solely intended to set forth the minimum business terms to be utilized in finalizing a more detailed and definitive Host Community Agreement which would facilitate the contemplated transaction between the City of Richmond and the Owner ("Agreement").

General Terms and Conditions:

Host City: City of Richmond, Virginia ("City")

Resort Casino
Owner & Manager: ONE Casino + Hotel (RVA Entertainment Holdings, LLC)
("Owner")
ONE Casino + Hotel (Richmond VA Management, LLC)
("Manager").

Site: "Phillip Morris Operations Center"
2001 Walmsley Boulevard (Parcel ID# S0090310019)
4700 Trenton Avenue (Parcel ID# S0090387001)

Project Branding: ONE Casino + Resort

Capital Investment: The Project Capital Investment shall be a minimum of \$562,534,705 (subject to a reasonable contingency amount) and shall be made pursuant to the "Development Cost Schedule" (see attached).

Approximate and
Minimum Square
Footage: The Owner shall develop and open a luxury resort casino project that has approximately 1,061,000 million square feet (minimum of 1,007,950 square feet), estimated as follows:

Parking Garage – 525,000 sf. (min 498,750 sf.)
Gaming Floor and Support – 117,000 sf. (min 111,150 sf.)
Food & Beverage and Support – 84,000 sf. (min. 79,800 sf.)
Hotel/Convention/Spa – 265,000 sf. (min. 251,750 sf.)

Event Center – 70,000 sf. (min. 66,500 sf.)

The foregoing minimum square footage is limited to such portions of the Project that are within building structures and does not include (i) improvements related to the 55 acre (999,000 sf.) green space/park and (ii) surface parking of approximately 910,000 square feet.

Conference Space: Approximately 70,000 square feet (min. 66,500 sf.) of Conference Space.

Entertainment Venue: Approximately 3,000 person capacity (min. 2,850 person capacity). Live Nation 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.

Casino Plan: Approximately 90,000 square feet (min. 85,500 sf.) of casino gaming space. The Casino Plan will include a poker room and a high limit gaming area. Win percentages will be made available at the player's club.

Sportsbook: Onsite sportsbook to be operated in conjunction with a third-party sports betting operator (the "Sports Betting Operator").

Hotel Plan: Luxury class hotel with a minimum of 250 rooms and a minimum of 12 stories tall. The Project will include a resort size swimming pool, spa, and fitness center. The location of a possible additional luxury hotel tower will be identified for future development.

Food & Beverage Plan: Owner will provide for 15 food and beverage offerings pursuant to a Food & Beverage Plan which shall provide for at least four non-food hall "sit down" establishments. A minimum of 50% of all non-"sit down" establishments will be operated by local Richmond food and beverage providers. At least three local Richmond food and beverage providers shall have a right of first refusal for 3 of the "sit down" establishments.

Further, Owner agrees to 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 provide the leased space at no cost during the first four months of operation.

Point & Reward Program: The Point & Reward program at the Project shall allow customers 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 the Point & Reward program.

Parking: The parking on the Project Site shall be no less than required by City regulations and shall include approximately 1,200 spaces in a parking structure (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.

Green Space & Park: Approximately 55-acre Green Space & Park shall be developed and maintained by the Owner at its sole cost on the Project Site. The Green Space & Park shall be an amenity for the Project and as open greenspace accessible by the public.

Production Studios: The Owner shall include radio production studio space and approximately 15,000 square feet (min. 14,250 sf.) of television and film production studio space in the Project.

Sustainable Development: The Owner and Manager agree to design and construct the Project to LEED Silver standards and shall use pervious pavement, where appropriate. 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.

Architectural Review and Design Standards: Owner shall participate in a design charrette with City staff. The City will have the right to consultation and architectural review of the Project prior to the 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.

Art: The Project shall include art valued in the aggregate minimum amount of \$500,000. Artists from Richmond (35% of total spend) and Virginia (65% of total spend) will be commissioned to create art. Art created by such artists will be utilized throughout the facility, including rotating art walls that will act as exhibit space to local artists.

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) 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.

Richmond Region Tourism Desk: The Owner shall collaborate with the City to provide an appropriately sized space (e.g. a kiosk or desk) in the hotel lobby or other appropriate facility location mutually agreed by the parties for a Richmond Region Tourism Information Desk and representative.

Public & Private Infrastructure: The Owner is solely responsible for all costs to design, construct, and maintain onsite and offsite Public & 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 City Code.

The Owner shall confer with the City and the City Transportation Engineer on the scope of work to complete the 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 December 1, 2021 a complete TIA per 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.

At the request of the City and with sufficient time to provide for the commencement of the Project, the Owner shall convey at no cost to the City the property interest on the Site necessary to extend the road and infrastructure improvements of Walmsley Boulevard to Richmond Highway. Costs associated with said extension shall not be considered necessary Project infrastructure for purposes of the Agreement unless required by the TIA.

Area Beautification: In addition to and separate from any Public and Private 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 per the results of the submitted TIA(s) and the City appropriates funds for such purpose). The Owner shall not be obligated to fund Area Beautification improvements if the City does not appropriate its share of the funding.

Utility Gas Service: The Owner shall use the natural gas provided by the City's natural gas utility for the Project with standard applicable City rates in force.

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

1. On or before December 1, 2021, 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 thirty (30) days following the passage and certification of the results of the November 2, 2021 voter Referendum (the "Referendum"), Owner shall complete and

submit all required applications for zoning and land use approvals.

3. On or before ninety (90) days following the passage and certification of the results of the Referendum, Owner shall complete and submit a plan of development for all components of the Project (Casino, Hotel, Food and Beverage Establishments, Resort Features, Structured Parking Garage, Park/Greenspace, Conference Center and Event Space, Soundstage, Radio Broadcast Booth, and Entertainment Venue, collectively the "Project").

4. On or before thirty (30) days after the plan of development is approved, Owner shall submit construction plans for the Project and apply for building permits.

5. On or before March 31, 2022, Owner shall close on the financing for the Project.

6. On or before thirty (30) days after close on financing for the Project, Owner shall commence construction of the Project, subject to issuance and receipt of all applicable permits.

7. On or before November 21, 2022, 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 and obtain all necessary casino licenses from the Board in sufficient time to be fully operational by December 31, 2023.

8. On or before December 31, 2023, Owner shall achieve substantial completion of the Project which shall be evidenced by the issuance of all Certificate(s) of Occupancy necessary for operation of the Project.

9. On or before the December 31, 2023, open for business to the public and commence operations.

The above shall be subject to the City's use of commercially reasonable best efforts to provide timely review and approvals necessary to meet Project deadlines under the Agreement.

Project Financing: The Owner shall provide evidence of equity and debt financing for the Project satisfactory to the City. The equity for the Project shall be a minimum of \$140,035,000.

Project Funding: 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 for the life of the Project.

One-Time Payment to City: The Owner shall pay the City \$25,000,000 within 30 days of the passage and certification of the results of the Referendum.

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:

1. Annual Payments Determined by Opening Date of Project. Subject to Force Majeure:

a. If the Project opens to the public on or before December 31, 2023, Owner shall pay to the City an ongoing Annual Payment equal to (i) from the opening date through December 31, 2024, 1.875% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment, and (ii) for each Calendar Year from and after January 1, 2025, the greater of (a) 3.0% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment, or (b) \$5,000,000 (adjusted every five (5) years for the Consumer Price Index increase) (the "Minimum Payment"). "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) from gaming.

b. If the Project opens to the public during the period from January 1, 2024 to June 30, 2024, Owner shall pay to the City an ongoing Annual Payment equal to (i) 3.0% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment from the opening date through December 31, 2024, and (ii) for each Calendar Year from and after January 1, 2025, the greater of (a) 3.0% of the Resort

Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment or (b) the Minimum Payment.

c. If the Project opens to the public during the period from July 1, 2024 to December 31, 2024, Owner shall pay to the City an ongoing Annual Payment equal to (i) the greater of (a) 3.0% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment through December 31, 2024 or (b) \$2,500,000, and (ii) for each Calendar Year from and after January 1, 2025, the greater of (a) 3.0% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment or (b) the Minimum Payment.

d. In any event, beginning January 1, 2025, Owner shall pay to the City for each Calendar Year an ongoing Annual Payment equal to the greater of (a) 3.0% of the Resort Casino Gaming Revenue plus the full amount of the City Sports Wagering Payment, or (b) the Minimum Payment.

2. 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 Project site (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 Project 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.

3. 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.

All references to Calendar Year shall mean January 1 to December 31.

**Mitigation Annual
Payment:**

From and after the anticipated Project opening date of December 31, 2023, in the event that Owner, Owner's Manager or any Affiliate of Owner or Manager (for purposes of this paragraph "New Casino Operator") operates a "Casino Gaming Establishment" as defined by Code of Virginia Section 58.1-4100 in Dumfries, Virginia or 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"), 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, the New Casino Operator shall 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) 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 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 Owner and City agree that 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.

For the avoidance of doubt, assuming a scenario where the Project's average adjusted gross receipts for the immediate two years preceding the opening of a Class III casino (the "Base Measuring Period") 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. This will be memorialized in a separate agreement with Owner's Manager or Manager's affiliate to be a condition of and executed simultaneously with the Agreement.

HHR Support for RPS: Owner's Manager shall make a payment to Richmond Public Schools Education Foundation for the benefit of students of Richmond Public Schools in the amount of \$30,000 annually up to a total of \$150,000 over a five year period commencing on January 1, 2022. This will be memorialized in a separate agreement with Owner's Manager or Manager's affiliate to be a condition of and executed simultaneously with the Agreement.

Minimum Number Of Employees: To provide meaningful Project employment opportunities and sustain the business operations in accordance with revenue to support labor utilization, 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 opening. The employment totals do not include the approximately 200 employees of onsite 3rd party companies operating a business at the Project.

Resort Casino

Jobs for Richmonders:

To the extent permitted by law and without establishing impermissible preferences for Virginia residents over non-Virginia residents, the Owner shall make commercially reasonable best 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 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. Owner shall conduct information sessions and job fairs in each of the City Council Districts.

Resort Casino

Minimum Employee

Wages /Average

Annual Wages /

Benefits:

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 (inclusive of tips) per hour. A benefits package will be made available to eligible employees that includes health, dental, and vision insurance coverage and a 401K program.

Key Professional

Project

Participants:

The City and Owner contemplate that the Agreement may specifically list certain entities or other parties with which the Owner will partner for the construction, construction management, and operation of the Project ("Key Professional Project Participants"). Key Professional Project Participants

mutually agreed upon and expressly listed in the Agreement may be terminated or replaced by Owner (i) only according to default provisions within each Key Professional Project Participant's respective contract with Owner or (ii) otherwise only with City's written approval, which approval shall not be unreasonably withheld.

**Construction Jobs for
Richmonders:**

To the extent permitted by law and without establishing preferences for Virginia residents over non-Virginia residents, the Owner and Manager shall make commercially reasonable best efforts to achieve a goal that 100% of construction laborers not previously employed by the Contractor or Subcontractor but hired to work on the construction of the Project are Richmond residents; that 60% of the Contractor's or Subcontractor's existing laborers employed in the construction of the Project are Richmond residents; that 50% of skilled construction trades workers not previously employed by the Contractor or Subcontractor but hired to work on the construction of the Project are Richmond residents; and that 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 are Richmond residents, provided that all such residents meet all of the knowledge, skills and eligibility requirements for any such available position.

The Owner and Manager shall submit a workforce development plan for the City's approval no later than September 1, 2021 and conduct information sessions and job fairs in each of the City Council Districts.

**Minimum Construction
Wages:**

The Owner shall cause all construction management companies, general contractors, and sub-contractors to pay the local prevailing wage rate 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, to each laborer, workman, and mechanic employed on the site; 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.

**MBE Participation
(Construction):**

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.

Owner shall submit a MBE plan for the City's approval no later than December 31, 2021.

**MBE Participation
(Goods & Services
During Operation):**

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.

Owner shall submit a MBE plan for the City's approval no later than December 31, 2021.

**Union Labor
Man Hours:**

A goal of 40% for Project's construction man-hours for non-skilled and skilled union personnel will apply to the Project.

**Reporting
(Construction &
Operation):**

The Owner and Manager will provide 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 1, 2022. 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 Virginia Lottery; calculations of payments made pursuant to the section relative to Ongoing Annual Payments to the City (certified by the Owner's CFO); hotel occupancy; and employment during

the construction and operation of the Project; information used to calculate Mitigation Annual Payment (certified by CFO); and other agreed upon information.

The Owner shall provide evidence of all hard and soft construction costs of the Project to the City.

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, Virginia Lottery, and City of Richmond.

Expenses:

The Owner shall reimburse the City and 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 passage and certification of the results of the Referendum in an amount that is up to but not to exceed \$500,000. The Owner shall be responsible for its own attorney's fees and other consulting expenses. The Owner shall pay the City's expenses within 30 days of the passage and certification of the results of the Referendum.

Assignment:

Neither the Owner nor Manager may assign its interest or any part thereof in the Agreement or the Management Agreement without the prior written approval by the City which shall not be unreasonably withheld, conditioned or delayed, and upon such approval, the assignee shall assume all of the obligations of the Owner or Manager under the assigned agreement and shall not relieve the assignor of any liability under such agreement prior to the date of assignment. Notwithstanding the foregoing, no provision of the Agreement shall impose or be construed as imposing any limitation on any ownership transfer of any interest in the ultimate parent company of Owner or Manager or with regard to either 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 of such ultimate parent companies.

**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 the Community ONE funding will be designated to support the City's Office of Community Wealth Building, Richmond Public Schools, and research initiatives.

Problem Gambling: The Owner shall spend up to \$200,000 annually to fund mental health professionals and resources to prevent and treat problem gambling in the City of Richmond. This funding is in addition to any requirements regarding problem gambling required of the Owner by the Commonwealth of Virginia.

Transit Mobility Solutions: The Owner shall provide a minimum of \$325,000 annually to support 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, etc.

Prohibition on On-Site Check Cashing Services: The Owner shall not have onsite payroll check cashing services.

Richmond Advertising & Production Spend: The Owner's 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, TV and digital media assets, promotions and special events for a total value of \$2,500,000 per year for 120 months following the Opening of the Project.

The Owner through its Affiliates shall spend \$50,000,000 in the City of Richmond to produce television, movie, and audio/visual content for 120 months following the Opening of the Project

Owner's Assurances: The Agreement shall provide that the Owner acknowledge that it is voluntarily agreeing to the terms set forth in the Agreement; Owner will warrant 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 provision 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. Owner shall indemnify, hold harmless, and defend City from and against any claims and liabilities arising out of, caused by, or resulting from 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; Owner shall release 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.

**Construction &
Operation
Standards:**

The Project shall be constructed, maintained, and operated as a luxury hotel and first class resort casino. City and Owner shall identify benchmark properties to set forth specific standards in the Agreement.

Audit Rights:

The City shall have the right to audit the financial records of the Owner.

**Transfers of
Ownership &
Management Agreement:**

The Agreement will include restrictions on transfer of ownership interests of the Owner and Manager and the changes of parties of the Management Agreement (and reasonable exceptions from such restrictions) without the prior written consent of the City, provided that City shall not unreasonably withhold its consent to any transfer; all transferees shall hold their interests subject to such restrictions. The Agreement will include notice requirements on transfer of ownership interests of the Owner and the changes of parties of the Management Agreement. Neither Owner nor Manager will assign or otherwise transfer its interest in the Project or the Management Agreement, as applicable, to any party that has not received all necessary

approvals from the Virginia Lottery and that has not agreed, for itself and its transferees, to be bound by the terms of the Agreement. Notwithstanding the foregoing, no provision of the Agreement will impose or be construed as imposing any limitation on any ownership transfer of any interest in the ultimate parent company of Owner or Manager or with regard to either 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 of such ultimate parent companies.

Payment of Taxes: The Owner will agree to pay any and all current and future fees and taxes 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.

Mandatory Sale of Project: City will have the right to require the Owner and Manager to sell the Project upon certain specified events: (i) failure to complete the Project and open it to the public by December 31, 2024 (subject to force majeure and applicable cure periods); (ii) failure to obtain a gaming license for the Project (or revocation or suspension of the license for more than 90 days); or (iii) voluntary cessation of operations of the Project.

Remedies for Breach: Remedies for breach of the Agreement by the either the Owner or City will be: (i) suit for specific performance, (ii) suit to reform the Agreement; (iii) suit for other actual (but not consequential) damages, (iv) all other remedies under law, and (v) mandatory sale in limited circumstances as provided for above.

Escrow: The Owner will fund upon execution of the Agreement an escrow account in the amount of \$25,500,000.00 restricted solely for use for the payment of the One-Time Payment owed by the Owner to the City upon the successful passage and certification of the results of the Referendum and payment of expenses pursuant to the section relative to Expenses.

Insurance Requirements: The Owner shall carry adequate and customary insurance coverages for the Project and its operations, including liability

insurance based on industry standards for a Project of this size and scope. Use of proceeds from property and casualty insurance policies shall be used to restore or reconstruct any damaged or destroyed portions of the Project.

Notices to City:

The Owner shall provide notice to the City of the following: (i) receipt of notice of defaults under any financing; (ii) notices from governmental authorities alleging material violations of law (not including gaming violations which could not result in the suspension or revocation of the gaming license); (iii) pending or threatened legal action regarding the Agreement; and (iv) material damage or destruction of the Project that reasonably could or does result in closure for more than 3 consecutive days of operation.

Adverse Litigation:

The parties shall agree to cooperate and oppose any litigation opposing the Project.

Indemnification:

The Owner shall indemnify and hold harmless the City and each of its officers, agents, employees, contractors, subcontractors, attorneys, and consultants (collectively the "Indemnitees" and individually an "Indemnatee") from and against any and all liabilities, losses, damages, actual costs and expenses, claims, obligations, penalties, and causes of action, including actual and reasonable fees and expenses for attorneys, to the extent arising out of, caused by or resulting from (1) 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; (2) any material breach of any warranty or the inaccuracy of any representation made by Owner; (3) 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 (4) any material breach or failure by Owner to perform any of its covenants or obligations under the Agreement that remains uncured by Owner after written notice thereof; provided, however that (i) Owner or any of its contractors or sub-contractors shall not be obligated to indemnify or hold harmless any Indemnatee to the extent such Indemnatee's damages arise from such Indemnatee's sole gross negligence,

willful misconduct or fraud and (ii) Owner's obligations under (1) 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.

**Obligations of Owner
& Operator:**

Any agreement delegating authority in whole or in part for the construction, development or operation of the Project will include provisions for any such agreement to be subject to the Agreement and for the party exercising such delegated authority to comply with the requirements of the Agreement. The City will have the right to approve any such agreement or the amendment or assignment of such agreement or the appointment by Owner of a new developer or manager.

Other Facilities:

The parties may amend the Agreement by mutual agreement. If there is a material change in the marketplace that alters the fundamental assumptions being made in the Agreement, the parties may renegotiate based on those changed circumstances.

Standard Terms:

The parties agree to include customary contractual terms in the Agreement including severability and force majeure provisions.

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><u>\$ 562,534,705</u></u>

ONE

Commerce Road and Walmsley Boulevard, on property now owned by Philip Morris USA



Urban One CEO, Alfred C.iggins, III

A national multi-media powerhouse and largest distributor of Black and urban content in the country.

Partnering with:



ROOFTOP DINING & ENTERTAINMENT



\$600+ MILLION GAMING & ENTERTAINMENT DESTINATION

ONLY BLACK-OWNED CASINO IN THE COUNTRY

IDEAL LOCATION

- Shovel Ready Site, Fastest to Open
- Least Traffic Impact Versus Other Proposed Site
- Industrial Location Away From Neighborhoods
- No Rezoning Required
- Easy Access to I-65 & The Airport
- Community & Neighborhood Support for ONE

10-YEAR ECONOMIC & COMMUNITY IMPACT

- \$5.7 Billion Economic Impact
- Over \$500 Million in Revenue & Community Benefits to Richmond
- Over \$100 Million in Upfront & Recurring Voluntary Payments to Richmond
- Millions in Contributions to Local Not-For-Profits
- \$50 Million in Television Production Spend
- \$25 Million Advertising Credit to Promote Richmond Initiatives
- 5,000 Construction & Permanent Jobs
- 40% Union Participation Goal & Commitment to Pay Prevailing Wage on all Construction
- 50% Minority Investors
- 50% Minority Participation in Jobs
- 40% MBE Contract Spend
- \$55K Average Salary & Benefits
- Employee Profit Sharing
- \$15/Hour Minimum Starting Rate

RESORT-STYLE GARDEN POOL WITH BAJA EDGE

- TERRACE DINING
- EVENT LAWN, PERFECT FOR WEDDINGS, GRADUATIONS, CORPORATE EVENTS, COCKTAIL PARTIES
- OUTDOOR ENTERTAINMENT

Introducing ONE

- 2.9 Million sq ft Development on 100 Acres
- 100,000 sq ft Casino
 - 2,000 Slot Machines, 110 Table Games, Including Poker and a Sports Book
- 250-Room Hotel with Ability to Expand to 600 Rooms
- Resort-Style Spa & Salon Retreat
- 15 Bars & Restaurants
 - Featuring the Best of Richmond
- 3,000 Capacity Event Center, 200 Entertainment Events Annually
- 55 Acre Park and Green Space
- TV & Radio Production Studios

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact §§ 2.2-401.01, 2.2-3711, 15.2-2825, 19.2-389, as it is currently effective and as it shall become effective, 37.2-304, 58.1-4002, 58.1-4004, 58.1-4006, and 59.1-364 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 3 of Title 11 a section numbered 11-16.1, by adding a section numbered 18.2-334.5, by adding in Article 1 of Chapter 3 of Title 37.2 a section numbered 37.2-314.1, and by adding in Title 58.1 a chapter numbered 41, containing articles numbered 1 through 11, consisting of sections numbered 58.1-4100 through 58.1-4141, relating to regulation of casino gaming by Virginia Lottery Board; Regional Improvement Commission; penalties.

[S 36]

Approved

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-401.01, 2.2-3711, 15.2-2825, 19.2-389, as it is currently effective and as it shall become effective, 37.2-304, 58.1-4002, 58.1-4004, 58.1-4006, and 59.1-364 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 3 of Title 11 a section numbered 11-16.1, by adding a section numbered 18.2-334.5, by adding in Article 1 of Chapter 3 of Title 37.2 a section numbered 37.2-314.1, and by adding in Title 58.1 a chapter numbered 41, containing articles numbered 1 through 11, consisting of sections numbered 58.1-4100 through 58.1-4141, as follows:

§ 2.2-401.01. Liaison to Virginia Indian tribes; Virginia Indigenous People's Trust Fund.

A. The Secretary of the Commonwealth shall:

1. Serve as the Governor's liaison to the Virginia Indian tribes; and
2. Report annually on the status of Indian tribes in Virginia.

B. The Secretary of the Commonwealth may establish a Virginia Indian advisory board to assist the Secretary in reviewing applications seeking recognition as a Virginia Indian tribe and to make recommendations to the Secretary, the Governor, and the General Assembly on such applications and other matters relating to recognition as follows:

1. The members of any such board shall be composed of no more than seven members to be appointed by the Secretary as follows: at least three of the members shall be members of Virginia recognized tribes to represent the Virginia Indian community, and one nonlegislative citizen member shall represent the Commonwealth's scholarly community. The Librarian of Virginia, the Director of the Department of Historic Resources, and the Superintendent of Public Instruction, or their designees, shall serve ex officio with voting privileges. Nonlegislative citizen members of any such board shall be citizens of the Commonwealth. Ex officio members shall serve terms coincident with their terms of office. Nonlegislative citizen members shall be appointed for a term of two years. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms. All members may be reappointed. The Secretary of the Commonwealth shall appoint a chairperson from among the members for a two-year term. Members shall be reimbursed for reasonable and necessary expenses incurred in the performance of their duties as provided in §§ 2.2-2813 and 2.2-2825.

2. Any such board shall have the following powers and duties:

- a. Establish guidance for documentation required to meet the criteria for full recognition of the Virginia Indian tribes that is consistent with the principles and requirements of federal tribal recognition;
- b. Establish a process for accepting and reviewing all applications for full tribal recognition;
- c. Appoint and establish a workgroup on tribal recognition composed of nonlegislative citizens at large who have knowledge of Virginia Indian history and current status. Such workgroup (i) may be activated in any year in which an application for full tribal recognition has been submitted and in other years as deemed appropriate by any such board and (ii) shall include at a minimum a genealogist and at least two scholars with recognized familiarity with Virginia Indian tribes. No member of the workgroup shall be associated in any way with the applicant. Members of the workgroup shall be reimbursed for reasonable and necessary expenses incurred in the performance of their duties as provided in §§ 2.2-2813 and 2.2-2825;
- d. Solicit, accept, use, and dispose of gifts, grants, donations, bequests, or other funds or real or personal property for the purpose of aiding or facilitating the work of the board;
- e. Make recommendations to the Secretary for full tribal recognition based on the findings of the workgroup and the board; and
- f. Perform such other duties, functions, and activities as may be necessary to facilitate and implement

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the objectives of this subsection.

C. There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia Indigenous People's Trust Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose, any tax revenue accruing to the fund pursuant to § 58.1-4125, and any gifts, donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. After payment of the costs of administration of the Fund, moneys in the Fund shall be used to make disbursements on a quarterly basis in equal amounts to each of the six Virginia Indian tribes federally recognized under P.L. 115-121 of 2018. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Secretary of the Commonwealth.

§ 2.2-3711. Closed meetings authorized for certain limited purposes.

A. Public bodies may hold closed meetings only for the following purposes:

1. Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; and evaluation of performance of departments or schools of public institutions of higher education where such evaluation will necessarily involve discussion of the performance of specific individuals. Any teacher shall be permitted to be present during a closed meeting in which there is a discussion or consideration of a disciplinary matter that involves the teacher and some student and the student involved in the matter is present, provided the teacher makes a written request to be present to the presiding officer of the appropriate board. Nothing in this subdivision, however, shall be construed to authorize a closed meeting by a local governing body or an elected school board to discuss compensation matters that affect the membership of such body or board collectively.

2. Discussion or consideration of admission or disciplinary matters or any other matters that would involve the disclosure of information contained in a scholastic record concerning any student of any public institution of higher education in the Commonwealth or any state school system. However, any such student, legal counsel and, if the student is a minor, the student's parents or legal guardians shall be permitted to be present during the taking of testimony or presentation of evidence at a closed meeting, if such student, parents, or guardians so request in writing and such request is submitted to the presiding officer of the appropriate board.

3. Discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body.

4. The protection of the privacy of individuals in personal matters not related to public business.

5. Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community.

6. Discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected.

7. Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body. For the purposes of this subdivision, "probable litigation" means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter.

8. Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter.

9. Discussion or consideration by governing boards of public institutions of higher education of matters relating to gifts, bequests and fund-raising activities, and of grants and contracts for services or work to be performed by such institution. However, the terms and conditions of any such gifts, bequests, grants, and contracts made by a foreign government, a foreign legal entity, or a foreign person and accepted by a public institution of higher education in the Commonwealth shall be subject to public disclosure upon written request to the appropriate board of visitors. For the purpose of this subdivision, (i) "foreign government" means any government other than the United States government or the

government of a state or a political subdivision thereof, (ii) "foreign legal entity" means any legal entity (a) created under the laws of the United States or of any state thereof if a majority of the ownership of the stock of such legal entity is owned by foreign governments or foreign persons or if a majority of the membership of any such entity is composed of foreign persons or foreign legal entities or (b) created under the laws of a foreign government, and (iii) "foreign person" means any individual who is not a citizen or national of the United States or a trust territory or protectorate thereof.

10. Discussion or consideration by the boards of trustees of the Virginia Museum of Fine Arts, the Virginia Museum of Natural History, the Jamestown-Yorktown Foundation, the Fort Monroe Authority, and The Science Museum of Virginia of matters relating to specific gifts, bequests, and grants from private sources.

11. Discussion or consideration of honorary degrees or special awards.

12. Discussion or consideration of tests, examinations, or other information used, administered, or prepared by a public body and subject to the exclusion in subdivision 4 of § 2.2-3705.1.

13. Discussion, consideration, or review by the appropriate House or Senate committees of possible disciplinary action against a member arising out of the possible inadequacy of the disclosure statement filed by the member, provided the member may request in writing that the committee meeting not be conducted in a closed meeting.

14. Discussion of strategy with respect to the negotiation of a hazardous waste siting agreement or to consider the terms, conditions, and provisions of a hazardous waste siting agreement if the governing body in open meeting finds that an open meeting will have an adverse effect upon the negotiating position of the governing body or the establishment of the terms, conditions and provisions of the siting agreement, or both. All discussions with the applicant or its representatives may be conducted in a closed meeting.

15. Discussion by the Governor and any economic advisory board reviewing forecasts of economic activity and estimating general and nongeneral fund revenues.

16. Discussion or consideration of medical and mental health records subject to the exclusion in subdivision 1 of § 2.2-3705.5.

17. Deliberations of the Virginia Lottery Board in a licensing appeal action conducted pursuant to subsection D of § 58.1-4007 regarding the denial or revocation of a license of a lottery sales agent; and discussion, consideration or review of Virginia Lottery matters related to proprietary lottery game information and studies or investigations excluded from disclosure under subdivision 6 of § 2.2-3705.3 and subdivision 11 of § 2.2-3705.7.

18. Those portions of meetings in which the Board of Corrections discusses or discloses the identity of, or information tending to identify, any prisoner who (i) provides information about crimes or criminal activities, (ii) renders assistance in preventing the escape of another prisoner or in the apprehension of an escaped prisoner, or (iii) voluntarily or at the instance of a prison official renders other extraordinary services, the disclosure of which is likely to jeopardize the prisoner's life or safety.

19. Discussion of plans to protect public safety as it relates to terrorist activity or specific cybersecurity threats or vulnerabilities and briefings by staff members, legal counsel, or law-enforcement or emergency service officials concerning actions taken to respond to such matters or a related threat to public safety; discussion of information subject to the exclusion in subdivision 2 or 14 of § 2.2-3705.2, where discussion in an open meeting would jeopardize the safety of any person or the security of any facility, building, structure, information technology system, or software program; or discussion of reports or plans related to the security of any governmental facility, building or structure, or the safety of persons using such facility, building or structure.

20. Discussion by the Board of the Virginia Retirement System, acting pursuant to § 51.1-124.30, or of any local retirement system, acting pursuant to § 51.1-803, or by a local finance board or board of trustees of a trust established by one or more local public bodies to invest funds for postemployment benefits other than pensions, acting pursuant to Article 8 (§ 15.2-1544 et seq.) of Chapter 15 of Title 15.2, or by the board of visitors of the University of Virginia, acting pursuant to § 23.1-2210, or by the Board of the Virginia College Savings Plan, acting pursuant to § 23.1-706, regarding the acquisition, holding or disposition of a security or other ownership interest in an entity, where such security or ownership interest is not traded on a governmentally regulated securities exchange, to the extent that such discussion (i) concerns confidential analyses prepared for the board of visitors of the University of Virginia, prepared by the retirement system, or a local finance board or board of trustees, or the Virginia College Savings Plan or provided to the retirement system, a local finance board or board of trustees, or the Virginia College Savings Plan under a promise of confidentiality, of the future value of such ownership interest or the future financial performance of the entity, and (ii) would have an adverse effect on the value of the investment to be acquired, held, or disposed of by the retirement system, a local finance board or board of trustees, the board of visitors of the University of Virginia, or the Virginia College Savings Plan. Nothing in this subdivision shall be construed to prevent the disclosure

of information relating to the identity of any investment held, the amount invested or the present value of such investment.

21. Those portions of meetings in which individual child death cases are discussed by the State Child Fatality Review Team established pursuant to § 32.1-283.1, those portions of meetings in which individual child death cases are discussed by a regional or local child fatality review team established pursuant to § 32.1-283.2, those portions of meetings in which individual death cases are discussed by family violence fatality review teams established pursuant to § 32.1-283.3, those portions of meetings in which individual adult death cases are discussed by the state Adult Fatality Review Team established pursuant to § 32.1-283.5, those portions of meetings in which individual adult death cases are discussed by a local or regional adult fatality review team established pursuant to § 32.1-283.6, those portions of meetings in which individual death cases are discussed by overdose fatality review teams established pursuant to § 32.1-283.7, and those portions of meetings in which individual maternal death cases are discussed by the Maternal Mortality Review Team pursuant to § 32.1-283.8.

22. Those portions of meetings of the board of visitors of the University of Virginia or the Eastern Virginia Medical School Board of Visitors, as the case may be, and those portions of meetings of any persons to whom management responsibilities for the University of Virginia Medical Center or Eastern Virginia Medical School, as the case may be, have been delegated, in which there is discussed proprietary, business-related information pertaining to the operations of the University of Virginia Medical Center or Eastern Virginia Medical School, as the case may be, including business development or marketing strategies and activities with existing or future joint venturers, partners, or other parties with whom the University of Virginia Medical Center or Eastern Virginia Medical School, as the case may be, has formed, or forms, any arrangement for the delivery of health care, if disclosure of such information would adversely affect the competitive position of the Medical Center or Eastern Virginia Medical School, as the case may be.

23. Discussion or consideration by the Virginia Commonwealth University Health System Authority or the board of visitors of Virginia Commonwealth University of any of the following: the acquisition or disposition by the Authority of real property, equipment, or technology software or hardware and related goods or services, where disclosure would adversely affect the bargaining position or negotiating strategy of the Authority; matters relating to gifts or bequests to, and fund-raising activities of, the Authority; grants and contracts for services or work to be performed by the Authority; marketing or operational strategies plans of the Authority where disclosure of such strategies or plans would adversely affect the competitive position of the Authority; and members of the Authority's medical and teaching staffs and qualifications for appointments thereto.

24. Those portions of the meetings of the Health Practitioners' Monitoring Program Committee within the Department of Health Professions to the extent such discussions identify any practitioner who may be, or who actually is, impaired pursuant to Chapter 25.1 (§ 54.1-2515 et seq.) of Title 54.1.

25. Meetings or portions of meetings of the Board of the Virginia College Savings Plan wherein personal information, as defined in § 2.2-3801, which has been provided to the Board or its employees by or on behalf of individuals who have requested information about, applied for, or entered into prepaid tuition contracts or savings trust account agreements pursuant to Chapter 7 (§ 23.1-700 et seq.) of Title 23.1 is discussed.

26. Discussion or consideration, by the former Wireless Carrier E-911 Cost Recovery Subcommittee created pursuant to former § 56-484.15, of trade secrets submitted by CMRS providers, as defined in § 56-484.12, related to the provision of wireless E-911 service.

27. Those portions of disciplinary proceedings by any regulatory board within the Department of Professional and Occupational Regulation, Department of Health Professions, or the Board of Accountancy conducted pursuant to § 2.2-4019 or 2.2-4020 during which the board deliberates to reach a decision or meetings of health regulatory boards or conference committees of such boards to consider settlement proposals in pending disciplinary actions or modifications to previously issued board orders as requested by either of the parties.

28. Discussion or consideration of information subject to the exclusion in subdivision 11 of § 2.2-3705.6 by a responsible public entity or an affected locality or public entity, as those terms are defined in § 33.2-1800, or any independent review panel appointed to review information and advise the responsible public entity concerning such records.

29. Discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

30. Discussion or consideration of grant or loan application information subject to the exclusion in subdivision 17 of § 2.2-3705.6 by (i) the Commonwealth Health Research Board or (ii) the Innovation and Entrepreneurship Investment Authority or the Research and Technology Investment Advisory

Committee appointed to advise the Innovation and Entrepreneurship Investment Authority.

31. Discussion or consideration by the Commitment Review Committee of information subject to the exclusion in subdivision 5 of § 2.2-3705.2 relating to individuals subject to commitment as sexually violent predators under Chapter 9 (§ 37.2-900 et seq.) of Title 37.2.

32. Discussion or consideration of confidential proprietary information and trade secrets developed and held by a local public body providing certain telecommunication services or cable television services and subject to the exclusion in subdivision 18 of § 2.2-3705.6. However, the exemption provided by this subdivision shall not apply to any authority created pursuant to the BVU Authority Act (§ 15.2-7200 et seq.).

33. Discussion or consideration by a local authority created in accordance with the Virginia Wireless Service Authorities Act (§ 15.2-5431.1 et seq.) of confidential proprietary information and trade secrets subject to the exclusion in subdivision 19 of § 2.2-3705.6.

34. Discussion or consideration by the State Board of Elections or local electoral boards of voting security matters made confidential pursuant to § 24.2-410.2 or 24.2-625.1.

35. Discussion or consideration by the Forensic Science Board or the Scientific Advisory Committee created pursuant to Article 2 (§ 9.1-1109 et seq.) of Chapter 11 of Title 9.1 of criminal investigative files subject to the exclusion in subdivision B 1 of § 2.2-3706.

36. Discussion or consideration by the Brown v. Board of Education Scholarship Committee of information or confidential matters subject to the exclusion in subdivision A 3 of § 2.2-3705.4, and meetings of the Committee to deliberate concerning the annual maximum scholarship award, review and consider scholarship applications and requests for scholarship award renewal, and cancel, rescind, or recover scholarship awards.

37. Discussion or consideration by the Virginia Port Authority of information subject to the exclusion in subdivision 1 of § 2.2-3705.6 related to certain proprietary information gathered by or for the Virginia Port Authority.

38. Discussion or consideration by the Board of Trustees of the Virginia Retirement System acting pursuant to § 51.1-124.30, by the Investment Advisory Committee appointed pursuant to § 51.1-124.26, by any local retirement system, acting pursuant to § 51.1-803, by the Board of the Virginia College Savings Plan acting pursuant to § 23.1-706, or by the Virginia College Savings Plan's Investment Advisory Committee appointed pursuant to § 23.1-702 of information subject to the exclusion in subdivision 24 of § 2.2-3705.7.

39. Discussion or consideration of information subject to the exclusion in subdivision 3 of § 2.2-3705.6 related to economic development.

40. Discussion or consideration by the Board of Education of information relating to the denial, suspension, or revocation of teacher licenses subject to the exclusion in subdivision 11 of § 2.2-3705.3.

41. Those portions of meetings of the Virginia Military Advisory Council or any commission created by executive order for the purpose of studying and making recommendations regarding preventing closure or realignment of federal military and national security installations and facilities located in Virginia and relocation of such facilities to Virginia, or a local or regional military affairs organization appointed by a local governing body, during which there is discussion of information subject to the exclusion in subdivision 8 of § 2.2-3705.2.

42. Discussion or consideration by the Board of Trustees of the Veterans Services Foundation of information subject to the exclusion in subdivision 28 of § 2.2-3705.7 related to personally identifiable information of donors.

43. Discussion or consideration by the Virginia Tobacco Region Revitalization Commission of information subject to the exclusion in subdivision 23 of § 2.2-3705.6 related to certain information contained in grant applications.

44. Discussion or consideration by the board of directors of the Commercial Space Flight Authority of information subject to the exclusion in subdivision 24 of § 2.2-3705.6 related to rate structures or charges for the use of projects of, the sale of products of, or services rendered by the Authority and certain proprietary information of a private entity provided to the Authority.

45. Discussion or consideration of personal and proprietary information related to the resource management plan program and subject to the exclusion in (i) subdivision 25 of § 2.2-3705.6 or (ii) subsection E of § 10.1-104.7. This exclusion shall not apply to the discussion or consideration of records that contain information that has been certified for release by the person who is the subject of the information or transformed into a statistical or aggregate form that does not allow identification of the person who supplied, or is the subject of, the information.

46. Discussion or consideration by the Board of Directors of the Virginia Alcoholic Beverage Control Authority of information subject to the exclusion in subdivision 1 of § 2.2-3705.3 related to investigations of applicants for licenses and permits and of licensees and permittees.

47. Discussion or consideration of grant or loan application records subject to the exclusion in

subdivision 28 of § 2.2-3705.6 related to the submission of an application for an award from the Virginia Research Investment Fund pursuant to Article 8 (§ 23.1-3130 et seq.) of Chapter 31 of Title 23.1 or interviews of parties to an application by a reviewing entity pursuant to subsection D of § 23.1-3133 or by the Virginia Research Investment Committee.

48. Discussion or development of grant proposals by a regional council established pursuant to Article 26 (§ 2.2-2484 et seq.) of Chapter 24 to be submitted for consideration to the Virginia Growth and Opportunity Board.

49. Discussion or consideration of (i) individual sexual assault cases by a sexual assault response team established pursuant to § 15.2-1627.4, (ii) individual child abuse or neglect cases or sex offenses involving a child by a child sexual abuse response team established pursuant to § 15.2-1627.5, or (iii) individual cases involving abuse, neglect, or exploitation of adults as defined in § 63.2-1603 pursuant to §§ 15.2-1627.5 and 63.2-1605.

50. Discussion or consideration by the Board of the Virginia Economic Development Partnership Authority, the Joint Legislative Audit and Review Commission, or any subcommittees thereof, of the portions of the strategic plan, marketing plan, or operational plan exempt from disclosure pursuant to subdivision 33 of § 2.2-3705.7.

51. Those portions of meetings of the subcommittee of the Board of the Virginia Economic Development Partnership Authority established pursuant to subsection F of § 2.2-2237.3 to review and discuss information received from the Virginia Employment Commission pursuant to subdivision C 2 of § 60.2-114.

52. *Deliberations of the Virginia Lottery Board in a licensing appeal action conducted pursuant to § 58.1-4105 regarding the denial or revocation of a license of a casino gaming operator and discussion, consideration, or review of matters related to investigations exempted from disclosure under subdivision 1 of § 2.2-3705.3.*

B. No resolution, ordinance, rule, contract, regulation or motion adopted, passed or agreed to in a closed meeting shall become effective unless the public body, following the meeting, reconvenes in open meeting and takes a vote of the membership on such resolution, ordinance, rule, contract, regulation, or motion that shall have its substance reasonably identified in the open meeting.

C. Public officers improperly selected due to the failure of the public body to comply with the other provisions of this section shall be de facto officers and, as such, their official actions are valid until they obtain notice of the legal defect in their election.

D. Nothing in this section shall be construed to prevent the holding of conferences between two or more public bodies, or their representatives, but these conferences shall be subject to the same procedures for holding closed meetings as are applicable to any other public body.

E. This section shall not be construed to (i) require the disclosure of any contract between the Department of Health Professions and an impaired practitioner entered into pursuant to Chapter 25.1 (§ 54.1-2515 et seq.) of Title 54.1 or (ii) require the board of directors of any authority created pursuant to the Industrial Development and Revenue Bond Act (§ 15.2-4900 et seq.), or any public body empowered to issue industrial revenue bonds by general or special law, to identify a business or industry to which subdivision A 5 applies. However, such business or industry shall be identified as a matter of public record at least 30 days prior to the actual date of the board's authorization of the sale or issuance of such bonds.

§ 11-16.1. Exemption from the chapter.

This chapter shall not apply to any bet, wager, or casino gaming permitted by Chapter 41 (§ 58.1-4100 et seq.) of Title 58.1 or to any contract, conduct, or transaction arising from conduct lawful thereunder.

§ 15.2-2825. Smoking in restaurants prohibited; exceptions; posting of signs; penalty for violation.

A. Effective December 1, 2009, smoking shall be prohibited and no person shall smoke in any restaurant in the Commonwealth or in any restroom within such restaurant, except that smoking may be permitted in:

1. Any place or operation that prepares or stores food for distribution to persons of the same business operation or of a related business operation for service to the public. Examples of such places or operations include the preparation or storage of food for catering services, pushcart operations, hotdog stands, and other mobile points of service;

2. Any outdoor area of a restaurant, with or without roof covering, at such times when such outdoor area is not enclosed in whole or in part by any screened walls, roll-up doors, windows or other seasonal or temporary enclosures;

3. Any restaurants located on the premises of any manufacturer of tobacco products;

4. Any portion of a restaurant that is used exclusively for private functions, provided such functions are limited to those portions of the restaurant that meet the requirements of subdivision 5;

5. Any portion of a restaurant that is constructed in such a manner that the area where smoking may be permitted is (i) structurally separated from the portion of the restaurant in which smoking is prohibited and to which ingress and egress is through a door and (ii) separately vented to prevent the recirculation of air from such area to the area of the restaurant where smoking is prohibited. At least one public entrance to the restaurant shall be into an area of the restaurant where smoking is prohibited. For the purposes of the preceding sentence, nothing shall be construed to require the creation of an additional public entrance in cases where the only public entrance to a restaurant in existence as of December 1, 2009, is through an outdoor area described in subdivision 2; ~~and~~

6. Any private club; *and*

7. *Any portion of a facility licensed to conduct casino gaming pursuant to Chapter 41 (§ 58.1-4100 et seq.) of Title 58.1 designated pursuant to the provisions of and that meets the requirements of § 15.2-2827. Any restaurant within a facility licensed to conduct casino gaming shall comply with the provisions of this section.*

B. For the purposes of this section:

"Proprietor" means the owner, lessee or other person who ultimately controls the activities within the restaurant. The term "proprietor" includes corporations, associations, or partnerships as well as individuals.

"Structurally separated" means a stud wall covered with drywall or other building material or other like barrier, which, when completed, extends from the floor to the ceiling, resulting in a physically separated room. Such wall or barrier may include portions that are glass or other gas-impervious building material.

C. No individual who is wait staff or bus staff in a restaurant shall be required by the proprietor to work in any area of the restaurant where smoking may be permitted without the consent of such individual. Nothing in this subsection shall be interpreted to create a cause of action against such proprietor.

D. The proprietor of any restaurant shall:

1. Post signs stating "No Smoking" or containing the international "No Smoking" symbol, consisting of a pictorial representation of a burning cigarette enclosed in a red circle with a bar across it, clearly and conspicuously in every restaurant where smoking is prohibited in accordance with this section; and

2. Remove all ashtrays and other smoking paraphernalia from any area in the restaurant where smoking is prohibited in accordance with this section.

E. Any proprietor of a restaurant who fails to comply with the requirements of this section shall be subject to the civil penalty of not more than \$25.

F. No person shall smoke in any area of a restaurant in which smoking is prohibited as provided in this section. Any person who continues to smoke in such area after having been asked to refrain from smoking shall be subject to a civil penalty of not more than \$25.

G. It shall be an affirmative defense to a complaint brought against a proprietor for a violation of this section that the proprietor or an employee of such proprietor:

1. Posted a "No Smoking" sign as required;

2. Removed all ashtrays and other smoking paraphernalia from all areas where smoking is prohibited;

3. Refused to seat or serve any individual who was smoking in a prohibited area; and

4. If the individual continued to smoke after an initial warning, asked the individual to leave the establishment.

H. Civil penalties assessed under this section shall be paid into the Virginia Health Care Fund established under § 32.1-366.

I. Any local health department or its designee shall, while inspecting a restaurant as otherwise required by law, inspect for compliance with this section.

§ 18.2-334.5. Exemptions to article; certain gaming operations.

Nothing in this article shall be construed to make it illegal to participate in any casino gaming operation conducted in accordance with Chapter 41 (§ 58.1-4100 et seq.) of Title 58.1.

§ 19.2-389. (Effective until January 1, 2021) Dissemination of criminal history record information.

A. Criminal history record information shall be disseminated, whether directly or through an intermediary, only to:

1. Authorized officers or employees of criminal justice agencies, as defined by § 9.1-101, for purposes of the administration of criminal justice and the screening of an employment application or review of employment by a criminal justice agency with respect to its own employees or applicants, and dissemination to the Virginia Parole Board, pursuant to this subdivision, of such information on all state-responsible inmates for the purpose of making parole determinations pursuant to subdivisions 1, 2, 3, and 5 of § 53.1-136 shall include collective dissemination by electronic means every 30 days. For purposes of this subdivision, criminal history record information includes information sent to the Central

Criminal Records Exchange pursuant to §§ 37.2-819 and 64.2-2014 when disseminated to any full-time or part-time employee of the State Police, a police department or sheriff's office that is a part of or administered by the Commonwealth or any political subdivision thereof, and who is responsible for the prevention and detection of crime and the enforcement of the penal, traffic or highway laws of the Commonwealth for the purposes of the administration of criminal justice;

2. Such other individuals and agencies that require criminal history record information to implement a state or federal statute or executive order of the President of the United States or Governor that expressly refers to criminal conduct and contains requirements or exclusions expressly based upon such conduct, except that information concerning the arrest of an individual may not be disseminated to a noncriminal justice agency or individual if an interval of one year has elapsed from the date of the arrest and no disposition of the charge has been recorded and no active prosecution of the charge is pending;

3. Individuals and agencies pursuant to a specific agreement with a criminal justice agency to provide services required for the administration of criminal justice pursuant to that agreement which shall specifically authorize access to data, limit the use of data to purposes for which given, and ensure the security and confidentiality of the data;

4. Individuals and agencies for the express purpose of research, evaluative, or statistical activities pursuant to an agreement with a criminal justice agency that shall specifically authorize access to data, limit the use of data to research, evaluative, or statistical purposes, and ensure the confidentiality and security of the data;

5. Agencies of state or federal government that are authorized by state or federal statute or executive order of the President of the United States or Governor to conduct investigations determining employment suitability or eligibility for security clearances allowing access to classified information;

6. Individuals and agencies where authorized by court order or court rule;

7. Agencies of any political subdivision of the Commonwealth, public transportation companies owned, operated or controlled by any political subdivision, and any public service corporation that operates a public transit system owned by a local government for the conduct of investigations of applicants for employment, permit, or license whenever, in the interest of public welfare or safety, it is necessary to determine under a duly enacted ordinance if the past criminal conduct of a person with a conviction record would be compatible with the nature of the employment, permit, or license under consideration;

7a. Commissions created pursuant to the Transportation District Act of 1964 (§ 33.2-1900 et seq.) of Title 33.2 and their contractors, for the conduct of investigations of individuals who have been offered a position of employment whenever, in the interest of public welfare or safety and as authorized in the Transportation District Act of 1964, it is necessary to determine if the past criminal conduct of a person with a conviction record would be compatible with the nature of the employment under consideration;

8. Public or private agencies when authorized or required by federal or state law or interstate compact to investigate (i) applicants for foster or adoptive parenthood or (ii) any individual, and the adult members of that individual's household, with whom the agency is considering placing a child or from whom the agency is considering removing a child due to abuse or neglect, on an emergency, temporary, or permanent basis pursuant to §§ 63.2-901.1 and 63.2-1505, subject to the restriction that the data shall not be further disseminated to any party other than a federal or state authority or court as may be required to comply with an express requirement of law;

9. To the extent permitted by federal law or regulation, public service companies as defined in § 56-1, for the conduct of investigations of applicants for employment when such employment involves personal contact with the public or when past criminal conduct of an applicant would be incompatible with the nature of the employment under consideration;

10. The appropriate authority for purposes of granting citizenship and for purposes of international travel, including, but not limited to, issuing visas and passports;

11. A person requesting a copy of his own criminal history record information as defined in § 9.1-101 at his cost, except that criminal history record information shall be supplied at no charge to a person who has applied to be a volunteer with (i) a Virginia affiliate of Big Brothers/Big Sisters of America; (ii) a volunteer fire company; (iii) the Volunteer Emergency Families for Children; (iv) any affiliate of Prevent Child Abuse, Virginia; (v) any Virginia affiliate of Compeer; or (vi) any board member or any individual who has been offered membership on the board of a Crime Stoppers, Crime Solvers or Crime Line program as defined in § 15.2-1713.1;

12. Administrators and board presidents of and applicants for licensure or registration as a child welfare agency as defined in § 63.2-100 for dissemination to the Commissioner of Social Services' representative pursuant to § 63.2-1702 for the conduct of investigations with respect to employees of and volunteers at such facilities, caretakers, and other adults living in family day homes or homes approved by family day systems, and foster and adoptive parent applicants of private child-placing agencies,

pursuant to §§ 63.2-1719, 63.2-1720, 63.2-1720.1, 63.2-1721, and 63.2-1721.1, subject to the restriction that the data shall not be further disseminated by the facility or agency to any party other than the data subject, the Commissioner of Social Services' representative or a federal or state authority or court as may be required to comply with an express requirement of law for such further dissemination;

13. The school boards of the Commonwealth for the purpose of screening individuals who are offered or who accept public school employment and those current school board employees for whom a report of arrest has been made pursuant to § 19.2-83.1;

14. The Virginia Lottery for the conduct of investigations as set forth in the Virginia Lottery Law (§ 58.1-4000 et seq.) and casino gaming as set forth in Chapter 41 (§ 58.1-4100 et seq.) of Title 58.1, and the Department of Agriculture and Consumer Services for the conduct of investigations as set forth in Article 1.1:1 (§ 18.2-340.15 et seq.) of Chapter 8 of Title 18.2;

15. Licensed nursing homes, hospitals and home care organizations for the conduct of investigations of applicants for compensated employment in licensed nursing homes pursuant to § 32.1-126.01, hospital pharmacies pursuant to § 32.1-126.02, and home care organizations pursuant to § 32.1-162.9:1, subject to the limitations set out in subsection E;

16. Licensed assisted living facilities and licensed adult day care centers for the conduct of investigations of applicants for compensated employment in licensed assisted living facilities and licensed adult day care centers pursuant to § 63.2-1720, subject to the limitations set out in subsection F;

17. The Virginia Alcoholic Beverage Control Authority for the conduct of investigations as set forth in § 4.1-103.1;

18. The State Board of Elections and authorized officers and employees thereof and general registrars appointed pursuant to § 24.2-110 in the course of conducting necessary investigations with respect to voter registration, limited to any record of felony convictions;

19. The Commissioner of Behavioral Health and Developmental Services for those individuals who are committed to the custody of the Commissioner pursuant to §§ 19.2-169.2, 19.2-169.6, 19.2-182.2, 19.2-182.3, 19.2-182.8, and 19.2-182.9 for the purpose of placement, evaluation, and treatment planning;

20. Any alcohol safety action program certified by the Commission on the Virginia Alcohol Safety Action Program for (i) assessments of habitual offenders under § 46.2-360, (ii) interventions with first offenders under § 18.2-251, or (iii) services to offenders under § 18.2-51.4, 18.2-266, or 18.2-266.1;

21. Residential facilities for juveniles regulated or operated by the Department of Social Services, the Department of Education, or the Department of Behavioral Health and Developmental Services for the purpose of determining applicants' fitness for employment or for providing volunteer or contractual services;

22. The Department of Behavioral Health and Developmental Services and facilities operated by the Department for the purpose of determining an individual's fitness for employment pursuant to departmental instructions;

23. Pursuant to § 22.1-296.3, the governing boards or administrators of private elementary or secondary schools which are accredited pursuant to § 22.1-19 or a private organization coordinating such records information on behalf of such governing boards or administrators pursuant to a written agreement with the Department of State Police;

24. Public institutions of higher education and nonprofit private institutions of higher education for the purpose of screening individuals who are offered or accept employment;

25. Members of a threat assessment team established by a local school board pursuant to § 22.1-79.4, by a public institution of higher education pursuant to § 23.1-805, or by a private nonprofit institution of higher education, for the purpose of assessing or intervening with an individual whose behavior may present a threat to safety; however, no member of a threat assessment team shall redisclose any criminal history record information obtained pursuant to this section or otherwise use any record of an individual beyond the purpose that such disclosure was made to the threat assessment team;

26. Executive directors of community services boards or the personnel director serving the community services board for the purpose of determining an individual's fitness for employment, approval as a sponsored residential service provider, or permission to enter into a shared living arrangement with a person receiving medical assistance services pursuant to a waiver pursuant to §§ 37.2-506 and 37.2-607;

27. Executive directors of behavioral health authorities as defined in § 37.2-600 for the purpose of determining an individual's fitness for employment, approval as a sponsored residential service provider, or permission to enter into a shared living arrangement with a person receiving medical assistance services pursuant to a waiver pursuant to §§ 37.2-506 and 37.2-607;

28. The Commissioner of Social Services for the purpose of locating persons who owe child support or who are alleged in a pending paternity proceeding to be a putative father, provided that only the name, address, demographics and social security number of the data subject shall be released;

29. Authorized officers or directors of agencies licensed pursuant to Article 2 (§ 37.2-403 et seq.) of

Chapter 4 of Title 37.2 by the Department of Behavioral Health and Developmental Services for the purpose of determining if any applicant who accepts employment in any direct care position or requests approval as a sponsored residential service provider or permission to enter into a shared living arrangement with a person receiving medical assistance services pursuant to a waiver has been convicted of a crime that affects his fitness to have responsibility for the safety and well-being of individuals with mental illness, intellectual disability, or substance abuse pursuant to §§ 37.2-416, 37.2-506, and 37.2-607;

30. The Commissioner of the Department of Motor Vehicles, for the purpose of evaluating applicants for and holders of a motor carrier certificate or license subject to the provisions of Chapters 20 (§ 46.2-2000 et seq.) and 21 (§ 46.2-2100 et seq.) of Title 46.2;

31. The chairmen of the Committees for Courts of Justice of the Senate or the House of Delegates for the purpose of determining if any person being considered for election to any judgeship has been convicted of a crime;

32. Heads of state agencies in which positions have been identified as sensitive for the purpose of determining an individual's fitness for employment in positions designated as sensitive under Department of Human Resource Management policies developed pursuant to § 2.2-1201.1;

33. The Office of the Attorney General, for all criminal justice activities otherwise permitted under subdivision A 1 and for purposes of performing duties required by the Civil Commitment of Sexually Violent Predators Act (§ 37.2-900 et seq.);

34. Shipyards, to the extent permitted by federal law or regulation, engaged in the design, construction, overhaul, or repair of nuclear vessels for the United States Navy, including their subsidiary companies, for the conduct of investigations of applications for employment or for access to facilities, by contractors, leased laborers, and other visitors;

35. Any employer of individuals whose employment requires that they enter the homes of others, for the purpose of screening individuals who apply for, are offered, or have accepted such employment;

36. Public agencies when and as required by federal or state law to investigate (i) applicants as providers of adult foster care and home-based services or (ii) any individual with whom the agency is considering placing an adult on an emergency, temporary, or permanent basis pursuant to § 63.2-1601.1, subject to the restriction that the data shall not be further disseminated by the agency to any party other than a federal or state authority or court as may be required to comply with an express requirement of law for such further dissemination, subject to limitations set out in subsection G;

37. The Department of Medical Assistance Services, or its designee, for the purpose of screening individuals who, through contracts, subcontracts, or direct employment, volunteer, apply for, are offered, or have accepted a position related to the provision of transportation services to enrollees in the Medicaid Program or the Family Access to Medical Insurance Security (FAMIS) Program, or any other program administered by the Department of Medical Assistance Services;

38. The State Corporation Commission for the purpose of investigating individuals who are current or proposed members, senior officers, directors, and principals of an applicant or person licensed under Chapter 16 (§ 6.2-1600 et seq.) or Chapter 19 (§ 6.2-1900 et seq.) of Title 6.2. Notwithstanding any other provision of law, if an application is denied based in whole or in part on information obtained from the Central Criminal Records Exchange pursuant to Chapter 16 or 19 of Title 6.2, the Commissioner of Financial Institutions or his designee may disclose such information to the applicant or its designee;

39. The Department of Professional and Occupational Regulation for the purpose of investigating individuals for initial licensure pursuant to § 54.1-2106.1;

40. The Department for Aging and Rehabilitative Services and the Department for the Blind and Vision Impaired for the purpose of evaluating an individual's fitness for various types of employment and for the purpose of delivering comprehensive vocational rehabilitation services pursuant to Article 11 (§ 51.5-170 et seq.) of Chapter 14 of Title 51.5 that will assist the individual in obtaining employment;

41. Bail bondsmen, in accordance with the provisions of § 19.2-120;

42. The State Treasurer for the purpose of determining whether a person receiving compensation for wrongful incarceration meets the conditions for continued compensation under § 8.01-195.12;

43. The Department of Social Services and directors of local departments of social services for the purpose of screening individuals seeking to enter into a contract with the Department of Social Services or a local department of social services for the provision of child care services for which child care subsidy payments may be provided;

44. The Department of Juvenile Justice to investigate any parent, guardian, or other adult members of a juvenile's household when completing a predispositional or postdispositional report required by § 16.1-273 or a Board of Juvenile Justice regulation promulgated pursuant to § 16.1-233; and

45. Other entities as otherwise provided by law.

Upon an ex parte motion of a defendant in a felony case and upon the showing that the records

requested may be relevant to such case, the court shall enter an order requiring the Central Criminal Records Exchange to furnish the defendant, as soon as practicable, copies of any records of persons designated in the order on whom a report has been made under the provisions of this chapter.

Notwithstanding any other provision of this chapter to the contrary, upon a written request sworn to before an officer authorized to take acknowledgments, the Central Criminal Records Exchange, or the criminal justice agency in cases of offenses not required to be reported to the Exchange, shall furnish a copy of conviction data covering the person named in the request to the person making the request; however, such person on whom the data is being obtained shall consent in writing, under oath, to the making of such request. A person receiving a copy of his own conviction data may utilize or further disseminate that data as he deems appropriate. In the event no conviction data is maintained on the data subject, the person making the request shall be furnished at his cost a certification to that effect.

B. Use of criminal history record information disseminated to noncriminal justice agencies under this section shall be limited to the purposes for which it was given and may not be disseminated further.

C. No criminal justice agency or person shall confirm the existence or nonexistence of criminal history record information for employment or licensing inquiries except as provided by law.

D. Criminal justice agencies shall establish procedures to query the Central Criminal Records Exchange prior to dissemination of any criminal history record information on offenses required to be reported to the Central Criminal Records Exchange to ensure that the most up-to-date disposition data is being used. Inquiries of the Exchange shall be made prior to any dissemination except in those cases where time is of the essence and the normal response time of the Exchange would exceed the necessary time period. A criminal justice agency to whom a request has been made for the dissemination of criminal history record information that is required to be reported to the Central Criminal Records Exchange may direct the inquirer to the Central Criminal Records Exchange for such dissemination. Dissemination of information regarding offenses not required to be reported to the Exchange shall be made by the criminal justice agency maintaining the record as required by § 15.2-1722.

E. Criminal history information provided to licensed nursing homes, hospitals and to home care organizations pursuant to subdivision A 15 shall be limited to the convictions on file with the Exchange for any offense specified in §§ 32.1-126.01, 32.1-126.02, and 32.1-162.9:1.

F. Criminal history information provided to licensed assisted living facilities and licensed adult day care centers pursuant to subdivision A 16 shall be limited to the convictions on file with the Exchange for any offense specified in § 63.2-1720.

G. Criminal history information provided to public agencies pursuant to subdivision A 36 shall be limited to the convictions on file with the Exchange for any offense set forth in clause (i) of the definition of barrier crime in § 19.2-392.02.

H. Upon receipt of a written request from an employer or prospective employer, the Central Criminal Records Exchange, or the criminal justice agency in cases of offenses not required to be reported to the Exchange, shall furnish at the employer's cost a copy of conviction data covering the person named in the request to the employer or prospective employer making the request, provided that the person on whom the data is being obtained has consented in writing to the making of such request and has presented a photo-identification to the employer or prospective employer. In the event no conviction data is maintained on the person named in the request, the requesting employer or prospective employer shall be furnished at his cost a certification to that effect. The criminal history record search shall be conducted on forms provided by the Exchange.

I. Nothing in this section shall preclude the dissemination of a person's criminal history record information pursuant to the rules of court for obtaining discovery or for review by the court.

§ 19.2-389. (Effective January 1, 2021) Dissemination of criminal history record information.

A. Criminal history record information shall be disseminated, whether directly or through an intermediary, only to:

1. Authorized officers or employees of criminal justice agencies, as defined by § 9.1-101, for purposes of the administration of criminal justice and the screening of an employment application or review of employment by a criminal justice agency with respect to its own employees or applicants, and dissemination to the Virginia Parole Board, pursuant to this subdivision, of such information on all state-responsible inmates for the purpose of making parole determinations pursuant to subdivisions 1, 2, 3, and 5 of § 53.1-136 shall include collective dissemination by electronic means every 30 days. For purposes of this subdivision, criminal history record information includes information sent to the Central Criminal Records Exchange pursuant to §§ 37.2-819 and 64.2-2014 when disseminated to any full-time or part-time employee of the State Police, a police department or sheriff's office that is a part of or administered by the Commonwealth or any political subdivision thereof, and who is responsible for the prevention and detection of crime and the enforcement of the penal, traffic or highway laws of the Commonwealth for the purposes of the administration of criminal justice;

2. Such other individuals and agencies that require criminal history record information to implement

a state or federal statute or executive order of the President of the United States or Governor that expressly refers to criminal conduct and contains requirements or exclusions expressly based upon such conduct, except that information concerning the arrest of an individual may not be disseminated to a noncriminal justice agency or individual if an interval of one year has elapsed from the date of the arrest and no disposition of the charge has been recorded and no active prosecution of the charge is pending;

3. Individuals and agencies pursuant to a specific agreement with a criminal justice agency to provide services required for the administration of criminal justice pursuant to that agreement which shall specifically authorize access to data, limit the use of data to purposes for which given, and ensure the security and confidentiality of the data;

4. Individuals and agencies for the express purpose of research, evaluative, or statistical activities pursuant to an agreement with a criminal justice agency that shall specifically authorize access to data, limit the use of data to research, evaluative, or statistical purposes, and ensure the confidentiality and security of the data;

5. Agencies of state or federal government that are authorized by state or federal statute or executive order of the President of the United States or Governor to conduct investigations determining employment suitability or eligibility for security clearances allowing access to classified information;

6. Individuals and agencies where authorized by court order or court rule;

7. Agencies of any political subdivision of the Commonwealth, public transportation companies owned, operated or controlled by any political subdivision, and any public service corporation that operates a public transit system owned by a local government for the conduct of investigations of applicants for employment, permit, or license whenever, in the interest of public welfare or safety, it is necessary to determine under a duly enacted ordinance if the past criminal conduct of a person with a conviction record would be compatible with the nature of the employment, permit, or license under consideration;

7a. Commissions created pursuant to the Transportation District Act of 1964 (§ 33.2-1900 et seq.) of Title 33.2 and their contractors, for the conduct of investigations of individuals who have been offered a position of employment whenever, in the interest of public welfare or safety and as authorized in the Transportation District Act of 1964, it is necessary to determine if the past criminal conduct of a person with a conviction record would be compatible with the nature of the employment under consideration;

8. Public or private agencies when authorized or required by federal or state law or interstate compact to investigate (i) applicants for foster or adoptive parenthood or (ii) any individual, and the adult members of that individual's household, with whom the agency is considering placing a child or from whom the agency is considering removing a child due to abuse or neglect, on an emergency, temporary, or permanent basis pursuant to §§ 63.2-901.1 and 63.2-1505, subject to the restriction that the data shall not be further disseminated to any party other than a federal or state authority or court as may be required to comply with an express requirement of law;

9. To the extent permitted by federal law or regulation, public service companies as defined in § 56-1, for the conduct of investigations of applicants for employment when such employment involves personal contact with the public or when past criminal conduct of an applicant would be incompatible with the nature of the employment under consideration;

10. The appropriate authority for purposes of granting citizenship and for purposes of international travel, including, but not limited to, issuing visas and passports;

11. A person requesting a copy of his own criminal history record information as defined in § 9.1-101 at his cost, except that criminal history record information shall be supplied at no charge to a person who has applied to be a volunteer with (i) a Virginia affiliate of Big Brothers/Big Sisters of America; (ii) a volunteer fire company; (iii) the Volunteer Emergency Families for Children; (iv) any affiliate of Prevent Child Abuse, Virginia; (v) any Virginia affiliate of Compeer; or (vi) any board member or any individual who has been offered membership on the board of a Crime Stoppers, Crime Solvers or Crime Line program as defined in § 15.2-1713.1;

12. Administrators and board presidents of and applicants for licensure or registration as a child welfare agency as defined in § 63.2-100 for dissemination to the Commissioner of Social Services' representative pursuant to § 63.2-1702 for the conduct of investigations with respect to employees of and volunteers at such facilities, caretakers, and other adults living in family day homes or homes approved by family day systems, and foster and adoptive parent applicants of private child-placing agencies, pursuant to §§ 63.2-1719, 63.2-1720, 63.2-1720.1, 63.2-1721, and 63.2-1721.1, subject to the restriction that the data shall not be further disseminated by the facility or agency to any party other than the data subject, the Commissioner of Social Services' representative or a federal or state authority or court as may be required to comply with an express requirement of law for such further dissemination;

13. The school boards of the Commonwealth for the purpose of screening individuals who are offered or who accept public school employment and those current school board employees for whom a

report of arrest has been made pursuant to § 19.2-83.1;

14. The Virginia Lottery for the conduct of investigations as set forth in the Virginia Lottery Law (§ 58.1-4000 et seq.) and casino gaming as set forth in Chapter 41 (§ 58.1-4100 et seq.) of Title 58.1, and the Department of Agriculture and Consumer Services for the conduct of investigations as set forth in Article 1.1:1 (§ 18.2-340.15 et seq.) of Chapter 8 of Title 18.2;

15. Licensed nursing homes, hospitals and home care organizations for the conduct of investigations of applicants for compensated employment in licensed nursing homes pursuant to § 32.1-126.01, hospital pharmacies pursuant to § 32.1-126.02, and home care organizations pursuant to § 32.1-162.9:1, subject to the limitations set out in subsection E;

16. Licensed assisted living facilities and licensed adult day care centers for the conduct of investigations of applicants for compensated employment in licensed assisted living facilities and licensed adult day care centers pursuant to § 63.2-1720, subject to the limitations set out in subsection F;

17. The Virginia Alcoholic Beverage Control Authority for the conduct of investigations as set forth in § 4.1-103.1;

18. The State Board of Elections and authorized officers and employees thereof and general registrars appointed pursuant to § 24.2-110 in the course of conducting necessary investigations with respect to voter registration, limited to any record of felony convictions;

19. The Commissioner of Behavioral Health and Developmental Services for those individuals who are committed to the custody of the Commissioner pursuant to §§ 19.2-169.2, 19.2-169.6, 19.2-182.2, 19.2-182.3, 19.2-182.8, and 19.2-182.9 for the purpose of placement, evaluation, and treatment planning;

20. Any alcohol safety action program certified by the Commission on the Virginia Alcohol Safety Action Program for (i) assessments of habitual offenders under § 46.2-360, (ii) interventions with first offenders under § 18.2-251, or (iii) services to offenders under § 18.2-51.4, 18.2-266, or 18.2-266.1;

21. Residential facilities for juveniles regulated or operated by the Department of Social Services, the Department of Education, or the Department of Behavioral Health and Developmental Services for the purpose of determining applicants' fitness for employment or for providing volunteer or contractual services;

22. The Department of Behavioral Health and Developmental Services and facilities operated by the Department for the purpose of determining an individual's fitness for employment pursuant to departmental instructions;

23. Pursuant to § 22.1-296.3, the governing boards or administrators of private elementary or secondary schools which are accredited pursuant to § 22.1-19 or a private organization coordinating such records information on behalf of such governing boards or administrators pursuant to a written agreement with the Department of State Police;

24. Public institutions of higher education and nonprofit private institutions of higher education for the purpose of screening individuals who are offered or accept employment;

25. Members of a threat assessment team established by a local school board pursuant to § 22.1-79.4, by a public institution of higher education pursuant to § 23.1-805, or by a private nonprofit institution of higher education, for the purpose of assessing or intervening with an individual whose behavior may present a threat to safety; however, no member of a threat assessment team shall redisclose any criminal history record information obtained pursuant to this section or otherwise use any record of an individual beyond the purpose that such disclosure was made to the threat assessment team;

26. Executive directors of community services boards or the personnel director serving the community services board for the purpose of determining an individual's fitness for employment, approval as a sponsored residential service provider, or permission to enter into a shared living arrangement with a person receiving medical assistance services pursuant to a waiver pursuant to §§ 37.2-506 and 37.2-607;

27. Executive directors of behavioral health authorities as defined in § 37.2-600 for the purpose of determining an individual's fitness for employment, approval as a sponsored residential service provider, or permission to enter into a shared living arrangement with a person receiving medical assistance services pursuant to a waiver pursuant to §§ 37.2-506 and 37.2-607;

28. The Commissioner of Social Services for the purpose of locating persons who owe child support or who are alleged in a pending paternity proceeding to be a putative father, provided that only the name, address, demographics and social security number of the data subject shall be released;

29. Authorized officers or directors of agencies licensed pursuant to Article 2 (§ 37.2-403 et seq.) of Chapter 4 of Title 37.2 by the Department of Behavioral Health and Developmental Services for the purpose of determining if any applicant who accepts employment in any direct care position or requests approval as a sponsored residential service provider or permission to enter into a shared living arrangement with a person receiving medical assistance services pursuant to a waiver has been convicted of a crime that affects his fitness to have responsibility for the safety and well-being of individuals with mental illness, intellectual disability, or substance abuse pursuant to §§ 37.2-416, 37.2-506, and

37.2-607;

30. The Commissioner of the Department of Motor Vehicles, for the purpose of evaluating applicants for and holders of a motor carrier certificate or license subject to the provisions of Chapters 20 (§ 46.2-2000 et seq.) and 21 (§ 46.2-2100 et seq.) of Title 46.2;

31. The chairmen of the Committees for Courts of Justice of the Senate or the House of Delegates for the purpose of determining if any person being considered for election to any judgeship has been convicted of a crime;

32. Heads of state agencies in which positions have been identified as sensitive for the purpose of determining an individual's fitness for employment in positions designated as sensitive under Department of Human Resource Management policies developed pursuant to § 2.2-1201.1;

33. The Office of the Attorney General, for all criminal justice activities otherwise permitted under subdivision A 1 and for purposes of performing duties required by the Civil Commitment of Sexually Violent Predators Act (§ 37.2-900 et seq.);

34. Shipyards, to the extent permitted by federal law or regulation, engaged in the design, construction, overhaul, or repair of nuclear vessels for the United States Navy, including their subsidiary companies, for the conduct of investigations of applications for employment or for access to facilities, by contractors, leased laborers, and other visitors;

35. Any employer of individuals whose employment requires that they enter the homes of others, for the purpose of screening individuals who apply for, are offered, or have accepted such employment;

36. Public agencies when and as required by federal or state law to investigate (i) applicants as providers of adult foster care and home-based services or (ii) any individual with whom the agency is considering placing an adult on an emergency, temporary, or permanent basis pursuant to § 63.2-1601.1, subject to the restriction that the data shall not be further disseminated by the agency to any party other than a federal or state authority or court as may be required to comply with an express requirement of law for such further dissemination, subject to limitations set out in subsection G;

37. The Department of Medical Assistance Services, or its designee, for the purpose of screening individuals who, through contracts, subcontracts, or direct employment, volunteer, apply for, are offered, or have accepted a position related to the provision of transportation services to enrollees in the Medicaid Program or the Family Access to Medical Insurance Security (FAMIS) Program, or any other program administered by the Department of Medical Assistance Services;

38. The State Corporation Commission for the purpose of investigating individuals who are current or proposed members, senior officers, directors, and principals of an applicant or person licensed under Chapter 16 (§ 6.2-1600 et seq.) or Chapter 19 (§ 6.2-1900 et seq.) of Title 6.2. Notwithstanding any other provision of law, if an application is denied based in whole or in part on information obtained from the Central Criminal Records Exchange pursuant to Chapter 16 or 19 of Title 6.2, the Commissioner of Financial Institutions or his designee may disclose such information to the applicant or its designee;

39. The Department of Professional and Occupational Regulation for the purpose of investigating individuals for initial licensure pursuant to § 54.1-2106.1;

40. The Department for Aging and Rehabilitative Services and the Department for the Blind and Vision Impaired for the purpose of evaluating an individual's fitness for various types of employment and for the purpose of delivering comprehensive vocational rehabilitation services pursuant to Article 11 (§ 51.5-170 et seq.) of Chapter 14 of Title 51.5 that will assist the individual in obtaining employment;

41. Bail bondsmen, in accordance with the provisions of § 19.2-120;

42. The State Treasurer for the purpose of determining whether a person receiving compensation for wrongful incarceration meets the conditions for continued compensation under § 8.01-195.12;

43. The Department of Social Services and directors of local departments of social services for the purpose of screening individuals seeking to enter into a contract with the Department of Social Services or a local department of social services for the provision of child care services for which child care subsidy payments may be provided;

44. The Department of Juvenile Justice to investigate any parent, guardian, or other adult members of a juvenile's household when completing a predispositional or postdispositional report required by § 16.1-273 or a Board of Juvenile Justice regulation promulgated pursuant to § 16.1-233;

45. The State Corporation Commission, for the purpose of screening applicants for insurance licensure under Chapter 18 (§ 38.2-1800 et seq.) of Title 38.2; and

46. Other entities as otherwise provided by law.

Upon an ex parte motion of a defendant in a felony case and upon the showing that the records requested may be relevant to such case, the court shall enter an order requiring the Central Criminal Records Exchange to furnish the defendant, as soon as practicable, copies of any records of persons designated in the order on whom a report has been made under the provisions of this chapter.

Notwithstanding any other provision of this chapter to the contrary, upon a written request sworn to

before an officer authorized to take acknowledgments, the Central Criminal Records Exchange, or the criminal justice agency in cases of offenses not required to be reported to the Exchange, shall furnish a copy of conviction data covering the person named in the request to the person making the request; however, such person on whom the data is being obtained shall consent in writing, under oath, to the making of such request. A person receiving a copy of his own conviction data may utilize or further disseminate that data as he deems appropriate. In the event no conviction data is maintained on the data subject, the person making the request shall be furnished at his cost a certification to that effect.

B. Use of criminal history record information disseminated to noncriminal justice agencies under this section shall be limited to the purposes for which it was given and may not be disseminated further.

C. No criminal justice agency or person shall confirm the existence or nonexistence of criminal history record information for employment or licensing inquiries except as provided by law.

D. Criminal justice agencies shall establish procedures to query the Central Criminal Records Exchange prior to dissemination of any criminal history record information on offenses required to be reported to the Central Criminal Records Exchange to ensure that the most up-to-date disposition data is being used. Inquiries of the Exchange shall be made prior to any dissemination except in those cases where time is of the essence and the normal response time of the Exchange would exceed the necessary time period. A criminal justice agency to whom a request has been made for the dissemination of criminal history record information that is required to be reported to the Central Criminal Records Exchange may direct the inquirer to the Central Criminal Records Exchange for such dissemination. Dissemination of information regarding offenses not required to be reported to the Exchange shall be made by the criminal justice agency maintaining the record as required by § 15.2-1722.

E. Criminal history information provided to licensed nursing homes, hospitals and to home care organizations pursuant to subdivision A 15 shall be limited to the convictions on file with the Exchange for any offense specified in §§ 32.1-126.01, 32.1-126.02, and 32.1-162.9:1.

F. Criminal history information provided to licensed assisted living facilities and licensed adult day care centers pursuant to subdivision A 16 shall be limited to the convictions on file with the Exchange for any offense specified in § 63.2-1720.

G. Criminal history information provided to public agencies pursuant to subdivision A 36 shall be limited to the convictions on file with the Exchange for any offense set forth in clause (i) of the definition of barrier crime in § 19.2-392.02.

H. Upon receipt of a written request from an employer or prospective employer, the Central Criminal Records Exchange, or the criminal justice agency in cases of offenses not required to be reported to the Exchange, shall furnish at the employer's cost a copy of conviction data covering the person named in the request to the employer or prospective employer making the request, provided that the person on whom the data is being obtained has consented in writing to the making of such request and has presented a photo-identification to the employer or prospective employer. In the event no conviction data is maintained on the person named in the request, the requesting employer or prospective employer shall be furnished at his cost a certification to that effect. The criminal history record search shall be conducted on forms provided by the Exchange.

I. Nothing in this section shall preclude the dissemination of a person's criminal history record information pursuant to the rules of court for obtaining discovery or for review by the court.

§ 37.2-304. Duties of Commissioner.

The Commissioner shall be the chief executive officer of the Department and shall have the following duties and powers:

1. To supervise and manage the Department and its state facilities.

2. To employ the personnel required to carry out the purposes of this title.

3. To make and enter into all contracts and agreements necessary or incidental to the performance of the Department's duties and the execution of its powers under this title, including contracts with the United States, other states, and agencies and governmental subdivisions of the Commonwealth, consistent with policies and regulations of the Board and applicable federal and state statutes and regulations.

4. To accept, hold, and enjoy gifts, donations, and bequests on behalf of the Department from the United States government, agencies and instrumentalities thereof, and any other source, subject to the approval of the Governor. To these ends, the Commissioner shall have the power to comply with conditions and execute agreements that may be necessary, convenient, or desirable, consistent with policies and regulations of the Board.

5. To accept, execute, and administer any trust in which the Department may have an interest, under the terms of the instruments creating the trust, subject to the approval of the Governor.

6. To transfer between state hospitals and training centers school-age individuals who have been identified as appropriate to be placed in public school programs and to negotiate with other school divisions for placements in order to ameliorate the impact on those school divisions located in a

jurisdiction in which a state hospital or training center is located.

7. To provide to the Director of the Commonwealth's designated protection and advocacy system, established pursuant to § 51.5-39.13, a written report setting forth the known facts of (i) critical incidents, as that term is defined in § 37.2-709.1, or deaths of individuals receiving services in facilities and (ii) serious injuries, as that term is defined in regulations adopted by the Board pursuant to § 37.2-400, or deaths of individuals receiving services in programs operated or licensed by the Department within 15 working days of the critical incident, serious injury, or death.

8. To work with the appropriate state and federal entities to ensure that any individual who has received services in a state facility for more than one year has possession of or receives prior to discharge any of the following documents, when they are needed to obtain the services contained in his discharge plan: a Department of Motor Vehicles approved identification card that will expire 90 days from issuance, a copy of his birth certificate if the individual was born in the Commonwealth, or a social security card from the Social Security Administration. State facility directors, as part of their responsibilities pursuant to § 37.2-837, shall implement this provision when discharging individuals.

9. To work with the Department of Veterans Services and the Department for Aging and Rehabilitative Services to establish a program for mental health and rehabilitative services for Virginia veterans and members of the Virginia National Guard and Virginia residents in the Armed Forces Reserves not in active federal service and their family members pursuant to § 2.2-2001.1.

10. To establish and maintain a pharmaceutical and therapeutics committee composed of representatives of the Department of Medical Assistance Services, state facilities operated by the Department, community services boards, at least one health insurance plan, and at least one individual receiving services to develop a drug formulary for use at all community services boards, state facilities operated by the Department, and providers licensed by the Department.

11. To establish and maintain the Commonwealth Mental Health First Aid Program pursuant to § 37.2-312.2.

12. To submit a report for the preceding fiscal year by December 1 of each year to the Governor and the Chairmen of the House *Committee on Appropriations* and Senate *Finance Committee* *Committee on Finance and Appropriations* that provides information on the operation of Virginia's publicly funded behavioral health and developmental services system. The report shall include a brief narrative and data on the number of individuals receiving state facility services or community services board services, including purchased inpatient psychiatric services; the types and amounts of services received by these individuals; and state facility and community services board service capacities, staffing, revenues, and expenditures. The annual report shall describe major new initiatives implemented during the past year and shall provide information on the accomplishment of systemic outcome and performance measures during the year.

13. To establish a comprehensive program for the prevention and treatment of problem gambling in the Commonwealth and administer the Problem Gambling Treatment and Support Fund established pursuant to § 37.2-314.1.

Unless specifically authorized by the Governor to accept or undertake activities for compensation, the Commissioner shall devote his entire time to his duties.

§ 37.2-314.1. Problem Gambling Treatment and Support Fund.

A. As used in this section:

"Compulsive gambling" means persistent and recurrent problematic gambling behavior leading to clinically significant impairment or distress, as indicated by an individual exhibiting four or more of the criteria as defined by the Diagnostic Statistical Manual of Mental Disorders in a 12-month period and where the behavior is not better explained by a manic episode.

"Problem gambling" means a gambling behavior that causes disruptions in any major area of life, including the psychological, social, or vocational areas of life, but does not fulfill the criteria for diagnosis as a gambling disorder.

B. There is hereby created in the state treasury a special nonreverting fund to be known as the Problem Gambling Treatment and Support Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All moneys required to be deposited into the Fund pursuant to Chapter 41 (§ 58.1-4100 et seq.) of Title 58.1 shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of (i) providing counseling and other support services for compulsive and problem gamblers, (ii) developing and implementing compulsive and problem gambling treatment and prevention programs, and (iii) providing grants to support organizations that provide assistance to compulsive and problem gamblers. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Commissioner.

§ 58.1-4002. Definitions.

For the purposes of *As* used in this chapter, unless the context requires a different meaning:

"Board" means the Virginia Lottery Board established by this chapter.

"Casino gaming" or "game" means baccarat, blackjack, twenty-one, poker, craps, dice, slot machines, roulette wheels, Klondike tables, punchboards, faro layouts, numbers tickets, push cards, jar tickets, or pull tabs and any other activity that is authorized by the Board as a wagering game or device under Chapter 41 (§ 58.1-4100 et seq.). "Casino gaming" or "game" includes on-premises mobile casino gaming.

"Department" means the independent agency responsible for the administration of the Virginia Lottery created in this chapter.

"Director" means the Director of the Virginia Lottery.

"On-premises mobile casino gaming" means casino gaming offered by a casino gaming operator at a casino gaming establishment using a computer network of both federal and nonfederal interoperable packet-switched data networks through which the casino gaming operator may offer casino gaming to individuals who have established an on-premises mobile casino gaming account with the casino gaming operator and who are physically present on the premises of the casino gaming establishment, as authorized by regulations promulgated by the Board.

"Lottery" or "state lottery" means the lottery or lotteries established and operated pursuant to this chapter.

"Sports betting" means placing wagers on sporting events as such activity is regulated by the Board.

"Ticket courier service" means a service operated for the purpose of purchasing Virginia Lottery tickets on behalf of individuals located within or outside the Commonwealth and delivering or transmitting such tickets, or electronic images thereof, to such individuals as a business-for-profit delivery service.

§ 58.1-4004. Membership of Board; appointment; terms; vacancies; removal; expenses.

A. The Board shall consist of ~~five~~ seven members, all of whom shall be citizens and residents of ~~this~~ the Commonwealth and all of whom shall be appointed by and serve at the pleasure of the Governor, subject to confirmation by a majority of the members elected to each house of the General Assembly if in session when the appointment is made, and if not in session, then at its next succeeding session. *At least one member shall be a law-enforcement officer, and at least one member shall be a certified public accountant authorized to practice in the Commonwealth.* Prior to the appointment of any Board members, the Governor shall consider the political affiliation and the geographic residence of the Board members. The members shall be appointed for terms of five years. The members shall annually elect one member as chairman of the Board.

B. Any vacancy on the Board occurring for any reason other than the expiration of a term shall be filled for the unexpired term in the same manner as the original term.

C. The members of the Board shall receive such compensation as provided in § 2.2-2813, shall be subject to the requirements of such section, and shall be allowed reasonable expenses incurred in the performance of their official duties.

D. Before entering upon the discharge of their duties, the members of the Board shall take an oath that they will faithfully and honestly execute the duties of the office during their continuance therein and they shall give bond in such amount as may be fixed by the Governor, conditioned upon the faithful discharge of their duties. The premium on such bond shall be paid out of the Virginia Lottery Fund.

E. No member of the Board shall:

1. Have any direct or indirect financial, ownership, or management interest in any gaming activities, including any casino gaming operation, charitable gaming, pari-mutuel wagering, or lottery.

2. Receive or share in, directly or indirectly, the receipts or proceeds of any gaming activities, including any casino gaming operation, charitable gaming, pari-mutuel wagering, or lottery.

3. Have an interest in any contract for the manufacture or sale of gaming devices, the conduct of any gaming activity, or the provision of independent consulting services in connection with any gaming establishment or gaming activity.

§ 58.1-4006. Powers of the Director.

A. The Director shall supervise and administer the:

1. The operation of the lottery in accordance with the provisions of this chapter and with the rules and regulations promulgated hereunder; and

2. The regulation of casino gaming in accordance with Chapter 41 (§ 58.1-4100 et seq.).

B. The Director shall also:

1. Employ such deputy directors, professional, technical and clerical assistants, and other employees as may be required to carry out the functions and duties of the Department.

2. Act as secretary and executive officer of the Board.

3. Require bond or other surety satisfactory to the Director from licensed agents as provided in

subsection E of § 58.1-4009 and Department employees with access to Department funds or lottery funds, in such amount as provided in the rules and regulations of the Board. The Director may also require bond from other employees as he deems necessary.

4. Confer regularly, but not less than four times each year, with the Board on the operation and administration of the lottery *and the regulation of casino gaming*; make available for inspection by the Board, upon request, all books, records, files, and other information and documents of the Department; and advise the Board and recommend such matters as he deems necessary and advisable to improve the operation and administration of the lottery *and the regulation of casino gaming*.

5. Suspend, revoke, or refuse to renew any license issued pursuant to this chapter or the rules and regulations adopted hereunder.

6. *Suspend, revoke, or refuse to renew any license or permit issued pursuant to Chapter 41 (§ 58.1-4100 et seq.).*

7. *Eject or exclude from a casino gaming establishment any person, whether or not he possesses a license or permit, whose conduct or reputation is such that his presence may, in the opinion of the Director, reflect negatively on the honesty and integrity of casino gaming or interfere with the orderly gaming operations.*

8. *Immediately upon the receipt of a credible complaint of an alleged criminal violation of Chapter 41 (§ 58.1-4100 et seq.), report the complaint to the Attorney General and the State Police for appropriate action.*

9. *Inspect and investigate, and have free access to, the offices, facilities, or other places of business of any licensee or permit holder and may compel the production of any of the books, documents, records, or memoranda of any licensee or permit holder for the purpose of ensuring compliance with Chapter 41 (§ 58.1-4100 et seq.) and Department regulations.*

10. *Compel any person holding a license or permit pursuant to Chapter 41 (§ 58.1-4100 et seq.) to file with the Department such information as shall appear to the Director to be necessary for the performance of the Department's functions, including financial statements and information relative to principals and all others with any pecuniary interest in such person.*

11. *Impose a fine or penalty not to exceed \$1 million upon any person determined, in proceedings commenced pursuant to § 58.1-4105, to have violated any of the provisions of Chapter 41 (§ 58.1-4100 et seq.) or regulations promulgated by the Board.*

12. *Enter into arrangements with any foreign or domestic governmental agency for the purposes of exchanging information or performing any other act to better ensure the proper conduct of casino gaming operations or the efficient conduct of the Director's duties.*

13. Enter into contracts for the operation of the lottery, or any part thereof, for the promotion of the lottery and into interstate lottery contracts with other states. A contract awarded or entered into by the Director shall not be assigned by the holder thereof except by specific approval of the Director.

14. Certify monthly to the State Comptroller and the Board a full and complete statement of lottery revenues, prize disbursements and other expenses for the preceding month.

15. Report monthly to the Governor, the Secretary of Finance, and the Chairmen of the Senate Committee on Finance ~~Committee~~ and Appropriations, House Committee on Finance ~~Committee~~, and House Committee on Appropriations ~~Committee~~ the total lottery revenues, prize disbursements, and other expenses for the preceding month; and make an annual report, which shall include a full and complete statement of lottery revenues, prize disbursements, and other expenses, *as well as a separate financial statement of the expenses incurred in the regulation of casino gaming operations as defined in § 58.1-4100*, to the Governor and the General Assembly. Such annual report shall also include such recommendations for changes in this chapter *and Chapter 41 (§ 58.1-4100 et seq.)* as the Director and Board deem necessary or desirable.

16. Report immediately to the Governor and the General Assembly any matters ~~which~~ *that* require immediate changes in the laws of ~~this~~ *the* Commonwealth in order to prevent abuses and evasions of this chapter *and Chapter 41 (§ 58.1-4100 et seq.)* or the rules and regulations adopted hereunder or to rectify undesirable conditions in connection with the administration or operation of the lottery.

17. Notify prize winners and appropriate state and federal agencies of the payment of prizes in excess of \$600 in the manner required by the lottery rules and regulations.

18. Provide for the withholding of the applicable amount of state and federal income tax of persons claiming a prize for a winning ticket in excess of \$5,001.

C. The Director and the director of security or investigators appointed by the Director shall be vested with the powers of sheriff and sworn to enforce the statutes and regulations pertaining to the Department and to investigate violations of the statutes and regulations that the Director is required to enforce.

D. The Director may authorize temporary bonus or incentive programs for payments to licensed sales agents ~~which~~ *that* he determines will be cost effective and support increased sales of lottery products.

CASINO GAMING.

Article I.

General Provisions.

§ 58.1-4100. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Adjusted gross receipts" means the gross receipts from casino gaming less winnings paid to winners.

"Board" means the Virginia Lottery Board established in the Virginia Lottery Law (§ 58.1-4000 et seq.).

"Casino gaming" or "game" means baccarat, blackjack, twenty-one, poker, craps, dice, slot machines, roulette wheels, Klondike tables, punchboards, faro layouts, numbers tickets, push cards, jar tickets, or pull tabs and any other activity that is authorized by the Board as a wagering game or device under this chapter. "Casino gaming" or "game" includes on-premises mobile casino gaming.

"Casino gaming establishment" means the premises upon which lawful casino gaming is authorized and licensed as provided in this chapter. "Casino gaming establishment" does not include a riverboat or similar vessel.

"Casino gaming operator" means any person issued a license by the Board to operate a casino gaming establishment.

"Cheat" means to alter the selection criteria that determine the result of a game or the amount or frequency of payment in a game for the purpose of obtaining an advantage for one or more participants in a game over other participants in a game.

"Department" means the independent agency responsible for the administration of the Virginia Lottery created in the Virginia Lottery Law (§ 58.1-4000 et seq.).

"Director" means the Director of the Virginia Lottery.

"Eligible host city" means any city described in § 58.1-4107 in which a casino gaming establishment is authorized to be located.

"Entity" means a person that is not a natural person.

"Gaming operation" means the conduct of authorized casino gaming within a casino gaming establishment.

"Gross receipts" means the total amount of money exchanged for the purchase of chips, tokens, or electronic cards by casino gaming patrons.

"Immediate family" means (i) a spouse and (ii) any other person residing in the same household as an officer or employee and who is a dependent of the officer or employee or of whom the officer or employee is a dependent.

"Individual" means a natural person.

"On-premises mobile casino gaming" means casino gaming offered by a casino gaming operator at a casino gaming establishment using a computer network of both federal and nonfederal interoperable packet-switched data networks through which the casino gaming operator may offer casino gaming to individuals who have established an on-premises mobile casino gaming account with the casino gaming operator and who are physically present on the premises of the casino gaming establishment, as authorized by regulations promulgated by the Board.

"Licensee" or "license holder" means any person holding an operator's license under § 58.1-4111.

"Permit holder" means any person holding a supplier or service permit pursuant to this chapter.

"Person" means an individual, partnership, joint venture, association, limited liability company, stock corporation, or nonstock corporation and includes any person that directly or indirectly controls or is under common control with another person.

"Preferred casino gaming operator" means the proposed casino gaming establishment and operator thereof submitted by an eligible host city to the Board as an applicant for licensure.

"Principal" means any individual who solely or together with his immediate family members (i) owns or controls, directly or indirectly, five percent or more of the pecuniary interest in any entity that is a licensee or (ii) has the power to vote or cause the vote of five percent or more of the voting securities or other ownership interests of such entity, and any person who manages a gaming operation on behalf of a licensee.

"Professional sports" means an athletic event involving at least two competing individuals who receive compensation, in excess of their expenses, for participating in such event.

"Security" has the same meaning as provided in § 13.1-501. If the Board finds that any obligation, stock, or other equity interest creates control of or voice in the management operations of an entity in the manner of a security, then such interest shall be considered a security.

"Sports betting" means placing wagers on sporting events as such activity is regulated by the Board.

"Supplier" means any person that sells or leases, or contracts to sell or lease, any casino gaming equipment, devices, or supplies, or provides any management services, to a licensee.

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"Voluntary exclusion program" means a program established by the Board that allows individuals to voluntarily exclude themselves from the gaming areas of facilities under the jurisdiction of the Board by placing their name on a voluntary exclusion list and following the procedures set forth by the Board.

§ 58.1-4101. Regulation and control of casino gaming; limitation.

A. Casino gaming shall be licensed and permitted as herein provided to benefit the people of the Commonwealth. The Board is vested with control of all casino gaming in the Commonwealth, with authority to prescribe regulations and conditions under this chapter. The purposes of this chapter are to assist economic development, promote tourism, and provide for the implementation of casino gaming operations of the highest quality, honesty, and integrity and free of any corrupt, incompetent, dishonest, or unprincipled practices.

B. The conduct of casino gaming shall be limited to the qualified locations established in § 58.1-4107. The Board shall be limited to the issuance of a single operator's license for each such qualified location.

C. The conduct of any casino gaming and entrance to such establishment is a privilege that may be granted or denied by the Board or its duly authorized representatives in its discretion in order to effectuate the purposes set forth in this chapter. Any proposed site for a casino gaming establishment shall be privately owned property subject to the local land use and property taxation authority of the eligible host city in which the casino gaming establishment is located.

§ 58.1-4102. Powers and duties of the Board; regulations.

The Board shall have the power and duty to:

1. Issue permits and licenses under this chapter and supervise all gaming operations licensed under the provisions of this chapter, including all persons conducting or participating in any gaming operation. The Board shall employ such persons to be present during gaming operations as are necessary to ensure that such gaming operations are conducted with order and the highest degree of integrity.

2. Adopt regulations regarding the conditions under which casino gaming shall be conducted in the Commonwealth and all such other regulations it deems necessary and appropriate to further the purposes of this chapter.

3. Issue an operator's license only to a person who meets the criteria of § 58.1-4107.

4. Issue subpoenas for the attendance of witnesses before the Board, administer oaths, and compel production of records or other documents and testimony of such witnesses whenever in the judgment of the Board it is necessary to do so for the effectual discharge of its duties.

5. Order such audits as it deems necessary and desirable.

6. Provide for the withholding of the applicable amount of state and federal income tax of persons claiming a prize or payoff for winning a game and establish the thresholds for such withholdings.

§ 58.1-4103. Voluntary exclusion program.

A. The Board shall adopt regulations to establish and implement a voluntary exclusion program in the Commonwealth.

B. The regulations shall include the following provisions:

1. Except as provided by rule of the Board, an individual who participates in the voluntary exclusion program agrees to be excluded from entering a casino gaming establishment.

2. The name of an individual participating in the program shall be included on a list of individuals excluded from all casino gaming establishments.

3. Except as provided by rule of the Board, an individual who participates in the voluntary exclusion program may not petition the Board for readmittance to any casino gaming establishment.

4. The list of participants in the voluntary exclusion program and the personal information of the participants shall be confidential and are not subject to disclosure under the Virginia Freedom of Information Act (§ 2.2-3700 et seq.). Dissemination of the list of participants by the Board shall be limited to the owner or operator of a casino gaming establishment for purposes of enforcement and to other entities, upon request by the participant and agreement by the Board.

5. The operator of a casino gaming establishment shall make all reasonable attempts as determined by the Board to cease all direct marketing efforts to an individual participating in the program. An individual's participation in the voluntary exclusion program shall not preclude an operator from seeking the payment of a debt accrued by such individual prior to entering the program.

§ 58.1-4104. Fingerprints and background investigations.

The Board, in conjunction with accredited federal, state, and local law-enforcement agencies, shall conduct a background investigation, including a criminal history records check and fingerprinting, of the following individuals: (i) every individual applying for a license or permit pursuant to this chapter; (ii) every individual who is an officer, director, or principal of a licensee or applicant for a license and every employee of the licensee who conducts gaming operations; (iii) all security personnel of any licensee; (iv) all permit holders and officers, directors, principals, and employees of permit holders

whose duties relate to gaming operations in Virginia; and (v) any other individual determined by the Department to be an active participant in the casino gaming activities of any licensee or permit holder or applicant for a license or permit. Each such individual shall submit his fingerprints and personal descriptive information to the Central Criminal Records Exchange to be forwarded to the Federal Bureau of Investigation for a national criminal records search and to the Department of State Police for a Virginia criminal history records check.

§ 58.1-4105. Hearing and appeal.

Any person aggrieved by a refusal of the Department to issue any license or permit, the suspension or revocation of a license or permit, the imposition of a fine, or any other action of the Department may seek review of such action in accordance with Department regulations and Article 3 (§ 2.2-4018 et seq.) of the Administrative Process Act in the Circuit Court of the City of Richmond. Further appeals shall also be in accordance with Article 5 (§ 2.2-4025 et seq.) of the Administrative Process Act.

§ 58.1-4106. Injunction.

The Department may apply to the appropriate circuit court for an injunction against any person who has violated or may violate any provision of this chapter or any regulation or final decision of the Department. The order granting or refusing such injunction shall be subject to appeal as in other cases in equity.

Article 2.

Eligible Host City; Certification of Preferred Casino Gaming Operator.

§ 58.1-4107. Eligible host city; certification of preferred casino gaming operator.

A. The conduct of casino gaming shall be limited to the following eligible host cities:

1. Any city (i) in which at least 40 percent of the assessed value of all real estate in such city is exempt from local property taxation, according to the Virginia Department of Taxation Annual Report for Fiscal Year 2018, and (ii) that experienced a population decrease of at least seven percent from 1990 to 2016, according to data provided by the U.S. Census Bureau;

2. Any city that had (i) an annual unemployment rate of at least five percent in 2018, according to data provided by the U.S. Bureau of Labor Statistics; (ii) an annual poverty rate of at least 20 percent in 2017, according to data provided by the U.S. Census Bureau; and (iii) a population decrease of at least 20 percent from 1990 to 2016, according to data provided by the U.S. Census Bureau;

3. Any city that (i) had an annual unemployment rate of at least 3.6 percent in 2018, according to data provided by the U.S. Bureau of Labor Statistics; (ii) had an annual poverty rate of at least 20 percent in 2017, according to data provided by the U.S. Census Bureau; (iii) experienced a population decrease of at least four percent from 1990 to 2016, according to data provided by the U.S. Census Bureau; and (iv) is located adjacent to a state that has adopted a Border Region Retail Tourism Development District Act;

4. Any city (i) with a population greater than 200,000 according to the 2018 population estimates from the Weldon Cooper Center for Public Service of the University of Virginia; (ii) in which at least 24 percent of the assessed value of all real estate in such city is exempt from local property taxation, according to the Virginia Department of Taxation Annual Report for Fiscal Year 2018; and (iii) that experienced a population decrease of at least five percent from 1990 to 2016, according to data provided by the U.S. Census Bureau; and

5. Any city (i) with a population greater than 200,000 according to the 2018 population estimates from the Weldon Cooper Center for Public Service of the University of Virginia; (ii) in which at least 24 percent of the assessed value of all real estate in such city is exempt from local property taxation, according to the Virginia Department of Taxation Annual Report for Fiscal Year 2018; and (iii) that had a poverty rate of at least 24 percent in 2017, according to data provided by the U.S. Census Bureau.

B. In selecting a preferred casino gaming operator, an eligible host city shall have considered and given substantial weight to factors such as:

1. The potential benefit and prospective revenues of the proposed casino gaming establishment.

2. The total value of the proposed casino gaming establishment.

3. The proposed capital investment and the financial health of the proposer and any proposed development partners.

4. The experience of the proposer and any development partners in the operation of a casino gaming establishment.

5. Security plans for the proposed casino gaming establishment.

6. The economic development value of the proposed casino gaming establishment and the potential for community reinvestment and redevelopment in an area in need of such.

7. Availability of city-owned assets and privately owned assets, such as real property, including where there is only one location practicably available or land under a development agreement between a potential operator and the city, incorporated in the proposal.

8. *The best financial interest of the city.*

9. *The proposer's status as a minority-owned business as defined in § 2.2-1604 or the proposer's commitment to solicit equity investment in the proposed casino gaming establishment from one or more minority-owned businesses and the proposer's commitment to solicit contracts with minority-owned businesses for the purchase of goods and services.*

C. *The Department shall, upon request of any eligible host city, provide a list of resources that may be of assistance in evaluating the technical merits of any proposal submitted pursuant to this section, provided that selection of the preferred casino gaming operator shall be at the city's sole discretion.*

D. *The eligible host city described in subdivisions A 4 shall provide substantial and preferred consideration to a proposer who is a Virginia Indian tribe recognized in House Joint Resolution No. 54 (1983) and acknowledged by the Assistant Secretary-Indian Affairs for the U.S. Department of the Interior as an Indian tribe within the meaning of federal law that has the authority to conduct gaming activities as a matter of claimed inherent authority or under the authority of the Indian Gaming Regulatory Act (25 U.S.C. § 2701 et seq.).*

E. *The eligible host city described in subdivisions A 5 may provide preferred consideration to a proposer who is a Virginia Indian tribe recognized in House Joint Resolution No. 54 (1983) and acknowledged by the Assistant Secretary-Indian Affairs for the U.S. Department of the Interior as an Indian tribe within the meaning of federal law that has the authority to conduct gaming activities as a matter of claimed inherent authority or under the authority of the Indian Gaming Regulatory Act (25 U.S.C. § 2701 et seq.).*

F. *An eligible host city shall promptly submit its preferred casino gaming operator to the Department for review prior to scheduling the referendum required by § 58.1-4123. An eligible host city shall include with the submission any written or electronic documentation considered as part of the criteria in subsection B, including any memorandums of understanding, incentives, development agreements, land purchase agreements, or local infrastructure agreements. The Department shall conduct a preliminary review of the financial status and ability of the preferred casino gaming operator to operate and properly support ongoing operations in an eligible host city, as well as current casino operations in other states and territories. The Department shall conduct such review within 45 days of receipt of the submission by the eligible host city. An eligible host city and preferred casino gaming operator shall fully cooperate with all necessary requests by the Department in that regard. Upon successful preliminary review, the Department shall certify approval for the eligible host city to proceed to the referendum required by § 58.1-4123. The Department shall develop guidelines establishing procedures and criteria for conducting the preliminary review required by this subsection. Certification by the Department to proceed to referendum shall in no way entitle the preferred casino gaming operator to approval of any application to operate a casino gaming establishment.*

Article 3.

Licenses.

§ 58.1-4108. Operator's license required; capital investment; equity interest; transferability; fee.

A. *No person shall operate a casino gaming establishment unless he has obtained an operator's license issued by the Department in accordance with the provisions of this chapter and the regulations promulgated hereunder.*

B. *To obtain an operator's license issued under the provisions of this chapter, the applicant shall (i) make a capital investment of at least \$300 million in a casino gaming establishment, including the value of the real property upon which such establishment is located and all furnishings, fixtures, and other improvements, and (ii) possess an equity interest equal to at least 20 percent of the casino gaming establishment.*

C. *A license issued under the provisions of this chapter shall be transferable, provided that the Department has approved the proposed transfer and all licensure requirements are satisfied at the time the transfer takes effect.*

D. *A nonrefundable fee of \$15 million shall be paid by the applicant to the Department upon the issuance of a license and upon any subsequent transfer of a license to operate a casino gaming establishment.*

E. *No person issued a license pursuant to this chapter shall be precluded from obtaining a license for online sports betting pursuant to the Virginia Lottery Law (§ 58.1-4000 et seq.) or any subsequently created online sports betting license.*

§ 58.1-4109. Submission of preferred casino gaming operator by eligible host city; application for operator's license; penalty.

A. *If a majority of those voting in a referendum held pursuant to § 58.1-4123 vote in the affirmative, the eligible host city shall certify its preferred casino gaming operator and submit such certification to the Department within 30 days.*

B. *Any preferred casino gaming operator desiring to operate a casino gaming establishment shall file*

with the Department an application for an operator's license. Such application shall be filed at the place prescribed by the Department and shall be in such form and contain such information as prescribed by the Department, including but not limited to the following:

1. The name and address of such person; if a corporation, the state of its incorporation, the full name and address of each officer and director thereof, and, if a foreign corporation, whether it is qualified to do business in the Commonwealth; if a partnership or joint venture, the name and address of each general partner thereof; if a limited liability company, the name and address of each manager thereof; or, if another entity, the name and address of each person performing duties similar to those of officers, directors, and general partners;

2. The name and address of each principal and of each person who has contracted to become a principal of the applicant, including providing management services with respect to any part of gaming operations; the nature and cost of such principal's interest; and the name and address of each person who has agreed to lend money to the applicant;

3. Such information as the Department considers appropriate regarding the character, background, and responsibility of the applicant and the principals, officers, and directors of the applicant;

4. A description of the casino gaming establishment in which such gaming operations are to be conducted, the city where such casino gaming establishment will be located, and the applicant's capital investment plan for the site. The Board shall require such information about a casino gaming establishment and its location as it deems necessary and appropriate to determine whether it complies with the minimum standards provided in this chapter and whether gaming operations at such location will be in furtherance of the purposes of this chapter;

5. Such information relating to the financial responsibility of the applicant and the applicant's ability to perform under its license as the Department considers appropriate;

6. If any of the facilities necessary for the conduct of gaming operations are to be leased, the terms of such lease;

7. Evidence of compliance by the applicant with the economic development and land use plans and design review criteria of the local governing body of the city in which the casino gaming establishment is proposed to be located, including certification that the project complies with all applicable land use ordinances pursuant to Chapter 22 (§ 15.2-2200 et seq.) of Title 15.2;

8. Such information necessary to enable the Department to review the application based upon the best financial interests of the Commonwealth; and

9. Any other information that the Department in its discretion considers appropriate.

C. A nonrefundable application fee of \$50,000 shall be paid for each principal at the time of filing to defray the costs associated with the background investigation conducted for the Department. If the reasonable costs of the investigation exceed the application fee, the applicant shall pay the additional amount to the Department. The Board may establish regulations calculating the reasonable costs to the Department in performing its functions under this chapter and allocating such costs to the applicants for licensure at the time of filing.

D. Any license application from an Indian tribe as described in subsection D of § 58.1-4107 shall certify that the material terms of the relevant development agreements between the Indian tribe and any development partner have been determined in the opinion of the Office of General Counsel of the National Indian Gaming Commission after review not to deprive the Indian tribe of the sole propriety interest in the gaming operations for purposes of federal Indian gaming law.

E. Any application filed hereunder shall be verified by the oath or affirmation of the applicant. Any person who knowingly makes a false statement on an application is guilty of a Class 4 felony.

F. The licensed operator shall be the person primarily responsible for the gaming operations under his license and compliance of such operations with the provisions of this chapter.

§ 58.1-4110. Issuance of operator's license to preferred casino gaming operator; standards for licensure; temporary casino gaming allowed under certain conditions.

A. If a preferred casino gaming operator, as certified by the applicable eligible host city, submits an application that meets the standards for licensure set forth in this article, the Board shall issue an operator's license to such preferred casino gaming operator. The Board shall not consider an application from any applicant that has not been certified as a preferred casino gaming operator by an eligible host city.

B. The Board may issue an operator's license to an applicant only if it finds that:

1. The applicant submits a plan for addressing responsible gaming issues, including the goals of the plan, procedures, and deadlines for implementation of the plan;

2. The casino gaming establishment the applicant proposes to use on a permanent basis is or will be appropriate for gaming operations consistent with the purposes of this chapter;

3. The city where the casino gaming establishment will be located certifies that the proposed project complies with all applicable land use ordinances pursuant to Chapter 22 (§ 15.2-2200 et seq.) of Title

15.2;

4. Any required local infrastructure or site improvements, including necessary sewerage, water, drainage facilities, or traffic flow, are to be paid exclusively by the applicant without state or local financial assistance;

5. If the applicant is an entity, its securities are fully paid and, in the case of stock, nonassessable and have been subscribed and will be paid for only in cash or property to the exclusion of past services;

6. All principals meet the criteria of this subsection and have submitted to the jurisdiction of the Virginia courts, and all nonresident principals have designated the Director as their agent for receipt of process;

7. If the applicant is an entity, it has the right to purchase at fair market value the securities of, and require the resignation of, any person who is or becomes disqualified under subsection C;

8. The applicant meets any other criteria established by this chapter and the Board's regulations for the granting of an operator's license;

9. The applicant is qualified to do business in Virginia or is subject to the jurisdiction of the courts of the Commonwealth; and

10. The applicant has not previously been denied a license pursuant to subsection C.

C. The Board shall deny a license to an applicant if it finds that for any reason the issuance of a license to the applicant would reflect adversely on the honesty and integrity of the casino gaming industry in the Commonwealth or that the applicant, or any officer, principal, manager, or director of the applicant:

1. Is or has been guilty of any illegal act, conduct, or practice in connection with gaming operations in this or any other state or has been convicted of a felony;

2. Has had a license or permit to hold or conduct a gaming operation denied for cause, suspended, or revoked, in this or any other state or country, unless the license or permit was subsequently granted or reinstated;

3. Has at any time during the previous five years knowingly failed to comply with the provisions of this chapter or any Department regulation;

4. Has knowingly made a false statement of material fact to the Department or has deliberately failed to disclose any information requested by the Department;

5. Has defaulted in the payment of any obligation or debt due to the Commonwealth and has not cured such default; or

6. Has operated or caused to be operated a casino gaming establishment for which a license is required under this chapter without obtaining such license.

D. The Board shall make a determination regarding whether to issue the operator's license within 12 months of the receipt of a completed application.

E. The Board shall be limited to the issuance of one operator's license for each eligible host city.

F. The Department may authorize casino gaming to occur on a temporary basis for a period of one year under the following conditions:

1. The request to authorize casino gaming is made by a preferred casino gaming operator that has been issued a license pursuant to § 58.1-4110.

2. The preferred casino gaming operator has submitted as a part of its application for licensure a construction schedule for a casino gaming establishment that has been approved by the eligible host city and the Department.

3. The temporary casino gaming is to be conducted at the same site referenced in the referendum held pursuant to § 58.1-4123.

4. The preferred casino gaming operator has secured suppliers and employees holding the appropriate permits required by this chapter and sufficient for the routine operation of the site where the temporary casino gaming is authorized.

5. A performance bond is posted in an amount acceptable to the Board.

G. No portion of any facility developed with the assistance of any grants or loans provided by a redevelopment and housing authority created pursuant to § 36-4 shall be used as a casino gaming establishment.

The Department may renew the authorization to conduct temporary casino gaming for an additional year if it determines that the preferred casino gaming operator has made a good faith effort to comply with the approved construction schedule.

§ 58.1-4111. Duration and form of operator's license; bond.

A. A casino gaming operator license under this chapter shall be valid for a period of 10 years from its date of issuance but shall be reviewed no less frequently than annually to determine compliance with this chapter and Department regulations. Such annual review shall include a certification by the eligible host city of the status of the operator's compliance with local ordinances and regulations. If the

certification states that the operator is not in compliance, the Department shall require the operator to submit a plan of compliance, corrective action, or request for variance.

B. The Board shall establish by regulation the criteria and procedures for license renewal and for amending licenses to conform to changes in a licensee's gaming operations. Such regulations shall require the operator to submit to the Board any updates or revisions to the capital investment plan provided with the initial license application pursuant to subdivision B 4 of § 58.1-4109. Renewal shall not be unreasonably refused.

C. The Department shall require a bond with surety acceptable to it, and in an amount determined by it, to be sufficient to cover any indebtedness incurred by the licensee to the Commonwealth.

§ 58.1-4112. Records to be kept; reports; reinvestment projection.

A. A licensed operator shall keep his books and records so as to clearly indicate the total amount of gross receipts and adjusted gross receipts.

B. The licensed operator shall furnish to the Department reports and information as the Department may require with respect to its activities on forms designated and supplied for such purpose by the Department.

C. Every five years the licensed operator shall submit to the Department for review and approval a reinvestment projection related to the casino gaming establishment to cover the succeeding five year period of operations.

§ 58.1-4113. Electronic accounting and reporting requirements; annual audit of licensed gaming operations.

A. Each casino game that operates electronically shall be connected to a central monitoring and audit system established and operated by the Department. Such system shall provide the ability to audit and account for terminal revenues and distributions in real time. The central monitoring and audit system shall collect the following information from each electronically operated casino game, as applicable: (i) cash in, (ii) cash out, (iii) points played, (iv) points won, (v) gross terminal income, (vi) net terminal income, (vii) the number of plays of the game, (viii) the amounts paid to play the game, (ix) door openings, (x) power failures, (xi) remote activations and disabling, and (xii) any other information required by Board regulations.

B. Within 90 days after the end of each fiscal year, the licensed operator shall transmit to the Department a third-party, independent audit of the financial transactions and condition of the licensee's total operations. All audits required by this section shall conform to Board regulations.

Article 4.

Supplier's Permits.

§ 58.1-4114. Supplier's permits; penalty.

A. The Board may issue a supplier's permit to any person upon application and payment of a nonrefundable application fee set by the Board, a determination by the Board that the applicant is eligible for a supplier's permit, and payment of a \$5,000 initial permit fee. A supplier's permit shall be renewed annually at a fee to be determined by the Department, not to exceed \$5,000.

B. The holder of a supplier's permit may sell or lease, or contract to sell or lease, casino gaming equipment and supplies, or provide management services, to any licensee involved in the ownership or management of gaming operations to the extent provided in the permit.

C. Gaming equipment, devices, and supplies shall not be distributed unless such equipment, devices, and supplies conform to standards adopted by the Department.

D. A person is ineligible to receive a supplier's permit if:

1. The person has been convicted of a felony under the laws of the Commonwealth or any other state or of the United States;

2. The person has submitted an application for a license under this chapter that contains false information;

3. The person is a Board member, employee of the Department, or a member of the immediate household of a Board member or Department employee;

4. The person is an entity in which a person described in subdivision 1, 2, or 3 is an officer, director, principal, or managerial employee;

5. The firm or corporation employs a person who participates in the management or operation of casino gaming authorized under this chapter; or

6. A prior permit issued to such person to own or operate casino gaming establishments or supply goods or services to a gaming operation under this chapter or any laws of any other jurisdiction has been revoked.

E. Any person that supplies any casino gaming equipment, devices, or supplies to a licensed gaming operation or manages any operation, including a computerized network, of a casino gaming establishment shall first obtain a supplier's permit. A supplier shall furnish to the Department a list of all management services, equipment, devices, and supplies offered for sale or lease in connection with

the games authorized under this chapter. A supplier shall keep books and records for the furnishing of casino gaming equipment, devices, and supplies to gaming operations separate and distinct from any other business that the supplier might operate. A supplier shall file a quarterly return with the Department listing all sales and leases for which a permit is required. A supplier shall permanently affix its name to all its equipment, devices, and supplies for gaming operations. Any supplier's equipment, devices, or supplies that are used by any person in an unauthorized gaming operation shall be forfeited to the Commonwealth.

F. A licensed operator may operate its own equipment, devices, and supplies and may utilize casino gaming equipment, devices, and supplies at such locations as may be approved by the Department for the purpose of training enrollees in a school operated by the licensee to train individuals who desire to become qualified for employment or promotion in gaming operations. The Board may promulgate regulations for the conduct of any such schools.

G. Each holder of an operator's license under this chapter shall file an annual report with the Department listing its inventories of casino gaming equipment, devices, and supplies related to its operations in Virginia.

H. Any person who knowingly makes a false statement on an application for a supplier's permit is guilty of a Class 4 felony.

§ 58.1-4115. Denial of permit final.

The denial of a supplier's permit by the Department shall be final unless appealed under § 58.1-4105. A permit may not be applied for again for a period of five years from the date of denial without the permission of the Department.

Article 5.

Suspension and Revocation of Licenses and Supplier's Permits; Acquisition of Interest in Licensee or Holder of Supplier's Permit.

§ 58.1-4116. Suspension or revocation of license or permit.

A. The Director may suspend, revoke, refuse to renew, or assess a civil penalty against the holder of a license or permit in a sum not to exceed \$100,000, after notice and a hearing. Such license or permit may, however, be temporarily suspended by the Director without prior notice, pending any prosecution, hearing, or investigation, whether by a third party or by the Director. A license may be suspended, revoked, or refused renewal by the Director for one or more of the following reasons:

1. Failure to comply with, or violation of, any provision of this chapter or any regulation or condition of the Department;

2. Failure to disclose facts during the application process that indicate that such license or permit should not have been issued;

3. Conviction of a felony under the laws of the Commonwealth or any other state or of the United States subsequent to issuance of a license or permit;

4. Failure to file any return or report, to keep any records, or to pay any fees or other charges required by this chapter;

5. Any act of fraud, deceit, misrepresentation, or conduct prejudicial to public confidence in the integrity of gaming operations;

6. A material change, since issuance of the license or permit, with respect to any matters required to be considered by the Director under this chapter; or

7. Other factors established by Board regulation.

B. Such action by the Director shall be final unless appealed in accordance with § 58.1-4105. Suspension or revocation of a license or permit for any violation shall not preclude criminal liability for such violation.

§ 58.1-4117. Acquisition of interest in licensee or permit holder.

The Department shall require any person desiring to become a principal of, or other investor in, any licensee or holder of a supplier's permit to apply to the Board for approval and may demand such information of the applicant as it finds necessary. The Board shall consider such application within 60 days of its receipt, and if in its judgment the acquisition by the applicant would be detrimental to the public interest, to the honesty and integrity of gaming operations, or to its reputation, the application shall be denied. All reasonable costs for review by the Board shall be borne by the applicant.

Article 6.

Service Permits.

§ 58.1-4118. Service permit required.

No person shall participate in any gaming operation as a casino gaming employee or concessionaire or employee of either or in any other occupation that the Board has determined necessary to regulate in order to ensure the integrity of casino gaming in the Commonwealth unless such person possesses a service permit to perform such occupation issued by the Board. The Board shall prescribe by regulation the criteria for the issuance, duration, and renewal of service permits.

§ 58.1-4119. Application for service permit.

A. Any person desiring to obtain a service permit as required by this chapter shall apply on a form prescribed by the Department. The application shall be accompanied by a fee prescribed by the Department.

B. Any application filed hereunder shall be verified by the oath or affirmation of the applicant.

§ 58.1-4120. Consideration of service permit application.

A. The Department shall promptly consider any application for a service permit and issue or deny such service permit on the basis of the information in the application and all other information provided, including any investigation it considers appropriate. If an application for a service permit is approved, the Department shall issue a service permit containing such information as the Department considers appropriate.

B. The Department shall deny the application and refuse to issue the service permit, which denial shall be final unless an appeal is taken under § 58.1-4105, if it finds that the issuance of such service permit to such applicant would not be in the best interests of the Commonwealth or would reflect negatively on the honesty and integrity of casino gaming in the Commonwealth or that the applicant:

1. Has knowingly made a false statement of a material fact in the application or has deliberately failed to disclose any information requested by the Department;

2. Is or has been guilty of any corrupt or fraudulent practice or conduct in connection with gaming operations in the Commonwealth or any other state;

3. Has knowingly failed to comply with the provisions of this chapter or the regulations promulgated hereunder;

4. Has had a service permit to engage in activity related to casino gaming denied for cause, suspended, or revoked in the Commonwealth or any other state, and such denial, suspension, or revocation is still in effect;

5. Is unqualified to perform the duties required for the service permit sought; or

6. Has been convicted of a misdemeanor or felony involving unlawful conduct of wagering, fraudulent use of a gaming credential, unlawful transmission of information, touting, bribery, embezzlement, distribution or possession of drugs, or any crime considered by the Department to be detrimental to the honesty and integrity of casino gaming in the Commonwealth.

C. The Department may refuse to issue a service permit if for any reason it determines the granting of such service permit is not consistent with the provisions of this chapter or its responsibilities or any regulations promulgated by any other agency of the Commonwealth.

§ 58.1-4121. Suspension or revocation of service permit; civil penalty.

A. The Director may suspend, revoke, refuse to renew, or assess a civil penalty against the holder of a service permit in a sum not to exceed \$10,000, after notice and a hearing. Such service permit may, however, be temporarily suspended by the Director without prior notice, pending any prosecution, hearing, or investigation, whether by a third party or by the Director. A service permit may be suspended, revoked, or refused renewal by the Director for one or more of the following reasons:

1. Failure to comply with, or violation of, any provision of this chapter or any regulation or condition of the Department;

2. Failure to disclose facts during the application process that indicate that such service permit should not have been issued;

3. Conviction of a felony under the laws of the Commonwealth or any other state or of the United States subsequent to issuance of a service permit;

4. Failure to file any return or report, keep any record, or pay any fees or other charges required by this chapter;

5. Any act of fraud, deceit, misrepresentation, or conduct prejudicial to public confidence in the integrity of gaming operations;

6. A material change, since issuance of the service permit, with respect to any matters required to be considered by the Director under this chapter; or

7. Other factors established by Department regulation.

B. Actions taken by the Director pursuant to this section shall be final unless appealed in accordance with § 58.1-4105. Suspension or revocation of a service permit for any violation shall not preclude criminal liability for such violation.

Article 7.**Conduct of Casino Gaming.****§ 58.1-4122. Conduct of casino gaming.**

A. Casino gaming may be conducted by licensed operators, subject to the following:

1. Minimum and maximum wagers on games shall be set by Department regulations.

2. Agents of the Department, the Department of State Police, and the local law-enforcement and fire departments may enter any casino gaming establishment and inspect such facility at any time for the

purpose of determining compliance with this chapter and other applicable fire prevention and safety laws.

3. Employees of the Department shall have the right to be present in any facilities under the control of the licensee.

4. Gaming equipment, devices, and supplies customarily used in conducting casino gaming shall be purchased or leased only from suppliers holding permits for such purpose under this chapter.

5. Persons licensed under this chapter shall permit no form of wagering on games except as permitted by this chapter.

6. Wagers may be received only from a person present at the licensed casino gaming establishment. No person present at such facility shall place or attempt to place a wager on behalf of another person who is not present at the facility.

7. No person under age 21 shall be permitted to make a wager under this chapter or be present where casino gaming is being conducted.

8. No person shall place or accept a wager on youth sports.

9. No licensee or permit holder shall accept postdated checks in payment for participation in any gaming operation. No licensee or permit holder, or any person on the premises of a casino gaming establishment, shall extend lines of credit or accept any credit card or other electronic fund transfer in payment for participation in any gaming operation.

B. Casino gaming wagers shall be conducted only with tokens, chips, or electronic cards purchased from a licensed casino gaming operator. Such tokens, chips, or electronic cards may be used only for the purpose of (i) making wagers on games or (ii) making a donation to a charitable entity granted tax-exempt status under § 501(c)(3) of the Internal Revenue Code, provided that the donated tokens, chips, or electronic cards are redeemed by the same charitable entity accepting the donation.

Article 8.

Local Referendum.

§ 58.1-4123. Local referendum required.

A. The Department shall not grant any initial license to operate a gaming operation in an eligible host city until a referendum on the question of whether casino gaming shall be permitted in such city is approved by the voters of such city.

B. The governing body of any city containing an eligible host city shall petition the court, by resolution, asking that a referendum be held on the question of whether casino gaming shall be permitted within the city. The court, by order entered of record in accordance with Article 5 (§ 24.2-681 et seq.) of Chapter 6 of Title 24.2, shall require the regular election officials of the county to open the polls and take the sense of the voters on the question as herein provided.

C. The clerk of such court of record of such city shall publish notice of such election in a newspaper of general circulation in such city once a week for three consecutive weeks prior to such election.

D. The regular election officers of such city shall open the polls at the various voting places in such city on the date specified in such order and conduct such election in the manner provided by law. The election shall be by ballot, which shall be prepared by the electoral board of the city and on which shall be printed the following question:

"Shall casino gaming be permitted at a casino gaming establishment in _____ (name of city and location) as may be approved by the Virginia Lottery Board?

[] Yes

[] No"

In the blank shall be inserted the name of the city in which such election is held and the proposed location of the casino gaming establishment. Any voter desiring to vote "Yes" shall mark in the square provided for such purpose immediately preceding the word "Yes," leaving the square immediately preceding the word "No" unmarked. Any voter desiring to vote "No" shall mark in the square provided for such purpose immediately preceding the word "No," leaving the square immediately preceding the word "Yes" unmarked.

E. The ballots shall be counted, the returns made and canvassed as in other elections, and the results certified by the electoral board to the court ordering such election. Thereupon, such court shall enter an order proclaiming the results of such election and a duly certified copy of such order shall be transmitted to the Department and to the governing body of such city.

F. A subsequent local referendum shall be required if a license has not been granted by the Board within five years of the court order proclaiming the results of the election.

Article 9.

Taxation.

§ 58.1-4124. Tax rate on adjusted gross receipts.

A. A tax on the adjusted gross receipts of each licensed operator received from games authorized under this chapter shall be imposed as follows:

1. On the first \$200 million of adjusted gross receipts of an operator, a rate of 18 percent.
 2. On the adjusted gross receipts of an operator that exceed \$200 million but do not exceed \$400 million, a rate of 23 percent.

3. On the adjusted gross receipts of an operator that exceed \$400 million, a rate of 30 percent.
 B. All tax revenues collected pursuant to the provisions of this section shall accrue to the Gaming Proceeds Fund and be allocated as provided in § 58.1-4125.

C. The taxes imposed by this section shall be paid by the licensed operator to the Department no later than the close of the fifth day of each month for the preceding month when the adjusted gross receipts were received and shall be accompanied by forms and returns prescribed by the Board. Revenues collected pursuant to this section shall be credited to the Gaming Proceeds Fund to be appropriated as set forth in § 58.1-4125. The Department may suspend or revoke the license of an operator for willful failure to submit the wagering tax payment or the return within the specified time.

§ 58.1-4125. Gaming Proceeds Fund.

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Gaming Proceeds Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All moneys required to be deposited into the Fund pursuant to this chapter shall be paid into the state treasury and credited to the Fund. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund.

B. Revenues from the Fund shall be appropriated by the General Assembly as follows:

1. The following amounts shall be appropriated to the city in which they were collected:

a. An amount equal to a six percent tax on the first \$200 million of adjusted gross receipts;

b. An amount equal to a seven percent tax on the adjusted gross receipts that exceed \$200 million but do not exceed \$400 million; and

c. An amount equal to an eight percent tax on the adjusted gross receipts that exceed \$400 million.

2. For any casino gaming establishment operated by a Virginia Indian tribe recognized in House Joint Resolution No. 54 (1983) and acknowledged by the United States Assistant Secretary of Indian Affairs as an Indian tribe within the meaning of federal law that has the authority to conduct gaming activities as a matter of claimed inherent authority or under the authority of the Indian Gaming Regulatory Act (25 U.S.C. § 2701 et seq.), an amount equal to a tax of one percent on the adjusted gross receipts of such establishment shall be deposited in the Virginia Indigenous People's Trust Fund established pursuant to § 2.2-401.01.

3. Eight-tenths of one percent of the Fund shall be appropriated to the Problem Gambling Treatment and Support Fund established pursuant to § 37.2-314.1.

4. Two-tenths of one percent of the Fund shall be appropriated to the Family and Children's Trust Fund established pursuant to § 63.2-2100.

5. Any remaining revenues in the Fund shall be appropriated annually as general fund revenues.

Article 10.

Prohibited Acts; Penalties.

§ 58.1-4126. Illegal operation; penalty.

A. No person shall:

1. Operate casino gaming where wagering is used or to be used without a license issued by the Department.

2. Operate casino gaming where wagering is permitted other than in the manner specified by this chapter.

3. Offer, promise, or give anything of value or benefit to a person who is connected with a gaming operation, including an officer or employee of a licensed operator or permit holder, pursuant to an agreement or arrangement or with the intent that the promise or thing of value or benefit will influence the actions of the person to whom the offer, promise, or gift was made in order to affect or attempt to affect the outcome of a game, or to influence official action of a member of the Board, the Director, a Department employee, or a local governing body.

4. Solicit or knowingly accept a promise of anything of value or benefit while the person is connected with a gaming operation, including an officer or employee of a licensed operator or permit holder, pursuant to an understanding or arrangement or with the intent that the promise or thing of value or benefit will influence the actions of the person to affect or attempt to affect the outcome of a game, or to influence official action of a member of the Board, the Director, a Department employee, or a local governing body.

5. Use or possess with the intent to use a device to assist in:

a. Projecting the outcome of a game;

b. Keeping track of the cards played;

c. Analyzing the probability of the occurrence of an event relating to a game; or

d. Analyzing the strategy for playing or betting to be used in a game except as permitted by Department regulation.

6. Cheat at gaming.

7. Manufacture, sell, or distribute any card, chip, dice, game, or device that is intended to be used to violate any provision of this chapter.

8. Alter or misrepresent the outcome of a game on which wagers have been made after the outcome is made sure but before it is revealed to the players.

9. Place a bet after acquiring knowledge, not available to all players, of the outcome of the game that is the subject of the bet or to aid a person in acquiring the knowledge for the purpose of placing a bet contingent on that outcome.

10. Claim, collect, or take, or attempt to claim, collect, or take, money or anything of value in or from a game, with intent to defraud, without having made a wager contingent on winning the game or claim, collect, or take an amount of money or thing of value of greater value than the amount won.

11. Use counterfeit chips or tokens in a game.

12. Possess any key or device designed for the purpose of opening, entering, or affecting the operation of a game, drop box, or electronic or mechanical device connected with the game or for removing coins, tokens, chips, or other contents of a game. This subdivision does not apply to a casino gaming licensee or employee of a casino gaming licensee acting in furtherance of the employee's employment.

B. Any person convicted of a violation of this section is guilty of a Class 6 felony. In addition, any person convicted of a violation of subsection A shall be barred for life from gaming operations under the jurisdiction of the Board.

§ 58.1-4127. Fraudulent use of credential; penalty.

Any person other than the lawful holder thereof who has in his possession any credential, license, or permit issued by the Department, or any person who has in his possession any forged or simulated credential, license, or permit of the Department, and who uses such credential, license, or permit for the purposes of misrepresentation, fraud, or touting, is guilty of a Class 4 felony.

Any credential, license, or permit issued by the Department, if used by the holder thereof for a purpose other than identification and in the performance of legitimate duties in a casino gaming establishment, shall be automatically revoked.

§ 58.1-4128. Prohibition on persons under 21 years of age placing wagers and sports betting on youth sports; penalty.

A. No person shall wager on or conduct any wagering on the outcome of a game pursuant to the provisions of this chapter unless such person is 21 years of age or older. No person shall accept any wager from a person under age 21.

B. No person shall wager on or conduct any wagering on the outcome of a youth sports game. No person shall accept any wager from a person on a youth sports game.

C. Violation of this section is a Class 1 misdemeanor.

§ 58.1-4129. Conspiracies and attempts to commit violations; penalty.

A. Any person who conspires, confederates, or combines with another, either within or outside the Commonwealth, to commit a felony prohibited by this chapter is guilty of a Class 6 felony.

B. Any person who attempts to commit any act prohibited by this article is guilty of a criminal offense and shall be punished as provided in § 18.2-26, 18.2-27, or 18.2-28, as appropriate.

§ 58.1-4130. Civil penalties.

Any person who conducts a gaming operation without first obtaining a license to do so, or who continues to conduct such games after revocation of his license, in addition to other penalties provided, shall be subject to a civil penalty assessed by the Board equal to the amount of gross receipts derived from wagering on games, whether unauthorized or authorized, conducted on the day, as well as confiscation and forfeiture of all casino gaming equipment, devices, and supplies used in the conduct of unauthorized games. Any civil penalties collected pursuant to this section shall be payable to the State Treasurer for deposit to the general fund.

Article 11.

On-premises Mobile Casino Gaming.

§ 58.1-4131. Federal law applicable.

On-premises mobile casino gaming shall be subject to the provisions of, and preempted and superseded by, any applicable federal law.

§ 58.1-4132. Authorized on-premises mobile casino gaming.

On-premises mobile casino gaming is prohibited except when offered by a casino gaming operator to individuals who participate in on-premises mobile casino gaming on the premises of the casino gaming establishment. Any casino gaming operator that offers on-premises mobile casino gaming shall comply with any regulations promulgated by the Board related to on-premises mobile casino gaming.

§ 58.1-4133. Location of primary on-premises mobile casino gaming operation.

A. A casino gaming operator's primary on-premises mobile casino gaming operation, including facilities, equipment, and personnel who are directly engaged in the conduct of on-premises mobile casino gaming, shall be located within a restricted area on the premises of the casino gaming establishment. Backup equipment used on a temporary basis pursuant to regulations promulgated by the Board to conduct on-premises mobile casino gaming may, with the approval of the Department, be located outside the territorial limits of a casino gaming establishment.

B. Facilities used to conduct and support on-premises mobile casino gaming shall:

1. Be arranged in a manner promoting optimum security;
2. Include a closed circuit visual monitoring system according to specifications approved by the Department, with access on the premises to the system or its signal provided to the Department;
3. Not be designed in any way that might interfere with the ability of the Department to supervise on-premises mobile casino gaming operations; and
4. Comply in all respects with regulations of the Board pertaining thereto.

§ 58.1-4134. On-premises mobile casino gaming accounts.

A. A casino gaming operator may offer on-premises mobile casino gaming only to an individual who has established an on-premises mobile casino gaming account and uses such account to place wagers as follows:

1. Any wager shall be placed directly with the casino gaming operator by the account holder;
2. The casino gaming operator shall verify the account holder's physical presence on the premises of the casino gaming establishment; and
3. The account holder shall provide the casino licensee with the correct authentication information for access to the wagering account.

B. A casino gaming operator shall not accept a wager in an amount in excess of funds on deposit in the account of the individual placing the wager.

§ 58.1-4135. Disposition of inactive, dormant accounts.

All amounts remaining in on-premises mobile casino gaming accounts inactive or dormant for such period and under such conditions as established by regulation by the Board shall be closed. Any funds remaining in the account at such time shall be paid 50 percent to the casino gaming operator and 50 percent to the general fund. Before closing an account pursuant to this section, the casino gaming operator shall attempt to contact the account holder by mail, phone, and electronic.

§ 58.1-4136. Assistance to people with gambling problem.

A. In order to assist those persons who may have a gambling problem, a casino gaming operator shall:

1. Cause the words "If you or someone you know has a gambling problem and wants help, call 1-800-GAMBLER," or some comparable language approved by the Department, which language shall include the words "gambling problem" and "call 1-800 GAMBLER," to be displayed prominently at log-on and log-off times to any person visiting or logged onto on-premises mobile casino gaming; and
2. Provide a mechanism by which an account holder may establish the following controls on wagering activity through the wagering account:

a. A limit on the amount of money deposited within a specified period of time and the length of time the account holder will be unable to participate in gaming if the holder reaches the established deposit limit; and

b. A temporary suspension of gaming through the account for any number of hours or days.

B. The casino gaming operator shall not send gaming-related electronic mail to an account holder while gaming through his account is suspended, if the suspension is for at least 72 hours. The casino gaming operator shall provide a mechanism by which an account holder may change these controls, except that, while gaming through the wagering account is suspended, the account holder may not change gaming controls until the suspension expires, but the account holder shall continue to have access to the account and shall be permitted to withdraw funds from the account upon proper application therefor.

§ 58.1-4137. Offering of on-premises mobile casino gaming without approval; penalties.

Any person who offers on-premises mobile casino gaming in violation of this article or regulations promulgated thereunder is guilty of a Class 6 felony and subject to a fine of not more than \$25,000 and, in the case of a person other than a natural person, to a fine of not more than \$100,000.

§ 58.1-4138. Tampering with equipment; penalties.

A. Any person who knowingly tampers with software, computers, or other equipment used to conduct on-premises mobile casino gaming to alter the odds or the payout of a game or disables the game from operating according to the rules of the game as promulgated by the Board is guilty of a Class 5 felony and subject to a fine of not more than \$50,000 and, in the case of a person other than a natural person, to a fine of not more than \$200,000.

B. In addition to the penalties provided in subsection A, an employee of the casino gaming operator who violates this section shall have his license revoked and shall be subject to such further penalty as the Department deems appropriate.

C. In addition to the penalties provided in subsection A, a casino gaming operator that violates this section shall have its license to conduct casino gaming suspended for a period determined by the Department and shall be subject to such further penalty as the Department deems appropriate.

§ 58.1-4139. Tampering affecting odds, payout; penalties.

A. Any person who knowingly offers or allows to be offered any on-premises mobile casino game that has been tampered with in a way that affects the odds or the payout of a game or disables the game from operating according to the rules of the game as promulgated by the Board is guilty of a Class 5 felony and subject to a fine of not more than \$50,000 and, in the case of a person other than a natural person, to a fine of not more than \$200,000.

B. In addition to the penalties provided in subsection A, an employee of the casino gaming operator who violates this section shall have his license suspended for a period of not less than 30 days.

C. In addition to the penalties provided in subsection A, a casino gaming operator that violates this section shall have its permit to conduct casino gaming suspended for a period of not less than 30 days.

§ 58.1-4140. Facilities permitted to conduct on-premises mobile casino gaming; violations, penalties.

No person shall make its premises available for on-site mobile casino gaming or advertise that its premises may be used for such purpose, other than a casino gaming operator that (i) has located all of its equipment used to conduct on-premises mobile casino gaming, including computers, servers, monitoring rooms, and hubs, on the premises of its casino gaming establishment and (ii) that offers on-site mobile casino gaming only to individuals who participate in such gaming on the premises of the casino gaming establishment. Any person that is determined by the Department to have violated the provisions of this section shall be subject to a penalty of \$1,000 per player per day for making its premises available for on-premises mobile casino gaming and of \$10,000 per violation for advertising that its premises may be used for such purpose.

§ 58.1-4141. Taxation.

Any gross receipts from on-premises mobile casino gaming shall be included in a casino gaming operator's adjusted gross receipts and subject to taxation pursuant to the provisions of Article 9 (§ 58.1-4124 et seq.).

§ 59.1-364. Control of racing with pari-mutuel wagering.

A. Horse racing with pari-mutuel wagering as licensed herein shall be permitted in the Commonwealth for the promotion, sustenance and growth of a native industry, in a manner consistent with the health, safety and welfare of the people. The Virginia Racing Commission is vested with control of all horse racing with pari-mutuel wagering in the Commonwealth, with plenary power to prescribe regulations and conditions under which such racing and wagering shall be conducted, so as to maintain horse racing in the Commonwealth of the highest quality and free of any corrupt, incompetent, dishonest or unprincipled practices and to maintain in such racing complete honesty and integrity. The Virginia Racing Commission shall encourage participation by local individuals and businesses in those activities associated with horse racing.

B. The conduct of any horse racing with pari-mutuel wagering participation in such racing or wagering and entrance to any place where such racing or wagering is conducted is a privilege which may be granted or denied by the Commission or its duly authorized representatives in its discretion in order to effectuate the purposes set forth in this chapter.

C. The award of any prize money for any pari-mutuel wager placed at a racetrack or satellite facility licensed by the Commission shall not be deemed to be a part of any gaming contract within the purview of § 11-14.

D. This section shall not apply to any sports betting or related activity that is lawful under Chapter 41 (§ 58.1-4100 et seq.) of Title 58.1.

2. That the provisions of this act may result in a net increase in periods of imprisonment or commitment. Pursuant to § 30-19.1:4 of the Code of Virginia, the estimated amount of the necessary appropriation cannot be determined for periods of imprisonment in state adult correctional facilities; therefore, Chapter 854 of the Acts of Assembly of 2019 requires the Virginia Criminal Sentencing Commission to assign a minimum fiscal impact of \$50,000. Pursuant to § 30-19.1:4 of the Code of Virginia, the estimated amount of the necessary appropriation cannot be determined for periods of commitment to the custody of the Department of Juvenile Justice.

3. That the Virginia Lottery Board shall promulgate regulations to implement the provisions of this act to be effective within 280 days of its enactment.

4. That if the Virginia Lottery (the Lottery) administers a program under which the Lottery issues licenses or permits to operate online sports betting platforms or sports betting facilities, the

Lottery shall issue any such licenses or permits to any casino gaming operator licensed under Article 3 (§ 58.1-4108) of Chapter 41 of Title 58.1 of the Code of Virginia, as created by this act, regardless of whether such casino gaming operator otherwise meets the requirements for obtaining such license or permit. Any casino gaming operator receiving a license or permit to operate an online sports betting platform and a sports betting facility pursuant to the provisions of this enactment shall be subject to all Virginia statutory or regulatory laws governing sports betting, including: (i) laws defining sports betting and prohibiting any activities related thereto; (ii) fees for applications, licenses, and permits, and any other payments required by the Lottery; and (iii) taxes for offering sports betting. Notwithstanding any law to the contrary, a casino gaming operator receiving a license or permit to operate an online sports betting platform or a sports betting facility pursuant to the provisions of this enactment shall not allow wagering on any athletic event in which at least one participant is a team from a Virginia public or private institution of higher education. Any license or permit issued pursuant to the provisions of this enactment shall expire whenever the casino gaming operator is no longer licensed under Article 3 (§ 58.1-4108) of Chapter 41 of Title 58.1 of the Code of Virginia, as created by this act.

5. That there is hereby established the Regional Improvement Commission (the Commission). The membership of the Commission shall consist of one member appointed by the local governing body of each jurisdiction composing the transportation district created pursuant to the Transportation District Act of 1964 (§ 33.2-1900 et seq. of the Code of Virginia) that includes the eligible host city described in subdivision A 3 of § 58.1-4107 of the Code of Virginia, as created by this act. Each member shall be appointed to serve a two-year term. Notwithstanding the provisions of subdivision B 1 of § 58.1-4125 of the Code of Virginia, as created by this act, for a casino gaming establishment located in the eligible host city described in subdivision A 3 of § 58.1-4107 of the Code of Virginia, as created by this act, such transfer, otherwise returned to the city where it was collected, shall instead be made to the Commission. The purpose of the Commission shall be to (i) receive disbursements made to it; (ii) establish funding priorities for member localities related to improvements in the areas of education, transportation, and public safety; and (iii) make annual payments divided equally among the jurisdictions to fund the established priorities as determined by the Commission.

6. That the referendum required by § 58.1-4123 of the Code of Virginia, as created by this act, on the question of whether casino gaming shall be permitted at a casino gaming establishment located in the eligible host city in which such referendum is conducted, shall be conducted in each eligible host city described in subdivisions A 1 through 4 of § 58.1-4107 of the Code of Virginia, as created by this act, at the regular general election held on November 3, 2020, unless a court of competent jurisdiction sets an alternative date.

7. That the Virginia Racing Commission (the Commission) shall authorize an additional 600 historical racing terminals each time a local referendum required by § 58.1-4123 of the Code of Virginia, as created by this act, is approved, provided that the total number of additional machines authorized in this enactment shall not exceed 2,000 statewide. The tax rate for any machine added pursuant to this enactment clause shall be 20 percent as calculated and distributed pursuant to the method used to calculate and distribute such rate in effect for machines in existence as of January 1, 2020. For every 100 additional machines authorized pursuant to this enactment clause, the total number of live horse racing days shall be increased by one day. Excluding machines installed as of March 1, 2020, each location operating historical racing terminals shall be prohibited from having more than forty percent of its terminals manufactured by any single manufacturer. The increase in historical racing terminals shall not apply with respect to any city where a significant infrastructure limited licensee, as defined in § 59.1-365 of the Code of Virginia, or the affiliate of such licensee is awarded a casino operator's license pursuant to this act. Notwithstanding the provisions of 11VAC10-47-180 and subject to the local referendum requirements of § 59.1-391 of the Code of Virginia, for the machines specifically authorized in this enactment, the Commission shall authorize up to 1,650 machines in a satellite facility in a metropolitan area with a population in excess of 2.5 million located in a jurisdiction that has passed a referendum pursuant to the requirements of § 59.1-391 of the Code of Virginia prior to January 1, 2020, and 500 machines in a metropolitan area with a population in excess of 300,000, provided that no additional machines authorized in this enactment shall be located within 35 miles of an eligible host city as described in § 58.1-4107 of the Code of Virginia, as created by this act. No satellite facility shall be authorized in any locality that is included in the Regional Improvement Commission established in the fifth enactment of this act. Population determinations pursuant to this enactment shall be based on the 2018 population estimates from the Weldon Cooper Center for Public Service of the University of Virginia. Except as provided herein, the Commission shall not be authorized to promulgate regulations to allow or grant a license to

2009 authorize historical horse racing terminals in excess of those permitted by the emergency
2010 regulations that became effective on October 5, 2018.
2011 8. That a contract between an eligible host city and its preferred casino gaming operator, as those
2012 terms are defined in § 58.1-4100 of the Code of Virginia, as created by this act, shall require the
2013 operator to agree that any contractor hired for construction on the site of the casino gaming
2014 establishment (the site) shall be required to (i) pay the local prevailing wage rate as determined by
2015 the U.S. Secretary of Labor under the provisions of the Davis-Bacon Act, 40 U.S.C. § 276 et seq.,
2016 as amended, to each laborer, workman, and mechanic the contractor employs on the site; (ii)
2017 participate in apprenticeship programs that have been certified by the Department of Labor and
2018 Industry or the U.S. Department of Labor; (iii) establish preferences for hiring residents of the
2019 eligible host city and adjacent localities, veterans, women, and minorities for work performed on
2020 the site; (iv) provide health insurance and retirement benefits for all full-time employees
2021 performing work on the site; and (v) require that the provisions of clauses (i) through (iv) be
2022 included in every subcontract so that the provisions will be binding upon each subcontractor. The
2023 contract between an eligible host city and its preferred casino gaming operator shall also require
2024 that the operator agree to (a) pay any of its full-time employees performing work on the site an
2025 hourly wage or a salary, including tips, that equates to an hourly rate no less than 125 percent of
2026 the federal minimum wage; (b) establish preferences for hiring residents of the eligible host city
2027 and adjacent localities, veterans, women, and minorities for work performed on the site in
2028 compliance with any applicable federal law; (c) provide access to health insurance and retirement
2029 savings benefit opportunities for all full-time employees of the operator performing work on the
2030 site; and (d) require that any contract for services performed on the site, other than construction,
2031 with projected annual services fees exceeding \$500,000, meet the requirements of clauses (a), (b),
2032 and (c) with regard to full-time personnel of the subcontractor who will be performing services
2033 under the contract between the operator and the subcontractor.



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.

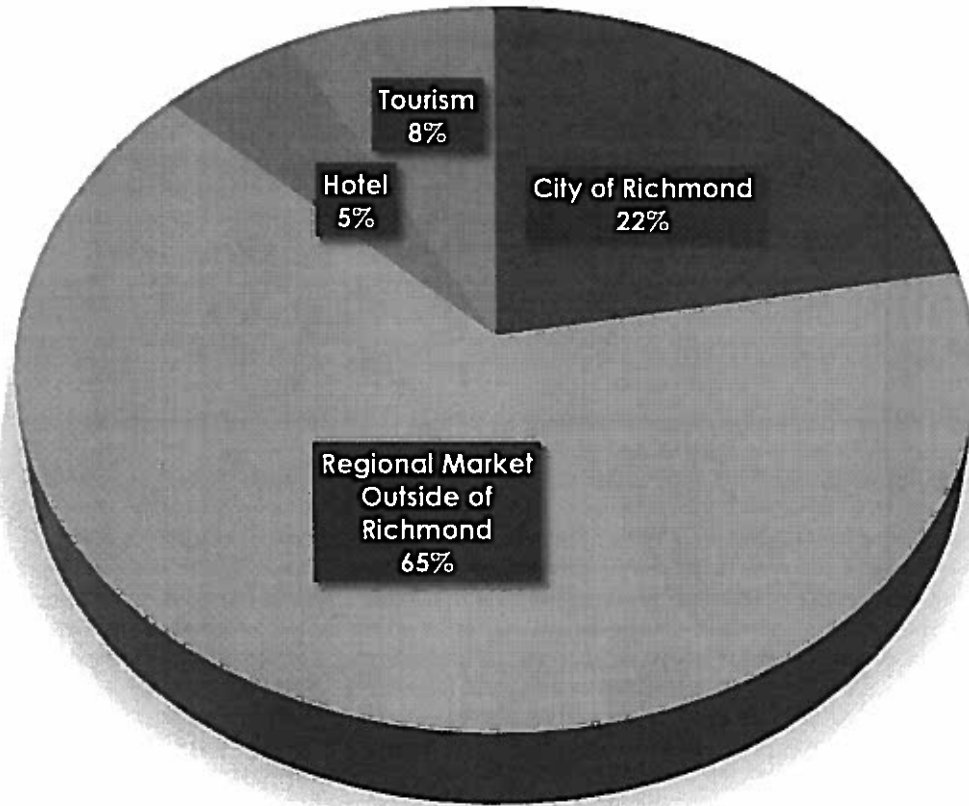
The findings included herein are CSG's preliminary assessment, and may be amended or revised as additional information and data are provided.

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

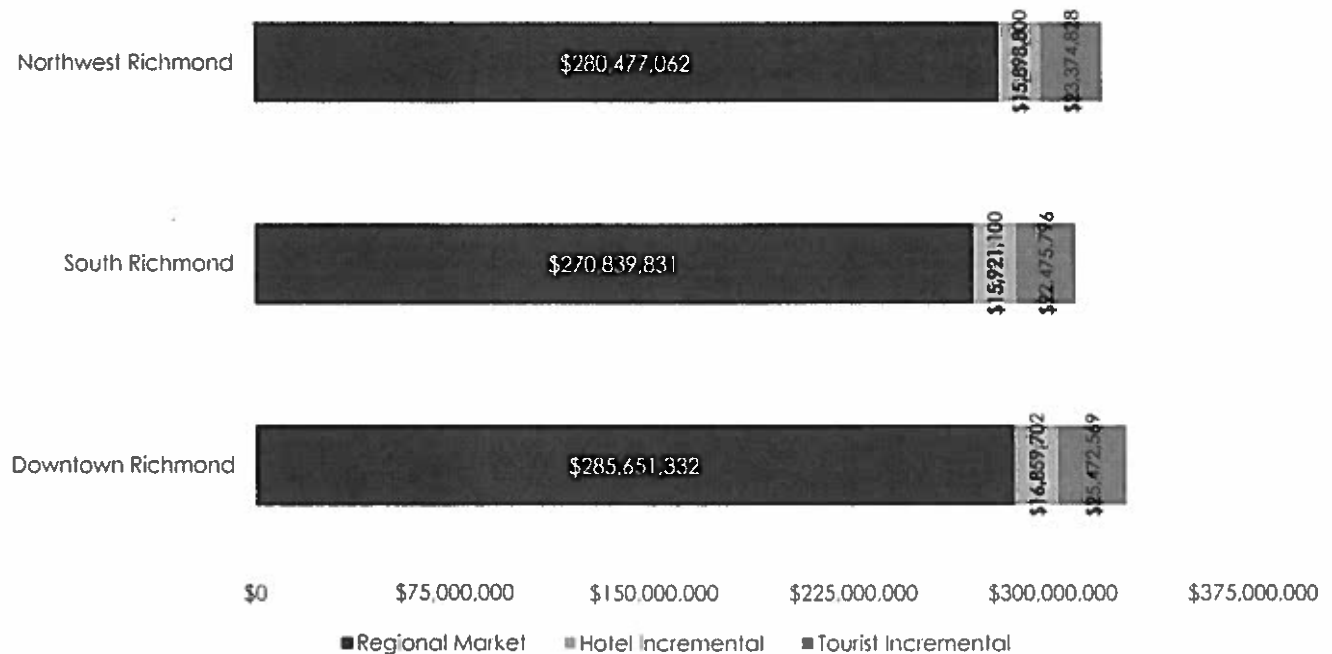
GAMING REVENUE POTENTIAL BY SOURCE, DOWNTOWN RICHMOND SITE

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

Convergence Strategy Group 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,⁵ 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.

⁵ 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 assessed.

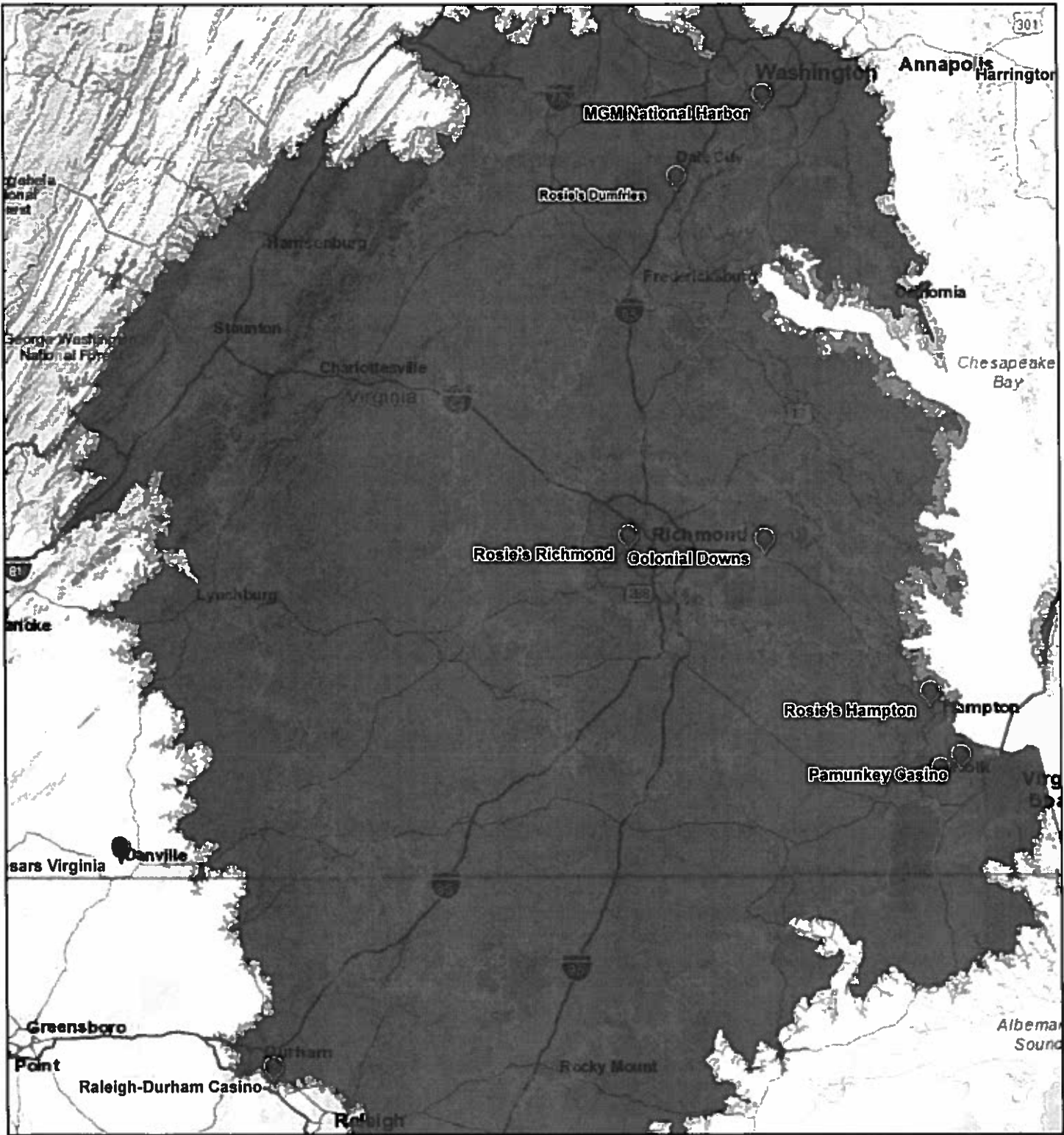
ECONOMIC AND DEMOGRAPHIC ANALYSIS

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

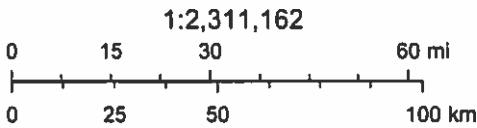
MAP 1: RICHMOND AREA AND DRIVE TIMES FROM DOWNTOWN



March 3, 2021

Existing and Potential Gaming

	Existing		30.0 Minutes
	Potential		60.0 Minutes
	Pending		120.0 Minutes
			150.0 Minutes



Esri, HERE, Garmin, NGA, USGS, NPS

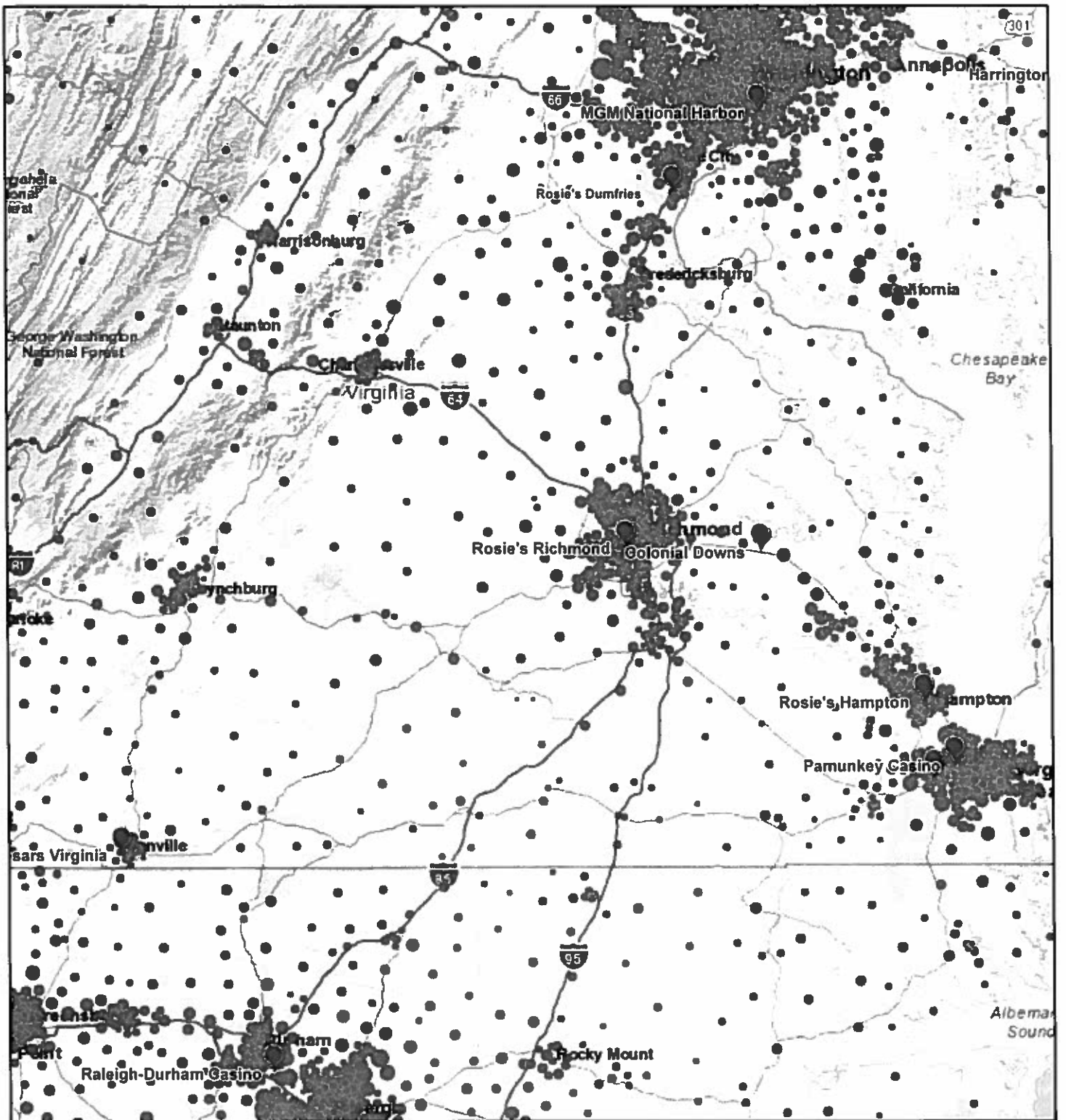
As detailed in *Table 1* and illustrated in *Map 2*, the City of Richmond has a total population of 230,163, nearly 1.1 million people living within a 30-minute drive time of Downtown Richmond, and over 6.4 million people within a 2-hour drive. Those of legal gaming age (21+) number 171,819 in Richmond,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

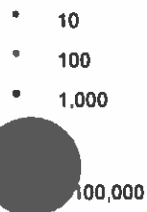
MAP 2: RICHMOND AREA TOTAL POPULATION BY CENSUS TRACT, DOT DENSITY (2020)



March 3, 2021

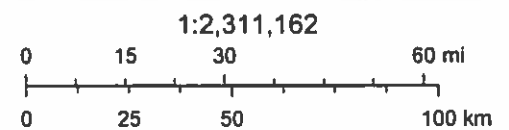
Existing and Potential Gaming

- Existing
- Potential
- Pending



ACS Population Variables - Centroids - Tract

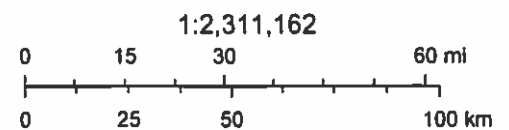
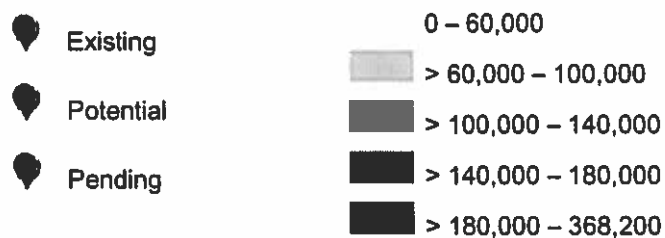
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Esri, HERE, Garmin, NGA, USGS, NPS

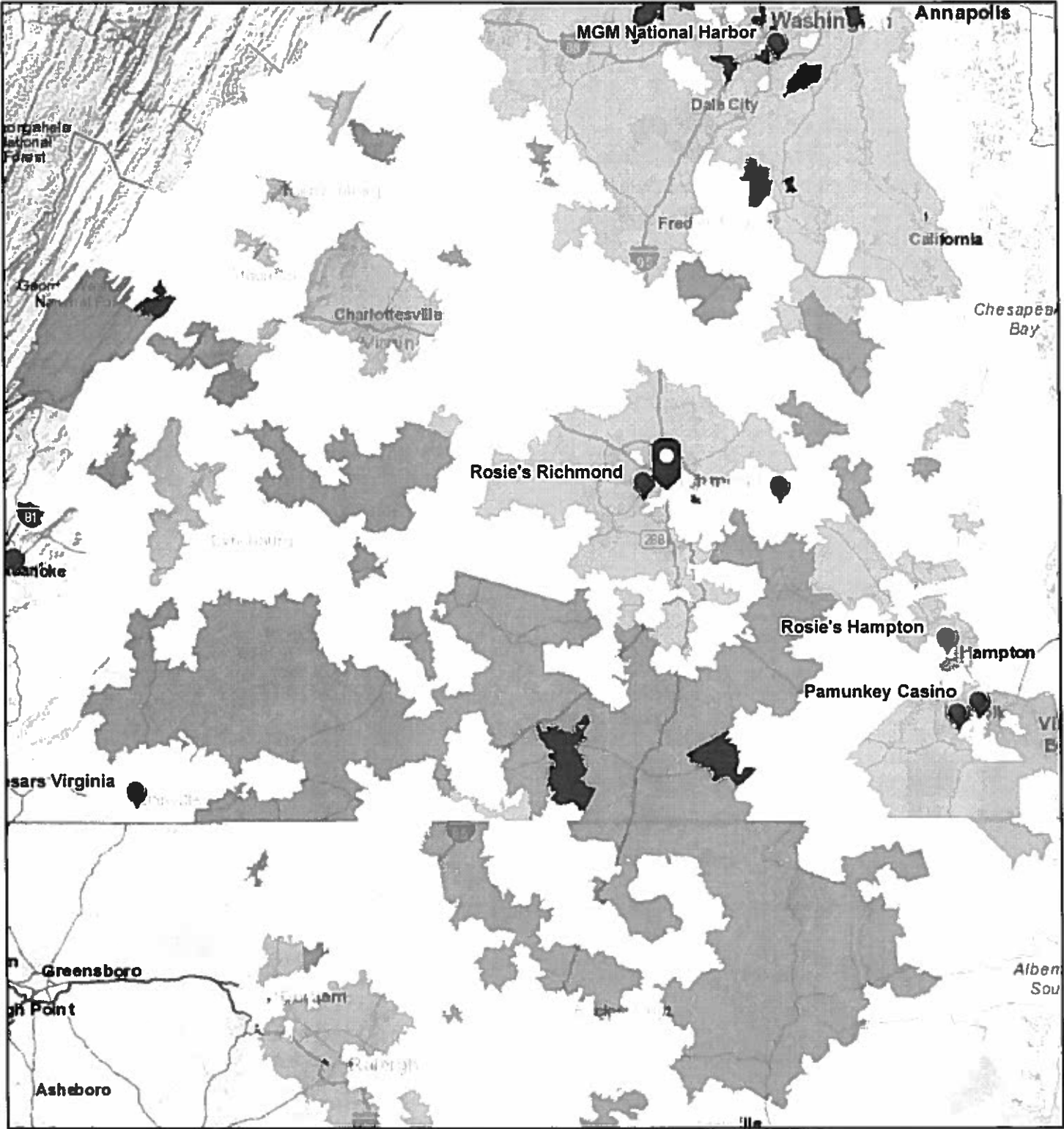
A map of Virginia and surrounding areas showing the locations of Rosie's casinos and other gaming facilities. The map includes labels for cities like Annapolis, Harrisonburg, Staunton, Richmond, and Norfolk, as well as specific locations like MGM National Harbor, Rosie's Dumfries, Rosie's Richmond, Colonial Downs, Rosie's Hampton, Pamunkey Casino, and Raleigh-Durham Casino. It also shows major highways and geographical features like Chesapeake Bay and Albemarle Sound.

Existing and Potential Gaming Market Area Data.AvgHHInc 2020



Esri, HERE, Garmin, NGA, USGS, NPS

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



February 10, 2021

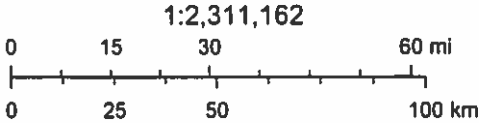
Existing and Potential Gaming

- Existing
- Pending

- > 50 – 75
- > 75 – 100
- > 100 – 125
- > 125 – 183

Market Area Data.Casino Index 2020

- 0 – 50



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, Arrivast 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.

A map of Virginia highlighting the locations of Rosie's casinos. The map shows major cities such as Washington, Annapolis, Harrisonburg, Staunton, Charlottesville, Lynchburg, Richmond, Colonial Downs, Hampton, Pamunkey Casino, Norfolk, Suffolk, Greensboro, Durham, Raleigh, and Rocky Mount. Major highways like I-66, I-95, I-85, and US-17 are depicted. Geographic features include George Washington National Forest, Chesapeake Bay, and Albemarle Sound. Rosie's locations are marked with black dots and labeled: Rosie's Dumfries, Rosie's Richmond, Colonial Downs, Rosie's Hampton, Pamunkey Casino, and Raleigh-Durham Casino.

 Pending

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. [WVL2019AR.pdf \(wvlottery.com\)](https://www.wvlottery.com/WVL2019AR.pdf), pages 44-46.

¹¹ American Gaming Association "State of the States 2020". [AGA-2020-State_of_the_States.pdf \(americangaming.org\)](https://www.aga.com/State-of-the-States-2020.pdf), page 60.

¹² Uriah Kiser, "Resort Casino Proposed to Open in Dumfries in January 2023", [Potomaclocal.com](https://potomaclocal.com/2021/02/15/resort-casino-proposed-to-open-in-dumfries-in-january-2023/), 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.emporiaindependentmessenger.com/news/article_97e924f8-76c6-11eb-b12e-bf000dffd3a9.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

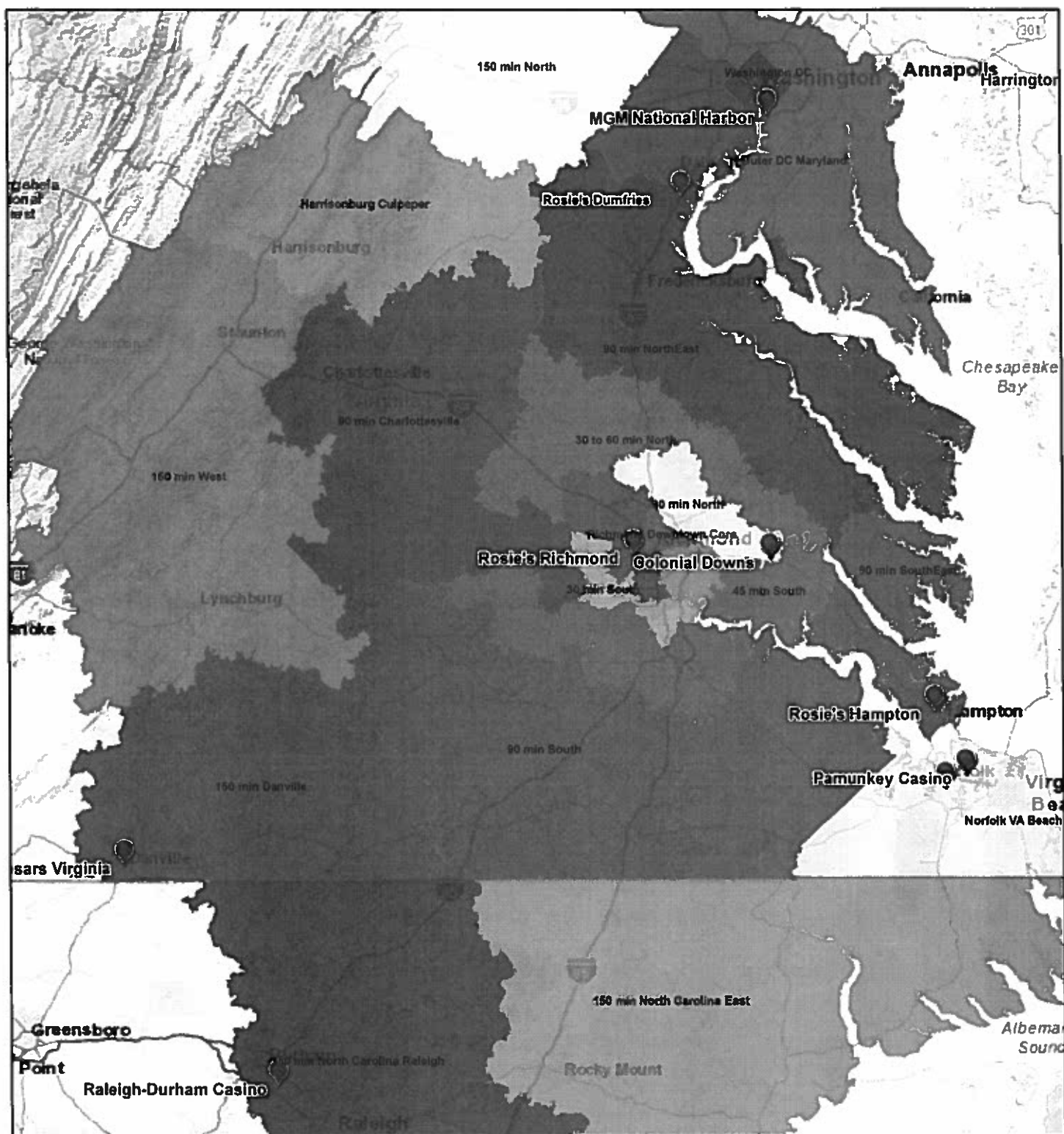
Source: ESRI; CSG market designation

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

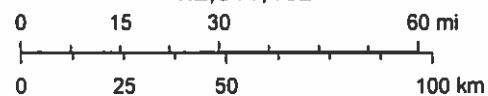


March 3, 2021

Existing and Potential Gaming

- Existing
- Potential
- Pending

1:2,311,162



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 Core1	361,402	\$108.63	\$39.3
South Richmond2	94,995	\$106.23	\$10.1
Northwest Glen Allen3	457,122	\$117.77	\$53.8
West Richmond4	117,246	\$111.83	\$13.1
30 min North5	156,764	\$116.73	\$18.3
Midlothian6	25,666	\$118.29	\$3.0
Montrose Airport7	53,749	\$109.16	\$5.9
30 to 60 min North8	42,526	\$113.30	\$4.8
45 min South9	75,691	\$109.17	\$8.3
90 min Charlottesville10	48,141	\$112.95	\$5.4
90 min NorthEast11	154,374	\$116.52	\$18.0
90 min South12	23,979	\$105.73	\$2.5
90 min SouthEast13	80,630	\$110.72	\$8.9
30 min South14	175,772	\$116.07	\$20.4
Harrisonburg Culpeper15	26,253	\$108.61	\$2.9
Norfolk VA Beach Suffolk16	50,777	\$112.23	\$5.7
150 min North17	54,313	\$124.85	\$6.8
150 min North Carolina East18	33,183	\$106.19	\$3.5
150 min North Carolina Raleigh19	147,298	\$113.01	\$16.6
150 min Danville20	12,922	\$105.24	\$1.4
150 min West21	72,196	\$107.91	\$7.8
Washington DC22	21,395	\$122.64	\$2.6
DC Suburbs VA23	72,717	\$126.18	\$9.2
Outer DC Maryland24	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 Arrivist 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 Core1	321,843	0.2%	644	\$92.96	\$59,840	379
South Richmond2	208,516	0.3%	521	\$90.85	\$47,358	307
Northwest Glen Allen3	296,311	0.3%	741	\$101.04	\$74,846	436
West Richmond4	96,632	0.3%	242	\$95.79	\$23,141	142
30 min North5	108,568	1.0%	1,086	\$100.12	\$108,696	639
Midlothian6	23,671	1.0%	237	\$101.49	\$24,025	139
Montrose Airport7	72,186	1.0%	722	\$93.44	\$67,448	425
30 to 60 min North8	32,270	4.3%	1,371	\$97.09	\$133,149	807
45 min South9	133,489	4.3%	5,673	\$93.45	\$530,148	3,337
90 min Charlottesville10	41,239	8.0%	3,299	\$96.78	\$319,278	1,941
90 min NorthEast11	125,780	8.0%	10,062	\$99.93	\$1,005,544	5,919
90 min South12	30,194	8.0%	2,416	\$90.40	\$218,372	1,421
90 min SouthEast13	94,384	8.0%	7,551	\$94.81	\$715,889	4,442
30 min South14	239,514	1.0%	2,395	\$99.53	\$238,387	1,409
Harrisonburg Culpeper15	22,069	8.0%	1,765	\$92.95	\$164,105	1,039
Norfolk VA Beach Suffolk16	55,782	12.0%	6,694	\$96.14	\$643,554	3,938
150 min North17	48,565	19.0%	9,227	\$107.28	\$989,936	5,428
150 min North Carolina East18	40,076	19.0%	7,614	\$90.81	\$691,500	4,479
150 min North Carolina Raleigh19	174,716	19.0%	33,196	\$96.83	\$3,214,283	19,527
150 min Danville20	13,990	19.0%	2,658	\$89.97	\$239,153	1,564
150 min West21	68,706	19.0%	13,054	\$92.33	\$1,205,260	7,679
Washington DC22	18,748	30.0%	5,624	\$105.33	\$592,397	3,308
DC Suburbs VA23	66,136	25.0%	16,534	\$108.45	\$1,793,154	9,726
Outer DC Maryland24	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 Core1	361,402	0.2%	723	\$92.96	\$67,195	425
South Richmond2	94,995	0.3%	237	\$90.85	\$21,575	140
Northwest Glen Allen3	457,122	0.3%	1,143	\$101.04	\$115,465	672
West Richmond4	117,246	0.3%	293	\$95.79	\$28,078	172
30 min North5	156,764	1.0%	1,568	\$100.12	\$156,947	922
Midlothian6	25,666	1.0%	257	\$101.49	\$26,049	151
Montrose Airport7	53,749	1.0%	537	\$93.44	\$50,221	316
30 to 60 min North8	42,526	4.3%	1,807	\$97.09	\$175,467	1,063
45 min South9	75,691	4.3%	3,217	\$93.45	\$300,602	1,892
90 min Charlottesville10	48,141	8.0%	3,851	\$96.78	\$372,715	2,265
90 min NorthEast11	154,374	8.0%	12,350	\$99.93	\$1,234,135	7,265
90 min South12	23,979	8.0%	1,918	\$90.40	\$173,419	1,128
90 min SouthEast13	80,630	8.0%	6,450	\$94.81	\$611,564	3,794
30 min South14	175,772	1.0%	1,758	\$99.53	\$174,945	1,034
Harrisonburg Culpeper15	26,253	8.0%	2,100	\$92.95	\$195,220	1,235
Norfolk VA Beach Suffolk16	50,777	12.0%	6,093	\$96.14	\$585,810	3,584
150 min North17	54,313	19.0%	10,320	\$107.28	\$1,107,102	6,070
150 min North Carolina East18	33,183	19.0%	6,305	\$90.81	\$572,561	3,709
150 min North Carolina Raleigh19	147,298	19.0%	27,987	\$96.83	\$2,709,864	16,463
150 min Danville20	12,922	19.0%	2,455	\$89.97	\$220,888	1,444
150 min West21	72,196	19.0%	13,717	\$92.33	\$1,266,481	8,069
Washington DC22	21,395	30.0%	6,419	\$105.33	\$676,062	3,776
DC Suburbs VA23	72,717	25.0%	18,179	\$108.45	\$1,971,576	10,694
Outer DC Maryland24	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

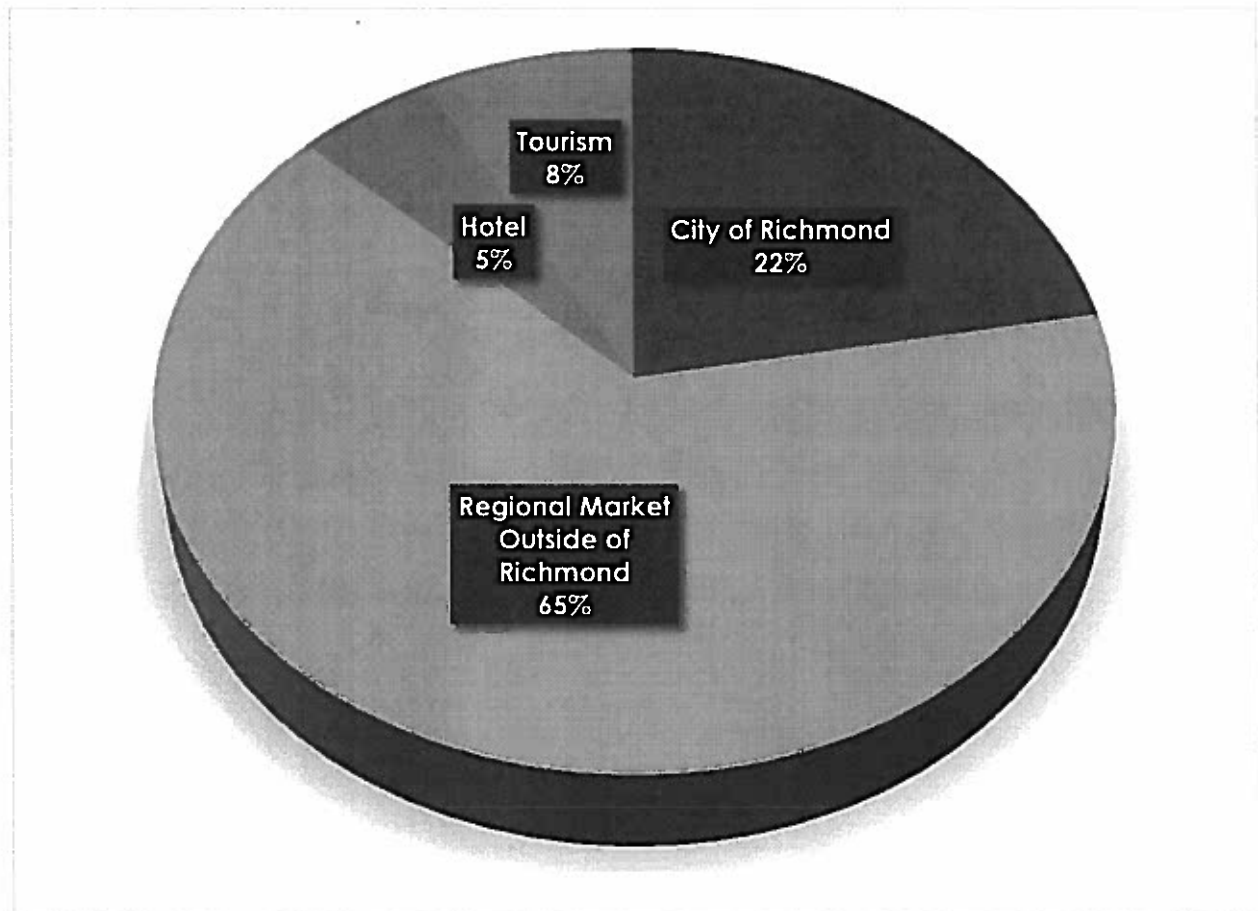
TABLE 21: SUMMARY OF GROSS GAMING REVENUE POTENTIAL

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, \pm \$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](https://www.umass.edu/seigma/sites/default/files/2018%20SOCIOECONOMIC%20IMPACTS%202018-10-03.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