



Hotel & Resort Casino Update

Norfolk City Council
September 10, 2019

Overview

- Tribal Gaming
- Project Scope
- State Action on Gaming
- Deal Terms
- Timeline
- Next Steps



Tribal Gaming

- Pamunkey Indians, a sovereign nation, are identifying sites for a variety of uses and wish to apply to the US Department of Interior to operate a class 2 or 3 casino in Virginia on land adjacent to Harbor Park
- Ability to have Class 2 games under their federal recognition by right since the State allows gambling
- Class 3 gaming requires a compact between the State and the Tribe
- City will receive a substantial economic benefit through an intergovernmental agreement
- Changing landscape on Commercial Casinos in Virginia

Preliminary Project Scope

(Subject to Change Based on Market and General Assembly Actions)

- \$700+ million resort development
- 3,500-4,500 slots
- 100-225 table games
- Four-diamond 500 room full-service hotel (subject to change)
- 3-5 on-site restaurants
- 750 seat entertainment facility
- Spa
- Parking (approximately 6,500 spaces)
- Waterfront promenade



0 50 100 Feet





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City Economic Benefits

- New business opportunities
 - Building Materials
 - Transportation
 - Retail
 - Laundry, waste and recycling disposal
 - Information Technology companies
 - Food and beverage suppliers
- Wage growth and reduced unemployment
- Considerable impact on Tourism
- City Revenues

Tribal Benefits

- Jobs to reduce unemployment and poverty
- Health care for members and families
- Scholarships and educational opportunities
- Investment in housing
- Self-sufficiency
- Giving back to the community

General Assembly Action on Gaming - 2018

- 2018 General Assembly Session – Colonial Downs and Historical Horse Racing
 - Authorized 3,000 Off-Track Pari-Mutuel Wagering/Historical Horse Racing Machines
 - Limits the number of machines by the population of the locality
 - Local approval is currently required under the legislation



Rosie's Facility in New Kent County
Daniel Sangjib MIN/RTD

General Assembly Action on Gaming - 2019

- SB 1126 – Lucas
 - Authorized casino gaming, but with a reenactment clause
 - Casino gaming limited to Portsmouth, Bristol, Danville, and a tribal commercial casino in Norfolk and/or Richmond
 - Requires local referendum – 2020 November election
 - Tasked Joint Legislative Audit and Review Commission (JLARC) to conduct a comprehensive review of casino gaming by December 1, 2019

JLARC Review & 2020 General Assembly Session

- JLARC hired external consultants to calculate and report on the impacts of expanded gaming in Virginia
 - Considerations of governance, regulation, and administration of expanded gaming
 - Estimation of potential revenues and economic impacts
 - Reports presented to JLARC on November 25th
- 2019 November Elections – all 140 seats up
- 2020 General Assembly Session – expect multiple pieces of legislation on expanded gaming

Update on Deal Terms

- Agreeable terms for both:
 - Intergovernmental Agreement (IGA)
 - Purchase Option Agreement
- Acceptable risk mitigations and remedies for non-compliance
- Both tribal and commercial scenarios addressed
- Strong relationship with Pamunkey Tribe and development team

Summary of Draft Deal Terms, Part 1

- Option Agreement with a total term of five (5) years
- Option payments of \$100,000 per year
- Allows Tribe to exercise its option for either a commercial or tribal casino
- Property to be purchased is approximately 13.25 acres
- Purchase price is based on appraisal of \$750,000 per acre for a total purchase price of \$9,937,500

Summary of Draft Deal Terms, Part 2

- If tribal casino
 - After closing on the sale, Tribe pays \$125,000 per year until casino opens
 - After opening, the Tribe will pay the City 4% of Net Gaming Revenues with a minimum of \$3M per year (escalated with real estate values)
 - The City receives no revenue from non-gaming activities if tribal casino
- If a commercial casino,
 - The Tribe will pay taxes including any local option that might be approved by the General Assembly
- In both scenarios the Tribe is responsible for any infrastructure, flood mitigation, or utility improvements directly necessary as a result of the casino project.

Estimated Gaming Revenue Scenarios

Slots	Table Games	Gaming Revenues	City Payment
750	25	\$ 128,872,375	\$ 5,154,895
1000	50	\$ 183,284,750	\$ 7,331,390
1500	100	\$ 307,987,000	\$ 12,319,480
2000	125	\$ 399,629,375	\$ 15,985,175
2500	150	\$ 491,271,750	\$ 19,650,870
3500	175	\$ 641,496,625	\$ 25,659,865
4500	225	\$ 824,781,375	\$ 32,991,255

Transformational Project

- Significant private investment with no public incentives
- New, ongoing City revenues
- New jobs and hotel capacity
- Significant increase in tourism visits, both in and out of state
- Catalyzes Norfolk's waterfront revitalization
- Strongly positions Norfolk in mid-Atlantic tourism and entertainment market

Timeline



Next Steps

- September 24, 2019 - Public Hearing and Council Vote on IGA and Purchase Option
- Endorse tribal trust application
- With respect to 2020 gaming legislation, continue to engage with the Tribe and advocate with legislators