

***Remarks from Danville City Manager Ken Larking
September 3, 2020***

Good afternoon. I am proud to be here to represent the great work of all the people on our team, which includes the members of City Council, the Industrial Development Authority, City staff, our consultants from Convergence Strategy Group, our lobbyist from the Gaston Group, and our outside legal team from Jones Walker.

I thought it would be helpful for the community to get a glimpse of all the work our team did on behalf of our citizens to get us to this point.

It started in December of 2018 when Delegate Marshall came to City Council and the School Board to ask our local elected officials if they would support him in an effort to get the state to give Danville voters permission to vote on whether to allow casino gaming. Both bodies eventually adopted resolutions supporting that effort.

Delegate Marshall, along with others in the General Assembly began to develop a legal framework that would determine how casino gaming would occur in Virginia, which was enacted earlier this year.

When it became apparent that the General Assembly was seriously considering allowing casino gaming in select communities, our institutions began to closely examine the impacts. The Danville Regional Foundation commissioned a study. The City of Danville followed suit with a study of its own. We felt it was important to have expertise working on our behalf so that we understood what to expect and to make sure we put in place the best practices learned over many decades in other communities throughout the country.

It has been incredibly helpful to have Suzanne Leckert and Scott Fisher from Convergence Strategy Group in our corner helping us navigate this process. In addition to studying the impacts, they developed a public Request for Proposal process, which resulted in several excellent companies competing for the right to do business in Danville. Suzanne is here today and has agreed to make herself available for interviews from the local media after the ceremony. Thank you for all you and Scott have done to help us get the best outcome for Danville, should the citizens approve this in November.

In addition, the City hired a lobbyist, Susan Gaston, who is here with us today, to work on our behalf in the General Assembly this past session. She was able to help legislators put into law a tax structure and legal framework that followed best practices and stayed true to the original purpose of helping select economically depressed communities get the resources they need to transform their communities for the better.

On multiple occasions, Susan guided me and members of City Council from meeting to meeting with legislators. I am sure she will agree that our most impactful visit to Richmond was when she, Suzanne Leckert, and Delegate Marshall met with several of the delegates and senators to explain how important it was for them to get the minimum capital investment requirement and tax structure right. I want to thank Senator Louise Lucas and Delegate Barry Knight for leading the effort to get the legislation through the process and taking the time to work closely with the Danville team. The legislation stayed true to Senator Lucas' vision to create substantial economic opportunity and new revenue to the host localities. It is expected that, by year three of operation, the state collected gaming revenue will generate \$22 million in new revenue each year for the City of Danville. To put that in perspective, that is about equal to the total amount the City provides Danville Public Schools for their operations this year.

From the beginning, we have taken seriously our responsibility to make sure that — should the citizens of Danville vote in favor of casino gaming — it would be implemented in the best possible way.

Throughout 2019, we had delegations of City Council members, along with our Economic Development staff visit similar casino communities in other parts of the country. We spoke to mayors, administrators, business leaders, heads of local non-profits, police chiefs and the operators of casinos in New York state and Iowa. It was important to City Council that they learn firsthand how a casino would impact Danville, should it be allowed.

We were particularly impressed by the Caesars Entertainment team's presentation in Iowa. They spoke about how they treat their employees

and get involved in communities where they exist. They also spoke about their focus on providing quality entertainment to their customers and their comprehensive program for identifying and dealing with problem gaming. It was evident to us that they had well-trained and courteous team members who worked to make sure customers had an enjoyable experience at their resort.

When it came time to select an operator, the City Council used the criteria provided by the Virginia Lottery to pick the best proposal, which was the one from Caesars Entertainment for the former Dan River Mills Industrial property in Schoolfield. That's when the work of negotiating a development agreement began.

I, along with City Attorney Clarke Whitfield, Economic Development Director Corrie Bobe, Scott Fisher and Suzanne Leckert from Convergence, and Kelly Duncan and Tommy Shepherd from the legal firm of Jones Walker worked together to negotiate this agreement, and I am quite pleased with the outcome. I am incredibly proud of our team and the work they did on behalf of Danville. Thank you!!

On Tuesday, the City Council and Industrial Development Authority both approved the agreement and I want to thank all members of both bodies for their careful examination of the terms and the guidance they provided to us as we worked through the negotiations. I also want to thank David Rittvo from Caesars Entertainment and their local attorneys, Steven Gould and Hunter Byrnes, for the professional way they handled this process.

Let me take just a moment to share highlights of this agreement:

1. A Caesars-branded resort casino will be constructed with a minimum of \$400 million in capital investment to transform the Schoolfield site into a destination for local residents and visitors alike.
2. The resort will include multiple restaurants and bars, a hotel with 300 four-star guest rooms, a 35,000 square-foot conference center, a 2,500-seat live-entertainment venue, a pool, and a spa.

3. The resort will employ 1,300 full-time equivalent employees, earning an hourly wage of at least \$15 per hour.
4. The resort will generate 900 construction jobs during the construction period.
5. Within 30 days of the referendum, Caesars will pay \$15 million to the City.
6. Before the end of the year, Caesars will purchase the Schoolfield property for \$5 million.
7. Caesars guarantees a minimum of \$5 million in gaming tax revenue each year for every full year Caesars is in operation.
8. A portion of gaming tax revenue will be set aside to invest in the Schoolfield area and the corridor leading to our border with North Carolina.
9. And Caesars will provide an annual supplemental payment directly to the City based on a percentage of net gaming revenue, projected to be about \$12 million each year.

During the initial announcement, I said that the City would soon be asking the community about their thoughts on how to make strategic investments for the betterment of all parts of this community. We have formed an advisory group and hired the same firm that helped us develop our multi-year financial forecasting model, PFM Group Consulting, to guide a citizen-driven process to decide how to invest new revenues, should the casino come to fruition. I hope that everyone watching looks for their opportunity to engage with us through virtual town halls and a community survey.

In order to truly fulfill the vision of transforming our community for the better, it is important that we think carefully and strategically about what we can do to make Danville a desirable place to live, build a business or career, and visit.

Thanks, again, to everyone who was involved in making this day a reality. I am proud to sign this agreement on behalf of all of you for the citizens of Danville.