

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 "Indemnitee") 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 Indemnitee to the extent such Indemnitee's damages arise from such Indemnitee'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>