

FOR IMMEDIATE RELEASE: May 26, 2020

RUSH STREET GAMING AND CITY OF PORTSMOUTH SIGN CASINO DEVELOPMENT AGREEMENT

Economic Development Authority & Gaming Organization Have Executed Development Agreement and Proposal

Portsmouth, VA – The [Portsmouth](#) City Council approved the Casino Development Proposal with [Rush Street Gaming](#) on Tuesday, May 26th, 2020, in open session. The [Portsmouth Economic Development Authority](#) approved development agreement on Tuesday, May 19th, 2020 in preparation for Council.

Portsmouth City Council’s approval of the Proposal designates Rush Street Gaming as the City’s preferred casino gaming operator pending city referendum. The Development Agreement and Proposal are components of a larger package that will go to the Lottery Board in Richmond for approval and certification to allow for the local referendum to proceed. A referendum will then be placed on the local Portsmouth ballot in November for citizens to cast their votes.

“This development agreement is an important step in the approval process and is very exciting for Portsmouth,” said Portsmouth Mayor John L. Rowe. “Rush Street Gaming, led by Neil Bluhm and his team, has a great national reputation, and they have an impeccable track record of more than 20 years in the gaming industry. They understand Portsmouth’s vision for the Entertainment District beyond the mere presence of the casino. Our teams have worked very closely to forge this agreement in order to bring our combined visions to reality for all of our citizens.”

Along with increased tourism benefits from a new Entertainment District, the City anticipates a number of projected economic benefits from the casino development. As outlined in the state legislation, the minimum investment by Rush Street will be \$300 million. This investment will be accompanied by an estimated 1,400 construction jobs, creating many opportunities for local contractors to participate in a large-scale development. There will also be approximately 2,000+ permanent new jobs for the City and region bringing an estimate of \$62+ million of annual wages, salaries, and tips plus competitive comprehensive benefits.

“This is a great day for Portsmouth,” said Neil Bluhm, chairman and co-founder of Rush Street Gaming. “We look forward to doing our part in making Portsmouth the dynamic and prosperous city we all know it can be. Rush Street Gaming will not let the residents of the city down.”

The Development Agreement and Proposal are components of a larger package that will go to the Lottery Board in Richmond for approval and certification to allow for the local referendum to proceed. A referendum will then be placed on the local Portsmouth ballot in November for citizens to cast their votes.

- more -



"Rush Street Gaming welcomes the opportunity to work with the Virginia Lottery Board," said Jacob Oberman, senior vice president of development for Rush Street. "Certainly, there is plenty of work ahead to demonstrate our suitability before the Board, the residents of the city and the Commonwealth at large. We couldn't be more eager to get started."

Headquartered in Chicago, [Rush Street Gaming](#), and its affiliated companies, operate several full-service destination casinos, internet gaming and sports betting, a myriad of restaurants, multiple hotels, several entertainment venues, a television production company and more. The organization has developed and opened four destination casinos in the past decade under the Rivers Casino brand and has created more than 6,000 new quality jobs. All Rivers Casinos are leaders in tax revenue generation in their markets. Overall, Rush Street and its affiliates have invested more than \$3 billion of capital in strategic projects across the Midwest and east coast regions.

"The entire Portsmouth team worked tirelessly to bring Rush Street Gaming as our partners in the development and delivery of the Entertainment District," said Portsmouth City Manager, Dr. L. Pettis Patton. "From the early beginnings of the possibilities to host a casino to the signing of the development agreement, city staff remains steadfast in working toward the goal of making the city of Portsmouth, the first casino not only in our region but in Virginia."

The Portsmouth Casino Proposal includes a phased project approach, beginning with the development of the casino and an entertainment venue along Interstate 264. This plan allows flexibility for scaling the project and launching with speed. The development is anticipated to include several varieties of restaurants, a sportsbook, and entertainment opportunities. The approved proposal outlines initiatives for community involvement, minority equity, and workplace diversity to ensure that the casino in Portsmouth is the best place to work and play.

Rush Street Gaming's recently completed [Rivers Casino & Resort Schenectady](#) in New York's Capital Region offers an example of the potential that exists for the Victory Village Entertainment District in Portsmouth. The Schenectady project includes a hotel, indoor and outdoor entertainment venues, restaurants and bars including local concepts. Rivers Casino & Resort Schenectady employs approximately 1,100 team members, has already been voted a top workplace and was lauded by the City of Schenectady for driving new tourism business to the region, contributing to a 10.5 percent jump in tourism spending year-over-year. Rivers Casino & Resort Schenectady is part of a master-planned development called Mohawk Harbor that includes apartments, condos, townhomes, more dining and bars and another hotel.

"The Casino Development Agreement is a culmination of efforts, and a show of true teamwork," said Robert D. Moore, Portsmouth Economic Development Director. "We are excited about this step of the process being completed and are looking forward to the Rush Street team taking their information to Richmond. In the meantime, we are continuing to work on the Entertainment District needs, such as traffic and environment analysis, to ensure we maintain momentum. This is a big step, and Portsmouth is ready to continue moving forward."



RUSH STREET

Rush Street Gaming will continue working with local, state and regional partners to move the project forward. For more information on the Rivers Casino Portsmouth, to find out how to get involved and to stay up-to-date, please visit: <http://riverscasinoportsmouth.com/>.

About Rush Street Gaming: Founded by Neil Bluhm and Greg Carlin, [Rush Street Gaming](#) and its affiliates have developed and operate successful casinos in Pittsburgh, Philadelphia, Des Plaines, IL (Chicago area) and Schenectady, NY. By placing an emphasis on superior design and outstanding customer service, Rush Street Gaming has become one of the leading casino developers in the United States. Existing casinos generate over \$1 billion in annual gaming revenues, and all Rush Street Gaming casinos have been voted a “Best Place to Work” or “Top Workplace” by their team members. The Rivers Casino Portsmouth project website is <http://riverscasinoportsmouth.com/>.

About Portsmouth Economic Development: [Portsmouth Economic Development](#) (PED) works directly with business, education and government partners to build the foundation and advance the efforts of all residents, private and corporate, in the City of Portsmouth. PED helps businesses to start, locate and grow in Portsmouth by focusing on the advancement of strategic opportunities, by fostering the growth of within our target industries, preparing our residents for opportunities in those industries, and aligning our MWDBE businesses with as many opportunities to partner with larger organizations.

###

Attachments included in release package:

- Press Release (3 pages)
- Executive Summary | Portsmouth Entertainment District Development Agreement and Rush Street Gaming Proposal (2 pages)
- Rivers Casino Portsmouth | Pre-Certification Proposal Summary (4 pages)

Executive Summary

PORTSMOUTH ENTERTAINMENT DISTRICT DEVELOPMENT AGREEMENT and RUSH STREET GAMING PROPOSAL

Comprehensive Agreement – The proposed Development Agreement (“Agreement”) formalizes the partnership between the Portsmouth Economic Development Authority (the “EDA”) and its Preferred Casino Gaming Operator, Rush Street Gaming (“RSG”) conforming with the previously approved Memorandum of Understanding and Cooperation Agreement. With the consent of the Portsmouth City Council (the “City”), the Agreement will serve as a roadmap for the parties to permit, license, design, build, staff and operate an entertainment district with a world class casino (the “Project”) as its anchor, all in accordance with the Commonwealth of Virginia’s (the “State”) recent authorization of and proposed regulation of casino gaming (the “Legislation”).

RSG Proposal – RSG has presented the City a proposal that follows the requirements of the State that is responsive to the nine factors enumerated in the Legislation (the “Proposal”). It concludes the following:

- **Successful Project** - to be known as Rivers Casino Portsmouth, is projected to generate \$16+ million in annual tax revenue for Portsmouth, economic activity and quality construction and permanent jobs for the City and the Commonwealth;
- **Financial Strength and Development Experience** - RSG’s financial resources and project development expertise position it to be able to deliver a \$300 million Project of the highest quality, as soon as is possible; and
- **Responsible Corporate Citizenship** - RSG will honor the Commonwealth’s and the City’s social objectives including commitments to supporting minority and local businesses and maximizing their participation in the Project, as is exemplified in RSG’s business practices at its properties in Illinois, New York and Pennsylvania. RSG has made a commitment to solicit minority investment with an emphasis for City residents.

Approval and Scheduling of Referendum – Upon acceptance of the Proposal, the City agrees to submit the Proposal to the Lottery along with other materials requested identifying RSG as its Preferred Casino Operator, which upon review and approval by the State, will authorize a referendum to be scheduled on November 3, 2020 (the “Referendum”).

Deposit and Land Purchase Terms – **After the signing of the Agreement**, RSG will deposit \$750,000 to be used for Project costs including title, survey, environmental, traffic engineering, site and building plan, architectural design, attorneys’ fees, market analyses, consulting services and permitting work.

Planning, Permitting and Public Safety – RSG and the City will cooperate on all aspects of the zoning, permitting, and other approvals necessary to design and entitle the building of the Project. RSG will reimburse the EDA and City for up to \$400,000 in third-party costs incurred to date and for future costs incurred during the Project development process.

Gaming License – Following a favorable outcome of the Referendum, RSG will file an application for a Gaming Operator’s License (“License”) with the Lottery. Upon receipt of approval of RSG’s license, RSG will be required to make a \$15 million non-refundable license fee to the State.

Land Purchase, Phased Development and Financing – Upon receipt of the License, all permits and approvals of plans and specs by the City and negotiation of a guaranteed maximum price construction contract for the Project, RSG will secure a commitment for debt financing that along with an equity investment will finance the first phase of the Project. At such time, RSG will pay the City \$400,000 per acre, with the initial purchase amount to be no less than \$10 million. RSG will have the ability to acquire additional acreage at the same cost, as necessary to expand the Project. RSG will begin construction of the first phase of the Project, which will include at a minimum a world class casino fitted with Las Vegas style slot machines, table games and a sports book, a range of exciting dining options, adequate parking and other amenities consistent in quality to the Rivers Casino brand and its sister properties in IL, NY and PA. This phase will represent a \$300 million initial total investment. Importantly, the RSG construction budget will fund all necessary infrastructure improvements required to serve the Project.

Minority Participation and Local Hiring – RSG commits to compliance with the Minority Participation and Hiring and Employment guidelines established in the Legislation, including preference for City residents, veterans, women and minorities and will offer comprehensive health insurance and retirement savings benefits.

Revenue Sharing and Projected City Benefits - RSG has commissioned both Project Feasibility and an Economic Impact Study by a third-party expert in gaming and hospitality projects, Strategic Market Advisers (“SMA”). In its conclusions, based upon detailed and conservative economic analysis, SMA projects that the first phase of the Project will:

- Employ 1,400 construction workers per year during the construction period, creating opportunities for local and minority contractors to participate in one of the region’s largest civilian construction projects, the \$300 million Rivers Casino Portsmouth;
- Create over 2,000 permanent new jobs for the City and the region, 1,300+ employed by Rivers Casino Portsmouth with projected \$62 million in annual wages & tips plus benefits.
- Contribute \$260 million in incremental regional GDP; and
- Generate a projected \$16.3 million annually in direct taxes and revenues for the City from Rivers Casino Portsmouth, which will increase with the growth of the business.



RIVERS CASINO PORTSMOUTH

Pre-Certification Proposal Summary

05/22/2020

Rivers Casino Portsmouth Pre-Certification Proposal Executive Summary

On behalf of Rivers Casino Portsmouth, Portsmouth Gaming Holdings, LLC. is pleased to submit this Proposal to the City of Portsmouth. Portsmouth Gaming Holdings, LLC. is an affiliate of the family of Rivers casino properties owned and controlled by Mr. Neil Bluhm and his family. The Rivers casinos all receive management services and centralized executive corporate functions through Rush Street Gaming, which is also owned and controlled by Mr. Bluhm and his family.

Rush Street Gaming (RSG) proposes to serve as the City of Portsmouth's Preferred Casino Gaming Operator, conforming to the previously agreed to and approved Memorandum of Understanding and Cooperation Agreement. As envisioned, the proposed Project to be known as the Rivers Casino Portsmouth will bring significant economic and community benefits to the City, the Hampton Roads region and the Commonwealth, which are enumerated below.

Projected Economic Benefits to the City

- Investment of a **minimum of \$300 million** in the City.
- **1,400 construction jobs**, creating opportunities for local and minority contractors to participate in one of the region's largest civilian construction projects.
- **1,300+** permanent new jobs at Rivers Casino Portsmouth with over \$62 million in projected annual wages, salaries & tips plus comprehensive benefits.
- **\$260 million** in annual regional GDP, providing a post-COVID-19 stimulus that will grow as the Entertainment District grows.
- **\$16.3 million** in annual revenues to the City paid by Rivers Casino Portsmouth, representing the City's share of Commonwealth Gaming Tax, Property Taxes, Sales and Use Taxes and the Voluntary Payment of revenue from slot machines, table games and the sports betting.
- **At least \$10 million** in sales proceeds for the Entertainment District acreage.
- RSG reinvests and grows its Rivers Casinos; future phases will bring **increased benefits**.

Projected Portsmouth Community Benefits

- Like other Rivers Casinos, Rivers Casino Portsmouth will work closely and support community organizations in Portsmouth.
- Rivers Casino Portsmouth will be a **Best Place to Work**, RSG will hire, train and advance the careers of its heavily full-time team members to create lasting and rewarding career opportunities for the citizens of Portsmouth, who will have priority for employment.
- Rivers Casino Portsmouth will put an **emphasis on hiring unemployed Portsmouth residents**. Rivers Casinos knows it has a responsibility to hire local and help its new neighbors. Rivers Casino Portsmouth committed to not only hire local, but to hire unemployed and under-employed job seekers. For example, 35% of Rivers Casino Philadelphia's initial workforce was previously unemployed.
- Portsmouth will become an **Entertainment Destination** – world class gaming, food and beverage and entertainment at Rivers Casino Portsmouth will **raise the bar** to a higher level than experienced anywhere in the region – RSG has performed this magic in Philadelphia, Pittsburgh, Schenectady and suburban Chicago and it will do so in Portsmouth.

Diversity & Inclusion

- Rivers Casino Portsmouth will be an example of **Workplace Diversity and Inclusion**, as demonstrated in its hiring and retention practices at all Rivers Casinos.
- As part of its commitment to the City of Portsmouth, Rivers Casino Portsmouth has developed an extensive outreach plan, based on the plans successfully executed during the construction of other Rivers Casinos, to **increase opportunities for minority and women-owned businesses** in the construction of Rivers Casino Portsmouth.
- In cooperation with the City of Portsmouth, Rivers Casino Portsmouth has set an **ambitious aspirational goal** for the inclusion of minority and women-owned businesses during the construction of Rivers Casino Portsmouth.
- Rivers Casino Portsmouth has committed to solicit \$5 million in investment from minority investors and minority-owned businesses with an emphasis on those that live in Portsmouth.
- Here is a snapshot of Rivers Casinos' demographic employee breakdown in other markets:
 - Chicagoland casino: 45% of employees are women and 61% are minorities.
 - Pittsburgh casino: 39% of employees are women and 32% are minorities.
 - Philadelphia casino: 42% of employees are women and 50% are minorities.
 - Upstate New York casino: 46% of employees are women and 42% are minorities.

Entertainment District Preliminary Site Layout Plan



Pictures Inside Other Rivers Casinos

