

Questions and Responses to City of Danville Casino Operator RFP

- 1. Given the very limited time to respond and the intervention of the holidays, is it acceptable to utilize the Convergence Strategy Group's report as a baseline for our preliminary market analysis? Our review of the document has confirmed its adequacy and accuracy and we believe that with some adjustments to markets and an alternative approach to the hotel analysis that a five year revenue projection can be derived, we of course recognize that a completely independent market study will be required to finalize financing.**

Utilization of the Convergence study is acceptable as a baseline, but any adjustments to the model need to be clearly identified, along for the reasons for the adjustments. Convergence Strategy Group is not to be contacted to gain perspective on any aspect of their report.

- 2. Can you give the specific locations of the highway sites that were assessed?**

No specific locations other than sites in the general vicinity of the Route 29 (Future I-785) highway bypass, all with access to the highway system.

- 3. Can you provide a definition of the retail corridor?**

The general region of Piedmont Drive, between the junctions of Route 58 and Route 29, with connectivity to existing retail businesses.

- 4. Regarding the statement in the RFP: "One City-owned site should optimally be included in Respondent's proposal; one alternate site may also be proposed. There is no obligation to propose for a City site, but if the City decides to move forward only with a project on City property, only Respondents that state they may do so will receive further consideration." • If respondent were to bid on one of the City owned sites, but the City chooses to make available the other City owned site which the respondent did not bid on, would that respondent be able to pursue the bid on the City owned property he had not bid on?**

Yes.

- 5. For either of the City Sites, is the intent to keep any of the existing structures for historical purposes or can they all be razed? Any requirement to incorporate existing structures into the Gaming Development?**

There is no requirement to incorporate existing structures, however adaptive reuse of iconic structures would be preferable. The City would encourage the use of historic tax credits to help defray the cost of renovation. Any exterior changes to the White Mill property would require approval of the River District Design Committee. This includes demolition.

- 6. If a casino is built on one of the two city-proposed sites, in what condition will the property be delivered to the casino company (specifically, which party will bear the costs of demolishing any existing structures, should demolition be necessary)?**

Proposer will bear all costs associated with the development.

7. Are the two city-owned sites identified in the RFP being marketed for sale or is the city planning to continue ownership of the sites?

The property identified as the White Mill is owned by the City's IDA but is under a purchase option with a real estate development company, the Alexander Company of Madison, Wisconsin for \$3 million. The Alexander Company was awarded this option because of its nationally recognized success in redeveloping historic properties by partnering with federal and state tax credit equity investors and obtaining other financing sources. The proposals for this site should assume the casino operator, if selected by the City, will either enter into a lease, assignment of the purchase option or enter into an agreement to perform as a co-developer of the facility with the Alexander Company. Proposals for this site shall include assumptions for the leasing, purchasing of the option or the terms for co-development. Understanding that there may be an MOU in place for the reuse of this property, the City included a provision in the RFP that the proposers may include the expectation that the City will assist in the negotiation of any of these facilities to acquire the ownership or use of the site if not otherwise obtained by the operator.

The Schoolfield site is also owned by the City's IDA. The site is not currently being marketed, however the City would consider both a purchase or land lease arrangement for all or portions of this site. Details and terms of the purchase or land lease should be included in the proposal.

The City has not identified another City-owned site for consideration. However, the City and Danville would entertain a request to explore the use of any site listed as owned by the "City of Danville", or the "Industrial Development Authority of Danville Virginia", as shown on our public GIS website (<https://gis.danville-va.gov/ParcelViewer/>). For properties currently in use, a plan to find an alternate location for that use is expected. Also, it is preferred that the property is located in the River District (downtown), in an area that fits the description as presented in the RFP, or in an area zoned appropriately for highway commercial use. Contact the City Manager, Ken Larking at 434-799-5100 for any questions on the likelihood of the availability of any specific property.

8. What is the environmental status of the two city-proposed sites? Are there any contamination or other issues that will need to be addressed and, if so, what party will bear the remediation costs? Are there any existing Environmental Reports for either property that can be sent to us so we can review prior to the RFP submission deadline?

The Schoolfield property has had environmental site assessments completed in the past and have come back relatively clean. Given the time that has elapsed since that ESA was completed, a new ESA would most likely be required.

9. What is the status of utilities currently available to the two city-proposed sites? If new utilities need to be brought to a site, will the city fund any necessary expenditures?

The City of Danville has more than enough of water, sewer, and gas capacity at both Schoolfield and the White Mill to serve the needs of this type of development. On the electric side, the City could accept a 7 megawatt load at the White Mill with minimum upgrades. The City could accept up to 10 megawatts at Schoolfield without upgrades. Fiber broadband is available at both locations. Due to the sites' previous industrial uses there are existing sanitary sewers on the properties or around the perimeter with numerous tap locations. There should not be a need to bring additional sewer service to the site. Offsite improvements to sanitary sewers are normally paid for by the City.

10. Can you provide us with ALTA surveys for both sites so we can review prior to the RFP submission deadline?

All technical information that the City has made available for the two sites can be found using the following link: <https://www.dropbox.com/sh/xhqzun9lghkvriv/AACFm2Flx4aesd8uCEX-tGyDa?dl=0>

11. Can you provide us with current layout/plans of the existing City Sites (Site Plan, Existing Buildings/Structures, etc.)?

All technical information that the City has made available for the two sites can be found using the following link: <https://www.dropbox.com/sh/xhqzun9lghkvriv/AACFm2Flx4aesd8uCEX-tGyDa?dl=0>

12. Can you provide us with information relative to Flood Plain and Floodway designations for the White Mill site so we can review prior to the RFP submission deadline?

All technical information that the City has made available for the two sites can be found using the following link: <https://www.dropbox.com/sh/xhqzun9lghkvriv/AACFm2Flx4aesd8uCEX-tGyDa?dl=0>

13. Is it possible to have access to additional detail regarding Convergence Strategy Group's analysis of anticipated gaming revenue? Specifically, what was the adult population within each zip code for the area anticipated to visit a Danville casino?

Yes. The adult population within each ZIP Code for the Danville market will be provided via an Excel file for download on the City's website no later than close of business on 12/23/19.

14. Are there any plans to regulate, limit or forbid the availability of "skilled gaming machines" in the State, City or County in light of the potential casino development? See the following link: <https://www.godanriver.com/news/local/skilled-gaming-facility-opens-in-pittsylvania-county-where-businesses-can/articled5e4db7a-bc4f-531a-8307-308fea602be1.html>

There are efforts to at least regulate and tax skilled machines, if not outright ban the machines. Although staff has not received an official declaration from the City Council on this subject, staff would recommend that the City Council at least support regulations and taxes on the machines.

15. If traffic improvements are required for a site, including signal lighting or additional highway exits, what developmental and financial support could the successful bidder expect from either city, county or state traffic agencies?

The Virginia Department of Transportation and the City of Danville will work with the successful bidder to ensure sufficient and proper traffic improvements are made, at the expense of the successful bidder. The city thru the MPO is currently conducting a traffic impact study. Typically any major improvement recommended will be programmed into the CIP and a revenue sharing application submitted to VDOT. Local site improvements such as an adjacent lane improvement or traffic signal are split usually 50/50 with the developer.

16. With Mr. Tucker's recently announced departure to take the Arlington County, Virginia economic development position, who should RFP related correspondence and the final RFP response be directed to after January 10, 2020?

City Manager [Ken Larking](#) Interim Economic Development Director [Corrie Bobe](#).

17. What are the critical evaluation criteria and how are winners being selected for the proposals?

All criteria laid out in the RFP are critical to the City of Danville's evaluation of proposals. Aside from potential disqualifying or concerning issues that may be related to ownership issues requested, etc., there is no weighting mechanism that we have defined. Members of the review committee may personally and individually weigh aspects of the submissions differently based on what they perceive as best for the City, and will rank their preference of Respondent bids accordingly.

18. For the meeting on January 27th, are bidders expected to be present and provide a presentation?

This will be a meeting amongst the City and advisors to narrow down the Respondents to either a partner or a short list of Respondents from which subsequent presentations may be requested. At this time, no determination has been made on whether respondents will be asked to provide a presentation to the selection committee. If presentations are deemed necessary, the City of Danville will endeavor to notify respondents as soon as possible after the responses have been received.

19. Because the White Mill is under option by a third party, it is not presently controlled by the City. In fact, this third party has executed an MOU with one of the potential operators for this project. How will this combination – i.e., (1) the option on the White Mill and (2) the option holder's MOU with a potential operator – affect the City's process in reviewing proposals and selecting an operator, particularly if the City selects this site and an operator different from the one that has the MOU with the option holder?

The property identified as the White Mill is owned by the City's IDA but is under a purchase option with a real estate development company, the Alexander Company of Madison, Wisconsin for \$3 million. The Alexander Company was awarded this option because of its nationally recognized success in redeveloping historic properties by partnering with federal and state tax credit equity investors and obtaining other financing sources. The Proposals for this site should assume the casino operator, if selected by the City, will either enter into a lease, assignment of the purchase option or enter into an agreement to perform as a co-developer of the facility with the Alexander Company. Proposals for this site shall include assumptions for the leasing, purchasing of the option or the terms for co-development. Understanding that there may be an MOU in place for the reuse of this property, the City included a provision in the RFP that the proposers may include the expectation that the City will assist in the negotiation of any of these facilities to acquire the ownership or use of the site if not otherwise obtained by the operator.

20. The Convergence Strategy Report shows the to be developed Rosie's Danville Location having 600 machines. Based on current regulations and laws, the facility is only allowed to have 150 machines. Why is the projection for 600 and should it be assumed that any casino development would be competing against a facility with 600 machines rather than 150?

The Convergence report assumptions were that an HHR facility will not be developed if a casino is permitted in Danville. The scenarios for the HHR facility were to demonstrate to the City what the net impact would be of going from an HHR market to a casino market. The idea of 600 devices is based on an assumption that the HHR operator would be seeking permission for additional devices (above and beyond the 150 allowed) if it were to be the only form of gaming, based on regional market potential.

21. Pages 2 and 5, Response Requirements: Please confirm the terms "applicant" and "proposer" refers to the "Respondent/Respondent entity", and vice versa.

Yes.

- 22. Given the hundreds of millions in investment and jobs that could be provided by the casino resort development proposed by one of the bidders, will the city work with the chosen bidder to push back on suggested competition from convenience gaming offered by Rosie's, beyond the current machine number approved by the residents?**

The City of Danville is committed to supporting economic development in our community. At this time, the City will make no other pledges in this regard.

- 23. Is the city expecting a formal draft development agreement or an outline of the proposed topics and items for consideration?**

This would be negotiated with the #1 choice from the RFP. If unsuccessful, the City would negotiate with the #2 choice and so on.

- 24. Page 2, Response Requirements: Please clarify the meaning of "main entity and its interests."**

This specifically pertains to responses to RFP questions 3, 7, 8 and 11, i.e., demonstrating what the Respondent has done in other markets.

- 25. Page 2, Item 2: Please advise as to whether the following needs to be addressed or provided by the Respondent ("Description of the Respondent entity, including company organizational structure, all officers, directors, members, partners, beneficiaries, key personnel and key point of contact for the RFP, including . . ."), or alternatively, whether the Respondent only needs to address the bullet points that follow on pages 2 and 3.**

Yes, the former needs to be addressed as well (note: the point of contact for the RFP response is requested in the initial line, but not as an individual bullet point)

- 26. Page 2, Item 2: "Indicate whether each person disclosed is a minority, disabled person, female, or veteran and their percentage ownership." Please confirm the scope of this question is limited to the bullet immediately above it.**

Yes.

- 27. Page 3, Item 2, 9th bullet: Please clarify whether this request is intended to be limited to matters of tax delinquency, or alternatively, whether this request also broadly includes negotiations as to current and future assessments or amounts due?**

Please disclose both.

- 28. Pages 2-3, Item 2: Please clarify the individuals and/or entities that are encompassed by the "any individual or entity listed" language (or variations thereof) used in Item 2.**

Officers, directors, members, partners, beneficiaries and key personnel.

Additionally (if not included in these titles), every person or entity having a greater than 1% direct or indirect pecuniary interest in the Project or casino operation; if a Respondent has a pending registration statement filed with the Securities and Exchange Commission, only the names of those persons or entities holding interest of 5% or more must be provided .

- 29. Page 3, Item 3, and Page 5, Items 7 and 11: Please confirm the Respondent may satisfy these requirements through its experience and the experience of its proposed officers, directors and/or other key personnel.**

It is unclear how 3, 7 or 11 specifically pertain to the actions of individuals – these pertain more to the performance and scale of the Respondents’ facilities, as well as measures taken to be good community members (philanthropically and in terms of addressing problem gaming). To the extent that experience of company leaders in these areas is pertinent, such information is certainly welcome.

- 30. Page 3, Item 3, and Page 5, Item 7: Please clarify whether the Respondent must address each of “public-private partnerships, local philanthropic involvement, MOU’s with local governments for the provision of public services and infrastructure improvements” in describing its “evidence of community involvement in other jurisdictions”, or alternatively, whether these are nonexclusive examples of how the Respondent may describe its “evidence of community involvement in other jurisdictions”.**

These are non-exclusive examples, feel free to elaborate on other examples as deemed appropriate to address your history of community involvement

- 31. Page 3, Item 3, and Page 5, Item 7: Please clarify how Item 7 differs (if at all) from the 9th bullet under Item 3.**

It was redundant.

- 32. Page 4, Item 4: Please confirm the White Mill site still qualifies as a “City-owned” site.**

Yes, it does.

- 33. Please confirm that a Respondent that does not currently hold an interest in the White Mill site has the ability/opportunity to propose, and compete for, the White Mill site as a parcel(s) in which Respondent would develop the destination casino in Danville.**

Yes. Describe the assumptions as described in the response to question # 19.

- 34. Page 5, Item 9: Please clarify specifically what the Respondent will need to provide to satisfy this request. For example, will a signed and notarized certification from the Respondent, attesting that it is suitable and able to pass background checks and be licensed in the Commonwealth of Virginia, be sufficient?**

Yes.

- 35. Page 5, Item 12: Please advise if there are any specific requirements for the Pledge.**

The City of Danville’s primary legislative priority regarding casino gaming is that it remain in any legislation that provides localities with an opportunity to hold a local referendum to allow gaming within Danville. Any effort to undermine this legislative goal would be seen as a violation of the pledge.

- 36. Page 5, Item 14: Please confirm whether the language provided on page 9 of the Request for Proposals document must be included in the development agreement.**

Yes.

37. Page 6, Confidentiality: Please clarify how Respondent's should mark information and/or pages of their responses as confidential.

All responses and the identities of respondents shall remain confidential until the City of Danville announces a selection. If respondents wish select information or components of their submissions to remain confidential after such time, any confidential information should be on separate pages within the response document and clearly marked.

38. Page 6, Confidentiality: Please advise as to whether RFP 19-20-046 is a "RFP or a solicitation to enter into economic development negotiations" under FOIA.

All responses are considered a solicitation to enter into economic development negotiations. The City promises to keep all aspects of responses submitted confidentially to remain confidential and expects the same from those responding. Be sure to indicate all portions of responses that you wish to remain confidential per the instructions provided in the answer to #37. Respondents may mark their entire submittal confidential, should they so.

39. Please advise as to whether any of the below are implicated by RFP 19-20-046:

Section 2.2-3705.1(12)-FOIA exclusions; general applicability

Section 2.2-3705.6-FOIA exclusions; proprietary records and trade secrets

Section 2.2-3800 et seq.-Government Data Collection and Dissemination Act

The first two sections are applicable and the third is irrelevant for the purpose for this RFP. The City promises to keep all aspects of responses submitted confidentially to remain confidential and expects the same from those responding. Be sure to indicate all portions of responses that you wish to remain confidential per the instructions provided in the answer to #37. Respondents may mark their entire submittal confidential, should they so desire.

40. Please confirm that all information and documentation submitted in regards to RFP 19-20-046, including the identity of the Respondents, shall remain strictly confidential until the City of Danville announces its decision on a preferred developer/operator.

Responses and the identity of respondents shall remain confidential per Section 2.2-3705.6.(3).

41. Selection of Developer/Operator: Please advise as to whether the City of Danville intends to wait post Session (veto) prior to announcing its decision on a preferred developer/operator.

The City of Danville intends to select a developer/operator prior to the end of the legislative session.

42. Selection of Developer/Operator: Please clarify how the City of Danville will score and evaluate each Respondent's response to RFP 19-20-046, or otherwise select a preferred developer/operator.

The responses will be evaluated based on the City objectives described in pages 1-2 of the RFP.

43. Page 6, RFP Responses Due: Please advise as to whether the January 13, 2020 deadline can be extended (for all potential Respondents). An extension of the deadline may allow for, among other things, development and submission of renderings and a site plan for the proposed development site(s).

No extensions of time will be granted except preliminary renderings until January 17th.