



August 9, 2019

**Judge Ben Cross
County Judge's Office
100 W. Main St.
Russellville, AR 72801**

Re: Memorandum of Understanding

Dear Judge Cross:

This letter of Memorandum of Understanding is to review our commitment with you, the Pope County Quorum Court, and to the citizens of Pope County. This will be a historic decision that will provide a long-term economic partner and greatly benefit the residents of Pope County.

After hearing your concerns, it is evident that the upfront projects and the required amenities are of the highest priority for Pope County residents and reviewing the projects. Elite Casino Resorts (River Ridge Casino Resort) is enthusiastic to make to the citizens of Pope County the following commitment:

Up Front Investment:

Upon receiving a gaming license from the Arkansas Gaming Commission, Elite Casino Resorts (River Ridge Casino Resort) proposes a \$40 million payment to be paid out in the following terms:

- \$20 million to Pope County on the signing date of license granting
- \$10 million on January 1 of the immediate year
- \$10 million on January 1 of the following year

Resort Details:

Elite Casino Resorts (River Ridge Casino Resort) guarantees an initial investment of \$216 million that will include the following amenities:

- 435,000 square foot resort
 - Additional 50,000 square foot outdoor amphitheater
- Casino Floor with 1,500 slot machines, 50 table games, & 4 poker tables:
 - Sportsbook with food & beverage
 - VIP Lounge
 - High Limit Slot Area
 - Show Lounge on the gaming floor



- Multiple bars throughout the casino
- Cage cashier
- Gift Shop
- Plus additional retail outlets
- 300 Room Hotel with 30 Suites, 165,000 Square Feet:
 - Indoor and Outdoor Pools with Lazy River
 - Full-Service Spa
 - Valet, Surface Parking, & Parking Deck
 - RV park with 52 spaces
- Restaurants:
 - 300 Seat Buffet
 - Fine Dining Venue on Top Level of Hotel
 - Poolside Café with Indoor and Outdoor Seating
 - Coffee Shop & Deli Grab & Go
- Outdoor Amphitheater with 4,000 Seats
- 25,000 Square Foot Event Center:
 - 2 Event Room Spaces
 - Event Space 1: Concert Seating 2,000
 - Event Space 2: Banquet Seating 400

Not-For-Profit:

Elite Casino Resorts (River Ridge Casino Resort) will enter into an operating agreement with a newly formed not-for-profit (To Be Determined) in Pope County. The not-for-profit's sole purpose is to provide 4.5%-5% percent of Elite Casino Resorts' (River Ridge Casino Resort) net gaming revenue, after taxes, for it to distribute to the residents of Pope County for educational, civic, public, charitable, patriotic or religious uses as they determine appropriate. Elite Casino Resorts (River Ridge Casino Resort) will make payments to the not-for-profit monthly; paid by the 20th of the month. This amount is not included in the 13% state tax calculation, it is an additional allocation by Elite Casino Resorts (River Ridge Casino Resort).

5-year projections from Maxim Strategy Group estimates the amount allocated to the not-for-profit:



(\$M)	%	2021	2022	2023	2024	2025
Gross Gaming Revenue		\$113.7	\$125.2	\$128.7	\$132.6	\$135.9
Less: Free Play		-\$13.6	-\$18.8	-\$19.3	-\$19.9	-\$20.4
Net Gaming Revenue		\$100.1	\$106.4	\$109.4	\$112.7	\$115.5
Gaming Tax	13.0%	\$13.0	\$13.8	\$14.2	\$14.7	\$15.0
Adjusted Gaming Revenue		\$87.1	\$92.6	\$95.2	\$98.1	\$100.5
on 1st \$20M annually	4.50%	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9
on next \$10M annually	4.75%	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
over \$30M annually	5.00%	\$2.9	\$3.1	\$3.3	\$3.4	\$3.5
Local Community Fees (net)		\$4.2	\$4.5	\$4.6	\$4.8	\$4.9

- Total Distributions to the Not-for-Profit in 5 Years: \$23,050,000
- Total Distribution to the Not-for-Profit in 20 Years: \$100,000,000

The net gaming fee after taxes to be paid to the not-for-profit:

- 4.5% of the first \$20 million annually
- 4.75% of the next \$10 million annually
- 5% over \$30 million annually

Local Ownership:

Included in our proposal is a local ownership option of up to 20% of River Ridge Casino. Residents of Arkansas must be accredited investors, according to state law. Elite Casino Resorts allows and encourages local ownership in all of our projects. Local ownership is a good thing for Elite Casino Resorts and the communities it serves. We will have a local governing board, with at least two members from Pope County, as we believe it fosters better community relations. The details matter to us and they matter to the communities we serve.

Construction Timeline and Build:

Elite Casino Resorts (River Ridge Casino Resort) is estimating a fifteen (15) month construction schedule based on previous land-based projects.

Riverside Casino & Golf Resort:

License Granted: May 11, 2005

Projected Opening from Application: November 2007

Date Opened: August 31, 2006

- 13 Months to Complete

Project Estimate Cost: \$107 Million



Project Cost: \$140 Million

Grand Falls Casino & Golf Resort:

License Granted: May 13, 2010

Projected Opening from Application: September 2011.

Date Opened: June 9, 2011

- 11 Months to Complete

Project Estimate Cost: \$118,000,000 with golf course financed out of years 1 & 2.

Project Cost: \$120,000,000

Rhythm City Casino Resort:

License Transferred from Isle of Capri on: February 14, 2014

Projected Timeline: 12 months

Date Opened: June 16, 2016

- 12 Months to Complete

Project Estimate Cost: \$110,000,000

Project Cost: \$110,000,000

Elite Casino Resorts (River Ridge Casino Resort) is committed to working with Pope County, and Arkansas contractors and vendors that have relevant experience building large commercial projects. We value local vendors to maximize the economic ripple effect it will have on the regional and state economy.

Prior to and throughout construction, Elite Casino Resorts (River Ridge Casino Resort) will hold weekly OAR (Owner Authorized Representative) meetings with construction vendors and the construction manager. This will keep everyone on the project informed on progress, reduce change orders, keep safety top of mind, and to maintain the project schedule. Our goal is for every worker to return home to their family every night.

Employment:

900 new jobs are projected with an annual payroll of \$35.2 million: attractive wages, health insurance, paid time off, 401(k), and profit-sharing are included. There will be substantial training programs for inexperienced personnel and a policy of promotion from within the company. Career tracks in a variety of venues and occupations will be provided.

Elite Casino Resorts (River Ridge Casino Resort) will offer employees a significant fringe benefit package consisting of the following principle elements:



- Profit sharing. River Ridge will pay up to 3% of its annual net operating profit to its employees after the second year of operation and subject to any debt covenants as approved by the Board on a quarterly basis.
- Health Insurance. This package will offer different alternatives for employees to best match their personal life situations in terms of deductibles and coverage.
- Life Insurance. Basic coverage with optional coverage offered on a group basis.
- Group Rates will be offered for disability, vision, and dental insurance.
- A 401(k) Plan with the employer matching 50% of the employee's contribution with a maximum employer contribution of 2%.
- Paid Vacation, Personal and Bereavement Leave will be offered.
- Employee Food Service will be available at a discounted rate.
- Uniform Allowance will be provided for positions requiring a uniform.

Elite Casino Resorts (River Ridge Casino Resort) anticipates approximately 20% of the hourly staff will be part-time, defined as working 30 or fewer hours per week. Daily business flow, weekend traffic particularly in food and beverage, hotel, valet, and entertainment allows employment opportunities for seniors, parents with children at home and or in school, high school and college-age students, and other persons responsible for the care of elderly or disabled persons.

Buy Local/Buy Arkansas:

Elite Casino Resorts (River Ridge Casino Resort) guarantees an aggressive "Buy-Arkansas" program for consumables and products sold in its retail outlets. Buying products for resale, providing opportunities for consignment by local artists, entertainers, and artisans will be a top priority. This helps promote local goods of small-town businesses to put them on the shelves for thousands of guests to see and buy every year to help grow their business.

One of the advantages of offering local ownership and having a local not-for-profit partnership is to support the development of Arkansas through the use of Arkansas vendors.

In addition to our "Buy-Arkansas" program, we commit to the following:

- \$40 Million initial investment into Pope County
- \$216 Million Resort investment into Pope County
- \$100 Million Non-for-Profit investment into Pope County within 20 years (This continues well-beyond 20 years. This is a lifetime investment into the community)
- Up to \$16 Million of Local Ownership into the Community
- \$35.2 Million Annual Payroll



This is a **\$407.2 Million Investment into Pope County** and that doesn't even include the projected gaming tax, property tax or ripple effect of jobs, construction, local vendors or purchase commitments that Elite Casino Resorts (River Ridge Casino Resort) will generate.

We have the experience and knowledge in the gaming industry to help your community make the most from gaming. While at the same time bringing our family and company values which mirror your community values and standards.

As CEO of Elite Casino Resorts and River Ridge Casino Resort, I respectfully ask for your support for our project within your community. I humbly ask that you grant us a letter of support to complete our application for a gaming license.

Should you grant us such a letter, this is my commitment to you and the Quorum Court: We will do what we say, as we have done in every single project. There is a reason our community and business partners continue to invest with us. That is because we follow through on our word and stay true to who we are.

Please sign and return this Memorandum of Understanding to indicate your acceptance of the terms set forth herein, whereupon this Agreement and your acceptance shall constitute a letter being issued to River Ridge Casino Resort and a binding agreement between the River Ridge Casino Resort and Pope County Quorum Court should River Ridge Casino Resort be issued a gaming license from the state of Arkansas.

Respectively and sincerely,

DAN KEHL
RIVER RIDGE CASINO RESORT

By: _____
Dan Kehl
CEO, River Ridge Casino Resort

Confirmed and agreed to on _____, 2019

By: _____
Judge Ben Cross/Pope County Quorum Court