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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO TWIN RIVER CASINO GAMBLING

Introduced By: Representatives Phillips, Casey, McLaughlin, Newberry, and Shekarchi

Date Introduced: February 06, 2014

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 Section 3 of Sec 1 Chapter 323 of the Public Laws of 2005, as amended, entitled,

2 "AN ACT ENABLING THE DIVISION OF LOTTERIES TO ENTER INTO A
3 MASTER VIDEO LOTTERY TERMINAL CONTRACT WITH UTGR, INC. AND TO ENTER
4 INTO A MASTER VIDEO LOTTERY TERMINAL CONTRACT WITH NEWPORT GRAND
5 JAI ALAI, LLC" is hereby amended to read as follows:

6 SECTION 3. [Authorized procurement of UTGR master contract:](#)

7 (a) Notwithstanding any provisions of the general laws or regulations adopted thereunder
8 to the contrary, including, but not limited to, the provisions of Chapter 2 of Title 37 and Chapter
9 61 of Title 42 of the General Laws, and the provisions of section 42-61.2-7, the division is hereby
10 expressly authorized and empowered to enter into the master contract with UTGR for the term
11 and for the following purposes, all of which shall be set forth in more particular detail in the
12 master contract. The division is further authorized to approve the transfer of the video lottery
13 retailer license held by Lincoln Park, Inc. to UTGR and:

14 (1) To license 4,752 video lottery terminals at Lincoln Park to UTGR during the term,
15 including first the 3,002 existing authorized video lottery terminals, and replacements thereof
16 from time to time, at Lincoln Park (herein, the "Existing Authorized Terminals"), and then 1,750
17 additional video lottery terminals, and replacements thereof from time to time, as are hereby
18 authorized for Lincoln Park (herein, the "Additional Authorized Terminals");

19 (2) Subject to adjustment as provided herein, to fix in the master contract the allocation of

1 net terminal income attributable to the Existing Authorized Terminals as follows:

2 (i) To UTGR when it shall become the licensed video lottery retailer: twenty-eight and
3 eighty-five hundredths percent (28.85%);

4 (ii) The division shall have the authority to determine the placement and location of the
5 Existing Authorized Terminals under the terms of this act and the master contract.

6 (3) Subject to adjustment as provided herein, to fix in the master contract the allocation of
7 net terminal income attributable to the Additional Authorized Terminals as follows:

8 (i) To UTGR when it shall become the licensed video lottery retailer: twenty-six percent
9 (26%);

10 (ii) The division shall have the authority to determine the placement and location of the
11 Terminals under the terms of this act and the master contract.

12 (4) To provide in the master contract that the allocations set forth above in Section 3
13 (a)(2)(i) and Section 3(a)(3)(i) shall be calculated on a pro rata basis as follows:

14 (i) net terminal income x [(number of Existing Authorized Terminals in operation)/ total
15 number of video lottery terminals in operation for the calculation period) x .2885; plus

16 (ii) (number of Additional Authorized Terminals in operation for the calculation
17 period/total number of video lottery terminals in operation for the calculation period) x .2600].

18 (5) To include in the master contract all other terms and conditions appropriate to
19 contracts of this type, as acceptable to the division.

20 (6) To establish an advisory committee (the "advisory committee"), the purpose of which
21 shall be to consider and advocate programs and initiatives from time to time to benefit all
22 constituencies with an interest in the continued economic success of Lincoln Park, and in
23 particular, the recommendation of steps to coordinate the operation of Lincoln Park with the state
24 and municipal agencies to maximize the efforts of joint marketing campaigns designed to benefit
25 both Lincoln Park and other state-based businesses. The advisory committee shall meet quarterly,
26 shall select from one of its members a chairperson and shall adopt by-laws to govern its meetings.
27 The advisory committee shall consist of seven (7) members as follows: One (1) member
28 representing UTGR or a UTGR business affiliate appointed by UTGR; one (1) member
29 representing the town of Lincoln, Rhode Island, appointed by the Lincoln town administrator
30 with the advice and consent of the Lincoln town council; one (1) member representing the Rhode
31 Island Convention Center Authority, which may be either a member of the board of
32 commissioners or a designee appointed by the board; one (1) member representing the Greater
33 Providence Chamber of Commerce appointed by that entity; one (1) member representing the
34 Northern Rhode Island Chamber of Commerce appointed by that entity, one (1) member

1 representing the Providence-Warwick Convention Visitors Bureau appointed by that entity, and
2 one public member appointed by the governor.

3 (7) To provide for the following limitations on the use of Lincoln Park during the term:
4 ~~no hotel will be constructed or operated at Lincoln Park or by the then owner or operator of~~
5 ~~Lincoln Park (or their respective commonly controlled affiliates) in close proximity to the~~
6 ~~facility; and~~ the facility will not be marketed as a venue for conventions or events of the type
7 which are part of the target market for the Rhode Island convention center authority, the
8 Providence Performing Arts Center, or the Veterans Memorial Auditorium, including Broadway
9 or Broadway-type plays, or any theatrical performances of a musical, non-musical, or comedic
10 variety (except that this limitation shall not prohibit the facility from being marketed to hold, and
11 from holding, holiday fairs for local businesses, concerts, sporting and other entertainment events
12 which are open generally to the public and if held in an indoor events venue at Lincoln Park, with
13 no stage house, and with a non-fixed seating capacity of such venue not to exceed 1,500 people
14 for musical concerts and comedy shows, and 2,100 people for all other events).

15 (8) To provide in the Master Contract for slippage protection as defined in Section 2(y).

16 (9) To provide in the Master Contract for adjustment in the blended rate during the
17 eleventh through fifteenth years of the term as set forth in Section 5(b).

18 (b) Under the terms of the master contract authorized under this act, UTGR shall agree
19 that during the term it shall undertake, among others, the following obligations:

20 (1) UTGR will invest, in the aggregate, within three (3) years following the effective date
21 of the master contract in accordance with a schedule set forth in the master contract (but subject
22 to an extension of the original three (3) year period as set forth in Section 3(c) below), at least one
23 hundred twenty-five million dollars (\$125,000,000) of total project costs, including "hard" and
24 allowable "soft" costs (the "Lincoln Park investment requirement"), in connection with: (i)
25 additions, renovations and/or improvements to Lincoln Park and to appurtenant real or personal
26 property, including without limitation, improvements designed and constructed to provide access
27 to Lincoln Park; and (ii) performing UTGR's obligations regarding investment requirements
28 under the master contract ("Lincoln Park investment requirement assets"). "Hard costs" shall
29 mean all costs that in accordance with United States generally accepted accounting principles
30 ("GAAP") are appropriately chargeable to the capital accounts of UTGR or would be so
31 chargeable either with an election by UTGR or but for the election of UTGR to expense the
32 amount of the item, and "soft costs" shall mean all other costs appropriately chargeable to the
33 investment requirement which are not hard costs in accordance with GAAP. In determining
34 whether the investment requirement has been satisfied, soft costs in excess of ten million dollars

1 (\$10,000,000) shall be excluded. Provided further, that none of the expenditures in this subsection
2 shall qualify as eligible expenditures for purposes of any credit, including historic tax credits as
3 provided in chapter 44-33.2 and enterprise zone credits as provided in chapter 42-64-3.

4 (2) On or before the dates set forth in the master contract and in all events on that date
5 which is 90 days after the third anniversary of the effective date of the master contract (as such
6 original three (3) year period may have been extended as set forth in Section 3(c) below), UTGR
7 shall submit to the division UTGR's certification, certified by a certified public accounting firm
8 acceptable to the division and using procedures approved by the division not inconsistent with
9 GAAP, providing its professional opinion, on behalf of itself and its applicable UTGR business
10 affiliates as to the aggregate amounts expended, allocated between "hard" and allowable "soft"
11 costs in respect of the investment requirement, so as to enable the division to measure UTGR's
12 investment requirement assets and to confirm UTGR's compliance with its obligation under
13 Section 3(b)(1) hereof. UTGR shall pay all costs of obtaining and preparing the professional
14 opinion obtained from the certified public accounting firm required by this subsection; and

15 (c) The master contract shall also provide, without limitation, that the division shall be
16 entitled to, among other things, terminate the master contract if UTGR fails to fulfill the
17 aggregate investment requirement pursuant to Section 3(b)(1) hereof prior to that date which is
18 three (3) years from the effective date of the master contract, unless such failure is attributable to:

19 (i) the failure to receive the necessary local approvals in connection with the
20 improvements, construction and other activities referenced in Section 3(b)(1), notwithstanding the
21 use of UTGR's commercially reasonable efforts to obtain such approval;

22 (ii) delays attendant to any litigation brought by any third-party contesting in any way the
23 construction of the improvements and having the effect of delaying the expenditure of the
24 investment requirement and which litigation is ultimately resolved in a manner allowing the
25 expenditure of the investment requirement to proceed; or

26 (iii) the occurrence of one or more force majeure events beyond the control of UTGR.
27 The aforesaid original three (3) year period shall be extended by the number of days delay
28 occurring as a result of any one or more of the events described in clauses (i), (ii) or (iii) of the
29 preceding sentence.

30 (d) The master contract shall also provide that, following completion of the investment
31 requirement, UTGR shall maintain Lincoln Park in a manner substantially consistent with first
32 class racinos operated elsewhere in the United States pursuant to regulations adopted by the
33 division and approved by the permanent joint committee on state lottery.

34 Sec. 2 Construction of a hotel on the Twin River / Lincoln Park premises shall remain

1 subject to the town of Lincoln zoning ordinances.

2 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TWIN RIVER CASINO GAMBLING

1 This act would remove the provision in the public laws of 2005 which prohibits the
2 construction of a hotel on the Twin River premises in Lincoln, R.I.

3 This act would take effect upon passage.

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