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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO TWIN RIVER CASINO GAMBLING

Introduced By: Representatives O'Grady, Ackerman, Phillips, Casey, and Morin

Date Introduced: March 05, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 [SECTION 1. Unless otherwise amended by this act, the terms, conditions, provisions and](#)
2 [definitions of Chapter 323 of the Public Laws of 2005 are hereby incorporated by reference and](#)
3 [shall remain in full force and effect.](#)

4 SECTION 2. Section 3 of Chapter 323 of the Public Laws of 2005, as amended, entitled
5 "An Act Enabling the Division of Lotteries to Enter into a Master Video Lottery Terminal
6 Contract with UTGR, Inc. and to Enter into a Master Video Lottery Terminal Contract With
7 Newport Grand Jai Alai, LLC" is hereby amended to read as follows:

8 SECTION 3. [Authorized procurement of UTGR Master Contract](#)

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

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

1 authorized for Lincoln Park (herein, the “Additional Authorized Terminals”);

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

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

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

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

10 (i) To UTGR when it shall become the licensed video lottery retailer: twenty-six percent
11 (26%);

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

14 (4) To provide in the master contract that the allocations set forth above in Section
15 3(a)(2)(i) and Section 3(a)(3)(i) shall be calculated on a pro rata basis as follows:

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

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

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

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

1 Providence Chamber of Commerce appointed by that entity; one (1) member representing the
2 Northern Rhode Island Chamber of Commerce appointed by that entity, one (1) member
3 representing the Providence-Warwick Convention Visitors Bureau appointed by that entity, and
4 one public member appointed by the governor.

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

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

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

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

24 (1) UTGR will invest, in the aggregate, within three (3) years following the effective date
25 of the master contract in accordance with a schedule set forth in the master contract (but subject
26 to an extension of the original three (3) year period as set forth in Section 3(c) below), at least one
27 hundred twenty-five million dollars (\$125,000,000) of total project costs, including "hard" and
28 allowable "soft" costs (the "Lincoln Park investment requirement"), in connection with: (i)
29 additions, renovations and/or improvements to Lincoln Park and to appurtenant real or personal
30 property, including without limitation, improvements designed and constructed to provide access
31 to Lincoln Park; and (ii) performing UTGR's obligations regarding investment requirements
32 under the master contract ("Lincoln Park investment requirement assets"). "Hard costs" shall
33 mean all costs that in accordance with United States generally accepted accounting principles
34 ("GAAP") are appropriately chargeable to the capital accounts of UTGR or would be so

1 chargeable either with an election by UTGR or but for the election of UTGR to expense the
2 amount of the item, and “soft costs” shall mean all other costs appropriately chargeable to the
3 investment requirement which are not hard costs in accordance with GAAP. In determining
4 whether the investment requirement has been satisfied, soft costs in excess of ten million dollars
5 (\$10,000,000) shall be excluded. Provided further, that none of the expenditures in this subsection
6 shall qualify as eligible expenditures for purposes of any credit, including historic tax credits as
7 provided in chapter 44-33.2 and enterprise zone credits as provided in chapter 42-64-3.

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

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

23 (i) the failure to receive the necessary local approvals in connection with the
24 improvements, construction and other activities referenced in Section 3(b)(1), notwithstanding the
25 use of UTGR's commercially reasonable efforts to obtain such approval; (ii) delays attendant to
26 any litigation brought by any third-party contesting in any way the construction of the
27 improvements and having the effect of delaying the expenditure of the investment requirement
28 and which litigation is ultimately resolved in a manner allowing the expenditure of the investment
29 requirement to proceed; or (iii) the occurrence of one or more force majeure events beyond the
30 control of UTGR. The aforesaid original three (3) year period shall be extended by the number of
31 days delay occurring as a result of any one or more of the events described in clauses (i), (ii) or
32 (iii) of the preceding sentence.

33 (d) The master contract shall also provide that, following completion of the investment
34 requirement, UTGR shall maintain Lincoln Park in a manner substantially consistent with first

1 class racinos operated elsewhere in the United States pursuant to regulations adopted by the
2 division and approved by the permanent joint committee on state lottery.

3 SECTION 3. Definitions. For purposes of this act, the following term shall have the
4 following meaning: "UTGR Master Contract" means that certain Master Video Lottery Terminal
5 Contract made as of July 18, 2005 by and between the Division, the State of Rhode Island
6 Department of Administration, and UTGR, as amended from time to time.

7 SECTION 4. Authorized Procurement of Fourth Amendment to the UTGR Master
8 Contract. Notwithstanding any provision of the general or Public Laws to the contrary, the
9 Division is hereby expressly authorized and directed to enter into with UTGR a Fourth
10 Amendment to the UTGR Master Contract to make the UTGR Master Contract consistent with
11 the provisions of this act, as follows:

12 (1) To remove the prohibition on the construction or operation of a hotel at or in close
13 proximity to Lincoln Park;

14 (2) To permit the construction and operation of a hotel at or in close proximity to Lincoln
15 Park; and

16 (3) To provide that construction of a hotel at or in close proximity to Lincoln Park shall
17 remain subject to all of the town of Lincoln's land use regulations and ordinances.

18 SECTION 5. 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, Rhode Island, and permits the
3 Division of Lotteries to enter into an amendment to the Master Contract to remove such
4 prohibition.

5 This act would take effect upon passage.

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