

THE GREAT AMERICAN LICENCE GRAB

Massachusetts is the centre of an intense licence race as casino operators forward their US\$400,000 applications and development plans

Although they will set off in slightly different directions once under starter's orders, the runners and riders for casino licenses in eastern and western Massachusetts lined up in mid-January creating quite a field with eleven companies submitting Phase 1 applications.

Applications went in from some famous gaming names including MGM Resorts, Mohegan Sun, Hard Rock International, Penn National, Wynn Resorts and Caesar's Entertainment along with the non-refundable US\$400,000 application fee demanded by the state gaming commission. On deadline day Rush Street Gaming, the owners of the Sugarhouse Casino in Philadelphia, added its name to the list. It joined Cordish Company, owner of Maryland Live!, in placing an application with few specifics. Two racetracks; Plainridge Racecourse and Raynham Park, who is partnering with the Pennsylvania gaming house Parx Casino & Racing, will compete for the slot licence.

PENN'S PLAN

The state's 2011 casino legislation will see up to three resort casinos and one slot hall introduced to separate regions of the state. The battle for the western Massachusetts casino license will be fiercely competitive with a four horse race between MGM Resorts, Mohegan Sun, Hard Rock International and Penn National. The competition over in the East will pitch another two giants head to head with Wynn Resorts looking to take on Caesar's Entertainment in partnership with Suffolk Downs for a licence in East Boston. They have been joined by Rush Street Gaming, which operates the Sugarhouse in Philadelphia, as well as casinos in Pittsburgh and suburban Chicago. Massachusetts Gaming Commission chairman Steve Crosby said, even though the deadline had passed, more applicants could still be welcomed to the race: "Our deadlines can be waived, and if anybody applies to us formally for a waiver, under that regulation, we will look at it and talk about it in a public meeting, but



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fundamentally we're adhering to the schedule. This is what we've been doing for the last nine months, is trying to get a really competitive environment where we will have robust competition for every licence."

Joe Weinberg, Managing Partner of The Cordish Companies, said the group was still evaluating several excellent sites within the State and deciding between the Category 1 and 2 licenses.

"We are very enthusiastic about the Massachusetts market and look forward to working with the State and the Massachusetts Gaming Commission on our application," he commented.

Rush Street Gaming also said it was evaluating 'a select number of sites' in the Boston area and would make an announcement at a later date. It also omitted whether it planned to bid for the eastern Massachusetts resort casino license or for a slots hall.

Greg Carlin, chief executive of Mass Gaming & Entertainment, the entity formed by Rush Street, said: "When developing our properties, we pride ourselves on customizing each project to the surrounding area and collaborating with the host community and other interested parties to build unique entertainment destinations."

In western Massachusetts, the race could have had even more runners. Ameristar Casinos surprised competitors in early December when it decided to pull out of the bid for a \$910m resort casino in Springfield, after paying \$16m for a 40-acre site just one year before. The decision though coincided with an announcement that it had agreed a deal to be acquired by Pinnacle Entertainment.

AN INTERESTING RACE

Penn National wants to build a US\$807m destination casino with up to 3,500 slots in the downtown area of, along with a planned mixed-use development along Springfield's waterfront.

Working in partnership with Peter Picknelly, Chief Executive Officer of Springfield-based Peter Pan Bus Lines, it would relocate the Springfield Republican to a newly renovated downtown location



featuring a state-of-the-art 'village square' in the heart of the city and build a new printing plant in Springfield that will act as a catalyst for further industrial park development for the city. Penn National would also work to attract a large retailer to the former Westinghouse property currently held by another applicant for Massachusetts' western region gaming license. Along with 3,500 slots; the venue would have 80 to 100 live table games; a 20 to 30 table poker room; a hotel with 300 to 500 guestrooms and a spa; a variety of food and beverage options including fine dining, casual dining, a buffet, sports bar and food court; a nightclub and 30,000-45,000 sq. ft. of meeting and convention space.

Peter Carlino, Chairman and Chief Executive Officer of Penn National Gaming, said: "Our proposed \$807m destination casino resort will be the centrepiece of a revitalisation of the City and bring thousands of new permanent jobs, significant union construction jobs, and millions of tax dollars to the region. Hollywood Casino Springfield will offer City residents unparalleled dining and entertainment options, including potential



130,000 sq. ft. dining, retail and entertainment district, tentatively named Armory Square, and directly accessible from the garage parking. It would include about 25 dining and retail venues including a 12-screen cinema, bowling alley and outdoor stage.

Hard Rock International meanwhile wants to develop a Hard Rock branded casino on the campus of Eastern States Exposition (ESE). The single-phased resort property would be created on a dedicated 38-acre area of the ESE's eastern parcel, as a keystone enhancement to the largest, most popular visitor destination in the region.

HARD ROCK'S BLUEPRINT

Jim Allen, Chairman of Hard Rock International, said: "We're thrilled to be working with ESE, who brings years of experience in the entertainment business and the most desired location to our company and brand. With 38 acres to develop, the project allows us to build today and grow tomorrow. We're proud to announce this project and concurrently submit our application. We are confident that together, with ESE, the Town of West Springfield and neighbouring Western Massachusetts communities, the new resort will positively impact the State's economy and redefine the entertainment experience in Massachusetts."

The destination resort casino property would be unique to the region with a focus on providing a world-class entertainment experience to its guests with a first-class hotel of 400 to 500 rooms, featuring a Rock Spa and tropical, indoor pool deck; an approximately 200,000-square foot state-of-the-art casino with 100-125 table games and 2,500-3,000 slot machines; and a world-famous Hard Rock Café. The resort also is anticipated to incorporate a live music venue, a permanent music memorabilia exhibition, a facility with meeting space and a destination retail/dining Galleria of approximately 150,000 square feet.

Eugene Cassidy, ESE's chief executive officer, added: "Eastern States Exposition is proud to welcome Hard Rock as a neighbour and partner to the Western Massachusetts community and we're confident the brand will complement our core values, offering exceptional entertainment and a commitment to philanthropic efforts. For nearly 100 years, our special property along Memorial Avenue has offered entertainment to millions, business and employment opportunities to thousands and a wonderful experience for all of New England. This new evolution of entertainment with Hard Rock will help drive new energy and multiply the

partnerships with world class restaurateurs and an upscale nightclub venue for round-the-clock entertainment. We will also offer the community a new downtown hotel and meeting space to attract new events and commercial interest and activity to the area.

MGM Resorts is looking at investing a similar amount; US\$800m on a world-class dining, retail and entertainment district on about 10 acres of land heavily damaged by the June 2011 tornado in Downtown Springfield.

MGM AIMS FOR SPRINGFIELD

MGM's Springfield plan envisions a revived Main Street area with restaurant choices, a variety of shopping options, an outdoor stage, movie theaters, a casino and hotel that all respect and feed off of the area's existing iconic architecture. The concept for a central downtown retail and entertainment district also includes a pedestrian bridge between the MGM project and the MassMutual Center.

CEO Jim Murren said: "We believe this is a significant demonstration of our desire to partner with Springfield and it gives



the MGC and the city the resources they need to move forward during this groundbreaking phase for a new industry in Massachusetts."

The more than half-million square foot mixed-used development project would include a 25-story 250-room hotel with world-class amenities including a spa, pool and roof deck; 89,000 square feet of gaming space; about 70,000 square feet of retail and restaurant space that would accommodate 15 shops and restaurants; and a multi-level parking garage.

Plans also envision an approximately

(Top) Caesars' Massachusetts
(Above) Hard Rock.

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Mohegan Sun is teaming up with Brigade Capital Management to build a destination resort casino in Palmer, Massachusetts. The agreement with Brigade, a \$12bn New York-based investment advisor, coincides with Mohegan Sun’s formal application for a casino license to the Massachusetts Gaming Commission.

Bruce “Two Dogs” Bozsum, Chairman of the Mohegan Tribal Council, said: “This is an important day for Mohegan Sun, for Western Massachusetts and the entire Commonwealth. Today, we take the next critical step in fulfilling our commitment to bringing new jobs and economic growth to the region. It’s our intent to be the first casino to open its doors in Massachusetts.”

Mohegan Tribal Gaming Authority CEO Mitchell Etes added: “Brigade Capital Management will be a great partner and important asset to this project. They are experienced as institutional investment partners on gaming projects in several states across the US, and understand the business that Mohegan Sun has been successful in for 16 years.”

Through this agreement, Brigade will invest capital into the corporate entity that is being established to develop Mohegan Sun’s project in Western Massachusetts. That investment will give Mohegan Sun the strongest financial platform of any casino proponent pursuing a license in Massachusetts.

MOHEGAN SUN’S PALMER PLAN

“Mohegan Sun is one of the most recognised casino gaming brands in the United States and they embody the proven model of success for gaming in New England,” said Don Morgan, the Managing Member of Brigade. “This project will be built at the best location for a casino in Massachusetts, by a team with combined experience in multiple licensing jurisdictions, and managed by one of the premier gaming operators in the U.S. We are excited to be a partner in this endeavour and to have a role in establishing the Massachusetts casino gaming industry.”

Mohegan Sun is planning a world class destination casino resort in Palmer that will create thousands of jobs and bring new economic growth to Western Massachusetts. “Our project has distinct and unique advantages with regard to location, access and infrastructure. Its rural setting on 150 acres – adjacent to other large parcels that present ancillary



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(Right) The Caesars Massachusetts proposal. (Below right) The Massachusetts Springfield MGM plan.



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development possibilities – is ideal for creating the type of gaming facility that New England patrons are familiar with and have made successful over the past two decades,” Mr. Etes said. “Moreover, our host community of Palmer has been welcoming, motivated and supportive. The community is excited about the jobs and economic development that Mohegan Sun will bring to the entire region.”

Over in the East, Las Vegas casino developer Steve Wynn said his blueprint for Massachusetts included a \$1bn hotel on an old factory site along the Mystic River in Everett.

WYNN’S RIVERSIDE PROJECT

The hotel is expected to have between 300 and 500 rooms, along with upscale shops, restaurants and a spa and a casino. Wynn said: “It’s going to be the fanciest hotel in the Boston area,” Wynn said. “It will have superior rooms, first-class services, shows. It will have short hallways and fast elevators. It’s going to be a big attraction. You have to create a place where people will want to go. If they gamble, they’ll find their way to the gaming tables. If this license is decided on merits, why wouldn’t I win? I would hope they would look at our track record, history of employment. Our financial profile is pretty much flawless.”



Caesars meanwhile has proposed a \$1bn hotel-casino at the 77-year-old Suffolk Downs racetrack in East Boston to be known as The Resort at Suffolk Downs although the casino will use Caesars' branding.

The 300-room, nine-story hotel would be curved. The ground floor would have restaurants and shops and the casino with up to 5,000 slot machines and 200 table games. A tree-lined walk leading to a new, bigger grandstand overlooking the racetrack would be developed behind it.

CAESARS AT SUFFOLK DOWNS

Richard Fields, a principal owner of Suffolk Downs, added. "This is an economic development initiative that will set the standard for gaming development in Massachusetts and will create thousands of new jobs with real career paths and room for advancement. "This is an economic development initiative that will set the standard for gaming development in Massachusetts and will create thousands of new jobs with real career paths and room for advancement. And it is built on a foundation of collaboration and partnership with local residents and community groups; with local businesses; and with Boston's



entertainment, tourism and convention facilities."

Caesar's CEO Gary Loveman said: "We are proud to join forces with Suffolk Downs to bring the Caesars brand, our management expertise and industry leading best practices to Boston as we develop this world-class destination resort together. With this project, we are together bringing another world-class attraction to a top tourist destination and are building upon our vision to develop and manage urban casino resorts that serve as engines for job creation and economic expansion in the surrounding communities. Most important thing to consider when you're building a facility like this, a gaming facility, is you want to be where you're wanted. And I think the debate in this state recently has shown that trying to go where you're perhaps less than welcome is not a great way to proceed."

Boston architect David Manfredi added: "We envision an urban oasis, a mecca of entertainment, of hospitality, of gaming, restaurants and shops. It is that mix that will make it very special and make it very urban."

(Top) Mohegan Sun's Palmer project. (Above) Wynn's proposed location.



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The last of the applications went in from Crossroads Massachusetts who has partnered with Warner Gaming, in the hope of developing a casino in Milford at Interstate 495 near the Massachusetts Turnpike. This entry is looking to take on the might of Wynn and Caesars.

With the deadline for submissions now passed, the gaming commission expects to spend several months examining the financial qualifications and backgrounds of each of these applicants before proceeding to a second and more competitive phase of the casino selection process.

It will not issue the first resort casino licenses until February 2014 and those resorts could take an additional three years to build. The State's Casino Chairman, Steve Crosby, said: "The legislature said job one was integrity, integrity of the process, so we will not compromise integrity for speed. People are going to go to the most convenient, best facility. The process that we are going thru is going to guarantee that we have most convenient and the best facility. We think we can award the slots license, the single slots parlour license somewhere in Massachusetts by the end of the summer. We expect to start awarding the casino licenses by the end of this year."

Marcus Prater of the Association of Gaming Equipment Manufacturers said: "While a resort casino is not likely to open in Massachusetts until 2017, the state could see a fully operational slot facility by early 2014. However, competition for the single license has been relatively weak, and for months, it appeared Plainridge Racecourse would be the only applicant. In the last month, competition has increased and it now appears the company will be bidding against Raynham Park and one other applicant. Regardless of wins, gaming equipment manufacturers are expected to benefit from the expansion."