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The _____ MICHIGAN GAMING _____ Newsletter



MGCB APPROVES SALE OF GREEKTOWN CASINO

At Tuesday's Michigan Gaming Control Board meeting, the Board unanimously approved the transfer of Greektown Casino to Penn National and to Vici Properties. The deal is expected to close today (May 23).

At Tuesday's meeting, Timothy Wilmott, Chief Executive Officer of Penn National Gaming, told the Board that:

- Penn National will take over the operations of the casino.
- The City of Detroit and the Federal Trade Commission have already approved the transaction.
- Penn National is partnering with Vici Properties, with Penn National providing \$300 Million to acquire the operating assets, and Vici providing \$700 Million to acquire the real estate.
- Concurrent with the closing, Penn will enter into a lease agreement with Vici. Penn will be responsible for all aspects of the operation.
- Penn National is publicly traded. It has 41 gaming properties operating in 18 jurisdictions, making it the largest regional operator.
- Penn National has a long history of Merger and Acquisitions.
- They have a very experienced team, including a Compliance Committee with two outside members, both former regulators.
- They have been very impressed with how Jack Entertainment has operated Greektown Casino over the last six years since they took over.
- Penn National is committed to continue the trajectory of Greektown Casino through prudent application of capital.
- Penn National intends to leverage its database of casino customers, and to take advantage of Greektown's proximity to sporting events to bring customers in from out of state.
- They intend to honor all collective bargaining agreements and the development agreement with the City of Detroit.

Mr. Wilmott also introduced the Board to Penn National's General Counsel,

Carl Sottosanti, the Vice President and Head of Compliance, Frank Donaghue, the Senior Vice President of Regional Operations, Rafael Verde, and the new General Manager of the Greektown Casino, John Drake.

Gaming Control Board Chair, Robert Anthony, asked Mr. Wilmott what he sees as the major challenge to taking on the new property. Mr. Wilmott responded:

“Challenge or opportunity, . . . we are certainly following very closely what could happen here with sports betting and taking advantage of that opportunity. I think that the challenge for us here is to understand the Detroit market, the community, the marketplace, the team members, and to understand the differences that they may represent that we haven’t experienced in other parts of the U.S. It is always a challenge when you go into a new place. You have to have your eyes and ears wide open and be attentive to the uniqueness of the new property. . .

John Payne, President of Vici Properties, told the Board:

- They are excited to partner with Penn National, who they believe is “one of the greatest operators in the business”.
- Vici is a relatively new company, that went public just over 15 months ago.
- They like to refer to themselves as a small/big company. They have over \$13 Billion of enterprise value, with 24 assets in 12 different states.
- They are a well-capitalized company and will pay \$700 Million in cash for the real estate of Greektown Casino.

Mr. Payne also introduced the Board to Samantha Gallagher, the General Counsel of Vici Properties.

The deal marks the end of the ownership of the casino by Dan Gilbert’s company, Jack Entertainment, LLC. The casino was acquired six years ago for a total purchase price of \$600 Million.

MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES & WAGERING TAXES FOR APRIL 2019

In a [press release](#) dated May 21, 2019, the Michigan Gaming Control Board (“MGCB” or “Board”) released the April 2019 revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino. The MGCB also announced the third consecutive month of growth for Detroit casinos in 2019.

The three Detroit casinos reported \$125.2 million in aggregate revenue for April 2019, a 0.8% increase from the same month last year. The results were 10.9% below the monthly revenue in March 2019. Year-to-date aggregate revenue was 1.6% higher than in the first four months of 2018.

Please see the linked [State of Michigan official financial report](#).

Revenue increased at MGM by 2.3% to \$52.4 million. MotorCity recorded a revenue decrease of 0.5% to \$43.5 million. Greektown revenue increased by 0.4% to \$29.3 million compared with April 2018 results.

The April 2019 market shares for MGM Grand Detroit, MotorCity Casino and Greektown Casino were 42%, 35% and 23% respectively.

During April 2019, the three Detroit casinos paid \$10.1 million in gaming taxes to the State of Michigan, compared with \$10 million for the same month last year. The three casinos reported submitting \$14.9 million in wagering taxes and development agreement payments to the City of Detroit in April.

All three casinos are subject to a wagering tax of 19%, with 10.9% of this levy payable to the City of Detroit and 8.1% payable to the State of Michigan.

The figures released by the Board are the gross

receipts less winnings paid to wagerers. The figures do not include: 1) any fees or other relevant city, state or federal taxes; 2) wages and benefits paid to casino employees; 3) payments to suppliers, services providers or vendors; nor 4) other normal business expenses.

SAGANING EAGLES LANDING EXPANSION NEARS COMPLETION

A new five story hotel and expansion project for the Saganing Eagles Landing Casino in Standish Michigan is nearing completion and should open in September. The casino has announced that it is looking to hire 169 new full and part-time employees as a result of the expansion according to a [report in MLive](#) this week. The casino is operated on tribal lands held by the Saginaw Chippewa Tribe.

The expansion includes a five-story hotel with 148 rooms, a restaurant, retail space and an expanded gaming floor. The casino plans to offer an additional 400 slot machines on the expanded floor. Details on the expansion and hotel project including a video showing the construction are available at the casino's website linked below:

<http://www.saganing-eagleslanding.com/hotel/expansion.html>