



January 22, 2010

## Gambling in Delaware: Developer revives casino proposal

Wilmington site first mentioned in 2005

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*The News Journal*

Armed with a market analysis that says the development of a casino on Wilmington's Seventh Street Peninsula would add significant tax dollars to the state's coffers, gaming developers are pushing forward with a roughly \$200 million casino project for the site.

F&M Peninsula LLC said Thursday it has moved to strengthen the project's team by adding two partners with experience in casino operations and major construction. In addition, it will begin distributing a fresh market survey to lawmakers this week that shows a gaming outlet on the peninsula could boost overall gaming revenues by as much as 24 percent.

Any additional gaming venues in Delaware would require new legislation, because the 1994 law that legalized slot machines restricted gambling to the state's three horse-racing tracks.

To round out the team's expertise, F&M brought in gaming veteran Leonard DeAngelo of Palm Beach, Fla., formerly senior vice president of Asian operations at Las Vegas Sands Corp., and Daniel J. Keating III, head of the Keating Group in Philadelphia, said Larry Tarabicos, the company's Wilmington attorney. DeAngelo also was an executive vice president of operations at Penn National Gaming Inc. from 2003 to 2008. A Keating company served as construction manager for the Mohegan Sun casino at Pocono Downs in Wilkes Barre, Pa., among other casino projects.

F&M's other partners are Kevin Flynn of Philadelphia and George Miller of Atlantic City, who masterminded the \$429 million Harrah's Chester Casino & Racetrack in Chester, Pa.

The addition of DeAngelo and Keating indicates the developer is undaunted in pursuing its proposal to build a casino on the forlorn urban industrial site bounded by the Christina River and the Brandywine, an idea that has been talked about for five years.

Earlier this month, the state Sports and Video Lottery Commission sent lawmakers a separate gaming study commissioned by the state that carried a footnote saying the commission opposed the study's recommendation for two additional gaming outlets.

### Study touts revenues

The F&M analysis bolsters the findings of the state-commissioned study that adding two casinos would increase tax revenues and save the state from losing significant market share to increasing regional competition, Tarabicos said. He said he thinks the vast majority of lawmakers will place a lot of weight on the study done for the state by TMG Consulting of New Orleans.

"Obviously, in the end the legislators are going to do what's right for the taxpayer," Tarabicos said.

F&M is a newcomer among developers jockeying to build a casino on Wilmington's waterfront. The

company agreed in November to buy 20 acres on the peninsula from a group of Delaware businessmen that had proposed a casino for the site in 2005.

"We identified the fact that our group doesn't have the experience to build and operate a casino, so we went to the market and found some extremely qualified people who we believe create the best opportunity for Delaware," said landowner Andrew Aerenson, a Wilmington lawyer who was part of the earlier group, which planned to build a \$300 million entertainment complex on the site. "Experience matters."

Flynn, a real estate developer, said the deal with Aerenson is contingent on the passage of state legislation to allow additional gaming venues and development approvals.

Gambling in Delaware is currently limited to the horse-racing tracks in Dover, Harrington and Stanton. Until last summer, gambling at those venues was limited to slot machines and electronic versions of table games. The General Assembly legalized sports betting and is in the process of approving live table games. Some legislators also are championing adding casinos in New Castle and Sussex counties.

In December, F&M commissioned a market analysis by Morowitz Gaming Advisors LLC of Galloway, N.J. According to the study, the first phase of the project would include 1,500 "gaming positions" at a combination of slots and table games, a combination food court, coffee shop or a buffet. An entertainment-bar area could offer live entertainment. It would open by 2012.

Phase II would expand the casino to 2,000 slots or table games, and add retail, dining and entertainment. The final phase would increase capacity to 2,600 slots and table games and possibly add a hotel.

According to the Morowitz analysis, which assumes table games will be legalized, a new casino in Wilmington could increase state gambling revenues from 13 percent to 24 percent for the year 2012, compared with projected revenues from the three existing casinos. The increase would depend on the size of the Wilmington facility, the study says.

## Assessing the impact

Morowitz' study also forecasts that the addition of 1,500 tables and slots at the proposed casino would result in a 10 percent decline in projected 2012 revenues at Delaware Park Racing, Slots & Golf, the Delaware casino closest to Wilmington.

Earlier this month, a state-commissioned market study predicted that gambling revenues in Delaware could rise 56.5 percent in 2013 with the addition of two outlets. But the study also said new casinos in the state would have a "severe negative impact on the existing gaming operators," with a projected decline of 12.4 percent in revenues at the existing racinos.

The state Sports and Video Lottery Commission sent the study to lawmakers with a footnote that said the commission "opposes the de facto finding in the report that would recommend two additional video lottery facilities, due to the potential job losses, notwithstanding any net job gains, the potential damage to the horse racing industry and destabilization of the three current video lottery facilities."

The study commissioned by F&M said in addition to adding revenues, its proposed casino would spur economic development in an "area of Wilmington that is most in need of investment."

The decision involving additional outlets now rests with lawmakers.

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