

## CASINO CONTROL COMMISSION

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Tennessee Avenue and Boardwalk  
Atlantic City, NJ 08401

# ***CCC licenses Revel***

## **For Immediate Release**

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**Contact: Daniel Heneghan**  
**Public Information Officer**  
**609 441-3799**  
[daniel.heneghan@ccc.state.nj.us](mailto:daniel.heneghan@ccc.state.nj.us)

ATLANTIC CITY – The Casino Control Commission voted unanimously Monday to license Revel Entertainment Group which expects to open its \$2.4 billion casino hotel next week.

“I am convinced that Revel has fully satisfied the criteria for the issuance of a casino license,” Commission Chair Linda M. Kassekert said before the three-member commission voted on the license.

In order to obtain a license, Revel had to prove its good character, honesty, integrity, business ability, casino experience and financial stability, integrity and responsibility.

The commission heard testimony from Kevin DeSanctis, Revel’s chairman and CEO, Michael Garrity, its Chief Investment Officer. After DeSanctis described the casino hotel for the commission, Kassekert said the property is “a game changer.”

“With the attention to detail and understated elegance, it is easy to see why many believe Revel is setting a new standard against which future properties will be measured,” she added.

“We are placing a great deal of confidence in you Mr. DeSanctis and your team at Revel,” Kassekert said. “Your ability to market this property and draw new people to come and experience what Atlantic City has to offer will play an enormous role in the future success of the gaming industry here.”

The casino is set to open on April 2.

*(A copy of Chair Kassekert's remarks is attached.)*

AMENDED AND RESTATED PETITION OF REVEL ENTERTAINMENT GROUP, LLC AND ITS HOLDING COMPANIES, INTERMEDIARY COMPANIES AND SUBSIDIARIES FOR THE CASINO LICENSURE OF REVEL ENTERTAINMENT GROUP, LLC AND FOR VARIOUS RULINGS IN CONNECTION THEREWITH (DGE PRN 0121202); AND

PETITION OF REVEL ENTERTAINMENT GROUP, L.L.C REGARDING REQUIRED CASINO FLOOR SPACE AND PERMISSION TO INCREASE THE AMOUNT OF CASINO FLOOR SPACE PURSUANT TO *N.J.S.A. 5:12-83C* AND *N.J.A.C. 13:69C-6.4(B)* (DGE PRN 0381201)

MARCH 26, 2012

**REMARKS**

IN 2007 - NEARLY FIVE YEARS AGO – CONSTRUCTION ON THE REVEL PROJECT SITE BEGAN. THREATS OF THE PROJECT’S VIABILITY IN LIGHT OF THE UNPRECEDENTED ECONOMIC DOWNTURN, THE AMBITIOUS COST OF THE PROJECT AND THE CONTINUING DECLINE OF THE MARKET VALUE OF OTHER ATLANTIC CITY CASINO PROPERTIES LOOMED ALMOST FROM DAY ONE. IN FACT, IN 2010, MORGAN STANLEY, THE PROJECT’S INITIAL FINANCIAL BACKER, WITHDREW FROM THE PROJECT, ANNOUNCED IT WAS PURSUING A SALE, AND EVENTUALLY WROTE DOWN ITS INVESTMENT IN THE PROJECT BY APPROXIMATELY \$1.2 BILLION DOLLARS.

THROUGH SHEER DOGGED DETERMINATION ON THE PART OF MR. DESANCTIS AND OTHER STAKEHOLDERS, SUBSTITUTE FINANCING, TOTALING APPROXIMATELY \$1.15 BILLION, WAS SECURED AND

FINALIZED IN FEBRUARY OF LAST YEAR. IN ADDITION, REVEL RECEIVED AN ECONOMIC REDEVELOPMENT GROWTH GRANT FROM THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY WHICH WILL PROVIDE IT AN ESTIMATED \$261.3 MILLION OVER A 20-YEAR PERIOD FROM REBATES OF CERTAIN INCREMENTAL TAXES. THESE FUNDS ARE REQUIRED IN PART TO BE USED FOR SPECIFIED PROJECTS INCLUDING IMPROVEMENTS TO THE GARDEN PIER AND GARDNERS BASIN, BOARDWALK RECONSTRUCTION, OPEN SPACE, DEMOLITION OF PRIVATE PROPERTIES AND SMALL BUSINESS DEVELOPMENT - PROJECTS WHICH WILL BENEFIT ALL OF ATLANTIC CITY.

AT THIS HEARING TODAY, IT IS FOR US TO DETERMINE WHETHER REVEL HAS ESTABLISHED BY CLEAR AND CONVINCING EVIDENCE, THAT IT MEETS THE STATUTORY STANDARDS SET FORTH IN THE ACT FOR CASINO LICENSURE. UNDER TODAY'S ECONOMIC CONDITIONS, ONE OF THE MOST IMPORTANT LICENSING CRITERIA TO BE REVEIWED IS AN APPLICANT'S FINANCIAL STABILITY, INTEGRITY AND RESPONSIBILITY. THE ACT REQUIRES THAT AN APPLICANT FOR A CASINO LICENSE ESTABLISH ITS ABILITY TO COMPLY WITH THE FIVE FINANCIAL STABILITY STANDARDS SET FORTH IN N.J.S.A. 5:12-84a: THE ABILITY TO MAINTAIN AN ADEQUATE CASINO BANKROLL; TO MEET ONGOING OPERATING EXPENSES; TO PAY ALL TAXES AND FEES; TO FUND CAPITAL AND MAINTENANCE EXPENDITURES AND TO SATISFY DEBT SERVICE OBLIGATIONS.

THE DIVISION'S REPORT NOTES, AND THE TESTIMONY OF MESSRS. DESANCTIS AND GARRITY, ELABORATE, THAT GIVEN THE UNIQUE PHYSICAL CHARACTERISTICS OF REVEL AND THE EXCITEMENT

SURROUNDING ITS OPENING, REVEL'S INITIAL REVENUE RESULTS ARE EXPECTED TO BE STRONG. HOWEVER, GIVEN THE CHALLENGING ECONOMIC ENVIRONMENT, THE INTENSITY OF REGIONAL COMPETITION, REVEL'S RELATIVELY LOW ROOM INVENTORY, AND ITS NEED TO ESTABLISH A CUSTOMER DATABASE, REVEL'S ONGOING REVENUE FORECASTS ARE EXTREMELY AMBITIOUS. ADDITIONALLY, REVEL'S DEBT SERVICE REQUIREMENTS ARE HIGH AND WILL INCREASE SIGNIFICANTLY IN 2014 WHEN INTEREST ON THE SECOND LIEN NOTES BECOME DUE IN CASH.

IT SHOULD BE NOTED, HOWEVER, THAT THE DIVISION REPORTS, WHICH THE TESTIMONY TODAY SUPPORTS, THAT REVEL'S FINANCING VEHICLES DO PROVIDE SOME FLEXIBILITY THAT WOULD ENABLE IT TO WITHSTAND POTENTIAL SHORTFALLS FROM ITS AGGRESSIVE FORECASTS. FURTHER, THE DIVISION INDICATES THAT IT INTENDS TO CLOSELY MONITOR REVEL'S FINANCIAL SITUATION GOING FORWARD, AND INDEED THE FINANCIAL REPORTING REQUIREMENTS CONTAINED IN THE DIVISION'S REGULATIONS WILL FACILITATE THAT MONITORING PROCESS. WITH THESE NECESSARY SAFEGUARDS, I, AS ONE COMMISSIONER, AM SATISFIED THAT REVEL HAS DEMONSTRATED ITS FINANCIAL STABILITY UNDER THE ACT NECESSARY FOR IT TO OBTAIN A CASINO LICENSE.

WHEN I JOINED THE COMMISSION IN 2002, WORK ON THE BORGATA WAS NEARLY COMPLETE AND I HAD THE PRIVILEGE OF PRESIDING AT ITS LICENSING HEARING IN THIS VERY ROOM. THAT FACILITY CLEARLY BROKE THE MOLD FOR CASINO HOTELS IN ATLANTIC CITY,

REINVIGORATED THE MARKET AND RAISED THE BAR FOR CASINO PROJECTS HERE. NOW, NINE AND A HALF YEARS LATER I HAD THE PRIVILEGE OF PRESIDING AT TODAY'S LICENSING HEARING FOR REVEL. LIKE BORGATA, REVEL IS A GAME CHANGER. ITS CASINO IS NOT THE BIGGEST. IT DOESN'T HAVE THE MOST TABLES, SLOT MACHINES OR HOTEL ROOMS. BUT ITS DESIGN FEATURES - THE SOARING ATRIUM, THE ELEVATED PORTE COCHERE AND THE BOARDWALK FAÇADE TOPPED WITH ITS POOLS AND GARDENS - ALL COMBINE TO CREATE AN EXCITING RESORT EXPERIENCE WHILE IT'S RESTAURANTS, THEATERS AND SPA WILL BE STRONG LURES TO ATTRACT NEW VISITORS WHO ARE INTERESTED IN ENJOYING MUCH MORE THAN JUST A CASINO. UNLIKE OTHER EXISTING CASINO HOTELS, REVEL EMBRACES ITS BEACHFRONT LOCATION AND INCORPORATES IT AS AN INTEGRAL PART OF THE FACILITY. WITH THE ATTENTION TO DETAIL AND ITS UNDERSTATED ELEGANCE, IT IS EASY TO SEE WHY MANY BELIEVE REVEL IS SETTING A NEW STANDARD AGAINST WHICH FUTURE PROPERTIES WILL BE MEASURED.

WE HAVE HEARD MR. DESANCTIS DESCRIBE MANY OF THE AMENITIES THROUGHOUT THE PROPERTY AS WELL AS HIS MARKETING PLAN AND HIS VISION FOR REVEL AND ATLANTIC CITY. WE ARE PLACING A GREAT DEAL OF CONFIDENCE IN YOU MR. DESANCTIS AND YOUR TEAM AT REVEL. YOUR ABILITY TO MARKET THIS PROPERTY AND DRAW NEW PEOPLE TO COME AND EXPERIENCE WHAT ATLANTIC CITY HAS TO OFFER WILL PLAY AN ENORMOUS ROLE IN THE FUTURE SUCCESS OF THE GAMING INDUSTRY HERE.

THE DIVISION HAS ISSUED A REPORT ON ITS INVESTIGATION OF REVEL AND ITS QUALIFYING ENTITIES AND INDIVIDUALS. EARLIER THIS MORNING, WE APPROVED THE QUALIFICATION AND LICENSURE OF A NUMBER OF REVEL OFFICERS, DIRECTORS AND KEY EMPLOYEES.

FROM TODAY'S PRESENTATION AND THE REPORT OF THE DIVISION OF GAMING ENFORCEMENT, IN MY VIEW REVEL HAS CARRIED ITS BURDEN AND SATISFIED THE CRITERIA FOR THE ISSUANCE OF A CASINO LICENSE.

ACCORDINGLY, I NOW MOVE THAT THE COMMISSION ADOPT THE DRAFT RESOLUTION AND TO ISSUE A CASINO LICENSE TO REVEL ENTERTAINMENT GROUP, LLC, IN ACCORDANCE WITH THE FINDINGS AND RULINGS, AND SUBJECT TO THE CONDITIONS STATED IN THE RESOLUTION.