

Twin River 'a good bet' says Caprio

by Russell J. Moore

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While the state would incur more debt, General Treasurer Frank Caprio said last Friday the state would benefit financially in the long-term by purchasing the Twin River outright from BLB Investors.

Currently, the state-run lottery owns the video lottery terminals (slot machines) and takes in about 60 cents on every dollar spent at the gaming venue.

Should the state purchase Twin River, it would take in close to 88 cents on every dollar spent at the facility, with the remaining amount given to a company that would run the facility.

That increase would mean an additional \$45 million to \$50 million would go into the state's coffers every year.

Unlike a private, outside buyer, the state already owns the facility's gaming license, and therefore wouldn't need to pay for it. And with word on the street being that the facility's property—which the current owners paid for and invested \$700 million into (including purchase price, renovations and borrowing costs)—is currently assessed at just \$260 million on the credit market, Caprio said the state would likely benefit in the long-term from purchasing the facility.

His projection on added revenues considers \$30 million to \$35 million a year in debt requirement costs if the state were to buy it for \$260 million.

That would put the state into a position where it would own the facility and the machines as well.

Caprio compared the situation to the Westin Hotel in Providence, in which the state built

the hotel and sold it during a seller's market.

The same could be done with Twin River, Caprio said. Or, the state could simply use it as an even bigger cash cow for years into the future.

Twin River is in serious financial peril. In June, the facility missed a loan payment on its mortgage and contractors who worked on the building were forced to begin court proceedings to recoup money they're owed.

Since that point, the casino came to a forbearance agreement with its major lenders, which ends on Jan. 31. Caprio also noted that by purchasing Twin River, the state would eliminate the risk of it closing and losing, if only for a brief period, the revenue it generates.

Twin River spokeswoman Patti Doyle said that Twin River remains open to all options.

"BLB has been meeting with the state for the last few months to try to find a resolution to this issue. We've been very upfront in saying that nothing is off the table at this point," said Doyle.

A call to Speaker William Murphy's (D-West Warwick, Warwick) spokesman wasn't returned by press time.

Revenues from Twin River currently make up the state's third largest revenue producer, ranking only behind the sales and income tax. It generates about \$250 million annually.

To buy the facility, Caprio argued, would be a proactive way for the state to protect an asset, and increase revenue over the long-term.

"We can't idly sit by because of what could happen there and what the state could lose if that operation were to fail," said Caprio.

Caprio said the state could purchase the facility using certificate of participation bonds that would be paid off with generated revenues.