UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period to

Commission File No. 001-36629

ELDORADO RESORTS, INC.
(Exact name of registrant as specified in its charter)

Nevada **(State or other jurisdiction of incorporation or organization)**	**46-3657681** **(I.R.S. Employer Identification No.)**

100 West Liberty Street, Suite 1150, Reno, Nevada 89501
(Address and zip code of principal executive offices)

(775) 328-0100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $.00001, par value	**ERI**	**NASDAQ Stock Market**

The number of shares of the Registrant's Common Stock, $0.00001 par value per share, outstanding as of May 3, 2019 was 77,472,148.

ELDORADO RESORTS, INC.
QUARTERLY REPORT FOR THE THREE MONTHS ENDED
MARCH 31, 2019
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PART I-FINANCIAL INFORMATION

Item 1. Financial Statements.

ELDORADO RESORTS, INC.
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	March 31, 2019 (unaudited)	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 216,883	$ 230,752
Restricted cash and investments	25,236	24,892
Marketable securities	16,899	16,957
Accounts receivable, net	65,604	60,169
Due from affiliates	3,130	327
Inventories	20,775	20,595
Income taxes receivable	2,009	15,731
Prepaid expenses	32,454	48,002
Assets held for sale	—	155,771
Total current assets	382,990	573,196
Investment in and advances to unconsolidated affiliates	132,240	1,892
Property and equipment, net	2,870,120	2,882,606
Gaming licenses and other intangibles, net	1,354,364	1,362,006
Goodwill	1,008,316	1,008,316
Other assets, net	366,488	83,446
Total assets	$ 6,114,518	$ 5,911,462
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 415	$ 462
Accounts payable	89,932	58,524
Accrued property, gaming and other taxes	53,847	51,931
Accrued payroll and related	70,501	87,332
Accrued interest	39,052	42,780
Income taxes payable	12	47,475
Accrued other liabilities	135,585	102,982
Liabilities related to assets held for sale	—	10,691
Total current liabilities	389,344	402,177
Long-term financing obligation to GLPI	962,505	959,835
Long-term debt, less current portion	3,057,151	3,261,273
Deferred income taxes	204,022	200,010
Other long-term liabilities	438,232	59,014
Total liabilities	5,051,254	4,882,309
Commitments and contingencies (Note 14)		
STOCKHOLDERS' EQUITY:		
Common stock, 200,000,000 shares authorized, 77,439,165 and 77,215,066 issued and outstanding, net of treasury shares, par value $0.00001 as of March 31, 2019 and December 31, 2018, respectively	1	1
Paid-in capital	748,702	748,076
Retained earnings	323,691	290,206
Treasury stock at cost, 223,823 shares held at March 31, 2019 and December 31, 2018	(9,131)	(9,131)
Accumulated other comprehensive income	1	1
Total stockholders' equity	1,063,264	1,029,153
Total liabilities and stockholders' equity	$ 6,114,518	$ 5,911,462

The accompanying condensed notes are an integral part of these consolidated financial statements.

ELDORADO RESORTS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(dollars in thousands, except per share data)

(unaudited)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
REVENUES:		
Casino and pari-mutuel commissions	$ 470,851	$ 343,528
Food and beverage	75,209	52,198
Hotel	64,691	30,741
Other	25,072	13,725
Net revenues	635,823	440,192
EXPENSES:		
Casino and pari-mutuel commissions	210,306	169,551
Food and beverage	60,385	44,776
Hotel	23,650	12,506
Other	11,249	7,405
Marketing and promotions	32,301	21,301
General and administrative	119,888	74,202
Corporate	16,754	11,569
Impairment charges	958	9,815
Depreciation and amortization	57,757	31,534
Total operating expenses	533,248	382,659
Gain (loss) on sale or disposal of property and equipment	22,318	(706)
Transaction expenses	(1,894)	(2,548)
Income (loss) from unconsolidated affiliates	605	(85)
Operating income	123,604	54,194
OTHER EXPENSE:		
Interest expense, net	(73,510)	(31,251)
Unrealized loss on restricted investments	(1,460)	—
Total other expense	(74,970)	(31,251)
Income before income taxes	48,634	22,943
Provision for income taxes	(10,405)	(2,088)
Net income	$ 38,229	$ 20,855
Net income per share of common stock:		
Basic	$ 0.49	$ 0.27
Diluted	$ 0.49	$ 0.27
Weighted average basic shares outstanding	77,567,147	77,353,730
Weighted average diluted shares outstanding	78,589,110	78,080,049

The accompanying condensed notes are an integral part of these consolidated financial statements.

ELDORADO RESORTS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(dollars in thousands)

(unaudited)

	For the Three Months Ended March 31,	
	2019	2018
Net income	$ 38,229	$ 20,855
Other comprehensive income, net of tax:		
Other comprehensive income	—	—
Comprehensive income, net of tax	$ 38,229	$ 20,855

The accompanying condensed notes are an integral part of these consolidated financial statements.

ELDORADO RESORTS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(dollars in thousands)

(unaudited)

	Common Stock					Treasury Stock		
	Shares	Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Shares	Amount	Total
Balance, December 31, 2018	77,438,889	$ 1	$ 748,076	$ 290,206	$ 1	223,823	$ (9,131)	$ 1,029,153
Cumulative change in accounting principle, net of tax	—	—	—	(4,744)	—	—	—	(4,744)
Issuance of restricted stock units	330,641	—	4,948	—	—	—	—	4,948
Net income	—	—	—	38,229	—	—	—	38,229
Shares withheld related to net share settlement of stock awards	(106,542)	—	(4,322)	—	—	—	—	(4,322)
Balance, March 31, 2019	77,662,988	$ 1	$ 748,702	$ 323,691	$ 1	223,823	$ (9,131)	$ 1,063,264
Balance, December 31, 2017	76,825,966	$ —	$ 746,547	$ 194,971	$ 79	—	$ —	$ 941,597
Issuance of restricted stock units	645,047	—	3,679	—	—	—	—	3,679
Net income	—	—	—	20,855	—	—	—	20,855
Shares withheld related to net share settlement of stock awards	(229,898)	—	(7,502)	—	—	—	—	(7,502)
Balance, March 31, 2018	77,241,115	$ —	742,724	$ 215,826	$ 79	—	—	$ 958,629

The accompanying condensed notes are an integral part of these consolidated financial statements.

ELDORADO RESORTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

(unaudited)

	Three Months Ended March 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 38,229	$ 20,855
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	57,757	31,534
Amortization of deferred financing costs, discount and debt premium	4,547	1,446
Deferred revenue	(1,397)	—
Unrealized loss on restricted investment	1,460	—
Stock compensation expense	4,948	3,679
(Gain) loss on sale or disposal of property and equipment	(22,318)	706
Impairment charges	958	9,815
Provision for deferred income taxes	5,224	1,450
Other	215	483
Change in operating assets and liabilities:		
Accounts receivable	(3,933)	9,491
Prepaid expenses and other assets	14,331	2,042
Accrued interest	(6,562)	7,539
Income taxes payable	(26,398)	4,199
Accounts payable and accrued other liabilities	(1,621)	(15,232)
Net cash provided by operating activities	65,440	78,007
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment, net	(38,360)	(21,271)
Purchase of restricted investments	(80)	—
Proceeds from sale of property and equipment, net of cash sold	167,945	150
Net cash provided by (used in) investing activities	129,505	(21,121)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net payments under Revolving Credit Facility	(205,000)	—
Debt issuance costs	(386)	(304)
Taxes paid related to net share settlement of equity awards	(4,322)	(7,502)
Payments on other long-term payables	(118)	(170)
Net cash used in financing activities	(209,826)	(7,976)
(Decrease) Increase in cash, cash equivalents and restricted cash	(14,881)	48,910
Cash, cash equivalents and restricted cash, beginning of period	246,691	147,749
Cash, cash equivalents and restricted cash, end of period	$ 231,810	$ 196,659
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO AMOUNTS REPORTED WITHIN THE CONDENSED CONSOLIDATED BALANCE SHEETS:		
Cash and cash equivalents	$ 216,883	$ 183,138
Restricted cash	7,892	3,659
Restricted and escrow cash included in other noncurrent assets	7,035	9,862
Total cash, cash equivalents and restricted cash	$ 231,810	$ 196,659
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ 62,885	$ 21,814
Income taxes paid , net	38,898	186
NON-CASH FINANCING ACTIVITIES:		
Payables for capital expenditures	23,048	7,642

The accompanying condensed notes are an integral part of these consolidated financial statements.

Note 1. Organization and Basis of Presentation

Organization

The accompanying unaudited consolidated financial statements include the accounts of Eldorado Resorts, Inc. ("ERI" or the "Company"), a Nevada corporation formed in September 2013, and its consolidated subsidiaries. The Company acquired Mountaineer, Presque Isle Downs and Scioto Downs in September 2014 pursuant to a merger with MTR Gaming Group, Inc. ("MTR Gaming") and in November 2015 it acquired Circus Reno and the interests in the Silver Legacy that it did not own prior to such date.

On May 1, 2017, the Company completed its acquisition of Isle of Capri Casinos, Inc. pursuant to the Agreement and Plan of Merger dated as of September 19, 2016 with Isle of Capri Casinos, Inc. ("Isle" or "Isle of Capri"). As a result of the Isle Merger, Isle became a wholly-owned subsidiary of ERI.

On August 7, 2018, the Company completed its acquisition of the outstanding partnership interests of Elgin Riverboat Resort – Riverboat Casino d/b/a Grand Victoria Casino, an Illinois partnership ("Elgin"), the owner of Grand Victoria Casino, located in Elgin, Illinois (the "Elgin Acquisition"). On October 1, 2018, we completed our acquisition of Tropicana Entertainment, Inc. ("Tropicana"), adding seven properties to our portfolio (the "Tropicana Acquisition").

On January 11, 2019 and March 8, 2019, respectively, the Company closed on its sales of Presque Isle Downs & Casino ("Presque Isle Downs") and Lady Luck Casino Nemacolin ("Nemacolin"), which are both located in Pennsylvania.

As of March 31, 2019, we owned and operated the following properties:

- Eldorado Resort Casino Reno ("Eldorado Reno")—A 814-room hotel, casino and entertainment facility connected via an enclosed skywalk to Silver Legacy and Circus Reno located in downtown Reno, Nevada that includes 1,117 slot machines and 36 table games;
- Silver Legacy Resort Casino ("Silver Legacy")—A 1,685-room themed hotel and casino connected via an enclosed skywalk to Eldorado Reno and Circus Reno that includes 1,119 slot machines, 48 table games and a 13-table poker room;
- Circus Circus Reno ("Circus Reno")—A 1,571-room hotel-casino and entertainment complex connected via an enclosed skywalk to Eldorado Reno and Silver Legacy that includes 722 slot machines;
- Eldorado Resort Casino Shreveport ("Eldorado Shreveport")—A 403-room, all suite art deco-style hotel and tri-level riverboat dockside casino situated on the Red River in Shreveport, Louisiana that includes 1,388 slot machines, 52 table games and an eight-table poker room;
- Mountaineer Casino, Racetrack & Resort ("Mountaineer")—A 357-room hotel, casino, entertainment and live thoroughbred horse racing facility located on the Ohio River at the northern tip of West Virginia's northwestern panhandle that includes 1,486 slot machines, 36 table games and a 10-table poker room;
- Eldorado Gaming Scioto Downs ("Scioto Downs")—A modern "racino" offering 2,238 video lottery terminals ("VLTs"), harness racing and a 118-room third party hotel connected to Scioto Downs located 15 minutes from downtown Columbus, Ohio.
- Isle Casino Hotel—Black Hawk ("Isle Black Hawk")—A land-based casino on an approximately 10-acre site in Black Hawk, Colorado that includes 966 slot machines, 28 table games, a 10-table poker room and a 238-room hotel;
- Lady Luck Casino—Black Hawk ("Lady Luck Black Hawk")—A land-based casino across the intersection from Isle Casino Hotel in Black Hawk Colorado, that includes 442 slot machines, seven table games and a 164-room hotel with a parking structure connecting Isle Black Hawk and Lady Luck Black Hawk;

- Isle Casino Racing Pompano Park (“Pompano”)—A casino and harness racing track on an approximately 223-acre owned site in Pompano Beach, Florida that includes 1,596 slot machines and a 39-table poker room;
- Isle Casino Bettendorf (“Bettendorf”)—A land-based single-level casino located off Interstate 74 in Bettendorf, Iowa that includes 969 slot machines and 15 table games with two hotel towers with 509 hotel rooms;
- Isle Casino Waterloo (“Waterloo”)—A single-level land-based casino in Waterloo, Iowa that includes 939 slot machines, 23 table games, and a 194-room hotel;
- Isle of Capri Casino Hotel Lake Charles (“Lake Charles”)—A gaming vessel on an approximately 19-acre site in Lake Charles, Louisiana, with 1,164 slot machines, 34 table games, 11 poker tables, and two hotels offering 493 rooms;
- Isle of Capri Casino Lula (“Lula”)—Two dockside casinos in Lula, Mississippi with 862 slot machines and 25 table games, two on-site hotels with a total of 486 rooms and a 28-space RV Park;
- Lady Luck Casino Vicksburg (“Vicksburg”)—A dockside casino in Vicksburg, Mississippi that includes 607 slot machines and a hotel with a total of 89 rooms;
- Isle of Capri Casino Boonville (“Boonville”)—A single-level dockside casino in Boonville, Missouri that includes 881 slot machines, 20 table games and a 140-room hotel;
- Isle Casino Cape Girardeau (“Cape Girardeau”)—A dockside casino and pavilion and entertainment center in Cape Girardeau, Missouri that includes 863 slot machines, 20 table games and four poker tables;
- Lady Luck Casino Caruthersville (“Caruthersville”)—A riverboat casino located along the Mississippi River in Caruthersville, Missouri that includes 507 slot machines and nine table games;
- Isle of Capri Casino Kansas City (“Kansas City”)—A dockside casino located close to downtown Kansas City, Missouri offering 938 slot machines and 13 table games;
- Tropicana Casino and Resort, Atlantic City (“Trop AC”)—A casino and resort situated on approximately 15 acres with approximately 660 feet of ocean frontage in Atlantic City, New Jersey that includes 2,464 slot machines, 107 table games, 18 poker tables and 2,366 hotel rooms;
- Tropicana Evansville (“Evansville”)—A casino hotel and entertainment complex in Evansville, Indiana featuring 1,128 slot machines, 33 table games, eight poker tables and two on-site hotels with a total of 338 rooms;
- Lumière Place Casino (“Lumière”)—A casino located on approximately 20 acres, located in historic downtown St. Louis, Missouri near business and entertainment districts and overlooks the Mississippi River with 1,401 slot machines, 48 table games, 10 poker tables and 494 hotel rooms;
- Tropicana Laughlin Hotel and Casino (“Laughlin”)—A casino in Laughlin, Nevada that includes 895 slot machines, 20 table games and 1,487 hotel rooms;
- MontBleu Casino Resort & Spa (“MontBleu”)—A casino situated on approximately 21 acres in South Lake Tahoe, Nevada surrounded by the Sierra Nevada Mountains featuring 474 slot machines, 17 table games and 438 hotel rooms;
- Trop Casino Greenville (“Greenville”)—A landside gaming facility located in Greenville, Mississippi with 590 slot machines, 10 table games and 40 hotel rooms;
- Belle of Baton Rouge Casino & Hotel (“Baton Rouge”)—A dockside riverboat situated on approximately 23 acres on the Mississippi River in the downtown historic district of Baton Rouge featuring 773 slot machines, 14 table games and 288 hotel rooms; and
- Grand Victoria Casino (“Elgin”)—A casino located in Elgin, Illinois featuring 1,088 slot machines and 30 table games.

In addition, Scioto Downs, through its subsidiary RacelineBet, Inc., also operates Racelinebet.com, a national account wagering service that offers online and telephone wagering on horse races as a marketing affiliate of TwinSpires.com, an affiliate of Churchill Downs Incorporated.

Reclassifications

Certain reclassifications of prior year presentations have been made to conform to the current period presentation.

Basis of Presentation

The accompanying unaudited consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by US GAAP for complete financial statements. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments, all of which are normal and recurring, considered necessary for a fair presentation and have been included herein. The results of operations for these interim periods are not necessarily indicative of the operating results for other quarters, for the full year or any future period.

The executive decision maker of our Company reviews operating results, assesses performance and makes decisions on a “significant market” basis. Management views each of our casinos as an operating segment. Operating segments are aggregated based on their similar economic characteristics, types of customers, types of services and products provided, and their management and reporting structure. Prior to the Elgin and Tropicana acquisitions, the Company’s principal operating activities occurred in four geographic regions and reportable segments. Following the Elgin and Tropicana acquisitions, a fifth segment, Central, was added. The reportable segments are based on the similar characteristics of the operating segments within the regions in which they operate: West, Midwest, South, East, and Central. (See Note 16 for a listing of properties included in each segment).

The presentation of information herein for periods prior to our acquisitions of Elgin and Tropicana and after our acquisitions of Elgin and Tropicana are not fully comparable because the results of operations for Elgin and Tropicana are not included for periods prior to August 7, 2018 and October 1, 2018, respectively. Additionally, the Company closed on its sales of Presque Isle Downs and Nemacolin in January 2019 and March 2019, respectively. (See Note 5).

These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018.

Recently Issued Accounting Pronouncements

Pronouncements Implemented in 2019

In February 2016 (as amended through December 2018), the FASB issued ASU No. 2016-02 codified as Accounting Standards Codification (“ASC”) 842, Leases, (“ASC 842”) which addresses the recognition and measurement of leases. Under the new guidance, for all leases, at the commencement date, lessees will be required to recognize a lease liability, which is a lessee’s obligation to make lease payments arising from a lease. The liability is measured on a discounted basis. Lessees will also recognize a right-of-use (“ROU”) asset, which is an asset that represents the lessee’s right to control the use of a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The effective date is for the annual and interim periods beginning after December 15, 2018. ASC 842 requires a transition adoption election using either 1) a modified retrospective approach with periods prior to the adoption date being recast or 2) a prospective approach with a cumulative-effect adjustment recognized to the opening balance of retained earnings on the adoption date with prior periods continuing to be reported under prior lease accounting guidance.

The Company adopted ASC 842 on January 1, 2019 using the prospective approach, and therefore, comparative periods will continue to be reported under prior lease accounting guidance consistent with previously issued financial statements. We elected the package of practical expedients permitted under the transition guidance within ASC 842, which among other things, allowed us to carry forward the historical lease identification, lease classification and treatment of initial direct costs for leases entered into prior to January 1, 2019. We also made an accounting policy election to not record short-term leases with an initial term of 12 months or less on the balance sheet for all classes of underlying assets. We have also elected to not adopt the hindsight practical expedient for determining lease terms.

Our operating leases, in which we are the lessee, are recorded on the balance sheet as a ROU asset with a corresponding lease liability. The lease liability will be remeasured each reporting period with a corresponding change to the ROU asset. ROU assets and lease liabilities for operating leases totaled $282.4 million and $287.1 million, respectively, as of March 31, 2019. The adoption of this guidance did not have an impact on net income; however, upon adoption we recorded a cumulative adjustment to our retained earnings of $4.7 million, net of tax, primarily related to the Company’s lease and management agreements at its Bettendorf location. (See Note 2 for more information). Adoption of this guidance did not have a material impact on the Company’s other financing leases.

Pronouncements to Be Implemented in Future Periods

In June 2016 (modified in November 2018), the FASB issued ASU No 2016-13, Financial Instruments – Credit Losses related to timing on recognizing impairment losses on financial assets. The new guidance lowers the threshold on when losses are incurred, from a determination that a loss is probable to a determination that a loss is expected. The change in guidance will be applicable to our evaluation of the CRDA investments (see Note 8). The guidance is effective for interim and annual periods beginning after December 15, 2019, and early adoption is allowed for interim and annual periods beginning after December 15, 2018. Adoption of the guidance requires a modified-retrospective approach and a cumulative adjustment to retained earnings to the first reporting period that the update is effective. We expect to adopt the new guidance on January 1, 2020 and currently we do not expect a cumulative effect on our Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-15, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract. This amendment aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). This generally means that an intangible asset is recognized for the software license and, to the extent that the payments attributable to the software license are made over time, a liability also is recognized. If a cloud computing arrangement does not include a software license, the entity should account for the arrangement as a service contract. This generally means that the fees associated with the hosting element (service) of the arrangement are expensed as incurred. The amendment is effective for annual and interim periods beginning after December 15, 2019, with early adoption allowed. We expect to adopt the new guidance on January 1, 2020 and are evaluating the qualitative and quantitative effects of the new guidance. We do not believe it will have a significant impact on our Consolidated Financial Statements.

In August 2018, the FASB issued ASU No 2018-14, Compensation –Retirement Benefits – Defined Benefit Plans – General. This amendment improves disclosures over defined benefit plans and is effective for interim and annual periods ending after December 15, 2020 with early adoption allowed. We anticipate adopting this amendment during the first quarter of 2021, and do not expect it to have a significant impact on our Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-13, Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement. This amendment modifies the disclosure requirements for fair value measurements and is effective for annual and interim periods beginning after December 15, 2019, with early adoption allowed. The Company is evaluating the qualitative and quantitative effect the new guidance will have on our Consolidated Financial Statements.

Note 2. Leases

The Company's management determines if a contract is or contains a lease at inception or modification of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset.

Finance and operating lease ROU assets and liabilities are recognized based on the present value of future minimum lease payments over the expected lease term at commencement date. As the implicit rate is not determinable in most of the Company's leases, management uses the Company's incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments. The expected lease terms include options to extend or terminate the lease when it is reasonably certain the Company will exercise such options. Lease expense for operating leases with minimum lease payments is recognized on a straight-line basis over the expected lease term.

The Company's lease arrangements have lease and non-lease components. For leases in which the Company is the lessee, the Company accounts for the lease components and non-lease components as a single lease component for all classes of underlying assets. Leases, in which the Company is the lessor, are substantially all accounted for as operating leases and the lease components and non-lease components are accounted for separately, which is consistent with the Company's historical accounting. Leases with an expected or initial term of 12 months or less are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

The Company has operating and finance leases for various real estate and equipment. Certain of our lease agreements include rental payments based on a percentage of sales over specified contractual amounts, rental payments adjusted periodically for inflation and rental payments based on usage. The Company's leases include options to extend the lease term one month to 60 years. Except for the GLPI Master Lease (see Note 10), the Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Leases recorded on the balance sheet consist of the following (in thousands):

Leases	Classification on the Balance Sheet		March 31, 2019
Assets			
Operating lease ROU assets	Other assets, net	$	282,363
Finance lease ROU assets	Property and equipment, net(1)	$	949,839
Liabilities			
Current			
Operating	Accrued other liabilities	$	20,232
Finance	Current portion of long-term debt	$	314
Noncurrent			
Operating	Other long-term liabilities	$	266,898
Finance	Long-term financing obligation and debt	$	962,685

(1) Finance lease ROU assets are recorded net of accumulated depreciation of $8.1 million as of March 31, 2019.

Other information related to lease terms and discount rates are as follows:

	March 31, 2019
Weighted Average Remaining Lease Term	
Operating leases	34.6 years
Finance leases	34.5 years
Weighted Average Discount Rate	
Operating leases(1)	7.1%
Finance leases	10.2%

(1) Upon adoption of the new lease standard, discount rates used for existing operating leases were established on January 1, 2019.

The components of lease expense are as follows (in thousands):

		Three Months Ended March 31, 2019
Operating lease cost		
Operating lease cost	$	7,456
Short-term and variable lease cost		1,975
Finance lease cost		
Interest expense on lease liabilities		24,603
Amortization of ROU assets		2,511
Total lease cost	$	36,545

Supplemental cash flow information related to leases is as follows (in thousands):

		Three Months Ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	$	7,840
Operating cash flows for finance leases	$	21,934

Maturities of lease liabilities are summarized as follows (in thousands):

	Operating Leases	Finance Leases
Year ending December 31,		
2019 (excluding the three months ended March 31, 2019)	$ 21,216	$ 66,370
2020	24,331	89,227
2021	22,698	90,463
2022	21,754	91,745
2023	21,783	92,990
Thereafter	832,524	3,506,672
Total future minimum lease payments	944,306	3,937,467
Less: amount representing interest	(657,176)	(3,394,568)
Present value of future minimum lease payments	287,130	542,899
Less: current lease obligations	(20,232)	(314)
Plus: residual values - GLPI	—	420,100
Long-term lease obligations	$ 266,898	$ 962,685

Note 3. Revenue Recognition

The Company recognizes as casino revenue the net win from gaming activities, which is the difference between gaming wins and losses, not the total amount wagered. Progressive jackpots are accrued and charged to revenue at the time the obligation to pay the jackpot is established. Gaming revenues are recognized net of certain cash and free play incentives. Pari-mutuel commissions consist of commissions earned from thoroughbred and harness racing and importing of simulcast signals from other race tracks and are recognized at the time wagers are made. Such commissions are a designated portion of the wagering handle as determined by state racing commissions and are shown net of the taxes assessed by state and local agencies, as well as purses and other contractual amounts paid to horsemen associations. The Company recognizes revenues from fees earned through the exporting of simulcast signals to other race tracks at the time wagers are made and recorded on a gross basis. Such fees are based upon a predetermined percentage of handle as contracted with the other race tracks.

Hotel, food and beverage services have been determined to be separate, stand-alone performance obligations and are recorded as revenue as the good or service is transferred to the customer over the customer’s stay at the hotel or when the delivery is made for the food and beverage. Advance deposits for future hotel occupancy, convention space or food and beverage services contracts are recorded as deferred income until the revenue recognition criteria has been met. The Company also provides goods and services that may include multiple performance obligations, such as for packages, for which revenues are allocated on a pro rata basis based on each service's stand-alone selling price.

The Company offers programs at its properties whereby participating customers can accumulate points for wagering that can be redeemed for credits for free play on slot machines, lodging, food and beverage, merchandise and, in limited situations, cash. The incentives earned by customers under these programs are based on previous revenue transactions and represent separate performance obligations. Points earned, less estimated breakage, are recorded as a reduction of casino revenues at the standalone selling price of the points when earned based upon the retail value of the benefits, historical redemption rates and estimated breakage and recognized as departmental revenue based on where such points are redeemed upon fulfillment of the performance obligation. The player loyalty program liability represents a deferral of revenue until redemption occurs, which is typically less than one year.

The Company offers discretionary coupons and other discretionary complimentaries to customers outside of the player loyalty program. The retail value of complimentary food, beverage, hotel rooms and other services provided to customers is recognized as a reduction to the revenues for the department which issued the complimentary and a credit to the revenue for the department redeemed. Complimentaries provided by third parties at the discretion and under the control of the Company is recorded as an expense when incurred.

The Company's consolidated statement of operations presents net revenue disaggregated by type or nature of the good or service (i.e., casino, pari-mutuel, food and beverage, hotel and other). A summary of net revenues disaggregated by type of revenue and reportable segment is presented below (amounts in thousands). Refer to Note 16 for a discussion of the Company's reportable segments.

	Three Months Ended March 31, 2019						
	West	Midwest	South	East	Central	Corporate and Other	Total
Casino	$ 53,571	$ 85,169	$ 105,819	$ 124,509	$ 97,810	$ —	$ 466,878
Pari-mutuel commissions	—	—	3,531	442	—	—	3,973
Food and beverage	27,906	6,087	14,709	14,721	11,786	—	75,209
Hotel	27,415	3,622	6,337	19,997	7,320	—	64,691
Other	9,203	1,909	2,318	6,564	3,556	1,522	25,072
Net revenues	$ 118,095	$ 96,787	$ 132,714	$ 166,233	$ 120,472	$ 1,522	$ 635,823

	Three Months Ended March 31, 2018						
	West	Midwest	South	East	Central	Corporate and Other	Total
Casino	$ 49,734	$ 88,359	$ 97,509	$ 103,856	$ —	$ —	$ 339,458
Pari-mutuel commissions	—	—	3,409	661	—	—	4,070
Food and beverage	23,211	6,916	13,860	8,211	—	—	52,198
Hotel	19,430	3,637	5,992	1,682	—	—	30,741
Other	7,204	1,883	2,030	2,481	—	127	13,725
Net revenues	$ 99,579	$ 100,795	$ 122,800	$ 116,891	$ —	$ 127	$ 440,192

Contract and Contract Related Liabilities

The Company records contract or contract-related liabilities related to differences between the timing of cash receipts from the customer and the recognition of revenue. The Company generally has three types of liabilities related to contracts with customers: (1) outstanding chip liability, which represents the amounts owed in exchange for gaming chips held by a customer, (2) player loyalty program obligations, which represents the deferred allocation of revenue relating to player loyalty program incentives earned, as discussed above, and (3) customer deposits and other deferred revenue, which is primarily funds deposited by customers related to gaming play, advance payments on goods and services yet to be provided (such as advance ticket sales and deposits on rooms and convention space or for unpaid wagers), and deferred revenues associated with the Company's interests in William Hill and TSG (see Note 7 and Note 8). Except for deferred revenues related to William Hill and TSG, these liabilities are generally expected to be recognized as revenue within one year of being purchased, earned, or deposited and are recorded within "Accrued other liabilities" on the Company's Consolidated Balance Sheets.

The following table summarizes the activity related to contract and contract-related liabilities:

	Outstanding Chip Liability		Player Loyalty Liability		Customer Deposits and Other Deferred Revenue	
	2019	2018	2019	2018	2019	2018
Balance at January 1	$ 8,930	$ 4,743	$ 17,639	$ 11,752	$ 27,588	$ 5,487
Balance at March 31	8,775	5,071	17,285	10,823	175,915	6,642
Increase / (decrease)	$ (155)	$ 328	$ (354)	$ (929)	$ 148,327	$ 1,155

The change in customer deposits and other deferred revenue during the three months ended March 31, 2019 is primarily attributed to the Company's interests in William Hill, which is recorded in other long term liabilities on the Consolidated Balance Sheet (see Note 7 for more information).

Note 4. Acquisitions, Preliminary Purchase Price Accounting and Pro Forma Information

Tropicana

Acquisition Summary

On April 15, 2018, the Company announced that it had entered into a definitive agreement to acquire Tropicana in a cash transaction valued at $1.9 billion. At the closing of the transaction on October 1, 2018, a subsidiary of the Company merged into Tropicana and Tropicana became a wholly-owned subsidiary of the Company. Immediately prior to the merger, Tropicana sold Tropicana Aruba Resort and Casino and Gaming and Leisure Properties, Inc. ("GLPI") acquired substantially all of Tropicana's real estate, other than the real estate underlying MontBleu and Lumière, for approximately $964 million and the Company acquired Tropicana's operations and certain real estate for $927.3 million. Substantially concurrently with the acquisition of the real estate portfolio by GLPI, the Company also entered into a triple net master lease (see Note 10). The Company funded the purchase of the real estate underlying Lumière with the proceeds of a $246 million loan (see Note 11) and funded the remaining consideration payable with cash on hand at the Company and Tropicana, borrowings under the Company's revolving credit facility and proceeds from the Company's offering of $600 million in aggregate principal amount of 6% senior notes due 2026.

Transaction expenses related to the Tropicana Acquisition for the three months ended March 31, 2019 and 2018 totaled $1.5 million and $1.0 million, respectively.

Preliminary Purchase Price Accounting

The total purchase consideration for the Tropicana Acquisition was $927.3 million. The estimated purchase consideration in the acquisition was determined with reference to its acquisition date fair value.

Purchase consideration calculation (dollars in thousands)		
Cash consideration paid	$	640,000
Lumière Loan		246,000
Cash paid to retire Tropicana's long-term debt		35,000
ERI portion of taxes due		6,333
Purchase consideration	$	927,333

The fair values are based on management's analysis including preliminary work performed by third party valuation specialists, which are subject to finalization and review. The purchase price accounting for Tropicana is preliminary as it relates to determining the fair value of certain assets and liabilities, including goodwill, and is subject to change. The following table summarizes the preliminary allocation of the purchase consideration to the identifiable assets acquired and liabilities assumed of Tropicana, with the excess recorded as goodwill as of March 31, 2019 (dollars in thousands):

Current and other assets	$	183,292
Property and equipment		432,758
Property subject to the financing obligation		957,300
Goodwill		220,482
Intangible assets (i)		247,976
Other noncurrent assets		38,276
Total assets		2,080,084
Current liabilities		(168,856)
Financing obligation to GLPI		(957,300)
Noncurrent liabilities		(26,595)
Total liabilities		(1,152,751)
Net assets acquired	$	927,333

(i) Intangible assets consist of gaming licenses valued at $124.9 million, trade names valued at $67.1 million and player loyalty programs valued at $55.9 million.

Valuation methodologies under both a market and income approach used for the identifiable net assets acquired in the Tropicana Acquisition make use of Level 3 inputs including discounted cash flows.

Trade receivables and payables, inventories and other current and noncurrent assets and liabilities were valued at the existing carrying values as they represented the estimated fair value of those items at the Tropicana Acquisition date.

The fair value of land (excluding the real property acquired by GLPI) was determined using the market approach, which arrives at an indication of value by comparing the site being valued to sites that have been recently acquired in arm's-length transactions. The market data is then adjusted for any significant differences, to the extent known, between the identified comparable sites and the site being valued. Building and site improvements were valued using the cost approach using a direct cost model built on estimates of replacement cost. Personal property assets with an active and identifiable secondary market such as riverboats, gaming equipment, computer equipment and vehicles were valued using the market approach. Other personal property assets such as furniture, fixtures, computer software, and restaurant equipment were valued using the cost approach which is based on replacement or reproduction costs of the asset. The cost approach is an estimation of fair value developed by computing the current cost of replacing a property and subtracting any depreciation resulting from one or more of the following factors: physical deterioration, functional obsolescence, and/or economic obsolescence. The income approach incorporates all tangible and intangible property and served as a ceiling for the fair values of the acquired assets of the ongoing business enterprise, while still taking into account the premise of highest and best use. In the instance where the business enterprise value developed via the income approach was exceeded by the initial fair values of the underlying assets, an adjustment to reflect economic obsolescence was made to the tangible assets on a pro rata basis to reflect the contributory value of each individual asset to the enterprise as a whole.

The real estate assets that were sold to GLPI and leased back by the Company were first adjusted to fair value concurrently with the acquisition of Tropicana. The fair value of the properties was determined utilizing the direct capitalization method of the income approach. In allocating the fair value to the underlying acquired assets, a fair value for the buildings and improvements was determined using the above mentioned cost approach method. To determine the underlying land value, the extraction method was applied wherein the fair value of the building and improvements was deducted from the fair value of the property as derived from the direct capitalization approach to determine the fair value of the land. The fair value of GLPI's real estate assets was determined to be $957.3 million.

The fair value of the gaming licenses was determined using the multi period excess earnings or replacement cost methodology, based on whether the license resides in gaming jurisdictions where competition is limited to a specified number of licensed gaming operators. The excess earnings methodology is an income approach methodology that estimates the projected cash flows of the business attributable to the gaming license intangible asset, which is net of charges for the use of other identifiable assets of the business including working capital, fixed assets and other intangible assets. Under the respective state's gaming legislation, the property specific licenses can only be acquired if a theoretical buyer were to acquire each existing facility. The existing licenses could not be acquired and used for a different facility. The properties' estimated future cash flows were the primary assumption in the respective valuations. Cash flow estimates included net gaming revenue, gaming operating expenses, general and administrative expenses, and tax expense. The replacement cost methodology is a cost approach methodology based on replacement or reproduction cost of the gaming license as an indicator of fair value.

The Company has assigned an indefinite useful life to the gaming licenses, in accordance with its review of the applicable guidance of ASC 350. The Company considered, among other things, the expected use of the asset, the expected useful life of other related assets or asset groups, any legal, regulatory, or contractual provisions that may limit the useful life, the Company's own historical experience in renewing similar arrangements, the effects of obsolescence, demand and other economic factors, and the maintenance expenditures required to obtain the expected cash flows. The Company determined that no legal, regulatory, contractual, competitive, economic or other factors limit the useful lives of these intangible assets. Tropicana had licenses in New Jersey, Missouri, Mississippi, Nevada, Indiana, and Louisiana. The renewal of each state's gaming license depends on a number of factors, including payment of certain fees and taxes, providing certain information to the state's gaming regulator, and meeting certain inspection requirements. However, the Company's historical experience has not indicated, nor does the Company expect, any limitations regarding its ability to continue to renew each license. No other competitive, contractual, or economic factor limits the useful lives of these assets. Accordingly, the Company has concluded that the useful lives of these licenses are indefinite.

Trade names are valued using the relief from royalty method, which presumes that without ownership of such trademarks, the Company would have to make a stream of payments to a brand or franchise owner in return for the right to use their name. By virtue of this asset, the Company avoids any such payments and records the related intangible value of the Company's ownership of the brand name. The primary assumptions in the valuation included revenue, pre-tax royalty rate, and tax expense. The Company has assigned an indefinite useful life to the trade names after considering, among other things, the expected use of the asset, the expected useful life of other related assets or asset groups, any legal, regulatory, or contractual provisions that may limit the useful life, the Company's own historical experience in renewing similar arrangements, the effects of obsolescence, demand and other economic factors, and the maintenance expenditures required to obtain the expected cash flows. In that analysis, the Company determined that no legal, regulatory, contractual, competitive, economic or other factors limit the useful lives of these intangible assets.

Player loyalty programs were valued using the cost approach and the incremental cash flow method under the income approach. The incremental cash flow method is used to estimate the fair value of an intangible asset based on a residual cash flow notion. This method measures the benefits (e.g., cash flows) derived from ownership of an acquired intangible asset as if it were in place, as compared to the acquirer's expected cash flows as if the intangible asset were not in place (i.e., with-and-without). The residual or net cash flows of the two models is ascribable to the intangible asset. The Company has estimated a 3-year useful life on the player loyalty programs.

Goodwill is the result of expected synergies from combining operations of the acquired and acquirer. The goodwill acquired is fully amortizable for tax purposes.

For the period from January 1, 2019 through March 31, 2019, Tropicana generated net revenues of $207.3 million and net income of $4.2 million.

Elgin

Acquisition Summary

On August 7, 2018, the Company completed its acquisition of one hundred percent of the partnership interests in Elgin. As a result of the Elgin Acquisition, Elgin became an indirect wholly-owned subsidiary of the Company. The Company purchased Elgin for $327.5 million plus a $1.3 million working capital adjustment. The Elgin Acquisition was financed using cash on hand and borrowings under the Company's revolving credit facility.

Transaction expenses related to the Elgin Acquisition totaled $31,000 and $0.6 million for the three months ended March 31, 2019 and 2018, respectively.

Preliminary Purchase Price Accounting – Elgin

The total purchase consideration for the Elgin Acquisition was $328.8 million. The estimated purchase consideration in the acquisition was determined with reference to its acquisition date fair value.

Purchase consideration calculation (dollars in thousands)		
Cash consideration paid	$	327,500
Working capital and other adjustments		1,304
Purchase consideration	$	328,804

The fair values are based on management's analysis including preliminary work performed by third party valuation specialists, which are subject to finalization and review. The purchase price accounting for Elgin is preliminary as it relates to determining the fair value of the long-lived assets, including goodwill, and is subject to change. The following table summarizes the preliminary allocation of the purchase consideration to the identifiable assets acquired and liabilities assumed of Elgin, with the excess recorded as goodwill as of March 31, 2019 (dollars in thousands):

Cash and cash equivalents	$	25,349
Property and equipment		60,792
Goodwill		59,774
Intangible assets (i)		205,296
Other noncurrent assets		915
Total assets		352,126
Current liabilities		(21,572)
Noncurrent liabilities		(1,750)
Total liabilities		(23,322)
Net assets acquired	$	328,804

(i) Intangible assets consist of gaming license valued at $163.9 million, trade names valued at $12.6 million and player relationships valued at $28.8 million.

Valuation methodologies under both a market and income approach used for the identifiable net assets acquired in the Elgin Acquisition make use of Level 3 inputs including discounted cash flows.

Trade receivables and payables, inventories and other current and noncurrent assets and liabilities were valued at the existing carrying values as they represented the estimated fair value of those items at the Elgin Acquisition date.

The fair value of land was determined using the market approach, which arrives at an indication of value by comparing the site being valued to sites that have been recently acquired in arm's-length transactions. The market data is then adjusted for any significant differences, to the extent known, between the identified comparable sites and the site being valued. Building and site improvements were valued using the cost approach using a direct cost model built on estimates of replacement cost. Personal property assets with an active and identifiable secondary market such as riverboats, gaming equipment, computer equipment and vehicles were valued using the market approach. Other personal property assets such as furniture, fixtures, computer software, and restaurant equipment were valued using the cost approach which is based on replacement or reproduction costs of the asset.

The cost approach is an estimation of fair value developed by computing the current cost of replacing a property and subtracting any depreciation resulting from one or more of the following factors: physical deterioration, functional obsolescence, and/or economic obsolescence. The income approach incorporates all tangible and intangible property and served as a ceiling for the fair values of the acquired assets of the ongoing business enterprise, while still taking into account the premise of highest and best use.

The Company has assigned an indefinite useful life to the gaming licenses, in accordance with its review of the applicable guidance of ASC 350. The fair value of the gaming license was determined using the multi period excess earnings method. The excess earnings methodology, which is an income approach methodology that allocates the projected cash flows of the business to the gaming license intangible assets less charges for the use of other identifiable assets of Elgin including working capital, fixed assets and other intangible assets. This methodology was considered appropriate as the gaming license is the primary asset of Elgin. The property's estimated future cash flows were the primary assumption in the respective valuations. Cash flow estimates included net gaming revenue, gaming operating expenses, general and administrative expenses, and tax expense. The renewal of the gaming license depends on a number of factors, including payment of certain fees and taxes, providing certain information to the state's gaming regulator, and meeting certain inspection requirements. However, the Company's historical experience has not indicated, nor does the Company expect, any limitations regarding its ability to continue to renew the license. No other competitive, contractual, or economic factor limits the useful lives of this asset. Accordingly, the Company has concluded that the useful life of this license is indefinite.

The player loyalty program was valued using the cost approach and the incremental cash flow method under the income approach. The incremental cash flow method is used to estimate the fair value of an intangible asset based on a residual cash flow notion. This method measures the benefits (e.g., cash flows) derived from ownership of an acquired intangible asset as if it were in place, as compared to the acquirer's expected cash flows as if the intangible asset were not in place (i.e., with-and-without). The residual or net cash flows of the two models is ascribable to the intangible asset. The Company has estimated a 4-year useful life on the player loyalty programs.

The trade name was valued using the relief-from-royalty method. The primary assumptions in the valuation included revenue, pre-tax royalty rate, and tax expense. The Company has assigned the trade name an indefinite useful life after considering, among other things, the expected use of the asset, the expected useful life of other related assets or asset groups, any legal, regulatory, or contractual provisions that may limit the useful life, the Company's own historical experience in renewing similar arrangements, the effects of obsolescence, demand and other economic factors, and the maintenance expenditures required to obtain the expected cash flows. In that analysis, the Company determined that no legal, regulatory, contractual, competitive, economic or other factors limit the useful lives of these intangible assets.

Goodwill is the result of expected synergies from combining operations of the acquired and acquirer. The goodwill acquired is fully amortizable for tax purposes.

For the period from January 1, 2019 through March 31, 2019, Elgin generated net revenues of $37.0 million and net income of $5.5 million.

Unaudited Pro Forma Information

Tropicana

The following unaudited pro forma information presents the results of operations of the Company for the three months ended March 31, 2018, as if only the Tropicana Acquisition had occurred on January 1, 2017 (in thousands).

		Three Months Ended March 31, 2018
Net operating revenues	$	658,006
Net income		14,441

These pro forma results do not necessarily represent the results of operations that would have been achieved if the acquisition had taken place on January 1, 2017, nor are they indicative of the results of operations for future periods. The pro forma amounts include the historical operating results of the Company and Tropicana prior to the Tropicana Acquisition with adjustments directly attributable to the Tropicana Acquisition.

Elgin

The following unaudited pro forma information presents the results of operations of the Company for the three months ended March 31, 2018, as if only the Elgin Acquisition had occurred on January 1, 2017 (in thousands).

		Three Months Ended March 31, 2018
Net operating revenues	$	480,387
Net income		24,790

These pro forma results do not necessarily represent the results of operations that would have been achieved if the acquisition had taken place on January 1, 2017, nor are they indicative of the results of operations for future periods. The pro forma amounts include the historical operating results of the Company and Elgin prior to the Elgin Acquisition with adjustments directly attributable to the Elgin Acquisition.

Note 5. Assets Held for Sale

On February 28, 2018, the Company entered into definitive agreements to sell substantially all of the assets and liabilities of Presque Isle Downs and Vicksburg to Churchill Downs Incorporated (“CDI”). Under the terms of the agreements, CDI agreed to purchase Presque Isle Downs for cash consideration of approximately $178.9 million and Vicksburg for cash consideration of approximately $50.6 million, in each case subject to a customary working capital adjustment. In conjunction with the classification of Vicksburg’s operations as assets held for sale at March 31, 2018 as a result of the announced sale to CDI, an impairment charge totaling $9.8 million was recorded due to the carrying value exceeding the estimated net sales proceeds.

The definitive agreements provided that the dispositions were subject to receipt of required regulatory approvals, termination of the waiting period under the Hart-Scott-Rodino Act and other customary closing conditions, including, in the case of Presque Isle Downs, the prior closing of the sale of Vicksburg or the entry into an agreement to acquire another asset of the Company. On May 7, 2018, the Company and CDI each received a Request for Additional Information and Documentary Materials, often referred to as a “Second Request,” from the Federal Trade Commission in connection with its review of the Vicksburg acquisition.

On July 6, 2018, in consideration of the time and expense needed to reply to the Second Request, the Company and CDI entered into a termination agreement and release pursuant to which the parties agreed to terminate the asset purchase agreement with respect to Vicksburg and to enter into an asset purchase agreement pursuant to which CDI would acquire and assume the rights and obligations to operate Nemacolin (the “Vicksburg Termination Agreement”). The Vicksburg Termination Agreement also provided that CDI would pay the Company a $5.0 million termination fee upon execution of a definitive agreement with respect to the Nemacolin transaction, which was recorded as proceeds from terminated sale on the Consolidated Statements of Income. On August 10, 2018, the Company entered into a definitive agreement to sell substantially all of the assets and liabilities of Nemacolin to CDI. Under the terms of the agreement, CDI agreed to purchase Nemacolin for cash consideration of approximately $0.1 million, subject to a customary working capital adjustment. As a result of the agreement to sell Nemacolin, an impairment charge of $3.8 million was recorded in the third quarter of 2018 due to the carrying value of the net property and equipment being sold exceeding the estimated net sales proceeds.

The sale of Presque Isle Downs closed on January 11, 2019 resulting in a gain on sale of $21.6 million for the three months ended March 31, 2019. The sale of Nemacolin closed on March 8, 2019 resulting in a gain on sale of $0.5 million for the three months ended March 31, 2019.

Prior to the respective closing dates, the dispositions of Nemacolin and Presque Isle Downs, both of which were reported in the East segment, met the requirements for presentation as assets held for sale under generally accepted accounting principles. Due to the termination of the Vicksburg sale, Vicksburg was no longer presented as an asset held for sale.

The assets and liabilities held for sale, accounted for at carrying value as it was lower than fair value, were as follows as of December 31, 2018 (in thousands):

	December 31, 2018		
	Nemacolin	Presque Isle Downs	Total
Assets:			
Accounts receivable, net	$ 272	$ 2,208	$ 2,480
Inventories	79	1,607	1,686
Prepaid expenses and other	370	773	1,143
Property and equipment, net	1,784	70,134	71,918
Goodwill	—	3,122	3,122
Other intangibles, net	—	75,422	75,422
Assets held for sale	$ 2,505	$ 153,266	$ 155,771
Liabilities:			
Accounts payable	$ 147	$ 683	$ 830
Accrued payroll and related	838	596	1,434
Accrued property and other taxes	552	71	623
Accrued other liabilities	1,628	3,659	5,287
Other long-term liabilities	105	—	105
Long-term obligation	2,412	—	2,412
Liabilities related to assets held for sale	$ 5,682	$ 5,009	$ 10,691

The following information presents the net operating revenues and net (loss) income of Presque Isle Downs and Nemacolin prior to the respective dispositions (in thousands):

	Three Months ended March 31, 2019		Three Months ended March 31, 2018	
	Presque Isle Downs	Nemacolin	Presque Isle Downs	Nemacolin
Net operating revenues	$ 3,235	$ 4,836	$ 33,177	$ 8,494
Net (loss) income	(42)	(754)	2,135	(118)

These amounts include historical operating results, adjusted to eliminate the internal allocation of interest expense that was not be assumed by the buyer.

Note 6. Stock-Based Compensation and Stockholder’s Equity

Common Stock

The Company has authorized common stock of 200,000,000 shares, par value $0.00001 per share. In June 2018 the Company amended its certificate of incorporation to increase the total number of authorized shares of common stock from 100,000,000 shares to 200,000,000 shares.

Share Repurchase Program

In November 2018, the Company’s Board of Directors authorized a $150 million common stock repurchase program (the “Share Repurchase Program”) pursuant to which the Company may, from time to time, repurchase shares of common stock on the open market (either with or without a 10b5-1 plan) or through privately negotiated transactions. The Share Repurchase Program has no time limit and may be suspended or discontinued at any time without notice. There is no minimum number of shares of common stock that the Company is required to repurchase under the Share Repurchase Program.

The Company acquired 223,823 shares of common stock at an aggregate value of $9.1 million and an average of $40.80 per share during the year ended December 31, 2018. No shares were repurchased during the three months ended March 31, 2019.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC 718, Compensation—Stock Compensation. Total stock-based compensation expense in the accompanying Consolidated Statements of Income totaled $4.9 million and $3.7 million during the three months ended March 31, 2019 and 2018, respectively. These amounts are included in corporate expenses and, in the case of certain property positions, general and administrative expenses in the Company's Consolidated Statements of Income. We recognized a reduction in income tax expense of $2.6 million and $3.4 million for the three months ended March 31, 2019 and 2018, respectively, for excess tax benefits related to stock-based compensation.

A summary of the restricted stock unit (RSU) activity for the three months ended March 31, 2019 is presented in the following table:

	Restricted Stock Units	
	Units	Weighted-Average Grant Date Fair Value (in millions)
Unvested outstanding as of December 31, 2018	1,283,372	$ 23.93
Granted (1)	352,869	
Vested	(352,584)	
Unvested outstanding as of March 31, 2019	1,283,657	$ 32.19

(1) Included are 30,135 RSUs granted to non-employee members of the Board of Directors during the three months ended March 31, 2019.

As of March 31, 2019 and 2018, the Company had $28.6 million and $16.6 million, respectively, of unrecognized compensation expense. The RSUs are expected to be recognized over a weighted-average period of 1.90 years and 1.58 years, respectively.

There was no ERI stock option activity for the three months ended March 31, 2019. Outstanding options as of March 31, 2019 totaled 135,956, of which 119,505 options were exercisable.

Note 7. Investments in and Advances to Unconsolidated Affiliates

Hampton Inn & Suites

The Company holds a 42.1% variable interest in a partnership with other investors that developed a new 118-room Hampton Inn & Suites hotel at Scioto Downs that opened in March 2017. Pursuant to the terms of the partnership agreement, the Company contributed $1.0 million of cash and 2.4 acres of a leasehold land immediately adjacent to *The Brew Brothers* microbrewery and restaurant at Scioto Downs. The partnership constructed the hotel at a cost of $16.0 million and other investor members operate the hotel. In November 2017, the Company contributed $0.6 million to the partnership for its proportionate share of additional construction costs pursuant to the partnership agreement. At March 31, 2019 and December 31, 2018, the Company's investment in the partnership totaled $1.2 million and $1.3 million, respectively, recorded in investment in and advances to unconsolidated affiliates on the Consolidated Balance Sheets, representing the Company's maximum loss exposure. As of March 31, 2019 and December 31, 2018, the Company's receivable from the partnership totaled $0.1 million and $0.3 million, respectively, and is reflected in due from affiliates on the Consolidated Balance Sheets.

Pompano Joint Venture

In April 2018, the Company entered into a joint venture with Cordish Companies ("Cordish") to master plan and develop a mixed-use entertainment and hospitality destination expected to be located on unused land adjacent to the casino and racetrack at the Company's Pompano property. As the managing member, Cordish will operate the business and manage the development, construction, financing, marketing, leasing, maintenance and day-to-day operation of the various phases of the project. Additionally, Cordish will be responsible for the development of the master plan for the project with the Company's input and will submit it for the Company's review and approval. The Company and Cordish have made initial cash contributions of $250,000 each and could be required to make additional contributions to a maximum of $2.0 million ($1.0 million per member) at the request of the managing member. The Company has agreed to contribute land to the joint venture for the project. While the Company holds a 50% variable interest in the joint venture, it is not the primary beneficiary; as such the investment in the joint venture is accounted for using the equity method. The Company will participate evenly with Cordish in the profits and losses of the joint venture, which is included in income (loss) from unconsolidated affiliates on the Consolidated Statements of Income. At March 31, 2019 and December 31, 2018, the Company's investment in the joint venture totaled $0.7 million and $0.6 million, respectively, recorded in investment in and advances to unconsolidated affiliates on the Consolidated Balance Sheets.

William Hill

In September 2018, the Company entered into a 25-year agreement, which became effective January 29, 2019, with William Hill PLC and William Hill US, its U.S. subsidiary (together, "William Hill") pursuant to which the Company (i) granted to William Hill the right to conduct betting activities in retail channels and under the Company's first skin and third skin for online channels with respect to the Company's current and future properties located in the United States and the territories and possessions of the United States, including Puerto Rico and the U.S. Virgin Islands and (ii) agreed that William Hill will have the right to conduct real money online gaming activities utilizing the Company's second skin available with respect to properties in such territory. Pursuant to the terms of the agreement, in January 2019 the Company received a 20% ownership interest in William Hill US as well as 13.4 million ordinary shares of William Hill PLC, which carry certain time restrictions on when they can be sold, and the Company will receive a revenue share from the operation of retail betting and online betting and gaming activities. "Skin" in the context of this agreement refers to Eldorado's ability to grant to William Hill an online channel that allows William Hill to operate online casino and sports gaming activities in reliance on, and utilizing the benefit of, any licenses granted to Eldorado or its subsidiaries. As of March 31, 2019, based on the Company's existing sportsbook operations with William Hill, the Company's receivable from William Hill totaled $3.1 million and is reflected in due from affiliates on the Consolidated Balance Sheets.

The Company is accounting for its investment in William Hill US under the equity method. The fair value of the Company's initial investment in William Hill US of $128.9 million at January 29, 2019 was determined using Level 3 inputs. As of March 31, 2019, the carrying value of the Company's interest in William Hill US was $130.3 million recorded in investment in and advances to unconsolidated affiliates on the Consolidated Balance Sheet. The Company also recorded deferred revenue associated with the ownership interest received in William Hill US and is recognizing revenue on a straight-line basis over the 25 year agreement term. The Company recognized revenue of $0.8 million during the three months ended March 31, 2019. As of March 31, 2019, the balance of the William Hill US deferred revenue totaled $128.1 million and is recorded in other long term liabilities on the Consolidated Balance Sheet.

As of March 31, 2019, the fair value of the William Hill PLC shares totaled $24.4 million, net of an unrealized loss of $2.8 million, and included in other assets, net on the Consolidated Balance Sheet. The Company also recorded deferred revenue associated with the William Hill PLC shares and is recognizing revenue on a straight-line basis over the 25 year agreement term. The Company recognized revenue of $0.2 million during the three months ended March 31, 2019. As of March 31, 2019, the balance of the William Hill PLC deferred revenue totaled $27.1 million and is recorded in other long term liabilities on the Consolidated Balance Sheet.

Note 8. Intangible Assets, net and Other Long-Term Assets

Other and intangible assets, net, include the following amounts (in thousands):

	March 31, 2019	December 31, 2018	Useful Life
Goodwill	$ 1,008,316	$ 1,008,316	Indefinite
Gaming licenses	$ 1,090,682	$ 1,090,682	Indefinite
Trade names	187,929	187,929	Indefinite
Player loyalty programs	105,005	105,005	3 - 4 years
Subtotal	1,383,616	1,383,616	
Accumulated amortization player loyalty programs	(29,252)	(21,610)	
Total gaming licenses and other intangible assets, net	$ 1,354,364	$ 1,362,006	

Gaming licenses represent intangible assets acquired from the purchase of a gaming entity located in a gaming jurisdiction where competition is limited, such as when only a limited number of gaming operators are allowed to operate in the jurisdiction. These gaming license rights are not subject to amortization as the Company has determined that they have indefinite useful lives.

Amortization expense with respect to player loyalty programs for the three months ended March 31, 2019 and 2018 totaled $7.6 million and $1.6 million, respectively, which is included in depreciation and amortization in the Consolidated Statements of Income. Such amortization expense is expected to be $23.0 million for the remainder of 2019 and $27.4 million, $21.2 million and $4.2 million for the years ended December 31, 2020, 2021 and 2022, respectively.

Goodwill represents the excess of the purchase prices of acquiring MTR Gaming, Isle, Elgin and Tropicana over the fair market value of the net assets acquired. In conjunction with the classification of Vicksburg's operations as assets held for sale at March 31, 2018 (see Note 5) as a result of the announced sale to CDI, an impairment charge totaling $9.8 million was recorded due to the carrying value exceeding the estimated net sales proceeds. The impairment reduced the value of goodwill in the South segment in 2018.

Other Assets, Net

Other assets, net, include the following amounts (in thousands):

	March 31, 2019	December 31, 2018
CRDA bonds and deposits, net	$ 6,403	$ 6,694
Unamortized debt issuance costs - Revolving Credit Facility	8,992	9,533
Non-operating real property	16,852	17,880
Long-term prepaid rent	164	20,198
Restricted cash and investments	39,556	15,064
ROU assets (see Note 2)	282,363	—
Other	12,158	14,077
Total other assets, net	$ 366,488	$ 83,446

The CRDA bonds have various contractual maturities that range up to 40 years. Actual maturities may differ from contractual maturities because of prepayment rights. The Company treats CRDA bonds as held-to-maturity since the Company has the ability and the intent to hold these bonds to maturity and under the CRDA, the Company is not permitted to do otherwise. After the initial determination of fair value, the Company analyzes the CRDA bonds for recoverability on a quarterly basis based on management's historical collection experience and other information received from the CRDA. If indications exist that the CRDA bond is impaired, additional valuation allowances are recorded.

Non-operating real property consists principally of land and undeveloped properties for which the Company has designated as non-operating and has declared its intent to sell such assets. As a result of a pending sale offer for certain non-operating real property located in Pennsylvania, the Company recognized an impairment charge of $1.0 million for the three months ended March 31, 2019.

Approximately ten acres of the approximately 20 acres on which Tropicana Evansville is situated is subject to a lease with the City of Evansville, Indiana. Under the terms of the agreement, a pre-payment of lease rent in the amount of $25 million was due at the commencement of the construction project. The prepayments will be applied against future rent in equal monthly amounts over a period of 120 months which commenced upon the opening of the property in January 2018. The current term of the lease expires November 30, 2027. Upon adoption of the new lease accounting guidance this pre-payment of rent is included with the Company's ROU assets and no longer included in long-term prepaid rent.

In November 2018, we entered into a 20-year agreement with TSG pursuant to which we agreed to provide TSG with options to obtain access to our second skin for online sports wagering and third skin for real money online gaming and poker, in each case with respect to our properties in the United States. Under the terms of the agreement, we will receive a revenue share from the operation of the applicable verticals by TSG under our licenses. Pursuant to the terms of the TSG agreement, we received 1.1 million TSG common shares, and we may receive an additional $5.0 million in TSG common shares upon the exercise of the first option by TSG. We may also receive additional TSG common shares in the future based on TSG net gaming revenue generated in our markets. The initial 1.1 million shares are subject to a restriction on transfer and may not be sold until November 2019.

At March 31, 2019, the fair value of the Company's shares of TSG totaled $17.3 million net of a liability to William Hill PLC of $8.7 million, and is recorded in restricted cash and investments on the Consolidated Balance Sheet. Upon the closing of TSG, the Company also recorded deferred revenue associated with the shares received and recognized revenue of $0.4 million during the three months ended March 31, 2019. As of March 31, 2019, the balance of the TSG deferred revenue totaled $18.2 million and is recorded in other long term liabilities on the Consolidated Balance Sheet.

In September 2018, we entered into a 25-year agreement, which became effective January 2019, with William Hill pursuant to which we received 13.4 million ordinary shares of William Hill PLC which carry certain time restrictions on when they can be sold. As of March 31, 2019, the fair value of the William Hill PLC shares totaled $24.4 million, net of an unrealized loss of $2.8 million, and is included in other assets, net on the Consolidated Balance Sheet.

Note 9. Income Taxes

The Company estimates an annual effective income tax rate based on projected results for the year and applies this rate to income before taxes to calculate income tax expense. Any refinements made due to subsequent information that affects the estimated annual effective income tax rate are reflected as adjustments in the current period.

For the three months ended March 31, 2019 and 2018, the Company's tax expense was $10.4 million and $2.1 million, respectively. For the three months ended March 31, 2019, the difference between the effective rate and the statutory rate is primarily due to non-deductible expenses, excess tax benefits associated with stock compensation, and state and local income taxes. For the three months ended March 31, 2018, the difference between the effective rate and the statutory rate is primarily due to state and local income taxes less excess tax benefits associated with stock compensation.

As of March 31, 2019, there were no unrecognized tax benefits and the Company does not expect a significant increase or decrease to the total amounts of unrecognized tax benefits within the next twelve months. We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense.

The Company and its subsidiaries file US federal income tax returns and various state and local income tax returns. The Company does not have tax sharing agreements with the other members within the consolidated ERI group. With few exceptions, the Company is no longer subject to US federal or state and local tax examinations by tax authorities for years before 2012.

Note 10. Long-Term Financing Obligation

As of December 31, 2018, under the prior lease accounting standard the Company's Master Lease with GLPI was accounted for as a failed sale-leaseback financing obligation equal to the fair value of the leased real estate assets and liabilities acquired in purchase accounting. Upon adoption of ASC 842 (see Note 2), the Company re-evaluated the Master Lease and determined this existing failed sale-leaseback transaction will continue to be accounted for as a financing obligation.

The fair value of the real estate assets and the related failed sale-leaseback financing obligations were estimated based on the present value of the estimated future lease payments over the lease term of 35 years, including renewal options, using an imputed discount rate of approximately 10.22%. The value of the failed sale-leaseback financing obligations is dependent upon assumptions regarding the amount of the lease payments and the estimated discount rate of the lease payments required by a market participant.

The Master Lease provides for the lease of land, buildings, structures and other improvements on the land (including barges and riverboats), easements and similar appurtenances to the land and improvements relating to the operation of the leased properties. The Master Lease provides for an initial term of fifteen years with no purchase option. At the Company's option, the Master Lease may be extended for up to four five-year renewal terms beyond the initial 15-year term. If we elect to renew the term of the Master Lease, the renewal will be effective as to all, but not less than all, of the leased property then subject to the Master Lease. The Company does not have the ability to terminate its obligations under the Master Lease prior to its expiration without GLPI's consent.

The rent payable under the Master Lease is comprised of "Base Rent" and "Percentage Rent." Base rent is the sum of:

- Building Base Rent: a fixed component equal to $60.9 million during the first year of the Master Lease, and thereafter escalated annually by 2%, subject to a cap that would cause the preceding year's adjusted revenue to rent ratio for the properties in the aggregate not to fall below 1.20:1.00 for the first five years of the Master Lease and 1.80:1.00 thereafter; plus
- Land Base Rent: an additional fixed component equal to $13.4 million, subject to adjustment in the event of the termination of the Master Lease with respect to any of the leased properties.

The percentage rent payable under the Master Lease is adjusted every two years based on the actual net revenues of the leased properties during the two-year period then ended. The initial variable rent percentage, which is fixed for the first two years, is $13.4 million per year. The actual percentage increase is based on actual performance and is subject to change.

Under the Master Lease, the Company is required to pay the following, among other things: lease payments to the underlying ground lessor for properties that are subject to ground leases, facility maintenance costs, all insurance premiums for insurance with respect to the leased properties and the business conducted on the leased properties, taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor and all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties).

The initial annual rent under the terms of the lease is $87.6 million.

The estimated future lease payments include the minimum lease payments and were adjusted to reflect estimated lease payments as described in the agreements, including an annual escalator of up to 2%.

The future minimum payments related to the Master Lease financing obligation with GLPI at March 31, 2019 were as follows (in thousands):

2019 (excluding the three months ended March 31, 2019)	$	66,034
2020		89,168
2021		90,417
2022		91,691
2023		92,990
Thereafter		3,506,672
Total future payments		3,936,972
Less: amounts representing interest at 10.22%		(3,394,567)
Plus: residual values		420,100
Financing obligation to GLPI	$	962,505

Total payments and interest expense related to the Master Lease were $21.9 million and $24.6 million, respectively, for the three months ended March 31, 2019. For the initial periods of the Master Lease, cash payments are less than the interest expense recognized, which causes the failed sale-leaseback obligation to increase during the initial years of the lease term.

The Master Lease contains certain covenants, including minimum capital improvement expenditures.

Note 11. Long-Term Debt

Long-term debt consisted of the following (in thousands):

	March 31, 2019	December 31, 2018
Term Loan	$ 956,750	$ 956,750
Less: Unamortized discount and debt issuance costs	(17,679)	(18,426)
Net	939,071	938,324
6% Senior Notes due 2026	600,000	600,000
Less: Unamortized debt issuance costs	(19,485)	(19,630)
Net	580,515	580,370
6% Senior Notes due 2025	875,000	875,000
Plus: Unamortized debt premium	22,687	23,491
Less: Unamortized debt issuance costs	(17,803)	(18,405)
Net	879,884	880,086
7% Senior Notes due 2023	375,000	375,000
Less: Unamortized discount and debt issuance costs	(5,814)	(6,075)
Net	369,186	368,925
Revolving Credit Facility	40,000	245,000
Lumière Loan	246,000	246,000
Long-term notes and other payables	2,910	3,030
Less: Current portion	(415)	(462)
Total long-term debt	$ 3,057,151	$ 3,261,273

Amortization of the debt issuance costs and the discount and/or premium associated with our indebtedness totaled $1.9 million and $1.3 million for the three months ended March 31, 2019 and 2018, respectively. Amortization of debt issuance costs is computed using the effective interest method and is included in interest expense.

Scheduled maturities of long-term debt are $0.4 million for the remainder of 2019, $246.2 million in 2020, $0.2 million in 2021, $0.2 million in 2022, $415.1 million in 2023, and $2.4 billion thereafter.

Term Loan and Revolving Credit Facility

The Company is party to a credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto dated as of April 17, 2017 (as amended the “Credit Facility”), consisting of a $1.45 billion term loan facility (the “Term Loan Facility” or “Term Loan”) and a $500.0 million revolving credit facility (the “Revolving Credit Facility”). The Company’s obligations under the Revolving Credit Facility will mature on October 1, 2023. The Company’s obligations under the Term Loan Facility will mature on April 17, 2024. The Company was required to make quarterly principal payments of $3.6 million on the Term Loan Facility on the last day of each fiscal quarter beginning on June 30, 2017 but satisfied this requirement as a result of the principal prepayment of $444.5 million on September 13, 2017 in conjunction with the issuance of the additional 6% Senior Notes due 2025. In addition, the Company is required to make mandatory payments of amounts outstanding under the Credit Facility with the proceeds of certain casualty events, debt issuances, and asset sales and, depending on its consolidated total leverage ratio, the Company may be required to apply a portion of its excess cash flow to repay amounts outstanding under the Credit Facility.

As of March 31, 2019, the Company had $956.8 million outstanding on the Term Loan and $40.0 million outstanding under the Revolving Credit Facility. The Company had $447.7 million of available borrowing capacity, after consideration of $12.3 million in outstanding letters of credit under its Revolving Credit Facility as of March 31, 2019. The Company applied approximately $150.0 million of proceeds from the sale of Presque Isle Downs to temporarily repay amounts outstanding under the Revolving Credit Facility. Pursuant to the terms of the indentures governing the Company’s senior notes, the Company will be required to make an offer to purchase a portion of its outstanding senior notes with the excess proceeds from such sale unless it applies the net proceeds of such sale to either permanently repay outstanding indebtedness or make specified acquisitions or capital expenditures within 365 days of the sale of Presque Isle Downs.

The interest rate per annum applicable to loans under the Revolving Credit Facility are, at our option, either LIBOR plus a margin ranging from 1.75% to 2.50% or a base rate plus a margin from 0.75% to 1.50%, the margin is based on our total leverage ratio. The interest rate per annum applicable to the loans under the Term Loan Facility is, at our option, either LIBOR plus 2.25%, or a base rate plus 1.25%; provided, however, that in no event will LIBOR be less than zero or the base rate be less than 1.00%. Additionally, the Company pays a commitment fee on the unused portion of the Revolving Credit Facility of 0.50% per annum. At March 31, 2019, the weighted average interest rates on the Term Loan and Revolving Credit Facility were 4.88% and 4.50%, respectively.

Senior Notes

6% Senior Notes due 2026

On September 20, 2018, Delta Merger Sub, Inc. (“Escrow Issuer”), a Delaware corporation and a wholly-owned subsidiary of the Company, issued $600 million aggregate principal amount of 6.0% senior notes due 2026 (the “6% Senior Notes due 2026”) pursuant to an indenture, dated as of September 20, 2018 (the “2026 Indenture”), between Escrow Issuer and U.S. Bank, National Association, as Trustee. Interest on the 6% Senior Notes due 2026 will be paid every semi-annually in arrears on March 15 and September 15.

The 6% Senior Notes due 2026 were general unsecured obligations of Escrow Issuer’s upon issuance and, upon the assumption of such obligations by the Company and the subsidiary guarantors (the “Guarantors”) upon consummation of the Tropicana Acquisition, became general unsecured obligations of the Company and the Guarantors, ranking senior in right of payment to all of the Company’s existing and future debt that is expressly subordinated in right of payment to the 6% Senior Notes due 2026 and the guarantees, ranking equally in right of payment with all of the applicable obligor’s existing and future senior liabilities, including the obligations under the Company’s existing 7% Senior Notes due 2023 and 6% Senior Notes due 2025, and are effectively subordinated to all of the applicable obligor’s existing and future secured debt, including indebtedness under the Company’s existing senior secured credit facility and the Lumière Note (as defined in the 2026 Indenture), in each case, to the extent of the value of the collateral securing such debt. In addition, the 6% Senior Notes due 2026 and the related guarantees are structurally subordinated to all existing and future indebtedness and other liabilities of the Company’s subsidiaries and other entities in which the Company has an equity interest that do not guarantee the 6% Senior Notes due 2026 (other than indebtedness and liabilities owed to the Company or the Guarantors).

6% Senior Notes due 2025

On March 29, 2017, the Company issued at par $375.0 million aggregate principal amount of 6.0% senior notes due 2025 (the “6% Senior Notes due 2025”) pursuant to an indenture, dated as of March 29, 2017 (the “2025 Indenture”), between Eagle II and U.S. Bank, National Association, as Trustee. The 6% Senior Notes due 2025 will mature on April 1, 2025, with interest payable semi-annually in arrears on April 1 and October 1. In connection with the consummation of the Isle Acquisition on May 1, 2017, the Company assumed Eagle II’s obligations under the 6% Senior Notes due 2025 and the 2025 Indenture and certain of the Company’s subsidiaries (including Isle and certain of its subsidiaries) executed guarantees of the Company’s obligations under the 6% Senior Notes due 2025.

On September 13, 2017, the Company issued an additional $500.0 million principal amount of its 6% Senior Notes due 2025 at an issue price equal to 105.5% of the principal amount of the 6% Senior Notes due 2025. The additional notes were issued pursuant to the 2025 Indenture that governs the 6% Senior Notes due 2025. The Company used the proceeds of the offering to repay $78.0 million of outstanding borrowings under the previous revolving credit facility and used the remainder to repay $444.5 million outstanding borrowings under the previous term loan facility and related accrued interest.

7% Senior Notes due 2023

On July 23, 2015, the Company issued at par $375.0 million in aggregate principal amount of 7.0% senior notes due 2023 (“7% Senior Notes due 2023”) pursuant to an indenture, dated as of July 23, 2015 (the “2023 Indenture”), between the Company and U.S. Bank, National Association, as Trustee. The 7% Senior Notes due 2023 will mature on August 1, 2023, with interest payable semi-annually in arrears on February 1 and August 1 of each year.

Lumière Loan

We borrowed $246 million from GLPI to fund the entire purchase price of the real estate underlying Lumière. The Lumière Loan bears interest at a rate equal to (i) 9.09% until October 1, 2019 and (ii) 9.27% until October 1, 2020, and matures on October 1, 2020. The Lumière Loan is secured by a first priority mortgage on the Lumière real property until October 1, 2019. In connection with the issuance of the Lumière Loan, we agreed to use our commercially reasonable efforts to transfer one or more of the Grand Victoria Casino, Isle Casino Bettendorf, Isle Casino Hotel Waterloo, Isle of Capri Lula, Lady Luck Casino Vicksburg and Mountaineer Casino, Racetrack and Resort or such other property or properties mutually acceptable to us and GLPI, provided that the aggregate value of such property, individually or collectively, is at least $246 million (the “Replacement Property”), to GLPI with a simultaneous leaseback to us of such Replacement Property. In connection with such Replacement Property sale, (i) we and GLPI will enter into an amendment to the Master Lease to revise the economic terms to include the Replacement Property, (ii) GLPI, or one of its affiliates, will assume the Lumière Loan and Tropicana St. Louis RE’s obligations under the Lumière Loan in consideration of the acquisition of the Replacement Property and our obligations under the Lumière Loan will be deemed to have been satisfied, (iii) the Lumière Real Property will be released from the lien placed on it in connection with the Lumière Loan (if such lien has not yet been released in accordance with the terms of the Lumière Loan) and (iv) in the event the value of the Replacement Property is greater than the our outstanding obligations under the Lumière Loan, GLPI will pay us the difference between the value of the Replacement Property and the amount of outstanding obligations under the Lumière Loan. If such Replacement Property transaction is not consummated prior to the maturity date of the Lumière Loan, other than as a result of certain failures to perform by GLPI, then the amounts outstanding will be paid in full and the rent under the Master Lease will automatically increase, subject to certain escalations.

Debt Covenant Compliance

As of March 31, 2019, we were in compliance with all of the covenants under the 7% Senior Notes due 2023, 6% Senior Notes due 2025, 6% Senior Notes due 2026, the Credit Facility, the Lumière Loan and the Master Lease.

Note 12. Fair Value Measurements

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accordingly, fair value is a market based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, there is a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

- *Level 1 Inputs*: Quoted market prices in active markets for identical assets or liabilities.
- *Level 2 Inputs*: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- *Level 3 Inputs*: Unobservable inputs that are not corroborated by market data.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practical to estimate fair value:

Cash and Cash Equivalents: Cash equivalents include cash held in money market funds and investments that can be redeemed immediately at the current net asset value per share. A money market fund is a mutual fund whose investments are primarily in short-term debt securities designed to maximize current income with liquidity and capital preservation, usually maintaining per share net asset value at a constant amount, such as one dollar. Cash and cash equivalents also include cash maintained for gaming operations. The carrying amounts approximate the fair value because of the short maturity of those instruments (Level 1).

Restricted Cash and Investments: The estimated fair values of our restricted cash and investments are based upon quoted prices available in active markets (Level 1), or quoted prices for similar assets in active and inactive markets (Level 2), or quoted prices available in active markets adjusted for time restrictions related to the sale of the investment (Level 3) and represent the amounts we would expect to receive if we sold our restricted cash and investments.

Marketable Securities: Marketable securities consist primarily of trading securities held the Company’s captive insurance subsidiary. The estimated fair values of the Company’s marketable securities are determined on an individual asset basis based upon quoted prices of identical assets available in active markets (Level 1), quoted prices of identical assets in inactive markets, or quoted prices for similar assets in active and inactive markets (Level 2), and represent the amounts we would expect to receive if we sold these marketable securities.

Long-term Debt: The fair value of our long-term debt or other long-term obligations is estimated based on the quoted market price of the underlying debt issue (Level 1) or, when a quoted market price is not available, the discounted cash flow of future payments utilizing current rates available to us for the debt of similar remaining maturities (Level 2). Debt obligations with a short remaining maturity have a carrying amount that approximates fair value.

Acquisition-Related Contingent Considerations: Contingent consideration related to the July 2003 acquisition of Scioto Downs represents the estimate of amounts to be paid to former stockholders of Scioto Downs under certain earn-out provisions. Acquisition related contingent considerations of $0.5 million is included in accrued other liabilities on the Consolidated Balance Sheets as of March 31, 2019 and December 31, 2018.

Items Measured at Fair Value on a Recurring Basis: The following table sets forth the assets measured at fair value on a recurring basis, by input level, in the Consolidated Balance Sheets at March 31, 2019 and December 31, 2018 (amounts in thousands):

	March 31, 2019			
Assets:	Level 1	Level 2	Level 3	Total
Restricted cash and investments	$ 19,775	$ 3,050	$ 41,775	$ 64,600
Marketable securities	9,816	7,083	—	16,899
Liabilities:				
Other liabilities related to restricted investments	—	—	(8,672)	(8,672)

	December 31, 2018			
Assets:	Level 1	Level 2	Level 3	Total
Restricted cash and investments	$ 19,481	$ 4,467	$ 16,008	$ 39,956
Marketable securities	9,515	7,442	—	16,957

The change in restricted cash and investments valued using Level 3 inputs for the three months ended March 31, 2019 is as follows:

	Level 3 Investments	Level 3 Other Liabilities
Fair value of investment and liabilities at December 31, 2018	$ 16,008	$ —
Value of additional investment received	27,329	(8,774)
Change in other liabilities related to restricted investments	—	102
Unrealized loss in restricted investments	(1,562)	—
Fair value at March 31, 2019	$ 41,775	$ (8,672)

There were no transfers between Level 1 and Level 2 investments.

The estimated fair values of the Company's financial instruments are as follows (amounts in thousands):

	March 31, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
7% Senior Notes due 2023	$ 369,186	$ 392,812	$ 368,925	$ 385,312
6% Senior Notes due 2025	879,884	892,500	880,086	840,000
6% Senior Notes due 2026	580,515	594,000	580,370	567,000
Term Loan	939,071	947,183	938,324	916,088
Revolving Credit Facility	40,000	40,000	245,000	245,000
Lumière Loan	246,000	246,000	246,000	246,000
Other long-term debt	2,910	2,910	3,030	3,030

Note 13. Earnings per Share

The following table illustrates the reconciliation of the numerators and denominators of the basic and diluted net income per share computations for the three months ended March 31, 2019 and 2018 (dollars in thousands, except per share amounts):

	Three Months Ended March 31,	
	2019	2018
Net income available to common stockholders	$ 38,229	$ 20,855
Shares outstanding:		
Weighted average shares outstanding – basic	77,567,147	77,353,730
Effect of dilutive securities:		
Stock options	104,382	152,906
RSUs	917,581	573,413
Weighted average shares outstanding – diluted	78,589,110	78,080,049
Net income per common share attributable to common stockholders – basic:	$ 0.49	$ 0.27
Net income per common share attributable to common stockholders – diluted:	$ 0.49	$ 0.27

Note 14. Commitments and Contingencies

Litigation. The Company is a party to various legal and administrative proceedings, which have arisen in the normal course of its business. Estimated losses are accrued for these proceedings when the loss is probable and can be estimated. The current liability for the estimated losses associated with these proceedings is not material to the Company's consolidated financial condition and those estimated losses are not expected to have a material impact on its results of operations. In addition, the Company maintains what it believes is adequate insurance coverage to further mitigate the risks of such proceedings. However, such proceedings can be costly, time consuming and unpredictable and, therefore, no assurance can be given that the final outcome of such proceedings may not materially impact the Company's consolidated financial condition or results of operations. Further, no assurance can be given that the Company's existing insurance coverage will be sufficient to cover losses, if any, arising from such proceedings.

Agreements with Horsemen and Pari-mutuel Clerks. The Federal Interstate Horse Racing Act and the state racing laws in West Virginia and Ohio require that, in order to simulcast races, we have written agreements with the horse owners and trainers at those racetracks. In addition, in order to operate slot machines in West Virginia, we are required to enter into written agreements regarding the proceeds of the slot machines (a "proceeds agreement") with a representative of a majority of the horse owners and trainers and with a representative of a majority of the pari-mutuel clerks. We are required to have a proceeds agreement in effect on July 1 of each year with the horsemen and the pari-mutuel clerks as a condition to renewal of our video lottery license for such year. If the requisite proceeds agreement is not in place as of July 1 of a particular year, Mountaineer's application for renewal of its video lottery license could be denied, in which case Mountaineer would not be permitted to operate either its slot machines or table games. In Ohio, we must have an agreement with the representative of the horse owners. We currently have all the requisite agreements in place referenced in this sub section at Mountaineer and Scioto Downs. Certain agreements referenced above may be terminated upon written notice by either party.

Note 15. Related Affiliates

REI

As of March 31, 2019, Recreational Enterprises, Inc. ("REI") owned approximately 14.4% of outstanding common stock of the Company. The directors of REI are Company's Executive Chairman of the Board, Gary L. Carano, its Chief Executive Officer and Board member, Thomas R. Reeg, and its former Senior Vice President of Regional Operations, Gene Carano. In addition, Gary L. Carano also serves as the Vice President of REI and Gene Carano also serves as the Secretary and Treasurer of REI. Members of the Carano Family, including Gary L. Carano and Gene Carano, own the equity interests in REI. As such, the Carano Family has the ability to significantly influence the affairs of the Company. During the three months end March 31, 2019 and 2018, there were no related party transactions between the Company and the Carano Family other than compensation, including salary and equity incentives, and the CSY Lease listed below.

C. S. & Y. Associates

The Company owns the entire parcel on which Eldorado Reno is located, except for approximately 30,000 square feet which is leased from C. S. & Y. Associates which is an entity partially owned by REI (the “CSY Lease”). The CSY Lease expires on June 30, 2057. Rent pursuant to the CSY Lease is $0.6 million annually and paid quarterly during the year. As of March 31, 2019 and December 31, 2018 there were no amounts due to or from C.S. & Y. Associates.

Note 16. Segment Information

The executive decision maker of our Company reviews operating results, assesses performance and makes decisions on a “significant market” basis. Management views each of our casinos as an operating segment. Operating segments are aggregated based on their similar economic characteristics, types of customers, types of services and products provided, and their management and reporting structure. Prior to the Elgin and Tropicana acquisitions, the Company’s principal operating activities occurred in four geographic regions and reportable segments. As referenced in Note 1, following the Elgin and Tropicana acquisitions a fifth segment, Central, was added in the third quarter of 2018. The reportable segments are based on the similar characteristics of the operating segments within the regions in which they operate. These segments are summarized as follows:

Segment	Property	Date Acquired	State
West	Eldorado Reno	(a)	Nevada
	Silver Legacy	(a)	Nevada
	Circus Reno	(a)	Nevada
	MontBleu	October 1, 2018	Nevada
	Laughlin	October 1, 2018	Nevada
	Isle Black Hawk	May 1, 2017	Colorado
	Lady Luck Black Hawk	May 1, 2017	Colorado
Midwest	Waterloo	May 1, 2017	Iowa
	Bettendorf	May 1, 2017	Iowa
	Boonville	May 1, 2017	Missouri
	Cape Girardeau	May 1, 2017	Missouri
	Caruthersville	May 1, 2017	Missouri
	Kansas City	May 1, 2017	Missouri
South	Pompano	May 1, 2017	Florida
	Eldorado Shreveport	(a)	Louisiana
	Lake Charles	May 1, 2017	Louisiana
	Baton Rouge	October 1, 2018	Louisiana
	Lula	May 1, 2017	Mississippi
	Vicksburg	May 1, 2017	Mississippi
	Greenville	October 1, 2018	Mississippi
East	Presque Isle Downs	(a) (b)	Pennsylvania
	Nemacolin	5/1/2017 (b)	Pennsylvania
	Scioto Downs	(a)	Ohio
	Mountaineer	(a)	West Virginia
	Trop AC	October 1, 2018	New Jersey
Central	Elgin	August 7, 2018	Illinois
	Lumière	October 1, 2018	Missouri
	Evansville	October 1, 2018	Indiana

(a) Property was aggregated into segment prior to January 1, 2016.
(b) Presque Isle Downs was sold on January 11, 2019 and Nemacolin was sold on March 8, 2019.

The following table sets forth, for the periods indicated, certain operating data for our five reportable segments.

	Three Months Ended Ended March 31, 2019	Three Months Ended Ended March 31, 2018
	(in thousands)	
Revenues and expenses		
West:		
Net operating revenues	$ 118,095	$ 99,579
Depreciation and amortization	13,143	8,189
Operating income	10,801	10,139
Midwest:		
Net operating revenues	96,787	100,795
Depreciation and amortization	8,421	7,645
Operating income	27,833	26,676
South:		
Net operating revenues	132,714	122,800
Depreciation and amortization	11,015	8,531
Operating income	27,515	13,359
East:		
Net operating revenues	166,233	116,891
Depreciation and amortization	12,149	6,049
Operating income	27,161	19,131
Central:		
Net operating revenues	120,472	—
Depreciation and amortization	11,210	—
Operating income	27,070	—
Corporate:		
Net operating revenues	1,522	127
Depreciation and amortization	1,819	1,120
Operating income (loss)	3,224	(15,111)
Total Reportable Segments		
Net operating revenues	$ 635,823	$ 440,192
Depreciation and amortization	$ 57,757	$ 31,534
Operating income	$ 123,604	$ 54,194
Reconciliations to consolidated net income:		
Operating income	$ 123,604	$ 54,194
Unallocated income and expenses:		
Interest expense, net	(73,510)	(31,251)
Unrealized loss on restricted investment	(1,460)	—
Provision for income taxes	(10,405)	(2,088)
Net income	$ 38,229	$ 20,855

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
	(in thousands)	
Capital Expenditures, Net		
West	$ 16,054	$ 10,181
Midwest	4,123	2,741
South	3,764	2,883
East	10,574	2,874
Central	2,668	—
Corporate	1,177	2,592
Total	$ 38,360	$ 21,271

Balance sheet as of March 31, 2019	West	Midwest	South	East	Central	Corporate, Other & Eliminations	Total
				(in thousands)			
Total assets	$ 1,829,237	$ 1,285,862	$ 1,145,605	$ 1,968,176	$ 1,508,821	$ (1,623,183)	$ 6,114,518
Goodwill	220,861	322,745	213,150	177,486	74,074	—	1,008,316
Balance sheet as of December 31, 2018							
Total assets	$ 1,710,375	$ 1,245,521	$ 1,068,258	$ 2,166,730	$ 1,457,961	$ (1,737,383)	$ 5,911,462
Goodwill	220,861	322,745	213,150	177,486	74,074	—	1,008,316

Note 17. Consolidating Condensed Financial Information

Certain of our wholly-owned subsidiaries have fully and unconditionally guaranteed on a joint and several basis, the payment of all obligations under our 7% Senior Notes due 2023, 6% Senior Notes due 2025, 6% Senior Notes due 2026 and Credit Facility.

As of March 31, 2019, following wholly-owned subsidiaries of the Company are guarantors, on a joint and several basis, under the 7% Senior Notes due 2023, 6% Senior Notes due 2025, 6% Senior Notes due 2026 and Credit Facility: Isle of Capri Casinos LLC; Eldorado Holdco LLC; Eldorado Resorts LLC; Eldorado Shreveport 1 LLC; Eldorado Shreveport 2 LLC; Eldorado Casino Shreveport Joint Venture; MTR Gaming Group Inc.; Mountaineer Park Inc.; Old PID, Inc. (f/k/a Presque Isle Downs, Inc.); Scioto Downs Inc.; Eldorado Limited Liability Company; Circus and Eldorado Joint Venture, LLC; CC Reno LLC; CCR Newco LLC; Black Hawk Holdings, L.L.C.; IC Holdings Colorado, Inc.; CCSC/Blackhawk, Inc.; IOC-Black Hawk Distribution Company, LLC; IOC-Black Hawk County, Inc.; Isle of Capri Bettendorf, L.C.; PPI, Inc.; Pompano Park Holdings LLC; IOC-Lula, Inc.; IOC-Kansas City, Inc.; IOC-Boonville, Inc.; IOC-Caruthersville, LLC; IOC Cape Girardeau, LLC; IOC-Vicksburg, Inc.; IOC-Vicksburg, L.L.C.; Rainbow Casino-Vicksburg Partnership, L.P.; IOC Holdings L.L.C.; St. Charles Gaming Company, L.L.C; Elgin Riverboat Resort–Riverboat Casino; Elgin Holdings I LLC; Elgin Holdings II LLC, PPI Development Holdings LLC; PPI Development LLC; Tropicana Entertainment, Inc.; New Tropicana Holdings, Inc.; New Tropicana OpCo, Inc.; TLH LLC; TropWorld Games LLC; TEI R7 Investment LLC; TEI Management Services LLC; Tropicana St. Louis LLC; TEI (St. Louis) RE, LLC; TEI (STLH), LLC; TEI (ES), LLC; Aztar Riverboat Holding Company, LLC; Aztar Indiana Gaming Company, LLC ; New Jazz Enterprises, LLC; Catfish Queen Partnership in Commendam; Centroplex Centre Convention Hotel LLC; Columbia Properties Tahoe, LLC; MB Development, LLC; Lighthouse Point, LLC and Tropicana Laughlin, LLC. Each of the subsidiaries' guarantees is joint and several with the guarantees of the other subsidiaries.

The consolidating condensed balance sheet as of March 31, 2019 is as follows:

Balance Sheet	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
			(in thousands)		
Current assets	$ 69,364	$ 294,777	$ 24,184	$ (5,335)	$ 382,990
Intercompany receivables	—	235,559	21,914	(257,473)	—
Investment in and advances to unconsolidated affiliates	130,338	1,902	—	—	132,240
Investments in subsidiaries	3,716,505	—	—	(3,716,505)	—
Property and equipment, net	17,775	2,847,556	4,789	—	2,870,120
Other assets	63,993	2,673,033	24,574	(32,432)	2,729,168
Total assets	$ 3,997,975	$ 6,052,827	$ 75,461	$ (4,011,745)	$ 6,114,518
Current liabilities	$ 94,871	$ 283,102	$ 16,706	$ (5,335)	$ 389,344
Intercompany payables	232,473	—	25,000	(257,473)	—
Long-term financing obligation to GLPI	—	962,505	—	—	962,505
Long-term debt, less current maturities	2,435,971	621,180	—	—	3,057,151
Deferred income tax liabilities	—	236,454	—	(32,432)	204,022
Other accrued liabilities	171,397	266,835	—	—	438,232
Stockholders' equity	1,063,263	3,682,751	33,755	(3,716,505)	1,063,264
Total liabilities and stockholders' equity	$ 3,997,975	$ 6,052,827	$ 75,461	$ (4,011,745)	$ 6,114,518

The consolidating condensed balance sheet as of December 31, 2018 is as follows:

Balance Sheet	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
			(in thousands)		
Current assets	$ 48,268	$ 497,309	$ 27,619	$ —	$ 573,196
Intercompany receivables	—	11,885	23,988	(35,873)	—
Investment in and advances to unconsolidated affiliates	—	1,892	—	—	1,892
Investments in subsidiaries	3,648,961	—	—	(3,648,961)	—
Property and equipment, net	18,555	2,859,271	4,780	—	2,882,606
Other assets	35,072	2,423,807	26,674	(31,785)	2,453,768
Total assets	$ 3,750,856	$ 5,794,164	$ 83,061	$ (3,716,619)	$ 5,911,462
Current liabilities	$ 48,579	$ 328,319	$ 25,279	$ —	$ 402,177
Intercompany payables	10,873	—	25,000	(35,873)	—
Long-term financing obligation to GLPI	—	959,835	—	—	959,835
Long-term debt, less current maturities	2,640,046	621,193	34	—	3,261,273
Deferred income tax liabilities	—	231,795	—	(31,785)	200,010
Other accrued liabilities	22,206	36,808	—	—	59,014
Stockholders’ equity	1,029,152	3,616,214	32,748	(3,648,961)	1,029,153
Total liabilities and stockholders’ equity	$ 3,750,856	$ 5,794,164	$ 83,061	$ (3,716,619)	$ 5,911,462

The consolidating condensed statement of operations for the three months ended March 31, 2019 is as follows:

	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
			(in thousands)		
Revenues:					
Gaming and pari-mutuel commissions	$ —	466,441	$ 4,410	$ —	$ 470,851
Non-gaming	1,397	161,502	2,073	—	164,972
Net revenues	1,397	627,943	6,483	—	635,823
Operating expenses:					
Gaming and pari-mutuel commissions	—	207,142	3,164	—	210,306
Non-gaming	—	94,884	400	—	95,284
Marketing and promotions	—	32,053	248	—	32,301
General and administrative	—	118,552	1,336	—	119,888
Corporate	16,141	529	84	—	16,754
Impairment charges	—	958	—	—	958
Management fee	(4,735)	4,735	—	—	—
Depreciation and amortization	1,150	56,607	—	—	57,757
Total operating expenses	12,556	515,460	5,232	—	533,248
Gain on sale or disposal of property and equipment	409	21,396	513	—	22,318
Transaction expenses	(1,227)	(475)	(192)	—	(1,894)
Income (loss) from unconsolidated affiliates	655	(50)	—	—	605
Operating (loss) income	(11,322)	133,354	1,572	—	123,604
Interest expense, net	(37,432)	(35,834)	(244)	—	(73,510)
Unrealized loss on restricted investments	(1,460)	—	—	—	(1,460)
Subsidiary income (loss)	72,255	—	—	(72,255)	—
Income (loss) before income taxes	22,041	97,520	1,328	(72,255)	48,634
Income tax benefit (provision)	16,188	(26,265)	(328)	—	(10,405)
Net income (loss)	$ 38,229	$ 71,255	$ 1,000	$ (72,255)	$ 38,229

The consolidating condensed statement of operations for the three months ended March 31, 2018 is as follows:

	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
			(in thousands)		
Revenues:					
Gaming and pari-mutuel commissions	$ —	$ 335,793	$ 7,735	$ —	$ 343,528
Non-gaming	—	94,023	2,641	—	96,664
Net revenues	—	429,816	10,376	—	440,192
Operating expenses:					
Gaming and pari-mutuel commissions	—	164,303	5,248	—	169,551
Non-gaming	—	63,975	712	—	64,687
Marketing and promotions	—	20,835	466	—	21,301
General and administrative	—	72,427	1,775	—	74,202
Corporate	10,294	322	953	—	11,569
Impairment charges	—	9,815	—	—	9,815
Management fee	(5,137)	5,137	—	—	—
Depreciation and amortization	772	30,601	161	—	31,534
Total operating expenses	5,929	367,415	9,315	—	382,659
Loss on sale or disposal of property and equipment	—	(706)	—	—	(706)
Transaction expenses	(2,118)	(430)	—	—	(2,548)
Loss from unconsolidated affiliates	—	(85)	—	—	(85)
Operating (loss) income	(8,047)	61,180	1,061	—	54,194
Interest expense, net	(24,432)	(6,286)	(533)	—	(31,251)
Subsidiary income (loss)	43,305	—	—	(43,305)	—
Income (loss) before income taxes	10,826	54,894	528	(43,305)	22,943
Income tax benefit (provision)	10,029	(12,303)	186	—	(2,088)
Net income (loss)	$ 20,855	$ 42,591	$ 714	$ (43,305)	$ 20,855

The consolidating condensed statement of cash flows for the three months ended March 31, 2019 is as follows:

	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
			(in thousands)		
Net cash provided by (used in) operating activities	$ 13,524	$ 53,239	$ (1,323)	$ —	$ 65,440
INVESTING ACTIVITIES:					
Purchase of property and equipment, net	(1,154)	(37,198)	(8)	—	(38,360)
Proceeds from sale of property and equipment, net of cash sold	550	168,997	(1,602)	—	167,945
Purchase of restricted investments	—	—	(80)	—	(80)
Net cash (used in) provided by investing activities	(604)	131,799	(1,690)	—	129,505
FINANCING ACTIVITIES:					
Payments under Revolving Credit Facility	(205,000)	—	—	—	(205,000)
Net proceeds from (payments to) related parties	221,599	(223,672)	2,073	—	—
Payments on other long-term payables	(23)	(12)	(83)	—	(118)
Debt issuance costs	(386)	—	—	—	(386)
Taxes paid related to net share settlement of equity awards	(4,322)	—	—	—	(4,322)
Net cash provided by (used in) financing activities	11,868	(223,684)	1,990	—	(209,826)
Increase (decrease) in cash, cash equivalents and restricted cash	24,788	(38,646)	(1,023)	—	(14,881)
Cash, cash equivalents and restricted cash, beginning of period	12,844	222,672	11,175	—	246,691
Cash, cash equivalents and restricted cash, end of period	$ 37,632	$ 184,026	$ 10,152	$ —	$ 231,810
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO AMOUNTS REPORTED WITHIN THE CONDENSED CONSOLIDATED BALANCE SHEETS:					
Cash and cash equivalents	$ 37,632	170,099	9,152	$ —	$ 216,883
Restricted cash	—	7,892	—	—	7,892
Restricted and escrow cash included in other noncurrent assets	—	6,035	1,000	—	7,035
Total cash, cash equivalents and restricted cash	$ 37,632	$ 184,026	$ 10,152	$ —	$ 231,810

The consolidating condensed statement of cash flows for the three months ended March 31, 2018 is as follows:

	Eldorado Resorts, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Eldorado Resorts, Inc. Consolidated
			(in thousands)		
Net cash (used in) provided by operating activities	$ (7,128)	$ 87,253	$ (2,118)	$ —	$ 78,007
INVESTING ACTIVITIES:					
Purchase of property and equipment, net	(1,233)	(19,011)	(1,027)	—	(21,271)
Proceeds from sale of property and equipment	—	150	—	—	150
Net cash used in investing activities	(1,233)	(18,861)	(1,027)	—	(21,121)
FINANCING ACTIVITIES:					
Net proceeds from (payments to) related parties	62,560	(66,660)	4,100	—	—
Payments on other long-term payables	(22)	(78)	(70)	—	(170)
Debt issuance costs	(304)	—	—	—	(304)
Taxes paid related to net share settlement of equity awards	(7,502)	—	—	—	(7,502)
Net cash provided by (used in) financing activities	54,732	(66,738)	4,030	—	(7,976)
INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	46,371	1,654	885	—	48,910
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	13,836	118,483	15,430	—	147,749
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	$ 60,207	$ 120,137	$ 16,315	$ —	$ 196,659
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO AMOUNTS REPORTED WITHIN THE CONDENSED CONSOLIDATED BALANCE SHEETS:					
Cash and cash equivalents	$ 59,490	$ 116,394	$ 7,254	$ —	$ 183,138
Restricted cash	717	2,743	199	—	3,659
Restricted cash included in other noncurrent assets	—	1,000	8,862	—	9,862
TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH	$ 60,207	$ 120,137	$ 16,315	$ —	$ 196,659

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion together with the financial statements, including the related notes and the other financial information, contained in this Quarterly Report on Form 10-Q.

Eldorado Resorts, Inc., a Nevada corporation, is referred to as the "Company," "ERI," or the "Registrant," and together with its subsidiaries may also be referred to as "we," "us" or "our."

Overview

We are a geographically diversified gaming and hospitality company with 26 gaming facilities in 12 states as of March 31, 2019. Our properties, which are located in Ohio, Louisiana, Nevada, New Jersey, West Virginia, Colorado, Florida, Iowa, Mississippi, Illinois, Indiana and Missouri, feature approximately 28,000 slot machines and video lottery terminals ("VLTs"), approximately 750 table games and approximately 12,600 hotel rooms. Our primary source of revenue is generated by gaming operations, and we utilize our hotels, restaurants, bars, entertainment, racing, retail shops and other services to attract customers to our properties.

We were founded in 1973 by the Carano family with the opening of the Eldorado Hotel Casino in Reno, Nevada. In 1993, we partnered with MGM Resorts International to build Silver Legacy Resort Casino, the first mega-themed resort in Reno. In 2005, we acquired our first property outside of Reno when we purchased a casino in Shreveport, Louisiana, now known as Eldorado Shreveport. In September 2014, we merged with MTR Gaming Group, Inc. and acquired its three gaming and racing facilities in Ohio, Pennsylvania and West Virginia. The following year, in November 2015, we acquired Circus Circus Reno and the 50% membership interest in the Silver Legacy that was owned by MGM Resorts International. On May 1, 2017, we completed our acquisition of Isle of Capri Casinos, Inc. ("Isle" or "Isle of Capri"), adding 13 gaming properties to our portfolio. On August 7, 2018, we acquired the Elgin Riverboat Resort – Riverboat Casino d/b/a Grand Victoria Casino ("Elgin") (the "Elgin Acquisition"). On October 1, 2018, we completed our acquisition of Tropicana Entertainment, Inc. ("Tropicana"), adding seven properties to our portfolio (the "Tropicana Acquisition"). On January 11, 2019 and March 8, 2019, respectively, we closed on our sales of Presque Isle Downs & Casino and Lady Luck Casino Nemacolin, which are both located in Pennsylvania.

As of March 31, 2019, we owned and operated the following properties:

- Eldorado Resort Casino Reno ("Eldorado Reno")—A 814-room hotel, casino and entertainment facility connected via an enclosed skywalk to Silver Legacy and Circus Reno located in downtown Reno, Nevada that includes 1,117 slot machines and 36 table games;
- Silver Legacy Resort Casino ("Silver Legacy")—A 1,685-room themed hotel and casino connected via an enclosed skywalk to Eldorado Reno and Circus Reno that includes 1,119 slot machines, 48 table games and a 13-table poker room;
- Circus Circus Reno ("Circus Reno")—A 1,571-room hotel-casino and entertainment complex connected via an enclosed skywalk to Eldorado Reno and Silver Legacy that includes 722 slot machines;
- Eldorado Resort Casino Shreveport ("Eldorado Shreveport")—A 403-room, all suite art deco-style hotel and tri-level riverboat dockside casino situated on the Red River in Shreveport, Louisiana that includes 1,388 slot machines, 52 table games and an eight-table poker room;
- Mountaineer Casino, Racetrack & Resort ("Mountaineer")—A 357-room hotel, casino, entertainment and live thoroughbred horse racing facility located on the Ohio River at the northern tip of West Virginia's northwestern panhandle that includes 1,486 slot machines, 36 table games and a 10-table poker room;
- Eldorado Gaming Scioto Downs ("Scioto Downs")—A modern "racino" offering 2,238 VLTs, harness racing and a 118-room third party hotel connected to Scioto Downs located 15 minutes from downtown Columbus, Ohio.
- Isle Casino Hotel—Black Hawk ("Isle Black Hawk")—A land-based casino on an approximately 10-acre site in Black Hawk, Colorado that includes 966 slot machines, 28 table games, a 10-table poker room and a 238-room hotel;
- Lady Luck Casino—Black Hawk ("Lady Luck Black Hawk")—A land-based casino across the intersection from Isle Casino Hotel in Black Hawk Colorado, that includes 442 slot machines, seven table games and a 164-room hotel with a parking structure connecting Isle Black Hawk and Lady Luck Black Hawk;

- Isle Casino Racing Pompano Park (“Pompano”)—A casino and harness racing track on an approximately 223-acre owned site in Pompano Beach, Florida that includes 1,596 slot machines and a 39-table poker room;
- Isle Casino Bettendorf (“Bettendorf”)—A land-based single-level casino located off Interstate 74 in Bettendorf, Iowa that includes 969 slot machines and 15 table games with two hotel towers with 509 hotel rooms;
- Isle Casino Waterloo (“Waterloo”)—A single-level land-based casino in Waterloo, Iowa that includes 939 slot machines, 23 table games, and a 194-room hotel;
- Isle of Capri Casino Hotel Lake Charles (“Lake Charles”)—A gaming vessel on an approximately 19-acre site in Lake Charles, Louisiana, with 1,164 slot machines, 34 table games, 11 poker tables, and two hotels offering 493 rooms;
- Isle of Capri Casino Lula (“Lula”)—Two dockside casinos in Lula, Mississippi with 862 slot machines and 25 table games, two on-site hotels with a total of 486 rooms and a 28-space RV Park;
- Lady Luck Casino Vicksburg (“Vicksburg”)—A dockside casino in Vicksburg, Mississippi that includes 607 slot machines and a hotel with a total of 89 rooms;
- Isle of Capri Casino Boonville (“Boonville”)—A single-level dockside casino in Boonville, Missouri that includes 881 slot machines, 20 table games and a 140-room hotel;
- Isle Casino Cape Girardeau (“Cape Girardeau”)—A dockside casino and pavilion and entertainment center in Cape Girardeau, Missouri that includes 863 slot machines, 20 table games and four poker tables;
- Lady Luck Casino Caruthersville (“Caruthersville”)—A riverboat casino located along the Mississippi River in Caruthersville, Missouri that includes 507 slot machines and nine table games;
- Isle of Capri Casino Kansas City (“Kansas City”)—A dockside casino located close to downtown Kansas City, Missouri offering 938 slot machines and 13 table games;
- Tropicana Casino and Resort, Atlantic City (“Trop AC”)—A casino and resort situated on approximately 15 acres with approximately 660 feet of ocean frontage in Atlantic City, New Jersey that includes 2,464 slot machines, 107 table games, 18 poker tables and 2,366 hotel rooms;
- Tropicana Evansville (“Evansville”)—A casino hotel and entertainment complex in Evansville, Indiana featuring 1,128 slot machines, 33 table games, eight poker tables and two on-site hotels with a total of 338 rooms;
- Lumière Place Casino (“Lumière”)—A casino located on approximately 20 acres, located in historic downtown St. Louis, Missouri near business and entertainment districts and overlooks the Mississippi River with 1,401 slot machines, 48 table games, 10 poker tables and 494 hotel rooms;
- Tropicana Laughlin Hotel and Casino (“Laughlin”)—A casino in Laughlin, Nevada that includes 895 slot machines, 20 table games and 1,487 hotel rooms;
- MontBleu Casino Resort & Spa (“MontBleu”)—A casino situated on approximately 21 acres in South Lake Tahoe, Nevada surrounded by the Sierra Nevada Mountains featuring 474 slot machines, 17 table games and 438 hotel rooms;
- Trop Casino Greenville (“Greenville”)—A landside gaming facility located in Greenville, Mississippi with 590 slot machines, 10 table games and 40 hotel rooms;
- Belle of Baton Rouge Casino & Hotel (“Baton Rouge”)—A dockside riverboat situated on approximately 23 acres on the Mississippi River in the downtown historic district of Baton Rouge featuring 773 slot machines, 14 table games and 288 hotel rooms; and
- Grand Victoria Casino (“Elgin”)—A casino located in Elgin, Illinois featuring 1,088 slot machines and 30 table games.

In addition, Scioto Downs, through its subsidiary RacelineBet, Inc., also operates Racelinebet.com, a national account wagering service that offers online and telephone wagering on horse races as a marketing affiliate of TwinSpires.com, an affiliate of Churchill Downs Incorporated.

Acquisitions and Development Opportunities

Grand Victoria Casino

On August 7, 2018, we completed the acquisition of the Grand Victoria Casino in Elgin, Illinois. We purchased Elgin for $328.8 million, including a working capital adjustment totaling $1.3 million. The Elgin Acquisition was financed using cash on hand and borrowings under the Company's revolving credit facility.

Tropicana Entertainment Inc.

On October 1, 2018, we acquired Tropicana in a cash transaction valued at $1.9 billion. At the closing of the transaction Tropicana became a wholly-owned subsidiary of ours. Immediately prior to our acquisition, Tropicana sold Tropicana Aruba Resort and GLP Capital, L.P., a wholly owned subsidiary of Gaming and Leisure Properties, Inc. ("GLPI"), acquired substantially all of Tropicana's real estate, other than the real estate underlying MontBleu and Lumière, for approximately $964 million. We acquired the real estate underlying Lumière for $246 million with the proceeds of a $246 million loan from GLPI. We funded the remaining consideration payable with our cash on hand and cash on hand at Tropicana, borrowings under our revolving credit facility and proceeds from our offering of $600 million of 6.0% senior notes due 2026. In addition, our borrowing capacity on our revolving credit facility increased from $300 million to $500 million effective October 1, 2018, and the maturity of the revolving credit facility was extended to October 1, 2023.

Substantially concurrently with the acquisition of the real estate portfolio by GLPI, we entered into a triple net master lease for the Tropicana properties acquired by GLPI with an initial term of 15 years, with renewals of up to 20 years at our option ("Master Lease"). Under the Master Lease, we are required to pay the following, among other things: lease payments to the underlying ground lessor for properties that are subject to ground leases, facility maintenance costs, all insurance premiums for insurance with respect to the leased properties and the business conducted on the leased properties, taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor and all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties). The initial annual rent under the terms of the lease was approximately $87.6 million and is subject to annual escalation. We do not have the ability to terminate the obligations under the Master Lease prior to its expiration without GLPI's consent.

In connection with the purchase of the real estate related to Lumière, GLPI, Tropicana St. Louis RE LLC, a wholly-owned subsidiary of ours ("Tropicana St. Louis RE"), and GLPI entered into a loan agreement, dated as of October 1, 2018 (the "Lumière Loan"), relating to a loan of $246 million by GLPI to Tropicana St. Louis RE to fund the entire purchase price of the real estate underlying Lumière. The Lumière Loan is guaranteed by us, bears interest at a rate equal to (i) 9.09% until October 1, 2019 and (ii) 9.27% thereafter and matures on October 1, 2020. The Lumière Loan is secured by a first priority mortgage on the Lumière real estate until October 1, 2019. In connection with the issuance of the Lumière Loan, we agreed to use our commercially reasonable efforts to transfer one or more of Elgin, Bettendorf, Waterloo, Lula, Vicksburg and Mountaineer or such other property or properties mutually acceptable to Tropicana St. Louis RE and GLPI, provided that the aggregate value of such property, individually or collectively, is at least $246 million (the "Replacement Property"), to GLPI with a simultaneous leaseback to us of such Replacement Property. In connection with such Replacement Property sale, (i) we and GLPI will enter into an amendment to the Master Lease to revise the economic terms to include the Replacement Property, (ii) GLPI, or one of its affiliates, will assume the Lumière Loan and Tropicana St. Louis RE's obligations under the Lumière Loan in consideration of the acquisition of the Replacement Property and our Tropicana St. Louis RE's obligations under the Lumière Loan will be deemed to have been satisfied, (iii) the Lumière Real Property will be released from the lien placed on it in connection with the Lumière Loan (if such lien has not yet been released in accordance with the terms of the Lumière Loan) and (iv) in the event the value of the Replacement Property is greater than the outstanding obligations of Tropicana St. Louis RE under the Lumière Loan, GLPI will pay Tropicana St. Louis RE the difference between the value of the Replacement Property and the amount of outstanding obligations under the Lumière Loan. If such Replacement Property transaction is not consummated prior to the maturity date of the Lumière Loan, other than as a result of certain failures to perform by GLPI, then the amounts outstanding will be paid in full and the rent under the Master Lease will automatically increase, subject to certain escalations.

William Hill

In September 2018, we entered into a 25-year agreement, which became effective January 2019, with William Hill PLC and William Hill US, its U.S. subsidiary (together, "William Hill") pursuant to which we (i) granted to William Hill the right to conduct betting activities in retail channels and under our first skin and third skin for online channels with respect to our current and future properties located in the United States and the territories and possessions of the United States, including Puerto Rico and the U.S. Virgin Islands and (ii) agreed that William Hill will have the right to conduct real money online gaming activities utilizing our second skin available with respect to properties in such territory. Pursuant to the terms of the agreement, we received a 20% ownership interest in William Hill US valued at approximately $128.9 million as well as 13.4 million ordinary shares of William Hill PLC valued at approximately $27.3 million upon closing of the transaction in January 2019. Additionally, we receive a revenue share from the operation of retail betting and online betting and gaming activities. The initial equity and the profit and losses attributable to William Hill US are in included in income (loss) from unconsolidated affiliates on the Consolidated Statements of Income.

The Stars Group

In November 2018, we entered into a 20-year agreement with The Stars Group Inc. ("TSG") pursuant to which we agreed to provide TSG with options to obtain access to our second skin for online sports wagering and third skin for real money online gaming and poker, in each case with respect to our properties in the United States. Under the terms of the agreement, we will receive a revenue share from the operation of the applicable verticals by TSG under our licenses. Pursuant to the terms of the TSG agreement, we received 1.1 million TSG common shares valued at approximately $18.6 million and we may receive an additional $5.0 million in TSG common shares upon the exercise of the first option by TSG. We may also receive additional TSG common shares in the future based on TSG net gaming revenue generated in our markets.

Pompano Joint Venture

In April 2018, we entered into a joint venture with Cordish Companies ("Cordish") to master plan and develop a mixed-use entertainment and hospitality destination expected to be located on unused land adjacent to the casino and racetrack at our Pompano property. As the managing member, Cordish will operate the business and manage the development, construction, financing, marketing, leasing, maintenance and day-to-day operation of the various phases of the project. Additionally, we will be responsible for the development of the master plan for the project with our input and will submit it for our review and approval. We and Cordish have made initial cash contributions of $250,000 each and could be required to make additional contributions to a maximum of $2.0 million ($1.0 million per member) at the request of the managing member. We have agreed to contribute land to the joint venture for the project. While we hold a 50% variable interest in the joint venture, we are not the primary beneficiary; as such the investment in the joint venture is accounted for using the equity method. We participate evenly with Cordish in the profits and losses of the joint venture, which is included in loss from unconsolidated affiliates on the Consolidated Statements of Income.

Dispositions

On February 28, 2018, we entered into definitive agreements to sell substantially all of the assets and liabilities of Presque Isle Downs and Vicksburg to Churchill Downs Incorporated ("CDI"). Under the terms of the agreements, CDI agreed to purchase Presque Isle Downs for cash consideration of approximately $178.9 million and Vicksburg for cash consideration of approximately $50.6 million, in each case subject to a customary working capital adjustment. In conjunction with the classification of Vicksburg's operations as assets held for sale at March 31, 2018 as a result of the announced sale to CDI, an impairment charge totaling $9.8 million was recorded due to the carrying value exceeding the estimated net sales proceeds.

The definitive agreements provided that the dispositions were subject to receipt of required regulatory approvals, termination of the waiting period under the Hart-Scott-Rodino Act and other customary closing conditions, including, in the case of Presque Isle Downs, the prior closing of the sale of Vicksburg or the entry into an agreement to acquire another asset of ours. On May 7, 2018, we and CDI each received a Request for Additional Information and Documentary Materials, often referred to as a "Second Request," from the Federal Trade Commission in connection with its review of the Vicksburg acquisition.

On July 6, 2018, in consideration of the time and expense needed to reply to the Second Request, the Company and CDI entered into a termination agreement and release pursuant to which the parties agreed to terminate the asset purchase agreement with respect to Vicksburg and to enter into an asset purchase agreement pursuant to which CDI would acquire and assume the rights and obligations to operate Nemacolin (the "Vicksburg Termination Agreement"). The Vicksburg Termination Agreement also provided that CDI would pay us a $5.0 million termination fee upon execution of a definitive agreement with respect to the Nemacolin transaction. On August 10, 2018, we entered into a definitive agreement to sell substantially all of the assets and liabilities of Nemacolin to CDI. Under the terms of the agreement, CDI agreed to purchase Nemacolin for cash consideration of approximately $0.1 million, subject to a customary working capital adjustment.

As a result of the agreement to sell Nemacolin, an impairment charge of $3.8 million was recorded in the third quarter of 2018 due to the carrying value of the net property and equipment being sold exceeding the estimated net sales proceeds.

We closed on the sale of Presque Isle Downs on January 11, 2019 and the sale of Nemacolin on March 8, 2019.

Reportable Segments

The executive decision maker of our company reviews operating results, assesses performance and makes decisions on a “significant market” basis. Our management views each of our properties as an operating segment. Operating segments are aggregated based on their similar economic characteristics, types of customers, types of services and products provided, the regulatory environments in which they operate, and their management and reporting structure. Prior to our acquisition of Isle, our principal operating activities occurred in three geographic regions: Nevada, Louisiana and parts of the eastern United States. Following the Isle Acquisition, the Company’s principal operating activities occurred in four geographic regions and reportable segments: West, Midwest, South and East. Following the Tropicana Acquisition and Elgin Acquisition, an additional segment, Central, was added increasing our reportable segments to five. The five segments are summarized as follows:

Segment	Property	Date Acquired	State
West	Eldorado Reno	(a)	Nevada
	Silver Legacy	(a)	Nevada
	Circus Reno	(a)	Nevada
	MontBleu	October 1, 2018	Nevada
	Laughlin	October 1, 2018	Nevada
	Isle Black Hawk	May 1, 2017	Colorado
	Lady Luck Black Hawk	May 1, 2017	Colorado
Midwest	Waterloo	May 1, 2017	Iowa
	Bettendorf	May 1, 2017	Iowa
	Boonville	May 1, 2017	Missouri
	Cape Girardeau	May 1, 2017	Missouri
	Caruthersville	May 1, 2017	Missouri
	Kansas City	May 1, 2017	Missouri
South	Pompano	May 1, 2017	Florida
	Eldorado Shreveport	(a)	Louisiana
	Lake Charles	May 1, 2017	Louisiana
	Baton Rouge	October 1, 2018	Louisiana
	Lula	May 1, 2017	Mississippi
	Vicksburg	May 1, 2017	Mississippi
	Greenville	October 1, 2018	Mississippi
East	Presque Isle Downs	(a) (b)	Pennsylvania
	Nemacolin	5/1/2017 (b)	Pennsylvania
	Scioto Downs	(a)	Ohio
	Mountaineer	(a)	West Virginia
	Trop AC	October 1, 2018	New Jersey
Central	Elgin	August 7, 2018	Illinois
	Lumière	October 1, 2018	Missouri
	Evansville	October 1, 2018	Indiana

(a) Property was aggregated into segment prior to January 1, 2016.
(b) Presque Isle Downs was sold on January 11, 2019 and Nemacolin was sold on March 8, 2019.

Presentation of Financial Information

The presentation of information herein for periods prior to our acquisitions of Elgin and Tropicana and after our acquisitions of Elgin and Tropicana are not fully comparable because the results of operations for Elgin and Tropicana are not included for periods prior to August 7, 2018 and October 1, 2018, respectively. Additionally, the Company closed on its sales of Presque Isle Downs and Nemacolin on January 11, 2019 and March 8, 2019, respectively.

Summary financial results of Tropicana for the three months ended March 31, 2018 is included in Tropicana's Quarterly Report on Form 10-Q as filed with the SEC. In conjunction with our acquisition of Tropicana, Tropicana was no longer required to file quarterly and annual reports with the SEC and terminated its registration on October 1, 2018.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide information to assist in better understanding and evaluating our financial condition and results of operations. Our historical operating results may not be indicative of our future results of operations because of these factors and the changing competitive landscape in each of our markets, as well as by factors discussed elsewhere herein. We recommend that you read this MD&A in conjunction with our unaudited consolidated financial statements and the notes to those statements included in this Quarterly Report on Form 10-Q.

Key Performance Metrics

Our primary source of revenue is generated by our gaming operations, but we use our hotels, restaurants, bars, entertainment, retail shops, racing and other services to attract customers to our properties. Our operating results are highly dependent on the volume of customers visiting and staying at our properties. Key performance metrics include volume indicators such as table games drop and slot handle, which refer to amounts wagered by our customers. The amount of volume we retain, which is not fully controllable by us, is recognized as casino revenues and is referred to as our win or hold. In addition, hotel occupancy and price per room designated by average daily rate ("ADR") are key indicators for our hotel business. Our calculation of ADR consists of the average price of occupied rooms per day including the impact of resort fees and complimentary rooms. Complimentary room rates are determined based on an analysis of retail or cash rates for each customer segment and each type of room product to estimate complimentary rates which are consistent with retail rates. Complimentary rates are reviewed at least annually and on an interim basis if there are significant changes in market conditions. Complimentary rooms are treated as occupied rooms in our calculation of hotel occupancy.

Significant Factors Impacting Financial Results

The following summary highlights the significant factors impacting our financial results for the three months ended March 31, 2019 and 2018.

- *Elgin Acquisition* – Our results of operations for the three months ended March 31, 2019 include incremental revenues and expenses attributable to Elgin. Transaction expenses related to our acquisition of Elgin totaled $31,000 and $0.6 million, respectively, for the three months ended March 31, 2019 and 2018.
- *Tropicana Acquisition* – Our results of operations for the three months ended March 31, 2019 include incremental revenues and expenses attributable to the seven properties we acquired in our acquisition of Tropicana on October 1, 2018. Transaction expenses related to our acquisition of Tropicana totaled $1.5 million and $1.0 million, respectively, for the three months ended March 31, 2019 and 2018.
- *Isle Acquisition* – Transaction expenses related to our acquisition of Isle totaled $1.0 million for the three months ended March 31, 2018.
- *Master Lease* – We account for the Master Lease entered into effective October 1, 2019 with GLPI as a direct financing obligation. As a result, we recorded minimum lease payments and amortization of the direct financing obligation totaling $24.6 million as interest expense for the three months ended March 31, 2019.
- *Tropicana Financing* – On September 20, 2018 we issued $600 million aggregate principal amount of 6.0% senior notes due 2026. The proceeds from the notes were used to fund the Tropicana Acquisition which closed on October 1, 2018. We incurred $9.0 million of incremental interest expense on these notes for the three months ended March 31, 2019.
- *William Hill and TSG* – The amortization of deferred revenues associated with the William Hill and TSG agreements totaled $1.4 million for the three months ended March 31, 2019 and is included in other revenues and operating income.
- *Dispositions* – The sales of Presque Isle Downs and Nemacolin met the requirements for presentation as assets held for sale under generally accepted accounting principles as of March 31, 2018. However, they did not meet the requirements for presentation as discontinued operations and are included in income from continuing operations for the three months ended March 31, 2019 and 2018 prior to their respective sale closing dates. We closed on the sale of Presque Isle Downs on January 11, 2019 and recorded a gain on sale of approximately $21.6 million for the three months ended March 31, 2019. We closed on the sale of Nemacolin on March 8, 2019 and recorded a gain on sale of $0.5 million for the three months ended March 31, 2019.

  In conjunction with the classification of Vicksburg's operations as assets held for sale at March 31, 2018 as a result of the announced sale to CDI, an impairment charge totaling $9.8 million was recorded due to the carrying value exceeding the estimated net sales proceeds. Effective July 6, 2018, the sale of Vicksburg was terminated, and Vicksburg was no longer presented as an asset held for sale as of March 31, 2019. In connection with this termination, CDI paid us a $5.0 million termination fee.

- *Execution of Synergies and Cost Savings Programs* – We continue to identify areas to improve property level and consolidated margins across our existing and acquired properties through operating and cost efficiencies, including reductions in revenues associated with unprofitable customer play, and exercising financial discipline throughout the company without impacting the guest experience. In addition to cost savings relating to duplicative executive compensation, legal and accounting fees and other corporate expenses that have been eliminated as a result of our acquisitions, we have achieved savings in marketing, food and beverage costs, selling, general and administrative expenses, and other operating departments as a result of operating efficiencies and purchasing power of the combined Eldorado organization.

- *Property Enhancement Capital Expenditures* – Property enhancement initiatives and targeted investments that improve our guests' experiences and elevate our properties' overall competitiveness in their markets continued throughout 2018 and during the three months ended March 31, 2019.

  As part of the continuing evolution of the Reno tri-properties, we built a new 21,000 square foot spa at Silver Legacy which opened in early October 2018. We have substantially renovated every room at Circus Reno and will start the first phase of renovations of 400 rooms at Silver Legacy and 42 high-end suites at Eldorado in the second half of 2019. In Black Hawk we began renovation of all 402 hotel rooms with an expected completion by the end of the first half of 2019. In addition, our joint venture with Cordish continues making progress on development plans of a new world-class, mixed-use entertainment and hospitality destination anchored by our Isle Casino Racing Pompano Park. At Tropicana Atlantic City, we recently opened an expansive, new sportsbook adding excitement and an additional opportunity to drive visitation to the property.

- *Severe Weather and Construction Disruption* – All of our segments, and to a greater extent, our West and Midwest regions, were negatively impacted by severe weather for the three months ended March 31, 2019 compared to the same prior year period. Additionally, our West segment was negatively impacted by disruption to our casino floor and hotel availability associated with our renovation project at our Black Hawk property.

Results of Operations

The following table highlights the results of our operations (dollars in thousands):

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Change
Net revenues	$ 635,823	$ 440,192	44.4 %
Operating income	123,604	54,194	128.1 %
Net income	38,229	20,855	83.3 %

Operating Results. For the three months ended March 31, 2019 compared to the same prior year period, Elgin and Tropicana contributed incremental net revenues totaling $244.3 million and drove a 44.4% increase in net revenues for the three months ended March 31, 2019 compared to the same prior year period. Excluding incremental Elgin and Tropicana net revenues, net revenues decreased 11.1% for the three months ended March 31, 2019 compared to the same prior year period including the change in revenues resulting from the sales of Presque Isle Downs and Nemacolin during the current quarter. Excluding the impact of our acquisitions and dispositions, net revenues decreased 3.8% for the three months ended March 31, 2019 compared to the same prior year period mainly due to the significant factors discussed above.

Operating income increased $69.4 million, or 128.1%, for the three months ended March 31, 2019 compared to the same prior year period mainly due to incremental operating income contributed by the acquired Elgin and Tropicana properties combined with a $22.1 million net gain on sale of assets associated with the sales of Presque Isle Downs and Nemacolin. Excluding the impact of our acquisitions and dispositions on operating expenses, operating income increased 64.7% for the three months ended March 31, 2019 compared to the same prior year period principally due to margin improvement associated with cost savings initiatives across all segments.

Net income increased $17.4 million for the three months ended March 31, 2019 compared to the same prior year period principally due to the same factors impacting operating income. This increase was partially offset by higher interest expense for the three months ended March 31, 2019 compared to the same prior year period resulting from increased debt associated with the Tropicana Acquisition and amortization of the direct financing obligation associated with the Master Lease.

Net Revenues and Operating Income (Loss)

The following tables highlight our net revenues and operating income (loss) by reportable segment (dollars in thousands):

	Net Revenues for the Three Months Ended March 31,		Operating Income (Loss) for the Three Months Ended March 31,	
	2019	2018	2019	2018
West	$ 118,095	$ 99,579	$ 10,801	$ 10,139
Midwest	96,787	100,795	27,833	26,676
South	132,714	122,800	27,515	13,359
East	166,233	116,891	27,161	19,131
Central	120,472	—	27,070	—
Corporate	1,522	127	3,224	(15,111)
Total	$ 635,823	$ 440,192	$ 123,604	$ 54,194

Three Months Ended March 31, 2019 Compared to the Three Months Ended March 31, 2018

Net revenues and operating expenses were as follows (dollars in thousands):

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Variance	Percent Change
Revenues:				
Gaming and Pari-Mutuel Commissions:				
West	$ 53,571	$ 49,734	$ 3,837	7.7 %
Midwest	85,169	88,359	(3,190)	(3.6) %
South	109,350	100,918	8,432	8.4 %
East	124,951	104,517	20,434	19.6 %
Central	97,810	—	97,810	100.0 %
Total Gaming and Pari-Mutuel Commissions	470,851	343,528	127,323	37.1 %
Non-gaming:				
West	64,524	49,845	14,679	29.4 %
Midwest	11,618	12,436	(818)	(6.6) %
South	23,364	21,882	1,482	6.8 %
East	41,282	12,374	28,908	233.6 %
Central	22,662	—	22,662	100.0 %
Corporate	1,522	127	1,395	1,098.4 %
Total Non-gaming	164,972	96,664	68,308	70.7 %
Total Net Revenues	635,823	440,192	195,631	44.4 %
Expenses:				
Gaming and Pari-Mutuel Commissions:				
West	21,048	20,398	650	3.2 %
Midwest	34,480	35,944	(1,464)	(4.1) %
South	49,941	48,356	1,585	3.3 %
East	61,286	64,853	(3,567)	(5.5) %
Central	43,551	—	43,551	100.0 %
Total Gaming and Pari-Mutuel Commissions	210,306	169,551	40,755	24.0 %
Non-gaming				
West	39,163	33,743	5,420	16.1 %
Midwest	6,504	8,153	(1,649)	(20.2) %
South	14,476	14,557	(81)	(0.6) %
East	22,474	8,234	14,240	172.9 %
Central	12,667	—	12,667	100.0 %
Total Non-gaming	95,284	64,687	30,597	47.3 %
Marketing and promotions	32,301	21,301	11,000	51.6 %
General and administrative	119,888	74,202	45,686	61.6 %
Corporate	16,754	11,569	5,185	44.8 %
Impairment charges	958	9,815	(8,857)	(90.2) %
Depreciation and amortization	57,757	31,534	26,223	83.2 %
Total Operating Expenses	$ 533,248	$ 382,659	$ 150,589	39.4 %

Gaming Revenues and Pari-Mutuel Commissions. Elgin and Tropicana contributed $171.5 million of incremental gaming revenues and pari-mutuel commissions for the three months ended March 31, 2019 compared to the same prior year period. This increase was partially offset by the decline in revenues associated with the dispositions of Presque Isle Downs and Nemacolin for the three months ended March 31, 2019 compared to the same prior year period, resulting in a 37.1% increase in gaming revenues and pari-mutuel commission.

Excluding incremental Elgin and Tropicana gaming revenues and pari-mutuel commissions and the impact of the Presque Isle Downs and Nemacolin dispositions, gaming revenues and pari-mutuel commissions decreased 4.4% for the three months ended March 31, 2019 compared to the same prior year period primarily due to reductions in casino volume associated with declines in promotional and free play offers. Additionally, construction disruption affected our West segment and severe weather negatively impacted our visitor volume across all segments contributing to the declines in casino revenues during the current period.

Non-gaming Revenues. Elgin and Tropicana contributed $72.8 million of incremental non-gaming revenues for the three months ended March 31, 2019, which was partially offset by declines in non-gaming revenues attributable to the Presque Isle Downs and Nemacolin dispositions, resulting in an increase of 70.7% over the same prior year period.

Excluding incremental Elgin and Tropicana non-gaming revenues and the impact of the Presque Isle Downs and Nemacolin dispositions, non-gaming revenues decreased 1.8% for the three months ended March 31, 2019 compared to the same prior year period. This decline was primarily driven by lower non-gaming revenues, mainly in our West segment, resulting from reductions in promotional offers, construction disruption and severe weather that negatively impacted visitor traffic.

Gaming Expenses and Pari-Mutuel Commissions. Elgin and Tropicana contributed $69.5 million of incremental gaming expenses and pari-mutuel commissions for the three months ended March 31, 2019, which was partially offset by the Presque Isle Downs and Nemacolin dispositions, resulting in an increase of 24.0% in gaming expenses and pari-mutuel commissions over the same prior year period.

Excluding incremental Elgin and Tropicana gaming expenses and pari-mutuel commissions, and the impact of the Presque Isle Downs and Nemacolin dispositions, gaming expenses and pari-mutuel commissions decreased 5.2% for the three months ended March 31, 2019 compared to the same prior year period. Gaming expenses declined in comparison to the same prior year period due to savings initiatives targeted at reducing variable expenses combined with lower volume. Successful efforts to control costs and maximize departmental profit across all segments also drove the improved departmental profit margin during the three months ended March 31, 2019 compared to the same prior year period.

Non-gaming Expenses. Elgin and Tropicana contributed $39.3 million of incremental non-gaming expenses for the three months ended March 31, 2019, which was partially offset by the Presque Isle Downs and Nemacolin dispositions, resulting in an increase of 47.3% over the same prior year period.

Excluding incremental Elgin and Tropicana non-gaming expenses, and the impact of the Presque Isle Downs and Nemacolin dispositions, non-gaming expenses decreased 10.5% for the three months ended March 31, 2019 compared to the same prior year period. Decreased non-gaming expenses across all segments were associated with lower non-gaming revenues along with continued efforts to reduce variable expenses including labor and cost of sales.

Marketing and Promotions Expenses. Elgin and Tropicana contributed $17.0 million of incremental marketing and promotions expense for the three months ended March 31, 2019, which was partially offset by the Presque Isle Downs and Nemacolin dispositions, resulting in an increase of 51.6% over the same prior year period.

Excluding incremental Elgin and Tropicana marketing and promotions expenses, and the impact of the Presque Isle Downs and Nemacolin dispositions, consolidated marketing and promotions expense decreased 23.7% for the three months ended March 31, 2019 compared to the same prior year period. This decline was primarily due to synergies achieved via the termination of certain marketing contracts and continued company-wide reductions in marketing and promotional spend.

General and Administrative Expenses. Elgin and Tropicana contributed $53.5 million of general and administrative expense for the three months ended March 31, 2019, which was partially offset by the Presque Isle Downs and Nemacolin dispositions, resulting in an increase of 61.6% over the same prior year period.

Excluding incremental Elgin and Tropicana general and administrative expenses, and the impact of the Presque Isle Downs and Nemacolin dispositions, consolidated general and administrative expenses decreased 5.2% for the three months ended March 31, 2019 compared to the same prior year period mainly due to the centralization of certain corporate services provided to our properties and realized savings achieved through consolidated purchasing programs.

Corporate Expenses. For the three months ended March 31, 2019 compared to the same prior year period, corporate expenses increased primarily due to payroll and other expenses associated with additional corporate costs, including stock compensation expense, driven by growth related to the Company's acquisitions.

Impairment Charges. We recorded an impairment charge for the three months ended March 31, 2019 totaling $1.0 million related to our non-operating real property located in Pennsylvania. In conjunction with the classification of Vicksburg's operations as assets held for sale, we recorded an impairment charge totaling $9.8 million for the three months ended March 31, 2018.

Depreciation and Amortization Expense. Elgin and Tropicana contributed $24.4 million of depreciation and amortization expense for the three months ended March 31, 2019 resulting in an increase of 83.2% over the same prior year period.

Excluding incremental Elgin and Tropicana depreciation and amortization expense, depreciation and amortization expense increased 10.8% for the three months ended March 31, 2019 compared to the same prior year period mainly due to asset additions primarily at our three Reno properties.

Supplemental Unaudited Presentation of Consolidated Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") and Adjusted EBITDA for the Three Months Ended March 31, 2019 and 2018

Adjusted EBITDA (defined below), a non-GAAP financial measure, has been presented as a supplemental disclosure because it is a widely used measure of performance and basis for valuation of companies in our industry and we believe that this non-GAAP supplemental information will be helpful in understanding the Company's ongoing operating results. Management has historically used Adjusted EBITDA when evaluating operating performance because we believe that the inclusion or exclusion of certain recurring and non-recurring items is necessary to provide a full understanding of our core operating results and as a means to evaluate period-to-period results. Adjusted EBITDA represents operating income (loss) before depreciation and amortization, stock-based compensation, transaction expenses, severance expense, selling costs associated with the disposition of properties, proceeds from terminated sales, preopening expenses, business interruption insurance proceeds, real estate tax settlements, other than temporary impairments on investments, impairment charges, equity in income (loss) of unconsolidated affiliates, (gain) loss on the sale or disposal of property and equipment, (gain) loss associated with the sales of Presque Isle Downs and Nemacolin and other non-cash regulatory gaming assessments. Adjusted EBITDA also excludes the expense associated with our Master Lease with GLPI as the transaction was accounted for as a financing obligation. Adjusted EBITDA is not a measure of performance or liquidity calculated in accordance with accounting principles generally accepted in the United States ("US GAAP"), is unaudited and should not be considered an alternative to, or more meaningful than, net income (loss) as an indicator of our operating performance. Uses of cash flows that are not reflected in Adjusted EBITDA include capital expenditures, interest payments, income taxes, debt principal repayments, payments under our Master Lease and certain regulatory gaming assessments, which can be significant. As a result, Adjusted EBITDA should not be considered as a measure of our liquidity. Other companies that provide EBITDA information may calculate EBITDA differently than we do. The definition of Adjusted EBITDA may not be the same as the definitions used in any of our debt agreements.

The following table summarizes our Adjusted EBITDA for our operating segments for the three months ended March 31, 2019 and 2018, in addition to reconciling Adjusted EBITDA to operating income (loss) in accordance with US GAAP (unaudited, in thousands):

	Three Months Ended March 31, 2019					
	Operating Income (Loss)	Depreciation and Amortization	Stock-Based Compensation	Transaction Expenses (6)	Other (7)	Adjusted EBITDA
Including Divestitures:						
West	$ 10,801	$ 13,143	$ —	$ —	$ 99	$ 24,043
Midwest	27,833	8,421	15	—	55	36,324
South	27,515	11,015	9	—	132	38,671
East	27,161	12,149	7	—	187	39,504
Central	27,070	11,210	—	—	43	38,323
Corporate and Other	3,224	1,819	4,917	1,894	(22,067)	(10,213)
Total	**$ 123,604**	**$ 57,757**	**$ 4,948**	**$ 1,894**	**$ (21,551)**	**$ 166,652**
Divestitures:						
East	$ (91)	$ —	$ 7	$ —	$ 46	$ (38)
Total Divestitures (1)	**$ (91)**	**$ —**	**$ 7**	**$ —**	**$ 46**	**$ (38)**
Excluding Divestitures:						
West	$ 10,801	$ 13,143	$ —	$ —	$ 99	$ 24,043
Midwest	27,833	8,421	15	—	55	36,324
South	27,515	11,015	9	—	132	38,671
East	27,252	12,149	—	—	141	39,542
Central	27,070	11,210	—	—	43	38,323
Corporate and Other	3,224	1,819	4,917	1,894	(22,067)	(10,213)
Total Excluding Divestitures (2)	**$ 123,695**	**$ 57,757**	**$ 4,941**	**$ 1,894**	**$ (21,597)**	**$ 166,690**

	Three Months Ended March 31, 2018					
	Operating Income (Loss)	Depreciation and Amortization	Stock-Based Compensation	Transaction Expenses (6)	Other (8)	Adjusted EBITDA
Excluding Pre-Acquisition / Including Divestitures:						
West	$ 10,139	$ 8,189	$ 63	$ —	$ 33	$ 18,424
Midwest	26,676	7,645	44	—	150	34,515
South	13,359	8,531	25	—	10,302	32,217
East	19,131	6,049	5	—	995	26,180
Central	—	—	—	—	—	—
Corporate and Other	(15,111)	1,120	3,542	2,548	109	(7,792)
Total Excluding Pre-Acquisition / Including Divestitures:	**$ 54,194**	**$ 31,534**	**$ 3,679**	**$ 2,548**	**$ 11,589**	**$ 103,544**
Divestitures:						
East	$ 3,002	$ 1,415	$ 5	$ —	$ 285	$ 4,707
Total Divestitures (3)	**$ 3,002**	**$ 1,415**	**$ 5**	**$ —**	**$ 285**	**$ 4,707**
Pre-Acquisition:						
West	$ 4,674	$ 3,084	$ —	$ —	$ 8	$ 7,766
Midwest	—	—	—	—	—	—
South	1,386	2,027	—	—	8	3,421
East	8,404	7,876	—	—	96	16,376
Central	27,006	8,105	—	—	20	35,131
Corporate and Other	(5,950)	632	—	472	—	(4,846)
Total Pre-Acquisition (4)	**$ 35,520**	**$ 21,724**	**$ —**	**$ 472**	**$ 132**	**$ 57,848**
Including Pre-Acquisition / Excluding Divestitures:						

West	$ 14,813	$ 11,273	$ 63	$ —	$ 41	$ 26,190
Midwest	26,676	7,645	44	—	150	34,515
South	14,745	10,558	25	—	10,310	35,638
East	24,533	12,510	—	—	806	37,849
Central	27,006	8,105	—	—	20	35,131
Corporate and Other	(21,061)	1,752	3,542	3,020	109	(12,638)
Total Including Pre-Acquisition / Excluding Divestitures (5)	**$ 86,712**	**$ 51,843**	**$ 3,674**	**$ 3,020**	**$ 11,436**	**$ 156,685**

(1) Figures are for Presque Isle Downs for the period beginning January 1, 2019 and ending January 11, 2019 and Nemacolin for the period beginning January 1, 2019 and ending March 8, 2019.

(2) Total figures for 2019 exclude results of operations for Presque Isle Downs and Nemacolin.

(3) Figures are for Presque Isle Downs and Nemacolin for the three months ended March 31, 2018.

(4) Figures are for Elgin and Tropicana for the three months ended March 31, 2018. Such figures are based on the unaudited internal financial statements and have not been reviewed by the Company's auditors and do not conform to GAAP.

(5) Total figures for three months ended March 31, 2018 include combined results of operations for Elgin, Tropicana and the Company and exclude results of operations for Presque Isle Downs and Nemacolin. Such presentation does not conform with GAAP or the Securities and Exchange Commission rules for pro forma presentation; however, we believe that the additional financial information will be helpful to investors in comparing current results with results of prior periods. This non-GAAP data and should not be considered a substitute for data prepared in accordance with GAAP, but should be viewed in addition to the results of operations reported by the Company.

(6) Transaction expenses represent costs related to the acquisitions of Elgin and Tropicana for the three months ended March 31, 2019 and costs related to the acquisitions of Elgin, Tropicana and Isle for the three months ended March 31, 2018.

(7) Other, for the three months ended March 31, 2019, is comprised of severance expense, (gain) loss on the sale or disposal of property and equipment, equity in income (loss) of unconsolidated affiliate, impairment charges, and the (gain) loss associated with the sales of Presque Isle Downs and Nemacolin.

(8) Other for the three months ended March 31, 2018 is comprised of severance expense, gain (loss) on the sale or disposal of property and equipment, equity in income (loss) of an unconsolidated affiliate, an impairment charge at Vicksburg, selling costs associated with the dispositions of Presque Isle Downs, the terminated sale of Vicksburg and the purchase of Elgin.

Liquidity and Capital Resources

We are a holding company and our only significant assets are ownership interests in our subsidiaries. Our ability to fund our obligations depends on the cash flow of our subsidiaries and the ability of our subsidiaries to distribute or otherwise make funds available to us.

Our primary sources of liquidity and capital resources have been existing cash, cash flow from operations, borrowings under our revolving credit facility, proceeds from the issuance of debt securities and proceeds from our recent disposition of Presque Isle Downs. As of March 31, 2019, we had $40.0 million outstanding and $447.7 million of available borrowing capacity, after consideration of $12.3 million in outstanding letters of credit, under our Revolving Credit Facility. We applied approximately $150.0 million of proceeds from the sale of Presque Isle Downs to temporarily repay amounts outstanding under the Revolving Credit Facility. Pursuant to the terms of the indentures governing the Company's senior notes, the Company will be required to make an offer to purchase a portion of its outstanding senior notes with the excess proceeds from such sale unless it applies the net proceeds of such sale to either permanently repay outstanding indebtedness or make specified acquisitions or capital expenditures within 365 days of the sale of Presque Isle Downs.

Our cash requirements can fluctuate significantly depending on our decisions with respect to business acquisitions or dispositions and strategic capital investments to maintain the quality of our properties. We expect that our primary capital requirements going forward will relate to the operation and maintenance of our properties, taxes, servicing our outstanding indebtedness, rent payments under our Master Lease and continued costs associated with the Elgin and Tropicana acquisitions. During the remainder of 2019, we plan to spend approximately $161.6 million on capital expenditures including capital expenditures for the properties purchased in the Elgin and Tropicana acquisitions. Our capital requirements have increased significantly following the consummation of the acquisitions of Tropicana and Elgin, including as a result of the obligation to pay annual rent in an initial amount of approximately $87.6 million under the Master Lease with respect to certain of the Tropicana properties and the required payments under the Lumière Note.

We funded the $328.8 million of cash consideration for the Elgin Acquisition using cash from ongoing operations and borrowings under our revolving credit facility. We funded the $246 million purchase of the real estate underlying Lumière with the proceeds of the Lumière Note. We funded the $640 million consideration in the Tropicana Acquisition and the repayment of amounts outstanding under the Tropicana credit facility with our cash on hand and cash on hand at Tropicana, borrowings under our revolving credit facility and proceeds from our offering of $600 million of 6.0% senior notes due 2026. In addition, our borrowing capacity on our revolving credit facility increased from $300 million to $500 million effective substantially concurrently with the consummation of the Tropicana Acquisition on October 1, 2018 and we extended the maturity of the revolving credit facility to October 1, 2023. We expect that cash generated from operations will be sufficient to fund our operations and capital requirements, and service our outstanding indebtedness for the next twelve months.

At March 31, 2019, we had consolidated cash and cash equivalents of $216.9 million, excluding restricted cash. At March 31, 2018, we had consolidated cash and cash equivalents of $183.1 million, excluding restricted cash. This increase in cash was due to cash flow generated from our operations and cash acquired in the Elgin and Tropicana acquisitions.

Operating Cash Flow. For the three months ended March 31, 2019, cash flows provided by operating activities totaled $65.4 million compared to $78.0 million for the same prior year period. The decrease in operating cash was primarily due to cash tax payments related to the Tropicana transaction for the three months ended March 31, 2019 combined with changes in the balance sheet accounts in the normal course of business.

Investing Cash Flow and Capital Expenditures. Net cash flows provided by investing activities totaled $129.5 million for the three months ended March 31, 2019 compared to $21.1 million used for investing activities in the same prior year period. Net cash provided by investing activities for the three months ended March 31, 2019 was primarily due to $177.1 million in net proceeds from the sales of Presque Isle Downs and Nemacolin. This increase was partially offset by cash used totaling $38.4 million for capital expenditures for various property enhancement and maintenance projects along with equipment purchases. Net cash flows used in investing activities for the three months ended March 31, 2018 consisted primarily of $21.3 million related to capital expenditures for various property enhancement and maintenance projects and equipment purchases.

Financing Cash Flow. Net cash used in financing activities for the three months ended March 31, 2019 totaled $209.8 million compared to $8.0 million for the same prior year period. The cash used in financing activities for the three months ended March 31, 2019 was principally due to net payments under the Revolving Credit Facility partially funded by the proceeds from the sales of Presque Isle Downs and Nemacolin. During the three months ended March 31, 2018, cash used in financing activities consisted primarily of $7.5 million for payments of taxes related to net share settlements of equity awards.

Share Repurchase Program

On November 8, 2018, the Company issued a press release announcing that its Board of Directors has authorized a $150 million common stock repurchase program (the "Share Repurchase Program") pursuant to which the Company may, from time to time, repurchase shares of common stock on the open market (either with or without a 10b5-1 plan) or through privately negotiated transactions. The Share Repurchase Program has no time limit and may be suspended or discontinued at any time without notice. There is no minimum number of shares of common stock that the Company is required to repurchase under the Share Repurchase Program.

The Company acquired 223,823 shares of common stock at an aggregate value of $9.1 million and an average of $40.80 per share during the year ended December 31, 2018. No shares were repurchased during the three months ended March 31, 2019.

Debt Obligations

Term Loan and Revolving Credit Facility

The Company is party to a credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto dated as of April 17, 2017 (as amended, the “Credit Facility”), consisting of a $1.45 billion term loan facility (the “Term Loan Facility” or “Term Loan”) and a $500.0 million revolving credit facility (the “Revolving Credit Facility”). The Company’s obligations under the Revolving Credit Facility will mature on October 1, 2023. The Company’s obligations under the Term Loan Facility will mature on April 17, 2024. The Company was required to make quarterly principal payments of $3.6 million on the Term Loan Facility on the last day of each fiscal quarter beginning on June 30, 2017 but satisfied this requirement as a result of the principal prepayment of $444.5 million on September 13, 2017 in conjunction with the issuance of the additional 6% Senior Notes due 2025. In addition, the Company is required to make mandatory payments of amounts outstanding under the Credit Facility with the proceeds of certain casualty events, debt issuances, and asset sales and, depending on its consolidated total leverage ratio, the Company may be required to apply a portion of its excess cash flow to repay amounts outstanding under the Credit Facility.

As of March 31, 2019, the Company had $956.8 million outstanding on the Term Loan and $40.0 million outstanding under the Revolving Credit Facility. The Company had $447.7 million of available borrowing capacity, after consideration of $12.3 million in outstanding letters of credit under its Revolving Credit Facility as of March 31, 2019. The Company applied approximately $150.0 million of proceeds from the sale of Presque Isle Downs to temporarily repay amounts outstanding under the Revolving Credit Facility. Pursuant to the terms of the indentures governing the Company’s senior notes, the Company will be required to make an offer to purchase a portion of its outstanding senior notes with the excess proceeds from such sale unless it applies the net proceeds of such sale to either permanently repay outstanding indebtedness or make specified acquisitions or capital expenditures within 365 days of the sale of Presque Isle Downs.

The interest rate per annum applicable to loans under the Revolving Credit Facility are, at our option, either LIBOR plus a margin ranging from 1.75% to 2.50% or a base rate plus a margin from 0.75% to 1.50%, the margin is based on our total leverage ratio. The interest rate per annum applicable to the loans under the Term Loan Facility is, at our option, either LIBOR plus 2.25%, or a base rate plus 1.25%; provided, however, that in no event will LIBOR be less than zero or the base rate be less than 1.00%. Additionally, the Company pays a commitment fee on the unused portion of the Revolving Credit Facility of 0.50% per annum. At March 31, 2019, the weighted average interest rates on the Term Loan and Revolving Credit Facility were 4.88% and 4.50%, respectively.

Senior Notes

6% Senior Notes due 2026

On September 20, 2018, Delta Merger Sub, Inc. (“Escrow Issuer”), a Delaware corporation and a wholly-owned subsidiary of the Company, issued $600 million aggregate principal amount of 6.0% senior notes due 2026 (the “6% Senior Notes due 2026”) pursuant to an indenture, dated as of September 20, 2018 (the “2026 Indenture”), between Escrow Issuer and U.S. Bank, National Association, as Trustee. Interest on the 6% Senior Notes due 2026 will be paid every semi-annually in arrears on March 15 and September 15.

The 6% Senior Notes due 2026 were general unsecured obligations of Escrow Issuer’s upon issuance and, upon the assumption of such obligations by the Company and the subsidiary guarantors (the “Guarantors”) upon consummation of the Tropicana Acquisition, became general unsecured obligations of the Company and the Guarantors, ranking senior in right of payment to all of the Company’s existing and future debt that is expressly subordinated in right of payment to the 6% Senior Notes due 2026 and the guarantees, ranking equally in right of payment with all of the applicable obligor’s existing and future senior liabilities, including the obligations under the Company’s existing 7% Senior Notes due 2023 and 6% Senior Notes due 2025, and are effectively subordinated to all of the applicable obligor’s existing and future secured debt, including indebtedness under the Company’s existing senior secured credit facility and the Lumière Note (as defined in the 2026 Indenture), in each case, to the extent of the value of the collateral securing such debt. In addition, the 6% Senior Notes due 2026 and the related guarantees are structurally subordinated to all existing and future indebtedness and other liabilities of the Company’s subsidiaries and other entities in which the Company has an equity interest that do not guarantee the 6% Senior Notes due 2026 (other than indebtedness and liabilities owed to the Company or the Guarantors).

6% Senior Notes due 2025

On March 29, 2017, Eagle II issued at par $375.0 million aggregate principal amount of 6.0% senior notes due 2025 (the “6% Senior Notes due 2025”) pursuant to an indenture, dated as of March 29, 2017 (the “2025 Indenture”), between Eagle II and U.S. Bank, National Association, as Trustee. The 6% Senior Notes due 2025 will mature on April 1, 2025, with interest payable semi-annually in arrears on April 1 and October 1. In connection with the consummation of the Isle Acquisition on May 1, 2017, the Company assumed Eagle II’s obligations under the 6% Senior Notes due 2025 and the 2025 Indenture and certain of the Company’s subsidiaries (including Isle and certain of its subsidiaries) executed guarantees of the Company’s obligations under the 6% Senior Notes due 2025.

On September 13, 2017, the Company issued an additional $500.0 million principal amount of its 6% Senior Notes due 2025 at an issue price equal to 105.5% of the principal amount of the 6% Senior Notes due 2025. The additional notes were issued pursuant to the 2025 Indenture that governs the 6% Senior Notes due 2025. The Company used the proceeds of the offering to repay $78.0 million of outstanding borrowings under the previous revolving credit facility and used the remainder to repay $444.5 million outstanding borrowings under the previous term loan facility and related accrued interest.

7% Senior Notes due 2023

On July 23, 2015, the Company issued at par $375.0 million in aggregate principal amount of 7.0% senior notes due 2023 (“7% Senior Notes due 2023”) pursuant to an indenture, dated as of July 23, 2015 (the “2023 Indenture”), between the Company and U.S. Bank, National Association, as Trustee. The 7% Senior Notes due 2023 will mature on August 1, 2023, with interest payable semi-annually in arrears on February 1 and August 1 of each year.

Lumière Loan

We borrowed $246 million from GLPI to fund the entire purchase price of the real estate underlying Lumière. The Lumière Loan bears interest at a rate equal to (i) 9.09% until October 1, 2019 and (ii) 9.27% until October 1, 2020, and matures on October 1, 2020. The Lumière Loan is secured by a first priority mortgage on the Lumière real property until October 1, 2019. In connection with the issuance of the Lumière Loan, we agreed to use our commercially reasonable efforts to transfer one or more of the Grand Victoria Casino, Isle Casino Bettendorf, Isle Casino Hotel Waterloo, Isle of Capri Lula, Lady Luck Casino Vicksburg and Mountaineer Casino, Racetrack and Resort or such other property or properties mutually acceptable to us and GLPI, provided that the aggregate value of such property, individually or collectively, is at least $246 million (the “Replacement Property”), to GLPI with a simultaneous leaseback to us of such Replacement Property. In connection with such Replacement Property sale, (i) we and GLPI will enter into an amendment to the Master Lease to revise the economic terms to include the Replacement Property, (ii) GLPI, or one of its affiliates, will assume the Lumière Loan and Tropicana St. Louis RE’s obligations under the Lumière Loan in consideration of the acquisition of the Replacement Property and our obligations under the Lumière Loan will be deemed to have been satisfied, (iii) the Lumière Real Property will be released from the lien placed on it in connection with the Lumière Loan (if such lien has not yet been released in accordance with the terms of the Lumière Loan) and (iv) in the event the value of the Replacement Property is greater than the our outstanding obligations under the Lumière Loan, GLPI will pay us the difference between the value of the Replacement Property and the amount of outstanding obligations under the Lumière Loan. If such Replacement Property transaction is not consummated prior to the maturity date of the Lumière Loan, other than as a result of certain failures to perform by GLPI, then the amounts outstanding will be paid in full and the rent under the Master Lease will automatically increase, subject to certain escalations.

Master Lease

Our Master Lease is accounted for as a financing obligation and totaled $962.5 million as of March 31, 2019. See Note 10 to our Consolidated Financial Statements for additional information about our Master Lease and related matters.

Debt Covenant Compliance

As of March 31, 2019, we were in compliance with all of the covenants under the 7% Senior Notes due 2023, 6% Senior Notes due 2025, 6% Senior Notes due 2026, the Credit Facility, the Master Lease and the Lumière Loan.

Contractual Obligations

There have been no material changes for the three months ended March 31, 2019 to our contractual obligations as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

Other Liquidity Matters

We are faced with certain contingencies involving litigation and environmental remediation and compliance. These commitments and contingencies are discussed in “Part II, Item 1. Legal Proceedings” and Note 11 to our unaudited consolidated financial statements, both of which are included elsewhere in this report. In addition, new competition may have a material adverse effect on our revenues, and could have a similar adverse effect on our liquidity. See “Part I, Item 1A. Risk Factors—Risks Related to Our Business” which is included in our Annual Report on Form 10-K for the year ended December 31, 2018 and “Part II, Item IA. Risk Factors” which is included in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2019.

Critical Accounting Policies

Our critical accounting policies disclosures are included in our Annual Report on Form 10-K for the year ended December 31, 2018. Except as described in Note 2 to the accompanying condensed notes of these consolidated financial statements, we believe there have been no material changes since December 31, 2018. We have not substantively changed the application of our policies and there have been no material changes in assumptions or estimation techniques used as compared to prior periods.

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements.

Cautionary Statement Regarding Forward-Looking Information

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding our strategies, objectives and plans for future development or acquisitions of properties or operations, as well as expectations, future operating results and other information that is not historical information. When used in this report, the terms or phrases such as “anticipates,” “believes,” “projects,” “plans,” “intends,” “expects,” “might,” “may,” “estimates,” “could,” “should,” “would,” “will likely continue,” and variations of such words or similar expressions are intended to identify forward-looking statements. Specifically, forward-looking statements may include, among others, statements concerning:

- projections of future results of operations or financial condition;
- expectations regarding our business and results of operations of our existing casino properties and prospects for future development;
- expectations regarding trends that will affect our market and the gaming industry generally and the impact of those trends on our business and results of operations;
- our ability to comply with the covenants in the agreements governing our outstanding indebtedness;
- our ability to meet our projected debt service obligations, operating expenses, and maintenance capital expenditures;
- expectations regarding availability of capital resources;
- our intention to pursue development opportunities, including the development of a mixed-use entertainment and hospitality destination expected to be located on unused land adjacent to the Pompano casino and racetrack, and additional acquisition;
- our ability to obtain financing for, and realize the anticipated benefits, of future development and acquisition opportunities; and
- the impact of regulation on our business and our ability to receive and maintain necessary approvals for our existing properties and future projects and operation of online sportsbook, poker and gaming

Any forward-looking statements are based upon a number of estimates and assumptions that, while considered reasonable by us, is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control, and are subject to change. Actual results of operations may vary materially from any forward-looking statements made herein. Forward-looking statements speak only as of the date they are made, and we assume no duty to update forward-looking statements. Forward-looking statements should not be regarded as a representation by us or any other person that the forward-looking statements will be achieved. Undue reliance should not be placed on any forward-looking statements. Some of the contingencies and uncertainties to which any forward-looking statement contained herein is subject include, but are not limited to, the following:

- our substantial indebtedness and significant financial commitments, including our obligations under the Master Lease, could adversely affect our results of operations and our ability to service such obligations, react to changes in our markets and pursue development and acquisition opportunities;
- restrictions and limitations in agreements governing our debt could significantly affect our ability to operate our business and our liquidity;
- risks relating to payment of a significant portion of our cash flow as debt service and rent under the Master Lease;
- financial, operational, regulatory or other potential challenges that may arise as a result of leasing of a number of our properties from a single lessor;
- our facilities operate in very competitive environments and we face increasing competition including through legalization of online betting and gaming;
- uncertainty regarding legalization of betting and online gaming in the jurisdictions in which we operate and conditions applicable to obtaining the licenses required to enable our betting and online gaming partners to conduct betting and gaming activities;
- the ability to identify suitable acquisition opportunities and realize growth and cost synergies from any future acquisitions;
- future maintenance, development or expansion projects will be subject to significant development and construction risks;
- our operations are particularly sensitive to reductions in discretionary consumer spending and are affected by changes in general economic and market conditions;
- our gaming operations are highly regulated by governmental authorities and the cost of complying or the impact of failing to comply with such regulations;
- changes in gaming taxes and fees in jurisdictions in which we operate;
- risks relating to pending claims or future claims that may be brought against us;
- changes in interest rates and capital and credit markets;
- our ability to comply with certain covenants in our debt documents and the Master Lease;
- the effect of disruptions to our information technology and other systems and infrastructure;
- our ability to attract and retain customers;
- weather or road conditions limiting access to our properties;
- the effect of war, terrorist activity, acts of violence, natural disasters and other catastrophic events;
- the intense competition to attract and retain management and key employees in the gaming industry; and
- other factors described in Part II, Item 1A. “Risk Factors” contained herein and our reports on Form 10-K, Form 10-Q and Form 8-K filed with the Securities and Exchange Commission.

In light of these and other risks, uncertainties and assumptions, the forward-looking events discussed in this report might not occur. These forward-looking statements speak only as of the date on which this statement is made, even if subsequently made available on our website or otherwise, and we do not intend to update publicly any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made, except as may be required by law.

You should also be aware that while we from time to time communicate with securities analysts, we do not disclose to them any material non-public information, internal forecasts or other confidential business information. Therefore, you should not assume that we agree with any statement or report issued by any analyst, irrespective of the content of the statement or report. To the extent that reports issued by securities analysts contain projections, forecasts or opinions, those reports are not our responsibility and are not endorsed by us.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. We are exposed to changes in interest rates primarily from variable rate long-term debt arrangements. At March 31, 2019, interest on borrowings under our Credit Facility was subject to fluctuation based on changes in short-term interest rates.

As of March 31, 2019, our long-term variable-rate borrowings totaled $956.8 million under the Term Loan and $40.0 under the Revolving Credit Facility, representing approximately 32% of our long-term debt compared to 43% of our long-term debt as of March 31, 2018. During the three months ended March 31, 2019, the weighted average interest rates on our variable and fixed rate debt were 4.86% and 6.54%, respectively.

The Company evaluates its exposure to market risk by monitoring interest rates in the marketplace and has, on occasion, utilized derivative financial instruments to help manage this risk. The Company does not utilize derivative financial instruments for trading purposes. There were no material quantitative changes in our market risk exposure, or how such risks are managed, for the three months ended March 31, 2019.

ITEM 4. CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports that we file under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized, evaluated and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q are effective to ensure that the information required to be disclosed by us in the reports that we file under the Exchange Act is recorded, processed, summarized, evaluated and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls

Except as noted below, there were no changes in our internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

On August 7, 2018 we completed the acquisition of Elgin and on October 1, 2018 we completed the acquisition of Tropicana. See Part I, Item 1, Condensed Notes to Unaudited Consolidated Financial Statements, Note 4: Acquisitions, Preliminary Purchase Price Accounting and Pro Forma Information, for a discussion of the acquisitions and related financial data. The Company is in the process of integrating Elgin and Tropicana into our internal controls over financial reporting. As a result of these integration activities, certain controls will be evaluated and may be changed. Excluding the Elgin and Tropicana acquisitions, there were no changes in our internal control over financial reporting that have materially affected, or are reasonable likely to materially affect, our internal control over financial reporting.

During the quarter ended March 31, 2019, we implemented controls to ensure we adequately evaluated our contracts and properly assessed the impact of the new lease accounting standard on our financial statements to facilitate adoption of the standard on January 1, 2019. We have also integrated our lease administration software with our processes, systems and controls, to support our accounting for leases.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are a party to various lawsuits, which have arisen in the normal course of our business. Estimated losses are accrued for these lawsuits and claims when the loss is probable and can be estimated. The current liability for the estimated losses associated with those lawsuits is not material to our consolidated financial condition and those estimated losses are not expected to have a material impact on our results of operations.

Legal matters are discussed in greater detail in “Part I, Item 3. Legal Proceedings” and Note 15 to our Consolidated Financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018.

ITEM 1A. RISK FACTORS

A description of our risk factors can be found in “Part I, Item 1A. Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2018. There have been no material changes to those risk factors during the three months ended March 31, 2019.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit Number	Description of Exhibit	Method of Filing
10.1*	Executive Employment Agreement, dated as of February 1, 2019, by and between Eldorado Resorts, Inc. and Bret Yunker.	Previously filed on Form 8-K filed on February 5, 2019.
10.2	Agreement dated April 9, 2019 by and between Mountaineer Park, Inc. and Mountaineer Park Horsemen's Benevolent and Protective Association, Inc.	Filed herewith.
31.1	Certification of Thomas R. Reeg pursuant to Rule 13a-14a and Rule 15d-14(a)	Filed herewith.
31.2	Certification of Bret Yunker pursuant to Rule 13a-14a and Rule 15d-14(a)	Filed herewith.
32.1	Certification of Thomas R. Reeg in accordance with 18 U.S.C. Section 1350	Filed herewith.
32.2	Certification of Bret Yunker in accordance with 18 U.S.C. Section 1350	Filed herewith.
101.1	XBRL Instance Document	Filed herewith.
101.2	XBRL Taxonomy Extension Schema Document	Filed herewith.
101.3	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.4	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.
101.5	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.6	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.

* Management contract or compensatory plan or arrangement in which one or more executive officers or directors participates.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	ELDORADO RESORTS, INC.
Date: May 7, 2019	/s/ THOMAS R. REEG
	Thomas R. Reeg
	Chief Executive Officer (Principal Executive Officer)
Date: May 7, 2019	/s/ BRET YUNKER
	Bret Yunker
	Chief Financial Officer (Principal Financial Officer)

AGREEMENT

THIS AGREEMENT. entered into this 9 day of April, 2019, and made effective January 1, 2019, by and between **MOUNTAINEER PARK, INC.,** located at 1420 Mountaineer Circle, New Cumberland, WV, 26047 (the "MTR"), and **MOUNTAINEER PARK HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, INC.,** located at 1420 Mountaineer Circle, New Cumberland, WV, 26047 (the "HBPA").

WITNESSETH:

WHEREAS, it is the mutual intent and purpose of the above parties to set forth the basic agreement covering purse structure and other matters of mutual interest and concern and to comply with West Virginia statutory requirements for a contract; and

WHEREAS, the parties recognize the need for defining and describing the business relationship between MTR and HBPA so that they may direct the business of thoroughbred horse racing at Mountaineer Park in the best interest of all parties concerned.

NOW, THEREFORE, in consideration of the benefits and advantages occurring to each of the parties hereto, do by these presents hereby agree, bind and obligate themselves to each other as follows, to-wit:

ARTICLE I
Definitions

1. The term "purse schedule" shall mean the total daily distribution for all races scheduled and conducted.

2. The term "purse schedule distribution" shall mean the amount allocated for each and every race based upon age, class, distance and type of race.

ARTICLE II
HBPA Exclusive Bargaining Agent

1. Exclusive Representation. The HBPA is by the West Virginia Racing Commission and MTR to be the duly qualified and exclusive representative of the majority of the owners and trainers of live thoroughbred horse racing, within the meaning of the Interstate Horseracing Act (15 U.S.C.§ 3001 et seq.) (the "Act"). MTR shall only negotiate with the exclusive bargaining agent or representative of the HBPA. Any negotiation or discussion of the terms and provisions of this Agreement, or any amendment thereto, or any Agreement which shall supersede the terms and provision of this Agreement with any person, or entity or representative of an entity that is not the exclusive bargaining agent representative of the HBPA shall constitute a breach of this Agreement, provided that at such time the HBPA remains the duly qualified and exclusive representative of the majority of the owners and trainers of horses at MTR . Furthermore, MTR shall not insert any term or provision which conflicts with the HBPA's exclusive representation of owners and trainers of live thoroughbred racing into any contract or agreement arising out of the use of the MTR's facilities and/or participation in the live horse races conducted at the MTR.

MTR agrees that it shall negotiate with and conduct any and all business which is the subject of this Agreement and any matters reasonably related to any provisions of this Agreement with the duly elected officers of the HBPA or their duly designated representatives.

The HBPA agrees that it shall provide to MTR, in writing, on an annual basis, the names and addresses of each duly elected member of the HBPA Board of Directors, the names and addresses of each duly elected officer of the HBPA, and the names and addresses of each representative duly designated by the Board of Directors of the HBPA who shall have the authority to negotiate with MTR.

HBPA promises that it will exercise any and all authority to require its members to comply, when possible, with the intent and terms of this Agreement.

ARTICLE III
Racing Schedule

1. During the term of this Agreement, MTR shall each year use its best efforts to conduct racing as submitted and approved by the West Virginia Racing Commission and periodically provide schedules to the HBPA, it being understood that (a) MTR shall not be in breach of this Agreement so long as it requests a license from the West Virginia Racing Commission to conduct racing, and in fact conducts racing, as submitted and approved by the West Virginia Racing Commission. HBPA acknowledges that MTR, consistent with its best efforts commitment, would not be expected to conduct racing on more than five (5) days in a calendar week and may cancel racing days based on inclement weather, unavailability of horses or jockeys, and economic factors.

Within seven (7) days of cancellation of a race day, MTR shall discuss options with the HBPA. MTR agrees subject to availability of horses, to program no less than (9) races per day.

2. MTR agrees that it will not discontinue racing during the approved racing schedule unless agreed upon by the HBPA, except in the event of an act of God or other catastrophe, or conditions beyond the foreseeable control of MTR.

ARTICLE IV
Minimum Purse and Purse Scheduling

1. During the term of this Agreement the daily minimum purse schedule shall be established by MTR and the HBPA prior to the first live racing date of each year.

2. MTR will publish a purse schedule distribution as approved by MTR and the HBPA, which shall show the purse schedule distribution planned for various classes of horses at various distances. Such schedule shall be updated as necessary. Said schedule with any amendments thereto shall be posted in the Racing Secretary’s office. In the event of a purse schedule distribution decrease, the purses for bottom claiming races shall be updated as necessary. Said schedule with any amendments thereto shall be posted in the Racing Secretary’s office. In the event of a purse schedule distribution decrease, the purses for bottom claiming races shall not be reduced unless the purses for all races are also reduced. In the event of a purse schedule distribution increase, the purses for all races shall be increased (though not necessarily by the same percentage.)

3. Notwithstanding the above, MTR will not be obligated to go into an overpayment situation at any time during the life of this agreement.

4. Purses for stakes races shall not exceed, in the aggregate, 6% of the total purses paid, from the purse account, in the immediately preceding calendar year including the amounts paid for stakes races and amounts received for sponsorship of races unless otherwise authorized by HBPA. MTR shall determine the number of and purses for stake races and submit the stakes schedule to HBPA for written comment.

5. MTR agrees to pay purses back through not less than ten (10) places according to the following chart. Any place not paid shall revert to the purse account.

Finish	Percent of Purse
1	58%
2	20%
3	10%
4	5%
5	2%
6	1%
7	1%
8	1%
9	1%
10	1%

6. In 2019, the owner of each horse starting in a race will be charged a start fee of (i) $20 per horse per start in any race having a total purse of less than $ 10,499 and (ii) $25 per horse in any race having a total purse of $10,500 to $16,299 and (iii) $35 per horse per start in any racing having a total purse of $16,300 or more. These start fees will be deducted from the owner's accounts and paid to MTR by the horsemen's bookkeeper.

7. In 2020 and 2021, the owner of each horse starting in a race will be charged a start fee of (i) $15 per horse per start in any race having a total purse of less than $10,499 and (ii) $25 per horse in any race having a total purse of $10,500 to $16,299 and (iii) $35 per horse per start in any racing having a total purse of $16,300 or more. These start fees will be deducted from the owner's accounts and paid to MTR by the horsemen's bookkeeper.

8. It is understood by both parties that purse schedules shall not be in conflict with the rules of racing of the West Virginia Racing Commission as presently constituted or amended.

ARTICLE V
Purse Funds

1. During the term of this Agreement, MTR shall pay purse monies:

(a) As provided by state law; and

(b) Any additional percentage of the mutuel handle which may be legislated and incorporated into the West Virginia Code during the period of this Agreement, if specifically legislated for purses.

2. In the event any Underpayment Money exists in the purse account at the end of any calendar year, then said Underpayment Money shall be added to the sum payable in purses for the next succeeding year.

3. This is an agreement regarding the proceeds from video lottery terminals as provided in West Virginia Code § 29-22A-7(a)(6).

ARTICLE VI
Revenue from Off-Track Betting and Telephone Wagering

1. In the event MTR, HBPA or horsemen receive additional revenue or payments from telephone wagering from whatever source derived, whether as a result of legislation, by contract and/or modification of the rules of the West Virginia Racing Commission, the amount determined by code shall be allocated to purses.

2. Revenue from live, export and import and wagering from any other sources will be distributed in accordance with West Virginia Code.

3. Revenue from Video Lottery Terminals will be distributed in accordance with West Virginia Code.

ARTICLE VII
Condition Book

1. HBPA represents that it has created a Condition Book Committee to consult with horsemen concerning the conditions of racing and to make known to MTR the results of their consultations. MTR agrees that this Committee shall have the right to meet with appropriate MTR personnel to discuss and comment on each condition book at least seventy-two (72) hours before printing in order to permit Committee review, suggestions, and recommendations. MTR will give due consideration to the Committee's suggestions and recommendations.

2. During the term of this contract the bottom claiming price will not go below Four Thousand Dollars ($4,000.00).

ARTICLE VIII
Racing Committee/Arbitration

1. Track and the HBPA shall organize and maintain a joint committee (hereinafter the "Racing Committee") to address issues related to and associated with live racing at Mountaineer Race Track. The HBPA and Track shall each appoint three (3) representatives to the Racing Committee. The Racing Committee shall have no authority to alter the terms and conditions of this Agreement.

2. In the event there is a disagreement between the parties as to whether any party has compiled with the terms or conditions in this Agreement, then Track and the HBPA shall each choose an Arbitrator and the two Arbitrators shall choose a third Arbitrator. The Board of Arbitrators shall decide the issues involved and each party agrees to be bound by the decision of the arbitrations panel, provided, however, that the arbitrators' decision shall not be binding on the parties with respect to matters of Federal law.

ARTICLE IX
Stalls

1. It is recognized by both parties that effective stall utilization is important to MTR and that equitable allocation is essential to the livelihood of horsemen.

2. MTR shall exercise reasonable discretion when allocating horse stalls, such that it shall not unlawfully allocate on the basis of race, color, religion, sex, national origin, age, or other classes protected under law.

3. MTR shall make every effort to provide horsemen with fifteen (15) days prior notice of the acceptance or rejection of stall applications and may demand immediate confirmation from the horsemen of their intent to use allotted stalls.

4. A Stall Committee consisting of a Director of Racing, Racing Secretary, HBPA representative, Stall Superintendent and State Steward shall hear any disputes regarding allocation of stalls.

5. Upon seven (7) days prior notice, MTR shall have the right to take from any horsemen any stall that management believes in good faith is not being used for racing purposes.

6. MTR shall permit approved horsemen to use the stalls at its racetrack barns and other facilities as they exist on the date hereof for training purposes without charge for horses qualified to race at MTR.

7. MTR agrees to provide stall and shed row area with proper fill within a reasonable time period, upon written request of HBPA.

8. Any change in present stall application form that affects horse or trainer eligibility for stalls shall be approved by HBPA.

ARTICLE X
Barn Area

1. Barn area will be available to horsemen during the live race meet and four (4) weeks prior to the start of the live race meet. Barn area will close one week after the live race meet. The racetrack will be available to horsemen during scheduled training times six (6) days per calendar week. A clocker will be available six (6) days per week and the gate shall be available five (5) days per week. Training will start four (4) weeks prior to the beginning of the meet and end on the last day of racing

2. HBPA recognizes an obligation of horsemen and backside personnel to maintain the stable area in a sanitary condition, free from litter and other foreign objects. HBPA will use its best efforts to ensure that horsemen and their employees fulfill their obligations in this regard. MTR retains its right to discipline (including removal) horsemen or their employees who fail to obey MTR's published rules and regulations.

3. MTR shall maintain all bam area restroom facilities in a safe and healthy environment.

4. MTR agrees to maintain both main roads leading to and from the racetrack, between all bams and all horsemen parking lots, for both training and racing purposes when horses are on the grounds. These roads are designated as the road going past the rec hall/kitchen and the other road leading from the stable gate. Reasonable efforts before 7:00 a.m. will be made to keep these areas salted and ice-free so as not to be hazardous to horses or backside personnel. MTR further agrees to make necessary repairs to the backside and stall areas as deemed necessary from the monthly inspection conducted.

ARTICLE XI
Racing Surfaces

1. The Track Surface Committee consisting of two horsemen, two jockeys, (appointed by their respective associations), the track superintendent, a representative of the Racing Commission, the State Veterinarian, a steward, and a representative of MTR shall meet pursuant to a published schedule to assess track surface conditions and agree to any actions to be taken with respect to maintenance of the racing surface. MTR shall maintain the track in accordance with the reasonable direction of the Track Surface Committee.

2. Trainers shall, at reasonable times and upon reasonable notice to the office of the Director of Racing, have the right to enter onto the track for the purpose of determining the safety of the racing surface.

3. MTR shall keep the racing surface safe, uniform, harrowed, and watered.

4. MTR, with a member of the HBPA Track Committee, will take soil samples of both the dirt and turf one month prior to opening, once during the meet and as the Track Surface Committee may request. Samples will be sent to a mutually agreed upon testing laboratory. Upon completion and receipt of laboratory results, Track Surface Committee will make recommendations and forward said recommendations to the Director of Racing. Costs of testing and results will be shared evenly by MTR and the HBPA.

ARTICLE XII
Paddock Blacksmith

HBPA may contract with a paddock blacksmith who shall not be deemed an employee of MTR or HBPA but an independent contractor, to be available in the paddock for each race on each and every race day. MTR shall reimburse HBPA for the cost of the blacksmith in an amount not to exceed $100 per live racing day.

ARTICLE XIII
Fire and Liability Insurance

MTR shall pay to HBPA annually, on or before May 15th of each year during the term of this Agreement, the actual cost of the HBPA's proportional assessment of a policy of fire and hazard insurance (maintained by the national HBPA) covering horses and tack belonging to horsemen.

Because of this payment for the Fire and Disaster Insurance Plan, the HBPA shall indemnify and hold MTR harmless from and against any damage, loss, action, judgment, cost or expense (including reasonable attorneys' fees) resulting from any claim, demand or cause of action made or brought by a horsemen for any loss covered by the Fire and Disaster Insurance Plan.

ARTICLE XIV
Deceased Horse Removal

The cost of removing deceased horses shall be paid by one half by HBPA and one half by MTR.

ARTICLE XV
No Monopoly on Goods and Services

MTR shall not establish or impose upon horsemen a monopoly, restriction or requirement regarding the use of blacksmiths, feed men, track supplier, veterinarians or other services customarily used by horsemen. MTR will permit any supplier of commodities or services to enter the stable area; provided, however, that such supplier of services or commodities has received a clearance from management and the West Virginia Racing Commission, which will authorize admission to the stable area. MTR agrees not to unreasonably withhold said clearance. Any owner or trainer stabled on grounds will be permitted at any time to haul in hay or grain for his own use only.

ARTICLE XVI
Personnel Identification

MTR shall bear all expenses incurred for the preparation of the identification badges to be worn by backstretch personnel on a first issue. All lost badges shall be paid for by the individual who loses the badge.

ARTICLE XVII
Tattooing of Horses

Cost of lip tattooing shall be borne by the owners or trainers of the horse being tattooed and not by MTR or HBPA.

ARTICLE XVIII
HBPA Amenities

1. MTR shall provide a business office for the duly elected representatives and officers of HBPA.

2. MTR shall provide front side parking located right behind the grandstand.

3. MTR shall provide adequate parking, admission passes and courtesies for horsemen.

4. MTR shall provide to HBPA two hundred (200) programs each racing day during the week and two hundred fifty (250) programs for each West Virginia Derby Day.

5. MTR shall ensure that the kitchen is operational during the live race meet. If there is not a contract for the operation of the kitchen, MTR shall ensure that the area is available and maintained as a rec hall with vending machines during live racing and the HBPA will ensure the rec hall maintains a standard of cleanliness.

ARTICLE XIX
Horsemen's Bookkeeper

A horsemen's bookkeeper shall be employed by MTR or as mandated by the racing rules and shall be subject to the policies generally applicable to MTR's employees. The horsemen's bookkeeper shall perform those functions set forth from time to time by statute, and MTR shall provide such equipment as shall be reasonably necessary for the performance of the horsemen's bookkeeper's statutory duties.

ARTICLE XX
Horsemen's Bookkeeper Account

The following accounts shall be maintained by the horsemen's bookkeeper in the same bank in which such accounts are currently maintained, so long as such bank's fees for services remain competitive with other banks in West Virginia.

First Account **–** "*Horsemen's Daily Account*" **–** The horsemen's bookkeeper shall establish a checking account into which the following shall be deposited: (a) purse money, stake fees; (b) any owner or trainer deposits; and (c) all moneys received as a result of claims made by horsemen or owners in connection with the races. All of the funds in this account are recognized as being the sole property of the horsemen, jockeys, etc., as reflected by the records maintained by the horsemen's bookkeeper. MTR agrees to deposit to the Horsemen's Daily Account each day the full amount due owners for purses earned that day. MTR agrees to deposit all other Horsemen's Bookkeeper Account deposits (i.e. claims, etc.) a minimum of once per week to the Horsemen's Daily Account. All interest earned on this account will be considered the sole property of HBPA.

Second Account **–** "*Horsemen's Reserve Account*" **–** The horsemen's bookkeeper shall establish and maintain a reserve account into which all Underpayment Money (described above) shall be deposited. All of said Underpayment Money shall be used for purses. All interest earned on this Underpayment Money shall be considered the sole property of the horsemen and shall be added to the purse account to be used for the payment of purses.

ARTICLE XXI
HBPA Administrative Fund

The bookkeeper shall distribute to the HBPA during the term of this Agreement, an amount equal to one percent (1%) of the total amount distributed for purses for thoroughbred racing at Mountaineer Park for the preceding month. Said sums shall be deemed to be purse money, but shall not be withheld or deducted from any single purse, but shall be deducted from the percentage permitted by the State of West Virginia to be paid to the HBPA Trust Fund. If current West Virginia Code § 19-23-9 (b) (1) *et seq.* is amended to permit a percentage different than the current percentage of 2% of the purses actually paid during the preceding month for the Trust and administration of the fund set forth in West Virginia Code §19-23-9 (b) (1), the HBPA and MTR agree to renegotiate a new division of the percentage of funds to be allocated to the HBPA Trust and Administrative funds. All sums due to the HBPA shall be paid by the end of each month.

ARTICLE XXII
Security

MTR agrees to provide and maintain reasonable security at its main gate and such other gates providing ingress and egress to its stable areas four (4) weeks prior to the start of the live meet, during the live race meet, and one week following the live meet's conclusion.

ARTICLE XXIII
Starting Gate

MTR agrees to provide assistant starters, as defined by the West Virginia Thoroughbred Rules of Racing, five days per week during training.

ARTICLE XXIV
Daily Meeting Figures

The pari-mutuel handle and purse distribution figures as well as the percentage figures which represent the relationship between purses and the total of pari-mutuel handle, shall be given to the HBPA office each day of a race meet in progress.

ARTICLE XXV
Valuable Property Right

MTR recognizes that the horses and participants in races and related events occurring prior or subsequent to the running of a race are valuable property rights belonging to the owners and trainers, and MTR will not produce or exhibit still or motion pictures, videotapes, radio or television programs, or authorize or license others to make or exhibit motion pictures or television programs of any of said events without prior consultation and written agreement of the HBPA, it being understood, however, that (i) MTR may use such depictions for the promotion of MTR's business; and (ii) this provision is not intended to affect the simulcasting, which is governed in all respects by the parties' separate agreement of this date concerning simulcasting.

ARTICLE XXVI
Severability

In the event any provision, item or clause of this Agreement or the application thereof is held invalid, such invalidity shall not affect the remaining provisions, items or clauses or application of this Agreement, and, to this end, it is agreed by the parties that this Agreement is severable.

ARTICLE XXVII
Simulcasting

Both the HBPA and MTR mutually benefit from the collecting the highest possible fee for the MTR's import and export signal. The HBPA acknowledges, however, that MTR requires flexibility to negotiate in a commercially reasonable manner with third parties regarding the fee the MTR will receive for the MTR's import and export signal. The HBPA therefore agrees that the HBPA will not object to any contract entered into between the MTR and a third party that provides for a commission rate paid to the MTR in excess of 3% of gross handle from all North American Thoroughbred and Standardbred Race Tracks and Race Track owned OTB's, 4% of gross handle from all North American Greyhound Tracks and 6% of gross handle from all ADW sites.

Simulcasting at the MTR shall be governed by West Virginia statutes and the Federal Interstate Horse Racing Act of 1978, Simulcasting Agreement and the Federal Interstate Horse Racing Act of 1978. A Simulcasting Agreement and site approval executed simultaneously with this Agreement shall be a part of this Agreement (Exhibit B). To the extent there is a conflict between this Agreement and the Simulcasting Agreement with respect to matters relating to live racing, then the terms of this Agreement shall control.

ARTICLE XXVIII
Term

The term of this Agreement shall commence January 1, 2019, and shall terminate on December 31, 2021. However, this Agreement is binding only during the periods during which the MTR is permitted to operate permitted activities as defined in the Racetrack Video Lottery Act of 1994, as amended.

ARTICLE XXIX
Unzipper Clause

The parties acknowledge that during the negotiations that resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of negotiations, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement. Notwithstanding the aforementioned, MTR for the life of this Agreement, voluntarily and unqualifiedly reserves the right to reopen negotiations on any subject matter covered by the Agreement IF MTR encounters competition within a One Hundred and Fifty (150) mile radius, and HBPA and MTR agree that the other shall be obligated to negotiate with respect to any subject matter not specifically referred to or covered by this Agreement, even though the subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Agreement. However, this will not preclude the parties from mutually agreeing to amend this Agreement at any time.

ARTICLE XXX
Integration

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter contained herein and supersedes any prior agreements between the parties hereto either oral or written.

IN WITNESS THEREOF, the parties to this Agreement have caused these presents to be executed by their agents hereunto duly authorized, and their seals to be affixed hereto, as of the date first above written.

WITNESS the following signatures:

MOUNTAINEER PARK, INC.	**MOUNTAINEER PARK HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, INC**
Jason Pugh	**Jami Poole**
By: /s/ Jason Pugh	**By:** /S/ Jami Poole
Its: VP:General Manager	**Its:** **President**

AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into this 9 day of April 2019, by and between Mountaineer Park, Inc. (the "Track") a corporation licensed by the West Virginia Racing Commission to conduct thoroughbred racing at Mountaineer Race Track and Gaming Resort (the "Mountaineer Park"), and the Mountaineer Park HBPA Benevolent Trust (the "Trust"), a conduit trust established by Mountaineer Park Horsemen's Benevolent and Protective Association, Inc. (the "HBPA") and the trustees of the Trust.

BACKGROUND

The Trust was established out of a general concern for the welfare and well-being of those individuals who are not employed by the Track or the HBPA, but whose primary source of income is derived from the racing, training, and care of thoroughbred horses at Mountaineer Park. The Trust will provide certain health and other benefits to individuals associated with Mountaineer Park to help defray the cost of medical and other expenses incurred by such individuals that are not covered by commercial health or other insurance.

The Track has agreed to pay over certain amounts in order to fund the Trust and the Trust has agreed to administer such funds.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **FUNDING** The Track shall pay over to the Trust monthly, in arrear, an amount equal to 1 % of the total amount distributed for purses.

2. **TERM** The term of this Agreement shall commence on January 1, 2019, and shall continue until December 31, 2021. This Agreement is binding, however, only during the periods, which the Track is authorized to operate "permitted activities" as, defined in the Race Track Video Lottery Act of 1994.

3. **MISCELLANEOUS**

3.1 **Entire Agreement** This Agreement constitutes the entire agreement between the Parties and there are no representations, warranties, understandings or commitments except as provided herein.

3.2. **Binding Effect** This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective legal representatives, successor, and permitted assigns.

3.3. **Severability** If the application of any term or provision of this agreement, whether in whole or in part, shall be held invalid or unenforceable, the remainder of this agreement shall not be affected by such holdings and shall be fully enforced.

3.4 **Counterparts** This agreement may be executed in two or more counterparts, each of which shall be deemed an original but all which together shall constitute one and the same instrument.

3.5. **<u>Governing Law</u>** The laws of West Virginia shall govern the validity and construction of this agreement and any dispute arising out of or relating to this agreement, without regard to the principles of conflict of laws.

3.6. **<u>Hold Harmless</u>** The parties agree that this agreement is being made as an accommodation to the HBPA, and the HBPA hereby agrees to save and hold the Track harmless from any and all liabilities which may result from the execution or operation of this amendment.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ATTEST:

MOUNTAINEER PARK, INC.

____

By: /s/ Jason Pugh
Jason Pugh
GM Mountaineer Park, Inc.

MOUNTAINEER PARK HBPA
BENEVOLENT TRUST

____

By: /s/ Jami Poole
Jami Poole
Trust Chairman

____

MOUNTAINEER PARK HBPA

By: /s/ Jami Poole
Jami Poole

President

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Thomas R. Reeg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eldorado Resorts, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2019

/s/ THOMAS R. REEG
Thomas R. Reeg
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Bret Yunker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Eldorado Resorts, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2019

/s/ BRET YUNKER
Bret Yunker
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION
of
Thomas R. Reeg
Chief Executive Officer

I, Thomas R. Reeg, Chief Executive Officer of Eldorado Resorts, Inc. (the “Company”), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the SarbanesOxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10Q of the Company for the period ended March 31, 2019 (the “Periodic Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. The information contained in the Periodic Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2019

/s/ THOMAS R. REEG
Thomas R. Reeg
Chief Executive Officer

Exhibit 32.2

CERTIFICATION
of
Bret Yunker
Chief Financial Officer

I, Bret Yunker, Chief Financial Officer of Eldorado Resorts, Inc. (the “Company”), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the SarbanesOxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10Q of the Company for the period ended March 31, 2019 (the “Periodic Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. The information contained in the Periodic Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2019

/s/ BRET YUNKER
Bret Yunker
Chief Financial Officer