BORGATA HOTEL CASINO & SPA

QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2017

SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

BORGATA HOTEL CASINO & SPA
BALANCE SHEETS

AS OF MARCH 31, 2017 AND 2016

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2017 (c)	2016 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents	2,12	$51,420	$35,688
2	Short-Term Investments		-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2017, $19,051; 2016, $19,815)	3	39,174	31,825
4	Inventories		4,262	4,650
5	Other Current Assets	12	26,132	5,102
6	Total Current Assets		120,988	77,265
7	Investments, Advances, and Receivables	2,3,12	645,015	7,286
8	Property and Equipment - Gross	6	1,382,719	1,852,740
9	Less: Accumulated Depreciation and Amortization	6	(43,328)	(708,998)
10	Property and Equipment - Net	6	1,339,391	1,143,742
11	Other Assets	12	511,161	5,813
12	Total Assets		$2,616,555	$1,234,106
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$8,697	$4,712
14	Notes Payable		-	-
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		-	-
16	External	9	-	8,000
17	Income Taxes Payable and Accrued	2	17,449	6,586
18	Other Accrued Expenses	7	65,768	67,741
19	Other Current Liabilities	8	66,036	31,483
20	Total Current Liabilities		157,950	118,522
	Long-Term Debt:			
21	Due to Affiliates		-	-
22	External	9	-	630,326
23	Deferred Credits		-	6,249
24	Other Liabilities	10	1,346,363	5,372
25	Commitments and Contingencies	11	-	-
26	Total Liabilities		1,504,313	760,469
27	Stockholders', Partners', or Proprietor's Equity		1,112,242	473,637
28	Total Liabilities and Equity		$2,616,555	$1,234,106

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2017 (c)	2016 (d)
	Revenue:			
1	Casino	2	$186,811	$174,013
2	Rooms		26,858	27,502
3	Food and Beverage		33,460	33,758
4	Other		11,282	10,253
5	Total Revenue		258,411	245,526
6	Less: Promotional Allowances	2	57,330	55,233
7	Net Revenue		201,081	190,293
	Costs and Expenses:			
8	Casino		64,613	67,793
9	Rooms, Food and Beverage		18,527	19,551
10	General, Administrative and Other	2	56,517	55,272
11	Total Costs and Expenses		139,657	142,616
12	Gross Operating Profit		61,424	47,677
13	Depreciation and Amortization	6	19,200	14,349
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		42,224	33,328
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	9	0	(11,755)
19	CRDA Related Income (Expense) - Net	2,12	(2,522)	(2,361)
20	Nonoperating Income (Expense) - Net	2	(18,607)	6,381
21	Total Other Income (Expenses)		(21,129)	(7,735)
22	Income (Loss) Before Taxes		21,095	25,593
23	Provision (Credit) for Income Taxes	2	(1,173)	2,332
24	Net Income (Loss)		$22,268	$23,261

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016
AND THE THREE MONTHS ENDED MARCH 31, 2017

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	___ (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2015_........**		$446,700	$8,985	$0	$455,685
2	Net Income (Loss) - 2016..........			90,744		90,744
3	Capital Contributions................		703,673			703,673
4	Capital Withdrawals..................					0
5	Partnership Distributions...........			(17,169)		(17,169)
6	Prior Period Adjustments..........					0
7	Distribution to Parent in					0
8	connection with REIT	1,2,5,10		(126,100)		(126,100)
9						0
10	**Balance, December 31, 2016.........**		1,150,373	(43,540)	0	1,106,833
11	Net Income (Loss) - 2016..........			22,268		22,268
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........			(16,859)		(16,859)
15	Prior Period Adjustments..........					0
16	Distribution to Parent in					0
17	connection with REIT	1,2,5,10				0
18						0
19	**Balance, March 31, 2017...............**		$1,150,373	($38,131)	$0	$1,112,242

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2017 (c)	2016 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$26,935	$48,269
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments		0	0
3	Proceeds from the Sale of Short-Term Investments		0	0
4	Cash Outflows for Property and Equipment...........................	6	(5,273)	(9,471)
5	Proceeds from Disposition of Property and Equipment..........	6	41	67
6	CRDA Obligations	2,12	(2,463)	(2,412)
7	Other Investments, Loans and Advances made.......................		0	0
8	Proceeds from Other Investments, Loans, and Advances		0	0
9	Cash Outflows to Acquire Business Entities...........................		0	0
10	....			
11	....			
12	Net Cash Provided (Used) By Investing Activities....................		(7,695)	(11,816)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		0	0
14	Payments to Settle Short-Term Debt......................................		0	0
15	Proceeds from Long-Term Debt	9	0	142,800
16	Costs of Issuing Debt..		0	0
17	Payments to Settle Long-Term Debt......................................	9	0	(188,900)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock..		0	0
20	Payments of Dividends or Capital Withdrawals.......................		0	0
21	Partnership Distrubutions	4,5	(16,859)	(5,309)
22	....		0	0
23	Net Cash Provided (Used) By Financing Activities...................		(16,859)	(51,409)
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		2,381	(14,956)
25	Cash and Cash Equivalents at Beginning of Period...................		49,039	50,644
26	Cash and Cash Equivalents at End of Period............................		$51,420	$35,688

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................	9	$0	$11,304
28	Income Taxes..	2	$0	$1

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)......		$22,268	$23,261
30	Depreciation and Amortization of Property and Equipment...	6	16,338	14,238
31	Amortization of Other Assets......		2,862	111
32	Amortization of Debt Discount or Premium......	9	0	888
33	Deferred Income Taxes - Current	2	(3,450)	0
34	Deferred Income Taxes - Noncurrent	2	0	(564)
35	(Gain) Loss on Disposition of Property and Equipment......		845	514
36	(Gain) Loss on CRDA-Related Obligations......		2,522	2,361
37	(Gain) Loss from Other Investment Activities......		(6,392)	0
38	(Increase) Decrease in Receivables and Patrons' Checks		1,361	3,136
39	(Increase) Decrease in Inventories		(59)	(32)
40	(Increase) Decrease in Other Current Assets......		(5,898)	2,610
41	(Increase) Decrease in Other Assets......		(156)	(17)
42	Increase (Decrease) in Accounts Payable......		(4,193)	1,419
43	Increase (Decrease) in Other Current Liabilities		842	(72)
44	Increase (Decrease) in Other Liabilities		45	91
45	Loss on Early Retirement of Debt	9	0	325
46	......		0	0
47	Net Cash Provided (Used) By Operating Activities......		$26,935	$48,269

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2016 (c)	2015 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment......	6	($5,273)	($9,471)
49	Less: Capital Lease Obligations Incurred......			
50	Cash Outflows for Property and Equipment......		($5,273)	($9,471)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired......			
52	Goodwill Acquired......			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed......			
55	Issuance of Stock or Capital Invested......			
56	Cash Outflows to Acquire Business Entities......		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions......		$0	$0
58	Less: Issuances to Settle Long-Term Debt......		0	0
59	Consideration in Acquisition of Business Entities......		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions......		$0	$0

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2017
(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	152,063	$ 17,295	-	$ -
2	Food	342,744	8,689	300,300	3,003
3	Beverage	1,455,857	4,732	-	-
4	Travel	-	-	3,280	820
5	Bus Program Cash	-	-	-	-
6	Promotional Gaming Credits	727,331	18,183	-	(450)
7	Complimentary Cash Gifts	168,439	4,211	-	-
8	Entertainment	26,189	1,048	300	30
9	Retail & Non-Cash Gifts	9,086	454	6,704	1,676
10	Parking	-	-	-	-
11	Other	19,406	2,596	337,865	1,056
12	Total	2,901,115	$57,208	648,449	$6,135

*Promotional Allowances - Other includes $582K of Spa comps, $87K of Comp room incidentals, $96K change in Slot dollars earned but not redeemed and $1,832K in other promotional allowances.

FOR THE THREE MONTHS ENDED MARCH 31, 2017

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	152,063	$ 17,295	-	$ -
2	Food	342,744	8,689	300,300	3,003
3	Beverage	1,455,857	4,732	-	-
4	Travel	0	-	3,280	820
5	Bus Program Cash	0	-	-	-
6	Promotional Gaming Credits	727,331	18,183	-	(450)
7	Complimentary Cash Gifts	168,439	4,211	-	-
8	Entertainment	26,189	1,048	300	30
9	Retail & Non-Cash Gifts	9,086	454	6,704	1,676
10	Parking	0	-	-	-
11	Other	19,406	2,596	337,865	1,056
12	Total	2,901,115	$57,208	648,449	$6,135

*Promotional Allowances - Other includes $582K of Spa comps, $87K of Comp room incidentals, $96K change in Slot dollars earned but not redeemed and $1,832K in other promotional allowances.

BORGATA HOTEL CASINO & SPA
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2017

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Division's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.S.A. 5:12-84a(1)-(5) during the quarter.

5/15/2017
Date

Hugh Turner

Vice President of Finance
Title

007833-11
License Number

On Behalf of:

BORGATA HOTEL CASINO & SPA
Casino Licensee

Marina District Development Company, LLC and Subsidiary
(A Wholly-Owned Subsidiary of Marina District Development Holding Co., LLC)

Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1. BUSINESS

Organization

Marina District Development Company LLC, a New Jersey limited liability company ("MDDC"), is the parent of Marina District Finance Company, Inc., a New Jersey corporation ("MDFC"). MDFC is a 100% owned finance subsidiary of MDDC, which had fully and unconditionally guaranteed MDFC's securities. Unless otherwise indicated or required by the context, the term "we", "our" and the "Company" refers to MDDC and MDFC. Marina District Development Holding Company ("MDDHC") is the sole member of MDDC.

MDDC was incorporated in July 1998 and has been operating since July 3, 2003. MDFC was incorporated in 2000 and has been a wholly-owned subsidiary of MDDC since its inception. The Company developed, owns and operates Borgata Hotel Casino and Spa, including The Water Club at Borgata (collectively, "Borgata"). Borgata is located on a 45.6-acre site at Renaissance Pointe in Atlantic City, New Jersey. Borgata is an upscale destination resort and gaming entertainment property.

Borgata was developed as a joint venture between Boyd Atlantic City, Inc. ("BAC"), a wholly owned subsidiary of Boyd Gaming Corporation ("Boyd"), and MAC, Corp. ("MAC"), a wholly owned subsidiary of MGM Resorts International ("MGM"). Prior to August 1, 2016, BAC and MAC were each 50% interest holders in MDDHC. On August 1, 2016 (the "Acquisition Date"), MGM completed its acquisition of BAC's interest in MDDHC (the "Acquisition").

MGM Growth Properties LLC ("MGP") is a publicly traded real estate investment trust ("REIT") that is controlled and consolidated by MGM. MGP is organized as an umbrella partnership REIT (commonly referred to as an UPREIT) and conducts its operations through its subsidiary, MGM Growth Properties Operating Partnership LP (the "Operating Partnership"). Immediately subsequent to the Acquisition, MDDC contributed its real property to a subsidiary of the Operating Partnership (the "Landlord"), which leased back the real property to a subsidiary of MGM (the "Tenant") (the "Contribution").

Both transactions closed on August 1, 2016, at which time MDDC became a consolidated subsidiary of MGM. The Company does not presently record a management fee to MGM.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and include the accounts of MDDC and MDFC.

All intercompany accounts and transactions among MDDC and MDFC have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with maturities of three months or less at their date of purchase, and are on deposit with high credit quality financial institutions. The carrying values of these instruments approximate their fair values due to their short maturities.

Cash and cash equivalents consist of the following:

	March 31, 2017	March 31, 2016
Unrestricted cash and cash equivalents	$ 45,994,000	$ 29,838,000
Restricted cash	5,426,000	5,850,000
Total cash and cash equivalents	**$ 51,420,000**	**$ 35,688,000**

Cash and cash equivalents at March 31, 2017 and 2016 included restricted cash of $5,426,000 and $5,850,000, respectively, primarily related to the balances of patrons' internet gaming accounts as of the previous day. Pursuant to N.J.A.C. 13:69O-1.3(j), we maintain separate New Jersey bank accounts to primarily ensure the security of funds held in patrons' internet gaming accounts. Restricted cash balances are on deposit with high credit quality financial institutions. The carrying values of these instruments approximate their fair values due to their short maturities.

CRDA Investments

Pursuant to the New Jersey Casino Control Act ("Casino Control Act"), as a casino licensee, the Company is assessed an amount equal to 1.25% of its land-based gross gaming revenues in order to fund qualified investments. This assessment is made in lieu of an Investment Alternative Tax (the "IAT") equal to 2.5% of land-based gross gaming revenues. The Casino Control Act also provides for an assessment of licensees equal to 2.5% of online gross gaming revenues, which is made in lieu of an IAT equal to 5.0% of online gross gaming revenues. Once the funds are deposited with the New Jersey Casino Reinvestment Development Authority ("CRDA"), qualified investments may be satisfied by: (i) the purchase of bonds issued by the CRDA at below market rates of interest; (ii) direct investment in CRDA-approved projects; or (iii) a donation of funds to projects as determined by the CRDA. According to the Casino Control Act, funds on deposit with the CRDA are invested by the CRDA and the resulting income is shared two-thirds to the casino licensee and one-third to the CRDA. Further, the Casino Control Act requires that CRDA bonds be issued at statutory rates established at two-thirds of market value.

In May 2016, pursuant to a provision contained within legislation enacted to address Atlantic City's fiscal matters commonly referred to as the PILOT (payment in lieu of taxes) law, any CRDA funds not utilized or pledged for direct investments, the purchases of CRDA bonds or otherwise contractually obligated, related to all funds received from the payment of the IAT going forward are allocated to the City of Atlantic City. The PILOT law directs that these funds be used for the purposes of paying debt service on bonds issued by the City of Atlantic City prior to and after the date of the PILOT law. These provisions expire as of December 31, 2026.

The Company is required to make quarterly deposits with the CRDA to satisfy its investment obligations. Previous to the enactment of the PILOT law effective January 1, 2017, the Company would record a charge to expense as of the date the obligation arose (i) pursuant to the respective underlying agreements for obligations with identified qualified investments and (ii) by applying a one-third valuation reserve to the obligations that are available to fund qualified investments to reflect the anticipated below market return on investment. The one-third valuation reserve was adjusted accordingly, if necessary, based on management's assessment of the ultimate recoverability of the deposit or when a qualified investment is identified.

For obligations that are deposited after the effective date of the PILOT law that were not previously utilized or pledged for direct investments, the purchases of CRDA bonds or otherwise contractually obligated, the Company recognizes a charge to expense for the total amount of the obligation.

On a prospective basis, the company records a charge to expense for 100% of the obligation amount as of the date the obligation arises.

Casino Revenue and Promotional Allowances

Casino gaming revenue is the win from gaming activities. The retail value of accommodations, food and beverage, and other services furnished to hotel casino guests without charge is included in gross revenue and then deducted as promotional allowances. The estimated cost of providing such promotional allowances was approximately $17,544,000, and $18,472,000 for the three months ended March 31, 2017 and 2016 and is included in costs and expenses.

Investment in Unconsolidated Affiliate

As discussed in Note 5, the Company holds an investment in the Operating Partnership, an unconsolidated affiliate accounted for under the equity method. Under the equity method, carrying value is adjusted for the Company's share of the investee earnings and losses, amortization of certain basis differences, as well as capital contributions to and distributions from operating the Operating Partnership. The Company classifies its share of income and losses as well as gains and impairments related to its investment in unconsolidated affiliate in income (loss) from unconsolidated affiliate.

The Company evaluates its investment in unconsolidated affiliate for impairment whenever events or changes in circumstances indicate that the carrying value of its investment may have experienced an “other-than-temporary” decline in value. If such conditions exist, the Company compares the estimated fair value of the investment to its carrying value to determine if an impairment is indicated and determines whether the impairment is “other-than-temporary” based on its assessment of all relevant factors, including consideration of the Company’s intent and ability to retain its investment. The Company estimates fair value using a discounted cash flow analysis based on estimated future results of the investee and market indicators of terminal year capitalization rates, and a market approach that utilizes business enterprise value multiples based on a range of multiples from the Company’s peer group.

The Company’s ownership in the Operating Partnership constitutes continuing involvement. As a result, the contribution and leaseback of the real estate assets described above does not qualify for sale-leaseback accounting. Accordingly, the contributed assets will remain on the Company’s consolidated balance sheet and will continue to be depreciated over their remaining useful lives.

Gaming Taxes

We are subject to an annual tax assessment based on 8% on our land-based gross gaming revenues and 15% on our online gross gaming revenues. These gaming taxes are recorded as a gaming expense in the condensed consolidated statements of operations. These taxes were $14,617,000 and $13,684,000 during the three months ended March 31, 2017 and 2016, respectively.

Income Taxes

As a single member limited liability company, MDDC is treated as a disregarded entity for federal income tax purposes. As such, it is not subject to federal income tax and its income is treated as earned by its member, MDDHC. MDDHC is treated as a partnership for federal income tax purposes and federal income taxes are the responsibility of its members. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, MDDC, considered as a casino partnership, is required to record New Jersey state income taxes. In 2004, MDDC was granted permission by the state of New Jersey, pursuant to a ruling request, to file a consolidated New Jersey corporation business tax return that includes MDDHC, MAC, BAC and MDFC. The amounts reflected in the consolidated financial statements are reported as if MDDC was taxed for state purposes on a stand-alone basis notwithstanding that MDDC files a consolidated New Jersey tax return as described above.

Subsequent to the Acquisition Date, MGM holds direct and indirect ownership of 100% of the members’ interests in MDDHC. As a result of the Acquisition, MDDHC filed a final New Jersey consolidated return including BAC and reported consolidated activity through the Acquisition Date. After the Acquisition Date, MDDHC and MDDC will join in filing a New Jersey consolidated casino return with MGM and certain of its subsidiaries.

MDDC, MAC and BAC are parties to a tax sharing agreement that provides for an allocation among the parties of taxes due in the consolidated New Jersey return for all periods through the Acquisition Date. Under the terms of this agreement, current year tax attributes of the members are utilized prior to MDDC’s separately determined net operating loss carryforward. Payments for the utilization of the current year member tax attributes will be remitted to the members of MDDHC under the tax sharing agreement. Subsequent to the Acquisition Date, MDDC is responsible for New Jersey taxes computed on a stand-alone basis and records a payable or receivable to MGM to the extent that its stand-alone New Jersey tax liability is greater than or less than the consolidated tax liability.

The amounts due to members are a result of the arrangements described above. A reconciliation of the components of the Company’s stand-alone state income taxes receivable is presented below:

	March 31,	
	2017	2016
Amounts payable to members of MDDHC	$ 15,428,000	$ 6,537,000
Amounts payable – the State of New Jersey	2,021,000	49,000
Income taxes payable	**$ 17,449,000**	**$ 6,586,000**

Use of Estimates
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Recently Issued Accounting Pronouncements

Recently issued accounting standards. In 2015 and 2016, the FASB issued the following ASUs related to revenue recognition, effective for fiscal years beginning after December 15, 2017, pursuant to ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date":

- ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," ("ASU 2014-09") outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 provides for a new revenue recognition model which includes a five-step analysis in determining when and how revenue is recognized, including identification of separate performance obligations for each contract with a customer. Additionally, the new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services;

- ASU 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," ("ASU 2016-08") clarifies the implementation guidance on principal versus agent considerations as it relates to ASU 2014-09. ASU 2016-08 provides guidance related to the assessment an entity is required to perform to determine whether the nature of its promise is to provide the specified good or service itself (that is, the entity is a principal) or to arrange for that good or service to be provided by the other party (that is, the entity is an agent) when another party is involved in providing goods or services to a customer;

- ASU 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing," ("ASU 2016-10") clarifies guidance related to identifying performance obligations and licensing implementation guidance as it relates to ASU 2014-09. ASU 2016-10 includes targeted improvements based on input the FASB received from the Transition Resource Group for Revenue Recognition and other stakeholders. It seeks to proactively address areas in which diversity in practice potentially could arise, as well as to reduce the cost and complexity of applying certain aspects of the guidance both at implementation and on an ongoing basis; and

- ASU 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients," ("ASU 2016-12") addresses narrow-scope improvements to the guidance on collectability, noncash consideration and completed contracts at transition as it relates to ASU 2014-09. ASU 2016-12 provides for a practical expedient for contract modifications at transition and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers.

The Company is currently assessing the impact that the adoption of the above ASUs related to revenue recognition will have on its consolidated financial statements and footnote disclosures. However, the Company has identified a few significant impacts. Under the new guidance, the Company expects it will no longer be permitted to recognize revenues for goods and services provided to customers for free as an inducement to gamble as gross revenue with a corresponding offset to promotional allowances to arrive at net revenues as discussed above. The Company expects the majority of such amounts will offset casino revenues. In addition, accounting for customer complimentary items granted under the Company's rewards program will also change. Under the new guidance, complimentary items earned by customers through past revenue transactions will be identified as separate performance obligations and recorded as a reduction in gaming revenues when earned at the retail value of such benefits owed to the customer (less estimated breakage). When customers redeem such benefits and the performance obligation is fulfilled by the Company, revenue will be recognized in the department that provides the goods or services (i.e., hotel, food and beverage, or entertainment). In addition, given that our rewards program is an aspirational loyalty program with multiple customer tiers, which provide certain benefits to tier members, the Company will need to assess if such benefits are deemed to be separate performance obligations under the new guidance.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," ("ASU 2016-02"), which replaces the existing guidance in Accounting Standards Codification ("ASC") 840, "Leases." ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. ASU 2016-02 requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use ("ROU") asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the ROU asset and for operating leases the lessee would recognize a straight-line total lease expense. The Company is currently assessing the impact the adoption of ASU 2016-02 will have on its consolidated financial statements and footnote disclosures.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)," ("ASU 2016-15"), effective for fiscal years beginning after December 15, 2017. ASU 2016-15 amends the guidance of ASC 230 on the classification of certain cash receipts and payments in the statement of cash flows. The primary purpose of ASU 2016-15 is to reduce the diversity in practice that has resulted from the lack of consistent principles, specifically clarifying the guidance on eight cash flow issues. The Company does not expect the adoption of ASU 2016-15 to have a material effect on its consolidated financial statements.

In January 2017, the Company adopted ASU No. 2016-09, "Compensation – Stock Compensation (Topic 718)," ("ASU 2016-09"). ASU 2016-09 simplifies the accounting for share-based payment transactions, including the income tax consequences, accounting for forfeitures, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 has separate transition guidance for each element of the new standard. The adoption of ASU 2016-09 did not have a material effect on the Company's consolidated financial statements and footnote disclosures.

In January 2017, the Company adopted ASU No. 2016-17, "Consolidation (Topic 810): Interests Held Through Related Parties that are Under Common Control," ("ASU 2016-17"). The amendments affect the evaluation of whether to consolidate a VIE in certain situations involving entities under common control. Specifically, the amendments change the evaluation of whether an entity is the primary beneficiary of a VIE for an entity that is a single decision maker of a variable interest by changing how an entity treats indirect interests in the VIE held through related parties that are under common control with the reporting entity. The guidance in ASU 2016-17 must be applied retrospectively to all relevant periods. The adoption of ASU 2016-17 did not have a material effect on the Company's consolidated financial statements and footnote disclosures.

In January 2017, the Company early adopted ASU No. 2017-04, "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"). ASU 2017-04 simplifies the subsequent measurement of goodwill by eliminating step two from the goodwill impairment test. Under the amended guidance, the Company will perform its annual goodwill impairment tests (and interim tests if any are determined to be necessary) by comparing the fair value of its reporting units with their carrying value, and an impairment charge, if any, will be recognized for the amount by which the carrying value exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit. The adoption of ASU 2017-04 did not have a material effect on the Company's consolidated financial statements and footnote disclosures.

NOTE 3. RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks consist of the following:

	March 31,	
	2017	**2016**
Casino receivables (net of an allowance for doubtful accounts – 2017 $19,035,000 and 2016 $19,789,000)	$ 27,770,000	$ 22,121,000
Other (net of an allowance for doubtful accounts – 2017 $16,000 and 2016 $26,000)	11,404,000	9,585,000
Due from related parties (Note 13)	-	119,000
Receivables and patrons' checks, net	**$ 39,174,000**	**$ 31,825,000**

NOTE 4. CONTRIBUTION

Immediately subsequent to the Acquisition described in Note 1, MGM, MGP, the Operating Partnership and the Tenant completed the transfer of the real estate assets related to Borgata from MDDC to the Landlord. The real estate assets related to Borgata were leased to the Tenant via an amendment to the master lease agreement in place between these subsidiaries of the Operating Partnership and MGM (the "Master Lease"). As a result, the initial rent under the Master Lease increased by $100,000,000, $90,000,000 of which relates to the base rent for the initial term and the remaining $10,000,000 of which relates to the percentage rent. Following the closing of the Contribution, the base rent under the Master Lease is now $585,000,000 for the initial term and the percentage rent is $65,000,000, prorated for the remainder of the first lease year after the Contribution. The consideration that was paid by the Operating Partnership to MDDC consisted of 27,400,000 newly issued Operating Partnership units representing limited partner interests in the Operating Partnership and the assumption by the Landlord of the Operating Partnership of $544,900,000 of indebtedness from MDDC.

In connection with the transactions described above, the Company borrowed approximately $544,900,000 under certain bridge facilities (the "Bridge Facilities"), the proceeds of which were used to repay outstanding term loans. The Bridge Facilities were subsequently contributed to the Operating Partnership, relieving the Company of its payment obligation under such facilities.

Pursuant to the Master Lease by and between a subsidiary of MGM and the Landlord, the Tenant has leased the contributed real estate assets from the Landlord, and subleased them to their respective contributing entities, including the Company. This arrangement is accounted for as a failed sale-leaseback. Accordingly, the contributed assets remain on the Company's balance sheet, along with a finance liability representing the present value of the Company's future obligations under the Master Lease. See Note 10 for additional information related to the finance liability.

NOTE 5. INVESTMENT IN UNCONSOLIDATED AFFILIATE

In connection with the Contribution, the Company was issued 27,400,000 newly issued Operating Partnership units representing an 11.27% economic interest in the Operating Partnership. The Company's investment in the Operating Partnership has been accounted for under the equity method. The Company's share of income and losses from its equity method investment is included in non-operating income (expense) on the statements of operations. The Company has adjusted its investment balance and share of income and losses to adjust for the impact of the failed sale-leaseback accounting discussed in Note 4, and as of March 31, 2017, the basis difference between the Company's investment balance and the Operating Partnership's underlying equity was $4.4 million. The Company will continue adjust its share of income and losses of the Operating Partnership to resolve this basis difference over the term of the Master Lease.

Summarized balance sheet data and results of operations of the Operating Partnership are as follows:

	March 31, 2017
Assets	$9,449,452,000
Liabilities	3,887,415,000
Partners' capital	5,562,037,000
Total liabilities & partners' capital	**$9,449,452,000**

	Three Months Ended March 31, 2017
Revenues	$183,899,000
Expenses	91,877,000
Operating income	92,022,000
Interest expense and other non-operating expense	44,092,000
Provision for income taxes	1,238,000
Net income	**$46,692,000**

NOTE 6. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

	March 31,	
	2017	2016
Land	$ 35,568,000	$ 87,301,000
Building and improvements	1,238,759,000	1,431,125,000
Furniture and equipment	90,583,000	314,631,000
Construction in progress	17,809,000	19,683,000
Total property and equipment	1,382,719,000	1,852,740,000
Less accumulated depreciation	43,328,000	708,998,000
Property and equipment, net	**$ 1,339,391,000**	**$ 1,143,742,000**

Depreciation expense was $16,338,000 and $14,238,000 during the three months ended March 31, 2017 and 2016, respectively.

Construction in progress presented in the table above primarily relates to costs capitalized in conjunction with major improvements that have not yet been placed into service, and accordingly, such costs are not currently being depreciated.

NOTE 7. OTHER ACCRUED EXPENSES

Other accrued expenses consist of the following:

	March 31,	
	2017	2016
Accrued payroll and related expenses	$ 18,703,000	$ 22,700,000
Accrued interest	-	932,000
Accrued expenses and other liabilities	47,065,000	44,109,000
Other accrued expenses	**$ 65,768,000**	**$ 67,741,000**

NOTE 8. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	March 31,	
	2017	2016
Casino related liabilities	$ 18,364,000	$ 16,798,000
Due to related parties (see Note 13)	-	27,000
REIT rent accrual	14,028,000	-
Financing liability – current	18,585,000	-
Other	15,059,000	14,658,000
Other current liabilities	**$ 66,036,000**	**$ 31,483,000**

NOTE 9. LONG-TERM DEBT, NET

In connection with the transactions described above, the Company borrowed approximately $544,850,000 under certain bridge facilities (the "Bridge Facilities"), the proceeds of which were used to repay our outstanding term loans. The Bridge Facilities were subsequently contributed to the Operating Partnership, relieving the Company of its payment obligation under such facilities. Additionally, the company borrowed $59,858,000 under an MGM intercompany note (the “Intercompany Note”), the proceeds of which were used to pay certain fees and taxes in connection with the transaction described above, as well as the extinguishment of the Company’s outstanding revolving credit facility. Total interest incurred in connection with the Intercompany Note was $504,000 for the year ending December 31, 2016. The Intercompany Note was paid in full during the fourth quarter of 2016. As a result, the Company did not have long term debt as of December 31, 2016.

Loss on Early Extinguishments of Debt
We incurred charges of $19,932,000 and $18,895,000 for the years ended December 31, 2016 and 2015, respectively, which included the call premium, deferred debt financing costs and discounts written off, in connection with our 2016 repayment of the 2018 and 2019 Incremental Term Loans in 2016, as well as the ratable reduction in borrowing capacity due to optional prepayments of our Incremental Term Loan made during the period ended September 30, 2015.

Long-term debt as of March 31, 2016 consists of the following:

	March 31, 2016				
	Interest Rates at March 31, 2016	**Outstanding Principal**	**Unamortized Discount**	**Unamortized Origination Fees**	**Long-Term Debt, Net**
Revolving Credit Facility	3.63 %	$ 11,600,000	$ -	$ (1,135,000)	$ 10,465,000
2018 Incremental Term Loan	6.50 %	223,000,000	(1,135,000)	(2,215,000)	219,650,000
2019 Incremental Term Loan	6.75 %	416,850,000	(7,679,000)	(960,000)	408,211,000
		651,450,000	**(8,814,000)**	**(4,310,000)**	**638,326,000**
Less current maturities		8,000,000	-	-	8,000,000
Long-term debt, net		**$ 643,450,000**	**$ (8,814,000)**	**$ (4,310,000)**	**$ 630,326,000**

NOTE 10. FINANCE LIABILITY

Pursuant to the Master Lease between the Tenant and the Landlord, the Tenant has leased the real estate assets contributed to the Operating Partnership from the Landlord and subleased them to their respective contributing entities, including the Company. The Master Lease has an initial lease term of ten years with the potential to extend the term for four additional five-year terms thereafter at the option of the Tenant. The Master Lease provides that any extension of its term must apply to all of the real estate under the Master Lease at the time of the extension. The Master Lease has a triple-net structure, which requires the Tenant to pay substantially all costs associated with the lease, including real estate taxes, insurance, utilities and routine maintenance, in addition to the rent. The Tenant's performance and payments under the Master Lease will be guaranteed by MGM. A default by the Tenant with regard to any property under the Master Lease or by MGM with regard to its guarantee will cause a default with regard to the entire portfolio covered by the Master Lease. The total financing obligation of the Company is $1,284,610 and $1,297,429,000 as of March 31, 2017 and December 31, 2016, respectively.

Under the Master Lease, an event of default (as defined therein) will be deemed to occur upon certain events, including: (1) the failure by the Tenant to pay rent or other amounts when due or within certain grace or cure periods of the due date, (2) the failure by the Tenant to comply with the covenants set forth in the Master Lease in any material respect when due or within any applicable cure period, (3) certain events of bankruptcy or insolvency with respect to a Tenant or a guarantor, (4) the occurrence of a default under any guaranty of the Master Lease that is not cured within a certain grace period, (5) the loss or suspension of a material license beyond a certain grace period that causes cessation of gaming activity and would reasonably be expected to have a material adverse effect on the Tenant or the leased property and (6) the failure of MGM, on a consolidated basis with Tenant, to maintain an EBITDAR to rent ratio (as described in the Master Lease) of at least 1.10:1.00 for two consecutive test periods, beginning with the test periods ending December 31, 2016 and March 31, 2017. The EBITDAR to rent ratio requirement was met for the two consecutive rent periods ending December 31, 2016 and March 31, 2017. Upon an event of default under the Master Lease, the Landlord may, at its option (i) terminate the Master Lease, repossess any leased property, relet any leased property to a third party and require that the Tenant pay to the Landlord, as liquidated damages, the net present value of the rent for the balance of the term, discounted at the discount rate of the Federal Reserve Bank of New York at the time of award plus one percent (1%) and reducing such amount by the portion of the unpaid rent that the Tenant proves could be reasonably avoided, plus any other amount reasonably necessary to compensate the Landlord for the Tenant's failure to perform (or likely to result therefrom) in the ordinary course; (ii) with or without terminating the Master Lease, decline to terminate the Tenant's right to possession of the leased property and require that the Tenant pay to the Landlord rent and other sums payable pursuant to the Master Lease with interest calculated at the overdue rate provided for in the Master Lease with the Landlord permitted to enforce any other provision of the Master Lease or terminate the Tenant's right to possession of the leased property and seek any liquidated damages as set forth above; or (iii) seek any and all other rights and remedies available under law or in equity (but the remedies described in clauses (i) and (ii) above will be the Landlord's only monetary remedies)

The Company recorded a finance liability of approximately $1.3 billion equal to the sum of the present value of the future fixed payments over the 30 year lease term and the present value of the remaining book value of the assets at the end of the lease term at the Acquisition Date. The present value of the future fixed payments and remaining book value of the assets is measured by discounting the payments and the remaining book value of the property using MGM's incremental borrowing rate. As monthly lease payments are made, a portion of the payment will decrease the finance liability with the balance of the payment charged to interest expense using the effective interest method.

Future payments of the finance liability as of March 31, 2017 are as follows:

Year Ending December 31:	
2017	$ 15,766,000
2018	12,987,000
2019	15,847,000
2020	18,952,000
2021	22,320,000
Thereafter	1,227,323,000
Total finance liability	1,313,195,000
Less: current portion of finance liability	(18,585,000)
Finance liability – non-current	**$ 1,294,610,000**

NOTE 11. COMMITMENTS AND CONTINGENCIES

Contingencies

Borgata Property Taxes

The Company has filed tax appeal complaints in connection with its property tax assessments for tax years 2009 through 2015 in the New Jersey Tax Court ("Tax Court"). At the conclusion of the 2013 trial for tax years 2009 and 2010, the Tax Court found in the Company's favor and reduced its real property valuation from $2.3 billion to $880,000,000 and $870,000,000 for tax years 2009 and 2010, respectively. Atlantic City filed an appeal in the New Jersey Superior Court - Appellate Division ("Appellate Court") in November 2013. The Appellate Court hearing took place on June 1, 2015 and the Appellate Court issued a unanimous decision on July 6, 2015, affirming the Tax Court ruling. Atlantic City sought to appeal the decision to the New Jersey Supreme Court in July of 2015 and the Supreme Court denied the City's request to appeal in October of 2015. As such, the 2009 and 2010 Tax Court judgments are final. Atlantic City was statutorily required to pay the refund by December 21, 2015 and did not pay any of the balance due. Accordingly, the Company filed a mandamus action in New Jersey Superior Court, seeking the Court to compel the City to pay the refund due to Borgata on the 2009 and 2010 tax appeal final judgments the Company also filed a summary judgment motion seeking the relief that Borgata sought via the Writ of Mandamus. Atlantic City took the position that it could not pay the Company without the authority of the State of New Jersey (the "State") given the State's oversight of the City. Based thereon, the Company filed an amended complaint naming the State and the New Jersey Department of Community Affairs as additional defendants. In February of 2016, the court granted the Company's Summary Judgment motion but ordered that the Company not levy upon any City assets for 45 days. The court also indicated that the Company was not precluded from exercising its statutory right to set off future property taxes that would otherwise be due against what the City owed the Company under the final judgment. The court also ordered the City, the State and Borgata to have authorized representatives meet to attempt to resolve this matter.

For each subsequent quarter, the Company provided quarterly notices to the Atlantic City tax collector that the Company was applying the 2009 and 2010 tax refund due to the Company as credits against its 2016 first, second and third quarter property tax installment obligations; and recorded $23,000,000 as recoveries of previously paid property taxes against its 2016 first, second and third quarter property tax expenses.

Also during 2016, in response to the Company's application, the Tax Court ruled that the Company could invoke the Freeze Act, a statutory provision that allows a taxpayer that has been awarded a final judgment in a property tax appeal to apply that judgment to two subsequent years. Accordingly, the assessment judgment for 2010 has been applied to tax years 2011 and 2012, resulting in a reduction of the Company's assessment from $2.3 billion to $870,000,000 for each tax year, and a resultant tax refund due to the Company for those tax years.

Tax years 2013, 2014 and 2015 were also appealed and were before the Tax Court which litigation was held in abeyance pending the outcome of settlement negotiations between The Company, Atlantic City and the State of NJ (on behalf of Atlantic City).

Borgata property tax reimbursement agreement
On February 15, 2017, the Company, the Department of Community Affairs of the State of New Jersey and Atlantic City entered into an agreement wherein the Company will be reimbursed $72,000,000 as settlement for property tax refunds subject to certain terms and conditions. The payment of the settlement amount is in satisfaction of existing New Jersey Tax Court and Superior Court judgments totaling approximately $106,000,000, plus interest for the 2009-2012 tax years and the settlement of pending tax appeals for the tax years 2013-2015. Those pending tax appeals for 2013-2015 could potentially have resulted in the Company being awarded additional refunds due amounting to approximately $65,000,000. Under the terms of the agreement, Atlantic City will pay the Company the reimbursement amount of $72,000,000 in up to two installments, with the first installment of $52,000,000 due on or before July 31, 2017 and the second installment for the remaining balance of $20,000,000 due on or before October 1, 2017. In order to finance the reimbursement, Atlantic City and the State of New Jersey have agreed to use their best efforts to issue and sell bonds to pay the reimbursement. Should Atlantic City fail to pay either of the installment payments or petition for relief from creditors under state or federal law, or should any other event occur that would cause termination of the agreement, the Company will be entitled to enforce a consent judgment that is being entered into as part of the settlement for the 2009-2015 tax years in an amount totaling $158,000,000.

As part of the purchase and sale agreement, MGM agreed to pay Boyd half of any net amount received by MGM as it relates to the property tax refund owed to the Company. MGM will recognize the amounts received pursuant to the reimbursement agreement and amounts paid to Boyd in current earnings in the periods in which payments are received and paid.

On February 15, 2017, the Company, the Department of Community Affairs of the State of New Jersey and Atlantic City entered into an interim PILOT financial agreement, effective January 1, 2017. Under the PILOT agreement, commencing in 2017 and for a period of ten (10) years, Atlantic City casino gaming properties will be required to pay a prorated share of PILOT payments totaling $120,000,000 based on a formula that accounts for gaming revenues, the number of hotel rooms and the square footage of each casino gaming property. Commencing in 2018 and each year thereafter, the $120,000,000 base year aggregate payment may either increase to as high as $165,000,000 (based upon industry gross gaming revenue ("GGR") of between $3.0 billion and $3.4 billion) or decrease to a low of $90,000,000 (based upon industry GGR less than $1.8 billion) and further taking into account certain non-GGR revenue streams, with the base year $120,000,000 industry GGR set at between $2.2 billion and $2.6 billion. In years in which the industry PILOT payments do not increase based upon an increase in GGR above the base year or other bracketed amounts, PILOT payments will increase 2%. On February 21, 2017, the Company made its first quarterly PILOT payment in the amount of $7,600,000 in accordance with the interim agreement. The final PILOT agreement is expected to be executed during 2017 and extend through 2026.

On May 10, 2017, the Company, the Department of Community Affairs of the State of New Jersey and Atlantic City entered into an amended interim PILOT financial agreement, effective January 1, 2017. On May 10, 2017, the Company made its second quarterly PILOT payment in the amount of $7,600,000 in accordance with this amended interim agreement.

Legal Matters
The Company is subject to various claims and litigation in the ordinary course of business. In management's opinion, all pending legal matters are either adequately covered by insurance, or if not insured, will not have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 12. FAIR VALUE MEASUREMENTS

The authoritative accounting guidance for fair value measurements defines fair value, expands disclosure requirements around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions.

- *Level 1*: Quoted prices for identical instruments in active markets.

- *Level 2*: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

- *Level 3*: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

As required by the guidance for fair value measurements, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Thus, assets and liabilities categorized as Level 3 may be measured at fair value using inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Balances Measured at Fair Value

The following tables show the fair values of certain of our financial instruments:

	March 31, 2017			
	Balance	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash and cash equivalents	$ 45,994,000	$ 45,994,000	$ -	$ -
Restricted cash	5,426,000	5,426,000	-	-
CRDA investments, net	-	-	-	-

	March 31, 2016			
	Balance	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash and cash equivalents	$ 29,838,000	$ 29,838,000	$ -	$ -
Restricted cash	5,850,000	5,850,000	-	-
CRDA investments, net	6,888,000	-	-	6,888,000

The fair value of our cash and cash equivalents and restricted cash, classified in the fair value hierarchy as Level 1, is based on statements received from our banks at March 31, 2017 and December 31, 2016. The fair value of our CRDA deposits, classified in the fair value hierarchy as Level 3, is based on estimates of the realizable value applied to the balances on statements received from the CRDA at March 31, 2017 and December 31, 2016.

The following table summarizes the changes in fair value of the Company's Level 3 assets:

	Three Months Ended March 31,	
	2017	**2016**
Beginning Balance at January 1,	$ -	$ 6,867,000
Deposits	2,530,000	2,382,000
Included in earnings	(2,522,000)	(2,361,000)
Settlements	(8,000)	-
Ending balance at March 31,	**$ -**	**$ 6,888,000**

Balances Disclosed at Fair Value
The following tables present the fair value measurement information about our long-term debt:

	March 31, 2016			
	Outstanding Face Amount	**Carrying Value**	**Estimated Fair Value**	**Fair Value Hierarchy**
Revolving Credit Facility	$ 11,600,000	$ 10,465,000	$ 11,600,000	Level 2
2018 Incremental Term Loan	223,000,000	219,650,000	226,902,500	Level 2
2023 Incremental Term Loan	416,850,000	408,211,000	417,532,000	Level 3
Total long-term debt	**$ 651,450,000**	**$ 638,326,000**	**$ 656,034,500**	

Our revolving credit facility was extinguished as of August 1, 2016. The estimated fair value of our Revolving Credit Facility at March 31, 2016 approximates its carrying value due to the short-term nature and variable repricing of the underlying Eurodollar loans comprising our Revolving Credit Facility. The estimated fair value of our 2018 Term Loan and 2023 Term Loan are based on a relative value analysis performed on or about March 31, 2016.

There were no transfers between Level 1, Level 2 and Level 3 measurements during the three months ended March 31, 2016.

NOTE 13. RELATED PARTY TRANSACTIONS

The Company does not pay a management fee to MGM. The Company is engaged in certain transactions with MGM and some of its wholly owned subsidiaries. Other related party balances are non-interest bearing and are included in Payable to MGM Resorts International and affiliates on the consolidated balance sheets. At March 31, 2017, the amount due from MGM was $19,370,000, which is included Other Current Assets.

Pursuant to the Operating Agreement prior to the Acquisition Date, MAC is solely responsible for any investigation, analyses, clean-up, detoxification, testing, monitoring, or remediation related to Renaissance Pointe. MAC is also responsible for their allocable share of expenses related to master plan and government improvements at Renaissance Pointe. The related amounts due from MGM for these types of expenditures incurred by us were $119,000 at March 31, 2016. Reimbursable expenditures incurred were $162,000 for the three months ended March 31, 2016.

Prior to the sale of its interest to MGM, we reimbursed BAC for out-of-pocket costs and expenses incurred related to travel. BAC was also reimbursed for various payments made on our behalf, primarily related to third party insurance premiums and certain financing fees. The related amounts due to BAC for these types of expenditures paid by BAC were $0 and $27,000 for the three months ended March 31, 2017 and 2016, respectively. Reimbursable expenditures incurred were $0 and $118,000 for the three months ended March 31, 2017 and 2016, respectively. BAC did not charge a management fee. Reimbursable expenses, with the exception of deferred financing fees, are included in selling, general and administrative on the condensed consolidated statements of operations.

Surface Lot Ground Lease
The Company entered into a ground lease agreement with MAC for approximately 8 acres that provides the land on which its surface parking lot resides. The lease is on a month-to-month term and may be terminated by either party effective on the last day of the month that is three months after notice is given. Pursuant to the surface lot ground lease agreement, the lease payment is comprised of a de minimus monthly payment to the landlord and the property taxes, which are paid directly to the taxing authority. Property taxes incurred for the surface lot ground lease agreement were $268,000 and $268,000 for the three months ended March 31, 2017 and 2016, respectively, which was included in selling, general and administrative on the consolidated statements of operations.

NOTE 14. SUBSEQUENT EVENTS

On May 10, 2017, the Company, the Department of Community Affairs of the State of New Jersey and Atlantic City entered into an amended interim PILOT financial agreement, effective January 1, 2017. On May 10, 2017, the Company made its second quarterly PILOT payment in the amount of $7,600,000 in accordance with this amended interim agreement.

The Company has evaluated all events or transactions that occurred after March 31, 2017. During this period, the Company did not identify any other subsequent events, the effects of which would require disclosure or adjustment to its financial position or results of operations as of the three months ended March 31, 2017.