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Alabama Indian tribe buying Sands casino plans to invest \$190M in hotel, No. 2 Machine Shop right away



The Alabama-based Indian tribe buying the Sands casino for \$1.3 billion plans to immediately invest \$190 million into a 300-room hotel expansion and development of the No. 2 Machine Shop, possibly into an indoor water park.

Executives from **Wind Creek Hospitality** sat down with lehighvalleylive.com Tuesday afternoon at the [Sands Casino Resort Bethlehem](http://SandsCasinoResortBethlehem.com) as part of a series of meetings with local news media outlets.

It is the first time the affiliate of the **Poarch Band of Creek Indians** has publicly spoken about its plans for the site since it [was announced March 8, 2018](http://www.poarchband.com/news/2018/03/08/wind-creek-plans-to-buy-sands-casino-resort-bethlehem) that **Wind Creek** plans to buy one of Pennsylvania's most lucrative gaming halls. The sale is still going through the state gaming board's regulatory vetting process.

The Sands' gaming success paired with the high-quality development of the property attracted **Wind Creek** as it sought to diversify its assets, a process it began in 2014, said Jay Dorris, president and CEO of **Wind Creek**.

“When we start looking around the world for quality properties that are in good shape, that are established, that are very successful, there’s not that many of them. And this property certainly checks all those boxes,” he said. “We looked into it. The Lehigh Valley is growing, it’s doing quite well. The property has done quite well and like I said we checked all the boxes that were important to us.”

Once the sale is approved by Pennsylvania gaming regulators, **Wind Creek** is ready to start pouring \$190 million into the 124-acre former Bethlehem Steel plant, which has sat in a perpetual state of limbo in recent years as two potential sales fell apart.

[Las Vegas Sands Corp.](#) has long made it clear that its smallest -- but very profitable -- holding in [Bethlehem](#) could be had for the right price.

First, **Wind Creek** plans to spend \$90 million to construct another 300-room hotel tower with event space that it hopes to have open in two years, Dorris said. The new tower would be built perpendicular to the existing hotel in the parking lot.

“This property as it is we don’t think needs a lot of work. Obviously the rebrand, changing name, that is something that’ll have to happen,” Dorris said. “The other thing that attracted us to this property and this region is we think there’s expansion opportunity and so out of the gate, our desire is to add another hotel tower.”

There are no plans to follow through on a \$90 million gaming floor expansion Sands began and then stopped. Tweaks the Sands already made to the gaming floor -- consisting of about 3,000 slot machines and 254 table games -- have met that demand, said Sands Bethlehem President and COO Brian Carr, who plans to stay on with **Wind Creek** following the sale.

The hotel is consistently at 95 percent occupancy, so it makes sense to invest the money there, Carr said. With 300-more rooms and extra meeting space, **Wind Creek Bethlehem** will be able to attract larger conventions and meetings, he said.

“I think we’re all excited that we’ve got new owners coming in who first thing that they want to do is start realizing some of that potential and we know that development breeds more development and so I think what that’s going to do for Bethlehem and for the Lehigh Valley and for this part of Pennsylvania is going to be an awful lot of really great news for all of us,” Carr said.

Sands employs about 2,500 people, who will all keep their jobs, and the hotel expansion is expected to add another 400 workers, plus an unknown number of construction workers. All of the existing restaurants, including Chef Emeril Lagasse’s eateries, will remain, Carr said.

“There’s good staff here and we want them to stay,” Dorris said.

Wind Creek has earmarked another \$100 million to start reimagining the No. 2 Machine Shop into a “non-gaming amenity,” Dorris said. He acknowledged that an indoor waterpark is one of the ideas under consideration, but emphasized it is still under study.

“We’re working with various architects, engineers, feasibility consultants to see what makes sense.,” Dorris said. “...We think we can diversify the appeal of the property in the area. So we’re looking for what we could add that would be appealing to people who may not be coming today but would be interested if we could give them the right thing.”

Bethlehem Mayor Bob Donchez said Monday he is hopeful **Wind Creek** can move forward quickly.

“I have been very impressed with the leadership of **Wind Creek** and impressed in our private discussions about what they would like to do with the site,” Donchez said.

The famed No. 2 Machine Shop stretches from the Sands outlet mall down to the ArtsQuest Center at SteelStacks. At one time, plans called for a Bass Pro Shops, hotel and convention center in the building, but they never materialized.

When asked if **Wind Creek** planned to preserve the cavernous building where naval ammunition was once made, Dorris said, “There’s a lot of study and planning that has to go into that. But that’s a very significant structure and if there’s a way to utilize that structure, I think that would be preferable.”

The future owners are committed to working to preserve the iconic Bethlehem Steel blast furnaces and left open the possibility of finishing the Hoover Mason Trestle, the elevated linear park that offers close views of the stacks. The Bethlehem Redevelopment Authority always intended to continue the walkway with potential tie-ins to the machine shop and hotel.

“No plans are finished for what Machine Shop No. 2 could be,” Dorris said. “What I would point out though: If it becomes a major attraction, it certainly makes sense for us to make ease of access between that facility and this facility as easy as it can be. What that ultimately looks like we don’t know yet.”

With growing gaming competition from surrounding states, it is clear **Wind Creek** is looking to diversify the property’s entertainment offerings while also holding on to the strong customer base the Sands has built. The affiliate of the Alabama Indian tribe has more options to diversify gaming than Las Vegas Sands, whose leader opposes online gaming.

The Sands [obtained approvals for Internet-gaming](#) on behalf of **Wind Creek** earlier this fall. It also won a bid for one of Pennsylvania's mini-casino licenses, but [the bid was invalidated](#) when it was discovered the approved Mercer County satellite location infringed upon the territory claimed by another license. The new owners found the potential location along the Ohio border interesting, Carr said, and it is up to him to identify similar unique opportunities if they arise.

Executives on Tuesday were hesitant to discuss the future of iGaming or sports betting in light of the release of a Department of Justice memo on Monday that calls into question the viability of online gaming that crosses state lines. An Obama-era opinion found that the federal Wire Act, which bans interstate wagering, only applied to sports gambling. The 23-page opinion released Monday interprets the law to apply to any form of betting that crosses state lines.

The 2011 opinion opened the door for cash-strapped states and their lotteries to bring online gambling to their residents, as long as it did not involve interstate sports betting.

Nevada, New Jersey and Delaware legalized online gambling after that opinion was issued, and the three states have agreements allowing poker players to compete online across the states. Pennsylvania became the fourth state to legalize online casino gambling in 2017.

Officials declined to address any details of the pending deal, such as who is buying what.

"We'll control the site," said Arthur Mothershed, vice president of business development for **Wind Creek**.

Today, Las Vegas Sands is the majority owner of Sands BethWorks Gaming LLC, which owns the events center, casino and surrounding land totaling about 56 acres. Local attorney and developer Michael Perrucci, New York real estate developer Barry Gosin and their business partners have about a 10 percent share in BethWorks Gaming.

The rest of the land, almost 61 acres, is owned by Sands BethWorks Retail LLC, and ownership is split 50/50 between the Sands and Perrucci and his partners. BethWorks Retail's holdings include the outlet mall, the blast furnaces, the Steel General Office building, No. 2 Machine Shop and several parking lots.

Carr, who has been with Las Vegas Sands for four years, is excited to have a hand in crafting the future of the former flagship Bethlehem Steel plant after spending time staring out at the land and thinking of what could be, he said.

It could be months until the sale is finalized. The Pennsylvania Gaming Control Board background investigation and approval of **Wind Creek** and tribe principals is ongoing, board spokesman Doug Harbach said Monday. No formal request for a change of ownership of the gaming license has been filed, he said.

“Once it is submitted, we would have a hearing (in) Harrisburg and our staff would look at the financial aspects of the deal. The board would then vote on the change of control,” Harbach said. “Since we are already doing a good deal of the individuals backgrounds, it is safe to say that the process could be shortened a bit, but will still likely be a number of months after a petition is submitted.”

Wind Creek and the Sands see the change of ownership as the last step in the sale process and hope to tackle the background vetting and transfer of the property in one meeting, Carr said.

Once the sale is complete, the 159,000-square-foot Bethlehem casino would become one of Wind Creek’s largest holdings.

Until recently, **Wind Creek** owned only three casinos on tribal land in Alabama featuring over 2,600 games, but no table games. Today, [Wind Creek](#) operates nine gaming properties, in Alabama, Nevada, Florida and the Caribbean. A five-member board of directors oversees Wind Creek, reporting directly to the nine-member Tribal Council.

The 3,000-member tribe is the only federally-recognized tribe in the state of Alabama, operating as a sovereign nation.

Wind Creek wants the Lehigh Valley to know that it is not just a corporate figurehead, Mothershed said. Its track record in Alabama shows that **Wind Creek** invests in schools, nonprofits, civic groups and local hospitals in Alabama, said Brent Pinkston, **Wind Creek** COO.

“We see ourselves as a partner in the community, not just a business,” Mothershed said.

If the sale goes through, the city and Bethlehem Area School District stand to receive a cash windfall. Assuming everything is for sale, the real estate transfer tax could net the district and city each up to \$6.5 million.

The Associated Press contributed to this story.