

ORDER 2007-123

AN ORDER OF THE INDIANA GAMING COMMISSION APPROVING UP TO \$225 MILLION IN BRIDGE NOTES PROPOSED BY MAJESTIC STAR CASINO, LLC AND MAJESTIC STAR CASINO II, INC.

Pursuant to IC 4-33-4-21, 4-33-6.5-12, and 68 IAC 5-3-2, the Indiana Gaming Commission (“Commission”) reviews proposed debt transactions to analyze the financial health of riverboat licensees and to ensure that a riverboat owner’s license is not leased or hypothecated, or that money is not borrowed or loaned against a riverboat owner’s license.

The Commission has considered the following factors:

1. In a letter dated October 19, 2007, Majestic Star Casino, LLC and Majestic Star Casino II, Inc. (collectively, “Majestic Star”), through counsel, requested Commission approval of a proposed debt transaction, along with a waiver of applicable approval requirements set forth in 68 IAC 5-3.
2. According to Majestic Star’s proposal, PITG Gaming, LLC (“PITG”) (an indirect subsidiary of Majestic Star’s ultimate parent, Barden Development, Inc.) would issue Bridge Notes with a face value of up to \$225 million. The net proceeds of the notes will be used to pay certain costs and fees associated with the licensing and initial development of a stand-alone slot machine facility in Pittsburg, Pennsylvania.
3. The notes will mature no later than nine months from the date of issuance. The interest rate on the facility will be variable based on LIBOR, and is expected to increase by an agreed-upon number of basis points if the notes are not repaid in full ninety (90) days after closing. For each one-month period thereafter, the interest rate is again expected to increase by a separate pre-determined number of basis points for as long as the notes are not repaid. Prior to the ultimate maturity date, Majestic Star will replace the notes with permanent financing.
4. The Commission members have received a confidential financial analysis of the proposed debt transaction from Dr. Sullivan who recommends approval.


Based on the foregoing, as well as the documentation and information provided by Majestic Star to date, the Commission hereby **APPROVES** the proposed bridge notes. In granting this approval, the Commission also hereby **WAIVES** the “two meeting requirement” of 68 IAC 5-3-2(b)(2) and (3).

The Commission’s approval and waiver are being granted on the conditions that: (1) the terms articulated in the final financing documentation do not materially differ from the terms which have been presented for approval to date; (2) the terms of the final documentation do not violate IC 4-33-4-21; (3) Majestic Star provide the Commission with a legal opinion demonstrating compliance with IC 4-33-4-21; and (4) Majestic Star provide the Commission, no later than 45 days after the end of each calendar quarter, with balance sheets and income statements demonstrating the quarterly performance of all subsidiaries controlled by Barden Development, Inc. Should Majestic Star or PITG willfully fail to abide by said terms and conditions, the Commission reserves the right to withdraw this ratification;

require Majestic Star or PITG to obtain additional approval(s); and/or take other appropriate disciplinary action.


IT IS SO ORDERED THIS THE 8TH DAY OF NOVEMBER, 2007.

THE INDIANA GAMING COMMISSION:



William W. Barrett, Chair

ATTEST:



Tom Swihart, Secretary