

## ORDER 2007-88

### AN ORDER RATIFYING THE PREVIOUSLY AWARDED INTERIM WAIVER AND APPROVAL OF THE \$2 BILLION BANK FINANCING PROPOSED BY PINNACLE ENTERTAINMENT, INC.

Pursuant to IC 4-33-4-21 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 August 8, 2007, Pinnacle Entertainment, Inc. ("Pinnacle"), through counsel, requested Commission approval of a proposed debt transaction.
2. According to Pinnacle, the proposed debt transaction would call for up to \$2 billion to be borrowed through a combination of revolving and term loan facilities. The revolver will have a maturity between 5 and 6 years, and have an interest rate of Libor + 3%. The term loan will have a maturity between 6 and 7 years, with an interest rate of Libor + 3.5%.
3. Pursuant to Resolution 2006-10, after analyzing the proposed transaction and receiving the requisite concurrences from the Commission's Chair (William Barrett) and outside financial expert (Dr. Charlene Sullivan), Executive Director Ernest Yelton issued an interim approval and waiver of 68 IAC 5-3-2, via letter dated September 6, 2007.
4. Subject to certain enumerated and continuing conditions, the September 6<sup>th</sup> letter outlined the allowable parameters of the debt transaction and authorized Pinnacle to issue the proposed notes without receiving prior approval from the full Commission and without satisfying the "two meeting requirement" of 68 IAC 5-3-2(b)(2) and (3).
5. The Commission members have received a confidential financial analysis of the proposed debt offering from the Commission's outside financial expert, Dr. Sullivan who recommends approval.
6. Resolution 2006-10 requires that Executive Director Yelton's interim approval and waiver be reported to the full Commission at the next business meeting held under 68 IAC 2-1-5. Additionally, 68 IAC 5-3-7 requires that such waiver be reported to the Commission in order that it may have the opportunity to direct the Executive Director to take additional or different action.

Based on the foregoing, the Commission hereby **RATIFIES** the Executive Director's September 6, 2007 interim approval and waiver. The Commission's ratification is subject to Pinnacle's continuing compliance with the terms and conditions included in Executive Director Yelton's September 6<sup>th</sup> letter. Should Pinnacle willfully fail to abide by said terms and conditions, the Commission reserves the right to withdraw this ratification; require Pinnacle to obtain additional approval(s); and/or take other appropriate disciplinary action.

**IT IS SO ORDERED THIS THE 13<sup>TH</sup> DAY OF SEPTEMBER, 2007.**

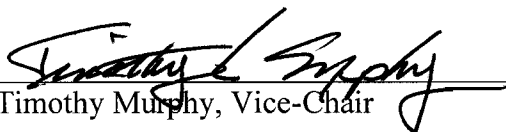
**THE INDIANA GAMING COMMISSION:**



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William W. Barrett, Chair

ATTEST:



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Timothy Murphy, Vice-Chair