

ORDER 2006-12

AN ORDER CONCERNING THE COMMISSION'S WAIVER OF 68 IAC 5-3-2 AND APPROVAL OF THE AMENDED FINANCING PROPOSAL PRESENTED BY BLUE SKY CASINO, LLC

Pursuant to IC 4-33-6.5-12, and 68 IAC 5-3-2, the Indiana Gaming Commission ("Commission") is empowered to review proposed debt transactions of an operating agent in order to analyze the financial health of an operating agent and to ensure that an operating agent contract is not leased or hypothecated, or that money is not borrowed or loaned against the operating agent contract.

On September 26, 2005, in Resolution 2005-53, the Commission ratified the Executive Director's prior approval of the financing package proposed by Blue Sky Casino, LLC ("Blue Sky") and waiver of the 68 IAC 5-3-2 two meeting rule. Pursuant to the Executive Director's waiver letters of September 21 and 23, 2005, and Commission's ultimate ratification, Blue Sky was authorized to close on a financing package that included a \$250 million private offering of senior secured notes and a revolving credit facility of up to \$20 million. At the time, the notes were expected to be set at a fixed interest rate and would have a term of eight (8) years. The revolver was to have a variable rate and a term of five (5) years. Total indebtedness was not to exceed \$270 million.

In a letter dated February 16, 2006, Blue Sky requested that the Commission authorize a proposed increase in total indebtedness from \$270 million to \$300 million. The letter also requested that the Commission make a final determination on Blue Sky's proposal at the Commission's March 9, 2006 business meeting, thereby requiring a waiver of the 68 IAC 5-3-2(b) two meeting rule.

According to the documents and information submitted by Blue Sky to date, the proposed amendments to the financing package would include an additional \$20 million issuance of senior secured notes, thereby increasing the total senior note issuance to \$270 million. The amended proposal also contemplates the addition of at least \$5 million to the previously approved revolving line of credit.

Additional details of the Blue Sky proposal have been analyzed by the Commission's outside financial analyst, Dr. Charlene Sullivan, who has prepared a confidential summary report containing a positive recommendation for approval.

Pursuant to 68 IAC 5-3-6, the Commission may waive, alter or restrict any regulatory requirement or procedure set forth in the administrative rule regarding debt transactions if the commission determines that the requirement or procedure is impractical or burdensome or if the waiver is in the best interest of the gaming industry.

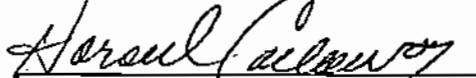
After analyzing the proposal tendered by Blue Sky and the recommendation of Dr. Sullivan, and in accordance with the waiver provisions of 68 IAC 5-3-6, the Commission hereby

APPROVES Blue Sky's request to increase the principal amount of its financing from \$270 million to \$300 million, and **WAIVES** the "two-meeting requirement" of 68 IAC 5-3-2(2) and (3). The \$270 million in senior notes will be issued at the prevailing market rate appropriate for a casino project of this type and for the amount borrowed. The senior notes will have a maturity date of up to eight (8) years from the date of issuance. The revolving line of credit shall be no greater than \$30 million and shall have a variable interest rate consistent with the prevailing market rate appropriate for a casino project of this type and for the amount borrowed, and have a term of up to five years.

The Commission's approval is conditioned upon a review of final documentation by Commission staff. If at any time following staff review of final documentation, the Executive Director determines that the financing package materially differs from the terms and conditions which Blue Sky has presented for approval as those terms have been outlined (a) herein, (b) in the documents and information submitted by Blue Sky for consideration by the Commission, and (c) in the portions of the September 21, 2005 and September 23, 2005 waiver letters that remain relevant, the Executive Director may require Blue Sky to obtain additional approval from the Commission and/or take other appropriate disciplinary action by seeking a fine against Blue Sky for any willful failure to materially adhere to the parameters of this Order.

IT IS SO ORDERED THIS THE 9th DAY OF MARCH, 2006.

THE INDIANA GAMING COMMISSION


Harold Calloway, Chair

ATTEST:


Bryan Robinson, Vice Chair