

ORDER 2016-079
AN ORDER OF THE INDIANA GAMING COMMISSION
CONCERNING GRANTING TRANSFER OF OWNERSHIP
INTEREST IN RIVERBOAT OWNER'S LICENSE

Pinnacle Entertainment, Inc. ("Pinnacle") is the parent company of Ameristar Casino East Chicago, LLC ("Ameristar") and Belterra Resort Indiana, LLC ("Belterra"). Ameristar and Belterra are casinos located in East Chicago and Florence, Indiana, respectively. Ameristar and Belterra hold Indiana casino owner's licenses.

Pinnacle has proposed separating its operating assets from its real property assets at both Ameristar and Belterra by selling its real property assets to a Real Estate Investment Trust ("REIT"), Gaming and Leisure Properties, Inc. ("GLPI"), a publicly held company which will ultimately hold Pinnacle's real property assets through a wholly-owned subsidiary, Gold Merger Sub, LLC, authorized to do business in Indiana.

Upon completion of the transfer of assets, GLPI would own the real estate at Ameristar and Belterra. GLPI currently holds a supplier's license issued by the Commission pursuant to 68 Ind. Admin. Code § 2-2-1(c)(5). Ameristar and Belterra, the Commission's casino owner's licensees, will continue to be responsible for casino gambling operations.

The restructuring plan necessitates transferring the ownership of the casino owner's licensees, Ameristar and Belterra, from Pinnacle to PNK Entertainment, Inc. ("PNK"), which will be a publicly held company which will ultimately hold such licensees through a wholly-owned subsidiary, Pinnacle MLS, LLC. The officers, directors, and key persons will remain the same and the transfer of ownership is to facilitate the sale of the real property assets to GLPI. Further, the Indiana casino owner's licensees, Ameristar and Belterra, will remain the same. The only change is that the ultimate parent company to those Indiana casinos will be PNK.

As part of this transaction, PNK will also undertake debt activity which must be approved by the Commission pursuant to Ind. Code § 4-33-4-21 and 68 Ind. Admin. Code § 5-3-2. The debt transactions are analyzed to ensure the financial health of casino licensees and to ensure that a casino owner's license is not leased or hypothecated and that money is not borrowed or loaned against a casino owner's license. Here, the debt activity was reviewed by the Commission's outside financial analyst, Dr. Charlene Sullivan and by Financial Investigator Bill Murphy.

Ind. Code § 4-33-4-21 provides that a licensed owner must apply for and receive Commission approval before an owner's license is transferred, sold, or purchased. 68 Ind. Admin. § Code 2-1-4(d) provides that an applicant that changes from one form of legal entity to another is a new applicant and requires a new Part I of the application and an application fee. The application and fee have been submitted by Pinnacle.

GLPI will submit for approval by the Executive Director a written power of attorney identifying the person who, if approved, would serve as GLPI's trustee to maintain and oversee the real property assets owned in the State of Indiana. GLPI will renew its power of attorney annually on the same date it renews its supplier's license.

COMMISSION ACTION

The Commission hereby takes the following actions:

1. **APPROVES** the transfer of ownership interest in casino owner's licensees Ameristar and Belterra from Pinnacle to PNK, which will ultimately hold such licensees through a wholly-owned subsidiary, Pinnacle MLS, LLC; and
2. **APPROVES** PNK's debt financing package proposed by Pinnacle and PNK related to the transaction with GLPI allowing the sale of the real property assets of Ameristar and Belterra from Pinnacle to GLPI. The Commission also **WAIVES** the so-called "two meeting requirement" of 68 Ind. Admin. Code § 5-3-2(b)(2) and (3).

The Commission's approval is conditioned upon: (1) Securities and Exchange Commission review concluding in a fashion that would allow the parties to close the transaction, (2) approval by the shareholders of both Pinnacle and GLPI, (3) receipt of closing financing by PNK and GLPI, (4) no adverse rulings or decisions by the Internal Revenue Service concerning the transaction, (5) submission and approval of a written power of attorney identifying the person who would serve as GLPI's trustee to maintain and oversee the real property assets owned in the State of Indiana and (6) no material changes to the proposed transaction or financing.

In addition, the Commission hereby requires PNK and GLPI (sometimes collectively referred to as "the parties") to provide notice to Commission staff regarding the following:

1. PNK shall annually report capital expenditures at Ameristar and Belterra as a percentage of net revenue;
2. The parties shall report all PNK capital expenditure requests submitted to GLPI for its consent and GLPI's response;
3. The parties shall report the annual rental amount by January 31st of each year;
4. The parties shall promptly report any lease dispute that remains unresolved for more than fifteen (15) days of the dispute occurring;
5. The parties shall report any uncured lease event of default immediately;
6. The parties shall report any bankruptcy filing or any default on the terms of any financing agreement immediately;
7. The parties shall report any lease amendment thirty (30) days before the amendment would become effective, unless such amendment is necessary to comply with any material law, rule or regulation, in which case such amendment may be effective immediately and reported promptly;
8. The parties shall report any lease renewal thirty (30) days before the renewal date;
9. The parties shall promptly report any change in their respective bond rating from Fitch Ratings, Inc., Standard & Poor's Ratings Services, Inc., Moody's Investors Service, Inc., or any other rating agency designated by the Commission;
10. GLPI shall report any other transactions it pursues that are approved by the GLPI Board of Directors, regardless if such transactions involve property in Indiana;
11. GLPI shall report any new financing or refinancing of any of its debt obligations; and
12. GLPI shall report any changes in corporate structure, including but not limited to, any changes in key personnel.

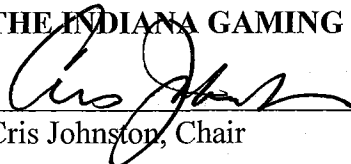
These foregoing notice requirements, as applied to GLPI, also extend to all Indiana real properties to which GLPI is authorized to be supplier licensee.

EFFECTIVE DATE: This Order shall be effective upon the occurrence of both:

1. Final Pinnacle and GLPI shareholder approval of the transaction; and
2. Successful closing of the debt financing package approved herein.

IT IS SO ORDERED THIS 24th DAY OF FEBRUARY, 2016

THE INDIANA GAMING COMMISSION:



Cris Johnston, Chair

ATTEST:



Joseph Svetanoff, Secretary