

ORDER 2018-164

**AN ORDER OF THE INDIANA GAMING COMMISSION
CONCERNING GRANTING TRANSFER OF OWNERSHIP
INTEREST IN CASINO OWNER'S LICENSE**

I. BACKGROUND

On April 23, 2018, the Indiana Gaming Commission ("Commission") received a request from Eldorado Resorts, Inc. ("Eldorado") seeking the Commission's approval to acquire Tropicana Entertainment Inc. ("Tropicana") in a cash transaction valued at \$1.85 billion. The Purchase Agreement provides that Gaming and Leisure Properties ("GLPI") will pay \$964,000 million, excluding taxes and expenses, for substantially all of Tropicana's real estate, enter into a master lease with Eldorado for the acquired real estate, provide a secured loan of \$246 Million to Eldorado to fund the acquisition of Lumiere Place Casino, and that Eldorado will fund the remaining approximately \$640 million of cash consideration payable in the acquisition which funds are expected to come from a \$600 million senior unsecured note offering. Tropicana is presently the parent company of Indiana casino owner's licensee Aztar Indiana Gaming Company, LLC, operating as Tropicana Evansville located in Evansville, Indiana.

Pursuant to the Purchase Agreement, GLPI will acquire the real estate associated with the Tropicana property portfolio, except the Montbleu Casino Resort & Spa in Stateline, NV, the Lumiere Casino in St. Louis, MO and the Tropicana Aruba Resort and Casino. GLPI will acquire the real estate assets of the Tropicana Evansville, Tropicana Casino and Resort, Atlantic City, the Tropicana Laughlin Hotel and Casino, the Trop Casino Greenville and the Belle of Baton Rouge Casino and Hotel. Eldorado will acquire the real estate of Lumiere Place Casino with a \$246 million mortgage funded by GLPI and the parties expect Tropicana to divest the Tropicana Aruba Resort and Casino prior to closing. In sum, these properties include approximately 7,900 slot machines, 265 table games and approximately 5,400 hotel rooms along with a number of dining, retail and entertainment amenities. Upon completion of all pending transactions, Eldorado's expanded property portfolio will feature approximately 28,000 slot machines and video lottery terminals, more than 800 table games and over 12,500 hotel

GLPI is a publicly held company, and it currently holds a supplier's license issued by the Commission pursuant to 68 IAC § 2-2-1(c)(5) and through Order 2013-121, which was most recently renewed under Order 2018-140.

As part of this transaction, Eldorado will also undertake debt activity which must be approved by the Commission pursuant to Ind. Code § 4-33-4-21 and 68 IAC 5-3-2. Debt transactions are analyzed to ensure the financial health of casino owner license applicants 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.

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.

In consideration of Eldorado's request, the Commission has considered the following factors:

1. Eldorado has submitted a complete transfer of ownership interest application and caused to be submitted complete personal disclosure forms and other appropriate applications for Eldorado and all key persons, as deemed necessary by Commission staff;
2. Eldorado has submitted payment of \$50,000 required by Ind. Code ch.4-33-6 and 68 IAC 2-1-2 to acquire an Indiana casino owner's license;
3. The approvals required by the board of directors has occurred;

4. The Commission's Background and Financial Investigations Divisions have completed a comprehensive investigation of Eldorado, including key persons and Commission staff has presented the final investigative reports to the Commission for review;
5. The Commission's Financial Investigations Division has completed a comprehensive investigation of Eldorado's proposed financing related to this transaction and provided analysis of the debt activity to the Commission for review;
6. Representatives of Eldorado have addressed the Commission at a public meeting to present information relevant to the proposed transfer of the casino owner's license;
7. Eldorado has presented evidence that it meets or possesses the standards, criteria, and qualifications necessary to be issued a casino owner's license pursuant to Ind. Code ch. 4-33-6 and 68 IAC 2-1-5(c); and
8. The acquisition has been granted conditional approval from the Mississippi Gaming Commission and the Nevada Gaming Control Board.

II. COMMISSION ACTION

Conditional Approval of the Transfer.

The Commission hereby:

1. **APPROVES** the transfer of ownership interest in the casino owner's license for Aztar Indiana Gaming Company, LLC d/b/a Tropicana Evansville to Eldorado Resorts, Inc.
2. **APPROVES** Eldorado's debt financing package proposed by Eldorado related to the acquisition of Tropicana Entertainment. The Commission also **WAIVES** the so-called "two meeting requirement of 68 IAC 5-3-2(b)(2) and (3).

The Commission's approval is subject to and contingent upon satisfaction of the following continuing conditions:

1. Federal Trade Commission review concluding in a fashion that would allow the parties to close the transaction;
2. No adverse rulings or decisions are entered by the Federal Trade Commission, the Office of the Indiana Attorney General, or the Internal Revenue Service that would materially impact the transaction;
3. Eldorado, key persons of Eldorado, and relevant affiliates, persons and/or entities holding an economic, beneficial, or other interest in Eldorado remaining in compliance with laws, regulations, and/or other directives that are applicable to a casino owner's licensee;
4. The terms articulated in the final financing documentation shall not materially differ from the terms Eldorado has presented to date, the terms of the final financing documentation shall not violate Ind. Code § 4-33-4-21, and upon execution of the final financing documents, Eldorado shall provide the Commission with a legal opinion demonstrating compliance with Ind. Code § 4-33-4-21, as required by 68 IAC 5-3-2(c)(11);
5. Successful closing of the financing package approved herein;
6. Upon the transaction's closing, Eldorado shall submit to the Commission a written power of attorney identifying a trustee-in-waiting for Tropicana Evansville; and
7. This Order must become final and non-appealable before the transaction contemplated by the Purchase Agreement between Eldorado and Tropicana may close.

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

1. Eldorado shall annually report capital expenditures at Tropicana Evansville as a percentage of net revenue;
2. The parties shall report all Eldorado capital expenditure requests on a monthly basis submitted to GLPI for its consent and GLPI's responses;
3. The parties shall report the annual rental amount required by the Master Lease on or before January 31st of each year;
4. The parties shall promptly report any Master Lease dispute that remains unresolved for more than fifteen (15) days of the dispute occurring;
5. The parties shall report any uncured Master Lease event of default immediately;
6. The parties shall report any bankruptcy filing or any default on the terms of any financing agreements immediately;
7. The parties shall report any Master Lease amendment that materially impacts Indiana properties thirty (30) days before such an 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 thereafter reported promptly;
8. The parties shall report any Master Lease renewal thirty (30) days before the renewal date;
9. The parties shall promptly report any change in their respective bond rating from Fitch and Ratings, Inc., Standard & Poor's Rating 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.

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

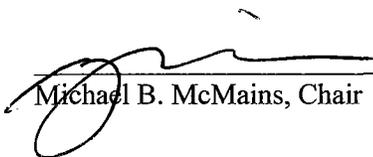
III. EFFECTIVE DATE

This Order shall be effective once it becomes a final Order upon the occurrence of the passage of fifteen (15) days following the receipt of the Order from the Indiana Gaming Commission as set forth in Ind. Code § 4-21.5-3-5.

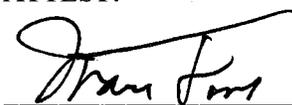
IT IS SO ORDERED THE 13th DAY OF SEPTEMBER, 2018

THE INDIANA GAMING COMMISSION:

ATTEST:



Michael B. McMains, Chair



Marc Fine, Vice Chair