

ORDER 2018-121

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

I. BACKGROUND

On December 18, 2017, Boyd Gaming Corporation ("Boyd") announced that it had entered into a definitive agreement to acquire a number of casino properties from Pinnacle Entertainment, Inc. ("PNK"), including, Belterra Resort Indiana LLC ("Belterra"), the owner and operator of the Belterra Casino Resort located in Florence, Indiana. On February 5, 2018, the Indiana Gaming Commission ("Commission") received Boyd's official request to acquire Belterra. Boyd is presently the parent company of Indiana casino owner's licensee Blue Chip Casino, LLC, operating as Blue Chip Casino, Hotel & Spa ("Blue Chip") in Michigan City, Indiana.

By acquiring Belterra from PNK, Belterra would become a wholly owned subsidiary of Boyd. The result of the acquisition is that Belterra's corporate structure would remain intact but added to Boyd's corporate structure. Upon completion of this acquisition, the present holder of Belterra's license does not change; however, Boyd will acquire a controlling interest in the Belterra owner's license. In addition, the officers, directors, and key persons of Boyd will remain the same. Likewise, Belterra will continue to operate as it currently does with the same management in place and the same corporate structure; however, its ultimate parent company will now be Boyd instead of PNK.

Gaming and Leisure Properties, Inc. ("GLPI"), a publicly held company, currently holds a supplier's license issued by the Commission pursuant to 68 IAC § 2-2-1(c)(5) and through Order 2013-121. GLPI owns the real estate at Belterra through a Real Estate Investment Trust. As part of the transaction, GLPI will enter into a master lease with Boyd for certain PKN properties in various gaming jurisdictions, including Belterra. Belterra will continue to be responsible for casino gambling operations.

Financing for this transaction was previously approved by the Commission on March 8, 2018, through Order 2018-60. That Order requires that the financing close by June 30, 2019.

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 Boyd's request, the Commission has considered the following factors:

1. Boyd has submitted a complete transfer of ownership interest application and caused to be submitted complete personal disclosure forms and other appropriate applications for Boyd and all key persons, as deemed necessary by Commission staff.
2. The Commission's Background and Financial Investigations Divisions have completed a comprehensive investigation of Boyd, including key persons. Commission staff has presented the final investigative reports to the Commission for review.
3. Representatives of Boyd have addressed the Commission at a public meeting to present information relevant to the proposed transfer of the casino owner's license.

4. Boyd 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).

II. COMMISSION ACTION

A. Transfer Fee Under Ind. Code § 4-33-4-21(d)

The transfer of ownership before the Commission results in Boyd acquiring a controlling interest in a second casino owner's license in Indiana, Belterra, in addition to Blue Chip. The Commission hereby finds that Boyd will remain in compliance with the Indiana statutory limitations set forth in Ind. Code § 4-33-6-6.5 and subject to the provisions of Ind. Code § 4-33-4-21. The Commission further finds that Ind. Code § 4-33-4-21(d) requires Boyd to pay a two million dollar (\$2,000,000) transfer fee for acquiring controlling interest in the second casino owner's license.

B. Conditional Approval of the Transfer

The Commission hereby:

APPROVES the transfer of ownership interest in the casino owner's license for Belterra from PNK to Boyd, which will result in Boyd holding a casino owner's license for Blue Chip and Belterra.

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. Boyd, key persons of Boyd, and relevant affiliates, persons and/or entities holding an economic, beneficial, or other interest in Boyd remaining in compliance with laws, regulations, and/or other directives that are applicable to a casino owner's licensee;
4. Upon the transaction's closing, Boyd shall submit to the Commission a written power of attorney identifying a trustee-in-waiting for Belterra;
5. Boyd shall submit payment of the two million dollar (\$2,000,000) transfer fee assessed upon Boyd under Ind. Code § 4-33-4-21(d) for the acquisition of a second casino owner's license; and
6. This Order must become final and non-appealable before the transaction contemplated by the agreement between Boyd and PNK may close.

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

1. Boyd shall annually report capital expenditures at Belterra as a percentage of net revenue;
2. The parties shall report all Boyd 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 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 agreements 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 thereafter 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 and Ratings, Inc., Standard & Poor's Rating Services, Inc., Moody' 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.

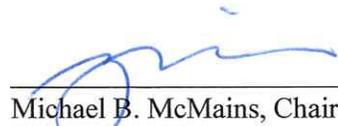
The foregoing notice requirements, as applied to GLPI, also extend to all Indiana real properties to which GLPI is authorized to be supplier licensee.

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 28th DAY OF JUNE, 2018

THE INDIANA GAMING COMMISSION



Michael B. McMains, Chair

ATTEST:



Marc Fine, Vice Chair