

OHIO CASINO CONTROL COMMISSION

RESOLUTION 2015-11

CONSIDERATION OF A PROPOSED DEBT TRANSACTION

WHEREAS, Article XV, Section 6(C)(4) of the Ohio Constitution created the Ohio Casino Control Commission (“Commission”) to ensure the integrity of casino gaming by, among other things, licensing and regulating all gaming authorized by Article XV, Section 6(C) of the Ohio Constitution;

WHEREAS, R.C. 3772.03 authorizes the Commission to adopt regulations as are necessary for completing the functions of licensing, regulating, investigating, and penalizing, among others, casino operators, management companies, and holding companies;

WHEREAS, R.C. 3772.03(D)(1) and (27) mandate that the Commission prescribe rules to, among other things, prevent practices detrimental to the public and provide for any other thing necessary and proper for successful and efficient regulation of casino gaming under R.C. Chapter 3772, respectively;

WHEREAS, R.C. 3772.28(C) authorizes the Commission to adopt rules governing its review and approval of proposed debt transactions, which it did through adoption of Ohio Adm. Code Chapter 3772-29;

WHEREAS, R.C. 3772.28(A) and (B) and Ohio Adm. Code 3772-29-01(B) require a licensed casino operator to obtain Commission approval before entering into a debt transaction, which is any transaction by the operator concerning a casino facility totaling \$500,000.00 or more in which the operator acquires debt;

WHEREAS, R.C. 3772.28(A) and Ohio Adm. Code 3772-29-01(B)(4) require the licensed casino operator’s request for approval of a debt transaction to include, at a minimum, the following supporting documentation:

- (A) The names and addresses of all parties to the debt transaction;
- (B) The amount of the funds involved;
- (C) The type of debt transaction;
- (D) The source of the funds to be obtained;
- (E) All sources of collateral, including, but not limited to, all assets pledged by the operator as security for the debt transaction;
- (F) The purpose of the debt transaction;
- (G) The terms of the debt transaction;

- (H) All filings and documents that must be submitted to any regulatory agency in association with the debt transaction;
- (I) An executive summary of the debt transaction, including, but not limited to: (i) all material terms of the debt transaction; (ii) an explanation of the projected debt to equity ratio after entering into the proposed debt transaction; (iii) an explanation of the terms and procedures in case of default by the casino operator; (iv) an explanation of the process used to select the persons involved in the debt transaction; (v) a list of prior debt transactions between the casino operator and the persons involved in the debt transaction; and (vi) an explanation of the due diligence conducted, including supporting documentation, as required by Ohio Adm. Code 3772-29-01(C);
- (J) All documents that memorialize the terms, conditions, and/or covenants of the debt transaction, including any supporting documents referenced therein;
- (K) A certification that the casino operator holds a direct or indirect ownership or leasehold interest in the casino facility; and
- (L) Any other information deemed necessary by the Commission;

WHEREAS, Ohio Adm. Code 3772-29-01(B)(1) requires that the request for approval and all supporting documentation be submitted to the Commission no later than 30 days before the proposed debt transaction will be considered by the Commission, unless otherwise waived or modified by the Commission;

WHEREAS, Ohio Adm. Code 3772-29-01(B)(2) requires the presence of a representative from the requesting casino operator to answer any questions posed by the Commission;

WHEREAS, on March 26, 2015, Rock Ohio Caesars LLC, on behalf of its wholly owned subsidiaries—including ROC Finance LLC and the licensed casino operators, Rock Ohio Caesars Cleveland LLC and Rock Ohio Caesars Cincinnati LLC—(collectively, “ROC”) submitted a packet of information requesting that the Commission approve a proposed debt transaction related to ROC’s FF&E Loan;

WHEREAS, at the time of submission, ROC requested that the proposed debt transaction be considered at the Commission’s April 15, 2015 Public Meeting—20 Days before the Meeting;

WHEREAS, on March 26, 2015, and pursuant to Ohio Adm. Code 3772-1-04(A) and 3772-29-01(B)(1), ROC submitted a request for the Commission to waive or otherwise modify the 30-day requirement so that the Commission could consider the proposed debt transaction at the April 15, 2015 Public Meeting;

WHEREAS, before considering ROC’s debt-transaction proposal, the Commission considered and approved by majority vote ROC’s waiver request, allowing the Commission to consider the proposal;

WHEREAS, the Division of Licensing and Investigations reviewed ROC’s request to approve the debt-transaction proposal, including all supporting documentation, and filed

a comprehensive, due-diligence report, dated April 9, 2015, captioned *Waiver Request and Related Debt-Transaction Proposal Regarding FF&E Loan Agreement* ("Report");

WHEREAS, the Report analyzes the proposal, concludes that it is commercially reasonable, and recommends that the Commission approve the transaction subject to certain conditions;

WHEREAS, the Commission has reviewed the Report, heard from ROC, and considered the matter at its public meeting held on April 15, 2015.

NOW, THEREFORE, BE IT RESOLVED by the Commission that ROC's proposed debt transaction is **APPROVED**, subject to the following conditions:

- (A) ROC shall close all transactions related to the proposed debt transaction without any material changes and provide executed copies of all debt-transaction-related documents within 10 days of execution;
- (B) At the time of borrowing, the interest rate secured with respect to the transaction shall not exceed the interest-rate figure provided by ROC to the Commission; if the interest rate secured at the time of borrowing exceeds the rate provided, approval of the debt transaction is null and void;
- (C) ROC's certification that the proceeds obtained in connection with this transaction will be used by ROC as proposed in its official request for approval, filed March 26, 2015, and updated March 27, 2015, thereafter; any proposed deviation from the certified uses requires ROC to immediately notify the Commission in writing and receive Commission approval before implementation;
- (D) The transaction documents must provide that the lender, noteholder, and/or secured party agrees that all liens, claims, and interests in favor of the State of Ohio have priority over any lien, claim, or interest in favor of the lender, noteholder, and/or secured party and any of their heirs, executors, affiliates (e.g., entities under common ownership directly or indirectly), administrators, legal representatives, predecessors, successors, and assigns;
- (E) Within 15 days of closing, and periodically thereafter if requested by the Commission, ROC must file with the Commission a list of all of the initial lenders and/or noteholders as applicable;
- (F) Concurrently with submitting any periodic financial reports or compliance certificates as required by the transaction documents, ROC must provide copies thereof to the Commission;
- (G) ROC must notify the Commission immediately upon the removal or resignation of any administrative agent, indenture trustee, or the like under the transaction documents;
- (H) ROC must notify the Commission immediately upon any known event of a breach of a representation, warranty, or covenant, or of a default, acceleration, breach, or similar matter;

- (I) ROC must provide the Commission copies of any proposed amendments and agreed upon amendments to the transaction documents; any material change, as determined by the Commission, to the documents requires Commission approval;
- (J) ROC must cooperate with the Commission and its employees and agents and must produce any documentation as may be further requested with respect to this transaction; and
- (K) ROC must provide, upon approval of this transaction, quarterly reports regarding ROC's compliance with the payment terms.

BE IT FURTHER RESOLVED, that Resolution 2015-11 does not in any way affect, negate, or otherwise absolve ROC, and any of its holding companies or subsidiaries, from their obligations to comply with R.C. Chapter 3772 and the rules adopted thereunder and all other conditions imposed by the Commission through resolution or otherwise.

BE IT FURTHER RESOLVED, that Resolution 2015-11 does not restrict or limit the Commission's future exercise of authority and discretion with respect to imposing additional conditions or taking further action with respect to ROC, and any of its holding companies or subsidiaries, under R.C. Chapter 3772 and the rules adopted thereunder.

Adopted: April 15, 2015