

OHIO CASINO CONTROL COMMISSION

RESOLUTION 2014-06

**CONSIDERATION OF ROCK OHIO CAESARS LLC'S PROPOSED DEBT TRANSACTION
CONCERNING ITS FF&E LOAN**

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 approval of 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 February 14, 2014, Rock Ohio Caesars LLC, the parent company of and on behalf of Rock Ohio Caesars Cleveland LLC and Rock Ohio Caesars Cincinnati LLC—licensed casino operators—(“ROC”) submitted a packet of information requesting that the Commission approve a proposed debt transaction related to ROC’s FF&E Loan;

WHEREAS, upon review, Commission staff identified several deficiencies in ROC’s initial submission and, on February 18, 2014, notified ROC of the incomplete filing and requested that ROC provide the missing information;

WHEREAS, through submissions on February 19 and 21, 2014, ROC cured the initial deficiencies and therefore submitted a complete request for Commission consideration on February 21, 2014—26 days before the March 19, 2014 Public Meeting;

WHEREAS, on February 26, 2014, 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 March 19, 2014 Public Meeting;

WHEREAS, before considering ROC’s debt transaction proposal, the Commission considered and approved by majority vote ROC’s request for the Commission to waive or otherwise modify the 30-day requirement, allowing the Commission to consider the debt transaction proposal;

WHEREAS, as it relates to the debt transaction proposal, Commission Staff reviewed ROC's request for approval thereof, including all supporting documentation, and filed a comprehensive, due-diligence report ("Report") analyzing the proposal and recommending that it is reasonable for the Commission to approve the proposal subject to certain conditions;

WHEREAS, several ROC representatives are present at the March 19, 2014 Public Meeting to present the debt transaction proposal to the Commission and to answer any questions posed by Commissioners;

WHEREAS, the Commission has considered the Report and heard from Commission staff and representatives of ROC at its public meeting on March 19, 2014.

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 within 15 days of approval thereof without any changes and shall provide executed copies of all debt-transaction-related documents within 10 days of execution; if ROC fails to close the proposed debt transaction within 15 days of approval thereof without any changes, ROC shall obtain approval from the Executive Director for a 15-day extension to close the proposed debt transaction; failure to close the proposed debt transaction within the initial 15 days, or within the 15-day extension if approved by the Executive Director, without any changes thereto renders approval thereof null and void;
- (B) Immediately upon the assignment and assumption of any portion of the FF&E Loan, ROC must notify the Commission in writing, which includes executed copies of Exhibit C of the FF&E Loan Agreement titled, "Assignment and Assumption Agreement" and any other documents related thereto;
- (C) At the time of borrowing, the interest rates secured with respect to the new FF&E Loan shall not exceed the maximum interest rate figures as provided by ROC to the Commission; if any of the interest rate figures secured at the time of borrowing exceed the rates provided, approval of the debt transaction is null and void;
- (D) ROC's certification that the proceeds obtained in connection with this debt transaction will be used by ROC as proposed in its official request for approval, filed February 14, 2014, and updated February 19 and 21, 2014; any proposed deviation from the certified uses requires ROC to immediately notify the Commission in writing and receive Commission approval before implementation;
- (E) The debt 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;

- (F) 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;
- (G) Concurrently with submitting any periodic financial reports or compliance certificates as required by the debt transaction documents, ROC must provide copies thereof to the Commission;
- (H) ROC must notify the Commission immediately upon the removal or resignation of any administrative agent, indenture trustee, or the like under the debt transaction documents;
- (I) 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;
- (J) ROC must provide the Commission copies of any proposed amendments and agreed upon amendments to the debt-transaction documents; any material change, as determined by the Commission, to the debt-transaction documents requires Commission approval;
- (K) 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 debt transaction; and
- (L) ROC must provide, upon approval of this debt transaction, quarterly reports regarding ROC's compliance with the payment terms of the transaction.

BE IT FURTHER RESOLVED, that Resolution 2014-06 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 2014-06 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: March 19, 2014