

STATE OF MICHIGAN  
MICHIGAN GAMING CONTROL BOARD

In the Matter of:

**REQUESTS FOR APPROVAL OF  
DEBT TRANSACTION AND  
SUPPLIER LICENSING EXEMPTIONS AND  
ELIGIBILITY, SUITABILITY, AND  
QUALIFICATION OF CERTAIN KEY PERSONS  
FOR GREEKTOWN CASINO, L.L.C.**

File No. GTC-2005-006

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**ORDER APPROVING DEBT TRANSACTION,  
SUPPLIER-LICENSING EXEMPTION REQUESTS, AND  
ELIGIBILITY, SUITABILITY, AND QUALIFICATION OF CERTAIN  
KEY PERSONS OF GREEKTOWN CASINO, L.L.C.**

This matter comes before the Michigan Gaming Control Board (Board) pursuant to a request for approval of a Debt Transaction submitted by Greektown Casino, L.L.C., (Greektown) and Greektown Holdings, L.L.C., (Greektown Holdings) in accordance with the Gaming Control and Revenue Act (Act) and the Board's administrative rules (Rules). In conjunction with this request, the parties supplying the financial services implicated in the Debt Transaction request exemptions from the supplier-licensing requirements of the Rules in order to engage in the Debt Transaction.

The Board's Licensing Division has recommended that the Board grant the requests, subject to various conditions. The Board's Licensing Division has also recommended approval of certain Greektown key persons.

**I. Debt Transaction**

Pursuant to 1999 AC, R 432.1509, Greektown and its recently approved holding company, Greektown Holdings, have requested Board approval of a Debt Transaction that will provide funding for several uses. The proposed Debt Transaction contemplates that Greektown Holdings and Greektown Holdings II, Inc., its wholly owned subsidiary, will act as borrowers and co-obligors in the Debt Transaction.

Under the proposed Debt Transaction Documents (defined below), Merrill Lynch Capital Corporation (MLCC), as the Initial Lender, will make available to Greektown

Holdings and Greektown Holdings II a Secured Credit Facility consisting of: (1) a \$190 million term loan facility and (2) a \$100 million revolving credit facility, both to be secured by Greektown Holdings and Greektown Holdings II. In addition, Greektown will guaranty the obligations of Greektown Holdings and Greektown Holdings II under the Secured Credit Facility, which guaranty will be secured by Greektown's assets, including Greektown Casino. The Secured Credit Facility will be used to refinance Greektown's obligations under its December 26, 2003 credit agreement, refinance letter of credit obligations to the Economic Development Corporation of the City of Detroit, provide cash on the balance sheet, and cover financing fees and expenses.

Additionally, Merrill Lynch Pierce Fenner and Smith Incorporated (MLPFS) has agreed to purchase \$185 million in senior unsecured subordinated notes (Senior Notes) issued by Greektown Holdings and Greektown Holdings II in a Rule 144A offering under the Securities Act of 1933, which is exempt from registration with the Securities and Exchange Commission. The Senior Notes, described in the offering memorandum as the "\$185,000,000 Greektown Holdings, L.L.C., Greektown Holdings II, Inc., \_\_\_ % Senior Notes due 2013,"<sup>1</sup> will be used to provide cash on the balance sheet, to make certain payments to former and current members of Monroe Partners, L.L.C., (Monroe Partners), to reimburse the Sault Ste. Marie Tribe of Chippewa Indians (Sault Tribe) for payments recently made to former members of Monroe Partners, and to pay financing fees and transaction expenses. Greektown will not guaranty the obligations of Greektown Holdings and Greektown Holdings II under the Senior Notes.

Finally, the Debt Transaction includes an agreement by MLPFS and MLCC to provide Greektown Holdings and Greektown Holdings II with access to up to \$200 million to fund the expansion of Greektown Casino (the Greenshoe Facility). Greektown, Greektown Holdings, and Greektown Holdings II anticipate that a portion of the funds for the Greenshoe Facility will come from additional borrowings under the Secured Credit Facility and that a portion will come from selling additional Senior Notes, although the precise allocation of funds has yet to be determined. Because these funds will not be accessed immediately, Greektown, Greektown Holdings, and Greektown Holdings II request that the Board approve the amount of funds and source of funds and reserve approval of the allocation of funds between the Secured Credit Facility and Senior Notes until a later date. Greektown will guaranty Greenshoe Facility funds that are obtained by making additional borrowings under the Secured Credit Facility but will not guaranty Greenshoe Facility Funds that are obtained by selling additional Senior Notes.

MLPFS has agreed to serve as the Arranger, Bookrunner, and Syndication Agent of the Secured Credit Facility. MLPFS and MLCC plan to syndicate the Secured Credit Facility to other lenders (Syndicate Lenders). It is contemplated that the Initial Lender and Syndicate Lenders will participate in the Debt Transaction.

MLPFS has agreed to serve as Initial Purchaser of the Senior Notes. MLPFS intends to resell the notes to qualified institutional buyers in an offering exempt from

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<sup>1</sup> The interest rate of the notes will be determined by the market at the time the notes are sold. Based on current market conditions, the rate is expected to fall at 10.75 percent per annum.

registration under applicable securities law. Deutsche Bank Trust Company Americas (Deutsche Bank) has agreed to serve as the trustee under the Indenture governing the Senior Notes (Senior Notes Trustee).

Over the past several weeks, Greektown and Greektown Holdings have submitted to Board Staff summaries of the Debt Transaction and the essential documents that will evidence the contractual obligations involved in the Debt Transaction (Debt Transaction Documents) and has had various meetings with Board Staff regarding the Debt Transaction and Debt Transaction Documents.

Board Staff has conducted a review of the proposed Debt Transaction and Debt Transaction Documents. In addition, on behalf of the Board, Grant Thornton, L.L.P., has thoroughly reviewed the Debt Transaction and critical Debt Transaction Documents and has concluded that, as currently structured, the Debt Transaction has a low probability of having an adverse impact on the ongoing financial viability of Greektown Holdings and Greektown.

## **II. Exemptions From Supplier-Licensing Requirements**

MLCC is serving as the Initial Lender and Administrative Agent for the Secured Credit Facility. MLPFS is serving as the Arranger, Bookrunner, and Syndication Agent for the Secured Credit Facility and the Initial Purchaser of the Senior Notes. Finally, Deutsche Bank is serving as the Senior Notes Trustee. In the interest of facilitating the Debt Transaction in a manner that ensures compliance with the intent and requirements of the Act and Rules, MLPFS, MLCC, and Deutsche Bank have requested exemptions from the supplier-licensing requirements of the Rules.

Specifically, these entities request exemptions from the supplier-licensing requirements pursuant to Board Resolution 2003-07 on the basis that they are publicly traded corporations under the regulation of the Securities and Exchange Commission and their annual overall gross revenues from doing business with casino licensees constitutes less than five percent of their annual gross revenue. Additionally, these entities request exemptions from the supplier-licensing requirements pursuant to R 432.1322(4)(d) on the basis that, for the limited purposes of the Debt Transaction, the licensing of these entities is not necessary to protect the public interest or accomplish the policies and purposes of the Act for numerous reasons, including that the services they will provide are subject to prior Board approval and the terms of the Debt Transaction Documents cannot be modified without prior Board approval.

The Board has the authority to exempt certain persons or fields of commerce from supplier-licensing requirements pursuant to R 432.1322(4):

The board may exempt any person or field of commerce from the supplier licensing requirements of these rules if the board determines that any of the following provisions apply to the person or field of commerce:

(a) The person or field is an agency of state, local, or federal government.

(b) The person or field is regulated by another regulatory agency in Michigan.

(c) The person or field will provide goods or services of insubstantial or insignificant amounts or quantities.

(d) Licensing of the person or field is not deemed necessary to protect the public interest or accomplish the policies and purposes of the act.

Additionally, the Board has adopted Resolution 2003-07, which expands and clarifies the circumstances in which the Board may grant an exemption from the supplier-licensing requirements. As part of that resolution, the Board stated that an exemption from the non-gaming related supplier-licensing requirements could be granted to:

1. A person who is a publicly traded corporation under the regulation of the Securities and Exchange Commission, or its wholly owned subsidiary, who also meet[s] all of the following criteria:

a. The person must fill out an application and/or disclosure prescribed by the Executive Director that is designed to elicit sufficient information to carry out the purpose and intent of the supplier licensing requirements in the Act and Rules,

b. The annual overall gross revenues from doing business with casino licensees constitutes less than 5% of the publicly traded corporation's annual gross revenues.

c. The person provides the Executive Director with documentation of overall gross revenues, and the gross revenues derived from doing business with casino licensees, on a semi-annual basis in the manner and form directed by the Executive Director as part of the ongoing confidential background investigation to determine continuing eligibility for this exemption.

For the limited purpose of engaging in the Debt Transaction, the Board grants MLPFS, MLCC, and Deutsche Bank exemptions from the supplier-licensing requirements under the publicly-traded-corporation provision of Resolution 2003-07 and R 432.1322(4)(d) for the foregoing reasons. Assignees of the Initial Lender and

participants in the Secured Credit Facility are not subject to the supplier-licensing requirements of the Rules unless they provide services to Greektown Holdings or Greektown Holdings II in the same capacity as an Initial Lender, Arranger, Bookrunner, Syndication Agent, or Administrative Agent. Within 30 days following the end of each calendar quarter, beginning with the quarter ending December 31, 2005 and continuing with the calendar quarters ending March 31, June 30, September 30, and December 31, 2006 and each year thereafter, the Initial Lender or Arranger shall provide the Board or its Staff with a list of the Syndicate Lenders participating in the Secured Credit Facility. The quarterly report shall specifically include the following information: (1) the name of the assignee or participant; (2) the dollar amount held by each assignee or participant; and (3) the percentage of the total Secured Credit Facility held by each assignee or participant, or other information required by Board Staff. The quarterly report must also identify any entity serving as a Documentation Agent.

The Senior Notes Trustee must submit quarterly reports to the Board within 30 days following the end of each calendar quarter, beginning with the quarter ending December 31, 2005 and continuing with the calendar quarters ending March 31, June 30, September 30, and December 31, 2006 and each year thereafter, documenting the holders of the Senior Notes and the percentage of the outstanding notes that each one holds. Subsequent purchasers of the Senior Notes are not subject to the supplier-licensing requirements of the Rules unless they provide services to Greektown Holdings or Greektown Holdings II in the same capacity as an Initial Purchaser or Senior Notes Trustee.

### **III. Eligibility, Suitability, and Qualification of Key Persons**

Board Staff recently completed its background investigation of Greektown Holdings, L.L.C., and Greektown Holdings II, Inc., as key persons for Greektown Casino L.L.C., and has recommended that each be found eligible, qualified, and suitable.

### **IV. Conditions on Approval of the Pending Requests**

The approvals granted in this Order are subject to the following conditions:

- a. The parties to the Debt Transaction Documents must not amend or modify any portion of the Debt Transaction Documents, regardless whether such action is contractually permissible, without first obtaining Board approval. If parties to the Debt Transaction Documents request approval to modify or amend any portion of the Debt Transaction Documents, each request must clearly identify each modification or amendment requested and must provide the rationale for making each modification or amendment.
- b. Any written notice contractually required to be sent from one party to the Debt Transaction Documents to another party to the Debt Transaction Documents must also be simultaneously sent to the Board.

- c. If a party to the Secured Credit Facility enlists participants in a syndication of the credit facilities or assigns a portion of the credit facilities, the agreement with the participant or assignee must not permit the participant or assignee to take any independent default-related action against Greektown or any of its affiliates or affiliated companies or any action that is not pursuant to the Debt Transaction Documents. MLCC and MLPFS must cooperate with any request from the Board or its representative for information regarding a syndicate participant or assignee.
- d. Regardless of contractual provisions, in the event of a default under the Debt Transaction Documents, no person may exercise any remedy that has or will result in an indicia of ownership of the licensee or any of its affiliates, including but not limited to a foreclosure of, or the transfer of possessory security interest in, the exercise of voting and consensual rights with respect to, or the re-registration of, pledged gaming interests pursuant to the Debt Transaction Documents, without first obtaining Board approval.
- e. In the event of a syndication or assignment of any portion of the Secured Credit Facility, each participant or assignee shall be limited to holding no more than 10 percent of the aggregate amount of the term loans and the revolving commitments.
- f. Neither Greektown nor any of its affiliates or affiliated companies may draw on the Greenshoe Facility until Greektown has obtained Board approval of the plans for the permanent casino and Board approval of the allocation of funds for the Greenshoe Facility between the Secured Credit Facility and Senior Notes.

The approval of the Debt Transaction is also subject to the following conditions:

- g. With the exception of funds earmarked for cash on the balance sheet and the availability of funds under the revolving credit facility, Greektown, Greektown Holdings, and Greektown Holdings II may use the funds obtained through the Debt Transaction only as described in the October 27, 2005 request for approval of the Debt Transaction (Approval Request). Funds available under the revolving credit facility may be used only to satisfy Board approved obligations of Greektown, including expenses for casino expansion incurred before implementation of the Greenshoe Facility, and may not be used to satisfy obligations of Greektown's indirect owners.

- h. Greentown and Greentown Holdings must maintain separate bank accounts and record keeping systems and must not commingle funds received from the Secured Credit Facility with funds received from the sale of the Senior Notes.
- i. The Sault Tribe must not receive distributions from Greentown exceeding \$5 million per year in fiscal year 2006, 2007, or 2008.
- j. If, for whatever reason, Greentown does not make distributions to satisfy the required payment obligations, as described in the Approval Request, to the former members of Monroe Partners due in 2007, 2008, or 2009, the Sault Tribe must, within 30 days after the due date for a particular payment, make the payment (including all interest due) and provide the Board with proof that the payment has been made or notify the Board in writing that it does not intend to make the payment. If the Sault Tribe notifies the Board that it does not intend to make that year's payment, the Sale Transaction process described below will take effect.
- k. Greentown and Greentown Holdings must demonstrate their financial viability by meeting the following financial benchmarks as long as either Greentown or Greentown Holdings is indebted under either the Secured Credit Facility or the Senior Notes:
  - (i) Greentown Holdings must maintain a net debt to EBITDA ratio that does not exceed (a) 6.25:1 for the fiscal year ending December 31, 2007; (b) 4.50:1 for the fiscal year ending December 31, 2008; (c) 4.50:1 for the fiscal year ending December 31, 2009; (d) 3.50:1 for the fiscal year ending December 31, 2010; and (e) 2.75:1 for the fiscal year ending December 31, 2011 and for each subsequent year of indebtedness under either the Secured Credit Facility or the Senior Notes.
  - (ii) Greentown Holdings must maintain a fixed charge coverage ratio that exceeds (a) 1.00:1 for the fiscal year ending December 31, 2006; (b) 1.00:1 for the fiscal year ending December 31, 2007; (c) 1.20:1 for the fiscal year ending December 31, 2008; (d) 1.20:1 for the fiscal year ending December 31, 2009; (e) 1.50:1 for the fiscal year ending December 31, 2010; and 1.75:1 for the fiscal year ending December 31, 2011 and for each subsequent year of indebtedness under either the Secured Credit Facility or the Senior Notes.

For purposes of the foregoing financial benchmarks, (a) "net debt" shall mean, as of any date, the sum of the outstanding principal amount of all indebtedness of Greektown Holdings and its subsidiaries under the Secured Credit Facility, the Senior Notes, and the Greenshoe Facility minus the cash on hand of Greektown Holdings and its subsidiaries as of such date; (b) "EBITDA" for any particular fiscal year shall be calculated in accordance with the definition of "EBITDA" in the Secured Credit Facility documents; (c) "fixed charges" means, to the extent actually paid during a particular fiscal year, the sum of (i) interest expense payments on the Senior Credit Facility, the Senior Notes, and the Greenshoe Facility, (ii) required principal amortization payments and prepayments under the Secured Credit Facility and the Greenshoe Facility, (iii) payments required to be made to the former members of Monroe Partners in 2007, 2008, and 2009, (iv) distributions made to the members of Greektown Holdings, (v) required payments made under the Lac Vieux settlement agreement, and (vi) maintenance capital expenditures; and (d) "fixed charge coverage ratio" means (x) EBITDA for such fiscal year divided by (y) fixed charges during such fiscal year.

Each of these ratios will be measured annually, beginning with the fiscal year ending December 31, 2006, in the case of the fixed charge coverage ratio, and the fiscal year ending December 31, 2007, in the case of the net debt to EBITDA ratio, and will be based on the data in the certified audit that Greektown must file with the Board before the end of 120 days after December 31 of each year. When Greektown files a certified audit for any year in which a benchmark must be satisfied, the certified audit must be accompanied by a "Supplement to the Certified Annual Audit" from Greektown and Greektown Holdings that contains calculations for each benchmark being measured that year and includes and identifies each of the financial components from the annual certified audit used to calculate each ratio. The calculations for each benchmark may also take into account the equity contributions that may be made by the Sault Tribe pursuant to the immediately following paragraph. This annual supplement to the certified audit must be certified and signed by both the Chief Executive Officer and Chief Financial Officer of Greektown.

If the Sault Tribe determines that any financial benchmark for a particular fiscal year may not be satisfied, then the Sault Tribe may, during the 120-day period before the due date for the certified audit for that fiscal year, provide equity contributions that are anticipated to (x) reduce indebtedness under the Secured Credit Facility in order to satisfy the net debt to EBITDA ratio and/or (y)



reduce fixed charges (on a retroactive and pro forma basis for that fiscal year) in order to satisfy the fixed charge coverage ratio. Any such equity contribution may be applied duplicatively to satisfy both financial benchmarks. The Sault Tribe must notify the Board in writing if it intends to make an equity contribution to enable the satisfaction of a financial benchmark for a particular fiscal year, and must, before the due date for that year's certified audit, provide the Board with proof that the equity contribution has been made.

If, in the Executive Director's judgment, any benchmark is not satisfied by the date that the certified audit for a particular fiscal year is due, based on the Executive Director's review of the certified audit and the "Supplement to the Certified Annual Audit" for that fiscal year, and the Sault Tribe has not satisfied that financial benchmark before the due date for the certified audit for that year, the Board may notify Greektown in writing that the Sale Transaction process described below will take effect.

1. The Sale Transaction process operates as follows: If (i) the Board notifies Greektown that it has not satisfied a financial benchmark described in condition k (and the Sault Tribe has not cured the unsatisfied benchmark as described in condition k) or (ii) if the Sault Tribe notifies the Board that it does not intend to make a payment to a former member of Monroe Partners for which a distribution has not been or will not be made, as described in condition j, within 180 days of the date of either written notification, Greektown must enter into a contract to transfer all interests in Greektown Casino (or Greektown Holdings may enter into a contract to transfer all interests in Greektown) to a transferee or transferees and the transferee(s) must file with the Board an application to acquire the interests, pursuant to the Act and Rules.

Failure to fulfill these obligations within the allotted time, or a Board determination that one of the transferees is not eligible, qualified, and suitable to acquire the interests, will result in the application of the conservatorship provisions of MCL 432.224 to Greektown, including but not limited to the provisions related to the control, operation, and disposition of Greektown's property and business relating to Greektown Casino. If Greektown Holdings engages in the Debt Transaction addressed in this Order, or any portion of it, all owners of interests in Greektown and Greektown Holdings shall be expressing their consent to this condition.

## ORDER

Having considered all the above and adopting the foregoing as its findings, the Board hereby orders the following:

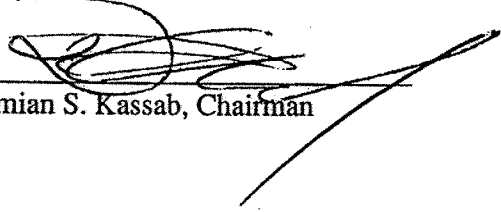



1. Subject to the conditions described herein, the Debt Transaction described above is approved and may be implemented. The Board's approval of the Greenshoe Facility encompasses only the sources (MLCC and MLPFS in their current roles in the Debt Transaction) and amount (up to \$200 million) of funds but does not include approval of the allocation of funds for the Greenshoe Facility between the Secured Credit Facility and the Senior Notes. Greektown Holdings and Greektown must request and receive approval of the allocation of funds between the Secured Credit Facility and the Senior Notes before obtaining any funds pursuant to the Greenshoe Facility.
2. Subject to the conditions described herein, MLCC, MLPFS, and Deutsche Bank are granted exemptions from the supplier-licensing requirements of the Rules pursuant to Resolution 2003-07 and R 432.1322(4)(d) for purposes of the Debt Transaction. Assignees of the Initial Lender and participants in the syndication of the Secured Credit Facility are not subject to the supplier-licensing requirements of the Rules unless they provide services to Greektown Holdings or Greektown Holdings II in the capacity of an Initial Lender, Arranger, Bookrunner, Syndication Agent, or Administrative Agent. The subsequent purchasers of the Senior Notes are not subject to licensure as supplier licensees unless they serve in the capacity of an Initial Purchaser or Senior Notes Trustee. On a quarterly basis, beginning January 30, 2006, the Initial Lender or Arranger shall provide the Board or its Staff with a list of the Syndicate Lenders participating in the Secured Credit Facility and any Documentation Agents, as described above. The Senior Notes Trustee must submit quarterly reports to the Board, beginning January 30, 2006, documenting the holders of the Senior Notes and the percentage of the outstanding notes that each one holds, as described above.
3. The Board finds Greektown Holdings, L.L.C., and Greektown Holdings II, Inc., eligible, qualified, and suitable as qualifiers for Greektown Casino, L.L.C.
4. The Board delegates to its Executive Director the ability to decide any request for Board approval that is herein contemplated, except for any request to modify the Debt Transaction Documents that changes the information described in R 432.1509(3)(a-f) and any request to approve the plans for the permanent casino. The Executive Director may decide the request for approval of the allocation of funds for the Greenshoe Facility but must provide the Board with notice of his decision within 48 hours of notifying Greektown of his decision. The Chairperson or any two Board members may call and hold a special meeting of the Board within 7 days of receiving notice of the Executive Director's decision to reconsider that decision. If the Executive Director approves the allocation of funds for the Greenshoe Facility, no party may draw upon the Greenshoe Facility funds until after the time period for the Chairperson or any two Board members to call and hold a special meeting to reconsider the Executive Director's decision has passed and a special meeting has not occurred. If the Chairperson or any two Board members call and hold a special meeting during that time period, the allocation of the Greenshoe Facility funds is subject to the decision of the Board made at the meeting.

5. The Board further orders that a failure to comply with a condition enumerated in this Order may result in subsequent Board action to revoke the approval of any request to which the condition applies.

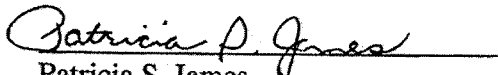
6. Within 30 days after obtaining any funds pursuant to the Debt Transaction, the parties to the Debt Transaction must provide the Board with copies of all executed documents involved in the Debt Transaction.

APPROVED AND ORDERED, THIS 15<sup>th</sup> DAY OF NOVEMBER 2005.

STATE OF MICHIGAN  
MICHIGAN GAMING CONTROL BOARD

  
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Damian S. Kassab, Chairman  
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Hon. Benjamin J. Friedman  
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Donald L. Robinson  
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Barbara J. Rom  
\_\_\_\_\_  
Hon. Michael L. Stacey

Received and Filed:

  
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Patricia S. James  
Board Secretary