



Lottery and Gaming Control Commission

1800 Washington Boulevard, Suite 330, Baltimore, MD 21230

CBAC BORROWER, LLC

OPERATION LICENSE APPLICANT

COMMISSION PRESENTATION

CBAC BORROWER, LLC

EXECUTIVE SUMMARY

On September 23, 2011, CBAC Gaming, LLC filed an application with the Maryland State Lottery Commission for a Video Lottery Operation License. Spectrum Gaming Group, LLC (Spectrum), a background investigation firm authorized by the Commission to conduct investigations for the Maryland State Lottery Agency, conducted the initial licensing investigations under the supervision of Agency staff. The findings of the CBAC Gaming, LLC investigation were presented to the Commission on June 21, 2012, which is when the Commission qualified CBAC Gaming, LLC for an operation license and found qualified 19 principal entities and 36 principals. The Commission's Decision Statement for CBAC Gaming, LLC is attached.

CBAC Borrower, LLC and CBAC Holding Company, LLC are Delaware corporations formed on March 18, 2013. Both companies were formed to serve as financing conduits for CBAC Gaming, LLC and currently have no other business activities. CBAC Gaming, LLC is the sole owner of CBAC Holding Company, LLC which in turn is the sole owner of CBAC Borrower, LLC. As such, CBAC Borrower, LLC is an indirect, wholly-owned subsidiary of CBAC Gaming, LLC.

CBAC Borrower, LLC submitted a Video Lottery Operation License Application (Form #1001) on June 10, 2013. In addition, CBAC Holding Company, LLC submitted a Principal Entity Disclosure Form (Form #1006). These submissions were necessitated by changes in the organizational structure of CBAC Gaming, LLC. The individual qualifiers (Principals) that the Commission

approved on June 21, 2012, along with CBAC Gaming, LLC, remain the same for this license request.

As a financing conduit for CBAC Gaming, LLC, CBAC Borrower, LLC intends to incur \$334 million in long-term debt to partially finance the Baltimore City casino. The vast majority of this debt will be provided by Deutsch Bank (\$300 million) and Wells Fargo Bank (\$30 million).

As CBAC Borrower, LLC and CBAC Holding Company, LLC are both newly formed entities, neither has been involved in any criminal proceedings, litigation, administrative proceedings, or bankruptcy/insolvency proceedings.

The investigation conducted by MLGCA staff required under State Gov't (SG) Title 9, Subtitle 1A, Annotated Code of Maryland (the Gaming Law) found no derogatory information regarding the suitability of Applicant CBAC Borrower, LLC. No disqualifying factors were found that would preclude the Applicant from being qualified for a Video Lottery Operation License based on the criteria listed in SG § 9-1A-08(d) of the Gaming Law, and the Applicant has satisfied the requirements listed in § 9-1A-07(c)(7) of the Gaming Law. Similarly, the investigation revealed no disqualifying factors as to principal entity CBAC Holding Company, LLC, and it satisfies the requirements in § 9-1A-07(c)(7) of the Gaming Law. It is the opinion of MLGCA Staff that the CBAC Borrower, LLC is qualified for a Video Lottery Operation License and that CBAC Holding Company, LLC is qualified as a Principal Entity.