



Lottery and Gaming Control Commission

1800 Washington Boulevard, Suite 330, Baltimore, MD 21230

Radio One Entertainment Holdings, LLC

\$50 Million Senior Secured Term Loan Transaction

COMMISSION PRESENTATION

SENIOR SECURED TERM LOAN TRANSACTION
(Radio One Entertainment Holdings, LLC)

EXECUTIVE SUMMARY

Background

Radio One Entertainment Holdings, LLC (the “Company”), a wholly owned direct subsidiary of Urban One, Inc., submitted a Principal Entity Disclosure Form to the Maryland Lottery and Gaming Control Commission in August 2016 relating to its investment in MGM National Harbor, LLC (MGM). Specifically, Radio One Entertainment Holdings invested \$40 million to obtain 160 Class A-1 Units of MGM National Harbor, LLC. The investment entitles the Company to a Preferred Distribution in an amount equal to 1.0% of MGM’s net gaming revenues, and a Liquidating Distribution in the amount equal to 6.67% of the proceeds of liquidation. The investment is purely economic and does not entitle Radio One Entertainment Holdings to any voting rights. Radio One Entertainment Holdings, LLC was found qualified by the Maryland Lottery and Gaming Control Commission (“the Commission”) as a Principal Entity of MGM National Harbor, LLC on November 17, 2016.

Senior Secured Term Loan

In October 2018, the Maryland Lottery and Gaming Control Agency was notified that Radio One Entertainment Holdings, LLC seeks to enter into a loan agreement with Carlyle Credit Opportunities Fund, L.P. to secure a \$50 million Senior Secured Term Loan. The proceeds of the loan will be used by the Company to retire its existing 9.25% Senior Unsecured Notes. The loan, which is expected to close on October 31, 2018, carries an interest rate of 7.0% and has a maturity date of December 31, 2022. Wilmington Trust, N.A. will serve as Administrative and Collateral Agent on the loan.

As a condition of the financing, the lender is requiring that Radio One Entertainment Holdings, LLC transfer its economic interest in MGM to a newly created wholly owned bankruptcy remote subsidiary. A bankruptcy remote subsidiary is a special purpose entity formed to hold a defined group of assets to protect them from

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being administered as property in a bankruptcy proceeding. To fulfill this requirement, the Company formed Urban One Entertainment SPV, LLC on October 4, 2018. Urban One Entertainment SPV, LLC has filed a Principal Entity Disclosure Form with the Commission. Mr. Alfred C. Liggins, III, one of only two officers and control persons of Urban One Entertainment SPV, LLC is currently licensed as a Principal by the Commission. The other officer and control person of Urban One Entertainment SPV, LLC was identified as Peter Thompson; his Principal application is pending.

The Gaming Law (State Gov't (SG) § 9-1A-01, *et seq.*) requires that the Commission determine whether a transfer of a licensee's interests meets, and is consistent with, the requirements of the Gaming Law. SG § 9-1A-19. Pending approval of the Commission, Radio One Entertainment Holdings, LLC will transfer its economic interest in MGM to Urban One Entertainment SPV, LLC. Upon consummation of the loan, Carlyle Credit Opportunities Fund, L.P. would then have a first priority perfected lien in all of the economic interest in MGM held by Urban One Entertainment SPV, LLC.

Participating Lender

Carlyle Credit Opportunities Fund, L.P. is a subsidiary of Carlyle Investment Management, LLC (aka the Carlyle Group). Carlyle Investment Management is an investment advisory firm registered with the U.S. Securities and Exchange Commission under the Investment Advisors Act of 1940. The Carlyle Group's business segments include corporate private equity, real estate and infrastructure investment, direct lending and structured credit. Its clients are comprised mainly of pooled investment vehicles and as of December 31, 2017, the Carlyle Group reported client assets under management totaling \$124.3 billion. We conducted various internet record searches and no derogatory information was noted.

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Maryland Gaming Regulatory Requirements

The Credit and Pledge Agreements contain numerous provisions that are intended to ensure the loan satisfies all Maryland gaming regulatory requirements. Specifically, the Credit Agreement states that the Administrative Agent, the Collateral Agent, and each Lender acknowledge that they are subject to the jurisdiction of Maryland Gaming Authorities (i.e., the Maryland Lottery and Gaming Control Commission) for licensing or finding of qualification, and that all rights, remedies and powers in or under the Credit Agreement with respect to the interests in MGM National Harbor are subject to the jurisdiction of gaming authorities and may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of Maryland Gaming Law and only to the extent that any required approvals (including prior approvals) are obtain from the Commission. Additionally, the Pledge Agreement contains similar provisions whereby all parties acknowledge that they are subject to the jurisdiction of Maryland Gaming Authorities and all applicable provisions of Maryland Gaming Law.

Findings

Based on our investigation, MLGCA staff has determined that the proposed Senior Secured Term Loan credit and pledge agreements contain provisions that are consistent with the Gaming Law. Additionally, no derogatory information was identified concerning Carlyle Credit Opportunities Fund, L.P. or Principal Entity applicant Urban One Entertainment SPV, LLC; therefore, staff recommends Commission approval of the transaction.