BORGATA HOTEL CASINO & SPA
QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2010

SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL

BORGATA HOTEL CASINO & SPA
BALANCE SHEETS

AS OF SEPTEMBER 30, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$15,634	$22,335
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2010, $23,353; 2009, $23,977)	2, 5	30,181	33,424
4	Inventories		4,389	4,523
5	Other Current Assets		11,261	10,944
6	Total Current Assets		61,465	71,226
7	Investments, Advances, and Receivables		28,780	31,122
8	Property and Equipment - Gross		1,782,155	1,763,689
9	Less: Accumulated Depreciation and Amortization		(456,461)	(386,897)
10	Property and Equipment - Net		1,325,694	1,376,792
11	Other Assets		15,446	7,732
12	Total Assets		$1,431,385	$1,486,872
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$10,580	$11,524
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		0	0
16	External		0	0
17	Income Taxes Payable and Accrued	1	8,850	7,565
18	Other Accrued Expenses	3	61,104	55,321
19	Other Current Liabilities	4, 5	17,582	14,954
20	Total Current Liabilities		98,116	89,364
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	6	820,760	595,078
23	Deferred Credits		13,647	11,602
24	Other Liabilities		26,702	14,242
25	Commitments and Contingencies	7	0	0
26	Total Liabilities		959,225	710,286
27	Stockholders', Partners', or Proprietor's Equity		472,160	776,586
28	Total Liabilities and Equity		$1,431,385	$1,486,872

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	Revenue:			
1	Casino		$495,145	$538,041
2	Rooms		88,196	87,056
3	Food and Beverage		113,589	111,113
4	Other		33,226	32,496
5	Total Revenue		730,156	768,706
6	Less: Promotional Allowances		160,511	166,706
7	Net Revenue		569,645	602,000
	Costs and Expenses:			
8	Cost of Goods and Services		360,219	359,742
9	Selling, General, and Administrative		66,961	69,584
10	Provision for Doubtful Accounts	2	2,588	6,343
11	Total Costs and Expenses		429,768	435,669
12	Gross Operating Profit		139,877	166,331
13	Depreciation and Amortization		53,067	59,339
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		86,810	106,992
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	6	(28,407)	(21,881)
19	CRDA Related Income (Expense) - Net		(3,574)	(3,796)
20	Nonoperating Income (Expense) - Net		(1,083)	26,593
21	Total Other Income (Expenses)		(33,064)	916
22	Income (Loss) Before Taxes and Extraordinary Items		53,746	107,908
23	Provision (Credit) for Income Taxes	1	5,389	10,579
24	Income (Loss) Before Extraordinary Items		48,357	97,329
25	Extraordinary Items (Net of Income Taxes - 2010, $0; 2009, $0)		0	0
26	Net Income (Loss)		$48,357	$97,329

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	Revenue:			
1	Casino		$176,839	$195,355
2	Rooms		34,090	33,892
3	Food and Beverage		43,232	42,630
4	Other		12,687	12,889
5	Total Revenue		266,848	284,766
6	Less: Promotional Allowances		59,161	62,169
7	Net Revenue		207,687	222,597
	Costs and Expenses:			
8	Cost of Goods and Services		127,031	126,375
9	Selling, General, and Administrative		23,896	24,464
10	Provision for Doubtful Accounts	2	876	2,259
11	Total Costs and Expenses		151,803	153,098
12	Gross Operating Profit		55,884	69,499
13	Depreciation and Amortization		16,452	19,208
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		39,432	50,291
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	6	(17,275)	(6,423)
19	CRDA Related Income (Expense) - Net		(1,276)	(1,415)
20	Nonoperating Income (Expense) - Net		(285)	28,152
21	Total Other Income (Expenses)		(18,836)	20,314
22	Income (Loss) Before Taxes and Extraordinary Items		20,596	70,605
23	Provision (Credit) for Income Taxes	1	2,046	7,986
24	Income (Loss) Before Extraordinary Items		18,550	62,619
25	Extraordinary Items (Net of Income Taxes - 2010, $0; 2009, $0)		0	0
26	Net Income (Loss)		$18,550	$62,619

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2010

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	________ (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2008..........**		$477,507	$233,304		$710,811
2	Net Income (Loss) - 2009..........			108,241		108,241
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........			(120,271)		(120,271)
6	Prior Period Adjustments..........					0
7	________					0
8	________					0
9	________					0
10	**Balance, December 31, 2009..........**		477,507	221,274	0	698,781
11	Net Income (Loss) - 2010..........			48,357		48,357
12	Capital Contributions................					0
13	Capital Withdrawals..................		(30,807)			(30,807)
14	Partnership Distributions...........			(244,171)		(244,171)
15	Prior Period Adjustments..........					0
16	________					0
17	________					0
18	________					0
19	**Balance, September 30 , 2010........**		$446,700	$25,460	$0	$472,160

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)	
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$128,508	$153,094	
	CASH FLOWS FROM INVESTING ACTIVITIES:				
2	Purchase of Short-Term Investments				
3	Proceeds from the Sale of Short-Term Investments				
4	Cash Outflows for Property and Equipment............................		(12,666)	(6,084)	*
5	Proceeds from Disposition of Property and Equipment..........		22	35	*
6	CRDA Obligations		(5,944)	(6,432)	
7	Other Investments, Loans and Advances made.......................		(935)	(2,503)	
8	Proceeds from Other Investments, Loans, and Advances				
9	Cash Outflows to Acquire Business Entities...........................		0	0	
10	Insurance Proceeds for Replacement Assets		0	17,603	
11	....				
12	Net Cash Provided (Used) By Investing Activities....................		(19,523)	2,619	
	CASH FLOWS FROM FINANCING ACTIVITIES:				
13	Proceeds from Short-Term Debt				
14	Payments to Settle Short-Term Debt......................................				
15	Proceeds from Long-Term Debt		1,295,919	587,242	
16	Costs of Issuing Debt...		(5,924)	(56)	
17	Payments to Settle Long-Term Debt.......................................		(1,155,262)	(732,700)	
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0	
19	Purchases of Treasury Stock...				
20	Payments of Dividends or Capital Withdrawals.......................				
21	Partnership Distributions		(274,978)	(31,554)	
22	....				
23	Net Cash Provided (Used) By Financing Activities...................		(140,245)	(177,068)	
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(31,260)	(21,355)	
25	Cash and Cash Equivalents at Beginning of Period...................		46,894	43,690	
26	Cash and Cash Equivalents at End of Period.............................		$15,634	$22,335	

Line	Description	Notes	2010	2009
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).......................................		$12,311	$19,620
28	Income Taxes..		$4,588	($11,713)

* prior year amounts have been restated to reflect current year presentation

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)..		$48,357	$97,329
30	Depreciation and Amortization of Property and Equipment...		52,882	57,801
31	Amortization of Other Assets...		185	1,538
32	Amortization of Debt Discount or Premium.........................		484	
33	Deferred Income Taxes - Current		9	(610)
34	Deferred Income Taxes - Noncurrent		(435)	2,639
35	(Gain) Loss on Disposition of Property and Equipment.........		76	119
36	(Gain) Loss on CRDA-Related Obligations...........................		3,574	3,796
37	(Gain) Loss from Other Investment Activities.......................		1,602	2,502
38	(Increase) Decrease in Receivables and Patrons' Checks		2,020	17,354
39	(Increase) Decrease in Inventories		38	976
40	(Increase) Decrease in Other Current Assets.........................		831	(22)
41	(Increase) Decrease in Other Assets.....................................		3,822	(1,654)
42	Increase (Decrease) in Accounts Payable..............................		1,719	111
43	Increase (Decrease) in Other Current Liabilities		13,309	(473)
44	Increase (Decrease) in Other Liabilities		35	423
45	Gain from Insurance Recoveries			(28,735)
46	....			
47	Net Cash Provided (Used) By Operating Activities..................		$128,508	$153,094

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)	
	ACQUISITION OF PROPERTY AND EQUIPMENT:				
48	Additions to Property and Equipment..................................		($12,666)	($6,084)	*
49	Less: Capital Lease Obligations Incurred.............................		0		
50	Cash Outflows for Property and Equipment............................		($12,666)	($6,084)	*
	ACQUISITION OF BUSINESS ENTITIES:				
51	Property and Equipment Acquired.......................................				
52	Goodwill Acquired..				
53	Other Assets Acquired - net				
54	Long-Term Debt Assumed..				
55	Issuance of Stock or Capital Invested..................................				
56	Cash Outflows to Acquire Business Entities...........................		$0	$0	
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:				
57	Total Issuances of Stock or Capital Contributions.................		$0	$0	
58	Less: Issuances to Settle Long-Term Debt...........................		0	0	
59	Consideration in Acquisition of Business Entities.................		0	0	
60	Cash Proceeds from Issuing Stock or Capital Contributions......		$0	$0	

* prior year amounts have been restated to reflect current year presentation

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

BORGATA HOTEL CASINO & SPA
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED SEPTEMBER 30, 2010

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in <u>N.J.A.C.</u> 19:43-4.2(b)1-5 during the quarter.

11/15/2010	Hugh Turner
Date	

Vice President of Finance
Title

007833-11
License Number

On Behalf of:

BORGATA HOTEL CASINO & SPA
Casino Licensee

Marina District Development Company, LLC and Subsidiary

(A Wholly-Owned Subsidiary of Marina District Development Holding Co., LLC)

Notes to Condensed Consolidated Financial Statements

(Unaudited)

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of Marina District Development Company, LLC, d.b.a. Borgata, ("MDDC, LLC") and Marina District Finance Company, Inc. ("MDFC"), its wholly-owned subsidiary, collectively referred to herein as the "Company", "we", or "us". Borgata was developed as a 50%/50% joint venture between Boyd Atlantic City, Inc. ("BAC"), a wholly-owned subsidiary of Boyd Gaming Corporation ("Boyd"), and MAC, Corp. ("MAC," together with BAC, the "Joint Venture Partners"), a second tier, wholly-owned subsidiary of MGM Resorts International (the successor in interest to MGM MIRAGE) ("MGM"). On March 24, 2010, MAC transferred its 50% ownership interest (the "MGM Interest") in Marina District Development Holding Co., LLC, MDDC's parent holding company ("MDDHC"), and certain land leased to MDDC into a divestiture trust, of which MGM and its subsidiaries are the economic beneficiaries (the "Divestiture Trust"), for sale to a third-party in connection with MGM's settlement agreement with the Division of Gaming Enforcement Office of the Attorney General of the State of New Jersey (the "NJDGE"). BAC has a right of first refusal on any sale of the MGM Interest and has an option to purchase certain land leased by MDDC from MAC, which land is now held by the Divestiture Trust. We developed, own and operate Borgata Hotel Casino and Spa, including The Water Club Hotel at Borgata (collectively, "Borgata"). Borgata is located on a 45.6-acre site at Renaissance Pointe in Atlantic City, New Jersey and is an upscale destination resort and gaming entertainment property.

As managing member of MDDHC pursuant to the terms of the operating agreement of MDDHC between BAC and MAC (the "Operating Agreement"), BAC, through MDDHC, has responsibility for the oversight and management of our day-to-day operations. We do not presently record a management fee to BAC, as our management team performs these services directly or negotiates contracts to provide for these services. As a result, the costs of these services are directly borne by us and are reflected in our condensed consolidated financial statements.

As further discussed in Subsequent Events below, MGM, on behalf of MAC, notified BAC on October 12, 2010 that it had received an offer for the MGM Interest. On October 25, 2010, Boyd, on behalf of BAC, announced its decision to not exercise its right of first refusal. Despite its decline to acquire the MGM Interest in connection with this offer, BAC remains the managing member of MDDHC, and will continue in such capacity pursuant to the terms of the Operating Agreement, subsequent to the eventual sale of the MGM Interest. We continue to operate under normal business conditions throughout MGM's sales efforts, and do not believe that it has had or will have a material impact on our operations.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, although we believe that the disclosures made are adequate to make the information in these condensed consolidated financial statements reliable. These condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto included in our annual financial statements for the year ended December 31, 2009.

In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly our financial position as of September 30, 2010 and September 30, 2009, the results of our operations for the three and nine months ended September 30, 2010 and 2009, and our cash flows for the nine months ended September 30, 2010 and 2009. Our operating results for the three and nine months ended September 30, 2010 and 2009 and our cash flows for the nine months ended September 30, 2010 and 2009 are not necessarily indicative of the results that would be achieved during a full year of operations or in future periods.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated into our condensed consolidated financial statements include the estimated allowance for doubtful accounts receivable, estimated useful lives for depreciable and amortizable assets, measurement of our equity interest in Atlantic City Express Service, LLC ("ACES"), estimated cash flows in assessing the recoverability of long-lived assets, certain tax liabilities, self-insured liability reserves, various bonus point programs, fair values of assets and liabilities measured at fair value, fair values of assets and liabilities disclosed at fair value, contingencies and litigation, claims and assessments. Actual results could differ from these estimates.

Income Taxes

We are treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of BAC and MAC. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, we are required to record New Jersey state income taxes. In 2004, we were granted permission by New Jersey, pursuant to a ruling request, to file a consolidated New Jersey corporation business tax return with the BAC and MAC. The amounts reflected in our condensed consolidated financial statements are on a stand-alone basis; however, we file a consolidated state tax return with BAC and MAC. The amounts due to BAC and MAC (or subsequent to its divestiture, to the Divestiture Trust) are a result of the tax attributes BAC and MAC have contributed to the consolidated state tax return. A reconciliation of the components of our stand-alone state income taxes payable is presented below:

	September 30,	
	2010	2009
Amounts payable - state	635,000	165,000
Amounts payable to BAC and Divestiture Trust	8,215,000	7,400,000
Income taxes payable	**$ 8,850,000**	**$ 7,565,000**

Long-Term Debt, Net

Long-term debt is reported at amortized cost. The discount on the senior secured notes and the transaction costs paid to the initial purchasers upon issuance are recorded as an adjustment to the face amount of our outstanding debt. This resulting difference between the net proceeds upon issuance of the senior secured notes and the face amount of the senior secured notes is accreted to interest expense using the effective interest method.

Other debt issuance costs, which include legal, and other direct costs related to the issuance of our outstanding debt, are recorded as deferred charges, reported as debt issuance costs on our condensed consolidated balance sheets, and are amortized to interest expense over the contractual term of the underlying long-term debt using the effective interest method.

Recently Issued Accounting Pronouncements

Accruals for Casino Jackpot Liabilities - In April 2010, the Financial Accounting Standards Board issued authoritative accounting guidance for companies that generate revenue from gaming activities that involve base jackpots, which requires companies to accrue for a liability and charge a jackpot (or portion thereof) to revenue at the time the company has the obligation to pay the jackpot. The guidance is effective for interim and annual reporting periods beginning on or after December 15, 2010. Base jackpots are currently not accrued for by the Company until it has the obligation to pay such jackpots. As such, the application of this guidance will not have a material effect on the Company's financial condition, results of operations or cash flows.

A variety of proposed or otherwise potential accounting standards are currently under study by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, we have not yet determined the effect, if any, that the implementation of such proposed standards would have on our consolidated financial statements.

Subsequent Events

We have evaluated all events or transactions that occurred after September 30, 2010. During this period, the Company had the following subsequent events, the effects of which did not require adjustment to the Company's financial position or results of operations as of and for the three and nine months ended September 30, 2010.

Offer for the MGM Interest

MGM, on behalf of MAC, notified BAC on October 12, 2010 that it had received an offer on the MGM Interest. MGM reported that, based upon our September 30, 2010 debt balances, the offer it received equates to a valuation slightly in excess of $250,000,000 for the noncontrolling MGM Interest. On October 25, 2010, Boyd, on behalf of BAC, announced its decision to not exercise its right of first refusal with respect to the offer; therefore, MGM will continue to negotiate a potential sale with the original offerer. The eventual amount and timing of the sale, or the likelihood of its consummation, is not expected to have a material adverse effect on our financial position or our results of operations during the related period.

Sale of Land Underlying Ground Leases

On November 4, 2010, MGM announced that it had closed the sale of land leased to MDDC pursuant to four ground leases, all of which remain in effect following the closing of the sale. Other than MDDC's obligation to pay rent (in an amount equal to the amount paid under the parking structure ground lease) and property taxes pursuant to the alternative parking structure ground lease, our obligations under the ground leases are not modified by the sale.

Note 2. Receivables and Patrons' Checks

Receivables and patrons' checks consist of the following:

	September 30, 2010	September 30, 2009
Casino receivables (net of an allowance for doubtful accounts – 2010 $23,315,000 and 2009 $23,956,000)	$22,778,000	$28,434,000
NJ tax refund receivable	1,948,000	-
Other (net of an allowance for doubtful accounts – 2010 $38,000 and 2009 $21,000)	4,883,000	4,795,000
Due from related parties (Note 5)	572,000	195,000
Receivables and patrons' checks, net	**$30,181,000**	**$33,424,000**

Note 3. Other Accrued Expenses

Other accrued expenses consist of the following:

	September 30, 2010	September 30, 2009
Payroll and related	$ 19,524,000	$ 20,563,000
Other	41,580,000	34,758,000
Other accrued expenses	**$ 61,104,000**	**$ 55,321,000**

Note 4. Other Current Liabilities

Other current liabilities consist of the following:

	September 30, 2010	September 30, 2009
Casino related liabilities	$ 9,033,000	$ 7,220,000
Due to related parties (see Note 5)	1,231,000	995,000
Other	7,318,000	6,739,000
Other current liabilities	**$ 17,582,000**	**$ 14,954,000**

Note 5. Related Parties

We engage in transactions with BAC and MAC in the ordinary course of business. Related party balances are non-interest bearing and are included in accounts receivable or accrued liabilities, as applicable, on the condensed consolidated balance sheets.

Pursuant to the Operating Agreement, MAC is solely responsible for any investigation, analyses, clean-up, detoxification, testing, monitoring, or remediation related to Renaissance Pointe. MAC is also responsible for their allocable share of expenses related to master plan and government improvements at Renaissance Pointe. The related amounts due from the Divestiture Trust for these types of expenditures incurred by us were $307,000 and $120,000 at September 30, 2010 and 2009, respectively. Reimbursable expenditures incurred were $169,000 and $489,000 for the three and nine months ended September 30, 2010 respectively and $158,000 and $416,000 for the three and nine months ended September 30, 2009, respectively.

Boyd reimburses us for expenses relating to investigative services for our casino license and other expenses. The related amounts due from Boyd for these types of expenditures were $265,000 and $75,000 at September 30, 2010 and 2009, respectively. Reimbursable expenditures incurred were $208,000 and $360,000 for the three and nine months ended September 30, 2010 and $68,000 and $187,000 for the three and nine months ended September 30, 2009, respectively.

We entered into a series of ground lease agreements with MAC totaling 19.6 acres that provides the land on which our existing employee parking garage, public space expansion, rooms expansion, and modified surface parking lot reside. The lease terms extend until December 31, 2070 with the exception of the surface parking lot lease which is on a month-to-month term and may be terminated by either party effective on the last day of the month that is six months after notice is given. In addition, the surface parking lot ground lease will terminate on any termination of the Divestiture Trust, unless the New Jersey Casino Control Commission approves an extended term of such lease. The related amounts due to the Divestiture Trust for these types of expenditures were $0 at September 30, 2010 and 2009, respectively. Related rent incurred $1,255,000 and $4,130,000 for the three and nine months ended September 30, 2010 respectively, and $1,620,000 and $4,849,000 for the three and nine months ended September 30, 2009, respectively, which was included in selling, general and administrative on the condensed consolidated statements of operations.

Pursuant to the ground lease agreements, we are responsible for reimbursing the Divestiture Trust for related property taxes paid on our behalf. The related amounts due to the Divestiture Trust for these types of expenditures were $0 at September 30, 2010 and 2009, respectively. Related property tax incurred was $3,136,000 and $9,211,000 for the three and nine months ended September 30, 2010 respectively and $2,720,000 and $9,017,000 for the three and nine months ended September 30, 2009, respectively, which was included in selling, general and administrative on the condensed consolidated statements of operations.

We reimburse BAC for compensation paid to employees performing services for us on a full-time basis and for out-of-pocket costs and expenses incurred related to travel. BAC is also reimbursed for various payments made on our behalf primarily related to third party legal fees, investigative fees, and other. The related amounts due to BAC for these types of expenditures paid by BAC were $1,231,000 and $995,000 at September 30, 2010 and 2009, respectively. Reimbursable expenditures were $1,609,000 and $5,479,000 for the three and nine months ended September 30, 2010 respectively. Reimbursable expenditures were $1,609,000 and $5,589,000 for three and nine months ended September 30, 2009, respectively.

Note 6. Long-Term Debt, Net of Current Maturities

Long-term debt, net of current maturities consists of the following:

	September 30,	
	2010	2009
Bank credit facility	$ 47,100,000	$ 595,078,000
9.50% Senior Secured Notes due 2015	400,000,000	-
Unamortized discount on 9.50% Senior Secured Notes	(4,131,000)	-
Unamortized deferred lender fees on 9.50% Senior Secured Notes	(9,700,000)	-
9.875% Senior Secured Notes due 2018	400,000,000	-
Unamortized discount on 9.875% Senior Secured Notes	(2,706,000)	-
Unamortized deferred lender fees on 9.875% Senior Secured Notes	(9,803,000)	-
Total long-term debt	820,760,000	
Less current maturities	-	-
Total long-term debt, net	**$ 820,760,000**	**$ 595,078,000**

Bank Credit Facility

Our bank credit facility provides for a $150,000,000 senior secured revolving credit facility and matures in August 2014. The bank credit facility is guaranteed on a senior secured basis by MDDC and any future subsidiaries of MDDC and is secured by a first priority lien on substantially all assets, subject to certain exceptions. The obligations under the bank credit facility will have priority in payment to payment of the senior secured notes, discussed below.

Neither BAC nor MAC, either of its parent companies, or the Divestiture Trust is a guarantor of our new bank credit facility.

Outstanding borrowings under the bank credit facility accrue interest at a rate based upon either: (i) the highest of (a) the agent bank's quoted prime rate, (b) the one-month Eurodollar rate plus 1.00%, or (c) the daily federal funds rate plus 1.50%, and in any event not less than 1.50% (such highest rate, the “base rate”), or (ii) the Eurodollar rate, plus with respect to each of clause (i) and (ii) an applicable margin as provided in the bank credit facility. In addition, a commitment fee is incurred on the unused portion of the bank credit facility ranging from 0.50% per annum to 1.00% per annum. The bank credit facility contains certain financial and other covenants, including, without limitation, (i) establishing a minimum consolidated earnings before interest, income taxes and depreciation and amortization ("EBITDA") (as defined in the bank credit facility) of $150,000,000 over each trailing twelve-month period ending on the last day of each calendar quarter; (ii) establishing a minimum liquidity (as defined in the bank credit facility) of $30,000,000 as of the end of each calendar quarter; (iii) imposing limitations on MDFC's ability to incur additional debt; and (iv) imposing restrictions on our ability to pay dividends and make other distributions, make certain restricted payments, create liens, enter into transactions with affiliates, merge or consolidate, and engage in unrelated business activities. We believe that we were in compliance with the bank credit facility covenants, including minimum consolidated EBITDA and minimum liquidity, which, at September 30, 2010, were $171,744,000 and $103,007,000, respectively.

At September 30, 2010, the outstanding balance under the bank credit facility was $47,100,000, leaving availability of $102,900,000. The blended interest rate on the outstanding borrowings at September 30, 2010 was 4.5%.

In connection with closing of the bank credit facility and the senior secured notes, the former bank credit facility, which provided up to $730,000,000 in aggregate availability and was scheduled to mature in January 2011, was terminated. The outstanding balance, including all principal and accrued interest amounts of $604,395,000 were repaid in full on August 6, 2010. As a result of the termination, during the three months ended September 30, 2010, we wrote-off approximately $2,012,000 of unamortized debt issuance costs associated with the former credit facility. At September 30, 2009, the outstanding balance under this former bank credit facility was $595,078,000, and the blended interest rate on the outstanding borrowings at such date was 2.7%.

9.5% Senior Secured Notes Due 2015

On August 6, 2010, MDFC issued, through a private placement, $400,000,000 principal amount of 9.5% senior secured notes due 2015, at an issue price of 98.943%, resulting in a discount at issuance of $4,131,000 .The notes require semi-annual interest payments on April 15 and October 15, commencing April 15, 2011. The notes are guaranteed on a senior secured basis by MDDC and any future restricted subsidiaries of MDDC. The notes contains covenants that, among other things, limit MDFC's ability and the ability of MDDC to (i) incur additional indebtedness or liens; (ii) pay dividends or make distributions; (iii) make certain investments; (iv) sell or merge with other companies; and (v) enter into certain types of transactions. We believe that we were in compliance with these covenants at September 30, 2010. Among other rights of redemption, on or after October 15, 2013, MDFC shall have the option to redeem the 2015 notes, in whole or in part, at redemption prices (expressed as percentages of the principal amount) ranging from 104.75% beginning in 2013 to 102.375% in 2014, plus accrued and unpaid interest, to the applicable redemption date.

9.875% Senior Secured Notes Due 2018

On August 6, 2010, MDFC issued, through a private placement, $400,000,000 principal amount of 9.875% senior secured notes due 2018, at an issue price of 99.315%, resulting in an original issue discount of $2,706,000. The notes require semi-annual interest payments on February 15 and August 15, commencing February 15, 2011. The notes are guaranteed on a senior secured basis by MDDC and any future restricted subsidiaries of MDDC. The notes contains covenants that, among other things, limit MDFC's ability and the ability of MDDC to (i) incur additional indebtedness or liens; (ii) pay dividends or make distributions; (iii) make certain investments; (iv) sell or merge with other companies; and (v) enter into certain types of transactions. We believe that we were in compliance with these covenants at September 30, 2010. Among other rights of redemption, on or after August 15, 2013, MDFC shall have the option to redeem the 2018 notes, in whole or in part, at redemption prices (expressed as percentages of the principal amount) ranging from 104.938% beginning in 2014, to 102.469% in 2015, to 100% in 2016 and thereafter, plus accrued and unpaid interest, to the applicable redemption date.

The original issue discount and has been recorded as an offset to the face amount of these notes and is being accreted to interest expense over the term of the notes using the effective interest method. At September 30, 2010, the effective interest rate on the 9.50% notes due 2015 notes was 10.2% and on the 9.875% notes due 2018 was 10.3%.

In connection with the private placement of the notes, MDFC entered into a registration rights agreement with the initial purchasers in which it agreed to file a registration statement with the SEC to permit the holders to exchange or resell the notes. MDFC must use reasonable best efforts to have the registration statement declared effective within 310 days after the issuance of the notes and consummate the exchange offer within 365 days after the issuance of the notes, subject to certain suspension and other rights set forth in the registration rights agreement. In the event that the registration statement is not filed or declared effective or the exchange offer is not consummated within these deadlines, the agreement provides that additional interest will accrue on the principal amount of the notes at a rate of 0.25% per annum during the 90-day period immediately following any of these events and will increase by 0.25% per annum at the end of each subsequent 90-day period, but in no event will the penalty rate exceed 1.00% per annum. There are no other alternative settlement methods and, other than the 1.00% per annum maximum penalty rate, the agreement contains no limit on the maximum potential amount of consideration that could be transferred in the event MDFC does not meet the registration statement filing requirements. We currently intend to file a registration statement, have it declared effective and consummate any exchange offer within these time periods. Accordingly, we do not believe that payment of additional interest under the registration payment arrangement is probable and, therefore, no related liability has been recorded in the condensed consolidated financial statements.

The scheduled maturities of the face amount of long-term debt, as of September 30, 2010 are as follows:

For the Twelve Months Ending September 30,	
2011	$ -
2012	-
2013	-
2014	47,100,000
2015	-
Thereafter	800,000,000
Total long-term debt	$ 847,100,000

Note 7. Commitments and Contingencies

Commitments

There have been no material changes to our commitments described in our annual financial statements for the year ended December 31, 2009.

Contingencies

We are subject to various claims and litigation in the normal course of business. In our opinion, all pending legal matters are either adequately covered by insurance, or if not insured, will not have a material adverse impact on our financial position, results of operations or cash flows.