



GOVERNOR'S OFFICE OF
MINORITY AFFAIRS

**Video Lottery Terminals (VLT) Facilities
MBE Compliance Status Report**

**Prepared by the Governor's Office of Minority Affairs
Zenita Wickham Hurley, Special Secretary**

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Pursuant to Subtitle 1A, Title 9, of the State Government Article, Annotated Code of Maryland, the Governor's Office of Minority Affairs (GOMA) submits the following Video Lottery Terminals (VLT) Minority Business Enterprise (MBE) Compliance update for the five currently active VLT facilities. The previous report submitted by GOMA to the Maryland Lottery and Gaming Control Commission (Commission) dated October 16, 2012, included VLT MBE activity through June 30, 2012. This report includes:

- a. MBE payment activity for the Cecil County and Worcester County VLT facilities covering the six month period since the last report, i.e., from July 1, 2012 through December 31, 2012, for ongoing operations;
- b. Cumulative MBE payment activity for ongoing operations at the Cecil County and Worcester County VLT facilities through December 31, 2012;
- c. MBE payment activity through December 31, 2012 for the design, development, construction, and startup operations of the Anne Arundel County VLT facility;
- d. Cumulative MBE payment activity for ongoing operations at the Anne Arundel County VLT facility;
- e. Current status of design and construction for the Baltimore City VLT facility; and,
- f. Current status of design and construction for the Allegany County VLT facility.

Licensees submitted total project expenditure data reports to GOMA. MBE payment amounts reflected in this report are documented by monthly payment reports submitted to GOMA by the respective MBEs.

For the expenditure data reported by each licensee, certain expenditures were exempted from the total expenditure figures used to calculate the MBE percentages in the charts below, e.g., government taxes, fees, and permits, licensee's employee-related expenses, and contingency funds.

Under Maryland law, the Commission is required to comply with the requirements of Title 14, Subtitle 3 of the State Finance and Procurement Article relating to MBE participation goals. In April 2013, the Commission, in consultation with GOMA, local jurisdictions, and other State agencies, as appropriate, finalized a goal-setting process that is narrowly tailored and consistent with constitutional standards based on the actual work a licensee proposes to do and the availability of certified MBEs to perform the work.

Hollywood Casino Perryville - Penn National Gaming (PNG)

The Cecil County VLT facility has been open for business since September 2010. GOMA began monitoring MBE payment activity related to ongoing operations as of March 1, 2011. Expenditures for startup operations were tracked by PNG as part of the construction phase and were reported by PNG to GOMA as part of the total project expenditures through February 2011.

PNG's cumulative MBE payment activity since the ongoing operations phase began in March 2011 is as follows:

ONGOING OPERATIONS (3/1/11 – 12/31/12)

Minority Classification	MBE Payments	MBE Participation
Overall	\$1,209,144.80	5.91%
African American	\$95,220.35	0.47%
Women	\$432,531.79	2.11%
Other MDOT certified	\$681,392.66	3.33%

Total ongoing operations expenditures were \$20,457,918.15 based on accounting reports submitted by PNG. PNG has engaged the services of 18 MBE firms since March 1, 2011.

The following chart summarizes PNG's MBE achievement based on actual payments to MBEs for the six-month period beginning July 1, 2012:

ONGOING OPERATIONS (7/1/12 – 12/31/12)

Minority Classification	MBE Payments	MBE Participation
Overall	\$242,648.16	5.09%
African American	\$10,169.61	0.21%
Women	\$138,810.19	2.91%
Other MDOT certified	\$93,668.36	1.96%

Over the six-month period, total ongoing operations expenditures were \$4,770,806.31 based on accounting reports submitted by PNG. PNG engaged the services of 10 MBE firms during this six-month period.

Casino at Ocean Downs - Ocean Enterprise 589 LLC – (OE589)

The Worcester County VLT facility has been open for business since January 2011. Startup operations expenditures were captured and reported by OE589 to GOMA along with the rest of the development and construction activity through March 2011. GOMA began monitoring MBE activity related to ongoing operations as of April 1, 2011.

OE589's cumulative MBE activity since the ongoing operations phase began is as follows:

ONGOING OPERATIONS (4/1/11 – 12/31/12)

Minority Classification	MBE Payments	MBE Participation
Overall	\$490,899.14	3.63%
African American	\$299,869.77	2.22%
Women	\$191,029.37	1.41%
Other MDOT certified	\$0.00	0.00%

Total cumulative operations expenditures for this period were \$13,533,730.16. OE589 has engaged the services of 7 MBE firms since April 1, 2011.

The following chart summarizes OE589's MBE achievement for the six-month period beginning July 1, 2012:

ONGOING OPERATIONS (7/1/12 – 12/31/12)

Minority Classification	MBE Payments	MBE Participation
Overall	\$122,818.61	3.56%
African American	\$91,668.40	2.66%
Women	\$31,150.21	0.90%
Other MDOT certified	\$0.00	0.00%

Over this period, total operations expenditures were \$3,449,059.51. OE589 engaged the services of 2 MBE firms during this 6-month period.

Maryland Live Casino – Power Plant Entertainment (PPE)

The Anne Arundel County VLT facility - Maryland Live - is now engaged in the ongoing operations phase since doors were opened to the public on June 6, 2012. Total actual expenditures for the project from issuance of the license through December 31, 2012 are reported to be \$237,730,937 for the Construction phase and \$8,395,440.61 for the Architecture and Engineering (A&E) phase. PPE has engaged the services of 71 MBE firms for the construction phase and 6 MBEs for A&E phase since the project began.

MBE payment activity for A&E through December 31, 2012 is as follows:

ARCHITECTURAL AND ENGINEERING THROUGH 12/31/12 (MBE PAYMENTS)

Minority Classification	MBE A&E Payments	MBE Participation
Overall	\$861,648.57	10.26%
African American	\$34,666.32	0.41%
Women	\$757,982.25	9.03%
Other MDOT certified	\$69,000.00	0.82%

MBE payment activity for construction and startup operations through December 31, 2012 is as follows:

CONSTRUCTION/STARTUP THROUGH 12/31/12 (MBE PAYMENTS)

Minority Classification	MBE Construction Payments	MBE Participation
Overall	\$61,108,653.62	25.70%
African American	\$34,438,043.73	14.49%
Women	\$18,838,251.21	7.92%
Other MDOT certified	\$7,832,358.68	3.29%

Maryland Live Casino - Ongoing Operations

Based on information contained in accounting reports submitted by Maryland Live in January, the total ongoing operations expenditures for the period from June 6, 2012 (opening date) through December 31, 2012 were \$25,183,019.25. Based on payment reports received by GOMA between opening and December 31, 2012, a total of eight (8) MBEs were used by Maryland Live. The following chart summarizes MBE achievement based on actual payments to MBEs for the six-month period beginning June 6, 2012:

ONGOING OPERATIONS (6/6/12 – 12/31/12)

Minority Classification	MBE Payments	MBE Participation
Overall	\$501,902.93	1.99%
African American	\$501,902.93	1.99%
Women	\$0.00	0.00%
Other MDOT certified	\$0.00	0.00%

Horseshoe Baltimore Casino - CBAC Gaming LLC (CBAC)

The Baltimore City VLT facility is currently in the early stages of project development and construction. CBAC has identified The Whiting Turner Contracting Company (WT) as the construction manager and since October 2012, multiple construction bid packages have been issued by WT. Based on a report received from CBAC that summarized project activity as of December 31, 2012, CBAC reported that it had awarded two (2) A&E contracts and one (1) development contract. CBAC also reported that no construction contracts had been awarded by the end of calendar year 2012.

Rocky Gap Casino - Lakes Entertainment - Evitts Resort, LLC (Lakes)

The Allegany County VLT facility selected Kraus-Anderson Construction Company (Kraus) to handle the construction work associated with the Rocky Gap VLT facility. A pre-bid meeting was held on June 28, 2012 at the Rocky Gap VLT site. Actual work on the Allegany County VLT facility began in late November 2012, shortly after Kraus received bids on October 30, 2012. The existing lodge was renovated to include space for the new casino. The work includes expansion of the parking facilities surrounding the lodge. Replacement of the existing conference space will take place after the facility opens. The facility opened on May 22, 2013. The first MBE report was received from Lakes on December 14, 2012 as the project was just getting underway. As of December 31, 2012, no MBE payments had been reported.