

# Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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October 30, 2015

The Honorable Thomas V. Mike Miller, Jr.  
President of the Senate  
H-107 State House, State Circle  
Annapolis MD 21401

The Honorable Michael E. Busch  
Speaker of the House  
H-101 State House, State Circle  
Annapolis MD 21401

Dear President Miller and Speaker Busch:

In accordance with State Government Article §9-1A-34(a) of the Annotated Code of Maryland, the Maryland Lottery and Gaming Control Commission (MLGCC) through the Maryland Lottery and Gaming Control Agency (MLGCA), and in consultation with the Governor's Office of Minority Affairs, submits its Annual Report on Maryland Casinos ("Licensees") for Calendar Year 2014 ("Report"). This Report captures the operation and finances of the Licensees, crimes that occur within the communities surrounding the Licensees, and the attainment of minority business participation goals by the Licensees as well as their efforts to maintain those goals as specified under SG §9-1A-10(a)(1) and (2).

Enclosed is a copy of the MLGCC's Report for your review and consideration. If you would like additional information, please feel free to contact MLGCA Director Gordon Medenica at 410-230-8790.

Sincerely,

Kimberly Robertson Pannell  
Chair

Enclosure

c: Special Secretary Jimmy Rhee, Governor's Office of Minority Affairs  
Michael T. Richard, Deputy Chief of Staff, Governor's Office  
Commissioners, MLGCC  
Gordon Medenica, Director, MLGCA  
Gina M. Smith, Deputy Director/CFO  
Jaclyn L. Vincent, Assistant Director for Policy and Planning & Chief of Staff, MLGCA  
James B. Butler, Director of Legislative and Policy Affairs, MLGCA

**Kimberly Robertson Pannell, Chairman**

Diane L. McGraw, F. Vernon Boozer, George L. Doetsch, Jr., Bert J. Hash, Jr., John Morton, III, James J. Stakem



**MARYLAND LOTTERY AND GAMING**

# **Annual Report on Maryland Casinos Calendar Year 2014**

**In compliance with SG §9-1A-34(a)**

**October 30, 2015**

**Maryland Lottery and Gaming Control Commission**

**1800 Washington Boulevard, Suite 330, Baltimore, MD 21230**



## **Annual Report on Maryland Casinos – Calendar Year 2014 In compliance with SG §9-1A-34(a)**

### **BACKGROUND:**

In the 2008 general election, the voters of Maryland ratified a constitutional amendment authorizing slot machines in five locations in the state (Anne Arundel County, Baltimore City, Cecil County, Allegany County, and Worcester County). Upon approval of this constitutional amendment, the law became effective. Among other things, the gaming law added a new Title 9, Subtitle 1A to the State Government Article (SG) to provide a licensing and regulatory framework for casino operators and associated employees and contractors, and to specify the distribution of the proceeds from slot machine operations. From 2009 to 2012, five casino operator's licenses were awarded by the Video Lottery Facility Location Commission ("VLFLC").

In a 2012 referendum, voters approved a gaming expansion bill, allowing for table games in all Maryland casinos, as well as extended facility hours. The bill also allowed for a sixth casino in Prince George's County. SG§ 9-1A was amended to include this expansion and to specify the distribution of proceeds from table game operations. In December 2013, the VLFLC awarded the state's sixth and final casino operator's license.

The Maryland Lottery and Gaming Control Commission ("MLGCC"), with assistance from the Maryland Lottery and Gaming Control Agency ("MLGCA"), is responsible for all matters relating to regulation of the licensees. In this regulatory role, the MLGCC oversees all internal controls, auditing, security, surveillance, background investigation, licensing and accounting procedures for each of the facilities.

Currently, there are five casinos operating in Maryland: Hollywood Casino Perryville, located in Cecil County, opened in September 2010; Casino at Ocean Downs, located in Worcester County, opened in January 2011; Maryland Live Casino, located in Anne Arundel County, opened in June 2012; Rocky Gap Casino Resort, located in Allegany County, opened in May 2013; and Horseshoe Casino, located in Baltimore City, opened in August 2014. MGM National Harbor Casino, located in Prince George's County, is expected to open in in mid-2016.

This Annual Report covers the status, revenue reports, crime statistics, Minority Business Enterprise (MBE) outreach efforts, and MBE participation achievement for each casino during the specified reporting period.



## STATUS OF FACILITIES:

General statistical data on each casino as of December 31, 2014:

### **Hollywood Casino Perryville (Cecil County)** – Gaming & Leisure Properties, Inc.

- First casino to open in Maryland; opened to the public on September 27, 2010.
- In calendar year 2014, the casino generated \$82,936,610 in gaming revenue.
  - Slot machines: \$70,181,890
  - Table games: \$12,754,720
- 1,158 slot machines and 22 table games.
- Number of personnel employed by the facility: 352

### **Casino at Ocean Downs (Worcester County)** - Ocean Enterprises 589, LLC.

- The facility opened on January 4, 2011.
- In calendar year 2014, the casino generated \$51,809,525 in gaming revenue.
  - Slot machines: \$51,809,525
- 800 slot machines.
- Number of personnel employed by the facility: 231

### **Maryland Live! Casino (Anne Arundel County)** – Power Plant Entertainment Casino Resorts Maryland, LLC.

- The facility opened on June 6, 2012.
- In calendar year 2014, the casino generated \$655,726,355 in gaming revenue.
  - Slot machines: \$414,304,250
  - Table games: \$241,422,105
- 4,222 slot machines and 189 table games.
- Number of personnel employed by the facility: 2,998

### **Rocky Gap Casino Resort (Allegany County)** – Evitts Resort, LLC.

- The casino opened on May 22, 2013.
- In calendar year 2014, the casino generated \$43,710,330 in gaming revenue.
  - Slot machines: \$37,474,952
  - Table games: \$6,235,378
- 577 slot machines and 17 table games.
- Number of personnel employed by the facility: 475

### **Horseshoe Casino Baltimore (Baltimore City)** – CBAC Borrower, LLC.

- The casino opened on August 26, 2014.
- In calendar year 2014, the casino generated \$96,900,188 in gaming revenue.
  - Slot machines: \$55,023,401
  - Table games: \$41,876,787
- 2,500 slot machines and 147 table games.
- Number of personnel employed by the facility: 2,201

### **MGM National Harbor Casino (Prince George's County)** – MGM National Harbor, LLC.

- License awarded by the Video Lottery Facility Location Commission on December 23, 2013.
- The facility is expected to open in mid-2016.
- The facility will feature approximately 3,300 slot machines and 160 table games.
- Number of personnel expected to be employed by the facility: 4,000



**REVENUE:**

Total revenue generated by the gaming program since its inception in September 2010 (as of December 31, 2014):

<b>Disbursements</b>	<b>CY2014</b>	<b>Cumulative Total*</b>
Education Trust Fund	\$360,633,912	\$948,835,116
Casino Operators	\$464,186,320	\$846,905,237
Horse Racing Purse Dedication Account	\$42,329,209	\$121,299,549
Local Impact Grants	\$33,553,110	\$95,758,129
Racetrack Facility Renewal Account	\$8,653,730	\$31,520,181
MLGCA (for operational expenses)	\$12,575,880	\$35,395,570
Small, minority and women-owned businesses	\$9,150,848	\$26,115,853
<b>CASINO REVENUE TOTAL</b>	<b>\$931,083,017</b>	<b>\$2,105,829,635</b>
<i>*September 2010 through December 2014</i>		

**CRIME:**

Total crime statistics by casino for calendar year 2014:

<b>Compliance Category</b>	<b>Hollywood</b>	<b>Ocean Downs</b>	<b>Maryland Live!</b>	<b>Rocky Gap</b>	<b>Horseshoe</b>	<b>TOTAL</b>
Underage on Casino Floor	7	3	22	3	7	42
Intoxicated Patrons Evicted	28	45	41	17	37	168
Children Unattended in Vehicles	1	0	3	0	2	6
VEP Participant Trespassers	4	0	20	0	6	30
Physical Altercations	1	2	29	1	25	58
Theft/Robbery	16	34	98	40	35	223
Internal Theft	2	1	19	1	3	26
Drugs	1	2	9	0	4	16
<b>Totals By Casino</b>	<b>60</b>	<b>87</b>	<b>241</b>	<b>62</b>	<b>119</b>	<b>569</b>

**2014 Response Summary**

	<b>Hollywood</b>	<b>Ocean Downs</b>	<b>Maryland Live!</b>	<b>Rocky Gap</b>	<b>Horseshoe</b>	<b>TOTAL</b>
Police Response*	191	140	374	67	328	1100

\*These response statistics represent law enforcement agencies' responses to the casinos for certain incidences noted above, as well as other non-gaming related matters.

**MINORITY BUSINESS ENTERPRISE OUTREACH EFFORTS:**

Direct and indirect Minority Business Enterprise (MBE) Outreach Efforts for each casino during the reporting period from January 1, 2014 through December 31, 2014.

### **Hollywood Casino Perryville**

- Attended one minority business outreach Vendor fair for MBE/WBE vendors, where the casino was also an exhibitor.
- Assisted 10 vendors with help obtaining their Maryland Department of Transportation (MDOT) Certifications.
- Solicited and awarded a new marketing contract to an MBE vendor.
- Attended the MD Live! Casino Diversity Event where the casino was also an exhibitor.
- Located a diversity vendor to hire slot technicians to perform preventive and regular maintenance on slot machines procured for the casino.
- Communicated with 125 vendors that visited their table at a diversity event thanking them for their interest in the casino.
- Had one-on-one meetings and or telephone conversations with new vendors from the diversity event.
- In 2014, engaged the services of six (6) MDOT certified MBEs during the casino's ongoing operations phase.

### **Casino at Ocean Downs**

- Attended two minority business outreach vendor fairs for MBE/WBE vendors, where the casino was also an exhibitor.
- Utilized three new certified MBE vendors in 2014.
- Renewed relationship with MBE for the future casino expansion project.
- In 2014, engaged the services of nine (9) MDOT certified MBEs during the casino's ongoing operations phase.

### **Maryland Live! Casino**

- Hosted two minority business outreach vendor fairs for MBE/WBE vendors interested in doing business with casinos and other major companies.
- Developed a media plan for the vendor fair in which advertisements were placed in various newspapers alerting potential vendors to the various casino opportunities.
- Engaged in one-on-one meetings and/or telephone conversations with the MBE/WBE vendors to discuss doing business with the casino and their pricing.
- Hosted a minority marketing vendor fair with MBE/WBE vendors, in which vendors had a chance to display all of their marketing and promotional items to the various casinos' marketing groups.
- Attended small business fairs/expos in search of MBE/WBE vendors.
- Issued a Marketing Request for Proposal (RFP), utilizing MDOT's database to help identify MBE/WBE vendors, and solicited over 100 MBE vendors to submit bids to the RFP.
- Participated in two diversity events discussing the casino's commitment to diversity.
- Hosted a Networking Mixer for the West Anne Arundel County Chamber of Commerce (WAACCC) and the Anne Arundel County Minority Business Committee.
- Joined the WAACCC and became a member of its Minority Business Committee.
- Attended and participated in the Maryland Washington Minority Companies Association, Inc. Spring Breakfast Expo.
- In 2014, engaged the services of seventeen (17) MDOT certified MBEs during the casino's ongoing operations phase.

### **Rocky Gap Casino Resort**

- Attended one minority business vendor fair/expo where MBE vendors showcased their products and services.
- Engaged in one-on-one meetings and/or telephone conversations with MBE vendors to discuss doing business with the casino as well as their pricing.
- In 2014, engaged the services of nine (9) MDOT certified MBEs during the casino's ongoing operations phase.



### **Horseshoe Casino Baltimore**

- Attended five minority business outreach vendor fairs/diversity expos where MBE vendors showcased their products and services, and where the casino was also an exhibitor.
- Hosted four information sessions for specific goods and services categories to inform potential MBE/WBE vendors interested in doing business with the casino and Caesars Entertainment.
- Hosted two training sessions to educate local businesses on using the Caesars' Ariba Procurement Network.
- Issued seven RFPs for various services at the casino, ensured MBE/WBE vendor inclusion as part of these RFPs, and awarded seven contracts to MBE vendors.
- Leased space within the casino to a minority business to market its goods as well as the goods of other minority businesses.
- In 2014, engaged the services of ninety (90) MDOT certified MBEs during the casino's construction phase and nine (9) MDOT certified MBEs during the casino's ongoing operations phase.

### **MGM National Harbor Casino**

- Hosted one career fair event for vendors and individuals interested in doing business with and/or seeking employment with MGM National Harbor.
- Hosted five vendor pre-bid outreach events for contractors interested in building the MGM National Harbor Casino project.
- Attended three minority business outreach vendor fairs for MBE/WBE vendors, where the casino was also an exhibitor.
- Engaged in one-on-one meetings and/or telephone conversations with MBE vendors to discuss doing business with MGM National Harbor.
- Updated the MGM National Harbor database for interested vendors to register and complete a vendor profile.
- Continued ongoing messaging channels via website postings and email blasts of outreach sessions and bid packages to community organizations and local partners alerting vendors about doing business with MGM National Harbor.
- Utilized online research, the MDOT database, and the local Prince George's County certified database to identify vendors.
- Finalized location selection for the Community Resource Center where residents can register for the Maryland Workforce Exchange as well as obtain guidance for employment opportunities or career path within the Prince George's County Workforce Development system.
- Recognized by Prince George's County as a valuable participant in its 2014 Connection Forum.
- Hosted three webinar sessions for Hispanic owned businesses interested in business opportunities on the MGM National Harbor Casino project.
- Participated in four Matchmaking and Procurement events in which Prince George's County MBEs are matched with prime contractors/vendors.
- Showcased over 30 Prince George's County artists to help identify local talent for collaboration on commissioned artwork projects throughout the MGM National Harbor Resort, and assisting them in obtaining their MDOT/PGC MBE certifications.
- In 2014, engaged the services of 59 MDOT certified MBEs during the casino's architectural and engineering phase and the construction and development phase.





GOVERNOR'S OFFICE OF  
MINORITY AFFAIRS

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

**Prepared by the Governor's Office of Minority Affairs  
Jimmy Rhee, Special Secretary**

**September 30, 2015**

## **GOMA's Review Process and Reporting Information**

Licensees submit monthly facility expenditure data reports to Governor's Office of Minority Affairs (GOMA). The expenditure data comes from various reports generated directly from the Licensee's financial systems including check register reports. GOMA also receives MBE payment reports directly from the MBE firms. Both the Licensees and the MBE firms submit monthly payment data. The Licensees' expenditure data and the MBE payment data provided are reported under the appropriate Expense Classification to be properly evaluated to the corresponding MBE participation goal. Only those MBE payment amounts that are verified by payment reports submitted to GOMA directly by the MBE firms are included in this report.<sup>1</sup> Any MBE payment not verified by the report's closing date will be reflected as part of a restatement in a subsequent report. For purposes of this report, the closing date is September 30, 2015.

The Commission, in consultation with GOMA, has approved a list of expenditures to be excluded from the Licensee's total expenditure amounts. A determination of the allowed exclusions from each Licensee's expenditures reports was made by GOMA based on the Licensee's description of the products or services. A list of current approved exclusions is attached hereto as Exhibit B.

## **MBE PARTICIPATION ACHIEVEMENT**

This report includes information regarding the following Licensees: (1) Hollywood Casino Perryville (Hollywood Casino); (2) Casino at Ocean Downs (Ocean Downs); (3) Maryland Live Casino (Maryland Live); (4) Rocky Gap Casino Resort (Rocky Gap); (5) Horseshoe Baltimore Casino (Horseshoe); and (6) MGM National Harbor (MGM).

### **Hollywood Casino Perryville**

Hollywood Casino is located in Cecil County. The facility opened on September 27, 2010. Hollywood Casino features slot machines, table games, restaurants and parking facilities.

The activity in calendar year 2014 related to the following Expense Classifications: Operations Phase and VLT/Table Game Equipment Phase.

The facility's MBE achievement for Ongoing Operations Phase (excluding the purchase of VLT/Table Games) for calendar year 2014 is as follows:

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<sup>1</sup> Consistent with Maryland law, only those firms certified by the Maryland Department of Transportation as MBE firms can be counted towards meeting the MBE participation goal.

## HOLLYWOOD CASINO PERRYVILLE

Ongoing Operations 01/01/14 - 12/31/14

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 6,332,120	\$ 320,385	5.06%

### Table Games & Slots 01/01/14 - 12/31/14

Minority Classification	Total Payments
Overall	\$ 91,037

### Casino at Ocean Downs

Ocean Downs opened on January 4, 2011. The facility is located at the Ocean Downs Racetrack in Worcester County.

The activity in calendar year 2014 for Ocean Downs related to the following Expense Classifications: A&E Phase<sup>2</sup> and Operations Phase.

The facility's MBE achievement for A&E and Ongoing Operations Phase for calendar year 2014 is as follows:

### CASINO AT OCEAN DOWNS

A&E (Casino Expansion) 01/01/14 - 12/31/14

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 737,555	\$ 89,490	12.13%

### Ongoing Operations 01/01/14 - 12/31/14

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 6,555,087	\$ 700,229	10.68%

### Maryland Live Casino

Maryland Live, located in Hanover's Arundel Mills commercial district, opened on June 6, 2012. This facility features slot machines, table games, a live music venue, several restaurants and parking facilities.

The activity in calendar year 2014 included in this report relates to the following Expense Classifications: Operations Phase, Construction Phase (cumulative from the beginning of the project to its completion), and VLT/Table Game Equipment Phase.

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<sup>2</sup> Ocean Downs has begun the initial phase of constructing a building that will be connected to the casino.



The facility's MBE achievement for Ongoing Operations Phase (excluding the purchase of VLT/Table Games) for calendar year 2014 is as follows:

### MARYLAND LIVE CASINO

#### Ongoing Operations 01/01/14 - 12/31/14

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 82,943,029	\$ 14,048,209	16.94%

#### Construction Related (Cumulative) 01/01/09 - 12/31/13

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 247,034,318	\$ 63,380,115	25.66%

#### Table Games & Slots 01/01/14 - 12/31/14

Minority Classification	Total Payments
Overall	\$ 2,117,923

### Rocky Gap Casino Resort

Rocky Gap, located in Cumberland, opened on May 22, 2013. This facility features slot machines, table games, restaurants, a hotel, a golf course and an expanded convention center.

The activity in calendar year 2014 relate to the Operation Phase. Also shown are the Operations Phase for 2013 that was not previously reported.

### ROCKY GAP CASINO RESORT

#### Ongoing Operations 01/01/14 - 12/31/14

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 6,915,437	\$ 81,644	1.18%

#### Revised - Ongoing Operations 06/01/13 - 12/31/13

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 4,227,606	\$ 41,506	0.98%

### Horseshoe Baltimore Casino

On July 21, 2012, the Video Lottery Facility Location Commission awarded a VLT license to CBAC Gaming, LLC. The Baltimore City facility, which opened on August 26, 2014, includes slot machines, table games, live music venue, restaurants, and parking facilities.

The activity in calendar year 2014 related to the following Expense Classifications: the Development Phase (reported with Construction Phase), the A&E Phase, the Pre-Opening Phase (reported with Construction Phase), the Construction Phase and VLT Table/Game Equipment Purchase. In addition, the A&E Phase and the Construction Phase are shown with cumulative data from the beginning of the project through 2014.

### **HORSESHOE CASINO BALTIMORE**

#### **Architectural & Engineering 01/01/13 - 12/31/14**

Minority Classification	Total Payments	MBE Payments	MBE Participation Goal	MBE Participation
Overall	\$ 28,044,405	\$ 288,307	22%	1.03%
African American		\$0	6%	0.00%
Hispanic-American		\$0	2%	0.00%
Women		\$ 288,307	9%	1.03%

#### **Architectural & Engineering 01/01/14 - 12/31/14**

Minority Classification	Total Payments	MBE Payments	MBE Participation Goal	MBE Participation
Overall	\$ 3,523,648	\$ 199,081	22%	5.65%
African American		\$0	6%	0.00%
Hispanic-American		\$0	2%	0.00%
Women		\$ 199,081	9%	5.65%

#### **Construction Related 01/01/13 - 12/31/14**

Minority Classification	Total Payments	MBE Payments	MBE Participation Goal	MBE Participation
Overall	\$ 217,916,971	\$ 76,435,403	24%	35.08%
African American		\$ 36,442,352	7%	16.72%
Asian-American		\$ 1,551,749	4%	0.71%

#### **Construction Related 01/01/14 - 12/31/14**

Minority Classification	Total Payments	MBE Payments	MBE Participation Goal	MBE Participation
Overall	\$ 184,183,126	\$ 66,222,746	24%	35.95%
African American		\$ 33,880,331	7%	18.39%
Asian-American		\$ 633,224	4%	0.34%

#### **Ongoing Operations 08/26/14 - 12/31/14**

Minority Classification	Total Payments	MBE Payments	MBE Participation Goal	MBE Participation
Overall	\$ 16,065,196	\$ 2,979,114	24%	18.54%

#### **Table Games & Slots 01/01/14 - 12/31/14**

Minority Classification	Total Payments
Overall	\$ 43,114,138

## **MGM National Harbor**

On December 23, 2013, the Video Lottery Facility Location Commission awarded a VLT license to MGM National Harbor, LLC (MGM). The proposed facility, located in Prince George's County, will include slot machines, table games, hotel, restaurants, retail, and entertainment venues.

Since the 2013 activity was not reported in the previous report, it is now included with the activity in calendar year 2014 as a restatement. The activities in 2013 and 2014 are related to

the following Expense Classifications: A&E Phase, Development Phase (reported with Construction Phase), and Construction Phase.

### MGM NATIONAL HARBOR

#### Architectural & Engineering 01/01/13 - 12/31/14

Minority Classification	Total Payments	MBE Payments	MBE Participation Goal	MBE Participation
Overall	\$25,594,121	\$7,962,465	19%	31.11%
African American		\$1,256,129	6%	4.91%
Hispanic-American		\$3,612,378	2%	14.11%
Women		\$1,434,619	9%	5.61%

#### Construction Related 01/01/13 - 12/31/14

Minority Classification	Total Payments	MBE Payments	MBE Participation Goal	MBE Participation
Overall	\$72,423,720	\$16,692,627	26%	23.05%
African American		\$9,595,634	7%	13.25%
Asian-American		\$7,866	4%	0%