

# Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



Montgomery Park Business Center  
1800 Washington Blvd., Suite 330  
Baltimore, Maryland 21230

Tel: 410-230-8800  
TTY users call Maryland Relay  
www.mdlottery.com

April 3, 2019

The Honorable Larry Hogan  
Governor of Maryland  
State House, 100 State Circle  
Annapolis MD 21401

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

Re: Report Required by State Government Article §9-1A-34(a) (MSAR # 10894)

Dear Gentlemen:

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 Small, Minority & Women Business Affairs (GOSBA), submits its Annual Report on Maryland Casinos ("Licensees") for Calendar Year 2017 ("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,

E. Randolph Marriner  
Commission Chair

Enclosure

c: Special Secretary Jimmy Rhee, GOSBA  
Stephen E. Schatz, Deputy Chief of Staff, Governor's Office  
Commissioners, MLGCC  
Gordon Medenica, Director, MLGCA  
Gina M. Smith, Deputy Director/CFO, MLGCA  
James B. Butler, Managing Director, Organizational Compliance, MLGCA  
Sarah Albert, Department of Legislative Services (5 copies)

E. Randolph Marriner, Chair

F. Vernon Boozer, George L. Doetsch, Jr., Michelle Fager, Bert J. Hash, Jr., James J. Stakem

**MARYLAND  
AND GAMING**



**LOTTERY**

# **Annual Report on Maryland Casinos Calendar Year 2017**

**In compliance with SG §9-1A-34(a)**

**April 5, 2019**

**Maryland Lottery and Gaming Control Commission**

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



## **Annual Report on Maryland Casinos – Calendar Year 2017 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.

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. Maryland's Video Lottery Facility Location Commission awarded the state's sixth and final casino operator's license in December 2013.

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 licensee. In this regulatory role, the MLGCC oversees all internal controls, auditing, security, surveillance, background investigation, licensing and accounting procedures for each of the facilities.

As of December 31, 2017, there were six casinos operating: Hollywood Casino Perryville, which opened in September 2010; Ocean Downs Casino, which opened in January 2011; Live! Casino, which opened in June 2012; Rocky Gap Casino Resort, which opened in May 2013; Horseshoe Casino Baltimore, which opened in August 2014; and MGM National Harbor, which opened in December 2016.

This Annual Report covers the licensee status, revenue reports, crime statistics, MBE outreach efforts, and MBE participation achievement for each casino during the reporting period January 1, 2017 through December 31, 2017.

### **STATUS OF FACILITIES:**

General statistical data on each casino as of December 31, 2017:

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

- The casino opened to the public on September 27, 2010, becoming Maryland's first casino.
- In calendar year 2017, the casino generated \$74,337,371 in gaming revenue.
  - Slot machines: \$63,707,085

- Table games: \$10,630,286
- 822 slot machines and 21 table games
- Number of personnel employed by the facility: 299

**Ocean Downs Casino (Worcester County) – Churchill Downs, Inc./Saratoga Casino Holdings, LLC**

- The facility opened on January 4, 2011 and launched table games for the first time on December 29, 2017.
- In calendar year 2017, the casino generated \$61,019,442 in gaming revenue.
  - Slot machines: \$60,965,490
  - Table games: \$53,952
- 853 slot machines and 10 table games
- Number of personnel employed by the facility: 258

**Live! Casino (Anne Arundel County) – PPE Casino Resorts Maryland, LLC**

- The facility opened on June 6, 2012.
- In calendar year 2017, the casino generated \$544,992,891 in gaming revenue.
  - Slot machines: \$354,297,449
  - Table games: \$190,695,442
- 3,868 slot machines and 186 table games
- Number of personnel employed by the facility: 2,535

**Rocky Gap Casino Resort (Allegany County) – Golden Entertainment, Inc.**

- The casino opened on May 22, 2013.
- In calendar year 2017, the casino generated \$53,808,925 in gaming revenue.
  - Slot machines: \$46,026,283
  - Table games: \$7,782,642
- 665 slot machines and 17 table games
- Number of personnel employed by the facility: 319

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

- The casino opened on August 26, 2014.
- In calendar year 2017, the casino generated \$271,550,568 in gaming revenue.
  - Slot machines: \$156,087,809
  - Table games: \$115,462,759
- 2,202 slot machines and 177 table games
- Number of personnel employed by the facility: 1,285

**MGM National Harbor (Prince George’s County) – MGM National Harbor, LLC**

- The facility opened on December 8, 2016.
- In calendar year 2017, the casino generated \$608,627,387 in gaming revenue.
  - Slot machines: \$318,584,995
  - Table games: \$290,042,392
- 2,851 slot machines and 173 table games
- Number of personnel employed by the facility: 2,484

**REVENUE:**

Total revenue generated by the gaming program in calendar year 2017:

<b>DISBURSEMENTS</b>	<b>CALENDAR YEAR 2017</b>
Small, minority and women-owned businesses	\$7,187,940
General Fund	\$7,465,359
Racetrack Facility Renewal Account	\$9,538,251
MLGCA (for operational expenses)	\$10,222,507
Local Impact Grants	\$53,386,641
Local Jurisdictions	\$30,733,352
Horse Racing Purse Dedication Account	\$58,386,641
Education Trust Fund	\$480,658,585
Casino Operators	\$956,183,041
<b>CASINO REVENUE TOTAL</b>	<b>\$1,613,762,317</b>

**CRIME:**

Total crime statistics by casino for calendar year 2017:

<b>COMPLIANCE CATEGORY</b>	<b>Hollywood Casino</b>	<b>Ocean Downs</b>	<b>Maryland Live!</b>	<b>Rocky Gap</b>	<b>Horseshoe Baltimore</b>	<b>MGM</b>	<b>TOTAL</b>
Excluded persons in casino (VEP)	16	0	70	1	31	84	<b>202</b>
Internal Theft	2	1	11	0	21	16	<b>51</b>
Intoxicated patrons evicted	6	3	23	6	0	13	<b>51</b>
Physical altercations	8	3	64	5	31	72	<b>183</b>
Theft/Robbery	21	70	118	70	49	140	<b>468</b>
Unattended children/vulnerable adults	0	0	2	0	1	0	<b>3</b>
Underage - False ID	0	0	0	0	2	3	<b>5</b>
Underage - Gambling and/or alcohol	1	0	14	0	5	9	<b>29</b>
Underage - No Violation	0	0	5	0	5	3	<b>13</b>
Underage - Violation	1	0	18	0	8	17	<b>44</b>
<b>TOTALS BY CASINO</b>	<b>55</b>	<b>77</b>	<b>325</b>	<b>82</b>	<b>153</b>	<b>357</b>	<b>1049</b>

**2017 RESPONSE SUMMARY:**

	<b>Hollywood</b>	<b>Ocean Downs</b>	<b>Maryland Live!</b>	<b>Rocky Gap</b>	<b>Horseshoe</b>	<b>MGM</b>	<b>TOTAL</b>
Police Response*	69	164	384	30	726	135	<b>1508</b>

\*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:**

Casino staff's direct and indirect Minority Business Enterprise (MBE) outreach efforts undertaken during the reporting period from January 1, 2017 through December 31, 2017.

### **Hollywood Casino Perryville**

- Attended two minority outreach events at MD Live! where the casino was also exhibitor.
- Engaged in one-on-one meetings, either by phone or in person, with MBE vendors regarding new business opportunity.
- Spoke with or had e-mail conversations with twenty-five (25) vendors acquainted with minority outreach events.
- Issued Requests for Proposals (RFP) for Marketing Services, specifically soliciting MBE marketing vendors acquainted with minority business outreach vendor fairs.
- Identified certified MBE vendors through Maryland Department of Transportation's (MDOT) database to assist in our search for vendors with goods and services needed for our ongoing operations.
- In 2017, engaged the services of twenty (20) MDOT certified MBE vendors during the casino's ongoing operations phase, two of whom were new vendors for the casino.

### **Casino at Ocean Downs**

- Attended the 14th Annual Maryland Washington Minority Companies Association (MWMCA) Spring Breakfast Meeting & Business Showcase Expo where the casino was an exhibitor, and also placed an advertisement in MWMCA's program.
- Continued our relationship with a MBE vendor for steel fabrication services on the casino's expansion project, and developed a relationship with a MBE subcontractor on the same project.
- In 2017, engaged the services of 6 (six) MDOT certified MBE vendors during the casino's ongoing operations phase.

### **Live! Casino**

- Hosted two (2) Minority Business Vendor Fairs for MBEs interested in doing business with casinos and other major companies.
- Engaged in one-on-one meetings and /or telephone conversations with MBE vendors to discuss doing business with the casino and their pricing.
- Attended Small Business Fairs/Expos in search of MBEs vendors.
- Issued a RFP for Marketing Services and solicited over one hundred (100) MBE vendors utilizing MDOT's database.
- Participated in two (2) Diversity events discussing the casino's commitment to diversity.
- Continued membership in the West County Chamber of Commerce and the Anne Arundel County Minority Business Committees.
- Attended the 14<sup>th</sup> Annual MWMCA Spring Breakfast Meeting & Business Showcase Expo, where the casino was a major sponsor and exhibitor.
- Celebrated and honored ten (10) local Black heroes and leaders as part of the casino's 2017 Black History Month recognition ceremony.
- Attended the Kunta Kinte Heritage Festival as a sponsor.
- Attended the following community events as a sponsor: Latino Fest, Fiesta DC, Korus Festival, Vet Fest, and the Miss Asian Pacific American Pageant.
- In 2017, engaged the services of twenty-five MDOT certified MBE vendors during the casino's ongoing operations phase, six (6) of whom were new vendors for the casino.

### **Rocky Gap Casino Resort**

- Attended two MBE outreach events at Maryland Live.
- Attended the MBE/WBE Vendor Fair at Horseshoe Casino.
- Participated as a panelist and attended the Governor's Understanding Small Procurement Forum.
- Attended GOSBA's Small Business Roundtable at Frostburg State University.
- Solicited MBE vendors for the casino's upcoming expansion project.
- Increased overall MBE spend by approximately 12% from the prior year.
- In 2017, engaged the services of thirteen (13) MDOT certified MBE vendors during the casino's ongoing operations phase, six (6) of whom were new vendors for the casino.

### **Horseshoe Casino**

- Hosted an outreach event at the casino with over 100 MBEs in attendance under the auspices of MWMCA's Diverse Vendor Information & Matchmaker Fair where MBE's were invited to meet with managers as well as our Prime Suppliers for upcoming business opportunities.
- Participated as an exhibitor and attended five (5) Minority Outreach Vendor Fairs and Diversity Expos where MBE vendors showcased products and services.
- Attended eight (8) minority vendor meetings, events or conferences where MBE vendors were in attendance and the casino explained the various casino business opportunities to vendors.
- Hosted the Baltimore City Chamber of Commerce breakfast with Baltimore City's Mayor, where MBE vendors were in attendance.
- Conducted numerous one-on-one meetings and site visits with MBE vendors to discuss doing business with the casino.
- Encouraged interested vendors to register their business on our national database and complete a vendor profile that is used by Horseshoe's procurement and sourcing professionals across the country.
- Continued evaluating current MBE vendors to identify exceptional performers that could be offered national contracts or awarded additional business under existing contracts, achieving increased spending with seven (7) of our current MBE suppliers.
- On a quarterly basis, analyzed our current list of vendors against Horseshoe's national diversity databases to identify other minority businesses and encouraged all current MBE suppliers that are not MDOT certified to become certified.
- Issued 15 formal invitations to bid on current RFPs at the local and national levels.
- In 2017, engaged the services of forty-one (41) MDOT certified MBE vendors during the casino's ongoing operations phase, twelve (12) of whom were new vendors for the casino.

### **MGM National Harbor**

- Hosted and/or participated in six (6) Outreach Sessions to meet with MBEs and discuss opportunities to contract with MGM National Harbor.
- Conducted and engaged in two (2) Business-to-Business Matchmaking events.
- Engaged over one hundred (100) one-on-one meetings and telephone conversations with prime vendors and MBEs.
- Utilized MDOT's database to search for certified MBEs for bid opportunities.
- Attended the Prince George's Southern County Chamber of Commerce's State of the Chamber Meeting to engage MBEs about contracting opportunities.
- In 2017, engaged the services of sixth-two (62) MDOT certified MBE vendors during the casino's ongoing operations phase.







CHANGING  
**Maryland**  
*for the Better*

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**Governor's Office of  
Small, Minority & Women  
Business Affairs**

**Video Lottery Terminals (VLT) Facilities**

**MBE Compliance Status Report**

**Prepared by the Governor's Office of Small, Minority & Women  
Business Affairs**

**Jimmy Rhee, Special Secretary**

**April 5, 2019**

Review Process and Reporting Information

Licensees submit monthly facility expenditure data reports to Governor’s Office of Small, Minority & Women Business Affairs (GOSBA). The expenditure data comes from various reports generated directly from the Licensee’s financial systems including check register reports. GOSBA 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 GOSBA 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.

The Commission, in consultation with GOSBA, 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 GOSBA 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) Live Casino & Hotel (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 2017 related to the following Expense Classifications: Operations Phase and VLT/Table Game Equipment Phase.

The facility’s MBE achievement for the Ongoing Operations Phase (excluding the purchase of VLT/Table Games) for calendar year 2017 is as follows:

**HOLLYWOOD CASINO PERRYVILLE**

**Ongoing Operations 01/01/17 - 12/31/17**

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 4,568,886	\$ 694,778	15%

**Table Games & Slots 01/01/17 - 12/31/17**

Minority Classification	Total Payments
Overall	\$ 2,154,617

<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.

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 2017 for Ocean Downs related to the following Expense Classifications: A&E Phase<sup>2</sup>, VLT/Table Game Equipment Phase, Construction Phase and Operations Phase.

The facility's MBE achievement for A&E, Construction and Ongoing Operations Phase (excluding the purchase of VLT/Table Games) for calendar year 2017 is as follows:

**CASINO AT OCEAN DOWNS**

**Ongoing Operations 01/01/17 - 12/31/17**

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 5,806,464	\$ 870,944	15%

**Table Games & Slots 01/01/17 - 12/31/17**

Minority Classification	Total Payments
Overall	\$ 11,382,134

**A&E (Casino Expansion) 01/01/17 - 12/31/17**

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 578,264	\$ -	0%

**Construction (Casino Expansion) 01/01/17 - 12/31/17**

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 3,342,511	\$ 866,050	26%

Live Casino & Hotel

Live Casino & Hotel, 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 2017 included in this report related to the following Expense Classifications: Operations Phase and VLT/Table Game Equipment Phase.

The facility's MBE achievement for the Ongoing Operations Phase (excluding the purchase of VLT/Table Games) for calendar year 2017 is as follows:

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<sup>2</sup> Ocean Downs has completed construction expanding the casino for table games and a conference area.

**LIVE CASINO & HOTEL**  
**Ongoing Operations 01/01/17 - 12/31/17**

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 73,866,433	\$ 10,951,639	15%

**Table Games & Slots 01/01/17 - 12/31/17**

Minority Classification	Total Payments
Overall	\$ 18,012,795

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 2017 included in this report related to the following Expense Classifications: Operations Phase and VLT/Table Game Equipment Phase.

The facility's MBE achievement for the Ongoing Operations Phase (excluding the purchase of VLT/Table Games) for calendar year 2017 is as follows:

**ROCKY GAP CASINO RESORT**  
**Ongoing Operations 01/01/17 - 12/31/17**

Minority Classification	Total Payments	MBE Payments	MBE Participation
Rocky Gap - Casino	\$ 2,329,890	\$ 541,985	23%

**Table Games & Slots 01/01/17 - 12/31/17**

Minority Classification	Total Payments
Overall	\$ 6,506,549

Horseshoe Baltimore Casino

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 2017 related to the Ongoing Operation Phase (excluding the purchase of VLT/Table Games).

**HORSESHOE BALTIMORE CASINO**  
**Ongoing Operations 01/01/17 - 12/31/17**

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 23,209,340	\$ 3,608,708	16%

**Table Games & Slots 01/01/17 - 12/31/17**

Minority Classification	Total Payments
Overall	\$ 7,666,823

**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.

The activities in 2017 are related to the following Expense Classifications: Ongoing Operation (excluding the purchase of VLT/Table Games), A&E Phase Casino Expansion and Construction Phase Casino Expansion.

**MGM NATIONAL HARBOR**  
**Ongoing Operations 01/01/17 - 12/31/17**

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 32,384,256	\$ 7,304,383	23%

**Table Games & Slots 01/01/17 - 12/31/17**

Minority Classification	Total Payments
Overall	\$ 26,203,219

**A&E (Casino Expansion) 01/01/17 - 12/31/17**

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 1,401,605	\$ 85,997	6%

**Construction (Casino Expansion) 01/01/17 - 12/31/17**

Minority Classification	Total Payments	MBE Payments	MBE Participation
Overall	\$ 1,367,385	\$ 257,932	19%

**Exhibit A**  
**EXPENSE CLASSIFICATIONS**

**Development Phase**

*All expenses related to the casino development paid prior to the Architectural/Engineering and Construction Phases including, without limitation, the following:*

- Obtain planning approvals, environmental approvals and other governmental approvals
- Engage consulting services relating to new project (e.g., attorney's fees, accounting firms, title firms, etc.)
- Select architecture and engineering firm.
- Select construction manager or prime contractor.
- Consultants engaged for purposes of responding to the Request for Proposals for the VLT license
- Obtain Insurance bonding

NOTE: For review and evaluation of MBE participation, this Phase is reported with the Construction Phase.

**Architecture and Engineering (A&E) Phase**

*All work performed by the architect's team (including all sub-consultants) during design, construction and close-out, including, without limitation, the following:*

- Pre-design phase
- Schematic Design phase (includes conceptual site plans, preliminary building plans, sections, elevations and/or other drawings).
- Design Development phase (includes further development of the floor plans, sections, elevations, typical construction details, and equipment layouts and development of specifications for major building materials and systems).
- Construction Documentation phase (includes floor plans, enlarged plans, wall sections, ceiling plans, power/communication plans, finish plans, elevations, details and written specifications to further establish the quality levels of materials and systems required for the project).
- Oversight during construction phase and close-out
- Commissioning

### **Construction Phase**

*All work performed by the owner, construction manager, prime contractor and their subcontractors for the construction of the new casino facility and close-out, including, without limitation, the following:*

- Solicit and review construction bids
- Construct new building structures and installation of building systems and major equipment, site preparation, utilities, and related outside construction, and installation of major equipment such as electrical, mechanical, fire detection, plumbing, security, and audio visual.
- Install of interior/exterior signage.
- Perform landscaping services.
- Obtain building and other permits as required.
- Manage change orders.
- Negotiate certificates of substantial completion.
- Manage construction close out.

### **Pre-Opening Operation Phase**

*All operations expenses paid prior to opening date including, without limitation, the following:*

- Initiate marketing for new facility
- Food and beverages
- Conduct open house for community participants, press, etc.
- Supplies (e.g., janitorial, office)
- Computer equipment and software
- Transportation Vehicle
- Uniforms
- Furniture, Fixtures and Equipment (excluding VLT Machines and table games equipment)
- Cashiering and count room equipment
- Smallwares and Equipment

NOTE: For review and evaluation of MBE participation, this Phase is reported with the Construction Phase.

### **On-Going Operations Phase**

*Operations expenses paid from opening date. Examples of these expenses include the following:*

- Marketing and public relation events
- Pest Control
- Janitorial Services
- Maintenance of the facility and its systems (e.g., electrical, mechanical, HVAC, computer, communications, A/V, security)
- Renovations
- Supplies (e.g., office/janitorial)
- Ongoing replacement/maintenance of VLT/table game equipment
- Ongoing consulting services related to Casino operations (e.g., IT, attorneys, accountants, security)
- Services or supplies related to food service and retail operations controlled by licensee (not through lease agreements).
- Uniforms

### **Video Lottery Terminal (VLT)/Table Game Equipment Phase**

*Expenses paid related specifically to the purchase of VLT and table game equipment. Examples of these expenses include the following:*

- Purchase of Video Lottery Terminal Machines
- Purchase of Table Games and equipment
- Transport gaming equipment to Casino facility
- Maintenance and Service of gaming equipment
- Warehouse and storage of gaming equipment



**Exhibit B (as of 9/5/14)**

<b>Exclusions</b>	<b>Description</b>
Federal/State/Local Payments	This exemption includes all payments made to governmental entities including taxes, VLT license fees, alcohol permit and fees, etc.
Public Utilities (Ground, Water, Sewage, Electricity, Telephone (Local and Long Distance), and Natural Gas)	This exemption includes utility expenses paid to regulated utilities such as electricity, natural gas and metered water. It includes energy choice electric and gas vendors. It includes local and long distance carriers. It does not include other utility-type expenses such as purchase of propane gas, cable, cell phone services, television, and internet services. These other expenses are not excluded costs and are subject to MBE requirements.
Licensee only - Employee Wages, Benefits, Expense Reimbursement	This exemption includes all expenses paid for core payroll benefits such as salaries, insurance (e.g., health, workers' compensation, life), retirement plans and profit-sharing plans for employees. It also includes all reimbursements made directly to employees. All other employee-related costs paid to third parties (e.g. relocation costs, training and travel) are not excluded costs and are subject to MBE requirements.
Professional Association and Union Fees	This exemption includes all membership fees paid by the licensee for professional associations. It includes both association fees and union dues for the licensee and its employees.
Banking Services (Loan Fees, Principal and Interest)	This exemption only includes fees for loan servicing including interest. Other banking fees such as credit card, general banking, ATM, and cash handling are not excluded costs and are subject to MBE requirements.
Individual Engagement Fees for Talent and Professional Sport Figures	For purposes of this exemption, talent includes musicians, bands, and all types of artists of any medium.
Professional Sport Teams - Sponsorships and Membership Fees	This exemption includes advertisement, seats to events, and other sponsorship-type activities as long as payment is made directly to the professional sport team or stadium/sport facility owner (e.g. Maryland Stadium Authority).
Brand Licensing Fees	This exemption includes licensing fee for brands and other intellectual property rights such as music streaming fees.
Charitable and Non-Profit Donations	This exemption includes payments made to charitable and non-profit entities.

Political Contributions	All political contributions are exempt.
Payments for Legal Settlements, Claims and Judgments	This exemption includes fees paid to the court or entities/individual to settle legal claims. It also includes payments made for garnishments.
Contingency Fund	For the initial construction of the facility or any significant construction project, the general contingency fund will not be included for goal setting purposes only. Any expenditure made from the contingency fund will be subject to MBE requirements.
Purchase Price for Real Estate , Lease Payments	This exemption includes all real estate transactions and real estate leases. Allowances paid under real estate leases are also excluded.
Other	Any other exclusion approved by the Lottery Commission.