



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**

**October 16, 2012**

Pursuant to State Government Title 9 and subtitle 1A, 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 three currently active VLT facilities. The previous report submitted by GOMA to the Maryland Lottery and Gaming Control Agency (Lottery) dated January 31, 2012, included VLT MBE activity through November 30, 2011. This report includes:

- a. MBE payment activity for the Cecil County and Worcester County facilities covering the seven month period since the last report, i.e., from December 1, 2011 through June 30, 2012, for ongoing operations;
- b. Cumulative MBE payment activity for ongoing operations at the Cecil County and Worcester County facilities through June 30, 2012; and
- c. MBE subcontract awards and MBE payment activity through June 30, 2012 for the design, development, construction, and startup operations of the recently opened Anne Arundel County facility.

For the expenditure data reported by each licensee, certain exemptions were taken into account to arrive at the total expenditure figures used to calculate the MBE percentages in the charts below. The nature and scope of the allowed exemptions are described and listed in the VLT MBE Compliance report issued in January, 2012. Each licensee's total project expenditure data was obtained from reports generated directly from the licensee's financial accounting system and all MBE payment amounts reflected in this report are documented by monthly payment reports submitted directly to GOMA by the MBEs.

*To comply with established constitutional standards and Maryland law, the Maryland Lottery and Gaming Control Commission, in consultation with the Office of the Attorney General and GOMA, is in the process of setting separate goals and subgoals, where appropriate, for each VLT facility and, where appropriate, for separate contracts of significant duration, scope and size entered into by awardees and licensees. The goals will be based on the work proposed and the availability of MBEs to perform that work, as is done for State contracts.*

### **Penn National Gaming– Hollywood Casino (PNG)**

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

The following chart summarizes PNG's MBE achievement based on payments to MBEs for the seven month period beginning December 1, 2011:

**ONGOING OPERATIONS (12/1/11 – 6/30/12)**

Minority Classification	MBE Payments	MBE Participation
Overall	\$374,584.04	6.18%
African American	\$60,232.96	0.99%
Women	\$165,670.15	2.73%
Other MDOT certified	\$148,680.93	2.45%

Over the seven month period, total ongoing operations expenditures were \$6,062,189.87 based on accounting reports submitted by PNG. PNG engaged the services of 15 MBE firms during this seven month period.

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

**ONGOING OPERATIONS (3/1/11 – 6/30/12)**

Minority Classification	MBE Payments	MBE Participation
Overall	\$966,496.64	6.16%
African American	\$85,050.74	0.54%
Women	\$293,721.60	1.87%
Other MDOT certified	\$587,724.30	3.75%

Total ongoing operations expenditures were \$15,687,111.84 based on accounting reports submitted by PNG. PNG has engaged the services of 17 MBE firms since March 1, 2011.

**Ocean Enterprise 589 LLC – (OE589)**

The Worcester County facility has been open for business since January, 2011. As with PNG, 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.

The following chart summarizes OE589's MBE achievement for the seven month period beginning December 1, 2011:

**ONGOING OPERATIONS (12/1/11 – 6/30/12)**

Minority Classification	MBE Payments	MBE Participation
Overall	\$126,899.01	2.42%
African American	\$77,632.30	1.48%
Women	\$49,266.71	0.94%
Other MDOT certified	\$0.00	0.00%

Over this period, total operations expenditures were \$5,252,162.27. OE589 engaged the services of 3 MBE firms during this 7 month period.

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

**ONGOING OPERATIONS (4/1/11 – 6/30/12)**

Minority Classification	MBE Payments	MBE Participation
Overall	\$368,080.53	3.65%
African American	\$208,201.37	2.06%
Women	\$159,879.16	1.59%
Other MDOT certified	\$0.00	0.00%

Total cumulative operations expenditures for this period were \$10,084,670.65. OE589 has engaged the services of 7 MBE firms since April 1, 2011.

**Maryland Live Casino – Power Plant Entertainment (PPE)**

Since the last report, the Anne Arundel County facility opened its doors to the public on June 6, 2012. As of September 12, 2012, all of the authorized 4,750 VLT machines were fully operational. As of the date of this report, there is some remaining construction clean up activity. PPE's final MBE achievement for the design, development, construction, and startup operations activity will be reported once PPE confirms that all outstanding payments have been made for this initial phase. For the two other active facilities, the construction closeout process took approximately four months. However, GOMA is anticipating that due to the size and scope of the PPE/Maryland Live project, the Anne Arundel County facility may require a slightly longer closeout period.

Prior to the submission of its June report, PPE was advised by the Lottery that all reports beginning with its June report should indicate which payment entries represent construction/startup expenditures versus ongoing operations expenditures. PPE confirmed that all expenditures reported through June are part of its construction/operations startup budget. No ongoing operations expenditures have been reported to date.

The Commercial Interiors/TN Ward joint venture construction management team issued multiple Invitations to Bid for the various architectural/engineering and construction divisions/trades based on an estimated construction budget of \$230 million. The following MBE award totals have been reported by PPE as of June 30, 2012:

#### **CONSTRUCTION/STARTUP THROUGH 6/30/12 (MBE AWARDS)**

Work Category	MBE Awards	MBE Participation
Design & Development	\$786,586	0.44%
Construction	\$63,467,164	35.3%
Startup Operations	\$1,110,377	0.62%
<b>MBE Utilization Summary<sup>1</sup></b>	<b>\$65,364,127</b>	<b>36.35%</b>

Total expenditures for the project from issuance of the license through June 30, 2012 are reported to be \$177,268,421.00. PPE has engaged the services of 84 MBE firms since the project began. MBE payment activity through June 30, 2012 is as follows:

#### **CONSTRUCTION/STARTUP THROUGH 6/30/12 (MBE PAYMENTS)**

Minority Classification	MBE Payments	MBE Participation
<b>Overall</b>	<b>\$47,665,874.96</b>	<b>26.89%</b>
African American	\$26,200,738.04	14.78%
Women	\$14,471,713.48	8.16%
Other MDOT certified	\$6,993,423.44	3.95%

<sup>1</sup> Source PPE June 2012 Report; \$179,794,085 reported as total award amount through June.