



STATE OF MARYLAND
VIDEO LOTTERY FACILITY LOCATION COMMISSION

**CBAC Gaming, LLC Amended Proposal for a
Video Lottery Operation License in Baltimore City**

**Addendum to July 31, 2012 Decision Statement
June 25, 2013**

Background

On July 31, 2012, the Video Lottery Facility Location Commission ("commission") voted unanimously to award a Video Lottery Operation License to CBAC Gaming, LLC ("CBAC" or "Awardee"). This Decision Statement incorporates by reference the *Commission Decision Statement on CBAC Gaming, LLC*, dated July 31, 2012, and located at <http://gaming.mdlottery.com/video-lottery-facility-location-commission/>.

In accordance with the requirements set forth in the RFP and Maryland gaming law then in effect, CBAC proposed a VLT-only facility with 3,750 VLTs – all of which were to be provided by the State -- which CBAC projected would create 1,190 full time equivalent jobs. The facility was to carry the Harrah's brand and have a capital budget of \$310 million.

On August 15, 2012, the Governor signed into law Senate Bill 1, which after the certification of the November 6, 2012 referendum permitted table gaming at the State's casinos. Among the stated goals of the new law were to allow a sixth casino in Prince George's County, keep all of the State's casinos competitive and to maximize revenues for the State.

Summary of Amended Proposal

CBAC seeks approval to:

- (i) Amend its Gaming Proposal to include 2,500 VLTs, 100 table games and 30 poker tables (all of which would be paid for and maintained by CBAC) with 24-hour operations;
- (ii) Change the casino's brand from Harrah's to Horseshoe;
- (iii) Upsize its Capital Proposal from \$310 million to approximately \$442 million; and
- (iv) Retain an operator's share of proceeds from VLTs and table games as provided by Senate Bill 1.

Based on its progress in the development of the project since the award of the license, CBAC also seeks the following amendments of the award of its license:

- (i) Removal of Condition No. 1 from the award of the license based upon CBAC having the Supplemental Agreements with Baltimore City and obtained approval of the Baltimore City Board of Estimates;
- (ii) Amendment of Condition No. 2 (land lease extensions) to conform with the provisions of the October 31, 2012 Ground Lease Agreement by and between the Mayor and City Council of Baltimore and CBAC; and
- (iii) Removal of Condition No. 3 based on the contemplated closing on \$340 million of debt financing for the project
- (iv) Pursuant to Condition No. 4, transfer of the Operation License to CBAC Borrower, LLC, which is an indirect, wholly-owned subsidiary of CBAC Gaming, LLC, and has been submitted to the Maryland Lottery and Gaming Control Commission for investigation and approval at the June 27, 2013 meeting.

Decision

After reviewing the amended proposal, the Video Lottery Facility Location Commission has agreed to approve CBAC's request to amend the proposal and transfer the license award to CBAC Borrower, LLC ("Borrower") and change the casino's brand name from Harrah's to Horseshoe for all purposes.

The commission has determined that the addition of table games and the amended number of VLTs are not in conflict with our initial findings that the award of a license to CBAC is in the public and best interest of the State. The commission believes the market factors and other factors in State Government Article § 9-1A-36(k) warrant the allocation of 2,500 VLTs. Furthermore, the City of Baltimore has agreed to the amended proposal and updated their Supplemental Agreements accordingly.

The commission acknowledges that the July 31, 2012 Decision Statement is modified consistent with Senate Bill 1 of Special Session 2 of 2012.

In addition, the commission has determined that CBAC Gaming, LLC has satisfied all of its conditions and, therefore, is removing all contingencies from the July 31, 2012 Decision Statement.

Motion

Motion to approve the amendments to the Decision Statement of July 31, 2012 regarding the Baltimore City facility, as requested by CBAC and authorize the chairman to execute a Decision Statement consistent with those amendments upon notification from the Maryland Lottery and Gaming Control Commission that the entities have satisfied all necessary qualification requirements.

Motion By: King

Seconded By: Pierce

	AYE	NAY	ABSTAIN	ABSENT
Chairman Donald C. Fry	[✓]	[]	[]	[]
Commissioner Mike Miller	[✓]	[]	[]	[]
Commissioner James King	[✓]	[]	[]	[]
Commissioner Rona Kramer	[✓]	[]	[]	[]
Commissioner Ella Pierce	[✓]	[]	[]	[]
Commissioner D. Bruce Poole	[]	[]	[]	[✓]
Commissioner Linda Read	[✓]	[]	[]	[]

Chairman's Signature: *Don Fry*

Date: 6/27/13

Recorder's Signature: *Jacqueline L. Vincent*

Notification from the Maryland Lottery and Gaming Control Commission

Pursuant to State Government Article § 9-1A-36(m)(3), the Maryland Lottery and Gaming Control Commission notified Chairman Fry, on June 27, 2013, of their Decision Statement in which they came to the following pertinent conclusions:

- "CBAC Borrower, LLC has established by clear and convincing evidence its qualifications for a video lottery facility operation license under the Gaming Law."
- "There is clear and convincing evidence that CBAC Holding Company, LLC is qualified as a Principal Entity under the Gaming Law."

Chairman Fry is executing this Decision Statement in accordance with the motion presented and passed at the June 25, 2013 Location Commission meeting.