



July 8, 2013

Stephen Martino
Director – Maryland Lottery and Gaming Control Agency
Maryland State Lottery Agency
1800 Washington Blvd, Suite 330
Baltimore, MD 21230

Re: Capital Spending Requirement at Ocean Downs.

Dear Mr. Martino

In accordance with State Government Article, § 9-1A-27, Annotated Code of Maryland;

(B) (1) Beginning July 1, 2013, for a Video Lottery Facility in Worcester County with less than 1,000 video lottery terminals, the percentage in subsection (A) (2) of this section is equal to 43% provided that each year an amount equivalent to 2.5% of the proceeds from video lottery terminals at the video lottery facility is spent on capital improvements at the video lottery facility.

Based on the above Article and our FY-2013 VLT revenue of \$50,390,126.43¹, we anticipate a minimum required investment of \$1,259,754 in the facility during the next fiscal year.

Ocean Enterprise intends on meeting this FY 2014 obligation. This will allow us to re-invest in and improve the amenities offered our patrons as dictated by the local market conditions. Details of this are being developed and will be available at a later date.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph T. Cavilla", written over a light blue horizontal line.

Joseph T. Cavilla
General Manager
Casino at Ocean Downs
Ocean Enterprise 589LLC

cc: William M. Rickman Jr.
Charles LaBoy - Assistant Director for Gaming MLGCA
Bill Fasy
Denise Hill

¹ Unaudited amount as reported on MLGCA website.