

CBAC Gaming, LLC DBA Horseshoe Baltimore Regulatory Requirements for Commencement of Gaming Operations

Horseshoe Baltimore (facility) may not commence gaming operations until the Commission has issued an operation license after determining that:

- A. The following statutory provisions of the Annotated Code of Maryland are met:
1. 9-1A-07(c)(7)(v) requires that the facility shall establish that they have entered into a labor peace agreement with each labor organization that is actively engaged in representing or attempting to represent video lottery and hospitality industry workers in the State.

The facility has negotiated a labor peace agreement with UNITE HERE Local 7. See Attachment A1.

2. 9-1A-10(a)(6)(i) requires the facility to provide health insurance coverage for its employees.

Health Insurance Provider: ClearCost Health

The facility currently offers comprehensive health benefits to its full-time employees. Employees can choose a Health Savings Account plan or a Health Reimbursement Account plan. Employees can choose individual or family coverage. The Facility pays a portion of the premium and the employee pays a portion.

3. 9-1A-10(a)(7)(i) requires the facility to provide retirement benefits for its employees.

Retirement Plan

Plan: 401(k) plan offered through Aon Hewitt

The facility currently offers employees the option to invest in a traditional 401(k) plan. Employees are eligible for salary deferral on the 105th day of employment. The Facility also matches a portion of Employees' deferral. Employees are eligible for the employer match as long as they are employed at the Facility through the end of the calendar year.

4. 9-1A-11(b)(1) requires the facility to commence operations within 18 months after their license is awarded.

Commencement of operations is scheduled to begin within 18 months from the license award by the Location Commission.

B. The following regulatory provisions of the Code of Maryland Regulations must be met:

1. The facility's hours of operation have been approved by the Commission in accordance with COMAR 36.03.11.06(E)(1).

The facility is requesting 24 hour gaming, 7 days a week.

2. Facility design standards are in compliance with the provisions of COMAR 36.03.11.03.

The facility is in compliance with the provisions of this regulation.

3. All video lottery terminals and associated equipment have been tested and comply with standards established by the Commission in accordance with the provisions of COMAR 36.04.01.02.

All video lottery terminals and associated equipment have been tested by our independent testing laboratories and approved by the Commission.

4. All table game devices and associated equipment have been tested and comply with standards established by the Commission in accordance with the provisions of COMAR 36.03.12.05;

All table game devices and associated equipment have been tested by our independent testing laboratories and approved by the Commission.

5. The facility operator's gaming floor plan complies with the provisions of COMAR 36.03.11.05;
 - **The facility has provided a floor plan that is in compliance with regulatory requirements. See attachment B1.**
 - **The facility has submitted a request to operate 101 VLTs on 8 outdoor covered terraces or balconies. See attachment B2.**
 - a. **Facility gaming floor plans with terraces highlighted**

- b. **On May 6, 2014, DHMH Chief of Staff confirmed via email to Horseshoe's representative, that the Health Department does not consider the use or purpose of the space when determining compliance with the Clean Indoor Air Act.**
 - c. **Staff has confirmed with both DHMH and DLLR-MOSH that the presence of VLTs on the terraces would not be relevant to determining compliance with the Act.**
 - d. **On May 19, 2014, DHMH Chief of Staff further explained that there is no pre-application to DHMH to determine whether a structure complies with the Act and that any such inspection, as well as enforcement of the Act would fall to the Baltimore City Health Department.**
 - e. **Staff has confirmed with Assistant Commissioner, Baltimore City Health Department that the balconies, if constructed as depicted, would not be considered "enclosed areas" for purposes of Baltimore City Health Code, Title 12, Subtitle 1(as it currently exists).**
 - f. **The Facility has provided an overview of their ThistleDown Casino in Ohio where VLT's are offered outdoors**
 - g. **GLI (certified testing lab) has informed staff that VLT's could operate satisfactory in an open environment and stated they have observed other locations that have machines outside under an awning. The machines could get exposed to indirect rain, and humidity, but they would be able to function.**
6. The facility operator's internal controls comply with the provisions of COMAR 36.03.10;

The facility has provided their internal controls for the operation of video lottery terminals and table games. MLGCA staff has reviewed the internal controls, determined that they meet all regulatory requirements and recommends Commission approval.

7. The facility operator's surveillance plan complies with the provisions of COMAR 36.03.10.12, 36.03.10.13 and 36.03.11.04.

The facility has provided their surveillance plan for the operation of video lottery terminals and table games. MLGCA staff has reviewed the surveillance plans, determined that they meet all regulatory requirements and recommends Commission approval.

8. The facility operator's security plan complies with the provisions of COMAR 36.03.10.14 and 36.03.10.15.

The facility has provided their security plans for the operation of video lottery terminals and table games. MLGCA staff has reviewed the security plans, determined that they meet all regulatory requirements and recommends Commission approval.

9. The facility operator's responsible gambling plan complies with the provisions of COMAR 36.03.06.02.

The facility has provided their responsible gambling plan for the operation of video lottery terminals and table games. MLGCA staff has reviewed the responsible gambling plan, determined that it meets all regulatory requirements and recommends Commission approval. See attachment B3.

10. The facility operator is prepared to implement the internal controls, surveillance, security and responsible gambling procedures that are necessary to ensure that the operation of the table games and video lottery facility is conducted safely and legally;

The internal controls, surveillance, security and responsible gambling procedures have been reviewed and determined to be adequate for the legal and safe operation of video lottery terminals and table games. MLGCA staff will continue to oversee the training of facility employees and will conduct an assessment of their performance during the controlled demonstration.

11. The facility operator's employees are licensed by the Commission and trained in the performance of their responsibilities.

MLGCA staff continues to work with the facility to license all employees. It is anticipated that the facility will have sufficient licensed staff to conduct video lottery terminal and table game operations as projected. MLGCA staff has reviewed training programs and will continue to oversee training of facility employees through the opening of the facility.

12. The facility operator's suppliers and contractors are registered or licensed with the Commission.

All facility supplies and contractors are or will be licensed prior to the operation of video lottery terminals and table games.

13. The facility is prepared in all respects to receive the public.

The final assessment will be determined during the controlled demonstrations conducted on Monday, August 18, 2014, and Thursday, August 21, 2014.

14. The facility operator has complied with any additional pre-opening conditions imposed by the Commission:

a. Dealer training programs comply with the provisions of COMAR 36.05.03.16.

The facility has provided their dealer training programs that are in compliance with regulatory requirements.

b. Gaming chips specifications and samples comply with the provisions of COMAR 36.05.02.02 through .04.

The facility has provided chip specifications and samples that are in compliance with regulatory requirements. See attachment B3.

c. Gaming dice specifications and samples comply with the provisions of COMAR 36.05.02.12.

The facility has provided dice specifications and samples that are in compliance with regulatory requirements. See attachment B4.

d. Gaming card specifications and samples comply with the provisions of COMAR 36.05.02.15.

The facility has provided gaming card specifications and samples that are in compliance with regulatory requirements. See attachment B5.

e. Preshuffled decks or batches of decks provided by manufacturer or contractor to facility operator comply with provisions of COMAR 36.05.02.16

Staff performed site visit of US Playing Cards facility in Kentucky. GLI verified the preshuffle software algorithm used to preshuffle decks or batches of decks. Staff recommends approval of the use of US Playing Card preshuffled decks.

f. Table game layouts comply with the provisions of COMAR 36.05.03.16.

The facility has provided table layout specifications for Black Jack, Craps, Poker, Three Card Poker, Four Card Poker, Ultimate Texas Hold'em, Mississippi Stud, Midi Baccarat, Mini Baccarat, Pai Gow Poker, Pai Gow Tiles and Roulette that are in compliance with regulatory requirements. See attachment B6.

g. Table game equipment specifications comply with the provisions of COMAR 36.05.03.16.

The facility has provided table game equipment specifications that have been reviewed and determined to be in compliance with regulatory requirements.

h. Table game rules comply with the provisions of COMAR 36.05.03.19 and 36.03.12.05.

The facility has provided table game rules for Black Jack, Craps, Poker, Three Card Poker, Four Card Poker, Ultimate Texas Hold'em, Mississippi Stud, Midi Baccarat, Mini Baccarat, Pai Gow Poker, Pai Gow Tiles and Roulette that have been reviewed and determined to be in compliance with regulatory requirements.

i. Table game rule guides comply with the provisions of COMAR 36.05.03.16.

Table game rule guides were submitted in compliance with regulatory requirements. See attachment B7.

j. Table game equipment storage and destruction areas comply with the provisions of COMAR 36.05.03.16.

Table game equipment storage and destruction areas will be reviewed upon completion of construction and prior to receipt and storage of equipment.

k. Table game staffing plans and table of organization comply with the provisions of COMAR 36.05.03.16 and 36.03.10.10.

Table game staffing plans and table of organization have been provided by the facility and comply with regulatory requirements. See attachment B9.

l. Minimum bankroll requirements comply with the provisions of COMAR 36.03.10.19.

Minimum bankroll requirements have been submitted as required.

m. Drop route and schedule comply with the provisions of COMAR 36.03.10.43.

Drop routes and schedules have been submitted as required.

l. Count schedule complies with the provisions of COMAR 36.03.10.45.

Count schedules have been submitted as required.

15. The facility operator has successfully completed a test period.

The facility is scheduled to conduct a controlled demonstration of gaming operations on August 18, 2014, and August 21, 2014. See attachment B10.

C. The following contractual provisions must be met:

1. RFP 4.27.1 requires that the licensee shall submit to the Commission a Fidelity Bond in the amount of \$100,000 covering any loss to the State due to any fraudulent or dishonest act on the part of the licensee.

A Fidelity Bond has been provided by the facility and complies with regulatory requirements. See attachment C1 and C5.

2. RFP 4.27.2 requires that the licensee shall submit to the Commission a Performance Bond in the amount of \$1 million guaranteeing that the licensee shall well and truly perform the license.

A Performance Bond has been provided by the facility and complies with regulatory requirements. See attachment C2.

3. RFP 4.27.3 requires that the licensee shall submit to the Commission a Payment Bond in the amount of \$2 million guaranteeing that the licensee shall promptly make payment to all claimants for all labor and materials furnished, supplied and reasonably required for the use in the performance of the license.

A Payment Bond has been provided by the facility and complies with regulatory requirements. See attachment C3.

4. RFP 4.28 requires all policies of insurance must name the Maryland Lottery and Gaming Control Commission as an additional insured.

The facility's insurance policies name the Maryland Lottery and Gaming Control Agency as an additional insured entity. See attachments C1, C4 & C5.

5. RFP 4.28 requires 3rd party legal liability insurance for self and any subcontractor covering claims arising from operations and services provided under the license.

The facility has provided evidence of legal liability insurance as required. See attachment C1.

6. RFP 4.28.1 requires that insurance for extended coverage on all licensee owned equipment be maintained in the amount of actual replacement cost thereof.

The facility has provided evidence of coverage on licensee owned equipment. See attachments C5.

7. RFP 4.28.2 requires that the licensee shall maintain Comprehensive General Liability Insurance covering the full scope of the license with limits of at least \$1.5 million for any one person, \$3 million for any one occurrence for death or personal injury, and \$3 million for any one occurrence for property damage; or a combined single limit for bodily injury and property damage in the amount of \$6 million.

The facility has provided evidence of insurance coverage as required. See Attachments C1 & C4.

8. RFP 4.28.3 requires that the licensee maintain Worker's Compensation Insurance, which shall include Employer's Liability coverage, in amounts as required by the law of the State.

The facility has provided documentation evidencing Workers Compensation Insurance. See attachment C4.

9. RFP 6.7.18 requires that the licensee have all proper zoning and permits.

The facility has affirmed that they have received all necessary zoning and permits.