



VIDEO LOTTERY FACILITY LOCATION COMMISSION

**Penn Cecil Maryland, Inc. Proposal for a  
Video Lottery Operation License**

**Decision Statement**

**October 21, 2009**

**Summary of Proposal**

The Video Lottery Facility Location Commission has reviewed and evaluated the proposal for a Video Lottery Operation License submitted by Penn Cecil Maryland, Inc. (Penn Cecil or Applicant) to own and operate a video lottery facility in Cecil County, Maryland. Penn Cecil has proposed a facility for 1,500 video lottery terminals (VLTs) to be located at the intersection of Interstate 95 and Maryland Route 222/275, located within two miles of Interstate 95, in Perryville, Maryland.

Penn Cecil has paid the required initial license fee of \$9.0 million for 1,500 VLTs. Penn Cecil proposes to invest \$77.6 million in capital expenditures to acquire land and construct an approximately 86,440 square foot video lottery facility and 29,950 square foot separate support building at the proposed location. The facility is scheduled to open in October 2010. (See "License Proposal Fact Sheet" for additional information)

**Proposal Evaluation**

In evaluating the proposal, the Video Lottery Facility Location Commission was guided by the statutory criteria and the best interests of the State. Under §9-1A-36(k) of the State Government Article, the commission must evaluate the following factors in awarding a license: business and market factors (70% weight); economic development factors (15% weight); and location siting factors (15% weight).

The commission's review of the proposal included a market analysis of competitive facilities in the region and the estimated revenue potential of a facility at the proposed site; an economic impact analysis of the potential jobs and spending generated by a facility at the proposed site; and an analysis of the proposal's financial viability. The commission made numerous inquiries of Penn Cecil and commission staff, including its consultant. The commission also conducted a visit to and public hearing for the proposed facility site on

August 13, 2009. At the commission's request, the State Highway Administration of the Maryland Department of Transportation reviewed the traffic impact study submitted by the applicant and provided comments to the commission.

As required by §9-1A-36(m)(3), the commission cannot award a license until the State Lottery Commission has found the applicant and applicant's principals qualified to hold a video lottery operation license. On September 18, 2009, the State Lottery Commission notified the Video Lottery Facility Location Commission that Penn Cecil, Delvest Corp., Penn National Gaming, and its principals are qualified under §§9-1A-07(c) and 9-1A-08(d) of the State Government Article. The qualifying criteria include the applicant's financial stability, integrity, and responsibility; good character; business ability and experience; and execution of labor peace agreement(s). The commission has reviewed the investigative report prepared by the Spectrum Gaming Group for the State Lottery Commission.

## **Decision**

The Video Lottery Facility Location Commission has determined that the applicant has met the applicable requirements of Title 9, Subtitle 1A – Video Lottery Terminals – of the State Government Article, Maryland Annotated Code. The commission finds that there were no material omissions or deficiencies in the proposal. Although the global recession and tightened financial/capital markets dampened competition for video lottery facilities in Maryland, the commission finds that Penn Cecil and its ultimate parent company, Penn National Gaming, which is one of the largest gaming companies in the world and operates 19 gaming facilities in the U.S. and Canada, represent a strong management team and possess more than sufficient financial and business resources to operate a successful video lottery facility. Further, the commission's evaluation of the proposal finds that Penn Cecil's proposed facility will provide substantial revenues and jobs to the State of Maryland, Cecil County, the Town of Perryville, and the local community. After evaluating all of the factors as required by State law, the commission finds that award of a license to Penn Cecil Maryland, Inc. is in the public and best interest of the State.

Therefore, under the authority granted to the Video Lottery Facility Location Commission by the Governor and General Assembly in §9-1A-36 of the State Government Article, the commission hereby awards a Video Lottery Operation License for 1,500 video lottery terminals to Penn Cecil Maryland, Inc.

The license is awarded with no exceptions or contingencies and incorporates the requirements of the commission's request for proposals #2009-0101 (RFP) released December 19, 2008; the applicant's proposal (February 2, 2009 initial submission and April 15, 2009 supplemental submission) in response to the RFP, the applicant's amendment to the proposal received October 2, 2009, and all correspondence and written responses to inquiries received by commissioners or commission staff. Any exceptions contained in the applicant's proposal are unenforceable and not legally binding.

**Motion**

To approve the above Decision Statement and award a Video Lottery Operation License for 1,500 video lottery terminals to Penn Cecil Maryland, Inc.

Motion By: Read

Seconded By: Barbera

	AYE	NAY	ABSTAIN	ABSENT
Chairman Donald C. Fry	[✓]	[ ]	[ ]	[ ]
Commissioner Thomas Barbera	[✓]	[ ]	[ ]	[ ]
Commissioner Robert Neall	[✓]	[ ]	[ ]	[ ]
Commissioner Ella Pierce	[✓]	[ ]	[ ]	[ ]
Commissioner D. Bruce Poole	[✓]	[ ]	[ ]	[ ]
Commissioner Linda Read	[✓]	[ ]	[ ]	[ ]
Commissioner James Taylor	[✓]	[ ]	[ ]	[ ]

Chairman's Signature: 

Date: 10/21/09

Recorder's Signature: 