



VIDEO LOTTERY FACILITY LOCATION COMMISSION

**Ocean Enterprise 589 LLC Proposal for a  
Video Lottery Operation License**

**Decision Statement**

**September 23, 2009**

Summary of Proposal

The Video Lottery Facility Location Commission has reviewed and evaluated the Proposal for a Video Lottery Operation License submitted by Ocean Enterprise 589 LLC (OE 589 or Applicant) to own and operate a video lottery facility in Worcester County, Maryland. Ocean Enterprise 589 has proposed a facility for 800 video lottery terminals (VLTs) to be located on the current property of Ocean Downs Racetrack, located within one mile of the intersection of Route 50 and Route 589, in Berlin, Maryland.

OE 589 has paid the required initial license fee of \$4.8 million for 800 VLTs and indicated that up to 700 additional VLTs may be requested in the future, subject to the availability of unallocated VLTs. OE 589 proposes to invest \$45 million in capital expenditures to acquire the land and assets of Ocean Downs LLC and construct an approximately 34,000 square foot video lottery facility on the site of the current racetrack grandstand. The new facility is scheduled to open in May 2010. (See "License Proposal Fact Sheet" for additional information)

Proposal Evaluation

In evaluating the Proposal, the Video Lottery Facility Location Commission (Commission or 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 OE 589 and Commission staff, including its consultant. The Commission also conducted a site visit and public hearing at the proposed site of the facility on July 15, 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 2, 2009, the Lottery Commission notified the Location Commission that OE 589 and its principals, William M. Rickman, Jr. (Owner/CEO), William I. Fasy, and Andrew M. Gentile, 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 MDB International 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 OE 589, Mr. Rickman and the other principals 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 OE 589's proposed facility will provide substantial revenues and jobs to the State of Maryland, Worcester County, and the local community. After evaluating all of the factors as required by State law, the Commission finds that award of a license to Ocean Enterprise 589 LLC 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 800 video lottery terminals to Ocean Enterprise 589 LLC.

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 August 17, 2009, and all correspondence and written responses to inquiries received by Commissioners or Commission Staff. Any contingencies 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 800 video lottery terminals to Ocean Enterprise 589 LLC

Motion By: L. Read

Seconded By: T. 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: 9/23/09

Recorder's Signature: Rachel HED