

Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



Montgomery Park Business Center
1800 Washington Blvd., Suite 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users call Maryland Relay
www.mdlottery.com

MARYLAND LOTTERY AND GAMING CONTROL COMMISSION FEBRUARY MINUTES

DATE: February 28, 2019

TIME: 10 a.m.

PLACE: Maryland Lottery and Gaming Control Agency Headquarters

PRESENT: Chair E. Randolph Marriner
Vice Chair Bert J. Hash, Jr.
Commissioner F. Vernon Boozer
Commissioner George L. Doetsch, Jr.
Commissioner Michelle Fager
Commissioner James Stakem

Gordon Medenica, Director
Gina Smith, Deputy Director, Chief Financial Officer
James Nielsen, Assistant Deputy Director, Chief Operating Officer
Robert Fontaine, OAG Principal Counsel
Holly Citko, OAG Deputy Counsel
James Logue, Managing Director, Gaming
John Mooney, Managing Director, Regulatory Oversight
Leo Mamorsky, Managing Director, Chief Marketing Officer
Carole Gentry, Managing Director, Communications
James Butler, Managing Director, Organizational Compliance
Kathy Lingo, Executive Assistant

OTHERS: Representative from Hollywood Casino Perryville
Representative from Ocean Downs Casino
Representative from Live! Casino
Representative from Rocky Gap Casino Resort
Representative from Horseshoe Casino Baltimore
Representative from MGM National Harbor
Members of the Public and Agency Staff

E. Randolph Marriner, Chair

F. Vernon Boozer, George L. Doetsch, Jr., Michelle R. Fager, Bert J. Hash, Jr., James J. Stakem

CALL TO ORDER

There being a quorum present, Chair Marriner called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 a.m. Present were: Vice Chair Bert Hash, and Commissioners Vernon Boozer, George Doetsch, Michelle Fager, and James Stakem.

APPROVAL OF THE AGENDA

Chair Marriner reported that the Commissioners were provided with a copy of the agenda. Chair Marriner asked for a motion to approve the agenda. Commissioner Stakem moved, Commissioner Fager seconded, and the motion carried unanimously.

APPROVAL OF THE MINUTES

Chair Marriner said the January 24, 2019, open session minutes were provided to the Commissioners for review and asked if there were any changes. There were no changes. Commissioner Doetsch moved to approve, Commissioner Fager seconded, and the motion carried unanimously.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains four new instant ticket games for the Commission's approval: #429 (\$3) *Skee-Ball®*; #431 (\$5) *Super Bonus Bucks*; #432 (\$10) *Big Money Maker*; and #442 (\$10) *Bingo x10*. He said the Consent Agenda also includes EGD Games and Component Testing approvals for certified lab software, hardware and game certifications, VLTs, table game components and instant bingo machines for the period covering January 10, 2019 to February 14, 2019; Consent Agreements for Regulatory Violations at Horseshoe Casino – July and August 2018; Consent Agreements for Underage Violations at Horseshoe Casino – Case No. 2018-05-131; Live! Casino – Case Nos. 2018-30-059 through -067; and -068 through -070; and MGM National Harbor – Case Nos. 2018-06-181 and 182; Gaming License Application Denials and Revocations; Lottery Retailer License Revocations; and Staff Reports from Jim Nielsen, Assistant Deputy Director, Chief Operating Officer; John Martin, Managing Director, Chief Revenue Officer; James Logue, Managing Director, Gaming; John Mooney, Managing Director, Regulatory Oversight; Leo Mamorsky, Managing Director, Chief Marketing Officer; Carole Gentry, Managing Director, Communications; Robert Fontaine, Principal Counsel, Office of the Attorney General; and James Butler, Managing Director, Organizational Compliance.

Chair Marriner asked if any Commissioners wished to remove any items from the Consent Agenda. There were no requests for removal. Chair Marriner asked for a motion to approve the consent agenda as noted above. Motion to approve was made by Commissioner Doetsch, seconded by Commissioner Stakem, and carried by a unanimous vote of the Commission.

OPERATOR REPORTS

Hollywood Casino Perryville

Mr. Matthew Heiskell, General Manager, reported that January's total gaming revenue was down 4%. Slot machines were down 2%, and table games struggled, possibly affected by Delaware gaming. February has trended better with weekends being strong, including a car giveaway promotion last weekend. In March the casino will have a cruise giveaway promotion. As a result of last year's success, the Music Fest will be returning this year in June with an 80's and 90's music theme featuring The Reagan Years, Completely Unchained – The Ultimate Van Halen Tribute, Doc Marten and the Flannels.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, reported that in January slot machines were up 8.7%, while table games were down 12% year over year driven by volumes. In January 2018 the table games were new and everyone came in to see them which accounts for the difference in volumes. Ms. Sample said that she did not expect the downward trend to continue. The big promotion for January and February was the Mercedes CLA 250 giveaway. A video of the event was posted on Facebook. On February 24, the casino held a table game brunch for patrons wanting to learn how to play craps, roulette and blackjack. This event helped to drive February's numbers. The next marketing event will be Crush Your Lawn. The casino will be giving away a lawnmower, blower and trailer to haul the mower. In April the casino will host Thunder from Down Under. The Facebook post for this event was shared more times than any other post on the casino's page. Ocean Downs was the premiere sponsor in February of the Maryland Tourism Day. Ms. Sample said that the casino held an Employee and Supervisor of the Year event, which also recognized employees who have been at the casino for five years.

Live! Casino & Hotel

Mr. Travis Lamb, Executive Vice President and General Manager, reported that January total gaming revenue was up 6% year over year. Slot machines were up 8% and table games and poker were up 3%. Capital reinvestment at the hotel and events center have led to positive results on the gaming floor. Mr. Lamb reported that February slot machine revenues have been up, but table games are down 5%, which may be affected by tax returns coming in lower this year. The drawing for the Porsche 911 will be held on March 8. The casino will also be hosting a St. Patrick's Day Hot Seat promotion. Upcoming entertainment at the casino includes Chris D'Elia, Foreigner, which has already sold out, and Kenny Loggins.

Rocky Gap Casino Resort

Mr. Skylar Dice, Vice President and General Manager, reported that January gaming revenue was up 9.2% despite the weather challenges, adding that players have been receptive to new table game progressives. February is trending well, due in part to a strong Valentine's weekend with three different cover bands – a Johnny Cash impersonator, a Tim McGraw impersonator and an Aerosmith cover band. In the past ten years, the Hooley Plunge has raised over \$1 million. This year 25 employees will be participating in the Plunge. This year the casino will be holding its Rocky Gap summer series at an amphitheater located near the casino. The concerts will include Kix, Great White, and Amish Outlaws.

Horseshoe Casino

Jackie Grace, Vice President and Assistant General Manager, reported that January gaming revenue was up 0.6%, driven by volumes and increases on both slot machines and table games. February is trending the same way. The finale of the Suitcase Man promotion was held last weekend. The casino is preparing to launch a promotion for an event on August 26th celebrating the casino's 5-year anniversary. The promotion will include cash and vehicle giveaways, and trips to other Caesars Entertainment properties. Ms. Grace said that the casino has rebranded the customer loyalty program, changing the name from Total Rewards to Caesar Rewards, which will help Horseshoe's marketing efforts to emphasize that the casino is part of a larger network. In the community, the casino focused on health issues with a Red Cross blood drive and activities centered around women's heart health.

MGM National Harbor

Jeff Shrader, Vice President and General Counsel, reported that January gaming revenue was up 11.9% year over year, with slot machines up 10.4%, and table games up 14.5%. February has trended a little weaker. Tomorrow will be the grand finale of Cold Hard Cash with a top prize of \$100,000. The winner must be present at the drawing in order to win. MGM's ongoing Wednesday gift series has helped to drive customer traffic. In January the promotion was \$2,019 given away every 2,019 minutes. Future promotions include a \$50,000 slots tournament and a \$20,000 baccarat tournament. The Theater will be presenting upcoming shows including Wide Spread Panic, Gladys Knight, Mariah Carey and in August Aerosmith. The casino is participating in the Change for Life event raising money for pediatric cancer research with a goal of \$2.4 million. In the community, 37 MGM employees performed 127 volunteer hours of service with Habitat for Humanity and packaging meals for the homeless.

STAFF REPORTS

Director's Report – Gordon Medenica

Director Medenica reported that Lottery players had great success on Pick 3 and Pick 4 in January, so profits on those two games were down \$6 million. Sales were up 3%, but profit was down 1.8% for the month. Fiscal year-to-date sales are up 7.4% and profit is up 2.2%. Casino revenues are up 6.6%, and casino contributions to the state are up 7.9%.

Director Medenica said Agency staff are tracking several bills that are being considered during the General Assembly's 2019 session. One bill would take the Lottery's promotion fund and transfer the money to education spending. Director Medenica said money in the promotion fund comes from unclaimed Lottery prizes. According to statute, unclaimed Lottery prize money must be used for player prizes. Director Medenica said the promotion fund plays a significant role in the Lottery's marketing.

Director Medenica said there are three bills pertaining to sports betting, and lawmakers are debating whether it may be possible to authorize sports betting without a statewide referendum. Two of the bills would place a sports betting question on the next statewide ballot in 2020. The other would authorize the Lottery to operate sports betting without a referendum.

There is a bill that would repeal the casino tax rate adjustments that Agency staff and the Commission approved in December 2018. Director Medenica said casino representatives would be testifying at an upcoming hearing on that bill.

Director Medenica also provided an update on the lottery and gaming industry response to the recent Department of Justice opinion on the Wire Act. The law was enacted in 1961, and a 2011 DOJ opinion said that it did not apply to gaming activity conducted via the internet. However, the opinion released in January reversed that interpretation, which Director Medenica said has generated substantial pushback from the lottery and casino gaming industries and attorneys general from multiple states. Application of the law was delayed 90 days from the date the opinion was issued, and results of court proceedings are due in March and April. Director Medenica said the DOJ's reversal was an unfortunate turn of events for the industry. If the opinion were to be strictly interpreted, it would make the operations of many lotteries illegal. Technically, the law prohibits gaming-related data transfers across state lines and all lotteries send transaction data to remote data centers across the country. For that reason, Director Medenica said, many forces in the lottery and gaming industries are fighting the DOJ's action.

Administration, Finance & Information Technology – Gina Smith, Deputy Director, Chief Financial Officer

Ms. Smith reported that retailer 1099 forms and Lottery winner W2-G forms for 2018 have been issued and all deadlines to provide information to the IRS and the State were met. She added that the Agency's budget hearings with the legislature went well. Staff from the Agency and Scientific Games are working to prepare the Lottery's subscription service for the upcoming change of the Cash4Life game from two days a week to seven days a week. The game's new format begins July 1. Subscribers will be given the option to keep their subscriptions or cash out. There being no questions about her report, Ms. Smith moved on to her Commission Action Item.

Commission Action Item - New Sole Source Contract - Skee-Ball® Licensing Contract (#2019-03)

Ms. Smith reported that *Skee-Ball®* Licensing Contract (#2019-03) with Alchemy3, LLC, is a new sole source contract totaling \$95,100, covering the period of March 15, 2019 to March 14, 2021. The contract permits the use of *Skee-Ball®* licensed marks and images for an instant ticket lottery game. Chair Marriner asked for a motion to approve the contract. Commissioner Doetsch motioned to approve, Commissioner Fager seconded, and the motion was unanimously approved. Ms. Smith said the contract would be submitted to the Department of Budget and Management for final approval, and does not require approval by the Board of Public Works.

PUBLIC COMMENTS

There were no comments from the public.

CLOSED SESSION

There was no need for the Commission to go into a closed session.

DATE AND TIME OF NEXT MEETING

The next monthly Commission meeting is scheduled for 10 a.m. on Thursday, March 28, 2019.

ADJOURNMENT

There being no further business for discussion, Chair Marriner adjourned the meeting at 10:29 a.m.

Respectfully submitted,



Gordon Medenica