

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 MARCH MINUTES

DATE: March 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 Michelle Fager
Commissioner James Stakem

Gordon Medenica, Director
James Nielsen, Assistant Deputy Director, Chief Operating Officer
Robert Fontaine, OAG Principal Counsel
Holly Citko, OAG Deputy Counsel
John Martin, Managing Director, Chief Revenue Officer
James Logue, Managing Director, Gaming
John Mooney, Managing Director, Regulatory Oversight
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
Representative from International Game Technology
Representative from Pollard Banknote
Representative from Scientific Games
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. Also present were: Vice Chair Bert Hash, and Commissioners Vernon Boozer, Michelle Fager, and James Stakem. George Doetsch was absent.

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 Hash seconded, and the motion carried unanimously.

APPROVAL OF THE MINUTES

Chair Marriner said the February 28, 2019, open session minutes were provided to the Commissioners for review and asked if there were any changes. There were no changes. Commissioner Hash moved to approve, Commissioner Fager seconded, and the motion carried unanimously.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains three new instant ticket games for the Commission's approval: #406 (\$1) *Dollar Sign\$*; #454 (\$3) *Diamond Bingo*; #456 (\$5) *Hot 5s Hot Streak*. 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 February 14, 2019 to March 14, 2019; Consent Agreement for Underage Violations at Horseshoe Casino – Case No. 2018-05-132; Gaming License Revocation Reversal; Gaming License Application Denials and Revocations; and Staff Reports from Gina Smith, Deputy Director, Chief Financial Officer; 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 Stakem, seconded by Commissioner Fager, and carried by a unanimous vote of the Commission.

OPERATOR REPORTS

Hollywood Casino Perryville

Mr. Matthew Heiskell, General Manager, reported that February's gaming revenue was up 2.6%. Slot machine revenues were up 6% year over year, and table games were down 6%, driven by table volumes down 3%. Mr. Heiskell said Hollywood is still seeing the impact of sports betting availability at nearby casinos in Delaware. March revenues have been steady year over year so far. The cruise event was held last weekend, and was strong. In May the casino will have entries to win a Harley Davidson. Mr. Heiskell reported that the casino is focused on the second annual outdoor concert on June 1 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 February revenue was up 15% year over year, with slot machine revenues up 14% and strong volumes boosting table games revenue 29%. March is trending well. At a VIP event last Friday night, the casino introduced the new Director of Marketing – Bobbi Jones. On March 14, the casino celebrated a successful PI Day event, giving away over 1,000 pies. The next big promotion is the Lawn Care Package. The casino installed 18 new televisions near the table game pit, in time for customers to watch NCAA Basketball Tournament games in March. The casino will be working with United Way again on summer events, and will host the Maryland Alliance for Responsible Gaming in April.

Live! Casino & Hotel

Mr. Travis Lamb, Executive Vice President and General Manager, reported that February gaming revenue was down year over year 2%, driven entirely by tables games. Slot machine revenues were up 10%, but table games were down 23%. February was the lowest hold percentage in 12-months compared to last year when February was the highest hold. March is trending well so far on both slot machines and tables, and hotel business is continuing to grow each month. That, combined with a busy entertainment schedule at the events center, are bringing new customers to the property and driving revenue on the gaming floor, as well as food/beverage sales and event ticket sales. Foreigner and Chris D'Elia completed entertainment runs at the casino this past month. In April the casino will present Kenny Loggins, O'Jays, and in May, Howie Mandell and Family Feud. Mr. Lamb reported that the new event center has been used for multiple charitable events, including Hospice of Chesapeake, ARC of Howard County and the Central Maryland Chamber of Commerce. The casino also hosted the Maryland Center for Excellence on Problem Gambling.

Rocky Gap Casino Resort

Mr. Skylar Dice, Vice President and General Manager, reported that February gaming revenue was up 3.6% driven by slot machines, while table games were down. Table game volumes were stable, but hold was down. Rocky Gap had two busy weekends on Valentine's and President's Day weekends. March is trending well with the extra weekend. Rocky Gap was the lead sponsor for the Hooley Plunge held at beginning of March with over 1,200 plungers, including 25 Rocky Gap staff members. Casino staff are volunteering with the Beautify Cumberland clean-up event. Mr. Dice reported that the casino is installing new 70-inch monitors revamping the pit area, so customers can watch sports. Rocky Gap summer concert series will be held at an amphitheater located near the casino. The concerts will include Kix, Great White, and Amish Outlaws.

Horseshoe Casino

Ms. Jackie Grace, Vice President and Assistant General Manager, reported that February gaming revenue was down 2.6%, driven by slot machines down 6.8%, while table games were up 1%, with strong volumes. March table games results have been similar. Horseshoe 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 hosted a show for VIP guests featuring Rick Smith, an illusionist. The Maryland Center for Excellence on Problem Gambling was at the casino in March for RG training. Horseshoe casino will be having annual awards of excellence in a few weeks for the casino staff.

MGM National Harbor

Mr. Jeff Shrader, Vice President and General Counsel, reported that February gaming revenue was up 1.5%, driven by slot machines up 8% year over year, with table games down 6.8%. March is rebounding. MGM is continuing the Scratch it Rich promotion for free play and prizes. Upcoming promotions include a Money Tree giveaway and a \$20,000 baccarat tournament. In March, the Theater presented Widespread Panic which brought in great business in food and beverage as well as the casino, and a sold-out show by Gladys Knight. Upcoming events include Cherry Blast in which the casino is a co-sponsor with the National Cherry Blossom Festival, and Mariah Carey at end of the month. In April entertainment will include Chicago, Tyler Perry's Madea Farewell Tour, and Derrick Hough.

Mr. Shrader reported that community service was slower in February with some events being cancelled due to weather. There were, however, 26 MGM staff who volunteered 72 hours at Capital Heights Elementary School helping serve meals to underserved families in the area. The casino participated in the Change for Life event which raised \$2.1 million for pediatric cancer research.

VENDOR REPORTS

Scientific Games

Mr. Stephen Smith, General Manager, reported that this has been a quiet quarter, as the systems have not had any issues. Scientific Games is in the process of delivering over 1,000 additional self-service Lottery terminals and 500 retailer Wave terminals.

Pollard Banknote

Mr. Matt Isaac, Director of Retail Development, reported that 18 new instant ticket games were launched in the past quarter. He added that the Maryland Lottery's scratch-off sales continue to outperform the national average and those in nearby states. Mr. Isaac said instant ticket sales this fiscal year are up 6% nationally, while Maryland's sales have increased 9.8% year over year. Mr. Isaac reported the following sales increases in nearby states: Virginia 5.5%; North Carolina 4.1%; New Jersey 1.9%; New York 1%; Connecticut 1.6%. The launch of a \$30 ticket game went very well. It has been a great quarter.

International Game Technology (IGT)

Gary Cherwinski, Account General Manager, reported that operations are going well and all is quiet. IGT continues to work with venues on changes to floor from a central system prospective.

STAFF REPORTS

Director's Report – Gordon Medenica

Director Medenica reported that Lottery prize payouts on Pick 3 and Pick 4 have been strong, leading to a \$15 million year-over-year decline in profit on those two games. He added that sales on those games are up 4% and that profitability evens out over the course of time. Year-to-date Lottery profits were down slightly, but a Powerball jackpot roll that ended on March 27 with a \$768.4 million jackpot won in Wisconsin helped to provide a boost.

Director Medenica reported that casino revenues are up 8% and casino contributions to the state are up 8.4%.

With the 2019 Maryland General Assembly regular session nearing its end, Director Medenica reported that it appears lawmakers will not approve the casino tax rate adjustments that Agency staff and the Commission approved in December 2018. He added that legislation to bring sports betting to Maryland would not be approved during this session. The state's constitution requires that any expansion of commercial gambling be approved by a statewide referendum, and since the next opportunity to do that won't be until November 2020, lawmakers deferred the consideration of sports betting until next year. Director Medenica said a bill that would cause the Lottery to lose its Promotion Fund does not appear to be moving forward. A bill pertaining to the casino license renewal process is moving forward.

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 State of New Hampshire has filed a lawsuit regarding the DOJ's new interpretation of the Wire Act, and the West Virginia Attorney General issued a letter that 25 states have joined to protest the DOJ's decision. The DOJ has claimed it would not prosecute lotteries for their routine data transfers that cross state lines but critics remain skeptical. As the New Hampshire case progresses, the DOJ has extended the non-prosecution period by 60 days to June 15.

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, April 25, 2019.

ADJOURNMENT

There being no further business for discussion, Chair Marriner adjourned the meeting at 10:26 a.m.

Respectfully submitted,



Gordon Medenica