

## MARYLAND LOTTERY AND GAMING CONTROL COMMISSION AUGUST MINUTES

DATE: August 22, 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 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  
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  
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 10:05 a.m. Also present were: Vice Chair Bert Hash, and Commissioners Vernon Boozer, George Doetsch, and James Stakem. Michelle Fager and Jerry Williams were 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. Vice Chair Hash moved, Commissioner Doetsch seconded, and the motion carried unanimously.

## **APPROVAL OF THE MINUTES**

Chair Marriner said the June 27, 2019, open session minutes were provided to the Commissioners for review and asked if there were any changes. There were no changes. Commissioner Stakem moved to approve, Vice Chair Hash seconded, and the motion carried unanimously.

## **CONSENT AGENDA**

Chair Marriner said the Consent Agenda contains six new instant ticket games for the Commission's approval: #407 (\$5) *Super Cash*; #408 (\$10) *Cash Club*; #436 (\$2) *Fortune Cookie*; #443 (\$1) *Cash 2 Go*; #448 (\$10) *Instant Jackpot*; and #473 (\$20) *2020 Cash*. 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 June 13, 2019 to August 8, 2019; Consent Agreements for Regulatory Violations - Hollywood Casino – March 2019; Horseshoe Casino – February and March 2019; MGM National Harbor – February and March 2019; and Rocky Gap Casino – April 2019; Consent Agreements for Underage Violations - Hollywood Casino – Case Nos. 2019-01-001 and -002; Horseshoe Casino – Case Nos. 2019-05-001 through -004; and MGM National Harbor – Case Nos. 2019-06-001 through -009; Gaming License Application Denials/Revocations; and Staff Reports from John Martin, Managing Director, Chief Revenue Officer; 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.

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 the motion carried unanimously.

## **OPERATOR REPORTS**

### **Hollywood Casino Perryville**

Mr. Tim Shea, Vice President of Operations, reported that July gaming revenues were up 6%, with slot machine revenue up 5%, and table games up 20%. Slot machine volumes were up, while table games were driven by a strong hold. That trend has continued into August, though slot holds have been low due to a number of high-denomination winners. Promotional spending increased for the month. Mr. Shea reported that the New Year's Eve planning has begun. The 10<sup>th</sup> year anniversary planning has also started, which will include events throughout 2020.

In the community, several team members have volunteered hours with Habit for Humanity, and the local Boys and Girls Club.

### **Ocean Downs Casino**

Ms. Bobbi Sample, General Manager, reported that June gaming revenue was down 4.8% year-over-year, largely driven by slot machines down 6.1%, driven by hold, and table games up 5.8% driven by volume. In July, revenue was down 5.5% year-over-year, with slot machines down 6% driven by hold and table games down 0.9% driven by volume. Ms. Sample said last summer's rainy weather and the addition of new table games helped drive business on the casino floor, and less rain this summer led to less-favorable year-over-year comparisons. In August, the White Marlin Open was a busy week for Ocean Downs. Last week, the Lottery staff attending MACO came to Ocean Downs for a tour. Starting August 1 and running until September 30, Ocean Downs is hosting the promotion Race to Paradise; the top 10 players who earn the most points will win a trip to Atlantis in the Bahamas. Ocean Downs will be a sponsor for Bike Week in September; participants can register at the casino to participate. Ocean Downs will be having a school supply giveaway for children and grandchildren of team members. There will be a golf tournament at Lighthouse Sound to benefit the Sunshine Fund, which helps team members in times of need.

### **Live! Casino**

Mr. Anthony Faranca, Executive Vice President and General Manager, reported that July gaming revenue was up 3% year-over-year, with slot machines up 3%, and table games up 5% overall, while poker revenues were soft. Expansion of the events center to a capacity of 4,000 seats is continuing, and is scheduled for completion by the end of the year. The events center recently hosted a Dwight Yocum concert and has upcoming shows with Gladys Knight, Michael Bolton and comedian Norm MacDonald. Mr. Faranca said that the Cordish Companies anticipate some employees at Live! will be interested in working at the company's new properties in Pennsylvania, so the human resources department is working on a plan for transferring some team members to those locations and backfilling their positions. Cordish Companies/Live! Casino & Hotel were named one of the top 25 philanthropists in Baltimore by the Baltimore Business Journal. Live! recently hosted the Minority Outreach Fair, along with the Maryland Washington Minority Companies Association. The event attracted hundreds of representatives from minority, women-owned and veteran-owned businesses. The Executive Chef Edward Evans, who was featured on the Food Network show CHOPPED! worked with the Y of Central Maryland to raise \$10,000 for the YMCA to help the area's less-fortunate children. Live! Casino was nominated for the Four Diamond AAA Award, thanks to Robert Tedesco and the team who worked hard to achieve that accomplishment.

### **Rocky Gap Casino Resort**

Mr. Lou DiCampli, Assistant General Manager, reported that June gaming revenue was up 5.6%, and up 0.6% in July, with slot machine performance stronger in June than in July. August has been trending better, with a more favorable calendar to close the month. The concerts at the amphitheater has been very successful. Rocky Gap is planning new concerts for next summer to drive up tourism in Allegany County. He reported that Rocky Gap will be giving away a Ford Raptor. Rocky Gap recently received a Four Diamond AAA Award status for the 20<sup>th</sup> year. In the community, 20 team members participated in the United Way's Stuff the Bus event to generate donations of school supplies for children in Allegany County. Mr. DiCampli reported that Rocky Gap staff will again participate in the Dragon on the Lake dragon boat racing event on Lake Habeeb on September 21.

### **Horseshoe Casino**

Ms. Jacqueline Grace, Vice President and Assistant General Manager, reported that July gaming revenue was down 11.5%, driven by volume and hold. August has been trending the same. There has been a substantial amount of marketing over the summer, with numerous activities to celebrate the 5-Year

Anniversary of its opening, August 26, 2014. Several promotions are wrapping up, including the Five Million Dollar Collect and Win. In the community, Casino employees participated in a school supply drive, and Ms. Grace added that the staff is proud of its community service initiatives involving local schools.

Ms. Grace introduced Mr. Randy Conroy, the new Vice President and General Manager, taking the place of Erin Chamberlain. Mr. Conroy has worked for Caesars for over 18 years, having spent time at properties in Kansas, Nevada, Pennsylvania and Illinois. He said that he is proud of the company's interactions with the community and with customers. He added that he has watched Horseshoe's success in its first five years and is looking forward to being a part of its next five years.

Chair Marriner welcomed Mr. Conroy, noting that his predecessor, Erin Chamberlain, did an amazing job and that the Commission will miss her.

### **MGM National Harbor**

Ms. Melonie Johnson, President and COO, reported that July gaming revenue was up 4.1%, with slot machines up 5.3% year-over-year, table games up 2.1%, and poker tables up 10.9%. There are currently two promotions running until September. Choose Your Ride giving away either a Corvette, BMW or Porsche, and Three Play Drawing Omaha Steak Giveaway. Current tournaments include a \$250,000 Baccarat Tournament, a \$100,000 Blackjack Tournament, \$50,000 Summer's End Slot Tournament, a \$20,000 Baccarat Tournament, and a \$50,000 Leap Into Winnings Kiosk Game.

Ms. Johnson reported that MGM plans to increase visitation by taking advantage of the theater to schedule 140 events in the next year. The theater has a standing-room-only capacity of 4,000, including 2,700 seats, none of which is more than 30 yards from the stage. Aerosmith recently played three sold-out shows, with average ticket price being \$333. Upcoming entertainment includes Boyz II Men, Jill Scott, Marlon Wayans, and The Price is Right.

Recent community service by casino employees included events with the American Horticulture Society and Higher Achievement. The casino recently hosted a Prince George's County Local Development Council awards ceremony during which \$521,000 of local impact grants, funded by casino revenue, were awarded to local small businesses.

### **STAFF REPORTS**

#### *Director's Report – Gordon Medenica*

Director Medenica reported that the Agency's Fiscal Year 2019 lottery and casino numbers were record-setting, with lottery sales, lottery profit and casino revenue and contributions to the State all establishing new records. The Lottery and casinos contributed a combined \$1.3 billion to the State for Fiscal Year 2019. Seven weeks into Fiscal Year 2020, Lottery sales are down by a fraction, but profits are up by a percentage point. Casino revenue is up 2.2%, with contributions to the State up 1.8%. Director Medenica said the Lottery might continue to see slow year-over-year growth during the next couple of months because of last year's \$1.5 billion Mega Millions jackpot roll, which generated substantial sales over a 13-week period spanning late July through late October of 2018.

Director Medenica reported that Cash4Life, which converted from two drawings a week to seven drawings a week starting on July 1, 2019, has been a success story in Fiscal Year 2020. Sales of the game are up 85%, with \$1 million year to date in profits. Director Medenica reported that Jim Nielsen will be introducing the new game category called FastPlay, which combines aspects of instant tickets and draw games. There will be different price points and players will receive tickets out of the terminal, and can determine instantly if they win. Director Medenica said that there are 18 other states that have

these types of games, and that sales projections for the first year are approximately \$10 million. The Lottery is also looking at other, smaller initiatives. He added that the Mega Millions Consortium is considering a new add-on feature for that game. He said that the General Assembly is expected to take up sports betting bills again in 2020. Any sports betting bill that passes will also require the approval of voters in the November 2020 General Election. Thus, the State will not see sports betting implemented before 2021.

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

Ms. Smith reported that the Agency is finishing fiscal year-end accounting. April and May financial statements were provided to the Commission, and June is nearly complete. GAAP statements are due on October 1, 2019, and are currently on schedule. Ms. Smith is preparing the Agency's Fiscal Year 2021 Budget, which is due to the Department of Budget and Management on September 13, 2019. Accountability for Fiscal Year 2019 is in the Report. She added that due diligence in expenditures during Fiscal Year 2019 allowed the return of money to the State, which increased the Agency's profit. The Agency is preparing to install a new state-of-the-art telephone system, which will improve customer service by allowing for the creation of more automated phone trees that will help route callers to the correct departments more quickly.

*Operations and Gaming* – **James Nielsen, Assistant Deputy Director/Chief Operating Officer**

There were no questions from the Commission on Mr. Nielsen's monthly report. He proceeded to his Commission Action Item.

*Commission Action Item* – **Fast Play Regulations**

Mr. Nielsen reported that Agency staff have presented the Commission with changes to Lottery regulations that will permit the implementation of FastPlay games. The games are terminal-based, but do not include drawings. The tickets are printed by the terminals, and, similar to scratch-off games, they have predetermined results. They offer the opportunity for progressive prizes, similar to a slot machine; as tickets are sold and tracked, the prize level increases incrementally until the prize is won.

Chair Marriner asked for a motion to approve the proposed changes to the regulation. There was no discussion. Motion to approve the changes was made by Commissioner Doetsch, and a second was made by Commissioner Stakem. The motion passed unanimously.

Chair Marriner then asked for a motion to delegate Agency staff the authority to make non-substantive changes necessary in order to prepare the regulations for publication in the Maryland Register. Motion to delegate authority was made by Commissioner Doetsch, and a second was made by Commissioner Stakem. The motion passed unanimously.

*Managing Director of Gaming* – **James Logue**

There were no questions from the Commission on Mr. Logue's monthly report. He proceeded to his Commission Action Item.

*Commission Action Item* – **Horseshoe Casino Temporary VLT Reduction**

Mr. Logue reported that Horseshoe Casino has submitted a request for temporary variances in the number of VLTs on their gaming floor during construction of the new outdoor gaming area. The planned construction is underway and will require flexibility in the number of VLTs as construction reshapes the

casino floor. Horseshoe Casino is requesting approval to temporarily reduce and/or increase the number of VLTs on their gaming floor by up to 150 at any point during the construction period. Currently, Horseshoe has 2,202 machines on the floor. Approval of the request would allow the property to have anywhere between 2,052 to 2,352 machines operating at any given time during the construction, which is scheduled to be completed by no later than February 28, 2020. The Agency does not anticipate any negative impact on gaming revenues as a result of this temporary fluctuation and anticipates that the completion of the project will have a positive result on net revenue. Upon completion of the project, Horseshoe will have a permanent increase of 48 slot machines, bringing its total to 2,250. The Commission approved the 48-machine permanent increase in April.

Chair Marriner asked for a motion to approve the request of Horseshoe Casino to temporarily reduce and/or increase the number of VLTs on their gaming floor. Motion was made by Commissioner Doetsch, and a second was made by Vice Chair Hash. The motion passed unanimously.

**PUBLIC COMMENTS**

There were no public comments.

**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, September 26, 2019. Chair Marriner will be introducing the new Commissioner at that meeting.

**ADJOURNMENT**

There being no further business for discussion, Chair Marriner adjourned the meeting at 10:36 a.m.

Respectfully submitted,



Gordon Medenica