

Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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MARYLAND LOTTERY AND GAMING CONTROL COMMISSION OCTOBER MINUTES

DATE: October 24, 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 (via teleconference line)
Commissioner Jerry E. Williams

Gordon Medenica, Director
Gina Smith, Deputy Director, Chief Financial 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, Jerry E. Williams

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, Commissioners Vernon Boozer, George Doetsch, Michelle Fager, and Jerry Williams. James Stakem participated via teleconference call.

Chair Marriner thanked Vice Chair Hash for filling in to lead the September Commission meeting in his absence.

APPROVAL OF THE AMENDED AGENDA

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

APPROVAL OF THE MINUTES

Chair Marriner stated that the September 26, 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, and the motion carried unanimously.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains six new instant ticket games for the Commission's approval: #464 (\$5) *Magic 8 Ball Bingo*; #465 (\$1) *5X The Cash*; #466 (\$2) *10X The Cash*; #467 (\$5) *20X The Cash*; and #468 (\$10) *50X The Cash*; #469 (\$3) *Bonus Crossword*; 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 September 12, 2019 to October 10, 2019; Gaming License Application Denials/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.

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 Fager, and the motion carried unanimously.

OPERATOR REPORTS

Hollywood Casino Perryville

Mr. Matthew Heiskell, General Manager, reported that September gaming revenue was down 4.7% year-over-year, which was impacted by a \$155,000 jackpot win last month. Coin-in on slot machines was flat, while table game volumes were up 2%. Mr. Heiskell said October will be similar with coin-in and drop both healthy, but overall revenue will be impacted by a \$180,000 jackpot win. Hollywood Casino will be having a VIP Halloween Party this coming weekend. In November there will be several promotions, including a "Have a Ball" lottery promotion. The casino is planning to hold a series of town hall meetings and a Halloween party for employees next week.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, reported that September gaming revenue was flat compared to 2018, down 0.4%. Slot machine revenue was up 0.7%, while table games were down 10% driven by volume and hold. Ms. Sample stated that the impact of losing Labor Day to August this year, was another factor. October revenue has been strong in comparison to 2018. Slot machines and table games have both been up, due in part to the road closures last year on Rt. 90 that rerouted traffic. Ocean Downs will host a VIP Halloween party this weekend. In November the promotion will be "Banksgiving," a slot play promotion. The casino will have a table games brunch and school to teach visitors how to play black jack and craps.

In October, the casino decorated Pit One in honor of breast cancer awareness with pink felt on the gaming tables and necklaces sales again this year. A series of town hall meetings with employees recently concluded as well as a health fair for the casino employees.

Live! Casino

Mr. Robert Tedesco, Assistant General Manager, reported that September gaming revenue was down 5%, impacted by both slot machines and table games. October started slowly, but strong entertainment, including Grand Funk Railroad and Boz Scaggs, as well as a night of boxing should draw in customers. The entertainment schedule for 2020 will be announced soon. Phase II of the event center construction will be completed by the end of December. In the community, Live! Casino hosted events for Susan G. Komen, the USO Stars and Stripes, and the Howard County Chamber of Commerce Gala.

Rocky Gap Casino Resort

Mr. Skylar Dice, Vice President, General Manager, reported that September gaming revenue was up 3.2% year-over-year, with a slight increase in slot machines and a strong increase in table games. October revenue is trending well. Current promotions include a Swarovski Jewelry Giveaway and a 2019 Ford Raptor Giveaway. On Saturday the casino will host an annual Halloween Bash. The Chamber of Commerce held an after hours event at the casino with over 200 people in attendance. Rocky Gap also hosted the Governor's Office of Small, Minority and Women Business Affairs which helped in connecting with local vendors. In the community, the casino participated in Clothes for a Cause where customers donated used clothes to the American Cancer Society for free play.

Horseshoe Casino

Mr. Randy Conroy, General Manager, reported that September gaming revenue was \$18.6 million, down \$2.1 million compared to September 2018, due to lower volume and slot hold. In October, Horseshoe Casino partnered with the Ravens for pregame tailgate events, flying planes around the stadium with a Horseshoe logo advertisement on them, and providing a luxury suite at M & T Bank Stadium for VIP customers. There are currently a considerable number of construction projects going on through the end of year which have disrupted business levels. The outdoor gaming terrace opening, and renovation of the market place, the food area and the Caesars Reward Loyalty area are expected to complete by the end of November. By the end of the year, the employee dining room renovations should also be completed. In the community, the casino is planning an event to promote Breast Cancer Awareness Month. This coming weekend, the men on the Executive team will again be modeling homemade bras, while female executives will wear boxers. The event will take place from 4:00 p.m. – 6:00 p.m.

MGM National Harbor

Mr. Jeff Shrader, Vice President and General Counsel, reported that September gaming was up 5% year-over-year, with a 9% increase in table games. MGM is holding twice-a-week drawings for cash prizes through November 29, a cruise giveaway, and is continuing its Wednesday gift giveaway series featuring DIY tools. Gaming activities include a \$50,000 Halloween Slots tournament, \$500,000 blackjack tournament, and a \$20,000 baccarat tournament. The MGM theater recently included shows by Bill Barr, Avril Lavigne, and 3 days of the Price is Right Live. Featured performers will include ZZ Top in October, Anita Baker in November and Mariah Carey in December, with Cirque Dream Holidays during the holiday season. In the community, 40 MGM employees volunteered a combined 100 hours of community service.

STAFF REPORTS

Director's Report – Gordon Medenica

Director Medenica reported that October lottery sales figures are up against a tough year-over-year comparison because the Mega Millions jackpot surpassed \$1.5 billion in October 2018. The result was an exceptionally strong month last year, and October 2019 sales are down in comparison. Year-to-date lottery sales are down 2.5%, with profits down 8.5%, or \$15 million.

(At 10:17 a.m. while Director Medenica was giving his report, the meeting was interrupted by the fire alarm, at which point the building was evacuated. The meeting resumed at 10:48 a.m.)

Director Medenica reported that excluding jackpot games, the news is good. Sales are up for monitor games, daily draw games and instant tickets. Whether or not the deficit can be made up will depend on another long jackpot roll this year. Director Medenica said casino revenues have experienced volatility, with year-to-date revenues down 0.7%. However, contributions to the state from the casinos are up 1%. The combined contribution to the state from lottery and casinos is down, but Director Medenica said there is ample opportunity for that trend to be reversed during the final two-thirds of the fiscal year.

Director Medenica commented on the announcement the day prior to the meeting that Deputy Director/Chief Financial Officer Gina Smith would be leaving Maryland Lottery and Gaming, saying that no person has been more important to the Agency's operations and success than Gina. He wished her success and career growth as she moves on to a new position.

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

Ms. Smith reported that GAAP statements and the June financial statements were given to the Commissioners in their packets. She added that the timing for completion of these statements is necessary in order to satisfy auditing requirements; the procedure requires converting to GAAP before financial statements are completed for the new fiscal year. Ms. Smith said the Agency's 2021 budget has been submitted to the Department of Budget and Management. The budget will then be passed along to the General Assembly in December when the Governor introduces the state's overall budget.

There were no questions from the Commission on Ms. Smith's monthly report. She proceeded to her Commission Action Item.

Commission Action Item – Request for Proposal (RFP) – Instant Ticket Games and Related Services (#2019-05)

Ms. Smith said that the Agency's contract for instant ticket games and related services is up next year. Currently, the Agency's primary instant ticket vendor is Pollard Banknote, and both IGT and Scientific

Games are secondary vendors. The Commission was provided with a copy of the RFP and MLGCA is seeking approval to send it to the Maryland Department of General Services (DGS) for further review and to be published. Ms. Smith noted that the RFP would follow a different path than prior RFPs. Previously, the Agency's RFPs went through the Department of Budget and Management. As of October 1, 2019, the procurement procedure requires RFPs to go through DGS.

Chair Marriner asked for a motion to approve the request to send the RFP to DGS. Commissioner Doetsch motioned to approve, Commissioner Williams seconded, and the motion was unanimously approved.

Ms. Smith addressed the Commission regarding her upcoming departure from Maryland Lottery and Gaming after 18 years with the Agency. She mentioned the Agency's substantial growth during the development of the casino gaming program, and said that helping to implement casino gaming was some of the most fulfilling work she has done in her career. Ms. Smith said that she would be taking a position as the Deputy Legislative Auditor for the State of Maryland, returning to the Office of Legislative Auditors, where she worked prior to her time at Maryland Lottery and Gaming. She commended the competence, talent and hard work of Maryland Lottery and Gaming staff, and she thanked Chair Marriner for his support.

Chair Marriner said that working with Ms. Smith has been the highlight of his career with Maryland Lottery and Gaming and commended her as a consummate team player. Commissioners and meeting attendees gave Ms. Smith a standing ovation.

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, November 21, 2019, one week earlier due to the holiday.

ADJOURNMENT

There being no further business for discussion, Chair Marriner adjourned the meeting at 10:58 a.m.

Respectfully submitted,



Gordon Medenica