

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 JANUARY MINUTES

DATE: January 23, 2020

TIME: 10 a.m.

PLACE: Maryland Lottery and Gaming Control Agency Headquarters

PRESENT: Chair E. Randolph Marriner
Commissioner F. Vernon Boozer
Commissioner George L. Doestch, Jr.
Commissioner Michelle Fager
Commissioner James Stakem
Commissioner Jerry E. Williams

Gordon Medenica, Director
Jim 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, 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: Commissioners Vernon Boozer, George Doetsch, Michelle Fager, James Stakem, and Jerry Williams. Vice Chair Bert Hash 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 Fager moved, Commissioner Doetsch seconded, and the motion carried unanimously.

APPROVAL OF THE MINUTES

Chair Marriner stated that the December 19, 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 Stakem seconded, and the motion carried unanimously.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains two new instant ticket games for the Commission's approval: #477 \$5 *Cash Payout*; and #478 \$10 *Win \$50 or \$100*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications VLTs, Table Game Components, and Instant Bingo Machines (12/5/19 – 1/9/20); Consent Agreements for Regulatory Violations – Horseshoe Casino – July, August and September 2019; Live! Casino – July, August and September 2019; Rocky Gap – August 2019; Consent Agreement for Underage Violations – Rocky Gap – Case No. 2019-04-002; Gaming License Application Denials/Revocations; and Staff Reports from the Financial Director's Report; James Nielsen, Assistant Deputy Director, Chief Operating Officer; John Martin, Managing Director, Chief Revenue Officer; Leo Mamorsky, Managing Director, Chief Marketing Officer; Carole Gentry, Managing Director, Communications; and 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 December gaming revenue was down 3.5% year-over-year, with slot machine volumes down 1%, and table games down 15%, driven by hold after a player won \$75,000. Hollywood had its best New Year's Eve performance since 2013, and the day ranked as one of Hollywood's top five highest coin-in days in its history. Volumes and holds have been strong in January. February and March will include a \$500,000 Mega Wheel promotional giveaway. In March, Hollywood will open its year-long 10th anniversary celebration starting with a VIP event, with additional events planned throughout the year, including a blowout event in July. Hollywood will also recognize some of its 30-plus employees who have been on staff since its opening day. Mr. Heiskell said the casino is actively advertising on radio with the focus on the various 10th Anniversary celebrations.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, reported that December slot machine revenue was up 3%, driven by volume, and table game revenue was up 9.4%, driven by hold. January revenue has been trending positively. December promotional activities culminated with a Mercedes SUV giveaway on New Year's Eve, which was the casino's top slot win day and No. 9 coin-in day, which helped drive such positive results for December. January promotions include Spin Into 2020, with entries throughout the week, and weekend drawings to spin a wheel for prizes. Activities in January include a black jack tournament on Thursday nights, and to complement senior slot socials on Mondays for players age 60+, there is Fintastic 50's for customers ages 50-59. February promotions will include Trucking in the Leap Year giving away a Ford F250 Pickup. Ocean Downs is conducting an employee survey right now, which ends this week. Ms. Sample will be going with the casino's HR director to Miami to look at employee retention and recognition programs to bring back to Ocean Downs' program.

Live! Casino

Mr. Anthony Faranca, Executive Vice President, General Manager, reported that December gaming revenue was up 3.4%, totaling \$51.8 million for the month. Slot machine revenue was up 2.4%, and table game revenue was up 6.6%, with a modest uptick in hold. A baccarat tournament helped boost table games revenue, while poker tables declined 1%. Mr. Faranca noted that Live! hosted the Maryland State Poker Championship from Jan. 2-13. The Hall, which opened in December, holds 4800 people. There were two free practice shows in December to test out the Hall. Live! Casino's first large scale New Year's Eve party hosted over 4000 people. Mr. Faranca said 2019 was Live!'s third-best revenue year, adding that The Hall is expected to play a major role in promoting Live! Casino as a regional destination. Upcoming entertainment includes a sold out show by Jill Scout on February 14. Adam Sandler is coming in March, and Jerry Seinfeld this summer. In the community, team members volunteered at Grass Roots Resource Center in Howard County helping the homeless. Mr. Faranca noted the casino installed a larger, more prominently placed veterans' donation box, which resulted in substantially increased patron donations to the Veterans' Trust Fund, totaling more than \$2,000 during 2019. Mr. Faranca added that he has been nominated to join the Board of Directors for the Washington-Baltimore area USO, and he hopes to have the USO hold events at Live!

Rocky Gap Casino Resort

Mr. Skylar Dice, Vice President, General Manager, reported that December gaming revenue was down 4.5% in total revenue, with good trajectory until the power outage. The outage was caused by a power surge that covered a 23-mile loop around the Cumberland area. Lightning rods have been installed to prevent it from happening again. January is off to a solid start, thanks in part to good weather. Rocky Gap had its strongest New Year's Eve ever. Mr. Dice noted that 85 rooms on the fifth and sixth floors of the Rocky Gap hotel will be undergoing renovations and will be off the market for the first quarter of 2020. The rooms will be available again before the summer months arrive. Rocky Gap was recently named to Golf Week's top 50 best casino golf courses in the U.S. It is the only Jack Nicklaus course in Maryland. In 2020, there are big initiative cross-marketing plans with Vegas and Montana. In February, Rocky Gap will have a black tie awards banquet and gala for Rocky Gap Staff.

Horseshoe Casino

Mr. Randy Conroy, General Manager, reported that December slot machine revenue was \$10.3 million, down 14%, and table game revenue was \$8.5 million, down 17%. December was the first full operational month of the outdoor gaming terrace. Space heaters were installed on the outdoor gaming terrace due to the cold. Construction in the Marketplace food court was completed in December, and there will be two

new outlets in February. Winter trainings were conducted for team members over the past 4-5 weeks. The casino has a partnership with the Baltimore Ravens, and Mr. Conroy said the home playoff game on January 11 was one of the busiest days Horseshoe has had recently. While the Ravens' loss to the Tennessee Titans ended the season, Mr. Conroy noted there is high optimism for the continued partnership with the Ravens next season. Promotions for January and February include the Suitcase Man contest with a top prize package of \$1 million. In December team members volunteered their time with a toy drive, and in January are conducting drives for the homeless.

MGM National Harbor

Ms. Melonie Johnson, President, COO, reported that December gaming revenue was down 4.5% year-over-year. Table game revenue was up 13%, table game drop was up, and slot machine revenue was down 2%. The big promotion in December was Cold Hard Cash, which continues through February. In January, MGM is having a \$100,000 Black Jack Tournament. January promotions include the Sound Asleep Gift giveaway, \$2020 Repeat Drawing, and Bundle Up Drawing. In February, promotions include Wheel of Winners and a \$30,000 baccarat tournament. Entertainment in January includes Motor City Live, Jess Hilarious, Dancing with the Stars, and Jeff Foxworthy. Smokey Robinson comes to the casino in February, and Alicia Keys in August. In December team members volunteered time with the Hillside Workshop, making packages for women in homeless shelters, and packages for underserved families.

STAFF REPORTS

Director's Report – Gordon Medenica

Director Medenica reported that he delivered a briefing on the state of the Agency to the House Ways and Means Committee on January 16. Routine meetings are upcoming to discuss the Agency's budget with the House Ways and Means Committee and the Senate Budget and Taxation Committee.

Sports betting is a significant topic in this year's General Assembly session. Director Medenica said that of the 10 bills the Agency is closely tracking, five pertain to sports betting, including those that will enable a statewide referendum to take place, and those that specify the proposed structure of sports betting in the State. Director Medenica noted that the debate is largely the same as it was when lawmakers debated sports betting in 2018. One approach is to offer sports betting at the State's casinos. The other approach is to offer it at both casinos and horse racing tracks. The Agency will participate in a joint legislative work group that will further debate the details. Recent media reports indicate that Washington Redskins owner, Daniel Snyder, has expressed an interest in having sports betting available at the Redskins' stadium, which is located in Maryland.

Director Medenica said year-over-year Lottery sales are still down against the strong performance of FY2019, which was propelled by the \$1.5 billion Mega Millions jackpot in October 2018. However, the \$30 million hole created by the strength of sales in FY2019 is now down to \$10 million. Year-to-date sales are down 0.6% and profit is down 3% year-over-year. However, sales for December and January are up 6% and 7%, respectively.

Director Medenica reported that casino revenue is flat, down 0.1% year-over-year as the State's six casino properties have matured. However, casino contributions to the State are up 1.5%.

The Lottery's request for proposals for instant ticket games and related services has been issued, and a decision should be made this coming summer. The Lottery is also preparing for the February 10 launch of Fast Play games. February will also bring a new look for televised Lottery drawings on WBAL-TV, including a new studio, graphics, music and on-air talent.

Gaming – James Logue, Managing Director

There being no questions from the Commission on Mr. Logue's monthly report, he proceeded to his Commission Action Item.

Commission Action Item – Rocky Gap Permanent VLT Allocation Increase

Mr. Logue said Rocky Gap Casino has requested a permanent increase in its allotment of slot machines from 665 to 675 and to reduce its number of table games from 18 to 16. Modifications to the gaming floor would begin upon Commission approval. Mr. Logue said Rocky Gap expects the changes to have a positive impact on its gaming revenue, and that floor plans have been provided to the Agency and the Commission. Mr. Logue said that MLGCA staff recommends approval of the request.

Chair Marriner asked for a motion to approve the changes. Commissioner Stakem moved, Commissioner Doetsch seconded, and the motion was unanimously approved.

Regulatory Oversight - John Mooney, Managing Director

There being no questions from the Commission on Mr. Mooney's monthly report, he proceeded to his Commission Action Item.

Commission Action Item – Manufacturer's License Renewal Hearing - SG Gaming Inc. (formerly Bally Gaming, Inc.)

Chair Marriner reviewed the procedures for the hearing. Chair Marriner then swore in Mr. Mooney and MLGCA staff, there were no representatives from SG Gaming present at the meeting.

Mr. Mooney reported that SG Gaming, Inc. was previously licensed as a manufacturer under the name Bally Gaming. The company officially changed its name to SG Gaming, Inc. on January 3, 2020, by which time MLGCA staff's licensing renewal investigation and report had been completed. Thus, the report uses the name Bally Gaming. Mr. Mooney then read the summary of MLGCA staff's investigative report pertaining to SG Gaming, Inc.'s application for a renewal of its manufacturer license. MLGCA confirmed that the company and its principals have sufficient financial resources and found no derogatory information regarding the company's qualification. Staff recommended that the Commission approve SG Gaming, Inc. for a renewal of its manufacturer license.

Chair Marriner asked for a motion to find the company and its principals have established their qualifications for a license by clear and convincing evidence. Commissioner Fager moved, Commissioner Williams seconded, and the motion was unanimously approved.

ANNUAL ELECTION OF CHAIR AND VICE CHAIR

Chair Marriner reported that the Commission elects its Chair and Vice Chair during the January meeting each year. He asked for nominations for the Chair. Commissioner Stakem nominated Chair Marriner to remain as Chair. There were no other nominations. The Commission voted unanimously for Chair Marriner to serve as Chair for 2020.

Chair Marriner nominated Vice Chair Hash to remain as the Vice Chair. There were no other nominations. Commissioner Doetsch seconded, and the Commission voted unanimously for Vice Chair Hash to serve as Vice Chair for 2020.

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, February 27, 2020.

ADJOURNMENT

There being no further business for discussion, Chair Marriner adjourned the meeting at 10:34 a.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "G. Medenica", is written over the typed name.

Gordon Medenica