

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 AUGUST MINUTES

DATE: August 27, 2020

TIME: 10 a.m.

PLACE: Maryland Lottery and Gaming Control Agency Headquarters
(Meeting conducted via conference call audio link, livestreamed on website)

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

Gordon Medenica, Director
Jim Nielsen, Deputy Director, Chief Operating Officer
John Martin, Managing Director, Chief Revenue Officer
James Logue, Managing Director, Gaming
Leo Mamorsky, Managing Director, Marketing
John Mooney, Managing Director, Regulatory Oversight
Paula Yocum, Managing Director, Acting Chief Financial Officer
Carole Gentry, Managing Director, Communications
James Butler, Managing Director, Organizational Compliance
Holly Citko, OAG Acting Division Director
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
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

ROLL CALL

Chair Marriner asked for a roll call to establish that a quorum was present. Roll was called and all Commissioners were on the call. Chair Marriner said that he would poll each Commissioner individually following each vote.

CALL TO ORDER

Chair Marriner called the meeting of the Maryland Lottery and Gaming Control Commission to order at 9:58 a.m. Also on the call were: Vice Chair Bert Hash, Commissioners Vernon Boozer, George Doetsch, Michelle Fager, James Stakem, and Jerry Williams.

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 amended agenda. Commissioner Stakem moved, Commissioner Doetsch seconded, and the motion was unanimously approved by roll call.

APPROVAL OF THE MINUTES

Chair Marriner stated that the June 25, 2020, 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 was unanimously approved by roll call.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains eight new instant ticket games for the Commission's approval: #495 (\$2) *Ruby 6's*; #501 (\$5) *Fantasy 5's*; #510 (\$10) *Terrific 10's*; #511 (\$20) *100X The Cash*; #515 (\$1) *5X The Cash*; #516 (\$2) *10X The Cash*; #517 (\$5) *20X The Cash*; and #518 (\$10) *50X The Cash*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (6/11/20 – 8/13/20); Consent Agreements for Regulatory Violations - Live! Casino – January 2020; and MGM National Harbor – July, August, September, October, November 2019; and February 2020; Gaming License Application Denials/ Revocations; and Staff Reports from the Jim Nielsen, Deputy Director, Chief Operating Officer; John Martin, Managing Director, Chief Revenue Officer; Leo Mamorsky, Managing Director, Chief Marketing Officer; John Mooney, Managing Director, Regulatory Oversight; Paula Yocum, Managing Director, Acting Chief Financial Officer; Carole Gentry, Managing Director, Communications; James Butler, Managing Director, Organizational Compliance; and Holly Citko, Acting Division Director, 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 was unanimously approved by roll call.

OPERATOR REPORTS

Hollywood Casino Perryville

Mr. Matthew Heiskell, General Manager, reported that revenue has been very strong since reopening. June was a partial month, so there are no relevant year-over-year comparisons. July revenue was up over 7% year-over-year, with slot machines revenue and volume up 5%, and table games revenue and volume up 14%. Table games have been particularly strong since opening back up. In August the solid performance has continued although slots have leveled off but are holding well, and table games continue to be up substantially in drop and volume. Construction on the Green Turtle was completed during the shut down, with a new entrance that allows for family dining. From a promotional standpoint there are still no events planned at present in order to maintain social distancing, but the casino is cautiously making plans in the hope of resuming soon. Prior to the shut down plans were in process for the 10 year anniversary celebration which had to be canceled. The casino hopes to have a 10 ½ or 11 year anniversary celebration instead, and will let everyone know when that will be held.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, said Ocean Downs reported July revenue down slightly by 5.2% year-over-year, with slot machines down 6.3%, mainly driven by volume and hold, while table games were up 3.9% largely driven by hold. Ms. Sample advised that August of 2019 was the highest month ever in slot machines and table games, so it will be a challenging bar to hit again this year. In the beginning of August, Ocean Downs paid out a \$125,000 non-progressive jackpot, which will also affect revenue. Ms. Sample said the casino and hotel operators in Ocean City have seen crowds below last year's levels during the week, but weekends have been stronger. Ocean Downs' marketing has been minimal while capacity is limited to 50% due to COVID-19, but Senior Slot Socials have resumed on Mondays, as well as Freeplay Fridays, which feature a wheel spin conducted on Facebook for free play at the casino. Ocean Downs was a sponsor for the Ocean City Air Show in August, and while participation was limited, the casino did have an outdoor viewing area for VIP guests. In an effort to bring back more of the employees still on furlough, the casino offered a table game school as there is a need for more part-time dealers.

Live! Casino

Mr. Anthony Faranca, Executive Vice President and General Manager, reported that July was a solid month from a financial prospective, up 4.5% year-over-year, although slot machines were down 1.7%, while table games were significantly up 21%. Poker revenue was up 1.2%. Live! has made operational changes with the intent of reducing congestion on the floor and maximizing social distancing. Walk-up bars have been closed, and staff is serving active gamers only. On Friday and Saturday nights from 10 a.m. to 4 a.m. the casino is open for Live! card members only. The casino's promotion calendar has been dramatically reduced. Mr. Faranca said August revenues have been solid. The casino continues to focus on safety and its Play It Safe plan. Live! is working on construction of a \$10 million Sports & Social Gaming venue in anticipation that the sports betting referendum will be approved by voters in November's election. He added that as part of the construction, the casino would be requesting temporary and permanent reductions in the number of slot machines on the floor.

Rocky Gap Casino

Mr. Skylar Dice, Vice President and General Manager, reported that July revenue was up 6.1% year-over-year, driven by slot machines, and good table game volume. Summer tourism in Western Maryland has brought people to the region, but the casino's head counts have been down. There have been no substantial promotions planned, but Rocky Gap is planning to host a small gathering of VIPs the last

weekend of August. The casino's staffing level is down 21% from its typical summer level. Community outreach efforts have been limited, but staff have assisted a local food bank.

Horseshoe Casino

Mr. Randy Conroy, General Manager, reported that Horseshoe saw slot revenue growth in July, and that trend has continued into August. But table game revenues have not been as successful. Due to COVID-19 reopening protocols, table game seating was cut in half. Staff were given a 30-day pass on being recalled to work if they were not comfortable to come back, and Mr. Conroy reported that a significant number of table game dealers opted for the 30-day deferral. They are now back on the job, which should improve the revenue numbers. The casino's poker tables have not been reactivated, but Mr. Conroy said Horseshoe plans to reopen them in September. The casino has also had to navigate both state and Baltimore City mandates. The Gordon Ramsay Steakhouse initially reopened, then was required to close, but has reopened again. Mr. Conroy said 68% of the staff has been reactivated, adding that he hopes to have more staff come back to work soon.

Horseshoe has given financial support to the Associated Black Charities and the Capital Region Minority Supplier Development Council. Mr. Conroy said he plans to host an upcoming webinar aimed at providing information on opportunities for diverse vendors to participate in the COVID era. On July 31, Horseshoe had a regular customer who won a \$1.45 million progressive payout, which is believed to be the largest in Horseshoe's history. Mr. Conroy said the Caesars-Eldorado merger was completed on July 20, and the new executives from Eldorado have visited the casino. Assistant General Manager Jackie Grace has been promoted to General Manager and Senior Vice President of the Tropicana in Atlantic City.

Chair Marriner congratulated Live! on their six-year anniversary, which he saw on his social media feed.

MGM National Harbor

Jorge Perez, President, COO, reported that July gaming revenues were down 15.5%, with slot machines down 17%, and table games down 9.4%. Poker opened half way through the month and was down 65%. Mr. Perez added that ensuring that guests and staff are comfortable in the new environment is the top priority. The promotional calendar and theater have been quiet. Revenue trends in August have been positive. The casino formed a safety committee comprised of senior executives and a safety ambassador program to ensure social distancing and masking requirements are fulfilled, especially on Friday and Saturday nights. The casino is leveraging its surveillance capabilities to make sure guests are complying.

In the community, MGM National Harbor has stayed engaged with food banks, donating 64,000 pounds of food, 54,000 meals, as well as school supplies and snacks for schools. MGM National Harbor created an employee emergency grant fund contributing \$12 million company-wide.

Chair Marriner commended the casinos for reopening safely noting the numbers are outstanding during the midst of the pandemic.

STAFF REPORTS

Director's Report – Gordon Medenica

Director Medenica reported that since last meeting, the Lottery has made public their annual numbers with Fiscal Year 2020 results which were released to the press on Tuesday along with the press release. The results have been strong. At the beginning of the pandemic, the lottery sales collapsed but were able to recover in May and June, resulting in an amount just short of the all-time record set the year before.

Lottery contributions to the State as noted on the mini annual report were nearly \$589 million compared to the \$593 million last year.

Casinos results for Fiscal Year 2020 reflected the closure of over three months, with the financial impact in line with that. Every financial measure was down a bit more than 25%, as expected, but revenue for July 2020 was down only 7% compared to July 2019 even though the casinos were limited to 50% of their capacity. Director Medenica noted that producing 93% compared to last year's revenues with only a 50% capacity is impressive. For Fiscal Year 2021, year-to-date lottery sales are up 19.4%, profits up 17.8%, casino revenue down 7.4% and contributions down 7.6%. Combined Lottery and casino contributions to the State are up 3.1%. Director Medenica noted that the Agency is proud to be doing its part to contribute to the State's good causes, as the pandemic is causing substantial budget and fiscal issues for the State.

Director Medenica outlined some recent personnel changes and a redistribution of responsibilities, as existing staff have assumed new titles and responsibilities. Paula Yocum is now Acting CFO. Jim Nielsen has been given permanent responsibility for IT and is now Deputy Director. James Butler has taken on responsibility for Human Resources, and with the departure of the Director for Human Resources, Aimee Ringgold is now the Acting Director. The position will be posted if permission is received from Annapolis to waive the hiring freeze. Carole Gentry has now permanently taken responsibility over the Customer Resource Center, which was put under her aegis temporarily after the departure of Gina Smith. Holly Citko is Acting Principal Counsel, replacing Bob Fontaine. Director Medenica thanked staff for their tremendous contribution during this time.

Director Medenica noted that the sports betting referendum is on the ballot in the upcoming General Election in November. The Agency expects that it will pass, and while the specific structure and implementing legislation have not yet been developed, Agency staff are developing draft regulations that are based on factors that the Agency believes will be included. The Agency is also working to provide input to the Maryland Department of Transportation for a legislatively required report due October 1 as part of a disparity study on the future of sports betting.

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 – 2019 Promotional Play Report

Mr. Logue said that in accordance with COMAR 36.03.10.36(G), each casino operator is required to submit an annual report of its use of free promotional play during the prior fiscal year and recommend any adjustment to the limitation on free promotional play established in regulation. Current regulation states that each facility operator may exclude from taxable proceeds an amount equal to 20% of proceeds the facility generated in the prior full fiscal year. Mr. Logue said all six casinos recommended no change in the limitation, adding that the Commission may direct Agency staff to adjust the limitation. Agency staff recommended no change.

Chair Marriner asked for a motion that the commission leave the current limits in place. Commissioner Doetsch moved, Vice Chair Hash seconded, and the motion was unanimously approved by roll call.

Commission Action Item - Live! Casino and Hotel VLT Reduction

Mr. Logue said Live! Casino and Hotel has submitted a request for both temporary and permanent reductions to the number of slot machines on the gaming floor. The ongoing construction to add a new Sports & Social Gaming space and a desire to adjust some slot bank configurations to provide customers more personal space and further emphasize social distancing will require a reconfiguration of the gaming

floor. The casino is seeking approval to temporarily reduce the number of slot machines by up to 300 at any point during the construction period. Upon completion of these projects, Live! is requesting to permanently reduce the number of machines by 100, bringing its new total to 3,752. Construction should be completed no later than March 31, 2021. The casino projects that the completion of the proposed amenities will result in an increase in overall revenue. Mr. Logue said Agency staff recommend approval of the requests.

Chair Marriner asked for a motion Approval of Live! Casino and Hotel's request for a temporary reduction of up to 300 VLTs. Commissioner Doetsch moved, Commissioner Stakem seconded, and the motion was unanimously approved by roll call.

Chair Marriner asked for a motion Approval of Live! Casino and Hotel's request for a permanent reduction of 100 VLTs. Commissioner Doetsch moved, Commissioner Stakem seconded, and the motion was unanimously approved by roll call.

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 24, 2020, conducted by audio conference.

ADJOURNMENT

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

Respectfully submitted,



Gordon Medenica
Director