

MARYLAND LOTTERY AND GAMING CONTROL COMMISSION NOVEMBER MINUTES

DATE: November 19, 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
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 Principal Counsel
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
MLGCA 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 on the call were: Commissioners Vernon Boozer, George Doetsch, Michelle Fager, James Stakem and Jerry Williams. Vice Chair Bert Hash was not on the call. Chair Marriner said that he would poll each Commissioner individually for each vote.

CALL TO ORDER

Chair Marriner called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:01 a.m.

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

APPROVAL OF THE MINUTES

Chair Marriner stated that the October 22, 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 Fager seconded, and the motion was unanimously approved by roll call.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains five new instant ticket games for the Commission's approval: #519 (\$2) *Bonus Ca\$h*; #520 (\$3) *Bonus Crossword 3rd Edition*; #521 (\$5) *Double Your Money*; #522 (\$10) *CASH*; and #523 (\$30) *VIP Club*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (10/8/20 – 11/5/20); Consent Agreements for Regulatory Violations – Hollywood Casino – August 2020; Horseshoe Casino – January and February 2020; Live! Casino – August 2020; and Rocky Gap Casino – October and December 2019, and September 2020; Consent Agreements for Underage Violations – Rocky Gap Casino – Case No. 2020-04-001; Gaming License Applications Denials/Revocations; and Staff Reports from James Nielsen, Deputy Director, Chief Operating Officer; John Martin, Managing Director, Chief Revenue Officer; Paula Yocum, Managing Director, Acting Chief Financial Officer; Carole Gentry, Managing Director, Communications; James Butler, Managing Director, Organizational Compliance; and Holly Citko, Acting 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 was unanimously approved by roll call.

OPERATOR REPORTS

Hollywood Casino Perryville

Mr. Matthew Heiskell, General Manager, reported that October gaming revenue was up nearly 20% year-over-year, with slot machine revenue up 17%, driven by a 14% increase in volume, and table game revenues up 31%, with volume up 8%. Mr. Heiskell added that it was Hollywood's best table game month in four years, and that he was proud of the casino's team for their work and the effort to provide a safe experience for customers. In order to be in compliance with Gov. Hogan's November 17 Executive Order, the Greene Turtle restaurant at the casino, as well as the casino bar, will close at 10 p.m. nightly beginning November 20. Hollywood is planning for a safe New Year's Eve celebration in spite of the challenges of the restaurant closing at 10 p.m.

Ocean Downs Casino

Ms. Bobbi Jones, Director of Marketing, reported that gaming revenue was up 4.2% in October, with slot machine revenue up 8.7% driven by both volume and hold. Table game revenues were down 27%, with table game holds down only 10%. Ocean Downs has planned a number of touchless, socially distanced promotions. The casino is conducting a food drive for local needy families which has generated nearly 3,000 cans of food and is also supplying box dinners for Thanksgiving to a local organization that assists those in need. Ocean Downs is giving gift cards to employees for the holidays and is planning gifts for some of its top customers for New Year's Eve.

Live! Casino

Mr. Anthony Faranca, Executive Vice President and General Manager, reported that total revenue in October was down 1.2% year-over-year primarily due to reduced food and beverage service. However, gaming revenue was up 5%. Slot machine revenues were flat, but table games were up 15% driven by increased hold, and poker tables were up 5%. Mr. Faranca noted that it was a successful month, given the reduction in promotions and events due to COVID-19. The casino's primary focus continues to be the safety of guests and employees. Plans are underway for Black Friday and New Year's Eve and how to maintain safety for the casino's guests. From October 12-16, Live! donated all proceeds from its social gaming website to the USO of Metropolitan Washington and Baltimore – a total of \$15,000.

Rocky Gap Casino

Mr. Skylar Dice, Vice President and General Manager, reported that October gaming revenue was up 10.2%, with strong slot volumes. Table games were down slightly, but the fall foliage season brought customers to the region and the casino. Rocky Gap hosted a food drive in November and will make a donation to a local food pantry. Promotional activities have been limited, and the casino is planning to have its two restaurants close at 10 p.m. nightly in accordance with the Governor's recent Executive Order.

Horseshoe Casino

Mr. Randy Conroy, Vice President and General Manager, reported that Horseshoe's slot machine revenue was \$12.1 million in October, up \$1 million or 9% year-over-year, driven by higher volumes. Table game revenues were \$5.3 million, down 34% as a result of low volumes and hold, including a number of progressive wins. In light of the recent rise in coronavirus cases, Baltimore City enacted a capacity restriction of 25%, and Mr. Conroy said casino staff has to monitor its occupancy very closely,

especially during the weekends. In addition to closing restaurants at 10 p.m., Horseshoe has prohibited smoking in its outdoor gaming area due to local face covering orders.

The casino's executive chef recently did a virtual cooking demonstration for Taste of Life, an organization that supports the American Cancer Society. The event raised more than \$100,000. Horseshoe staff have conducted holiday food drives to benefit Baltimore City families, and the casino will give turkeys to its employees. Any leftover turkeys will be donated to Paul's Place, which assists Baltimore residents in need. Mr. Conroy added that Horseshoe and its staff continue to be focused on health and safety issues.

MGM National Harbor

Mr. Jeffrey Shrader, Vice President and Legal Counsel, reported that October gaming revenue was down 5.5%, with table games down 11.5% and slot machine revenue up 0.3%. Poker revenue was down 21.1%, with fewer poker table positions available due to coronavirus capacity restrictions. Mr. Shrader said the casino's safety committee has seen positive trends in customers' compliance with mask-wearing and social distancing requirements. Walk outs have steadily decreased. MGM will be closing its restaurants and casino floor bars at 10 p.m. beginning November 20 to comply with the Governor's Executive Order. The casino has slowly conducted promotional giveaways, remaining mindful of the need to prevent people from congregating.

The U.S. Air Force band recently recorded a performance in the MGM theater that was streamed online for Veterans Day. Other concerts are being planned that will be performed in the theater without an audience, but will be streamed on a pay-per-view basis. Casino staff recently packed bags of essential items to be donated to local homeless and domestic violence shelters. Seventeen staff members packed meals for Food & Friends, and staff also worked with the Washington Football Team to pack bags of food for families in need.

Chair Marriner thanked the casinos for taking the pandemic seriously, and for doing their part to keep Maryland open for business.

STAFF REPORTS

Director's Report – Gordon Medenica

Director Medenica noted that the sports betting referendum was approved by voters in the November 3 General Election by a margin of 2 to 1. Agency staff continue working on a set of sports betting regulations in preparation for the General Assembly's session that commences in January and will hopefully produce legislation that will define the structure of sports betting in the State.

With the Governor's recent order regarding mandatory telework, the agency was already at approximately 80% telework, so the largest impact for Lottery has been changes to the Lottery's sales representatives' retailer visits. Sales staff members are now maintaining contact with the retailers in their territories by phone, text and email.

The Lottery had a strong performance in October, as shown in the Dashboard report. Year-to-date sales are up 15.8%, with profit up 14%, equating to a profit increase of almost \$30 million compared to the same period last year. Daily numbers, monitor games and instant tickets have been the strongest performers. Sales of the national jackpot games, Mega Millions and Powerball, have been soft, and Director Medenica said the two groups that run the games are engaged in discussions on potential game changes that will reverse these trends. The growth rate of Lottery sales has slowed slightly, but sales remain strong and ahead of last year's numbers.

Director Medenica said the casinos have had spectacular results, given the capacity limitation of 50% at five of the properties and 25% at Horseshoe. Year-to-date, casino revenue is only down 4%, and contributions to the State are only down 3.7%.

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 – MGM Temporary VLT Allocation Reduction and Waiver of COMAR 36.04.02.02.E.(2)

MGM National Harbor made a request to continue its temporary reduction of the authorized number of VLTs on its gaming floor and to continue to waive COMAR 36.04.02.02.E.(2) for an additional one-year period, until December 8, 2021. The regulation says that if VLTs are temporarily removed and are not restored to operation within 365 days, the temporary removal becomes permanent. On November 21, 2019, the Commission granted MGM's request for an extension of a temporary reduction of the minimum authorized number of VLTs on its gaming floor and to preserve MGM's full 3,600-machine allocation. That waiver is due to expire on December 8, 2020.

MGM will maintain a minimum of 3,130 VLTs and not more than 3,600 VLTs until December 8, 2021. The extension of these requests for reduction will allow MGM to explore opportunities to further expand its gaming floor. The casino believes that continuing the reduction for an additional year should be revenue neutral to positive for the State.

Chair Marriner asked for a motion to approve MGM's request to temporarily reduce its allocation of VLTs. Commissioner Doetsch motioned to approve, Commissioner Williams seconded, and the motion was unanimously approved by roll call vote.

Chair Marriner asked for a motion to approve MGM National Harbor's request to waive COMAR 36.04.02.02.E.(2) to preserve MGM's full 3,600 VLT allocation until December 8, 2021. Commissioner Doetsch motioned to approve, Commissioner Fager seconded, and the motion was unanimously approved by roll call vote.

Marketing – Leo Mamorsky, Managing Director, Chief Marketing Officer

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

Commission Action Item – Willy Wonka® license specific contract modification to Lottery Central Monitoring & Control System Contract (#2015-01)

Mr. Mamorsky said that the Lottery had tremendous success in its previous licensing of Willy Wonka® in 2018. It was the most successful \$10 scratch-off ticket in the Maryland Lottery's history, performing 128% better than any other \$10 game. Given that success, the Lottery is planning to market the ticket again beginning in March 2021. Lottery staff requested a modification to the Central System contract with Scientific Games to license Willy Wonka® at a cost of \$910,400 for the period of January 2021 through March 2023. The license includes the Willy Wonka® ticket, marks, logos, marketing materials, advertising and promotional prizes.

Chair Marriner asked for a motion to approve the specific contract modification to the Lottery Central Monitoring & Control System Contract. Commissioner Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

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 – Incredible Technologies, Inc. – Manufacturer's License Renewal

Chair Marriner began the hearing on Incredible Technologies, Inc.'s manufacturer's license renewal by administering an oath to MLGCA licensing staff members and company representatives who were on the teleconference.

Mr. Mooney read the summary of the Agency's investigative report on Incredible Technologies Inc.'s license renewal application. MLGCA staff determined that the company has established by clear and convincing evidence that it has the qualifications required for the renewal of its license and had no potentially disqualifying factors. Staff recommended approving the license renewal.

Chair Marriner asked if any company representatives wished to comment. Mr. Daymon Ruttenberg, General Counsel for Incredible Technologies, said the company appreciates the opportunity to do business in Maryland.

Chair Marriner asked for a motion to approve the renewal of Incredible Technologies, Inc.'s manufacturer's license. Commissioner Doetsch motioned to approve, Commissioner Fager 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, December 17, 2020, one week earlier due to the holiday, conducted by audio conference.

ADJOURNMENT

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

Respectfully submitted,



Gordon Medenica
Director