

MARYLAND LOTTERY AND GAMING CONTROL COMMISSION JANUARY MINUTES

DATE: January 28, 2021

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 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 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

ROLL CALL

Chair Marriner asked for a roll call to establish that a quorum was present. Roll was called, and on the call were: Vice Chair Bert Hash, Commissioners Vernon Boozer, George Doetsch, Michelle Fager, James Stakem and Jerry Williams.

CALL TO ORDER

Chair Marriner called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 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 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 December 17, 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 Williams seconded, and the motion was unanimously approved by roll call.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains three new instant ticket games for the Commission's approval: #527 (\$1) *I Love to Win*; #528 (\$5) *24 Karat Gold*; and #529 (\$10) *Royal Cash Fortune*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (12/3/20 – 1/14/21); Consent Agreements for Regulatory Violations – Hollywood Casino – October 2020; Consent Agreements for Underage Violations – Hollywood Casino – Case No. 2020-01-001 and -002; and Live! Casino – Case Nos. 2020-03-006 to -009; Gaming License Applications Denials/Revocations; and Staff Reports from James Nielsen, Deputy Director, Chief Operating Officer; John Martin, Managing Director, Chief Revenue Officer; James Logue, Managing Director, Gaming; Leo Mamorsky, Managing Director, Chief Marketing Officer; Paula Yocum, Managing Director, Acting Chief Financial Officer; Carole Gentry, Managing Director, Communications; James Butler, Managing Director, Organizational Compliance; and Holly Citko, 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 Vice Chair Hash, and the motion was unanimously approved by roll call.

OPERATOR REPORTS

Hollywood Casino Perryville

Mr. Matthew Heiskell, General Manager, reported that gaming revenue was up more than 8% in December. Slot machine revenue and volume were up 7%, and table game revenue was up more than 30%. Volume was down 5% because December 2019 was a low hold month. New Year's Eve events were subdued due to the pandemic, given food and beverage service restrictions. January slots performance has been strong. Hollywood has been holding virtual events to avoid having people congregating on the gaming floor. Mr. Heiskell said that on Jan. 27 Hollywood Casino hosted a group from Penn National for their first visit since the company reacquired Hollywood. Among the Penn National team is Erin Chamberlin, Senior Vice President of Regional Operations, previously Vice President and General Manager of Horseshoe Casino in Baltimore, who will be responsible for Hollywood.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, reported that December slot machine revenue was down 9% driven by volume, while table games were down 17.1%, but volume was up. December was going well for most of the month, but Ocean Downs did not have the large volume it typically has during the week between Christmas and New Year's Day. January 2021 marks Ocean Downs' 10th anniversary, and the casino is marking the occasion with physically distanced promotions, including free play giveaways that are conducted via Facebook. In February, the casino will recognize its longest-tenured staff members. Ms. Sample said there are 39 members of the staff who have been with Ocean Downs since it opened, and another 18 who are five-year employees. The casino will also name its employee and leader of the year at the event in February.

Live! Casino

Mr. Anthony Faranca, Executive Vice President and General Manager, reported that December was the casino's toughest month since reopening in June. It was the first full month with no food or beverage service after 10 p.m. Live! has also kept its front-of-house bars closed and has not offered entertainment options. Customer volume was down as concern about the pandemic increased, and marketing programs were muted, including New Year's Eve celebrations. Gaming revenue was down 17%, non-gaming revenue was down over 50%, but January has been better. Live! has partnered with Anne Arundel County to use The Hall events center as a COVID vaccine clinic, targeting the delivery of 100 vaccinations an hour Monday through Friday. Mr. Faranca also reported that the casino made a change that increased the level of donations from customers for the Maryland Veterans Trust Fund. Live! reported more than \$84,000 in donations during 2020.

Chair Marriner noted that news reports indicated that Anne Arundel County was expanding the casino's capacity limitation from 25% to 50% and would allow indoor dining. Mr. Faranca said his understanding was Live! had increased to 50%, but he would check that information and confirm. (Mr. Faranca confirmed the change later in the meeting.) Mr. Faranca said Live! would modify its strategies accordingly but would keep safety front and center and proactively monitor the capacity on the gaming floor and in restaurants.

Rocky Gap Casino

Mr. Skylar Dice, Vice President and General Manager, reported that December was a challenging month, with gaming revenue down 16.3%. Christmas week was solid, but not as strong as usual due to

occupancy, food and beverage service limitations. January revenues have been slightly behind the numbers from January 2020. The casino has been working on training and marketing efforts, and is reorganizing the slot floor to upgrade and improve sightlines. Rocky Gap will hold a socially distanced employee recognition event in February. The casino has given back to the community by working with the local United Way and food banks.

Horseshoe Casino

Mr. Randy Conroy, Vice President and General Manager, reported that December slot revenues were down 18% year-over-year, and table game revenues were down 49% as concerns about the pandemic kept customers from visiting the casino. Baltimore City restrictions precluded indoor dining and drink service, and there was no smoking permitted due to face covering provisions. Some of the restrictions were recently lifted, and 140 food and beverage servers will be returning to work. Horseshoe remains restricted to 25% capacity. The casino has continued working on reconfiguring its slot floor to offer an improved experience for customers. Horseshoe's promotional efforts have largely been limited to using kiosks to avoid having customers gathering on the gaming floor. Departments at the casinos are competing to raise funds for the Polar Bear Plunge to benefit Special Olympics.

MGM National Harbor

Mr. Jeffrey Shrader, Vice President, Legal Counsel, reported that gaming revenue in December was down 22.5%, with table games down 27.5% and slot machines down 17.5%. The numbers can be attributed to COVID restrictions in Prince George's County. In early December, food and beverage service was halted after 10 p.m., and on Dec. 16, the casino was limited to 25% capacity, and no indoor food or beverage service. The indoor food and beverage restriction is about to be lifted, with service resuming at 25% capacity. MGM is working to expand its gaming options to include an outdoor gaming area with slot machines. The casino plans to formalize its request to reconfigure its space next month. Promotions continue to be light keeping social distancing, continuing the gift series and VIP jewelry giveaways. MGM employees adopted 23 local families and fulfilled their holiday-season wish lists, with a goal of doubling the effort during the 2021 holiday season. The casino also provided a catered holiday meal to the residents and staff of a local shelter for homeless youth. In 2020, MGM staff contributed 770 hours of volunteer service to low-income and underserved communities.

STAFF REPORTS

Director's Report – Gordon Medenica

Director Medenica said that while capacity limitations have presented difficulties for the casinos, the Lottery business has been very strong, including simultaneous jackpot rolls for both Mega Millions and Powerball. A \$731 million Powerball jackpot was won in Lonaconing, Allegany County, on Jan. 20, and the Lottery is waiting for the winner to come forward. Two days later, a \$1.05 billion Mega Millions jackpot was won in Michigan. The Powerball jackpot was the largest Lottery prize ever won in Maryland, and the state tax revenue from the prize is expected to be approximately \$49 million.

Director Medenica said that prior to the dueling jackpots, profits for the national jackpot games were down about \$1 million year-over-year, but now profits of the games are up \$14 million, or 36.1%. Monitor games are up 10.5%, draw games are up 19.6%, and instant ticket profits are up 14.7%. Overall, profit is up by nearly \$60 million year-over-year (18.5%), and the Lottery appears to be headed toward an all-time record year.

Director Medenica said the casinos are doing extremely well, given their capacity limitations. Revenues are down 7.6% year-over-year, while contributions to the State are down 7.1%. The three largest casinos have been operating at 25% capacity, but Live! is about to resume 50% capacity. The other three casinos are at 50%.

The Agency is awaiting the General Assembly's action on sports betting. Specific bills have not yet been put forth. Director Medenica noted that he gave a briefing to the House Ways and Means Committee on Jan. 21 and offered thoughts on the nature and characteristics of the sports betting business.

Regulatory Oversight – John Mooney, Managing Director

There being no questions on his monthly report, Mr. Mooney proceeded to his Commission Action Item.

Commission Action Item – TicTabs, LLC Manufacturer License Renewal Hearing

Chair Marriner said the Commission would conduct a hearing regarding the qualifications of TicTabs, LLC for renewal of its manufacturer license. The Chair administered an oath to all MLGCA staff and TicTabs representatives who would be participating in the hearing. There were no TicTabs representatives on the teleconference. Mr. Mooney stated that TicTabs was notified of today's hearing. Mr. Mooney read the summary of MLGCA staff's investigative report on TicTabs, LLC.

MLGCA staff's report confirmed that TicTabs, LLC and its principals have sufficient financial resources to be licensed and found no derogatory information regarding their qualifications. Staff recommended that the Commission approve the company's license renewal. There were no questions from the Commission or public comments.

Chair Marriner asked for a motion to find the company and its principals have established their qualifications for renewal. Commissioner Doetsch so moved, Vice Chair Hash 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.

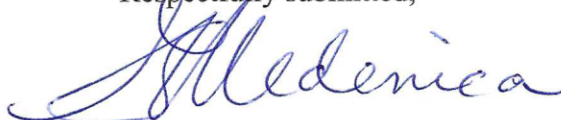
DATE AND TIME OF NEXT MEETING

The next monthly Commission meeting is scheduled for 10 a.m. on Thursday, February 25, 2021, conducted by audio conference.

ADJOURNMENT

There being no further business for discussion, Chair Marriner adjourned the meeting at 10:35 a.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "G. Medenica", is written over a faint, larger blue outline of the same signature.

Gordon Medenica
Director