

Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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MARYLAND LOTTERY AND GAMING CONTROL COMMISSION FEBRUARY MINUTES

- DATE:** February 25, 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 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, 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
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

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: Vice Chair Bert Hash, Commissioners Vernon Boozer, George Doetsch, James Stakem and Jerry Williams. Commissioner Michelle Fager was not in attendance.

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 January 28, 2021, 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, Vice Chair Hash seconded, and the motion was unanimously approved by roll call.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains six new instant ticket games for the Commission's approval: #530 (\$1) \$50 Loaded; #531 (\$2) \$100 Loaded; #532 (\$5) \$500 Loaded; #533 (\$10) \$1,000 Loaded; #534 (\$20) \$5,000 Loaded; and #538 (\$10) Bingo x10 (4th ed.); EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (1/15/21 – 2/11/21); Gaming License Applications Denials/Revocations; and Staff Reports from 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, 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 January was a strong month with gaming revenues up nearly 12%. Slot machine revenues were up 13%, while table games were down 15%. Slot volumes were up 17%, which Mr. Heiskell said is an exciting indicator for the health of the business. Table game volumes were down 11% and the hold was off slightly. Winter weather has limited the volume of customers during February. Mr. Heiskell said the property's transition back to Penn National is going well, and Hollywood is excited about the prospect of adding the Barstool sports betting brand presence and the My Choice Rewards program. The casino has been working to conduct more of its marketing and promotional offers by email and online rather than through the U.S. Postal Service.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, reported that January gaming revenues were strong, with slot machines up 5% and table games up 15%, driven mostly by volume, with hold being similar year-over-year. Overall, gaming revenue was up 5.9%. Ms. Sample said the numbers reflect the fact that the Eastern Shore saw less snow than the rest of the state, and capacity restrictions were less problematic than they were at the State's other casinos. Ocean Downs will end February with a \$5,000 prize drawing, among other socially distanced promotions. The casino will hold a virtual event to recognize its team member and leader of the year, and will also recognize the 37 employees who have worked at Ocean Downs since it opened 10 years ago, and the 18 employees who have been on the job for 5 years.

Live! Casino

Mr. Bob Tedesco, Senior Vice President of Operations, reported that total revenue in January was \$51.3 million, down 11.9%. Gaming revenue was \$47.4 million, down 7.5%. Nongaming revenue was \$3.9 million, down 44%. Slot machine revenues were \$33.7 million, down 6%, and table games and poker combined revenues were \$13.7 million, down 7%. The casino conducted a number of promotional giveaways in January, including a cruise and a big-screen TV. Live! donated \$10,000 to the Maryland Washington Minority Companies Association, and worked with that organization to host a virtual event for Black History Month to honor 11 civil and business community leaders. Mr. Tedesco reported that construction is continuing on the casino's Sports & Social venue, with the opening planned for the second quarter of 2021.

Rocky Gap Casino

Mr. Skylar Dice, Vice President and General Manager, reported that gaming revenues were down 4.9% in January. Slot handle growth was up 5%, but hold was down. Table game revenues were down slightly, driven by both volume and hold. Winter weather has been a challenge in recent weeks, but Rocky Gap has conducted socially distanced giveaways and has a VIP event planned for the last weekend of February. In early February, a water main break impacted the property, and Mr. Dice thanked MES for fixing it quickly. March hotel reservations are showing strong pick up for Spring. During January, Rocky Gap employees volunteered to provide meals for employees at UPMC Western Maryland hospital and also assisted with United Way charity events.

Horseshoe Casino

Mr. Randy Conroy, Vice President and General Manager, reported that Baltimore City loosened its restrictions on food and beverage service in late January, allowing Horseshoe to recall 125 employees. January slot machine revenue was down 16%, totaling \$9.6 million, while table game revenues were \$4.2 million, down 47% year-over-year. The casino welcomed a new head of gaming operations, Lee Howard, who previously worked in New Orleans and has more than 20 years of experience in the gaming industry. Mr. Howard's predecessor has moved on to one of Caesars' properties in Las Vegas. With restrictions loosened and COVID-19 case counts declining in the state in recent weeks, Mr. Conroy said he is looking forward to more visitors at the property. He added that Horseshoe is continuing to strongly emphasize health and safety protocols. Horseshoe staff recently participated in a Polar Bear Challenge to raise money for Special Olympics and also held a winter coat drive.

MGM National Harbor

Mr. Jeffrey Shrader, Vice President, Legal Counsel, reported that January gaming revenue was down 13.7% year-over-year, with slot machines down 16.2% and table games down 8.1%, driven by softer volumes due to restrictions on indoor dining and beverage service which were implemented in December, and are now being eased. Mr. Shrader said the casino is cautiously optimistic that there will be a corresponding improvement in revenue. MGM has had limited numbers of weekend promotions, conducting them in a safety-conscious manner, along with its ongoing monthly gift series. The casino partnered with the Capital Area Food Bank for a drive-through distribution of fresh meat and produce for 300 cars, and partnered on a similar event with the First Baptist Church of Highland Park in Landover.

STAFF REPORTS

Director's Report – Gordon Medenica

Director Medenica reported that January was an excellent month for the Lottery, highlighted by large jackpot rolls in both Powerball and Mega Millions. The Powerball jackpot winner who purchased the \$731.1 million winning ticket in Lonaconing, Md., has not yet come forward to claim the prize, but Director Medenica noted there is still plenty of time. With all game categories doing well, January sales were up 38.8% and profits were up 27.5%. Year-to-date, the positive trend continues with Lottery sales up 16.9% and profits up 17.5% or \$64 million, putting the Lottery on track for an all-time record year.

Director Medenica complimented the casinos on doing exceptionally well under the circumstances. Year-to-date casino revenues are down only 8.5%, and contributions to the State are down only 7.9%. The more recent trends are down somewhat more, in the low double digits, 11% to 12%. When the casinos came out of the shutdown they did extremely well the first few months, so full year expectations are for continued weaker performance.

Director Medenica said that the General Assembly continues work on House Bill 940, which defines the structure of Maryland's sports betting market. He added that stipulations of the bill would likely create a longer timeframe for the implementation of sports betting than the previous assumption of six months. Director Medenica said that the parameters of HB 940 could add another 12 months to the process. The bill proposes the creation of a new commission, separate from the Maryland Lottery and Gaming Control Commission, that would award the four types of sports betting operation licenses that are outlined in the legislation. Nine Class A licenses would go to the State's casinos and horse racing tracks; five Class B licenses would go to off-track betting locations and other bricks & mortar retail establishments; ten online/mobile licenses would go to licensees that are not tethered to the casinos or horse racing tracks; and the fourth category are sports arenas, which would be considered satellite operations of the casinos located in the same jurisdiction, thus Horseshoe Casino would operate at M&T Bank Stadium and Oriole

Park at Camden Yards in Baltimore; and MGM National Harbor would operate at FedEx Field in Landover, home of the NFL's Washington Football Team.

The Maryland Senate has held two workgroup meetings to discuss the House's bill, and Director Medenica said the House Ways & Means Committee has a hearing on the bill scheduled for today. In discussions with members of the legislature, Director Medenica emphasized that the bulk of the revenue from sports betting, an estimated 85%, will come from online/mobile operations. Bricks & mortar is a much smaller amount, but the current bill allows for 14 such locations, which is likely to result in some of those locations seeing less than \$1 million a year in revenue from sports betting, raising concerns about the viability of those businesses.

Operations. Information Technology and Gaming – **James Nielsen, Deputy Director, Chief Operating Officer**

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

Commission Action Item – **Contract Approval – Central Monitor and Control System for a Video Lottery Terminal Program Contract (#2021-06)**

Mr. Nielsen reported that the Agency issued a request for proposals in October 2020 for the system that monitors and verifies revenue from the slot machines at all six casinos. Two proposals were received and reviewed by the Agency's evaluation team. The proposal from IGT Global Solutions Corporation (IGT) was ranked No. 1 for both technical and financial specifications. Mr. Nielsen said the price was less than that of the current contract with IGT. The recommendation of the evaluation committee and the Agency's procurement officer is to award a seven-year contract with two two-year renewal options to IGT and to submit the contract award to the Board of Public Works for approval.

Chair Marriner asked for a motion to approve the awarding of the contract to IGT. Commissioner Doetsch so moved, Commissioner Stakem seconded, and the motion was unanimously approved by roll call.

Gaming – **James Logue, Managing Director**

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

Commission Action Item – **MGM National Harbor Outdoor Gaming Area**

Mr. Logue reported that MGM National Harbor has submitted a request to expand their gaming space by adding a second-level outdoor gaming area on the north side of the property. The outdoor space will consist of 41 VLTs from a combination of existing machines and new replacement machines. The casino's overall VLT count will not be impacted. Mr. Logue said the casino has obtained the necessary permits and is meeting the minority business enterprise goals for the project and has provided Agency staff with plans and updates as required. Agency staff will ensure that the outdoor gaming space meets all regulatory requirements prior to commencing of gaming activities on the projected opening date of March 19, 2021. Agency staff recommends approval of MGM National Harbor's request for its outdoor gaming area.

Chair Marriner asked for a motion to approve MGM's request to expand the gaming space. 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, March 25, 2021, conducted by audio conference.

ADJOURNMENT

There being no further business for discussion, Chair Marriner adjourned the meeting at 10:28 a.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Gordon Medenica". The signature is fluid and cursive, with a large initial "G" and "M".

Gordon Medenica
Director