

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 APRIL MINUTES

DATE: April 22, 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, 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
Jennifer Tosky, OAG Assistant Attorney General
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. Doestch, 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, also 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 March 25, 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: #539 (\$1) *Aces High*; #540 (\$2) *Match 3 Tripler*; #541 (\$3) *Diamond Bingo*; #542 (\$5) *Multiplier Money*; #543 (\$10) *Win \$50 or \$100*; #544 (\$20) *Money Explosion*; #545 (\$2) *Ravens*; #546 (\$5) *Ravens*; #547 (\$10) *\$100,000 Crossword 5th Edition*; #549 (\$5) *Gold Bar Bingo 2nd Edition*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (3/11/21 – 4/8/21); Consent Agreements for Regulatory Violations – Live! Casino – October, November and December 2020; Gaming License Application Denials/Revocations; and Staff Reports from James Nielsen, Deputy Director, Chief Operating Officer; John Martin, Managing Director, Chief Revenue 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 Williams, and the motion was unanimously approved by roll call.

OPERATOR REPORTS

Hollywood Casino Perryville

Mr. Matthew Heiskell, General Manager, reported that March gaming revenue was up 21% compared to March of 2019, with slot revenue up 23% and slot volumes up 20%. Table game revenues in March were flat compared to 2019, with volume down 14%. Mr. Heiskell noted that he spoke recently with the head of development for Great Wolf Lodge, which is scheduled to begin construction of a new facility near the casino this summer. The facility will be the largest in Great Wolf's chain and will include a 700-room hotel. Mr. Heiskell also thanked Director Medenica for fostering a culture of partnership between the MLGCA and the casinos, and thanked several members of the Agency's Gaming Division staff for their recent assistance.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, reported that March gaming revenue was up 13.3% compared to March of 2019. Slot revenue was up 13.8%, with volume up 7%, and the balance driven by hold. Table game revenue was up 9.8%, driven completely by hold. Drop was down 13%, and hold was very strong this year. April has marked the return of slot tournament play. Ocean Downs, which is owned by Churchill Downs will have a number of events on the schedule for the Kentucky Derby weekend. The casino supported a recent visit to the area of The Wall That Heals, a replica of the Vietnam Veterans Memorial. Ms. Sample also noted that Ocean Downs is in the process of enhancing its employee recognition program. Ms. Sample wished Director Medenica well in his upcoming retirement.

Live! Casino

Mr. Anthony Faranca, Executive Vice President and General Manager, congratulated Director Medenica on his recent retirement announcement. He reported that March was a strong month, aided by a resurgence in the number of guests age 50 and older, who have been vaccinated for COVID-19 and feeling more confident to return to the casino. Gaming revenue was up 8.8% to more than \$61 million. Slot machine revenue was up 7% and table games were up 13%. Poker table revenue was down slightly, and the casino is evaluating its marketing program in that area. Mr. Faranca noted that non-gaming revenue has not recovered from the pandemic and was down 37%, but food and beverage amenities that had been closed are beginning to open, and Live! is seeing good signs of public confidence as more venues open. The grand opening of the casino's Sports & Social venue will be April 29. Located in the center of the casino, it will serve as the sports betting venue, in partnership with FanDuel. The Hall has been idle for events, but is being used as an Anne Arundel County vaccination clinic. Live! is considering the fourth quarter of this year or early 2022 to resume its event calendar for The Hall. The casino's leadership team donated more than 500 boxes of produce and perishable food items to local families in need through the Y of Central Maryland. Live! also provided free food for its team members as part of its employee appreciation activities.

Rocky Gap Casino

Mr. Ahmad Ahmad, Senior Director of Hospitality, reported that slot machine revenues in March were up 12% compared to 2019, a trend that has continued into April. Table game revenue was down more than 10%, but have been rebounding in April. Mr. Ahmad noted that socially distanced promotions during March were well-received and demand continues to increase, which is a healthy sign. The casino partnered with UPMC Western Maryland for a vaccination clinic for team members. As of April 19, approximately 40% of employees had been vaccinated. Rocky Gap partnered with the United Way to provide relief for local families in need. The casino hosted job fairs in March and April as it looks to increase staffing heading into its busy season. Mr. Ahmad concluded by wishing Director Medenica the best in his future endeavors.

Horseshoe Casino

Mr. Randy Conroy, Vice President and General Manager, reported that slot machine revenue was \$13.8 million in March, up from \$9.6 million in February and up slightly from \$13.6 million in March of 2019. Table game revenue was \$6 million in March, up from \$4.7 million in February, but down significantly from March of 2019, which was the top table game month in Horseshoe's history. April has been outpacing previous comparisons. Operating restrictions raised Horseshoe's occupancy from 25% to 50% on March 26. The casino has held back on running larger promotions and is encouraging its team members to be vaccinated for COVID-19. Horseshoe staff are assisting Paul's Place in a number of activities in April, including a culinary training class, which may help to create a future pipeline to jobs at the casino. Mr. Conroy noted that Horseshoe is looking forward to offering sports betting. He added that Director Medenica will be missed, and praised his understanding of the industry and the need for ensuring that casinos operate with integrity while raising revenue for the State. Mr. Conroy congratulated Director Medenica on his upcoming retirement.

MGM National Harbor

Mr. Jeffrey Shrader, Vice President and Legal Counsel, reported that March was the casino's best month since the reopening last June. Gaming revenue was up 6% compared to March of 2019. The increase was driven mainly by table game revenue which was 11.1% with slot revenue up 4.2%. MGM remains focused on health and safety protocols, and Mr. Shrader said the casino has not seen a meaningful increase in violations of masking or social distancing rules even as vaccination rates are increasing and attitudes regarding the pandemic are relaxing. MGM has held walk-in vaccination clinics for employees. The promotional calendar remains light. The casino's capacity restriction was raised from 25% to 50% on March 12. MGM had a strong showing for a \$500,000 Blackjack Tournament. The casino's outdoor gaming area has opened, and MGM is also opening a new fast-casual noodle bar within the casino. In recognition of Women's History Month in March, MGM profiled 25 women who are making a difference at National Harbor. Mr. Shrader thanked Director Medenica for his assistance and partnership during his tenure with MLGCA.

STAFF REPORTS

Director's Report – Gordon Medenica

Director Medenica thanked the casino representatives for the kind wishes he's received after his recent retirement announcement. He added that when he leaves Maryland Lottery and Gaming on June 1, he is excited to be doing so at a time when the business is so strong.

The Lottery is on track for an all-time record. Year-to-date sales are up 20.5% and profit is up 20.2%, putting the Lottery on track to meet the BRE's estimated \$666 million profit figure. Three-fourths of the way through the fiscal year, the Lottery is 76.5% of the way to the BRE figure and will finish well in excess of its current all-time profit record of \$593 million set in FY2019.

Casino revenues set an all-time single-month record of \$169 million in March. Year-to-date revenues are up 8.7%, and contributions to the State are up 9.9%. The casinos have a chance to meet the BRE estimate of \$703 million in contributions to the State. They are 73.9% of the way to that goal.

Director Medenica noted that the sports betting bill, HB 940, was passed by the General Assembly. It is a complex bill that will be a challenge for MLGCA staff to implement. It requires the creation of a new Sports Wagering Application Review Commission (SWARC), which will include seven members, one of which will be Chair Marriner or his designee. The Governor will appoint two of the other six members, along with two appointed by the Maryland Senate and two by the House of Delegates. There will be five types of sports betting licenses, with differences in the application fees, ranging from \$2 million for the

largest casinos to \$50,000 for smaller businesses. The Bill designates several “as-of-right” entities that are slated to be licensed, including casinos, horse tracks, off-track-betting locations, two bingo halls and professional sports stadiums. A competitive bidding process will allow sports betting at up to 30 additional retail establishments and up to 60 mobile/online licenses. Director Medenica noted that the marketplace likely can’t support that many licenses, adding that New Jersey authorized up to 36 online sports betting licenses, but only has 17 online operators. He added that the \$50,000 application fees are non-refundable, which is likely to keep some less-qualified businesses from applying.

Director Medenica said MLGCA will need to add significant staff to handle the licensing process for sports betting. He added that the casinos may have their sports betting operations up and running in time for the 2021 football season, if not in time for the Super Bowl in February 2022. The State’s six casinos all have established relationships with well-known sports betting operators.

The Agency was also monitoring the progress of another piece of legislation, HB 532, which included numerous provisions related to the casinos. Hollywood Casino will gain relief from its slot machine tax rate, which is the highest of the State’s six casinos. Horseshoe Casino also will see its slot tax burden reduced. Ocean Downs Casino will have the ability to build a hotel, and the bill makes adjustments to slot payout percentages.

Director Medenica noted that Deputy Director, Chief Operating Office Jim Nielsen will become Acting Director upon Director Medenica’s departure. The Governor’s Office of Appointments is conducting a search for the Agency’s next director. Director Medenica said that Mr. Nielsen has opted not to be a candidate. Director Medenica thanked the Commission, casinos and Agency staff, and noted that he would be attending his last Commission meeting as Director in May.

Chair Marriner said the State has benefited greatly from Director Medenica’s leadership and that he will be missed. He added that former Lottery Director Stanley Fine would be joining the Commission in May for Director Medenica’s final meeting.

Gaming – James Logue, Managing Director

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

Commission Action Item – Ocean Downs Smoking Area Expansion and Temporary Reduction of VLTs

Mr. Logue said Ocean Downs has made a request to expand from 63 slot machines to 93 machines in its outdoor smoking area. The additional 30 machines will be relocated from the casino’s indoor gaming floor. The overall count of slot machines will not be impacted, however the outdoor gaming area will be closed during construction, and there will be a temporary reduction of 60 machines during this period. Ocean Downs expects the expanded outdoor gaming area to be open on or around July 4, 2021. Mr. Logue said Agency staff have reviewed Ocean Downs’ plans and that the casino has received the necessary construction permits. Agency staff recommend approval of the request.

Chair Marriner asked for a motion to approve Ocean Down’s request. Commissioner Stakem so moved, Vice Chair Hash seconded, and the motion was unanimously approved by roll call.

Commission Action Item – 2020 Promotional Play Report

Mr. Logue said in accordance with COMAR 36.03.10.36(G), each casino submits an annual report on its use of free promotional play in the prior fiscal year and recommends any adjustment to the limitation on free promotional play established in regulation. Current regulation states that each casino 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 recommend no change in the limitation, adding that the Commission may direct Agency staff to adjust the limitation. Agency staff recommend no change.

Chair Marriner asked for a motion that the Commission make no change to the limit on free promotional play. Commissioner Williams so motioned, Commissioner Stakem seconded, and the motion was unanimously approved by roll call.

Marketing – Leo Mamorsky, Managing Director, Chief Marketing Officer

There being no questions on his monthly report, Mr. Mamorsky proceeded to his Commission Action Items.

Commission Action Item – Instant Ticket Games and Related Services Contract #2019-05

Mr. Mamorsky said the Agency has completed its evaluation of proposals for instant ticket printing and related services. He thanked Vice Chair Hash for his contributions to the evaluation committee. The RFP was issued in January 2020, and calls for a primary vendor that will produce 67% of tickets and an alternate vendor that will produce 33%. The Agency received three responses, and the evaluation committee's report has been reviewed by the Agency's procurement officer. Mr. Mamorsky said that the committee ranked Pollard Banknote first for technical merit and first for financial factors. Scientific Games and International Game Technology qualified as alternate vendors. The contract is for four years with one three-year renewal for Pollard Banknote as the primary vendor and also four years with one three-year renewal for Scientific Games and IGT as alternate vendors. Mr. Mamorsky asked for the Commission's approval to submit the contract award to the Department of General Services for it to be placed on the Board of Public Works agenda for its June 16 meeting.

Chair Marriner asked for a motion to approve the contract. Commissioner Doetsch so moved, Commissioner Williams 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, May 27, 2021, conducted by audio conference.

ADJOURNMENT

There being no further business for discussion, Chair Marriner adjourned the meeting at 10:39 a.m.

Respectfully submitted,


Gordon Medenica
Director