

Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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MARYLAND LOTTERY AND GAMING CONTROL COMMISSION COMMISSION MEETING AUGUST MINUTES

DATE: August 26, 2021

TIME: 10 a.m.

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

PRESENT: Chair E. Randolph Marriner
Commissioner F. Vernon Boozer
Commissioner George L. Doetsch, Jr.
Commissioner Harold Hodges
Commissioner James Stakem
Commissioner Jerry E. Williams

Jim Nielsen, Deputy Director, Chief Operating Officer
James Logue, Managing Director, Gaming
John Mooney, Managing Director, Regulatory Oversight
Paula Yocum, Managing Director, Chief Financial Officer
Leo Mamorsky, Managing Director, Chief Marketing Officer
Carole Gentry, Managing Director, Communications
James Butler, Managing Director, Organizational Compliance
Holly Citko, Principal Counsel, Attorney General's Office
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, Harry E. Hodges, 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: Commissioners Vernon Boozer, George Doetsch, Harold Hodges, James Stakem, and Jerry Williams. Michelle Fager was not on the call.

Prior to calling the meeting to order, Chair Marriner introduced new commissioner, Harold Hodges.

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 REVISED AGENDA

Chair Marriner reported that the Commissioners were provided with a copy of the revised agenda. Chair Marriner asked for a motion to approve the revised agenda. Commissioner Stakem moved, Commissioner Doetsch seconded, and the motion was unanimously approved by roll call vote.

APPROVAL OF THE MINUTES

Chair Marriner stated that the June 24, 2021, open session minutes and July 15, 2021, special meeting minutes were provided to the Commissioners for review, and asked if there were any changes on either. There were no changes. Commissioner Doetsch moved to approve both sets of minutes, Commissioner Stakem seconded, and the motion was unanimously approved by roll call vote.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains three new instant ticket games for the Commission's approval: #560 (\$5) *Power 5*; #561 (\$10) *Power 10s*; #562 (\$20) *Win \$100, \$200 or \$500*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (6/10/21 – 8/12/21); Consent Agreements for Regulatory Violations – Horseshoe Casino – February and April 2021; Live! Casino – March and April 2021; and MGM National Harbor – October and November 2020; and March 2021; Ocean Downs Casino – February and March 2021; and Rocky Gap Casino – March 2021; Consent Agreements for Underage Violations – Horseshoe Casino – Case Nos. 2021-05-003 to -007; Live! Casino – Case Nos. 2021-03-001 to -004; MGM National Harbor – Case Nos. 2020-06-005 to -011; and Case Nos. 2021-06-005 to -012; and Rocky Gap Casino – Case No. 2021-04-001; Gaming License Application Denials/Revocations; and Staff Reports from Alvin Ringgold, Senior Director of Sales; John Mooney, Managing Director, Regulatory Oversight; Paula Yocum, Managing Director, Chief Financial Officer; Leo Mamorsky, Managing Director, Chief Marketing 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 Williams, seconded by Commissioner Doetsch, and the motion was unanimously approved by roll call vote.

OPERATOR REPORTS

Hollywood Casino Perryville

Ms. Allie Evangelista, General Manager, said that after being named to the position in Perryville, she has relocated from Ohio to Maryland and has been meeting casino staff and members of the community. With Penn National having completed its reacquisition of the property, the staff has been busy onboarding a number of the company's systems. Ms. Evangelista added that she is evaluating capital improvements that may be needed. Hollywood is 24% ahead of its budget and 20% better than its figures for 2019. Groundbreaking was held for construction of the Great Wolf Lodge, adjacent to the casino property, with the opening projected in the summer of 2023. The casino is sponsoring a benefit for the Rodgers Tavern Museum in Perryville, and is also sponsoring the Susquehanna Wine & Seafood Festival, scheduled for Sept. 25 and 26 in Havre de Grace. Hollywood will be closing its gift shop to make space for elements of Penn National's MyChoice® Rewards Program. Ms. Evangelista added that the casino is also preparing for the launch of sports wagering and recently spoke with MLGCA staff to clarify details of the licensing procedure.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, reported that July was a record month with slot machine revenue up 37% from July of 2020 and table game revenue up 20.3%, both driven by volume. In comparison to July 2019, slots were up 28.6% and tables were up 25%. August has been trending well. Current marketing for the casino includes a Catch of the Day campaign, and free play giveaway on Tuesday, Thursday and Saturdays. Poseidon's Pub has been reopened three days a week, and will open 5 days a week when the horse racing season is over in September. At the end of September, there will be a Mystery Swipe promotion. From an employee perspective, the casino implemented a new employee recognition program, the Starfish Awards, and recently held a luncheon to recognize the employee of the quarter and leader of the quarter. A vaccination clinic is being set up on Saturday for team members which offers all 3 vaccines. It will also be open to customers. Ocean Downs will hold a Stuff the Bus promotion the last week of August, for team members and customers to bring in school supplies to assist the Worcester County school district.

Live! Casino

Mr. Anthony Faranca, Executive Vice President, General Manager, reported that July was the best July performance on record since the casino opening in 2012, with gaming revenue up \$62 million, up 22% from July 2020, and 25% from July 2019. Slot machine revenue was up 25%, table game revenue was up 21%, and poker was up 12%. Non-gaming revenue has not fully recovered from the pre-pandemic levels, down 12% compared to July 2019 levels; however, Mr. Faranca added that at \$6.5 million, July was the best month of non-gaming revenue in 2021, and was achieved without all food and beverage outlets being fully opened. One restaurant remains closed, and the spa has not yet reopened. Live! hosted its first show since reopening at The Hall on Aug. 21, and the schedule of entertainment for 2022 is still being developed. The Sports bar is ready for the launch of sports betting. In the community, Live! has partnered with Maryland Delegate Mike Rogers for a backpack giveaway. In September, the casino will be a sponsor of the Marine's Help Heroes 5K Walk, and will conduct a food drive for area food banks all month in September. Mr. Faranca said Live! is currently working on the FY 2022 budget, and will soon be discussing plans for New Year's Eve.

Rocky Gap Casino

Mr. Skylar Dice, Vice President, General Manager, reported that July gaming revenue was up over 14.8% from 2020 and up 17% from 2019, driven by slot handle and win. Table games were weaker in hold. Showing growth in different parts of the database since reopening, growth of regulars coming back. August is off to a good start, continuing to see great demand for the resort and casino. COVID restrictions and good weather have helped golf. There was great demand in August, including on the golf course, and the spike in demand has fueled growth. Entertainment bookings are still somewhat limited, though a Kix concert is planned for October. The Lakeside Grill transformation is complete and has been well received by guests. Rocky Gap is working to complete its sports lounge area in preparation for the launch of sports wagering.

Horseshoe Casino

Mr. Randy Conroy, Vice President, General Manager, reported that July slots revenue was \$12.8 million, up 13% from last year, with table game revenue at \$6.5 million, up 44%. Mr. Conroy noted that the strong performance also represented sequential growth from June. Baltimore City resumed its indoor mask mandate on August 9, and the casino continues to be cautious with promotional activity while the restrictions are in place. A new sports bar is planned to open in the fall, and construction of the Top Golf venue near the casino is underway with a projected opening date in the fall of 2022. Horseshoe employees participated in a school supply drive and continue to do volunteer work with Mary Rodman Elementary School. Mr. Conroy reported that the South Baltimore Gateway Partnership, which manages local impact grant funds provided from casino revenue, awarded \$6 million worth of grants in July for Carroll Park, Florence Cummings Park, and Solo Gibbs Park.

MGM National Harbor

Mr. Jorge Perez, President, Chief Operating Officer, reported that July was the top month of gross gaming revenue in MGM National Harbor's history, up 19% compared to July 2019. Slots had a record month, up 26% compared to 2019, while table games had their second-best month, up 12%. Prince George's County reinstated an indoor mask mandate on Aug. 8, which applies to MGM employees and guests. On Aug. 16, MGM Resorts announced mandatory COVID-19 vaccinations for all new hires and salaried employees across the company. The provision will be fully implemented by October, and Mr. Perez said that MGM National Harbor continues to encourage all employees to get vaccinated. An on-site vaccination clinic will be held in September. The casino is facing a tight labor market with high turnover among hourly employees. July marked the casino's highest staffing level since it reopened last summer. From a marketing perspective, the casino is currently promoting a gift card giveaway, a \$100,000 drawing, and partnered with Radio One on a series of free outdoor summer concerts on Thursdays, and a July 22 comedy show marked the reopening of MGM's theater after more than a year. Bruno Mars played two shows in early August. MGM's recent community efforts include partnerships with the Red Cross and packaging meals for Prince George's County residents with critical illnesses.

Marriner congratulated all operating partners on great new positive terms.

STAFF REPORTS

Deputy Director's Report – James Nielsen, Deputy Director, Chief Operating Officer

Mr. Nielsen reported that MLGCA recently released its Fiscal Year 2021 report, showing a combined total of \$1.39 billion in contributions to the State from the Lottery and the casinos. The

sports wagering regulations are being posted tomorrow in the Maryland Register, after which the 30-day public comment period begins, followed by a public meeting on September 22. The new video lottery terminal central system is about to go live, replacing the original system. Mr. Nielsen then announced that Leo Mamorsky will be retiring the beginning of next month, and thanked him for his service.

There being no questions on Mr. Nielsen's monthly report, he proceeded with his Commission Action Item.

Commission Action Item – Modification #4 – Sports Wagering – Licensing and Dunning Systems Additions, Enhancement and Maintenance Task Order Agreement (#2015-08)

Mr. Nielsen said MLGCA staff are requesting approval of a contract modification to support the eLicensing system that will be used for sports wagering. In May, the Commission approved a modification that included new software and a three-year extension of the contract. The Board of Public Works instructed the Agency to submit the extension as a separate item. The contract modifications related to the new software has a total value of \$639,000 and brings the total contract value to \$1.35 million. Mr. Nielsen said the new software package is in development and should be ready for deployment in September. Per the BPW's guidance, the Agency will revisit the contract extension separately. Agency staff recommended approval of the contract modification.

There being no questions or discussion, Chair Marriner asked for a motion to approve the Modification #4. Commissioner Doetsch moved, and Commissioner Williams seconded. The motion was unanimously approved by roll call vote.

Gaming – James Logue, Managing Director

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

Commission Action Item – Horseshoe Casino VLT Allocation Permanent Reduction

Mr. Logue reported that Horseshoe Casino has requested a permanent reduction in its number of slot machines due to current market factors and business strategies, to ensure the highest possible revenue and to reconfigure its current gaming floor to provide more space between machines. Horseshoe is approved for 1,800 machines and is seeking a permanent reduction of 200 machines for a new count of 1,600. With approval, the casino will begin its reconfiguration on Sept. 1, and will complete the work by Dec. 31. Similar projects have translated into revenue growth, and this project is expected to yield positive results. Agency staff recommended approval of Horseshoe's request.

There being no questions or discussion, Chair Marriner asked for a motion to approve Horseshoe Casino's request for a permanent reduction of 200 VLTs. Commissioner Stakem moved, and Commissioner Williams seconded. The motion was unanimously approved by roll call vote.

Commission Action Item – Rocky Gap Casino VLT Allocation Permanent Reduction

Mr. Logue reported that Rocky Gap Casino has requested a permanent reduction in its slot machine count in order to provide more social distancing and allow better customer movement through the gaming floor. Rocky Gap is approved for 665 machines and is requesting a permanent reduction of 35 machines for a new count of 630. With approval, the casino will begin its

reconfiguration on Sept. 5, to remove older machines that are not performing up to standard. Rocky Gap believes the remaining machine are more than sufficient for their demand and that the changes will be revenue neutral. Agency staff recommended approval of the request.

There being no questions or discussion, Chair Marriner asked for a motion to approve Rocky Gap Casino's request for a permanent reduction of 35 VLTs. Commissioner Stakem moved, and Commissioner Doetsch seconded. The motion was unanimously approved by roll call vote.

Commission Action Item – Live! Casino VLT Allocation Temporary Reduction

Mr. Logue reported that Live! Casino has requested a temporary reduction of up to 50 slot machines on its floor during a reconfiguration project that will allow for a more varied and diverse array of gaming choices and more space for customers in high-traffic areas. With approval, the project will begin Sept. 6, and will be completed by Nov. 30. Agency staff recommended approval of the request.

Commissioner Hodges asked that because previously casinos have been reducing their VLT counts, has there been any discussion of the impact on their operations as it relates to COVID? Chair Marriner responded that it is a secondary impact; general impact is that it has enhanced the general financial performance historically. Mr. Logue confirmed this point, stating that during the period where casinos were at limited capacity, the machines were too close to each other for comfort for patrons, so the casinos needed to reconfigure their gaming floors in order to spread things out.

Chair Marriner asked for a motion to approve Live! Casino's Temporary Reduction of 50 VLTs. Commissioner Doetsch moved, and Commissioner Stakem seconded. The motion was unanimously approved by roll call vote.

Commission Action Item – MGM National Harbor Expanded Gaming Area

Mr. Logue reported that MGM National Harbor has requested an expansion of its gaming area to include a sports lounge on the south side of the property. The new gaming area will include 7,300 square feet of space and eight bar-top slot machines. The casino has obtained the necessary approvals for construction, committed to meeting MBE goals, and provided the Agency with required plans and updates. Agency staff will ensure that the new gaming area meets regulatory requirements before gaming operations begin. The anticipated opening date is Sept. 15. Agency staff recommended approval of the request.

Commissioner Hodges asked if studies had been done on the impact to neighboring vendors. Mr. Logue and Mr. Nielsen clarified that the expansion is occurring within the casino's footprint and that its existing space has been redesigned to include a bar. Mr. Logue said that because slot machines are being placed in the space, it becomes a gaming area, which it is not currently, necessitating the gaming area expansion request.

Commissioner Hodges asked how MBE goals are being addressed in the expansion of the gaming space. Mr. Logue said that certain MBE requirements must be met in casino construction projects, and that the general contractor and subcontractor are local MBEs. Mr. Perez added that MGM always strives to meet MBE requirements and has never had a challenge with any of their contracts.

There being no further discussion, Chair Marriner asked for a motion to approve MGM National Harbor's gaming area expansion. Commissioner Williams moved, and Commissioner Stakem seconded. The motion was unanimously approved by roll call vote.

CLOSED SESSION

There was no need for the Commission to go into a closed session.

ELECTIONS

VICE CHAIR TO MLGCC

Chair Marriner stated that the election for a new Vice Chair will be postponed until the September in-person meeting.

MLGCC LIAISON TO STATE RACING COMMISSION

Chair Marriner announced that there would be an election for the vacant position for the Liaison to the State Racing Commission. Chair Marriner made a motion for George Doetsch to be the liaison, seconded by Commissioner Williams. A vote was held and George Doetsch was unanimously approved as the MLGCC Liaison to the State Racing Commission by roll call vote.

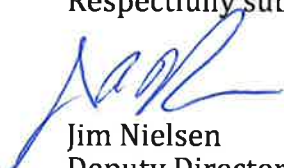
DATE AND TIME OF NEXT MEETING

The next Commission Meeting will be held on Thursday, September 23, 2021, at 10:00 a.m. The commission will return to in-person meetings with the September meeting, to be conducted at Maryland Lottery headquarters.

ADJOURNMENT

There being no further business, Chair Marriner adjourned the meeting at 10:44 a.m.

Respectfully submitted,



Jim Nielsen
Deputy Director