

Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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MARYLAND LOTTERY AND GAMING CONTROL COMMISSION JANUARY MINUTES

DATE: January 20, 2022

TIME: 10:00 a.m.

PLACE: Maryland Lottery and Gaming Control Agency
(Meeting conducted via audio/video conference call)

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

John Martin, Director
James Nielsen, Deputy Director, Chief Operating Officer
James Butler, Assistant Deputy Director, Chief of Staff
John Mooney, Managing Director, Regulatory Oversight
Solomon Ramsey, Managing Director, Sales and Marketing
Paula Yocum, Managing Director, Chief Financial Officer
Carole Gentry, Managing Director, Communications
Holly Citko, Principal Counsel, Attorney General's Office
Jennifer Tosky, Deputy 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, Harold E. Hodges, James J. Stakem, Jerry E. Williams

ROLL CALL

Chair Marriner asked for a roll call to establish that a quorum was present. Also present on the call were: Vice Chair George Doetsch, and Commissioners Vernon Boozer, Harold Hodges, and Jerry Williams. Michelle Fager and James Stakem were not present.

CALL TO ORDER

Chair Marriner called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:02 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 agenda. Vice Chair Doetsch motioned to approve, Commissioner Williams seconded, and the motion was unanimously approved by roll call vote.

APPROVAL OF THE MINUTES

Chair Marriner stated that the December 16, 2021, open session minutes were provided to the Commissioners for review, and asked if there were any changes. There were no changes. Vice Chair Doetsch motioned to approve, Commissioner Williams seconded, and the motion was unanimously approved by roll call vote.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains 7 new instant ticket games for the Commission's approval: #579 (\$2) *Blazing Hot Cash*; #581 (\$10) *\$600 Cash In Hand*; #582 (\$1) *Show Me \$1,000*; #583 (\$2) *Show Me \$10,000*; #584 (\$5) *Show Me \$50,000*; #585 (\$10) *Show Me \$100,000*; #586 (\$20) *Show Me \$1,000,000*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (12/2/21 – 1/6/22); Consent Agreements for Regulatory Violations – Ocean Downs Casino – May and August 2021; Consent Agreements for Underage Violations – Ocean Downs Casino – Case No. 2021-02-001; and Rocky Gap Casino – Case No. 2021-04-002; Gaming License Application Denials/Revocations; Licensing Revocation Reversal; and Staff Reports from James Butler, Assistant Deputy Director, Chief of Staff; James Logue, Managing Director, Gaming; Alvin Ringgold, Senior Director of Sales; Carole Gentry, Managing Director, Communications; Jill Baer, Director, Creative Services; 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 Vice Chair Doetsch, Commissioner Williams seconded, and the motion was unanimously approved by roll call vote.

OPERATOR REPORTS

Hollywood Casino

Ms. Allie Evangelista, General Manager, reported that Hollywood's New Year's Eve festivities were scaled back by design. She added that COVID spread among members of the staff for a few weeks around Christmas and New Year's, at one point forcing the closure of table game play for a period of two days. Team members are currently required to wear masks. For 2021, Hollywood's total revenue beat the company plan for the property by 60%, which was a record high for the property. So far in 2022, the casino is 25% ahead of projections. Slot machine volumes are up 7%, while table games were down 6% largely due to COVID circumstances. Ms. Evangelista reported that sports wagering handle so far as has been stronger than anticipated, particularly considering that there has not been any marketing and the Sportsbook is running in a temporary facility. She added that a permanent Sportsbook offering a better space for guests should be open within the next month. Hollywood employees will be supporting the House of Hope Animal Rescue, and the casino has plans for staff to make donations or volunteer time or resources to a variety of other charitable organizations throughout the year. Ms. Evangelista said recruitment has improved and there has been a better flow of candidates for open positions. The casino recently hired a new surveillance manager. Hollywood has reinstated the mandatory mask wearing for team members.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, reported that December gaming revenue was up 32.1% compared to 2020, driven by slots, which were up 29% on strong volumes. Hold was down slightly, but coin-in was up 30%. Table games were up 57.4%, driven by volume and hold. Volume was up 25% and hold up 6.8%. Table games were hardest hit by COVID, with some tables closed for portions of the month, but Ocean Downs still saw large year-over-year increases. The Sportsbook saw more than \$500,000 in handle during December. Ms. Sample said the week between Christmas and New Year's was strong, finishing with a 1970s-themed New Year's Eve party. January is trending flat to 2021 as winter weather has had an impact. The casino was closed for a period of 12 hours due to icy road conditions. The expanded smoking patio opened in December and has been popular with guests. January marks the casino's 11th anniversary, which is being marked with cash giveaways and weekly blackjack tournaments. Poseidon's Pub reopened and has been popular with sports wagering guests, as the sports wagering kiosks are next to the restaurant. A team recognition event has been postponed until February due to COVID concerns, but recruitment efforts have improved. Proceeds from Ocean Downs' sports wagering controlled demonstration were donated to a local homeless shelter and food pantry.

Live! Casino

Mr. Robert Tedesco, Assistant General Manager, reported that December was a solid month with total revenues of \$69.8 million, up 15.9% compared to pre-pandemic levels in December 2019. Gaming revenue was \$63.7 million, up 20%, while non-gaming revenue was \$7.8 million, down 8% compared to 2019. Slot machine revenue was strong in December at \$41.9 million, up 15%. Table games, including poker, were up 30.6% with revenue of \$20.4 million. The Sportsbook opened in December and had strong volumes, especially on the weekends, and drove strong food and beverage revenues at the new Sports & Social venue. The casino had a New Year's Eve party for VIPs and a number of other promotional efforts in December. Live! made donations to Toys for Tots and team members also assisted those less fortunate during the holiday season. The casino gave each team member a cash award for the holidays, held drawings to give away \$15,000 in cash to team members, and also awarded a new car to one member of the team. A number of construction and improvement projects are planned for the early part of 2022.

Rocky Gap Casino

Mr. Brian Kurtz, Vice President and General Manager, reported that Rocky Gap's operations have not been significantly impacted by the recent COVID surge. All employees are wearing masks, which has helped control the spread of the virus. December gaming revenue was up 41.2% compared to 2020, and up 18.2% compared to December 2019. Slot machine revenues were up 52.7%, driven by both volume and increased hold. Table games also benefitted from increased volume, but hold was less than last year, with more jackpots won. Table game revenue was down 29.4% compared to 2020. January has started well, though winter weather has had an impact. The casino opted to cancel special events it had planned for January and February and has rescheduled them for later in the year. Rocky Gap collected 378 toys during a Toys for Tots drive in December. January philanthropic efforts include donations to a local charity that assists area disadvantaged and homeless. The casino gave gift cards to team members for the holidays and provided boxed meals rather than having a holiday gathering, due to ongoing COVID concerns. Rocky Gap is continuing to offer kiosk-based promotions rather than promotions where there are large gatherings of customers.

Horseshoe Casino

Mr. Randy Conroy, Vice President and General Manager, reported that slot machine revenue was \$10.8 million in December, while table game revenue was \$6.2 million, up from 2020 which was impacted more significantly by COVID. Recent increases in COVID cases have had the most substantial impact on food and beverage revenues. Mr. Conroy said New Year's Eve celebrations were limited, but the situation has been improving since then. The Sportsbook is off to a strong start, and Mr. Conroy noted that an expansion is under consideration due to demand. Staff members participated in a community clean-up event in December along Russell Street. The casino also hosted an event in December with the South Baltimore Gateway Partnership, which receives a portion of slot machine revenue that is used to award local impact grants. Horseshoe awarded cash prizes and free meals to employees during the holiday season, and is in the process of adding more team members. The casino plans to have a number of events on Super Bowl Sunday in February, but is remaining vigilant about maintaining COVID protocols.

MGM National Harbor

Ms. Melonie Johnson, President and Chief Operating Officer, reported that December was the casino's best-ever month for gaming revenue, with an increase of 19% in gross gaming revenue compared to December 2019. Slot revenue was up 25% compared to 2019. Table game revenue was up 15% overall, while poker revenue was down 18% compared to 2019. The Sportsbook opened in December and wrote more than 50,000 tickets totaling more than \$5.7 million with a win of more than \$400,000. Ms. Johnson noted that COVID continues to create challenges, and the casino is recruiting new employees on an ongoing basis. MGM National Harbor celebrated its fifth anniversary on December 8, opened its Sportsbook on December 9, and later hosted an invitation-only \$75,000 blackjack tournament. MGM's theater hosted a number of events, including two sold-out shows with Bruno Mars. MGM scaled back the New Year's Eve celebration due to COVID. In 2021, MGM staff contributed more than 1,200 hours of volunteer time to numerous charitable organizations.

STAFF REPORTS

Director's Report — John Martin, Director

Director Martin introduced Mr. Solomon Ramsey as the Lottery's new Managing Director of Sales and Marketing, noting that Mr. Ramsey has more than 20 years of lottery-industry experience. Mr. Ramsey took a minute to introduce himself.

At the midpoint of Fiscal Year 2022, Director Martin reported that Lottery sales were up 8.7% year-over-year, and profits were up 2.8%. Casino gaming contributions to the state were up 24.2%, while revenue was up 21.4%. Sports wagering launched during December 2021, and Director Martin said the Agency is looking forward to continuing to work with the Sports Wagering Application Review Commission (SWARC) on further developing the market.

Deputy Director/Chief Operating Officer — Jim Nielsen

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

Commission Action Item — Live! Casino Request for Temporary VLT Reduction

Mr. Nielsen reported that Live! Casino has submitted a request for a temporary reduction to the number of VLTs on its gaming floor. The purpose of the request is to allow for a more varied and diverse array of gaming choices and amenities. The reduction would allow for renovations to the Orchid outdoor gaming space and reconfigurations of the Sports & Social gaming space and the current gaming floor.

Live! Casino is currently approved for 3,752 VLTs. They are requesting a temporary reduction of up to 150 VLTs at any point during the renovation and reconfiguration period. With approval, the project is scheduled to begin on or about February 15, 2022, and should be completed no later than August 15, 2022. An analysis of similar projects where Live! Casino has reduced the number of VLTs on its floor has shown that VLT revenue either remained consistent or increased. MLGCA staff recommended approval of the request.

Vice Chair Doetsch motioned to approve, Commissioner Williams seconded, and the motion was unanimously approved by roll call.

Chief Financial Officer — Paula Yocum

There being no questions on her monthly report, Ms. Yocum proceeded to her Commission Action Item.

Commission Action Item — Auditing and Accounting Services Contract (#2015-04) Modification #4

Ms. Yocum reported that the Agency needs to modify its existing contract with Stout, Causey & Horning, P.A., which covers the auditing, accounting and management services, including technical advice and assistance on various aspects of operations for both Lottery games and the VLT program. The contract must be modified to cover recently expanded MLGCA business areas including sports wagering, fantasy competitions, Powerball Double Play and Pick 5.

Modification #4 will add these items to the contract at an additional cost of \$40,700. With the Commission's approval, the modification will be forwarded to the Department of General Services for inclusion on the next available Board of Public Works meeting agenda. MLGCA staff recommend approval of the modification.

Chair Marriner asked how many more additions are possible under the current contract. Ms. Yocum said this would be the last extension, and that the Agency plans to issue a new request for proposals for an auditing and accounting services contract within the next couple of months. There being no further questions, Chair Marriner asked for a motion to approve the contract modification. Vice Chair Doetsch motioned to approve, Commissioner Williams seconded, and the motion was unanimously approved by roll call.

Managing Director for Regulatory Oversight — John Mooney

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

Commission Action Item — Licensing and Dunning Systems Additions, Enhancements and Maintenance Task Order Agreement (#2015-08) with MS Technologies Corporation

Mr. Mooney reported that the contract for eLicensing services with a term of June 18, 2015 through June 30, 2022, was previously modified by Emergency Modification #3/4 (approved by the Board of Public Works on September 15, 2021), including \$639,000 to provide the MLGCA with the necessary capabilities to implement background investigation and licensing for sports wagering. Originally, a three-year extension was also included, but at the BPW's direction, the extension period was removed to be resubmitted to the BPW at a later date as a separate non-emergency item. Therefore, Modification #6, which will extend the contract for an additional three-year term until June 30, 2025 at an additional cost of \$150,000 is submitted for the Commission's review. With the Commission's approval, the modification will be forwarded to the Department of General Services for inclusion on the next available BPW meeting agenda. MLGCA staff recommend approval of the modification.

There being no questions, Chair Marriner asked for a motion to approve the modification. Vice Chair Doetsch motioned to approve, Commissioner Williams seconded, and the motion was unanimously approved.

CLOSED SESSION

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

DATE AND TIME OF NEXT MEETING

The next Commission meeting will be held at 10:00 a.m. on Thursday, February 24, 2022, in person at Maryland Lottery headquarters and via audio/video conference. There may be additional meetings scheduled to review applicants in between regularly scheduled meetings.

ADJOURNMENT

There being no further business, Chair Marriner adjourned the meeting at 10:40 a.m.

Respectfully submitted,


John Martin
Director