

Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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MARYLAND LOTTERY AND GAMING CONTROL COMMISSION MARCH MINUTES

DATE: March 24, 2022

TIME: 10:00 a.m.

PLACE: Per the Meeting Notice, meeting held in
Maryland Department of Environment's Lobby Meeting Room
1800 Washington Boulevard, Baltimore, MD 21230
and via teleconference

PRESENT: Chair E. Randolph Marriner
Vice Chair George L. Doetsch, Jr.
Commissioner F. Vernon Boozer
Commissioner Diane M. Croghan¹
Commissioner Harold E. Hodges (via teleconference)
Commissioner James J. Stakem
Commissioner Jerry E. Williams (via teleconference)

John Martin, Director
James Nielsen, Deputy Director, Chief Operating Officer
James Butler, Assistant Deputy Director, Chief of Staff
James Logue, Managing Director, Gaming
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
Representatives from Scientific Games
Representative from Pollard Banknote
Representative from International Game Technology (IGT)
MLGCA Staff

¹ Commissioner Diane Croghan was confirmed by the Senate on March 22, 2022, but was not sworn in by the date of the Commission Meeting. She did not vote on any motions at this meeting.

E. Randolph Marriner, Chair

F. Vernon Boozer, Diane M. Croghan, George L. Doetsch, Jr., Harold E. Hodges, James J. Stakem, Jerry E. Williams

QUORUM ESTABLISHED

Chair Marriner announced that there was a quorum present for the meeting. Also present in person were: Vice Chair George Doetsch, Commissioners Vernon Boozer, Diane Croghan, and James Stakem. Commissioners Jerry Williams and Harold Hodges were present via video conference.

CALL TO ORDER

Chair Marriner called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 a.m. Chair Marriner started the meeting by introducing the new commissioner, Diane Croghan and noting that she would not be participating as a voting commissioner at this meeting as she has not yet been sworn in.

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. Vice Chair Doetsch motioned to approve, Commissioner Boozer seconded, and the motion was unanimously approved.

APPROVAL OF THE MINUTES

Chair Marriner stated that the February 24, 2022, 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 Boozer seconded, and the motion was unanimously approved.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains 3 new instant ticket games for the Commission's approval: #587 (\$3) *Diamond Bingo 3rd Edition*; #588 (\$5) *Crazy Cash/Spicy Cash/Ultimate Cash/Cold Hard Cash*; #589 (\$10) *Bingo X10 5th Edition*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (2/10/22 - 3/10/22); Consent Agreements for Regulatory Violations - Horseshoe Casino - September and October 2021; Consent Agreements for Underage Violations - Horseshoe Casino - Case Nos. 2021-05-012 to -015; Gaming License Application Denials/Revocations; and Staff Reports from James Butler, Assistant Deputy Director, Chief of Staff; James Logue, Managing Director, Gaming; 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; 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. Vice Chair Doetsch motioned to approve, Commissioner Boozer seconded, and the motion was unanimously approved.

OPERATOR REPORTS

Hollywood Casino

Mr. Timothy Shea, Vice President of Operations, reported that February slot machine revenue was up 30% year-over-year, table game revenue was up 39%, with drop up 50% year-over-year, making it the best month since 2013. Poker revenue was up 33%, Sportsbook handle beat projections by 5.5%, though bettors did well on the Super Bowl. March slots revenues have been flat, but table games are up 3.5%, with the drop up 25%, and poker up over 20%. March volumes have been challenging. The first week of March, slot revenue was up almost 20% year-over-year, but dropped about 8% over the second and third week. Slots and table games are not holding as strong as in February. Mr. Shea speculated that there may be macroeconomic reasons for the trends, including high gas prices, but he added that sports bettors interested in March Madness have been visiting the property, which has driven more table games business. Hollywood had a number of slot and table game promotions in February and March and will complete its upgrade to the Penn National MyChoice Player's Club Program in May. A new internal communications app for employees was recently made available, and 98.7% of employees participated in a team engagement survey. Hollywood has a number of volunteer activities planned for April, and in June it will participate in a Habitat for Humanity Project. Construction on the Barstool sportsbook will begin April 4 and last for 10 weeks. Once the new sportsbook is open, the temporary sportsbook will be removed and the space will be filled with slot machines.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, reported that February revenue was up overall 13.6% year-over-year. Slot machine revenue was up 20%, driven by volume. Table game hold was up more than 32%. Sports wagering handle was \$1.1 million, and Ocean Downs had \$141,000 in win. Wagering included \$200,000 on the Super Bowl. March is trending well, even with bad weather on St. Patrick's Day which caused the cancellation of the parade which brings in a lot of foot traffic to the casino. There has been an uptick in Sports wagering with March Madness. Promotions in March include Leprechauns on the Loose, Twisted Tuesdays, and Blackjack on Thursdays. Ocean Downs held a team appreciation banquet where it recognized employees who have reached five and ten years of service, as well as leaders of the year from both the front and back of the house. The casino had activities for Problem Gambling Awareness Month in March and has had GoVax COVID-19 vaccination clinics on the property during weekends, which will continue through April. Ocean Downs is supporting a local Worcester County organization that helps those impacted by opioid addiction.

Live! Casino

Mr. Anthony Faranca, Executive Vice President and General Manager, reported that February was a strong month, with volumes continuing to increase. The casino has started bringing back promotions including a \$150K baccarat tournament, and the Super Bowl drew a substantial number of people to the property. Live! also hosted an evening of professional boxing on Feb. 19 that drew a crowd of 2,300. Slot machine revenue was up 26%, table game revenue was up 41%, with Poker up 30%. The sportsbook had \$11.2 million in handle during February with a hold of 6.5% and a win of \$700,000. The restaurants are now all fully open and volume is up 90% year-over-year. Mr. Faranca noted that there has been a lot of foot traffic and increased volume as recovery from COVID has continued. Entertainment in The Hall is now ramping up with mixed martial arts. Comedians Bill Burr and Jo Koy will be coming soon. The casino will celebrate its 10th anniversary in June, featuring a headline entertainment act to be announced. Live! held events to celebrate Black History Month in February and employees helped to renovate classrooms at

Booker T. Washington Middle School in Baltimore City. The property held a Black History Heroes Celebration Dinner, featuring guest speaker Wes Moore, who is running for Governor.

Commissioner Hodges asked what the casino is doing to increase security with the uptick in crime rate in the area. Mr. Faranca stated that Live! has a good relationship with both county and state police, and security has been ramped up over time. All intel is shared, and the casino has been provided with increased funding for the security department.

Rocky Gap Casino

Mr. Brian Kurtz, General Manager, reported that February gaming revenue was up 38.2%, driven primarily by slot machine revenue up 40.8%, due mainly to an overall increase in volume, and slight uptick in hold. Table game revenue was up 17.7%, driven by an increase in volume while hold was down. Mr. Kurtz added that the casino is starting to see some of its older table game customers begin to feel more comfortable coming to the property as COVID cases have declined. Rocky Gap has continued to keep most of its promotional efforts kiosk-based, but plans to begin offering more entertainment options. The casino's director of surveillance is leaving to take a position at a Golden Entertainment sister property in Las Vegas, but a long-serving staff member is preparing to backfill the surveillance job. Ancillary lines of business also saw increases in February, including hotel occupancy up 16%. The casino made a donation of 500 items to a local animal shelter, and supported the Hooley Plunge benefitting Special Olympics. Rocky Gap had on-site COVID vaccination clinics available on weekends through March 19-20.

Commissioner Hodges asked if increasing crime has impacted the area and had an impact on Rocky Gap's budget, and whether it may be a problem going forward. Mr. Kurtz said the casino is located in a state park with no housing directly in the area. Casino surveillance staff closely monitor the table games area, but Mr. Kurtz said he has not noticed an uptick in crime in the area. Casino staff recently met with the State Police and the casino has an ongoing relationship with the Department of Natural Resources officers and local sheriff's department. Commissioner Stakem said the casino has received compliments from area law enforcement officials.

Horseshoe Casino

Mr. Lee Howard, Vice President of Table Games, reported that slot machine revenue was \$10.8 million in February, up from \$9.6 million last year, while table game revenue was \$6.9 million, up from \$4.7 million a year ago. Sports wagering revenue was \$131,000. The mask mandate has been removed in Baltimore City, and the casino is continuing to reengage entertainment with the reduced COVID restrictions. The casino had strong visitation during the week of the Central Intercollegiate Athletic Association basketball tournament, which was held in Baltimore. The Brew Brothers sports bar opened in February and had a solid performance. The opening came just in time for the Super Bowl and March Madness. Horseshoe has hired 29 additional team members, and is providing guest service training for all new members. The casino conducted their best employee awards. The Don Carano Legacy Scholarship has been set up and will be awarding \$20,000 in scholarships and financial support for team members and their dependents. The casino will hold an economic equity event in May that will include information on financial literacy, nonprofit leadership, entrepreneurship and collaboration with organizations such as the National Minority Suppliers Development Council and the Women's Business Enterprise National Council. Horseshoe recently gave financial donations to a number of local charities and nonprofit organizations.

Commissioner Boozer asked about a recent crime reported in the Horseshoe parking garage and noted there was another incident in the garage about a year ago. Mr. Howard said the casino has a

new security leader and has increased patrols in the parking garage. He added that the casino is working with the Baltimore City Police Department to get more police in the facility. Commissioner Hodges asked about the impact of having to spend more money on security. Mr. Howard said that answer may be clearer by next month's meeting, as Horseshoe has just started increasing patrols.

MGM National Harbor

Ms. Melonie Johnson, President and Chief Operating Officer, reported that February gaming revenue was up 8% year-over-year, with an increase in slot machine revenue of 11%, table game revenue was up 6% and poker was down 26% due to staffing shortages. There is currently training in progress for new dealers. March has been holding strong. Ms. Johnson said slot handle is up by double digits so far in March. The sportsbook took 95,000 wagers in February with a total handle of \$7.5 million. MGM had a number of promotions and gift giveaways during February, including a baccarat tournament. A construction project in the MGM theater has been completed, and a number of shows are now scheduled. Community service projects have been limited in the past couple of months due to COVID. A Gold-Tier customer recently won a progressive prize of just over \$3 million, which has been drawing attention from local media outlets and on social media.

VENDOR REPORTS

Scientific Games

Stephen Smith, General Manager, announced his retirement, and that this would be his last meeting. He thanked everyone. Chair Marriner wished him well in his future endeavors and noted that the State has benefited from his work supporting the Commission.

Mr. Jeff Hale, Assistant General Manager for Operations, said the launch of Pick 5 in February was strong, and an analysis is in progress to determine if it is impacting the sales of other games. The Lottery is up against strong numbers from last year in its year-over-year comparisons. The Home Run Riches Fast Play ticket launched and is performing well, and will be attached to a second-chance contest that launches on March 28.

Pollard Banknote

Mr. Matt Isaac, Director of Retail Development, reported that it has been a challenging quarter for instant ticket sales at lotteries across North America, potentially due to rising gas prices. Nonetheless, Maryland is performing better than the national average, which is flat. Maryland's scratch-off sales were up 3.4% for the most recently completed quarter, compared to an increase of 4% for the prior quarter. Mr. Isaac noted that it's the first time in recent memory that the trend for lottery sales were not going up, but Maryland is still up. In comparison with other states, Connecticut's sales are down 1.3%; Washington, D.C. is down 15%; Michigan is down 3.4%; New Jersey is up 1.5%; New York is up 8.5%; and Virginia is up almost 11%. Mr. Isaac noted that New York and Virginia had very rough performances last year. Maryland launched its first 8-inch-wide "oversized" ticket in March, and Pollard supplied 3,700 dispensers to accommodate the tickets, which are too wide to fit in the Lottery's self-service vending machines or existing countertop ticket dispensers. Pollard has 18 games in production this quarter.

International Game Technology (IGT)

Gary Cherwinski, Account General Manager, reported that operations are going well. Planning for the next disaster recovery test is in progress. IGT is working with external auditors and is in the

final stages of transitioning from project to operations on its system conversion, including numerous internal tasks that impact IGT staff, but not Agency operations.

STAFF REPORTS

Director's Report — John Martin, Director

Director Martin reported that economic conditions, including gasoline prices and inflation, have a direct correlation with the sales of traditional lottery products. He added that the Lottery is up against strong numbers from last year in its year-over-year comparisons and that right-sizing of the marketplace is occurring. Mr. Martin noted that the Multi-Match jackpot was at \$2.85 million for the March 24 drawing, which is a large number for that game. The Pick 5 launch has gone well, and the Lottery discontinued 5 Card Cash, which had much lower sales than Pick 5, making the move a net-win for the Lottery. Scratch-off sales continue to be strong. Year-to-date Lottery sales are up 4.5% year-over-year, while profits are even with last year. Casino revenues are up 22% year-to-date, and contributions to the State are up more than 23%.

Sports wagering financial data has been added to the monthly dashboard document. Mr. Martin noted that the cyclical nature of sports wagering has been in evidence and that these early months since the launch in December 2021 are establishing a benchmark. January is typically a strong month. February has the Super Bowl, but fewer marquee events overall, so the industry does not typically make comparisons between the two months. Mr. Martin said the NCAA basketball tournament in March should put the numbers on an upswing, adding that the figures for March will be released on April 11.

Mr. Martin reported that the Board of Public Works met on March 23 and approved two-year extensions of the Lottery's contracts for advertising, media buying and related services with GKV and 9Rooftops. The Lottery launched its first oversized ticket on March 21 and is expecting strong numbers.

On March 16, the Sports Wagering Application Review Commission awarded a license to Bingo World, which joins three other locations that are completing several tasks as they prepare to launch sports wagering operations.

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 — Licensing Contract (#2022-02) with the Baltimore Ravens Limited Partnership

Mr. Nielsen said the licensing agreement with the Baltimore Ravens allows for the use of the team's trademarks and logos on two scratch-off tickets and includes Ravens experiential prizes. The contract has a not-to-exceed value of \$318,970 for a term of 2 ½ years beginning June 1, 2022. The contract is similar to previous contracts between the Lottery and the Ravens for the past 13 years. Pending the Commission's approval, the contract will be submitted to the Department of General Services for inclusion on the next available Board of Public Works agenda.

Chair Marriner asked if there was any discussion. There being none, the Chair asked for a motion to approve the contract. Commissioner Stakem motioned to approve, Vice Chair Doetsch 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 April 28, 2022, in person and via teleconference at in the MDE Lobby Meeting Room, Montgomery Business Park, 1800 Washington Boulevard. 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 10:43 a.m.

Respectfully submitted,


John Martin
Director