

Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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MARYLAND LOTTERY AND GAMING CONTROL COMMISSION NOVEMBER MINUTES

DATE: November 17, 2022

TIME: 10:00 a.m.

PLACE: Maryland Lottery Headquarters
1800 Washington Boulevard, Ste. 330, Baltimore, MD 21230
and via teleconference

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

QUORUM ESTABLISHED

Vice Chair Doetsch announced that there was a quorum present for the meeting. Also present in person was Commissioner Vernon Boozer. Commissioners Diane Croghan, Harold Hodges, James Stakem, and Jerry Williams were present via teleconference. Chair Randy Marriner was not present.

CALL TO ORDER

Vice Chair Doetsch called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 a.m.

APPROVAL OF THE AGENDA

Vice Chair Doetsch reported that the Commissioners were provided with a copy of the agenda. Vice Chair Doetsch asked for a motion to approve the agenda. Commissioner Boozer motioned to approve, Commissioner Williams seconded, and the motion was unanimously approved.

APPROVAL OF THE MINUTES

Vice Chair Doetsch asked if there were any changes to the minutes of the October 27, 2022, Open Session. There being none, he asked for a motion to approve the minutes. Commissioner Williams motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

CONSENT AGENDA

Vice Chair Doetsch said the Consent Agenda contains five new instant ticket games for the Commission's approval: #626 (\$1) *MD Lottery Logo*; #627 (\$3) *Frogger*; #628 (\$5) *Big Money*; #629 (\$10) *Maryland Riches*; #630 (\$2) *Goldfish*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (10/12/22 - 11/2/22); Gaming License Application Denials/Revocations; Lottery Retailer License Revocations; and Staff Reports from 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; and Holly Citko, Principal Counsel, Office of the Attorney General.

Vice Chair Doetsch asked if any Commissioners wished to discuss or remove any items from the Consent Agenda. There being no discussion or requests, Vice Chair Doetsch asked for a motion to approve the consent agenda. Commissioner Stakem motioned to approve, Commissioner Williams seconded, and the motion was unanimously approved.

OPERATOR REPORTS

Hollywood Casino

Ms. Amy Brennan, General Manager, reported that revenue in October was up 4.4%. Slots and poker were slightly down, while table games and sportsbook were significantly up. Gross gaming revenue was up 12% through November 10. The Barstool Sportsbook restaurant opened with a VIP preview that included former Baltimore Raven Todd Heap. Ms. Brennan said the casino hosted

its first VIP blackjack tournament since before the COVID-19 pandemic, with \$20,000 in guaranteed winnings. Hollywood is offering team members tuition reimbursement, and diversity scholarships. In the community, team members delivered lunch to a local fire station and police station for First Responders Day. Hollywood offered free meals to veterans on Veterans Day, and are offering veterans half-price meals through the entire month of November. The casino is doing a Salvation Army Tree for the holidays to give back to the community.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, reported that overall gaming revenue was up 4.7%. Slots were up 4% year-over-year, with coin-in up 5.2%. Table games were up 9.5%. Table drop was flat compared to last year, but hold was up. Sports wagering handle was \$2.2 million in October, and hold was 15.9%, with a taxable win of \$350,000 in comparison to September wagering was increased by 22%, but hold was lower, resulting in \$75,000 less in win. October was successful, in part due to the Ocean City SunFest Art and Craft Show being moved from September to October. Typically, visitation to the area drops off after the Columbus Day Weekend, but this year Ocean Downs saw strong results through the end of the month. Among ongoing marketing efforts, guests are invited to bring in nonperishable food items to donate to the local food pantry in exchange for free play. In the community, team members are providing meals to the homeless on Thanksgiving Day. Team members will be given gift certificates for turkeys and other food items for Thanksgiving. The yearly team member survey has been sent out.

Live! Casino

Mr. Ryan Eller, General Manager, reported that October gross gaming revenue was \$59.7 million, up 5% from prior month, and down slightly from the prior year. Slots revenue was \$42.1 million, down slightly from prior year. Table games revenue was \$16.2 million, down \$400,000 from prior year, but up 4% from prior month. Poker was \$1.4 million, slightly up from the prior year. Sportsbook gross revenue was \$2.5 million. Live! programming included Wanda Sykes, Stephanie Mills, and live championship boxing. The casino has several giveaways, including a Versace giveaway and a cruise giveaway; and held a VIP event, Cirque de Screams, for Halloween. Live! kicked off the season of surprises celebrating team members with a cash giveaway, which will continue through Christmas. During October, executive staff twice bought Powerball tickets for team members, sharing across the board if the numbers hit. In the community, the casino donated and sponsored nearly \$50,000 for local events in October, including the Baltimore Washington Medical Center Gala. Team members participated in a Leukemia and Lymphoma Walk, an Alzheimer's walk, and a Breast Cancer Awareness Walk. The casino also sponsored the Severna Park and Arnold Chamber of Commerce.

Rocky Gap Casino

Mr. Brian Kurtz, General Manager, reported that revenue was \$5.2 million, down 9.5% year-over-year. Slots were down 7% year-over-year, as the drop decreased 8.6%, with slightly better hold. Table games were down 31%, with a lower hold by 3.5% and lower volume. Revenues from events have picked up with a great start to November, despite the start of winter weather in Western Maryland. Promotions have included senior days, kiosk spin and wins, hot seats and gift days for guests. There are several sold out shows at Rocky Gap, including Thunder from Down Under and a Bonkers comedy event. The upcoming Jimmy Walker show on December 1 has also sold out. In the community, in October, team members collected items for Associated Charities, including a clothing drive. In November, the casino is collecting donations for the Western Maryland Food Bank. Donators are entered to win \$2,000 in a drawing. The casino held a thank-you event for staff

after the property hosted the recent Appalachian Regional Commission conference. The New Year's Eve event at Rocky Gap has sold out.

Commissioner Hodges mentioned recent news about tech company layoffs and the possibility of a recession, and asked how the casino is incorporating that possibility into its planning over the next six to eight months should a full-blown recession occur.

Mr. Kurtz said the casino is keeping eye on all key performance indicators, and that its decline in October was a result of lower group bookings at the property. Year-to-date, hotel occupancy is up 5%, revenue is up 9% in the hotel segment, food and beverage revenue is up 7%, and volume continues strong. Hiring has leveled off. Seasonal positions on the golf course have concluded, but the casino has not had to lay off any staff. Booking patterns are strong, coming in for future revenue. Rocky Gap will keep an eye on the economy and adjust accordingly if there are pressures in any segment of the business, but the casino remains confident as statistics indicate that travel remains strong. As a destination area, Rocky Gap continues to have strong inquiries from groups for next year, even stronger than 2022. There are no immediate plans for downsizing. The casino is having a great November and the booking pattern for December is looking good. There are no major concerns for over the next six to eight months.

Horseshoe Casino

Mr. Randy Conroy, Vice President and General Manager, reported \$11.1 million in slot machine revenue, down from \$11.9 million in October 2021. Table games revenue was \$6.3 million, up from \$5.3 million last October. The sportsbook generated \$800,000 in revenue for the casino. Programming at the casino included Baltimore Ravens giveaways, including a VIP Ravens locker room dinner. Horseshoe hosted customers for a trip to New Orleans to see the Ravens play the Saints. Customers got to fly on the team plane with the players. Development of the area around the casino, known as The Walk, is continuing, with Top Golf opening this past month. Mr. Conroy said the casino is attempting to make its own economic future by developing the area, which will create new jobs. There are currently more than 100 jobs available at Horseshoe. In the community, Horseshoe was a major sponsor of the Cystic Fibrosis Festival event. Horseshoe is conducting a blanket drive for the homeless. Team members are completing a yearly survey. There will be a Thanksgiving feast for team members served by management team, as well as a local pie giveaway and gift cards for team members.

MGM National Harbor

Mr. Jeff Shrader, Vice President and Legal Counsel, reported that October had tremendous gaming revenue up 106% over October 2021, led by a 452% increase in table games, and 1% increase in slot revenue, which included an all-time property record for coin-in. Poker revenue was up 26% year-over-year, and the sportsbook had more than 115,000 tickets written with over 11% hold. MGM National Harbor conducted a hiring event where table game dealers talked to prospective employees about their experience. The casino is having a number of giveaways including a Breast Cancer Awareness blanket giveaway, and two fall-themed kiosk games. The new upgraded outdoor gaming area with 71 new slot machines opened last Friday. The original outdoor gaming area has been shut down in order to be refurbished, and will reopen later this year. The theater had shows from ZZ Top, Marlon Wayans, and the Price is Right game show. In the community, team members volunteered at a United Way event to assist the homeless and those on the verge of homelessness to secure the resources they need. Team members spent an afternoon with Capital Area Food Bank packaging food for low-income families, as well as a park clean up event in partnership with the Alice Ferguson Foundation, and an event with the Junior Achievement of

Greater Washington to assist middle school students with financial literacy and best practices using real life scenarios.

DIRECTOR'S REPORT

Director's Report — John Martin, Director

Director Martin reported that MLGCA had an excellent run in October and first week of November with the Powerball jackpot reaching an all-time record of \$2.04 billion after a 41-draw period between August and November. The jackpot was won on a ticket sold in California, which allows a one-year period to claim prizes. In the 41 drawings during the jackpot roll, there were 41 winners in Maryland of \$50,000 or more. Casino revenue was more than \$212 million in October. Lottery sales revenue was up 3.2%, profits were up 7.2%, casino revenue was up 8.1%, and casino contributions were up 2.9%.

There is currently a lot of activity with sports wagering, and there is more to come. October's handle in aggregate was nearly \$40 million, with \$781,000 contributions to the State. The year-to-date total is \$2.5 million. SWARC has awarded the first 10 mobile sports wagering licenses, and MLGCA has started the final stage for issuing those licenses. Three of the 10 licensees have advised MLGCA that they were not immediately ready to launch, including Long Shot's, Greenmount OTB, and Maryland Stadium Sub. The other seven licensees have indicated that they expect to be ready to launch on November 23, 2022. Mr. Martin noted that a controlled demonstration must be completed, one of several operational requirements that must be successfully completed prior to launch.

COMMISSION ACTION ITEMS

Managing Director, Gaming – James Logue

Commission Action Item – MGM Temporary VLT Allocation Reduction and Waiver of COMAR 36.04.02.02(E)(2)

Mr. Logue reported that MGM National Harbor has submitted a request to continue the temporary reduction of the authorized number of VLTs on its gaming floor and to continue to waive COMAR 36.04.02.02.E(2) (A temporary removal that is not restored to operation within 365 days shall become a permanent removal), for an additional one-year period, until December 8, 2023.

On November 18, 2021, the Commission granted MGM's request for an extension of a temporary reduction of the minimum authorized number of VLTs on its gaming floor and to preserve MGM's full 3,600 VLT allocation. That waiver will expire on December 8, 2022, unless extended.

MGM will maintain a minimum of 2,180 but not more than 3,600 VLTs until December 8, 2023. The reason for this request is to preserve the status quo while MGM continues to work to reimagine its gaming floor in light of the ongoing construction and other business priorities. No further temporary reduction of VLTs is necessary at this time, but may ultimately be necessary as health, safety and business needs dictate. MGM believes continuing the reduction for an additional one-year period should be revenue neutral to positive for the State.

Vice Chair Doetsch asked for a motion to approve MGM National Harbor's request to continue to temporarily reduce the authorized number of VLTs on its gaming floor, and maintain a minimum of 2,180, but not more than 3,600 VLTs on its gaming floor until December 8, 2023. Commissioner

Williams motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

Prior to the second motion, Commissioner Hodges asked for clarification on what the COMAR statute means. Ms. Jennifer Tosky, Deputy Counsel, clarified that the COMAR regulation would mean MGM would have to make a permanent reduction of its VLT allocation. The motion being made is to waive that COMAR regulation to allow the reduction to be temporary instead.

Commissioner Hodges then asked if the motion gives MGM the right to make the change permanent. Ms. Tosky again clarified that COMAR would make it permanent, and the motion is to waive that regulation to make the reduction temporary.

Vice Chair Doetsch then asked for a motion to approve MGM National Harbor's request to waive COMAR 36.04.02.02.E(2) to preserve MGM's full 3,600 VLT allocation until December 8, 2023. Commissioner Boozer 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 regular Commission meeting will be held on Thursday, December 15, 2022, at 10:00 a.m., in-person at Maryland Lottery and Gaming headquarters in Baltimore and via audio/video conference.

ADJOURNMENT

There being no further business, Vice Chair Doetsch adjourned the meeting at 10:35 a.m.

Respectfully submitted,


John Martin
Director