

Maryland Lottery and Gaming Control Commission

Wes Moore, Governor



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MARYLAND LOTTERY AND GAMING CONTROL COMMISSION APRIL MINUTES

DATE: April 25, 2024

TIME: 10:00 a.m.

PLACE: Maryland Lottery and Gaming Headquarters
and virtual

PRESENT: Chair E. Randolph Marriner
Vice Chair George L. Doetsch, Jr.
Commissioner Diane M. Croghan
Commissioner Harold E. Hodges
Commissioner James J. Stakem

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
Seth Elkin, 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 Ocean Downs Casino
Representative from Hollywood Casino
Representative from Live! Casino
Representative from Rocky Gap Casino Resort
Representative from Horseshoe Casino Baltimore
Representative from MGM National Harbor

E. Randolph Marriner, Chair

Diane M. Croghan, George L. Doetsch, Jr., Harold E. Hodges, James J. Stakem

QUORUM ESTABLISHED

Chair Marriner, present in person, announced that there was a quorum present for the meeting. Also present in person were: Vice Chair George Doetsch and Commissioner James Stakem. Present virtually were: Commissioners Diane Croghan and 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 AGENDA

Chair Marriner asked for a motion to approve the agenda. Vice Chair Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

Prior to the approval of the minutes, Chair Marriner took a moment to introduce the two new Commissioners, Everett Browning and Ade Adebisi, who will be sworn in next week and join the Commission starting with the May Commission meeting.

APPROVAL OF THE MINUTES

Chair Marriner asked if there were any comments or corrections to the minutes of the March 28, 2024, Open Session. There being none, Chair Marriner asked for a motion to approve the minutes. Vice Chair Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains:

1. New Instant Ticket Games: #705 (\$2) *Ravens X2*; #706 (\$10) *Ravens X10*; #707 (\$5) *Ca\$h Plu\$*; #708 (\$10) *\$100,000 Crossword 8th Edition*; and #726 (\$20) *Bonus Bingo X20*;
2. EGD Games and Component Testing:
 - a. Certified Lab Software, Hardware and Game Certifications: VLTs, Table Game Components, Instant Bingo Machines, Sports Wagering Systems and Kiosks (3/25/24 - 4/22/24)
3. Consent Agreements – Regulatory Violations
 - a. Hollywood Casino – December 2023
 - b. Horseshoe Casino – November 2023
 - c. Ocean Downs Casino – December 2023
4. Consent Agreements – Mobile Sports Wagering Violations
 - a. Hollywood-Penn – December 2023
5. Consent Agreements – Underage Violations
 - a. MGM National Harbor – Case Nos. 2023-06-027 to -039
6. Gaming License Application Denials/Revocations
7. (Originally Omitted)
8. Staff Reports: James Nielsen, Deputy Director, Chief Operating Officer; James Butler, Assistant Deputy Director, Chief of Staff; Michael Eaton, Managing Director, Gaming; John Mooney, Managing Director, Regulatory Oversight; Solomon Ramsey, Managing Director, Sales and

Marketing; Paula Yocum, Managing Director, Chief Financial Officer; Seth Elkin, Managing Director, Communications; and Holly Citko, Principal Counsel, Office of the Attorney General.

Deputy Counsel, Jennifer Tosky interjected to include item 7., which was present on the revised Consent Agenda. Chair Marriner included item 7. Request to “Reverse Denial” of Gaming/Wagering Renewal Applicant.

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

OPERATOR REPORTS

Hollywood Casino

Ms. Amy Brennan, General Manager, reported that March gaming revenue was up 4.1% year-over-year, attributed to revenue being up in all segments. The casino has brought back the cash machine, where guests can catch flying cash. Hollywood Casino also had a Walmart giveaway, a Jackpot Party where players could win more cash, and a Progressive Payday Sweepstakes where \$10,000 per month is added until someone wins, which is now up to \$40,000. In the community, Hollywood Casino supported Ree Wynn Foundation, and Earth Day events, including clean up at Perryville Park and around the property. Team members enjoyed a Baked Potato Bar. This year’s team member of the year award was hosted at Great Wolf Lodge.

Chair Marriner asked how much guests win from the cash machine. Ms. Brennan stated that the highest amount was \$500, with a winner every 20 minutes.

Ocean Downs Casino

Ms. Bobbi Jones, General Manager, reported that March gaming revenue was down, soft both in table games and slot machines. Table drop was down 12%, with hold up in comparison to the prior year. Sports wagering was up 43% year-over-year. Team members celebrated yearly awards at Light House Sound, awarding the front and back of the house leader of year. The casino celebrated March birthdays and had the Easter Bunny at the casino for photo opportunities for team members and their families. Ocean Downs had a Carnival Cruise voucher giveaway, Jackpot Jamboree, Rainbow of Riches promotions, a wheel, and money machine. Ms. Jones said the casino had Free Friday night bands with Great Train Robbery bringing in the highest attendance. The casino had almost 500 people participating in the St. Patrick’s Day Slot Tournament. Ocean Downs participated in the Hotel Motel Restaurant Association Convention. The monthly charity slot tournament benefited Worcester Goes Gold raising \$3,600 for those needing clothing and housing. Ocean Downs received the Judge’s Choice Trophy in the Ocean City St. Patrick’s Day Parade. Ocean Downs participated in the Ocean City Chamber of Commerce job fair, which did not have much attendance due to the rain. The casino sold shamrocks to benefit Worcester Goes Purple and raised \$32,000 for addiction recovery for Worcester County, beating prior year of \$13,000.

Chair Marriner asked if Ocean Downs was ready for the busy season. Ms. Jones said the casino is definitely doing better and is ready for the busy season. The casino has done better in April.

Live! Casino

Mr. Ryan Eller, General Manager, reported that gaming revenue in March was up in overall \$64.3 million, slot machines up 5% year-over-year. Table games were down 15% due to hold, and drop and volumes were fairly resilient. Retail sportsbook was up 600%, as last year retail sportsbook failed to make money. In marketing, the casino held a Cherry Blossom VIP event and decorated the Hall with a Cherry Blossom theme with Asian-themed cuisines. There were a variety of gift giveaways throughout the month. Live! celebrated Maryland Day with a Best of Maryland grand prize drawing. The casino held a variety of drawings. The table game promotion, Luck of the Draw, had a Rolex watch as the grand prize. Live! held a St. Patrick's Day parade inside the casino giving away cash. The entertainment in March included a variety of small-scale entertainment activations in the property including Karaoke night that sold 350 tickets, drawing a lot of traffic. Along with several cover bands the casino had headliners Marlon Wayans, Peter Frampton and Shogun MMA fights. Live! celebrated team members with blue-plate specials, including an Opening Day for the Orioles blue-plate special. The casino celebrated Women's History Month and recognized the back of the house team members. In the community, the casino made volunteer-hour donations to Sarah's House. For Problem Gaming Awareness Month, the casino hosted the Maryland Center of Excellence with responsible gaming activities for team members. Live! Casino hosted the BWI Business Partnership and was the title sponsor for the Anne Arundel County Gun Violence Prevention weekend. The casino volunteered time at Our Daily Bread serving lunch to people in need. The casino also hosted the Anne Arundel County Chamber of Small Business Awards.

Rocky Gap Casino

Mr. Brian Kurtz, General Manager, reported that gaming revenue was \$5 million, down 6.7% year-over-year, down \$360,000. Slot machine revenue was down 9% driven by volume, midweek down in coin and hold was flat year-over-year. Table games revenue was up 19%, with an increase in drop of 6%, with good volume from the table games, an advantageous hold compared to prior year. Visitation to the property Sunday through Thursday has been down, but the casino hopes the good weather may help. Promotions included a Jeep Gladiator Mohave giveaway it generated the highest coin-in year to date. Rocky Gap has continued weekly promotions, and has had several gift giveaways. Rocky Gap had tournaments all through the month, including Blackjack Madness on Tuesdays. There were two Bonkerz Comedy Shows, and visitation at the property has increased with those shows. In the community, Rocky Gap had a 60-day collection for the Western Maryland Food Bank. Rocky Gap partnered with the Hooley Plunge, but due to water issues at the property, Mr. Kurtz did not go in the lake. Team members were treated to Marianna's subs and donuts from M & M Bakery. The Maryland Alliance of Responsible Gaming was at the property observing the messaging throughout property. Rocky Gap is excited about the summer travel season, with a new amenity of a beach with rentable cabanas, and guests can swim in the lake.

Commissioner Stakem noted that the area was having trouble with counterfeit \$100 bills and asked if this had been a problem for the casino. Mr. Kurtz responded that the casino has a robust bill checker to run bills and the casino has not had any "super" bills. Las Vegas has had issues with the super bills, but Rocky Gap has not. He said that anything above \$20 bills is run through to validate it.

Horseshoe Casino

Mr. Randy Conroy, Vice President and General Manager, reported \$5.4 million in table game revenue. Slot machine revenue was \$11.9 million. From a Sportsbook perspective, the casino made \$160,000 but taxable was \$0 due to being beat up by the Superbowl, so it caused a \$0 reported by the Sportsbook. Programming at the casino capitalized on March Madness. In April, the "Tax Man" was a

promotion at Horseshoe Casino, where the Tax Man would choose random players and would hand them envelopes. In April, the casino celebrated Loyalty Card tier renewals. In the community, Horseshoe worked with Moveable Feast and prepared over 500 meals for those in need. The casino had a fundraising event for the Alzheimer's Benefit at the Cottages at Perry Hall. For Employee Appreciation Month, team members were treated to Ribeye Steaks, Brew Brothers gave away 50 free meals in a giveaway that will culminate in a large TV giveaway next week, and first quarter legend winners were recognized. Mr. Conroy said the impact of the bridge collapse is still unknown as the casino has not discerned any impact yet, but it is still too early to know for sure.

Chair Marriner asked Mr. Conroy to elaborate on the Tax Man promotion. Mr. Conroy said for tax season, the Director of Marketing dressed up as an IRS agent, walked the floor and tapped people on the shoulder at table games. Anyone tapped would get an envelope. It was a fun promotion that resonated very well.

Commissioner Stakem noted the Orioles were coming home this week, playing the Yankees which should draw in a good crowd. Mr. Conroy said the casino is getting more traffic because of the Orioles' success.

MGM National Harbor

Mr. Jeffrey Shrader, Vice President and Legal Counsel, reported that gaming revenue was up 3.4%, with slot machine revenue up 8.4%, and table game revenue was up 4.1% year-over-year. Poker was up 2.3%, and the sportsbook wrote more than 39,000 tickets with a 2.86% hold. March set new property records in slot machine handle day and overall, and is starting to grow year-over-year since COVID. Hold was down, but there is still one more weekend in April. The driver of increased volumes has been the re-introduction of the Hero promotion with the latest iteration being Covert Cash which ended March 30, when the casino gave away a 2024 BMW X4. MGM National Harbor celebrated Tier renewals with parties and giveaways. The new conservatory display pays homage to Spring in DC with various monuments. The casino had media influencers and VIP guests on property for the Taste of Spring event. The casino hosted several giveaways. There was a Baccarat tournament and St. Patrick's Day kiosk game. MGM National Harbor had a number of acts in March including Indian singer, Jubin Nautiyal, Grammy winning artist Legacy, and a K Pop Group, Oneus. Team members participated in partnering with Oxon Cove Park and Oxon Hill Farm for shoreline clean up days.

DIRECTOR'S REPORT

Director's Report — John Martin, Director

Director Martin reported that March was a strong month year-over-year on the Lottery side due primarily to the significant jackpots for Mega Millions, Powerball, and Multi-Match. The strength of those three jackpots helped to narrow the year-to-date gap on Sales and Profit at the three-quarter post of the year. On the Lottery side, sales are down 1.8%, and profit is down .9%. MLGCA is optimistic that in the fourth quarter Lottery should be able to close the gap even further on sales and Lottery profits. In aggregate, March was fifth best month ever on the casino side with over \$178 million from the casino properties. The year-to-date figures are better inroad, but still down from Fiscal Year 2023, with casino revenue down 5.7% and casino contributions down 4%, trending on the break-even mark on both of those. Sports wagering handle is over \$4 billion year-to-date, with year-to-date contributions to the State of \$42 million in aggregate from both retail and mobile. Total hold is a little over 10.6%. Director Martin pointed out that Mr. Eller talked about Problem Gambling Awareness Month and reminded employees, players and community that it is a year-long effort and MLGCA is proud to be focused on all sectors, including Lottery, our partners in the gaming and sports

wagering to make sure that all are being responsible in marketing efforts and product development efforts so we extend that message across all sectors.

COMMISSION ACTION ITEMS

James Nielsen – *Deputy Director, Chief Operating Officer*

Mr. Nielsen stated that he had five Commission action items to present today. The first being a 15-year tradition of the Sole Source Contract with the Baltimore Ravens. He noted this has been a very popular game with players and MLGCA would like to continue the tradition.

Commission Action Item - Sole Source Contract with Baltimore Ravens Limited Partnership #2024-04)

Mr. Nielsen reported that there is a new sole source Baltimore Ravens Licensing and Merchandise Contract with a Not to Exceed (NTE) amount of \$358,250, for the 2½ year term commencing June 1, 2024. Subject to Commission approval, the contract will be submitted to DGS for inclusion on the next available BPW Agenda. MLGCA seeks a motion for approval of this contract.

Commissioner Croghan asked what qualifies this contract to be a sole source contract. Mr. Nielsen responded that the Contract is with the Ravens' organization and it is their trademark, so MLGCA is not able to go anywhere else for access to the Raven marks. Mr. Nielsen stated that this will be the 15th year that MLGCA has done this Contract. Chair Marriner stated that the Ravens are Maryland's team and MLGCA always sponsors them.

Commissioner Hodges wanted to know what is the justification for the sole source for the Ravens, when there are other teams in the area that are not sponsored. Mr. Nielsen responded the Ravens are popular in the entire state of Maryland, as they are Maryland's team, and after evaluation of the value of any promotional activities done, the value back for the amount being paid for the Contract is a really good offer for the State.

Commissioner Hodges from his experience said there are specific regulations for sole source contracts and wanted to know if MLGCA is required to follow those regulations and rules, and if so, are we aligned with that and how the process is being applied. Mr. Nielsen said that the procedures and policies must be followed for any sole source contract that the Lottery enters into, which have all been followed. Lottery goes through an extensive review with the Attorney General's Office, and with marketing partners to get things together. Once the Commission approves it, the contract will go to Department of General Services to approve and then to the Board of Public Works. There are a number of checks and balances to make sure it is a valid sole source contract. Chair Marriner stated that the ultimate arbitrator is the Board of Public Works.

Chair Marriner asked for a motion to approve the sole source contract. Vice Chair Doetsch motioned, and Commissioner Stakem seconded, and the motion passed 4 -1, Commissioner Hodges opposed.

Commission Action Item - Purchase Order Request for Proposals - MLGCA IT - Servers and Licenses (#2024-05)

Mr. Nielsen reported that MLGCA is requesting approval of a new Statewide contract Purchase Order Request for Proposals (PORFP) for upgrades to the Agency computer servers, and received responses off of a statewide information technology contract. Based off the responses received, MLGCA is requesting approval of a contract for improvements to Lottery's IT infrastructure. The

current servers are nearing end of life for support, with updates and software upgrades needed. MLGCA has selected a small 100% MBE firm, HCGI Columbia MD, to purchase:

1. Three (3) NUTANIX Cloud Platform (NCP) Servers;
2. Six (6) Intel processors; and
3. Ninety-Six (96) Subscriptions, included in Nutanix Cloud Infrastructure (NCI) Ultimate Software License & Production Software Support Service for 1 CPU Core.

Total - \$219,552.00

This contract is being submitted to the Commission for review and approval, and then, subject to Commission approval, to DGS for inclusion on the next available BPW Agenda. MLGCA seeks approval of this RFP.

Chair Marriner asked Mr. Nielsen to explain the Statewide Purchase Order Request and how it works. Mr. Nielsen said when agencies buy this kind of equipment, the State puts out a request for bids. Bidders apply through the State. MLGCA, as the agency, goes to the individual companies that apply and are approved by the State for services and equipment they can provide.

Chair Marriner asked for a motion to approve the Purchase Order Request for Proposals. Vice Chair Doetsch motioned, Commissioner Stakem seconded, and the motion passed unanimously.

Commission Action Item - 2023 Promotional Play Report – Casinos

Mr. Nielsen said that the third and fourth items pertained to promotional play. He noted that the reports are complicated to follow and he will explain further if anyone does not understand. He noted that next year the Agency will make an effort for the reports to be more straight forward.

Mr. Nielsen reported that in accordance with COMAR 36.03.10.36.G, each facility operator is required to submit a report of its use of free promotional play during the prior fiscal year and recommend any adjustment to the limitation on free promotional play established in regulation. Current regulation COMAR 36.03.10.36.F. states that each facility operator may exclude from taxable proceeds an amount that equates to 20% of total video lottery terminal and table game proceeds the facility generated in the prior full fiscal year.

The reports submitted by the facility operators provide the following:

<u>Facility</u>	<u>Recommendation</u>
Hollywood Casino at Perryville	No change
Ocean Downs Casino	No change
Live! Casino	No change
Rocky Gap Casino and Resort	25%
Horseshoe Casino Baltimore	No change
MGM National Harbor Casino	No change

The staff does not recommend a modification at this time, as 20% works for all of the casinos. Chair Marriner asked if the Commission is restricted to the not to exceed 20%. Mr. Nielsen responded yes, but the Commission can change the percentage to a different amount if they choose.

Mr. Nielsen said if there were no questions, MLGCA is requesting that Commission leave the casino promotional play limit at 20% of the prior year’s total taxable proceeds. Chair Marriner asked if there were any questions from the Commission. There were no questions.

Chair Marriner asked for a motion to direct staff to take no action and leave the rate at 20%. Vice Chair Doetsch motion, and Commissioner Stakem seconded, and the motion passed unanimously,.

Commission Action Item - 2023 Promotion Play Report – Sports Wagering

Mr. Nielsen reported that in accordance with COMAR 36.10.13.39.G, each sports wagering licensee is required to submit a report of its use of free promotional play during the prior fiscal year and recommend any adjustment to the limitation on free promotional play established in regulation. Current regulation COMAR 36.10.13.39.F states that through the first full fiscal year of a sports wagering licensee’s operations, a licensee’s proceeds exclude money given away by the licensee as free promotional play and used by bettors to make a sports wager. After the first full fiscal year of a sports wagering licensee’s operations, the amount of money given away as free promotional play in a fiscal year may not exceed a percentage of the licensee’s proceeds received in the prior fiscal year that equates to 20% of total sports wagering proceeds that the sports wagering licensee generated in the prior fiscal year.

Chair Marriner wanted to know how one justifies 100%. Mr. Nielsen said that by dumping the free promotional play into the market, it will attract more players. Mr. Nielsen said the recommendation is not to go ahead with it.

The reports submitted by the sports wagering licensees provide the following recommendations:

<u>Retail Sports Wagering Licensees</u>	<u>Recommendation</u>
MGM National Harbor Casino	No change
Live! Casino	No change
Hollywood Casino	No change
Horseshoe Casino	0% no promotional play
Ocean Downs Casino	No change
Bingo World	No change
Greenmount OTB	No change
Long Shot’s	No change
Riverboat on the Potomac	No change
Maryland Stadium Sub	No change
Canton Gaming – Towson	No change
Canton Gaming	No change
Whitman Gaming	No change

<u>Mobile Sports Wagering Licensees</u>	<u>Recommendation</u>
BetMGM	No change
Live! Casino	No change
DraftKings	100%
Hollywood Casino	No change
Caesars	30%
Bingo World	100%
Riverboat on the Potomac	No change
Long Shot’s	0%
Superbook	0%
Maryland Stadium Sub	No change
Crab Sports	No change
Greenmount OTB	No change

Chair Marriner asked if there were any questions from the Commission.

Chair Marriner asked for a motion to direct staff to take no action and leave the rate at 20%. Vice Chair Doetsch motioned, and Commissioner Stakem seconded, and the motion passed unanimously.

Commission Action Item - Advertising Contract Modification – GKV and 9 Rooftops (#2018-07)

Mr. Nielsen reported that the Agency is seeking approval of a contract modification for each of its advertising contracts. There are two functional areas. Functional Area I includes Creative Development and Production Services with Gray, Kirk/VanSant Advertising, Inc. (GKV) and Functional Area II includes Media Planning and Buying Services with 9Rooftops (formerly MARC USA, LLC).

The Agency has been working on an RFP for the advertising needs for a number of months. The Office of State Procurement suggested that the Agency consider whether the Maryland State Advertising Agency, which is a division of MPT, would be able to provide some or all of the services the Lottery requires.

The Agency met with the Maryland State Advertising Agency and understood that they are not currently able to take on either contract in its entirety. As a result of those discussions, we are continuing the RFP process, but there is not enough time to conduct the procurement before each contract ends. We are now asking to extend each contract for twelve months. We don't expect the procurement process to take that long, but having the contracts end on our fiscal year makes transition much simpler.

The Agency is requesting approval to extend each advertising Contract (Functional Area I and Functional Area II) with associated increases to each Contract NTE for the 12-month extension as follows:

GKV – FA I: \$5,208,000 (12-Month Extension)
9Rooftops – FA II: \$15,788,000 (12-Month Extension).

Subject to Commission approval, these Contract Modifications will be submitted to the Department of General Services for inclusion on the next available BPW Agenda.

Chair Marriner said he knows that the RFP process started timely, and there is a need to extend it. He asked if there were any questions from the Commission.

There being none, Chair Marriner confirmed that two motions were required and asked for a motion to approve the GKV advertising contract modification. Vice Chair Doetsch motioned, and Commissioner Stakem seconded, and the motion passed unanimously.

Chair Marriner asked for a motion to approve the Rooftops Advertising contract modification. Vice Chair Doetsch motioned, and Commissioner Stakem seconded, and the motion passed unanimously.

CLOSED SESSION

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

DATE AND TIME OF NEXT MEETING

Chair Marriner announced that the next Commission meeting will be held on Thursday, May 23, 2024, at 10:00 a.m. in person at Lottery Headquarters and via video conference.

ADJOURNMENT

There being no further business, Chair Marriner adjourned the meeting at 10:42 a.m.

Respectfully submitted,



John Martin
Director