

MARYLAND LOTTERY AND GAMING CONTROL COMMISSION JUNE MINUTES

DATE: June 20, 2024

TIME: 10:00 a.m.

PLACE: Maryland Lottery and Gaming Control Agency Headquarters
and Virtual

PRESENT: Chair E. Randolph Marriner
Commissioner Ade Adebisi
Commissioner Everett D. Browning, Sr.
Commissioner Diane M. Croghan
Commissioner James J. Stakem

John Martin, Director
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
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
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
Representative from Scientific Games
Representative from Pollard Banknote
Representative from International Game Technology (IGT)

Everett D. Browning, Sr., Chair

E. Randolph Marriner, Vice Chair; Commissioners: Ade Adebisi, George L. Doetsch, Jr., Diane Croghan, Harold E. Hodges, James J. Stakem

QUORUM ESTABLISHED

Chair Marriner announced that there was a quorum present for the meeting. Also present in person were: Commissioners Ade Adebisi, Everett Browning, Diane Croghan, and James Stakem. Vice Chair Doetsch and Commissioner Hodges were absent.

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

APPROVAL OF THE MINUTES

Chair Marriner asked if there were any comments or corrections to the minutes of the May 23, 2024, Open Session. There being none, Chair Marriner asked for a motion to approve the minutes. Commissioner Stakem motioned to approve, Commissioner Browning seconded, and the motion was unanimously approved.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains:

1. Eight New Instant Ticket Games: \$1 #713 *Gift Tag Cash*; \$2 #714 *It's Gold Outside*; \$3 #715 *Peppermint Payout*; \$5 #716 *Holiday Luck x15*; \$10 #717 *Snowflake Tripler*; \$20 #718 *Win \$100, \$200 or \$500 3rd Edition*; \$5 #720 *Cash to Go*; and \$10 #721 *Bonus 10*;
2. EGD Games and Component Testing: Certified Lab Software, Hardware and Game Certifications: VLTs, Table Game Components, Instant Bingo Machines, Sports Wagering Systems and Kiosks (5/20/24 – 6/18/24);
3. Consent Agreements – Regulatory Violations:
 - a. Hollywood Casino – February 2024;
 - b. Horseshoe Casino – February 2024; and
 - c. Rocky Gap Casino – February 2024;
4. Consent Agreements – Underage Violations:
 - a. Horseshoe Casino – Case No. 2024-05-001; and
 - b. Live! Casino – Case Nos. 2024-03-001 to -007;
5. Gaming License Application Denials/Revocations; and
6. 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.

Chair Marriner asked if any Commissioners cared to remove and discuss any items on the Consent Agenda. A member of the general public stepped up to the podium and said he wanted clarification on Item 2. Chair Marriner asked who he was, and he introduced himself as Richard Lair, representing himself and a company called Pentech. Chair Marriner explained that the meeting is not open for public comment.

Chair Marriner then asked the Commissioners if any items on the Consent Agenda needed to be pulled for discussion. There being no discussion or requests, Chair Marriner asked for a motion to approve the consent agenda. Commissioner Stakem motioned to approve, Commissioner Browning seconded, and the motion was unanimously approved.

OPERATOR REPORTS

Hollywood Casino

Ms. Amy Brennan, General Manager, reported that May gaming revenue was up 4.2% year-over-year. Slot machine revenue was up almost 7%, poker and sportsbook were also up, and table game revenue was down. The casino had multiple giveaways in May, including Derby Day drawings. The Progressive Payday Jackpot did not hit in May and is now up to \$60,000 in June. Hollywood hosted a Hollywood Field Day for team members. In June, the casino is conducting a pride door decorating contest, with the top 3 departments selecting the charity for June. Hollywood is having a dry and canned food drive for the community.

Commissioner Browning requested that going forward the casino provide a better understanding of their MBE goals and what percentages they have, and what each is doing working with the community, as well as from a hiring perspective, understanding the staffing levels and anything the Commission can do to make sure the casinos are finding the right people at the different levels. The Commission wants to understand any challenges the casino has as well as obstacles they may have in bringing people in at each of the levels, and reporting this information to the Commission in future reports.

Ocean Downs Casino

Bobbi Jones, General Manager, reported that in May the casino was down in coin-in \$1.8 million and table drop was down \$727,000, making net gaming revenue down 1% year-over-year, with sports handle up 16%. Marketing in May focused on the Derby. The casino had a Derbyopoly game that included a chance for free play, gift cards, televisions, a trip to the Derby and \$15,000 cash. Ocean Downs had a Derby event for VIP guests. The casino also had a Crab Derby benefitting OC Reef Foundation. On Memorial Day, Ocean Downs held a slot tournament with a chance to win \$3,000. Team members were treated to cupcakes and lunch for National Pizza Day. A second marketing feedback form was provided to team members to allow them to provide input in marketing efforts. In the community, the casino held a charity slot tournament to raise money for Positive Strides, an organization that helps with self-esteem for people who are physically or mentally disabled.

Commissioner Browning asked Ms. Jones to also provide in her future reports MBE goals and programs, as well as information about the hiring and staffing situation so that the Commission can help to make sure they're getting the right people trained in all of the staffing levels to work with the casino.

Live! Casino

Mr. Ryan Eller, General Manager, reported that May was strong with gaming revenue up 12.8% year-over-year. Slot machine revenue was up 15.8%, table game revenue was up 8.5%, and poker was down 1.4%. Retail sportsbook was down year-over-year as a continued result of mobile betting in the marketplace. The casino had several promotions in May that helped performance. Live! Casino had several giveaways and tournaments in May, including Blackjack, Slots and

Baccarat. The only entertainment was Karaoke in May. Team members were treated to a Food Truck Celebration event, set up in parking garage with free meals covering most shifts. In the community, Live! Casino donated over \$70,000 in community-related contributions to a variety of causes. In response to Commissioner Browning's request to the previous casino reports regarding MBE involvement, Mr. Eller said that Live! Casino has hosted and sponsored MBE events. He will provide stats in the next report. The casino has a relationship with MWMCA working to develop a pipeline for prospective vendors that are MBEs that the casino can do business with. The casino provides a platform to introduce MBEs to other businesses. Live! Casino has a relationship with Anne Arundel County Community College for hiring that also exists in a variety of different casinos, with a sponsorship with the college for training dealers and other aspects of the business.

Rocky Gap Casino

Mr. Brian Kurtz, General Manager, reported that gaming revenue was down 4.9%, with slot machine revenue down 6.2%, due to a mix of lower volume and less hold year-over-year. Table game revenue was up 7.7% due to better overall drop and better hold with a 2-point increase. The hotel is currently running at 83% occupancy, and June has had a lot of visitation. The casino held several promotions in May with gift giveaways and kiosk games. May 21 was the anniversary of the casino and they had a Hot Seat for guests. Rocky Gap had a combination event for both the Derby and Cinco de Mayo. There was one Bonkerz Comedy Show in May. The casino held a VIP Barbeque on the back terrace. The beach area along the lake is now open with rentable cabanas. In the community, the casino had a collection for the local Family Crisis Resource Center for 60 days that concludes at the end of June. Team members volunteered for the Cumberland Day of Caring and Sharing, with local residents going to parks and community areas to clean up the area.

Last month the casino solidified a contract with Full Circle Solutions, its MBE provider of slot techs that was extended to 2027. Rocky Gap works well with MBE and tries to maximize MBE spend, which includes the purchase of promotional gifts and penetration testing on the IT side. Our outside activities are handled by an MBE, including boat rentals. A WMBE, Queen City Creamery, works with the property for social events. Although the property is a remote location, the property has done a great job trending several percentage points up on an annual basis. The casino not only achieves its compliance rate, but also looks for great partnerships with WMBE throughout the State and grows those partnerships. Rocky Gap continues to look for opportunities throughout the area.

Hiring at the casino has been in good shape for the year. Rocky Gap works with a local community college to provide a dealer school, as well as providing internships on the food and beverage side of the business, and exploring work opportunities with foreign exchange students. There has not been a lot of high turnover in executive leadership. When there is a vacancy, due to the resort being in a remote location, marketing is difficult in a small community. The casino has been working with communities in Cumberland to assist in revitalizing the area. The bike trail from Pittsburgh to DC is an example of working with the community to build partnerships. Rocky Gap uses a local distillery to provide dining experiences around local breweries, with a shuttle for guests to get back and forth to the casino.

Horseshoe Casino

Mr. Lee Howard, Vice President of Gaming, introduced the incoming General Manager, Jacob Witmer, and the Legal Team and regulatory compliance officer. Mr. Howard reported that slot machine revenue was \$10.4 million, table game revenue was \$4.1 million, and poker revenue was \$316,000. The casino held several promotions in May, and a \$20,000 Blackjack Tournament, a \$20K Hot Seat, and a \$10,000 Craps Tournaments on June 15. The casino hosted a fight night watch

party for one of the area's local fighters that was displayed on television in the bar. There were 68 team members that participated in the blood drive at the casino. The casino runs its own academy for table game dealers, which pulls from residents in the Baltimore area. Horseshoe has trained over 200 dealers in the last 2 years. Horseshoe posts job notices for current positions, and those that are selected for training are paid a salary while they receive their training.

Commissioner Browning thanked Mr. Howard for introducing the new staff. He said is looking forward to receiving hiring information on the next report not only at the dealer level but for careers at the management and executive levels as well as at the technical levels..

MGM National Harbor

Mr. Efrain Perez Agosto, Vice President & CFO, reported that May revenue had a slight growth mainly in slot machine revenue, which was up 9%. Table game revenue was down 11% due to unfavorable hold, and volume was also down. Poker revenue was up 4%, retail sports betting handle was down 21%. MGM National Harbor had several giveaways in May, and also had a slot tournament and a blackjack tournament. The casino had a variety of entertainment in May. Team members provided catered meals for teachers during Teacher Appreciation Week, and the casino partnered with Korean Association of Greater Washington for an event. The casino has participated in several clean up events in the area.

MGM National Harbor takes MBE diversity spending and efforts very seriously. The casino has a diversity mentorship program with small businesses partnering with senior executives of the casino to learn how to do business more efficiently and be more competitive in the market. Diversity spending in the Community Benefits Report hit the 7-year mark in December with over \$190 million spent on minority owned businesses, and of that amount, \$160 million was spent with Prince George's County based businesses. Nearly half of the employees at the casino are based in Prince George's County. MGM National Harbor recruits from local community colleges, as well as recruits talent and promotes employees to different levels of management.

Commissioner Browning asked if the casino partners with Bowie State University and is helping them grow their new curriculum. Mr. Agosto stated that the casino has met with the President of the University about partnership opportunities.

VENDOR REPORTS

Scientific Games

Mr. Jeff Hale, General Manager, reported that the swap out of debit devices of self-service terminals in the field is coming to a close, with 300 locations left to go. Self-service terminals installs will finish in the next few weeks. There were three major releases – Big Spin terminal change, Cash Pop game launch, and the retailer commission change which went in on June 1st. Scientific Games is testing a possible Racetrax change at the direction of the Lottery, which will be implemented when testing is complete. There are also discussions about future game changes for the next fiscal year.

Pollard Banknote

Mr. Travis Priest, Director of Lottery Marketing, reported that there are 15 scratch games in production, with 13 launched into market at that same time in Fiscal Year 2024. Total scratch game revenue was \$997.6 million year-over-year, down .16%. The \$20 price point was up 25.5%, with a strong demand for \$20 games showing up in the average selling price. Currently, it is at \$7.86; last year it was \$7.44, there is growth of \$.42. In current quarterly activity, the \$5 Big Spin made a

memorable impact on players with weekly sales on average overperforming the typical \$5 price point game by 63%, the best by the Lottery in recent history. Outside of Maryland, when comparing US lotteries of interest and their scratch game portfolio activity, Fiscal Year-to-date, the lotteries are down 1.9%. The top ten lotteries have a growth rate of 1.6%, but all are benefiting from new price point introductions of \$20, \$30 and \$50 offerings to their perspective portfolios. Pollard Banknote has conducted several tours for Lottery staff at its Michigan plant that highlights its operations, which is an engaging learning opportunity for staff.

International Game Technology (IGT)

Ms. Carmen Vegas, Data Center Manager, reported that the Annual SOC2 audit ends in June. IGT continues vulnerability testing. There has been an operating system upgrade to all of the firewall systems in the jurisdiction. A disaster recovery test and a service patch are scheduled for later this year. Operations continue running smoothly.

DIRECTOR'S REPORT

Director's Report — John Martin, Director

Director Martin reported that year-over-year Lottery had flat performance with a slight dip in profit year-to-date, down 1.2% in sales, down 1.4% in profit. MLGCA is anticipating that this fiscal year should come in as the second best sales year ever. On the casino side, in aggregate, May was the 9th best single month total in the history of the program, with over \$173 million in gaming revenue. Director Martin congratulated the casino partners. From year-to-date, it appears that this fiscal year is behind Fiscal Year 2023, with casino revenue down 5% year-over-year, and contributions to the State down 3.1%. Sports wagering from year-to-date, the handle through 11 months of Fiscal Year 2024 is nearly \$5 billion, with net contributions to the State of \$54.5 million. The Lottery has become aware of the termination of the relationship between Long Shots and Betfred, with retail operations stopping on June 30, and mobile operations stopping on July 31. After VSC's controlled demo in May, MLGCA anticipates that VSC will start its operations on July 1. It is anticipated that some time over the next several weeks Bally's will launch its mobile sportsbook.

Director Martin thanked Chair Marriner for his dedicated years of service to the Commission, particularly in his role as Chair. His support of the Agency, casino partners, and sports wagering partners and his commitment to our purpose is appreciated. He said that MLGCA is looking forward to working with the new Chair as the Agency continues its mission.

ELECTION OF OFFICERS

Chair Marriner thanked the Commission for the opportunity to serve as Chair. He noted that the Commissioners serve at the pleasure of the Governor. Chair Marriner has worked with four Governors. He stated that although the Governor appoints, the Commission elects the chair; however, the Commission has a history of honoring the Governor's wishes when the Governor selects the member he wants to serve as the Chair.

Chair Marriner nominated Everett Browning to become the next Chair of the Commission. Commissioner Adebisi seconded, and the nomination passed unanimously.

Chair Marriner then announced that there is the opening for Vice Chair and opened the floor to nominations. New Chair Everett Browning thanked Chair Marriner for his mentorship and his leadership, and looks forward to working with him as the Commission moves forward. Chair

Browning then nominated Randy Marriner for Vice Chair of the Commission. Commissioner Stakem seconded, and the nomination passed 4 to 1, with Commissioner Adebisi opposed.

CLOSED SESSION

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

DATE AND TIME OF NEXT MEETING

New Chair Browning announced the next Commission meeting will be held on Thursday, August 22, 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 10:41 a.m.

Respectfully submitted,


John Martin
Director