

MARYLAND LOTTERY AND GAMING CONTROL COMMISSION MARCH MINUTES

DATE: March 27, 2025

TIME: 10:00 a.m.

PLACE: Virtual Meeting

PRESENT: Chair Everett D. Browning, Sr.
Vice Chair E. Randolph Marriner
Commissioner George L. Doetsch, Jr.
Commissioner Harold E. Hodges
Commissioner James Stakem

John Martin, Director
James Butler, Assistant Deputy Director, Chief of Staff
Michael Eaton, Managing Director, Gaming
John Mooney, Managing Director, Regulatory Oversight
Paula Yocum, Managing Director, Chief Financial Officer
Seth Elkin, Managing Director, Communications
Holly Citko, Principal Counsel, Attorney General's Office
Jennifer Tosky, Deputy Principal 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)
Representatives for the proposed Equity Purchase and Merger of International Game Technology PLC and Everi Holdings, Inc. with Voyager Parent, LLC, which included counsel from Duane Morris LLP, and Brownstein Hyatt Farber Schreck

QUORUM ESTABLISHED

Chair Browning announced that there was a quorum present for the meeting. Present virtually were: Chair Everett Browning, Vice Chair Randy Marriner, and Commissioners George Doetsch, Harold Hodges, and James Stakem. Commissioners Adebisi and Croghan were absent.

CALL TO ORDER

After establishing there was a quorum, Chair Browning called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 a.m.

APPROVAL OF THE AGENDA

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

APPROVAL OF THE MINUTES

Chair Browning asked if there were any comments or corrections to the minutes of the February 27, 2025, Open Session. There being none, Chair Browning asked for a motion to approve the minutes. Commissioner Doetsch motioned to approve, Commissioner Hodges seconded, and the motion was approved by four commissioners. Vice Chair Marriner abstained, as he was absent from the February 27 Commission Meeting.

CONSENT AGENDA

Chair Browning said the Consent Agenda contains:

1. Five new Instant Ticket Games:
 - a. \$1 #754 *CASH*;
 - b. \$5 #755 *Cash Fever*;
 - c. \$5 #756 *Gold Bar Bingo 6th Edition*;
 - d. \$10 #757 *Double Your Money*; and
 - e. \$20 #758 *Nothing but Cash*;
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 (2/26/25 – 3/25/25);
3. Consent Agreements – Regulatory Violations:
 - a. Horseshoe Casino – December 2024;
 - b. Live! Casino – October and November 2024;
 - c. MGM National Harbor – September 2024; and
 - d. Ocean Downs Casino – July 2024 and December 2024;
4. Consent Agreement – Sports Wagering Violations:
 - a. Whitman Gaming – October 2024;
5. Consent Agreement – Mobile Sports Wagering Violations:
 - a. Maryland Stadium Sub-FBG – November 2024;
6. Consent Agreements – Underage Violations:
 - a. MGM National Harbor – Case Nos. 2024-06-015 to -019; and
 - b. Ocean Downs Casino – Case No. 2024-02-001;
7. Gaming License Application Denials/Revocations; and
8. Staff Reports: James Nielsen; James Butler; Craig Lindsey; Michael Eaton; John Mooney; Solomon Ramsey; Paula Yocum; Seth Elkin; and Holly Citko.

Chair Browning asked if any Commissioners cared to remove and discuss any items on the Consent Agenda. Commissioner Hodges requested to pull out items 3, 4, 5 and 6 for discussion. Chair Browning asked for a motion to remove these items from the Consent Agreement for separate discussion. Commissioner Hodges moved to have them removed. No one seconded the motion, and it did not pass.

Chair Browning then asked for a motion to approve the Consent Agenda. Commissioner Doetsch motioned, and Commissioner Stakem seconded. Commissioner Hodges interrupted the motion and asked if he could object to the approval of the Consent Agenda. Chair Browning explained to Commissioner Hodges that his motion did not receive a second, so his motion could not be considered, and thus it would not receive a vote. Commissioner Hodges stated that he had issues with each of the Consent Agreement items and felt as a Commission, it should be discussed. He said if this is the only way to do it, this is violating the trust of the people of Maryland with incidents involving youth, and a lack of internal controls by the operators. Commissioner Hodges stated "I can't see any other, unless there is another format that we can discuss these issues, it seems like a whitewash." Commissioner Hodges was hoping to discuss items 3, 4, 5, and 6 because he had concerns and wanted to discuss the underlying issues.

Chair Browning stated the Commission had a motion open at the moment, to vote on the approval of the Consent Agenda, and they would be moving forward with a vote on that motion, and then he would address Commissioner Hodges' concerns. Chair Browning then said because the motion had been made and seconded, he wanted a vote to approve the Consent Agenda. The motion passed 4-1, with Commissioner Hodges opposed.

Chair Browning addressed Commissioner Hodges concerns and stated that what the Agency will arrange is that if any Commissioner has any question regarding any of the consent agreements, then the Commissioner, prior to the meeting, should schedule time to speak with Agency staff and the involved entity to discuss those concerns in advance of the Commission Meeting. This will serve to address any Commissioner's concerns and ensure that the right people are in the meeting to resolve those concerns, prior to the Commission Meeting.

Principal Counsel Holly Citko stated that what she was about to explain was not legal advice, but just a statement of law and fact. She stated that the consent agreement process is authorized by law and by regulation. It is intended to, if there is an alleged, and she reiterated alleged, violation of any law or regulation by any licensee, that there is a consent agreement process so the alleged violation may be resolved by mutual consent of parties. The parties that are consenting are the Agency and the entity against whom the violation is alleged. This is an expedient means and a fair and agreed upon means by which alleged violations are resolved that has been in place since 2010 when the casinos began operation. Otherwise, if either party disputes or cannot agree upon a consent agreement by which to resolve a regulatory violation, then the process has to be a due process hearing. The parties get notice, present evidence, have an attorney and a whole hearing is brought before the Commission and there is a vote. Those are the two processes for which alleged violations get resolved.

Commissioner Hodges thanked counsel for that context and said that he wanted to point out that violations seem to be recurring, and that the violations seem to deal with underage kids and seem to have the same reason, which is lack of proper protocols at the casinos. He is concerned as a Commission. Commissioner Hodges stated whether "we address it through legislation that impacts the violators, the casinos, or we somehow deal with the penalties that are there, but I would like to have a format under which to really address these matters that does not go through them quickly just to kind of end the meeting." He reiterated that he wanted the Commission to have a chance to deal with them and move forward.

Chair Browning invited Commissioner Hodges to come into Lottery Headquarters to meet with Mr. Mooney and his team to walk through each violation and how they reached the agreed upon consent agreement for each violation and give more detail on how each was resolved. As has been noted previously, the underage violations are most of the time from a family staying at the casino, and a 5-year old child runs onto the casino floor. As the report noted, it is not egregious, and is just until the child is grabbed 30 seconds later. Chair Browning told Commissioner Hodges that any Commissioner can reach out regarding any information in their packets to Agency staff for more clarification. If clarification is not given, then the Commission can remove that consent agreement from consideration until those questions are answered in order to respect everyone's time and ensure the right amount of time is given to address these issues.

Commissioner Hodges asked Ms. Citko if the Commission has a right to propose legislation as a way to mitigate these things in the future? Chair Browning spoke before Ms. Citko saying they could have a discussion offline. This is not part of the Commission's statute to present or lobby for legislation. The Commission's job is to work with staff and understand the current law that is in place and if it is not being enforced, understanding what are our options. Right now, the Commission trusts the Staff and the Agency to work with the entities to resolve these issues.

OPERATOR REPORTS

Hollywood Casino

Ms. Amy Brennan, General Manager, reported that gross gaming revenue in February was down 6.6% year-over-year, while revenue was slightly up in slots, it was down in table games, sportsbook and poker, with hold issues in all categories. The Eagles won the Superbowl, and when local teams win, the sportsbook is usually down. Year-to-date gross gaming revenue was down 5.2% compared to 2023. The casino held several promotions in February, and continued the Progressive Payday, which did not hit in February. In the community, the casino did not have any physical volunteer events in February, but in March went to a senior center and entertained the seniors with a human slot machine. The executive team spent time with team members in each unit to get feedback, and cooked meals for overnight team members.

There are currently 34 open positions, most of which are for security officers and dealers. The casino again partnered with Harford County Community College for the casino's dealer school, with 5 new dealers getting ready to start soon. Hollywood Casino hired 2 people as a result of the federal government layoffs.

One of the casino's MBE suppliers temporarily lost its license, but the license has now been reinstated. There was a dip in February diversity spend as a result of that. The casino hit 5% against a goal of 17%. While 5% is not where the casino would like to be, it is double where the casino was in February of last year. Some of this is due to the timing of when they purchase items. The top 2 areas for diversity spend are promotional items and supplies for the casino.

Commissioner Hodges thanked Ms. Brennan and asked if the casino attributed part of the decline at the casino with the Reduction in Force (RIF) in federal work space, wanting to know how the casino is planning going into the future with the impact on the bottom line. Ms. Brennan stated that it was too soon to attribute declines to the federal government RIF. Mainly, weather has been the issue. There were weather events in both January and February, which has not happened over the past couple of years, and that is what mainly impacts the casino's bottom line.

Commissioner Hodges asked if the casino had plans for cost adjustments in hiring. Ms. Brennan said the casino will not have layoffs or any RIFs of any sort. Most departments work under minimum requirements so there is no need to reduce staff. The casino is required to have a certain number of

key members in place, and they monitor that very closely. When the casino is not busy, some staff may be sent home but right now, the casino is right sized for current business and what the casino anticipates the business to be in the coming months. The next couple months will give a better idea of what that impact will be.

Commissioner Hodges said since the last Commission Meeting, there was another ransomware attack, and he believes it was the Medusa attack, that affected government equipment and caused anxiety. He wanted to know what or how the casino was testing security to avoid being hacked, and protecting people's information from being hacked. Ms. Brennan said that is definitely something all casino operators focus on regularly. There have been consistent updates to the IT systems to avoid any attacks from a corporate-wide perspective, and her computer has extra virus protection software to avoid ransomware. The casino will periodically test team members by sending fake emails to see if they click unknown links. There is special training for team members that open links sent in the test emails. This ensures that employees are not opening things that should not be opened. Testing is done across all properties and a score is given for all properties. Quarterly cybersecurity meetings are also held. The casino has many things in place to avoid attacks.

Commissioner Hodges asked if the cost, he imagined that the additional security has increased the amount spent for security over prior years, and asked Ms. Brennan to talk about the casino's bottom line and cost management. Ms. Brennan stated that the casino has been diligent about cybersecurity for years and there has been no increased cost. Commissioner Hodges asked if that meant the casino spent the same as in prior years, and Ms. Brennan said yes, the same.

Ocean Downs Casino

Ms. Bobbi Jones, General Manager, reported that Ocean Down had to close early on February 11th so it was only a partial day, and comparing revenue from this February to last year's leap year made the casino short a day this year. Coin-in was down 6%, and table drop was down 17%. Gaming revenue was down 5% year-over-year, and sports wagering handle was down 70% year-over-year. The casino had a negative hold this year because the Eagles won, and betting on the local teams affects the hold. There was also a drop due to transient players in the area betting on NCAA Basketball. The casino had several promotions in February, and a President's Day Slot Tournament with almost 400 players, and a VIP event with 100 VIPs in attendance on February 28 to kick off the March promotion. Ocean Downs continues to host Blackjack Tournaments on Thursdays in February. Team members have had their evaluations, and in February, the casino started team member surveys. The casino also hosted the Team Member-of-the-Year for the front and the back of the house, and Manager-of-the-Year. MBE spend at the casino has doubled from January, and is at 12% and growing. Feedback from local hotels is that hotel occupancy for the summer is looking good with the numbers moving upward.

Chair Browning stated that was good news to hear. He asked if any Commissioners had questions.

Commissioner Hodges asked what the monthly MBE target is for the casino. Ms. Jones stated the goal is between 18% to 20%. Commissioner Hodges asked where the casino is now, and Ms. Jones stated again that the casino is at 12%.

Commissioner Hodges stated the MBE was good during a time when DEI (Diversity, Equity and Inclusion) has been de-emphasized at the federal level. He wanted to know how much of the performance is due to the RIFs in the federal government right now. Ms. Jones stated that the casino has not felt an impact yet. There are a lot of veterans in area, but it will not hit immediately. Ocean Down's true impact is from tourism which is ramping up right now. She pointed out again the hotel partners are saying it will be a strong summer, and the casino is hiring right now. There are a couple of positions on hold to make sure March and April are strong, but recruitment for seasonal positions is going forward.

Commissioner Hodges questioned whether Ms. Jones' company has seen robust consumer revenue even though the consumer index is plummeting with talk of recession, and he also wanted to know even though revenue is currently fine, what was anticipated in the coming months.

Ms. Jones said the casino is having a very good March, and hopes that April will also be good. Ocean Downs does not want to put a hold on hiring seasonal roles due to all the hotels and restaurants in the area hiring. The casino needs to get staff on board in April or else there will not be enough staff for the summer.

Commissioner Hodges asked Ms. Jones to talk about internal controls to prevent violations, such as Consent Agreements for underage violations or for patrons not being carded by security, and people getting in and not drinking. He wanted to know what action is being taken to prevent it in the future and improve upon that moving forward.

Ms. Jones said that any team member who does not follow the rules or card someone is held accountable. The casino follows policies for corrective coaching and counseling. The employee is retrained when violations occur, such as not carding patrons. There was a woman who came in walking very quickly, with a stroller and went right past the security officer. Casino staff do not want to tackle or put their hands on someone coming into casino. The security officer called for a supervisor and asked her to leave. As a general rule, the casino notifies Maryland State Police if violators do not leave, so an officer of the law can come in and escort the individual out. Maryland State Police are on the property a lot and are always welcome, as they are quick to assist the casino, and staff are retrained accordingly.

Commissioner Hodges asked how many underage violations the casino had in the last year or the current year. Ms. Jones said just 1 in the past 12 months, which was the lady with the stroller.

Commissioner Hodges asked about security at the casino and what is being done to protect against ransomware risks like the Medusa ransomware. Ms. Jones stated that the corporate team handles it. On top of penetration testing, and other testing that Ms. Brennan already touched on, all team members are required to go through multiple training sessions throughout the year. There are second verification processes, like the Okta verification, which is used for logins for all team members, even to see their paychecks or scheduled work shifts. Any apps within the corporate system require second verification. CDI has done a great job with cybersecurity.

Live! Casino

Mr. Ryan Eller, General Manager, reported that gaming revenue was down 5.5% year-over-year, slot machine revenue was down 9.5%, table games were up 7.6%, and poker was down 12%. The retail sportsbook was down 14%, as last year had a leap year, and the casino was adversely affected by weather as well. Live! Casino was down on the slot side in particular, and it was more muted on table games than slots. On Saturday, inclement weather was predicted and, even though it did not happen, it still had an effect on business. The casino had several giveaways and special events in February. There were \$50,000 Slot Tournaments, and \$550,000 Baccarat Tournament Series, and a \$25,000 Blackjack Tournament, and another \$25,000 Baccarat Tournament. The team celebrated Black History Month in the back of the house in February with signage and displays, and had a fundraiser for the employee's Sunshine Fund by selling candy. Live! Casino hosted over 300 people for the 13th Annual Black History Awards Dinner where several area leaders were honored. There was an art gallery with local black artists, with the winner awarded \$25,000 with their art placed in the art collection at the casino. The casino sponsored the Maryland Tourism Coalition, the Black Caucus MBE Night in Annapolis, and the Casey Cares Gala. Live! Casino volunteered at several events, in which team members volunteered 800 hours in February. The MBE spend was 24.5% in February, up from 23% last year.

Chair Browning asked if any Commissioners had questions.

Commissioner Hodges said he had a few questions, unless any other Commissioners wanted to ask a question first, as he did not want to jeopardize the questioning. Chair Browning told Commissioner Hodges to proceed. Commissioner Hodges said he wanted to ask the same question of Mr. Eller that Mr. Eller has covered at the last several meetings, and that is if the competition across the river in Virginia was the reason for some of the year-over-year revenue decline, and was it taking part of the casino's market share? Mr. Eller stated with a new competitor in the casino's market space, it is unlikely that the casino will not see some level of impact, but it has remained relatively minimal. It will be specifically on the slot side. Live! Casino continues to observe the new competitor's revenue as it will have some impact, even if a muted one, on both MGM National Harbor and Live! Casino. It has been observed that Virginia has declined in slot revenue since opening in November when they had \$10 million in revenue; they fell to \$9.5 million in December, and \$9.2 million in January, but it should stabilize, and may nip at the peripheral market in the future.

Commissioner Hodges stated that Live! Casino is pretty much sharing the same customer base, and wanted to know if that was correct? Mr. Eller said it overlapped, but it is not the same. There will always be some overlap in all locations, and that it is inevitable. As the incumbent, and with a fairly robust marketing program at Live! Casino, it is hard for other casinos to compete against Live! Casino effectively from a new entry standpoint.

Commissioner Hodges said he wanted to ask the same question he has asked of all the casinos, which is whether the RIFs have had any impact, and what is seen in the bottom line and how the casino plans to handle the impact in a month or two. Montgomery County has issued a warning about that locally. He wanted to know how Mr. Eller sees that affecting the casino's revenues? Mr. Eller said the casino is attentive to that risk. There is a large customer base in Maryland that is exposed to some RIFs in federal funding which is being threatened right now, and that it may have an impact, but the casino expects it to be minimal. Looking forward, there are two areas that we will monitor closely: gaming revenue and customer visitation. The casino does not believe it will have a demonstrable impact yet; however, looking forward six months from now, the casino cannot anticipate the effect as jobs expire. It may cause some constraints on players' incomes. The immediate impact is going to be in sales in the business event center. Interestingly enough, corporate sales for bookings in the business event center continue in the same cycle, we have seen the impact on nonprofits which are dependent on the government, where we have seen softness. Nonprofits are not booking because of uncertainties and cancellations cause penalties, so the pipeline is narrowing perceptively already. Mr. Eller noted this makes sense, there is caution before the funding stops flowing. In reality, the casino does not believe it will have demonstrable effect, but may have some downward pressure on gaming revenues and ancillary revenues.

Commissioner Hodges stated "I'm not an economist, but in a recession, gaming and lottery are a luxury item" and go first, and what he was hearing from Mr. Eller is that the casino is not acting now, which seems to be anti, and Commissioner Hodges did not expect to hear that. Mr. Eller said when you think about things invested in, longer term, services are going to have a high-pitched cost component. Gaming revenue has the highest service component, the VIPs and should be just fine. If there is a large amount of discretionary income, the casinos should be fine, and should be able to provide services to those customers. If the casinos would stop those services, it would be problematic. Will there be a possibility for efficiency from business model standpoint? Mr. Eller said the casino would not expect a downward pressure from the recession. Short of COVID, something less, such as softening of the economy, he does not see it happening

Commissioner Hodges then asked about security procedures for ransomware attacks like Medusa and how IT security is planning for this risk going forward. Mr. Eller said the latest incident was not the only incident that is high profile. Referring to Commissioner Hodge's earlier comment regarding investment, based on many incidents prior building up to this one. This particular incident did not

trigger additional investment in security apparatus, but additional investment in security in that apparatus has been acknowledged and, in an attempt much earlier on, that the casino invested in security classes and made that additional investment. The casino does many things like the other casinos do with testing, including email tests to see if team members open files. If the files are opened by team members, then they are then retrained. The casino takes pride in maintaining the highest standard. There is always something new out there, and the casinos are trying to stay one step ahead for best practices.

Commissioner Hodges asked what that cost was, if it increased cost of other cost elements, and what the casino was using toward IT security. Chair Browning interjected and told Commissioner Hodges that he is not allowed to ask casinos to get into their revenue and how they spend their money internally. That is internal and not in the Commission's jurisdiction.

Commissioner Hodges asked Mr. Eller about the casino's MBE target, what the target is and how close they are to achieving it. Mr. Eller said from an internal goal standpoint, the casino is at 23%, which exceeds the MBE participation goal. The casino tends to highlight the value of continued improvement and has increased the goal to 24%.

Chair Browning asked if there were any further questions. There were none. He thanked Mr. Eller for his report.

Rocky Gap Casino

Mr. Brian Kurtz, General Manager, reported that year over year gaming revenue was down 10.5%, with the total decline from the slots platform, down 13%. Coin-in was down 8%, with slightly less hold. Table games were up 17%, with a drop decrease of 5%, with the driving factor being normalization of hold year-over-year with more winners last year. Gaming revenue month-over-month was up 17%, despite serious weather. In 2023 and 2024, there were 700 rounds and 590 rounds of golf respectively, compared to this year, the last two days of the month, there were 90 rounds of golf. Golf was closed up until February 26th this year. In retail, hotel rooms are up with occupancy at 61% compared to 59% last year. The casino is resort driven. Revenue in food and beverages went down 9% year-over-year. When the golf course is closed, it has an impact on visitation at the casino. Rocky Gap Casino had several promotions in February, including a VIP event on Valentine's weekend. In the community, the casino finished its collection for the Windy Pines Animal Rescue, collecting 190 items for that donation period, and donated \$5,000 to the Hooley Plunge. The casino started its Community Connections collecting hygiene items for several organizations. There are currently 271 licensed team members compared to 290 last year. The casino is keeping an eye on the business environment, getting ready for high occupancy in the summer months. A team members luncheon was held recognizing the Employees of the Month.

Chair Browning asked if any Commissioners had questions.

Commissioner Hodges asked if Mr. Kurtz had said gaming revenue was down 10% year-over-year? Mr. Kurtz confirmed again that gaming revenue was down 10.5% year-over-year.

Commissioner Hodges said that Rocky Gap had done worse than other casinos. Mr. Kurtz said from a percentage basis, that was correct. They are located in western Maryland and the local area at Rocky Gap is affected more by weather so it has a more dramatic impact. As Mr. Eller stated, even when there is just a threat of weather, it has an impact on attendance at the casinos. This year, the weather impacted the majority of the state, particularly the Western Maryland Region. Pennsylvania was also down 4% in February, with their slots down 8% and table games down 7%. In February, the casino had the worse overall weather in the Mid-Atlantic Region, and there was a little more softness in their lower end database.

Commissioner Hodges said he is cognizant of not trying to get into the casinos proprietary financial information and asked if there have been any impacts, if the federal government RIF had any impacts on the casino's revenue picture, and if Rocky Gap is seeing an impact and did he see it impacting his firm in the next couple of months or not at all. Mr. Kurtz said Rocky Gap is further away from the affects than District of Columbia and Baltimore. As Mr. Eller stated, if this continues, it would have some type of impact. Rocky Gaps looks more holistically at the business environment as a whole, looking at revenue, regulatory, legislative, additional businesses coming into the market, and making adjustments when seeing declines. He said it was too early to tell what impacts there will be, but the casino will continue to monitor.

Commissioner Hodges asked in terms of IT security what Rocky Gap is doing to ensure the casino is protected from any ransomware attacks or high-profile IT issues that may impact the casino's PII data or patron's information. Mr. Kurtz states that similar to financial statements, the casino will not make public disclosures or forward leaning of what is done, but that Centric Casinos has a robust platform on both live and monitoring networks, regular training for staff similar to the other casinos, sending out test emails. Rocky Gap finds weaknesses and addresses them, taking any threats very seriously as the casino always has. As these things evolve, the system continues to be elevated to handle attacks. Rocky Gap takes cyber security very seriously and always has and as new issues come up it adapts.

Commissioner Hodges asked if Rocky Gap had any issues since the Commission last met? Mr. Kurtz responded there have not been any issues, but if there were, they would be reported to the Lottery Commission. Rocky Gap continues to monitor systems and the casino's IT professionals are always on top of it.

Commissioner Hodges asked how close Rocky Gap is to achieving their MBE target. Mr. Kurtz said the target is 17% of casino spend. Rocky Gap is over double that right now. The casino took a pragmatic approach purchasing gifts through their MBE partner, buying in advance to avoid any cost increase in the future. Penetration testing and Slot Tech labor are all MBE sourced, and other entities outside of reportable clients such as partnering locally outside of the casino with an ice cream vendor. Even if it does not go towards compliance, the casino is always looking for ways to partner locally with MBE and WMBE programs. Rocky Gap has found a core group of vendors with work, and it benefits the casino from a business standpoint and a diversity spending standpoint. Commissioner Hodges commended Mr. Kurtz.

Chair Browning asked if there were any further questions. There were none.

Horseshoe Casino

Mr. Jacob Witmer, Senior Vice President & General Manager, reported that February had a modest decline in volumes, with coin in down 9%, table drop down 17%, with 18% of midweek days impacted by weather. There has been continued growth in ETG segments, up 7% year over year. The casino had one of its top poker months with the World Series of Poker (WSOP) event, and with this momentum it gives the casino something to focus on in rebuilding Horseshoe. The prize was set at \$1.1 million in guaranteed winnings but actually closed at over \$2 million in prize winnings paid out, including the \$500,000 final table that paid out over \$700,000 for the event. Entries into the World Series of Poker were up 50%. The casino hosted the third largest women's event in the circuit this year. There was a double lift in the last week of the month hosting the CIAA reception, along with the WSOP resulting in Horseshoe posting its fourth highest casino revenue and ninth highest total property revenue since 2022. The casino is starting to see a lot of those efforts that the casino focused on with the new Caesars ownership and leadership coming to fruition. The support of the marketing and the support of the investment coming back coming back to the City. The casino had several

entertainment events. The casino has moved into its next stages of the Art After Dark project, with the State. Horseshoe had a great conversation with Office of Business and Economic Development (OBED) and Tonya at the Mayor's Office, and will now be moving into the budget process of that activation. Looking at MBE/WMBE spend, the casino had a great event, Ready Set Growth with Gerald Stinnett that was hosted at the property. Looking at targets and goals, as Commissioner Hodges challenged the casino to look at its percentages. Looking at 2024, Caesars Entertainment Horseshoe closed at 22%, and right now the casino is pacing at 19%. When talking about goals, and where you want to be, too often casinos get locked in and say they hit their goal and then grow stagnant, but looking at the statistics on MBE, WMBE and veteran owned businesses, it is staggering to look from 2018 to 2021 to that those businesses grew about 13%, to 391,000 businesses nationwide. From 2021 to 2023, they grew 6.5%. That was a decrease of almost 190,000 businesses in the country. At Horseshoe, we are looking to grow and are working hard to reach 24%. Noticing that statistically veteran owned businesses are down, the casino is looking to focus on them across multiple facets of purchasing, looking to see where the casino can grow outside of pocketed areas already used.

From an employment perspective, looking at Horseshoe Baltimore, we remain focused on looking at how labor was managed previously. There are still a lot of upsides at Horseshoe Baltimore. There are food outlets that the casino would like to gain more hours from. There is a great analytics team looking at table games and slot to figure out how to make them more efficient. The casino is also looking at growing its labor base to maintain the customer base the casino has. Horseshoe continues to focus on growth with internal candidates for promotions and continues to look for opportunities for career paths for those from within the casino.

Chair Browning stated that since Mr. Witmer came on board the casino has focused on turning the casino around, and the Commission has heard great things on the commitment of the casino being a partner with the State and City. Chair Browning asked if any Commissioners had questions.

Commissioner Hodges asked if Mr. Witmer had mentioned year-over-year performance? Mr. Witmer said he particularly speaks to volumes looking at gross revenue, it was down 5.6% year-over-year. Looking at trending variances, it is not actually the worst looking at the parallel to the economic impact and risk, the casino is in that murky area where it is actually focused on the growth, and as a result, the casino is seeing a strong March.

Commissioner Hodges said he would like to ask the same question regarding the federal RIF in the DMV area and how the casino is preparing for that impact on the casino's performance. Are they not seeing any cost management moves that are necessary going forward? Mr. Witmer said the casino will manage it meticulously with a strong corporate support structure. The casino is looking for telltale signs, as it has not been a healthy economy since COVID. He said that Caesars has a structure in place to pay attention to spend vs. revenue and how to balance that and where does spend and growth make sense. Horseshoe is looking at the economy, and watching the disposable and discretionary income market.

Commissioner Hodges questioned Mr. Witmer referring to Caesars as the Commissioner thought Mr. Witmer was referring to Horseshoe Casino. Mr. Witmer reminded Commissioner Hodges that Horseshoe is owned by Caesars Entertainment.

Commissioner Hodges asked regarding the three violations that occurred, who was responsible for the two advisories that were not updated, and was it an IT issue? Does Mr. Witmer have control of the people on that kind of matter, and are they disciplined after or some kind of corrective measure afterward. He asked what happened as a result of those incidences that occurred that are on the books right now? Chair Browning reminded Commissioner Hodges that the casino cannot get into personnel matters, and internal discipline hearings. Chair Browning said that if Mr. Witmer wanted to speak of any processes he has in place to address going forward that is fine, but Mr. Witmer needs to avoid speaking directly to personnel matters. Commissioner Hodges interrupted Chair Browning while

speaking, and said he was asking for that person that he was speaking of, what they are doing to mitigate that in the future. Mr. Witmer asked Commissioner Hodges which incidents he was referring to? Commissioner Hodges said there were two advisories not updated with repeat penalties, that were apparently approved now, of \$1000, and wanted, as he has noticed it has happened in the past. Commissioner Hodges wanted to know how the casino is going to avoid that happening again in the future, such as improving internal controls and updating system so it does not happen again. It happened December 4 and December 26, is what the record shows. Mr. Witmer said the casino takes regulatory infractions very seriously. He could dive into the minutia of each event, but as Chair Browning stated, that is not what the casino is here at the Commission meeting to discuss. The casino makes sure to have a robust training structure, but Mr. Witmer cannot control, and the casino tries to control, with structure and consistency, is the behavior of the direct line employees. Where the direct line employee deviates from that, the casino will take disciplinary action with coaching and training, and could take actions up to and including, termination. When talking about the different layers, as Commissioner Hodges has focused on other aspects, whether its an underage violation or whatever it is, the casino is very rigid on how it handles those infractions, and takes the requirements and obligations to the people of Maryland, as well as the Commission, very seriously. If it is an intermittent or is a consistent mistake, it is handled with the utmost severity as it is applicable to the violation.

Commissioner Hodges asked if HR is failing to train employees that have just been onboarded with the casino in a 30-day period, is that something the casino can plan in terms of their operation controls? He is curious as to why that can happen, Commissioner Hodges said, because he is assuming they have a big company that they have somethings in place that shows like clockwork and it happens, and Commissioner Hodges is wondering if that is being managed going forward. Mr. Witmer said, again, the casino has a very rigid HR onboarding process, as well as at the departmental level. Staff will go through a welcoming to Caesars Enterprise to Horseshoe Casino, and then will go through the actual department level training as well. Mr. Witmer again said "how does it happen?" If we say how does it happen, we can say that in every facet of business. The casino does everything possible, but again at every level, whether it is law enforcement, whether it is government, whether it is publicly traded entities, whether it is private entities, there is always something at every level to be addressed. The question is here at the property and at the company level, how quickly do they tend to address it. At Caesars and Horseshoe, when they identify something that is a regulatory concern or risk, they will address it quickly, with no push back, and are never told that is too aggressive or that is not enough, again managing regulatory responsibility to the State is of the utmost importance.

Commissioner Hodges referred to his same question to the other casinos regarding security, and wanted to know how Horseshoe is managing its system to handle the Medusa ransomware attacks, how they are testing and planning going forward. Mr. Witmer said that he not as knowledgeable about those kinds of attacks, but knows what occurred with Caesars and MGM, is not unknown. Horseshoe has a robust IT protocol, including a dual-process verification. There are always updates coming through, and are taken very seriously even though it is outside of their control. There is reinforcement to correct issues with various IT gaps. Those that have online gaming nationwide are already ahead of that with updates coming through. The casino is always doing redundant testing, always looking for security gaps. IT is one of those areas that Caesars forges ahead on. They are always going to use the most appropriate technology, which may not always be the latest and greatest but the most appropriate for making sure they are locked up tight. Going back to Commissioner Hodges questions about regulatory concerns, is there always opportunity to improve, yes there is always an opportunity, but Mr. Witmer feels pretty damn good about where Horseshoe Casino is at.

Chair Browning asked if there were any further questions. There were none.

MGM National Harbor

Mr. Efrain Perez Agosto, Vice President and CFO, reported that gaming revenue was flat to last year, with small growth. Slot machine revenue was down 3%, table games were up 6%, and poker was down over the prior year. Retail sportsbook handle had a slight increase. The casino held its Potomac Winter Poker Open on February 5 – February 17, and hosted the Big Game Watch Party on February 9 in the theater. MGM National Harbor had several promotions and giveaways in February. There were several shows in the theater. In the community, the casino partnered with the LaVale High School Culinary Art students, giving them a tour and then showed them the experience of MGM National Harbor with the executive chef on the property leading the tour giving them behind the scenes access to the restaurants and back of the house. MBE spend was at 19%, with 50 MBE companies. The goal is 15% for the casino. National Harbor is at 25% on diversity spend, and is one of the leading casinos in the MGM portfolio on MBE spend. Staff hosted and attended several diversity supplier events in February. The Rose Gaming Resort opened a couple months ago, and MGM National Harbor is seeing a little impact, mostly on segments of the business that don't have loyalty affiliations. MGM National Harbor has been able to retain guests within its rewards program. There are a number of things at the macro level showing impact in volumes. There is more impact because of MGM National Harbor's close proximity to Virginia, but it is still too early to make any decision on the effect to the casino. MGM National Harbor does not believe a recession is imminent, although there is always that risk. There are currently no plans to do any job cutting. The casino goes to great lengths to train and develop talent. He said, regarding cyber security protocols, they do not discuss their cyber security protocols at a public meeting, but that the casino can set up a private meeting with any Commissioners that wish to discuss that more.

Commissioner Stakem said that he wished to make a statement. Chair Browning asked him to proceed.

Commissioner Stakem stated that he was proud of the Agency's oversight staff and regulatory staff, and provides detailed information in advance with how decisions are made and fines are determined, including what needs just a warning. He thanked the casinos for coming to the meetings and their cooperation. The casinos always report on what they are trying to do to solve issues. Commissioner Stakem said this is a good partnership and, although he knows some things are repeated, particularly with young people getting into the casinos he said having worked for a half century with kids, he understands how it is difficult to control them from running onto the casino floor, but that the casinos do a good job in stopping them. The Commission is aware it is going to happen, and they know the casinos are continuing to work on this problem. He then thanked all of the speakers today.

Vice Chair Marriner stated that the Commission has wasted a tremendous amount of time asking unimportant and nonsensical questions to these casino operators, "I think enough is enough." Vice Chair Marriner noted that there is serious business to discuss and wanted to see the Commission get on with meeting. Chair Browning asked if there was a question. Vice Chair Marriner stated that is was a comment, and he is asking Chair Browning to move the process along, so that the Commission can get down to the serious business at hand and stop these questions. Commissioner Hodges stated that he was offended by the comment, and that his questions are important; otherwise, he would not have asked them. Had Commissioner Hodges been able to pull out the consent agreements, he would have addressed them then at the point in the agenda. Chair Browning asked that the meeting move forward.

Chair Browning asked if any of the Commissioners had any questions for MGM National Harbor.

Commissioner Hodges stated that he did have questions for the last speaker. Chair Browning told him to proceed. Commissioner Hodges asked Mr. Perez Agosto about security, and Mr. Perez Agosto stated he would not talk about it publicly. Commissioner Hodges proceeded to ask, in terms of other casinos, had MGM National Harbor had similar issues since the last Commission Meeting and what

the casino was doing to prevent them currently. He asked Mr. Perez Agosto to comment on that a little bit, as far as how the casino is managing that. Mr. Perez Agosto said he appreciated the questions, but that he would restate his answer that the casino would not discuss cyber security protocols in a public meeting. Mr. Perez Agosto said MGM National Harbor would be happy to have a private meeting with Commissioner Hodges to answer all of his questions as early as possible.

Chair Browning thanked all of the casino operators for their reports, as this partnership is important to the Commission. Most importantly, he wanted to know what the Commission could do to partner with the casinos to make sure that their business grows and the customer experience in Maryland grows, and to make sure as the casinos move forward as the Commission's partners as they continue to grow.

VENDOR REPORTS

Scientific Games

Mr. Jeff Hale, General Manager, reported that focus is on the upcoming Mega Millions game change that goes into effect on April 5. The sole focus is getting that launched without any errors. They are on track to do that and all testing has been finalized. Regarding MBE, Scientific Games, when they got their extension in December, they committed to achieving a 20% spend for MBEs, bringing on a new partner on December 31, and have now achieved over 20% for the life of the contract, so Scientific Games has met its goal and will continue to meet that goal. On the VSB front, there is still work to do, but Scientific Games brought on a new partner in January and are getting that number up as well. Without stealing Travis' thunder, Scientific Games did a very unique Keno screen cross sell for one of the games Pollard launched on Monday. It is one of best ever done, and is something done on a regular basis to keep the Keno game fresh and to give cross-marketing opportunities.

Chair Browning asked if any Commissioners had questions. There were none.

Pollard Banknote

Mr. Travis Priest, Director of Lottery Marketing, reported that 12 scratch games are in production and 8 launched into market since the December report. Overall scratch game sales for 38 weeks of Fiscal Year 2025 were down 0.8%. Selling price is currently \$7.94, up 1.7% from \$7.81 last year on the observed average of scratch games purchase transactions. Outside of Maryland, looking at U.S. lotteries of interest and their scratch game portfolio activity, those jurisdictions have a current fiscal year-to-date growth rate of -1.7%. Looking at the top 10 lotteries performance, there is a growth rate average of 2.9%. Mr. Priest said that Pollard congratulates Maryland for maintaining strong scratch game revenue comparisons relative to peer lotteries of interest. Pollard account team met in person with the MLGCA's Product Development team to do a thorough review of the past 18 months of scratch game product launches and discuss what does and does not work well, and what can be applied toward future game development. The latest MBE spend for Pollard Banknote is at 14.12%, over-performing the target rate of 10%. Pollard currently works with 5 different MBE partners.

Chair Browning asked if there were any questions for Pollard Banknote.

Vice Chair Marriner stated that he just wanted to thank Mr. Priest for Pollard's continued support of what MLGCA is doing, and that Pollard is doing a great job. Mr. Priest thanked him for his remarks.

Commissioner Hodges said "I think I understand now what is considered a good question by Mr. Marriner. Yeah, I'm not here to kiss the feet of the operator, I appreciate what you all do." He said his question is that Mr. Priest mentioned lottery marketing research, and wanted to know what has

worked well. What has worked well as far as marketing to the public? Commissioner Hodges is curious in terms of gaming, as they go out, what Pollard is finding as far as having a bigger impact, i.e., bang for the buck.

Mr. Priest said that every US lottery approaches their scratch game portfolios a little differently. Pollard Banknote prides itself on working with each partner lottery in each respective jurisdiction. Maryland Lottery is one of the oldest in the country, and goes back decades. Maryland's scratch games are historically some of the most pronounced in that regard. It is a very mature lottery, and what Pollard sees is that when it develops strategies on a year-over-year basis, Pollard wants to make sure that it is developing games that satisfy all various player segments, and they are launching those products consistently into market, and the second strategy overall is to continue growing the top-line, continue to push higher price point introductions, and try to create incremental points of improvement. The goal is not to necessarily disrupt the portfolio and to jolt the market, but to introduce new novel value propositions over time that continue to expand the reach for broadest segments possible. Pollard has done so in concert with the Product Development team at Maryland Lottery, and have continued to do that by having meetings on a monthly and quarterly basis, staying in frequent contact, and making recommendations to enhance those additions.

Chair Browning asked if there were any further questions. There were none. Chair Browning thanked Mr. Priest for the continued partnership between the Commission and Pollard Banknote.

International Game Technology (IGT)

Ms. Carmen Vegas, Site Manager, reported that IGT is beginning its annual SOC II Audit, and this engagement is expected to run through June. Penetration testing has been scheduled along with routine maintenance as part of IGT's ongoing cyber security efforts. Otherwise, all is well and the system is currently running as expected.

Chair Browning asked if there were any questions for IGT. There were none.

DIRECTOR'S REPORT

Director's Report — John Martin, Director

Director John Martin reported that the month of February was not kind as Mr. Eller noted in his report. Last year was a leap year and every day matters. Being down a day, and up against significant jackpots last year in both Mega Millions and Powerball, with a net impact on sales revenue for February 2025, down 6% year-over-year. Profit contribution was down 11.4%. Year-to-date is in the red, with sales down 3.6%, and profit down 7.3%. These numbers have nothing to do with current economics, but everything to do with last year's jackpot run on both Powerball and Mega Millions. Just this week, MLGCA passed last year's \$1 billion budget (jackpot) on the Mega Millions side. One more \$1 billion target for Powerball that will hit in the first week in April, so it is one more hurdle to climb, and hopefully MLGCA will make some headway in last quarter of the year. The casino partners in aggregate, year-to-date, are up .5% in total casino revenue. Casino contributions are up 1.5%, with the expectation it may be at those numbers, but relatively flat year-over-year. Director Martin asked Mr. Kurtz if he would agree with that, and Mr. Kurtz agreed. On the sports front, year-to-date handle was over \$4.2 billion. Contributions in February were over \$6.3 million, which brings the year-to-date tally on contributions to the State from both retail and mobile sports wagering to \$61 million, February was the 9th best month in sports wagering in the history of the lottery, surpassing FY 24 total of \$60.3 million. Everything from this point will just be added to the sports wagering side. Mr. Jeff Hale alluded to the change in Mega Millions, and MLGCA just started this week with a significant public facing campaign both in marketing materials and point of sale material. The new Mega Millions

will have the first drawing on April 8th with improved overall odds of winning the game, improved odds to win the jackpot, and larger starting jackpots resetting to \$50 million from \$20 million. Jackpots will grow bigger, faster and more frequently based on tweaks in the math, and a built-in random multiplier. In previous games, you would have to spend an additional dollar to get a multiplier. It is now imbedded in price of the ticket. There is no break-even prize. Winners will win more than the cost to play. It will be \$5 per ticket, hoping that jackpots grow bigger, faster and there are more of them.

Chair Browning asked if any Commissioners had questions. No one spoke up. Chair Browning said at the next meeting he looked forward to a legislative update on any bills that impact the Commission in any way. Director Martin said there is still a lot of time on left on the clock. Chair Browning said that once the dust has settled to let the Commission know and the Agency can pass that information on and how the Commission will move forward on those bills.

Commissioner Hodges said at the last meeting, he had asked a question about that. He said there were a few bills last month on the agenda and he had asked what impact that would have on the Commission's business. Commissioner Hodges stated that Director Martin had told him that Director Martin would get back to him on those questions. Director Martin said his response then, as it still is now, was that while we are still in session, there is nothing he can share with the Commission until the end of session on April 7th. Director Martin said at the April meeting, when MLGCA has some clarity of the finality of the bills, and that anything that he would report at this point would just be conjecture.

Commissioner Hodges thanked Director Martin for his time. Director Martin thanked Commissioner Hodges as well. Chair Browning then asked Director Martin to stay at the podium to present his Commission action item.

Chair Browning announced that there were two Commission action items today, and Director Martin would present his first item.

COMMISSION ACTION ITEMS

Director – John Martin

Commission Action Item – Contracts for Functional Areas I and II for Advertising, Marketing, Media and Related Services (#2023-07)

Director Martin reported that MLGCA is seeking approval from the Commission for two advertising contracts. The Agency issued RFP #2023-07 in order to select contractors to provide Advertising, Marketing, Media and Related Services to the Agency. A public memorandum and a confidential memorandum were made available to the Commission on the Confidential Drive and were available to the Commission prior to this meeting.

The RFP sought proposals for two different functional areas. Functional Area I is Creative Development and Production Services and Functional Area II is Media Planning and Buying Services. The Agency received proposals from eight (8) different offerors bidding on one or both functional areas.

After the initial review of proposals by the Procurement Officer, three (3) offerors' proposals were rejected as not reasonably susceptible for being selected for award. That resulted in there being 5 remaining offerors and 4 proposals for each functional area to be evaluated.

The Evaluation Committee reviewed each of the proposals and evaluated them based on the evaluation criteria provided for in the RFP. The Evaluation Committee also conducted oral presentations, system demonstrations, and discussions with the offerors in accordance with the RFP.

The technical proposal evaluation resulted in Gray Kirk/Vansant Advertising, Inc (GKV) ranking #1 for Functional Area I and Media Works, Ltd. ranking #1 for Functional Area II. Technical proposals were weighed with a higher importance than Financial proposals with the value of 60/40%, as provided for in the RFP. After the technical evaluations were complete, the Financial Proposals were opened. Best and Final Offerors were then requested and received from offerors on February 7th.

The final rankings after opening the BAFOs did not alter the overall #1 offeror for either functional area. For Functional Area I, GKV, although ranking #4 in its financial proposal, remained #1 overall due to its superior technical proposal. The Evaluation Committee determined that the \$115,000 annual cost savings between GKV and next highest ranked technical proposal, did not overcome the qualitative differences in the technical proposals. In light of technical weighing more than financial (60/40%), the Evaluation Committee found that GKV is the most advantageous offeror to the State for Functional Area I considering price and the evaluation factors set forth in the RFP.

For Functional Area II, Media Works, the top ranked technical proposal, ranked #2 in its financial proposal. The offeror whose financial proposal ranked higher at #1 was ranked #4 in its technical proposal. The Evaluation Committee found Media Works, Ltd. to have an overall ranking of #1 and to be the most advantageous offer to the State for Functional Area II considering price and the evaluation factors set forth in the RFP.

The Agency is recommending that Gray Kirk/VanSant Advertising, Inc. be awarded Contract #2023-07, for Functional Area I – Creative Development and Production Services with a not to exceed amount of \$10,688,400; and Media Works, Ltd. be awarded Contract #2023-07, for Functional Area II – Media Planning and Buying Services with a not to exceed amount of \$4,575,675. If approved by the Commission, these contracts will be submitted to DGS to go on the next available BPW agenda. Director Martin said staff recommends approval of these two contracts.

Chair Browning. asked if there were any questions or clarification of what Director Martin stated, as Chair Browning understands that the Commission is limited in going deeper into the details due to contract law.

Commissioner Hodges said he had a few questions. He asked if he heard correctly that it was a competitive bidding process, and how long was that process before MLGCA chose a vendor. Director Martin stated that any RFP is a competitive bidding process, so the answer is yes to your question. Commissioner Hodges said so the RFP is going to go out and no one has been chosen yet. Chair Browning stated that the RFP was completed and Director Martin's report was asking the Commission to award it to the two companies that had been selected for the two functional areas for award to be certified up to Board of Public Works.

Commissioner Hodges asked was it selected in a competitive process, and they won it fairly? Director Martin confirmed that is exactly what they do. Chair Browning asked if there were any further questions. There were no further questions.

Director Martin then said MLGCA was seeking a motion for approval of Contract #2023-07: Advertising, Marketing, Media and Related Services for Functional Area I – Creative Development and Production Services to Gray Kirk/VanSant Advertising, Inc. in a not to exceed amount of \$10,688,400.

Chair Browning asked for a motion to approve Contract #2023-07: Advertising, Marketing, Media and Related Services for Functional Area I – Creative Development and Production Services to Gray

Kirk/VanSant Advertising, Inc. in a not to exceed amount of \$10,688,400. Vice Chair Marriner motioned, and Commissioner Stakem seconded, and the motion unanimously passed.

Director Martin said the second motion MLGCA is seeking is for approval of Contract #2023-07: Advertising, Marketing, Media and Related Services for Functional Area II – Media Planning and Buying Services to Media Works, Ltd. in a not to exceed amount of \$4,575,675.

Chair Browning asked for a motion to approve Contract #2023-07: Advertising, Marketing, Media and Related Services for Functional Area II – Media Planning and Buying Services to Media Works, Ltd. in a not to exceed amount of \$4,575,675. Vice Chair Marriner motioned, and Commissioner Stakem seconded, and the motion passed unanimously.

Vice Chair Marriner stated that the RFP process is grueling. Vice Chair Marriner had helped set up the process for this advertising contract, and it was split up so that the contract made more sense than what was done previously for years. Vice Chair Marriner stated that being on that committee there were numerous hours spent reviewing the details. It is competitive, and everyone works very work hard, and it is taken very seriously. He thanked everyone involved in the process.

Chair Browning echoed those sentiments, stating many hours go into the process for Agency staff involved, and it was good work getting it completed so service opportunities move along. Several Maryland businesses and MBE were highly considered for this award. Chair Browning thanked everyone for their consideration and the work that was done to move forward.

Vice Chair Marriner noted that both awardees do excellent work and have worked with the Agency for years. Chair Browning thanked Vice Chair Marriner for his remarks.

Chair Browning started to move the meeting along, when Commissioner Hodges interrupted Chair Browning while he was speaking, and said he would like to make a comment or two following up on what was stated. Commissioner Hodges stated in terms of the procurement process, he does not doubt the staff does a great job and works hard, and it is a lot of work. Commissioner Hodges stated that as a Commissioner, he wants to see more transparency. When he hears about these contracts, it is now and when we get the procurement packet, and by having experience in the federal space in procurement and all that goes with it, Commissioner Hodges understands how it can be very hairy, and so he would like to see a little more transparency about how it was awarded, who it is going to, just to ensure that “it is an open bidding process, and that there is no backdoor slapping.”

Chair Browning pointed out that all Commissioners have had the opportunity to review this procurement packet, as it is on the Commission’s secure drive, and is available to review at any time. Chair Browning said the information is there, the entire process from soup to nuts and cradle to grave, and it is there for any Commissioner to review --all materials are there. Chair Browning stated that he had a chance to look at the procurement packets, and they are in great detail, exactly who was on the Evaluation Committee and the process followed, the timeline, and the factors of the Committee considered. He noted the contracts have been available for at least the last year since Chair Browning has been on the Commission, and most likely longer. He said that any Commissioner may look back at any contract, as they are public record for the State. Chair Browning said the information and detail was there. He said we are in a good place and going forward with process. If any Commissioner has questions about any action item, they can come in and meet with staff to help move it forward.

Chair Browning stated that the next Commission action item would be presented by Mr. John Mooney.

Commission Action Items - Equity Purchase and Merger of International Game Technology PLC and Everi Holdings, Inc. with Voyager Parent, LLC

Chair Browning stated that the Commission would be holding a hearing today regarding the Separation and Sale Agreement between International Game Technology PLC (“IGT PLC”) and Ignite Rotate, LLC (“Ignite”); and the Merger Agreement between Everi Holdings, Inc. (“Everi”) and Voyager Merger Sub, Inc. Chair Browning outlined the procedure for the hearing and stated that anyone that wished to speak would need to be sworn in. Chair Browning continued with the procedure for the hearing. At 11:44 a.m. while Chair Browning was providing the procedure for the hearing, Commissioner Hodges turned his camera off. Chair Browning reminded the Commissioners that they needed to remain on camera in order to vote on any Commission action item. Commissioner Hodges did not turn his camera back on as requested by Chair Browning. Mr. Mooney introduced the outside parties for this Commission action item. At 11:46 a.m. Commissioner Hodges turned his camera back on as Chair Browning administered the oath to all individuals who may testify or answer questions. Those sworn in were from the Agency: John Mooney, and outside counsel Rob Ruben, Outside Counsel for the transaction, Duane Morris LLP; William J. Downey and Melissa Thevenot, Outside Counsel for the transaction, Brownstein Hyatt Farber Schreck Law Firm.

Mr. Mooney stated that we are here today because two parent companies of licensed gaming manufacturers have proposed merging into another entity. The Gaming Law requires that the Commission determine whether the proposed buyer or transferee of more than 5% of the legal or beneficial interests of a licensee, meet the qualification requirements of the Gaming Law; and that the transfer is consistent with the policies and intent of the Gaming Law.

International Game Technology PLC (IGT PLC), the parent company of two Commission-licensed gaming manufacturers: IGT, and IGT Global Solutions Corporation; and Everi Holdings, Inc. (Everi) the parent company of Commission-licensed Everi Games, Inc., are parties to the Separation and Sale Agreement and Merger Agreement before the Commission today. The Commission is required to determine:

- (1) Whether the parties to the Transaction Agreement and Merger Agreement meet the qualification requirements in the Gaming Law as principal entities, and, if so;
- (2) Whether the Transaction Agreement, Merger Agreement and transfer of interests are consistent with the policies and intent of the Gaming Law.

The Commission was provided with notice of the Separation and Sale Agreement between IGT PLC, Ignite Rotate, LLC (Ignite), Everi, Voyager Merger Sub, Inc. (Voyager Merger) and Voyager Parent, LLC (Voyager) and the Merger Agreement between IGT PLC, Ignite, Everi, Voyager, and Voyager Merger in accordance with State Government Article § 9-1A-19(b)(i).

IGT PLC is a commercial operator and provider of technology in Global Lottery, Global Gaming and PlayDigital, providing gaming technology products and services such as online and instant lottery systems, iLottery, instant ticket printing, lottery management services, gaming systems, electronic gaming machines, iGaming, and sports wagering.

Everi is a provider of content and products in the casino and gaming industries. Everi conducts business in two segments: Games and Financial Technology Solutions. Its Games segment develops and supplies game content, gaming machines and gaming systems and services for both land-based and iGaming operators. The Financial Technology Solutions segment offers products and services including digital, cashless and physical cash access options, player loyalty and marketing software, and regulatory and compliance software solutions.

On July 26, 2024, IGT PLC; Everi; Voyager; Voyager Merger; and Ignite entered into a Separation and Sale Agreement (the Transaction Agreement) and a Merger Agreement.

Under the Transaction Agreement, IGT PLC will transfer the equity interest of its Global Gaming and PlayDigital business segments to Ignite and will then sell Ignite to Voyager for cash consideration of approximately \$4.05 billion.

Under the Merger Agreement, Everi will be merged with and into Voyager Merger, an entity created solely for the purpose of engaging in the merger, with Everi surviving the merger. Current shareholders of Everi common stock will receive \$14.25 per share with total cash consideration estimated to be approximately \$2.25 billion.

Upon completion of the transactions, Ignite and Everi will be direct wholly-owned subsidiaries of Voyager. The voting interests in Voyager will be controlled by AP X Voyager VoteCo, LLC whose sole managing members are David Sambur and Daniel Cohen, who are currently licensed as Principal Employees in Maryland.

Economic interests of Voyager will flow through several interim companies created to effectuate the transactions and to investment funds managed by affiliates of Apollo Global Management, Inc., which has previously been granted an Institutional Investor Waiver by the Commission. The transactions contemplated here have been approved by a special committee of the IGT PLC Board of Directors and by the Everi Board of Directors and its shareholders.

Voyager will secure debt through a \$2.825 billion Senior Secured Term Facility and a \$1.5 billion Senior Secure Notes to fund the contemplated transactions. Financing will be provided by Deutsche Bank Securities, Inc. and Macquarie Capital acting as Joint Lead Arrangers and Joint Bookrunners. Various affiliates of Deutsche Bank will act as Sole Administrative Agent and Collateral Agent for both the Senior Secured Term Facility and the Senior Secured Bridge Facility.

Numerous Apollo investment funds will commit existing equity of between \$1.75 billion and \$2.25 billion, and De Agostini S.p.A., which currently owns 42.6% of IGT PLC, will provide funding of between \$250 million and \$325 million.

Principal Entity disclosure forms were submitted to the Commission by Voyager, Ignite, AP X Voyager VoteCo, LLC, Voyager TopCo, L.P. and Voyager TopCo GP, LLC for this transaction. IGT PLC and Everi have previously submitted principal entity disclosure forms with the Commission.

The Regulatory Licensing and Investigations Division of the Agency performed inquiries and examined relevant documents in order to obtain an understanding and confirm the substance of the equity purchase and merger transactions. The Agency obtained and reviewed copies of necessary transaction documents and the entities' relevant documents.

The investigation disclosed no information from our inquiries and found no content in the documents reviewed that would negatively impact IGT, IGT Global Solutions Corporation or Everi Games, Inc.'s status as being qualified for a Gaming Manufacturer License in Maryland, nor Voyager Merger, Sub, Inc., Voyager Parent, LLC; Ignite Rotate, LLC; AP X Voyager VoteCo, LLC; Voyager TopCo, L.P.; Voyager TopCo GP, LLC; IGT PLC or Everi Holdings, Inc. from being qualified as principal entities in Maryland. Based on the criteria in State Government Article §§ 9-1A-07(c)(7) and 9-1A-08(d), the Agency recommends the Commission find that Voyager Merger Sub, Inc.; Voyager Parent, LLC; Ignite Rotate, LLC; AP X Voyager VoteCo, LLC; Voyager TopCo, L.P.; Voyager TopCo GP, LLC; IGT PLC and Everi Holdings, Inc. have established, by clear and convincing evidence their qualifications as sports wagering principal entities as required for transaction agreement and merger agreement.

The Agency also recommends that in accordance with SG § 9-1A-19, the Commission find that that the proposed acquisition of Everi by Voyager Merger Sub, Inc. and Voyager Parent, LLC meets, and is consistent with the policies and intent of the Gaming Law and recommends that the proposed acquisition is approved as such.

Chair Browning asked if any Commissioners had any questions before the motions would be introduced.

Commissioner Hodges stated that he had a few questions. He thanked Mr. Mooney for his time and for the organizational chart of the terms of the final structure, stating he was sure there was a lot of work that went behind it. Commissioner Hodges wanted to know in terms of the final structure after merger, if he was understanding it correctly, which parent LLC would be the parent of the operation, and he sees that there are public shareholders attached to it. He wanted to know if the public shareholders were part of the equity merger? Mr. Mooney deferred to outside counsel to respond.

Mr. Robert Ruben asked Mr. Downey to respond. Mr. William Downey said there will be no public shareholders in the merger after closing on the transaction.

Commissioner Hodges asked if they are raising money at some point? He said that on the chart right above it there is some kind of cash infusion and he was wondering if that is being raised publicly. He asked why it say public shareholders? Mr. Ruben responded that it is referring to the public shareholders of the private equity fund of Apollo Global Management.

Commissioner Hodges asked Mr. Ruben to say that again. Mr. Ruben responded that he believed that was referring to the public shareholders of Apollo Global Management, the ultimate parent company. The Maryland licensees will be subsidiaries of Voyager Parent, privately held, and the financing is being raised privately.

Commissioner Hodges said it might be a silly question, but it helps him to better understand risk and public exposure. He thanked Mr. Ruben.

Chair Browning asked if there were any additional questions. There were none.

Chair Browning asked for a motion to find that Voyager Merger Sub, Inc.; Voyager Parent, LLC; Ignite Rotate, LLC; AP X Voyager VoteCo, LLC; Voyager TopCo, L.P.; Voyager TopCo GP, LLC; IGT PLC and Everi Holdings, Inc. have established, by clear and convincing evidence, their qualifications as principal entities. Vice Chair Marriner motioned to approved, and Commissioner Stakem seconded, and the motion was unanimously approved.

Chair Browning asked for a motion to find that Voyager Merger Sub, Inc.; Voyager Parent, LLC; Ignite Rotate, LLC; AP X Voyager VoteCo, LLC; Voyager TopCo, L.P.; Voyager TopCo GP, LLC; IGT PLC and Everi Holdings, Inc. meet the requirements of the Gaming Law, and that the resulting ownership changes from the proposed equity purchase and merger of International Game Technology, PLC and Everi Holdings, Inc. with Voyager Parent, LLC are consistent with the policies and intent of the Gaming Law and State Government Article § 9-1A-18, as required by State Government Article § 9-1A-19. Vice Chair Marriner motioned to approved, Commissioner Stakem seconded, and the motion was unanimously approved.

Chair Browning asked for a motion to approve the proposed equity purchase and merger of International Game Technology, PLC, Everi Holdings, Inc. into Voyager Merger Sub, Inc. and Voyager Parent, LLC is consistent with the Gaming Law so as to permit them to consummate the Transaction Agreement, and perform their obligations thereunder. Vice Chair Marriner motioned to approved, Commissioner Stakem seconded, and the motion was unanimously approved.

Chair Browning asked for a motion to direct Staff to draft a decision statement of the Commission on this hearing. Vice Chair Marriner motioned to approved, Commissioner Stakem seconded, and the motion was unanimously approved.

Chair Browning thanked Mr. Mooney and his staff for their work.

Mr. Ruben thanked the Commission and Lottery staff for their work on this transaction.

CLOSED SESSION

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

DATE AND TIME OF NEXT MEETING

Chair Browning announced the next Commission meeting will be held on Thursday, April 24, 2025, at 10:00 a.m. in person at Lottery Headquarters.

ADJOURNMENT

There being no further business, Chair Browning adjourned the meeting at 12:00 p.m.

Respectfully submitted,


John Martin
Director