

# Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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## MARYLAND LOTTERY AND GAMING CONTROL COMMISSION OCTOBER MINUTES

DATE: October 27, 2016

TIME: 10 a.m.

PLACE Maryland Lottery and Gaming Control Agency Headquarters

PRESENT: Chair Kimberly Robertson Pannell  
Vice Chair Diane McGraw  
Commissioner F. Vernon Boozer  
Commissioner George L. Doetsch, Jr.  
Commissioner Bert J. Hash, Jr.  
Commissioner John Morton  
Commissioner James Stakem

Gordon Medenica, Director  
Gina M. Smith, Deputy Director, Chief Financial Officer  
James Nielsen, Assistant Deputy Director, Chief Operating Officer  
Robert Fontaine, OAG Principal Counsel  
Charles LaBoy, Managing Director, Gaming  
Leo Mamorsky, Managing Director, Chief Marketing Officer  
John Mooney, Managing Director, Regulatory Oversight  
James Butler, Director, Legislative and Policy Affairs  
Carole Gentry, Director, Communications  
Marie Torosino, Executive Assistant

OTHERS: Representative from Hollywood Casino Perryville  
Representative from The Casino at Ocean Downs  
Representative from Maryland Live! Casino  
Representative from Rocky Gap Casino Resort  
Representative from Horseshoe Casino Baltimore  
Representative from MGM National Harbor  
Members of the Public

**Kimberly Robertson Pannell, Chair**

Diane L. McGraw, F. Vernon Boozer, George L. Doetsch, Jr., Bert J. Hash, Jr., John Morton, III, James J. Stakem

## **CALL TO ORDER**

There being a quorum present, Chair Robertson Pannell called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:05 a.m. Commissioners present were: Diane McGraw, F. Vernon Boozer, George Doetsch, Bert Hash, John Morton, and James Stakem.

## **APPROVAL OF THE AGENDA**

Chair Robertson Pannell said she would entertain a motion to approve the Agenda. Motion to approve the Agenda made by Commissioner Hash, seconded by Commissioner Stakem, and the motion carried by unanimous vote of the Commission.

## **APPROVAL OF THE MINUTES**

Chair Robertson Pannell said the September 14, 2016 open session minutes were provided to the Commissioners for review and asked if there were any changes. There were no changes. Motion made by Commissioner Stakem that the September 14, 2016 open session minutes be approved, seconded by Commissioner Doetsch, and the motion carried by unanimous vote of the Commission.

## **CONSENT AGENDA**

Chair Robertson Pannell said that the Consent Agenda contains four instant games for the Commission's approval: Game #305 *5X The Cash (\$1)*, Game #306 *10X The Cash (\$2)*, Game #307 *20X The Cash (\$5)*, and Game #308 *50X The Cash (\$10)*. She said the Consent Agenda also contains Electronic Gaming Device Games and Component Testing Approvals for VLTs, Table Game Components, and Instant Bingo Machines (9/1/16 – 10/13/16); Consent Agreement-Regulatory Violations for Horseshoe Casino-Baltimore for June and July 2016; Gaming License Application Denials; and Staff Reports for James Nielsen, Leo Mamorsky, John Martin, Carole Gentry, and Robert Fontaine. She asked if the Commissioners wished to remove any items for discussion.

In response to Commissioner Morton's question regarding the regulatory violations, Mr. Mooney said in the future he will add a summary sheet listing the violations.

Chair Robertson Pannell said she would entertain a motion to approve the four instant games noted above, Electronic Gaming Device Games and Component Testing Approvals for VLTs, Table Game Components, and Instant Bingo Machines (9/1/16 – 10/13/16); Consent Agreement-Regulatory Violations for Horseshoe Casino-Baltimore for June and July 2016; Gaming License Application Denials; and the Staff Reports. Motion to approve made by Commissioner Hash, seconded by Commissioner Morton, and the motion carried by unanimous vote of the Commission.

## OPERATOR REPORTS

### Hollywood Casino Perryville

Mr. Matthew Heiskell, General Manager, said total gaming revenue for September was \$5.9 million, down 4.5% for year over year. Slot revenue is up; however, table game revenues are flat.

On October 1, the Hops and Hot Rod Craft Brew outdoor festival was held. The weather did not fully cooperate; it was a chilly and rainy day. However, they are happy with the turnout, and may consider it again next year.

The off-track betting simulcast will be up and operating on Monday in time for the Breeders Cup. This is a good amenity for the customers.

The request for approval of the expanded outdoor space to include a smoking area is on the Commission's agenda for today. This is another good amenity for the customers.

The facility is preparing for this year's New Year's Eve event.

### The Casino at Ocean Downs

Mr. Joseph Cavilla, General Manager, said total gaming revenue for September was \$5.8 million, 3% ahead for year over year. October revenue is also running ahead of last year.

On October 3, the casino returned to their off-season hours of operation of 8 a.m. to 4 a.m., Mondays through Thursdays, and remaining open 24 hours Fridays through Sundays. They will have extended hours during the Christmas holidays.

On October 18, the Maryland Racing Commission heard the license request for the new company, Old Bay Gaming and Racing, LLC.

Regarding the casino expansion, the steel framing is being erected. The new owners will have an opportunity to put their mark on the expansion.

This weekend there will be an outdoor Oktoberfest held on the property with live entertainment, food and games.

On November 7, The Casino at Ocean Downs will hold a joint meeting with the Worcester County Health Department to talk about responsible gambling.

In response to Vice Chair McGraw's question concerning the transition to the new owners, Mr. Cavilla said they will evaluate the current services on the property and see what needs to be replaced or changed.

### Maryland Live! Casino

Mr. Doug Shipley, Vice President and General Manager, said total gaming revenue for September was \$54 million, 9% ahead for year over year. In September, they held the World Poker Tournament, which was very successful.

Every Friday during October, the casino will hold a meet and greet promotion with celebrity chefs including Todd English, Buddy Valastro, Bobby Flay and Padma Lakshmi.

This past month Maryland Live! was a sponsor at the Susan G. Komen Race for the Cure event and a sponsor of a Casey Cares Foundation event.

### Rocky Gap Casino Resort

Mr. Skylar Dice, Vice President and General Manager, said total gaming revenue for September was \$4.4 million, 14.9% ahead for year over year. Table game revenue dropped slightly while slots were up. October is looking positive as well.

The facility expansion project is progressing and should be completed before the new year.

The current goal of Golden Entertainment is to enhance the guests' experiences at the resort. They are working on the backyard area adding a fire pit and refreshing the hotel facility.

The 10<sup>th</sup> Fireball Run Rally ran at the end of September in Allegany County and the hotel benefitted from the event.

Scholarships funded by county revenues from Rocky Gap Casino Resort have helped over 1,000 students with their college education. The facility continues to work with local charities in the area, such as the Food Bank.

### Horseshoe Casino Baltimore

Ms. Erin Chamberlin, General Manager, said total gaming revenue for September was \$27 million, 22% ahead for year over year.

The casino's anniversary celebration went well and Ray Lewis participated as part of the celebration. It gave the facility a chance to look back and highlight what it has contributed to the community including the hiring of a majority of employees from Baltimore.

Employees were allowed to wear pink t-shirts and bow ties each Friday in return for a donation to Breast Cancer Awareness.

In response to Commissioner Morton's question about hotel development, Ms. Chamberlin said there was an article in the Baltimore Sun about properties near the casino that were for sale. She

said in the long-term, they would like to have a hotel. This is a great chance for development in the Warner Street area.

Commissioner Morton asked if there would be any issues with Baltimore City if the casino eventually decides to build a hotel. Ms. Chamberlin said they have been talking with the Baltimore Development Corporation, and the facility does not anticipate any obstacle in the future.

## **COMMISSION ITEM**

### **Update – MGM National Harbor**

Mr. William Boasberg General Manager, said construction is progressing with most areas being completed. Some of the Commissioners will be touring the facility later this afternoon.

The hotel is beginning to book room reservations. Upcoming appearances at the newly completed theater include, Lionel Richie, Bruno Mars, Jim Gaffigan, and Cher. Ticket sales are “through the roof.”

Over 90% of the positions have been filled, and they are in the process of working with the MLGCA staff to get those employees licensed.

## **STAFF REPORTS**

### ***Director’s Report – Gordon Medenica***

Mr. Medenica said jackpot game sales are doing reasonably well. Sales of monitor games are flat with Keno down and Racetrax showing little growth. Daily number game sales are flat. Instant tickets sales continue to grow. We are working on marketing programs to help grow the games. Overall the casinos and lottery are doing well. We expect to have a record year again this year.

A few employees attended the annual NASPL conference in Atlanta a few weeks ago. The Agency won Batchy advertising awards for Cash4Life® and Home Run Riches.

There was discussion regarding the transparency of payouts, payout percentage rates on instant tickets games, disclosure to the consumer of these payout rates and management of the payouts of the VLTs for which the casinos are responsible.

### ***Administration, Finance & Information Technology – Gina Smith, Deputy Director, Chief Financial Officer***

Ms. Smith said the June Financial statement as well as the GAAP statement were provided to the Commissioners. Prior to the issuance of the GAAP, she met with the Commission Audit Committee to review the GAAP and answer any questions. The July and August Financial

statements are currently under review by Stout, Causey and Horning, and the Commission should receive them next month.

The FY2018 budget has been submitted to the Department of Budget and Management, and the Agency's budget hearing is scheduled for November 9. The reversal of encumbrances and accruals for the FY2016 budget have begun.

Casino Compliance positions at MGM National Harbor are being filled. Currently, recruitment is being conducted for various in-house vacancies.

Commission Action Item

Renewal Option – Instant Ticket Vending Machines (ITVMs) and Related Services Contract (#2008-26)

The current Contract provides, distributes, installs and maintains, and relocates up to 1,000 ITVMs located at retailer locations throughout the State. This original Contract included five one-year renewal options for maintenance and repair services. Renewal options #1, #2 and #3 were previously exercised. The MLGCA desires to exercise one-year renewal option #4 with the term March 1, 2017 through February 2, 2018 in the amount of \$1,637,000, to provide for the continuing maintenance and repair of the ITVMs currently in operation at retailer locations. Staff recommends approval.

Chair Robertson Pannell said she would entertain a motion to approve one-year renewal Option #4 with GTECH Corporation in the amount of \$1,637,000. Motion made by Commissioner Hash, seconded by Vice Chair McGraw, and the motion carried by unanimous vote of the Commission.

Ms. Smith said this renewal option will be presented to the Board of Public Works at its November 5 meeting.

**Gaming – Charles LaBoy, Managing Director**

Mr. LaBoy said staff continues to meet with MGM National Harbor. They are making progress on their internal controls, standard operating procedures, table game rules, and responsible gambling plan. There are a few items remaining and all items have to be submitted within 30 days in preparation for the controlled demonstrations on December 1 and December 5. Testing of the VLTs will take place through October, and all VLTs are scheduled to be tested by November.

The next Commission Audit Committee is scheduled for December 19.

In response to Vice Chair McGraw's question about the Bingo Hall Voluntary Exclusion Program, Mr. LaBoy said three individuals have signed up for the program. Ms. Mary Drexler, MLGCA Responsible Gambling Program Coordinator, has created an on-line training program for the bingo hall employees to use and all the bingo halls employees have been trained.

Commission Action Item

Hollywood Casino Gaming Floor Expansion

Mr. LaBoy said Hollywood Casino at Perryville has submitted a request to expand their gaming floor to include an outdoor gaming area. The property's request incorporates a relocation of 14 VLTs from the existing gaming floor to the outdoor space in December. Hollywood Casino has submitted an affidavit attesting that their outdoor gaming area and its intended use meet all applicable local and state requirements. Staff recommends approval.

Chair Robertson Pannell said she would entertain a motion to approve Hollywood Casino at Perryville's request to expand their gaming floor to include an outdoor gaming area. Motion made by Commissioner Stakem, seconded by Commissioner Morton, and motion carried by unanimous vote of the Commission.

Proposed Electronic Gaming Device (EGD)/Skills-Based Amusement Device (SBAD) Regulations

Mr. LaBoy said in May, the Agency presented a draft of the EGD and SBAD regulations to the Maryland Amusement Gaming Advisory Committee for its review and consideration. The Committee commented favorably on the proposed draft regulations and in June, the Agency presented the new proposed EGD and SBAD regulations to the Commission for review and consideration. The Commission approved the newly proposed regulations and submission of the proposed action to the *Maryland Register*. As part of the regulatory review process, these proposed regulations were published in the August 19 edition of the *Maryland Register*, with a 30-day public comment period. In addition, the Agency held a public meeting on August 31 to allow individuals to comment on the proposed EGD and SBAD regulations. The Agency received written comments on these proposed regulations prior to, during, and after the public meeting. The Agency posted all public comments received, along with the transcript from the public meeting, on its website in October. The Commission was provided with these same comments and transcript for its review and consideration. Staff recommends approval.

If the Commission approves these regulations today, they will be posted in the *Maryland Register*. Then ten days after publication, the regulations will have an effective date of January 1, 2017.

The Commission offered their congratulations to the staff on a job well done.

After further discussion and there being no further questions, Chair Robertson Pannell said she would entertain a motion to approve the final adoption of proposed Electronic Gaming Devices COMAR 36.06.01 General, 36.06.02 Lawful and Unlawful Electronic Gaming Devices, and 36.06.03 Electronic Gaming Device Enforcement with an effective date of January 1, 2017. Motion made by Vice Chair McGraw, seconded by Commissioner Hash, and motion carried by unanimous vote of the Commission.

Chair Robertson Pannell said she would entertain a motion to approve the final adoption of proposed Skills-Based Amusement Devices COMAR 36.08.01 General, 36.08.02 Registration,

36.08.03 Amusement Gaming License, and 36.08.04 General Standards with an effective date of January 1, 2017. Motion made by Vice Chair McGraw, seconded by Commissioner Stakem, and motion carried by unanimous vote of the Commission.

*Regulatory Oversight – John Mooney, Managing Director*

Mr. Mooney said the Licensing Division continues its investigation into Church Hill Downs, Inc. and Saratoga Casino Holdings, LLC. for the purchase and operation of The Casino at Ocean Downs. The Division is also working on the application for Radio One. Both of these will be presented to the Commission at the November meeting.

Licensing has been working long hours with MGM toward the approval of approximately 3,000 individuals to work at the casino. Compliance has fingerprinted over 1,000 applicants, working six days a week, 12 hours a day. Compliance has also been working with MGM to review the surveillance system. MGM is well on its way to meeting their goal for the opening of the casino.

**PUBLIC COMMENTS**

There were no public comments.

**DATE AND TIME OF NEXT MEETING**

The next monthly Commission meeting is scheduled for 10 a.m. on Thursday, November 17.

**ADJOURNMENT**

There being no further business for discussion, Chair Robertson Pannell said she would entertain a motion to adjourn the meeting. Motion made by Vice Chair McGraw, seconded by Commissioner Hash and the motion carried. The meeting adjourned at 11:04 a.m.

Respectfully submitted,

  
Gordon Medenica