

# Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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## MARYLAND LOTTERY AND GAMING CONTROL COMMISSION DECEMBER MINUTES

DATE: December 15, 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 Bert J. Hash, Jr.  
Commissioner James Stakem

Gordon Medenica, Director  
James Nielsen, Assistant Deputy Director, Chief Operating Officer  
Robert Fontaine, OAG Principal Counsel  
Holly Citko, OAG Deputy Counsel  
Charles LaBoy, Managing Director, Gaming  
Leo Mamorsky, Managing Director, Chief Marketing Officer  
John Martin, Managing Director, Chief Revenue 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 10:04 a.m. Commissioners present were: F. Vernon Boozer, Bert Hash, Diane McGraw, and James Stakem. Commissioners George Doetsch and John Morton were absent.

## **APPROVAL OF THE AGENDA**

Chair Robertson Pannell said she would entertain a motion to approve the Amended Agenda. Motion to approve the Amended 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 November 17, 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 Vice Chair McGraw that the November 17, 2016 open session minutes be approved, seconded by Commissioner Hash, 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 #314 *Super 7's Jackpot* (\$1), Game #321 *Home Run Riches* (\$5), Game #322 *Betty Boop*<sup>™</sup> (\$2), and Game #326 *Uno*<sup>™</sup> (\$5). She said the Consent Agenda also contains Electronic Gaming Device Games and Component Testing Approvals for VLTs, Table Game Components, and Instant Bingo Machines (11/5/16 – 12/2/16); Consent Agreements-Regulatory Violations for Horseshoe Casino-Baltimore-August 2016 and The Casino at Ocean Downs-April 2016; Gaming License Application Denials/Revocations, and Staff Reports for Gina Smith, James Nielsen, Leo Mamorsky, John Martin, Carole Gentry, and Robert Fontaine. She asked if the Commissioners wished to remove any items for discussion.

Hearing none, 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 (11/5/16 – 12/2/16); Consent Agreements-Regulatory Violations for Horseshoe Casino-Baltimore-August 2016 and the Casino at Ocean Downs-April 2016; Gaming License Application Denials/Revocations and the Staff Reports. Motion to approve made by Commissioner Stakem, seconded by Vice Chair McGraw, 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 November was \$5.6 million, down 7% year over year. The facility will be holding a New Year's Eve celebration.

By mid-February, the current road closure that detours customers to another route to the facility will be completed.

The Greene Turtle restaurant will be taking over the food operation at the facility. The Celebrity Bar and Grill will close on January 3. Renovations will take five weeks to complete. Food service will be available through Quick Serve until the Greene Turtle restaurant opens.

### The Casino at Ocean Downs

Mr. Joseph Cavilla, General Manager, said total gaming revenue for November was \$3.8 million, down 1.7% year over year. December is trending about the same this time last year. They recently experienced the first occurrence of some bad weather this year.

Some staff members served Thanksgiving dinner at the local shelters. The chef from the property participated at a festival held in Berlin. This was a great opportunity for the property to get involved in the community. Ground breaking for a new Berlin police station occurred. This was made possible by a local impact grant the town received that was provided by casino revenue from Ocean Downs.

The casino will be holding a New Year's Eve event.

Construction continues on the facility expansion and the external structure is approximately 80% completed. With the change in the weather, it may slow down construction. Currently, they are working on the interior plans. Transition to the new owners, Old Bay Gaming and Racing, LLC, will occur on January 3.

He congratulated MGM National Harbor on the opening of their facility.

### Maryland Live! Casino

Mr. Tom Coppinger, Vice President of Risk Management, said total gaming revenue for November was \$50.2 million, down 2.7% year over year. Slots are down 10% for year over year.

Promotions for December include the Holiday Cash Card giveaway and the Naughty and Nice Shopping Spree program. The Holiday Credit Card Wipeout promotion will run in January.

The facility delivered 500 turkeys to the Anne Arundel County Food Bank for their annual food drive. Casino staff also spent the day at the Food Bank bagging and sorting canned goods.

Patrons donated approximately \$5,000 for the Marines Toys for Tots, and the facility matched that donation.

Mr. Coppinger said the facility is planning a special New Year's Eve celebration.

Construction of the hotel is progressing. The completion date is 2018.

### Rocky Gap Casino Resort

Mr. Skylar Dice, Vice President and General Manager, said total gaming revenue for November was \$3.8 million, 5.6% ahead year over year. Table games have shown growth year over year. December will be a challenge with the wintry weather.

There was a good turn-out on Thanksgiving Day with a record number of people in attendance.

The expanded slot area is opening. The facility held a Toys-for-Tots donation in December. In exchange for a donation, patrons received free slot play. The facility doubled their participation rate over last year.

The New Year's Eve celebration will feature a special buffet and musical entertainment. Rooms at the hotel are sold out and they are working with the others hotels in the area for additional rooms.

Commissioner Stakem said he was glad to see the Holiday Light Show back at Rocky Gap State Park. Mr. Dice said it was brought back this year. People drive through the light show area at the park for a charge of \$5 per car.

### Horseshoe Casino Baltimore

Ms. Erin Chamberlin, Sr. Vice President and General Manager, said total gaming revenue for November was \$28.5 million, 16% ahead year over year. December is looking strong and they hope to kick-off 2017 with a bang.

A Mercedes SUV giveaway promotion runs through December. A New Year's Eve event is planned that will be open to the public. The facility continues to be involved with local communities on various activities. An employee holiday event will be held next week.

Ms. Chamberlin said they did lose some of their employees to MGM National Harbor. However, Horseshoe held a successful hiring event the last week of November with over 1,000 applicants being interviewed and hundreds being hired. This week, the facility will hold a ribbon cutting ceremony for the opening of the dealer school now located on the premises. A small modular building was erected in the valet parking area of the garage. The casino was previously renting space off-site for the school. Employees working at the property will now have easy access to attend the school.

## MGM National Harbor

Mr. Michael Pappas, General Counsel for MGM National Harbor, said the facility has been open for a week, and has been a great success thus far. There are approximately 4,000 employees, of which 47% are Prince George's County residents. Prior to the opening, an employee pep rally was held. Mr. Jim Murren, Chairman and CEO of MGM Resorts International was present and there was a performance by the group Salt-N-Pepa.

At the press conference held on December 8, Mr. Medenica presented the official gaming license to MGM National Harbor. Afterwards, attendees were given a quick tour of the property. On the evening of December 8, 5,000 guests were invited to the VIP event that included the tastes of the celebrity chefs. Actress Sarah Jessica Parker was also present to open her first retail store and it was a big hit. The doors to the casino were open to the public before 11 p.m., and by 11:15 p.m., the facility was over capacity. Everyone enjoyed the evening. Since opening to the public, the facility has been at capacity almost non-stop with the exception of Sunday night.

Mr. Pappas said they have been monitoring the number of people entering and exiting the facility. The casino holds approximately 9,800 at one time. Once they hit 10,000 people, they stopped letting guests into the casino and they directed them to the food market or conservatory where they waited to be allowed entrance into the casino. From December 8 through today, 170,000 people have come through the doors.

On Saturday night, they had to close the garage because they were over parked. The Prince George's County police have done an excellent job with keeping traffic moving.

Tonight is the first show in the theater and features Boyz II Men. Future performances include Lionel Richie and Bruno Mars. On New Year's Eve and New Year's Day, Duran Duran will be performing.

Mr. Pappas expressed his thanks and compliments on behalf of MGM to Gordon Medenica, Charles LaBoy and his staff, Jennifer Wetherell and her team, John Mooney, Phil Metz, Steve Martin, the Licensing staff, Bob Fontaine, Holly Citko, Mike Eaton and his audit team, Mary Drexler and Jasmine Countess as well as the MGM outside counsel, Pat Madamba. MGM looks forward to a long partnership.

Mr. Pappas said the proceeds from the two controlled demonstrations went to a number of charities, mostly in Prince George's County. They included the Washington Redskins Foundation and other groups.

Chair Robertson Pannell extended congratulations to MGM on behalf of the Commission on the successful opening of the facility.

## **STAFF REPORTS**

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

Mr. Medenica thanked MGM for doing an amazing job. He also extended his thanks to all the MLGCA teams. Mr. Medenica read an e-mail he had sent to the MLGCA staff regarding those people that played an important role in the opening of MGM National Harbor. He acknowledged and thanked a few of the individuals: Charles LaBoy, Mike Eaton, Sonia Portillo, Rebecca Gilbert, Karry Pifer, Emily Kim, Jennifer Wetherell, SheRa Crawford, Jason Taylor, Mary Drexler, Jasmine Countess, John Mooney, Phil Metz, Steve Martin, Teresa Amann, Deb Kalbskopf, JoAnne Hollister, Tony Singleton, Bill Medlin, Russell Newell, Denise Walk, Mark Ermer, David Robinson, Sharon Zacks, Missy Martin, Mike Pfisterer, Linda Willis, Raynard Jones, John Dennison, Gerry Frischkorn, and Fred Marsh.

Lottery sales for November were up 6.8% compared to year over year, and Lottery profit was 4.4% ahead for year over year. December is starting out well. We are still seeing continuing softness on the lottery profit side. For fiscal year to date, sales were up 3.3%, while profit was down 1.0%. This is driven by lucky players in the Pick 4 game. There is a continued strain on Keno and the jackpot games. We are approaching the year over year comparison to the \$1.6 billion jackpot from last year. December and January will continue to be very difficult comparisons. Sales of instant ticket are going well. The \$30 instant ticket will launch in February. We are hoping to have another jackpot roll this fiscal year to help drive sales.

For FY2017, with the addition of MGM National Harbor's revenue, we expect that the casino side will contribute a larger amount of revenue than the lottery side.

Mr. Medenica said Ms. Smith was unable to be at the meeting today. The Commission was provided with a draft of the September financial statement. The MLGCA budget was submitted to the Department of Budget and Management (DBM), and our budget hearing was held on November 9.

Ms. Smith is working on the Comprehensive Annual Financial Report (CAFR) that is due at the end of December. The Commission will be provided a copy when it is available.

Chair Robertson Pannell asked if MGM National Harbor's MBE information will be included in the next MBE Participation Report. Mr. Medenica said the information will be included in future reports.

Mr. Medenica wished everyone Happy Holidays.

### *Gaming – Charles LaBoy, Managing Director*

Mr. LaBoy said MGM National Harbor opened successfully. The controlled demonstration on December 1 went well. Items noted were quickly addressed by the property. The December 5

controlled demonstration was successful with one item outstanding to date. It was a smooth transition of process, and we were able to issue the gaming license.

Since opening, we have been closely monitoring the facility. There were no issues with the first influx of customers. Mr. LaBoy expressed his appreciation to MGM for their recognition of his staff. He then thanked Mr. Eaton and his Audit team for an outstanding job in handling the various elements of the audit process, Ms. Wetherell and her team for the time spent working to ensure that the central system was communicating properly, Ms. Countess for her work in coordinating the meetings for the staff, and Ms. Drexler who worked on the Responsible Gambling element.

Mr. LaBoy said the next Commission Audit Committee meeting is scheduled for December 19, and the 2017 Audit Plan will be reviewed.

Mr. LaBoy extended his congratulations to MGM National Harbor on their successful opening.

#### *Regulatory Oversight – John Mooney, Managing Director*

Mr. Mooney said he would pass on all the compliments made today to the staff in the Licensing and Compliance Divisions. He was confident the Divisions would step up and get the work done. There were 3,000 licenses issued for MGM National Harbor, in addition to working with the other casinos, vendor, and manufacturers on their licenses. He reviewed the number of other licenses pending. He said he is proud of the job Licensing and Compliance has done to insure that MGM National Harbor opened on time. Since 2009, 25,000 license applications have been received for processing.

#### *Commission Action Item*

##### Manufacturer License Hearing – In Bet Gaming, Inc.

Mr. Mooney said MLGCA staff conducted a suitability background licensing investigation of In Bet Gaming, Inc. in connection with its application for a manufacturer license. The Commission was provided with an Executive Summary. Members from the MLGCA Licensing Division were present to answer any questions. A representative from the manufacturing company was not present.

Mr. Mooney read the Executive Summary into the record, which included an introduction, background, findings, applicant and principal entities, principal qualifiers, and conclusions and opinion. He stated that it is the opinion of MLGCA staff that the applicant and its principal have established by clear and convincing evidence their qualifications for a manufacturer license.

Chair Robertson Pannell asked if there were any other questions for Mr. Mooney. There were none. The Chair asked if there was any discussion by the Commission with respect to the information presented. There was none.

Chair Robertson Pannell said she would entertain a motion to find that the following meet applicable qualifications for licensure under Maryland's Gaming Law: manufacturer license

applicant In Bet Gaming, Inc. Motion to approve made by Commissioner Boozer, seconded by Commissioner Hash, and the motion carried by unanimous vote of Commission.

Chair Robertson Pannell said she would entertain a motion to find that the following meet applicable qualifications for licensure under Maryland's Gaming Law: individual principal license applicant Ronald LaDuca. Motion to approve made by Vice Chair McGraw, seconded by Commissioner Stakem, and the motion carried by unanimous vote of Commission.

Chair Robertson Pannell said she would entertain a motion to delegate to the Chair the authority to draft a Decision Statement on behalf of the Commission that reflects the Commission's decision, and to transmit the Decision Statement to In Bet Gaming, Inc. Motion was made by Commissioner Hash, seconded by Commissioner Stakem, and the motion carried by unanimous vote of Commission.

### **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, January 26.

### **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, motion was seconded, and carried by unanimous vote of Commission. The meeting adjourned at 11:12 a.m.

Respectfully submitted,

  
Gordon Medenica