

**MARYLAND STATE LOTTERY COMMISSION
MAY MINUTES**

DATE: May 19, 2011

TIME: 1:00 p.m.

PLACE: Maryland Lottery Headquarters

PRESENT: Chairman J. Kirby Fowler, Jr.
Commissioner F. Vernon Boozer
Commissioner Diane L. McGraw
Commissioner W. Ray Presley
Commissioner Bruce L. Reeder
Commissioner Kimberly D. Robertson
Commissioner George M. Wagner

Stephen Martino, Director
Gina Smith, Assistant Director/CFO
Robert Fontaine, Principal Counsel
Jill Baer, Director, Creative Services
Robert Howells, Director, Procurement
John Mooney, Director, Enforcement
Michael Eaton, Director, Internal Audit
Jennifer Kelley, Responsible Gambling Program Coordinator
Holly Knepper, Deputy Counsel
Marie Torosino, Executive Associate

OTHERS: Representative from Hollywood Casino/Perryville
Representative from Casino Ocean Downs
Representative from Maryland Live! Casino
Members of the Public

CALL TO ORDER

There being a quorum present, Chairman Fowler called the meeting of the Maryland Lottery Commission to order at 1:17 p.m. Commissioners present were F. Vernon Boozer, Diane L. McGraw, W. Ray Presley, Bruce L. Reeder, Kimberly D. Robertson and George M. Wagner.

ELECTION OF VICE CHAIRMAN

Chairman Fowler said in light of the resignation of the Vice Chairman Thomas, he would entertain a motion to fill that vacancy. Commissioner Boozer motioned that Commissioner Robertson be nominated as Vice Chairman. Motion was seconded by Commissioner Presley and the motion carried by unanimous vote of the Commission. The Commission members offered their congratulations.

APPROVAL OF THE AGENDA

Chairman Fowler said he would entertain a motion to approve the Agenda. Motion was made by Commissioner Reeder, seconded by Commissioner McGraw, and the motion carried by unanimous vote of the Commission.

APPROVAL OF MINUTES

Chairman Fowler stated the April 28, 2011, minutes were provided to the Commissioners for review and asked if there were any corrections. There were none. Commissioner Wagner motioned that the minutes be approved, and it was seconded by Vice Chair Robertson. The minutes were approved by unanimous vote of the Commission.

CONSENT AGENDA

Chairman Fowler said the Consent Agenda contains new instant ticket games (Exhibit #1), and VLT Games and Component Testing—GLI and BMM Games, Hardware and Software Certification (Exhibit #2) for the Commission's approval.

Chairman Fowler requested a motion to approve the following new instant games: Game #850 *Hot \$50s*, Game #893 *Sweet Winnings*, Game #895 *Blackjack*, Game #901 *Tic Tac Turkey*, Game #906 *Maximum Jackpot*, and Game #908 *Fruit Twist Crossword*. Motion was made by Commissioner Reeder, seconded by Commissioner Wagner, and motion carried by unanimous vote of the Commission.

Chairman Fowler requested a motion to approve the VLT Games and Component Testing. Motion was made by Vice Chair Robertson, seconded by Commissioner Reeder, and motion carried by unanimous vote of the Commission.

OPERATOR REPORTS

Hollywood Casino Perryville

Mr. Himbert Sinopoli said casino revenue was over \$3 million in during April, and it was the facility's best month in revenue since their opening in September. The win per unit per day was \$224, which is an upward trend from the last two months. He is pleased with the progress.

On May 10, the Governor signed into law the extended weekend casino hours. Hollywood Casino was able to implement the extended hours the following weekend. Even without the opportunity to advertise ahead of time, during those four extra hours revenue was \$268,000. The extended hours are until 4 a.m. on Fridays and Saturdays. There was continued discussion regarding the extended hours and the serving of alcohol after 2 a.m.

Mr. Sinopoli said his last day as General Manger at Hollywood Casino is May 27 and it has been a pleasure working with the Lottery Commission and staff. Mr. Bill Hayles will be the new General Manager. He is currently the Assistant General Manager at the Charlestown, West Virginia casino facility, and prior to that he worked at facilities in New Mexico and Atlantic City.

Ocean Downs Casino

Mr. Joseph Cavilla, General Manager, said the casino's performance in April is showing a steady rise and he expects the trend to continue. May is currently showing stronger revenue than April. The facility is capitalizing on opportunities in the area to promote the facility. Construction of one additional parking lot was completed with 150 additional parking spaces, and they are currently working on the other additional parking lots.

Question asked if there will be horse racing at the Ocean Downs track this year. Mr. Cavilla responded horse racing will begin on June 19 on Sundays, Mondays, Wednesdays and Thursdays evenings, and will run for 40 days.

Maryland Live! Casino

Mr. Rob Norton, President and General Manager at Maryland Live! Casino gave an update on the status of the project. They are underway with construction of the building, and working with Lottery staff on the employee licensing process as well as the IT infrastructure. Phase 1 of the permanent structure will open in June 2012 with the full facility opening sometime between October and December. Anywhere from five to seven restaurants will also be opening in the surrounding area as part of this project.

STAFF REPORTS AND COMMISSION ACTION ITEMS

Director's Report – Stephen Martino

Mr. Martino thanked Mr. Sinopoli for his involvement in the opening of Hollywood Casino in Perryville, and wished him good luck in his next endeavor.

An updated Lottery sales and revenue sheet was provided to the Commission. Through May 15, sales are up \$8 million or .5%. Revenue is up \$12 million or 2.7%. He is optimistic the Lottery will continue with these good numbers through the end of fiscal year which would result in the Lottery hitting its 14th year of record sales. Rhode Island is the only other Lottery that has done the same.

Representatives from Perryville and Ocean Downs previously presented the VLT revenues for their facilities. For April 2011, gross terminal revenue for both casinos combined was \$13.5 million. For April 2011, Education Trust Fund is at \$6.6 million with the fiscal year-to-date total of \$37.4 million.

On May 5, a press conference to announce the Maryland Alliance for Responsible Gambling (MARG) was held at Lottery headquarters. There was good attendance with representatives from the Department of Health and Mental Hygiene, Maryland Council on Problem Gambling as well as Mr. Sinopoli and Mr. Cavilla representing the casino industry. Three to four television cameras and a number of reporters were also in attendance. Public announcement of the voluntary exception process was made at the press conference. This program enables individuals to self-exclude themselves from going into casinos. The website is www.mdgamblinghelp.org.

As previously stated, the Governor signed the bill to allow casinos to remain open for extended hours on Fridays and Saturdays. Because of the work by the Attorney General's Office and Mr. Howells, the Commission was able to approve the regulations at last month's meeting, and Perryville was able to offer the extended hours the weekend after the bill was signed.

The additional 50 slot machines for Ocean Downs were ordered. Ocean Downs initially paid for 800 machines, but only took delivery of 750 machines when the facility opened.

An e-mail was sent to the Commission regarding the reorganization of the Lottery. There are now five operational areas consisting of Administration, Gaming, Lottery, Information Technology, and Enforcement. The Office of the Attorney General is not impacted by the changes. Recruitment will be held to hire an Assistant Director for Gaming and an Assistant Director for Lottery.

The Video Lottery Facility Location Commission met on April 26 and voted to issue the RFP for the Video Lottery Operation License in Baltimore City contingent upon the Baltimore City Board of Estimates' approval of the Memorandum of Understanding (MOU), which was done on April 27. A Pre-Proposal Conference will be held May 24 and

the deadline for proposal submissions is July 28. Mr. Howells is the point of contact for this RFP.

The Video Lottery Facility Location Commission will meet in June to discuss and possibly approve the RFP for the Video Lottery Operation License at Rocky Gap.

Commissioner Reeder asked who developed the Double Play promotion idea that he sees while watching Oriole games. Mr. Martino responded it is a great promotion and credited Ms. Baer and her Creative Services team. He is happy with the partnership between the Lottery and the Orioles.

Administration Finance & Operations and Sales – Gina Smith, Assistant Director/CFO

Ms. Smith said her report was provided to the Commission. A Request for Quotations (RFQ) was issued for the procurement of the additional 50 VLT machines for Ocean Downs. The responses are due by next week.

Creative Services – Jill Baer, Director

Ms. Baer said her report was provided to the Commission. She thanked the Commission for their compliments on the Double Play scratch-off program. There are currently three scratch-off tickets with accompanying second change promotions—*Cruise for Cash*, *Double Play* and *Cinema Cash*.

Cruise for Cash scratch-off is selling 75% above the average \$5 ticket. *Black* scratch-off is being advertised on outdoor boards and at Prince Georges and Montgomery metro stations. Sales are 84% better than the average \$20 ticket. *Double Play* scratch-off is selling well above the average \$5 ticket during the same timeframe. As of May 9, 35 Double Play Contestants of the Game have been selected and the Orioles have turned 30 double plays awarding a total of \$30,000. Eleven contestants received \$100 worth of Double Play scratch-off tickets because no Orioles' double plays occurred during their game.

There are currently three on-line promotions running. Play Keno, Get Free Racetrax promotion runs through May 22. Racetrax Doubler promotion will end on June 5. Pick 3/Pick 4 Double Pay on Box Play promotion runs through June.

The Power Ball jackpot is currently \$120 million. The Lottery will run radio advertising statewide.

Communications will be on site at Wine in the Woods in Columbia on May 21 and May 22, and in the grand stand area on May 21 at the 135th Running of the Preakness.

Information Technology – **John Gallagher, Chief Information Officer**

Mr. Gallagher was not present. However, his report was provided to the Commission.

Internal Audit – **Michael Eaton, Director**

Mr. Eaton said his report was provided to the Commission. The Responsible Gambling (Voluntary Exclusions) audit was completed and a copy was provided to the Commission. He encountered no difficulties conducting the audit, and there were no significant findings to report. There are currently audits in progress concerning the Lottery, Hollywood Casino and Ocean Downs Casino.

Enforcement – **John Mooney, Director**

Mr. Mooney said his report was provided to the Commission. Chairman Fowler asked if there have been any incidents at the facilities. Mr. Mooney responded there have been no major incidents at either facility.

Responsible Gambling Program – **Jennifer Kelley, Coordinator**

Ms. Kelley said her report was provided to the Commission. The press conference to announce the Maryland Alliance for Responsible Gambling (MARG) was held on May 5. Thirteen participants have signed up for the voluntary exclusion program, and the number has increased since the press conference.

The states with voluntarily exclusion programs include Pennsylvania with 2,100 participants; Delaware but she does not know the number of participants; Kansas with 32 participants and they have only had the program running for one year; and Missouri with 14,000 participants and they have had their program for many years. There have been many out of state individuals signing up in Maryland's voluntary exclusion program.

Chairman Fowler asked if the program details are visible at the casino facilities. Ms. Kelley responded available materials include brochures, stickers, posters and wallet size cards. Stickers are visible on top of the ATMs. We will continue to enhance public awareness of the voluntary exclusion program.

Legal Unit – **Robert Fontaine, Principal Counsel**

Mr. Fontaine said the Complaint of Interpleader was filed in Circuit Court for Baltimore City regarding the Baltimore City Entertainment Group's (BCEG) status of the return of BCEG's initial license fee.

A revocation hearing for G & M Spirits, Inc. T/A Ross Liquors has to be scheduled and he suggested June 23 at 11 a.m. The Commission was in agreement.

PUBLIC COMMENTS

There were no public comments made.

DATE AND TIME OF NEXT MEETING

The next Commission meeting will be at 10:00 a.m., Thursday, June 23, followed by a revocation hearing at 11 a.m.

ADJOURNMENT

There being no further business for discussion, Chairman Fowler said he would entertain a motion to adjourn. Motion was made by Commissioner Presley, seconded by Vice Chair Robertson, and motion carried by unanimous vote of the Commission. The meeting adjourned at 2:10 p.m.

Respectfully submitted,

Stephen L. Martino