

Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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MARYLAND LOTTERY AND GAMING CONTROL COMMISSION JUNE MINUTES

- DATE:** June 25, 2020
- TIME:** 10 a.m.
- PLACE:** Maryland Lottery and Gaming Control Agency Headquarters
(Meeting conducted via conference call audio link, livestreamed on website)
- PRESENT:** Chair E. Randolph Marriner
Vice Chair Bert J. Hash, Jr.
Commissioner F. Vernon Boozer
Commissioner George L. Doestch, Jr.
Commissioner Michelle Fager
Commissioner James Stakem
Commissioner Jerry E. Williams
- Gordon Medenica, Director
Jim Nielsen, Assistant Deputy Director, Chief Operating Officer
Holly Citko, OAG Acting Division Director
John Martin, Managing Director, Chief Revenue Officer
James Logue, Managing Director, Gaming
John Mooney, Managing Director, Regulatory Oversight
Leo Mamorsky, Managing Director, Marketing
Carole Gentry, Managing Director, Communications
James Butler, Managing Director, Organizational Compliance
Kathy Lingo, Executive Assistant
- OTHERS:** Representative from Hollywood Casino Perryville
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 International Game Technology
Representative from Pollard Banknote
Representative from Scientific Games
Agency Staff

E. Randolph Marriner, Chair

F. Vernon Boozer, George L. Doetsch, Jr., Michelle R. Fager, Bert J. Hash, Jr., James J. Stakem, Jerry E. Williams

ROLL CALL

Chair Marriner asked for a roll call to establish that a quorum was present. Roll was called and all Commissioners were on the call. Chair Marriner said that he would poll each Commissioner individually following each vote.

CALL TO ORDER

Chair Marriner called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 a.m. Also present were: Vice Chair Bert Hash, Commissioners Vernon Boozer, George Doetsch, Michelle Fager, James Stakem, and Jerry Williams.

APPROVAL OF THE AMENDED AGENDA

Chair Marriner reported that the Commissioners were provided with a copy of the amended agenda. Chair Marriner asked for a motion to approve the amended agenda. Commissioner Doetsch moved, Commissioner Stakem seconded, and the motion was unanimously approved by roll call.

APPROVAL OF THE MINUTES

Chair Marriner stated that the May 28, 2020, open session minutes were provided to the Commissioners for review, and asked if there were any changes. There were no changes. Commissioner Doetsch moved to approve, Commissioner Stakem seconded, and the motion was unanimously approved by roll call.

CONSENT AGENDA

Chair Marriner said the Consent Agenda contains nine new instant ticket games for the Commission's approval: #500 (\$1) *Quick Hit 777*; #502 (\$5) *\$50,000 Bingo*; #503 (\$10) *\$10,000 Extreme Green*; #504 (\$30) *\$100,000 Extreme Cash*; #505 (\$1) *Holiday Luck*; #506 (\$2) *Holiday Luck x2*; #507 (\$3) *Peppermint Payout x5*; #508 (\$5) *Holiday Luck x5*; #509 (\$10) *Holiday Luck x10*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications VLTs, Table Game Components, and Instant Bingo Machines (5/15/20 – 6/11/20); Gaming License Application Denials/Revocations; and Staff Reports from the Financial Director; John Martin, Managing Director, Chief Revenue Officer; Leo Mamorsky, Managing Director, Chief Marketing Officer; Carole Gentry, Managing Director, Communications; and Holly Citko, Acting Division Director, Office of the Attorney General.

Chair Marriner asked if any Commissioners wished to remove any items from the Consent Agenda. There were no requests for removal. Chair Marriner asked for a motion to approve the consent agenda as noted above. Motion to approve was made by Commissioner Doetsch, seconded by Commissioner Stakem, and the motion was unanimously approved by roll call.

OPERATOR REPORTS

Hollywood Casino Perryville

Mr. Matthew Heiskell, General Manager, reported that recent days were extremely busy as the casino trained team members on new procedures in preparation for reopening on June 19. The floor is being closely monitored to stay within the mandated 50% capacity. Upon opening, there was a line outside the door, but it was reduced within a half hour. Mr. Heiskell said that June 20 was the second-highest coin-in day Hollywood has had in a number of years. Promotional activities and events are limited for now,

as the casino focuses on ensuring that guests are having a good time in a safe environment. He added that the casino appreciated the efforts of MLGCA staff, and the cooperation with other casinos on sharing best practices for reopening.

Ocean Downs Casino

Ms. Bobbi Sample, General Manager, said Ocean Downs is excited to be open. The casino spent the days prior to reopening bringing back team members to provide training on new protocols. She added that there was a line of 300 people waiting to enter the casino when it opened on June 19. All patrons had a temperature screening, and it took about 25 minutes to work through the line. The casino is closely monitoring the floor to stay within occupancy limitations and did not hit its 50% limit on June 19, but did on the evening of June 20. Ms. Sample said revenue has been healthy, given the reduced number of games on the floor. Ocean Downs is not running promotions and has been conservative on its direct mail marketing in an effort not to invite too many people to the property at the same time. There was positive feedback from patrons and team members. Ms. Sample added that she appreciated the group effort between casino operators and MLGCA staff in preparing to reopen. Ocean Downs is looking forward to a good summer.

Live! Casino

Mr. Anthony Faranca, Executive Vice President and General Manager, thanked the Commission and MLGCA staff for their help through the process of preparing to reopen. Live! began by reopening to members of its rewards club only from June 19-28, before reopening to the public on June 29. That approach and an online reservation system allowed the casino to eliminate lines outside the building and have a reliable count of the number of guests inside. Mr. Faranca said Live! is not hosting events or promotions, but is pleased with revenues nonetheless, adding that the casino's full marketing program will resume at some point in the future. He added that guest sentiment has been positive, and that there has not been pushback on the requirement to wear masks. Mr. Faranca said that the State of Nevada's decision to require masks in all casinos made it easier to reinforce the mask policy. The next steps will be to open more restaurants and open Live! Hotel to more guests. Currently the hotel is open to VIPs by invitation only. Mr. Faranca added that he has been inspired by the Live! team members who returned to work with a vote of confidence.

Rocky Gap Casino

Mr. Skylar Dice, Vice President and General Manager, reported that the casino opened on June 19 with great fanfare. Coin-in levels have been at or above the typical amounts. He expressed appreciation for the work of Director Medenica and MLGCA staff for their leadership and guidance as the casino faced the challenge of reopening. He added that the response from team members has been positive.

Horseshoe Casino

Mr. Randy Conroy, General Manager, said Horseshoe was poised for a soft reopening on June 26, when the casino would welcome back its top-tier player loyalty club members, followed by an opening to the public on June 28. The casino has conducted multiple training and orientation sessions for team members regarding new protocols and occupancy limits. Promotional events have been halted for the short term, and food offerings will be limited to quick-serve options before ramping up when the time is right.

MGM National Harbor

Mr. Jeff Shrader, Vice President and General Counsel, reported that the casino's health and safety protocols continue to evolve. Thermal imaging cameras are being installed to conduct temperature screenings for guests and employees. MGM announced a corporate-wide policy of mandatory masks for all guests and team members at all MGM properties. The company formed a task force of subject matter experts to create protocols for reopening, which has provided property managers with valuable information. The floor has been reconfigured in the interests of social distancing with 1,600 slot machines and 97 table games running. MGM planned a soft reopening to invited guests on June 26, followed by a reopening to the public on June 29. Mr. Shrader thanked Director Medenica and the Commission for its guidance and feedback, which allowed the casino to be in a position to reopen.

Chair Marriner thanked all casino operators for their diligence and hard work to keep employees and the gaming public safe.

VENDOR REPORTS

Scientific Games

Mr. Stephen Smith, General Manager, reported that Scientific Games has continued to operate and make service calls during the COVID-19 period. He added that SGI staff have not experienced any health issues. Work is underway to add another 500 self-service vending machines. He added that sales have rebounded since an initial dip while the State was under stay-at-home orders.

Pollard Banknote

Mr. Matt Isaac, Director of Retail Development, reported that although the Lottery did not launch its scheduled April scratch-off tickets due to COVID-19, the past quarter has been busy with 25 games in production. The launch of the Lucky 7s family of games in May was strong, performing 54% better than the average family of games launch. Scratch-off sales for the fiscal year to date are up 3.7%, with sales for the quarter up 2%. Mr. Isaac listed scratch-off sales for other jurisdictions: Connecticut and Washington, D.C. are both up 1.3%; Michigan is up 8.4%; New Jersey is down 0.3%; New York, which was hard hit by COVID-19, is down 20%; Virginia is down 6%.

International Game Technology (IGT)

Mr. Gary Cherwinski, Account General Manager, reported that IGT maintained business as usual while the casinos were closed. He added that IGT has been working with the casino operators to ensure that all slot machines were connected to the central system upon their reopening. He is also working on an audit.

STAFF REPORTS

Director's Report – Gordon Medenica

Director Medenica reported that the casinos worked intensely to develop and implement their protocols for reopening. He complimented the casino operators for their communication and cooperation and their focus on how the "new normal" is going to work protecting employees and customers. He added that the work has been one of the best examples of cooperation he has seen in his business career.

As the end of the fiscal year nears at the end of June, casino contributions to the State are down \$190 million year-over-year, which Director Medenica said is less than previous estimates of \$200 to \$220 million. While the casinos are limited to 50% of their customer capacity, it does not mean they will

expect 50% of typical revenues. The casinos began their reopening by inviting some of their better customers, which is a strategy that has helped boost the bottom line.

Director Medenica reported that Lottery sales have made a strong turnaround. After sales dipped by as much as 30% for the first few weeks after the stay-at-home order, sales figures are up by as much as 21%. Instant ticket sales have increased by 28% since the bounceback started, while profit is up 23%. With a week remaining in Fiscal Year 2020, sales for the year are down 1%. Profit for the year is down 1.7%, or less than \$10 million from the all-time record set in Fiscal Year 2019, when sales figures were bolstered by a Mega Millions jackpot that reached more than \$1.5 billion.

Director Medenica said that if not for the coronavirus, the Lottery would have set new all-time sales and profit records. He added that Lottery sales have benefited from the fact that there have been – and continue to be – limited options for spending discretionary income. Until recently the casinos have been closed, there haven't been movies, concerts or sporting events to attend, and restaurants and bars have been either closed or limited in capacity in recent months. Director Medenica said he expects that sales numbers would return to more typical levels as more options reopen.

The Lottery's Customer Resource Center in Baltimore reopened by appointment only on June 24 after having been closed since March 30 due to the coronavirus. A link on the Lottery's website allows winners to schedule their appointments. Individuals check in and are asked COVID-19 screening questions in the lobby of the Montgomery Park Business Center before being admitted to the Lottery's office on the third floor one at a time to cash their tickets. Director Medenica thanked Managing Director of Communications Carole Gentry, whose staff is managing the appointment check-in process in the lobby, and Customer Resource Center Manager Patricia Dorsey, whose team is adjusting to the new circumstances.

Director Medenica added that the way Agency staff are working will continue to be different for the foreseeable future, with about 80% of staff teleworking. Sales representatives are beginning to visit Lottery retailers. Director Medenica thanked the staff for its work during a challenging time.

Operations, Information Technology and Gaming – James Nielsen, Assistant Deputy Director/Chief Operating Officer

There being no questions from the Commission on Mr. Nielsen's monthly report, he proceeded to his Commission Action Item.

Commission Action Item – Intergovernmental Agreement – Giving Virginia Access to Maryland's eLicensing System

MLGCA is asking the Commission's approval of an intergovernmental agreement between MLGCA and the Virginia Lottery for MLGCA's eLicensing system that was developed to Maryland's specifications. The system facilitates the flow of licensing applications. MLGCA owns the system's source code, and there are functional changes the Agency would like to make, but does not have the funding to do so. Virginia needs a system to facilitate the licensing of vendors for its sports betting program and has a limited timeframe that does not allow for a procurement process. The Virginia Lottery has asked if we would give them access to our system and a license to use our source code, which they will modify to their needs. Virginia will pay for enhancements to the system, which can then be integrated into MLGCA's eLicensing system at no cost to Maryland.

Chair Marriner commented that the plan is a great way to share expenses and obtain needed changes to Maryland's system.

Vice Chair Hash asked if there are any other states that have entered into this type of a relationship. Mr. Nielsen said he was not aware of any similar agreements, adding that he was not aware of other states that had worked with its vendors to custom-build a system as MLGCA did.

Commissioner Williams asked if there were any security implications to the proposed arrangement. Mr. Nielsen said there were not. Before the system's source code is shared, MLGCA's vendor must remove all personally identifying information and Maryland internet addresses. The code will have been sanitized, and all Virginia will be receiving is the source code.

Chair Marriner asked for a motion to approve the Intergovernmental Agreement. Commissioner Doetsch moved, Vice Chair Hash seconded, and the motion was unanimously approved by roll call.

Gaming – James Logue, Managing Director

There being no questions from the Commission on Mr. Logue's monthly report, he proceeded to his Commission Action Item.

Commission Action Item – Amended Casino and Skill Based Gaming Regulations

Mr. Logue said MLGCA is asking the Commission's approval of 10 amended casino and skill-based gaming regulations. The amended regulations are part of MLGCA's continued effort to achieve industry best-practices. Nine of the amended regulations were suggested by casino operators and the other was recommended by Agency staff. Mr. Logue then read summaries of the 10 amended regulations, which were also published on the Agency's website.

Chair Marriner asked for a motion to approve the amended regulations. Commissioner Stakem moved, Commissioner Fager seconded, and the motion was unanimously approved by roll call.

Chair Marriner asked for a motion to delegate to MLGCA staff the authority to make non-substantive changes to the amended regulations that are necessary to prepare them for publication in the Maryland Register. Commissioner Doetsch moved, Vice Chair Hash seconded, and the motion was unanimously approved by roll call.

Regulatory Oversight - John Mooney, Managing Director

There being no questions from the Commission on Mr. Mooney's monthly report, he proceeded to his Commission Action Item.

Commission Action Items – Licensing and Dunning Systems Additions, Enhancements and Maintenance with MS Technologies Corporation – Maintenance Only - (#2015-08)

Mr. Mooney reported that Licensing and Dunning Systems Additions, Enhancements and Maintenance (#2015-08) with MS Technologies Corporation has a fixed price for development of the licensing system and expires on June 30. While the required work will have been completed, there will be a continuing need for time and materials to conduct system maintenance. MLGCA staff are seeking to extend the contract for maintenance services only for a period of two years at a cost of \$49,900. The contract would go to the Department of General Services for approval. Approval by the Board of Public Works is not required because the cost of the contract is less than \$50,000.

Chair Marriner asked for a motion to approve the contract extension for maintenance only. Commissioner Doetsch moved, Vice Chair Hash seconded, and the motion was unanimously approved by roll call.

Commission Action Item - Casino Licensing Proposed New and Amended Gaming Regulations

Mr. Mooney reported that MLGCA staff are recommending five new or amended regulations regarding casino licensing processes, procedures and guidelines. He then read summaries of the new or amended regulations, which are also published on the Agency's website.

Chair Marriner asked for a motion to approve the new and amended regulations. Commissioner Doetsch moved, Commissioner Stakem seconded, and the motion was unanimously approved by roll call.

Chair Marriner asked for a motion to delegate to MLGCA staff the authority to make non-substantive changes to the amended regulations that are necessary to prepare them for publication in the Maryland Register. Commissioner Doetsch moved, Vice Chair Hash seconded, and the motion was unanimously approved by roll call.

CLOSED SESSION

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

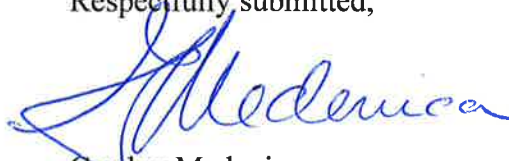
DATE AND TIME OF NEXT MEETING

The next monthly Commission meeting is scheduled for 10 a.m. on Thursday, August 27, 2020. There is no July meeting.

ADJOURNMENT

There being no further business for discussion, Chair Marriner adjourned the meeting at 10:42 a.m.

Respectfully submitted,



Gordon Medenica
Director