

# Maryland Lottery and Gaming Control Commission

Larry Hogan, Governor



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## MARYLAND LOTTERY AND GAMING CONTROL COMMISSION SEPTEMBER MINUTES

DATE: September 24, 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, Deputy Director, Chief Operating Officer  
John Martin, Managing Director, Chief Revenue Officer  
James Logue, Managing Director, Gaming  
Leo Mamorsky, Managing Director, Marketing  
John Mooney, Managing Director, Regulatory Oversight  
Paula Yocum, Managing Director, Acting Chief Financial Officer  
Carole Gentry, Managing Director, Communications  
James Butler, Managing Director, Organizational Compliance  
Holly Citko, OAG Acting Division Director  
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  
MLGCA 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 with the exception of Commissioner Jerry Williams, who joined the call while the meeting was in progress. 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 on the call were: Vice Chair Bert Hash, Commissioners Vernon Boozer, George Doetsch, Michelle Fager and James Stakem. Commissioner Williams joined the call at 10:09 a.m.

## **APPROVAL OF THE AGENDA**

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

## **APPROVAL OF THE MINUTES**

Chair Marriner stated that the August 27, 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 three new instant ticket games for the Commission's approval: #512 (\$1) *Ca\$h on the Spot*; #513 (\$5) *Plu\$ the Money*; and #514 (\$10) *Bankroll Buck\$*; EGD Games and Component Testing Certified Lab Software, Hardware and Game Certifications for VLTs, Table Game Components, and Instant Bingo Machines (8/13/20 – 9/10/20); Gaming License Applications Denials/Revocations; and Staff Reports from John Martin, Managing Director, Chief Revenue Officer; James Logue, Managing Director, Gaming; Leo Mamorsky, Managing Director, Chief Marketing Officer; Paula Yocum, Managing Director, Acting Chief Financial Officer; Carole Gentry, Managing Director, Communications; James Butler, Managing Director, Organizational Compliance; 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 Vice Chair Hash, and the motion was unanimously approved by roll call.

## **OPERATOR REPORTS**

### **Hollywood Casino Perryville**

Mr. Matthew Heiskell, General Manager, reported that August gaming revenue was up 6% year-over-year, with slots up approximately 6%, and table games up 9%, driven by volume, which was up 2%. In

September of 2019, there was a large progressive jackpot hit, so September 2020 hold has been strong by comparison. Table game volumes, not including poker, are up 18%. Poker volumes are down because there are fewer active tables compared to last September. Slot volume and hold are up compared to last year while for the first time since reopening, table game volume is down. Mr. Heiskell said Hollywood is cautiously activating some of its marketing and promotional efforts, including giveaway programs that don't require large gatherings of people. The casino is also planning to safely host guests for a New Year's Eve event. Hollywood's 10<sup>th</sup> anniversary came during September, but without much fanfare due to COVID-19. Mr. Heiskell added that he is hoping to do an anniversary celebration some time in 2021, but the casino did create social media posts and signage on the property to recognize 21 members of the staff who have been on the job since Hollywood's opening day.

### **Ocean Downs Casino**

Ms. Bobbi Sample, General Manager, reported that gaming revenue was down year-over-year in August because August 2019 was a record month for both slots and table games. Gaming revenue was down 13.4%, driven by slots volume, which was down 14.2%, while table games were down 7.6%. Another factor that has impacted the casino is that fans have not been permitted to attend horse races at the track, which has limited the number of visitors to the property. Ms. Sample said September results are looking better, although a number of events that typically bring many visitors to Ocean City this time of year have been cancelled. Ocean Downs has slowly brought back some of its promotions, including Senior Slots Socials on Mondays. The casino will hold an employee appreciation event in October.

### **Live! Casino**

Mr. Robert Tedesco, Assistant General Manager, reported that August gaming revenue was \$52.5 million, which is a slight decrease of 1% year-over-year. Slot revenues were down 7.3%, but table game revenue was up 14%. Marketing efforts have remained conservative, and seating in the restaurants has been limited, so the casino will open a pop-up restaurant area outside that will be available for several weeks in the fall, until the weather turns too cold. Construction has started on the Sports & Social venue. The casino has continued to strongly focus on its safety plan for team members and guests at entries into the casino, as well as on the floor.

### **Rocky Gap Casino**

Mr. Skylar Dice, Vice President and General Manager, reported that August gaming revenue was up 15% year-over-year, driven by strong volume and favorable hold percentage. Table game numbers in August were Rocky Gap's second-best to date. September revenues have been flat. Mr. Dice added that Allegany County has seen increased amounts of visitors this summer, as Marylanders have done less traveling out-of-state and have visited rural areas and state parks instead. Rocky Gap has conducted socially distanced VIP giveaways in August and September, but has not planned any large events. The casino recently won more than 20 awards from Casino Player Magazine, and held a socially distanced outdoor employee appreciation event in the parking lot that included food trucks and giveaways. Mr. Dice said staffing levels continue to be a concern. The spa will be reopening this Friday with limited capacity. He added that the buffet will remain closed for the rest of 2020 at a minimum. September has been flat compared to a great run in August, returning to normal levels. The casino will be holding a gift giveaway today and a VIP dinner in the concert area to encourage social distancing.

Chair Marriner congratulated Rocky Gap on their awards.

## **Horseshoe Casino**

Mr. Randy Conroy, General Manager, reported that slot revenue in August was \$11.7 million, up \$500,000 year-over-year, with only half the machines open due to COVID-19 restrictions. Table game revenues were \$5.1 million, down \$2 million year-over-year. Poker tables were not open until Labor Day Weekend, and there was a \$1.5 million jackpot on table games on the last day of July that impacted August because of a loss carryover. Table games also had fewer seats due to social distancing. In addition, a Baltimore City restriction limiting Horseshoe to 25% capacity was lifted after Labor Day, allowing the casino to go to 50% capacity. Bars and restaurants reopened, and more members of the staff returned to work. The casino has developed touchless digital promotions that have been well-received, as customers are eager for entertainment options. Mr. Conroy recently participated in an event with the Capital Region Minority Supplier Council along with the CEO of BWI Airport and a representative from Hilton to discuss new opportunities for diverse vendors. Mr. Conroy also mentioned the groundbreaking of the new Middle Branch recreation center, which is being partially funded with casino revenue. Senate President Bill Ferguson, Baltimore Mayor Barnard Young and Baltimore City Council President Brandon Scott were also in attendance, and Mr. Conroy noted that it was a reminder that the money that flows from Horseshoe back into the community is being used effectively. The casino continues to do limited sponsorships to charitable organizations, mainly staying focused the health and safety of team members and guests.

## **MGM National Harbor**

Mr. Jeff Shrader, Vice President and General Counsel, reported that August gaming revenue was down 1% compared to August of 2019, with slot revenue down 6.5% and table games up 4.1%. Poker revenue was down 32.5% based mainly on reduced capacity at the tables as a result of COVID-19. He added that September revenues have looked strong. MGM is slowly starting to restart its promotional efforts in a safe and responsible way, including its weekly gift series. The casino is looking at options for more outdoor dining venues, including options that may remain available during the winter months. Mr. Shrader said MGM's health and safety committee and its senior managers have been emphasizing the safety protocols. MGM's theater remains dark and will not host events for the foreseeable future. The rule for MGM properties restricting charitable events has just recently been lifted, so the casino hopes to have good information to report starting next month.

## **VENDOR REPORTS**

### **Scientific Games**

Mr. Stephen Smith, General Manager, reported that installation of self-service Lottery vending machines is continuing, with almost 1,800 in the field. He added that sales on the new machines have increased by about three times those of the older vending machines. Installations will continue into early 2021. Another style of vending machine that is shorter and provides access for the disabled will be deployed at Walmart stores.

### **Pollard Banknote**

Mr. Matt. Isaac, Director of Retail Development, reported that the Lottery's scratch-off sales are up 19.5% for the year, which is close to the national average of a 21% increase. By way of comparison to other states, Connecticut's scratch-off sales are up 15.9%; Massachusetts is up 11.7%; New York is down 6%; North Carolina is up 31%; and Virginia is up 8.8%. The current fiscal quarter marked the launch of the first of two \$30 tickets in FY2021, which should make for a strong sales comparison because there was not a \$30 ticket launch in the first quarter of FY2020. Pollard Banknote has 17 games

currently in production. Mr. Isaac said the Lottery's Product Development team has been effective at increasing sales by launching a \$10 companion ticket along with the new \$30 ticket. The move came after the Lottery noted that sales of \$10 tickets had increased when prior \$30 tickets were launched.

### **International Game Technology (IGT)**

Mr. Gary Cherwinski, Account General Manager, reported that the VLT central monitoring system is operating as usual. An annual audit was recently completed, and a disaster recovery test is planned for November.

### **STAFF REPORTS**

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

Director Medenica reported that business has been very good. Casino revenues in July were down less than 7%, and in August they were down only 3% in spite of 50% capacity limits due to COVID-19. Year-to-date casino contributions to the state are down 5.5%.

Lottery sales have remained strong since May. August sales were up 13.3% year-over-year, while profit was down 4.9%, as daily drawing game players had a lucky month, producing a high volume of winners. Year-to-date Lottery sales are up 17.8% and profit is up 16.3%, driven by successful instant ticket sales. Director Medenica said the continued success of the Lottery is likely due to the limited availability of other entertainment options as a result of COVID-19.

Director Medenica reported that 80% of the Agency staff continues to telework, while certain functions must be performed on-site. He noted that a recent memo from the Department of Budget and Management indicated that state offices will continue to instruct most employees to telework indefinitely.

Director Medenica reported that the Board of Public Works approved a one-year extension of the VLT central monitoring system contract during its meeting on September 23, 2020. The extension is the result of delays in issuing a new request for proposals due to COVID-19, however the Agency will soon be issuing the RFP and will conduct the procurement process over the coming year.

Director Medenica reported that Agency staff have been working to develop draft regulations for sports betting in anticipation that voters will approve the referendum that will appear on the General Election ballot. The package of regulations is approximately 150 pages, giving the Agency a significant head-start once the legislature convenes in January to develop the implementation guidelines for sports betting. The Agency was required to produce information for a disparity study on sports betting, and a consultant has delivered a draft report that is under review by the Governor's Office of Small, Minority and Women-owned Businesses (GOSBA) and the Department of Transportation (MDOT). It is not likely that MDOT will make the October 1 deadline, but it should only be delayed a matter of a few days to a couple weeks given that all the raw material is now in, allowing GOSBA and MDOT to complete their report.

#### *Operations, Information Technology and Gaming – James Nielsen, 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 – Video Lottery Central System RFP***

Mr. Nielsen said that with the BPW's extension approved on September 23, 2020, the current contract for the VLT central system will expire in September 2021. The Agency needs to issue a request for proposals to select a vendor. The RFP has been reviewed internally, as well as by the Department of General Services and the Department of Information Technology.

Chair Marriner asked for a motion to approve the issuance of the RFP. Commissioner Doetsch moved, Commissioner Stakem 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.

Chair Marriner said the Commission would conduct hearings on manufacturer license renewals for Atlantic Bingo Supply, Inc., and Pen-Tech Associates, Inc. The Chair swore in Agency staff involved in the licensing investigations of the two companies and representatives from each company who were on the teleconference.

***Commission Action Items – Manufacturer's License Renewal – Atlantic Bingo Supply, Inc.***

Mr. Mooney read the summary of the investigative report on Atlantic Bingo Supply. Agency staff determined that Atlantic Bingo Supply has established by clear and convincing evidence that it has the qualifications required for renewal of its license, and Agency staff recommended renewal. Jennifer Gehrlein, General Counsel, Arrow International, parent company of Atlantic Bingo was present on the call and volunteered to answer any questions. There were no questions of Ms. Gehrlein or of Agency staff.

Chair Marriner asked for a motion to approve the renewal of the manufacturer's license. Commissioner Doetsch moved, Commissioner Fager seconded, and the motion was unanimously approved by roll call.

***Commission Action Item – Manufacturer's License Renewal – Pen-Tech Associates, Inc.***

Mr. Mooney read the summary of the investigative report on Pen-Tech Associates. Agency staff determined that Pen-Tech Associates has established by clear and convincing evidence that it has the qualifications required for renewal of its license, and Agency staff recommended renewal. John Jimenez from Pen-Tech Associates, Inc. was present on the call and volunteered to answer any questions. There were no questions of Mr. Jimenez or of Agency staff.

Chair Marriner asked for a motion to approve the renewal of the manufacturer's license. Commissioner Doetsch moved, Commissioner Fager 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, October 22, 2020, conducted by audio conference.

**ADJOURNMENT**

There being no further business for discussion, Chair Marriner adjourned the meeting at 10:45 a.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Gordon Medenica". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

Gordon Medenica  
Director