

# Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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TO: Maryland Lottery and Gaming Control Commission  
Gordon Medenica, Director

FROM: Gina M. Smith, Deputy Director/CFO

DIVISION: Administration, Finance and Operations

DATE: June 20, 2019

SUBJECT: Report for the June Commission Meeting

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## **I. CUSTOMER RESOURCE CENTER**

This is a status update of ongoing and special projects in Administration, Finance and Operations.

The Customer Resource Center is responsible for processing winner claims. In addition, MGM National Harbor, Live! Casino and Hotel, and Hollywood Casino Perryville have the ability to cash winning tickets from \$5,001 to \$25,000 like our Baltimore claim center. In the near future, our remaining casinos will be provided with the same ability.

The Lottery has approximately 370 Expanded Cashing Authority Program (XCAP) locations that are authorized to cash up to \$5,000 in winnings. In our new system, all claims are processed in the field and the Customer Resource Center no longer has to key in claim forms. These locations, in turn, submit completed claim forms to the Lottery so that the related W-2G can be processed. Data concerning the number and amount of winners' claims processed by the Lottery and the casinos are noted below:

Location	May 2019 Count	May 2019 Amount	YTD 07/01/18 to 05/31/19 Count	YTD 07/01/18 to 05/31/19 Amount
Baltimore	1,306	\$4,667,246.00	15,305	\$57,489,413.38
Casinos	42	\$440,694.40	242	\$2,434,010.95

## SUBSCRIPTIONS PROCESSED:

The Lottery's Customer Resource Center is also responsible for processing subscriptions. Multi-Match, Mega Millions, Powerball and Cash4Life subscriptions can be purchased for 26, 52 or 104 draws. Data concerning subscriptions processed is noted below:

Total Subscriptions as of May 31, 2019:

Multi Match	2,308
Mega Millions	3,500
Powerball	2,253 (added after conversion)
Cash4Life	<u>743 (added after conversion)</u>
Total	8,804

Total Subscriptions Processed During May, 2019

Multi Match	482
Mega Millions	504
Powerball	378
Cash4Life	<u>42</u>
Total	1,406

Beginning July 1, 2019, Cash4Life will be drawn 7 days a week. In anticipation of this change, Cash4Life subscriptions will be "stepped down". May 9, 2019 was the last day a Cash4Life subscription could be purchased and/or extended. Players with active subscriptions will continue to be entered into drawings until June 26, 2019. After June 26, 2019, players will receive a refund for any remaining draws and will receive any accumulated winnings.

New Cash4Life subscriptions will be available for purchase beginning June 28, 2019.

### Withholdings

	YTD April 2019 Amount	May 2019 Amount	YTD 07/1/18 to 5/31/19 Amount
Child Support	\$167,687.46	\$16,219.51	\$183,906.97
CCU Debts	\$990,717.73	\$112,025.59	\$1,102,743.32

## II. BUDGET

- **FISCAL YEAR 2018**

- In the final process of liquidating fiscal year end encumbrances and accruals.

- **FISCAL YEAR 2019**

- Lottery: \$82,241,700
- VLT Special Fund: \$10,270,545
- VLT General Fund: \$ 6,930,921
- Submitted a budget amendment to DBM in the amount of \$600,000 to cover increased vendor fees paid to SGI as a result of an increase in sales.

- **FISCAL YEAR 2020**

- Lottery: \$85,682,455
- VLT Special Fund: \$11,205,629
- VLT General Fund: \$ 6,906,251

- **Promotion Fund (Unclaimed Prizes)**

- Balance as of April, 2019 \$ 10,077,979
- Estimated increase in May, 2019 \$ 2,157,000
- Estimated usage in May, 2019 \$ (2,059,000)
- Estimated balance as of May, 2019 \$ 10,175,979

## III. ACCOUNTING/FINANCE

- The March financial statements will be distributed at the June 27, 2019 meeting.

## IV. PROCUREMENT

- Procurement works closely with all Divisions to support the MLGCA's daily operations to include, but not limited to, procurement of printing of POS materials and various information sheets/brochures to support all games; promotional items, sponsorship agreements for events; and supplies/equipment for the Lottery's internal use, as well as the processing of all payments under \$5,000.00 using the State P-Card and monthly reconciliation of bank statement.
- Instant Ticket Games and Related Services Contract (#2013-01) with Pollard Banknote Limited (Primary Contract) and Scientific Games International, Inc. and GTECH Corporation/IGT (both Secondary Contracts). The MLGCA has continued existing services by exercising the third of the three one-year renewal option periods to extend the term 9/1/2019 – 8/31/2020 in the total NTE amount of \$6,466,666. This renewal option was approved by the BPW at its June 5, 2019 meeting.

- Lottery Drawing Machines and Related Maintenance Services Contract (#2018-06): Covers the purchase of six new Drawing Machines to be used for the live Televised Drawings and also provides maintenance and repair services for these new machines and the MLGCA's existing inventory of machines. The MLGCA's recommendation for award of this five-year contract to Garron Lottery Products, Inc. was approved by the Commission at its May meeting and approved by the BPW at its June 19, 2019 meeting.
- 2019 Maryland State Fair - Sponsorship Agreement (#2019-07) with the Maryland State Fair & Agricultural Society, Inc.: New sole source contract in the amount of \$51,500 for the term August 23, 2019 – September 2, 2019 for the MLGCA's rental of space and other sponsorship amenities for the 2019 Maryland State Fair. This contract is very similar to those done over the past several years for prior State Fair events. It is anticipated that this Contract will be submitted to the Commission for review/approval at its June meeting and then, subject to Commission approval, to DBM for its review/approval.
- MBE/VSBE/SBR Activities:
  - I. A summary of the MLGCA's MBE/VSBE participation is attached.

**V. HUMAN RESOURCES**

- HR is working with the Equal Employment Opportunity Office and Maryland Commission on Civil Rights to prepare to provide mandatory sexual harassment prevention training to all agency employees by October of 2019. Every agency employee will receive in-person interactive sexual harassment prevention refresher training every two years and new employees will receive this training within six months of being hired as part of their new employee orientation.

**VI. INFORMATION TECHNOLOGY**

- Received approval from DoIT to issue the purchase order for a new telephone system. The project will kick off in June, and be completed in approximately 8 to 12 weeks.
- Completed another round of interviews for the IT Technical Specialist position. An offer will be made pending the results of the pre-offer screening process by the HR department.
- Working closely with the facilities department to dispose of end of life equipment.
- Upgraded the gaming licensing web server, and successfully migrated the application.
- Working with our IT security vendor to schedule our next IT security and risk assessment.