

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: December 9, 2019

SUBJECT: Report for the December Commission Meeting

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

1. CUSTOMER RESOURCE CENTER

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, similar to our Baltimore claim center. In the near future, our remaining casinos will be provided with the same ability.

The Lottery has approximately **373** 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, the casinos and XCAP retailers are noted below:

Location	November 2019 Count	November 2019 Amount	YTD 7/01/19 to 6/30/20	YTD 7/01/19 to 11/30/19
Baltimore	1,127	\$5,920,011.16	5,567	\$21,765,539.62
Casinos	38	\$410,899.10	176	\$1,725,474.90

XCAP PROCESSING:

October 2019 Count	November 2019 Amount	YTD 7/01/19 to 6/30/20	YTD 7/01/19 to 11/30/19
6,376	\$14,083,963.15	26,623	\$55,257,558.15

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 November 30, 2019:

Multi-Match	2,229
Mega Millions	3,111
Powerball	2,091
Cash4Life	<u>304</u>
Total	7,735

Total Subscriptions Processed During November, 2019:

Multi-Match	270
Mega Millions	371
Powerball	285
Cash4Life	<u>81</u>
Total	1,007

Interceptions:

	YTD October 2019 Amount	November 2019 Amount	YTD 7/1/19 to 11/30/19 Amount
Child Support	\$45,580.05	\$11,572.33	\$57,152.38
CCU Debts	\$348,054.73	\$110,426.02	\$458,480.75

II. BUDGET

- **FISCAL YEAR 2020**
 - Lottery: \$86,109,661
 - VLT Special Fund: \$11,401,155
 - VLT General Fund: \$ 6,954,957

- **FISCAL YEAR 2021**
 - The FY21 budget has been submitted to DBM. We have responded to all of DBM’s questions and are awaiting a final “approval” budget.

- **Promotion Fund (Unclaimed Prizes)**
 - Balance as of October, 2019 \$12,568,227
 - Estimated increase in November, 2019 \$3,245,000
 - Estimated usage in November, 2019 **(\$3,269,000)**
 - Estimated balance as of November, 2019 \$12,544,227

III. ACCOUNTING/FINANCE

- The August financial statement is included.

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 IGT/GTECH Corporation (both Secondary Contracts) for the production of Instant Tickets and delivery to Retailer locations. These Contracts expire August 31, 2020, with no additional renewal options available. The RFP for a replacement contract has been submitted to DGS for review/approval as required. Approval is still pending and the RFP will be issued upon approval.
- Central Monitor and Control System for a Video Lottery Terminal Program (#2009-11) with IGT (formerly GTECH Corporation) to provide the design, development, implementation, lease, operation, and maintenance of a complete turnkey Central Monitor and Control System for a Video Lottery Terminal Program. This Contract expires September 26, 2020, with no additional renewal options available. The RFP for a replacement contract, which was approved by the Commission at its November meeting, has been submitted to DGS for review/approval and will be issued upon approval.
- Lottery Central Monitoring and Control System Contract (#2015-01) with Scientific Games Incorporated, Inc.: Modification #1 in the amount of \$579,250 for the term 2/1/2010 – 6/30/2022 to provide under the Lottery Plus rewards program (1) a license to use the James Bond 007™ imagery, marks and logos for an Instant Ticket Lottery Game, and for supporting marketing materials at Retailer locations selling the tickets, advertising for the tickets, digital materials, and the James Bond Instrumental Theme to promote the game, and (2) related prizes to be awarded to winners of the Instant Ticket game and related second chance promotion. This Modification will be submitted to the Commission for review/approval at its December meeting and, subject to Commission approval, submitted to DGS to appear on the 1/8/2020 BPW Agenda.
- MBE/VSBE/SBR Activities:
 - A summary of the MLGCA's MBE/VSBE participation is attached.

V. HUMAN RESOURCES

- HR has completed its efforts with open enrollment.
- HR continues to assist employees on day-to-day issues.

VI. INFORMATION TECHNOLOGY

- Annual IT risk and vulnerability assessments were completed. No significant findings identified.
- Working with our ICS vendor and SGI to implement software changes on the ICSs to support the new Fast Draw games.
- The telephone system go-live was deferred due to issues between telecom providers moving the Agency's telephone numbers to the new service. It is tentatively scheduled to occur the middle of December or early January.