

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: Financial Director's Report

DIVISION: Administration, Finance and Operations

DATE: January 14, 2020

SUBJECT: Report for the January Commission Meeting

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

I. CUSTOMER RESOURCE CENTER

The Customer Resource Center is responsible for processing winner claims. In addition, MGM National Harbor, Live! Casino and Hotel, Hollywood Casino Perryville and Ocean Downs Casino 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	December 2019 Count	December 2019 Amount	YTD 7/01/19 to 12/31/19	YTD 7/01/19 to 12/31/19
Baltimore	1,126	\$3,423,449	6,693	\$25,188,988
Casinos	42	\$502,419	218	\$2,227,894

XCAP PROCESSING:

December 2019 Count	December 2019 Amount	YTD 7/01/19 to 12/31/19	YTD 7/01/19 to 12/31/19
5,440	\$11,625,802	32,063	\$66,883,360

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 December 31, 2019:

Multi-Match	1,997
Mega Millions	3,016
Powerball	2,066
Cash4Life	294
Total	7,373

Total Subscriptions Processed During December, 2019:

Multi-Match	394
Mega Millions	491
Powerball	308
Cash4Life	78
Total	1,271

Interceptions:

	YTD November 2019 Amount	December 2019 Amount	YTD 7/1/19 to 12/31/19 Amount
Child Support	\$57,152	\$20,221	\$77,373
CCU Debts	\$458,480	\$106,631	\$565,112

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 scheduled to appear at Senate and Assembly budget hearings at month end.
- **Promotion Fund (Unclaimed Prizes)**
 - Balance as of November, 2019 \$12,486,079
 - Estimated increase in December, 2019 \$2,350,000
 - Estimated usage in December, 2019 (\$5,054,000)
 - Estimated balance as of December, 2019 \$9,782,079

III. ACCOUNTING/FINANCE

- The September financial statement will be provided to you at the Commission meeting.

IV. PROCUREMENT

- Procurement works closely with all Divisions to support the MLGCA's daily operations including, but not limited to, procurement for 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 using the State P-Card and monthly reconciliation of bank statements.

- 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 approved by DGS and the RFP will be issued shortly.
- 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 has been submitted to DGS for review/approval as required. Approval is still pending and the RFP 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 2/1/2020 – 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 was approved by the BPW at its 1/8/2020 meeting.
- MBE/VSBE/SBR Activities:
 - I. A summary of the MLGCA's MBE/VSBE participation is attached.

V. HUMAN RESOURCES

- HR will continue to assist the agency by recruiting, training, and retaining a productive and diverse workforce.

VI. INFORMATION TECHNOLOGY

- The Agency's new telephone system is fully functional and active. The old system will be decommissioned.
- Preparing for an onsite review of the ICS systems, network, and operational processes being performed by MUSL. The review will occur at the end of January.
- An annual security review of the Agency's websites was completed in December. Items identified have been resolved.