

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: February 18, 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, Ocean Downs Casino, and Rocky Gap Casino have the ability to cash winning tickets from \$5,001 to \$25,000, similar to our Baltimore claim center. In the near future, Hollywood Casino will be provided with the same ability.

The Lottery has approximately **386** 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	January 2020 Count	January 2020 Amount	YTD 7/01/19 To 01/31/20	YTD 7/01/19 to 01/31/2020
Baltimore	1,412	\$9,830,134	8,105	\$35,019,123
Casinos	54	\$661,293	272	\$2,889,188

XCAP PROCESSING:

January 2020 Count	January 2020 Amount	YTD 7/01/19 to 01/31/20	YTD 7/01/19 to 01/31/2020
6,215	\$14,238,310	38,278	\$81,121,671

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 January, 2020:

Multi-Match	2,024
Mega Millions	3,098
Powerball	2,171
Cash4Life	<u>337</u>
Total	7,630

Total Subscriptions Processed During January, 2020:

Multi-Match	515
Mega Millions	634
Powerball	469
Cash4Life	<u>145</u>
Total	1,763

Interceptions:

	YTD 7/1/19 to 12/31/19 Amount	January 2020 Amount	YTD 7/1/19 to 01/31/2020 Amount
Child Support	\$77,373	\$14,778	\$92,152
CCU Debts	\$565,112	\$140,434	\$705,547

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 hearings have concluded. We are waiting on the Committee decisions.
- **Promotion Fund (Unclaimed Prizes)**
 - Balance as of December, 2019 \$9,835,068
 - Estimated increase in January, 2020 \$2,243,000
 - Estimated usage in January, 2020 (\$3,209,000)
 - Estimated balance as of January, 2020 \$8,869,068

III. ACCOUNTING/FINANCE

- The October financial statement will be included in the folders of the Director and the Commissioners on the day of the Commission meeting.

IV. PROCUREMENT

- Procurement works closely with all Divisions to support the MLGCA’s daily operations to include, 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 \$5,000.00 using the State P-Card and monthly reconciliation of bank statement.
- The 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 expire August 31, 2020, with no additional renewal options available. The RFP for a replacement contract was issued on January 22, 2020; a Pre-Proposal Conference was held on February 5, 2020, which was attended by 7 persons representing 3 companies; Proposals are due on March 4, 2020.
- The Central Monitor and Control System for a Video Lottery Terminal Program (#2009-11) contract with IGT (formerly GTECH Corporation) provides 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. Revisions to the RFP suggested by DGS upon its review have been accomplished, and the revised RFP has been re-submitted to DGS. Final approval is pending and the RFP will be issued upon approval.
- MBE/VSBE/SBR Activities:
 - I. A summary of the MLGCA's MBE/VSBE participation is attached.

V. HUMAN RESOURCES

HR will be working with the Department of Housing and Community Development to provide employee awareness regarding resources available to State employees looking to purchase a home in Maryland. HR has coordinated a “Brown Bag” lunch event scheduled for March 18, 2020, at our worksite where employees will be able to learn about the Maryland Mortgage Program that may assist prospective homebuyers with:

- Eligibility requirements needed to qualify for the program;
- Down payment assistance;
- Homebuyer education; and
- Paying off up to \$40K in student debt.

VI. INFORMATION TECHNOLOGY

- MUSL review of the ICS infrastructure, and draw processes is complete. Several low risk items were identified, and are targeted to be resolved by the end of March.
- In the process of replacing the Agency’s traditional antivirus software with a next generation end point protection solution.
- Planning for the procurement and upgrade of the Agency’s firewalls to the latest hardware/model.