



STAFF AGENDA MEMORANDUM

DATE OF MEETING: August 29, 2024

AGENDA ITEM: Diamond Games Contract – 14 Month Extension

PRESENTER: James Nielsen, Deputy Director / COO

ISSUE SUMMARY: Maryland Lottery and Gaming Control Agency (“Agency”) entered into Contract #2014-02 on February 20, 2014 for the provision of Veterans’ Organization (“VO”) Instant Ticket Lottery Machine (“ITLM”) and Related Services, to include: the design, development, installation, implementation, operation and maintenance of a central monitor and control system (“ITLM Central System”); ITLM design, development, installation, implementation, support, supplies and maintenance at VOs specified in the law; instant ticket design, planning, production, security and storage in the contractor’s warehouse; and delivery of instant tickets to the VOs. The Contract, including the 5-year renewal option that was exercised, was for a period of ten years, ending on February 28, 2024.

The Contract’s Not to Exceed (“NTE”) amount was initially \$57,000,000 for the 5-year base term. Modification #1 was approved in the amount of \$60,000,000 to exercise the 5-year renewal option, bringing the total NTE to \$117,000,000.

The Agency was working on an RFP when it issued a Request for Information (“RFI”) to determine the availability of possible offerors. In January 2024, the Agency executed Modification #2, which was a 6-month extension while discussions with possible contractors and our evaluation of responses continued. It has now been determined that legislative action would be needed in order to modernize the ITLM program and expand the field of potential Offerors.

In order to seek possible legislative changes, the Agency seeks to modify the existing Contract prior to its expiration and add an additional 14 months, as is permitted under Maryland procurement law. This will maintain the revenue ITLMs earn for the VOs. This Modification #3 to the Contract would extend the expiration of the Contract from September 2, 2024 to November 1, 2025. Additionally, in this Modification #3, the fees paid to Diamond Game will increase to 32.5% to account for increases in the cost of doing business. No increase to the NTE is needed for this Modification.

Diamond Game indicated to the Agency that it intends to increase its MBE participation spend to 19%. Currently, the MBE goal on the Contract is 17.5%.

COMMISSION ACTION REQUIRED/REQUESTED: Discussion, consideration and possible action, including:

- Approve Contract Modification #3 that exercises a 14-month extension.

STAFF RECOMMENDATIONS: Staff recommends approval of Contract Modification #3.