

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 14, 2017

SUBJECT: Report for the December Commission Meeting

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. The Lottery has two claim centers, one in Baltimore at the headquarters location and one in Lanham. In addition to processing winner claims, the claim centers are responsible for processing the W-2G paperwork for claims that were cashed by the agent plus locations. The Lottery has approximately 361 Expanded Cashing Authority Program (XCAP) locations that are authorized to cash up to \$5,000 in winnings. These locations, in turn submit completed claim forms to the Lottery so that the related W-2G can be processed. Data concerning the number of winners claims processed by the Lottery and the number of agent plus claim forms processed by the Lottery is noted below:

Location	YTD 07/1/17 to 10/31/2017 Count	YTD 07/1/17 to 10/31/2017 Amount	November 2017 Count	November 2017 Amount	YTD 07/01/17 to 11/30/17 Count	YTD 07/01/17 to 11/30/17 Amount
Baltimore	2,288	\$3,273,749.10	525	\$987,746.02	2,813	\$4,261,495.12
Lanham	626	\$2,543,442.68	200	\$862,821.90	826	\$3,406,264.58
XCAP	16,303	\$33,618,935.55	4,288	\$8,998,366.55	20,591	\$42,617,302.10

SUBSCRIPTIONS PROCESSED:

The Lottery's Customer Resource Center is also responsible for processing subscriptions for Multi-Match and Mega Millions. Multi-Match subscriptions can be purchased for 26, 52 or 104 weeks for one to 3 games. Mega Millions subscriptions can be purchased for 26, 52 or 104 weeks for. Data concerning subscriptions processed is noted below:

Multi-Match As of 07/3/17 – 6,271 As of 11/27/2017 – 5,902

	YTD October 2017 Count	November 2017 Count	YTD 07/1/17 to 11/30/17 Count
New Applications	287	105	392
Internet	311	39	350
Renewal	1,828	514	2,342

Mega Millions As of 07/07/17- 14,176 As of 11/24/2017 – 13,824

	YTD October 2017 Count	November 2017 Count	YTD 07/1/17 to 11/30/17 Count
New Applications	3,830	1,076	4,906
Internet	166	31	197
Renewal	978	0	978

Withholdings

	YTD October 2017 Amount	November 2017 Amount	YTD 07/1/17 to 11/30/17 Amount
Child Support	\$65,560.61	\$13,813.81	\$79,374.42
CCU Debts	\$308,773.06	\$78,972.29	\$387,745.35

II. BUDGET

- **FISCAL YEAR 2017**

- Lottery: \$67,058,207
- VLT Special Fund: \$9,569,383
- VLT General Fund: \$20,706,321

- **FISCAL YEAR 2018**

- Lottery: \$68,795,702
- VLT Special Fund: \$11,857,000
- VLT General Fund: \$20,048,221

- **FISCAL YEAR 2019**

- DBM Budget Hearing was held on November 6, 2017

- **Promotion Fund (Unclaimed Prizes)**

- Balance as of October, 2017 \$ 5,931,181
- Estimated increase in November, 2017 \$ 1,730,000
- Estimated usage in November, 2017 \$ 1,640,000
- Estimated balance as of November, 2017 \$ 6,021,181

III. ACCOUNTING/FINANCE

- The August financial statements will be given out at the December 21, 2017 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.
- Advertising, Digital, Web & Social Media, and Research Services Contract (#2013-02). This Contract expires on July 31, 2018 with no renewal options remaining. The MLGCA has a continuing need for these services and has initiated the development of an RFP for a new replacement contract. It is anticipated that this RFP will be submitted for Commission review/approval in January 2018.
- Instant Ticket Games and Related Services Contract (#2013-01P) with Pollard Banknote Limited (Primary Contract): Modification to the Contract to (1) obtain a

License Agreement to allow the use of the Marilyn Monroe word and character Marks for an Instant Ticket Game; and (2) increase the Not to Exceed amount for the contract by \$128,800. The owner of the marks and logos of the late actress "Marilyn Monroe", which are the subject of this modification, has appointed and licensed the Contractor as its exclusive lottery ticket representative to negotiate license agreements authorizing the use of the properties in conjunction with state lottery games. This Modification will be presented to the Commission at its December meeting and, subject to Commission approval, submitted to DBM for inclusion on the January 3, 2018 BPW Agenda.

- Powerball Power Cruise Licensing Contract (#2018-03) with Alchemy3, LLC: New sole source contract in the NTE amount of \$200,377 for the term 2/1/2018 – 8/5/2019 to provide (1) a license to use the Royal Caribbean International® cruise line marks and logos as part of a Powerball promotion, specifically within product and marketing, advertising and digital materials to support the promotional campaign; and (2) twenty-five exclusive Royal Caribbean cruise packages to be used as player prizes in conjunction with the promotional campaign. This contract will be presented to the Commission at its December meeting and, subject to Commission approval, submitted to DBM for inclusion on the January 3, 2018 BPW Agenda.
- Instant Ticket Vending Machines ("ITVMs") and Related Services Contract (#2008-26) with IGT (formerly GTECH): Contract to provide, distribute, install, maintain and relocate up to 1,000 new ITVMs to be located at Retailer locations throughout the State. The Contract included five 1-year Renewal Options for maintenance and repair services. Options #1 through 4 were previously exercised with expiration February 28, 2018. The MLGCA desires to exercise the final 1-year Renewal Option #5 with the term 3/1/2018 – 2/28/2019 in the amount of \$1,685,000 to provide for the continuing maintenance and repair of the ITVMs currently in operation at Retailer locations. All 1,000 ITVMs have already been purchased so this renewal option is for the maintenance of those ITVMs only. These ITVMs will be phased out over the term of this renewal option and replacement equipment will be provided under the MLGCA's new Lottery Central Monitoring and Control System Contract #2015-01 which is scheduled to commence live operation on May 11, 2018. This Renewal will be presented to the Commission at its December meeting and, subject to Commission approval, submitted to DBM for inclusion on the January 3, 2018 BPW Agenda.

- MBE/SBR Activities:

A summary of the MLGCA's MBE participation is attached.

V. HUMAN RESOURCES

- The Human Resources department will be finishing up its efforts to assist the Agency with accomplishing our goal of \$17,550 in donations for the Maryland Charity Campaign.

- HR will work with all staff employees and managers to provide training to meet all year end personnel requirements. The training includes performance evaluations, telework processing, and supervisory training.
- HR is also working with State of Maryland Wellness Program to promote “Healthy Holiday Eating” to all agency employees by providing holiday eating tips and access to healthy eating webinars that will provide information on nutritional values in traditional holiday treats and also great ingredient substitutions for healthier treats.

VI. INFORMATION TECHNOLOGY

- Visited our new backup data center space in Virginia to review and confirm that it meets our requirements in preparation for the delivery and set up of our disaster recovery equipment.
- Our network administrator retired, the Agency is currently accepting applications to fill the position.
- Final configurations of the Ocean Downs network equipment completed for installation to occur the week of 12/11/17.

VII. CONVERSION

- Continuing to work with SGI to define technical requirements for back office conversion as well as day to day business requirements. Continuing to provide SGI with back office data for conversion purposes.