

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: February 15, 2018

SUBJECT: Report for the February 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 367 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 12/31/2017 Count	YTD 07/1/17 to 12/31/2017 Amount	January 2018 Count	January 2018 Amount	YTD 07/01/17 to 01/31/18 Count	YTD 07/01/17 to 01/31/18 Amount
Baltimore	3,222	\$4,980,015.52	618	\$1,299,348.45	3,840	\$6,279,363.97
Lanham	983	\$4,130,306.68	156	\$614,996.70	1,139	\$4,745,303.38
XCAP	25,283	\$52,168,547.45	4,157	\$8,824,158.20	29,440	\$60,992,705.65

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. Data concerning subscriptions processed is noted below:

Multi-Match As of 07/3/17 – 6,271 As of 01/29/2018 – 6,796

	YTD December 2017 Count	January 2018 Count	YTD 07/1/17 to 01/31/18 Count
New Applications	538	146	684
Internet Applications	407	18	425
Renewal	2,886	990	3,876

Mega Millions As of 07/07/17- 14,176 As of 01/26/2018 – 13,993

	YTD December 2017 Count	January 2018 Count	YTD 07/1/17 to 01/31/18 Count
New Applications	5,391	536	5,927
Internet Applications	227	56	283
Renewal	978	693	1,671

Withholdings

	YTD December 2017 Amount	January 2018 Amount	YTD 07/1/17 to 01/31/18 Amount
Child Support	\$86,406.73	\$6,885.74	\$93,292.47
CCU Debts	\$449,572.94	\$81,900.66	\$531,473.60

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**

- The budget was passed to the Legislature on January 17, 2018. Legislative budget hearings were held on February 1, 2018 in the House and February 5, 2018 in the Senate.

- **Promotion Fund (Unclaimed Prizes)**

- Balance as of December, 2017 \$ 2,819,500
- Estimated increase in January, 2018 \$ 1,440,600
- Estimated usage in January, 2018 \$ 842,942
- Estimated balance as of January, 2018 \$ 3,417,158

III. ACCOUNTING/FINANCE

- The October financial statements will be given out at the February 22, 2018 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) for three Functional Areas ("FA") with GKV Communications, Inc. (FA #I – Creative and FA #III - Digital/Web) and Media Works, Ltd. (FA #II – Media). 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. This RFP, approved by the Commission at its

January 2018 meeting, has been reviewed by AAG and submitted to DBM for review. MLGCA is presently awaiting review/approval by DBM and will issue the RFP immediately upon DBM approval.

- Willy Wonka & The Chocolate Factory™ Licensing Contract (#2018-04) with MDI Entertainment, LLC: New sole source contract in the NTE amount of \$681,800 for the term 3/1/2018 – 12/31/2019 to provide a license to use the Willy Wonka & The Chocolate Factory™, Willy Wonka Golden Ticket™, and Billion Dollar Challenge™ imagery, marks and logos for an Instant Ticket Lottery Game and accompanying second-chance contest, supporting marketing materials at Retailer locations and various advertising materials to support the promotional campaign for the Ticket, as well as to purchase six experiential trip packages to be used as player prizes in conjunction with the second-chance contest, Billion Dollar Challenge™. This contract, approved by the Commission at its January 2018 meeting, was approved by the BPW at its February 7, 2018 meeting.

- MBE/SBR Activities:

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

V. HUMAN RESOURCES

- The Human Resources department will be working with the Department of Budget and Management with initiatives to promote wellness awareness to State employees. A wellness fair for employees is scheduled for March 7, 2018 in the Montgomery Park facility. Free services for employees include:
 - Biometrics screenings (non-fasting glucose, total cholesterol + HDL, and blood pressure).
 - Seated massages.
 - Educational tables: tobacco cessation, blood pressure awareness, and diabetes awareness.
 - Health care providers to include Carefirst and CVS/Caremark will have wellness giveaways, wellness program and coaching information, and benefits information.

VI. INFORMATION TECHNOLOGY

- Completed the set up and configuration of the new internal control system environment.
- Ongoing work related to the conversion: creating files for data migration, staging/installing new system and network hardware, defining new processes, etc.

- Completed first round of interviews for the network administrator position. Additional interviews are in the process of being scheduled.
- Received and installed new gaming license badge printer.

VII. CONVERSION

- Continuing to work with SGI to define technical requirements for back office conversion as well as day to day business requirements.
- Working with GLI to develop test cases for User Acceptance Testing.