

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



Montgomery Park Business Center
1800 Washington Blvd., Suite 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users call Maryland Relay
www.mdlottery.com

TO: Maryland Lottery and Gaming Control Commission
Gordon Medenica, Director

FROM: Gina M. Smith, Deputy Director/CFO

DIVISION: Administration, Finance and Operations

DATE: May 17, 2018

SUBJECT: Report for the May 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. Prior to April 27, 2018 the Lottery had two claim centers, one in Baltimore at the headquarters location and one in Lanham. See the data below. At close of business on April 27, 2018, Lanham closed in anticipation of our casino partners becoming lottery claim centers. In May, MGM National Harbor and Live! Casino and Hotel were provided with the ability to cash winning tickets from \$5,001 to \$25,000 like our Baltimore claim center. In the near future, our remaining casinos will be provided with the same ability.

In addition to processing winner claims, the Baltimore claim center is responsible for processing the W-2G paperwork for claims cashed by the XCAP retailers. The Lottery has approximately 353 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 03/31/18 Count	YTD 07/1/17 to 03/31/18 Amount	April 2018 Count	April 2018 Amount	YTD 07/01/17 to 04/30/18 Count	YTD 07/01/17 to 04/30/18 Amount
Baltimore	4,790	\$8,139,714.27	531	\$1,117,052.14	5,321	\$9,256,766.41
Lanham	1,404	\$5,816,697.88	118	\$548,878.40	1,522	\$6,365,576.28
XCAP	37,251	\$76,959,876.75	3,891	\$7,975,597.85	41,142	\$84,935,474.60

SUBSCRIPTIONS PROCESSED:

The Lottery’s Customer Resource Center is also responsible for processing subscriptions. Multi-Match subscriptions could be purchased for 26, 52 or 104 weeks for one to 3 games. Mega Millions subscriptions could be purchased for 26, 52 or 104 weeks. At the beginning of March, the Lottery stopped accepting new subscription applications in preparation for conversion to our new lottery system. Data concerning subscriptions processed is noted below:

Multi-Match As of 07/3/17 – 6,271 As of 04/23/2018 –5,462

	YTD March 2018 Count	April 2018 Count	YTD 07/1/17 to 04/30/18 Count
New Mail Applications	778	0	778
New Internet Applications	538	0	538
Renewal	4,230	0	4,230

Mega Millions As of 07/07/17- 14,176 As of 04/20/2018 – 6,844

	YTD March 2018 Count	April 2018 Count	YTD 07/1/17 to 04/30/18 Count
New Mail Applications	6,156	0	6,156
New Internet Applications	374	0	374
Renewal	1,852	0	1,852

On April 30, 2018, the Lottery began offering subscriptions for Mega Millions, Powerball, Cash 4 Life and Multi-Match. All subscriptions are now purchased through the My Lottery Rewards (MLR) website and can be purchased for 26, 52 or 104 weeks. As of May 15, 2018, the following subscriptions have been purchased and activated through MLR.

Game	Subscriptions
Mega Millions	515
Powerball	471
Multi-Match	436
Cash4Life	179
TOTAL	1,601

Although players will still be required to print out a purchase form and mail in a check for their purchase, they will receive automatic notifications of their wins through their MLR account.

Withholdings

	YTD March 2018 Amount	April 2018 Amount	YTD 07/1/17 to 04/30/18 Amount
Child Support	\$104,882.03	\$19,275.15	\$124,157.18
CCU Debts	\$679,410.67	\$89,285.41	\$768,696.08

II. BUDGET

- **FISCAL YEAR 2018**

- Lottery: \$68,795,702
- VLT Special Fund: \$11,857,000
- VLT General Fund: \$19,669,221

- **FISCAL YEAR 2019**

Budget

- Lottery: \$82,223,344
- VLT Special Fund: \$10,264,474
- VLT General Fund: \$ 6,929,957

- **Promotion Fund (Unclaimed Prizes)**

- Balance as of March, 2018 \$ 4,047,041
- Estimated increase in April, 2018 \$ 2,000,000
- Estimated usage in April, 2018 \$ 3,500,000
- Estimated balance as of April, 2018 \$ 2,547,041

III. ACCOUNTING/FINANCE

- The February financial statements will be distributed at the May 24, 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.

- RFP for Advertising, Marketing, Media and Related Services (#2018-01): This RFP for a new advertising contract contains two Functional Areas – Creative Development and Production Services, and Media Planning and Buying Services. The RFP was issued on March 8, 2018; a Pre-Proposal Conference was held on March 26, 2018; and Proposals were timely received on April 25, 2018. Proposals are now in the evaluation process.
- Auditing and Accounting Services (#2015-04) with Stout, Causey & Horning, P.A.: Contract with a Certified Public Accounting firm to provide auditing, accounting, and management services to include technical advice and assistance on various aspects of the Lottery's operations for both Lottery games and the Video Lottery Terminal program. The exercise of the first 1-year Renewal Option 7/1/2018 – 6/30/2019 in the amount of \$243,925 to continue to provide auditing, accounting, and management services was approved by the BPW at its May 2, 2018 meeting.
- Licensing Contract (#2018-05) with the Baltimore Ravens Limited Partnership: New sole source contract in the NTE amount of \$353,600 for the 2.5 year term May 17, 2018 – November 30, 2020 to provide 1) a license to use the Ravens NFL team marks and logos for two Instant Ticket Lottery Games and 2) Ravens and NFL football related prizes. This Contract was approved by the BPW at its May 2, 2018 meeting.
- MBE/VSBE/SBR Activities:

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

V. HUMAN RESOURCES

- The Human Resources (HR) department will continue to work with the Department of Budget and Management to complete system testing and employee awareness for preparation with implementing electronic enrollment for employee's health benefits this fall.
- HR will be working with managers and employees to facilitate providing refresher training on personnel matters.

VI. INFORMATION TECHNOLOGY

- Set up a method in conjunction with SGI for casinos to process Lottery claims up to 25k.
- Developed and implemented a new alternate lockdown process as part of the Agency's balancing procedures for Powerball.

VII. CONVERSION

- On April 30, 2018, we converted to our new lottery central system and back office system. On conversion night all reports were successfully balanced and all data was transferred from the old back office into the new back office. We now have new systems which include claims, subscriptions, and retailer licensing.