

# 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: March 9, 2017

SUBJECT: Report for the March Commission Meeting

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## 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 340 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 07/1/15 to 01/31/2017 Count	YTD 07/1/15 to 01/31/2017 Amount	February 2017 Count	February 2017 Amount	YTD 07/01/16 to 02/28/17 Count	YTD 07/01/16 to 02/28/17 Amount
Baltimore	3,882	\$ 7,381,377.90	529	\$1,038,832.40	4,411	\$8,420,210.30
Lanham	1,482	\$6,379,289.35	164	\$657,336.45	1,646	\$7,036,625.80
XCAP	29,802	\$64,337,353.90	4,467	\$10,418,057.40	34,269	\$74,755,411.30

**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 \$1 or \$2 per game. Data concerning subscriptions processed is noted below:

**Multi-Match** As of 07/4/16 – 7,657 As of 02/27/2017 – 7,033

	<b>YTD January 2017 Count</b>	<b>February 2017 Count</b>	<b>YTD 07/1/16 to 02/28/17 Count</b>
New Applications	594	82	676
Internet	546	61	607
Renewal	5,070	570	5,640

**Mega Millions** As of 07/01/16- 16,438 As of 02/24/2017 – 15,403

	<b>YTD January 2017 Count</b>	<b>February 2017 Count</b>	<b>YTD 07/1/16 to 02/28/17 Count</b>
New Applications	1,519	255	1,774
Internet	879	102	981
Renewal	7,440	910	8,350

**Withholdings**

	<b>YTD January 2017 Amount</b>	<b>February 2017 Amount</b>	<b>YTD 07/1/16 to 02/28/17 Amount</b>
Child Support	\$101,408.53	\$6,452.23	\$107,860.76
CCU Debts	\$597,041.13	\$103,331.02	\$700,372.15

## II. BUDGET

- **FISCAL YEAR 2016** – We continue to reverse encumbrances and accruals.
- **FISCAL YEAR 2017**
  - Lottery: \$68,320,140
  - VLT Special Fund: \$9,132,860
  - VLT General Fund: \$21,770,000
- **FISCAL YEAR 2018**
  - No additional information concerning our 2018 budget submission.
- **Promotion Fund (Unclaimed Prizes)**
  - Balance as of January, 2017 \$ 7,875,426
  - Estimated increase in February, 2017 \$ 2,003,100
  - Estimated usage in February, 2017 \$ 742,000
  - Estimated balance as of February, 2017 \$ 9,136,526

## III. ACCOUNTING/FINANCE

- The December financial statements will be distributed at the March 16, 2017 meeting.

## IV. PROCUREMENT

- Procurement works closely with all Divisions to support the Lottery'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.
- The MLGCA's existing Contract for "Televised Drawings of the Lottery's On-Line Games and Related Services (#2010-07)" with Hearst Television, Inc. dba WBAL-TV 11 expires on June 30, 2017. This contract provides for 1) The production and live television broadcast of the Drawings of the MLGCA's Draw Games and related services in the Baltimore area and beyond; 2) Promotes the televised Drawings, winning numbers, upcoming jackpots, recent Lottery winners, and other related MLGCA products and promotions; and 3) performs all other promotion and transmission activities. The MLGCA is working to finalize an RFP for a new replacement contract which will be presented to the Commission in the near future. A modification to extend the current contract for a period of up to six months will be presented at the April Commission meeting.

- Licensing Contract (#2017-01) with the Baltimore Ravens Limited Partnership: New sole source contract in the NTE amount of \$353,600 for the 2.5 year term May 26, 2017 – November 30, 2019 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 is similar to the Raven's Contracts done for the past eight years. It is anticipated that this contract will be submitted to the Commission for review/approval at its April meeting and then, subject to Commission approval, to DBM for inclusion on the April 26, 2017 BPW Agenda.
- On-Line Gaming System Contract (#2005-11) with Scientific Games International, Inc.: Contract presently expires June 26, 2017. Modification in the amount of \$18,500,000 to extend the Contract term for an additional period of up to nine months until April 4, 2018 in order to facilitate the conversion process for a new Lottery Central Monitoring and Control System. This renewal will be submitted to the Commission for review at its March meeting and, subject to Commission approval, this Modification will be submitted to DBM to appear on the April 5, 2017 Agenda. The award recommendation for the new Lottery Central Monitoring and Control System (#2015-01) contract (see item below) which will be replacing the subject contract has been submitted to DoIT to also appear on the same April 5, 2017 BPW Agenda.
- Lottery Central Monitoring and Control System/#2015-01; award recommendation to Scientific Games International, Inc. Contract to provide the MLGCA with a Lottery Central Monitoring and Control System (“LCMCS”) and additional lottery services to include system implementation, operation and maintenance of the LCMCS and related systems, sales, marketing, instant ticket inventory and distribution, accounting, Terminals, Software, and Telecommunications Network that shall connect the Retailers to the Primary and Back-up Data Centers and all other locations required for the operation of the LCMCS. Base contract term 4/7/2017 – 4/4/2025; one 3-year renewal option and one 12-month option for transition for total potential eleven year term. The Commission approved this contract in August, 2016. This contract has been submitted to DoIT to appear on the April 5, 2017 Agenda.
- MBE/SBR Activities:
  - I. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

## V. HUMAN RESOURCES

- HR is coordinating with the State Wellness Program’s campaign efforts to educate employees with health tips. These efforts include participating in a Wellness fair at the work site to increase employee awareness of available wellness services, program participation incentives, and health tips.

- Training on the State's newly implemented Anti-Bullying policy is being disseminated through the statewide Learning Management System. The policy defines bullying and provides an overview of the training requirements and complaint process.

**VI. INFORMATION TECHNOLOGY**

- The final draft of the Lottery Internal Control System's RFP is under review. The RFP requires DoIT approval prior to releasing for solicitation.
- Scheduled MUSL Rule 2 review of the ICS, GMS, and associated operations to occur in May. MUSL performs reviews every two years to ensure Lotteries are compliant with MUSL operating requirements; Powerball, etc.
- Planning for the decommission of the Agency's mainframe is in progress.