

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: November 10, 2016

SUBJECT: Report for the November 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 326 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 09/30/2016 Count	YTD 07/1/15 to 09/30/2016 Amount	October 2016 Count	October 2016 Amount	YTD 07/01/16 to 10/31/16 Count	YTD 07/01/16 to 10/31/16 Amount
Baltimore	1,714	\$ 3,560,319.05	539	\$1,057,511.80	2,253	\$4,617,830.85
Lanham	794	\$3,422,819.80	156	\$752,440.00	950	\$4,175,259.80
XCAP	12,975	\$28,294,563.25	3,850	\$7,927,361.50	16,825	\$36,221,924.75

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 10/31/2016 – 7,252

	YTD September 2016 Count	October 2016 Count	YTD 07/1/16 to 10/31/16 Count
New Applications	171	63	234
Internet	140	50	190
Renewal	2,185	615	2,800

Mega Millions As of 07/01/16- 16,438 As of 10/28/2016 – 13,779

	YTD September 2016 Count	October 2016 Count	YTD 07/1/16 to 10/31/16 Count
New Applications	442	130	572
Internet	252	97	349
Renewal	2,474	1,093	3,567

Withholdings

	YTD September 2016 Amount	October 2016 Amount	YTD 07/1/16 to 10/31/16 Amount
Child Support	\$56,619.60	\$12,825.32	\$69,444.92
CCU Debts	\$291,925.07	\$46,320.82	\$338,245.89

II. BUDGET

- **FISCAL YEAR 2016** – We have started the reversal of 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**
 - The Budget was submitted to DBM and our budget hearing was held on November 9th.
- **Promotion Fund (Unclaimed Prizes)**

○ Balance as of September 2016	\$ 7,923,554
○ Estimated increase in October, 2016	\$ 2,003,100
○ Estimated usage in October, 2016	<u>\$ 714,000</u>
○ Estimated balance as of October, 2016	\$ 9,212,654

III. ACCOUNTING/FINANCE

- The July and August financial statements will be distributed at the November 17th meeting.

IV. PROCUREMENT

- During October a total of 57 new small procurements (up to \$25k) were initiated. 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.
- Lottery Central Monitoring and Control System (#2015-01): RFP to obtain a Lottery Central Monitoring and Control System, and its implementation, operation and maintenance. Submission of the recommendation for contract award to Scientific Games International, Inc. to DoIT and subsequently to the BPW for review/approval has been delayed due to the receipt of two protests of the award from the unsuccessful offerors - IGT Global Solutions Corporation and Gaming Innovations, LLC. Preparation of responses to the protests is in progress.

- Instant Ticket Vending Machines (“ITVMs”) and Related Services Contract (#2008-26) with GTECH Corporation: 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. Renewal Options #1, 2 and 3 were previously exercised with expiration February 28, 2017. The MLGCA desires to exercise the 1-year Renewal Option #4 with the term 3/1/2017 – 2/28/2018 in the amount of \$1,637,000 to provide for the continuing maintenance and repair of the ITVMs currently in operation at Retailer locations. This renewal was approved by the Commission at its October, 2016 meeting and submitted to DBM for inclusion on the November 2, 2016 BPW Agenda. This renewal was approved by the Commission at its October, 2016, meeting and submitted to DBM for inclusion on an upcoming BPW Agenda. MLGCA is awaiting notification from DBM of a rescheduled BPW meeting.

- MBE/SBR Activities:

I. Procurement/MBE staff attended/are scheduled to attend the following event:

1) 2016 Supplier Diversity and Inclusion/Minority Enterprise Development Week City of Baltimore Procurement Fair, held 10/20/2016 at the War Memorial Building, Baltimore, MD.

II. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

V. HUMAN RESOURCES

- HR is working with DBM to get employees ready for open enrollment for health benefits and the statewide wellness awareness.
- HR is assisting with efforts to meet the Agency’s donation goals for the Maryland Charity Campaign which kicked off October 11, 2016.
- HR is in the final phases of filling job openings for the upcoming MGM casino compliance positions.

VI. INFORMATION TECHNOLOGY

- Working with Verizon to terminate telecommunication/data circuits.
- Looking into solutions to support our fixed asset tracking and management processes. The current system will need to be replaced some time over the next 18 months.

- Installed an additional network switch to better support our production data processing systems.
- Preparing for the installation of network and computer equipment at MGM to support onsite Lottery staff. The installation should occur sometime over the next 3 weeks.