

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 8, 2016

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 332 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 10/31/2016 Count	YTD 07/1/15 to 10/31/2016 Amount	November 2016 Count	November 2016 Amount	YTD 07/01/16 to 11/30/16 Count	YTD 07/01/16 to 11/30/16 Amount
Baltimore	2,253	\$ 4,617,830.85	490	\$808,574.20	2,743	\$5,426,405.05
Lanham	950	\$4,175,259.80	141	\$586,022.10	1,091	\$4,761,281.90
XCAP	16,825	\$36,221,924.75	3,788	\$8,140,276.45	20,613	\$44,362,201.20

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 11/28/2016 – 6,475

	YTD October 2016 Count	November 2016 Count	YTD 07/1/16 to 11/30/16 Count
New Applications	234	85	319
Internet	190	65	255
Renewal	2,800	571	3,371

Mega Millions As of 07/01/16- 16,438 As of 11/25/2016 – 13,989

	YTD October 2016 Count	November 2016 Count	YTD 07/1/16 to 11/30/16 Count
New Applications	572	186	758
Internet	349	106	455
Renewal	3,567	1,367	4,934

Withholdings

	YTD October 2016 Amount	November 2016 Amount	YTD 07/1/16 to 11/30/16 Amount
Child Support	\$69,444.92	\$7,676.78	\$77,121.70
CCU Debts	\$338,245.89	\$61,193.41	\$399,439.30

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 October 2016 \$ 7,751,453
 - Estimated increase in November, 2016 \$ 2,000,000
 - Estimated usage in November, 2016 \$ 1,000,000
 - Estimated balance as of November, 2016 \$ 8,751,453

III. ACCOUNTING/FINANCE

- The September financial statements will be distributed at the December 15th meeting.

IV. PROCUREMENT

- During November a total of 51 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. Responses to the protests have been prepared by the MLGCA and submitted to DoIT for review. Upon approval by DoIT both responses will be sent simultaneously to the respective protesters.

- 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. The renewal was subsequently pulled from the agenda for November 2 and MLGCA is still awaiting notification from DBM of a rescheduled BPW meeting.

- Televised Drawings of Lottery Draw Games and Related Services (#2016-05): RFP to 1) Provide the production and live television broadcast for the Drawings of the MLGCA’s Draw Games and related services in the Baltimore designated market area (DMA) and beyond; 2) Promote the televised Drawings, winning numbers, upcoming jackpots, recent Lottery winners, and other related MLGCA products and promotions; and 3) perform all other promotion and transmission activities. 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. The anticipated duration of services to be provided under this new contract is an initial term of approximately three years tentatively beginning on or about July 1, 2017 and extending through June 30, 2020. The MLGCA, at its sole option, shall have the unilateral right to extend the contract for one additional two year renewal period, for a total contract term of five years. This RFP is currently in preparation and is anticipated to be submitted to the Commission for review/approval at an early 2017 meeting.

- MBE/SBR Activities:

 - I. Procurement/MBE staff attended/are scheduled to attend the following events:
 - 1) Maryland Live! Casino Minority Outreach Fair sponsored by Maryland Washington Minority Companies Association to be held at the Casino on December 1, 2016.

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

V. HUMAN RESOURCES

- HR is continuing its assistance to meet the agency's donation goals for the Maryland Charity Campaign.
- Recruitment efforts are continuing to fill existing vacancies for the Casino Compliance staff at the MGM Casino. Thus far 14 of the 15 positions have been filled.
- HR will be providing internal training to the management staff to assist with managers with completing performance evaluations, telework assessments, financial disclosures, and policy reviews for all staff.
- HR is working with DBM-Health Benefits on the Wellness campaign. On 12/8/2016 there will be a Wellness webinar to educate employees on recognizing and dealing with stressful trigger.

VI. INFORMATION TECHNOLOGY

- Completed the install and set up of our network equipment and PCs in the Lottery's MGM office.
- The Splunk (Operational Intelligence Application) project is complete and the application is fully functional.
- An updated version of the e-licensing application was released into production. The primary change allows principal applicants to apply for and renew their gaming license online.
- Implemented new Mega Millions reporting process after relinquishing our MUSL membership.