TO: Maryland Lottery and Gaming Commission
Gordon Medenica, Director

FROM: James Nielsen, Assistant Deputy Director/COO

DATE: March 13, 2018

SUBJECT: Report for the March 2018 Commission Meeting

GAMING

See attached report from James Logue, Managing Director

REGULATORY OVERSIGHT

See attached report from John Mooney, Managing Director

AGENT ADMINISTRATION

The following table presents retailer and terminal counts according to the Lottery's Agent Administration database.

Total Retailers					Total Retailer Terminals					XCAP Retailers			
Date	Count	Date	Count		Date	Count	Date	Count		Date	Count	Date	Count
Current					**Current**					**Current**			
02/28/17	4,509	02/28/18	4,454		02/28/17	5,439	02/28/18	5,260		02/28/17	340	02/28/18	368
Quarterly Comparisons					**Quarterly Comparisons**					**Quarterly Comparisons**			
03/31/16	4,549	03/31/17	4,500		03/31/16	5,281	03/31/17	5,434		03/31/16	303	03/31/17	342
06/30/16	4,539	06/30/17	4,496		06/30/16	5,274	06/30/17	5,427		06/30/16	307	06/30/17	345
09/30/16	4,532	09/30/17	4,492		09/30/16	5,260	09/30/17	5,431		09/30/16	322	09/30/17	355
12/31/16	4,512	12/31/17	4,485		12/31/16	5,241	12/31/17	5,444		12/31/16	335	12/31/17	363

CONTRACT MANAGEMENT

- Preparations continue for conversion to the new Lottery Central System. Retailer installations are at 65% completion. Retailer training was completed as scheduled and we are now accommodating those retailers that were unable to attend with additional training opportunities in classroom and in-store. User Acceptance Testing of system functionality continues with staff from the Lottery, SGI and GLI. Random Number Generators for quickpick bets and

Keno/Racetrax drawings are complete. MUSL is scheduled to audit our new system starting April 2.

● MS Technologies continues to work on e-Licensing Systems improvements. A group of Priority 6 changes are being tested by staff and we will be meeting with MST to discuss the results.

FACILITIES

● Bids for new pallet racks in the instant ticket warehouse have been received and the order will be placed shortly.
● Carpet replacement continues.
● Agency wide inventory continues.
● Facilities staff continues working with IT to develop the capability to use bar-coded labels and a scanner to automate our equipment inventory process. System still has some issues that need to be addressed before we can start using scanners with the system.

WAREHOUSE

The instant ticket warehouse is responsible for packing all of the instant tickets that are shipped to lottery retailers. Orders are placed through our Tel Sell operation which is operated by our central system vendor. Once an order is placed, it is sent to the warehouse for fulfillment. Additionally, as each new instant game is launched, the majority of retailers receive an initial allocation of the new games to assure the tickets are available across the State. Fulfilled orders are shipped via UPS for next day delivery to the retailer locations. In addition to filling the orders, the warehouse is responsible for monitoring UPS to ensure proper billing and timely delivery.

We are preparing to upgrade the warehouse with new pallet racks and an automated sorting system. We believe this will improve our efficiency and accuracy to meet rising orders as instant ticket sales continue to grow.

# of Orders	# of Packs	YTD Orders	YTD Packs
February 2018		7/1/17 – 02/28/18	7/1/17 – 02/28/18
15,219	189,957	121,170	1,533,809

Year to date, we have shipped 200,000 more packs than last fiscal year.