

Maryland Lottery and Gaming Control Agency

Wes Moore, Governor • John Martin, Director



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TO: Maryland Lottery and Gaming Commission
John Martin, Director

FROM: James Nielsen, Deputy Director/COO

DATE: August 19, 2024

SUBJECT: Report for the August 2024 Commission Meeting

A. 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 (1)			
Date	Count	Date	Count	Date	Count	Date	Count	Date	Count	Date	Count
Current				Current				Current			
06/30/23	4,354	06/30/24	4,316	06/30/23	7,063	06/30/24	7,059	06/30/23	439	06/30/24	451
07/31/23	4,345	07/31/24	4,305	07/31/23	7,058	07/31/24	7,133	07/31/23	441	07/31/24	451
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
09/30/22	4,369	09/30/23	4,351	09/30/22	7,032	09/30/23	7,068	09/30/22	442	09/30/23	443
12/31/22	4,359	12/31/23	4,350	12/31/22	7,024	12/31/23	7,078	12/31/22	430	12/31/23	437
03/31/23	4,365	03/31/24	4,338	03/31/23	7,067	03/31/24	7,106	03/31/23	432	03/31/24	442
06/30/23	4,354	06/30/24	4,316	06/30/23	7,063	06/30/24	7,059	06/30/23	439	06/30/24	451

(1) Expanded Cashing Authority Program (XCAP) locations are authorized to cash prizes of up to \$5,000. W2Gs for these winners are subsequently printed and mailed by CRC staff.

B. CONTRACT MANAGEMENT

- There are 1,951 full-service (PHD and PHDL) and 215 draw game-only (PEX) self-service terminals installed as of July 31.
- On July 1st four new Fast Play games were launched.
- On July 8th we increased the number of Racetrax Draws per day. Draws now occur every 4 minutes 10 seconds.
- We commenced planning for the April 2025 Mega Millions changes announced by the Mega Millions consortium.
- **eLicensing system updates:**
 - MS Technologies and MLGCA IT are continuing to work on resolving a PDF issue that has caused issues with documents in Case Images showing properly for months.
 - Minor adjustments are being made as issues arise.

C. FACILITIES

- We continue to identify projects to better utilize existing space and evaluate our needs for expansion.
- Facilities continues working with DGS on construction projects and renovations covered in our lease agreement, such as painting and monitoring the HVAC systems.
- Surplus property disposals continue as Excess Property Declarations are approved by DGS. We are also selling and auctioning some vehicles.
- We continue reconciling the inventory in preparation for the FY24 annual submission.

D. INFORMATION TECHNOLOGY

- IT attended a preliminary exit meeting with OLA and is awaiting the final report, which will be combined with the fiscal audit.
- IT is collaborating with Splunk representatives to update and improve performance and optimize the configuration of our instance of the system.
- We are working with the Department of Public Safety and Correctional Services to replace their firewalls located at the casinos.
- We are continuing to work on updates to our Virtual Private Network (VPN) infrastructure.
- The agency is currently completing the 3rd quarter Security Awareness Training, and more than 75% have so far completed the training with more than a month remaining.
- IT had 2 representatives attend the Annual NASPL Professional Development Seminar, and met with IT staff from other states and MUSL.
- We have replaced server hardware and re-architected the configuration to enhance the performance and security of our system backups.

E. WAREHOUSE

The instant ticket warehouse is responsible for packing all of the instant tickets shipped to lottery retailers. Orders are placed through the 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 retailer locations. In addition to filling the orders, the warehouse is responsible for monitoring UPS to ensure proper billing and timely delivery.

Warehouse Orders – June 2024			
# of Orders	# of Packs	YTD Orders	YTD Packs
17,562	178,211	219,799	2,438,666

Warehouse Orders – July 2024			
# of Orders	# of Packs	YTD Orders	YTD Packs
20,527	220,152	20,527	220,152

F. PROCUREMENT

The Procurement team continues to process procurement requests as expeditiously as possible. The team is currently recruiting for a Purchase Card holder. Below are some of the procurement matters that staff is currently working on:

- Lottery Central Monitoring and Control System (LCMCS) #2015-01: The current contract expires in May 2025. The Agency issued the RFP #2024-01 on July 19, 2024. A Pre-Proposal conference was held at MLGCA headquarters August 9, 2024. There were approximately 500 notifications sent to potential (Minority Business Enterprise) MBE certified companies to inform them of this conference. Three potential prime vendors as well as approximately 30 MBE vendors and support personnel were present. Questions are due by September 6 2024. Proposals are due October 28, 2024. The Agency will seek a contract extension later in 2024 to allow time for the RFP process and system conversion.
- Advertising and Related Services RFP with two functional areas - Functional Area I- Creative Development, Production, Digital, Website and Research Services; and Functional Area II Media Planning and Buying Services. The current contract expires in June 2025. The Agency plans on issuing the new RFP #2023-07 in late August 2024.
- With respect to small contract procurements, the current list of procurements includes:
 - Financial investigation services contract (negotiating with vendor on terms)
 - Temporary Personnel contract (initial draft and background)
 - Licensing and Dunning system (eLicensing) contract (RFP draft under review).

G. EXERCISE OF DELEGATION OF AUTHORITY

Report on Staff’s exercise of delegated authority to qualify an applicant, determine whether an applicant meets requirements for a sports wagering license, and issue a sports wagering license.

By unanimous vote on November 18, 2021, the Commission delegated to Staff the authority, under certain chapters of the sports wagering regulations, to:

- determine that an applicant for a sports wagering license is qualified;
- determine that an applicant meets all applicable requirements for issuance of a sports wagering licenses, and
- issue a sports wagering license.

https://www.mdgaming.com/wp-content/uploads/2021/11/Staff-agenda-memo-delegation_11-15-21-final.pdf

This Delegation included a requirement that Staff report to the Commission its exercise of authority under the Delegation. Accordingly, Staff is reporting that it has exercised the authority of the Delegation to:

Issue a mobile sports wagering license to:

Veteran’s Services Corporation on July 1, 2024
Bally Interactive on July 29, 2024

Issue a sports wagering facility license to:

None this month