

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: Financial Director's Report

DIVISION: Administration, Finance and Operations

DATE: April 14, 2020

SUBJECT: Report for the April Commission Meeting

This is a status update of ongoing and special projects in Administration, Finance and Operations.

I. CUSTOMER RESOURCE CENTER

The Customer Resource Center is responsible for processing winner claims. In addition, MGM National Harbor, Live! Casino and Hotel, Hollywood Casino Perryville, Ocean Downs Casino, and Rocky Gap Casino have the ability to cash winning tickets from \$5,001 to \$25,000, similar to our Baltimore claim center. In the near future, Horseshoe Casino will be provided with the same ability. Due to COVID-19, the decision was made to close the casinos on March 16, 2020, and the Customer Resource Center at Lottery headquarters closed on March 30, 2020. As a result of the closures, all claims over \$5,000 must be processed via U.S. Mail.

As of February 29, 2020, the Lottery had approximately **380** Expanded Cashing Authority Program (XCAP) locations, and as of March 31, 2020, the Lottery now has approximately **373** Expanded Cashing Authority Program (XCAP) locations that are authorized to cash up to \$5,000 in winnings. In our new system, all claims are processed in the field and the Customer Resource Center no longer has to key in claim forms. These locations, in turn, submit completed claim forms to the Lottery so that the related W-2G can be processed. Data concerning the number and amount of winners' claims processed by the Lottery, the casinos and XCAP retailers are noted below:

March Report

Location	February 2020 Count	February 2020 Amount	YTD 7/01/19 To 02/29/20	YTD 7/01/19 to 02/29/2020
Baltimore	1,060	\$6,350,720	9,165	\$41,369,843
Casinos	44	\$550,689	316	\$3,439,877

April Report

Location	March 2020 Count	March 2020 Amount	YTD 7/01/19 To 03/31/20	YTD 7/01/19 to 03/31/2020
Baltimore	2,053	\$12,255,937	10,158	\$47,275,060
Casinos	61	\$769,784	333	\$3,658,972

XCAP PROCESSING:

March Report

February 2020 Count	February 2020 Amount	YTD 7/01/19 to 02/29/20	YTD 7/01/19 to 02/29/2020
5,704	\$12,310,412	43,982	\$93,432,083

April Report

March 2020 Count	March 2020 Amount	YTD 7/01/19 to 03/31/20	YTD 7/01/19 to 03/31/2020
10,306	\$21,418,479	48,584	\$102,540,150

SUBSCRIPTIONS PROCESSED:

The Lottery's Customer Resource Center is also responsible for processing subscriptions. Multi-Match, Mega Millions, Powerball and Cash4Life subscriptions can be purchased for 26, 52 or 104 draws. Data concerning subscriptions processed is noted below:

Total Subscriptions as of February 2020:

Multi-Match	2,000
Mega Millions	3,119
Powerball	2,174
Cash4Life	<u>336</u>
Total	7,629

Total Subscriptions as of March 2020:

Multi-Match	2,000
Mega Millions	3,102
Powerball	2,218
Cash4Life	<u>357</u>
Total	7,677

Total Subscriptions Processed During February 2020:

Multi-Match	352
Mega Millions	414
Powerball	340
Cash4Life	<u>80</u>
Total	1,186

Total Subscriptions Processed During March 2020:

Multi-Match	692
Mega Millions	865
Powerball	710
Cash4Life	<u>192</u>
Total	2,459

Interceptions:

March Report

	YTD February 2020 Amount	February 2020 Amount	YTD 7/1/19 to 02/29/2020 Amount
Child Support	\$92,152	\$49,937	\$142,089
CCU Debts	\$705,547	\$174,086	\$879,633

April Report

	YTD March 2020 Amount	March 2020 Amount	YTD 7/1/19 to 03/31/2020 Amount
Child Support	\$92,152	\$99,953	\$192,105
CCU Debts	\$705,547	\$282,678	\$988,225

II. BUDGET

- **FISCAL YEAR 2020 – March/April Report**
 - Lottery: \$86,109,661
 - VLT Special Fund: \$11,401,155
 - VLT General Fund: \$ 6,954,957
- **FISCAL YEAR 2021**
 - The FY21 budget hearings have concluded. We are waiting on the Committee decisions.
- **Promotion Fund (Unclaimed Prizes) – March Report**
 - Beginning Balance as of February 1, 2020 \$8,869,214
 - Estimated increase in February, 2020 \$1,787,057
 - Estimated usage in February, 2020 (\$3,307,958)
 - Estimated Ending balance as of Feb. 29, 2020 \$7,348,313
- **Promotion Fund (Unclaimed Prizes) – April Report**
 - Beginning Balance as of March 1, 2020 \$7,348,313
 - Estimated increase in March, 2020 \$1,497,907
 - Estimated usage in March, 2020 (\$3,373,471)
 - Estimated Ending balance as of March 31, 2020 \$5,472,749

III. ACCOUNTING/FINANCE

- March Report - The final version of the October financial statement is attached.
- April Report - The draft of the November statement is attached.

IV. PROCUREMENT

March/April Report

- Procurement works closely with all Divisions to support the MLGCA’s daily operations to include, but not limited to, procurement for 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 using the State P-Card and monthly reconciliation of bank statement.
- The Instant Ticket Games and Related Services Contract (#2013-01) with Pollard Banknote Limited (Primary Contract) and Scientific Games International, Inc. and IGT/GTECH Corporation (both Secondary Contracts) for the production of Instant Tickets and delivery to Retailer locations expire August 31, 2020, with no additional renewal options available. The RFP for a replacement contract was issued on January 22, 2020 and Proposals were timely received by the Due Date of March 4, 2020. Oral presentations by the Offerors and Discussions of their Proposals were scheduled for the week of March 23 - 27, but have now been indefinitely postponed. A new schedule will be established as soon as possible and an extension of the present Contracts with Pollard, SGI and IGT will be necessary.
- The Central Monitor and Control System for a Video Lottery Terminal Program (#2009-11) contract with IGT (formerly GTECH Corporation) provides the design, development, implementation, lease, operation, and maintenance of a complete turnkey Central Monitor and Control System for a Video Lottery Terminal Program. This Contract expires September 26, 2020, with no additional renewal options available. The RFP for a replacement contract which had been pending review/approval by DGS for some time has received final DGS approval on

March 25, 2020. A schedule for the procurement will be established as soon as possible and an extension of the present Contract with GTECH/IGT will be necessary.

April Report

- Licensing Contract (#2020-02) with the Baltimore Ravens Limited Partnership: New sole source contract in the NTE amount of \$317,980 for the 2.5 year term approximately May 21, 2020 - November 30, 2022 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 eleven 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 DGS for inclusion on the May 20, 2020 BPW Agenda.
- MBE/VSBE/SBR Activities:
 - March Report - MBE data is attached.
 - April Report - Current MBE data is unavailable at this time. Reports will be updated as soon as possible.

V. HUMAN RESOURCES

March Report

HR will be working with the Department of Budget and Management to ensure the safety of State employees and to assist with the continuity of critical operations.

April Report

The HR department has the capability of performing all personnel related functions remotely to continue providing full customer service remotely to all employees of the agency in light of the current pandemic. HR is currently working with the Department of Budget and Management (DBM) to ensure all safety and operational guidelines are adhered to so that our essential employees are working in the safest working environment possible to avoid the spread of the COVID-19 virus.