

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: Paula Yocum, Managing Director, Acting CFO

DATE: August 19, 2020

SUBJECT: Report for the August Commission Meeting

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

I. BUDGET

- **FISCAL YEAR 2020 Final Expenditures**
 - Lottery: \$77,743,420
 - VLT Special Fund: \$10,842,801
 - VLT General Fund: \$ 6,461,424
 - COVID 19 – Fund 9: \$95,651
- **FISCAL YEAR 2021 (was reduced by \$119,756, see approved budget amounts below)**
 - Lottery: \$85,009,877
 - VLT Special Fund: \$11,660,871
 - VLT General Fund: \$ 6,566,576
- **Promotion Fund (Unclaimed Prizes)**
 - Beginning Balance as of July 1, 2020 \$2,340,634
 - Estimated increase in July, 2020 \$1,313,151
 - Estimated usage in July, 2020 (\$729,756)
 - Estimated Ending Balance as of July 31, 2020 \$2,924,029

II. ACCOUNTING/FINANCE

- The February and March financial statements will be provided separately when received from the auditors.

III. PROCUREMENT

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 \$5,000.00 using the State P-Card and monthly reconciliation of bank statement.

- Auditing and Accounting Services Contract (#2015-04) with Stout, Causey & Horning, P.A.: Certified Public Accounting firm to provide auditing, accounting, and management services to include technical advice and assistance on various aspects of operations for both Lottery games and the VLT program. The exercise of the third Renewal Option with term 7/1/2020 – 6/30/2021 in the amount of \$244,425 to continue these services, which was approved by the Commission at its May meeting, was approved by the BPW at its June 17, 2020, meeting.
- Licensing and Dunning Systems Additions, Enhancements and Maintenance Contract (#2015-08) with MS Technologies Corporation, with a fixed-price component to provide system development and a Time & Materials (T&M) component to provide maintenance. The original Contract expiration was June 30, 2020, at which time the work required under the fixed-price component was completed. Since the MLGCA has a continuing need for maintenance under the T&M component, the Contract was extended for Maintenance services only for an additional 2-year period at a total NTE amount of \$49,900. This extension was approved by MLGCA in-house since it is within its delegated authority of \$50,000.
- 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. Original expiration of this Contract was August 31, 2020. An RFP for a replacement contract was issued on January 22, 2020, and Proposals were received by the Due Date of March 4, 2020. However, since the procurement process was disrupted and delayed by the pandemic and associated shutdown of both State and vendor operations at the time proposals were received, an extension of the contract expiration date was required. Therefore, a one-year extension of the Contract with the three Contractors through 8/31/2021 in the total NTE amount of \$6,466,666 was approved by the BPW at its August 12, 2020, meeting.
- The Central Monitor and Control System for a Video Lottery Terminal Program Contract (#2009-11) 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. Original expiration of this Contract was September 26, 2020. An RFP for a replacement contract was delayed during review/approval by DGS, with final DGS approval not received until March 25, 2020. However, at that point, the pandemic and associated shutdown of both State and vendor operations required us to seek an extension of the Contract for one year with a term of 9/27/2020 - 9/26/2021 in the total NTE amount of \$4,000,000. This has been submitted to DGS for inclusion on the BPW Agenda for review/approval at its September 2, 2020, meeting.
- Analysis of the Sports and Event Wagering Industry and Relevant North American Industry Classification System (NAICS) Codes (#2021-05): RFP (Small Procurement) to obtain Consultant to assist with identification of NAICS codes related to Sports Betting in accordance with Senate Bill 4. RFP was issued 8/7/2020; Proposals were due 8/21/2020. Small Procurement procedures are used for procurements not exceeding \$50,000 in total contract amount.
- MBE/VSBE/SBR Activities: Current MBE data is unavailable at this time. Reports will be updated as soon as possible.

