



**Minutes of the Commission Meeting
Capitol Building – Room 412
March 30, 2007**

The quarterly meeting of the South Dakota Lottery Commission was called to order by Chairman Dick Werner at 10:30 a.m. on March 30, 2007

MEMBERS PRESENT: Dick Werner, Tom Leckey, Duane Schmautz, Virginia Nelson, Kory Menken and Susan Shay Brugger.

MEMBER ABSENT: Douglas Sharp

SUPPORT STAFF PRESENT: Norm Lingle, Mike Mueller, Joe Willingham, Deb Reese, Sherry Lauseng, Andrew Fergel and Mary Jo Bibby.

APPROVAL OF THE AGENDA:

Dick Werner asked that the agenda stand approved.

APPROVAL OF THE MINUTES:

A motion was made by Tom Leckey and seconded by Susan Shay Brugger to approve the December 8, 2006 minutes. Motion carried.

DIRECTOR'S REPORT:

Executive Director Norm Lingle reported on the following:

PERSONNEL:

Lingle introduced Department of Revenue and Regulation Secretary Paul Kinsman and DRR Deputy Secretary David Wiest. He also stated that Lottery Sales Representative Karen Reber has submitted her resignation.

LEGISLATIVE SESSION:

The Senate confirmed the reappointment of Commissioners Menken, Werner and Schmautz and the appointment of Virginia Nelson.

Bills proposed dealing with the number of alcohol licenses and prohibiting smoking in video lottery establishments were defeated in committee.

LOTTERY ANNIVERSARY:

The Lottery will celebrate its 20th anniversary on September 30, 2007.

SALES/MARKETING REPORT:

Director of Sales Joe Willingham reported on the following:

PRODUCT UPDATE:

Instant sales are up 3 percent from the previous year. Big Money, Golden Ticket and Monopoly are current best sellers. New games to be released in late May are Hot Zone and Cool Cash.

Lotto game sales are at the same level as this time last year. Powerball sales are down 14 percent, Hot Lotto sales are up 62 percent, Wild Card sales are up 55 percent and Dakota Cash sales are up 6 percent. Willingham reported on recent lotto winners.

Recent instant winners were announced.

BLACK HILLS STOCK SHOW:

The Lottery booth at the Stock Show ran a special with players receiving \$2 in free tickets with the purchase of a Mustang Money ticket.

REVENUE PROJECTIONS FOR FY07:

Video lottery revenue projections for FY07 are \$110.5 million, an increase of .05 percent over last year. Instant revenues for FY07 are expected to be \$3.65 million, an increase of 2.24 percent over last year. Lotto revenues are expected to be \$5.1 million, a decrease of 5 percent over last year. Total revenues projected for FY07 are up .4 percent.

Willingham attributed sales increases to the new Powerball matrix, winner awareness efforts, higher price-point instant tickets, Powerball jackpot winners, a \$1 million Power Play winner, a \$9 million Hot Lotto winner and additional retail outlets.

PUBLIC RELATIONS AND ADVERTISING REPORT:

Director of Public Relations and Advertising Mike Mueller reported on the following:

DECEMBER:

Wild Card jackpot alerts were issued as the jackpot reached \$535,000 for the Dec. 16, 2006 drawing. Radio ads suggesting scratch tickets as last minute gifts ran. A news release issued on Dec. 1, 2006 stated that a \$200,000 Powerball ticket was about to expire. The following day the

ticket was claimed by Mike Gomez of Spearfish and another news release was issued about his win.

JANUARY:

Radio ads promoted the \$115 Powerball jackpot, running for three consecutive drawings.

The Lottery launched the Lottery Players Club. Subscribers receive e-mails about new scratch games, lotto jackpot alerts, special promotions, winner's stories and more. Currently 410 subscribers have registered.

A winner awareness campaign included TV and radio ads featuring a \$50,000 scratch ticket winner, a Mustang Money winner and a Las Vegas trip winner.

Newspaper ads featured photos and lists of winners.

FEBRUARY:

A news release reported on a \$181,657 Dakota Cash jackpot being hit on Feb 7, 2007. A second release was issued when a Watertown couple claimed the prize.

As the Wild Card jackpot surpassed \$1 million on Feb. 18, a news release was issued stating that the retailer jackpot signs could not display the correct amount. The signs were set at \$999 thousand. Although signs have not been able to display the actual jackpot amounts, sales have continued to increase.

MARCH:

A jackpot alert for the March 3rd \$105 Powerball jackpot was issued.

A news release was issued on March 21 stating that a \$210,037 Dakota Cash ticket was about to expire.

Radio ads began airing on March 26 promoting the Monopoly game. Two posters were also deployed.

APRIL:

The Power Play 10X promotion will return in April. One of the 5's on the Power Play wheel is replaced with a 10. When the 10 is drawn, prizes will multiply by 10. Posters and cooler/entrance door clings as well as sell-in sheets were deployed. A special page on the Lottery's web site and 30-second radio ads will also support the promotion.

COMING UP:

A winner awareness campaign will launch in May and a summer second-chance drawing for ice buckets will begin in June.

VIDEO/ADMINISTRATIVE REPORT:

Director of Security and Video Lottery Operations Deb Reese reported on the following:

The number of establishments is up 1 percent from the same period last year. The terminal count is also up 1 percent. Net machine income is the same as last year.

The Spielo PowerStation has been approved and is selling in the state. Technician training and beta testing took place in December.

Summit and IGT have also had beta tests and have released new chip sets.

In February, Scientific Games International completed several network security changes to comply with Multi-State Lottery Corporation standards. The changes mainly involved firewalls.

NEXT COMMISSION MEETING:

The next commission meeting will be at 10:30 on May 11, 2007.

ADJOURNMENT:

At 11:55 a.m., Chairman Werner declared the meeting adjourned.