



Minutes of the Commission Meeting
Capitol Building - Room 468
April 24, 2008

The April 24, 2008 meeting of the South Dakota Lottery Commission was called to order by Chairman Duane Schmutz at 9:30 a.m.

MEMBERS PRESENT: Susan Shay Brugger, Douglas Sharp, Tom Leckey, Virginia Nelson, Dick Werner and Duane Schmutz.

MEMBER ABSENT: Kory Menken

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

APPROVAL OF THE MINUTES AND AGENDA:

Tom Leckey moved to approve the minutes of the January 4, 2008 meeting. Virginia Nelson seconded the motion. Motion carried.

Norm Lingle requested that the Executive Session be removed from the agenda. Dick Werner moved and Susan Shay Brugger seconded the motion to approve the amended agenda. Motion carried.

EXECUTIVE DIRECTOR'S COMMENTS:

Lingle announced that the new meeting room was needed due to remodeling projects in the capitol.

House Bill 1109 repealed the Lottery's investigative fund. The fund was repealed; however, the ability to contract with the Attorney General's office to perform background investigations was retained.

Werner asked how much money was in the investigative fund. Lingle responded that there was none.

Commissioners Leckey, Shay Brugger, and Sharp were re-appointed to their positions by Senate confirmation.

Leckey asked about how much money was in the unclaimed prize fund. Lingle responded that 3 percent of prizes typically go unclaimed.

HOT LOTTO SIZZLER INCENTIVE BONUS

Willingham reported that Declaratory Ruling 08-1 sets the bonus for selling a \$30,000 Hot Lotto Sizzler prize at \$3,000.

Leckey moved and Sharp seconded the motion to adopt the ruling. Motion carried on a roll call vote.

SALES/MARKETING REPORTS:

Director of Sales Joe Willingham reported on the following:

INSTANT GAMES:

Instant sales are up 12 percent.

Werner asked about the procedure followed when a top instant prize is sold. Willingham responded that retailers are notified and the game is pulled within three weeks.

Willingham reported that Sturgis Motorcycle Rally and Lemon Twist are upcoming games. He also reported on recent top scratch ticket winners.

LOTTO GAMES:

Lotto game sales are up 2.8 percent overall. Powerball sales are up 9.5 percent, Hot Lotto sales are down 28 percent, Wild Card sales down 28 percent and Dakota Cash sales are up slightly.

The Power Play 10X promotion is in progress. Power Play sales are up 34 percent. The 10 multiplier was hit on April 16. The promotion ends April 30, 2008

Recent winners were announced.

LOTTO RFP:

The RFP is in progress. Several companies have expressed interest and have submitted intents to bid and questions. Proposals are due June 26, 2008

PUBLIC RELATIONS/ADVERTISING REPORT:

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

JANUARY:

Hot Lotto Sizzler was launched in early January with 30-second television and radio ads.

FEBRUARY:

Two newspaper ads ran from Feb. 3 – 16, 2008 featuring instant and lotto winners. Dakota Raffle winners were featured in another ad. A 30-second radio ad featured an award show theme.

Radio ads with a monster movie theme promoted the Feb. 23 drawing for a \$115 million Powerball jackpot.

A news release was issued to announce the Sturgis Motorcycle Rally scratch game. The game was promoted by the Lottery in partnership with the Sturgis Chamber of Commerce and the City of Sturgis. The ticket has received national recognition from lottery and motorcycle trade publications. A launch event is scheduled in at the end of April in Sturgis

MARCH:

Vincent Huebner won a \$200,000 Powerball prize on March 5, 2008 and the following day a news release was issued when he claimed the prize.

Members of the Lottery's Players Club were entered in a drawing to receive prize packages worth about \$80. Lottery tickets and premium items as well as items given by the Game, Fish & Parks Department and the Department of Health were included in the package. About 1,400 players signed up to be members during the promotion.

APRIL:

From April 2 – 20th, one of the 5's on the Power Play wheel was replaced with a 10. When hit, all prizes except the jackpot were multiplied by 10. Thirty-second radio spots, POS, web page and e-mails supported the promotion.

Radio ads in April alerted players about the Powerball and Dakota Cash jackpots.

NATIONAL PROBLEM GAMBLING AWARENESS WEEK:

Mueller reported on the efforts of the Lottery for National Problem Gambling Awareness Week: two newspaper ads in all daily papers, 30-second radio ads and posters sent to all video lottery establishments.

ADVERTISING SERVICES:

An RFP was issued on March 17, 2008 for advertising services. Proposals were due April 16. Six agencies submitted bids. Recommendations will be made at the next meeting.

VIDEO LOTTERY REPORT:

Deb Reese reported on the following:

VIDEO REPORT:

The number of establishments is the same as last year. The number of terminals is 2 percent ahead of last year. Net machine income is .4 percent behind last year.

Werner asked about new machines. Ingle responded that about 3 percent of the machines are new.

SURVEILLANCE:

Cameras have been assigned to validation centers.

PROCUREMENTS:

In addition to procurements for advertising and lotto services, the Lottery must maintain the use of the current protocol for the video lottery central system. The Lottery will negotiate with Scientific Games for a new video lottery central system.

NEXT MEETING DATE:

The next Commission meeting was scheduled for May 16, 2008 at 9:30.

ADJOURNMENT:

Motion by Shay Brugger, seconded by Nelson to adjourn. Motion carried and the Commission meeting adjourned at 10:40 a.m.