



Minutes of the Commission Meeting
Capitol Building - Room 468
May 16, 2008

The May 16, 2008 meeting of the South Dakota Lottery Commission was called to order by Chairman Duane Schmautz at 9:30 a.m.

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

MEMBER ABSENT: Douglas Sharp

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

APPROVAL OF THE MINUTES AND AGENDA:

Susan Shay Brugger moved to approve the minutes of the April 24, 2008 meeting. Dick Werner 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:

Executive Director Lingle noted that the commission information packets had been sent via e-mail. Future packets will be delivered via e-mail.

SALES/MARKETING REPORTS:

Director of Sales Joe Willingham reported on the following:

INSTANT GAMES:

Instant sales are up 12 percent due to good weather and Sturgis Motorcycle Rally ticket sales.

Upcoming games include Mega Slots, Extreme Green, Kings, Field & Stream and Scrabble.

Recent winners were announced.

LOTTO GAMES:

Lotto game sales are up 4 percent overall. Powerball sales are up 11.8 percent, Hot Lotto sales are down 25 percent, Wild Card sales down 28 percent and Dakota Cash sales are up 7 percent.

The Power Play 10 X promotions helped increase Power Play sales by 31 percent. The “10” was hit twice during the promotion period with 960 South Dakota players multiplying their prizes by 10.

Recent winners were announced.

PUBLIC RELATIONS/ADVERTISING REPORT:

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

The Dakota Cash jackpot reached \$348,000 in on May 10. Kay Ames of Valley Springs claimed the prize. Interviews were conducted with her and Corvette Summer Corvette winner for inclusion in a winner awareness campaign.

Proposals for advertising and related services have been solicited through the RFP process. Six agencies submitted proposals. The proposals were evaluated by Norm Lingle, Joe Willingham, Mike Mueller and Barb Buhler.

The proposals were judged on creative samples and cost. Costs proposed by Robert Sharp & Associates were lower than the other top contender Media One. The evaluation team recommended Robert Sharp & Associates as the apparent winning bidder.

ADVERTISING AND RELATED SERVICES CONTRACT AWARD:

Werner asked if the new proposals would exceed the cost of the previous contract. Mueller responded that had not been analyzed.

Werner asked if there would be an exit clause in the contract. Lingle responded that it would.

Nelson asked about previous relationships with Robert Sharp. Mueller responded that the agency had participated in the 2004 RFP process.

Schmautz asked if there would be a delay with a new agency getting up to speed.

Nelson asked if a new agency would bring new blood to ad campaigns. Werner moved and Nelson seconded the motion to award the advertising and related services contract to Robert Sharp & Associates pending background investigations and contract negotiations. The roll was called and the motion carried unanimously.

VIDEO LOTTERY REPORT:

Deb Reese reported on the following:

Net machine income is up fractionally from the same period percent last year.

Commissioner Schmautz asked about older VLC terminals in the market. Reese responded that she will prepare a report regarding inactive terminals.

Commissioner Werner asked about the Lottery's role regarding a new state law allowing a new class of liquor licenses in cities. Lingle responded that the Department of Revenue and Regulation is monitoring the situation.

NEXT MEETING DATE:

The next Commission meeting date will be set at a later time.

ADJOURNMENT:

Motion by Werner seconded by Shay Brugger to adjourn. Motion carried and the Commission meeting adjourned at 10:23 a.m.