



Minutes of the Commission Meeting

Room 413 Capitol Building

May 27, 2009

Chairman Susan Shay Brugger called the May 27, 2009 meeting of the South Dakota Lottery Commission to order at 9:30 a.m. (CT)

MEMBERS PRESENT: Susan Shay Brugger, Kory Menken, Duane Schmautz, Virginia Nelson, Doug Sharp and Dick Werner

MEMBER ABSENT: Tom Leckey

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

APPROVAL OF THE AGENDA AND MINUTES:

Dick Werner moved to approve the agenda for today's meeting. Duane Schmautz seconded the motion. Motion carried.

Dick Werner moved to approve the minutes of the January 30, 2009 meeting. Doug Sharp seconded. Motion carried.

EXECUTIVE DIRECTOR'S COMMENTS:

LEGISLATIVE SESSION UPDATE:

Executive Director Norm Lingle stated that legislation to implement a smoking ban passed the Legislature, but a petition is being circulated to place the issue on the ballot.

House Bill 1275 to approve electronic bingo devices passed.

House Bill 1191 to increase the state's share of video lottery revenue was defeated.

Senate Joint Resolution 1, the Gambling Defense Act, was defeated.

CENTRAL SYSTEM CONTRACT AWARD

Lingle explained the proprietary protocol which is essential to operate the video lottery program. Negotiations with Scientific Games had three objectives: to gain a perpetual license of proprietary protocol, provide for an updated system and to allow for multiple protocols.

The initial cost of the contract with Scientific Games is \$2.9 million with an on-going rate of .3 percent.

Lingle stated that marginally operating establishments may be unable to operate under the new contract.

Commissioner Werner moved to accept the Scientific Games contract as amended. Commissioner Menken seconded the motion. The roll was taken and the motion carried.

SALES REPORT:

Director of Sales Joe Willingham reported on the following:

INSTANT GAMES:

Sales are down slightly, possibly due to winter storms.

Willingham reported on upcoming games and recent winners.

LOTTO GAMES:

Total lotto sales are down 6 percent compared to the same period last year.

If the current Powerball jackpot run continues, sales should reach the levels of last year. Dakota Cash sales are down 16 percent, Wild Card sales are down 2.3 percent and Hot Lotto sales are up 18.2 percent.

Recent winners were announced.

CONVERSION UPDATE:

Testing has begun of the new GTECH system. The data conversion phase and lottery staff training are under way. Terminal installation will begin in late June.

PUBLIC RELATIONS/ADVERTISING REPORT:

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

ON-LINE CONVERSION

Mueller showed graphics packages for the new terminals and ticket checkers. He explained the design of advertising slides for the LCD advertising screens to be located at each retailer. Brochures have been sent to retailers that explain the conversion details. Retailer training and Play Days will be held.

FEBRUARY

A news release was issued concerning the \$200,000 Powerball prize won by James Janisch of Eden.

Winner awareness radio ads featured winners from the North East region.

A Powerball jackpot alert ran the second half of the month. The ads continued the "Sweet Dreams" theme, which was introduced in January.

Mueller explained the drawings that are part of the Deal or No Deal game. Trips were won by two South Dakota players. One of the winners was selected to play in the Lottery Week edition of the show. A second drawing will be held August 19.

MARCH

March 1 – 7 was the 7th annual National Problem Gambling Awareness Week. The Lottery's participation included newspaper ads, posters and radio ads. Scripts and print designs were provided by the National Council on Problem Gambling.

A news release was issued when a winning jackpot ticket was sold for the March 4 drawing and when Jim Mead of Hartford claimed the \$140,740 prize.

Releases were issued when the Wild Card jackpot for \$378,068 was won and claimed by Don Kwasniewski of Webster.

APRIL

Radio and television ads ran featuring the new Powerball game and featuring the Sweet Dreams theme. This campaign was followed by radio jackpot alerts, also for Powerball.

The win and claiming of a \$200,000 Powerball prize by Christina Yellow Boy were published in news releases.

Recent Powerball winners were featured in a winner awareness radio ad targeted at the West region.

The Lottery and Attorney General's office issued a joint news release about a scam promising Lottery prizes.

MAY

The win and claiming of an \$85,907 Dakota Cash prize by Darin Schliemann were published in news releases.

A radio winner awareness campaign was targeted at the Central region.

Radio jackpot alerts were issued as the Powerball jackpot reached \$109 million.

Mueller explained changes in the Lottery's website.

30-second radio ads, newspaper ads and website ads were designed as teasers to direct the public to the Lottery's website for more information about where lottery revenues go.

VIDEO LOTTERY REPORT:

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

REVENUE

The number of terminals is down .05 percent from the same time last year. Establishment numbers are down .8 percent from the same time last year. Net machine income is down 1.4 percent from last year.

SITE CONTROLLERS/MONITORS

Operators were informed in a mailing to explain the need for and cost of site controllers for their establishments. Another mailing asked operators how many site controllers each would require. A touch screen monitor will be required of either the operator or technician to set up a new establishment.

MUSL SECURITY REVIEW

Review will be held the week of July 6. MUSL security staff will review compliance of Rule 2 and confidential standards.

NEW LICENSING DATABASE

The LT06 program converted the existing Access 97 database into a SQL database, allowing data to be maintained and backed up daily by BIT. All contact, licensing, renewal and polling information will be stored in new application. The program also allows for e-mail communication, mail merges and report generation.

ADJOURNMENT:

Duane Schmautz moved and Kory Menken seconded the motion to adjourn. The motion passed and at 11:20 a.m. the Commission adjourned.