The quarterly meeting of the South Dakota Lottery Commission was called to order by Chairman Tom Leckey at 10:30 a.m. on June 30, 2006.

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

MEMBER ABSENT: Douglas Sharp

SUPPORT STAFF PRESENT: Norm Lingle, Mike Mueller, Joe Willingham, Deb Reese, Jack Magee, Tim Weber and Mary Jo Bibby.

INTRODUCTION:

Chairman Leckey introduced and welcomed new commissioner Virginia Nelson of Rapid City and visiting former executive director Clint Harris.

APPROVAL OF THE MINUTES:
A motion was made by Kory Menken and seconded by Dick Werner to approve the March 31, 2006 minutes. Motion carried.

SALES/MARKETING REPORT:

Director of Sales Joe Willingham reported on the following:

PRODUCT UPDATE:

Lotto game sales are up 28 percent from the same time last year. Powerball sales are up 34 percent, Dakota Cash sales are up 11.1 percent, Hot Lotto sales are up 35 percent and Wild Card sales are down 4.7 percent.

Willingham distributed a list of recent lotto winners and announced an unclaimed $170,000 Dakota Cash jackpot winner, two $10,000 Hot Lotto winners and four $10,000 Powerball winners.

Instant sales are up 11.6 percent from the previous year. Golden Spin is the current top seller. New games include Aces High; Hot Streak 7’s; Mustang Money; Red, White and Blue; Betty Boop and Black Cherry Doubler.

Recent instant winners were announced.
REVENUE PROJECTIONS FOR FY06:

Instant revenues for FY06 are expected to be $3.5 million, an increase of 2.34 percent over last year. Lotto revenues are expected to be $4.15 million, an increase of .73 percent over last year. Video lottery revenue projections for FY06 are $111.4 million, an increase of 1.94 percent over last year.

NEW SALES REPRESENTATIVES:

Two new sales representatives have been hired to fill positions in the Sioux Falls office. They are Pat Boyles and Jeff Thomas.

PUBLIC RELATIONS AND ADVERTISING REPORT:

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

AD CAMPAIGNS:

In April, Dakota Derby ads ran in television and radio spots and during the Kentucky Derby and Preakness races.

Two thousand Lottery logo squeegees were deployed to gas stations.

A May winner awareness campaign featured radio and newspaper ads, which were localized for East and West River areas.

Jackpot alerts were also issued in May for the $100 million Powerball jackpot and other lotto games.

A news release was issued May 18, announcing South Dakota had sold the winning $116.8 million Powerball ticket. The Lottery was subsequently contacted by an attorney, claiming to represent the winner. On June 6, Bill and Tina Nguyen claimed their prize at the Pierre Lottery office and a news release was issued later that day. A teleconference was held with reporters. A $50,000 ceremonial bonus check was presented on June 7 to Kum & Go in Pierre.

On June 1st, a news release was issued announcing that a Rapid City store had sold a $170,693 winning Dakota Cash ticket. A player contacted the Lottery, but no one has claimed the prize yet.

In mid-June, television and radio ads featured the Powerball jackpot win.

Wild Card jackpot alerts were aired on the radio in late June.

A quarterly Amber Alert test was successfully conducted on June 7.
Radio ads for Golden Spin will air in July. The Mustang Money game will be featured in August on radio and television ads and on point of purchase material.

VIDEO/ADMINISTRATIVE REPORT:

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

The number of establishments is up 1.8 percent from the same period last year. The terminal count is up 1.6 percent. Net machine income is up .6 percent from last year.

The Lottery is awaiting a new chip set from Spielo. The machines will be available following successful testing procedures.

VIDEO LOTTERY BALLOT INITIATIVE:

Mike Mueller reported that signatures have been gathered to place an initiated measure prohibiting video lottery on the ballot; however, the Secretary of State has declined to put the measure on the ballot, following an opinion from the Attorney General. The initiative sponsor filed suit. A hearing before the state Supreme Court is scheduled for July 27.

OBsolescence:

Mike Mueller reported that the Lottery has received preliminary information from Gaming Laboratories International (GLI) regarding the VLC 8700 obsolescence request. The Lottery has requested additional information.

CONTRACTUAL MATTERS:

Mike Mueller reported that the Lottery exercised the second of three available contract extensions to Media One, the Lottery’s advertising agency. The contract will continue to July 1, 2007.

NEXT COMMISSION MEETING:

The next commission meeting will be Friday, September 22, 2006 at 10:30 a.m.

OTHER MATTERS BROUGHT BEFORE THE COMMISSION:

Rich Ward, video lottery establishment owner and operator, came forward and asked if the report by GLI will be made public. He requested that video lottery operators be allowed to review the report and the Lottery’s recommendation prior to the hearing.

Jack Magee responded that the Lottery’s recommendation will not be released before the hearing.
Ward stated that public input should be allowed before the commission takes action.

ADJOURNMENT:

Duane Schmautz moved and Kory Menken seconded the motion to adjourn. Motion carried and at 11:10 the meeting was adjourned.