



Minutes of the Commission Meeting  
Capitol Building - Room 412  
October 19, 2007

The October 19, 2007 special meeting of the South Dakota Lottery Commission was called to order by Chairman Schmautz at 9:35 a.m.

MEMBERS PRESENT: Susan Shay Brugger, Tom Leckey, Kory Menken, Virginia Nelson, Chairman Duane Schmautz and Douglas Sharp (via teleconferencing).

MEMBERS ABSENT: Dick Werner

SUPPORT STAFF PRESENT: Norm Lingle, Mike Mueller, Joe Willingham, Deb Reese, Sherry Lauseng, Ron Leidholt, Andrew Fergel and Julie Pirnat-Schultz

**APPROVAL OF THE MINUTES:**

Kory Menken moved to approve the minutes of the September 28, 2007 meeting. Susan Shay Brugger seconded. Motion carried by roll call vote (6-0).

**SALES/MARKETING REPORTS:**

Director of Sales Joe Willingham reported on the following:

LOTTO GAMES:

Lotto game sales are up 1.5 percent from this time last year - \$6.3 million vs \$6.2 million, likely due to sales from the new Dakota Raffle game.

Dakota Raffle sales are averaging \$8,200 per day. The Lottery needs Raffle sales of \$7,500 per day to break even and \$10,869 per day to sell out. Sales patterns in other states featuring a raffle lotto game indicate sales start out high, slow down, and then end high.

Powerball has had five hits this fiscal year, twice since the last Commission meeting.

Hot Lotto sales are down 22 percent.

Wild Card sales are down 17 percent.

Dakota Cash sales are down 18 percent but are on a good run with the jackpot now at \$124,000.

Willingham announced that three \$10,000 Powerball prizes and one \$200,000 Powerball prize were claimed since the last Commission meeting. A \$200,000 prize Powerball ticket sold in North Sioux City for the October 6, 2007 drawing remains unclaimed.

### INSTANT GAMES:

Instant game sales are up 15 percent from the same time last year - \$5.7 million vs \$4.9 million. Two new scratch games, "Lots of 50s" and "\$30,000 Double Doubler Crossword", will launch in late December.

Recent instant winners include a \$30,000 Majestic Jewels ticket sold in Hot Springs, a \$10,000 Deal or No Deal ticket sold in Mitchell, and a \$5,000 Dakota Hold 'Em ticket sold in Sturgis.

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

### RAFFLE:

Awareness for the new Dakota Raffle lotto game will be increased, including additional point of sale items to reinforce that the game plays like any raffle but the ticket is printed by the lotto terminal. An increased radio presence, including promotional giveaways, begins next week.

### POWERBALL:

News releases were issued about two back-to-back \$200,000 Powerball winning tickets. Debbie Lancto of Crooks claimed \$200,000 from the October 10 drawing and an unclaimed \$200,000 Powerball prize ticket was sold in North Sioux City for the October 6 drawing.

### WINNER AWARENESS:

A unique winner awareness television commercial begins airing next week during NFL spots and will air until the holiday campaign starts. Instead of featuring winners, the commercial features store clerks talking about players and their winning experiences.

### UPCOMING:

The holiday campaign will begin shortly before Thanksgiving and includes television and radio commercials and point-of-sale items

Work will commence on the Hot Lotto Sizzler launch.

### **HOT LOTTO RULES HEARING:**

Mike Mueller presented an overview of the Hot Lotto add-on Sizzler feature and the proposed administrative rule change needed to allow adoption of the Sizzler option. For an additional \$1, players can choose the Sizzler option that triples all fixed prizes except the jackpot. The Sizzler feature does not impact the base game. Sales are scheduled to begin January 3 with first drawing January 5.

No written comments were submitted or oral testimony presented. Public testimony closed at 9:55 a.m.

A motion was presented by Tom Leckey to adopt the Hot Lotto Sizzler administrative rule change and seconded by Kory Menken. Motion carried by roll call vote (6-0).

Meeting recessed until 10:15 a.m.

## **IGT/VLC OBSOLESCENCE HEARING:**

Chairman Schmautz asked Susan Shay Brugger to serve as hearing examiner.

The Commission listened to testimony on IGT's request to obsolete the VLC 8700 video lottery terminal from Roger Tellinghuisen representing IGT and Bob Riter representing the Music and Vending Association of South Dakota.

At 10:35 a.m., Susan Shay Brugger moved and Virginia Nelson seconded a motion for the Commission to move into executive session for deliberation purposes. Motion carried.

The Commission reconvened in regular session at 10:45 a.m.

Public testimony closed at 10:45 a.m.

Tom Leckey moved and Duane Schmautz seconded a motion that the Commission grant VLC/IGT's request to declare the VLC model 8700 series and associated equipment obsolete pursuant to the terms and conditions outlined in the stipulation marked and entered as Exhibit 3. Motion carried by roll call vote (6-0).

## **NEXT MEETING DATE:**

The next Commission meeting will be January 4, 2008.

## **ADJOURNMENT:**

Motion by Kory Menken, seconded by Tom Leckey to adjourn. Motion carried by roll call vote (6-0). The Commission meeting adjourned at 10:50 a.m.