



Minutes of the Commission Meeting
Capitol Building - Room 412
January 4, 2008

The January 4, 2008 meeting of the South Dakota Lottery Commission was called to order by Chairman Duane Schmautz at 9:30 a.m.

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

MEMBER ABSENT: Douglas Sharp

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 October 19, 2007 meeting. Susan Shay Brugger seconded the motion. Motion carried.

Kory Menken moved and Susan Shay Brugger seconded the motion to approve the agenda. Motion carried

EXECUTIVE DIRECTOR'S COMMENTS:

Director Lingle reported that the Lottery is not proposing any legislation this session. Commissioners Sharp, Shay Brugger and Leckey have been reappointed to the Commission.

PROPOSED FACTS, CONCLUSIONS OF LAW AND ORDER IN MATTER OF IGT/VLC OBSOLESCENCE REQUEST

Dick Werner moved and Susan Shay Brugger seconded the motion to adopt the Proposed Facts, Conclusions of Law and Order and have the chairman sign the order. The roll was called and the motion carried.

SALES/MARKETING REPORTS:

Director of Sales Joe Willingham reported on the following:

LOTTO GAMES:

The first Dakota Raffle was successful. The new game did not appear to have affected the sales of the other on-line games.

Commissioner Werner asked if the Lottery Commission would need to approve a raffle if it were offered in the future. Director Lingle responded that the commission would have to approve the game parameters.

Commissioner Schmautz asked if the retailers had any technical problems selling the raffle tickets. Mike Mueller responded that note pads were distributed to help players select their numbers.

Commissioner Leckey asked if the time frame for the game was right. Joe Willingham responded that a shorter time frame may have been better.

LOTTO GAMES:

Lotto game sales are up 4 percent from this time last year due to Dakota Raffle sales. Dakota Raffle averaged \$8,700 in daily sales. Thirty percent of the tickets were sold in the last seven days of the game.

Powerball sales are up 10 percent, Hot Lotto is down 34 percent, Wild Card is down 16 percent and Dakota Cash is down 8 percent. Willingham reported on on-line winners.

INSTANT GAMES:

Instant games are up 17 percent. The holiday season was the best one since 1993. Willingham showed samples of up-coming tickets and announced instant game winners.

REVENUE PROJECTIONS:

Video lottery revenues are up from \$110.57 million to \$110.59 million. Instant revenues are up 7 percent and lotto projections are up 4.4 percent.

PUBLIC RELATIONS/ADVERTISING REPORT:

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

ADVERTISING:

Mueller showed the commission a television advertisement featuring retailers telling about their winners.

WINNER AWARENESS:

A November Powerball jackpot awareness ad featured a monster truck theme.

HOLIDAY CAMPAIGN:

The holiday campaign began shortly before Thanksgiving and included television and radio commercials and point-of-sale items. A pre-Christmas campaign suggested Lottery tickets as last-minute gifts. Radio ads promoted Dakota Raffle.

UPCOMING:

Game launches will include Deadwood Nights and Kisses and Cash. January ads will feature Hot Lotto Sizzler.

ADVERTISING RFP:

An RFP for advertising services will be issued in the spring.

VIDEO LOTTERY REPORT:

Deb Reese reported on the following:

The number of establishments is the same as last year. The number of terminals is 1.97 percent ahead of last year. Net machine income is .5 percent behind last year.

NEXT MEETING DATE:

The next Commission meeting was scheduled for March 26 the 9:30.

ADJOURNMENT:

Motion by Dick Werner, seconded by Virginia Nelson to adjourn. Motion carried and the Commission meeting adjourned at 10:30 a.m.