



Minutes of the Commission Meeting

Room 413 Capitol Building

November 5, 2009

Chairman Virginia Nelson called the November 5, 2009 meeting of the South Dakota Lottery Commission to order at 9:30 a.m. (CT)

MEMBERS PRESENT: The following responded to a roll call: Virginia Nelson, Tom Leckey and Duane Schmutz. Kory Menken, Doug Sharp, Susan Brugger and Dick Werner attended via teleconference.

SUPPORT STAFF PRESENT: Norm Lingle, Kelly Thompson, Joe Willingham, Deb Reese, Sherry Lauseng, Andrew Fergel and Mary Jo Bibby

APPROVAL OF THE AGENDA AND MINUTES

Doug Sharp moved to approve the agenda for today's meeting and the minutes of the August 27, 2009 meeting. Duane Schmutz seconded the motion. The roll was called and the motion carried.

EXECUTIVE DIRECTOR'S COMMENTS

Executive Director Norm Lingle reported on the following:

AUDIT:

Legislative Audit is in the process of conducting the Lottery's audit for FY09.

OFFICE MOVE:

The Lottery will be relocating to the Capitol Lake Plaza, occupying the third floor.

LEGISLATION:

The Lottery is not proposing any legislation this session.

POWERBALL:

The Powerball group has been discussing adding the Mega Millions game. The majority of the group has voted in favor of the proposal. Several states will launch the game in January of 2010. Rules will be presented to the Commission at the next meeting with a possible May launch.

SALES REPORT

Director of Sales Joe Willingham reported on the following:

LOTTO GAMES:

Total lotto sales are up 28 percent compared to the same period last year. Powerball is up 18.9 percent, Hot Lotto is up 42.6 percent, Wild Card is up 85.7 percent and Dakota Cash is up 13.7 percent.

Willingham attributed the gains to additional retailers, long jackpot runs and the new equipment. Recent winners were announced.

INSTANT GAMES:

Sales are down a fraction. Monopoly and Pheasants Forever were good sellers. Holiday games have been launched. A meeting with Scientific Games to discuss new games, promotions and strategy will be held in two weeks. Willingham reported on upcoming games and recent winners.

Commissioner Leckey asked if we are selling any \$10 games. Willingham responded in the affirmative and noted that another \$10 game is scheduled for next spring.

REVENUE PROJECTIONS:

Willingham reported that the projection for instant revenue is down 18.1 percent and the projection for lotto revenue is up 13.8 percent.

ABERDEEN OFFICE:

The Aberdeen office is now in its new location in the DRR building.

STATE FAIR:

Instant sales at the fair were up 35 percent and lotto sales were up 5 percent over the previous year.

RESIGNATION:

Diane Briest resigned her position at the Sioux Falls office. Over 170 applications were received and reviewed. Ten applicants will be interviewed on November 9, 2009.

INSTANT TICKET VENDING MACHINE PILOT PROJECT:

ITVMs will be tested in 10 locations. Willingham reported on the machine specifications and projected additional sales of \$565 per machine. Sixty machines are available at no cost.

Commissioner Schmautz stated that bar codes are available on the internet that may enable underage players to use the machines. Willingham responded that this issue will be part of the testing process and that visual monitoring should prevent underage use.

Commissioner Werner moved and Commissioner Sharp seconded the motion to proceed with the pilot project. The roll was called and the motion carried.

PUBLIC RELATIONS/ADVERTISING REPORT

Director of Public Relations and Advertising Kelly Thompson reported on the following:

ADVERTISING ON WEBSITE:

Thompson discussed how commissioners can access recent Lottery advertisements on the agency's website.

MEDIA CAMPAIGNS:

A fall radio campaign highlighted lotto player diversity. Weather Eye ads featured the Monopoly game. The holiday scratch ticket campaign included a TV ad and mall displays.

PLAYERS CLUB:

Recent giveaways awarded three random members Player Prize Packs with Lottery merchandise. The Holiday Hunt promotion will award Field & Stream Prize Packs to two members.

AMBER ALERTS:

New GTECH procedures were implemented in October. The ESMM's now display Amber Alert information and terminals will produce notices that can be provided to customers.

UPCOMING ACTIVITIES:

Thompson showed Dakota Belle point-of-sale and discussed Slingo and Lucky Numbers ads.

VIDEO LOTTERY REPORT

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

VIDEO LOTTERY REVENUE:

Net machine income is down 4 percent, establishment numbers are down .75 percent and terminal numbers are down .78 percent.

CENTRAL SYSTEM UPDATE:

User acceptance testing is in progress and conversion will begin when testing is completed.

SITE CONTROLLER:

Training will be held in Pierre, Rapid City and Sioux Falls.

Lingle stated that software must be thoroughly tested before implementation but it is difficult to pick a precise end date.

Schmautz asked if there were any large stumbling blocks during the conversion process. Lingle responded that technician training had proven helpful.

NEXT COMMISSION MEETING

The next meeting is set for 9:30 a.m. on Friday, March 26, 2010.

ADJOURNMENT

Schmautz moved and Menken seconded the motion to adjourn. The roll was called and the motion passed and at 10:30 a.m. the Commission adjourned.