



Minutes of the Commission Meeting

Room 414 Capitol Building

June 1, 2011

Chairman Doug Sharp called the June 1, 2011 meeting of the South Dakota Lottery Commission to order at 9:30 a.m. (CT).

MEMBERS PRESENT: Doug Sharp, Virginia Nelson, Susan Shay Brugger and Dick Werner.

MEMBERS ABSENT: Tom Leckey, Duane Schmautz and Kory Menken

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

APPROVAL OF THE AGENDA AND MINUTES

Commissioner Shay Brugger moved and Commissioner Nelson seconded the motion to approve today's agenda. Motion carried. Commissioner Werner moved and Shay Brugger seconded the motion to approve the minutes of the March 25, 2011 meeting as amended. Motion carried.

EXECUTIVE DIRECTOR'S COMMENTS

Executive Director Norm Lingle reported on the following:

LEGISLATIVE RULES REVIEW COMMITTEE:

Lingle reported that the Legislative Rules Review Committee met on May 10, 2011 and approved the rule changes adopted at the March 25, 2011 Commission meeting. Gametech has submitted software for testing and approval by the Lottery.

VIDEO LOTTERY REVENUE:

Video Lottery revenue is down 16.5 percent for the since November, 2010.

OUTGOING COMMISSIONERS:

Lingle thanked commissioners Tom Leckey and Susan Shay Brugger for their service to the Commission.

SECRETARY OF THE DEPARTMENT OF REVENUE'S COMMENTS:

Secretary Andy Gerlach addressed the Commission briefly:

COMMENTS:

Gerlach thanked outgoing the commissioners, gave an overview of the reorganization of the Department of Revenue and reported on upcoming Legislative summer studies.

SALES REPORT

Director of Sales Joe Willingham reported on the following:

INSTANT GAMES:

Willingham stated that instant game sales are up 8.84 percent from the same period last year.

One Camaro has been awarded in the Camaro Cash game.

Willingham showed samples of upcoming games.

LOTTO GAMES:

Lotto sales are up 6.7 percent from the same period last year. The current Powerball jackpot run should help this year's sales meet the record sales of FY10.

Powerball sales are down 17.3 percent, Hot Lotto sales are down a fraction, Mega Millions sales are \$2.94 million year to date, Dakota Cash sales are up 12.4 percent and Wild Card sales are down 24.2 percent.

REVENUE PROJECTIONS:

Video Lottery revenue projections for FY2011 are down 10.18 percent, instant projections are up 7.06 percent, and lotto projections are down 7.85 percent. Lingle noted that the lotto projections do not include unclaimed prizes.

Werner asked about new jackpot signs. Lingle responded that GTECH is placing larger flat screen monitors in locations that do not have working LED jackpot signs. New signs are being considered.

PUBLIC RELATIONS/ADVERTISING REPORT

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

BIG WINNERS:

Michelle Bathke of Mitchell won the May 18, 2011 Dakota Cash jackpot worth \$177,068. One \$10,000 Mega Millions prize, two \$10,000 Powerball prizes and two \$10,000 Hot Lotto prizes were awarded. Ten \$5,000 Wild Card prizes were won by players.

INSTANT GAMES:

Fifteen top scratch prizes have been won recently, including a \$300,000 Cash Stash prize, won by Randi Mosset of Sioux Falls. Lori Hoffman of Mission Hill won one of three Camaros to be given away in the Camaro Cash game. Other prizes include a \$100,000 prize, two \$50,000 prizes, three \$30,000 prizes, one \$20,000 prize and six prizes from \$5,000 to \$7,000.

PRESS RELEASES:

The Lottery has released ten jackpot winner alerts, 11 winner alerts, 18 press releases and 19 winner counts since the end of March.

ADVERTISING CAMPAIGNS:

Thirty-second television ads, a website banner ad and floor stickers were used to promote the Camaro Cash game. The number of drawing entries is announced on the homepage and in Players Club messages. Black II began in May and was promoted with radio advertisements and a wobblers POS. A general scratch ticket radio advertisement is featured on the Weather Eye spots. It will be followed by Black Hills Gold ads.

SUMMER OF SCRATCH:

This promotion awards prizes to 25 Players Club registrants in each of three drawings. 112 new members have signed up since the promotion began.

UPCOMING EVENTS AND ACTIVITIES:

The Lottery will sponsor South Dakota Rodeo Association events this season after a two-year hiatus. Banners will be displayed at 25 rodeos from now through October. The Lottery will have a booth at the State Fair in September. Upcoming ad campaigns will feature Black Hills Gold and Wheel of Fortune. A marketing meeting will be held with Robert Sharp & Associates on June 7.

VIDEO LOTTERY REPORT

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

VIDEO LOTTERY REVENUE:

Net machine income is \$175.83 million, which is down 10.41 percent from the same time last year. There are 1,508 establishments and 9,201 terminals.

LICENSING UPDATE:

We have three currently licensed video lottery terminal manufacturers and three additional companies have submitted applications. Grand Vision Gaming, MTD Gaming and Aristocrat should be approved in early July.

NEXT COMMISSION MEETING

The date of the next meeting will be discussed and announced when finalized.

ADJOURNMENT

Shay Brugger moved and Nelson seconded the motion to adjourn. The motion carried and at 10:20 a.m. the Commission adjourned.