



Minutes of the Commission Meeting

Room 412, Capitol Building

December 1, 2015

Chairman Turbiville called the Dec. 1, 2015, meeting of the South Dakota Lottery Commission to order at 10:00 a.m.

MEMBERS PRESENT: Chuck Turbiville was present. Bob Hartford, Brent Dykstra, Jim Putnam, Doyle Estes, and Jim Towler were present by teleconference.

MEMBER ABSENT: Roger Novotny

SUPPORT STAFF PRESENT: Norm Lingle, Clark Hepper, John Keyes, Sherry Lauseng, Kelly Thompson, Andrew Fergel, Jennifer Baker, and Robyn Seibel.

APPROVAL OF THE AGENDA

Commissioner Putnam moved that the agenda be approved. Commissioner Dykstra seconded. Roll was called: Aye – Dykstra, Estes, Hartford, Putnam, and Turbiville. Motion carried.

EXECUTIVE DIRECTOR'S COMMENTS

Executive Director Norm Lingle reported on the following:

Lingle briefed the commissioners on the next commission meeting that will take place in Sioux Falls on Dec. 10, 2015, at the office of Lawrence & Schiller (L&S). Following the meeting, a tour of the new Sioux Falls Lottery office is planned. Lingle anticipates a move in date of March 1, 2016, for the Sioux Falls office.

A commission meeting will be held Jan. 7, 2016, at the Capitol in Pierre to discuss L&S's marketing plan for fiscal year 2016. The commission will be briefed on market research conducted by L&S at the Dec. 10th meeting and that information will be used to put together the marketing plan. Lingle plans to propose a schedule for the 2016 quarterly commission meetings at the Dec. 10th meeting.

POWERBALL RULES HEARING – 10:15 a.m.

Executive Director Norm Lingle reported on the following:

Lingle presented the proposed Powerball Rules Amendments, stating that on Oct. 22, 2015, the Powerball Game Group approved three primary changes – to manage the jackpot size, fully fund prize reserve accounts, and allow for faster growing starting jackpots.

Lingle explained each proposed change, starting with managing the jackpot size. When the matrix change took effect on Oct. 4, 2015, the odds of winning the jackpot went to 1:292 million, making the likelihood of reaching a billion dollar jackpot more probable. To manage the jackpot and help fund the reserve, the game group created a Grand Prize Carry Forward Pool that will take effect when a jackpot exceeds \$300 million – with each drawing, 10% of the sales will go into the pool – when the jackpot reaches \$800 million the percentage will be raised to 20%. Once money starts being contributed to the Grand Prize Carry Forward Pool, it will go to fund the starting jackpot of \$40 million. Currently it takes six to eight draws for sales to fully fund the jackpot. Funding with the Grand Prize Carry Forward Pool reduces the risk of having a jackpot that isn't fully funded.

Next Lingle explained that Powerball has three reserve accounts – the prize reserve account, the set prize reserve account, and the set aside pool. These accounts guarantee payments of jackpots and low tier prizes, as well as serve as an insurance policy.

The changes proposed mirror what Lottery has done in the past by adopting the rules that the Multi-State Lottery Association (MUSL) has passed and will help ensure Powerball’s long-term viability and ability to fully fund prizes.

Commissioner Hartford asked if the reason to adopt rules is to ensure South Dakota’s ability to participate in the Powerball game following the Jan. 30, 2016, draw. Lingle confirmed that if the Lottery Commission didn’t approve the proposed rules, sales of the Powerball game would cease after the Jan. 30th draw.

Commissioner Hartford moved that the Powerball rules be approved. Commissioner Towler seconded. Roll was called: Aye – Dykstra, Estes, Hartford, Putnam, Towler, and Turbiville. Motion carried.

NEXT MEETING DATE – DECEMBER 10, 2015

Commissioner Turbiville set the next meeting date for Dec. 10, 2015.

ADJOURNMENT

Commissioner Putnam moved to adjourn the meeting. Commissioner Towler seconded. Roll was called: Aye – Dykstra, Estes, Hartford, Putnam, Towler, and Turbiville. Motion carried. Chairman Turbiville adjourned the meeting at 10:28 a.m.