

SOUTH DAKOTA LOTTERY COMMISSION

June 2, 2016 – 9:00 a.m.

Room 412, State Capitol, Pierre, SD

**Please read all materials provided in the packet and print
and bring the Agenda and all Exhibits*

Listen live at <http://sdpb.sd.gov/player/412.html>



MEETING AGENDA

- | | |
|--|------------------|
| 1. Welcome | Chair Turbiville |
| 2. Approval of Agenda | Chair Turbiville |
| 3. Approval of Minutes – April 7, 2016 meeting | Chair Turbiville |
| 4. Executive Director Comments | Norm Lingle |
| 5. Video Lottery Report [Exhibits A-B] | Clark Hepper |
| 6. Purchase of Multi-Channel Connectivity Devices | Clark Hepper |
| 7. Public Relations/Advertising Report | Kelly Thompson |
| 8. Sales Report [Exhibits C-D-E-F] | Joe Willingham |
| 9. IGT Technology Security | Shawn Yetter |
| 10. Conflict of Interest | Andrew Fergel |
| 11. EZ Match Rules Hearing – 10:15 a.m. | Norm Lingle |
| 12. Executive Session per SDCL 1-25-2 (4)
to Prepare for Contract Negotiations | Norm Lingle |
| 13. Approval to Begin Contract Negotiations for
Instant Game Tickets & Related Services Request for Proposal | Norm Lingle |
| 14. Approval to Begin Contract Negotiations for
Compliance Testing & Consulting Services Request for Proposal | Norm Lingle |
| 15. Approval to Begin Contract Negotiations for
Video Lottery Security Study Request for Proposal | Norm Lingle |
| 16. Next Meeting Date – Sept. 22, 2016 | Norm Lingle |
| 17. Recess | Chair Turbiville |

SOUTH DAKOTA LOTTERY COMMISSION

June 2, 2016 – 1:30 p.m.

June 3, 2016 – 8:30 a.m.

RedRossa, Highlands Meeting Room, 808 W. Sioux Ave., Pierre, SD



June 2, 2016 – 1:30 p.m.

- | | |
|---------------------------------------|-------------------|
| 18. Welcome - Meeting Reconvene | Chair Turbiville |
| 19. Overview of Strategic Plan | Norm Lingle |
| 20. Lottery Goals and Objectives | Norm Lingle |
| 21. Vendor Presentations | |
| International Gaming Technology (IGT) | Nate Sullivan |
| Scientific Games | Dennis Miller |
| Novomatic | Brendan McCarthy |
| Pollard Banknote | Jennifer Wankling |
| 22. Recess | Chair Turbiville |

June 3, 2016 – 8:30 a.m.

- | | |
|---------------------------|--------------------------|
| 23. Recap of Previous Day | Norm Lingle/Clark Hepper |
| 24. Prioritize Objectives | Norm Lingle/Clark Hepper |
| 25. Wrap up | Chair Turbiville |
| 26. Adjourn | Chair Turbiville |

Expiration Dates of Commissioner Terms

Bob Hartford	01/01/2017	Chuck Turbiville	01/01/2019
Doyle Estes	01/01/2017	Brent Dykstra	01/01/2018
Jim Putnam	01/01/2017	Roger Novotny	01/01/2018
Vacant	01/01/2016		

Individuals wanting to testify before the Lottery Commission must sign the attendance sheet and in prefacing their remarks, state their name and the entity they represent.

NOTE: This meeting is being held in a physically accessible location. Individuals needing assistance, pursuant to the Americans with Disabilities Act, should contact the South Dakota Lottery at 605.773.5770 in advance of the meeting to make any necessary arrangements.

Net Machine Revenue & Terminal and Establishment Averages

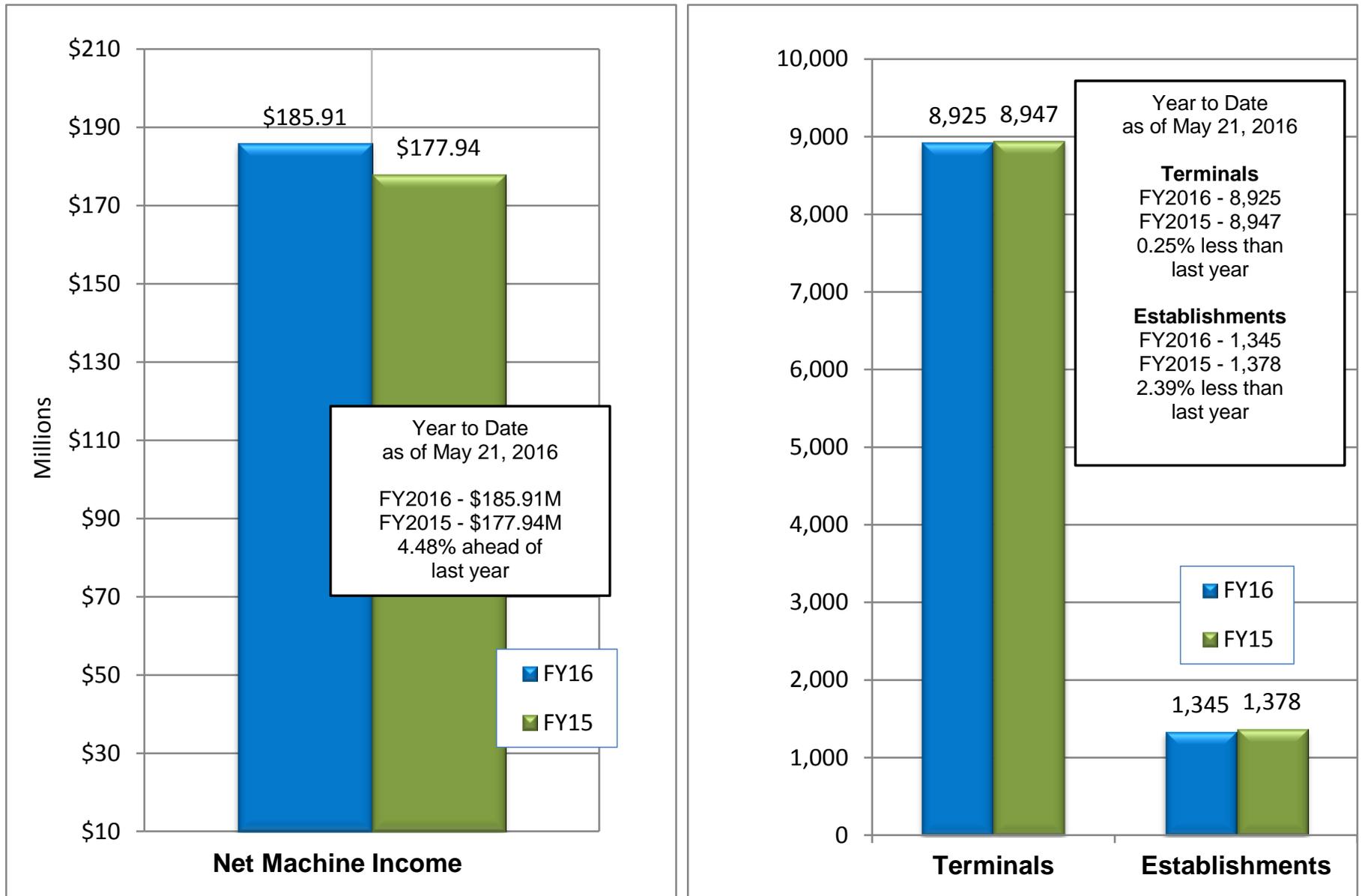
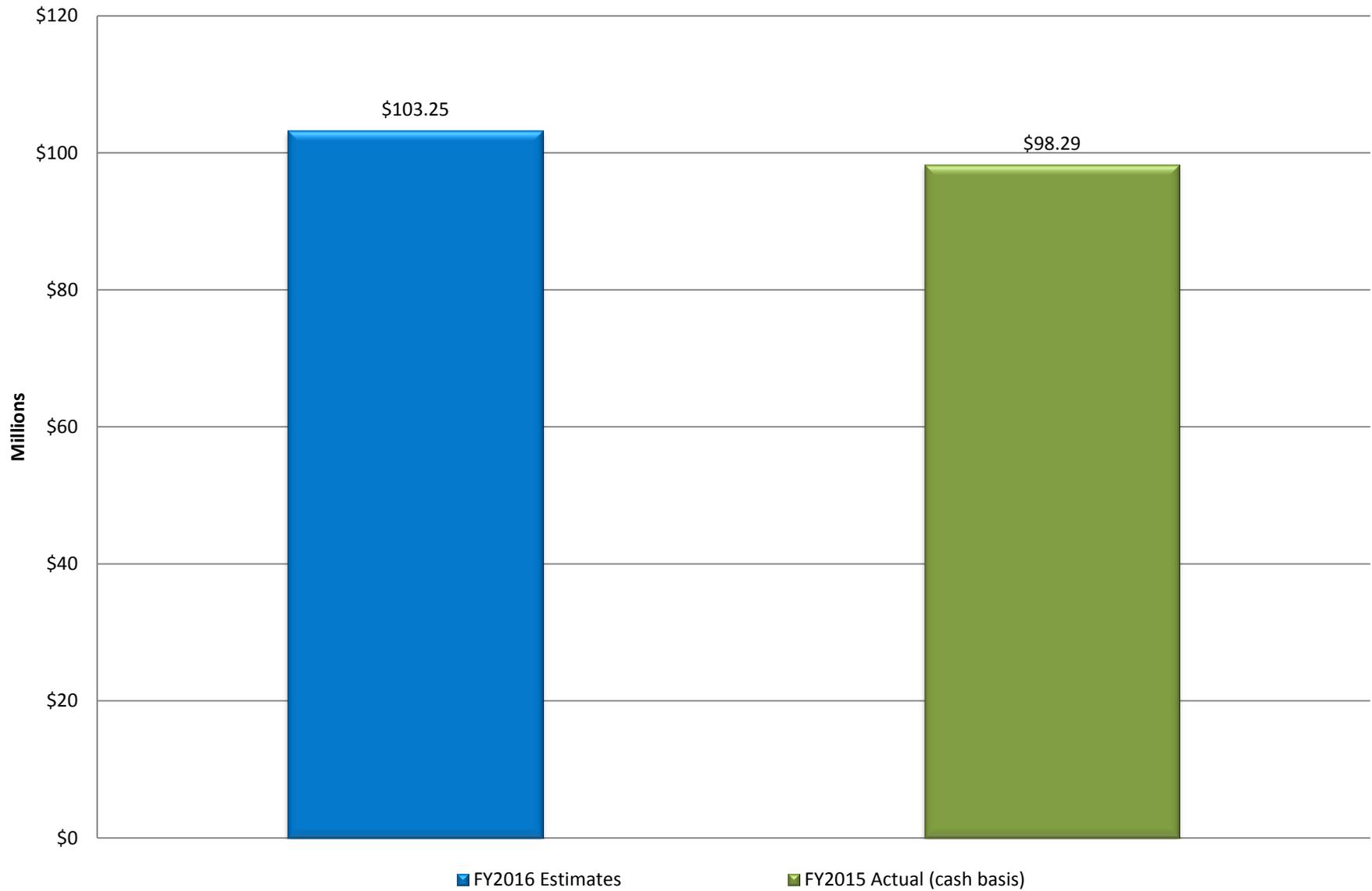
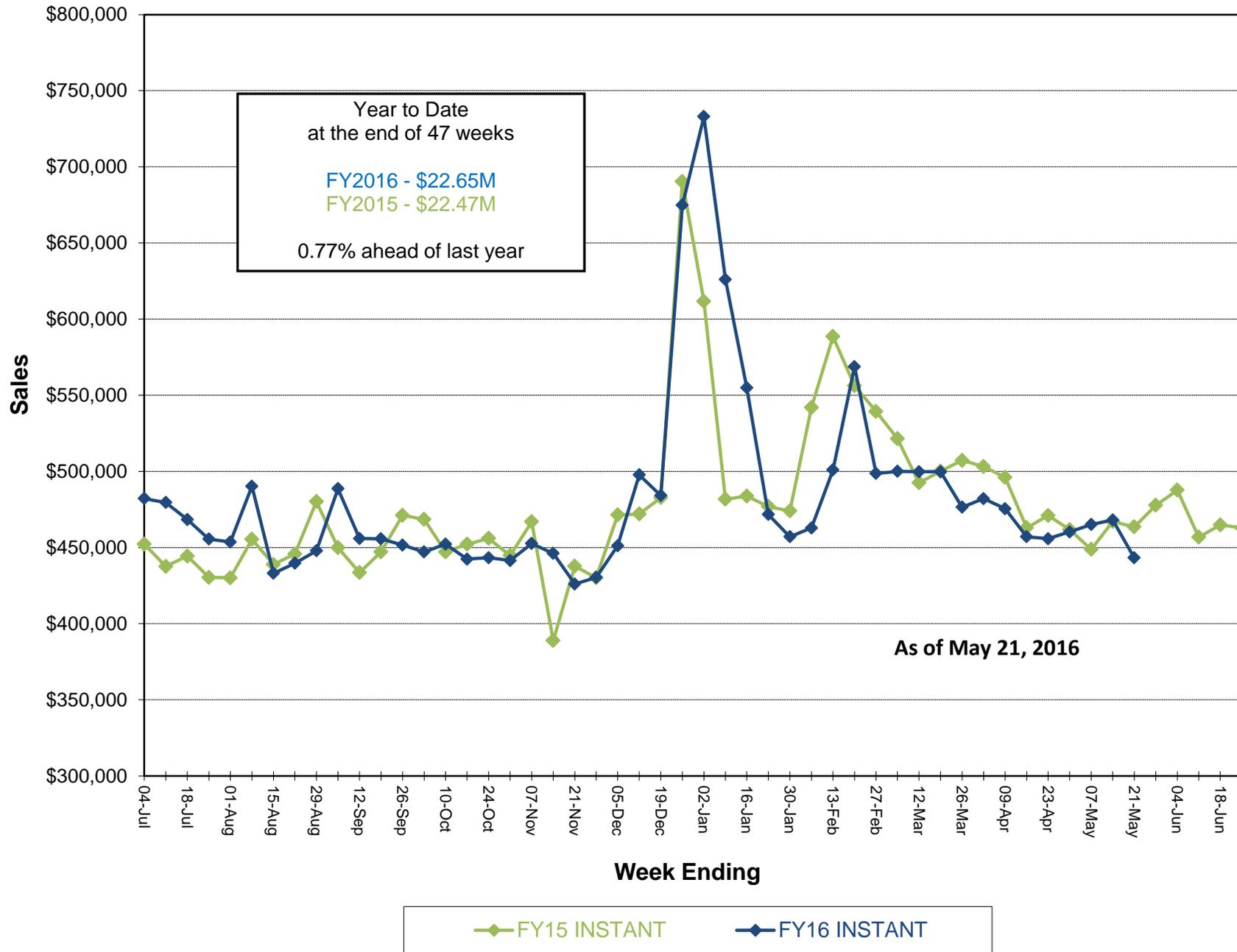


Exhibit B

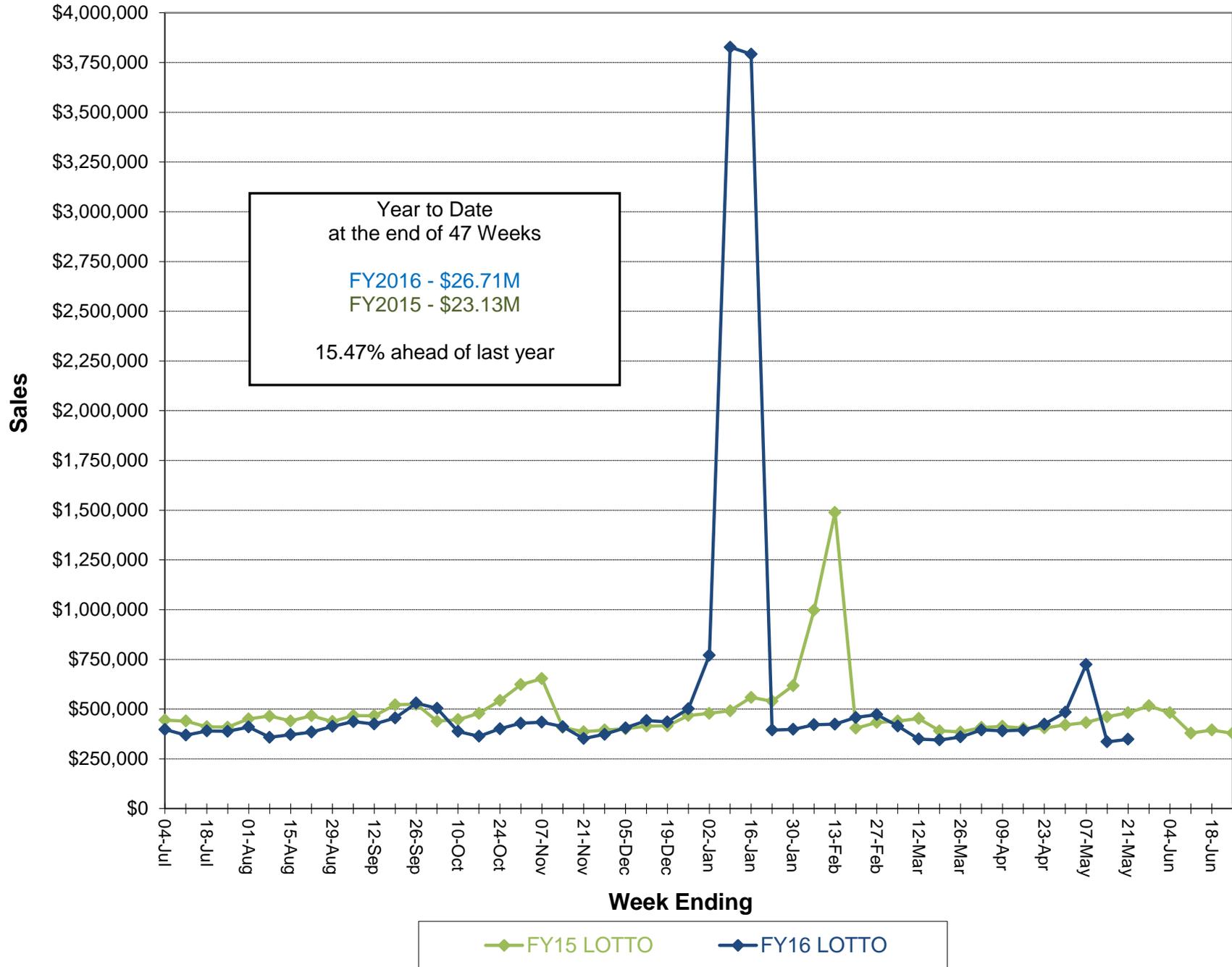
Video Lottery FY16 State Share Revenue Projection As of April 30, 2016



Instant Ticket Sales



Lotto Sales



Instant and Online FY16 Revenue Projections As of April 30, 2016

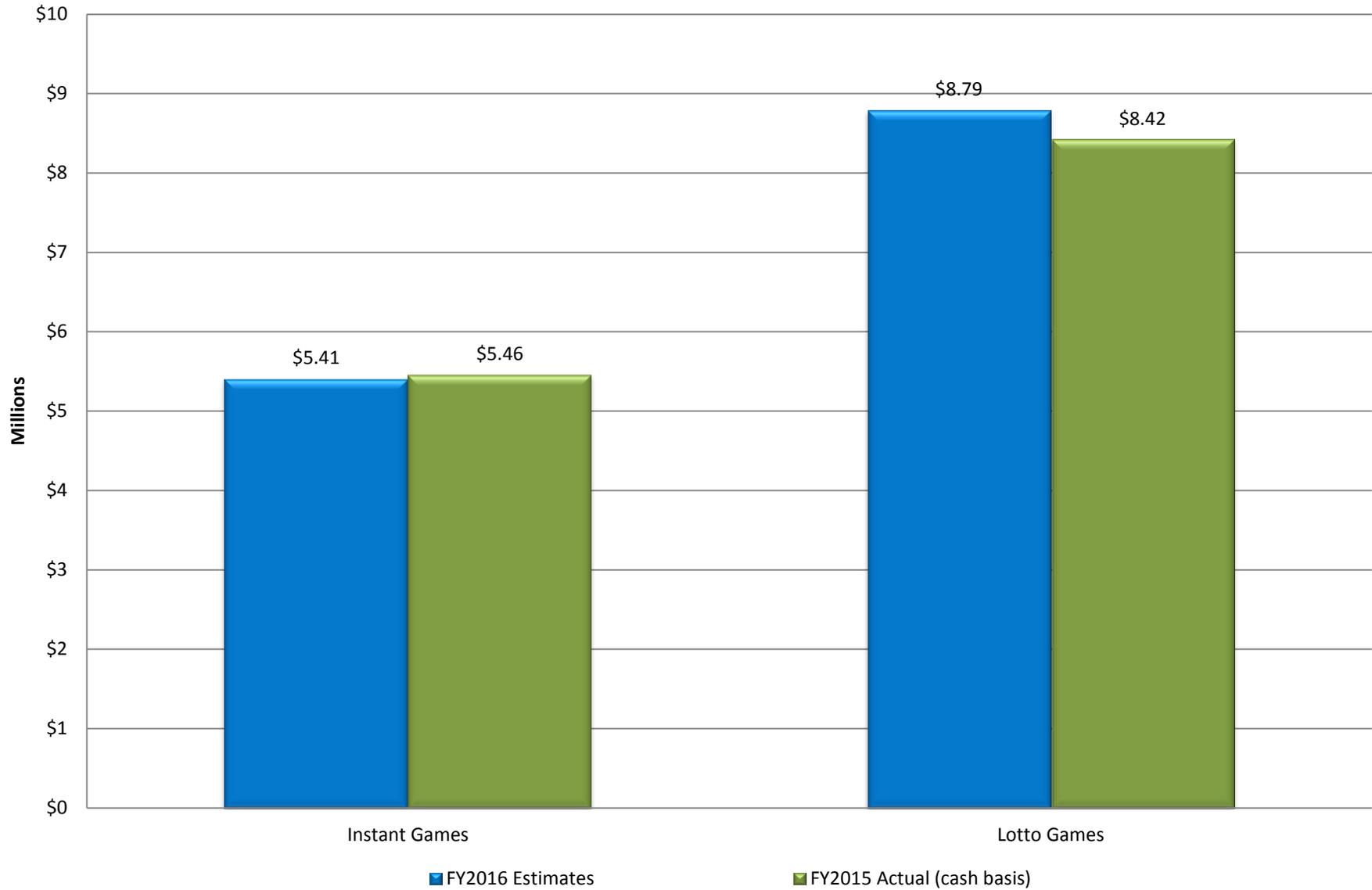
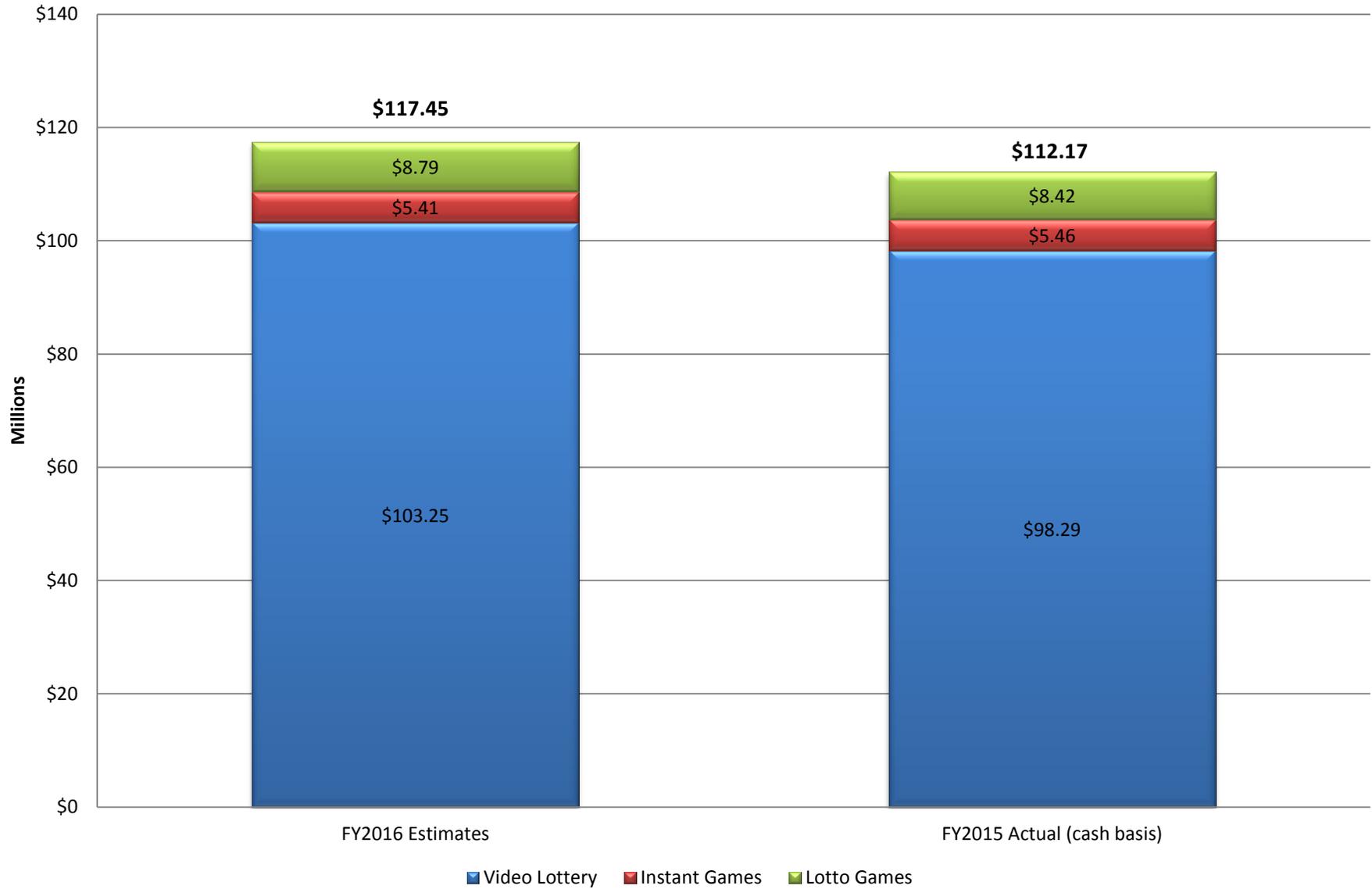


Exhibit F

Total FY16 Revenue Projections As of April 30, 2016



**South Dakota Department of Revenue
South Dakota Lottery Commission
Notice of Public Hearing to Adopt Rules**

A public hearing will be held in Room 412, 4th floor, State Capitol, Pierre, South Dakota, on June 2, 2016, at 10:15 a.m., Central Time, to consider the adoption and amendment of proposed rules numbered §§ 48:02:02:06 and 48:03:17:01 to 48:03:17:07, inclusive.

The effect of proposed rule § 48:02:02:06 will be to allow applications, registrations and disclosure forms, that are required to be submitted to the Lottery for the purpose of determining qualification for licensure, to be submitted using an electronic signature.

The reason for adopting proposed rule § 48:02:02:06 is to allow the Lottery to accept applications, registrations and disclosure forms by electronic means.

The effect of proposed rules §§ 48:03:17:01 to 48:03:17:07, inclusive, will be to allow the South Dakota Lottery to offer the EZ Match instant win option in conjunction with any on-line game authorized by the Lottery Commission. EZ Match is an instant win option that may be played in association with an on-line game that offers the player a chance to instantly win a prize at the time they purchase an on-line game ticket. The price of each EZ Match play will be one dollar in addition to the cost of the on-line game played.

The reason for adopting proposed rules §§ 48:03:17:01 to 48:03:17:07, inclusive, is to allow the South Dakota Lottery to offer an instant win option in conjunction with on-line games, like Dakota Cash, to make the overall player experience more appealing.

Persons interested in presenting data, opinions, and arguments for or against the proposed rules may do so by appearing in person at the hearing or by sending them to the South Dakota Department of Revenue - Legal Division, 445 East Capitol Avenue, Pierre, South Dakota 57501-3185. Material sent by mail must reach the Department by June 1, 2016, to be considered.

After the hearing, the South Dakota Lottery Commission will consider all written and oral comments it receives on the proposed rules. The Commission may modify or amend a proposed rule at that time to include or exclude matters that are described in this notice.

Notice is further given to individuals with disabilities that this hearing is being held in a physically accessible place. Please notify the Department of Revenue at least 48 hours before the public hearing if you have special needs for which special arrangements must be made. The telephone number for making special arrangements is (605) 773-4701.

The text of the above-proposed rules is available on the Department of Revenue's website at: http://dor.sd.gov/Publications/Public_Notices/PDFs/EZrules2016.pdf and on South Dakota's Administrative Rules website at: <http://rules.sd.gov/>. Paper copies of the proposed rules may be obtained without charge from:

South Dakota Department of Revenue
Legal Division
445 East Capitol Avenue
Pierre, South Dakota 57501-3185

Published at the approximate cost of \$ _____.

CHAPTER 48:02:02

LICENSING QUALIFICATIONS

Section

- 48:02:02:01 Additional qualifications for licensure.
- 48:02:02:02 Individual qualifications must be established.
- 48:02:02:03 Applicant required to furnish information.
- 48:02:02:04 Consent to examination of accounts and records.
- 48:02:02:05 Waiver of liability.
- 48:02:02:06 Oath or affirmation and attorney certification.
- 48:02:02:07 Duty to provide accurate and material information.

48:02:02:06. Oath or affirmation and attorney certification. All application, registration, and disclosure forms and other documents submitted to the lottery or the commission by or on behalf of the applicant for purposes of determining qualification for a video lottery license shall be ~~sworn to or affirmed before a notary public upon the request of the executive director or commission~~ signed. All of the documents referenced in this section may be signed by electronic signature. The person making the application, registration, or disclosure shall sign a statement printed or written on the form or document in the following form: “I declare and affirm under the penalties of perjury that this application, registration, or report has been examined by me, and to the best of my knowledge and belief is in all things true and correct.” If any forms or documents are signed by an attorney for the applicant, the signing constitutes a certification by the attorney that the attorney has read the forms or documents and that, to the best of the attorney's knowledge, information, and belief, their contents are true.

Source: 16 SDR 27, effective August 18, 1989.

General Authority: SDCL 42-7A-21(16), 42-7A-43.

Law Implemented: SDCL 42-7A-21(16), 42-7A-43.

ARTICLE 48:03

ON-LINE LOTTERY REQUIREMENTS

Chapter

- 48:03:01 General provisions.
- 48:03:02 Sale and distribution of on-line tickets.
- 48:03:03 On-line ticket payment and validation.
- 48:03:04 On-line drawings.
- 48:03:05 On-line ticket sales on Indian reservations.
- 48:03:06 Powerball game.
- 48:03:07 Dakota Cash game.
- 48:03:08 Tri-West Lotto game, Repealed.
- 48:03:09 Daily Millions game, Repealed.
- 48:03:10 Wild Card game.
- 48:03:11 Cash 4 Life game, Repealed.
- 48:03:12 Rolldown game, Repealed.
- 48:03:13 Hot Lotto game.
- 48:03:14 Raffle game.
- 48:03:15 Mega Millions game.

48:03:16 Monopoly Millionaires' Club Game.

48:03:17 EZ Match instant win option.

CHAPTER 48:03:17

EZ MATCH INSTANT WIN OPTION

Section

48:03:17:01 EZ Match instant win option authorized.

48:03:17:02 Definitions.

48:03:17:03 Game description.

48:03:17:04 Ticket purchases.

48:03:17:05 Prize payment and validation.

48:03:17:06 Ineligible players.

48:03:17:07 Publishing EZ Match odds.

48:03:17:01. EZ Match instant win option authorized. The lottery may offer the EZ Match instant win option in conjunction with any on-line game authorized by this article.

Source:

General Authority: SDCL 42-7A-21(1).

Law Implemented: SDCL 42-7A-21(1).

48:03:17:02. Definitions. Terms used in this chapter mean:

(1) “Exchange ticket” or “trail ticket,” a computer generated, printed paper issued by a terminal to replace a game ticket that had been purchased for play in consecutive draw games

and was validated as a winning ticket before the last drawing on the game ticket. An exchange or trail ticket shall contain the exact game play and each remaining future drawing date appearing on the validated game ticket it is replacing and shall have all other characteristics of a game ticket except as otherwise stated in this chapter;

(2) "Game board" or "board," that area of the play slip containing squares to be marked by the player;

(3) "Game ticket" or "ticket," the ticket, produced by a terminal, which contains the caption of the associated on-line game being played, the EZ Match logo and the information required by § 48:03:03:02;

(4) "Play slip," a card containing one or more boards used in marking a player's game plays.

Source:

General Authority: SDCL 42-7A-21(1)(6)(17).

Law Implemented: SDCL 42-7A-21(1)(6).

Cross-Reference: Definitions, § 48:03:01:01.

48:03:17:03. Game description. EZ Match is an instant win option that may be offered by the lottery in association with any on-line game authorized by this article. The price of each EZ Match play is one dollar, in addition to the cost of the on-line game play. A player electing to play the EZ Match option of an on-line game when offered shall receive five EZ Match numbers printed below the on-line game numbers on the same ticket. All EZ Match numbers shall be randomly generated. If any of the EZ Match numbers printed on the ticket match any of the on-line game numbers (regardless of order), the player instantly wins the prize amount printed next to the matched EZ Match numbers.

Source:

General Authority: SDCL 42-7A-21(1)(2)(4).

Law Implemented: SDCL 42-7A-21(1)(2)(4).

48:03:17:04. Ticket purchases. Any ticket for any on-line game with an EZ Match play may only be purchased from an on-line retailer authorized by the executive director to sell on-line tickets. To play EZ Match in conjunction with on-line games where it is offered a player shall mark the EZ Match box on the on-line game's playslip or request an EZ Match play from the on-line retailer. Marking the EZ Match box on a playslip only adds an EZ Match play to the board marked.

Each board played with the EZ Match option selected shall be printed on a separate ticket. On-line game tickets with the added EZ Match option shall be printed with the pertinent on-line game's logo and the EZ Match logo at the top of the ticket. The EZ Match logo will also be printed within the body of the ticket and below it shall be the EZ Match numbers and the prize amounts associated with each EZ Match number. Any on-line game ticket printed without the elements described in this section is not eligible for any EZ Match prize. An on-line game ticket with an EZ Match play may not be voided or canceled.

Source:

General Authority: SDCL 42-7A-21(2)(5)(6).

Law Implemented: SDCL 42-7A-21(2)(5)(6).

48:03:17:05. Prize payment and validation. The holder of a winning EZ Match play may cash the ticket on which it is printed at any South Dakota Lottery retail location either before or after the associated on-line game drawing. If a winning EZ Match play is cashed prior to the associated on-line game drawing, an exchange ticket shall be printed for the on-line

game's upcoming drawing. If an on-line game ticket is a winning ticket for both an EZ Match play and the associated on-line game play and the ticket is presented for cashing for both plays after the associated on-line game's drawing has occurred the prize amounts for each win shall be added together and paid in one lump sum.

Prizes may be paid only on valid tickets which satisfy all the requirements in chapter 48:03:03 and other confidential validation and security checks of the lottery. EZ Match prizes must be claimed within 180 days after the on-line game draw date associated with the ticket on which the EZ Match play was originally purchased. If the final day of the 180-day period falls on a Saturday, Sunday, or state holiday, the claim period ends on the next business day.

Source:

General Authority: SDCL 42-7A-21(2)(3)(9), 42-7A-23.

Law Implemented: SDCL 42-7A-21(2)(3)(9).

48:03:17:06. Ineligible players. An on-line ticket with an EZ Match play may not be purchased by or a prize paid to any of the following persons:

- (1) A member of the commission or an employee of the lottery;
- (2) An officer or employee of a company or business that currently supplies equipment, supplies, or services being used directly in the operation of the lottery's on-line games; or
- (3) An immediate family member of an individual described in subdivisions (1) and (2) of this section who reside in the same household.

Source:

General Authority: SDCL 42-7A-21(2)(3)(17).

Law Implemented: SDCL 42-7A-33.

48:03:17:07. Publishing EZ Match odds. The lottery shall publish the odds of winning EZ Match for each prize level, the top prize, and the overall odds of winning any prize on the lottery's website.

Source:

General Authority: SDCL 42-7A-21(1)(4)(17).

Law Implemented: SDCL 42-7A-8(8).