To: South Dakota Lottery Commission

From: Norman Lingle
               Executive Director

Re: June 11, 2020 Lottery Commission Meeting

Date: June 5, 2020

The June 11, 2020 meeting of the South Dakota Lottery Commission will begin at 9:30 a.m.

A zoom link will be provided to the Commissioners and Lottery staff. A call in number will be provided for the public to participate and the meeting will be streamed on South Dakota Public Broadcasting's website.

I would like to highlight a few of the key agenda items.

I plan to give an update of the Lottery's COVID-19 response part of my comments. This will include information from Friday, March 13 to current.

The Lottery issued an RFP for Advertising and Related Services in December 2020, We've concluded our review and plan to make a recommendation for approval to the Commission for the new contract period beginning on July 1, 2020.

We will be presenting a policy, for Commission consideration, regarding a procedure for ending instant ticket games. This policy will identify and describe the process the Lottery will use in completing this review.

We also plan to provide an update on the Scientific Games Video Lottery System project. The report will include an update on the progress of the project since the last meeting and a look forward at what's to come.

We will also report on FY20 Instant/Online and Video Lottery sales. In the past, we've alternated between Instant/Online and Video Lottery each meeting. Since no report was provided at the last Lottery Commission meeting, we will cover all three products.

The agenda also includes the normal sales, public relations/advertising and video lottery reports.

Please contact Clark or me if you have any questions, comments or if there is anything else you would like addressed during the meeting.

SOUTH DAKOTA LOTTERY™

MEETING AGENDA

Dial In Number for Public: 1-346-248-7799
Meeting ID: 966 7289 7288
Password: 794399

Link to Listen Live: http://www.sd.net/room412/

1.	Welcome	Chair Shorma
2.	Roll Call	Megan Gross
3.	Approval of Agenda	Chair Shorma
4.	Approval of Minutes – March 26, 2020 meeting	Chair Shorma
5.	Conflict of Interest	Chair Shorma
6.	Executive Director Comments	Executive Director Norm Lingle
7.	Advertising and Related Services RFP Recommendation	Director of Advert and PR Wade LaRoche
8.	Marketing Report	Director of Advert and PR Wade LaRoche
9.	Video Lottery Central System Upgrade Update	Deputy Executive Director Clark Hepper
10.	FY20 Instant/Online and Video Lottery Review	Business Analyst Elizabeth Burdick
11.	Sales Report	Director of Sales Marla Gruber
12.	Instant Ticket Game Closing Procedures Proposal	Director of Sales Marla Gruber
13.	Video Lottery Report	Director of Video Lottery and Security Jordon Kitts
14.	Public Comment	Chair Shorma
15.	Next Meeting – Thursday, September 10, 2020	Executive Director Norm Lingle
16.	Adjournment	Chair Shorma

Expiration Dates of Commissioner Terms

William Shorma	01/01/2022	Jason Ahrendt	01/01/2022
Joe Kafka	01/01/2023	Jamie Huizenga	01/01/2021
David Wheeler	01/01/2021	Vacant	
Vacant			

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 in advance of the meeting to make any necessary arrangements.

Commission Members
William Shorma - Chair
Jason Ahrendt – Vice Chair
David Wheeler
Joe Kafka
Jamie Huizenga
Minutes of the Commission Meeting

Meeting was conducted telephonically
Thursday, March 26, 2020 – 9:30 a.m.

UNAPPROVED

Chair William Shorma called the March 26, 2020 meeting of the South Dakota Lottery Commission to order at 9:30 a.m. Chair Shorma, Commissioners Wheeler, Ahrendt, Huizenga and Kafka participated via phone.

SUPPORT STAFF PRESENT
Norm Lingle, Clark Hepper, Wade LaRoche, Jim Terwilliger and David Wiest

Others
Outside of support staff and commissioners, the meeting had seven callers who joined the conference call.

APPROVAL OF THE AGENDA
Chair Shorma asked for a motion to approve the agenda. Commissioner Ahrendt motioned to approve the agenda. Commissioner Wheeler seconded. Motion passed with no objection with a voice vote.

APPROVAL OF THE MINUTES FROM THE December 5, 2019 MEETING
Chair Shorma asked for a motion to approve the minutes. Commissioner Huizenga motioned to approve the minutes. Commissioner Wheeler seconded. Motion passed with no objection with a voice vote.

CONFLICT OF INTEREST
Chair Shorma asked if there were any conflicts of interest and there were none.

EXECUTIVE DIRECTOR'S COMMENTS
Executive Director Norm Lingle reported on the following:

FY 2019 Session
- Commissioner Kafka was reappointed to the SD Lottery Commission by the Governor.
- House Bill 1021 reduces the number of lottery commissioners from seven to five. The bill was signed by the governor and will take effect on July 1, 2020.
- House Bill 1249 would have revised certain provisions of the operation of the SD Lottery. The House State Affairs Committee sent the bill to the 41st day on a 7-6 vote.
  - o Would have included a transfer of $1 million yearly from the Instant and lotto proceeds into the video lottery repeal and recovery fund.
  - o Would have prohibited the promotion or advertising of any lottery products.
- House Bill 1250 would have increased the state's percentage of video lottery revenues and provide for the deposit of certain excess revenues and repeal provisions regarding video lottery. The House State Affairs Committee sent the bill to the 41st day on an 8-4 vote.
  - o Would have repealed the video lottery program on or before July 1, 2029
  - o Would have created a video lottery repeal and recovery fund
  - o Would have increased the state's share of net machine income from 50% to 55%
  - o Would have capped the amount of the state's share of net income at a certain level
  - o Excess dollars would have gone to the video lottery repeal and recovery fund

- House Bill 1282 would have created the video lottery repeal and recovery fund. The House Appropriations Committee tabled the bill on a five to four vote.
  - Would have created the video lottery repeal and recovery fund
  - No funds would have been extended from this fund until playing a video lottery machine in SD is prohibited
  - Would have capped the state's share of net machine income at the 2019 level, any additional funds would flow over to the repeal and recovery fund

COVID-19 update

- All Lottery staff is working remotely, while limited staff is rotated into the office on different days and at different times.
- All staff has access either remotely or through email access.
- Sales reps are not visiting retailers but are communicating to retailers by phone.
- Sales Reps are using iPad provided through IGT project to stay current on tickets at retailers.
- Video lottery daily operations are be serviced through remote desktop access. They are coming into the office at 8 p.m. to do the nightly lottery drawings.
- Ticket shipments have started again from the Sioux Falls warehouse.
- Finance staff is rotating into the office to maintain the payment of invoices, sweeps for instant online retailers, and video lottery
- Instant and lotto claims are still being processed by mail. Lottery staff is looking into providing an option for big winners to make claims by appointment.
- We are asking operators to contact the Lottery and notify us of locations temporarily closing so we can fetch meters and properly disable the machines.
- Executive Director Lingle thanked the SD Lottery Team, BIT staff, and custodian Joe (Dolly Reed Building) for their hard work during this busy and dynamic time.
- Commissioner Huizenga asked about tending lottery activity and monitoring activities. Executive Director Lingle said there is a bit of a downward trend, but no definitive answer. He noted that the Lottery will continue to monitor and report.
- Secretary Terwilliger added that since end of session, significant changes have occurred quickly. He said revenue going down is expected but with only a small amount of data we are unable to provide a lot of answers. The proposed stimulus package and incoming data is being monitored.
- Chair Shorma noted that Beano's & Sherrie's is shutting down in N. Sioux City. He credited the operators in N Sioux City have been great in their distancing, cleaning, and preventative measures.

Video Lottery Migration
Executive Director Clark Hepper reported on the following:

- Beginning August 1, 2019, the site controller pilot project has been integrated with the current system along with the new ticket redemption process. They have been installed in 25 sites.
- A lot of success shown from the end of August to the end of October in the ticket validation and redemption for SAS protocol machines.
- 79% redemption rate average among the 25 sites. 99.4% at the highest, and 16% at the lowest.
- Casino style only sites showed the highest percentage, while restaurants and bar style co-businesses showed the lowest.
- In December 2019, we received all 1,300 site controllers and they are currently stored in a Sioux Falls warehouse. They will be shipped when the migration process begins.
- In January, Lottery met with Scientific Games to specify the scope of the business requirements process. Currently, the processes have been in place, the documents have been completed and we are in the review process.
  - On January 28, Scientific Games and SD Lottery held town hall meeting with 60 participants in Sioux Falls, and 20 participants in the Rapid City meeting on January 30. We are trying to identify a NE location and time, but we expect a possible delay due to the COVID 19 situation.
  - They identified new features and benefits to the operators and the establishments in the meetings. The IP communication network was thoroughly discussed as well as the new operator portal.
  - Conversion process and plan is rolling out an expectation of everything needs to be done. They discussed the following: what may need to be done before installation, contracts and contract processes, the service process, pricing options, and payment processes.
  - Slide show and FAQs will be available on the website.
- The Lottery is working with Scientific Games in February and March to complete business and functional requirement documents. They will identify how it will operate with our partners in the field, how the games will work for the Lottery, and the expectations of the reporting process.

- Of the 53 FRD documents, 49 have been signed off by the lottery as of yesterday. Four documents are waiting on changes.
- Deputy Executive Director Hepper provided the following timeline:
  - Next- testing process with GLI
  - March- identifying the scope of the testing process with GLI
  - April- Scientific Games will initiating contacts with operators for contracts
  - Mid-July- GLI testing, Lottery staff training, training of operators in the portal and site controllers all complete
  - First part of August- going live with Connexus system, pilot project part two with the 25 sites, where they will be running off the new network and the new Connexus system.
  - End of August- successful pilot project part two
  - By December-rolling out new site controllers and communication network across the state, including, the completion of installation of the sties.
  - January 25- shut down the current Aegis systems and communication systems. *(dates subject to change due to COVID 19)*

- Chair Shorma asked about the expectation of increased dependability. Hepper noted that with real-time communication and the new site controllers, the network should be more dependable by allowing Lottery staff to communicate with the machines on a quicker more reliable basis. Lottery is expecting a significant decrease on the number of non-reporting terminals which will reduce the work for operators.

Public Comment

Chair Shorma asked for public comment.

No emails for questions/comments from the public.

Chair Shorma asked, "How many establishments are shutting down?"
Executive Director Lingle said it is 25-30 range. This number increased the day before the meeting.

NEXT MEETING DATE
Executive Director Norm Lingle reported on the following:

Executive Director Lingle stated June 11, Sept 10, and Dec 3 are the next quarterly meetings. The Lottery will reach out to schedule a special meeting if needed.

ADJOURNMENT

Chair Shorma adjourned the meeting, Adjourned at 10:15 a.m.

*Please listen to the audio on the South Dakota Lottery Website: https://lottery.sd.gov/about/commission/ for additional details.

South Dakota Lottery Commission Meeting June 11th, 2020

A DIVISION OF THE SOUTH DAKOTA DEPARTMENT OF REVENUE

Executive Director Comments

SOUTH DAKOTA LOTTERY

GOOD FUN

Executive Director Comments

- Megan Gross – Information Officer

- Retirement – Starla Volk RC Manager

- Audits
  - Lucky for Life AUP Audit
  - Annual Audit

- COVID-19 Update

Advertising and Related Services RFP Recommendation

SOUTH DAKOTA LOTTERY
GOOD FUN

A DIVISION OF THE SOUTH DAKOTA DEPARTMENT OF REVENUE

Current Status

- Our current contract with Lawrence & Schiller expires on June 30,2020.

- We published the Request for Proposal on December 20, 2019.

- The new contract will be for a period of five years with the option for three additional one-year extensions.

Inquiries

- We received proposals from nine different agencies.

- This includes agencies from South Dakota, Nebraska, Colorado, Ohio and Florida.

Scoring

- Our evaluation committee scored all nine proposals.

- We invited the five highest scoring agencies to conduct presentations.

- Presentations took place in May.

Scoring

- After the presentations, our team determined three finalists.

- Lawrence & Schiller finished with an average score of 83, while Smith Kroeger had a score of 82.

Potential Focuses

- Evolution of the Good Fun Brand

- Website and Mobile App

- Data-driven marketing

Potential Focuses

- Market Research

- Beneficiary Awareness/Problem Gambling Messaging

Next Steps

- We are hoping to make the new agreement official in the coming weeks.

- The new agreement would go into effect July 1, 2020.

We ask for your approval to enter into a new agreement with Lawrence & Schiller.

Marketing Report

COVID-19 Impact

- Most paid advertising elements were suspended throughout April and May.

- Most lotteries throughout the country did the same.

- Our advertising efforts will be phased in, beginning with the Thanks, South Dakota television and radio spots.

Lucky For Life Winner

- Fe Miller of Hayes won the Lucky for Life second prize after the April 16 drawing.

- Fe chose the cash option of $390,000.

- Fe is our fifth second prize winner since 2017.

Lucky For Life Winner

- Fe purchased her winning ticket at the Lynn's Dakotamart in Fort Pierre.

- This is the second time this retailer has sold a second prize Lucky for Life ticket.

Lucky Leprechaun Day

- On St. Patrick's Day, players could buy one Lucky for Life ticket and get another free.

- The promotion generated more than $90,000 in sales.

- The average Tuesday generates roughly $7,000 in Lucky for Life sales.

605 Day

- We launched another 1-day promotion for 605 Day on June 5.

- Players could buy 5 Dakota Cash quick picks and get 1 free.

- Our next mobile app update features the ability to scan lotto tickets.

- Scanner will indicate if a ticket is a non-winner, small winner or big winner.

- The update will launch this summer.

Second Chance Drawings

- We unveiled a new logo for consistent branding among second chance draws.

- This will be used on the website, mobile app and social media.

- It can also be used for point of sale items.

VIP Only

- New monthly second chance drawing.

- Nearly all non-winning scratch tickets are eligible.

- The top prize is $300 in scratch tickets.

Upcoming Second Chance Drawings

- October 20—Polaris

- November 20—Keys-N-Cash

- More to come!

Video Lottery Migration Update

- BRD &FRD   **March 13, 2020**   **Completed**
- Switch PDC & BDC   **May 29, 2020**   **August 2020**
- Operator Training   **July 3, 2020**   **October 2020**
- GLI UAT Testing   **July 17, 2020**   **September 2020**
- SDL Staff Training   **July 17, 2020**   **September 2020**
- Operator Portal Training **July 24, 2020**   **October 2020**
- Connexus Go Live   **August 3, 2020**   **October 13 2020**

Video Lottery Migration Update

- Field Trial (2 Week)   **August 2020**   **October 2020**
- Site Equipment Installs   **August 2020**   **November 2020**
- Site Controller Finished   **December 2020**   **March 2021**
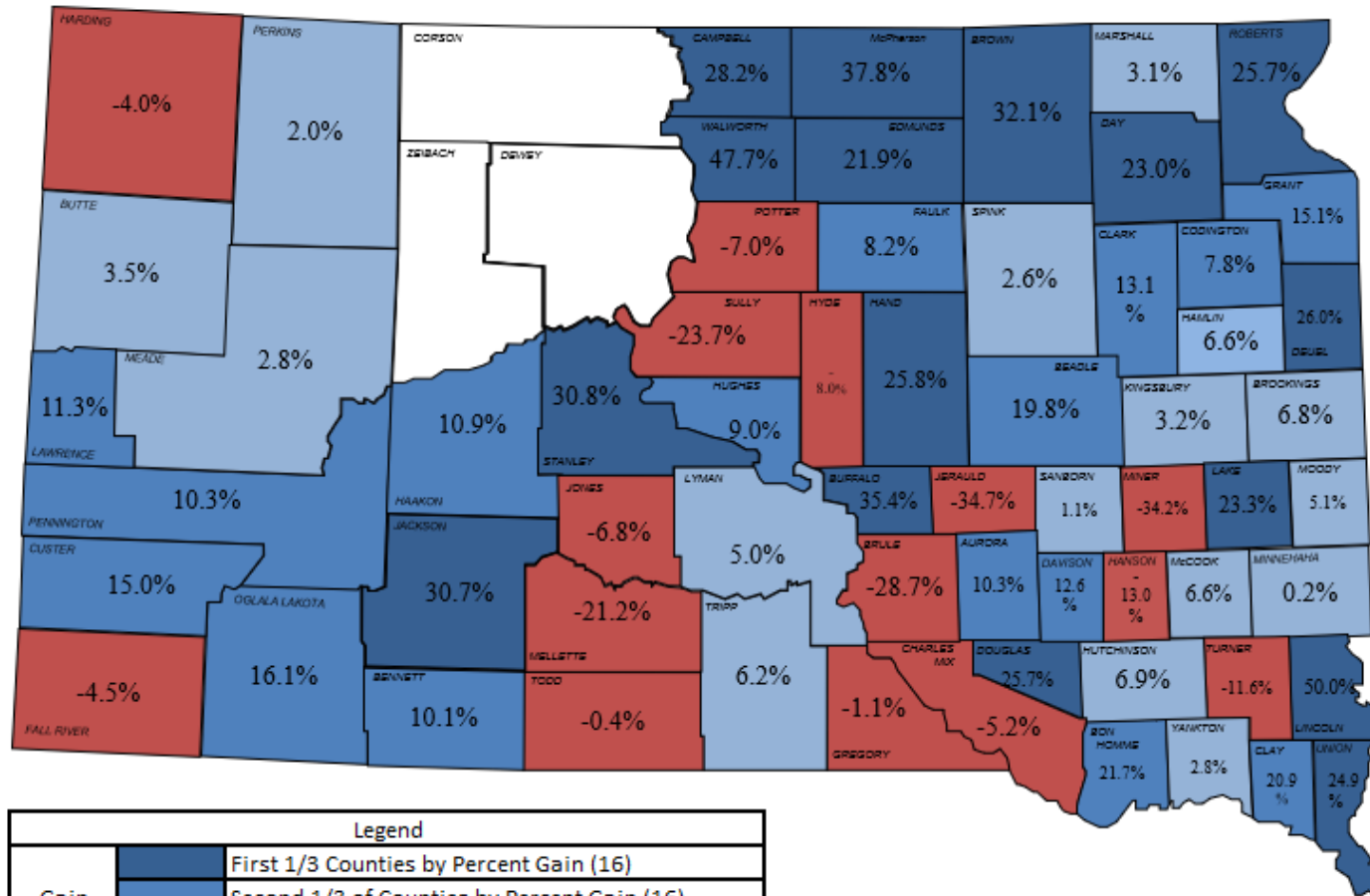- SDL Transition Complete **January 25, 2020**   **April 30, 2021**

YoY % Change in Instant Sales

City	FY19 Sales	FY20 Sales	$ Change	% Change
Sioux Falls	$6,868,070	$7,248,910	$380,840	5.55%
Rapid City	$3,542,036	$3,927,891	$385,855	10.89%
Aberdeen	$1,053,712	$1,389,965	$336,253	31.91%
Watertown	$1,022,175	$1,104,562	$82,387	8.06%
Mitchell	$708,347	$797,262	$88,915	12.55%
Brookings	$736,477	$765,645	$29,168	3.96%
Yankton	$687,867	$715,614	$27,747	4.03%
Huron	$586,854	$710,814	$123,960	21.12%
Pierre	$628,969	$685,893	$56,924	9.05%
Spearfish	$631,545	$663,173	$31,628	5.01%
Sturgis	$531,327	$521,761	-$9,566	-1.80%
Pine Ridge	$380,644	$437,896	$57,252	15.04%
Hot Springs	$390,361	$354,314	-$36,047	-9.23%
Belle Fourche	$341,653	$353,495	$11,842	3.47%
Madison	$286,294	$345,798	$59,504	20.78%
Rest of the state	$8,809,354	$9,651,587	$842,233	9.56%
State Total	**$27,205,685**	**$29,674,580**	**$2,468,895**	**9.07%**

YoY % Change in Lotto Sales
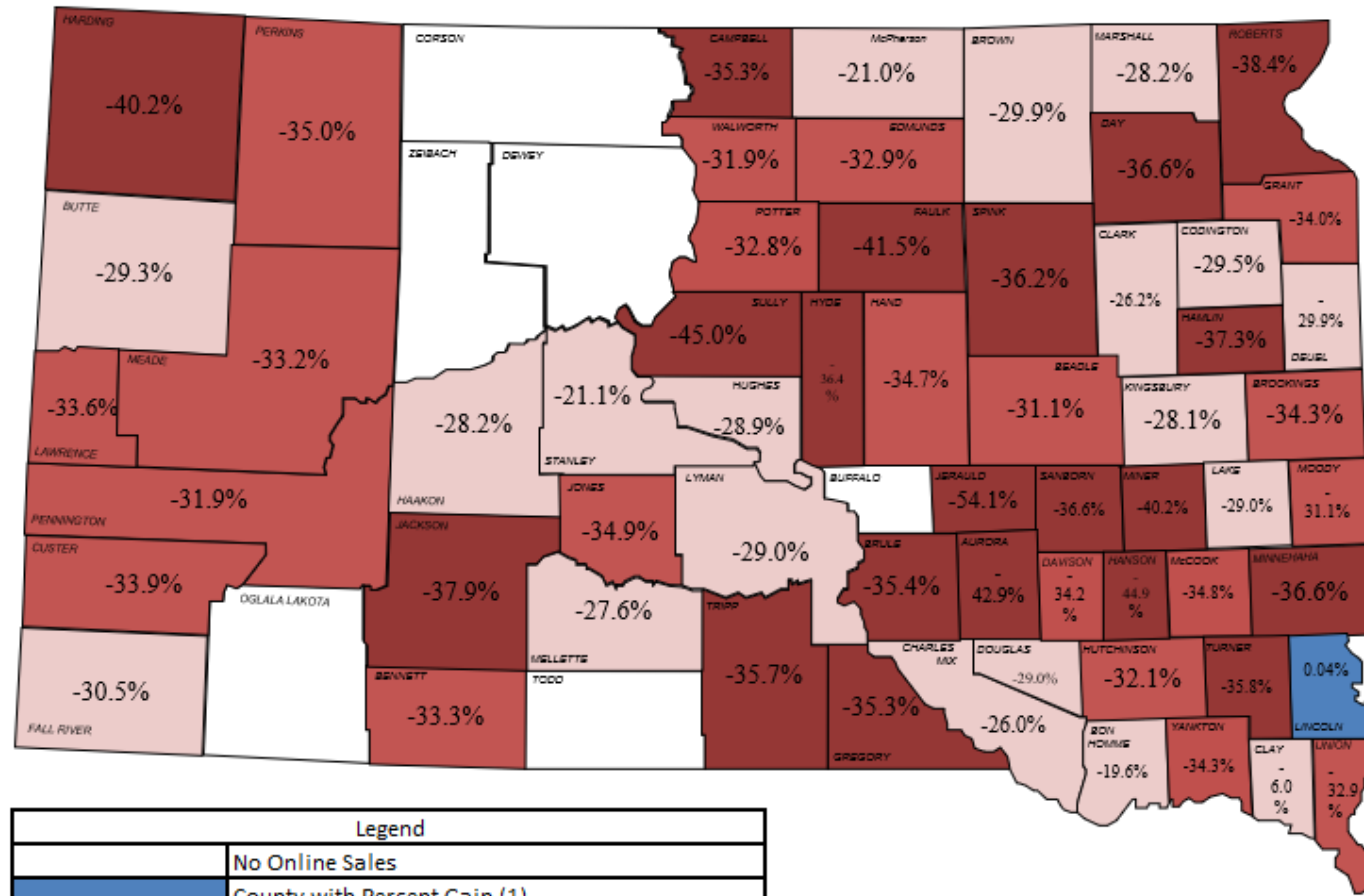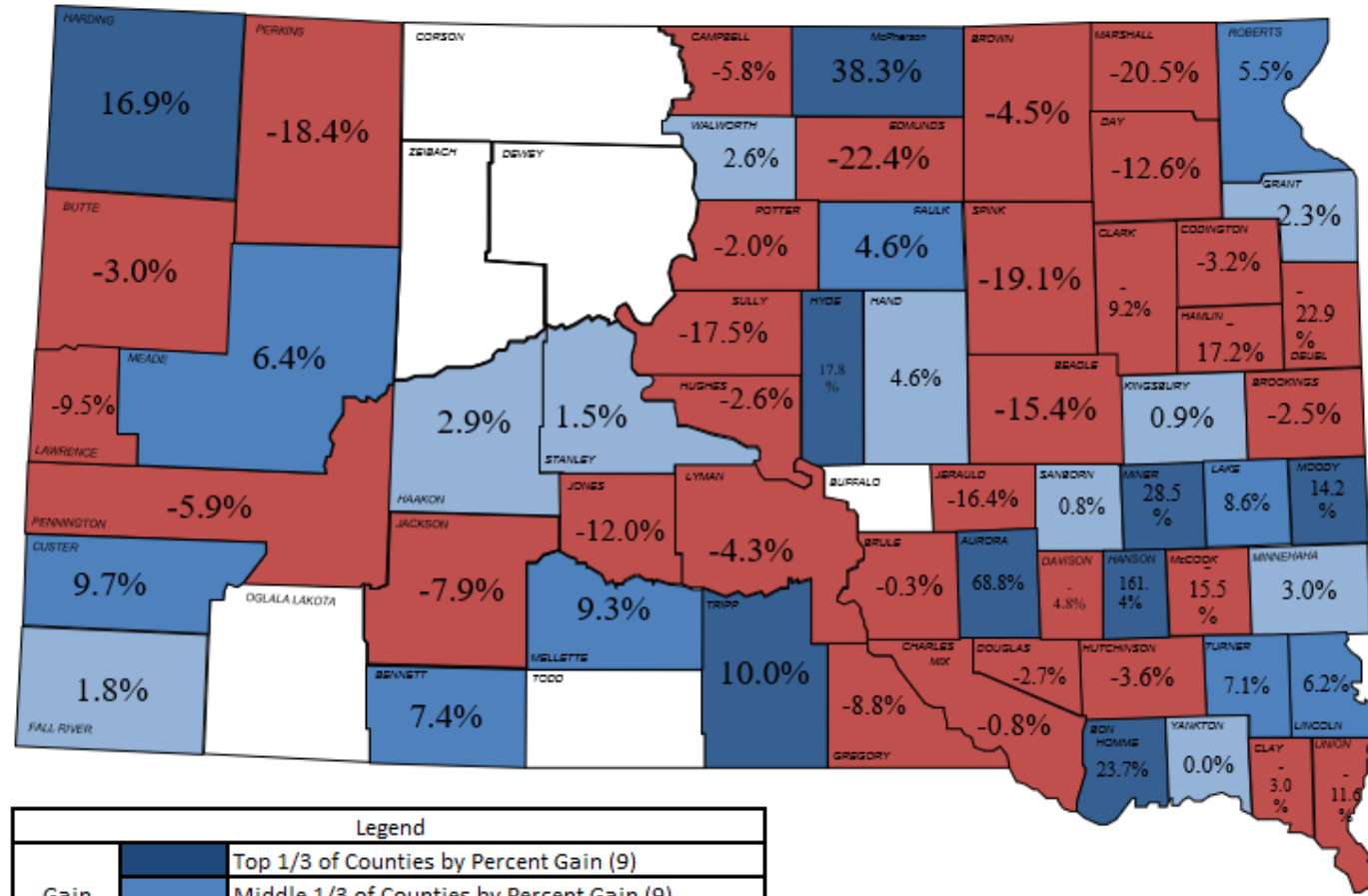

Legend	
	No Online Sales
	County with Percent Gain (1)
	Top 1/3 of Counties by Percent Loss (19)
	Middle 1/3 of Counties by Percent Loss (20)
	Bottom 1/3 of Counties by Percent Loss (20)

City	FY19 Sales	FY20 Sales	$ Change	% Change
Sioux Falls	$5,816,512	$3,930,551	-$1,885,961	-32.42%
Rapid City	$3,412,539	$2,336,365	-$1,076,174	-31.54%
Aberdeen	$1,235,310	$866,196	-$369,114	-29.88%
Watertown	$1,193,834	$836,794	-$357,040	-29.91%
Pierre	$792,392	$565,201	-$227,191	-28.67%
Yankton	$822,289	$551,472	-$270,817	-32.93%
Mitchell	$775,004	$509,607	-$265,397	-34.24%
Brookings	$631,605	$422,649	-$208,956	-33.08%
Spearfish	$624,477	$415,424	-$209,053	-33.48%
Huron	$488,510	$338,920	-$149,590	-30.62%
Sturgis	$443,799	$296,893	-$146,906	-33.10%
Vermillion	$296,616	$266,130	-$30,486	-10.28%
Madison	$315,145	$221,818	-$93,327	-29.61%
Hot Springs	$304,829	$215,953	-$88,876	-29.16%
Belle Fourche	$291,422	$204,321	-$87,101	-29.89%
Rest of the state	$8,545,054	$5,672,976	-$2,872,078	-33.61%
State Total	**$25,989,337**	**$17,651,270**	**-$8,338,067**	**-32.08%**

YoY % Change in Net Machine Income

Legend		
Gain		Top 1/3 of Counties by Percent Gain (9)
		Middle 1/3 of Counties by Percent Gain (9)
		Bottom 1/3 of Counties by Percent Gain (10)
N/A		No Video Lottery
Loss		Counties by Percent Loss (32)

City	FY19 NMI	FY20 NMI	$ Change	% Change
Sioux Falls	$49,846,145.46	$52,040,242.63	$2,194,097.17	4.40%
Rapid City	$23,035,516.57	$21,488,227.27	-$1,547,289.30	-6.72%
Aberdeen	$11,565,514.00	$11,010,338.80	-$555,175.20	-4.80%
North Sioux City	$11,898,897.77	$10,498,221.17	-$1,400,676.60	-11.77%
Yankton	$7,422,030.09	$7,439,203.88	$17,173.79	0.23%
Watertown	$6,834,956.62	$6,589,416.32	-$245,540.30	-3.59%
Mitchell	$6,243,384.76	$5,946,139.16	-$297,245.60	-4.76%
Pierre	$4,861,598.76	$4,972,331.10	$110,732.34	2.28%
Huron	$5,844,639.23	$4,942,251.99	-$902,387.24	-15.44%
Brookings	$3,733,374.82	$3,641,309.35	-$92,065.47	-2.47%
Brandon	$2,317,591.27	$2,066,574.04	-$251,017.23	-10.83%
Box Elder	$2,026,876.88	$2,046,919.75	$20,042.87	0.99%
Sturgis	$1,865,921.93	$1,949,463.58	$83,541.65	4.48%
Hot Springs	$1,799,420.59	$1,774,924.18	-$24,496.41	-1.36%
Vermillion	$1,808,185.79	$1,653,403.61	-$154,782.18	-8.56%
Rest of the state	$50,126,553.21	$50,278,500.11	$151,946.90	0.30%
State Total	**$191,230,607.75**	**$188,337,466.94**	**-$2,893,140.81**	**-1.51%**

Sales Report

Instant Ticket Sales

(July 1st to May 31st)

FY 2020 - $33.59M
FY 2019 - $29.80M

12.71% increase

Legend: FY19 INSTANT, FY20 INSTANT

Y-axis: Sales
X-axis: Week Ending
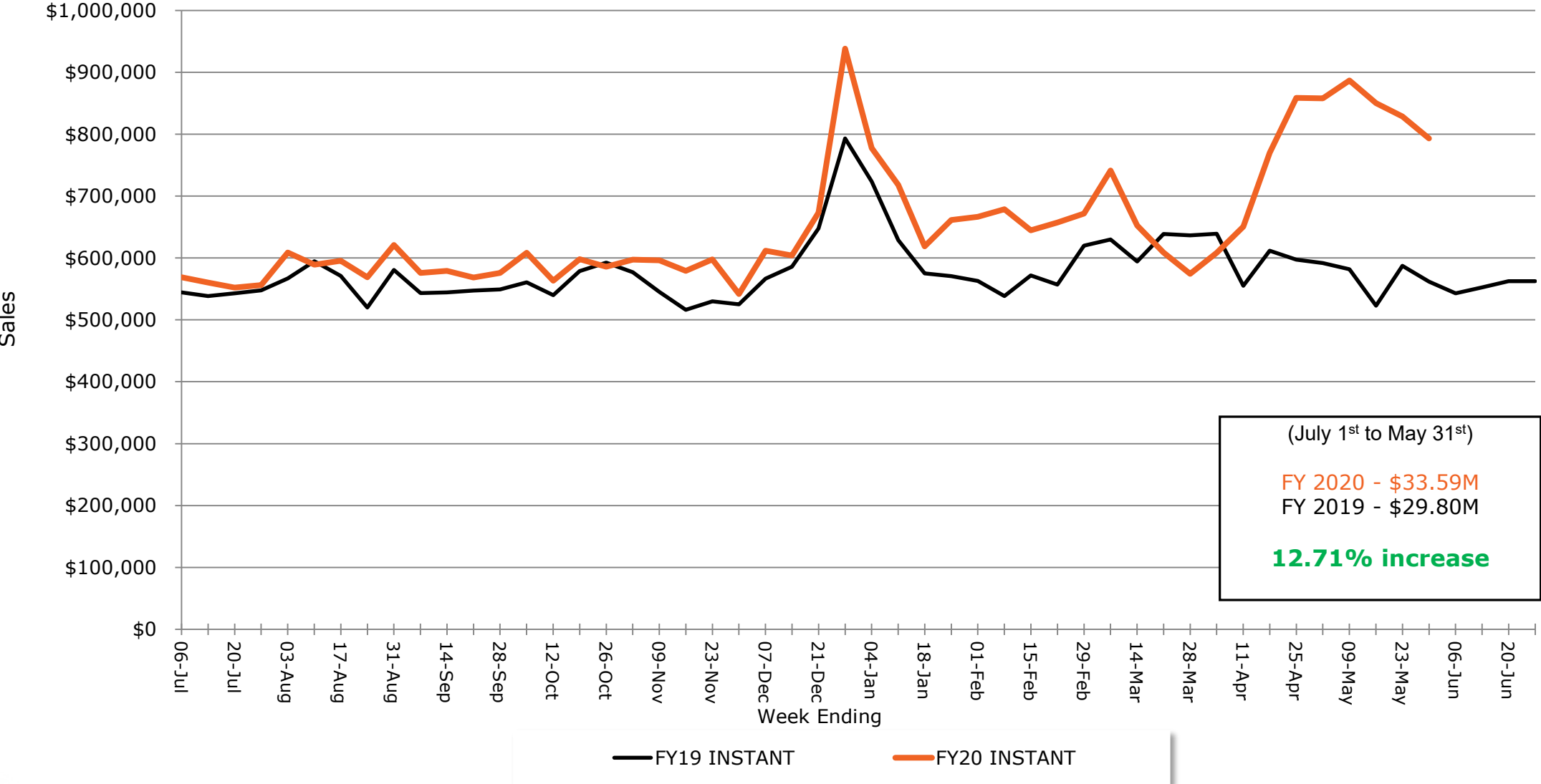
Instant Top Prize Winners

$50,000 Top Prizes

- Mega Cashword (Yankton)
- Break the Bank (Rapid City)
- Double Sided Dollars (Aberdeen)
- 20x (Watertown)

$30,000 Top Prizes

- Tetris (Yankton)
- Slingo Tripler (Bison)
- 5X Cashword (Clear Lake)
- Lucky Charm Slingo (Rapid City)
- Pac Man (Yankton)
- Bingo (Pierre)

POLARIS RANGER 570 WINNER

MUST BE 18 YEARS OR OLDER TO PLAY. PLEASE PLAY RESPONSIBLY.

Additional Instant Prize Winners

- **$15,000 50X (Sioux Falls)**

- **$10,000 Stinkin Rich (Crooks)**

- **$10,000 Luck (Rapid City)**

- **$10,000 $250,000 Multiplier (Elkton)**

- **$10,000 Payday (Sioux Falls)**

- **$10,000 10X (Rapid City)**

- **$10,000 10X (Mobridge)**

- **$7,000 Payday (Sioux Falls)**
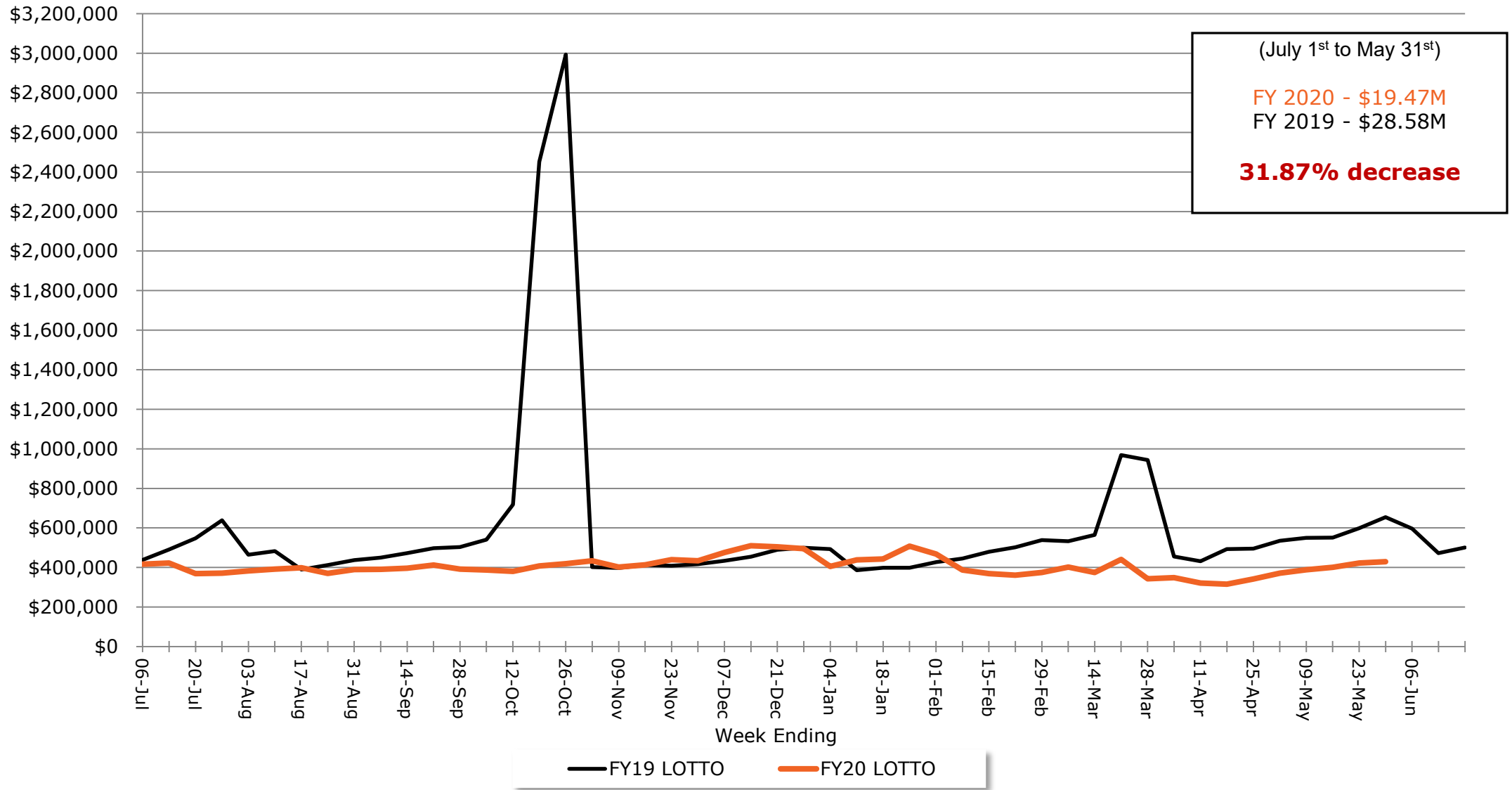
Over 69 $1,000 Winners

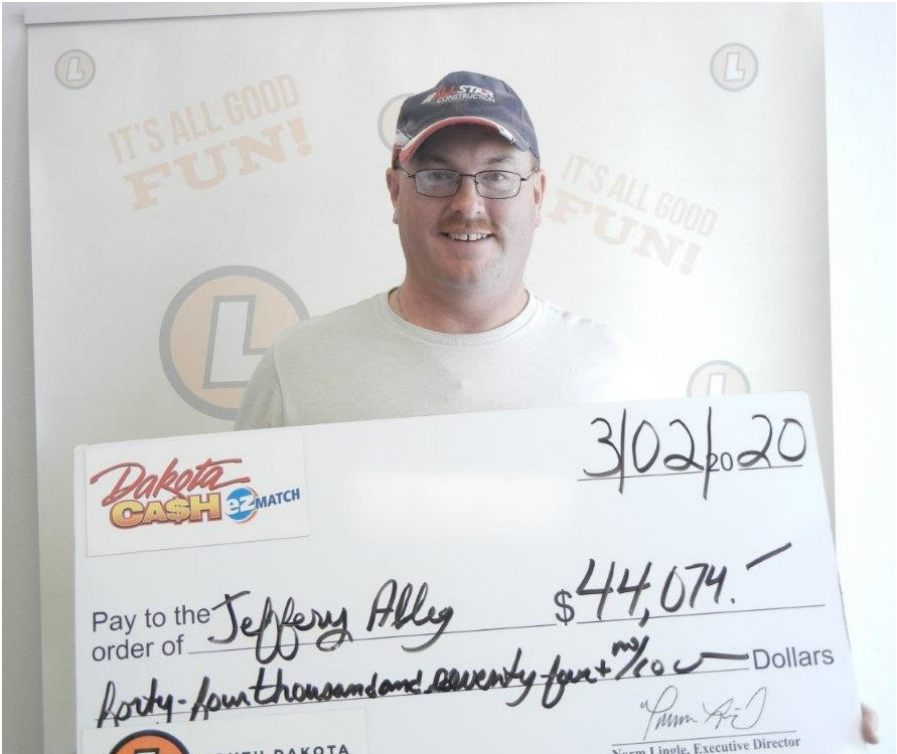**Over 548 $500 Winners**

Paid Out Over $6,700,000 Last 3 Months!

Lotto Sales

(July 1st to May 31st)

FY 2020 - $19.47M
FY 2019 - $28.58M

31.87% decrease

Two winners split the $88,148 Dakota Cash Jackpot

Chad Saathoff
- Country Corner in Estelline

Jeffery Alley
- Loaf N Jug in Box Elder

Additional Lotto Winners

$390,000 Lucky for Life (Fort Pierre)

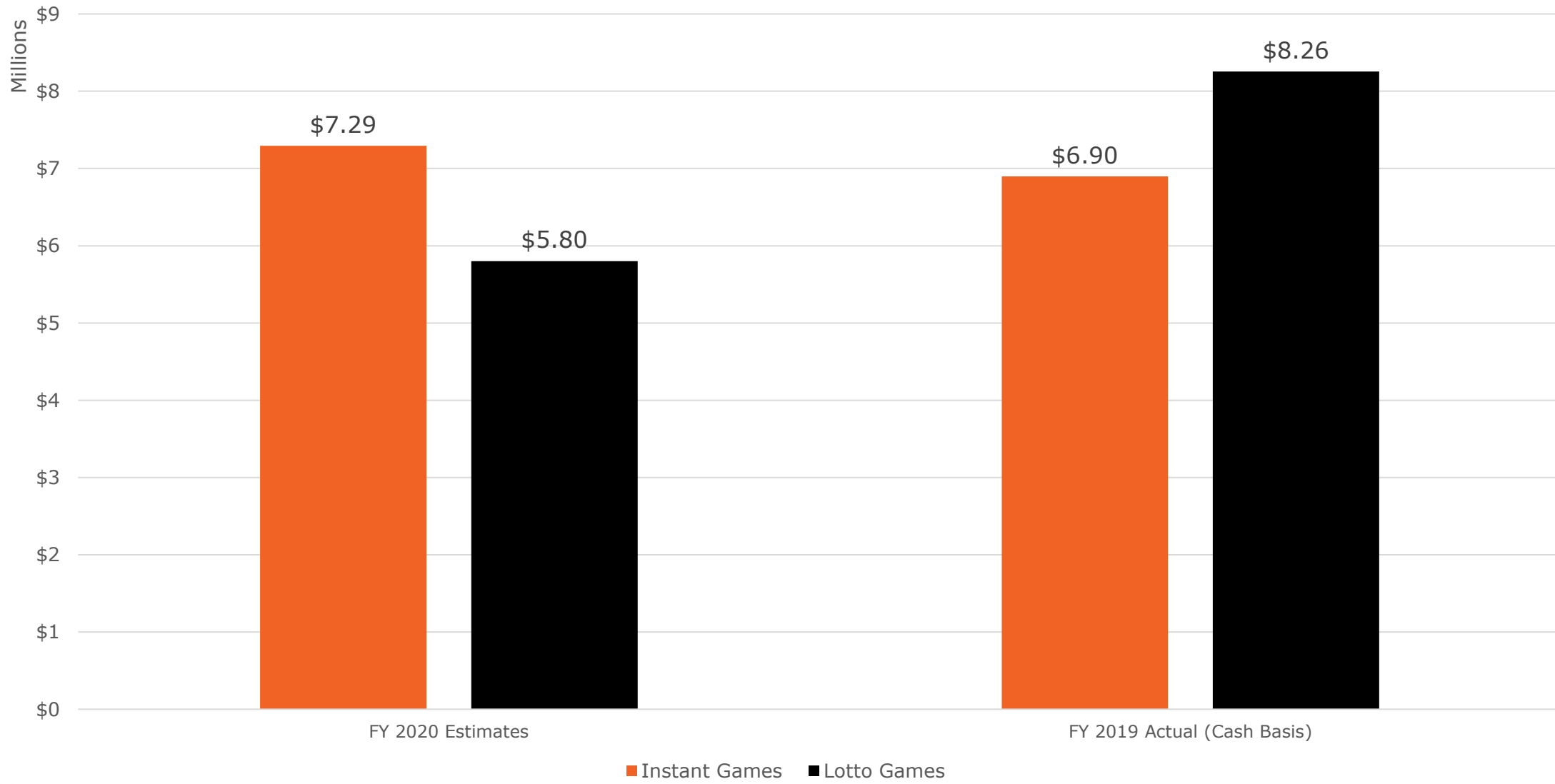$93,368 Dakota Cash (Rapid City)

$21,555 Dakota Cash (Rapid City)

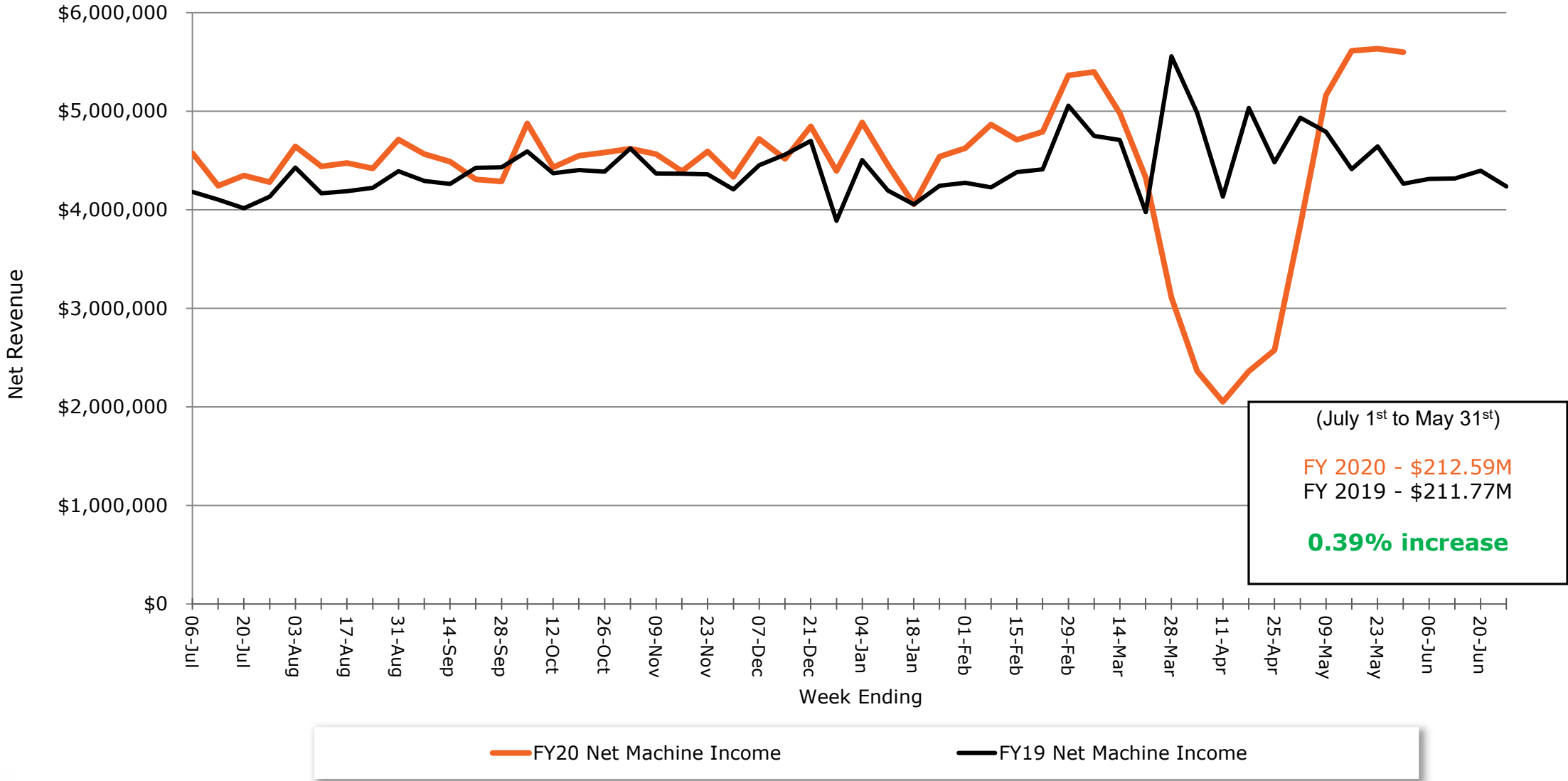$20,000 Lotto America (Sioux Falls)

$10,000 Mega Millions (Jefferson)

$5,000 Lucky for Life (De Smet)

Instant and Online FY20 Revenue Projections as of May 31, 2020

Millions

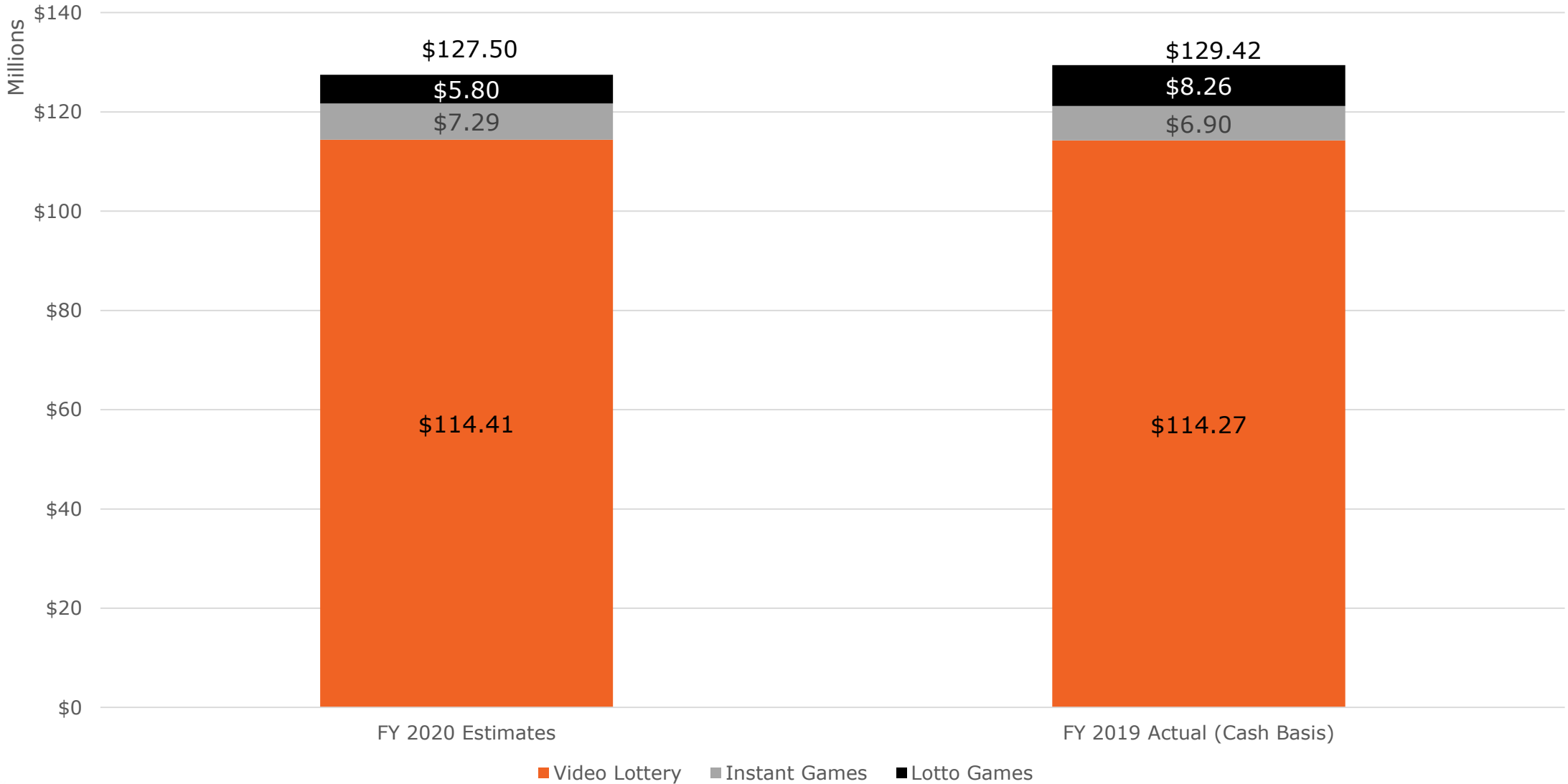|	
FY 2020 Estimates	
Instant Games	$7.29
Lotto Games	$5.80
FY 2019 Actual (Cash Basis)	
Instant Games	$6.90
Lotto Games	$8.26

■ Instant Games ■ Lotto Games

Video Lottery Net Machine Income

Video Lottery FY20 State Share Revenue Projection as of May 31, 2020

Total FY20 Revenue Projections as of May 31, 2020

Millions

$127.50

$5.80

$7.29

$114.41

$129.42

$8.26

$6.90

$114.27

FY 2020 Estimates	FY 2019 Actual (Cash Basis)

- Video Lottery
- Instant Games
- Lotto Games

Instant Game Closing Procedure Proposal

Current Process

Game Closing Begins:

- **Last Top Prize has been claimed**

- **Average Sell through is 80%**

- **Local Sales Reps begin to pick up all packs**
  - **3 – 4 week process**

- **180 Day Claim Window is Announced**

48:01:04:17. **End of game.** The executive director at any time may publicly announce an ending date for an instant game by posting notice at each of the lottery validation centers and publishing notice in the **South Dakota Register**. No further tickets in that game may be sold after the ending date. An instant game may be ended by the executive director because of marketing conditions or security breaches.

Proposed Game Closing Analysis

Evaluating Games Performance:

- **Number of weeks the game has been on the market**

- **Rate of Sales compared to other games in the same price point**

Evaluating Game Performance Based on the Number of Weeks a Game Has Been in the Market

This comes into play when an under performing game with a top prize remaining has not hit the 70% sell through.

This analysis compares two things:

- **Game Costs Versus Revenue:**
  - Printing Costs
  - Current Prize Payouts

- **Game Sales Versus Average Weekly Sales for the Same Price Point**
  - Averaging the prior three weeks

Evaluating Game Performance Based on the Rate of Sales

This comes into play when an under performing game with a top prize remaining has hit the 70% sell through.

This analysis compares the following things:

- **Game Sales Versus Average Weekly Sales for the Same Price Point**
  - Averaging the prior three weeks

- **The Number of Weeks the Game has been on the Market**

- **Current Warehouse Inventory Available to Ship**

- **Total Print Quantity for the Game**

Recommendation Process

Once a game has gone through an analysis one of the following things will happen:

- **Approve the recommendation to close the game**
  - Form will be sent to the Lottery's Executive Director for approval
  - Game will go into the Game Ending Notification Status

- **Choose not to close the game at this time**
  - The game will be reviewed in the next review period

- **Game Analyst Team will include but not limited to:**
  - Director of Sales
  - Regional Managers
  - Business Analyst

Game Ending Notification Process

Notification to the Public will include:

- **Instant Tickets Ending Soon statement will appear on the website**

- **Game Ending Soon icon will appear on the ticket image**

- **Top Prizes Remaining will be publicized**

- **Games will be appear on the Games Ending Notification list**
  - Stay in this status for 30 day

- **Game will then move into Games Ended Status**
  - Local Sales Reps begin to pick up the game
  - Stay in this status for 45 day
  - 180 Day Claim Period is publicized

Closing Statement is on the back of <u>EVERY</u> ticket!

Prizes must be claimed within 180 days after close of game. Prizes not claimed within the 180 days will be forfeited. **Game Closing Procedures may be initiated for documented business reasons. These games may have prizes unclaimed, including top prizes. In addition, game closing procedures will be initiated when all top prizes have been claimed. Some prizes including the top prize, may be sold out at time of ticket purchase. All tickets, transactions and winners are subject to Lottery Rules and State Laws. Tickets void (and Lottery will not be obligated to pay) if they fail to meet requirements of Lottery Regulations or any validation test.** Must be 18 or older to purchase a ticket or enter into any lottery drawing. If you have any questions, call the Lottery at (605) 773-5770 or visit lottery.sd.gov.

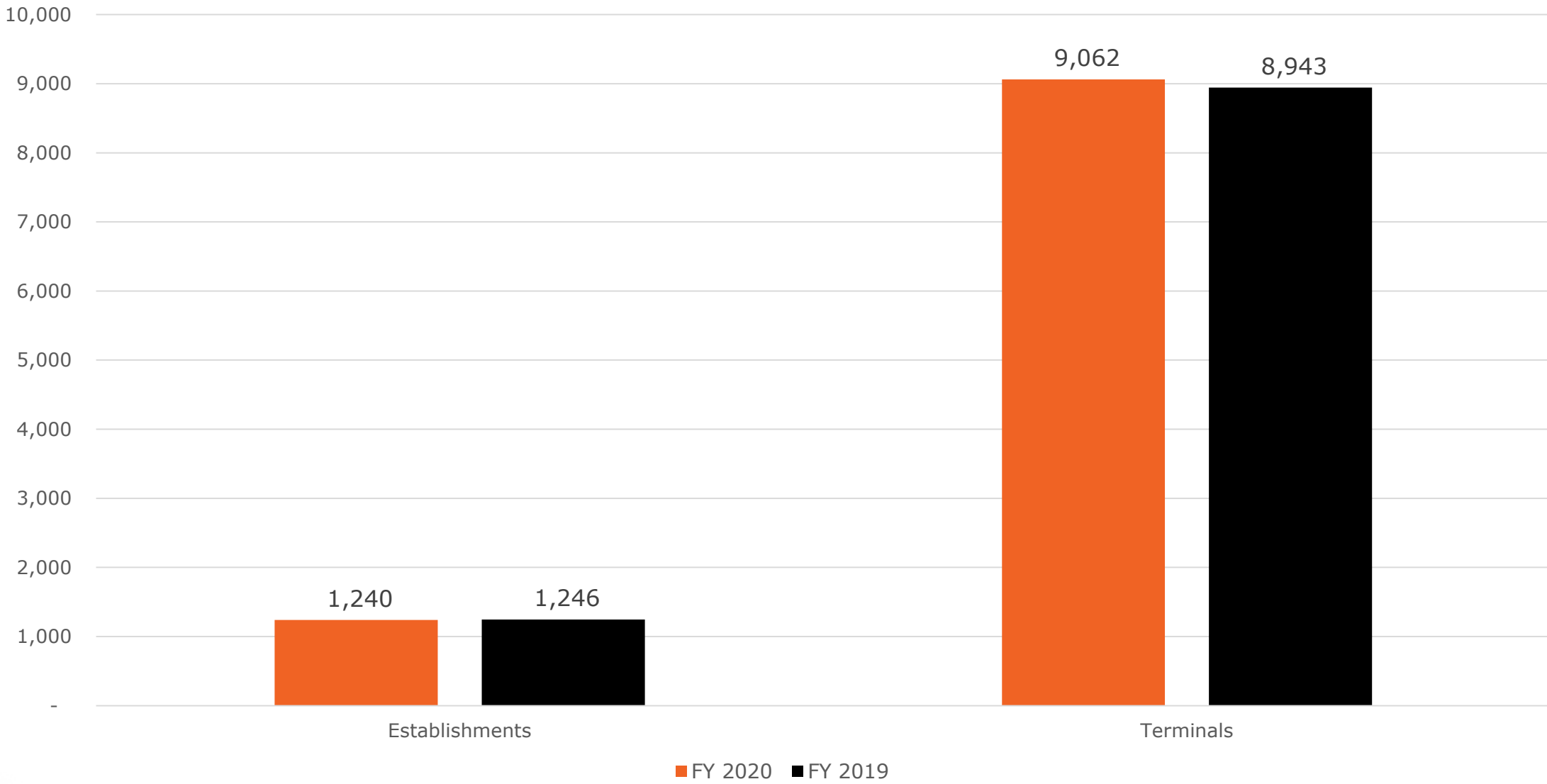# We would like to ask for your approval on this Policy.

Questions?

Video Lottery Report

SOUTH DAKOTA
LOTTERY™
— GOOD FUN —

A DIVISION OF THE SOUTH DAKOTA DEPARTMENT OF REVENUE

Number of Terminals and Establishments as of May 2020

Lockdown Alternative

In order to compile with Multi-State Lottery Association (MUSL) MUSL Rule 2 Addendum, subsection 2.6 (c) the following controls shall be implemented.

- Should the Lottery be unable to report balanced sales 30 minutes prior to the schedule drawing, the lottery security division shall lockdown the vendor Computer Gaming System (CGS) and Internal Control System (ICS) sites.

On May 1st 2020, Multi-State Lottery Association (MUSL) approved SD Lottery's Lockdown Alternative (LDA).

This process allows SD lottery to have all transactions in its control by receiving pre-draw data from both the CGS and ICS systems prior to draw close.

Lockdown Alternative

The risk of a CGS or ICS transaction files not successfully transferring is very low; however, the South Dakota Lottery has additional procedures to ensure manual safeguards.

- ICS performs checkpoint verifications throughout the daily sales.

- Copies of all transition reports from CGS and ICS are automatically generated and emailed to SD Lottery staff.

- All CGS and ICS transaction files are downloaded to a USB thumb drive and secured until the imbalance is resolved.

Benefits of implementing lockdown alternative (LDA):

- Gets us "Off the hook" for having to participate in a full-blown lockdown.

- Doesn't require to physically monitor the CSG system and secure locations for both lottery and vendor sites.

- SD Lottery has all transactions in its control.

Camera and Software Upgrade

In order to compile with Multi-State Lottery Association Rule 2.4c the following controls shall be implemented.

- Motion-activated or full-time video surveillance of all computer operator console areas, data center entry doors and the Computer Gaming systems (CGS).

Early December SD Lottery received notification by the Bureau of Information and Telecommunications (BIT) that our current camera and software system Unsight will longer be supported as of 6-1-20.

BIT is standardizing systems thorough the State and selected Milestone software as the approved State standard.

Camera and Software Upgrade

BIT supplied a list of approved integrators who have acquired the Milestone Advanced Certification.

- Convergint – 2201 E 54th Street North Sioux Fall, SD 57104

- ITS (Integrated Technology and Security) 26508 465th Ave Hartfort, SD 57033

- GSSC Safety & Security Solutions – 9110 Meadowview Road, Minneapolis, MN 55425

Bids went out January 20th, 2020 to the three suggested vendors. We received two bids and one no bid.

- ITS – $ 15,706.00

- CONVERGINT - $ 22,222.29

- GSSC – No bid

The start date of the project was on schedule for the 3-23-2020 but with the COVID-19 pandemic we decided to push the project back due to health and safety concerns.