



Commission Members

Jason Ahrendt – Vice Chair
Joe Kafka
Jamie Huizenga
Tona Rozum

Minutes of the Commission Meeting

Meeting was conducted in person
Thursday, March 16, 2023 – 9:30 a.m.

Vice Chair Ahrendt called the March 16, 2023, meeting of the South Dakota Lottery Commission to order at 9:30 a.m. Vice Chair Ahrendt and Commissioner Huizenga participated in person. Commissioner Rozum and Kafka participated online. The public was able to participate in person, by dialing in or listening on the internet.

SUPPORT STAFF PRESENT

Norm Lingle, Clark Hepper, Michael Houdyshell, Ali Schaeffbauer, David Wiest, Trevor Wiebe, Wade LaRoche, Nathan Remmich, Shawna Shaw and David Dahl.

APPROVAL OF THE AGENDA

Vice Chair Ahrendt asked if there were any changes to the agenda. There were none. Vice Chair Ahrendt asked for a motion to approve the agenda, motioned by Commissioner Huizenga, and seconded by Commissioner Kafka. A voice vote was taken. All in favor. Motion carried.

APPROVAL OF THE MINUTES FROM THE DECEMBER 8, 2022, MEETING

Vice Chair Ahrendt asked for a motion to approve the minutes, motioned by Commissioner Rozum, and seconded by Commissioner Kafka. A voice vote was taken. All in favor. Motion carried.

CONFLICT OF INTEREST

Vice Chair Ahrendt asked if there were any conflicts of interest; there were none.

SECRETARY OF REVENUE'S COMMENTS

- Secretary Michael Houdyshell reported on the following:
- Veto-Day March 27th
- DOR-6 agency bills were signed and approved by the governor
- HB 1035-\$25,000,000 for new MV System. Next step is RFP process
- Two Lottery related bills were introduced HB 1157 & SB 117. Both bills failed.
- Chairman Shorma resigned in January.
- Commissioner Kafka up for reappointment.

EXECUTIVE DIRECTOR'S COMMENTS

Executive Director Norm Lingle reported on the following:

- Executive Director Lingle welcomed everyone and thanked Shawna for filling in.
- Lindsey Evans & Connor Berg have resigned.
- Alec Norwick moved from VL Accountant to Sales Rep Position. Shawna Shaw moved from I/O Accountant to VL Accountant. Debbie Gordon Moved from Redemption Clerk to I/O Accountant. Jeni Schieckoff hired as Redemption Clerk.
- Interviews are being conducted for Sales Rep and Information Officer positions.
- Currently reviewing responses to an RFP for testing from GLI & BMM. The GLI contract expires June 2023.
- Responsible Gambling-SD Lottery has applied to participate in Responsible Gambling initiative. This is put on by NASPL.
- Online Sales for FY23 have passed FY22 sales.
- VL Sales at a 2% year over year increase

NOMINATION OF CHAIR AND VICE CHAIR

Commissioner Kafka motioned to nominated Vice Chair Ahrendt as Chairman and Commissioner Huizenga as Vice Chair. Commissioner Rozum seconded the motion. A voice vote was taken. All in favor. Motion carried.

CODE OF CONDUCT

Ali Schaeftbauer filled in for Chief Legal Counsel Kirsten Jasper.

- Presented Code of Conduct
- Purchase of Lottery Tickets among Commissioners
- Chapter 3 Annual Discloser

MARKETING REPORT

Director of Advertising and Public Relations Wade LaRoche reported on the following:

- Mobile App released February 6th with 5,617 downloads. February had 84,581 website visits.
- January Mega Millions reached \$1.35 billion with a \$4 million winning ticket sold in Rapid City.
- Responsible Gambling Campaign began in March. Campaign reminds players to set a budget, play for fun and seek help if they develop a gambling problem.

RESPONSIBLE GAMBLING VERIFICATION

Director of Advertising and Public Relations Wade LaRoche reported on the following:

- Administered by NASPL and NCPG. Program features 3 levels of verification:
- The program covers topics such as Employee training, Retailer training & Public Education and Awareness.

SALES REPORT

Deputy Executive Director Clark Hepper reported on the following:

- Using a three-year comparison Instant Ticket Sales have decreased 1.19%.
- Instant Sales by Month and Fiscal Year with Lottery sitting at \$31.74 M. FY22 ended at \$32.12M.
- Instant Top Prize winners from South Dakota presented. There have been over 500 \$500 winners.
- Paid out \$22,214,500 year to date.
- Lotto Sales at \$29.19M for FY23. This is a 54.92% increase.
- Projected Revenues for FY23 Instant Games \$5.91M, Lotto Games \$12.12M, and Video Lottery \$164.49M.
- Total protected revenue of \$182.5 million through February.

FY23 VIDEO LOTTERY REPORT

Business Analyst Nathan Remmich reported on the following:

- FY23 vs FY22 & FY21 Machine Usage with 4% increase from FY21 to FY22. FY23 has a 0.6% decrease. Line is more popular than Legacy.
- Percent change of Video Lottery NMI FY23 over FY22. Biggest Growers Hyde, Jerauld, Sanborn, Lake & Tripp counties.
- Cash In & NMI – Legacy vs Line. Legacy FY23 \$57.58M and Line FY23 \$160.00M. Sales growth 2.11%/4.5M increase.
- Top Cities for NMI were presented with increase of 2.11%

VIDEO LOTTERY REPORT

Director of VL and Security Trevor Wiebe reported on the following:

- New establishments we have more growth for FY23
- Legacy Machines have declined this year with some of them being destroyed and being replaced with Line Machines. Currently there are 47 destroyed machines with the numbers to increase by the end of FY23
- Line Machines perform at a higher net machine income rate per day.
- We have 457 new machines.

VIDEO LOTTERY TESTING

- System Failovers consists of failing over from the primary system to the backup system and operating on the backup system for one week.
- VL completed January 10-18 and not required for auditing purposes.
- I/O Completed January 23-30. MUSL requirement to complete failover testing twice a year.

TITO (TICKET IN TICKET OUT)

- Only works with Slot Accounting System (SAS). We have one manufacturer Grand Vision Gaming who has approved software with TITO.
- Software available for testing in April and go live date in June.

PUBLIC COMMENT

Chair Ahrendt asked about public comments.

No emails, phone-in questions, or comments from the public.

NEXT MEETING DATE

Executive Director Lingle stated the next meeting will be to be determined.

ADJOURNMENT

Vice Chair Huizenga made a motion to adjourn at 11:30 a.m. Commissioner Rozum seconded the motion. A voice vote was taken. All in favor. Motion carried.

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