



### **Commission Members**

Jason Ahrendt –Chair  
Tona Rozum–Vice Chair  
Tim Donohue  
Steve Harding  
Joe Kafka

### **Minutes of the Commission Meeting**

Meeting was conducted in person  
Thursday, March 21, 2024 – 9:30 a.m.

Chair Ahrendt called the March 21, 2024, meeting of the South Dakota Lottery Commission to order at 9:30 a.m. Commissioner Kafka attended via Microsoft Teams.

The public was able to participate in person or by listening on the internet.

#### **SUPPORT STAFF PRESENT**

Norm Lingle, Clark Hepper, Michael Houdyshell, Ali Schaeffbauer, Nick Ramos, Trevor Wiebe, Wade LaRoche, Nathan Remmich, Katie Jones, and David Dahl.

#### **MEMBERS OF THE PUBLIC PRESENT**

Deb Mortenson, Jess Wright, Matt Hammer, Dara Klatt.

#### **APPROVAL OF THE AGENDA**

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

#### **APPROVAL OF THE MINUTES FROM THE December 7, 2023, MEETING**

Chair Ahrendt asked for a motion to approve the minutes. Vice Chair Rozum moved to approve the minutes and seconded by Commissioner Donohue. All in favor. Motion carried.

#### **CONFLICT OF INTEREST**

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

#### **EXECUTIVE DIRECTOR'S COMMENTS**

*Executive Director Norm Lingle reported on the following:*

- Senate Bill 35, which focuses on Lottery winner anonymity was signed into law and will take effect July 1, 2024.

- The bill states that personal information for a Lottery prize winner may only be used in advertising or promotion with the written consent of the winner. Personal information means name, address, gender, age and photograph.
- Personal information of winners from promotional drawings may be used. This includes second chance drawings or public contests.
- The bill was amended in the house, removing a provision that prevents this information to be obtained via open records request.
- The bill will not make substantial changes to the Lottery's current process.
- The Lottery will continue to release the name of the selling retailer when a big prize is won.
- There were also three bills related to video lottery that were tabled by the request of their respective sponsors.
- The Lottery welcomed Katie Jones as the Sioux Falls Sales Manager in February.
- Katie is a Yankton, SD native and she has previous retail management experience.
- Future commission meetings will incorporate presentations from various Lottery vendors.

### **Role of Legal Counsels**

*Secretary Michael Houdyshell reported on the following:*

- The Department of Revenue plans to have delineation between the legal representation of the Lottery commission and the day-to-day operations of the Lottery.
- This will be done because the Commission may be in a position to make decisions on a contested case.
- Nick Ramos will serve as the counsel for the Lottery Commission, while Ali Schaeffbauer will advise the Lottery on day-to-day operations.

### **SCAN AND REDEEM**

*Deputy Executive Director Clark Hepper reported on the following:*

- Scan and Redeem is a method for players to claim prizes \$101 through \$5,000 through the Lottery's mobile app.
- This would allow players to receive prizes through an ACH transaction, but this will not make online sales available.
- The Lottery is currently working with IGT to develop business requirements and functional requirements.
- The Lottery is aiming to roll this functionality out to players in October 2024.
- Commissioner Donohue asked how many players have won between \$100 and \$4,999. Executive Director Lingle noted that in 2023 there were around 5,400 prizes at that level.
- Commissioner Kafka asked how long it would take to process a set off check. Deputy Executive Director Hepper noted that this is done immediately when the player's information is entered into the IGT system.

### **Legal Update/Code of Conduct**

*Staff Attorney Ali Schaeffbauer reported on the following:*

- There is one contested hearing set for the middle of April.
- The Code of Conduct governs of the State boards of South Dakota, establishing ethics guidelines.
- She noted that commissioner may recuse themselves from an action or a vote if they believe they have a conflict of interest.
- The board is required to complete an annual disclosure of any contracts that they may have.

### **Advertising Analytics**

*Matt Hammer and Dara Klatt of Lawrence & Schiller reported the following:*

- Lawrence & Schiller began its partnership with the South Dakota Lottery in Fiscal Year 2015.
- The Lawrence & Schiller team has focused on marketing instant tickets and lotto games.
- L&S also provides research, strategy, media, digital and creative support to the South Dakota Lottery.
- Since the launch of the Good Fun brand, the South Dakota Lottery has seen favorable results in perception studies.
- The research conducted by Lawrence & Schiller has helped the Lottery make data driven decisions and determining key performance indicators for advertising campaigns.
- As the Lottery and Lawrence & Schiller plan media campaigns, they examine market data such as traffic trends, retailer counts and audience evaluation.
- The audience trends also determine which mediums would be best used to appeal to certain demographics.
- The audience intelligence also includes television ratings to determine when it's an optimal time for traditional TV ad buy.
- These strategies have not only contributed to positive instant and lotto ticket sales, but they've also led to increases in Players Club membership and mobile app downloads.
- The Lottery recently won two awards for ads produced by Lawrence & Schiller.
- Lawrence & Schiller developed a central character who incorporates humor into all the Lottery's ads.
- Chair Ahrendt asked how old the Lottery's mobile app was. Matt Hammer noted that after an extensive research project, the Lottery launched a new website and app with updated functionality.

## **SALES REPORT**

*Sales Manager David Dahl reported on the following:*

- Instant ticket sales have increased 2.83 percent compared to the previous fiscal year.
- The Lottery has paid out more than \$23 million in instant ticket prizes this fiscal year to date.
- The Lottery has paid out more than \$7 million in lotto sales this fiscal year to date.
- Lotto sales are currently 7 percent less than last fiscal year, but they are trending up recently due to rising jackpots.
- The Lottery launched 25 new instant tickets in Fiscal Year 2023 and will launch another 26 instant tickets by the end of Fiscal Year 2024.
- Revenue projections are pacing very close to Fiscal Year 2023's total.

## **FY24 Video Lottery Report**

*Business Analyst Nathan Remmich reported on the following:*

- Sully and Hand counties showed the most growth in terms of video lottery net machine income.
- Legacy machines have lost 6 percent of their net machine income throughout the fiscal year.
- Watertown has had the most growth in terms of Net Machine income throughout the fiscal year at 11.48 percent.
- Players across the state are betting more, but playing less on video lottery terminals.

## **MARKETING REPORT**

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

- The Lottery is focusing paid advertising efforts on Responsible Gambling with March being Problem Gambling Awareness Month.

- This includes paid media efforts in television, radio, social media, billboards and more.
- The Lottery has efforts in Responsible Gambling throughout the year.
- South Dakota launched its Lady Luck scratch ticket on April 1.
- The ticket also has a special second chance offering with two winners receiving a trip to Dollywood for a private concert with Martina McBride.
- The second chance winners will also have the chance to win additional prizes up to \$500,000.
- The Lottery had a partnership at the 2024 men's and women's Summit League Tournaments in Sioux Falls.
- The partnership included signage and nine promotional segments.

### **VIDEO LOTTERY REPORT**

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

- The number of video lottery establishments and terminals have slightly increased year over year.
- To date, there are 7,180-line machines in the field compared to 3,662.
- The Lottery recently conducted a security update by replacing its current Gguard system with Surelock, which is a new more robust ticket validation system.

### **PUBLIC COMMENT**

Chair Ahrendt asked about public comments. There were none.

### **NEXT MEETING DATE**

Executive Director Lingle stated the next meeting will be June 13, 2024.

### **ADJOURNMENT**

The meeting adjourned at 11:13 a.m.

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