

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, MARCH 19, 2015

Vice Chairman Ragazzo called the Commission meeting into session at 10:00 AM in the Lottery Office located at One Lawrence Park Complex, Lawrenceville, New Jersey.

COMMISSION MEMBERS PRESENT

Frank Ragazzo, Vice Chairman
Robert Slater, Commissioner (by phone)
Albert Alvarez, Commissioner (by phone)
Patrick Toscano, Commissioner
Roger Cohen, Treasurer Designee

Carole Hedinger, Executive Director
John Custodio, Deputy Executive Director
Roger Gibson, Deputy Attorney General
Christopher Howard, Governor's Auth. Unit

VISITORS

Russ Knapp, Northstar
Foster Krupa, GTECH
Lou Cleary, Northstar
Sarah Brennan, Northstar
Suzanne Caimi Lynn, Ferrara
Joan Mueller, Brushfire
Mike Catalini, Associated Press

STAFF

Regina Arcuri
Denise Coleman
Michael DeCheser
Janice Eckstein
Fran Lioudis
Dolores Matos
Megan Mazzoni
Richard Pagnani
Steven Palmieri
Deborah Raub
Mary Ann Rivell

After the Pledge of Allegiance, Vice Chairman Ragazzo announced that the Lottery was in compliance with the provisions of the Open Public Meetings Act, and that adequate notice of the meeting had been provided in the manner prescribed by law.

Vice Chairman Ragazzo requested a motion to approve the minutes of the February 19, 2015 Commission Meeting. Commissioner Toscano made the motion, which was seconded by Treasurer Designee Cohen. Vice Chairman Ragazzo asked if there were any comments and there being none the motion carried.

DIRECTOR'S REPORT

Executive Director Hedinger stated that February saw a resurgence in lotto sales. The Powerball jackpot had a nice roll and the evidence is clear of the effect that has on overall sales performance. Without those multi state lottery sales, it's hard to make the budget or raise the revenue that we expect. Jackpots not only produce more sales for the lotto games, but also for other games.

Executive Director Hedinger stated that receipts and deposits for the month of February were \$219 million.

Executive Director Hedinger noted that there were 136 electronic fund transfer (EFT) failures totaling \$369 thousand. The Accounts Receivable Unit settled or closed 76% of EFT failures from January.

Executive Director Hedinger stated that the balances in the unclaimed prize reserve accounts for February were nearly \$20.5 million.

Executive Director Hedinger noted that the balances in the annuity investment accounts total \$197.5 million.

Executive Director Hedinger stated that the S&P ratings have not changed since last month.

Executive Director Hedinger stated that the three top selling non-core games for February were "\$5,000,000 Cash Extravaganza," "\$2,500 Frenzy" and "\$500 Frenzy."

Executive Director Hedinger noted that sales for Core and Family Games for the month totaled more than \$80 million in sales.

Executive Director Hedinger stated that the four new instant games that were introduced in February were the "Frenzy" family of games at various price points. They made up 11% of sales for the month.

Executive Director Hedinger stated that the draw game product activities were the big story for the month. The Powerball jackpot grew from \$500 million to \$564 million almost overnight.

Executive Director Hedinger noted that the CASH4LIFE game had a point of sale refresh during the month.

Executive Director Hedinger reported that Pennsylvania will join the CASH4LIFE game in April and Virginia will join in May. There will be advertising for CASH4LIFE in the next month. A fifth state may also join this game.

Executive Director Hedinger stated that the Green Ball promotion will return to Pick-3 drawings from March 23 through April 5.

Executive Director Hedinger reported that the biggest fan reaction to a Facebook post in February was for the Powerball jackpot alert. We send alerts out through social media to advertise the jackpot.

Executive Director Hedinger stated that our social media continues to attract interest.

Executive Director Hedinger reported that the most watched YouTube video for February was the "How to Play Pick-6 XTRA." It was a tutorial on the change we made to the Pick-6 game.

Executive Director Hedinger reported that all drawings for the month of February were completed with no abnormalities.

Executive Director Hedinger noted that all pool closings were closed with no abnormalities.

Executive Director Hedinger stated that there were a number of press releases issued during the month. Many of them were regarding the Million Dollar Replay Grand Drawing that was held in February.

Executive Director Hedinger reported that the Governor declared March "Statewide Compulsive Gambling Awareness Month." We held a press conference with the Executive Director of the Council and reiterated our efforts with responsible gaming.

Executive Director Hedinger noted that we were notified that we passed the Level 3 certification from the World Lottery Association for our responsible gambling. There are four levels that the World Lottery Association recognizes. We would be the second lottery in the United States to achieve the Level 4 certification.

Executive Director Hedinger stated that we continue to monitor legislation that might affect the Lottery. Currently there are two bills that we are following. One is regarding courier services for delivery of lottery tickets and the second is in regard to advertising. We are working with our liaison in the Treasurer's office with both of those bills.

Executive Director Hedinger reported that there are many lottery events held being held in March. We will see many more public events in the upcoming months.

Executive Director Hedinger stated that there were 203 security investigations initiated in January.

Executive Director Hedinger noted that there were 133 random field inspections were conducted.

Executive Director Hedinger reported that we received and processed 119 applications.

Executive Director Hedinger stated that there are 7,563 licenses issued as of February 28, 2015.

Executive Director Hedinger reported that we collected a total of \$17,618.48 for the month of February through our efforts with the Division of Taxation.

Executive Director Hedinger stated that work continues on our back up site.

Executive Director Hedinger noted that there were 63 email requests and inquiries from VIP Club member during the month.

Executive Director Hedinger reported that the VIP Club increased its membership with 1,958 new registrations during the month of February. We now have more than 291,000 active members.

Executive Director Hedinger stated that since the inception of the Million Dollar Replay game on April 4, 2011, 126,554 people have registered for the VIP club. Of those, more than 122,000 have made one or more entries into the Million Dollar Replay program.

Executive Director Hedinger noted that the Million Dollar Replay game has recorded over 27 million entries.

Executive Director Hedinger noted that the Validation staff received and sorted more than 4,600 claim forms during the month of February with an additional 297 walk-in claims. More than 5,000 claims were entered into the system and 5,088 were edited.

Executive Director Hedinger stated that there were 34 Social Security number matches. Eighteen claims were processed and garnished because of current and previous matches. Five were released from previous matches.

Executive Director Hedinger reported that since inception in 1992, the New Jersey Lottery has collected over \$7 million for various set off programs.

Executive Director Hedinger noted that the Retailer/Call Center Services Unit handled over 5,000 calls during the month. They made 100 outgoing calls to retailers. There were 239 requests for assistance with instant ticket pack status changes. They handled more than 2,100 winner claim status calls during the month, with over 500 of these calls answered at the front desk.

Executive Director Hedinger stated that the warehouse staff continues to process the game end returns.

Executive Director Hedinger noted that the facilities coordinator worked with Nexus to make certain the maintenance of the building was accomplished satisfactorily.

Executive Director Hedinger reported that construction was completed on Studio B. That studio is used to accommodate the CASH4LIFE drawings.

Executive Director Hedinger stated that we are working on getting the CASH4LIFE drawings televised.

Executive Director Hedinger reported that Northstar's employee count is at 131, with 95 in Sales, and 21 in Marketing.

Executive Director Hedinger noted that there are more than 7,000 active retailers, which is a gain of 633 from October 1, 2013 when Northstar began their operations.

Executive Director Hedinger stated that we are continuing to add Instant Ticket Vending Machines (ITVM's) to high volume independent retailers. There were 50 placed in February and there are plans to place an additional 20.

Executive Director Hedinger stated that this concludes the Director's Report.

Vice Chairman Ragazzo asked if there were any questions or comments.

Commissioner Toscano asked about the cumulative outstanding accounts receivable balance and a discussion was held.

Commissioner Toscano asked about the benefit of having a Level 4 certification with the World Lottery Association and a discussion was held.

Vice Chairman Ragazzo stated that the Powerball jackpot had a trickle-down effect that helped the retailers with other aspects of their business in addition to lottery sales.

Vice Chairman Ragazzo requested a motion to approve the Director's Report. Commissioner Alvarez made the motion which was seconded by Commissioner Slater.

NEW BUSINESS

Executive Director Hedinger certified that consideration for each game included, but was not limited to, intended target market, product family, seasonal factors, launch plans, overall market strategy, sales goals, prior experience, current market trends and market place demands.

Vice Chairman Ragazzo requested a motion to approve the game rules for "Million Dollar Replay." Commissioner Alvarez made the motion which was seconded by Commissioner Slater. Vice Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Vice Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Double Your Luck." Commissioner Toscano made the motion which was seconded by Commissioner Slater. Vice Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Vice Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Bloomin' Bucks." Commissioner Toscano made the motion which was seconded by Treasurer Designee Cohen. Vice Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Vice Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Joker's Wild." Commissioner Toscano made the motion which was seconded by Treasurer Designee Cohen. Vice Chairman Ragazzo asked if there were any comments and there being none the motion carried.

PUBLIC COMMENT

Mike Catalini from the Associated Press asked a question regarding the Northstar contract.

EXECUTIVE SESSION

There was no Executive Session.

ADJOURNMENT

Vice Chairman Ragazzo adjourned the meeting.

I HEREBY CERTIFY that the foregoing is a true and correct copy of the minutes of the New Jersey Lottery Commission meeting held on March 19, 2015.

IN WITNESS WHEREOF, I hereby set my hand on

the 16th day of April, 2015.

Carole Hedinger
Carole Hedinger
Executive Director