

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, NOVEMBER 19, 2013

Chairman Tucci 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

Thomas Tucci, Chairman
Frank Ragazzo, Vice Chairman (by phone)
Al Alvarez, Commissioner (by phone)
Munr Kazmir, Commissioner (by phone)
Robert Slater, Commissioner (by phone)
Roger Cohen, Treasurer Designee (by phone)

Carole Hedinger, Executive Director
John Custodio, Deputy Executive Director
Kellie Pushko, Deputy Attorney General

VISITORS

Sarah Brennan, Northstar
Lou Cleary, Northstar
Jane Gregory, Northstar
Russ Knapp, Northstar
Gordon Medenica, Northstar
Bill Murray, Northstar

Joan Mueller, Brushfire

STAFF

Regina Arcuri
Denise Coleman
Duane Daniels
Michael DeCheser
Judy Drucker
Janice Eckstein
Karen Kokoll
Jean Lin
Dolores Matos
Steve Palmieri
Debbie Raub
Margaret Square

After the Pledge of Allegiance, Chairman Tucci 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.

Chairman Tucci requested a motion to approve the minutes of the October 17, 2013 Commission Meeting. Commissioner Kazmir made the motion, which was seconded by Commissioner Slater. Chairman Tucci asked if there were any comments and there being none the motion carried.

DIRECTOR'S REPORT

Executive Director Hedinger stated that October completed the first full month with Northstar NJ, in terms of Sales and Marketing.

Executive Director Hedinger reported that the sales were 12% higher than the previous year; which continues the growth that we have been experiencing in the first three months of the fiscal year. We are now trending 8% over the prior year. Although we are below budget, the budget is very high and will be difficult to meet. However, it's still a tremendous amount of growth over the prior year.

Executive Director Hedinger stated that the jackpot games are doing very well, higher than the previous years. Growth should continue due to the Mega Millions changes, which began on October 19, 2013.

Executive Director Hedinger noted that instant ticket sales are growing. Every lottery game is showing growth over prior year.

Executive Director Hedinger stated that the receipts and deposits for the month of October were \$212 million.

Executive Director Hedinger reported that there were 103 Electronic Fund Transfer failures during the month of October.

Executive Director Hedinger noted that the outstanding accounts receivable balance was \$2.9 million.

Executive Director Hedinger stated that the balances in the unclaimed prize reserve accounts are almost \$7.4 million.

Executive Director Hedinger reported that the current balances in the annuity investment accounts total \$242.8 million.

Executive Director Hedinger stated that the three top non-core instant game sales during October were over \$10 million and the core instant game sales totaled more than \$57.6 million.

Executive Director Hedinger reported that the new "Win For Life" family of games did better than \$15 million in sales.

Executive Director Hedinger noted that the top three non-core selling games and the "Win For Life" games represent about 68% of sales. Executive Director Hedinger stated that four new games were introduced during October.

Executive Director Hedinger reported that advertising to support the new "Win For Life" family of games began on September 30th and ran through the month of October.

Executive Director Hedinger noted that the on-line product activities concentrated around the multi-state Halloween Raffle game.

Executive Director Hedinger stated that the Halloween Raffle game was sold in seven states. There were enough tickets sold to support three \$1 million prizes. New Jersey was lucky enough to win one of those \$1 million prizes.

Executive Director Hedinger reported that in the month of October we finalized the development and the implementation of the Mega Millions game enhancements.

Executive Director Hedinger noted that we are now working on the Powerball Power Play enhancement that will begin in January.

Executive Director Hedinger reported that we now have more than 108,000 Lottery Facebook likes.

Executive Director Hedinger stated that the two most watched videos for the month of October were our "Behind the Ball: You've Won, Now What?" and the "New Jersey Lottery Pick-6 Press Conference" videos.

Executive Director Hedinger noted that our Twitter site is growing.

Executive Director Hedinger reported that the press coverage during the month of October featured the Halloween Raffle game and the Mega Millions game changes.

Executive Director Hedinger noted that we handled approximately 500 inquiries from the public in October.

Executive Director Hedinger stated that we were active with the Responsible play program. Our representatives attended the Responsible Gambling for the Future Working Group Meeting in Atlantic City.

Executive Director Hedinger reported that we worked with the Executive Director of Council of Compulsive Gambling on the joint press release to discourage the gifting of lottery tickets to minors in the holiday season.

Executive Director Hedinger stated that we continue to monitor legislative activity for anything that could affect the New Jersey Lottery.

Executive Director Hedinger noted that we had a number of Speaker's Bureau Events during the month of October in various locations in the state. Two were held at the request of the Governor's Office.

Executive Director Hedinger stated that we did participate in various Lottery events in October. This wraps up outside events for the balance of the year.

Executive Director Hedinger reported that there were 141 security investigations and 116 random field inspections during the month of October.

Executive Director Hedinger stated that there are 6,541 licenses issued as of the end of October.

Executive Director Hedinger noted that we continue to receive applications from the Wawa group. We have completed and processed 140 Wawa store applications.

Executive Director Hedinger reported that we collected more than \$15,000 for the month of October through our efforts with the Division of Taxation. The total collected for FY14 is over \$22,000.00 for back taxes from retailers.

Executive Director Hedinger noted that the VIP Club increased its membership with 2,260 new registrations during the month of September and now has an enrollment of 264,107 active members.

Executive Director Hedinger reported that there were over 1.7 million entries in the Million Dollar Replay drawing held on October 2, 2013; which was the third drawing this year.

Executive Director Hedinger noted that the IMS unit reported that our website continues to be one of the most popular websites of all the NJ State websites with almost seven million visits.

Executive Director Hedinger stated that the Validation Staff received over 4,288 claim forms mailed in and almost 300 walk in claim forms during the month of October. They entered more than 5,400 claims into our tracking system. There were 22 social security matches between our files and various agencies for arrearages. Seventeen claims were processed and garnished because of matches. Since inception we have collected more than \$6.7 million in set off payments for various departments.

Executive Director Hedinger reported that all drawing and pool closings were held in accordance to established procedures with no abnormalities. The four interim drawings for the interim Halloween millions drawings were all held according to procedures.

Executive Director Hedinger noted that the Retailer/Customer Call Center handled over 3,100 incoming calls during the month of October and made 348 outgoing call. This group works very closely with Northstar's retailer call center in order to make sure retailer's issues are coordinated between our two offices.

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

Chairman Tucci asked if there were any comments. Vice Chairman Ragazzo asked if we had any Wawa retailers before Northstar handled Sales and Marketing and there was a discussion about licensing Wawa stores. Chairman Tucci asked how long we hold onto unclaimed prize money. Executive Director Hedinger explained where these monies go and how we turn it over annually to the Treasurer's office. Chairman Tucci requested a motion to approve the Director's Report. Commissioner Kazmir made the motion which was seconded by Vice Chairman Ragazzo.

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.

Chairman Tucci requested a motion to approve the instant ticket game rules for "Hit \$50." Commissioner Kazmir made the motion which was seconded by Commissioner Alvarez. Chairman Tucci asked if there were any comments and there being none the motion carried.

Chairman Tucci requested a motion to approve the instant ticket game rules for "High Roller." Commissioner Kazmir made the motion which was seconded by Commissioner Alvarez. Chairman Tucci asked if there were any comments and there being none the motion carried.

Chairman Tucci requested a motion to approve the revisions to instant game "150 Million Spectacular" Commissioner Kazmir made the motion which was seconded by Commissioner Alvarez. Chairman Tucci asked if there were any comments and there being none the motion carried.

Chairman Tucci requested a motion to approve the revisions to Powerball game rules. Commissioner Kazmir made the motion which was seconded by Commissioner Alvarez. Chairman Tucci asked if there were any comments and there being none the motion carried.

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

There was no Executive Session.


ADJOURNMENT

Chairman Tucci 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 November 19, 2013.

IN WITNESS WHEREOF, I hereby set my hand on

the 19th day of December, 2013.


Carole Hedinger
Executive Director