

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, OCTOBER 24, 2017

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, Chairman
Patrick Toscano, Vice Chairman (by phone)
Robert Slater, Commissioner (by phone)
Christopher McDonough, Commissioner (by phone)
Matt Spadaccini, Treasurer Designee (by phone)

John Custodio, Deputy Executive Director
Cliff Rones, Deputy Attorney General
Craig Ambrose, Gov. Auth. Unit

VISITORS

Bill Murray, Northstar
Foster Krupa, Northstar
Jon Renner, Brushfire
Chris Havard, Ferrara

STAFF

Regina Arcuri
Denise Coleman
Duane Daniels
Michael DeCheser
Judy Drucker
Frances Edwards
Janetta Foy
Kalliopi Kostis
Megan Mazzoni
Charlene Mello
Richard Pagnani
Steve Palmieri
Debbie Raub
Margaret Square
John White
Melissa Williams

After the Pledge of Allegiance, 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.

Chairman Ragazzo requested a motion to approve the minutes of the September 26, 2017 Commission Meeting. Vice Chairman Toscano made the motion, which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

DIRECTOR'S REPORT

Deputy Executive Director Custodio stated that we had a very good month. For all our total games, month over month and year over year, we had a 4.3% increase. We are doing quite well. That is at the end of the first quarter. This is due to the big jackpots that we incurred last month and the month before. It's a residual effect but we still look good. With some changes coming up in Mega Millions, we are hoping for some bigger jackpots. After November 1st, I hope to be one of the first to win one of those big jackpots.

Deputy Executive Director Custodio noted that we are ahead of last year for our budget.

Deputy Executive Director Custodio reported that receipts and deposits for the month were \$245.7 million.

Deputy Executive Director Custodio stated that the balances in the unclaimed prize reserve totaled over \$14 million.

Deputy Executive Director Custodio reported that the three top selling non-core games for September totaled \$35 million or 24% in sales for the month. It's amazing that the number one seller is always the \$30 ticket.

Deputy Executive Director Custodio noted that four new instant games introduced in September. They contributed \$15.3 million or 10% of total sales.

Deputy Executive Director Custodio stated that we produced a few millionaires last month. We had \$1 million winners in Passaic County and Essex County. There were jackpots for two winners in Middlesex and Monmouth Counties, each over \$800,000. With the Pick-6 XTRA drawing, we had a \$16.4 million winner in Bergen County. The New Jersey Lottery is continuing to produce these big jackpots for our players. We are very proud of that.

Deputy Executive Director Custodio noted that our Social Media was very active. We are probably the most active in the state in terms of producing this as a state agency. We are very proud of all the work that our team does here and at Northstar.

Deputy Executive Director Custodio reported that the VIP Club increased its membership with 3,909 new registrations during the month of September. We now have 432,171 active members. They send out all the information that we have on all of our games and we're very happy that it continues to increase month over month.

Deputy Executive Director Custodio stated that the Public Information Office disseminated Lottery news in September that received more than 22.6 million daily views with an estimated advertising value of over \$209 thousand. They continue to do a great job in that department.

Deputy Executive Director Custodio noted that we continue to monitor all of our Legislative activities. We are watching A5181 that was introduced. That bill would limit State Lottery drawings to only two drawings per day.

Deputy Executive Director Custodio reported that we continue to have a very robust Responsible Play Program ongoing. We have several initiatives that are being worked on right now. Our PIO department and our partners at Northstar are working on a brand new training video that will be rolled out soon. The preliminary video looks absolutely fantastic. It will really increase awareness to our employees at Lottery and, perhaps as this moves forward, the employees throughout Treasury. It's a great program and they've done a great job on that.

Deputy Executive Director Custodio stated that you can see in the report all the Speaker's Bureau Events and Promotional Events that were completed in September and the upcoming events for next month.

Deputy Executive Director Custodio noted that there were 143 security investigations initiated during the month.

Deputy Executive Director Custodio reported that there were 173 random field inspections conducted at retailer locations.

Deputy Executive Director Custodio stated that there are 8,257 licenses issued as of September 30, 2017.

Deputy Executive Director Custodio noted that due to our efforts, along with the Department of Taxation Joint Investigation Project, there was a total of \$22,258.52 in arrearages collected in September. Year to date, we have collected \$49,913.23.

Deputy Executive Director Custodio stated that our Technology department has a lot of different projects that are constantly working on. You can read that in the report because it gets complicated with a lot of information. I just wanted to point out one project that didn't actually happen in September, it just happened, but since I've been involved with the BCS project since I came to Lottery, this is a near and dear project to my heart. I just wanted to report that through the efforts of Rick Pagnani, the head of IMS and his staff and Deputy Director Duane Daniels and his contractors that he works with in Security, we were finally able to get a project done at the BCS that took probably longer than it should have. But now we have the ability to have our security access engaged out at the BCS. I want to thank them at this meeting, since I won't have an opportunity again. The BCS is one of the great projects that we have completed here at Lottery.

Deputy Executive Director Custodio noted that the Validations staff received and sorted 4,030 mailed-in claim forms during the month of September with an additional 352 walk-in claims. During the month, 4,404 claims totaling \$13,574,485.00 were paid to winners, including annuity payments.

Deputy Executive Director Custodio reported that there were nineteen claims that were processed and garnished because of current and previous matches totaling over \$22,000. There were nine garnishments to satisfy child support arrearages totaling over \$12,000. There were nine for public assistance and food stamps in the amount of \$9,242. There was one student loan payment this month.

Deputy Executive Director Custodio stated that the Retailer/Call Center Services Unit handled 6,413 incoming calls during the month. They handled 1,977 winner claim status calls during the month of September of which 465 were answered at the front desk.

Deputy Executive Director Custodio noted that the Warehouse continues to be very active receiving almost 4,000 packages during the month. They processed all the appropriate tickets.

Deputy Executive Director Custodio reported that the Facilities unit works with Nexus to ensure that the building is maintained properly. They were involved in the installation of the Quick Draw monitor in the lobby and in the Commission room.

Deputy Executive Director Custodio noted that you will see the Northstar activities that took place during the month at the end of the report.

Deputy Executive Director Custodio reported that this concludes the Director's Report.

Chairman Ragazzo asked if there were any questions or comments.

Chairman Ragazzo stated that we're still above board and we currently have a \$191 million Powerball. We could possibly have a good October.

Commissioner Slater stated that it is a great report.

Chairman Ragazzo stated it was all a testament to John.

Deputy Executive Director Custodio stated it is all a testament to our staff here and our partners at Northstar. They do all the work and the Director and I just get to report on their great work.

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

NEW BUSINESS

Deputy Executive Director Custodio 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. Additionally, as part of our overall responsible gaming initiatives, these games have been reviewed to identify any problematic elements that could present a risk to vulnerable problem gamblers.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Loose Change," "Love to Win Doubler," "Blackout Bingo" and "\$500 Frenzy." Vice Chairman Toscano made the motion which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

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

EXECUTIVE SESSION

There was no Executive Session.

PUBLIC COMMENT

Chairman Ragazzo asked Deputy Executive Director Custodio if there was anything else he would like to add.

Deputy Executive Director Custodio stated he wanted to thank the Commissioners and the Chairman for the experience of being here at the Lottery. It's been great working with everyone. But he is sure the Lottery will continue on as it has the past 40 some years and doing great work for the State. Thank you so much.

Chairman Ragazzo thanked Deputy Executive Director Custodio for his comments and asked John White, Deputy Director of Finance, to say a few words.

Deputy Director White stated that on behalf of the staff at the Lottery, we wanted to thank you for all your contributions that helped us and our partners at Northstar grow the Lottery the last few years. Deputy Executive Director Custodio helped each of us in so many ways. I really can't do justice in my comments today. One contribution I do want to thank you for is the tremendous efforts on your part to develop a fully operational BCS site. It's truly a facility that we all can be proud of. Again, on behalf of the staff, we wish you and your family well in all your future plans.

Vice Chairman Toscano stated that Deputy Executive Director Custodio has done a phenomenal job. He thinks he has learned, in the three years he has been there, much more from Deputy Executive Director Custodio and Executive Director Hedinger than he could ever teach them. We appreciate deeply how concerned you were and how interested you were in the mission of the Lottery. Your emails after hours, and early mornings, were not simply ignored. We saw what you did, we saw how early you were there, how late you worked. It was just an absolute pleasure. There is absolutely nothing negative about any experience that I have had with you. I deeply appreciate what you did for the Lottery all these years. I really do. Thank you.

Deputy Executive Director Custodio thanked Vice Chairman Toscano.

Commissioner Slater stated that he wants to say the phrase that "the devil is in the details." You are truly the devil. Commissioner Slater said it is a compliment.

Deputy Executive Director Custodio said thank you.

Chairman Ragazzo stated that Deputy Executive Director Custodio has been professional. He has a sense of humor that helps in this business. Deputy Executive Director Custodio has been great with the details and the emails. Sometimes there is a funny exchange. You will be really, sorely be missed by us and I'm hoping some of the staff appreciates when you gone. If I ever asked for more details, you would have it. You were excellent. If I was the Director and you're my Deputy, I would be thrilled. I never had to worry about anything. I'm sure Executive Director Hedinger felt that way, but I don't want to speak on her behalf. It was a perfect marriage from our perspective. So, congratulations. I hope you have a great retirement. Maybe we'll see each other along the way.

Deputy Executive Director Custodio thanked Chairman Ragazzo.

ADJOURNMENT

Chairman Ragazzo asked for a motion to adjourn the Public meeting. Vice Chairman Toscano made the motion which was seconded by Commissioner Slater. The motion carried.

I HEREBY CERTIFY that the foregoing is a true and correct copy of the minutes of the New Jersey Lottery Commission meeting held on October 24, 2017.

IN WITNESS WHEREOF, I hereby set my hand on

the 21ST day of November, 2017.



Carole Hedinger
Executive Director