NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, MARCH 22, 2012

Chairman Ragazzo called the Commission meeting into session at 11:00 AM in the Lottery Office located at One Lawrence Park Complex, Lawrenceville, New Jersey.

COMMISSION MEMBERS PRESENT
Frank Ragazzo, Chairman
Munr Kazmir, Vice Chairman (By Phone)
Al Alvarez, Commissioner (By Phone)
Robert Slater, Commissioner (By Phone)
Thomas Tucci, Commissioner (By Phone)
David Ridolfino, Treasurer's Designee

Carole Hedinger, Executive Director
Chuck Tantillo, Deputy Executive Director
Jennifer Linett, Deputy Attorney General

STAFF
Regina Arcuri
Lou Cleary
Denise Coleman
Duane Daniels
Michael DeCheser
Robert Kersey
Karen Kokoll
Foster Krupa
Jean Lin
Dolores Matos

VISITORS

Joan Mueller, Brushfire

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 February 23, 2012 Commission Meeting. Commissioner Slater made the motion, which was seconded by Commissioner Tucci. Chairman Ragazzo asked if there were any comments and there being none the motion carried. Treasurer Designee Ridolfino abstained.

DIRECTOR'S REPORT

Executive Director Hedinger stated that the sales for the month of February totaled $241.25 million, which represented an increase of 15.1% over last year's monthly sales. She stated that sales were up in most of the games. She stated that Mega Millions which is behind last year's actual sales is not that far behind. She stated that looking at the Pick 6, Mega Millions and Powerball games as a portfolio of jackpot games their sales were up 5.5% to the prior year to date and for the month sales were up 50%.

Executive Director Hedinger reported that the Powerball sales are doing very well at the $2.00 price point with the average increase in sales being better than 35% and that is even with it being hit four times since the price increase. She stated that the good news is that there was a New Jersey winner from last night's $70 million Powerball jackpot with the ticket being sold in Little Silver.

Executive Director Hedinger stated that she is very pleased with the way that the games are going this year and that the marketing efforts that have been made have really paid off. She stated that we will have a very good year even if we fall short of the targeted budget which was set very high.

Executive Director Hedinger stated that the receipts and deposits for the month of February were $210.5 million.

Executive Director Hedinger stated there were 70 electronic fund transfer (EFT) failures during the month of February.

Executive Director Hedinger stated that the balances in the unclaimed prize reserve accounts are over $18 million.

Executive Director Hedinger noted that the balances in the annuity investment accounts are $341.3 million which continues to decline.

Executive Director Hedinger stated that the instant ticket sales have been strong and the re-launch of the "$100,000,000 Spectacular" game and the "Win for Life" game have been very successful.

Executive Director Hedinger stated that a statewide advertising campaign was finalized for the Pick-3 Green Ball Double Draw promotion.

Executive Director Hedinger reported that New Jersey Lottery continues leading in the social media area. She stated that our Facebook continues to be one of the most popular Facebook pages in all the State Lotteries. She noted that as of this morning there are 51,373 fans on Lottery's Facebook.

Executive Director Hedinger stated that it is important to have this social media phase as we enter into new forms of reaching out to our customers in the future.

Executive Director Hedinger stated that we launched our Mobile website in the month of March and our Apps can now be downloaded.

Executive Director Hedinger stated that we now have the ability to expand 500 new agents and that we have 300 applicants. She stated that we expect to get a sizable increase in sales once that is fully implemented. She stated that by next fiscal year we should have all 500 new agents selling tickets.

Executive Director Hedinger stated that the Retailer/Customer Call Center reached out to the retailers whose federal ID number and name did not match our records. She stated that we ran our agent list and ID numbers up against the IRS list to make sure that when we issued 1099's at the end of this month that all of the names and ID numbers would match and there would not be any bounce back from the internal revenue service.

Executive Director Hedinger indicated that there were 135 security investigations and 70 random field inspections at retailer locations.

Executive Director Hedinger reported that the installation of the new computers has begun. She stated that the IMS staff is working with OTT to make sure that we have a smooth rollover from the old equipment to the new equipment.

Executive Director Hedinger noted that the VIP club has an enrollment of over 220,000 active members as of February.

Executive Director Hedinger stated that in the Validation section we are starting to experience attrition where people have retired and we are going through a process of trying to backfill those positions. She stated that in Operations and the Claims sections it could have the affect of delaying how quickly a claim could be paid which would not sit well with the public.

Executive Director Hedinger stated that all the Pool Closings and Drawings were held with no abnormalities.

Chairman Ragazzo asked if there were any comments on the Director's Report.

Commissioner Slater asked about Sun Life Insurance and was not sure if that was the bank that did not meet the stress test of the Federal Reserve. He stated that if it is, we should ask the State to check into that to see if we have any risk beyond what we think we have.

Executive Director Hedinger stated that she will check on Sun Life.

Chairman Ragazzo asked if there were any other comments and there being none asked for a motion to approve the Director's Report. The motion was made by Vice Chairman Kazmir and seconded by Commissioner Alvarez. The motion carried.

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 Ragazzo requested a motion to approve the instant ticket game rules for "Win for Life." Vice Chairman Kazmir 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 instant ticket game rules for "Hold'Em Poker." Vice Chairman Kazmir 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 instant ticket game rules for "Skee-Ball." Vice Chairman Kazmir 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 instant ticket game rules for "Strawberry 7's." Vice Chairman Kazmir 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 instant ticket game rules for "Red Line Bingo." Vice Chairman Kazmir made the motion which was seconded by Commissioner Slater. Chairman Ragazzo 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.

Executive Director Hedinger informed the Commissioners that Deputy Executive Director Chuck Tantillo has tendered his resignation and will be leaving the Lottery on April 13, 2012. She stated that Chuck has decided to go back into retirement and this will be his last Commission Meeting.

Deputy Executive Director Tantillo stated that he appreciated having the opportunity to work with the Lottery staff, which was excellent in his view, and the State Officials that he has met within the Treasurer's Office. He stated that the Lottery is an excellently run program that does a lot with very little resources and at the highest standards that he has seen in State Government of dedication and loyalty to the mission of the Lottery. He stated that it has been an honor to work with Executive Director Hedinger, Treasurer Designee Ridolfino, the Commission and all the Lottery staff.

The Commissioners stated that it has been a pleasure working with Deputy Executive Director Tantillo and congratulated him on his retirement.

ADJOURNMENT

Chairman Ragazzo asked if there was any other business to be discussed and there being none, asked for a motion to adjourn. Vice Chairman Kazmir made the motion, which was seconded by Commissioner Alvarez. 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 March 22, 2012.

IN WITNESS WHEREOF, I hereby set my hand on

the 19th day of April, 2012.

Carole Hedinger

Carole Hedinger
Executive Director