NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, MAY 16, 2013

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
Al Alvarez, Commissioner
Munr Kazmir, Commissioner (by phone)
Robert Slater, Commissioner
Roger Cohen, Treasurer Designee

Carole Hedinger, Executive Director
John Custodio, Deputy Executive Director
Kellie Pushko, Deputy Attorney General
Peter Simon, Gov's Auth. Unit (by phone)

STAFF
Regina Arcuri
Lou Cleary
Denise Coleman
Duane Daniels
Michael DeCheser
Janice Eckstein
Robert Kersey
Karen Kokoll
Foster Krupa
Jean Lin
Dolores Matos
Steve Palmieri
Mary Ann Rivell
Jennifer Rodriguez
Margaret Square

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 April 18, 2013 Commission Meeting. Commissioner Slater made the motion, which was seconded by Commissioner Kazmir. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

DIRECTOR'S REPORT

Executive Director Hedinger stated that the sales for April totaled $243.84 million. She stated that a comparison to last year's total monthly sales revealed an increase of 4.9%.

Executive Director Hedinger stated that the Jersey Cash 5 game is doing well and gives credit to Finance Director Steve Palmieri for devising a way to modify the calculation of the Cash 5 jackpot with the result that we are seeing a positive affect from being able to advertise a higher jackpot.

Executive Director Hedinger stated that the receipts and deposits for the month of April were $445.4 million.

Executive Director Hedinger stated that there were 86 Electronic Fund Transfer failures during the month of April.

Executive Director Hedinger stated that the balances in the unclaimed prize reserve accounts are $20.7 million.

Executive Director Hedinger stated that the current balances in the annuity investment accounts total $276.6 million.

Executive Director Hedinger stated that the non-core instant game sales during April were over $30 million and the core instant game sales totaled over $48 million.

Executive Director Hedinger reported that plans were finalized for the Pick 3 "Green Ball Double Draw" promotion which took place the end of April.

Executive Director Hedinger stated that Lottery Facebook continues to be one of the most popular Facebook pages in all the State Lotteries with close to 80,700 likes at the end of April.

Executive Director Hedinger stated that there was a sweepstakes with the New Jersey Devils in which those who wished to enter had to be a fan of at least one New Jersey Lottery social media platform which was also available via mobile device.

Executive Director Hedinger stated that all of Lottery's social media has been growing very steadily month by month along with our website.

Executive Director Hedinger stated that we began production on our first "Behind the Ball" video with CBS which is a behind the scenes look at the Live Lottery drawing.

Executive Director Hedinger gave some background information on the moldy instant tickets that were stored in our warehouse from Super Storm Sandy that had been damaged and had to be processed so that proper credit could be given to the retailers.

Executive Director Hedinger reported that the Lottery Sales staff added 150 new lottery retailers since January 2013.

Executive Director Hedinger stated that 7-Eleven is planning on opening 18 new stores by August.

Executive Director Hedinger stated that the retailers were excited about the return of "Pick 3 Green Ball" and were alerted about the Pick 3 "Win-to-Sell" contest where they could win a $500 bonus cash prize.

Executive Director Hedinger stated that the Call Center handled 2,259 incoming calls and made 414 outgoing calls during the month of April.

Executive Director Hedinger reported that there were 138 security investigations and 103 random field inspections during the month of April.

Executive Director Hedinger stated that the Licensing Unit received and processed 90 Lottery applications and there were 73 licenses issued. She stated that there are 6638 licenses issued as of April 30, 2013.

Executive Director Hedinger stated that there was a total of $826.88 collected for the month of April through the efforts of the NJ Lottery and the Division of Taxation Joint Investigation Project. She noted that the total collected for FY'13 to date is $31,742.62.

Executive Director Hedinger stated that the IMS staff assisted the Division of Revenue & Enterprise Services in addressing various Lottery issues.

Executive Director Hedinger reported that work was completed on the Lottery website for the Green Ball promotion and the Annual Report for FY 2012.

Executive Director Hedinger noted that the VIP Club increased its membership with 2,436 new registrations during the month of April and now has an enrollment of 252,738 active members.

Executive Director Hedinger stated that the first semi-finalist drawing of the Million Dollar Replay was held on April 3 which had almost 2 million entries.

Executive Director Hedinger reported that the Validation Staff received over 4,000 claim forms during the month of April and there were 24 social security matches between our files and various agencies for arrearages.

Executive Director Hedinger noted that all drawing and pool closings were held in accordance to established procedures with no abnormalities.

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

Chairman Ragazzo requested a motion to approve the Director's Report. Commissioner Kazmir made the motion which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments.

Commissioner Slater asked if we had any cyber warfare element since we have so much operation connected with technology.

Executive Director Hedinger stated that Treasury's Office of Technology and the State's Office of Information Technology are very seriously involved in all of the security measures. She also reported that through GTECH our data is very secure because of the firewalls that are set up.

Commissioner Alvarez asked about the sweepstakes with the New Jersey Devils.

Executive Director Hedinger stated that we have promotions with the New Jersey Devils because we are partners with them to promote both of the organizations. She reported that they are a licensed agent of the Lottery and have a booth where they sell Lottery tickets and we do a lot of cross promoting with them. She stated that periodically in keeping ourselves and their fans connected we have these sweepstake promotions to sign up new fans.

Commissioner Alvarez questioned what the gambling related legislation is that Lottery is working on with the Council on Compulsive Gambling.

Executive Director Hedinger stated that there was some legislation that was introduced recently regarding winner anonymity. She stated that whenever there is any legislation that has to do with gaming, the Council on Compulsive Gambling is usually involved and we have a Lottery employee who also serves on their board and, therefore, we are always communicating with each other.

Chairman Ragazzo asked if there were any other comments on the Director's Report and there being none 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 "Sunny $50s." Commissioner Kazmir made the motion which was seconded by Commissioner Alvarez. 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 "Ruby Red 7's." Commissioner Slater made the motion which was seconded by Commissioner Kazmir. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Executive Director Hedinger introduced Jennifer Rodriguez who is a security investigator with Lottery and was the translator for the $338 Million Powerball Winner throughout the whole claiming process and the press conference. Executive Director Hedinger stated that Ms. Rodriquez did a great job and everyone thought she was a professional translator that we hired.

Media Director Michael DeCheser showed a video from the live streaming over the internet of the press conference that was held with the Powerball winner. He also showed pictures from the press conference.

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

There was no Executive Session.

ADJOURNMENT

Chairman Ragazzo asked for a motion to adjourn the meeting. Commissioner Slater 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 May 16, 2013.

IN WITNESS WHEREOF, I hereby set my hand on

the 24th day of June, 2013.

Carole Hedinger
Carole Hedinger
Executive Director