NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, NOVEMBER 20, 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
Al Alvarez, Commissioner
Robert D'Anton, Commissioner (By Phone)
Munr Kazmir, Commissioner
David Ridolfino, Treasurer Designee (By Phone)

Carole Hedinger, Executive Director
John Custodio, Deputy Executive Director
Kellie Pushko, Deputy Attorney General
John Cascarano, Gov. Auth.Unit

STAFF
Regina Arcuri
Lou Cleary
Duane Daniels
Judy Drucker
Janice Eckstein
Robert Kersey
Karen Kokoll
Foster Krupa
Jean Lin
Dolores Matos
Steve Palmieri
Mary Ann Rivell
Margaret Square

VISITORS
Joan Mueller, Brushfire
Joe Tyrrell, Caesars Entertainment

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 October 18, 2012 Commission Meeting. Commissioner Kazmir made the motion, which was seconded by Chairman Ragazzo. Chairman Ragazzo asked if there were any comments.

Executive Director Hedinger stated that on page 3 under "New Business" in the fifth paragraph at the beginning of the sentence the wording should be changed to "Due to Marketing Manager Foster Krupa's suggestion, DAG Pushko indicated, etc."

Chairman Ragazzo made a motion to approve the minutes with the amended changes which was seconded by Commissioner Kazmir. Chairman Ragazzo asked if there were any other comments and there being none the motion carried.

Chairman Ragazzo asked if there were any other comments on the minutes and there being none the motion carried.

DIRECTOR'S REPORT

Executive Director Hedinger stated that Hurricane Sandy had a devastating impact on New Jersey and we estimate the New Jersey Lottery took a $14 million hit in lost sales those last few days of October which represents a $5 million revenue loss to the State.

Executive Director Hedinger distributed charts which showed the estimated lost sales and revenue. She stated that we are almost back to normal with sales as most of the retailers are back up. She stated that as of now we will have an estimated $29 million total revenue loss with a $10 million contribution loss which we believe will be the permanent effect of the storm.

Executive Director Hedinger stated that the Lottery employees were able to get to Lottery Headquarters and conduct every drawing during this storm emergency. She stated that Lottery Headquarters ran on generator power which kept us in business without having to go to any other backup. She stated that she is very proud of the Lottery staff that got here under very trying conditions.

Executive Director Hedinger stated that the receipts and deposits for the month of October were $155.1 million.

Executive Director Hedinger noted that we did have a big spike in EFT failures but that was due to the hurricane.

Executive Director Hedinger stated that the balances in the unclaimed prize reserve accounts are over $10 million.

Executive Director Hedinger stated that the current balances in the annuity investment accounts total $296.7 million.

Executive Director Hedinger stated that the non-core instant game sales during October were over $23 million and the core game sales were over $42 million.

Executive Director Hedinger stated that the Pick 3/Pick 4 "Red Ball Doubler" promotion took place during the month of October and had over 5% increase in sales.

Executive Director Hedinger stated that the Jersey Cash 5 Bonus Raffle promotion started at the end of October and through today we have issued 515,142 raffle tickets.

She stated that Lottery Facebook continues to be one of the most popular Facebook pages in all the State Lotteries.

Executive Director Hedinger reported that Lottery participated in various events during the month of October.

Executive Director Hedinger stated that the Speaker's Bureau participated in five events during the month of October.

Executive Director Hedinger reported that there were 110 security investigations and 87 random field inspections during the month of October.

Executive Director Hedinger reported that there was a total of $3,578.19 collected for the month of October through the efforts of the NJ Lottery/Division of Taxation Joint Investigation Project. She stated that the total collected for FY'13 is $23,387.57.

Executive Director Hedinger stated that the VIP Club increased its membership with 3,392 new registrations during the month of October. She stated that the VIP Club has an enrollment of 239,115 active members.

Executive Director Hedinger reported that the Validation Staff received 3,783 claim forms during the month of October. Executive Director Hedinger stated that 22 claims were garnished totaling $13,500.00.

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 concludes the Director's Report.

Commissioner Kazmir asked about the loss that New Jersey Lottery had during the hurricane and whether we could apply to FEMA.

Executive Director Hedinger stated that she does not think that Lottery can apply but that the individual retailers would be able to benefit from emergency funds.

Treasurer Designee Ridolfino stated that he has been working with FEMA on a lot of different things and he will check but he also feels that there is no public assistance available at the government level.

Chairman Ragazzo asked for a motion to approve the Director's Report. 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.

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 "Red Hot Hearts." 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 "Frogger®." 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 "50 Shades of Green." 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 "Poker Showdown." 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.

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

There was no Executive Session.

ADJOURNMENT

Chairman Ragazzo asked if there was any other business to be discussed and there being none, asked for a motion to adjourn. Commissioner 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 November 20, 2012.

IN WITNESS WHEREOF, I hereby set my hand on

the 20th day of December, 2012.

Carole Hedinger

Carole Hedinger
Executive Director