NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, SEPTEMBER 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
Thomas Tucci, Vice Chairman
Munr Kazmir, Commissioner (By Phone)
Robert Slater, Commissioner (By Phone)
Andrew Sidamon-Eristoff, State Treasurer

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

VISITORS
Conrad D'Alessandro
James Leonard, Treasurer's Chief of Staff
Joan Mueller, Brushfire
Robert Romano, Deputy State Treasurer

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

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 August 23, 2012 Commission Meeting. Vice Chairman Tucci made the motion, which was seconded by Commissioner Slater. Executive Director Hedinger stated there is one correction to the minutes in which Beth Mitchell's name should be deleted because she was not in attendance at this meeting. 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 were very good for the month of August. She stated that the total sales for the month were up 11.9%.

Executive Director Hedinger stated that Pick 3 and Pick 4 sales were up which was the result of an instant match promotion. She stated that there will be another promotion for Pick 3 and Pick 4 starting on October 1st.

Executive Director Hedinger stated that she hopes to maintain this momentum in the coming year. She stated that we have an aggressive schedule of marketing, promotional and sales support to reach this goal of $995 million this year. She stated that we are close to 5% ahead in our contribution to the State so far this year.

Executive Director Hedinger stated that the receipts and deposits for the month of August were $239 million.

Executive Director Hedinger stated that the balances in the unclaimed prize reserve accounts are over $17 million.

Executive Director Hedinger stated that the current balances in the annuity investment accounts total $310.4 million.

Executive Director Hedinger stated that the top selling non- core instant games during the month of August were "$100,000,000 Spectacular," "Lucky Times 20" and "Double Sided Dollars."

Executive Director Hedinger stated that the $10 Instant Match promotion took place during the month of August for Pick 3 and Pick 4.

Executive Director Hedinger stated that plans began for a Pick 3 and Pick 4 "Red Ball Doubler" promotion which will take place in October.

She stated that Lottery Facebook continues to be one of the most popular Facebook pages in all the State Lotteries. She noted that we have over 62,000 fans as of the end of August.

Executive Director Hedinger stated that we had four promotions that took place with Trenton Thunder in August, in which those wishing to enter needed to be a fan of at least one NJ Lottery Social Media platform. She stated that it was not a big partnership but Trenton Thunder gave us extremely prominent signage on the big sign on Rt. 29 highway.

Executive Director Hedinger stated that one new video was added to You Tube in August which was part of the "Not 18 Yet? No Bet" campaign.

Executive Director Hedinger stated that the most viewed You Tube video during the month of August was "What would you do if you won the $320 million Powerball Jackpot?"

Executive Director Hedinger stated that we continue to get a lot of good press coverage. She stated that there was a big Powerball jackpot which also gave an opportunity to the press to repeat prior messages that we have sent out about how to participate in office pools and how to do that safely.

State Treasurer Eristoff suggested having some kind of form available for the public advising them on how to participate in office pools.

Executive Director Hedinger stated that we could devise a form and put it on our website.

Deputy Attorney General Linett stated that we could post "office pool suggested rules" on the website.

Executive Director Hedinger stated that the retailer count for the end of August is over 6577. She stated that we are continuing to reach out for new retailers to get to the 6700 agent level.

Executive Director Hedinger reported that there were 154 security investigations and 99 random field inspections during the month of August.

Executive Director Hedinger reported that there was a total of $4,677.18 collected for the month of August through the efforts of the NJ Lottery/Division of Taxation Joint Investigation Project. She stated that the total collected for FY'13 is $10,963.48.

Executive Director Hedinger stated that the IMS staff has been preparing the 2013 annual license renewal processing documentation.

Executive Director Hedinger stated that the VIP Club increased its membership with 2,406 new registrations during the month of August. She stated that the VIP Club has an enrollment of 235,723 active members.

Executive Director Hedinger stated that the New Jersey Lottery website continues to be one of the most popular of all the NJ State websites and there is an average of 214,647 visitors per day.

Executive Director Hedinger reported that the Validation Staff received over 3,600 claim forms during the month of August. Executive Director Hedinger stated that 12 claims were garnished totaling $17,034.38.

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.

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

Commissioner Slater would like to know what the advertising dollars are for this year versus last year as compared to the sales this year versus last year. He stated that he wants what we actually allocate against the $454 million of sales year to date.

Executive Director Hedinger stated that she does not have that right now, but will provide that to the Commissioners separately.

Vice Chairman Tucci stated that in this bad economy, these numbers are very strong and we would have to attribute it to Executive Director Hedinger's leadership and the hard work of the staff.

Executive Director Hedinger stated that staff works very hard to put together and implement our plans and that this staff is professional and they have unity and resources behind them. She thanked Vice Chairman Tucci for his comments.

Commissioner Slater stated that previously there was discussion about homeland security and license renewals and asked if anything has been done.

Executive Director Hedinger reported that this past week there was discussion about working with facial recognition technology. She stated that she would like to expand the licensing process to include a photo ID for our retailers and along with facial recognition technology could be used to make sure we are not licensing people that we would not want to license. She stated that right now it is very early in developing this process.

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

NEW BUSINESS

Chairman Ragazzo requested a motion to approve the "Revised Million Dollar Replay" rules. Commissioner 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.

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 "Tripling Red 7s." Vice Chairman Tucci made the motion which was seconded by Commissioner Kazmir. 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 "Massive Cash." State Treasurer Eristoff made the motion which was seconded by Commissioner Kazmir. 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 "Zodiac Match." Commissioner Kazmir made the motion which was seconded by State Treasurer Eristoff. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Executive Director Hedinger introduced John Custodio who is the new Deputy Executive Director for the Lottery and Deputy Attorney General Kellie Pushko who is replacing Deputy Attorney General Jennifer Linett who is moving on to another agency.

PUBLIC COMMENT

Chairman Ragazzo asked if there was any comment from the public.

Mr. Conrad D'Alessandro stated that he retired from Johnson & Johnson eight years ago, and he is very impressed with the Lottery Commission, the Lottery games and especially the people that we help out. He stated that he would like to make an appointment with the Executive Director or her staff to present a new idea for the Lottery which he feels is very unique.

Executive Director Hedinger stated that she will have her staff set up a meeting.

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 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 September 20, 2012.

IN WITNESS WHEREOF, I hereby set my hand on

the 19th day of October, 2012.

Carole Hedinger

Carole Hedinger
Executive Director