

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, NOVEMBER 18, 2014

Chairman Tucci 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

Thomas Tucci, Chairman
Frank Ragazzo, Vice Chairman
Robert Slater, Commissioner
Patrick Toscano, Commissioner
Roger Cohen, Treasurer Designee (by phone)

Carole Hedinger, Executive Director
John Custodio, Deputy Executive Director
Roger Gibson, Deputy Attorney General

VISITORS

Sarah Brennan, Northstar
Jane Gregory, Northstar
Russ Knapp, Northstar
Foster Krupa, GTECH
Bill Murray, Northstar
Joan Mueller, Brushfire
Frank Fleizach, Ferrara
Chris Havard, Ferrara

STAFF

Regina Arcuri
Denise Coleman
Michael DeCheser
Judy Drucker
Janice Eckstein
Karen Kokoll
Frances Lioudis
Dolores Matos
Richard Pagnani
Steven Palmieri
Deborah Raub
Mary Ann Rivell
Margaret Square
John White

After the Pledge of Allegiance, Chairman Tucci 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 Tucci requested a motion to approve the minutes of the October 16, 2014 Commission Meeting. Commissioner Slater made the motion, which was seconded by Commissioner Toscano. Chairman Tucci asked if there were any comments and there being none the motion carried.

DIRECTOR'S REPORT

Executive Director Hedinger noted that the sales in October were higher due to a rolling Mega Millions jackpot.

Executive Director Hedinger reported that the year-to-date sales are exceeding last year's total sales. The first quarter of last year was the highest sales quarter we have experienced in five years because of rolling jackpots. Measuring this year's sales against last year's first quarter distorts the true effect of FY15 sales growth.

Executive Director Hedinger stated that receipts and deposits for the month of October were over \$223 million.

Executive Director Hedinger reported that there were 127 electronic fund transfer (EFT) failures that totaled over \$560 thousand.

Executive Director Hedinger noted that the Accounts Receivable Unit settled or closed 81% of EFT fails from September.

Executive Director Hedinger reported that the cumulative outstanding accounts receivable balance as of October 31st is \$3.1 million.

Executive Director Hedinger stated that the balances in the unclaimed prize reserve accounts for October are more than \$10 million.

Executive Director Hedinger noted that the balances in the annuity investment accounts total \$202.6 million.

Executive Director Hedinger reported that the top three selling non-core instant games during the month were "\$2,000,000 Mega Cash," "50X Money" and "Triple Winning 7s." They contributed over 13% of total sales and with more than \$17.7 million in sales.

Executive Director Hedinger stated that core games made up approximately 37% of total instant sales with \$49 million in sales.

Executive Director Hedinger reported that the "Win For Life" family of games contributed approximately 5% to total sales with \$6.5 million.

Executive Director Hedinger stated that the three new instant games that were introduced in October were "AMC The Walking Dead," "Triple Winning 7s" and "\$20,000 Pay Day."

Executive Director Hedinger noted that the instant game "AMC The Walking Dead" received most of the advertising support during the month of October.

Executive Director Hedinger reported that we launched the Monopoly Millionaires' Club game on October 19th. There was a large press conference in Times Square to launch the game.

Executive Director Hedinger stated that for the month of October, New Jersey ranked first in per capita sales in the Monopoly Millionaires' Club game. New Jersey, New York and Pennsylvania are leading the country in sales.

Executive Director Hedinger reported that Monopoly Millionaires' Club was launched at a time of the year with a lot of competition. In the coming weeks there will be efforts made by Northstar to put this game at the forefront.

Executive Director Hedinger stated that we had the first national winner in the Monopoly Millionaires' Club game and there was a press conference held on November 14th. This win triggered the drawing for 14 million dollar prizes that were distributed throughout the 23 states.

Executive Director Hedinger reported that the Monopoly Millionaires' Club game should establish itself once the television show begins.

Executive Director Hedinger stated that all of our social media continues to grow.

Executive Director Hedinger noted that our YouTube post for the AMC Walking Dead Photo Contest was very popular.

Executive Director Hedinger stated that our most watched YouTube video was the Monopoly Millionaires' Club instructional video with over 2,500 views.

Executive Director Hedinger noted that total lifetime views for our YouTube channel since its debut in January 2007 is more than 291,000 views.

Executive Director Hedinger reported that all drawings for the month of October were completed with no abnormalities.

Executive Director Hedinger noted that all pool closings were closed with no abnormalities.

Executive Director Hedinger stated that there were a great number of Media events that took place in October.

Executive Director Hedinger noted that we held the third quarter drawing for the Million Dollar Replay game. There will be one more quarterly drawing before the Grand prize drawing in February.

Executive Director Hedinger stated that we have been working with Northstar to expand our Responsible Play Program. On November 1st, we submitted our application for Level 3 certification with the World Lottery Association and are already working on Level 4 certification.

Executive Director Hedinger reported that we are working to develop holiday press releases to discourage the gifting of lottery tickets to minors.

Executive Director Hedinger noted that we continue to monitor any proposed Federal or State legislative activities for anything pertaining to Lottery.

Executive Director Hedinger stated that there were a number of events that we took part in during October which wraps up most of our public events. During the winter we do a lot of in-store promotional events.

Executive Director Hedinger reported that there were many Speaker's Bureau Events held in October.

Executive Director Hedinger stated that there were 129 security investigations initiated in October.

Executive Director Hedinger noted there were 164 random field inspections conducted last month.

Executive Director Hedinger reported that the Licensing Unit received and processed 90 applications. There were 79 licenses issued.

Executive Director Hedinger stated that there are 7,226 licenses issued as of October 31, 2014.

Executive Director Hedinger noted that we collected a total of \$4,158.25 for the month of October through our efforts with the Division of Taxation. The total collected for this fiscal year is \$8,816.65.

Executive Director Hedinger reported that we are preparing the network infrastructure redesign. Within a few months, our back up site will be fully functional.

Executive Director Hedinger noted that we now have nine wireless terminals for emergency access should our network fail.

Executive Director Hedinger stated that we responded to 281 email requests and inquiries from VIP Club members during October.

Executive Director Hedinger reported that the VIP Club continues to grow. In October we had 1,795 new registrations.

Executive Director Hedinger stated that our website had over five million visits in October.

Executive Director Hedinger reported that the Validation Staff received and sorted almost 3,800 claim forms and 222 walk-in claims during the month of October. They entered over 4,000 claims into the system and edited over 4,700 claims. More than \$11 million was paid out in prizes.

Executive Director Hedinger stated that we will go live with our new claims and payment system this month.

Executive Director Hedinger noted that we continue to receive and update the status of returned instant ticket packs.

Executive Director Hedinger reported that 23 claims were processed and garnished because of current and previous matches. Since inception in 1992, we have collected over \$7 million for child support and various set off programs.

Executive Director Hedinger noted that the Retailer/Call Center Services Unit handled over 2,800 calls during the month of October. They made 286 outgoing calls to retailers. They handled 701 winner claim status calls during the month, with 229 of these calls answered at the front desk.

Executive Director Hedinger stated that the Warehouse unit continues to process game ends. The July 2013 instant game end destruction took place on October 23rd.

Executive Director Hedinger reported that the Warehouse staff accepted over 3,400 deliveries.

Executive Director Hedinger noted that our facilities unit handled several preventive maintenance inspections and repairs in October.

Executive Director Hedinger stated that we have received plans and bids in preparation of the second floor renovations. This renovation is for a new studio to broadcast the CASH4LIFE game.

Executive Director Hedinger reported that Northstar's employee count is at 123, with 89 in Sales and 19 in Marketing. The number of retailers has increased by 581 since they began operations.

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

Chairman Tucci asked if there were any questions or comments.

Vice Chairman Frank Ragazzo asked about the budget amount for Monopoly Millionaires' Club and a discussion was held.

Commissioner Slater asked about advertising nationally for Monopoly Millionaires' Club and a discussion was held.

Commissioner Slater asked about Security's investigation process and a discussion was held.

Commissioner Toscano asked about Lottery's participation at the Devil's games and a discussion was held.

Commissioner Toscano asked about Lottery participating in promotional events at college basketball games and a discussion was held.

Chairman Tucci asked about the Level 3 certification process for the World Lottery Association and a discussion was held.

Chairman Tucci asked about the funding required for building a new studio for the Cash4Life Drawings and a discussion was held.

Commissioner Slater requested that the Commissioner's names be added to the Retailer Focus brochure.

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

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 Tucci requested a motion to approve the instant ticket game rules for "Lucky In Love." Vice Chairman Ragazzo made the motion which was seconded by Commissioner Toscano. Chairman Tucci asked if there were any comments and there being none the motion carried.

Chairman Tucci requested a motion to approve the instant ticket game rules for "\$5,000,000 Cash Extravaganza." Commissioner Slater made the motion which was seconded by Commissioner Toscano. Chairman Tucci asked if there were any comments and there being none the motion carried.

Chairman Tucci requested a motion to approve the instant ticket game rules for "Big Cash Spectacular." Vice Chairman Ragazzo made the motion which was seconded by Commissioner Toscano. Chairman Tucci asked if there were any comments and there being none the motion carried.

Chairman Tucci requested a motion to approve the instant ticket game rules for "\$50 Frenzy." Commissioner Slater made the motion which was seconded by Commissioner Toscano. Chairman Tucci asked if there were any comments and there being none the motion carried.

Chairman Tucci requested a motion to approve the instant ticket game rules for "\$100 Frenzy." Commissioner Slater made the motion which was seconded by Commissioner Toscano. Chairman Tucci asked if there were any comments and there being none the motion carried.

Chairman Tucci requested a motion to approve the instant ticket game rules for "\$500 Frenzy." Commissioner Slater made the motion which was seconded by Commissioner Toscano. Chairman Tucci asked if there were any comments and there being none the motion carried.

Chairman Tucci requested a motion to approve the instant ticket game rules for "\$2,500 Frenzy." Commissioner Slater made the motion which was seconded by Commissioner Toscano. Chairman Tucci 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 Tucci adjourned the meeting.

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 18, 2014.

IN WITNESS WHEREOF, I hereby set my hand on

the 18th day of December, 2014.

Carole Hedinger
Carole Hedinger
Executive Director