

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, OCTOBER 25, 2016

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
Patrick Toscano, Vice Chairman
Robert Slater, Commissioner (by phone)
Albert Alvarez, Commissioner (by phone)
Matthew Spadaccini, Treasurer Designee

R. John Custodio, Deputy Executive Director
Christin Deacon, DAG
Michael Collins, Governor's Auth. Unit

VISITORS

Bill Murray, Northstar
Lou Cleary, Northstar
Sarah Brennan, Northstar
Sam Fromkin, Northstar
Chris Havard, Ferrara
Jon Renner, Brushfire

STAFF

Regina Arcuri
Denise Coleman
Duane Daniels
Michael DeCheser
Frances Edwards
Janetta Foy
Karen Kokoll
Kalliopi Kostis
Megan Mazzoni
Charlene Mello
Richard Pagnani
Debbie Raub
Mary Ann Rivell
Margaret Square
John White
Melissa Williams

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 September 27, 2016 Commission Meeting. Vice Chairman Toscano made the motion, which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

DIRECTOR'S REPORT

Deputy Executive Director Custodio stated that month over month we had the same sales income as last year. Overall, year over year, we had an 8% increase. The instant tickets are doing a great job at 6.4%. The jackpot residual from the summer is also a contributing factor to the good total game total at 8%. Year over year for the budget, we are doing very well at 3.3%.

Deputy Executive Director Custodio reported that receipts and deposits for the month were \$259.5 million.

Deputy Executive Director Custodio noted that the balances for the unclaimed prize reserve accounts as of September 30 were over \$9 million.

Deputy Executive Director Custodio stated that the three top selling non-core games were "\$5,000,000 Cash Extravaganza," "Platinum Diamond Spectacular" and "1,000,000 Spectacular." The top selling game is still our \$30 game.

Deputy Executive Director Custodio noted that four new games were introduced in September. These games made up over 11% of our total sales at \$16.6 million. They had a strong start.

Deputy Executive Director Custodio reported that Facebook continues to be the leader in our social media platform with 118,000 likes in September.

Deputy Executive Director Custodio stated that we are able to view all of our live streaming on our other channels.

Deputy Executive Director Custodio noted that our website had over one million users in September. Our website is very popular in the state and continues to grow.

Deputy Executive Director Custodio stated that the VIP Club increased its membership with 3,096 new registrations during the month. We now have 376,224 active members.

Deputy Executive Director Custodio reported that all drawings for the month of September were completed with no abnormalities.

Deputy Executive Director Custodio noted that all of our pools were closed according to procedures with no abnormalities.

Deputy Executive Director Custodio stated that we continue to monitor Federal and State legislation. We are still watching S-2370, the Courier Bill, and A-1930, the Advertising Bill. These Bills have moved through their respective houses and they are waiting for Committee hearings in the alternate house. We will keep you posted as those move through the Legislature.

Deputy Executive Director Custodio noted that with regard to our Responsible Play initiative, work continues on our World Lottery Association application. Our application has been submitted and we are waiting for our approval. Because of Northstar's efforts, we have been able to successfully submit the application. This has been a very large project and the document that was submitted is very substantial. We look forward to being awarded that WLA certification sometime in November.

Deputy Executive Director Custodio reported that we continue to work with the Council on Compulsive Gambling of New Jersey. In September we hosted their responsible gaming workshop. This is an initiative that was established with Mary Ann Rivell, who is our representative with the Council. This is another one of her efforts to show our participation with the Council and our commitment with responsible gaming.

Deputy Executive Director Custodio stated that there were four Speaker's Bureau Events held in September. We have become one of the more popular requested Divisions that go out to speak to the public with recommendations from the Governor's Office and our own inquiries that come in. Mary Ann handles that for us and has done a fantastic job.

Deputy Executive Director Custodio noted that there were 164 security investigations initiated during the month.

Deputy Executive Director Custodio reported that 88 random field inspections were conducted at retailer locations.

Deputy Executive Director Custodio stated that we collected a total of \$3,741.32 for the month of September through our efforts with the Division of Taxation. Year to date, \$11,401.65 has been collected due to our efforts with the Division of Taxation.

Deputy Executive Director Custodio noted that in our Technology Department, there is a follow up to Commissioner Slater's concerns about cyber security. We have been involved in meetings, and there are several coming up between DORES, OIT, IGT and Lottery's IT Department that will be working on our infrastructure and security. We have projects that are ongoing right now to address such a concern. Executive Director Hedinger wanted it mentioned that this is an ongoing project and we are actively participating in making sure that the Lottery is safe from outside interference into our technology.

Deputy Executive Director Custodio reported that our Business Continuity Site (BCS) is functioning. Our IT Department has completed all the testing for the telecommunications transfer and our Finance Department has tested sweeping of the funds. Our Draw team has run successful mock draws out of the BCS to prepare for a draw, should we have any type of emergency that would prevent us from doing the draws here at Lottery Headquarters.

Deputy Executive Director Custodio noted that the Validations staff received and sorted over 4,000 claim forms during the month of September. During the month, 4,809 claims totaling \$22,303,478.00 were paid to winners, including annuity payments.

Deputy Executive Director Custodio stated that there were 21 claims that were processed and garnished because of current and previous matches, totaling \$19,482.62. Since inception, we have collected more than \$7.6 million for child support arrearages, low income home energy assistance, food stamps and overpayments of welfare, student loans and other SOIL programs.

Deputy Executive Director Custodio reported that the Retailer/Call Center Services Unit handled over 5,000 incoming calls during the month. They made 96 outgoing calls to retailers.

Deputy Executive Director Custodio stated that the Warehouse and Facility units continue to operate smoothly.

Deputy Executive Director Custodio noted that they can view Northstar's activities for September and upcoming events in October listed.

Deputy Executive Director Custodio reported that this concludes the Director's Report.

Chairman Ragazzo asked if there were any questions or comments.

Chairman Ragazzo stated how uncanny it is that September of last year, compared to September of this year, even though we are down in sales, we have almost the exact same amount of money. The budget is almost exactly in the same position this year as we were in last year. And last year was a great year. We are up 8% and 4.7% above budget. That changes depending on Mega Millions and Powerball. Contributions are exactly the same as last year. It seems like with the ups and downs, things are still going very well.

Vice Chairman Toscano asked about Security investigations and a discussion was held.

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

NEW BUSINESS

Chairman Ragazzo requested a motion to approve the revised game rules for "Million Dollar Replay." Vice Chairman Toscano made the motion which was seconded by Commissioner Alvarez. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Deputy Executive Director Custodio 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. Additionally, as part of our overall responsible gaming initiatives, these games have been reviewed to identify any problematic elements that could present a risk to vulnerable problem gamblers.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Lucky 7's," "Lucky 7's Doubler," "Lucky 7's Tripler," "Lucky 7's Multiplier," "Kisses and Cash," "All Cash Club" and "Multiplier Mania." Vice Chairman Toscano 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.


ADJOURNMENT

Chairman Ragazzo 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 October 25, 2016.

IN WITNESS WHEREOF, I hereby set my hand on

the 22ND day of November, 2016.



Carole Hedinger
Executive Director