

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING, JUNE 18, 2015

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  
Albert Alvarez, Commissioner (by phone)  
Roger Cohen, Treasurer Designee (by phone)

Carole Hedinger, Executive Director  
John Custodio, Deputy Executive Director  
Roger Gibson, Deputy Attorney General  
Christopher Howard, Governor's Auth. Unit

#### VISITORS

Russ Knapp, Northstar  
William Murray, Northstar  
Lou Cleary, Northstar  
Sam Fromkin, Northstar  
Lori Harris, Northstar  
Joe Cavallo, Northstar  
Jon Renner, Brushfire  
Chris Havard, Ferrara  
Dustin Racioppi, The Record

#### STAFF

Regina Arcuri  
Denise Coleman  
Duane Daniels  
Michael Decheser  
Judith Drucker  
Karen Kokoll  
Fran Lioudis  
Dolores Matos  
Megan Mazzoni  
Richard Pagnani  
Steven Palmieri  
Deborah Raub  
Mary Ann Rivell  
Melissa Williams

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 May 21, 2015 Commission Meeting. Vice Chairman Ragazzo made the motion, which was seconded by Commissioner Slater. Chairman Tucci asked if there were any comments and there being none the motion carried.

#### DIRECTOR'S REPORT

Executive Director Hedinger stated that sales this May have exceeded last May's sales by 5%. May jackpot game sales were higher than the previous year. However, the multi-state games still lag by an average of 25 to 30% less than the year before.

Executive Director Hedinger noted that at the NASPL Director's meeting next week, the MUSL group will discuss making further changes to Powerball to rebuild increase the jackpots in that game.

Executive Director Hedinger reported that receipts and deposits for the month of May were \$253.4 million.

Executive Director Hedinger noted that there were 84 electronic fund transfer (EFT) failures totaling \$223 thousand. The Accounts Receivable Unit settled or closed 94% of EFT failures from April.

Executive Director Hedinger reported that there were 350 retailers visited by Field Account Adjusters, 43 of those resulted in the collection of \$170 thousand for the month of May.

Executive Director Hedinger stated that the cumulative outstanding accounts receivable balance as of May was \$3.4 million.

Executive Director Hedinger noted that the balances in the unclaimed prize reserve accounts for May were over \$27 million.

Executive Director Hedinger reported that the balances in the annuity investment accounts total \$190.4 million.

Executive Director Hedinger stated that the S&P ratings have not changed since last month.

Executive Director Hedinger noted that the three top selling non-core games for May were "\$5,000,000 Cash Extravaganza," "Double Diamond Spectacular" and "\$1,000,000 Jackpot."

Executive Director Hedinger reported that the Core and Family Games were the mainstay of instant ticket sales.

Executive Director Hedinger stated that the four new instant games that were introduced in May were "Double Your Luck," "Bloomin' Bucks," "Joker's Wild" and "\$250,000 Crossword." The new games made up 8% of sales for the month.

Executive Director Hedinger noted that the instant games were supported by various media and advertising. At this time of the year we participate in many events so there is a lot advertising that is taking place.

Executive Director Hedinger reported that the "Monopoly Millionaires' Club" Instant Game was also supported by various advertising. This game supports the TV game show that is on every Sunday night.

Executive Director Hedinger stated that for online product games we had higher sales in May because we had two nice rolling jackpots on Powerball and Mega Millions. The sales at those higher jackpot runs had increased over previous similar jackpot rolls, which is a phenomenon we saw a couple months ago. On the last draw for the \$500 million jackpot, we had much higher sales than we had been experiencing.

Executive Director Hedinger noted that the Pick-6 XTRA Bonus Coupon promotion was very successful. It resulted in almost 4% growth in Pick-6 XTRA sales. During that promotion period, participation reached a high of 14%. It has been averaging over 9% since it launched in January.

Executive Director Hedinger stated that CASH4LIFE is holding steady at 12 cents per cap and is showing slight weekly improvement. We put a lot of advertising support into CASH4LIFE in June, as it is approaching its first year anniversary. Virginia and Pennsylvania both joined the game recently and a fifth state may join in the future.

Executive Director Hedinger reported that our social media continues to grow.

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

Executive Director Hedinger stated that all of our pools were closed according to procedures with no abnormalities.

Executive Director Hedinger reported that there were a number of press releases issued during the month.

Executive Director Hedinger noted that one of the press releases issued in May featured the "Rocklin Four." They are four families that won Powerball and split the prize. These families had been meeting on Friday nights for pizza for years and pooled their money to buy jackpot games.

Executive Director Hedinger reported that we continue our participation with the Council on Compulsive Gambling. We are renewing our membership with them for another year.

Executive Director Hedinger stated that we continue to monitor any proposed legislation that might affect the Lottery.

Executive Director Hedinger noted that there were seven lottery events scheduled in May.

Executive Director Hedinger stated that there were eight Speaker's Bureau Events completed in May.

Executive Director Hedinger reported that there were 230 security investigations initiated during the month.

Executive Director Hedinger stated that 209 random field inspections were conducted.

Executive Director Hedinger noted that the Licensing staff received 156 applications and 63 licenses were issued.

Executive Director Hedinger reported that there are 7,763 licenses issued as of May 31, 2015. There are always more licenses issued than active retailers selling due to a variety of reasons.

Executive Director Hedinger reported that we collected a total of \$794.61 for the month of May through our efforts with the Division of Taxation. The total year to date has exceeded \$46 thousand.

Executive Director Hedinger noted that our Backup Site continues to become more functional. It is functional at this time in the event of an emergency. We continue to refine the equipment to make it a smoother transition should we have to relocate operations due to an emergency.

Executive Director Hedinger stated that the IMS staff tested one TYL network login to replace the conventional login name.

Executive Director Hedinger reported that an ICS meeting was held to discuss replacing our ICS servers.

Executive Director Hedinger noted that Systems and Programming completed various programming tests during the month.

Executive Director Hedinger reported that we responded to 435 email requests and inquiries from VIP Club members during the month.

Executive Director Hedinger stated that the VIP Club has increased its membership with 4,555 new registrations during May. We now have an enrollment of over 306,000. Membership has grown greatly, better than we expected it to do this year.

Executive Director Hedinger noted that since the inception of the Million Dollar Replay game, 158,078 have registered for the VIP Club.

Executive Director Hedinger reported that the Million Dollar Replay game has recorded over 31 million entries since it began.

Executive Director Hedinger noted that the Validation staff received and sorted over 4,075 claim forms during the month of May with an additional 313 walk-in claims. More than 5,000 claims were entered into the system and over 6,000 were edited. During the month, 5,017 claims totaling \$46,280,410 were paid to winners, including annuity payments.

Executive Director Hedinger acknowledged the retirement of Dolores Matos. Dolores has been an outstanding employee at the Lottery and will be greatly missed by all of us. She is the reason why the Operations Unit handles so many claims and they get paid correctly and efficiently.

Executive Director Hedinger stated that there were 36 Social Security number matches. Thirteen were for student loan payment defaults and there were no matches for low income home energy assistance. Thirty four claims were processed and garnished because of current and previous matches totally over \$39 thousand. Thirteen of them went to satisfy child support arrearages. Twelve claims were released from previous matches.

Executive Director Hedinger reported that since inception in 1992, the New Jersey Lottery has collected over \$7 million for various set off programs.

Executive Director Hedinger noted that the Retailer/Call Center Services Unit handled over 3,594 incoming calls during the month. They made 96 outgoing calls to retailers. They handled 210 requests for assistance with instant ticket pack status changes. They handled more than 1,474 winner claim status calls during the month, with 1,117 of these calls answered at the front desk.

Executive Director Hedinger stated that the warehouse staff accepted deliveries, including game end returns, UPS, mail and various other packages that come to us.

Executive Director Hedinger noted that the warehouse staff have processed and shelved 132 game end full packs.

Executive Director Hedinger stated that we have been working on full pack returns with Northstar. We constantly work to refine and improve inventory control among our retailers as inventory control is at the heart of any business that has a retail product.

Executive Director Hedinger reported that the Warehouse staff processed requests for office supplies.

Executive Director Hedinger stated that the Lottery trailer was made available to Northstar for two festivals in May.

Executive Director Hedinger reported that the Facilities coordinator worked with Nexus to make certain the maintenance of the building was accomplished satisfactorily.

Executive Director Hedinger reported that Northstar's employee count is at 131, with 94 in Sales, 23 in Marketing and 14 in other categories.

Executive Director Hedinger stated that the total number of active retailers is 7,185.

Executive Director Hedinger noted that players are entering their web codes into the Monopoly Millionaires' Club. We draw from these entries for contestants to be on the TV game show. The first drawing will be held on June 30 for the next set of tapings.

Executive Director Hedinger reported that the second of five drawings was held for the instant game "Escape to Margaritaville" to win a trip to Margaritaville.

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

Chairman Tucci asked if there were any questions or comments.

Vice Chairman Ragazzo asked about the sales budget and a discussion was held.

Commissioner Slater would like the Commission to present Dolores Matos with a Resolution and a plaque for her years of service.

Commissioner Slater asked when the audited statements for the "Unaudited Executive Director's Report" will be made available and a discussion was held.

Commissioner Slater asked how the sales can be ahead \$12.7 million and the contributions are lower and a discussion was held.

Commissioner Alvarez asked if we were expected to make budget projections for this year and a discussion was held.

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

**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 on-line game rules for "FAST PLAY." Vice Chairman Ragazzo made the motion which was seconded by Commissioner Alvarez. Chairman Tucci asked if there were any comments and there being none the motion carried.

Deputy Attorney General Gibson stated that the election of officers will take place and requested a roll call:

Thomas Tucci	Present
Frank Ragazzo	Present
Robert Slater	Present
Albert Alvarez	Present
Treasurer Designee Cohen	Present

Deputy Attorney General Gibson asked for a nomination for Chairman of the Lottery Commission. Chairman Tucci nominated Frank Ragazzo, which was seconded by Commissioner Slater. Deputy Attorney General Gibson asked if there were any comments and there being none asked for a roll call vote.

Thomas Tucci	Yes
Robert Slater	Yes
Albert Alvarez	Yes
Treasurer Designee Cohen	Yes
Frank Ragazzo	Abstained

Deputy Attorney General Gibson stated that the motion carried and stated that Frank Ragazzo has been elected Chairman of the New Jersey Lottery Commission.

Deputy Attorney General Gibson asked for a nomination for Vice Chairman of the Lottery Commission. Commissioner Ragazzo nominated Patrick Toscano, which was seconded by Chairman Tucci. Deputy Attorney General Gibson asked if there were any comments and there being none asked for a roll call vote.

Thomas Tucci	Yes
Frank Ragazzo	Yes
Robert Slater	Yes
Albert Alvarez	Yes
Treasurer Designee Cohen	Yes

Deputy Attorney General Gibson stated that the motion carried and Patrick Toscano has been elected Vice Chairman of the New Jersey Lottery Commission.

**PUBLIC COMMENT**

Dustin Racioppi from the Record asked what the numbers are that constitute the 5% increase from May 2014 to May 2015 with regard to the Powerball and Mega Millions games

Executive Director Hedinger stated that in May 2015 the sales were \$266.2 million and in May 2014 the sales were \$253.5 million.

Dustin Racioppi from the Record asked for an explanation on the lag between active retailers and the amount of licenses and a discussion was held.

**EXECUTIVE SESSION**

There was no Executive Session.

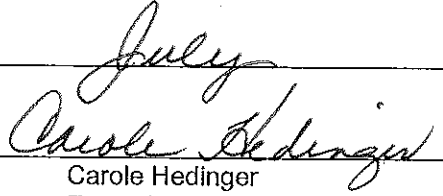
**ADJOURNMENT**

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 June 18, 2015.

IN WITNESS WHEREOF, I hereby set my hand on

the 16<sup>th</sup> day of July, 2015.

  
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Carole Hedinger  
Executive Director