

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, JULY 26, 2018

Deputy Director of Finance, John M. White, called the Commission meeting into session at 9:00 AM in the Lottery Office located at One Lawrence Park Complex, Lawrenceville, New Jersey.

COMMISSION MEMBERS PRESENT

Patrick Toscano, Vice Chairman (by phone)
Robert D'Anton, Commissioner
Corey Amon, Commissioner Designee
Dini Ajmani, Treasurer Designee

James A. Carey, Jr., Acting Executive Director
George Loeser, Deputy Attorney General
Craig Ambrose, Governor's Auth. Unit (by phone)

STAFF

Regina Arcuri
Jill Dawson
Fran Edwards
Dean Ialacci
Kalliopi Kostis
Charlene Mello
Prerna Mukhija
Richard Pagnani
Debbie Raub
Mary Ann Rivell
Margaret Square
John M. White

VISITORS

Sarah Brennan, Northstar
Foster Krupa, Northstar
Nicole Lobkowitz, PureRed
John Renner, Marketsmith, Inc.
Desiree Maurin, Marketsmith, Inc.

After the Pledge of Allegiance Deputy Director White 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.

Deputy Director White requested a motion to approve the minutes of the June 19, 2018 Commission Meeting. Vice Chairman Toscano made the motion, which was seconded Commissioner D'Anton. Deputy Director White asked if there were any comments and there being none the motion carried.

Deputy Director White introduced new Acting Executive Director James A. Carey, Jr.

Deputy Director White provided the Director's Report for the month.

DIRECTOR'S REPORT

Deputy Director White reported that during the month of June, the Lottery sold over \$272 million in Lottery product. This compared favorably to June of 2017 and it compared favorably to the budgeted amount. The Lottery came in above budget and came in above last year by about 1%. The sales for the entire year were just under \$3.3 billion. This was 3.5% above the sales for Fiscal Year 2017 and this was 0.5% above the budgeted amount. The success was tied directly to the lotto games. It was a very good year for Powerball, Mega Millions and Pick-6. The jackpots were very good last year and as a result it was a good year for sales.

Deputy Director White stated that the contribution to date is over \$985 million. This compares very well to last year. It is 4.2% above last year's level and it is right on target with the budgeted amount of \$985 million. Not included in this amount is 70% of the accrued unclaimed prizes, which are in excess of \$35 million. After the audit and settlements with the other states for the multi-state games, \$35 million will be added to what the Lottery has already netted to the state.

Deputy Director White noted that Fiscal Year 2018 profits from lotto games are just under 40%. The profits from daily games except instant games is also just under 40%. The profit from instant games is just under 22%. Total to date FY18 contributions, including 30% of the current estimated forfeited prizes is over 30% of sales. Additional forfeited prizes will be included in future transfers as audits are completed.

Deputy Director White reported that receipts and deposits for the month were over \$618 million. This was a little bit above normal because New Jersey had the only winner in the May 19 Powerball jackpot, which had an annuity value of over \$315 million. The settlement from the other states for the May 19 jackpot came in the first week of June and New Jersey received an influx of \$175 million in cash.

Deputy Director White stated that there were 75 electronic fund transfer (EFT) failures totaling \$259.6 thousand or 0.04% of total receipts and deposits for the month. The Accounts Receivable Unit settled or closed 93% of EFT failures from May. Field Account Adjusters visited 314 retailers and collected \$185.5 thousand.

Deputy Director White reported that the balance in the annuity investment accounts increased \$2 million to \$125.1 million. During June, an annuity claim was processed for an instant game. More and more people continue to select the cash prize but there was a prize winner who opted for the annuity. That number will actually go up next month because there was another prize winner who opted for the annuity in July. The jackpots are advertised at the annuity level, so it is healthy for business that annuities are awarded.

Deputy Director White noted that the S&P ratings have not changed since last month.

Deputy Director White stated that the three top selling non-core games for June exceeded \$32 million in sales.

Deputy Director White noted that total sales for Core and Family Games for the month were greater than \$67 million.

Deputy Director White reported that the Lottery introduced four new instant games during June and these games made up over \$15.6 million in sales for the month.

Deputy Director White stated that in Instant Game Advertising various point of sale materials were utilized throughout the gaming network across the state during the month to promote the instant games that were launched in June as well as the "101 Days of Summer" campaign.

Deputy Director White reported that there are now over 1,000 retailers selling Quick Draw.

Deputy Director White noted that the Jersey Collect 'N Win monthly second chance promotion for draw games tickets concluded in FY18 with its twelfth winner of \$50,000. The winner is from Jackson Township, New Jersey. The last drawing had over 35,500 players registered for this promotion. There were 848,343 total entries in June.

Deputy Director White stated that the Lottery currently has 12 Fast Play Progressive games in circulation.

Deputy Director White reported that there were a number of high tier winners throughout the state in June. The June 3 Jersey Cash 5 drawing had one \$389,263 winner in Morris County. The June 5 Jersey Cash 5 drawing had one \$158,934 winner in Hudson County. The June 9 Jersey Cash 5 drawing had two \$194,550 winners. There was one in Union County and one in Monmouth County. The June 22 Jersey Cash 5 drawing had one \$199,979 winner in Hudson County. The June 26 Jersey Cash 5 drawing had one \$249,150 winner in Ocean County.

Deputy Director White stated that the Lottery continues to maintain a strong presence on various social media platforms, including Facebook, YouTube, Twitter, Google and Instagram.

Deputy Director White reported that the Lottery Consumer and Retailer Websites Support responded to 316 email requests and inquiries from VIP members and users.

Deputy Director White noted that the VIP Club increased its membership with 4,333 new registrations during the month of June. The VIP Club now has an enrollment of over 473,000 active members.

Deputy Director White stated that all drawings for the month of June were completed with no abnormalities.

Deputy Director White reported that all on-line pools were closed according to procedures with no abnormalities. All Powerball and Mega Millions Drawings were verified and processed with no abnormalities. The Internal Control System (ICS) was processed for each drawing without any imbalances. All appropriate winning number information was broadcast correctly to all media contacts.

Deputy Director White stated that the Public Information Office disseminated Lottery news in June that reached more than more than 17 million daily viewers with an estimated advertising value of \$158,795.

Deputy Director White noted that in addition to the normal press releases that the Public Information Office routinely issues, there were a few exceptional releases. The larger ones had to deal with the press conference on June 8 announcing the May 19 Powerball winner of \$315 million.

Deputy Director White stated that all press releases, winner stories and photos were provided to the Lottery's business partners at Northstar for the social media team to use as content for the website and social media.

Deputy Director White reported that the top reactive Social Media stories posted in June pertained to the press conference held here on June 8 announcing the Powerball winner.

Deputy Director White noted that the Public Information Office continues to regularly monitor Federal, New Jersey State and other state's legislative websites for any lottery related Legislative activities. Staff continued to work with the Council on Compulsive Gambling of New Jersey regarding problem gambling related legislation. Staff participated in CCGNJ Responsible Gambling Working Group held in Atlantic City. Staff also worked with New Jersey Lottery and Treasury staffs to submit request for approval to attend the National Conference on Problem Gambling held in Cleveland. That conference has subsequently taken place and was attended by Public Information Officer, MaryAnn Rivell.

Deputy Director White reported that there were several Speaker's Bureau Events completed in June. There were no events scheduled for the month of July.

Deputy Director White noted that there were many Public Promotional Events completed in June. The larger Promotional Events were the Crawfish Festival in Augusta, the Wildwood Beer Festival and the June 13 Somerset Patriots game. In addition to those events, the Lottery continues to have a presence at the Prudential Center in Newark and the PNC Center in Holmdel at various concerts.

Deputy Director White stated that there were 157 security investigations initiated during the month. There were 201 random field inspections conducted at retailer locations.

Deputy Director White reported that the Licensing unit received, processed and approved 91 applications.

Deputy Director White noted that due to the Division's efforts, along with the Department of Taxation Joint Investigation Project, \$4,104.81 in arrearages was collected in June. Year to date, the Lottery has collected \$235,002.17.

Deputy Director White stated that the IMS Department continues its efforts on working with the Security Department and Administration & Compliance to get a case management system in place for the Security Department.

Deputy Director White reported that the IMS Department worked with IGT to replace IGT's uninterrupted power source supply at the back up site on June 18. DORES and IMS personnel were there to ensure that everything that needed to be powered down and powered up moved smoothly during that process.

Deputy Director White stated that the IMS Department and the Finance Department conducted the quarterly EFT drill at the BCS on June 21.

Deputy Director White noted that in Systems and Programming, IMS continued to work with the Finance Department on Epicor access permissions. Staff worked with OIT to complete and verify quarterly database restore testing. Staff reinstalled and/or configured Epicor and reinstalled certified mailer on the laptops at the BCS.

Deputy Director White reported that the Validations staff received and sorted over 4,600 mailed claim forms during June and an additional 441 walk-in claims. During the month of June there were over 4,400 claims totaling \$18 million that were paid to winners including routine annuity installments

Deputy Director White noted that there were 15 claims that were processed and garnished because of current and previous matches totaling \$13,233.34. Deputy Director White stated that since inception in 1992, the New Jersey Lottery has collected over \$8.26 million for child support arrearages, low income home energy assistance, food stamps, and overpayments of welfare, student loans and other SOIL programs.

Deputy Director White noted that the Retailer/Call Center Services Unit handled 6,886 incoming calls during the month.

Deputy Director White reported that the Warehouse unit received 3,445 packages and other special deliveries during the month.

Deputy Director White stated that the Facilities unit worked with Nexus to ensure that the facility was kept in good working order. Several preventive maintenance inspections and repairs were conducted.

Deputy Director White noted that Northstar's activities for the month of June included the continued promotion of Quick Draw.

Deputy Director White reported that Northstar issued its quarterly Responsible Gaming eNewsletter in June. This is important for the Lottery to maintain its Level 4 certification with the World Lottery Association on responsible gaming.

Deputy Director White stated that Northstar continues to work to get the retailer network for Quick Draw expanded. There are now over 1,000 retailers selling the game.

Northstar also continued to promote the summer long HMS promotion, where at any of the rest areas if you buy \$6 worth of Mega Millions tickets, you get a bottle of water for free.

There were no questions or comments.

Deputy Director White requested a motion to approve the Director's Report. Vice Chairman Toscano made the motion which was seconded by Commissioner D'Anton.

NEW BUSINESS

Deputy Director White stated that the election of officers will take place and asked for a nomination for Chairman of the Lottery Commission. Treasurer Designee Ajmani nominated Robert D'Anton, which was seconded by Vice Chairman Toscano. Deputy Director White asked if there were any comments and there being none asked for a roll call vote.

Patrick Toscano	Yes
Robert D'Anton	Yes
Corey Amon	Yes
Dini Ajmani	Yes

Deputy Director White stated that the motion carried and stated that Robert D'Anton has been elected Chairman of the New Jersey Lottery Commission.

Deputy Director White asked for a nomination for Vice Chairman of the Lottery Commission. Treasurer Designee Ajmani nominated Patrick Toscano, which was seconded by Commissioner D'Anton. Deputy Director White asked if there were any comments and there being none asked for a roll call vote.

Patrick Toscano	Yes
Robert D'Anton	Yes
Corey Amon	Yes
Dini Ajmani	Yes

Deputy Director White stated that the motion carried and Patrick Toscano has been re-elected Vice Chairman of the New Jersey Lottery Commission.

Deputy Director White introduced five new instant games.

Deputy Director White 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.

Deputy Director White requested a motion to approve the instant ticket game rules for "Fast Cash," "Bingo Plus," "The Voice," "\$500 Frenzy" and "Cash Blast." Vice Chairman Toscano made the motion which was seconded by Commissioner D'Anton. Deputy Director White asked if there were any comments and there being none the motion carried.

Deputy Director White thanked everyone for their support during the last several months.

Vice Chairman Toscano stated that it's much appreciated and thanked Deputy Director White.

Deputy Director White stated that former Commissioner Robert Slater passed away recently. He served on the Commission for a number years. He wanted to acknowledge his support to the Commission over the years and also let the other members know in case they did not hear.

Commissioner D'Anton stated that Commissioner Slater was a personal friend of his and he was on the Commission for over twenty two years. He was a great business man and person.

Vice Chairman Toscano expressed his condolences and stated that Commissioner Slater was a great person.

EXECUTIVE SESSION

There was no Executive Session.

PUBLIC COMMENT

There was no Public Comment.

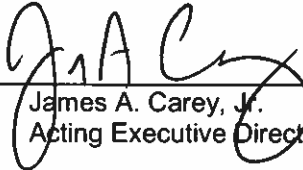
ADJOURNMENT

Deputy Director White asked for a motion to adjourn the Public meeting. Vice Chairman Toscano made the motion which was seconded by Treasurer Designee Ajmani. 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 July 26, 2018.

IN WITNESS WHEREOF, I hereby set my hand on

the 22nd day of August, 2018.



James A. Carey, Jr.
Acting Executive Director