NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, MARCH 21, 2013

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
Munr Kazmir, Commissioner (by phone)
Robert Slater, Commissioner
Roger Cohen, Treasurer Designee

Carole Hedinger, Executive Director
John Custodio, Deputy Executive Director
Kellie Pushko, Deputy Attorney General
Kerstin Sundstrom, Gov's Auth. Unit (by phone)

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

VISITORS
Joan Mueller, Brushfire

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 February 21, 2013 Commission Meeting. 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.

DIRECTOR'S REPORT

Executive Director Hedinger distributed an equalizer sheet for the first page of the Director's Report stating that in February 2012 there were 29 days and in February 2013 there were 28 days and having about $8 million is sales a day can be a significant difference if you are comparing year over year. She stated that a comparison to last year's total monthly sales revealed a decrease of 5.3%. She stated that the biggest reason is that the jackpot sales for February 2013 were way below the jackpot sales for February 2012.

Executive Director Hedinger stated that the Pick 3 and Pick 4 games have been on a slide year after year and we are now seeing growth in those games due to the regular promotions that we have in our marketing plan to encourage these sales which has brought the players back.

Executive Director Hedinger stated that the receipts and deposits for the month of February were $301.8 million.

Executive Director Hedinger stated that there were 98 Electronic Fund Transfer failures during the month of February.

Executive Director Hedinger stated that the balances in the unclaimed prize reserve accounts are $12.9 million.

Executive Director Hedinger stated that the current balances in the annuity investment accounts total $283.7 million.

Executive Director Hedinger stated that the non-core instant game sales during February were over $31 million. She stated that the $20 "Diamond Spectacular" game is doing very well.

Executive Director Hedinger stated that the core instant game sales during February were over $43 million.

Executive Director Hedinger reported that plans have started for another Pick 3 "Green Ball Double Draw" promotion which will take place the end of April.

Executive Director Hedinger stated that Lottery Facebook continues to be one of the most popular Facebook pages in all the State Lotteries with close to 80,000 likes at the end of February.

Executive Director Hedinger stated that our Mobile application has over 100,000 downloads. She stated that having the ability to reach out to the customers through mobile devices is extremely important.

Executive Director Hedinger stated that there was good press the month of February with one being the announcement of the $65.6 Million Mega Millions winner.

Executive Director Hedinger reported that discussions were held with the Executive Director of the Council on Compulsive Gambling about plans for a joint event in conjunction with the National Problem Gambling Awareness Week.

Executive Director Hedinger noted that Lottery exhibited at the 7-Eleven Trade show which was held in February in Atlantic City.

Executive Director Hedinger stated that we are working with Rite Aid for about 50 stores to become Lottery retailers. She stated that Kmart has also requested an application for all of their 37 New Jersey stores.

Executive Director Hedinger reported that the Hess Store project in Flemington continues to increase its sales and the management is very excited by the sales increases and plans to expand the project in all 50 Hess stores in New Jersey.

Executive Director Hedinger stated that the Call Center handled 2,158 incoming calls and made 509 outgoing calls during the month of February.

Executive Director Hedinger reported that there were 110 security investigations and 103 random field inspections during the month of February.

Executive Director Hedinger stated that the Licensing Unit received and processed 56 Lottery applications and there were 47 licenses issued. She stated that there are 6661 licenses issued as of February 28, 2013.

Executive Director Hedinger stated that there was a total of $426.83 collected for the month of February through the efforts of the NJ Lottery and the Division of Taxation Joint Investigation Project. She noted that the total collected for FY'13 to date is $30,915.74.

Executive Director Hedinger reported that the Division of Revenue migrated the Lottery's email to the Treasury email server. She stated that we are still dealing with some issues in this migration but we are working it out.

Executive Director Hedinger stated that the grand prize drawing was held for the second annual Million Dollar Replay on February 14, 2013.

Executive Director Hedinger reported that the Validation Staff received over 3,000 claim forms during the month of February and there were 28 social security matches between our files and various agencies for arrearages.

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 this concludes the Director's Report.

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

Commissioner Slater asked if there was any update on his request from last month's meeting about Retailers being notified that there was going to be no reduction in there standard commission and that they were also going to receive an increase in the retailer bonus prize payments.

Marketing Manager Krupa stated that there is a communication piece that is being packaged for distribution which they have not received yet but will be receiving next week.

Commissioner Slater asked if there could be a comment in there dispelling the rumor that there was going to be a cut in their commission.

Executive Director Hedinger stated that there will be some communication in the near future to encompass all of that. She stated that there was a Q&A sent out to the Retailers and part of that reiterated that there is no change to their commission.

Commissioner Slater asked if we could seek approval to offer our VIP Club members special retail discounts, such as smartphones with a Lottery app and if retailers would agree to do it.

Deputy Attorney General Pushko stated that she will look into it.

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

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 Ragazzo requested a motion to approve the instant ticket game rules for "Take Me Out To The Ballgame." Commissioner Slater 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 "Quarter Million Crossword." 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.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "5X Cash." 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.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Red, White & Moola." 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.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "10X Cash." Commissioner Slater 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 revised rules for "Dubble Bubble Bingo." 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.

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

There was no Executive Session.

ADJOURNMENT

Chairman Ragazzo asked for a motion to adjourn the meeting. 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 March 21, 2013.

IN WITNESS WHEREOF, I hereby set my hand on

the 19th day of April, 2013.

Carole Hedinger

Carole Hedinger
Executive Director