NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, MAY 15, 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 D'Anton, Commissioner (by phone)
Munr Kazmir, Commissioner (by phone)
Robert Slater, 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 Authority Unit

STAFF

Regina Arcuri
Denise Coleman
Duane Daniels
Judy Drucker
Janice Eckstein
Jean Lin
Frances Lioudis
Dolores Matos
Steve Palmieri
Mary Ann Rivell
John White

VISITORS

Sarah Brennan, Northstar
Lou Cleary, Northstar
Jane Gregory, Northstar
Russ Knapp, Northstar
Foster Krupa, GTECH
William Murray, Northstar

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 April 17, 2014 Commission Meeting. Commission Kazmir made the motion, which was seconded by Vice Chairman Ragazzo. Chairman Tucci asked if there were any comments and there being none the motion carried.

DIRECTOR'S REPORT

Executive Director Hedinger reported that the weather and the lack of jackpots have impacted sales since January.

Executive Director Hedinger stated that sales are up over $100 million.

Executive Director Hedinger noted that the receipts and deposits for the month of April were over $208 million.

Executive Director Hedinger stated that there were 99 Electronic Fund Transfer failures during the month of April. The Accounts Receivable Unit settled 87% of the prior month's failures.

Executive Director Hedinger noted that the balances in the unclaimed prize reserve accounts are over $22 million.

Executive Director Hedinger reported that the current balances in the annuity investment accounts total $223.6 million.

Executive Director Hedinger stated that we have seen growth in sales, which is attributable to core and non-core games and the Win For Life family of games.

Executive Director Hedinger noted that we introduced four new instant games during April.

Executive Director Hedinger reported that advertising supported the "X Money" Family of Instant games.

Executive Director Hedinger stated that in April we launched the Thrill of 13s Instant Match promotion that ran through May 4th.

Executive Director Hedinger noted that a Jersey Cash 5 coupon event is in effect for the month of May.

Executive Director Hedinger reported that we continue to plan and develop the new draw-based game "CASH 4 LIFE." The New Jersey Lottery will be the drawing state for this game.

Executive Director Hedinger stated that the biggest fan reaction to a Facebook post in April was for a Lottery-generated press release titled "Atlantic County Truck Stop Tilts the North/South Lottery Debate with Another Jackpot Win!"

Executive Director Hedinger noted that the most watched YouTube video for April, again, was "Behind the Ball: Life of an Instant Ticket." The total views on our channel continue to grow.

Executive Director Hedinger stated that all drawings for April were completed according to procedures and with no abnormalities.

Executive Director Hedinger reported that there were many press releases issued during the month of April.

Executive Director Hedinger noted that we participated in a meeting in Atlantic City with the Council of Compulsive Gambling New Jersey Responsible Gambling for the Future Working Group.

Executive Director Hedinger stated that on May 1st we filed an application with World Lottery Association to become certified for Level 2 responsible gaming designation.

Executive Director Hedinger reported that Speaker Bureau events remain very popular.

Executive Director Hedinger stated that we participated in the Motor Vehicle Commission Car Care Fair Exhibit in Mansfield.

Executive Director Hedinger reported that there were 148 security investigations and 240 random field inspections during the month of April.

Executive Director Hedinger noted that the Licensing Unit received and processed 127 applications and 104 licenses were issued. At the end of April, there were 7,180 licenses issued.

Executive Director Hedinger reported that we collected over $7,191.14 for the month of April through our efforts with the Division of Taxation.

Executive Director Hedinger noted the IMS staff placed a procurement requisition for a new phone system.

Executive Director Hedinger stated that the IMS staff visited the Business Continuity Site to begin assessing Lottery needs in the event of a disaster.

Executive Director Hedinger reported that the IMS unit is working on "CASH 4 LIFE" projects for the June 13th launch.

Executive Director Hedinger noted that we are working on a National Premier Game, "Monopoly Millionaire's Club," which will launch in October.

Executive Director Hedinger stated that the Validation staff received and sorted over 4,000 mailed claim forms and 297 walk-in claims during the month. They entered over 4,500 claims.

Executive Director Hedinger reported that a new claims system will be implemented in August.

Executive Director Hedinger noted that the Instant Ticket Inventory Control Section updated the status of returned tickets.

Executive Director Hedinger stated that the Retailer/Customer Call Center handled over 2,500 incoming calls during the month of April and made over 4,000 outgoing calls.

Executive Director Hedinger reported that the Warehouse staff shrink-wrapped various items that were approved for destruction.

Executive Director Hedinger stated that the facilities coordinator worked with Nexus to ensure the maintenance of the building was accomplished.

Executive Director Hedinger noted that Northstar is fully staffed at 116 employees.

Executive Director Hedinger stated that the total number of active retailers is 6,784.

Executive Director Hedinger reported that all Wawa installations have been completed.

Executive Director Hedinger noted that Northstar issued their RFP for a new advertising agency.

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

Chairman Tucci asked if there were any comments.

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

Commissioner Slater asked about the unaudited Financial Data Report and a discussion was held.

Chairman Tucci asked about stolen instant ticket packs and a discussion was held.

Chairman Tucci requested a motion to approve the Director's Report. Commissioner Kazmir 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 instant ticket game rules for "Loteria." Commissioner Kazmir made the motion which was seconded by Vice Chairman Ragazzo. 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 "$10,000 Payday." Commissioner Kazmir made the motion which was seconded by Commissioner Slater. Chairman Tucci asked if there were any comments and there being none the motion carried.

Executive Director Hedinger stated that we have secured a sponsorship with the Red Bulls for the 2014 season.

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

There was no Executive Session.

ADJOURNMENT

Chairman Tucci asked for a motion to adjourn the meeting. Commissioner Kazmir made the motion which was seconded by Commissioner D'Anton. The motion carried.

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 May 15, 2014.

IN WITNESS WHEREOF, I hereby set my hand on

the 19th day of June, 2014

R. John Custodio
Deputy Executive Director