NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, OCTOBER 18, 2012

Chairman Ragazzo called the Commission meeting into session at 11:00 AM in the Lottery Office located at One Lawrence Park Complex, Lawrenceville, New Jersey.

COMMISSION MEMBERS PRESENT
Frank Ragazzo, Chairman
Thomas Tucci, Vice Chairman
Robert D'Anton, Commissioner
Munr Kazmir, Commissioner (By Phone)
Robert Slater, Commissioner
David Ridolfino, Treasurer Designee (By Phone)

Carole Hedinger, Executive Director
John Custodio, Deputy Executive Director
Kellie Pushko, Deputy Attorney General
John Cascarano, Gov. Auth.Unit

STAFF
Lou Cleary
Duane Daniels
Judy Drucker
Janice Eckstein
Robert Kersey
Karen Kokoll
Foster Krupa
Jean Lin
Steve Palmieri

VISITORS

John Leonardi, Brushfire
Joe Tyrrell, Caesars Entertainment

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 20, 2012 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 stated that the sales were very good for the month of September. She stated that the total sales for the month were up 5.6%.

Executive Director Hedinger stated that the Pick 3 and Pick 4 sales were up for the month of September.

Executive Director Hedinger reported that the jackpot games as a product group are doing well which is the result of the continuous jackpot advertising.

Executive Director Hedinger stated that our contribution to the State is up for the month by 7.5%.

Executive Director Hedinger stated that the receipts and deposits for the month of September were $198 million.

Executive Director Hedinger stated that the balances in the unclaimed prize reserve accounts are over $13 million.

Executive Director Hedinger stated that the current balances in the annuity investment accounts total $301.7 million.

Executive Director Hedinger stated that the non- core instant games during the month of September sales were almost $25 million and the core games had sales of over $44 million.

Executive Director Hedinger reported that we finalized the preparations for the Pick 3/Pick 4 Red Ball Doubler which started the beginning of October and will end on October 28, 2012. She stated that these promotions are the key reason why the Pick 3 and Pick 4 game sales are up.

Executive Director Hedinger stated that at the end of October we will start a Jersey Cash 5 promotion which is a bonus raffle which will run through November.

She stated that Lottery Facebook continues to be one of the most popular Facebook pages in all the State Lotteries. She noted that we have over 63,000 fans as of the end of September. She stated that we did a promotion during the month with the New York Jets and as a result of that we regained our number one spot.

Executive Director Hedinger reported that the "Red Ball Doubler" video was added to You Tube during the month of September.

Executive Director Hedinger stated that we continue to get a lot of good press coverage.

Executive Director Hedinger stated that there is legislation that was introduced which has to do with Lottery winners being able to elect to remain anonymous for up to one year.

Executive Director Hedinger stated that the retailer count for the end of September was over 6500.

Executive Director Hedinger reported that there were 125 security investigations and 88 random field inspections during the month of September.

Executive Director Hedinger reported that there was a total of $8,845.90 collected for the month of September through the efforts of the NJ Lottery/Division of Taxation Joint Investigation Project. She stated that the total collected for FY'13 is $19,809.38.

Executive Director Hedinger stated that the IMS staff has been preparing the 2013 annual license renewal processing documentation.

Executive Director Hedinger stated that the VIP Club increased its membership with 2,475 new registrations during the month of September. She stated that the VIP Club has an enrollment of 237,025 active members.

Executive Director Hedinger stated that the New Jersey Lottery website continues to be one of the most popular of all the NJ State websites and there is an average of 219,067 visitors per day.

Executive Director Hedinger reported that the Validation Staff received 2,924 claim forms during the month of September. Executive Director Hedinger stated that 13 claims were garnished totaling $18,320.95.

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 concludes the Director's Report.

Chairman Ragazzo asked for a motion to approve the Director's Report. Commissioner Kazmir made the motion which was seconded by Vice Chairman Tucci. Chairman Ragazzo asked if there were any comments.

There was discussion about the audit reports.

Commissioner Slater raised the question about having self-service lottery machines at certain locations.

Executive Director Hedinger stated that we do not have self-service lottery machines in New Jersey.

Commissioner D'Anton asked about Pennsylvania having self-service lottery machines.

Executive Director Hedinger stated that Pennsylvania does have self-service machines but it is not a model that we are going to adapt because those machines do not sell as much as the full service terminals. She stated that WaWa has self-service machines in Pennsylvania but their lottery machines do not do as well as a comparable convenience store. She stated that every state that we looked at who has self-service terminals do not generate the numbers that the full service lottery retailers do.

Executive Director Hedinger addressed a question that Commissioner Slater had at the last Commission Meeting regarding the ratio of advertising and sales. She stated that she looked at the promotions this fiscal year and October was a month where we were having major promotion. She stated that after the October promotion we will look at all the promotions that we have done that started in July. She stated that we need a little time after a campaign has been done to measure the lift on sales.

Chairman Ragazzo asked if there were any other comments on the Directors Report and there being none the motion was carried.

NEW BUSINESS

Chairman Ragazzo requested a motion to approve the "Jersey Cash 5 Bonus Raffle" rules. Commissioner Tucci made the motion which was seconded by Commissioner Kazmir. Chairman Ragazzo asked if there were any comments.

Commissioner Slater stated that he is concerned that even though the ticket is free, he stated that the credibility of how the winner is picked and how it works is very important.

Commissioner D'Anton stated his concerns are about the drawing being held at the discretion of the Director.

Marketing Manager Foster Krupa stated that this has been done several times before and we have a lot of experience with it and all of the details have been ironed out.

Due to Marketing Manager Krupa's suggested changes, DAG Pushko recommended that at the end of the first paragraph it could be amended to read "at the discretion of the Director in accordance with pre-established drawing procedures utilizing an independently certified Random Number Generator."

Chairman Ragazzo requested a motion to approve the first amendment to the Jersey Cash 5 Bonus Raffle rules... Vice Chairman Tucci made the motion which was seconded by Commissioner Kazmir. The motion carried.

Chairman Ragazzo requested a motion to approve a second amendment to the second paragraph of the "Jersey Cash 5 Bonus Raffle" rules which would add the wording "up to one million raffle entries". Vice Chairman Tucci made the motion which was seconded by Commissioner Slater. The motion carried.

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 "Fantasy Black Jack." 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 "Tic Tac Snow." 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 The Money." 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 "Super 7s Slingo." 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.

Marketing Manager Krupa played a "Where the Money Goes" television spot which was produced by NJTV and will air on NJTV throughout the year.

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

There was no Executive Session.

ADJOURNMENT

Chairman Ragazzo asked if there was any other business to be discussed and there being none, asked for a motion to adjourn. Treasurer Designee Ridolfino 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 October 18, 2012.

IN WITNESS WHEREOF, I hereby set my hand on

the 20th day of November, 2012.

Carole Hedinger

Carole Hedinger
Executive Director