

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, FEBRUARY 21, 2008

Vice Chairman Slater 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

Robert Slater, Vice Chairman (by phone)
Trina L. Glass, Commissioner (by phone)
Munr Kazmir, Commissioner (by phone)
James McGuire, Commissioner (by phone)
Robert Smartt, Treasurer Designee (by phone)

William Jourdain, Acting Executive Director
Marc Krefetz, Dep. Attorney General (by phone)
Sharon Price Cates, Gov. Auth. Unit (by phone)

VISITORS

STAFF

Regina Arcuri
Marilyn Blazovsky
Lou Cleary
Denise Coleman
Dominick DeMarco
Yoke DiGiorgio
Tina Gall
Robert Kersey
Foster Krupa
Dolores Matos
Steve Palmieri
Ray Ryan
Margaret Square
Nick Wiener

After the Pledge of Allegiance, Acting Executive Director Jourdain 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.

Vice Chairman Slater requested a motion to approve the minutes of the January 22, 2008 Commission Meeting. Commissioner McGuire made the motion, which was seconded by Commissioner Glass. Vice Chairman Slater asked if there were any comments and there being none the motion carried.

DIRECTOR'S REPORT

Acting Executive Director Jourdain stated that the sales for the month of January totaled \$200.59 million, which is an increase of .08% over last year. He stated that we reached our budget target for the month of January.

Acting Executive Director Jourdain stated that we are 6.4% ahead of our budget target for FY'08.

Acting Executive Director Jourdain stated that the Instant ticket sales are running 14.3% ahead of last year and that the Jersey Cash 5 game is 9% ahead of budget. He stated that those two products are performing very well.

Acting Executive Director Jourdain stated that the State contribution for FY 2008 is \$473.85 million, which is 5.1% over the budget target for FY'08.

Acting Executive Director Jourdain stated that the receipts and deposits that the Finance Unit received for the month of January totaled \$241 million.

Acting Executive Director Jourdain stated that the balance in the annuity investment accounts totaled \$684 million as of January.

Acting Executive Director Jourdain stated that we did receive a letter from the Division of Investments and he will send a copy of the letter to the commissioners and put it as an agenda item for discussion at next month's meeting.

Acting Executive Director Jourdain stated that he has an analysis of the possible reinvestment of an annuity portfolio and he will send that to the Commissioners also.

Vice Chairman Slater stated that it must be a substantial number to put in as treasuries.

Acting Executive Director Jourdain stated that it is roughly \$3.1 million as of today for treasuries for all three companies.

Acting Executive Director Jourdain stated that the amount of money that these three companies are holding in annuities is \$24 million and the cost to cancel these contracts and reinvest in treasury bills would be approximately \$3 million which would come out of the contribution to the state.

Vice Chairman Slater stated that we need to discuss whether we think it is worth \$3 million to protect the Lottery.

Acting Executive Director Jourdain stated that he will be having discussions with the Treasurer's Office and the Division of Purchase and Property because they are holders of the contract as well as the procurement office for the state.

Commissioner Glass asked how many years until we are out of the surrender period.

Acting Executive Director Jourdain stated that the annuities are scheduled to expire in 2013.

Vice Chairman Slater stated that in the event that we do not choose to buy out of all of it, we may want to discuss about buying our way out of the lowest rated company.

Vice Chairman Slater stated that we may also want to discuss establishing a reserve against our contribution to the state.

Commissioner Kazmir made a suggestion of possibly reinsuring the \$24 million.

Acting Executive Director Jourdain stated that the insurance policy would have to be a procurement and would have to be put out for competitive bid.

Acting Executive Director Jourdain stated that Marketing has started planning and preparations for the return of the Pick 3 "Green Ball Double Draw" which will be coming in March and the Jersey Cash 5 coupon "Buy 2 Get 1 Free" campaign which is slated for April.

Acting Executive Director Jourdain stated that the sales unit reports that Gtech is now conducting training sessions for our sales staff and the distribution of the 200 ITVM machines which will replace the 12 year old machines that are currently in the field today and this should be completed by mid-April.

Acting Executive Director Jourdain stated that the Retailer Customer Call Center handled 2,300 incoming calls during the month of January.

Acting Executive Director Jourdain stated that there were 138 security investigations conducted by the Security Unit.

Acting Executive Director Jourdain stated that there are 6,198 retailer licenses issued as of January 31, 2008.

Acting Executive Director Jourdain stated that the Public Information Office participated in the search for an Executive Director for the Council on Compulsive Gambling.

Acting Executive Director Jourdain stated that there were a couple of retailer events during the month of January.

Acting Executive Director Jourdain stated that the IMS staff completed the year end printing of the 2007 IRS forms which included 31,600 W2-G forms and 6,812 1099 forms for retailers and winners.

Acting Executive Director Jourdain stated that the IMS staff is also developing new claim form screen layouts to coincide with the new claim form.

Acting Executive Director Jourdain stated that the VIP Club increased its membership by 1,797 new registrants during the month of January and now has an enrollment of 130,487 active members.

Acting Executive Director Jourdain stated that the new Lottery website is now posted and we have received positive responses from the public.

Acting Executive Director Jourdain stated that the Operations Unit reports that there were 36 social security number matches between the files from the Departments of Human Services and Community Affairs and the Higher Education Student Assistance Authority and Lottery winners, which totaled \$37,462.22 in arrears.

Acting Executive Director Jourdain stated that the Validation staff received and sorted 3,707 claim forms during the month of January.

Acting Executive Director Jourdain stated that this concludes the Director's Report.

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

NEW BUSINESS

Vice Chairman Slater asked for a motion to approve the instant ticket game rules for "Some Like It Hot," "7th Inning Stretch" and "Lucky Stars Doubler." Commissioner Kazmir made the motion, which was seconded by Commissioner Glass. Chairman Slater asked if there were any comments and there being none the motion was carried.

MISCELLANEOUS

Acting Executive Director Jourdain stated that he has an analysis of the pros and cons of lottery ticket sales by a credit card which we can defer until next month's meeting.

Vice Chairman Slater asked if there was any feedback as to the viability of doing this.

Acting Executive Director Jourdain stated that there are some concerns of placing wagers on credit cards. He stated that credit cards charge a fee for a transaction and the administrative code specifically states that you cannot charge any fees in excess of the price of the ticket. He stated that therefore any credit card fees would come at the expense of the retailer and their commissions.

He stated that the administrative code also requires that the retailer network segregate lottery funds from regular business proceeds. He stated that it would be very difficult to do in a credit card environment.

Vice Chairman Slater asked if other States do this.

Acting Executive Director Jourdain stated that in most States it is a cash transaction but he can do some further inquiries to see if any states are allowing for credit card sales.

Vice Chairman Slater asked about the use of a debit card.

Commissioner Glass stated that the system would not be able to distinguish between a credit versus a debit.

Vice Chairman Slater stated that the process would be like paying a bill on line where you are authorizing to charge your checking account.

Commissioner Glass stated that it would still not be able to stop someone from using a credit card. She stated that even if we allow the debit card, the fact that we are allowing the use of the credit card system; it will not distinguish between a debit card and credit card.

Vice Chairman Slater stated that he is referring to the public purchasing tickets from their computer at home and only be authorized to use a debit card. He stated that if this was available it would stimulate additional sales by allowing people to not have to leave their home to purchase lottery tickets.

Acting Executive Director Jourdain stated that there are serious security considerations about printing lottery tickets on their home computers.

Deputy Attorney General Krefetz stated that in next month's executive session we will get more involved in that particular issue.

EXCECUTIVE SESSION

Acting Executive Director Jourdain stated that there is no need for an Executive Session at this time.

ADJOURNMENT

Vice Chairman Slater asked if there was any other business to be discussed in the open public meeting and there being none, asked for a motion to adjourn. Commissioner McGuire made the motion, which was seconded by Commissioner Kazmir. 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 February 21, 2008.

IN WITNESS WHEREOF, I hereby set my hand on

the _____ day of _____, 2008.

William T. Jourdain
Acting Executive Director