

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, FEBRUARY 19, 2009

Chairman D'Anton 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 D'Anton, Chairman
Robert Slater, Vice Chairman (by phone)
Trina Glass, Commissioner
Munr Kazmir, Commissioner (by phone)
James McGuire, Commissioner
Robert Smartt, Treasurer Designee

William Jourdain, Acting Executive Director
Marc Krefetz, Dep. Attorney General
Joseph Neal, Governor's Auth. Unit

STAFF

Regina Arcuri
Joe Bacso
Marilyn Blazovsky
Lou Cleary
Nancy Coccia
Denise Coleman
Dominick DeMarco
Yoke DiGiorgio
Robert Kersey
Karen Kokoll
Foster Krupa
Dolores Matos
Steve Palmieri
Mary Ann Rivell
Nick Wiener

After the Pledge of Allegiance, Chairman D'Anton 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 D'Anton requested a motion to approve the minutes of the January 22, 2009 Commission Meeting. Treasurer Designee Smartt made the motion, which was seconded by Vice Chairman Slater. Chairman D'Anton 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 \$198.31 million, which is a slight decrease of 1.1% compared to last year's total monthly sales.

Acting Executive Director Jourdain stated that there was a decrease on the sales for the Lotto games. He stated that Pick-6 was down 6.6% compared to January '08 and Mega Millions sales were down 5.2%. He stated that there was also a decrease with sales on the daily games.

Acting Executive Director Jourdain stated that we are 9% under our budget target for the month of January which is mainly because of the Pick-6 and Mega Millions games. He stated that the raffle game only sold 74% of its available tickets therefore it did not achieve the budgeted target of \$10 million.

Acting Executive Director Jourdain stated that we are 4% behind the budgeted target for the State contribution for FY'09.

Acting Executive Director Jourdain stated that the receipts and deposits that the Finance Unit received for the month of January totaled \$200 million.

Acting Executive Director Jourdain stated that the balance in the unclaimed prize reserve account is \$24.5 million.

Acting Executive Director Jourdain stated that the current balance in the annuity investment accounts totaled \$593 million.

Acting Executive Director Jourdain stated that Marketing and Advertising on-line sales activities included the "Jersey Jackpot Raffle" which remained on sale through the first three weeks of January. He stated that we sold approximately 75% of the tickets. He stated that we did achieve a modest profit for the State but the sales expectation were not what we had hoped. He stated that we will be looking into the after effects.

Acting Executive Director Jourdain stated that the revised "More" commercial which began airing on NJN in September will continue to air until the 52 week flight is over.

Acting Executive Director Jourdain stated that the Sales unit reported that the current economic climate is having an adverse effect on our retailers and players. He stated that self terminations are averaging about 28 per month. He stated that the sales staff is busy replacing as many retailers as possible to offset the self terminations.

Acting Executive Director Jourdain stated that the 86 Quick Chek stores sales have increased 94% with the new Instant Ticket Vending Machines.

Acting Executive Director Jourdain stated that the Retailer/Customer Call Center handled approximately 3,000 incoming calls during the month of January.

Acting Executive Director Jourdain stated that there were 124 security investigations conducted by the Security Unit and there were three random field inspections conducted at retailer locations.

Acting Executive Director Jourdain stated that there are 6,170 retailer licenses issued as of January 31, 2009.

Acting Executive Director Jourdain stated that we received authorization and hired two new security investigators. He stated that both are former state police officers.

Acting Executive Director Jourdain stated that the Public Information Office continues to issue daily press releases and media advisories.

Acting Executive Director Jourdain stated that Public Information Office continues to monitor the weekly legislative calendar to ensure that any lottery issues are identified and addressed.

Acting Executive Director Jourdain stated that all drawings were held in accordance to established procedures, and there were five (5) opt-in drawings for the month of January.

Acting Executive Director Jourdain stated that the IMS staff provided support for the "Jersey Jackpot Raffle." He stated that the IMS staff developed a daily animated "countdown" notice on the Lottery's web page.

Acting Executive Director Jourdain stated that there were three retailer events for the month of January.

Acting Executive Director Jourdain stated that IMS has completed the IRS 2008 year end processing with over 32,000 W-2G and 6,700 1099 miscellaneous forms.

Acting Executive Director Jourdain stated that the Lottery VIP club has 150,768 active members.

Acting Executive Director Jourdain stated that the Operations Unit had 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.

Acting Executive Director Jourdain stated that the Validation staff received and sorted 3,545 claims during the month of January.

Acting Executive Director Jourdain stated that all on-line game pools were closed according to procedures with no abnormalities.

Acting Executive Director Jourdain stated that the Instant Ticket Inventory Control Section updated the status on 11,702 pack returns from the 21 instant games that ended.

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

Chairman D'Anton asked about the retailers and the economy and if we are replacing the retailers that we have lost.

Deputy Director of Sales Robert Kersey stated that we are down about 30 retailers.

Chairman D'Anton asked if we are looking at the self terminations.

Deputy Director of Sales Kersey stated that it is a part of the whole economy with the leases and businesses in general being very poor. He stated that the chains have picked up a lot of that slack. He stated that it is hard to replace the small businesses with more small businesses because they are having the same type of problems.

Chairman D'Anton asked if the loss of revenue is coming from the Mom & Pop stores or corporate.

Acting Executive Director Jourdain stated that we have not done the location analysis of where those losses are coming from directly. He stated that we will be starting to look at this and assess where the loss is coming from and look at the overall structure of the retailer network. He stated that once we have identified this information, the field staff will go out and help these retailers.

Chairman D'Anton stated that there is a problem with the Mom & Pop stores but we also need to look at the stronger retailers and identify them or else we will lose that group.

Chairman D'Anton asked how many sales people we have visiting the retailers and how many sales people are sitting in the office.

Acting Executive Director Jourdain stated that there is approximately 48 sales staff in the field and they are required to visit the retailers on a monthly basis.

Chairman D'Anton asked if there was anybody who analyses the break up of where we are losing these sales and to review it.

Acting Executive Director Jourdain stated that we do not have anyone analyzing trend details.

Chairman D'Anton stated that it is very important to have someone analyze this information and stated that he would be willing to review this data and make a recommendation.

Vice Chairman Slater stated that he feels that the Instant Ticket Vending machines are a solution to help bring up sales.

Chairman D'Anton stated that he would like to sit down with the Vendor and discuss this and see what activities they have.

Chairman D'Anton 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. The motion was made by Treasurer Designee Smartt and seconded by Commissioner McGuire. The motion carried.

NEW BUSINESS

Chairman D'Anton asked for a motion to approve the instant ticket game rules for "Club Casino," "Poker Night," "X-Treme Winnings," "Yogi Berra Cash Catcher," "Father's Day" and "Summer Fun." Commissioner McGuire made the motion, which was seconded by Commissioner Glass. Chairman D'Anton asked if there were any comments.

Acting Executive Director Jourdain stated that there is one amendment to "Club Casino." He stated that on page 1 of the game rules there is an addition of a note that the top prize is \$1 million annuity and a \$650,000 cash value of the prize. He stated that the prize chart graph on page 2 has also been amended to include the annuity value.

Chairman D'Anton asked if there were any other comments and there being none the motion carried.

The radio and TV commercials were played for the commissioners which will start airing on March 2, 2009.

Commissioner Glass asked if all of the advertising campaign starts on March 2.

Advertising Contract Manager DiGiorgio stated that the only exception is the cinema which will start on Friday, February 27.

Commissioner Glass asked what the rationale was for starting the advertising on March 2. She felt that there is not enough notice as we will be losing a day by starting on March 2 for the visual advertising.

Advertising Contract Manager DiGiorgio stated that this was the proposal which we accepted from the advertising firm. She stated that she can check with them.

Acting Executive Director Jourdain stated that the point of sale information gets out to the retailers earlier, but we will find out the specific information on the timing of the advertising.

Commissioner Glass asked if we know what the other Lotteries are doing to maximize their sales and what creative ideas they may have come up with.

Acting Executive Director Jourdain stated that they meet on a regular basis and discuss what some of the best practices are.

Chairman D'Anton asked if sales are down in other states.

Acting Executive Director Jourdain stated that some states sales are down. He stated that some states with different forms of gaming are seeing slight increases but with the traditional lottery product everyone is seeing the same type of pattern that we are seeing.

PUBLIC COMMENT

There was no public comment at this meeting.

MISCELLANEOUS

Acting Executive Director Jourdain stated that we are looking into having the Lottery commercials on our website.

Acting Executive Director Jourdain stated that we are working with Treasury and the Office of Information Technology about populating the state website with advertising information.

Acting Executive Director Jourdain stated that he reached out to the Office of the Treasury Technology about the requirement of the 10 mile business continuity site and was told that this meets within the departmental specifications. He stated that as a business reason he will look at that to see if it does make sense for a business continuity site be within 10 miles and look at all of our options now that the vendor contract has been settled.

EXECUTIVE SESSION

There was no Executive Session.

ADJOURNMENT

Chairman D'Anton 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 Glass. 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 19, 2009.

IN WITNESS WHEREOF, I hereby set my hand on

the _____ day of _____, 2009.

William T. Jourdain
Acting Executive Director