

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, JANUARY 22, 2009

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
Trina Glass, Commissioner
James McGuire, Commissioner
Robert Smartt, Treasurer Designee

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

STAFF

Regina Arcuri
Joe Bacso
Marilyn Blazovsky
Denise Coleman
Dominick DeMarco
Yoke DiGiorgio
Robert Kersey
Karen Kokoll
Foster Krupa
Dolores Matos
Steve Palmieri
Margaret Square
Nick Wiener

After the Pledge of Allegiance, Vice Chairman Slater 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 welcomed Robert Shane from the Governor's Authorities Unit.

Vice Chairman Slater requested a motion to approve the minutes of the December 18, 2008 Commission Meeting. Commissioner McGuire made the motion, which was seconded by Treasurer Designee Smartt. 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 December totaled \$224.7 million, which is a slight decrease of 2.24% compared to last year's total monthly sales. He stated that last year's sales included sales from the raffle game which was drawn on December 31st.

Acting Executive Director Jourdain stated that on the sales report the Lotto specialty games have been grouped and subtotaled. He stated that these games are contingent upon jackpots. He stated that the daily games have also been grouped and subtotaled. He stated that these games are the products that customers walk into the stores every day to purchase.

Acting Executive Director Jourdain stated that the Lotto games showed an increase over last year of 9.9% with particularly the Mega Millions game which had an increase of 58.2%. He stated that we are 39.5% over budget.

Acting Executive Director Jourdain stated that the daily games had a decrease of 4.7% from last year's total and is 4.8% below budget.

Acting Executive Director Jourdain stated that the fiscal year to date totals for all the games sales are down approximately 3.2% from last year, but we continue to achieve our budget target.

Acting Executive Director Jourdain stated that the Pick-6 Lotto game had an increase of 2.5% and Mega Millions had an increase of 25.1% increase over last year's monthly sales. He stated that the Jersey Cash 5 had an increase of 13.7% and there was a decrease of 4.6% in sales for the Instant tickets. He stated that last November we experienced very strong instant sales with the introduction of a \$20 game.

Acting Executive Director Jourdain stated that we are 0.9% 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 December totaled \$288 million.

Acting Executive Director Jourdain stated that the balance in the unclaimed prize reserve account is \$21.88 million.

Acting Executive Director Jourdain stated that the current balance in the annuity investment accounts totaled \$602 million.

Acting Executive Director Jourdain stated that Marketing and Advertising supported the Holiday instant games which ran through the month of December.

Acting Executive Director Jourdain stated that the Jersey Jackpot Raffle sales began in the second week of December.

Acting Executive Director Jourdain stated that the Sales staff has participated in nine Jersey Jackpot Raffle radio van promotions at retailers throughout the state.

Acting Executive Director Jourdain stated that the 112 Quick Chek stores sales have increased 92% with the new Instant Ticket Vending Machines.

Acting Executive Director Jourdain stated that the Retailer/Customer Call Center handled 2,437 incoming calls during the month of December.

Acting Executive Director Jourdain stated that there were 112 security investigations conducted by the Security Unit.

Acting Executive Director Jourdain stated that there are 6,177 retailer licenses issued as of December 31, 2008.

Acting Executive Director Jourdain stated that the Public Information Office focused mainly on the special event to mark the launch of the holiday-themed instant tickets and the Jersey Jackpot Raffle. He stated that the event took place in a vacant bank on West State Street which was a few blocks from the State House. He stated that we recreated the Bailey Building and Loan association to promote "It's a Wonderful Life – For Life" ticket. He stated that we had a great reception from the playing public. He stated that this event also included a press conference featuring the winner from the July 22, 2008 Mega Millions jackpot.

Acting Executive Director Jourdain stated that all drawings were held in accordance to established procedures, and there were sixteen (16) opt-in drawings for the month of December.

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 the Lottery VIP club has 149,278 active members.

Acting Executive Director Jourdain stated that the Operations Unit had 17 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 3,490 claims during the month of December.

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 106 pack returns from the 28 instant games that ended.

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

Vice Chairman Slater asked for an update on the statistical control of cancelled tickets.

Acting Executive Director Jourdain stated that we looked at the activity and came up with a very small amount of actual cancelled tickets. He stated that we also identified that approximately 75% of those cancelled tickets are replaced with subsequent wagers in the system.

Vice Chairman Slater stated that he thought that it was going to be reported of what happened each month.

Acting Executive Director Jourdain stated that they can provide that information.

Vice Chairman Slater stated that the Lottery website has approximately 100,000 visitors a day and we are looking at different ways to capitalize on this. He asked if we do any advertising of the Lottery advertising on our website.

Acting Executive Director Jourdain stated that is the basis behind the VIP club which has approximately 140,000 members. He stated that the VIP club gets a proactive message from the Lottery on upcoming events, winning numbers, etc. He stated that audience is who we are able to identify with because they have registered and signed up with the State to become a member. He stated that the website was basically designed to promote the Lottery.

Vice Chairman Slater asked about putting our commercials on the website.

Acting Executive Director Jourdain stated that they can look into it.

Vice Chairman Slater asked about the pop-ups of internet advertising and asked where they were.

Acting Executive Director Jourdain stated that they are on the nj.com website which is a news website. He stated that we secured a timeframe where a Lottery ad would pop up for instant games, jackpots and information on education and institutions.

Vice Chairman Slater asked about having a co-op program where nj.com may want to pop-up on our website.

Vice Chairman Slater asked if we paid nj.com for the pop-up.

Acting Executive Director Jourdain stated that we pay nj.com through our advertising contract.

Vice Chairman Slater stated that we might be able to trade out, where if nj.com pops-up on our website we would not pay anything for pop-ups on their website.

Acting Executive Director Jourdain stated that he feels this may be more a policy decision where the Department of Treasury may want to look at it.

Vice Chairman Slater asked if we could have at each board meeting a brief presentation of photos of what we do to show where the advertising money goes on the screen.

Vice Chairman Slater 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 Commissioner McGuire and seconded by Commissioner Glass. The motion carried.

NEW BUSINESS

Vice Chairman Slater asked for a motion to approve the proposed Lottery Rules Re-Adoption with amendments of N.J.A.C. 17-20.

Deputy Attorney General Krefetz stated that there is one typographical error on page 5 on the second column under "Gaming system"; the third line should state the point "of" sale not the point "on" sale.

Commissioner McGuire made the motion to approve as amended which was seconded by Commissioner Glass. The motion carried.

Vice Chairman Slater asked for a motion to approve the instant ticket game rules for “Aces High,” “\$100 Windfall,” “Double Header,” “Pac Man” and “Mother’s Day.” 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.

Acting Executive Director Jourdain stated that there is a gaming contract in place. He stated that the Division of Purchase & Property awarded the contract to GTECH Corporation and the protest period is over without a protest filed. He thanked the members of the procurement team of which 4 of the members, Marilyn Blazovsky, Steve Palmieri, Yoke DiGiorgio and Treasurer Designee Smartt were in attendance.

Acting Executive Director Jourdain presented some of the main bullet points of the contract which we could discuss one at a time at future meetings. He stated that the contract is for a 7 year term.

Vice Chairman Slater asked about the Instant Ticket Vending Machines and if we wanted more how do we get them.

Acting Executive Director Jourdain stated that he would have to defer that to the Division of Purchase & Property but there is a possibility that could be handled through a contract amendment.

Vice Chairman Slater asked that it be reported back to the Commissioners of the outcome.

Vice Chairman Slater also requested that it be checked to see if we could order more flat panel advertising displays.

Commissioner McGuire asked about dates and the timeframe.

Acting Executive Director Jourdain stated that the current contract expires in August. He stated that there is a transition period and with the extent of how the procurement process went, he stated that some of the dates may slide, but once the implementation schedule has been established that will be shared with the Commissioners.

Commissioner Glass asked if there was a guideline nationally about how far the business continuity site should be from the actual site.

Commissioner Glass stated that she was concerned that the 10 miles may not be far enough especially if there is a black out.

Acting Executive Director Jourdain stated that he will look into the Treasury’s policy and identify what their requirements are for business continuity.

Vice Chairman Slater congratulated the team that put this together.

PUBLIC COMMENT

There was no public comment at this meeting.

EXECUTIVE SESSION

Deputy Attorney General Krefetz proposed that it be resolved that pursuant to New Jersey Statute 10:4-13, the Lottery Commission enter into Executive Session during which the public shall be excluded to discuss any matters falling into the Attorney/Client privilege and other matters which fall within the executive privilege. He stated that any matter discussed in Executive Session, the subject and nature of the discussion will be timely made known to the public if and when the need for confidentiality ends.

Deputy Attorney General Krefetz stated that Deputy Director Blazovsky will be attending the Executive Session to provide expert advice to counsel.

Commissioner McGuire made the motion to go into Executive Session which was seconded by Commissioner Glass. The motion carried.

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 Treasurer Designee Smartt. 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 January 22, 2009.

IN WITNESS WHEREOF, I hereby set my hand on

the _____ day of _____, 2009.

William T. Jourdain
Acting Executive Director