

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, JUNE 19, 2008

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
Trina L. Glass, Commissioner
Munr Kazmir, Commissioner
Robert Smartt, Treasurer Designee

Marilyn Blazovsky, Director Designee
Marc Krefetz, Dep. Attorney General
Joseph Neal, Governor's Auth. Unit

VISITORS

Bryce Rudolph, Winners Edge
Suzanne Dell, Winners Edge

STAFF

Regina Arcuri
Lou Cleary
Nancy Coccia
Denise Coleman
Yoke DiGiorgio
Robert Kersey
Karen Kokoll
Foster Krupa
Dolores Matos
Steve Palmieri
Mary Ann Rivell
Ray Ryan
Margaret Square
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 May 15, 2008 Commission Meeting. Commissioner Kazmir made the motion, which was seconded by Commissioner Glass. Chairman D'Anton asked if there were any comments and there being none the motion carried.

DIRECTOR'S REPORT

Director Designee Blazovsky stated that the sales for the month of May totaled \$223.8 million, which is an increase of 9.1% over last year.

Director Designee Blazovsky stated that the total sales for FY'08 are \$2.3 billion which is an 8.7% increase over last fiscal year.

Director Designee Blazovsky stated that the State contribution for FY'08 is \$797.75 million, which is 7.5% increase over last fiscal year. She stated that we are running 5.4% ahead of our budgeted target.

Director Designee Blazovsky stated that the receipts and deposits that the Finance Unit received for the month of May totaled \$224.5 million.

Director Designee Blazovsky stated that the balance in the unclaimed prize reserve account is \$17.2 million.

Director Designee Blazovsky stated that the balance in the annuity investment accounts totaled \$652 million as of the end of May.

Director Designee Blazovsky stated that "The Thrill of \$13's" Instant Match promotion resulted in a 44.9% increase in sales compared to the previous 28-day period. She stated that the Jersey Cash 5 coupon "Buy 2 Get 1 Free" which were valid through the beginning of the month culminated with more than a 14% redemption rate which is well above the industry's standard for returns of coupons.

Director Designee Blazovsky stated that the on-line product sales saw an increase of 12.57% compared to May 2007. She stated that Mega Millions sales were up by 61.57% which had a jackpot high of \$196 million.

Director Designee Blazovsky stated that the new Instant Ticket Vending Machine sales continue to increase each week. She stated that the total sales of the 200 machines for the week ending May 28th increased 36% from the week prior to installation.

Director Designee Blazovsky stated that the Retailer Customer Call Center handled 1,822 incoming calls during the month of May.

Director Designee Blazovsky stated that there were 110 security investigations conducted by the Security Unit.

Director Designee Blazovsky stated that there are 6,168 retailer licenses issued as of May 31, 2008.

Director Designee Blazovsky stated that the Public Information Office continues to respond to press and public inquiries throughout the month. She stated that daily and special event press releases and media advisories were also prepared.

Director Designee Blazovsky stated that Lottery staff met with the new Executive Director of the Council on Compulsive Gambling to review the elements of the Lottery and Council partnership. She stated that plans have begun for the August 2008 "Not 18 Yet? No Bet." Campaign.

Director Designee Blazovsky stated that all drawings were held in accordance to established procedures. She stated that there were four Opt-In drawings conducted during the month of May.

Director Designee Blazovsky stated that Lottery participated in the Hoboken Arts & Music Festival and the Elizabeth Waterfront Festival during the month of May.

Director Designee Blazovsky stated that the IMS staff stated that the new internal control system is working and fully functional. She also stated that IMS staff coordinated the telephone move for the Newark Airport Terminal.

Director Designee Blazovsky stated that we just received approval for a new phone system for Lottery headquarters which will be implemented over the next few months.

Director Designee Blazovsky stated that during the month of May, the Lottery VIP club increased its membership to over 1212 new registrants bringing the total enrollment to over 137,000 active members.

Director Designee Blazovsky stated that the Lottery Website continues to be a popular destination with over 65,000 visitors per day.

Director Designee Blazovsky stated that the Operations Unit had 41 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.

Director Designee Blazovsky stated that the Validation staff received and sorted over 3,000 claims during the month of May.

Director Designee Blazovsky stated that all on-line game pools were closed according to procedures with no abnormalities.

Director Designee Blazovsky stated that the Facilities Unit has developed in conjunction with the IMS unit a computer data base to track all the facilities issues. She stated that on May 19th, the Lottery suffered a waste ejector plumbing leak which affected some of the offices. She stated that everything was corrected and the landlord has contracted to have an alarm sensor installed in the area that generated the flooding problem.

Director Designee Blazovsky stated that this concludes the Director's Report.

Chairman D'Anton asked how often a sales representative visits a retailer.

Director Designee Blazovsky stated that she believes it is every six weeks.

Chairman D'Anton asked how many vendors do not do the minimum sales of \$2000 a week. He stated that he received a call about a retailer's store never being opened. Chairman D'Anton stated that he checked with Lottery on this retailer's sales and was told that he was barely doing \$700 a month in sales. He stated that we should audit this retailer and if they are not producing, this machine should be removed from this location.

Director Designee Blazovsky stated that she will pass this information along to Acting Executive Director Jourdain.

Chairman D'Anton requested that there be an audit done to see how many retailers are not performing at the \$2000 a week minimum in sales.

There was discussion on the instant ticket vending machines and how they operate.

Vice Chairman Slater asked if it was possible to have these instant ticket vending machines placed in high traffic areas.

Deputy Attorney General Krefetz stated that you would still need someone to watch the machine to ensure that no one under the age of 18 purchases a ticket.

Director Designee Blazovsky stated that we will look at that suggestion and research whether or not our current rules would allow us to do that.

Commissioner Glass asked about the random field inspections that took place and how we determine which ones will be audited or inspected and are there any issues that arrive from those inspections.

Deputy Attorney General Krefetz stated that should be discussed in Executive Session.

Vice Chairman Slater made a suggestion about advertising the New Jersey Lottery website to the public.

Director Designee Blazovsky stated that the website address is on all of our instant tickets and she stated that we will look at further ways to promote our website and she will pass that along to Acting Executive Director Jourdain.

Marketing Manager Krupa stated that our website appears on just about everything we produce and we routinely direct people to our website via our nightly drawings.

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 Glass. The motion carried.

NEW BUSINESS

Chairman D'Anton asked for a motion to approve the instant ticket game rules for "Shake Them Bones," "The Three Stooges," "\$150,000 Bingo Times 10" and "King of Clubs." Vice Chairman Slater made the motion, which was seconded by Commissioner Kazmir. Chairman D'Anton asked if there were any comments and there being none the motion was carried.

EXECUTIVE SESSION

Deputy Attorney General Krefetz stated that be it 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 how agents are randomly selected for an audit and licensing of retailers. He stated that any matter discussed in Executive Session, the subject in nature of the discussion will be timely made known to the public if and when the need for confidentiality ends. He requested that Deputy Director of Security Ray Ryan remain for the first half of the executive session to provide expert advice to counsel and to the Lottery Commission.

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 Kazmir made the motion, which was seconded by Vice Chairman 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 June 19, 2008.

IN WITNESS WHEREOF, I hereby set my hand on

the _____ day of _____, 2008.

William T. Jourdain
Acting Executive Director