

NEW JERSEY STATE LOTTERY COMMISSION**PUBLIC MEETING, OCTOBER 15, 2009**

Treasurer Designee Smartt 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 (by phone)
Trina Glass, Commissioner (by phone)
Munr Kazmir, Commissioner (by phone)
Frank Ragazzo, Commissioner (by phone)
Thomas Tucci, Commissioner (by phone)
Robert Slater, Vice Chairman (by phone)
Robert Smartt, Treasurer Designee

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

STAFF

Regina Arcuri
Lou Cleary
Duane Daniels
Bob Kersey
Karen Kokoll
Foster Krupa
Dolores Matos
Steve Palmieri
Mary Ann Rivell
Margaret Square
Nick Wiener

After the Pledge of Allegiance, Treasurer Designee Smartt 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.

Treasurer Designee Smartt requested a motion to approve the minutes of the September 17, 2009 Commission Meeting. Commissioner Tucci made the motion, which was seconded by Commissioner Glass. Treasurer Designee Smartt 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 September totaled \$197.32 million, which is an increase of 4.5% compared to last year's total monthly sales. He stated that sales were led by Mega Millions which had an increase of 37% in sales compared to last year. He stated that Pick 6 had an increase of 1.7% compared to last year due to the marketing initiative.

Acting Executive Director Jourdain stated that the daily games sales total were 1.7% over last year which was led by the instant ticket product line which was 2.3% over last year.

Acting Executive Director Jourdain stated that the State contribution for FY 2010 was \$227.16 million which was 9.7% over our anticipated budget.

Acting Executive Director Jourdain stated that the receipts and deposits that the Finance Unit received for the month of September totaled \$249 million.

Acting Executive Director Jourdain stated that the total outstanding cumulative accounts receivable balance as of September 30, 2009 was \$3.43 million. He stated that the total reserve for uncollected accounts is around \$2 million which is a substantial increase from two years ago when it was about half of a million dollars.

Acting Executive Director Jourdain stated that the balance in the unclaimed prize reserve account is \$3.96 million.

Acting Executive Director Jourdain stated that the current balance in the annuity investment accounts totaled \$533 million. He stated that the S&P ratings for all the insurance companies listed remain unchanged from last month.

Acting Executive Director Jourdain stated that the number of weekly retailer settlements as of the end of September 2009 was 6,030.

Acting Executive Director Jourdain stated that the Super Sevens Instant Match promotion took place during the month of September which experienced a 76% increase from the previous month.

Acting Executive Director Jourdain stated that plans have been finalized for the Pick 4 "Red Ball Double Up" promotion.

Acting Executive Director Jourdain stated that the Mega Millions jackpot rose starting the third week in September and continued through the end of September. It was supported by spot radio and cable advertising.

Acting Executive Director Jourdain stated that Pick 6 brand/game awareness continued through September which was supported by bus posters and point of sale at retailer locations.

Acting Executive Director Jourdain stated that the new Lottery terminal equipment installations are into the sixth week and the retailers overall are responding positively to the new equipment. He stated that the sales staff visit the retailers after the installations and refer any issues to the Lottery Headquarters.

Acting Executive Director Jourdain stated that the Sales staff is finalizing the retailer lead sheets for the "Instant to Go" installation project. He stated that the wording should be corrected on the Director's Report from "Lottery to Go" to "Instant to Go."

Acting Executive Director Jourdain stated that the sales unit has identified approximately 50 retailers that have weekly sales under \$1,000 and Lottery staff will begin the process of termination proceedings due to low sales levels. He stated that many of these locations understand this initiative and are cooperating with self termination.

Acting Executive Director Jourdain stated that the Retailer/Call Center handled 2,328 incoming calls during the month of September.

Acting Executive Director Jourdain introduced Duane Daniels who is the new Deputy Director of Security.

Acting Executive Director Jourdain stated that there were 103 security investigations conducted by the Security Unit and there were 38 random field inspections conducted at retailer locations.

Acting Executive Director Jourdain stated that there are 6,177 retailer licenses issued as of September 30, 2009.

Acting Executive Director Jourdain stated that the Public Information Office prepared press releases and media advisories including materials to launch the "Jets Football Fantasy" and "Giants Football Fantasy" instant tickets.

Acting Executive Director Jourdain stated that the Public Information Office continued to monitor the New Jersey Legislative Calendar and Digest for related lottery activity and reports that there is no additional legislation submitted this month for any concern of the Lottery.

Acting Executive Director Jourdain stated that the Drawing Unit reports that all drawings were held in accordance to established procedures and there were five opt-in drawings for the month of September.

Acting Executive Director Jourdain stated that there were several events held during the month of September with the Giants and the Jets.

Acting Executive Director Jourdain stated that the IMS staff participated in meetings with the gaming vendor to review system requirements for the upcoming conversion.

Acting Executive Director Jourdain stated that the IMS staff completed the programming to develop the "Instant to Go" checklist for possible locations for the new instant ticket vending machines.

Acting Executive Director Jourdain stated that the Lottery VIP Club increased its membership in September by 1,747 new members and the total enrollment now is 162,831 active members.

Acting Executive Director Jourdain stated that the Operations Unit had 21 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 3,708 claim forms during the month of September.

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 Facilities Unit reports that preventative maintenance was performed on the emergency generator located in the warehouse. He stated that Lottery headquarters passed the annual fire inspection.

Acting Executive Director Jourdain stated that this concludes the Director's Report for September 2009.

Treasurer Designee Smartt asked if there were any comments on the Director's Report.

Commissioner Ragazzo asked about the special events and the hosting of retailers and asked how they are selected.

Acting Executive Director Jourdain stated that it is an initiative that the sales unit has where they look at performance for a retailer over the last 6 to 12 months and it is our way of rewarding some of these retailers based on recommendations from the field staff.

Commissioner Ragazzo asked if there was a target that the retailers have to meet and how many retailers get to go.

Acting Executive Director Jourdain stated that there are approximately 12 retailer locations that get to go to these events and there are limited access to these games due to our contract.

Commissioner Ragazzo asked if there is a quantitative measure that is used to select a retailer.

Acting Executive Director Jourdain stated that it is based on recommendation of the sales staff. He stated that we can look into whether we can establish a quantitative method.

Vice Chairman Slater asked if they could get feedback on how they were picked and what was the criteria.

Acting Executive Director Jourdain stated that he will get that information.

Commissioner Tucci asked about the unclaimed prize money and the statute of limitation before that gets rolled back into Treasury.

Acting Executive Director Jourdain stated that we are required immediately to turn over 30% and the remaining 70% will remain in the unclaimed prize reserve accounts usually to the end of the year. He stated that we fund any prize initiative during that fiscal year from the unclaimed prize reserves. He stated that the balance of the funds get turned over for Education and Institutions.

Commissioner Tucci asked how we budget for new initiatives.

Acting Executive Director Jourdain stated that there is usually sufficient funding in the unclaimed prize reserves to cover these initiatives and it is usually the surplus going back to the State after the initiatives had been funded.

Commissioner Glass asked why the unclaimed prize money is not subjected to any abandoned property laws.

Acting Executive Director Jourdain stated that the statute states that Lottery is required to turn over unclaimed prize awards at 30% to the State for education and institutions and the remaining 70% get placed in reserve which will eventually get turned back to prize holders for additional prizes or get turned over to the State for education and institutions.

Commissioner Glass asked if the statute contemplated the New Jersey Abandoned Property law because sometimes statutes can be ruled unconstitutional.

Deputy Attorney General Krefetz stated that he also represents the unclaimed property administrator and if you have a particular question to please put it in writing.

Commissioner Slater stated that looking at the sales to State Contribution for the month of September looks pretty consistent where sales were 4.5% and contribution was 4.2%. He stated that looking at the sales budget it is 2.3% but the contribution was -0.5% and asked if we could take a look at that.

Acting Executive Director Jourdain stated that we can lay that out in an analysis for the commissioners.

Treasurer Designee Smartt asked if there were any more 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 Ragazzo and seconded by Commissioner Tucci. The motion carried.

NEW BUSINESS

There was no new business.

UPDATE ON ISSUES RAISED AT PREVIOUS MEETINGS

Acting Executive Director Jourdain updated the Commissioners regarding the cross sell initiative of selling Mega Millions and Powerball tickets. He stated that we will be giving the commissioners game rules for consideration prior to next month's meeting. He stated that he can provide Commissioners Ragazzo and Tucci a copy of the power point presentation that he presented to the Commission.

Acting Executive Director Jourdain stated that he has been asked to represent New Jersey on the implementation committee and he will be at a meeting where he will get a better timeframe of when this will be happening for the State of New Jersey.

PUBLIC COMMENT

There was no public comment at this meeting.

EXECUTIVE SESSION

There was no Executive Session.

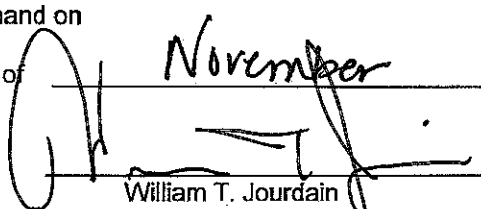
ADJOURNMENT

Treasurer Designee Smartt 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 Tucci made the motion, which was seconded by Commissioner Ragazzo. 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 15, 2009.

IN WITNESS WHEREOF, I hereby set my hand on

the 17th day of November, 2009.


William T. Jourdain
Acting Executive Director