

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, SEPTEMBER 18, 2008

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

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

VISITORS

Kathy Steepy, OMB

STAFF

Marilyn Blazovsky
Lou Cleary
Nancy Coccia
Denise Coleman
Yoke DiGiorgio
Robert Kersey
Karen Kokoll
Foster Krupa
Dolores Matos
Steve Palmieri
Ray Ryan
Margaret Square
Nick Wiener

After the Pledge of Allegiance, Acting 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.

Acting Chairman Slater requested a motion to approve the minutes of the August 21, 2008 Commission Meeting. Commissioner Kazmir made the motion, which was seconded by Commissioner Glass. Acting 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 August totaled \$212.02 million, which is a decrease of \$28 million compared to last year's total monthly sales. He stated that looking at last year's Mega Millions sales, that game was in the middle of a substantial jackpot roll.

Acting Executive Director Jourdain stated that we exceeded our budget target for sales by 5%.

Acting Executive Director Jourdain stated that the Pick 3 & 4, Jersey Cash 5 and the Instant sales all show an increase over our budget target.

Acting Executive Director Jourdain stated that we are right on target for the budgeted State contribution for FY'09.

Acting Executive Director Jourdain stated that the receipts and deposits that the Finance Unit received for the month of August totaled \$207 million.

Acting Executive Director Jourdain stated that the balance in the unclaimed prize reserve account is \$27.4 million.

Acting Executive Director Jourdain stated that the current balance in the annuity investment accounts totaled \$622 million.

Acting Executive Director Jourdain stated that the Marketing Unit prepared and developed "The Three Stooges" Lottery Bonus Zone game for its September launch. He stated that they continue to develop several Holiday themed instant games.

Acting Executive Director Jourdain stated the Marketing Unit continues to plan for the Pick 4 Red Ball double Up promotion to take place in October.

Acting Executive Director Jourdain stated that an advertising campaign to support the "Deal or Nor Deal" instant game began during the month of August that included radio advertising and point-of-sale displays.

Acting Executive Director Jourdain stated that there were 462 Retailer Customer Service survey calls during the month of August. He stated that the Sales staff uses these survey results to identify any issues or procedures to discuss with those retailers.

Acting Executive Director Jourdain stated that the Lottery sales staff is reviewing lottery retailers producing less than \$1,000 in weekly sales.

Acting Executive Director Jourdain stated that the Retailer/Customer Call Center handled 1,540 incoming calls during the month of August.

Acting Executive Director Jourdain stated that there were 103 security investigations conducted by the Security Unit.

Acting Executive Director Jourdain stated that there are 6,166 retailer licenses issued as of August 31, 2008.

Acting Executive Director Jourdain stated that the Public Information Office responded to press and public inquiries.

Acting Executive Director Jourdain stated that work continues on the preliminary design for the FY 2008 annual report and "Where the Money Goes" brochure.

Acting Executive Director Jourdain stated that we continue to work with other concerned parties within Treasury on legislation of importance or that may impact the New Jersey Lottery.

Acting Executive Director Jourdain stated that all drawings were held in accordance to established procedures. He stated that we conducted twelve (12) Opt-In drawings for the month of August.

Acting Executive Director Jourdain stated that there was a drawing incident with the evening Pick 4 drawing on August 18, 2008 regarding a ball that began to come up the cylinder but did not make it to the top of the drawing machine. He stated that it was determined that that ball was drawn first.

Acting Executive Director Jourdain stated that we had various special events during the month of August.

Acting Executive Director Jourdain stated that there is a correction on the planned activities for September for the Bloomfield Harvest Festival dates that should be corrected to September 20 – 21, 2008.

Acting Executive Director Jourdain stated that the IMS staff is continuing to support the new phone system which will be implemented soon. He stated that on October 15 for approximately 3 ½ hours there will be a total phone system outage to actually accomplish the cutover. He stated that this date was selected because it is a Wednesday and it is the lightest day in the week for any inquiries coming in and would not affect any Retailers looking for settlement information which is not available until Thursday.

Acting Executive Director Jourdain stated that IMS successfully tested the offsite EFT disaster recovery process.

Acting Executive Director Jourdain stated that IMS continues to work with OIT to automate the updating of the Instant Game web pages. He stated that the instant game remaining prizes information will be updated on a daily basis.

Acting Executive Director Jourdain stated that the Operations Unit had 30 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 over 3,514 claims during the month of August.

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 staff has completed the review of the administrative rules for Lottery N.J.A.C.17:20 and rule readoption with amendments and the analysis document was prepared and provided to the Commissioners approximately two weeks ago.

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

Acting Chairman Slater asked about the advertising expense on the report and not including the advertising cost applicable to "Where the Money Goes."

Acting Executive Director Jourdain stated that you will see the expenditures being put forward in the future months because we will actually be buying media time to air those commercials. He stated that we will report what is actually being spent.

Acting Chairman Slater requested that this be broken out on the bottom of this report.

Commissioner Glass asked about the offsite disaster recovery process and where it is located.

Acting Executive Director Jourdain stated that it is located in an office at the vendor's warehouse facility in Cranbury which is adjacent to their computer room.

Commissioner Glass asked about the Disaster Recovery Plan and if it is available for the Commissioners to review.

Acting Executive Director Jourdain stated that he will provide this to the Commissioners.

Acting Chairman Slater asked about the newer Instant Ticket Vending machines and getting more of them out to the Chain Stores.

Acting Executive Director Jourdain stated that they are in the plans for the procurement currently under review which the committee is still reviewing. He stated that once the committee has made its recommendation and there is an award from Purchase & Property, it could take about seven months or longer.

Acting Chairman Slater asked if there is any kind of expedited process to get more of these machines so that we don't lose the business for the next seven months.

Acting Executive Director Jourdain stated that he will inquire with the Director of Purchase and Property if there is an expedited process.

Acting 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 Kazmir and seconded by Commissioner Glass. The motion carried.

NEW BUSINESS

Acting Chairman Slater asked for a motion to approve the instant ticket game rules for "Super Payday," "Zodiac," "Double It," and "Cold Cash." Commissioner Kazmir made the motion, which was seconded by Commissioner Glass. Acting Chairman Slater asked if there were any comments and there being none the motion carried.

Acting Chairman Slater asked for a motion to approve the "Jersey Jackpot Raffle" game rules. Commissioner Kazmir made the motion which was seconded by Commissioner Glass. Acting Chairman Slater asked if there were any comments and there being none the motion carried.

Acting Chairman Slater stated that the Lottery has two components, one being the Commission and the other component being the Executive Director and the staff that deals with operations and executive powers. He stated that this goes back to a topic which was discussed and resolved and the issue was closed during the last couple of years.

Acting Chairman Slater stated that we should discuss this in Executive Session and then come back into the open meeting to act on it.

EXCECUTIVE 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 to the extent that confidentiality is required in order for the attorney to exercise his ethical duties as a lawyer, and any tactics and techniques used in protecting the safety and property of the public provided that their disclosure could impair such protection which includes the drafting of the regulations before they are made final for public comment.

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

The Lottery Commission came back into open session at approximately 1:30 PM.

Deputy Attorney General Krefetz stated that during the Executive Session there was a discussion concerning informal legal advice that was provided from the Attorney General's Office to the Acting Executive Director of the Division of Lottery. He stated that an issue was raised as to whether or not all or a portion of that advice should be incorporated as a rule of the Lottery Commission or of the Department of Treasury or another Division of the Department of Treasury. He stated that this matter will be reviewed by the Attorney General's Office and the Acting Executive Director of the Lottery and a report will be given as to the best way to have that opinion reflected at the next Executive Session.

Deputy Attorney General Krefetz requested that the Lottery Commission approve the readoption of the Rules and Regulations of the Division of the State Lottery and the New Jersey Lottery Commission currently known as New Jersey Administrative Code 17:20-1 followed by additional sections in sequence as previously provided to the members of the Lottery Commission subject to a revision in the first paragraph of the summary to the proposed Rules and Regulations. He stated that the last sentence of the first paragraph of the summary states that the Division proposes to readopt these rules with several technical amendments and the addition of two subchapters dealing with organization and rule making. He stated that that sentence will now read that the Division proposes to readopt these rules with several technical amendments. He stated that there will be no addition of two subchapters dealing with organization and rule making at this time.

Commissioner Kazmir moved the motion which was seconded by Commission Glass. The motion carried.

ADJOURNMENT

Acting 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 Kazmir 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 September 18, 2008.

IN WITNESS WHEREOF, I hereby set my hand on

the _____ day of _____, 2008.

William T. Jourdain
Acting Executive Director