

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, SEPTEMBER 17, 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

Trina Glass, Commissioner
Munr Kazmir, Commissioner (by phone)
Frank Ragazzo, Commissioner
Thomas Tucci, Commissioner
Robert Smartt, Treasurer's Designee

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

STAFF

Regina Arcuri
Marilyn Blazovsky
Lou Cleary
Nancy Coccia
Denise Coleman
Dominick DeMarco
Yoke DiGiorgio
Bob Kersey
Karen Kokoll
Foster Krupa
Steve Palmieri
Mary Ann Rivell
Margaret Square
Tom Weber
Nick Wiener

VISITORS

Brian Hausman, JL Oliva & Associates
Joan Mueller, Brushfire
Jose L. Oliva, JL Oliva & Associates
Kathy Steepy, Office of Management & Budget

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 July 16, 2009 Commission Meeting. Commissioner Ragazzo made the motion, which was seconded by Treasurer Designee Smartt. Chairman D'Anton asked if there were any comments and there being none the motion carried.

DIRECTOR'S REPORT – JULY 2009

Acting Executive Director Jourdain stated that the sales for the month of July totaled \$210.46 million, which is an increase of 3.1% compared to last year's total monthly sales. He stated that sales were led by the Jersey Cash 5 which had an increase of 19.8% in sales compared to last year.

Acting Executive Director Jourdain stated that the State contribution for FY 2010 was \$71.09 million which was 3% over our anticipated budget for July.

Acting Executive Director Jourdain stated that the receipts and deposits that the Finance Unit received for the month of July totaled \$229 million.

Acting Executive Director Jourdain stated that the balance in the unclaimed prize reserve account is \$2.1 million.

Acting Executive Director Jourdain stated that the current balance in the annuity investment accounts totaled \$548 million.

Acting Executive Director Jourdain stated that the number of weekly retailer settlements as of the end of July 2009 was 6,062.

Acting Executive Director Jourdain stated that the Mega Million jackpot started rolling in mid June and continued into early July and was supported by spot radio and cable advertising.

Acting Executive Director Jourdain stated that the retailers are being contacted by Gtech regarding the scheduling of training on the new terminals. He stated that the sales staff are visiting all the retailers and answering any questions they may have regarding the new equipment.

Acting Executive Director Jourdain stated that there were 108 security investigations conducted by the Security Unit and there were 160 random field inspections conducted at retailer locations.

Acting Executive Director Jourdain stated that there are 6,190 retailer licenses issued as of July 31, 2009.

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

Acting Executive Director Jourdain stated that on July 18th and 25th Lottery Day was held at the Meadowlands Racetrack and at the Monmouth Racetrack. He stated that Commission Kazmir attended both events and represented the Lottery.

Acting Executive Director Jourdain stated that the IMS staff has received software needed to convert the Lottery commercials to a format that can be used on our website.

Acting Executive Director Jourdain stated that the Lottery VIP Club increased its membership in July by 1,300 new members and the total enrollment now is 159,563 active members.

Acting Executive Director Jourdain stated that the Operations Unit had 18 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 3,678 claim forms during the month of July.

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 the Fyr-Fyter performed the annual fire alarm inspection of the computer room sapphire system and all systems are working properly.

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

DIRECTOR'S REPORT – AUGUST 2009

Chairman D'Anton asked if there were any comments on the Director's Report for July 2009, and there being none asked for a motion to approve the Director's Report. The motion was made by Commissioner Tucci and seconded by Commissioner Ragazzo. The motion carried.

Acting Executive Director Jourdain stated that the sales for the month of August totaled \$249.79 million, which is an increase of 17.8% compared to last year's total monthly sales. He stated that sales were led by the Mega Millions roll which got to a jackpot level of \$333 million.

Acting Executive Director Jourdain stated that we are seeing positive results from our Pick 6 game. He stated that sales for this month had an increase of 23% compared to last year. He stated that we have put the Pick 6 awareness program out through our bus initiative.

Acting Executive Director Jourdain stated that the Lotto games are 64.7% over budget for FY 2010 and the Daily games are 5.5% over budget.

Acting Executive Director Jourdain stated that the State contribution for FY 2010 was \$139.95 million which was 14.5% over our anticipated budget.

Acting Executive Director Jourdain stated that the receipts and deposits that the Finance Unit received for the month of August totaled \$193 million.

Acting Executive Director Jourdain stated that the balance in the unclaimed prize reserve account is \$2.99 million.

Acting Executive Director Jourdain stated that the current balance in the annuity investment accounts totaled \$538 million.

Acting Executive Director Jourdain stated that the number of weekly retailer settlements as of the end of August 2009 was 6,060.

Acting Executive Director Jourdain stated that the "Super Sevens" Instant Match promotion began at the end of August. He stated that planning continued for the return of the Pick 4 "Red Ball Double Up" for the last week in September.

Acting Executive Director Jourdain stated that the sales staff reports that the retailers are excited to attend Gtech training on the new terminals. He stated that the sales staff has been busy coordinating the retailer training dates.

Acting Executive Director Jourdain stated that there were 111 security investigations conducted by the Security Unit and there were 60 random field inspections conducted at retailer locations.

Acting Executive Director Jourdain stated that there are 6,193 retailer licenses issued as of August 31, 2009.

Acting Executive Director Jourdain stated that the Public Information Office prepared press releases and media advisories to support the Lottery's "Not 18 Yet? No Bet" efforts.

Acting Executive Director Jourdain stated that the Public Information Office continues to monitor the Legislative Calendar & Digest for related lottery/gambling/responsible play legislative activity. He stated that they also monitor federal legislation as well. He stated that during the summer months there has been no activity to report.

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

Acting Executive Director Jourdain stated that there were no special events for the month of August.

Acting Executive Director Jourdain stated that there is a new web page which was developed to promote Gambling Awareness Week. He stated that this page contains many new photos and press releases.

Acting Executive Director Jourdain stated that the IMS staff has completed testing on the installation of the live drawing window size on the website and the implementation is scheduled for mid-September.

Acting Executive Director Jourdain stated that the Lottery VIP club increased its membership with 1,747 new registrants during the month of August. He stated that the VIP club now has an enrollment of 161,180 active members.

Acting Executive Director Jourdain stated that the Operations Unit had 18 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 3,438 claim forms 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 the Facilities Coordinator responded to water damage in the first floor offices from the roof leaking. He stated that we are working with our lease management group and Nexus to coordinate repairs.

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

Chairman D'Anton asked if there were any 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 Tucci and seconded by Commissioner Ragazzo. The motion carried.

NEW BUSINESS

Chairman D'Anton asked for a motion to approve the instant ticket game rules for "Bingo Connect," "Poker Tourney," "Holiday Crossword," "Silver Bell Bingo," "Black Cherry Tripler," "Holiday Lucky Times 10," "Kisses & Cash," "Holiday Cheer" and "Lucky 7s Doubler."

Commissioner Kazmir made the motion which was seconded by Commissioner Ragazzo. Chairman D'Anton asked if there were any comments and there being none the motion carried.

The radio commercial for the Red Ball Double draw promotion was played for the commissioners.

Acting Executive Director Jourdain stated that the advertisement on the billboards will be out a week in advance before the promotion is started.

UPDATE ON ISSUES RAISED AT PREVIOUS MEETINGS

Acting Executive Director Jourdain distributed a list of outstanding legislation related to the Lottery. He stated that when new legislation is introduced and when there is any update on the legislation that list will be updated.

Commissioner Glass asked if we will be getting this list with the packets every month.

Acting Executive Director Jourdain stated that it could be distributed with the packet or it could be distributed earlier.

Commissioner Glass asked if there would be a date on this list of whether there will be a comment period.

Acting Executive Director Jourdain stated that it will be highlighted so that the commissioners will know any changes to the status.

Chairman D'Anton suggested that it be emailed to the commissioners when it is updated.

Commissioner Glass suggested also attaching the bill or providing a link to the bill.

Chairman D'Anton requested that Commissioners Ragazzo and Tucci be briefed on what the Lottery Commission can and cannot do so that they can better understand.

Acting Executive Director Jourdain stated that we can provide them with a general overview.

Acting Executive Director Jourdain stated that Commissioner Slater had asked for us to look at the chart of annuity contracts over \$500,000. He stated that we listed the value of the contracts as they would be in 2009. He stated that as we progress in time the value of the contracts starts to dramatically decrease because many of these contracts go back to the older days. He stated that many of those prizes are set to expire. He stated that the prize exposure dramatically decreases by the year 2013 and into the year 2018 the outstanding value is less than \$100 million.

Acting Executive Director Jourdain stated that a question arose as to whether there would be a reserve set aside for any outstanding liability which we could defer that discussion when Commissioner Slater is present.

Acting Executive Director Jourdain distributed a chart which shows the affect of advertising and how it affects the game activity of which Commissioner Tucci questioned at the last meeting.

Commissioner Glass asked about the status of entering the Powerball game.

Acting Executive Director Jourdain stated that we are still in discussions about that game and it is subject to the approval of the Multi State Lottery Group that organizes and runs Powerball.

Chairman D'Anton asked about the study on the low sales agents.

Acting Executive Director Jourdain stated that we are looking very closely at this and we are tying some of the low performing retailers into the transformation initiative.

PUBLIC COMMENT

There was no public comment at this meeting.

EXECUTIVE SESSION

Deputy Attorney General Krefetz stated that it be resolved that pursuant to N.J.S.A. 10:4-13, the Lottery Commission enter into Executive Session during which the public shall be excluded to discuss investigations of possible violations of the law, pending or anticipated litigation or contract negotiation in which the state is or may become a party, matters falling within the attorney/client privilege and any matters involving the employment, appointment, termination of employment, terms and conditions of employment, evaluation of the performance of promotion or disciplinary of any specific or perspective public officer or employee or current public officer or employee employed or appointed by the State of New Jersey. He requested that Deputy Director Marilyn Blazovsky and the Governor's Authorities Unit representative Joseph Neal attend the Executive Session to provide technical and expert advice to counsel and the Commission. He stated that as to 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.

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

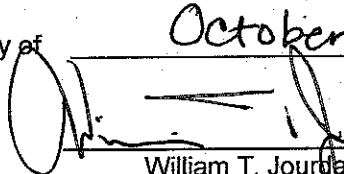
ADJOURNMENT

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 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 September 17, 2009.

IN WITNESS WHEREOF, I hereby set my hand on

the 16th day of October, 2009.



William T. Jourdain
Acting Executive Director