

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING, MAY 21, 2015

Chairman Tucci called the Commission meeting into session at 10:00 AM in the Lottery Office located at One Lawrence Park Complex, Lawrenceville, New Jersey.

#### COMMISSION MEMBERS PRESENT

Thomas Tucci, Chairman (by phone)  
Frank Ragazzo, Vice Chairman (by phone)  
Robert Slater, Commissioner (by phone)  
Patrick Toscano, Commissioner (by phone)  
Roger Cohen, Treasurer Designee

Carole Hedinger, Executive Director  
John Custodio, Deputy Executive Director  
Roger Gibson, Deputy Attorney General  
Christopher Howard, Governor's Auth. Unit

#### VISITORS

Russ Knapp, Northstar  
William Murray, Northstar  
Lou Cleary, Northstar  
Sarah Brennan, Northstar  
Sam Fromkin, Northstar  
Joan Mueller, Brushfire  
Jon Renner, Brushfire  
Chris Havard, Ferrara  
Tyson Trish, The Record  
Dustin Racioppi, The Record

#### STAFF

Denise Coleman  
Duane Daniels  
Michael DeCheser  
Judith Drucker  
Janice Eckstein  
Fran Lioudis  
Dolores Matos  
Megan Mazzoni  
Richard Pagnani  
Steven Palmieri  
Deborah Raub  
Mary Ann Rivell  
Margaret Square  
John White  
Melissa Williams

After the Pledge of Allegiance, Executive Director Hedinger 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.

Executive Director Hedinger requested a motion to approve the minutes of the April 16, 2015 Commission Meeting. Commissioner Toscano made the motion, which was seconded by Vice Chairman Ragazzo. Executive Director Hedinger asked if there were any comments and there being none the motion carried.

#### DIRECTOR'S REPORT

Executive Director Hedinger stated that sales improved in April. Even without a large lotto jackpot, we had 8% growth for the month of April year over year.

Executive Director Hedinger noted that the instant tickets lead the way with 13.5% growth year over year.

Executive Director Hedinger reported total sales year to date shows an increase of 2.9% year over year. And, again, instant tickets are leading the way in year to date growth at 10.5%.

Executive Director Hedinger stated that we are seeing an improvement in lotto sales. We are currently rolling a \$194 million Mega Millions jackpot and a \$138 million Powerball jackpot. With any lottery luck, we'll get a good roll going before the end of the year.

Executive Director Hedinger noted that the balances in the unclaimed prize reserve accounts for April were over \$26 million.

Executive Director Hedinger reported that the balances in the annuity investment accounts total over \$193 million.

Executive Director Hedinger stated that the S&P ratings have not changed since last month.

Executive Director Hedinger noted that the three top selling non-core games for April were "\$5,000,000 Cash Extravaganza" with 12% of total sales, "Double Diamond Spectacular" with 5% of total sales and "\$1,000,000 Jackpot" with 4% of total sales.

Executive Director Hedinger reported that sales for Core and Family Games contributed a large percentage of sales for the month. The "Spectacular" games made up 20% of total sales and the other Core and Family Games had very strong sales for the month.

Executive Director Hedinger stated that we introduced the "Jackpot" Family of games in April. They made up 8% of sales for the month.

Executive Director Hedinger noted that instant games are averaging nearly \$36 million per week. In October 2013, instant sales were averaging about \$28 million a week. There has been significant growth in those games.

Executive Director Hedinger reported that advertising supported the "Jackpot" Family of Games with a variety of media and event support.

Executive Director Hedinger noted that the "Monopoly Millionaires' Club" instant game was also promoted during the month the TV game show premiered. Entry into the game show is by way of a second chance drawing from the instant game.

Executive Director Hedinger stated that for the online product games, the jackpot games continue to lag behind prior years, by nearly 30% year over year. Through April, the Powerball jackpot was hit twelve times in FY15. For the entire year in FY14, it was only hit eleven times. Each time it gets hit, it rolls back to the \$40 million starting jackpot. That does not produce the sales that you would have if you have a large jackpot.

Executive Director Hedinger noted that we had a Pick-3 Green Ball Promotion that ended on April 5. That promotion resulted in almost 3% sales growth year over year for that game.

Executive Director Hedinger reported that we had a Pick-6 XTRA promotion that ran from April 27 to May 3. Sales increased by 3% week over week.

Executive Director Hedinger stated that the CASH4LIFE game is also being supported with increased advertising. It is coming up on the one year anniversary in June. CASH4LIFE has continued to be a very strong game in our portfolio. With the addition of Pennsylvania and Virginia, there is a push in June to reinvigorate it with the public with some extra advertising.

Executive Director Hedinger reported that more emphasis is being placed on getting the word out about our players and our games through various social media.

Executive Director Hedinger noted that all drawings for the month of April were completed with no abnormalities.

Executive Director Hedinger reported that all pool closings for the month of were done according to procedures with no abnormalities.

Executive Director Hedinger stated that there were a number of press releases issued during the month regarding various winners or promotions.

Executive Director Hedinger noted that the top reactive social media post for April was about an Electrician who won \$1 million.

Executive Director Hedinger noted that we continue to work with the Council on Compulsive Gambling of New Jersey. We participated in a Council Board meeting in April and worked with Treasury on renewing our membership which is due in May.

Executive Director Hedinger stated that we continue to monitor any proposed legislation that might affect the Lottery. There is one bill that has passed out of Committee in both the Assembly and the Senate that has to do with a courier delivery system. We are tracking this bill.

Executive Director Hedinger reported that there were numerous Lottery events held in April. There are an increasing number of these events from April into the fall.

Executive Director Hedinger stated that there were 38 retailer promotional events held in April.

Executive Director Hedinger noted that there were a number of Speaker's Bureau Events completed during the month.

Executive Director Hedinger reported that there were 221 security investigations initiated in April.

Executive Director Hedinger stated that 117 random field inspections were conducted.

Executive Director Hedinger noted that the Licensing staff received 109 applications and 81 licenses were issued.

Executive Director Hedinger stated that there are 7,603 licenses issued at the end of April.

Executive Director Hedinger reported that we collected a total of \$5,645.95 for the month of April through our efforts with the Division of Taxation. The total collected year to date is almost \$46 thousand.

Executive Director Hedinger noted that our IMS staff is completing work at our business continuity site.

Executive Director Hedinger stated that the IMS staff also created many reports using Business Objects from the new CAP system.

Executive Director Hedinger reported that the IMS staff responded to 507 email requests and inquiries from VIP Club members.

Executive Director Hedinger stated that the VIP Club increased its membership with 5,800 new registrations during the month. There are now over 301,000 active members.

Executive Director Hedinger noted that the Validation staff received and sorted 4,967 mailed-in claim forms with an additional 405 walk-in claims. The staff entered 5,540 claims into the system and 7,156 were edited. During the month of April, 6,488 claims totaling more than \$28 million were paid.

Executive Director Hedinger reported that the number of claims being processed each month is growing and our ability to handle those claims has increased with the efficiency of the new CAP system.

Executive Director Hedinger stated that there were 47 Social Security number matches. Twenty five claims were processed and garnished because of current and previous matches. Six of those were to satisfy child support arrearages. Ten were released from previous matches.

Executive Director Hedinger reported that since inception in 1992, the New Jersey Lottery has collected over \$7 million for various set off programs.

Executive Director Hedinger noted that the Retailer/Call Center Services Unit handled 6,918 incoming calls during the month of April. They made 101 outgoing calls to retailers. They handled more than 2,000 winner claim status calls during the month.

Executive Director Hedinger stated that the warehouse staff has been packing up game ends and getting them ready for destruction.

Executive Director Hedinger noted that a new shredder was purchased and will be installed for more efficient disposal.

Executive Director Hedinger stated that our facilities unit handled several preventive maintenance inspections and repairs.

Executive Director Hedinger reported that Northstar's employee count is at 130, with 94 in Sales and 22 in Marketing.

Executive Director Hedinger noted that Northstar is working with our staff to help design and implement a Lottery exhibit wall. When we partitioned off some of our space to Northstar, we had a blank wall left in our lobby and we decided to make that wall a Lottery museum piece. Lottery memorabilia will be mounted to show our history over the past 45 years.

Executive Director Hedinger stated that this concludes the Director's Report.

Executive Director Hedinger asked if there were any questions or comments.

Commissioner Ragazzo stated that it is evident on how our sales numbers are driven by the high jackpots. He noted that our numbers look very healthy.

Executive Director Hedinger requested a motion to approve the Director's Report. Commissioner Slater made the motion which was seconded by Commissioner Toscano.

#### **NEW BUSINESS**

Executive Director Hedinger certified that consideration for each game included, but was not limited to, intended target market, product family, seasonal factors, launch plans, overall market strategy, sales goals, prior experience, current market trends and market place demands.

Executive Director Hedinger requested a motion to approve the instant ticket game rules for "Wild Cherry Bingo Doubler." Vice Chairman Ragazzo made the motion which was seconded by Commissioner Toscano. Executive Director Hedinger asked if there were any comments and there being none the motion carried.

Executive Director Hedinger requested a motion to approve the instant ticket game rules for "Super Slots." Commissioner Slater made the motion which was seconded by Treasurer Designee Cohen. Executive Director Hedinger asked if there were any comments and there being none the motion carried.

#### **PUBLIC COMMENT**

There was no public comment.

**EXECUTIVE SESSION**

There was no Executive Session.

**ADJOURNMENT**

Executive Director Hedinger adjourned the meeting.

I HEREBY CERTIFY that the foregoing is a true and correct copy of the minutes of the New Jersey Lottery Commission meeting held on May21, 2015.

IN WITNESS WHEREOF, I hereby set my hand on

the 18th day of June, 2015.

  
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Carole Hedinger  
Executive Director