

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, FEBRUARY 23, 2016

Chairman Ragazzo 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

Frank Ragazzo, Chairman
Patrick Toscano, Vice Chairman (by phone)
Robert Slater, Commissioner (by phone)
Albert Alvarez, Commissioner (by phone)
Tom Neff, Treasurer Designee (by phone)

John Custodio, Deputy Executive Director
Christin Deacon, Deputy Attorney General
Christopher Howard, Governor's Auth. Unit

VISITORS

Russ Knapp, Northstar
William Murray, Northstar
Lou Cleary, Northstar
Sam Fromkin, Northstar
Foster Krupa, Northstar
Chris Havard, Ferrara
Dustin Racioppi, The Record
Erica Young, Northstar
Robert McDonald, Production

STAFF

Regina Arcuri
Joyce Brown
Archana Burt
Ashwani Burt
Denise Coleman
Kaitlyn Cuning
Duane Daniels
Judy Drucker
Janice Eckstein
Janetta Foy
Titonya Fulwood
Michael Gerasimowicz
Jaswot Kamboh
Jack Kaminski
Karen Kokoll
Megan Mazzoni
Michele McArdle
Richard Pagnani
Steve Palmieri
Debbie Raub
Mary Ann Rivell
Margaret Square
Tom Weber
John White
Melissa Williams

After the Pledge of Allegiance, Chairman Ragazzo 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 Ragazzo welcomed Christin Deacon, our new Deputy Attorney General, to the New Jersey Lottery.

Chairman Ragazzo requested a motion to approve the minutes of the January 26, 2016 Commission Meeting. Vice Chairman Toscano made the motion, which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Deputy Executive Director Custodio thanked the Lottery staff and business partners for ensuring that during winter storm Jonas from January 22 to the 24, every draw was held. A lot went in to preparing for that weekend. Our number one goal at Lottery is sales, but without the support of the staff that produces the ball drawings every day, it would mean nothing. They go hand and hand. During the storm every draw was held and the staff never let us down. This just doesn't happen during storm times, it happens every day of the year. During inclement weather, our emergency plan is implemented. As a result of that, we didn't miss one draw during the storm.

Deputy Executive Director Custodio stated that on behalf of Executive Director Hedinger, he wanted to recognize the staff that is in attendance for their hard work and dedication:

Deputy Executive Director Custodio thanked Lottery staff members Michael DeCheser, Regina Arcuri, Kaitlyn Cunning, Titonya Fulwood, Archana Burt, Kevin McClendon, Jaswant Kamboh, Michele McArdle, Ashwani Burt, Andrew Hager, Bob Ptaszenski, Gail Wright, Michael Moriarity, Mark Brandbergh, Duane Daniels, Tom Weber, Michael Gerasimowicz and Jack Kaminski from the New Jersey Lottery.

Deputy Executive Director Custodio also thanked Erica Young from Northstar, Jacqueline Knox from WPIX, Robert McDonald, Michael Ragone and John Proko of the Production Staff, Rick Garzillo, George Lesaine, Harold Claytor, David Keller, Aleksander Mayer, Stuart Strauss and Leonard Muolo from Northstar/IGT and Tom White, Alex Solano, Rob Carpenter and Marty Picarello, IGT Field Service Technicians.

Deputy Executive Director Custodio asked Chairman Ragazzo to take a picture with the staff that was recognized.

Chairman Ragazzo thanked Deputy Executive Director Custodio and staff for the effort that was made.

DIRECTOR'S REPORT

Deputy Executive Director Custodio stated that sales are up, on all game totals, January over January. The Powerball jackpot last month floated all boats. The total sales year over year was significant. For the month of January everything is trending up. The jackpot roll over clearly showed what happened with the jackpot fatigue and it was quite a spectacular run.

Deputy Executive Director Custodio noted that year to date FY16 contributions, including 30% of the current estimated forfeited prizes, is about 30.4% of sales.

Deputy Executive Director Custodio stated that receipts and deposits for the month were \$305 million.

Deputy Executive Director Custodio stated that the balances in the unclaimed prize reserve accounts for January were over \$14 million.

Deputy Executive Director Custodio noted that the balances in the annuity investment accounts total over \$165 million.

Deputy Executive Director Custodio stated that the three top selling non-core games for January were the \$20 and \$30 instant games. It is very impressive that our sales are up with those high ticket games. The \$30 game has been a great seller and we hope it continues.

Deputy Executive Director Custodio noted that Powerball was significant. It reached a historic \$1.5 billion jackpot for January 13, 2016. New Jersey led the nation in the combined per capita sales for the drawings with jackpots over \$500 million.

Deputy Executive Director Custodio noted our total draw game sales are up 14% compared to the previous fiscal year. That is referred to generally as the halo effect. Based on the amount of sales that came through for the Powerball jackpot, people were also purchasing other tickets. That was very successful for us.

Deputy Executive Director Custodio reported that our social media continues to be very active. Twitter and Instagram are growing at a rapid pace.

Deputy Executive Director Custodio noted that we had almost two million users on our website. We average about 108,000 users each day. It is one of the largest in the state that is most frequently visited. On several state sites, Lottery is prominently displayed.

Deputy Executive Director Custodio stated that all of our pools were closed according to procedures with no abnormalities. All Powerball and Mega Millions Drawings were verified and processed with no abnormalities.

Deputy Executive Director Custodio noted that in Media Relations it has been a busy month. We started off with the Powerball jackpot having a tremendous amount of press related to that event with the three winners. The three winning tickets were in California, Florida and Tennessee and our New Jersey \$2 million winner.

Deputy Executive Director Custodio reported that we held the final drawing for the Million Dollar Replay on February 12. It was a great event and Chairman Ragazzo pulled out the million dollar ticket. We had over 200 people in attendance. Thank you to Chairman Ragazzo for attending. The Director will report more on that at the next Commission meeting.

Deputy Executive Director Custodio reported that in Corporate Communications, through the efforts of Judy Drucker and her staff, we had 1,641 mentions in the press during the month of January. That is significant because we do so much with our winner awareness to get information out about our new games and the work that we do. It pays off with over 1,600 mentions during the course of the month.

Deputy Executive Director Custodio noted that the Responsible Play Program was very busy in January. We continually work on our Level 4 classification from the World Lottery Association.

Deputy Executive Director Custodio noted that there were 176 security investigations initiated during the month.

Deputy Executive Director Custodio reported that 109 random field inspections were conducted.

Deputy Executive Director Custodio reported that we collected a total of \$2,398.06 for the month of January through our efforts with the Division of Taxation. For this Fiscal Year, we have collected almost \$26 thousand.

Deputy Executive Director Custodio stated that IMS staff continues to monitor all of our systems and implement changes as needed. Our IMS Department is constantly engaged with our partners making sure that Lottery has the up to date technological advancements that we need to continually conduct our draws.

Deputy Executive Director Custodio noted that the Validation staff received and sorted over 5,000 claim forms during the month of January with an additional 394 walk-in claims. During the month, 4,402 claims totaling over \$22 million were paid to winners, including annuity payments.

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

Deputy Executive Director Custodio noted that the Retailer/Call Center Services Unit handled 4,876 incoming calls during the month. They handled 1,670 winner claim status calls during the month of January. The 800 room is instrumental in supporting our efforts, especially during this time of retailer license renewals. We have called upon them several times to make calls to the retailers to remind them that they have an obligation to complete their renewal.

Deputy Executive Director Custodio stated that the Warehouse staff accepted over 3,700 deliveries most are game end returns. They are active in processing ticket returns and other activities that are necessary to maintain this facility.

Deputy Executive Director Custodio stated in the Facilities unit that we just finished the implementation and construction of the Project 315, the Uninterrupted Power Supply program. After a lot of coordination, the backup power supply is up and running.

Deputy Executive Director Custodio stated that the Northstar activities are listed for the month of January for review.

Deputy Executive Director Custodio reported that this concludes the Director's Report.

Chairman Ragazzo asked if there were any questions or comments.

Chairman Ragazzo stated that the numbers are significant. They are attributed to the high Powerball jackpot.

Commissioner Slater requested that we get a current update or analysis of Delaware Life Insurance's credit worthiness with their BBB rating.

Commissioner Slater suggested that a plaque be made with all the names of the people that worked during winter storm Jonas. Deputy Executive Director Custodio stated that he would look into it.

Chairman Ragazzo requested a motion to approve the Director's Report. Vice Chairman Toscano made the motion which was seconded by Commissioner Slater.

NEW BUSINESS

Deputy Executive Director Custodio 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.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Red, White & Blue Doubler." Vice Chairman Toscano made the motion which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Quick \$50's." Vice Chairman Toscano made the motion which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "Shimmering 7's." Vice Chairman Toscano made the motion which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

Chairman Ragazzo requested a motion to approve the instant ticket game rules for "\$10k Blowout." Vice Chairman Toscano made the motion which was seconded by Commissioner Slater. Chairman Ragazzo asked if there were any comments and there being none the motion carried.

PUBLIC COMMENT

Dustin Racioppi from the Record asked for total sales for Powerball for the month and a comparison for that year to year. Chairman Ragazzo asked for Mr. Racioppi to put his request in writing. We can only take comments, not questions.

EXECUTIVE SESSION

There was no Executive Session.

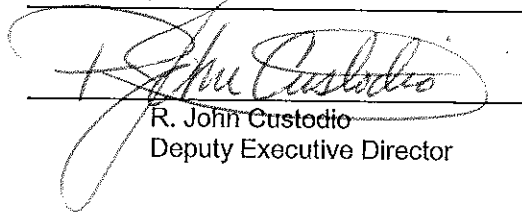
ADJOURNMENT

Chairman Ragazzo 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 February 23, 2016.

IN WITNESS WHEREOF, I hereby set my hand on

the 22ND day of MARCH, 2016.



R. John Custodio
Deputy Executive Director