

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING OCTOBER 21, 2021

Chair D'Anton called the Commission meeting into session at 10:00 a.m.

COMMISSION MEMBERS (BY TELEPHONE)

Robert J. D'Anton, Chair
Marilyn Blazovsky, Vice Chair
Ian K. Leonard, Commissioner
Elizabeth Maher Muoio, Treasurer
Gary Terwilliger, Division of Investment Designee

James A. Carey, Jr., Executive Director
Robert E. Kelly, Deputy Attorney General
Roza Dabaghyan, Deputy Attorney General
Rudy Rodas, Governor's Auth. Unit

VISITORS (BY TELEPHONE)

Adam Perlow, Northstar
Erica Helms, Northstar
Foster Krupa, Northstar
Sam Fromkin, Northstar
Kristen Connelly, Northstar

STAFF (BY TELEPHONE)

Missy Gillespie
Jerry Guarino
Shelina Islam
Robert Kersey
Kelly Laird
Jason Lee
Marc Marseglia
Charlene Mello
Ellen O'Malley
Joseph Oleszkiewicz
Steve Palmieri
Debbie Raub
Mary Ann Rivell
Ryan Schaffer
John White

After the Pledge of Allegiance, Chair 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.

Chair D'Anton requested a motion to approve the minutes of the September 16, 2021 Commission meeting. Commissioner Leonard made the motion, which was seconded by Investment Designee Terwilliger. Chair D'Anton asked if there were any comments and there being none, the motion carried.

DIRECTOR'S REPORT

Executive Director Carey stated that Lottery had a very good month in September. We had the benefit of very high jackpots with Powerball and Mega Millions. The average jackpot for Mega Millions during September was \$287 million and the average jackpot for Powerball was \$448 million. Powerball's jackpot run ended with the drawing on October 4, when a player in California won \$699 million.

Executive Director Carey reviewed September's results and activities. Highlights were:

All games total sales were: \$308.5 million
Lotto games total sales were: \$57.7 million
Daily machine games total sales were: \$85 million
Scratch-Off tickets total sales were: \$165.6 million

Executive Director Carey stated that Powerball had sales of \$31 million compared to \$8.5 million the prior year, which was an increase of 265%.

Executive Director Carey stated that Pick-6 had sales of \$5.6 million compared to \$3.8 million the prior year, which was an increase of 48.3%.

Executive Director Carey stated that CASH4LIFE had sales of \$4.9 million compared to \$4.8 million the prior year, which was an increase of 2.7%.

Executive Director Carey stated that Mega Millions had sales of \$15.9 million compared to \$10 million the prior year, which was an increase of 59%.

Executive Director Carey stated that Pick-3 had sales of \$36.2 million compared to \$36.51 million the prior year, which was a decrease of .09%.

Executive Director Carey stated that Pick-4 had sales of \$22.7 million compared to \$23.5 million the prior year, which was a decrease of 3.3%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$11.4 million compared to \$16.1 million the prior year, which was a decrease of 29.3%.

Executive Director Carey stated that Cash Pop had sales of \$3.7 million compared to \$2.6 million the prior year.

Executive Director Carey stated that Quick Draw had sales of \$8.69 million compared to \$8.39 million the prior year, which was an increase of 3.6%.

Executive Director Carey stated that Fast Play had sales of \$2.2 million compared to \$1.2 million the prior year, which was an increase of 86.1%.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$15.4 million compared to \$13 million the prior year, which was an increase of 18.8%.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$15.2 million compared to \$14.7 million the prior year, which was an increase of 3.4%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$43 million compared to \$28.6 million the prior year, which was an increase of 50%.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$59.8 million compared to \$28.1 million the prior year, which was an increase of 112%.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$113.3 million compared to \$113.9 million the prior year, which was a decrease of .05%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$71.1 million compared to \$73.2 million the prior year, which was a decrease of 2.8%.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$40.4 million compared to \$47.7 million the prior year, which was a decrease of 15.3%.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$11.6 million compared to \$6.4 million the prior year, which was an increase of 80.1%.

Executive Director Carey stated that fiscal year to date Quick Draw had total sales of \$28.3 million compared to \$25.4 million the prior year, which was an increase of 11.4%.

Executive Director Carey stated that fiscal year to date Fast Play had total sales of \$7.1 million compared to \$4.1 million the prior year, which was an increase of 72.3%.

Executive Director Carey stated that fiscal year to date Scratch-Off tickets had total sales of \$513.9 million compared to \$510.6 million the prior year, which was an increase of .06%.

Executive Director Carey stated that fiscal year to date All Games had total sales of \$919.4 million compared to \$866.1 million the prior year, which was an increase of 6.2%.

Executive Director Carey stated that the pandemic had a big impact on our sales last year. We saw bumps in many games as players had fewer entertainment options for their entertainment dollars. We

expected that there would be some normalization of how players spend their entertainment dollars. There is more competition now and it is encouraging to see that all sales are up 6.2%.

Executive Director Carey stated that the total contribution for the month was \$96.3 million compared to \$80.9 million the prior year, which was an increase of 19%. The total contribution was 31% of sales.

Executive Director Carey stated that net proceeds for the fiscal year to date exceeded \$274.2 million or 29.8% of sales. Fiscal year profits from lotto games were \$54.5 million or 40.7% of sales. Fiscal year profits from daily games were \$104.6 million or 38.4% of sales. Fiscal year profits from Scratch-Offs were \$110 million or 21.4% of sales.

Executive Director Carey stated that the top three selling non-core games for September were "100X The Cash," which generated \$12.7 million in sales, "Crossword Bonanza," which generated \$8.2 million in sales and "Raging Hot 7's," which generated \$7.6 million in sales.

Executive Director Carey reviewed high tier winners throughout the state in September, and discussed a press release that was issued on October 18 announcing high tier scratch-offs wins that had been claimed between July 1, 2021 and September 30, 2021.

Executive Director Carey stated that all drawings for the month of September were completed with no abnormalities.

Executive Director Carey stated that all on-line game pools were closed according to procedures with no abnormalities. All Powerball and Mega Millions Drawings were verified and processed with no abnormalities. The Internal Control System (ICS) was processed for each drawing without any imbalances. All appropriate winning number information was broadcast correctly to all media contacts. All in-house staff received appropriate information via email.

Executive Director Carey stated that the Validations unit received and sorted 4,044 mailed claims during the month of September. During the month of September there were 5,429 claims totaling over \$16.8 million that were paid to winners including annuity payments.

Executive Director Carey discussed the delays with payment of claims that occurred during the pandemic. He explained the steps Lottery took to decrease wait times. He stated that prior to the pandemic, it was taking three to five weeks from when a player mailed in a winning ticket to the Lottery for the player to get paid. At one point, it was taking as long as eight weeks for players to be paid. It is currently taking three to five weeks for players to be paid. He thanked Lottery staff and the employees in the Validations Unit for working so hard to reduce the wait times for players.

Executive Director Carey invited Adam Perlow, Vice President and Chief Operating Officer of Northstar, to provide an update on Northstar activities. Mr. Perlow stated that there were two tier one advertising campaigns during September, one for the "Multiplier" family of games and one Quick Draw campaign. The Quick Draw promotion that launched in September gives players an opportunity to win tickets to Pro Football's biggest game in February. Mr. Perlow also discuss the deployment of 162 Game Touch Draw vending machines at bars and restaurants.

Executive Director Carey concluded the Director's report.

Chair D'Anton asked if there are any questions or comments. Chair D'Anton requested a motion to approve the Director's Report. Commissioner Leonard made the motion, which was seconded by Treasurer Maher Muoio.

NEW BUSINESS

Executive Director Carey 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. Additionally, as part of our

overall responsible gaming initiatives, these games have been reviewed to identify any problematic elements that could present a risk to vulnerable problem gamblers.

The first item of new business was game rules for new Scratch-Offs. Executive Director Carey explained that the Big Spin Scratch-Off game has a few extra features than a normal Scratch-Off. The game not only offers instant win plays, but also offers six top prizes in which the winners will spin a giant prize wheel. There are three ways to win a prize. The first way to win is by revealing the key number match just like regular Scratch-Offs. The second way is to win by revealing a spin prize on the ticket. Winners with a spin prize can enter a unique code from the ticket into a website to spin a virtual wheel where they can win prizes from \$10 to \$5,000. The on-line spin is strictly an entertainment portion and the actual prize is predetermined on the ticket, and a winning ticket can be validated and claimed (if \$599.99 or less) at any Lottery retailer without having to do the on-line spin. The third way that players can win is they can win a Big Spin Event prize, which entitles them to spin the big wheel for a prize between \$50,000 and \$300,000. There will be six Big Spin Event prizewinners. The Big Spin wheel is a six-foot tall mobile prize wheel with one \$300,000 prize, two \$200,000 prizes, seven \$100,000 prizes and ten \$50,000 prizes. There will be live events where the winners (or a surrogate) can spin the wheel to determine their prize.

Chair D'Anton requested a motion to approve the Scratch-Off ticket game rules for the "Big Spin," "Wild Cash" and "\$10,000 Ballooning Bucks."

"The Big Spin" is a \$5 ticket, a ticket quantity to be printed of 6 million tickets, a top prize of \$300,000, a prize payout of 66%, and an anticipated on-sale date of March 7, 2022.

"Wild Cash" is a \$2 ticket, a ticket quantity to be printed of 4.8 million tickets, a top prize of \$10,000, a prize payout of 63%, and an anticipated on-sale date of March 7, 2022.

"\$10,000 Ballooning Bucks" is a \$2 ticket, ticket quantity to be printed is 4.8 million tickets, a top prize of \$10,000, a prize payout of 63%, and an anticipated on-sale date of June 6, 2022.

Chair D'Anton asked if there were any questions or comments on these games.

Vice Chair Blazovsky asked if there is a trademark cost involved with the Big Spin. She stated that she saw that California has this game and they have a game show. She added that North Carolina introduced the game with higher jackpot, around \$2 million. Are there any other states that have done this that we could look at to further get their experience and success? Vice Chair Blazovsky asked if Lottery is thinking of a having game show?

Executive Director Carey responded that there will not be a game show with the Big Spin, and Lottery is instead planning live events. Mr. Perlow added the type of live events using the Big Spin wheel will depend on when the Big Spin prizes are claimed. Mr. Perlow also stated that the California Lottery owns the name Big Spin and agreed to license it to New Jersey at no cost. He stated that California has similar arrangements with other lotteries. In terms of advertising, Lottery will be doing a tier two campaign, which is an advertising campaign with the absence of television because television is one of the most expensive type of advertising. The tier two campaign will include billboards, point of sale materials at retail, digital and radio advertising.

Vice Chair Blazovsky asked about the results of the Big Spin at other lotteries. Mr. Perlow responded that Northstar studies new games that are introduced from other states and the Big Spin has done well in other states.

Chair D'Anton asked if there were any additional questions or comments on these games. Investment Designee Terwilliger made the motion, which was seconded by Vice Chair Blazovsky. Chair D'Anton asked if there were any questions or comments and there being none the motion carried.

The second item under new business was amendments to the general rules for Fast Play. Executive Director Carey explained that Lottery is introducing the first \$20 Fast Play Progressive ticket. It will have higher prizes and has an opportunity for growth. The \$20 ticket required some revisions to the Fast Play general rules that were adopted when the game launched, because the rules do not include a \$20 price point.

Chair D'Anton requested a motion to approve the amendments to the general rules governing Fast Play Progressive games. Chair D'Anton asked if there were any questions or comments. Commissioner Leonard made the motion, which was seconded by Treasurer Maher Muoio. Chair D'Anton asked if there were any questions or comments and there being none the motion carried.

The third item under new business was game rules for Fast Play games. Chair D'Anton requested a motion to approve the Fast Play game rules for "Cupid's Riches" and "\$20 Jersey Jackpot."

"Cupid's Riches" is a \$5 ticket, a top prize of \$500 or 50% of the jackpot, a prize payout of 63%, and an anticipated on-sale date of January 21, 2022.

"20 Jersey Jackpot" is a \$20 ticket, a top prize of \$10,000 or 100% of the jackpot, a prize payout of 67%, and an anticipated on-sale date of January 21, 2022.

Chair D'Anton asked if there were any questions or comments on these games. Investment Designee Terwilliger made the motion, which was seconded by Vice Chair Blazovsky. Chair D'Anton asked if there were any questions or comments and there being none, the motion carried.

The fourth item under new business was changes to the Pick-6 rules. Executive Director Carey explained that Lottery is making changes to the Pick-6 game. Pick-6 is the Lottery's flagship game. Over the past 30 years, Pick-6 sales have declined. In 1992 at its peak, Pick-6 had sales in excess of \$500 million, and in FY21, sales were about \$56 million. The new rules include a few big changes. The price point is will go from \$1 to \$2, the matrix will go from 6 of 49 to 6 of 46 and the odds will go from 1 in 13.9 million and to 1 in 9.3 million winners. The new rules provide that every ticket will have the Multiplier feature, which is currently a \$1 add-on for players.

Executive Director Carey explained that he was also asking the Commissioners to approve an addendum to the game rules for Pick-6. The addendum sets rules for the "Double Play" add-on. For an additional \$1, players can opt in to "Double Play" after the Pick-6 base game drawing. A second drawing will be held and a new set of numbers will be drawn. The player will only have six numbers on their ticket and they get to play those twice for the extra dollar.

Chair D'Anton asked if there were any questions or comments.

Chair D'Anton stated he is very happy to see this happen and added that it is long overdue. He asked if other states that have a similar game to Pick-6 have moved from a \$1 price point. Executive Director Carey responded that the Hoosier Lottery in Indiana, which is one of the few lotteries that also have the private manager model as we do with Northstar, went to a \$2 price point in April 2016. The Colorado Lottery and the Florida Lottery have also gone to the \$2 price point. They all saw increases in year one ranging from 10% to 50%. Executive Director Carey stated that we hope to see an increase in Pick 6 sales of as much as 15%, if things work well.

Chair D'Anton asked what the plan is for advertising it to the public. Mr. Perlow responded that there will be a tier one advertising campaign when the change takes effect. That means television advertising, radio advertising, billboards, signage in stores and digital advertising.

Chair D'Anton asked when this will take effect. Executive Director Carey responded that the changes will be implemented in April 2022.

Chair D'Anton asked if the advertising will start before then. Mr. Perlow responded that it will begin right around that time.

Vice Chair Blazovsky stated that the current Pick-6 percentage of net sales is at 40.42% according to the latest monthly sales report that is attached. With the addition of "Double Play" and the extra Pick-6 features, what is the projected percentage of sales. Executive Director Carey responded that the payout of the game will remain at approximately 50% and we expect the percentage in net sales to remain around 40%. We are projecting it at 41%.

Chair D'Anton requested a motion to approve the amendments to the Pick-6 Lotto game rules. Chair D'Anton asked if there were any additional questions or comments. Investment Designee Terwilliger made the motion, which was seconded by Treasurer Maher Muoio. Chair D'Anton asked if there were any questions or comments and there being none the motion carried.

The fifth and final item under new business was an addendum to the Pick-6 rules governing the Pick-6 add-on "Double Play." Chair D'Anton requested a motion to approve the Pick-6 Lotto game rules' addendum "Double Play." Chair D'Anton asked if there were any additional questions or comments. Vice Chair Blazovsky made the motion, which was seconded by Investment Designee Terwilliger. Chair D'Anton asked if there were any questions or comments and there being none the motion carried.

PUBLIC COMMENT

There was no Public Comment.

EXECUTIVE SESSION

There was no Executive Session.

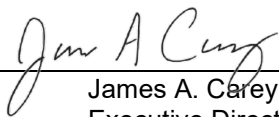
ADJOURNMENT

Chair D'Anton asked for a motion to adjourn the Public meeting. Vice Chair Blazovsky made the motion, which was seconded by Treasurer Maher Muoio. 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 21, 2021.

IN WITNESS WHEREOF, I hereby set my hand on

the 8 day of November, 2021.



James A. Carey, Jr.
Executive Director