

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING MARCH 17, 2022

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
Michael Kanef, Treasurer's Designee
Gary Terwilliger, Division of Investment Designee

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

VISITORS (BY TELEPHONE)

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

STAFF (BY TELEPHONE)

Nikki Apeadu
Missy Gillespie
Jerry Guarino
Dean Ialacci
Shelina Islam
Robert Kersey
Kelly Laird
Jason Lee
Jack Leo
Marc Marseglia
Charlene Mello
Ellen O'Malley
Rick Pagnani
Steve Palmieri
Debbie Raub
Mary Ann Rivell
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 February 17, 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.

Executive Director Carey announced that Marc Marseglia, who was serving as Lottery's Chief of Staff, was promoted to Deputy Executive Director. Executive Director Carey congratulated Mr. Marseglia and recognized the great work he has done since October 2020 and the great work that he continues to do. Mr. Marseglia thanked Executive Director Carey.

Executive Director Carey stated that we received notice from the Governor's Office that State commissions and authorities may start considering returning to in person meetings. Executive Director Carey explained that there will be logistical issues with in person meeting that we will have to consider. He asked the Commissioners to consider over the next few weeks options for returning to in person meetings.

DIRECTOR'S REPORT

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

All games total sales were: \$276.6 million
Lotto games total sales were: \$29.4 million
Daily machine games total sales were: \$83 million
Scratch-Off tickets total sales were: \$164.1 million

Executive Director Carey stated that Pick-6 had sales of \$3.5 million compared to \$3.9 million the prior year, which was a decrease of 10.8%.

Executive Director Carey stated that CASH4LIFE had sales of \$4.52 million compared to \$4.57 million the prior year, which was a decrease of 1.1%.

Executive Director Carey stated that Mega Millions had sales of \$8.6 million compared to \$9.8 million the prior year, which was a decrease of 11.6%.

Executive Director Carey stated that Powerball had sales of \$12.6 million compared to \$9.4 million the prior year, which was an increase of 34%.

Executive Director Carey stated that Pick-3 had sales of \$32.8 million compared to \$32.5 million the prior year, which was an increase of 0.09%.

Executive Director Carey stated that Pick-4 had sales of \$21.0 million compared to \$20.7 million the prior year, which was an increase of 1.2%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$13.9 million compared to \$12.5 million the prior year, which was an increase of 11.3%.

Executive Director Carey stated that Cash Pop had sales of \$3.9 million compared to \$3.4 million the prior year, which was an increase of 14.2%.

Executive Director Carey stated that Quick Draw had sales of \$8.58 million compared to \$8.54 million the prior year, which was an increase of 0.05%.

Executive Director Carey stated that Fast Play had sales of \$2.7 million compared to \$2.0 million the prior year, which was an increase of 37.6%.

Executive Director Carey stated that Scratch-Offs had sales of \$164.1 million compared to \$153.8 million the prior year, which was an increase of 6.7%.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$36.9 million compared to \$36.0 million the prior year, which was an increase of 2.4%.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$39.5 million compared to \$39.4 million the prior year, which was an increase of 0.02%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$104.6 million compared to \$153.4 million the prior year, which was a decrease of 31.8%.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$171.5 million compared to \$126.4 million the prior year, which was an increase of 35.7%.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$287.9 million compared to \$292.1 million the prior year, which was a decrease of 1.4%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$183.7 million compared to \$189.8 million the prior year, which was a decrease of 3.2%.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$108.5 million compared to \$123.5 million the prior year, which was a decrease of 12.1%.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$29.4 million compared to \$21.9 million the prior year, which was an increase of 34.6%.

Executive Director Carey stated that fiscal year to date Quick Draw had total sales of \$73.6 million compared to \$69.5 million the prior year, which was an increase of 5.9%.

Executive Director Carey stated that fiscal year to date Fast Play had total sales of \$21.3 million compared to \$15.3 million the prior year, which was an increase of 38.7%.

Executive Director Carey stated that fiscal year to date Scratch-Off tickets had total sales of \$1.35 billion compared to \$1.33 billion the prior year, which was an increase of 1.9%.

Executive Director Carey stated that fiscal year to date All Games had total sales of \$2.41 billion compared to \$2.40 billion the prior year, which was an increase of 0.08%.

Executive Director Carey stated that the monthly contribution for the month was \$78.3 million compared to \$73.5 million the prior year, which was an increase of 6.4%. It represented 28.31% of sales.

Executive Director Carey stated that the total contribution for the fiscal year was \$715.6 million compared to \$711.7 million the prior year, which was an increase of 0.06%.

Executive Director Carey stated that net proceeds for the fiscal year to date exceeded \$715.6 million or 29.59% of sales. Fiscal year profits from lotto games were \$143 million or 40.5% of sales. Fiscal year profits from daily games were \$270.9 million or 38.4% of sales. Fiscal year profits from Scratch-Offs were \$292 million or 21.5% of sales.

Executive Director Carey stated that the top three selling non-core games for February were "\$3,000,000 Platinum Club," which generated \$15.1 million in sales, "\$1,000,000 Gold Club," which generated \$8.0 million in sales and "100X The Cash," which generated \$7.3 million in sales.

Executive Director Carey stated that new games that launched on March 7 were "The Big Spin" and "\$50 and \$100 Blowout." The Lottery received the Big Spin wheel in January and it is currently at the Prudential Center with the Lottery's Promotions team.

Executive Director Carey reviewed high tier winners throughout the state in February.

Executive Director Carey stated that all drawings for the month of February 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 he went to the Atlantic City Boat Show to see Northstar's Promotion team. He stated that he appreciated the work that Carolina Santacruz, Northstar's Events & Promotions Manager, and her team were doing. There was a long line of people very happily waiting to see the Promotions team. Executive Director Carey encouraged the Commissioners to go out to the events on the Promotional Events list and see the Promotions team in action.

Executive Director Carey stated that the Validations Unit received and sorted 3,675 mailed claims during the month of February. The number of claims received in the drop box was 300. There were 49 hand delivered claims submitted during scheduled appointments. Staff created 4,647 claims into the claims tracking system. During the month of February there were 4,694 claims totaling over \$19.6 million that were paid to winners including annuity payments.

Executive Director Carey stated that the Lottery's front lobby is open to the public. Players can hand deliver their claims and place them in the drop box. A phone system was installed that allows people to call the Lottery's staff and get assistance or have someone come out and help them. We found during the pandemic that our players overwhelmingly rely on mailing in their claims.

Executive Director Carey stated that Lottery staff is working on revising the Director's Report in the next few months. These revisions will make it a little easier to read, while still including relevant information that the Commissioners and the public need to know.

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 he wanted to discuss Northstar's Product team this month because we had an incredible Scratch-Off sales month in February, in large part

due to the Precious Metals family of games that launched in February. He thanked Foster Krupa, Kristen Connelly and Erin Ziegler. He also noted that the Big Spin launched earlier in March to great feedback from players.

Executive Director Carey stated that the Million Dollar Replay Event will be held at Caesar's in Atlantic City on April 29 and that everyone is excited to do that as a live event. He added that Northstar and their team did a tremendous job last year running it as a Facebook live event, but we are looking forward to doing it again live with players in attendance.

Executive Director Carey concluded the Director's report.

Chair D'Anton asked if there are any additional 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's Designee Kanef.

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 two items of new business was amendments to the Pick-3 Fireball and Pick-4 Fireball addendum game rules.

Executive Director Carey explained the amendments to the Pick-3 and Pick-4 Fireball addendum game rules. In May 2020, at the onset of COVID-19, the Commission approved amendments to the rules for Pick-3, Pick-4 and Jersey Cash 5 to permit Lottery Couriers to sell the daily games. The change made the games non-cancellable at the terminal point for Couriers that were selling those games. We did not make changes to the add-on games, Pick-3 and Pick-4 Fireball. We received requests from Couriers to make those changes and allow Couriers to sell Fireball. Authorizing Fireball for sale by couriers will be financially advantageous to Lottery. Approximately 5.5% of Pick-3 sales and 8.8% of Pick-4 sales come from Fireball.

Chair D'Anton asked if there are any questions regarding the approval of the Pick-3 Fireball and Pick-4 Fireball addendum game rules. Hearing no questions, Chair D'Anton requested a motion to approve the Pick-3 and Pick-4 Fireball addendum game rules. Vice Chair Blazovsky made the motion, which was seconded by Treasurer's Designee Kanef. 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 the approval of the amendments to the Pick-6 Lotto game rules.

Executive Director Carey explained the amendments to the Pick-6 Lotto game rules. In October of 2021, the Commission approved amendments to Pick-6 game rules. The rules were revised to change the matrix, change the cost of a ticket from \$1 to \$2 and to create the add-on game "Double Play." When those new rules were approved, we also created a 3% reserve prize fund to be used to fund any shortfalls to the guaranteed jackpot prize. Staff recognized during customer acceptance testing that the reserve fund needed to be used to fund "Double Play" jackpots. In addition, during customer acceptance testing, Lottery staff felt that the rules as drafted regarding the term "guaranteed jackpot" needed to be clarified. The definitions were revised slightly. Instead of saying a "guaranteed minimum jackpot of \$2 million" the rules were revised in several places to state "the advertised jackpot prize amount will be a minimum of \$2 million based on one winner with a 30 year graduated annuity." This was just a clarification of the rules. The jackpot prize is guaranteed at \$2 million and the cash value is determined based on the cost of the \$2 million annuity.

Chair D'Anton asked if there are any questions regarding the approval of the Pick-6 Lotto game rules.

Vice Chair Blazovsky stated that she would like clarification from Executive Director Carey. The actual definition of the rule indicates that it applies to funding jackpot level prizes for all Pick-6 add-on games not just "Double Play." She wanted to clarify that is the change and also that for these add-on game rules that the Commission will continue to approve them. Executive Director Carey responded that she is correct, there is only one add-on game right now. The rules were drafted with an eye towards any eventuality in the future. Right now the only add on game is "Double Play." If a new add-on game was added, and we felt it was appropriate for it to be funded with the reserve fund, the Commission would have to approve rules for that new add on game.

Chair D'Anton asked if there are any additional questions or comments. Hearing no questions, Chair D'Anton requested a motion to approve the Pick-6 Lotto game rules. Vice Chair Blazovsky made the motion, which was seconded by Chair D'Anton. 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 the approval of the amendments to the Cash Pop game rules.

Executive Director Carey explained the amendments to the Cash Pop game rules. The change will take effect on June 27, 2022 and it will modify the Cash Pop drawing interval from every 15 minutes to every 4 minutes, aligning it with Quick Draw. This will bring us from approximately 88 drawings per day to 308 drawings per day.

Chair D'Anton asked if there are any questions regarding the approval of the amendments to the Cash Pop game rules. Hearing no questions, Chair D'Anton requested a motion to approve the amendments to the Cash Pop game rules. Commissioner Leonard made the motion, which was seconded by Treasurer's Designee Kanef. Chair D'Anton asked if there were any questions or comments, and there being none, the motion carried.

The fifth item of new business was game rules for six Scratch-Off ticket game rules.

"Super 8's" is a \$10 ticket, a ticket quantity to be printed of 6 million tickets, a top prize of \$500,000, a prize payout of 67%, and an anticipated on-sale date of June 6, 2022.

"\$50,000 Loaded" is a \$30 ticket, a ticket quantity to be printed of 6 million tickets, a top prize of \$50,000, a prize payout of 70%, and an anticipated on-sale date of August 1, 2022.

"Lucky 7's" is a \$2 ticket, a ticket quantity to be printed of 7.2 million tickets, a top prize of \$10,000, a prize payout of 63%, and an anticipated on-sale date of September 6, 2022.

"Lucky 7's Doubler" is a \$5 ticket, a ticket quantity to be printed of 6 million tickets, a top prize of \$200,000, a prize payout of 64%, and an anticipated on-sale date of September 6, 2022.

"Lucky 7's Tripler" is a \$10 ticket, a ticket quantity to be printed of 8.1 million tickets, a top prize of \$500,000, a prize payout of 67%, and an anticipated on-sale date of September 6, 2022.

"Lucky 7's Multiplier" is a \$20 ticket, a ticket quantity to be printed of 7.2 million tickets, a top prize of \$1,000,000 annuity or \$810,200 cash, a prize payout of 69%, and an anticipated on-sale date of September 6, 2022.

Chair D'Anton asked if there are any questions regarding the approval of the six Scratch-Off ticket game rules. Hearing no questions, Chair D'Anton requested a motion to approve the Scratch-Off ticket game rules for the "Super 8's," "\$50,000 Loaded," "Lucky 7's," "Lucky 7's Doubler," "Lucky 7's Tripler" and "Lucky 7's Multiplier." Investment Designee Terwilliger made the motion, which was seconded by Chair D'Anton. Chair D'Anton asked if there were any questions or comments, and there being none, the motion carried.

The sixth item of new business was game rules for one Fast Play game.

"Backyard Bingo" 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 June 17, 2022.

Chair D'Anton asked if there are any questions regarding the approval of the Fast Play ticket game rules. Hearing no questions, Chair D'Anton requested a motion to approve the Fast Play ticket game rules for "Backyard Bingo." Commissioner Leonard made the motion, which was seconded by Treasurer's Designee Kanef. Chair D'Anton asked if there were any questions or comments, and there being none, the motion carried.

PUBLIC COMMENT

Kweku Grant asked when Couriers will be authorized to start using Fireball. Executive Director Carey stated that Lottery will be in contact with Couriers about a start date.

EXECUTIVE SESSION

There was no Executive Session.


ADJOURNMENT

Chair D'Anton asked for a motion to adjourn the Public meeting. Investment Designee Terwilliger made the motion, which was seconded by Chair D'Anton. 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 March 17, 2022.

IN WITNESS WHEREOF, I hereby set my hand on

the 25th day of March, 2022.


James A. Carey, Jr.
Executive Director