

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING OCTOBER 19, 2023

Vice Chairman Leonard called the Commission meeting into session at 10:00 a.m.

COMMISSION MEMBERS

Ian Leonard, Vice Chairman
Marilyn Blazovsky, Commissioner
Munr Kazmir, Commissioner
Michael Kanef, Treasurer's Designee
Gary Terwilliger, Division of Investment Designee

James A. Carey, Jr., Executive Director
Marc J. Marseglia, Deputy Executive Director
Robert E. Kelly, Deputy Attorney General
Jamera Sirmans, Governor's Auth. Unit (by phone)

VISITORS

Adam Perlow, Northstar
Joe Cavallo, Northstar (by phone)
Kristen Connelly, Northstar (by phone)
Sam Fromkin, Northstar
Erica Helms, Northstar (by phone)
Foster Krupa, Northstar
Erin Leon, Northstar

STAFF

Pat Coppel (by phone)
Scott Davis (by phone)
Missy Gillespie (by phone)
Dean Ialacci (by phone)
Shelina Islam
Joseph Jean
Robert Kersey (by phone)
Kelly Laird
Jack Leo
Charlene Mello
Joe Oleszkiewicz (by phone)
Ellen O'Malley
Steve Palmieri (by phone)
Debbie Raub
Ryan Schaffer
Esther Werstler (by phone)
John White

Executive Director Carey took roll call.

After the Pledge of Allegiance, Vice Chairman Leonard 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.

Vice Chairman Leonard requested a motion to approve the minutes of the September 21, 2023 Commission meeting. Vice Chairman Leonard asked if there are any questions or comments. Hearing no questions, Vice Chairman Leonard requested a motion to approve the minutes of the September 21, 2023 Commission meeting. Commissioner Blazovsky made the motion to approve the minutes of the September 21, 2023 Commission meeting. Commissioner Kazmir seconded the motion. Vice Chairman Leonard called for a vote and all the Commissioners voted yes. The motion carried.

Vice Chairman Leonard requested a motion to approve the Executive Session minutes of the September 21, 2023 Commission meeting. Vice Chairman Leonard asked if there are any questions or comments. Hearing no questions, Vice Chairman Leonard requested a motion to approve the Executive Session minutes of the September 21, 2023 Commission meeting. Treasurer's Designee Kanef made the motion to approve the Executive Session minutes of the September 21, 2023 Commission meeting. Commissioner Blazovsky seconded the motion. Vice Chairman Leonard called for a vote and all the Commissioners voted yes. The motion carried.

DIRECTOR'S REPORT

Executive Director Carey stated that September was a strong month overall for the Lottery. Sales were driven by a growing Powerball jackpot. The jackpot accumulated to \$1.7 billion and was won on October 11 in California.

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

All games total sales were: \$289.1 million
Lotto games total sales were: \$62.8 million
Daily machine games total sales were: \$77.2 million
Scratch-Off tickets total sales were: \$149 million

Executive Director Carey stated that Pick-6 had sales of \$4.1 million compared to \$5.5 million the prior year, which was a decrease of 25.8%.

Executive Director Carey stated that CASH4LIFE had sales of \$5.08 million compared to \$4.8 million the prior year, which was an increase of 3.9%.

Executive Director Carey stated that Mega Millions had sales of \$13.1 million compared to \$14.8 million the prior year, which was a decrease of 10.9%.

Executive Director Carey stated that Powerball had sales of \$40.4 million compared to \$13.3 million the prior year, which was an increase of 203.9%.

Executive Director Carey stated that Pick-3 had sales of \$30.9 million compared to \$33.1 million the prior year, which was a decrease of 6.5%.

Executive Director Carey stated that Pick-4 had sales of \$19 million compared to \$21.1 million the prior year, which was a decrease of 10.1%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$10.1 million compared to \$13.9 million the prior year, which was a decrease of 26.8%.

Executive Director Carey stated that Cash Pop had sales of \$4.96 million compared to \$4.58 million the prior year, which was an increase of 8.3%.

Executive Director Carey stated that Quick Draw had sales of \$7.7 million compared to \$8.5 million the prior year, which was a decrease of 9.9%.

Executive Director Carey stated that Fast Play had sales of \$4.4 million compared to \$3.2 million the prior year, which was an increase of 38%.

Executive Director Carey stated that Scratch-Off games had sales of \$149 million compared to \$164.7 million the prior year, which was a decrease of 9.6%.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$22 million compared to \$16.7 million the prior year, which was an increase of 31%. The year over year increase was driven by a large jackpot that was won in August.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$16.2 million compared to \$15.5 million the prior year, which was an increase of 4.5%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$105.8 million compared to \$106.4 million the prior year, which was a decrease of 0.05%.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$116.5 million compared to \$41.6 million the prior year, which was an increase of 180.1%.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$96 million compared to \$102.7 million the prior year, which was a decrease of 6.5%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$58.4 million compared to \$65.3 million the prior year, which was a decrease of 10.6%.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$30.9 million compared to \$35 million the prior year, which was a decrease of 11.8%.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$14.6 million compared to \$13.6 million the prior year, which was an increase of 7.2%.

Executive Director Carey stated that fiscal year to date Quick Draw had total sales of \$23.7 million compared to \$25.6 million the prior year, which was a decrease of 7.7%.

Executive Director Carey stated that fiscal year to date Fast Play had total sales of \$17.2 million compared to \$9.9 million the prior year, which was an increase of 73.7%.

Executive Director Carey stated that fiscal year to date Scratch-Off tickets had total sales of \$459.2 million compared to \$500.7 million the prior year, which was a decrease of 8.3%.

Executive Director Carey stated that fiscal year to date All Games had total sales of \$960.8 million compared to \$933.5 million the prior year, which was an increase of 2.9%. Sales were driven by Powerball and Mega Millions.

Executive Director Carey stated that fiscal year to date the contribution was \$306.6 million compared to \$279.8 million the prior year, which was an increase of 9.6%, and represents 31.92% of sales.

Executive Director Carey stated that fiscal year profits from lotto games were \$110.3 million or 42.3% of sales. Fiscal year profits from daily games were \$93.5 million or 38.8% of sales. Fiscal year profits from Scratch-Offs games were \$100.7 million or 21.9% of sales.

Executive Director Carey stated that the top three selling non-core games for September were "Power 50X," which generated \$8.6 million in sales, "20,000 Loaded," which generated \$8.3 million in sales and "\$10,000 Loaded," which generated \$6.9 million in sales.

Executive Director Carey stated that there were a few high tier winners throughout the state in September. On September 5, CASH4LIFE had one \$1,000 a Week for Life ticket sold by Jackpocket. On September 8, Jersey Cash 5 had a \$616,258 winner sold in Middlesex County. On September 11, Pick-6 had one \$2.7 million winner in Cape May County. On September 19, Jersey Cash 5 had a \$385,109 winner in Ocean County. On September 19, CASH4LIFE had one \$1,000 a Week for Life winner in Middlesex County. On September 26, Jersey Cash 5 had one \$646,070 winner in Middlesex County.

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 on September 5 Lottery issued a press release regarding the "Not 18 Yet? No Bet" annual awareness campaign. The Lottery does this every year with the Council on Compulsive Gambling of New Jersey and their Director. The Lottery also attended the Council on Compulsive Gambling's annual conference.

Executive Director Carey stated that in October and November, Lottery will be attending the New Jersey School Boards Workshop, the New Jersey Education Association annual meeting and the New Jersey League of Municipalities. Staff from the Division and Northstar's Promotions team attend those events and set up a booth. The Lottery wants to promote its mission to people involved in local governments, school boards and school districts, and let them know how the New Jersey Lottery benefits them as an asset of the State Pension system.

Executive Director Carey explained that Commissioner Blazovsky noted last month that it was hard to read the Security Unit's reporting section, which has now been reformatted. There were 41 open investigations that carried over from previous months, 336 investigations were initiated during September, 316 investigations were concluded in September and 61 open investigations were carried over to October. There were 270 field inspections conducted at retailer locations in September. Licensing received 76 retailer license applications received in September and 67 retailer licenses were issued. He added that background investigations for new retailers and organizations made up almost 200 of those investigations. Other types of investigations that the Security unit is performing may involve damaged or mutilated tickets, misprinted tickets, ABC violations, pin pricking, unusual signatures, incorrect payments, and late claims or lost in mail tickets.

Executive Director Carey stated that the Validations staff received and sorted 3,676 mailed claim forms during the month. The number of claims received in the drop box was 265. There were 233 claims hand delivered. Staff entered 4,004 claims into the claims payment system. During the month of September there were 3,440 claims paid totally \$21 million in winnings were paid.

Executive Director Carey congratulated Charlene Mello and everyone that helped make the first ACH payments this month to annuity winners. Using ACH payments to pay annuity winners is a big step towards modernizing our processes, and the Lottery is planning to offer ACH payments to more winners in coming months.

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 the "\$50,000 Loaded" ticket launched in October, with television commercials including Ben Franklin rapping. The Sales team trained retailers on Straight Back Bonus promotion on Pick-3.

Mr. Perlow discussed questions about some of New Jersey's games and national trends. Commissioner Blazovsky asked Mr. Perlow if Northstar considers how other forms of gaming impact lottery sales in other states. Mr. Perlow responded that Michigan has a gaming environment that is similar to New Jersey's, with extensive online sports betting and casinos. Michigan is therefore a good comparison states, as is Pennsylvania. He added that Northstar is working on a report about the gaming landscape in New Jersey and how that is impacting sales.

Commissioner Blazovsky asked if Northstar is planning any special marketing for the holidays to help bump up the Scratch-Off ticket sales. Mr. Perlow responded that a tier 1 campaign will begin right after Thanksgiving and run through Christmas. A tier 1 campaign includes television, radio, billboards and a lot of signage in stores.

Executive Director Carey concluded the Director's report. He asked if there are any other questions or comments.

Commissioner Blazovsky stated that in regard to claims and validations, there appears to have been a backlog in August, and little progress resolving the backlog. Deputy Executive Director Marseglia responded that the backlog has not changed much. Commissioner Blazovsky stated that the number of calls that are coming into the Call Center about claims is up, probably 1,300 calls above what typically is. She stated that is staggering. She knows that Lottery has been working on this for a year now and she is not seeing any appreciable changes in terms of the workload. Is there any way that Lottery can get more people to address this.

Commissioner Blazovsky stated that winners need their money. We cannot have winners without paying them and it is very important. She asked what else can be done.

Executive Director Carey agreed with Commissioner Blazovsky and explained that the Lottery was working to put more people and resources into Claims. He added that the Lottery was making a number of operational changes to the claims process that will speed processing up in the long term, but are slowing things down in the present.

Treasurer's Designee Kanef stated that we can simply say there are human resources issues that are being worked through.

Commissioner Blazovsky stated that that backlog is concerning and the holidays are close. People want their money. She asked if there was a way to get in temporary staff, use pool closing staff at night or some way to reshuffle the deck in order to get over this hump. This is at a level where it could start look embarrassing. Executive Director Carey responded that the Lottery understands.

Vice Chairman Leonard asked if there are any additional questions or comments. Hearing no other questions, Vice Chairman Leonard requested a motion to approve the Director's Report. Commissioner Kazmir made the motion to approve the Director's Report. Commissioner Blazovsky seconded the motion and all the Commissioners voted yes. The motion carried.

PUBLIC COMMENT ON AGENDA ITEMS

There was no public comment.

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 one Scratch-Off game.

"Full of \$500's" is a \$5 ticket, a ticket quantity to be printed of 5.28 million tickets, a top prize of \$200,000, a prize payout of 62.5%, and an anticipated on-sale date of March 4, 2024.

Vice Chairman Leonard asked if there are any questions regarding the approval of the Scratch-Off ticket game rules. Hearing no questions, Vice Chairman Leonard requested a motion to approve the Scratch-Off ticket game rules for "Full of \$500's." Commissioner Kazmir made the motion to approve the Scratch-Off ticket game rules. Commissioner Blazovsky seconded the motion and all of the Commissioners voted yes. The motion carried.

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

"Mega Cashword" is a \$20 ticket, a top prize of \$5,000 or 100% of the jackpot, a prize payout of 66.5%, and an anticipated on-sale date of January 2, 2024.

Vice Chairman Leonard asked if there are any questions regarding the approval of the Fast Play ticket game rules. Hearing no questions, Vice Chairman Leonard requested a motion to approve the Fast Play ticket game rules for "Mega Cashword." Commissioner Kazmir made the motion to approve the Fast Play ticket game rules. Commissioner Blazovsky seconded the motion and all of the Commissioners voted yes. The motion carried.

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

There was no Executive Session.

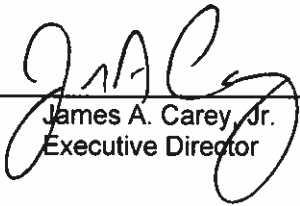
ADJOURNMENT

Vice Chairman Leonard asked for a motion to adjourn the Public meeting. Treasurer's Designee Kanef made the motion to adjourn. Commissioner Blazovsky seconded the motion and all the Commissioners voted yes. 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 19, 2023.

IN WITNESS WHEREOF, I hereby set my hand on

the 9th day of November, 2023.



James A. Carey, Jr.
Executive Director