

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, AUGUST 21, 2018

Chairman D'Anton, 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

Robert D'Anton, Chairman
Patrick Toscano, Vice Chairman (by phone)
Gary Terwilliger, Division of Investment Designee
Dini Ajmani, Treasurer's Designee

James A. Carey, Jr., Acting Executive Director
Robert E. Kelly, Deputy Attorney General
Craig Ambrose, Governor's Auth. Unit

STAFF

Regina Arcuri
Jill Dawson
Fran Edwards
Kalliopi Kostis
Perna Mukhija
Daniel O'Brien
Richard Pagnani
Debbie Raub
Mary Ann Rivell
Jennifer Rodriguez
John M. White

VISITORS

Russ Knapp, Northstar
Foster Krupa, Northstar
Sam Fromkin, Northstar
Nicole Lobkowitz, PureRed

After the Pledge of Allegiance, Chairman 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.

Chairman D'Anton requested a motion to approve the minutes of the July 26, 2018 Commission meeting. Vice Chairman Toscano made the motion, which was seconded Treasurer Designee Ajmani. Chairman D'Anton asked if there were any comments and there being none, the motion carried.

DIRECTOR'S REPORT

Acting Executive Director Carey reported that during the month of July total ticket sales were \$292.23 million. A comparison to last year's total monthly sales of all products showed an increase of \$27.29 million or 10.3%. Total ticket sales this month were driven by the Mega Millions game, which had actual sales of \$31.59 million in July '18 compared to \$14.78 million in July '17. That was 113% over the budgeted amount of \$14.8 million. Mega Millions sales in July were driven by the very large jackpot that reached \$433 million.

Acting Executive Director Carey stated that the contribution to the state for July was \$86.46 million. That is an increase of 8.7% over last July when the contribution was \$79.57 million, and 8% over the budgeted amount.

Acting Executive Director Carey noted that Fiscal Year 2019 profits from lotto games were \$21 million or 39.99%. The profits from daily games except instant games were \$29.3 million or 39.81%. The profit from instant games was \$33.4 million or 21.17%. Total to date FY19 contributions, including 30% of the current estimated forfeited prizes, are 29.89% of sales.

Acting Executive Director Carey reported that receipts and deposits for the month of July were \$286 million.

Acting Executive Director Carey stated that there were 114 electronic fund transfer (EFT) failures totaling \$501.2 thousand or 0.17% of total receipts and deposits for the month. The Accounts Receivable Unit settled or closed 73% of EFT failures from June. Field Account Adjusters visited 291 retailers and collected \$185.6 thousand.

Acting Executive Director Carey stated that the balances for all unclaimed prize reserve accounts as of July 31, 2018 total \$888,262.

Acting Executive Director Carey noted that the current balance in the annuity investment accounts totals \$124.4 million.

Acting Executive Director Carey stated that the three top selling non-core games for July were "\$5,000,000 Lucky 7's," which generated \$16.9 million in sales, "Hot Riches," which generated \$7.6 million in sales and "Million Dollar Multiplier," which generated \$7.2 million in sales.

Acting Executive Director Carey noted that total sales for Core and Family Games for the month contributed more than \$70 million.

Acting Executive Director Carey reported that there are now 1,267 retailers selling Quick Draw.

Acting Executive Director Carey noted that the Jersey Collect 'N Win monthly second chance promotion for draw games tickets continued. There have been thirteen grand prize winners who have each won \$50,000. Over 35,500 players registered for this promotion. There were a total of 850,695 entries in July.

Acting Executive Director Carey reported that there were a number of high tier winners throughout the state in July. The July 4 Jersey Cash 5 drawing had one \$361,522 winner in Hudson County. The July 13 Jersey Cash 5 drawing had two \$837,602 winners, one winner in Essex County and one winner in Passaic County. The July 17 Mega Millions drawing had one \$1,000,000 winner. The July 17 Jersey Cash 5 drawing had one \$380,879 winner in Essex County.

Acting Executive Director Carey stated that the Lottery continues to maintain a strong presence on various social media platforms, including Facebook, YouTube, Twitter, Google and Instagram. Twitter has been engaging in the purging of suspicious accounts from user follower counts, and the New Jersey Lottery lost approximately 230 followers, out of just over 10,000 followers.

Acting Executive Director Carey noted that the VIP Club increased its membership with 4,878 new registrations during the month of July. The VIP Club now has an enrollment of 478,413 active members.

Acting Executive Director Carey reported that since the inception of the Million Dollar Replay game on April 4, 2011, nearly 250,000 people have submitted MDR entries. The Million Dollar Replay game has recorded over 70 million entries since its inception.

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

Acting Executive Director Carey reported that all on-line pools were closed according to procedures with no abnormalities.

Acting Executive Director Carey stated that the Public Information Office disseminated Lottery news in July that reached more than more than 18 million daily viewers with an estimated advertising value of nearly \$173,000.

Acting Executive Director Carey noted that the Public Information Office issued a number of press releases.

Acting Executive Director Carey reported that the Public Information Office conducted a press conference on August 6 at the Corner Express in Lawrenceville to support the Lottery's "Not 18, No Bet" campaign. It was a great success thanks to Mary Ann Rivell and our partners at Northstar. In connection with that press conference and campaign, Channel 6 in Philadelphia covered the event and Acting Executive Director Carey was interviewed by NJ 101.5.

Acting Executive Director Carey noted that there were a number of Public Promotional Events completed in July and there are a number scheduled for August. In August, the Lottery will be at Six Flags, Red Bulls games, PNC Art Center events and the Lakewood BlueClaws games.

Acting Executive Director Carey stated that there were 204 security investigations initiated during the month. There were 189 random field inspections conducted at retailer locations.

Acting Executive Director Carey reported that the Licensing unit received, processed and approved 73 applications. There were 59 licenses issued.

Acting Executive Director Carey noted that the Lottery and the Division of Taxation's Joint Investigation Project collected a total of \$4,585.37 in arrearages.

Acting Executive Director Carey stated that in the IMS Department we have a backup generator, which is tested weekly. As a result of our weekly testing, we replaced the batteries in the generator.

Acting Executive Director Carey reported that the Eaton UPS (uninterruptible power supply) passed its semiannual inspection while undergoing preventative maintenance.

Acting Executive Director Carey stated that the Validations staff received and sorted over 4,389 mailed claim forms during July and an additional 388 walk-in claims.

Acting Executive Director Carey noted that there were 12 claims that were processed and garnished because of current and previous matches totaling \$13,762.09. Seven of the garnishments went to satisfy child support arrearages totaling \$9,080.85, 5 were for public assistance, food stamps in the amount of \$4,681.23 and there were no student loan payments this month. Since inception in 1992, the New Jersey Lottery has collected \$8,283,132.03 for child support arrearages, low income home energy assistance, food stamps, and overpayments of welfare, student loans and other SOIL programs.

Acting Executive Director Carey stated that the total number of active retailers is 7,161.

Acting Executive Director Carey noted that Northstar's activities for the month of July included the continued promotion of Quick Draw. Northstar's sales team continues recruiting new Quick Draw retailers, driving Quick Draw sales higher by focusing on building weekly sales average at each Quick Draw retailer, running Quick Draw promotions, posting jackpots as a reminder to players and looking to drive penetration for July's new instant games. Additionally, grand openings were held at the Wawa in Rahway, the Weis Market in Randolph and the Wawa in Cherry Hill.

Acting Executive Director Carey stated that this concludes the Director's Report

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

There were no questions or comments.

NEW BUSINESS

Chairman D'Anton introduced five new instant games.

Acting 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.

Chairman D'Anton requested a motion to approve the instant ticket game rules for "Holiday Loose Change," "Holiday Lucky Times 10," "Win For Life," "Holiday Bucks" and "\$1,000,000 Spectacular." Vice Chairman Toscano made the motion which was seconded by Investment Designee Terwilliger. Chairman D'Anton asked if there were any comments and there being none the motion carried.

EXECUTIVE SESSION

There was no Executive Session.

PUBLIC COMMENT

There was no Public Comment.

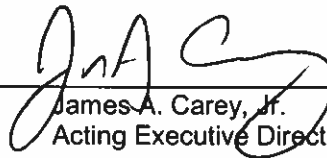
ADJOURNMENT

Chairman D'Anton adjourned the Public 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 August 21, 2018.

IN WITNESS WHEREOF, I hereby set my hand on

the 25th day of October, 2018.



James A. Carey, Jr.
Acting Executive Director