

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, MAY 21, 2019

Acting Executive Director Carey called the Commission meeting into session at 10:00 a.m. in the Lottery Office located at One Lawrence Park Complex, Lawrenceville, New Jersey.

COMMISSION MEMBERS PRESENT

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

James A. Carey, Jr., Acting Executive Director
Robert Garrison, Deputy Attorney General
Stephanie Brown, Governor's Auth. Unit

VISITORS

Sarah Brennan, Northstar
Sam Fromkin, Northstar
Erica Helms, Northstar
Foster Krupa, Northstar

STAFF

Regina Arcuri
Fran Edwards
Jerry Guarino
Dean Ialacci
Robert Kersey
Kalliope Kostis
Charlene Mello
Richard Pagnani
Steven Palmieri
Debbie Raub
Margaret Square
John White

After the Pledge of Allegiance, Acting Executive Director Carey 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.

Acting Executive Director Carey requested a motion to approve the minutes of the January 24, 2019 Commission meeting. Vice Chairman Toscano made the motion, which was seconded by Treasurer's Designee Ajmani. Acting Executive Director Carey asked if there were any comments and there being none, the motion carried.

DIRECTOR'S REPORT

Acting Executive Director noted that a meeting had not been held since January and that there had been a number of significant events between meetings. The FY18 Audit Report and Results were released, showing that the Lottery had record sales and its highest contribution to the State since 2013. The Services Agreement with Northstar New Jersey Lottery was renegotiated, with a primary change increasing the net income targets that Northstar has to reach in order to earn incentive compensation. The Lottery had two large winners - a \$267 million Mega Millions winner in March and a \$4.5 million Pick-6 winner in February. In February, Lottery expanded Quick Draw drawings from every 5 minutes to every 4 minutes. Finally, Acting Executive Director Carey stated that Lottery staff and Northstar are currently working together on Northstar's Business Plan for FY20.

Acting Executive Director Carey reviewed the Lottery's results and activities for January, February, March and April.

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

All games total sales were: \$264.2 million
Lotto games total sales were: \$34.19 million
Daily machine games total sales were: \$79.49 million
Scratch Off Tickets total sales were: \$150.6 million

As of the end of January, year to date total sales were \$2.042 billion, an increase of 6.7% compared to sales at the end of January 2018.

The monthly contribution to Pension Fund L was \$76.5 million and the year to date contribution was \$623.07 million.

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

- All games total sales were: \$257.7 million
- Lotto games total sales were: \$33.85 million
- Daily machine games total sales were: \$76.63 million
- Scratch Off Tickets total sales were: \$147.22 million

As of the end of February, year to date total sales were \$2.3 billion, an increase of 6.3% compared to sales at the end of February 2018.

The monthly contribution to Pension Fund L was \$74.63 million and the year to date contribution was \$697.69 million.

In February, the Lottery had \$4.5 million Pick-6 winner in Pick-6, Stanley McKelven from Irvington.

In February, Quick Draw shifted from drawings every five minutes to every four minutes. The sales hours were expanded to 5:00 a.m. until 2:00 a.m. Acting Executive Director Carey stated that Quick Draw results have not been where we expected and we are working with Northstar to correct the trend. Northstar is working to pay additional attention to Quick Draw in the coming business year and their business plan for FY2020 needs to focus on improving the game. Northstar is looking to hire additional business development associates and Quick Draw sales associates to help push that game.

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

- All games total sales were: \$333.52 million
- Lotto games total sales were: \$80.11 million
- Daily machine games total sales were: \$86.02 million
- Scratch Off Tickets total sales were: \$167.39 million

As of the end of March, year to date total sales were \$2.633 billion, an increase of 6.5% compared to sales at the end of March 2018.

The monthly contribution to Pension Fund L was \$107.58 million and the year to date contribution was \$805.27 million.

Acting Executive Director Carey reported that on March 1, the New Jersey Lottery had a \$267 million Mega Millions winner, Michael Weirsky of Phillipsburg. The press conference received national coverage.

On March 27, the Powerball jackpot was \$750 million As a result, Powerball sales were up almost 200% compared to the prior year.

Acting Executive Director Carey discussed the Million Dollar Replay event held at Convention Hall in Asbury Park on March 8. Over 350 players, including guests, attended the event, and more than \$1.5 million in second chance prizes were awarded. Following the event, we found out that one of the \$50,000 prize winner was ineligible to participate in the game because he is a Lottery retailer. An investigation took place and he was disqualified. We conducted a redraw for that prize on March 20. The draw team and the Million Dollar Replay team are taking steps to make sure that this incident does not happen again.

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

All games total sales were: \$279.94 million
Lotto games total sales were: \$34.13 million
Daily machine games total sales were: \$84.28 million
Scratch Off Tickets total sales were: \$161.53 million

As of the end of April, year to date total sales were \$2.9 billion, an increase of 6.2% compared to sales at the end of April 2018.

The monthly contribution to Pension Fund L was \$81.74 million and the year to date contribution was \$887.01 million.

The three top selling non-core games for April were "\$5,000,000 Lucky 7's," which generated \$13.1 million in sales, "Lucky Times 50," which generated \$8.6 million in sales and "\$90,000,000 Platinum Payout," which generated \$8.1 million in sales.

Acting Executive Director Carey noted that the four new games were introduced in April were "Fast Money," "Double Dollar Bingo," "\$500 Frenzy" and "Lucky Times 50." Those games made up over \$18.3 million in sales, representing 11% of total sales for the month.

Acting Executive Director Carey stated that there were a number of high tier winners throughout the state in April. On April 14, Jersey Cash 5 XTRA had a \$900,000 prize winner in Camden, NJ. On April 22, CASH4LIFE had a \$1,000 a Week for Life prize winner in Essex County. On April 30, Mega Millions had a \$1 million prize winner in Passaic County.

Acting Executive Director Carey reported that Public Promotional Events that are planned for May include the Jersey Shore Food Truck Festival at Monmouth Park from May 25 through 27.

Acting Executive Director Carey stated that Northstar's sales team continued to focus on recruiting new Quick Draw retailers, on driving Quick Draw sales higher by focusing on building weekly sales, to run Quick Draw promotions and to support the statewide launch of Quick Draw. They continued to post large jackpots as a reminder to players, launched new April Instant games, executed in-store instant sales building tactics and attended the Grand Opening Event held at the 7-11 in Summit on April 17.

Acting Executive Director Carey concluded the Director's Reports.

Acting Executive Director Carey asked if there were any questions or comments.

There were no questions or comments about the Director's Reports.

NEW BUSINESS

Acting Executive Director Carey introduced thirteen 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.

Acting Executive Director Carey requested a motion to approve the instant ticket game rules for "Emerald 8s," "High Card Poker," "Super Triple 777," "200X the Money Bonus," "Tic Tac Toe Doubler," "Cash Lines," "Power 5s," "\$100,000 Bingo Multiplier," "Hit \$50!," "Hit \$200!," "Hit \$500!," "Hit \$2,000" and "Instant Quick Draw." Vice Chairman Toscano made the motion which was seconded by Chairman D'Anton. Acting Executive Director Carey asked if there were any comments and there being none the motion carried.

Acting Executive Director Carey requested a motion to approve the five on-line game rules for FAST PLAY. The game rules for approval were "Hit \$50 Progressive," "Hit \$100 Progressive," "Hit \$250 Progressive" and "Hit \$500 Progressive." Vice Chairman Toscano made the motion which was seconded by Chairman D'Anton. Acting Executive Director Carey asked if there were any comments and there being none the motion carried.

Acting Executive Director Carey requested a motion to approve an amendment to the game rules governing the CASH4LIFE game. CASH4LIFE is a multi-state game with draws conducted two nights per week. The Lottery Directors who manage the CASH4LIFE consortium voted to increase the drawing schedule from two times per week to seven times a week. The game rules were amended to reflect the change. Vice Chairman Toscano made the motion which was seconded by Commissioner D'Anton. Acting Executive Director Carey asked if there were any comments and there being none the motion carried.

PUBLIC COMMENT

There was no Public Comment.

EXECUTIVE SESSION

There was no Executive Session.

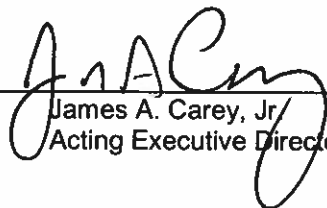
ADJOURNMENT

Acting Executive Director Carey asked for a motion to adjourn the Public meeting. Vice Chairman Toscano made the motion which was seconded by Chairman 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 May 21, 2019.

IN WITNESS WHEREOF, I hereby set my hand on

the 27th day of June, 2019.



James A. Carey, Jr.
Acting Executive Director