

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING APRIL 22, 2021

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

COMMISSION MEMBERS (BY TELEPHONE)

Robert J. D'Anton, Chairman
Marilyn Blazovsky, Vice Chair
Ian K. Leonard, Commissioner
Sirfaraz Piracha, 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
Brian Wilton, Governor's Auth. Unit

VISITORS (BY TELEPHONE)

Adam Perlow, Northstar
Erica Helms, Northstar
John Hodor, Northstar
Foster Krupa, Northstar
Joe Cavallo, Northstar
Sam Fromkin, Northstar

STAFF (BY TELEPHONE)

Frances Edwards
Missy Gillespie
Jerry Guarino
Dean Ialacci
Shelina Islam
Robert Kersey
Kelly Laird
Jason Lee
Jack Leo
Marc Marseglia
Joe Oleszkiewicz
Ellen O'Malley
Rick Pagnani
Steve Palmieri
Debbie Raub
Ryan Schaffer
Margaret Square
John White

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.

Executive Director Carey took attendance for the people that have speaking lines.

Chairman D'Anton requested a motion to approve the minutes of the March 4, 2021 (rescheduled from February 18, 2021) Commission meeting. Commissioner Leonard made the motion, which was seconded by Vice Chair Blazovsky. Chairman D'Anton asked if there were any comments and there being none, the motion carried.

Chairman D'Anton requested a motion to approve the revised minutes of the March 18, 2021 Commission meeting. Executive Director Carey explained that the minutes incorrectly stated that Commissioner Leonard was on the call and he was not. Vice Chair Blazovsky made the motion, which was seconded by Chairman D'Anton. Chairman D'Anton asked if there were any comments and there being none, the motion carried.

DIRECTOR'S REPORT

Executive Director Carey stated that sales for March were the fifth highest in Lottery history. There is a huge improvement in sales in March 2021 compared to March 2020 because sales were down in most of the games. In March, the Lottery launched the second oversized ticket "Super 50X" at the \$10 price point and there have been good results from that. Executive Director Carey explained that as the situation with the pandemic starts to ease, players and consumers will have other places to spend their entertainment dollars, and the Lottery might see some normalizing of sales.

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

All games total sales were: \$328 million

Lotto games total sales were: \$35.7 million
Daily machine games total sales were: \$99.2 million
Scratch-Off tickets total sales were: \$193 million

Executive Director Carey stated that Pick-6 had sales of \$5.1 million compared to \$4.3 million the prior year, which was an increase of 17%.

Executive Director Carey stated that CASH4LIFE had sales of \$5.2 million compared to \$4.4 million the prior year, which was an increase of 18.5%.

Executive Director Carey stated that Mega Millions had sales of \$11.7 million compared to \$9 million the prior year, which was an increase of 30.5%.

Executive Director Carey stated that Powerball had sales of \$13.6 million compared to \$9.3 million the prior year, which was an increase of 46%.

Executive Director Carey stated that Pick-3 had sales of \$40.9 million compared to \$32.9 million the prior year, which was an increase of 24%.

Executive Director Carey stated that Pick-4 had sales of \$26 million compared to \$21 million the prior year, which was an increase of 23.8%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$14 million compared to \$9.9 million the prior year, which was an increase of 41%.

Executive Director Carey stated that Cash Pop had sales of \$4.5 million compared to \$1.9 million the prior year.

Executive Director Carey stated that Quick Draw had sales of \$10.2 million compared to \$8.7 million the prior year, which was an increase of 16.8%.

Executive Director Carey stated that Fast Play had sales of \$3.3 million compared to \$1.3 million the prior year, which was an increase of 147.4%. Executive Director Carey stated that the progressive jackpot for Fast Play was at \$400,000 and that sales were increasing.

Executive Director Carey stated that Scratch-Offs had sales of \$193 million compared to \$163.8 million the prior year, which was an increase of 17%. Executive Director Carey noted that it was the highest month of sales ever for Scratch-Offs.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$41 million compared to \$43 million the prior year, which was a decrease of 4.7%.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$44.6 million compared to \$43.2 million the prior year, which was an increase of 3.2%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$165.2 million compared to \$107.9 million the prior year, which was an increase of 53%.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$140 million compared to \$102.9 million the prior year, which was an increase of 36%.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$333 million compared to \$301.5 million the prior year, which was an increase of 10%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$216 million compared to \$194 million the prior year, which was an increase of 11%.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$137.6 million compared to \$98.9 million the prior year, which was an increase of 39%.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$26.4 million compared to \$14.5 million the prior year, which was an increase of 82%.

Executive Director Carey stated that fiscal year to date Quick Draw had total sales of \$79.8 million compared to \$89.3 million the prior year, which was a decrease of 10%.

Executive Director Carey stated that fiscal year to date Fast Play had total sales of \$18.7 million compared to \$13.8 million the prior year, which was an increase of 35%.

Executive Director Carey stated that fiscal year to date Scratch-Off tickets had total sales of \$1.5 billion compared to \$1.4 billion the prior year, which was an increase of 7.5%.

Executive Director Carey stated that fiscal year to date all Games had total sales of \$2.7 billion compared to \$2.4 billion the prior year, which was an increase of 12%.

Executive Director Carey stated that the total monthly contribution to the State was \$97.4 million compared to \$78.2 million the prior year, which was an increase of 24.5%.

Executive Director Carey stated that net proceeds for the fiscal year to date exceeded \$809 million or 29.6% of sales. Fiscal year profits from lotto games were \$159.2 million or 40.7% of sales. Fiscal year profits from daily games were \$313.2 million or 38.5% of sales. Fiscal year profits from Scratch-Offs were \$329.9 million or 21.6% of sales.

Executive Director Carey stated that the top three selling non-core games for March were "Raging Hot 7's," which generated \$13.8 million in sales, "Blazing Hot 7's," which generated \$10.6 million in sales and "\$3,000,000 Mega Bucks," which generated \$9.2 million in sales.

Executive Director Carey stated that the top three selling Core and Family Games for March were the "Hot 7's" family of games, which made up 20% of total sales, "Crossword" core games, which made up 18% of total sales and the "Riches" family of games, which made up 11% of total sales.

Executive Director Carey stated that "Super 50X" launched on April 5.

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

Executive Director Carey stated that all drawings for the month of March 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 number of active retailers at the end of March 2021 was 6,901 compared to 6,883 at the end of February 2021. Vice Chair Blazovsky asked about this number at the last meeting. Executive Director Carey explained that it is not a fixed number because retailers are added every month, retailers leave every month, and at any given time we have a number of lottery retailers whose terminals are turned off. On the date of the meeting, 95 terminals were disabled because of COVID-19 related issues. On any given day, as many as 130 or 140 terminals will be disabled for a variety of reasons including, COVID, vacations, ownership changes, or construction projects. Vice Chair Blazovsky had also asked if the number of retailers was shrinking. Executive Director Carey explained that the number of Lottery retailers has been around 6,900 in the last few years. The total number did shrink a little because of COVID-19 and because last summer a small amount of retailers were terminated who had no activity on their terminals for a period of time.

Investment Designee Terwilliger stated he had joined the call and had been on the call for approximately 9 minutes.

Executive Director Carey stated that Lottery purchased a new CASH4LIFE draw machine that was installed to replace an older machine originally obtained from the New York Lottery. While draw and ball machines can be expensive, the Lottery wants to have appropriate equipment. Executive Director Carey thanked Rick Pagnani, Lottery's IMS Manager, for procuring that machine.

Executive Director Carey stated that the Validations Department received and sorted 4,165 mailed claims during the month of March. During the month of March there were 3,432 claims totaling over \$29 million that were paid to winners including annuity payments.

Executive Director Carey stated that it continues to take longer than we would like to pay claims. Executive Director Carey explained that we have been in a global pandemic for the last year and most state employees have been working from home. The claims payment system requires our staff to handle an actual ticket so players have to mail in their ticket. In the pandemic, the Lottery has worked to maintain a safe environment for our employees, our vendors and our players. Issues that have slowed down payment of claims included employees working from home, end of year tax accounting, and the upgrading of our computer system.

Executive Director Carey noted that Lottery has diverted internal employees to help the Validations unit. He also stated that has hired nine new employees in the past few months. Executive Director Carey recognized the work that the Validations staff is doing including Deputy Director of Operations, Margaret Square, and Supervisor of the Validations Unit, Nikki Roberts Apeadu, who have worked diligently to keep the claims process moving.

Executive Director Carey stated that there was a story on NJ 101.5 last week about a player who had mailed in a claim in November and had not been paid. Margaret Square, Deputy Director of Operations, contacted the player, apologized for the circumstances and explained the issues with his claim.

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 Lottery had a fantastic March. Northstar was in the field holding promotional events with retailers. There were 36 events scheduled, 18 of those were at Walmart stores and 18 others were with independent retailers. The Promotions team is excited to get out to bigger events in May and June. Mr. Perlow also stated that the retailers on the New Jersey Turnpike and Garden State Parkway are back up and running. Mr. Perlow stated that Executive Carey mentioned the success of Fast Play. Fast Play has a large jackpot and Northstar's Sales Representatives are in the field actively installing new Fast Play jackpot signs. Northstar is currently rolling those out to thousands of retailers.

Executive Director Carey concluded the Director's report.

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

Vice Chair Blazovsky thanked Executive Director Carey for addressing the Validations issues and for clarifying the numbers for the retailers. Vice Chair Blazovsky asked if 6,901 is the amount of terminals or is that retailers with terminals. Executive Director Carey responded that it is retailers with terminals.

Vice Chair Blazovsky stated the Call Center handled 4,571 calls and that is up 1,000 from last month. Vice Chair Blazovsky asked what handled means. Does that mean received, resolved or answered. Executive Director Carey responded that a Lottery representative spoke to 4,571 callers. Executive Director Carey added that how we track the calls received is not ideal and Lottery is taking a very hard look at updating our phone system in the near future.

Vice Chair Blazovsky stated that what she was really focusing on were the 3,974 winner claim status calls. Is the 3,974 calls a subset of the 4,571 calls? Are most of the calls that Lottery is getting into the Call Center are related to claims. She stated that she wants to be sure that handled meant that they spoke to the person and that it did not include that calls coming in were possibly dropped calls. Vice Chair Blazovsky also stated that she would like to know how many calls were lost. She stated that the VIP Club emails that were responded to was 644. It does not tell us how many emails that actually came in. Vice Chair Blazovsky would like to know what is the percentage of the response of all the emails and what is the process for responding to those emails. Executive Director Carey responded that Vice Chair Blazovsky is raising good questions. Lottery staff have been looking at these issues. One of the things

we discussed over the last few weeks, when we were talking about updating the phone system, was that there were multiple numbers and several email addresses on our website. If players could not get through on the main phone line, they were calling up other people at Lottery and we have taken steps to control that. The VIP Club has a separate phone line and their calls go to a call center that is staffed by IGT. The VIP Club emails go into a separate center, too. We are working to improve the coordination and the accountability for all the ways that players can contact the Lottery.

Vice Chair Blazovsky replied that it is hard to evaluate performance without understanding the context of a fact presented. She stated that she is looking forward to hearing where that goes in the future. Executive Director Carey responded that Lottery will evaluate our consumer communications and provide an update in the coming months.

Vice Chair Blazovsky stated that maybe in the interim Lottery could report the number of emails so from a monitoring standpoint, and a quality control standpoint, you know how many people are still waiting for a response every month and what the backlog is as in other areas. Executive Director Carey responded that he would provide that.

Chairman D'Anton requested a motion to approve the Director's Report. Commissioner Leonard made the motion, which was seconded by Vice Chair Blazovsky.

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.

Executive Director Carey noted that in the original package there was an error in the game rules that were sent for "Bingo Times 10." In the method of play section, it had stated that in the multiplier bonus box, the player gently removes a latex covering play area to reveal a 1X, 2X, 3X, 4X, 5X, 8X or 10X multiplier symbol and any prize won on cards 1 through 8 is multiplied by that amount. The original rules that were sent to the Commissioners for this game stated that there would be a 3X prize level. There is no 3X prize level for this game. The Commissioners were sent revised rules reflecting that there was no 3X symbol for "Bingo Times 10."

Chairman D'Anton requested a motion to approve the Scratch-Off ticket game rules for "Quick 50's," "Bingo Times 10," "100X the Cash," "10X the Cash," "20X the Cash," "50X the Cash" and "Cash Plus." Commissioner Leonard made the motion, which was seconded by Investment Designee Terwilliger. Chairman D'Anton asked if there were any questions or comments and there being none the motion carried.

Executive Director Carey stated that we have been working for several months evaluating conducting Lottery meetings via Zoom. He asked if the Commissioners have any questions or comments on holding the Commission meetings via Zoom.

Chairman D'Anton stated that he uses both Zoom and conference calling. The only benefit that he sees from Zoom calls is when sharing charts, plans or documents that the Commission might want to review, and noted that the Commission generally does not do that. He stated that he prefers conference calls. He added that Lottery has had no issues in the past year with remote meetings by conference call and he does not want to create any by switching to Zoom.

Vice Chair Blazovsky stated that she has done many Zoom meetings over the last year and thinks there is value to it. Since we are an Open Public Meeting, she thinks that it is important for us to see everyone, so she is in favor of it. She thinks the technology is out there and other government entities use it, including her own town.

Investment Designee Terwilliger stated that he would echo Vice Chair Blazovsky's comments. The Division of Investments leans heavily on Zoom and it adds a personal touch that you do not get over a conference call. Investment Designee Terwilliger added that it adds a layer of complexity sometimes and it takes some time to manage through that.

Commissioner Leonard stated that he is okay with Zoom or conference calling. Commissioner Leonard added that he likes the conference calls. It makes it easier to navigate.

Executive Director Carey stated that the Lottery will look into it further and discuss it with the Attorney General's office.

PUBLIC COMMENT

There was no Public Comment.

EXECUTIVE SESSION

There was no Executive Session.


ADJOURNMENT

Chairman D'Anton asked for a motion to adjourn the Public meeting. Commissioner Leonard made the motion, which was seconded by Vice Chair Blazovsky. 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 April 22, 2021.

IN WITNESS WHEREOF, I hereby set my hand on

the 12 day of May, 2021.



James A. Carey, Jr.
Executive Director