

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING AUGUST 19, 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
Elizabeth Muoio, Treasurer
Gary Terwilliger, Division of Investment Designee

James A. Carey, Jr., Executive Director
Roza Dabaghyan, Deputy Attorney General
Rudy Rodas, Governor's Auth. Unit

VISITORS (BY TELEPHONE)

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

STAFF (BY TELEPHONE)

Missy Gillespie
Jerry Guarino
Shelina Islam
Robert Kersey
Kalli Kostis
Kelly Laird
Jason Lee
Jack Leo
Marc Marseglia
Ellen O'Malley
Joseph Oleszkiewicz
Rick Pagnani
Steve Palmieri
Debbie Raub
Mary Ann Rivell
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.

Chairman D'Anton requested a motion to approve the minutes of the July 15, 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.

DIRECTOR'S REPORT

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

All games total sales were: \$303.5 million
Lotto games total sales were: \$34 million
Daily machine games total sales were: \$94.5 million
Scratch-Off tickets total sales were: \$174.8 million

Executive Director Carey stated that the total Contribution for the month was \$88.6 million compared to \$83.3 million the prior year, which was an increase of 6.4%.

Executive Director Carey stated that Pick-6 had sales of \$4.6 million compared to \$4.7 million the prior year, which was a decrease of 2.9%.

Executive Director Carey stated that CASH4LIFE had sales of \$5.13 million compared to \$4.9 million the prior year, which was an increase of 3%.

Executive Director Carey stated that Mega Millions had sales of \$11.7 million compared to \$10.5 million the prior year, which was an increase of 11%.

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 both Powerball and Mega Millions currently have high jackpots. Today, the Powerball jackpot is \$290 million and the Mega Millions is nearly \$256 million. When the jackpot is over \$400 million, it generates the player excitement that we like to see.

Executive Director Carey stated that Pick-3 had sales of \$39.01 million compared to \$39.1 million the prior year, which was a decrease of .04%.

Executive Director Carey stated that Pick-4 had sales of \$24.5 million compared to \$25 million the prior year, which was a decrease of 2.1%.

Executive Director Carey stated that Pick-3 and Pick-4 had a great year last year. Sales were up collectively about 10%. The Lottery has gained new players and we would like to keep some of the growth that we achieved.

Executive Director Carey stated that Jersey Cash 5 had sales of \$14.2 million compared to \$12.9 million the prior year, which was an increase of 10.6%. In July, two jackpots exceeded \$1 million. The changes made to the Jersey Cash 5 matrix last fiscal year paid off in FY21 and are continuing to do well.

Executive Director Carey stated that Cash Pop had sales of \$3.8 million compared to \$1.9 million the prior year.

Executive Director Carey stated that Quick Draw had sales of \$10 million compared to \$8.5 million the prior year, which was an increase of 18%. Quick Draw was the Lottery game most negatively impacted by the pandemic. In a game that is not supported by high jackpots, it is encouraging to see a healthy increase compared to last year. In the fall, football and other opportunities for people to go out to bars and restaurants should boost Quick Draw.

Executive Director Carey stated that Fast Play had sales of \$2.6 million compared to \$1.3 million the prior year, which was an increase of 93.5%.

Executive Director Carey stated that the fiscal year to date results are the same as the monthly results since July is the first month in the fiscal year.

Executive Director Carey stated that net proceeds Fiscal Year to date were 29.2% of sales. Fiscal year profits from lotto games were \$14.9 million or 43.5% of sales. Fiscal year profits from daily games were \$35.8 million or 37.9% of sales. Fiscal year profits from Scratch-Offs were \$37.4 million or 21.4% of sales.

Executive Director Carey stated that the top three selling non-core games for July were "Raging Hot 7's," which generated \$9.9 million in sales, "\$3,000,000 Mega Bucks," which generated \$9.3 million in sales and "Multiplier Mania," which generated \$9.2 million in sales.

Executive Director Carey stated that there were a few jackpot winning prizes on Fast Play Progressive in July, which was good news after the problems that we experienced in the spring. On July 14, a \$293,084 ticket was sold in Union County and that cleared out the progressive jackpot. It was good to see the jackpot climbing, it was good to see a winner and it is good that we have had multiple winners since then. The jackpot on Fast Play is currently hovering around \$10,000. He explained that if a player purchases a \$10 ticket, they win 100% of the jackpot. If they purchase a \$5 ticket, they win 50% of the jackpot.

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

Executive Director Carey stated that all drawings for the month of July 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 Validations Department received and sorted 3,552 mailed claims during the month of July. There were 278 received in the drop box. There were 22 hand delivered claims submitted with appointments. Staff entered 4,903 claims into CAP claims tracking system and edited 4,938 claims. During the month of July there were 5,885 claims totaling over \$16.3 million that were paid to winners including annuity payments.

Executive Director Carey stated that we have discussed the backlog on paying claim forms. He explained the steps Lottery has taken to decrease wait times. We have done a lot of work to deal with that backlog and are making a lot of progress. It is important to pay claims timely and to do it accurately and safely. Another issue that we have not discussed is that our sales have been high. When sales are high, there are more claims and it takes a little longer to pay them. The Validations unit, Nikki Roberts-Apeadu, Supervisor of the Validations unit and Margaret Square, Deputy Director of Operations, have done a great job during the pandemic.

Executive Director Carey stated that the Call Center answered 4,656 incoming calls during the month, of which 3,647 were claim status calls. Our Call Center staff has been working hard and it is appreciated.

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 it was a great start to the fiscal year. The Lottery is out again at festivals and promotions. The first "New Jersey Lottery Festival of Ballooning" event was held in Readington last month. This had previously been known as the "Quick Chek Festival of Ballooning." There were about 175,000 people at the event across those three days. There was a nice big presence in an area called "Lottery Land" and we had the opportunity to interact with thousands of New Jersey Lottery players and fans. There is a four-day festival beginning today in Wildwood, the "Barefoot Country Music Festival" and the Lottery will have a presence there. We are back at minor league baseball games as well as events at the PNC Arts Center. The Lottery will be all over the state and as part of the "101 Days of Summer" program. Mr. Perlow noted that Quick Draw is rebounding quite well. Usually there is a summer slump in Quick Draw because less people are in bars and restaurants and are dining outdoors where it is a little more difficult to play Quick Draw. Generally, most states see a 10% decline over the summer. Quick Draw is being promoted heavily. There are five promotions today at social spaces and six promotions tomorrow across the state. We are working closely with our retailers to promote their businesses and promote Quick Draw at those businesses. There were 19 new Game Touch Draw self-service vending machines installed at those retailers. It is important right now for self-service. We began earlier this calendar year deploying these things in earnest so they are making a big difference. People are using them. One of the challenges right now in bars and restaurants across New Jersey is staffing so having this self-service option is even more important for these retailers. Mr. Perlow stated that Executive Director Carey stated that the Fast Play jackpot was hovering around \$10,000; it is actually up to \$16,000 today. Those jackpots are starting to increase twice as quickly as they were last year. There will be a lot of activity around football and Quick Draw that we are looking forward to in September.

Executive Director Carey stated that the "New Jersey Festival of Ballooning" event was a huge success this year for the Festival of Ballooning and for the New Jersey Lottery. The media coverage that we received was extraordinary. Every media outlook mentioned the "New Jersey Festival of Ballooning," they did not call it the "Festival of Ballooning." Many media outlooks used a picture of a balloon with the New Jersey Lottery's logo on it. Executive Director Carey stated that he and Chief of Staff, Marc Marseglia, visited the festival on Friday before it opened to the public to see the "Lottery Land" area. It was a very impressive area and it was a great representation of to the New Jersey Lottery. The festival, as a whole, was a big success. Executive Director Carey thanked Mr. Perlow and the staff at Northstar, who deserve a hardy round of congratulations for the work on the festival.

Executive Director Carey concluded the Director's report.

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

Treasurer Muoio stated that this was discussed at last month's meeting, but she would like to weigh in because the numbers have been so impressive from the Lottery. The fact that FY20 was the highest sales year ever and the second highest year was the year prior, FY19, despite all of the challenges that you all know extremely well. Treasurer Muoio thanked the extraordinary leadership team at Lottery and Northstar, as well as the staff at Lottery. She stated that it has not been an easy year, you have had

challenges and you have overcome them on behalf of the Lottery, the State and the pensioners and their families, who depend on your success. Treasurer Muoio thanked the Lottery's board. She stated that they have a tough job and each month they step up and work hard to make sure this endeavor is a success. She also thank the Lottery retailers across the state who are on the front line. Treasurer Muoio stated that it is just incredible work by everyone and she really wanted to thank everyone and also on behalf of the Governor. Terrific job. Thank you.

Executive Director Carey and the Commissioners thanked Treasurer Muoio.

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

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 stated that an email was sent to the Commissioners prior to the meeting noting that there were some inconsistencies in the game rules that were sent last week and we sent revised game rules. The inconsistencies in the game rules were stylistic issues. We want to be consistent across the board and the rules that were sent were not consistent with how we have done things in the past and were not consistent with each other. We made appropriate changes to the rules. All the rules that were previously sent were accurate and accurately stated the rules and payouts for the games.

Executive Director Carey stated that in the original game rules for the "\$3,000,000 Platinum Club," it stated that the top prize in the prize chart was \$120,000 per year for 25 years, which, of course, equals \$3,000,000. That column was revised to state \$3,000,000 rather than \$120,000 a year for 25 years. The second change that we made was on the game rules for "\$100,000 Bankroll Bingo," "\$500,000 Silver Club," "\$200,000 Copper Club" and "\$10,000 Titanium Club." The game rules did not include the normal odds at the bottom that we use for illustrative purposes. For example, the revised rules for "\$500,000 Silver Club" states that there will be one \$500,000 prize in approximately every 2.8 million tickets that are sold from Lottery. Normally, it states that there will be one \$500,000 prize in approximately every 2.8 million tickets, we are ordering 8.4 million tickets for the "\$500,000 Silver Club." Contractually the manufacturer of those tickets is obligated to deliver us 8.4 million tickets plus or minus 3% and the plus or minus 3% allows for printing errors. The manufacturer guarantees that when the tickets are delivered to the Lottery, that we will be delivered a certain number of tickets and that there will be a specific number of top tier prizes included within that delivery. In the case of the "\$500,000 Silver Club," there will be three top tier prizes of \$500,000. The original rules stated that the exact number of prizes to be delivered to the Lottery would be three and it did not state those approximate odds. For consistency sake, we have changed the rules to include that language that states that there will be 1X dollar amount in prize in approximately every X amount of tickets.

Executive Director Carey stated that he spoke to Commissioner Blazovsky before the meeting and she noted that on page one of the rules governing the "\$1,000,000 Gold Club" under special features, it states that this game will have a top prize of \$1,000,000. Executive Director Carey stated that for clarity, it should state on page one of the rules that this game will have a top prize of a \$1,000,000 annuity. He explained that the top prize is identified as an annuity prize in the prize structure and on the back of the ticket image. Executive Director Carey asked the Commissioners to approve the rule as amended. Executive Director Carey explained that prior to the meeting, he discussed the matter with Deputy Attorney General Robert Kelly. Mr. Kelly advised that the amendment to the rule was permitted under the Open Public Meetings Act. Executive Director Carey added that the Division was going to work on some procedures to change how we proofread the game rules and make sure they are always consistent with past practice and with each other.

Executive Director Carey asked if there are any questions on the changes that were made to the game rules.

Vice Chair Blazovsky stated that for the "\$500,000 Silver Club" game rules, it is probably a typo, but the top prize has a double asterisk instead of a triple. Before these are public, Lottery may want to proof them again. She stated that she knows that the changes were done quickly. She stated that going forward, it would be helpful that the Commission receive red line copies so that they can quickly go through and identify any of the changes made.

Executive Director Carey thanked Vice Chair Blazovsky for bringing these inconsistencies to his attention. He added that red lined changes have been sent in the past and will be sent in the future.

Chairman D'Anton requested a motion to approve the Scratch-Off ticket game rules for "\$100,000 Bankroll Bingo," "Big Money Spectacular," "Quick 7's," "\$3,000,000 000 Platinum Club," "\$1,000,000 Gold Club," "\$500,000 Silver Club," "\$200,000 Copper Club" and "\$10,000 Titanium Club." Chairman D'Anton asked if there were any questions or comments on these games. Commissioner Leonard made the motion, which was seconded by Treasurer Muoio. Chairman D'Anton asked if there were any questions or comments and there being none the motion carried.

Chairman D'Anton requested a motion to approve the on-line game rules for FAST PLAY. The game rules for approval were rules for "Winter Word Search." Chairman D'Anton asked if there were any questions or comments on this game. Commissioner Leonard made the motion, which was seconded by Vice Chair Blazovsky. Chairman D'Anton asked if there were any questions or comments and there being none the motion carried.

PUBLIC COMMENT

There was no Public Comment.

EXECUTIVE SESSION

There was no Executive Session.

ADJOURNMENT


Chairman D'Anton thanked the Treasurer for attending the meeting.

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 August 19, 2021.

IN WITNESS WHEREOF, I hereby set my hand on

the _____ 9th _____ day of _____ September _____, 2021.



James A. Carey, Jr.
Executive Director