

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING APRIL 21, 2022

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

COMMISSION MEMBERS (BY TELEPHONE)

Robert J. D'Anton, Chair
Ian K. Leonard, Commissioner
Michael Kanef, Treasurer's Designee
Gary Terwilliger, Division of Investment Designee

Marc J. Marseglia, Deputy Executive Director
Robert E. Kelly, Deputy Attorney General
Roza Dabaghyan, Deputy Attorney General
Jamera Sirmans, Governor's Auth. Unit

VISITORS (BY TELEPHONE)

Adam Perlow, Northstar
Erica Helms, Northstar
Foster Krupa, Northstar
Joe Cavallo, Northstar
Sam Fromkin, Northstar
Kristen Connelly, Northstar
Erin Ziegler, Northstar

STAFF (BY TELEPHONE)

Nikki Apeadu
Patricia Coppel
Missy Gillespie
Jerry Guarino
Shelina Islam
Robert Kersey
Kelly Laird
Jason Lee
Jack Leo
Ellen O'Malley
Rick Pagnani
Steve Palmieri
Debbie Raub
Mary Ann Rivell
Ryan Schaffer
John White

After the Pledge of Allegiance, Chair 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.

Chair D'Anton requested a motion to approve the minutes of the March 17, 2021 Commission meeting. Commissioner Leonard made the motion, which was seconded by Treasurer's Designee Kanef. Chair D'Anton asked if there were any comments and there being none, the motion carried.

DIRECTOR'S REPORT

Deputy Executive Director Marseglia reviewed March's results and activities. Highlights were:

All games total sales were: \$311.1 million
Lotto games total sales were: \$33.3 million
Daily machine games total sales were: \$94.4 million
Scratch-Off tickets total sales were: \$183.3 million

Deputy Executive Director Marseglia stated that Pick-6 had sales of \$4.2 million compared to \$5.1 million the prior year, which was a decrease of 16.9%.

Deputy Executive Director Marseglia stated that CASH4LIFE had sales of \$5.04 million compared to \$5.25 million the prior year, which was a decrease of 4%.

Deputy Executive Director Marseglia stated that Mega Millions had sales of \$9.7 million compared to \$11.7 million the prior year, which was a decrease of 17.1%.

Deputy Executive Director Marseglia stated that Powerball had sales of \$14.3 million compared to \$13.6 million the prior year, which was an increase of 4.9%.

Deputy Executive Director Marseglia stated that Pick-3 had sales of \$37.5 million compared to \$40.8 million the prior year, which was a decrease of 8.2%.

Deputy Executive Director Marseglia stated that Pick-4 had sales of \$23.8 million compared to \$26.1 million the prior year, which was a decrease of 9%.

Deputy Executive Director Marseglia stated that Jersey Cash 5 had sales of \$13.3 million compared to \$14 million the prior year, which was a decrease of 4.7%.

Deputy Executive Director Marseglia stated that Cash Pop had sales of \$4.6 million compared to \$4.5 million the prior year, which was an increase of 3.8%.

Deputy Executive Director Marseglia stated that Quick Draw had sales of \$10.3 million compared to \$10.2 million the prior year, which was an increase of 1.5%.

Deputy Executive Director Marseglia stated that Fast Play had sales of \$4.5 million compared to \$3.3 million the prior year, which was an increase of 37.4%.

Deputy Executive Director Marseglia stated that Scratch-Offs had sales of \$183.3 million compared to \$193 million the prior year, which was a decrease of 5%.

Deputy Executive Director Marseglia stated that the monthly contribution for the month was \$91.2 million compared to \$97.4 million the prior year, which was a decrease of 6.4%.

Deputy Executive Director Marseglia stated that fiscal year to date Pick-6 had total sales of \$41.2 million compared to \$41.1 million the prior year.

Deputy Executive Director Marseglia stated that fiscal year to date CASH4LIFE had total sales of \$44.5 million compared to \$44.6 million the prior year, which was a decrease of 0.03%.

Deputy Executive Director Marseglia stated that fiscal year to date Mega Millions had total sales of \$114.4 million compared to \$165.2 million the prior year, which was a decrease of 30.7%.

Deputy Executive Director Marseglia stated that fiscal year to date Powerball had total sales of \$185.8 million compared to \$140 million the prior year, which was an increase of 32.7%.

Deputy Executive Director Marseglia stated that fiscal year to date Pick-3 had total sales of \$325.5 million compared to \$333 million the prior year, which was a decrease of 2.3%.

Deputy Executive Director Marseglia stated that fiscal year to date Pick-4 had total sales of \$207.5 million compared to \$216 million the prior year, which was a decrease of 3.9%.

Deputy Executive Director Marseglia stated that fiscal year to date Jersey Cash 5 had total sales of \$121.9 million compared to \$137.5 million the prior year, which was a decrease of 11.4%.

Deputy Executive Director Marseglia stated that fiscal year to date Cash Pop had total sales of \$34.1 million compared to \$26.4 million the prior year, which was an increase of 29.3%.

Deputy Executive Director Marseglia stated that fiscal year to date Quick Draw had total sales of \$84 million compared to \$79.8 million the prior year, which was an increase of 5.3%.

Deputy Executive Director Marseglia stated that fiscal year to date Fast Play had total sales of \$25.9 million compared to \$18.7 million the prior year, which was an increase of 38.5%.

Deputy Executive Director Marseglia stated that fiscal year to date Scratch-Off tickets had total sales of \$1.54 billion compared to \$1.52 billion the prior year, which was an increase of 1%.

Deputy Executive Director Marseglia stated that fiscal year to date All Games had total sales of \$2.729 billion compared to \$2.728 billion the prior year.

Deputy Executive Director Marseglia stated that the total contribution for the fiscal year was \$806.8 million compared to \$809.1 million the prior year, which was a decrease of 0.03%.

Deputy Executive Director Marseglia stated that net proceeds for the fiscal year to date exceeded \$806.8 million or 29.59% of sales. Fiscal year profits from lotto games were \$156.2 million or 40.4% of sales. Fiscal year profits from daily games were \$306.4 million or 38.3% of sales. Fiscal year profits from Scratch-Offs were \$331.5 million or 21.5% of sales.

Deputy Executive Director Marseglia stated that the top three selling non-core games for March were "\$3,000,000 Platinum Club," which generated \$16.5 million in sales, "\$1,000,000 Gold Club," which generated \$12.0 million in sales and "\$500,000 Silver Club," which generated \$8.6 million in sales.

Deputy Executive Director Marseglia stated that new games that launched on March 7 were "The Big Spin" and "\$50 and \$100 Blowout." A Tier 2 advertising campaign supported "The Big Spin". We already had two top tier winners submit claims. The winners will spin the large mechanical wheel at our Million Dollar Replay Event, which is Friday, April 29.

Deputy Executive Director Marseglia stated that new games launched on April 4 were "Wild Cash" and "Red 7's Doubler."

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

Deputy Executive Director Marseglia stated that all drawings for the month of March were completed with no abnormalities.

Deputy Executive Director Marseglia 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.

Deputy Executive Director Marseglia stated that the Validations Unit received and sorted 4,183 mailed claims during the month of March. The number of claims received in the drop box was 370. Players are getting more comfortable using the drop box. There were 105 hand delivered claims submitted during scheduled appointments. Staff created 5,389 claims into the claims tracking system and edit 6,129 claims. During the month of March there were 4,398 claims totaling over \$18 million that were paid to winners including annuity payments.

Deputy Executive Director Marseglia stated that the Call Center answered and responded to 4,074 incoming calls, of which 1,643 were claim status calls. That is a much lower percentage than what we received during the pandemic. It was taking as many as nine weeks to process claim forms and at that time about 75% of the calls that the Call Center received was to check on claims. That percentage has dropped considerably and it is closer to 40% now.

Deputy Executive Director Marseglia invited Adam Perlow, Vice President and Chief Operating Officer of Northstar, to provide an update on Northstar activities. Mr. Perlow stated that the "Big Spin" has caused a lot of excitement with our player base. It has performed as one of our best \$5 tickets in a long time. There was a Tier 2 advertising campaign and there were ads during the Price is Right and on billboards. We are looking forward to the Million Dollar Replay Event, where we plan to have the winners spin the wheel. In the beginning of March, there was a Cash Pop advertising campaign. The Sales Reps focused on retailer penetration of that game. We are trying to increase the number of retailers that sold Cash Pop during that month and we were successful with increasing the number of retailers by roughly 10%. We also had a Quick Draw campaign running on television and billboards as well as a lot of retailer point of sale materials. The sales force focused on retailer player education and signage in retail stores on the Pick-6 changes. The Pick-6 revisions are really off to a great start. The jackpot is growing much more rapidly than it had in the past. The Promotions team is at Devils games and minor league baseball games. We encourage our players to go attend the Public Events and win some prizes in the process.

Deputy Executive Director Marseglia concluded the Director's report.

Chair D'Anton asked if there are any additional questions or comments. Chair D'Anton requested a motion to approve the Director's Report. Commissioner Leonard made the motion, which was seconded by Treasurer's Designee Kanef.

NEW BUSINESS

Deputy Executive Director Marseglia 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 new item of business was game rules for two Scratch-Off ticket game rules.

"Birthday Surprise" is a \$2 ticket, a ticket quantity to be printed of 3.6 million tickets, a top prize of \$10,000, a prize payout of 63%, and an anticipated on-sale date of July 15, 2022.

"Win For Life" is a \$3 ticket, a ticket quantity to be printed of 12.6 million tickets, a top prize of \$5,000 a month for life or the equivalent cash value of \$1,150,000, a prize payout of 66%, and an anticipated on-sale date of July 15, 2022.

Chair D'Anton asked if there are any questions regarding the approval of the two Scratch-Off ticket game rules. Hearing no questions, Chair D'Anton requested a motion to approve the Scratch-Off ticket game rules for the "Birthday Surprise," and "Win For Life." Commissioner Leonard made the motion, which was seconded by Treasurer's Designee Kanef. Chair D'Anton asked if there were any questions or comments, and there being none, the motion carried.

PUBLIC COMMENT

Lawrence Tunkel thanked the Lottery for the revenue it is generating. He stated he recently bought a Pick-6 ticket with four sets of numbers on it with advanced play for three consecutive weeks, 24 drawings. It cost him \$48, \$24 for what was the regular price and a \$1 more for each extra, and he received the 1X multiplier. He stated that 1X is not multiplier at all. Mr. Tunkel stated that the Lottery's website reads that previously an add-on extra is now automatically included as part of our \$2 Pick-6 plays. Extra increases the value of any non-jackpot prize you may win. He stated that is not true. He has a \$48 ticket and it has a multiplier of 1X. For 24 games, no matter what he wins, there is no multiplier. It is equal to zero multiplication on his prize. Deputy Executive Director Marseglia responded that the Lottery was refreshing the Pick-6 game. The Lottery changed the price point, included the multiplier and increased the odds considerably.

Mr. Tunkel stated that you are paying \$1 extra for a chance to get no extra. All the previous multipliers for an extra \$1 started with 2X the value and now it is not there. He stated that if he had bought these 24 tickets and paid \$2 each separately, each ticket would have a random multiplier on it. Lottery previously added the extra multiplier on a voluntary basis for \$1 and you can win minimum two times the prize and now you cannot. Now you have to pay it. Deputy Executive Director Marseglia responded that on top of the improved odds, Lottery also added the 10X multiplier. If all players received at least the 2X multiplier, that would have doubled all of the prizes. He added that Lottery could automatically double the prizes because then we would have been forced to make the base prizes half of what they would have been. We have our base prizes and if we automatically double it for everyone, there is no base. Deputy Executive Director Marseglia added that the average multiplier is about 2.54 when you factor in all the other options of the 3X and the 5X and now, of course, you now that you have the option to get 10X of your prize. For that extra dollar, you get what previously was an add-on feature. However, the way we had to construct it had to have a base, which would have been the 1X. From there we added better odds, we added the ability to win 10 times your prize and we added the new add-on game, which is Double Play.

Mr. Perlow stated that the language on the website is that the multiplier feature extra is included in the price of the single \$2 wager giving you the opportunity to multiply non-jackpot prizes up to 10X. The website does not say that there is a guarantee. It provides players with the opportunity.

Deputy Executive Director Marseglia asked Mr. Tunkel to contact the Director's Office after the meeting.

Treasurer's Designee Kanef stated that we appreciate Mr. Tunkel's concerns. He asked Mr. Tunkel to call Deputy Executive Director Marseglia to make sure he receives the correct information.

Roy Campbell stated that he would like to follow up on what the previous caller just spoke about. He stated that he loves the new Pick-6 game and it has caused a lot of excitement. He stated many players were flabbergasted at the 1X. It was not clear in the language that there would be a multiplier that did not multiply. That is why your long time player is upset. If you had all 2Xs you would have a lesser base prize and people cutting their prize up into small pieces. Having a 1X makes sense but the players did not know it. He added that when he plays Pick-6, if he plays them one at a time, if he receives a 1X, he plays the same numbers again. That allows him to get a multiplier for his dollar. Mr. Campbell believes the language should be looked at in another meeting so it is clear that players may have the opportunity to get a higher multiplier but 1X does exist. He congratulated the Lottery on revising the game. Deputy Executive Director Marseglia responded stated the game rules are clear but we may need to focus on the messaging.

EXECUTIVE SESSION

There was no Executive Session.

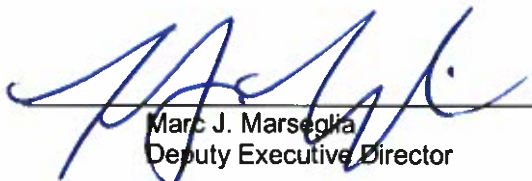
ADJOURNMENT

Chair D'Anton asked for a motion to adjourn the Public meeting. Commissioner Leonard made the motion, which was seconded by Treasurer's Designee Kanef. 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 21, 2022.

IN WITNESS WHEREOF, I hereby set my hand on

the 10th day of May, 2022.



Marc J. Marseglia
Deputy Executive Director