

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING JUNE 16, 2022

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

#### COMMISSION MEMBERS (BY TELEPHONE)

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

James A. Carey, Jr., Executive Director  
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  
Kristen Connelly, Northstar  
John Hodor, Northstar

#### STAFF (BY TELEPHONE)

Nikki Apeadu  
Patricia Coppel  
Missy Gillespie  
Jerry Guarino  
Shelina Islam  
Robert Kersey  
Kelly Laird  
Jason Lee  
Jack Leo  
Charlene Mello  
Ellen O'Malley  
Joe Oleszkiewicz  
Richard Pagnani  
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 May 19, 2022 Commission meeting. Commissioner Leonard made the motion, which was seconded by Vice Chair Blazovsky. Chair D'Anton asked if there were any comments and there being none, the motion carried.

#### DIRECTOR'S REPORT

Executive Director Carey reviewed May's results and activities. Highlights were:

All games total sales were: \$299.4 million  
Lotto games total sales were: \$35.1 million  
Daily machine games total sales were: \$87.8 million  
Scratch-Off tickets total sales were: \$176.4 million

Executive Director Carey stated that sales in May were down significantly year over year, but Scratch-Off ticket sales were still the seventh highest in Lottery history.

Executive Director Carey stated that Pick-6 had sales of \$7.6 million compared to \$5.6 million the prior year, which was an increase of 34.5%, and a sign that players were responding to the recent changes to the game.

Executive Director Carey stated that CASH4LIFE had sales of \$4.7 million compared to \$5.0 million the prior year, which was a decrease of 6.1%.

Executive Director Carey stated that Mega Millions had sales of \$10.7 million compared to \$21.9 million the prior year, which was a decrease of 51.1%.

Executive Director Carey stated that Powerball had sales of \$12 million compared to \$14.7 million the prior year, which was a decrease of 18.7%.

Executive Director Carey stated that Pick-3 had sales of \$36.1 million compared to \$40.2 million the prior year, which was a decrease of 10.3%.

Executive Director Carey stated that Pick-4 had sales of \$22.7 million compared to \$25.1 million the prior year, which was a decrease of 9.6%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$11.1 million compared to \$15.5 million the prior year, which was a decrease of 28.3%.

Executive Director Carey stated that Cash Pop had sales of \$3.9 million compared to \$5 million the prior year, which was a decrease of 22%.

Executive Director Carey stated that Quick Draw had sales of \$9.1 million compared to \$10.7 million the prior year, which was a decrease of 15%.

Executive Director Carey stated that Fast Play had sales of \$4.7 million compared to \$2.5 million the prior year, which was an increase of 90%.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$54.4 million compared to \$52.6 million the prior year, which was an increase of 3.4%.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$54.1 million compared to \$54.8 million the prior year, which was a decrease of 1.2%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$134.6 million compared to \$203.9 million the prior year, which was a decrease of 34%.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$223.3 million compared to \$163.9 million the prior year, which was an increase of 36.2%.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$397.7 million compared to \$414.7 million the prior year, which was a decrease of 4.1%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$252.9 million compared to \$267 million the prior year, which was a decrease of 5.3%.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$146.7 million compared to \$167.2 million the prior year, which was a decrease of 12.3%.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$42.2 million compared to \$36.9 million the prior year, which was an increase of 14.5%.

Executive Director Carey stated that fiscal year to date Quick Draw had total sales of \$102.8 million compared to \$100.6 million the prior year, which was an increase of 2.2%.

Executive Director Carey stated that fiscal year to date Fast Play had total sales of \$35.9 million compared to \$26 million the prior year, which was an increase of 37.7%.

Executive Director Carey stated that the total monthly contribution to the State was \$88.6 million compared to \$94.3 million the prior year, which was a decrease of 8.2%.

Executive Director Carey stated that net proceeds for the fiscal year to date exceeded \$984.7 million or 29.47% of sales. Fiscal year profits from lotto games were \$188 million or 40.3% of sales. Fiscal year profits from daily games were \$374.4 million or 38.2% of sales. Fiscal year profits from Scratch-Offs were \$408.7 million or 21.5% of sales.

Executive Director Carey stated that total to date FY22 net proceeds also include 30% of the current estimated forfeited prizes or \$14 million.

Executive Director Carey stated that the top three selling non-core games for June were "\$3,000,000 Platinum Club," which generated \$14.3 million in sales, "\$1,000,000 Gold Club," which generated \$8.9 million in sales and "100X The Cash," which generated \$6.8 million in sales.

Executive Director Carey stated that Northstar has kicked off the 101 Days of Summer 2022 campaign. That will run from May 27 through September 4.

Executive Director Carey stated that on May 23, a \$20 Jersey Jackpot winner cleared out the Fast Play Progressive jackpot and won \$344,783.

Executive Director Carey stated that the Social Media section of the Director's Report has some new data and a new way of presenting our social media activities.

Executive Director Carey stated that all drawings for the month of June 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 Lottery continues to work with Northstar on our application to be recertified at Level 4 with the World Lottery Association. He added that he was interviewed in connection with the Level 4 recertification. Northstar and Lottery staff members have been interviewed by consultants associated with the World Lottery Association to make sure we are on track and doing that appropriately.

Executive Director Carey stated that the New Jersey Lottery Festival of Ballooning at Solberg Airport in Readington will be held from July 29 through 31.

Executive Director Carey stated that the Validations Unit received and sorted 3,640 mailed claims during the month of May. There were 292 claims received in the drop box and 83 claims hand delivered during scheduled appointments. During the month of May there were 3,777 claims totaling over \$21.8 million that were paid to winners including annuity payments.

Executive Director Carey invited Adam Perlow, Vice President and Chief Operating Officer of Northstar, to provide an update on Northstar activities. Mr. Perlow discussed upcoming promotional events. Mr. Perlow thanked Tim Rolwood, who manages Northstar's Responsible Gaming efforts, for the tremendous amount of work he has put into the WLA Level 4 recertification application process. It is important to Northstar and the Lottery to achieve that status once again. Mr. Perlow added that the Sales team has been very active with the Pick-6 game changes and they have been handing out a lot of free Pick-6 Double Play coupons. The Sales team has handed out over 32,000 coupons and over 21,312 of those have been redeemed by players.

Executive Director Carey concluded the Director's report.

Chair D'Anton asked if there are any questions or comments. Hearing no questions, Chair D'Anton requested a motion to approve the Director's Report. Treasurer's Designee Kanef made the motion, which was seconded by Commissioner Leonard.

## 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.

The first item of business was amendments to the Pick-3 and Pick-4 addendum game rules and the Pick-3 and Pick-4 Fireball addendum game rules.

Executive Director Carey explained the amendments to the Pick-3 and Pick-4 addendum game rules and the Pick-3 and Pick-4 Fireball addendum game rules. He explained that the changes are significant. Pick-3 and Pick-4 collectively generate over \$700 million a year in sales and are by far the Lottery's biggest games, not including Scratch-Offs. There has been a long-term decline of anywhere from 0.5% to almost 2% per year in most years for those games. The pandemic saw sales for both games increase 10% during FY21, but over the last few months, Lottery had started giving back a little bit of those gains. Currently the game has a pari-mutuel prize structure, which means that there is a prize pool and all of the winners share in that prize pool. The changes to the game rules for Pick-3, Pick-4 and the Fireball addendums propose that the games go to a fixed prize structure. New Jersey is one of only three jurisdictions in the United States that uses a pari-mutuel prize structure on its numbers games. A move to fixed prizes will bring us in line with the remaining 38 lotteries that offer numbers games in a fixed prize structure. The matrix for the games will remain the same.

Chair D'Anton asked if there were any questions.

Vice Chair Blazovsky stated that she is particularly interested in the plans to promote the change in Pick-3 and Pick-4 to the public. Mr. Perlow responded that plans are to implement this change in mid-November. It will be promoted through normal in store signage and then plans to promote the change with a Tier 1 campaign would occur in January. The reason for the delay is that in mid-November the holiday advertising season is very busy and media costs are very expensive. The holiday Scratch-Off games are advertised because those are important to the Lottery's financials for the year.

Vice Chair Blazovsky asked if the in store promos in November will be sufficient to educate the public and kick this off without reducing the potential for sales. Mr. Perlow responded that it will be sufficient. The daily numbers players are loyal. Retailers will be educated by the Sales team leading up to that and the Tier 1 campaign. In store signage and messaging, along with other kind of owned assets, social media, the mobile app, the website and the VIP club will communicate the changes it as well.

Chair D'Anton asked if there are any additional questions regarding the approval of the amendments to the Pick-3 and Pick-4 addendum game rules and the Pick-3 and Pick-4 Fireball addendum game rules. Hearing no questions, Chair D'Anton requested a motion to approve the amendments to the Pick-3 and Pick-4 addendum game rules and the Pick-3 and Pick-4 Fireball addendum game rules. 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.

The second item of business was amendments to the Jersey Cash 5 game rules.

Executive Director Carey explained the amendments to the Jersey Cash 5 game rules. In 2020, changes were made to Jersey Cash 5 that have been very successful. Lottery increased the matrix and increased the starting jackpot from \$75,000 to \$100,000. At that time, a reserve pool was created using 1% of all sales to fund the jackpots. However, the pool is now overfunded and has accumulated approximately \$3 million. The Lottery wants to reduce that prize pool and the funding mechanism will go from 1% to 0.25%. The changes to the rule will allow Lottery to use the money in the reserve fund for a promotion in the future. The Lottery is working with Northstar to determine the best promotion to run that will generate excitement for the game. When that is determined, Lottery will let the Commissioners know in advance of what is planned.

Chair D'Anton asked if there are any questions regarding the approval of the amendments to the Jersey Cash 5 game rules. Hearing no questions, Chair D'Anton requested a motion to approve the amendments to the Jersey Cash 5 game rules. Commissioner Leonard made the motion, which was seconded by Investments Designee Terwilliger. Chair D'Anton asked if there were any questions or comments, and there being none, the motion carried.

The third item of business was game rules for five Scratch-Off ticket game rules.

"Sleigh Bills" is a \$1 ticket, a ticket quantity to be printed of 6.9 million tickets, a top prize of \$500, a prize payout of 60%, and an anticipated on-sale date of November 7, 2022.

"Snow Me the Money" is a \$2 ticket, a ticket quantity to be printed of 7.2 million tickets, a top prize of \$10,000, a prize payout of 63%, and an anticipated on-sale date of November 7, 2022.

"Peppermint Payout" is a \$5 ticket, a ticket quantity to be printed of 3.6 million tickets, a top prize of \$200,000, a prize payout of 64%, and an anticipated on-sale date of November 7, 2022.

"Super Crossword" is a \$5 ticket, a ticket quantity to be printed of 5.4 million tickets, a top prize of \$50,000, a prize payout of 61%, and an anticipated on-sale date of October 1, 2022.

"Cash Line Bingo" is a \$5 ticket, a ticket quantity to be printed of 4.3 million tickets, a top prize of \$100,000, a prize payout of 64%, and an anticipated on-sale date of October 3, 2022.

Chair D'Anton asked if there are any questions regarding the approval of the five Scratch-Off ticket game rules. Hearing no questions, Chair D'Anton requested a motion to approve the Scratch-Off ticket game rules for the "Sleigh Bills," "Snow me the Money," "Peppermint Payout," "Super Crossword" "and "Cash Line Bingo." Vice Chair Blazovsky made the motion, which was seconded by Commissioner Leonard. Chair D'Anton asked if there were any questions or comments, and there being none, the motion carried.

The fourth item of new business was game rules for one Fast Play game.

"Pumpkin Patch Payout" is a \$5 ticket, a top prize of \$200 or 50% of the jackpot, a prize payout of 62%, and an anticipated on-sale date of September 16, 2022.

Chair D'Anton asked if there are any questions regarding the approval of the Fast Play ticket game rules. Hearing no questions, Chair D'Anton requested a motion to approve the Fast Play ticket game rules for "Pumpkin Patch Payout." Treasurer's Designee Kanef made the motion, which was seconded by Vice Chair Blazovsky. Chair D'Anton asked if there were any questions or comments, and there being none, the motion carried.

Executive Director Carey stated that the election of officers was the next item on the agenda. Executive Director Carey took roll call.

Executive Director Carey asked for a nomination for Chairman of the Lottery Commission. Vice Chair Blazovsky nominated Robert D'Anton, which was seconded by Treasurer's Designee Kanef. Executive Director Carey asked if there were any comments and there being none asked for a roll call vote.

Marilyn Blazovsky	Yes
Ian Leonard	Yes
Gary Terwilliger	Yes
Michael Kanef	Yes

Executive Director Carey stated that the motion carried and Robert D'Anton has been elected Chairman of the New Jersey Lottery Commission.

Executive Director Carey asked for a nomination for Vice Chairman of the Lottery Commission. Chairman D'Anton nominated Marilyn Blazovsky, which was seconded by Treasurer's Designee Kanef. Executive Director Carey asked if there were any comments and there being none asked for a roll call vote.

Robert D'Anton	Yes
Ian Leonard	Yes
Gary Terwilliger	Yes
Michael Kanef	Yes

Executive Director Carey stated that the motion carried and Marilyn Blazovsky has been elected Vice Chair of the New Jersey Lottery Commission.

Executive Director Carey congratulated the Commissioners.

**PUBLIC COMMENT**

Roy Campbell congratulated Executive Director Carey and his team on the recent changes to Pick-6. Executive Director Carey responded that the game development team at Northstar came up with that interesting idea.

Mr. Campbell thanked Vice Chair. Blazovsky. He stated that she has been a great voice for the general public as opposed to an administration voice and that he appreciates her. Vice Chair Blazovsky thanked Mr. Campbell.

**EXECUTIVE SESSION**

There was no Executive Session.

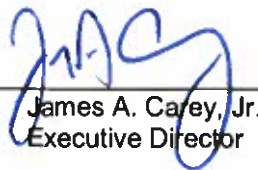
**ADJOURNMENT**

Chair D'Anton asked for a motion to adjourn the Public meeting. Commissioner Leonard made the motion, which was seconded by 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 June 16, 2022.

IN WITNESS WHEREOF, I hereby set my hand on

the 13th day of July, 2022.



James A. Carey, Jr.  
Executive Director