

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING APRIL 20, 2023

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

COMMISSION MEMBERS (BY TELEPHONE)

Robert D'Anton, Chairman
Marilyn Blazovsky, Vice Chair
Ian 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
Foster Krupa, Northstar
Sam Fromkin, Northstar
Joe Cavallo, Northstar
Kristen Connelly, Northstar
Erin Ziegler, Northstar

STAFF (BY TELEPHONE)

Patricia Coppel
Scott Davis
Missy Gillespie
Shelina Islam
Joseph Jean
Robert Kersey
Kelly Laird
Jason Lee
Jack Leo
Charlene Mello
Ellen O'Malley
Joe Oleszkiewicz
Rick Pagnani
Steve Palmieri
Debbie Raub
Mary Ann Rivell
Ryan Schaffer
John White

Executive Director Carey took roll call.

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 March 16, 2023 Commission meeting. Treasurer's Designee Kanef made the motion to approve the minutes of the March 16, 2023 Commission meeting. Commissioner Leonard seconded the motion. Chairman D'Anton asked if there were any comments and there were none. Chairman D'Anton called for a vote and all the Commissioners voted yes. The motion carried.

Executive Director Carey stated that there was a typographic error regarding the Executive Session minutes of the March 16, 2023 meeting that will require one minor change. Executive Director Carey stated that it would be discussed during the Executive Session. After the Executive Session today, the Commissioners will vote to approve the Executive Session minutes.

DIRECTOR'S REPORT

Executive Director Carey stated that March was a big month for the New Jersey Lottery. The Million Dollar Replay Event was held at Caesar's Atlantic City on Friday, March 24. There are 400 finalists in the Million Dollar Replay who were eligible to win the grand prize of \$1 million. There were approximately 200 finalists in attendance at the party, including our Grand Prize winner who was from Toms River. Executive Director Carey thanked Ryan Schaffer and Ellen O'Malley from the Lottery and Sam Fromkin and Lauren Quirk from Northstar, and everyone who worked on the event.

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

All games total sales were: \$302.3 million
Lotto games total sales were: \$39.7 million
Daily machine games total sales were: \$87.5 million
Scratch-Off tickets total sales were: \$175 million

Executive Director Carey stated that Pick-6 had sales of \$4.7 million compared to \$4.2 million the prior year, which was an increase of 11.3%.

Executive Director Carey stated that CASH4LIFE had sales of \$5.3 million compared to \$5.0 million the prior year, which was an increase of 6.7%.

Executive Director Carey stated that Mega Millions had sales of \$16.9 million compared to \$9.7 million the prior year, which was an increase of 73.8%.

Executive Director Carey stated that Powerball had sales of \$12.6 million compared to \$14.3 million the prior year, which was decrease of 11.7%.

Executive Director Carey stated that Pick-3 had sales of \$34.7 million compared to \$37.5 million the prior year, which was a decrease of 7.5%.

Executive Director Carey stated that Pick-4 had sales of \$21.9 million compared to \$23.8 million the prior year, which was a decrease of 7.8%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$11.2 million compared to \$13.3 million the prior year, which was a decrease of 15.8%.

Executive Director Carey stated that Cash Pop had sales of \$5.4 million compared to \$4.6 million the prior year, which was an increase of 16.4%.

Executive Director Carey stated that Quick Draw had sales of \$9.2 million compared to \$10.3 million the prior year, which was a decrease of 10.9%.

Executive Director Carey stated that Fast Play had sales of \$4.8 million compared to \$4.5 million the prior year, which was an increase of 6.3%.

Executive Director Carey stated that the monthly contribution was \$88.7 million compared to \$91.2 million the prior year, which was a decrease of 2.7%.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$45.8 million compared to \$41.2 million the prior year, which was an increase of 11.2%.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$47 million compared to \$44.5 million the prior year, which was an increase of 5.7%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$254.5 million compared to \$114.4 million the prior year, which was an increase of 122.5%.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$261.4 million compared to \$185.8 million the prior year, which was an increase of 40.7%. Powerball had a strong year last year but it is having a stronger year this year.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$297.3 million compared to \$325.5 million the prior year, which was a decrease of 8.6%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$188.7 million compared to \$207.5 million the prior year, which was a decrease of 9.1%.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$99.1 million compared to \$121.9 million the prior year, which was a decrease of 18.7%.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$42.9 million compared to \$34.1 million the prior year, which was an increase of 25.8%.

Executive Director Carey stated that fiscal year to date Quick Draw had total sales of \$75.6 million compared to \$84.0 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 \$35.8 million compared to \$25.9 million the prior year, which was an increase of 38.2%.

Executive Director Carey stated that fiscal year to date Scratch-off tickets had total sales of \$1.50 billion compared to \$1.54 billion the prior year, which was a decrease of 2.5%. We are on track to have our third consecutive year of sales in excess of \$2 billion.

Executive Director Carey stated that fiscal year to date All Games had total sales of \$2.8 billion compared to \$2.7 billion the prior year, which was an increase of 4.5%.

Executive Director Carey stated that fiscal year to date the contribution was \$869.2 million compared to \$806.8 million the prior year, which was an increase of 7.7%. The fiscal year to date contribution has been consistently over 30% of sales.

Executive Director Carey stated that fiscal year profits from lotto games were \$251 million or 41.2% of sales. Fiscal year profits from daily games were \$281 million or 38% of sales. Fiscal year profits from Scratch-Offs games were \$326.8 million or 21.7% of sales.

Executive Director Carey stated that total to date FY23 net proceeds also include 30% of the current estimated forfeited prizes or \$10.4 million.

Executive Director Carey stated that the New Jersey Lottery has earned approximately \$6 million year to date from interest. With interest rates up to 4 or 5%, this is the first time in several years where we have had high interest rates and as a result, the Lottery has had significant interest income.

Executive Director Carey stated that the top three selling non-core games for March were "Power 50X," which generated \$10.9 million in sales, "Power 20X," which generated \$9.6 million in sales and "\$50,000 Loaded," which generated \$7.6 million in sales.

Executive Director Carey stated that Fast Play Progressive had a few high tier winners in March. On March 15, a \$10 Jersey Jackpot ticket won \$347,930. On March 17, a \$20 100X the Cash ticket won \$10,000. On March 27, a \$10 Jersey Jackpot ticket won \$51,107.

Executive Director Carey stated that there were a few high tier winners throughout the state in March. On March 7, Mega Millions had a \$1,000,000 winner sold in Morris County. On March 8, Jersey Cash 5 Green Ball Double drawing had a \$50,000 winner in Middlesex County. Jersey Cash 5 drawings had a \$315,455 winner, a \$983,723 winner and a \$595,153 winner.

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 at the invitation of Vice Chair Blazovsky and the Montgomery Rocky Hill Rotary Club, he held a Speaker's Bureau presentation. It was his first time doing a Speaker's Bureau presentation. He thanked Vice Chair Blazovsky for inviting the Lottery to that event. The Speaker's Bureau Events does a lot of great work and a lot of good positive outreach for the New Jersey Lottery.

Executive Director Carey stated that the Validations staff received and sorted 4,366 mailed claim forms during the month. The number of claims received in the drop box was 452. There were 436 claims hand delivered. During the month of March there were 4,779 claims paid.

Executive Director Carey stated that it is taking approximately six to eight weeks to pay claims. The Lottery is taking a number of steps to deal with that issue. We have added several additional staff members to help process and pay claims during the month April. Staff that normally telework one or two

days a week are coming into the office full time. We are also looking at options to simplify and streamline how we pay claims. One example is that if an individual sends in a batch of several tickets, each one of those winning tickets generate an individual prize check to be mailed to the player. We are working out a process with OMB to merge all of those individual prizes and claims into a single claim payable with a single check. Additionally, we are hoping to offer ACH transfers to players in the fall. As we progress in online sales, we will be looking at Northstar and IGT to help us with even more advanced claims processing methods that we can use with the online platform and take advantage of that and speed up the process for players. The Lottery has a great team in the claims department that works very hard. The claims team were among the first people in the state that were coming back into the office to process Lottery claims during the pandemic. They did a great job during difficult times and they are some of the hardest working people at the Lottery.

Executive Director Carey invited Adam Perlow, Vice President and Chief Operating Officer of Northstar, to provide an update on Northstar activities. Mr. Perlow thanked Executive Director Carey for recognizing Sam Fromkin, Lauren Quirk and all of the Million Dollar Replay volunteers. He discussed the Jersey Cash 5 Green Ball promotion where we had eight Green Ball winners. The Green Ball promotion averaged two winners a week. Mr. Perlow also discussed the launch of The Bigger Spin scratch-off ticket. Finally, he noted that the Lottery had a fun ticket coming out next month, which is the Jersey Debate ticket.

Executive Director Carey stated that the Jersey Cash 5 Green Ball promotion is something that the Lottery will look at. Jersey Cash 5 continues to a victim of its own success. New Jersey Lottery players have been very successful and they have won many drawings, which impacts jackpot amounts and sales.

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 coming out to Montgomery Township for the Rotary meeting. She stated that the venue was a great opportunity to talk about the financial side of Lottery and package it as a business and a profitable business for the State of New Jersey. The Rotary is a combination of business and community influencers so she thought it was important for that presentation. They had opened the door to invite the Lottery and she was very thankful that Executive Director Carey could come out for that. Vice Chair Blazovsky noted that she saw the high productivity for the claims area so she thanks the Lottery for the extra effort to get winners paid.

Executive Director Carey thanked Vice Chair Blazovsky.

Chairman D'Anton asked if there are any additional questions or comments. Hearing no other questions, Chairman D'Anton requested a motion to approve the Director's Report. Investment Designee Terwilliger made the motion to approve the Director's Report. Commissioner Leonard seconded the motion and all the Commissioners voted yes. The motion carried.

PUBLIC COMMENT ON AGENDA ITEMS

There was no Public Comment on agenda items.

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 new business was game rules for four Scratch-Off games.

"\$2,000 Loaded" is a \$2 ticket, a ticket quantity to be printed of 7.2 million tickets, a top prize of \$2,000, a prize payout of 62.96%, and an anticipated on-sale date of September 5, 2023.

"\$5,000 Loaded" is a \$5 ticket, a ticket quantity to be printed of 6 million tickets, a top prize of \$5,000, a prize payout of 63.98%, and an anticipated on-sale date of September 5, 2023.

"\$10,000 Loaded" is a \$10 ticket, a ticket quantity to be printed of 8.1 million tickets, a top prize of \$10,000, a prize payout of 66.5%, and an anticipated on-sale date of September 5, 2023.

"\$20,000 Loaded" is a \$20 ticket, a ticket quantity to be printed of 7.2 million tickets, a top prize of \$20,000, a prize payout of 69.01%, and an anticipated on-sale date of September 5, 2023.

Chairman D'Anton asked if there are any questions regarding the approval of the four Scratch-Off ticket game rules. Hearing no other questions, Chairman D'Anton requested a motion to approve the four Scratch-Off ticket game rules for "\$2,000 Loaded," "\$5,000 Loaded," "\$10,000 Loaded" and "\$20,000 Loaded." Treasurer's Designee Kanef made the motion to approve the four Scratch-Off ticket game rules. Vice Chair Blazovsky seconded the motion and all of the Commissioners voted yes. The motion carried.

The second item of new business was game rules for three Fast Play games.

"Perfectly Pear'd" is a \$5 ticket, a top prize of \$500 or 50% of the jackpot, a prize payout of 62.11%, and an anticipated on-sale date of June 5, 2023.

"Fire & Dice" is a \$10 ticket, a top prize of \$1,000 or 100% of the jackpot, a prize payout of 65.11%, and an anticipated on-sale date of June 5, 2023.

"Winfall" is a \$10 ticket, a top prize of \$500 or 100% of the jackpot, a prize payout of 65.87%, and an anticipated on-sale date of July 4, 2023.

Chairman D'Anton asked if there are any questions regarding the approval of the three Fast Play ticket game rules. Hearing no questions, Chairman D'Anton requested a motion to approve the three Fast Play ticket game rules for "Perfectly Pear'd," "Fire & Dice" and "Winfall." Commissioner Leonard made the motion to approve the three Fast Play ticket game rules. Vice Chair Blazovsky seconded the motion and all of the Commissioners voted yes. The motion carried.

The third item of new business was approval of the amended 2023 meeting schedule.

Executive Director Carey stated that we adopt a meeting schedule every year for the coming calendar year. The meeting schedule that we adopted in November listed all of our 2023 meetings as virtual by telephone only. A revised schedule is proposed that will state that the Commission meetings will be held publically at Lottery Headquarters starting with the next meeting on May 18, 2023. A telephone line will be utilized for meetings so that members of the public can listen into the meetings and offer public comment. The Commissioners will also have access the phone if they are unable to attend the meeting in person. There are no changes to the dates.

Jamera Sirmans from the Governor's Authorities Unit asked if the meetings would be in person and virtually. She asked if the public could appear in person and virtually. Executive Director Carey responded yes. The Lottery will have a fully public meeting with our doors open. There are no restrictions on attendance but we are going to utilize the telephone line so that the Commissioners and members of the public can call in. The phone lines will be open during the public comment period.

Chairman D'Anton asked if there were any questions or comments regarding the approval of the amended 2023 meeting schedule. Hearing no questions, Chairman D'Anton requested a motion to approve the amended 2023 meeting schedule. Commissioner Leonard made the motion to approve the amended 2023 meeting schedule. Vice Chair Blazovsky seconded the motion and all the Commissioners voted yes. The motion carried.

PUBLIC COMMENT

There was no Public Comment.

EXECUTIVE SESSION

Chairman D'Anton requested a motion to go into Executive Session. Commissioner Leonard made the motion to go into Executive Session. Vice Chair Blazovsky seconded the motion and all the Commissioners voted yes. The motion carried.

Executive Director Carey stated that Executive Session will be held to discuss contractual negotiations with Northstar and a minor error in the minutes of the Executive Session on March 16, 2023. The Board will have action after the close of the Executive Session to approve the Executive Session minutes of March 16, 2023. If there are any public actions that are taken as a result of Executive Session, it will be reflected in future minutes of the Commission.

As to any matter discussed in Executive Session, the subject and nature of the discussion will be timely made known to the public if and when the need for confidentiality ends.

Chairman D'Anton requested a motion to close Executive Session. Commissioner Leonard made the motion to close Executive Session. Vice Chair Blazovsky seconded the motion and all the Commissioners voted yes. The motion carried.

PUBLIC MEETING RESUMED

Executive Director Carey took roll call.

Chairman D'Anton requested a motion to approve the Executive Session minutes of the March 16, 2023 Commission meeting as amended. Commissioner Leonard made the motion to approve the amended minutes of the March 16, 2023 Commission meeting. Vice Chair Blazovsky seconded the motion and all the Commissioners voted yes. The motion carried.

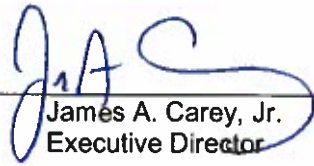
ADJOURNMENT

Chairman D'Anton asked for a motion to adjourn the Public meeting. Commissioner Leonard made the motion to adjourn. Chairman D'Anton seconded the motion and all the Commissioners voted yes. 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 20, 2023.

IN WITNESS WHEREOF, I hereby set my hand on

the _____ 12th _____ day of _____ May _____, 2023 _____.


James A. Carey, Jr.
Executive Director