

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING MARCH 16, 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
Jamera Sirmans, Governor's Auth. Unit

VISITORS (BY TELEPHONE)

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

STAFF (BY TELEPHONE)

Nikki Roberts-Apeadu
Patricia Coppel
Scott Davis
Missy Gillespie
Jerry Guarino
Dean Ialacci
Shelina Islam
Ashleigh Jones
Robert Kersey
Kelly Laird
Jason Lee
Jack Leo
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 February 16, 2023 Commission meeting. Vice Chair Blazovsky made the motion to approve the minutes of the February 16, 2023 Commission meeting. Treasurer's Designee Kanef 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.

DIRECTOR'S REPORT

Executive Director Carey stated that March is Problem Gambling Awareness Month. This year Governor Murphy issued a proclamation declaring March 2023 as Problem Gambling Awareness Month in New Jersey. The observation of Problem Gambling Awareness Month is part of a national grass roots effort organized by the National Council on Problem Gambling to bring together gaming operators and advocacy groups to help increase public awareness of problem gambling and the availability of prevention, treatment and recovery services. We are working together with the Council on Compulsive Gambling of New Jersey on a joint awareness campaign. The theme of the campaign this year is "Celebrating 20 Years," recognizing the long history of Problem Gambling Awareness Month in New Jersey. The Lottery's partnership with the Council of Compulsive Gambling and Problem Gambling Awareness Month. The New Jersey Lottery is pleased to be an integral part of spreading the Responsible Play message throughout the state by partnering with the Council. We have a long standing commitment to the prevention of problem gambling and we are pleased to work with the Council in supporting the Governor's initiative.

Executive Director Carey added that as part of that effort, the Lottery and the Council developed a video to inform residents about the Problem Gambling Awareness Campaign. It illuminates the work of the Council in its efforts to educate about warning signs to recognize that could indicate a person might be developing a gambling problem and how to seek help for someone with gambling concerns. The video is available for viewing on the Lottery's website at njlottery.com and on the Council's website at 800gambler.org. In addition to the video, the Lottery reinforces the campaign message throughout the month by using social media and print messaging, digital and print advertisements, radio live reads, and terminal ESSM and ticket messaging. Members of the VIP Club will receive email messaging and there is a banner ad on the Lottery's website. In addition, every day of the year the New Jersey Lottery prints the 1-800-Gambler helpline number and a responsible gaming message on all Lottery tickets and advertising.

Executive Director Carey stated that the New Jersey Lottery and Northstar worked hard on the New Jersey Lottery's World Lottery Association Level 4 certification. The Level 4 certification shows that the New Jersey Lottery adheres to the highest standards of responsible gaming promotion in the lottery industry. In connection with that, the National Association of State and Provincial Lotteries (NASPL) and the National Council for Problem Gambling (NCPG) have a Responsible Gaming Verification (RGV) process and that process provides an avenue for lotteries who have passed the highest levels of the World Lottery Association assessment to receive a similar level certification from the North American Responsible Gaming Authorities. Executive Director Carey thanked the team at the Lottery and Northstar for their hard work. Executive Director Carey asked if Mr. Perlow from Northstar had anything to add regarding our efforts with Problem Gambling Awareness Month.

Mr. Perlow stated that NASPL and NCPG have three levels of the certification and they have certified the New Jersey Lottery at the highest level. We are quite proud of the work that we all do together to support problem gambling.

Executive Director Carey stated that the Million Dollar Replay Grand Prize Drawing will be held at Caesar's in Atlantic City on March 24. Last year, the \$1 million winner was present and we had many second tier prize winners in attendance. Finalists in the Million Dollar Replay Drawing do not have to attend the event in order to be eligible to win. The Commissioners will receive an invitation to attend the Million Dollar Replay Event.

Jamera Sirmans from the Governor's Authorities Unit stated that she was on the call.

Executive Director Carey stated that February was not a strong month for sales. He explained that the Lottery had good results from Powerball, but February has only 28 days and most months have 30 or 31 days, and those three extra days matter a lot to overall sales.

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

- All games total sales were: \$275.4 million
- Lotto games total sales were: \$43.8 million
- Daily machine games total sales were: \$77.1 million
- Scratch-Off tickets total sales were: \$154.5 million

Executive Director Carey stated that Pick-6 had sales of \$4.9 million compared to \$3.5 million the prior year, which was an increase of 38.5%.

Executive Director Carey stated that CASH4LIFE had sales of \$4.9 million compared to \$4.5 million the prior year, which was an increase of 8.4%.

Executive Director Carey stated that Mega Millions had sales of \$10.6 million compared to \$8.6 million the prior year, which was an increase of 22.1%.

Executive Director Carey stated that Powerball had sales of \$23.3 million compared to \$12.6 million the prior year, which was an increase of 84.9%. Sales were driven by a \$747 million jackpot that was in Maine on February 6.

Executive Director Carey stated that Pick-3 had sales of \$30.4 million compared to \$32.8 million the prior year, which was a decrease of 7.3%.

Executive Director Carey stated that Pick-4 had sales of \$18.9 million compared to \$21 million the prior year, which was a decrease of 9.9%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$10.3 million compared to \$13.9 million the prior year, which was a decrease of 25.9%.

Executive Director Carey stated that Cash Pop had sales of \$4.7 million compared to \$3.9 million the prior year, which was an increase of 20.6%.

Executive Director Carey stated that Quick Draw had sales of \$8.1 million compared to \$8.5 million the prior year, which was a decrease of 5.5%.

Executive Director Carey stated that Fast Play had sales of \$4.5 million compared to \$2.8 million the prior year, which was an increase of 62.8%. Fast Play also had a jackpot winner of \$360,000.

Executive Director Carey stated that the monthly contribution was \$84.3 million compared to \$78.3 million the prior year, which was an increase of 7.7%. Sales can be down but profits are up. Sales were driven this month by a large Powerball jackpot. It was a good month for profit but slightly off for sales.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$41.1 million compared to \$36.9 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 \$41.7 million compared to \$39.5 million the prior year, which was an increase of 5.6%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$237.6 million compared to \$104.6 million the prior year, which was an increase of 127%.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$248.8 million compared to \$171.5 million the prior year, which was an increase of 45%. Powerball is having an extraordinary year but Powerball had a great year last year as well.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$262.6 million compared to \$287.9 million the prior year, which was a decrease of 8.8%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$166.8 million compared to \$183.7 million the prior year, which was a decrease of 9.2%.

Executive Director Carey stated that Pick-3 and Pick-4 sales are down collectively approximately 9%. Those games saw big gains during the pandemic. Pick-3, Pick-4, Jersey Cash-5 and Scratch-Offs may be suffering from cannibalization from the success that Powerball and Mega Millions have had this year.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$87.8 million compared to \$108.5 million the prior year, which was a decrease of 19.1%. Jersey Cash 5 has suffered from too much success and too many winners. We have not seen big jackpots and sales are down as a result.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$37.5 million compared to \$29.4 million the prior year, which was an increase of 27.3%.

Executive Director Carey stated that fiscal year to date Quick Draw had total sales of \$66.4 million compared to \$73.6 million the prior year, which was a decrease of 9.9%.

Executive Director Carey stated that fiscal year to date Fast Play had total sales of \$30.9 million compared to \$21.3 million the prior year, which was an increase of 45%.

Executive Director Carey stated that fiscal year to date Scratch-off tickets had total sales of \$1.32 billion compared to \$1.35 billion the prior year, which was a decrease of 2.2%

Executive Director Carey stated that fiscal year to date All Games had total sales of \$2.5 billion compared to \$2.4 billion the prior year, which was an increase of 5.4%.

Executive Director Carey stated that fiscal year to date the contribution was \$780.4 million compared to \$715.6 million the prior year, which was an increase of 9.1%.

Executive Director Carey stated that fiscal year profits from lotto games were \$234.4 million or 41.1% of sales. Fiscal year profits from daily games were \$248.7 million or 38.1% of sales. Fiscal year profits from Scratch-Offs games were \$288.8 million or 21.7% of sales.

Executive Director Carey stated that the top three selling non-core games for February were "Power 50X," which generated \$12.1 million in sales, "\$3,000,000 Platinum Club," which generated \$8.4 million in sales and "\$50,000 Loaded," which generated \$7.9 million in sales.

Executive Director Carey stated that there were a few high tier winners throughout the state in February. On February 16, Pick-6 had a \$7.3 million winner sold in Monmouth County. On February 4, Powerball had a \$1,000,000 winner sold in Middlesex County. Jersey Cash 5 drawings had two \$500,000 winners, a \$700,000 winner and an \$800,000 winner.

Executive Director Carey stated that all drawings for the month of February 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 replaced the Pick-3 and Pick-4 machines this year. The older Pick-3 and Pick-4 machines were moved to the Business Continuity Site (BCS) to use as back up machines. The Lottery took advantage of the backup site several times during the pandemic.

The Lottery will discuss going back to in person public meetings with the Commissioners in the upcoming weeks.

Executive Director Carey stated that the Validations staff received and sorted 3,259 mailed claim forms during the month. We received approximately 400 other claims directly in person. During the month of February there were 3,865 claims paid totaling \$15.3 million in winnings and that includes 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 stated that the Green Ball promotion for Jersey Cash 5 is going on right now. There are television commercials and great billboards. We are ten days into the promotion and have had two supplemental drawings due to the Green Ball so far. On the first one, there was a \$50,000 grand prize Green Ball winner. In total so far, over \$221,000 in supplemental prizes have been awarded from this promotion. To participate in this promotion, a player only needs purchase a Jersey Cash 5 ticket. If the Green Ball is drawn on that evening, there is a second drawing and they can win additional prizes.

Executive Director Carey thanked Northstar, the draw teams at the Lottery, and in particular Ryan Schaffer, Shelina Islam and Rick Pagnani, for helping to set up the Green Ball promotion and the work our staff has done with the draws.

Executive Director Carey concluded the Director's report.

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

Vice Chair Blazovsky stated that Executive Director Carey mentioned that there have been many winners for Jersey Cash 5. She asked if we have been able to cover those jackpots and have we been under in any of them. She also asked how that fund is doing that we established in the rules to supplement

jackpots if we needed to and also provide funds for promotions. Executive Director Carey responded that the fund is still quite full. We have full funded the jackpots. Part of the idea with the Green Ball promotion was to spend that money down. We have to be reasonably, mathematically conservative when we run a promotion like this to make sure that we do not accidentally overspend the money. We will reevaluate where the fund stands when the Green Ball promotion ends.

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. Treasurer's Designee Kanef made the motion to approve the Director's Report. Investment Designee Terwilliger 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 item of new business was game rules for four Scratch-Off games.

"Mystery Multiplier" is a \$2 ticket, a ticket quantity to be printed of 4.8 million tickets, a top prize of \$10,000, a prize payout of 63.03%, and an anticipated on-sale date of July 3, 2023.

"Wild Cash" is a \$2 ticket, a ticket quantity to be printed of 4.8 million tickets, a top prize of \$10,000, a prize payout of 62.99%, and an anticipated on-sale date of October 2, 2023.

"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, a prize payout of 65.53%, and that is a Core game.

"Jumbo Bucks" is a \$5 ticket, a ticket quantity to be printed of 4.56 million tickets, a top prize of \$200,000, a prize payout of 63.99%, and an anticipated on-sale date of October 2, 2023.

Chairman D'Anton asked if there are any questions regarding the approval of the four Scratch-Off ticket game rules.

Vice Chair Blazovsky asked if this is a new policy for Win For Life or is this a reiteration of the current policy and a change in the gross cash value. Executive Director Carey responded that the game rules were revised to change the gross cash value of a Win For Life jackpot prize. Deputy Director Schaffer stated that is correct, everything remains the same. He added that the cash value needs to be updated when we do a new print run.

Vice Chair Blazovsky asked when exactly will this ticket be in the market place with the new cash value. Executive Director Carey asked Mr. Perlow respond. Mr. Perlow responded that it will probably be in the fall.

Vice Chair Blazovsky asked if the Lottery uses up all the other Win For Life or when this comes in does the Lottery replace the tickets that are out there with the old cash value. Executive Director Carey responded that with the current Win for Life game, there were 12 million tickets printed and three top prizes to Win For Life. Two of those tickets are still available, so the general policy is that the games stay on the market until the top two prizes have been claimed. At that point, the sales team will pull those games from the market.

Vice Chair Blazovsky asked if it is costing more money to pay out on the current ticket that is out there. Executive Director Carey asked Mr. Schaffer what is the current gross cash value of the Win for Life ticket that is on the market now. Mr. Schaffer responded that the one currently for sale has a gross cash value of \$1,150,000. The game that is before the Commission right now has a cash value of \$957,400.

Mr. Perlow added that the plan is to sell through the existing ticket that is in the market. Once the second top prize is claimed, the game would be pulled from the market. Otherwise, when we have run out of inventory in the warehouse, we will ship this new ticket. We expect a little bit of overlap in the market.

Chairman D'Anton asked if there are any additional 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 "Mystery Multiplier," "Wild Cash," "Win For Life" and "Jumbo Bucks." Vice Chair Blazovsky made the motion to approve the four Scratch-Off ticket game rules. Investment Designee Terwilliger seconded the motion and all of the Commissioners voted yes. The motion carried.

PUBLIC COMMENT

Roy Campbell stated that he wanted to commend the Lottery for its changes to Pick-3 and Pick-4. It is amazingly popular. He stated that he has friends in other states that now play in New Jersey. It has just been a great change. Executive Director Carey thanked Mr. Campbell for his comments. He added that some players may not be happy with the change but we think they are going to enjoy it like Mr. Campbell and his friends are.

EXECUTIVE SESSION

Chairman D'Anton requested a motion to go into Executive Session. Treasurer's Designee Kanef 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 procurement of accounting software and the gaming system audit status. 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. Investment Designee Terwilliger made the motion to close Executive Session. Vice Chair Blazovsky seconded the motion and all the Commissioners voted yes. The motion carried.

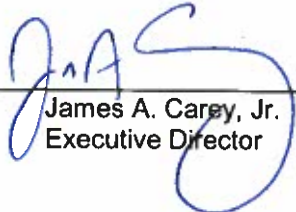
ADJOURNMENT

Chairman D'Anton asked for a motion to adjourn the Public meeting. Treasurer's Designee Kanef made the motion to adjourn. Commissioner Leonard 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 March 16, 2023.

IN WITNESS WHEREOF, I hereby set my hand on

the _____ 13th _____ day of _____ April _____, 2023 _____.



James A. Carey, Jr.
Executive Director