

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING NOVEMBER 16, 2023

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

COMMISSION MEMBERS

Robert D'Anton, Chairman
Ian Leonard, Vice Chairman (by phone)
Marilyn Blazovsky, Commissioner
Munr Kazmir, Commissioner
Michael Kanef, Treasurer's Designee
Gary Terwilliger, Division of Investment Designee (by phone)

James A. Carey, Jr., Executive Director
Marc J. Marseglia, Deputy Executive Director
Roza Dabaghyan, Deputy Attorney General
Tom Holl, Governor's Auth. Unit (by phone)

VISITORS

Joe Cavallo, Northstar (by phone)
Kristen Connelly, Northstar
Sam Fromkin, Northstar
Erica Helms, Northstar (by phone)
Erin Leon, Northstar (by phone)

STAFF

Pat Coppel (by phone)
Scott Davis
Jerry Guarino
Robert Kersey
Jason Lee
Jack Leo
Charlene Mello
Joe Oleszkiewicz (by phone)
Ellen O'Malley (by phone)
Rick Pagnani (by phone)
Steve Palmieri (by phone)
Debbie Raub
Mary Ann Rivell (by phone)
Ryan Schaffer
Esther Werstler (by phone)
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 October 19, 2023 Commission meeting. Chairman D'Anton asked if there are any questions or comments. Hearing no questions, Chairman D'Anton requested a motion to approve the minutes of the October 19, 2023 Commission meeting. Commissioner Kazmir made the motion to approve the minutes of the October 19, 2023 Commission meeting. Treasurer's Designee Kanef seconded the motion. Chairman D'Anton called for a vote and all the Commissioners voted yes. The motion carried.

DIRECTOR'S REPORT

Executive Director Carey stated that October was a good month for the Lottery and for lottery players around the country. It was led by great sales from a Powerball jackpot of \$1.7 billion that was won in California.

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

All games total sales were: \$322.3 million
Lotto games total sales were: \$85.2 million
Daily machine games total sales were: \$82.9 million
Scratch-Off tickets total sales were: \$154.1 million

Executive Director Carey stated that Pick-6 had sales of \$5.3 million compared to \$4.9 million the prior year, which was an increase of 8.4%.

Executive Director Carey stated that CASH4LIFE had sales of \$5.5 million compared to \$5.1 million the prior year, which was an increase of 6.6%.

Executive Director Carey stated that Mega Millions had sales of \$14.3 million compared to \$14.6 million the prior year, which was a decrease of 1.6%.

Executive Director Carey stated that Powerball had sales of \$60 million compared to \$55.5 million the prior year, which was an increase of 8.1%. He noted that in November 2022, a \$1.9 billion jackpot was won in Powerball. October 2023 was the fourth highest month ever in New Jersey Lottery history for Powerball sales.

Executive Director Carey stated that Pick-3 had sales of \$32.8 million compared to \$33.4 million the prior year, which was a decrease of 1.9%.

Executive Director Carey stated that Pick-4 had sales of \$20.1 million compared to \$21.4 million the prior year, which was a decrease of 6.1%.

Executive Director Carey explained that Lottery held a "Straight back bonus" promotion on Pick-3 in October. He noted that even though sales were down 1.9%, the players seemed to enjoy that promotion and sales picked up compared to recent months. Pick-4 also benefitted from this promotion. Looking at ways to improve the sales of those games is important and this short promotion had some interesting results.

Chairman D'Anton asked if other states offer fixed or pari-mutuel prizes on their numbers games. Mr. Fromkin from Northstar responded that Maryland and Massachusetts are pari-mutuel.

Commissioner Blazovsky asked if there have been discussions about how Pick-3 and Pick-4 could be presented to a younger demographic. Executive Director Carey responded that increasing sales of those games is always a concern for the Lottery. He noted that the prizes for the games have generally been the same for many years and that inflation may impact the value of sales.

Commissioner Blazovsky commented that the Lottery offers Scratch-Off tickets with \$500 prizes. She suggested that Lottery explore better ways to combine Pick-3 and Pick-4 with Scratch-Offs.

Executive Director Carey stated that Jersey Cash 5 had sales of \$11.5 million compared to \$13.5 million the prior year, which was a decrease of 14.7%. Jersey Cash-5 jackpots were slightly higher last October.

Executive Director Carey stated that Cash Pop had sales of \$5.2 million compared to \$4.5 million the prior year, which was an increase of 17.6%.

Executive Director Carey stated that Quick Draw had sales of \$7.9 million compared to \$8.4 million the prior year, which was a decrease of 6%.

Executive Director Carey stated that Fast Play had sales of \$5.1 million compared to \$4.1 million the prior year, which was an increase of 24.2%.

Executive Director Carey stated that Scratch-Off games had sales of \$154.1 million compared to \$166.9 million the prior year, which was a decrease of 7.7%.

Executive Director Carey stated that the monthly contribution was \$98 million compared to \$102 million the prior year, which was a decrease of 3.9%, and represents 30.42% of sales.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$27.3 million compared to \$21.7 million the prior year, which was an increase of 25.9%.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$21.7 million compared to \$20.7 million the prior year, which was an increase of 5%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$120.2 million compared to \$121 million the prior year, which was a decrease of 0.07%. Mega Millions had a strong year in FY23.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$176.6 million compared to \$97.1 million the prior year, which was an increase of 81.7%.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$128.9 million compared to \$136.2 million the prior year, which was a decrease of 5.4%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$78.5 million compared to \$86.8 million the prior year, which was a decrease of 9.5%. October was a relatively good month for Pick-3 and Pick-4 and then when you see the year to date results, you can see how those games are struggling in state.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$42.5 million compared to \$48.6 million the prior year, which was a decrease of 12.6%.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$19.9 million compared to \$18.1 million the prior year, which was an increase of 9.8%.

Executive Director Carey stated that fiscal year to date Quick Draw had total sales of \$31.5 million compared to \$34 million the prior year, which was a decrease of 7.3%.

Executive Director Carey stated that fiscal year to date Fast Play had total sales of \$22.3 million compared to \$14 million the prior year, which was an increase of 59.2%.

Executive Director Carey stated that fiscal year to date Scratch-Off tickets had total sales of \$613.4 million compared to \$667.6 million the prior year, which was a decrease of 8.1%.

Executive Director Carey stated that fiscal year to date All Games had total sales of \$1.28 billion compared to \$1.26 billion the prior year, which was an increase of 1.3%. We are 5.8% over budget.

Executive Director Carey stated that fiscal year to date the contribution was \$404.7 million compared to \$381.8 million the prior year, which was an increase of 6%, and represents 31.54% of sales.

Executive Director Carey stated that fiscal year profits from lotto games were \$144.4 million or 41.7% of sales. Fiscal year profits from daily games were \$123.2 million or 38.04% of sales. Fiscal year profits from Scratch-Off games were \$134.4 million or 21.9% of sales. Total to date FY24 net proceeds also include 30% of the current estimated forfeited prizes or \$2.7 million.

Executive Director Carey stated that the top three selling non-core games for October were "\$50,000 Loaded," which generated \$9.9 million in sales, "Power 50X," which generated \$7.7 million in sales and "20,000 Loaded," which generated \$7.3 million in sales.

Executive Director Carey stated that there were a few high tier winners throughout the state in October. On October 6, Mega Millions had one \$1,000,000 winner sold by Jackpocket. On October 27, Mega Millions had one \$1,000,000 winner in Passaic County. On October 10, Jersey Cash 5 had one \$901,672 winner in Gloucester County. On October 18, Jersey Cash 5 had one \$859,633 winner sold in Ocean County. On October 29, CASH4LIFE had a \$1,000 a Week for Life winner in Monmouth County.

Executive Director Carey stated that all drawings for the month of October 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 had a booth and a trailer selling tickets at the New Jersey Education Association conference. We also had a booth at the New Jersey League of Municipalities. As we have mentioned before, the Lottery wants to promote its mission to people involved in local

governments, school boards and school districts, and let them know how the New Jersey Lottery benefits them as an asset of the State Pension system.

Executive Director Carey stated that the Validations staff received and sorted 4,903 mailed claim forms during the month. The number of claims received in the drop box was 435. There were 312 claims hand delivered. Staff entered 5,136 claims into the claims payment system. During the month of October there were 3,440 claims paid totally \$15.1 million in winnings were paid.

Executive Director Carey stated that we are still behind on paying claims. He explained that Lottery started adding more resources to the claims unit on November 4, with staff working overtime.

Chairman D'Anton asked how long does it take to process at Lottery. Executive Director Carey responded that the claim process is now taking 3 to 4 weeks.

Chairman D'Anton asked Commissioner Blazovsky what was the turn around time when she worked at the Lottery. Commissioner Blazovsky responded that it was 3 to 5 weeks from time it came here and the winner received their payment. Chairman D'Anton responded that is reasonable.

Commissioner Blazovsky stated that the number of claims are definitely more because we have more winners. She stated that she does not think the staff has increased. She thinks that we are trying to do the same job with the same amount of people that we had 15 years ago. Executive Director Carey responded that Lottery was looking at adding more people to the claims unit.

Chairman D'Anton asked about the dollar threshold for filing claims. Executive Director Carey responded that prizes at \$600 or more require a claim form and IRS reporting requirements.

Chairman D'Anton asked if players can go to a vendor under \$600 and get their cash. Executive Director Carey responded that retailers can pay up to \$599.99. He added that 15 to 20% of the claims that Lottery receives are still for less than \$600.

Chairman D'Anton asked what the vendor earns for paying cash claims. Executive Director Carey stated they earn a commission of 1.25%.

Commissioner Blazovsky stated that typically around the middle of December, Lottery needs to stop paying claims. She asked how that would affect the backlog. Deputy Executive Director Marseglia responded that the cut off is around mid-December, which is when Lottery stops issuing checks in order to perform tax compliance.

Commissioner Blazovsky expressed concerns that some players would not get paid on time for the holidays. Deputy Executive Director Marseglia agreed. Deputy Executive Director Marseglia stated that the backlog should be resolved by mid-December.

Commissioner Blazovsky asked if his deadline allowed for the fact that once that information gets over to OMB that you are accounting for the two weeks so that they will get there checks before. Deputy Executive Director Marseglia responded that he does not have the exact date. Every claim that is approved as of that date will go out in. If we can stay on track, there will not be a lot of claims laying around the office.

Commissioner Blazovsky asked what about the new ones coming in or are you letting know that they are not getting their check before Christmas. Deputy Executive Director Marseglia agreed and noted that Lottery has not in the past communicated to players that there is a two week break in issuing checks at the end of the year.

Commissioner Blazovsky noted that even once Lottery staff processed a claim, the payment still had to be sent to OMB and a check printer before the check was issued. Deputy Executive Director Marseglia agreed and noted that the outside involvement in paying the claims was one of several issues Lottery is dealing with.

Chairman D'Anton asked if players have to come in to Lottery to fill out the form or do they do it online? Executive Director Carey stated that they mail it. One of the improvements that we are trying to make is a new claim form, adding matters as simple as offering to communicate with players by email or text.

Treasurer's Designee Kanef stated that Lottery staff was intent on improving the processes, but he noted that there are statewide issues with IT systems that can make improvement difficult.

Executive Director Carey concluded the Director's report.

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. Commissioner Kazmir made the motion to approve the Director's Report. Commissioner Blazovsky seconded the motion and all the Commissioners voted yes. The motion carried.

PUBLIC COMMENT ON AGENDA ITEMS

There was no public comment.

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.

"Red Ball Tripler" 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 June 3, 2024. Chairman D'Anton asked if there are any questions regarding the approval of the Scratch-Off ticket game rules for "Red Ball Tripler". Hearing no questions, Chairman D'Anton requested a motion to approve the Scratch-Off ticket game rules for "Red Ball Tripler." Commissioner Kazmir made the motion to approve the Scratch-Off ticket game rules for "Red Ball Tripler." Commissioner Blazovsky seconded the motion and all of the Commissioners voted yes. The motion carried.

"Money Box Bingo" is a \$5 ticket, a ticket quantity to be printed of 4.2 million tickets, a top prize of \$100,000, a prize payout of 64.07%, and an anticipated on-sale date of January 5, 2024. Chairman D'Anton asked if there are any questions regarding the approval of the Scratch-Off ticket game rules for "Money Box Bingo". Hearing no questions, Chairman D'Anton requested a motion to approve the Scratch-Off ticket game rules for "Money Box Bingo." Commissioner Blazovsky made the motion to approve the Scratch-Off ticket game rules for "Money Box Bingo." Treasurer's Designee Kanef seconded the motion and all of the Commissioners voted yes. The motion carried.

"Big Cash" is a \$10 ticket, a ticket quantity to be printed of 3.6 million tickets, a top prize of \$500, a prize payout of 65%, and an anticipated on-sale date of April 1, 2024. Chairman D'Anton asked if there are any questions regarding the approval of the Scratch-Off ticket game rules for "Big Ca\$h." Hearing no questions, Chairman D'Anton requested a motion to approve the Scratch-Off ticket game rules for "Big Ca\$h." Commissioner Kazmir made the motion to approve the Scratch-Off ticket game rules for "Big Ca\$h." Commissioner Blazovsky seconded the motion and all of the Commissioners voted yes. The motion carried.

"\$50,000,000 Explosion" is a \$20 ticket, a ticket quantity to be printed of 3.96 million tickets, a top prize of \$500, a prize payout of 69.03%, and an anticipated on-sale date of May 6, 2024. Chairman D'Anton asked if there are any questions regarding the approval of the Scratch-Off ticket game rules for "\$50,000,000 Explosion." Hearing no questions, Chairman D'Anton requested a motion to approve the Scratch-Off ticket game rules for "\$50,000,000 Explosion." Commissioner Kazmir made the motion to

approve the Scratch-Off ticket game rules for "\$50,000,000 Explosion." Commissioner Blazovsky seconded the motion and all of the Commissioners voted yes. The motion carried.

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

"Blast Off To Cash" is a \$5 ticket, a top prize of \$500 or 50% of the jackpot, a prize payout of 62.77%, and an anticipated on-sale date of February 5, 2024.

Chairman D'Anton asked if there are any questions regarding the approval of the Fast Play ticket game rules. Hearing no questions, Chairman D'Anton requested a motion to approve the Fast Play ticket game rules for "Blast Of To Cash." Commissioner Kazmir made the motion to approve the Fast Play ticket game rules for "Blast Of To Cash." Commissioner Blazovsky seconded the motion and all of the Commissioners voted yes. The motion carried.

The third item under new business was the general rules governing the Million Dollar Replay Program.

Executive Director Carey stated that Million Dollar Replay is a program where players can submit non-winning Scratch-Off tickets to be entered into a \$1,000,000 second chance drawing. Lottery conducts the drawing in the Spring and it is a very popular promotion. He explained that there was one noteworthy change to the rules. He explained that the Million Dollar Replay \$1 million grand prize is awarded as an annuity prize. As interest rates have increased, the cost of purchasing an annuity for \$1,000,000 has decreased. Purchasing a \$1,000,000 annuity for Million Dollar Replay has gone down to about \$550,000, which means that the cash value of that \$1,000,000 million prize, has gone from to about \$550,000. So the rules have been revised to reflect that the Lottery is guaranteeing a minimum cash value of \$650,000. The cash value and the cost of purchasing an annuity will be priced in September 2024 for the Spring 2025 drawing.

Chairman D'Anton asked if there were any questions or comments regarding the approval of the Million Dollar Replay Program.

Commissioner Blazovsky stated that she wanted to comment that this was quite an editing job. Kudos to the people who did it. Deputy Director of Administration and Compliance, Ryan Schaffer, responded that Ellen O'Malley did a great job on the game rules.

Commissioner Blazovsky noted that the rules were also revised to reflect that if a quarter finalist dies prior to the drawing, the player's estate is still eligible to win the prize. She asked if that was the best practice. Executive Director Carey responded that the rule change was in response to a finalist dying last year. The Lottery worked with the Attorney General's Office and decided a player's estate should be allowed to win that prize.

Commissioner Blazovsky thanked Executive Director Carey for the clarification.

Chairman D'Anton asked if there were any additional questions or comments regarding the approval of the Million Dollar Replay Program. Hearing no questions, Chairman D'Anton requested a motion to approve the general rules governing the Million Dollar Replay Program. Commissioner Kazmir made the motion to approve the general rules governing the Million Dollar Replay Program. Commissioner Blazovsky seconded the motion and all the Commissioners voted yes. The motion carried.

The fourth item of new business was approval of the 2024 meeting schedule.

Chairman D'Anton asked if there were any questions or comments regarding the approval of the 2024 meeting schedule. Hearing no questions, Chairman D'Anton requested a motion to approve the 2024 meeting schedule. Commissioner Kazmir made the motion to approve the 2024 meeting schedule. Chairman D'Anton seconded the motion and all the Commissioners voted yes. The motion carried.

Commissioner Blazovsky stated that this is her last meeting and she is still technically on the Lottery Commission until December 19. She wanted to thank Governor Murphy and Treasurer Maher Muoio for giving her the opportunity to serve on the Commission. She had the very unique experience to sit on both sides of this table. She thanked Assistant Kanef and Executive Director Carey for their availability and willingness to discuss matters and explore alternatives. She thanked John White and his staff for the

great charts. She gave special thanks to Chairman D'Anton and her fellow Commissioners for their patience as she asked questions and joined in discussions. Since Adam Perlow was not there, she extended her thanks to him and all of the Northstar staff for their partnership in this very important enterprise. She thanked the retailers and winners who she hopes she championed during her tenure on this Commission. They are invaluable. Most importantly, she thanked all the Lottery employees. They make all of this work. Finally, she would like to say that she hopes her replacement is a woman because besides the Treasurer there definitely needs to be a woman Commissioner at this table. She thanked everyone.

Chairman D'Anton personally thanked Commissioner Blazovsky. She always pointed out all the little details. You always need someone to read every word and she has been very helpful to him. He appreciated it. Commissioner Blazovsky thanked him.

Executive Director Carey thanked Commissioner Blazovsky. He noted that she served for more than 25 years with the State of New Jersey in public service and with the Lottery. A career in public service is a calling. It is a very big deal to have smart, talented people working in public service, and he thanked her for her service. He added that Commissioner Blazovsky was willing to point out the little things and that she kept him on his toes and he has appreciated that for the last five years. He added that he has enjoyed working with Commissioner Blazovsky and she has done a great service for the State of New Jersey. Commissioner Blazovsky thanked Executive Director Carey.

Treasurer's Designee Kanef stated that Commissioner Blazovsky's knowledge and her engagement is extremely valuable. He personally appreciated the effort that she has put in to making the Lottery the best it could be and he will personally and professionally miss her presence around this table. We wish you the best of luck.

Commissioner Blazovsky thanked everyone again.

Chairman D'Anton wished everyone a Happy Thanksgiving.

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

There was no Executive Session.

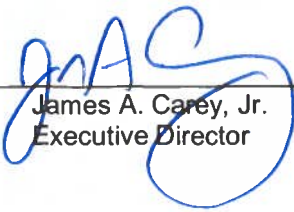
ADJOURNMENT

Chairman D'Anton asked for a motion to adjourn the Public meeting. Commissioner Blazovsky made the motion to adjourn. Commissioner Kazmir 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 November 16, 2023.

IN WITNESS WHEREOF, I hereby set my hand on

the _____ 15th _____ day of _____ December _____, 2023 _____.


James A. Carey, Jr.
Executive Director