

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING JUNE 17 2021

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

COMMISSION MEMBERS (BY TELEPHONE)

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

James A. Carey, Jr., Executive Director
Robert E. Kelly, Deputy Attorney General
Rudy Rodas, 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

STAFF (BY TELEPHONE)

Missy Gillespie
Jerry Guarino
Shelina Islam
Robert Kersey
Kalli Kostis
Kelly Laird
Jason Lee
Marc Marseglia
Ellen O'Malley
Rick Pagnani
Steve Palmieri
Debbie Raub
Mary Ann Rivell
Margaret Square
Ryan Schaffer
John White

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 May 20, 2021 Commission meeting. Commissioner Leonard made the motion, which was seconded by Vice Chair Blazovsky. Chairman D'Anton asked if there were any comments and there being none, the motion carried.

Chairman D'Anton requested a motion to approve the Executive Session minutes of the May 20, 2021 Commission meeting. Commissioner Leonard made the motion, which was seconded by Vice Chair Blazovsky. Chairman D'Anton asked if there were any comments and there being none, the motion carried.

DIRECTOR'S REPORT

Executive Director Carey stated that Corey Amon, the Director of the Division of Investments, resigned last month. The new Acting Director of the Division of Investments is Shoaib Khan. Gary Terwilliger will remain as the designee for Acting Director Khan.

The New Jersey Lottery had a very strong month of May. The month of May was the fifth highest month of sales in New Jersey Lottery history.

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

All games total sales were: \$330.5 million
Lotto games total sales were: \$47.5 million
Daily machine games total sales were: \$99 million
Scratch-Off tickets total sales were: \$183.7 million

Executive Director Carey stated that Pick-6 had sales of \$5.6 million compared to \$3.4 million the prior year, which was an increase of 64.5%.

Executive Director Carey stated that CASH4LIFE had sales of \$5 million compared to \$4.5 million the prior year, which was an increase of 12%.

Executive Director Carey stated that Mega Millions had sales of \$21.99 million compared to \$15.4 million the prior year, which was an increase of 42%. Mega Millions benefitted from a \$515 million jackpot that was won on May 21.

Executive Director Carey stated that Powerball had sales of \$14.7 million compared to \$8.4 million the prior year, which was an increase of 74%. Powerball benefitted from a \$286 million jackpot that reached that was won on June 5.

Executive Director Carey stated that Pick-3 had sales of \$40 million compared to \$38 million the prior year, which was an increase of 5%.

Executive Director Carey stated that Pick-4 had sales of \$25 million compared to \$23 million the prior year, which was an increase of 5%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$15.5 million compared to \$13.9 million the prior year, which was an increase of 11%.

Executive Director Carey stated that Cash Pop had sales of \$5 million compared to \$1.7 million the prior year.

Executive Director Carey stated that Quick Draw had sales of \$10 million compared to \$7 million the prior year, which was an increase of 47.6%.

Executive Director Carey stated that Cash Pop and Quick Draw, which are both social space games, were the two games that were most negatively impacted by the pandemic, which started at the end of March and extended into April.

Executive Director Carey stated that Fast Play had sales of \$2.5 million compared to \$1 million the prior year, which was an increase of 128%.

Executive Director Carey stated that fiscal year to date all Games had total sales of \$3.38 billion compared to \$2.9 billion the prior year, which was an increase of 15%. We are having a very strong year in FY21.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$52.6 million compared to \$50.5 million the prior year, which was an increase of 4.2%.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$54.8 million compared to \$51.5 million the prior year, which was an increase of 6%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$203.9 million compared to \$131.4 million the prior year, which was an increase of 55%.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$163.9 million compared to \$118.4 million the prior year, which was an increase of 38.4%.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$414.7 million compared to \$370 million the prior year, which was an increase of 12%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$267 million compared to \$237 million the prior year, which was an increase of 12%.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$167 million compared to \$122 million the prior year, which was an increase of 36%.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$36.9 million compared to \$17.6 million the prior year, which was an increase of 109%.

Executive Director Carey stated that fiscal year to date Quick Draw had total sales of \$100.6 million compared to \$102 million the prior year, which was a decrease of 1%.

Executive Director Carey stated that fiscal year to date Fast Play had total sales of \$26 million compared to \$16 million the prior year, which was an increase of 62%.

Executive Director Carey stated that fiscal year to date Scratch-Off tickets had total sales of \$1.89 billion compared to \$1.71 billion the prior year, which was an increase of 11%.

Executive Director Carey stated that fiscal year to date the contribution to the State was \$999.9 million compared to \$851.75 million the prior year, which was an increase of 17%. The percentage of sales is 29.52%. The Lottery is mandated by law to contribute 30% of our revenue to the State. We expect that with June sales and end of year accounting, which will include unclaimed prizes, the Lottery will achieve the requirement. Fiscal year profits from lotto games were \$194.5 million or 40.9% of sales. Fiscal year profits from daily games were \$388.7 million or 38.3% of sales. Fiscal year profits from Scratch-Offs were \$409.7 million or 21.5% of sales.

Executive Director Carey stated that the top three selling non-core games for May were "Extreme Cash," which generated \$12 million in sales, "Raging Hot 7's," which generated \$10.8 million in sales and "\$3,000,000 Mega Bucks," which generated \$9.3 million in sales.

Executive Director Carey stated that new games that will launch on July 6 are "Emerald 8's," "Money Vault" and "\$500 Frenzy."

Executive Director Carey reviewed high tier winners throughout the state in May.

Executive Director Carey stated that all drawings for the month of May were completed with no abnormalities, with the exception of evening drawings conducted on May 31. On that date, the drawing for Pick-6 was delayed due to a machine malfunction. Although the machine worked properly in pre-draw testing, it failed to operate properly at draw time. The draw team switched to the back-up machine, and that machine also failed to work properly. To execute the draw for Pick-6, the draw team had to use the control panel on the back of the back-up Pick-6 machine. The draw was then conducted successfully. Lottery staff further investigated the issue the next day and determined that a cable going from the master control panel to the draw machines was malfunctioning. Smartplay International, the manufacturer of the machines inspected and tested the machines the next day and they confirmed that the problem was with the cable. Once the cable was replaced, both machines worked properly.

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 there were issues with pool closings in relation to the Powerball and CASH4LIFE drawings on Wednesday, June 9. On Thursday, June 10, the New Jersey Lottery, and lotteries nationally, were unable to pay low tier winners of Powerball and CASH4LIFE because of technical issues in another state. Ultimately, the technical issues were resolved and Lottery was able to conduct the CASH4LIFE drawings on Thursday, Friday and through the weekend with some revised procedures.

Executive Director Carey thanked the staff of the New Jersey Lottery for their performance during the incident. He specifically thanked Victoria Yip, Archana Burt, Shanna Stancil, Rick Pagnani, Takia Hendryx, Don Smart, Samantha DiDonato, Bob Ptaszenski and Jack Arnone. He added that Shelina Islam, Drawing Manager, and Deputy Director John White did an outstanding job working with other lotteries.

Executive Director Carey also thanked the staff at Northstar and IGT and the Virginia Lottery, who act as the clearinghouse and help facilitate all the payments for Powerball, Mega Millions and CASH4LIFE.

Executive Director Carey stated that Lottery's Information Management Services Department has been researching how to operate the Call Center more efficiently by utilizing a more advanced phone system. Our Call Center staff is back in the office, which should improve our response times on telephone calls.

Executive Director Carey stated that the Validations Department received and sorted 3,913 mailed claims during the month of May. There were 277 received in the drop box and 19 hand delivered claims submitted by appointments. During the month of May there were 4,354 claims totaling over \$12 million that were paid to winners including annuity payments. Lottery still has issues with a backlog on paying claim forms. We continue to work and improve that.

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 Promotions team were at the Atlantic City Beer and Music Festival. On the Quick Draw front, over the past few months, nearly 100 Game Touch Draw units have been placed into social space retailers.

Executive Director Carey concluded the Director's report.

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

Vice Chair Blazovsky stated that she saw in the media that the Lottery is sponsoring the Balloon Festival. Last year the Balloon Festival was cancelled because of COVID-19. Is the sponsorship the same as last year and could we get a quick update on what that sponsorship looks like. Mr. Perlow responded that the New Jersey Lottery is the headline sponsor of the event. It is being held July 23, 24 and 25 at Solberg Airport in Readington. The sponsorship is the same as was planned last year and it includes a section called "Lottery Land." There will be a New Jersey Lottery balloon launched at the event. We are also a sponsor of the summer stage where they will be holding some concerts. The Bare Naked Ladies, Styx and Max Weinberg will perform.

Vice Chair Blazovsky stated that last week the Governor rescinded the Executive Order for COVID-19 restrictions. She asked how that affected the Commissioner ruling where we extended the date to claim winning tickets because the front desk was closed. Executive Director Carey responded that the Governor's ruling does not affect the Lottery's operations.

Chairman D'Anton requested a motion to approve the Director's Report. Commissioner Leonard made the motion, which was seconded by Chairman D'Anton.

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.

Executive Director Carey explained that the Commission was being asked to approve game rules for the scratch-off game, "Wheel of Fortune", a licensed property. The Lottery does not do many licensed properties and we are paying an additional 2% for the use of the licensed property. Licensed properties are a very big deal for many Lotteries around the country. In discussions with Northstar, we felt that the "Wheel of Fortune" licensed property was appropriate to do at this time. This particular game has a set of second chance drawing rules attached to it. There is a second chance drawing in which players will have the opportunity to win second chance prizes including four grand prizes in the second chance drawing of \$5,000. That is separate from the three top tier prizes of \$200,000. The second chance drawing rules are part of the rules being approved here today because those second chance prizes are being funded out of the prize pool for this particular game.

Executive Director Carey stated that in the second chance official drawing rules, under “Eligibility” on page 6, there is a notation that says that “Employees and their immediate families living in the same household of the New Jersey Lottery, Northstar New Jersey Lottery Group, LLC, IGT Global Solutions Corporation, Scientific Games International, Inc., their direct vendors and their advertising agencies are not eligible to participate in the Promotion.” He stated that the language as drafted does not include Lottery Commissioners. While Lottery Commissioners are normally included from participating in any New Jersey Lottery games, Lottery Commissioners are not Lottery employees. He asked that the Commissioner approve the game rules with a revision adding that Lottery Commissioners are not eligible. It will now state “Employees and their immediate families living in the same household of the New Jersey Lottery, New Jersey Lottery Commissioners, Northstar New Jersey Lottery Group, LLC, IGT Global Solutions Corporation, Scientific Games International, Inc., their direct vendors and their advertising agencies are not eligible to participate in the Promotion. “

Chairman D’Anton requested a motion to approve the Scratch-Off ticket game rules for “Wheel of Fortune,” “Festive \$50’s,” “Holiday Lucky Times 10,” “Holiday Delight” and “\$50 and \$100 Blowout” Chairman D’Anton asked if there were any questions or comments on these games. Executive Director Carey added that the motion will be with the amendment to the second chance drawing official rules for “Wheel of Fortune” to include that New Jersey Lottery Commissioners and their immediate families living in the same household are not eligible to participate in the promotion. Chairman D’Anton asked if there were any questions or comments. Commissioner Leonard made the motion, which was seconded by Investment Designee Terwilliger. Chairman D’Anton asked if there were any questions or comments and there being none the motion carried.

Chairman D’Anton requested a motion to approve the on-line game rules for FAST PLAY. The game rules for approval were rules for “Treasure Quest,” “Prize Pyramid” and “Pumpkin Patch Payout.” Chairman D’Anton asked if there were any questions or comments. Commissioner Leonard made the motion, which was seconded by Investment Designee Terwilliger. Chairman D’Anton asked if there were any questions or comments and there being none the motion carried.

Executive Director Carey explained that the New Jersey Lottery is proposing to conduct a “New Year’s Raffle” with sales commencing on November 22. There will be a maximum of 500,000 tickets available, each costing \$20 that will be sold for a chance to win the \$2 million grand prize and 1,000 lower tier prizes. Also planned are five weekly early bird drawings for \$25,000 each and an instant win component for a 1 in 13 chances to win a \$50 voucher.

Executive Director Carey stated that in February 2020, the Commission approved a raffle that was to be conducted in May and June of 2020. In late March, Mr. Carey and Mr. Perlow determined that in light of the developing pandemic, we would not launch that game.

Chairman D’Anton requested a motion to approve the “New Year’s Raffle” game rules. Chairman D’Anton asked if there were any questions or comments. Commissioner Leonard made the motion, which was seconded by Treasurer’s Designee Ajmani. Chairman D’Anton asked if there were any questions or comments and there being none the motion carried.

Executive Director Carey explained that the Lottery is seeking the Commission’s authorization to amend the Cash Pop game rules to alter the payout structure effective November 8, 2021. The payout structure and these changes will better align the Cash Pop prize structure to its original design payout. The odds are being changed on those games to adjust the payouts to better reflect actual player pay. The game as designed had an expected payout of 63% and payouts have been closer to 65%. The changes will make the payout of the game about 64%. The changes will also help the Lottery achieve its required contribution to the state of 30% per year.

Chairman D’Anton requested a motion to approve the amendments to the general rules governing Cash Pop. Chairman D’Anton asked if there were any questions or comments. Commissioner Leonard made the motion, which was seconded by Investment Designee Terwilliger. Chairman D’Anton asked if there were any questions or comments and there being none the motion carried.

Executive Director Carey explained that the Powerball add-on multiplier was approved by the Commission at February’s meeting. In August, New Jersey is going to be offering the add-on game. In addition, Powerball sales will be going to three days a week. As we are approaching this change, MUSL

changed the way that the percentage of payout numbers are calculated for what we expect and for what we had listed in the approved rules to a slightly different structure. The amended rules that we are presenting today incorporated MUSL's final percentage of payout numbers. And for the sake of complete accuracy to the MUSL rules, the payout numbers were also expanded to \$10,000. We have provided a redlined version of the prize structure and payout. The percentage of sales is projected for the double play winning numbers is also reflected. This is a highly technical change to properly reflect MUSL's calculation of how this game is going to payout.

Chairman D'Anton asked if all the other states have approved it. Executive Director Carey responded that they have to approve the payout structure to participate in the game. The payout structure is part of the rules for double play.

Vice Chair Blazovsky asked if this is a controversial issue among the other states or is this agreed to. Executive Director Carey responded that this is a non-controversial issue. Lottery needed to get the rules out and approved again as early as possible to reflect the third day of drawings and the option for double play.

Chairman D'Anton requested a motion to approve the amendments to the general rules governing Powerball. Chairman D'Anton asked if there were any questions or comments. Vice Chair Blazovsky made the motion, which was seconded by Treasurer's Designee Ajmani. Chairman D'Anton asked if there were any questions or comments and there being none the motion carried.

Executive Director Carey took roll call.

Executive Director Carey stated that the election of officers will take place and asked for a nomination for Chairman of the Lottery Commission. Vice Chair Blazovsky nominated Robert D'Anton, which was seconded by Commissioner Leonard. Executive Director Carey asked if there were any comments and there being none asked for a roll call vote.

Robert D'Anton	Yes
Marilyn Blazovsky	Yes
Ian Leonard	Yes
Gary Terwilliger	Yes
Dini Ajmani	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 Commissioner Leonard. Executive Director Carey asked if there were any comments and there being none asked for a roll call vote.

Robert D'Anton	Yes
Marilyn Blazovsky	Yes
Ian Leonard	Yes
Gary Terwilliger	Yes
Dini Ajmani	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 stated that the Public Information unit has been putting the Lottery Commission meeting notice on the website on the page where the news releases were. For the last couple of months they have not been on that same page and it has been very difficult to find out how to call into the meetings.

Mr. Campbell asked why that stopped. Executive Director Carey responded that the Commission meeting notices are still on the website. The Lottery made some minor changes, which we were hoping would make it easier to find. The Lottery is going to look into that and will reach out to Mr. Campbell.

Mr. Campbell stated that many players are waiting for their checks and could not get through on Lottery's phone line and wanted Lottery to be aware that people have been trying and are desperate for their money. Executive Director Carey responded that we have been aware that people are waiting longer than we would like for their checks. He added that Lottery has worked on the phone system to make that more efficient and we are going to continue to take steps to improve our phone system.

EXECUTIVE SESSION

Chairman D'Anton requested a motion to go into Executive Session. Commissioner Leonard made the motion which was seconded by Investment Designee Terwilliger. The motion carried.

Executive Director Carey stated that Executive Session will be held to discuss a contractual matter regarding Northstar. 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 which was seconded by Investment Designee Terwilliger. The motion carried.


ADJOURNMENT

Chairman D'Anton asked for a motion to adjourn the Public meeting. Vice Chair Blazovsky made the motion, which was seconded by Investment Designee Terwilliger. 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 17, 2021.

IN WITNESS WHEREOF, I hereby set my hand on

the 8 day of July, 2021.



James A. Carey, Jr.
Executive Director