

## NEW JERSEY STATE LOTTERY COMMISSION

### PUBLIC MEETING MAY 23, 2024

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

#### COMMISSION MEMBERS

Robert D'Anton, Chairman (by phone)  
Ian Leonard, Vice Chairman (by phone)  
Munr Kazmir, Commissioner  
Gary Terwilliger, Division of Investment Designee

#### VISITORS

Joe Cavallo, Northstar (by phone)  
Kristen Connelly, Northstar  
Sam Fromkin, Northstar (by phone)  
Foster Krupa, Northstar  
Erin Leon, Northstar (by phone)  
Adam Perlow, Northstar

#### STAFF

James A. Carey, Jr., Executive Director  
Marc J. Marseglia, Deputy Executive Director  
John White, Deputy Director, Finance  
Pat Coppel  
Roza Dabaghyan (by phone)  
Scott Davis (by phone)  
Missy Gillespie (by phone)  
Jerry Guarino (by phone)  
Dean Ialacci (by phone)  
Shelina Islam  
Ashleigh Jones  
Robert E. Kelly  
Robert Kersey (by phone)  
Kelly Laird  
Jason Lee (by phone)  
Charlene Mello  
Ellen O'Malley  
Joe Oleszkiewicz  
Rick Pagnani  
Steve Palmieri (by phone)  
Debbie Raub  
Jamera Sirmans (by phone)  
Esther Werstler

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 that Executive Director Carey administer the meeting agenda because the Chairman was participating by telephone. The first item on the agenda was approval of the minutes of the April 18, 2024 Commission meeting. Executive Director Carey asked if there are any questions or comments. Hearing no questions, Executive Director Carey requested a motion to approve the minutes of the April 18, 2024 Commission meeting. Commissioner Kazmir made the motion to approve the minutes of the April 18, 2024 Commission meeting. Vice Chairman Leonard seconded the motion. Executive Director Carey called for a vote and all the Commissioners voted yes. The motion carried.

#### DIRECTOR'S REPORT

The Executive Director discussed the Lottery's financial performance during the month of April. The Executive Director reviewed the Lottery's revenue report for the month, which is set forth below:

**REPORT OF THE EXECUTIVE DIRECTOR (UNAUDITED)  
MAY 23, 2024 (APRIL RESULTS)**

(\$ in Millions)

|                                | MONTHLY NET SALES RESULTS |                    |                   |              |                          |                  |  |  |
|--------------------------------|---------------------------|--------------------|-------------------|--------------|--------------------------|------------------|--|--|
|                                | Actual<br>April-24        | Actual<br>April-23 | \$ Chg            | % Chg        | FY 24 Budget<br>April-24 | % Over<br>-Under |  |  |
| Pick-6 XTRA                    | \$ 5.06                   | \$ 4.85            | \$ 0.21           | 4.3%         | \$ 5.88                  | -13.9%           |  |  |
| CASH4LIFE                      | 5.33                      | 5.12               | 0.21              | 4.1%         | 5.11                     | 4.3%             |  |  |
| Mega Millions                  | 14.65                     | 13.78              | 0.87              | 6.3%         | 18.14                    | -19.2%           |  |  |
| Powerball                      | 36.33                     | 14.15              | 22.18             | 156.7%       | 20.24                    | 79.5%            |  |  |
| <b>Lotto Games Total</b>       | <b>\$ 61.37</b>           | <b>\$ 37.90</b>    | <b>\$ 23.47</b>   | <b>61.9%</b> | <b>\$ 49.37</b>          | <b>24.3%</b>     |  |  |
| Pick-3 FIREBALL                | \$ 32.62                  | \$ 33.47           | \$ (0.85)         | -2.5%        | \$ 33.42                 | -2.4%            |  |  |
| Pick-4 FIREBALL                | 19.69                     | 20.60              | (0.91)            | -4.4%        | 20.95                    | -6.0%            |  |  |
| Jersey Cash 5 XTRA             | 10.20                     | 11.50              | (1.30)            | -11.3%       | 12.72                    | -19.8%           |  |  |
| Cash Pop                       | 4.99                      | 5.08               | (0.09)            | -1.8%        | 5.87                     | -15.0%           |  |  |
| Quick Draw Bullseye            | 8.51                      | 8.64               | (0.13)            | -1.5%        | 8.09                     | 5.2%             |  |  |
| Fast Play                      | 4.37                      | 4.07               | 0.30              | 7.4%         | 5.61                     | -22.1%           |  |  |
| <b>Daily Mach. Games Total</b> | <b>\$ 80.38</b>           | <b>\$ 83.36</b>    | <b>\$ (2.98)</b>  | <b>-3.6%</b> | <b>\$ 86.66</b>          | <b>-7.2%</b>     |  |  |
| <b>Scratch Off Tickets</b>     | <b>\$ 159.56</b>          | <b>\$ 167.18</b>   | <b>\$ (7.62)</b>  | <b>-4.6%</b> | <b>\$ 170.53</b>         | <b>-6.4%</b>     |  |  |
| <b>Daily Games Total</b>       | <b>\$ 239.94</b>          | <b>\$ 250.54</b>   | <b>\$ (10.60)</b> | <b>-4.2%</b> | <b>\$ 257.19</b>         | <b>-6.7%</b>     |  |  |
| <b>NJ Only Games</b>           | <b>\$ 245.00</b>          | <b>\$ 255.39</b>   | <b>\$ (10.39)</b> | <b>-4.1%</b> | <b>\$ 263.07</b>         | <b>-6.9%</b>     |  |  |
| <b>All Games Total</b>         | <b>\$ 301.31</b>          | <b>\$ 288.44</b>   | <b>\$ 12.87</b>   | <b>4.5%</b>  | <b>\$ 306.57</b>         | <b>-1.7%</b>     |  |  |

|                                | FISCAL YEAR TO DATE NET SALES RESULTS |                    |                    |              |                    |                  |  |  |
|--------------------------------|---------------------------------------|--------------------|--------------------|--------------|--------------------|------------------|--|--|
|                                | Actual<br>FY 2024                     | Actual<br>FY 2023  | \$ Chg             | % Chg        | Budget<br>FY 2024  | % Over<br>-Under |  |  |
| Pick-6 XTRA                    | \$ 71.28                              | \$ 50.68           | \$ 20.60           | 40.6%        | \$ 56.86           | 25.4%            |  |  |
| CASH4LIFE                      | 52.81                                 | 52.20              | 0.61               | 1.2%         | 53.84              | -1.9%            |  |  |
| Mega Millions                  | 230.17                                | 268.36             | (38.19)            | -14.2%       | 175.32             | 31.3%            |  |  |
| Powerball                      | 341.84                                | 275.62             | 66.22              | 24.0%        | 203.99             | 67.6%            |  |  |
| <b>Lotto Games Total</b>       | <b>\$ 696.10</b>                      | <b>\$ 646.86</b>   | <b>\$ 49.24</b>    | <b>7.6%</b>  | <b>\$ 490.01</b>   | <b>42.1%</b>     |  |  |
| Pick-3 FIREBALL                | \$ 322.53                             | \$ 330.83          | \$ (8.30)          | -2.5%        | \$ 328.85          | -1.9%            |  |  |
| Pick-4 FIREBALL                | 196.82                                | 209.36             | (12.54)            | -6.0%        | 210.83             | -6.6%            |  |  |
| Jersey Cash 5 XTRA             | 115.23                                | 110.63             | 4.60               | 4.2%         | 130.74             | -11.9%           |  |  |
| Cash Pop                       | 51.38                                 | 48.07              | 3.31               | 6.9%         | 47.32              | 8.6%             |  |  |
| Quick Draw Bullseye            | 80.10                                 | 84.30              | (4.20)             | -5.0%        | 83.32              | -3.9%            |  |  |
| Fast Play                      | 48.44                                 | 39.92              | 8.52               | 21.3%        | 43.05              | 12.5%            |  |  |
| <b>Daily Mach. Games Total</b> | <b>\$ 814.50</b>                      | <b>\$ 823.11</b>   | <b>\$ (8.61)</b>   | <b>-1.0%</b> | <b>\$ 844.11</b>   | <b>-3.5%</b>     |  |  |
| <b>Scratch Off Tickets</b>     | <b>\$ 1,568.35</b>                    | <b>\$ 1,669.64</b> | <b>\$ (101.29)</b> | <b>-6.1%</b> | <b>\$ 1,700.81</b> | <b>-7.8%</b>     |  |  |
| <b>Daily Games Total</b>       | <b>\$ 2,382.85</b>                    | <b>\$ 2,492.75</b> | <b>\$ (109.90)</b> | <b>-4.4%</b> | <b>\$ 2,544.92</b> | <b>-6.4%</b>     |  |  |
| <b>NJ Only Games</b>           | <b>\$ 2,454.13</b>                    | <b>\$ 2,543.43</b> | <b>\$ (89.30)</b>  | <b>-3.5%</b> | <b>\$ 2,601.78</b> | <b>-5.7%</b>     |  |  |
| <b>All Games Total</b>         | <b>\$ 3,078.96</b>                    | <b>\$ 3,139.60</b> | <b>\$ (60.64)</b>  | <b>-1.9%</b> | <b>\$ 3,034.94</b> | <b>1.5%</b>      |  |  |

|                      | MONTHLY PENSION FUND L CONTRIBUTION |                    |         |       |                    |                  |  |  |
|----------------------|-------------------------------------|--------------------|---------|-------|--------------------|------------------|--|--|
|                      | Actual<br>April-24                  | Actual<br>April-23 | \$ Chg  | % Chg | Budget<br>April-24 | % Over<br>-Under |  |  |
| Monthly Contribution | \$ 89.38                            | \$ 83.24           | \$ 6.14 | 7.4%  | \$ 90.85           | -1.6%            |  |  |
| % of Sales           | 29.66%                              | 28.86%             |         |       | 29.63%             |                  |  |  |

|                    | FISCAL YEAR TO DATE CONTRIBUTION |                   |           |       |                   |                  |  |  |
|--------------------|----------------------------------|-------------------|-----------|-------|-------------------|------------------|--|--|
|                    | Actual<br>FY 2024                | Actual<br>FY 2023 | \$ Chg    | % Chg | Budget<br>FY 2024 | % Over<br>-Under |  |  |
| Total Contribution | \$ 950.67                        | \$ 952.46         | \$ (1.79) | -0.2% | \$ 899.41         | 5.7%             |  |  |
| % of Sales         | 30.88%                           | 30.34%            |           |       | 29.64%            |                  |  |  |

| <u>Avg. Jackpots</u> | <u>April-24</u> | <u>April-23</u> | <u>FY 2024</u> | <u>FY 2023</u> |
|----------------------|-----------------|-----------------|----------------|----------------|
| Jersey Cash 5 (k)    | \$265.0         | \$318.8         | \$335.5        | \$301.4        |
| Pick 6 (m)           | \$2.5           | \$5.0           | \$12.2         | \$3.9          |
| Mega Millions (m)    | \$149.7         | \$228.4         | \$340.0        | \$292.1        |
| Powerball (m)        | \$338.7         | \$146.7         | \$419.0        | \$241.5        |

Executive Director Carey noted during his review of the financial results that April was highlighted by a \$1.3 billion Powerball jackpot that was won in Oregon on April 6.

Net Proceeds for the Fiscal Year to date exceed \$950.6 million or 30.8% of sales. Executive Director Carey stated that fiscal year profits from lotto games were \$288.7 million or 41.4% of sales. Fiscal year profits from daily games were \$307.8 million or 37.8% of sales. Fiscal year profits from Scratch-Off games were \$344.6 million or 21.97% of sales.

Executive Director Carey stated that there were a few high tier winners throughout the state in April. On April 3, Powerball had one \$1,000,000 winner in Camden County. On April 27, Powerball had one \$1,000,000 winner in Hudson County.

Executive Director Carey stated that all drawings for the month of April were completed with no abnormalities, with the exception of the Mega Millions drawing on Tuesday, April 16. The April 16 drawing was delayed for one hour because of a system error affecting New Jersey's gaming system. The system error prevented New Jersey Lottery staff from closing wagering pools prior at the appropriate times. The system error occurred because IGT was applying system updates during the day and needed to reboot the system.

Executive Director Carey stated that all on-line game pools were closed according to procedures, with the exception of the drawings on the evening of Tuesday, April 16. On April 16, there was a system error affecting New Jersey's gaming system. Pool closing for the multi-state game CASH4LIFE had to access the gaming system with additional assistance from IGT and the drawing took place on time. Pool closing staff were not able to finalize the in-state draw results until 3:15 a.m. on Thursday April 17 because of the system issues. 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 Validations staff received and sorted 4,353 mailed claim forms during the month. The number of claims received in the drop box was 392. There were 321 claims hand delivered. Staff entered 4,923 claims into the claims payment system and edited 4,800 claims. During the month of April there were 3,916 claims paid totaling \$12.3 million in winnings were paid.

Executive Director Carey stated that Lottery had staff working overtime to make sure that claims were paid timely.

Executive Director Carey stated that there were two approved couriers that operated in New Jersey in April. During May, two new couriers entered the market. The Lotter was approved and registered to operate as a courier and began selling the week of the meeting. Jackpot.com was also approved during May to operate as a courier.

Executive Director Carey stated that on May 22, the day before the meeting, the Lottery experienced significant system problems with the retail network for about one hour making it difficult to sell tickets. Executive Director Carey invited Adam Perlow, Vice President and Chief Operating Officer of Northstar, to address that issue in more detail and provide an update on Northstar activities.

Mr. Perlow stated that there was a gaming systems problem the prior day starting around 5:00 p.m. It was immediately escalated to the most senior levels of IGT and they were able to diagnose the issue and resolve the issue in a timely manner. The issue was related to the database for the Scratch-Off tickets locking up. The database needed to be restarted on four different systems. Terminals were fully functional with Scratch-Off sales and validations at approximately 6:39 p.m. that night. Mr. Perlow stated that there was no issue with system integrity.

Executive Director Carey asked if there were any questions or comments regarding the Director's report or the system outage.

Commissioner Kazmir asked how long the system was down. Mr. Perlow responded that the system was down for approximately two hours.

Commissioner Kazmir asked if the Lottery had lost any sales. Mr. Perlow responded that Northstar would review the sales.

Commissioner Kazmir asked if the problem can be prevented in the future. Mr. Perlow responded that the incident would be review by IGT to try to prevent it from happening again.

Investments Designee Terwilliger asked if there is a built in failover process in the event that something like this happens. Mr. Perlow responded that there is a failover process and a backup data center out of state but the system did not failover to the backup because IGT was diagnosing the problem and then concluded that it was quicker to restart everything then it would have been to failover to the backups.

Commissioner Kazmir asked if this happened in any other state or just New Jersey. Mr. Perlow responded that this was related to the dedicated systems in New Jersey.

Executive Director Carey asked if there were any other questions. Since there were no additional questions, he asked Mr. Perlow to continue with the Northstar activities report.

Mr. Perlow stated the April launch of the \$50,000,000 Explosion ticket, and the May launch of the Team USA Fast Play ticket.

Mr. Perlow displayed a new Quick Draw Progressive jackpot sign, which will be deployed in July to bring visibility to the Quick Draw Progressive jackpot. Commissioner Kazmir asked where the signs will be displayed. Mr. Perlow responded that the signs will be displayed in 1,000 stores sitting on top of the Scratch-Offs dispensers.

Mr. Perlow stated that the Prudential Center, where the Lottery is a sponsor, recently went cashless. He discussed the challenges of cashless business and lottery operations. He explained that the Lottery began to accept cashless at the Prudential Center in partnership with the retailer.

Investments Designee Terwilliger asked if we are doing card only or Apple pay. Mr. Perlow responded that he does not know the answer to that.

Executive Director Carey concluded the Director's report.

Executive Director Carey asked if there are any additional questions or comments regarding the Director's report. Hearing no additional questions, Executive Director Carey requested a motion to approve the Director's report. Vice Chairman Leonard made the motion to approve the Director's report. Chairman D'Anton 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.

### **DISCUSSION ON MINUTES OF MEETINGS**

Executive Director Carey stated that he sent the Commissioners a proposed format for revised minutes. The minutes will be more transparent by adding the Lottery's monthly statement, rather than trying to summarize the Director's review of the Revenue Statement. He explained that the new format will be more succinct in how discussions that take place during meetings are covered. The purpose of meeting minutes at public meetings is to record and demonstrate to the public what is has happened at a public meeting. He asked the Commissioners to look at the proposed form of minutes. If the Commissioners are okay with the changes, the new format will be used for the minutes of the May meeting.

### **ANNUITY PRESENTATION**

Executive Director Carey stated that a presentation on annuities was on the agenda and will instead take place in June.

## **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 the approval of the publication for Notice of Adoption and Responses to public comments to amendment to N.J.A.C. 17:20-2.1 and N.J.A.C 17:20-7.7 - Lottery winner's anonymity.

Executive Director Carey explained that the Commission had previously agreed to publish a Notice of Proposal proposing new rules that would explain directly to players how the Lottery deals with winner anonymity. The new regulations make clear that winners can remain anonymous, but also that winners can waive their anonymity. The new regulations discuss how the Lottery discloses information about winners. The new regulations make clear that winner anonymity does not apply to certain second chance drawings.

Executive Director Carey asked if there were any questions regarding the approval of the publication for Notice of Adoption and Responses to public comments to amendment to N.J.A.C. 17:20-2.1 and N.J.A.C 17:20-7.7 Lottery winner's anonymity. Hearing no questions, Executive Director Carey requested a motion to approve the approval of publication for Notice of Adoption of amendments to N.J.A.C. 17:20-2.1 and N.J.A.C 17:20-7.7. Commissioner Kazmir made the motion to approve the approval of publication for Notice of Adoption of amendments to N.J.A.C. 17:20-2.1 and N.J.A.C 17:20-7.7. Investments Designee Terwilliger seconded the motion and all of the Commissioners voted yes. The motion carried.

The second item of new business was game rules for three Scratch-Off games.

### **INSTANT GAMES SUMMARY**

| <b>Instant Game</b>   | <b>Price Point</b> | <b>Ticket Quantity</b> | <b>Top Prize</b> | <b>Prize Payout</b> | <b>On-Sale Date</b> |
|-----------------------|--------------------|------------------------|------------------|---------------------|---------------------|
| CASH IN A FLASH       | \$10               | 3.6 million            | \$500            | 65.00%              | 7-Oct-24            |
| \$100,000 BINGO EXTRA | \$5                | 4.5 million            | \$100,000        | 64.17%              | 15-Nov-24           |
| MONEY RUSH            | \$5                | 4.32 million           | \$100,000        | 64.00%              | 2-Dec-24            |

Executive Director Carey asked if there are any questions regarding the approval of the Scratch-Off ticket game rules for "Cash in a Flash," "\$100,000 Bingo Extra," and "Money Rush." Hearing no questions, Executive Director Carey requested a motion to approve the Scratch-Off ticket game rules for "Cash in a Flash," "\$100,000 Bingo Extra," and "Money Rush." Commissioner Kazmir made the motion to approve the Scratch-Off ticket game rules. Vice Chairman Leonard seconded the motion and all of the Commissioners voted yes. The motion carried.

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

### **FAST PLAY PROGRESSIVE GAMES SUMMARY**

| <b>Fast Play</b> | <b>Price Point</b> | <b>Top Prize</b>        | <b>Prize Payout</b> | <b>On-Sale Date</b> |
|------------------|--------------------|-------------------------|---------------------|---------------------|
| TREASURE CHASE   | \$5                | \$500 or 50% of Jackpot | 63.04%              | 5-Aug-24            |

Executive Director Carey asked if there are any questions regarding the approval of the Fast Play ticket game rules for "Treasure Chase." Hearing no questions, Executive Director Carey requested a motion to approve the Fast Play ticket game rules for "Treasure Chase." Commissioner Kazmir made the motion to approve the Fast Play ticket game rules. Investments Designee Terwilliger seconded the motion and all of the Commissioners voted yes. The motion carried.

Executive Director Carey stated that Deputy Attorney General Robert Kelly was retiring and this was his last Commission meeting. Executive Director Carey thanked Mr. Kelly for his good counsel and his good companionship. Deputy Attorney General Kelly thanked Executive Director Carey.

**PUBLIC COMMENT**

There was no public comment.

**EXECUTIVE SESSION**

There was no Executive Session.

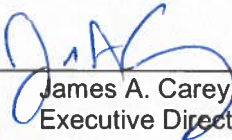
**ADJOURNMENT**

Executive Director Carey asked for a motion to adjourn the Public meeting. Chairman D'Anton 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 May 23, 2024.

IN WITNESS WHEREOF, I hereby set my hand on

the \_\_\_\_\_ 7th \_\_\_\_\_ day of \_\_\_\_\_ June, 2024 \_\_\_\_\_.

  
\_\_\_\_\_  
James A. Carey Jr.  
Executive Director