

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING AUGUST 18, 2022

Executive Director Carey stated that Chairman D'Anton had a scheduling conflict and was unable to attend the meeting. Vice Chair Blazovsky acted as Chair during the meeting.

Vice Chair Blazovsky called the Commission meeting into session at 10:00 a.m.

COMMISSION MEMBERS (BY TELEPHONE)

Marilyn Blazovsky, Vice Chair
Ian K. 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
Sam Fromkin, Northstar
Foster Krupa, Northstar
Joe Cavallo, Northstar

STAFF (BY TELEPHONE)

Nikki Apeadu
Patricia Coppel
Missy Gillespie
Jerry Guarino
Dean Ialacci
Shelina Islam
Kelly Laird
Jason Lee
Jack Leo
Charlene Mello
Ellen O'Malley
Joe Oleszkiewicz
Richard Pagnani
Steve Palmieri
Debbie Raub
Mary Ann Rivell
Ryan Schaffer
John White

After the Pledge of Allegiance, Vice Chair Blazovsky 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.

Executive Director Carey took roll call.

Vice Chair Blazovsky requested a motion to approve the minutes of the July 21, 2022 Commission meeting. Commissioner Leonard made the motion, which was seconded by Treasurer's Designee Kanef. Vice Chair Blazovsky asked if there were any comments and there being none, the motion carried.

DIRECTOR'S REPORT

Executive Director Carey stated that the New Jersey Lottery had an extraordinary first month of the fiscal year. The New Jersey Lottery Festival of Ballooning went off wonderfully this year. The New Jersey Lottery and lotteries across the country were able to enjoy a \$1.2 billion Mega Millions jackpot that rolled through the month of July.

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

All games total sales were: \$355 million
Lotto games total sales were: \$105.99 million
Daily machine games total sales were: \$84.09 million
Scratch-Off tickets total sales were: \$165 million

Executive Director Carey stated that Mega Millions had sales of \$79.7 million compared to \$11.7 million the prior year, which was an increase of 577.8%.

Executive Director Carey stated that Pick-6 had sales of \$5.8 million compared to \$4.2 million the prior year, which was an increase of 27.1%. Pick-6 had a nice run that resulted in a \$17.3 million jackpot that was won on July 11.

Executive Director Carey stated that CASH4LIFE had sales of \$5.28 million compared to \$5.13 million the prior year, which was an increase of 2.9%.

Executive Director Carey stated that Powerball had sales of \$15.1 million compared to \$12.6 million the prior year, which was an increase of 19.3%.

Executive Director Carey stated that Pick-3 had sales of \$34.8 million compared to \$39 million the prior year, which was a decrease of 10.7%.

Executive Director Carey stated that Pick-4 had sales of \$22.09 million compared to \$24.5 million the prior year, which was a decrease of 10.1%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$10.9 million compared to \$14.2 million the prior year, which was a decrease of 23.1%.

Executive Director Carey stated that Cash Pop had sales of \$4 million compared to \$3.8 million the prior year, which was an increase of 5.1%.

Executive Director Carey stated that Quick Draw had sales of \$8.7 million compared to \$10 million the prior year, which was a decrease of 12.9%.

Executive Director Carey stated that Fast Play had sales of \$3.2 million compared to \$2.6 million the prior year, which was an increase of 22.8%.

Executive Director Carey stated that the crucial take away for sales is that we need two or three jackpots over \$700 million a year from Powerball and Mega Millions for the Lottery to hit the targets that we want to achieve.

Executive Director Carey stated that the total monthly contribution to the State was \$113.3 million compared to \$88.6 million the prior year, which was an increase of 27.9%. As a percentage of sales, that contribution was 31.93% and it serves to highlight the importance of Mega Millions in our portfolio of games.

Executive Director Carey stated that net proceeds for the fiscal year to date exceeded \$113 million or 31.93% of sales. Fiscal year profits from lotto games were \$44.3 million or 41.76% of sales. Fiscal year profits from daily games were \$32.3 million or 38.45% of sales. Fiscal year profits from Scratch-Offs were \$36.2 million or 21.93% of sales.

Executive Director Carey stated that total to date FY23 net proceeds also include 30% of the current estimated forfeited prizes or \$602,000.

Executive Director Carey stated that the top three selling non-core games for July were "\$3,000,000 Platinum Club," which generated \$13.9 million in sales, "\$1,000,000 Gold Club," which generated \$8.3 million in sales and "Super 8's," which generated \$6.7 million in sales.

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

Executive Director Carey stated that all drawings for the month of July 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 there are a few Speaker's Bureau Events scheduled in September. The Speaker's Bureau tells people what the New Jersey Lottery is, how it operates and who we benefit. If anyone knows an organization that is interested in hearing a presentation, please contact the Lottery's Public Information Office.

Executive Director Carey stated that the Validations Unit received and sorted 3,265 mailed claims during the month of July. There were 277 claims received in the drop box and 45 claims hand delivered during scheduled appointments.

Executive Director Carey thanked Adam Perlow, Vice President and Chief Operating Officer of Northstar, for Northstar's great work with the New Jersey Lottery Festival of Ballooning. For the second year in a row, it was an in-person event that was extremely well attended, extremely fun and the New Jersey Lottery received a lot of good press.

Executive Director Carey invited Mr. Perlow to provide an update on Northstar activities. Mr. Perlow stated that the Balloon Fest was a fantastic event. He thanked the more than 30 Northstar volunteers for their work at the Balloon Festival. The first night of the Balloon Festival was the Friday of the final draw on the Mega Millions jackpot run so there was a lot of excitement. Mr. Perlow also thanked IGT because there is a lot of work that goes into a high jackpot like that in terms of coordination.

Executive Director Carey stated that IGT runs our gaming system. There is a lot of work behind the scenes that goes on to make sure that that the Lottery runs smoothly.

Executive Director Carey concluded the Director's report.

Vice Chair Blazovsky asked if there are any questions or comments.

Deputy Attorney General Kelly stated that he wanted the Commission to know that one of his other tasks as a Deputy Attorney General is to counsel the Public Employees Retirement System (PERS). He stated that the Chair of PERS, Tom Bruno, had very kind things to say about the Lottery and its contribution.

Vice Chair Blazovsky thanked DAG Kelly.

Vice Chair Blazovsky asked if there are any additional questions or comments. Hearing no questions, Vice Chair Blazovsky requested a motion to approve the Director's Report. Commissioner Leonard made the motion, which was seconded by Treasurer's Designee Kanef.

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 of business was game rules for seven Scratch-Off ticket games.

"\$500 Frenzy" is a \$5 ticket, a ticket quantity to be printed of 5.28 million tickets, a top prize of \$200,000, a prize payout of 62.50%, and an anticipated on-sale date of May 1, 2023.

"The Bigger Spin" is a \$10 ticket, a ticket quantity to be printed of 6 million tickets, a top prize of \$400,000, a prize payout of 66.97%, and an anticipated on-sale date of April 3, 2023.

"Power 2X" is a \$2 ticket, a ticket quantity to be printed of 6.72 million tickets, a top prize of \$10,000, a prize payout of 62.92%, and an anticipated on-sale date of February 6, 2023.

"Power 5X" is a \$5 ticket, a ticket quantity to be printed of 6.24 million tickets, a top prize of \$200,000, a prize payout of 64.99%, and an anticipated on-sale date of February 6, 2023.

"Power 10X" is a \$10 ticket, a ticket quantity to be printed of 8.4 million tickets, a top prize of \$500,000, a prize payout of 68.02%, and an anticipated on-sale date of February 6, 2023.

"Power 20X" is a \$20 ticket, a ticket quantity to be printed of 7.2 million tickets, a top prize of \$40,000 a year for 25 years or the equivalent cash value of \$1,000,000, a prize payout of 69%, and an anticipated on-sale date of February 6, 2023.

"Power 50X" is a \$30 ticket, a ticket quantity to be printed of 9.12 million tickets, a top prize of \$120,000 a year for 25 years or the equivalent cash value \$3,000,000, a prize payout of 70.05%, and an anticipated on-sale date of October 3, 2022.

Vice Chair Blazovsky asked if there are any questions regarding the approval of the seven Scratch-Off ticket game rules.

Vice Chair Blazovsky asked how many Scratch-Off games are there currently with a 70% plus prize payout. Executive Director Carey responded that the number is small in our entire portfolio because we have a mandatory contribution of 30% and that limits our ability to have higher cost games.

Mr. Perlow stated that there are 11 games that are in distribution right now that are at the \$20 and \$30 price point. Those are the games that will have a 69% to 71% payout. He added that we make that information available on a per game basis on the New Jersey Lottery's website. When players click on an individual Scratch game, they can see what the percentage of prizes is for each game.

Vice Chair Blazovsky stated that she could not locate it on the website. She asked if Executive Director Carey could provide her that information as well.

Vice Chair Blazovsky asked if the Bigger Spin will be a family of games. Executive Director Carey responded that we are not planning to develop a Big Spin family of games. The new game includes some changes and enhancements that are rule changes that require Commission approval. Executive Director Carey asked if Mr. Perlow had anything to add. Mr. Perlow stated that the Bigger Spin is a replacement game. The Big Spin was at the \$5 price point and the Bigger Spin will be at the \$10 price point.

Vice Chair Blazovsky asked if there are any additional questions regarding the approval of the seven Scratch-Off ticket game rules. Hearing no questions, Vice Chair Blazovsky requested a motion to approve the Scratch-Off ticket game rules for the "\$500 Frenzy," "The Bigger Spin", "Power 2X," "Power 5X," "Power 10X," "Power 20X" and "Power 50X." Commissioner Leonard made the motion, which was seconded by Treasurer's Designee Kanef. Vice Chair Blazovsky asked if there were any questions or comments, and there being none, the motion carried.

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

"Touchdown Dollars" is a \$5 ticket, a top prize of \$500 or 50% of the jackpot, a prize payout of 62.63%, and an anticipated on-sale date of October 21, 2022.

"Merry Money Match" is a \$5 ticket, a top prize of \$500 or 50% of the jackpot, a prize payout of 62.13%, and an anticipated on-sale date of October 21, 2022.

Vice Chair Blazovsky asked if there are any questions regarding the approval of the Fast Play ticket game rules. Hearing no questions, Vice Chair Blazovsky requested a motion to approve the Fast Play ticket game rules for "Touchdown Dollars" and "Merry Money Match." Commissioner Leonard made the motion, which was seconded by Vice Chair Blazovsky. Vice Chair Blazovsky asked if there were any questions or comments, and there being none, the motion carried.

PUBLIC COMMENT

There was no Public Comment.

Executive Director Carey stated that next month we will be adding a second public comment section that is in advance of the voting items. The public will have an opportunity to comment on any action items that the Commissioners may be taking prior to that vote. It will be a better process and improved the transparency of the Lottery.

EXECUTIVE SESSION

There was no Executive Session.

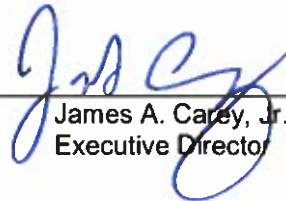
ADJOURNMENT

Vice Chair Blazovsky asked for a motion to adjourn the Public meeting. Commissioner Leonard made the motion, which was seconded by Treasurer's Designee Kanef. 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 August 18, 2022.

IN WITNESS WHEREOF, I hereby set my hand on

the 9th day of September, 2022.



James A. Carey, Jr.
Executive Director