

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING JULY 21, 2022

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

COMMISSION MEMBERS (BY TELEPHONE)

Robert J. D'Anton, Chair
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
Roza Dabaghyan, Deputy Attorney General
Janice Venables, Governor's Auth. Unit

VISITORS (BY TELEPHONE)

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

STAFF (BY TELEPHONE)

Nikki Apeadu
Patricia Coppel
Jill Dawson
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, Chair 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.

Chair D'Anton requested a motion to approve the minutes of the June 16, 2022 Commission meeting. Commissioner Leonard made the motion, which was seconded by Vice Chair Blazovsky. Chair D'Anton asked if there were any comments and there being none, the motion carried.

DIRECTOR'S REPORT

Executive Director Carey reviewed the preliminary sales results for the fiscal year ending June 30, 2022. He stated that fiscal year to date all games had total sales of \$3.634 billion compared to \$3.683 billion the prior year, which was a decrease of 1.3%. This was the second highest in Lottery history following FY21.

Executive Director Carey congratulated the team at the Division of Lottery, the teams at Northstar and IGT, and our network of nearly 7,000 retailers on an exceptionally well done year for the New Jersey Lottery.

Executive Director Carey stated that the contribution to date is \$1.074 billion, which was also down slightly. The contribution for the year to date represents 29.57% of all sales. He noted that for the fifth year in a row, the Lottery contributed more than a billion dollars to the State. The Lottery will start its annual financial audit process in early August. When the audit is concluded, Lottery expects to add more to the contribution, mainly from unclaimed prizes for the year. The audit also determine the amount of incentive pay that Northstar will receive for the year. Based on the benchmarks that are established in the contract between the State and Northstar, Lottery expects to make an incentive payment to Northstar this year.

Executive Director Carey stated that fiscal year to date Pick-6 had total sales of \$62.8 million compared to \$56.6 million the prior year, which was an increase of 11%.

Executive Director Carey stated that fiscal year to date CASH4LIFE had total sales of \$58.8 million compared to \$59.7 million the prior year, which was a decrease of 1.5%.

Executive Director Carey stated that fiscal year to date Mega Millions had total sales of \$147.2 million compared to \$213.7 million the prior year, which was a decrease of 31%.

Executive Director Carey stated that fiscal year to date Powerball had total sales of \$241 million compared to \$175.3 million the prior year, which was an increase of 37.5%.

Executive Director Carey stated that fiscal year to date Pick-3 had total sales of \$432.3 million compared to \$452.8 million the prior year, which was a decrease of 4.5%.

Executive Director Carey stated that fiscal year to date Pick-4 had total sales of \$274.8 million compared to \$290.9 million the prior year, which was a decrease of 5.6%.

Executive Director Carey stated that Pick-3 and Pick-4 both benefitted enormously during the pandemic from increased play by players. While sales are down, that is normalization compared to what had been an extraordinary year.

Executive Director Carey stated that fiscal year to date Jersey Cash 5 had total sales of \$157.4 million compared to \$180.3 million the prior year, which was a decrease of 12.7%.

Executive Director Carey stated that fiscal year to date Cash Pop had total sales of \$46.1 million compared to \$41.9 million the prior year, which was an increase of 10%.

Executive Director Carey stated that fiscal year to date Quick Draw had total sales of \$111.9 million compared to \$110.6 million the prior year, which was an increase of 1.2%.

Executive Director Carey stated that fiscal year to date Fast Play had total sales of \$39 million compared to \$28.8 million the prior year, which was an increase of 35.5%.

Executive Director Carey stated that the New Year's Raffle had sales of \$3.25 million.

Executive Director Carey stated that Scratch-Offs had sales of \$2.059 billion compared to \$2.072 billion the prior year, which was a decrease 0.06%. It was the second year in a row that our sales were over \$2 billion.

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

- All games total sales were: \$292 million
- Lotto games total sales were: \$43.2 million
- Daily machine games total sales were: \$83.4 million
- Scratch-Off tickets total sales were: \$165.3 million

Executive Director Carey stated that All Games had total sales of \$292 million compared to \$296.7 million the prior year, which was a decrease of 1.6%. He noted that the jackpot for Mega Millions was \$630 million.

Executive Director Carey stated that Mega Millions had sales of \$12.6 million compared to \$9.8 million the prior year, which was an increase of 28.5%.

Executive Director Carey stated that Powerball had sales of \$17.6 million compared to \$11.3 million the prior year, which was an increase of 54.8%. A \$365 million Powerball jackpot was won on June 29.

Executive Director Carey stated that Pick-6 had sales of \$8.3 million compared to \$3.9 million the prior year, which was an increase of 113.5%. It was benefitting from a \$17 million jackpot.

Executive Director Carey stated that CASH4LIFE had sales of \$4.6 million compared to \$4.8 million the prior year, which was a decrease of 4.9%.

Executive Director Carey stated that Pick-3 had sales of \$34.6 million compared to \$38 million the prior year, which was a decrease of 9.1%.

Executive Director Carey stated that Pick-4 had sales of \$21.9 million compared to \$23.9 million the prior year, which was a decrease of 8.6%.

Executive Director Carey stated that Jersey Cash 5 had sales of \$10.7 million compared to \$13 million the prior year, which was a decrease of 18.1%.

Executive Director Carey stated that Cash Pop had sales of \$3.8 million compared to \$5 million the prior year, which was a decrease of 22.7%.

Executive Director Carey stated that Quick Draw had sales of \$9.1 million compared to \$10.8 million the prior year, which was a decrease of 9.1%.

Executive Director Carey stated that Fast Play had sales of \$3.1 million compared to \$2.7 million the prior year, which was an increase of 15%.

Executive Director Carey stated that the total monthly contribution to the State was \$89.9 million compared to \$83.3 million the prior year, which was an increase of 7.9%.

Executive Director Carey stated that the top three selling non-core games for June were “\$3,000,000 Platinum Club,” which generated \$14 million in sales, “\$1,000,000 Gold Club,” which generated \$8.5 million in sales and “Super 8’s,” which generated \$8.4 million in sales.

Executive Director Carey stated that Northstar launched its 101 Days of Summer 2022 campaign.

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

Executive Director Carey stated that all drawings for the month of June 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 in June we held a Speaker’s Bureau Event for the first time since the start of the pandemic. This is something that we look forward to bringing back to get out the message of what the Lottery does for the State of New Jersey.

Executive Director Carey stated that the New Jersey Festival of Ballooning at Solberg Airport in Readington will be held from July 29 through 31. The Festival of Ballooning is a great event for the State of New Jersey and the New Jersey Lottery.

Executive Director Carey stated that the Validations Unit received and sorted 3,282 mailed claims during the month of June. There were 327 claims received in the drop box and 52 claims hand delivered during scheduled appointments. During the month of June there were 4,230 claims totaling over \$3.1 million that were paid to winners including 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 thanked the team at the Lottery for a successful, collaborative year. He also thanked the nearly 7,000 retailers for all they did to make this year such a big success. The 101 Days of Summer campaign continued in June.

Executive Director Carey thanked Mr. Perlow for a great year

Executive Director Carey concluded the Director’s report.

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

Vice Chair Blazovsky stated that she had the opportunity to be on the boardwalk in Asbury Park over the July 4th weekend and visited the Lottery exhibit and met the staff. The Promotions team is doing a beautiful job of representing the Lottery and educating and engaging the public. She stated that Carolina and her staff are doing an excellent job. Vice Chair Blazovsky wished them cooler and dry weather for the Balloon Festival.

Mr. Perlow and Chair D'Anton thanked Vice Chair Blazovsky.

Chair D'Anton asked if there are any additional questions or comments. Hearing no questions, Chair D'Anton requested a motion to approve the Director's Report. Commissioner Leonard made the motion, which was seconded by Chair 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 asked for Public Comment on agenda items.

There was no Public Comment on the agenda items.

The first item of business was the petition of Jackpocket and related approval of publication of a notice of proposal to amend N.J.A.C. 17:20-12.6 to permit couriers to offer other forms of gaming permitted under N.J.A.C. 13:69-N-1.1 Et Seq. and N.J.A.C. 13:69O-1.1 Et Seq.

Executive Director Carey explained the petition of Jackpocket. The Division of Lottery received a request pursuant to the New Jersey Administrative Code from the Courier, Jackpocket. Jackpocket petitioned for an amendment to the existing rule that allows Courier Services to offer New Jersey Lottery products and they have asked to include online sports wagering or casino gaming through a separate tab on their website or mobile application. Currently the New Jersey Lottery's regulations require and provide that a Courier may only sell New Jersey Lottery products on their application. Staff reviewed the petition and concluded that the petition had been appropriately filed and they met the requirements for filing the petition and it was therefore put forward to the Commission. Executive Director Carey asked if there are any questions.

Vice Chair Blazovsky asked if Executive Director Carey could you review the process. She asked how long will this petition be out for public review. Executive Director Carey responded the New Jersey Administrative Code has a process for rulemaking. In the next several weeks, if the Commission approves, staff will file a Notice of Proposal with the New Jersey Law Office of Administrative Law. There will then be an opportunity for interested parties to file any comments in response to this action that the Lottery has taken. Lottery is obligated to file a response to those comments. Depending on the nature of the comments, the Commission could then be asked to approve a Notice of Adoption, which will include a summary of all the comments received, the Division's response to those comments and a request to publish. The Notice of Adoption could be on the agenda at the December or January meeting. It is a transparent process to change our rules and gives all interested parties the opportunity to comment.

Vice Chair Blazovsky asked if the vote today is to start the process. Executive Director Carey responded that this is the starting process.

Executive Director Carey took a roll call vote regarding the petition of Jackpocket and related approval of publication for proposed amendment to N.J.A.C. 17:20-12.6 to permit couriers to offer other forms of gaming permitted under N.J.A.C. 13:69-n-1.1 Et Seq. and N.J.A.C. 13:69o-1.1 Et Seq.

All Commissioners voted in favor to approve publication. Executive Director Carey stated that the resolution passes and that Lottery staff will take the next steps to send the Notice of Proposal to the Office of Administrative Law.

Chair D'Anton requested a motion to accept the roll call vote regarding the petition of Jackpocket and related approval of publication for proposed amendment to N.J.A.C. 17:20-12.6 to permit couriers to offer other forms of gaming permitted under N.J.A.C. 13:69-n-1.1 Et Seq. and N.J.A.C. 13:69o-1.1 Et Seq. Commissioner Leonard made the motion, which was seconded by Treasurer's Designee Kanef. Chair D'Anton asked if there were any questions or comments, and there being none, the motion carried.

The second item of business was the approval of publication for proposed New Rule: N.J.A.C. 17:20-1.5 to authorize the New Jersey Lottery to sell draw games online.

Executive Director Carey explained the approval of publication of a notice of proposal to adopt a new rule, N.J.A.C. 17:20-1.5 to authorize the New Jersey Lottery to sell draw games online. This regulation will authorize the Lottery to sell draw tickets only online. He explained that this was an opportunity for the Lottery to update how we sell products. There are no plans in the future to sell our Scratch-Offs online. He stated that Lottery does not anticipate selling tickets draw tickets online before late summer of 2023. He added that he expects to have another set of detailed regulations explaining this, what the terms of service will be, how to deal with player anonymity and player data. There is a lot of work that will have to be done before the New Jersey Lottery engages in online sales, but we believe that online sales are something that any consumer-facing business needs to do if it wants to stay relevant. He also explained that the action was a change to the Lottery's existing regulations and would follow the same process as the Jackpocket petition. If the Commission voted in favor of this issue, it will authorize the Lottery to submit to the Office of Administrative Law a Notice of Proposal seeking to add a new regulation. There will be a notice and comment period of 60 days. A Notice of Adoption could be on the agenda at the December or January meeting.

Executive Director Carey took a roll call vote regarding the approval of the approval of publication for proposed New Rule: N.J.A.C. 17:20-1.5 to authorize the New Jersey Lottery to sell draw games online. All the Commissioners voted in favor to authorize publication.

Executive Director Carey stated that the resolution passed and that Lottery staff will take the next steps to send the Notice of Proposal to the Office of Administrative Law.

Chair D'Anton requested a motion to accept the roll call vote regarding the amendments to the approval of publication for proposed New Rule: N.J.A.C. 17:20-1.5 to authorize the New Jersey Lottery to sell draw games online. Vice Chair Blazovsky made the motion, which was seconded by Treasurer's Designee Kanef. Chair D'Anton asked if there were any questions or comments, and there being none, the motion carried.

The third item of business was game rules for four Scratch-Off ticket games.

"Fast 50's" is a \$1 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 January 2, 2023.

"Wild Cash Multiplier" is a \$5 ticket, a ticket quantity to be printed of 5.76 million tickets, a top prize of \$200,000, a prize payout of 64.09%, and an anticipated on-sale date of January 2, 2023.

"Winter Wishes" is a \$10 ticket, a ticket quantity to be printed of 3.6 million tickets, a top prize of \$500,000, a prize payout of 66.52%, and an anticipated on-sale date of November 7, 2022.

"\$1,000,000 Spectacular" is a \$10 ticket, a ticket quantity to be printed of 9.6 million tickets, a top prize of \$1,000,000, a prize payout of 66.51%, and an anticipated on-sale date of November 15, 2022.

Chair D'Anton asked if there are any questions regarding the approval of the four Scratch-Off ticket game rules. Hearing no questions, Chair D'Anton requested a motion to approve the Scratch-Off ticket game rules for the "Fast 50's," "Wild Cash Multiplier," "Winter Wishes," and "\$1,000,000 Spectacular." Vice Chair Blazovsky made the motion, which was seconded by Commissioner Leonard. Chair D'Anton asked if there were any questions or comments, and there being none, the motion carried.

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

"Crack the Safe" is a \$5 ticket, a top prize of \$500 or 50% of the jackpot, a prize payout of 63%, and an anticipated on-sale date of August 19, 2022.

"Bullseye Bucks" is a \$5 ticket, a top prize of \$500 or 50% of the jackpot, a prize payout of 62.48%, and an anticipated on-sale date of September 16, 2022.

Chair D'Anton asked if there are any questions regarding the approval of the Fast Play ticket game rules. Hearing no questions, Chair D'Anton requested a motion to approve the Fast Play ticket game rules for "Crack the Safe" and Bullseye Bucks." Commissioner Leonard made the motion, which was seconded by Chair D'Anton. Chair D'Anton asked if there were any questions or comments, and there being none, the motion carried.

PUBLIC COMMENT

There was no Public Comment.

EXECUTIVE SESSION

There was no Executive Session.

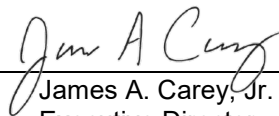
ADJOURNMENT

Chair D'Anton asked for a motion to adjourn the Public meeting. Commissioner Leonard made the motion, which was seconded by Chair D'Anton. 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 July 21, 2022.

IN WITNESS WHEREOF, I hereby set my hand on

the 3rd day of August, 2022.



James A. Carey, Jr.
Executive Director