

NEW JERSEY STATE LOTTERY COMMISSION

PUBLIC MEETING, JUNE 20, 2019

Acting Executive Director Carey called the Commission meeting into session at 10:00 a.m. in the Lottery Office located at One Lawrence Park Complex, Lawrenceville, New Jersey.

COMMISSION MEMBERS PRESENT

Robert D'Anton, Chairman (by phone)
Marilyn Blazovsky, Commissioner
Gary Terwilliger, Division of Investment Designee
(by phone)
Dini Ajmani, Treasurer's Designee

James A. Carey, Jr., Acting Executive Director
Robert E. Kelly, Deputy Attorney General
Craig Ambrose, Governor's Auth. Unit

VISITORS

Sarah Brennan, Northstar
Joe Cavallo, Northstar
Sam Fromkin, Northstar
Erica Helms, Northstar
John Hodor, Northstar
Foster Krupa, Northstar
Desiree Hardy, Brushfire
Nicole Lobkowitz, PureRed

STAFF

Regina Arcuri
Fran Edwards
Jerry Guarino
Dean Ialacci
Robert Kersey
Richard Pagnani
Steven Palmieri
Debbie Raub
Mary Ann Rivell
Margaret Square
William Wilson

After the Pledge of Allegiance, Acting Executive Director Carey 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.

Acting Executive Director Carey requested a motion to approve the minutes of the May 21, 2019 Commission meeting. Investment Designee Terwilliger made the motion, which was seconded by Chairman D'Anton. Acting Executive Director Carey asked if there were any comments and there being none, the motion carried.

Acting Executive Director Carey introduced new Deputy Executive Director Jerry Guarino and new Commissioner Marilyn Blazovsky.

DIRECTOR'S REPORT

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

All games total sales were: \$294.9 million
Lotto games total sales were: \$48.4 million
Daily machine games total sales were: \$84.1 million
Scratch Off Tickets total sales were: \$162.3 million

As of the end of May, year to date total sales were \$3.2 billion, an increase of 6% compared to sales at the end of May 2018.

The monthly contribution to Pension Fund L was \$87.5 million and the year to date contribution was \$974.5 million.

The three top selling non-core games for May were "\$5,000,000 Lucky 7's," which generated \$13.6 million in sales, "\$90,000,000 Platinum Payout," which generated \$7.4 million in sales and "\$3,000,000 Cash Out," which generated \$7.3 million in sales.

Total sales for Core and Family Games for the month were more than \$98 million. The "Crossword" family of games had \$31.6 million in sales, "Lucky 7's" family of games had \$26.3 million in sales and the "Precious Metals" family of games had \$16.8 million in sales.

Acting Executive Director Carey stated that there were a number of high tier winners throughout the state in May. There were four \$1 million second tier winners in Powerball and Mega Millions during the month.

Acting Executive Director Carey reported that all drawings for the month of May were completed with no abnormalities.

Acting 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.

Acting Executive Director Carey noted that in May the New Jersey Lottery finalized negotiations with Northstar on the contract and the amount of the incentive payment.

Acting Executive Director Carey stated that the Audit Report for FY18, which showed strong sales, was released in May.

Acting Executive Director Carey noted that new CASH4LIFE foam balls were ordered and received, which replace the previously used rubber balls. Beginning on July 1, CASH4LIFE will be moving to seven days a week from two days a week. The New Jersey Lottery is responsible for broadcasting and conducting those draws.

Acting Executive Director Carey stated that the Validations Department received and sorted 3,789 claim forms during the month of May and an additional 395 walk-in claims.

Acting Executive Director Carey noted there were 30 claims that were processed and garnished because of current and previous matches totaling \$45,925.33. Fifteen of the garnishments went to satisfy child support arrearages totaling \$23,229.35.

Acting Executive Director Carey stated that Northstar's personnel count at the end of May was 145 employees.

Acting Executive Director Carey noted that the total number of active retailers is 7,181.

Acting Executive Director Carey stated that Northstar's sales team continued to focus on recruiting new Quick Draw retailers, on driving Quick Draw sales higher by focusing on building weekly sales and running Quick Draw promotions. They continued posting large jackpots as a reminder to players and focusing on the launch of new instant games. The summer long marketing plan of "101 Days of Summer" launched Memorial Day weekend. In respect to Quick Draw, the Lottery is looking to actively license social clubs. That is an opportunity to drive Quick Draw sales higher.

Acting Executive Director Carey concluded the Director's Report.

Acting Executive Director Carey asked if there were any questions or comments.

Treasurer Designee Ajmani asked if the total contribution transfer to the Pension Fund includes the incentive payment to Northstar.

Acting Executive Director Carey stated that this is the actual contribution to the Pension Fund and does not include the incentive payment to Northstar.

Commissioner Blazovsky stated that it is good to see that sales are doing well. Commissioner Blazovsky asked how sales for "Pick-3," "Pick-4," "Fast Play" and "5 Card Cash" could be improved.

Acting Executive Director Carey discussed efforts that are ongoing with Northstar to improve sales for these games.

Commissioner Blazovsky asked if there are plans to improve or discontinue "Fast Play" and "5 Card Cash."

Acting Executive Director Carey discussed the status of these games, their sales, and briefly discussed the life cycle of games.

NEW BUSINESS

Acting 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.

Acting Executive Director Carey discussed the rules and regulations regarding "CASH POP."

Acting Executive Director Carey asked if there were any comments or questions.

Treasurer Designee Ajmani asked if Acting Executive Director Carey was presented with financials on "CASH POP" as to what are the projections, what is the prize expense and what costs will be associated with it and a discussion was held.

Commissioner Blazovsky asked if there are any issues with cannibalization of other games and a discussion was held.

Acting Executive Director Carey asked if there were any further comments or questions and there being none he requested a motion to approve the game rules for "CASH POP". Chairman D'Anton made the motion which was seconded by Investment Designee Terwilliger. The motion carried.

PUBLIC COMMENT

There was no Public Comment.

EXECUTIVE SESSION

Acting Executive Director requested a motion to go into Executive Session to discuss a legal matter. Chairman D'Anton made the motion which was seconded by Commissioner Blazovsky. The motion carried.

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.

Acting Executive Director requested a motion to close Executive Session. Chairman D'Anton made the motion which was seconded by Treasurer's Designee Ajmani. The motion carried.

NEW BUSINESS RESUMED

Following the conclusion of the Executive Session, the Commission resumed the public portion of the meeting.

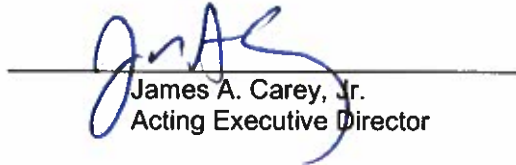
ADJOURNMENT

Acting Executive Director Carey asked for a motion to adjourn the Public meeting. Commissioner Blazovsky made the motion which was seconded by Chairman 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 June 20, 2019.

IN WITNESS WHEREOF, I hereby set my hand on

the 19th day of July, 2019.


James A. Carey, Jr.
Acting Executive Director