

**NEW JERSEY RACING COMMISSION
WEDNESDAY, NOVEMBER 21, 2018
RACING COMMISSION OFFICE
140 EAST FRONT STREET, 8TH FLOOR
TRENTON, NEW JERSEY**

A meeting of the New Jersey Racing Commission was held on Wednesday, November 21, 2018 in the Racing Commission office located at 140 East Front Street in Trenton, New Jersey.

The following were present:

Pamela J. Clyne, Chairman
Michael J. Arnone, Commissioner
John A. Hoffman, Commissioner
Francis X. Keegan, Jr., Commissioner
Judith A. Nason, Acting Executive Director
SDAG George Cohen

Acting Executive Director Nason read the following statement:

“This meeting today conforms with Chapter 231, P.L. 1975, called the ‘Open Public Meetings Act,’ and as per the requirements of the statute, notification of this meeting has been filed with the Secretary of State and with the following newspapers: Daily Racing Form, Bergen Record, Asbury Park Press, Courier-Post and the Newark Star Ledger.

WHEREAS, in order to protect the personal privacy and to avoid situations wherein the public interest might be disserved, the Open Public Meetings Act permits bodies to exclude the public from that portion of a meeting at which certain matters are discussed.

NOW, THEREFORE, BE IT RESOLVED that consistent with N.J.S.A. 10:4-12(b), the Commission will now adjourn to executive session to obtain legal advice protected from disclosure by the attorney-client privilege on the following matters:

1. Legal advice concerning the grant of 2019 standardbred permits to conduct racing at New Meadowlands Racetrack and Freehold Raceway; the grant of 2019 thoroughbred permits to conduct racing at Monmouth Park and the Meadowlands (including the special steeplechase permit for racing at Moorland Farm); and the allocation of race dates to the permit holders;

2. Legal advice concerning the distribution of the Casino Simulcasting Special Fund monies (accumulated in 2017) in the amount of \$473,193.11; and
3. Other legal matters

Discussion of the above matters falls within the exceptions under the law; specifically, matters falling within the attorney-client privilege, to the extent that confidentiality is required in order for the Commission's attorney to exercise his ethical duties as a lawyer, and/or matters involving pending or anticipated litigation."

Commissioner Hoffman motioned to adopt the resolution to adjourn. Chairman Clyne seconded the motion. All of the Commissioners present voted to affirm. The Commission then adjourned to Executive Session.

Chairman Clyne made a motion to adjourn from Executive Session into the Public Session. Commissioner Keegan seconded the motion and the Commissioners voted to affirm. The Executive Session ended.

CONSIDER APPROVAL OF THE PUBLIC AND EXECUTIVE SESSION MINUTES OF THE SEPTEMBER 19, 2018 COMMISSION MEETING

Commissioner Keegan made a motion to approve the public and executive minutes of the September 19, 2018 public meeting. Chairman Clyne seconded the motion and all Commissioners voted yes.

CONSIDER RATIFICATION OF THE CANCELLATION OF THOROUGHBRED RACING AT THE MEADOWLANDS ON FRIDAY, SEPTEMBER 28, 2018

Commissioner Hoffman asked a legal question as to whether the September 28, 2018 charity date that did not take place could be added to next year's allocation of charity days. SDAG George Cohen indicated that he will review the statute and provide legal advice at the next Commission meeting.

Chairman Clyne motioned that the Commission approve the cancellation of turf racing at the Meadowlands on September 28, 2018 due to unsafe racing conditions. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER APPROVAL OF FREEHOLD RACEWAY'S OFFICIALS, POOLS, POST-TIME AND PRICES FOR THE 2019 WINTER/SPRING MEET

Commissioner Keegan motioned to approve the 2019 race format submitted by Freehold Raceway. Chairman Clyne seconded the motion and all Commissioners voted yes.

CONSIDER APPROVAL OF NEW MEADOWLANDS RACETRACK'S OFFICIALS, POST-TIME, PRICES AND WAGERING FORMAT FOR THE 2019 STANDARDBRED MEETS

Commissioner Keegan motioned to approve the 2019 race format submitted by the New Meadowlands Racetrack. Chairman Clyne seconded the motion and all Commissioners voted yes.

CONSIDER THE GRANT OF 2019 STANDARDBRED PERMITS TO CONDUCT RACING AT NEW MEADOWLANDS RACETRACK AND FREEHOLD RACEWAY; THE GRANT OF 2019 THOROUGHBRED PERMITS TO CONDUCT RACING AT MONMOUTH PARK AND THE MEADOWLANDS (INCLUDING THE SPECIAL STEEPLECHASE PERMIT FOR RACING AT MOORLAND FARM); AND THE ALLOCATION OF RACE DATES TO THE PERMIT HOLDERS

Acting Executive Director Nason stated that the three permit holders have all filed applications to renew their permits. The THA has applied to renew its three permits and has asked the Commission to allocate 77 race dates with 56 at Monmouth Park, 20 at the New Meadowlands Racetrack and one day at Moorland Farm.

Freehold Racing, LP has applied to renew its two harness permits and has asked the Commission to allocate 76 race dates—40 days from January to May and 36 days to be raced from September through December.

The New Meadowlands Racetrack has applied to renew its harness permit in seeking 62 days to be raced in January through August and 28 days to be raced October through December. In its request, the New Meadowlands Racetrack has noted that it needs to work out the fall 2019 schedule with the THA. Currently before the Commission, the thoroughbreds and the standardbreds have requested the same days in the fall. The THA and the New Meadowlands Racetrack have indicated a willingness to meet prior to the January meeting to work out the scheduling of the fall 2019 dates. Acting Executive Director Nason recommended that the Commission move forward with the allocation of the dates with the indication that the Commission will consider amended date requests at the January meeting. Commissioner Hoffman questioned whether the Commission should approve the dates that are in conflict. Acting Executive Director Nason recommended that the Commission allocate the dates as requested with the provision that the THA and the New Meadowlands Racetrack appear before the Commission in January 2019 with an amended date request.

The Acting Executive Director stated that in considering the allocation of race dates there are four statutory factors which the Commission should consider. Those factors are include:

1. Protect the State's revenue.
2. Provide for continuity of racing and year-round racing so as to promote the racing industry and maintain and enhance the employment which is provided to this State.

3. Provide recreational opportunity for residents.
4. Maintain and improve this State's competitive position with regard to neighboring racing states.

The Acting Executive Director stated that staff has reviewed the applications to renew the permits and their requests for race dates and they are in order with the exception of the need to work out the thoroughbred and standardbred dates at the New Meadowlands Racetrack. The Commission now gives each of the permit holders an opportunity to make any statements related to their date requests.

Michael Musto, on behalf of Monmouth Park stated that the horsemen are encouraged about expanding race dates and look forward to working with the New Meadowlands Racetrack to expand to racing in December. Commissioner Hoffman asked why Monmouth Park is not racing on July 4th and Michael Musto explained that that holiday has never been a busy day and attendance is usually down. As the representative of the thoroughbred horsemen, Michael Musto indicated that the horsemen have consented and support the 77 race dates in 2019.

Acting Executive Director Nason noted that in regard to the Far Hills one-day meet on October 19, pursuant to statutory requirements the Commission sent notice to the Borough of Far Hills and to Bedminster Township and both have filed letters with the Commission in support of the steeplechase meet.

Howard Bruno, on behalf of Freehold Raceway, indicated that there is a reduction in race dates from 2018 due to the horse supply and the dates of Thursdays and holidays have been eliminated.

Mark Ford, Executive Director of the SBOA, indicated that the SBOA does agree there is a shortage of horses at Freehold Raceway that the SBOA supports the date request.

Peter Koch, on behalf of the New Meadowlands Racetrack, stated that the 90-day meet mirrors the 2018 meet and the racetrack is committed to working with Monmouth Park regarding the conflicted race dates in the fall prior to the next Commission meeting. Peter Koch stated that if the pending purse supplement legislation does not pass, the racetrack would like to revisit the race dates and may consider eliminating quite a few of the pacing stake races.

Mark Ford, on behalf of the SBOA, stated that the horsemen are pleased to have worked out the 90-day schedule and is certain that a schedule will be worked out in the event the legislation does not pass. However, he noted that the standardbred horsemen are hard fast on the 90-day schedule.

There were no public comments regarding the 2019 race dates.

Commissioner Keegan moved that the Commission approve the renewal of the permits and allocation of the requested race dates to the THA, New Meadowlands Racetrack, LLC and FR Park Racing, LP and authorize the Acting Executive Director to issue Orders on the Commission's behalf and as part of the Order that the fall standardbred and thoroughbred dates will be amended and presented to the Commission at its January meeting. Chairman Clyne seconded the motion. All Commissioners voted yes.

CONSIDER THE RENEWAL OF LICENSES FOR 2019 FOR THE OFF-TRACK WAGERING FACILITIES ("OTWS") LOCATED IN TOMS RIVER, WOODBRIDGE, BAYONNE, GLOUCESTER TOWNSHIP AND HILLSBOROUGH

The Acting Executive Director stated that the five OTW licensees have applied to renew their licenses and staff has reviewed the applications and determined them to be complete. Staff recommends renewal as the applications have complied with N.J.A.C. 13:74-2.3. Draft orders with conditions have been provided to the Commissioners. The Acting Executive Director noted that one of the conditions in the draft order is the approval of the Attorney General.

Chairman Clyne moved that the Commission approve the renewal of the off-track wagering facilities and authorize the Acting Executive Director to issue Orders on the Commission's behalf. Commissioner Hoffman seconded the motion and all Commissioners voted yes.

CONSIDER THE EXTENSION OF THE LICENSE FOR THE EGG HARBOR TOWNSHIP OTW TO DECEMBER 31, 2019 PURSUANT TO N.J.A.C. 13:74-2.3(b)

Commissioner Keegan motioned that the Commission extend the term of Egg Harbor's initial OTW license to December 31, 2019 subject to the continuation of the conditions set forth in the Commission's Final Determination and Order, dated June 7, 2017. Commissioner Hoffman seconded the motion and all Commissioners voted yes.

CONSIDER THE RENEWAL OF THE ACCOUNT WAGERING LICENSE FOR 2019

The Acting Executive Director stated that the New Jersey Sports and Exposition Authority has applied for its renewal of its account wagering license and the Authority will continue to use Darby Development to manage the account wagering system and will continue to use TVG to provide the platform internet wagering services and the automated telephone wagering services. Staff recommends renewal of the license as the application is complete and the Authority has complied with N.J.A.C. 13:74-3.2. The Acting Executive Director noted that one of the conditions in the draft order is also the approval of the Attorney General.

Chairman Clyne moved that the Commission approve the renewal of the account wagering license for calendar year 2019 subject to the conditions set forth in the draft Final Determination and Order which we have reviewed and approve. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER APPROVAL OF THE NEW JERSEY PERMIT HOLDERS' REQUESTS TO CONDUCT SENDING AND RECEIVING, INTRA AND INTERSTATE SIMULCASTING WITH RACETRACKS, OTWS, AND THE NEW JERSEY ACCOUNT WAGERING SYSTEM IN 2019 AND TO CONDUCT COMMON POOL AND SEPARATE POOL PARIMUTUEL WAGERING THEREUPON

Commissioner Hoffman made a motion to approve the request of the racetrack permit holders, their off-track wagering facilities and the account wagering system to conduct intra and interstate simulcasting and to conduct pari-mutuel wagering thereupon subject to Commission Schedules F, G and H, and the Federal Interstate Horse Racing Act. Chairman Clyne seconded the motion and all Commissioners voted yes.

CONSIDER APPROVAL OF THE REQUEST OF THE BORGATA HOTEL, CASINO & SPA ("BORGATA") TO ACCEPT INTRA AND INTERSTATE SIMULCASTING FROM APPROVED RACING FACILITIES AND TO CONDUCT INTRA AND INTERSTATE COMMON POOL AND SEPARATE POOL PARIMUTUEL WAGERING IN 2019

Chairman Clyne motioned to approve the request of the Borgata Hotel Casino & Spa to accept intra and interstate simulcasting from approved racing facilities and to conduct pari-mutuel wagering from those facilities subject to Commission Schedules A, B and C. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER APPROVAL OF SPORTECH RACING, INC. TO CONTINUE TO PROVIDE TOTALISATOR SERVICES AND ACT AS THE HUB FACILITY AT THE MOUNT LAUREL DATA CENTER IN 2019 FOR RACETRACKS, THE OTWS, THE BORGATA AND THE NEW JERSEY ACCOUNT WAGERING SYSTEM

Commissioner Keegan motioned to approve Sportech Racing, Inc. to continue to provide totalisator services and act as the hub facility in 2019 subject to conditions in Schedule D. Chairman Clyne seconded the motion and all Commissioners voted yes.

CONSIDER THE RENEWAL OF THE EXCHANGE WAGERING LICENSE, THE EXCHANGE MANAGEMENT AGENT LICENSE AND THE EXCHANGE SERVICES AGENT LICENSE

Commissioner Keegan motioned that the Commission approve the renewal of the exchange wagering license, the exchange management agent license and the exchange services agent license for calendar year 2019 subject to the conditions set forth in the draft Final Determination and Order which we have reviewed and approve. Although the exchange wagering license applied for a two-year license, the Commission believes that a one-year license is warranted as we must continue to be vigilant in ensuring that integrity of the exchange is maintained. Chairman Clyne seconded the motion and all Commissioners voted yes.

CONSIDER THE REQUEST OF THE RACETRACK PERMIT HOLDERS, THE OTWS, THE BORGATA AND THE NEW JERSEY ACCOUNT WAGERING SYSTEM TO CONDUCT ADVANCE WAGERING (FULL OR PARTIAL CARD) ON CERTAIN DESIGNATED RACES OF NATIONAL INTEREST IN 2019

The Acting Executive Director indicated that staff recommends approval subject to the conditions that no advance wagering shall commence until the program information has been received from the host track and is approved by the supervisor of mutuels and that all wagering shall be in compliance with common pool procedures and regulations of the Commission. Chairman Clybne motioned to approve the request which was seconded by Commissioner Keegan and all Commissioners voted yes.

CONSIDER THE REQUEST OF THE RACETRACK PERMIT HOLDERS, THE OTWS, THE BORGATA AND THE NEW JERSEY ACCOUNT WAGERING SYSTEM TO OFFER CERTAIN DESIGNATED *SPECIAL WAGERS* OF NATIONAL INTEREST AND TO CONDUCT ADVANCE WAGERING IN 2019

Commissioner Keegan motioned to approve the request of the permitholders, their off-track wagering facilities, the Borgata and the New Jersey account wagering system to offer special races of national interest and to conduct advance wagering on those races and future requests to offer special wagers of national interest and conduct advance wagering on those wagers shall be made to the Acting Executive Director subject to the six conditions recommended by staff. Chairman Clyne seconded the motion and all Commissioners voted yes.

CONSIDER THE DISTRIBUTION OF THE 2017 CASINO SIMULCASTING SPECIAL FUND MONIES (ACCUMULATED IN 2017) IN THE AMOUNT OF \$473,193.11

Acting Executive Director Nason stated that the committee which consisted of Chairman Clyne and Commissioner Keegan met on October 25, 2018 to discuss the submissions from the permitholders and the horsemen's associations. The Committee considered the statutory priority categories that are set forth in N.J.S.A. 5:12-205(d) and has recommendations for the Commission which were summarized to the Commissioners. Those recommendations are:

The committee considered category (d)(1)-- a racetrack can demonstrate that its financial well-being has been negatively affected by casino simulcasting and also considered (d)(2)—that the racetrack is financially distressed. In this matter, Freehold had requested \$250,000, the New Meadowlands Racetrack had requested an appropriate portion of the fund money and Monmouth Park took the position that the most significant share of the CSSF monies should be allocated to them.

The committee found that all three racetracks should qualify under both (d)(1) and (d)(2) as they are all negatively affected by casino simulcasting and the racetracks all have been able to show that they are financially distressed. Freehold Raceway has reported a net loss of \$4.6 million, the New Meadowlands Racetrack reported combined racing losses of \$16.740 million and Monmouth Park reported losses in excess of \$500,000 from racing obligations and also cited the THA debt obligation to the Sports and Exposition Authority.

The committee recommended, based upon what the Commission has done in prior years, that 80% of the CSSF monies be distributed equally among the three racetracks. This would result in \$126,184.83 being distributed to each of the three racetracks.

In considering the submissions of the racetracks, the committee did not agree with Monmouth Park's assertion that it was more negatively affected by casino simulcasting than the other two racetracks. The committee found that Monmouth Park had submitted no data in support of that assertion and thus its recommendation that the 80% be distributed equally among the three racetracks.

The committee then moved forward to the next priority category—(d)(3) which is a horsemen's organization which will use the money to fund a project benefit to the racing industry. The SBOA in their submission to the Commission had requested 50% of the CSSF monies that are available after the monies are allocated to the racetracks under (d)(1) and (d)(2). The SBOA indicated that its use of these monies would be for its health and welfare trust which provides health insurance for qualified horsemen and women to the Backstretch Community Assistance Program and for two standardbred retirement programs. The Commission gave the SBOA the opportunity to submit a supplemental submission in which it indicated that approximately 5% would be used for Horse Rescue United and 10% of its allocation would be used for the Standardbred Retirement Foundation.

The THA requested 50% of the CSSF monies pursuant to (d)(3) which it will use to fund the health, dental, prescription and eyeglass benefit program it provides to the backstretch community.

The TBA requested \$94,638 pursuant to (d)(3) which it will use for the distribution of its 2018 New Jersey-bred Incentive Program.

The committee recommends that the Commission find that all three of the horsemen's organizations have identified projects that are beneficial to the horse racing industry and that the remaining 20% of the CSSF monies are divided equally by breed.

The committee is recommending that the Commission vote to distribute \$47,319.32 to the SBOA, and \$23,659.65 each to the THA and to the TBA.

The committee recommends that the Commission determine that the SBOA award \$40,221.42 to be used for the health benefit program, \$4,731.93 be used for donation to the Standardbred Retirement Foundation and \$2,365.97 to be donated to Horse Rescue United.

The committee recommends the THA use the monies for the designated purposes for the health benefit program and the TBA use the monies for its 2018 New Jersey-bred Incentive Program.

No money would remain to be distributed pursuant to (d)(4) which would be all racetracks on an equal basis. In prior years, there has never been money available for this category.

Chairman Clyne made the following motion:

“Based on a review of all documentation submitted, the discussions at this meeting and at our previous meeting, I believe that the New Meadowlands Racetrack, Monmouth Park, and Freehold Raceway qualify under N.J.S.A. 5:12-205(d)(1) and (d)(2). I move that the Commission distribute 80% of the available funds equally among the three racetracks with each racetrack receiving \$126,184.83.

I believe the three horsemen’s organizations have identified programs that are beneficial to the racing industry and that the remaining funds, which total \$94,638.62, should be divided equally by breed pursuant to (d)(3). I move that the Commission distribute \$47,319.32 to the SBOA in accordance with the following requirements. The SBOA shall use \$40,221.42 for its health benefit program and shall pay \$4,731.93 to the Standardbred Retirement Foundation and \$2,365.97 to Horse Rescue United to benefit retired standardbred race horses. I move that the Commission distribute \$23,659.65 to the THA which shall be used to fund the health, dental, prescription and eyeglass benefit program it provides to the backstretch community and \$23,659.65 to the TBA which shall be used for its 2018 New Jersey-bred incentive program.

The three horsemen’s associations shall provide to the Commission, on or before the end of the fiscal year, proof of compliance with the approved allocation of the CSSF monies.

Finally, I move that the Commission direct staff to prepare an Order detailing this decision and authorize the Acting Executive Director to execute the Order on the Commission’s behalf.

This concludes my motion.”

Commission Keegan seconded the motion and all Commissioners voted yes.

CONSIDER APPROVAL OF THE 2019 BACKSTRETCH ADVISORY COMMITTEE BUDGET

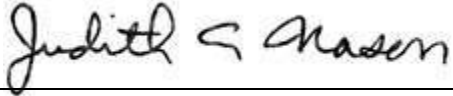
Chairman Clyne motioned to approve the 2019 Backstretch Advisory Committee budget totaling \$178,700 payable in two equal payments of \$89,350 on January 1, 2019 and July 1, 2019. Commissioner Keegan seconded the motion and all Commissioners voted yes

ITEMS FOR DISCUSSION AND INFORMATION

The Acting Executive Director stated that notice of the 2019 Racing Commission meeting dates is available and will be provided to the industry.

There being no further discussion or comments from the public, Commissioner Hoffman moved that the meeting be adjourned. Chairman Clyne seconded the motion and it was approved unanimously.

ATTEST:

A handwritten signature in cursive script, reading "Judith A. Nason", written in dark ink.

Judith A. Nason, Acting Executive Director