

**NEW JERSEY RACING COMMISSION
FRIDAY, JULY 23, 2010
“LIBRARY ROOM”
MONMOUTH PARK
OCEANPORT, NEW JERSEY**

A meeting of the New Jersey Racing Commission was held on Friday, July 23, 2010, in the Library Room of Monmouth Park, located in Oceanport, New Jersey.

The following were present:

Dennis A. Drazin, Chairman
James G. Aaron, Commissioner
Anthony T. Abbatiello, Commissioner
Noel Love Gross, Commissioner
Francis X. Keegan, Jr., Commissioner
Frank Zanzuccki, Executive Director
DAG Judith A. Nason

The following were absent:

Anthony R. Caputo, Commissioner
Peter J. Cofrancesco, III, Commissioner
Edward R. McGlynn, Commissioner

It is noted for the record that Commissioner Gross participated by telephone.

Executive Director Frank Zanzuccki read the following statement:

“This meeting today conforms with Chapter 231, P.L. 1975, called the “Open Public Meeting Law,” 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 the provision of N.J.S.A. 10:4-12(b), the New Jersey Racing Commission will now adjourn to executive session to obtain legal advice protected from disclosure by the attorney-client privilege on the following matters:

1. Consider distribution of the Casino Simulcasting Special Fund monies accumulated in 2009 in the amount of \$1,362,494.45, pursuant to N.J.S.A. 5:12-205d
2. Consider the 2010 budget of the Standardbred Breeders' and Owners' Association;
3. Consider the revised 2010 budget of the Thoroughbred Breeders' Association;
4. Consider the request of the New Jersey Sports and Exposition Authority to enter into a simulcasting agreement with Betfair, a foreign-based affiliate of TVG.
5. Concluded investigation concerning Atlantic City Racing Association's use of purse money; and
6. Other matters requiring advice of counsel and update concerning pending litigation.

Discussion of the above matters fall 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 her ethical duties as a lawyer and/or matters involving pending or anticipated litigation."

Commissioner Abbatiello motioned to adopt the resolution to adjourn. Commissioner Keegan seconded the motion and the Commission adjourned to Executive Session.

The Commission ended the execution session and Commissioner Keegan moved to reconvene the public session. Commissioner Aaron seconded the motion and the Commission concurring, the public session resumed.

CONSIDER APPROVAL OF MINUTES OF THE PUBLIC AND EXECUTIVE SESSIONS OF THE MAY 21, 2010 AND MAY 26, 2010 COMMISSION MEETINGS AND THE PUBLIC SESSION MINUTES OF THE JUNE 18, 2010 COMMISSION MEETING

Commissioner Aaron motioned to approve the public and executive session minutes of the May 21, 2010 and May 26, 2010 meetings and the June 18, 2010 public meeting, subject to the veto issued by the Governor. Commissioner Abbatiello seconded the motion and all Commissioners voted yes.

CONSIDER APPROVAL OF THE BILLS

Commissioner Aaron made a motion to approve the bills as certified to by staff. Commissioner Abbatiello seconded the motion and all Commissioners voted to approve the bills as certified to by staff.

CONSIDER DISTRIBUTION OF THE CASINO SIMULCASTING SPECIAL FUND ACCUMULATED IN 2009 IN THE AMOUNT OF \$1,362,494.45, PURSUANT TO N.J.S.A. 5:12-205d

It was noted for the record that Chairman Drazin recused himself from this agenda item. Therefore, there was no quorum of Commissioners required to consider the matter and the item was tabled.

The Commission indicated that in light of the Report of the Governor's Advisory Commission on New Jersey Gaming, Sports and Entertainment, the interested participants will be asked to reevaluate their written submissions and forward any revisions to the Commission. It is anticipated that at the next scheduled public meeting the Commission will consider whether to reopen the record to consider the additional information.

CONSIDER RATIFICATION OF APPROVAL OF THE NEW JERSEY SPORTS AND EXPOSITION AUTHORITY'S REQUEST TO CONDUCT THE FOLLOWING HANDICAPPING CONTESTS: MAY 31, 2010, JULY 10, 2010 AT MONMOUTH PARK

Commissioner Aaron motioned to ratify approval granted to the NJSEA to conduct the noted handicapping contests. Commissioner Abbatiello seconded the motion and all Commissioners voted yes.

CONSIDER APPROVAL OF FREEHOLD RACEWAY'S 2010 RACE FORMAT FOR THE MEET COMMENCING ON AUGUST 12, 2010

Commissioner Aaron motioned to approve the race format for Freehold Raceway. Commissioner Abbatiello seconded the motion and all Commissioners voted yes.

CONSIDER THE REQUEST OF THE NEW JERSEY SPORTS AND EXPOSITION AUTHORITY TO AMEND THE STANDARD BRED RACE DATES FOR 2010 BY ELIMINATING THE SCHEDULED RACE DATE ON AUGUST 21, 2010 AT THE MEADOWLANDS RACETRACK

Commissioner Abbatiello made a motion to approve the request of the NJSEA to eliminate the standardbred date of August 21, 2010 at the Meadowlands Racetrack due to a scheduled football game. Comment was heard from Leo McNamara, representing the S.B.O.A. Mr. McNamara indicated the standardbred horsemen reluctantly agree to eliminate the date. The reduction in the date does not reduce the minimum number of dates required by statute that must be conducted by the Meadowlands Racetrack.

Commissioner Aaron second the motion and all Commissioners voted yes.

CONSIDER THE REQUEST OF THE NEW JERSEY SPORTS AND EXPOSITION AUTHORITY TO CONDUCT A MULTI-STATE PICK 4 WAGER AT THE MEADOWLANDS RACETRACK ON AUGUST 14, 2010, CONSISTING OF ONE RACE FROM YONKERS RACEWAY, NORTHFIELD PARK, BALMORAL PARK AND THE MEADOWLANDS RACETRACK

Commissioner Aaron motioned to approve the multi-state Pick 4 wager. Commissioner Abbatiello seconded the motion and all Commissioners voted yes.

CONSIDER THE REQUEST OF THE NEW JERSEY SPORTS AND EXPOSITION AUTHORITY TO WAIVE A SECTION OF N.J.A.C. 13:71-16.5 (ENTRIES) THAT REQUIRES ALL COMMONLY OWNED HORSES TO RACE AS COUPLED ENTRIES AND TO AUTHORIZE SEPARATE OWNER ENTRIES IN THE EVENT THERE ARE FEWER THAN (8) WAGERING INTERESTS IN THE FOLLOWING RACES TO BE CONDUCTED AT THE MEADOWLANDS RACETRACK:

Perretti Farm Matchmaker - \$100,000 on August 7, 2010
U.S. Pacing Championship - \$325,000 on August 7, 2010

CONSIDER THE REQUEST OF FREEHOLD RACEWAY TO WAIVE THE SECTION OF N.J.A.C. 13:71-16.5 (ENTRIES) THAT REQUIRES ALL COMMONLY OWNED HORSES TO RACE AS COUPLED ENTRIES AND TO AUTHORIZE SEPARATE OWNER ENTRIES IN THE FOLLOWING RACES:

NJSS 3-year-old colt trot final - \$100,000G 8/27/10
NJSS 3-year-old filly pace final - \$100,000G 8/28/10
NJSS 2-year-old filly trot final- \$100,000G 9/1/10
NJSS 2-year-old colt trot final - \$100,000G 9/3/10
Babic 2-year-old open pace final - \$100,000 9/4/10
Cane Pace 3-year-old open final - \$300,000E 9/6/10
Shady Daisy 3-year-old filly pace final - \$145,000E 9/6/10
Charles Smith 3-year-old colt trot final - \$100,000E 9/10/10
NJSS 3-year-old filly trot final - \$100,000G 9/16/10
NJSS 3-year-old colt pace final - \$100,000G 9/18/10
NJSS 2-year-old colt pace final - \$100,000G 9/25/10
NJSS 2-year-old filly pace final - \$100,000G 9/25/10

CONSIDER THE REQUEST OF THE NEW JERSEY SPORTS AND EXPOSITION AUTHORITY TO WAIVE THE SECTION OF N.J.A.C. 13:70-6.5 (ENTRIES) THAT REQUIRES ALL COMMONLY OWNED HORSES TO RACE AS COUPLED ENTRIES AND TO AUTHORIZE SEPARATE OWNER ENTRIES IN STAKES RACES OF \$100,000 OR MORE CONDUCTED AT MONMOUTH PARK

Agenda items No. 9, 10 and 11 were considered as one request for consistency purposes.

The Executive Director stated that the NJSEA is requesting approval to waive the entries rule in order to uncouple commonly owned horses, in the noted races listed on the agenda, if there are less than eight (8) wagering interests in the race.

It was noted that in agenda item No. 9, two races were inadvertently removed by staff because they qualified to be uncoupled under the existing rule because the purse amount exceeded \$500,000 and an exception was not required. Those events are the Merrie Annabelle and the Peter Haughton. Staff has learned that the purses indicated in the NJSEA request are considered estimated purses, however, they may drop below the required \$500,000, therefore, those races are being added to the request to be considered today.

Freehold Raceway and Monmouth Park are asking for approval to uncouple all commonly owned horses regardless of the number of wagering interests. Previous Commission approvals granted to the NJSEA, however, required the racetrack to have at least eight wagering interests.

A discussion occurred whether there should be a minimum number of starters before Commission approval to uncouple an entry is granted. Chairman Drazin stated that he prefers to see no limitation on the number of entries in order to increase field size. Comment was heard from Robert Kulina, Vice President of Monmouth Park, in which he stated that it may cause confusion for the wagering public if there is a limit in the number of wagering interests. Mr. Lennon Register, Senior Vice President of the NJSEA, felt that it was best to have no restrictions on the number of wagering interests and that surveys have shown the wagering public prefer more betting combinations and a larger payout, all of which occur .

Chairman Drazin made a motion concerning the three agenda items, to grant the requests as submitted and to impose no restriction on the number of entries to be eligible to be uncoupled. Commission Abbatiello seconded the motion and all Commissioners voted yes.

CONSIDER THE REQUEST OF THE MEADOWLANDS RACETRACK TO RESCIND THE PRIOR RULE PETITION AND SUBMIT A NEW PETITION TO REVISE LANGUAGE OF THE PICK (N) WAGERING POOL RULE (N.J.A.C. 13:71-27.56) TO ALLOW FOR A NEW METHOD OF DISTRIBUTION TO CREATE A CARRY-OVER AND SPECIAL EVENT PROGRESSIVE

Alex Dadoyan, Assistant Vice President of the NJSEA, explained the revised petition will include a provision to allow the carry-over pool to accumulate throughout the race meet, with ten percent of that carry-over being applied to special event days such as the Hambletonian.

Commissioner Abbatiello motioned to accept the revised petition submitted by the NJSEA. Commissioner Aaron seconded the motion and all Commissioners voted yes.

CONSIDER APPROVAL OF THE STANDARDBRED BREEDERS' AND OWNERS' ASSOCIATION'S REVISED 2010 BUDGET

The Commission considered a revised budget submitted by the Standardbred Breeders' and Owners' Association's (SBOA). The original 2010 budget submitted to the Commission was approved, but upon review by the Governor's Office, the Governor vetoed the Commission's minutes which voided the approval of the Commission.

In the SBOA's revised budget, expenditures for lobbyists were removed from the budget addressing the monies received by the SBOA from statutorily generated funds. It was noted that the revised budget complied with the requirements of N.J.A.C. 13:71-1.27 in that it met the requirement that 70 percent of the statutory monies shall be used for programs that benefit the standardbred horsemen. The SBOA indicated in their submission to the Commission that it is their intention to pay a lobbyist out of the funds generated from membership dues. Mr. Leo McNamara, representing the SBOA, indicated to the Commission that the monies the SBOA receives from sources other than statute has been removed from the budget, and will be reflected in its audited financial return. Mr. McNamara also indicated that the SBOA has not paid for a lobbyist since the date the Governor vetoed the Commission's minutes.

It was clarified with the SBOA that in order to be in compliance with N.J.A.C. 13:71-1.27, which directs that funds generated outside of the statutory requirement be kept separate and apart from the statutory funds and the SBOA agreed that it will place the non-statutory funds in a separate account.

The SBOA also clarified that the category contained in the budget entitled "Public Relations" does not involve lobbying expenses and the purpose of this category is to fund a legislative agenda for educational purposes and may include political contributions.

There being no further comment, Commissioner Abbatiello motioned to approve the revised budget. Commissioner Aaron seconded the motion subject to the conditions that the representations of Mr. McNamara as to compliance with the segregation of the accounts and the monies being generated separately are not subject to the statutory requirement nor are they included in the Commission's regulatory oversight. All Commissioners voted yes.

CONSIDER APPROVAL OF THE THOROUGHBRED BREEDERS' ASSOCIATION REVISED 2010 BUDGET

It was noted for the record that Chairman Drazin recused himself from this agenda item. Therefore, there was no quorum of Commissioners required to consider the matter and the item was tabled.

CONSIDER THE REQUEST OF THE NEW JERSEY SPORTS AND EXPOSITION AUTHORITY TO ENTER INTO A SIMULCASTING AGREEMENT WITH BETFAIR, A FOREIGN-BASED AFFILIATE OF TVG

Commissioner Aaron noted that this request involves complicated issues that transcend the Commission's authority and New Jersey law. He indicated that federal law, as well as potential international law, may be impacted. The Commission discussed the importance that any action will be conditioned upon it being in compliance with and subject to all federal and international laws that may apply since the Commission does not intend to create a product that could be part of a criminal enterprise in violation of the federal gaming statutes. Commissioner Aaron made a motion to approve the request. Chairman Drazin seconded the motion.

Mr. Alex Dadoyan, Vice President for Racing at the NJSEA, summarized the agreement with Betfair as being a betting exchange overseas that take wagers from residents overseas and does not operate in the United States. Betfair offers exchange wagering on United States horse racing, including Monmouth Park. He assured the Commission that no residents of New Jersey or the United States would be wagering through Betfair.

There was no further comment and a roll call of the Commissioners indicated that all Commissioners voted yes to approve the request.

CONSIDER RATIFICATION OF THE ACTION TAKEN BY THE COMMISSION AT THE JUNE 18, 2010 MEETING APPROVING THE ADVERTISEMENT OF A PROPOSED NEW RULE THAT WOULD ALLOW A PERMIT HOLDER TO CONDUCT A HORSE RACE MEETING FOR A PERIOD NOT TO EXCEED SEVEN CALENDAR DAYS, IN THE EVENT THAT A STATE OF EMERGENCY IS DECLARED DUE TO THE FAILURE TO ENACT A GENERAL APPROPRIATION LAW BY THE DEADLINE PRESCRIBED BY THE NEW JERSEY CONSTITUTION

Commissioner Aaron motioned to ratify the action taken by the Commission at the June 18, 2010 meeting which approved the advertisement of a proposed new rule concerning the continuation of horse racing in the event of an emergency. Commissioner Abbatiello seconded the motion and all Commissioners voted yes.

CONSIDER THE ESTABLISHMENT OF THE FOLLOWING NEW JERSEY RACING COMMISSION COMMITTEES DESIGNED TO ADVOCATE THE GROWTH, DEVELOPMENT AND PROMOTION OF THE HORSE RACING INDUSTRY IN THIS STATE WHEN CONSISTENT WITH THE COMMISSION'S PRIMARY DUTY OF REGULATING HORSE RACING:

- a) Standardbred Racing and Breeding;
 - b) Thoroughbred Racing and Breeding
 - c) Interstate Racing Compact;
 - d) Pari-mutuel Wagering and Security;
 - e) Equine Welfare and
 - f) Medication and Testing
-

It was indicated that Commissioner Aaron and Commissioner Abbatiello have asked to be placed on the standardbred racing and breeding committee, and Commissioner Keegan asked to serve on the thoroughbred racing and breeding committee. The Chairman will be a member of each committee, unless he is required to be recused. Guidelines will be prepared by counsel in aiding the Commissioners in maintaining their ethical parameters.

Chairman Drazin motioned to form the establishment of the noted committees designed to advocate the growth, development and promotion of horse racing in New Jersey. Commissioner Keegan seconded the motion and all Commissioners voted yes.

ACKNOWLEDGE RECEIPT OF AUDITED FINANCIAL STATEMENTS AND REVISED BY-LAWS FROM THE N. J. JOCKEYS' HEALTH AND WELFARE TRUST

Elizabeth Pelicki, Esq., of Kennedy, Jennik & Murray, counsel for the Jockeys' Health and Welfare Trust, updated the Commission on the current status of the Jockeys' Trust. It was noted that while the Commission is not taking any action on this matter at this time, Chairman Drazin must recuse himself on matters involving the Jockeys' Trust.

The Commission indicated that concern has been raised regarding legal fees as related to the Trust in that the Jockeys' Trust is being billed for services that should perhaps be paid by the Jockey's Guild. Ms. Pelicki indicated that the Jockeys' Trust is a separate entity and the legal fees are minimal and are appropriate. She also indicated this is an issue for the trustees to consider.

A question was posed to Ms. Pelicki asking if there is another situation in another state where Kennedy, Jennik & Murray represents an independent group and does not charge them legal fees. Ms. Pelicki indicated that she would have to get back to the Commission at a later date with a response.

OTHER BUSINESS

Commissioner Aaron acknowledged the Report of the Governor's Advisory Commission on Gaming, Sports and Entertainment, and asked the industry for cooperation with the Racing Commission in submitting information to staff as it relates to use of proceeds from the Casino Simulcasting Special Fund. The Commissioner also asked for an accounting of a true comparison of the Monmouth Park meet between 2009 and 2010.

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

ATTEST:

Executive Director Frank Zanzuccki