

**NEW JERSEY RACING COMMISSION
WEDNESDAY, AUGUST 14, 2013
“LIBRARY ROOM”
MONMOUTH PARK
OCEANPORT, NEW JERSEY**

A meeting of the New Jersey Racing Commission was held on Wednesday, August 14, 2013, in the Library Room of Monmouth Park located in Oceanport, New Jersey.

The following were present:

Anthony T. Abbatiello, Commissioner
Manny E. Aponte, Commissioner (by phone)
Michael J. Arnone, Commissioner
Anthony G. DePaola, Commissioner
Francis X. Keegan, Jr., Commissioner
Peter T. Roselle, Commissioner (by phone)
Frank Zanzuccki, Executive Director
DAG Judith Nason

The following were absent:

Anthony R. Caputo, Commissioner
Pamela J. Clyne, Commissioner
Peter J. Cofrancesco, III, Commissioner

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. Legal advice concerning whether HR Jersey Manager, LLC, is qualified, pursuant to N.J.S.A. 5:5-34.1, N.J.A.C. 13:71-6.25 and N.J.A.C. 13:70-3.5, to hold a five percent or greater interest (that is, an approximate 15.87% ownership interest) in New Meadowlands Racetrack, LLC, as a result of a proposed \$10 million equity investment;
2. Consider the request of the New Jersey Thoroughbred Breeders' Association for approval to permit a breeder of any New Jersey-bred foal to sell the rights to all future breeder awards earned by the respective foal; and
2. Other legal advice and/or status of 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."

The Executive Director welcomed Commissioner DePaola and Commissioner Roselle as new members of the Commission.

It was noted that Commissioner Aponte and Commissioner Roselle were participating by telephone.

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

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

CONSIDER APPROVAL OF THE MINUTES OF THE PUBLIC AND EXECUTIVE SESSIONS OF THE MAY 15, JUNE 3 AND JUNE 19, 2103 COMMISSION MEETINGS

Commissioner Keegan made a motion to approve the public and executive minutes of the May 15, June 3 and June 19, 2013 public meetings. Commissioner Abbatiello seconded the motion and all Commissioners voted yes, with the exception of Commissioner DePaola who abstained.

CONSIDER RATIFICATION OF THE APPROVAL GRANTED CONCERNING THE FOLLOWING HANDICAPPING CONTESTS:

- a) Monmouth Park and Woodbine Handicapping Challenge conducted on July 7, 2013; and
- b) Monmouth Park to conduct a handicapping contest on Saturday, August 3, 2013 on live races at Monmouth Park Racetrack and the simulcast races from Saratoga Racetrack

Commissioner Keegan motioned to ratify approval granted concerning the noted handicapping contests. Commissioner Arnone seconded the motion and all Commissioners voted yes, with the exception of Commissioner DePaola who abstained.

CONSIDER THE APPROVAL OF OFFICIALS AND RACE FORMAT FOR THE FREEHOLD RACEWAY 2013 SUMMER/FALL MEET

Commissioner Keegan motioned to approve the officials and race format as submitted by Freehold Raceway. Commissioner Arnone seconded the motion and all Commissioners voted yes, with the exception of Commissioner DePaola who abstained.

CONSIDER WHETHER HR JERSEY MANAGER, LLC, IS QUALIFIED, PURSUANT TO N.J.S.A. 5:5-34.1, N.J.A.C. 13:71-6.25 AND N.J.A.C. 13:70-3.5, TO HOLD A FIVE PERCENT OR GREATER INTEREST (THAT IS, AN APPROXIMATE 15.87% OWNERSHIP INTEREST) IN NEW MEADOWLANDS RACETRACK, LLC, AS A RESULT OF A PROPOSED \$10 MILLION EQUITY INVESTMENT

It was noted for the record that Commissioner Roselle recused himself from this agenda item.

The Commission called upon representatives of HR Jersey Manager, LLC and the New Meadowlands Racetrack for comment. Representatives of both parties had no comment.

Commissioner Abbatiello motioned to approve HR Jersey Manager, LLC as qualified to hold a five percent interest in the New Meadowlands Racetrack. Commissioner DePaola seconded the motion.

Executive Director Zanzuccki read the following proposed motion:

N.J.S.A. 5:5-34.1, as well as N.J.A.C. 13:71-6.25 and N.J.A.C. 13:70-3.5, provide for Racing Commission approval where a party seeks to become the direct or indirect owner of a 5% or greater interest in a racetrack permit holder. In this case, HR Jersey Manager, LLC, that is, HRJM, seeks to provide \$10 million dollars to New Meadowlands Racetrack, LLC, or New Meadowlands, which represents an approximate 15.87% ownership/equity interest in the racetrack permit holder.

In view of this, the Racing Commission conducted an investigation into HRJM. The investigation did not reveal that the financial qualifier applicant has been convicted of a crime involving moral turpitude, or has violated any of the provisions of the racing laws of the State of New Jersey or any rule or regulation of the commission, or has at any time been denied a license or permit of any kind by the Racing Commission. Based upon the results of the investigation, it is proposed that HRJM be approved as a “financial qualifier” of New Meadowlands.

In making this motion, the approval extends to HRJM only, consistent with the representations made to the Racing Commission by HRJM and New Meadowlands. As part of this motion, because it would be neither necessary nor appropriate, the Racing Commission is not approving or finding qualified:

the components and ownership structure of which HRJM is a part, including its upstream entities to the Seminole Tribe of Florida;

the operating agreement between HRJM and its immediate parent Seminole Hard Rock Entertainment, Inc.;

HRJM’s agreement or proposed agreements with New Meadowlands; or

any proposed changes to the New Meadowlands limited liability company agreement relating to New Meadowlands and HRJM.

Accordingly and therefore, as part of this motion, the Racing Commission is not approving any proposed or anticipated business relations between New Meadowlands and HRJM or related entities, which may be contemplated in consideration of the proposed \$10 million, or otherwise, because this may require, among other things, actions or approvals that are not properly within the expertise or authority of this Commission, additional investigation and/or approvals by this Commission or other regulatory authorities into the components of the HRJM ownership structure, as well as changes in law.

In addition, as part of this motion, it is proposed that New Meadowlands and HRJM be obligated to provide a minimum of 30-days advance notice to the Racing Commission of any proposed changes to the operating agreement between HRJM and its immediate parent, Seminole Hard Rock Entertainment, Inc.

Commissioner Abbatiello amended his motion to accept the motion as read by the Executive Director. Commissioner DePaola seconded the motion and all Commissioners voted yes, with the exception of Commissioner Roselle who was recused.

CONSIDER THE REQUEST OF THE NEW JERSEY THOROUGHBRED BREEDERS' ASSOCIATION FOR APPROVAL TO PERMIT A BREEDER OF ANY NEW JERSEY-BRED FOAL TO SELL THE RIGHTS TO ALL FUTURE BREEDER AWARDS EARNED BY THE RESPECTIVE FOAL

Michael Campbell, Executive Director of the Thoroughbred Breeders' Association, ("TBA") provided details of the request of the TBA to sell the rights to all future breeder awards earned by the respective New Jersey-bred foal. He explained that the proposal would include two separate issues involving the sale of a horse and the sale of future breeder awards to an owner, another breeder, racing fan, or investor. A discussion occurred concerning what safeguards would be in place to guard against unlicensable individuals from purchasing the breeder rights to New Jersey-bred horses.

The Executive Director asked Mr. Campbell if the Board of Directors of the TBA has voted on this issue. Mr. Campbell responded that the Board of Directors has not yet met in regard to this matter, however, he asked that the Commission first review the issue to determine if a change in the administrative rules is necessary. The Executive Director stated the TBA must review its By-laws and act in accordance with them before the Commission could take formal action. He added that a review of the statutes and regulations by the Commission staff and counsel have not revealed anything that would prohibit this request. The Executive Director did state, however, that since the TBA Board of Directors has not yet

voted on this issue, the request is premature and recommended that the request be tabled pending consideration by the TBA Board of Directors.

Commissioner Abbatiello motioned to table the request. Commissioner DePaola seconded the matter and all Commissioners voted yes.

ITEMS FOR DISCUSSION

Dan Lopez, a member of the public, asked to be heard and inquired as to whether Atlantic City Race Course is going to conduct more racing days and further develop the racetrack. The Executive Director responded that Atlantic City Race Course was issued a race permit and the track association and all of the permit conditions have been satisfied.

There being no further discussion or comments from the public, Commissioner Keegan moved that the meeting be adjourned subject to the provisions of the "Open Public Meeting Act." Commissioner DePaola seconded the motion and it was approved unanimously.

ATTEST:



Executive Director Frank Zanzuccki