

**NEW JERSEY RACING COMMISSION
WEDNESDAY, NOVEMBER 18, 2020
TELEPHONE MEETING**

A public meeting of the New Jersey Racing Commission was held on Wednesday, November 18, 2020 by telephone.

The following were present:

Pamela J. Clyne, Chairman
Francis X. Keegan, Jr., Commissioner
Michael J. Arnone, Commissioner
Glen Vetrano, Commissioner
Judith A. Nason, Executive Director
Lauren Nathan-LaRusso, Esq., Governor's Authorities Unit
SDAG George Cohen

Executive Director Nason called the meeting to order.

CONSIDER APPROVAL OF THE PUBLIC AND EXECUTIVE SESSION MINUTES OF THE SEPTEMBER 16, 2020 COMMISSION MEETING

Commissioner Keegan made a motion to approve the public and executive session minutes of the September 16, 2020 Commission meeting. Chairman Clyne seconded the motion and all of the Commissioners voted yes.

CONSIDER THE RATIFICATION OF THE APPROVAL OF THE MODIFIED WAGERING FORMAT AT NEW MEADOWLANDS RACETRACK BEGINNING NOVEMBER 6, 2020

Executive Director Nason explained that on October 22, 2020, New Meadowlands Racetrack requested changes, beginning on November 6, 2020, to the wagering format. The Commission approved New Meadowlands Racetrack's request at its September 16, 2020 meeting. The track sought to vary the offer of previously approved wagers. The track also sought approval to offer a Survivor Pick-7 wager. She indicated details of the track's requests have been provided to the Commissioners. Executive Director Nason approved the wagering changes on November 5, 2020 subject to the ratification of the Commission.

Commissioner Arnone made a motion to ratify the approval granted to New Meadowlands Racetrack's modified wagering format. Commissioner Keegan seconded the motion and all of the Commissioners voted yes.

CONSIDER RATIFICATION OF THE APPROVAL GRANTED TO MONMOUTH PARK TO CANCEL LIVE RACING ON OCTOBER 12, 2020 DUE TO HEAVY RAINS AND HIGH WINDS

Executive Director Nason explained that on October 12, 2020, Darby Development LLC contacted the Commission to report unsafe racing conditions at Monmouth Park due to heavy rain and predicted wind speeds up to 30 mph. The track sought approval to cancel racing on that day. Given the dangerous weather conditions on October 12, 2020, Executive Director Nason approved the cancellation racing subject to the Commission's ratification.

Commissioner Keegan made a motion to ratify the approval granted to Monmouth Park for the cancellation of racing on October 12, 2020 due to heavy rains and high winds. Chairman Clyne seconded the motion and all of the Commissioners voted yes.

CONSIDER THE GRANT OF 2021 STANDARDBRED PERMITS TO CONDUCT RACING AT NEW MEADOWLANDS RACETRACK AND FREEHOLD RACEWAY; THE GRANT OF 2021 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

Executive Director Nason explained that the New Jersey Thoroughbred Horsemen's Association (THA), New Meadowlands Racetrack, LLC and FR Park Racing, LP have all applied to renew their racing permits for calendar year 2021 and each has filed its request for race dates. The THA has applied to renew its three permits and has requested a total of 63 thoroughbred race dates. New Meadowlands Racetrack, LLC, applied to race 90 standardbred race dates at New Meadowlands Racetrack. FR Park Racing, LP has applied to race 82 standardbred race dates at Freehold Raceway.

Executive Director Nason then explained the factors set forth in N.J.S.A. 5:5-44 which must be considered by the Commission when determining the allocation of requested race dates. The Executive Director informed the Commissioners that the horsemen's associations had submitted their respective consents to the race dates requested. The Executive Director then opened the floor to receive comments from the representatives of the permit holders and the horsemen's associations and any public comments.

In-House Counsel John Heims spoke on behalf of Darby Development, LLC and stated he thought the submission speaks for itself. He also stated it's a very good calendar with 53 days at Monmouth Park and 9 days at the Meadowlands with all turf and the 1 steeplechase date. Monmouth Park plans on opening on May 28, 2021, which is Memorial Day weekend, as this is more of a traditional opening than they have had in years past. The Monmouth Park meet will go through the end of September. Mr. Heims thinks the calendar will attract horsemen and believes this meet offers a better racing product.

Executive Director Michael Musto spoke on behalf of the Thoroughbred Horsemen's Association. Mr. Musto confirmed that the THA had submitted its written consent for the race dates. He stated that the THA supports the 2021 calendar that was provided by Darby. He believes that the 2021 calendar will encourage the horsemen by providing more racing opportunities.

Executive Director Nason explained on November 10, 2020, the Commission, pursuant to N.J.S.A. 5:5-38.2, provided notice to the Borough of Far Hills and Bedminster Township that the

Commission received the application for the one-day special steeplechase permit at Moorland Farm. She pointed out that pursuant to statute, each municipality has 30 days to file an objection to the grant of the steeplechase permit. She stated the Commission received a response from the Borough of Far Hills who indicated that they do not oppose the permit. She also stated the Commission has not heard back from Bedminster Township, which has until December 11, 2020 to file an objection. Executive Director Nason advised the Commission to table action on the special steeplechase permit application until the Commission's meeting in January.

Regarding the standardbred race dates, COO/General Manager Jason Settlemoir spoke on behalf of New Meadowlands Racetrack, LLC, stating he really didn't have anything to add with regard to their application of 90 race dates. He indicated that the SBOA consented to the race dates. He also stated that New Meadowlands Racetrack appreciates the New Jersey Racing Commission, Governor Murphy and the legislators for their hard work and dedication to the racing industry. Mr. Settlemoir is hopeful that in 2021, the racetrack will be able to race all of the scheduled dates and put the pandemic behind us.

Executive Administrator Al Ochsner spoke on behalf of the Standardbred Owners' and Breeders' Association (SBOA) stating that the SBOA consents and agrees with the race dates.

General Manager Howard Bruno spoke on behalf of Freehold Raceway. Mr. Bruno stated the Executive Director covered everything in the request. He indicated that the schedule is similar to the 2020 calendar with three days a week in January, and after that, strictly Friday and Saturday.

Commissioner Arnone made a motion to table action on the special steeplechase one-day race date permit until the January meeting. Chairman Clyne seconded the motion and all of the Commissioners voted yes.

Commissioner Vetrano made a motion to renew all of the permits for 2021 and allocate the race dates requested for Monmouth Park, the Meadowlands thoroughbred, New Meadowlands Racetrack and Freehold Raceway. Commissioner Keegan seconded the motion and all of the Commissioners voted yes.

CONSIDER APPROVAL OF FREEHOLD RACEWAY'S OFFICIALS, POOLS, POST-TIME, PRICES AND WAGERING FORMAT FOR THE 2021 WINTER/SPRING MEET

Executive Director Nason explained that the Commission is being asked to approve the racing and wagering format for Freehold Raceway's 2021 winter/spring meet which will begin on January 1st and continue through May 29th. Post-time will be 12:30 p.m. She also explained that the department heads and wagering format will remain the same as those the Commission approved for the summer/fall meet which is currently taking place at Freehold Raceway.

Commissioner Keegan moved that the Commission approve Freehold Raceway's racing and wagering format for the 2021 winter/spring meet. Chairman Clyne seconded the motion and all of Commissioners voted yes.

CONSIDER APPROVAL OF NEW MEADOWLANDS RACETRACK'S OFFICIALS, POST-TIME, PRICES AND WAGERING FORMAT FOR THE 2021 STANDARD BRED MEET

Executive Director Nason explained that the Commission is being asked to approve the racing and wagering format for the New Meadowlands Racetrack's 2021 meet which will begin on January 2nd and continue through December 31st. Post-time will be 7:15 p.m. except for Hambletonian Day on August 7th, which will be 12 noon. She also explained that except for the position of Security Director, the department heads and wagering format will remain the same as those the Commission approved for the meet currently taking place at New Meadowlands Racetrack. The racetrack also seeks approval to use management's discretion in offering the wagering format throughout 2021. She indicated that the 2021 wagering format has been provided to the Commissioners.

Commissioner Vetrano moved that the Commission approve the racing and wagering format for the New Meadowlands Racetrack's 2021 standardbred meet. Commissioner Arnone seconded the motion and all of the Commissioners voted yes.

CONSIDER THE RENEWAL OF LICENSES FOR 2021 FOR THE OFF-TRACK WAGERING FACILITIES (OTWs) LOCATED IN TOMS RIVER, WOODBRIDGE, BAYONNE, GLOUCESTER TOWNSHIP, HILLSBOROUGH AND EGG HARBOR TOWNSHIP

Executive Director Nason explained that the Commission received timely applications for license renewals from each of the license holders. She explained that staff reviewed each application and they have been deemed complete and in compliance with the requirements of N.J.A.C. 13:74-2.3. She stated that each licensee remains in good standing with the Commission. The Executive Director explained in Executive Order 197, Governor Murphy waived the minimum race date requirements for 2020 due to the public health emergency. The public health emergency caused the cancellation of numerous race dates this year which resulted in each permit holder falling below the minimum race dates required by N.J.S.A. 5:5-156. Executive Director Nason indicated that draft orders with proposed conditions were provided to the Commissioners. One condition is that any decision to renew the off-track wagering licenses shall be subject to the review and approval of the Attorney General. She stated that staff recommends renewal of the OTW licenses.

Chairman Clyne moved that the Commission approve the renewal of each of the off-track wagering licenses and authorize the Executive Director to issue the orders renewing the licenses on the Commission's behalf. Commissioner Vetrano seconded the motion and all of the Commissioners voted yes.

CONSIDER THE RENEWAL OF THE ACCOUNT WAGERING LICENSE FOR 2021

Executive Director Nason explained that the New Jersey Sports and Exposition Authority (Authority) filed a timely application to renew the account wagering license, staff reviewed the application and deemed the application complete and in compliance with the requirements of N.J.A.C. 13:74-3.2. She stated that the Authority remains in good standing with the Commission. She then explained that Darby Development, LLC will continue to manage the account wagering

system, TVG Network will continue to provide the platform services, and Sportech Racing, LLC will continue to provide the totalizator services for the account wagering system. She reiterated that Executive Order 197 waives the minimum race date requirement for 2020. Executive Director Nason indicated that a draft final determination and order with proposed conditions were provided to the Commissioners. One condition is that any decision to renew the account wagering license shall be subject to the review and approval of the Attorney General. She stated that staff recommends renewal of the license.

Commissioner Arnone moved that the Commission approve the renewal of the account wagering license for calendar year 2021 and to authorize the Executive Director to issue the final determination and order on the Commission's behalf. Commissioner Keegan seconded the motion and all of the 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 ACCOUNT WAGERING SYSTEM IN 2021 AND TO CONDUCT COMMON POOL AND SEPARATE POOL PARI-MUTUEL WAGERING THEREUPON

Executive Director Nason explained that the permit holders and account wagering licensee have submitted requests to participate in intrastate and interstate simulcasting, both sending and receiving, for calendar year 2021. Their requests seek to conduct common and separate pool wagering on the simulcasts, as well as simulcasting approval for the OTWs and account wagering system. Executive Director Nason further explained that the requests also seek the Commission's consent to the interstate wagers pursuant to the Interstate Horseracing Act. She stated that staff recommends approval subject to the conditions stated in schedules E, F and G.

Chairman Clyne moved that the Commission approve the requests to conduct intra and interstate simulcasting and to allow pari-mutuel wagering on the signals subject to the conditions in Schedules E, F and G. Commissioner Keegan seconded the motion and all of the Commissioners voted yes.

CONSIDER APPROVAL OF THE REQUEST OF THE BORGATA HOTEL, CASINO AND SPA (BORGATA) TO ACCEPT INTRA AND INTERSTATE SIMULCASTING FROM APPROVED RACETRACKS AND TO CONDUCT INTRA AND INTERSTATE COMMON POOL AND SEPARATE POOL PARIMUTUEL WAGERING IN 2021

Executive Director Nason explained that the Borgata is seeking approval to receive intrastate and interstate simulcasts and to conduct pari-mutuel wagering upon the simulcast signals in 2021. She stated that staff recommends approval subject to compliance with the conditions in Schedules B and C. She reiterated that the Commission would need to consent to the interstate wagers pursuant to the Interstate Horseracing Act. She pointed out once again that Executive Order 197 waives the minimum race date requirements in N.J.S.A. 5:5-156 for 2020.

Chairman Clyne moved that the Commission consent to the interstate wagers and approve the request of the Borgata Hotel, Casino & Spa subject to the conditions in Schedules B and C. Commissioner Keegan seconded the motion and all of the Commissioners voted yes.

CONSIDER APPROVAL OF SPORTECH RACING, INC. TO CONTINUE TO PROVIDE TOTALIZATOR SERVICES AND ACT AS THE HUB FACILITY AT THE MOUNT LAUREL DATA CENTER IN 2021 FOR RACETRACKS, THE OTWs, THE BORGATA AND THE NEW JERSEY ACCOUNT WAGERING SYSTEM

Executive Director Nason explained that Sportech Racing, LLC (Sportech) operates the Quantum Data Center in Mount Laurel, NJ where it acts as the hub facility and provides totalizator services for the racetracks, OTWs, the Borgata and the New Jersey account wagering system. She also stated that Sportech continues to be in good standing with the Commission and that staff recommends approval subject to compliance with the conditions in Schedule D.

Commissioner Vetrano moved that the Commission approve Sportech Racing, LLC to continue to act as the hub facility and provide totalizator services in 2021 subject to the conditions in Schedule D. Chairman Clyne seconded the motion and all of the 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 2021

Executive Director Nason explained that the permit holders and licensees are seeking approval to conduct advance wagering on certain races of national interest in 2021. She indicated that the list of the races has been provided to the Commissioners and explained that staff recommends approval of these requests subject to two conditions:

- 1) 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
- 2) All wagering shall be in compliance with the common pool procedures and rules of this Commission.

Commissioner Keegan moved that the Commission approve the requests to conduct advance wagering on the designated races of national interest in 2021 subject to the two conditions recommended by staff. Chairman Clyne seconded the motion and all of the 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 2021

Executive Director Nason explained that the racetracks, OTWs, account wagering system and the Borgata have sought the Commission's approval to offer and conduct advanced wagering on special wagers of national interest in 2021. She indicated that the list of wagers was provided to the Commissioners and explained that staff recommends approval of these requests subject to compliance with the conditions in Schedules F and H. Executive Director Nason explained that throughout the calendar year, the Commission receives additional requests to offer special wagers of national interest and to conduct advance wagering upon them. She further explained that last year, the Commission authorized the Executive Director to consider and approve additional requests filed for 2020 subject to the conditions in Schedules F and H.

Commissioner Arnone moved that the Commission approve the requests to offer special wagers of national interest and to conduct advance wagering on those wagers subject to the conditions set forth in Schedules F and H. Commissioner Keegan seconded the motion and all of the Commissioners voted yes.

In addition, Commissioner Clyne moved that the Commission grant the Executive Director the authority to consider and approve, in calendar year 2021, any future requests to offer special wagers of national interest and to conduct advance wagering upon them subject to the conditions in Schedules F and H. Commissioner Keegan seconded the motion and all of the Commissioners voted yes.

CONSIDER THE DISTRIBUTION OF THE CASINO SIMULCASTING SPECIAL FUND MONIES (ACCUMULATED IN 2019) TOTALING \$402,405.87

Executive Director Nason explained that at the September 16, 2020 meeting, the Commission allowed verbal comments and closed the record. The Commission reappointed Chairman Clyne and Commissioner Keegan to the CSSF Committee to consider the requests and report back with their recommendations for the distribution of these monies. The Committee met on October 27, 2020 to discuss the submissions from the permitholders and the horsemen's associations.

The Executive Director then summarized the Committees' findings and recommendations. She reported that each of the racetracks requested monies pursuant to N.J.S.A. 5:12-205(d)(1) and (d)(2). Monmouth Park requested "the most significant share of available CSSF monies." Freehold Raceway requested \$150,000. New Meadowlands Racetrack requested "an appropriate portion" of the monies.

Executive Director Nason explained that the Committee considered category N.J.S.A. 5:12-205(d)(1) (a racetrack can demonstrate that "its financial well-being has been negatively affected by casino simulcasting") and also considered N.J.S.A. 5:12-205(d)(2) (the Commission finds the racetrack "to be financially distressed"). The Committee found that all three racetracks should qualify under both N.J.S.A. 5:12-205(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.

She explained that regarding N.J.S.A. 5:12-205(d)(1), based upon the racetrack's submissions, the Committee recommends that the Commission find that each racetrack has demonstrated that its financial well-being has been negatively affected by casino simulcasting. 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 did not submit data in support of that assertion.

She continued to explain, regarding N.J.S.A. 5:12-205(d)(2), the Committee recommends that the Commission find that each racetrack has demonstrated that it is financially distressed. In reaching its finding, the Committee considered that Freehold Raceway reported a net loss of \$5.2 million from track operations, New Meadowlands Racetrack reported combined racing income of \$352,000 with an ongoing financial debt obligation to racing that exceeds \$100 million dollars and Monmouth Park reported losses in excess of \$2.5 million from racing operations while also citing the THA's debt obligations to the Sports and Exposition Authority which exceed \$9 million dollars through 2024.

Executive Director Nason reported that as a result, the Committee recommends the Commission determine that all three racetracks qualify to receive CSSF monies pursuant to N.J.S.A. 5:12-205(d)(1) and (d)(2). The Committee recommends, 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 \$107,308.23 being distributed to each of the three racetracks.

Executive Director Nason explained that the Committee then considered the next priority category which is N.J.S.A. 5:12-205(d)(3) (horsemen's organization which will use the money to fund a project that the Commission determines "beneficial to the racing industry"). In its submission, the SBOA requested "a fair allocation" after the monies have been distributed pursuant to N.J.S.A. 5:12-205(d)(1) and (d)(2) which will be used for the Health and Welfare Trust and to support the Backstretch Community Assistance Program. The SBOA indicates that it would be willing to distribute approximately 12% of the funds it receives to the Standardbred Retirement Foundation and approximately 3% to Horse Rescue United for retired race horses. The THA requested 5% of the CSSF (and the balance after monies to the tracks are awarded) which will be used for health programs that include dental, prescription and eyeglasses as well as sponsoring a weekly health clinic. The TBA requested \$85,000 to go towards the 2020 New Jersey bred incentive program.

Executive Director Nason explained that the Committee found, and recommends that the Commission find, that all three horsemen's organizations have identified projects that are beneficial to the horse racing industry. The Committee recommends that the remaining 20% of the CSSF monies be divided equally by breed. This distribution is consistent with what the Commission has done in prior years.

She further explained that the Committee recommends that the Commission distribute \$40,240.59 to the SBOA; \$20,120.30 to the THA; and \$20,120.29 to the TBA. The Committee recommends that the Commission determine that the SBOA shall use \$34,204.51 for the health benefit program, \$4,828.87 for the Standardbred Retirement Fund and \$1,207.21 for Horse Rescue United. The Committee recommends that the Commission direct that the monies distributed to the

THA shall be used to fund the health, dental, prescription and eyeglass benefit programs identified in the THA's submission and direct that the monies distributed to the TBA shall be used for its 2020 New Jersey-bred incentive program.

Executive Director Nason stated if the Commission agrees with these recommendations, no monies would remain for distribution pursuant to N.J.S.A. 5:12-205(d)(4), the last category, which is all racetracks on an equal basis.

Executive Director Nason then asked Chairman Clyne and Commissioner Keegan if she accurately summarized the Committee's determinations, findings and recommendations. After Chairman Clyne asked a question regarding the TBA's program, both Chairman Clyne and Commissioner Keegan concurred that the Executive Director accurately summarized the Committee's determinations, findings and recommendations.

Finally, Executive Director Nason summarized, once again, the Committee's recommendations as to how the CSSF monies should be distributed:

Monmouth Park	\$107,308.23
Meadowlands	\$107,308.23
Freehold	\$107,308.23
THA	\$ 20,120.30 - for health benefit program
TBA	\$ 20,120.29 - for 2020 New Jersey-bred incentive program
SBOA	\$ 40,240.59 - (\$34,204.51 for health benefit program) and (\$ 6,036.08 to fund retired racehorses with \$ 4,828.87 to the Standardbred Retirement Fund & \$ 1,207.21 to Horse Rescue United).

Commissioner Vetrano made a motion to adopt the findings of the CSSF Committee and to distribute the Casino Simulcasting Special Fund monies accumulated in 2019 as recommended by the Committee. Chairman Clyne seconded the motion and all of the Commissioners voted yes.

CONSIDER APPROVAL OF THE 2021 BACKSTRETCH ADVISORY COMMITTEE BUDGET

Executive Director Nason explained that N.J.S.A. 5:5-44.8 creates a Backstretch Benevolency Programs Fund, which is funded by designated charity race days and monetary penalties imposed by the Commission for statutory and regulatory violations. In addition, the THA and SBOA both provide financial assistance to the Program which is used to promote the health, safety and welfare of backstretch employees.

She further explained the Backstretch Advisory Committee met by telephone on October 29, 2020 and voted to approve a 2021 budget for submission to the Commission. The proposed budget is \$187,225, which remains unchanged from 2020. The programs for 2021 would remain the same as 2020.

Executive Director Nason explained the Backstretch Advisory Committee advises that many planned events in 2020 had to be altered or eliminated to comply with various Executive Orders addressing the public health emergency to institute COVID-19 protocols. As a result, funding originally budgeted for certain events had to be utilized to purchase PPE and pay for other measures necessary to protect the health and well-being of the backstretch community.

She further explained the Backstretch Benevolency Program provides extremely worthwhile programs and services to backstretch employees, which include counseling, health clinics, screenings and educational programs. Staff recommends approval of the 2021 budget totaling \$187,225 and recommend equal quarterly payments of \$46,806.25 be made starting on or about January 1, 2021.

Chairman Clyne made a motion to approve the budget with equal quarterly payments starting on or about January 1, 2021. Commissioner Vetrano seconded the motion and all of the Commissioners voted yes.

CONSIDER THE APPROVAL OF THE REVISED 2020 BUDGET FOR THE STANDARDBRED BREEDERS' AND OWNERS' ASSOCIATION OF NEW JERSEY

Executive Director Nason explained that on October 21, 2020, the SBOA submitted a revised 2020 budget for your approval. The budgeted income for 2020 is \$2,299,500 which is \$322,000 higher than the 2019 budget. The SBOA reports that 75.58% of the funding will be dedicated to benevolent programs, which exceeds the 70% minimum required by the Commission's rules at N.J.A.C. 13:71-1.25(g), by \$128,300.

Commissioner Vetrano made a motion to approve the SBOA's revised 2020 budget. Commissioner Keegan seconded the motion and all of the Commissioners voted yes.

CONSIDER THE REQUEST OF FREEHOLD RACEWAY AND NEW MEADOWLANDS RACETRACK FOR A WAIVER OF N.J.A.C. 13:71-16.5 IN 2021 TO ALLOW THE UNCOUPLING OF HORSES WITH COMMON OWNERS OR TRAINERS

Executive Director Nason explained that on October 28th, the Commission received a written request from Freehold Raceway asking that the Commission continue to waive the standardbred coupling rule for 2021 to allow separate betting interests in the case of common ownership or a common trainer. Noting that the Commission waived this rule in 2019 and 2020 on an experimental basis, General Manager Howard Bruno reported positive results from the waiver. Mr. Bruno indicated that the separate betting interests led to more wagering options and a higher handle. Pointing out that coupled entries often create heavy favorites and lower handle, Mr. Bruno stated that Freehold Raceway did not experience any negative impact from uncoupling last year.

Executive Director Nason stated that New Meadowlands Racetrack joined in this request. COO/General Manager Jason Settlemoir also reported positive results from the waiver in 2019 and 2020 and agreed that it led to more wagering options and higher handle. Mr. Settlemoir stated that the waiver did not result in any negative impact for the track.

Executive Director Nason explained that the requests for a waiver are made pursuant to N.J.A.C. 13:71-1.34(b) which states, in part, that the Commission may grant a waiver if it determines “that such a waiver will benefit the horse racing industry in this State.” Both racetracks have reported positive results. She further explained that staff is not aware of any negative impact from the prior waivers of the coupling rule. Pursuant to the Commission’s rules, the Commissioners may decide to waive the coupling rule if they find that the waiver will benefit horse racing in this State. Executive Director Nason asked the Commissioners if they decide to waive the coupling rule for 2021, that they also consider granting her the authority to terminate the waiver if any problems arise.

Executive Director Nason reported that staff is preparing proposed amendments to the standardbred and thoroughbred coupling rules, which would permanently allow uncoupling, for the Commissioners’ consideration at a future meeting.

Commissioner Arnone asked how often, annually or bi-annually, the Commissioners will be voting on continuing the temporary waiver of the coupling rule. Executive Director Nason explained that the Commissioners are voting on the waving the coupling rule for 2021. She informed Commissioner Arnone that Commission staff are preparing paperwork to propose permanent amendments to change the coupling rule to allow uncoupling.

Commissioner Arnone made a motion to continue the waiver of the coupling rule for the 2021 at New Meadowlands Racetrack and Freehold Raceway to allow for the uncoupling of common trainers and common ownership interests as the wavier will benefit the horse racing industry. He included in this motion the provision that the Executive Director shall be granted the sole discretion to terminate this experiment at any point if she believes it is warranted. Chairman Clyne seconded the motion and all of the Commissioners voted yes.

CONSIDER THE PERMIT HOLDERS’ REQUEST TO WAIVE THE REQUIREMENTS OF N.J.A.C. 13:74-2.4 OTW PROGRESS BENCHMARKS FOR ONE YEAR DUE TO THE ONGOING PUBLIC HEALTH EMERGENCY

Executive Director Nason explained that on October 16th, each racetrack permit holder filed a request asking the Commission to waive N.J.A.C. 13:74-2.4(b) for one year due to the public health emergency. She further explained that rule N.J.A.C. 13:74-2.4(b)(1) requires that each permit holder shall file an application with the Commission seeking an initial off-track wagering license to open a new off-track wagering facility by December 31, 2020. The rule also requires each permit holder to demonstrate that the proposed OTW is in a suitable location, the permit holder has obtained an ownership or leasehold interest in the property and several other factors.

Executive Director Nason reiterated the waiver rule, which is N.J.A.C. 13:71-71-1.34 in the standardbred Chapter and N.J.A.C. 13:70-1.39 in the thoroughbred Chapter, allows the Commission to waive these progress requirements for calendar year 2020 if the Commissioners determine that “such a waiver will benefit the horse racing industry in this State.”

She explained the intent in adopting N.J.A.C. 13:74-2.4 was to grant the permit holders a full year to complete the tasks required in N.J.A.C. 13:74-2.4(b)(1). The public health emergency resulted in the closure of the racetracks for several months and interfered with the permit holders' ability to comply with the rule by December 31, 2020.

Executive Director Nason asked the Commissioners if they believe a wavier would benefit the horseracing industry in the State. The Commissioners responded that they do.

Commissioner Arnone made a motion to waive N.J.A.C. 13:74-2.4(b)(1) for calendar year 2020, which will extend the deadline for complying with N.J.A.C. 13:74-2.4(b)(1) until December 31, 2021. He also stated, as part of his motion, the belief that the wavier will benefit the horse racing industry in New Jersey by giving the permit holders an additional year to comply with 2.4(b)(1). Chairman Clyne seconded the motion and all of the Commissioners voted yes.

CONSIDER THE ALLOCATION OF \$15 MILLION IN HORSE RACING PURE SUBSIDIES TO THE THOROUGHBRED AND STANDARD BRED INDUSTRIES

Executive Director Nason explained that N.J.S.A. 5:5-99.1 authorizes horse racing purse subsidies. The State appropriated \$15 million in purse subsidies for FY2021. The statute requires that the Commission allocate the \$15 million equally between the thoroughbred and standardbred industries. Of the funds allocated to the thoroughbred industry, the Commission must allocate 100 percent to Monmouth Park overnight purses. Of the funds allocated to the standardbred industry, the Commission must allocate 60 percent to Meadowlands overnight purses; 16 percent to Freehold overnight purses; 12 percent to the New Jersey Sire Stakes purses; 6 percent to purse bonuses for New Jersey sired horses; and 6 percent for breeders awards purses.

Executive Director Nason reported the percentages work out to be as follows:

- \$7.5 million to Monmouth Park,
- \$4.5 million to New Meadowlands Racetrack,
- \$1.2 million to Freehold Raceway,
- \$900,000 to the New Jersey Sire Stakes,
- \$450,000 to standardbred purse bonuses for New Jersey sired horses, and
- \$450,000 to standardbred breeders awards purses for FY2021

Chairman Clyne made a motion to allocate the purse subsidy monies for FY2021 as required by statute. Commissioner Vetrano seconded the motion and all of the Commissioners voted yes.

CONSIDER CONSENT, PURSUANT TO THE INTERSTATE HORSERACING ACT, TO FIXED ODDS WAGERS ACCEPTED IN NEW JERSEY ON GRADE 1 STAKES RACES OF NATIONAL INTEREST CONDUCTED IN OTHER STATES

Executive Director Nason explained that the Department of Law and Public Safety has approved a pilot program that would allow the acceptance of fixed odds wagers in New Jersey on Grade 1 stakes races of national interest in 2021. The pilot program would be regulated by

the Division of Gaming Enforcement (DGE). DGE has the authority to regulate fixed odds wagers, which is also known as sports wagering. DGE will regulate the pilot program in conjunction with Racing Commission staff.

She further explained that the Interstate Horseracing Act requires that racing commissions must consent to interstate wagers, which are wagers accepted in one state on a horse race conducted in another state. The IHA requires the consent of the host racing commission in the state where the race is conducted and the off-track racing commission in the state where the wager is accepted. This requirement also applies to fixed odds wagers. As a result, the NJRC, as the off-track racing commission, would have to consent to the acceptance of fixed odds wagers in New Jersey on Grade 1 stakes races of national interest that are being conducted in another state. The pilot program will begin on January 1, 2021 and continue until such time as the legislature authorizes fixed odds wagering on horse racing or until the NJRC or DGE otherwise decide to terminate the pilot program.

Commissioner Vetrano asked how this will benefit the industry. Executive Director Nason responded that the pilot program would benefit sports wagering operators and, to a certain extent, may result in revenue for the horse racing industry if some of it can be directed for purse money. She explained that the intent of the pilot program is to allow a limited amount of wagers, only on Grade 1 stakes races of national interest.

Commissioner Arnone asked how the pilot program would affect the pari-mutuel system and he mentioned the danger that fixed odds wagers may cannibalize pari-mutuel wagering. Executive Director Nason responded that the pilot program will provide data, hopefully, regarding the question of whether an increase in fixed odds wagering on horse racing would result in a decrease in the amount of wagers placed through the pari-mutuel wagering system. Commissioner Arnone stated he is interested in that data as well. He indicated that he believes that anytime the pari-mutuel system has to compete with an alternate form of gaming, the pari-mutuel system loses.

Dennis Drazin, Chairman and CEO of Darby Development, requested a broader pilot program and asked the Commission to consent to the inclusion of fixed odds wagers on Grade 2 and Grade 3 stakes races as well.

Executive Director Nason reiterated that the pilot program approved by the Department is limited to Grade 1 stakes races of national interest.

Commissioner Vetrano asked if Jason Settlemoir, General Manager/COO of New Meadowlands Racetrack had any thoughts on this matter. Mr. Settlemoir stated that he has an opinion on this matter but will not enter a public comment without first speaking with Mr. Gural regarding this issue.

Commissioner Vetrano asked the Executive Director if the pilot program could be amended at some point to include Grade 2 stakes races as well. Executive Director Nason responded that the question could be raised and discussed moving forward, if warranted. She pointed out that the Department has an internal approval procedure given the nature of the pilot

program, which involves multiple Divisions within the Department. She added the pilot program was intentionally narrow given the possible negative impact on pari-mutuel wagering. The Executive Director indicated that if the Commissioners were interested in seeing the pilot program expanded, she could raise the issue with DGE and the Department.

Commissioner Vetrano then stated a need to look at the data we start collecting to see if the data is showing any benefits to the racing industry and, if so, maybe the pilot program could be amended to include races other than Grade 1 stakes races. Executive Director Nason agreed that the Commission would take a look at the data.

Commissioner Vetrano then asked what the other Commissioners thought about this issue. Chairman Clyne responded by stating that the proposal gives the Commission a year to collect data and see how it is working. She stated she doesn't object to requesting changes to the program if it proves beneficial to racing but thinks giving the pilot program a year is a good plan.

Chairman Clyne made a motion to consent to the acceptance of fixed odds wagers in New Jersey on Grade 1 stakes races of national interest that are being conducted in another state through December 31, 2021 pursuant to the pilot program. Commissioner Arnone seconded the motion and all of the Commissioners voted yes.

Executive Director Nason stated that this concluded the formal portion of the agenda. She indicated that part B of the agenda contains items for discussion and information. Providing notice of the 2021 Racing Commission meeting dates, the Executive Director advised that the meetings will continue take place by telephone until the public health emergency concludes. She stated that in 2021, the Commission will meet on January 27, 2021, March 24, 2021, May 19, 2021, July 21, 2021, September 22, 2021, and November 17, 2021. The Executive Director acknowledged the availability of the financial status as well as a breakdown on wagering data for the 2020 Preakness and both days of the Breeders' Cup.

Finally, Executive Director Nason asked if anyone had any new business to discuss. Hearing none, Chairman Clyne moved to adjourn the meeting. Commissioner Keegan seconded the motion and it was approved unanimously.

ATTEST:



Judith A. Nason, Executive Director