

**NEW JERSEY RACING COMMISSION
WEDNESDAY, NOVEMBER 19, 2014
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 19, 2014, in the Racing Commission office located at 140 East Front Street, in Trenton, New Jersey.

The following were present:

Pamela J. Clyne, Chairman
Anthony T. Abbatiello, Commissioner
Manny E. Aponte, Commissioner (by phone)
Michael J. Arnone, Commissioner (by phone)
Peter J. Cofrancesco, III, Commissioner
David C. Gruskos, Commissioner
Francis X. Keegan, Jr., Commissioner
Peter T. Roselle, Commissioner (by phone)
Frank Zanzuccki, Executive Director
DAG Judith A. Nason

The following were absent:

Anthony G. DePaola, 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 the allocation of racing dates for thoroughbred and standardbred permit holders for 2015 for the following:

Standardbred Racetracks:

New Meadowlands Racetrack

FR Park Racing, L.P.

Thoroughbred Racetracks:

New Jersey Thoroughbred Horsemen's Association Inc./Meadowlands

New Jersey Thoroughbred Horsemen's Association, Inc./Monmouth Park

Atlantic City Race Course

- a) Consider whether to approve: Sportech Racing, Inc. to continue (for calendar year 2015, to provide totalisator and related services for the racetrack permit holders (live racing) at the Mount Laurel Data Center; and the renewal of Sportech's Racing Commission license for such purpose (for calendar year 2015);
2. Legal advice concerning the request of Darby Development Inc., on behalf of the NJTHA, to cancel races on September 25, October 4, 11, 24, 25 and November 1, 2014 due to inclement weather;
3. Legal advice concerning the distribution of the Casino Simulcasting Special Fund accumulated in 2013, pursuant to N.J.S.A. 5:12-205d;
4. Legal advice concerning Exchange Wagering:
 - a) Consider report form Exchange Wagering Committee, proposed summary of comments and proposed responses;
 - b) Consider adoption of summary of comments, responses and adoption of proposed Exchange Wagering rules N.J.A.C. 13:74C (Exchange Wagering);

5. Legal advice concerning a Settlement Agreement in the matter of Keith Evringham, DVM v. NJRC, OAL Docket No. RAC 17440-2013S; and
6. 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."

It was noted that Commissioner Aponte, Commissioner Arnone and Commissioner Roselle are participating by telephone.

Commissioner Aponte motioned to adopt the resolution to adjourn. Chairman Clyne seconded the motion. The Commission then adjourned to Executive Session.

The Commission ended the execution session and Commissioner Cofrancesco moved to reconvene the public session. Chairman Clyne seconded the motion and the Commission concurring, the public session resumed.

CONSIDER APPROVAL OF THE MINUTES OF THE PUBLIC AND EXECUTIVE SESSIONS OF THE SEPTEMBER 17, 2014 COMMISSION MEETING

Chairman Clyne made a motion to approve the public and executive minutes of the September 17, 2014 public meeting. Commissioner Keegan seconded the motion and all Commissioners voted yes, with the exception of Commissioner Grusko who abstained, and Commissioner Aponte and Commissioner Roselle who had not yet joined the conference call.

Executive Director Zanzuccki welcomed Commissioner Gruskos to the Racing Commission.

CONSIDER THE ALLOCATION OF RACING DATES FOR THOROUGHBRED AND STANDARD BRED PERMIT HOLDERS FOR 2015

Executive Director Zanzuccki read the following statement:

In preparation for this day, all interested parties were invited to forward comments in writing to the Commission for consideration. All the 2015 applications have been filed

and requested dates have been announced. Each Commissioner has been supplied with the law of date allocations and the history and statistics of prior racing seasons and written comments received from the industry. You will now have another opportunity to summarize your positions.

The meeting, in terms of the presentations of the applicants and horsemen's groups, will proceed in the following manner:

We will begin with the thoroughbred date request. A representative from Atlantic City Racetrack will present their application. Following this presentation, a representative of the NJTHA will present its 2015 Monmouth Park proposed thoroughbred schedule, followed by the Meadowlands thoroughbred schedule. Comments from the THA and the members of the public will follow the racetrack presentations. The Commission will then consider a motion concerning thoroughbred dates and vote on the requested dates.

Following the vote on thoroughbred dates, the Commission will then hear the presentation from Freehold Racetrack, followed by presentations from representatives from NMR, LLC concerning its proposed 2015 Meadowlands' standardbred racing schedule. Comments from the SBOA and members of the public will follow. Once again, following this presentation, the Commission will consider a motion and vote on the requested dates.

In considering the allocation of 2015 racing dates for both thoroughbred and standardbred racing, the Commission will give due consideration to the public interest factors enumerated in the statute. Briefly, those factors are:

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.

While these are the main factors, the Commission must also recognize and address such issues as stabling, horse availability, the effect of overlapping racing dates, the financial situation of the various racetracks, the erosion of live racing dates, and the overall status of the racing industry.

THOROUGHBRED RACE DATES

Atlantic City Race Course

Mary Jo Coutts of Atlantic City Race Course (“ACRA”) indicated that requesting six days of racing on April 23 through April 29 and being dark on Monday, April 27. The meet will include all turf racing with six races being conducted per day. Ms. Coutts indicated that ACRA may be adding a race each day.

Monmouth Park and Meadowlands Racetrack (thoroughbred)

Dennis Drazin, Esq., on behalf of the NJTHA, asked for approval of the Monmouth Park dates as submitted to the Commission which consists of 49 days. He stated that he consents to the Commission tabling the date request for the Meadowlands’ meet at this time. Mr. Drazin indicated that the THA has been discussing with Mr. Gural about the cost of turning over the track at the Meadowlands and has also been exploring the cost of adding synthetic track to eliminate rain-out days, upgrading the turf and perhaps adding an inner track.

Mr. Drazin advised the Commission that Mr. Gural has requested that notwithstanding the THA’s date request, he would like to start his Meadowlands’ meet on the 15th even if the THA continues with its current date application. Mr. Drazin indicated that he will work on this start date with him even if the thoroughbreds run beyond the Breeders’ Cup and that racing will be conducted on the turf only so both breeds can be conducted simultaneously. Mr. Drazin indicated that in the final analysis, the THA will be requesting a full 71 days.

Thoroughbred Horsemen’s Association

Michael Musto, on behalf of the THA, stated that the horsemen are in support of the dates requested.

There were no further comments on the thoroughbred race dates.

Executive Director Zanzuccki read the following proposed motion:

The Racing Commission has received 2015 race date applications for thoroughbred racing for Monmouth Park at the Meadowlands Racetrack, Monmouth Park and Atlantic City Race Course. The Racing Commission has also considered materials from staff and any commentary offered.

The application of the NJTHA for the Meadowlands Racetrack - thoroughbred, proposes a 22-day schedule, from September 11 through November 21, 2015. The application for Monmouth Park submitted by NJTHA encompasses a 49-race dates request, commencing May 9, 2015 and ending September 7, 2015.

The application of Atlantic City Racecourse for 2015 consists of a six-day, all turf racing meet, on April 23, 24, 25, 26, 28 and 29.

As mentioned earlier, there is an unresolved matter regarding the race surface at the Meadowlands. Under the present configuration, a 22 day race schedule is not possible. We understand by the parties as just again discussed earlier, there is on-going discussion and negotiation regarding the conversion of the harness track to a dirt thoroughbred track and other options still under discussion. Until these discussions have concluded and a decision has been reached concerning the racing surface, it is staff's recommendation that this request be tabled.

The 2015 race date applications will, once we have the Meadowlands' thoroughbred request, reflect in the aggregate 77 thoroughbred dates.

As required by statute, the NJTHA, the horsemen's group representing the thoroughbred sector, has approved the reduction from the minimum date requirements of 141 thoroughbred dates.

Once again, setting aside the Meadowlands' thoroughbred request, I believe that approval of the thoroughbred race date applications is in the public interest as set forth in N.J.S.A. 5:5-22, et seq., specifically defined in the section 43 and 44. I believe that approval of these dates is consistent with the Racing Commission's obligation to endeavor to allot to each applicant the dates requested in the respective applications after giving due consideration to all factors involved including the interests of such applicants, the industry participants, and the public.

I believe approval of the thoroughbred race date application, while not achieving a year-round circuit, does provide for reasonable continuity of racing from April 23 to November 21, 2015. This schedule shall serve to: promote the thoroughbred industry, maintain and enhance the employment which thoroughbred racing provides, encouraged horses to stay in New Jersey, provide the maximum possible revenue to the State and to the New Jersey horsemen, will help the state maintain its competitive position in relation to neighboring states, and provide for recreational opportunities for New Jersey residents who desire to attend thoroughbred races.

In making this motion, I note that the dates applied for satisfy the conditions of the Off-track and Account Wagering Act as amended, and approval would therefore be compatible with the issuance to the New Jersey Sports and Exposition Authority of an account wagering license.

In making this motion, which calls for approval of the race date applications consistent with conditions recommended by staff, consideration was given to the dates proposed by the other breed of racehorse. In making respective allocations of race dates for each horse breed, the Commission is mindful of the benefits of providing a continuity of thoroughbred and standardbred racing between and amongst each horse race breed to the extent feasible, while minimizing harmful intrastate competition.

Therefore, I move for the following:

- 1) Approval of the 2015 application of the Atlantic City Race Course for a six-day meet;
- 2) Defer approval of the 2015 thoroughbred race date application of the NJTHA for a 22 day meet at the Meadowlands until such time that racing surface issues are resolved;
- 3) Approval of the 2015 thoroughbred race date application of NJTHA to conduct 49 race dates at Monmouth Park Racetrack
- 4) As part of this motion, I propose that the Executive Director be authorized to issue Orders of Allocation, including conditions, consistent with the determination of the full Commission.

Commissioner Aponte motioned to accept the motion as read by the Executive Director. Commissioner Keegan seconded the motion and all Commissioners voted yes.

STANDARD BRED RACE DATES

Freehold Raceway

Howard Bruno, General Manager of Freehold Raceway, requested a 110-day meeting beginning with the winter/spring meet beginning on January 2 through May 16 for a 66-day meet, and a 44-day summer/fall meet beginning September 4 through December 12. He indicated that racing will be for the most part conducted on Thursday, Friday and Saturday and there will be seven Monday race days in January and February. Commissioner Abbatiello asked Mr. Bruno if there is a difference in the dates being raced last year. Mr. Bruno responded that due to the Labor Day holiday, the summer/fall meet will begin a week later, and they have added some Mondays in January and February.

New Meadowlands Racetrack

Darin Zoccali, Director of Operations for the Meadowlands Racetrack, stated that initially they requested an 81-day schedule, however, if the thoroughbreds do amend their plans for the meet at the Meadowlands, they are likely to request additional dates. He noted to the Commission that he submitted an electronic date change request today for four additional days on Fridays, November 14, November 21 and Saturdays November 15 and November 22 which would bring the total race meet to 85 days, with the support of the SBOA of New Jersey. Mr. Zoccali stated that if an agreement is reached to turn the track over and the thoroughbreds race through October 31, the two-week time period is enough time to change the track back over so there will not be any issues with starting the standardbred meet.

Executive Director Zanzuccki acknowledge receipt of the Meadowlands' amended date request, however, he indicated that the Racing Commission is not in a position to consider this request today and the request will be placed on the January Commission meeting agenda.

Standardbred Breeders' and Owners' Association

Thomas Luchento, President of the SBOA, indicated the standardbred horsemen are in complete agreement with the date requests submitted by Freehold Raceway and the Meadowlands Racetrack.

There were no further comments on the standardbred race dates.

Executive Director Zanzuccki read the following proposed motion:

The Racing Commission has received 2015 race date applications for standardbred racing from the New Meadowlands Racing, LLC and Freehold Raceway. The Racing Commission has also considered materials from staff and any commentary offered.

The application for racing at Meadowlands Racetrack - harness - seeks approval to race a total of 81 dates. Racing will be held in 2015 from January 2, through August 8, and November 27 through December 26.

In 2015, Freehold Raceway proposes to race 110 days from January 2 through May 16 and September 4 through December 12.

The 2015 standardbred race date applications reflect in the aggregate 191 harness dates. As required by statute, the Standardbred Breeders' & Owners' Association has approved, in writing, the reduction of the minimum race dates requirements for Freehold and Meadowlands harness.

I believe that approval of the race date applications is in the public interest as set forth in N.J.S.A. 5:5-22, et seq., specifically defined in Sections 43 and 44. I believe that approval of these dates is consistent with the Racing Commission's obligation to endeavor to allot to each applicant the dates requested in the respective applications after giving due consideration to all factors involved including the interests of such applicants, the industry participants, and the public.

The proposed schedule of racing dates allows for an orderly transition of standardbred horses from one facility to another, provides for continuity of standardbred racing, and reflects a schedule for nearly year-round harness racing. This schedule will serve to promote the standardbred racing industry, maintain and enhance the employment which it provides, provide revenue to the state and horsemen, help the State maintain and improve its competitive position in relation to neighboring states, and provide for recreational opportunities for New Jersey residents who choose to visit standardbred racetracks.

In making this motion, I note that the dates applied for satisfy the conditions of the Off-track and Account Wagering Act as amended, and approval would therefore be compatible with the issuance to the New Jersey Sports and Exposition Authority of an account wagering license.

In making this motion, which calls for the approval of the race date applications consistent with conditions recommended by staff, consideration was given to the dates proposed by the other breed of racehorse. In making respective allocations of race dates for each horse breed, the Commission is mindful of the benefits of providing a continuity of thoroughbred and standardbred racing between and amongst each horse race breed to the extent feasible, while minimizing harmful intrastate competition.

I, therefore, move for the following:

- 1) Approval of the 2015 application of the Freehold Raceway for 110 days;
- 2) Approval of the 2015 harness race date application of the Meadowlands Racetrack for a total of 81 dates;
- 3) As part of this motion, I propose that the Executive Director be authorized to issue Orders of Allocation, including conditions, consistent with the determination of the full Commission.

Commissioner Keegan motioned to accept the motion as read by the Executive Director. Commissioner Gruskos seconded the motion and all Commissioners voted yes.

- a) Consider whether to approve: Sportech Racing, Inc. to continue (for calendar year 2015, to provide totalisator and related services for the racetrack permit holders (live racing) at the Mount Laurel Data Center; and the renewal of Sportech's Racing Commission license for such purpose (for calendar year 2015)

Commissioner Keegan motioned to approve the item subject to conditions contained in Schedule D. Chairman Clyne seconded the motion and all Commissioners voted yes.

2015 ACCOUNT WAGERING LICENSE AND QUALIFIER APPROVAL REQUESTS

The Executive Director stated that the Racing Commission has received a letter from Kellen Murphy, Esq., from the Riker Danzig law firm, on behalf of and New Jersey Account Wagering, LLC, asking to be heard on this matter. The letter was dated November 13, 2014 and received on November 17, 2014. The Executive Director indicated that the Commission has received letters from the Lomurro Davison law firm and the Gibbons law firm, opposing the letter request of by Riker Danzig.

The Executive Director stated that he issued a letter dated November 18, 2014 informing Mr. Murphy that his request is denied, however, Mr. Murphy has asked that his letter be made part of the record here today. It was noted that Mr. Murphy's letter will be made a part of the record along with the letters submitted from the Lomurro Davison and Gibbons law firms, which letters will also be made part of the record. Mr. Murphy asked that the October 30, 2014 e-mail of Riker, Danzig be included as part of the record. The Executive Director indicated that the e-mail will be included as part of the record.

- a) Consider the application of the New Jersey Sports and Exposition Authority ("Authority") for approval to renew the account wagering license which it is presently the holder of, for 2015
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Executive Director Zanzuccki read the following proposed motion:

The Racing Commission has received from the New Jersey Sports and Exposition Authority, an application for the 2015 renewal of its account wagering license. The Racing Commission has been provided with the materials from its staff, as well as a proposed order with license conditions, should the Racing Commission determine to grant approval of the application filed by the Authority. In reviewing theses materials, I would note that the license conditions properly include that the license renewal decision of this Commission is subject to the review and approval of the Attorney General.

Based upon my review, I find that the Authority continues to meet the legal requirements set forth in the "Off-Track and Account Wagering Act," clearly and convincingly, and continues to meet all of the requirements set forth in the Racing Commission's related regulations. I also find that the proposed Order and proposed license conditions for 2015, as to the Authority and each industry group referred to in the Order, are satisfactory and complete.

I further move that: this Racing Commission authorize the Executive Director to issue the proposed order and license conditions, subject to the Commission's approval of the related public agenda items, and that the issuance of the account wagering renewal license is subject to and conditional upon the approval of the determination of this Commission by the Attorney General.

Commissioner Abbatiello motioned to accept the motion as read by the Executive Director. Chairman Clyne seconded the motion and all Commissioners voted yes.

- b) Consider, pursuant to the existing "account wagering management agreement" between the Authority and Darby Development, LLC, ("DARBY"), and others, whether to: approve Darby to continue (for calendar year 2015) to manage the day-to-day affairs and business of the account wagering system (and the renewal of Darby's Racing Commission issued license, for such purpose, for calendar year 2015); and whether to approve Elite Consultants, LLC to continue (for calendar year 2015) to provide consulting services to DARBY concerning the account wagering system (and the renewal of Elite's Racing Commission issued license, for such purpose, for calendar year 2015)
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Executive Director Zanzuccki read the following proposed motion:

We considered this agenda item, as concerns Darby specifically, for the first time on November 30, 2012. Since our approval two years ago, it is clear that the account wagering system has operated efficiently and smoothly under the "Authority-Darby" management agreement. I find that Darby (as well as Elite Consultants, LLC as the general consultant to Darby), and the employees of each, continue to be well-qualified to perform their respective function with regard to the Authority and the account wagering system. I also believe that the requirements of the Off-Track and Account Wagering Act continue to be met, clearly and convincingly, including as concerns the provisions of N.J.S.A. 5:5-140c and N.J.A.C. 13:74-4.2. I thereby propose, and move, that this agenda item be approved, subject to the same conditions imposed on Darby and each industry group set forth in our prior Order of December 6, 2012. I further propose the continued imposition of the license condition requiring that Darby and Elite Consultants, LLC make written submissions and filings no later than October 15, 2015 for continued approval in 2016.

Commissioner Abbatiello motioned to accept the motion as read by the Executive Director. Commissioner Keegan seconded the motion and all Commissioners voted yes.

- i) Consider whether to approve: ODS Technologies, L.P. (doing business as “TVG Network”) to continue (for calendar year 2015) to provide the platform services (that is, telephone/computer related services) for the account wagering system; and the renewal of TVG Network’s Racing Commission issued license for such purpose (for calendar year 2015)
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Executive Director Zanzuccki read the following proposed motion:

We considered this agenda item for the first time on February 27, 2013. Since that time, TVG Network has provided account wagering platform and related services in a capable manner. I believe that TVG Network, as well as its employees, continue to be well-qualified to perform their respective function with regard to the Authority and the account wagering system. I also believe that the requirements of the Off-Track and Account Wagering Act continue to be met, clearly and convincingly.

I propose, and move, that this agenda item be approved, subject to the same conditions imposed on TVG Network, and each industry group, as set forth in our prior related Order of February 27, 2013. I further propose the continued imposition of the license condition requiring that TVG Network make written submissions and filings no later than October 15, 2015 for continued approval in 2016.

Commissioner Keegan motioned to approve the motion as read by the Executive Director. Chairman Clyne seconded the motion and all Commissioners voted yes.

- ii) Consider whether to approve: Sportech Racing, Inc. to continue (for calendar year 2015) to provide totalisator and related services for the account wagering system at the Mount Laurel Data Center; and the renewal of Sportech’s Racing Commission license for such purpose (for calendar year 2015)
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Executive Director Zanzuccki read the following proposed motion:

Sportech has provided totalisator services to the account wagering system, for several years, through its Mount Laurel Data Center. Sportech, as well as its employees, clearly and convincingly, remain suitable and qualified to provide such services in all respects. I therefore move for approval, subject to the conditions applicable to Sportech within the to-be-issued Order renewing the Authority’s account wagering license for 2015, as well as conditions contained in Schedule D. I further propose the continued imposition of the license condition requiring that Sportech make written submissions and filings no later than October 15, 2015 for continued approval in 2016.

Commissioner Abbatiello motioned to accept the motion as read by the Executive Director. Commissioner Cofrancesco seconded the motion and all Commissioners voted yes.

- c) Consider the petition of the New Jersey Thoroughbred Horsemen's Association, Inc., for approval for 2015, to be continued to be designated as a qualifier to the account wagering system, and to thereby continue to receive a share of the account wagering revenue from the Authority (license holder of the account wagering system)

Executive Director Zanzuccki read the following proposed motion:

The Commission is in receipt of a petition filed by the NJTHA seeking Racing Commission approval in regard to this agenda item, which I have reviewed. We first determined that the NJTHA was suitable, as a financial qualifier to the account wagering system, on May 3, 2012, as embodied in our related Order of May 9, 2012. I find that the NJTHA remains so qualified, clearly and convincingly, and subject to those same conditions previously imposed upon the NJTHA for 2012, 2013 and 2014, as set forth in the May 9, 2012 Order, particularly conditions No. 26 through No. 28, and supplemental conditions No. 30, No. 31, and No. 33 thorough No. 35, of that 2012 Order. I move that the Commission find the NJTHA continues to be so qualified for 2015, and therefore, it may continue to receive an approximate 50% share of the account wagering system revenues from the Authority. I further propose the continued imposition of the license condition requiring that the NJTHA make written submissions and filings no later than October 15, 2015 for continued approval in 2016.

Chairman Clyne motioned to accept the motion as read by the Executive Director. Commissioner Keegan seconded the motion and all Commissioners voted yes.

- d) Consider the petition of New Meadowlands Racetrack, LLC, for approval for 2015, to be continued to be designated as a qualifier to the account wagering system, and to thereby continue to receive a share of the account wagering revenue from the Authority (the license holder of the account wagering system)

Executive Director Zanzuccki read the following proposed motion:

The Racing Commission is in receipt of a petition filed by the New Meadowlands Racetrack, LLC (NMR, LLC) and its manager, Mr. Jeffrey Gural, seeking Commission approval in regard to this agenda item for 2015, which I have reviewed. We first determined that the NMR, LLC and Mr. Jeffrey Gural, were suitable, as a financial qualifier to the account wagering system, on December 20, 2011, as embodied in our related Order of December 21, 2011. NMR, LLC and Mr. Gural, since that time, have remained in good standing with the Racing Commission and have continuously remained so qualified, including for calendar years 2012 through 2014. I find that the NMR, LLC and Mr. Gural remain so qualified, clearly and convincingly, and subject to those conditions now in place, as set forth within our prior Order of December 21, 2011, particularly condition No. 2 through No. 4 at page 12 thereof, I move that the Commission find that both the NMR, LLC and Mr. Gural continue to be so qualified for 2015, and therefore, that the NMR, LLC may continue to receive an approximate 50% share of the account wagering system revenues from the Authority. I further propose the continued imposition of the license condition requiring that the NMR, LLC and Mr. Gural make written submissions and filings no later than October 15, 2015 for continued approval in 2016.

Chairman Clyne motioned to accept the motion as read by the Executive Director. Commissioner Abbatiello seconded the motion and all Commissioners voted yes.

CONSIDER THE PETITION OF THE PERMITTED RACETRACKS, AND RELATED ENTITIES, FOR APPROVAL TO RENEW THE FOLLOWING OFF-TRACK WAGERING LICENSES:

- a) Toms River Township 1/1/15 through 12/31/15
- b) Vineland City 1/1/15 through 12/31/15
- c) Bayonne City 1/1/15 through 12/31/15
- d) Woodbridge 1/1/15 through 12/31/15

Executive Director Zanzuccki read the following proposed motion:

The Racing Commission has received applications to renew the off-track wagering licenses for calendar year 2015, concerning the operating Bayonne, Toms River, Vineland City, and Woodbridge off-track wagering facilities.

In addition to the application materials submitted by the parties, the Racing Commission has been provided with materials from its staff, which include proposed orders and proposed license conditions, should the Racing Commission determine to grant one or more of the license renewal requests. In reviewing these materials, I would note that the license conditions in each case properly include the condition that the decision of this Commission is subject to the review and approval of Acting Attorney General John J. Hoffman.

Based upon my review, I find that each operational OTW applicant continues to meet the legal requirements set forth in the “Off-Track and Account Wagering Act,” that each applicant continues to meet all legal requirements set forth in the rules of the Racing Commission, inclusive of N.J.A.C. 13:74-2.2, and that each applicant is in substantial compliance with the conditions and license terms individually imposed upon it, for each to hold the license applied for and to operate the respective off-track wagering facility.

I also find that the proposed orders and license conditions, as to each applicant, are satisfactory and appropriate.

I therefore move that each renewal application be approved, and as part of this motion, I further move that: this Racing Commission authorize the Executive Director to issue the proposed orders and related license conditions as to each applicant, and that the issuance of each renewal license is subject to and conditional upon the approval of the Attorney General.

Commissioner Keegan motioned to accept the motion as read by the Executive Director. Chairman Clyne seconded the motion and all Commissioners voted yes.

CONSIDER, PURSUANT TO THE EXISTING “MANAGEMENT AND DEVELOPMENT AGREEMENT” BETWEEN THE NEW JERSEY THOROUGHBRED HORSEMEN’S ASSOCIATION, INC. (“NJTHA”), DARBY DEVELOPMENT, LLC (“DARBY”), AND ELITE CONSULTANTS, LLC (“ELITE”), WHETHER TO APPROVE: DARBY TO CONTINUE (FOR CALENDAR YEAR 2015) TO PROVIDE, AMONG OTHER THINGS, MANAGEMENT, OVERSIGHT AND CAPITAL IMPROVEMENT - RELATED SERVICES IN CONNECTION WITH NJTHA INTERESTS INCLUDING MONMOUTH PARK, ITS THOROUGHBRED RACING PERMIT FOR THE MEADOWLANDS RACETRACK, THE WOODBRIDGE OFF-TRACK WAGERING FACILITY, AS WELL AS THE DEVELOPMENT OF FUTURE OFF-TRACK WAGERING FACILITIES, AND EZ BETS ASSOCIATED WITH BARS

AND RESTAURANTS AS CONSISTENT WITH LAW; THE RENEWAL OF DARBY'S RACING COMMISSION ISSUED LICENSE FOR SUCH PURPOSES (FOR CALENDAR YEAR 2015); ELITE'S CONTINUING TO SERVE AS CONSULTANT TO DARBY (FOR CALENDAR YEAR 2015) FOR SUCH PURPOSES; AND THE RENEWAL OF ELITE'S RACING COMMISSION ISSUED LICENSE FOR SUCH PURPOSES (FOR CALENDAR YEAR 2015)

The Executive Director read the following proposed motion:

Through its Orders dated May 9, 2012 and June 21, 2012, the Racing Commission initially approved the New Jersey Thoroughbred Horsemen's Association's ("NJTHA") receipt, from the New Jersey Sports and Exposition Authority ("Authority"), of the racetrack permit for Monmouth Park, the thoroughbred permit for the Meadowlands Racetrack as it relates to thoroughbred racing, the license to operate the Woodbridge Township off-track wagering facility, and the acquisition of a financial interest in the account wagering license. As part of its approval, the Racing Commission approved Darby Development, LLC ("Darby"), and Elite Consultants, LLC ("Elite") as consultant to Darby, to manage, oversee, and provide for the day-to-day operations and capital improvements at Monmouth Park, the Meadowlands Racetrack, the Woodbridge Township off-track wagering facility, as well as future development of off-track wagering facilities, and EZBets associated with bars and restaurants as consistent with law. Since that time, including throughout 2014, Darby and Elite have functioned in such capacities.

Since our approval, it is evident that the NJTHA's racing-related interests have operated well under the "NJTHA-Darby" management services agreement. I find that Darby, as well as Elite, as the consultant to Darby, and the employees of each, continue to be well-qualified to perform their respective functions. I also believe that the requirements of the Off-Track and Account Wagering Act continue to be met, clearly and convincingly, including as concerns the provisions of N.J.S.A. 5:5-140c and N.J.A.C. 13:74-4.2.

I thereby propose, and move that this agenda item be approved for 2015, subject to the same conditions imposed on both Darby and the NJTHA as set forth in our prior Orders, which are presently in place. Particularly, conditions No. 31 through No. 35 of the Order dated May 9, 2012, as well as the oversight procedures implemented pursuant to conditions No. 36 and No. 37 of said Order, as supplemented by the related Commission notification requirements imposed in our Order dated June 21, 2012. I further propose that the Commission impose the condition requiring Darby and Elite to make written submissions and filings in

connection with license renewal requests for this agenda item on or before October 15, 2015 for the 2016 calendar year. Commission staff has provided the Commission with a proposed form of Order, and if my fellow Commissioners agree with my motion, I further move that the Executive Director be authorized to issue it.

Chairman Clyne motioned to accept the motion as read by the Executive Director. Commissioner Cofrancesco seconded the motion and all Commissioners voted yes.

SIMULCASTING

Casino Simulcasting

Consider approval of Marina District Development Company, LLC (Borgata Hotel Casino and Spa) to receive simulcast horse races (thoroughbred and standardbred) from approved out-of-state tracks, through December 31, 2015, pursuant to N.J.S.A. 5:12-199

Commissioner Keegan motioned to approve the item subject to Racing Commission Schedule A. Commissioner Cofrancesco seconded the motion and all Commissioners voted yes.

Consider approval of the following racetrack permitholders to conduct casino simulcasting (to casinos approved or to be approved), through December 31, 2015, for dates granted pursuant to their respective 2015 annual applications for horse race meetings: Monmouth Park, Meadowlands - thoroughbred, Freehold Raceway, New Meadowlands Racetrack and Atlantic City Race Course

Commissioner Keegan motioned to approve the item subject to Racing Commission Schedule B. Commissioner Abbatiello seconded the motion and all Commissioners voted yes.

Consider whether to approve: Sportech Racing, LLC, to continue to act as a hub facility at the Mount Laurel Data Center, for calendar year 2015, concerning: casino simulcasting pursuant to N.J.A.C. 13:72 et seq., the Borgata, and to any other casinos to be approved for casino simulcasting; and the renewal of Sportech's Racing Commission license for such purpose (for calendar year 2015)

Commissioner Cofrancesco motioned to approve the item subject to Racing Commission Schedule D. Chairman Clyne seconded the motion and all Commissioners voted yes.

Consider the applications for approval of the attached list of out-of-state racetracks to participate in casino simulcasting (to casinos approved or to be approved) for selected dates through 2015

Commissioner Cofrancesco motioned to approve the item subject to Racing Commission Schedule C. Commissioner Keegan seconded the motion and all Commissioners voted yes with the exception of Commissioner Roselle who was disconnected from the conference call.

Racetrack Simulcasting

Consider a request of the approved New Jersey racetracks to conduct inter and intra-state, common pool and separate pool simulcasting with approved racing facilities and off-track betting locations

Chairman Clyne motioned to approve the agenda item subject to Racing Commission Schedules F, G and H. Commissioner Keegan seconded the motion and all Commissioners voted yes with the exception of Commissioner Roselle who was still disconnected from the conference call.

Consider whether to approve: Sportech Racing, Inc. to continue (for calendar year 2015) to provide totalisator and related services for racetrack simulcasting at the Mount Laurel Dater Center; and the renewal of Sportech's Racing Commission license for such purpose (for calendar year 2015)

Commissioner Keegan motioned to approve the item subject to Racing Commission Schedule C. Chairman Clyne seconded the motion and all Commissioners voted yes with the exception of Commissioner Roselle who was still disconnected from the conference call.

New Jersey Account Wagering and Off-Track Wagering Related Matters

Consider a request of the New Jersey Sports and Exposition Authority to conduct account wagering with all approved racing facilities

Commissioner Abbatiello motioned to approve the item subject to Racing Commission Schedules F, G and H. Commissioner Cofrancesco seconded the motion and all Commissioners voted yes with the exception of Commissioner Roselle who was still disconnected from the conference call.

Consider a request of Sportech Racing, LLC, to act as a hub facility at the Mount Laurel Data Center through December 31, 2015 concerning account wagering and off-track wagering pursuant to N.J.A.C. 13:74 et seq.

Chairman Clyne motioned to approve the item subject to Racing Commission Schedules F, G and H. Commissioner Keegan seconded the motion and all Commissioners voted yes with the exception of Commissioner Roselle who was still disconnected from the conference call.

Consider the application for approval of the list of in-state and out-of-state racetracks to participate in simulcasting (with off-track wagering facilities approved or to be approved) through December 31, 2015

Commissioner Abbtello motioned to approve the item subject to Racing Commission Schedules F, G and H. Chairman Clyne seconded the motion and all Commissioners voted yes. Commissioner Roselle rejoined the meeting by telephone and voted yes.

CONSIDER THE REQUEST OF THE RACETRACKS, THE BORGATA HOTEL, CASINO & SPA, THE NEW JERSEY ACCOUNT WAGERING SYSTEM AND APPROVED OFF-TRACK WAGERING FACILITIES TO CONDUCT ADVANCE WAGERING (FULL OR PARTIAL CARD) ON THE FOLLOWING RACES OF NATIONAL INTEREST: ARC DE TRIOMPHE, BELMONT STAKES, BREEDERS CROWN DAY, BREEDERS CUP (ULTRA PICK 6), CANE PACE, CLAIMING CROWN, DUBAI RACING, ELITOPP (SWEDEN), FLORIDA DERBY, KENTUCKY DERBY, HAMBLETONIAN ELIMINATIONS DAY, HAMBLETONIAN DAY, HASKELL INVITATIONAL, JAPAN CUP, MEADOWLANDS PACE DAY, MELBOURNE CUP, PENNSYLVANIA DERBY, PREAKNESS, PRIX D' AMERIQUE RACE, SANTA ANITA DERBY, SANTA ANITA HANDICAP, TRAVERS, AND WOODFORD RESERVE

Commission Aponte motioned to approve the item subject to conditions that no advance wagering can take place until the program information has been received from the host track, advance wagering is approved by the supervisor of mutuels, and all wagering shall be in compliance with the common pool procedures and regulations of the Commission. Chairman Clyne seconded the motion and all Commissioners voted yes.

CONSIDER THE REQUEST OF THE RACETRACKS, THE BORGATA HOTEL, CASINO & SPA, NEW JERSEY ACCOUNT WAGERING SYSTEM AND APPROVED OFF-TRACK WAGERING FACILITIES TO OFFER 2015 SPECIAL WAGERS OF NATIONAL INTEREST AND CONDUCT ADVANCE WAGERING

Commissioner Cofrancesco made a motion to approve the item subject to conditions which include compliance with Racing Commission Schedule G and other conditions as previously imposed in prior years. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER RATIFICATION AND APPROVAL OF THE FOLLOWING HANDICAPPING CONTESTS:

- a) Approval of Monmouth Park's request to conduct the 2014 Handicapping Challenge Invitations on Saturday, December 6, 2014 at Favorites at Woodbridge Off-track Wagering Facility involving simulcasts from Aqueduct Racetrack, Tampa Bay Downs and Gulfstream Park;
- b) Approval of Monmouth Park's request to conduct the final 2014 Handicapping Contest on Saturday, December 27, 2014 on simulcast signals from Tampa Bay Downs, Aqueduct Racetrack and Gulfstream Park; and
- c) Ratification of the approval granted to New Meadowlands Racing, LLC to conduct the following handicapping contests run November 14, 2014 through August 8, 2015:
 - 60-Second Wagering Spree
 - Beat-the-Boss Handicapping Challenge

Commissioner Keegan made a motion to ratify and approve the noted handicapping contests. Commissioner Arnone seconded the motion and all Commissioners voted yes.

CONSIDER APPROVAL OF FREEHOLD RACEWAY'S 2015 HARNESS WAGERING
FORMAT, ADMISSION PRICES, DEPARTMENT HEADS, ETC.

Commissioner Abbatiello made a motion to approve the 2015 race format of Freehold Raceway. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER APPROVAL OF NEW MEADOWLANDS RACING'S 2015 HARNESS
WAGERING FORMAT, ADMISSION PRICES, DEPARTMENT HEADS, ETC.

Commissioner Abbatiello made a motion to approve the 2015 race format of the New Meadowlands Racetrack. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER RATIFICATION OF THE NEW MEADOWLANDS RACING'S REQUEST
TO OFFER THE FOLLOWING GUARANTEED WAGERS FOR THE 2014-2015
WINTER MEET:

- a. \$.50 cent Pick 5 - \$30,000 Guaranteed Pool (Nightly)
- b. \$.50 cent Early Pick 4 - \$25,000 Guaranteed Pool (Nightly)
- c. \$.50 cent Late Pick 4 - \$50,000 Guaranteed Pool (Nightly)

Commissioner Keegan made a motion to approve the 2015 race format of the New Meadowlands Racetrack. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER THE REQUEST OF DARBY DEVELOPMENT, ON BEHALF OF THE
NJTHA, TO CANCEL RACES ON SEPTEMBER 25, OCTOBER 4, 11, 24, 25 AND
NOVEMBER 1, 2014 DUE TO INCLEMENT WEATHER

Chairman Clyne motioned to approve the request of the NJTHA to cancel the noted race dates due to inclement weather. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER THE DISTRIBUTION OF THE CASINO SIMULCASTING SPECIAL FUND
ACCUMULATED IN 2013, PURSUANT TO N.J.S.A. 5:12-205d

It is noted that Commissioner Roselle recused himself from this agenda item.

Executive Director Zanzuccki read the following statement:

“The Commission will now consider the allocation of Casino Simulcasting Special Funds for monies accumulated in 2013 that totals \$825,065.54.

In advance of this meeting today, each Commissioner has been provided with materials and correspondence from all racetracks and horsemen’s groups regarding the aforementioned distributions which were received by the Commission prior to this meeting, and which encompass those materials submitted for the year in question.

The Commission has received written requests for CSSF’s seeking the following amounts:

- Monmouth Park (“Monmouth”) - \$400,000
- Meadowlands Racetrack (“Meadowlands”) - “Appropriate share”
- Freehold Raceway (“Freehold”) - \$400,000
- Thoroughbred Breeders’ Association of New Jersey (“TBA”) - \$489,000
- New Jersey Thoroughbred Horsemen’s Association, Inc. (“THA”) - No specific amount - requests balance after distribution of priority d1 and d2.
- Standardbred Breeders & Owners Association of New Jersey, Inc. (“SBOA”) - \$260,000
- Atlantic City Race Course (“ACRA”) - \$742,557

Oral commentary was allowed at the September meeting and only the TBA and THA commented as follows:

The THA stated that the request for a large portion of the funds is due to the horsemen’s association continuing efforts to benefit the backstretch program and clarified their written comments concerning the 50 percent reduction in THA revenues in past budget years indicating that past budget years was intended to mean 2010 to 2013.

The TBA stated that it does not specifically have any monies that will be directed to it from exchange wagering and indicated uncertainty as to whether the TBA would receive any funds from sports wagering if it were allowed and asked the Commission to consider

these lack of revenues for the Breeders' Program in their decision to distribute the casino simulcasting funds.

The record in this matter was closed on September 17, 2014.

Every year, the racetracks and horsemen's groups set forth compassionate need for casino simulcasting special fund monies. However, the Commission cannot logistically fulfill the requests of each interest group for any single year due to the fact that we are working with limited funds. This Fund continues to decline year after year with the 2013 amount being almost 16.0% less than the 2012 amount.

Furthermore, although the Commission can allocate these monies as it considers appropriate, in exercising its discretion, we must follow the statutory guidelines and priorities established by law. We must give the highest priority to any racetrack which demonstrates that its financial well-being has been negatively affected by casino simulcasting, then to any racetrack which demonstrates that it is financially distressed, then to any horsemen's organization which will use the money to fund a project that the Commission determines will be beneficial to the racing industry, and finally, if there are any monies left following our application of these tiered levels of priority, the remaining monies are required to be equally divided amongst each racetrack.

At the September 17, 2014 Commission meeting, a Committee was formed to review all documentation and reasoning regarding this matter and report back to the Commissioners. The Committee's members are: Commissioners Abbatiello, Aponte, Arnone and Chairman Clyne.

- Casino revenues continued to decline with 2013 results being 6.0% less than in 2012.
- 6 casinos offered simulcasting in 2013 and wagering at outlets also continued its annual decline from \$63.2 million in 2012, to \$54.5 million in 2013.
- Wagering on New Jersey horse racing actually increased by 7.0% from 2012 to 2013 mainly due to increased race dates and the opening of the new grandstand at the Meadowlands.

Chairman Clyne asked that I discuss the committee's findings which I will do now:

All of the facts just mentioned plus the fact that casinos offer multiple gaming options, comps and other incentives that racing cannot match, negatively affect the horse racing industry.

As I said, the total amount to be distributed is \$825,065.54 which is nearly 16% less than the prior year, and we anticipate that number to go down next year since we only have one casino operating in 2014 as a casino simulcasting facility.

The Statute governing distribution of Casino Simulcasting Special Funds designates an order of priority by which allocation of these funds to racetracks and horsemen's groups can and should be made.

As I've said before, **Priority Category No. 1 - Any racetrack that can demonstrate to the Commission that its financial well-being is negatively affected by Casino Simulcasting**

The six casino simulcasting facilities and casino gaming in operation in 2013 generally continue to negatively impact our four racetracks. The Committee has determined as the Commission has in the past, that based on gaming and transportation reports, the casinos market to all areas of the State, not just the region surrounding Atlantic City; provide transportation services and offer incentives to visit Atlantic City such as free rooms and beverages. And again, this is done on a regional or a statewide effort.

Because of these statewide marketing efforts, a racetrack's proximity to the Atlantic City casinos is not a determining factor in this Priority. In addition, there is substantial competition for the gaming dollar from facilities in surrounding jurisdictions that impacts the revenues of all New Jersey racetracks.

All racetracks have submitted documentation of having been negatively impacted by Casino Simulcasting and historically the Commission has found this to be the case when previously allocating these funds.

The Committee has made this determination that all racetracks qualify under d1 and Chairman Clyne would like to know if the full Commission agrees with this determination at this time or if a Commissioner has any comments with respect to this matter.

It was noted for the record that all of the Commissioners indicated agreement with the Committee's determination that all racetracks are negatively affected by casino simulcasting.

Moving to Priority Category No. 2 - Any racetrack in this State which the Commission finds to be Financially Distressed

The Committee has determined that all racetracks are financially distressed based on submissions made to this Commission. We all are aware of the financial hardships facing the horse racing industry in New Jersey. As I have stated, documentation has been submitted supporting the contention that all racetracks are financially distressed and the Committee believes that all four racetracks qualify under this priority as well.

The Executive Director asked how the full Commission feels about that determination?

Commissioner Keegan stated it was an excellent determination and agrees with it. All of the Commissioners agreed that all of the racetracks are financially distressed.

The Executive Director indicated that since the Commission has determined that all racetracks have qualified under d1 and d2, now we have to determine the amount of money that should be distributed to each racetrack based on the amount available.

As each year passes, the regional draw of Atlantic City casinos and the impact of casino simulcasting on our racetracks becomes less related to a particular racetrack's proximity to Atlantic City. This was documented in our 1999 distribution and upheld by the Appellate Division when challenged in 2003.

Following a careful review of all facts in the record, it is the Committee's belief that the most viable racetracks are affected the greatest and those that offer meaningful and substantial racing opportunities should receive the largest distribution of these funds.

Atlantic City Race Course has maintained in its correspondence that they are impacted to the greatest degree due to their close proximity to the Atlantic City casinos.

The Committee feels that Atlantic City Race Course's six-day live race meet does not represent a significant and viable racing opportunity when compared to the State's other racetracks. For example, Monmouth Park/Meadowlands Thoroughbred conduct a total of 71 dates; Freehold Raceway conduct a total of 110 dates; New Meadowlands Harness conduct 82 dates and Atlantic City Race Course, however, continues to request 90% of the funds.

The Committee has determined that Atlantic City should not receive 90% of the funds because of the reduced number of racing days that it offers and would recommend that 80% of the money available go towards racetracks with Monmouth Park, the Meadowlands and Freehold Raceway receiving 70% of those funds and Atlantic City receiving the remaining 10 percent.

The Executive Director stated that the Committee would like to know whether or not the Commission is in agreement with this distribution and the determination that viable racetracks should obtain more funding than a racetrack such as Atlantic City which only offers six days of live racing.

It was noted that all Commissioners were in agreement with the distribution and the determination of the Committee that only viable racetracks should receive more funding than a racetrack that offers less days of live racing.

Under that distribution, the three racetracks– Monmouth Park, New Meadowlands, and Freehold would receive each \$192,512.62 and Atlantic City Race Course would receive \$82,506.56.

Now moving to **Priority Category No. 3 - Any horsemen's organization which will use the money to fund a project which the Commission determines will be beneficial to the racing industry.**

Based on the Committee's review of their submissions, the Committee believes the three groups have submitted requests for funds that qualify, for the most part, since they intend to use the funds allocated for the benefit of the industry by helping fund health and welfare programs for horsemen and to help sustain and increase New Jersey Breeders' awards programs.

The SBOA submitted a request to fund its Health Benefits Program and to also fund standardbred horse retirement programs. The amount requested is \$250,000 for its Health Benefit Program and \$10,000 for funding standardbred retirement programs.

The Committee has determined that both of these programs meet the requirement of the statute as beneficial to the standardbred industry and would like to know whether or not the full Commission also agrees with that determination.

It was noted that all Commissioners were in agreement with the determination of the Committee that both of the standardbred programs are beneficial to the standardbred industry and meet the statute requirements.

The Executive Director continued by stating that the THA submitted a request for funds for use in backstretch, health and welfare programs. He indicated that the Committee believes this is an appropriate use of monies and would like to know if their fellow Commissioners agree with this determination. It was noted that all the Commissioners were in agreement with the Committee's decision.

The TBA requested \$489,000 to provide monies to cover the shortfall in payment of 2013 breeders awards. The Commission has always found this to be a viable use of these funds and the Committee recommends an appropriate amount to support the breeders awards program.

However, the TBA is asking for \$489,000 which is needed to preserve NJ-Bred horse racing in the future.

The Executive Director indicated that the Committee has determined that applying a portion of these monies to the Breeders' Program meets the requirements of the regulation and statute and would like to know whether or not the full Commission concurs with that determination.

The Commissioners indicated that they concur with the determination of the Committee.

After allocating funding under priority categories 1 and 2, there remains a balance of \$165,013.12 for distribution under priority category No. 3.

As is in the past, the Committee believes the funds should be divided equally by breed. Each provides significant live racing opportunities, each provides opportunities for employment, each provides substantial open space by virtue of the land devoted to horse breeding and training and each provides recreational opportunities for our residents.

The Executive Director asked the Commissioners if they agree with the Committee that the funds be divided equally by breed. The Commissioners fully agreed with the determination of the Committee.

Executive Director Zanzuccki stated that the Standardbreds are represented by one organization - the SBOA. The Thoroughbreds are represented by two groups, the THA and the TBA. The Committee has determined that half of the remaining funds be distributed to the SBOA which is \$82,506.56 and the remaining funds to be split evenly between the two thoroughbred horsemen's groups: \$41,253.28 to the THA and \$41,253.28 to the TBA.

Chairman Clyne asked if there was any amount designated for use by the Standardbred Retirement Foundation. Executive Director Zanzuccki replied that the SBOA in their request asked for \$250,000 and have proposed offering \$10,000 towards the Standardbred Retirement Foundation. He indicated that this issue will be addressed in the Commission's motion.

No funds remain for distribution under **Priority Category No. 4 - for all racetracks in this State on an equal basis.**

The Committee had requested that staff prepare a motion that reflected its recommendations for distribution of 2013 Casino Simulcasting Special Funds and Chairman Clyne will now make that motion.

The Executive Director read the following proposed motion:

The Commission has reviewed the written documents and a transcript of the oral presentations and have determined that:

- All racetracks presented documentation that they have suffered a negative financial impact from Atlantic City Casino simulcasting and as in the past the Commission agrees that all racetracks qualify under 5:12-205d(1), the highest priority;
- All racetracks have documented again that they are financially distressed. The Commission agrees and all racetracks qualify under 5:12-205d(2), the second highest priority; and
- The horsemen's groups have again properly applied for funds under 5:12-205d(3) the third highest priority, and, for the most part, suggested uses of the funds that could be considered appropriate.

Based on the determinations at this meeting and the discussions we have just had, and the CSSF Committee recommendations, I believe that the Meadowlands, Monmouth Park, Freehold and ACRC racetracks qualify under Priority 1 and 2 and I make a motion to distribute to the racetracks the following:

- Monmouth Park, Meadowlands and Freehold each receive \$192,515.62, pursuant to paragraphs d(1) and d(2) to the statute; and

- ACRC receive \$82,506.56, pursuant to paragraph d(1) and d(2) to the statute.

Next is the third priority category, and \$165,013.12 remains available after the above distributions under the higher priority provisions. The third priority category authorizes the Commission to allocate funds, in the amount it deems appropriate, to any horsemen's group which will use the money to fund a project beneficial to racing. I believe that the remaining funds be shared by breed with the SBOA receiving 50% and the THA and TBA 25% each.

Accordingly, the funds I propose for distribution to the SBOA may be used for their health and welfare programs to cover ever increasing health insurance costs and up to \$5,000 may be used for funding the Standardbred Retirement Program. As concerns the TBA, it is expected that the TBA will use any allocated monies to fund its breeders' award programs. The THA will use its funds for its health and benefits program.

Based on the discussions at this meeting and the CSSF Committee recommendations, I make a motion to distribute to the horsemen's groups the following:

- \$82,505.56 to the SBOA, as the horsemen's organization representing the standardbred horsemen; and

- \$41,253.28 each to the THA and TBA, as the horsemen's organizations representing the thoroughbred horsemen.

Commissioner Keegan motioned to accept the proposed motion as read by the Executive Director. Commissioner Gruskos seconded the motion and all Commissioners voted yes with the exception of Commissioner Roselle who was recused. Commissioner Aponte stated that he agrees with all of the work that the Commission did and was glad to be a part of the subcommittee, however, he disagrees with the proximity argument, but on its total, he votes in favor of the motion.

EXCHANGE WAGERING

- a) Consider report from Exchange Wagering Committee, proposed summary of comments and proposed responses;
 - b) Consider adoption of summary of comments, responses and adoption of proposed Exchange Wagering rules N.J.A.C. 13:74C (Exchange Wagering)
-

Executive Director Zanzuccki read the following statement:

“The Commission advertised proposed exchange wagering rules for public comment in the New Jersey Register on June 16, 2014. The public was given 60 days to submit written comments to the Commission and the record closed on August 15, 2014. Written submissions were filed on behalf of the Jockeys’ Guild, Inc.; the Council on Compulsive Gambling of New Jersey, Inc.; and Global Betting Exchange Technologies.

The Commission voted at its September 17, 2014 meeting to form a committee comprising Chairman Clyne, Commissioner CoFrancesco III and Commissioner Keegan. The Commission directed the Committee to meet with the industry to consider the issues raised in the written comments and to report back to the Commission with recommendations on how to respond. The Commission also directed the Committee to consider whether the proposed rules adequately ensure that exchange wagers will be accurately processed and contain sufficient safeguards to maintain the integrity of the horse racing industry in this State.

On October 1, 2014, the Committee met with representatives from the racing industry at Monmouth Park. The Commissioners asked the representatives who wished to address the Commission verbally to summarize their comments in writing by October 10, 2014 so they could become part of the record. I provided the Committee with copies of a letter I received from Thomas M. Kennedy, Esq., dated September 22, 2014, that was filed on behalf of the Jockey’s Guild. I also provided the Committee with a letter from John Hindman, SVP and General Counsel, dated September 26, 2014, that was filed on behalf of TVG.

The Committee heard from Dennis Drazin on behalf of Monmouth Park who submitted four documents. Although Mr. Drazin did not file a summary of his verbal comments in writing, the documents he submitted were reviewed by the Committee and provided to the Commission.

The Committee also heard from Donald Weinbaum, Executive Director of the Council on Compulsive Gambling. Mr. Weinbaum filed a written summary of his comments on October 9, 2014 which included a copy of the National Council on Problem Gambling's "Internet Responsible Gambling Standards." Mr. Weinbaum's comments and this document were reviewed by the Committee and provided to the Commission.

Thomas M. Murray, Esq. addressed certain legal concerns of the Jockey's Guild and Mindy Coleman, Esq. addressed certain practical concerns. Mr. Murray filed a written summary of his and Ms. Coleman's comments which were reviewed by the Committee and provided to the Commission.

Representatives of Betfair and TVG addressed the Committee and made available a power point presentation which explained, generally, how exchange wagering works, and suggested how exchange wagering benefits racing and the positive attributes that exchange wagering technology bring to racing integrity for regulatory bodies such as this Commission. Mr. Hindman filed a written summary of his comments and the power point presentation which were reviewed by the Committee and provided to the Commission.

Pursuant to the Commission's directive, Commission staff has summarized the contents of the comments related to the proposed rules and provided the Committee and the Commission with draft responses to the data, views and arguments contained in the submissions in accordance with the requirements of N.J.S.A. 52:14B-4(a)(4). The Committee has carefully considered the comments, the draft responses as well as the proposed rules themselves.

I know that the Committee recommends that the Commission move forward with the adoption of the exchange wagering rules as proposed. I therefore turn the floor over to Chairman Clyne who wants to summarize the Committee's findings and address generally the rigorous application process that must be followed before exchange wagering can be implemented."

Executive Director Zanzuccki turned the floor over to Chairman Clyne.

Chairman Clyne made the following statement:

“As Executive Director Zanzuccki just stated, the Exchange Wagering Committee met with representatives from the industry, considered all of the comments filed with the Commission and reviewed the responses drafted by staff. A summary of the comments, the draft responses and the entire record have been provided to each Commissioner prior to today’s meeting.

I believe that the formation of the Committee was helpful. It gave Commissioner CoFrancesco, Commissioner Keegan and me the opportunity to consider more detailed information regarding exchange wagering and more time to review the complex regulatory provisions in the proposed rules.

Speaking on behalf of the Committee, I am comfortable in recommending that the Commission move forward and adopt the proposed rules as written. Staff’s careful review of the comments, submitted in connection with these rules, and their responses do not identify any legal infirmities or other considerations that would warrant rejection or modification of these rules at this time.

In forming this Committee, the Commission directed us to consider carefully whether the rules adequately: ensure that exchange wagers will be accurately processed and contain sufficient safeguards to maintain the integrity of the racing industry in this State.

I believe that the rules accomplish both of these objectives. The adoption of these rules is but one step in an exhaustive process which is intended to ensure that exchange wagering is conducted in a lawful manner that is consistent with the Exchange Wagering Act and is beneficial to our horse racing industry.

The licensure application process set forth in the rules is rigorous -- requiring the applicant to demonstrate its suitability for a license by clear and convincing evidence. The applicant must file, for Commission review and approval, a petition which: identifies the markets that will be offered, includes a description of the possible exchange wagers that can be placed within the market and sets forth the rules for each wager.

The rules also require that the Authority file, for Commission review and approval, written internal control procedures that ensure:

- wagers will be accurately processed;
- record keeping will be maintained;
- the technology of the system will be reliable and sound; and
- sufficient safeguards are in place to maintain the integrity of our horse racing industry.

Once all of the required information has been provided and our Executive Director has determined that the application is complete, the Commission's work begins in earnest. Commission staff must review, analyze and investigate all of the information received.

The Exchange Wagering Act and the proposed rules grant this Commission broad authority to prescribe conditions under which exchange wagering will be conducted in this State. This authority gives us the power and discretion to do whatever may be necessary, including the use of outside experts at the cost of the exchange wagering license applicant, to ensure that the technology to be employed is reliable and that the integrity of the exchange wagering system and our horse racing industry is preserved."

Commissioner Abbatiello asked how exchange wagering will benefit the purse schedule at the racetracks and is there a percentage given to purses from exchange wagering. Executive Director Zanzuccki responded that at the present time this is information that will be submitted through the application process. Dennis Drazin, of Darby Development, LLC, began to respond to the Commissioner's question, however, the Executive Director indicated that the record is closed in this matter and the Commission does not wish to reopen the record by accepting comments.

Chairman Clyne made the following motion:

Having reviewed the vast record that was provided to each of us, I move that the Commission approve the summary of the comments and responses prepared by staff. A review of these comments does not identify any legal problems or other considerations which would require that we modify these rules. As a result, I move that the Commission adopt the proposed exchange wagering rules that were published at 46 N.J.R. 1424 on June 16, 2014 and direct staff to submit all necessary paperwork to the Office of Administrative Law.

Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER A SETTLEMENT AGREEMENT IN THE MATTER OF KEITH EVRINGHAM, DVM V. NJRC, OAL DOCKET NO. RAC 17440-2013S

Commissioner Cofrancesco made a motion to approve the settlement agreement in the matter of Dr. Keith Evringham v. the Racing Commission which includes a \$500 fine and a violation of N.J.A.C. 13:71-1.15 Conduct detrimental to racing. Chairman Clyne seconded the motion and all Commissioners voted yes with the exception of Commissioner Roselle who had disconnected from the conference call.

ITEMS FOR DISCUSSION AND INFORMATION

The Executive Director stated that notice of the 2015 Racing Commission meeting dates is available and will be provided to the industry.

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

ATTEST:

A handwritten signature in cursive script, appearing to read "Frank Zanzuccki", is written over a horizontal line.

Executive Director Frank Zanzuccki