

**NEW JERSEY RACING COMMISSION
WEDNESDAY, NOVEMBER 20, 2013
RACING COMMISSION OFFICE
140 EAST FRONT STREET, FOURTH FLOOR
TRENTON, NEW JERSEY**

A meeting of the New Jersey Racing Commission was held on Wednesday, November 20, 2013, in the Racing Commission office located at 140 East Front Street, in Trenton, New Jersey.

The following were present:

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

The following were absent:

Anthony R. Caputo, Commissioner
Peter J. Cofrancesco, III, Commissioner
Peter T. Roselle, 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 2014 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 2014, 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 2014).
2. Legal advice concerning the distribution of the Casino Simulcasting Special Fund accumulated in 2012, pursuant to N.J.S.A. 5:12-205d;
3. Legal advice concerning Darby Development Inc.'s request, on behalf of the NJTHA, to cancel races on November 1, 2013 due to inclement weather.
4. 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 was participating by telephone.

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

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

CONSIDER APPROVAL OF THE MINUTES OF THE PUBLIC AND EXECUTIVE SESSIONS OF THE OCTOBER 23, 2013 COMMISSION MEETING

Commissioner DePaola made a motion to approve the public and executive minutes of the October 23, 2013 public meeting. Commissioner Clyne seconded the motion and all Commissioners voted yes.

CONSIDER THE ALLOCATION OF RACING DATES FOR THOROUGHBRED AND STANDARD BRED PERMIT HOLDERS FOR 2014

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 2014 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 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 order:

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 2014 Monmouth Park proposed thoroughbred schedule, followed by its 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 2014 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 2014 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 ACRA is requesting six days of racing on April 24, 25, 26, 27, 29, and 30, 2014 and being dark on Monday, April 28. Commissioner DePaola asked if Atlantic City would ever consider conducting more than six days of racing. Bruce Garland, representing Atlantic City Race Course, responded that the race course has considered conducting more days, however, six days is the maximum number of days the racetrack can conduct to provide the current purse level. Mr. Garland stated that had Atlantic City been provided with some of the purse

supplement monies, they could have afforded more days. If this situation ever changes, the race course will consider more dates.

Monmouth Park and Meadowlands Racetrack (thoroughbred)

Michael Musto, on behalf of the THA, stated that the thoroughbred horsemen are applying for 57 days at Monmouth Park, from May 10 through September 28. Mr. Musto indicated that the dates requested is a reduction of four days and those days will be added to the Meadowlands thoroughbred meet.

Mr. Musto stated that the thoroughbred horsemen are requesting 14 days—September 18 through October 18, all turf racing, to be conducted at the Meadowlands Racetrack and preferably under the lights.

Darin Zoccali, on behalf of the New Meadowlands Racetrack, indicated that the racetrack will be able to accommodate evening racing at the facility.

Thoroughbred Horsemen's Association

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

Commissioner DePaola asked Executive Director Zanzuccki to read the proposed following motion on his behalf:

The Racing Commission has received 2014 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 14 day, all turf racing, meet from September 18 through October 18, 2014. The application for Monmouth Park submitted by NJTHA, as just revealed, encompasses 57 race dates commencing May 10, 2014 and ending September 28, 2014.

The application of Atlantic City Race Course for 2014 consists of a six-day, all turf racing meet beginning on April 24, 25, 26, 27, 29, and ending on April 30.

The 2014 race date applications 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.

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 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.

I believe an approval of the thoroughbred race date application, while not achieving a year-round circuit, does provide for reasonable continuity of racing from April 24 to October 18, 2014. This schedule shall serve to: promote the thoroughbred industry, maintain and enhance the employment which thoroughbred racing provides, encourages horses and horsemen to stay in New Jersey, provides 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 provides 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 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 2014 application of the Atlantic City Race Course for a six-day meet;
- 2) Approval of the 2014 thoroughbred race date application of NJTHA for a 14 day meet at the Meadowlands;
- 3) Approval of the 2014 thoroughbred race date application of NJTHA to conduct 57 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 Abbatiello 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 meet beginning with the winter/spring meet on January 2 through May 17 for 62 dates, and the summer/fall meet beginning on August 29 through December 13 for 48 dates.

New Meadowlands Racetrack

Darin Zoccali appeared on behalf of the NMR and requested the identical 81 standardbred dates that were raced in 2013, with 68 dates to be raced beginning January 2 and running through August 2, and 14 days to be raced beginning on November 14 through the end of the year which will include the Breeder Crown Championships and also avoid any conflict with the thoroughbred dates.

Standardbred Breeders' and Owners' Association

There was no representative present from the SBOA, however, it was noted for the record that the Commission is in receipt of written approval from the SBOA for the reduction in race dates of the New Meadowlands Racetrack and Freehold Raceway.

There were no further comments on the standardbred race dates.

Commissioner DePaola asked Executive Director Zanzuccki to read the proposed following motion on his behalf:

The Racing Commission has received 2014 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 other commentary offered.

The application for racing at Meadowlands Racetrack - harness - seeks approval to race a total of 81 dates. Racing will be held in 2014 from January 2 through August 2, and November 14 through December 27.

In 2014, Freehold Raceway proposes to race 110 days from January 2 through May 17 and August 28 through December 13.

The 2014 standardbred race date applications reflect in an aggregate 191 harness dates. As required by statute, the Standardbred Breeders' & Owners' Association has approved, in writing, the reduction from 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 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.

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 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 relationship 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 of 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 2014 application of the Freehold Raceway for 110 days;
- 2) Approval of the 2014 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 Clyne seconded the motion and all Commissioners voted yes.

Darin Zoccali was provided an opportunity to update the Commissioners on the opening of the New Meadowlands Racetrack on November 23. Mr. Zoccali stated that the racetrack had their soft opening on Monday and the track is fully operational with simulcasting going well and the Monday import handle was up five percent from the previous Monday. He indicated that the racetrack is prepared to go forward this Saturday with the areas of dining, owner's club and the sky box seats all sold out. It is anticipated attendance to be approximately 10,000 people. Mr. Zoccali added that there will be a 13-horse race card on Saturday and a promotional event featuring a million dollar contest which involves choosing all 13 winners. The Commission wished the New Meadowlands Racetrack much success.

- a) Consider whether to approve: Sportech Racing, Inc. to continue (for calendar year 2014, 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 2014)
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Commissioner DePaola motioned to approve the item subject to conditions contained in Schedule D. Commissioner Keegan seconded the motion and all Commissioners voted yes.

2014 ACCOUNT WAGERING LICENSE AND QUALIFIER APPROVAL REQUESTS

- 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 2014.
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Commissioner DePaola asked Executive Director Zanzuccki to read the proposed following motion on his behalf:

The Racing Commission has received from the New Jersey Sports and Exposition Authority, an application for the 2014 renewal of its account wagering license. The Racing Commission has been provided with materials from its staff, as well as a proposed order with license conditions, should the Racing Commission determine to grant the relief requested through the application filed by the Authority. In reviewing these 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 the requirements set forth in the Racing Commission’s related regulations. I also find that the proposed Order and proposed license conditions for 2014, as to the Authority and each industry group referred to in the Order, are satisfactory and appropriate.

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 Keegan 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 2014) 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 2014); and whether to approve Elite Consultants, LLC to continue (for calendar year 2014) 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 2014)

Commissioner DePaola asked Executive Director Zanzuccki to read the proposed following motion on his behalf:

We considered this agenda item, as concerns Darby specifically, for the first time on November 30, 2012. Since our approval one year 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, 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 that a new license condition be imposed, requiring that DARBY and ELITE make written submissions and filings, for continued approval for 2015, no later than October 15, 2014.

Commissioner Abbatiello 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 2014) 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 2014)

Commissioner DePaola asked Executive Director Zanzuccki to read the proposed following motion on his behalf:

We considered this agenda item for the first time earlier this year, on February 27, 2013. Although little time has elapsed since our initial approval, TVG Network has provided account wagering platform and related services in a capable manner. I would note that, other than can be reasonably anticipated during a transition period to a new platform provider, TVG's introduction into New Jersey was virtually seamless. I understand that the Authority, as well as the impacted industry groups and the vast majority of the wagering public who have expressed their opinions to the Commission, are quite pleased with the new platform services of TVG Network. 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. On behalf of the Commission, I would extend our thanks and appreciation to both TVG Network, and Sportech as the previous platform provider, for insuring an orderly transition between the operations of the two entities.

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 that a new license condition, requiring that TVG NETWORK make a written submission and filing, for continued approval for 2015, no later than October 15, 2014.

Commissioner Clyne seconded the motion and all Commissioners voted yes.

- ii) Consider whether to approve: Sportech Racing, Inc. to continue (for calendar year 2014) to provide totalisator and related services for the account wagering system at the Mount Laurel Dater Center; and the renewal of Sportech's Racing Commission license for such purpose (for calendar year 2014)

Commissioner DePaola asked Executive Director Zanzuccki to read the proposed following motion on his behalf:

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 2014. I further propose that a new license condition, requiring that Sportech make a written submission and filing, for continued approval for 2015, no later than October 15, 2014.

Commissioner Keegan seconded the motion and all Commissioners voted yes.

- c) Consider the petition of the New Jersey Thoroughbred Horsemen's Association, Inc., for approval for 2014, 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)

Commissioner DePaola asked Executive Director Zanzuccki to read the proposed following motion on his behalf:

The Commission is in receipt of a petition filed by the NJTHA seeking Commission approval with regard to this agenda item, which I have reviewed. We first determined that the NJTHA was suitable, as a 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 and 2013, 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 through No. 35, of that 2012 Order, I move that the Commission find the NJTHA to continue to be so qualified for 2014, and therefore, it may continue to receive an approximate 50% share of the account wagering system revenues from the Authority. I further proposed that a new license condition be imposed, requiring that the NJTHA make its written submission and filing, for continued approval for 2015, no later than October 15, 2014.

Commissioner Keegan seconded the motion and all Commissioners voted yes.

- d) Consider the petition of New Meadowlands Racetrack, LLC, for approval for 2014, 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)

Commissioner DePaola asked Executive Director Zanzuccki to read the proposed following motion on his behalf:

The Commission is in receipt of a petition filed by NMRLLC and Mr. Jeffrey Gural seeking Commission approval with regard to this agenda item for 2014, which I have reviewed. We first determined that the NMRLLC and its manager Jeffrey Gural, were suitable, as a qualifier to the account wagering system, on December 20, 2011, as embodied in our related Order of December 21, 2011. NMRLLC and Mr. Gural, since that time, have remained in good standing with the Commission and have continuously remained so qualified, including for calendar years 2012 and 2013. I find that the NMRLLC and Mr. Gural remains 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 conditions No. 2 through No. 4 at page 12 thereof, I move that the Commission find that both NMRLLC and Mr. Gural continue to be

so qualified for 2014, and therefore, that NMRLLC may continue to receive an approximate 50% share of the account wagering system revenues from the Authority.

I further propose that a new license condition, requiring that NMRLLC/Mr. Jeffrey Gural make its written submission and filing, for continued approval for 2015, no later than October 15, 2014.

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 1/1/14 through 12/31/14
- b) Vineland City 1/1/14 through 12/31/14
- c) Bayonne City 1/1/14 through 12/31/14
- d) Woodbridge 1/1/14 through 12/31/14

Commissioner DePaola asked Executive Director Zanzuccki to read the proposed following motion on his behalf:

The Racing Commission has received applications to renew the off-track wagering licenses for calendar year 2014, 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 includes 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 Clyne seconded the motion and all Commissioners voted yes.

CONSIDER, PURSUANT TO THE EXISTING “MANAGEMENT AND DEVELOPMENT AGREEMENT” BETWEEN THE NJ THOROUGHBRED HORSEMEN’S ASSOCIATION, INC. (“NJTHA”), DARBY DEVELOPMENT, LLC (“DARBY”), AND ELITE CONSULTANTS, LLC (“ELITE”), WHETHER TO APPROVE: DARBY TO CONTINUE (FOR CALENDAR YEAR 2014) 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 2014); ELITE’S CONTINUING TO SERVE AS CONSULTANT TO DARBY (FOR CALENDAR YEAR 2014) FOR SUCH PURPOSES; AND THE RENEWAL OF ELITE’S RACING COMMISSION ISSUED LICENSE FOR SUCH PURPOSES (FOR CALENDAR YEAR 2014)

Commissioner DePaola asked Executive Director Zanzuccki to read the proposed following motion on his behalf:

Through its Orders dated May 9, 2012 and June 21, 2012, the Racing Commission initially approved the New Jersey Thoroughbred Horsemen's Association, Inc.'s ("NJTHA") receipt, from the New Jersey Sports & Exposition Authority ("Authority"), of the racetrack permit for Monmouth Park, the thoroughbred permit for the Meadowlands Racetrack, 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 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 off-track wagering facility, as well as future development of OTWs and EZBets associated with bars and restaurants as consistent with law. Since that time, including throughout 2013, DARBY and ELITE have functioned in such capacities.

Since our approval, it is evident that the NJTHA 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 2014, 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 31, 32, 33, 34 and 35 of the May 9, 2012 Order, as well as the oversight procedures implemented pursuant to conditions 36 and 37 of said Order, as supplemented by the related Commission notification requirements imposed in our Order of June 21, 2012. I further propose that a new condition be imposed, requiring that DARBY and ELITE make written submissions and filings, for continued approval for 2015, no later than October 15, 2014. 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.

Commissioner Keegan seconded the motion and all Commissioners voted yes.

SIMULCASTING

Casino Simulcasting

Consider approval of Bally's Park Place, Inc. (Bally's Atlantic City), Marina District Development Company, LLC (Borgata Hotel Casino and Spa), the Boardwalk Regency Corporation (Caesars Atlantic City), Harrah's Atlantic City Operating Company (Harrah's Resort Atlantic City), and Showboat Atlantic City Operating Company, LLC (Showboat Casino Hotel), to receive simulcast horse races (thoroughbred and standardbred) from approved out-of-state tracks, through December 31, 2014, pursuant to N.J.S.A. 5:12-199

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

Consider approval of the following racetrack permit holders to conduct casino simulcasting (to casinos approved or to be approved), through December 31, 2014, for dates granted pursuant to their respective 2014 annual applications for horse race meetings: Monmouth Park, Meadowlands Racetrack (thoroughbred permit) Freehold Raceway, New Meadowlands Racetrack and Atlantic City Race Course

Commissioner DePaola motioned to approve the item subject (with the exception of Freehold Raceway) to Schedule B. Commissioner Keegan seconded the motion. Commissioner Keegan seconded the motion and all Commissioners voted yes.

Consider the request of Sportech Racing, LLC, to act as a hub facility at the Mount Laurel Data Center, through December 31, 2013, concerning: casino simulcasting pursuant to N.J.A.C. 13:71-1.1, et seq. to Bally's, the Borgata, Caesars, Harrah's, and Showboat and to any other casinos to be approved for casino simulcasting

Commissioner DePaola motioned to approve the agenda item subject to Sportech Racing, LLC having renewed its agreements for 2014 as concerns the provisions of its services, and subject to conditions contained in Schedule D. Commissioner Keegan 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 2014

Commissioner DePaola made a motion to approve the agenda item subject to Schedule C. Commissioner Keegan seconded the motion and all Commissioners voted yes.

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

Commissioner DePaola motioned to approve the agenda item subject to Schedules F, G and H, the Federal Interstate Horse Racing Act and all State statutes. Commissioner Keegan seconded the motion and all Commissioners voted yes.

Consider a request of Sportech Racing, LLC, to act as a hub facility at the Mount Laurel Data Center to handle approved simulcast and live wagering activities in connection with the following racetracks: New Meadowlands Racetrack, Monmouth Park, Meadowlands Racetrack (thoroughbred), Freehold Raceway and Atlantic City Race Course

Commissioner DePaola motioned to approve the agenda item subject to Schedule D and subject to Sportech Racing, LLC having renewed its agreements for 2014 as concerns the provisions of these services. Commissioner Clyne seconded the motion and all Commissioners voted yes.

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 DePaola motioned to approve the agenda item subject to Schedules F, G and H. Commissioner Keegan seconded the motion and all Commissioners voted yes.

Consider a request of Sportech Racing, LLC, to act as a hub facility at the Mount Laurel Data Center through December 31, 2014 concerning account wagering and off-track wagering pursuant to N.J.A.C. 13:74 et seq.

Commissioner DePaola motioned to approve the agenda item subject to conditions contained in Schedule C and subject to Sportech Racing, LLC having renewed its agreements for 2014 as concerns the provisions of these services. Commissioner Keegan seconded the motion and all Commissioners voted yes.

Consider the application for approval of the attached 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, 2014

Commissioner DePaola motioned to approve the agenda item subject to conditions contained in Schedules F, G and H. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER THE REQUEST OF THE RACETRACKS, APPROVED CASINOS, 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.

Commissioner DePaola motioned to approve the request of the racetracks, casinos and account wagering and off-track wagering facilities to conduct advance wagering on the listed races of national interest, subject to conditions which include 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. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER THE REQUEST OF THE RACETRACKS, APPROVED CASINOS, NEW JERSEY ACCOUNT WAGERING SYSTEM AND APPROVED OFF-TRACK WAGERING FACILITIES TO OFFER 2014 SPECIAL WAGERS OF NATIONAL INTEREST AND CONDUCT ADVANCE WAGERING.

Commissioner DePaola motioned to approve the request of the racetracks, casinos and account wagering and off-track wagering facilities to offer special wagers of national interest and conduct advance wagering on those races, subject to conditions which include compliance with Schedule G and other conditions as previously imposed in prior years and which conditions will be identified in the Racing Commission's approval letter. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER THE DISTRIBUTION OF THE CASINO SIMULCASTING SPECIAL FUND ACCUMULATED IN 2012, PURSUANT TO N.J.S.A. 5:12-205d

Executive Director Zanzuccki read the following statement:

“The Commission will now consider the allocation of Casino Simulcasting Special Funds for monies accumulated in 2012 that totals \$981,346.12.

In advance of this meeting today, each Commissioner has been provided with materials and correspondence from all racetracks and horsemens 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. There were no new issues raised when oral commentary was allowed at the September 18, 2013 meeting.

Additional facts relevant to the specific year under consideration were compiled by Commission staff members and include wagering and other data related to the casinos, transportation data regarding Atlantic City, as well as statistical information such as handles of the various racetracks, OTW parlors, New Jersey telephone and internet betting systems.

The record in this matter was closed on October 3, 2013, with no additional comments received.

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 2012 amount being 12.3% less than the 2011 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 who demonstrates that its financial well being has been negatively affected by casino simulcasting, then to any racetrack who demonstrates that it is financially distressed, then to any horsemen’s organization which will use the money to fund a project which 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 18, 2013 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 Aponte, Cofrancesco and Keegan. Commissioner Keegan will present the results of their recommendations for consideration and discussion among all Commissioners but first I will highlight some pertinent facts from 2012.

- Atlantic City tries to continue to expand as a destination resort with the opening of The Revel and the Golden Nugget (former Harrahs Marina). It is noted that neither has a casino simulcast facility.
- Atlantic City Airport was expanded.
- Competition for the Gaming customer increases dramatically with new casinos being opened in surrounding jurisdictions.
- Casino revenues continued to decline with 2012 results being 8.0% less than in 2011.
- Wagering at casino simulcast outlets also continued its annual decline from \$69.3 million in 2011 to \$63.2 million in 2012, an 8.8% drop.
- Wagering at all New Jersey horse racing facilities declined by 6.1% from 2011 to 2012.

Commissioner Keegan will now present the committee findings and recommendations for discussion.”

Commissioner Keegan asked Executive Director Zanzuccki to read the committee's findings as follows:

All of the facts just mentioned plus the fact that casinos offer multiple games of chance and offer comps and other incentives that racing can not match, results in a continuing loss of revenue to the horse racing industry.

The total amount to be distributed is \$981,346.12 which is 12.3% less than the prior year.

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.

Starting with Priority Category No. 1. Any racetrack that can demonstrate to the Commission that its financial well-being is negatively affected by Casino Simulcasting

Clearly, from the statistics just reviewed, casino simulcasting and casino gaming negatively impact our four racetracks. Casinos market to all areas of the State; provide transportation services and offer incentives to visit A/C such as free rooms and beverages.

In addition, there is substantial competition for the gaming dollar from facilities in surrounding jurisdictions that impacts the revenues for New Jersey racetracks and casinos. And the statistics clearly show a significant and continuing loss of wagering dollars at our Racetracks and decline in Casino Gaming wins year after year.

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 Executive Director indicated that Commissioner Keegan would like to know whether other Commissioners agree that all racetracks are negatively affected by casino simulcasting.

Commissioner Keegan stated that it is his understanding that the all of the Commissioners believe that the racetracks are definitely impacted by casino simulcasting and asked if this is true of the Commissioners. All of the Commissioners stated their a agreement that the racetracks are negatively affected by casino simulcasting and are entitled to money under Category No. 1.

The Executive Director continued his statement on behalf of Commissioner Keegan:

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

We all are aware of the financial hardships facing the horse racing industry in New Jersey.

All four racetracks have submitted documentation that they are financially distressed.

It is believed that they all have successfully documented their financial distress and thus all racetracks qualify for funds under this priority. The Commissioners were asked if they agree with this statement. All of the Commissioners were in agreement.

Now we should discuss allocations among the affected racetracks considering the top two priorities.

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

We feel 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 -

Monmouth Park/Meadowlands Thoroughbred: 75 dates
Freehold Raceway: 90 dates
Meadowlands Harness: 81 dates

Atlantic City Race Course continues to request the bulk of the funds which is 90 percent.

The Executive Director stated that Commissioner Keegan disagrees with Atlantic City Race Courses assertion that it deserves the bulk of this funding and would like the opinion of other Commissioners.

All of the Commissioners stated that they disagree with Atlantic City Race Course that it deserves the bulk of the funding.

With the foregoing facts in mind and giving due consideration to the reduced funds accumulated in 2012, I propose that under the first two priorities the four racetracks receive 80% of the available funds to be distributed as follows:

Monmouth Park, Meadowlands, and Freehold receive 71% of the funds in equal amounts of \$232,251.92.

Regarding Monmouth Park distribution, NJSEA was the permitholder for one-third of the year and the NJTHA for the balance. Therefore, allocation for Monmouth Park is \$77,339.89 to NJSEA and \$154,912.03 to NJTHA.

I also propose that Atlantic City Race Course, although entitled to some of these funds, should receive less due to its limited racing schedule but also recognizing that it is a popular, well - attended 6 day meet, recommend they receive 9% of the funds which equates to \$88,321.15.

The Executive Director continued with Commissioner Keegan's statement as follows:

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

The SBOA submitted a request to also fund standardbred horse retirement programs, and fund the pension fund for drivers and trainers. Although these are obviously worthwhile programs in my opinion, given the limited amount of funding available, the Casino Simulcasting Special Fund monies would best be used to fund the Health and Welfare program and other funding sources should be found for the other uses.

The Commissioners were asked their opinion as to whether the SBOA should utilize the monies to fund the health and welfare program.

Commissioner Clyne disagreed and indicated that she believes that it is important to allow the SBOA to direct a portion of the monies received to be designated to the Standardbred Retirement Foundation because the horses do not have a voice, therefore, the Commission should be the advocate for the horses. She stated that the SBOA requested the use of this money and should at least have a token amount designated to the retirement of race horses. Commissioner Keegan indicated that the money should come from the amount awarded to the SBOA by the Commission. Executive Director Zanzuccki noted that the SBOA requested \$280,000 to be divided among the three programs identified in their request. He stated that the Committee, however, is recommending that the SBOA receive slightly less than \$100,000, and recommended that an amount less than \$10,000 be directed to the retirement foundation as determined by the SBOA. Commissioner Clyne agreed that the SBOA should determine the amount of funding to be designated to the retirement foundation and stated that is important that the public's perception of the racing industry is one that the Racing Commission is mindful of the care of retired race horses. It was the consensus of the Commissioners to direct the SBOA to utilize up to \$4,000 of fund monies to benefit the Standardbred Retirement Foundation.

Executive Director Zanzuccki continued with Commissioner Keegan's statement:

The THA submitted requests for funds for use in its Backstretch Health and Welfare program and its pension plan.

It is suggested the Commission grant these funds for this use to assist in maintaining current levels of coverage.

The Commissioners were asked their opinion as to the THA's use of these funds.

The Commissioners were all in agreement that the THA utilize the funds for the backstretch and health and welfare program.

The Executive Director continued as follows:

The TBA requests funds to provide monies to cover the 3% of unpaid 2012 breeders awards. We have always found this to be a viable use of these funds and I suggest we award funds to support their breeders awards program.

The Commissioners were asked their opinion as to the TBA's request to utilize funds to cover breeders' awards and all of the Commissioners voiced their agreement as to the use of the monies to fund the breeders' award program.

The Executive Director continued as follows:

After allocating funding under priority categories 1 and 2, there remains a balance of \$196,269.21 for distribution under priority category No. 3.

It is believed 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 Commissioners were all in agreement that the funds be divided equally by breed.

The Standardbreds are represented by one organization - the SBOA. The Thoroughbreds are represented by two groups the THA and the TBA.

The following is proposed:

Half of the remaining funds to the SBOA which is \$98,134.61 and the remaining funds to be split evenly between the two thoroughbred horsemen's groups:

\$49,067.30 to the THA

\$49,067.30 to the TBA

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 2012 Casino Simulcasting Special Funds and Commissioner Keegan asked that Director Zanzuccki read the motion on his behalf, which motion is as follows:

Regarding the 2012 accumulated fund monies, which totals \$981,346.12, I would note that this represents an 12.3 percent decrease in the funds available for distribution compared to the prior year. For comparison purposes, in 1999 this fund had over \$2.2 million available for distribution. We have received applications from each racetrack, and from each horsemen's group.

In these applications, all of the racetracks have requested that funds be distributed to them pursuant to N.J.S.A. 5:12-205d(1) (the racetrack can demonstrate that its financial well being has been negatively affected by casino simulcasting) and 205d(2) (the Commission finds the racetrack to be financially distressed).

Specifically, the New Jersey Sports and Exposition Authority (“NJSEA”) requested that it receive \$100,000 of the funds to be distributed to the Meadowlands Racetrack and Monmouth Park. Freehold Raceway requested \$500,000 and the Atlantic City Racecourse asked for \$883,211. Also New Meadowlands Racetrack requested an “appropriate share” and NJTHA \$500,000 for Monmouth Park.

In the applications filed by the horsemen’s organizations, the Standardbred Breeders and Owner’s Association (“SBOA”) asked for \$280,000. Of this total \$250,000 would be used to supplement its self-funded health insurance program, \$10,000 for the retirement program which seeks to find safe, healthy and caring homes for retired standardbred racehorses and \$20,000 for a driver and trainer pension fund.

The New Jersey Thoroughbred Horsemen’s Association (“THA”) requested the entire balance of funds that remained after distribution to racetracks to be used to help fund the Backstretch Health & Welfare Program. Finally, the Thoroughbred Breeders’ Association of New Jersey (“TBA”) requested \$65,000 to help fund its 2012 Breeders Awards program.

At its September 18, 2013 meeting, the Commission gave all of the interested parties the opportunity to provide additional, verbal comments regarding the distribution of the Casino Simulcasting Special Funds and there were none. The Commission also voted to allow the application of NJSEA although it was submitted late. The record was officially closed on October 3, 2013 with no additional comments received.

I would like to note at this time that the continued decline in the amount of money available in the fund is a concern when considering the relative positive financial impact of each allocation on the respective parties based on recent Commission distributions.

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.

In determining specific allocations, I find that the highest priority category is the negative impact of casino simulcasting and I find each racetrack's financial well-being has been negatively affected by casino simulcasting in 2012, directly, and by casino simulcasting in a derivative manner, due to the attraction of horse players to casino simulcast parlors, and from there, to other casino games of no benefit to our industry.

The racetracks highlighted many of the same relevant issues and rationales it set forth concerning the accumulated 2011 special fund requests. Freehold states that casino simulcasting continues to negatively impact its financial well-being. Meadowlands and Monmouth Park again noted that a negative financial impact may be implied as it continues to have the two most popular signals at casino simulcast facilities, and that the overall impact of casino gaming draws customers from its facility to Atlantic City casinos. ACRC continues to claim that no other entity is as negatively impacted by casino simulcasting as it is and that its reduced racing schedule is directly related to the negative impacts of casino simulcasting. ACRC states that the award of special fund monies to tracks farther away from Atlantic City, and because they may be more viable, is not supported in law. ACRC argues that it is entitled to the majority of the 2012 special fund monies under the law.

I disagree with ACRC's claim that it is entitled to most of the special funds monies available this year. Since 1998, we have awarded monies under paragraph d(1) to other racetracks less proximate to Atlantic City, and the negative impact of casino simulcasting to our racetracks, as each year passes, becomes less related to distance from Atlantic City. Further, when racetracks claim a negative impact to their financial well-being has resulted from casino simulcasting, the viability of that racetrack comes into play and, as in the past, ACRC's reduced race schedule offering is one consideration. Racetracks whose management strive to offer meaningful and

necessary live racing are harmed more by the negative impacts of casino simulcasting, than those who do not. Even though other racetracks have reduced their live race dates, they still offer a significant race meet as compared to Atlantic City Race Course's six days.

Clearly, the financial well-being of each of our racetracks has continued to be negatively affected by casino simulcasting in 2012 as well as other economic factors. While the exact negative impact of casino simulcasting to our racetracks, as in prior years, can not be quantified in terms of dollars and cents, casino simulcasting does negatively impact our racetracks' financial condition, and casino simulcasting serves as one ingredient to their current financial plight. Again, each New Jersey racetrack qualifies under the highest priority category, and the greatest share of the available special fund monies should legally and factually be devoted to our most viable racetracks offering meaningful live racing.

Each racetrack property has also submitted documentation that they are financially distressed, and each argues that it also qualifies for consideration under the second priority category to the statute for 2012.

The New Jersey Sports and Exposition Authority stated that during its four months as permit holder for Monmouth Park losses totaled \$10.2 million.

ACRC states that it realized an operating loss of over \$1.3 million in 2012. Freehold noted it realized a \$3.6 million loss for 2012, and New Meadowlands Racing states it lost almost \$2.3 million from racing operations.

In considering each application, I believe that the Meadowlands, Monmouth Park, Freehold and ACRC racetracks have each demonstrated that they are financially distressed.

With due consideration to the reduced funds available this year, I propose, under the first two priorities, the following allocations:

- Monmouth Park, Meadowlands and Freehold each receive \$232,251.92, pursuant to paragraphs d(1) and d(2) to the statute; and

- of the \$232,251.92 allocated to Monmouth Park, NJSEA is allocated \$77,339.89 and NJTHA \$154,912.03.

-ACRC receive \$88,321.15, pursuant to paragraph d(1) and d(2) to the statute.

Next is the third priority category, and \$196,269.21 remains available after the above proposed 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 percent and the THA and TBA 25 percent each.

Accordingly, the funds I propose for distribution to the SBOA are to be primarily used for the health and welfare program and up to \$4,000 may be used for the Standardbred Retirement Foundation, and that the THA may use their funds to fund the health and welfare programs to cover ever increasing health insurance costs. As concerns the TBA, it is expected that the TBA will use any allocated monies to fund its breeders award programs.

I propose the following for distribution to the horsemen's groups:

-\$98,134.61 to the SBOA, as the horsemen's organization representing the standardbred horsemen; and

-\$49,067.30 each to the THA and TBA, as the horsemen's organizations representing the thoroughbred horsemen.

Commissioner DePaola seconded the motion and all Commissioners voted yes. Commissioner Aponte stated that he votes yes and agrees with the numbers, but not 100 percent with the reasoning.

CONSIDER APPROVAL OF THE FREEHOLD RACEWAY 2014 HARNESS WAGERING FORMAT, ADMISSION PRICES, DEPARTMENT HEADS, ETC.

Commissioner DePaola motioned to approve the 2014 harness format as submitted by Freehold Raceway. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER APPROVAL OF THE NEW MEADOWLANDS' 2013 HARNESS WAGERING FORMAT, ADMISSION PRICES, DEPARTMENTS HEADS, ETC.

Commissioner Abbatiello motioned to approve the 2014 harness race format as submitted by the New Meadowlands Racetrack. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER THE REQUEST OF THE BACKSTRETCH ADVISORY BOARD FOR APPROVAL OF THE 2014 BACKSTRETCH PROGRAM BUDGET

The Executive Director indicated that staff recommends the budget in the amount of \$167,735 is \$765 less than last year's budget and staff recommends it be approved as submitted.

Commissioner Abbatiello motioned to approve the budget. Commissioner DePaola seconded the motion and all Commissioners voted yes.

CONSIDER THE RE-ESTABLISHMENT OF THE VETERINARY ADVISORY COMMITTEE COMPOSED OF COMMISSIONERS, LICENSED PRACTICING VETERINARIANS, REGULATORY VETERINARIANS AND OTHER REPRESENTATIVES AS DEEMED NECESSARY

Commissioner DePaolo made a motion to table the consideration of this item until the January 2014 meeting. Commissioner Keegan seconded the motion and all Commissioners voted yes.

CONSIDER THE REQUEST OF DARBY DEVELOPMENT , INC., ON BEHALF OF THE NJTHA, TO CANCEL RACES ON NOVEMBER 1, 2013 DUE TO INCLEMENT WEATHER

The Executive Director stated that Commission approval is required whenever a permit holder seeks to amend its racing dates previously approved by the Commission. He stated that there are certain requirements that racetracks must meet in order to remain eligible to conduct casino simulcasting. The Executive Director indicated that the THA requested and received a total of 71 race dates for 2013 which is the minimum number required in order to remain eligible to conduct casino simulcasting and the loss of the November 1 date would put the permit holder below the required number of dates. However, the statute allows for a racing program to be considered conducted for the purposes of the statute if the program is canceled due to weather or another act of God and

is subject to approval of the Commission. The Executive Director indicated that the submission of the THA to allow that the canceled date be considered as a conducted race date is inadequate and there was no documentation concerning the condition of the track or the weather conditions and the Commission would ask that additional documentation be submitted so that the Commission can consider this item at its January 2014 meeting.

Commissioner DePaola motioned that the item be tabled pending further written documentation from the THA and the matter be considered at the January 2014 meeting. Commissioner Abbatiello seconded the motion and all Commissioners voted yes.

CONSIDER RATIFICATION OF THE FOLLOWING HANDICAPPING CONTEST:

The Borgata Hotel and Casino and Spa to conduct the final of three handicapping contests in a three-part series on November 30, 2013

Commissioner DePaola motioned to approve the ratification granted to the Borgata Hotel and Casino. Commissioner Keegan seconded the motion and all Commissioners voted yes.

ITEMS FOR DISCUSSION AND INFORMATION

The Executive Director stated that notice of 2014 Racing Commission meeting dates is available and will be provided to the industry.

The Executive Director acknowledged receipt of the financial statements of the SBOA for the year ended December 31, 2012.

Commissioner inquired on the status of whether the Commission's financial bills should be considered at its public meeting. The Executive Director indicated that the legal analysis concerning whether the bills should be considered by the Commission is not yet completed.

There being no further discussion or comments from the public, Commissioner DePaola 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:



Executive Director Frank Zanzuccki