August 21, 2019

Honorable Philip D. Murphy  
Governor of the State of New Jersey  
State House  
225 West State Street  
P.O. Box 001  
Trenton, N.J. 08625-0001

Honorable Stephen M. Sweeney  
President of the Senate  
New Jersey Senate  
State House  
P.O. Box 099  
Trenton, N.J. 08625-0099

Honorable Craig J. Coughlin  
Speaker of the General Assembly  
New Jersey General Assembly  
State House  
P.O. Box 098  
Trenton, N.J. 08625-0098

Re: Reports Filed by Horse Racing Industry Pursuant to N.J.S.A. 5:5-99.2  
Identifying the Purposes for Which Purse Subsidy Monies Were Used

Dear Gentlemen:

Enclosed please find the reports filed with the New Jersey Racing Commission by those entities which received horse racing purse subsidy monies appropriated by P.L. 2019, c. 36 (N.J.S.A. 5:5-99.1). As you are aware, the State of New Jersey appropriated $20 million to be used for horse racing purse subsidies in FY2019 and in each of the four fiscal years thereafter and required the filing of annual reports with the Governor and Legislature as a condition of receiving any such funds in the subsequent fiscal years. Ibid. (N.J.S.A. 5:5-99.2).
Each recipient has filed a report with the New Jersey Racing Commission and I am respectfully forwarding these reports to your attention. The recipients of the purse subsidy monies and the amount received are as follows: Monmouth Park racetrack ($10 million), New Meadowlands Racetrack ($6 million), Freehold Raceway ($1.6 million), New Jersey Sire Stakes ($1.2 million) and Standardbred Breeders’ and Owners’ Association of New Jersey ($1.2 million).

As can be seen from the enclosed reports, each recipient has reported that the purse subsidy monies received in FY2019 have resulted in significant positive impacts for the horse racing industry.

Respectfully,

Judith A. Nason
Executive Director

c: Lori O'Mara-Van Driesen, Director
Office of Public Information, OLS
June 26, 2019

Judith A. Nason  
Executive Director NJRC  
140 East Front St., 8th Floor  
Trenton, N.J. 08625

Dear Ms. Nason:

As per the attached, and with the purse supplement from the state of New Jersey in its infancy stages, Monmouth Park is pleased to announce across the board gains after the first 17 days of the 68 days of racing in 2019.

In addition to adding 16 racing days this year based on the $10 million purse enhancement the state has provided, Monmouth Park is now showing on-track attendance of 179,752, a 7.4 percent increase vs. 2018, with an average of 10,573 people enjoying the races on a daily basis. Those numbers have translated into an on-track handle (the number of dollars wagered by people at Monmouth Park on Monmouth Park’s live races) to date of more than $7.6 million, which represents a 5.6 percent increase over the same period last year.

When looking at the overall picture of the amount of money wagered on Monmouth Park horse races — that is, dollars coming from off-site venues and out-of-state outlet wagered on Monmouth’s product — the numbers are even stronger. We are currently showing a 10 percent increase in simulcast handle, which represents the strength of our product in an atmosphere where everybody is competing for the same gaming dollar.

Totaling those numbers, the result is a 9.5 percent increase in total handle (more than $64.3 million to date) wagered on Monmouth Park’s races. We anticipate these numbers to continue on an upward trend throughout the remainder of our season, which runs through Oct. 27 and includes seven days to be run at the Meadowlands Racetrack in East Rutherford.

Even though the frame of reference is just 17 race days thus far, these numbers show a positive impact for Monmouth Park’s bottom line, with the larger impact being felt in the New Jersey breeding industry. These increases also buck industry trends nation-wide.

In 2018 there were only 60 mares in the state of New Jersey, resulting in 54 registered Thoroughbred foals that year. In anticipation of the supplement, and before an official announcement was made, the number of mares increased dramatically in New Jersey to 85, with an anticipated foal crop of 70 this year.

That number represents an increase of nearly 40 percent over the prior year and the trend is on the upward swing. The New Jersey Breeders’ Association has indicated they anticipate 35 more mares being on the grounds in New Jersey by Nov. 1, 2019, which is the deadline for a mare

Monmouthpark.com  175 Oceanport Avenue, Oceanport, NJ 07757  732.222.5100
to be in the state to be considered a registered New Jersey-bred when that foal is born the following year.

That said, with the supplement in place, and with the anticipation of a continued purse supplement, the foal crop for 2020 is already projected to be at 110 horses, which is more than a 100 percent increase compared to what was realized just two years prior.

The resulting re-birth of the New Jersey breeding industry will be an economic catalyst for live racing, farms, Green Acres programs, open spaces and jobs here in New Jersey – strictly on point with the purpose of the subsidy.

Additionally, the number of horses now stabled at Monmouth Park has grown significantly. In 2018 that number was 950 horses living in Oceanport, N.J. To date, with more horses scheduled to arrive shortly, we are currently at 1,350 horses living on the grounds at Monmouth Park, representing an increase of more than 40 percent. This trend is expected to continue until we reach our current capacity of 1,550 with the prospect of new construction for additional barns and stabling.

I cannot express enough the impact this supplement has had on the racing and breeding industry here in the Garden State. The horsemen, management, breeders and all stakeholders in this pivotal industry are extremely grateful for the support from the state and we look forward to our continued success.

If there are any additional questions, please feel free to reach out to me.

Respectfully yours,

Dennis Drazin
Chairman and CEO

Enclosure
MAY/JUNE 2018-19 COMPARISON

17-DAY MAY/JUNE 2019 AVERAGES
Number of races: 192
Average number of races per day: 11.3
Average attendance: 10,573 (179,752)  +7.4 percent
On-track handle: $7,645,420  +5.6 percent
Simulcast handle: $56,680,922  +10 percent
Total handle: $64,326,342  +9.5 percent

17-DAY MAY/JUNE 2018 AVERAGES
Number of races: 189
Average number of races per day: 11.1
Average attendance: 9,857 (167,574 total)
On-track handle: $7,242,758
Simulcast handle: $51,512,401
Total handle: $58,755,159
July 5, 2019

Ms. Judith A. Nason  
Executive Director  
New Jersey Racing Commission  
140 East Front St., 8th Floor  
Trenton, NJ 08625

Dear Ms. Nason:

As shown in the attached, the Meadowlands Racetrack is pleased to report that with the purse supplement from the State of New Jersey used to increase overnight purses, we have seen significant increases in live and export handle.

In anticipation of receiving $6 million in purse enhancement, the Meadowlands Racetrack increased the amount of overnight purses beginning in January. Through the end of June, overnight purse money paid out has been $8.9 million, an increase of $3.7 million from 2018 levels. These additional purse payments have helped drive live on track handle by 13%. Our export handle, that is wagering from off-site venues and out of state outlets wagered on Meadowlands Racetrack product, have seen even stronger growth. During the same period of time as last year, export handle has increased by 31%.

For the six months ended June 2019 we raced 52 days, this is three more racing days than in 2018 primarily due to weather cancellations in the prior year. While these additional racing days represent a 6% increase, we have increased the average number of overnight races from 10 per day in 2018 to 12 per day in 2019, or over 20% increase. Our average purse money per race has gone up 32% from the same period in 2018. Our average purse money per race is $13,757 in 2019 compared to $10,450 in 2018. For the six month period we have run 648 overnight races, which represent 146 more overnight races than in 2018.

While we are only six months into the first year of the purse enhancement, we can already see a very positive impact from the general public on our race product and it stands in stark contrast to industry trends nation wide. Overall the handle of both live on track and export have seen combined increases of 30%. The combined handle for the six months has been $144.6 million, an increase of $33.2M from last year.

The Standardbred Owners and Breeders Association of New Jersey are separately sending you a letter describing the tremendous positive impact that they have seen and is very encouraging for our industry.

1 Racetrack Drive  
East Rutherford, NJ 07073  
(201) 843-2446
I am very optimistic about the impact this purse supplement has had on the racing and breeding industry in New Jersey. On behalf of all the stakeholders, including the breeders, the riders and the employees of the Meadowlands, we are extremely grateful for the support we have received from the state and hope that these trend lines continue.

If you have any questions, please feel free to contact me.

Respectfully yours,

Jeffery R. Gural
Chief Executive Officer

Jason M. Settlemoir
Chief Operating Officer/General Manager
## Supplement Impact January through June 2018 vs 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
<th>Variance</th>
<th>%</th>
<th>Note</th>
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<td>52</td>
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<td>Number of Overnight Races</td>
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<td>Avg Purse Money/Race</td>
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</table>
July 8, 2019

Dear Ms. Nason:

The Standardbred industry is grateful to the State Legislature for its support of horseracing and breeding in New Jersey and is happy to report the positive impacts the first-year appropriation has produced already for the industry in such a short time.

We can already report increased interest in breeding in New Jersey. Mike Klau of Southwind Farms reported that “all three of our stallions, Muscle Hill, Walner, and Tactical Landing, will have full books this year.” Mike Gulotta of Deo Volente Farms said he expects both Lazarus and Trixton to also have full books. Additionally, Dr. Richard Meirs of Walridge Farm indicated that he has added several stallions and anticipates another 30 or 40 breedings.

Clearly, the prospect of breeding more than 700 mares in New Jersey in 2019 is a significant increase over our 279 breedings in 2017 and 435 in 2018. The potential of a better than 60-percent increase from last year in the breeding of mares is outstanding news for the business.

The impact of the state’s appropriation was felt even before it was approved. When news of the proposed funding was reported last year, it gave a boost to the breeding industry through a successful yearling sale at November’s Standardbred Horse Sale in Harrisburg. Yearlings raised in the Garden State sold for more than $10.1 million at the sale, a level not reached in recent memory.

New Jersey residents and others also were active in spending, with 17 of the yearling auction’s top 50 sellers being signed for by state-based owners or trainers. The state’s breeders also were active in reinvesting their yearling sales money in broodmare prospects and stallion shares.

Freehold Raceway announced that purses increased by approximately 50 percent to an average of $60,000 per day from an average of $37,500 per day. Since the implementation of the appropriation funds, Freehold has been able to program a full card of racing on a regular basis, which was not the case in 2018.

As a whole, New Jersey harness racing has seen increases in the number of horses racing and in the parimutuel handle. There has been a 36% increase in the number of horses competing since 2018 and a 22% increase in the parimutuel handle.
With results collected solely in the first quarter, the numbers show a positive impact for harness racing in New Jersey, especially in the breeding industry. In 2018 there were six stallions standing in New Jersey, compared to the fifteen stallions now available to breed. There were 435 mares bred to New Jersey stallions in 2018 compared to the estimated 711 bred in 2019. The increase in breeding numbers is directly attributed to the $600,000 allocated to Breeders Awards and $600,000 allocated to the New Jersey Sired Awards Program.

The SBOANJ has already announced the $141,750.00 breakdown of the Breeders Award payouts for the NJSS 3-year-olds that raced at the Meadowlands in May as follows:
NJSS 3-year-old pacing colts/geldings: $24,000.00
NJSS 3-year-old pacing fillies: $31,500.00
NJSS 3-year-old trotting colts/geldings: $41,250.00
NJSS 3-year-old trotting fillies: $45,000.00

The SBOANJ anticipates an increase in entries in races that the Breeders Awards are allocated to as well as an increase in the number of horses staked to those races going forward.

Additionally, Gateway Farm, White Birch and Magical Acres have reported an increase in the number of horses stabled compared to 2018 numbers each farm is at capacity. Gateway Farm who usually hosts 3 days of baby races (2-year-olds) in the month of June, had to hold another day of racing due to the abundant number of entries from local trainers.

It is exciting to see these results in just the brief amount of time since the state's appropriation was finalized. We are thankful for the support and will continue to strive to improve and strengthen racing, breeding and ownership in New Jersey.

Please feel free to contact me with any questions.

Respectfully,

Mark Ford
SBOANJ, President

Officers & Directors: Mark Ford, President • Robert Boni, 1st Vice-President • Mark Mullen, 2nd Vice-President • Christopher Ryder, 3rd Vice-President • Michael Guotta, Treasurer • Anthony Romano, Secretary • Stephen P. Dey III, VMD • Yannick Gingras • Michael Klau • Sam Landy • Richard S. Meirs, VMD • Julie Miller • Anthony Perretti • Thomas Pontone • Linda Toscano • Alfred Ochsner Jr. Executive Administrator
July 24, 2019

Ms. Judith A. Nason, Executive Director
New Jersey Racing Commission
140 East Front Street, 8th Floor
Trenton, NJ 08625

Dear Ms. Nason:

With respect to the New Jersey Sire Stakes, the immediate impact of the legislative purse enhancement is best demonstrated by the effect on the overall state of the standardbred breeding industry in New Jersey. Standardbred breeding in New Jersey reached its nadir in 2014 when only 74 mares were bred to New Jersey-based stallions. The lack of available horses forced the Board of Trustees of the Sire Stakes to abandon the Green Acres program it sponsored and replace it with the Standardbred Development Fund (SDF). To be eligible to the SDF a participant had to be either sired by a registered New Jersey-based stallion or out of a mare that spent 180 days in New Jersey and foaled in-state (regardless of where the horse’s sire was located). Similarly, the Babic Memorial races were discontinued and the Renaissance Paces were instituted in their places with the same eligibility requirements as the SDF.

The announcement of the purse enhancement agreement immediately resulted in a 63% increase in the number of mares bred in 2019 versus 2018, based on information available as of this writing. During the same timeframe the number of stallions in the state increased from six to fifteen. Increased purses and breeder awards are what drive the breeding industry in the standardbred business. The $1.2 million that was allocated to Sire Stakes purses, as well as the $600,000 for Breeders Awards and another $600,000 for the New Jersey Sired Awards program has rejuvenated the standardbred breeding industry in the state.

The effects of the enhancement can be immediately shown in the purse money offered during the Premier Division series at the Meadowlands this spring and summer. In 2018 the Sire Stakes distributed $830,000 in purse money. That number rose to $1.8 million this year. With the increased purses there
was an increase in the number of horses that participated in the Premier Division. In 2018 there were 63 different horses that competed in the series while this year 93 entered the various events offered. From the Sire Stakes standpoint, the true measure of the effect of the investment in the racing industry will not begin to be felt until 2021 when the offspring of mares bred this year will be making their yearling nomination payments and in 2022 when they will actually start racing. It is expected that in the future there will be a dramatic increase in the number of horses that are eligible to participate in the programs which will increase Sire Stakes revenues derived from nominating and sustaining fees which, in turn, will provide additional money for purses.

For the SDF series which will begin in late August and run through October at Freehold Raceway, we will be increasing the purses for the legs from $7,500 to $10,000 and finals will improve from $50,000 to $70,000 as a result of the additional funds available to us. We are currently projecting an increase of approximately $300,000, depending upon the number of horses that enter those races. To further enhance racing opportunities for New Jersey-bred standardbreds, the Sire Stakes Board of Trustees has authorized a four-year-old series for all divisions to begin in 2020. Plans are still being formulated but it is expected that these races will commence in the spring of next year.

The monies that have been devoted to the standardbred breeding industry through Sire Stakes purses and other awards have already resulted in a demonstrative improvement in the number of horses that will be entering the racing pipeline in the future. The ability to offer increased purses this year has made the New Jersey program much more competitive with surrounding states and has resulted in a significant number of inquiries relative to our programs. We are most grateful for the support provided to the racing industry and are optimistic that even more increases will be realized in the future with the continuation of the purse enhancement.

Very truly yours,

Christopher C. Castens, Executive Director
August 13, 2019

Ms. Judith Nason  
Executive Director  
NEW JERSEY RACING COMMISSION  
CN 088  
Trenton, NJ 08625

Dear Executive Director Nason,

Pursuant to your email of July 22, 2019, we are pleased to provide a preliminary report on the impact the receipt of purse subsidy funds has had on Freehold Raceway. We are grateful to the Legislature, Governor’s Office, Horsemen’s groups and all others involved in helping make the purse subsidy a reality.

In anticipation of receiving additional purse funding Freehold announced a 50 percent across the board purse increase effective March 22, 2019, raising the daily average purse distribution from $40,000 per day to approximately $60,000 per racing day. The response from horsemen was immediate and in the eighteen days of racing following this date we saw an increase in both the total horses entered as well as the number of races we were able to conduct.

Horses entered increased to 1,556, up 6.0 percent from 1,468 in 2018. The number of races also increased from 197 to 202.

Overnight purses paid during this period were $1,174,025, a 46.5 percent increase from the 2018 total of $801,200 paid during the same period.

Interest from the wagering public was also sparked by the increase in purses, horses and races. Since the start of the increase, overall wagering on Freehold’s races was $7,592,652, up 3.0 percent from $7,374,417 wagered last year. Attached please find a summary of some of the figures outlined in this progress report.

Live racing at Freehold resumes on August 30, 2019 and we look forward to continued improved support from local horsemen and we plan to begin the fall meet at the same increased purse levels.

We anticipate a more complete joint report being prepared by industry participants and presented to the Legislature and Racing Commission early in 2020 once more data is available.
Ms. Judith Nason  
New Jersey Racing Commission  
August 13, 2019  
page 2

Should you have any questions on anything presented, please let me know.

Sincerely,

[Signature]

Howard Bruno  
General Manager
Impact of Purse Increase  
Freehold Raceway  
March 22, 2019 to May 18, 2019

|                                | 2019   | 2018       |   |  
|--------------------------------|--------|------------|---|---
| Number of Races               | 202    | 197        |   | 2.5%  
| Number of Horses              | 1,556  | 1,468      |   | 6.0%  
| Overnight Purses Paid         | 1,174,025 | 801,200   |   | 46.5%  
| All Sources Handle            | 7,592,652 | 7,374,417 |   | 3.0%  
