



Massachusetts Horse Racing Committee Meeting Minutes

Date/Time: September 18, 2019 – 11:00 a.m.

Place: Massachusetts Gaming Commission
101 Federal Street, 12th Floor
Boston, MA 02110

Present: Brian Fitzgerald, Chair
Commissioner Gayle Cameron, MGC Representative
Peter Goldberg, Standardbred Representative
Joe Savage, Thoroughbred Representative
Emily Kowtoniuk, Treasurer's Representative

Catherine Blue, MGC General Counsel
Dr. Alexandra Lightbown, MGC Director of Racing
Cathy Judd-Stein, MGC Chair
Steve O'Toole, Plainridge Park Casino Director of Racing
Nancy Longobardi, SOM Secretary/Treasurer
Alice Szpila Tisbert, HHANE
Robert McHugh, President, HHANE
Paul Umbrello, Executive Director, NEHBPA
Leslie Fleming

Call to Order

11:15 a.m. The Chair called the Horse Racing Committee ("Committee") meeting to order. He then had the Committee members introduce themselves and state their designation.

Approval of Minutes

Commissioner Cameron moved to approve the minutes from the Horse Race Committee meeting of June 10, 2019, subject to correction for typographical errors and other nonmaterial matters. Ms. Kowtoniuk noted a correction was needed regarding documentation of her past employment. Mr. Goldberg seconded the motion.

The motion passed unanimously, pending edits.

Review of Reports Submitted by Industry Groups

The Chair reviewed the Standardbred and Thoroughbred position papers with the Committee. He then asked to hear from each of the industry's designees on the Committee, stating that after the presentation, the members may ask questions.

Thoroughbred Presentation

Mr. Savage addressed the room and summarized the position of the Thoroughbred industry regarding the 2019 Reallocation of the Race Horse Development Fund. He discussed the percentages of the split and how the allocations currently are not producing the economic impact that the Committee anticipated.

Mr. Savage noted that 16% of the fund goes to breeding. Standardbred breeding has increased, while Thoroughbred breeding has decreased. He discussed his position on why more funds should be allocated to Thoroughbreds, to generate more revenue for the Commonwealth. He also noted the importance of purse money being present and stable for investors.

Next, he discussed the impact of adjusting the split to the live handle and how it can be positive for local aid. He noted the Thoroughbred Health and Welfare Fund and explained that the funds are allocated to older adults who need it. The Standardbred funds are not being dispersed.

Standardbred Presentation

Mr. Goldberg addressed the room. He stated that based on metrics, the Standardbred is in danger of losing this fund to the legislature to other parts of the Commonwealth. He described the history of dealings between the two groups and the licensing process.

He stated that the law has not changed; however, the metrics have changed dramatically, now favoring the Standardbreds. Mr. Goldberg stated that he wants to focus on the metrics from 2018. He highlighted the race days, describing their importance, as they affect all of the five criteria in MGL c. 23K § 60 for allocations of purse supplements.

Mr. Goldberg noted that Harness racing is a year-round endeavor in Massachusetts, and that race days affect employment numbers. Thoroughbreds are shipped in from other locations to race, making the number of race days essential to Standardbreds.

Mr. Goldberg reviewed the retirement saving program, clarifying that the breeding funds and the health and welfare funds should stay with the Thoroughbreds.

Mr. Goldberg then reviewed the purse structure/levels, and what the statute commands the members to consider. He discussed the percentage breakdown required. He stated that until the metrics change, the Committee must follow the numbers, which support a 75/25 split for the Standardbreds.

It was noted that the Thoroughbreds did not initially agree to a 60/40 split.

Discussion

Mr. Savage stated that the best measure of employment numbers is to consider occupational licenses in place of race days.

Mr. Goldberg confirmed that the statute exclusively addresses purses, but noted the ability of the horsemen to help each other. Mr. Savage responded affirmatively.

The Chair thanked both Mr. Savage and Mr. Goldberg for all the hard work done and for submitting their position papers. He then introduced Racing Division Director Dr. Alex Lightbown to provide a summary of the allocations of the funds.

Dr. Lightbown provided a summary of the splits. The figures for 2014 can be valuable for seeing what the landscape was like at that time, but she clarified that those figures were based solely on the funds generated by the handle, in general.

A total of the \$14M in the fund shows that most of the balance would have been allocated to Thoroughbred purse money.

Mr. Savage asked for clarification of the percentage of disbursement from casinos, and about forecasting. General Counsel Catherine Blue stated that the Commission is unable to determine from month to month what will occur. Commissioner Cameron suggested discussing only the last two months, as this time frame is where the three licensees are contributing.

Dr. Lightbown reviewed incoming revenue from the casinos with the members. She clarified for the Chair that the money is separated from each of the three casinos.

Questions

Commissioner Cameron asked about the importance of race days, and noted that the race days contribute to the local economy. Mr. Savage stated that there are more race days at Plainridge and more occupational licenses at Suffolk, and there is no change in the live handle regardless of race days given.

There was discussion around employment numbers concerning purse money being issued to individuals concerning efforts to increase the live handle.

Commissioner Cameron asked about health and welfare with regard to a claim of a lack of funds. She requested information regarding the number of individuals that benefit from the program. Mr. Savage stated that he can provide this information.

Commissioner Cameron then asked about breeding. She noted that even with more funding, the breeding has not increased. This may be due to the absence of a location to race, as it makes it difficult to breed with that uncertainty. Mr. Savage responded that there is the uncertainty of what the split will be, and added that this adversely affects the breeding program.

With regard to the agricultural law, Dr. Lightbown explained that the purse money would be designated for two and three-year-old horses. The law was changed for Thoroughbreds, so now the horses are older massbreds that can receive funds.

The Chair asked for any further questions from either of the industries.

The Chair asked that Mr. Savage provide the records that Commissioner Cameron asked for, as well as the statistical documents discussed today from Mr. Godlberg.

Dr. Lightbown confirmed for the Chair that the surplus being held for each account is allocated explicitly for the purses.

Dr. Lightbown then confirmed for the Chair that there will be 110 race days for next year. Applications are due on October 1, 2019, for Thoroughbreds. Commissioner Cameron stated that there hadn't been an application received as of yet. Dr. Lightbown commented that with the simulcasting legislation being extended, there could be an application received in January.

Commissioner Cameron made note that legislative decisions will be made by the end of the year that will affect the Committee's decisions.

Next, Commissioner Cameron stated that the retroactive disbursements have proven to be problematic in the past, as the Committee was unable to meet promptly. She made note that this would not be a retroactive payment.

After further discussion concerning possible scenarios and allocations of the split, Ms. Kowtoniuk suggested reconvening on the issue, as it is currently in the hands of the legislature, and that she would like a date to reconvene.

1:30 p.m. *Commissioner Cameron moved that the Horse Race Development Fund split funds 65/35, which is a 5% increase in favor of Standardbred, with the caveat that the Committee meets again in February of 2020. Mr. Goldberg seconded the motion.*
The motion passed 4 – 1 with Mr. Savage dissenting.

Discussion of Next Steps

The Committee agreed to have an agenda-setting meeting on January 15, 2020, at 11:00 a.m. A draft of the decision today will be filed with the legislature for 30 days. The Committee will then meet again on February 19, 2020, at 11:00 a.m.

1:36 p.m. *With no further business, Mr. Goldberg moved to adjourn the meeting. Commissioner Cameron seconded the motion.*
The motion passed unanimously.

List of Documents and Other Items Used

1. Massachusetts Gaming Commission, Notice of Meeting and Agenda, dated September 18, 2019
2. Massachusetts Gaming Commission, Agenda Planning Notes, dated September 16, 2019
3. Meeting Minutes of the September 4, 2019 Agenda Setting meeting

/s/ Shara N. Bedard
Secretary