

THE STATE HORSE RACING COMMISSION MEETING MINUTES

JULY 26, 2022

A public business meeting of The State Horse Racing Commission was held at the following date, place and time: In-Person PDA Room 202 and Via Telephonic Conference Call on Tuesday, July 26, 2022, at 1:00 P.M.

Commissioners in attendance: Chairperson Redding, Darryl Breniser, Salvatore DeBunda, Dr. John Egloff, Thomas Ellis, Russell Jones, Robert Lark, C. Edward Rogers and Michelle Ruddy. Commissioner Sweeney was not in attendance. Also present was Commission Counsel Jorge Augusto.

ANNOUNCEMENTS

A quorum of the Commission being present, Chairperson Redding called the meeting to order. Chairperson Redding noted that the meeting was properly advertised in accordance with the Sunshine Law. By way of notice, the Commission conducted an executive session to engage in quasi-judicial deliberation to be adjudicated at the public meeting and engaged in attorney client privilege communication.

Chairperson Redding welcomed everyone to the meeting.

PUBLIC MEETING

1.) MINUTES OF THE May 31, 2022 Meeting:

Motion By: Commissioner Ellis
Second By: Commissioner Egloff
Decision: Passed by unanimous vote.

2.) MINUTES OF THE JUNE 28, 2022 Meeting:

Motion By: Commissioner Ellis
Second By: Commissioner Rogers
Decision: Motion to table. Passed by unanimous vote.

PRESENTATIONS

3.) RACING FUND JUNE FINANCIAL REPORT – presented by Tracee Gotwalt. Ms. Gotwalt provided a detailed financial analysis of the State Racing Fund, Commission and Testing Revenues and Expenses, Promotional Expenditures, a Comparative to FY 20/21 and an overview of the Breed-specific funds for the month of June. In addition, Ms. Gotwalt reviewed the FY 21/22 year-end distribution. The beginning cash balance was \$10,486,254 with an Act 114 distribution in July of 2021 in the amount \$ 4,556,036. SFY 21/22 revenues were \$22,304,604; expenses were \$18,389,273 bringing the ending cash balance to \$9,845,549. Funds retained for commitments was \$1,785,672 leaving a year-end balance for distribution of \$8,059,877. Per the statute the distribution was as follows: Testing \$4,029,939; PA Thoroughbred Breeders program \$2,014,969 and Standardbred Sire Stakes program \$2,014,969.

4.) PHRA Marketing Research Report – presented by Ashley Eisenbeil. The PHRA contracted with the Bravo Group to conduct market research to understand the opportunity at hand and deliver a clear strategy to support the association’s growth in 2022 and beyond. The research methodology employed utilizing Landscape Analysis, Statewide polling, Focus groups and Customer Surveys. The Topline Findings were Marketing drove positive awareness and familiarity with gains of 5% and 8% respectively in 2021. Horseracing has the opportunity to continue to grow but a reset is required incorporating these three factors. First, elevate the sport’s humanity. Second, position horse racing as a social outing and Third, adjust the racing schedule to include Saturday racing. As such, horse racing needs to be introduced and reintroduced as an experience worth spending time, money and attention on.

5.) FY 22/23 Proposed Marketing/Promotion Fund Allocation and Distribution- presented by Thomas Chuckas. The SFY 22/23 Promotional Trust Fund transfer was \$2,080,044. The calculated percentage to the Grantees was based on the gross terminal slot revenue wagering. This is the agreed upon method employed by the Commission in previous grant allocations. \$100,000 was allocated to the Standardbred Fair program for marketing/promotion reimbursement. (\$5,000 limit per fair). \$20,000 was retained by the Commission to be used at the Farm show or similar programs. Based on the above, the balance is allocated on a 50/50 basis for grantees on a local basis and the statewide campaign. (See attached Grant Allocation memo)

ADMINISTRATIVE ACTIONS

6.) Motion to approve the following SFY 22/23 marketing/promotion fund allocations and distributions:

- **Allocation and distribution of \$100,000 to Fair Program.**

Motion By: Commissioner Lark

Second By: Commissioner Rogers

Decision: Motion passed. Commissioner Breniser abstained.

- **Allocation and distribution of \$20,000 to the PA State Horse racing Commission.**

Motion By: Commissioner Ellis

Second By: Commissioner Ruddy

Decision: Passed by unanimous vote.

- **Allocation and distribution of \$96,653 to the PA Horse Breeders Association.**

Motion By: Commissioner Ellis

Second By: Commissioner Rogers

Decision: Motion passed. Commissioner Jones abstained.

- **Allocation and distribution of \$66,750 to the Standardbred Breeders Association.**

Motion By: Commissioner Rogers
Second By: Commissioner Ellis
Decision: Motion passed. Commissioner Egloff abstained.

- **Allocation and distribution of \$289,808 to the PA Thoroughbred Horsemen's Association.**

Motion By: Commissioner Ellis
Second By: Commissioner Jones
Decision: Motion passed. Commissioner DeBunda abstained.

- **Allocation and distribution to the PA HBPA of \$69,021 for Presque Isle Downs and \$124,319 for Penn National.**

Motion By: Commissioner Ellis
Second By: Commissioner Lark
Decision: Passed by unanimous vote.

- **Allocation and distribution to the PHHA of \$125,545 for Pocono Downs and \$99,570 for Harrah's Chester.**

Motion By: Commissioner Ellis
Second By: Commissioner Rogers
Decision: Motion passed. Commissioner's Breniser and Egloff abstained.

- **Allocation and distribution of \$108,556 to the MSOA.**

Motion By: Commissioner Lark
Second By: Commissioner Ellis
Decision: Motion passed. Commissioner Breniser abstained.

- **Allocation and distribution of \$980,222 to the PHRA.**

Motion By: Commissioner Ellis
Second By: Commissioner Jones
Decision: Passed by unanimous vote.

7.) Motion to approve the Simulcast Calendars for August 2022 for Harrah's Philadelphia, Mohegan Sun at Pocono Downs and The Meadows.

Motion By: Commissioner Breniser
Second By: Commissioner Ellis
Decision: Passed by unanimous vote.

8.) Motion to approve the Simulcast Calendars for August 2022 for Parx, Penn National and Presque Isle Downs.

Motion By: Commissioner Ellis

Second By: Commissioner DeBunda
Decision: Passed by unanimous vote.

9.) Motion to approve the Meadows request to eliminate the live racing day Saturday, September 10,2022, due to an on-track event.

Motion By: Commissioner Ellis
Second By: Commissioner Rogers
Decision: Passed by unanimous vote.

INDUSTRY REPORTS

10.) General Reports

Director Salerno indicated Director Chuckas had a few items to address.

Director Chuckas reported that the Bureaus in the last month conducted 161 Out of Competition Tests. There were 12 OOCT tests at Presque Isle Downs, 122 at Parx and 27 at the surrounding farms by Pocono Downs. For the first 6 months in 2022, the Commission conducted 695 OOCT with 264 at Parx, 94 at Penn National, 56 at PID, 165 at Pocono and 116 at the Meadows. The second issue focused on the Commission's Hot-Line. The Hot-Line has received 51 calls since March 1, 2022. Forty-one calls have been investigated and closed. There are ten open investigations. Finally, the Commission issued a press release regarding fatalities in the second quarter. In the second quarter, there were 17 Thoroughbred fatalities in 2022 compared to 30 for the same time period in 2021. The Commission and staff are well aware the only acceptable number is zero and have and will continue to implement steps to work to achieve that goal. In March the Commission implemented actions that have had a positive effect on reducing fatalities. All 3 tracks have undergone a 3rd party independent analysis and received a positive review. Regulatory veterinarians have increased morning work out oversight. (8 horses placed on Vet's list). As a result of post-race enhanced measures, 17 horses were placed on the Vet's list with another 6 retiring. In addition, new policies and rules were instituted to improve equine health and safety.

Director Salerno reported that the industry was entering the heart of the fair season. There are 9 fairs scheduled for August. Five fairs have already been conducted and were very successful. Commissioner Lark provided a review of the Stoneboro Fair.

Director Salerno recognized the following Industry participants for their reports:

- Scott Lishia, Meadows, reported that the Barstool Sports Book opened this month and has been well received. It is a \$7,000,000 enhancement to the property. On July 3rd, the Meadows conducted a rodeo with over 1000 people in attendance. The Meadows has the Adios Eliminations last weekend and are preparing for the Adios this weekend. It appears that the 2 best pacers in the country will race in the Adios. The Meadows in conjunction with the MSOA and the PHRA are promoting major events for both Friday and Saturday for Adios weekend.
- Mike Zullinger, Mohegan Sun Pocono Downs, updated the Commission on preparations for the Sun Stakes on August 20th. Pocono opened a new

outdoor bar and has been hosting Patio Thursday nights which have been well received.

- Joe Wilson, Parx, reported that Parx will be taking their 2-week annual break returning on August 22nd with the PA Day at the races. Plans are underway for the PA Derby in September.
- Eric Johnston, Penn National, informed the Commission that Penn had a huge turnout for the Camel and Ostrich races. This event has grown tremendously over the years. Penn National will be celebrating its 50th anniversary on August 19th.
- Barry Brown, Harrah's Philadelphia, reported that Harrah's will maintain their 4 day per week schedule until Labor Day and then will go to a 3 day per week schedule. The belief is that this will improve both horse supply and handle.
- Sam Beegle, PHHA, reported that entries have been strong at both Pocono and Harrah's.
- Jeff Matty, PTHA, informed the Commission that PTHA Board members were at Saratoga and met with HISA representatives. He reported that his members met with Dr. Palmer to discuss "Stride Safe" a device utilized in the saddle pad to improve equine safety. The PTHA would like to bring the device to Parx. He updated the Commission on the Match Series and the Pa Derby.
- Kim Hankins, MSOA, reported the Meadows will be hosting Family Fun night on Friday with the Adios on Saturday. The MSOA will be hosting a VIP tent on Friday evening for the owners. In addition, on Saturday the MSOA will be awarding over \$30,000 in scholarships to children of MSOA members.
- Matt Ennis, PID, reported that things are going well at PID. They will be racing 3 days per week in hopes of addressing the limited field size.
- Brian Sanfratello, PHBA, reviewed the Breeders handout. He advised the Commission that August 22nd, PA Day at the Races, there will be 7 stakes races with over \$1,000,000 in purses distributed. The Breeders will be hosting a lunch with major giveaways.

PUBLIC COMMENT

No public comment.

ANNOUNCEMENTS

Chairperson Redding announced that the next meeting will be held on Tuesday, August 30, 2022. The Meeting location will be Room 309 and on Teams.

- Executive Session 11:00 a.m.
- Regular Session 1:00 P.M.

ADJOURNMENT

The meeting was adjourned at 2:24 P.M.

Respectfully submitted,

Thomas F. Chuckas Jr.
Bureau Director
Bureau of Thoroughbred Horse Racing

Anthony Salerno
Bureau Director
Bureau of Standardbred Racing