

MINUTES OF THE MEETING
of
THE BOARD OF DIRECTORS
of
THE NEW YORK RACING ASSOCIATION, INC.

December 9, 2015 at 3:00 p.m.

A regular meeting of the Board of Directors (the "Board") of The New York Racing Association, Inc. ("NYRA") was conducted on December 9, 2015, at 3:00 p.m. in the 37th Floor Conference Room of the Office of the NYS Empire State Development Corporation, located in New York, New York pursuant to notice duly given.

The following Directors and Special Advisors were present (either in person or via teleconference):

Michael J. Del Giudice, *Vice Chair*
Michael Dubb
C. Steven Duncker
Marc Holliday
Stuart S. Janney, III
Georgeanna Nugent Lussier
Earle Mack
Chris Mara
Robert Megna
Leonard Riggio
Andrew Rosen
Joseph Spinelli
Stuart Subotnick
Chester Broman, *ex officio*
John Hendrickson, *Special Advisor on Saratoga*

The following were not present:

Robert Flay
Vincent Tese
Richard A. Violette, Jr., *ex officio*
Michael Kotlikoff, *Special Advisor on Equine Health and Safety*

Also present were Christopher Kay, CEO and President; Joseph J. Lambert, Senior Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary; Susanne Stover, Senior Vice President and Chief Financial Officer; Patrick Mahoney, Senior Vice President of Pari-Mutuel Operations; and John Durso, Jr., Director of Communications and Media Relations.

The meeting was called to order. Mr. Lambert recorded the minutes. A roll call of the Directors and Special Advisors was conducted.

Approval of October 21, 2015 Minutes

The Board reviewed the minutes of the October 21, 2015 meeting of the NYRA Board of Directors. Upon motion, duly made and seconded, the Board unanimously approved the minutes of the October 21, 2015 meeting, without dissent or abstentions, and directed that the minutes be added to the permanent records of the corporation. A copy of the resolution is attached hereto as *Exhibit 1*.

Report of the Vice Chairman

Mr. Del Giudice extended his thanks to the entire NYRA staff for a successful year. Mr. Del Giudice also mentioned his recent meeting with Rob Williams of the New York State Gaming Commission, and noted NYRA's continued commitment to fostering the relation with our regulators and other stakeholders.

Report of the Chief Executive Officer and President

Mr. Kay presented his report to the Board in which he reviewed the 2015 Belmont Fall Meet. Mr. Kay informed the Board that the meet was historically successful, with attendance up 7% over the prior year.

Mr. Kay also discussed the 2015 Aqueduct Fall Meet, informing the Board that the beginning of the meet has been strong with wagering up 4.3% from last year. Mr. Kay attributed the success of the meet to-date to a number of factors, including the quality of our racing and the improvement in NYRA's facilities. One of these improvements is the newly renovated climate-controlled Horsemen's Lounge featuring sofas and airport-style seating, in addition to AmTote machines and HD televisions. Also, the new Silks bar, also with airport style seating, offers an additional level of comfort for NYRA's horseplayers, owners and racing fans alike.

Mr. Kay then reported on NYRA's continued efforts in the area of equine safety resulting in the Aqueduct Fall Meet having a historically low Catastrophic Injury Rate (CRI) well below the national average.

In discussing the 2016 Racing Schedule, Mr. Kay noted a few key dates, including the Belmont Stakes Racing Festival, culminating in the running of the Belmont Stakes, the Stars and Stripes Festival, as well as the running of the Whitney and the Travers, both of which are held in Saratoga.

Mr. Kay then reported on NYRA's financial performance in 2015 which resulted in an estimated profit as high as \$4 million, exclusive of VLT revenue, and presented the 2016 operating budget which will utilize the same business disciplines that have proven successful for the past two consecutive years.

Lastly, Mr. Kay remarked on the key achievements of the past year; the record breaking success of the Belmont Stakes Racing Festival and the Saratoga Summer Meet. Mr. Kay noted that the success of these historic events was made possible in large part to NYRA's focus on improving the quality of its racing product and the guest experience, ensuring the safety of equine and human participants, reducing expenses, raising revenues and generating greater efficiencies.

In conclusion, Mr. Kay recognized the dedicated service and outstanding commitment of Patrick Mahoney, Senior Vice President of Pari-Mutuel Operations, who will celebrate 50 years in the horse racing industry when he retires on January 31, 2016.

Report of the Chief Financial Officer

Ms. Stover provided the financial update, reporting on NYRA's third quarter 2015 and year-to-date 2015 financial results, including net income, net revenue from racing operations, operating and non-operating expenses, and VLT revenue.

Ms. Stover also presented in detail the approved 2016 Operating and Capital Budget.

Report of the General Counsel

Mr. Lambert presented to the Board a report detailing NYRA's compliance with eleven Performance Standards set forth by the Franchise Oversight Board (FOB). Mr. Lambert noted that the report is required every four years, but was provided by NYRA after only two years in order to ensure more timely reporting and proactively address any concerns raised by the FOB.

The Board discussed the Standards, which cover the following key topics; (1) Race Dates; (2) New York Bred Races; (3) Stalls; (4) Jockey and Equine Safety; (5) Concentrated Animal Feeding Operation (CAFO); (6) Backstretch; (7) Saratoga Training; (8) Handle and Attendance; (9) Purses; (10) Expenses; and (11) Community.

Committee Reports

a. Compensation Committee

In Mr. Tese's absence, Mr. Duncker provided the report of the Compensation Committee. Mr. Duncker reported that the Committee met to review and discuss a report on executive compensation levels which compared NYRA executive compensation levels against those of other companies in racing and general industries. Mr. Duncker noted that the Committee has asked for more information as relates to the racing industry. Mr. Duncker further reported that the Committee discussed and approved a 2016 Performance Incentive Plan for NYRA's senior executives, which allows for the award of bonuses based upon performance against target and individual performance assessments. Lastly, Mr. Duncker noted that the Committee discussed NYRA's initiatives designed to improve the performance of the organization, which include the following: (1) the implementation of an onboarding program; (2) the design and implementation of a

training program for all new hires; (3) the identification of high potential employees within departments for further training and career advancement; and (4) the presentation of NYRA employee workshops focusing on key business topics.

b. Finance & Audit Committee

- Mr. Subotnick provided the report of the Finance & Audit Committee. Mr. Subotnick reported that the Committee discussed and approved the proposed 2016 operating and capital budget. Mr. Subotnick also reported that the Committee discussed the third quarter 2015 unaudited financial statements, including operating income and expenses, capital improvements and operational trends, and revenue variances (compared to budget and prior year) with respect to on-track wagering, simulcast exports and group sales events, as well as the results from Belmont Stakes Day and the Saratoga Summer Meet. Continuing with his report, Mr. Subotnick informed the Board that the Committee discussed NYRA's capital expenditures for the third quarter of 2015, and stated that capital expenditures remain in budget with expected carry overs to 2016. Mr. Subotnick further reported that the Committee reviewed the Purchasing Department's third quarter 2015 report on single, sole & emergency source procurement, as well as the third quarter 2015 report on Officer Travel and Expense, and found nothing unusual to discuss. Lastly, Mr. Subotnick discussed an update on legal matters provided by General Counsel Joe Lambert, who noted ongoing issues with Genting and Resorts World.

- **Adjournment**

The Chairman called for additional business. There being no further business to come before the Board, the meeting was concluded at 4:07 p.m.



Joseph J. Lambert

OCTOBER 21, 2015 BOARD OF DIRECTORS MEETING MINUTES RESOLUTION

IT IS HEREBY RESOLVED, that the NYRA Board of Directors, having had full opportunity to inquire, consider, and understand, does hereby approve the minutes of the regular October 21, 2015 Board of Directors meeting and the minutes are ordered to be added to the permanent records of the corporation.