



THE NEW YORK RACING ASSOCIATION, INC.

Board of Directors Meeting

October 21, 2015



The New York Racing Association, Inc.

Meeting of the Board of Directors

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The New York Racing Association, Inc.

Meeting of the Board of Directors

Wednesday, October 21, 2015

1:30 PM

AGENDA

1. Approval of August 13, 2015 Minutes (Resolution)
2. Report of the Vice-Chairman
 - a. Approval of Committee Assignments (Resolution)
3. Report of the CEO and President
4. Report of the CFO
5. Committee Reports
 - a. Compensation Committee
 - b. Equine Safety Committee
 - c. Nominations and Governance Committee
 - d. Racing Committee
6. New Business

Adjournment

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DRAFT UNAPPROVED MINUTES OF THE MEETING

of

THE BOARD OF DIRECTORS

of

THE NEW YORK RACING ASSOCIATION, INC.

August 12, 2015 at 11:00 a.m.

A regular meeting of the Board of Directors (the “Board”) of The New York Racing Association, Inc. (“NYRA”) was conducted on August 12, 2015, at 11:00 a.m. at the Holiday Inn Saratoga, located in Saratoga Springs, 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 Chairman*

Michael Dubb

C. Steven Duncker

Robert Flay

Marc Holliday

Stuart S. Janney, III

Earle Mack

Robert Megna

Leonard Riggio

Andrew Rosen

Joseph Spinelli

Stuart Subotnick

Vincent Tese

Chester Broman, *ex officio*

Richard A. Violette, Jr., *ex officio*

John Hendrickson, *Special Advisor on Saratoga*

The following were not present:

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; John Durso, Jr., Director of Communications and Media Relations; Virginia Kellner, Assistant Director of Communications; and Robert Camoin of Camoin Associates.

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

Report of the Vice Chairman

Mr. Del Giudice welcomed new Board Member, Andrew Rosen, who was nominated to replace Charles Wait following Mr. Wait's resignation earlier this year. Mr. Rosen's nomination to the NYRA Board was unanimously approved by the remaining Class A Directors. Mr. Del Giudice informed the Board that the Class A Members had also approved the nomination of Chris Mara to fill the remaining Class A Member vacancy as a result of Barry Ostrager's resignation. Mr. Del Giudice noted the two remaining vacancies on the NYRA Board to be filled by state appointees.

Approval of June 24, 2015 Minutes

The Board discussed the minutes of the June 24, 2015 meeting of the NYRA Board of Directors. Upon motion, duly made and seconded, the Board unanimously approved the minutes of the June 24, 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 Chief Executive Officer and President

Mr. Kay presented his report to the Board in which he reviewed the 2015 Belmont Park spring meet and the 2015 Saratoga summer meet through the first 15 days. Mr. Kay informed the Board that year-over-year handle had increased for the Belmont Park spring meet. Mr. Kay further informed the Board that, with respect to Belmont Stakes Day, NYRA experienced the second highest on-track and all-source handle in its history, behind only the prior year's record amounts. Regarding the first 15 days of the Saratoga summer meet, Mr. Kay informed the Board that the beginning of the meet has been strong with on-track handle and all source handle up from last year. Mr. Kay attributed the success of the meet to-date to a number of factors, including, *inter alia*, large field sizes and positive weather conditions while cautioning that certain factors such as a typical drop in field size mid-meet and a late Labor Day may off-set current increases. In addition, Mr. Kay discussed the new attractions and programs in place for this year's Saratoga meet, including the availability of over 100 picnic tables for reservations; the new state-of-the art sports bar at the lower Carousel, the new Tom Durkin Replay Center, the Saratoga Race Course Walk of Fame, and the installation of an HD slow-motion finish line camera.

Mr. Kay noted the large economic impact of the Saratoga meet and informed the Board that an independent study commissioned by the Saratoga County Industrial Development Agency—published earlier this year—found that NYRA's 40-day Saratoga meet generates approximately \$237 million in annual economic impact across the greater Capital Region. Mr. Kay introduced Robert Camoin of Camoin Associates to further describe the study's underlying analysis and results. Mr. Camoin provided an overview of the study and noted that its purpose was to measure the economic and fiscal impact of Saratoga Race Course. In particular, the study found an annual economic impact on the region of over 2,500 jobs and an annual fiscal impact of approximately \$6.8 million in tax and other revenues to the city and county as well as more than \$7.8 million in tax and other revenues to New York State.

The Board discussed the results of the 2015 Saratoga meet to-date, including the increased handle, budget figures, and this year's late Labor Day. The Board further discussed national handle figures and the effects of negative weather conditions on the Aqueduct winter meet. The Board next discussed the implementation of attendance caps on Belmont Stakes Day and Travers Day and the successful results of this year's Belmont Stakes Day.

Mr. Kay continued his report with an overview of the accomplishments achieved by the new Reorganization Board and NYRA's management team over the past two years. Mr. Kay noted the many capital improvements as well as improvements in NYRA's financial sustainability and accountability, such as its 2014 operating budget surplus, its debt free status, and the clean audit reports issued by KPMG. Mr. Kay further noted NYRA's many efforts to advance equine safety.

Report of the Chief Financial Officer

Ms. Stover provided the financial update, reporting on NYRA's second 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 further reported on the results from Belmont Stakes Day, noting earned income of \$11.2 million from racing operations—an increase of \$1.4 million over last year. In addition, Ms. Stover reported on NYRA's capital expenditures, noting spending of \$8.5 million during the second quarter, which included \$2.9 million spent on capital projects budgeted in the prior year. Ms. Stover next provided the Board with an industry update on national handle figures.

The Board discussed NYRA's second quarter 2015 and year-to-date 2015 results. In particular, the Board discussed the significant decline in race days for 2015 as compared to the prior year due to unfavorable weather conditions. The Board further discussed the results of the first 15 days of the 2015 Saratoga meet and expected results for the full meet.

Committee Reports

a. Joint Finance and Audit & Compliance Committee

Mr. Subotnick provided the joint report of the Finance and Audit & Compliance Committee. Mr. Subotnick reported that the Committee met to discuss the second quarter 2015 unaudited financial results and received a report from KPMG regarding its interim review of NYRA's second quarter 2015 financial statements. Mr. Subotnick discussed the Committee's reviewed of NYRA's 2015 Capital Spending report through the second quarter and noted that capital expenditures remain in budget with expected carry overs to 2016. Mr. Subotnick informed the Board that the Committee reviewed and discussed the second quarter 2015 Purchasing Department report on single, sole, and emergency source procurement and the Officer Travel and Expense report and found nothing unusual to report. Mr. Subotnick further informed the Board that the Committee received a presentation from NYRA's Director of Risk Management on the company's insurance and risk management program, noting that NYRA's insurance expense has declined. In conclusion, Mr. Subotnick reported that the Committee received a legal update from Mr. Lambert and noted that all formally outstanding matters have been settled and there was no new material litigation to report.

b. Nominations & Governance Committee

Mr. Del Giudice provided the report of the Nominations & Governance Committee. Mr. Del Giudice reported that the Committee met to review and discuss the committee structure and assignments, new Board member appointments, the 2015 priorities for each committee, the format for FOB performance standard reports, committee self-evaluations and the committee charters.

c. Compensation Committee

Mr. Tese provided the report of the Compensation Committee. Mr. Tese reported that the Committee met to review and discuss administrative staff salary increases as well as the CEO evaluation and compensation package. The Committee approved a 3% salary increase on average by department for NYRA's non-union administrative staff, retroactive to January 1, 2015. The Committee also discussed the evaluation of NYRA CEO Chris Kay and approved the determination of NYRA Board Vice Chair, Mr. Del Giudice, to award Mr. Kay a base salary increase of 3% for 2015 and a bonus of \$250,000 for his performance during his second year as CEO.

Adjournment

The Chairman called for additional business. There being no further business to come before the Board, the meeting was concluded at 12:06 p.m.

Joseph J. Lambert

Exhibit 1 to June 24, 2015 Board of Directors Meeting Minutes

JUNE 24, 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 June 24, 2015 Board of Directors meeting and the minutes are ordered to be added to the permanent records of the corporation.

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THE NEW YORK RACING ASSOCIATION, INC.
2015 REORGANIZATION BOARD COMMITTEES
(as of October 12, 2015)

Executive Committee*

Michael Del Giudice**
Michael Dubb
Vincent Tese
Leonard Riggio
Stuart Subotnick
Joseph Spinelli

Compensation Committee

Vincent Tese, *Chair*
Stuart Janney
Earle Mack
Joseph Spinelli
C. Steven Duncker
Georgeanna Nugent Lussier

Equine Safety Committee

Marc Holliday, *Chair*
Dr. Michael Kotlikoff, *Special Advisor*
Bobby Flay
John Hendrickson
Earle Mack
Stuart Janney
Richard Violette, *ex officio*
Chester Broman, *ex officio*

Finance & Audit Committee

Stuart Subotnick, *Chair*
C. Steven Duncker
Robert Megna
Stuart Janney
Andrew Rosen
Richard Violette, *ex officio*

Nominations and Governance Committee

Joseph Spinelli, *Chair*
Michael Del Giudice
Marc Holliday
Robert Megna
Chris Mara

Racing Committee

Leonard Riggio, *Chair*
C. Steven Duncker
Bobby Flay
Andrew Rosen
Stuart Subotnick
Richard Violette, *ex officio*

Long Term Planning Committee

Michael Dubb (*Co-Chair*)
Bobby Flay (*Co-Chair*)
Michael Del Giudice
Marc Holliday
Chris Mara
Georgeanna Nugent Lussier

* *As of June 2, 2015 Anthony J. Bonomo has taken a leave of absence from the Board and as Chair thereof. During his absence Mr. Del Giudice, Vice Chair, will preside over meetings of the Executive Committee*

** *In addition to chairing the Executive Committee, the Board Chairman shall serve as an ex officio member of all committees.*

**The New York Racing Association, Inc.
Meeting of the Board of Directors**

October 21, 2015
1:30 p.m.

Resolutions

AUGUST 12, 2015 BOARD OF DIRECTORS MINUTES

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 August 12, 2015 Board meeting, and the minutes are ordered to be added to the permanent records of the corporation.

NYRA BOARD OF DIRECTORS COMMITTEE LIST

IT IS HEREBY RESOLVED, that upon the recommendation of the Nominations and Governance Committee, the NYRA Board of Directors, having had full opportunity to inquire, consider, and understand, does hereby approve the NYRA Board of Directors Committee assignments, as presented to the Board at its meeting, and further approves the consolidation of the Finance Committee and the Audit & Compliance Committee into a single committee to be called the Finance and Audit Committee.