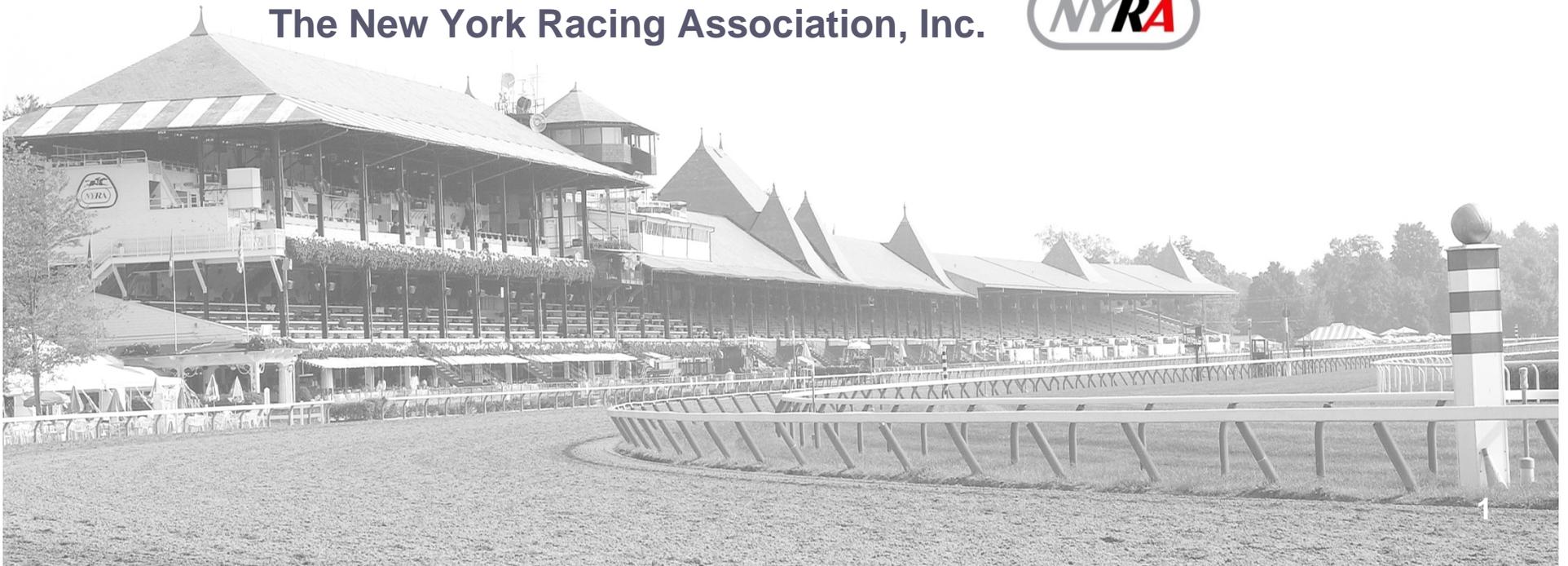


Draft -- Discussion Purposes Only

# Possible Legal & Governance Structure as of November 2014

The New York Racing Association, Inc.





## Reprivatization of NYRA -- Legal Structure

**Section 207 (1) (d) of the Racing, Pari-Mutuel Wagering and Breeding Law requires the Reorganization Board to submit its recommendations to the Governor and the state legislature on a statutory plan for the prospective not-for-profit governing structure of NYRA.**





## Reprivatization of NYRA -- Legal Structure

**The Legislative findings include the following:**

**“the state racing Franchise shall be returned to private control, remaining in the form of a not-for-profit corporation.”**



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# Governance of NYRA– Board Selection

## An Approach to Board Selection

**Many views expressed around the composition and selection of the Board.**





## Governance of NYRA– Board Selection

- ✓ **Be smaller than the current 17 members**
  - Consistent with good governance principles; small enough to be agile; large enough to represent multiple perspectives.





# Governance of NYRA– Board Selection

- ✓ **Include some members selected by the State**
  - The number of such appointees to be consistent with the private control of NYRA.





## Governance of NYRA– Board Selection

- ✓ **Members to be selected by the current Executive Committee of the Board, upon recommendation of the Nominations Committee after consultation with all Board members**





# Governance of NYRA– Board Selection

- ✓ Should include the NYRA CEO





## Governance of NYRA – Board Terms

An approach to length of Board member terms:

**Board members to have set terms- 2- 4 years.**





## Governance of NYRA – Board Terms

**The Board membership should rotate – one-third of members to rotate off each year.**

- ✓ **To encourage stability, rotation should begin after a period of 18-24 months or so.**





# Governance of NYRA – Board Terms

**Board Members to be eligible to be reappointed, likely for one additional term.**





# Governance of NYRA – Board Terms

**To consider appropriate age qualifications consistent with good governance principles.**





# Governance of NYRA -- Ex Officio Non-Voting Members

**The Board should have ex officio, non-voting members to represent stakeholders and experts.**





# Governance of NYRA -- Ex Officio Non-Voting Members

**Currently ex officio members are appointed by the New York Thoroughbred Horseman's Association and the New York Thoroughbred Breeders Inc.**





## Governance of NYRA -- Ex Officio Non-Voting Members

**The Board should be empowered to appoint, by majority vote, other ex officio, non-voting, members as it deems appropriate. For example, the Board may choose to appoint a veterinarian who is recognized expert on equine safety.**





# Governance of NYRA -- Board Committees

**Section 207(1)(b) of the Racing Law requires the Board to have the following four committees:**





## Governance of NYRA -- Board Committees

**Compensation Committee - with the mandate to “fix salary guidelines, such guidelines to be consistent with an operation of other first class Thoroughbred racing operations in the United States”.**





# Governance of NYRA -- Board Committees

**Finance Committee – with the mandate to “review annual operating and capital budgets for each of the three racetracks”**





## Governance of NYRA -- Board Committees

**Nominating Committee – with the mandate to “nominate any new directors to be designated by the franchised corporation to replace its existing directors” ; and**





# Governance of NYRA -- Board Committees

## Executive Committee

**Significant view that these four committees should also be included in the new statutory framework for NYRA.**





# Governance of NYRA – Possible Framework for Other Committees

**Combine Racing Committee and Equine Safety Committee – into one Committee called the Racing and Equine Safety Committee.**





# Governance of NYRA – Possible Framework for Other Committees

**Combine Audit and Compliance Committee and Finance Committee, into one Committee to be called the Audit and Finance Committee (compliance will be included in its mandate).**





# Governance of NYRA – Possible Framework for Other Committees

**Nominating Committee is currently called the Nominations and Governance Committee and will continue with that name.**





# Governance of NYRA – Possible Framework for Other Committees

**NYRA Long-Term Planning Committee to be suspended since it was organized for re-privatization purposes.**





# Governance of NYRA – Framework for Committee Participation

**All Board members serve on one or more Committees.**





# Governance of NYRA – Framework for Committee Participation

**Assignments to be made by the Nominating Committee.**





# Governance of NYRA – Framework for Committee Participation

**Assignments made in best interests of the Board, also considering expressed preferences of each Board member.**





# Governance of NYRA – Framework for Committee Participation

**The Chair to be ex officio to all Committees and serve as Chair of the Executive Committee.**





## Governance of NYRA – Misc.

**To consider retention of other parts of section 207, such as the majority needed to take action; prohibition on interests in VLTs and Racetrack development; and disclosures of Director's interests.**

