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.”
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.