

**Part II: Report of the CEO and President
2014 Progress Report
Christopher K. Kay**

Remarks

In September of 2012, Governor Andrew Cuomo led the effort to reform NYRA and transform the management and operation of horse racing in New York. At the time the Governor signed the legislation, he specifically noted the importance of New York State's horse racing industry as a major economic driver in the state and its important role in boosting tourism.

Governor Cuomo's point that horse racing is a major economic driver in this state is, as they say, "right on the money". An independent study conducted that same year determined that the horse racing industry in New York generates a \$2.1 billion annual economic impact, and is responsible for more than 17,400 jobs to New Yorkers. The New York Racing Association is the cornerstone of the horse racing industry in this state, and thus the primary driver in this significant boost to the NY economy - and thousands of jobs - year in and year out.

The Governor's point, that we play an important role in the state's tourism, is vividly demonstrated by the fact that our 2014 Saratoga meet marked the fourth straight year of record hotel occupancy tax receipts collected within the city during the summer months. In other words, tourists are coming to Saratoga Springs in greater and greater numbers, and spending record amounts for their hotel accommodations, during our racing season. The resulting economic impact to Saratoga, as measured by an independent firm in 2011, is powerful. Our meet generates a \$200 million annual impact.

Shortly after the re-organization law was signed in 2012, Governor Cuomo and legislative leaders Dean Skelos and Sheldon Silver chose an outstanding group of business, professional and academic leaders to serve on the Re-organization Board. Not only is it a talented collection of successful leaders, rivaling some of the finest boards in America, it is a group that has taken on a very difficult job and embraced it with all of its collective skill and judgment.

The Re-organization Board has been working for the last two years, with our management team, to effectuate the kind of change, and achieve the kind of results, sought by Governor Cuomo. The board has succeeded in a way that makes the New York Racing Association stronger, better run, more trustworthy, and much better able to continue to generate the significant economic impact, jobs and tourism that Governor Cuomo referenced when he took leadership on this matter.

Governance and Integrity

These efforts to effectuate change, through stronger organizational governance and a focus on integrity, have been led by the Chairman of the New York Racing Association, Dr. David Skorton, who is the President of Cornell University and a practicing cardiologist. Why, you may ask, is that background important and valuable?

Dr. Skorton is a proven leader in guiding large, complex organizations - organizations much larger and more complex than NYRA--through troubled waters. As the current President of Cornell University and the former President of the University of Iowa, Dr. Skorton has presided over a number of serious situations with a fair and steady hand, with a presence that invites differing parties to fully express their views, and with a commitment to represent the interests of those not available to speak in such settings -

the future generations of people impacted by the decisions of the institution he is leading. It is the most thoughtful form of governance.

Under Dr. Skorton's direction, the New York Racing Association has employed a similar focus on governance and integrity. Our board meetings have been in the public domain, where different points of view have been on display. Our debates and discussions have always been open, honest, and focused on what is right for our organization and the people that depend on the New York Racing Association, including many of those 17,400 job holders mentioned a moment ago. Equally important, during his tenure there has been none of the problems that occurred in the past.

Dr. Skorton is also a practicing physician, seeing patients one day a week. He is not just interested in change at a strategic level from his presidential office. Instead, he rolls up his sleeves and gets down into the daily details—to get things done. And that focus on daily performance is reflected in all our interactions. In every meeting and call that I have had with him, he asks some version of the same question: “What are you and your team doing to effectuate change?” Not what are we planning to do, but rather what are we doing.

As a result of Dr. Skorton's leadership, significant involvement by all the Re-organization Board members, and lots of hard work by the new management team over the past 18 months, together we have gotten a lot of things done. We have achieved significant accomplishments in the areas most important to the Governor and the lawmakers that passed the re-organization legislation: obtain better financial performance, requiring greater accountability, improving equine safety, improving the quality horseracing, making racing more enjoyable, and generating meaningful economic impact and tourism for the State of New York.

Financial Performance

Financial performance is important, especially for an organization that was in bankruptcy not too long ago. The board's Finance Committee is chaired by Stuart Subotnick, the CEO and President of Metromedia. He is also the Presiding Director of Carnival, and the former co-owner of the MLS soccer team, the NY/NJ Metro Stars. Why is that background important and valuable?

As the CEO of a multi-company business, with ownership interests in TV, radio, publishing, energy, restaurants, professional sports, audio and visual technology, and other cutting edge technologies, Mr. Subotnick goes well past simple recitation of best practices for businesses. He knows how to look deeper, at the unique aspects of various industries, especially cutting edge trends and technologies, and identifies what might work well in another industry. Because of this unique and valuable experience, he has shown us how to apply what he has learned—to help make the New York Racing Association operate more effectively and help us achieve cost savings.

All the members of the Finance Committee stressed how important it was for us to achieve cost savings, in order to operate on a break even or better basis. We simply can't continue to have our operating expenses exceed our operating revenue—it is the basic discipline of any business. Mr. Subotnick and our Finance Committee members are very disciplined businessmen.

We pursued several initiatives to reduce costs, including closing the Aqueduct training facility during non-racing months downstate; reducing legal expenses; reducing costs related to phone wagering; reducing overall labor expenses, and improving efficiency throughout the entire organization. We also generated additional revenues when we upgraded the NYRA Rewards program by employing new

technology to the benefit of the wagering public; modestly updated the prices for admission, seating and parking, which had not been done for over a decade; obtained market value for our superior racing content by charging a fair price for our simulcast signal to other race tracks and casinos; increased the amount of sponsorship revenue, as well as increased income from content fees and group sales events.

Our projected expenses for 2014 are 3.8% less than in 2013. Our projected revenues are 5.7% greater than in 2013.

The net effect of these efforts is a profit of approximately \$1.5 million, *our first operating surplus in the last 13 years*. This is an historic achievement, and this surplus does not take into account the VLT operating funds. Let me be clear, the VLT operating funds received by NYRA are a result of the conveyance of our organization's real estate a few years ago. We are entitled to those monies, and we need the VLT monies. The key point here is that by generating more revenue than operating expenses, those VLT operating funds are no longer used to offset operating losses, but can instead be used to address growth opportunities or address other issues and responsibilities.

Further, this surplus has been achieved despite the fact that we had (a) terrible weather throughout the winter, as reflected in the fact that January and February 2014 broke the record for the most combined snowfall in NYC's history; (b) the loss of \$1.4 million of unpaid statutory out of market source fees by Churchill Downs' Twin Spires ADW subsidiary; and (c) the temporary decline in all source handle in Q3 that hit the entire national horse racing industry.

But despite the challenges we faced this year, Mr. Subotnick repeatedly stated that with such challenges come opportunities, opportunities where we can get stronger. And that is the case for the New York Racing Association. A review of industry data for the first three quarters of 2014 shows that while wagering on thoroughbred races across the United States decreased by 3%, wagering on races at Aqueduct Racetrack, Belmont Park and Saratoga Race Course increased by 1%.

The data revealed that every dollar invested in purses at our three tracks during the nine month period yielded \$13.74 in handle, compared to \$9.73 industry-wide. We are 41% better. We conduct 5% of all the thoroughbred racing in this country, and yet we forecast we will garner 23% of the nation's handle.

As we look to add Q4 to our completed financial performance for 2014, not only do we project an operating budget profit for the first time in 13 years, but we also will register a \$14.4 million net profit improvement over fiscal 2013.

Finally, no discussion about financial performance would be complete without a discussion about debt. For the first time in many years, our organization is debt-free. We paid off the \$25 million note to Genting earlier this year. Without debt, we can even better position ourselves for growth in the coming years.

Accountability

A lack of accountability is what led the Governor and the legislature to temporarily take control of the NYRA Board. The new Board took important steps in this area. Our Re-Organization Board's Audit Committee, the group most responsible for working with management to insure proper accounting procedures and business compliance disciplines, is led by Joseph Spinelli, the Managing Director of the Global Investigations and Compliance practice and the Global Leader of the Anti-Bribery and

Corruptions practice at Navigant Consulting. Mr. Spinelli also served New York as its first Inspector General. Why is that background important and valuable?

Because Mr. Spinelli knows first-hand how businesses should be run, what regulators expect from such businesses, and the best financial and compliance practices employed across the country in a wide variety of industries. Mr. Spinelli, and the other members of the Audit Committee, have required the New York Racing Association to do the same. As a result, there have been a number of improvements to our compliance practices.

- (1) We retained Deloitte, one of the world’s largest accounting and professional service firms, to conduct an Audit Committee business risk assessment, so that we could take proactive steps to address potential issues now, before they become problems.
- (2) We instituted several financial, legal and legislative reviews to insure that the kind of errors made with respect to the take out of exotic bets does not happen again. And those processes, which are interconnected between various departments to insure the elimination of mistakes, were put in place over 18 months ago—and more than a year before the current Inspector General’s report of this past August.
- (3) We took the appropriate steps to improve the experience and quality of our personnel in these important areas. We hired the executive who served for 15 years as the global General Counsel for Deloitte, Joe Lambert, to be our General Counsel. If ever there is a General Counsel who could detect and resolve the kind of problems that stymied Old NYRA in the past, it is Joe Lambert.

We added Kevin Rogan to our executive ranks, serving as our Chief Compliance Officer. Among other executive positions Mr. Rogan has held, he was the head of compliance for Siemens US Healthcare, another heavily regulated business and one where he managed a staff of 40 people.

Safer Horseracing

At the time the NYRA re-organization law was signed in 2012, Governor Cuomo also cited the need to ensure the health and safety of the racehorses, and the expectation that “New York can continue to offer one of the most exciting, enjoyable, safe horseracing experiences in the nation”.

Shortly after the Re-organization Board of Directors was selected, the Equine Safety Committee was formed to reflect its belief in the importance and priority of equine safety. The Board’s Equine Safety Committee is led by Anthony Bonomo, the President and CEO of Administrators for the Professions, a successful medical malpractice insurance provider. Mr. Bonomo is also a horse owner of over 40 horses. Why is that experience important and valuable?

Mr. Bonomo understands the importance of risk management and the need to create proactive educational programs to reduce the number of injuries. His company is a leader in this field. He has also taken a leadership role on horse safety and jockey healthcare issues. It is also important to know that less than ten years ago Mr. Bonomo did not own any horses and today he owns over 40. Once he came to know of this grand sport, he embraced it with a passion, like so many of our owners. He loves horseracing, and he loves his horses – they are truly part of his extended family.

But Mr. Bonomo and our board members on the Equine Safety Committee are not just concerned about their horses. They have a concern for all horses and their safety. That's why Mr. Bonomo came to us, a month into the 2013 Saratoga meet, and discussed ways that we can improve.

We now have a special section of our security team, called the Horse Watch Detail, who received additional training and have developed expertise in how to properly recognize and monitor the kinds of medications given to horses. We now have better ways to monitor various activities of third parties in the barns and the backstretch.

We also hired the first safety steward in NYRA's history, and only the second safety steward in the country, Mr. Hugh Gallagher. Mr. Gallagher knows horse safety. He served as a Vice Chair of the Rules Committee, and is a member of the Drug Testing Standards Committee of the Association of Racing Commissioners International, the body that has drafted the model rules. He is the co-chairman of the Racing Medication and Testing Consortium's committee devoted to monitoring the administration of medications for thoroughbred horses. No one in America is better qualified. Our Safety Steward is now conducting random inspections of trainers' barns and veterinarians' vehicles.

Under Mr. Gallagher's leadership, we now convene meetings of the Equine Safety Review Board, a group which reviews the data associated with any race day equine catastrophic injury.

We supported the Gaming Commission's efforts to adopt the model rules establishing thresholds limits for 24 specific medications, which was adopted last month. We are also supportive of the Gaming Commission's efforts to adopt the model rules regarding penalties for multiple offenders. Working with the Gaming Commission, Executive Director Rob Williams, and his staff, we are addressing a number of issues in a productive and professional manner, and all for the better good of horse racing in New York.

We are also working with the State's new Equine Medical Director to effectuate change-such as the implementation of out of competition testing for our equine athletes.

Thus, we are working with our new Safety Steward, our Horse Watch Detail, our Equine Safety Committee board members, the State's new Gaming Commission-its members and staff, and the State's Medical Equine Director to make racing safe.

Our efforts are paying dividends. As in every other aspect of our operations, strive to use the appropriate performance metrics. The most reliable and widely used method of assessing an organization's success in reducing the number of equine catastrophic injuries is The Jockey Club's Equine Injury Database. This database measures the number of equine catastrophic injuries that occur in the actual races being conducted, and develops a quotient based upon the number of horses that run in all the races, also known as starters, and compares the number of starters with the number of horses that suffered catastrophic muscular or skeletal injuries. The quotient is referred to as the catastrophic rate of injury (CRI), which is stated as X number of catastrophic injuries per 1,000 starters.

In 2012, NYRA's CRI was higher than the national average. That year, NYRA averaged 2.1 catastrophic injuries per 1,000 starts; above the industry's average of 1.92.

In 2013, Jockey Club statistics showed that we substantially reduced our CRI, from 2.1 to 1.3, well below the national average in 2013 of 1.90.

While the Jockey Club has not yet published statistics for 2014, we know that through the conclusion of our Belmont fall meet, our CRI continues to decline, which is very good news. Through the end of October, our CRI was 1.0/1,000. All of this goes to show that we clearly have the passion and the commitment, the processes and the people, to improve equine safety.

Improving the Quality of Racing

At the time the statute was enacted the Governor spoke to the concept of safe and enjoyable racing. We are making racing safer.

We are also making racing more enjoyable. We believe enjoyable racing is a function of (a) improving the quality of daily racing, (b) creating bigger “must see” events, and (c) enhancing the guest experience when the public visits to our tracks.

One of our organization’s top three priorities to improve the quality of our racing, and that responsibility resides with Martin Panza. He was hired a year ago to serve as the SVP of Racing Operations, a new position recommended by the 2012 Task Force. He has devoted his entire career to horse racing, and most recently was responsible for horse racing operations at Hollywood Park. Martin Panza also serves on the American Graded Stakes Committee, the North American Ratings Committee, and the Breeders’ Cup Selection Committee.

We have improved the quality of our daily racing. It starts with the NY bred program. Particularly in the winter months, as many as 50% the horses that run in our races are NY bred. Martin Panza has been working with Mr. Barry Ostrager, the President of the New York Thoroughbred Breeders Inc. and a member of our board, to assist them in their efforts to grow their program.

According to the Jockey Club, the national foal count in 2005 was approximately 36,000. Today, in the immediate aftermath of the great recession, when many Americans have less discretionary income, the national foal count had dropped to just over 21,000, a substantial decrease. As a result, it is imperative for our racing operations that the New York foal count not follow the national pattern.

As a result of the efforts of Mr. Ostrager and the New York Thoroughbred Breeders organization, our new racing executives, and our program providing expanded purses for NY bred horses, New York was one of the few states to see an increase in the number of foals in 2013. To put it in context, in 2010 there were 1,334 mares, and in 2014, the number has increased to 1,631. We extend our heartfelt congratulations to Mr. Ostrager.

The New York Racing Association is helping expand the breeding program in New York by shining a bright light on New York bred horses. To that end, we created a new day to highlight the quality of the New York bred horses.

We had our inaugural Saratoga Showcase Day in 2014. Next year, the Saratoga Showcase will be even better, as we are going to move it to the day immediately preceding the Travers. There is no greater interest in horse racing in Saratoga than on the weekend of the Travers, and we are insuring that those visiting horsemen, bettors and fans are well aware of the New York bred program.

Another way we’ve helped expand the New York breeding program is to devote large sums to the purses for New York bred races. In 2013, we directed \$36,279,000 in purses to such races. In 2014, we

increased that substantial sum an additional 5%. Almost \$38 million will be paid out in purses to owners of New York bred horses this year.

We improved the quality of horse racing in another important way in 2014: Through the efforts of Chair Len Riggio, and all other members of the Racing Committee, we created “must see” big event days for all horseracing fans and horseplayers across the country.

The first “must see” big event day was Belmont Stakes Day. Back in February, we created the second largest day in racing in America, with \$8 million in purses. Not only did we offer the Belmont Stakes on June 7th, but also the Metropolitan Handicap, the Manhattan, and a total of 10 graded stakes races.

The response from the press was immediate and extremely supportive. Many in the press called this day the Spring Breeders' Cup or the Breeders' Cup East Coast version.

The response from the public was equally gratifying. Our tickets for this new day were sold out the day before the Preakness was run, before anyone knew whether or not there would be a possibility of a Triple Crown. Every seat in the grandstand and every seat in the clubhouse was sold by Friday, as well as every table in the dining areas—including our new and very popular Champagne Room. Those ticket sales speak to the wisdom of making Belmont Stakes Day a big event in itself, whether or not there is a Triple Crown on the line.

The Belmont Stakes Day for 2014 was a big success, in so many ways. We had a crowd of over 100,000 people, and a record television audience. The prior all source handle record from Belmont Stakes Day was \$111 million. We blew that number away in 2014, with \$151.1 million in all source handle.

In July, we inaugurated the Stars & Stripes Day, a series of races where we invited the best horses from around the world to compete with America's best. Martin Panza created this event, on relatively short notice, and we attracted an outstanding field of international competitors. Some of the horses that participated in the Belmont Derby went on to win the Secretariat Stakes in Arlington Park and the world famous Cox Plate in Moonee Valley Race Course in Australia. Our Belmont Derby race was viewed as one of the highest rated 3 year old turf races in the world this year.

We also took steps to enhance some of our great racing at Saratoga. We increased the purse for the Whitney, in an effort to persuade more owners to run their horses after they turn four years old, and to persuade horsemen from all over the country to run in that great race. The Travers, as always, was a “must see” big event. This year, on the day preceding the Travers, we honored Saratoga Red Jacket recipients Allen Jerkens, D. Wayne Lucas and Tom Durkin, and re-instituted the evening gala known as the Travers Celebration, thereby enhancing weekend festivities associated with the Travers.

The new strategy worked and thus, in 2015, we will continue to take appropriate steps to build our four “must-see” events for all horse racing fans and horseplayers, including growing Stars & Stripes and enhancing Travers Day with additional graded stakes and purse increases, following the same business model as the Belmont Stakes Day card.

Enhancing the Guest Experience

Governor Cuomo wanted the new NYRA Re-organization Board to focus on creating enjoyable horseracing. Not only have we done so by improving the quality of daily racing and creating big, must see events, but considerable steps have been taken to improve the experience for all our fans—from our

new and casual fans to our most loyal and active bettors, at Aqueduct Racetrack, Belmont Park and Saratoga Race Course.

At Aqueduct, we have invested over \$14 million dollars in the last 18 months to make the venue a much brighter, cleaner and more enjoyable place to watch the races. We have created a state-of-the art simulcast center, Longshots, which is routinely filled by many of our most serious horseplayers. Each of the 270 dedicated carrels is a much sought-after place each weekend. From April through the end of October, a period of time when we were racing at Belmont and Saratoga, more than 40,000 guests visited Aqueduct's Longshots, wagering approximately \$25 million. We have also installed new HD infield video boards, new HD televisions throughout the building, new airport-style seating, enhanced interior and exterior lighting, new flooring, urban art and a new bar at the Big A.

At Belmont Park, we have installed massive new high-definition video walls, and over 557 high-definition television screens throughout the entire property. We've also installed Trakus at Belmont and every other site, which gives our fans and wagerers a much better idea of how horses are performing in real time during the races. We expanded the Top of the Stretch picnic area and substantially enhanced the Belmont Café.

In Saratoga, we installed 750 high-definition television sets throughout the grandstand, clubhouse and backyard. We have three new massive high-definition video boards. We've installed over 200 additional picnic tables for use in the backyard. We have also expanded the Saratoga Pavilion, which is now the home of one of Governor Cuomo's signature initiatives, Taste New York, where we highlight New York wine and cheese every Thursday, New York craft brews and ciders every Friday, and New York food and artisan craft products every Sunday. We've enhanced the sound system, expanded the children's entertainment area, improved Wi-Fi coverage and upgraded restroom facilities.

In summary, we are delivering on Governor Cuomo's goal of providing safe and enjoyable racing.

Economic Impact and Tourism

At the time the Governor signed the legislation, he specifically noted the importance of New York State's racing industry as a major economic driver in the state and boosting tourism.

Charles Wait is a member of the Executive Committee of the board, as well as serving on the Audit and Long Range Planning committees. He is the Chairman of the Adirondack Trust Company, the largest and oldest bank in Saratoga Springs, New York. He has spent his entire career in that bank in Saratoga, and in fact is the third generation of the Wait family to lead the bank. He has also served as a New York Racing board member for 30 years. Why is that experience important and valuable?

No one understands the importance of business to a community better than a banker. And in Charles' case, he has devoted his entire life to the Saratoga Springs community. Perhaps better than anyone, Charles appreciates the significant contribution made by the New York Racing Association to Saratoga. And as a member of our board for several decades, no one can better appreciate the importance of the Saratoga meet to the New York Racing Association than Charles.

An independent study conducted in 2011 found that our operation of Saratoga Race Course is responsible for the creation of 575 direct jobs, as many as 2,050 full-time jobs across the greater Capital Region, and generates an annual economic impact of more than \$200 million. As one who previously

lived in the Midwest and in Florida, I can tell you that we provided all kinds of incentives for businesses to move to our city if they could generate \$200 million in annual impact.

Our racing program has resulted in tremendous growth in tourism, and in the hospitality industry in the Saratoga area, as reflected by data collected by Saratoga County. The 2014 meet marked the fourth straight year of record hotel occupancy tax receipts during the summer months for Saratoga resulting from overnight hotel stays within the city and the third consecutive year of record receipts for the county.

In fact, occupancy tax collections within the county have increased by a stunning 126 percent since the start of the millennium during the summer months. These figures prove that Saratoga's summer meet is more of a draw than ever before. That is outstanding growth, the kind any city in the country would love to have.

And it appears this great growth trend in tourism, associated with our summer racing program, will continue. In 2015, 400 new hotel rooms will be available to tourists, and as many as 750 additional rooms are expected by 2017, generating even more revenue and jobs for the area's restaurants, entertainment venues, retail establishments and other businesses—especially in the downtown area.

I mentioned a moment ago that an independent economic study was conducted in 2011 that determined our Saratoga meet generated an annual economic impact of \$200 million. An updated report, which will be published in the coming weeks, estimates the economic impact from our racing program has grown by at least 10% over the last few years. This anticipated increase is largely attributable to the growth in the NY bred program and the ever increasing number of racing fans and families that are making Saratoga the place to visit in July and August. In fact, I have been told that the updated study will cite that 6 out of 10 visitors to Saratoga Race Course come from outside the Capital Region, many from New England, New Jersey and New York.

By working together, we have been able to deliver on Governor Cuomo's desire to see tourism grow as a result of our horse racing operations. In doing so, we created more jobs and more revenues that have helped make Saratoga stronger, and the envy of many other communities across this country.

Regulatory cooperation

Along the same lines, the New York Racing Association and its regulators have also been working together - and developing relationships to effectuate productive change. To that end, Bob Megna, one of our board members and the New York State Budget Director, has been extremely helpful in guiding our management team to understand what regulators need from us, and the best way to convey that information.

When one considers what is at stake - NYRA is the critical component to the State's horse racing industry, with \$2.1 billion annual impact and 17,400 statewide jobs, it makes no sense for us to harbor past grievances or to revive the disappointments of either side from days gone by. Instead, we should be working together in a positive way so that many other New Yorkers can be working, now and in the future, at their jobs. With the significant involvement of Bob Megna and the leaders of the Gaming Commission, that is exactly what we, and the State's regulatory bodies, are doing-working together.

I recognize this has been a lengthy report, and I appreciate your time and attention. I have mentioned a few of the contributions of a few of our board members. If time would permit, I could go even longer to

describe how each of our board members has made a meaningful and beneficial impact over the last two years—whether it be from their interaction with our management team in the areas of their professional expertise, their presence at our racetracks, their advice on matters of public interest and discourse, their motivating support and encouragement—all of it has been so valuable in helping transform the New York Racing Association into what it is today—a much different and much better racing organization for New York. Their names are listed on the slides before you, and their impact is felt throughout our organization.

In 2012, Governor Cuomo and legislative leaders set out to create a Re-organization Board which would head the New York Racing Association in the right direction, a board that would be devoted to:

- Transforming governance and integrity;
- Obtaining better financial performance and daily operation of the business;
- Requiring greater accountability in every aspect of our business;
- Making racing safer for our equine athletes;
- Improving the quality of our racing;
- Enhancing the racing experience for our fans;
- Preserving and then expanding the amount of our considerable economic impact and jobs in this State; and
- Generating even more tourism - and tourism oriented revenues.

Thanks to the contributions of all of our board members and our management team, together, we have achieved so much in each of these areas. We are committed to fulfilling Governor Cuomo’s vision of a reformed, revitalized and financially sustainable thoroughbred racing leader.

But there is one more task that Governor Cuomo and the legislative leaders envisioned for this Re-Organization Board, and that is to recommend a re-privatization plan.

Our draft re-privatization plan will have at least 3 elements, including a section devoted to legal structure, governance and a 3 year business plan.

At our last Board meeting, we discussed each of those elements. We have incorporated the thoughts and suggestions we received from our Board members at that meeting, into our analysis and we are in the process of discussing these matters with the Governor’s Office and Legislators. We look forward to more such discussions in the days to come, that we may create a stronger organization that will benefit not only those 17,400 workers in New York dependent on the horse racing industry, but also the hundreds of thousands of fans – both in New York and around the country - that visit our historic tracks and wager on our outstanding races. Although we have set forth a six meeting schedule for 2015, it is likely we will be convening additional board meetings in the first quarter.

Together, we have accomplished a great deal, which puts us in a much better position to complete a sustainable re-organization plan in the very near future.

That completes the 2014 progress report.