

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

March 10, 2016 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 March 10, 2016, at 11:00 a.m. in the 36<sup>th</sup> 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 videoconference):

Michael J. Del Giudice, *Vice Chair*  
Michael Dubb  
C. Steven Duncker  
Marc Holliday  
Georgeanna Nugent Lussier  
Earle Mack  
Chris Mara  
Robert Megna  
Leonard Riggio  
Joseph Spinelli  
Vincent Tese  
Jeffrey Cannizzo, *ex officio*

The following Directors and Special Advisors were present via teleconference:

Robert Flay  
Stuart S. Janney, III  
Richard A. Violette, Jr., *ex officio*  
John Hendrickson, *Special Advisor on Saratoga*

The following were not present:

Andrew Rosen  
Stuart Subotnick

Also present were Christopher Kay, CEO and President; Joseph J. Lambert, SVP, Chief Administrative Officer, General Counsel and Corporate Secretary; and Jelena Alonso, Controller.

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

### **Approval of December 9, 2015 Minutes**

The Board reviewed the minutes of the December 9, 2015 meeting of the NYRA Board of Directors. Upon motion, duly made and seconded, the Board unanimously approved the minutes of the December 9, 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 welcomed new *ex officio* member Jeffrey Cannizzo to the Board. Mr. Cannizzo is the Executive Director of the New York Thoroughbred Breeders, Inc.

Mr. Lambert then presented to the Board information relating to the proposed Tonko-Barr bill, which would establish The Thoroughbred Horseracing Anti-Doping Authority (THADA), an independent, private not-for-profit agency that would oversee national regulation of medication and penalties in horseracing. The bill is supported by several industry organizations, including The Jockey Club, the Breeders' Cup, the Keeneland Association, Inc. and The Thoroughbred Owners and Breeders Association.

The Board expressed its support for the provisions articulated in the proposed Thoroughbred Horseracing Integrity Act of 2015, and for the adoption thereof. A copy of the resolution is attached hereto as *Exhibit 2*. Mr. Violette, *ex officio* member from NYTHA, indicated he does not support the measure.

### **Report of the Chief Executive Officer and President**

Mr. Kay then presented to the Board his report on NYRA's progress and success in achieving its three priorities, namely; 1) restoring NYRA to profitability; 2) improving the quality of racing; and 3) enhancing the racing and wagering experience for all fans.

Mr. Kay remarked on NYRA's improved financial performance, noting that NYRA registered its first operating budget surplus in 2014, and became debt-free after satisfying its debt to Genting. Mr. Kay also noted that NYRA registered its second consecutive operating budget surplus in 2015.

Mr. Kay then reported to the Board several financial, legal and legislative processes and reviews to ensure enhanced governance of NYRA, including the change from a local auditor to KPMG, one of the "Big Four" auditing firms. Mr. Kay remarked that NYRA's audits in the past several years have been rated "clean", meaning that NYRA's financial statements are being presented fairly in all material respects.

In discussing racing and equine safety initiatives, Mr. Kay discussed NYRA's industry-leading improvements, such as the appointment of first Safety Stewart to secure the

equine safety program and becoming the only racing organization to provide round the clock horse and fire security coverage. Mr. Kay noted that, due to this and other improvements in racing and equine safety, NYRA's 2015 Catastrophic Injury Rate (CRI) dropped from 1.83 in 2014 to 1.09 in 2015.

Mr. Kay then reported on NYRA's efforts to improve the experience for fans and players, including events such as the Wood Memorial Day at Aqueduct and the Belmont Stakes Racing Festival at Belmont, and the success of the Saratoga meet.

Mr. Kay noted the importance of the leadership of NYRA's Executive Committee, led by Mr. Del Giudice, as NYRA proposes a plan for reprivatization.

### **Report of the Chief Financial Officer**

Ms. Alonso provided the financial update, reporting on NYRA's 2015 preliminary unaudited financial results, including net income, net revenue from racing operations, operating and non-operating expenses, capital improvements, and VLT revenue. Ms. Alonso discussed NYRA's operating income from racing operations, which was \$3.5 million, \$1.8 million over the prior year, and \$1.3 million more than budgeted, despite challenges such as fewer race dates and higher operating expenses.

### **Report of NYTB – 2015 Breeding and Racing Statistics**

Mr. Cannizzo presented to the Board trends and statistics relating to the industry, with particular focus on those relating to New York bred horses.

### **Committee Reports**

#### **a. Equine Safety Committee**

Mr. Holliday provided the report of the Equine Safety Committee. Mr. Holliday reported that the Committee discussed recent and historical data concerning equine fatalities at NYRA, noting that the number of such fatalities fell by approximately 50 percent in the past four years, and NYRA's CRI has been consistently below the national average for racing fatalities. Mr. Holliday also reported that the Committee discussed improvements at all three racetracks, improvements in enforcement, and rigorous medical standards, which all contributed to this lower CRI and the quality and safety of racing. Mr. Holliday also reported that the Committee discussed the industry need for state-of-the-art drug testing facilities.

#### **b. Finance & Audit Committee**

In Mr. Subotnick's absence, Mr. Lambert provided the report of the Finance & Audit Committee. Mr. Lambert reported that the Committee discussed and approved the proposed Finance & Audit Committee charter. Mr. Lambert further reported that the Committee discussed NYRA's fourth quarter 2015 results, including revenue and operating expenses, VLT revenue, capital improvements, and operational trends, noting that recorded operating income from racing operations is estimated to be as

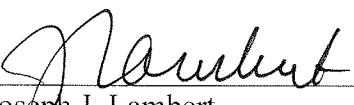
much as \$5.3 million, before establishing reserves of \$1.8mm for unpaid debt from Nassau OTB, and recorded net income was \$30.6 million, up 2.5% from 2014. Also, the Committee reviewed a KPMG presentation of the NYRA audit plan for 2015, which set forth the scope, materiality, deliverables and other considerations for the project. In addition, the Committee reviewed the Purchasing Department's fourth quarter 2015 report on Single, Sole & Emergency Procurement, and the Officer Travel and Expense Report for the fourth quarter of 2015, and found nothing unusual to discuss. Mr. Lambert provided the Committee with an update on legal matters.

**c. Long Term Planning Committee**

Mr. Dubb provided the report of the Long Term Planning Committee. Mr. Dubb reported that the Committee understands that development opportunities for Belmont are possible, based on the results of a demand analysis conducted by Research Associates, a firm retained by NYRA to assess development opportunities. The Committee also discussed improvements to the Belmont, Aqueduct and Saratoga facilities. Mr. Dubb also provided an update to the Committee on the SEQRA process at Saratoga.

**Adjournment**

The Chairman called for additional business. There being no further business to come before the Board, the meeting was concluded at 4:10 p.m.

  
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Joseph J. Lambert

**DECEMBER 9, 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 December 9, 2015 Board of Directors meeting and the minutes are ordered to be added to the permanent records of the corporation.

**BOARD OF DIRECTORS MEETING NATIONAL LEGISLATION RESOLUTION**

IT IS HEREBY RESOLVED, that the NYRA Board of Directors, consistent with its steadfast commitment to equine safety and welfare, as well as the integrity of Thoroughbred Horse Racing, does hereby express its full support for the provisions articulated in the proposed Thoroughbred Horseracing Integrity Act of 2015, and for the adoption thereof.