The New York Racing Association, Inc.

Meeting of the Board of Directors
Wednesday, December 14, 2016
11:00AM
The New York Racing Association, Inc.
Meeting of the Board of Directors

Wednesday, December 14, 2016

Empire State Development Corporation
633 Third Avenue
New York, NY 10017

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AGENDA

1. Approval of August 10, 2016 Minutes (Resolution)

2. Report of the Vice-Chairman

3. Report of the CEO and President

4. Report of the CFO
   b. 2017 Operating and Capital Budget

5. Report of the General Counsel
   a. NYRA’s Compliance with NYS Performance Metrics in 2015

6. Committee Reports
   a. Compensation Committee
   b. Finance & Audit Committee
   c. Racing Committee
   d. Equine Safety Committee

7. Dates for 2017 Board of Directors Meeting

8. New Business

Adjournment
A meeting of the Board of Directors (the “Board”) of The New York Racing Association, Inc. (“NYRA”) was conducted on August 10, 2016, at 10:30 a.m. at the Holiday Inn, located in Saratoga Springs, New York pursuant to notice duly given.

The following Directors were present (either in person or via videoconference):

Michael J. Del Giudice, *Vice Chair*
Michael Dubb
Marc Holliday
Stuart S. Janney, III
Georgeanna Nugent Lussier
Earle Mack
Chris Mara
Robert Megna
Stuart Subotnick
Vincent Tese
Jeffrey Cannizzo, *ex officio*
Richard A. Violette, Jr., *ex officio*

The following Directors were present via teleconference:

C. Steven Duncker
Robert Flay
Joseph Spinelli

The following Directors were not present:

Leonard Riggio
Andrew Rosen

Also present were Christopher Kay, CEO and President; Joseph J. Lambert, SVP, Chief Administrative Officer, General Counsel and Corporate Secretary; Gordon Lavalette, Chief Financial Officer; Lynn LaRocca, Chief Experience Officer; Martin Panza, SVP, Racing Operations; David O’Rourke, Chief Revenue Officer; Tony Allevato, President, NYRA Bets; and Jelena Alonso, Controller.

The meeting was called to order. Mr. Lambert recorded the minutes. A roll call of the Directors was conducted.
Approval of May 25, 2016 Minutes

The Board reviewed the minutes of the May 25, 2016 meeting of the NYRA Board of Directors. Upon motion, duly made and seconded, the Board unanimously approved the minutes of the May 25, 2016 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 provided an update on the proposed reprivatization of NYRA, noting that the process is ongoing and will continue into the early part of next year.

Report of the Chief Executive Officer and President

Mr. Kay presented his report to the Board, welcoming the members to Saratoga.

Mr. Kay then discussed the three main focal points of NYRA’s reorganization business strategy, decided upon after the formation of the current Board, which are 1) the enhancement of the guest experience, both onsite and online; 2) improvement of the quality of racing; and 3) development of a strong financial foundation for NYRA in the future.

Mr. Kay discussed the strong financial performance of the first sixteen days of the Saratoga meet, noting that both all source handle and attendance was up 1.5%, as compared to the prior year, despite a reduction in on-track handle of 4.25% that was attributable to bad weather and the increased usage of mobile applications.

Mr. Kay attributed the success that NYRA is achieving to its progress in reaching its three key objectives. Mr. Kay then introduced Ms. LaRocca who reported on the improvements at Saratoga to the Fostardave Sports Bar, the Easygoer, the Travers Bar, and the Saratoga Pavilion, as well as the introduction of the NYRA Bets Squad to aid casual bettors, and the Season Perks Program which offers additional discounts to NYRA’s season pass and season seat holders.

Mr. Kay then introduced Mr. Panza who advised the Board on NYRA’s efforts to achieve the second of NYRA’s objectives, the improvement of the quality of racing, by using incentive awards to encourage two year-old horses to race at NYRA’s tracks earlier in the year, and placing renewed focus on the quality of racing on Saturdays, the busiest racing day of the week.

As to NYRA’s third objective, Mr. Kay introduced Mr. O’Rourke who discussed the launch of NYRAbets, our new national advance deposit wagering site. NYRAbets provides a state of the art electronic venue where the public in and outside of New York can wager on horse races.

Mr. O’Rourke reported to the Board on the financial statistics for ADWs, noting that they account for approximately $3.5 billion, or roughly 1/3 of the U.S. racing handle. Mr. O’Rourke went on to note that, within the ADW category, mobile is by far the fastest growing sub-segment. Mr. O’Rourke continued his report, highlighting NYRA’s efforts over the last two years to focus on three specific objectives; 1) to develop a premium wagering platform, 2) to
expand our high definition production capabilities, and 3) to implement advanced online streaming products that will set new benchmarks for the industry.

Mr. O’Rourke then introduced Tony Allevato, highlighting his significant experience in the combined fields of sports broadcasting and wagering. Mr. Allevato noted the various new strategies being employed to engage NYRA’s guests, from catering to a younger audience of guests who prefer live streaming on their personal devices to watching cable television through NYRA.bets, to the first ever live racing show on MSG Network and Fox Sports with content entirely created and produced by NYRA.

**Report of the Chief Financial Officer**

Mr. Kay then introduced Gordon Lavallette, new Chief Financial Officer, to the Board, and spoke briefly about Mr. Lavallette’s prior related career experience working for professional sports franchises and in the television industry.

Mr. Lavallette presented his report to the Board, conducting a review on the second quarter financial statements, including revenue and operating expenses, VLT revenue, capital improvements, and operational trends.

**Committee Reports**

a. **Equine Safety Committee**

Mr. Holliday delivered his report to the Board, which included a discussion of a report issued by the New York Task Force on Racehorse Health and Safety. Mr. Holliday then updated the Board on ongoing discussions for the possible establishment of a state of the art equine medical testing facility in New York. Mr. Holliday concluded his report by discussing NYRA’s CRI of 1.2 through June 2016 compared to 1.6 in the prior year, which remains well below the national average CRI of 1.63.

b. **Finance & Audit Committee**

Mr. Subotnick delivered a brief recap of the second quarter financial results, previously discussed by Mr. Lavallette, with particular focus on handle and the capital budget.

**Adjournment**

The Chairman called for additional business. There being no further business to come before the Board, the meeting was concluded at 11:55 a.m.

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Joseph J. Lambert
MAY 25, 2016 BOARD OF DIRECTORS MEETING MINUTES RESOLUTION

IT IS HEREBY RESOLVED, that the NYRA Board of Directors does hereby approve the minutes of the regular May 25, 2016 Board of Directors meeting and the minutes are ordered to be added to the permanent records of the corporation.
SHOWING OFF A NEW, BETTER AQUEDUCT

by Anthony O’Reilly, Associate Editor
DEC. 1, 2016

As members of the press and elected officials looked out on the course at Aqueduct Race Track on Tuesday, Arlene Brown, a representative of Councilman Eric Ulrich (R-Ozone Park), not only felt like she was at a revived racing ground, but in a different town.

“You don’t even feel like you’re in Queens anymore,” Brown said. “With the old track, it was in very poor condition and you couldn’t wait to get out. This is a lot more welcoming, it’s very warming, it’s very friendly and very clean.”

Even on the rainy, overcast day, Brown and others were able to see just how much Aqueduct has changed since the New York Racing Association invested more than $15 million into it since 2013.

“A lot of people have come up to me and said, ‘This is great,’” said Chris Kay, CEO of NYRA. “It’s a state-of-the-art facility.”

The improvements were touted during a tour of the racetrack for the media and the two state politicians for the area — Assemblywoman-elect Stacey Pheffer Amato and state Sen. Joe Addabbo Jr. (D-Howard Beach), ranking member of the Racing, Gaming and Wagering Committee.

“It’s amazing to see the improvements here,” Addabbo said. “We’re not Belmont, we’re not Saratoga. But while [Aqueduct] is working, the 200 acres here have to be maintained.”

The South Ozone Park race course has not been without its problems in the past. For years, it was the stepchild of NYRA’s three tracks with very little to no money going to it, leading to a decrepit facility.

As recently as 2015, there have been issues with horses dying during or shortly after races there. It was revealed in October that workers there were dumping millions of gallons of water containing contaminants, including animal waste, from the racetrack into storm drains. There have been several proposals to shut it down, but those have mostly subsided after the adjacent Resorts World Casino was approved by the state on the condition that a racetrack had to remain on the grounds.

Addabbo said there hadn’t been any recent proposals to close the track, adding, “While we have Aqueduct, we work for the day.”

The tour was led by Glen Kozak, NYRA’s vice president for facilities and racing surfaces, who quickly pointed out one of the simplest and most obvious changes made to the facility — the paint. The new color scheme, a mixture of bright, vibrant hues, is a stark contrast from the dreary interior of old.

As the tour progressed, Kozak pointed out murals by classical and urban painters around the building — an initiative meant to liven up the facility. Pheffer Amato encouraged NYRA officials to bring art students from area schools to see the paintings.

“When I was in college, I used to hate having to go into the city to see art,” she said. “If we have it right here, why not take advantage of it?”

The officials said they would take her suggestion into consideration. On many levels of the facility, Kozak pointed out improved betting carols where visitors can place their wagers. The carols promote privacy for bettors who can gamble on races not just at Aqueduct, but around the country.

Since the renovations, NYRA officials have seen increased enthusiasm from their visitors.

“They love this place, they get fired up,” Kay said. “Some people have fallen in love with the place. They get here early because they want to get to their lucky carol.”

Kozak pointed out that Aqueduct had 4,000 visitors on Thanksgiving Day — when the first post was at about 11:30 a.m.

But it isn’t just the guests NYRA is looking to impress at Aqueduct.

There’s also a new, indoor viewing section for horsemen, the owners of the racing equines, something that was not there before. Horsemen were made to sit outdoors during races, which did not make for optimal viewing during the winter months. Kozak said that was something NYRA has been criticized for in the past.

Speaking of seating, many of the chairs visitors sit in have been replaced with ones from the Camden Yards baseball stadium in Baltimore.

“We weren’t able to get any from Yankee Stadium or Shea, unfortunately,” Kozak told the tour attendees.

For those viewing from inside the facility, 557 HD televisions have been placed around the building, including one that broadcasts races in Spanish.

On the track, brush from the infield has been cleared away, and a refurbished pond has been put in. In regard to the course itself, Kay said Kozak’s team has created a method to determine if it’s safe for horses to run on it during the winter months and how to best respond to snowfalls.

Kay and Kozak said all the improvements focus on one theme: guest enhancement.
The New York Racing Association on Tuesday provided a guided tour of Aqueduct Racetrack to area elected officials and members of the press, highlighting the enhancements and improvements made to the South Ozone Park facility since 2013.

As a result, the 210-acre Aqueduct, according to NYRA, is now “a more modern, better run facility than ever before.”

“The New York Racing Association is proud of the improvements and enhancements made since 2013,” added NYRA Director of Communications Patrick McKenna, “and we look forward to welcoming our loyal fans back to the Big A throughout the winter months.”

The $15 million financial commitment exceeds the amount spent on similar, guest-oriented capital improvements at Belmont Park over the same period of time, NYRA noted.

The association called the construction of the state-of-the-art simulcast center, Longshots, with 270 dedicated carrels, a sports bar, and dozens of new HD televisions, “one of the most transformational additions” to the Big A.

“Soon to represent #Aqueduct, got a head start this morning by meeting with @TheNYRA to hear about improvements and ways to get even better!” Assemblywoman-elect Stacey Pheffer Amato tweeted on Tuesday morning.

Additionally, NYRA this week announced its annual “Toys for Tots” weekend of giving is scheduled for Saturday, Dec. 3 and Sunday, Dec. 4 at Aqueduct.

Offered in partnership with the U.S. Marine Corps Reserve “Toys for Tots” Foundation, with support from thoroughbred owner Harold Lerner and the New York Thoroughbred Horsemen’s Association, the TFT program collects and distributes new, unwrapped toys to local children in need each holiday season. Donation boxes will be located at Aqueduct’s main clubhouse entrance, as well as at the Turf and Field entrance.

“I really believe in anything you can do for kids that unfortunately get left behind in the holiday season; it’s a wonderful thing to put a smile on their face,” said Lerner. “I’ve been committed to this program for a number of years after being initially introduced to it by my trainer Gary Contessa, who has been contributing part of his earnings to ‘Toys for Tots’ on a Saturday in the past for years and thankful to be a part of it again.”

For more information on the USMC Toys for Tots Foundation, visit toysfortots.org.
The New York Racing Association, Inc.

2017 Operating and Capital Budget

Management Discussion and Analysis
FORWARD LOOKING STATEMENT

The factors affecting NYRA’s financial condition are complex. This document contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time they were prepared. Since many factors may materially affect fiscal and economic conditions for NYRA, the inclusion in this document of forecasts, projections, and estimates should not be regarded as a representation that such forecasts, projections, and estimates will occur. Forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” and analogous expressions are intended to identify forward-looking statements in this document. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of NYRA.
EXECUTIVE SUMMARY

In 2016, NYRA management examined several areas of NYRA’s business, including our ADW business, broadcast strategy and technological infrastructure. By leveraging our assets more effectively, managing expenses closely and investing in areas that drive our business forward, NYRA has exceeded expectations for 2016 and has provided a solid foundation for 2017.

For 2017, NYRA is budgeting operating income from racing operations of $2.1 million exclusive of VLT operating funds compared to $2.3 million budgeted in 2016. NYRA is currently projecting operating income from racing operations of $4.5 million for 2016, reflecting the benefits of another strong Saratoga meet, continued growth in the export ADW market and close management of operating expenses.

NYRA utilized a conservative approach in preparing the 2017 operating budget, particularly as it relates to topline performance. The impact of this conservative approach is shown in slightly reduced handle and associated pari-mutuel revenue, including expected reductions in NYS OTB revenue based on recent trends primarily from the downstate OTB sites. Operating expenses are also budgeted to decline as a result of reductions in telephone & communications, repairs & maintenance and other operating expenses offsetting an increase in labor costs driven by increased health benefits, collective bargaining agreements and a strategic headcount increase. In addition, NYRA is not budgeting bad debt expense for Nassau OTB as we have been informed we will receive statutorily required payments based on Nassau’s agreement with Resorts World.

In 2017, NYRA intends to build upon the success of the prior three years and make strategic investments in its operations that will continue to strengthen the company. These key investments include initiating a ground-breaking venue technology with VenueNext, continuing to develop the NYRA Live! broadcast that is distributed to sixty-five million households through regional and national sports broadcast partners and marketing and promoting growth for NYRA Bets New York and other platforms.

Risks to Achieving the Operating Budget
There are risks to achieving the operating budget including potential increases in union labor costs, weather, impact of legislation, competitive pressures from external ADWs, success of marketing and sponsorship initiatives and the continued instability of the NYS OTB network.

Capital Expenditures
For 2017, NYRA plans to invest $27.5 million in new capital improvements in addition to $8.3 million in 2016 budgeted carryover projects for a total of $35.9 million expected capital spend. For the past several years, NYRA has made significant investments in the racing surfaces and backstretch areas that directly benefit the horsemen. In 2017, NYRA will focus on improving the guest experience areas and upgrading its technology infrastructure, while continuing to improve the quality of life and safety of backstretch workers.

NYRA Bets National
NYRA Bets National is budgeted to handle $29.7 million in 2017, carrying momentum built from a successful launch supported by the Saratoga meet and the NYRA Live! broadcasts. In its first full year of operation, NYRA Bets National has an expected operating loss of $196,000.
# NYRA
## Operating Income from Racing Operations

### RACING RELATED REVENUE

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change $</th>
<th>%</th>
<th>2015</th>
<th>Change $</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUDGET</td>
<td>$132,159</td>
<td>$132,377</td>
<td>($218)</td>
<td>(0.2%)</td>
<td>$132,598</td>
<td>($439)</td>
<td>(0.3%)</td>
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<tr>
<td>FORECAST</td>
<td>$132,159</td>
<td>$132,377</td>
<td>($218)</td>
<td>(0.2%)</td>
<td>$132,598</td>
<td>($439)</td>
<td>(0.3%)</td>
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<tr>
<td>Export revenue</td>
<td>112,196</td>
<td>115,154</td>
<td>(2,958)</td>
<td>(2.6%)</td>
<td>114,075</td>
<td>(1,879)</td>
<td>(1.6%)</td>
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<tr>
<td>New York OTB</td>
<td>23,144</td>
<td>16,888</td>
<td>130</td>
<td>0.8%</td>
<td>16,465</td>
<td>553</td>
<td>3.4%</td>
</tr>
<tr>
<td>Total gross pari-mutuel revenue</td>
<td>$267,498</td>
<td>$271,682</td>
<td>($4,183)</td>
<td>(1.5%)</td>
<td>$271,447</td>
<td>($3,949)</td>
<td>(1.5%)</td>
</tr>
<tr>
<td>Less: Statutory and Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rewards Rebate</td>
<td>$4,927</td>
<td>$4,865</td>
<td>$62</td>
<td>1.3%</td>
<td>$3,955</td>
<td>$972</td>
<td>24.6%</td>
</tr>
<tr>
<td>Stakes &amp; Purses</td>
<td>105,423</td>
<td>106,442</td>
<td>(1,020)</td>
<td>(1.0%)</td>
<td>106,633</td>
<td>(1,210)</td>
<td>(1.1%)</td>
</tr>
<tr>
<td>Import Host Fees</td>
<td>16,445</td>
<td>16,866</td>
<td>(421)</td>
<td>(1.4%)</td>
<td>16,460</td>
<td>(15)</td>
<td>(0.1%)</td>
</tr>
<tr>
<td>Other statutory payments</td>
<td>17,018</td>
<td>16,888</td>
<td>$130</td>
<td>0.8%</td>
<td>16,465</td>
<td>553</td>
<td>3.4%</td>
</tr>
<tr>
<td>Total Statutory and Other</td>
<td>$143,813</td>
<td>$144,882</td>
<td>($1,069)</td>
<td>(0.7%)</td>
<td>$143,513</td>
<td>$300</td>
<td>0.2%</td>
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<tr>
<td>Net wagering revenue</td>
<td>$128,686</td>
<td>$126,799</td>
<td>($3,114)</td>
<td>(2.5%)</td>
<td>$127,934</td>
<td>($4,249)</td>
<td>(3.3%)</td>
</tr>
<tr>
<td>Other revenue, net</td>
<td>$18,236</td>
<td>$18,025</td>
<td>$212</td>
<td>1.2%</td>
<td>$17,782</td>
<td>$454</td>
<td>2.6%</td>
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<tr>
<td>On-track racing related revenue, net</td>
<td>17,855</td>
<td>17,626</td>
<td>$228</td>
<td>1.3%</td>
<td>18,106</td>
<td>(252)</td>
<td>(1.4%)</td>
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<tr>
<td>Total Other and OTRR Revenue</td>
<td>$36,091</td>
<td>$35,651</td>
<td>$440</td>
<td>1.2%</td>
<td>$35,888</td>
<td>$203</td>
<td>0.6%</td>
</tr>
<tr>
<td>Net Revenue From Racing Operations</td>
<td>$159,776</td>
<td>$162,451</td>
<td>($2,674)</td>
<td>(1.6%)</td>
<td>$163,823</td>
<td>($4,046)</td>
<td>(2.5%)</td>
</tr>
</tbody>
</table>

### OPERATING EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change $</th>
<th>%</th>
<th>2015</th>
<th>Change $</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Expense</td>
<td>$92,373</td>
<td>$88,121</td>
<td>$4,252</td>
<td>4.8%</td>
<td>$87,056</td>
<td>$5,317</td>
<td>6.1%</td>
</tr>
<tr>
<td>Operating Supplies</td>
<td>2,174</td>
<td>2,449</td>
<td>(274)</td>
<td>(11.2%)</td>
<td>2,818</td>
<td>(644)</td>
<td>(22.8%)</td>
</tr>
<tr>
<td>Utilities</td>
<td>6,647</td>
<td>6,552</td>
<td>94</td>
<td>1.4%</td>
<td>6,829</td>
<td>(182)</td>
<td>(2.7%)</td>
</tr>
<tr>
<td>Temporary Help</td>
<td>3,747</td>
<td>3,510</td>
<td>238</td>
<td>6.8%</td>
<td>3,859</td>
<td>(112)</td>
<td>(2.9%)</td>
</tr>
<tr>
<td>Outside Services</td>
<td>8,822</td>
<td>8,373</td>
<td>449</td>
<td>5.4%</td>
<td>7,175</td>
<td>1,647</td>
<td>23.0%</td>
</tr>
<tr>
<td>Telephone &amp; Communications</td>
<td>5,639</td>
<td>7,211</td>
<td>(1,572)</td>
<td>(21.8%)</td>
<td>7,368</td>
<td>(1,729)</td>
<td>(23.5%)</td>
</tr>
<tr>
<td>Professional Fees:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal Fees</td>
<td>1,720</td>
<td>1,670</td>
<td>50</td>
<td>3.0%</td>
<td>1,670</td>
<td>50</td>
<td>3.0%</td>
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<tr>
<td>Audit/Tax</td>
<td>786</td>
<td>858</td>
<td>(71)</td>
<td>(8.3%)</td>
<td>819</td>
<td>(33)</td>
<td>(4.0%)</td>
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<tr>
<td>Consulting</td>
<td>966</td>
<td>1,030</td>
<td>(65)</td>
<td>(6.3%)</td>
<td>814</td>
<td>152</td>
<td>18.6%</td>
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<tr>
<td>TOTE Expense</td>
<td>2,203</td>
<td>2,163</td>
<td>39</td>
<td>1.8%</td>
<td>2,124</td>
<td>79</td>
<td>3.7%</td>
</tr>
<tr>
<td>Rentals &amp; Leases</td>
<td>2,078</td>
<td>2,334</td>
<td>(255)</td>
<td>(10.9%)</td>
<td>2,665</td>
<td>(586)</td>
<td>(22.0%)</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>6,859</td>
<td>7,648</td>
<td>(789)</td>
<td>(10.3%)</td>
<td>9,299</td>
<td>(2,440)</td>
<td>(26.2%)</td>
</tr>
<tr>
<td>Insurance</td>
<td>8,414</td>
<td>7,716</td>
<td>698</td>
<td>9.0%</td>
<td>8,344</td>
<td>70</td>
<td>0.8%</td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>6,295</td>
<td>5,626</td>
<td>669</td>
<td>11.9%</td>
<td>5,360</td>
<td>934</td>
<td>17.4%</td>
</tr>
<tr>
<td>Bad Debt</td>
<td>250</td>
<td>4,108</td>
<td>(3,858)</td>
<td>(93.9%)</td>
<td>5,383</td>
<td>(5,133)</td>
<td>(95.4%)</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>8,699</td>
<td>8,549</td>
<td>150</td>
<td>1.8%</td>
<td>8,671</td>
<td>28</td>
<td>0.3%</td>
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<tr>
<td>Total Operating Expenses</td>
<td>$157,672</td>
<td>$157,918</td>
<td>($246)</td>
<td>(0.2%)</td>
<td>$160,255</td>
<td>($2,582)</td>
<td>(1.6%)</td>
</tr>
</tbody>
</table>

**Operating Income From Racing Operations**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change $</th>
<th>%</th>
<th>2015</th>
<th>Change $</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,104</td>
<td>$4,532</td>
<td>($2,428)</td>
<td>(53.6%)</td>
<td></td>
<td>$3,568</td>
<td>($1,464)</td>
<td>(41.0%)</td>
</tr>
</tbody>
</table>
NYRA HANDLE AND OTHER RELEVANT STATISTICS  
2017 BUDGET COMPARED TO 2016 FORECAST AND 2015 ACTUAL 

HANDLE  
Live On-Track, Export, Import  

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>BUDGET 2017</th>
<th>FORECAST 2016</th>
<th>ACTUAL 2015</th>
<th>5 YEAR AVERAGE vs 2016 FORECAST</th>
<th>5 YEAR AVERAGE vs 2015 ACTUAL</th>
<th>5 YEAR AVERAGE vs 5 YEAR AVG.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AQUEDUCT WINTER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Race dates</td>
<td>57</td>
<td>63</td>
<td>60</td>
<td>68</td>
<td>-10%</td>
<td>-5%</td>
</tr>
<tr>
<td>Live</td>
<td>$46,152</td>
<td>$51,647</td>
<td>$47,965</td>
<td>$57,638</td>
<td>-11%</td>
<td>-4%</td>
</tr>
<tr>
<td>Export</td>
<td>$326,130</td>
<td>$364,823</td>
<td>$306,352</td>
<td>$375,551</td>
<td>-11%</td>
<td>6%</td>
</tr>
<tr>
<td>Import</td>
<td>$99,272</td>
<td>$102,055</td>
<td>$101,868</td>
<td>$102,044</td>
<td>-3%</td>
<td>-3%</td>
</tr>
<tr>
<td>Total Handle</td>
<td>$471,555</td>
<td>$518,526</td>
<td>$456,186</td>
<td>$535,233</td>
<td>-9%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>BELMONT SPRING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Race dates</td>
<td>54</td>
<td>54</td>
<td>59</td>
<td>56</td>
<td>0%</td>
<td>-8%</td>
</tr>
<tr>
<td>Live</td>
<td>$82,655</td>
<td>$82,621</td>
<td>$88,293</td>
<td>$84,355</td>
<td>0%</td>
<td>-6%</td>
</tr>
<tr>
<td>Export</td>
<td>$537,703</td>
<td>$537,991</td>
<td>$559,447</td>
<td>$517,472</td>
<td>0%</td>
<td>-4%</td>
</tr>
<tr>
<td>Import</td>
<td>$75,916</td>
<td>$74,530</td>
<td>$71,790</td>
<td>$70,259</td>
<td>2%</td>
<td>6%</td>
</tr>
<tr>
<td>Total Handle</td>
<td>$698,275</td>
<td>$695,143</td>
<td>$719,531</td>
<td>$672,065</td>
<td>0%</td>
<td>-3%</td>
</tr>
<tr>
<td><strong>SARATOGA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Race dates</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Live</td>
<td>$149,069</td>
<td>$151,842</td>
<td>$157,648</td>
<td>$151,594</td>
<td>-2%</td>
<td>-5%</td>
</tr>
<tr>
<td>Export</td>
<td>$470,948</td>
<td>$501,394</td>
<td>$498,474</td>
<td>$461,374</td>
<td>-6%</td>
<td>-6%</td>
</tr>
<tr>
<td>Import</td>
<td>$43,245</td>
<td>$42,465</td>
<td>$41,492</td>
<td>$40,510</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Total Handle</td>
<td>$663,260</td>
<td>$695,699</td>
<td>$697,612</td>
<td>$653,478</td>
<td>-5%</td>
<td>-5%</td>
</tr>
<tr>
<td><strong>BELMONT FALL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Race dates</td>
<td>36</td>
<td>38</td>
<td>38</td>
<td>37</td>
<td>-5%</td>
<td>-5%</td>
</tr>
<tr>
<td>Live</td>
<td>$41,442</td>
<td>$40,214</td>
<td>$39,989</td>
<td>$41,998</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Export</td>
<td>$253,658</td>
<td>$256,301</td>
<td>$281,061</td>
<td>$266,742</td>
<td>-1%</td>
<td>-10%</td>
</tr>
<tr>
<td>Import</td>
<td>$41,296</td>
<td>$41,174</td>
<td>$44,058</td>
<td>$39,833</td>
<td>0%</td>
<td>-6%</td>
</tr>
<tr>
<td>Total Handle</td>
<td>$336,397</td>
<td>$337,689</td>
<td>$365,108</td>
<td>$348,573</td>
<td>0%</td>
<td>-8%</td>
</tr>
<tr>
<td><strong>AQUEDUCT FALL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Race dates</td>
<td>39</td>
<td>35</td>
<td>40</td>
<td>39</td>
<td>11%</td>
<td>-3%</td>
</tr>
<tr>
<td>Live</td>
<td>$34,188</td>
<td>$32,690</td>
<td>$32,681</td>
<td>$33,527</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Export</td>
<td>$213,033</td>
<td>$199,722</td>
<td>$231,129</td>
<td>$217,721</td>
<td>7%</td>
<td>-8%</td>
</tr>
<tr>
<td>Import</td>
<td>$48,592</td>
<td>$47,112</td>
<td>$40,496</td>
<td>$46,854</td>
<td>3%</td>
<td>20%</td>
</tr>
<tr>
<td>Total Handle</td>
<td>$295,813</td>
<td>$279,524</td>
<td>$304,306</td>
<td>$298,103</td>
<td>6%</td>
<td>-3%</td>
</tr>
</tbody>
</table>

| **TOTAL**       |             |               |             |                                 |                               |                               |
| Race dates      | 226         | 230           | 237         | 240                             | -2%                           | -5%                           | -6%                           |
| Live            | $353,507    | $359,013      | $366,576    | $369,092                        | -2%                           | -4%                           | -4%                           |
| Export          | $1,803,473  | $1,860,231    | $1,876,464  | $1,838,861                      | -3%                           | -4%                           | -2%                           |
| Import          | $308,320    | $307,335      | $299,704    | $299,499                        | 0%                            | 3%                            | 3%                            |
| Total Handle    | $2,465,300  | $2,526,580    | $2,542,743  | $2,507,452                      | -2%                           | -3%                           | -2%                           |

*Note: Race dates reflect the total amount of days budgeted and/or forecasted and not the number of days scheduled.*

PRELIMINARY – TO BE APPROVED BY NYRA BOARD
HANDLE ANALYSIS

The 2017 handle budget considered variables that have an impact on handle by platform for each of the five meets that NYRA will run; including weather, historical platform trends, industry trends, the racing calendar and field size. Each meet was analyzed for internal and external variables and budgeted independently of the other meets. Handle totals were also compared to the prior five-year average to ensure reasonable totals informed by observable trends.

Total handle for 2017 is intentionally budgeted conservatively. Total all-source 2017 handle of $2.465 billion is budgeted to decrease approximately 2% compared last year and to the prior five-year average driven by a conservative approach, lower NYS OTB handle, and strategic changes to the scheduled race days in an effort to maintain field size during the Aqueduct Winter and Belmont Fall meets where times of strain on the horse population are at its greatest. With this strategy field size is budgeted to remain essentially flat compared to 2016. Highlights for each meet include the following:

**Aqueduct Winter Meet:** Handle is budgeted to decrease 12%, or $63.7 million compared to the prior five-year average, and is 9% or $47.0 million less than 2016 actual results. Factors driving the lower budgeted handle include the assumption of more severe weather and fewer scheduled race days in an effort to maintain field size.

**Belmont Spring Meet:** As in prior years, we are not assuming a Triple Crown Belmont Stakes in 2017. Handle has been budgeted to be flat to 2016 actual performance, at $698.3 million. Compared to the prior five-year average, NYRA is expecting to achieve a $26.2 million or 4.0% increase due to improving results from both the Stars & Stripes and Belmont Stakes Racing Festivals in recent years.

**Saratoga Meet:** NYRA is being conservative by not assuming the level of results experienced in 2015 or 2016. The budget assumes a decrease of 5% or $32.4 million in handle compared to 2016. This conservative approach is consistent with the approach taken in prior years due to the potential significant impact bad weather can have on handle (e.g., in 2016, half of a Saturday card was cancelled due to severe thunderstorms impacting handle by $17.3 million). However, we are still budgeting an increase of 1% or $9.8 million over the prior five-year average.

**Belmont Fall Meet:** We are budgeting handle of $336.4 million, a reduction of $1.3 million compared to actual 2016 performance, driven by two less race days offset by an increase in daily average handle as we do not expect the level of unfavorable weather experienced in 2016 which impacted all three of the enhanced Saturday programs.

**Aqueduct Fall Meet:** Based on performance to date, handle is budgeted to increase 6%, or $16.3 million compared to the 2016 forecast based on four more race days, and will decrease 1% or $2.3 million compared to the prior five-year average.
## REVENUE

### RACING RELATED REVENUE

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUDGET</td>
<td>FORECAST</td>
<td>$</td>
<td>%</td>
<td>ACTUAL</td>
</tr>
<tr>
<td>On-track</td>
<td>$132,159</td>
<td>$132,377</td>
<td>$(218)</td>
<td>(0.2%)</td>
<td>$132,598</td>
</tr>
<tr>
<td>Export revenue</td>
<td>112,196</td>
<td>115,154</td>
<td>(2,958)</td>
<td>(2.6%)</td>
<td>114,075</td>
</tr>
<tr>
<td>New York OTB</td>
<td>23,144</td>
<td>24,151</td>
<td>(1,007)</td>
<td>(4.2%)</td>
<td>24,775</td>
</tr>
<tr>
<td>Total gross pari-mutuel revenue</td>
<td>$267,499</td>
<td>$271,682</td>
<td>$(4,183)</td>
<td>(1.5%)</td>
<td>$271,447</td>
</tr>
</tbody>
</table>

### Less: Statutory and Other

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rewards Rebate</td>
<td>4,927</td>
<td>4,865</td>
<td>62</td>
<td>1.3%</td>
<td>3,955</td>
</tr>
<tr>
<td>Stakes &amp; Purses</td>
<td>105,423</td>
<td>106,442</td>
<td>(1,020)</td>
<td>(1.0%)</td>
<td>106,633</td>
</tr>
<tr>
<td>Import Host Fees</td>
<td>16,445</td>
<td>16,686</td>
<td>(241)</td>
<td>(1.4%)</td>
<td>16,460</td>
</tr>
<tr>
<td>Other statutory payments</td>
<td>17,018</td>
<td>16,888</td>
<td>130</td>
<td>0.8%</td>
<td>16,465</td>
</tr>
<tr>
<td>Total Statutory and Other</td>
<td>$143,813</td>
<td>$144,882</td>
<td>$(1,069)</td>
<td>(0.7%)</td>
<td>$143,513</td>
</tr>
</tbody>
</table>

Net wagering revenue

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>$123,686</td>
<td>$126,799</td>
<td>$(3,114)</td>
<td>(2.5%)</td>
<td>$127,934</td>
<td>$(4,249)</td>
</tr>
</tbody>
</table>

Other revenue, net

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>$18,236</td>
<td>$18,025</td>
<td>$212</td>
<td>1.2%</td>
<td>$17,782</td>
<td>$454</td>
</tr>
</tbody>
</table>

On-track racing related revenue, net

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>$36,091</td>
<td>$35,651</td>
<td>$440</td>
<td>1.2%</td>
<td>$35,888</td>
<td>$203</td>
</tr>
</tbody>
</table>

Net Revenue From Racing Operations

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>$159,776</td>
<td>$162,451</td>
<td>$(2,674)</td>
<td>(1.6%)</td>
<td>$163,823</td>
<td>$(4,046)</td>
</tr>
</tbody>
</table>

### Notes:

- **On-track Wagering Revenue**: On-track Wagering Revenue is budgeted to decrease consistent with the budgeted decrease in handle.

- **Export Revenue**: Export Revenue is budgeted to decrease consistent with handle performance assumed in the budget offset in part by an expected increase in the effective host fee rate charged for locations accepting NYRA’s simulcast signal.

- **New York OTB Revenue**: New York OTB revenue is anticipated to continue the downward trend experienced in recent years. NYRA is expecting a decrease of $1.0 million or 4.2% compared to 2016 Forecast and $1.6 million or 6.6% compared to 2015.

- **Stakes & Purses - Pari-mutuel**: Purse expense on pari-mutuel wagering is budgeted to decrease $1.0 million or 1.0% compared to 2016 Forecast due to the budgeted decreases in on-track, export and NYS OTB revenues.

- **Rewards Rebate**: The Rewards rebate provided to NYRA Bets customers is budgeted to increase 1.3% compared to 2016 Forecast assuming acquisition growth resulting from increased promotions expenses and enhancements to the internet & mobile platforms.

- **Import Host Fees**: Import host fees are fees paid to other tracks for wagers on non-NYRA races. The expense is budgeted to decrease $241,000 or 1.4% compared to 2016 Forecast.

- **Other Statutory Payments**: Other statutory payments including pari-mutuel taxes and other regulatory fees are budgeted to increase 0.8% compared to the 2016 Forecast, impacted by the increase in the NYS Gaming Commission regulatory fee from 0.5% to 0.6% which went into effect April 1, 2016.
• **Other Revenue**: Other Revenue is budgeted to increase 1.2% compared to 2016 forecast due to increases in sponsorship revenue from new NYRA Live! broadcast sponsorships and a contractual increase in NBC content rights fees for Belmont Stakes.

• **On-Track Racing Related Revenue**: On-Track Racing Related Revenue is budgeted to increase 1.3% compared to the 2016 Forecast, due to selective price increases for Belmont Stakes Racing Festival.

### OPERATING EXPENSES

*Operating Expenses (in thousands)*

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change $</th>
<th>%</th>
<th>2015</th>
<th>Change $</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>$67,414</td>
<td>$64,436</td>
<td>$2,977</td>
<td>4.6%</td>
<td>$63,981</td>
<td>$3,432</td>
<td>5.4%</td>
</tr>
<tr>
<td>Benefits &amp; Payroll Taxes</td>
<td>24,959</td>
<td>23,685</td>
<td>1,275</td>
<td>5.4%</td>
<td>23,075</td>
<td>1,885</td>
<td>8.2%</td>
</tr>
<tr>
<td>Travel</td>
<td>2,822</td>
<td>2,726</td>
<td>96</td>
<td>3.5%</td>
<td>2,617</td>
<td>205</td>
<td>7.9%</td>
</tr>
<tr>
<td>Operating Supplies</td>
<td>2,174</td>
<td>2,449</td>
<td>(274)</td>
<td>11.2%</td>
<td>2,818</td>
<td>(644)</td>
<td>22.8%</td>
</tr>
<tr>
<td>Utilities</td>
<td>6,647</td>
<td>6,552</td>
<td>94</td>
<td>1.4%</td>
<td>6,829</td>
<td>(182)</td>
<td>2.7%</td>
</tr>
<tr>
<td>Temporary Help</td>
<td>3,747</td>
<td>3,510</td>
<td>238</td>
<td>6.8%</td>
<td>3,859</td>
<td>(112)</td>
<td>2.9%</td>
</tr>
<tr>
<td>Outside Services</td>
<td>8,822</td>
<td>8,373</td>
<td>450</td>
<td>5.4%</td>
<td>7,175</td>
<td>1,647</td>
<td>23.0%</td>
</tr>
<tr>
<td>Professional Communications</td>
<td>5,639</td>
<td>7,211</td>
<td>(1,572)</td>
<td>21.8%</td>
<td>7,368</td>
<td>(729)</td>
<td>23.5%</td>
</tr>
<tr>
<td>Legal Fees</td>
<td>1,720</td>
<td>1,670</td>
<td>50</td>
<td>3.0%</td>
<td>1,670</td>
<td>50</td>
<td>3.0%</td>
</tr>
<tr>
<td>Consulting</td>
<td>1,752</td>
<td>1,888</td>
<td>(136)</td>
<td>7.2%</td>
<td>1,633</td>
<td>119</td>
<td>7.3%</td>
</tr>
<tr>
<td>TOTE Expense</td>
<td>2,203</td>
<td>2,163</td>
<td>39</td>
<td>1.8%</td>
<td>2,124</td>
<td>79</td>
<td>3.7%</td>
</tr>
<tr>
<td>Rentals &amp; Leases</td>
<td>2,078</td>
<td>2,334</td>
<td>(255)</td>
<td>10.9%</td>
<td>2,665</td>
<td>(586)</td>
<td>22.0%</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>6,859</td>
<td>7,648</td>
<td>(799)</td>
<td>10.3%</td>
<td>9,299</td>
<td>(2,440)</td>
<td>26.2%</td>
</tr>
<tr>
<td>Insurance</td>
<td>8,414</td>
<td>7,716</td>
<td>698</td>
<td>9.0%</td>
<td>8,344</td>
<td>70</td>
<td>0.8%</td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>6,295</td>
<td>5,626</td>
<td>669</td>
<td>11.9%</td>
<td>5,360</td>
<td>934</td>
<td>17.4%</td>
</tr>
<tr>
<td>Charitable Contributions</td>
<td>1,329</td>
<td>1,332</td>
<td>(3)</td>
<td>0.2%</td>
<td>1,364</td>
<td>(35)</td>
<td>2.5%</td>
</tr>
<tr>
<td>Bad Debt Expense</td>
<td>250</td>
<td>4,108</td>
<td>(3,858)</td>
<td>93.9%</td>
<td>5,383</td>
<td>(5,133)</td>
<td>95.4%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>4,548</td>
<td>4,491</td>
<td>56</td>
<td>1.3%</td>
<td>4,690</td>
<td>(143)</td>
<td>3.0%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>$157,672</strong></td>
<td><strong>$157,918</strong></td>
<td><strong>($246)</strong></td>
<td><strong>(0.2%)</strong></td>
<td><strong>$160,255</strong></td>
<td><strong>($2,582)</strong></td>
<td><strong>(1.6%)</strong></td>
</tr>
</tbody>
</table>

**Significant Variances to 2016 Forecast**

- **Salaries and Wages** – Salaries and Wages are budgeted to increase $3.0 million or 4.6% to $67.4 million due to increases in existing employee wages (including increases mandated by collective bargaining agreements) as well as additional headcount to support strategic objectives, including the enhanced NYRA Bets platform, cyber security, equine investigators, fire safety in Saratoga and the new venue technology initiative.

- **Benefits & Payroll Taxes** – Benefits & Payroll Taxes are budgeted to increase $1.3 million or 5.4% to $25.0 million due to contractual increases in union benefit costs, and rising costs of non-union employee benefits partially offset by higher non-union employee contribution rates. Payroll taxes are expected to increase $347,000 as a function of higher headcount and wages.

- **Outside Services** – Outside Services are budgeted to increase $450,000 or 5.4% due to new costs associated with the Saratoga and Belmont NYRA Live! broadcasts, horse transportation expense, and costs related to increased video streaming, offset by lower expected recruiting expense.
• **Telephone and Communications** – Telephone and Communications expense is budgeted to decrease $1.6 million or 21.8% due to a decrease in phone wagering costs associated with lower expected phone handle, and savings in toll free telephone costs related to a change in vendors, partially offset by increases in video streaming due to increased viewership, hosting fees attributable to off-siting network servers as part of a new disaster recovery strategy and ADW internet platform fees associated with higher internet handle.

• **Repairs and Maintenance** – Repairs and Maintenance expense is budgeted to decrease $789,000 or 10.3% due to a reduction in R&M related materials and due to realized savings from cost-saving capital investments, partially offset by an increase in service contracts related to new venue technology.

• **Insurance** – Insurance is budgeted to increase $698,000 or 9.0% due to budgeted increases of 3%-5% in most insurance lines, as well as higher workers compensation expense due to one-time retro premium credits received in 2016.

• **Marketing** – Marketing expenses are budgeted to increase $669,000 or 11.9% due to increased digital advertising, events related expense related to NYC bar & restaurant strategy planned for the Triple Crown and Saratoga summer meet, and additional promotions related to NYRA Bets.

• **Bad Debt** – Bad debt expense is budgeted to decrease $3.9 million or 93.9% to $250,000 due to not budgeting for Nassau OTB bad debt as NYRA has been told by State government officials that we will receive statutorily required distributions from Nassau OTB (currently not being received) based on Nassau OTB’s recently approved agreement with Resorts World.
VLT REVENUE

2017 VLT Revenue is projected to be $118.5 million, with $61.0 million for stakes and purses, $32.8 million for capital investments and $24.6 million for operations. Projected VLT Revenue is based on 5,000 machines with a $450 win per machine daily average.

NON-OPERATING EXPENSES

NYRA’s non-operating expenses consist of employee legacy costs (pension and other post-retirement employee benefits “OPEB”), depreciation and income tax expense. The following table is a summary of these expenses budgeted for 2017 compared to the 2016 forecast and 2015:

- **Retiree Benefits** - Retiree Benefits are budgeted to increase $280,000 compared to 2016 Forecast and $457,000 compared to 2015 based on actuarial projections.

- **Pension** – Pension expense is budgeted to be $2.5 million, consistent with the 2016 Forecast. The increase compared to 2015 is driven by a 0.25% decrease in discount rate.

- **Income Tax Expense** – Income Tax Expense is budgeted at an effective tax rate of 35%, consistent with 2016 and 2015. The decrease compared to 2016 forecast and 2015 is a function of the budgeted decrease in pre-tax net income.

- **Depreciation** – Depreciation expense is budgeted to increase $3.2 million or 31.7% compared to 2016 forecast and $5.5 million or 71.5% compared to 2015 as new assets are placed into service due to increased capital spending.
2017 CAPITAL SPENDING BUDGET

For 2017, NYRA plans to invest $27.5 million in new capital improvements in addition to $8.3 million in 2016 budgeted carryover projects for a total of $35.9 million expected capital spend. These projects will continue to enhance the guest experience, upgrade conditions within the barn area for horsemen, upgrade NYRA’s technology infrastructure and increase NYRA’s operational efficiency.

### 2017 CAPITAL SPENDING BUDGET

<table>
<thead>
<tr>
<th></th>
<th>2017 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(in thousands)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>AQUEDUCT</strong></td>
<td></td>
</tr>
<tr>
<td>Guest Area Improvements</td>
<td>$175</td>
</tr>
<tr>
<td>Barn Area Construction/Upgrades</td>
<td>100</td>
</tr>
<tr>
<td>Track and Infield Upgrades</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td><strong>425</strong></td>
</tr>
<tr>
<td><strong>BELMONT</strong></td>
<td></td>
</tr>
<tr>
<td>Guest Area Improvements</td>
<td>690</td>
</tr>
<tr>
<td>Barn Area Construction/Upgrades</td>
<td>3,000</td>
</tr>
<tr>
<td>Track and Infield Upgrades</td>
<td>750</td>
</tr>
<tr>
<td>Other Frontside Improvements</td>
<td>4,725</td>
</tr>
<tr>
<td></td>
<td><strong>9,165</strong></td>
</tr>
<tr>
<td><strong>SARATOGA</strong></td>
<td></td>
</tr>
<tr>
<td>Guest Area Improvements</td>
<td>5,170</td>
</tr>
<tr>
<td>Barn Area Construction/Upgrades</td>
<td>550</td>
</tr>
<tr>
<td>Dorms</td>
<td>500</td>
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<tr>
<td>Track and Infield Upgrades</td>
<td>400</td>
</tr>
<tr>
<td>Other Frontside Improvements</td>
<td>70</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>100</td>
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<tr>
<td></td>
<td><strong>6,790</strong></td>
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<tr>
<td><strong>NYRA TV</strong></td>
<td>1,900</td>
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<tr>
<td><strong>TECHNOLOGY</strong></td>
<td>2,875</td>
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<tr>
<td><strong>ADW SERVICES</strong></td>
<td>1,600</td>
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<tr>
<td><strong>FLEET EQUIPMENT</strong></td>
<td>3,721</td>
</tr>
<tr>
<td><strong>OTHER</strong></td>
<td>1,042</td>
</tr>
<tr>
<td>Total Proposed 2017 Capital Projects</td>
<td><strong>$27,518</strong></td>
</tr>
<tr>
<td>Total Projected 2016 Carryover</td>
<td><strong>$8,335</strong></td>
</tr>
<tr>
<td>Total Projected Capital Expenditures</td>
<td><strong>$35,853</strong></td>
</tr>
</tbody>
</table>
Aqueduct

Guest Area Improvements
• There have been substantial improvements made over the past few years in the clubhouse at Aqueduct. Projects planned for 2017 include improvements related to fire safety, upgrading signage throughout the building, and creating a unified look for the facility.

Barn Area Construction/Upgrades
• Budgeted improvements include upgrades to the barn area to enhance the working and living conditions of the backstretch workers and work to ensure compliance with federal CAFO regulations.

Track and Infield Upgrades
• 2017 plans include a new track cushion to optimize the safety of horses and jockeys.

Belmont

Guest Area Improvements
• In 2017, NYRA will invest in several projects that will further improve the guest experience. Upgrades will include heating and cooling enhancements throughout the facility to improve guest experience year-round, and the continuation of a multi-year project to upgrade the entire facility to meet ADA and fire marshal compliance.

Barn Area Construction/Upgrades
• Over the past three years, improvements to the barn area have been increasing at Belmont, including the recent expansion of select barns to provide additional stall space. NYRA plans to continue to replace barn roofs with long lasting metal and remove asbestos, install flowable fill concrete and replace wooden catwalks with concrete in the front of each stall to reduce the maintenance involved in barn upkeep and increase the safety for the horses. Rubber and plastic wall guards are being installed in each stall to reduce the amount of wear and tear on the barn walls. NYRA will continue to upgrade the existing dorms and cottages making them more energy efficient and safer living conditions for the backstretch workers.

Track and Infield Upgrades
• Plans for the Belmont dirt track, turf courses and training track include continuation of two projects from last year; the track cushion replacement on the main track and the installation of irrigation pump controls for the turf courses. There are also plans to invest in a safety rail.

Other Frontside Improvements
• Other capital improvement plans include sprinkler replacement for better fire prevention, professional services for development of Belmont Park, and perimeter fencing.

Saratoga

Guest Area Improvements
• Improvements to optimize the guest experience at Saratoga include design work for the “At the Rail” pavilion, installation of a new elevator, restroom upgrades, construction of junior
boxes, a new copper roof, upgrades to the fire alarm system and ADA compliance upgrades. As part of the long-term redevelopment plan, construction of a permanent “At the Rail” pavilion near the clubhouse turn will be an improvement over the current tents and temporary suites. The junior boxes, which will be constructed on the east end of the grandstand, will provide a new revenue generating area and significantly upgrade the look and use of an underutilized seating area.

Barn Area/Dorm Construction/Upgrades
- Plans include continuing to renovate dormitories and barns as well as upgrading the electrical service which will improve the quality of life for the backstretch residents. NYRA will completely refurbish ten additional dormitories, and the barn upgrades will duplicate the stall flooring projects that have worked well at Belmont, including rubber matting in the stalls.

Track and Infield Upgrades
- NYRA plans to continue to upgrade the irrigation of the Mellon and Inner Turf courses. The improved irrigation of these two turf courses will extend their life and improve the condition of the racing surface which will reduce labor costs and mitigate the usage of City water.

Other
- Other plans include a new roof for the saddling shed, tables and chairs for the dining areas, and minor office improvements.

NYRA TV
- In 2017, NYRA TV has a number of new initiatives planned that will greatly enhance the guest experience while further widening the technology gap between NYRA and its industry competitors. Plans include launching a state-of-the-art video application that will allow users to watch our races from a variety of angles and on-demand short form digital content. NYRA also plans to invest in new camera technology, including a replacement of older robotic camera equipment and new cameras such as a cutting edge 360 degree camera that could be installed in the paddock to provide unlimited viewing angles.

Technology
- Technology plans include further investment in a Customer Relationship Management (CRM) platform creating a centralized customer information database, improving network infrastructure to better support all functions of the company securely and efficiently, and software to increase efficiencies through automation and centralization of data collection.

ADW Services
- NYRA ADW Services plans include continuing to develop and enhance funding integrations to our wagering platform, and investments to offer the best possible mobile wagering experience to our guests.

Fleet Equipment
- Plans include purchasing used vehicles to replace older vehicles that require maintenance, a “vac-all” machine to clean out wash pads and drains, a four wheel drive ambulance to provide better safety for the jockeys and exercise riders, and purchasing the starting gates used at all three racetracks to reduce rental expenses.
NYRA BETS NATIONAL

After a successful launch in 2016, NYRA anticipates continued growth from NYRA Bets National. NYRA launched its national ADW against established competitors with strong market share. This was accomplished by implementing a strategy to leverage the combination of the strong Saratoga meet and the launch of the ground-breaking NYRA Live! broadcast that was distributed to sixty-five million households across the nation.

NYRA has budgeted an operating loss of $196,000 in 2017 from this new line of business. NYRA Bets is projected to handle $29.7 million and will spend the majority of its operating expenses on acquiring and retaining new account holders.

### NewCo - NYRA Bets National Budget

#### P&L Breakdown

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handle</td>
<td>29,715,000</td>
</tr>
<tr>
<td>Pari-Mutuel Revenue</td>
<td>5,853,855</td>
</tr>
<tr>
<td>Pari-mutuel Taxes &amp; Fees</td>
<td>3,120,075</td>
</tr>
<tr>
<td>Net Pari-Mutuel Revenue</td>
<td>2,733,780</td>
</tr>
<tr>
<td>Cash Rebates</td>
<td>520,013</td>
</tr>
<tr>
<td>Retention Promotions/ Customer Relations</td>
<td>245,805</td>
</tr>
<tr>
<td>Sign-Up Promotions</td>
<td>465,750</td>
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<tr>
<td>Marketing</td>
<td>535,501</td>
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<tr>
<td>Handle Related Expenses</td>
<td>297,150</td>
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<tr>
<td>TeleCommunication Expenses</td>
<td>234,260</td>
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<tr>
<td>Administrative Expenses</td>
<td>631,685</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>2,930,164</strong></td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td><strong>(196,384)</strong></td>
</tr>
</tbody>
</table>
EXHIBIT 1

2017 BREAKDOWN OF LABOR EXPENSE

<table>
<thead>
<tr>
<th></th>
<th>Non-union</th>
<th>Union</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Taxes</td>
<td>$36,780,000</td>
<td>$36,112,000</td>
<td>$72,892,000</td>
</tr>
<tr>
<td>Active employee benefits</td>
<td>$4,867,000</td>
<td>$14,659,000</td>
<td>$19,526,000</td>
</tr>
<tr>
<td>Post-retirement benefits</td>
<td>$6,138,928</td>
<td>$6,138,928</td>
<td>$12,277,856</td>
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<tr>
<td>Pension Expense</td>
<td></td>
<td>$2,466,205</td>
<td>$2,466,205</td>
</tr>
<tr>
<td><strong>Total compensation</strong></td>
<td>$41,647,000</td>
<td>$59,376,133</td>
<td>$101,023,133</td>
</tr>
<tr>
<td>% of Total</td>
<td>41%</td>
<td>59%</td>
<td>100%</td>
</tr>
<tr>
<td># average active employees</td>
<td>660</td>
<td>721</td>
<td>1,381</td>
</tr>
<tr>
<td>% of Total</td>
<td>48%</td>
<td>52%</td>
<td>100%</td>
</tr>
<tr>
<td>2017 Cost per active employee</td>
<td>$63,102</td>
<td>$82,352</td>
<td>$73,152</td>
</tr>
</tbody>
</table>
PERFORMANCE STANDARD - FA Sec. 2.2 (a)-Race Dates:

New NYRA shall apply to the Racing and Wagering Board to run racing a minimum of two hundred forty-six (246) total race days each calendar year, which racing days will include a minimum of (i) one hundred twenty (120) race days at Aqueduct, (ii) ninety (90) race days at Belmont and (iii) thirty-six (36) race days at Saratoga. Assignment of race days shall be subject to approval of the Racing and Wagering Board.

STATEMENT OF CONCLUSION:

NYRA has complied in all respects with this Performance Standard in 2015. Indeed, in 2015 NYRA applied to the Gaming Commission to run more than the minimum number of races at Belmont and Saratoga specified in the Franchise Agreement. Documentation evidencing NYRA’s satisfaction of the Performance Standard is listed below and can be found in the NYRA shared folder.

BASIS FOR CONCLUSION & INCLUDED DOCUMENTATION:

NYRA’s Senior Vice President of Racing Operations prepares an annual racing schedule in accordance with the parameters outlined in the Franchise Agreement FA Sec.2.2 (a). The proposed schedule is sent to the Secretary of the NYS Gaming Commission for approval. Please see below, a summary of the annual planned race dates by track, and the Franchise Agreement performance benchmarks:

<table>
<thead>
<tr>
<th></th>
<th>FA Target</th>
<th>No. of races applied for in 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>AQU</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>BEL</td>
<td>90</td>
<td>97</td>
</tr>
<tr>
<td>SAR</td>
<td>36</td>
<td>40</td>
</tr>
<tr>
<td>TOTAL</td>
<td>246</td>
<td>257</td>
</tr>
</tbody>
</table>

As can be seen in the above charts, in 2015 NYRA applied to the NYS Gaming Commission to run a total of 257 races. In 2015, NYRA actually exceeded the requirements by applying for more races than is required by the Franchise Agreement.

While performance under this standard is complete, we note that N.Y. PML §238 permits cancellation of race dates for circumstances beyond NYRA’s control. In 2015, six (6) race dates were cancelled with Gaming Commission approval during NYRA’s Aqueduct winter meet as a result of the ongoing national foal crop crisis.
NYRA hereby requests that the information contained in this submission be excepted from disclosure pursuant to Section §87(2)(a), §87(2)(d) and §87(2)(g) (among other exemptions) of the New York State Freedom of Information Law.

NYRA has surpassed the requirements of this Performance Standard. The following documentation is included in this submission:

2015 Documentation

- NYRA Request for GC Approval of 2015 Racing Schedule
- GC Approval of 2015 Racing Schedule
- Request for race day reduction Aqueduct winter meet
- GC Approval of race day reduction Aqueduct winter meet
PERFORMANCE STANDARD - FA Sec. 2.2 (b)-New York Bred Races:

New NYRA shall run a minimum of six hundred (600) New York bred races each year, subject to availability of a sufficient number of New York bred horses to run competitive races with customary field size. The number of New York bred races will be dependent on the State's foal crop and the continuation of State support of the State breeding industry substantially as currently operated.

STATEMENT OF CONCLUSION:

Not only has NYRA complied with the requirements of this Performance Standard in 2015, but it has substantially exceeded the minimum requirements by running 693 New York bred races and, in doing so, has helped expand the New York breeding program. Documentation evidencing NYRA’s satisfaction of the Performance Standard is listed below and can be found in the NYRA shared folder.

BASIS FOR CONCLUSION & INCLUDED DOCUMENTATION:

With upwards of 50% of the horses competing in NYRA races being NY-bred, NYRA has worked with the New York Thoroughbred Breeders, Inc. (“NYTB”) to assist it in its efforts to grow the New York bred program.

According to the Jockey Club, the national foal count in 2005 was approximately 36,000. In the immediate aftermath of the recent recession, when many Americans had less discretionary income, the national foal count had dropped to just over 21,000, a substantial decrease. As a result of the efforts of NYRA's new racing executives who expanded purses for NY bred horses, New York was one of the few states to see an increase in the number of foals, from 729 in 2012 to 840 in 2015.

In 2015, purses for the Saratoga Showcase Day totaled $1.4 million, and attendance was 25,010. On track handle in 2015 was $4.7 million. In 2015 handle and attendance increased from 2014, the inaugural year of Saratoga Showcase Day, which attracted 24,843 guests, who wagered more than $4.2 million on track.

Saratoga Showcase Day joins similar spring and fall-themed race days featuring New York-bred horses at Belmont. In 2015, the Empire Stakes Showcase, Belmont’s fall event, featured an 8 stakes race card worth nearly $1.75 million in purses, with 5,515 in attendance, and over $1.8 million wagered on track. The 2015 Empire Stakes Showcase days also hosted the “Taste NY” event, an initiative launched by Governor Andrew Cuomo. Taste NY has successfully connected racing fans with New York-produced foods, spirits and crafts. In addition, NYRA hosted an array of family-centric activities, including: a pumpkin patch, petting zoo, mechanical bull, carnival booths and

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1 From The Jockey Club’s “New York’s Fact Book.” This is a count of live foals by conception area, regardless of where the foals were born (i.e. a count of the 2015 New York-sired foal crop).
inflatable rock wall climbing. Empire Showcase Day was also College Day at Belmont, with local New York area college students competing throughout the day for a host of prizes.

The Big Apple Showcase day, Belmont’s spring event, offered six (6) stakes races and over $1 million in purses in 2015, with 6,837 in attendance and over $2 million in on-track handle. A highlight of the Big Apple Showcase day was the jockey and trainer signing event, an opportunity for fans to meet some of the most successful and talented people in racing. These three major New York racing events, NYRA helped shine a bright light on New York racing, including the talent and potential of NY breds.

In addition to the Showcase days, NYRA has continued to help in expanding the New York breeding program by generally increasing the number of New York-bred races, and devoting larger purses for New York-bred races overall. In 2015, NYRA dedicated $40,877,000 to New York bred purses. This was an increase over 2014, during which time NYRA dedicated $40,396,500 in purses to New York breds. The increases in purses for New York breds is a continuing trend. In 2013, NYRA directed $39,212,000 in purses to such races, up from $34,480,000 in purses for NY Bred races in 2012.

Below is a summary of the total annual NY Bred races run at NYRA tracks in 2015:

<table>
<thead>
<tr>
<th>NY Bred Race Run 2015</th>
<th>FA Target</th>
<th>2015 actual NY Bred Races Run</th>
</tr>
</thead>
<tbody>
<tr>
<td>600</td>
<td>693</td>
<td></td>
</tr>
</tbody>
</table>

The following documentation is included in this submission:

2015 Documentation

- 2015 NYS Thoroughbred Development Fund Annual Report
- 2015 New York Bred Stakes Schedule and Press Releases for all three tracks
- Press Releases for Empire, Big Apple and Saratoga Showcase days
- The Jockey Club Report Showing NY Bred Races Run 2015
PERFORMANCE STANDARD - FA Sec. 2.2 (c)-Stalls:

New NYRA shall fill stalls at each of the Racetracks in a fair and equitable manner and subject to existing track customs so as to maximize field size and quality of horses on Racetrack grounds.

STATEMENT OF CONCLUSION:

NYRA has complied in all respects with this Performance Standard in 2015. NYRA has a stall allocation policy that is consistent with track customs and with the policies at all major tracks in the U.S., but goes further by clarifying the factors used to determine stall allocation. The policy further supports NYRA’s goal of maximizing field size with quality horses. Documentation evidencing NYRA’s satisfaction of the Performance Standard is listed below and can be found in the NYRA shared folder.

BASIS FOR CONCLUSION & INCLUDED DOCUMENTATION:

NYRA’s stall allocation policy (the “Policy”) both supports the need to maximize field size with quality horses, and allows for a fair and equitable distribution of stalls. The Policy is in keeping with the policies and practices at all other major North American racetracks in that it gives NYRA discretion to deny or grant stall space. However, NYRA makes clear that, in making its determination, it considers a number of factors that apply to all applicants equally. Each stall application is reviewed using the following objective criteria: (1) whether a horse’s trainer had previously stalled and raced horses at the track for which the application is being filed, (2) whether the trainer has in the past stalled horses at NYRA tracks without racing them, (3) past performances of the horses being stalled, (4) race readiness of said horses and (5) existing track customs. Additionally, the Policy makes it clear to trainers that their general level of training and racing may positively or negatively impact future stall allocations.

The stall application process is the same for all five of NYRA’s race meets. Trainers complete a stall application in which they list the names of each specific horse for which they request a stall. They also execute the revocable license to use NYRA facilities, complete with an agreement that NYRA reserves the right to use its sole discretion to determine the number of stalls assigned to the trainer. This language is identical and/or similar to that of every major race track in America.

Upon receipt of the completed stall applications from the trainers, the Racing Office reviews the racing performance and workout histories of each horse, to determine the extent to which these horses are capable of competing in the meet for which the stall is requested. Based upon that review, the Racing Office will determine which horses are active and competitive, and allocate stalls accordingly.

Depending on the meet for which the stalls are being allocated, there may or may not be additional stalls available after the allocation process described above has been completed. To be specific:
After the Aqueduct meet allocation process is complete, there are generally approximately 600 stalls still available, either at Aqueduct or Belmont.

The Belmont Spring meet allocation process typically results in all but approximately 20 stalls being filled, which are reserved for those trainers that ship in horses for the Belmont Stakes Racing Festival and, in particular, the Belmont Stakes (the third and final leg of the Triple Crown).

The Saratoga meet allocation process results in all stalls being completely filled. Arguably the finest meet in the world, there is high demand from owners and trainers to have stalls at Saratoga, but there is limited space. For example, although there are only 1,828 stalls at Saratoga, NYRA received applications for approximately 3,500 horses in 2014.

The Belmont fall meet allocation process will generally result in approximately 20-30 additional open stalls, and those stalls are thereafter allocated on a pro-rata basis to the trainers with the greatest number of starters (or entrants) in our races.

After the meet has been completed, the Racing Office analyzes the number of horses, starts, stall allocations and starts per stall performance for each trainer, and adds it to the list of identical historical data for the preceding years, to better evaluate the on-going performance and predict future performance of each trainer.

It should be noted that NYRA has more stalls available for trainers than any other racing organization in the country. At any given time, NYRA provides stalls at the track where races are occurring and additional stalls from at least one other NYRA racetrack. For example, Belmont stalls are available during the Aqueduct meet, and Belmont stalls are available during the Saratoga meet. During the 2015 racing season, NYRA had the following number of stalls available to horsemen:

Belmont: 2394
Saratoga: 1831
Aqueduct: 531

Total: 4756

By way of comparison, the number of stalls currently offered at some North American tracks is as follows:

<table>
<thead>
<tr>
<th>Track</th>
<th>Available Stalls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woodbine</td>
<td>2200</td>
</tr>
<tr>
<td>Laurel Park</td>
<td>1252</td>
</tr>
<tr>
<td>Arlington Park</td>
<td>2140</td>
</tr>
<tr>
<td>Delaware Park</td>
<td>1226</td>
</tr>
<tr>
<td>Gulfstream Park</td>
<td>1450</td>
</tr>
<tr>
<td>Oaklawn Park</td>
<td>1550</td>
</tr>
<tr>
<td>Monmouth Park</td>
<td>1580</td>
</tr>
<tr>
<td>Fair Grounds</td>
<td>1837</td>
</tr>
</tbody>
</table>

It should also be noted that NYRA offers some of the finest, most competitive racing in this country, if not the world. In order to protect its reputation and the wagering interest of its
NYRA hereby requests that the information contained in this submission be excepted from disclosure pursuant to Section §87(2)(a), §87(2)(d) and §87(2)(g) (among other exemptions) of the New York State Freedom of Information Law.

horseplayers, NYRA must fill its stalls with the best and most talented horses. Without a doubt, the process is highly rigorous and competitive, ensuring that NYRA’s stalls are filled with the finest, most competitive horses. However, NYRA’s Racing Office also directs certain trainers whose horses may not be competitive at NYRA’s level to other tracks where there is a greater likelihood of success. Once a horse has shown the ability to succeed elsewhere, NYRA will reevaluate that horse for inclusion in future NYRA races.

NYRA’s stall allocation policy exists in harmony with its responsibility to maximize horse quality and field size, despite an overall decline in the average national field size (from 6.22 in 2014 to 6.18 in 2015). In fact, in 2015, NYRA’s patrons witnessed a growth in the quantity and quality of stakes races, which attract the highest quality horses. In 2015, NYRA hosted 74 stakes races at Aqueduct Racetrack, 102 at Belmont Park, and 69 at Saratoga Race Course.

The following documentation is included in this submission:

Documentation 2015

- Diagrams of barns at all three racetracks
- A copy of the NYRA Draft Stall Allocation Policy
- The current NYRA Stall Application
- 2015 List of stall allocations by track
- Copies of stall applications from Gulfstream Park, Churchill Downs, and Santa Anita evidencing those tracks’ stall allocation policies.
- 2015 stakes schedule
PERFORMANCE STANDARD - FA Sec. 2.2 (d)-Jockey and Equine Safety:

New NYRA shall consider the advantages and disadvantages of installing synthetic surfaces at the Racetracks and training facilities with leading equine artificial surface experts from around the Nation to determine the advisability of such installation. Installation will be subject to FOB approval. New NYRA shall also consider other steps in consultation with industry experts to ensure jockey and equine safety.

STATEMENT OF CONCLUSION:

NYRA has complied in all respects with this Performance Standard in 2015. It has continued to consult with leading experts regarding the use of various synthetic surfaces, and continues to research the feasibility of installing a synthetic track. As listed below, NYRA is fully committed to implementation of safety initiatives to ensure that the equine and human athletes participating in NYRA races are as safe as possible. Documentation evidencing NYRA’s satisfaction of the Performance Standard is listed below and can be found in the NYRA shared folder.

BASIS FOR CONCLUSION & INCLUDED DOCUMENTATION:

Belmont and Aqueduct were re-accredited in 2015 by the National Thoroughbred Racing Association2, where it exceeded expectations in multiple areas. In fact, Mike Ziegler, Executive Director of the NTRA Safety and Integrity Alliance, recently stated: “[a]ll of the New York Racing Association tracks, including Aqueduct, continue to meet or exceed industry standards in the most critical areas pertaining to safety and integrity.” NYRA is continuously updating and improving its track safety conditions in order to ensure the safety of horses and jockeys. The following improvements to the track surface were either initiated or completed in 2015:

- Padding installed at the on/off gaps
- Changing the configuration of the on/off gap at Saratoga to reduce the risks when a loose horse exits the track
- Installation of gates on the outside rail of the Main Track at Aqueduct to prevent loose horses from going into the Harrow Yard from the Inner Track
- Purchase of additional Cherrington Screener to sift/screen the tracks
- Construction of new Harrow Yards at Belmont and Saratoga to eliminate the contamination of the cushion
- Installation of a computer controlled sprinkler system at Belmont. This new system provides greater control and efficiencies while watering the two turf courses, enabling a more consistent and even footing

2 Although Saratoga has not received its official accreditation yet, NYRA fully expects that Saratoga will be re-accredited for 2015.
Continuation of an automated sprinkler system at Saratoga that will eliminate the antiquated manual pipe operation that was time consuming and led to inconstant watering
- Purchase of a new 4x4 Human Ambulance
- Complete refurbishment of a Kimzey Horse Ambulance
- Installed magnets on one harrow at each track. This harrow is used daily to clean the track from horseshoes and other metal objects that contaminate the racing surfaces
- Continued the service contract with the Racing Services Testing Laboratory for track base inspection, ground penetrating radar, mechanical hoof testing, and sieve analysis and x-ray diffraction of track materials.
- LED lighting installed at horse crossings
- Cameras installed at Aqueduct Receiving Barn
- The use of Turf Blankets to promote growth of the grass surfaces at all three locations
- Barn refurbishment project includes adding rubber to the stall floors and to the stall walls, in addition to installing rubber on shedrow walls
- Purchase of a new mower for the turf course
- New harrows for use on the dirt surfaces at all three locations
- Construction of a new water truck
- Program to transport horses to Cornell University for necropsies

With regard to synthetic surface the following updates occurred in 2015:

- NYRA is currently installing a synthetic product in the jogging barn at Belmont Park. This allows exposure in a controlled environment.
- The VP of Facilities travelled to Newmarket, Kempton, and Skelton Training Center in Europe, as well as Woodbine, Keeneland, Turfway Park, Arlington Park, Fair Hill, and WinStar Farm, in order to observe various synthetic tracks and configurations and document proper maintenance procedures for each.

In response to a spate of injuries occurring in late 2014 and early 2015 at Aqueduct, NYRA, in consultation with NYTHA and Dr. Scott Palmer, instituted the following safety measures:

- Reduction of racing days during Aqueduct’s winter meet
- Raising of the bottom level claiming price from $12,500 to $16,000
- Creation of a “poor performance list,” prohibiting horses from running in a NYRA race when they lost by a margin of 25 lengths or greater. Horses on the list would be eligible to run again once they completed a half-mile workout in 53 seconds or less. The list is made available to the public on NYRA’s website.
- Restriction on entry of horses that raced within 14 days of the date of the race for which entry is sought;
- Implementation of more stringent work-out requirements by mandating a minimum number of official, recorded workouts at minimum distances;
- Implementation of stricter processes, procedures and standards at Aqueduct for shockwave therapy, a non-invasive treatment which can speed the healing of orthopedic and soft tissue injuries.
**NYRA hereby requests that the information contained in this submission be excepted from disclosure pursuant to Section §87(2)(a), §87(2)(d) and §87(2)(g) (among other exemptions) of the New York State Freedom of Information Law.**

- Inclusion of necropsies for all equine fatalities taking place on the grounds of Aqueduct, including training.

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 musculoskeletal catastrophic injuries that occur in races being conducted. The quotient used in the database is the total number of fatalities divided by the total number of starts, multiplied by 1,000, which reflects the number of fatalities per 1000 starts. The Jockey Club statistics include horses that are euthanized on the track or that die within 72 hours of sustaining a racing injury. The chart below displays the national injury rate per 1000 starts and NYRA’s injury rate per 1000 starts in 2013, 2014 and 2015.

<table>
<thead>
<tr>
<th></th>
<th>National Injury Rate Per 1000</th>
<th>NYRA Injury Rate Per 1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.90</td>
<td>1.29</td>
</tr>
<tr>
<td>2014</td>
<td>1.89</td>
<td>1.83</td>
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<tr>
<td>2015</td>
<td>1.62</td>
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</table>

It should be noted that NYRA’s injury rate decreased significantly in 2015 from 2014, and fell well below the national average. The 2015 results are even more significant when looking at the individual rates for Saratoga and Belmont, where equine deaths fell below 1 per 1000 to .59 and .70, respectively.

The following documentation is included in this submission:

**Documentation 2015**

- Updated documentation for track safety and maintenance improvements
- NTRA Accreditation Report for all three tracks (2015)
- Press regarding NYRA’s 2015 low injury rate
- The Jockey Club Equine Injury Database Printouts
2008 FRANCHISE AGREEMENT PERFORMANCE STANDARD SATISFACTION SUMMARY 2015

PERFORMANCE STANDARD - FA Sec. 2.2 (e)-CAFO:

New NYRA shall comply with the requirements of State Concentrated Animal Feeding Operation nutrient management plan and shall remediate and notify the FOB of any violation of such plan as soon as practicable.

STATEMENT OF CONCLUSION:

NYRA has complied in all respects with this Performance Standard. As of 2015, the racetrack at Saratoga was CAFO compliant, with NYRA having fully complied with an Order on Consent executed in 2004 (“2004 OOC”). After the 2004 OOC, Aqueduct was deemed fully compliant but in 2015 the DEC directed NYRA to install concrete wash pads in the backstretch. NYRA has completed this installation. With respect to Belmont, after an inspection by the DEC in 2009, it was discovered that certain CAFO violations listed in the 2004 OOC were not fully remediated. In 2014, NYRA and the DEC agreed to negotiate a second consent order. NYRA has now taken these corrective actions and is fully compliant for all actions to be taken through 2014. In 2015, the DEC required that a filtration system and chlorination be added at Belmont. NYRA is currently in the process of implementing these changes. Documentation evidencing NYRA’s satisfaction of the Performance Standard is listed below and can be found in the NYRA shared folder.

BASIS FOR CONCLUSION & INCLUDED DOCUMENTATION:

In 2009 and 2010, NYRA invested nearly $4,060,311 in Saratoga to ensure its compliance with CAFO, including the installation of concrete wash pads and a manure management system. Saratoga is currently fully CAFO compliant, having met the requirements of the 2004 OOC.

Aqueduct was deemed CAFO compliant in 2010, after removing its in-ground manure storage pits and adapting a containerized manure removal process. At that time, NYRA had received documentation from an engineering company that is familiar with the property stating the system was hooked to a sanitary line. However, in August of 2015, the Environmental Protection Agency performed dye tests of the storm water system at Aqueduct and it was determined that the storm drainage system was not connected to a combined system. Upon learning of the issue, NYRA submitted a plan to add two washstalls in each barn. All outside hydrants were removed and capped to reduce water flow. All work is now complete and wash pads are connected to a sanitary system.

Starting in 2009, NYRA completed several improvements in order to bring Belmont into CAFO compliance, including: installation of concrete wash pads (to prevent runoff from horse washing – now wash water goes into sanitary sewer), dredging of the sump, construction of an access road

3 NYRA was aware that the DEC would possibly require this step. After a further assessment, the DEC confirmed the necessity of chlorination.
NYRA hereby requests that the information contained in this submission be excepted from disclosure pursuant to Section §87(2)(a), §87(2)(d) and §87(2)(g) (among other exemptions) of the New York State Freedom of Information Law.

leading directly into the sump at Belmont (making it possible for trucks to make seamless entry into the sump, which will expedite the dredging process), and installation of a covered manure transfer facility.

To show its history of compliance, the following chart shows total capital money spent on CAFO compliance at all three tracks from 2009 until 2014. With most of the CAFO related work completed, NYRA only spent $139,000 in 2015 on CAFO compliance, all of which was invested in Belmont upgrades.

<table>
<thead>
<tr>
<th>Capital Spending - CAFO Compliance</th>
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<tr>
<td></td>
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<tr>
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<tr>
<td></td>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>***Vendor Supplied</td>
</tr>
</tbody>
</table>

The following documentation is included in the submission:

- 2014 Order on Consent
- 2015 CAFO Facility Inspection Report for Belmont
- Aqueduct Plan Update 2015
- Belmont Plan Update 2015
- Saratoga Plan Update 2015
- Summary of Facility and Plan Changes for 2015-Belmont Park
- EPA Order
PERFORMANCE STANDARD - FA Sec. 2.2 (f)-Backstretch:

New NYRA shall develop and implement a plan, subject to approval of the FOB, to improve substantially over a five year period the condition of the housing and working environment for backstretch workers; provided, however, that compliance with this Performance Standard shall be conditioned on the State or the VLT Operator making required daily payments to New NYRA for track improvements and other capital expenditures in an amount equal to four percent (4%) of VLT Revenues.

STATEMENT OF CONCLUSION:

NYRA has complied in all respects with this Performance Standard in 2015, as it continues to improve substantially the condition of the housing and working environment for backstretch workers. The five year capital improvement plan was created in 2008 and submitted to the then Racing and Wagering Board (now the NYS Gaming Commission). The same plan was subsequently reviewed by the FOB in 2012. NYRA commenced implementation of the plan in 2008. In 2015 NYRA spent $19,147,000 in backstretch improvements at all three racetracks. Approximately $18 million of the total spent was dedicated to directly improve the housing and working environment of the backstretch workers -- men and women who are not employed by NYRA but rather by third party independent trainers. The remaining approximately $1 million was spent on items such as: CAFO compliance, security cameras, fire safety, new fencing, trees and landscaping, and paving.

NYRA has evidenced its commitment to improving the lives of the backstretch workers as described herein. Documentation evidencing NYRA’s satisfaction of the Performance Standard is listed below and can be found in the NYRA shared folder.

BASIS FOR CONCLUSION & INCLUDED DOCUMENTATION:

Throughout 2015 NYRA has invested nearly $2 million in the building or renovation of 6 dormitories at Saratoga, renovation of the barns where backstretch employees spend the majority of their workday, and installation of new thermostats and hot water heaters. At Aqueduct, NYRA invested over $100,000 in improvements within all of Aqueduct’s backstretch dorms and barns, including new barn roofing, a new boiler in the backstretch kitchen, dorm room renovations, and electrical upgrades. The majority of the money spent in 2015 in barn-area capital expenditures (over $16 million) was spent improving the living and working conditions of the backstretch workers at Belmont. In 2015, NYRA, among other things, completed substantial renovations to the barns at Belmont, including new electrical and sprinkler systems. In 2015, NYRA also constructed a 47-room dormitory on the Backstretch, the first of three such dorms planned at the property. The new dorm(s) will provide a vast improvement in living conditions for the workers. The dorms are constructed of cement and provide individually air conditioned rooms, and each dorm room has an individual bathroom. NYRA also upgraded approximately 12 existing dorms on the Belmont backstretch with window replacements and new plumbing, showers, flooring, exterior siding and roofs. NYRA’s goal is to provide living spaces for workers that provide them with the level of
comfort and dignity to which they are entitled. It should be noted that while NYRA is promptly moving these important projects forward, the delays often inherent to the permitting process slows down NYRA’s progress.

Although the backstretch workers are not NYRA employees, NYRA contributed $850,000 in 2015 to the Backstretch Employees Service Team (“B.E.S.T.”), an organization that provides backstretch workers with free health care, counseling and other quality of life services. In 2015, B.E.S.T. was one of the beneficiaries of the Travers Day Celebration financial proceeds (including direct financial donations from NYRA employees), and several NYRA employees are directly involved with B.E.S.T. by, among other things, serving on its Board of Directors, assisting with fundraising and providing pro-bono services. NYRA also supports the work of the other charitable backstretch organizations that provide a wide range of services and work to improve the daily lives of backstretch workers and their families. These include: the Belmont Child Care Association, a child care center located in the Belmont Park backstretch, and the Racetrack Chaplaincy, an organization that provides non-denominational religious services, food and clothing, and educational services to the backstretch workers at all three tracks.

The following documentation is included with this submission:

Documentation 2015

- Spreadsheet showing NYRA’s 2015 contributions to B.E.S.T.
- Redevelopment Plans for barn and dorm renovations and construction
- 2015 P.O.s for Backstretch improvements
- VLT Capital Funds Statement
- 2015 Capital Improvements Related to Housing and Work Conditions of Backstretch Workers
- Contract with E.W. Howell Company LLC for Belmont Dorm Construction
PERFORMANCE STANDARD - FA Sec. 2.2 (g)-Saratoga Training:

New NYRA shall maintain and operate the existing Saratoga training facility during the period from at least April 15 through November 1 of each year, subject to weather conditions.

STATEMENT OF CONCLUSION:

NYRA has complied in all respects with this Performance Standard by ensuring that the Saratoga training facility is open from at least April 15 through November 1 during 2015. Documentation evidencing NYRA’s satisfaction of the Performance Standard is listed below and can be found in the NYRA shared folder.

BASIS FOR CONCLUSION & INCLUDED DOCUMENTATION:

The New York Racing Association operates and maintains the Saratoga training facility from at least mid-April through November every year.

We note, however, that it is not entirely clear why this should be a Performance Standard, as it does not directly impact NYRA’s business, NYRA’s stakeholders, NYRA’s customers, or the public at large. In fact, having the training track open when there is no racing at Saratoga places a heavy financial burden on NYRA. Nevertheless, NYRA has fully satisfied this Performance Standard, and the following documentation is included in this submission:

2015 Documentation

- ADP timesheet for the selected dates of April 15, 2015 and November 15, 2015
- Times Union Article – “The Oklahoma Training Track opens up for horses, horsemen: Thoroughbreds hit Oklahoma track for its official opening.”
- Invoices from CHS for the relevant time period
PERFORMANCE STANDARD - FA Sec. 2.2 (h)-Handle and Attendance:

New NYRA shall embrace objectives to encourage growth in on- and off-track handle through track and VLT Gaming marketing, simulcasting, and internet wagering. New NYRA shall use its reasonable best efforts to increase average daily handle at each of the Racetracks. New NYRA shall provide the FOB with such handle figures as the FOB may reasonably request, at the conclusion of each meet, for consultation and discussion on patterns and trends that may necessarily be affecting this objective. The FOB and New NYRA shall work cooperatively to make any reasonable adjustments that may be necessary to meet the growth objectives. To the extent possible, similar objectives shall apply to on-track attendance. Recognizing patronage shifts between VLT Gaming, racing and simulcasting operations, and the long-term decline in racing attendance in the United States, New NYRA shall use its reasonable best efforts to maximize attendance at each of the Racetracks.

STATEMENT OF CONCLUSION:

As is shown below, NYRA has not only satisfied this Performance Standard in 2015, but it has gone above and beyond to attract new customers and to create a positive and memorable experience for all its guests. NYRA has made great strides in many areas, such as: making the guest experience paramount, creating big “must see” racing events, improving its ADW platform, and streaming HD video of NYRA’s content through newly created IPhone and Android applications. Documentation evidencing NYRA’s satisfaction of the Performance Standard is listed below and can be found in the NYRA shared folder.

BASIS FOR CONCLUSION & INCLUDED DOCUMENTATION:

While 2015 handle was up slightly overall in all racing jurisdictions across the country (1.2%), total wagering on NYRA races rose to more than twice the national average at 3%. During 2015, NYRA staged just 5.7% of the races run in this country, but its races generated more than 20% of the nation’s handle. Attendance at NYRA races was also up in 2015, with total attendance increasing 1.4% from 2014, and daily attendance increasing 4.8% year-over-year.

In order to increase on-track handle and attendance in 2015, NYRA continued to make the guest experience a top priority. Not only has NYRA done so by improving the quality of daily racing and creating big, must see racing events, but considerable steps have also been taken to improve the experience for new and casual fans, as well as the most loyal and active bettors. Since a new management team came on board in 2013, NYRA began implementing long-term steps designed to provide a superior experience for horseplayers, families and guests for years to come. These improvements continued into 2015, reflected through the following steps taken at individual tracks:
Belmont Park

In 2015, the world witnessed the first Triple Crown winner in thirty-seven years cross the finish line at Belmont Park. The 2015 Belmont Stakes, which saw American Pharoah crowned as a Triple Crown winner, was widely praised as the most successful mega-event in the history of NYRA. As a result, the 2015 Belmont Stakes won the 2015 Sports Event of the Year by Street & Smith’s Sports Business Journal. NYRA was chosen among such prestigious events as the Super Bowl 50 and the FIFA Women’s World Cup Final.

The first three-day Belmont Stakes Racing Festival, highlighted by the 147th running of the Belmont Stakes, generated more than $165 million in total wagering (the second highest in NYRA history) and was the culmination of a year-long, organization-wide planning effort that saw unprecedented community involvement and articulated NYRA’s focus on enhancing the full guest experience. The sold-out crowd of 90,000 was treated to a wide range of world-class entertainment, including trackside performances from the cast of the Jersey Boys, the U.S. Military Academy at West Point musicians, and the Goo Goo Dolls, while an average of 20.6 million NBC viewers witnessed American Pharoah’s run into history on TV.

In addition to the unprecedented success of the 2015 Belmont Stakes, the Belmont Spring/Summer Meet was successful across the board. All-sources handle on NYRA races was $636,621,791, up 7.5% from $591,988,056 during the 2014 meet. On-track handle on NYRA races was $88,293,037, up 4.3% from $84,626,885 last year. For the 59 day 2015 meet, there were 553 races run in 2015, compared to 509 in 2014. Average betting interests per race in 2015 was 7.7 (4,231 total) compared to 7.5 (3,804 total) in 2014. Guests attending Belmont Stakes Day and any other day during the Belmont Meet experienced a wide array of guest-friendly improvements. This included:

- In partnership with Long Island Railroad, an upgrade to the LIRR station platform and walkway to the Grandstand. The work included elevating and lengthening the platforms, which allowed more trains—and guests—to safely and efficiently arrive at and depart Belmont Park.
- Improvements to the Belmont Café and other concessions at Belmont
- Signage upgrades
- The addition of air conditioning to the Marquee Tent
- Television upgrades throughout the building
- Upgrades to the Garden Terrace Roof
- Renovation of Belmont’s backyard
- Trophy Deck expansion

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4 NYRA on-track wagering numbers include handle wagered on-track at Belmont Park, through NYRA Rewards account wagering, and at the Aqueduct simulcast center.
In 2015 NYRA hosted its second annual Stars & Stripes Festival at Belmont beginning on Saturday, July 4th. NYRA extended invitations to the most talented horses across Europe and the U.S., and the event attracted several overseas shippers. The holiday weekend included a pair of seven-figure contests: the Grade 1, $1.25 million Belmont Derby Invitational and the Grade 1, $1 million Belmont Oaks Invitational. Both the Belmont Derby and Belmont Oaks are 1 ¼-mile turf races for 3-year-olds, with the Oaks restricted to fillies. Also on the card were the Grade 2, $500,000 Suburban Handicap, the Grade 3, $400,000 Belmont Sprint Championship, the Grade 3, $500,000 Dwyer Stakes, and the Grade 3 Victory Ride, $150,000. In honor of Independence Day, NYRA offered free admission to all members of the U.S. Military-active and retired. In addition, the Stars & Stripes Festival featured live music featuring Grammy Award winning Switchfoot in a special post-race concert, the Blue Moon Food Truck Festival, and Family Fun in the Belmont Backyard, which included such activities as a petting zoo, pony rides, and inflatables. Attendance for Stars and Stripes Day was 6,545. On-track handle was $2,779,529, and total handle (excluding imports) was $20,652,065, the second-highest of the spring/summer meet behind Belmont Stakes Day.

During Belmont’s 2015 fall meet, on The Jockey Club Gold Cup Day, NYRA named the first race for the Breast Health Center at Winthrop. Throughout the day, Winthrop provided informational materials about breast cancer for fans and NYRA promoted Winthrop’s work through several media platforms, including social media, NYRA TV, as well as through its website. Following the race, representatives of Winthrop joined NYRA officials in the winner’s circle for a special presentation. $15,000 was raised and awarded to Winthrop.

**Saratoga Race Course**

NYRA concluded its 147th season at Saratoga Race Course highlighted by record handle of $648,272,805 that reflects a 13.5 % increase in corresponding all-source wagering activity over 2014. The record wagering shattered the previous high from 2012. On-track handle also set a record of $157,647,599, surpassing the previous high of $150,637,998 in 2012. In addition, the 2015 meet concluded with record purses, a double digit increase in revenue derived from dining and concessions, an increase in paid attendance, and a series of new enhancements and attractions at the historic venue.

Many will consider the signature moment of the meet the 2015 Travers when a paid, sold-out crowd of 50,000 fans gathered to watch the first Triple Crown champion compete at Saratoga Race Course in 37 years. Twenty-four hours earlier, American Pharoah’s visit to the Spa brought an unprecedented 15,000 racing fans to the track to watch the Triple Crown champion gallop as he prepared for the Travers.

While American Pharoah finished second to Mid-Summer Derby winner Keen Ice, who closed in dramatic fashion to produce the fastest winning Travers time in 14 years, the appearance of the Triple Crown champion alongside the supercharged card resulted in an all-time Travers Day all-source wagering record of $49,668,754, a 24.5 % increase over 2014.

The 2015 Saratoga season saw a record $19 million in stakes purses, topped by a blockbuster Travers Day on Saturday, August 29, featuring a Triple Crown champion, six Grade 1 races and a Grade 2 for a total of seven graded stakes worth nearly a combined $5.5 million on the afternoon. Saratoga recorded a 13.8 % increase in revenue derived from dining, concessions and merchandise. The strong
revenue gains corresponded with an increase in paid attendance. Total paid attendance for the 2015 Saratoga meet was 1,065,625.

Visitors to the Saratoga Race Course enjoyed a series of capital enhancements and new attractions, including, among them, the Saratoga Walk of Fame, which houses a number of commemorative plaques honoring owners, trainers and jockeys who have made an indelible mark on thoroughbred racing at the Spa.

On Travers Eve, Friday, August 28, industry icons Ogden Mills “Dinny” Phipps of Phipps Stable and thoroughbred owner and philanthropist Marylou Whitney both received emblematic red Saratoga jackets during the annual winner’s circle induction ceremony into the Saratoga Walk of Fame. Plaques detailing their career accomplishments and contributions to Saratoga Race Course were placed on display at the new attraction. NYRA also honored one of the game’s most renowned announcers with the unveiling of the Tom Durkin Replay Center. Located within the lower Carousel, the attraction offers fans the opportunity to view and hear 24 classic calls by the legendary race caller, who retired in 2014 following a 24-year career as the voice of New York racing.

The 2015 season featured the debut of Larry Collmus as the new voice of Saratoga. Collmus, who served as the narrator of American Pharaoh’s Triple Crown victory at Belmont Park on NBC in June, delighted fans with a number of memorable calls during the meet, including Honor Code’s thrilling come-from-behind win over Liam’s Map in the Grade 1, $1.25 million Whitney; the redemptive victory by Liam’s Map four weeks later in the Grade 1, $600,000 Woodward; the dramatic debut victory of Stonestreet Stables’ Jess’s Dream, the first foal out of 2009 Horse of the Year Rachel Alexandra by two-time Horse of the Year Curlin; and the stakes debut victory of Rachel Alexandra’s second foal, Rachel’s Valentina, in the Grade 1, $350,000 Spinaway.

Fans enjoyed several new hospitality areas at Saratoga, including a revitalized Carousel featuring the new Fourstardave Sports Bar with five dozen tables available for daily reservation, an extensive craft beer selection and 40 flat-screen televisions. A total of 2,214 tables were reserved in the Fourstardave Sports Bar throughout the meet, demonstrating the popularity and attractiveness of the new hospitality offering.

Saratoga fans also for the first time had the opportunity to reserve a picnic table adjacent to the Paddock each day during the 2015 meet. 2,893 picnic tables were reserved throughout the season, which augmented the 850 daily picnic tables available to patrons on a first-come, first-served basis.

The season was anchored by 40 days of special events at the Saratoga Pavilion. Among the many highlights was the celebration of the 100th anniversary of the incorporation of the city of Saratoga Springs on Saratoga Centennial Day. The New York Racing Association welcomed nearly 24,000 fans on track with free admission on Wednesday, August 2, and hosted a variety of activities and entertainment designed to celebrate the history and tradition of the Spa City.

Saratoga hosted the second annual Jockey Legends Day on Saturday, August 9, which featured 14 of the sport’s greatest riders for an autograph session to benefit the Permanently Disabled Jockeys Fund and a special red carpet ceremony on the main track. All totaled, the superlative jockey roster combined for 72,867 wins and more than $1.9 billion in earnings in their career.
During the meet’s final week, NYRA honored service members and veterans with Military Appreciation Day on Wednesday, September 2. The highlight was the winner’s circle ceremony with a dozen veterans of World War II and the ringing of the bell seven times by 91-year-old Schenectady resident and “Greatest Generation” member Gene Gierka to commemorate the 70th anniversary of VJ Day, which marked the official end of the war on September 2, 1945.

A growing number of patrons visited the highly popular weekly Taste NY at Saratoga series. Held in partnership with the New York State Department of Agriculture and Markets, the Taste NY events provided fans with the opportunity to sample a wide variety of products made exclusively in New York State while also providing local vendors with the opportunity to increase awareness of their products. The series featured an array of New York wine, cider and spirits for sampling every Thursday of the meet; New York craft beer on Fridays; and New York foods and artisan crafts every Sunday of the Saratoga season.

The expanded Berkshire Bank Family Monday series, presented by Mister Softee, featured a wide variety of family friendly activities each week of the season. The Monday series also included fundraising opportunities for area schools, PTAs and non-profit organizations supplemented with matching funds from the New York Racing Association and title sponsor Berkshire Bank.

Statistics for the 2015 Saratoga meet are as follows:

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<tr>
<th>CATEGORIES</th>
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<th>2014</th>
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<td>Races</td>
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<td>Dirt Races</td>
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<td>On-Track Handle</td>
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<table>
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</thead>
<tbody>
<tr>
<td>On-Track Handle</td>
<td>$3,941,190</td>
<td>$3,759,686</td>
<td>$181,504</td>
<td>4.8</td>
</tr>
<tr>
<td>Total Handle</td>
<td>$16,206,820</td>
<td>$14,279,087</td>
<td>$1,927,733</td>
<td>13.5</td>
</tr>
</tbody>
</table>

In addition, in 2015, guests arriving at the historic Saratoga Race Course were able to enjoy approximately $2.5 million in guest-centered capital improvements designed to provide an enhanced guest experience. Such improvements include, among others:

- The new Saratoga Walk of Fame.
- A renovated Lower Carousel Sports Bar, the “Fourstardave.”
- Three new HD video boards in the Backyard area.
- Bathroom upgrades
- Television upgrades
NYRA hereby requests that the information contained in this submission be excepted from disclosure pursuant to Section 87(2)(a), 87(2)(d) and 87(2)(g) (among other exemptions) of the New York State Freedom of Information Law.

- New fencing in the picnic area
- New picnic tables

**Aqueduct Racetrack**

Approximately $2.8 million in capital improvements was added to Aqueduct in 2015, focused primarily on enhancing the guest experience and improving the quality of racing. Although Longshots, a state-of-the-art simulcasting center and sports bar located on the second floor of Aqueduct Racetrack, was completed in 2014, it has become highly popular with horseplayers year-round. Since its opening until the end of 2015, nearly 120,000 guests visited Longshots, wagering over $75 million.

Additional improvements implemented during this time include:

- Champs bar upgrade
- Equestris Restaurant upgrade
- Building of the Horsemen’s Lounge
- Installation of additional infield video boards
- Lighting upgrades throughout the facility
- Manhattan Terrace improvements
- Installation of additional Murals
- PA system upgrade
- Seating upgrades
- Signage upgrades
- Addition of window murals to the front of the building

NYRA has also invested in numerous enhancements in order to increase its off-track handle as well as on-track including the following:

- New Wagering Interfaces – The successful launch of two new wagering interfaces (one desktop and one mobile). The mobile platform has been the fastest growing segment with respect to handle in our array of technologies.

- International Content – Added international content from Australia, New Zealand and South Africa to provide NYRA guests almost 24/7 wagering options.

- PayNearMe – Launched the PayNearMe funding mechanism. PayNearMe is a barcode based technology that allows a NYRA ADW guest to deposit cash into their account at any 7 Eleven store in NY State.

- Real-Time Reporting – Created a suite of real time reporting from scratch that allows the operations team to effectively manage the business, act as wagering analysts and be more responsive to pool manipulations and money laundering activities by guests.

- Mutuels: Belmont New Wagering Areas - New wagering areas were developed at Belmont Park on the first floor of the grandstand, as well as in the backyard that are exclusively self-
service. In addition to enhancing the guest experience by improving traffic flow, these areas contributed $622,373 of additional handle.

- Television: Launch of HD Video Page – In Q1 2015, NYRA launched a first-of-its-kind HD video page on NYRA.com. This page allows people to customize their live viewing experience by selecting from a number of different HD video fees. The different cameras to choose from include the regular live feed, the head-on feed, a finish line camera, a paddock camera, and a camera that overlooks the entire stretch. At Saratoga there are also cameras located on the Oklahoma training track so that horsemen can view workouts in the mornings. Viewers can also choose to listen to either the English or Spanish audio for the NYRA races. No other racetrack in North America offers anything like this fully customizable video page. In Q3 2015 we launched an update to this page that allows people to view two different camera angles side-by-side and also offers on demand video content like the Belmont Stakes replay. More than 29,000 people have signed up to view this video page in the year since we began offering it.

- Redesigned Graphics – In Q4 2014, NYRA bid out its graphics systems, and Pegasus Communications was the winner. Their creativity and prior experience were the decisive factors, and in Q1 2015, we launched a brand new graphics package. NYRA became the only racetrack in North America to offer a graphics package with the odds across the bottom of the screen instead of down the left hand side of the screen. This allows for more real estate on HD displays to showcase the real stars of the show – the thoroughbred horses. Our new graphics package also incorporated a number of new features, like a fly-in promotional banner, larger probable and will-pay displays, and showing payouts and will pays during the replay of the race. Our expectation is that the new aesthetics of the video signal would stand out in simulcast parlors and racetracks around the country, and the fact that our 2015 wagering handle is up over 2016 would certainly indicate that people are responding positively to the new look.

- New Camera Angles –NYRA installed a cutting-edge camera on the finish line that provides a 360 frames-per-second view of the finish of all the dirt races and the turf races on the course adjacent to the dirt track. We are one of the only racetracks in North America to offer this type of camera – and it provides an unparalleled view of the finish of a race.

The following documentation is included in this submission:

Documentation 2015

- Handle and Attendance Stats as Follows:
  - Aqueduct Winter/Spring 2015 Meet At A Glance
  - Belmont Spring/Summer 2015 Meet At A Glance
  - Saratoga Summer 2015 Meet At A Glance
  - Belmont Fall 2015 Meet At A Glance
  - 2015 Belmont Fall Championships Meet Recap

- Press regarding the 2015 Belmont Stakes
NYRA hereby requests that the information contained in this submission be excepted from disclosure pursuant to Section §87(2)(a), §87(2)(d) and §87(2)(g) (among other exemptions) of the New York State Freedom of Information Law.

- Press regarding handle and attendance at the 2015 Saratoga meet
- Press regarding NYRA’s partnership with Stewart’s Shops
- Preliminary engineer’s report on the feasibility of night racing at Belmont
- Press regarding the Aqueduct Murals
- Aqueduct Winter/ Spring 2015 Marketing Initiatives (compilation of press releases)
- Belmont Spring/ Summer 2015 Marketing Initiatives (compilation of press releases; that includes press regarding 2015 Belmont Stakes)
- Saratoga Summer 2015 Marketing Initiatives
- Belmont Fall 2015 Marketing Initiatives
- Position Specification Resume- Chief Experience Officer
2008 FRANCHISE AGREEMENT PERFORMANCE STANDARD SATISFACTION - SUMMARY MEMO 2015

PERFORMANCE STANDARD - FA Sec. 2.2 (i)-Purses:

New NYRA shall not commingle horsemen's bookkeeper funds with its other funds.

STATEMENT OF CONCLUSION:

NYRA has complied in all respects with this Performance Standard in 2015, as NYRA operates separate bank accounts for its own funds and the Horsemen’s bookkeeper fund. Documentation obtained for NYRA’s satisfaction of the Performance Standard is listed below and can be found in the NYRA shared folder.

BASIS FOR CONCLUSION & INCLUDED DOCUMENTATION:

The New York Racing Association does not co-mingle the Horsemen’s funds with its own. A “Declaration of Trust,” established in 2005 requires the separation of NYRA and Horsemen’s funds.

The Horsemen’s bookkeeper funds are maintained in a separate bank account that is represented as “restricted cash” on NYRA's balance sheet. The account was originally established at TD Bank in 2006 but corporate resolution documents and signature card were re-filed in 2010. The account is reconciled at the end of every month to the G/L and In Compass (the Horsemen’s sub-ledger system). Thus, NYRA is in full compliance with this Performance Standard. The following documentation is included with this submission:

Documentation 2015

- The “Declaration of Trust”
- NYRA's balance sheet reflecting the “restricted cash” bank account
- Signature cards and corporate certificate of resolution for Horseman’s Bookkeeper account
- TD Bank Horsemen’s Account Statement – March 2015
- TD Bank Horsemen’s Account Statement – June 2015
- TD Bank Horseman's Account Statement- September, 2015
- TD Bank Horsemen's Account Statement- December, 2015
PERFORMANCE STANDARD - FA Sec. 2.2 (J)-Expenses:

New NYRA shall operate its racing and wagering business so as to maintain (i) operating expense levels, (ii) levels of capital expenditures and the items on which such capital expenditures are spent and (iii) executive compensation at commercially reasonable levels and in accordance with racing and wagering industry standards and shall report to New NYRA and the FOB at least quarterly in each of such matters.

STATEMENT OF CONCLUSION:

NYRA has complied with this performance standard in 2015. Beginning in 2014, the first full fiscal year for the new management team, numerous initiatives were implemented to reduce costs while at the same time additional strategies were implemented to raise revenues. As a result, 2014 operating expenses dropped by 3.8% compared to 2013. Further, 2014 net revenues from racing operations increased 6%. The net effect of these efforts was a profit from racing operations of approximately $1.7 million, NYRA’s first operating surplus since 2000. In 2015, operating expenses increased 4.8% over 2014, net revenue from racing operations increased 5.9% over the prior year, and operating income from racing increased 112.8% over the prior year. For the second year in a row, NYRA had an operating surplus, and the amount in 2015 was $3.5 million. In addition, 2014, NYRA remained debt free, having paid off its entire $25 million loan to Genting. In 2015, NYRA invested over $33 million in capital improvements at all three racetracks to improve the frontside and backstretch areas.

As to executive compensation, NYRA’s level of executive compensation is below commercially reasonable levels and racing and wagering industry standards. Documentation evidencing NYRA’s satisfaction of the Performance Standard is listed below and can be found in the NYRA shared folder.

BASIS FOR CONCLUSION & INCLUDED DOCUMENTATION:

A. Operating Expenses

As to operating expenses, numerous initiatives were implemented starting in 2013 and continue into 2015 to reduce costs, including:

- Negotiating more favorable terms with key vendors
- Savings in marketing and advertising expenses
- Closing the Aqueduct training facility during select non-racing months downstate
- Reducing legal and consulting expenses
NYRA hereby requests that the information contained in this submission be excepted from disclosure pursuant to Section §87(2)(a), §87(2)(d) and §87(2)(g) (among other exemptions) of the New York State Freedom of Information Law.

- Reducing costs related to phone wagering
- Reducing overall labor expenses
- Improving efficiency throughout the entire organization

At the same time, strategies were also implemented to raise revenues, including:

- Laying the foundation for a national ADW platform
- Upgrading the NYRA Rewards program by employing new technology to the benefit of the wagering public
- Modestly updating the prices for admission, seating and parking
- Obtaining market value for NYRA’s superior racing content by charging a fair price for NYRA’s simulcast signal to other race tracks and casinos
- Increasing the amount of sponsorship revenue (from approximately $3.3 million in 2014 to approximately $5.3 million in 2015)
- Increasing income from content fees and group sales events

As stated above, this strategy resulted in net operating revenue from racing operations of approximately $1.7 million in 2014, and $3.5 million in 2015.

Throughout the year NYRA is accountable for expense spending at Board meetings, including Finance and Audit committee meetings where financial operations and results are discussed. NYRA also meets periodically with the FOB throughout the year and presents its quarterly financial results. At each of those meetings, NYRA's financial results and strategies are shared with the FOB, keeping the FOB apprised of expense levels and allowing for any input or concerns with expense levels throughout the year.

For clarification purposes, operating expense levels in this performance standard exclude all statutory fees such as purse expense and pari-mutuel commissions which are included in net revenue from racing operations. Non-operating expenses such as pension, post-retirement expenses, depreciation and income tax expense are also excluded. The use of measures of operating performance by management to manage the business that differ from results presented in accordance with generally accepted accounting principles (GAAP) is very common - probably more common than not - in both private and public companies. It should be noted that the 2014 and 2015 surpluses were achieved without reliance on VLT operating funds.

B. Capital Expenditures

At the same time that NYRA was bringing down its operating expenses and raising its revenue levels, NYRA was ensuring that its capital projects were in keeping with its goals to expand and improve the racing and entertainment experience for its fans. NYRA has a rigorous internal ongoing capital
expenditure review process. It begins with the budget process where the VP of Facilities and Racing Services, along with the CFO and other key finance team members, meet and list all proposed capital improvements. Each project is then prioritized, with the CEO, in line with the amount of VLT funds NYRA is expected to receive for the year. Furthermore, the capital plan and spending is reported to senior NYRA management on a monthly basis, and is also reviewed periodically throughout the year by NYRA's Finance committee and the FOB.

In 2015, NYRA spent nearly over $33 million at its three tracks on capital expenditures, which included, among other things, the following:

- Barn area improvements: Over $19.1 million was spent on barn area improvements at all three racetracks. Spending was most significant at Belmont where multiple bars are being expanded to create more stall spaces. Belmont spend also included construction of new dormitories and upgrades to existing barns and dormitories. Saratoga improvements included renovations to dormitories and barns. Aqueduct improvements included the installation of security cameras and dormitory renovations.

- Guest area improvements: $6.0 million was spent on guest area improvements at all three racetracks, including the NYRA Walk of Fame, backyard video boards and upgrades to the carousel and restrooms at Saratoga, construction of a horsemen’s lounge at Aqueduct and improvements to the walkway to the Long Island Rail Road at Belmont.

- Fleet and equipment: $1.8 million was spent on fleet and equipment including a tractor, trailer for horse transportation, tractors a grader and other equipment to support facility and track maintenance.

- NYRA TV: $0.9 million was spent on television production equipment including equipment to increase storage capacity and finish line cameras.

- Information technology: $0.8 million was spent on information technology including upgraded expanded Wi-Fi for guest use.

- Other capital spending: Other significant capital expenditures included irrigation of the Mellon and Inner Turf Courses at Saratoga, fire prevention sprinkler system upgrades and improvements to the track irrigation system at Belmont and improvements to the track and retaining walls at Aqueduct.

C. Executive Compensation

Starting in 2013 NYRA began recruiting the new management team that ultimately achieved the positive results noted above. This new team is comprised of highly-accomplished leaders who are well-respected for their knowledge and experience within their respective fields. These personnel changes include the hiring of a new President and CEO, a new General Counsel, a new Senior VP of Racing Operations, and NYRA's first-ever Chief Experience Officer. Steward.

Executive compensation levels and increases are discussed with the Compensation Committee of NYRA's Board of Directors. It is generally understood that NYRA's compensation of its most senior management team is considerably below market standards, and in particular below the compensation levels of their counterparts in NYRA's competitors. For example, the CEO of Churchill Downs Incorporated earned a base salary of $726,000 in 2015 and $1.3 million in “non-equity incentive plan
NYRA hereby requests that the information contained in this submission be excepted from disclosure pursuant toSection §87(2)(a), §87(2)(d) and §87(2)(g) (among other exemptions) of the New York State Freedom of Information Law.

compensation. In contrast, NYRA’s CEO earned approximately $550,000 in 2015, when factoring in base salary and bonus.

As we reported in prior years, In 2012, NYRA secured a third party evaluation of executive compensation which analyzed information related to executive compensation in the New York City region as well as the horseracing industry. The study found that for all positions reviewed, NYRA’s compensation was 21.4% below the market median compensation. This gap has likely widened in 2015.

This is especially true when factoring in the number of racing days offered by each racing venue on a year round basis. For example, in California and Kentucky, two of the largest pari-mutuel states in America, the tracks are operated individually for far shorter periods of time – some for only several weeks per year. NYRA, on the other hand, conducts racing year-round and operations at Aqueduct, Belmont and Saratoga account for 20% of total US thoroughbred handle. The pressure that NYRA’s demanding schedule places on its employees has not affected its status as a top-rate racing organization – yet NYRA’s compensation levels don’t generally reflect this difference.

The following documentation is included in this submission:

Documentation 2015

- Copies of quarterly financial reports to the Finance Committee of the BOD and to the FOB
- Copies of the 2015 annual capital expense budgets
- Copies of the 2015 quarterly capital spending reports to the Finance Committee

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5 As reported in Churchill Downs Incorporated’s Proxy Statement filed on March 29, 2016.
PERFORMANCE STANDARD - FA Sec. 2.2 (k)-Community

New NYRA shall use its reasonable best efforts to maintain its tracks and facilities such that their physical appearance and conditions do not detract from the community; provided, however, that the parties recognize that New NYRA's ability to make major track investments and other capital expenditures is subject to receipt of daily payments from the State or the VLT Operator in an amount equal to four percent (4%) of VLT Revenues.

STATEMENT OF CONCLUSION:

NYRA has complied in all respects with this Performance Standard in 2015, and NYRA will continue to maintain its tracks at Saratoga, and Belmont, and Aqueduct. Documentation evidencing NYRA's satisfaction of the Performance Standard is listed below and can be found in the NYRA shared folder.

BASIS FOR CONCLUSION & INCLUDED DOCUMENTATION:

NYRA is diligent about maintaining its racetracks in order to upkeep the physical appearance of its three tracks. NYRA employs over 100 full time maintenance personnel, and adds up to 65 seasonal maintenance staff for its Saratoga race meet. In 2015 NYRA spent approximately $25 million dollars in maintenance and labor costs. In 2015, NYRA continued its investment in Aqueduct's physical appearance by extending its mural/art project to include decoration of the windows on the front of building. NYRA also concentrated on improving the backstretch areas of Aqueduct, which directly borders the Ozone Park community.

Similarly, several measures were taken in 2015 at Belmont and Saratoga to improve the conditions and physical appearance of the tracks. At Belmont, for example, NYRA continued its dorm building and dorm and barn renovations, completed a renovation of the backyard and invested in tree and landscaping improvements. At Saratoga, in addition to the dorm and barn renovations there, NYRA installed additional new picnic tables throughout the backyard, installed new fencing, added horse path pavers, widened the East Avenue turn, and renovated the Upper Carousel roof and expanded. As mentioned above, there have also been significant improvements to the backstretch areas of Belmont and Saratoga, including, for example, the building and renovation of barns and dorms, tree and landscape improvements, and fencing replacement.

NYRA is always open to input from the surrounding communities regarding the impact of its tracks on surrounding communities. For example, in 2015 NYRA held a “fan forum” prior to the opening of its Saratoga meet, where the public was encouraged to attend and interact freely with NYRA management. This created an opportunity for bettors and community members who had concerns or questions to raise those issues face to face. Also in 2015, NYRA opened itself up to public comments regarding planned expansion and renovations to the Saratoga Race Course facility and property. In June of 2015, NYRA held a public hearing on these changes, where Saratoga residents were able to ask questions and voice their concerns over the future changes. Additionally, NYRA stays in
communication with members of the local government where its tracks are situated; taking input on how NYRA’s tracks may impact the communities they serve.

Finally, although not directly related to the physical appearance of the racetrack, a report was issued by the Saratoga County Industrial Development Agency (IDA) showing the significant impact NYRA has had on the surrounding Saratoga community. According to the findings of the study:

- The annual summer meet at Saratoga Race Course generates $237 million in economic activity and nearly 2,600 jobs across the greater Capital Region.

- The economic rewards from the operation of the race course have increased by nine percent since 2011 across a nine-county territory, and a surge in job growth of more than 30 percent.

- Occupancy tax collections within Saratoga 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.

- The 2015 meet saw occupancy tax revenue within the City of Saratoga Springs reaching a record $1.38 million; a 20 percent increase over the comparable period from just three years ago.

- In 2015, 400 new hotel rooms were 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.

The following documentation is included in this submission:

- Bank statement showing VLT funds received by NYRA during 2015
- Purchase orders for 2015 Aqueduct improvements
- Purchase orders for 2015 Belmont improvements
- Purchase orders for 2015 Saratoga improvements
- Press releases for Saratoga public hearing and fan forum
- IDA report