

Minutes of the Members Meeting of the Franchise Oversight Board held on October 17th, 2011 at 1:00 P.M., Conference Room 131, State Capitol, Albany, New York

Members Present:

Robert Megna, Chair

Gordon Medenica, Member

John Crotty, Member (participating via videoconference)

Steven Newman, Member (participating via videoconference)

Richard Aurelio, Member (participating via videoconference)

The Chair called the meeting to order at approximately 1:25 pm.

The Chair indicated that the first item of business was adoption of the August 15th minutes. Mr. Newman as well as Mr. Aurelio, raised questions regarding the level of detail contained within the minutes. A brief discussion ensued among the members, the Secretary, Counsel and the Chair regarding the content of the minutes for the August 15th meeting as well as how the minutes might be structured moving forward. The Chair indicated that a transcript of the meetings is provided to the board from the service that provides closed captioning for the webcast and that perhaps that transcript could be entered into the record along with the formalized minutes. Mr. Newman offered that he had specific comments he wished to include in the minutes regarding the discussions of NYRA's audit firm and NYRA's operating results. Based upon the overall discussion the Chair tabled adoption of the minutes and directed the Secretary to offer amendments to the August 17th minutes and to provide the members with copies of the transcripts so that the Board may decide as to whether these transcripts should be formally included in the minutes.

The Chair then moved on to the next business item, consideration of Board Resolution 11-07 entitled "Review and Approval of National Grid Easement at Aqueduct Racetrack." The Chair indicated that this item had been presented to members previously and he called upon Mr. Seth Agata, from the Office of Governor's Counsel to present and discuss the item. Mr. Agata stated that the easement measured 220 by 75 feet, that the easement does not touch the Racing track itself and is located in a back area of the property adjoining Rockaway Boulevard. Mr. Agate concluded that National Grid was liable for any costs or liabilities arising from National Grid's use of the easement.

The Chair solicited questions from the board members and there were no questions. The Chair asked for motion to adopt the resolution and the resolution was moved and seconded. The resolution was adopted unanimously.

The Chair then moved to the next item on the agenda a discussion of NYRA's emergency and sole source procurement contracts through September 30, 2011 and he called upon Mr. Charles Hayward, NYRA CEO to discuss the contract report that was included in the member's board materials.

Early in Mr. Hayward's comments, Mr. Aurelio noted that it would be useful for the Board, as well as for the public record, to include the length of each contract within NYRA's Sole Source and Emergency Procurement Report to the Board. Mr. Hayward agreed to Mr. Aurelio's request. The majority of the ensuing discussions focused upon the contract for television production services that support NBC-Versus' Saratoga weekly series. Members expressed concern and questioned why NYRA paid for this production contract rather than NBC -Versus as well as the overall structure of the production contract. Mr. Hayward explained that the broadcast contract with NBC - Versus was such that NBC stipulated that NYRA would pay for production costs and that the final selection of a production company would be subject to the approval of NBC- Versus. Mr Hayward offered that such contracts were fairly common within the broadcast industry. Mr. Hayward also stated that the production costs were approximately \$100 thousand per weekly episode and that these costs were nearly \$150 thousand per week lower than similar NBC -Versus contracts. Members also asked about the extent to which NYRA was able to maximize its share of commercial revenue from the series. Mr. Hayward explained that the contract came together very late in the process and as a result NYRA did not have the opportunity to fully maximize its commercial revenues. Mr. Aurelio indicated that he felt that NBC-Versus did very little advance promotion of the series.

There was additional limited discussion regarding a contract for fan education software as well as payments for continuation of murals in the Belmont Park grandstand. Mr. Newman asked about the need for a Direct TV contact and Mr. Hayward explained that the contract allows NYRA to broadcast NFL football games within Belmont Park.

The Chair then moved forward with the next discussion item regarding NYRA's year to date financial statements. Mr. Hayward and Ms Mclain of NYRA thereupon presented the Association's year to date financials. NYRA staff explained that NYRA's overall financial position continued to show improvement with on track and NYRA phone and internet betting platforms nearly offsetting the lost NYCOTB revenue and that currently NYRA had \$7.8 million of cash on hand. Members asked numerous questions regarding NYRA's current cost structure as well as the impact and implications associated with the nearing commencement of VLT operations at Aqueduct.

Discussions then followed regarding the Jockey Club Study on Racing. Mr. Hayward indicated that the thrust of that report focused upon how the Racing Industry might generate new fans and additional fan interest.

Mr. Hayward then presented NYRA's Capital Plan via a document previously prepared for NYRA's board, a copy of which will be incorporated into these minutes. Mr. Hayward indicated that NYRA understood that the Board would need to approve any of the projects discussed during his presentation and that NYRA planned to come back to the Board with detailed and fully developed plans before they may be implemented.

Mr. Medenica, acting Chair, after noting that the next regular meeting of the Board would be December 19th at 1 pm adjourned the meeting at 3:55 pm.