



State of New York  
Franchise Oversight Board  
State Capitol  
Albany, NY 12224

## **MINUTES**

Franchise Oversight Board Meeting  
October 19, 2012  
Conference Room 131, State Capitol, Albany, New York

- I. The meeting was called to order at 12:42 PM by the Presiding Member, Mr. Williams.**

**Members Present:**

**Robert Williams, Member**

**Richard Aurelio, Member (participated via videoconference)**

**John Crotty, Member (participated via videoconference)**

**Steven Newman, Member (participated via videoconference)**

Board, Executive Chamber, and Budget Division Staff in attendance:

Steven Lowenstein

Morris Peters

Brad Allen

Rich Geist

NYRA Staff in attendance:

Ellen McClain, President and Chief Operating Officer (participated via videoconference)

Ken Handal, Acting General Counsel (participated via videoconference)

Susanne Stover, Senior Vice President and Chief Financial Officer (participated via videoconference)

Public in attendance:

Jennifer Best

John Svare

Kate Gargiulo

Scott Wexler

David Lombardo

- II. APPROVAL OF BOARD MEETING MINUTES FOR August 30, 2012**

*ON A MOTION BY: Mr. Aurelio*

*SECONDED BY: Mr. Williams*

*APPROVED: 3-0 (Mr. Newman abstained)*

**III. CONSIDERATION OF RESOLUTION 12-05– APPROVAL OF A ONE-MONTH EXTENSION OF THE EXISTING TOTE AGREEMENT BETWEEN NYRA AND UNITED TOTE, WITH NO CHANGES IN GENERAL TERMS AND CONDITIONS.**

Mr. Allen presented the item, stating that NYRA’s existing agreement with its totalizator provider United Tote would expire on October 28, 2012 and that NYRA had requested Board approval of a one-month extension of the existing agreement with no material changes in general terms and conditions.

Mr. Aurelio asked several questions about the length and negotiation of the tote extension as well as procedural questions regarding the underlying Request For Proposal and bid submission review.

Mr. Williams responded that NYRA had negotiated the extension; Board staff stated that United Tote was unwilling to provide a longer extension without significant changes to the terms of the expiring agreement.

Ms. McClain responded that United Tote was notified in August of the RFP evaluation and set about negotiating terms for transition. Additional time was necessary to resolve issues, with all parties agreeing to a 30-day extension to assure continuation of tote services.

Mr. Newman asked whether the NYRA Reorganization Board will use the extension time to evaluate the bidding and review process. Ms. McClain responded that they would.

Mr Aurelio used the tote contract expiration to underscore his discomfort with present NYRA management, questioning whether NYRA had appropriately timed the process. Ms. McClain responded that NYRA had begun the process a year ago and unanticipated events, such as the formation of the NYRA Reorganization Board and the abrupt departure of corporate officers Charles Hayward and Patrick Kehoe caused delay.

Mr. Crotty stated that he respectfully disagreed with Mr. Aurelio, arguing there was contract movement in August but circumstances unrelated to management prevented a quick resolution.

Mr. Aurelio asked that the record reflect that the 30 days would be used by the new NYRA Reorganization Board to review the process and to negotiate a further extension.

*ON A MOTION BY: Mr. Newman*

*SECONDED BY: Mr. Crotty*

*APPROVED: 4-0*

#### **IV. NEW BUSINESS/OLD BUSINESS**

Mr. Newman noted that no financials were presented at this meeting. Mr. Lowenstein replied they due to the transitions of both the NYRA Reorganization Board and the Franchise Oversight Board, financials were not included on the agenda. He noted that they would be circulated to Members for a full discussion at the next meeting.

Mr. Crotty noted that Mr. Williams will become the new Chair of the Board. Mr. Williams replied that he was designated as the new Chair, thanked Mr. Megna for his service and dedication to the Board, and on behalf of the Board wished him well in his new responsibilities as a member of the NYRA Reorganization Board.

Mr. Aurelio asked for the record to show that “this board is clearly pleased that the Reorganization Board has been named, and I’m particularly impressed with the composition of that Board, particularly because there are a couple of members who are clearly experienced in entertainment and staging events, which is something that this Board has talked about for two years, so that’s a very encouraging development.”

#### **V. CHAIR'S REPORT**

Mr. Williams announced that there will be a meeting of the Board next month and that the Secretary would work with the Members to set the date of that meeting.

#### **VI. The meeting was adjourned at 1:02 PM.**

*ON A MOTION BY: Mr. Newman*  
*SECONDED BY: Mr. Williams*  
*APPROVED: 4-0*