



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

MINUTES

Franchise Oversight Board Meeting
September 16, 2013
Conference Room 131, State Capitol, Albany, New York

**I. The meeting was called to order at 1:13 PM by the Chair, Mr. Williams.
Establishment of a quorum was noted.**

Members Present:

Robert Williams, Chair
Elizabeth Garvey, Member
Steven Newman, Member
(participated via videoconference)

Board staff in attendance:

Steven Lowenstein
Bradley Allen

NYRA staff in attendance:

Christopher Kay, President and Chief Operating Officer
(participated via videoconference)
Susanne Stover, Senior Vice President and Chief Financial Officer
(participated via videoconference)
Kenneth Handal, Acting General Counsel and Chief Ethics and Compliance Officer
(participated via videoconference)
Daniel Ruzow, Outside Counsel

Genting Resorts World New York staff in attendance:

Christian Goode (participated via teleconference)
Ryan Eller (participated via teleconference)
Aleksandra Pacholek (participated via teleconference)
Kevin Jones (participated via teleconference)

Office of General Services staff in attendance:

Noreen VanDoren
Michele Reale

Public in attendance:
None.

II. APPROVAL OF BOARD MEETING MINUTES FOR JUNE 12, 2013

APPROVED: 3-0

III. CONSIDERATION OF RESOLUTION 13-03: APPROVING THE FINAL SCOPING OUTLINE OF THE GEIS FOR THE REDEVELOPMENT PLAN AT SARATOGA RACE COURSE

Mr. Williams explained that pursuant to the State Environmental Quality Review Act, the Franchise Oversight Board had issued a positive declaration as lead agency for the Saratoga Race Course redevelopment plan and a draft scoping document for the Generic Environmental Impact Statement (GEIS) had been prepared for public comment. The public comment period ran through July 30, 2013 and two public meeting sessions were held in Saratoga on July 11, 2013. Resolution 13-03 approves the resulting final scoping outline for the draft GEIS.

*BOARD RESOLUTION 13-03
ON A MOTION BY: Mr. Williams
SECONDED BY: Ms. Garvey
APPROVED: 3-0*

IV. CONSIDERATION OF RESOLUTION 13-04: APPROVING THE TRANSFER OF JURISDICTION FROM FOB TO THE NYSDOT FOR TWO SMALL STRIPS OF LAND ALONG HEMPSTEAD TURNPIKE AT BELMONT PARK

Mr. Allen explained that the New York State Department of Transportation (NYSDOT) had performed a redecking of the bridge that carries the Hempstead Turnpike over an access road at Belmont Park. As part of the work, NYSDOT had to move guiderails to comply with highway standard, resulting in the end of the guiderails residing on the Belmont Park property. Resolution 13-04 approves the transfer of small strips of land on either side of Hempstead Turnpike from Board jurisdiction to the jurisdiction of NYSDOT to make them part of the highway right of way.

*BOARD RESOLUTION 13-04
ON A MOTION BY: Mr. Newman
SECONDED BY: Ms. Garvey
APPROVED: 3-0*

V. CONSIDERATION OF RESOLUTION 13-05: APPROVING OF DOCUMENTS NECESSARY TO IMPLEMENT GENTING NEW YORK, LLC REFINANCING OF MORTGAGE LIMITED TO LEASEHOLD INTEREST

Mr. Allen explained that Genting New York, LLC was seeking to refinance their leasehold mortgage at Aqueduct. Genting took out the existing \$225 million mortgage in May 2011 and now is refinancing to take advantage of lower interest rates. The new mortgage would be for \$250 million through a syndicate headed by Bank of America, and a \$100 million revolving credit facility. Mr. Allen added that the documents Genting is asking the FOB to sign are essentially in the same form as documents signed in 2011.

Mr. Williams asked what other State approvals were required for the refinancing. Mr. Goode replied that the Gaming Commission had to provide approvals. Ms. Garvey asked what the savings from the refinancing would be. Mr. Goode replied that Genting would save 1 percent in reoccurring interest. Ms. Garvey asked if Genting currently utilizes their revolving credit. Mr. Goode replied that they use it for letters of credit.

Mr. Newman commented that the refinancing would have no impact on money due to the State or NYRA, that the refinancing would stretch the loan back to a five year term, and the Asian banks that were part of the original syndicate are still the same. Mr. Goode added that these banks are participating through their New York Branch offices.

*BOARD RESOLUTION 13-05
ON A MOTION BY: Ms. Garvey
SECONDED BY: Mr. Newman
APPROVED: 3-0*

VI. DISCUSSION OF NYRA'S SECOND QUARTER 2013 FINANCIAL RESULTS

Ms. Stover presented NYRA's financial results for the second quarter of 2013. NYRA earned operating income of \$12.1 million for the quarter, an increase of 15 percent. Net revenue from racing operations was \$38.5 million, an increase of 0.4 percent. Operating expenses were \$40.3 million, an increase of 2 percent. On track handle decreased 12 percent due to handle on Belmont Stakes day. Total handle for the quarter was \$671.4 million, an increase of 4 percent, as export revenue increase 9 percent.

Ms. Stover stated that field size was down to 7.66 horses per race from 8.12 in the second quarter of 2012. NYRA attributed this decrease to changes in medication rules. Mr. Newman asked how the field size compared to pre-VLT purse levels. Ms. Stover responded that they were in-line with 2011 levels. Ms. Garvey asked if NYRA had communications with the horsemen that indicated that the medication change was influencing their decision to ship to New York. Ms. Stover replied that they had.

VLT revenue for the quarter was \$28.1 million, of which \$14 million was for stakes and purses, \$8.1 million was for capital expenditures and \$6 million was for NYRA operations, was an increase of 5.3 million compared to last year due to higher win per machine levels.

Operating expenses were \$40.3 million, largely drive by increased labor costs, utility expenses, and marketing expenses. Mr. Newman asked if there was a savings from bringing cleaning serves at Aqueduct in-house. Ms. Stover replied that the costs were roughly the same, but that NYRA felt like they were not receiving the services they were

paying for from Resorts World. Mr. Williams asked if legal expenses were higher than anticipated. Ms. Stover responded that although legal expenses had declined, they continue to have higher than anticipated integrity counsel fees. Mr. Newman asked about the status of labor contract negotiations. Mr. Kay responded that meeting with the labor unions are ongoing but he could not get into specifics of negotiations.

NYRA spent \$4.7 million on 2013 approved capital projects and \$470,000 on 2012 approved projects. Projects included barn area improvements, patron area improvements, purchase of hi-def television equipment, and installation of Trakus at Belmont.

VII. NEW BUSINESS/OLD BUSINESS

Mr. Williams asked about the status in the changeover of tote providers. Ms. Stover replied that the conversion from United Tote to Amtote has generally progressed well. There has been some items that still needed work but nothing that affected the business. Mr. Williams asked about the status the ADW RFP. Ms. Stover responded that the RFP had been completed in format and NYRA had begun to advertise for it.

Mr. Newman asked if NYRA had any single or sole source contracts during the quarter. Ms. Stover replied that NYRA two sole source and six single source contracts. Mr. Newman noted that they had not been included on documents provided to the Board. Ms. Stover that she would provide that information to the Board.

VII. The meeting was adjourned at 2:03 PM.