



Franchise Oversight Board

MINUTES

Board Meeting
June 27, 2016

633 Third Avenue, 33rd Floor
New York, New York

I. Call to Order/Quorum Establishment

The meeting was called to order at 3:14 by the Chair, Mr. Williams. Establishment of a quorum was noted.

Members Present:

Robert Williams, Chair
Elizabeth Garvey, Member (participated via bilateral videoconference)
Steven Newman, Member
James Towne, Jr., Member (participated via bilateral videoconference)

Board staff in attendance:

Steven Lowenstein, Secretary and Administrative Officer
Kendra Rubin, Counsel (participated via bilateral videoconference)
Bridget Conover (participated via bilateral videoconference)
Lee Park

Resorts World New York staff in attendance (participated via bilateral videoconference):

Ryan Eller, President
April Corrigan, Outside Counsel

Public in attendance:

Christopher Greenidge, New York State Assembly
Aubree Heydrick, New York State Assembly
Rick Karlin, Times Union

II. Consideration of Board Minutes, Meeting of May 3rd, 2016

ACCEPTED: 4-0

III. Resolution Consideration

A. Resolution No. 16-03 – Approval of Documents Necessary to Implement Genting New York, LLC Refinancing of Mortgage Limited to Leasehold Interest

Mr. Williams provided an overview of the documents necessary to implement Genting New York, LLC's refinancing. Mr. Williams stated that Genting is seeking to refinance its 2013 loans and is requesting that the Franchise Oversight Board execute a certificate and loan attornment agreement.

Ms. Rubin explained Genting is requesting approval for a \$450 million credit facility for the Resorts World Casino New York consisting of a \$225 million term loan A and a \$225 million revolving credit facility. Ms. Rubin stated Resorts World Casino New York's outstanding balance is \$165 million under its term loan A and \$75 million under its revolving credit facility, totaling just over \$240 million. Ms. Rubin explained the options to draw additional funds and the future benefits for Genting America's nationwide.

Ms. Rubin mentioned that the Franchise Oversight Board is required to act as the landlord in executing documents that will effectuate Genting's refinancing. The Board needs to execute both an attornment agreement and a certification, but they will not change the rights or obligations of the State, the FOB, or Genting.

Mr. Eller stated some of the rationale behind refinancing. Mr. Eller explained that the timing is gratuitous, the current rates are favorable and it will provide the opportunity to invest in the facility and grow the business.

Mr. Newman asked if the refinancing would have any impact on the state or NYRA. Mr. Eller answered that it could only have positive impacts.

Ms. Garvey questioned if the dividends are expected to be paid. Mr. Eller explained that it was originally anticipated to pay the dividend, but at this point in time they do not expect to pay it and that upon funding only \$250 million will be drawn for refinancing the debt while the remaining portion

will remain undrawn capacity. Mr. Towne asked if that capacity would be available for dividend distribution. Mr. Eller stated it would be.

*BOARD RESOLUTION 16-03
ON A MOTION BY: Ms. Garvey
SECONDED BY: Mr. Newman
APPROVED: 4-0*

IV. New Business

Mr. Williams mentioned the discussion held at the last meeting that the State budget allowed Nassau Off Track Betting Corporation to have a previously authorized allotment of Video Lottery Gaming machines placed at Resorts World New York City in exchange for specific payments.

Mr. Eller stated there are very clear goals to will grow the overall market and avoid destructive competition within the same market. Mr. Eller explained that the estimated scope of the investment right now is between \$300 and \$500 million in the facility. Some key elements is a 400 room hotel, 140,000 square feet of convention and event, enhancing food and beverage, retail and some other entertainment components as well as expanding the casino floor to add up to 1,000 games originally sought on behalf of Nassau. Mr. Eller mentioned improvements to the transportation circulation and parking to support the facility.

Mr. Eller stated that projections currently have the direct revenues to State education Lottery funds exceeding the capital allowance by over 250% by year five and expect to generate nearly \$200 million in direct and indirect annual economic impact for the local community. Mr. Eller explained the job creation anticipated is over 1,600 direct and indirect permanent jobs, not including construction jobs. Mr. Eller stated that they anticipate the incremental revenues to the State education funds over the next seven years would be \$220 million of incremental direct funds.

Mr. Eller explains the master planning and key features intended in this development. Mr. Eller states the plan will attract new customer demographics as well as expand the market reach. Mr. Eller states the planed phases are intended to limit disruption of current operations to the fullest extent possible.

Mr. Eller provided an overview of the project scope. This includes a 400 room hotel, a 20,000 square foot spa and fitness center, over 20,000 square feet of combined retail and food and beverage space, and at least 50,000 square feet of expanded casino and gaming to have the option to expand by 1,000 units. Mr. Eller stated that this scope also includes 100,000 square feet of event and convention space, almost 40,000 square feet for ballroom and

meeting space and just over 100,000 square feet in the associated pre-function support spaces. In addition to the improved circulation on the site, all traffic requirements and additional parking that might be required have been included in this scope. Mr. Eller stated that as of right now, the cost estimates are coming in just over \$400 million.

Mr. Eller shared the overview of the next steps. During this process, the design contract should be awarded in July 2016 and then the finalization of the scope and budget will be provided in August 2016. Mr. Eller states traffic study should be completed which will show if there is any transportation improvements needed. Mr. Eller is hopeful that by September 2016 the complete comprehensive package that includes the full scope, the full budget cost estimation as well as some of the schematic design stage drawings should be available. Ground breaking is anticipated by the end of the year with a targeted completion date of March 2019.

Mr. Newman asked if the construction would result in any disruption to NYRA's operation. Mr. Eller replied that construction would be staged so that it would not. Mr. Newman asked if they had discussed these plans with NYRA. Mr. Eller stated that they had not yet but would once the project was approved. Mr. Newman encouraged Resorts World to have those discussions prior to approval. Mr. Newman asked if the jobs created by this project would pay a minimum wage of \$15 or more. Mr. Eller replied that they would, and many would pay more than that. Mr. Newman asked if Resorts World had talked to the local community board. Mr. Eller replied that they had talked to the Board about overall scope but had not provided any plans.

Ms. Garvey asked if Resorts World had plans to expand beyond the proposed project size. Mr. Eller stated that the designs will allow for future development allowing for a fully integrated resort at the location.

Mr. Towne asked if Resorts World anticipated any additional PILOT payments to the State above the direct Lottery aid for education. Mr. Eller replied they did not. Mr. Towne inquired about the impact to horsemen from the agreement and raised the concern of dilution as a result of the additional machines. Mr. Eller replied that they anticipate being able to grow the market as to be able to maintain purse contributions and payments to NYRA at current levels. Mr. Eller also emphasized that Resorts World would be facing increased competition and absent this agreement they would be unable to maintain current levels of business, resulting in lower racing contributions. Ms. Garvey asked about the timing of adding additional machines. Mr. Eller replied that that their intention is to add machines in a fashion that grows the market.

VI. Old Business

Mr. Newman asked for a follow up from NYRA about an analysis by racing day. Mr. Williams stated he would check on that. Mr. Towne requested that NYRA addresses in detail what items the current Board has not been able to address prior to re-privatization. Mr. Williams stated he would raise the question with NYRA.

VII. Report of the Chair

Status of GEIS for the Saratoga Redevelopment

Mr. Williams provided a status on the Saratoga Redevelopment Generic Environmental Impact Statement. Mr. Williams stated that a printed copy of the Final GEIS and a CD ROM with the entire package burned on it was provided to the Members. Mr. Williams explained he would like to have this document formally considered and finalized at the next meeting.

VIII. Adjournment

The meeting was adjourned at 4:01 PM.