

Mr. Rob Williams: New York State Racing Pari-Mutuel Wagering and Breeding Law Section 102 provides that the Gaming Facility Location Board shall consist of seven members appointed by the Governor. By and with the advice and consent of the senate. Six members having been confirmed by the New York State Senate affords the commission an ability to establish a quorum and to undertake action. This present meeting of the commission is now called to order. Miss Secretary, will you please call the roll?

Miss Secretary: John Crotty?

Mr. John Crotty: Here.

Miss Secretary: Mark Gearan? Peter Moschetti?

Mr. Peter Moschetti: Here.

Miss Secretary: John Poklemba?

Mr. John Poklemba: Here.

Miss Secretary: Barry Sample?

Mr. Barry Sample: Here.

Miss Secretary: Todd Snyder?

Mr. Todd Snyder: Here.

Mr. Rob Williams: Miss Secretary, will you please have the record reflect that a quorum of qualified members are present. Thus, enabling a transaction of business. Given the absence of Chairman Gearan, would the members like to designate a member for the purpose of presiding over today's meeting?

Mr. Barry Sample: I'd like to nominate Peter Moschetti.

Mr. John Poklemba: Second.

Mr. Rob Williams: Thank you John. Mr. Moschetti.

Mr. Peter Moschetti: The minutes of the commission meeting conducted on March 23rd of 2015 have been provided to the members in advance. At this time, I would like to ask the members if there are any edits, corrections, or amendments? Seeing none, please let the record reflect that the minutes were adopted. Next is Rob, you have the Executive Director report.

Mr. Rob Williams: Well, thanks. There's two items I would like to discuss. First is problem gambling forums. I'd like to give a little brief update on the Office of Internal Controls. We talked a little bit about the casino regulation rule making and then finished with some discussion about some upcoming racing events. As we previously discussed consistent with Chairman Gearan's request, commission staff have prepared a few problem gambling forums throughout the state that are designed to raise problem gambling education and awareness. Last month we reported that the initial event would occur in April. Unfortunately, circumstances prevented that

from happening. There is however, an event scheduled in May. Lee has been coordinating a lot of this. Lee, would you be so kind as to provide us with the detail?

Lee: Sure. So the New York responsible play partnership which is comprised of the Gaming Commission, the office of Alcoholism and substance abuse services. And the New York council on problem gambling will host the inaugural let's start conversation community outreach event on May 15th from 10 a.m. until 1:00 p.m. at Monroe Community College's Brighton campus, right near Rochester. The first hour will be a town hall meeting hosted by the New York council on problem gambling to discuss the larger issues related to problem gambling. In the remaining two hours will be an exhibition/trade show where attendees and the general public will interact with exhibitors including representatives from the commission, Oasis, the council on problem gambling, prevention and treatment providers Blue Cross of Western New York. VLT race track, Indian casino operators as well as commercial casino applicants and other parties interested in promoting responsible gaming practices. Invitations for this event to potential exhibitors will be going out this week.

Mr. Rob Williams: Well thank you very much Lee. As a status update of some conversations that I had individually with many of you, the Office of Internal Audit has made a few substantive advances recently. To that end, I've left a folder of information for each member that includes the internal audit directive, setting forth duties and responsibilities of the office. The recently adopted charter, the audit plans for last fiscal year, next fiscal year. And a summary of some recent activity. As previously discussed, the commission staff has been contemplating the development of regulations necessary to govern the new casino gambling industry. We are nearing release of a variety of rule groupings. Including, facility licensing. Occupational licensing, MWB requirements. Other groupings in the development include problem gambling and disability access. I would also expect that more groups soon to be named for internal controls and table game rules.

I do anticipate that the first set of rules will be ready for the next commission meeting. Finally, this Friday and Saturday we'll see the Kentucky Oaks and the Kentucky Derby contestant. New York is well represented in both races. Three New York bred, Upstart, Tencendur and International Star are among likely starters in the Derby. New Yorkers also own no less than five likely starters. In the Oaks, one of the favorites is likely to be Condo Commando, which won the Gazelle and is owned by NYRA board member Michael Dubb. The Kentucky Derby of course leads us towards the Belmont Stakes. And today we have with us, Christopher Kay, the President and Chief Executive Officer of the New York Racing Association, who can give us a brief overview on some of the many changes that will be implemented leading up to and with the Belmont Stakes. Mr. Kay.

Mr. Christopher Kay: Thank you Mr. Williams. Here. Thank you very much, I will be brief. But, as a former trial lawyer, that term is relatively -- what I have done, is I have provided you with some information. The first part of it is a report that I gave at our December board meeting. Which described all of the changes that had occurred in the last 18 months. And the second news report I gave last week which talks a little bit about the changes going forward. I would just briefly note that 2014, which was the first year our new management team and our new board worked together on a budget. We were able to have an operating budget surplus. It's the first time in 13 years. A modest amount, but we're moving in the right direction. We also paid off our \$25 million note to Genting in 2014. And 2014, marks the third year in a row that we have now

received a clean audit from the international accounting firm of KPMG. So, that information as well as others is in the materials I will leave with you since you're the chairman for the day. Thank you Mr. Moschetti.

Mr. Peter Moschetti: Of course.

Mr. Christopher Kay: Last year we did something different. In an effort to try to get more people engaged in this great sport of horse racing, we created a super day or the Belmont Stakes day. As it turns out it was the greatest day of racing in America in 2014. A number of races that appeared on different dates were put on that day and we added a great deal of entertainment with a distinctive New York vibe. The results were very encouraging. For example, the handle that day was \$151 million. Breaking the record that was set in 2004 of \$111 million. This was a substantial increase. And we had a great deal -- a number of people had a wonderful time.

There were some issues. And we worked with our partners to address those issues. Last year, there were 36,000 people that came to the track on the Long Island Railroad. The average is 20,000. The most before that date was 26,000. And several people had difficulty getting back home at the end of the day. We partnered with the Long Island Railroad and together we put \$5 million into the station. And so now the platform has been raised. So no longer will people have to walk up or down a couple of steps. The platforms have also been extended so that now, instead of having eight cars, we can have ten cars. Which means 150 more people will be on each train going in and out of our station.

And I think most importantly, the people at the Long Island Railroad truly have been great. And they came up with this idea, and what they would do is, there are two lines that go past our facility. One of those lines is going to be shut down for rail traffic for the day and converted into a parking lot. So that when a train leaves our station at the end of the day, there will be other trains that are sitting on the Hempstead line that will immediately go into its place. Which should, in their estimation cut in half the amount of time it will take for people to get home. We also have a new head of security. Formerly, he ran the New York City office for the FBI. He has brought in the Department of Transportation experts so we have that vehicular issue addressed fully with one command post. So we do believe that will also be very important in helping solve that problem.

The third issue we had last year was with respect to food and beverage. We've added 250 more hawkers. We have 30 percent more people, 40 percent more stations. And so we should be able to provide food and beverage all the way through the end of the day. And this year, the end of the day is going to be a little bit different. Last year was my first year. I thought there would be people lined up -- doing, to get on the train. I thought it would be great to have some entertainment there. And we had a great Eagles tribute band there near the station. In consultation with the Long Island Railroad they said that's a great idea but let's do better. Let's put them right there at the winners circle. And so we're going to have a full hour concert after the last race on Belmont Stakes day with a nationally known group that we will announce on May 6th. So that there will be even more reason after the Belmont Stakes to stay and enjoy the concert. So these are all a number of things that we're doing to alleviate some of the problems that were experienced last year.

Now, onto the positives. Last year, was a great year it had over 100,000 people. It was a great day of racing. Now we're going to make it into a three day festival. So we're going to make it bigger, bolder and better. It will all start on Wednesday, around noon at the iconic skating rink at Rockefeller Center. That's where the draw will be held. As opposed to doing it upstairs at Belmont. We should get a lot of interest and national coverage. Then we start with races on Thursday. And between Thursday, Friday and Saturday we're going to have a total of 31 races, 17 of them graded stake races. It should be really superb.

At the end of the day Friday, we're also going to have a concert. It's a younger group and appealing to a younger demographic, part of what we're trying to bring to our sport. And so we're going to price it in such a way that if you show early you'll pay one rate. If you come later in the day, just to, presumably catch the concert, you will pay more. In an effort to try to get people there early, and really get them to enjoy the whole experience. So we'll have three days of racing, 31 total races, 17 graded stake races and a concert after Friday night's effort and also after Saturday night's card.

On Saturday, we're going to take the same approach we did last year. We've got six grade one races. We have 10 grade stake races that day. And we're going to have some great entertainment. Immediately before the Metropolitan, which we hope will be televised nationally on NBC, if not it will be on NBC Sports net depending upon the length of the boxing match that goes on earlier that day. We will have a tribute to the United States Military Academy at West Point. We're going to have their veteran band there. We're going to have paratroopers coming down. Either parachuting into the infield and then showing people there after in the backyard how they pack their parachute and how they do their job. And we believe we will also have a jet fly over depending on the weather later that day. Last year we had the United States Attorney General present the trophy. And we hope to have someone of that stature this year.

After the Metropolitan will be the Manhattan, which will defiantly be on national television. Just as last year, we want to shine a bright light on Broadway, one of Manhattans greatest gifts and this year we have a group that will perform that is on Broadway now. It's a long running show, it will also be revealed on May 6th. And we have invited the mayor to ____ [00:12:19]. We will see if he will be able to attend. And then we will have the Belmont Stakes. And, once again, we will have a group that will perform one or two numbers. And then they will perform the concert after the last race. We will all sing New York, New York. And then we will have the test of the champion. So it should be a great day of entertainment.

We've enhanced food and beverage. By the way, last year we created the new Champagne Room. It was very successful. And tickets have been flying. We really are -- I think we're at 55 percent now of all tickets sold. We're ahead of last year's rate, particularly in our dining areas and in our box seats. We were I think, 48 tickets behind in our reserve seats. But we anticipate that all that will ramp up now that we have the interest in the Triple Crown races. Last year we were able to sell all of our tickets in the Grandstand, all of box seats and every dining seat before the preakness race was run. Before anyone knew that there was going to be a Triple Crown possibility. And we're encouraged that our rate of sales, for the most part is ahead of last year's rate. So, that was my idea of being brief. I apologize for taking so much time.

And I truly hope you will read the materials. I had to read these reports into the record at our board meetings. And one of them took 25 minutes, so we're saving you time right now. Thank

you. Are there any questions that you have? Hopefully all of you can come. It should be a great event. And if I don't see you between now and then, we also will have a great event over the July 4th holiday weekend. It's called Stars and Stripes. It's where we bring some of the best from around the world to compete against America's best. We were just overseas last week and we received a commitment already from 12 horses that are coming to participate with more to come. Last year we had nine. Everybody who participated said it was a great event. And it really helped us put us and put the New York Racing Association on the international stage. Thank you.

Unidentified male: Chris, one second. So you load up those three days with stakes races. It sort of takes away from some of the other days. I know we talked before about it last summer, talk for a second about the economics of that versus spreading them out over more weekends.

Mr. Christopher Kay: Certainly. So, it goes to the theory that, you know, in pro basketball, everyday they get a basketball game. And really people begin to focus attention during the playoffs and during the NBA Finals. The same thing in baseball. You could easily get a ticket to a Tampa Bay game against the Yankees in mid-August. People pay attention when they get to the playoffs and the World Series. How do you create that same kind of interest in this sport? And so the strategy was to create four days, so you said if you're not going to pay attention for the rest of the year pay attention these four days. The Belmont Stakes, The new Stars and Stripes, the Whitney and the Travers at Saratoga.

What we found is it worked very well. Case and point, last year, when we had the Belmont Stakes day we had exceeded the amount of betting and we broke the record for the handle before we even got to the Belmont Stakes because of that power packed day. It creates a synergy onto itself. And so what happened is, actually our all sources handle was up a couple percent last year over the preceding year, even though we had a downturn in the third and fourth quarter precisely because of the success of those big days. And so, consequently, we're not finding a significant drop off in handle when we put those days together. So, for example the Metropolitan, it used to be Memorial Day weekend. We saw a drop but it was offset by the kind of increase we had for Belmont Stakes. And it really gets down to the fact that there's so many things that compete for our attention from an entertainment standpoint.

Unidentified male: I'm sure a ton.

Mr. Christopher Kay: Exactly. And so we're saying let's get people to focus on a couple of big days and do it well. And frankly, in one sense it's no different than what you see at Churchill Downs. Churchill Downs makes all their money on this two day -- on the weekend.

Mr. Peter Moschetti: When is NYRA moving away from Aqueduct and opening the spring meeting in Belmont?

Mr. Christopher Kay: This week. So, I believe Wednesday is community day. And I was there at Belmont this morning. And then we are going to be racing this weekend. And in fact, we're really trying to promote the idea for everybody who loves racing to come to Belmont this weekend and get up close and personal with horses in the paddock. We have over 650 high definition television sets, high def video boards. And we'll be watching the Kentucky Derby on all of those. So a group can come out have a great time. Enjoy all that Belmont Park has to offer.

Have your own Derby party at our place. And you don't have to worry about cleaning up. We'll take care of that. That's our plan for this weekend.

Mr. Peter Moschetti: One last...

Mr. Christopher Kay: Yes sir.

Unidentified male: For the Belmont Stakes weekend you still can't bet in New York City. It's a problem for other than you. But any thoughts on relief?

Mr. Christopher Kay: Well yes, as a matter of fact we would love to be able to develop a New York City strategy to try to get into the city. And most importantly to capture a generation that needs to be captured. You know, when you look at the horse racing fans we kind of missed a generation. So they haven't been able to pass it along to their kids. We'd desperately like to get to the 18 to 35 year-old crowd. And there's only two ways to do it. One is to persuade them to come out to our track. Which is why we have those big event days. And why you see us having concerts for example. Or to go to where they are. Go to the restaurants where they hang out. Go to the taverns where they hang out. And hopefully we can interest them. Thank you all.

Mr. Peter Moschetti: Thank you. Congratulations on 2014.

Mr. Christopher Kay: Thank you.

Mr. Peter Moschetti: You're welcome. Good Job Chris.

Mr. Christopher Kay: Thank you. If any of the commissioners have an interest, several of you did last year in visiting Belmont Stakes, please notify myself or Lee. And we'll take care of the arrangements. And with that, Mr. Moschetti.

Mr. Peter Moschetti: New York State Racing pari-mutual wagering and breeding laws section 104.19 authorizes the commission to promulgate rules and regulations that it deems necessary to carry out its responsibilities. To that regard, the commission will from time to time promulgate rules and rule amendments pursuant to the state administrative act. Today I understand we have two rule-making items per Mr. Williams. Mr. Williams do you have -- will you please outline the proposal?

Mr. Rob Williams: Item 4-A regards uncoupled entries for certain thoroughbred stakes races. The proposal would amend the commissions existing role in regarding limitation on entries by removing in stakes races and purses of \$50,000 or more. And requiring that the horses be coupled as a single betting interest. The current commission rule 42510-G allows decoupling of the horses that otherwise would have been required to be coupled only in the races with purses of \$1 million or more. The commission Steward would retain authority to require horses be coupled prior to the commencement of wagering on any particular race on the finding that doing so is necessary in the public interest. There are two general approaches to decoupling. Several states like Kentucky and Texas have amended their rules to permit hours with common owners so that they compete as uncoupled entries in any states race with a gross purse of \$50,000 or more.

Other states such as California or Illinois have repealed their couple entries rule completely. Staff believes that the former approach recognizes that misconduct, such as potential collusion amount

jockeys of commonly owned horses is generally less prevalent and races with greater purses. And that a more measured approach represented by the ladder would provide the commission with an opportunity to evaluate the effect of a limited amendment before considering a board of relaxation. NYRA and Finger Lakes Race Track have indicated support of this amendment in order to increase field size, wagering opportunities and revenue generation. Staff recommends the proposal of these rule amendments.

Mr. Peter Moschetti: Do the commissioners have any questions on the proposal or the rule amendment pertaining to uncoupled entries for certain thoroughbred Stakes races? Seeing none, may I have a motion to propose this rule amendment in uncoupled entries for certain thoroughbred race stakes.

Unidentified male: So moved

Mr. Peter Moschetti: Second?

Mr. Barry Sample: Second.

Mr. Peter Moschetti: All in favor?

All: I.

Mr. Peter Moschetti: The motion carries. Mr. Williams will you call the next items.

Mr. Rob Williams: Item 4-B regards superfecta wagering in thoroughbred racing. At present, NYRA and Finger Lakes offers superfecta wagering for a model rule of the Association of Racing Commissioners International. As you are aware, commission rule 4011.28 permits incorporation of an ARCI December 1996 model rule with prior commission approval. The ARCI rule does not however allow the wager with coupled entries. NYRA and Finger Lakes have suggested an amendment with regard to the coupling of entries in a race wherein a wager is offered to make the wagering more competitive and attractive to the betting public. To best address this request the rule proposal would set forth a complete commissions superfecta rule incorporating the ability to allow superfecta wagering in races, in all races. In addition to the new language, informing stylistic changes were proposed in the trifecta rule as well. Staff also recommends the approval of this -- or the proposal of this amendment.

Mr. Peter Moschetti: Do the commissioners have any questions on this proposal? Seeing none, may I have a motion with respect to this proposal?

Unidentified male: Sure.

Mr. Barry Sample: Second.

Mr. Peter Moschetti: All in favor.

All: I.

Mr. Peter Moschetti: The motion carries. And next I think is judications. And I think we have one hearing officer to report for consideration today. Mr. Williams will you please outline the case.

Mr. Rob Williams: That's correct. This is in the matter of Louis Pena. The former New York State Racing and Wagering Board issued a summary license suspension of harness trainer Louis Pena and initiated disciplinary proceedings against him on May 24th, 2012. The board alleged 1719 violations of rules prohibiting the administration of certain drugs to horses within prohibited time frames. A hearing was conducted on August 29th through 31st 2011. The hearing officer's report and recommendation were delivered to the commission Secretary in September of 2013. Following extensive litigation regarding commission authority to proceed the appellate division third department recently removed any legal bar to the commission's proceedings and final decision in this matter. At a meeting conducted pursuant to the judicial or quasi-judicial proceedings exemption of the New York public officers law section 108.1 the commission considered this matter.

Mr. Peter Moschetti: The commission duly deliberated and considered this matter and determined on a vote to sustain the hearing officers report recommendation. But I understand there is some -- there is an amendment to that.

Unidentified male: This allowed too...

Mr. Peter Moschetti: This allowed too, all right. So...

Mr. Rob Williams: Which is included in the report currently. Oh, it's not.

Mr. Peter Moschetti: It's not. So the board did -- the board, as I understand the board's council requested dismissal of two charges out of the 360. The administration of _____ [00:24:22] on the grounds that such charges were misplaced. And I understand that it's the commission's decision that we will make sure that those, or we will decide that those two are dismissed. Am I correct?

Unidentified male: Correct.

Unidentified male: Correct.

Mr. Peter Moschetti: It was a _____ [00:24:42]. Does anyone have any new business? None. Does anyone have any old business?

Unidentified male: There's two items that I would like to close out or at least discuss. Last month commissioner Snyder requested that a personnel matter be discussed with other commissioners individually be raised to me by Chairman Gearan. I would like to report that Chairman Gearan did so, and the concern has been resolved. Additionally, last month commissioners Crotty and Moschetti had asked the staff to establish a quorum as which members could be educated regarding issues relative to the use of Lasix by two year old horses. And whether restriction in certain races should be considered. Staff has begun the development of the quorum which will likely be conducted during the Saratoga meet at NYRA's summer meeting.

Mr. Peter Moschetti: The next item is to set the May meeting date. Consistent with practice this meeting would be May 25th, 2015 the fourth Monday of the month. That day however is Memorial Day. Would everyone please check their respective schedules for availability the following day May 26th. It is my understanding that the meeting could be conducted at 633 Third Avenue in Manhattan. If you guys could please advise Miss. Buckley of your availability.

Unidentified male: Commissioner.

Mr. Peter Moschetti: Or decide now.

Unidentified male: I don't see why not.

Unidentified male: That's good with the ...

Unidentified male: Fine for me.

Mr. Peter Moschetti: At 633.

Unidentified male: Yes.

Mr. Peter Moschetti: Good. That so that concludes today's published agenda. Do any of you have any times you would like to present for consideration?

Unidentified male: No.

Mr. Peter Moschetti: Hearing none, this meeting of the New York State Gaming Commission is adjourned. Thank you.