

Racing Committee Minutes

April 8, 2010 – 4:00 p.m.

Present: Chairman Veitch; Supervisors Barrett, Collyer, Richardson, Wood, Southworth, and Grattidge; David Wickerham, County Administrator; Rod Sutton, Jeff Cannizzo, Bob Barney, Concerned Citizens for Racing; Jack Knowlton, Sackatoga Stable; Erin Varmella, Brad Wilson, YNN; Michael Veitch, Senator McDonald's Office; Press.

Chairman Veitch called the meeting to order and welcomed all in attendance.

On a motion made by Mr. Wood, seconded by Mr. Collyer the minutes of the February 4, 2010 meeting were approved unanimously.

Mr. Veitch said with the many issues between NYRA and the State of New York it is very important that Saratoga County continues to have a viable NYS racing industry. There is a group that has been formed in Saratoga Springs entitled, Concerned Citizens for Saratoga Racing.

Mr. Sutton said the Concerned Citizens for Saratoga Racing is a non-partisan group comprised of civic, business and community leaders. A meeting was held on March 17, 2010 with members of the NYS Senate and Assembly to discuss the concerns related to the ongoing delays with regard to the installation of gaming and video lottery machines at Aqueduct Racetrack.

A packet of information was distributed to everyone at the meeting highlighting the economic impact that horse racing has on Saratoga County and racing in general.

The following points were submitted during the March 17th meeting:

- The State of New York created a franchise agreement in September of 2008 with New York Racing Association, the operators of Aqueduct, Saratoga and Belmont racetracks. The agreement called for the operator to deed to the State over \$1 billion in track properties and to have the ability to manage for 25 years the racing franchise to operate the tracks. The State of New York, as part of the agreement was to grant the new New York Racing Association a total of \$159 million in cash and non-cash considerations to payoff loans, outstanding debts, taxes and legal fees.
- The State agreed to authorize Video Lottery terminals to operate at the Aqueduct track to generate funds to the state and fund the operating and capital costs at all three tracks and provide additional purse money for horse owners and breeders.
- Based on the past delays of installing VLT's at Aqueduct, all state departments and agencies involved agreed to a franchise clause that if VLT's were not in operation by

April 1, 2009 the State of New York would negotiate in good faith to cover operating and capital expenses of the new New York Racing Association until the VLT's were installed.

- The franchise agreement that is referred to is section 2.9, "Capital Expenditures – the new New York State Racing Association and State agree that in the event that the VLT operators are not scheduled to commence at Aqueduct prior to March 31, 2009, the State and the New York Racing Association shall negotiate in good faith to provide the new New York Racing Association with payments necessary to support the new New York Racing Association's operating and capital expenditures and maintaining and upgrading the racetracks." To date the state has not made any such payments to the new New York Racing Association causing financial problems and placing the State in financial default.
- Due to the fact that no payments have been made by the State for 10 ½ months, and it will take at least 18 months for the VLT's to get up and running, it is believed that the State has an obligation to at least advance money in the amount of \$40 million to the new New York State Racing Association.
- With a \$169 million advance, plus the \$40 million, New York State received at least \$1 billion worth of prime property in which to operate the VLT's. It is anticipated to generate approximately \$1 million a day of VLT profits to the state.

Mr. Sutton said it is extremely important that these points be made known, and to put them back on the table so the New York Racing Association can operate without having any interruption of service to racing, whether it be in Saratoga this summer and/or the fall meet coming up.

Mr. Barney, an owner/breeder made the following comments:

Mr. Barney said he got out of the business approximately a year ago for personal reasons, anticipating that he would eventually get right back into the business. He has not done that, as he is fearful of what is going on in the industry. It is hard today to continue to make investments in this industry until there is some opportunity to do well in the future.

Mr. Barney said he grew up in Saratoga Springs and the local area would be devastated at the lost of horse racing.

Mr. Sutton said in August of 2006 the Saratoga County IDA sponsored a study of the impact that racing would have on the geographic area including the local counties of Saratoga, Warren, Washington, Montgomery, Schenectady, Albany, Greene, Rensselaer, and Columbia. This is why the Assembly and Senate members from those geographic areas continue to speak with the IDA on the impact that Saratoga racing has on the region. This is a statewide problem, he said. The impact to the local area is approximately \$2 million for the 36 days of the summer season through track operations, participation in the training facilities, racing, as well as off-track visitor spending.

Mr. Cannizzo, Executive Director of New York Thoroughbred Breeders gave a brief overview of “What’s at Stake?” for New York’s Thoroughbred Breeding Industry.

Breeders are a key sector of New York’s agricultural economy, which is the number one business for New York. In the nine county regions, there are approximately 2,800 full time jobs in the thoroughbred industry. Across the state there are 17,000 full time positions. If all the products and services were included there are approximately 35,000 agribusiness jobs in New York State. There are approximately 400 farms that occupy the state, of which 129 of them are in the nine county regions. Over 44,000 thoroughbreds reside in New York, ranking New York in the top five states for thoroughbred foal production, and home to over 3,000 resident mares.

The Aqueduct VLT delay has put a significant burden on NYRA in terms of revenue, and the State of New York is losing \$1 million a day. NYCOTB owes the industry \$100m due to its bankruptcy. Any legislative changes to reduce payments to the industry would further destroy all.

In Pennsylvania they have had VLT legislation in place for a number of years and have gotten VLT revenues up and running in a matter of a year. Their breeding program is approximately 36% larger than NYS. People are leaving every day from NYS to take their horses and mares to Pennsylvania where it costs half as much to run a business than it does in NYS. The State of New Jersey just passed, in the last month, to run a 50-day meet in Monmouth Park, beginning in May, supplying \$1 million a day in purses for the industry. This will make them the largest purse structure in the United States. Saratoga’s purse structure is approximately \$730,000 a day.

Mr. Sutton thanked the Board of Supervisors and the interest that has been given to this very serious problem. As a concerned citizens group they will continue to be vigilant and continue to meet with state legislators.

Mr. Sutton suggested that the committee talk to other counties in the nine county region to see what the agricultural district means not only to this area, but also to the different counties.

Mr. Sutton said Saratoga Racetrack was established in 1863. We should be planning for the 150th anniversary of racing in the United States, but what we are doing is fighting for survival.

Mr. Wood thanked all the presenters for taking their time to bring the committee up to date and providing them with the best of knowledge and information.

Mr. Veitch said he is extremely frustrated as to what is going on in the state for both Saratoga Springs, the state and the horseracing industry. For the history and community it is vital that we keep horseracing going in Saratoga County. With Global Foundries coming, it will be a great economic engine for the community. Having farms and working agricultural sites, keeps the open space. Saratoga Springs and Saratoga County

share \$800,000 in admissions tax every year, and that would be lost if there were no racing.

A motion was made by Mr. Richardson, seconded by Mr. Barrett to urge the State of New York to resolve the issue of VLT operations at Aqueduct, as promised in the franchise agreement, without delay; to make its Statutory payments to NYRA to enable the continuation of racing at the three tracks, especially Saratoga, in the interim; and to assure the continued viability of New York City OTB, so that it can make its statutory payments to NYRA. Unanimous.

Jack. Lucier, Raymond Road, Ballston Spa

Mr. Lucier stated that he is a owner, trainer and breeder in the community, who has been in the business since 1972. In the last year breeder awards have been cut. The January and February Breeder Awards were just now paid, he said.

Jack. Knowlton, Sackatoga Stables

Mr. Knowlton operates a small stable of Syndicate horses. Last year Mr. Knowlton bought three horses, and is now struggling to sell because people are afraid of what is going on, he said.

June Fellows – Back Stretch Team

Ms. Fellows said many of back stretch workers spend large sums of money to come here to work for six months and they need to know that there are going to be horses at the racetrack and that there will be work for them when they come back. Approximately 85% of the people that work the backstretch live there from November to April earning money for their extended family. Some have worked at the racetrack for 35 years, she said.

On a motion made by Mr. Collyer, seconded by Mr. Barrett the meeting was adjourned.

Respectfully submitted,

Chris Sansom