

Amended  
Racing Committee Minutes

June 3, 2010 – 4:00 p.m.

Present: Chairman Veitch; Supervisors Collyer, Wood and Yepsen; David Wickerham, County Administrator; 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 April 8, 2010 meeting were approved unanimously.**

Mr. Hayward gave an update on the \$25 million loan to NYRA as follows: There are two related aspects; one is the selection of the VLT operator, and the second one is the state of the \$25 million. Mr. Hayward said NYRA is working with the Empire State Development Corporation on when they will receive the money. He said he was hopeful it would be received next week. **After this week, NYRA's payroll will be down \$2 to \$3 million in cash in our payroll and on a weekly basis it is \$1 million.** It is anticipated that the \$25 million will probably not be received in one lump sum; it will probably be distributed in three different intervals of between \$8 and \$10 million each, which will hopefully get NYRA through to the end of 2010. The uncertainty of how far it will take NYRA is because they don't know the state of play with NY City OTB, which has not paid NYRA the approximately \$.1.75 to \$2 million they owe each month. Clearly, if they go on for another 6 months or so, they will owe NYRA approximately \$10 million in addition to the \$17 or \$18 million that is already owed.

One thing that the Paterson administration has done that is extremely positive, is that instead of using the Governor's Office or the Executive Office to run the bid process, which allowed no transparency; the state Lottery, which is known for being a well run state agency, is running the RFP process, and is going to comport with NYS procurement rules. An RFP has been issued, and the process is moving along. The deadline was June 2<sup>nd</sup>, where any potential bidder was required to put up \$1 million. There are six bidders in all. A meeting will take place at Aqueduct on June 8<sup>th</sup> with all the bidders to go over the Aqueduct issues. The MGM footprint will consist of all the SEQRA and traffic flow approvals. All of the bidders are going to be required to stay within the footprint so as not to further delay the process as a result of having more SEQRA approval, he said.

Everything that has been seen thus far, in terms of what the lottery is doing, has been timely and extremely professional. They have set a target date to select someone as of August 3, 2010. If it doesn't happen on August 3<sup>rd</sup>, Mr. Hayward said it is very likely that they will make their recommendation before Labor Day. The process will be that the lottery will go through the bids, they will evaluate and assess them, and then select the entry that made the best bid. Under the franchise law, that bid will still have to be

confirmed by a unanimous consent of the Assembly, Senate and the Governor. Given that this will be very clearly evaluated and marks given to each on of the bidders, it would seem hard for any of the political leaders in any one of those three instances, to not agree with the lottery over the selection. Once a bidder has been selected they will then need to finalize their contract with the state under the terms of the RFP. The new VLT operator is going to repay the State the \$25 million NYRA borrowed. NYRA will then owe the money to the VLT operator and not to the State. The State will get their money back, presumably by the end of the year.

The new VLT operator will also take over the obligation of the new franchise agreement, where the state agreed to fund NYRA if the VLT's were not up and running by March 31, 2009. Assuming there is a reasonable time frame in selecting a VLT operator; with the worst case scenario that it gets done in September instead of August, and it takes 60 days to get the deal done, NYRA will still have sufficient money from the \$25 million received from the State. They will then be discussing with the VLT operators for further funding until such time the VLT's are up and operating. The further funding of NYRA, as necessary, isn't going to require the same kind of handwringing that we went through with the State because it is going to be understood as part of the obligation of the new VLT operator.

Mr. Wood asked when the VLT operation will be up and running if the decision of whom gets the franchise is made in early August? Mr. Hayward said it is possible that the project could be finished by the end of 2011 or perhaps into the first quarter of 2012.

Mr. Collyer asked if the \$25 million was coming through the Economic Development Corporation? Mr. Hayward said, **it is coming from a bond that ESDC would have floated, so yes**, they are the funding mechanism for most of the capital projects in the State of New York. Mr. Collyer asked if they had the money to do this, or are they having to go elsewhere to get the money to fund this? Mr. Hayward said, there was an agreement that was worked out that NYRA would need the money the week after the Belmont Stakes. They are working closely with the Budget Department, where the money is available and NYRA is waiting for the loan agreement. Everyone is saying the right thing, agreeing the money is there.

**The next Racing Meeting will be held on July 8, 2010 at 4:00 p.m. at the Backstretch Employee Service Team Office on Union Avenue across from the Racetrack.**

**On a motion made by Ms. Yepsen, seconded by Mr. Connolly, the meeting was adjourned. Unanimous.**

Respectfully submitted,  
Chris Sansom