

Unidentified male: New York State Racing [Inaudible 00:00:04] Section 102 provides that the New York State Gaming Commission 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 and ability to establish a quorum and to undertake action. This present meeting of the commission is now called to order. Ms. Secretary will you please call the roll?

Unidentified female: John Crotty (ph).

Unidentified male: Here.

Unidentified female: Park [Inaudible 00:00:30], Peter Machete (ph)?

Unidentified male: Here.

Unidentified female: John Cosenza (ph)?

Unidentified male: Here.

Unidentified female: Aria Sample (ph)?

Unidentified male: Here.

Unidentified female: Todd Snyder?

Unidentified male: Here.

Unidentified male: Ms. Secretary please have the record reflect that quorum of qualified members are present thus enabling the transaction of business. Also please have the record reflect that bilateral audio and visual communications have been secured between the three meeting sites. Given the absence of Chairman Gehran (ph) would the members like to designate a member for the purpose of presiding over today's meeting?

Unidentified male: I'd like to propose Todd Snyder.

Unidentified male: Second.

Unidentified male: All in favor?

Unidentified male: Aye.

Unidentified male: Aye.

Unidentified male: Aye.

Unidentified male: Commissioner Snyder.

Unidentified male: The minutes from our last meeting, the May 26 meeting is provide in advance. I'd like to ask the members if those minutes reflect their thoughts and if there are any edits, corrections or amendments?

Unidentified male: I had two small edits Mr. Chairman. On the adjudications I guess it would be 5A and B.

Unidentified male: Yes.

Unidentified male: The commission having considered this matter at a meeting conducted pursuant to the judicial proceedings exemption of New York Public Offices section 108.1 announced that it had – I believe the word agreed should be added. That it had agreed on a 5 to 0 vote to reject Mr. Lewis's request.

Unidentified male: Same on both A and B; yes?

Unidentified male: Both A and B. And after the word "had" and B, add the word "agreed".

Unidentified male: I have it. Okay. Any other edits? Thank you John. Any other edits or amendments? Baron anything?

Unidentified male: No I'm fine.

Unidentified male: No, no.

Unidentified male: Madam secretary at this time let me ask you to please reflect that the minutes have been adopted as amended by Commissioner Lakemba edit. Next up I think Rob is a report from the executive director.

Unidentified male: Yes we have a long agenda today so in the interest of brevity I'm going to keep my remarks for – first I wanted to begin the second let's start the conversation on gambling awareness event was held on June 17 at Schenectady Country Community College. The event was very well attended with representatives of Rivers Resort and Casino, Lago Resort and Casino, Apple District off track betting corporation and regional problem gambling providers from as far away as St. Lawrence County. The event was also very well covered in the media. The next event is scheduled for July 21 at the Dutchess County Community College in Poughkeepsie. I also want to briefly touch upon a couple of other previously discussed upcoming events. The Lasix Forum which has been developed at the request of Commissioners Crotty and Machete will be held on August 25 at the Empire State College in Saratoga Springs. We remain in the midst of developing the panels and have received some good advice from Cornell Veterinary School Dean Michael Kotlokoff and [Inaudible 00:04:01] among others. At present the panels are likely to include one of the academics, one with practice and veterinarians and one with owners and trainers and then others – another with industry leaders. Former deputy secretary for gaming and racing and racing law expert Beth Liedman (ph) has graciously volunteered to provide introductory remarks setting the stage for how we arrive at present day oasis administration.

Also the retired race horse event is scheduled for September 1 at the Fasig Tipton Pavilion in Saratoga. Internally we held several meetings with interested parties and the [Inaudible 00:04:44] panel discussions that will include an overview of the available programs and best practices with

national and New York based horseman's organizations and an overview of what is occurring in other states such as Kentucky and California. Given the commissions mission statement the goal is to discuss what has been done regarding retired racehorses and what we, as interested parties can do to help focus on this important issue.

Finally responses to the requests for applications to develop a commercial casino gambling facility in zone 2, region 5 with the southern tier must be received by the board by 4:00 p.m. eastern daylight time today. At present the single application from Tioga Downs has been received.

Unidentified male: I think that takes us to the goal making part of our meeting today. New York State Racing mutual wager and breeding law section 104.19 authorizes the commission to promulgate rules and regulations that it deems necessary to carry out it's responsibilities. In that regard the commission will from time to time promulgate rules and rule amendments pursuant to the state administrative procedures act. Today we have eight rule making items for consideration. Would you please outline the first item Rob?

Unidentified male: Certainly at the April 27, 2015 meeting the commission proposed a rule making regarding super effect [Inaudible 00:06:12]. The wager had been available in New York since March of 1998 when the racing and wage earning board allowed operators to offer wages defined in the December 1996 version of the association of racing commissioners international model rules subject to certain conditions. Since then however the ARCI rule had been modified and the board, now the commission permissions had not been changed. The rule proposed by the commission would allow racetrack operators to offer super effective wage without requesting special permission and to reflect the current ARCI model rule, which for example now permits coupled entries. One public comment was received during the comment period, which ended on June 27. The comment from the New York Racing Association was in favor of adoption.

Unidentified male: Commissioners are there questions with respect to the adoption of the rule? Anybody? May I have a motion to adopt the rule from coupled entries with thoroughbred to perfect the wage earning?

Unidentified male: I support the motion we adopt.

Unidentified male: Second anybody? Do I hear second?

Unidentified male: Sure.

Unidentified male: All in favor?

Unidentified male: Aye.

Unidentified male: Aye.

Unidentified male: Aye.

Unidentified male: Any opposed? The motion carries. Rob would you outline the next item please?

Unidentified male: Certainly. Also at the April 27, 2015 meeting commission proposed a rule making regarding amendments to coupled entries and thoroughbred races. The adoption of this rule

making would amend the thoroughbred rules by allowing horses with common ownership or trainers to be uncoupled as a single betting interest in stakes races with a purse of \$50,000.00 or more. The current rule allows such uncoupling only in races with a gross purse greater than \$1,000,000.00. The proposed rule continues the discretion the stewards (ph) have regarding uncoupling, that is they may disallow any particular uncoupled entry if they determine that to be in the best interest of racing. One comment was received during the comment period as well, which ends today. The comment from New York Racing Association was in favor of adoption. In the unlikely event of a substantive comment being received before the close of business, staff will promptly inform each commissioner.

Unidentified male: So subject to that reservation is there any discussion or comment on the rule making? Do I have a motion to adopt the rules?

Unidentified male: So moved.

Unidentified male: Second anyone?

Unidentified male: Second.

Unidentified male: If there's no further discussion all in favor?

Unidentified male: Aye.

Unidentified male: Aye.

Unidentified male: Commissioner Sample?

Unidentified male: Aye.

Unidentified male: If there is no opposition the motion carries. Robert will you outline the next please?

Unidentified male: Certainly the next three [Inaudible 00:09:21] all regard commercial casino licensing regulations. Given the common subject matter with your permission I generally like to discuss these all together. First this group of proposed regulations is in the beginning of what is likely to be a monthly occurrence. In your materials today that I put out in front of you there is a proposed table of contents identifying what is likely to be the entire corpus of commercial casino regulations. To analogize the casino regulations are 100 piece jigsaw puzzle; these are the first three pieces. In general these proposed regulations are necessary to incrementally advance facility licensing. Without these the commission would be unable to award any facility license. From a practical level should the commission determine to propose these regulations today they are likely to be submitted for publication in the next available state register which is July 22. The publication commences the 45 day comment period, wherein the public has an opportunity to comment on the proposed rules. At the conclusion of this comment period the commission may at a public meeting assess the comments and determine whether to revise or adopt a proposal. The conclusion of the 45 days is September 5, which is a Saturday. This causes the conclusion ate to statutorily be shifted to the next business day which is actually Tuesday, September 8 due to the preceding Monday being Labor Day. It is important to note that the newly adopted role would not become effective until the notice of adoption is published in the state register.

Working off that September 8 date for the closing of public comment we would most likely be able to make the next available state register publication which would be September 30. Soon we anticipate the New York State Police will be providing the full background material for the corporate entities and principles of Lago, Monprine (ph) and Rivers. While this rule making moves toward necessary legal processes commission staff will be taking the New York State Police investigative reports and assimilating other necessary historical and background materials into a comprehensive document enabling a prompt licensing decision once rules are affected. In establishing the proposed rules before you commission staff has been guided by examination of the statute governing casino gambling in New York and have looked at the casino regulatory systems in all regional states. They have sought to developed these regulations by best practice basis.

[Cross talking]

So individually item 4C is the commercial gaming rules definition section. As you may have surmised this section provides definitions applicable to commercial gaming rules. This is not a static piece [Inaudible 00:12:37] with additional definitions as are necessary when provisions of regulations are added in forthcoming months. Item 4D is the commercial gambling entity licensing section. This section addressees gaming facility licensing application requirements, application forms, application fees, form of license, waiver of license requirements for certain task of investors, suitability determinations, license determination, award and duration of license, post license or conditions and monitoring of project construction. You will note that several sections concerning applications address matters that have been contained in emergency rules. These emergency rules will be – will expire and be replaced by these new regulations.

Finally item 4E is the commercial gaming vendor and employee licensing section. This section addresses general provisions, casino key and employee license, gambling employee and non gambling employee registration and vendor licensing registration. So drop [Inaudible 00:13:52] what we're going to do is we're going to vote on whether or not to put these out for public comment at this point.

Unidentified male: That's correct.

Unidentified male: So unless there are other questions at this point what I propose to do is to keep it clear for the commissioners I'm going to call for consideration and a vote on each of the three proposed casino regulations individually.

Unidentified male: One question before we get to that. In your presentation you talked about the state police background check and do we have a sense of when that might be completed?

Unidentified male: We anticipate that to be completed any day now.

Unidentified male: Okay.

Unidentified male: First up is item 4C which is the commercial gaming definitions rule making, are there any questions or discussions with regard to that item? Hearing none may I have a motion to send this item out for public comment? Pete, I'll take that as a second. If there's no further discussion all in favor?

Unidentified male: Aye.

Unidentified male: Aye.

Unidentified male: Any opposition? Secretary that motion carries. Item 4D the proposal of commercial gaming facility licensing rule making. Is there any discussion on that item? If not may I have a motion to send that one out for public comment? Motion?

Unidentified male: I'll make a motion.

Unidentified male: Second.

Unidentified male: Thank you Barry, if there's no further discussion all in favor please say aye?

Unidentified male: Aye.

Unidentified male: Aye.

Unidentified male: Any opposition? Madam Secretary 4D carries. Item 4E is commercial gaming employee and vendor licensing rule making; is there any discussion? May I have a motion to send that one out for public comment?

Unidentified male: So moved.

Unidentified male: Second?

Unidentified male: Second.

Unidentified male: There's no further discussion all in favor please say aye?

Unidentified male: Aye.

Unidentified male: Aye.

Unidentified male: Aye.

Unidentified male: Madam Secretary 4E carries. Rob can we move on to the next item?

Unidentified male: Sure. As you may recall the gaming facility location boards first request for application to develop and operate a gaming facility in New York State contained the passage requiring applications to address how they plan to provide meaningful opportunity for state certified minority and women owned business enterprise to participate in the development, construction and operation of the gaming industry. This topic was so significant to the gaming facility location board that at the December 17 award meeting members concluded their announcement by specifically noting that the legislature had required applicants who are gaming license demonstrate with little detail, work force enhancement tactics which included minority and women owned business enterprise utilization. The board stated that they were very careful in requiring applications to identify the plans relative to such items as equal employment opportunities and strongly recommended that the commission implement conditions for licensure requiring that the three

successful applications matched or exceed the standard set forth by Governor Andrew Cuomo. Accordingly staff determined the first non-licensing regulation proposed should address NWBE requirements. Item 4F regards regulations for such and for work force enhancement. The proposed rules of establishment and approval of NWBE utilization plans reporting failure to attain NWBE goals waiver, establishment and approval of work force diversity plans reporting and compliance monitoring and failure to attain work force diversity goals.

Unidentified male: Commissioner are there any questions regarding the proposed minority and women owned business and requirement rule making? If not I have a motion to approve.

Unidentified male: I recommend –

Unidentified male: Second please?

Unidentified male: Sure, second.

Unidentified male: Is there any other discussion on the motion? If not all in favor please say aye?

Unidentified male: Aye.

Unidentified male: Aye.

Unidentified male: Any opposition?

Unidentified male: Aye.

Unidentified male: I believe the motion carries. Madam Secretary, Rob would you please call the next items?

Unidentified male: Item 4G for commission consideration is proposed rule making to allow for necessary regulatory changes to be effective to prevent operational cessation of Powerball. New York participates as a member of a multi-state lottery association, which administers the Powerball lottery game. Muscle has resolved to modify the Powerball game matrix which sets forth winning probabilities and prizes. The proposed rule is intended to increase the odds of winning any prize while increasing the odds to win the jackpot. This would be accomplished by increasing the size of the first set of numbers from which the player chooses from 59 to 69, while decreasing the size of the second set of numbers from 35 to 26. The percentage amount of a prize will allocated to each prize level would also change. Finally the set prize amount for the third level prize would increase from \$10,000 to \$50,000. The new matrix for Powerball is scheduled to launch nationwide on October 4 for the October 7 drawing. Commission staff has reviewed the multi-state game changes and it's determined the proposed rules are acceptable. Without this rule change the division would be to remove the game from its portfolio of [Inaudible 00:20:08]

Unidentified male: Commissioners are there any questions with regard to this proposed rule making? May I have a motion to propose the Powerball rule amendments?

Unidentified male: Sure.

Unidentified male: I second.

Unidentified male: Is there any discussion on the motion? All in favor say aye?

Unidentified male: Aye.

Unidentified male: Aye.

Unidentified male: Any opposition? That motion carries. Rob can we go to the next item please?

Unidentified male: Certainly item 4H for commission consideration as a proposed regulation regarding video lottery gaming capital award program. As you may be aware New York tax law section 1612B12H provides a capital awards program which is funded from video lottery revenue. The law provides that a video lottery agent “choosing to digest the capital improvement towards which the award was applied prior to the full depreciation of the capital improvement in accordance with generally accepted accounting principles shall reimburse the state in amounts equal to the total of any such awards”. Several video lottery gaming agents have requested guidance on the commission’s interpretation of divestment of a video gaming capital award. The proposed rule addresses these concerns. In short if the divestment is taken with the intent to increase patronage at a video lottery gaming agent facility and increase the amount of revenue generated to support state education programs or occurred in a transfer of assets to an affiliate and remain in service of a video lottery program reimbursement would not be required. This proposal will also require notice of when a capital asset is removed from service, establish a schedule to reimbursement, require an annual capital improvement plan and make several technical changes.

Unidentified male: Are there any questions with regard to the proposed video lottery terminal capital award investiture of rule making?

Unidentified male: This is actually the first time it has come up and –

Unidentified male: What happens invest early or –

Unidentified male: No there’s been – in short measure I think the main thing is that they constructed something that now they want to change to have some additional capital investment and the question was this item that they constructed do they have to pay for it back and build something that they’ll actually benefit the department itself. So it was an item of first consideration that we thought was right for rule making.

Unidentified male: So prior to that the investment is not a threat.

Unidentified male: Do you know if that appreciated over the short term, right?

Unidentified male: I don’t know the answer to that.

Unidentified male: Wouldn’t it depend on the [Inaudible 00:23:05]

[Cross talking]

Unidentified male: Okay sure. May I have a motion?

Unidentified male: Motion.

Unidentified male: May I have a second on the rule making? Second to approve the rule making?

Unidentified male: I'll second.

Unidentified male: All in favor please say aye?

Group: Aye.

Unidentified male: Any opposition? Madam secretary that motion carries. Rob would you call the next item, which I believe is the adjudication.

Unidentified male: Yes.

[Cross talking]

Unidentified male: On March 3, 2015 the Bureau of Licensing [Inaudible 00:23:51] as an authorized agent and thoroughbred racing. The denial was based on a conclusion that his experience character and general fitness are such that his participation in racing related activities would be inconsistent with the public interest, convenience or necessity or with the best interest of racing generally. Specifically Mr. Coriari (ph) failed to disclose criminal history on his license application. After Mr. Coriari appealed a hearing was conducted on May 18. The hearing officer's report and recommendation were delivered to the commission secretary on June 2. The hearing officer recommended that the license denial be upheld. 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.

Unidentified male: The commission did consider this matter and voted 5 to 0 to sustain the hearing officers report and recommendations with one clarification that the vote to sustain was not a vote in support of various statements the hearing officers report that purported to pre-determine the outcome of a subsequent application for licensure.

Unidentified male: On March 3, 2015 the Bureau of Licensing declined to issue a license to Samuel W. Williams as a [Inaudible 00:25:33] employee. The denial was based on a conclusion that his experience and character and general fitness are such that his participation and racing related activities would be inconsistent with the public interest, convenience or necessity or with the best interest of race in general. Specifically Mr. Williams had failed to disclose criminal history on his license application. After Mr. Williams appealed a hearing was conducted on May 18. The hearing officer's report and recommendations were delivered to the commission secretary on June 5. The hearing officer recommended the license denial be upheld. At a meeting conducted pursuant to the judicial or quasi-judicial proceedings exemption of New York public officers law Section 108.1 the commission considered this matter.

Unidentified male: Rob we did consider this matter as well and came to a similar conclusion by a vote of 5 to 0 to sustain the hearing officers report and recommendations with a similar clarification that statements speculating on an outcome of a subsequent application for licensure are not being endorsed by a vote at this time. I think that is the last adjudication. Is there any new business that any commissioner would like to bring up? Are there any old business matters that we should

deliberate? I think we need to schedule a next hearing then, a next meeting. I think that would bring us to a July meeting, late July. I don't know what everyone's calendar would propose our usual schedule would suggest July 27. My suggestion is that we all take that under advisement and get back to Rob with our availability on schedule. Rob would that be all right with you?

Unidentified male: That's fine.

Unidentified male: Okay that's all I have –

Unidentified male: Are we still thinking of going to Saratoga at some point?

Unidentified male: Yes, I think we're planning on an August meeting in Saratoga; August 24 if we're consistent with the fourth Monday or are we doing that on Tuesday?

Unidentified male: No we're doing the meeting on Monday the 24 and then the –

Unidentified male: Okay. If you didn't hear that it's August 24 for the commission meeting, August 25 for the lasix (ph).

Unidentified male: Okay. Okay I think that concludes the business on today's published agenda. Do any of the commissioners have other items that you'd like to present for consideration?

Unidentified male: I think we should congratulate [Inaudible 00:28:27] it was a great day.

Unidentified male: It was a great day. A couple of us were out there and tremendous day. Anything that was criticized last year was addressed more than adequately – was just my – it seemed like everything went as well as it could have hoped to have it go. And you know –

Unidentified male: Maybe we should ask Rob to convey our congratulations.

Unidentified male: I think so. Peter was out there as well – I think a good time was had by all.

[Inaudible 00:29:09]

Unidentified male: I think that's right, I agree with that actually.

Unidentified male: Fantastic, thank you for that Commissioner Crotty. If there are no other matters this meeting of the New York State Gaming Commission is adjourned.