*** § 207. Board of directors of a franchised corporation.** 1. a. The board of directors, to be called the New York racing association reorganization board, shall consist of seventeen members, five of whom shall be elected by the present class A directors of The New York Racing Association, Inc., eight to be appointed by the governor, two to be appointed by the temporary president of the senate and two to be appointed by the speaker of the assembly.

(i) The governor shall nominate a member to serve as chair, subject to confirmation by majority vote of the board of directors. All non-ex officio members shall have equal voting rights.

(ii) In the event of a member vacancy occurring by death, resignation or otherwise, the respective appointing officer or officers shall appoint a successor who shall hold office for the unexpired portion of the term. A vacancy from the members appointed from the present board of The New York Racing Association, Inc., shall be filled by the remaining such members.

* b. The franchised corporation shall establish a compensation committee to fix salary guidelines, such guidelines to be consistent with an operation of other first class thoroughbred racing operations in the United States; a finance committee, to review annual operating and capital budgets for each of the three racetracks; a nominating committee, to nominate any new directors to be designated by the franchised corporation to replace its existing directors; and an executive committee. Each of the compensation, finance, nominating and executive committees shall include at least one of the directors appointed by the governor, and the executive committee shall include at least one of the directors appointed by the temporary president of the senate and at least one of the directors appointed by the speaker of the assembly.

* NB There are 2 par b's

* b. In addition to these voting members, the board shall have two ex officio members to advise on critical economic and equine health concerns of the racing industry, one appointed by the New York Thoroughbred Breeders Inc., and one appointed by the New York thoroughbred horsemen's association (or such other entity as is certified and approved pursuant to section two hundred twenty-eight of this article).

* NB There are 2 par b's

* c. All directors shall serve at the pleasure of their appointing authority.

* NB There are 2 par c's

* c. Upon the effective date of this paragraph, the structure of the board of the franchised corporation shall be deemed to be incorporated within and made part of the certificate of incorporation of the franchised corporation, and no amendment to such certificate of incorporation shall be necessary to give effect to any such provision, and any provision contained within such certificate inconsistent in any manner shall be superseded by the provisions of this section. Such board shall, however, make appropriate conforming changes to all governing documents of the franchised corporation including but not limited to corporate by-laws. Following such conforming changes, amendments to the by-laws of the franchised corporation shall only be made by unanimous vote of the board.

* NB There are 2 par c's

d. The board, which shall become effective upon appointment of a majority of public members, shall terminate five years from its date of creation.

2. Members of the board of directors shall serve without compensation for their services, but publicly appointed members of the board shall be entitled to reimbursement from the franchised corporation for actual and necessary expenses incurred in the performance of their official duties.

3. Members of the board of directors, except as otherwise provided by law, may engage in private employment, or in a profession or business, however no member shall have any direct or indirect economic interest in any video lottery gaming facility, excluding incidental benefits based on purses or awards won in the ordinary conduct of racing operations, or any direct or indirect interest in any development undertaken at the racetracks of the state racing franchise.

4. The affirmative vote of a majority of members of the board of directors shall be necessary for the transaction of any business or the

exercise of any power or function of the franchised corporation. The franchised corporation may delegate on an annual basis to one or more of its members, or its officers, agents or employees, such powers and duties as it may deem proper.

5. Each voting member of the board of directors of the franchised corporation shall annually make a written disclosure to the board of any interest held by the director, such director's spouse or unemancipated child, in any entity undertaking business in the racing or breeding industry. Such interest disclosure shall be promptly updated, in writing, in the event of any material change.

The board shall establish parameters for the reporting and disclosure of such director interests.

* NB Effective until the appointment of a majority of the state franchise oversight board members

* § 207. Board of directors of a franchised corporation. 1. a. The board of directors, to be called the New York racing association board, shall consist of seventeen members who shall have equal voting rights: two appointed by the governor, two appointed by the temporary president of the senate and two appointed by the speaker of the assembly; eight appointed by the executive committee of the New York racing association reorganization board of directors constituted pursuant to chapter four hundred fifty-seven of the laws of two thousand twelve, which shall continue to exist until such time as the appointments required hereunder are made. The New York racing association will include knowledge of the marketplace and communities in which the New York racing association operates as a factor in board selection; one who shall be the president and chief executive officer of the franchised corporation, ex officio and without term limitation; one appointed by the New York Thoroughbred Breeders, Inc.; and one appointed by the New York thoroughbred horsemen's association representing at least fifty-one percent of the horsemen using the facilities of the franchised corporation. The New York racing association board may include additional ex officio, non-voting members as appointed pursuant to a majority vote of the board. All public appointed members of the board shall be a resident of New York state.

(i) The governor shall nominate a member to serve as chair for an initial term of three years, who shall serve at the pleasure of the governor, subject to confirmation by majority vote of the board. Thereafter, the board shall elect its chair, who shall serve at the pleasure of the board, from among its members.

(ii) The term of voting membership on the New York racing association board shall be three years. Individual appointees shall be limited to serving as a voting member the lesser of three terms or nine years. Notwithstanding the foregoing, the initial term of one member appointed by each of the governor, temporary president of the senate, and speaker of the assembly, the member appointed by the New York thoroughbred horsemen's association, and the member appointed by the New York Thoroughbred Breeders, Inc. shall expire March thirty-first, two thousand eighteen; the initial term of the remaining members appointed by each of the governor, temporary president of the senate, and speaker of the assembly and two members appointed by the New York racing association reorganization board shall expire on March thirty-first, two thousand nineteen; the initial term of three members appointed by the New York racing association reorganization board shall expire on March thirty-first, two thousand twenty-one, and the initial term of three members appointed by the New York racing association reorganization board shall expire on March thirty-first, two thousand twenty-three. The eight initial members appointed by the New York racing association reorganization board shall hold appointment as a voting member for the greater of three terms or nine years.

(iii) In the event of a member vacancy occurring by death, resignation or otherwise, the respective appointing authority shall appoint a successor who shall hold office for the unexpired portion of the term. In the case of vacancies among members appointed by the executive committee of the New York racing association reorganization board of directors constituted pursuant to chapter four hundred fifty-seven of the laws of two thousand twelve, appointments thereafter shall be made by the executive committee of the New York racing association board as constituted by the chapter of the laws of two thousand seventeen that amended this section.

(iv) Beginning January first, two thousand twenty-six, one member appointed by the governor, one member appointed by the temporary

president of the senate, one member appointed by the speaker of the assembly, and four members appointed by the executive committee of the New York racing association board of directors shall satisfy at least one of the following requirements at the time of appointment or reappointment: (1) over the three years prior, owned or trained horses with a cumulative average of fifteen starts at New York race tracks per year, (2) be a breeder of record registered with the thoroughbred breeding and development fund, (3) be a managing partner in a New York state-based ownership syndicate licensed with the commission, or (4) have a cogent interest in the racing and breeding industry in the state. The provisions of this subparagraph shall not impact any members serving as of January first, two thousand twenty-six.

(v) Beginning January first, two thousand twenty-six, all non-publicly appointed members must hold a license pursuant to section two hundred twenty of this article.

b. The franchised corporation shall establish a compensation committee to fix salary guidelines, such guidelines to be consistent with an operation of other first class thoroughbred racing operations in the United States; a finance and audit committee, to review annual operating and capital budgets for each of the three racetracks; a nominating and governance committee, to nominate any new directors to be designated by the franchised corporation to replace its existing directors and be responsible for all issues affecting the governance of the franchised corporation; an equine safety committee to review industry best practices to improve the safety of horse racing of the three racetracks; a racing committee to address all issues related to racing operations; and an executive committee. Each of the compensation, finance, nominating and executive committees shall include at least one public member from among the directors appointed by the governor.

c. Upon the effective date of this paragraph, the structure of the New York racing association board shall be deemed to be incorporated within and made part of the certificate of incorporation of the franchised corporation, and no amendment to such certificate of incorporation shall be necessary to give effect to any such provision, and any provision contained within such certificate inconsistent in any manner shall be

superseded by the provisions of this section. Such board shall, however, make appropriate conforming changes to all governing documents of the franchised corporation including but not limited to corporate by-laws. Following such conforming changes, amendments to the by-laws of the franchised corporation shall be made only by unanimous vote of the board.

2. Members of the New York racing association board shall serve without compensation for their services, but shall be entitled to reimbursement from the franchised corporation for actual and necessary expenses incurred in the performance of their duties for the board.

3. Members of the New York racing association board, except as otherwise provided by law, may engage in private employment, or in a profession or business, however no member shall have any direct or indirect economic interest in any video lottery gaming facility, excluding incidental benefits based on purses or awards won in the ordinary conduct of racing operations, or any direct or indirect interest in any development undertaken at the racetracks of the state racing franchise including real estate development parcels as defined in the franchise agreement.

4. The affirmative vote of a majority of members of the New York racing association board shall be necessary for the transaction of any business or the exercise of any power or function of the franchised corporation. The franchised corporation may delegate on an annual basis to one or more of its members, or its officers, agents or employees, such powers and duties as it may deem proper.

5. Each voting member of the New York racing association board of the franchised corporation shall annually make a written disclosure to such board of any interest held by the director, such director's spouse or unemancipated child, in any entity undertaking business in the racing or breeding industry. Such interest disclosure shall be promptly updated, in writing, in the event of any material change.

The New York racing association board shall establish parameters for

the reporting and disclosure of such director interests.

6. Each voting member of the New York racing association board appointed by the executive committee of the New York racing association reorganization board of directors shall seek a racetrack management license issued by the gaming commission, any fees for which shall be waived by the commission. No voting member of the board required by the foregoing to seek a racetrack management license may vote on any board matter until such license is issued.

7. For purposes of section two hundred twelve of this article, the establishment of The New York Racing Association, Inc. board of directors under this section shall not constitute the assumption of the franchise by a successor entity.

8. The franchise corporation shall not have any direct or indirect ownership, control, influence, or investment, in any franchise oversight board approved development or such alternative use as may be approved by the franchise oversight board conducted on the real estate development parcels as defined in the franchise agreement.

* NB Effective upon the appointment of a majority of the state franchise oversight board members