

**NEW YORK STATE THOROUGHBRED BREEDING AND  
DEVELOPMENT FUND CORPORATION  
MINUTES OF THE MEETING OF THE BOARD OF  
DIRECTORS HELD MAY 8, 2008**

A meeting of the Board of Directors of the New York State Thoroughbred Breeding and Development Fund Corporation (the "Fund") was held at 10:00 a.m. on May 8, 2008 at the Fund's office in Saratoga Springs, New York.

Present

Lorraine Power Tharp	Chair
Harry Snyder	Commissioner, State Racing Commission
John Cansdale	Executive Director, Racing and Wagering Board
Jackie Moody-Czub	Deputy Commissioner, Agriculture and Markets
Ed Kelly	Breeder
Phil Trowbridge	Breeder
Joseph McMahan	Breeder
William Wilmot, DVM	Breeder
Michael McMahan	NYTB President
Martin Kinsella	Executive Director
William McCabe	Comptroller
Jim Zito	Field Identification Team
Kyle Flaherty	Counsel
Jane Decoteau	NYTB Acting Executive Director
Ed Bogdan	NYTB Legislative Representative

Chairwoman Lorraine Power Tharp called the meeting to order at 10:00 a.m. At the first order of business, the Chair directed that the Board members review the Minutes of the Board's February 2008 meeting. After some discussion, the Minutes were duly approved without change.

As the next order of business, the Chair directed Martin Kinsella and William McCabe to review the Fund's Financial Report. Mr. McCabe reviewed the highlights of the Fund's March 31, 2008 Financial Report, and noted that the Fund's total revenue through March 2008 was down nearly

\$600,000 from the same period in 2007, but that the Fund's total awards obligations were \$100,000 greater than from the same period in 2007. Commissioner Snyder asked what was generating the significant decline in the Fund's revenues from the prior year. Mr. McCabe explained that the decline in the revenues from 2007 is primarily attributable to the change in the Fund's statutory participation rate from .07% to .05% in April 2007. Commissioner Snyder suggested that Mr. McCabe may wish to add a footnote to the Financial Report indicating that, to some degree, the decline in the Fund's revenue is directly attributable to a reduction in the Fund's statutory rate from .07% to .05% in April 2007. Mr. McCabe stated that in light of the change to the statutory rate, the uncertainty of recovering all of the monies owed by NYC OTB and the increase in restricted races at NYRA tracks, thereby increasing award opportunities, there is a significant possibility that the 20% hold back that the Fund utilizes may not be sufficient to cover a shortfall which may exist at the end of the year. A general discussion about the future of NYC OTB ensued. After further discussion and a thorough review of the Fund's March 2008 Financial Report, the Board unanimously approved the March 2008 Financial Report.

As the next order of business, Chairwoman Power Tharp asked Edward Bogdan to provide the Board with a legislative update. Mr. Bogdan reported that in connection with the legislative compromise regarding the renewal of the NYRA franchise, the Breeding Fund was successful in achieving the same VLT rates that the Breeding Fund had secured in its earlier agreement with NYRA. Mr. Bogdan then gave an update on the looming NYC OTB closure and explained the various legislative proposals that are being considered to save that organization from closing down. Mr. Bogdan also provided the Board members with an update on other legislative proposals that are being considered in Albany, including a bill that would increase the maximum pay-out on breeders awards from 50% to 60%, a bill that would exclude OPEB liabilities from the Fund's administrative and promotional cap and a bill that would increase the amount of reserve that the Breeding Fund could maintain each from \$75,000 to \$200,000. After further discussion on these issues, several Board members noted the inequity of the Breeding Fund not sharing in all forms of thoroughbred racing revenue generated from races run in New York tracks but simulcast outside the State. After a thorough discussion on the matter, Mr. Joseph McMahon made a motion, which was duly seconded, for the Breeding Fund to send a letter to the Racing and Wagering Board requesting that the Breeding Fund be included in consideration for all simulcast and internet wagering rulings and regulations that could affect the Breeding Fund. This motion was unanimously approved.

As the next order of business, Chairwoman Power Tharp asked Commissioner Snyder to give a report of the Fund's Audit Committee. Commissioner Snyder reported that the transition to the new independent auditor has been quite smooth and that the auditing firm has been quite communicative with the Breeding Fund generally during the transitional process. Commissioner Snyder noted that one issue that the auditors have identified is the fact that the Breeding Fund is holding \$50,936 in an account that it received from the defunct New York State Quarter House Fund. Several Board members asked how it came to be that the Breeding Fund took possession of that account, and others inquired what the Breeding Fund should do with this account. Fund counsel advised that the Breeding Fund should not distribute the monies in that account but should await direction from the Racing and Wagering Board, which is aware of the matter. A motion to accept the report of the Audit Committee was duly made, seconded and adopted.

As the next order of business, Mr. Kinsella noted that the Fund's policies should be reviewed annually by the Fund's Board of Directors. Mr. Kinsella distributed the Fund's Investment Policy guidelines for the Board's review. After some discussion, a motion to accept the Investment Policy guidelines was duly made, seconded and unanimously adopted by the Board. Mr. Kinsella then distributed the Fund's Procurement Contract Guidelines and reviewed them with the Board. After some discussion, a motion to accept the Procurement Policy Guidelines was duly made, seconded and unanimously adopted by the Board.

The Chair then asked Mr. Zito to give the Fund's Advertising Report. Mr. Zito provided the Board members with an overview of the Fund's Advertising efforts since the last meeting. Mr. Zito noted that in light of the more limited financial resources of the Fund in the early part of 2008, the advertising budget has been much leaner than in prior years.

As the next order of business, the Chair asked Mr. Michael McMahon to report on NYTB's promotional activities under its contract with the Fund. Mr. McMahon gave the Board an overview of the various promotional activities that NYTB has undertaken on behalf of the Fund, including sponsoring the NYTB annual awards dinner, distributing the 2008 Stallion Register, publishing and disseminating monthly newsletters to interested breeders and participating in various promotional events relating to New York-breds.

As the next order of business, the Chair asked Deputy Commissioner Moody-Czub to speak about a New York State Task Force that has been created pursuant to a statutory mandate to address the care and welfare of retired New York State horses. Deputy Commissioner Moody-Czub explained that the charge of the Task Force is to evaluate the care and treatment of retired New York-bred horses and to consider alternative uses for those horses to keep them healthy and productive.

As the final order of business, the Chair noted that the Board would need to convene an executive session for the purpose of discussing a personnel matter and excused all attendees with the exception of the Board members and counsel. A motion to convene an executive session was duly made, seconded and approved by the Board.

Upon the close of the executive session, and with no further business pending before the Board, the meeting was adjourned. The next meeting is scheduled for August 19, 2008 at the Fund's office in Saratoga Springs, New York.