

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD FEBRUARY 9, 2006**

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 February 9, 2006 at the Fund's office in Saratoga Springs, New York.

Present

Lorraine Power Tharp	Chairman
Cathy Durand	Deputy Commissioner, Agriculture and Markets
John Cansdale	Executive Director, Racing and Wagering Board
William Wilmot, DVM	Breeder
Dennis Brida	Executive Director, NYTB
Joseph McMahon	Breeder
Phil Trowbridge	Breeder
Martin Kinsella	Executive Director
Joseph Spadaro	Deputy Executive Director
William McCabe	Comptroller
Kyle Flaherty	Counsel
Diane Frazier	Guest

Chairman Lorraine Power Tharp called the meeting to order at 10:00 a.m. The Chair noted that Cathy Durand, a Deputy Commissioner of Agriculture and Markets and John Cansdale, Executive Director of the Racing and Wagering Board, were sitting on the Board pursuant to duly executed proxies.

As the first order of business, the Chair directed that the Board members review the Minutes of the Board's November 2005 meeting. After noting that Edward Bogdan's name had been misspelled, the Board moved, seconded and approved the Minutes unanimously.

As the next order of business, Mr. Kinsella advised the Board members that the Fund had reached the 50% statutory cap on the payment of breeder awards in 2005, and that as a result, the Fund is statutorily prohibited from paying out any additional breeder awards for 2005. Mr. Kinsella noted that the Fund has the money to pay the additional breeders awards earned in 2005,

but that doing so would cause the Fund to violate the statutorily imposed cap. He suggested that the Board could either request that the State Legislature waive the cap for 2005 or pay the excess as stallion awards. Mr. Trowbridge and Mr. McMahon opined that the Fund should pay the breeders awards up to the 50% cap, and then pay the excess out as supplemental stallion awards. Dr. Wilmot agreed with this approach. Mr. Brida noted that for 2005, that approach would likely be acceptable to New York breeders, but questioned whether that approach would be acceptable if this issue arises in the future. After some further discussion, Mr. McMahon made a motion that the Fund apply the excess 2.2% of monies otherwise available for breeders awards (approximately \$300,000) and apply those excess funds to pay supplemental stallion awards for 2005. This motion was duly seconded and unanimously adopted by the Board.

A discussion then ensued about the merits of promoting a stand-alone bill in the State Legislature to remove the statutory caps on breeders award, or seeking that legislative relief within an existing bill sponsored by NYTB, which is seeking a one-time \$2 million appropriation to the Fund for 2006 as a bridge to avoid a revenue shortfall likely to exist until such time that VLTs are installed at NYRA. The general consensus of the Board was that a stand-alone bill would be preferable.

As the next order of business, Mr. Brida gave an update on a report issued by the Friends of New York Racing and the impact their report has had on proposed racing reform within the State. Mr. Brida noted that two objectives of that group were to educate people that legislative reform within the New York racing industry is needed and to introduce concepts that should form the basis of such new legislation. Mr. Brida noted that Mr. Kinsella has done a great job in working with the Friends of New York Racing committee. Mr. Brida also noted that he had recently made a presentation to the Ad Hoc Committee for the RFP panel relating to the renewal or the NYRA franchise, and had stressed several points to that committee, including (i) a desire that the new franchisee shall be required to run a minimum of New York races each year (e.g., 500 races annually), (ii) a desire that the new franchisee be required to maintain existing racing events (e.g., Showcase Day and the Big Apple Triple), (iii) a desire that the new franchisee shall be required to honor and assume NYRA's existing VLT contract with the Fund, and (iv) that the new franchisee pay simulcast revenue to the Fund.

As the next order of business, Mr. Kinsella advised the Board members that he had sent a letter to the Governor's Office in response to the State Comptroller's recent audit of the Fund. Mr. Kinsella then reviewed with the Board members the various steps that the Fund has taken and is in the process of taking to comply with the audit report, including developing a Code of Ethics, formalizing contracts with the Fund's vendors and publishing the minutes of the Fund's Board meetings on the Fund's website.

As the next order of business, Mr. Spadaro gave an update on the Fund's advertising campaign, showing the Board members a newly produced video advertisement airing at several tracks throughout the country and distributing newly created print advertisements.

The Chair then directed Mr. Kinsella to review the Fund's October and November 2005 Financial Reports and its December 2005 Preliminary Financial Report. Mr. Kinsella reviewed with the Board members the December Preliminary Financial Report and noted that due to an earlier Board resolution on excess breeder awards money being transferred to the stallion awards

category, the breeders awards figure on page 2 of the Report should be adjusted to read “\$7,800,000” and the stallion awards figure on that page should be adjusted to read “\$2,400,000”. After some discussion, Mr. McMahon suggested that a study be done by the Fund to determine how New York-sired horses are performing relative to their peer non-New York sired horses. Mr. Spadaro advised that he could do that study for the Board’s May meeting. After some further discussion, a motion was made and duly seconded to adopt the October and November 2005 Financial Reports. This motion passed unanimously. Thereupon, another motion was made and duly seconded to adopt the December 2005 Preliminary Financial Report, as amended to incorporate the \$300,000 transfer from breeders awards to stallion awards for 2005. That motion was passed unanimously.

As the final order of business, Mr. Kinsella noted that the three (3) remaining meetings for 2006 are scheduled to be held on May 11, August 17 and November 20.

With no further business pending before the Board, the meeting was adjourned. Whereupon a motion to convene an executive session was duly made, seconded and approved, and the Board convened an executive session to discuss the creation of a compensation committee of the Board.