

NY THOROUGHBRED BREEDING AND DEVELOPMENT FUND 2015 PERFORMANCE MEASURES REPORT

NAME OF PUBLIC AUTHORITY

New York Thoroughbred Breeding and Development Fund Corporation

PUBLIC AUTHORITY'S MISSION STATEMENT

To promote by monetary incentives the responsible breeding of quality Thoroughbred racehorses in keeping with the founding legislation to preserve New York's irreplaceable farm land.

PERFORMANCE GOALS

1. Promotion of Responsible Breeding

Increase the number of foals born in New York State.

2015 Action: The 1.6% year-to-year increase in foals brought 1,629 babies to the state's Thoroughbred farms, marking the third year in a row that NY has bucked the nationwide downward trend in Thoroughbred breeding. The foal count of 1,629 represents a 33% increase from the 2011 foal count of 1,225.

Ensure that the Registry Compliance Team visits all NYS Thoroughbred breeding farms to collect data pertinent to our state-bred registry.

2015 Action: The inspectors visited all of the state's 268 farms at least once during the year.

- Those farms with a minimum of 15 mares were visited twice due to their size and/or frequent mare arrivals and departures.
- The Fund's field registry compliance team did not find a single instance in which they had to make note of any farm conditions that contributed or could contribute to equine abuse or neglect. If they had found negative conditions, they would have notified the Executive Director in order that the Fund would have notified authorities or intervened to provide immediate assistance and education such that the farm owners could take corrective measures.

Promote the responsible breeding of Thoroughbreds.

2015 Action: The Fund sponsored several educational forums regarding the health and care of broodmares and foals. In recognition of the fact that some members of the public spurn horseracing based on the negative perception that racehorses are "throwaways" after their race careers end, the Fund took steps to promote demand for off-track

Thoroughbreds by supporting events conducted by aftercare facilities in New York State that have been certified by the nationally recognized authority on Thoroughbred aftercare, the Thoroughbred Aftercare Alliance.

- The Fund posts success stories weekly concerning off-track Thoroughbreds (OTTBs), and uses the Fund website to communicate the importance of finding second careers for them. NYBreds.com also hosts web ads for the nationally acclaimed Finger Lakes Thoroughbred Adoption Program and Old Friends at Cabin Creek at no cost.
- The Fund made promotional spends for the following: the Saratoga Horse Show, hosting classes limited to off-track Thoroughbreds; the Finger Lakes Thoroughbred Adoption Program; Akindale Thoroughbred Adoption; and the Saratoga Springs Equine Education Symposium. The Fund also sponsored an educational forum on animal abuse and negligence laws attended by law enforcement from all corners of the state.

Promote the preservation of farmland.

- The Fund supported tours of both equine and dairy farms arranged by Cornell Cooperative Extension, designed to increase public awareness about the importance of farms to the community. Additionally, the Fund supported a Saratoga Plan farm preservation event, met with Saratoga Plan to gain knowledge that could be passed on to horse-farm owners, and equipped field inspectors with informational brochures on topics such as selling development rights in order to preserve farmland.

The Fund ensures that all prospective NY-bred horses satisfy all requirements for registration, as well as applicable equine-health-related statutory or regulatory requirements.

2015 Action: Oversight by the Executive Director and Registrar of the registry process ensured that these requirements were satisfied for all horses included in the Fund's registry.

Certify all qualified horses as NY-breds within two weeks of the completion of payment, the necessary paperwork, and the Jockey Club registration of each horse.

2015 Action: The addition of a part-time staffer who demonstrates extreme diligence and efficiency allowed the Registry to meet this goal consistently throughout the year.

2. EQUINE RESEARCH

Provide 2% of Revenue to the Zweig Fund at Cornell University.

The Fund is required by statute to contribute 2% of its annual revenue to the Harry M. Zweig Memorial Fund for Equine Research.

2015 Action: The amount contributed to the Zweig Fund for 2015 is \$439,108.

3. EQUINE EDUCATION

Support programs that teach youth about Thoroughbred racehorses and educate them about the respectful treatment of Thoroughbreds and other breeds.

2015 Action:

- A. The Fund in 2015 provided six (6) \$3,000 scholarships to college students enrolled in Equine Studies and aiming for careers in the Thoroughbred industry within New York State.

The students' goals included the following careers:

- Equine veterinarian (2)
 - Horse trainer (2)
 - Broodmare & foal manager (1)
 - Management, racing industry (1)
- B. The Fund in 2015 initiated a Thoroughbred Fellowship Program for outstanding Equine Studies students attending NYS colleges. The Executive Director facilitated the placement of three students with leading Thoroughbred trainers during the summer racing season, and a fourth student at a full-service Thoroughbred farm. The Executive Director set up a lecture series to enhance the students' hands-on experiences.
- C. The Fund also sponsored a 4- H tour of Saratoga Race Course, a Thoroughbred farm and the National Museum of Racing and Hall of Fame.

4. COMMUNICATION WITH STAKEHOLDERS

Keep stakeholders informed of industry trends, changes in the awards program, and the accomplishments of NY-breds.

2015 Action: The Executive Director regularly sent e-mail blasts, posted messages on the Fund's website, included messages with regular award-check mailings, and took advantage of opportunities to communicate with stakeholders via e-mail and telephone, as well as during personal meetings at equine events, racetracks and farm open-house events.

5. PROMOTION OF QUALITY THOROUGHBRED RACEHORSES

- Awards Program: Distribute performance-based awards to Thoroughbred breeders, stallion owners, and racehorse owners.

- With assistance from the Jockey Club, maintain the Fund’s award system to ensure the accuracy and integrity of award calculations.
- Allocate \$2 million for the enrichment of purses for NY-bred races in NYS.
- Use advertising and articles to enhance demand for NY-bred racehorses by highlighting their on-track performance and the increased profit potential that comes with owning and racing NY-breds, and by informing the horse industry about solid sales performances by NY-breds at auction.

2015 Action: In 2015, the Fund bolstered its status as the best breeding program in the US, nearly matching the record high in award levels set in 2014 due to a combination of strong revenue, a generous purse structure and the running of 825 restricted races (680 at NYRA, 145 at Finger Lakes Gaming and Racetrack).

The Fund made 9,588 award payments totaling over \$17 million in 2015 to stakeholders. This includes the 2015 ten-percent holdback paid in January 2016, as well as a 12.5% supplemental award paid in March 2016.

6. EFFICIENT ADMINISTRATION OF THE FUND

- Efficiently and effectively administer the Fund within statutory cost ceilings.
- Streamline operations consistent with an adequate system of internal controls through periodic review and revision of processes and staffing.
- Ensure compliance with all regulatory filing and reporting requirements of NYS control agencies.

2015 Action: In 2015, the Fund spent below the current 5% ceiling set for administrative spending, and below the 6% ceiling on promotional spending.

2015 Action: In 2015, the Fund implemented several improvements to its accounting policies.

- The analysis of bank and merchant fees and a request for proposals from other FDIC member banks resulted in a change of institutions during the last quarter of the year that will result in an estimated cost savings in 2016 of \$4,000, as well as interest payments of an estimated \$6,000.
- Increased monitoring and improved follow-up policies for uncashed checks (after 90 days) have resulted in a proactive approach to dealing with stale, dated checks, which allows for faster resolution and enhances cash-flow management.

- Efforts continued throughout 2015 on the award system re-write, which will improve efficiency and increase controls over the existing award system. The new system was partially implemented in January 2016 and will be upgraded throughout 2016 as additional phases are completed.