

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD MARCH 31, 2011**

A meeting of the Board of Directors of the New York State Thoroughbred Breeding and Development Fund Corporation (the "Fund") was held at 2:00 p.m. on March 31, 2011 at the Fund's office in Saratoga Springs, New York.

Present

John Sabini, Chairman	Chairman, Racing and Wagering Board
Harry Snyder	Commissioner, State Racing Commission
John Tesiero	Commissioner, State Racing Commission
Darrell Aubertine	Commissioner, Agriculture and Markets
Jeff Cannizzo	NYTB, Inc. Exec. Dir.
William Wilmot, DVM	Breeder
Howard Nolan	Breeder (via phone)
Joseph McMahon	Breeder
John Graziano, Jr.	Breeder
Ed Kelly	Breeder
Tracy Egan	Executive Director
Michael DeMarco	Chief Financial Officer
Jackie Moody-Czub	Deputy Comm., Agriculture and Markets
Kyle Flaherty	Counsel
David Spara	Auditor
Ron Ochrym	Guest
Robert Feuerstein	Guest
Kristen Buckley	Guest
Dave Brown	Guest
Dennis Petrocek	Guest

Chairman Sabini called the meeting to order at 2:00 p.m. As the first order of business, Chairman Sabini introduced Darrell Aubertine, Commissioner of Agriculture and Markets, to the Board members, and welcomed him to his first meeting of the Board.

As the next order of business, Chairman Sabini recognized Dave Brown, President of the HBPA at Finger Lakes, and invited him to address the Board. Mr. Brown thanked the Board for all of

their help over the years with the purse account and then discussed the importance of purse enrichment on the small breeders in western New York. He stated that under the current conditions, and the Fund's decision to cease purse enrichment, there may be no choice but to end the New York program as it currently exists. He stated that the Finger Lakes may look to cancel some or all stakes races at Finger Lakes in order to take money from those races and use them for every day purses for New York bred. Finally, Mr. Brown stated that many horsemen were discussing moving to Pennsylvania to take advantage of that state's breeding program and the large purses offered at Presque Isle Downs, which is not too far from the Finger Lakes region. A general discussion then ensued about the challenges in the industry and the declining revenues. Thereafter, the Board member thanked Mr. Brown for raising his concerns and stated that they would take his concerns under advisement.

As the next order of business, Chairman Sabini gave a brief report on the legal proceedings relating to Ernest Paragallo, noting that the Third Department Appellate Division had affirmed the lower court's convictions of Paragallo and that he will be incarcerated. Chairman Sabini further noted that the Racing and Wagering Board has issued a lifetime ban on Paragallo's licensure and has barred him from entering any New York State racetracks. It was further noted that the Breeding Fund has withheld approximately \$94,000 in awards monies since his arrest in April 2009.

As the next order of business, Michael DeMarco gave a brief update on New York City OTB and Suffolk OTB. Mr. DeMarco reported that the Breeding Fund has received all monies that were due and owed from New York City OTB. He also reported on Suffolk OTB's recent bankruptcy filing under Chapter 9 of the Bankruptcy Code. He reported that while Suffolk OTB had paid through January 2011, they still owed payments for February 2011. These funds are part of the pre-petition debt of Suffolk (\$74,030).

As the next order of business, Chairman Sabini asked the Board members to review the October, 20, 2010 and January 27, 2011 Minutes. After a review, motions to accept both sets of Minutes were duly made, seconded and approved by the Board, without change.

Chairman Sabini asked Michael DeMarco to review the Fund's Financial Report for the period ending December 31, 2010. Mr. DeMarco reviewed the highlights of that report.

Chairman Sabini then asked David Spara from the Toski firm to give a report on the Breeding Fund's audit process and most recent report. Mr. Spara then reviewed with the Board members the Breeding Fund's Independent Auditors' Report for the year ending December 31, 2010 and described the audit process that they undertake each year.

As the next order of business, Chairman Sabini asked Mr. DeMarco to discuss the impact that the closing of New York City OTB has had on the Breeding Fund. Mr. DeMarco noted that New York City OTB had historically accounted for 30% of the Breeding Fund's annual revenues. He said that while some of that may be made up through other revenue sources as wagering habits may change, that lost revenue will not be made up in full. He noted that in just the first two months of 2011, the Breeding Fund was down \$368,000 over the first two months of the prior year as a result of the closure.

Chairman Sabini then indicated that the Board would need to decide how to pay out the 2010 supplemental monies. A lengthy discussion then ensued about the proper pay out of these supplemental monies. After substantial discussion, it was moved, seconded and approved that all of the 2010 supplemental monies be paid as breeders awards.

As the next order of business, Chairman Sabini asked Jeff Cannizzo to give the Fund's promotional report. Mr. Cannizzo then distributed NYTB's promotional report and spoke to the Board about the promotional activities that the Breeders have done for the Fund since the last meeting.

Chairman Sabini then called for an Executive Session to discuss personnel and potential litigation issues. At the conclusion of the Executive Session, Chairman Sabini stated that there was no action taken in the Executive Session.

With no further business pending before the Board, the meeting was adjourned. The next meeting is scheduled for July 28, 2011 at the Saratoga Race Course.