

Minutes of the Audit Committee Meeting of 5-29-2014

In attendance: Committee Chair Joseph McMahon, Committee Members Jeff Cannizzo and John Graziano and NYTBDF Executive Director Tracy Egan

Guests: Tom Casaregola, Acting Director of Internal Audit for the Gaming and Board, and member William Wilmot, DVM

Committee Chair Joe McMahon opened the meeting by recognizing the committee members, Executive Director Egan, and Mr. Casaregola.

ITEM I - McMahon then invited discussion on the Fund staff's proposal to adopt a policy regarding uncashed checks such that recipients have a generous but limited amount of time to cash award checks. Member Graziano suggested that the language in the first line be modified from "The Fund will follow up on checks not cashed within 90 days" to "The Fund shall attempt to follow up..." because there may be instances in which it proves too difficult to locate the check holder.

A motion was made and seconded to request that the full Board approve adoption of the policy below. It was unanimously approved.

"New York State Thoroughbred Breeding and Development Fund Uncashed Check Policy (draft – for review)

Procedures:

Three (3) months – The Fund shall attempt to follow-up on checks not cashed within 90 days of the date issued by attempting to call all payees and/or send a letter notifying them of the outstanding check and procedures for replacing or forfeiting the check. If the check is a replacement (second check) and is not cashed within 90 days of issuance, the Fund will place a stop order on the check and award earners will forfeit their right to the award, with the money reverting back to the Fund.

Six (6) months – Checks outstanding for more than six (6) months are deemed to be "stale checks" and, as directed on the check, will not be cashed by the bank. The Fund shall attempt to contact all payees by registered mail to notify them that the check will no longer be honored and that arrangements must be made to replace the check. The letter will state that if no action is taken by the payee by the time the check has been outstanding for nine (9) months from the date of issue, the check will be considered forfeited and the money will revert back to the Fund.

Nine (9) months – If the payee has made no attempts to cash or replace the check, earnest efforts to contact stale-check recipients prove unproductive, and no replacement check is produced, the check will be considered forfeited and the money will revert to the Fund.

Attempts to locate:

In addition to mailing a registered letter to the payee, the following procedures will also be considered in attempting to locate a payee before forfeiture of a check occurs: telephone calls, e-mails or letters to known contacts or affiliates, and the use of online or paid search tools to obtain current contact information.

Fees:

The Fund may offset the cost of voiding or replacing checks, as well as the cost of locating award recipients, by charging fees to cover said expenses.

Accounting for:

An outstanding check will remain as an offset to the cash account until it has been outstanding for nine (9) months. At that time, the check will be voided and will revert to the Fund general account.

ITEM II – Chairman McMahon asked whether any members had new business to present. Executive Director Egan reminded the Committee that the Fund by-laws state that the Board should meet four times per year and that the “Annual Meeting” needs to have a set date by no fewer than 30 days prior to the meeting date. Traditionally, Egan noted, the Annual Meeting of the Fund Board is held in Saratoga in August. Member Cannizzo suggested that Wednesday, August 6th would be a prime date to meet, as breeders, owners, trainers and consignors would be converging on Saratoga as yearlings ship out from the Select Sale at Fasig-Tipton and NY-bred yearlings move in to the Fasig-Tipton grounds in Saratoga Springs for the Preferred Sale. It was noted that holding a meeting in Saratoga Springs at that time would allow easier access for the public to the Board meeting and therefore greater transparency for people who have an interest in New York’s breeding and racing industries.

It was decided that Egan should contact the National Museum of Racing to inquire about using the Hall of Fame room. Also, the committee suggested she contact the appointments office to make them aware of the need for the Annual Meeting and to inquire as to whether a new Chairman has been appointed for the Fund Board.