

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD AUGUST 23, 2012**

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 August 23, 2012 at the Fund's offices 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
Matt Morgan (proxy)	Deputy Commissioner, Agriculture and Markets
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Howard Nolan	Breeder
John Graziano	Breeder
Tracy Egan	Executive Director, NYTBDF
Kristine Frutschy	Frutschy Consultants LLC
Jeanne Coutts	Acting CFO
Kyle Flaherty	Counsel
Ron Ochrym	Guest
Rick Goodell	Guest
Kristen Buckley	Guest
Dave Brown	Guest
Dennis Petrocek	Guest

Chairman Sabini called the meeting to order at 10:00 a.m. As the first order of business, Chairman Sabini asked the Board members to review the May 9, 2012 Minutes. It was noted that Geoff Palmer of Agriculture and Markets was incorrectly described as a "Deputy Commissioner" instead of his correct title of "Special Assistant". With this correction, a motion to accept the Minutes was duly made, seconded and approved by the Board.

As the next order of business, Chairman Sabini asked Tracy Egan to review the Fund's Profit & Loss Statement through June 2012. With the assistance of Ms. Frutschy and Ms. Coutts, Ms. Egan reviewed with the Board members the highlights of that Profit & Loss Statement. Upon

motion duly made and seconded, the Board approved the Fund's Profit & Loss Statement through June 2012.

As the next order of business, Chairman Sabini recognized David Brown, President of the Finger Lakes Horsemen's Benevolent & Protective Association at Finger Lakes Casino and Race Track (FLCR).

Mr. Brown made a request that the Breeding Fund increase its purse enrichment to FLRA in 2012 by an amount of \$250,000. After an extended discussion on this issue, including a recognition by the Board that this would require, per statute, an appropriate increase to NYRA, a motion to increase purse enrichment in 2012 to FLRA by \$250,000 and to NYRA by \$166,667 was made, seconded and unanimously approved.

The Board then reviewed the Fund's 2013 budget and unanimously approved same.

As the next order of business, the Board considered requests for expenditures for a new laser printer and for a software upgrade. The Board discussed at length the process involved in upgrading the Fund's software and the costs involved with same. The Board noted that the costs associated with a permanent resolution of the issue would require the issuance of a formal request for proposal, and Ms. Egan explained that since the Fund must be in a position to cut awards checks within a month, the issuance of a formal request for proposals on the matter would not be practical. After an extended discussion on this issue, a motion to spend up to \$4,500 for appropriate hardware or a software patch to allow the Fund to meet its check cutting requirements in the near term. This motion was seconded and unanimously approved.

Ms. Egan then sought approval for the right to spend \$15,000 on promotional and educational videos. Ms. Egan noted that she had solicited quotes from two vendors, and that the lowest bid was from Pilot Girl Productions, a certified MWBE, to produce these videos for \$15,000. It was noted that the Fund should, at a minimum, seek a third bid from a video production company. Subject to receiving a lower bid from a third vendor, the Fund is authorized to spend up to \$15,000 on promotional and educational videos.

Chairman Sabini then noted that Ms. Egan is seeking authorization to acquire a new Fund vehicle through OGS for up to \$40,000. It was noted that there is adequate money in the budget for this expenditure. After some discussion, a motion was made, seconded and unanimously approved to spend up to \$40,000 on the acquisition of a new vehicle for the Fund through OGS.

As the next order of business, Ms. Egan explained to the Board the circumstances under which harness signal overpayments were made to the Fund in prior years. The overpayment was discovered by the Racing and Wagering Board. A motion was then made for the Fund to resolve this overpayment with FLRA by paying them \$12,500 in full and final settlement of this issue. This motion was duly seconded and unanimously approved.

Chairman Sabini asked Jeff Cannizzo to give the Fund's promotional report. Mr. Cannizzo circulated to the Board members a six page report covering the period May through July 2012 and reviewed with them NYTB's promotional activities conducted on behalf of the Fund since the last meeting.

As the next order of business, Chairman Sabini noted to the Board that the Fund's disqualification rule is ready for final approval by the Board, and that the rule will become effective September 11, 2012. The Board voted unanimously in approving the disqualification rule.

Ms. Egan then explained to the Board that there are a number of issues involving awards checks and the time period during which the Fund should honor such checks. An extended discussion ensued as to what the Fund should do with uncashed checks. It was generally agreed that all Fund participants should be apprised during the registration process that they will have a specific time period within which to cash their awards check before that award is forfeited. It was also noted that the Fund has always had a "one check per award" policy and that this policy should likewise be set forth in the registration process.

As the next order of business, a motion was made for the Board to go into executive session to discuss personnel matters. This motion was duly seconded and unanimously approved.

At the conclusion of executive session, the meeting resumed. Chairman Sabini then gave a brief description of what the Board considered in executive session, including a decision by the Board to authorize up to \$90,000 in administrative money to cover necessary accounting services.

With no further business pending before the Board, the meeting was adjourned.