

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD DECEMBER 4, 2014**

A meeting of the Board of Directors of the New York State Thoroughbred Breeding and Development Fund Corporation (the "Fund") was held at 11:00 a.m. on December 4, 2014 at the Capitol Building in Albany, New York.

Present

Joseph McMahon	Breeder
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Howard Nolan	Breeder
John Graziano	Breeder
Ed Kelly	Breeder
Jackie Moody-Czub	Deputy Commissioner, Agriculture and Markets
Tracy Egan	Executive Director
Jill LaBoissiere	Comptroller
Adam Lawrence	Breeding Fund
Kyle Flaherty	Counsel
Charlie Diamond	Office of Racing Promotion & Development

At the start of the meeting, John Graziano made a motion, which was seconded by Senator Nolan, for Joseph McMahon to serve as Chair for the meeting. This motion was unanimously approved.

The Chair then called the meeting to order. As the first order of business, Mr. McMahon asked the Board members to review the July 29, 2014 Minutes. During the course of the review, it was noted that Ed Kelly was present at the July Board meeting, even though his name does not appear on the Minutes. It was noted that Mr. Kelly's name should be added to the July Minutes.

After a review of the Minutes, a motion to accept the Minutes as amended to include Mr. Kelly's attendance therein, was duly made, seconded and approved by the Board.

As the next order of business, Fund Comptroller Jill LaBoissiere was asked to review the Fund's year to date financial statements through October. Ms. LaBoissiere then provided a brief overview of the Fund's financials through October 2014.

After some further discussion, a motion was made and duly seconded to accept the interim financial statements. This motion was unanimously adopted.

As the next order of business, the Board members discussed a proposal by the Fund's Audit Committee to spend an additional \$500,000 on purse enrichment for 2014 (60% to FLRA and 40% to NYRA). Chairman McMahon explained that earlier in 2014, the Board's budget had provided for a smaller allocation of revenues for purse enrichment, pending further review. He noted that throughout 2014, the Audit Committee had several discussions with Fund staff regarding a need to increase the Fund's purse enrichment spend for 2014, and the Audit Committee had approved this additional spend, subject to Board approval. **A motion to permit the additional spend was made, duly seconded and unanimously approved by the Board.**

As the next order of business, the Board discussed whether to pay supplemental awards to all 2014 award earners. **After some discussion, Jeff Cannizzo made a motion that the Fund pay supplemental awards for 2014 to the fullest extent possible based upon revenues, to be evenly distributed across the board to breeders, stallion and owners awards to be paid in 2015 subject to the Auditor's final audit report. This motion was duly seconded and unanimously approved.**

As the next order of business, the Chair asked Tracy Egan to give an update on the software re-write for the Fund office. Ms. Egan explained that as part of the software upgrade, it became clear that there should be a farm aspect to the computer program at an additional cost of \$115,000. Ms. Egan explained that this modification to the computer program will provide for more enhanced reporting of eligible foals and should help assist with registry process generally. The Chair appointed an Ad Hoc Committee to oversee this aspect of the software upgrade, and asked Mr. Cannizzo to chair the committee. Dr. Wilmot and Mr. Graziano will also serve on the committee. **After some further discussion, a motion to approve an additional spend of \$115,000 for this computer upgrade was duly made, seconded and unanimously approved.**

As the next order of business, Dr. Wilmot gave a brief overview of the Zweig Fund's recent activities.

Dr. Wilmot then explained that over the past year, he has chaired an Ad Hoc Committee on Advertising and Promotion. He reviewed the various promotional initiatives that the Fund undertook over the past year, including the Fund's more recent decision to sponsor events conducted by two prominent thoroughbred "after-care" programs, consistent with the Fund's interest in promoting the responsible breeding of thoroughbreds in New York. For 2015, Dr. Wilmot noted that there are three promotional spends that will be above \$25,000, and therefore, require Board approval. Dr. Wilmot noted that arrangements with three industry publications and industry television media have been finalized, within the parameters of the Advertising Committee's budget, but with individual spends in excess of \$25,000. Dr. Wilmot explained that the Fund's promotional arrangement with the Thoroughbred Daily News will cost \$100,000, its contract with Horse Racing TV at a cost of \$60,000 and a contract with the Bloodhorse for \$54,000. It was noted that the Fund's expenditures to these three media outlets in 2014 was of a similar magnitude. After some discussion, a motion to authorize these promotional expenditures for 2015 was made, duly seconded and unanimously approved by the Fund.

Under new business, Chairman McMahon asked Fund counsel to provide a report on what the Fund should do with respect to approximately \$54,000 in Quarter Horse Fund monies that the Fund has been holding for several decades. Mr. Flaherty explained that at the July meeting, the Board had asked him to research what rights, if any, the Breeding Fund had to spend those monies in a manner consistent with the Fund's purpose. He then explained that in doing this review, he found that there is a provision in the newly revised Racing Law that states that the Office of Racing Promotion and Development shall administer the Quarter Horse Breeding Fund Corporation. He explained that even that entity does not actually exist, the statute makes it clear that the Office of Racing Promotion and Development has jurisdiction over those monies. **After some discussion, a motion was made that the Fund shall communicate with the Office of Racing Promotion and Development by letter stating that the Fund is holding approximately \$54,000 in Quarter Horse Breeding Fund monies and wishes to transfer those monies to the Office. This motion was duly seconded and approved.**

As a matter of new business, Ms. Moody-Czub noted that she would like Fund counsel to review the Fund's policy with respect to the procurement of goods and services in excess of \$5,000. Ms. Moody-Czub stated that she is not sure whether the Fund's current policy of permitting the Fund to enter into contracts for amounts of less than \$25,000 without Board approval is consistent with the State's procurement guidelines for public authorities, and asked that Fund counsel review that and report back on that issue at the next meeting.

As the next order of business, Mr. Kelly delivered a report of the Fund's Governance Committee covering general staffing and personnel issues.

The Board then discussed establishing a date for the next meeting. After an extended discussion, it was agreed that the Board would adjourn without scheduling a new date. With no further business pending before the Board, the meeting was adjourned.