

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD MAY 8, 2013**

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 May 8, 2013 at the National Museum of Racing in Saratoga Springs, New York.

Present

Darrel Aubertine	Chairman
Joseph McMahon	Breeder
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Howard Nolan	Breeder
John Graziano	Breeder
Tracy Egan	Executive Director
Kristen Frutschy	Frutschy Consultants LLC
Kyle Flaherty	Counsel
David Brown	Guest, HBPA Finger Lakes

Chairman Aubertine called the meeting to order.

As the first order of business, Chairman Aubertine asked the Board members to review the January 18, 2013 Minutes. After a review of the Minutes, a motion to accept the Minutes was duly made, seconded and approved by the Board.

As the next order of business, Ms. Egan reviewed with the Board the Fund's year end financials as well as its financials through March 2013. Ms. Egan answered a number of questions regarding the March 2013 financial statements. In the course of that discussion, several Board members inquired about the status of NYRA's recent claim that it made overpayments to the Breeding Fund during the period September 2008 through March 2012 in the sum of approximately \$1.2 million and NYRA's demand for a return of those monies from the Breeding Fund. It was noted that while Breeding Fund counsel had drafted a letter in April responding to NYRA's claim, that letter has not been sent. Chairman Aubertine advised the Board members that he wanted an opportunity to review the matter and obtain a better factual understanding of the issue before the Fund issues a formal response. He advised that he will reach out to NYRA in the near future and get a response from them. After some further discussion, a motion to

accept the 2012 year end financial statements and the March 2013 financial statements was duly made, seconded and approved.

As the next item on the agenda, Ms. Egan explained to the Board that the Fund has continued its recent practice of employing its support staff on a month to month basis. She advised that during this transitional phase, the Fund is coordinating its staffing efforts with the Gaming Commission and the Office of Racing Promotion and Development. Several of the Board members voiced their concern that the temporary staffing of individuals in the Fund is wasteful, and noted that the Fund's By-Laws call for a financial officer. Chairman Aubertine noted that it was his understanding that a memorandum of understanding was being drafted to address these issues. Fund counsel noted that he has not been advised about a memorandum of understanding concerning the Breeding Fund. After some further discussion on the staffing issues, a motion was duly made, seconded and approved that the Fund would continue to employ its support staff on a month to month basis.

As the next order of business, Ms. Egan advised the Board that Cobleskill College, Cornell University and Morrisville State College would like to see a renewal of the scholarship program begun by the Fund in 2012. A request was made to budget \$15-thousand dollars in order to award six (6) \$2,500 scholarships, (two per school) for the academic year beginning in the fall of 2013. A motion to do so was duly made, seconded and approved unanimously by the Board members.

Ms. Egan then gave the Board an update on the various promotional initiatives the Fund has undertaken since the last meeting in print media, on-line and on TV/Cable. Ms. Egan also reviewed a few promotional efforts that were upcoming, and sought approval to spend up to \$317,000 on those efforts. After some discussion, a motion to accept these promotional spends by the Fund was duly made, seconded and approved.

As the next order of business, Chairman Aubertine asked Mr. Cannizzo to provide NYTB's promotional update. Mr. Cannizzo then distributed a 3-page NYTB Promotional Report covering the period January through April 2013 and reviewed with the Board each of the initiatives identified in that report. Mr. Cannizzo then gave a brief legislative update regarding NYTB's lobbying efforts.

Chairman Aubertine noted that for the remainder of 2013, he would like to schedule meetings in July, late August and in the fall, and noted that a special meeting, if necessary, could be called at any time. Fund counsel then noted that at the January meeting, he had been directed by the Board to reach out to the Racing and Wagering Board for the purpose of negotiating a memorandum of understanding concerning the transition of the newly created Gaming Commission and the Office of Racing Promotion and Development. Mr. Flaherty advised that while he had attempted to make that contact, there has been no response. He stated that he needs direction from the Board as to his role in negotiating a memorandum of agreement with the Gaming Commission as it relates to the Fund. After some discussion, a motion was made and seconded for the Board to go into executive session to discuss legal and personnel matters. This motion was approved and the Board went into executive session.

The Board re-emerged from executive session. With no further business pending before the Board, the meeting was adjourned.