

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD SEPTEMBER 10, 2013**

A meeting of the Board of Directors of the New York State Thoroughbred Breeding and Development Fund Corporation (the "Fund") was held at 1:00 p.m. on September 10, 2013 at the offices of the State Gaming Commission in Schenectady, New York.

Present

Darrell Aubertine	Chairman
Joseph McMahon	Breeder
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Howard Nolan	Breeder
John Graziano	Breeder
Ed Kelly	Breeder
Tracy Egan	Executive Director
Kyle Flaherty	Counsel
Charlie Diamond	Office of Racing Promotion & Development
Geoff Palmer	Agriculture & Markets
Jackie Moody-Czub	Agriculture & Markets

Chairman Aubertine called the meeting to order.

As the first order of business, Chairman Aubertine asked the Board members to review the July 16, 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 noted that at the July meeting, a question had been raised concerning the accuracy of line 400 on the Fund's May 2013 financial statements. Specifically, the issue raised was whether there had been a decline in NYRA handle revenue over the first five months of 2013 as compared to that same period in 2012, and the cause of that decline. Ms. Egan distributed a two-page document entitled "Comparison of May 2013 to May 2012 Year-to-Date" and reviewed that document with the Board demonstrating the accuracy of the line 400 number. After some discussion on the issue, a motion to approve the line 400 figure in May 2013 financial statements was made duly seconded and approved.

As the next order of business, Ms. Egan reviewed with the Board the Fund's June and July 2013 financials. After a review, a motion to accept the June and July 2013 financials was duly made, seconded and adopted by the Board.

As the next order of business, Ms. Egan gave an update on the process for selecting a vendor to work on the Fund's Award System re-programming. Ms. Egan stated that she has reached out to four different state breeding programs to determine the best way to proceed with a bidding process, but that those efforts have not been successful. She then added that she will be meeting with Gail Thorpe from the Gaming Commission to discuss the procurement process.

Chairman Aubertine asked Mr. Cannizzo to provide NYTB's promotional update. Mr. Cannizzo then distributed a document entitled "2014 Promotions" and reviewed each page of the document with the Board detailing the various promotional activities that NYTB provides for the industry. Mr. Cannizzo then advised the Board that NYTB is proposing to increase its promotional activities in 2014 under its contract with the Fund and is seeking to increase its remuneration under that agreement from \$215,000 to \$400,000 for those services. A lengthy discussion then ensued regarding the increased deliverables that NYTB would provide under this new contract. After extended discussion, a motion to renew the Fund's contract with NYTB for 2014 at the annual rate of \$400,000 was duly made, seconded and approved. Mr. Cannizzo recused himself from voting on the motion.

As the next order of business, Mr. McMahon gave the Fund's Audit Committee report. The committee would like to direct as much as \$3.4 million dollars to purse enrichment for NYRA and the Finger Lakes. The money would be split 60% to FLRA and 40% to NYRA. However, they feel the Fund should be able to work with Horsemen at both tracks to decide how the enrichment dollars should be used for the betterment of the State's breeding and racing industries. He suggested the agreement should be codified via written agreement/contract with the tracks.

Senator Nolan took the opportunity to suggest that the Fund encourage the Finger Lakes to install a turf track. McMahon agreed to bring up the issue when the audit committee meets with Finger Lakes this fall. The committee would also solicit the track's ideas as to how best to use purse enrichment money.

Chairman Aubertine commended the audit committee (McMahon, Cannizzo, Graziano) for its hard work on budget issues.

Following that a motion was made to adopt the Committee's recommendations. It was seconded and unanimously approved by the Board.

A motion was made for the Board to go into executive session to discuss potential litigation and personnel issues. The motion was duly seconded and approved, and the Board went into executive session.

Upon re-emerging from executive session, Chairman Aubertine noted that during executive session, the Board discussed the status of settlement discussions with NYRA, the process of negotiating a memorandum of understanding with the Gaming Commission and a CFO position. A motion was made and duly seconded directing the Executive Director to appoint an individual

proposed by the Audit Committee to serve as the Fund's new CFO, subject to a proper background check. This motion was unanimously approved.

Under new business, Ms. Egan noted that the Authorities Budget Office had recently reminded her that the Board needs to set up a Governance Committee. Also, Ms. Egan noted that it will be necessary for the Board to amend the January 2013 Minutes to reflect the action that was taken by the Board at the January meeting to retain Bryan Cave on a month to month basis. It was noted that while the audio tape of the meeting clearly describes that Board action, and while the Minutes set forth the resolution for that action, the January 2013 Minutes themselves do not reflect the Board's action in retaining the firm. After some discussion, a motion was made, duly seconded and approved that the January 2013 Minutes be so amended.

As the final order of business, the Board scheduled the next meeting for November 26, 2013 at 11 a.m.

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