

**NEW YORK STATE THOROUGHBRED BREEDING AND  
DEVELOPMENT FUND CORPORATION  
MINUTES OF THE MEETING OF THE BOARD OF  
DIRECTORS HELD AUGUST 4, 2011**

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 4, 2011 at the Fund's office 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	Deputy Commissioner, Agriculture and Markets (by proxy)
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Howard Nolan	Breeder
Joseph McMahon	Breeder
John Graziano	Breeder
Ed Kelly	Breeder
Tracy Egan	Executive Director
Michael DeMarco	Chief Financial Officer
Kyle Flaherty	Counsel
Ron Ochrym	Guest
Robert Feuerstein	Guest
Kristen Buckley	Guest
Chris DelGuidice	Guest
Laurie Burns	Guest (OSC)
Anthony Ilaqua	Guest (OSC)
Dennis Petrisak	Guest (Owner/Breeder)
Sean Kerr	Guest (5Rstables)

Chairman Sabini called the meeting to order at 10:00 a.m. As the first order of business, Chairman Sabini noted the fine work that Jackie Moody-Czub had performed for the Breeding Fund during her tenure as former Deputy Commissioner of Agriculture and Markets.

As the next order of business, Chairman Sabini asked the Board members to review the March 31, 2011. After review, a motion to accept the Minutes was duly made, seconded and approved by the Board.

Chairman Sabini asked Michael DeMarco to review the Fund's Financial Reports for the periods ending March, April and May 2011. Mr. DeMarco reviewed the highlights of those reports. After a review, a motion to accepted each of those Reports was duly made, seconded and approved by the Board.

As the next order of business, Chairman Sabini asked Ms. Egan to address certain changes that the Breeding Fund would like to make based upon favorable revenue experience through the first half of the year. Ms. Egan and Mr. DeMarco explained that since NYRA handle revenue has been greater than expected and since award payments have been lower than expected, the Breeding Fund may be in a position to reconsider its decision not to pay purse enrichment this year. After an extended discussion, a motion was made and seconded to pay purse enrichment in 2011 in an amount of \$820,000. In accordance with statute, 60% will go to Finger Lakes Gaming and Racetrack, 40% will go to NYRA. This motion passed unanimously.

As the next order of business, Chairman Sabini asked Jeff Cannizzo to give his promotional report. Mr. Cannizzo then distributed NYTB, Inc.'s promotional report and spoke to the Board about the promotional activities that the Breeders trade group had done from April through July 2011. Upon the conclusion of Mr. Cannizzo's report, NYTB lobbyist Chris DeGuidice gave the Board a legislative update on pending bills relating to the New York racing industry.

As the next item on the Agenda, Chairman Sabini spoke generally about the Breeding Fund's filing requirements under the PARIS guidelines established by the State of New York. In connection with those requirements, Chairman Sabini noted that the Board needed to review and approve various Fund administrative policies. The Board then reviewed the Fund's 2010 Internal Control Report. After review, a motion to accept the report was duly made, seconded and approved. Next, the Board reviewed the Fund's 2011 Lobbying Policy. After review, a motion to accept the policy was duly made, seconded and approved. The Board then reviewed the Fund's Investment Policy-2011. After review, a motion to accept the policy was duly made, seconded and approved. Thereafter, the Board reviewed the Fund's Investment Report for 2010. After review, a motion to accept the report was duly made, seconded and approved. The Board then reviewed the Fund's Procurement Contract Guidelines-2011. After review, a motion to accept the guidelines was duly made, seconded and approved. Finally, the Board reviewed a report of the Fund's 2010 Procurement Contracts. After review, a motion to accept the report was duly made, accepted and approved. Chairman Sabini then noted that the Fund's proposed budget for 2012 is required to be filed with the Authorities Budget Office by October 1, 2011, and stated that that budget would be discussed by the Board at the September meeting. Chairman Sabini then took a moment to congratulate Ms. Egan for a job well done as the Executive Director of the Fund.

As the next order of business, Chairman Sabini asked Ms. Egan to explain to the Board members the request from Sean Kerr's 5RStable to allow him to register with the Breeding Fund three thoroughbred horses which he rescued from Center Brook Farm after 2009. Ms. Egan explained that Mr. Kerr had registered all three horses with the Jockey Club and that he wants to register them as New York-breds. She explained, however, that it is not now possible for either

the veterinarian who assisted with the foaling or the former farm manager at Center Brook Farm to verify that they, indeed, were foaled in New York. Ms. Egan stated, however, that based upon observations from the Breeding Fund's farm inspectors, it is a virtual certainty that, in fact, they were foaled in the State. Under the circumstances, Ms. Egan asked if the Board would make an exception to its registration requirements in order to register these thoroughbred horses as New York-breds without the foaling verification of the veterinarian or the farm manager. Chairman Sabini and Dr. Wilmot asked Mr. Kerr a few questions relating to the thoroughbreds and were satisfied with his responses, including the fact that the Jockey Club had accepted the paperwork for each of the thoroughbreds when they were accepted for registration. Whereupon, a motion was made to accept the registrations of the three thoroughbred horses as New York-breds at the foal rate of \$75.00 each due to the extenuating circumstances. This motion was duly seconded and unanimously approved by the Board.

The next order of business was a discussion concerning possible modifications to the Breeding Fund's mission statement. Ms. Egan explained that the Authorities Budget Office had commented to her that the Fund's existing mission statement is inadequate because it does not sufficiently explain the purpose of the Fund and what it does. A revised draft of a mission statement was then circulated for the Board's approval. An extended discussion then ensued among the Board members as the role of the Breeding Fund generally. After a lengthy discussion on this issue, Chairman Sabini noted that the mission statement can be tabled until the September meeting as it need not be filed with the ABO until October 1. In the meantime, the Chairman asked Commissioner Snyder, Mr. McMahon, Dr. Wilmot and Mr. Graziano to discuss this issue which they agreed to do.

Chairman Sabini then called for an Executive Session to discuss personnel issues. At the conclusion of the Executive Session, Chairman Sabini stated that during Executive Session the Board approved the report of the Audit Committee on personnel matters, with 8 in favor of accepting and 2 abstentions. Chairman Sabini also noted that during the Executive Session, the Board discussed issues regarding Paraneck Stallions.

Under new business, Mr. McMahon noted that recently there has been a greater purse disparity between open races and New York-bred races. Mr. McMahon asked if the Executive Director would write a letter to NYRA indicating that the Breeding Fund does not approve of this lack of purse parity. After discussion, a motion was made, duly seconded and unanimously approved directing Ms. Egan to draft a letter to NYRA stating the Fund's concern about a lack of purse parity.

With no further business pending before the Board, the meeting was adjourned. The next meeting is scheduled in September 2011 on a date to be determined.