

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD OCTOBER 22, 2011**

A meeting of the Board of Directors of the New York State Thoroughbred Breeding and Development Fund Corporation (the "Fund") was held at 1:30 p.m. on October 22, 2011 at Belmont Park in Elmont, New York.

Present

John Sabini, Chairman	Chairman, Racing and Wagering Board
Harry Snyder	Commissioner, State Racing Commission
Darrel Aubertine (phone)	Commissioner, Agriculture and Markets
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Howard Nolan	Breeder
Joseph McMahon	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 DeGuidice	Guest
Charles Hayward	Guest
P.J. Campo	Guest
Bennett Liebman	Guest
Laurie Burns	Guest

Chairman Sabini called the meeting to order at 1:30 p.m. As the first order of business, Chairman Sabini asked the Board members to review the September 22, 2011 Minutes. After review, 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 and Michael DeMarco to review the Fund's proposal to update breeders awards and caps. Ms. Egan then referred the Board's attention to a two page document entitled "Minutes of the Ad Hoc Awards Review Committee of October 17, 2011" that had been distributed to the members for their review. The

Board reviewed the document thoroughly and an extended discussion ensued. After discussion, a motion was made to (i) increase the breeders award rate percentages for New York sired thoroughbreds to 30% (Win), 15% Place and 15% (Show), (ii) increase the breeders award rate percentages for non-New York sired thoroughbreds to 15% (Win), 7.5% (Place) and 7.5% (Show), (iii) increase the breeders award cap for New York sired NY-breds from \$10,000 to \$40,000 and (iv) increase the breeders award cap for non-New York sired NY-breds from \$10,000 to \$20,000, all such increases to take effect on January 1, 2012. After a review, the above motion was duly seconded and approved by the Board.

As the next order of business, Chairman Sabini explained that the Board of Directors of the Fund had recently noted a growing disparity in purses at NYRA between open company and restricted races. Chairman Sabini noted that the Board had directed Ms. Egan to write a letter to NYRA objecting to that disparity and had invited Charles Hayward to attend this Board meeting to discuss the issue. Chairman Sabini asked Commissioner Snyder to present the Breeding Fund's view on the issue of purse parity. Commissioner Snyder first noted that, while not relevant to the purse parity issue, the Breeding Fund has been treated unfairly in the industry in the division of simulcast money, as the Fund does not share in such revenue. Commissioner Snyder then went on to explain the Fund's position that there is no basis for NYRA to have a disparity in purses between open company and restricted races in light of the quality of New York-breds and the importance that they have to New York racing generally. Mr. Hayward addressed the Board, noting that while New York bred are extremely important to NYRA and New York State racing generally, NYRA's position is that restricted races generally do not field the same caliber of thoroughbreds as open company races do, which accounts for the difference in purses between the races. Mr. Hayward acknowledged, however, that the exclusion of the Breeding Fund from simulcast revenue is an issue that NYRA would like to address in the industry, noting that in his view, the Fund should be receiving a portion of the simulcasting revenue. Chairman Sabini thanked Mr. Hayward and Mr. Campo for coming to the meeting and addressing the issue of purse parity with the Board.

As the next order of business, Chairman Sabini asked Mr. Cannizzo to address the Board regarding NYTB's request for a renewed contract for 2012. Chairman Sabini noted that Mr. Cannizzo will simply address the Board regarding a proposed contract renewal, with a more in depth discussion being reserved for the December meeting. Mr. Cannizzo then distributed a three page document entitled "2012 Promotions" and reviewed it with the Board for informational purposes. Mr. Cannizzo stated that he will meet with Ms. Egan before the December meeting to negotiate the terms of a renewal.

As the next order of business, Chairman Sabini asked Ms. Egan to discuss with the Board a new scholarship program initiative. Ms. Egan noted that under the Fund's enabling statute, one of its mandates is to promote the encouragement of interest, among youth, in the breeding and raising of New York-breds, and to promote interest generally in agricultural pursuits. Ms. Egan stated that this charge supports the creation of a scholarship program sponsored by the Fund geared toward equine based studies. Chairman Sabini appointed Commissioner Snyder, Mr. Cannizzo and Mr. Graziano to serve on a committee to provide some further definition to such a scholarship program.

Under new business, Mr. Cannizzo and Mr. McMahon suggested that in addition to increasing the rates and caps on breeders awards, the Board should also increase the rates on stallion

awards. Mr. McMahon stated that now is the time for stallion owners to make decisions as to where they will stand their stallions, so if the Board is inclined to increase stallion awards, it would be prudent to do so now. A lengthy discussion then ensued about the concept of increasing stallion awards to 10%, the cost of that increase and whether the Breeding Fund could afford that increase based upon projections. Mr. DeMarco stated that increasing stallion awards to 10% would likely cost an additional \$700,000 annually based upon 2011 figures. After further discussion, a motion was made, effective January 1, 2012, to increase the stallion award rate to 10% subject to review by Chairman Sabini that the projected cost of this increase is within the general fiscal parameters discussed by the Board. This motion was duly seconded and adopted by the Board.

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