

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD FEBRUARY 5, 2009**

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 February 5, 2009 at the Fund's office in Saratoga Springs, New York.

Present

Harry Snyder	Commissioner, State Racing Commission
Ron Okrum	Executive Director, Racing and Wagering Board
Jackie Moody-Czub	Deputy Commissioner, Agriculture and Markets
Ed Kelly	Breeder
Joseph McMahon	Breeder
William Wilmot, DVM	Breeder
Jeff Cannizzo	NYTB Executive Director
Phil Trowbridge	Breeder
Martin Kinsella	Executive Director
William McCabe	Comptroller
Jim Zito	Field Identification Team
Kyle Flaherty	Counsel

Commissioner Snyder called the meeting to order at 10:00 a.m. As the first order of business, Commissioner Snyder introduced Ron Okrum, the newly appointed Executive Director of the Racing and Wagering Board, to the Board members and advised that Mr. Okrum is attending the meeting as proxy to the Chairman of the Racing and Wagering Board.

As the next order of business, Commissioner Snyder directed that the Board members review the Minutes of the Board's October 2008 meeting. After some discussion, Joseph McMahon noted that Dr. Wilmot's suggestion at the October meeting that all mares listed for upcoming sales should be identified on the Fund's website was missing from the draft Minutes. With that change, the Minutes were duly approved, with Mr. Okrum abstaining from the vote.

As the next order of business, the Chair directed Martin Kinsella and William McCabe to review the Fund's Preliminary Financial Report for the period ending December 31, 2008. Mr. McCabe reviewed the highlights of that Report, first noting that total income for 2008 was down more than \$1.3 million (an 8.8% decline) over total income in 2007. Breeder awards hit the statutory cap and were down from 2007 as well. Mr. McCabe stated that stallion awards will increase due to supplemental awards payments. Mr. McCabe reported that the Fund's revenue sources, the racetracks and the OTBs, were all down from 2007, except Yonkers, and noted the declines in the OTB revenues represent the steepest declines in Fund revenues. After an extended discussion, a motion was made and duly seconded to approve the Fund's December 31, 2008 Preliminary Financial Report. This motion passed unanimously. Mr. Kinsella noted as a point of information that based upon his experience to date, 2009 may be an even more challenging year for the Fund in terms of income.

In light of that financial report, Commissioner Snyder noted that the Fund may be well advised to tighten its belts and suggested that the Fund revise its 2009 budget. After some discussion, the Board agreed that a \$13 million budget may prove to be more realistic than the \$14.2 million budget that the Board had previously established for 2009. Upon further discussion, a motion was made, seconded and duly approved to amend the Fund's budget for 2009 to project total income of \$13 million.

As the next order of business, Commissioner Snyder asked Joseph Zito to deliver the Fund's Field Identification Report and the Advertising Report. Mr. Zito circulated an Inspection Report designed to show each of the breeding farms that the field identification team visited in 2008 and the number of mares inspected. However, since it appeared that there were certain inaccuracies on the Inspection Report, Mr. Zito offered to revise the Report and then circulate the revised report to the members after the meeting. Mr. Zito then proceeded to discuss the Fund's Advertising Report, noting that due to budgetary constraints, the Fund has limited its advertising activities and has been forced to reduce or eliminate its presence in various publications. A general discussion ensued about where the Fund should be advertising in order to get the right amount of exposure for its advertising dollar. Mr. Zito and Mr. Kinsella noted that for the balance of 2009, they will be very cognizant of limiting the Fund's advertising activities to areas which are likely to deliver the greatest advertising value for the Fund.

Commissioner Snyder then asked Jeff Cannizzo to give the Fund's Promotional Report. Mr. Cannizzo then distributed a document entitled "NYTB Promotional Report" for the period November 2008 – January 2009 and reviewed the Report with the Board explaining the promotional activities that NYTB had undertaken on behalf of the Fund since the prior meeting. Mr. Kinsella reported that the Fund's new promotional contract with NYTB has now been signed by both parties.

As a matter of new business, Mr. Cannizzo reported that a number of New York breeders have expressed concern about incentives that out-of-state stallion owners are offering to owners of New York mares to bring their mares out of state for breeding, citing stallion owners in Kentucky and Pennsylvania as examples. Mr. Cannizzo reported that the New York breeders believe that the Fund needs to improve incentives to stop this practice and to keep New York mares in state for breeding. He requested that the Fund form a committee to review this issue. A discussion then ensued about the Fund's current awards structure for New York sired and non-

New York sired thoroughbreds and whether it may be advisable to modify that schedule. Mr. McMahon noted that from the perspective of New York stallion owners, there has never been competition among stallion owners as there is now, particularly in Pennsylvania. Mr. McMahon also noted that for the first time, Kentucky too is aggressively attempting to bring mares into that state to cover their stallions. He further noted that two tangible ways to improve the situation for New York stallion owners would be for the State Legislature to repeal that two (2) year lease commitment and for an overall improvement to the New York Sire Stallion Stakes. After an extended discussion, Commissioner Snyder stated that it would be appropriate to re-open a committee of three (3) members to review the New York stallion situation, and appointed Mr. Trowbridge, Mr. McMahon and Dr. Wilmot to sit on that committee.

With no further business pending before the Board, the meeting was adjourned. The next meeting is scheduled for May 7, 2009 at the Fund's office in Saratoga Springs, New York.