

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD MAY 7, 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 May 7, 2009 at the Fund's office in Saratoga Springs, New York.

Present

Harry Snyder	Commissioner, State Racing Commission
John Tesiero	Commissioner, State Racing Commission
Ron Ochrym	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
Tom Conley	Field Identification Team
Tom Reynolds	Field Identification Team
Barbara Devine	Registrar
Kyle Flaherty	Counsel
Edward Bogdan	Guest

Commissioner Snyder called the meeting to order at 10:00 a.m. As the first order of business, Commissioner Snyder announced that Board member Jeff Cannizzo has been fully vetted by the State and is authorized to vote on all matters coming before the Board.

As the next order of business, Commissioner Snyder directed that the Board members review the Minutes of the Board's February 2008 meeting. After some discussion, it was noted that on page 2, fourth paragraph, the reference to the "Fund's" promotional report should be changed to read "NYTB's" promotional report. With that change, the Minutes were duly approved by the Board.

As the next order of business, the Chair directed William McCabe to review the Fund's Financial Report for the period ending March 31, 2009. Mr. McCabe reviewed the highlights of that Report, first noting that both handle revenue and breakage revenue in the first three months of 2009 was down nearly 10% over the same period in 2008, and that total income for the three month period was down \$208,688 over that same period in 2008. Mr. McCabe also noted that breeders awards and stallion awards were down over the first three months by 16.1% and 24.5%, respectively, over the same period in 2008. Mr. McCabe then directed the members attention to page 6 of the Report, and noted that NYC OTB was five months in arrears and owed the Fund nearly \$1.4 million in revenue. After an extended discussion, a motion was made and duly seconded to approve the Fund's March 31, 2009 Financial Report. This motion passed unanimously.

As the next order of business, Commissioner Snyder asked Joseph McMahan to give a report on the Fund's Committee to Examine Awards and the Stallion Industry. Mr. McMahan stated that the Committee (Mr. McMahan, Mr. Trowbridge and Dr. Wilmot) had been appointed by Commissioner Snyder to examine the Fund's stallion awards program with a view toward creating appropriate incentives for stallion owners within the financial budget of the Fund generally. Mr. McMahan stated that over the past several months, the Committee had analyzed a number of different awards structures that would serve to properly incentivize stallion owners within the limited resources of the Fund's awards budget and had initially proposed one structure that met with a great deal of resistance among some segments of the breeding industry. Mr. McMahan stated that the Committee then re-evaluated its proposal and now recommends that the Fund modify its breeders awards schedule as follows, effective July 1, 2009:

For New York-breds by a registered New York-stallion, the award shall be up to 20% of the purse earned for a first place finish and up to 10% of the purse for a second or third place finish, in either case subject to a cap of \$10,000 per horse per race. For New York-breds by an out-of-state or non-registered stallion, the award shall be up to 10% of the purse earned for a first place finish and up to 5% for a second or third place finish, in either case subject to a cap of \$10,000 per horse per race.

After an extended discussion, a motion to amend the breeders awards schedule in this manner was made, duly seconded and unanimously approved.

In the course of this discussion, Dr. Wilmot commented that another obstacle to the New York thoroughbred industry is the requirement imposed by statute that an out-of-state stallion be required to stay in New York for a minimum of two years under a lease in order to be considered a New York stallion. Dr. Wilmot stated that the two year commitment discourages many stallion owners from leasing their stallion to New York. Fund counsel noted that inasmuch as the two year lease is a statutory requirement, eliminating that requirement would require legislative action. However, Fund counsel also noted that it may be worth reviewing whether the Fund's Board could essentially override that requirement by announcing a non-enforcement posture on violations of the two year lease requirement. Commissioner Snyder asked Fund counsel to review that possibility and to report back to the Board at the next meeting.

As the next order of business, Edward Bogdan gave a legislative update, noting that there are a number of important issues to the thoroughbred industry, including raising caps, eliminating the stallion lease requirement and obtaining rights to simulcast revenues. He stated that the best way for the industry to seek legislative changes would be to seek a comprehensive solution from a unified industry.

As the next order of business, Commissioner Snyder stated that he had asked the Fund's Field Identification personnel to come to the meeting to discuss the field identification process and to describe generally how they conduct their farm visits. Commissioner Snyder thanked Tom Conley and Tom Reynolds for attending the meeting and asked Mr. Conley to describe for the Board the field identification process and the manner by which it shares this information with the Fund's registry. Mr. Conley gave a thorough report and answered a number of questions posed by the Board.

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 February 2009 – April 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.

As a matter of new business, Fund counsel noted that the Racing and Wagering Board had formally requested that the Fund withhold any and all awards payable to or on behalf of Ernest Paragallo or any entities in which he has an interest. Since this involves a substantial withholding of awards monies for an indefinite period of time, Fund counsel recommended that the request be reviewed by the Board. Mr. Trowbridge inquired whether withholding these monies would in any way adversely affect the thoroughbred horses or their daily care. Ron Ochrym, the Racing and Wagering Board's designee on the Board responded that the Racing and Wagering Board has someone monitoring these horses on a regular basis and that withholding these awards will have no adverse effect on the horses. After an extended discussion, a motion was made to withhold any and all awards payable to or on behalf of Ernest Paragallo or any entities in which he has an interest until further notice from the Racing and Wagering Board, upon the understanding that such action will not adversely affect the horses that are stabled at Paraneck Stables. This motion was duly seconded and unanimously approved.

Commissioner Snyder then noted that the Board would convene an Executive Session to discuss a personnel matter. A motion to go into Executive Session was duly made, seconded and approved. Thereafter, Commissioner Snyder announced that the Board had conducted an Executive Session and that no business other than a personnel matter had been discussed therein. Commissioner Snyder then stated that in the Executive Session, the Board had unanimously adopted a resolution, to wit: effective with the next regular payroll period, the Fund shall roll back the April 2009 non-contractual salary increases to the 2008 levels.

With no further business pending before the Board, the meeting was adjourned. The next meeting is scheduled for August 20, 2009 at the Fund's office in Saratoga Springs, New York.