

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD AUGUST 17, 2006**

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 17, 2006 at the Fund's office in Saratoga Springs, New York.

Present

Lorraine Power Tharp	Chair
Harry Snyder	Commissioner
John Tesiero	Commissioner
Patrick Brennan	Commissioner, Agriculture and Markets
Dan Hogan	Chairman, Racing and Wagering Board
William Wilmot, DVM	Breeder
Dennis Brida	Former Executive Director, NYTB
Joseph McMahon	Breeder
Phil Trowbridge	Breeder
Ed Kelly	Breeder
Howard Nolan	Breeder
Martin Kinsella	Executive Director
Joseph Spadaro	Deputy Executive Director (via phone)
William McCabe	Comptroller
Kyle Flaherty	Counsel
Ed Bogdan	NYTB Legislative Representative
Jane Decoteau	NYTB Staff

Chairwoman Lorraine Power Tharp called the meeting to order at 10:00 a.m. As the first order of business, the Chair directed that the Board members review the Minutes of the Board's August 2006 meeting. After some discussion, the Board approved the Minutes unanimously.

As the next order of business, the Chair introduced Diana Pikulski from the Thoroughbred Retirement Foundation and invited her to speak to the Board about the Foundation generally, and an initiative that the Foundation is sponsoring concerning the retirement of thoroughbred horses

in New York and throughout the country. The Foundation began in 1984 and currently has over 1,300 horses in its care, 220 of whom are New York-breds. In addition, the Foundation has adopted out over 1,000 horses and runs three (3) adoption farms (in New York, Virginia and Kentucky). Ms. Pikulski, who was recently appointed to the Governor's Task Force on Retired Horses, said that the Foundation is seeking legislative changes in New York to provide funding for the care of retired horses and would also provide that the Breeding Fund administer that program. Ms. Pikulski requested that the Breeding Fund's Board support the Foundation's efforts in this initiative. After an extended discussion, the Chair thanked Ms. Pikulski for her report.

The Chair then directed Mr. Kinsella to review the Fund's July 2006 Financial Report. Mr. Kinsella went through the highlights of that report with the Board. Mr. Kinsella noted that on page 2, the Fund's handle revenue was up nearly 10% from the same period in 2005 and that the VLT revenue was up over 22% for that same period. Mr. Kinsella noted that unlike 2005, the Breeding Fund would not be receiving any supplemental NYRA handle revenue, which accounted for over \$600,000 over the first 7 months of last year. Overall, Mr. Kinsella noted that revenue was up slightly from the same period in 2005. On the expense side, Mr. Kinsella stated that all award categories were down from the previous year, which he attributed to an increase in restricted races generally throughout the State. Mr. Kinsella then directed the Board's attention to page 6 of the Financial Report and noted that NYC/OTB continues to lag in its payments to the Breeding Fund. Mr. Kinsella stated, however, that although NYC/OTB has been slow in making its payments, they have been paying on a consistent basis. Fund Counsel gave a brief overview of NYC/OTB's obligations to make the payments to Breeding Fund and suggested that in lieu of commencing a lawsuit, the Breeding Fund monitor closely the payments received from NYC/OTB over the next few months. Mr. Kinsella noted that NYC/OTB's slow payments will likely become more acute in the Fall. After some further discussion, a motion was made and duly seconded to accept the July 2006 Financial Report. This motion passed unanimously.

As the next order of business, the Chair asked that Mr. Spadaro give the Fund's advertising report. Mr. Spadaro stated that the Fund's website activity continues to grow, particularly during the Saratoga meet. Mr. Spadaro discussed the success of the Name the Foal contest and reported that the Fund is saturating the area with print advertisements concerning the Fund. Mr. Spadaro gave a report on the status of the Big Apple Triple and noted that Prayer of the Heart, a horse that was in the foal give away last year, was scheduled to race later that day at Saratoga. The Board members spoke generally about the success of the Fasig Tipton sales earlier that week.

Under new and old business, the Board members discussed the prospect of renewing the Fund's agreement with NYTB to provide various promotional services to the Fund. It was noted that the last agreement had now expired, and that it would be appropriate to form a committee to discuss whether to renew that agreement, and if so, under what terms. There was also a discussion as to whether it would be appropriate for the Board to consider whether NYTB remains a sole source provider for the contracting of these promotional services. After an extended discussion, the Chair asked Senator Nolan, Chairman Hogan, Mr. Kelly, Mr. Kinsella and Mr. Spadaro to serve on a committee to address these issues in advance of the next Board meeting.

Mr. McMahon stated that Kentucky has now adopted a Kentucky Keep Program, which he said, copies in various ways, the New York breeding program. Mr. McMahon noted that the Kentucky program is designed to encourage Kentucky breeders to keep their mares in state, but added that under the Kentucky Keep Program, and unlike the New York program, incentives will be paid to Kentucky-breds who compete successfully in out-of-state races. Mr. McMahon noted that this initiative is yet another reason why the New York breeding program needs to be changed to allow for awards for New York-breds competing successfully in out-of-state races.

With no further business pending before the Board, the meeting was adjourned. Whereupon a motion to convene an executive session was duly made, seconded and approved, and the Board convened an executive session.