

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD FEBRUARY 8, 2007**

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 8, 2007 at the Fund's office in Saratoga Springs, New York.

Present

Lorraine Power Tharp	Chair
Harry Snyder	Commissioner
Dan Hogan	Chairman, Racing and Wagering Board
Cathy Durand	Deputy Commissioner, Agriculture and Markets
Dennis Brida	Former Executive Director, NYTB
Phil Trowbridge	Breeder
Ed Kelly	Breeder
Joseph McMahon	Breeder
William Wilmot, DVM	Breeder
Martin Kinsella	Executive Director
Joseph Spadaro	Deputy Executive Director
William McCabe	Comptroller
Jim Zito	web-site, advertising, field ID coordinator
Tom Reynolds	Field Identification Team
Tom Connelly	Field Identification Team
Kyle Flaherty	Counsel
Michael McMahon	NYTB President
Chris Dragone	NYTB Executive Director
Edward Bogdan	Guest

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

October 2006 meeting. It was noted that the word “contract” was inadvertently missing on the second line of the fourth paragraph of page 2 after the word “NYTB”. With that change, and after further discussion, the Board approved the Minutes unanimously.

As the next order of business, the Chair directed Mr. Kinsella to review the Fund’s Preliminary December 31, 2006 Financial Report. Mr. Kinsella went through the highlights of that report with the Board. Mr. Kinsella noted that the Fund’s 2006 handle revenue had increased by more than 10% from the prior year, and that breeders awards were up a little over 4% in 2006 as compared to 2005. Mr. Kinsella noted that stallion awards were down almost 18% from 2005, but noted that after supplemental awards are paid for 2006, it is likely that the 2006 stallion awards will be substantially similar to the 2005 stallion awards. Mr. Kinsella noted that on page 6, NYRA shows a \$313,116 “revenue receivable,” and noted that this amount is subject to NYRA’s bankruptcy proceeding. Mr. Kinsella also noted that NYC OTB was substantially behind in its payments (four months) and shows a revenue receivable of \$1,729,593. A question was raised about the Fund’s website recapture of \$107,346, as reflected on page 5. Mr. Kinsella noted that that figure shows the amount of advertising revenue that the website generated in 2006, which sum was applied exclusively to offset some of the Fund’s advertising and promotional expenses. Commissioner Snyder questioned the merit of investing so heavily in Post Time USA. After some further discussion, a motion to approve the December 2006 Financial Report was made, duly seconded and unanimously approved.

As the next order of business, Chairwoman Power Tharp asked Mr. Spadaro to introduce to the Board members the Fund’s new director for advertising, web-site, and field I.D. Jim Zito and to give the Fund’s Marketing Report. Mr. Spadaro noted that he would be retiring from the Breeding Fund effective April 7, 2007, and that he was pleased to introduce to the Board his successor, Jim Zito. Mr. Spadaro spoke briefly about Mr. Zito’s qualifications and added that he is sure that Mr. Zito will do an outstanding job for the Fund. Mr. Spadaro also introduced the members of the Fund’s Field Identification team (Tom Reynolds and Tom Connelley) to the Board. Mr. Spadaro then delivered the Fund’s Marketing Report, noting that the Fund has been advertising on network television (Sunshine Millions), which enjoys very high ratings and is good exposure for the Fund. Mr. Spadaro stated that the Fund recently partnered with NYTB to produce a DVD of an infomercial concerning the Fund, which is being distributed in physical format and is also available on the Fund’s website and NYTB’s website. Commissioner Snyder commented that the DVD jacket should contain the Fund’s logo. Mr. Spadaro agreed and noted that he would correct that. Mr. Spadaro also noted that the Fund has been exploring radio advertising and summarized a number of other promotional initiatives. At the conclusion of his report, Chairwoman Power Tharp thanked Mr. Spadaro for his long and successful tenure with the Fund and noted a number of his accomplishments on behalf of the Fund, including his development of the Fund’s website and his overall representation of the Fund among horse owners, breeders, stallion owners and others involved in the industry. A number of the Board members also expressed their appreciation for Mr. Spadaro’s outstanding performance on behalf of the Fund.

As the next order of business, Chairwoman Power Tharp asked Mr. Dragone to report on NYTB’s activities since the prior Board meeting. Mr. Dragone first introduced Michael McMahon to the Board and noted that Mr. McMahon is the new President of NYTB. Mr. Dragone then noted that NYTB will award Mr. Spadaro its Distinguished Service Award at its

annual dinner on May 14 and thanked Mr. Spadaro for all of his cooperation over the past year. Mr. Dragone then distributed a 3 page report describing NYTB's promotional efforts on behalf of the Fund, a copy of which report is appended hereto.

Chairwoman Power Tharp then asked Ed Bogdan to provide a legislative update. Mr. Bogdan noted that the legislation enacted last year to increase the Fund's revenue on certain handle would expire on April 1. He noted that while there is support among various legislators to extend that legislation longer, it is not clear whether such an extension would be enacted. A general discussion then ensued about a number of possible legislative initiatives that should be explored to strengthen the Breeding Fund program, including efforts to attract stallions to New York. It was noted that recent trends showed that the number of foals in the State by New York stallions is declining while the percentage of foals by out-of-state stallions is increasing. Several Board members questioned whether the Fund should pay stallion awards on behalf of stallions who have been moved out of the State and discussed a number of other measures intended to increase the quantity and quality of New York stallions. After further discussion, Chairwoman Power Tharp noted that she would appoint a committee to explore these issues further.

As the next order of business, Chairwoman Power Tharp noted that the Board would need to address a personnel matter. A motion to convene an executive session for that purpose was then duly made, seconded and approved. Whereupon, the Board convened an executive session.

At the conclusion of the executive session, Chairwoman Power Tharp noted that the Board had formed a Compensation Committee to address a number of compensation and employee benefit policy issues relating to the Fund.

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