

**NEW YORK STATE THOROUGHBRED BREEDING AND  
DEVELOPMENT FUND CORPORATION  
MINUTES OF THE MEETING OF THE BOARD OF  
DIRECTORS HELD MAY 10, 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 May 10, 2007 at the Fund's office in Saratoga Springs, New York.

Present

Lorraine Power Tharp	Chair
Harry Snyder	Commissioner
John Tesiero	Commissioner
Dan Hogan	Chairman, Racing and Wagering Board
Cathy Durand	Deputy Commissioner, Agriculture and Markets
Dennis Brida	Former Executive Director, NYTB
Ed Kelly	Breeder
William Wilmot, DVM	Breeder
Martin Kinsella	Executive Director
William McCabe	Comptroller
Jim Zito	Field Identification Team
Kyle Flaherty	Counsel
Michael McMahon	NYTB President
Chris Dragone	NYTB Executive Director

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 February 2007 meeting. After some discussion, the Board unanimously approved the Minutes without any changes.

As the next order of business, the Chair directed Mr. Kinsella to review the Fund's December 31, 2006 Financial Report. Mr. Kinsella went through the highlights of that report with the Board. After some discussion, a motion to accept the Fund's December 31, 2006 Financial Report was duly made, seconded and unanimously approved by the Board. Mr. Kinsella then drew the Board members' attention to the March 31, 2007 Financial Report and reviewed the highlights of that report with the Board. Reading from page 2 of that report, Mr. Kinsella noted that handle revenue in 2007 from the same period in 2006 was up over 15%, and that stallion and owners

awards were down significantly from the same period in 2006. Similarly, drawing the Board's attention to page 6 of the report, Mr. Kinsella noted that revenue has been down from NYRA by over 6%, and noted that a \$1.7 million receivable from NYC-OTB. Mr. Kinsella noted that NYC-OTB has been lagging in its payments to the Fund by approximately 120 days. After some discussion, a motion to accept the Fund's March 31, 2007 Financial Report was duly made, seconded and unanimously approved by the Board.

As the next order of business, Chairwoman Power Tharp asked Mr. Zito to give the Fund's Advertising Report. Mr. Zito stated that the Fund's advertising campaign will be moving in a new direction by moving away from print ads with a greater emphasis on television advertising. Mr. Zito noted that he has already cancelled a number of print ads in small publications since the audience for those publications is already typically in the industry. Mr. Zito noted that the goal will be to bring new people into the industry. He stated that they are steering toward 30 second infomercial spots, and noted that they have bought ad time for Belmont Stakes Day on ABC for \$22,000 to run two ads.

As the next order of business, Chairwoman Power Tharp asked Mr. Flaherty to address the impact of the Public Authorities Accountability Act (the "PAAA") on the Fund. Mr. Flaherty noted that all of the Board members, as well as Mr. Kinsella, as Executive Director, Mr. McCabe, as Fund Comptroller and Mr. Flaherty, as counsel, had attended the required training seminar regarding the PAAA and stated that the Fund would have to review and, if necessary, change a number of things that it currently does in order to comply with the new law. Specifically, Mr. Flaherty noted that the Board will need to constitute a Governance Committee and an Audit Committee, and would have to adopt a Governance Committee Charter and an Audit Committee Charter. Mr. Flaherty noted that the Fund's By-Laws would likewise have to be amended to reflect the new committees. Mr. Flaherty also noted that it would be prudent for the Board to consider adopting a mission statement for the Fund. A lengthy discussion ensued regarding the purpose and role of each of the committees, the draft Charters that had been circulated for the Board's consideration, and the manner by which the committees would be constituted. After some further discussion, a motion was made, duly seconded and unanimously approved to amend the Fund's By-Laws in accordance with By-Laws as reflected on Appendix A. Thereafter, a motion was made, duly seconded and unanimously approved to adopt the Governance Committee Charter reflected on Appendix B. Upon further discussion, a new motion was made, duly seconded and unanimously approved to adopt the Audit Committee Charter reflected on Appendix C. Finally, after some further discussion, a motion was made, duly seconded and unanimously adopted to delegate to the Chair the authority to designate each of the Governance Committee and the Audit Committee. It was determined that the development of a mission statement would be tabled until the next meeting.

As the next order of business, Chairwoman Power Tharp asked Mr. Dragone to report on NYTB's promotional activities on behalf of the Fund since the prior Board meeting. Mr. Dragone first noted that NYTB is hosting a banquet at the Desmond Hotel, which will be complimentary for the Fund's Board members. Mr. Dragone noted that former Fund employee Joseph Spadaro will be honored with a Lifetime Services Award from NYTB at the banquet. Mr. Dragone next discussed the issue of providing funding vehicles for the care of unwanted horses, and proposed, in concept, a voluntary check-off by Breeding Fund award winners to designate a portion of their awards to a recognized organization (e.g., the Thoroughbred

Retirement Fund) that provides care to unwanted horses. A number of the Board members voiced support for that initiative, provided that it could be done consistent with the requirements of the Fund's enabling statute and without too much of an administrative burden on the Fund.

Mr. Dragone then stated that NYTB is targeting a Wall Street New Owners Seminar for September 2007 and noted that the seminar would be publicized in the Wall Street Journal. Mr. Dragone noted that NYTB will sponsor cocktail parties on both nights of the sales this August in Saratoga, and intends to sell sponsorship opportunities as a means of defraying the costs. Finally, he noted that NYTB is in the process of developing a website, and noted that since the Fund's website is so well developed and utilized, the intent of NYTB is to "piggy-back" on the Breeding Fund's website to the greatest extent possible.

As the next order of business, Chairwoman Power Tharp recognized Mr. Brida, who formally announced that he had tendered his resignation from the Board in order to avoid the appearance of a conflict of interest in connection with the racing franchise bid process that is on-going. Mr. Brida stated that he has enjoyed his tenure on the Board and noted that he has been proud to be part of such a wonderful program. All of the Board members expressed their gratitude for his service on the Board.

Noting that Ed Bogdan could not make the meeting, Chairwoman Power Tharp asked Mr. Kinsella to provide a brief legislative update. It was noted that it is unlikely that any racing measures would be passed in 2007 if and while the franchise issue remains unresolved. Mr. Kinsella explained that the Fund may well experience a shortfall in the second half of 2007 due to various tax cut provisions that had expired on March 31, 2007 and a renewal of those tax provisions may well be tied into the larger franchise issue.

As the next order of business, Chairwoman Power Tharp asked Mr. Kinsella to discuss the Fund's proposed office lease extension. Mr. Kinsella explained that in November 2004, the Fund signed a lease with the NYS Office of Parks and Recreation Department through November 2009. Mr. Kinsella advised that the Parks and Recreation Department has offered a 5 year extension of that lease, i.e. through November 2014 under similar terms and with particularly modest escalations over the term of the extension. Mr. Kinsella noted that the terms of the extension were very reasonable and recommended that the Board approve the extension. After further discussion, a motion was made, duly seconded and unanimously approved to authorize the Executive Director to execute the 5 year lease extension offered by the Parks and Recreation Department.

With no further business pending before the Board, the meeting was adjourned. The next meeting is scheduled for August 16, 2007 at a location to be determined.