

**NEW YORK STATE THOROUGHBRED BREEDING AND  
DEVELOPMENT FUND CORPORATION  
MINUTES OF THE MEETING OF THE BOARD OF  
DIRECTORS HELD OCTOBER 24, 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 October 24, 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
Dennis Brida	Former Executive Director, NYTB
Phil Trowbridge	Breeder
Ed Kelly	Breeder
Howard Nolan	Breeder
Martin Kinsella	Executive Director
Joseph Spadaro	Deputy Executive Director
William McCabe	Comptroller
Kyle Flaherty	Counsel
Chris Dragone	NYTB President
Tom Gallo	Breeder

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 directed Mr. Kinsella to review the Fund's August 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 8.1% from the same period in 2005 and that the VLT revenue was up nearly 22% for that same period. Mr. Kinsella noted that

all award categories were down from 2005. Turning to page 9 of the Report, Mr. Kinsella noted that promotional expenses were up significantly from 2005. Mr. Kinsella then directed the Board's attention to page 6 of the Financial Report and noted that after the Report had been printed, NYC/OTB made payments bringing it current through June 2006, which represents a 60 day lag in payments. After some further discussion, a motion was made and duly seconded to accept the August 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 has produced and is airing in Florida and Kentucky video spots entitled "Raised and Grazed in New York." He noted that the Fund has been more aggressive with print advertisements during the Saratoga meet, with advertisements in the Bloodhorse and other publications. Mr. Spadaro the Fund's advertising and promotional efforts regarding the Big Apple Triple, and noted that the Fund has been working with NYTB to produce an infomercial featuring various New York farms along the Hudson Valley.

As the next order of business, Mr. Kinsella advised the Board members that one of the recommendations in the State's recent audit report of the Fund was that the Fund's policies be reviewed annually by the Fund's Board of Directors. To that end, Mr. Kinsella distributed the Fund's Investment Policy guidelines for the Board's review. Mr. Kinsella also noted that the Fund's assets are fully collateralized. After some discussion, a motion to accept the Investment Policy guidelines was duly made, seconded and unanimously adopted by the Board. Mr. Kinsella then distributed the Fund's Prompt Payment Policy for the Board's review. After some discussion, a motion to accept the Prompt Payment Policy was duly made, seconded and unanimously adopted by the Board. Mr. Kinsella distributed the Fund's Procurement Contract Guidelines and reviewed them with the Board. After some discussion, a motion to accept the Procurement Policy Guidelines was duly made, seconded and unanimously adopted by the Board. Mr. Kinsella also distributed a copy of the Fund's audited financial statements for the year ended December 31, 2005.

As the next order of business, Mr. Kinsella stated that the Fund needs to recast its revenue projection for 2006 from the original projection of \$14.4 million to a new projection of \$15.5 million and distributed a document dated 8/31/06 entitled Breeding Fund 2006 Budget reflecting this revised budget. Mr. Kinsella also stated that it may be appropriate for the Board to increase the award categories to the permissible statutory maximums. After a lengthy discussion, a motion was duly made and seconded to adopt the revised budget as reflected on the 8/31/06 document and to increase the breeder, stallion and owner awards categories to the statutory maximums for 2006. This motion was unanimously approved by the Board.

As the next order of business, Chairwoman Tharp directed Fund counsel to address the Fund's contractual relationship with NYTB. Fund counsel advised that the prior NYTB contract had expired and that the Board needs to consider whether the Fund is inclined to execute a new agreement with NYTB. In that regard, Fund counsel distributed a draft Sole Source Provider document with respect to NYTB. After reviewing this document and upon lengthy discussion regarding same, several Board members suggested providing the Fund with two (2) one-year renewal options at the Fund's discretion. With that change, a motion was duly made and seconded to adopt the Sole Source Provider document as revised. This motion was unanimously approved, with Mr. Brida abstaining from the vote.

As the next order of business, the Board reviewed a draft agreement with NYTB. Subject to the renewal options reflected in the revised Sole Source Provider document, a motion was duly made, seconded and approved to adopt the draft form of NYTB agreement.

Under new and old business, the Board members discussed a meetings schedule for 2007. After some discussion, the Board decided that its quarterly meetings will be held as follows: February 8, 2007, May 10, 2007, August 16, 2007 and November 8, 2007.

Upon a motion duly made and seconded, the Board voted unanimously to conduct an executive session to discuss an employment-related matter. Upon the conclusion of the executive session, the meeting resumed, and a motion was duly made and seconded to approve the terms and conditions of an employment agreement with Mr. Kinsella. This motion was approved by the Board with Senator Nolan voting in the negative.

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