

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD DECEMBER 14, 2010**

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 December 14, 2010 at the Fund's office in Saratoga Springs, New York.

Present

John Sabini, Chairman	Chairman, Racing and Wagering Board
Harry Snyder	Commissioner, State Racing Commission
John Tesiero	Commissioner, State Racing Commission
Jackie Moody-Czub	Deputy Commissioner, Agriculture and Markets
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Howard Nolan	Breeder
Joseph McMahon	Breeder
John Graziano	Breeder
Ed Kelly	Breeder
Tracy Egan	Executive Director
William McCabe	Comptroller
Kyle Flaherty	Counsel
Robert Feuerstein	Guest
Michael DeMarco	Guest

Chairman Sabini called the meeting to order at 10:00 a.m. As the first order of business, Chairman Sabini made opening remarks regarding the closure of New York City OTB and the effects that such closing may have on the industry. Chairman Sabini then asked Robert Feuerstein to advise the Board about the legislative proposals that the Racing and Wagering Board has proposed to the Executive Branch for this year. Mr. Feuerstein stated that there were three (3) legislative initiatives that Racing and Wagering Board has put forth that could affect the Breeding Fund. First, a legislative initiative to change the two year lease requirement to a one year lease requirement for bringing stallions in from out of State. Second, a proposal to change the law so as to provide the Fund with full discretion in allocating purse enrichment to one or both racing associations each year, and third, to allow the Fund to retain more than \$75,000 of its prior year's revenues.

As the next order of business, Chairman Sabini directed the Board members to review the August 2010 Minutes. After a review, a motion to accept the Minutes was duly made, seconded and approved by the Board. Chairman Sabini then directed the Board members to review the October 2010 Minutes. Commissioner Snyder noted that the second to last paragraph should be amended to include the word "draft" before the words "Audit Report". With that change, a motion to accept the October Minutes was duly made, seconded and approved by the Board.

As the next order of business, Chairman Sabini asked William McCabe to review the Fund's Financial Report for the period ending October 31, 2010. Mr. McCabe reviewed the highlights of that report, including the monies being deferred by NYC OTB on out state activity. Mr. McCabe also stated that the Fund's original projection of \$12.6 million in revenue for 2010 was no longer feasible, and sought permission to change that figure to \$11.9 million. After a lengthy discussion, the Board adopted the following motions:

Motion to increase all of the awards categories to their statutory maximums was duly made, seconded and unanimously approved by the Board.

Motion to increase the administrative cap from 4% to 5% was duly made, seconded and unanimously approved by the Board.

Motion to increase the promotional cap from 5% to 6% was duly made, seconded and unanimously approved by the Board.

Motion to change the target budget of the Fund for 2010 from \$12.6 million to \$11.9 million was duly made, seconded and unanimously approved by the Board.

Chairman Sabini then asked Jeff Cannizzo to give the Fund's promotional report. Mr. Cannizzo then distributed NYTB's promotional report and spoke to the Board about the promotional activities that the Breeders have done for the Fund since the last meeting.

Mr. Cannizzo then addressed the need to finalize NYTB's contract with the Fund for 2011. After an extended discussion, there was general consensus that the Fund would agree to a one year agreement with NYTB under which the Fund would pay NYTB 45% of the Fund's Net Annual Promotion budget with a proviso that in no event would the consideration payable in 2011 exceed the consideration that will be paid to NYTB in 2010. The Board approved these terms unanimously, with Mr. Cannizzo abstaining from the vote.

A motion to go into Executive Session to discuss personnel matters was duly made, seconded and approved and the Board went into Executive Session. After the Executive Session concluded, Chairman Sabini reported on the actions taken by the Board therein.

As the next order of business, Commissioner Snyder reviewed the Fund's proposed budget for 2011, with projected revenues of approximately \$10.5 million. Commissioner distributed a handout to the Board members with the projected budget and with projected awards and purse enrichment for 2011. After an extended discussion, a motion to adopt the proposed budget for 2011 was duly made, seconded and approved by the Board. In connection with this motion, it was mutually agreed that the terms of the 2011 NYTB contract would be amended prior to or at

the next Board meeting to modify the GASB carve out in a way that does not alter the substantive terms of the parties' agreement.

As the next order of business, Fund counsel noted for the record that Ms. Egan maintains a time card and therefore, there is no need for the Board to require her to maintain a log of daily activities.

As a final order of business, the Board thanked Mr. McCabe for his many years of service with the Fund.

With no further business pending before the Board, the meeting was adjourned. The next meeting is scheduled for January 27, 2011.