

BY-LAWS
OF
NEW YORK STATE THOROUGHBRED BREEDING
AND DEVELOPMENT FUND CORPORATION

ARTICLE I
The Corporation

Section 1. Description. The New York State Thoroughbred Breeding and Development Fund Corporation (the “Corporation”) is a public benefit corporation, created by and having the powers and functions set forth in Section 244 et seq. of the New York Racing, Pari-Mutuel Wagering and Breeding Law of 1973, as amended.

ARTICLE II
Offices

Section 1. Principal Office. The principal office of the Corporation shall be located in the State of New York.

Section 2. Branch Offices. The Corporation may establish and maintain branch offices for the conduct of its activities, within the State of New York, at such locations as the Board of Directors shall determine.

ARTICLE III
Board of Directors

Section 1. General Powers. The governing body of the Corporation shall be a Board of Directors in whom shall be vested and who shall exercise the powers of the Corporation.

Section 2. Number of Directors. The Board of Directors shall consist of eleven directors, who shall be selected and shall hold office as provided in the Act.

Section 3. Chairperson of the Board of Directors. The Chairperson of the Board of Directors shall be designated by the Governor of the State of New York.

Section 4. Meetings.

(A) Annual Meeting. The Board of Directors shall hold an Annual meeting at such date, hour, and place as shall be designated in the notice to the directors. Such notice shall be given not less than thirty days before the meeting, in such manner as the Board of Directors, by resolution, may determine.

(B) Regular Meetings. Regular meetings of the Board of Directors shall be held at such time as the Board shall, from time to time, determine. There shall be at least four meetings each year.

(C) Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the Chairperson of the Board, or by six directors. Any business that may be transacted at a regular meeting of the Board of Directors may be transacted at a special meeting.

(D) Time and Place of Meetings. The Board of Directors may hold its meetings at such time or times and place or places within the State of New York as the Board may, from time to time, by resolution, determine or such other locations as shall be designated in the respective notices or waivers of notice thereof.

(E) Notice of Meeting. Notice of the time and place of each meeting of the Board of Directors shall be mailed by the Secretary to each director addressed to him at his residence or usual place of business, at least three days before the day on which such meeting is to be held, or shall be sent to him by facsimile mail, telegraph, cable, or other form of recorded communication, or be delivered personally or by telephone not later than the day before the day

on which such meeting is to be held. Such notice shall include the time and place of such meeting. Notice of any such meeting need not be given to any director if waived by him in writing or by facsimile mail, telegraph, cable or other form of recorded communication before or after such meeting shall be held, or if he shall be present at such meeting and shall not protest the lack of notice to him prior thereto, or at its commencement.

(F) Quorum and Manner of Acting. A majority of the whole number of directors shall be present in person or by telephone at any meeting of the Board of Directors in order to constitute a quorum for the transaction of business at such meeting, and the affirmative vote of a majority of those directors present at any such meeting at which a quorum is present shall be necessary for the passage of any resolution or act of the Board, except as otherwise expressly required by law or by these By-Laws. In the absence of a quorum for any such meeting, a majority of the directors present thereat may adjourn such meeting, from time to time until a quorum shall be present. Notwithstanding any provision herein to the contrary, the Board of Directors may, in appropriate cases, act through mail ballot or by other reasonable method necessary to take action in lieu of a meeting, provided that such action is ratified by the Board of Directors at the next regularly scheduled meeting.

(G) Organization. At each meeting of the Board of Directors, one of the following shall act as Chairperson of the meeting and preside thereat, in the following order of precedence: (i) The Chairperson of the Board; (ii) any director chosen by a majority of the directors present thereat. Fund Counsel, or in his absence, any person whom the Chairperson shall appoint, shall keep the minutes of a meeting.

(H) Delegation of Powers. The Board of Directors may delegate to one or more of the directors, officers, agents, or employees of the Corporation such powers and duties

as it may deem proper.

(I) Compensation of Directors. The Director shall not be entitled to any compensation for their services but shall be entitled to reimbursement of their actual and necessary expenses incurred in the performance of their official duties.

ARTICLE IV **Officers**

Section 1. Appointment, Term. The officers of the Corporation shall be the Chairperson of the Board of Directors, the remaining ten directors, an Executive Administrator, a Secretary, Treasurer, and such other officers as in the opinion of the Board the business of the Corporation requires.

Section 2. Duties and Functions.

(A) Chairperson of the Board. The Chairperson of the Board of Directors shall, if present thereat, preside at meetings of the Board. He shall perform such duties as, from time to time, may be assigned to him by the Board. The Chairperson shall be vested with the power to appoint committees of the Board upon the advice of members of the Board.

(B) Executive Administrator. The Board of Directors shall appoint an Executive Administrator to serve at the will of the Board of Directors and under its direct supervision and control. He shall be the General Manager and Chief Operating Officer of the Corporation and shall be in charge of the administration of its affairs. He shall perform any other duties assigned to him by the Corporation.

(C) Secretary. The Secretary shall keep the records of all meetings of the Board, unless this function has been assigned to Fund Counsel. He shall affix the seal of the Corporation to all instruments requiring the corporate seal when the same shall have been signed

on behalf of the Corporation by a duly authorized representative. The Secretary shall be the custodian of all corporate records (except accounting records). He shall attend to the giving of notices of meetings, when required, to directors.

(D) Executive Staff. The Executive Administrator will be assisted by a salaried, full-time Executive Staff appointed by the Board of Directors to serve at the will of the Board of Directors. The compensation of the Executive Staff shall be determined by the Board of Directors.

(E) Salaries. The salaries of the Executive Administrator, the Secretary, and the Executive Staff shall be fixed by the Board of Directors under the general guidelines of the current collective bargaining agreements between the State of New York and its public employee unions.

(F) The Treasurer. The Treasurer shall be the chief fiscal officer of the Corporation and shall supervise the accounts of the Corporation, and shall be appointed by the Board.

ARTICLE V **Governance Committee**

Section 1. The Board shall designate three (3) or more members to serve on the Fund's Governance Committee. The purpose of the Governance Committee is to assist the Board in all aspects of corporate governance.

ARTICLE VI **Audit Committee**

Section 1. The Board shall designated three (3) or more members to serve on the Fund's Audit Committee. The purpose of the Audit Committee is to assist the Board in monitoring the Fund's internal and external audit processes, in overseeing its financial reporting

procedures and in communicating with management in all aspects of fiscal control and responsibility.

ARTICLE VII
Contracts, Checks, Drafts, Bank Accounts, Etc.

Section 1. Execution of Documents. The Board shall designate the officers, employees and agents of the Corporation who shall have the power to execute and deliver contracts, checks, drafts and other orders for the payment of money, and other documents for and in the name of the Corporation, and may authorize such officers, employees and agents to delegate such power by written instrument to other officers, employees or agents of the Corporation.

Section 2. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation or otherwise in such banks or trust companies organized in New York or national banks doing business in New York State, as the Board shall determine.

ARTICLE VIII
Defense and Indemnification

Section 1. The Corporation shall, to the fullest extent permitted by applicable law, defend, indemnify and hold harmless its directors, officers and employees from any and all liability incurred by any one of them acting within the scope of their employment in accordance with, and subject to the provisions of, Section 18 of the New York Public Officers Law.

Section 2. The Corporation shall be authorized and empowered to purchase insurance from any insurance company created by or under the laws of New York, or authorized to transact

business in New York, against any liability imposed as a result of such defense and indemnification.

ARTICLE IX
Books and Records

Section 1. The books and records of the Corporation shall be kept at such places within the State of New York as the Board may from time to time determine.

ARTICLE X
Seal

Section 1. Seal. The official seal of the Corporation shall be in the form as imprinted hereon:

ARTICLE XI
Fiscal Year

Section 1. The fiscal year of the Corporation shall end on the last day of December in each year.

ARTICLE XII
By-Laws, Amendments, Rules and Regulations

Section 1. By-Laws. These By-Laws may be changed, amended or repealed by the affirmative vote of a majority of six or more of the directors at a regular meeting or at any special meeting of the Board of Directors.

Section 2. Rules and Regulations. The Board of Directors may promulgate rules and regulations and may change, amend, or repeal them from time to time, by the affirmative vote of a majority of the whole number of directors given at a regular meeting or at any special meeting of the Board.