

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD FEBRUARY 16, 2012**

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 16, 2012 at the Fund's offices in Saratoga Springs, New York.

Present

John Sabini, Chairman	Chairman, Racing and Wagering Board
John Tesiero	Commissioner, State Racing Commission
Geoff Palmer	Deputy Commissioner, Agriculture and Markets
Jeff Cannizzo (phone)	NYTB, Executive Director
William Wilmot, DVM	Breeder
Howard Nolan	Breeder
Joseph McMahon	Breeder
Ed Kelly	Breeder
John Graziano, Jr.	Breeder
Tracy Egan	Executive Director
Michael DeMarco	Chief Financial Officer
Kyle Flaherty (phone)	Counsel
Kristen Buckley	Guest
Chris DeGuidice	Guest
David Brown	Guest

Chairman Sabini called the meeting to order at 10:00 a.m. As the first order of business, Chairman Sabini noted Judith Deitz Spadaro's service to the Fund and thanked her for her service.

As the next order of business, Chairman Sabini welcomed Dave Brown of the Finger Lakes Horsemen's Association to the meeting.

Chairman Sabini then noted that since the opening of Resorts Worldwide at Aqueduct four months ago, the Fund has received over \$1.6 million in revenue from that race track, and projects that the Breeding Fund will receive approximately \$7.6 million in revenue from Resorts Worldwide in 2012 alone.

As the next order of business, the Chairman asked the Board members to review the December 21, 2011 Minutes. After review, a motion to accept the Minutes was duly made, seconded and approved by the Board.

As the next order of business, Chairman Sabini asked Michael DeMarco to review the Fundø financials for the months ending November and December 2011. Mr. DeMarco proceeded to review with the Board members the highlights of those financial reports. Mr. DeMarco noted that the Fundø revenue for 2011 exceeded its awards obligations, and that supplemental awards will be payable. Upon motion duly made and seconded, the Board approved the Fundø November and December Financial Reports.

Chairman Sabini asked Jeff Cannizzo to give the Fundø promotional report. Mr. Cannizzo reviewed with the Board members NYTBø promotional activities conducted on behalf of the Fund since the last meeting.

Chairman Sabini then asked Ms. Egan to advise the Board about the appeals made by McMahan Thoroughbreds regarding stallions Harlem Rocker and Tiago for relief on the application of the two year stallion lease requirement for the offspring of such stallions to be considered New York-breds. Specifically, the appeal is that the Fund treat the offspring of these stallions as New York-breds even though the stallions were unable, due to their serious medical conditions, to fulfill the obligation to remain in New York for a two year lease period. Mr. Flaherty noted that a similar issue had been presented to the Board in 1998 when the stallion Mughtanim had not fulfilled the two year commitment. In that case, however, Mughtanim had not been ill but the owner nonetheless moved the stallion outside of New York before the end of the second year. The Board concluded that any 1999 foals by the stallion would be considered New York-breds since the affected breeders had bred their mares to the stallion in good faith; however, since the stallion owner had pulled the stallion out of the State early for no excuseable reason, the Board concluded that the stallion owner would not be eligible for stallion awards otherwise generated by the offspring. Mr. Flaherty advised the Board that, in his view, and in light of the circumstances of these cases, the Board has discretion to allow for both breeders awards and stallion awards for the offspring of these horses. After some discussion, a motion to permit the offspring of Harlem Rocker and Tiago to be eligible to generate breeder awards as if the two year lease commitment had been fulfilled was duly made, seconded and unanimously approved. Mr. McMahan and Mr. Nolan recused themselves from the consideration of this motion and from the vote. Thereafter, a motion to permit the offspring of Harlem Rocker and Tiago to be eligible to generate stallion awards as if the two year lease commitment had been fulfilled was duly made, seconded and unanimously approved. Again, Mr. McMahan and Mr. Nolan recused themselves from the consideration of this motion and from the vote.

The next order of business concerned a proposal to distribute \$1,337,068 in supplemental awards for 2011. An extended discussion then ensued concerning the most appropriate allocation and distribution of that supplemental revenue. Thereafter, a motion to allocate and distribute 60% of the supplemental revenue as breeder awards, 27% of the supplemental revenue as stallion awards and 13% of the supplemental revenue as owners awards was duly made, seconded and unanimously approved. Mr. McMahan recused himself from the consideration of this motion and from the vote.

As the next order of business, the Board considered whether, and at what level, to provide an awards holdback for 2012. After an extended discussion, a motion to utilize a 10% awards holdback in 2012 was duly made, seconded and unanimously approved.

As the next order of business, Chairman Sabini asked Ms. Egan to give a report on the Fund's promotional spending. Ms. Egan detailed three promotional initiatives that the Fund is pursuing and sought authorization for each. First, Ms. Egan detailed a \$6,000 proposed spend on placing advertisements on Sirius XM radio (The Bill Finley show). Ms. Egan then discussed the National Steeplechase Association's "Steeplechase Festival at Saratoga". Finally, Ms. Egan detailed a \$9,000 proposed spend on placing 36 advertisements on the The Mike Francesca show during the Saratoga meet. After some discussion, a motion to authorize the Fund to pursue each of the promotional initiatives under the above terms and conditions was duly made, seconded and unanimously approved.

Chairman Sabini then asked Ms. Egan to provide a report of the Scholarship Committee. Ms. Egan then distributed a Scholarship Committee Report dated February 8, 2012 detailing the work and the recommendations of that Committee. Ms. Egan discussed the content of that Report with the Board. After some discussion, a motion to accept the recommendations set forth in the February 8, 2012 Report, as written, was duly made, seconded and unanimously approved.

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