

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD JUNE 24, 2010**

A meeting of the Board of Directors of the New York State Thoroughbred Breeding and Development Fund Corporation (the "Fund") was held at 11:00 a.m. on June 24, 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
Joseph McMahan	Breeder
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Ed Kelly (via phone)	Breeder
John Graziano, Jr.	Breeder
Tracy Egan	Executive Director
William McCabe	Comptroller
Kyle Flaherty	Counsel
Ron Ochrym	Guest
Robert Feuerstein	Guest
Kristen Buckley	Guest

Chairman Sabini called the meeting to order at 11:00 a.m. As the first order of business, Chairman Sabini directed that the Board members review the Minutes of the Board's May 2010 meeting. After a review of the Minutes, it was noted that Chris Del Guidice (lobbyist for NYTB) and Kristen Buckley (Racing and Wagering Board) were at the May meeting but not noted as being present. Chairman Sabini stated that their attendance should be noted on page 1 accordingly. Chairman Sabini also noted that on page 2, the Minutes should reflect that the November and December 2010 financial reports had also been approved at the May 2010 meeting. Finally, the Chairman further noted on page 2 a typo in the word "quarterly" and also noted that the legislative initiative that Mr. Del Guidice described sought to raise the administrative cap from 4% to 5%, not 4% to 6%. With those changes, a motion to accept the Minutes was duly made, seconded and approved by the Board.

As the next order of business, Chairman Sabini asked Jeff Cannizzo to give the Fund's Promotional Report. Mr. Cannizzo distributed a five page NYTB Promotional Report for the period January through May 2010, and went through each of the events and activities disclosed on that report. Mr. Cannizzo also noted that there has been "significant progress" on a racing bill that would (i) increase the breeders award cap from 50% to 65%, (ii) require industry participants to pay the Breeding Fund on a quarterly basis and (iii) move the administration and promotional caps up to 5% and 6%, respectively. Mr. Cannizzo noted that this racing bill may be voted on any day in Albany. Finally, Mr. Cannizzo was asked a number of questions regarding NYTB's expenses for the period January through May 2010 and the extent to which those expenses are paid with revenue received by NYTB through its contractual arrangement with the Breeding Fund.

As the next order of business, Chairman Sabini directed Bill McCabe to review the Fund's Financial Report for the period ending May 31, 2010. Mr. McCabe reviewed the highlights of that Report. Mr. McCabe started by noting that on page 2 of the Report, breeders awards over the same period of 2009 are down over \$368,000, and explained that this decline is largely attributable to the Breeding Fund's decision last year to cut breeders awards for second and third place finishes. After more discussion, a motion was made and duly seconded to approve the Fund's April and May 2010 Financial Reports. This motion passed unanimously.

An extended discussion then ensued regarding the impact of the NYC OTB bankruptcy on the Breeding Fund's general operations. Mr. McCabe noted that if an adjustment to the Breeding Fund's awards payment structure is not effected, there is a risk that Fund participants in the 5th or 6th payment periods may not be paid the monies that would otherwise be due them. The Board then had a lengthy discussion on what action, if any, the Fund should take now in order to protect against this possibility. After considerable discussion and consideration, the Board concluded that it would be unfair to allow 5th or 6th period participants to be subjected to more substantial reductions than participants who may have earned awards in the earlier part of 2010. Accordingly, Mr. McMahon made a motion, which was duly seconded, as follows:

Due to a temporary decline in Breeding Fund revenues resulting from various thoroughbred industry factors, including the New York City OTB bankruptcy, effective for all awards earned on or after July 1, 2010, in addition to the 30% regular holdback (the "Regular Holdback"), the Breeding Fund shall apply a special holdback of up to 20% on the payment of awards (a "Special Holdback"), provided that to the extent the Breeding Fund has monies on hand at the end of the year (or thereafter) to make distributions, and consistent with applicable statutory caps, all Breeding Fund participants who are adversely affected by the application of the Special Holdback shall be paid first up to the amount of the Special Holdback before any portion of the Regular Holdback is distributed.

This motion passed unanimously.

Mr. McCabe then gave a brief report on the Breeding Fund's ABO and Internal Control Report filings. Mr. McCabe further reported that the Toski Schaefer accounting firm has now corrected the two errors in the Audit Report that the Board had noted at the May 2010 meeting.

As the next order of business, Chairman Sabini asked Fund counsel to give the legal report. Mr. Flaherty first noted that on behalf of the Board, he had sent a letter to the counsel to the NYC OTB Creditors Committee setting forth the nature of the Fund's claims and the Fund's concerns relative to the debtor's actions in deferring certain out-of-state racing payments to the Breeding Fund. Mr. Flaherty noted that he would address the other aspects of the Breeding Fund's issues in that bankruptcy in an executive session since the issue involves litigation. Mr. Flaherty then reported that by letter dated June 14, 2010, he had requested, on behalf of the Board, a formal opinion from the New York State Public Integrity Commission as to whether Ms. Egan, an active breeder and real estate broker in New York State, could continue those activities while serving as the Executive Director of the Breeding Fund. Mr. Flaherty reported that he has not yet received a response from the Commission. Finally, Mr. Flaherty circulated a Notice of Proposed Rule Making relating to the disqualification of Breeding Fund participants for engaging in cruelty, abuse or neglect of horses. Chairman Sabini noted, however, that at the request of the New York State Department of Agriculture and Markets, he would like to defer the review of this proposed rule to give that Department an opportunity to review it. There was general consensus among the Board to defer that issue accordingly.

As the next order of business, Ms. Egan gave an update on the Breeding Fund's activities in following the newly adopted field inspection guidelines and protocols.

Chairman Sabini then called for an executive session to discuss both personnel matters and the NYC OTB bankruptcy. Upon a motion, which was duly seconded, the Board resolved to go into executive session with Fund counsel.

At the conclusion of the executive session, the meeting resumed and Chairman Sabini gave a brief report as to the topics addressed in executive session.

With no further business pending before the Board, the meeting was adjourned. The next meeting is scheduled for August 26, 2010 at 11:00 a.m.