

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD MAY 12, 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 May 12, 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	Breeder
Howard Nolan	Breeder
John Graziano, Jr.	Breeder
Martin Kinsella	Executive Director
William McCabe	Comptroller
Jim Zito	Field Identification Team
Kyle Flaherty	Counsel
Ron Ochrym	Guest
Robert Feuerstein	Guest
Tracy Egan	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 December 2009 meeting. After a review of the Minutes, it was noted that there were two typographical errors on page 2 of the Minutes. 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 directed Bill McCabe to review the Fund's Financial Report for the period ending March 31, 2010. Mr. McCabe reviewed the highlights of that Report. In the course of that review, it was noted that New York City OTB, which is in bankruptcy, has been current on its post-petition obligations, but owes the Breeding Fund over

\$2.1 million in pre-petition obligations. A general discussion regarding the status of the NYC OTB bankruptcy ensued. After an extended discussion, the Board directed Fund counsel to send a letter to the counsel for the Creditors Committee identifying the Breeding Fund's interests in the bankruptcy case and setting forth the Board's concerns as NYC OTB reorganizes. The Board also directed Fund counsel to send a memorandum to the Board members explaining what a Chapter 9 bankruptcy is, how it differs from a more traditional Chapter 11 bankruptcy and setting forth what the Fund's options may be in the bankruptcy. After more discussion, a motion was made and duly seconded to approve the Fund's January, February and March 2010 Financial Reports. This motion passed unanimously.

As the next order of business, and on behalf of the Audit Committee, Commissioner Snyder referred the Board members to the audit report performed by the Fund's auditors, Toski, Schaefer & Company. Commissioner Snyder noted that the Fund received a clean audit report from Toski and complimented the Fund's controller, Mr. McCabe, for doing a good job in keeping the Fund within its statutory guidelines. Upon reviewing the audit report, Dr. Wilmot noted an error on page 12, in which the report states that "Reserve awards have been paid in 2010 and February and March of 2009". The Board concurred that this reference appears to be an error, and that the auditors should be asked to review that error and issue a corrected report.

Chairman Sabini then asked Jeff Cannizzo to give the Fund's Promotional Report. Mr. Cannizzo distributed a three page NYTB Promotional Report for the period January through March 2010, and went through each of the events and activities disclosed on that report. Mr. Cannizzo reported that NYTB had just completed a new RFP process for retaining a new lobbying firm and reported that NYTB had hired Christopher Del Guidice, from the firm Davidoff Malito & Hutcher LLP, as its new lobbyist. Mr. Del Guidice was introduced to the Board and proceeded to give a legislative update, advising that through their efforts, a new bill has been introduced into the legislature, through Senator Eric Adams, raising the breeders awards cap from 50% to 65%, raising the administrative cap from 4% to 6%, raising the promotional cap from 5% to 6% and requiring all industry participants (e.g., OTBs and tracks) to make their statutory payments to the Fund on a quarterly basis throughout the year. Finally, Mr. Cannizzo distributed a three page handout comparing over the past 10 years the Breeding Fund's handle revenue and awards payments, demonstrating a decline in both over time.

As the next order of business, Chairman Sabini noted that the Breeding Fund had recently issued new field inspection guidelines and protocols and would soon be in the process of codifying its policies with respect to the handling of awards payments for thoroughbred breeders or owners who are accused of neglect or abuse of horses in New York State. Chairman Sabini noted, however, that since the criminal case concerning Ernest Paragallo and Paraneck Stables has not yet been concluded, and since those matters are still under investigation by the Racing and Wagering Board, it may not be appropriate to move forward with that process at this time. Fund counsel noted that, at the direction of the Board, he had prepared a Notice of Proposed Rulemaking addressing the disposition of Fund awards monies in circumstances where the recipient of those funds has been alleged to have engaged in neglect or abuse of horses or in other cases of animal cruelty. Fund counsel noted, however, that since the Paragallo matter remains unresolved, it was his understanding that the Fund would not yet move forward on the proposed rulemaking that he had prepared.

As the next order of business, Chairman Sabini called for an executive session to discuss a personnel matter. 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 announced that effective immediately, Tracy Egan would serve as the new Executive Director of the Breeding Fund. Chairman Sabini thanked Mr. Kinsella for his fine work as the Executive Director of the Fund for nearly 12 years. Mr. Kinsella addressed the Board briefly thanking them for their support during his tenure with the Fund. Thereafter, Ms. Egan addressed the Board, thanking the Board members for their confidence in her and providing her vision of the Breeding Fund going-forward.

With no further business pending before the Board, the meeting was adjourned. The next meeting is scheduled for June 24, 2010 at 11:00 a.m.