

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD AUGUST 13, 2019**

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 August 13, 2019 at the National Museum of Racing and Hall of Fame in Saratoga Springs, New York.

Present

John Poklemba	Chairman
Barry Sample	Chairman, NYS Gaming Commission
William Wilmot, DVM	Member
Jeff Cannizzo	NYTB, Executive Director
Jackie Moody-Czub	Deputy Commissioner, Agriculture and Markets
Philip Birsh	Member
Howard Nolan	Member
Joseph McMahon	Member
John Graziano	Member
Tracy Egan	Executive Director
Jill LaBoissiere	Comptroller
Adam Lawrence	Registrar
Kyle Flaherty	Counsel
David O'Rourke	NYRA – Guest
Martin Panza	NYRA – Guest

Chairman Poklemba opened the meeting by noting that there was a quorum and called the meeting to order. Chairman Poklemba also welcomed NYRA's President David O'Rourke and NYRA's Senior Vice President of Racing Operations Martin Panza, both of whom were present at the meeting.

As the first order of business, the Board considered the Minutes of the June 2019 meeting.

A motion to accept the Minutes was duly made, seconded and approved by the Board.

As the next order of business, Chairman Poklemba asked Fund Comptroller Jill LaBoissiere to review with the Board the Fund's financials through June 2019. Ms. LaBoissiere proceeded to review the interim financial report and noted that the Fund's revenues through June are in line with expectations and budget.

A motion to accept the Fund's financial report through June 2019 was duly made, seconded and approved by the Board.

As the next order of business, Chairman Poklemba asked Ms. LaBoissiere to review with the Board the Fund's proposed budget for 2020. Ms. LaBoissiere proceeded to distribute and review a 7-page 2020 Budget Summary with the Board members. Ms. LaBoissiere explained to the Board members the methodology that the Fund used in developing the proposed budget and answered questions relating to revenue projections from various sources.

A motion to accept the Fund's proposed budget for 2020 was duly made, seconded and approved by the Board.

The next order of business was the ratification of the revised Finger Lakes purse enrichment agreement that the Fund had signed on June 26, 2019. Tracy Egan distributed to each of the Board members a copy of the revised agreement, gave background information concerning the agreement and explained that the Fund agreed to it in late June subject to subsequent Board ratification. Mr. Cannizzo also provided further context to the agreement.

A motion to ratify the Fund's June 26, 2019 purse enrichment agreement with Finger Lakes Racing Association was duly made, seconded and approved by the Board.

As the next order of business, Chairman Poklemba asked Ms. LaBoissiere to provide an update on Finger Lake's use of purse enrichment from the Fund. Ms. LaBoissiere distributed a 2-page Finger Lakes Race Detail through July 31 that identifies how Finger Lakes has been utilizing purse enrichment from the Fund. She reviewed that document with the Board members and responded to various questions concerning it. The Board members then discussed at length the Fund's allocation of purse enrichment money more broadly with NYRA and Finger Lakes. Mr. Cannizzo then stated that he and many New York breeders throughout New York State are concerned about what the mare population in the State (and subsequent foal crops) may look like over the next 5 years unless certain steps are taken soon to attract thoroughbred owners to bring high quality mares into New York State for breeding purposes. Chairman Poklemba noted that if New York State breeders would like the Fund to consider any proposals that would be designed to incentivize high quality mares to breed in New York, the Board would consider the merits of any such proposals. Some discussion then ensued about making minor changes to the Fund's breed-back rule in circumstances where high quality mares are purchased in public auction and the logistics of the Fund's board of directors adopting a rule in a timely fashion to modify the breed-back rule.

As the next order of business, Chairman Poklemba asked Ms. LaBoissiere to discuss the Fund's policy regarding award payments when disqualifications surface after awards have already been paid out. Ms. LaBoissiere proceeded to discuss how the Fund makes adjustments under these circumstances and indicated that it would be preferable to adopt a formal Fund policy on this issue. She then circulated a one-page draft Disqualification Policy for the Board's review and proceeded to review the draft with the Board members. A question was raised about how the Fund handles disqualification issues presently and Ms. LaBoissiere explained that such matters are handled on a case-by-case basis. After some discussion, it was noted that the Fund recoups future awards as needed to recapture adjustments that may be made from time to time. It was also noted that there should be a time limit on how long the Fund will adjust awards for

disqualifications. The consensus of the Board was to modify the DQ Policy to add language concerning the Fund's ability to recoup award payments as needed, consistent with the Fund's current practice, and to allow the Fund to make adjustments based upon disqualifications for up to two years from the date of the awards payment. Chairman Poklemba asked Ms. LaBoissiere to revise the draft Disqualification Policy accordingly and present it to the Board at the December meeting.

As the next order of business, Ms. LaBoissiere was asked to discuss with the Board an extension of the Fund's contract with Marvin & Co. for one year, as recommended by the Audit Committee, with a modest increase to the auditors' hourly rates from the prior year. A copy of the audit firm's May 23, 2019 letter proposing an extension of its engagement by one year was distributed to the Board.

A motion to accept Marvin & Company's letter extending its engagement with the Fund for 2019 was duly made, seconded and approved by the Board.

As the next order of business, Chairman Poklemba asked Dr. Wilmot to provide an update on speakers for the Fund-sponsored NYTB Educational Series. Dr. Wilmot gave a brief update on the meeting and educational program scheduled for October 13th and identified the speakers for the event. Dr. Wilmot also asked Ms. Egan to provide the Board with a follow up on the discussions that she and Mr. Birsh had with representatives of the Thoroughbred Retirement Foundation about the TRF's negative portrayal of the Fund's program in New York. Ms. Egan stated that the parties had a productive conversation and that the Fund's concerns had been directly conveyed to the TRF representative.

Chairman Poklemba noted that the Board would convene an Executive Session to discuss a potential legal matter, whereupon the Board went into Executive Session.

At the end of Executive Session, Chairman Poklemba noted that during the Executive Session, the Board discussed personnel matters and a potential legal matter. No actions were taken in the Executive Session.

Chairman Poklemba noted that the next order of business for the Board was a review and consideration of a Resolution for Surplus Funds at Year-End, a copy of which had been distributed to the Board members. After some discussion, Chairman Poklemba inquired whether the Board was inclined to adopt the resolution.

A motion to adopt the Resolution for Surplus Funds at Year-End was duly made, seconded and approved by the Board.

As the next order of business, the Board members asked for an update on the mare movement process that had been discussed at length at the Board's June meeting, including whether any specific penalties were being considered for thoroughbred owners who do not comply with the Fund's mare movement tracking requirements. Mr. Birsh asked Ms. Egan if the Fund took any steps on the mare movement process after the June 2019 meeting and/or had considered adopting fines for thoroughbred owners who are not complying with the Fund's mare movement policy. Ms. Egan explained how the Fund currently addresses mare movement issues and Fund counsel explained that if the Fund seeks to impose fines for mare movement requirements, that would

likely require a Fund rule or regulation. Some Board members noted that imposing fines would likely not be an effective method for requiring compliance with mare movement requirements, and that it would likely be better to establish a program whereby Fund participants who do not follow the Fund's mare movement requirements, may become ineligible to participate in the Fund's awards program. It was noted that due process requirements need to be considered in establishing a rule. Chairman Poklemba directed Fund counsel to create and distribute a working draft of a rule on this issue and to distribute that draft prior to the December meeting.

As a new matter, Senator Nolan asked if there has been any update on Delaware North's efforts to establish a turf course. Mr. Cannizzo responded that there have been no efforts in that regard. It was suggested that Fund counsel draft a letter for Chairman Poklemba to be sent to Delaware North asking for an update on their efforts to create a turf course at Finger Lakes and Fund counsel noted that he would do so.

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