

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD AUGUST 14, 2018**

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 14, 2018 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
Joseph McMahon	Member
William Wilmot, DVM	Member
Jeff Cannizzo	NYTB, Executive Director
Jackie Moody-Czub	Deputy Commissioner, Agriculture and Markets
John Graziano	Member
Philip Birsh	Member
Tracy Egan	Executive Director
Jill LaBoissiere	Comptroller
Adam Lawrence	Registrar
Kyle Flaherty	Counsel

Chairman Poklemba opened the meeting by noting that there was a quorum and called the meeting to order.

As the first order of business, the Board considered the Minutes of the June 2018 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 Jill LaBoissiere to review with the Board the Fund's June 2018 Year-to-Date Financials. Ms. LaBoissiere proceeded to review the financials with the Board.

A motion to accept the June 2018 Financial Statements was duly made, seconded and approved by the Board.

As the next order of business, Chairman Poklemba asked Ms. LaBoissiere to reviewed with the Board the Fund's proposed budget for 2019. Ms. LaBoissiere distributed to the Board an 8-page document setting forth a proposed budget for 2019 from the Fund's Audit Committee. The

Board thoroughly reviewed the proposed budget and asked numerous questions, all of which were answered.

A motion to accept the proposed 2019 Budget was duly made, seconded and approved by the Board.

As the next order of business, Chairman Poklemba agreed to Mr. Birsh's request to switch items 5 and 6 of the Agenda and asked Mr. Cannizzo to address both of these items with the Board. Mr. Cannizzo proceeded to address the issue of raising registration fees to help the Fund support the NY Stallion Stakes Series. After a brief introduction on this issue, Mr. Cannizzo invited NYRA Vice President of Racing Martin Panza to address the Board directly. Mr. Panza then distributed a one-page Race Schedule document for 2019 setting forth the details on what the Stallion Stakes Series could look like for New York-sired, New York-breds under the program that NYRA could establish with the Fund. Mr. Panza noted that the Fund's registration fees are extremely low and that an increase to those fees could generate substantial revenue to help fund an improved NY Stallion Stakes Series with greater purse levels. He noted that if the Fund could commit to paying NYRA \$1.1 million in purse enrichment in 2019 (and in later years), NYRA would commit to paying \$1.2 million annually from its purse account to fund the program. The Board members proceeded to ask Mr. Panza and Mr. Cannizzo a number of questions concerning the objectives to be achieved through this program. Mr. McMahon explained that one of the objectives was to respond to concerns from numerous thoroughbred breeders in New York to undertake efforts to add value to New York-sired thoroughbreds. As part of this initiative, the Fund is proposing increasing registration fees for weanlings from \$50 to approximately \$300. The Board discussed at length how much that increase should be, but no action was taken at that time.

As the next order of business, Chairman Poklemba asked Ms. Egan to address the issue of paying to NYRA the Fund's surplus from 2017 in the amount of approximately \$520,000 in light of the fact that the Fund made no purse enrichment distributions to NYRA in 2016 or 2017.

A motion to pay the Fund's surplus 2017 revenue to NYRA as purse enrichment was duly made, seconded and approved by the Board.

As the next order of business, Chairman Poklemba asked Mr. McMahon to address the Board on the issue of adjusting breeder awards for NY-sired, NY-breds competing in eligible races. Mr. McMahon and Mr. Cannizzo stated that the Audit Committee gave this issue a great deal of thought and concluded that it would not be appropriate to make any such adjustments to the New York program at this time.

Next, Mr. Cannizzo was asked to speak to the Board with respect to racing and purse enrichment issues for Finger Lakes Gaming and Racing. Mr. Cannizzo began by noting the history of the Fund's support for FLRA over the years and then discussed the struggles that FLRA is continuing to encounter, including small fields and extreme reliance on NY-breds. He then distributed a two-page document entitled "2017 Finger Lakes Racing Open Starts," which document sets out Concepts A – D on different approaches to change the racing program at FLRA. He proceeded to discuss several potential approaches that could result in changes at FLRA, but focused the Board's attention on "Concept D" of the handout that he distributed to the Board, i.e., the idea that FLRA discontinue running certain allowance races, which have very

small fields (most of which are filled by New York-breds) and, instead, write open condition races, which would have the effect of doubling the purses for such races and increasing the likelihood of generating greater breeder, owner and stallion awards. By doing that, horse fields, purses and handle would grow substantially, all of which would benefit the breeder, owner and stallion owner communities. There was substantial discussion on the matter and it was agreed to be addressed in greater detail at the December meeting.

As the next order of business, Chairman Poklemba asked Mr. Cannizzo to deliver an update on the promotional activities of NYTB since the past Board meeting and to address the Fund's contract with NYTB. Mr. Cannizzo proceeded to provide a report outlining all of NYTB's promotional activities on behalf of the Fund and the thoroughbred breeding community. Next, Mr. Cannizzo noted that NYTB's contract with the Fund has a 3rd year option and he requested that the Fund exercise its option to extend its contract with NYTB for one year. Several Board members specifically noted that, in their judgment, the value that the Fund receives from its promotional contract with NYTB is substantial and could not be replicated by any other marketing or advertising firm or entity.

A motion to for the Fund to exercise its option under its contract with NYTB to extend the agreement through December 31, 2019 was duly made, seconded and approved by the Board. Mr. Cannizzo abstained from voting on the motion.

As the next item on the Agenda, Chairman Poklemba asked Ms. Egan to address the Board on the residency requirement rule change. Ms. Egan stated that the Fund received very few comments from the thoroughbred breeding community on this issue. After some discussion, including soliciting comments and perspectives from several breeders who were in attendance at the meeting as guests, the general consensus of the Board members was that there appears to be consensus that industry stakeholders are satisfied with current residency requirement rules for broodmares.

As the next order of business, Chairman Poklemba noted that the next issue on the Agenda was the issue of whether the Fund should issue individual breeder award checks to each member of a joint venture, or whether the Fund should maintain its policy of issuing one award check per award. Mr. McMahon reported to the Board that he had canvassed numerous breeding entities throughout the State and that the general consensus is that the Fund should not change its current policy on this issue. Ms. Egan noted that the Jockey Club indicated the software creation to make separating checks possible could cost \$25,000.00 or more. There was full agreement by the Board members that the current "one horse, one check" policy should remain in place.

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