

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD AUGUST 2, 2016**

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 2, 2016 at the Fasig-Tipton Sales Pavilion in Saratoga Springs, New York.

Present

John Poklemba	Chairman
Joseph McMahon	Breeder
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Howard Nolan	Breeder
John Graziano	Breeder
Richard Ball	Commissioner, Agriculture and Markets
Jackie Moody-Czub	Deputy Commissioner, Agriculture and Markets
Philip Birsh	Breeder
Tracy Egan	Executive Director
Jill LaBoissiere	Comptroller
Adam Lawrence	Breeding Fund
Kyle Flaherty	Counsel
Randy Gullatt	Guest

Chairman Poklemba noted 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 2016 meeting.

After a review of the Minutes, 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 June 2016 Year-to-Date Financials. Ms. LaBoissiere proceeded to review the financials with the Board.

A motion to approve the June 2016 Financial Statements was made, duly seconded and unanimously approved by the Board.

As the next item, Chairman Poklemba asked Fund counsel to review with the Board whether it believes that NYTB is a sole source provider with respect to the various promotional and

advertising services that NYTB regularly provides to the Fund. Fund counsel circulated to the Board a proposed Sole Source Provider document for the Board's consideration detailing the rationale under which the Board has previously found that NYTB is a sole source provider for such purposes and renewing that rationale. Fund counsel then reviewed each aspect of the Sole Source Provider document and responded to questions posed by Board members.

After some discussion, a motion to approve the proposed Sole Source Provider document was made, duly seconded and unanimously approved by the Board, with Board member Jeff Cannizzo recusing himself from the discussion and the vote on the matter.

As the next order of business, the Board reviewed the terms of the Breeding Fund's proposed contract renewal with NYTB.

After some discussion, a motion to approve the terms of a renewal of the NYTB contract was made, duly seconded and unanimously approved by the Board, with Board member Jeff Cannizzo recusing himself from the discussion and the vote on the matter.

As the next order of business, Chairman Poklemba asked Mr. Cannizzo to give a brief overview of NYTB's promotional activities on behalf of the Breeding Fund through July 2016. Mr. Cannizzo proceeded to give that review.

As the next order of business, Ms. LaBoissiere reviewed with the Board the Breeding Fund's draft Budget for 2017. Ms. LaBoissiere then distributed an 8-page document setting forth a proposed budget for 2017 among the various revenue and expense categories and explaining the Fund's rationale for those projections. A thorough discussion ensued regarding Fund revenue projections in light of various unknown factors, including the potential revenue impact on the Fund resulting from both the pending VLT arrangement between Genting/Nassau County OTB and the opening of a new casino within the Finger Lakes region.

A motion to approve the 2017 Budget was made, duly seconded and unanimously approved by the Board.

As the next order of business, Chairman Poklemba asked Ms. Egan to address the Board concerning the scarcity of NY-based venues for selling NY-bred yearlings. Ms. Egan circulated and reviewed with the Board a worksheet entitled "FT Preferred Sale Catalogue, 2011-2016, NY-sired yearlings v. Out of state sired". The worksheet demonstrated that the percentage of NY-sired thoroughbreds in the Preferred Sale Catalogue declined in 2016 to less than 24%, down by more than 15% from two years ago. A Kentucky breeder Randy Gullatt then addressed the Board and discussed his concerns about the scarcity of New York venues selling NY-sired yearlings and the impact that this issue is having on his business and his future willingness to breed in New York. The Board members then had an extended discussion with respect to what the Board can do to incentivize owners to purchase NY-sired thoroughbreds.

Chairman Poklemba requested a motion to go into Executive Session to discuss litigation. Whereupon a motion to go into Executive Session to discuss a litigation matter was duly made, seconded and unanimously approved by the Board.

At the conclusion of the executive session, Chairman Poklemba went back on the record and reported that no action was taken with respect to the litigation matter.

Under new business, Mr. Birsh addressed the Board and recommended the creation of an Owner & Breeder Advocacy Program. He stated that in his view, thoroughbred owners are too fragmented and that it would be in the best interests of the Breeding Fund, and the New York thoroughbred industry generally, to undertake an initiative to encourage and reward thoroughbred owners through various means. A general discussion ensued about how such a program could be structured and funded. At the end of the meeting, Chairman Poklemba suggested that Mr. Birsh and Mr. Cannizzo spend some time before the next meeting collaborating on this initiative and to bring a specific proposal to the Board.

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