

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD AUGUST 8, 2017**

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 8, 2017 at the National Museum of Racing and Hall of Fame in Saratoga Springs, New York.

Present

John Poklemba	Chairman
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Howard Nolan	Breeder
Jackie Moody-Czub	Deputy Commissioner, Agriculture and Markets
John Graziano	Breeder
Philip Birsh	Breeder
Tracy Egan	Executive Director
Jill LaBoissiere	Comptroller
Adam Lawrence	Registrar
Kyle Flaherty	Counsel

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 2017 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 2017 Year-to-Date Financials. Ms. LaBoissiere proceeded to review the financials with the Board. She noted that revenues in first six months of the year were lower than budgeted due to the Resorts World impact. She also noted that awards were only slightly below budget. Ms. LaBoissiere explained that preliminary numbers for July were also slightly negative, and that there appears to be a year-to-date deficit of more than \$400,000. Ms. LaBoissiere stated that the Fund's overall financial picture for the year will largely depend upon what happens in the last quarter of 2017. She also provided an update on the Fund's collection efforts from Catskill OTB and Capitol OTB. It was noted that Resorts World has added new VLTs, but that it remains to be seen whether the addition of those new machines will generate additional revenue for the Fund.

A motion to accept the June 2017 Financial Statements was duly made, seconded and approved by the Board.

As the next order of business, Chairman Poklemba asked Ms. LaBoissiere to address the 2018 budget proposal recommended by the Audit Committee. Ms. LaBoissiere distributed a 7-page 2018 Budget Summary. She explained that the budget proposal shows projected revenue detail for 2018 and likely experience and trends on award payouts. She also described the methodology that the Audit Committee used in developing a budget for next year. She explained the assumptions that were used by the Audit Committee in this process.

A motion to approve the 2018 Budget proposal was duly made, seconded and approved by the Board.

The next order of business related to a review of NYTB's promotional activities on behalf of the Fund and a potential extension of the Fund's promotional services contract with NYTB. Chairman Poklemba asked Mr. Cannizzo to address the Board members. It was noted that NYTB's contract with the Fund can be extended for one year upon mutual consent of both parties. Mr. Cannizzo then proceeded to distribute and review with the Board members a 5-page handout detailing all of the numerous activities that NYTB undertakes on a regular basis in promoting thoroughbred breeding and racing in New York State.

A motion to extend NYTB's promotional services contract with the Fund for one year was duly made, seconded and approved. Mr. Cannizzo recused himself from discussing and voting on the matter.

The next order of business related to an update on racing at Finger Lakes Gaming and Racetrack. Ms. Egan stated that Finger Lakes has been providing additional information regarding how the Fund's increased purse enrichment has been utilized. Ms. LaBoissiere distributed a two-page worksheet that details how Finger Lakes has been using its purse enrichment monies in 2017, with a comparison to 2016. Ms. LaBoissiere then reviewed that worksheet in great detail with the Board. Mr. Cannizzo discussed that under the Term Sheet, Finger Lakes is obligated to take certain steps toward the development of a turf course, but has heard very little about that initiative since the Term Sheet was signed. Mr. Cannizzo also noted that in May, he had attended a meeting at Finger Lakes regarding the feasibility of adding a turf course. In connection with that meeting, Mr. Cannizzo developed a study, *Turf Racing at Finger Lakes Gaming and Racetrack: A Silver Bullet*, which he distributed to Finger Lakes' representatives at the meeting trying to demonstrate the economic value of a turf course. He explained that turf courses tend to attract more horses, which in turn, tends to have a positive effect on handle. Mr. Cannizzo shared that study with the Board members.

As the next order of business, Chairman Poklemba asked Ms. Egan to discuss thoroughbred aftercare efforts made by the Breeding Fund, including whether the Fund could take additional measures to support an aftercare initiative. A question was raised about the legality of the Breeding Fund supporting aftercare within the restrictions of its enabling statute. It was noted that the Fund had previously considered using registration revenue and/or promotional monies to support aftercare. Chairman Poklemba then appointed Mr. Cannizzo, Dr. Wilmot, Senator Nolan and Mr. McMahon to serve on an Ad Hoc Aftercare Committee, and asked that Committee to be prepared to discuss aftercare at the next meeting.

Under new business, Mr. Cannizzo distributed a three-page document entitled *2016 NYRA: NY-bred vs. Open*. He then reviewed the document with the Board members, showing the average field sizes and average handle per race at NYRA tracks for NY-bred races as against open races in 2016. The document shows that NY-bred races in 2016 garnered greater field sizes and generated greater handle at NYRA tracks than open races.

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