

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD AUGUST 9, 2022**

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 9, 2022 at Empire State College in Saratoga Springs, New York.

Present

Joseph McMahon	Member
William Wilmot, DVM	Member
Najja Thompson	NYTB, Executive Director
John Hicks	Member
Patricia Cifuentes, DVM	Member
Jackie Moody-Czub	Deputy Commissioner, Ag & Markets
Tracy Egan	Executive Director
Kim Kurtzner	Comptroller
Adam Lawrence	Registrar
Kyle Flaherty (remote)	Counsel
Tom Gallo	Guest
Vivian Malloy	Guest
Scott Ahlschwede	Guest
Mallory Moore	Guest

As the meeting opened, a motion made, duly seconded and unanimously adopted that Board member Joseph McMahon shall serve as Chair for the meeting. Acting Chairman McMahon then called the meeting to order.

As the first order of business, Acting Chairman McMahon sought approval of the Minutes of the June 2022 Board of Directors’ meeting. After review, a motion to adopt the June 2022 Minutes was duly made and seconded and was unanimously approved.

As the next order of business, Comptroller Kim Kurtzner was asked to present the Fund’s Financial Report through June 2022. Ms. Kurtzner noted that the Fund’s financial results through June were mixed. She then proceeded to review the entire Financial Report with the Board and answered numerous questions regarding the Fund’s revenue and awards experience through June. She noted that Fund revenue was down from the same period through June 2021 and that awards were down as well. Ms. Kurtzner further noted that Catskill OTB remains delinquent on its obligations to the Breeding Fund. Fund counsel noted that the Fund sent Catskill OTB a demand letter following the last meeting, and that they had responded by stating that they were awaiting authority from the Gaming Commission to access their reserves to pay

the obligation. Fund counsel stated that this response is unacceptable and that he would follow up after the meeting advising them that the payment is a statutory obligation and is due and owing to the Fund. A motion to accept the Financial Report was made, duly seconded and unanimously approved.

As the next order of business, the Acting Chairman noted that the Board members needed to discuss the Request for Information from Qualified Thoroughbred Industry Promotional and Advertising Entities (“RFI”) process that the Breeding Fund had recently undertaken with respect to determining whether there may be qualified promotional and advertising organizations that may be interested in submitting bids to provide promotional and advertising services to the Breeding Fund. It was noted that while the Breeding Fund had widely distributed the RFI and had initially received interest from 27 different promotional firms, in the end the Fund received only three (3) responses to the RFI, one (1) of which was from NYTB. In order to facilitate a discussion of the information provided through the RFI process, the Acting Chairman requested that the Board go into Executive Session and that NYTB President and Board member Najja Thompson step outside of the meeting room given his conflict of interest in the discussion. The Board then went into Executive Session.

At the conclusion of the Executive Session, the meeting resumed. Acting Chairman McMahon stated that during the Executive Session the Board considered the three (3) responses that had been submitted in connection with the RFI. He then invited a motion as to the Board’s course of action from that discussion. Board member John Hicks then made a motion that NYTB continue to serve as the Fund’s promotional partner under the following terms: i.e., a three-year contract with two (2) one (1) year renewals at the discretion of the Breeding Fund, provided that the Fund shall have the ability to terminate the contract without cause upon six (6) months’ notice. This motion was duly seconded and unanimously approved. The Acting Chairman then requested that NYTB meet with the Breeding Fund’s Promotional Committee within the next several weeks to make a presentation of the scope of services that NYTB will provide to the Fund and NYTB’s fee request for providing those services. Fund counsel then noted, for the record, that during the Executive Session, the Board members examined the merits of the RFI responses from all three (3) of the bidders, but that the Board ultimately determined, for different reasons, that only NYTB was qualified to provide the required promotional services to the Breeding Fund.

As the next order of business, the Acting Chairman asked Ms. Kurtzner to review with the Board members her projected budget for 2023. Ms. Kurtzner noted that her 2023 Budget Summary had been provided to the Board members in advance of the meeting. She then proceeded to explain to the Board members her rationale for building a projected budget, using the prior year’s budget as a baseline. An extended discussion then ensued concerning projected revenues, projected awards experience and anticipated administrative and promotional expenses in 2023, and the rationale for each. Board members asked various questions about some of the assumptions that the Fund made in developing the 2023 budget and noted that the Fund’s revenues are projected to be flat from the current year. Ms. Egan and Ms. Kurtzner explained each of the assumptions used in developing the budget. Several of the Board members noted the importance for the entire industry, including the Breeding Fund, to be committed to the support of aftercare programs and inquired about the ability of the Breeding Fund to budget for aftercare in 2023. It was noted that given the statutory limitations on how the Breeding Fund is authorized to expend Fund revenues, the Fund can only allocate monies for aftercare through its promotional budget.

NYTB President Najja Thompson inquired about the amount of money budgeted for the Fund's promotional partner in 2023. It was noted that in prior years, the Fund had budgeted \$400,000 in this category but that for 2023 the Fund is budgeting \$350,000 in this category. Fund counsel stated that whether the Fund allocates \$350,000 or \$400,000 into the promo partnership category in its preliminary budget, that figure can and often does change when the budget becomes final. He noted that the amount of money that the Fund will ultimately commit to NYTB through its promotional services contract will be a function of the scope of services that is negotiated between NYTB and the Fund's Promotional Committee. A lengthy discussion ensued regarding the purpose of establishing a preliminary budget for 2023 now with the understanding that the various line items that are included within that preliminary budget are often adjusted over time as circumstances change. Dr. Wilmot suggested that the preliminary budget be revised by changing the amount allocated to the Breeding Fund's Promo Partner to \$400,000 as it had been in prior years and simultaneously reducing the amount allocated generally to the Advertising-Promotional category to \$300,000. After some discussion, Dr. Wilmot made a motion, which was duly seconded by Board member Patricia Cifuentes, that the preliminary budget be revised by modifying two line items (#513 – Advertising-Promotional and #518 – Promo Partner) such that the preliminary budget figure for the Advertising-Promotional category be reduced from \$350,000 to \$300,000 and that the preliminary budget figure for the Promo Partner category be increased from \$350,000 to \$400,000. This motion passed with Mr. Thompson recusing himself from voting on it. In addition, upon motion by Board member John Hicks, which was duly seconded, the Board voted unanimously to adopt the preliminary budget, as modified.

Under new and old business, Acting Chairman McMahon asked Mr. Thompson to report to the Board on the discussions among NYRA, NYTHA, and the Breeding Fund concerning the development of additional stallion stakes series races. Mr. Thompson stated that on behalf of the Fund he has spoken with representatives of NYRA and NYTHA about creating new stallion stakes series races with the goal of promoting New York stallions and bringing more mares into New York State. The Acting Chairman asked that Mr. Thompson and Ms. Egan continue to discuss this issue with NYRA and NYTHA and provide a report back to the Board at the next meeting.

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