

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD DECEMBER 11, 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 December 11, 2018 at the Fasig-Tipton Pavilion in Saratoga Springs, New York.

Present

Barry Sample	Chairman, NYS Gaming Commission
Joseph McMahon	Member
William Wilmot, DVM	Member
Jeff Cannizzo	NYTB, Executive Director
Richard Ball	Commissioner, Agriculture and Markets
John Graziano	Member
Howard Nolan	Member
Tracy Egan	Executive Director
Jill LaBoissiere	Comptroller
Adam Lawrence	Breeding Fund
Kyle Flaherty	Counsel

Chairman Sample 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 August 2018 meeting. Mr. McMahon noted that during the August meeting, he recalled a discussion in which the Audit Committee expressed its desire for a change in the law such that owners awards could be payable in restricted races and recommended that the Fund take action necessary to pursue that objective. The consensus among the Board members was that Mr. McMahon's recollection was accurate and that the August 2018 Minutes be amended to reflect that discussion.

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

As the next order of business, Chairman Sample asked Fund Comptroller Jill LaBoissiere to review with the Board the Fund's October 2018 Year-to-Date Financials. Ms. LaBoissiere proceeded to review the financials with the Board, including updated financials for November 2018 as well. She also noted that the Fund anticipates receiving a \$300,000 to \$500,000 in VLT "recapture" adjustment by the end of 2018, which is not yet noted in the Fund's financials. She also gave an update on Catskill OTB's financial difficulties and its delinquencies to the Fund.

As the next order of business, Chairman Sample asked the Fund's Executive Director Tracy Egan and Ms. LaBoissiere to review three administrative expenditures in 2019 that are likely to exceed \$5,000. As for the first item, it was noted that the Fund has a projected \$11,000 spend under its arrangement with Tech II Business Services, Inc., which manages the Fund's IT services.

A motion to approve this 2019 expenditure for IT services provided by Tech II Business Services, Inc. was duly made, seconded and approved by the Board.

As for the second item, Ms. LaBoissiere noted that the Fund has a projected expenditure of up to \$25,000 in 2019 to purchase a new vehicle for one of the Fund's field inspectors. She noted that in doing so, the Fund would utilize the State Contracting System and seek bids from dealers under that process.

A motion to approve this 2019 expenditure, up to \$25,000, to purchase a new vehicle for the field inspection team was duly made, seconded and approved by the Board.

As for the third item, Ms. LaBoissiere noted that under its three-year contract with Marvin and Company to provide audit services, the Fund will expend \$11,500 in audit services in 2019.

A motion to approve this 2019 expenditure in the amount of \$11,500 for audit services was duly made, seconded and approved by the Board.

As the next order of business, Chairman Sample asked Dr. Wilmot to address the Board concerning the Fund's anticipated promotional spends in 2019 that will exceed \$25,000. Dr. Wilmot proceeded to distribute a document that shows anticipated promotional spends in 2019 to BloodHorse (\$80,000), TDN (\$75,000) and NYRA-Saratoga & Belmont Live (\$81,500). The Board engaged in an in-depth discussion concerning the anticipated promotional benefits that are likely to inure to the Fund through its contract with NYRA-Saratoga & Belmont Live.

After discussion, a motion to approve the Fund's expenditure of \$81,500 to NYRA-Saratoga & Belmont Live for 2019 was duly made, seconded and approved by the Board.

Dr. Wilmot discussed with the Board the arrangements for 2019 that the Fund has discussed with the Bloodhorse and TDN for aggregate spending for those publications in amounts up to \$80,000 and \$75,000, respectively, depending upon the number of advertisements placed in those publications.

After discussion, a motion to authorize the Fund to pay up to \$80,000 in 2019 to Bloodhorse for advertisements and to pay up to \$75,000 in 2019 to TDN for advertisements was duly made, seconded and approved by the Board.

As the next order of business, Board member Jeff Cannizzo was asked to address the Board on the issue of allowing breeders awards earned in 2018 to be paid to the statutory maximum as contemplated by the Racing Law.

After some discussion, a motion to extend the allocation of breeders awards to the maximum extent permitted by law was duly made, seconded and approved by the Board.

As the next order of business, Ms. LaBoissiere was asked to report to the Board concerning Finger Lakes Racing Association's use of purse enrichment from the Fund. Ms. LaBoissiere then distributed various statistics concerning the types of races run at FLRA in 2017 and 2018, the number of races run at FLRA and the purse enrichment monies paid to them over the past two years, and reviewed that information with the Board. Mr. Cannizzo noted that the information provided shows that field sizes at FLRA declined significantly in 2018 from the prior year. He noted that field sizes at FLRA have been declining year over year at FLRA for a long time.

Mr. Cannizzo then reviewed with the Board members the process that the Fund's Audit Committee has undertaken with FLRA to discuss purse enrichment from the Fund. These discussions then evolved over the summer of 2018 into new concepts and specific purse enrichment proposals from the Fund that were designed to increase purses and field sizes at FLRA. Mr. Cannizzo reported, however, that these discussions and proposals have not resulted in any overall agreement or understanding with FLRA and that the Fund's purse enrichment commitments for FLRA in 2019 remain unresolved. Mr. Cannizzo stated that FLRA has not provided any formal response to the proposals that were made by the Fund in mid-2018 and that the Board should not take any further action on this matter until the Fund meets with FLRA again to discuss. It was agreed that the Fund should send a letter to FLRA requesting that FLRA respond to the Fund's purse enrichment proposal by a date certain in late December.

A motion for the Fund to send a letter to Finger Lakes Racing Association requesting a response to the Fund's 2019 purse enrichment proposal by late December was duly made, seconded and approved by the Board.

As the next order of business, Chairman Sample asked Ms. LaBoissiere to address the Board members about the Fund's likely surplus for 2018. Ms. LaBoissiere noted that it appears that the Fund will have a surplus for 2018 in the approximate amount of \$300,000 and asked how the Board would like to allocate that surplus as among breeders awards, owners awards and/or stallion awards. An extended discussion then ensued about the best and most effective use of this surplus. It was the consensus of the Board that the best and most effective use of the 2018 surplus would be to pay supplemental awards as owner awards. Board member Joe McMahon noted, however, that it would be preferable to limit the supplemental awards to owners awards earned in 2018 on New York-sired horses as a way to incentivize and reward owners of New York-sired thoroughbreds. It was noted, however, that a review by Fund counsel would need to be done to determine whether the Fund would have the statutory authority to pay supplemental awards in this manner. It was agreed, however, that in any event, the Fund should pay 2018 supplemental awards as owner awards, with the understanding that this category of award could be narrowed to owners of New York-sired thoroughbreds if it is determined that there is statutory authority to do so.

After discussion, a motion to pay 2018 supplemental awards as owners awards was duly made, seconded and approved by the Fund.

Finally, Chairman Sample asked Dr. Wilmot to provide an update on research being conducted by the Zweig Fund. Dr. Wilmot proceeded to give an overview of the various research initiatives currently being done by the Zweig Fund which the Fund pays 2% of revenue annually.

Chairman Sample noted that the Board would convene an Executive Session to discuss personnel matters, whereupon the Board went into Executive Session.

At the end of Executive Session, Chairman Sample noted that during the Executive Session, the Board discussed personnel matters.

Chairman Sample also noted under new business that Board member John Graziano will replace Mr. McMahon as the new Chair of the Board's Audit Committee.

Under new business, Mr. McMahon raised two issues for consideration: (1) what is the Fund's legislative agenda in 2019? and (2) whether the Fund will increase registration fees for 2019? It was agreed that there would be two committees to address these issues. It was then agreed that Mr. Graziano, Mr. Cannizzo and Chairman Sample, in his capacity as Chair of the Gaming Commission, would have a meeting to discuss a legislative agenda for the Fund in 2019.

With respect to the fee registration issue, Mr. McMahon stated that while this issue has been discussed in recent meetings, it has not been resolved. After an extended discussion, it was agreed that the same committee that will review the legislative agenda will review the fee registration issue as well.

As the next order of business, Ms. Egan introduced Amanda Tinkler, the Fund's newest member of its field inspection team, to the Board members. The Board members welcomed Ms. Tinkler to the Fund.

The next item concerned the dates for all of the Board meetings in 2019 (March 26, 2019, June 4, 2019, August 13, 2019 and December 10, 2019).

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