

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD DECEMBER 14, 2021**

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 14, 2021 via Zoom technology.

Present

John Poklemba	Chairman
Barry Sample	Chairman, Gaming Commission
William Wilmot, DVM	Member
Najja Thompson	NYTB, Executive Director
John Hicks	Member
Patricia Cifuentes, DVM	Member
Tracy Egan	Executive Director
Kim Kurtzner	Comptroller
Adam Lawrence	Registrar
Kyle Flaherty	Counsel
Joseph McMahan	Guest

Chairman Poklemba opened the meeting by noting that there was a quorum and by welcoming John Hicks to the Board.

As the next order of business, Chairman Poklemba sought approval of the Minutes of the August 2021 Board of Directors’ meeting. Dr. Wilmot noted two typographical errors in the draft Minutes. First, he noted that the designation DVM for Dr. Cifuentes is transposed and should be fixed. He also noted that the designation of “Ms. Graziano” on page 2 needs to be changed to “Mr. Graziano.” With those exceptions, which the Fund will correct, a motion to adopt the amended August 2021 Minutes was made, duly seconded and unanimously approved.

As the next order of business, Chairman Poklemba asked Comptroller Kim Kurtzner to present the Fund’s preliminary results of the October 2021 year-to-date financial statements. Ms. Kurtzner noted that on the revenue side, the Fund is above budget in virtually all categories. She also gave a brief overview of the awards experience on a year-to-date basis and the Fund’s overall expenditures on year to date. She also gave an update on the Catskill OTB’s historical delinquencies to the Fund.

As the next order of business, Chairman Poklemba asked Ms. Kurtzner to review with the Board certain administrative expenditures in excess of \$5,000. She first noted that the Fund wishes to

enter into a renewed technical support contract with Tech II, which would be a 5-year contract at \$12,000 per year. The scope of services will be slightly greater than the current contract. A motion to authorize the Fund to enter into a 5-year contract with Tech II to provide technical support to the Fund at \$12,000 per year with a scope of service that is not less than the current agreement was made by Najja Thompson, seconded by Chairman Sample, and unanimously approved by the Board.

Ms. Kurtzner next advised the Board that the Fund is seeking authorization to spend up to \$37,000 to procure an automobile for the Fund's new field inspector, which the Fund intends to purchase with a trade-in of the former field inspector's vehicle. Ms. Egan and Ms. Kurtzner stated that the Fund hopes to purchase a new vehicle for less than \$37,000, but stated that since the prices of vehicles has gone up recently, they need to have some flexibility on the amount of the authorized spend. A motion to authorize the Fund to spend up to \$37,000 to procure a new vehicle for the Fund's new field inspector was made, duly seconded and approved by the Fund.

As the next order of business, Chairman Poklemba asked Ms. Kurtzner to review with the Board Finger Lakes Racing Association's use of purse enrichment received from the Fund. Ms. Kurtzner stated that in doing this review, she compared FLRA's 2021 use of purse enrichment with its 2019 use of purse enrichment as she noted that 2020 is not a reliable measure due to disruptions related to the pandemic. Ms. Kurtzner compared the total number of open-company races, restricted races and total races run at FLRA in 2021, as well as the field sizes of those races, to the number of all such races and field sizes in 2019 and found that while the number of races and field sizes were down in all categories, there were 27 fewer race days in 2021, which can account for some of these declines. As for FLRA's use of purse enrichment, she explained that while the Fund paid a total of \$831,000 to FLRA for use in restricted races, FLRA paid out a total of \$924,000 in those restricted races, thereby absorbing a small portion of the total expenditure. At the conclusion of this report, questions were asked about owners' awards paid by the Fund in 2021 at FLRA as well, as understanding purse enrichment and owners awards payouts at FLRA helps to provide a better understanding of the overall purse structure at that track. It was noted that while the Fund cannot provide those figures at this time since 2021 racing is not over, the Fund will track it once that data becomes available.

The next order of business related to an adjustment to the holdback rate for 2022. Ms. Egan stated that during the pandemic, the Fund had increased the amount of the holdback on awards payments due to the uncertainty of being able to pay awards in full throughout the year. She noted that many breeders have reached out to the Fund office to request that the holdback rate be adjusted for 2022 so that it would be restored to the pre-pandemic holdback rate of 10%. A discussion then ensued about the merits of maintaining the 25% holdback rate or adjusting it for 2022. After discussion, a motion to adjust the Fund's awards holdback rate for 2022, effective January 1, 2022, from 25% to 10% was made by Chairman Sample, duly seconded by Dr. Wilmot and unanimously approved by the Board.

Chairman Poklemba asked Dr. Wilmot to present NYRA's proposal for a new contract with the Fund for 2022. Dr. Wilmot noted that he has been working with Mr. Thompson in negotiating this agreement with NYRA and asked him to provide the highlights of the agreement to the Board members. A document setting forth the NYRA deal terms for 2022 was distributed to the Board members. Mr. Thompson stated that the 2022 contract proposal with NYRA effectively mirrors the Fund's 2021 agreement and stated that he and Dr. Wilmot recommend that the Fund

renew its agreement with NYRA. Chairman Poklemba asked Fund counsel if he has any issues with the NYRA renewal. Fund counsel noted that at the present time there is only a term sheet, but that he anticipates that NYRA will convert that term sheet into an agreement and that he will review the agreement at that time. After some further discussion, a motion for the Fund to enter into a renewed agreement with NYRA consistent with the deal terms disclosed and subject to Fund counsel's review, was made, duly seconded and unanimously approved.

As the next order of business, Mr. Thompson requested that the Board consider allowing the 2021 breeders awards to be paid in full to their statutory maximums as contemplated by the Racing Law. A motion to allow the Breeding Fund to pay breeders awards for 2021 up to the statutory maximum was made, duly seconded and unanimously approved.

Chairman Poklemba next asked Dr. Wilmot to give an update on the research being conducted by the Zweig Fund. Dr. Wilmot gave a brief update on the Fund's contributions to the Zweig Fund and an overview of the types of research studies that the Zweig Fund had recently approved.

Chairman Poklemba noted that the dates for the Fund's 2022 Board meetings have been circulated and asked that the Board members notify him if there are any issues with those dates (March 29, June 7, August 23, December 13)

Under new and old business, Ms. Egan gave the Board an update on the mares purchased at auction to foal in New York. She reported that for the 2021 foaling season, 115 new mares came into New York, 42 of which were sold at \$50,000 or higher. She further reported that, to date, for the 2022 foaling season, 58 new mares came into New York, 25 of which were sold at \$50,000 or higher (and stated that those numbers will increase with the passage of time).

Dr. Wilmot noted that he had only recently learned that Philip Birsh had withdrawn from the Board of Directors of the Fund and wanted to thank Mr. Birsh for his service to the Board over the years.

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