

**NEW YORK STATE THOROUGHBRED BREEDING AND  
DEVELOPMENT FUND CORPORATION  
MINUTES OF THE MEETING OF THE BOARD OF  
DIRECTORS HELD DECEMBER 5, 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 December 5, 2017 at the Fasig-Tipton Pavilion in Saratoga Springs, New York.

Present

John Poklemba	Chairman
Joseph McMahon	Member
Jeff Cannizzo	NYTB, Executive Director
Howard Nolan	Breeder
Jackie Moody-Czub	Deputy Commissioner, Agriculture and Markets
Barry Sample	Chairman, Gaming Commission
John Graziano	Breeder
Philip Birsh	Breeder
Tracy Egan	Executive Director
Jill LaBoissiere	Comptroller
Adam Lawrence	Breeding Fund
Kyle Flaherty	Counsel

Chairman Poklemba opened the meeting by welcoming Dr. Barry Sample, Chairman of the New York State Gaming Commission, to the Board. He then 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 August 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 October 2017 Year-to-Date Financials. Ms. LaBoissiere proceeded to review the financials with the Board. She noted that revenues in October were more favorable than had been projected and has provided the Fund a small surplus for the year. Year to date, she noted that both revenues and awards have been lower than projected. She reported that based upon November trends, it is likely that the Fund will have a surplus in excess of \$100,000 at year's end.

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

As the next order of business, Chairman Poklemba asked Ms. Egan to deliver the Fund's Promotional budget proposal to the Board on behalf of Dr. Wilmot. Ms. Egan reminded the Board members that under Fund policy, the Promotional Committee has standing authority to approve any particular promotional expense up to \$25,000, but that any expenditures in excess of that amount require Board approval. Ms. Egan distributed a one-page Promotional Spending Detail – 2018 document listing the 18 proposed promotional spends for 2018 with a proposed dollar amount for each. She proceeded to review the list with the Board and answered various questions about the rationale behind certain of the proposed promotional initiatives.

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

The next order of business related to consideration of the Fund's 2017 and 2018 purse enrichment distribution to NYRA and FLRA. Ms. Egan noted that the Fund received a letter from NYRA in October regarding purse enrichment, which letter has been shared with the Board members. A lengthy discussion ensued about the need for the Fund to provide additional purse enrichment to FLRA in 2017 in anticipation of revenue losses at FLRA as a result of the opening of the del Lago Casino & Resort and the circumstances under which that occurred. After further discussion, Chairman Poklemba, on advice of counsel, noted that in light of the recent letter from NYRA and the potential for litigation, it is recommended that the Board resume the discussion in Executive Session. None of the Board members opposed this recommendation.

As the next order of business, Chairman Poklemba asked Board members Jeff Cannizzo and Joseph McMahan to provide a report from the Ad Hoc Committee on Rules Changes. Mr. McMahan noted that many members of the New York State stallion community have been dissatisfied with the results of the Fasig Tipton sales in recent years in that New York-sired thoroughbreds have been undervalued at the auction. A meeting among many members of both the stallion and breeder groups was held in order to identify the core problems in this area and to try to explore potential solutions. Mr. McMahan stated that it was a five hour meeting that resulted in three possible solutions. First, there was a general feeling that the Fund's breed-back rule should be modified to encourage breeders to bring their mares into New York State to breed with New York stallions. There was a lengthy discussion as to whether the current rule is too restrictive, thereby discouraging owners of quality mares from breeding their mares in the State.

Second, the participants at the meeting discussed the possibility of creating a New York-sired bonus at NYRA tracks. It was noted that while NYRA may be willing to support this bonus concept, particularly since NYRA is having difficulty filling its racing cards, it may be difficult to move forward with this initiative without a commitment from NYRA to support it.

Finally, the group noted that the Fund's Board may wish to consider the Fund's awards structure in general as questions were raised as to whether the Fund's current allocation of awards monies among the various categories is as effective as it can be.

After some discussion about these general topics, it was generally agreed that it would be worthwhile to review language on a proposed change to the breed back rule. To that end,

Chairman Poklemba directed Fund counsel to prepare a draft rule providing for greater flexibility on the breed back requirements.

Chairman Poklemba then noted that there are potential litigation matters that warrant an executive session.

**A motion for the Board to proceed to executive session was duly made, seconded and approved.**

At the close of the executive session, Chairman Poklemba noted that the next order of business is whether to approve a bill from the Gaming Commission in the amount of \$74,051.41 for office space and GC personal costs over a period ranging from January 1, 2014 to March 3, 2017. These were expenses incurred under the Shared Services Agreement between the Gaming Commission and the Fund. The Board approved the payment of the bill in full.

Chairman Poklemba then noted that the Board may wish to consider extending breeders awards to the maximum extent permitted by law for 2017 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.**

Chairman Poklemba raised the issue with respect to the manner by which the Board wishes to allocate surplus awards in the early part of 2018, which is estimated to be approximately \$100,000.

**After some discussion, a motion that the Fund's 2017 surplus monies be dedicated to purse enrichment exclusively for NYRA was duly made, seconded and approved by the Board.**

Finally, Chairman Poklemba asked Ms. Egan to give the Zweig Fund report to the Board members on behalf of Dr. Wilmot. Ms. Egan noted that Dr. Wilmot wished to express to the Board that the individuals on the Zweig Fund are very grateful for the support they receive from the Fund. In particular, Ms. Egan noted that one of the successful treatment initiatives that the Zweig Fund has supported is benefiting Thoroughbreds who suffer from breathing problems that would otherwise have to be treated surgically.

Under new business, Mr. McMahon expressed his view that the Fund needs to create a policy regarding thoroughbred aftercare. There was general agreement among the Board members that a proposed policy should be developed for the Board's consideration at the next meeting. Chairman Poklemba asked Ms. Egan to draft a proposed policy for the next meeting on this issue.

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