

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD JANUARY 18, 2013**

A meeting of the Board of Directors of the New York State Thoroughbred Breeding and Development Fund Corporation (the "Fund") was held at 10:00 a.m. on January 18, 2013 at the Fund's former offices in Saratoga Springs, New York.

Present

Joseph McMahon	Acting Chairman
Harry Snyder (via phone)	Commissioner, State Racing Commission
John Tesiero	Commissioner, State Racing Commission
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Ed Kelly	Breeder
Howard Nolan (via phone)	Breeder
John Graziano	Breeder
Tracy Egan	Executive Director
Kristen Frutschy	Frutschy Consultants LLC
Jeanne Coutts	Acting CFO
Kyle Flaherty	Counsel
Chris DelGuidice	Guest
David Brown	Guest

Commissioner Snyder began the meeting and immediately nominated Joseph McMahon to be the Chair of the meeting. This nomination was duly seconded and the Board unanimously voted in favor of the nomination. Mr. McMahon then agreed to be the Chair for the meeting.

As the first order of business, a motion was made for the Board to go into executive session to discuss personnel matters. This motion was duly seconded and unanimously agreed, whereupon the Board went into executive session.

At the conclusion of executive session, the meeting resumed and a brief description of the matters addressed in executive session was provided. Commissioner Snyder made a motion to retain Bryan Cave LLP to serve as the Fund's counsel on a month to month basis on the same financial terms that existed prior to the Board's termination of the engagement, with the understanding that either party could terminate the arrangement upon one week's written notice.

Mr. Snyder's motion was seconded and passed unanimously.*

As the next order of business, Acting Chairman McMahon created a three (3) person subcommittee to negotiate a Memorandum of Agreement with the newly established Gaming Commission and asked Mr. Cannizzo, Mr. Kelly and Dr. Wilmot to constitute that subcommittee. They all agreed to do so.

A discussion then ensued about establishing maximum monetary limits on what the Executive Director is authorized to spend on any Fund-related matter without obtaining Board approval. While it was noted that the Fund already has a policy in effect on this issue, the Board deemed it to be prudent to pass a motion on this issue. Whereupon, a motion was made, and duly seconded, that the Executive Director shall make no payment beyond \$5,000 to any non-contracted entity without obtaining Board approval. This motion passed unanimously.

As the next order of business, a discussion ensued about creating a new signatory for the Fund. Dr. Wilmot noted that the Fund currently has three authorized signatories (Commissioner Snyder, Ms. Egan and himself). He noted that when Commissioner Snyder steps down from the Board, there will only be two authorized signatories. Dr. Wilmot nominated Acting Chairman McMahon to serve as an authorized signatory for the Fund. This motion was duly seconded and unanimously approved.

As the next order of business, Acting Chairman McMahon asked the Board members to review the November 29, 2012 Minutes. After a review of the Minutes, a motion to accept the Minutes was duly made, seconded and approved by the Board.

As the next order of business, the Board discussed various revenue issues for 2012 and the impact of those decisions on the disbursement of the 10% holdback. Specifically, the Board discussed the treatment of a potential overpayment claim by NYRA for an alleged overpayment to the Fund in prior years and in 2012. After an extended discussion, and upon advice from counsel, the Board decided to disclose NYRA's potential claim in the notes to the Fund's financial statements. A motion to this effect was made, duly seconded and unanimously approved. The Board also considered whether to set aside 2012 revenue as a reserve against a potential overpayment claim by NYRA. However, since there was no actual claim by NYRA and since the Fund is a conduit entity which is required to pay out revenue through a statutory scheme, the Board determined that there was no basis for the Fund to establish such a reserve.

As the next order of business, the Board discussed the Fund's final 2012 revenue information and how withheld awards will be paid out. It was noted that the Fund's final 2012 financial information will not be ready for several weeks, but that it is anticipated that withheld breeders awards will likely be paid out at more than 70%. After an extended discussion, a motion was made that the Fund pay out withheld awards to the fullest extent possible based upon the revenues available. This motion was duly seconded and unanimously approved.

As the next order of business, Ms. Egan discussed the fact that while the Board had authorized an additional \$416,667 in purse enrichment at the August 2012 meeting, to date only \$316,667 of that sum had been paid out. The Board discussed whether the remaining \$100,000 should be retained by the Fund so as to increase the amount of withheld award payments. After some

discussion, a motion was made to change the August 2012 purse enrichment from \$416,667 to \$316,667. This motion was duly seconded and unanimously approved.

As the next order of business, the Board discussed the awards rates for 2013. After some discussion, a motion was made, duly seconded and unanimously approved to keep the awards rates for 2013 at the same level as such rates were for 2012.

As the next order of business, Ms. Egan noted that while she had anticipated seeking Board approval for spending with NYRA and other outlets for promotion on television, print and web, she explained that she was not pleased with the quotes that she has obtained from vendors and has decided to put off the request for promotional spending.

As a further matter, Mr. Graziano noted that the Board should make a decision with respect to the Fund's treatment of registry income and web-based advertising revenue, as the Fund has been criticized by the State Comptroller's Office on this issue. After some discussion, Mr. Graziano made a motion that beginning in 2013, all such revenue shall be considered income to the Fund. The motion was seconded and adopted.

Next on the agenda, the Board discussed the issue of breeding farms blocking access to the Registry Compliance Teams. The Board unanimously affirmed that inspections must be allowed for breeders to participate in the Award programs of the NYTBDF.

As the next order of business, Ms. Egan asked the Board for guidance on how the Fund should handle award checks that are not timely cashed by Breeding Fund participants. After some discussion, the Board directed that on a going-forward basis, all payees should be notified that awards checks will only be negotiable for 6 months, and that if they fail to negotiate the check within that time, the awards money will be forfeited. The Board directed that proper notice of this policy shall appear on the memorandum that accompanies all awards checks and shall also be prominently noted on all registration forms.

With respect to new business, Dave Brown from the Finger Lakes HBPA asked for an opportunity to address the Board. Mr. Brown then thanked the Board for their support of the FLCR program through the purse enrichment that was provided in 2012.

In addition, Mr. Cannizzo stated that he would like to see if the Fund could utilize certain of the money within its promotion budget to support New York based retiree horse programs. It was noted that this may be a worthy issue for the Board to pursue, subject to understanding whether it would constitute an appropriate expenditure of Fund monies.

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