

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD JULY 16, 2013**

A meeting of the Board of Directors of the New York State Thoroughbred Breeding and Development Fund Corporation (the "Fund") was held at 1:00 p.m. on July 16, 2013 at the offices of the State Gaming Commission in Schenectady, New York.

Present

Darrel Aubertine	Chairman
Joseph McMahon	Breeder
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Howard Nolan	Breeder
John Graziano	Breeder
Ed Kelly	Breeder
Tracy Egan	Executive Director
Kristen Frutschy	Frutschy Consultants LLC
Kyle Flaherty	Counsel

Chairman Aubertine called the meeting to order.

As the first order of business, Chairman Aubertine asked the Board members to review the May 8, 2013 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, Ms. Egan reviewed with the Board the Fund's financials through May 2013. A question was raised about line 400 on the May 2013 financial statements. Specifically, Mr. McMahon questioned the decline in NYRA handle review over the first five months of 2013 as compared to that same period in 2012, and the cause of that decline. Mr. McMahon wants to know how many days of racing were cancelled, and number of races lost during the Aqueduct winter meet as he was interested in knowing their affect on the decline in NYRA handle revenue. After an extended discussion on the issue, **a motion to accept the May 2013 financial statements, subject to a clarification on line 400 thereof, was made duly seconded and approved.**

As the next order of business, Chairman Aubertine asked Mr. Cannizzo to provide NYTB's promotional update. Mr. Cannizzo then distributed a 2-page NYTB Promotional Report

covering the period May and June 2013, and reviewed with the Board each of the initiatives identified in that report. Mr. Cannizzo then gave a brief legislative update regarding NYTB's lobbying efforts and recent legislation signed by Governor Cuomo, including new legislation that modifies the types of races that will be eligible for purse enrichment in 2014 and thereafter. Mr. Cannizzo also reported that as part of the recent Gaming Commission legislation, the Fund will begin to participate, beginning in 2014, in ADW revenue that is attributable to New York residents wagering through ADW accounts on out-of-state simulcasting. Mr. Cannizzo reported that this change in the law could result in approximately \$600,000 to \$1 million in additional Fund revenue each year. **A motion to accept Mr. Cannizzo's report was duly made, seconded and approved.**

As the next order of business, Ms. Egan advised the Board of the winners of the six (6) \$2,500 equine scholarships for 2013 sponsored by the Breeding Fund. Ms. Egan shared with the Board the credentials of each of the scholarship winners.

The next order of business was the **addition of new members** to the Board's Audit Committee. After some discussion, Dr. Wilmot proposed that Mr. McMahon serve as the Chair of the Audit Committee and that two of the following individuals, Senator Nolan, Mr. Cannizzo and Mr. Grazinao, be added to the committee. Senator Nolan declined his nomination, and **the Board duly adopted a resolution proposed by Dr. Wilmot, DVM to have Mr. McMahon chair the Audit committee with Mr. Graziano and Mr. Cannizzo serving as members.**

As the next order of business, Jim McCormick from the Jockey Club Information Systems addressed the Board about the need for the Breeding Fund to undergo a significant software upgrade. Mr. McCormick stated that the Fund's software has not been upgraded since 1988 and has reached its useful life. Several Board members asked Mr. McCormick about the process, timing and costs of the proposed upgrade. Mr. McCormick explained that the first step in the process is to develop a software plan based upon the needs of the Breeding Fund. He estimated that the cost of developing such a plan would be approximately \$50,000. After that, the next step would be for the Board to determine whether it wishes to build or buy the software program, and then, after that, the new system would need to be implemented. The Board members thanked Mr. McCormick for his thorough presentation and he was excused from the meeting. After some discussion, **a motion was made and seconded for the Board to go into executive session to discuss JCIS's proposal. This motion was approved and the Board went into executive session.**

The Board re-emerged from executive session. After some discussion, **a motion was made and duly seconded to earmark up to \$50,000 to develop a plan to upgrade the Breeding Fund's software.** This motion was approved.

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