

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD JUNE 7, 2016**

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 June 7, 2016 at the Fasig-Tipton Sales Pavilion in Saratoga Springs, New York.

Present

John Poklemba	Chairman
Joseph McMahon	Breeder
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Howard Nolan	Breeder
John Graziano	Breeder
Jackie Moody-Czub	Deputy Commissioner, Agriculture and Markets
Philip Birsh	Breeder
Tracy Egan	Executive Director
Jill LaBoissiere	Comptroller
Adam Lawrence	Registrar
Kyle Flaherty	Counsel

Chairman Poklemba noted that there was a quorum and called the meeting to order.

As the first order of business, Chairman Poklemba thanked Ed Kelly for his service to the Breeding Fund over the years and for his significant contributions as a member of the Board. The Chairman also welcomed new Board member Philip Birsh.

As the next order of business, the Board considered the Minutes of the March 2016 meeting.

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 Chairman noted that at the March meeting, the Fund's auditor had thoroughly reviewed with the Board members the Fund's audited financial statements for 2015, and that it was decided that the Board would hold off on entertaining a vote to adopt those Financial Statements until all Board members had an adequate opportunity to review. Noting that all Board members have since had an opportunity to review, the Chairman requested a motion to adopt them.

A motion to accept the Audited Financial Statements for 2015 was duly made, seconded and approved by the Board.

As the next item, Chairman Poklemba asked Ms. LaBoissiere to review the April 2016 year-to-date financials. Ms. LaBoissiere gave a brief overview of the Breeding Fund's revenues and awards over the first four months of 2016 and noted that the Fund's financial picture for the year appears to be strong.

Chairman Poklemba then asked Tracy Egan to report to the Board on the Breeding Fund's scholarship and New York thoroughbred fellowship program. Ms. Egan proceeded to identify each of the six recipients of the Fund's equine scholarships at Cornell, SUNY Cobleskill and Morrisville College, and provided brief narratives regarding each student's particular area of interest and study.

As the next order of business, Chairman Poklemba asked Mr. Cannizzo to give a brief report on various legislative initiatives that could affect the Breeding Fund, including a bill that would renew the sun-setting statutory provision that allows the Breeding Fund to increase its awards allocations with a two-thirds Board approval, a bill regarding NYRA privatization and a bill that would allow Genting to operate 1,000 VLT machines for Nassau County OTB without sharing VLT revenues with the Breeding Fund. On this latter initiative, Mr. Cannizzo explained that as he understands the arrangement, none of the revenues generated from those VLTs would be distributed to the Breeding Fund or other stakeholders as is currently required under existing legislation. He noted that the terms of such an arrangement would need to set forth in a memorandum of understanding between Genting and Nassau County OTB, subject to approval by the Gaming Commission. Mr. Cannizzo stated that the terms of that memorandum of understanding could have a significant economic impact on the Breeding Fund, depending upon how the legislation plays out. Joseph McMahon and Dr. Wilmot noted that if the Breeding Fund is shut out of that revenue stream, it will have a significant impact on the Breeding Fund and on the New York thoroughbred industry. Mr. Cannizzo noted that NYTB has sent letters to the Gaming Commission objecting to this matter. Senator Nolan stated that the idea that Nassau County can take VLT revenue away from the Breeding Fund, with State approval, is unconscionable, and suggests that a letter be sent to the Governor and to the State Legislature objecting to this arrangement. Mr. Cannizzo said that he would circulate the letters that NYTB has sent on this issue already. Chairman Poklemba formed a committee consisting of Phil Birsh, Senator Nolan and Mr. Cannizzo to prepare a letter to be addressed to the Gaming Commission addressing the concerns of the Breeding Fund regarding the memorandum of understanding between Genting and Nassau County on the new VLT machines and related revenue. Mr. Cannizzo also gave a brief update on legislative matters relating to Finger Lakes Racing Association and the impact that the new Del Lago Casino may have on FLRA.

As the next order of business, Mr. Cannizzo gave a brief overview on NYTB's promotional activities on behalf of the Breeding Fund in 2016.

As the next order of business, Chairman Poklemba asked Ms. Egan to address a possible renewal of the NYTB contract with the Fund. Ms. Egan stated that this Board has previously found that NYTB is a sole source provider as it relates to advertising and promoting the Fund, and it was noted that it may be appropriate for the Board to reaffirm that finding as it renews its contract

with NYTB. Ms. Egan stated that at the next Board meeting, the Board should be in a position to approve a renewal of the Breeding Fund's contract with NYTB.

As the next order of business, Senator Nolan was asked to address the Board about the scarcity of New York-based venues for selling New York-bred yearlings. He explained that if a breeder cannot sell a yearling at the New York Select Sales, there are limited options for selling that yearling in a major sale in New York and many are forced to sell their yearlings outside of New York. Senator Nolan suggested that the Chairman establish a committee to try to address this issue directly with Fasig-Tipton. Chairman Poklemba then formed a committee with Senator Nolan, Mr. McMahon, Mr. Cannizzo and Dr. Wilmot to discuss the matter with Fasig-Tipton and to try to work toward a resolution.

Chairman Poklemba requested a motion to go into Executive Session to discuss litigation. Whereupon a motion to go into Executive Session to discuss a litigation matter was duly made, seconded and unanimously approved by the Board.

At the conclusion of the executive session, Chairman Poklemba went back on the record and reported that no action was taken with respect to the litigation matter.

Under new business, Mr. Birsh suggested that the Breeding Fund consider the concept of engaging an owner/breeder liaison with the goal of improving the Breeding Fund's relationship with thoroughbred owners, which may help to grow the number of thoroughbred breeders and owners in New York. Mr. Birsh noted many individuals need to be incentivized to become and remain as thoroughbred owners and breeders in New York and that the Fund may benefit from engaging an individual who may be dedicated to that purpose. Chairman Poklemba suggested that Mr. Birsh present a more detailed proposal at the next Board meeting for the members' consideration.

Chairman Poklemba noted that the next Board meeting was scheduled for August 2, 2016.

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