

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD MARCH 24, 2020**

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 March 24, 2020 via video conference using Zoom technology as permitted pursuant to Governor Cuomo’s Executive Order 202.1.

Present

John Poklemba	Chairman
Ron Ochrym	Desinee of NYS Gaming Commission
William Wilmot, DVM	Member
Jeff Cannizzo	NYTB, Executive Director
Jackie Moody-Czub	Deputy Commissioner, Agriculture and Markets
Howard Nolan	Member
Joseph McMahon	Member
John Graziano	Member
Tracy Egan	Executive Director
Jill LaBoissiere	Comptroller
Adam Lawrence	Registrar
Kyle Flaherty	Counsel

Chairman Poklemba opened the meeting by noting that there was a quorum and by reading the relevant provisions of Governor Cuomo’s recently signed Executive Order 202.1 authorizing the holding of public meetings telephonically.

As the first order of business, the Board considered the Minutes of the August 2019 meeting. Dr. Wilmot noted that there is a slight error on page 3 of the Minutes in which the Thoroughbred Retirement Foundation is incorrectly identified as the Thoroughbred Retirement Fund. In addition, Mr. Graziano noted that the reference to “Acting” Commissioner for Ms. Moody-Czub is not accurate, and that it should read “Deputy” Commissioner. Fund counsel noted that these errors will be addressed.

With these changes, a motion to accept the Minutes as revised was duly made, seconded and approved by the Board.

As the next order of business, Chairman Poklemba asked Fund Comptroller Jill LaBoissiere to review with the Board the Fund’s financials through February 2020. Ms. LaBoissiere proceeded

to review the interim financial report and identified some of the financial issues that the Breeding Fund will likely begin to experience as a result of the COVID-19 pandemic. Ms. LaBoissiere noted that the Board needs to determine whether it will change the manner by which 2019 supplemental awards, which had been approved at the August 2019 meeting, will be distributed.

After some discussion, a motion to pay out 2019 supplemental awards in accordance with the Board's pre-approved methodology was seconded and unanimously adopted.

Ms. LaBoissiere also gave a brief update on the chronic delinquency of Catskill OTB, noting that this OTB is only paying approximately 70% of what it owes to the Breeding Fund. It was noted that demand letters from Fund counsel have not resulted in any additional payments and that the final resort, if necessary, would be litigation. It was also noted that it may be appropriate to request assistance from the Gaming Commission on this chronic delinquency.

As the next order of business, the Chairman asked Ms. LaBoissiere to report to the Board on the recent audit of the Fund conducted by the Fund's auditor. A copy of the 2019 "clean" audit opinion letter from Marvin & Company was distributed to the Board members.

After some discussion, a motion to accept the 2019 audit report of the Breeding Fund was seconded and unanimously adopted.

The next order of business was the ratification of several December 31, 2019 "pass-around" items, including (i) authorizing the Breeding Fund to pay breeder awards at statutory maximums, (ii) renewing the Tech II agreement in the amount of \$11,400 and (iii) approving promotional spends of over \$25,000 (NYRA -- \$150,000, TDN -- \$80,000 and Bloodhorse -- \$75,000). Ms. Egan noted that Board ratification on these action items is necessary as the Board did not meet as anticipated in December 2019 and approved these measures by mail ballot.

After discussion on each of the action items described above, a motion to ratify each of these Board approvals was duly made, seconded and unanimously approved by the Board.

As the next order of business, Chairman Poklemba asked Ms. Egan to address with the Board certain proposed upgrades for the Fund's registry-related software. Ms. Egan explained that the Breeding Fund is attempting to upgrade its registry software and has been in communication with the Jockey Club about certain enhancements and the cost of those enhancements, which would be approximately \$26,775. Mr. McMahon asked if this project is necessary or whether it could be put off until a later date. Ms. Egan noted that it could be put off to a later date. After some discussion, Chairman Poklemba directed that this agenda item be placed on the June meeting agenda.

The next order of business on the agenda was a discussion on a potential change to the Breeding Fund's rules relating to mares bought from public auction. Fund counsel explained all of the efforts that the Fund has undertaken to change the Fund's rule, including amending the rule, submitting it for consideration by the Governor's Regulatory Review Unit ("RRU") and negotiating a Memorandum of Understanding with NYRA and NYTHA in anticipation of this rule being finalized. It was noted by Fund counsel and Mr. Cannizzo that the Fund is now in a waiting pattern as the proposed rule change is reviewed by the RRU, which needs to be approved before the Fund can proceed with its public notice and comment period. Chairman Poklemba

asked Mr. Ochrym to pass along to the RRU the Fund's interest in moving this forward. Mr. Cannizzo asked that, while this rule change is pending with the RRU, the Fund sign the Memorandum of Understanding that the Fund has negotiated among NYRA and NYTHA so that if and when the rule change takes effect, the agreement among the parties will be in place. Chairman Poklemba directed Ms. Egan to sign that agreement on behalf of the Fund.

As the next of business, Chairman Poklemba asked Ms. LaBoissiere and Ms. Moody-Czub to address with the Board the Fund's operational policies, all of which have been distributed to the Board. Ms. LaBoissiere identified the 15 policies that the Fund has had in place for years, and which are set forth on the Fund's website and several new policies for the Board's consideration. The proposed new policies, which were circulated to the Board members in advance of the meeting, relate to the Fund's (i) FOIL response, (ii) communications with reporters and other external parties and (iii) suspected animal abuse. Ms. Moody-Czub gave a description of each of these policies. Mr. Ochrym noted that the reference to the Gaming Commission in the proposed FOIL response policy needs to be amended as the Gaming Commission does not have the authority that is contemplated by that draft policy. It was agreed that this reference to the Gaming Commission in the FOIL response policy would be amended as appropriate. In addition, Ms. LaBoissiere noted that the Fund's disqualification policy, which has also been circulated to the Board for review, has been revised and is before the Board for approval.

After some discussion, a motion was duly made, seconded and unanimously approved to adopt and affirm each of the Fund's existing policies, each of the three new Fund policies described by Ms. Moody-Czub (and as revised to reflect Mr. Ochrym's concern) and the Fund's modified disqualification policy.

The next order of business related to a draft rule relating to the possible imposition of fines for non-compliance with mare movement requirements of the Breeding Fund. Fund Counsel requested that this issue be adjourned to the next meeting.

As the next order of business, Chairman Poklemba asked Ms. LaBoissiere to review the Fund's purse enrichment use by Finger Lakes Gaming and Racetrack in 2019. Ms. LaBoissiere noted that she has circulated a two-page report demonstrating Finger Lakes' use of the Fund's purse enrichment in 2019 and noted that their use of those monies appears to have been a more productive use by Finger Lakes than in prior years. Ms. LaBoissiere noted that the Board may wish to pass a resolution confirming that the Fund's purse enrichment policy for 2020 should continue with a \$600,000/\$900,000 allocation of purse enrichment between FLRA and NYRA.

This motion was made, duly seconded and unanimously approved by the Board.

Under new business, Dr. Wilmot noted that at the June 2019, a committee of the Board had been formed to review the Fund's contract with NYTB. Dr. Wilmot asked if the Board could get an update on that matter. Chairman Poklemba responded that the committee had met and discussed the issue with the Gaming Commission but that it would not be appropriate at this time to discuss any aspect of that review at this time.

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