

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD MARCH 26, 2019**

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 26, 2019 at the Fasig-Tipton Pavilion in Saratoga Springs, New York.

Present

John Poklemba	Chairman
Barry Sample	Chairman, NYS Gaming Commission
Joseph McMahon	Member
William Wilmot, DVM	Member
Jeff Cannizzo	NYTB, Executive Director
Jackie Moody-Czub	Acting Commissioner, Agriculture and Markets
Philip Birsh	Member
Howard Nolan	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 called the meeting to order.

As the first order of business, the Board considered the Minutes of the December 2018 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 Fund Comptroller Jill LaBoissiere to review with the Board the draft Independent Auditor's Report for 2018 prepared by the Fund's auditor Marvin and Company. Ms. LaBoissiere proceeded to review the highlights of that draft Report with the Board, including a review of GASB No. 75, which is an accounting standard for reporting liabilities for Postemployment Benefits Other Than Pensions ("OPEB") and the impact that the implementation of GASB No. 75 had on the Fund's financial obligations for 2018. Ms. LaBoissiere reported that in order to comply with GASB No. 75, the Fund was required to increase its OPEB liability, resulting in the Fund using most of its 2018 surplus to cover this liability.

A motion to accept the draft Independent Auditor's Report was duly made, seconded and approved by the Board.

As the next order of business, Chairman Poklemba asked Ms. LaBoissiere to review the Fund's financials through the first two months of 2019. Ms. LaBoissiere proceeded to review the interim financial report and noted that the Fund was off to a good start in 2019 with strong revenue numbers through February.

A motion to accept the Fund's financial report through February 2019 was duly made, seconded and approved by the Board.

As the next order of business, Chairman Poklemba asked Jeff Cannizzo to review with the Board the Fund's 2019 purse enrichment agreement with Finger Lakes Racing Association, a copy of which had been provided to the Board members. Mr. Cannizzo proceeded to review the terms of the purse enrichment agreement with the Board members. Mr. Cannizzo predicted that as a result of this agreement, FLRA's 2019 purses and handle will increase and the Fund's awards relative to FLRA racing will similarly increase in 2019.

As the next order of business, Executive Director Tracy Egan provided an update on potential thoroughbred aftercare legislation. Ms. Egan proceeded to explain that legislative efforts for aftercare have been unsuccessful. Mr. Cannizzo added that legislative efforts on this issue were also pursued through the Governor's budget proposal, but there does not appear to be support for this effort at this time.

As the next order of business, Ms. Egan was asked to review with the Board members the Fund's various policies for Board approval. Ms. Egan explained that the Board is required to review and approve the Fund's policies annually and notes that the Board members have been provided access to all of the Fund's policies and had an opportunity to review them before the meeting.

A motion to accept the Fund's policies was duly made, seconded and approved by the Board.

As the next order of business, Chairman Poklemba called upon Mr. Cannizzo to review a registry proposal by NYTB, Inc. Mr. Cannizzo proceeded to circulate and review, slide by slide, a 15-page Powerpoint entitled "Proposal: State-Bred Registry Upgrade" involving a proposed partnership between the Fund and NYTB to improve the registry. He emphasized that the key to the proposal is to enhance customer service for breeders and to modernize the technology platform that will bring the Fund's registry up to industry standards, while allowing the Fund to maintain the registry's regulatory and compliance roles. At the conclusion of Mr. Cannizzo's presentation, several breeders in attendance at the meeting spoke to the Board about the merits of this proposal. Ms. Egan responded to numerous issues raised by Mr. Cannizzo regarding the customer service aspect of the registry within the limits of the Fund's existing staff. Board member Phil Birsh noted that the Board members have an important oversight responsibility and stated that he is concerned about any proposal that outsources the registry to a membership association, citing a potential conflict of interest. A lengthy discussion ensued among Board members, Ms. Egan and invited guests concerning the Fund's registry and certain concerns identified by breeders about the accessibility of registry information and its impact on sales. At the conclusion of the discussion, Chairman Poklemba asked Fund counsel to address any of the

legal implications of the proposal. Fund counsel noted that under existing law, the registry falls under the auspices of the Breeding Fund and that unless and until the law is changed, the only manner by which the registry functions could be transferred to NYTB would be through an outsourcing arrangement, which would require either a competitive bidding process or a determination by the Board that NYTB would be a sole source provider for these registry functions (as it has been found to be for the Fund's advertising and promotional functions). Chairman Sample asked for clarification of the Fund's determination of NYTB's sole source status with respect to the Fund's advertising and promotional functions, which Fund counsel attempted to clarify for all Board members.

Chairman Poklemba noted that the Board would convene an Executive Session to discuss litigation matters, whereupon the Board went into Executive Session.

At the end of Executive Session, Chairman Poklemba noted that during the Executive Session, the Board discussed litigation matters. No determinations were taken in the Executive Session.

Chairman Poklemba asked if there are any matters of new or old business. Dr. Wilmot noted that since David O'Rourke has been named as President and CEO of NYRA, it would be appropriate to invite him to attend the Breeding Fund's next Board meeting in June. Chairman Poklemba and other Board members agreed and asked Ms. Egan to invite Mr. O'Rourke to the next meeting.

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