

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD MARCH 29, 2022**

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 29, 2022 at Fasig-Tipton Buyers’ Lounge in Saratoga Springs, New York.

Present

John Poklemba	Chairman
Barry Sample	Chairman, Gaming Commission
Richard Ball	Commissioner, Ag. & Markets (via Zoom)
William Wilmot, DVM	Member
Najja Thompson	NYTB, Executive Director
John Hicks	Member
Patricia Cifuentes, DVM	Member (via Zoom)
Joseph McMahon	Member (via Zoom)
Jackie Moody-Czub	Deputy Commissioner, Ag. & Markets
Jim Amel	Marvin and Company
Tracy Egan	Executive Director
Kim Kurtzner	Comptroller
Adam Lawrence	Registrar
Kyle Flaherty	Counsel

Chairman Poklemba opened the meeting by noting that there was a quorum and by welcoming John Hicks to the Board for his first in-person meeting as a Board member.

As the next order of business, Chairman Poklemba sought approval of the Minutes of the December 2021 Board of Directors’ meeting. After review, a motion to adopt the December 2021 Minutes was made by Commissioner Sample, seconded by Dr. Wilmot and unanimously approved.

As the next order of business, Chairman Poklemba asked Mr. Amel to review with the Board the audit of the Fund’s financial statements for 2021. Mr. Amel proceeded to review the March 9, 2022 letter to the Fund in which the auditor explained that there were no issues or concerns with the Fund’s financial statements. He then reviewed Marvin and Company’s Independent Accountant’s Report, which he described as providing a “clean” opinion about the Fund’s financial matters. Mr. Amel also answered questions from the Board regarding the Fund’s compliance with certain pension-related accounting standards. After some discussion, a motion

to accept the reports from Marvin and Company was made, duly seconded and unanimously approved.

Next, Comptroller Kim Kurtzner was asked to present the Fund's preliminary results for the first two months of 2022. Ms. Kurtzner noted that the first two months of revenue were fairly strong. She reviewed a one-page document entitled February 2022 showing the awards earned in the first two months of the year. She also gave an overview of the revenue coming in from its various revenue sources and provided an update on the Catskill OTB's historical delinquencies to the Fund.

As the next order of business, Chairman Poklemba asked Ms. Egan to review the Fund's various policies with the Board and seek their approval of those policies, all of which had been provided to the Board in advance of the meeting. Ms. Egan explained that this annual review of the Fund's policies is required by law and is done each year. After review, a motion to renew each of the Fund's policies and procedures was made by Dr. Wilmot, duly seconded by Chairman Sample and unanimously approved.

Chairman Poklemba then asked Fund counsel Kyle Flaherty to provide a brief report on the anti-slaughter legislation and microchipping of breeding stock. Mr. Flaherty reported that the New York anti-slaughter legislation has passed and is currently in effect. He explained that while there are many components to the new legislation, the most important part of the new law that affects the Breeding Fund is that the new law changes the definition of what it means to be a New York-bred, as the law now states that in order to qualify as a New York bred, the mare, stallion and foal must be microchipped. He explained that there has been some discussion as to whether the microchipping requirement for mares and stallions will have a prospective or retroactive effect. He advised that the statute is fairly ambiguous on this question, including, for example, whether the foal of a stallion that is not microchipped can still qualify as a New York-bred; he stated that this question remains unanswered at the present time. Commissioner Sample stated that the Harness Fund is considering the same issue and has taken the position that the microchipping requirement was not intended to be applied retroactively. Fund counsel agreed with that position on the grounds that to apply it retroactively would likely result in legal issues as it could have the effect of devaluing stallions who are not yet microchipped. Deputy Commissioner Moody-Czub also gave an update on the implementation of the new law, including the efforts being undertaken by her Office to provide education to the public on the requirements of the statutory changes.

Chairman Poklemba asked Fund Registrar Adam Lawrence to provide an update on the next item on the Agenda, which is \$50,000 or greater sales mares entering New York in accordance with the Fund's recent regulation on that issue. Mr. Lawrence reported on the results of the change in the Fund's rules regarding mares from public auctions. He noted that in 2021, there were 42 new mares from public auction purchased at greater than \$50,000 in New York as a result of this regulatory change. He also added that in 2022, there were 32 new mares from public auction that were purchased at greater than \$50,000, again as a result of this change. Overall, there were increases in the number of mares and foals entering New York State over the past two years, both of which are positive signs that the regulatory change has been working as anticipated.

Under new and old business, Ms. Egan gave the Board an update on Finger Lakes Racing Association's proposal regarding its use of purse enrichment for certain special races (maiden special weights and allowance races), which is the same manner in which FLRA's used its purse enrichment last year. The Board's Ad Hoc Committee reviewed this proposal and approved it and the Board was presented with an updated purse enrichment agreement with FLRA setting forth those terms. After some discussion, a motion to adopt the purse enrichment agreement with FLRA was made, duly seconded and unanimously approved.

As a new matter, Board members Joe McMahon and Najja Thompson were asked to speak with the Board about certain concerns among New York stallion owner community based upon their recent discussions with many stallion owners. Mr. McMahon noted that over the past 10 years, an increasing number of New York mares are being covered by out-of-state stallions, a trend that is very concerning to the New York stallion owner community. In order to address this trend, a group of concerned stallion owners have collaborated on discussing certain changes to the Fund's awards program that would incentivize mares to breed to New York stallions, including considering the creation of a New York-sired bonus program, which could be funded by modifying or eliminating the Fund's existing owners' award program at NYRA. Mr. Thompson echoed Mr. McMahon's concerns and added that further evaluation of the impact of these potential changes will need to be done. Chairman Poklemba encouraged them to put together a specific proposal to present to the Board at the next meeting and to discuss their proposal with Fund counsel in the interim if they need assistance.

With no further business pending before the Board, the meeting was adjourned and the Board went into executive session to discuss personnel and legal issues.