

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD NOVEMBER 29, 2012**

A meeting of the Board of Directors of the New York State Thoroughbred Breeding and Development Fund Corporation (the "Fundö") was held at 10:00 a.m. on November 29, 2012 at the Fundö's offices in Saratoga Springs, New York.

Present

John Sabini, Chairman	Chairman, Racing and Wagering Board
Harry Snyder	Commissioner, State Racing Commission
John Tesiero	Commissioner, State Racing Commission
Darrell Aubertine	Commissioner, Agriculture and Markets
Jeff Cannizzo	NYTB, Executive Director
William Wilmot, DVM	Breeder
Joseph McMahon	Breeder
Ed Kelly	Breeder
Howard Nolan	Breeder
John Graziano	Breeder
Tracy Egan	Executive Director
Kristen Frutschy	Frutschy Consultants LLC
Jeanne Coutts	Acting CFO
Kyle Flaherty	Counsel
Ron Ochrym	Guest
Rick Goodell	Guest
Kristen Buckley	Guest
William Sekellick	Guest
Chris DelGuidice	Guest

Chairman Sabini called the meeting to order at 10:00 a.m. As the first order of business, Chairman Sabini provided an update on matters relating to the thoroughbred industry in New York State. He then asked the Board members to review the August 23, 2012 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, Chairman Sabini asked Tracy Egan to review the Fundö Profit & Loss Statement through October 2012. With the assistance of Ms. Frutschy and Ms. Coutts, Ms. Egan reviewed with the Board members the highlights of that Profit & Loss Statement. Upon

motion duly made and seconded, the Board approved the Fund's Profit & Loss Statement through October 2012.

As the next order of business, Chairman Sabini asked Ms. Egan to review with the Board members the Office of the State Comptroller's audit findings and opinions in relation to the Fund's treatment of internet advertising and registry fees. Ms. Egan explained that the State Comptroller's audit had concluded that the Fund's internet advertising and registry fees were the types of revenue that must be considered by the Fund before the application of statutory caps, a conclusion with which the Fund has historically and repeatedly challenged as being unsupported by the governing law. After an extended discussion on the issue, including Fund counsel's view of the matter, the Board determined that on a going forward basis it would adhere to the findings of the State Comptroller in how the Fund treats these types of revenue.

As the next order of business, Ms. Egan provided the Board members with an update on the Suffolk OTB bankruptcy. While it was noted that the Fund had originally been informed it would be required to file a proof of claim in the bankruptcy by January 25, 2013 to obtain a distribution from the Debtor, Ms. Egan advised that bankruptcy attorney Chris Graham of McKenna Long & Aldridge LLP, which is handling the bankruptcy for Suffolk OTB, had informed her that his firm was taking care of filing a proof of claim for the Fund such that it will be able to receive its statutorily required distribution upon settlement of the bankruptcy.

As the next order of business, Chairman Sabini asked Jeff Cannizzo to give the Fund's promotional report. Mr. Cannizzo circulated to the Board members a four page report covering the period August through October 2012 and reviewed with them NYTB's promotional activities conducted on behalf of the Fund since the last meeting. Mr. Cannizzo then explained that the contract between the Fund and NYTB needed to be updated for 2013. Mr. Cannizzo noted that on a going forward basis, NYTB would like to focus on the promotional aspects of the Fund as opposed to the advertising aspect, which he felt would be better left in the hands of the Fund. Mr. Cannizzo explained that since the advertising piece of their engagement typically accounts for about \$85,000 of the \$300,000 contract, NYTB is proposing to renew its contract with the Fund for 2013 for \$215,000, but without the responsibility to do advertising for the Fund. It was noted by several of the Board members that the State Comptroller's report had criticized the Fund's contract with NYTB because it did not contain an audit clause. Those Board members asked why NYTB is resisting placing an audit clause in the agreement. Mr. Cannizzo stated that NYTB would be prepared to include an appropriately worded audit clause, and he was directed to negotiate that detail with Fund counsel if the Board approved a renewal of the agreement.

Before deciding on whether to renew the NYTB agreement for 2013, the Board considered, once again, whether NYTB constitutes a sole source vendor for the Fund. After some discussion on the issue, a motion to declare NYTB a sole source vendor to the Fund was made, duly seconded and unanimously approved, with Mr. Cannizzo recusing himself from discussion on the matter and from the vote. Thereafter, a motion to renew the Fund's contract with NYTB for 2013 for \$215,000 on substantially the same terms as last year, except (i) without any responsibility to perform advertising work and (ii) with an appropriately worded audit clause, was made, duly seconded and unanimously approved, again with Mr. Cannizzo recusing himself from discussion on the matter and from the vote.

As the next order of business, Ms. Egan was asked to seek approval from the Board concerning the Fund's various operational and workplace policies. Ms. Egan methodically distributed to all of the Board members the Fund's policies relating to each of the following areas: Procurement, Lobbying, Minority Women and Business Enterprise, Investment, Prompt Payment, Credit Card, General Policy Statement Regarding Internal Controls, Whistleblower, Workplace Violence Prevention Policy, and Disposition of Assets. After some discussion, a motion to approve each of the above policies was duly made, seconded and approved by the Board. Thereafter, Ms. Egan circulated a proposed Domestic Violence and the Workplace Policy and reviewed that proposed policy with the Board members, noting that it is required that all public authorities maintain such a policy. After some discussion, a motion to adopt the Domestic Violence and Workplace Policy was made, duly seconded and approved.

As the next order of business, a motion was made for the Board to go into executive session to discuss personnel matters. This motion was duly seconded and unanimously approved.

At the conclusion of executive session, the meeting resumed. Chairman Sabini then gave a brief description of what the Board considered in executive session, including the following: (i) the location of the new Fund office in Schenectady, New York and the transition of Fund employees to the newly created Office of Racing Promotion and Development, (ii) the termination of the Fund's lease with Parks and Recreation effective December 31, 2012, and (iii) the termination of the Fund's agreement with Bryan Cave LLP effective December 31, 2012. After some discussion, a motion to terminate the Fund's lease with Parks and Recreation effective December 31, 2012 was duly made, seconded and unanimously approved. Thereafter, a motion to terminate the Fund's relationship with Bryan Cave LLP effective December 31, 2012 was duly made, seconded and unanimously approved.

As the next order of business, Fund counsel suggested that the Board consider raising the statutory caps on breeders awards for 2012 to the maximum extent permitted under the law. After some discussion, a motion to raise the statutory caps on 2012 breeders awards to the maximum extent permitted under the law was made, duly seconded and unanimously approved.

As the next order of business, Commissioner Snyder noted that the Fund's audit committee had reviewed and considered various bids from auditing firms to serve as the Fund's independent auditor for 2013, and that the consensus of the audit committee was to continue with Toski, which had been the lower bidder. Based upon this recommendation from the audit committee, a motion to renew its agreement with Toski was made, duly seconded and unanimously approved by the Board.

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