

**NEW YORK STATE THOROUGHBRED BREEDING AND
DEVELOPMENT FUND CORPORATION
MINUTES OF THE MEETING OF THE BOARD OF
DIRECTORS HELD JULY 29, 2014**

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 July 29, 2014 at the Fasig Tipton Sales Pavilion in Saratoga, New York.

Present

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
Ron Ochrym	Gaming Commission
John Poklemba (by phone)	Gaming Commission
Ed Kelly	Breeder
Tracy Egan	Executive Director
Jill LaBoissiere	Comptroller
Adam Lawrence	Breeding Fund
Kyle Flaherty	Counsel
Ed Burns (by phone)	Gaming Commission
Charlie Diamond	Office of Racing Promotion & Development

Executive Director Tracy Egan opened the meeting by explaining that the Fund's Ad Hoc Committee on Advertising has produced two television commercials promoting the benefits of the New York breeding program and of the entire state's equine industry. Ms. Egan proceeded to run the television spots for the Board members for their advance viewing.

Thereafter, Ms. Egan noted that as a Chair to the Breeding Fund's Board has not yet been appointed, the Board members may wish to appoint a Chair for the meeting. Dr. Wilmot made a motion, which was duly seconded, for Joseph McMahon to serve as Chair for the meeting. This motion was unanimously approved.

The Chair then called the meeting to order. As the first order of business, Mr. McMahon asked the Board members to review the December 17, 2013 minutes.

After a review of the Minutes, a motion to accept the minutes was duly made, seconded and approved by the Board, with Ron Ochrym abstaining from the vote as he did not serve on the Board in December and did not participate in the December meeting.

As the next order of business, Fund Comptroller Jill LaBoissiere was asked to review the Fund's audited financial statements from the Toski firm for the period ending December 2013. Ms. LaBoissiere then reviewed the highlights of the report and indicated that it is a clean audit report.

After some further discussion, a motion was made and duly seconded to accept the December 2013 audited financial statements. This motion was unanimously adopted.

As the next order of business, the Board members reviewed the Fund's June 2014 financial statements. Ms. LaBoissiere then proceeded to review the highlights of the June financial statements.

A motion was made and duly seconded to accept the June 2014 financial statements. This motion was unanimously adopted.

As the next order of business, the Board discussed the Fund's 2015 budget. A five-page draft budget was circulated to the Board members for their review. Mr. McMahon noted that the Audit Committee spent a great deal of time on the 2015 budget, including meeting with FLRA management and the horsemen's association as a part of the process. It was noted that FLRA has improved its communication and disclosure with the Fund throughout the year. Ms. LaBoissiere went through in detail each budget item and the rationale for same. A question was raised concerning the basis upon which the Fund has allocated salaries of its staff between the Fund's administrative and promotion budgets. Ms. Egan and Ms. LaBoissiere explained that these allocations have been done historically in recognition of the fact that staff often perform both administrative and promotional tasks for the Fund.

A motion was made and duly seconded to accept the 2015 budget. This motion was unanimously adopted.

The next order of business was the promotion update and vote on a renewal of the NYTB contract. NYTB's Executive Director Jeff Cannizzo then proceeded to give an overview of the promotional activities that NYTB has undertaken throughout 2014 in promoting the Fund and the advantage that the Fund's program provides to thoroughbred breeders, owners and stallion owners, including the publications that it has published and the events that it has sponsored for this purpose.

Mr. Cannizzo then explained that NYTB's contract with the Fund for 2014 will expire in late December. It was noted that NYTB's contract with the Fund has a one year renewal provision at the Fund's option under the same terms that exist for 2014.

After some discussion, a motion was made and duly seconded to renew the Fund's agreement with NYTB for 2015 under the same terms and conditions that are currently in effect. This motion was unanimously adopted, with Mr. Cannizzo recusing himself from the vote.

The next order of business was the approval of breeders awards to the statutory maximum limit provided by law, i.e., to 65% for 2014.

After some discussion, a motion was made and duly seconded to increase the breeders awards cap for 2014 to 65% as permitted by law. This motion was unanimously adopted.

The Chair then asked Fund counsel to address the next agenda item, which was the ratification of the Board Resolution in Lieu of a Meeting passed by the Board through a written ballot (without a meeting) in June 2014. Mr. Flaherty explained that the Ad Hoc Committee on Advertising and Promotion had a number of discussions with media outlets concerning advertising spots for 2014. Since the cost of running those spots was approximately \$147,000, Board approval was needed for the Fund to agree to that expenditure. However, since the Board did not meet in the first half of 2014, there was no ability to get Board approval on that expenditure except through a mail ballot. Mr. Flaherty then added that it would now be prudent for the Board to ratify that action in an open meeting.

A motion was made and duly seconded to ratify the Board's passage of the written ballot in June 2014 authorizing the Fund to expend approximately \$147,000 in running the advertisements that were the subject of that mail ballot. This motion was unanimously adopted.

Mr. Flaherty then explained that the Fund's current policy is that the Fund cannot expend more than \$5,000 on any one expenditure without Board approval. The question for the Board was whether the Board wished to provide greater flexibility to this policy.

A motion was made and duly seconded to authorize the Ad Hoc Committee on Advertising to spend up to \$25,000 on a single procurement of goods and services without seeking Board approval. This motion was unanimously adopted.

The next issue before the Board was the creation of a Governance Committee, which is required by law. After some discussion, Ed Kelly and Joseph McMahon were nominated to serve as the Fund's Governance Committee.

A motion was made and duly seconded to appoint Mr. Kelly and Mr. McMahon as the Fund's Governance Committee, with Mr. Kelly serving as the Chair to that Committee. This motion was unanimously adopted.

As the next order of business, the Chair asked Ms. Egan to report on the Fund's 2014 Equine scholarship students. Ms. Egan then gave a profile on all of the scholarship winners for 2014.

The Chair then asked if there are any matters of new business. Dr. Wilmot passed around the Zweig Fund's newsletters and discussed some of the great equine research that is done at Cornell through the Zweig Fund.

Senator Nolan commented that the Breeding Fund has been operating without a Chair for an extended period of time and suggested that efforts be made to move forward with the process of naming a new Chair for the Fund.

As another item of new business, Mr. McMahon noted that he would like to see the Breeding Fund do more to address the issue of thoroughbred after-care. He then noted that the Breeding Fund is holding approximately \$53,000 in monies that was paid into the Breeding Fund back in the 1980s to hold on behalf of the New York State Quarter Horse Breeding and Development Fund Corporation, an entity that no longer exists. Mr. McMahon asked whether this money could be used to cover equine after-care. After a great deal of discussion, it was suggested that this issue be tabled until the next meeting in order to give Fund counsel an opportunity to review the issue further.

As the final order of business, the Chair noted that it is important that the Breeding Fund and the Gaming Commission move forward on a resolution of the memorandum of understanding that they have been negotiating since the latter part of 2013. Gaming Commission Ed Burns noted that in his view there are very few issues remaining and that it is likely that a memorandum of understanding could be achieved through one more meeting and some discussion on the remaining items. After some discussion, it was agreed that the Breeding Fund's MOU Committee would have a call with Gaming Fund Counsel in order to finalize the MOU.

The Board then discussed establishing a date for the next meeting. It was agreed that the next Board meeting would be held on December 4, 2014.

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