

AGREEMENT, made this 11 day of December 2012, by and between the New York State Thoroughbred Breeding and Development Fund Corporation, a public benefit corporation (hereinafter the "Fund") and New York Thoroughbred Breeders, Inc., a New York membership corporation (hereinafter "NYTB").

WHEREAS, the Fund was established by the New York State legislature in 1973 pursuant to Chapter 346 of the Laws of 1973 (the "Statute") to advance and promote the breeding and racing of thoroughbred horses in the State of New York, and to that end it is authorized by Statute to make awards to owners and breeders of New York Breds, and to owners of New York Stallions the progeny of which compete successfully in pari-mutuel races run in New York State; and

WHEREAS, the Fund is directed by Statute to advance and promote the thoroughbred breeding industry in this State by, among other things, the publication and dissemination of information and the encouragement of interest among the general public in the breeding and racing of New York Breds, and to advance generally interests in all aspects of agricultural pursuits throughout the State; and

WHEREAS, the Fund's Board of Directors has determined that NYTB is a sole source vendor with respect to the effective and efficient promotion of the thoroughbred industry as contemplated by the Statute, and that competitive bidding with respect to the provision of such services would be wasteful and non-productive; and

WHEREAS, the Fund's Board of Directors have resolved to renew the Fund's contract with NYTB for 2013 for the continued performance of promotional services consistent with the measurable objectives of the Fund.

NOW THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration, receipt whereof is acknowledged, and of the premises it is hereby agreed as follows:

1. In exchange for the consideration set forth in Paragraph 2 herein, NYTB, on behalf of the Fund, shall sponsor, arrange, structure, staff, and implement a wide range of promotional services designed to advance and promote the breeding of thoroughbreds throughout the State of New York, and the racing of those thoroughbreds, including, but not limited to, the publication and dissemination of information relating to the thoroughbred industry in New York State, such as the publication and distribution of industry brochures, directories, and a monthly newsletter; the sponsorship of New York-Bred Championship Awards and New York Bred stakes presentations; the sponsorship and/or promotion of New York-Bred Showcase Day, maintenance of outreach programs at various New York racetracks; the development and management of a promotional website with prominent links or portals to the Fund's website www.nybreeds.com; the sponsorship of meetings, receptions, seminars and farm tours for potential or current industry participants, and the publication of the annual stallion roster magazine. NYTB further agrees that it shall use its best efforts to promote the New York Breeding and Development Fund's Awards Program and the New York Bred Racing program at national and regional sales and seminars. NYTB shall provide the Fund's Executive Director with prior notice of all promotional activities performed by NYTB under this Agreement.

2. In consideration for the services referenced in Paragraph 1, the Fund shall pay \$215,000 to NYTB. The consideration payable by the Fund to NYTB shall be paid in equal monthly payments of \$17,916.66.

3. As a material condition of this Agreement, should NYTB decide by a majority vote of their Board of Directors, any of its committees or the executive director, to cease or withdraw from the provision of any of the promotional services set forth in Paragraph 1 hereof, an appropriate reduction in funding shall occur, as determined exclusively by the Fund's Board of Directors.

4. As a material condition to this Agreement, NYTB hereby acknowledges and agrees that the Fund shall have no liability to, or on account of, or on behalf of, NYTB whatsoever in connection with NYTB's provision of promotional services to the Fund, except as set forth in Paragraph 2 hereof. In that regard, NYTB hereby covenants and agrees that in the event it contracts with third parties in connection with its provision of promotional services on behalf of the Fund, NYTB shall expressly advise such third party that the Fund shall have no liability under such contracts, and that such third party shall not look to the Fund as a guarantor or secondary payor on such contracts. NYTB shall indemnify and hold harmless the Fund, its Directors and its employees from and against any and all claims, actions, causes of action, or liabilities of any kind arising from NYTB's performance of promotional services on behalf of the Fund.

5. As a material condition to this contract, NYTB and its officers, directors and employees, shall cooperate with the Fund to the fullest extent in connection with the Fund's obligations to ensure the proper expenditure of its assets. In this regard, by the 30th day of January, April, July and October, NYTB shall submit to the Fund a detailed accounting of the services provided on behalf of the Fund during the immediately preceding three month period. The Fund shall submit any questions or inquiries, in writing, regarding said accounting to NYTB within Thirty (30) days of receipt of the accounting. NYTB shall respond to any such inquiry within Fifteen (15) days. Upon request, NYTB shall provide the Fund with paid receipts, cancelled checks, invoices and the like related to the services it provides under the Agreement to the extent of \$215,000. Inquiries from the Fund shall be limited to disbursements and charges solely related to the \$215,000 advanced by the Fund for services provided under this Agreement and for the calendar year of this Agreement or as requested during the first three (3) months after the end of the calendar year in question. In the event that the parties are not able to resolve a dispute related to the accounting, the parties shall submit the dispute to arbitration with the American Arbitration Association for resolution with the cost to be shared equally by both parties. In addition, representatives from NYTB shall attend at least one (1) Board meeting each year, as determined by the Fund in its sole discretion, to address any issues that the Board may raise with respect to NYTB's delivery of the services contemplated by this Agreement.

6. This Agreement shall be effective from January 1, 2013 through December 31, 2013, provided that the Fund shall have the right, at its sole discretion, to renew this Agreement for up to two (2) one-year renewal periods. During the initial term or during any renewal term of this Agreement, either party may terminate this Agreement prior to the designated termination date for any reason upon thirty (30) days written notice, except that no advance notice shall be required for termination of this Agreement for cause. This Agreement may be executed in

counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single agreement.

J.D. Sabini December 14, 2012

John D. Sabini, Chairman
New York State Thoroughbred Breeding and
Development Fund

J.A. Cannizzo 12-6-12

Jeffrey A. Cannizzo, Executive Director
New York Thoroughbred Breeders, Inc.