



## New York Thoroughbred Breeders, Inc.

July 1, 2010

Dear Breeders:

I address you at a time when the New York Breeding and Development Fund (“the Fund”) has again been forced into the extremely unwelcome and unpleasant position of having to take action to compensate for the delinquency of New York City Off-Track-Betting (NYC OTB) by restructuring its withholding policies. As the Fund announced recently,

*“Effective for all awards earned on or after July 1, 2010, in addition to the 30% Regular Holdback (the “Regular Holdback”), the Breeding Fund shall apply a Special Holdback of up to 20% on the payment of awards (a “Special Holdback”), provided that to the extent the Breeding Fund has monies on hand at the end of the year to make distributions, and consistent with applicable statutory caps, all Breeding Fund participants who are adversely affected by the application of the Special Holdback shall be paid first, up to the amount of the Special Holdback, before any portion of the Regular Holdback is distributed.” (Full announcement can be read on [www.nybredfund.com](http://www.nybredfund.com))*

As you know, NYC OTB elected to defer making payments to our industry on income derived from out-of-state handle and breakage as of April 1<sup>st</sup>. This amounts to roughly 64% of what is due to the Fund (or more than \$200,000 a month). It is only thanks to Chairman Sabini that NYC OTB has been compelled recently at least to place this “deferred” money into a segregated account. With its characteristic disregard of our industry and its stakeholders, however, NYC OTB is quick to point out that no law states *when* this money must be paid. The Fund’s “Special Holdback” is designed to ensure that the available money is distributed fairly, whether incentive awards are earned early or late in the calendar year.

I truly believe that with the progress of the rebidding process for the Aqueduct VLTs, and work that is being done towards a reform of the state’s off-track wagering model, that the second half of 2010 will look a lot different from - and a lot better than - the first half of the year. One positive sign - and a sign of forward momentum - is the passage by both houses of NYTb’s bill raising the cap on Breeders’ awards and requiring all entities to pay the Fund on a quarterly basis, which now awaits only the Governor’s signature in the weeks ahead.

The NYTb Board, the Fund, other industry stakeholders, you and I must continue to make sure our interests are kept front and center. We must ensure the release of these sequestered funds; we must strive to recover the \$2.1 million dollars owed to the Fund by NYC OTB from last year’s delinquencies (now tied up in the bankruptcy proceedings). And, needless to say, we also need to keep pressing for the bidding process for the Aqueduct VLT operator to stay on track.

All this being said, I urge you to attend our Annual Members’ meeting to be held at Fasig-Tipton in Saratoga on August 15<sup>th</sup>. The NYTb Board, membership and I will be joined by representatives from NYRA, the Fund, and NYTHA. This will be an opportunity to share information and concerns, to ratify our common purpose, and formulate plans for the months and years to come.

If anything is clear by now, it is that nothing comes easily in our political environment. I look forward to seeing you at our August Membership Meeting.

Sincerely yours,

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