



Agriculture & NYS Horse Breeding Development Fund

MINUTES

Agriculture and NYS Horse Breeding Development Fund
Board of Directors Meeting
Schenectady, New York
January 19, 2018

Present: Trustee and Chairman of the New York State Gaming Commission Barry Sample; Trustee and Department of Agriculture and Markets Commissioner Richard Ball; Trustee Peter Arrigenna; Trustee Mike Kimelman; Agriculture and Markets Deputy Commissioner Jackie Czub; Executive Director of the Agriculture & NYS Horse Breeding Development Fund Kelly Young; Agriculture & New York State Horse Breeding Development Executive Assistant Connie Richardson; NYS Gaming Commission Senior Accountant Brian Squadere; NYS Gaming Commission Special Assistant Christy Calicchia; Vendor representatives: Angie McGrath, Capital Hill Management Services, and Jason Politi, Baker Public Relations.

Agenda Item #1 – Establishment of Quorum: A quorum was present and the meeting of the Agriculture & New York State Horse Breeding Development Fund was called to order at 2:35 p.m.

Agenda Item # 2 - Designate a Board Member as Presiding Officer: A motion was made by Gaming Commission Chairman Barry Sample, a Member, to designate Department of Agriculture and Markets Commissioner Richard Ball, a Member, as Presiding Officer of the meeting and seconded by Member Kimelman. All in favor.

Before going to the agenda, Presiding Officer Ball made a few remarks. He noted that in addition to the Members, the following staff were present: Kelly Young, the Executive Director of the Agriculture and New York State Horse Breeding Development Fund, and Connie Richardson, Brian Squadere and Christy Calicchia, who provide staff support to the Fund. Presiding Officer Ball also recognized Ron Ochrym, who was not in the room at the time, for his hard work and service to the Fund as its Acting Executive Director for the past three years.

Presiding Officer Ball then opened the meeting to Public Comment. Alice Allen asked to be recognized and discussed a division in the industry that she perceived following a letter sent to the Trustees from several horse breeders and the need for a united industry. Comments were limited to five minutes.

With no other speakers, Presiding Officer Ball moved back to the agenda and asked for discussion on Item #3—Approval of Minutes

Agenda Item #3 – Consideration of Meeting Minutes for December 11, 2017: Minutes of the regular meeting of December 11, 2017 were presented for review and approval. A motion was made by Member Sample to accept the Minutes as presented and seconded by Member Arrigenna. All in favor.

Agenda Item #4 – Consideration of 2018 NYSS Conditions: Trustees reviewed conditions for New York Sire Stakes #59 (foals of 2017), the Excelsior Series for 2018 and the County Fair Series for 2018. Presiding Officer Ball noted that significant changes were made last year and only minor updates were proposed this year. The address to mail staking payments was changed to New York Sire Stakes, 230 Washington Avenue Extension, Suite 101, Albany, NY 12203. The only other significant change was adding a clarification in each set of conditions that payment dates are postmark dates. While the Fund has always practiced this rule, which is also the practice for stakes around the country, this change will eliminate any confusion going forward. The conditions for New York Sire Stakes #57 (foals of 2015) and #58 (foals of 2016), for two- and three-year-olds racing in 2018, were updated to reflect the new address for mailing payments.

Member Arrigenna noted that the conditions already include a provision that horses with a positive drug test cannot compete in the final, but last year the time between the last Sire Stakes leg and the finals was enough to allow for tests to be completed by the lab. This year with a tighter schedule to address horsemen concerns, it could be possible that a positive drug test would not be received in time for the finals and the horse would have to be disqualified after the fact. Member Arrigenna recommended adding a provision to the conditions to specifically address this concern in the future. Member Kimelman indicated that there is already precedent to do this and he believes it would hold up in court, but without Counsel present, he concurred with Arrigenna to wait. Staff was tasked with developing language to incorporate into the yearling conditions next year.

Member Arrigenna also noted on the County Fair conditions that updates were previously made so horses cannot enter two fairs held on the same day and then scratch out of one based on the post position draw. However, participants may still do this for fairs on consecutive days, which if horses scratch, can lead to divisions with very few horses competing. Member Kimelman noted this can lead to higher costs for judging and drug testing and decreases the purses. Member Arrigenna asked that language be developed to address this concern and Trustees discussed ensuring integrity in the draws without penalizing participants with legitimate reasons for missing a race day. Staff was tasked with developing language to incorporate into the conditions next year.

A motion was made by Member Arrigenna to approve the conditions for New York Sire Stakes #59 with changes. Seconded by Member Kimelman. All in favor.

A motion was made by Member Arrigenna to approve the Excelsior Series conditions for 2018 with changes. Seconded by Member Kimelman. All in favor.

A motion was made by Member Arrigenna to approve the County Fair Series conditions for 2018 with changes. Seconded by Member Kimelman. All in favor.

Entering into Executive Session: At this point in the agenda, Presiding Officer Ball called for the members to consider a motion to enter into Executive Session, originally Item #11 on the agenda. This was for the purpose of discussing a personnel matter, pursuant to New York Public Officers Law Section 105.1.f. Member Sample made the motion, seconded by Member Arrigenna. All in favor. The members then convened into Executive Session.

Return from Executive Session: Upon returning from Executive Session, Presiding Officer Ball noted that the Trustees discussed a wide range of personnel issues and that they would return to the agenda with Item #5, 2018 racing schedules.

Agenda Item #5 – Consideration of 2018 NYSS Schedules: Presiding Officer Ball noted that the 2018 County Fair racing schedule was not completed as anticipated and would not be addressed on this agenda, but rather at the Trustees’ next meeting. He further noted that the Trustees tentatively approved the racing schedules for the NYSS and Excelsior Series previously, but that did not include the dates and locations of the finals. Member Arrigenna said the New York Sire Stakes finals would continue at Yonkers Raceway in 2018. As per the rotation used in recent years, the Consolations would be held at Batavia Downs and the Excelsior Series finals at Saratoga.

A motion to approve the New York Sire Stakes finals at Yonkers on Saturday, Sept. 22, 2018, was made by Member Arrigenna and seconded by Member Sample. All in favor.

A motion to approve the Excelsior Series final at Saratoga on Sunday, Sept. 23, 2018, was made by Member Arrigenna and seconded by Member Sample. All in favor.

A motion to approve the Consolations at Batavia on Friday, Sept. 21, 2018, was made by Member Arrigenna and seconded by Member Sample. All in favor.

Presiding Officer Ball noted that the Trustees have a concept for accepting Night of Champions proposals in the future. It would allow Trustees to make a decision about rotating the location of the finals every third year if there is a benefit to the industry. He suggested that staff use the concept to develop guidelines and criteria for proposals. Trustees discussed the timeline for submitting proposals in June to allow for a decision by September. Staff was directed to develop this plan.

Agenda Item #6 – Consideration of 2018 Purses: Presiding Officer Ball discussed the purses for the Sire Stakes program, noting that they would remain the same as last year. The Fund will provide an estimated \$9.3 million for Sire Stakes purses, and of that \$1.8 million is allocated for the Sire Stakes finals. The Excelsior purses will total \$3.8 million.

Member Arrigenna noted that the budget needs to have a line for \$400,000 for the Consolations. In addition, he recommended changing Excelsior finals from \$45,000 to \$55,000 so that entries don’t have to be coupled and to make the purse higher than the Consolations because of the higher quality of racing. To offset this budgetary change, Member Kimelman recommended Consolations be changed from \$50,000 to \$40,000.

A motion to approve the 2018 NYSS purse schedule, with Consolations at \$40,000, was made by Member Sample and seconded by Member Arrigenna. All in favor.

A motion to approve the 2018 Excelsior Series purse schedule, with finals at \$55,000, was made by Member Sample and seconded by Member Arrigenna. All in favor.

Agenda Item #7 – Consideration of Grant Applications: Presiding Officer Ball noted that the budget for grants will be considered later in the agenda, but \$150,000 was approved last year. Organizations interested in this funding in 2018 will be encouraged to examine Sections 330 to 336 of the Racing, Pari-Mutuel Wagering and Breeding Law to determine if they qualify for such funding. As in the past, he noted that the Fund staff will review each grant application submitted and ask those recipient organizations that meet the statutory requirements to make a presentation at a future Fund meeting. The Trustees will award grants based on the strength of the proposal, the availability of resources and meeting the statutory mission of the Fund. Grant applicants will be able to make a presentation at the Spring

meeting of the Trustees. In preparation for receiving grant applications, he noted that the Fund must set a deadline for submission.

A motion to establish March 1, 2018, as the deadline for grant applications was made by Member Kimelman and seconded by member Sample. All in favor.

Agenda Item #8 – Consideration of Nominating a Zweig Fund Representative: Presiding Officer Ball noted that as provided for in the Racing, Pari-Mutuel Wagering and Breeding Law, the Fund provides two percent of its revenue to the Harry M. Zweig Memorial Fund for Equine Research at Cornell University and is afforded a seat on the committee that reviews research grant applications. Former Acting Director Ron Ochrym had been serving on the committee, but Presiding Officer Ball recommended that new Executive Director Kelly Young serve in that capacity going forward.

Member Arrigenna made a motion to nominate Kelly Young as the Fund representative to the Zweig Research Fund, seconded by Member Sample. All in favor.

Agenda Item #9 – Annual Financial Audit Review Status: Presiding Officer Ball reported to the Trustees that a request for proposals to audit the Fund's financials for 2017 has been sent out with a response deadline of Jan. 31, 2018. Once received, staff will review the responses and select an accounting firm to move forward with the annual Financial Audit, which must be completed in advance of March 31, 2018. The results will be shared at a future meeting. Member Sample asked when the request was posted and NYS Gaming Commission Senior Accountant Brian Squadere, who manages the Fund's finances, replied that it went out at the end of December.

Agenda Item #10 – Stallion Registration Update 2018: Presiding Officer Ball outlined the stallion registration rules and that these requirements, along with the requirement that mares be bred in the state, is the foundation of how the New York Sire Stakes program encourages and supports agriculture and therefore other economic benefits to the state. He asked the Executive Director to provide an update on registrations. Executive Director Young reported that 40 stallions had been registered so far in 2018. Six of those were new stallions, many servicing mares through private treaty, but two new commercial stallions in the state were pacers Huntsville and Dude's The Man.

Agenda Item #11 - Executive Session: *Addressed earlier on the agenda following Agenda Item #4.*

Agenda Item #12 – Consideration of 2018 Budget: Presiding Officer Ball noted that the Fund's 2018 Budget was before the Trustees for consideration. He noted that the Budget was largely the same as last year and provided for revenue and expenses of \$16.77 million, down just slightly from \$16.8 million in 2017. He discussed the following specific items:

- a) **Grants** – Presiding Officer Ball noted the budget again includes \$150,000 in grant funding. Last year grants were provided to five organizations: 4-H, the Harness Racing Museum, Goshen Historic Track, Racing Under Saddle and the Harness Horse Youth Foundation. As soon as its completed, a notice will be posted on the Fund's website outlining the 2018 grant program if approved at the meeting. As done each year, he noted that the recipients of the grant money must provide an accounting of how the money was spent (with documentation). If a grantee does not provide this information, they will not be eligible for a grant in the future.
- b) **Breeder Awards** – He noted the budget includes \$1.1 million in Breeder Awards, a similar level to last year. The Breeder Awards checks for 2018 were mailed out in mid-December and breeders should have received them if they had their paperwork up to date.

- c) **Out-of-Competition Testing** – Presiding Officer Ball stated that the Fund looks to continue its expanded out-of-competition testing program, which began in 2016, and the budget allocates up to \$160,000. This program helps to ensure the continued integrity of racing in the New York Sire Stakes program, which is essential to providing a level playing field for all New York-bred horses.
- d) **County Fair Testing** – Similarly, he noted the Budget included \$40,000 for Drug Testing at the County Fairs. The Fund pays for this testing as these events are contested at non-pari-mutuel venues, except for the Finals.
- e) **Field Inspectors** – Presiding Officer Ball noted the need for inspectors for both the County Fairs and to audit the resident mare lists, which provide for eligibility to the Breeder Awards program. In order to do this, the budget allocated \$10,000 for County Fair inspectors and up to \$75,000 in consulting, which can be used for additional inspections. These numbers were similar to last year’s budget.

Member Kimelman noted that the budget line for Breeders Awards should be \$1 million, to be in line with last year’s budgeted amount. The amount paid out in 2017 was \$1.1 million because the Trustees allocated an additional \$100,000 mid-year when additional money was available. He also noted that because the Breeders Awards in 2018 are solely based on mare residency, the breeders in New York State will feel that \$1 million even more than they did the \$1.1 million last year when part of the Breeders Awards were dispersed to breeders whose mares did not reside in New York.

Member Arrigenna made a motion to amend the presented budget, including the Breeders Awards at \$1 million, seconded by Member Sample. All in favor.

Item #13 – New/Old Business – In moving on to New/Old Business, Presiding Officer Ball noted that the Executive Budget released by the Governor earlier in the month included legislative language that would amend the Racing, Pari-Mutuel Wagering and Breeding Law to allow the Breeding Fund to allocate monies to equine aftercare programs. While it would not require money be used in this way, it would make it possible. However, no action can be taken on that unless it is included in the completed budget.

Member Arrigenna discussed making changes to the Laverne Law and that Trustees consider updating it.

Member Kimelman noted the Governor also announced possible changes to the “hold harmless” provisions of the law allowing for VLTs at racetracks and its potential to impact the Fund. Presiding Officer Ball asked for further staff analysis.

Member Arrigenna asked about approving broodmare inspectors and Executive Director Young explained that the approved budget allows her the authority to hire inspectors.

There was no other business.

Item #14 – Adjourn - Presiding Officer Ball thanked everyone for attending the meeting and asked for a motion to adjourn. Member Kimelman made the motion which was seconded by Member Sample. The meeting was adjourned at 5:04 p.m.

Approved on April 18, 2018