



Agriculture & NYS Horse Breeding Development Fund

MINUTES

Agriculture and NYS Horse Breeding Development Fund
Board of Directors Meeting
Harness Racing Museum, Goshen, New York
April 18, 2018

Present: 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; Fund Executive Assistant Connie Richardson and Special Projects Manager Christy Calichhia; and NYS Gaming Commission Counsel Ed Burns. Vendor representatives: Angie McGrath, Capital Hill Management Services, and Eliza Bianco 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 1:03 p.m. Department of Agriculture and Markets Commissioner Richard Ball noted that Chairman of the New York State Gaming Commission Barry Sample, a member, was not able to attend the meeting.

Agenda Item # 2 - Designate a Board Member as Presiding Officer: A motion was made by Member Mike Kimelman to designate Commissioner Ball, a Member, as Presiding Officer of the meeting and seconded by Member Arrigenna. 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 and Christy Calichhia, who provide staff support to the Fund. He also noted the location at the Harness Racing Museum and thanked Museum Director Janet Terhune and her staff for hosting the meeting.

Presiding Officer Ball then opened the meeting to Public Comment, but there were not speakers, so he moved back to the agenda.

Agenda Item #3 – Consideration of Meeting Minutes for January 19, 2018: Minutes of the regular meeting of January 19, 2018 were presented for review and approval. A motion was made by Member Arrigenna to accept the Minutes as presented and seconded by Member Kimelman. All in favor.

Agenda Item #4 – Consideration of Grant Applications: Presiding Officer Ball noted that the Fund previously approved a budget that provides up to \$150,000 in grant funding in 2018 and also set an application deadline of March 1 for grant applications. The Trustees received five grant requests and had the opportunity to review them in advance. Presiding Officer Ball then invited representatives of each entity forward for a presentation and questions from the Trustees.

1. The **Harness Racing Museum and Hall of Fame** submitted three different grant proposals, one to continue Harness Racing Education programs at \$50,000; one for Microfiche Digitalization at \$40,000; and one for Museum Collection Digitalization at \$50,000. In 2017, the Fund provided a grant in the amount of \$48,750 to support the expansive harness racing education programs of the Museum.

It was noted that under Section 332.1(i) of the Racing, Pari-Mutuel Wagering and Breeding Law, the Fund is authorized to distribute monies received by it “to support and promote research, educational programming, and preservation of the history and traditions of harness and trotting horse racing through acquiring and maintaining collections of artifacts, memorabilia and documents related to such history.” Presiding Officer Ball noted that this grant proposal meets that standard.

Janet Terhune, Director of the Museum spoke and noted that the education grant was the most important of the three, but highlighted the microfiche digitalization project and the amount of data it would make available to the public that is currently not easily accessible. Kristine Roberts, Education Coordinator, spoke about the education programs of the Museum funded by the Fund grant the previous year and highlighted increased participation by children and adults.

Member Kimelman asked Ms. Terhune about sharing costs of the digitalization project with the U.S. Trotting Association. She said this would be a good idea as the data would be presented on PATHWAY and in the discussion they suggested USTA could recoup some investment costs with its report charges. Ms. Terhune was going to investigate this possibility further.

2. **Goshen Historic Track** requested funds in the amount of \$55,000 to make repairs to the Arden Barn, one of the most historic barns on the grounds. Under Section 332.1(i) of the Racing, Pari-Mutuel Wagering and Breeding Law, the Fund is authorized to provide such funding in “maintaining a historic racetrack that is designated as a national registered historic landmark.” Presiding Officer Ball noted that this grant proposal meets that standard. Tim Masters, the Facilities Supervisor, discussed the proposed project and changes planned on the grounds.

Tim Masters, the Facilities Supervisor, stated that the track has been working on restoring the historic buildings on the grounds with grants from the Fund over the last several years. The Arden Barn, which is on the historic registry, is the last remaining building. The building needs to be lifted, concrete placed underneath and set back down.

Presiding Officer Ball asked about the timeline for the project and was told it could be 6 months to a year depending on weather and problems encountered during the project.

3. The **New York State 4-H Program**, which is administered through Madison County Cornell Cooperative Extension submitted a grant request for \$48,900 for the statewide education program that focuses on advancing interest in Standardbreds. The Fund has supported 4-H for many years and Cooperative Extension has a long history of effectively providing education and awareness programs through its state-wide network. Under section 332.1(b) and Section 332.3 of the Racing, Pari-Mutuel Wagering and Breeding Law, which authorizes the Fund to distribute monies received by it “to such 4-H societies, such amounts as the directors deem advisable, as are engaged or propose to engage in a program for the development of standardbred horses.” Presiding Officer Ball noted that this grant proposal meets that standard.

Karin Bump, Executive Director of Madison County CCE, and 4-H Educator Jessica Spaulding presented to the Trustees. Dr. Bump noted that while coordinated by Madison County CCE, this

grant has the ability to impact every county in New York. She presented American Horse Council data about the interest of American households in horses and noted that the state 4-H horse program helps get Standardbreds, specifically, in front of interested youth. Ms. Spaulding highlighted the programs funded by the grant in 2017, including events in nine counties that included 1,000 participants. The grant also supports regional, statewide and national events that youth in counties across the state participated in, along with the hands-on World of Horses exhibit at the New York State Fair.

Member Arrigenna asked a question about the budget for staffing and Dr. Bump explained that the staff salary funds support a portion of Ms. Spaulding's position, specifically her work on the Standardbred portion of the state 4-H horse program.

4. The **Harness Horse Youth Foundation** requested \$7,500 for two hand-on summer youth programs at Goshen Historic Track in 2018: a five-day camp at the introductory level and a Leadership camp for previous graduates of the first program. Section 332 of the Racing, Pari-Mutuel Wagering and Breeding Law provides funding, as shall be determined by the Fund, but not in excess of one and one-half percent thereof, in an account designated "to support and promote research" and "educational programming." Presiding Officer Ball noted that this grant would meet the educational programming standard.

Jennifer Connor, a board member of the Youth Foundation, shared pictures and stories about the Youth Foundation camps and their impact on young people.

5. **Racing Under Saddle New York** requested \$5,000 for a portion of county fair racing series purses. The program already had a commitment from seven fairs where they competed the previous year and was potentially adding more. Section 332 of the Racing, Pari-Mutuel Wagering and Breeding Law provides funding at county agricultural society harness racing events and this application would meet that standard. Racing Under Saddle events are well attended at the County Fairs and this racing series has grown to become another way to promote and enhance New York's Standardbred breeding and racing program.

Michelle Miller, the Treasurer and Director of Marketing, was not able to attend, but sent a supplementary note that the Trustees were able to review.

Discussion followed and consensus was reached to fund the HHYF and RUS-NY requests for \$7,500 and \$5,000, respectively, and divide the remaining amount of the budgeted \$150,000 between the Harness Racing Museum, Historic Track and the New York State 4-H Program. That amount would be \$45,833. Members Kimelman and Arrigenna both noted an interest in funding the other requests from the Harness Racing Museum in the future if money is available, particularly the microfiche digitalization project.

A motion was made by Member Kimelman to grant the Harness Racing Museum \$45,833 in 2018. Seconded by Member Arrigenna. All in favor.

A motion was made by Member Arrigenna to grant the Goshen Historic Track \$45,833 in 2018. Seconded by Presiding Officer Ball. Member Kimelman abstained as member of the track board of directors. All in favor.

A motion was made by Member Kimelman to grant the New York State 4-H Horse Program \$45,833 in 2018. Seconded by Member Arrigenna. All in favor.

A motion was made by Member Kimelman to grant the Harness Horse Youth Foundation \$7,500 in 2018. Seconded by Member Arrigenna. All in favor.

A motion was made by Member Kimelman to grant Racing Under Saddle New York \$5,000 in 2018. Seconded by Member Arrigenna. All in favor.

Agenda Item #5 – Consideration to Enter 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, for the purpose of discussing a personnel matter, pursuant to New York Public Officers Law Section 105.1. Member Kimelman 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 thanked everyone for their patience and moved to the next item on the agenda.

Agenda Item #6 – Capital Hill Management Services Update: Presiding Officer Ball invited Capital Hill Management Services to provide an update on administrative and marketing efforts on behalf of the Fund. Angie McGrath of Capital Hill Management provided a review of the past year including: implementing an updated look for Fund publications and social media presence; production of high quality videos for events and social media; coordination of events from the Day of Champions to the Annual Awards Banquet; and a new owner seminar. Ms. McGrath highlighted work so far in 2018 that included development of a comprehensive media and public relations plan and updates to new owner seminar materials. She summarized administrative work completed on behalf of the Fund, including the development of a secure digital filing system.

Jason Politi of Baker Public Relations provided a social media update, including the reach of unique content like videos and infographics, and shared some examples.

Eliza Bianca discussed media placements achieved by the Fund, including stories on the economic impact of harness racing in the state and shared a television report that aired in the Hudson Valley.

Presiding Officer Ball asked about the new owner seminar in 2017 at Saratoga and conversation about new ways to promote these educational opportunities ensued.

Agenda Item #7 – Consideration of Administrative Services Contract: Presiding Officer Ball stated that while the Promotion and Marketing Services contract that the Fund awarded the previous year was for three years, the Administrative Services contract was for one year, beginning May 1, 2017, and concluding on April 30, 2018. With that date approaching, he suggested that the Trustees discuss how to proceed and suggested that one option was to extend the current contract for a period of time, which had been done in the past. He noted that any extension of the contract would be under the current terms at the current payment rate. Additionally, staff would have the authority to execute the extension agreement on behalf of the Fund if that is what the Trustees decide.

Member Kimelman said the date of the contract period did not line up well with the needs of the program and suggested that the contract be extended to the end of the “cycle” after the calculation of breeders awards for 2018. He offered the date of Oct. 31, 2018.

Peter Arrigenna made a motion to extend the Administrative Services contract with Capital Hill Management Services through Oct. 31, 2018, at the current rate. Member Kimelman seconded. All in favor.

Agenda Item #8 – Consideration of Drug Testing Program: Presiding Officer Ball noted that the Trustees approved a budget in January providing up to \$160,000 for Out-of-Competition Drug Testing and up to \$40,000 for County Fair Drug Testing. In the past the Fund has designated the New York Drug Testing and Research Program at Morrisville State College as a single source drug lab to perform these testing services and the Trustees had a resolution before them to do the same in 2018, which read:

Pursuant to Section 330 of the Racing, Pari-Mutuel Wagering and Breeding Law of the State of New York (the “Racing Law”), the Agriculture & New York State Horse Breeding Development Fund (the “Fund”) “is created in order that it may promote the breeding of horses and the conduct of equine research in this state on its own responsibility and under its own business management. The policy, good faith and interest of the state are concerned with the management and development of the Fund and are committed to promotion of horse breeding and equine research in this state in active cooperation with the Fund.”

In carrying out this statutory mandate, the Board of Directors of the Fund have historically recognized, and continues to recognize, that the New York Drug Testing and Research Program at Morrisville State College (“Drug Lab”) is a single source vendor with specialized expertise and knowledge with respect to the effective and efficient drug testing of the Standardbred breeding and racing industries as contemplated by the Racing Law.

In this regard, the Fund’s Board of Directors recognizes that: (1) the mission of the Drug Lab is to ensure the integrity of racing in New York State, (2) the Drug Lab provides statewide services that will allow for consistency and uniformity in complex testing of registered Standardbreds throughout New York State, and (3) the continuation of the Fund’s historical relationship with the Drug Lab is in the Fund’s best interests.

For these reasons the Drug Lab is uniquely positioned to carry out, on a cost-effective basis, the measurable objectives of the Fund by providing drug testing services for the Fund throughout the State of New York.

Presiding Officer Ball further noted that if a motion was carried by the Directors to approve this resolution, the Executive Director, on behalf of the Fund, would be authorized to enter into two separate one-year contracts with the Drug Lab for (1) out-of-competition testing and (2) county fair testing, as provided for in the approved 2018 budget.

A motion to designate the New York Drug Testing and Research Program at Morrisville State College as a single source drug lab and for staff to move forward with a contract was made by Member Arrigenna and seconded by Member Kimelman. All in favor.

Agenda Item #9 – Consideration of 2018 County Fair Schedule: Presiding Officer Ball noted that at the previous meeting the Trustees approved schedules for the New York Sire Stakes and the Excelsior Series, but still had the County Fair racing schedule to consider. The Trustees reviewed a schedule with 20 fair racing dates, the same fairs as last year, and finals at Monticello.

Member Arrigenna made a motion to accept the 2018 County Fair racing schedule, seconded by Member Kimelman. All in favor.

Agenda Item #10 – Annual Review of Fund Policies: Presiding Officer Ball stated that each year the Board reaffirms the 22 policies of the Fund. Five policies have been updated by staff for consideration. The changes to these five policies are largely to make the policies current and reflective of the size and resources available to the office.

The policies simply being reaffirmed were considered first and then the policies that have proposed changes. The reaffirmed policies related to:

- Affirmative Action
- Communications and Computers
- Credit Card
- Disposal of Property
- Equipment Control
- Hiring
- Internal Controls
- Investment
- Lobbying
- Minority and Women Owned Business Enterprises
- Project Sunlight
- Procurement Guidelines
- Record Management, Retention and Destruction
- Time and Attendance
- Travel
- Workplace Violence
- Whistleblower

There was no discussion on these policies.

Trustees then reviewed the policies with proposed changes related to:

- Cash Receipts
- Collection Procedures
- Grants
- Sexual Harassment
- Uncashed/Undeposited Checks

Presiding Officer Ball asked Executive Director Young to comment on the changes. She noted that many of these policies relate to handling money and the suggested changes address the small size of the office staff and the attempt to strengthen internal controls.

Member Arrigenna made a motion to accept the 22 policies. Seconded by Member Kimelman. All in favor.

Agenda Item #11 – Consideration of Process for Night of Champions Proposals for 2019

Presiding Officer Ball stated that the Trustees discussed a concept to allow harness racetracks in the state to submit proposals to host the Night of Champions every third year during the board's January meeting. He noted that the Trustees would like to receive proposals in June of this year to host the Night of Champions in 2019 and make an announcement of next year's location in September. Staff was tasked with developing a process and criteria for accepting proposals and the Trustees have a plan to consider.

Member Kimelman made a motion to accept the proposal as presented. Member Arrigenna seconded. All in favor.

Agenda Item #12 – Annual Financial Audit Report Update: Presiding Officer Ball noted that each year the Fund completes a Financial Audit of the previous year by March 31. Each Trustee was able to review a copy of the completed report that was submitted by the auditor, Valles Vendiola of Bronx, N.Y.

The report had also been submitted to the State Comptroller's Office and the New York State Authorities Budget Office, as required.

He further noted that in the opinion of the independent auditor, the report states in part that the financial statements of the Fund "present fairly, in all material respects, the financial position of the Fund as of December 31, 2017 and 2016, and the changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America." Additionally, the auditor noted that no deficiencies in internal controls or instances of noncompliance with laws, regulations, or other guidelines were found during the course of the audit.

There was no discussion.

Agenda Item #13 – Designation of Representative to Sign Executive Director Employment

Agreement: Presiding Officer Ball explained that the Board agreed to hire Kelly Young at its December meeting and she began on January 1, but has not yet signed her employment agreement and needed a designee to do so.

Member Kimelman made a motion to designate Richard Ball as the representative of the Fund to sign the employment agreement with Kelly Young. Member Arrigenna seconded. All in favor.

Item #14 – New/Old Business – There were no items discussed.

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 Arrigenna. The meeting was adjourned at 3:45 p.m.

Approved by Trustees Sept. 7, 2018