



Agriculture & NYS Horse Breeding Development Fund

MINUTES

Agriculture and New York State Horse Breeding Development Fund
Board of Trustees Meeting

Harness Racing Hall of Fame and Museum
Goshen, NY
May 4, 2016

Present: Trustees: Peter Arrigenna & Mike Kimelman; Department of Agriculture and Markets Commissioner Richard Ball's Designee - Deputy Commissioner of Agriculture and Markets Jackie Czub, Acting Executive Director of the Agriculture and NYS Horse Breeding Development Fund Ron Ochrym; Agriculture & New York State Horse Breeding Development Executive Assistant Connie Richardson; NYS Gaming Commission Senior Accountant Brian Squadere; NYS Gaming Commission Assistant Counsel Mark Stuart; Harness Horse Breeders of New York State (HHB) Executive Director Betty Holt.

Agenda Item #1 – Establishment of Quorum: A quorum was present and the meeting of the Agriculture and New York State Horse Breeding and Development Fund (Fund) called to order at 11:02 a.m.

Agenda Item # 2 - Designate a Fund Member as Presiding Officer: A motion was made to designate Trustee Arrigenna as the Presiding Officer of the meeting. Motion made by Member Kimelman, seconded by Member-Designee Czub. All in favor.

Upon being designated the Presiding Officer for the meeting, Member Arrigenna noted that other staff members attending the meeting included the following: Ron Ochrym – who serves as the Acting Executive Director of the Agriculture and New York State Horse Breeding Development Fund; Mark Stuart who serves as the Fund's Counsel; Connie Richardson, Executive Assistant for the Fund and Brian Squadere who provides staff support to the Fund; Betty Holt, Executive Director of the Harness Horse Breeders, Steve Lowenstein, Deputy Executive Director of the NYS Gaming Commission.

Presiding Officer Arrigenna opened his remarks by noting that he would welcome any public comment. Ms. Alice Allen discussed the problem of drugs and race horses specifically citing EPO and the need for Out of Competition Testing. Member Kimelman provided some comments thanking Ms. Allen for her comments and the need to ensure the integrity of the sport. There were no other public comments.

Presiding Officer Arrigenna thanked the Harness Racing Hall of Fame and Museum for allowing the Fund to hold it meeting at such an historic location. He noted that the Harness Racing Museum & Hall of Fame is dedicated to comprehensive, active and authoritative support and promotion of the Standardbred industry through documentation and preservation of the history and traditions of this American-born sport. The Museum maintains and preserves the history of harness racing and serves as a hall of fame for those, both human and Standardbred, whose significant achievements have made a positive impact upon the sport. He added that the Museum's location is also of significance because Orange County is the birthplace of Hambletonian 10, the ancestor of all American Standardbred horses. The Hambletonian

Stakes was held at Goshen's Mile Track (known as Good Time Park) from 1930 through 1956. Goshen's half-mile Historic Track established in 1838, which is across the parking lot, is the oldest horse track still in use in the United States and the first sporting site to be designated a National Historic Landmark (the second being Churchill Downs). Standardbreds still train daily at the track and exhibition and stake races are held there annually. Its exhibitory includes a preserved stable, theater, galleries, a children's play area and even a 3-D simulator that provides visitors with the experience of driving a Standardbred in a race. Presiding Officer Arrigenna noted that the Trustees had the opportunity to visit here last year and view the wonderful exhibits as well as tour the Historic Track. Given the historic nature of this facility and the adjacent Historic Track the Trustees decided to make this an annual event. He concluded his remarks by thanking Museum Executive Director Janet Terhune and President of the Museum Lawrence DeVan.

Harness Racing Hall of Fame and Museum Executive Director Janet Terhune provided a few remarks on the mission of the Harness Racing Hall of Fame and Museum.

Presiding Officer Arrigenna thanked Executive Director Terhune for her comments and returned to the Agenda.

Agenda Item # 3 - Minutes of Last Meeting of November 16, 2015: Minutes of the regular meeting of December 17, 2015 were presented for approval. A motion to accept the Minutes of December 17, 2015 was made by Member Kimelman and seconded by Member-Designee Czub. All in favor.

Agenda Item #4 – Consideration of HHB Contract – 6 Month Extender: Presiding Officer Arrigenna provided a summary of the agenda item and the need to recognize the HHB as a sole source provider and noted that a sole source agreement was previously passed for the first 6 month of the month that ran from January 1, 2016 to June 30, 2016. The extender would extend the contract for the remainder of the year at the same rate as the first half of the year. A motion was by Member Kimelman to approve the 6 month extender which was second by Member-Designee Czub. Members Kimelman and Czub voted in favor of the contract extender. All in favor (except for Presiding Officer Arrigenna who abstained).

Agenda Item #5 – Fund Advertising and Promotions – Discussion: Executive Director Betty Holt of the HHB provided a discussion of the advertising and promotional efforts provided by the HHB on behalf of the Fund. Ms. Holt noted that the current USTA initiative is not achieving the intended goal and needed to be reevaluated next year. Member Kimelman asked about using social media, specifically Facebook. Ms. Holt noted that the HHB was getting ready for the Sire Stakes and that the promotional materials have been received and the program was to begin in 10 days. Ms. Holt also discussed the residency program and the need to do spot ads on the changes in the program with regard to residency. Presiding Officer Arrigenna discussed the need to do more outreach with public releases on Sire Stakes events.

Agenda Item #6 – Share Services Agreement – Status: Presiding Officer Arrigenna provided an update on the Shared Services Agreement and that signatures have been received from all parties on the agreement but must be approved by both the Office of the State Comptroller and the Attorney General. It was noted that the agreement, once in effect, would be retroactive to January 2014.

Agenda Item #7 – County Fair Races – Addition – Saratoga County: The Fund had received a request in December 2015 from the Saratoga County Fair Association to conduct County Fair races in 2016. The Fair Association noted that the Saratoga County Fair did not have a usable track and noted, if approved, such racing would occur at the pari-mutuel track at Saratoga Hotel and Casino (Saratoga Harness Track) for August 2016. The Fund's County Fair conditions permit such off-site racing if a track is not available on the fair grounds.

Agenda Item #8 – Consideration of County Fair Race Schedule – Presiding Officer Arrigenna noted that at the Fund’s December meeting the Members did not consider the County Fair Race schedule since that information would not be available until the county fairs met in January and approved their schedule. Since they have met and approved a schedule, that schedule was now presented to the Trustees for approval for the County Fair Racing Series. The schedule included the addition of Saratoga County Fair as a participant in the County Fair Racing Series. A motion was by Member Kimelman to approve the schedule which was second by Member-Designee Czub. All in favor.

Agenda Item #9 - New York Drug Testing and Research Program/Drug Testing for County Races: Presiding Officer Arrigenna noted that the Fund does provide for the testing of samples from County Fair races and each year the Fund must approve a separate contract with the Drug Lab to perform this vital testing. To continue to test these samples, Presiding Officer Arrigenna noted that the Fund must contract with a testing entity which has always been the New York Drug Testing and Research Program. The Gaming Commission does provide for the testing of samples from races held at pari-mutuel tracks that are part of the Sire Stakes program but that did not include the County Fair Racing Series since these were non-pari-mutuel (except for the finals). Staff has discussed the continuation of this testing program with the New York Drug Testing and Research Program for the County Fair Racing Series. Presiding Officer Arrigenna noted that it estimated that the Fund needed to set aside \$30,000 for this purpose. The funding would provide the securing the samples, which can only be taken by a state licensed veterinarian, and the testing of the samples. Presiding Officer Arrigenna noted that the motion will allow Fund staff to contract with the New York Drug Testing and Research Program to provide the testing and funding to secure a veterinarian to acquire the samples at the County Fairs that conduct such racing. However, before the Fund Trustees could consider such a motion, the Trustees first needed to adopt a single source resolution for this contract. That resolution noted:

Pursuant to Section 330 of the Racing, Pari-Mutuel, Wagering and Breeding Law of the State of New York, (The “Racing Law”) the Agriculture & NYS 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 Trustees 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 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 Trustees recognize that: (1) the mission of the Drug Lab is to ensure the integrity of racing in New York State, and (2) the Drug Lab provides statewide services that will allow for consistency and uniformity in testing of registered Standardbreds throughout New York State. 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 expert drug testing services for the Fund throughout the State of New York.

The motion to accept the sole source resolution that will provide for a contract with the New York Drug Testing and Research Program for the Lab for the County Fair Race series was advanced by Member Kimelman and second by Member-Designee Czub. All in Favor.

Presiding Officer Arrigenna then requested a motion to provide up to \$30,000 to provide for a drug testing program for the County Fair races. That funding will include a contract with the New York Drug Testing and Research Program to test all samples submitted from these races as we have done in the past.

The funding will also include the cost of securing a veterinarian to secure the samples at the county fair races. A motion was by Member Kimelman to approve the schedule which was second by Board Member-Designee Czub. All in favor.

Agenda Item #10 - Financial – Banking Services: Presiding Officer Arrigenna noted concerns that he had with the amount of fees and interest that the Fund had been paying and receiving for financial services and needs. He noted that the members asked staff to examine what the Fund was paying and how much interests it was receiving considering the large balance that the Fund maintains at various times during the year. The Members felt it was a good opportunity to see if the Fund would benefit by changing banks. Staff was subsequently asked to speak with other banks and solicit some quotes. Presiding Officer Arrigenna noted that the New York State Thoroughbred Breeding and Development Fund recently changed banks for exactly this reason – better return on funds deposited – which has been successful. Fund Staffer Brian Squadere provided a discussion in which he noted the financial benefits of utilizing the services of Trustco Bank and the additional revenue from interest that the Fund would benefit from compared to the current situation with services provided by Key Bank. Upon conclusion of his report to the Trustees, a discussion entailed as to whether the members were inclined to authorize staff to change banks – going to Trustco. The Trustees were in full agreement to authorize staff to take such action and a motion providing for the changing of banking services to Trustco. It was also recommended that, if approved, that this be completed by the end of the third quarter – September 30, 2016. A motion to authorize staff to effectuate a change in banking services to Trustco was offered by Trustee Kimelman and second by Trustee-Designee Czub. All in favor.

Agenda Item #11 - Annual Agriculture and NYS Horse Breeding Development Fund 2016 Financial Audit: The Financial Audit was presented to the Trustees of the report prepared by Valles Vendiola LLP. The report did not note any deficiencies.

Agenda Item #12 - Investigators – Status: Presiding Officer Arrigenna noted that at the Fund's December meeting the Members discussed the Fund hiring Investigators. It was specifically noted that the Fund's counterpart on the thoroughbred side, the New York State Thoroughbred Breeding and Development Fund, employs inspectors. Presiding Officer Arrigenna noted that at the last meeting the Member approved the hiring of investigators and funded the account for such hiring at \$50,000 for Calendar Year 2016. The position will specifically focus on out of competition testing and investigating and ensuring compliance with the Fund's conditions and rules when necessary – especially at the county fair races. Presiding Officer Arrigenna noted that present at the meeting were the Fund's two Investigators recently contracted with by the Fund. Presiding Officer Arrigenna noted that he, as well as the other members, had met individually with the individuals who would be serving as investigators for the Fund. He then introduced and welcomed both Joel Leveson and Ellen All adding that he looked forward to their work for the Fund. He added that he believes this is an important and vital step in maintaining the integrity of the Sire Stakes program.

Agenda Item #13 – New/Old Business – Member-Designee Czub asked about the County Fairs and specifically the communications and administrative requirements (paperwork) required by the Fund and its interaction with the Fairs. Ms. Holt noted that she has met with them and that they were happy to meet with a representative of the Fund. Member-Designee Czub was concerned with the administrative aspects of the Fairs. There was then a discussion of the horse sales in Morrisville and Harrisburg and their impact on New York.

Agenda Item#14 - Adjournment – Presiding Officer Arrigenna thanked everyone for attending the meeting. He again thanked the Harness Racing Hall of Fame and Museum for their hospitality in hosting the event. He then asked for a motion to Adjourn. The Motion was made by Member Kimelman and Seconded by Member-Designee Czub. All in Favor. Meeting concluded at 12:07 p.m.