



Agriculture & NYS Horse Breeding Development Fund

MINUTES

Agriculture and NYS Horse Breeding Development Fund
Board of Directors Meeting
Department of Agriculture and Markets, Albany, NY
December 17, 2018

Present: Chairman of the New York State Gaming Commission Barry Sample; Trustee Peter Arrigenna; Agriculture and Markets Deputy Commissioner Jackie Czub; Executive Director of the Agriculture & NYS Horse Breeding Development Fund Kelly Young; Fund Office Manager Dawn Bennett and Executive Assistant Connie Richardson; NYS Gaming Commission Senior Accountant Brian Squadere; and NYS Gaming Commission Assistant Counsel Melanie LaCour. Vendor representatives: Brian Buff and Judy Spadaro, 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 2:01 p.m. by Jackie Czub, designee for Commissioner of the Department of Agriculture and Markets and Trustee Richard Ball, who was not able to attend.

Agenda Item #2 - Designate a Board Member as Presiding Officer: A motion was made by Member Sample to designate Ms. Czub as Presiding Officer of the meeting and seconded by Member Arrigenna. All in favor.

Before going to the agenda, Presiding Officer Czub made a few remarks. She acknowledged that the following staff were present: Executive Director Kelly Young, staff Dawn Bennett and Connie Richardson, Melanie LaCour, who was providing legal counsel, and Brian Squadere, who acts as Comptroller.

Presiding Officer Czub then invited guests to make any public comments. Betty Holt of the Harness Horse Breeders of New York State noted that the organization will be moving its office and has some materials for the Fund. Arrangements will be made for that transfer. There were no other comments.

Agenda Item #3 – Consideration of Meeting Minutes for September 7, 2018: Minutes of the regular meeting of September 7, 2018 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 to Enter into Executive Session: Presiding Officer Czub called for the members to consider a motion to enter into Executive Session, for the purpose of discussing a quasi-judicial proceeding pursuant to New York State Public Officers Law Section 108.1. 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 Czub thanked everyone for their patience and explained that the Trustees considered the matter of Jeffrey C. Johnson Jr. This was an appeal of Mr. Johnson’s positive drug tests on July 15, 2016 at the Erie County Fair.

The Board announced their agreement to sustain the Hearing Officer Report and Recommendation stating, “Based on the evidence in this matter, we hereby recommend that the rule violations found and penalties assessed by the Presiding Judge be affirmed.”

As a result, Executive Director Kelly Young will sign off on the Findings and Order implementing this decision by the Board.

Agenda Item #5 – Consideration of 2019 Conditions: Presiding Officer Czub summarized the proposed changes reviewed by the Trustees to conditions for the New York Sire Stakes #60 (foals of 2018), the Excelsior Series for 2019 and the County Fair Series for 2019.

Changes made in all three sets of conditions:

1. Addition of a requirement that a horse start in at least one leg of the series to draw into the final.
2. Tightening of the language regarding drug positive penalties.
3. Ability to declare a horse ineligible if the owner has outstanding debt to the Fund.
4. Updates to the staking payment mailing address to the Fund office in Schenectady.

The Excelsior Conditions also contained the following changes:

1. Addition of language to clarify the current practice of allowing horses to move down from the A to B level one time if they have not raced in the B level during the year.
2. Clarification that trainer entries will be separated into different divisions if possible.

The County Fair Conditions had the most significant proposed changes, including:

1. A four-day box for declaring into a race instead of a three-day box and the ability to utilize a central entry hotline for all the fairs.
2. Updated language related to the national change to microchipping horses for identification.
3. Language that allows the Fund to breath analyze any individual taking a horse onto the track.
4. A change in the way points are awarded in the case of a canceled race—instead of proration of points, it is proposed that all horses on the grounds will be awarded 10 points.

Trustee Arrigenna asked for clarification on the genesis of some changes. Executive Director Young noted that some changes were from staff and others were supported by Harness Horse Breeders, such as for the Excelsior Series separating trainer entries and clarifying moving up and down between the A and B levels. He also asked if feedback was received from the industry on the change to county fair points in the event of a cancellation. Young replied that Harness Horse Breeders was asked for feedback and the Fund’s County Fair Inspectors talked with many horsemen and solicited feedback at the County Fair Finals. She noted that county fair participants largely supported a flat number of points being awarded as opposed to what could be an uneven number in the prior manner of splitting “available points” in a given division. Holt confirmed that there were concerns about county fair points for canceled events in 2018 and this solution is a fair resolution.

The Trustees approved each set of conditions separately. Member Sample made a motion to adopt with changes the conditions for New York Sire Stakes #60 (foals of 2018). Seconded by Member Arrigenna. All in favor. Member Sample made a motion to adopt with changes the conditions for the Excelsior Series in 2019. Seconded by Member Arrigenna. All in favor. Member Arrigenna made a motion to adopt with changes the conditions for the County Fair Series in 2019. Seconded by Member Sample. All in favor.

Agenda Item #6 – Consideration of 2019 NYSS Schedules: Presiding Officer Czub reviewed the proposed New York Sire Stakes and Excelsior Series schedule for 2019, agreed to by all seven harness tracks. She noted that the Night of Champions will be held a week earlier than it was in 2018, scheduled for Saturday, Sept. 14, at Batavia Downs. The Consolations are scheduled for Sunday, Sept. 15, at Vernon Downs—which will work well with the nearby Morrisville Yearling Sale planned for earlier that day. The Excelsior Series Finals will be held at Saratoga on Saturday, Sept. 21.

Member Arrigenna made a motion to accept the New York Sire Stakes and Excelsior Series Schedule for 2019. Seconded by Member Sample. All in favor.

Agenda Item #7 – Consideration of 2019 Purses: Presiding Officer Czub reviewed the purse schedules proposed for 2019. There was a slight adjustment to purses for Sire Stakes legs to accommodate an anticipated decline in income. This represents a very small decrease of \$192,000. She noted the Fund will provide an estimated \$9.4 million for Sire Stakes purses. Of that, \$1.8 million is allocated for the Sire Stakes finals, keeping them at \$225,000 per division. The Consolation events would again be worth \$40,000 each next year. The Excelsior purse levels were proposed to remain the same, at a total of \$3.8 million for the legs, and feature \$55,000 finals for each division.

Member Arrigenna made a motion to approve the 2019 New York Sire Stakes and Excelsior Series purses, seconded by Member Sample. All in favor.

Agenda Item #8 – Consideration of 2019 Budget: Presiding Officer Czub noted that the Members have an extensive budget book that lays out projected revenues to the Fund and anticipated expenses in detail. She noted that the budget was very similar to last year and highlighted a few notable differences. The budget provides for revenue and expenses of \$16.765 million.

On the Expenses side of the Budget:

- a. **Administration Costs** – In line with the small decrease in Sire Stakes purses, the Administrative budget is decreasing by \$30,000, also 3%. This represents efficiencies in staffing expenses despite fixed costs continuing to increase.
- b. **NYSS Program Overhead** – Budgeted amount increased from approximately \$241,000 to \$255,000. Several expenses were cut to allow for the addition of:
 - 1) A new county fair consultant to take entries on a single hotline, prepare the racing programs, and post results.
 - 2) Funds for the one-time purchase of microchip readers for the new horse identification instituted by the U.S. Trotting Association, and for breath analyzers for county fair racing, as discussed during the conditions.
 - 3) Doubling the advertising budget from \$12,500 to \$26,000 to better reflect the needs of the Program to promote the NYSS within the industry and to new participants.
- c. **Breeder Awards** – The budget includes \$1 million in Breeder Awards, the same level as 2018.
- d. **Drug Testing** – The budget looks to continue out-of-competition and County Fair testing programs, which began in 2016, to ensure the continued integrity of racing in the New York Sire Stakes program and provide a level playing field for all New York-bred horses. Up to \$115,000 combined was allocated.

Member Sample made a motion to adopt the proposed 2019 budget. Seconded by Member Arrigenna. All in favor.

Agenda Item #9 – Consideration of Grant Applications Process in 2019: The approved budget included \$150,000 in grant funding. Presiding Officer Czub noted that the Trustees will award grants based on the strength of the proposal, the availability of resources and meeting the statutory mandated Mission of the Fund. Ms. Czub proposed setting an application deadline of March 1, so that the Board may review applications and receive a presentation from requesting organizations at a meeting in the Spring.

Member Sample asked how long the application will be available before the deadline and Ms. Young noted approximately 45 days. Ms. Czub asked about outreach to share the application with organizations and Ms. Young detailed the efforts taken by the Fund to share the application with eligible organizations.

Member Arrigenna made a motion to establish March 1, 2019 as the deadline for grant submission. Member Sample seconded. All in favor.

Agenda Item #10 – Update on Zweig Memorial Fund for Equine Research: Presiding Officer Czub noted that the Fund provides a statutory percentage of income to the Zweig Memorial Fund for Equine Research at Cornell University. Executive Director Young sits on the Zweig Fund board on behalf of the Fund and Ms. Czub invited her to provide an update.

Young provided a summary to the Trustees of the projects recently awarded grant money by the Zweig Fund. The trend in grant requests, she said, is that most of the research projects are two-year requests and most are in excess of \$100,000. All the proposals awarded grants this year were very highly rated by both the scientific review committee and the Zweig Fund Board. Additionally, she noted that Dr. Heidi Reesink was named the Zweig Assistant Professor and that planning was underway for the Zweig Fund's 40th Anniversary to be celebrated Nov. 13 and 14, 2019, at the Cornell University School of Veterinary Medicine. Young also noted that she was named the treasurer of the Zweig Fund. In 2018, the Fund sent \$320,494 to the Zweig Fund.

Agenda Item #11 – New/Old Business: The Trustees had no other business items.

Agenda Item #10 – Adjourn - Presiding Officer Czub thanked everyone for attending the meeting and asked for a motion to adjourn. Member Sample made the motion, which was seconded by Member Arrigenna. The meeting was adjourned at 2:50 p.m.