

Agriculture and New York State Horse Breeding Development Fund Minutes – January 20, 2022

A meeting of the Agriculture and New York State Horse Breeding Development Fund was conducted in conformity with Chapter 1 of the Laws of 2022. The meeting was conducted by conference call, the public had the ability to listen, and such meeting was recorded and will be transcribed.

ITEM 1 - Call to Order and Establishment of Quorum: Trustee Richard Ball called the meeting to order at approximately 11:04 a.m. Establishment of a quorum was noted by Trustee Ball. In attendance were Trustee Barry Sample and Trustee Steve Jones.

ITEM 2 - Presiding Officer Nomination: Trustee Sample, seconded by Trustee Jones, nominated Trustee Ball as Presiding Officer - APPROVED: 3-0.

ITEM 3 - Opening Remarks by Presiding Officer: Presiding Officer Ball offered a few remarks. He noted that former Executive Director Kelly Young has moved on. The Commissioner thanked Kelly for her enthusiasm and leadership in running the Fund over the past four years. He noted that her last day at the Fund was November 19. The Trustees publicly thanked Ms. Young for her years of service to the Fund.

Presiding Officer Ball noted that a search for a new Executive Director has commenced but in the interim, Ron Ochrym will serve as the Acting Executive Director of the Fund. He also noted that Ralph Scunziano will serve as the Fund's Counsel. Connie Richardson, Executive Assistant to the Fund, was also present at the meeting. Jackie Czub, Deputy Commissioner of the Department of Agriculture and Markets and Rob Williams, the Executive Director of the Gaming Commission, were also present.

Before he commenced with the public comment portion of the agenda, there are a few points he made regarding the location of the Fund's meeting. He noted the historic significance of the meeting location – the Harness Racing Museum & Hall of Fame - and thanked the Museum's Chairman of the Executive Committee, Lawrence DeVan and Executive Director Janet Terhune for providing use of the venue for the Fund's meeting.

He noted 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 was 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 space includes a

preserved stable, theaters, 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. He encouraged everyone to view the wonderful exhibits as well as tour the Historic Track.

Presiding Officer Ball concluded his remarks and then asked for Public Comment before going to the agenda. No public comment was offered.

ITEM 4 - Consideration of Minutes for Meeting of May 13, 2021: The Fund considered previously circulated draft minutes of the meeting conducted on May 13, 2021. The minutes were accepted as circulated.

ITEM 5 - Executive Session: The Trustees convened into Executive Session for the express purpose of consideration of matters pursuant to New York Public Officers Law Section 105(1)(f).

ON A MOTION BY: Trustee Jones - APPROVED: 3-0

To Adjourn Executive Session - ON A MOTION BY: Trustee Jones - APPROVED: 3-0

Return from Executive Session. Presiding Officer Ball concluded the Executive Session and had the record reflect that the Executive Session was limited to discussion relative to personnel matters as provided under Public Officers Law Section 105(1)(f). He noted that during the Session, the Trustees discussed hiring a new Executive Director and instructed staff to develop an employment notice that will enable the Fund to recruit candidates through various employment websites. Once the notice is completed, it will be posted on the Fund's website and other available sites which will initiate the process. He then returned to the public agenda.

ITEM 6 - Ratification of Decisions Made Outside of the Fund Meeting Per the By-Laws: Presiding Officer Ball noted that since the last public meeting on May 13, 2021, three decisions made outside of the Fund Board due to extraordinary circumstances needed to be ratified.

a. Late last year (2021) the Fund put out the Stallion Eligibility for 2022, which is posted on the Fund's website.

ON A MOTION BY: Trustee Jones - APPROVED: 3-0

b. Approval of a contract with Peter Arrigenna for \$4,000, a former Trustee, to prepare the schedules for the Sire Stakes, Excelsior Series and County Fair Races.

ON A MOTION BY: Trustee Jones - APPROVED: 3-0.

c. Approval of a contract with Capitol Hill for \$4,200 to review the finances of the Fund upon the departure of the former Executive Director. Presiding Officer Ball noted that each time an Executive Director had left such action was taken to develop baselines of the Fund's finances. Specific items to be reviewed included review, examination and analysis of the Fund's 2021

financial activity and analysis of findings regarding compliance to policies and procedures.

ON A MOTION BY: Trustee Jones - APPROVED: 3-0.

ITEM 7 - Consideration of 2022 Budget – Presiding Officer Ball noted that the proposed 2022 Budget provided for estimated revenue of \$15.9 million and expenses of \$14.7 million. One of the major changes was to go with 7 legs instead of the traditional 8. Eliminating one leg would provide a savings of, at a minimum, \$1.2 million. Other adjustments were also made, including eliminating the Excelsior “B” for 3-year-olds, which will provide a savings of at least \$200,000. He added that the Budget will continue to keep the Sire Stakes Finals’ purses at \$200,000 for each race instead of \$225,000 as was the purse two years ago, a savings of \$200,000. Overall, the Budget was constructed with changes that would save approximately \$1.6 million. This overall savings, along with conservative revenue estimates and liberal expenditure projections, should be sufficient for the program to save money this year especially if any unexpected events occur. Other items noted:

- a. **Grants** – The budget includes \$200,000 in grant funding; and
- b. **Breeder Awards** – The budget includes \$750,000 in Breeder Awards, which is the same amount provided in 2021 or \$500,000 less than provided in 2021 as awards for both 2020 and 2021 were awarded in November/December of 2021. The awards for 2020 went out in late November 2021, and the awards for 2021 went out in December. Staff recommended a series of steps to ensure the Fund’s ability to return to pre-pandemic funding levels. Staff recommended that the Fund commit to 2022 Breeders Awards in the amount of \$750,000 and re-examine funding levels later in the year and if appropriate, increase the awards \$250,000 to \$1 million at that later meeting.

ON A MOTION BY: Trustee Jones - APPROVED: 3-0.

ITEM 8 - Contract with Capitol Hill: Capitol Hill Management Services (CHMS) currently has an existing contract with the Fund for Equine Marketing and Public Relations that expires February 28, 2022. The current fee for the services is \$143,200 on an annual basis. This contract has an MWBE partner, Baker Public Relations, which represents 30% of the contract. CHMS has agreed to extend the contract at the same rate and terms commencing March 1, 2022, through the remainder of the year – ending December 31, 2022.

ON A MOTION BY: Trustee Jones - APPROVED: 3-0.

In addition to the work currently performed by CHMS, they proposed expansion of services given staff changes and the immediate impact on the Fund’s operations. To ensure the continuous sound operations of the Fund, Staff recommended approval to contract with CHMS for two additional functional areas of service.

First, contract with CHMS to perform Controller and Financial Services for the Fund. Under the proposed engagement CHMS will review and make any adjustments necessary to the Fund’s 2021 financial information, prepare the financial information for the 2021 annual report and work with the Fund’s auditor to close 2021. For 2022, CHMS will review and establish financial procedures to ensure that the revenue data is collected timely, perform monthly bank reconciliations, and prepare and distribute monthly financial

reports. CHMS will also work with the Fund Staff to prepare the annual budget for 2023. At the end of 2022, CHMS will again prepare the financial information for the annual report and work with the auditor to close out 2022. CHMS is proposing \$5,000 per month to perform this work for the remainder of the current year, ending December 31, 2022.

Secondly, contract with CHMS to provide equine program administrative services. CHMS has successfully provided these services to the Fund under a previous contract. The services to be performed by CHMS will include maintaining the statistical data, payment processing and record keeping and county fair administration for the Fund. CHMS is proposing \$8,334 per month to perform this work for the remainder of the current year, ending December 31, 2022. In the new relationship, CHMS will work with the existing Fund Staff to establish best practices for the administration and financial management of the Fund. CHMS's staff will be integrated with existing Fund staff, with the Fund staff remaining responsible for the Fund's day-to-day activities, compliance reporting and working at the direction of the Executive Director or the Fund's Acting Executive Director.

After concluding discussion of these contracts, the Trustees discussed and instructed staff to prepare an RFP that would solicit bids to perform the work contracted for with Capitol Hill with the goal of awarding the RFP to the successful bidder prior to the end of calendar year 2022.

ON A MOTION BY: Trustee Sample - APPROVED: 3-0.

ITEM 9 - Consideration of NYSS Conditions for 2022:

- a. New York Sire Stakes – No. 63 – was offered for discussion. There are no changes from last year except for dates.

ON A MOTION BY: Trustee Jones - APPROVED: 3-0.

- b. The second item was the Conditions for the 2022 New York Excelsior Series. There is one major change with the elimination of the “B” level for all 3-year-olds. The HHB has indicated their support for this change.

ON A MOTION BY: Trustee Jones - APPROVED: 3-0.

- c. Finally, the 2022 County Fair Conditions remain the same as in the past.

ON A MOTION BY: Trustee Jones - APPROVED: 3-0.

ITEM 10 - Consideration of Schedules: The schedules for the Sire Stakes and the Excelsior Series were discussed with the Trustees. It was noted that the County Fair Racing Series was not available as the County Fairs Associations has not provided the Fund with their intentions for the year which is expected to be received from the Association sometime by the end of January. Once that information is received a schedule will be developed for the County Fair Races which will then be considered at the Fund's next meeting.

- a. The first schedule for consideration was the Sire Stakes.

ON A MOTION BY: Trustee Jones - APPROVED: 3-0.

- b. The second schedule for consideration was the Excelsior Series including eliminating the Excelsior “B” for 3-year-olds.

ON A MOTION BY: Trustee Jones - APPROVED: 3-0.

ITEM 11 - Sire Stakes Finals - Venue: This year, the Fund received two proposals – one from Tioga Downs and one from Batavia Downs. Both proposals were similar and Presiding Officer Ball noted that either location would be a win-win for the Fund, horsemen and the track picked. Batavia hosted the event in 2019 and this would be the first time for Tioga. ON A MOTION BY: Trustee Sample, recommending accepting Tioga’s proposal for the Sire Stakes Finals, be approved - APPROVED: 3-0.

ITEM 12 - 2022 Grant Requests: The Budget includes \$200,000 in grant funding. The Fund received 5 grant proposals for 2022 in the amount of \$198,473 which were all reviewed by the former Executive Director as meeting the Fund’s qualifications for consideration. After discussion of all five proposals, the Presiding Officer took each item for a vote.

- a. Harness Racing Museum and Hall of Fame - \$50,000
ON A MOTION BY: Trustee Sample - APPROVED: 2-0, Trustee Jones - Abstained.
- b. Historic Track – Arden Barn/Blacksmith Shop – \$50,000
ON A MOTION BY: Trustee Sample - APPROVED: 2-0, Trustee Jones - Abstained.
- c. 4H – Horse Program - \$48,000
ON A MOTION BY: Trustee Jones - APPROVED: 3-0.
- d. Cornell Cooperative Extension Equine - \$7,000
ON A MOTION BY: Trustee Jones – APPROVED
- e. SUNY Morrisville Breeding Laboratory Equipment - \$43,473
ON A MOTION BY: Trustee Jones - APPROVED: 3-0.

ITEM 13 - Consideration of Fund Policies: Presiding Officer Ball noted that each year the Fund re-affirms the policies of the Fund. There are 23 policies noted on the agenda. Two have been amended. The “Time and Attendance Policy” adds “Juneteenth” as a State holiday and the Internal Controls removes names of individuals and makes the responsibilities to Fund positions. The following policies were reviewed:

- a. Violence in the Workplace
- b. Sexual Harassment Policy
- c. Affirmative Action Policy
- d. Cancellation of Undeposited/Uncashed Checks
- e. Project Sunlight
- f. Minority and Women Owned Business Enterprises
- g. Lobbying Policy
- h. Hiring Policy
- i. Equipment Control Policy
- j. Communications and Computers
- k. Credit Card Policy
- l. Cash Receipts Policy
- m. Collections Procedures /Policy
- n. Procurement Guidelines

- o. Whistle Blowing Policy
- p. Records Retention Policy
- q. Investment Policy
- r. Disposal of Property Policy
- s. Grants
- t. Internal Control Policy w/AMENDMENT
- u. Time and Attendance Policy w/AMENDMENT
- v. Travel Policy
- w. County Fair Guidelines

ON A MOTION BY: Trustee Jones - APPROVED: 3-0.

ITEM 14 – Sole Source Resolution with Drug Lab for Drug Testing: Presiding Officer Ball noted the need to adopt a sole source resolution to allow staff to enter a contract with the Drug Lab for drug testing for the County Fair races and out of competition.

ON A MOTION BY: Trustee Jones - APPROVED: 3-0.

ITEM 15 – SHARED SERVICE AGREEMENT: The Fund did receive its current assessment from the Gaming Commission for the period July 1, 2021, to September 30, 2021 in the amount of \$14,954.48.

ON A MOTION BY: Trustee Sample - APPROVED: 3-0.

ITEM 16 – Anti-Slaughter Policy: The Presiding Officer noted that on December 1, 2021, Governor Kathy Hochul signed into law a bill prohibiting the slaughter of racehorses and racehorse breeding stock. The Fund discussed the need to adopt a resolution in order to comply with its obligations pursuant to that legislation.

After lengthy discussion on the Resolution, the Trustees voted to TABLE the item on a Motion by Trustee Sample - Approved – 3-0

The second resolution addressed the disqualification of Breeder Awards to individuals, or any entity has been charged with the commission or crime involving unlawful conduct associated with the care or custody of horses or has been convicted of such offense or crime. A disqualification of the individual or related entity based upon pending charges shall remain in effect pending disposition of the charges.

ON A MOTION BY: Trustee Jones - APPROVED: 3-0.

ITEM 17 – Annual Financial Audit Review: Staff noted that the Fund is awaiting the Valles Vendiola’s audit of the financial statements of the Fund as of December 31, 2021. A contract was previously signed with the accounting firm. Once that information is received staff will provide copies to the Members.

ITEM 18 – Zweig Fund Meeting: Presiding Officer Ball noted that the Fund provides 2% of its revenue to the Zweig Committee and he added that Ron Ochrym served as the statutorily designated Member of the Zweig Committee this past November. The Zweig Fund considered five grant proposals and funded all five at \$531,166. The five studies include the following:

1. Factors affecting durability in Standardbred Racehorses;

2. Inflammatory markers from endometrial swab/cytobrush as a screening test for equine endometritis and endometrial fibrosis;
3. Equine joint sepsis and synovial fluid mucins;
4. Synovial fluid extracellular vesicles in equine joint disease and therapy; and
5. Inflammatory biomarkers for prediction of breakdown injuries in horses.

ITEM 19 – Stallion Directory: The Members were provided a copy of the Stallion Directory. It was also noted that a copy of the Directory could be found on the Fund’s website - www.NYSIRESTAKES.COM.

ITEM 20 – Fund Annual Report: Staff is in the process of completing the Fund’s Annual Report which, under Racing Law Section 330, requires the Fund to report annually on or before January 31 each year to the Governor and the Legislature, on the state of the standardbred breeding industry in this state. Staff is in the process of completing that report well in advance of the January 31 deadline. When completed, the Members will be provided with a draft copy and upon signoff by the Members make the required reporting to the Governor and Legislative Leaders on January 31, 2022.

ITEM 21 - New/Old Business: Trustee Jones discussed the number of legs of the Sire Stakes and consideration of the fewer legs than the currently approved 7 legs schedule for 2022. Staff noted that the number of legs is discussed in statute, but it is unclear as to a requirement for a minimum number of legs. Staff was instructed to review and report back on the legal requirements for the number of legs.

ITEM 22: Adjournment: On a motion to Adjourn by Trustee Jones, APPROVED: 3-0 - Presiding Officer Ball declared the meeting adjourned at approximately 2:05 p.m.

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