

**SPECIAL TOWN BOARD MEETING
HORSESHOW GROUNDS LEASE**

MONDAY, AUGUST 30, 2010

Minutes of the Regular Board meeting held on the above date beginning at 10:00 am in the meeting room of the North Elba Town Hall, 2693 Main Street, Lake Placid, New York.

Members Present: Supervisor Politi, Councilman Favro, Councilman Miller, Councilman Doty, Councilman Rand, and Laurie Curtis Dudley

Others Present: Ron Briggs and Richard Feldman

Supervisor Politi opened the Regular Town Board meeting at 10:00 am by asking everyone to stand for the Pledge of Allegiance.

Supervisor Politi read the notice of the Board meeting which was properly published and posted. The purpose of such meeting is for discussing the Horseshow Grounds lease.

Supervisor Politi stated before we begin I do want to say this community and this board are so very appreciative of everything both you and Diana do for Lake Placid and what you bring to the Lake Placid community. The Lake Placid Horseshow has become a true economic benefit to all of us. We understand what it has been like, we understand your dedication and we appreciate everything that the both of you do for Lake Placid. The grounds are in such wonderful condition, and we appreciate that. With that being said, I am going to open up the floor to you to discuss what you came here for.

Mr. Feldman stated first let me thank you for listening and hopefully we can arrive at something that makes sense to both of us. (He presented a financial spreadsheet to the Board which includes all monies spent on the grounds since 2002.) He stated for the past eight years we have spent \$2,325,000 on the grounds in Lake Placid. In addition to that we pay \$50,000 for flowers each year for which the Town has to enjoy for the entire summer. In the years prior to 2002, we spent close to \$300,000. I have been the chairman of the Horseshow for twenty years and have been paying a \$10,000 rental fee to the Town for the privilege of running the Horseshow. When I took this over, I went to Matt Clark who was the Supervisor, and said we don't have the money for rent but I will accrue it. I promised that I would pay it when we had it. It was about five year's time before I paid back \$50,000 or more. We then paid the \$10,000 each year.

Mr. Feldman stated the horseshow world is really discretionary income at the highest level. It is very expensive for people to come to Lake Placid for this horseshow. A family with one child and two horses who are traveling with a shared trainer and a groom need two rooms for the family and a room for the groom at a motel. Lessons and classes for two weeks run close to \$40,000. The families were renting houses but have found that staying at a nice place like the Mirror Lake Inn or the Whiteface Lodge they receive linens and house cleaning at similar cost. Last year was a disappointment for me. When I took this over I bought a tinny little house in Wellington, Florida. Everybody that comes to Lake Placid through our horseshow begins in January, February and March in Florida at one place, Wellington. I bought that house so I could sit on a horse and tell people to come to Lake Placid and it worked. I still do that all winter long. Each horse that comes to the show brings about \$900 to the show. If you are showing 1500 horses then you can multiply it then you can find out what our gross is. We have to have money in the bank because if the Horseshow has to close due to weather it cost \$150,000 per day. We have one make-up day between the two weeks and the Sunday of the second week is also held for a rained out day. He stated this year the first week was right on the money; it was absolutely terrific. The second week we were off 150 horses from the first week. Those people did not go to another show. Vermont runs against us and was in a disaster mode. God knows what they lost. They are going home because they are not willing to spend the money in these economic times.

Mr. Feldman stated having said that and now you know what it costs us to run this show. The numbers show what we put into the grounds every year. This happens year in and year out. Some years are less and some are more, but they all run about the same. Last year I really cut it down, but the place looked just as beautiful as it has ever looked. This year, going into the next, we spent double the amount of money on the grass. The tents sit on a pad which has to be replaced every five years at a cost of \$6,000 per pad. We replace three a year and on a rotation. The place has to look first class because we get the best of the best. Except in an Olympic year or when the

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World Equestrian Team games which are held in Lexington, KY in October. They had to qualify all over the world to get there so we lost a couple of the top riders. I was gratified with the first week and disappointed with the second week. As you know we pay \$10,000 a year as a rental fee to the Town for the privilege of running the show. We are at a point now that I think it is something we should not do any longer. I don't think we have to do it. What other venue comes to town that puts \$250,000 to \$300,000 into anything that we have here. I would like to know one of them. He stated I think we are the highest grossing venue that you have as far as retail is concerned. "The ironman does nothing for retail" if you ask Ruthie's Run; during the horseshow they go gangbusters. Having said that, I am open to talk, discussion or whatever. There was talk that the Ironman was not going to stay, and now you may have helped them to stay. I don't care. It doesn't bother me. But I don't think we should be taxed on a venue that we make the entrance to Lake Placid as gorgeous as it really is.

Supervisor Politi stated you should know that we do pay for Ironman now. That wasn't the case in the past. We have to pay going forward. There are some other things that the Board members should all know; we had budgeted this year for the show grounds a loss of about \$93,975.25 which is somewhat questionable. \$67,825 is charged off to personnel for the Horseshow. That category is utilized by the Park District for anybody working on any of the other grounds. It is more like we are operating at a negative \$35,000.

Councilman Doty stated not taking into account Highways work.

Supervisor Politi stated the revenue sources would be \$10,000 rent on a contract that is outdated and needs to be redone, 10% of Horseshow contributions for administration and a payback for the pick-up of manure which dropped from \$20,000 to \$14,470. The drop is an indication of the lower number of horses this year. We also get compensated back for the time individuals work solely on the grounds during set-up, the horseshow and breakdown. He stated most of the revenue comes from rent and administrative fees; we had budgeted \$20,000 this year for both and the offset came out to be a negative of \$93,975, but again most of the personnel costs go somewhere else. It would not be fare to say that was the case. We are dealing with the same economic crisis that you are. The issue is one, Gentleman, whether you want to do it, where you want to do it, how you want to do it and what you want to discuss. I would like to hear from each of you as to your thoughts on it so we can meet some conclusion.

Councilman Doty stated a main concern is there was talk over the last few years that among your ranks there were different shows that were being scheduled for the same time. A couple years ago Connecticut and Saratoga and even Vermont posed a problem getting the numbers here. Has your circle worked that thing out so that each community can be successful in moving forward?

Mr. Feldman stated to be honest we could not take another horse the first week this year. I don't care where the shows are, they don't bother us. The second week has nothing to do with other shows. It has to do this year for the first time with economics.

Councilman Doty stated outside of economics, are you proposing anything different in moving forward. Are you having just one week or do you still need this two weeks to make Lake Placid work.

Mr. Feldman stated for you people you want two weeks. To make it work, the rest of them are not coming for just one week. They have to come for two. They would like to run it three or four weeks, but you don't have the wherewithal and when they extend shows like that it is a loss. Too many people go home. We are at a level now that my budget is just about where it has to be. I can't lower it anymore. I've squeezed the lemon dry. As far as competition, there is none. That has nothing to do with it. He stated just to go a little further, top quality horses from 2002 thru 2008 could run anywhere from \$1 million to \$5 million per animal. That has come down and the \$1 million horse is now \$500,000 and the \$3 million and \$5 million horse has sold only 3 all over the world. They use to sell at least 30. Everything has come down to a new era, but as far as competition; I am not concerned about it at all.

Councilman Doty stated well I just needed to hear that.

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Councilman Miller asked about the infrastructure and if the building is holding up. He stated you said your clientele is expecting the best.

Mr. Feldman stated it's great. We built it and it still looks brand new and they do get first class. They now have a choice in the tents that they can rent. The reason you don't see the blue and white stripe tents anymore is because there is a new tent out called a "free stand" which has no center posts. It is completely open and airy. 90% of them want the new tents. The infrastructure is terrific; first class always. He stated the money listed is not spent on people. This money is spent on the grounds. If that ground does not look the way it does... we are one of three grass rings left in the United States...they come here to ride on the grass. Many many come here just for the privilege. Some years ago I looked at making it a dirt ring and you have to raise the road side 40 ft. Can you image the fill that would have to go into do that? Engineers said water drains from the ski jumps to the ball fields. It is like a lake, and goes away rather quickly.

Supervisor Politi mentioned to the Board that Mr. Feldman does not host any other horseshow. The horseshow is a not-for-profit and all monies retained in the corporation are solely for the benefit of Lake Placid.

Councilman Doty asked if there are amenities or services that can be non-discretionary that we could help you with. The one thing that comes to mind a few years ago was water. Are there resources we have?

Mr. Feldman stated that is nice but I pay the water bill, the manure removal bill and am happy to do it. What I don't want to pay is rent. My Board does not understand paying rent when we keep the grounds looking the way it looks. If it looked like a mess down there then I would say ok, tax me. This is a tax that we don't think we should be paying. We went into something called FEI (Federation Equestrian in Europe) few years ago, which was the rage at the time. It gave points out and so forth. It hindered us in the Grand Prix. We will have some savings there but not enough to offset. This show has to breakeven. It has to go on a flat basis. The weather has worried me since I started this. Last year we got 4" of rain in the end of May or June and the stone wall that holds up one of the rings, jumper annex, blew and cost \$50,000 to fix. This year the additional cost was for the grass and an additional cost for all the dirt rings which have to be laser graded. As a rider I know they need to be done.

Councilman Favro stated in past years, you were good enough to give money to other non-profits. Do you still do that?

Mr. Feldman stated I was so generous with our money, the IRS decided five years ago that I gave away too much money. It has taken us five years to get even with the government without giving anything. Our organization is allowed to give 10% of your profit away. I am happy to give small \$500 donations to everybody from the Police to the Fire Department. For years I did everything; I paved that whole area at the Lacrosse field, bought two ambulances, bought the fireboat, 4-wheelers and the government said you can only go so far. In those good money making years, I would give it away. Next year bothers me and that is why I am here. I think we are in it for a little bit of time.

Councilman Favro stated you are obviously putting enough money back in. I don't have a problem with the ten grand. It will hurt us in a sense, but the economic benefit is huge. I would still like to see an expense spreadsheet each year.

Mr. Feldman stated I will give you an expense sheet but I don't want my figures of the show running all over the place.

Councilman Miller asked why Councilman Favro asked for the expense report. He stated it is because if someone asks why we are giving up \$10,000 we can explain what we are getting.

Councilman Miller stated I thought the direction Jack was going was during tough times we don't mind waving the rent, but if the Horseshow is doing well, would the Horseshow be willing to...

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Mr. Feldman interjected with a definite no. He stated not as long as you are paying the Ironman. No way. You are paying someone to come then are you going to pay me to come? I will show you how much money I personally put into this show over the last 20 years. If my wife knew what I did here she would go berserk! That is my word of honor. You cannot imagine what I personally put into the show. If there is money to give, I would rather give it to the organizations to help the town kids, the police, the fire... that is what I like to do. That is what my Board likes to do. September 24th is our Board meeting and the first question is always, what are we giving away this year?

Councilman Rand stated I think you are paying rent just by keeping the ground in the shape that it is. I am not going to be repetitive, and Roby hit it right on the head, giving you all the compliments. It is an incredible venue. We had the NYSEF Fundraiser there a couple of weeks ago. It is such a beautiful facility. It is not only a benefit to the Town as an entrance, but for all the people that use it for wedding parties etc.. The flowers are beautiful, the grass is in great shape, and the building is kept up, and you employ some Town employees. Especially after seeing the expense sheet, it is really a trivial matter and can understand why your board might be a little agitated having to pay rent. It's a no brainer. It is a beautiful facility. \$2,300,000 has been put into the facility; \$50,000 alone on flowers.

Councilman Miller stated I am shocked by the cost of the flowers.

Mr. Feldman stated you shouldn't be. They must look like that because they look like that at every first class show in the world. We are now considered one of the top ten in the world.

Councilman Rand stated if you are looking for a motion I would move that we drop...

Councilman Doty stated I have a legal concern over the rent. Is there some way our contract covers for the insurance at the Horseshow grounds covers anything that could happen to you and your show against us on the Town level. Maybe I'm not saying it right.

Attorney Briggs stated indemnification.

Councilman Doty stated a new contract cover that by some other means.

Supervisor Politi stated first we have to do a new lease and there would be an indemnification clause. In addition the new lease would express our insurance requirements that have changed since the last lease ended in 2005. As Jay has expressed, rather than there being a rent of \$10,000 the lease would express that it would become the lake Placid Horseshow Assoc requirement in lieu of rent to maintain the facility, structures and so forth in a condition that it has been over the years.

Mr. Feldman had a more current lease that doesn't expire until 2015. Laurie photocopied that lease for the Town records.

Mr. Feldman stated you can certainly give us a ten year lease again. I do not want to have the problem where we have to sit down year after year.

Supervisor Politi stated I am concerned about the insurance requirements.

Mr. Feldman stated I carry for the board member \$12 million full coverage and the show grounds. It is one of our biggest bills for the whole show.

Councilman Doty stated I think of stupid things like a horse that is valued at \$5 million dollars takes a navicular out and they blame it on the road.

Attorney Briggs and Supervisor Politi discussed the current insurance requirement and that it is not adequate.

Supervisor Politi stated I don't have any problem doing this. The problem that I have is that we have developed a budget in 2009 for the 2010 year based upon certain revenues.

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Mr. Feldman thought he had paid North Elba rent for 2010. After making a call it was determined the rent was not paid. It was not his intention to miss rent in 2010 but to not pay rent going forward. \$10,000 is not much out of the Town's budget but a meaningful number to the Horseshow Association.

Supervisor Politi stated I cut Jay off, and if he wants to make a motion we can.

Councilman Rand stated I move that as of next year's budget we drop the rental charge from the Lake Placid Horse show in lieu of keeping the venue maintained to the quality that it is presently.

Supervisor Politi stated let me just modify that; the motion has to be that we enter into a new lease agreement which recognizes what Jay has just said. Going forward for a period of ten years.... My problem is that I don't like to handcuff other Boards.

Councilman Rand stated you have to look into the past. This is such a no brainer.

Supervisor Politi stated the issue is whether you want to go ten or five years.

Councilman Miller stated we have been handcuffed and every Board gets handcuffed.

Councilman Favro stated because of the history we have had over the years and it essentially part of us.

Supervisor Politi asked Attorney Briggs how to handle a change five years from now if the Horseshow Association is no longer not-for-profit and Attorney Briggs suggested adding a clause for that. Mr. Feldman informed that Board that they have to stay not-for-profit and that it is in their by-laws. Should the Horseshow go under the money left is divided equally between 501C3 organizations in North Elba.

Supervisor Politi stated so it would be for an additional 10 years subject to those conditions discussed.

Councilman Doty stated I think that is fine. I am also ok with this speaking for other Boards because we don't have the ability to put any of the first three lines (on the expense report) in our budget.

Councilman Miller seconded the motion to approve dropping the rental charge from the Lake Placid Horse show in lieu of keeping the venue maintained to the quality that it is presently with an insurance requirement change as well as an additional Not-for-profit clause.

Roll Call Vote: Councilman Doty; Aye, Councilman Favro; Aye, Councilman Rand; Aye, and Supervisor Politi; Aye.

There being no further discussion, the motion was unanimously carried.

Supervisor Politi asked Attorney Briggs to get together with Bob Urfirer, the Horseshow Association Attorney. The new lease will run with the Horseshow Association year end, September 30th.

Councilman Rand asked Mr. Feldman if he had any plans to retire soon. He replied with an adamant "absolutely never".

Mr. Feldman stated no one person can run this alone anymore; Martina Lussi and Louie Jacobs are the two we have put there.

Councilman Doty stated you have a great working relationship with Butch. Butch has been with our town for 35 or 36 years. In the course of this contract, you could very well find yourself working with someone new. That working relationship needs to stay strong. There are some of these numbers that look very modest. I know what Butch does to make sure your grounds are

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nice. I think it should be noted that because we think so much of the Horseshow. I know he is very good to you.

Mr. Feldman stated and we are very good to him. They are family to me.

Councilman Doty that relationship needs to stay strong. When he sends ½ a dozen guys over for the set-up, I would be willing to bet that the Town of North Elba recognizes that and says two guys were over there for six hours.

Mr. Feldman stated I don't think you should bet on that. I bet the other way. We get the bills for it. We are very appreciative of Butch and Tracy and Ward and the whole crew that are out there. The one thing that Butch has done is to show Tracy and Ward everything including what faucets to turn on and so forth.

Mr. Feldman expressed his appreciation for the special meeting.

There being no further business to come before the board, Councilman Rand moved and Councilman Favro seconded the motion to adjourn the meeting 10:44 am.

Respectfully Submitted,

Laurie Curtis Dudley
Town Clerk