

CALIFORNIA AUTHORITY OF RACING FAIRS

Live Racing Committee

Tuesday, September 6, 2011

MINUTES

A teleconference meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, September 6, 2011. The meeting was hosted at the California Authority of Racing Fairs Board Room, 1776 Tribute Road, Sacramento, CA, 95815.

CARF Live Racing Committee members attending: John Alkire, Norb Bartosik, Tawny Tesconi and Stuart Titus. Joining by conference call: Mike Paluszak.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Amelia White, Raechelle Gibbons, Rebecca Desmond, Dave Mogni, Tom Sawyer, Greg O'Leary, Ed Clites, Cindy Olsen and Richard Lewis. Joining by conference call: Kate Phariss and Dave Elliott.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Board & Live Racing Committee meetings will be scheduled for October 4, 2011 by teleconference.

Agenda Item 2 – Approval of Minutes. Mr. Bartosik moved to approve the meeting minutes as presented. Mr. Titus seconded, unanimously approved.

Agenda Item 3 – Recap of Northern California Fair Racing Meetings To-Date in 2011. Mr. Korby reported that the meeting packet contained a series of documents titled "Summary – Handle and Attendance Reports at Northern California Fairs through August 31, 2011." The documents include a snapshot comparison of 2010/2011 handle and attendance changes relative to the number of racing dates conducted. There was a strong correlation between those Fairs experiencing increases in attendance and handle to those Fairs that chose to reduce the total number of race dates.

Mr. Sawyer reported that the San Joaquin County Fair meet was very successful with huge gains in handle and attendance. Capital improvement projects, such as the new Winner's Circle and trees planted on the perimeter of the track, were very well received. The former 12' x 20' Winner's Circle was significantly enlarged to include a walking ring, featured a decorative wrought iron surround and heavily landscaped interior. The contractor working on the project also repaved the remaining track apron. Mr. Sawyer stated that by offering free admission, the Fair was able to showcase its horse racing, acts and concessions to people that had never before attended the Fair and the promotion was very well received by the community. Even though the increase in track commissions did not cover the lost revenue from the 2010 \$9 gate, the Fair will potentially consider free admission in 2012. Mr. Sawyer thanked Mr. Korby and Mr. Swartzlander for their assistance with the Winner's Circle project which was completed on time and under budget.

Mr. Alkire stated that Mr. Pickering asked him to apologize to the group for not being able to attend the meeting in person, but that he could be reached by phone if Committee action is required. Mr. Alkire asked Mr. Korby and Mr. Swartzlander to give a report regarding the Pleasanton race meet. Mr. Korby reported that the Fair experienced record attendance despite running one less race day. Mr. Swartzlander reported that the horse population was adequate and the balance of the purse account for the meet was better than projected. Pleasanton on-track handle was up 2%, attendance was up 3% and out-of-state handle was up 9%.

Mr. Bartosik reported that the California State Fair experienced gains in both gate and concessions. The weather was cooperative and the horse racing figures were up significantly, both ontrack and out-of-state.

Ms. Tesconi reported that the Sonoma County Fair celebrated its 75th anniversary this year. The Fair gate and concessions were up 16%. Santa Rosa averaged 8 starters per race and the new paddock was very well received. Jockey Russell Baze was the special guest at the Fair's Hall of Flowers Gala. Mr. Swartzlander thanked Ms. Tesconi and her staff for quickly building a camera tower during the meet that improved the simulcast video presentation for the paddock. Mr. Lewis thanked CARF staff for their efforts during the meet and reported that even though Santa Rosa ran 11 fewer Thoroughbred races this year, the overall racing product and community support were very positive.

Mr. Titus reported that through the Ferndale Jockey Club, he was able to paint and upgrade 2/3 of the barns as well as offer horsemen initial bedding for free. Steve Wood was onsite to supervise and track and with the help of an additional \$15,000 in amendments, the track surface was in its best condition ever. With the return of overlapped racing, the handle numbers were close to the 50% projected decline used in Fair budgeting. Mr. Titus explained that the 23% decline shown in attendance is due to two sponsored free admission days and change in the methodology used to calculate ontrack attendance.

Mr. Korby encouraged Fair Managers to consider implementing turnstiles leading into the racing Grandstand to give credibility to the racing industry when discussing the large attendance numbers at Fairs. An attendance calculation based on the sale of programs does not accurately support the mass of Fairgoers that come through the Grandstand, many of which are probably being exposed to horse racing for the first time.

Agenda Item 4 – Update on Licensing Rights and Export of CARF Races to Simulcast Locations Outside California. Mr. Korby reported that the meeting packet includes a spreadsheet illustrating the number of out-of-state simulcast locations that are accepting and broadcasting the Fair signals along with the current rate each is charged. In 2011, CARF entered into an agreement with Monarch Content Management, which acts as the simulcast purchase and sales agent for a group of twelve thoroughbred racetracks, including Santa Anita Park, Gulfstream Park, Del Mar, Hollywood Park, Tampa Bay Downs and Pimlico. Monarch Content Management sells horse racing content from its stable of racetracks to a variety of domestic and international wagering outlets, including

racetracks, casinos, off-track wagering facilities, and advance deposit wagering companies. Monarch Content Management is currently negotiating contracts on behalf of all California interests. The report contained in the meeting packet shows over 900 national and international locations wagering on the California signal under contracts through Monarch.

Agenda Item 5 – Report and Discussion on Consolidated Purse Program for 2011. Mr. Korby reported that the consolidated purse program has continued to prove an invaluable tool in the racing office by allowing Fairs to offer a consistent and balanced racing product to horsemen while diversifying the risk associated with the past practice of piecemealing together multiple two-week racing programs. Mr. Korby stated that he hopes Fair Managers continue to fully support the program moving into 2012, especially in light of the elimination of supplemental purses. Mr. Doutrich reported that implementing the consolidated purse program has allowed the Fairs to maintain the traditional purse program while adding five stakes races and bumping up purses for select bottom level categories.

Mr. Elliott requested a written update regarding the net balance of supplemental purse funds.

Agenda Item 6 – Report on Zero Tolerance Policy with Respect to Alcohol and Substance Abuse in the Race Track Workplace. Mr. Korby reported that in June the Live Racing Committee voted to implement and execute a zero-tolerance policy for substance abuse in the workplace. An incident did occur this summer where an employee was removed from duty for violating the zero-tolerance policy. That individual has since entered a rehabilitation program through Winner's Foundation.

Agenda Item 7 – Discussion and Action, if any, on Kiosk Operations. Mr. Korby reported that the racing educational kiosk, manned by a Local 280 pari-mutuel clerk and containing a demo self-service wagering machine, was successfully deployed in Fair racing grandstands. The kiosk provided a unique opportunity for fairgoers to ask questions and learn to place simple bets on the self-service machines, lowering some of the intimidation factor inherent to making a first wager. Mr. Lewis reported that the kiosk was heavily used in Santa Rosa and he is recommending that Golden Gate Fields use the kiosk on days with large promotions, specifically dollar days. Mr. Korby reported that he has been talking with representatives of XpressBet to create a larger kiosk program/sponsorship package.

Agenda Item 8 – Discussion and Action, if any, on Racing Dates for 2012 and Beyond. Mr. Korby introduced the racing calendar provided in the meeting packet titled "2012 Draft Northern California Racing Dates Calendar." Mr. Korby reported that Pleasanton is considering running the Father's Day weekend left vacant by Stockton (June 15-17).

Mr. Bartosik moved to reiterate the motion made in June to support the calendar as presented, maintaining a Fair block of dates from June 13 to October 14, 2012. The Humboldt County Fair will move their race meet to August 15-26, running without overlap as the sole Northern California signal August 15-19 and running with overlap (Golden Gate Fields) August 22-26 while forfeiting all terms

of AB 763. Number of racing dates per week to be determined. Specific race dates in the block will be allocated as follows:

- Alameda County Fair (June 15 – 17) Pending
- Alameda County Fair (June 20 – July 8)
- California State Fair (July 11 – 22)
- Sonoma County Fair (July 25 – August 12)
- Humboldt County Fair (August 15 – 26)
- San Joaquin County Fair (September 20 – 30)
- Big Fresno Fair (October 3 – 14)

Mr. Titus seconded, unanimously approved.

Agenda Item 9 – Report, Discussion and Action, if any, on Legislative Program for 2011 and Beyond. Deferred to CARF Board of Director’s meeting at 12:30 p.m.

Agenda Item 10 – Executive Director’s Report. Mr. Korby reported that Robert Hartman will be stepping down as General Manager of Golden Gate Fields and will be replaced in the coming months by Joe Morris, formerly of the NTRA.

The California Horse Racing Board has moved their September meeting to October 6 at Santa Anita Park.

Mr. Korby wanted to make the group aware that a very critical article has been circulating in the industry publications regarding the New York off-track betting network. Fair Managers should be aware that the New York and California simulcast wagering models are vastly different in their formation, oversight, legal requirements and operations.

Mr. Bartosik reported that a new tote board has been installed at Cal Expo.

Respectfully submitted,
Heather Haviland