

CALIFORNIA AUTHORITY OF RACING FAIRS

Live Racing Committee

Tuesday, November 8, 2011

MINUTES

A teleconference meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, November 8, 2011, via teleconference.

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

Staff and Guests attending by conference call: Christopher Korby, Larry Swartzlander, Heather Haviland, Amelia White, Raechelle Gibbons, Rebecca Desmond, Dave Moggi, Tom Sawyer, James Morgan, Jeff Farley, Cindy Olsen, Kate Phariss, and Dave Elliott.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Live Racing Committee meeting will be scheduled on December 6, 2011 in Sacramento.

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

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Program 2012. Mr. Brown will make a legislative report during the CARF Board of Director's meeting.

Agenda Item 4 - Report, Discussion and Action, if any, on Consolidated Purse Program for 2011. Mr. Korby reported that staff is tracking the purse reconciliations as they are made and will be providing a detailed analysis of the 2011 consolidated purse program as soon as the final figures from Fresno are available. Mr. Alkire thanked Mr. Swartzlander and Mr. Doutrich for carefully managing the program on a day-to-day basis.

Agenda Item 5 – Report, Discussion and Action, if any, on use of CARF Project Funds for Operational Support by Member Fairs. Mr. Korby reported that this item was placed on the agenda for the CARF Live Racing Committee and Board of Director's consideration in approving the use of horse racing capital improvement project funds previously allocated by F&E for general Fair operations. Mr. Korby stated that though he has traditionally maintained that funds secured through CARF be used for the projects for which they were obtained, the grim financial reality facing some Fairs has made it necessary to reconsider that policy. In the current economic environment CARF can benefit its member Fairs by approving use of project funds for operational purposes. Staff recommends approval.

Mr. Korby reported that the meeting packets include two spreadsheets outlining the funds distributed to each Fair.

Mr. Pickering asked Mr. Korby how many Fairs had contacted him about using the funds for general operations. Mr. Korby replied that three Fairs have contacted him.

Ms. Tesconi moved to authorize Fairs to use racing capital improvement funds for general operational purposes with a provision that each Fair provide a written request outlining the intent to use the funds for purposes other than the projects submitted at the time funds were secured. Mr. Paluszak seconded, unanimously approved.

Agenda Item 6 – Report, Discussion and Action, if any, on Status of Totalisator Contract.

Mr. Korby reported that Stronach Group management is discussing installing Am Tote as a totalisator system at their tracks throughout Northern American, including the California tracks. The Stronach Group owns Am Tote. This development might create a situation where either two tote systems will be operating simultaneously in California or all California tracks convert to a new tote system. California industry principals went through an extensive RFP process several years ago to establish one tote system in California with great success. Mr. Korby will keep the group updated as conversations progress.

Agenda Item 7 – Report, Discussion and Action, if any, on Northern California Racing

Dates for 2012. Mr. Korby reported that the meeting packets contain a copy of correspondence sent to CHRB Chairman Brackpool regarding a meeting between representatives of Humboldt County Fair, Golden Gate Fields and the Thoroughbred Owners of California (TOC) regarding 2012 racing dates. Representatives of the parties met on October 22 and October 31. The parties have not been able to reach an agreement.

Under Golden Gate Fields' modified proposal, Humboldt would race solo and act as the host track on Friday, August 17, 2012. Golden Gate Fields has also agreed that Humboldt would have host status on Wednesday and Thursday for each of the two weeks that Humboldt has proposed to run in August. Under this proposal, Humboldt would act as the host track for five days: Wednesday August 15, Thursday August 16, Friday August 17, Wednesday August 22 and Thursday August 23.

Staff recommends that the CARF Live Racing Committee take action to recommend that the Humboldt County Fair accept the offer made on October 31 by Golden Gate Fields and the Thoroughbred Owners of California. Mr. Korby feels that this is the best offer Humboldt will receive and if this matter goes before the CHRB again, Humboldt may be granted dates less favorable than the offer made by Golden Gate Fields.

Mr. Alkire invited representatives of Humboldt County Fair to address the committee. Mr. Titus stated that a packet was mailed to committee members yesterday outlining the Humboldt position, including documentation to support the position. Mr. Titus stated that accepting the most current offer from Golden Gate Fields will put the Humboldt County Fair out of business by the end of the year.

Mr. Korby reported that the meeting packet contains spreadsheets developed by Bryan Wayte that industry principals have agreed will be the official source of statistical analysis regarding purses and commissions generated when Humboldt runs solo vs. overlapped. The result of the analysis is that when Humboldt runs solo, other racing interests lose revenue (est. \$800,000).

Mr. Titus stated that the CARF Live Racing Committee has twice voted in support of the dates Humboldt is requesting. Humboldt representatives are puzzled as to why this item is once again on the Live Racing Committee meeting agenda.

Mr. Korby asked for Humboldt's projected shortfall in commissions is, based on the Golden Gate Fields/TOC proposal, which is the figure the industry has been seeking. Mr. Titus responded that the shortfall could be derived from the packet Humboldt sent out yesterday, but that the figure is \$165,000-\$170,000.

Mr. Morgan stated that he is concerned about how traditional CARF dates through Labor Day have become Golden Gate Fields dates. Mr. Morgan does not think that moving the Fair to June or September in the future is a viable option. Mr. Pickering stated that Humboldt has been encouraged to look at alternative dates by multiple facets of the racing industry for at least five years.

Mr. Sawyer reported that the San Joaquin Fair, which has been in operation for 150 years, will be moving their race meet and Fair from June to September in 2012 and is very optimistic that the change will revitalize and Fair and add to its longevity.

Mr. Bartosik stated that CARF Live Racing Committee has precedence for supporting member requests/dates even though they might not be supported by the racing industry, especially when Cal Expo and Fresno were running overlapped. Mr. Bartosik feels that the committee has previously voted to support one week without overlap for Ferndale and should continue to support that position unless a member feels strongly enough to present a motion otherwise. Mr. Bartosik stated that Mr. Korby has done an admirable job facilitating the involved parties, but that they might simply be at a standstill and CARF should continue to support Humboldt's request.

Mr. Korby stated that by continuing to support Humboldt's original request, in light of Golden Gate Field's current position, the date allocation may very well be left to the CHRB and Humboldt might not receive an allocation as favorable as what Golden Gate Fields is currently offering. If the decision goes before the CHRB, it is very likely that Golden Gate Fields will request host rights on Friday, August 17 and they will have the support of the TOC and Del Mar.

Mr. Mogni stated that if the Humboldt County Fair accepts the offer from Golden Gate Fields, the Fair will be out of business by the end of the year. Accepting the current proposal is not an option.

Mr. Pickering stated that one of the issues is that Humboldt has historically come to the racing industry with requests on which Humboldt's survival is dependant, including AB 763. Is the Humboldt County Fair capable of being financially viable without state supplemental funding?

Mr. Korby stated that the San Joaquin County Fair supplied CARF with a complete set of financial reports to ensure the group that the Fair has sufficient funds to cover the operational expenses and liabilities related to conducting a race meet. Mr. Korby requested Mr. Titus provide similar financial statements for the Humboldt County Fair.

Mr. Alkire recommended that the CARF Live Racing Committee consider a neutral position.

Mr. Bartosik stated that even though the group is concerned that the CHRB might grant Humboldt less desirable dates than the current Golden Gate Fields proposal, Ferndale seems willing to take the chance and the CARF Live Racing Committee should support the calendar previously adopted. Mr. Bartosik asked Mr. Titus to confirm that he it was his desire to "roll the dice" with the CHRB Board in the event that he cannot reach a favorable agreement with Golden Gate Fields prior to the next CHRB meeting. Mr. Titus confirmed the statement.

Mr. Alkire stated that hearing no other motion, CARF will continue to support Ferndale in seeking five continuous days of non-overlapped racing.

Mr. Korby reiterated his earlier request for financial information from the Humboldt County Fair to ensure that CARF will be reimbursed for expenses it incurs on behalf of Fairs conducting racing. Mr. Titus stated that the Fair financials are a matter of public record and that Humboldt has been current with CARF for several years. Mr. Titus stated that he will send Rick Wood Humboldt County Fairs most current financial audit.

Agenda Item 8 – Executive Director's Report. No report.

Respectfully submitted,
Heather Haviland