

CALIFORNIA AUTHORITY OF RACING FAIRS

Live Racing Committee
Wednesday, September 9, 2009

Minutes

A meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Wednesday, September 9, 2009. The meeting was conducted at the CARF Conference Room located at 1776 Tribute Road, Suite 205, Sacramento, California, 95815.

Live Racing Committee Members attending: John Alkire, Debbie Cook, Mike Paluszak, Rick Pickering, Norb Bartosik, Stuart Titus and Chris Carpenter. Joining by conference call: Tawny Tesconi.

Staff and Guests attending: Dana Stoehr, Chris Korby, Larry Swartzlander, Dave Elliott, Nannette Martin and Margot Wilson.

Agenda Item 1 – Discussion and Action, if any, on Racing Dates for 2010 and Beyond. Mr. Korby began the discussion by bringing the Group up-to-date on a meeting which took place September 8 between Robert Hartman, Tom Bachman and himself at GGF. The meeting was to prepare a calendar to present to the Horseracing Board in response to their request that the Industry submit recommendations for the 2010 calendar by September 8. We sent them a calendar (see 2010 Northern California Draft Calendar – September 8, 2009). It shows two primary calendar blocks - one for GGF and the balance for Fair dates and summer dates which run from June 16 through October 17. There was a lot of posturing and animated conversation from the other people sitting around the table about Fairs ‘getting on with it’ and ‘let’s get a decision made’ and, in many respects, we do need to do that. On the other hand, there are some pretty significant changes we’re talking about and that is the segue to the single most critical item with respect to the schedule and that is Cal Expo – Cal Expo’s desire about moving into July and whether this Group wants to support that, which by-and-large they do. What the schedule is for Cal Expo - make a decision on that and whether there’s any contingency planning we need to do around that whole perspective change. Mr. Bartosik stated that Cal Expo’s Board meets in a retreat format October 8 and 9; on the afternoon of October 9 will be the Board agenda to set the Fair dates for the following year. He is hoping they’ll have enough information and the ability to make that decision and go from there. They did a very general letter to the CHRB yesterday to comply with their request for date allocations and said they want to be a part of the CARF racing block and that they were looking at two scenarios: either moving into the July time frame or, at the very least, staying where they were. Mr. Bartosik thinks the majority of his Board feels it necessary to move to get off of the school dates and that they are going to look to what the best days are to make that transition. Mr. Bartosik and Ms. Tesconi have been talking about the possibility of Cal Expo not following Pleasanton, instead have Santa Rosa take those dates with Cal Expo taking Santa Rosa’s dates; but in talking with their carnival, he

can't make that work, he would have to give up too much because he's playing five or six other fairs during that three week time frame. Ms. Tesconi is having some unofficial conversations with her board members; they definitely don't want to get pushed farther into August with their fair dates. In looking at the calendar, Ms. Tesconi asked about reconsidering the possibility of starting the Fair season starting June 9 because if the Fairs were able to do that it would kind of accommodate everybody as Cal Expo would eventually like three weeks of racing and Santa Rosa would like three weeks of racing. Mr. Korby stated that it was not him that said that that was an impossibility getting the June 9th start date; it is the rest of the Industry. Ms. Tesconi asked if there was a way to propose that and Mr. Korby agreed that we could make that proposition. Mr. Korby continued by saying that it would depend on give-and-take elsewhere in the calendar. Mr. Pickering pointed out if Santa Rosa ran two weeks in front of Pleasanton and Cal Expo ran immediately after Pleasanton, then Pleasanton is locked into two weeks in the middle. Ms. Tesconi clarified her earlier statement by saying Stockton and not Santa Rosa would start on June 9th; in other words, the block of Fair dates would move up a week. Ms. Stoehr asked if San Mateo would be in this mix for live dates, meaning the consolidated meet at GGF. It was her understanding that a percentage of live racing dollars was going to San Mateo from that meet. Mr. Korby said the GGF meet was a CARF meet for the benefit of racing fairs; there is no percentage but there is discussion about San Mateo receiving some monies that would go toward debt service on their satellite facility. As far as 2010 is concerned, Mr. Korby said that they haven't gotten to that part of the discussion yet. Mr. Bartosik said that the bigger issue is establishing the block and then discuss where we're going to go with that block of dates. Mr. Pickering asked Mr. Korby if Magna corporate has drawn the line in the sand for certain that there will be no fair racing at GGF. Mr. Korby responded by saying that is what he heard again yesterday. However, Mr. Korby said that there is another prospect of another concept that has been floating around for awhile and Tom Bachman has grabbed onto it most recently and that is the notion of a not-for-profit group with an orientation toward horsemen, a la Oak Tree, in Northern California. Mr. Bachman is talking about the possibility of bringing that forward as an operator for some or all of those dates that may be available in the September time frame – the dates that are now being run as CARF I & CARF II at GGF. Mr. Pickering asked if it would take them a year to form a non-profit in California; Mr. Korby felt a formation of the entity would take a matter of weeks but getting everybody to agree on what they can do is the more complicated part. (Mr. Carpenter joins the meeting at 11:14 a.m.) Mr. Carpenter asked Mr. Korby for clarification about the CARF I meet; his understanding was that very early in discussions a lot of revenue would go to repayment of debt on the Jockey Club, now the discussion is that was never the agreement. Mr. Carpenter's question to Mr. Korby is when a complete settlement is done from the CARF I meet at GGF, what is the distribution in funds? Mr. Korby responded that it is for this Group and the CARF Board to determine; there are several destinations for money that we've discussed – Humboldt, Alameda County Fair and debt service for the San Mateo satellite. Mr. Alkire said that the specific question was what the specific percentage of breakout for each specific fair; there is no percentage breakout and at this point we have no profit to really talk about but hopefully we can get to that point at a later date. Mr. Korby said that it was too early to discuss and we need to see what happens with the second meet at GGF. Mr. Korby was not prepared to report on

CARF I purse overpayments or commissions generated at this time. (Ms. Cook joins the meeting at 11:17 a.m.) Mr. Alkire directed the conversation back to the one agenda item, dates, stating Mr. Bartosik's discussion points were right on and we all agree on the block of dates. Mr. Pickering said that he didn't know how we can jump back to June 9th and make that work without horse trading some other weeks back to GGF; he doesn't think we can horse trade Fresno's times back to GGF so then we would end up horse trading them August/September, dates somewhere in between. Mr. Elliott said his suggestion at the last Live Racing meeting of going back to June 9th for the same reasons Ms. Tesconi mentioned was shot down but GGF on this calendar has 171 days, they had 105 just two years ago so now their foot's in the door now we have to horse trade with them he doesn't understand that; and 2) what is their major argument about June 9th. The Belmont is on June 5th, so what is their solid argument about allowing the CARF summer Fair season start on June 9th? It's not like they're giving up Kentucky Derby week or the Breeders Cup week, it's the week after the Belmont. Mr. Korby said that there's some open-mindedness there as far as dates and if we're going to talk about flexibility as far as dates are concerned in the summertime, say mid-summer, August through September, then there might be something to talk about in June. Mr. Bartosik was curious where all this might lead and felt that we need to have the CHRB commit to something that has some flexibility for all of us. Mr. Korby agreed if Mr. Bartosik was talking about the September 17th meeting of the Board but he didn't think people will be prepared to make decisions but we need to be coming with some strong resolutions by the October meeting at Fresno. Mr. Bartosik strongly agreed and the flexibility with Cal Expo moving, the biggest part of the issue, creates some real bargaining chips for CARF to talk about protecting the block and moving it around a little bit to make it work to our advantage. We all now know that we need to have a Plan "B" because GGF/CARF is not going to be something that's on the table for next year, at least for now, so that's what we need to start talking about. Mr. Pickering had a question about last year when we were negotiating with GGF we talked to them about if they would be willing to run a GGF two week meet in August or September and their response last year was, unless they're open for three weeks, they would not run it; they were eventually willing for CARF to come in and run a shorter meet but what they were saying was their profitability to fire it all up and shut it all down for two weeks didn't make sense. Mr. Pickering doesn't know if they are going to say that for 2010 – they might – but that could be a bargaining chip for GGF off a two week turf festival or something. Last year they would refuse to do it, they let us do it and if we go in with a plan there's a chance we might open on the 9th for Fairs but if we just go in and say we want seventeen weeks instead of eighteen weeks then the TOC becomes...Mr. Bartosik disagreed; he feels that we should be horse trading one week for another ****22:21****