

CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, February 3, 2009

Minutes

A meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, February 3, 2009. The meeting was conducted at the California Authority of Racing Fairs Conference Room, 1776 Tribute Road, Suite 205, Sacramento, California, 95815.

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

Staff and Guests attending: Chris Korby, Heather Haviland, Margot Wilson, Dave Elliott, Dan White, Helen Shelley and Lisa Belser. Joining by conference call: Louie Brown, Scott Grieve and Kate Phariss.

Agenda Item 1 – Determination of Date, Time and Location of Next Meeting. The next CARF Board & Live Racing Committee meeting is scheduled for Tuesday, March 3, 2009 in Sacramento, location and time to be determined.

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

Agenda Item 3 – Discussion and Action, if any, on Legislative Matters. Mr. Brown provided an update on budget activity at the Capitol, which has created very little movement for legislation. CARF is working on potential language to extend the workmen's compensation agreement for Emerging Breeds, takeout increase for Fair facility infrastructure improvements (2% of exotics) and an increase in satellite revenues/commissions.

At the Western Fairs Association Conference, Steven Chambers introduced the idea of a larger California Fair network stimulus package that would transfer the obligation of Fair funding from horse racing to future gaming compacts. The concept, brought forth by the California Fair Alliance, is in the discussion phase.

Mr. Pickering shared concerns from Steve Beasley of the Orange County Fair regarding perceptions that the WFA presentation heavily favored the four large urban racing Fairs. Mr. Pickering explained that the \$80 million conceptually provided to racing Fairs in preliminary discussion was in addition to the overall potential allocation.

Agenda Item 4 – Discussion and Action, if any, on Application to CHRB for Implementation of AB 765 1% Increase in Takeout for 2009. Mr. Korby briefly reviewed the history of AB 765 which would allow Fairs to increase handle 1% for maintenance and capital improvements at a Fair's racetrack. Implementation of the bill was delayed due to a request by the racing industry to participate in a comprehensive state-wide bill. The industry bill was not successful. Mr. Korby asked if the Committee wished to go back to the California Horse Racing

Board with an application to implement the provisions of AB 765 effective 2009. Movement is critical to start accumulating monies to make improvements necessary for those Fairs planning to take on additional race dates. CARF was able to successfully get the bill passed through legislation and now there is a perceived obligation to move forward with implementation. Fairs are losing approximately \$1 million every year the takeout is not increased.

Mr. Pickering moved that CARF reactivate the request to the California Horse Racing Board to implement AB 765 beginning with the 2009 Fair race meets. Ms. Cook seconded, unanimously approved.

Agenda Item 5 – Report and Update on Racing Dates at Solano County Fair. Mr. Korby reported that a member from the Solano County Board of Supervisors was concerned with the plan to run Vallejo dates at Pleasanton under the umbrella of a combined Fair meet. The Solano County Fair Board had previously approved to run one week at Pleasanton and one week at Vallejo in 2009, then cease running at Vallejo in 2010 and beyond with a 5-8 year sliding scale financial arrangement for the Solano County Fair.

In November 2008, Chairman John Vasquez from Solano County expressed extreme concern in not being aware of Vallejo's plans to stop racing. Mr. Vasquez has appeared at two California Horse Racing Board meetings to request Vallejo return to its traditional dates. The CHRB asked the involved parties to meet and come to a resolution.

The Solano County Board of Supervisors has asked for a detailed presentation regarding the Solano County Fair's rationale to stop racing, including future plans for the property.

Mr. Korby stated that he, Mr. Pickering and Mr. Paluszak were meeting next week to proceed with the planning and execution of running five days of the Solano County Fair at Pleasanton.

The racing industry needs to be aware that the Solano County Fair wishes to stop conducting live racing at Vallejo and it is the Solano County Board of Supervisors that is resisting the Fair's plan.

Agenda Item 6 – Update, Discussion and Action, if any, on Racing-Related Contracts and Services. Mr. Korby reported that CARF was conducting standard annual contract review. One significant contract up for review is the printing of the daily racing program which might be consolidated with Golden Gate Fields. The program printing will be put out to bid.

Ms. Tesconi requested CARF meet with her to review her 2008 CARF bill. Mr. Korby reported that CARF had been meeting with individual Fairs to review billing. Ms. Tesconi asked that the item be placed on the next meeting agenda.

Agenda Item 7 – Report and Planning for 2009 Summer Racing Program. Mr. Korby, Mr. Swartzlander and Racing Secretary Tom Doutrich have been meeting to ensure the proper consolidation of the coordination between the Fairs and Golden Gate Fields for the

summer racing circuit. Mr. Doutrich will be playing a critical role in supervising the dates run at Golden Gate Fields in order to protect Sacramento, Ferndale and Fresno.

Mr. Bartosik asked to renew discussion regarding the request of \$20,000 in assistance for stabling and vanning during the 2009 Sacramento race meet. Mr. Bartosik also asked for financial assistance for a trainer's contest at Sacramento (the contest has traditionally cost Sacramento \$40,000) or a starter bonus of similar value.

Agenda Item 8 – Executive Director’s Report. Mr. Korby reported that the California Horse Racing Board recently distributed a letter regarding the collection of the F&E shortfall. The letter was from the CHRB to all live racing producers in California requesting each party's share of the 2008 shortfall. There is concern that the figures requested by CHRB do not match the figures expected from F&E.

Mr. Pickering reported that Craig Fravel from Del Mar and Robert Hartman from Golden Gate Fields met with Steve Chambers, Mike Treacy and Bruce Lim to engage a wider Fair audience. From that meeting came an informal financial sub-committee whose purpose was to determine how to specifically get to \$40 million. According to that committee, there is potentially \$700,000 going to the General Fund from license fees that is not being accounted as part of the \$40 million. Discussion will continue and CARF needs to be a part of those discussions.

Respectfully submitted,

Heather Haviland