

## CALIFORNIA AUTHORITY OF RACING FAIRS

Live Racing Committee

Tuesday, March 3, 2009

### Minutes

A meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, March 3, 2009. The meeting was conducted at the Sacramento office of Kahn, Soares & Conway, 1415 L Street, Suite 400, Sacramento, California, 95814.

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

Staff and Guests attending: Chris Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Margot Wilson, Louie Brown, Richard Lewis, Dave Elliott, Steven Chambers, Dale Raymond, and Lisa Belser. Joining by conference call: Kate Phariss.

**Agenda Item 1 – Approval of Minutes.** Mr. Pickering moved to approve the meeting minutes as presented. Mr. Carpenter seconded, unanimously approved.

**Agenda Item 2 – Determination of Date, Time and Location of Next Meeting.** The next CARF Board & Live Racing Committee meeting is scheduled for Tuesday, April 7, 2009 at the Sacramento office of Kahn, Soares & Conway commencing at 11:00 a.m.

**Agenda Item 3 – Update on Solano County Fair Race Meet.** Mr. Paluszak reported that the Solano County Administrator's Office and County Architect's Office, at the request of the Board of Supervisors, prepared a comprehensive and accurate reporting of the state of horse racing at the Solano County Fair. These reports were initially requested to give the Supervisors a better understanding of the history behind the Solano County Fair's decision to cease conducting live horse racing. The Supervisors seemed to grasp the complexities of conducting a Fair race meet and the uncertainty facing not only Vallejo, but the future of horse racing in Northern California. The meeting concluded with the Board of Supervisors granting the Chair action to work with the Solano County Fair to further discuss the future direction of horse racing and the Fairgrounds.

Mr. Palusak added that Mr. Korby, Tom Bachman from the TOC, and Robert Hartman from Golden Gate Fields, did an excellent job educating the Supervisors regarding the realities facing the racing industry and the difficulties the Solano County Fair Board faced in making the decision to cease racing at the Fairgrounds.

**Agenda Item 4 – Update, Discussion and Action, if any, on Combined Fair Meeting.** Mr. Korby has had several discussions with Kirk Breed, Executive Director of the CHRB, regarding the application process for Fairs wishing to conduct meets as "combined Fair race meets" as provided for in statute.

It seems the simplest solution is to declare which Fairs are participating in a combined meet and then continue with an application process similar to past practice.

Mr. Korby and Mr. Breed are working to draft a letter to the CHRB Board that establishes CARF's intent to file a combined fair meet application for Board consideration and approval.

**Agenda Item 5 – Update, Discussion and Action, if any, on Services and Contracts Managed by CARF.** Mr. Swartzlander has initiated the RFP process for the Winner's Circle Photography and Program Printing/Distribution contracts. Mr. Swartzlander expects to have all bids in by mid-March.

CARF staff is reviewing all personnel contracts to determine if the reduction in overlapping race dates in Northern California warrants restructuring (an example is the contract for services provided by the Mutuel Manager position).

**Agenda Item 6 – Update, Discussion and Action, if any, on Summer Racing Program and Negotiations with Horsemen's Organizations.** Mr. Korby reported that he, Mr. Swartzlander and Mr. Doutrich have been working aggressively to improve the Fair stakes program, supercharge certain stakes entrants or classifications of races while creating a consistent purse schedule throughout the Fair Circuit.

Mr. Doutrich reported that he has been monitoring Golden Gate Fields' handle carefully to ensure that they are covering their current purse structure. Staff has been working on a stakes schedule that dovetails with stake races run at Golden Gate while offering a starting fee for stakes horses to encourage entrants and offset potential shipping costs. Mr. Doutrich is working on a program to supercharge lower-level claiming classifications at Stockton, Sacramento and Fresno. The complement to this program will supercharge specific allowance races at Pleasanton and Santa Rosa so that there are incentives offered from the bottom to the top of the purse schedule.

Mr. Doutrich feels it is imperative to place utmost importance on determining a final stakes schedule and purse structure in a timely manner so that this information can be distributed to out-of-state horsemen early enough to effect their relocation decisions.

Mr. Pickering stated that Alameda County Fair is renovating a space in the racing office so that Mr. Doutrich can have access to a year-round office if needed.

Mr. Pickering requested that CARF staff engage the TOC in reaching an agreement on horsemen's contracts prior to the CHRB meetings in which the Fair license applications are up for approval.

Mr. Elliott asked that CARF review the proposed CHRB changes to the current claiming rule and the potential impact on out-of-state horsemen.

**Agenda Item 7 – Update on Recruitment of Horses from Other Jurisdictions.** Mr. Swartzlander and Mr. Doutrich will be recruiting from Portland Meadows (Oregon) March 20-23, 2009 and Turf Paradise Race Course (Arizona) April 3-6, 2009.

**Agenda Item 8 – Update on Discussions with Golden Gate Fields on Its Use for Fair Racing in 2009.** Mr. Korby reported that Golden Gate Fields has agreed to sublease the track property to CARF at the rate of \$1 for the purpose of conducting 2009 Fair race dates, with Fairs paying for verifiable and audited expenses with a prior approval process for establishing those expenses.

CARF will be especially cautious with the handling of monies for purses coming through CARF accounts since Fairs are ultimately responsible for those purse distributions and reconciliations.

Mr. Pickering asked that CARF staff work with Golden Gate Fields to establish language in the contract that limits workmen's compensation and unemployment liabilities.

**Agenda Item 9 – Update on Prospective New Satellite Facilities.** Mr. Korby reported that F&E is in support of a satellite wagering facility at the Cow Palace and principals will be meeting with Gordon Gong to discuss moving forward with design options.

Mr. Korby thanked Mr. Carpenter for the San Mateo County Event Center's cooperation in supporting a satellite at the Cow Palace.

Mr. Korby reported that Jackson Rancheria has approached the Amador County Fair to develop a mini-satellite in the casino. Jackson Rancheria has proposed making the initial investment to implement the satellite while giving the profits to the Fair as a type of community outreach.

Mr. Carpenter stated that the San Mateo County Event Center Board voted not to allow Lucky Chance Casino to install a mini-satellite at their location. The Board felt that the addition of the mini-satellite would cannibalize San Mateo's current clientele and uncertainty regarding the facility's ability to establish itself in the market within a year of starting operation.

**Agenda Item 10 – Update, Discussion and Actions, if any, on Legislative Matters.** This item was postponed to the following meeting (CARF Board Meeting).

**Agenda Item 11 – Executive Director's Report.** Mr. Korby reported that recent activity suggests MAGNA Entertainment, operators of Santa Anita and Golden Gate Fields, will declare bankruptcy within the next few weeks. CARF staff will carefully monitor the situation specifically as it affects payment of location fees to satellites.

Mr. Korby reported that CARF has reached an agreement with Sacramento Harness Association to pay 75% of monies due to satellites in a single payment from SCOTWInc. to CARF for redistribution.

Del Mar is close to making a decision to reduce racing to five days a week by not running on Mondays during the Del Mar summer meet.

Mr. Bartosik stated that the Cal Expo Board has directed staff to start the RFQ process following the proposal submitted by the NBA.

Respectfully submitted,

Heather Haviland