



a California joint powers agency

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**AGENDA
CALIFORNIA AUTHORITY OF RACING FAIRS
LIVE RACING COMMITTEE MEETING
11:00 A.M., TUESDAY, APRIL 7, 2009
VIA TELECONFERENCE**

Notice is hereby given that a teleconference meeting of the Live Racing Committee will commence at 11:00 A.M., Tuesday, April 7, 2009. The meeting will be held at the Kahn, Soares & Conway Sacramento office located at 1415 L Street, Suite 400, Sacramento, California 95814.

AGENDA

- I. Approval of Minutes.
- II. Confirmation of May 5th for Next Meeting in Sacramento.
- III. Update on Solano County Fair Race Meet.
- IV. Update, Discussion and Action, if any, on Services and Contracts Managed by CARF.
- V. Update, Discussion and Action, if any, on Summer Racing Program and Negotiations with Horsemen's Organizations.
- VI. Update on Recruitment of Horses from Other Jurisdictions.
- VII. Update on Prospective New Satellite Facilities.
- VIII. Update, Discussion and Action, if any, on Legislative Matters.
- IX. Update on Discussions with Golden Gate Fields on Its Use for Fair Racing in 2009.
- X. Executive Director's Report.

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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

CALIFORNIA AUTHORITY OF RACING FAIRS
Racing Operations
Management Services and Contract Administration

Racing Operations

- Works with Racing Fairs on preparation, submission and presentation of CHRB License Applications
- Provides Racing Office computer system (all computer hardware/ peripherals) and application software (Equibase) and manages service, technical support and transportation
- Provides and manages Paymaster services, including Paymaster (CARF employee) bank accounts, audits, payment of all purse moneys to owners and all other distributions of payment to various recipients
- Telecommunications: provision of voice, fax and data lines necessary to support racing, totalisator and simulcast operations
- Provides accounting, reconciliation and distribution of all parimutuel commissions, purse, license fees and other distributions
- Coordinates development and management of purse schedule through Fair Circuit in cooperation with Fair Racing Secretaries
- Provides Supplemental Purse Fund management and accounting
- Provides marketing coordination through circuit
- Manages contracts for daily racing program production, printing and distribution
- Manages Condition Book production and distribution
- Manages contracts and logistics for provision of Jumbo Video Screen
- Starting Gate
- Photo Finish
- Total Carbon Dioxide (TCO₂) testing
- Furnishes electronic timing system with operator
- Oversees TV Replay System for Officials
- Manages provision of Temporary stalls

- Mobile offices
- Daily, on-site management and oversight of all operations above, along with management, coordination and disposition of other matters that may arise from time to time in the course of conducting racing at Fairs
- Active liaison, representation and advocacy with on-track Stewards and with senior CHRB officials

Contracts with Horsemen's Associations

- Negotiate contracts with horsemen's associations, as required by statute.
- Thoroughbred Owners of California
- Cal Western Appaloosa
- Pacific Coast Quarter Horse Association
- Arabian Racing Association of California
- Racing Mule Association
- California Thoroughbred Trainers

Labor Agreements

- Local 280 Pari-Mutuel Employees Guild
- Local 1877 (formerly Local 399) AFL-CIO Service Employees International Union
Valets and rec. barn personnel
- Local 495 International Brotherhood of Teamsters, Chauffeurs, Warehousemen and helpers of America
- Note: Assist Starters now with Teamsters Local 495 but under separate agreement

Racetrack Safety and Maintenance Program

- CARF developed this program and provides management oversight throughout Fair circuit.
- Works with Division of Fairs and Expositions to maintain funding support
- Contracts with Steve Wood, Trackmaster, Inc., to provide expert consultation and oversight of Fair track maintenance
- Carries lease agreements for John Deere tractors
- Owns and provides custom-built water truck (2001 Sterling).
- Owns and provides rock-picker (added 2003).
- Owns or provides harrows, floats, and other miscellaneous equipment required for track maintenance.
- Manages all transportation and logistics
- Provides daily, on-site management, key personnel and oversight
- No direct cost to Racing Fairs.

Recruitment Program for Out-of-State Horses

- Organizes and conducts out-of-state recruitment of horses to run at Northern California Fairs
- Manage payment of incentives
- Track and report on results of Recruitment Program

Parimutuel Wagering Operations

- Maintains totalisator contract
- Parimutuel labor contract
- NOTWInc agreement for Northern California simulcast network
- You Bet.com Advanced Deposit Wagering
- TVG Advanced Deposit Wagering
- Xpress Bet Advanced Deposit Wagering
- TwinSpires Advanced Deposit Wagering
 - Provide all accounting, reconciliation, banking for ADW wagering operations

Personnel

- Morning Fitness Vet
- Veterinarian
- TCO2 Technician
- Horse Ambulance Driver
- Clocker and Timer
- Paymaster
- Program Manager
- Track Announcer
- Stewards' Aide
- Racing Secretary

Simulcast Operations

- Manages Satellite Transmission and Encryption Services
- Manages TV Production for simulcast coverage
- Manages telecommunications support: provision of voice, fax and data lines necessary to support simulcast operations
- Furnishes back up electrical generators
- Provides accounting, reconciliation, banking for simulcast operations
- NOTWInc contract for Northern California simulcast network
- Manages contracts for out-of-state simulcast sites and distribution of daily racing programs and other simulcast information
 - Payment of commissions, purses, license fees and all other distributions from simulcast operations

Korby - March 2008

Meeting Handouts

Board Support Numbers					
Board Support estimated budget	11,833,000	Prepared by bthurman 4-4-09			
Live race outs paid to State (92% of 2008)	1,748,525				
Occupational licenses (used 07/08)	1,089,175				
Balance to recover from industry	8,995,300	Allocated by license fees generated on commingled handle			
2008 numbers (for meets that are running in 2009)					
Host	Live Days	Handle	Ave Handle	License	Avg License
Alameda County Fair	11	34,566,889	3,142,444	299,155	27,196
Cal Expo Harness/Sac Harness	142	127,667,350	899,066	355,740	2,505
California State Fair	11	26,545,798	2,413,254	227,406	20,673
Del Mar	43	514,228,149	11,958,794	5,286,585	122,944
Fairplex Park	16	93,611,717	5,850,732	784,681	49,043
Fresno District Fair	11	9,393,020	853,911	73,941	6,722
Golden Gate Fields/CARF at GGF	127	487,533,273	3,838,845	2,848,174	22,427
Hollywood Park Fall	40	326,532,962	8,163,324	2,989,414	74,735
Hollywood Park Spring	60	666,560,918	11,109,349	6,330,013	105,500
Humboldt County Fair	10	3,306,395	330,639	24,809	2,481
Los Alamitos Quarters	203	289,907,070	1,428,114	746,195	3,676
Oak Tree incl BC	26	364,643,543	14,024,752	2,694,531	103,636
San Joaquin County	9	19,740,344	2,193,372	157,525	17,503
Santa Anita Park	77	928,827,174	12,062,691	8,843,803	114,855
Solano County Fair	11	29,312,205	2,664,746	235,644	21,422
Sonoma County Fair	12	37,484,909	3,123,742	319,524	26,627
Total:	809	3,959,861,717	4,894,761	32,217,140	39,823
<i>Extrapolated 2009, using 92% of 2008 averages x live 2009 race days</i>					
Host	09 Live Days	Handle	% of total	Commingled License	% of Total
Alameda County Fair	15	43,365,734	1.13%	375,303	1.20%
Cal Expo Harness/Sac Harness	133	110,009,697	2.86%	306,538	0.98%
California State Fair	11	24,422,134	0.63%	209,214	0.67%
Del Mar	37	407,077,354	10.58%	4,185,008	13.38%
Fairplex Park	16	86,122,780	2.24%	721,906	2.31%
Fresno District Fair (used State Fair	10	7,855,980	0.20%	190,194	0.61%
Golden Gate Fields/CARF at GGF	176	621,585,729	16.15%	3,881,309	12.41%
Hollywood Park Fall	30	225,307,744	5.85%	2,062,696	6.60%
Hollywood Park Spring	65	664,339,048	17.26%	6,308,913	20.18%
Humboldt County Fair	9	2,737,695	0.07%	27,328	0.09%
Los Alamitos Quarters	201	264,086,776	6.86%	679,736	2.17%
Oak Tree incl BC	31	399,985,918	10.39%	2,955,694	9.45%
San Joaquin County	9	18,161,117	0.47%	144,923	0.46%
Santa Anita Park	84	932,204,728	24.22%	8,875,962	28.39%
Solano County Fair	5	12,257,831	0.32%	98,542	0.32%
Sonoma County Fair	10	28,738,430	0.75%	244,969	0.78%
Total:	842	3,848,258,693	100.00%	31,268,235	100.00%
Estimated Board Support Cost	8,995,300				
Estimated License Fees Generated	31,268,235	Board Support Ratio	28.77% (support cost divided by license generation)		
Estimated Board Support by Meet-2009	2009 Days	Projected License Generated	Direct Cost Allocation	Share of Support Support ratio x Generation	% of total Cost
Alameda County Fair	15	375,303	-	107,968	1.20%
Cal Expo Harness	133	306,538	-	88,185	0.98%
California State Fair	11	209,214	-	60,187	0.67%
Del Mar	37	4,185,008	-	1,203,950	13.38%
Fairplex Park	16	721,906	-	207,679	2.31%
Fresno District Fair	10	190,194	-	54,715	0.61%
Golden Gate Fields/CARF at GGF	176	3,881,309	-	1,116,582	12.41%
Hollywood Park Fall	30	2,062,696	-	593,400	6.60%
Hollywood Park Spring	65	6,308,913	-	1,814,959	20.18%
Humboldt County Fair	9	27,328	-	7,862	0.09%
Los Alamitos Quarters	201	679,736	-	195,548	2.17%
Oak Tree incl BC	31	2,955,694	-	850,299	9.45%
San Joaquin County	9	144,923	-	41,692	0.46%
Santa Anita Park	84	8,875,962	-	2,553,452	28.39%
Solano County Fair	5	98,542	-	28,349	0.32%
Sonoma County Fair	10	244,969	-	70,473	0.78%
Total:	842	31,268,235	-	8,995,300	100.00%

Handle and License Fees Report- Racing Year 2008-excludes outs and non merged license fees

Host	Non ADW Handle	ADW Handle	Total Handle	% of Total	Non ADW License*	ADW License	Total License	(Los Al ontrack) (overlap fair)	Net License	% of Total	Effective Rate
Alameda County	29,167,714	5,399,175	34,566,889	0.81%	294,938	4,216	299,155		299,155	0.89%	0.87%
Bay Meadows	236,376,421	37,467,184	273,843,605	6.43%	1,523,812	54,415	1,578,228		1,578,228	4.67%	0.58%
Cal Expo Harness	73,663,126	23,453,869	97,116,995	2.28%	255,717	12,391	268,108		268,108	0.79%	0.28%
California State Fair	21,713,043	4,832,754	26,545,798	0.62%	225,513	1,893	227,406		227,406	0.67%	0.86%
Del Mar	438,484,269	75,743,881	514,228,149	12.07%	5,163,420	123,165	5,286,585		5,286,585	15.65%	1.03%
Fairplex Park	77,244,823	16,366,894	93,611,717	2.20%	767,577	17,104	784,681		784,681	2.32%	0.84%
Fresno District	7,297,871	2,095,149	9,393,020	0.22%	72,165	1,775	73,941		73,941	0.22%	0.79%
Golden Gate	431,276,089	56,257,184	487,533,273	11.44%	2,787,083	61,091	2,848,174	(93,015)	2,755,159	8.15%	0.57%
Hollywood Fall	277,182,382	49,350,580	326,532,962	7.66%	2,904,059	85,356	2,989,414		2,989,414	8.85%	0.92%
Hollywood Spring	547,171,559	119,389,359	666,560,918	15.64%	6,094,327	235,686	6,330,013		6,330,013	18.73%	0.95%
Humboldt County	2,293,701	1,012,694	3,306,395	0.08%	24,068	741	24,809		24,809	0.07%	0.75%
Los Alamitos	207,018,010	82,889,061	289,907,070	6.80%	848,617	60,102	908,719	(162,524)	746,195	2.21%	0.26%
Oak Tree incl BC	313,627,213	51,016,330	364,643,543	8.56%	2,636,007	58,525	2,694,531		2,694,531	7.97%	0.74%
Sac Harness	24,124,433	6,425,922	30,550,355	0.72%	83,580	4,053	87,632		87,632	0.26%	0.29%
San Joaquin County	16,168,315	3,572,029	19,740,344	0.46%	155,497	2,028	157,525		157,525	0.47%	0.80%
San Mateo County	24,536,081	3,875,074	28,411,154	0.67%	174,964	3,385	178,349	(92,124)	86,225	0.26%	0.30%
Santa Anita	796,122,570	132,704,605	928,827,174	21.79%	8,603,559	240,244	8,843,803		8,843,803	26.17%	0.95%
Solano County	24,515,008	4,797,197	29,312,205	0.69%	232,406	3,238	235,644		235,644	0.70%	0.80%
Sonoma County	31,999,033	5,485,876	37,484,909	0.88%	314,852	4,673	319,524		319,524	0.95%	0.85%
Total	3,579,981,659	682,134,817	4,262,116,477	100.00%	33,162,161	974,080	34,136,241	(347,663)	33,788,578	100.00%	0.79%