

## CALIFORNIA AUTHORITY OF RACING FAIRS

Live Racing Committee

Tuesday, April 7, 2009

### Minutes

A meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, April 7, 2009. The meeting was conducted at the Sacramento offices of Kahn, Soares & Conway, 1415 L Street, Suite 400, Sacramento, California, 95814.

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

Staff and Guests attending: Chris Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Margot Wilson, Louie Brown, Dave Elliott, Mike Treacy, Dan White, Lisa Belser and Mae Davis. Joining by conference call: Kate Phariss.

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

**Agenda Item 2 – Confirmation of May 5, 2009 for Next Meeting in Sacramento.** The next CARF Board & Live Racing Committee meeting is scheduled for Tuesday, May 5, 2009, in Sacramento.

**Agenda Item 3 – Update on the Solano County Fair Race Meet.** Mr. Pickering reported that talks are proceeding between he and Mr. Paluszak with regards to future compensation to Vallejo for running what have traditionally been considered Vallejo dates at Pleasanton. Talks are proceeding with the concept of a minimum guarantee from Pleasanton to Vallejo, with Pleasanton receiving excess revenue to a pre-determined threshold. If the threshold is met, a revenue sharing will occur for monies in excess of the second-tier threshold. The dollar figures are still being negotiated.

Mr. Paluszak added that he felt the parties were close to an agreement.

**Agenda Item 4 – Update, Discussion and Action, if any, on Services and Contracts Managed by CARF.** Mr. Korby reported that a couple of contracts are still out to bid, most notably Winner's Circle photography and program printing. Staff will be ready to report back with a recommendation at the next meeting.

**Agenda Item 5 – Update, Discussion and Action, if any, on Summer Racing Program and Negotiations with Horsemen's Organizations.** Mr. Swartzlander reported that steps are being introduced to reduce the Emerging Breed purse overpayments. Overnight stakes have been lowered from \$10,000 to \$9,000 and the new contract allows CARF to reduce purses if the handle on Emerging Breed races is insufficient to cover the original purse structure. The Mule Association has signed the contract, the Arabian Association has agreed to it and the Quarter Horse Association would prefer to reduce the purse structure for their races in lieu of reducing overnight stakes.

Starter fees will remain consistent with 2008, \$100 for Thoroughbreds and \$75 for Emerging Breeds. The Fairs will also offer a \$1,000 bonus for overnight stakes starters.

Mr. Doutrich reported that the first TOC meeting went well and the stakes schedule should be approved at the next meeting. CARF is developing one stall application for the Fair Circuit to alleviate horsemen from filling out a stall application every two weeks.

**Agenda Item 6 – Update on Recruitment of Horses from Other Jurisdictions.** Mr. Swartzlander reported that the Arizona reception received approximately 159 participants. Several trainers committed to bringing their stables to race at the Fairs. The State of Arizona is looking to place slot machines in the racetrack to generate more gaming revenue. Without slots, the future of Turf Paradise seems bleak.

Mr. Doutrich reported that the Oregon horses are not a good fit on the Fair Circuit as a whole, but they will be competitive at Ferndale and could fit at Fresno. Mr. Doutrich felt the quality of horsemen at the Arizona reception was good and that interest was high.

**Agenda Item 7 – Update on Prospective New Satellite Facilities.** Mr. Carpenter reported that he received a second letter from Rod Blonien, representing Lucky Chance Casino, to install a mini-satellite in the card club. This letter provided more detail regarding how the Lucky Chance mini-satellite “beta test” would cease operation after six months if SMCEC was impacted or an agreement would be reached to compensate SMCEC for decreases in attendance and handle.

After deliberating on the matter, the San Mateo County Event Center Board voted once again not to allow Lucky Chance Casino to install a mini-satellite. The Board still felt that the addition of the mini-satellite would cannibalize San Mateo’s current clientele. The Board is also concerned with allowing the satellite enough time to establish itself in the market before introducing what could be significant competition. The Board also wishes to accelerate debt repayment for costs incurred in building the facility.

Mr. Korby reported that he commissioned Gordon Gong to develop initial renderings and plans for three categories of mini-satellites. These renderings will give Fairs the ability to provide potential partners with a visual representation of what a mini-satellite could look like in their place of business.

Mr. Alkire reported that Kelly Baldwin and several Board members from the Monterey County Fair made a trip to Fresno to see the mini-satellite operation located in Club One Casino. Dan White gave the group a tour of the facility and the Board members seemed excited to develop something similar in the Monterey area.

**Agenda Item 8 – Update, Discussion and Action, if any, on Legislative Matters.** Mr. Brown reviewed bills being tracked on behalf of CARF. AB 136 (Silva) allows Harness racing to be conducted at one or more racetracks or Fairs in the Northern zone. AB 246 (Price) would require a licensed race meet to hold distributions in trust, not to be used for any other purpose

than payment to distributees as directed by Horse Racing Law. This bill will help protect satellites during any future bankruptcies by racing associations.

AB 734 (Hill) is a CARF sponsored bill that would increase takeout 1% to raise satellite commissions from 2% to 3%. Mr. Brown expects Thoroughbred interests to oppose the bill. Los Alamitos has committed to officially support the bill. The Thoroughbred industry would like to increase takeout and control how it is allocated, which may not be in the best interest of Fair satellites. Support letters have been gathered from Fairs, Fair Associations, Fair Partners and any parties potentially affected such as labor. The goal is to make it as difficult as possible for the Thoroughbred industry to oppose the bill.

Fairs are emphatically encouraged to come to Sacramento on the hearing date for AB 734. A strong presence at the Capitol in support of the bill will make a huge impact.

AB 763 (Chesbro) would give Humboldt County Fair the ability to accept wagers on additional out-of-state races and derive additional revenue from those wagers.

AB 1499 (Evans) would provide workmen's compensation coverage, from a deduction in Emerging Breed exotic wagers, to Emerging Breed horsemen. This is the same bill that was in effect in 2008 which was scheduled to sunset in 2009.

Mr. Korby reported that CARF has been working closely with Rick English, representing Los Alamitos, to solve some of the problems facing the night signal at satellites and work together in common causes. The relationship thus far has been very positive.

**Agenda Item 9 – Update on Discussions with Golden Gate Fields on Its Use for Fair Racing in 2009.** Mr. Korby reported that he and Robert Hartman, General Manager at Golden Gate Fields (GGF), are moving forward to establish a contract between CARF and GGF to sublease the GGF property for the purpose of operating two CARF race meets (six weeks).

**Agenda Item 10 – Executive Director's Report.** SB 16XX changes the method by which the California Horse Racing Board's budget is funded. CARF supported a formula that reflects what had been paid in license fees in past years. Since tracks were the beneficiaries of the new deal, it makes sense that they share the costs of the CHRB proportionally. Mr. Korby circulated a spreadsheet, supported by the entire racing industry, to allocate CHRB costs among all racing associations. This proposed allocation plan has been forwarded to the CHRB.

Respectfully submitted,

Heather Haviland