

CALIFORNIA AUTHORITY OF RACING FAIRS

Live Racing Committee
Thursday, August 6, 2009

Minutes

A teleconference meeting of the California Authority of Racing Fairs Live Racing Committee was held at 2:00 P.M., Thursday, August 6, 2009. The meeting was conducted at the CARF Conference Room located at 1776 Tribute Road, Suite 205, Sacramento, California, 95815.

Live Racing Committee Members joining by conference call: John Alkire, Norb Bartosik, Debbie Cook, Stuart Titus, Mike Paluszak and Tawny Tesconi.

Staff and Guests attending: Chris Korby and Margot Wilson. Joining by conference call: Charlene King (for Chris Carpenter) and Dave Elliott.

Agenda Item 1 – Discussion and Action, if any, on 2010 Racing Dates Calendar. Mr. Korby stated that the most important issue for resolution is Cal Expo's wish to change their racing dates and what various perspectives from other members of the group are about that subject. Mr. Bartosik began by saying that Cal Expo would like to strongly consider moving their dates into what might be the void created with Solano County if they, in fact, choose not to race in the future. They have talked preliminarily with Rick Pickering about what his dates might be next year and also with Tawny Tesconi and have a parameter of where she might be; they would like to get some kind of consensus on how they can move forward on this and try and make it all work for everybody.

Mr. Korby wanted to make sure that everyone was on the same page as far as the mechanics and nuts-and-bolts were concerned and wanted to talk specifically about which dates were under discussion. According to the 2010 calendar this would be racing dates that would begin on July 14 and run through July 25. Mr. Bartosik said it would depend on when Alameda would finish and when Cal Expo could start thereafter and when Sonoma wants to start and when Cal Expo can end depending on what Sonoma wants to do. Ms. Tesconi stated that they don't want to get pushed into August any further than this year; they would like to start their meet by the 28th. Mr. Korby said the traditional two weeks for Alameda start on June 30 and run through July 11. Mr. Bartosik asked where San Joaquin was in all of this. Ms. Cook responded by saying San Joaquin was planning on staying where they have been, right in front of Pleasanton, after GGF, and she would expect that to be two weeks and not less than that; San Joaquin is also planning on extending the dates of their fair. The San Joaquin County Fair Board should probably have a decision about the length of their fair during their strategic planning meeting taking place in mid-September. Mr. Korby pointed out the number of weeks of the fair will have a bearing on the position that other interests in the racing industry take in the Fair part of the schedule for 2010. Ms. Cook said her board is waiting to see what is going to happen with the calendar; she feels her board doesn't have a problem going to a longer fair as long as they have the traditional race dates but if the dates are going to be taken away from them then they will go with a shorter fair. The Stockton dates for 2010 would be July 16-27 with nine days of racing. Ms. Cook continued by saying that if Stockton could move a week earlier, if GGF could end a week earlier, and Stockton could start a week earlier on the 10th then that could be do-able but

that does put them a week earlier than tradition. Mr. Korby stated that he believes that this scenario of Stockton moving a week earlier is unrealistic and GGF would not go for it. Mr. Alkire asked Ms. Cook if she felt that, in light of running two weeks this year and the figures that she looked at, did she feel that this would be fiscally to their benefit to try to run another week. Ms. Cook responded that she hasn't had a chance to put together all the numbers but her reaction at this point is, it can't get any worse. There would be that many more days of the fair for revenue to come in and there would be additional expenses, but the set-up costs are the same regardless if you run five days or ten days and there are that many more chances to make up for factors beyond their control – heat, for example.

Mr. Alkire continued to say that he had a chance to be part of the F&E evaluation of the Stockton Fair with Joan from Cal Expo being a part of that group as well. Candidly, he feels it would be tough to run more days of racing as there are more days of expenses, but whatever it takes to make Stockton successful is his goal as he knows that it is Ms. Cooks'.

Mr. Korby stated that from the Group's perspective we want to keep the two weeks under discussion for racing in Stockton, wherever they're run, in the Fair block of dates. As far as CARF's representation to the rest of the industry in Northern California and the Horse Racing Board, when the time comes to have those discussions we want those dates run as Fair dates. Ms. Cook asked if there was someone willing to step up to the plate, say they'll take those five days of racing and pay for them; she has had no conversations with anyone about that at all. Mr. Korby answered by saying that the Alameda County Fair was willing to do that with the Solano County Fair and the last answer he had from Alameda on that hypothetical question was they were willing to talk about that; preliminary numbers from Alameda are still pending. Ms. Cook asked Mr. Paluszak if Stockton could look at that contract. Mr. Paluszak said that document had been shared with everyone in draft form and, unless Rick Pickering objects, he does not have a reason not to share it with this Group; however, he wants to keep it within the Group. Mr. Korby requested the formality and courtesy of asking Mr. Pickering's permission for Stockton and the Group to view the document but he did not foresee it being a problem. Mr. Paluszak agreed that a big part of the concept (and certainly one of the advantages) of running the Fairs as a combined meet is that all those Fairs determine internally how that revenue would be shared. It's going to be really important if we're going to adjust our Fair calendar coincidentally with the racing calendar.

Mr. Korby noted that although Ms. Cook had given some background on the thinking at San Joaquin, Solano County is the critical Fair in discussions of a Cal Expo move. Mr. Paluszak told the Group that a board meeting is scheduled for next Wednesday and at the request of their racing committee, they're meeting prior to that to discuss this very topic; the conversation going into his fair and the sense that he gets is that they're very open minded to how they can best support that combined racing concept and how they move forward. Not only are they receptive to the scenario that this Group wants to paint but they're open for creative thinking. He doesn't think there is a scenario they wouldn't look at and there are positive advantages to both the collective Racing Fairs and to their fair to perhaps encourage the notion that Cal Expo is pursuing to move into their traditional slot and they, in turn, move into Cal Expo's dates. They're open to change and they're open to ideas.

Ms. Tesconi was asked for her comments; she responded by saying that big picture wise what they would like are additional days of racing in general and wouldn't want to be pushed any deeper into August since their schools are already starting two days after their fair this year and then they have their Harvest Fair right behind that. If Vallejo was interested in getting out of racing and not holding those dates, Santa Rosa would be interested in Vallejo's dates, if Cal Expo wasn't interested in them. They still have a turf track they have to pay a good size loan (around \$900,000) and they need some more race dates to do that. Mr. Bartosik asked Ms. Tesconi if based on the schedule Santa Rosa has this year and what they had talked about, what would be their preferred start date and when would they start racing. She responded by saying that if everyone were to start over they would prefer three weeks of racing starting on July 21, have three weeks of fair with that, and probably close Mondays and Tuesdays. If Cal Expo were to pick up the two weeks before them and there was an opportunity for Santa Rosa to pick up that third week, they don't want to go deeper into August but if they were to go three weeks of racing and try to do a little bit of a fair along with it that last week, they would probably like to consider that too. Mr. Bartosik continued by saying that assuming the State Fair runs for a three week period or eighteen days, as they've traditionally done, and they were to follow the calendar with Pleasanton ending July 11, they could start the fair around July 14 or 15 and start racing on July 14 or 15 and go through August 1. The California State Fair and Santa Rosa's Fair would overlap a week but the racing wouldn't, but that may be the consequence if that is what has to be done to make all of this work for all. Santa Rosa would want to start on July 27, racing the 4th or the 5th. With that scenario, Cal Expo picking up July 14-25, Santa Rosa could do July 28 – August 8, their traditional slot. Referring to Mr. Korby's original comment about not changing GGF earlier start, Mr. Bartosik speculated that if Cal Expo were to move off the Labor Day weekend and it was agreed that it was in all of the Fairs best interests to shift, if GGF got that last Labor Day weekend, wouldn't that be an incentive for them to move a week earlier or end a week earlier. Mr. Korby said that it still wouldn't help the Pleasanton July 4th issue. Mr. Bartosik disagreed by saying that it would take Pleasanton through July 4th and put forth the following scenario: Pleasanton starts on June 23, Stockton would end on June 20, if GGF ended a week earlier Stockton could start on June 9 and go through June 20, Pleasanton could start on June 23 and run through July 4th or 5th (with their fair dates), Cal Expo could come in behind that through July 25, Sonoma could start on July 28 and go through August 8, then if you wanted to throw a split meet back, go back to Pleasanton and give them more dates from August 11-22 rather than go to GGF and GGF could come in after that on August 25 and go through Labor Day or beyond that with their own traditional timing.

Mr. Bartosik offered to host a meeting at Cal Expo during the State Fair to further discuss the 2010 dates. Mr. Korby said that we now have a good precedent for the block of dates running from mid-June (for 2010 that would be June 16 through the end of Fresno). Mr. Bartosik wanted to remind everybody that they went into the planning for 2009 dates with the express intent of setting dates to benefit the capital improvements at first, Pleasanton, and then wherever else it was necessary if the money was left. Mr. Korby agreed. Mr. Bartosik continued by saying that if that was the case then they needed to look at ways to maximize race dates at Pleasanton so that all of the Fairs can benefit around that as well and maybe start with a split meet at Pleasanton in 2010. Mr. Korby asked if Cal Expo gets more than two weeks of racing, then would they be willing to contribute to a capital improvement fund. Mr. Bartosik said they would. Mr. Bartosik continued by saying although he knows Cal Expo is the one that triggered this discussion, they also believe that there is some negotiating card with the Labor Day weekend

and that's a big weekend in racing and if it wasn't for Labor Day and the traditional dates they have, it wouldn't be the same. So, Cal Expo is looking at uncharted territory – they don't even know who's going to be racing in the south or where, the best guess is if Hollywood's gone they may wind up with Santa Anita, which may be okay but it's not the same as being day-on-day with Del Mar. Then there's the Pacific Classic and the Del Mar Futurity. Mr. Korby asked Mr. Bartosik if they're looking at hypothetical dates, could Cal Expo make it work with two weeks starting July 14 through 25 - presumably ten days of racing, depending on when Del Mar started. Cal Expo would be giving up one day of racing and Labor Day weekend. Mr. Bartosik asked for clarification of what would happen if Cal Expo vacated the last three weeks of August through Labor Day. Mr. Korby summed up the discussion thus far by saying that Santa Rosa wants to run in the traditional slot, which will be defined as July 28-August 8, and if there are dates available they might consider racing one more week, their preference would be if they extended a week to go the other direction which would be into July. However, if they do that, then we run into a number of obstacles with keeping the 4th of July weekend in the middle of Alameda County's run and still having a minimum of two weeks that Cal Expo could fit into. Mr. Titus commented by saying that by extending into the back-end it would obviously impact Humboldt. Mr. Korby continued by saying that he was not hearing that anybody say that they're opposed to those two weeks in July; he's hearing that there's a lot of open mindedness about that. Mr. Bartosik said he wanted everybody to continue thinking that way but he felt that they needed to all get together in one room and talk this through because he wants to hear the whole calendar of what everybody's got in mind so they know Cal Expo's trying to be equitable to everyone in terms of how this all works and be sensitive to everyone's concerns. Mr. Bartosik continued by saying that he feels the future and success of Cal Expo is to move their fair dates into a time slot that doesn't have school dates on top of it for the summer. Mr. Korby said he did not hear any objection to Cal Expo moving into the two weeks traditionally occupied by Solano, there may be some questions about the calendar before and after that if the State Fair is extended for another week, which would overlap the first week of Sonoma. Ms. Tesconi commented that the non-racing, meaning the vendors, is a bigger issue than the racing side of things. Mr. Paluszak referred to Mr. Bartosik's earlier comment by saying that, much like Cal Expo, anything that is proposed or perceived regarding redevelopment of Vallejo is probably ten years out and although the plan that is on the table today which would provide them with an opportunity to replace horseracing, as they move forward with the conversation, that can be forgotten. Mr. Paluszak continued by saying that it was his understanding that by running a combined meet it gave the Fairs an opportunity not to cannibalize each other but work together for everybody's benefit. Mr. Bartosik asked Mr. Alkire and Mr. Korby if they would like to put together "Alternatives I & II" based on what was discussed today and circulate that among the Group and maybe perhaps have Cal Expo host the Group and try to go over all this with as many people as possible together in a room. Mr. Bartosik continued by saying that the other "big elephant in the room" is what the TOC thinks about all of this and where we need to go with it. Mr. Korby replied by saying we can predict some of their positions based on conversations we've had in the past about availability of turf courses and know their opinion about some of the different locations. With respect to the calendar into the later part of August and September and then on into October, one of the thoughts that Mr. Korby had recently, partly in reaction to watching what the reduction in the number of racing days has helped with, is the contribution to the field size and the availability of horses this summer. Also, our Group recognized that a reduction in the number of racing dates, although painful, was necessary and it's turned out to be a good decision. Mr. Korby continued by saying that looking at the experience with September over the last few years

that the Group might want to propose another break the week following Labor Day, give everybody a rest - it's not a very good week anyway - and come back with maybe some weekends of racing for two weeks in September, and possibly, if Fresno is interested, propose a third weekend of racing in Fresno. Mr. Bartosik responded by saying it would depend on the horse population and the way things are going earlier in the summer and how everybody supports it and what the TOC feels but everybody should keep an open mind. In looking at the calendar, Mr. Bartosik proposed that since there is the WFA day & Legislators day on Thursday, August 27th, and it's a racing day as well, Cal Expo could host a morning meeting, then everyone could go to the festivities and take in the races if that is what the Group would like to do.

[At this point the teleconference experienced technical difficulties. Participants disconnected then attempted to call back in. Teleconference had to be terminated at 2:46pm (PST) due to technical difficulties.]

Respectfully submitted,

Margot Wilson