

CALIFORNIA AUTHORITY OF RACING FAIRS

Live Racing Committee
Wednesday, November 4, 2009

Minutes

A meeting of the California Authority of Racing Fairs Live Racing Committee was held at 5:30 P.M., Wednesday, November 4, 2009. The meeting was conducted at the CARF Conference Room, 1776 Tribute Road, Sacramento, CA, 95815.

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

Staff and Guests attending: Chris Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Mike Treacy and Richard Lewis.

Agenda Item 1 – Date and Time of Next Meeting. The next CARF Board & Live Racing Committee meeting will be held Wednesday, December 8, 2009 in Sacramento, time to be determined.

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

Agenda Item 3 – Discussion and Action on Recommendation for a Single Combined Fair Horse Racing Meeting for Northern California Racing Fairs in 2010 and Beyond. Mr. Korby reported that he will seek legal counsel concerning cross liability responsibility for a combined Fair race meet. Language ensuring each Fair will accept sole responsibility for incidents occurring on its own Fairgrounds will become part of the combined Fair meet agreement. An exception to excluding joint responsibility will apply to the catastrophic insurance provided through CARF. The step of creating this language is critical, but not complicated.

Ms. Tesconi requested to receive the language as soon as it is drafted to share with her Fair Board.

Agenda Item 4 – Discussion and Action on Recommendation for a Single Consolidated Purse Program for Entire Northern California Fair Racing Circuit. Mr. Korby circulated a one-sheet agreement with signature lines for establishing a consolidation of administration and distribution of purses. This agreement will allow for the consolidation of purse overpayments and underpayments for all Fair race meets. The agreement, as it is written, begins June 17, 2009 and requires written notice to withdraw by February 15 of the year in question.

Mr. Pickering moved to approve the agreement to consolidate the administration and distribution of purses with a 180-day opt-out period. Mr. Bartosik seconded for discussion purposes.

Mr. Titus asked if commissions have been determined from the CARF I and II meets at Golden Gate Fields. Mr. Korby stated that expenses are still being reconciled with Golden Gate Fields. Mr. Bartosik expressed concern regarding the management of purses at both meets and the ensuing overpayments.

Mr. Pickering amended his motion to approve the agreement to consolidate the administration and distribution of purses to include the requirement that a Fair wishing to withdraw from the program provide written notice of intent to cease participation by February 15 of the year they decide to disaffiliate. Mr. Bartosik seconded, unanimously approved.

Agenda Item 5 – Discussion and Action on Recommendation of a Plan for Providing for Replacement Revenues for those Fairs which Agree to Reduce Racing Dates or End Their Live Racing Program All Together. Mr. Korby stated that the CARF Board needs to determine the method, if any, of replacing revenue for Fairs reducing or eliminating live racing, explore funding sources for revenue replacement and establish an agreement amongst members for underwriting the costs of providing replacement revenues.

Potential funding sources include securing from F&E the remaining 1 percent license fees generated at live racing fairs (estimated to be \$400,000 to \$500,000 yearly), using part of the racing industry license fee recapture that will be paid back to F&E by private associations and using revenue from the Fairs that remain in racing and assume the additional racing dates.

F&E has agreed to allow the 1 percent license fees generated from live racing Fairs to be repurposed for creating replacement revenues to Fairs reducing or ending live racing with the stipulation that full documentation and accounting be approved to F&E prior to implementation. F&E will not be able to provide any funds from prior license fees owed by the private associations as those funds have already been earmarked.

Mr. Paluszak has been asked to provide documentation and calculations regarding net revenues generated from racing at the Solano County Fair in prior years as a starting figure for discussion. Mr. Paluszak and his staff are working on those figures and the preliminary amounts seem to be in line with figures that the group has discussed in the past.

Ms. Tesconi stated that the Fair industry is not behind the push to transition some Fairs out of racing. She asked if horsemen's groups, which insist these changes are necessary, have been

approached to help fund the conversion. Ms. Tesconi also commented that it is hard to make a commitment without knowing exactly which parties will ultimately assume responsibility for providing replacement revenues. The Fair assuming additional racing dates is not guaranteed a specific net profit by racing more, but will have to make a commitment to guarantee a figure to a Fair no longer in racing.

Mr. Alkire stressed that current challenges in the racing industry will presumably result in fewer players which necessitates, now more than ever, that Fairs consolidate and work together to create the best possible racing product. These conversations are difficult, but they mark immense progress by this group and can provide great opportunity for the future.

In summation, Mr. Paluszak will provide net revenue figures for Solano County Fair live racing and the sub-committee appointed to discuss this issue will meet again and form a recommendation (sub-committee consists of Mr. Bartosik, Mr. Paluszak and Ms. Tesconi).

Agenda Item 6 – Discussion and Action on Recommendation on Racing Dates for 2010 and Beyond. Mr. Korby asked each of the Fair Managers to provide an update on their preferred 2010 racing dates.

Stockton – The San Joaquin County Fair Board met with CARF Chairman/Staff and representatives of TOC, CTT and GGF to discuss the industry landscape and the circumstances at Stockton. Ms. Cook stated that her Fair Board informally supports five days of racing with a five day Fair and desires a three-year commitment from the industry. Ms. Cook stressed that it is critical future dates be established earlier so that the Fair can be promoted properly. Mr. Bartosik suggested that Stockton strongly consider an 11-week Harness meet after the Thoroughbred meet. Dates: June 16-20, 2009 (5 days).

Pleasanton – The ideal scenario for Pleasanton racing dates would have been June 30 – July 18, 2009, but to accommodate Cal Expo and Stockton, Mr. Pickering is willing to open a week earlier and end July 11, 2009. Dates: June 23 – July 11, 2009 (15 days).

Sacramento - The Sacramento County Fair will move into the slot previously occupied by the Solano County Fair. Mr. Bartosik reported that Cal Expo is available to undertake racing dates in August to keep racing in the Fair block at Fairground tracks. Mr. Bartosik stated that Mr. Harris has informally expressed a desire for Cal Expo to run in its tradition Labor Day dates in addition to the July dates. Mr. Bartosik asked for a written request from the CHRB. Dates: July 14 – July 25, 2009 (10 days).

Sonoma County Fair – Ms. Tesconi requested three weeks of racing at Santa Rosa. Her Fair Board is willing to provide a carnival, special Grandstand entertainment and wine tasting for the third week. Dates: July 28 – August 15, 2009 (15 days).

Ferndale – Mr. Titus stated that he is open to running overlapped with Santa Rosa with help from supplemental purses to offer higher purses to cheap Thoroughbreds and with close coordination from the racing secretary in managing low-level Thoroughbreds and the Emerging Breed population. Mr. Doutrich added that Ferndale had more than 100 starts from out-of-state horses in 2009 will recruit aggressively in 2010. Mr. Titus requested 9 days of racing. Dates: August 12-22, 2009 (9 days concurrent with Santa Rosa and CARF at Pleasanton).

Pleasanton in August – Mr. Pickering stated that the Alameda Fair Board's position is that the track is open and ready for business for the weeks that make financial sense. A plus is that the August dates would coincide with two large events at the Fairgrounds, Goodguys Car Show and Scottish Highland Games. Dates: August 18 – September 6, 2009 (15 days combined Fair meeting, managed by CARF, with a potential reduction in the number of days run each week).

September Dates – There was no interest from Fairs for dates after Labor Day, but it is doubtful that Golden Gate Fields would accept the September dates without Labor Day week. Fairs would like to receive written agreement that Golden Gate Fields will not establish a precedent for running during the Fair block if allowed to run in September in 2010 (Fair Block is considered mid-June through mid-October). Fairs are currently not willing to release Labor Day week.

Fresno – Mr. Alkire reported that the Fresno Fair would like to race its tradition dates with the second Wednesday as a simulcast-only day. Dates: October 6 – 17, 2009 (10 days with Columbus Day Monday).

Vallejo – Mr. Paluszak stated that the Solano County Fair is in a very difficult situation. The Fair has a Plan A and Plan B for Fair dates, but is not able to discuss either at this time. The Fair might also be in the process of changing its classification. Mr. Paluszak has a high degree of faith in the people he is negotiating with, but is not able to commit to any plan without further detail.

Ms. Tesconi moved to approve the calendar as articulated and as shown in the meeting packet. Mr. Titus seconded. John Alkire, Norb Bartosik, Debbie Cook, Rick Pickering, Tawny Tesconi, Stuart Titus voted to approve. Mr. Paluszak abstained.

Agenda Item 7 – Executive Director's Report. No news to report at this time.

Respectfully submitted,

Heather Haviland