

**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**Live Racing Committee**  
**Tuesday, September 7, 2010**

**MINUTES**

A meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, September 7, 2010. The meeting was hosted at the California Authority of Racing Fairs board room located at 1776 Tribute Road, Suite 205, Sacramento, California.

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

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Amelia White, Louie Brown, Raechelle Gibbons, James Jimenez, Tony Withington, Ed Clites, Vince Agnifili, Chris Carpenter, Mike Treacy, Rebecca Desmond and Lisa Drury. Joining by conference call: Cindy Olsen.

**Agenda Item 1 – Date, Time and Location of Next Meeting.** The next CARF Board & Live Racing Committee meetings will be held Monday, October 11, 2010 at the Big Fresno Fair, time to be determined.

**Agenda Item 2 – Approval of Minutes.** Ms. Cook noted that Mr. Titus was listed twice in the minute's attendance. Mr. Pickering moved to approve the meeting minutes as amended. Mr. Titus seconded, unanimously approved.

**Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Matters.** Deferred to CARF Board of Director's Meeting at 12:30 P.M.

**Agenda Item 4 – Report on Formation of CFO Working Group.** Mr. Korby reported that over the years the Live Racing Committee has reviewed the manner in which racing expenses are calculated, has established formulas to apply those expenses back to Fairs and has conducted frequent reviews of contracts for services and materials that pertain to live horse racing.

Due in part to the departure of long-term Committee members over the past few years, CARF Staff is recommending that a small CFO Working Group be formed to make recommendations back to the Live Racing Committee, specifically regarding the allocation of racing expenses. This working group would consist of CARF Staff and Fair CFOs.

Mr. Korby has approached Mr. Pickering and Mr. Bartosik to request that their respective CFOs work with Larry Swartzlander and Raechelle Gibbons to form the initial group. Ms. Tesconi requested that the Sonoma County Fair Controller participate in the group as well.

Mr. Alkire stated that he felt it was important that Fair representation consist of accounting staff and not Fair Managers. Mr. Pickering stated that due to the 30 percent reduction of race dates in 2010, the formation of a working group is especially important. Ms. Tesconi added that future cost cutting should be a critical element for the group to consider.

**Agenda Item 5 – Report and Re-Cap of Summer Fairs to Date.** Ms. Cook reported that she was pleased that aspects of the 2010 San Joaquin County Fair that could be directly influenced by staff (such as ontrack attendance, ontrack handle and Fair admissions/concessions/parking) performed better than the national trend. However, decreases in overall handle and fewer racing more than offset any gains.

Mr. Pickering reported that the Alameda County Fair received CHRB approval prior to the meet to run 16 race days. Due to horse population and the erratic schedule of Hollywood Park, the Fair was only able to conduct 15 days of racing. Handle was severely impacted by Hollywood Park's decision not to race Wednesdays and to race Thursday nights, leaving Pleasanton as the sole California day signal. Fortunately, Fair staff had the foresight to strategically move their Senior Free Day from Wednesdays to Thursdays. Overall, the horse population was adequate, but a decline in emerging breed races was evident. Mr. Pickering was pleased with ontrack special promotions and plans to experiment with some form of Dollar Day promotions in 2011.

Mr. Korby reported that the erratic and last minute decisions by Hollywood Park caused tremendous uncertainty and lost revenue to both Stockton and Pleasanton. Last minute cancellations and Thursday night racing specifically impacted the satellite network and off-track handle for racing Fairs. Mr. Korby stressed that a protocol for cancellations be established by CHRB.

Ms. Tesconi reported that horsemen loved the condition of the Sonoma County Fair turf course and it proved to be very safe. Handle and attendance held up well during the main meet, but the third week handle was approximately 30 percent less than the main meet. Special promotions during the third week generated a good crowd, but they didn't seem to contributing to the handle. Chairman Brackpool visited the Fair and showed an interest in all aspects of the operation. Fair admissions, parking and concessions were up, despite an unseasonably cool meet that affected the last races of the day and night activities at the Fair.

Mr. Titus reported that the Humboldt County Fair meet was very successful, due in large part to the opportunity to run five days of racing without overlap. The horse population was

sufficient but strained during the first three days. Commission revenues were up 100 percent, exceeding conservative pre-meet estimates. For the first time in its history, the meet generated enough handle to cover purses creating a situation where no supplemental purse monies were used and the Fair concluded with a \$75,000 purse underpayment. Ontrack handle was up 4 percent and handle was up double digits in every other category. CHRB Commissioners Brackpool and Harris visited the Fair and were impressed by the crowd's enthusiasm. The Fairs itself did well due in part to a huge opening day with an appearance by hometown celebrity chef and entertainer Guy Fieri.

Mr. Paluszak reported that the Solano County Fair figures were disappointing but understandable due to the ongoing process of reinventing the Fair identity and product. The changes made in 2010 were very well received by the community.

Mr. Carpenter reported that the San Mateo County Fair went well. The attendance numbers were down do the change in Fair dates, but those numbers will correct themselves in time. The Fair will continue to operate nine days and will implement new promotions, including a dollar day, in 2011. Mr. Alkire congratulated Mr. Carpenter on the operation of the San Mateo satellite wagering facility which remains the highest performing Fair satellite in Northern California.

Mr. Agnifili reported that the Southern California Fair is gearing up for its October 9, 2010 opening.

Mr. Pickering added that the Alameda County Fair was subject to several new and unique CHRB inspections in 2010 which could be related to the politics behind the satellite radius debate. Mr. Korby emphasized that even with declining handle, horse racing remains one of the most important revenue sources for Fairs and it is imperative to show a commitment and reinvestment back into the racing industry.

Mr. Korby reported that even though handle was down at Fairs meets, the declines were within the range of preseason projections. The consolidated purse program and integration of supplemental purses was a critical advantage in attracting and retaining horses. Moving forward, the Emerging Breed issues need to be addressed, especially the need to frequently request CHRB waivers to suspend betting on specific wagers. Consistently offering races without place and/or show wagering renders our product unattractive to both bettors and outlets taking our signal. Conversely, offering races that have a high susceptibility for minus pools is detrimental to the Southern California tracks that carry a higher probability of having to cover a minus pool.

Mr. Korby stated that the Track Safety and Maintenance Program continues to produce consistent and safe racing surfaces that are well received by horsemen and bettors, especially with the trend heading back to traditional dirt as a preferred surface.

**Agenda Item 6 – Report, Discussion and Action, if any, on Racing Dates for 2011 and Beyond.** Mr. Alkire stated that he would like to try a different approach to discussing the Fair racing calendar. Mr. Alkire asked each Fair Manager to share, solely from their Fair’s perspective, the dates they would prefer to run in 2011.

Mr. Bartosik joined the meeting.

Ms. Cook stated that for the San Joaquin County Fair, she would request two weeks of racing in June as a first choice with a willingness to entertain September dates (ending on Labor Day) as a second choice.

Mr. Pickering stated that his preference for the Alameda County Fair would be running three weeks and capturing two pay periods (June 29 – July 17). Realizing that those dates would affect Cal Expo, the second choice would be the Fair’s more traditional dates of June 22 – July 10.

Ms. Tesconi reported that the Sonoma County Fair will be adding an additional weekend. When considering the school schedule and capturing three weeks of racing with Fair, the ideal race dates would be July 21 – Aug. 7. With Cal Expo in mind, the second choice would be July 27 – Aug. 14, with uncertainty as to how the additional Fair dates will mesh with racing.

Mr. Bartosik stated that the ideal dates from Cal Expo’s perspective would be three weeks of racing from July 13 – 31.

Mr. Titus stated that he would request Humboldt County Fair retain its traditional dates of Aug. 10 – 21, running unopposed. Mr. Titus added that Northern California is no longer able to support simultaneous race meets and the previous conversation about the decline of Emerging Breeds is further proof to support that argument.

Mr. Alkire stated that he would request the Big Fresno Fair retain its traditional slot in October (Oct. 5 – 16).

Mr. Paluszak stated that if the industry were supportive, the Solano County Fair would run two weeks of racing (dates flexible and to be determined). If the industry does not support racing at Solano County Fair, Mr. Paluszak would request that conversations regarding replacement compensation begin as soon as possible.

Mr. Korby stated it’s apparent that several Fairs are interested in a small window of dates. It is the responsibility of the Committee is to develop a calendar that creates the strongest racing program possible for Fairs that is defensible to the industry. Issues to consider include:

- The need for stabling at Stockton in June to accommodate out-of-state and emerging breed horses.
- The need for the buffer between Golden Gate Fields and Pleasanton to give out-of-state and lower level horses an opportunity to run while giving the higher level horses a chance to rest.
- The desire of the industry to see Santa Rosa expand their racing program and to see Fair events run in conjunction with all three weeks of racing.
- The practicality of Ferndale running an extended period solo when number of stalls, distance to travel and revenue streams generated to the industry are considered.
- The financial viability of Stockton to run two weeks of racing and two weeks of Fair.

Mr. Jimenez stated that if Stockton were granted two weeks of racing, those two weeks would be run in conjunction with two weeks of Fair. In addition, investments that were not made in the past would be made, including the greening of the infield, planting of trees and painting, using Fresno as a model and creating a comprehensive plan to upgrade the facility over a period of time. Mr. Jimenez committed, as Chairman of the San Joaquin County Fair Board, to make whatever changes were necessary to continue racing at Stockton.

Mr. Alkire stated that he believes there is an exciting opportunity for Stockton to move later in the calendar and capture the end of the harvest to better showcase the extensive produce of the San Joaquin Valley.

Mr. Alkire asked Mr. Titus to share his thoughts on the operational aspect of this year's meet during the overlap with Santa Rosa. Mr. Titus responded that staff managed, but that there were areas of staffing challenges such as receiving barn staff, starting gate personnel and sufficient Pegasus Communications crew. Mr. Alkire congratulated staff on making the overlap work.

Mr. Titus asked if Pleasanton would consider opening a week earlier (June 15) allowing everyone to shift up a week and giving Cal Expo three weeks. Mr. Pickering stated that he would be willing to consider it, but it would not be a top option.

Taking into consideration the items that had been discussed, Mr. Korby asked group to recap the date's allocation that could be supported by Fairs at the Northern California Stakeholder's Meeting the following day.

- June 15 – 19 – Negotiate with Golden Gate Fields
- June 22 – July 10 – Pleasanton
- July 13- 24 – Cal Expo
- July 27 – Aug. 14 – Santa Rosa
- August 12 – 21 – Ferndale

- August 24 – Sept. 5 – Stockton
- October 5 – 16 – Fresno

Mr. Titus stated that he was directed by his Racing Committee and Board of Directors to abstain from any vote that did not support Humboldt County Fair in a position free from overlap with another Northern California Fair.

Mr. Pickering moved to present a calendar, as previously outlined, on behalf of the CARF Live Racing Committee at the Northern California Stakeholder's Meeting on September 8, 2010. Mr. Bartosik seconded. YES VOTE: Mr. Alkire, Mr. Bartosik, Mr. Carpenter, Ms. Cook, Mr. Paluszak, Mr. Pickering and Ms. Tesconi. ABSTAIN VOTE: Mr. Titus.

Mr. Pickering stated he is willing to consider a spring meet at Pleasanton operated by CARF, but needs a firm commitment from the industry before he begins talking to other Alameda County stakeholders.

**Agenda Item 7 – Executive Director's Report.** Mr. Korby reported that the Oak Tree Racing Association is going to enter into a two-year agreement to run the Oak Tree meet at Hollywood Park.

Santa Anita Park will be replacing their synthetic surface with a dirt surface.

Mr. Korby and Mr. Alkire have had three meetings with Frank Stronach and MAGNA has repeatedly expressed a desire to work with Fairs.

There will be a Northern California Stakeholders meeting at 10:00 a.m. in the CARF Conference Room to discuss racing dates in Northern California. The meeting will be available via conference call.

The CARF live racing website, [www.calfairs.com](http://www.calfairs.com), was updated and redesigned prior to the Stockton race meet.

Mr. Korby will be providing a cost/benefit evaluation of the CARF NTRA membership at a future meeting.

Respectfully submitted,  
Heather Haviland