

**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**Live Racing Committee**  
**Tuesday, March 2, 2010**

**MINUTES**

A meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, March 2, 2010. The meeting was conducted at the Sacramento offices of the California Authority of Racing Fairs located at 1776 Tribute Road, Suite 205, Sacramento, California, 95815.

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

Staff and Guests attending: Chris Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Amelia White, Raechelle Gibbons, Mike Treacy, Dave Elliott, Dan Jacobs, Cindy Olsen, Jay Hight and Richard Lewis. Joining by conference call: Kate Pharris.

**Agenda Item 1 – Date and Time of Next Meeting.** The next CARF Board & Live Racing Committee meetings will be held Tuesday, April 6, 2010 and a meeting of the Northern Satellite Committee will be held Monday, April 5, 2010, both at the Alameda County Fair.

**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, if any, on Legislative Matters.** Mr. Brown reported that 1,300 bills were introduced before the Feb. 19, 2010 deadline. Bill language must be in print for 30 days before significant action can be taken. This gives counsel time to review the bills, develop a position and begin negotiations. There were several bills introduced regarding the state furlough issue. These bills will be tracked along with racing legislation since they ultimately impact district agriculture associations. Racing legislation includes:

- AB 1857 (Cook) – This is a CARF sponsored bill to increase the cap on imported races. There are currently four active bills regarding this topic. It is unclear if the TOC supports increasing the cap. The racing industry will need to come together and identify a vehicle and position.
- AB 1922 (Portantino) – As written, this bill would establish safety and maintenance standards for all race track surfaces, dirt and synthetic. The exact intent and purpose

of this bill is unclear. Mr. Brown will review the bill in detail and come back with a recommended position.

- AB 2215 (Fuentes) – Bill would create the opportunity for advanced deposit wagering day accounts at facilities throughout the state.
- SB 1072 (Calderon) – CARF sponsored bill to extend the sunset on the California Marketing Committee. This bill could be used to extend the CMC program, or as a spot bill for other issues as needed.
- SB 1439 (Price) – Bill sponsored by Hollywood Park to eliminate the 20-mile protection around any facility that does not have a minimum of seven weeks of live racing in a calendar year.

Mr. Brown recommended the CARF Board of Directors take an oppose position to SB 1439 (Price) because it creates winners and losers within our own membership. Mr. Brown feels that if the legislature is going to address the 20-mile radius, they should either amend it for all or eliminate it for all.

Mr. Pickering moved to adopt an oppose position on SB 1439 (Price). Mr. Jacobs seconded, unanimously approved.

**Agenda Item 4 – Report, Update and Action, if any, on Matters Related to Consolidation of Racing Dates and Payment of Replacement Revenues to Fairs that Reduce or Discontinue Their Involvement in Live Racing.** Mr. Korby reported that the CARF Live Racing Sub-Committee, consisting of Mr. Bartosik, Ms. Tesconi, Mr. Paluszak and recently joined by Ms. Cook, have been working on a memorandum of understanding that will ultimately serve as the basis of a contract for the consolidation of Fair race dates, the payment of replacement revenues, formulas for calculating replacement revenues and methods for indentifying and applying funding sources.

The meeting packet includes a list of items that the sub-committee is currently working to discuss, resolve and develop recommendations to provide to the full Live Racing Committee. The packet also contains a spreadsheet showing a hypothetical payment schedule to the Solano County Fair that would front-load the initial first two years of payments and then taper off for the duration of the contract. The sub-committee has also agreed to work towards a solution for the consolidation and compensation of race dates at the San Joaquin Fair.

Mr. Korby provided an update regarding concerns that have been raised at the sub-committee level. The group has been discussing whether to include or exclude language regarding a “combined Fair meeting” to the agreement for revenue replacement, due to the issue that not all Fairs are comfortable entering into a combined fair meet because of questions regarding potential shared liability. The San Joaquin County Fair’s request to enter into a revenue replacement agreement has tasked the sub-committee with determining criteria for inclusion into that program.

The sub-committee is also working to provide a recommendation for determining responsibility for covering the payment of replacement revenues not covered by the pool of license fee monies that F&E has committed. Mr. Treacy reported that according to the last budget status report at F&E, the organization anticipates that \$700,000 to \$800,000 will be available in the 1% fund for fiscal year 2008-2009, for the purpose of funding replacement revenues. Mr. Paluszak reported to Mr. Treacy that the sub-committee has decided to use net commissions as an equitable benchmark for establishing formulas. In the event that there is overage in 2010 from the money provided from F&E, those extra funds will roll into subsequent years.

Mr. Korby also reported that the sub-committee has noted a policy issue regarding voting status for a racing Fair that discontinues live racing.

**Agenda Item 5 – Report, Discussion and Action, if any, on Planning for 2010 Fair Racing Circuit.** Mr. Korby reported that the changes in the 2010 Circuit schedule and sequence of Fairs will effect planning, especially stabling dates and purse projections. CARF staff has been working on early planning efforts to ensure a smooth transition.

Mr. Swartzlander reported that he is in the process of completing the CHRB license application for the San Joaquin Fair with Ms. Cook. Mr. Swartzlander also reported that two key positions that were affected by the Humboldt County Fair overlap, state veterinarian and paymaster, have been secured for the meet and staff is in the process of establishing that there is sufficient equipment in the jockey's room to cover both operations.

Mr. Doutrich reported that the Golden Gate Fields is will be racing 4 days a week in the Spring in conjunction with Hollywood Park.

**Agenda Item 6 – Update on Recruitment Program in 2010.** Mr. Swartzlander reported that a reception is scheduled in both Arizona and Oregon for 2010 and that the out-of-state horse population available to run on the Fair looks positive.

**Agenda Item 7 – Discussion and Action, if any, on Management of Emerging Breed Purses.** Mr. Swartzlander reported that a purse structure based on a points system will be applied to Emerging Breed races in 2010. The new system will allocate points based on the condition of a race, with better caliber races awarded a great number of points, and the eventual placement of the starter. The actual handle generated by emerging breed races will determine the value of a point. This system ensures that there will not be a purse overpayment/underpayment and encourages emerging breed horsemen to fill and run races in a manner that will maximize handle.

Mr. Swartzlander reported that to eliminate the existing \$160,000 overpayment, Fairs can reduce emerging breed stakes races from \$9,000 to \$5,000 (and let the horsemen's groups

supplement the stakes races at their discretion) and/or use of portion of supplemental purse money to cover the deficiency.

**Agenda Item 8 – Presentation of Ten-Year Report on CARF Management Services, Contract Administration, Pari-Mutuel Distributions and Project Funding.** Mr. Korby presented a report, developed by staff, titled “Ten-Year Report 2000-2009 Racing Fairs,” that details a summary of services CARF provides to racing Fairs and overall monies that have flowed from CARF to member Fairs. Mr. Korby noted that over the last ten years, approximately \$90 million was distributed through CARF to its member Fairs which conduct live racing. In addition, another \$316 million in parimutuel distributions were paid through CARF to purses, license fees, satellite commissions and other statutory beneficiaries.

Mr. Bartosik thanked Mr. Korby for preparing the document and asked that it be reviewed and discussed at future meetings.

**Agenda Item 9 – Executive Director’s Report.** Mr. Korby reported that Frank Stronach, owner of MAGNA Entertainment Corp., has announced that Santa Anita Park will retain the Pro-Ride synthetic surface that was installed in 2007. Mr. Stronach has also expressed a desire to deregulation horse racing in California.

Respectfully submitted,  
Heather Haviland