

CALIFORNIA AUTHORITY OF RACING FAIRS

Live Racing Committee

Tuesday, April 3, 2012

MINUTES

A teleconference meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, April 3, 2012. The meeting was hosted at the California Authority of Racing Fairs Board Room, 1776 Tribute Road, Sacramento, California, 95815.

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

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Lisa Drury, Richard Scheidt, Raechelle Gibbons and Dave Elliott.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Live Racing Committee meeting will be held May 1, 2012 in Sacramento.

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

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Program 2012 and Beyond. Mr. Korby stated that in the absence of Mr. Brown, who is taking advantage of the legislative recess, he will debrief the Committee on the latest status of CARF sponsored and industry bills.

Mr. Korby reported that SB 1227 (Negrete McLeod), the license relief bill for live racing Fairs, has passed out of the Senate G.O. Committee and is headed toward the Senate Appropriations Committee.

SB 1418 (Berryhill), the bill eliminating date restrictions for combined race meets at Fairs, will be heard in the Senate G.O. Committee next week. Mr. Korby reported that Cal Expo expressed concerns regarding the bill and asked Mr. Bartosik to confirm that the amended language addressed those concerns to the Cal Expo's satisfaction. Mr. Bartosik stated that they had. Mr. Korby reported that the new language will be included in the bill before it is heard in the Senate G.O. Committee.

SB 1463 (Wright), the Internet poker bill, will also go to the Senate G.O. Committee sometime in April. A group of principals from the racing industry are following the bill carefully and moving on a parallel track to the legislative efforts with respect to possible implementation of Internet poker should it be approved and signed by the Governor. Conversations between the industry group and technical companies that provide wagering type services to global enterprises are in their initial exploratory stages. Mr. Korby will keep the group posted on any developments.

Agenda Item 4 – Discussion and Action, if any, on Totalisator Contract. Mr. Korby reported that the tote contract, which is a critically important contract for all racing interests in California, is expiring this year. The current contract with Sportech (formally known as Scientific Games and Autotote) has a provision for a 3-year extension. Most of the racing interests in California, including Fairs, see no reason not to extend the current contract. The service provided by Sportech has been satisfactory and totalisator contracts are very difficult to negotiate from scratch. For perspective, the RFP from the last contract bid was 90 pages.

The reason this extension has become an issue is that the Stronach Group owns a rival totalisator company (Amtote). Principals of the Stronach Group would like to install Amtote machines at Santa Anita Park and Golden Gate Fields prior to the running of this year's Breeder's Cup at Santa Anita.

To provide some background, shortly after simulcasting was implemented, California experienced the problematic effects of running multiple tote companies simultaneously, including patron confusion, technical difficulties, increased expense and increased inefficiencies.

Included in the meeting packet are documents outlining considerations regarding the simultaneous operation of multiple totalisator systems in California, which was drafted in response to this situation developing. The meeting packet also includes historical documents for informational purposes.

NCOTWinc. and SCOTWinc., independently of each other, both voted to extend the existing Sportech contract and has given the Stronach Group a window of time to decide if they will agree to the extension or implement changing providers. The Sportech contract states that the company requires notification of the contract extension by June. Mr. Korby will keep the group informed as this issue progresses.

Agenda Item 5 – Report and Discussion on Horsemen's Agreements. Mr. Korby reported that CARF has signed the 2012 horsemen's agreements for all breeds and has submitted the agreements to the California Horse Racing Board (CHRB). This is the earliest that the agreements have been signed and submitted in many years.

Mr. Swartzlander added that the California Thoroughbred Trainer's (CTT) contract has not yet been signed due to a couple of small technicalities regarding passes, shuttle service for trainers and assurance that CARF or Fairs will not sign an agreement with Betfair. Mr. Korby reported that he has let CTT know that some of these items are outside the scope of the agreement and will not be included. Trainers are welcome to utilize the same horsemen's services that are offered to owners.

Ms. Tesconi asked if there was a change in required number of entries for stakes races. Richard Scheidt, TOC Director of Northern California Operations, replied that the agreement states that an overnight stake race with less than 5 separate wagering interests with at least 3 different

trainers can be cancelled with notification to TOC. The track cannot cancel a guaranteed stake without obtaining the approval of TOC. If a guaranteed stake looks like it will not fill, the Racing Secretary should contact TOC immediately and a reasonable request will be approved. It's in the best interest of owners to keep the purse account from taking a substantial loss and TOC will work closely with Mr. Doutrich to provide the best possible program. Mr. Scheidt stated that he is confident that the 2012 Fair stakes schedule will draw horses.

Ms. Tesconi asked to clarify that the Wine Country Debutante Stakes was for 2-year old fillies, not 3-year olds. Mr. Scheidt stated that he made an error when reformatting the schedule and that the correction had since been made.

Mr. Pickering thanked CARF staff and Mr. Scheidt for finalizing the agreement in advance of Pleasanton's CHRB license hearing.

Mr. Korby stated that Keith Pronske in his role as Northern California Director for TOC, played a critical role in coordinating the agreement.

Mr. Scheidt reported that as part of an organizational restructuring, TOC membership has elected an entirely new Board of Directors consisting of 8 incumbents and 7 new members. The election was based solely on the number of votes and that according to a new election cycle, the top 5 vote getters will serve for 3 years, the next five will serve for 2 years and the bottom five will serve for 1 year. Due to the timing of the election, this election cycle will be 15 months but the normal cycle will be 12 months starting July 1 to June 30. The next election for five new directors will be held May 2013.

Mr. Elliott asked Mr. Scheidt for his opinion regarding the state of racing at Golden Gate Fields. Mr. Scheidt replied that the extended length of their meet is hard on trainers, horses and fans. Mr. Scheidt stated that horsemen are excited about the purse structure and stakes schedule being offered at the Fairs.

Agenda Item 6 – Report and Discussion on Preparation of and Deadlines for CHRB Racing License Applications. Mr. Korby reported that the license applications for Pleasanton, Cal Expo and Santa Rosa are included in the meeting packet. This item is on the agenda as an opportunity to share details of the application prior to the hearings.

Mr. Swartzlander encouraged the Fair Managers to be well versed on emergency procedures. The CHRB requires two EMT's onsite, but the Commissioners have been pushing for two paramedics. Be familiar with the equipment in the first aid station and equipment in the ambulance.

Mr. Swartzlander stated that the topic of race track safety and maintenance might come up. It is important to point out that the Fairs utilize a state-of-the-art Kimsey horse ambulance and have a dedicated driver present and on-staff during training hours and racing hours.

Mr. Swartzlander stated that last year the wagering format was an issue during the Cal Expo hearing. For fan continuity, CARF sent a standard wagering format to the CHRB under a separate cover. If a Fair deviates from that wagering format, make sure CHRB staff is aware and be prepared to answer questions about why the offerings are different.

Mr. Scheidt stated for the major association hearings, specifically Hollywood Park, the marketing plans have been reviewed in detail.

Mr. Pickering stated that the County Fire Department, which staffs the Pleasanton first aid stations, was able to provide a detailed inventory of safety and first aid equipment onsite. The ambulance company was able to provide a similar list. Mr. Korby recommended that Fairs work a provision into their ambulance contracts that stipulates if an accident occurs, a replacement ambulance will be provided within a specific timeframe to minimize delays.

Mr. Elliott asked when the Pick-4 would be offered on the standard wagering format. Mr. Swartzlander stated that the Pick-4 would be offered on the first four and last four races.

Agenda Item 7 – Report, Discussion and Action, if any, on CARF Track Safety and Maintenance Program. Mr. Korby reported that this item was included on the agenda to allow for continuing discussion about the New York Times article published March 25, 2012 titled “Mangled Horses, Maimed Jockeys.”

Mr. Korby reported that CARF has been fortunate in the past 10 years to be able to invest significant time, money and effort into a Race Track Safety and Maintenance Program (RTSM) at Fairs. Mr. Swartzlander manages the day-to-day aspects of the program and Track Supervisor Steve Wood directly oversees the racing surface during live racing. CARF staff will be preparing a report outlining the details of the program.

Mr. Swartzlander stated that since F&E funding for the program has ceased, Fairs have \$462,000 remaining in the fund which should last three years with a gradual transfer of expenses to Fairs. Mr. Korby stated that staff will create different scenarios of three-year plans to transition the program from completely covering core costs with third party funds to Fairs absorbing costs over a period of time. Ms. Tesconi requested that a plan for 2012 and 2013 be presented to Fairs soon so that Fairs can budget accordingly.

Mr. Bartosik reported that a local animal welfare organization, Action for Animals, has contacted Cal Expo in the past regarding race horse welfare and will probably aggressively pursue this issue if it continues to make headline news. We need to be ready to show animal welfare organizations the quality of ongoing and preventative care that is provided to race horses.

Ms. Tesconi stated that some people believe race horses run daily when in fact most run every three weeks. A fact sheet for distribution might be helpful.

Mr. Scheidt reported that he rarely hears complaints regarding the Fair racing surfaces; in fact comments are usually complimentary.

Mr. Korby stated that the Fair injury record is especially significant when you take into consideration that horses running at Fairs are often at the beginning or approaching the end of their racing careers.

Agenda Item 8 – Report, Discussion and Action, if any, on Planning for 2012 Fair Race Circuit. No additional items to report.

Agenda Item 9 – Report, Discussion and Action, if any, on CARF Recruitment Program. Mr. Swartzlander reported that he and Mr. Doutrich visited Oregon last month. In addition, he, Mr. Doutrich, Mr. Scheidt and David Jenkins from Golden Gate Fields held a reception at Turf Paradise in Arizona. The reception was very well attended and horsemen showed significant interest in bringing horses to the Fairs.

Ms. Tesconi and Mr. Elliott requested that TOC provide videos or brochures on horse ownership.

Agenda Item 10 – Historical Report: Jumbo Tron at Fair Racetracks. Mr. Korby reported that the meeting packet contains one of the initial proposals drafted by CARF for implementing a Jumbotron at Fairs titled “Jumbo Video Screen Display at California Fair Grandstands. Mr. Korby stated that the addition of the Jumbotron has provided Fairs with a resource to bolster sponsorship opportunities and has provided fans with the type of exciting racing experience they expect to have at any major sporting event.

Mr. Pickering stated that the Alameda County Fair was initially paying \$42,000 for the Jumbotron, but under the CARF consolidated contract, the price dropped to \$20,000.

Agenda Item 11 – Executive Director’s Report. Mr. Korby reported that 2012 is CARF’s 25 year as a joint-powers authority (JPA). CARF staff will be developing handle and distribution reports that illustrate the racing industry’s contribution to Fairs over that timeframe and the revenues paid to Fairs by CARF.

Mr. Korby reported that a mini-satellite wagering facilities license application is scheduled to be heard at the next CHRB meeting for a facility in Santa Clarita.

Respectfully submitted,
Heather Haviland