

**CALIFORNIA EXPOSITION & STATE FAIR  
HORSE RACING COMMITTEE**

**Notice of Regular Meeting**

To Be Held

Friday, February 24, 2012 at 8:30 a.m.

In the Administration Building Boardroom

California Exposition & State Fair

1600 Exposition Blvd., Sacramento, CA 95815

COMMITTEE MEMBERS: Cynthia Bryant, Chair      Director Willie Pelote  
Director Sonney Chong

**MISSION STATEMENT**

The mission of the Horse Racing Committee shall be to request staff analysis, review staff recommendations and make recommendations to the Board on policy matters concerning live horse racing and satellite wagering, including the activities themselves, their facilities and related legislation.

**PUBLIC COMMENTS**

Any member of the public wishing to address the Board on any matter listed for consideration on this agenda shall fill out a Speaker's Form and provide it to the Board's Recording Secretary. All speakers will be recognized by the Chair and be allowed a maximum of three minutes to address the Board.

**AGENDA**

All matters noticed on this agenda, in any category, may be considered for action as listed. Any item not so noticed may not be considered.

**MATTERS OF INFORMATION**

1. Staff Reports (HR 1-5)
2. Preliminary Year End Harness Profit & Loss for 2011

**PUBLIC COMMENTS**

**ADJOURNMENT**

Date of Notice:      February 14, 2012

Pursuant to the American with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in any Cal Expo Board, Committee or any Advisory meetings, or in connection with other Cal Expo activities, may request assistance at the Cal Expo Administration Building office, 1600 Exposition Boulevard, or by calling 916-263-3247, during normal business hours. Requests should be made one week in advance whenever possible.

State of California

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## MEMORANDUM

**Date:** February 2, 2012

**To:** Board of Directors  
California Exposition & State Fair

**Via:** Norbert J. Bartosik, General Manager/CEO  
California Exposition & State Fair

**From:** David Elliott, Assistant General Manager, Racing Events  
California Exposition & State Fair

**Subject:** February Board Report

1. Harness Racing Meet Handle/Commissions Update
2. CHRB Meeting Update
3. Satellite Wagering Update
4. State Fair Racing

### 1. Harness Racing Meet Update

Currently, CHRB Executive Director Kirk Breed has approved our request on a weekly basis to cancel Thursday night harness racing programs. Our request to permanently cancel Thursday racing is before the CHRB at their February 23 meeting. These cancellations have been requested because the amount of available racehorses to operate a three racing day per week schedule are not available. We can and will re-address returning to a three racing day per week schedule if the amount of available racehorses reaches 270 on a consistent manner.

We have received some inquiries related to the operation of the harness meet beginning in the fall of 2012. Samantha Brown has provided various financial reports to interested parties. We will continue to provide information to the interested parties and keep the Board apprised of any progress in identifying a qualified operator.

The following information is provided as it relates to the recently concluded race meet and the current race meet.

	<u>Racing Days</u>	<u>Handle Brick and Mortar</u>	<u>Handle ADW</u>	<u>Handle Total</u>	<u>Handle Ave.</u>	<u>Commissions Total</u>
2010	134	77,767,119	25,929,312	103,696,431	773,854	4,590,834
2011	117	69,237,395	24,602,426	93,839,821	802,050	4,049,449

January Comparisons -

	<u>Racing Days</u>	<u>Handle Brick and Mortar</u>	<u>Handle ADW</u>	<u>Handle Total</u>	<u>Handle Ave.</u>	<u>Commissions Total</u>
2011	13	7,592,916	1,951,455	9,544,371	734,182	413,512
2012	9	5,229,047	1,827,300	7,056,347	784,039	282,331

The 2011 meet ended with an overpayment of purses of zero. The overpayment of purses for the current meet through January 31, 2012 is \$17,700.

## 2. CHRB Meeting Update

Cal Expo has submitted a letter (attached) to the CHRB requesting the cancellation of all scheduled Thursday racing days. We are making this request in an attempt to keep field sizes at a level which will create interest in our product. This item will be on the CHRB monthly meeting on February 23 in Arcadia. A report of the meeting will be forthcoming.

## 3. Satellite Wagering Update

	<u>Racing Days</u>	<u>Commissions</u>	<u>ADW Commissions</u>	<u>Total Commissions</u>
2011	224	599,702	182,032	781,734
2010	257	677,823	183,515	861,338

January Comparisons-

	<u>Racing Days</u>	<u>Commissions</u>	<u>ADW Commissions</u>	<u>Total Commissions</u>
2012	19	44,917	14,792	59,709
2011	19	55,108	14,985	70,093

#### **4. State Fair Racing**

Staff is currently working on data analysis to determine if it is in the best interest of Cal Expo and the racing industry to reduce the State Fair race meet by one day from 9 days to 8 days. The current California thoroughbred racing schedules, Golden Gate Fields and Santa Anita generally consist of 4 day racing weeks, Thursday through Sunday.



February 1, 2012

Commissioners  
 California Horse Racing Board  
 1010 Hurley Way, Suite 300  
 Sacramento, CA 95825

Dear Commissioners,

On behalf of the California Exposition & State Fair, we respectfully request your approval to cancel Thursday racing days for the remainder of the Cal Expo harness meet from March 1 through June 14, 2012.

Simply, we do not have an adequate number of available racehorses to card a three day per week racing schedule without experiencing financial losses and overpayments to the commissions and purse accounts. If this request is approved, we are willing to consider returning to a three racing day per week schedule with CHRB approval if the available racehorse population reaches a consistent 270 horses per week.

We offer the following information as it relates to starters and field size average for the current meet:

<u>Week</u>	<u>Number of Racing Days</u>	<u>Number Of Races</u>	<u>Starters</u>	<u>Field Size Average</u>
12/30-31	2	30	219	7.30
1/6-1/7	2	30	232	7.73
1/12-1/14	3	34	225	6.62
1/20-1/21	2	29	203	7.00
1/27-1/28	2	30	212	7.06
2/3-2/4	2	30	211	7.03
2/10-2/11	2	28	220 (Before Scratches)	7.85

As noted, the field size per race average decreased when we raced a three day race week in January.

Based upon the average operating expense of \$36,000 per day and the average daily purses paid since December 30 of \$35,000 per day, we offer the following information.

<u>Dates</u>	<u>Number Of Days</u>	<u>Number Of Races</u>	<u>Gross Commissions</u>	<u>Commissions Over/(Underpaid)</u>	<u>Gross Purses</u>	<u>Purses Under/(Overpaid)</u>
12/30-31	2	30	64,435	(7,565)	70,913	913
1/6-1/7	2	30	58,634	(13,366)	64,541	(5,459)
1/12-1/14	3	34	71,006	(36,994)	78,210	(26,790)
1/20-1/21	2	29	62,138	(9,862)	68,649	(1,351)
1/27-1/28	2	30	60,253	(11,477)	65,840	(4,160)
2/3-2/4	2	30	66,492	(5,508)	75,335	(5,335)

HR 4

California Exposition & State Fair

P.O. Box 15649 \* Sacramento, CA 95852-1649 \* State of California \* Jerry Brown, Governor

Harness Racing in California-

It is imperative we provide a product "on the field" that will entice our players to wager. We know from experience that offering races with short fields has a direct and immediate impact on our handle. We do not have the statutory authority and benefit of relying upon the importation of approximately 75 out of state/out of country races per day and the revenue those races produce as the thoroughbred industry enjoys. We are only statutorily authorized to import 8 races per racing program. As an example, we offer the following as it relates to the percentage of import handle vs. live handle.

	<u>California January Total Handle</u>	<u>California Live Handle</u>	<u>Total Import Handle</u>	<u>California Live Handle %</u>
Golden Gate Fields	30,262,725	7,984,888	22,277,837	26%
Cal Expo Harness	4,731,264	2,776,979	1,954,285	59%

These figures are provided only to further explain the importance of our live product. It must be the primary focus and support of our racing program.

Your consideration and support of our request will allow us to further concentrate on providing the best product possible.

Respectfully,  
CALIFORNIA EXPOSITION & STATE FAIR



David Elliott  
Assistant General Manager, Racing Events

cc: Mr. Kirk Breed  
Ms. Jacqueline Wagner  
Cal Expo Board of Directors  
Mr. Norb Bartosik  
Mr. Alan Horowitz