

Arizona Racing Commission

636th Regular Meeting

Thursday, June 11, 2015

MINUTES OF REGULAR MEETING

A public meeting of the Arizona Racing Commission was convened on Thursday, June 11, 2015 beginning at 10:00 a.m. in the Building Conference Room, Suite 250, at 1110 West Washington Street, Phoenix, Arizona 85007.

PRESENT:	Chair	Jay McClintock
	Vice Chair	Rory Goreé
	Commissioner	Bill Feldmeier
	Commissioner	Tom Lawless
	Commissioner	David Heiple

Also Present: Interim Director Rudy Casillas and Assistant Attorney General Michael Raine, seated 10: 10 a.m.

A. Call to Order

Chair McClintock called the 636th Regular Meeting of the Arizona Racing Commission to order at 10:00 a.m. The following matters were discussed, considered and decided at the meeting:

Approval of the Minutes:

Minutes of the 635th Regular Meeting held on Thursday, April 16, 2015 – **Commissioner Feldmeier** moved the motion to table the minutes. **Vice Chair Goreé** seconded the motion. Motion carried.

B. New Business

1. TP Racing L.L.L.P. Request to approve Live Race Dates for 2015-2016 and Consideration for Temporary Permit

Commissioner Feldmeier requested to move into Executive Session.

Chair McClintock stated he would prefer to wait until the Assistant Attorney General was present.

2. Commission Discussion Regarding Exploration of the Possibilities of Racinos

Commissioner Feldmeier stated he had requested the opportunity for a discussion concerning Racinos be placed on the agenda. He wished to have the subject opened up for discussion so he could become educated on the subject. He stated that Racinos may be good for the health of the industry. He stated he understood the rules cannot be changed until the gaming compacts are reopened again.

Interim Director Casillas explained there were other jurisdictions that have Racinos and they have their own legislative process that had approved those Racinos along with any Indian tribes within those jurisdictions. They have their own agreements in place regarding revenue sharing and regulation activities affording them the opportunity to have Racinos. In Arizona we have the compacts with the tribes which give them exclusivity to casinos. Industry lobbyists would need to approach the legislature to have Racino approval and in 2023 compact negotiations begin.

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Commissioner Feldmeier asked if it were conceivable to talk about Racinos with the tribes approaching them with the idea of it being a new possibility for all to benefit from.

Interim Director Casillas stated that would be between the state and the tribes. He would not speak for the Native American tribes that have gaming compacts.

Steve Nolan asked if the Department of Racing would be under the Department of Gaming once the merger took place. He expressed some concerns he had with licensing.

Interim Director Casillas responded that the Department of Racing would become the Division of Racing under the Department of Gaming.

3. Breeders Awards

A. Industry Efforts to Restore Some of the Breeders Awards

B. Where Other States Receive their Funding for Breeders Awards

Kevin Owens, President of The Arizona Thoroughbred Breeders Association, expressed his concerns regarding the lack of funding for breeders in the state of Arizona. He stated there was no incentive for breeders to stay in Arizona. He felt the horsemen were supportive of one another but did not feel that Turf Paradise was supportive. He stated he was not asking for money from the state. He felt the industry became complacent until the state funding was cut. He provided some research and pointed out some industry models that had shown how the industry could support itself. The research had shown the money needed to come from the industry, not from the legislature and not from public tax dollars.

Vice Chair Goreé suggested a committee be formed to bring back information and recommendations to the commission.

Kevin Owens discussed subsidies and purses. He provided some history and suggested receiving some support through legislation, for example the industry taxing itself using pari mutual taxes or RWA. He questioned why the legislature wouldn't be in agreement.

Chair McClintock stated that a champion in the legislature may become necessary.

Kevin Owens agreed and asked for the Commissions guidance and if a committee were formed he would like to be involved.

Commissioner Feldmeier asked when the pari mutual tax had been rescinded and why it was rescinded.

Kevin Owens responded that it had been eliminated as part of a general tax restructuring in 1994.

Commissioner Feldmeier asked if the tax were re- implemented would it solve much of the problem or the entire problem.

Kevin Owens responded that it would re-create a fund that was already there.

Commissioner Feldmeier asked if the tax were implemented would it be a tax on the industry for the industry?

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Kevin Owens responded yes. He stated his biggest issue is how the RWA operates and if a new commission were appointed then what this commission does today may be undone by a new commission. People already in the business would not reinvest and new people would not be interested.

Chair McClintock stated he felt the best idea would be to form a committee which would include race tracks, horsemen, dogmen and the public.

Kevin Owens said he would like to see the committee made up of people who are involved in the industry.

Chair McClintock offers to be in charge of forming the committee.

Commissioner Feldmeier made a motion to appoint Chair McClintock to form the committee and suggested allowing the public to be involved if they were not selected to sit on the committee. He stated this was a motion and would like someone to second it. **Commissioner Lawless** seconds the motion. Motion carried.

Chair McClintock anticipated it would take him approximately a month to put a committee together.

C. Informational Reports

1. Track Safety Reports

Vince Francia, General Manager Turf Paradise, expressed a desire to make comment on the breeders awards after he presented his track safety report. He reported the holes have been dug for the light poles and they were scheduled to be put into place the following week. Once they are in place the lights will be operational. A warning light system has also been installed.

Nolan Thompson, Assistant Director Department of Racing, reported that Turf Paradise had made good progress and the stewards would be looking at the backside of the property and provide lists of items to accomplish prior to the Fall meet beginning.

Chair McClintock gave Vince Francia permission to speak on the breeders awards.

Vince Francia, General Manager Turf Paradise, stated he thought forming a committee was a good idea. He spoke of a recent meeting between Turf Paradise, the breeders and the HBPA, he felt this was a good start for communication between the interested parties. He gave caution to relying on government for funding and recommended finding other ways to become self-sufficient. He expressed concern over using the word taxes since typically that word scares people. He suggested putting aside any differences and encouraged everyone to come together for the common good.

Chair McClintock stated the key would be to form a strong committee that represents all aspects of the industry.

Steve Nolan mentioned his safety issue concerns.

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2. Permittee Reports

- a. American Greyhound Racing – nothing to report
- b. County Fairs – nothing to report
- c. Rillito Park – nothing to report
- d. Tucson Greyhound Park – Dale Popp, General Manager reported they were working on safety and surveillance. Reported the track had a surprise visit from the Department.
- e. Turf Paradise - Vince Francia reported the day of the Belmont had been one of the best days ever at the track. Reported on the ADW's. The four ADW providers have shown that 6 million dollars has been wagered. Turf and the HBPA are working together on raising the purses.

3. Optional Industry Stakeholder Association Updates

- a. Arizona Greyhound Association – nothing to report
- b. Arizona Quarter Horse Association – Ralph Fales quarter horse breeder and former president of the AQRA, informed the commission he was representing Loretta Brasher as she was unable to attend the meeting due to the passing of her husband Wayne Brasher. He spoke of the importance of keeping up with full fields of horses for the health and wellbeing of the industry. He shared his feelings regarding Racinos. He was concerned that betting by telephone would keep people from showing up at the tracks.
- c. Arizona Thoroughbred Breeders Association – Dove Ward spoke about the success of their Breedersfest and a magazine which would be available soon. She is in agreement with Kevin Owens and glad to see a commitment to get a committee together. She would be available to help with the committee.
- d. Horsemen's Benevolent & Protective Association – Chair McClintock advised that Lloyd Yother had been unavailable to attend the meeting but had provided a letter that was read into the record. (attached to the minutes)
- e. Jockey's Guild – no report

Commissioner Feldmeier asked what would happen to the letter that Chair McClintock read. **Chair McClintock** responded it would go into the record. **Commissioner Feldmeier** stated he did not want the Department to be saddled with any untrue accusations and hoped the Department would be provided an opportunity to respond to the charges. **Chair McClintock** stated it could be placed on a future agenda.

D. Commission Reports

Chair McClintock requested a summary of the Departments current events.

Greg Stiles, Public Information Officer Department of Racing, reported the merging of the Department of Racing and the Department of Gaming would be complete on July 1, 2015. The Department of Racing would no longer be an individual department, it would become a division. So moving forward it will be known as the Division of Racing.

Steve Nolan asked if the Department of Gaming would be investigating the Division of Racing for its inadequacies. **Assistant Attorney General Michael Raine** informed Mr. Nolan that his question was not part of an agenda item and could not be discussed.

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E. Call to the Public

Chair McClintock invited the attendees who had signed up on the request to speak form to the podium to speak.

Ray Odem stated he was in support of what Kevin Owens had to say.

Brett Hone, Ranch Manager Hidden Springs Ranch, Peoples Valley, Arizona. In support of the breeders and the racing industry.

Marvin Fleming, Fleming Thoroughbred Ranch of Arizona, Wilcox, Arizona, stated he agreed with Kevin Owens and would like to be involved with the committee.

Yvonne Kunz, Former Executive Director of Arizona Thoroughbred Breeders Association, and a thoroughbred owner. Spoke of the importance of speaking to the legislators and spreading the word about the Arizona Breeders Program.

Barb Swanson, agreed with the statements that had been made in regards to the small breeders of Arizona.

Richard W. Conley, being represented by his sister, Kathleen. She stressed the need for large breeders and small breeders to come together and what it takes to have the incentive to stay in Arizona.

Stacy Campo, trainer, emphasized that there is a younger generation with an interest in the industry and she stated she was in agreement with what others had said.

Chair McClintock stated they could now move into executive session to ask for legal advice on New Business Item 1 concerning Turf Paradise's request for live race dates and a temporary permit.

Commissioner Feldmeier moved to go into executive session. **Vice Chair Goreé** seconded the motion. Motion carried.

The regular meeting recessed at 11:18 a.m. to move into executive session.
The regular meeting reconvened to order 11:48 a.m.

Chair McClintock stated the commission was to vote on the request for TP L.L.L.P. live race dates and the consideration of a temporary permit. Each was considered as a separate motion.

Commissioner Lawless moved to approve TP L.L.L.P. request for live race dates. **Vice Chair Goreé** seconded the motion. Motion carried.

Chair McClintock asked counsel if Turf would be operating on a temporary permit up until the Department advised them that everything in their application was in order and then they would approve a permanent permit. **Assistant Attorney General Michael Raine**, replied, No, that what they were currently considering would be a permit pursuant to 108F. **Vice Chair Goreé** stated they had just approved live race dates and now they were to approve a temporary permit.

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Steve Nolan, asked for a definition of a temporary permit and if limitations can be placed on a temporary license. He reminded the commission how much time it took to issue Turf Paradise a license last time.

Chair McClintock made a motion to table or approve the temporary permit for Turf Paradise. Commissioner Lawless moved to approve the temporary permit. **Vice Chair Goreé** seconded the motion. Motion carried.

Commissioner Feldmeier stated he would like to see a regular agenda item showing the status of Turfs permit as it moves along through the process. **Vice Chair Goreé** suggested that all permits should be included in that monthly report.

Commissioner Feldmeier asked if there would be a special meeting held to review the results from the committee. **Chair McClintock** said they would need to ask the Assistant Attorney General how many Commissioners could sit on the committee.

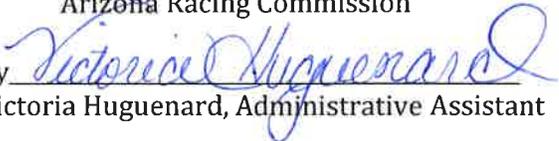
Chair McClintock asked if anyone had any further matters to be placed on future agendas. He stated the next regularly scheduled meeting would be held on Thursday, September 10, 2015 at 10:00 a.m.

This public meeting adjourned 11:54 a.m.

Dated this 10th day of September, 2015

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By



Victoria Huguenard, Administrative Assistant