

LOUISIANA STATE RACING COMMISSION
MINUTES – April 29, 2014 Meeting
As transcribed by Dana Schoultz, Certified Court Reporter

COMMISSIONERS IN ATTENDANCE

Bob F. Wright, *First Vice Chairman*

Dion Young, *Second Vice Chairman*

Keith W. Babb

Kevin S. Delahoussaye

Thomas H. Grimstad, M.D.

Kenneth "Kenu" Romero

Luke Turner

Judy W. Wagner

ABSENT

Benjamin J. Guilbeau, Jr.

Richard M. "Dick" Hollier, Jr.

The meeting of the Louisiana State Racing Commission was called to order by the First Vice Chairman on Tuesday, April 29, 2014 at 9:00 AM in the Conference Room of the Louisiana State Racing Commission Headquarters, 320 North Carrollton Avenue, Suite 2-B, New Orleans, Louisiana.

Mr. Bob Wright thanks those who are in attendance. He informs due to Mr. Jerry Meaux's death, he will be substituting as chairman for this meeting. He states it would be appropriate to have a moment of silence to thank Jerry Meaux and his family for all of the good work they have done in racing.

Roll call was taken; a quorum was present.

I. ASSOCIATION REQUESTS

**A. CHURCHILL DOWNS LOUISIANA HORSERACING COMPANY, LLC
d/b/a FAIR GROUNDS RACE COURSE & SLOTS**

1. **At the last Meeting of April 22, 2014 the Commission deferred granting the Fair Grounds request for licensing and set this meeting to specifically discuss the license and association requests along with the four areas of concern: turf, customer service, marketing and backstretch facilities.**

Mr. Tim Bryant, President of Fair Grounds, on behalf of Churchill Downs sends his thoughts and prayers to Mr. Jerry Meaux's family. He states Mr. Meaux took great pride in being the Chairman of the Racing Commission and was very passionate about horse racing. He offers his condolences to the Racing Commission as well.

Mr. Bryant states he will report on the 4 areas the Racing Commission's Committee has requested from Churchill Downs. Those areas are turf, marketing, customer service, and

backstretch facilities. He states Churchill Downs is dedicated to the Fair Grounds and to the integrity of the horse racing industry. He informs there is a long-term vision for the historic Fair Grounds, and the concerns and feedback from all interested parties have been heard. Mr. Bryant informs a commitment up to \$1 million dollars has been made for the next 2 years and the resources provided will be used to make improvements on the following 4 designated areas.

A. TURF

Mr. Bryant states Fair Grounds is committed to continual improvements of the turf course as indicated at the April 22, 2014 meeting. He informs Fair Grounds' consultants estimated it would cost approximately \$690,000 dollars to replace the infield drainage. He informs the consultants recommended not to replace the entire drainage system; however, Churchill Downs is committed to spending up to \$690,000 if it is ultimately recommended by the consultants. Mr. Bryant continues on detailing the timeline of the phased approach project. He informs the improvements discussed were the front stretches and on turns 1 and 2 leading up to the 2014-2015 Meet. He states if there are no marked improvements to normal rainfall events, then the remainder of the \$690,000 dollars will be used prior to the 2015-2016 thoroughbred meet.

Mr. Bryant, Mr. Kenu Romero, Dr. Tom Grimstad and Ms. Judy Wagner discuss the immediate and future timelines of the turf course repairs as well as the detailed process and monetary commitment that will be made by Churchill Downs. Mr. Bryant informs of the roles Dr. Peterson and Mr. Stewart will have overseeing the drainage/turf project. Mr. Bryant states he will provide monthly reports regarding the work being done at Fair Grounds.

B. SERVICE

Mr. Bryant informs Churchill Downs is committed to improving the customer experience at the track and OTBs. He informs they will spend up to \$200,000 on an infield video board which will be installed and fully functioning before the next live race meet at the Fair Grounds. In addition, scheduling and placement of mutual tellers will be monitored. Increased staffing levels will ensure Fair Grounds customer experience is improved. He informs Fair Grounds is working with the tote company on new technology which will take the mutual tellers to the guest. Guests will be able to place bets using a device from the clubhouse and in the grandstands. Mr. Bryant informs that the Fair Grounds will do a better job of auditing TVs and equipment in a timely manner. He informs Fair Grounds is in negotiations with the tote company to acquire more upgraded machines with bill acceptors. He informs Fair Grounds will do more customer appreciation events for pari-mutuel guests both at the OTBs and the racing facility. He informs a drawing has already been held at a couple of OTBs rewarding pari-mutuel players and it was successful.

Ms. Wagner asks Mr. Bryant what their plans for staffing OTBs during non-live race meets. Mr. Bryant states there is a commitment to having more tellers during the live race meets, but will look into opportunities to add tellers during non-live race meet periods if it is proven to make a positive impact on their guests' OTB experience. Ms. Wagner restates the significance of having live tellers throughout the year.

Ms. Wagner and Ms. Rhea Loney ask Mr. Bryant about the routine maintenance of the TVs and machines at the OTB facilities and track. Ms. Wagner also addresses the need for customer assistance with malfunctioning machines. Mr. Bryant details the typical work request scenarios that are being generated and performed. He informs there has

been an average of 90 work requests a week (4,700 total) during the year 2013. Mr. Bryant informs Fair Grounds will also do a better job of auditing the TVs and equipment in a timely manner. He informs his management team is currently cross-training employees so they can fix minor and routine machine malfunctions more timely.

Mr. Babb, Mr. Bryant and Mr. Romero discuss teller operation (walk-around tellers) at other tracks and ideas that have worked in the past.

C. MARKETING

Mr. Bryant informs Fair Grounds is committed to improving their marketing to local and non-local guests. He informs the strategy will be to integrate live racing with the slots and video poker marketing and advertising campaigns. Mr. Bryant estimates the exposure during the live race meet alone (thru TV, magazine, internet and various print ads) to be 13 million impressions. He explains that means 13 million instances in which someone reads an ad, sees the TV ad, hears the radio ad or when someone is surfing the web ad online. He informs Fair Grounds will be working to form a strategic partnership with hotel and tourism associations to increase business from individuals and groups visiting New Orleans. Mr. Bryant informs marketing will focus towards export and online guests, which make up almost 95% of their handle, by partnering with leading online and expert media partners, such as twinspires.com and the Daily Racing Form. He states these strategic changes should add \$100,000 dollars in added value to their racing campaign. Mr. Bryant informs they will be holding regular handicapping tournaments during their live meet.

D. FACILITIES

Mr. Bryant informs Fair Grounds has listened to concerns regarding their backstretch facilities. He states in January 2014, Mr. H. Withers, Fair Grounds' General Manager of Racing, noticed there was room for improvement and implemented a work order process. He informs from early January 2014 to the end of the thoroughbred meet, there were over 600 work orders; over 480 were backside related. He informs a lot has been done since January and the new process will allow for shorter turnaround time for repairs. He informs barn areas have been inspected and an enhanced checklist has been created to ensure all needed repairs are made. The checklists are designed for employee accountability. He informs the Racing Commission will see significant improvement with Fair Grounds backside operations.

Mr. Romero asks Mr. Bryant if he will provide a list of his priorities on the backside so commissioners and HBPA representatives can check the facilities before the meet begins. Mr. Bryant informs he will provide the Racing Commission with any information and will abide by any request of the Racing Commission. He will also provide before and after photos to show the improvements. He informs there are over 1,800 stalls that are available and states it will be a lengthy process.

Mr. Harry Bruns, an owner, states the issues Fair Grounds addressed today, especially with the turf course have existed for several years. He informs of halfhearted commitments from Fair Grounds. Mr. Bruns states Churchill Downs has a long history of lawsuits. Mr. Bruns states, this matter should continue in the legislature to let the people of Louisiana through their representatives speak loud and clear about what they expect Fair Grounds to do to keep their promises to the people of Louisiana." He urges the Racing Commission not to renew Churchill Downs' license.

Ms. Wagner motions to go into Executive Session for the purpose of prospective pending litigation; Dr. Grimstad seconds; motion carries.

Mr. Babb motions to come out of Executive Session; Ms. Wagner seconds; motion carries.

Mr. Babb comments he has always looked up to Churchill Downs as a great organization, but states he is very disappointed in how they have handled the Fair Grounds. He is trusting Churchill Downs will do the right thing and follow through with the promises they made today.

Dr. Grimstad agrees with Mr. Babb and comments that Churchill Downs has a major perception problem in the community, and the perception problem is Churchill Downs has no interest in promoting horse racing; their interest is in gaming. He informs that he intends to vote for a conditional license, but will vote against Churchill Downs next year if they do not address and correct the problems. Dr. Grimstad states racing is a part of our culture and we need to preserve racing in Louisiana.

Commission grants a 1-year conditional license as is set forth more fully below:

Conditions of License

Ms. Loney states the conditions of licensure as follows:

I. Turf

1. provide survey and report by consultant(s) regarding drainage to Commission;
2. provide monthly written reports with update from consultants on drainage and turf regarding the specific work that has been done and what funds have been expended;
3. Commit to spend \$690,000 to complete drainage and surface work if necessary.

II. Service

1. Commission will be requesting the Louisiana State Police to conduct an audit of all pari-mutuel machines and televisions located at all CDI/Fair Grounds off track betting parlors (OTB) and at track itself. Commission requests that upon providing audit to CDI/Fair Grounds, that CDI/Fair Grounds will commit to repairing/replacing the pari-mutuel machines and televisions found not to be in good working condition;
2. Provide the Commission with the CDI/Fair Grounds pari-mutuel incentive programs in place at OTBs and any differences in such incentive programs for pari-mutuel players and other gaming device players;
3. Provide current monthly report of live tellers and staff at OTB facilities and on track and include hours they work. Include any changes in the monthly report.

III. Marketing

1. Commission requires monthly reports on the current comprehensive marketing plan in place including specific information such as expenditures and any changes that take place monthly. Also, Commission requests that such report include how CDI/Fair

Grounds is meeting their commitments and goals discussed on record at meeting and in letter dated April 25, 2014.

IV. Backstretch Facilities

1. Commission is forming a joint committee with selected members from the Louisiana HIBPA to inspect the backstretch facilities in conjunction with CDI/Fair Grounds. Upon inspection, Commission will present a list of prioritized concerns and ask CDI/Fair Grounds to respond to such concerns within 30 days;
2. Provide a list to the Commission within the next 60 days of what specific work will be done in regard to improvements and repairs to the backstretch.

V. Other

1. Replace video infield board as was committed in April 25, 2014 letter.

The Commission requests all reports to be in writing, submitted monthly, and requests specific updates on the progress of all of these conditions to be done at public meetings.

Dr. Grimstad motions to grant a 1-year license to Churchill Downs contingent upon the conditions stated by Ms. Loney, and that these conditions be evaluated as to progress at any future Commission meetings; Mr. Romero seconds.

Mr. Wright asks the Commission if there is any discussion. There is no further discussion.

Mr. Gardiner asks the Commission for permission to approve the 1-year license conditions individually beginning with the 2014 quarter horse meet. Mr. Wright concurs.

2014 QUARTER HORSE MEET

2. LICENSE APPROVALS

a. Approval for 2014 Quarter Horse race meet:

1. For 10 year license to own and operate a racetrack, per R.S. 4:158
2. For 10 year license to own and operate OTB locations, per R.S. 4:211 et seq.
3. To serve as concessionaire

3. RACING DATES (R.S. 4:158A) AND POST TIMES

a. Approval for 2014 Quarter Horse race meet:

1. Quarter Horse racing on the flat
2. 10 Quarter Horse dates (8/15/14 through 8/30/14)

August 15,16,20,21,22,23,27,28,29,30

3. Hold up to 12 live Quarter Horse races daily.
4. Daily post time TBA

4. WAGERING (LAC 35:XIII.Ch 103-127)

a. Approval for wagering format for 2014 Quarter Horse race meet:

1. WPS and Exactas on all races
2. Trifectas and Superfectas on all races that qualify
3. Rolling Pick 3 beginning on Race 1
4. Daily Double – on first 2 and last 2 races
5. Up to 2 Pick 4's
6. "Black Gold 5" on last 5 races

Dr. Grimstad motions to approve a 1-year conditional license for the racing dates, post times and wagering as listed above; Mr. Babb seconds.

Mr. Tony Patterson, President of the Louisiana Quarter Horse Breeders Association, requests Fair Grounds add an extra week of racing from September 3, 2014 through September 6, 2014 with four days of racing so there will be 3 weeks between the trials and finals at Fair Grounds. Mr. Wright asks Mr. Patterson if he has met with Fair Grounds representatives. He states he has met with HBPA representatives.

Mr. Stanley Seelig, President of IIBPA, informs Fair Grounds' prior quarter horse meet lost a week of racing due to a storm. Fair Grounds agreed to make up those days and ran some extra days. Mr. Seelig informs Fair Grounds made 2 different proposals, one having 10 days and the other having 12 days. He informs they waited too long to request the 12 day option. This year Fair Grounds is asking for a 10 day meet which would be over a 3 weekend period and would not give a 3 week gap between the trials and finals.

Mr. Bryant informs running a quarter horse meet in the month of August is very challenging and has not been proven to be successful based on past history.

Mr. Wright asks why this issue is being brought to the Racing Commission at this time. He states the Racing Commission has not had time to evaluate the significance or importance of this request to the quarter horsemen as well as the Fair Grounds.

Mr. Babb asks Mr. Patterson about the gap needed for trials and futurity races. Mr. Patterson responds the trials historically run on opening day and the futurity trials on closing day of the quarter horse meet. Mr. Patterson informs the rest period for the 2 year olds is only 14 days and they would like a 20 to 21 day rest period.

Dr. Larry Findley, board member of the LQHIBA and veterinarian, states it is a constant battle to maintain the health and welfare of horses. He explains the benefits and significance of the 21 day rest period.

Mr. Wright, Mr. Babb, Mr. Romero, Dr. Grimstad, Mr. Young, Ms. Loney, Mr. Bryant, Mr. Gardiner and IIBPA representatives further discuss the 3 week gap between the trials and finals. Mr. Seelig informs it was on the Agenda at the last meeting (April 22, 2014) but it was tabled. Ms. Loney pulls the Agenda from the April 22, 2014 meeting and informs the Commission did not receive anything in writing and the matter was not on that Agenda. Mr. Seelig responds it was discussed last year during a previous commission meeting.

Commission takes a 15-minute recess and directs Fair Grounds, LQHIBA and HBPA to discuss matter and come back to Commission.

Mr. Bryant informs an agreement was made during the recess and Fair Grounds is willing to move August 20, 2014 to September 5, 2014 to give the quarter horsemen 8 weeks to run the futurity event. The 2014 Quarter Horse dates are amended as follows:

2014 QUARTER HORSE MEET
RACING DATES (R.S. 4:158A)

Amended for 2014 Quarter Horse race meet:

~~10 Quarter Horse dates (8/15/14 through 8/30/14)~~

~~August 15, 16, 20, 21, 22, 23, 27, 28, 29, 30~~

10 Quarter Horse dates (8/15/14 through 9/5/14)

August 15,16,21,22,23,27,28,29,30

September 5

Mr. Delahoussaye motions to amend the agenda to reflect the new quarter horse dates; Mr. Babb seconds; motion carries.

Mr. Babb commends Fair Grounds for their cooperation with the rescheduling of Quarter Horse dates.

Mr. Wright thanks both parties.

Mr. Delahoussaye states his appreciation too, but states in the future scheduling conflicts should be resolved before meeting with the Racing Commission for approval.

Dr. Grimstad repeats his motions to approve a 1-year conditional license for the racing dates, post times and wagering as listed above; Mr. Delahoussaye seconds; motion carries.

2014/2015 THOROUGHBRED MEET

5. LICENSE APPROVALS

a. Approval for 2014-2015 Thoroughbred race meet:

1. For 10 year license to own and operate a racetrack, per R.S. 4:158
2. For 10 year license to own and operate OTB locations, per R.S. 4:211 et seq.
3. To serve as concessionaire

6. RACING DATES (R.S. 4:158A) AND POST TIMES

a. Approval for 2014-2015 Thoroughbred race meet:

1. Thoroughbred racing on the flat
2. 80 Thoroughbred race dates (11/21/14 through 3/29/15)
 - November 21,22,24,27,28,29
 - December 1,4,5,6,8,11,12,13,15,18,19,20,22,26,27,28,29,31
 - January 1,2,3,4,8,9,10,11,12,15,16,17,18,19,22,23,24,25,26,29,30,31
 - February 1,5,6,7,8,12,13,14,15,17,19,20,21,22,26,27,28
 - March 1,5,6,7,8,12,13,14,15,19,20,21,22,26,27,28,29
3. Hold up to 13 live Thoroughbred races daily
4. Daily post time TBA

7. WAGERING (LAC 35:XIII.Ch 103-127)

a. Approval for wagering format for 2014-2015 Thoroughbred race meet:

1. WPS and Exactas on all races
2. Trifectas and Superfectas on all races that qualify
3. Rolling Pick 3 beginning on Race 1
4. Rolling Daily Double beginning on Race 1
5. Up to 2 Pick 4's
6. Super High 5 on last race
7. Pick 6 – on last 6 races

Mr. Seelig states HBPA is disappointed Fair Grounds did not request 8+ race days as they have in the past.

Dr. Grimstad motions, in regard to the 2014-2015 Thoroughbred Meet, to grant a 1-year license to Churchill Downs contingent upon the conditions stated by Ms. Loney,

and that these conditions be evaluated as to progress at any future Commission Meeting. Motion includes approval for the racing dates, post times and wagering as listed above; Mr. Delahoussaye seconds; motion carries.

II. ADJOURNMENT

Dr. Grimstad motions to adjourn; Mr. Delahoussaye seconds; Mr. Wright adjourns the meeting.



Charles A. Gardiner III
Executive Director