



DRAFT

**Pima County Fair Horse Racing Commission
Minutes - December 21, 2015**

Commissioner Attendees

Forrest Metz

Geronimo Ramirez

Ramon Basurto

John K. Goodman

Staff:

Tom Moulton, Pima County ED&T

Not Present:

Bill Matthews

Guests:

Jaye Wells, Mike Weiss, Russell True (Staff of Rillito Racing Inc).

Welcoming and Introductions

Meeting was called to order at 4:00 pm by Chair Metz.

Approval of Past Minutes

Minutes were approved for July 14, 2015

Rillito Foundation Operating Agreement. Update on the recent meeting with the Pima County Board of Supervisors on the 2016 racing meet.

Chair Metz asked Tom Moulton, ED&T coordinator and contract liaison with Rillito Racing Inc. to give a report to the commission on the history of the development and status of the new agreement.

- Discussion began with Rillito Racing Inc. requesting a multi-year agreement so adequate funding, including fund-raising, could take place over a number of years to improve the facility
- Rillito Racing submitted an operations proposal to Pima County
- Pima County asked for comments from race stakeholders
- The stakeholders were invited to a meeting to go over their comments
- After internal discussions, County drafted a long-term agreement with an initial term of five years with four – five years extensions if contract was not in default and benchmarks were met.

- Draft Contract was finalized, recommended by County Administrator to BOS
- BOS heard the agreement on December 15, 2015
- The new contract contained new revenue generation for both the County in the form of a 5% revenue share of the gross income from all activities conducted by Rillito Racing Inc. and Rillito Foundation.
- There were a lot of questions and BOS decided to table discussion on the agreement until all of the questions were addressed.

Status of future horse racing in Pima County

Jaye Wells, President of Rillito Foundation addressed this topic. Rillito Racing was formed as a subsidiary in order to have a professional team assembled to run horse racing. Both organizations are recognized by the State of Arizona as non-profit organizations. Goal is where to bring in UA Racing School program as part of this strategy and put together a professional horse racing team.

Mr. Wells gave a synopsis on why the Rillito Foundation was founded in 2011. The mission is to restore the racetrack and maintain the history of racing in Pima County. First step of this mission was to secure a long-term lease (25 years) and renovate the Jelks Horse Farm. Second step was to have a year-round management agreement with Pima County with a multi-use park vision strategy. All net proceeds would go back into the facility and benefit the public.

The board makeup of Rillito Foundation was shared with the group and the importance of the Martin Foundation was shared as one of the major contributors to retain horse racing.

Rillito Racing is a wholly owned subsidiary of the Rillito Foundation and meets the legal test of being a subsidiary. No funds are co-mingled with the group. Mr. Wells gave an overview of year one of their initial racing season with the following highlights:

- Improvements to the overall facility
- Purses were increased so the quality of the racing improved
- Wagering exceeded \$1.5 million dollars, doubling the amount from previous years
- UA racing program had 20 interns helping out on all phases of running a racing meet
- Food and Beverage was improved and the gross revenues doubled
- Rillito Racing worked with the soccer community to have fields available in the evenings during the annual race meet and moved the barns so three new soccer fields could be built
- Overall the fundamental belief is that Rillito can be a self-sustained park, unique to the County Park system. The revenue generating programs that were contained in the new contract were discussed by Jaye including 5% of the gross revenues, which would go to Pima County and 100% of the net revenue, which would go back into improving the Rillito facility.

-He concluded by saying the overall success of the Rillito Racing is based on funding availability through generating programs that bring in new revenue and the community working together.

-Since the contract was tabled until early February, Rillito Racing sent a request to the Pima County Board of Supervisors asking for the old contract to be re-activated while the new one was being discussed. The chair of the BOS indicated that they would consider putting this request on the agenda in January so racing for the winter can be saved.

Commissioner Ramirez commented on Jaye's presentation. Ramirez spoke briefly about exploring an alternative to Jaye's operational agreement in case he doesn't get the old agreement reactivated. He suggested the Fair Horse Racing Commission hold Fair Horse Racing this year and hire Jaye to operate the facility as a back-up plan.

Mr. Wells asked to comment and started off by saying he has not seen Commissioner Ramirez's proposal and he was caught off-guard and reiterated how Rillito Racing has been vetted by ADOR and holds the racing permit. He talked about holding a fall fair horse racing meet and that may be considered pending availability of the fields and access to horses. Much of the availability of racing horses depends on the Turf Paradise season. The horses arrive in the fall and there is a period of time when the horses are being stabled and not racing. A proposal was submitted to Turf Paradise about holding a fall meet to ensure the availability of horses. Turf Paradise is considering this proposal but no word to date from them.

Mr. Wells said he would be willing to sit down with Commissioner Ramirez and explore his proposal.

Commissioner Goodman asked Mr. Wells to maintain the UA program.

Mr. Wells indicated if the winter racing was delayed that the annual winter meeting could be delayed until mid-February.

Rillito General Manager was asked to talk and reviewed the importance of the UA racing program and its partnership with an active operating racetrack. The interns did well in getting full-time jobs in the industry following the race meet. Mike is going to step up the partnership and the UA has agreed to make the racetrack operations part of the student's curriculum and a working laboratory to gain practical experience.

No action was taken by the Commission since this proposal was not part of the agenda notice and no one had seen it before the meeting.

Discussion and possible action on the State of Arizona Alcohol License of Rillito Racetrack.

The alcohol license will continue to be held by the PHRC for this racing season and utilized by Rillito Racing during the meet(s) until such time the County's government license is approved by the State of Arizona. Once the government license is issued, the PHRC license could be sold and the proceeds would go back into Rillito racing, whether construction, purses, etc. Chair Metz asked for the commissioners to give him the authority to negotiate a fee with Rillito Racing, Inc. so their alcohol license could be utilized for the race meet. This

was granted by the commissioners without objections. The commissioners told Chair Metz they were ok to give the Chair the authority to negotiate a proper percentage of the gross revenue as long as the proceeds would initially pay for the annual administrative costs of the license and any left-over fees would be donated to increase the race purses.

Call to the Public.

Many speakers spoke during this session.

Arizona County Race Association - Sharon: Shared the history of Fair Horse Racing with the commission and what counties were conducting horse racing in 2016. This organization's mission is to expand County Fair Horse racing. Three counties are conducting horse racing which would leave two counties that could do horse meets at Rillito Racing. She also asked for the PHRC to retain the liquor license. Commissioner Ramirez commented that the commission should work closely with the other county racing organization.

Ed Moore. Talked about the Rillito Racing initiative to continue horse racing at Rillito. He believes the initiative has not expired and that racing benefits the community in many ways with an influx of revenue.

JoAnne di Filippo. She indicated that she was there as a private citizen and introduced Supervisor Miller as an advocate of horse racing in Pima County. She urged the Commission to become an active voice in horse racing by advising the Supervisors, "It's not about the contract, it's about a policy to allow horse racing to continue".

Horse owner family member. It's important to the families of the horse owners and to the children of these families to continue horse racing in Pima County. She can't understand why the soccer families and horse families "don't come together". She mentioned the importance of the significant international visitation to the track during the racing season. Rillito Racing validated this attendance through a survey conducted in 2015.

Russell True. It's not soccer vs. horseracing. It's a policy issue and soccer wins regardless because there are 11 fields in addition to soccer fields located throughout town. There is only one racetrack and it does not damage soccer. If you take it down, it's gone.

Horse Owner. What is the action item for today? She asked the commissioners what are we going to do to help the BOS understand how important horseracing is to our community. Mr. Wells mentioned let your County Supervisor know what you believe.

Ally Miller. Reiterated her questions that she asked at the BOS meeting on December 15 and asked if she would receive the answers. Both Tom Moulton and Jaye Wells assured her that all of the questions were being addressed.

Closing statement

Chair Metz to please contact your BOS and let them know what you think about horseracing in Pima County.

Meeting was adjourned at 5:45pm with no objections

Respectfully Submitted:

**Tom Moulton
ED&T - PFHC Coordinator**