

Arizona Racing Commission

633rd Regular Meeting

Thursday, February 12, 2015

MINUTES OF REGULAR MEETING

A public meeting of the Arizona Racing Commission was convened on Thursday, February 12, 2015 beginning at 10:04 a.m. in the Building Conference Room, Suite 250, at 1110 West Washington Street, Phoenix, Arizona 85007.

PRESENT:

Chair	Erin Owens
Vice Chair	Jay McClintock
Commissioner	Rory S. Goreé
Commissioner	Bill Feldmeier – seated at 10:06 a.m.
Commissioner	Tom Lawless

Also Present: Interim Director Rudy Casillas, Assistant Attorney General, Mary D. Williams.

A. Call to Order

Chair Owens called the 633rd Regular Meeting of the Arizona Racing Commission to order at 10:04 a.m. The following matters were discussed, considered and decided at the meeting:

Introduction of New Interim Director, Rudy Casillas.

Chair Owens introduced the new Interim Director Rudy Casillas. **Interim Director Casillas** gave a brief biography. He grew up in Superior, Arizona a copper mining community where he worked underground for several years. In 1974 he joined the Phoenix Police Department and worked a variety of assignments primarily undercover for more than half of his career and he also worked in drug enforcement administration. He retired from the Phoenix Police Department and began working for the Department of Gaming. At that time Gaming was under the umbrella of the Department of Racing. During his employment with the Department of Gaming he has held the positions of Manager, Chief Enforcement Officer and Deputy Director, overseeing Investigations & Inspections, Gaming & Systems, Audit and Intelligence. He stated he was very familiar with the regulatory process and state regulation with gaming and somewhat with racing. There had been a time in which he was called upon by a former Director of Racing and had been asked to assign his agents from Gaming to help out Racing with some backgrounds. A few years ago The Department of Gaming had an Intergovernmental Service Agreement with the Department of Racing and during that time he gained experience with racing.

Approval of the Minutes:

Minutes of the 632nd Regular Meeting held on Thursday, January 8, 2015. **Chair Owens** called for a motion to approve the minutes. **Vice Chair McClintock** moved the motion to approve. **Commissioner Goreé** seconded the motion. Motion carried.

B. New Business

1. Election of Commission Officers 2015

Commissioner Lawless nominated Vice Chair McClintock to be Chairman of the Arizona Racing Commission for 2015. **Commissioner Goreé** seconded the motion. Motion carried.

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Vice Chair McClintock nominated Commissioner Goreé to be Vice Chairman of the Arizona Racing Commission for 2015. **Chair Owens** seconded the motion. Motion carried.

2. Coconino County Parks and Recreation @ Turf Paradise County Fair Permit Renewal

Chair Owens asked if there were any discussion or if the Interim Director had any additional information to add. **Interim Director Casillas** stated he had nothing further to add and that the application was in order and the Department recommended approval.

Chair Owens moved to approve Coconino County Parks and Recreation request for a three year permit. **Commissioner Feldmeier** asked if it were standard practice to renew permits for three years and if all other county fairs also ran on a concurrent three year cycle. **Vice Chair McClintock** answered, yes. **Commissioner Feldmeier** moved to approve the Coconino County Parks and Recreation request for a three year permit which included Fiscal Year 2015 , April 25th, 26th, May 2nd, 3rd; Fiscal Year 2016, April 29th, 30th, May 6th, 7th, pending approval of Turf Paradise permit; Fiscal Year 2017, April 28th, 29th, May 5th, 6th, pending approval of Turf Paradise permit. **Vice Chair McClintock** seconded the motion. Motion carried.

C. Informational Reports

1. Racetrack Safety Reports

Chair Owens stated this was the first time to have this additional subject added to the agenda at the request of the Commissioners from the previous meeting and would like to see it as a regular item on the agenda moving forward. Neither Chief Greyhound Steward Dan Reinertson nor Turf Paradise Safety Steward Gary Baze was present due to scheduling difficulties. Any questions would be passed on and discussed at the next meeting.

Chair Owens stated that there were some outstanding issues and that Steward Baze had included a report for Rillito Park as well as his report on Turf Paradise. She called on Mr. Vince Francia, General Manager of Turf Paradise to discuss issues on the report.

Vince Francia, General Manager, Turf Paradise, reported on the two items that had been outstanding on last month's report. He stated the Turf gate pads had been installed and the lighting issue will be addressed in the near future. Mr. Francia and Steward Baze have a meeting set up so they may discuss the lighting issues.

Chair Owens asked if he had an idea on exactly when the project would be accomplished. Mr. Francia replied that the locations for the lights would have to be decided upon and then he would need to hire Cole Electric to do the work. He would be able to update the Commission on the progress at the next meeting.

Chair Owens stated the report on Rillito Park had shown they had done very well in their preparation of the track prior to their meet. She asked Commissioner Goreé to speak on the report for Tucson Greyhound Park.

Commissioner Goreé stated the report was extensive and had similar issues as the last report, which had been given at the time of processing their permit. He said the track was being walked to make certain that it is suitable for racing. He did have a concern regarding the security at the track

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and asked if Dale Popp, General Manager, Tucson Greyhound Park to clarify some items in the report.

Dale Popp, General Manager, Tucson Greyhound Park, remarked that the security issue was a matter of opinion. He felt that security was adequate. He felt the track was receiving the attention it required, and also mentioned that the handicapped parking was painted and adequately marked.

Commissioner Feldmeier asked what the Commission's role was in safety at the tracks. He requested to go into executive session for legal advice.

Steve Nolan asked if he may speak to the Commissioners prior to their going into executive session. **Chair Owens** allowed him two minutes to speak. Mr. Nolan stressed the permittees' responsibility of bringing their grounds into compliance and the time frame involved.

Commissioner Feldmeier moved to go into executive session to receive legal advice. **Chair Owens** seconded the motion. Motion Carried. Regular meeting recessed at 10:25 a.m.

Executive Session begins at 10:28 a.m. and adjourns at 10:53 a.m.
Regular Session resumes at 10:55 a.m.

Chair Owens called the regular meeting back into session at 10:55 a.m. She stated that they were still discussing Informational Item 1. She asked Commissioner Goreé if he had any additional comments.

Commissioner Goreé stated he would like to see the Department take a high interest in safety and security issues. He would like to see an inclusion of dates with reasonable deadlines added to the reports. He emphasized the safety of the animals, participants and the public who work and visit the sites.

Commissioner Feldmeier echoed those comments and would like to have the Department help bring some resolution to these issues. He would like to have a status report by the next meeting.

Chair Owens requested this be a regular agenda item.

2. Advance Deposit Wagering (ADW) Update

Interim Director Casillas, stated that Advance Deposit Wagering had been approved and was authorized on January 30, 2105 with one exception to the approval, which related to Pima County Advance Deposit Wagering. There were concerns regarding the language and whether or not the legislative change also captured the time limitations that are in statute. The Department sought guidance from the Attorney General's office. The ADW providers do not have the technology in place to cut off wagering to accommodate statutory time frame limitations; therefore, Pima County cannot participate in ADW because of the live racing and simulcast conflicts.

Chair Owens asked if there may be a future opportunity for them to get the technology or if any of them had shown intent on getting the technology. **Interim Director Casillas** said it had been communicated to the providers and they would have to come up with the technology or a submission of legislative changes to accommodate the time limitations. **Chair Owens** asked how it was impacting their business.

Vince Francia said they were grateful to the Commission and Department for their help in getting this technology up and running for the industry. He stated the anticipated problems such as the

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difficulty with communications never occurred. He asked Dave Johnson, Vice President and Assistant General Manager of Turf Paradise to give the update on the financials.

Dave Johnson, Vice President and Assistant General Manager, Turf Paradise. Mr. Johnson reported the implementation date for ADWs to begin had been January 30, 2015, however they really began on January 31, 2015. He said there are four providers, Twinspires, Express Bet, TVG and Turf Paradise Bets and at the time TVG had the market share they held 80% of the Arizona industry. They are currently the largest provider in Arizona. There had been no negative impact on the handle in the state, the track and the OTBs were doing well and everything seemed to be running better than expected. **Commissioner Feldmeier** asked if this was new money or if it was money traded from one pot to another. **Mr. Johnson** replied that it looks like new money because if comparisons of the handle in the state from last year during this same time period and now we are almost exactly even. The \$370,000.00 that was wagered from ADWs does not appear to have come out of the handle that would be from OTBs or from the track. **Commissioner Feldmeier** stated that all indications are the ADWs are a success. **Mr. Johnson** agreed on the success rate and projected that there may be a small impact on the live product as ADWs continue to grow.

3. Legislative Update

Greg Stiles, Public Information Officer and Legislative Liaison, for the Department of Racing, reported on legislation, the Governor's moratorium on rules, and the possible consolidation of the Department of Racing and Department of Gaming. Mr. Stiles reported the Department did not have any legislation going through the legislature this session. He explained Governor Ducey's moratorium on rules which included a list of eight criteria which would not stop the rulemaking process as a whole it would just put an extra step into the process which essentially asks that prior to implementing any rules processes the Department would get the approval of the Governor's office. Mr. Stiles stated that the Department would be reviewing its rules and putting together a baseline review which will be turned into the Governor's office by July 1, 2015. Mr. Stiles reported the Governor's office had prepared and posted its Executive budget. The budget proposed the consolidation of the Department of Racing and Department of Gaming. This proposal would involve much discussion and an organizational paradigm. He gave examples of several states which have combined their racing regulating agencies with other agencies. It is of his opinion this legislature has a more open communication, the Senators and Representatives have a billion dollar deficit they are forecasting for Fiscal Year 2016, and the Executive Budget issue will need to be looked at by both houses and then by the Governor. The Governor does have the power to line item veto. **Vice Chair McClintock** asked if the merger would have to be approved by the legislature. Mr. Stiles replied that the Executive Budget would have to be approved by the legislature and that proposal would be in the Executive Budget.

4. Permittee Reports

- a. American Greyhound Racing – No report
- b. County Fairs – No report
- c. Rillito Park – Mike Weiss, General Manager of Rillito, reported that their opening weekend was a success. He stated the attendance and handle records had been broken. He reported the track and the simulcast export had been about \$106,000.00 on Saturday and about \$103,000.00 on Sunday. He mentioned some of the students from the University of Arizona were helping out at the track as part of their educational program.
- d. Tucson Greyhound Park – No report

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e. Turf Paradise – Vince Francia reported that Saturday, February 14, 2015 was Super Saturday at Turf Paradise and it would be headed up by the Gold Cup.

5. Optional Industry Stakeholder Association Updates

- a. Arizona Greyhound Association – No report
- b. Arizona Quarter Horse Association – No report
- c. Arizona Thoroughbred Breeders Association – No report
- d. Horsemen's Benevolent & Protective Association – Lloyd Yother, President of the HBPA reported on the convention they held in Carefree, Arizona in which 24 states participated. They had a Horsemen's Day at Turf Paradise which was a success. He said that Arizona was rated one of the best conventions they had ever had.
- e. Jockey's Guild – No report
- f. Southern Arizona Racing Association Inc. – No report

D. Commission Reports

1. **Vice Chair McClintock** requested a meeting schedule change due to conflicts in his schedule for the March meeting. He understood the possibility of not being able to schedule the Conference Room, so he asked for someone to check into it and then to update the Commissioners if it was a possibility. Department staff replied they would check on the availability of the Conference Room and report to the Commissioners.

E. Call to the Public

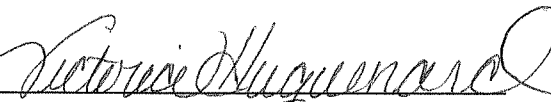
Chair Owens called on Steve Nolan who wished to speak.

Steve Nolan stated his concerns over how the Department pays the Attorney General's Office.

Chair Owens made a motioned to adjourn. Vice Chair McClintock seconded the motion. Motion carried.

This public meeting adjourned 11:19 a.m.
Dated this 12th day of March, 2015

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By 
Victoria Huguenard, Administrative Assistant