

Ysaura Rodriquez

From: Ed Ackerley <edackerley@rillitoracetrack.com>
Sent: Monday, April 10, 2023 6:27 PM
To: COB_mail
Subject: Clarification of Conflict-of-Interest
Attachments: RILLITO PCFHRC letter to BOS 3-30-23.pdf

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RILLITO PARK FOUNDATION
Rillito Racing

At the April 4, 2023, meeting of the Board of Supervisors, my name came up during the discussion among supervisors of appointment of commissioners to the Pima County Fair Horse Racing Commission.

This was because the attached letter was sent, **asking for a clarification on conflict-of-interest issues and a clear statement on what the commission's role is regarding Rillito Racing's operations.**

At no time did I question the appointment of any nominee or current commissioner, however, from the dais it was said that I did.

This is to ask for the public record to be corrected at the April 18, 2023, meeting.

Thank you.



Dr. Ed Ackerley

APR 11 2023 09:10 AM

President

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March 30, 2023

TO: Pima County Supervisors

RE: Pima County Fair Horse Racing Commission

Recently, during a Pima County Board of Supervisors meeting, a constituent addressed the BOS during the call to the public regarding possible conflict-of-interest issues on the Pima County Fair Horse Racing Commission (PCFHRC), in that Russell True, a sitting Chairman of the Rillito Park Foundation, was also serving as a PCFHRC commissioner. Subsequently, Mr. True was notified that he would not be appointed again by Supervisor Bronson due to a concern for a potential conflict-of-interest issue.

Considering the changes in the relationship between Rillito Racing, Inc, a non-profit subsidiary of the Rillito Park Foundation, and the PCFHRC over the life of Rillito Racing's operating agreement with the County, we ask for clarification on conflict-of-interest issues, and a clear statement on what the commission's role is regarding Rillito Racing's operations.

As to conflict-of-interest, we agree that the commissioners need to be at a clear arm's length, and no commissioner should have a connection to racing at Rillito. In fact, to qualify for a seat on the Arizona Racing Commission, Title 5 5-103 C states:

C. A person who has a financial interest, either directly or indirectly, in a racetrack, or the operation of licensed wagering on the results of races, is not qualified for membership on the commission or appointment or employment by the commission, but this subsection does not affect the entrance into a race outside this state of a horse or dog belonging to a member, or the winning of a purse or award by a member's horse or dog.

Rillito Park Foundation's Board agrees with this qualification and believes it should be applied to all PCFHRC commissioners.

The relationship between the Pima County Fair Horse Racing Commission (PCFHRC) and Rillito Racing, LLC, as stipulated in the existing Operating Agreement, is expressed in three items of the agreement:

1. Item 2.3, defining the PCFHRC as an advisory board for fair racing.
2. Item 8.1, stipulating that the PCFHRC may engage with Rillito Racing to operate fair racing dates.
3. Item 9.2.6, defining a requirement to use PCFHRC's liquor license.

Fair Racing was an important part of Rillito's racing meet early on, as two conditions that commercial tracks are required to fulfill, are waived during fair racing meets: first, no state taxes are applied to the wagering total, generating a higher profit margin; and second, horses entering a fair race are required to perform only one official workout, where in commercial races, horses are required to have two workouts before they can enter. The latter is a way to make it easier for horses to enter races that have not raced in some time.

Since the original operating agreement was drafted, changes at the State level, County level, and Rillito's Equine Wellness Program have made the relationship with PCFHRC almost obsolete.

In 2018, the State changed taxation on the horse racing industry by creating the Regulatory Wagering Assessment whereby assessments on wagering became the source of funding the Arizona Division of Racing. This shift in taxation means that while fair racing is still not taxed, commercial tracks (Rillito being one) pay a higher Regulatory Wagering Assessment to make up the difference. It is a zero-sum game to Rillito.

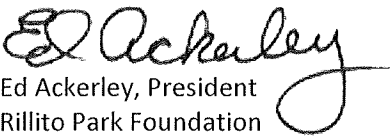
The waiver of the two-work rule for fair racing is no longer needed as Rillito's purses are higher and the track is attracting active race horses. In fact, Rillito's Equine Wellness Program requires even further scrutiny by veterinarians and stewards before they can enter. Rillito's focus on equine safety is paramount to our mission going forward. We believe that any fair racing dates run in the future could cause a conflict-of-interest by fair racing horsemen forcing the waiver of the two-work rule to be allowed to bypass our Equine Wellness requirements.

Considering these changes, we do not think it wise to include fair racing dates in conjunction with Rillito Racing's commercial race meet. And any future fair racing be conducted by the PCFHRC after the close of Rillito Racing's meet.

Lastly, since the County implemented the Government Liquor License at Rillito Park, the use of the PCFHRC's liquor license is not an option.

We ask for direction on these issues from the Board of Supervisors and the County Attorney's Office.

Sincerely,


Ed Ackerley, President
Rillito Park Foundation

cc: Frank Valenzuela, Vice President