



*a California joint powers agency*

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**AGENDA**  
**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**LIVE RACING COMMITTEE MEETING**  
**JOHN ALKIRE, CHAIR**  
**11:00 A.M., TUESDAY, JUNE 7, 2016**

Notice is hereby given that a meeting of the California Authority of Racing Fairs Live Racing Committee will commence at 11:00 a.m., Tuesday, June 7, 2016. The meeting will be held in Sacramento. 1776 Tribute Road, Conference Room, Sacramento, CA 95815.

**AGENDA**

- I. Date, time and location of next meeting: October 11, 2016 at The Big Fresno Fair.
- II. Public Comment.
- III. Approval of minutes.
- IV. Report, discussion and action, if any, on 2016 Legislative Program.
- V. Discussion and action, if any, on Racing Dates for 2017 and beyond.
- VI. Discussion and action, if any, on Summer Racing Operations.
- VII. Executive Director's Report.

**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**Live Racing Committee**  
**Tuesday, May 3, 2016**

**MINUTES**

A meeting of the California Authority of Racing Fairs (CARF) Live Racing Committee was held at 11:00 A.M., Tuesday, May 3, 2016. The meeting was hosted at the CARF Board Room, 1776 Tribute Road, Sacramento, California.

CARF Live Racing Committee members attending: John Alkire, Richard Conway, Jerome Hoban and Rick Pickering.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Juliana Gomes, Raechelle Gibbons, Louie Brown, Jeanne Wasserman, Allen Aldrich, Tom Martinez, John Quiroz, Stacey Lapham and Dan Jacobs.

**Agenda Item 1 – Date, Time and Location of Next Meeting.** The next CARF Live Racing Committee meeting is scheduled for June 7, 2016 in Sacramento.

**Agenda Item 2 – Public Comment.** Mr. Pickering introduced Tom Martinez, new Chief Deputy General Manager at California Exposition and State Fair, formerly with Santa Clara Valley Water District.

**Agenda Item 3 – Approval of Minutes.** Mr. Pickering moved to approve the meeting minutes as presented. Mr. Hoban seconded, unanimously approved.

**Agenda Item 4 – Report, Discussion and Action, if any, on 2016 Legislative Program.** Mr. Brown provided a legislative calendar update. The deadline for policy committees to hear fiscal bills has passed and all bills with fiscal impact are awaiting hearings in their respective fiscal committee by May 27. Bills that make it out of fiscal committee must be voted out of their house of origin by June 3. Any bills that make it through that process must be heard in the policy committee of their second house within 30 days.

The CARF bills are moving through the process without issue. SB 1240 (Hall), the statewide stabling and vanning bill, is also moving without issue and is preferable to the CARF-sponsored AB 2011 since it contains an urgency clause and will go into effect as soon as it is signed by the Governor.

Mr. Brown reported that Internet poker is still a hot topic at the Capitol. Assemblymember Gray's bill, AB 2863, was officially supported by the CARF Board at the last meeting and contains a mitigation fund for racing as well as fair funding support. The bill was heard in policy committee last week and passed unanimously through the Assembly Governmental Organizational (G.O.) Committee on a 19-0 vote despite not having full support of the tribal community. Assemblymember Gray has committed to working through tribal concerns. The bill has now moved to the Appropriations Committee and will be heard as part of the suspense calendar. Just as things were looking hopeful for Internet poker, U.S. Senator Dianne Feinstein issued a letter in opposition of the bill. This move is unusual and though it may not have an impact, it is a good example of the political challenges facing Internet poker.

Assemblymember Gray is also carrying AB 2678, which would dedicate up to 30 percent of the sales tax collected from transactions at fairgrounds to support small and medium-sized fairs to what is essentially the old F&E fund for deferred maintenance. The bill, which passed out of the Assembly Revenue and Taxation Committee, has a hearing scheduled for May 4.

Mr. Brown reported that the Governor is expected to release the revised 2016-17 state budget by May 12. The budget includes a \$3 million continuous appropriations allocation to CDFA F&E for operations. The deferred maintenance allocation remains at \$4 million and the fair industry is lobbying support to increase that allocation to \$10 million. The deadline for the legislature to act on the budget is June 18 and the Governor must sign the budget by July 1.

Mr. Brown provided an update on discussions with CDFA regarding license fees generated at racing fairs. Mr. Alkire reiterated the position of the CARF Live Racing Committee that members are eager to meet with the Secretary of Ag to discuss the importance of redirecting those funds back to racetrack safety at Mr. Brown's recommendation.

#### **Agenda Item 5 – Discussion and Action, if any, on Racing Dates for 2017 and Beyond.**

Mr. Korby reported that CARF made a formal request to the California Horse Racing Board (CHRB) to allow CARF-member fairs to enter into a combined fair meeting and to allow the Alameda County Fair, in partnership with Oak Tree Racing Association, to host the 2016 San Joaquin County Fair race dates in September. After many meetings with CHRB staff and industry principals, both items were scheduled on the April 21 CHRB meeting agenda and passed successfully after significant discussion and opposition by Stronach Group/Golden Gate Fields, the Thoroughbred Owners of California (TOC) and the California Thoroughbred Trainers (CTT).

Mr. Korby stated that the focus will now shift to 2017 race dates. CHRB staff has scheduled a Northern California dates meeting at Cal Expo on May 17 and the full CHRB Board meeting is being rescheduled for May 26 in Southern California.

Mr. Korby stated that the items on the CARF adopted calendar most likely to draw opposition are removing the overlap at Ferndale and racing at Pleasanton in September. Mr. Korby recommended that Mr. Conway be prepared to address how running without overlap during the dates Humboldt County Fair is requesting is in the best interests of racing in California. Mr. Korby noted that when this topic has been discussed in the past, the rest of the industry has claimed substantial lost revenue, perhaps as high as \$800,000. Mr. Conway agreed but stated that the \$800,000 figure was proven inaccurate at a prior CHRB meeting. Mr. Pickering recommended that Mr. Conway be prepared with the accurate figure and supporting documentation. Mr. Korby stated that the Alameda County Fair should be prepared to support the installation of a turf course as they continue to pursue more race dates.

Mr. Pickering moved that CARF authorize affected parties to negotiate other parts of the 2017 CARF-adopted calendar if the opportunity occurs to obtain more race dates at a fair location. Mr. Hoban seconded, unanimously approved.

**Agenda Item 6 – Discussion and Action, if any, on Summer Racing Operations.** Mr. Swartzlander described the 2016 CARF Recruitment Program which includes a trainers incentive based on a start threshold, shipping incentives to out-of-state horses starting on the circuit and new vaning and stabling incentives. Mr. Swartzlander reviewed the cost per fair and overall cost. Mr. Hoban requested that Mr. Swartzlander circulate a document outlining each element of the program and the budgeted cost allocation by fair for 2016 compared to 2015.

Mr. Conway moved to approve the 2016 CARF Recruitment Program as presented with the caveat that program details and budget figures be circulated to each fair manager for approval immediately following the meeting. Mr. Hoban seconded, unanimously approved.

Mr. Korby reported that a memorandum has been circulated outlining an expansion of the CARF VIP Program to include Thoroughbred breeders. As envisioned, CARF will work with CTBA to acknowledge and welcome horsemen who make a significant contribution to the sport. Samples of the 2016 VIP Program materials are included in the meeting packets.

Mr. Hoban moved to approve the expansion of the CARF VIP Program to include select Thoroughbred breeders. Mr. Pickering seconded, unanimously approved.

**Agenda Item 7 – Report on Horsemen's Agreements.** Mr. Swartzlander reported that since the April 21 CHRB meeting, the CTT agreement has been signed on behalf of all CARF member fairs. All horsemen's agreements for the 2016 season have been finalized and signed.

**Agenda Item 8 – Update on TV Production Agreement.** Mr. Swartzlander reported that the meeting packets include a formal agreement titled "Video Patrol Service Agreement

Extension Between Pegasus Communications, Inc. and California Authority of Racing Fairs (CARF)" which is a six-year extension including an HD production truck as discussed and approved by the Live Racing Committees in prior meetings. Mr. Swartzlander provided an overview each line item in the document.

Mr. Hoban moved to approve the Pegasus Communication video service extension agreement as provided. Mr. Pickering seconded, unanimously approved.

**Agenda Item 9 – Executive Director’s Report.** Mr. Korby reported that Balmoral Park in Illinois has declared bankruptcy and materials pertaining to that action have been handed off to legal counsel to review on behalf of all CARF-member fairs. If individual locations received any materials pertaining to the proceedings they should file them in a safe location, but no action is required unless notified by CARF staff.

Respectfully submitted,  
Heather Haviland

**CA Authority of Racing Fairs  
5/27/2016**

IV.

**[AB 1355](#) (Gray D) Gaming: Tribal Nation Grant Fund.**

**Current Text:** Introduced: 2/27/2015 [pdf](#) [html](#)

**Introduced:** 2/27/2015

**Status:** 1/28/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would specify that the Tribal Nation Grant Fund reflects a vision of facilitating the development of tribal institutions and improving the quality of life of tribal people throughout the state. This bill contains other existing laws.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**[AB 1573](#) (Gray D) Gambling: sports wagering.**

**Current Text:** Introduced: 1/4/2016 [pdf](#) [html](#)

**Introduced:** 1/4/2016

**Status:** 2/1/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would enact the California Interactive Sports Wagering Consumer Protection Act, which would authorize the owner or operator of a card room that holds a state gambling license, a racing association or racing fair with a current license, or a federally recognized California Indian tribe that operates a gaming facility pursuant to a facility license issued in accordance with a tribal gaming ordinance, to accept and facilitate wagering on a sports event, as defined, by any legal system or method of wagering, including, but not limited to, exchange wagering, parlays, over-under, moneyline, and straight bets, by applying to the Department of Justice for a license and authorization to conduct sports wagering, as defined.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**[AB 1729](#) (Waldron R) Gaming Policy Advisory Committee.**

**Current Text:** Amended: 3/15/2016 [pdf](#) [html](#)

**Introduced:** 1/28/2016

**Status:** 4/22/2016-Failed Deadline pursuant to Joint Rule 61(b)(5). (Last location was A. G.O. on 3/16/2016)

Desk	Dead	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law requires the California Gambling Control Commission to establish a 10-member Gaming Policy Advisory Committee for the purpose of discussing matters of controlled gambling regulatory policy and other relevant gambling-related issues. The committee is composed of representatives of controlled gambling licensees and members of the general public in equal numbers. This bill would increase the membership of the committee from 10 to 12 members.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**[AB 1786](#) (Cooley D) Horse racing: the California Standardbred Sires Stakes Program.**

**Current Text:** Introduced: 2/4/2016 [pdf](#) [html](#)

**Introduced:** 2/4/2016

**Status:** 5/5/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Horse Racing Law establishes the California Standardbred Sires Stakes Program for standardbred horses bred in California, and provides that an offspring of a registered California standardbred stallion standing in California during an entire breeding season is eligible to race in the program. This bill would expand eligibility to race in the program to include the offspring of registered standardbred stallions standing in Iowa, Wisconsin, Minnesota, Michigan, or Maine, or the Province of Alberta, Canada. This bill contains other related provisions and other current laws.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**[AB 1890](#) (Dodd D) Discrimination: equal pay: state contracting.**

**Current Text:** Introduced: 2/11/2016 [pdf](#) [html](#)

**Introduced:** 2/11/2016

**Status:** 4/13/2016-In committee: Set, first hearing. Referred to suspense file.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would enact the Equal Pay for Equal Work Act of 2016. The bill would require an employer with 100 or more employees in the state and a contract with the state of 30 days or more to submit a description of its nondiscrimination program to the Department of Fair Employment and Housing and to submit periodic reports, no more than annually, on a schedule to be determined by the department, of its compliance with that program. The bill would authorize the department to require approval and certification of the program. .

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**AB 2011 (Cooper D) Horse racing: thoroughbred racing: northern zone: auxiliary offsite stabling, training, and vanning.**

**Current Text:** Introduced: 2/16/2016 [pdf](#) [html](#)

**Introduced:** 2/16/2016

**Status:** 5/5/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Horse Racing Law requires, when satellite wagering is conducted on thoroughbred races at associations or fairs in the northern zone, that an amount not to exceed 1.25% of the total amount handled by all of those satellite wagering facilities be deducted from the funds otherwise allocated for distribution as commissions, purses, and owners' premiums and instead be distributed to an organization formed and operated by thoroughbred racing associations, fairs conducting thoroughbred racing, and the organization representing thoroughbred horsemen, to administer a fund to provide reimbursement for offsite stabling at California Horse Racing Board-approved auxiliary training facilities for additional stalls beyond the number of usable stalls the association or fair is required to make available and maintain, and for the vanning of starters from these additional stalls on racing days for thoroughbred horses. This bill would increase the amount that is required to be deducted to an amount not to exceed 2%.

Organization	Position	Priority	Assigned	Subject
CARF	Sponsor		Louie	

**AB 2102 (Hernández, Roger D) Tribal gaming: Indian Gaming Local Community Benefit Committee.**

**Current Text:** Amended: 3/15/2016 [pdf](#) [html](#)

**Introduced:** 2/17/2016

**Status:** 5/26/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would require each Indian Gaming Local Community Benefit Committee to adopt and approve a Conflict of Interest Code pursuant to specified provisions. The bill would require any existing Conflict of Interest Code to be reviewed and amended as necessary to bring it into compliance with these requirements. By increasing the duties of local government entities, this bill would impose a state-mandated local program.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**AB 2218 (Burke D) Gambling: licenses.**

**Current Text:** Introduced: 2/18/2016 [pdf](#) [html](#)

**Introduced:** 2/18/2016

**Status:** 4/28/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law requires every person who is required to hold a state license to obtain the license prior to engaging in the activity or occupying the position with respect to which the license is required, except as specified. Current law also requires every person who, by order of the commission, is required to apply for a gambling license or a finding of suitability to file an application within 45 calendar days after receipt of the order. This bill would instead require the application described above to be filed within 60 calendar days after receipt of an order of the commission.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**AB 2226 (Bigelow R) Horse racing: satellite wagering facilities: fairs.****Current Text:** Introduced: 2/18/2016 [pdf](#) [html](#)**Introduced:** 2/18/2016**Status:** 5/26/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would authorize a fair to contract with 2 or more fairs that are licensed to conduct thoroughbred meetings within the northern zone for the operation and management of a satellite wagering facility.

Organization	Position	Priority	Assigned	Subject
CARF	Sponsor		Louie	

**AB 2287 (Wilk R) Horse racing: satellite wagering: out-of-country thoroughbred races.****Current Text:** Amended: 3/17/2016 [pdf](#) [html](#)**Introduced:** 2/18/2016**Status:** 5/19/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would authorize a thoroughbred racing association or fair to accept wagers on out-of-country races up to 6:30 p.m., Pacific standard time, on the first Saturday in November, without the consent of the harness or quarter horse racing association that is then conducting a live racing meeting.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**AB 2543 (Gordon D) State buildings: efficiency.****Current Text:** Introduced: 2/19/2016 [pdf](#) [html](#)**Introduced:** 2/19/2016**Status:** 5/18/2016-In committee: Set, first hearing. Referred to APPR. suspense file.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would require the State Energy Resources Conservation and Development Commission, in consultation with the Department of General Services, to develop a plan to exploit cost-effective energy efficiency and water conservation measures in state facilities. This bill would require the department, in consultation with the commission, to submit recommendations on energy efficiency and water conservation goals to the Governor and the Legislature. This bill would require the department, in consultation with the commission, to make these recommendations no later than January 1, 2018.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**AB 2619 (Gray D) Horse racing: quarter horse races.****Current Text:** Introduced: 2/19/2016 [pdf](#) [html](#)**Introduced:** 2/19/2016**Status:** 5/5/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would authorize the California Horse Racing Board to authorize a licensed quarter horse racing association that is conducting a live racing meeting in this state to accept wagers on a quarter horse stakes race with a purse equal to or greater than \$100,000. The bill would also make nonsubstantive changes.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**AB 2808 (Gipson D) Horse racing: exchange wagering: operative extension.****Current Text:** Amended: 4/13/2016 [pdf](#) [html](#)**Introduced:** 2/19/2016**Status:** 4/27/2016-In committee: Set, first hearing. Referred to APPR. suspense file.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law requires any racing association or racing fair receiving distributions from any exchange provider's exchange revenues to distribute a portion of that revenue to the official registering agency in a specified manner. Current law makes these exchange wagering provisions inoperative on May 1, 2016, and repeals them on January 1, 2017. Violations of the Horse Racing Law



are generally misdemeanors. This bill would extend those inoperative and repeal dates to May 1, 2020, and January 1, 2021, respectively. The bill, by extending these requirements, the violation of which is a crime, would impose a state-mandated local program.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**AB 2863 (Gray D) Gambling: Internet poker.**

**Current Text:** Amended: 4/20/2016 [pdf](#) [html](#)

**Introduced:** 2/19/2016

**Status:** 5/18/2016-In committee: Set, first hearing. Hearing canceled at the request of author.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would be known as the Internet Poker Consumer Protection Act of 2016 and establish a framework to authorize intrastate Internet poker, as specified. The bill would authorize eligible entities to apply for a 7-year license to operate an authorized poker Web site offering the play of authorized Internet poker games to registered players within California, as specified. The bill would require that the license be automatically renewed every 7 years upon application, as specified.

Organization	Position	Priority	Assigned	Subject
CARF	Support			

**Notes 1:** 4/21/16 Coalition letter sent to A/ Gray; A/ Governmental Organization Cmte

**AB 2914 (Committee on Governmental Organization) Gaming: Indian Gaming Revenue Sharing Trust Fund.**

**Current Text:** Introduced: 3/17/2016 [pdf](#) [html](#)

**Introduced:** 3/17/2016

**Status:** 5/19/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law establishes the Indian Gaming Revenue Sharing Trust Fund within the State Treasury for the receipt and deposit of moneys derived from gaming device license fees that are received from tribes pursuant to the terms of tribal-state gaming compacts for the purpose of making distributions to noncompact tribes. Current law provides that moneys in that fund are available to the California Gambling Control Commission, upon appropriation by the Legislature, for the purpose of making those distributions in accordance with plans specified in tribal-state gaming compacts. This bill would clarify that the purpose of the fund is for making distributions to eligible recipient Indian tribes.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**AB 2915 (Committee on Governmental Organization) Tribal gaming.**

**Current Text:** Introduced: 3/17/2016 [pdf](#) [html](#)

**Introduced:** 3/17/2016

**Status:** 5/19/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current federal law, the Indian Gaming Regulatory Act of 1988, provides for the negotiation and execution of tribal-state gaming compacts for the purpose of authorizing certain types of gaming on Indian lands within a state. The California Constitution authorizes the Governor to negotiate and conclude compacts, subject to ratification by the Legislature. This bill would reorganize, and make technical, nonsubstantive changes to, these provisions. This bill contains other current laws.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**SB 905 (Bates R) Alcoholic beverage control: club licenses.**

**Current Text:** Amended: 4/7/2016 [pdf](#) [html](#)

**Introduced:** 1/25/2016

**Status:** 5/9/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law authorizes the holder of a club license to exercise the rights of a on-sale general licensee, but limits sale and service of alcoholic beverages to members of the club and their guests. Current law defines different clubs in this context. This bill would define a club, for the purposes described above, to also include a nonprofit umbrella organization established to provide a central meeting location, resources, and services for veterans, including those on active duty, and that owns or leases, operates, and maintains a facility for these purposes.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**SB 1019 (Berryhill R) Indian gaming compacts.**

**Current Text:** Introduced: 2/11/2016 [pdf](#) [html](#)

**Introduced:** 2/11/2016

**Status:** 5/6/2016-Failed Deadline pursuant to Joint Rule 61(b)(6). (Last location was RLS. on 2/25/2016)

Desk	Dead	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law expressly ratifies specified tribal-state gaming compacts entered in accordance with the federal Indian Gaming Regulatory Act of 1988. Current law further sets forth the procedures by which a materially identical compact entered into between the State of California and any other federally recognized Indian tribe may be ratified. This bill would make technical, nonsubstantive changes to those provisions.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**SB 1240 (Hall D) Horse racing: thoroughbred racing: northern, central, and southern zones: auxiliary offsite stabling, training, and vanning.**

**Current Text:** Amended: 4/5/2016 [pdf](#) [html](#)

**Introduced:** 2/18/2016

**Status:** 5/12/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Horse Racing Law requires, when satellite wagering is conducted on thoroughbred races at associations or fairs in the northern, central, or southern zone, that an amount not to exceed 1.25% of the total amount handled by all of those satellite wagering facilities be deducted from the funds to be distributed to an organization formed to represent thoroughbred horsemen and horsewomen, to administer a fund to provide reimbursement for offsite stabling at California Horse Racing Board-approved auxiliary training facilities for additional stalls. This bill would increase the amount that is required to be deducted to an amount not to exceed 2% in the northern, central, and southern zones, and would provide that this amount in the northern zone, if adjusted by the board, may be a different percentage of the handle for different associations and fairs, but only if all the associations and fairs agree to the differing percentages.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**SB 1313 (Hall D) Gambling: California Gambling Control Commission.**

**Current Text:** Introduced: 2/19/2016 [pdf](#) [html](#)

**Introduced:** 2/19/2016

**Status:** 5/9/2016-Referred to Com. on G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Gambling Control Act specifies that a majority of the appointed members of the California Gambling Control Commission is a quorum and that the concurring vote of 3 members of the commission is required for any official action of the commission or for the exercise of any of the commission's duties, powers, or functions. Current law requires that a public record of every vote of the commission be maintained at its principal office. This bill would additionally require that a public record of every vote of the commission be posted on the commission's Internet Web site no later than 48 hours after the vote is taken.

Organization	Position	Priority	Assigned	Subject
CARF	Watch			

**Total Measures: 20**

**Total Tracking Forms: 20**

# DRAFT A - 2017 PROPOSED NORTHERN CALIFORNIA RACING DATES CALENDAR - DRAFT A

2016

DRAFT: May 31, 2016

December						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

## RACE DAYS

Pleasanton	12
Cal Expo	11
Santa Rosa	11
Humboldt	7
Oak Tree/CARF (Pleasanton Fall)	8
Stockton (Pleasanton Fall)	8
Fresno	9

CARF MEETS	55
SANTA ROSA	11
<b>TOTAL FAIR DAYS</b>	<b>66</b>

<b>SIMULCAST-ONLY DAYS</b>	<b>21</b>
<b>TOTAL NORTHERN CALIFORNIA FAIR DAYS</b>	<b>66</b>

2017

January						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

February						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

March						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

April						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

May						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

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This will serve to memorialize agreement among the undersigned with respect to funding of the California Horse Racing Board, ("CHRB"). The undersigned hereby agree among themselves that each will make the following payments:

1. Section 19616.51 of the Business and Professions Code was amended by ABX4 12, and now stipulates:

*(a) Notwithstanding any other law, and in lieu of any license fee payable to the state prescribed for or referred to in Section 19491, 19491.5, 19596.3, 19601, 19601.2, 19602, 19603, 19604, 19605.25, 19605.35, 19605.45, 19605.6, 19605.7, 19605.71, 19606.5, 19606.6, 19610.8, 19611, 19612, 19614, 19616, 19616.1, 19616.2, or 19641, any association or fair that conducts a racing meeting shall only pay its proportional amount, as determined by the formula devised pursuant to paragraph (1), as a license fee to the state, to be deposited into the Horse Racing Fund, which is hereby established, to fund the board and the equine drug testing program as follows:*

*(1) All racing associations and fairs including all breeds of racing shall participate in the funding of the board in accordance with a formula devised by the board in consultation with the industry.*

For the 2016-2017 fiscal year, the CHRB's operating budget has been determined by the enactment of Section 19616.51 to be \$13,469,000 and such amount shall be subject to change in future fiscal years. The undersigned are responsible for the funding of the CHRB's annual operating budget by depositing the necessary funds in the California Horse Racing Fund. The amount to be so deposited by each of the undersigned shall be a percentage of the License Fee that would have otherwise been payable by the undersigned in the absence of the enactment of SB 16XX and for each fiscal year a determination shall be made as to the percentage necessary to generate the amount for the funding of the CHRB operating Budget. For the 2015-2016 fiscal year such percentage shall be 61%. Thus, during the 2016-2017 fiscal year, the undersigned shall each pay 61% of the License Fee that would have otherwise been payable by each if SB 16 XX had not been enacted.

The undersigned shall remit the respective amounts they owe no later than Friday for amounts generated during the prior week (Monday through Sunday) for wagers placed at brick and mortar sites within California. For amounts generated by wagering outside the State of California on races conducted in California ("export wagering") including wagers placed through ADW providers, the undersigned will remit the respective amounts they owe within ten business days of the receipt of host fees generated from export wagering.

It is recognized that a determination of true-up amounts will be necessary at the end of each fiscal year. Excesses and shortfalls in funding shall be determined after the end of the fiscal year. Should a shortfall occur, the payments required by the undersigned shall be determined by calculating the percentage of each entity's contribution to the total funding generated in the current fiscal year and then applying such percentage to the shortfall. The CHRB will notify the undersigned of their shortfall amounts, and the undersigned will remit payments within ten business days of such notification. Should an excess occur, an amount equaling the percentage of each association's contribution to the total funding generated in the current fiscal year shall be applied to the total excess generated in the current fiscal year, and that amount shall be returned to each association in the following fiscal year.

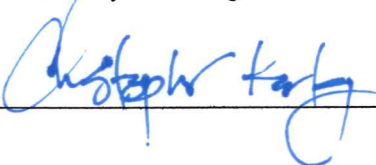
2. The CHRB is a third party beneficiary of the payments to be made by the undersigned pursuant to paragraph 1 hereof, therefore, the CHRB has a right to bring an action against any of the undersigned who fail to make the prescribed payments in paragraph 1 hereof. Payments to be made by the undersigned are the sole responsibility of that entity; therefore, there is no joint and several liability among the undersigned for the failure of anyone to make the prescribed payments.

3. This Agreement may be signed in counterparts.

4. California Horse Racing Industry Organizations which have agreed to participate in the funding described above include: California Authority of Racing Fairs, Del Mar Thoroughbred Club, Los Angeles County Fair Association, Los Alamitos Racing Association, Los Alamitos Quarter Horse Racing Association, Los Angeles Turf Club, Pacific Racing Association, Sonoma County Fair, Watchandwager.com LLC, California Harness Horsemen's Association, California Thoroughbred Breeders Association, Pacific Coast Quarter Horse Racing Association, and Thoroughbred Owners of California.

**Agreement for CHRB Support -Fiscal Year 2016-2017**

California Authority of Racing Fairs

By 

Los Alamitos Racing Association

By \_\_\_\_\_

Los Alamitos Quarter Horse Racing Association

By \_\_\_\_\_

Pacific Racing Association

By \_\_\_\_\_

Watchandwager.com LLC

By \_\_\_\_\_

California Harness Horsemen's Association

By \_\_\_\_\_

Pacific Coast Quarter Horse Racing Association

By \_\_\_\_\_

Agreed and Accepted:

By \_\_\_\_\_  
California Horse Racing Board

Del Mar Thoroughbred Club

By \_\_\_\_\_

Los Angeles County Fair Association

By \_\_\_\_\_

Los Angeles Turf Club

By \_\_\_\_\_

Sonoma County Fair

By \_\_\_\_\_

Thoroughbred Owners of California

By \_\_\_\_\_

California Thoroughbred Breeders Association

By \_\_\_\_\_

## CALIFORNIA HORSE RACING BOARD

**Memo**

**Date:** June 1, 2016

**To:** Nick Coukos; Scott Daruty; Joe Morris; Eric Sindler; Chris Korby; George Haines  
George Krikorian, Greg Avioli

**From:** Rick Baedeker

**Subject:** 20 Mile Reduction

---

All;

As a follow-up to our meetings and Nick's recent email proposal, please consider the following:

Goal: to add \$30 million (or more) to purses and commissions by adding more minisatellites while simultaneously providing a mechanism to modernize existing satellites for the benefit of current customers.

In order to achieve that goal the industry needs to 1) provide an incentive for existing satellites to reduce their 20 mile exclusivity circles and 2) as important: establish a plan for business development that will include sales people, marketing materials, and legal expertise to deal with local cities.

Background: Minisatellites were authorized in 2007. Regulations were completed in 2009. In the ensuing 6 years, only 10 minis have been opened statewide. However, in 2015 the handle from just 8 minisatellites (excluding Striders) in southern California equaled:

- 6% of total handle in California, including ADW;
- 9% of handle at all brick and mortar locations in CA, including tracks;
- 13% of handle at all CA satellites;
- 19% of handle at all satellites in the south;
- 48% of handle at all satellites in the north.

Also:

- The 8 minisatellites contributed nearly \$8.2 million net to purses and commissions in 2015.
- Other than ADW, only minisatellites offer an opportunity for growth.

If the revenue produced at the 8 minisatellites in southern California was replicated by just 50% at the maximum allowable 45 locations throughout the state, the net increase to purses and commissions would be more than \$30 million annually.

1010 Hurley Way, Suite 300, Sacramento, CA 95825

Phone: (916) 263-6000 FAX: (916) 263-6042

[www.chrb.ca.gov](http://www.chrb.ca.gov)

Everyone agrees that this unique opportunity for growth should be aggressively pursued. Yet, to date, one or two people have been knocking on doors on an anecdotal, hit-and-miss basis. And there's plenty of other NCOTWinc and SCOTWinc business to keep the current staff occupied.

Given the hit to purses and commissions due to Workers Comp increases, it certainly makes sense to move cautiously, i.e., to do a pilot project. However:

- The proposal to award an existing satellite a ½% increase in commissions from its handle to be used solely for capex might not be a sufficient incentive, considering that business at the satellite would certainly be impacted to some degree. The existing satellite would need to compete with a new minisatellite, which will probably be part of a nice restaurant, that doesn't charge admission, offers a full menu vs. concession food and at a better price. Some might argue "survival of the fittest": if the satellite can't compete let it go out of business. But a satellite that refuses to reduce its circle will likely continue to exist for years. Its current customers are important to the game and we don't want to lose them. And, our goal is to reduce the circles while fixing-up the existing locations.
- Under the ½% capex proposal, the San Jose satellite would receive \$116,000 for capex based on its handle in 2015. But that would be offset by some loss of business. If it lost 10% of handle its commissions would be reduced by \$46,650. In addition, it would stand to lose 10% of its admissions and F&B revenues. If those revenues amounted to a net \$5 for every \$300 wagered, the loss would be \$38,900. As a result, the satellite would lose \$85,000 in net operating revenues in exchange for \$116,000 in capex improvements. Not a great incentive for reducing its circle.

Instead, consider the following proposal for existing satellites:

- Target 2-4 significant satellites. Likely candidates to choose from in the north are San Jose, Pleasanton, Vallejo, Santa Rosa and maybe Ventura in the south.
- Offer a participating satellite a one-time, upfront payment of perhaps \$25,000 for capex.
- The rest of the compensation will come from NEW money over 10 years. For the first five years that the mini is open, distribute 1.5% of its handle to the existing satellite that reduced its circle to make it happen. Half to capex as discussed, the other half to its bottom line.
- For the second 5 years reduce the award to 1%.

To be clear: these distributions would not come from the satellite's handle but rather from handle at the new minisatellite location. Using the San Jose example, rather than receiving ½% increase in commissions from its own handle for capex at \$116,000, it would receive 1.5% from the new minisatellite's handle. Based on business of \$10 million at the mini, SJ would receive \$75,000 for capex and \$75,000 for its bottom line. So the old satellite would be paid with new money, and if the handle from the mini is weak, so is the payment to the satellite. That way the industry doesn't get stuck with a bad deal. Also, the satellite would have an incentive for multiple minis within its reduced circle. And it doesn't cost the industry anything other than the upfront payment.

In addition, to further business development, consider this proposal:

- From current and new satellites earmark a distribution of ½% for business development. In 2015, this would have generated \$400,000 for salespersons, marketing materials and advertising and, maybe most important, legal expertise to deal with the cities.
- For NEW minisatellites, raise the city's share from .0033 to .0066. That would give the prospective city a reasonable incentive to facilitate these things. This may require a change in the statute.

Except for the small upfront payment and the business development part, this proposal is based on spending new money and it gives a satellite a meaningful incentive to reduce its circle.

As Nick suggested, let's meet again soon to discuss this and other proposals. We'll check everybody's availability over the next couple of weeks.



# Calendar for year 2016 (United States)

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