

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors & Live Racing Committee
Concurrent Meeting
Tuesday, July 22, 2017

MINUTES

A concurrent meeting of the California Authority of Racing Fairs (CARF) Board of Directors and Live Racing Committee was held at 11:00 A.M., Tuesday, May 2, 2017. The meeting was hosted at the CARF Conference Room, 1776 Tribute Road, Sacramento, California.

CARF Board Directors attending: Richard Conway and Rick Pickering. Joining by conference call: John Alkire, Jerome Hoban and Kelly Violini.

CARF Live Racing Committee members attending: Richard Conway and Rick Pickering. Joining by conference call: John Alkire and Jerome Hoban.

Staff and Guests attending: Larry Swartzlander, Richard Scheidt, Tom Doutrich, Heather Haviland, Juliana Gomes, Raechelle Gibbons, Louie Brown, Tom Martinez and John Quiroz. Joining by conference call: Jeanne Wasserman, Duane Martin and Caroline Titus.

Agenda Item 1 – Date, Time and Location of Next Meeting: TBD. The next CARF Board of Directors meeting is scheduled for August 1, 2017 in Sacramento.

Agenda Item 2 – Public Comment. None.

Agenda Item 3 – Approval of Minutes. Ms. Violini moved to approve the CARF Board of Directors & Live Racing Committee concurrent meeting minutes as presented. Mr. Conway seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on 2017 Legislative Program. Mr. Brown reported that legislation regarding industry-specific racing bills is light. In regards to the overall legislative calendar, April 28 was the last day for fiscal bills to move out of policy committees. Over the next three weeks policy committees will hear and report non-fiscal bills introduced in their house with May 19 being the last day policy committees can meet. June 2 is the last day for bills to be passed out of the house of origin.

Mr. Brown reported that the CARF-sponsored bills are moving through the process without issue. SB 274 (Glazer), the bill giving CDFA the authority to allocate license fees back to racing fairs, is on the floor and ready to move to the Assembly Governmental Organization Committee (GO). Mr. Brown believes that it is likely the bill will move quickly and be on the Governor's desk for signature before the session is over. SB 274 has an urgency clause and will take effect as soon as the bill is signed retroactive to 2016.

Mr. Brown reported that the state of AB 460 (Bigelow) and SB 495 (Vidak) is status quo. AB 1499 (Gray), the WFA-sponsored sales tax bill reintroduced from 2016, has been restructured slightly from the prior year and would create an ongoing source of funding to California's network of fairs, providing annual funds of approximately \$15 million. AB 1499 would require that 3/4 of one percent of the total of gross receipts reported to the Department of Finance be included in the next annual budget for allocation to fairs. The bill passed out of the Assembly GO Committee on a unanimous vote with all 19 members of the committee adding their names as co-authors of the bill. AB 1499 now moves to the Assembly Appropriations Committee and will hopefully continue its forward momentum.

Mr. Brown reported that AB 1677 (Jones-Sawyer) the new Internet poker bill seems to have stalled and SB 741 (Mendoza), the Orange County Fair and WFA co-sponsored bill to permit private organizations to conduct raffles as a funding mechanism to support beneficial and charitable works, may not be heard this session.

Mr. Brown reported that SB 368 (McGuire), the WFA-sponsored bill attempting to restore statute in regards to F&E funding and oversight of fair projects, has passed two policy committees on unanimous vote.

Mr. Pickering suggested the CARF Board consider introducing a bill to capture summer race dates. The group discussed options and Mr. Swartzlander recommended that future legislative strategy focus on issues concerning the Stabling & Vanning Fund. Mr. Brown suggested garnering strategies, authors and allies now for a 2018 legislative program that includes securing a fair block of race dates. Mr. Hoban requested that Mr. Brown review the existing California Business and Professions Code that pertain to horse racing to establish the exact language that will need to be modified.

Agenda Item 5 – Report, Discussion and Action, if any, on Summer Racing Operations.

Mr. Swartzlander stated that he was informed yesterday that the California Horse Racing Board (CHRB) is scheduling a meeting to discuss 2018 race dates on May 24 at Santa Anita Park. Mr. Swartzlander requested the CARF Live Racing Committee (LRC) convene via conference call within the next two weeks to discuss strategy for that meeting. Mr. Swartzlander asked each Fair CEO to state their desired 2018 race dates (including hosted simulcast-only days):

Oak Tree Pleasanton (Summer): June 13 – July 10

California State Fair: July 11 – 31

Humboldt County Fair: August 15 – 28 (dependent on Santa Rosa's schedule)

Oak Tree at Pleasanton (Fall): September 19 – October 2

The Big Fresno Fair: October 3 – 16

Mr. Swartzlander reported that he, Mr. Martinez and Mr. Hoban attended the CHRB Board meeting on Thursday, April 27. Three items pertained specifically to racing fairs: 1) the Oak Tree at Pleasanton Summer racing license was heard and approved, 2) the CARF request to conduct a

combined fair meeting was heard and approved, and 3) the request to change the Northern California Stabling & Vanning (S&V) deduction from 1.25% to 2% effective May 1 was approved.

Mr. Swartzlander reported that in regards to the Northern California S&V Program, Golden Gate Fields (GGF) has paid their portion (70%) of the deficit. CARF's remaining portion (25%) of the outstanding deficit is \$276,000 and will be paid off by the end of the CARF summer race meets via an agreed to ADW deduction.

Mr. Swartzlander stated that he has met with each of the CARF LRC members to express his concerns such as: the ability of GGF to accommodate incoming two-year olds/large out-of-state stables, the lack of a dirt training surface after Ferndale closes, and a place for Emerging Breed horses to train in between the Ferndale and Pleasanton Fall meets. Mr. Swartzlander requested that the CARF Board of Director's take action to amend the letter being submitted to CHRB to request the S&V ADW deduction be increased to 1.50 percent from 1.05 percent, thereby producing an additional \$113,000 to open Pleasanton early. Mr. Swartzlander stated that he has discussed this change with TOC personnel and he fully expects their support.

Mr. Pickering moved to support the S&V deduction request to the CHRB as outlined. Mr. Conway seconded. YES VOTE: Mr. Alkire, Mr. Conway, Mr. Pickering, Ms. Violini. ABSTAIN: Mr. Hoban.

Mr. Doutrich reported that training begins at Pleasanton on Monday and that 50 horses arrived yesterday, which is a positive sign. Mr. Doutrich stated that condition books are available online at www.CalFairs.com and Equibase and that he and Jeanne Wasserman made a productive recruiting trip to Turf Paradise in Phoenix, Arizona.

Ms. Haviland reported that staff continues to work with Roxie Mayberry of Focus On Sponsorship to gather the materials necessary for her to create a partnership program for live racing. Ms. Haviland requested that fair return outstanding requests as soon as they are able.

Agenda Item 6 – Report, Discussion and Action, if any, on Trainer's Incentive Program. Mr. Swartzlander reported that he has reached out to each Fair CEO individually to establish the 2017 CARF Horse Recruitment Program. The program essentially duplicates 2016 efforts with the exception of doubling the trainer start incentive at Sacramento and Fresno. Mr. Pickering reminded the group that Live Racing Fairs pay out of pocket for a majority of the recruitment program with the California Marketing Committee (CMC) paying for the out-of-state shipping incentive.

Agenda Item 7 – Report on Status of Horsemen's Agreements. Mr. Swartzlander reported that all horsemen's agreements have been fully executed and signed.

Agenda Item 9 – Financials. Mr. Alkire reported that financials are included in the meeting packet and Ms. Gibbons is available to answer questions. Ms. Gibbons reviewed the accounts receivable category.

Agenda Item 10 – Executive Director's Report. Mr. Swartzlander reported on the following:

- 1) Mr. Swartzlander and Mr. Scheidt made productive site visits to the satellite wagering facilities in Lancaster, San Bernardino and Victorville.
- 2) The Local 280 (Pari-Mutuel Employees Guild) union negotiations meeting at Santa Anita was cancelled, but the expectation is that the existing contract will be extended.
- 3) Mr. Swartzlander received an email from Stephen Hales at the Solano County Fair expressing an interest in rejoining CARF in 2018.
- 4) Santa Anita Park was not able to fill their race card last Thursday and cancelled racing.
- 5) Mr. Swartzlander attended the Bay Area Hall of Fame to support the induction of jockey Russell Baze.
- 6) Industry principals have conveyed to Mr. Swartzlander that Belinda Stronach is now the official president of Stronach Group and Keith Brackpool is no longer involved, though the company has not made an official statement.

Respectfully submitted,
Heather Haviland