

**CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors & Live Racing Committee
Concurrent Meeting
Friday, October 6, 2017**

MINUTES

A concurrent meeting of the California Authority of Racing Fairs (CARF) Board of Directors and Live Racing Committee was held at 9:30 A.M., Friday, October 6, 2017. The meeting was hosted at the Big Fresno Fair, 1121 S. Chance Avenue, Fresno, California.

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

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

Staff and Guests attending: Larry Swartzlander, Richard Scheidt, Juliana Gomes, John Quiroz, Tom Martinez, Lauri King, Jeanne Wasserman, Kelly Olds, Sean Butler, Lance Moyer, Chris Griffin, Allen Rogers, Maureen Morley, Chuck Rogers and Steve Reed. Joining by conference call: Raechelle Gibbons, Louie Brown, Cody Boyles, Lisa Hindley, Caroline Titus and Duane Martin.

Agenda Item 1 – Date, Time and Location of Next Meeting: TBD in Sacramento.

The next CARF Board of Directors meeting will be held November 7, 2017 in Sacramento.

Agenda Item 2 – Public Comment. Mr. Alkire welcomed representatives from Butler Amusements, Inc.

Agenda Item 3 – Approval of Minutes. Mr. Hoban 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 the 2017-18 Legislative Program. Mr. Brown reported the 2017 legislative session has adjourned and that Oct. 15 is the last day for Governor Brown to sign or veto bills passed by the Legislature. At this time, three important fair-related bills are on the Governor’s desk awaiting signature: AB 460, SB 368 and AB 1499.

CARF-sponsored AB 460 (Bigelow) started the legislative session as SB 274 (Glazer). SB 274, initially introduced to give CDFA the authority to allocate license fees back to racing fairs, was held in the Assembly G.O. due to a difference in opinion between the Assembly G.O. Committee and Department of Agriculture regarding whether or not legislation is

required to transfer the funds and language regarding the F&E fund and grants. Legislative staff worked with the concerned parties to amend the language into with AB 460 with Senator Glazer working as a principal co-author. The bill passed both houses and is awaiting signature.

SB 368 (McGuire), the WFA-sponsored technical clean-up bill attempting to restore statute in regards to F&E project funding and oversight of fair projects, has passed both houses unanimously and is also on the Governor's desk.

The last bill awaiting signature is AB 1499 (Gray), a permanent long-term funding mechanism for fairs determined by sales tax revenue generated. The WFA-sponsored bill was reintroduced from 2016 and was restructured slightly from the prior year to create an ongoing source of funding to California's network of fairs, providing annual funds of approximately \$15 million. Starting in 2019, 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 through F&E. The bill passed both houses without opposition. Conversations with the Governor's office have been positive and staff is optimistic that the bill will be signed.

Mr. Pickering reported that at the last California Horse Racing Board (CHRB) meeting, Commission Winner requested that fairs explore the possibility of re-establishing a mechanism through the legislature to derive supplemental purse money from the State. Mr. Pickering asked Mr. Brown for his thoughts. Mr. Brown recommends having a strategy session with CHRB principals to discuss specific legislation Commissioners could support and help fairs move through the process.

Agenda Item 5 – Discussion and Action, if any, on Racing Dates for 2018 and Beyond. Mr. Swartzlander reviewed the calendar for 2018. Mr. Swartzlander stated that without a commitment from Santa Rosa, it is hard to establish a definitive plan for 2018 race dates that can be taken to the next CHRB dates meeting.

Mr. Pickering reviewed the history of Santa Rosa's departure from CARF and stated his case for maintaining three weeks of live racing at the California State Fair.

Mr. Conway suggested Santa Rosa bring a proposal to CARF for consideration. Following further discussion, Mr. Alkire directed staff to send an official letter to Becky Bartling and her Board of Directors documenting CARF's continual efforts of outreach to Santa Rosa and giving them a definitive deadline for committing to rejoining CARF. The Board authorized Mr. Swartzlander to approach GGF with dates options.

Agenda Item 6 – Report, Discussion and Action, if any, on Summer Racing Operations. No items to report at this time.

Agenda Item 7 – Report, Discussion and Action, if any, on 2018 Stabling & Vanning.

Mr. Swartzlander distributed a point paper titled “2018 Projected Fair Stabling and Vanning Savings from Handle Generation” and corresponding calendar titled “2018 CARF L.S. Alternative Stabling Plan 9-27-17 DRAFT: Not for Distribution.” Mr. Swartzlander stated that the Sonoma County Fair has verbally agreed to this plan. The group discussed the handouts. Mr. Swartzlander stated if the fairs choose to opt-out of utilizing Golden Gate Fields (GGF) as an auxiliary stabling facility, Greg Avioli has stated TOC will not agree to use purse money for stabling.

Mr. Swartzlander recommends opting out of utilizing the Stabling & Vanning Fund during 2018 summer Fair racing at the November CHRB Board meeting and is requesting CARF Board action to ratify the staff recommendation.

Mr. Hoban suggested the CARF Board focus on securing optimal 2018 race dates from the CHRB prior to making a commitment regarding the use of auxiliary stabling for dates that have not yet been allocated. Mr. Martinez reiterated this strategy as strategically preferable.

Mr. Conway was disappointed that Fairs had no counterpoints to Mr. Avioli’s statistical assertions during the dates discussion at the September CHRB meeting. Mr. Pickering added that very few of the current CHRB Commissioners have historic knowledge of the racing calendar prior to the closure of Bay Meadows and the windfall of race dates inherited by GGF while Fair race dates continue to be constricted solely on the argument of Fairs not meeting the handle/purse generation levels of dedicated racetracks.

Mr. Pickering requested a conference call of the CARF Board of Directors, with legal counsel, directly prior and immediately after the October 26 CHRB meeting to discuss the Stabling & Vanning Fund.

Agenda Item 8 – Report, Discussion and Action, if any, on CARF Retreat.

Mr. Swartzlander reported that Gilbert & Associates provides moderation for strategic planning sessions, in addition to providing financial services/audits, and after talking with them, staff would like to conduct a five-year strategic planning session. Dates and times will be circulated. Mr. Hoban recommended Becky Bailey-Findley as a moderator.

Agenda Item 9 – Report, Discussion and Action, if any, on Corporate Management

Position. Chris Griffin, track announcer for CARF, proposed utilizing his skills and contacts to secure private and corporate sponsorships for the betterment of purses. Mr. Alkire instructed Chris Griffin to provide a written proposal for CARF Board consideration at the November 7 meeting.

Agenda Item 10 – Report, Discussion and Action, if any, on Staff Review Process.

Mr. Swartzlander stated that he would be conducting performance reviews with individual

staff members prior to the next Board meeting and will be conducting a closed session next meeting for the Board to evaluate his performance.

Agenda Item 11 – Financials. Mr. Alkire reported that financials are included in the meeting packet and Ms. Gibbons is available to answer questions. Ms. Gibbons reviewed the statement of net position.

Agenda Item 12 – Executive Director's Report. Mr. Swartzlander reported that third-party Lasix administration and the tracking of horses through microchips will be topics of interest in upcoming months.

Mr. Scheidt reported that he is assisting Mr. Hayles in obtaining a waiver for a mini-satellite that falls within the Solano County Fair 20-mile radius. Mr. Scheidt reported that the San Joaquin Fair voted to deny access to a mini-satellite very close to the fairgrounds. Mr. Scheidt will be visiting another location outside of Lodi that is also within San Joaquin Fair's radius and will report back with any findings. There is still interests in developing a mini-satellite in Humboldt County, but the proprietor has put the project on hold March 2018.

Respectfully submitted,
Heather Haviland