

**CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors & Live Racing Committee
Concurrent Meeting
Tuesday, November 7, 2017**

MINUTES

A concurrent meeting of the California Authority of Racing Fairs (CARF) Board of Directors and Live Racing Committee was held at 10:00 A.M., Tuesday, November 7, 2017. The meeting was hosted at the CARF Conference Room, 1776 Tribute Road, Sacramento, California.

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

CARF Live Racing Committee 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, John Quiroz, Tom Martinez, Allen Aldrich and Becky Bartling. Joining by conference call: Lisa Hindley, Caroline Titus and Duane Martin.

Agenda Item 1 – Date, Time and Location of Next Meeting: December 5, 2017 at 10:00 a.m. in Sacramento. The next CARF Board of Directors meeting will be held Tuesday, December 5, 2017 at 10:00 a.m. in Sacramento.

Agenda Item 2 – Public Comment. None.

Agenda Item 3 – Approval of Minutes. Mr. Pickering moved to approve the CARF Board of Directors & Live Racing Committee concurrent meeting minutes as presented. Mr. Hoban 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 Governor Brown has finalized action on the more than 900 bills passed by the Legislature. It was a successful year for Fairs as AB 460, SB 368 and AB 1499 were each signed into law.

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 AB 460 with Senator Glazer working as a principal co-author. The bill passed both houses and was signed by the Governor. The bill, retroactive to 2016, specifically allows a Northern Fair or JPA generating one percent license fees to retain those funds for the purposes of improving a Fair enclosure or to subsidize a racetrack safety and maintenance program.

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, was signed into law and will allow CDFA a legal mechanism to deal with continuously appropriated funds.

The last bill signed into law was 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 \$12-15 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. Fairs will see benefit from this legislation in the 2019-20 fiscal year.

Mr. Brown reported that legislative staff will bring strategic recommendations for the 2018 legislative session to the December CARF Board meeting.

Mr. Pickering asked about AB 1096 (Gray) and the last sentence of the bill summary which states that "the bill would delete this obsolete provision" regarding the 20-mile radius protection for existing satellites. Mr. Brown reported that the spot bill in question did not leave the first house but discussions with staff made it clear that the Assembly G.O. Committee is still concerned that Fairs are utilizing the 20-mile radius protection as a disincentive for mini-satellite facility growth. CARF staff has since met with the concerned parties to report on mini-satellite partnerships that are in the works.

Mr. Martinez reported that Senate G.O. staff has changed which may impact racing. Mr. Brown added that consultant Naomi Padron is part of the changeover and a replacement has not been announced at this time.

Agenda Item 5, 6 & 7 – Discussion and Action, if any, Stabling & Vanning. Report, Discussion and Action, if any, on Consolidated Purse Fund. Report, Discussion and Action, if any, on Racing Operations. Mr. Swartzlander requested that Agenda Items 5, 6 & 7 be heard together since the topics and subsequent action are intertwined.

Mr. Swartzlander presented the CHRB approved 2018 Northern California race dates calendar. The impact to Fairs from this calendar is that Alameda County Fair will host a four-week meet from June 13 – July 8, California State Fair will host a two-week meet from July 11-22, the Sonoma County Fair will shift forward in the calendar one week and will run a three-week meet from July 25 – August 12, Humboldt County Fair will run a two-week

meet August 15-26 with the first week free of overlap, the former San Joaquin Fair dates will be run at Golden Gate Fields and the Big Fresno Fair will host a two-week meet October 3-14.

Mr. Swartzlander stated that since the CHRB dates allocation, the Sonoma County Fair Board of Directors met and elected to conduct a two-week fair due to a conflict with their carnival operator. Following correspondence with Mr. Baedeker, Mr. Swartzlander was informed that this matter will be heard at the November CHRB meeting. Mr. Swartzlander reported he has scheduled a meeting with Becky Bartling to discuss racing financials and the potential of rejoining CARF.

Mr. Swartzlander presented a calendar titled, "2018 CARF Alternative Stabling Plan 10-27-2017 – DRAFT," outlining the use of fairs as auxiliary stabling facilities as needed at a cost of \$388,000. Requirements for summer stabling and exact race dates were discussed.

Ms. Bartling joined the meeting and Mr. Swartzlander asked if she had any comments for the Board. Ms. Bartling stated that she is simply on a fact-finding mission but would like to be part of future Stabling & Vanning conversations.

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

Mr. Doutrich updated the group regarding the feelings of local horsemen regarding stabling. Mr. Aldrich agreed that the model of paying for auxiliary stabling with purse money is not sustainable and needs to be changed.

{ACTION} Mr. Hoban moved to accept staff recommendation to cease participating in the Northern California Stabling & Vanning Fund during the 2018 racing season. Mr. Conway seconded, unanimously approved.

{ACTION} Mr. Hoban moved to grant executive staff the latitude to adjust the 2018 Stabling Plan due to potential changes in race dates or to accommodate the Sonoma County Fair. Mr. Pickering seconded, unanimously approved.

Mr. Swartzlander reported that during the 2017 racing season, CARF-member Fairs paid off their Stabling & Vanning Fund deficit and over-generated an excess of \$44,450. Mr. Swartzlander is requesting Board action to apply the Fair commissions excess of \$22,725 to the Consolidated Purse Fund deficit. {ACTION} Mr. Pickering moved to apply the excess commissions generated for the purpose of paying off the Stabling & Vanning Fund deficit to the Consolidated Purse Fund balance. Mr. Conway seconded, unanimously approved.

Mr. Swartzlander reported that he has projected that the change in race dates for 2018 will save the Consolidated Purse Fund \$250,000. Mr. Swartzlander presented a spreadsheet titled, "2017 Consolidated Fair Purse Report" which estimates an overpayment of \$794,356

after the 2017 season is reconciled. After calculating total savings from race date changes and opting out of the Stabling & Vanning Fund, Mr. Swartzlander is projecting a total overpayment balance of \$289,431 at the end of 2018. For the fiscal responsibility of the agency, Mr. Swartzlander is requesting Board action to withhold \$289,000 for 2017 from Fair commissions generated in 2018.

Mr. Pickering requested a chart be distributed at the December meeting that shows the exact withholdings being proposed by Fair prior to taking action on the request.

Agenda Item 8 – Updated, Discussion and Action, if any, on Corporate Sponsorship Proposal. Ms. Haviland reported that CARF track announcer Chris Griffin has provided a written proposal to utilizing his skills and contacts to secure private and corporate sponsorships for the betterment of purses. Mr. Griffin’s proposal includes a \$2,500/month salary and 8 percent commission of sales. Staff is recommending eliminating the monthly salary to reduce exposure and increase the proposed sales commission to 20 percent as an increased performance incentive. Mr. Pickering requested that staff submit the agreement developed for Mr. Griffin to legal counsel for review.

{ACTION} Mr. Conway moved to secure the services of Chris Griffin to sell corporate sponsorships for an initial four-month term to include a \$2,500 monthly payment (not to exceed \$10,000) and a commission rate of 10 percent. Mr. Pickering seconded, unanimously approved.

Agenda Item 9 – Report, Discussion and Action, if any, on Current Financials and 2018 Agency Budget. Mr. Alkire reported that financials are included in the meeting packet and Ms. Gibbons is available to answer questions. Mr. Swartzlander reported that he will be calling a meeting of the CARF Finance Committee to review the CARF Agency Budget prior to the December meeting.

Discussion on how potential sponsorship monies would be represented on the budget took place with Ms. Gibbons stating that revenues and expenses would be shown on the live racing budget.

Agenda Item 10 – Executive Director's Report.

- Ms. Haviland reported that three Board seats expire at the end of the year. Staff will be distributing nomination and election material to the membership.
- Mr. Scheidt provided an update on mini-satellite development in Northern California.
- Mr. Swartzlander reported that he will be conducting staff appraisals within the coming weeks and is requesting an annual evaluation of the Executive Director at the December meeting.

Agenda Item 11 – Closed Session: (Potential Litigation). A closed session meeting was not required at this time.

Respectfully submitted,
Heather Haviland