

**CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors & Live Racing Committee
Concurrent Meeting
Tuesday, May 1, 2018**

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 1, 2018. The meeting was hosted at the CARF Conference Room, 1776 Tribute Road, Sacramento, California 95815.

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

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

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

Agenda Item 1 – Date, Time and Location of Next Meeting: June 5, 2018 in Sacramento.

Mr. Swartzlander reported that the June meeting will be cancelled. The next CARF Board of Directors and Live Racing Committee meeting will be October 11, 2018 in Fresno.

Agenda Item 2 – Public Comment. None.

Agenda Item 3 – Approval of Minutes. {ACTION} Mr. Conway moved to approve the April 3, 2018 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 2018 Legislative Program.

Mr. Brown reported that, notwithstanding the seven-page tracking report included in the meeting packet, activity at the Capitol has been limited in regards to gaming and horse racing. Last Friday was the deadline for policy committees to hear and report on fiscal bills introduced in their house of origin and the last day for non-fiscal bills to be heard in committee is May 25.

The two CARF sponsored bills, AB 2917 (Cooper) and AB 3164 (Fong) are moving through the process without issue. It is anticipated that one of the bills will be used as a vehicle to provide clarity to the 2017-session bill AB 460 “gray-area” funds that are generated offsite during live fair racing by satellites and private associations and sent to CDFR as license fees. CDFR has expressed

support in releasing those funds to CARF, but does not believe the existing language authorizes them to do so. Draft language specific to the “gray-area” funds has been distributed to the Department for review and Mr. Brown expects a response later this month.

Mr. Brown thanked Secretary Ross and Mr. Quiroz for providing a 24-hour turn around on a letter of authorization for CARF to conduct a combined-fair race meet in 2018 per questions of CARF’s statutory fulfillment posed by The Stronach Group (TSG) to the California Horse Racing Board (CHRB). CARF legislative counsel and Secretary Ross have had continued conversations regarding the political landscape of Northern California horse racing and TSG’s intent to acquire Fair race dates. Staff is seeking a meeting with Sonya Logman in an effort to keep those at the Capitol informed.

Mr. Swartzlander reported that he will be working with legislative counsel to consider clarification to the exiting stabling and vaning language and that Mr. Scheidt has generated the first draft of CARF’s legislative architecture to improve communication with key representatives.

Mr. Hoban thanked Mr. Swartzlander for attending an Alameda County Fair Racing Committee meeting and for providing both historical information and the current status regarding CARF’s auxiliary stabling issues. Mr. Hoban stated that his Board plans to utilize the 2018 Fair to host legislative representatives and wishes to insure efforts similar to those being made by CARF are on-message. Mr. Swartzlander suggested he and Mr. Scheidt schedule a meeting with Mr. Hoban in Pleasanton next week.

Mr. Pickering requested Mr. Swartzlander consult legal counsel regarding the feasibility of conducting a closed session agenda item to discuss legislative strategy in anticipation of potential litigation from TSG.

Agenda Item 5 – Report, Discussion and Action, if any, on Miscellaneous Uncommitted Racing Funds. As background information, Mr. Swartzlander reported that on March 20 the Finance Committee reviewed several uncommitted live racing line items, many of which are 25-years-old or older, sitting on the CARF books. These funds include outstanding 1993 and prior Paymaster checks, interest from unclaimed refunds made prior to current policy implementation, decoder-rights fees, 2002 NCOTWINC stabling and vaning funds, 2004 TOC spend-back balance, 1996 Cal Expo Paymaster outstanding checks and 1994 unallocated AB 864 funds. The total amount of these line items is approximately \$180,000. The Finance Committee voted to recommend to the full Board that these funds be reclassified to the Live Racing Augmentation Fund for the future support of fair racing.

At the April 3 CARF Board of Directors’ meeting, Ms. Stoehr questioned the legal implications regarding California’s unclaimed property laws. Mr. Swartzlander sought an opinion from legal counsel, which resulted in a written legal opinion that CARF has met all requirements

in terms of the statutory period of inactivity and attempts to find the lawful owner of the funds in question.

{ACTION} Mr. Hoban moved to reclassified the miscellaneous uncommitted racing funds as presented to the Live Racing Augmentation Fund for the future support of fair racing. Mr. Conway seconded, unanimously approved.

Agenda Item 6 – Report, Discussion and Action, if any, on CARF Racing Operations. Mr. Swartzlander reported that all horsemen’s agreements have been signed and submitted to the CHRB. Mr. Swartzlander stated that he has had several discussions with Becky Bartling regarding Santa Rosa rejoining CARF.

Agenda Item 7 – Report, Discussion and Action, if any, on NCOTWINC and SCOTWINC. Mr. Swartzlander reported that a NCOTWINC Board of Director’s meeting is scheduled for tomorrow, May 2, 2018 to address TSG’s opt-out of NCOTWINC effective June 12, the current litigation against the organization, pension liability and workmen’s compensation with a bankruptcy lawyer retained for this purpose. It is unknown at this time exactly how this decision with TSG will affect fair meets and fair satellite wagering facilities.

Agenda Item 8 – Report, Discussion and Action, if any, on Mini-Satellites. Mr. Swartzlander reported that NCOTWINC and SCOTWINC have placed a hold on all mini-satellite expansion until labor agreements are settled. Mr. Scheidt reported that a potential mini-satellite location in downtown Sacramento has received approval from the city to accept pari-mutuel wagering under an existing “entertainment clause.”

Mr. Pickering stated that the California Exposition & State Fair is aware that an entity in downtown Sacramento is interested in exploring the possibility of being considered a mini-satellite for Cal Expo, but to the best of Cal Expo staffs’ knowledge, the entity is not initiating official conversations/proceedings with city staff.

Agenda Item 9 – Financials. Financials were provided in the meeting packet. Ms. Gibbons reported that the official 2017 CARF audit is scheduled for the second week of May. Mr. Alkire noted that Ms. Gibbons is available to answer additional questions. No questions at this time.

Agenda Item 10 – Executive Director's Report. Mr. Swartzlander reported that the HD conversion of the San Mateo satellite wagering facility will be complete today and that Pleasanton will be the next site to be converted with Ventura on deck.

Mr. Swartzlander reported that Chris Griffin is still optimistic about securing a large racing sponsor with several smaller relationships in the works.

Mr. Swartzlander reported that Audible will win the 2018 Kentucky Derby and that Mendelssohn should also be considered. Mr. Swartzlander picked Monomoy Girl to win the Kentucky Oaks. Board members wanting to play the trifecta should consult Mr. Swartzlander privately.

Respectfully submitted,
Heather Haviland