

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors & Live Racing Committee
Concurrent Meeting
Tuesday, December 7, 2021

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, December 7, 2021. The meeting was conducted via teleconference originating at the CARF Office, 1776 Tribute Road, Sacramento, CA 95815.

CARF Board Directors joining by conference call: Jerome Hoban, Dan Jacobs, Stephen Hales, Lauri King, Rick Pickering, Dana Stoehr and Kelly Violini.

CARF Live Racing Committee members joining by conference call: Jerome Hoban, Lauri King and Rick Pickering.

Staff and Guests participating via conference call: Larry Swartzlander, Heather Haviland, Juliana Gomes, Raechelle Gibbons, Ann Grottveit, Cody Boyles, Mike Francesconi, Kevin Wong, Allen Aldrich, and Greg Gomes.

Agenda Item 1 – Date, Time and Location of Next Meeting: The next CARF Board of Directors and Live Racing Committee meeting will be held in February 1, 2022 via teleconference.

Agenda Item 2 – Public Comment. None.

Agenda Item 3 – Report, Discussion and Action, if any, on 2020 Gilbert Financial Review. Kevin Wong from Gilbert & Associates presented the results of the CARF financial review for the year ending in December 31, 2020.

Mr. Wong explained the difference between a financial review and the normal audit processes. With the new process in mind, Mr. Wong noted that CARF was issued an “Unmodified” Conclusion – which is the best conclusion that can be issued.

The planned scope of review went as anticipated and best practices were identified. In the management letter, Mr. Wong reported that because of COVID-19, total assets were down due to significantly reduced racing activity. Despite the changes caused by COVID-19, the accounting practices of the agency remained within best practices and will further be reviewed in a comprehensive audit in 2022.

Mr. Swartzlander reported that the 2021 audit will reflect an implementation of a long-standing audit recommendation to create a segregation of Paymaster duties. The position will now segregate key accounting functions, such as deposits, purse payments and scale-sheet approvals.

{ACTION} Ms. King moved to accept the 2020 Financial Review as presented. Mr. Hales seconded, unanimously approved.

Agenda Item 4 – Closed Session: Conference with Legal Counsel – Personnel. The Board of Directors heard from legal counsel, no action taken.

Agenda Item 5 – Approval of Minutes. {ACTION} Ms. King moved to accept CARF Board of Directors & Live Racing Committee concurrent meeting minutes for May 4, 2021 as presented. Mr. Hales seconded, unanimously approved.

{ACTION} Mr. Hales moved to accept CARF Board of Directors & Live Racing Committee concurrent meeting minutes for June 8, 2021 as presented. Ms. Stoehr seconded, unanimously approved.

Agenda Item 6 – Report, Discussion and Action, if any on Legislative Program. Mr. Boyles reported that Legislature has been quiet while they move offices from the capitol to a new temporary location in downtown Sacramento.

Mr. Swartzlander added that he received a solicitation from Kyle Griffin, of Baker, Castillo and Fairbanks, in seeking the support of CARF for the tribal gaming initiative. Mr. Boyles clarified that this bid for support must have been in error but would seek clarification with the appropriate offices.

In regards to the Fan Duel/Draft Kings initiative, Mr. Swartzlander recommended the CARF Board form a subcommittee to draft potential responses for these initiatives by the February board meeting.

Agenda Item 7 – Report, Discussion and Action, if any on Calypso Challenge. Mr. Swartzlander announced that he is still planning to hold the beta test for the Calypso Challenge on December 21, 2021 at the L.A. County Fairgrounds with a program launch by December 27, 2021.

At this point, Mr. Swartzlander notes that negotiations are ongoing with the Thoroughbred Owners of California “TOC” and Mike Knapp have identified the satellite locations they wish to use in the beta test. If any issues arise, Mr. Swartzlander notes that the launch date will be pushed back.

Ms. Gibbons relayed to the Board that the banking services for CARF require a resolution for the creation of the Calypso Challenge LLC banking accounts.

{ACTION} Ms. King moved to allow the creation of the Calypso Challenge LLC bank account and to include Larry Swartzlander and Heather Haviland as authorized signatories. Mr. Hales seconded, unanimously approved.

Agenda Item 8 – Western Fairs Association Update. Ms. King reported that the WFA Convention will be held in Reno from January 16-19, 2021.

Ms. King added that Ms. Haviland is working with Sarah Cummings on a breakout session for the convention regarding the Calypso Challenge LLC. Mr. Swartzlander added he welcomes the board and any interested parties to visit the session “Attracting New Fans with Fantasy Sports at Fairgrounds” presented by Mr. Swartzlander and Mr. Knapp on Tuesday, January 17, 2022 from 3:45-5:00 PM.

Mr. Pickering requested that staff be prepared to answer questions from any fair interested in opening and operating a satellite.

Agenda Item 9 – Report, Discussion and Action, if any on 2022 Budget. Ms. Gibbons presented the proposed Agency and Live Racing 2022 Budget and reviewed the documents line-by-line. The budget, as presented, had been reviewed and recommended by the Finance Committee.

{ACTION} Mr. Hales moved to approve the 2022 Budget as presented. Mr. Jacobs seconded, unanimously approved.

Agenda Item 10 – Report, Discussion and Action, if any, on Racing Calendar and Live Racing Operations. Mr. Swartzlander reported that the 2022 race dates have been allocated by the California Horse Racing Board “CHRB.” The only outstanding item remains is auxiliary stabling. Mr. Swartzlander added that he is in contact with Golden Gate Fields to make a plan on whether CARF can provide adequate stabling and housing for both horses and their human support staff.

Mr. Pickering added that the legislative environment in California continues to move towards hindering animal related events. Mr. Boyles noted that if animal rights activists were to push for an initiative, it would most likely encompass statewide rather than a countywide mandate, for example the issue regarding the Del Mar Thoroughbred Club, Medina Spirit, etc.

Agenda Item 11 – Executive Director’s Report. Mr. Swartzlander reported that he will be working on the CARF staff employee reviews and will await his own evaluation from Board members.

In addition, Mr. Swartzlander will be out-of-office after his January 19, 2022 hip surgery. He plans to make an expedited recovery and be available to the board soon after.

Respectfully submitted,
Juliana Gomes