

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors & Live Racing Committee
Concurrent Meeting
Thursday, October 6, 2022

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., Thursday, October 6, 2022. The meeting was conducted via teleconference originating at the Big Fresno Fair Grandstand, 1121 S. Chance Ave. Fresno, CA 93702.

CARF Board Directors joining by conference call: Stephen Hales, Jerome Hoban, Lauri King, Tom Martinez and Dana Stoehr.

CARF Live Racing Committee members joining by conference call: Jerome Hoban, Lauri King, Tom Martinez and Rich Silacci.

Staff and Guests participating via conference call: Larry Swartzlander, Heather Haviland, Juliana Gomes, Raechelle Gibbons, Ann Grottveit, Louie Brown, Kevin Wong, Melanie Dahl, Dan Jimenez, Jennifer Monter, Tiffany Loushin, Stacey Lapham, Greg Gomes, Ruben Gastelo and Allen Aldrich.

Agenda Item 1 – Date, Time and Location of Next Meeting: The next CARF Board of Directors and Live Racing Committee meeting is to be determined via teleconference.

Agenda Item 2 – Public Comment. None.

Agenda Item 3: Report, Discussion and action, if any, on the 2021 Gilbert Audit.

Kevin Wong and Megan Dahl from Gilbert & Associates presented the results of the CARF audit for the year ending in December 31, 2021.

Ms. Dahl presented via Zoom a PowerPoint outlining the process for the Gilbert audit. Ms. Dahl summarized that there were no significant findings in their audit.

Ms. Dahl noted that the audit's findings were repeated from prior years, including the Paymaster separation of duties, ADW agreements and the vacation and CTO accruals – which were noted to have been addressed to fit the agency's new Employee Handbook and policies. Ms. Gibbon's added that Ms. Haviland had since added a Paymaster Assistant to help with the separation of duties but due to COVID-19, Gilbert staff were unable to sit with the paymaster and witness the separation of duties in person, as usual, during the California State Fair.

Mr. Wong presented the financial statements and added that Gilbert and Associates plans to meet with CHRIMS to attempt to solve the issue regarding lack of audit on ADW companies.

Ms. Gibbons added that she is working with Ms. Fox at CHRIMS to verify that their SOC Report would meet the auditor's standards regarding ADW auditing. Ms. Gibbons noted that she and Mr. Wong plan to meet in person with Ms. Fox to go over these reports.

{ACTION} Ms. King moved to accept the 2021 Gilbert Audit as presented. Mr. Hales seconded, unanimously approved.

Agenda Item 4: Closed Session: Conference with Legal Counsel – Anticipated Litigation. Item deferred.

Agenda Item 5: Approval of Minutes. {ACTION} Ms. King moved to approve the minutes from the Board of Directors & Live Racing Committee concurrent meeting for May 6, 2022 as presented. Ms. Stoehr seconded, unanimously approved.

Agenda Item 6 – Report, Discussion and Action, if any on Fantasy Sports. Mr. Swartzlander noted that he had provided CARF satellite members with an updated business plan on the Calypso Challenge. Mr. Swartzlander stated that he had to slow the program launch due to the concern regarding the sports gaming initiatives, Propositions 26 & 27.

A meeting was held with Global Tech, an Australian firm that had bought out Sport Tech, and has drafted an agreement to help launch Calypso. Mr. Swartzlander added that this vendor would be different than using Amtote's services in that they would require the installation of different terminals – whereas if Amtote were the vendor for Calypso, the terminals could utilize both Calypso and horse racing on one machine.

Mr. Swartzlander has planned to visit each CARF member satellite and speak directly to the fairs about how Calypso Challenge can be implemented on their grounds.

Agenda Item 7 – Report, Discussion and Action, if any on Legislative Program. Mr. Brown reported that the legislature is in recess and that now is the time to make plans for 2023. Due to redistricting, Mr. Brown expects the legislature to have roughly 20 new members.

Mr. Brown agreed that the two gaming initiatives, Proposition 26 and Proposition 27 are likely to fail based on polling numbers. Due to the similarities of the initiatives, Mr. Brown believes that both campaigns have confused the public and will likely cause both initiative parties to reach out again in the new year.

Mr. Brown added that the 2023 State budget is likely to increase the numbers for the AB 1499 fair monies due to a clarification from the California Department of Tax and Fee Administration.

Agenda Item 8 – Western Fairs Association Update. Item differed.

Agenda Item 9 – Financials. Ms. Gibbons presented the preliminary financials from August 2022. No questions.

Mr. Swartzlander added that he and Ms. Gibbons would soon begin drafting the 2023 budget and would convene a meeting of the Finance Committee.

Agenda Item 10 – Report, Discussion and Action, if any on Live Racing Operations. Mr. Swartzlander reported that live operations are doing well, with both Pleasanton and Sacramento up in commissions, Ferndale breaking even and Fresno projected to be up.

Mr. Swartzlander added that he is testing a new program in Fresno, which supplements starter incentives from a percentage of ADW. The results are preemptively positive with Fresno boasting a 10-race card for opening day. Mr. Swartzlander is hopeful the program will be successful and would like to see it implemented at the other racing fairs.

Agenda Item 11 – Executive Director’s Report. Mr. Swartzlander welcomed Mr. Martinez in his official capacity as Interim General Manager of the California State Fair with the retirement of Rick Pickering.

Respectfully submitted,
Juliana Gomes