

**CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors & Live Racing Committee
Concurrent Meeting
Tuesday, December 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., Tuesday, December 6, 2022. The meeting was held via teleconference originating at the CARF office, 1776 Tribute Road, Sacramento, CA 95815.

CARF Board Directors joining by conference call: Stephen Hales, Jerome Hoban, Dan Jacobs, Lauri King, Tom Martinez and Kelly Violini.

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

Staff and Guests participating via conference call: Larry Swartzlander, Tom Doutrich, Heather Haviland, Juliana Gomes, Raechelle Gibbons, Ann Grottveit, Louie Brown, Cody Boyles, Stacy Rianda, Valerie Williams, Greg Gomes and Tiffany Burrow.

Agenda Item 1 – Date, Time and Location of Next Meeting: The next CARF Board of Directors and Live Racing Committee meetings will be held Tuesday, February 7, 2023 via teleconference.

Agenda Item 2 – Public Comment. Valerie Williams, President of the Solano County Fairgrounds Board of Directors, introduced herself and thanked the group for the opportunity to learn more about horse racing at fairs and satellite facility operations.

Agenda Item 3 – Closed Session: Conference with Legal Counsel – Anticipated Litigation. Item deferred.

Agenda Item 4 – Approval of Minutes. {ACTION} Ms. King moved to approve the October 6, 2022 and November 8, 2022 CARF Board of Directors & Live Racing Committee concurrent meeting minutes as presented. Mr. Hales seconded, unanimously approved.

Agenda Item 5 – Election of Live Racing Committee Chair. {ACTION} Ms. King moved to nominate Tom Martinez to the position of CARF Live Racing Committee Chair. Mr. Hoban seconded, unanimously approved.

Agenda Item 6 – Election of Board Officer – Vice Chair. {ACTION} Mr. Hales moved to nominate Tom Martinez to the position of CARF Board of Directors Vice Chair. Mr. Jacobs seconded, unanimously approved.

Agenda Item 7 – Report, Discussion and Action, if any, on Fantasy Sports. Mr. Swartzlander stated that he is currently attending the Global Symposium on Racing in Tucson, Arizona. He reported that the event is very well attended by representatives from both North American and international racetracks, and he and Mike Knapp have an afternoon meeting with representatives from BetMakers' Global Tote to finalize details of the Calypso agreement for totalizator equipment and services. The resulting agreement will be brought to the CARF Board for approval.

Calypso Challenge is currently scheduled to beta test June 15, 2023, with a hard-launch rollout beginning Aug. 1, 2023 to capture the National Football League (NFL) season. The June 15 beta test will include five locations and the Aug. 1 rollout will be phased, beginning with the top 15 largest-handling brick and mortar satellite locations and will be offered concurrently with an advanced deposit wagering (ADW) option.

Mr. Swartzlander reported that an update on Calypso Challenge will be presented at the Western Fairs Association (WFA) Conference in Reno on Jan. 18 at 1:20 PM.

Agenda Item 8 – Report, Discussion and Action, if any, on Legislative Program. Cody Boyles reported that on Dec. 5, the Senate and Assembly legislatures met in formal organizational sessions to convene the 2023-24 Regular Session, swear into office newly elected lawmakers and elect speakers.

The Assembly elected Anthony Rendon as the Speaker from December 5, 2022, until June 30, 2023. At that time he will be succeeded by Assemblymember Robert Rivas, who was elected Speaker-designate, to be sworn in as Speaker on June 30, 2023 thereby allowing Rendon to oversee his last budget as Speaker. The Senate reelected Toni G. Atkins as President pro Tempore. The official results of two elected officials, one in each house, are still too close to call resulting in 79 Assemblymembers and 39 Senators serving as of Monday's organizational sessions.

Louie Brown reported that the two sports wagering initiatives, Proposition 26 and Proposition 27, failed by decisive margins, most likely due to voter confusion after the onslaught of media messaging both for and against the measures. However, those results do not mean that the effort to legalize sports wagering in California is over. Fairs can expect sports wagering to continue to be a hot topic at the Capitol into the future. Legislative staff will continue to participate in those conversations and advocate for fair racing participation.

Agenda Item 9 – Report, Discussion and Action, if any on Live Racing Operations. Mr. Swartzlander reported on three areas specific to live racing operations:

Year-End Racing Expenses: Mr. Swartzlander reported that CARF staff is in the process of finalizing all expenses for year-end and generating the last bill-backs for live racing fairs. Ms. Gibbons stated that preliminary estimates have been completed for 2023 budget purposes, but that December 2022 will be closed at the beginning of January. The final bill-back figures are dependent on the NCOTWINC 6% expense fund results, which typically are finalized in February in order to close 2022 racing figures. Ms. Gibbons will reach out to individual fair CFO's and Controllers to give them up-to-date estimates for their own 2023 budgeting purposes.

Stabling at Fairs: Mr. Swartzlander stated that he has reached out to the new Thoroughbred Owners of California (TOC) CEO Bill Nader to begin discussion regarding auxiliary stabling at fairs. Mr. Swartzlander plans to present the CARF rationale for handling stabling in-house and not using Golden Gate Fields as an auxiliary site.

Race Dates: Mr. Swartzlander reported that Humboldt County Fair dates and overlap status will be on the California Horse Racing Board (CHRB) agenda during the Jan. 19 meeting at Cal Expo. Golden Gate Fields representative, David Duggan, will be contacting CARF staff with their offer this Thursday. Mr. Morgan suggested CARF consider a strategy for dealing with any attempts to shift the entire fair racing calendar as a possible CHRB-proposed compromise to mediate the overlap issues in 2023/2024. Mr. Swartzlander agreed with the statement and reported that Becky Bartling, CEO of the Sonoma County Fair, has requested a meeting to discuss rejoining CARF. Mr. Swartzlander plans to meet with Ms. Bartling and Sonoma County Fair Board members in the third week of December.

Agenda Item 10 – Report, Discussion and Action, if any on 2023 Budget. Mr. Hoban reported that the proposed 2023 CARF Agency & Live Racing Budget is included in the meeting packet. The budget is similar in structure to last year's budget and has been approved by the CARF Finance Committee. The Finance Committee, consisting of Mr. Hoban, Mr. Jacobs and Mr. Martinez, met on Nov. 17 and spent approximately an hour reviewing the budget with staff.

Ms. Gibbons provided a top-level overview of the Agency Income Statement, Live Racing Income Statement and the Agency & Live Racing Operating Expense Summary. Mr. Hoban added that the increase in the budget was absorbed by Live Racing Fairs and asked Ms. Gibbons to clarify the GASB 68 & 75 line items. Ms. Gibbons stated that the GASB figures are placeholders that will be adjusted after the CARF audit and are treated as "paper transactions" outside of CARF's operating income.

Mr. Hoban asked if HISA expenses are included in the Live Racing Budget. Ms. Gibbons stated that HISA expenses will not impact the CARF budget, but are instead withheld from takeout as part of the same ADW calculations that fund the CHRB and will be sent directly to CHRB from purses and commissions. Live Racing fairs will need to budget for HISA through a reduction in their projections for ADW commissions.

Mr. Hoban asked for questions or comments. No questions.

{ACTION} Mr. Hoban, per recommendation and action of the CARF Finance Committee, moved to approve the 2023 CARF Agency & Live Racing Budget as presented. Mr. Hales seconded, unanimously approved.

Agenda Item 11 – Western Fair Association Update. Ms. King reported that the Western Fairs Association (WFA) is busy gearing up for its 100th Convention and Trade Show, January 15-18, 2023 in Reno. Ms. King reminded the group that Mr. Swartzlander will be presenting an update on Calypso Challenge on Jan. 18. Mr. Swartzlander stated that he will reach out to fair managers and would like to meet one-on-one with each CARF member attending the convention.

Agenda Item 12 – Executive Director’s Report. Mr. Swartzlander reported that he will be circulating an evaluation form for his position to all Board members.

Respectfully submitted,
Heather Haviland