

CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, September 10, 2013

MINUTES

A meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, September 10, 2013. The meeting was hosted at the CARF offices, 1776 Tribute Road, Sacramento, California. Teleconference was not available at this meeting.

CARF Live Racing Committee members attending: John Alkire, Richard Conway (Jim Morgan), Jerome Hoban, Brian May and Rick Pickering.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Raechelle Gibbons, Amelia White, Ann Grottveit, Dave Mogni, John Quiroz, Jeanne Wasserman, Stuart Titus, Richard Lewis and an unidentified guest.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Live Racing Committee meeting will be held October 8, 2013 in Fresno. The meeting will take place in the Big Fresno Fair Director’s Hall, located next to the Administration Building.

Agenda Item 2 – Approval of Minutes. Mr. Pickering moved to approve the meeting minutes as presented. Mr. Morgan seconded, unanimously approved.

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Program for 2013. Mr. Alkire reported that due to Mr. Brown’s schedule, agenda item three will be deferred to the CARF Board of Directors meeting at 12:30 p.m.

Agenda Item 4 – Report, Discussion and Action, if any, on Security Agreement/MOU Regarding Net Payment of Racing Commissions. Mr. Korby introduced Brian May, who has been appointed by the San Joaquin County Fair Board of Directors to formally represent Stockton at CARF meetings. Mr. Korby asked Mr. May to describe his involvement with Stockton.

Mr. May stated that CDFFA loaned the San Joaquin County Fair \$250,000 to help the Fair manage their cash flow. Mr. May was asked by CDFFA to work with the San Joaquin County Fair Board to ensure that the Fair spends the money appropriately, while implementing new business models to increase revenue, lower expenses and get the Fair in a better overall financial position. Specifically, the San Joaquin County Fair will be looking to the local community find better ways to produce the annual Fair and staff has already initiated a community engagement process with four

key committees. As part of this transitional process, the San Joaquin County Fair Board asked Mr. May to be their representative to CARF as it pertains to horse racing matters.

Mr. Korby stated that it is encouraging that the San Joaquin County Fair has acknowledged their situation and is taking prudent steps to make the operation financially viable.

Mr. Korby reported that a security agreement between CARF and the San Joaquin County Fair, in the form of a memorandum of understanding, has been fully executed and will provide a net payment situation in which CARF will be insured expense reimbursement from revenues collected on behalf of the fair. A copy of the agreement is included in the meeting materials.

Agenda Item 5 – Report, Discussion and Action, if any, on Racing Dates for 2014 and Beyond. Mr. Korby reported that the meeting packet contains a copy of the most recent communication with the California Horse Racing Board (CHRB) regarding CARF’s position on 2014/2015 racing dates in Northern California. At the request of Northern California principal stakeholders, the issue is being held until the September CHRB meeting.

Mr. Korby suggested, as a prudent measure, that the CARF Live Racing Committee review and discuss the last position formally adopted at the committee level to see if modifications are required in light of current 2013 race meet results. The previously approved calendar proposal is as follows:

2014

- *June 18-July 6* *Alameda County Fair at Pleasanton*
- *July 9-July 20* *California State Fair*
- *Aug. 6-Aug. 17* *Humboldt County Fair*
- *Sept. 17-Sept. 28* *San Joaquin County Fair*
- *Oct. 1-Oct. 13* *Fresno District Fair*

2015 – Scenario A

- *June 24-July 19* *Alameda County Fair at Pleasanton*
- *Aug. 5-Aug. 16* *Humboldt County Fair*
- *Aug. 19-Sept. 7* *California State Fair*
- *Sept. 23-Oct. 4* *San Joaquin County Fair*
- *Oct. 7-Oct. 18* *Fresno District Fair*

2015 – Scenario B

- *June 17-July 5* *Alameda County Fair at Pleasanton*
- *July 8-July 19* *California State Fair*
- *August 5-August 16* *Humboldt County Fair*
- *Sept. 23-Oct. 4* *San Joaquin County Fair*
- *Oct. 7-Oct. 18* *Fresno District Fair*

Mr. Pickering noted that the dates allocation for Southern California includes a potential two-week gap in July, creating a wide-range of possible scenarios that could occur once the intent of those dates are finalized. One possible scenario would leave the Northern Fairs running without a complimentary signal in the South which has proven financially devastating in the past.

Mr. Morgan expressed concerns regarding Golden Gate Field's request for dates and potential overlap with Humboldt County Fair. Mr. Morgan offered the opinion that Golden Gate Fields breached an agreement with Humboldt County Fair for their 2013 date's allocation by running both cheaper races and fewer races on the turf than Mr. Morgan claimed they agreed to. Mr. Korby asked if a written agreement was signed by Golden Gate Fields. Mr. Morgan stated that the CHRB transcripts serve as a written agreement regarding the terms agreed to by Golden Gate Fields and Humboldt County Fair when 2013 dates were allocated by the CHRB.

Mr. Lewis stated that the Sonoma County Fair will seek three weeks of racing in both 2014 and 2015. Mr. Morgan added that if the Sonoma County Fair is granted three weeks, the Humboldt County Fair will move forward one week to avoid overlap with another fair meet.

Mr. Pickering moved that CARF Live Racing Committee support Cal Expo's efforts to obtain financial mitigation in the event that the California State Fair race meet is conducted without a concurrent Southern California signal in 2014. Mr. Morgan seconded, unanimously approved.

Mr. Morgan moved to revise the 2014 CARF calendar to reflect the Sonoma County Fair's request for three weeks of racing and Humboldt County Fair's desire to accommodate them by moving back a week to August 13-24 while not racing simultaneously with any other Northern California race meet. The motion died for lack of a second.

For the benefit of new Live Racing Committee members, the group discussed the history of overlap in regards to Humboldt County Fair and the meaning of "lost revenue" to racing industry participants. Mr. Morgan discussed the history of racing in Ferndale and the need for both parity and host commissions to sustain racing into the future.

Mr. Morgan amended his motion to request that in the event the CHRB is favorably inclined to grant three weeks of racing to the Sonoma County Fair in 2014, the Humboldt County Fair would like to move back a week, racing August 13-24, to avoid overlap with another Fair race meet. If Sonoma County Fair is granted two weeks of racing, the CARF proposed calendar will remain as submitted. Mr. Pickering seconded, unanimously approved.

Mr. Morgan requested that a revised letter reflecting the above motion be sent to the CHRB.

Agenda Item 6 – Report on CHRB Pari-Mutuel Operations Committee Meeting with Discussion of NCOTW, Inc. Report. Mr. Korby reported that a report of NCOTW, Inc., prepared by CARF staff, at the request of the CHRB Pari-Mutuel Operations Committee, is included in the meeting packets. Mr. Korby provided an overview of the report.

Agenda Item 7 – Executive Director’s Report. Mr. Korby reported that a new ADW provider was recently licensed in the state of California operating under the name Lien Games or BetAmerica. Executives from the company have approached CARF about potentially become a fourth ADW provider for the summer racing signal and discussions are underway.

Respectfully submitted,
Heather Haviland