

CALIFORNIA AUTHORITY OF RACING FAIRS  
Live Racing Committee  
Tuesday, March 4, 2014

MINUTES

A meeting of the California Authority of Racing Fairs (CARF) Live Racing Committee was held at 11:00 A.M., Tuesday, March 4, 2014. The meeting was hosted at the CARF offices, 1776 Tribute Road, Sacramento, California.

CARF Live Racing Committee members attending: John Alkire, Richard Conway, Jerome Hoban, Brian May, Mike Paluszak and Rick Pickering.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Amelia White, Raechelle Gibbons, Ann Grottveit, Chris Carpenter, Jeanne Wasserman, Sara Tasnady, Dennis Murphy, John Quiroz, Cindy Olsen, Jim Morgan, Allen Aldrich, Caroline Titus, Tawny Tesconi, Katie Young and Richard Lewis.

**Agenda Item 1 – Date, Time and Location of Next Meeting.** The next CARF Live Racing Committee meeting will be held Tuesday, April 1, 2014 in Sacramento.

**Agenda Item 2 – Public Comment.** None.

**Agenda Item 3 – Approval of Minutes.** Mr. Hoban moved to approve the meeting minutes as presented. Mr. Conway seconded, unanimously approved.

**Agenda Item 4 – Report, Discussion and Action, if any, on CARF 2014 Legislative Program.** Hearings involving several racing related bills required Mr. Brown’s presence at the Capitol. Mr. Korby reported on AB 1303 which would allow Oak Tree to race at a Fair in Northern California.

**Agenda Item 5 – Presentation by Representatives of HRTV.** Dennis Murphy and Sara Tasnady presented the advertising proposals included in the meeting packet titled “California Authority of Racing Fairs – HRTV 2014 Race Promotion Package” and “HRTV Race Promotion Program Summary.”

**Agenda Item 6 – Report, Discussion and Action, if any, on Memorandum of Understanding for Monies Owed CARF by Member Fairs.** Mr. Korby reported that CARF staff has requested that Humboldt County Fair sign a memorandum of understanding, similar to the document signed by the San Joaquin County Fair in 2013, which would give the agency assurance that monies extended on

behalf of the Fair to conduct racing will be reimbursed in a timely manner in the event that the revenues generated from racing do not cover expenses. Furthermore, CARF staff would like written assurance that any purse overpayments will be met in the event that the Humboldt County Fair is no longer solvent.

Mr. Conway stated that 2013 invoices to CARF have been paid in a timely manner. Mr. Korby noted that there have been historical patterns of late payment by Humboldt County Fair to CARF, sometimes lagging by as much as a year. Since future commissions may no longer cover expenses, a MOU is necessary to protect the agency, thereby protecting member Fairs.

Mr. Morgan discussed Humboldt County Fair's financial situation as a result of running in an overlap situation with Golden Gate Fields. Mr. Morgan stated that the MOU submitted to Humboldt County Fair for review has a typo regarding the Fair name.

Mr. Morgan circulated a letter he wrote to Ms. Grottveit dated March 3, 2014 regarding CARF's position on overlapping race dates and a request for improved CARF advocacy with the CHRB. Mr. Korby stated that each time a letter like this is written and circulated throughout the racing industry it undoes much of the hard work and progress that is made to address the issue overlapping race dates.

Mr. Conway requested to meet with CARF staff to further discuss racing expenses and the draft MOU.

Mr. Alkire stated that to protect the agency and member Fairs from potential liability, he would vote to require an MOU between the Humboldt County Fair and CARF for the payment of monies owed CARF.

Mr. Pickering provided historical background on prior concerns by the CARF Board about financial matters related to racing at the Humboldt County Fair. Mr. Pickering stated that he is encouraged that the parties seem willing to work towards a sensible solution. Mr. Pickering asked which representative from Humboldt County Fair would be responsible for negotiating the details of the MOU with CARF staff. Mr. Conway indicated that he would be representing Humboldt County Fair in CARF matters.

Mr. Hoban stated that there is already an implied commitment that each Fair will meet its monetary obligations to CARF and he is in favor of all member Fairs solidifying that position with a written MOU. Mr. Hoban volunteered to be part of the dialog to move forward an MOU for monies owed CARF by all member Fairs. Mr. Hoban stated that CARF members are stronger as a unit and he is in favor of presenting a united front on topics such as overlap to the extent that it is practical.

Mr. May stated that, as a representative of San Joaquin Fair which signed the existing MOU template, he is in favor of the concept. Mr. May stated that he and Mr. Korby worked hard to reach the MOU language as it is currently written and feels that it is a balanced agreement.

Mr. Paluszak stated that the MOU language has come a long way since the concept was first presented to the CARF Board. Mr. Paluszak feels that the current draft is an agreement that all Fairs should enter into as a good business decision.

Mr. Alkire requested that Mr. Korby continue discussions with Mr. Conway and others within the next 30 days and present the CARF Live Racing Committee with signed MOU's.

Ms. Grottveit stated that legal counsel recommends that a MOU for monies owned by member Fairs to CARF be put into place with all racing Fairs. Ms. Grottveit stated that Mr. Korby and Mr. May have done a fine job reworking the original MOU into a manageable document and signing this document protects and preserves the agency to the benefit of all participants.

Mr. Hoban moved to require individual racing Fairs to sign a memorandum of understanding for monies owed CARF from the hard costs associated with running a race meet. Mr. Pickering seconded, unanimously approved.

Mr. Hoban requested that CARF consider developing pro forma financial statements for each Fair prior to the next budget cycle to help Fairs understand the true financial impact of racing expenses. Mr. May stated that CARF staff provided Stockton with something similar in 2013 and it was very productive. Mr. Korby agreed that CARF would provide a pro forma for each Fair for the next budget cycle.

**Agenda Item 7 – Report, Discussion and Action, if any, on CARF Consolidated Purse Account.** Mr. Korby stated that there was nothing additional to report. Mr. Alkire stated that maintaining unity in regards to upholding and protecting the consolidated purse fund is of paramount importance.

**Agenda Item 8 – Discussion and Action, if any, on Specific Racing Days per Week at Fairs in 2014.** Mr. Korby asked if any Fair has plans to run days different than the 2013 schedule, excluding adjustments predicated by changes in how the 2014 calendar falls. Mr. Korby reported that staff will be working with Humboldt County Fair to provide a schedule recommendation that comports with the Fair's financial situation and purse structure to offer a financially responsible racing program that is tailored to provide the best quality racing possible.

**Agenda Item 9 – Discussion and Action, if any, on Planning for 2014 Fair Racing Circuit.** Mr. Swartzlander reported that all contracts are current with the exception of Disher Accountancy

and all of the horsemen's agreements are expected to be formally approved. Mr. Doutrich provided an update on the status of racing at Northern and Southern California associations.

**Agenda Item 10 – Discussion and Action, if any, on CHRB Racing License Application.** Mr. Swartzlander reported that the draft application for Pleasanton has been prepared and the application process is proceeding smoothly.

**Agenda Item 11 – Report, Discussion and Action, if any, on Racing Days for 2014, 2015 and Beyond.** Mr. Korby stated that this item was placed on the agenda for discussion of any current matters regarding 2014 and 2015 race dates. Mr. Korby reported that the matter of Northern California 2015 race dates was put over by the CHRB Board at the last meeting and there is nothing new to report at this time.

Mr. Morgan asked for CARF's position regarding the multiple calendars circulating for August 2015 race dates. Mr. Korby stated that CARF was not supporting a specific calendar and that discussions are still active amongst industry principals. Mr. Conway stated that regardless of whether Cal Expo is granted two weeks or three weeks, Humboldt County Fair should at least request their first week be granted unopposed. Mr. Conway stated that he would understand if the request was denied, but felt it was important to at least try. Mr. Korby agreed that with the disproportionate allocation of dates to Golden Gate Fields, requesting a week of unoverlapped racing at Ferndale is not unreasonable, though there will be significant opposition from horsemen.

Mr. Pickering announced that Cal Expo has entered into an agreement with Ovations Fanfare LLC to create a multi-use sports field facility. Approximately \$3 million will be spent to construct the project and it will be built on land adjacent to Raging Waters. The facility will not interfere with horse racing and will instead offer a unique opportunity to cross promote horse racing, soccer and rugby.

Mr. Pickering reported that Cal Expo is working with the State Fire Marshall to have plans approved to modify the barn area to accommodate both air conditioners and fire escapes, thereby alleviating concerns that disrupted horsemen in 2013.

Mr. Pickering reported that the harness meet at Cal Expo has handled several \$1 million days recently and that between Thoroughbred and Standardbred racing, Cal Expo represents 19% of horse racing starts in California.

**Agenda Item 12 – Executive Director's Report.** Mr. Korby reported that staff is in discussions with Oak Tree Racing Association as a participating association in our racing circuit. Oak Tree may race at the Alameda County Fair during their three weeks of racing. That scenario will be built into our purse structure and in negotiations with horsemen's groups.

Mr. Korby reported that Martin Panza, former Vice President of Racing and Racing Secretary at Hollywood Park, was hired by the New York Racing Association (NYRA) as Senior Vice President of Racing Operations. Martin Panza was recently in Southern California on a recruiting trip to entice horsemen to New York, signifying the important role recruitment is playing in major racing associations.

Respectfully submitted,  
Heather Haviland