

CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, May 6, 2014

MINUTES

A meeting of the California Authority of Racing Fairs (CARF) Live Racing Committee was held at 11:00 A.M., Tuesday, May 6, 2014. The meeting was hosted at the CARF offices, 1776 Tribute Road, Sacramento, California.

CARF Live Racing Committee members attending: John Alkire, Richard Conway, Kelly Olds, Rick Pickering and Jeanne Wasserman.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Amelia White, Raechelle Gibbons, Louie Brown, Ann Grottveit, John Quiroz, Brian May, Caroline Titus and Richard Lewis.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Live Racing Committee meeting will be held Tuesday, June 3, 2014 in Sacramento. Ms. Wasserman requested that the meeting have a teleconference option to accommodate Alameda County Fair staff as they prepare for Fair.

Agenda Item 2 – Public Comment. Mr. May introduced Kelly Olds, newly appointed CEO of the San Joaquin County Fair. Mr. Olds circulated an article that ran in the Stockton Record which presented the Fairgrounds in a positive light.

Agenda Item 3 – Approval of Minutes. Mr. Pickering 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. Mr. Brown reported that May 2 was the deadline for policy bills with financial implications to pass policy committee. The fiscal committees will be hearing bills for the next couple weeks as May 30 is the last day to pass bills out of the house of origin.

Mr. Brown reported that SB 1003 (Evans) is moving along and is already in the Assembly. The bill is available for amendment from a substantive spot bill increasing the imported race cap to a sunset extension for the California Marketing Committee (CMC). The bill is also available for other language should the need arise.

AB 2005 (Chesbro) seeks to expand the CHRB Board membership to 11 members; 7 public members appointed by the Governor, 2 members of the Senate appointed by the Senate Committee on Rules and 2 members of the Assembly appointed by the Speaker of the Assembly. The members appointed from the Legislature would serve as nonvoting, ex-officio members for a term of two years. The bill passed out of the Senate G.O. Committee by unanimous vote with no support or opposition testimony. The CHRB and other members of the racing industry have concerns regarding the bill.

AB 2592 (Chesbro) would require the CHRB to conduct an economic analysis prior to any major changes in the Fair racing calendar (defined as three or more days). CTT testified in support of the bill and it moved on a unanimous vote. The language currently defines the elements of the economic analysis as: The financial loss or gain to each fair including the impact on fair admissions, concessions, and sponsorship, jobs generated or lost, availability of seasonal workers, impact on agricultural education programs, and financial impact on the community at large due to the changes in the racing calendar.

Mr. Pickering stated that Fairs are interested in how racing impacts their communities and he would welcome the study but questioned why it only pertains only to Fairs. Mr. Alkire stated that the CHRB is tasked with governing the health of racing in California and any criteria imposed for determining the allocation of race dates should be all-inclusive for any association requesting dates, not just imposed on Fair race meets.

Mr. Alkire moved, absent any additional information that would support rationale for expanding the CHRB Board of Directors, recommended that CARF oppose AB 2005. Mr. Olds seconded. YES VOTE: Mr. Alkire, Mr. Olds and Ms. Wasserman. ABSTAIN: Mr. Conway and Mr. Pickering. Mr. Korby added that action by the CARF Board of Directors would determine the official CARF position.

Mr. Pickering moved to support AB 2952, if amended, to included elements to the economic analysis that the CARF deems appropriate and helpful. Mr. Conway seconded, unanimously approved.

Mr. Brown reported that AB 2490 (Eggman), the DAA's regulatory relief bill, has passed out of the Senate Agriculture Committee last week on a unanimous vote. The bill is similar to the Cannella bill introduced last year and deals with contracting and procurement, Governor's appointees, fleets, etc. Language in the bill may be refined further, but the bill will move on parallel track with Ms. Eggman's efforts to secure general fund relief for Fairs.

Mr. Brown reported that Internet Poker has been heavily discussed and it is uncertain if the two bills regarding the issue will move forward. Mr. Korby reported that CARF is still a member of

Horse Racing United (HRU) which is a collection of racing interests that have come together to keep the racing industry involved in the Internet Poker legislation.

Agenda Item 5 – Report and Update on CHRB License Applications; Approval of License for Oak Tree at Pleasanton. Mr. Korby reported that the CHRB approved the license application submitted by Oak Tree Racing Association and Alameda County Fair to conduct three weeks of racing at the Fairgrounds in Pleasanton. The CHRB approval represents the latest step forward in a year-long effort by Oak Tree, Alameda County Fair and CARF to offer a new concept for racing in Northern California.

Mr. Swartzlander reported that the Cal Expo application has been submitted and will be heard May 22 at Santa Anita. The Fresno application is complete and preparation for Ferndale and Stockton applications are currently underway.

Agenda Item 6 – Discussion and Action, if any, on Memorandum of Understanding (MOU) Regarding Reimbursement of Racing Expense Paid by CARF on Behalf of Member Fairs. Mr. Korby stated that he is pleased to report that CARF has received signed MOU's from each of the racing Fairs, four of which are included in the meeting packets. The MOU was written to protect both the agency and member Fairs from potential liability.

Mr. Korby circulated a document titled *Reimbursement of Racing Expenses to CARF – Billback Procedures and Invoice Schedules for 2014*, which CARF staff has developed to explain how expenses will be reimbursed. Ms. Gibbons reported that procedures have not changed drastically, but sharing these written procedures with the CARF Live Racing Committee and appropriate Fair personnel will ensure that everyone is informed regarding the timing and structure of 2014 billbacks and invoicing. Ms. Gibbons walked those present through the circulated document in detail, including the new agency allocation.

Mr. Pickering recommended that each Fair Manager inform their respective Boards that month-to-month and quarter-to-quarter comparisons for racing will no longer be on par with prior years. Cash flows may be affected. Fair Managers and accounting staff should stay in touch with CARF staff to stay informed of changes.

Agenda Item 7 – Report, Discussion and Action, if any, on CARF Consolidated Purse Account. No discussion and action were required.

Agenda Item 8 – Discussion and Action, if any, on Planning and Contracts for 2014 Fair Racing Circuit. Mr. Swartzlander reported that all racing contracts have been finalized. The Disher Accountancy contract has increased \$30 per day after a long contract period with no increases. The contract for Vassar Photography has been revised to streamline billing and to include any

promotional photography requests made by Fair management including providing an end of meet disc of images.

Agenda Item 9 – Report, Discussion and Action, if any, on Horsemen’s Agreements and Purse Schedule. Mr. Swartzlander reported that all Horsemen’s Agreements have been signed.

Agenda Item 10 – Report, Discussion and Action, if any, on Specific Racing Days per Week at Fairs in 2014. Mr. Swartzlander reported that Humboldt County Fair has decided to conduct a six day race meet, running Friday through Sunday each week. Cal Expo will race seven days due to Del Mar decisions to not conduct racing on Thursday, July 10. Cal Expo will race Friday through Sunday the first week of the meet and Thursday through Sunday the second week.

Agenda Item 11 – Report on Requests for CARF to Provide a Director of Racing at Member Fairs. Mr. Korby reported that Cal Expo, Stockton and Fresno have asked Mr. Swartzlander to formally serve as Director of Racing for their meets thereby overseeing racing operations.

Agenda Item 12 – Executive Director’s Report. Mr. Korby reported that CARF staff will be modifying the existing procedures for distributing meeting packets. Meeting packets will now be available online, without password protection. A notice and link will be distributed when the packets are available. If a meeting participant still wishes to receive a hard copy of the packets mailed to the Fairgrounds, they may opt-in by contacting CARF staff and making the request.

Mr. Korby reported that L.A. County Fair has announced that after several weeks of discussions with California horse racing industry they have decided, contingent upon CHRB approval, to conduct their future race dates at Los Alamitos Race Course. The CHRB heard testimony at their last meeting, but postponed further discussion or action.

Respectfully submitted,
Heather Haviland