

CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, June 3, 2014

MINUTES

A meeting of the California Authority of Racing Fairs (CARF) Live Racing Committee was held at 11:00 A.M., Tuesday, June 3, 2014. The meeting was hosted at the CARF offices, 1776 Tribute Road, Sacramento, California.

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

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Amelia White, Raechelle Gibbons and Richard Lewis. Joining by teleconference: Louie Brown and Caroline Titus.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Live Racing Committee meeting is scheduled for Tuesday, September 9, 2014 in Sacramento.

Agenda Item 2 – Public Comment. None.

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

Agenda Item 4 – Report, Discussion and Action, if any, on CARF 2014 Legislative Program. Mr. Brown reported that May 30 was the last day for bills introduced in 2014 to pass out of their house of origin and June 27 is the last day for policy committees to meet and report on bills.

Mr. Brown reported that significant time has been spent at the Capitol discussing Internet Poker, though progress for both bills is uncertain. At this point, neither AB 2291 (Jones-Sawyer) nor SB 1366 (Correa) allow the horse racing industry the opportunity to compete for a license. Representatives of the racing industry have met with the Senate and Assembly G.O. Committees and made it clear that the horse racing industry as a whole will oppose the bills unless they are amended to give the racing industry the opportunity to secure a license. The official position of the tribes and casinos toward the racing industry has yet to be determined.

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. HRU is requesting additional funds to cover the cost of internet poker-

specific lobbyists. Mr. Korby stated that this issue will be brought before the CARF Board, but that he is not sure if CARF should incur additional costs for lobbyists.

Mr. Brown reported that Fairplex and Los Alamitos will be introducing legislation to allow the transfer of the race meeting from Los Angeles County to Los Alamitos in the Orange County city of Cypress.

Mr. Pickering questioned why the CARF Legislative Report included in the meeting packet records a watch status for AB 2005 (Chesbro) and AB 2592 (Chesbro) when the CARF Board voted at the last meeting to oppose AB 2005 and support AB 2592 if amended. Mr. Brown replied that he spoke with Chesbro's Chief of Staff regarding AB 2005, the bill that seeks to expand the CHRB Board membership to 11 members with the addition of four nonvoting, ex-officio members appointed by the Legislature. Chesbro's representative expressed surprise that the CARF Board would oppose the bill and felt that it was not in the best interests of racing Fairs to tell the Legislature that they should not be involved in a state board when there is no per-diem paid, the members would not vote and similar structures exist in other state-appointed boards.

Mr. Brown reported that Chesbro's office might be open to amending AB 2592, the bill that 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), but that the opportunity to amend the bill diminishes if CARF continues to oppose AB 2005.

The group discussed at length the uncertainty of the cost, timeframe, politics and potential terms of the economic impact studies. Mr. Korby stated that he felt the Live Racing Committee should move along the spectrum to the oppose position in regards to AB 2592 as the bill may unintentionally create obstacles to the expansion of Fair race dates.

Mr. May moved to oppose AB 2592. Mr. Hoban seconded. YES VOTE: Mr. Alkire, Mr. May and Mr. Hoban. NO VOTE: Mr. Conway. ABSTAIN: Mr. Pickering. Mr. Korby added that the CARF Board of Directors would determine the official CARF position on recommendation of this action.

Agenda Item 5 – Report and Update on Request for Proposals for Statewide Totalisator System. Mr. Korby reported that a working group of industry representatives have convened to draft a Request for Proposal (RFP) for distribution to candidate tote companies for bids on a statewide totalisator system. California tracks and satellites are currently served by Sportech Racing, LLC (previously known as Autotote).

Mr. Korby stated that presently there are three primary totalisator systems operating in North America: Sportech Racing, LLC, Amtote International and United Tote. The California RFP is scheduled to be distributed within the next 30 days and the resulting contract will be awarded and in place by September 15, 2015.

Mr. Hoban asked if the contract would include ontrack mobile device capability. Mr. Korby responded that the RFP would include mobile wagering features to accommodate the technological advancement of player needs.

Agenda Item 6 – Report, Discussion and Action, if any, on Planning and Contracts for 2014 Fair Racing Circuit. Mr. Korby reported that CARF staff is in the process of signing an ADW contract with a newly licensed provider named Bet America. The commission rate that has been agreed upon is more favorable than the other three companies currently in contract with CARF. The new contract should be implemented and in place by opening day at Pleasanton.

Mr. Swartzlander reported that all live racing contracts are in place, but that CARF has been approached by Winners Foundation to enter into a contract with Fairs to provide onsite personnel at a cost of \$6,500 for the circuit. Winners Foundation provides confidential assistance on a one-to-one basis to employees or family members of the California racing community suffering from substance abuse problems free of charge.

Mr. Pickering moved to approve a contract with Winners Foundation up to a cost of \$6,500 for the 2014 Fair Circuit. Mr. Conway seconded, unanimously approved.

Agenda Item 7 – Report and Update on CHRB License Applications. Mr. Swartzlander reported that the CHRB has approved the Cal Expo license. The Ferndale and Fresno licenses have been submitted and the Stockton license is due this Friday.

Mr. Korby stated that the meeting packets include the California State Fair marketing plan for horse racing with content provided by the Fair and graphic layout provided by CARF. CARF staff is available to offer this service to any Fair providing suitable content.

Agenda Item 8 – Executive Director’s Report. Mr. Korby reported that he has been in contact with Mick Peterson from the University of Maine who is an expert regarding the composition of racing surfaces. CARF staff has re-established contact with Mr. Peterson in the event that we need his expertise regarding Fair racing surfaces.

Mr. Pickering provided an update regarding the tack room renovations at Cal Expo.

Mr. Alkire reported that the Big Fresno Fair will be celebrating California Chrome during Fair with support from Harris Ranch, including a California Chrome day dedicated to the superstar’s Fresno beginnings.

Respectfully submitted,
Heather Haviland