

CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, February 3, 2015

MINUTES

A meeting of the California Authority of Racing Fairs (CARF) Live Racing Committee was held at 11:00 A.M., Tuesday, February 3, 2015. The meeting was hosted at the CARF offices, 1776 Tribute Road, Sacramento, California.

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

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Amelia White, Raechelle Gibbons, Louie Brown, Jeanne Wasserman, John Quiroz, Allen Aldrich and Richard Lewis.

Agenda Item 1 – Date, Time and Location of Next Meeting: March 3, 2015. The next CARF Live Racing Committee meeting will be held Tuesday, March 3, 2015 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. Pickering seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on CARF 2015 Legislative Program. Mr. Brown reported that the Legislature returned in early January and the deadline to introduce new bills is February 27. Due to the number of new members, especially in the Assembly, the bill introduction process is slower than usual. Meanwhile, the respective caucuses have been meeting to develop policy agendas.

Mr. Brown reported that potential racing legislation appears light and he expects to see industry principals introducing spot bills as placeholders. Mr. Brown stated that a very active current topic at the Capitol is Internet poker. Two bills have been introduced, both in the Assembly; one additional bill is likely to be introduced in the Senate. Assemblymember Mike Gatto has introduced AB 9 and Assemblymember Reggie Jones-Sawyer has introduced AB 167. AB 167 is more inclusive and allows for the horse racing industry to obtain a license, in addition to card rooms and casinos. AB 9 only provides licensing opportunities to card rooms and tribal casinos. In 2014 the tribes could not reach a consensus regarding Internet poker and the same situation exists this year. Issues dividing the tribes are the “bad actor” language (i.e. Poker

Stars), the amount of money gaming tribes would be required to give to non-gaming tribes and the involvement of the horse racing industry. Even if the racing industry is allowed to participate, it remains to be seen how viable securing a license would be. AB 167 sets the price of a license at \$10 million. The bills are currently in a 30-day wait period.

Mr. Brown reported that the selection of committee chairs for the 2015-16 regular session have been announced. Assemblymember Adam Gray (D-Merced) is the new Chair of the Assembly Governmental Organization (G.O.) Committee and Senator Isadore Hall, III (D-South Bay) is the new Chair of the Senate Governmental Organization Committee. Assemblymember Gray has a great relationship with fairs and will be a strong ally regarding fair and racing issues. Senator Hall has vast experience in the Central Valley as the prior Assembly G.O. Committee Chair.

Mr. Brown reported that Governor Jerry Brown released his proposed 2015-2016 state budget, and it includes a \$10 million appropriation for fairs. The budget includes \$3 million to assist with fair operations, to improve the financial stability of smaller fairs statewide and provides funding to support additional fair board training. The remaining \$7 million is a one-time allocation for deferred maintenance at fairs.

Agenda Item 5 – Update on Award of Totalisator Contract. Mr. Korby reported the Totalisator contract was awarded to American Totalisator (Amtote) after a lengthy RFP process and careful consideration by a working group of industry principals. The same working group will now negotiate the terms of the contract with Amtote representatives. Implementation of the changeover in machinery will be conducted in the late fall/winter of this year. CARF and Amtote staff will work closely with the live racing and satellite network to manage any structural modifications required well in advance of the implementation date.

Agenda Item 6 – Report, Discussion and Action, if any, on Horsemen VIP Credential Program. Mr. Korby reported that CARF staff's intent is to continue the Horsemen VIP Credential Program, which has proven a successful mechanism for recognizing horsemen and making their navigation of the fair circuit as streamlined as possible. Mr. Swartzlander stated that the plan for 2015 is to expand the targeted list of recipients to include significant bettors and the connections of stake race winners.

Agenda Item 7 – Report, Discussion and Action, if any, on Planning for Recruitment in 2015. Mr. Korby reported that CARF would be continuing the successful Recruitment Program, encouraging horses to come from out of state and race at fairs. In years past, this program was targeted exclusively to out of state horsemen, but was expanded in 2013 to include a California retention and recognition component. CARF staff is working to secure funds from the California Marketing Committee to help support the program. Mr. Korby encourage fair staff and guest to provide feedback and ideas to help improve and grow the program with the basic

objective of increasing field size, which correlates directly with increasing handle. Mr. Korby stated that recruitment collateral from 2014 is included in the meeting packet.

Mr. Swartzlander stated that the potential horse population is facing three challenges this year: 1) Emerald Downs is increasing overnight purses by 20%, 2) the Los Alamitos Thoroughbred meet was detrimental to fairs in 2014, and 3) encouraging trainers that stable at Golden Gate Fields to run at fairs. Mr. Swartzlander discussed potential solutions and incentives that can be integrated this racing season.

Agenda Item 8 – Report and Discussion on Planning for 2015 Racing Operations. Mr. Korby reported that CARF staff is beginning the annual contract process for live racing services as well as horsemen’s agreements and reviewing changes in personnel needs.

Mr. Swartzlander reported that Del Scott, who has printed the fair and Golden Gate Fields programs for a number of years, is reducing his work schedule and will not be printing the fair programs in 2015. CARF staff is bidding out the work, as well as looking at new alternatives for small satellite sites, such as kiosk printing or direct printing. Mr. Swartzlander stated that staff is also looking into establishing a horsemen’s liaison line, expand the racing website and developing a recognition program for the winners of races.

Agenda Item 9 – Report and Discussion on CHRB Racing License Application Schedules. Mr. Korby reported that a blank CHRB racing license application is included in the meeting packets and that the first fair application, for Alameda County Fair, is due in March. Mr. Swartzlander reported that there are no changes in format and that he will be working closely with each fair to complete and submit the applications.

Agenda Item 10 – Discussion Regarding Racing Dates for 2016 and Beyond. Mr. Korby reported that this item is on the agenda as a preliminary mention that the group should prepare to discuss the 2016 racing calendar. Mr. Korby stated that the California Horse Racing Board has not provided a schedule for the race dates allocation process, but those discussions typically start in May. Mr. Korby asked fair representatives to be prepared to discuss specific concepts for a 2016 racing schedule at the March Live Racing Committee meeting. Mr. Hoban stated that 2016 is a rollback year in the calendar and that Alameda County Fair intends to conduct the fair from June 22 through July 10, 2016.

Agenda Item 11 – Executive Director’s Report. Mr. Korby reported that Cal Expo planning to install a new inside safety rail and CARF staff is assisting in the preparation of the RFP. Cal Expo will be covering the cost of this installation.

Respectfully submitted,
Heather Haviland