

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

MINUTES

A meeting of the California Authority of Racing Fairs (CARF) Live Racing Committee was held at 11:00 A.M., Tuesday, March 3, 2015. 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 and Rick Pickering.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Amelia White, Jeanne Wasserman, Allen Aldrich, James Morgan and Steve Wood.

Agenda Item 1 – Date, Time and Location of Next Meeting: April 7, 2015. The next CARF Live Racing Committee meeting will be held Tuesday, April 7, 2015 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. Conway seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on CARF 2015 Legislative Program. Mr. Korby stated that Mr. Brown would provide the legislative update during the CARF Board of Directors meeting at 12:30 p.m.

Agenda Item 5 – Report, Discussion and Action, if any, on Recruitment and Horsemen’s VIP Credential Program. Mr. Korby reported that the 2014 CARF Recruitment Program Report is included in the meeting packet in draft form. Mr. Korby stated that the program has evolved over the past couple of years to include elements of recruitment, retention in the form of a trainers’ incentive program and recognition in the form of the CARF VIP Horsemen Program.

Mr. Korby reported that CARF staff intends to continue the Horsemen VIP Credentials Program in 2015. The program has proven very successful and has become a cornerstone of our recruitment program as a way of extending both a welcome and thank you to horsemen for participating on the circuit. The parking pass simplifies many of the logistical challenges for horsemen moving from location to location.

Mr. Swartzlander stated that the pool of horses in California remains insufficient for creating a program with full fields. In 2015 staff will be developing a target list of out of state horsemen for a direct mail campaign and Mr. Doutrich will travel to each location to ensure materials are distributed and meet these horsemen face to face. Mr. Swartzlander stated that staff is also looking at ways to continue improving elements of customer service as it relates to trainers and owners.

Agenda Item 6 – Report, Discussion and Action, if any, on Summer Racing Operations.

Mr. Swartzlander reported that several key service contracts are up for bid and that the Thoroughbred Owners of California (TOC) have responded to our initial purse program proposal with a counter offer that seems reasonable and renders us closer to a signed agreement. Mr. Swartzlander stated that staff has begun preparing the Oak Tree at Pleasanton condition book and that it will print as soon as the TOC agreement is signed.

It was reported that Golden Gate Fields (GGF) is experiencing a significant overpayment in purses so it is important to fairs to manage the 2015 purse program carefully. The national racing product does improve in late spring and GGF should be able to make up some of that deficit, but the trend of significant overpayments is concerning and reinforces the need to step up recruitment efforts.

Agenda Item 7 – Report, Discussion and Action, if any, on 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 that after a discussion with the Executive Director, committee meeting should start in April. Mr. Korby asked fair representatives to be prepared to discuss specific concepts for a 2016 racing schedule at CARF's next meeting.

Agenda Item 8 – Report on Horsemen's Contracts and Planning for 2015 Racing Purse Agreements. Mr. Korby reported that after reconciling the 2014 purse account, CARF is carrying a \$140,000 overpayment, or liability, collectively on behalf of member fairs. The overpayment is manageable and has been built into the 2015 purse structure subject to agreement with TOC. TOC advocates for the highest purse structure possible, so attempting to balance the purse account involves multiple projections and extensive negotiations.

Mr. Korby stated that even though the proposed 2015 purse program seeks to eliminate the 2014 overpayment, it raises the point that outside funding from the state that racing fairs relied on for year is no longer available. Mr. Korby stated that a prudent risk management tool for member fairs would be to develop a "purse reserve" from unpaid commissions that can be applied to 2015. Mr. Korby recommended a contribution of \$20,000 per fair for a total purse reserve of \$100,000. If the reserve is not needed, it will be redistributed back to fairs.

There was discussion regarding the specific amount of 2014 unpaid commissions currently at CARF. Ms. Gibbons reported remaining commissions by fair.

Mr. Morgan suggested that the contribution to the reserve be based on a formula that reflects the size, revenues, purses and availability of host dates of each fair. Mr. Morgan stated that in 2014 Ferndale contributed to the purse fund with an underpayment thereby lessening the liability for the remaining fairs. Mr. Swartzlander stated that while Ferndale underpaid Thoroughbreds, emerging breeds are typically overpaid, which is funded from the consolidated purse program and is part of the overall overpayment. Mr. Morgan noted that cumulatively Ferndale was underpaid a total of \$29,284.96.

Mr. Pickering offered some thoughts on the CARF consolidated purse program. Prior to the consolidated purse program, a fair that was \$100,000 overpaid had already released purses out to horsemen and actual handle was not sufficient to meet the projections to cover that purse structure. Conversely, if a fair was \$100,000 underpaid, the horsemen's organizations expected the fair to write retro checks to horsemen because handle generation had exceeded actual purses paid. Under the CARF consolidated purse program, no one fair is liable for overpayments and underpayments can be used to offset the overall program. The shared risk management of the consolidated purse program allows all fairs to offer better purses than they would be able to by operating individually, thereby making the entire circuit stronger.

Mr. Alkire stated that Mr. Korby has brought forth a concept which is fiscally sound and responsible as well as being a prudent business decision.

Mr. Pickering moved to adopt a purse reserve pool concept from 2015 generated funds based on formula options that we will brought back to the Live Racing Committee for consideration. Mr. Hoban seconded, unanimously approved.

Agenda Item 9 – Report and Discussion on CHRB Racing License Application Schedules. Mr. Swartzlander reported that the Oak Tree at Pleasanton racing application is due March 19 and will be heard during the April California Horse Racing Board meeting.

Agenda Item 10 – Executive Director's Report. Mr. Korby reported that the Saint Louis Rams owner is in conversations with Bay Meadows Land Company in regards to developing an NFL stadium on the old Hollywood Park property.

Respectfully submitted,
Heather Haviland