

CALIFORNIA AUTHORITY OF RACING FAIRS  
Live Racing Committee  
Tuesday, April 7, 2015

MINUTES

A meeting of the California Authority of Racing Fairs (CARF) Live Racing Committee was held at 11:00 A.M., Tuesday, April 7, 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, Juliana Gomes, Raechelle Gibbons, Allen Aldrich, James Morgan, John Quiroz, and Richard Lewis.

Joining by conference call: Louie Brown.

**Agenda Item 1 – Date, Time and Location of Next Meeting: April 7, 2015.** The next CARF Live Racing Committee meeting will be held Tuesday, May 5, 2015 in Sacramento.

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

**Agenda Item 3 – Approval of Minutes.** Mr. May noted that Mr. Olds did not attend the March CARF Live Racing Committee meeting. Mr. Morgan requested that the minutes reflect the cumulative Ferndale purse underpayment of \$29,284.96. Mr. Conway moved to approve the meeting minutes as amended. 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 reconvened from spring recess on April 6, making this the first week of serious policy committee hearings prior to the May 1 deadline for policy committees refer bills to fiscal committees. Legislation regarding industry-specific racing bills is light, with most bills on the legislative report being spot bills. Legislative staff is working closely with Assemblyman Henry Perea on AB 650 as a placeholder for racing fairs should policy changes be required during the session.

Mr. Brown reported that Internet poker is still a leading issue at the Capitol. The two outstanding issues hampering forward movement are the bad-actor clause (i.e. Poker Stars) and the participation of the horse racing industry. The racing industry wants to be eligible for a license, which is heavily opposed by some in the tribal community, while other tribal

interests favor offering mitigation. Racing principals themselves do not have a cohesive plan for the industry as a whole. Mr. Brown will reach out to racing lobbyists this week to better determine how racing fairs would like to fit in the overall structure of Internet poker legislation.

Mr. Brown reported that Governor Jerry Brown's proposed 2015-2016 state budget, which includes \$3 million to assist with fair operations and a \$7 million one-time allocation for deferred maintenance at fairs, passed the Assembly Budget Subcommittee on a unanimous vote and will be heard in the Senate Budget Subcommittee later this month.

**Agenda Item 5 – Report, Discussion and Action, if any, on Recruitment and Horsemen's VIP Credential Program.** Mr. Swartzlander reported that the 2015 CARF Recruitment Program will focus on payments for starts made by out-of-state horses, bonuses to trainers that hit start thresholds at each fair, renewed on-site recruitment trips by the Racing Secretary and shipping assistance to new trainers bringing substantial stables into the system. Mr. Swartzlander stated that the participation fee for Thoroughbreds has been eliminated while the participation fee for Emerging Breeds will remain \$50 per start.

Mr. Swartzlander reported that the revised pro-formas for each fair include a budget line item for recruitment, which has decreased compared to 2014 due to the increase in overall race days. The Trainer Incentive Program that encourages starts/field size by paying a bonus to trainers that start 5-9 horses or 10 or more horses per meet. As the trainer incentive program has developed, Pleasanton, Cal Expo and Ferndale matched the cost of the program 50/50. The revised pro-formas for 2015 include Stockton and Fresno participating in the cost of the program, at \$6,000 and \$10,500 respectively, following the same 50/50 split.

Mr. Doutrich reported that his first recruitment trip will be to Turf Paradise in Phoenix, Arizona the weekend of April 10-12. Mr. Doutrich stated that he has asked Allen Aldrich and Richard Conway to join him on a recruiting trip to Idaho in mid-May. Mr. Doutrich indicated that he will also be travelling to Emerald Downs in Seattle and will be making several trips to Southern California.

Mr. Doutrich reported that stall applications are available online at [www.calfairs.com](http://www.calfairs.com) and that Oak Tree at Pleasanton condition books are ready to print pending approval from the California Horse Racing Board (CHRB) for summer dates. Mr. Doutrich reported that two young trainers, Jack Steiner and Jonathan Wong, have entered the Northern California system and plan to racing during the fair season.

**Agenda Item 6 – Report, Discussion and Action, if any, on Establishment of a Reserve for Summer Race Operations.** Mr. Korby reported that during the March CARF Live Racing Committee meeting, staff presented the 2015 purse program and brought forth the recommendation that a prudent risk management tool for member fairs would be to develop a

“purse reserve” from unpaid commissions that could be applied to 2015. The Live Racing Committee voted unanimously to adopt a purse reserve pool concept from 2015 generated funds based on formula options to be brought back to the committee for consideration. The resulting formulas and breakdown are included as a spreadsheet in the meeting packet titled *2015 – Proposed Allocation Formulas for Purse Reserve*.

Mr. Korby stated that the spreadsheet contains three options to develop a purse reserve of \$150,000: 1) a flat prorata consisting of an even \$30,000 contribution per fair, 2) a formula based on each fair’s handle generation as a percentage of overall tote/ADW handle, and 3) a hybrid option that is based 50/50 on a flat prorata contribution and a percentage of handle generation. Mr. Korby stated that CARF staff recommendation for establishing the 2015 purse reserve is option 3, the hybrid option based 50/50 on a flat contribution and a handle based contribution.

Mr. Morgan stated that at the March meeting he had requested staff provide a formula based on the purse money paid at each fair. Mr. Morgan stated that the two fairs that contribute positively to the overall purse fund, Ferndale and Stockton, seem to be disproportionately represented in each of the purse reserve options thereby creating a hardship for the two smallest fairs that have the least imposition on the common purse fund. Mr. Morgan asked why Ferndale and Stockton, the two fairs that contributed to the purse fund with underpayments, would be asked to make up deficiencies from the other fairs.

Mr. Pickering asked if he needed to provide the group with a review of the history of the CARF Consolidated Purse Program and the significant fluctuation in purse under and overpayments that can occur year-to-year at a fair. Mr. Morgan stated that he is familiar with the history, but believes that the 2015 purse reserve should be based on relevant 2014 figures and reviewed annually.

The group discussed the various options as presented, the ability of individual fairs to absorb expenses and the feasibility of utilizing other methods for calculating a base figure.

Mr. Hoban moved to adopt staff recommendation option 3, 50/50 split between handle generation and a flat prorata contribution, because it strikes a balance between the calculable generation of handle and the non-tangible benefit to a small fair of an entity underwriting purses. Mr. Pickering seconded for discussion. Mr. Morgan objected based on the hardship this type of formula creates to small fairs and his prior request of a purse-based formula. Mr. Morgan stated that option 2 could be supported by Ferndale. Mr. Hoban stated that handle generation is a neutral metric while a purse structure has the potential for manipulation. YES VOTE: Mr. Hoban, Mr. Pickering, Mr. May and Mr. Alkire. NO VOTE: Mr. Conway. Motion passes.

**Agenda Item 7 – Report, Discussion and Action, if any, on Summer Racing**

**Operations.** Mr. Korby reported that the meeting packets contain information to keep the group informed regarding CARF staff efforts to secure vanning reimbursements for horsemen running at fairs. The packets include a proposal from CARF staff to the NCOTWINC Board of Directors requesting stabling and vanning reimbursements during the 2014 summer fair meets. This proposal was rejected for 2014, but the NCOTWINC Board requested that the proposal be brought back for 2015. The proposal was rejected again and staff is contemplating the next course of action. Correspondence regarding the proposal and rejection are included in the packet for committee review. Mr. Hoban stated that he is worked with CARF staff to secure more funding and/or cut costs to make year-round stabling at Pleasanton viable.

**Agenda Item 8 – Report, Discussion and Action, if any, on Racing Dates for 2016 and Beyond.**

Mr. Korby reported that the CHRB Dates Committee is meeting Wednesday, April 15 at Golden Gate Fields to discuss 2016 racing calendar and the 2015 Fresno allocation. CARF and Fresno staff are working closely with the CHRB to make sure that Fresno is allocated dates that run concurrently with the scheduled 2015 fair.

Mr. Korby asked the group to share plans for 2016 race dates. Representatives reported as follows:

- Alameda County Fair – June 22 – July 10, 2016
- California State Fair – July 13-31, 2016
- Humboldt County Fair – Aug. 17-28 or Aug. 25 – Sept. 5, 2016
- San Joaquin Fair – Sept. 21 – Oct. 2, 2016
- Big Fresno Fair – Oct. 5-16, 2016 (with a potential increase in dates)

Mr. Morgan stated that the Ferndale dates would be dependent on the allocation given to Santa Rosa and that Santa Rosa has expressed a preference to run three weeks ending on August 14, 2016. Mr. Morgan asked that the CARF position include the request that each fair race without overlap and retain host status on allocated race days. If Ferndale is allocated overlapped race dates, Mr. Morgan requested that the CARF position support restrictions on the type of races Golden Gate Fields is allowed to offer and run.

Richard Lewis stated that he does not have an official position from Santa Rosa, but believes that Santa Rosa sent a letter to the CHRB requesting a date allocation similar to 2015.

Mr. Hoban moved for fairs to maintain the request a block of races dates from June 22 through October 16, 2016, with specifics to be determined. Mr. Conway seconded, unanimously approved.

**Agenda Item 9 – Report and Discussion on CHRB Racing License Applications.** Mr. Swartzlander reported that final cleanup/changes are being made to the Oak Tree at Pleasanton application and the Cal Expo application is due Friday.

**Agenda Item 10 – Executive Director’s Report.** No report.

Respectfully submitted,  
Heather Haviland