

CALIFORNIA AUTHORITY OF RACING FAIRS  
Live Racing Committee  
Wednesday, December 16, 2015

MINUTES

A meeting of the California Authority of Racing Fairs (CARF) Live Racing Committee was held at 11:00 A.M., Wednesday, December 16, 2015. The meeting was hosted at the CFSA Board Room, 1776 Tribute Road, Sacramento, California.

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

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Juliana Gomes, Raechelle Gibbons, Louie Brown, Jeanne Wasserman and John Quiroz.

**Agenda Item 1 – Date, Time and Location of Next Meeting.** The next CARF Live Racing Committee meeting is scheduled for February 2, 2016 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. Conway seconded, unanimously approved.

**Agenda Item 4 – Report, Discussion and Action, if any, on 2016 Legislative Program.** Mr. Brown reported that the legislature is in recess and is scheduled to be back on January 4, 2016. When they return, CARF legislative staff will most likely reintroduce the bill to modify the statewide stabling and vanning fund legislation from last session. Mr. Brown stated that the legislative strategy for that bill is a work in progress and continuing discussions with industry principals will determined if the bill language is applied statewide or regionally.

Mr. Brown reported that the Senate Governmental Organization (G.O.) Committee is meeting today to conduct an informational hearing on daily (fantasy) sports betting. The issue of regulating sports betting will play an important role this legislative session. Mr. Brown stated that the discussion regarding sports betting is going to be significantly different from Internet poker; the central issue is regulation of an existing practice and not legalizing a betting mechanism in order to create revenue for the state. Legislators consider legalizing fantasy betting as a means to regulate operators and protect consumers. Assemblyman Marc Levine has requested that Attorney General Kamala Harris engage to temporarily shut down

daily sports wagering sites until California law is made clear, as lawmakers have done in New York.

Mr. Brown reported that CARF staff is working with California Department of Food and Agriculture (CDFA) for a reconsideration to redirect license fees derived from horse racing handle back to the fairs that generate them. Secretary Karen Ross has requested a proposal from Fairs & Expositions (F&E) outlining the potential mechanics of that process. The Secretary's office is currently awaiting that proposal and Mr. Brown is meeting with the Undersecretary tomorrow for further discussion. Mr. Brown stated that he feels the Secretary's office is supportive of the concept but wants to ensure the process is handled appropriately.

Mr. Korby reported that staff is working with principals at Santa Anita racetrack to draft language that would allow Santa Anita to offer Arabian horse races with the consent of fairs if those races are offered concurrently with fair racing in Northern California.

Mr. Korby reported that he is currently in the process of negotiating for a 2016 stabling and vanning agreement with Golden Gate Fields (GGF) and the Thoroughbred Owners of California (TOC). Mr. Hoban also has participated in the discussions on behalf of Alameda County Fair. Concurrence has been reached with GGF but the agreement is awaiting approval from TOC. The current proposed agreement covers the GGF spring/summer meets and fair meets through October 16, 2016. Mr. Korby stated that after September 30, 2016, the horse population will be evaluated and a continuation agreement may be adopted. If the horse population is not sufficient to warrant the operation of both year-round stabling venues in Northern California, the Vanning and Stabling Fund may need to discontinue payments to Pleasanton as an auxiliary training facility after October 16, 2016. Mr. Korby stated that the current proposed agreement also contains a larger allocation for vanning to fairs.

Mr. Conway expressed concern that fairs would lose horsemen to New Mexico, Arizona and Washington if GGF cannot comfortably accommodate horsemen currently training at Pleasanton and prospective stables being recruited from out-of-state. Mr. Korby stated that the current data shows that there are probably sufficient stalls at GGF to accommodate actual runners. Mr. Korby reported that the most recent horse count from GGF lists 1,147 horses with 251 horses that have not made a start in 90 days. The GGF stable area has 1,360 stalls. Pleasanton currently has 316 horses, of which 155 have not raced in 90 days. The number of "active" runners in Northern California is currently 1,057, which may not justify operating the Vanning and Stabling fund at a deficit in order to keep both training facilities open. In any event, Pleasanton will be open for all fairs through mid-October 2016. At that time the needs will be reevaluated to determine whether an auxiliary training facility is warranted.

Mr. Hoban reported that the Alameda County Fair has been taking a financial loss on stabling/training. The proposed agreement will make Pleasanton financially whole and allow the Pleasanton training facility to remain open through the end of the 2016 fair meets. Mr.

Hoban stated that this agreement will give Northern California principals 10 months to reassess the actual needs, expenses and allocations of the stabling and vaning fund. The reality is that the stabling and vaning fund does not generate enough money to continue to operate as it has in the past.

**Agenda Item 5 – Discussion and Action, if any, on 2016 Live Racing Budget.** Mr. Korby reported that the proposed 2016 CARF Agency budget is included in the meeting packets along with the live racing component of the budget for the Committee’s review. Mr. Korby noted that the racing component of the agency budget relates to the individual pro forma financial documents that have been developed by Mr. Swartzlander with input from each fair manager. Mr. Korby reported that the CARF Race Track Safety and Maintenance Program (RTSM) expenditures in 2015 were significantly more than anticipated due to increasing equipment repairs and maintaining an aging tractor fleet. In November Mr. Korby directed Mr. Swartzlander to meet with each fair manager to discuss those expenses and review the pro formas in preparation of the agency budget.

Mr. Swartzlander reported that he spent at least two hours with each fair manager to discuss 2015 expenses and how best to best predict/manage RTSM program expenditures. Mr. Swartzlander stated that options for the RTSM program include setting aside a pool of money to maintain the existing CARF-owned equipment or enter into a lease program for new equipment with a maintenance program. Mr. Swartzlander will meet with tractor vendors and bring a proposal with options back to the Committee for discussion and review.

Mr. Conway suggested that CARF staff should research tractor repairs as the Mid Cal Tractor costs are high. Mr. Alkire stated that CARF staff should try to utilize fair relationships to see if CARF can be included into a larger existing lease program for a volume discount with a partner in the agriculture sector. Mr. Pickering stated that the RTSM program was previously supported by CDFA F&E from license fees and operating fair track surfaces safely would be a good use in redirecting fees generated from racing at fairs back to fairs.

Mr. Korby asked if the Committee was comfortable with the Agency budget as presented with the RTSM live racing component as a work in progress. No further discussion or objections were offered.

**Agenda Item 6 – Discussion and Action, if any, on Racing Dates for 2016, 2017 and Beyond.** Mr. Korby requested input from Fair managers regarding strategies and representation for future race dates, specifically for 2017. Mr. Korby stated that the 2016 calendar is included in the meeting packets for reference. Mr. Korby requested Mr. Olds begin the discussion with any updates he might have from the last San Joaquin Fair Board of Director's meeting.

Mr. Olds reported that the San Joaquin Fair Board approved a 2016 fair budget that includes horse racing. Mr. Olds reiterated that he and his Board feel that the move of Stockton race dates to September was a mistake and they would like to resume racing in June.

Mr. Hoban stated that keeping the fourth of July holiday in the middle of the Alameda County Fair is crucial to the success of the fair. Mr. Hoban requested that the Alameda County Fair race meet occur June 21 through July 9, 2017.

Mr. Pickering stated that the California State Fair would like to request racing July 14-30, 2017.

Mr. Conway stated that the Humboldt County Fair would ideally finish the race meet in the third week of August 2017, but Ferndale is dependent on the dates allocated to proceeding fairs.

Mr. Alkire requested that Fresno retain their traditional dates in 2017 with the fair starting the first Wednesday in October.

Mr. Korby reported that he and Mr. Alkire have discussed forming a smaller working group to undertake CARF agency and live racing strategic planning, including the development of a calendar that presents the strongest possible position for fair racing in Northern California. The group would consist of Mr. Alkire, Mr. Pickering and Mr. Hoban.

**Agenda Item 7 – Discussion and Action, if any, on Summer Racing Operations for 2016.** No further items at this time.

**Agenda Item 8 – Executive Director’s Report.** Mr. Korby reported that nominations for an at-large position on the CARF Board of Directors closed December 1 with one nomination: Mr. Conway. Ballots have been distributed and the election closes today at 5:00 p.m.

Respectfully submitted,  
Heather Haviland