

**CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, February 2, 2016**

MINUTES

A meeting of the California Authority of Racing Fairs (CARF) Live Racing Committee was held at 11:00 A.M., Tuesday, February 2, 2016. The meeting was hosted at the CARF Board Room, 1776 Tribute Road, Sacramento, California.

CARF Live Racing Committee members attending: Richard Conway, Jerome Hoban and Kelly Olds. Joining by conference call: John Alkire.

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

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Live Racing Committee meeting is scheduled for March 1, 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 provided an update regarding the legislative calendar; Jan. 31, 2015 was the last day for bills introduced in 2015 to leave their house of origin and Feb. 19, 2016 is the deadline to introduce bills for the second year of the 2015-16 session.

Mr. Brown reported that CARF staff is continuing to have positive discussions with California Department of Food and Agriculture (CDFA) regarding the opportunity to reinvest license fees derived from horse racing handle back to the fairs that generate them. Mr. Quiroz reported that Fairs & Expositions (F&E) staff are working internally to develop a process to allocate those funds back to racing fairs through an annual request by CARF in either an memorandum of understanding (MOU) or letter of understanding (LOU) format.

Mr. Brown reported that Governor Brown released his proposed 2016-2017 state budget containing a \$3 million continuing allocation to F&E for the operation of fairs and a \$4 million allocation for deferred maintenance at fairs, down from \$7 million provided in 2015-16. Fairs

are working with legislators in districts containing county fairs to reestablish funding at a level that will benefit all California fairs. Budget hearings are scheduled to begin in March.

Mr. Brown reported that we can expect potential racing legislation to include the introduction of several spot bills as placeholders. CARF staff is seeking an author to introduce a mini-satellite spot bill and is in discussions with Assemblymember Jim Cooper to reintroduce the Northern California vanning and stabling language from the previous session. Assemblymember Adam Gray has circulated language regarding Internet Poker that will be introduced this session in a new bill. Assemblymember Gray feels that the racing industry will receive greater benefit from a mitigation fund than the opportunity to compete for a license. A mitigation fund would also serve as a compromise between the state's horse racing industry and key tribal gaming interests.

Mr. Brown reported that the daily fantasy sports (DFS) wagering bill AB 1437 (Gray) passed through the Governmental Organization Committee nearly unanimously. Assemblymember Marc Levine, who has been an outspoken critic of the DFS industry, was the only "no" vote. Mr. Korby reported that he met with Assemblymember Gray on January 25th in Turlock to discuss another variation of DFS, which is pari-mutuel DFS wagering, which could become an opportunity for satellites to provide an additional wagering option.

Agenda Item 5 – Discussion and Action, if any, on Racing Dates for 2017 and Beyond.

Mr. Korby stated that an initial draft calendar for 2017 is included in the meeting packets. Mr. Conway requested that the initial CARF supported calendar show Ferndale operating as the sole racing signal in Northern California from Aug. 23 through Sept. 4, 2017. The group discussed reclaiming a block of fair dates from mid-June to mid-October.

Mr. Conway moved to approve the 2017 race dates as presented with the modifications that Ferndale run as the sole signal in Northern California Aug. 23 through Sept. 4 and that a two week meet conducted at Pleasanton occur in September, thereby filling the gap between Ferndale and Stockton. Mr. Hoban seconded, unanimously approved.

Agenda Item 6 – Discussion and Action, if any, on Summer Racing Operations and Budget for 2016. Mr. Swartzlander reported that the CARF Race Track Safety and Maintenance Program (RTSM) expenditures in 2015 were significantly more than anticipated due to increasing equipment repairs for maintaining an aging tractor fleet. Mr. Swartzlander stated that options for funding the 2015 RTSM program include fairs paying the overage now in total or spreading the costs out over five years. The group discussed payment options and Mr. Alkire stressed to Mr. Quiroz the high costs of keeping fair racing surfaces safe and the critical need for additional funding.

Mr. Hoban moved to approve a five-year interest free payback loan floated by CARF to cover the 2015 RTSM program overage with the caveat that monies held in the reserve purse

overpayment fund be utilized to the greatest extent possible after the 2015 combined purse account has been reconciled. Mr. Conway seconded, unanimously approved.

Mr. Swartzlander reported that he has put together a \$500,000 five-year RTSP program that will include adding one new treaded tractor, replacing a water truck, upgrading a grater with hydraulics and a new engine, retrofitting a harrow, maintaining the existing equipment and trading in one tractor which will need major repairs. Mr. Swartzlander stated that he received bids from three tractor distributors and BelKorp Ag (formerly MidCal), with a National Thoroughbred Racing Association (NTRA) discount, was the most competitive bid for the new tractor. Mr. Swartzlander stated that he explored lease options and found them to be cost prohibitive.

Mr. Conway moved to approve the RTM Transportation & Maintenance, RTM Prior Year Repairs and RTM Support Costs budget line items and defer the RTM Capital Improvement Allocation pending further research/discussion. Mr. Hoban seconded, unanimously approved.

Agenda Item 7 – Update and Planning for Installation of New Totalisator Equipment (AmTote) in Racing Fair Grandstands. Mr. Korby reported that the totalisator conversion from Sportech Racing, LLC to Amtote International at satellite wagering facilities is now complete. Mr. Korby reported that the next step is to ready the racing grandstands for the conversion and an initial modification meeting will be conducted by the end of the month at Golden Gate Fields.

Agenda Item 8 – Discussion and Update on TV Production Agreement. Mr. Korby reported that Golden Gate Fields is working with Pegasus Communications to broadcast their racing signal in high-definition (HD). Mr. Swartzlander will conduct a site survey with Jim Porep to develop a proposal for HD production at fairs.

Agenda Item 9 – Executive Director’s Report. Mr. Korby reported that an equine herpes outbreak has occurred in Arizona and New Mexico. Staff is monitoring the situation.

Respectfully submitted,
Heather Haviland