

CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, April 5, 2016

MINUTES

A meeting of the California Authority of Racing Fairs (CARF) Live Racing Committee was held at 11:00 A.M., Tuesday, April 5, 2016. The meeting was hosted at the CARF 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 and Caroline Titus.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Live Racing Committee meeting is scheduled for May 3, 2016 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. Hoban seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on 2016 Legislative Program. Mr. Brown reported a high level of activity at the Capitol as April 22 is the deadline for policy committees to hear and report on fiscal bills introduced in their house of origin. The last day for non-fiscal bills to be heard in committee is May 6. The two CARF sponsored bills, AB 2011 (Cooper) and AB 2226 (Bigelow), are expected to move through policy committee without issue.

Mr. Brown reported that the statewide stabling and vanning bill is moving forward. Senator Isadore Hall is modifying his legislation from last session to include Northern California language, Southern California language and an urgency clause. The CARF sponsored bill for Northern California stabling and vanning, AB 2011, will be moved to the Senate and will be available as a spot bill if needed.

Mr. Brown reported that racing legislation remains light and individual association legislation consists predominately of spot bills. Mr. Brown met with Assemblymember Gray's staff regarding removing the fair classification designation from AB 2863, the Internet poker

bill that supports a mitigation fund for the racing industry and for fairs in Classes I to IV+. Assemblymember Gray's office was hesitant to recommend the modification mainly due to timing and in the interests of moving the bill through the process as efficiently as possible.

Mr. Conway moved to support AB 2863 as written. Mr. Olds seconded, unanimously approved.

Mr. Brown reported that the \$3 million allocation to CDFA F&E from Governor Brown's proposed 2016-2017 state budget will not be heard in policy committee due to its continuous appropriation classification. The \$4 million allocation for deferred fair maintenance does not share that classification and will be heard in the Senate Subcommittee April 7. CDFA has released a proposal outlining the deferred maintenance projects selected for the 2015-2016 allocation in time for that hearing. As part of the process, fair legislative staff will address the funding cut and the inefficiencies of DGS. The end goal is to reestablish or exceed the previous level of funding and to move future monies/mechanisms for allocation to CDFA. A letter to that effect, authored by the Joint Committee on Fairs, will be sent to the budget committees.

Mr. Brown reported that in regards to fair funding, Assemblymember Gray is also carrying AB 2678, which would dedicate the state portion of the sales and use tax collected from transactions at fairgrounds, except for Los Angeles, to support small and medium-sized fairs. Mr. Pickering stated that he would prefer the bill support all categories of fairs, including the larger fairs that will be generating a bulk of the proceeds, but that the bill provides an overall opportunity for fairs and a precedent that could ultimately benefit all fairs in the future.

Mr. Pickering moved to support AB 2678 as written. Mr. Conway seconded, unanimously approved.

Mr. Brown provided an update on discussions with CDFA regarding license fees generated at racing fairs. Mr. Brown stated that several discussions have resulted in conflicting information and he is recommending CARF Board representatives meet directly with the Secretary of Agriculture. Mr. Alkire stated that the CARF Board will provide whatever support needed to ensure those license fees are reinvested back at racing fairs.

Agenda Item 5 – Discussion and Action, if any, on Racing Dates for 2016 and Beyond.

Mr. Korby reported that the meeting packets include a document titled "*Agreement - Combined Fair Horse Racing Meeting*" which follows up on action taken at the March CARF Live Racing Committee meeting to request that the California Horse Racing Board (CHRB) designate the Alameda County Fair, California State Fair, Humboldt County Fair, San Joaquin County Fair and the Big Fresno Fair as a combined fair meet from June 15, 2016 to October 16, 2016.

Mr. Korby stated, as background information, that participation in a combined fair meet allows for flexibility in the selection of venues for running fair dates. The CHRB license applications would continue to be submitted for each fair, as has been done in the past. A similar agreement was memorialized in 2009. Two documents, one including a signature for the San Joaquin County Fair and one without, were circulated and signed by the group.

Mr. Korby stated that this agreement sets the foundation for the CHRB to allow the Alameda County Fair to host the 2016 San Joaquin County Fair dates in September. Mr. Korby stated this opportunity was generated by a desire on the part of the San Joaquin County Fair Board to focus on its June fair dates and move September racing dates to another fair in 2016. Mr. Olds confirmed that statement and reported that the San Joaquin County Fair Board issued a letter supporting the efforts of CARF and the Alameda County Fair in this endeavor. The letter also designated CARF to act on behalf of the San Joaquin County Fair with the CHRB on this matter. Mr. Korby stated that Oak Tree Racing Association has once again entered into a partnership with the Alameda County Fair, thereby strengthening Pleasanton's position.

Mr. Korby stated that he has been meeting with CHRB senior staff and Deputy AG regarding this matter and answering any questions staff might have to make the process as smooth as possible.

Agenda Item 6 – Discussion and Action, if any, on Summer Racing Operations. Mr. Korby stated that the meeting packets include the Alameda County Fair marketing plan and a spreadsheet outlining the results of recent out-of-state recruitment trips.

Mr. Swartzlander stated that the recruitment trips have been productive, especially in light of Les Bois Park's (Idaho) decision to cease racing operations in 2016. The horses that normally run in Idaho will fit in well on the lower level of the Northern California system.

Mr. Hoban stated that he met with Becky Bartling, new CEO of the Sonoma County Fair, to gauge the fair's interest in rejoining CARF. Mr. Hoban reported that Ms. Bartling expressed an interest in utilizing the CARF Paymaster and that he agreed to present her request to the CARF Live Racing Committee. Mr. Pickering recommended that CARF legal staff review any potential use of CARF accounts and coverage for employee liability. Mr. Korby stated that consistency in the paymaster position maintains continuity for both horsemen and accounting functionality. Mr. Alkire stated that he supports working with Santa Rosa and taking a positive step to repair the relationship by helping them fill the paymaster position.

Mr. Hoban moved to request staff develop a mechanism that would allow the Sonoma County Fair to utilize the CARF Paymaster employee. Mr. Conway seconded, unanimously approved.

Agenda Item 7 - Report on Status of Horsemen's Agreements. Mr. Swartzlander reported that the California Thoroughbred Trainers (CTT) agreement is the only outstanding horsemen's agreement. The issue with the CTT agreement involves the San Joaquin County Fair meet.

Agenda Item 7 – Update and Planning for Installation of New Totilisor 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 complete. Mr. Korby reported that the conversion process has begun for the racing grandstands and the meeting packets include an installation schedule.

Agenda Item 8 – Discussion and Update on TV Production Agreement. Mr. Swartzlander distributed a proposal from Pegasus Communications outlining an agreement that includes enabling the fairs to broadcast the racing signal in high-definition (HD). Pegasus is proposing a \$110,000 capital contribution for HD equipment to be divided over a 6 year contract extension, resulting in a \$400 day rate increase. Staff and a representative from Pegasus have visited several fairs to estimate the cost of fiber optics for the grandstands which have ranged from \$15,000 to \$20,000. That cost does not address the upgrades that need to be made to satellite facility control rooms. Right now the satellite network cannot accept an HD signal, though many other tracks and out-of-state facilities can. Mr. Swartzlander reported that the proposed contract is contained in the meeting packet.

Mr. Hoban moved to proceed with the six year Pegasus Communications HD contract as presented. Mr. Conway seconded, unanimously approved.

Agenda Item 9 – Executive Director’s Report. Mr. Korby reported that there is an active investigation of misplaced funds at the Monterey County Fair satellite wagering facility. This matter involves a NCOTWINC employee and does not reflect any wrongdoing on the part of the fair or fair staff.

Respectfully submitted,
Heather Haviland