

CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, May 3, 2016

MINUTES

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

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Juliana Gomes, Raechelle Gibbons, Louie Brown, Jeanne Wasserman, Allen Aldrich, Tom Martinez, John Quiroz, Stacey Lapham and Dan Jacobs.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Live Racing Committee meeting is scheduled for June 7, 2016 in Sacramento.

Agenda Item 2 – Public Comment. Mr. Pickering introduced Tom Martinez, new Chief Deputy General Manager at California Exposition and State Fair, formerly with Santa Clara Valley Water District.

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 provided a legislative calendar update. The deadline for policy committees to hear fiscal bills has passed and all bills with fiscal impact are awaiting hearings in their respective fiscal committee by May 27. Bills that make it out of fiscal committee must be voted out of their house of origin by June 3. Any bills that make it through that process must be heard in the policy committee of their second house within 30 days.

The CARF bills are moving through the process without issue. SB 1240 (Hall), the statewide stabling and vanning bill, is also moving without issue and is preferable to the CARF-sponsored AB 2011 since it contains an urgency clause and will go into effect as soon as it is signed by the Governor.

Mr. Brown reported that Internet poker is still a hot topic at the Capitol. Assemblymember Gray's bill, AB 2863, was officially supported by the CARF Board at the last meeting and contains a mitigation fund for racing as well as fair funding support. The bill was heard in policy committee last week and passed unanimously through the Assembly Governmental Organizational (G.O.) Committee on a 19-0 vote despite not having full support of the tribal community. Assemblymember Gray has committed to working through tribal concerns. The bill has now moved to the Appropriations Committee and will be heard as part of the suspense calendar. Just as things were looking hopeful for Internet poker, U.S. Senator Dianne Feinstein issued a letter in opposition of the bill. This move is unusual and though it may not have an impact, it is a good example of the political challenges facing Internet poker.

Assemblymember Gray is also carrying AB 2678, which would dedicate up to 30 percent of the sales tax collected from transactions at fairgrounds to support small and medium-sized fairs to what is essentially the old F&E fund for deferred maintenance. The bill, which passed out of the Assembly Revenue and Taxation Committee, has a hearing scheduled for May 4.

Mr. Brown reported that the Governor is expected to release the revised 2016-17 state budget by May 12. The budget includes a \$3 million continuous appropriations allocation to CDFA F&E for operations. The deferred maintenance allocation remains at \$4 million and the fair industry is lobbying support to increase that allocation to \$10 million. The deadline for the legislature to act on the budget is June 18 and the Governor must sign the budget by July 1.

Mr. Brown provided an update on discussions with CDFA regarding license fees generated at racing fairs. Mr. Alkire reiterated the position of the CARF Live Racing Committee that members are eager to meet with the Secretary of Ag to discuss the importance of redirecting those funds back to racetrack safety at Mr. Brown's recommendation.

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

Mr. Korby reported that CARF made a formal request to the California Horse Racing Board (CHRB) to allow CARF-member fairs to enter into a combined fair meeting and to allow the Alameda County Fair, in partnership with Oak Tree Racing Association, to host the 2016 San Joaquin County Fair race dates in September. After many meetings with CHRB staff and industry principals, both items were scheduled on the April 21 CHRB meeting agenda and passed successfully after significant discussion and opposition by Stronach Group/Golden Gate Fields, the Thoroughbred Owners of California (TOC) and the California Thoroughbred Trainers (CTT).

Mr. Korby stated that the focus will now shift to 2017 race dates. CHRB staff has scheduled a Northern California dates meeting at Cal Expo on May 17 and the full CHRB Board meeting is being rescheduled for May 26 in Southern California.

Mr. Korby stated that the items on the CARF adopted calendar most likely to draw opposition are removing the overlap at Ferndale and racing at Pleasanton in September. Mr. Korby recommended that Mr. Conway be prepared to address how running without overlap during the dates Humboldt County Fair is requesting is in the best interests of racing in California. Mr. Korby noted that when this topic has been discussed in the past, the rest of the industry has claimed substantial lost revenue, perhaps as high as \$800,000. Mr. Conway agreed but stated that the \$800,000 figure was proven inaccurate at a prior CHRB meeting. Mr. Pickering recommended that Mr. Conway be prepared with the accurate figure and supporting documentation. Mr. Korby stated that the Alameda County Fair should be prepared to support the installation of a turf course as they continue to pursue more race dates.

Mr. Pickering moved that CARF authorize affected parties to negotiate other parts of the 2017 CARF-adopted calendar if the opportunity occurs to obtain more race dates at a fair location. Mr. Hoban seconded, unanimously approved.

Agenda Item 6 – Discussion and Action, if any, on Summer Racing Operations. Mr. Swartzlander described the 2016 CARF Recruitment Program which includes a trainers incentive based on a start threshold, shipping incentives to out-of-state horses starting on the circuit and new vaning and stabling incentives. Mr. Swartzlander reviewed the cost per fair and overall cost. Mr. Hoban requested that Mr. Swartzlander circulate a document outlining each element of the program and the budgeted cost allocation by fair for 2016 compared to 2015.

Mr. Conway moved to approve the 2016 CARF Recruitment Program as presented with the caveat that program details and budget figures be circulated to each fair manager for approval immediately following the meeting. Mr. Hoban seconded, unanimously approved.

Mr. Korby reported that a memorandum has been circulated outlining an expansion of the CARF VIP Program to include Thoroughbred breeders. As envisioned, CARF will work with CTBA to acknowledge and welcome horsemen who make a significant contribution to the sport. Samples of the 2016 VIP Program materials are included in the meeting packets.

Mr. Hoban moved to approve the expansion of the CARF VIP Program to include select Thoroughbred breeders. Mr. Pickering seconded, unanimously approved.

Agenda Item 7 – Report on Horsemen's Agreements. Mr. Swartzlander reported that since the April 21 CHRB meeting, the CTT agreement has been signed on behalf of all CARF member fairs. All horsemen's agreements for the 2016 season have been finalized and signed.

Agenda Item 8 – Update on TV Production Agreement. Mr. Swartzlander reported that the meeting packets include a formal agreement titled "Video Patrol Service Agreement

Extension Between Pegasus Communications, Inc. and California Authority of Racing Fairs (CARF)" which is a six-year extension including an HD production truck as discussed and approved by the Live Racing Committees in prior meetings. Mr. Swartzlander provided an overview each line item in the document.

Mr. Hoban moved to approve the Pegasus Communication video service extension agreement as provided. Mr. Pickering seconded, unanimously approved.

Agenda Item 9 – Executive Director’s Report. Mr. Korby reported that Balmoral Park in Illinois has declared bankruptcy and materials pertaining to that action have been handed off to legal counsel to review on behalf of all CARF-member fairs. If individual locations received any materials pertaining to the proceedings they should file them in a safe location, but no action is required unless notified by CARF staff.

Respectfully submitted,
Heather Haviland