

**CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, October 11, 2016**

MINUTES

A meeting of the California Authority of Racing Fairs (CARF) Live Racing Committee was held at 11:00 A.M., Tuesday, October 11, 2016. The meeting was hosted at the Big Fresno Fair, 1121 Chance Ave., Fresno, California.

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

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Richard Scheidt, Tom Doutrich, Heather Haviland, Juliana Gomes, Louie Brown, Debbie Jacobsen, Lauri King, Lance Moyer and John Quiroz.

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

Agenda Item 2 – Public Comment. Mr. Alkire introduced Big Fresno Fair Director Debbie Jacobsen. Ms. Jacobsen, on behalf of the Board of Directors, management and staff, welcomed the group and encouraged them to enjoy the fairgrounds and visit the new museum.

Mr. Alkire requested that the group take this time to honor Mr. Korby and his contributions to the agency since 1987. Mr. Alkire stated that a small part of Mr. Korby's accomplishments as Executive Director include distributing \$340 million in license fees to fairs and \$294 million in fair satellite commissions, as well as the development and implementation of the CARF Satellite Network, CARF Race Track Safety & Maintenance Program, CARF Consolidated Purse Fund and CARF Out-of-State Recruitment Program.

Mr. Alkire presented Mr. Korby with a bronzed plaque recognizing his decades of superior leadership, impeccable integrity and industry contributions that set the foundation for California horse racing and the entire California satellite racing network. Mr. Alkire requested that the plaque eventually return to the Big Fresno Fair Museum as a permanent remembrance of Mr. Korby's contribution to the fair racing industry. Mr. Korby accepted Mr. Alkire's request, thanked the group and received a standing ovation.

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 2016/17 Legislative Program.

Mr. Brown reported that Sept. 30 was the last day for Governor Brown to sign or veto bills passed by the Legislature. All bills without an urgency clause signed by the Governor take effect January 1, 2017. AB 2011 (Cooper), the statewide stabling and vanning bill, was written with an urgency clause and will take effect immediately. The bill will allow the amount deducted from handle for auxiliary stabling to increase from 1.25-2% statewide, and Northern principals may agree to a different percentage for individual associations and fairs, but only if all parties agree to the differing percentages.

Mr. Brown reported that the Legislature will change significantly in 2017 as the last phase of the old term limits expire. In 2012, voters approved Proposition 28 which allows legislators to serve a maximum of 12 years without regard to whether the years are served in the State Assembly or the State Senate. For the 2017 session, approximately 1/3 of the Assembly will be new, but it will not experience significant turnover again for eight years. This will bring consistency to the Legislature which may prove beneficial for working through complex policy issues.

Mr. Brown reported that legislative staff will meet prior to December to discuss CARF's 2017 legislative strategy.

Mr. Brown reported that AB 2678 (Gray), 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, passed through the Legislature with a strong 65-1 vote. The bill was then held under submission in the Senate Appropriations Committee. Governor Brown vetoed all bills dealing with the loss of revenue to the state of California, which may have applied to AB 2678 had the bill made it to the Governor's desk.

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

Mr. Korby expressed appreciation to the Secretary of Food & Agriculture for publically endorsing part of the CARF submitted calendar, specifically the September dates allocated to the Alameda County Fair. This support is very significant in race dates negotiations. Fairs will reconvene to discuss a 2017 strategy for Fair funding.

Mr. Korby reported that the Live Racing Committee spent multiple days in September in discussions with Sonoma County Fair. Sonoma County Fair staff admitted that the third "bonus" week of their meet is not financially viable, but after many hours of negotiations, the parties were not able to reach a consensus on a calendar that could be submitted to the California Horse Racing Board (CHRB). In the end, CARF submitted the calendar adopted by the Racing Committee. The committee continues to support the CARF calendar on the basis that it is balanced and meets the best interests of CARF-member Fairs and most Northern California racing interests. The decision is now in the hands of the CHRB Board.

Mr. Swartzlander provided a recap of the dates meetings that have occurred in Southern California and shared his impressions of how the CHRB Race Dates Committee members may vote. Mr. Korby indicated that the Thoroughbred Owner's of California (TOC) are attempting to conjoin the allocation of race dates to the stabling and vanning agreement.

The group discussed scenarios that are likely to play out during the Oct. 20 CHRB meeting amongst the industry participants. Mr. Pickering asked if the CHRB will have enough Directors for a quorum at the next meeting. Following general discussion all agreed that there would be a quorum for the upcoming CHRB meeting next week.

Agenda Item 6 – Discussion and Action, if any, on Vanning and Stabling Agreement for 2017. Mr. Korby circulated a handout titled *2017 CARF Auxiliary Stabling - Revenue Projections and Scenarios - DRAFT 09-13-2016*.

Mr. Korby stated that Northern California principals met Sept. 30 at the Alameda County Fair to discuss the Northern California Stabling and Vanning Fund. Industry representatives included horsemen, TOC staff and directors, CTT staff, CARF staff and the Golden Gate Fields (GGF) Racing Secretary. The group discussed their respective positions, shared opinions and sought viable solutions.

Mr. Korby reported that the original 2016 agreement between CARF and GGF went from Jan. 1 through Oct. 15 and would have eliminated any deficit that the Stabling and Vanning Fund is carrying. As part of the GGF fall racing license, TOC negotiated to have GGF extend payments to Pleasanton through the end of the year, thereby creating an even larger deficit.

Mr. Korby stated that CARF cannot support a stabling and vanning agreement that continues deficit spending if a sufficient number of stalls is available at GGF to accommodate the active runners.

Mr. Korby reported that at the Sept. 30 meeting, a trainer and TOC Director brought up the concept of horsemen contributing to the Stabling and Vanning Fund to keep auxiliary stabling open (i.e. stall rent). Mr. Korby stated that CARF could look favorably on a plan that utilizes contributions from horsemen in a manner that eliminates the fund deficit. Mr. Korby would like to extend the support of that concept, or any new mechanism that allows the fund to remain solvent while keeping both training facilities open, to TOC and CTT staff.

Agenda Item 7 – Update, Discussion and Action, if any, on Proposal to CDFA for Allocation of Pari-Mutuel License Fees to CARF's Race Track Safety Program. Mr. Brown reported that CDFA is reviewing the CARF draft of an agreement to direct license fee money generated by live racing fairs back to health and safety issues at fairs which conduct horse racing, specifically the CARF Race Track Safety & Maintenance Program. Mr. Brown reported that he and Mr. Korby met with Undersecretary Jim Houston on Aug. 8 and they received assurance that the 2016 funds will be redistributed back to CARF. The agreements are

currently in the General Counsel's office and should be delivered to CARF by the end of the week.

Mr. Quiroz reiterated that CDFA is drafting the agreement and intends to distribute those license fees back to CARF, but is working through the bureaucratic process of figuring out a mechanism to return the funds.

Agenda Item 8 – Executive Director’s Report. None.

Respectfully submitted,
Heather Haviland