

**CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors & Live Racing Committee
Concurrent Meeting
Wednesday, December 7, 2016**

MINUTES

A concurrent meeting of the California Authority of Racing Fairs (CARF) Board of Directors and Live Racing Committee was held at 11:00 A.M., Wednesday, December 7, 2016. The meeting was hosted at the CFSA Conference Room, 1776 Tribute Road, Sacramento, California.

CARF Board Directors attending: Jerome Hoban and Rick Pickering. Joining by conference call: John Alkire, Richard Conway and Kelly Violini

CARF Live Racing Committee members attending: Jerome Hoban and Rick Pickering. Joining by conference call: John Alkire and Richard Conway.

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

Agenda Item 1 – Date, Time and Location of Next Meeting: February 14, 2017 in Sacramento. The next CARF Board of Directors meeting is scheduled for Feb. 14, 2017 in Sacramento.

Agenda Item 2 – Public Comment. None.

Agenda Item 3 – Approval of Minutes. Ms. Violini moved to approve the CARF Board of Directors & Live Racing Committee concurrent meeting minutes as presented. Mr. Conway seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on 2017 Legislative Program. Mr. Brown reported that the legislature convened for the 2017-18 Regular Session on Dec. 5, 2016, introduced approximately 100 bills and broke for the holidays. The legislature will reconvene on Jan. 4, 2017 and Feb. 17, 2017 is the last day for bill introduction. Mr. Brown reported that he and Mr. Scheidt met to discuss legislative strategy and have decided to follow what has become the standard CARF protocol for the 2017-18 session, which is introduce two spot bills that can be used as vehicles should the need arise during the session. At this time there has not been any activity regarding horse racing or gaming.

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 he is continuing to work with CDFA to direct the license fee money generated by live racing fairs back to health and safety issues at fairs which conduct horse racing. Mr. Brown stated that the issue has the full support of F&E but the topic faces legal obstacles which may necessitate a legislative solution. Staff is in discussions with CDFA to change statute.

Mr. Pickering moved to support a legislative solution to direct license fee generated by live racing fairs back to the fair racing industry. Mr. Hoban seconded, unanimously approved.

Agenda Item 5 – Update, Discussion and Action, if any, on Proposal to CDFA for Allocation of Pari-Mutuel License Fees to CARF's Race Track Safety & Maintenance Program. Mr. Scheidt reported that the status of the agreement with CDFA to direct license fee money generated by live racing fairs back to health and safety issues at fairs which conduct horse racing remains unchanged since the last CARF Board meeting, with the exception that Louie Brown took a meeting with Jim Houston last week. John Quiroz reported that he staff presented the draft agreement to their executive office which deemed the process too cumbersome for the skeleton staff at both CDFA & CARF to execute. Mr. Quiroz stated that they are currently looking at alternative options.

Mr. Scheidt reiterated the funds have been earmarked by CARF for the Fair Race Track Safety & Maintenance Program and that staff will cooperate in any way to expedite this process. Mr. Alkire stated that CARF is not short staffed and is ready to provide any information that the agreement requires.

Agenda Item 6 - Discussion and Action, if any, on 2017 Racing Dates and Stabling & Vanning Agreement. Mr. Swartzlander reported that a NCOTWInc. Stabling & Vanning (S&V) meeting is scheduled for Saturday, Dec. 10, 2016 which he and Mr. Hoban will attend. Mr. Swartzlander asked Mr. Hoban to report on the S&V concerns specific to Pleasanton.

Mr. Hoban reported that the Pleasanton stabling facility and training operations are scheduled to close down on Dec. 24, 2016 per the CHRB approved Golden Gate Fields (GGF) license application. Pleasanton staff is working to address personnel matters due to the seasonal closure as well as working with industry principals to extend the closure date past the holidays.

Mr. Hoban stated that the Alameda County Fair Board's chief concern is the estimated existing fund deficit of \$900,000 as well as the open accounts receivable due to Pleasanton of \$475,000 for past due training expenses already incurred. Mr. Hoban stated that the S&V Fund deficit was created in a pooled account agreed upon by the S&V Committee and now the Stronach Group is implying that a non-pooled mechanism should be used to repay the debt, which would be detrimental to Pleasanton.

Mr. Swartzlander circulated a 2017 dates calendar and a spreadsheet showing the current S&V proposal on the table verses the CARF staff recommendation for 2017 stabling. Mr. Swartzlander

walked the group through the handouts in detail and the group discussed various scenarios and options. Mr. Hoban stated that if a satisfactory agreement cannot be reached on Saturday, CARF will need to engage legal representation for a formal opinion. Mr. Swartzlander stated that he will report back to the Board after the S&V Committee meeting on Saturday.

Agenda Item 7 - Report, Discussion and Action, if any, on Purse Overpayment. Mr. Swartzlander distributed a handout showing the current purse overpayments by fair. Mr. Swartzlander reported that this topic will be discussed in detail at the February CARF meeting when the 6% figures have been provided by NCOTWinc and the purse overpayments are finalized.

Agenda Item 8 - Report, Discussion and Action, if any, on Resolution to Revise CARF Sick Leave Policy (No. 4.3) to Eliminate Excellent Attendance Incentive. Mr. Swartzlander reported that staff is recommending the elimination of CARF's current Sick Leave Policy 4.3(c) as it relates to selling back accrued and unused sick leave effective December 15, 2016. The elimination of the above referenced policy will have a positive effect on the Agency Budget by an estimated \$40,000 in 2016 and continued future savings based on current practices by employees. The long-term impact for employees is that any accrued sick leave at time of separation will count towards PERS years of service.

Mr. Hoban moved to approve the resolution to revise the CARF Sick Leave Policy (No. 4.3) to eliminate the excellent attendance incentive as presented. Ms. Violini seconded, unanimously approved.

Agenda Item 9 - Discussion and Action, if any, on 2017 Agency Budget. Mr. Swartzlander reported that the 2017 CARF Agency Budget is included in the meeting packet. The budget is similar in structure to previous years' budgets and has been approved by the CARF Finance Committee. Ms. Gibbons provided a detailed presentation of the Agency Income Statement, Live Racing Income Statement and Statement of Net Position (formerly presented as the Balance Sheet).

Mr. Swartzlander provided updates for reduced expenses in the Live Racing Income Statement not included in the budget packet.

Ms. Violini moved to approve the 2015 CARF Agency Budget as presented. Mr. Pickering seconded, unanimously approved.

Agenda Item 10 - Executive Director's Report. Mr. Swartzlander reported that CARF will be hosting a reception at the WFA Convention in Reno on Jan. 17, 2017 at 5:30 p.m. and all CARF members and staff are encouraged to attend.

Respectfully submitted,
Heather Haviland