

**CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors & Live Racing Committee
Concurrent Meeting
Tuesday, March 6, 2018**

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., Tuesday, March 6, 2018. The meeting was hosted at the CARF Conference Room, 1776 Tribute Road, Sacramento, California 95815.

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

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

Staff and Guests attending: Larry Swartzlander, Richard Scheidt, Tom Doutrich, Heather Haviland, Juliana Gomes, Raechelle Gibbons and John Quiroz. Joining by conference call: Louie Brown, Allen Aldrich and Caroline Titus.

Agenda Item 1 – Date, Time and Location of Next Meeting: April 3, 2018 at 11:00 a.m. in Sacramento. The next CARF Board of Directors and Live Racing Committee meeting will be held Tuesday, April 3, 2018 at 11:00 a.m. in Sacramento.

Agenda Item 2 – Public Comment. None.

Agenda Item 3 – Approval of Minutes. Amended meeting minutes were circulated that included Allen Aldrich on the list of conference call attendees. **{ACTION}** Mr. Conway moved to approve the CARF Board of Directors & Live Racing Committee concurrent meeting minutes as amended. Mr. Hoban seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on the 2018 Legislative Program. Mr. Brown reported that more than 2,000 bills were introduced for the 2018 session, and of those bills, approximately 35-40% are spot bills. Those bills are required to be amended in order to advance to policy and fiscal committees, so the landscape of the staff's current legislative report may change significantly in the coming weeks.

CARF has sponsored two bills this session, AB 2917 (Cooper) and AB 3164 (Fong). At this time there are no substantive bills pertaining to horse racing circulating at the Capitol.

Mr. Brown reported that he, Mr. Swartzlander and Mr. Scheidt met with the Secretary of the California Department of Food and Agriculture, Karen Ross, and John Quiroz to discuss overall horse racing issues in general and AB 1499 in specific. Secretary Ross was very receptive and the meeting was productive.

Mr. Brown stated that he and Mr. Scheidt continue to work with John Quiroz regarding the 2017 legislative session bill AB 460, which gives CDFA the authority to allocate license fees back to racing fairs. Discussions continue regarding “gray-area” funds that are generated during live fair racing by satellites and private associations and sent to CDFA as license fees. Staff is developing language to clarify those funds and will use either AB 2917 or 3164 as a legislative vehicle.

Mr. Brown reported that principals in the legislature are closely monitoring the Supreme Court case involving sports wagering in New Jersey and the possible implications/opportunities for California.

Mr. Scheidt reported that harness racing representatives will be requesting CARF support for AB 2270 (McCarty), a bill that would benefit night-racing operators by allowing them to increase specific imports regardless of the number of races carded. Mr. Scheidt has requested a fact sheet for Board review, but legislative staff believes the bill will warrant CARF support to help the night racing operator conducting a harness meet at Cal Expo. Mr. Pickering stated that the California Exposition and State Fair supports the bill.

Agenda Item 5 – Report, Discussion and Action, if any, on Racing Operations, Consolidated Purse Fund, Stabling, Third-Party Lasix, Sponsorships, Horsemen’s Agreements and License Applications. Mr. Swartzlander reported on summer Fair racing and results from the 2017 CARF Recruitment Program which is included in the meeting packet.

Consolidated Purse Fund: Mr. Swartzlander reported, as in prior meetings, that the overpayment balance for the Consolidated Purse Fund is projected to be \$285,206 at the end of 2018 and that he recommends the Board consider the fiscal responsibility of the agency by withholding the anticipated shortfall from Fair commissions generated in 2017. A spreadsheet titled “2017 Consolidated Fair Purse Report” with proposed withholdings by Fair and updated figures was provided in the meeting packet. During the February meeting, the Board chose to defer the item and directed Ms. Gibbons to keep the CARF books open until a decision was reached at this meeting.

The group discussed options, current accounting practices at Fairs and consulted Ms. Gibbons regarding logistics. Each Fair discussed their individual position.

{ACTION} Mr. Pickering moved to allocate 50 percent of the 2017 commissions recommended by staff to pay down the liability created by the Consolidated Purse Fund without reducing the actual overpayment that has been distributed to horsemen in purses. Mr. Hoban seconded, unanimously approved.

Stabling Schedule: Mr. Swartzlander stated that the CARF stabling plan is included in the meeting packet. The current CARF plan has Pleasanton open May 1 through August 12 thereby serving as a stabling facility for their meet and as an auxiliary facility for the Sacramento and Santa Rosa meets. Sacramento will open as an auxiliary stabling facility for Pleasanton for 16 days starting June 14 through July 1 before providing stabling for the regular meet starting July 2 through July 29. There may be a need for Sacramento to stay open through the Santa Rosa meet, to minimize the number of barn moves made by horsemen, which is not reflected in the calendar. To accommodate horsemen, Fresno will open for stabling August 28. This plan provides a total of 98 auxiliary stabling days at fairs.

Mr. Swartzlander reported that there have been several meetings regarding stabling but little clarity about fiscal responsibility amongst parties or Golden Gate Fields (GGF) stabling plan. Mr. Swartzlander stated that Scott Daruty of The Stronach Group (TSG) indicated GGF would close on June 12 and “reopen five days before their summer meet and/or when the horsemen feel it is appropriate.”

Mr. Swartzlander stated that the CARF plan is to accommodate horsemen at fairs and he cannot speak to the decisions GGF will make. By using our own auxiliary stabling, Fairs will be able to utilize the funds they generate and direct those funds to the purse account. Mr. Swartzlander stated that he and Mr. Doutrich are also recommending that fairs pay for shipping horses between Pleasanton and Sacramento to alleviate the cost for horsemen.

Mr. Swartzlander and CARF staff have coordinated with California Thoroughbred Trainers (CTT) to meet with horsemen March 21 at GGF to present our plan and hear their concerns.

Third-Party Lasix: Mr. Swartzlander reported that he spoke with Dr. Arthur (CHRB) and GGF is currently using two vets and two vet techs to administer the third-party Lasix program. Those same vets and techs will be available for use at all of the fairs with the exception of Ferndale. Mr. Swartzlander will continue working with Dr. Arthur to assess Ferndale’s needs in regards to the program, including possibly using the fitness vet and TCO² tech.

Sponsorships & Horsemen’s Agreements: No report at this time.

License Applications: Mr. Swartzlander provided a schedule for CHRB live racing license application due dates.

Agenda Item 6 – Report, Discussion and Action, if any, on NCOTWINC. Mr. Swartzlander reported that the CARF and Thoroughbred Owners of California (TOC) representatives of the NCOTWINC Board met last week and TSG plans to give notice March 12 to opt-out of the host agreement with NCOTWINC effective June 12. At the meeting, the NCOTWINC Board addressed the current litigation against the organization, pension liability and workmen’s compensation and thereby made a decision to retain a bankruptcy lawyer for an official assessment. It is unknown at this time exactly how this decision with TSG will affect fair meets and fair satellite wagering facilities.

Agenda Item 7 – Report, Discussion and Action, if any, on Mini-Satellites, Simulcast HD Upgrades and Site Visits. Mr. Scheidt reported that the recent developments with NCOTWINC and TSG have stalled mini-satellite expansion. In reference to mini-satellites, the NCOTWINC Board voted to: 1) Not proceed with a prospective mini-satellite partner in Lockford due a to lack of financial viability, and 2) put the advancement of all mini-satellite prospects on hold until the future of NCOTWINC can be ascertained.

Mr. Swartzlander has instructed Mr. Scheidt to continue working on the mini-satellite application process with the Turlock Poker Room. Matt Cranford, CEO of the Stanislaus County Fair, has re-engaged conversations with that group about partnering in a mini-satellite venture and CARF would like to advance that project as far as possible in anticipation of a resolution to mini-satellite expansion. Mr. Swartzlander stated that the procedure for preparing the application is time consuming and can continue while the NCOTWINC situation develops. Mr. Scheidt reported there are still interested parties in Pleasant Hill, Sacramento and Ferndale.

Mr. Swartzlander report that he and Mr. Scheidt conducted site visits with San Mateo and Pleasanton regarding upgrading the sites to HD and CARF staff will being implementing the conversion.

Mr. Swartzlander reported that he and Mr. Scheidt have planned site visits to Lancaster, Ventura, San Bernardino and Victorville.

Agenda Item 8 – Financials. Preliminary year-end financials were provided in the meeting packet. Mr. Alkire noted that Ms. Gibbons is available to answer questions. No questions.

Agenda Item 9 – Executive Director's Report. Mr. Swartzlander called a CARF Finance Committee meeting for Tuesday, March 20, 2018.

Respectfully submitted,
Heather Haviland