

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors & Live Racing Committee
Concurrent Meeting
Tuesday, July 17, 2018

MINUTES

A concurrent teleconference meeting of the California Authority of Racing Fairs (CARF) Board of Directors and Live Racing Committee was held at 2:00 P.M., Tuesday, July 17, 2018. The meeting originated at the CARF Offices, 1776 Tribute Road, Sacramento, CA, 95815.

CARF Board Directors attending by teleconference: John Alkire, Richard Conway, Geoff Hinds, Rick Pickering, Dana Stoehr and Kelly Violini.

CARF Live Racing Committee attending by teleconference: John Alkire, Richard Conway and Rick Pickering.

Staff and Guests attending by teleconference: Larry Swartzlander, Heather Haviland, Juliana Gomes, Louie Brown, Ann Grottveit, Bryan Wayte, Greg Avioli, Lauri King, Jeanne Wasserman, John Quiroz and Caroline Titus.

Agenda Item 1 – Public Comment. None.

Agenda Item 2 – Report, Discussion and Action, if any, on Golden Gate Fields Simulcast Agreements. Mr. Swartzlander reported that he and principals from The Stronach Group (TSG – Scott Daruty and Eric Sindler), Thoroughbred Owners of California (TOC – Greg Avioli) and Northern California Off-Track Wagering, Inc. (NCOTWINC – Bryan Wayte) met prior to the July 12, 2018 California Horse Racing Board (CHRB) meeting solely to discuss satellite agreements for the summer Pacific Racing Association (PRA) meet at Golden Gate Fields (GGF).

Mr. Swartzlander stated that having the parties focus on reaching a Northern California off-track satellite network agreement for the meet in question meant temporarily tabling finding long-term solutions to the issues created by PRA/GGF opting out of NCOTWINC, including pension liability, outstanding shared costs, pending class action lawsuits and the lack of a labor agreement.

Mr. Swartzlander reported that CARF's position regarding the PRA/GGF summer satellite agreement required that liabilities, costs and labor be covered by PRA/GGF in a manner equal to or greater than when all associations were participating members of NCOTWINC. Mr. Swartzlander stated that a reworked agreement has been distributed to Board members and Mr. Avioli and Mr. Wayte are present to provide their opinions regarding the proposed agreement.

Mr. Avioli stated that the proposed agreement has the same essential economics as the agreement satellites operated under in 2017 with the exception that GGF does not have a direct host agreement with NCOTWINC, but instead GGF will contract directly with CARF/Santa Rosa and CARF will contract with NCOTWINC. Under this arrangement the same services will be provided at the same coverage of costs, but GGF can avoid a direct relationship with NCOTWINC thereby achieving the first step in a broad strategy of distancing TSG/GGF from labor. The TOC has ultimately signed off on this approach "as the best of a bunch of not great alternatives."

Mr. Wayte stated that he talked to Eric Sindler at length regarding the verbiage of the agreement, specifically Section 2(E), but that the language in question was clarified in Section 2(A). Mr. Wayte also stated that his concerns in funding were addressed in Section 2(D) and that he is comfortable with the agreement as presented.

Ms. Stoehr requested that language in Section 1 (Compensation to Satellites) be changed from "shall be entitled" to "shall solely own" in regard to revenues from parking fees, admissions, etc. Ms. Stoehr also requested that a schedule of reimbursements complete with dates be added to the agreement.

Mr. Pickering reported that as a state agency, California Exposition & State Fair cannot indemnify another entity as written in Section 7(B). Mr. Pickering also asked to clarify that CARF will be signing the agreement only on behalf of CARF-member satellite wagering facilities. Mr. Swartzlander confirmed that statement and added that Sonoma and Solano County Fairs will sign separate agreements.

Agenda Item 3 – Report, Discussion and Action, if any, on 2018 Summer Racing Dates.

Mr. Swartzlander reported fairs continue to discuss running September dates in the event that PRA/GGF is not granted a racing license.

Agenda Item 4 – Closed Session: Conference with Legal Counsel – Anticipated

Litigation. Ms. Grottveit reported that the CARF Board unanimously voted to accept the satellite agreement as proposed by PRA/GGF/TSG with following revisions:

1. Item 1 Compensation to Satellite. "Satellite shall be entitled to" will be stricken and replaced with "Satellite shall solely own."
2. Item 2(E) shall include a reimbursement schedule.
3. The agreement will include language clarifying the relationship between CARF and the satellite wagering facilities.
4. Guest Agreements will be updated and signed by all satellites in the North ensuring language in the agreements is in concert with language in the third proposed satellite agreement. Final language for the guest agreement and any further updates to the satellite agreement resulting from changes in the guest agreement will be completed by close of business, Friday, July 20.

In a separate motion, the CARF Board voted unanimously that any future Golden Gate Fields Simulcast Agreements with CARF shall include a labor harmony provision.

Respectfully submitted,
Heather Haviland