

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors
Tuesday, December 11, 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, December 11, 2018. The meeting was hosted at the CARF Conference Room, 1776 Tribute Road, Sacramento, California.

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

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

Staff and Guests attending: Larry Swartzlander, Tom Doutrich, Heather Haviland, Juliana Gomes, Raechelle Gibbons and Tom Martinez. Joining by conference call: Louie Brown, Cody Boyles, Lauri King, Alan Conrad and Caroline Titus.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Board of Directors meeting is scheduled for February 5, 2019 in Sacramento.

Agenda Item 2 – Closed Session: Public Employee Performance Evaluation – Executive Director and Staff. Mr. Brown reported that no action was taken in closed session.

Agenda Item 3 – Public Comment. None.

Agenda Item 4 – Approval of Minutes. {ACTION} Mr. Conway moved to approve the July 17, August 7 and October 11, 2018 CARF Board of Directors & Live Racing Committee concurrent meeting minutes as presented. Mr. Hoban seconded, unanimously approved.

Agenda Item 5 – Report, Discussion and Action, if any, on the 2019 Legislative Program. Mr. Brown reported that the legislature was sworn in during the first week of December thereby convening the 2019-20 Regular Session. Committees are still being assigned, but it is probable that Assemblymember Adam Gray will continue to serve as Chair of the Governmental Organization (G.O.) Committee and will continue to be active in sports wagering.

Mr. Brown reported that initial language has been drafted and circulated to Board members for the CARF “Northern California Racing Sustainability Act.” Staff will send multiple versions of

that language to legislative counsel for consideration regarding which aspects might be introduced in mid-February.

Mr. Brown reported that no racing or gaming bills have been introduced at this time, but staff is scheduling a meeting with Assemblymember Gray after the holiday break. Mr. Brown stated that he has also had conversations with Secretary Ross regarding the “gray area” license fees from racing and she is making it a priority to resolve those funds for the benefit of racetrack safety and maintenance by the end of the year.

Agenda Item 6 – Report, Discussion and Action, if any, on Sports Wagering. Mr. Swartzlander reported that he attended the University of Arizona Global Symposium on Racing December 3-5 in Tucson. The legalization of sports wagering was a hot topic and it was mentioned that the California satellite network has the ideal infrastructure to quickly implement sports wagering. The largest detractors to racing’s involvement in other states, and in California specifically, is expected to be from tribal gaming establishments.

Agenda Item 7 – Report, Discussion and Action, if any, on 2019 Racing Operations. Mr. Swartzlander reported that final purse numbers are not available, but that fairs are still expected to be underpaid for 2018.

Mr. Swartzlander reported that per November Board direction, he signed a satellite agreement with The Stronach Group (TSG)/Pacific Racing Association (PRA) for the upcoming Golden Gate Fields (GGF) meet. The agreement mirrors services/expenses of the prior agreements.

Mr. Swartzlander stated that staff is scheduling separate meetings with TOC and representatives of TSG to discuss the existing satellite network and expansion of mini-satellites.

Agenda Item 8 – Report, Discussion and Action, if any, on Agency Budget. Mr. Swartzlander reported that the 2019 CARF Agency Budget is included in the meeting packet. The budget is similar in structure to prior budgets and has been reviewed by the CARF Finance Committee. Areas that are overspent include race track maintenance and legal fees, with other categories on-target or underspent.

Ms. Gibbons provided a detailed presentation of the Agency Income Statement, Southern Satellite Program Sales, Live Racing Income Statement and Statement of Net Position (formerly presented as the Balance Sheet).

Mr. Pickering clarified that though live racing expenses are run through the CARF books and CARF pays significant live racing expenses, those expenses are reimbursed dollar for dollar by the live racing fairs based on the number of race days. Mr. Swartzlander added that the live racing expenses that each fair decides to run through CARF can vary year by year and can make it appear that “CARF expenses” have increased though the bottom line to the fair is the same.

{ACTION} Mr. Hoban moved to approve the 2019 budget as presented with one modification based on Finance Committee and closed session discussions: to adjust the salary category on the Live Racing Income Statement to \$312,666. Mr. Pickering seconded with the clarification that the budget is being reduced \$32,500. Unanimously approved.

{ACTION} Mr. Pickering, on behalf of the Finance Committee, moved to approve a general employee bonus pool tied to 2018 performance evaluations to be determined at the discretion of the Executive Director not to exceed \$12,500. Mr. Conway seconded, unanimously approved.

Mr. Pickering reported that a performance evaluation of the Executive Director is currently being conducted and is separate from the general employee bonus pool.

Agenda Item 9 – Report, Discussion and Action, if any, on Humboldt County Fair Purses and Commissions Proposal. Mr. Swartzlander reported that when the California Horse Racing Board (CHRB) approved the 2019 Northern California racing calendar, Humboldt County Fair was granted concurrent race dates with Golden Gate Fields (GGF). Mr. Swartzlander reported that he recommends discussing the financial details of the 2019 Stabling Agreement and options for recouping commissions lost to Ferndale with the elimination of their host status. Mr. Swartzlander stated his proposals are included in the meeting packet as handouts titled “2019 HCF Commissions Proposal” and “Explanation of HCF Purses and Commissions Proposal.” The group discussed aspects of the proposal and which figures were actual versus future estimates.

{ACTION} Mr. Hoban moved to approve the proposal in concept, as a game plan to help the Humboldt County Fair recoup lost host-status commissions, but to table the exact formula and dollar figures based on results of the 2019 racing season. Ms. Violini seconded, unanimously approved.

Agenda Item 10 – Executive Director’s Report.

- Chris Griffin has an important call this evening with a significant sponsor.
- TOC has verbally agreed to secure Ann Grottviet as legal counsel regarding the NCOTWINC pension liability.
- Pegasus Communications will be presenting a proposal to upgrade the live racing Jumbotron to HD with no increase in the day rate.
- Legal counsel is scheduling a meeting with a key legislator for early January.

Respectfully submitted,
Heather Haviland