

CALIFORNIA AUTHORITY OF RACING FAIRS  
Board of Directors & Live Racing Committee  
Concurrent Meeting  
Tuesday, April 2, 2019

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, April 2, 2019. The meeting was conducted at the CARF Conference Room, 1776 Tribute Road, Sacramento, CA, 95815.

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

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

Staff and Guests attending: Larry Swartzlander, Tom Doutrich, Heather Haviland, Juliana Gomes, Raechelle Gibbons, John Quiroz, Tom Martinez, Cindy Olsen-Bugenig, Clare Bugenig, Duane Martin, James Morgan and Allen Aldrich. Joining by conference call: Louie Brown, Cody Boyles, Lisa Hindley and Caroline Titus.

**Agenda Item 1 – Date, Time and Location of Next Meeting: May 7, 2019 in Sacramento.**

The next CARF Board of Directors and Live Racing Committee meeting will be held at 11:00 A.M. on May 7, 2019 in Sacramento.

**Agenda Item 2 – Public Comment.** None.

**Agenda Item 3 – Approval of Minutes.** {ACTION} Mr. Conway moved to approve the March 5, 2019 CARF Board of Directors & Live Racing Committee concurrent meeting minutes as presented. Mr. Pickering seconded, unanimously approved.

**Agenda Item 4 – Report, Discussion and Action, if any, on 2019 Legislation Program.** Mr. Brown reported that the legislature reconvenes from Spring recess April 22 and the deadline for policy committees to hear and report on fiscal bills introduced in their house of origin will be that Friday. May 3 is the deadline for policy committees to hear and report on non-fiscal bills. Activity at the Capitol is high, but racing legislation remains light.

Mr. Brown stated that though racing legislation is light, concerns over race track safety and the breakdowns at Santa Anita are extremely high, especially since the events have made national news headlines. Belinda Stronach has personally met with the chairs of both Governmental

Organization (G.O.) Committees to address safety concerns and changes The Stronach Group (TSG) is implementing.

Mr. Brown reported that CARF sponsored bill AB 482, initially introduced by Assemblymember Joaquin Arambula, is now carried by Assemblymember Bill Quirk. Assemblymember Quirk represents Alameda County and is also sensitive to racing issues that would have an impact on Golden Gate Fields. Legislative staff is in the process of negotiating possible amendments to the bill including removing the secure block of fair dates and eliminating the out-of-state import cap. The bill is expected to retain the elements of geographic representation on the racing board, the approval of multi-year racing calendars and animal welfare issues.

Mr. Swartzlander reported that CDFR and CARF have executed an agreement to use the 1% location fee monies generated at fairs for race track safety and maintenance. The Board thanked Mr. Quiroz for his work in getting the agreement established and signed.

**Agenda Item 5 – Report, Discussion and Action, if any, on Mini-Satellites.** Mr. Swartzlander provided an overview regarding mini-satellite wagering formation and intended function. Conventional mini-satellites, as approved by the California Horse Racing Board (CHRB), are intended to be teller-manned facilities that process traditional pari-mutuel wagers through the tote system with all of the safety and security measures required by CHRB. The distinction between a brick and mortar fair satellite and a mini-satellite is that the mini-satellite is intended to fully integrate horse racing into a preexisting business with established clientele (i.e. sports bar, card room, bowling alley, etc.) as an additional entertainment offering.

TSG has introduced the model of an off-track network comprised of “Advanced Deposit Wagering (ADW) Lounges.” These lounges are also intended to supplement an existing and complementary business, but do not require union tellers or a conventional tote system. ADW lounges would simply encourage and ease access to players opening Internet wagering accounts and placing bets online, either on their own device or a device provided by the facility. ADW lounges would be very inexpensive in both initial setup and daily operations and do not require approval or oversight from CHRB.

The downside to ADW lounges are the initial requirement of the patron to sign up for an ADW account complete with personal banking information and the ability for a patron to easily access winnings to “cash out” is unclear.

TSG has a vested interest in opening ADW lounges as they own the XpressBet online betting platform and current brick and mortar satellite receive a location fee from ADW wagers. TSG would benefit greatly from closing the existing simulcast network and running all of those wagers through XpressBet. However, the reality is that the California simulcast network generates

a substantial amount of money to California tracks in the form of purses and commissions and that money would not seamlessly migrate to the proposed ADW lounge model.

TSG has hired Dwayne Yusik, former GM of Portland Meadows with satellite experience in Canada, to open ADW lounges in California. CARF staff has met with Dwayne and he has visited several proposed mini-satellite locations. At this time, there is not a fair mini-satellite that lends itself to experimenting with aspects of an ADW lounge, but staff will keep dialog open.

CARF staff is moving forward with CHRB applications for two conventional mini-satellites, one in Turlock and the other in Sacramento. These applications are currently being stalled by the lack of a NCOTWINC operating agreement. Pacific Racing Association (PRA)/TSG issues with the NCOTWINC organization as a whole have left the Thoroughbred Owners of California (TOC) reluctant to expand the satellite network without simulcast agreements with PRA and Santa Rosa. In an effort to resolve the NCTOWINC issues, Ann Grottviet has been retained to explore the organization's pension liability implications.

#### **Agenda Item 6 – Report, Discussion and Action, if any, on 2019 Racing Operations.**

**Racing Licenses:** Mr. Swartzlander reported that the Pleasanton application will be heard before the CHRB on April 18. The horsemens' agreements have been updated and distributed for signature with no disputes anticipated.

**Purses:** Mr. Swartzlander reported that the 2019 purse structure, while not matching Golden Gate Fields (GGF), does drop one stakes race and increases strategically targeted categories when compared to 2018. Mr. Aldrich, speaking on his own behalf and not as a representative of TOC, stated that Golden Gate Fields has had a very successful meet and that he is concerned about fairs not meeting the GGF bottom purses. After meeting with Mr. Swartzlander and Mr. Doutrich, he feels the strategic increases will be acceptable.

**Recap from CHRB Meetings:** Mr. Swartzlander stated that the March CHRB meetings produced several proposed changes that could affect fairs, including the use of riding crops, anti-inflammatory medication, Lasix and additional therapeutic mediations. Most of the changes currently being implemented in California are house rules established by TSG at Santa Anita and Golden Gate Fields. CHRB is considering several rule modifications and is putting those out for the mandatory public comment period. CARF staff will work with Del Mar and Los Alamitos to see which house rule changes those associations are considering and how they may impact fairs. If all major racing associations establish uniform house rules in any of the sensitive categories, CARF will be expected to follow suit. Mr. Swartzlander will keep the group informed as these changes develop.

Mr. Swartzlander reported that the CHRB approved the 2019 CARF combined fair meet application for wagering purposes.

**Recruitment:** Mr. Doutrich reported that he has had conversations with several Phoenix trainers and that he does not feel an in-person recruitment trip to Arizona would be fiscally prudent at this time. Mr. Conway reported on changes to the Oregon racing circuit and his plans to recruit from the Pacific northwest.

**Agenda Item 7 – Financials.** Mr. Alkire reported that financials are included in the meeting packet and that Ms. Gibbons is available to answer questions. No questions. Ms. Gibbons reported that the CARF audit is scheduled to take place in May.

**Agenda Item 8 – Executive Director’s Report.** Mr. Swartzlander reported that he will be celebrating his 50<sup>th</sup> wedding anniversary with a cruise after the May CARF Board meeting. Mr. Swartzlander, and his wife Sue, were congratulated by all.

Respectfully submitted,  
Heather Haviland