

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors & Live Racing
Committee Meeting
Thursday, October 10, 2019

MINUTES

A concurrent meeting of the California Authority of Racing Fairs (CARF) Board of Directors and Live Racing Committee was held at 10:00 A.M., Thursday, October 10, 2019. The meeting was hosted at the Big Fresno Fair, 1121 Chance Ave., Fresno, California.

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

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

Staff and Guests attending: Larry Swartzlander, Juliana Gomes, Louie Brown, Cody Boyles, Lauri King, Becky Bartling, John Quiroz, Arturo Barajas, Allen Aldrich, Abel Borg and Howard Rubin. Joining by conference call: Raechelle Gibbons, Jessica Agee, Jeanne Wasserman, Lisa Hindley and Caroline Titus.

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

Agenda Item 2 – Public Comment. None.

Agenda Item 3 – Audit Report. Jessica Agee from Gilbert & Associates presented the results of the CARF audit for the year ending December 31, 2018. The field work for this audit happened from May to June and included a review of the Paymaster’s procedures during the California State Fair in July. The audit report was issued in August.

Ms. Agee reported that CARF management was cooperative and well-prepared throughout the audit process. The audit found that the financial statements fairly presented the financial position of the agency and are in accordance with all acceptable accounting principles. As in previous years, Ms. Agee reported that Gilbert is unable to make a qualified opinion due to the lack of financial evidence provided from Advanced Deposit Wagering (ADW) providers and that a segregation of duties for the Paymaster position is encouraged, but they did not find any issue with the current reporting.

Ms. Agee noted one new finding is that the vacation accrual for employees is higher than the board-adopted policy allows. This creates a liability for the agency and Mr. Swartzlander commented that this is likely due to the nature of employee's work occurring on holidays.

The implementation of GASB75 and an overfunding of OPEB were the most significant changes for this year. Ms. Gibbons added that the OPEB fund is used to help reimburse the agency for CARF retiree benefits. Ms. Agee reiterated that having a pre-funded OPEB is a highlight for the agency and Mr. Pickering requested that next year Ms. Agee include a footnote designating that.

Mr. Pickering moved to accept the 2018 CARF Audit Report as presented. Mr. Conway seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on Legislation. Mr. Brown reported that the 2019 legislative session has adjourned and that he would like to plan a legislative agenda for 2020.

Mr. Brown noted that Assemblymember Adam Gray had made a constitutional amendment to Sports Wagering. This amendment would require a 2/3 approval by the legislature before it could be presented to voters on the 2020 ballot.

Mr. Brown also stated that the Governor has placed horse and jockey safety as a priority for his most recent appointees to the California Horse Racing Board (CHRB.) These three new CHRB members include: Dr. Gregory Ferraro, Oscar Gonzalez and Wendy Mitchell.

Mr. Pickering recommended that Mr. Brown work on a spot bill in case it is needed as a vehicle for the potential outcome of the lawsuit between the CHRB and Los Alamitos vs. The Stronach Group in regards to providing a signal to the northern California satellites. Mr. Brown stated that they are prepared and look forward to the hearing. Mr. Swartzlander reported that the hearing has been moved to November 18.

Agenda Item 5 – Report, Discussion and Action, if any, on 2019 Racing Operations. Mr. Swartzlander reported there is one more week left of racing at the Big Fresno Fair. An evaluation on purse overpayments will be made available to board members during the November CARF Board meeting.

In light of the recent accidents and horse safety concerns at Santa Anita, Mr. Pickering asked for an update in regards to the fairs' injury statistics. Mr. Swartzlander explained that there are differences in fatality reports: on-track, on the grounds (i.e. backside, barn areas) and in-training. Mr. Swartzlander reported that at Pleasanton there were three fatalities, one was on-track and Fresno had one Quarter Horse euthanization due to race sustained injuries. Mr. Pickering clarified that these four accidents occurred out of an estimated 3,500 starts on the fairs this year.

Agenda Item 6 – Report, Discussion and Action, if any, on 2020 Summer Race Dates and Stabling. Mr. Swartzlander presented the current CARF Proposal, listed as item VI. Proposed Northern California Race Dates DRAFT. It was presented to Golden Gate Fields (GGF) and The Stronach Group (TSG) that the fairs would continue to pay 2% for auxiliary stabling which would amount to roughly \$645,000 and that the fairs would like the first week of the Humboldt County Fair (HCF) unoverlapped. TSG rejected the offer and countered with an offer of \$825,000 for auxiliary stabling with no unoverlap for HCF. The Thoroughbred Owners of California (TOC) support the current proposal by CARF and Mr. Swartzlander encourages members to attend the upcoming Race Dates Committee meeting being held at Cal Expo.

The second topic in regards to 2020 Summer Race Dates is the push back of start date from June 11 to June 18. This move one week back causes a concern for revenue loss and scheduling issues for the Sonoma County Fair (SCF.) A letter was provided to the CARF Board from the SCF Racing Committee Chair Teejay Lowe stating that SCF would rejoin as a CARF member for three years if the following criteria were met: that SCF would keep its race dates schedule it has had for the last three years, SCF would drop its request for a third week of racing and that SCF and CARF reach a mutually agreeable financial proposal.

This proposal came after a meeting hosted by Senator Mike McGuire to discuss the future of fair race dates. Mr. Swartzlander, Ms. Bartling, the chief of staff for Senator Bill Dodd’s office, and SCF Board Member Ross Liscum were all present to discuss possible solutions.

Ms. Bartling provided detail into how the one-week shift would negatively affect her fair. Each board member spoke to the challenges of school start dates and encouraged Ms. Bartling to receive further approval from not only her Racing Committee Chair, but her Fair Board of Directors. Ms. Bartling countered that despite prior history of bad blood that SCF would be willing to work with CARF if SCF dates were secured.

Mr. Pickering and Mr. Hoban both commented that despite the draft nature of the race dates calendar, their fair boards must vote on dates to secure carnival contracts. Mr. Swartzlander added that the 42-race day model with a start date on June 18 and HCF unoverlapped in the first week is the best model for current CARF members. Mr. Alkire agreed with this conclusion and encouraged Mr. Swartzlander and Ms. Bartling to continue dialogue despite the current impasse.

Agenda Item 7 – Financials. No report.

Agenda Item 8 – Executive Director’s Report. Mr. Swartzlander updated the board on current board openings. There are three positions opening, Geoff Hinds has moved out of state to work as the director for the Deschutes County Fair and will no longer serve as the Southern California Satellite Chair, Dana Stoehr from the San Mateo County Event Center has resigned from

her seat as an At-Large Director and Rick Pickering's term as WFA Liaison is expiring. These seats will all be made available for a membership election come December.

Respectfully submitted,
Juliana Gomes