

CALIFORNIA AUTHORITY OF RACING FAIRS  
Board of Directors & Live Racing Committee  
Concurrent Meeting  
Tuesday, March 3, 2020

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 3, 2020. The meeting was conducted at the CARF Office, 1776 Tribute Road, Sacramento, CA, 95815.

CARF Board Directors attending: Rick Pickering. Joining by conference call: John Alkire, Jerome Hoban, Dan Jacobs, Dana Stoehr and Kelly Violini.

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

Staff and Guests participating: Larry Swartzlander, Tom Doutrich, Heather Haviland, Juliana Gomes, Vicki Layne, Raechelle Gibbons, Ann Grottveit, Louie Brown, John Quiroz, Matt Cranford, Cindy Olsen, Duane Martin and Cory Soltau. Joining by conference call: Lauri King, Jeanne Wasserman, Allen Aldrich, Lisa Hindley and Caroline Titus.

**Agenda Item 1 – Date, Time and Location of Next Meeting: April 7, 2020 in Sacramento.** The next CARF Board of Directors and Live Racing Committee meeting will be held at 11:00 a.m. April 7, 2020 in Sacramento.

**Agenda Item 2 – Public Comment.** Ms. Stoehr expressed concern regarding the recent outbreak of a novel strain of flu, Covid-19, and the susceptibility of satellite wagering facility patrons since many are demographically considered high-risk. Ms. Stoehr also asked how other sites are mitigating exposure. Mr. Pickering stated that Cal Expo purchased industrial sized tubs of hand sanitizer to place between the self-service tote machines and that they have incorporated additional signage regarding hand washing.

Ms. Stoehr reported that San Mateo is conducting additional training for janitorial staff, posting signage regarding 20-second hand washing, increasing availability of hand sanitizer and intensifying cleaning schedules. Ms. Stoehr added that some areas are outside of the fair's control, such as cleaning the tote machines more than once a day. Ms. Stoehr requested that CARF distribute communication to all of the satellites with links to CDC guidelines.

Ms. King added that the International Association of Fairs and Expositions (IAFE) put together a solid statement regarding COVID-19 as it pertains to fairs with recommendations that would benefit satellites.

Mr. Pickering reported that Western Fairs Association (WFA) recently conducted a two-day planning session whereby a unanimous vote to retain the CARF representative seat on the WFA Board was passed. WFA Board members also expressed a desire to have representative(s) attend a CARF Board meeting to discuss future collaboration between the two organizations.

**Agenda Item 3 – Closed Session: Conference with Legal Counsel – Anticipated Litigation and Executive Director Evaluation.** Ms. Grottveit reported that during closed session the Board had conference with legal counsel and received advice regarding anticipated litigation. No action was taken.

{ACTION} In addition, after hearing a positive evaluation of the Executive Director, a motion was made by Mr. Hoban, seconded by Mr. Pickering and voted unanimously for an increase to the Executive Director compensation.

**Agenda Item 4 – Approval of Minutes.** {ACTION} Mr. Hoban moved to approve the CARF Board of Directors & Live Racing Committee concurrent meeting minutes for February 4, 2020 as presented. Mr. Jacobs seconded, unanimously approved.

**Agenda Item 5 – Report, Discussion and Action, if any, on Legislative Program.** Mr. Brown reported that the meeting packet contains the comprehensive report of bills being monitored for CARF, which is a document that is historically included in each meeting packet. New for this meeting, “Handout 1” was developed by Mr. Swartzlander and legislative staff to prioritize and further explain the bills and legislative maneuvers most vital to the organization.

Handout 1, titled “Potential Legislative Initiatives Based on Priority,” breaks down the California Sports Wagering Regulation and Unlawful Gambling Enforcement Act (sponsored by the Pechanga Band of Luiseno Indians and other tribes), ACA 16 by Assemblymember Adam Gray, the horse racing safety bill AB 1974 and Humboldt County Fair overlap relief efforts.

Mr. Brown reported that the proposed initiative to legalize sports wagering at private horse tracks and tribal casinos lead by the Pechanga Band of Luiseno Indians is moving forward, they are collecting signatures and there has been no official update regarding the number of signatures secured at this time. When the tribes have received enough signatures to reach the 25% threshold, they will be required to report to the Secretary of State’s office which will trigger the Legislature to hold a joint informational hearing of the policy committees. The tribes have fully funded this effort and legislative staff expects that they will meet the threshold and CARF will have the opportunity to voice concerns/opposition at the informal hearings.

Mr. Brown stated that the main focus of horse racing legislation this session is on horse and jockey safety. Animal welfare groups have continued to be extremely active and several response bills have been drafted. The bill with the greatest impact to the industry at this point is AB 2177 (Kalra) which would require the CHRB to adopt rules and regulations for the welfare and safety of racehorses, such as a panel of independent veterinarians to thoroughly investigate entered horses and the restriction of vitamins and supplements. The bill does not directly impact fairs as it only applies to tracks handling an average of \$1.5 million daily, but there will be an indirect impact. Mr. Swartzlander recommended the CARF Board remain neutral in regards to AB 2177 as racehorse welfare is extremely important at this time.

This session, CARF has sponsored AB 2938 (Arambula), which is moving through the legislative process.

**Agenda Item 6 – Report, Discussion and Action, if any, on Mini-Satellites and NCOTWINC.** Staff reported that efforts continue in moving the District 30 (Downtown Sacramento) and Turlock Poker Room mini-satellite through the application process. The Stronach Group (TSG) no longer being a participant in NCOTWInc. has created additional steps to secure a necessary operator agreement. The next step is for each racing association in California to sign an official form guaranteeing the new mini-satellite permission to broadcast their racing product. Mr. Swartzlander expects signatures from every track with the exception of Santa Anita Park and Golden Gate Fields which are TSG owned. In the event that TSG tracks are the only holdouts, CARF will escalate the issue to the CHRB Board.

Mr. Swartzlander stated that several other mini-satellite opportunities exist and discussed bingo at satellites, highlighting the success Mr. Jacobs has had with bingo at Lancaster.

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

**Agenda Item 8 – Report, Discussion and Action, if any, on Racing Calendar and Live Racing Operations.**

**Purse Overpayment:** Mr. Swartzlander directed the group to Handout 3 titled “2020 Consolidated Fair Purse Report” and reported on the 2019 meets and overall purse overpayment. Mr. Swartzlander expects 2020 overpayments to be similar, but offset to some extent by the week of overlapped racing at Ferndale.

**2020 Racing Dates & Stabling:** Mr. Swartzlander directed the group to Handout 2 titled “2019/2020 Stabling Comparisons.” The spreadsheet shows 2019 stabling costs, the projected cost to use Golden Gate Fields for auxiliary stabling in 2020 and the cost for using fairgrounds as auxiliary stabling for the 2020 meets.

Mr. Swartzlander stated that he has repeatedly reached out to The Stronach Group (TSG) in regards to stabling with an offer of 2% generation from the Stabling and Vanning Fund to compensate GGF for staying open and serving as auxiliary stabling for Pleasanton and Sacramento. At this time, TSG has not responded. CARF staff will move forward with plans to provide stabling at fairs and the CARF Board will need to make a final decision at the April meeting.

Mr. Hoban requested the formula used to determine the number of tack room. Mr. Doutrich responded that the industry standard is one tack room for every four horses. Mr. Hoban stated that the ratio used doesn't align with Pleasanton's barn configuration which is four tack rooms for 80 stalls (5 stalls per tack room). Mr. Hoban recommended that any documents circulated by CARF reflect the stalls to tack room ratios that fit each barn area. Mr. Hoban asked about the auxiliary stabling needed at Fresno. Mr. Swartzlander responded that the 19 days of auxiliary stabling for Fresno covers stabling from the end of the Humboldt County Fair meet to the start of the Big Fresno Fair's stabling for their meet. The emerging breeds cannot stable at Golden Gate Fields during the gap between the two meets.

Mr. Pickering asked for clarification on specific figures and received confirmation that under the fair auxiliary stabling plan, \$150,000 was budgeted to improve the tack rooms at Sacramento. Mr. Hoban asked about the need for portable stalls at Pleasanton if Sacramento is also open for stabling. Mr. Doutrich reported that the portable stalls would be used for pony horses and mixed breeds to allow as many Thoroughbreds as possible to occupy the main barns at Pleasanton. A majority of Thoroughbred trainers will want to stable at Pleasanton.

Mr. Hoban stated that utilizing fairgrounds for auxiliary stabling is inevitable and with TSG being non-responsive to CARF's offer of 2% generation for Golden Gate Fields auxiliary stabling, he recommends that the live racing fairs move forward with plans to stable the 2020 circuit racehorses at fairgrounds. Mr. Doutrich stated that fair auxiliary stabling will provide hardship for horsemen, but that fairs are being given no other option and that he believes executing the plan is workable.

Mr. Pickering asked about the status of Santa Rosa's plan for auxiliary stabling. Mr. Swartzlander stated it is unknown at this time.

{ACTION} Mr. Hoban moved to proceed with plans for fairs to provide auxiliary stabling at fairgrounds for the 2020 race meet due to unresponsiveness from The Stronach Group in negotiating for Golden Gate Fields to provide auxiliary stabling and a need to communicate plans to impacted horsemen. Mr. Pickering seconded the motion, providing CARF continue to try and negotiate with The Stronach Group and clarify details of the proposed plan. Unanimously approved.

Mr. Pickering reminded the group that the last time plans for fairs to provide auxiliary came close to fruition, and horsemen applied pressure, TSG called meetings at Golden Gate Fields to place blame for the displacement of horsemen on fairs.

Mr. Pickering suggested that racing fairs provide a consistent message of what has taken place up to this point, including:

1. Fairs cannot afford, at the expense of purse money, to pay for auxiliary stabling for horses that do not run at fairs.
2. Golden Gate Fields has been allocated dates in 11 months of the 2020 calendar year but is willing to displace horsemen from mid-June to mid-August if the fairs don't pay them \$825,000 (last offer made in Fall 2019).
3. Fairs have offered to pay Golden Gate Fields for auxiliary stabling in the same manner as in 2019, approximately \$647,000.
4. Fairs are not closing the stabling area at Golden Gate Fields. Fairs are providing additional stabling at fairgrounds and Golden Gate Fields is choosing to close.
5. An association receiving racing dates in more than 9-10 months of a calendar year should be required by CHRB to provide year-round stabling.

**Humboldt County Fair:** Mr. Swartzlander reported that he, Mr. Alkire and legal counsel Ann Grottveit met with two members of the Humboldt County Fair Board to discuss financials. Mr. Swartzlander stated that achieving racing without overlap for Ferndale, which would allow to meet to be financially viable is a top priority for CARF.

#### **Agenda Item 7 – Executive Director's Report.**

##### **DRAFT Policy Manual & Employee Handbook**

Ms. Haviland reported that CARF's draft employee policy manual is being reviewed by legal counsel.

##### **Simulcast and Sports Wagering Consultant.**

Mr. Swartzlander reported that he has hired Michael Knapp as a sports wagering consultant and to provide help with identifying new outlets for the CARF racing signal.

Respectfully submitted,

Heather Haviland