

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors & Live Racing Committee
Concurrent Meeting
Tuesday, November 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, November 3, 2020. The meeting was conducted via teleconference originating at the CARF office, 1776 Tribute Road, Sacramento, CA, 95815.

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

CARF Live Racing Committee members joining by conference call: Jerome Hoban, Lauri King, Jim Morgan and Rick Pickering.

Staff and Guests participating via conference call: Larry Swartzlander, Tom Doutrich, Heather Haviland, Vicki Layne, Juliana Gomes, Raechelle Gibbons, Louie Brown, Tom Martinez, Michael Margetts, Jeanne Wasserman, Leslie Bihscoff and Caroline Titus.

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

Agenda Item 2 – Public Comment. None.

Agenda Item 3 – Approval of Minutes. {ACTION} Mr. Pickering moved to approve the CARF Board of Directors & Live Racing Committee concurrent meeting minutes for October 6, 2020 as presented. Mr. Jacobs seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any on Legislative Program. Mr. Brown reported that the legislature is still in recess and that today is election day. The current focus is on the national stage for the presidential election. Mr. Brown will assemble and distribute a pamphlet detailing the newly elected officials. The legislature will return on the first week of December and the session for 2021 will be hosted similarly to 2020, in that the legislature will be working remotely. Mr. Brown expects to move forward with submitting one to two spot bills for CARF.

Mr. Swartzlander feels confident moving forward with the fantasy sports proposal to enhance the satellite wagering product, with an implementation date of August 1, 2021. Mr. Swartzlander adds that CARF is ready to initiate the proper legal and implementation processes. Mr. Swartzlander hopes to have a contract ready for the Board's consideration in December with California Sports Wagering, LLC. and Mike Knapp.

Mr. Swartzlander updated the board in regards to the status of satellites: the Alameda County Fair satellite has opened, the Big Fresno Fair's partner (Club One) has closed but is currently seeking a new card room location in Fresno and the San Joaquin County Fair's proposal for their satellite is currently under consideration at CDFFA. Mr. Swartzlander added that the southern California satellites are either currently partnered or working on agreements with the California Sports Wagering, LLC.

Agenda Item 5 – Report, Discussion and Action, if any, on 2019 Independent Audit Report.

Kevin Wong from Gilbert & Associates presented the results of the CARF audit for the year ending in December 31, 2019.

Mr. Wong 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. Mr. Wong reported that Gilbert & Associates has made a modified opinion regarding ADW due to the lack of financial evidence provided from the providers and that a segregation of duties for the Paymaster position is encouraged, but they did not find any issue with the current reporting.

Mr. Wong noted that last year's audit finding regarding staff vacation accrual has been lowered to proper thresholds and he now considers this issue resolved.

Mr. Hoban asked for clarification in regards on how to move forward and possibly correct the ADW issue. Mr. Wong noted that the Gilbert team is unable to locate any type of assurance that confirms ADW companies are providing CARF with the amount of money they are due. Ms. Gibbons added that brick and mortar locations undergo an audit after every race meet so those numbers are always guaranteed, but due to the private sector nature of ADW companies, they are unable to obtain audit numbers. Due to the nature of 2020, and the significantly higher ADW contribution, Ms. Gibbons hopes to create a justification report to help confirm the numbers reported by CARF for their ADW numbers in the future.

Mr. Pickering asked if CHRB has any audit or financial statements of these ADW companies. Ms. Gibbons noted that CHRB does not require it of the ADW companies. Mr. Swartzlander noted that there are two different issues with ADW companies in regards to hub agreements and geo-location services currently at large. In the future, Mr. Swartzlander wishes to have ADW companies in line with brick and mortars audits – but believes at the current time, there are enough checks and balances to confirm and accept that ADW numbers provided. Mr.

Hoban agreed and noted that customer approval and transparency is a key addition to checks and balances in the public sector.

{ACTION} Mr. Jacobs moved to accept the 2019 CARF Audit Report as presented. Ms. Stoehr seconded, unanimously approved.

Agenda Item 6 – Financials. Ms. Gibbons reported that the financials in the packet are from last month and will be updated for the next board meeting. No questions.

Mr. Swartzlander added that Ms. Gibbons and Ms. Haviland are working on multiple scenarios to provide the board options in regards to the unknown race calendar for 2021.

Agenda Item 7 – Report, Discussion and Action, if any, on Racing Calendar and Live Racing Operations. Mr. Swartzlander reported that Executive Director Scott Chaney of CHRB had reached out to him in regards to 2021 northern California race dates.

Mr. Hoban added that the CHRB had previously designated southern California race dates for 2021 and northern California race dates up to June, 15, 2021 and he notes that the Alameda County Fair plans to follow as it has done in prior years.

Agenda Item 8 – Executive Director’s Report. Mr. Hoban reported on a meeting with WFA’s Sarah Cummings and Pat Conklin in regards to the CARF seats held in their organization. Mr. Hoban noted the importance of the racing fairs and what CARF represents in the industry and felt that the main issue with the CARF seat was fact that the organization is solely California-based when the WFA board hosts seats for multiple Western state’s representation. Both parties agreed to further their discussions with board members in the future.

Respectfully submitted,
Juliana Gomes