

**CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors & Live Racing Committee
Concurrent Meeting
Tuesday, February 7, 2023**

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, February 7, 2023. The meeting was held via teleconference originating at the CARF office, 1776 Tribute Road, Sacramento, CA 95815.

CARF Board Directors joining by conference call: Stephen Hales, Jerome Hoban, Dan Jacobs, Tom Martinez and Kelly Violini.

CARF Live Racing Committee members joining by conference call: Jerome Hoban, Tom Martinez and Jim Morgan.

Staff and Guests participating via conference call: Larry Swartzlander, Tom Doutrich, Heather Haviland, Juliana Gomes, Raechelle Gibbons, Ann Grotteit, Cody Boyles, Stacy Rianda, Matt Cranford, Ruben Gastelo, George Kennedy and Tag Wotherspoon.

Agenda Item 1 – Date, Time and Location of Next Meeting: The next CARF Board of Directors and Live Racing Committee meetings will be held Tuesday, March 7, 2023 via teleconference.

Agenda Item 2 – Public Comment. None.

Agenda Item 3 [Item deferred to after Agenda Item IX.] – Closed Session: Conference with Legal Counsel – Anticipated Litigation & Public Employee Performance Evaluation: Executive Director. Mr. Hoban reported that the Board conducted the public employee performance evaluation of the Executive Director position and unanimously approved a performance-based compensation package that will be discussed with staff privately.

Agenda Item 4 – Approval of Minutes. {ACTION} Mr. Hales moved to approve the December 6, 2022 CARF Board of Directors & Live Racing Committee concurrent meeting minutes as presented. Mr. Jacobs seconded, unanimously approved.

Agenda Item 5 – Report, Discussion and Action, if any, on Legislative Program. Cody Boyles reported that Feb. 17 is the last day for bills to be introduced for the 2023-24 Regular

Session and legislative counsel will be positioning a spot bill for CARF purposes prior to the deadline.

Mr. Boyles reported that so far, approximately 450 bills have been introduced in the Assembly and 150 bills in the Senate. Those numbers are expected to increase significantly in the coming weeks. At this time, there are no new bills with significant implications for the racing industry. This status will be updated at the next meeting. Mr. Swartzlander reported that he and Mr. Boyles are researching potential legislative channels to increase satellite wagering facility location fees.

Agenda Item 6 – Report, Discussion and Action, if any, on Fantasy Sports. Mr. Swartzlander reported that he presented the concept and framework of Calypso Challenge to attendees at the Western Fairs Association (WFA) Conference in Reno on Jan. 18. Mr. Swartzlander also met individually with almost all CARF member fair CEOs and staff to discuss their satellite operations and how Calypso Challenge might be incorporated at each site.

Mr. Swartzlander also conducted onsite visits at the Southern California sites in Lancaster, Victorville, Los Angeles County Fair and Ventura.

Mr. Swartzlander and Mr. Knapp met with representatives from BetMakers' Global Tote to finalize details of the Calypso agreement for totalizator equipment and services. The contract will be provided next week and will be reviewed by CARF legal staff, along with the Pegasus Communications contract for the graphics package. Both agreements will be presented to the CARF Finance Committee for review and approval prior to the March Board meeting.

Mr. Swartzlander stated that CARF is on track to beta test Calypso in June at the Cal Expo satellite wagering facility with the full launch commencing Aug. 1 at 15 brick-and-mortar sites as well as through Advance Deposit Wagering (ADW).

Mr. Hoban asked if Global Tote has provided a preliminary term sheet for services. Mr. Swartzlander said that it was provided at yesterday's meeting.

Agenda Item 7 – Financials. Ms. Gibbons reported that she has received the final 2022 6% Expense Fund figures from NCOTWInc. and can close the 2022 race meet expenses. Ms. Gibbons will be reaching out to each live racing fair CFO to settle final disbursements.

Ms. Gibbons and Ms. Haviland reported that after exchanging financials, the meeting with Santa Rosa's CFO regarding CARF live-racing management expenses was positive and productive on both sides. Santa Rosa requested some additional figures, which were provided.

Agenda Item 8 – Report, Discussion and Action, if any on Live Racing Operations. Mr. Swartzlander reported on three areas specific to live racing operations:

Racing Dates & Stabling: Mr. Swartzlander and Mr. Doutrich presented meeting packet materials for the preliminary 2023 racing program, which include: 1) retaining overnight purses at 2022 levels, 2) adding a stakes race on the final day at Pleasanton, 3) stabling at Pleasanton and Sacramento for three months (June-August), and 4) raising purses at Ferndale if securing the second week without overlap is achieved.

Mr. Swartzlander reported that he was in Southern California last week to meet with industry principals, including representatives from the Stronach Group (TSG), TOC and CTT, regarding overlapped racing during the Humboldt County Fair in Ferndale. Discussions were productive, but the represented parties made it clear that their position to CHRB is simply that the industry loses money when Ferndale races as the sole Northern California signal. Craig Fravel and Bill Nader agreed to send an e-mail to CARF this week with a formal proposal regarding the financial compensation they feel would mitigate those losses. When that proposal is received, the CARF Live Racing Committee will be convened to discuss options and further action.

Mr. Swartzlander stated that, during the meeting, he also pressed TSG representatives for a plan regarding Golden Gate Fields (GGF) backstretch availability this summer so that CARF can appropriately make plans for the horses and horsemen. A firm answer was not provided and Mr. Swartzlander relayed CARF's position that Pleasanton and Sacramento can accommodate the runners for the fair race meets.

Mr. Swartzlander reported that he also met with CHRB Commissioner Damascus Castellanos regarding overlap during Ferndale. Commissioner Castellanos expressed his concerns that labor would be impacted by losing a week of racing at GGF and Mr. Swartzlander made it clear that Humboldt County Fair utilizes GGF personnel whenever possible and only pulls from Oregon labor when California employees leave after the first week of racing to resume duties at GGF.

Mr. Morgan expressed concern regarding the timing of correspondence regarding Ferndale in relation to the upcoming CHRB meeting. Mr. Swartzlander replied that he expected to convene a Live Racing Committee meeting by the end of the month, but that CHRB Commissioners are aware that CARF has been proactive in moving this item forward.

ADW Co-op Fund (HISA Expenses & Starter Promotion): Ms. Haviland reported that CARF staff completed the HISA Racetrack Safety Accreditation Audit on behalf of all CARF-member live racing fairs. HISA is planning to launch their Anti-Doping and Medication Control Program (ADMC) on March 27. This should have little day-to-day effect on fair racing operations as California already has stringent drug testing policies in place through CHRB. The costs of the HISA programs in California are unknown at this time, but will be paid from an industry takeout deduction effecting purses/commissions.

Other: Mr. Swartzlander reported that he is working with Bernie Thurman to provide the live racing fairs with 2023 handle projections and a complete overview of all of the racing deductions (takeouts) for different programs from purses/commissions so that fair managers can see how each program is effecting the bottom line.

Agenda Item 9 – Executive Director’s Report. No report.

Respectfully submitted,
Heather Haviland