



Board of Directors May 7, 2024





Calypso:

- Calypso is a pari-mutuel based fantasy spots program where wagering is exactly the same as horse racing.
- Calypso requires contracts with:
 - Pegasus Communications for graphics/video – contract in final stages
 - AmWest for online wagering – CARF has signed a Hub Agreement
 - United Tote for the wagering platform
 - A draft contract has been circulated
 - United Tote legal has concerns providing a pari-mutuel wagering system to a non-horse racing entity in California.
 - CARF is working on a compromise to identify tote as an operating system (similar to FanDuel)
 - United Tote (owned by Churchill Downs) is interested in taking over as the tote provider in Northern California



Calypso Timeline & Logistics:

- With United Tote delays, there will be no launch in 2024
- Mike Knapp's agreement will need to be renegotiated to keep him on:
 - CARF's agreement with Mike Knapp guaranteed him \$500,000
 - CARF verbally agreed to cease payments September 2023
 - \$71,522 is remaining to fulfill the agreement
 - When Calypso operations begin, \$500,000 will be taken out of Mike Knapp's profits



Golden State Racing (GSR):

- Bill Nader, CEO of TOC, and the TOC Northern Racing Committee have verbally agreed to the 2024 dates, purse schedule, stakes schedule and purse projections
- Stalls are all onsite with roofs and matts arriving next week. The manufacturer will supervise construction with a finish goal of May 31
- Golf Course negotiations are near completion
- Pleasanton and CARF staff meet weekly to discuss all ongoing action
- CARF/Pleasanton License Agreement – Open Discussion

| October | | | | | | |
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| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | 31 | | |

| November | | | | | | |
|----------|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
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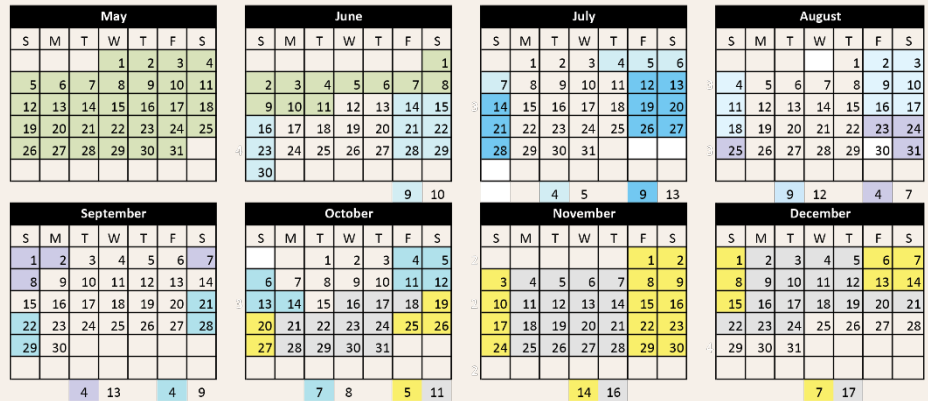
| December | | | | | | |
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| 29 | 30 | 31 | | | | |



TOC Agreement Submission Background:

- A signed TOC agreement is a required part of the CHRB license application.
- In March, the CHRB Board approved this calendar:

| RACE DAYS | | |
|------------------------------|----|------------------|
| Alameda County Fair | 13 | June 12 - July 9 |
| California State Fair | 9 | July 10-30 |
| Sonoma County Fair | 9 | July 31-Aug. 20 |
| Humboldt County Fair | 8 | Aug. 21-Sept. 17 |
| Big Fresno Fair | 11 | Sept. 18-Oct. 15 |
| GOLDEN STATE RACING | 26 | |



- The agreement CARF submitted to TOC included:
 - Dates schedule (approved by CHRB)
 - Overnight purses (reduced 8.5% per GGF 2024 actuals)
 - Stakes schedule
 - Purse generation projections (overpaid/underpaid)
- Basically, reducing overnight purses and stakes, along with HCF running unoverlapped and having a dark week, we were able to submit a projection which would allow us to potentially break even on purses.



TOC Agreement Review Timeline:

- TOC reviewed the CARF submission packet and called a meeting of the Northern TOC Racing Committee.
- CARF met with the Northern TOC Racing Committee in late April and an agreement was reached. That e-mail correspondence has been circulated.
- The agreement from the resulting meeting included:
 - Approval for the dates schedule and purse schedule as submitted.
 - Reduce the HCF Marathon stakes race from \$75,000 to \$50,000
 - Increase the Everett Nevin stakes race at Pleasanton from \$50,000 to \$75,000
 - Compensate the horsemen shipping to Fresno for the first two weeks of the four week meet.
- In 25 years of TOC negotiations, an agreement reached between CARF and the Northern TOC Racing Committee results in a done deal.



TOC Board Backtracks:

- Approximately one week later, Bill Nader (CEO, TOC) called and stated that the TOC Board did not agree with the initial decision. This is unprecedented.

TOC Board Background, GGF:

- In January, members of the Northern TOC Racing Committee resigned in protest of a 25% purse cut that was approved by the TOC Board, but not supported by the Northern representatives.
- These three members were replaced on the TOC Board by new members, one of which is John Harris. John did not participate in the Northern TOC Racing Committee meeting with CARF.
- At the request of the three former TOC members that resigned, and other Northern California Horsemen, CARF formed the Northern California Advisory Committee of Horsemen (which the CARF Board formally recognized in April). This group truly represents the Northern California interests and supports the package CARF presented to the TOC.



Fallout from TOC Backtrack:

- TOC is now requesting:
 - Shorten HCF to two weeks
 - Run 5 weeks at Fresno, 3 days a week (not 2 as proposed)
- This proposal is being recommended from southern interests and would add a projected \$250,000 to the fair overpayment
- A meeting was held May 1 with Bill Nader, Ty Green, Justin Oldfield and CARF to discuss options for a compromise. The focus of the meetings was to solicit a letter of support for the 2024 Fall/Winter GSR meet and the 2025 racing dates. Additional language would allow CARF to reduce purses if the handle didn't support our original schedule.
- The intent here was to solidify TOC support for the GSR and Fair race meets in 2025 but also have the flexibility to adjust purses to ensure no major overpayment occurs.



Fair Concerns:

- After speaking with representatives from HCF and Fresno, financial commitments have already been made.
- CHRB Board members feel changing dates is not acceptable.
- Bill Nader was informed that CARF does not accept the new proposal.
- Nader's response was that TOC will not grant an agreement for any of the CARF fairs, thereby rendering their CHRB license applications incomplete.

CARF Staff Conclusions:

1. TOC does not have the support of Northern California horsemen
2. The position of TOC is biased toward Southern California
3. The TOC recommended changes will increase the purse overpayment (despite TOC being presented with a balanced purse budget from CARF)
4. CHRB has already approved the 2024 fair dates.



Staff Recommendations:

1. Move forward without any further negotiations and discuss the matter in open forum at the CHRB Board Meeting on May 16th
2. Present to the CHRB Board that no agreement was reached and we ask we gain approval by operating on the previous 2023 TOC agreement. I know we can do this on Emerging Breed Agreements but I would ask Louie and Ann to confirm we can do it with the TOC.
3. Reopen negotiations with TOC based on previous discussions where in return for date changes we receive approvals for the 2024 Golden State License and the dates for 2025. Also be given total authority to reduce purses when we want to balance purse overpayments.

UPDATE: Spoke to Scott Chaney and Oscar Gonzalez and they both agree that the CHRB Board will approved the Pleasanton race meet application