

# CALIFORNIA AUTHORITY OF RACING FAIRS

Board of Directors  
Tuesday, February 3, 2009

## Minutes

A meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, February 3, 2009. The meeting was conducted from the California Authority of Racing Fairs Conference Room located at 1776 Tribute Road, Suite 205, Sacramento, California, 95815.

Board Directors attending: John Alkire, Kelly Baldwin, Norb Bartosik and Rick Pickering. Joining by conference call: Vince Agnifili and Dan Jacobs.

Staff and Guests attending: Chris Korby, Heather Haviland, Margot Wilson, Mike Treacy, Dan White and Debbie Cook. Joining by conference call: Ken Alstott, Chris Carpenter, Mike Paluszak, Scott Grieve and Tawny Tesconi.

**Agenda Item 1 – Determination of Date, Time and Location of Next Meeting.** The next CARF Board & Live Racing Committee meeting is scheduled for Tuesday, March 3, 2009 in Sacramento, location and time to be determined.

**Agenda Item 2 – Approval of Minutes.** Norb Bartosik moved to approve the meeting minutes as presented. Mr. Pickering seconded, unanimously approved.

**Agenda Item 3 – Discussion and Action, if any, on Legislative Matters.** Mr. Brown was unable to join the Board Meeting. Mr. Korby provided a recap of Mr. Brown's briefing from the Live Racing Committee Meeting.

[From Live Racing Committee Minutes]. Mr. Brown provided an update on budget activity at the Capitol, which has created very little movement for legislation. CARF is working on potential language to extend the workmen's compensation agreement for Emerging Breeds, takeout increase for Fair facility infrastructure improvements (2% of exotics) and an increase in satellite revenues/commissions.

At the Western Fairs Association Conference, Steven Chambers introduced the idea of a larger California Fair network stimulus package that would transfer the obligation of Fair funding from horse racing to future gaming compacts. The concept, brought forth by the California Fair Alliance, is in the discussion phase.

**Agenda Item 4 – Informational Update on Discussions Regarding Night Harness Racing in Northern California.** Mr. Bartosik reported that the state of Night Racing is not healthy. CalExpo currently does not have enough horses to move to a four-night-a-week schedule, a minimum of 360 starters are needed and 330 are presently on the backside. The Harness horsemen are requesting more purse money and CalExpo is already carrying a \$100,000 overpayment.

The horsemen's group, CHHA, is looking to sponsor legislation to allow Harness to operate at any California Fairgrounds on a year-round basis. Mr. Bartosik stated that CalExpo does make a slim profit as an operator, but their overall investment has been significant.

Mr. Korby asked if CalExpo has a position on the potential legislation posed by CHHA. Mr. Bartosik responded that he would be willing to have any and all conversations that might improve the health of the Harness Industry. He also stated that CARF should look at the possibilities of creating a year-round schedule at Fairs.

Mr. Pickering thanked Mr. Elliott for his early distribution of the Harness schedule to the satellite network which aided with Union negotiations.

Mr. Alkire reminded the group that they had voted several months ago to keep all individual conversations with the racing industry transparent by sharing them at the Board level, as in the case with Fresno's discussions with Harness representatives.

**Agenda Item 5 – Discussion and Action, if any, on a Survey of Fair Satellite Wagering Facilities.** Mr. Alkire reported that he had requested Staff begin the process of evaluating each of the satellite wagering facilities in the Network. With the progression of the "mini-satellite" concepts and Fair satellites facing closure due to economic issues, CARF needs to be proactive in surveying the satellites to protect the interests of F&E and Fairs.

Mr. Alkire suggested a third-party consultant be hired to independently survey the facilities. He also stressed the importance of Fair Managers sharing their profit and loss statements. It is important that CARF review the figures of the economically challenged satellites, validate those figures and compare them in a uniform manner so that we are able to address Industry concerns when they arise.

Mr. Jacobs agreed with Mr. Alkire's suggestion and added that reviewing the profit and loss statements and having hard data would be crucial in moving forward with the 3% legislation. Mr. Jacobs suggested that CFSA be contacted to develop the financials.

Mr. Korby referenced a survey in the meeting packets that was conducted by CARF in 1998. He suggested an updated survey of similar scope with financials would be suitable. Mr. Korby added that having this information would also help in reclassifying a satellite to a "mini" if that classification was desirable.

Mr. Grieve and Mr. Alstott stated they are currently employing a minimum staff and operations.

Mr. Pickering asked if there was protocol or policy in place for closing an existing satellite facility. No such policy is known to exist.

Ms. Baldwin moved that Fairs provide satellite profit and loss statements to CARF and that staff move forward with establishing the mechanics for a Network-wide survey. Mr. Pickering seconded, unanimously approved.

**Agenda Item 6 – Discussion and Action, if any, on Prospective New Satellite Wagering Facilities.** Mr. Korby reported that the industry is discussing the location of several mini-satellite locations in California. In Southern California, a card club called the Commerce Club has distributed a memorandum of understanding stating their intent to operate a mini-satellite, with application assistance from SCOTWinc., for a six month trial period.

It is agreed within the industry that the San Francisco area in Northern California is vastly underserved and opening a mini-satellite in that market would benefit Live Racing Fairs. Members of the racing industry are advocating Lucky Chance Casino, a card club in Colma which is south of San Francisco. Lucky Chance falls within a 20 mile radius of San Mateo and would need the Fair's approval to proceed.

Mr. Carpenter stated that he received a letter from Blonien & Associates, representatives of Lucky Chance, asking to operate a mini-satellite at the card club for a six month trial. The letter indicates that at the end of the six month trial the handle and impact on San Mateo would be evaluated and, depending on the results, the mini-satellite will either close or negotiations would commence with San Mateo. Mr. Carpenter expressed concern over the proximity of the card club and the newness of his operation. Mr. Korby asked Mr. Carpenter to keep CARF and F&E involved as the development of the first mini-satellite will set a significant precedence.

Mr. Treacy expressed concern for San Mateo and Cow Palace regarding a potential mini-satellite at Lucky Chance Casino.

Mr. Korby announced there is interest in a Cow Palace satellite project. Ms. Baldwin and Ms. Tesconi have also begun conversations with card clubs in their communities.

Mr. Korby reported that he is working with Gordon Gong to produce plans for three mini-satellite scenarios (200, 500 and 1,000 square-foot models).

**Agenda Item 7 – Follow-Up on Discussions and Presentations at Western Fairs Conference.** Mr. Alkire thanked Western Fairs Association for hosting the CARF presentation and meeting.

Mr. Korby announced the dates for one day Satellite Wagering Facility Meetings in the North and South. The Southern meeting will be Tuesday, March 31, 2009 at Lancaster. The Northern meeting will be Tuesday, April 31, 2009 at Monterey.

Ms. Baldwin stated potential topics for the meeting would include labor, general cost savings, the mini-satellite model and marketing/promotions. Ms. Tesconi asked if F&E could be present to further discuss options for satellite closure and bond obligations.

Mr. Pickering suggested that all Fairs request a copy of the Marketing Awards CD provided by WFA.

**Agenda Item 8 – Financials.** Mr. Jacobs congratulated the Board and Staff for the state of the year-end financials. Ms. Tesconi asked if non-board members could receive financials. Mr. Korby stated that they would be distributed.

**Agenda Item 9 – Executive Director’s Report.** Mr. Korby reported that the California Horse Racing Board recently distributed a letter regarding the collection of the F&E shortfall. The letter was from the CHRB to all live racing producers in California requesting each party’s share of the 2008 shortfall. There is concern that the figures requested by CHRB do not match the figures expected from F&E.

Mr. Pickering thanked everyone for their participation in the WFA Conference and their help in developing the California Fair Alliance presentation.

Respectfully submitted,

Heather Haviland