



a California joint powers agency

1776 Tribute Road, Suite 205
Sacramento, CA 95815
Office: 916.927.7223 Fax: 916.263.3341
www.calairs.com

AGENDA
CALIFORNIA AUTHORITY OF RACING FAIRS
BOARD OF DIRECTORS MEETING
JOHN ALKIRE, CHAIR
12:30 P.M., TUESDAY, DECEMBER 8, 2009

Notice is hereby given that a meeting of the California Authority of Racing Fairs' Board of Directors will commence at 12:30 P.M., Tuesday, December 8, 2009. The meeting will be held at the CARF Conference Room located at 1776 Tribute Road, Sacramento, California 95815. Directors may participate by teleconference or in person at the meeting location.

AGENDA

- I. Date and Time of Next Meeting.
- II. Approval of Minutes.
- III. Presentation of and action on agency audit by Gilbert and Associates.
- IV. Discussion and action on 2010 agency budget.
- V. Financial
- VI. Report by Legislative Advocate
- VII. Notice of Executive Director evaluation.
- VIII. Executive Director's Report.



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The Public and members of the California Authority of Racing Fairs Board of Directors may participate from the locations on following the page or in person.

CARF Board of Directors Meeting
Toll Free Dial In Number: (800) 791-2345
Participant Code: 83711 #



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CALIFORNIA AUTHORITY OF RACING FAIRS

Teleconference Meeting Locations

Alameda County Fair
4501 Pleasanton Avenue
Pleasanton, CA 94566

National Orange Show
689 South E Street
San Bernardino, CA 92408

Solano County Fair
900 Fairgrounds Drive
Vallejo, CA 94589

Antelope Valley Fair
155 East Ave. I – 2551 Ave. H
Lancaster, CA 93535

Riverside National Date Festival
46-350 Arabia Street
Indio, CA 92201

Sonoma County Fair
1350 Bennett Valley Road
Santa Rosa, CA 95404

The Big Fresno Fair
1121 S. Chance Avenue
Fresno, CA 93702

San Bernardino Co. Fair
14800 Seventh Street
Victorville, CA 92395

Southern CA Fair
18700 Lake Perris Dr.
Perris, CA 92570

California State Fair
1600 Exposition Blvd.
Sacramento, CA 95815

San Joaquin Fair
1658 S. Airport Way
Stockton, CA 95206

Stanislaus County
900 North Broadway
Turlock, CA 95380

Humboldt County Fair
1250 5th Street
Ferndale, CA 95536

San Mateo County Fair
2495 South Delaware Street
San Mateo, CA 94403-1027

Tulare County Fair
215 Martin Luther King
Tulare, CA 93274

Kern County Fair
1142 South P Street
Bakersfield, CA 93307

Santa Barbara Co. Fair
937 Thornburg Street
Santa Maria, CA 93458

Ventura County Fair
10 West Harbor Blvd
Ventura, CA 93001-2706.

Monterey County Fair
2004 Fairground Road
Monterey, CA 93940

Shasta District Fair
1890 Briggs Street
Anderson, CA 96007

CALIFORNIA AUTHORITY OF RACING FAIRS

Board of Directors Meeting
Wednesday, November 4, 2009

Minutes

A meeting of the California Authority of Racing Fairs Board of Directors was held at 5:00 P.M., Wednesday, November 4, 2009. The meeting was conducted at the CARF Conference Room, 1776 Tribute Road, Suite 205, Sacramento, CA, 95815.

CARF Board Directors attending: Vince Agnifili, John Alkire, Norb Bartosik, Dan Jacobs, Mike Paluszak, Rick Pickering and Kelly Violini.

Staff and Guests attending: Chris Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Mike Treacy, Louie Brown, Debbie Cook, Stuart Titus, Tawny Tesconi, Scott Grieve, Ken Alstott, Sarah Cummings, Geoff Hinds and Richard Lewis.

Agenda Item 1 – Date and Time of Next Meeting. The next CARF Board & Live Racing Committee meeting will be scheduled for Wednesday, December 8, 2009 in Sacramento, time to be determined.

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

Agenda Item 3 – Discussion and Action, if any, Regarding Closure of Satellite Wagering Facility at Earl Warren Showgrounds and Request for Payment of Equipment Replacement Fund Deposit. Mr. Korby reported that the meeting packet included a report, developed by staff at the request of the Board, illustrating the Equipment Replacement Fund expenditures for Santa Barbara over the prior decade. The spreadsheet contains line items by year for Equipment Replacement Fund expenditures, improvements made to the satellite wagering facility and commissions generated by the satellite.

Mr. Jacobs moved to direct staff to cut a check payable to Earl Warren Showgrounds for the amount of funds deposited by the Fair into the CARF Equipment Replacement Fund. Ms. Violini seconded for discussion.

Mr. Jacobs stated he felt CARF had set a precedent with Del Mar, Cal Expo and Stockton to reimburse Equipment Replacement Fund deposits at the request of the Fair with the stipulation that the Fair would no longer participate in the program. Mr. Jacobs stated that equipment/investments in the satellite facility belong to the Fair, not CARF, and though F&E

might feel an obligation to recoup some of those monies from the Fair directly, CARF should not be involved.

Mr. Pickering added that Del Mar, Cal Expo and Stockton had requested the money because they were either leaving the organization or required the funds for the satellite wagering facility to remain solvent. However, it was understood that those Fair would remain in the satellite wagering facility business, would be receiving signals and accepting wagers from live racing Fairs and would continue to make contributions to the California horse racing industry. Santa Barbara is choosing to cease operating its satellite wagering facility and intends to remove itself entirely from the horse racing business – a decision that ultimately affects CARF members.

Mr. Treacy stated that he agreed with Mr. Jacobs and believes the money deposited by the Fair belonged to the Fair and the only organization that might lay claim to a portion of those funds would be F&E.

Mr. Pickering stated the Fair Network has invested heavily in satellite wagering facilities and requested that the Board adopt a written agreement for all Fairs, from this point forward, requiring a minimum payback for un-depreciated equipment at Fairs permanently closing their satellite wagering facility. Mr. Picking stated that due to Mr. Treacy's support of the motion, he would vote in favor of the motion as presented.

Mr. Jacobs restated the original motion and moved to direct staff to cut a check to the Earl Warren Showgrounds for monies deposited into the Equipment Replacement Fund by the Fair in the full amount of the outstanding balance, plus interest, on the day the check is cut. Ms. Violini seconded, unanimously approved.

Mr. Korby expressed concern that Santa Barbara has been legally represented, through counsel retained by CARF, in the attempt to recoup license fees as part of the MAGNA bankruptcy process. Mr. Korby asked whether an amount should be retained from Santa Barbara's Equipment Replacement Fund deposit to cover those potential legal expenses.

Ms. Violini requested that staff develop language for a written policy that covers required deposits in the Equipment Replacement Fund and procedures for reimbursements in the event that a satellite closes or no longer wishes to participate in the program. Ms. Violini asked that the subject be addressed again at the Board level in December 2009 or January 2010.

Agenda Item 4 – Discussion and Action, if any, Regarding Current or Prospective Legislation. Mr. Brown reported that AB 1575 allows Thoroughbred associations, subject to the approval of the CHRB, the ability to increase the amount set aside under current law for

simulcast operating expenses from 2.5% to up to 4% under specified conditions to hopefully make SCOTWinc. and NCOTWinc. solvent. The bill also revises the manner in which supplemental purses are distributed and makes changes the licensing process of some racing officials. This bill affects distributions for private tracks and horsemen's associations, not satellite wagering facilities. The bill as supported by CARF due to the satellite network's reliance on SCOTWinc. and NCOTWinc.

AB 246 (Price) requires associations licensed to conduct a race meet hold in trust the distributions paid to distributes and authorizes quarter horse and harness associations to deduct up to 2 percent more for any type of wager Satellite wagering facilities will receive an increase up to 1 percent, on the first \$50,000 per day handled, in location fees on night racing.

Agenda Item 5 – Executive Director's Report. Mr. Korby reported that satellite claims are pending in the MAGNA bankruptcy. The current argument being pursued is that satellite obligations are statutory obligations and should take precedence over other debtor's claims.

Scientific Games Inc. is planning to develop mini-satellites on behalf of tracks, but CARF is concerned with ensuring that the entity deriving revenue from the facility cover the expenses of the satellite as described in legislation. Mini-satellite conversations are continuing with the Monterey County Fair and Humboldt County Fair. The Big Fresno Fair in considering moving their satellite wagering facility out of the grandstand to an off-Fairgrounds location. The San Bernardino County Fair in Victorville will be downsizing to a smaller building in December.

Ms. Violini announced that CARF will host a breakfast at the WFA Convention on Wednesday, January 27, 2010.

Respectfully submitted,

Heather Haviland

**California Authority of Racing Fairs
Agency Income Statement
Estimated thru December 31, 2009**

	2007 Year End Actual	2008 Year End Actual	2009 YTD Nov Actual	2009 Dec Estimated	2009 Annual Budget	2009 Budget Variance	2009 % Budget Estimated	2010 Proposed Budget
Revenue:								
Other Revenue	13,560	12,384	118	30	500	(382)	6%	500
Interest Income	92,352	96,705	25,449	30,000	40,000	(14,551)	75%	30,000
Member Dues	257,268	282,520	282,532	282,532	282,520	12	100%	292,913
CARF South Programs Admin Fee	34,731	29,295	19,968	26,061	30,375	(10,407)	86%	26,250
CARF Projects Admin Fee	158,277	175,639	43,988	63,988	215,000	(171,012)	30%	209,957
CARF Live Racing Admin Fee	155,333	149,334	110,170	122,702	139,528	(29,358)	88%	136,723
Total Revenue	711,520	745,876	482,224	525,313	707,923	(225,699)	74%	696,343
Expenses:								
Salaries	207,576	245,914	218,661	244,986	298,428	79,767	82%	304,423
Employee Benefits	16,639	26,800	25,620	28,626	30,000	4,380	95%	30,000
Post Retirement Benefits	31,122	31,614	753,750	758,211	93,193	(660,557)	814%	32,896
Payroll Taxes	9,960	12,509	11,003	12,003	13,500	2,497	89%	13,500
Accounting Costs	16,270	16,337	13,142	16,683	16,250	3,108	103%	18,750
Audit Services	5,875	6,188	6,375	6,188	6,188	(187)	100%	6,500
Automobile Expense	3,788	3,236	435	935	4,000	3,566	23%	4,000
Contracted Services	2,214	659	438	968	3,000	2,563	32%	2,000
Depreciation	13,195	13,729	3,558	13,500	13,500	9,942	100%	13,500
Dues & Subscriptions	29,509	14,388	36,048	36,048	15,000	(21,048)	240%	37,000
Insurance Expense	38,824	40,542	34,712	38,335	41,000	6,288	94%	41,000
Legal Expenses	5,575	1,740	7,435	8,435	10,000	2,565	84%	10,000
Legislative Expenses	56,089	54,869	44,637	53,637	60,000	15,363	89%	60,000
Meetings Expense	3,420	3,758	4,208	5,208	5,000	792	104%	5,000
Misc. (Ag Day Sponsor)	404	204	2,421	2,421	1,000	(1,421)	242%	2,500
Office Supplies	15,953	19,576	20,771	21,271	18,000	(2,771)	118%	20,000
Postage & Shipping	4,168	4,343	5,389	5,889	5,000	(389)	118%	6,000
Rent (Tribute Road)	35,770	39,413	32,292	38,916	38,419	6,127	101%	39,744
Repairs & Maintenance	359	0	0	0	1,000	1,000	0%	1,000
Telephone Expense	10,921	8,132	6,075	7,075	11,000	4,925	64%	10,000
Training	0	0	0	0	2,500	2,500	0%	2,500
Travel Expense	27,308	23,216	23,811	27,811	27,500	3,689	101%	27,500
Total Expenses	534,936	567,165	1,250,779	1,327,146	713,478	(537,301)	186%	687,813
Agency Income (Loss)	176,584	178,712	(768,555)	(801,833)	(5,555)	(763,000)		8,530
Southern Program Income (Loss)	16,026	9,592	9,554	8,691	6,925	2,629		5,250
Total Balance Sheet Net Income (Loss)	192,610	188,304	(759,001)	(793,142)	1,370	(760,371)		13,780
Total Restricted Reserves CARF @ Leased Facility	0	0	0	0	0	0		0

**California Authority of Racing Fairs
Southern Region Income Statement
Estimated thru December 31, 2009**

	2007	2008	2009	2009	2009	2009	2009	2010
	Year End	Year End	YTD Nov	Dec	Annual	Budget	% Budget	Proposed
	Actual	Actual	Actual	Estimated	Budget	Variance	Estimated	Budget
Program Revenue:								
Program Sales	463,076	397,688	307,071	347,482	405,000	(97,929)	86%	350,000
Other Revenue	0	0	0		0	0	0%	0
Royalties/Fees Due Host	(411,359)	(358,703)	(277,549)	(312,730)	(365,000)	87,451	86%	(318,500)
Total Revenue	51,718	38,985	29,522	34,752	40,000	(10,478)	87%	31,500
Expenses:								
Legal Expenses	0	0	0	0	1,000	1,000	0%	0
Meetings Expense	539	98	0	0	1,000	1,000	0%	0
Misc Exp.(Storage)	0	0	0	0	500	500	0%	0
Office Supplies	0	0	0	0	0	0	0%	0
Paper Expense	0	0	0	0	0	0	0%	0
Postage & Shipping	0	0	0	0	100	100	0%	0
Printing Supplies	0	0	0		0	0	0%	0
Rent & Utility Expenses	0	0	0		0	0	0%	0
Repairs & Maintenance	0	0	0		0	0	0%	0
Telephone Expense	0	0	0	0	100	100	0%	0
Travel Expense	422	0	0	0	0	0	0%	0
Total Expenses	961	98	0	0	2,700	2,700	0%	0
Operating Income (Loss)	50,757	38,887	29,522	34,752	37,300	(7,778)	93%	31,500
CARF Admin Fee	34,731	29,295	19,968	26,061	30,375	10,407	86%	26,250
Rebate								
Income (Loss)	16,026	9,592	9,554	8,691	6,925	2,629	126%	5,250

**California Authority of Racing Fairs
Project Management Income Statement
Estimated thru December 31, 2009**

	2007	2008	2009	2009	2009	2009	2009	2010
	Year End	Year End	YTD Nov	Dec	Annual	Budget	% Budget	Proposed
	Actual	Actual	Actual	Estimated	Budget	Variance	Estimated	Budget
Revenue:								
CARF Admin Fee	158,277	175,639	43,988	63,988	215,000	(171,012)	30%	195,000
Project Management	79,648	67,608	72,879	93,040	78,666	(5,787)	118%	92,148
Total Revenue	237,925	243,247	116,867	157,028	293,666	(176,799)	53%	287,148
Expenses:								
Salaries Expense	58,942	49,043	54,634	72,634	56,341	1,707	129%	56,341
Employee Benefits	7,510	6,150	7,140	8,043	8,000	860	101%	8,000
Payroll Taxes	3,060	2,204	2,488	2,988	2,500	12	120%	3,000
Accounting Costs	6,500	6,500	4,875	7,975	6,500	1,625	123%	8,000
Audit Services	2,350	2,475	2,550	0	2,475	(75)	0%	0
Automobile Expense	0	0	0	0	1,000	1,000	0%	0
Contracted Services	0	0	0	0	0	0	0%	0
Telephone Expense	647	678	592	700	1,000	408	70%	1,000
Travel Expense	85	0	42	100	250	208	40%	250
Misc. Storage	555	558	558	600	600	43	100%	600
Total Expenses	79,648	67,608	72,879	93,040	78,666	5,787	118%	77,191
CARF Admin Fee	158,277	175,639	43,988	63,988	215,000	171,012	30%	209,957

**California Authority of Racing Fairs
Live Racing Income Statement
Estimated thru December 31, 2009**

	2007	2008	2009	2009	2009	2009	2009	2010
	Year End	Year End	YTD Nov	YTD Dec	Annual	Budget	% Budget	Proposed
	Actual	Actual	Actual	Estimated	Budget	Variance	Estimated	Budget
Revenues:								
Change Fund Admin Fee	53,293	46,470	15,435	21,435	30,000	(14,565)	71%	20,000
Racing Fairs Admin Fee	80,040	80,538	72,735	79,267	87,527	(14,792)	91%	94,723
Supplemental Purses Admin Fee	22,000	22,000	22,000	22,000	22,000	0	100%	22,000
NCOTWINC Reimbursement	29,000	29,000	29,000	29,000	29,000	0	100%	29,000
Racing Fairs Reimbursement	1,120,049	1,074,554	979,899	1,062,417	1,167,029	(187,130)	91%	1,262,971
Advertising Revenue	4,827	5,010	4,100	4,100	4,000	100	103%	4,000
Total	1,309,208	1,257,573	1,123,169	1,218,219	1,339,556	(216,387)	91%	1,432,694
Expenses:								
Salaries	138,623	201,995	208,070	232,832	229,015	20,945	102%	227,483
Employee Benefits	35,050	40,160	41,731	46,170	44,375	2,644	104%	46,000
Payroll Taxes	23,536	10,824	10,651	12,151	13,500	2,849	90%	13,500
Accounting Costs	42,250	42,250	31,687	48,262	42,250	10,563	114%	48,000
Audit Services	15,275	16,088	16,575	16,088	16,088	(487)	100%	16,088
Automobile Expense	4,065	742	145	500	4,500	4,355	11%	5,100
Depreciation	0	0	0	0	0	0	0%	0
Dues & Subscriptions, NTRA	28,125	13,596	12,121	15,871	15,000	2,879	106%	17,000
Insurance Expense	0	0	0	0	0	0	0%	0
Legal Expenses	23,520	2,101	0	0	6,000	6,000	0%	10,000
Meetings Expense	3,643	1,803	701	1,000	5,000	4,299	20%	5,000
Misc. Exp (Harness,Storage,Bank fee)	80,000	0	58	100	0	(58)	0%	0
Telephone Expense	582	1,773	2,746	3,000	1,500	(1,246)	200%	3,000
Travel Expense	48,187	55,224	37,893	39,893	40,000	2,107	100%	45,000
Sub-Totals	442,855	386,555	362,379	415,867	417,228	54,849	100%	436,171
Racing Support Services:								
Announcer	24,870	26,000	26,596	26,596	30,000	3,404	89%	36,800
Condition Bk/Program Cover	15,237	27,509	22,491	22,491	27,000	4,509	83%	30,500
Courier Service (Pgm Distribution)	0	0	0	0	0	0	0%	0
Racing Operations Support	74,441	103,242	73,742	78,742	92,000	18,258	86%	105,000
TC02 Testing	56,200	60,010	53,235	58,235	72,000	18,765	81%	72,000
Marketing	3,432	3,225	1,638	2,168	20,000	18,363	11%	20,000
Network Management	4,817	3,105	2,954	3,454	5,000	2,046	69%	6,000
Paymaster	5,160	10,825	16,713	17,713	10,000	(6,713)	177%	11,500
Program Production	196,134	191,389	177,216	177,216	205,000	27,784	86%	205,000
Racing Office System	56,097	55,840	44,990	49,990	60,000	15,010	83%	68,000
Recruitment	16,385	17,970	22,176	22,676	15,000	(7,176)	151%	15,000
Jumbo Screen	137,700	137,700	125,000	125,000	153,000	28,000	82%	181,000
Supplies	15,316	15,478	18,523	19,523	7,000	(11,523)	279%	20,000
Tattooing	21,741	17,057	19,313	22,313	16,800	(2,513)	133%	19,000
Timing/Clocker	26,010	21,851	22,430	24,430	30,000	7,570	81%	30,000
Transportation	4,660	2,900	3,465	3,965	5,000	1,535	79%	5,000
TV Production/Simulcast	52,822	27,582	20,138	25,138	35,000	14,863	72%	35,000
Sub-Totals	711,020	721,684	650,620	679,650	782,800	132,180	87%	859,800
Total Expenses	1,153,876	1,108,239	1,012,999	1,095,517	1,200,028	187,029	91%	1,295,971
CARF Admin Fee	155,333	149,334	110,170	122,702	139,528	29,358	88%	136,723
Net Income(Unbilled Expenses)	0	0	0	0	0	0	0%	0

CALIFORNIA AUTHORITY OF RACING FAIRS
BALANCE SHEET
November 30, 2009

ASSETS		
	CURRENT YTD	PRIOR YTD
	11/30/09	11/30/08
Current Assets		
CASH - LAIF & INVESTMENTS	6,414,479	2,971,289
CASH - OPERATING	1,397,785	2,248
MARKETABLE SECURITIES	4,041,727	3,923,749
A/R - DUES	14,083	21,040
A/R - PROGRAMS	115,362	359,397
A/R - RACING FAIRS	581,739	209,358
A/R - F&E SUPPLEMENTAL PURSE/OTHER A/R	3,015,220	1,367,274
LOAN RECEIVABLE	0	0
PREPAIDS/DEPOSITS	57,473	57,748
Total Current Assets	15,637,869	8,912,103
Fixed Assets		
AUTOMOBILE	10,906	13,202
FURNITURE & EQUIPMENT	3,259	3,899
COMPUTER HARDWARE/SOFTWARE	13,202	10,318
TRACK EQUIPMENT	89,100	147,010
Total Fixed Assets (Net of Depr.)	116,467	174,429
TOTAL ASSETS	15,754,336	9,086,532
LIABILITIES & NET ASSETS		
Current Liabilities		
A/P & WITHHOLDINGS	178,580	239,790
A/P - PROGRAM ROYALTIES TO HOST	93,939	63,924
RACING DISTRIBUTIONS	3,362,394	2,243,389
PURSES	1,125,527	(412,254)
TRACK SAFETY/MAINT.	1,065,852	370,555
INFOTEXT UPGRADE	158,157	152,803
MISC PROJECT FUNDS	0	0
LOU-1 - TIMING/TRACK SURFACE/AREA ENHANC	0	0
LOU-2 - SPECIAL EVENT CENTERS	0	0
LOU-3 - SATELLITE SURVEY/TURF STUDY	0	0
EQUIPMENT REPLACEMENT FUND	1,552,214	790,115
LOU-5 - SYMPOSIUM	4,248	8,348
FACILITY IMPROVEMENTS & UPGRADES	758,864	741,190
CAPITAL IMPROVEMENT FUND	3,026,481	175,784
Total Current Liabilities	11,326,255	4,373,643
Non-Current Liabilities		
CHRIMS FUNDS	89,170	86,152
CHANGE FUND	1,014,000	1,014,000
FAIRS - EQUIP REPLACEMENT FUNDS	1,984,337	2,052,492
Total Non-Current Liabilities	3,087,506	3,152,644
TOTAL LIABILITIES	14,413,762	7,526,287
Net Assets		
FUND EQUITY	1,730,990	1,542,687
F&E Net Assets	14,850	72,760
CARF@GG	353,735	0
RETIREMENT CONTINGENCY	0	0
NET INCOME/LOSS	(759,001)	(55,202)
Total Net Assets	1,340,574	1,560,245
TOTAL LIABILITIES & NET ASSETS	15,754,336	9,086,532