

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors
Tuesday, April 6, 2010

MINUTES

A meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, April 6, 2010. The meeting was hosted by the Alameda County Fair located at the Alameda County Fairgrounds, 4501 Pleasanton Ave., Pleasanton, California.

CARF Board of Director members attending: John Alkire, Vince Agnifili, Norb Bartosik, Mike Paluszak, Rick Pickering and Kelly Violini. Joining by conference call: Dan Jacobs.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Amelia White, Rick Wood, Raechelle Gibbons, Mike Treacy, Debbie Cook, Cindy Olsen, Jay Haight, Joe Barkett, Jeanne Wasserman and Randy McGee. Joining by conference call: Tawny Tesconi, Ken Alstott and Louie Brown.

Agenda Item 1 – Date and Time of Next Meeting. The next CARF Board & Live Racing Committee meetings will be held Tuesday, May 4, 2010 in Sacramento, time to be determined.

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

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Matters. Mr. Brown reported that a current legislative bill update was included in the meeting packet. The majority of horse racing industry interests are in spot bill form and discussions regarding racing are currently minimal.

The one significant racing bill is SB 1439 (Price), a bill sponsored by Hollywood Park to eliminate the 20-mile protection around any facility that does not have a minimum of seven weeks of live racing in a calendar year. The CARF Board moved to adopt an oppose position on that bill in March.

SB 1439 (Price) is set for a hearing next week and will probably face some push back in the Senate G.O. Committee due to opposition from the tribal gaming industry. The tribal casinos allowed the mini-satellite legislation to pass and they believe the existing terms should be allowed to work until a point in which they are proven not to work. The tribal interests will oppose any changes to the existing law. They are willing to discussion an increase in satellite commissions, but not as a compromise to eliminating the 20-mile radius protection.

Mr. Brown asked if any Board members had read AB 2115 (Fuentes), a bill to allow advance deposit wagering day accounts at satellite facilities, and if the group had any comments regarding the bill. Mr. Brown reported that F&E expressed concerns regarding the impact this bill might have on satellites. There were no comments at this time.

Agenda Item 4 – Report, Discussion and Action, if any, on Funding Allocations from CDFA Division of Fairs and Expositions. Mr. Treacy reported that he has given this topic extensive consideration due to recent meetings with the Department of Finance and legislative counsel for the Governor’s Office to justify the F&E expenditure plan. Mr. Treacy feels, given the environment and change in funding source, the scrutiny and oversight of F&E expenditures will only get more intense.

Mr. Treacy recommends a committee be formed, consisting of staff from F&E and CARF as well as member Fairs, to accept applications/proposals from member facilities and to make prudent, timely decisions based on merit, urgency and relativity to industry issues.

Mr. Treacy also announced that the 2010-2011 expenditure plan will be presented to the CFA Board of Directors in June and all Fair Managers and Board Directors are highly encouraged to attend.

Mr. Bartosik moved to accept Mr. Treacy’s recommendation and requested that Mr. Jacobs work with F&E staff in the formation of a committee to manage the allocations that flow from F&E to CARF for satellite facility and live racing improvements. Ms. Violini seconded, unanimously approved.

Agenda Item 5 – Report, Discussion and Action, if any, on Agreements for Replacement Revenues Paid to Fairs which Reduce or Discontinue Conduct of Live Horse Racing. Mr. Korby reported that this item was discussed at length during the live racing meetig. The Live Racing Committee voted to table discussion on the draft agreement that has been circulating and establish a new agreement between F&E, Solano County Fair and San Joaquin County Fair based on funding from license fee revenues pledged from F&E for a one-year term as an interim plan.

Mr. Korby requested that the Board take action in support of the Live Racing Committee’s decision.

Mr. Bartosik moved to adopt the interim plan put forth by the Live Racing Committee. Mr. Paluszak seconded, clarifying that the funding would incorporate the front-loaded level of funding for the Solano County Fair. Unanimously approved.

Agenda Item 6 – Report, Discussion and Action, if any, on Implementation of Mini Satellite Wagering Facilities as Joint Ventures with Fairs. Mr. Korby introduced a generic draft lease agreement, provided in the meeting packet, which is intended for use as the foundation of a business relationship between a Fair and local third party that wish to enter into a joint venture.

Monterey County Fair, Humboldt County Fair, San Mateo County Fair, Cal Expo and Solano County Fair are in various stages of discussion and implementation in developing mini-satellite facilities.

Ms. Violini reported that she is in discussions with a new card club in Salinas. The operator is renovating the space the card club will be moving into and are looking to offer day racing as a pilot program during the renovation. Representatives from GGF, TOC and CARF has visited the facility. The Monterey County Fair Board of Directors will be voting on the draft agreement next week.

Agenda Item 7 – Report, Discussion and Action, if any, on CARF Member Dues. Mr. Jacobs reported that the Finance Committee has met since the last Board meeting and is looking for a Board recommendation on where a reduction in dues would be reflected as a budget line item. The reserve is currently \$625,000 and the CARF Board passed a resolution in 2009 to maintain a \$1 million reserve. If the Board would like the Finance Committee to move forward with a reduction in dues, the Board needs to provide direction to either cut a budget item or further reduce the reserve.

Mr. Bartosik asked if there were investments that could be moved to maintain the reserve while implementing the dues reduction. Mr. Paluszak questioned whether there should be any reduction while the reserve was \$375,000 underfunded and if the \$1 million threshold was still a responsible minimum.

Mr. Alkire asked Mr. Wood for his opinion regarding the current reserve threshold and intent. Mr. Wood reported that the \$1 million reserve was intended to sustain CARF through one full cycle of expenses without any revenue coming in. The current policy states that monies exceeding the reserve's threshold will be paid back to member Fairs on a pro rate basis, based on the dues paid.

Mr. Pickering recommended that the 2010 dues remain unchanged and that the Board direct the Finance Committee to reconsider the dues structure for 2011, including redistribution, and bring a recommendation back to the Board by August 2010. Mr. Jacobs seconded. Mr. Agnifili, Mr. Alkire, Mr. Paluszak, Mr. Pickering and Ms. Violini voted to approve. Mr. Bartosik voted to oppose and Mr. Jacobs abstained. AYES: 5. NOES: 1. ABSTENTIONS: 1.

Agenda Item 8 – Executive Director’s Report. Mr. Korby reported that the MAGNA bankruptcy is nearing resolution and legal counsel feels there is a very good chance that Fairs will realize the full amount of their claims. Mr. Korby circulated a spreadsheet that listed the potential settlement for each satellite and current attorney fees.

Respectfully submitted,
Heather Haviland