

# 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