

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors
Tuesday, April 7, 2015

MINUTES

A teleconference meeting of the California Authority of Racing Fairs (CARF) Board of Directors was held at 12:30 P.M., Tuesday, April 7, 2015. The teleconference meeting was hosted at the CARF offices, 1776 Tribute Road, Sacramento, California.

CARF Board Directors attending: John Alkire, Jerome Hoban and Rick Pickering. Joining by teleconference: Chris Borovansky and Kelly Violini.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Juliana Gomes, Raechelle Gibbons, Brian May, Richard Conway, Allen Aldrich, Jim Morgan and Richard Lewis. Joining by teleconference: Louie Brown and Stephen Pierce.

Agenda Item 1 – Date, Time and Location of Next Meeting: May 5, 2015. The next CARF Board of Directors meeting will be held Tuesday, May 5, 2015 in Sacramento.

Agenda Item 2 – Public Comment. On behalf of the CARF Board of Directors and staff, Mr. Alkire congratulated Louie Brown on being named an equity partner in Kahn, Soares and Conway, LLP.

Agenda Item 3 – Approval of Minutes. Mr. Pickering moved to approve the meeting minutes as presented. Mr. Hoban seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on CARF 2015 Legislative Program. Mr. Brown reported that the Legislature reconvened from spring recess on April 6, making this the first week of serious policy committee hearings prior to the May 1 deadline for policy committees to refer bills to fiscal committees. Legislation regarding industry-specific racing bills is light, with most bills on the legislative report being spot bills. Legislative staff is working closely with Assemblyman Henry Perea on AB 650 as a placeholder for racing fairs should policy changes be required during the session.

Mr. Brown reported that Internet poker is still a leading issue at the Capitol. The two outstanding policy points hampering forward movement are the bad-actor clause (i.e. Poker Stars) and the participation of the horse racing industry. Poker Stars has an agreement in principle with a group of tribes in Northern California and has the technological framework and

operational expertise in place to get a site up and running quickly. Recent meetings suggest that the bad-actor clause may be resolved soon, which would leave racing participation as the outstanding issue. Racing principals themselves do not have a cohesive plan for the industry as a whole. The Stronach Group, Del Mar and the horsemen's organizations would like the opportunity to obtain a license, which is heavily opposed by some in the tribal community, while other tribal and racing interests favor mitigation. Mr. Brown will reach out to racing lobbyists this week to better determine how racing fairs would like to fit in the overall structure of Internet poker legislation and if a consensus within the industry can be reached and placed in writing.

Mr. Brown reported that Governor Jerry Brown's proposed 2015-2016 state budget, which includes \$3 million to assist with fair operations and a \$7 million one-time allocation for deferred maintenance at fairs, passed the Assembly Budget Subcommittee on a unanimous vote and will be heard in the Senate Budget Subcommittee later this month. Mr. Korby stated that if fair funding is signed into the 2015-16 budget, racing fairs will seek consideration for funding from monies generated at racing fairs, in the form of license fees, which are presently directed to F&E.

Mr. Borovansky asked if the card room lobbyists have a public position regarding Internet poker. Mr. Brown stated that all of the bills introduced thus far include card rooms as an entity eligible for a license.

Agenda Item 5 – Discussion and Action, if any, on Proposal Made to NCOTWINC Regarding Potential Simulcast Network Expansion. Mr. Korby reported that the meeting packets contain a proposal from TOC to NCTOWINC titled *Proposed Resolutions Regarding the Testing of a Different Economic Model for Northern California Satellites*. Previously, industry principals had discussed exploring the possibility of fair satellites agreeing to reduce the existing exclusivity radius around fair sites in exchange for an increase in fair satellite commissions. The proposal was considered by the CARF Finance Committee and rejected due to the lack of parity when compared to mini-satellite development and the overall lack of benefits compared to the proposed requirements.

Mr. Borovansky moved to oppose the proposal from TOC titled *Proposed Resolutions Regarding the Testing of a Different Economic Model for Northern California Satellites*, with direction to CARF staff to continue negotiations with industry principals. Mr. Hoban seconded, unanimously approved.

Agenda Item 6 – Report, Discussion and Action, if any, on Racing Dates for 2016 and Beyond. Mr. Korby reported that the CARF Live Racing Committee took action to request a block of races dates from June 22 through October 16, 2016, with details to be determined as the group continues discussions.

Agenda Item 7 – Financials. Mr. Alkire stated that financials are included in the meeting packet and that Ms. Gibbons is available to answer questions.

Agenda Item 8 – Executive Director’s Report. No report.

Respectfully submitted,
Heather Haviland