

**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**Board of Directors**  
**Tuesday, March 2, 2010**

**MINUTES**

A meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, March 2, 2010. The meeting was conducted at the Sacramento offices of the California Authority of Racing Fairs located at 1776 Tribute Road, Suite 205, Sacramento, California, 95815.

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

Staff and Guests attending: Chris Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Amelia White, Raechelle Gibbons, Mike Treacy, Debbie Cook, Tawny Tesconi, Stuart Titus, Cindy Olsen, Jay Hight, and Richard Lewis. Joining by conference call: Chris Carpenter and Louie Brown.

**Agenda Item 1 – Date and Time of Next Meeting.** The next CARF Board & Live Racing Committee meetings will be held Tuesday, April 6, 2010 and a meeting of the Northern Satellite Committee will be held Monday, April 5, 2010, both at the Alameda County Fair.

**Agenda Item 2 – Approval of Minutes.** Mr. 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 reported that 1,300 bills were introduced before the Feb. 19, 2010 deadline. Bill language must be in print for 30 days before significant action can be taken. This gives counsel time to review the bills, develop a position and begin negotiations. There were several bills introduced regarding the state furlough issue. These bills will be tracked along with racing legislation since they ultimately impact district agriculture associations. Racing legislation includes:

- AB 1857 (Cook) – This is a CARF sponsored bill to increase the cap on imported races. There are currently four active bills regarding this topic. It is unclear if the TOC supports increasing the cap. The racing industry will need to come together and identify a vehicle and position.
- AB 1922 (Portantino) – As written, this bill would establish safety and maintenance standards for all race track surfaces, dirt and synthetic. The exact intent and purpose of this bill is unclear. Mr. Brown will review the bill in detail and come back with a recommended position.

- AB 2215 (Fuentes) – Bill would create the opportunity for advanced deposit wagering day accounts at facilities throughout the state.
- SB 1072 (Calderon) – CARF sponsored bill to extend the sunset on the California Marketing Committee. This bill could be used to extend the CMC program, or as a spot bill for other issues as needed.
- SB 1439 (Price) – 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.

Mr. Brown recommended the CARF Board of Directors take an oppose position to SB 1439 (Price) because it creates winners and losers within our own membership. Mr. Brown feels that if the legislature is going to address the 20-mile radius, they should either amend it for all or eliminate it for all.

Mr. Pickering moved to adopt an oppose position on SB 1439 (Price). Mr. Jacobs seconded, unanimously approved.

**Agenda Item 4 – Report, Update and Action, if any, on Matters Related to Consolidation of Racing Dates and Payment of Replacement Revenues to Fairs that Reduce or Discontinue Their Involvement in Live Racing.** Mr. Korby reported that the sub-committee tasked with making recommendations to the Live Racing Committee is working on the final draft of an agreement which will ultimately serve as the basis of a contract for the consolidation of Fair race dates, the payment of replacement revenues, formulas for calculating replacement revenues and methods for indentifying and applying funding sources. Mr. Treacy confirmed in the Live Racing Committee meeting that the F&E contribution to the fund will be between \$700,000-\$800,000. Having a solid figure to base the replacement revenue formulas on will help the sub-committee complete the process and bring forward a recommendation.

**Agenda Item 5 – Report on Status of Possible Legal Action by Bay Meadows Seeking Payment of Satellite Commissions After it has Ceased Operating as a Satellite Facility.** Mr. Brown reported that Bay Meadows Land Company has moved forward with filing a lawsuit against CARF for payment of satellite commissions generated after Bay Meadows satellite had ceased operating. Bay Meadows Land Company is claiming that the formula used to calculate the commissions in question takes affect a year after the actual wagers are placed. Mr. Brown feels that ultimately a judge will have to interpret the actual intent of the law. Legal counsel will file an answer to the complaint and update the Board at the next meeting.

**Agenda Item 6 – Discussion and Action, if any, on Agency Dues.** Mr. Alkire introduced a spreadsheet in the meeting packet, prepared by staff, that outlined scenarios for a 5% and 10% reduction in member dues. Mr. Bartosik asked if the Finance Committee had a recommendation

regarding the choices that were presented. Mr. Jacobs responded that the Finance Committee would like more time review the proposal and make a recommendation.

Mr. Bartosik moved to refer to the Finance Committee, for further review and recommendation back to the CARF Board of Directors, staff's scenarios for refunding a portion of member dues. Mr. Paluszak seconded, unanimously approved.

**Agenda Item 7 – Discussion and Correspondence from Sonoma County Fair and Report on CARF Visit to Sonoma County Fair.** Mr. Alkire reported that he, Mr. Korby, Larry Swartzlander, Raechelle Gibbons, Rick Wood and Mr. Pickering met with the Sonoma County Fair Board of Directors to review the services CARF provides and specifically how the Fair benefits from CARF membership. Mr. Alkire felt the meeting was constructive and well structured.

Mr. Alkire appointed Mr. Paluszak and Mr. Agnifili to a CARF Policy Committee to review CARF bylaws and other policies as needed. Mr. Pickering volunteered to work with the committee due to his interest in developing policies for satellite monies on deposit and satellite closures.

Mr. Alkire addressed the letter sent by Ms. Tesconi to the CARF Board of Directors, dated Feb. 8, 2010, point by point. The group discussed her questions regarding annual CARF membership meetings, meeting agenda compliancy with the Brown Act, use of project funds from F&E allocations, policy for Equipment Replacement Fund deposits and the CARF dues structure.

Mr. Alkire asked Mr. Jacobs if he would be willing to work on developing a new business plan for CARF. Mr. Jacobs accepted.

**Agenda Item 8 – Presentation of Ten-Year Report on CARF Management Services, Contract Administration, Pari-Mutuel Distributions and Project Funding.** Mr. Korby presented a report, developed by staff, titled "Ten-Year Report 2000-2009 Racing Fairs," detailing a summary of services CARF provides to racing Fairs and overall monies that have flowed from CARF to member Fairs. Mr. Korby noted that over the last ten years, approximately \$90 million was distributed through CARF to its member Fairs which conduct live racing. In addition, another \$316 million in parimutuel distributions were paid through CARF to purses, license fees, satellite commissions and other statutory beneficiaries.

**Agenda Item 9 – Executive Director's Report.** Mr. Korby reported that Frank Stronach, owner of MAGNA Entertainment Corp., has announced that Santa Anita Park will retain the Pro-Ride synthetic surface that was installed in 2007. Mr. Stronach has also expressed a desire to deregulate horse racing in California.

**Agenda Item 10 – Chairman’s Report - Executive Director Evaluation.** Mr. Alkire reported that he and Mr. Jacobs met with Mr. Korby to discuss the Executive Director evaluation forms that were submitted by Board Directors.

**Agenda Item 11 – Closed Session: Pending Legislation.** The CARF Board of Directors entered into closed session at 1:45 p.m.

Respectfully submitted,  
Heather Haviland