

**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**Board of Directors**  
**Tuesday, June 1, 2010**

**MINUTES**

A meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, June 1, 2010. The meeting was hosted by the California Authority of Racing Fairs in the CARF board room located at 1776 Tribute Road, Suite 205, Sacramento, California.

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

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Amelia White, Tom Doutrich, Louie Brown, Raechelle Gibbons, Debbie Cook, Mitch Slater, Stuart Titus, Tawny Tesconi, Dave Elliott, Rebecca Desmond, Lisa Drury and Richard Lewis. Joining by conference call: Chris Carpenter.

**Agenda Item 1 – Date, Time and Location of Next Meeting.** The next CARF Board & Live Racing Committee meetings will be held Tuesday, September 7, 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 the two CARF sponsored spot bills, AB 1857 (Cook) to raise the cap on imported races and SB 1072 (Calderon) to extend the California Marketing Committee program, moved out of the house of origin and are waiting to be heard in policy committee if CARF chooses to utilize those bills.

Mr. Brown thanked Fairs and CARF staff for their recent efforts to contact their local state senators to voice opposition for SB 1439 (Price), the Hollywood Park sponsored bill 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 bill as written creates an economic disadvantage for Fairs which conduct satellite wagering. Mr. Brown feels that the bill will be stopped in the state Senate next week.

Mr. Brown reported that SB 1485 (Wright) was recently gutted and amended to legalize Internet gambling games, specifically poker. Legal counsel has not had time to review the

language of the bill, but acknowledges that this is an opportune time to introduce Internet poker since the supporters have indicated it will provide millions of dollars of revenue to the state of California. Legal counsel requests time to review the bill and come back to the Executive Director with a recommended position.

Mr. Pickering moved to delegate authority to the President of the Board of Directors and Executive Director to work with legal counsel to establish an official CARF position on SB 1485 (Wright). Mr. Bartosik seconded, unanimously approved.

**Agenda Item 4 – Report, Discussion and Action, if any, on Recommendations to the Joint Funding Committee and Discussions with CDFA DF&E Regarding FY 2009-10 Project and Funding Allocations.** Mr. Korby stated this item was placed on the agenda to give the Board of Directors opportunity to take action on any items deemed necessary prior to the Joint Funding Committee meeting at 2:00 p.m.

Mr. Jacobs requested that specific projects be presented, discussed and voted on as a part of agenda item six.

Ms. Desmond stated that the importance of written procedures, requests and an additional layer of transparency could not be stressed enough in light of the current state budget scrutiny.

**Agenda Item 5 – Discussion and Action, if any, on Recommendations from the CARF Board Regarding Funding Allocations from FY2010-11 CDFA DF&E Expenditure Plan.** Mr. Korby introduced a draft letter written with the unanimous support of the CARF Finance Committee and included in the meeting packet, requesting \$2.6 million from the Division of Fairs and Expositions for CARF programs in FY 2010-11, including the Track Safety and Maintenance Program and Equipment Replacement Fund, as well as facility upgrades, planning and development. This letter is consistent with requests that have been made in prior years and does not reflect the draft budget that was recently circulated by F&E.

Ms. Desmond requested that the letter include more detail regarding the process CARF will use to distribute the allocation.

Mr. Pickering moved to second the recommendation from the CARF Finance Committee to request \$2.6 million from the Division of Fairs and Expositions in FY 2010-11 for the purposes detailed in the draft letter as presented. Unanimously approved.

Mr. Pickering moved to support the continuous annual appropriation of the full \$32 million from the California State Treasury to the Division of Fairs and Exposition as established by the California State Legislature in statue (SB 16XX). Dan Jacobs seconded, unanimously approved.

**Agenda Item 6 – Report, Discussion and Action, if any, on CARF Equipment Replacement Fund (Report, Policy and Confirmation of 2009-10 Project Plan).** Mr. Korby presented a bound report, included in the meeting packet, outlining a comprehensive history of the chronology, economic models, policies, historical milestones and expenditures of the CARF Equipment Replacement Fund (ERF) titled “CARF Equipment Replacement Fund 1992-2009.” This report clearly records the role of the Division of Fairs and Expositions in providing financial support and directives, which lead to the CARF Board establishing policies that have been implemented since the inception of the fund in the late 1990’s.

Review of the historical documents relating to the ERF by the CARF Finance Committee lead to a desire to reiterate and update some of the policies related to the management of the fund. Included in the meeting packet is a recommendation of policy by the Finance Committee titled “DRAFT CARF Equipment Replacement Fund Policy - updated May 25, 2010.” Mr. Korby requested that the CARF Board take action to establish the policies as presented, or discuss desired modifications. Mr. Korby asked that the Board also consider action on the 2010 ERF Projects as presented in the report.

Mr. Pickering complimented staff on the preparation of the report and moved to accept and distribute the document titled “CARF Equipment Replacement Fund 1992-2009.” Mr. Paluszak seconded. YES VOTE: John Alkire, Dan Jacobs, Mike Paluszak, Rick Pickering, Kelly Violini and Vince Agnifili. ABSTAIN: Norb Bartosik (CalExpo does not participate in the CARF Equipment Replacement Fund).

Mr. Jacobs moved to adopt the policies recommended from the Finance Committee as presented in the document titled “DRAFT CARF Equipment Replacement Fund Policy - updated May 25, 2010.” Mr. Pickering seconded. YES VOTE: John Alkire, Dan Jacobs, Mike Paluszak, Rick Pickering, Kelly Violini and Vince Agnifili. ABSTAIN: Norb Bartosik (CalExpo does not participate in the CARF Equipment Replacement Fund).

Mr. Pickering moved to ratify staff’s equipment replacement plans for FY 2010 as presented in the spreadsheet titled “2010 ERF Projects – Fiscal Year 2010.” Ms. Violini seconded. YES VOTE: John Alkire, Dan Jacobs, Mike Paluszak, Rick Pickering, Kelly Violini and Vince Agnifili. ABSTAIN: Norb Bartosik (CalExpo does not participate in the CARF Equipment Replacement Fund).

Mr. Jacobs reported that the written proposals received by Fairs for project funding were compiled in a binder titled “2009/10 Proposals: Funding Programs for Racing & Satellite Wagering Support” distributed by Ms. Desmond and Ms. Drury. Mr. Jacobs asked that the CARF Board

make a recommendation to the Joint Funding Committee regarding allocation based on the proposals.

Mr. Jacobs moved that of the \$600,000 allocation for FY 2009-10 Fair Racing Facility Renovations, \$100,000 be allocated to Sonoma County Fair, Cal Expo, Humboldt County Fair and the Big Fresno Fair to support the projects described in the written proposals (\$400,000 total). Mr. Pickering seconded, unanimously approved.

Mr. Jacobs moved to direct the Joint Funding Committee to hold the \$200,000 remaining from the FY 2009-10 Fair Racing Facility Renovations until the status of racing at Stockton and Vallejo is established. Mr. Palusak stated that the Solano County Fair requires the funding to improve the racing grandstand whether the Fair remains in racing or uses the grandstand to generate new revenue. Ms. Cook stated that she was not made aware that proposals for live racing should be submitted. Mr. Bartosik recommended that the Joint Funding Committee review the proposals and determine the best allocation for spending \$200,000 in FY 2009-10. Mr. Jacobs indicated that he would vote "no" to any motion that did not give a direct Board recommendation to the Joint Funding Committee.

Mr. Bartosik moved to allocate the \$200,000 remaining from the FY 2009-10 Fair Racing Facility Renovations allocation to be spent in FY 2009-10 at the discretion of the Joint Funding Committee. Mr. Pickering seconded. YES VOTE: John Alkire, Norb Bartosik, Mike Paluszak, Rick Pickering, Kelly Violini and Vince Agnifili. NO VOTE: Dan Jacobs.

Mr. Paluszak moved to direct staff to circulate all funding proposals to the CARF Board of Directors and Joint Funding Committee members. Mr. Bartosik seconded, unanimously approved.

**Agenda Item 7 – Report, Discussion and Action, if any, on Implementation of Mini-Satellite Wagering Facilities as Joint Ventures with Fairs.** Mr. Korby reported that Golden Gate Fields has interest in a mini-satellite facility from a business in Pleasant Hill, within the 20-mile radius of Vallejo and that SCOTWinc. is requesting approval from National Orange Show for a restaurant/BBQ mini-SWF within their area.

Mr. Korby requested that the Board of Directors make a funding recommendation to the Joint Funding Committee regarding the two mini-satellite proposals and one satellite relocation proposal that have been submitted by Monterey, Ferndale and Fresno.

Mr. Pickering moved to recommend the Joint Funding Committee approve \$65,000 for the Fresno SWF relocation, \$50,000 for the Monterey mini-SWF pilot and \$35,000 for the Ferndale mini-SWF, pending the signing of all appropriate documents and contracts to the satisfaction of

the Executive Director. The above mentioned facilities can submit additional proposals if costs exceed the allocated amounts. Mr. Paluszak seconded, unanimously approved.

**Agenda Item 8 – Update on JPA Agreement and By-Laws Review.** Mr. Korby reported that the CARF JPA agreement is being reviewed by legal counsel.

**Agenda Item 9 – Financials.** Mr. Jacobs reported that CARF financials are included in the meeting packet.

**Agenda Item 10 – Executive Director’s Report.** Mr. Korby reported that the CHRB will be reviewing the waiver that allows MI Developments to own and operate two racing facilities in California (Santa Anita Park and Golden Gate Fields).

Respectfully submitted,  
Heather Haviland