

**CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, December 7, 2010**

MINUTES

A teleconference meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, December 7, 2010. The meeting was hosted at the CARF Conference Room located at 1776 Tribute Road, Sacramento, California.

CARF Live Racing Committee members attending: John Alkire, Norb Bartosik, Mike Paluszak and Tawny Tesconi. Joining by conference call: Stuart Titus.

Staff and Guests attending: Christopher Korby, Tom Doutrich, Heather Haviland, Raechelle Gibbons, Amelia White, Louie Brown, Dan Jacobs, Rebecca Desmond, Tony Withington and Richard Lewis. Joining by conference call: Vince Agnifili and Janet Covello.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Board & Live Racing Committee meetings will be scheduled for February 1, 2010 in Sacramento.

Agenda Item 2 – Approval of Minutes. Ms. Desmond requested that the meeting minutes be amended to reflect that F&E would support CARF using F&E project cost savings for the purpose of assisting in replacement revenues for the San Joaquin and Solano County Fairs. Ms. Tesconi moved to approve the minutes as amended. Mr. Paluszak seconded, unanimously approved.

Agenda Item 3 – Report, Discussion and Action, if any, on Racing Dates for 2011 and Beyond. Mr. Korby reported that racing dates have been approved by the CHRB for 2011 and he strongly recommends that the CARF Live Racing Committee start planning for 2012. Mr. Korby stated that the San Joaquin County Fair intends to transition their fair and racing into the last two weeks of September 2012 and Mr. Korby recommends the committee take formal action to support Stockton's move in the calendar. Ms. Tesconi added that she feels the fairs should continue to retain the week in June that Stockton is vacating for fair racing.

Mr. Korby stated there is also consideration being given to racing at Pleasanton in early September 2012. Mr. Titus requested that any planning for 2012 September dates take into account the financial impact overlap would have on Ferndale.

Mr. Bartosik joined the meeting.

Mr. Korby reported that he is working with Bryan Wayte to develop financials for various 2012 date allocation scenarios.

Ms. Tesconi moved to support the San Joaquin County Fair's desire to conduct a race meet, concurrent with fair, during the last two weeks of September 2012, while retaining the resulting vacant week in June for fair racing. Mr. Bartosik seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on Replacement Revenues for Solano and San Joaquin County Fairs. Mr. Korby reported that the CARF Live Racing Sub-Committee (Mr. Bartosik, Mr. Paluszak and Ms. Tesconi) met and came to the recommendation that CARF cover the 2011 request for replacement revenues from the Solano and San Joaquin County Fairs in the amount of \$569,000 from unspent project and program revenues being held at CARF. This recommendation would allocate \$414,000 to the Solano County Fair and \$155,000 to the San Joaquin County Fair, plus a 7.5 percent CARF administration fee.

Mr. Bartosik asked for clarification that Stockton will not be requesting replacement revenues in 2012 if their race meet transitioned to the last two weeks of September. Mr. Korby clarified that they would not be eligible for consideration.

Ms. Tesconi questioned if the formula used to determine the replacement revenues was a valid and formally adopted formula. Mr. Paluszak responded that the formula was used in 2010 and was deemed acceptable by the CARF Board and F&E. Mr. Bartosik recommended that the CARF Board memorialize the formula used to calculate replacement revenue.

Mr. Alkire thanked the sub-committee for their exhaustive efforts in addressing the issue of replacement revenues.

Mr. Bartosik moved to accept the recommendation from the CARF sub-committee that \$569,000 be allocated to the Solano and San Joaquin County Fairs for 2011 from CARF unspent project and program revenues for the purpose of revenue replacement. Mr. Bartosik seconded, unanimously approved.

Agenda Item 5 – Discussion and Action, if any, on Legislative Program for 2011. Mr. Brown reported that the 2011/12 legislative session began with the swearing in of the new legislature on Dec. 6, 2010. Immediately after the legislature was sworn in, the Governor declared a fiscal emergency and presented the new legislature with \$9 billion in cuts in an attempt to create a balanced budget. As of now, the CDFR money in the General Fund remains intact.

Two bills were introduced that are of interest to racing fairs. SB 1 (Kehoe) authorizes the sale of the Del Mar Fairgrounds to the city of Del Mar, but does not rule out a public bidding process. Language in the bill does not require the new owner to continue the San Diego County Fair or horse racing. There are prominent thoroughbred owners looking to provide financial backing to the city of Del Mar, but the TOC does not currently support the bill since the continuation of horse racing is not assured.

SB 40 (Correa) would legalize and regulate online gaming, specifically Internet poker. This bill is currently being opposed by some California tribal casinos.

Mr. Korby reported that the 2011/12 legislative session will include modifying/amending AB 765 language (allows 1% increase in take-out for racing conducted at Fairs), modifying/amending language B&P Section 19522 (requiring satellite supervisors at Fair satellite facilities) and renewing efforts to receive an increase in satellite commissions.

Agenda Item 6 – Report on Initial Meeting of CARF Controllers’ Committee. Mr. Korby reported that the CARF Controllers’ Committee met for the first time via conference call on November 30, 2010. For the committee’s initial project, the participants reviewed live racing expenses with the target of making a 12-14% overall reduction. That meeting resulted in a 13.8% reduction to the 2011 live racing budget.

The Controllers’ Committee will continue working with staff to reduce expenses, specifically as it applies to racing personnel. Mr. Korby would also like the group to review the CARF dues structure.

Agenda Item 7 – Executive Director’s Report. Mr. Korby reported that Santa Anita Park has reopened their main track with a natural dirt surface. The surface change, combined with the legislative increase in purses that will go into effect Dec. 26, should improve the California simulcast product and increase business.

Mr. Korby reported that he has been distributing news items regarding the potential transfer of the 22nd DAA fairgrounds to the city of Del Mar. Mr. Korby will continue to keep the group informed as this matter progresses.

One of the agenda items for the CHRB meeting this month will be determining the future of the Oak Tree Racing Association meet that has traditionally been run at Santa Anita. Santa Anita is requesting to race those dates on behalf of MI Developments.

Mr. Alkire requested that supplemental purses be included on the February CARF Live Racing Committee agenda.

Respectfully submitted,
Heather Haviland