

CALIFORNIA AUTHORITY OF RACING FAIRS

Board of Directors

Tuesday, February 1, 2011

MINUTES

A teleconference meeting of the California Authority of Racing Fairs Board of Directors was held at 1:00 P.M., Tuesday, February 1, 2011. The meeting was hosted at the California State Fair Board Room located at 1600 Exposition Blvd., Sacramento, California.

CARF Board Members attending: John Alkire, Norb Bartosik and Dan Jacobs. Joining by conference call: Vince Agnifili and Kelly Violini.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Rick Wood, Raechelle Gibbons, Amelia White, Louie Brown, Rebecca Desmond, Tawny Tesconi and Stuart Titus. Joining by conference call: James Jimenez and Cindy Olsen.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Board of Directors meetings will be scheduled for March 1, 2010 in Sacramento.

Agenda Item 2 – Approval of Minutes. Mr. Jacobs requested that Agenda Item 8 (second sentence) read: “The remaining \$653,120 is ready for distribution and will be distributed by the end of the month.” Mr. Bartosik moved to approve the minutes as amended. Mr. Jacobs seconded, unanimously approved.

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Program for 2011 and Beyond. Mr. Brown reported that bill introductions have been slow and the focus at the Capitol has been establishing the state budget. Mr. Brown will be meeting with Assembly Member Henry Perea from Fresno to see if he will carry language to provide relief from the supervisor staffing requirements at satellite wagering facilities. SEIU supports the concept since eliminating one position is preferable to closing a satellite facility. The language presented to Assembly Member Perea will allow a Fair to eliminate the satellite supervisor position if a public hearing has been conducted and the outcome of the hearing determined that the position is economically unfeasible.

No horse racing legislation has been introduced at this time.

Mr. Korby asked if CARF should carry a spot bill as a contingency plan for restructuring Fair funding if the current general fund allocation is eliminated. Mr. Brown replied that, if needed, the language would be appropriate in a budget trailer bill.

Agenda Item 4 – Report, Discussion and Action, if any, on Status of Funding Allocations from CDFA Division of Fairs and Expositions. Rebecca Desmond reported that as a result of the CDFA audit, CDFA is recalling unspent monies allocated through F&E to CARF. CARF has

complied and returned \$2.198 million with another payment pending. The rerelease of those funds back to CARF will depend on a new contract between CARF and F&E. Future projects will require more paperwork and documentation to provide the level of detail that will allow CDFA to disperse funds from F&E to CARF. Funds for FY09-10 and forward will require a significantly higher level of documentation. Ms. Desmond encourages any Fair with an approved project to make sure that all funding paperwork is processed and that the project is fully encumbered.

Mr. Korby reported that he has been working with David Hillis to prepare the contracts that will govern future funding allocations from CDFA F&E for programs administered by CARF. They are working to develop a single contract that would describe the several programs administered by CARF.

Ms. Desmond reported that CARF has not requested FY2010-11 funds and inquired as to how CARF plans to apply for those funds. Mr. Jacobs stated that Mr. Treacy had requested a project committee in the past and asked Ms. Desmond how she would like to see those projects reviewed. Ms. Desmond responded that using either a project committee or the CARF Board of Directors would be sufficient.

Mr. Jacobs moved to utilize the CARF Board of Directors as the committee that will review/approve project proposals and make a recommendation for the allocation of F&E funds assigned to CARF in the FY2010-11 Expenditure Plan. Staff will act as a clearinghouse and distribute proposals in a timely manner to all CARF members. Mr. Bartosik seconded, unanimously approved.

Agenda Item 5 – Discussion and Action, if any, on Contract Negotiations Between CDFA Division of Fairs and Expositions and California Authority of Racing Fairs for Future Funding Allocations. Covered as part of Agenda Item 4.

Agenda Item 6 – Report, Discussion and Action, if any, on Proposed State Budget for FY 2011-2012. Mr. Brown reported that Fairs are beginning to formulate message points and are conducting conference calls to develop a strategy in time for the budget sub-committee hearings in the Assembly and Senate which will review CDFA funding. The Governor's current budget proposes eliminating Fair funding.

It is important for Fair representatives to be at those hearings talking about what the cut would mean to Fairs and the resulting decrease in revenue to the state. Fairs are looking to create jobs, streamline business and reduce government, which are goals that fall in line with the Governor's position. At this time, the Governor Brown has made it his sole focus to have the state budget voted on by mid-March.

Agenda Item 7 – Report on Strategic Planning. Mr. Korby provided an update on materials distributed since the November 2010 CARF Strategic Planning Meeting, including a report regarding the CARF Equipment Replacement Fund 1992-2009 and a report on the facility descriptions, location, handle and distributions for the California Satellite Network 2007-2009.

Ms. Tesconi asked if CARF should consider an outside consultant to help identify markets that could support mini-satellite wagering facilities and help Fair Managers bridge the gap with local business that might be suitable prospects for a mini-satellite or relocation. Mr. Korby replied that CARF was working through that process with the Santa Maria satellite wagering facility.

Agenda Item 8 – Report on Pending Elections. Mr. Korby reported that elections will be held in conjunction with the March Board of Director’s Meeting to ensure the required quorum will be available.

Agenda Item 9 – Financials. Mr. Korby reported that a payment of \$2.198 million, consisting of F&E funds residing at CARF & CFSA, has been returned to CDFA F&E and a payment of \$865,172 is currently being processed. An interest payment of \$457,000 was made in November. Ms. Desmond reported that there has been activity in the CARF allocated funds residing at F&E since the audit that need to be reported with supporting documentation. Mr. Desmond also requested permission to work with Rick Wood and Raechelle Gibbons to develop a report for the financials that is specific to future F&E funds at CARF.

Mr. Jacobs requested a detailed balance sheet be included in the financials for each meeting that provides a breakdown regarding the purpose of each account and shows funds that are available and not tied to a specific project. Mr. Jacobs also requested that an accounts receivable report be included in the financials.

Mr. Jacobs inquired as to whether the CARF Controller’s Committee had met to discuss the dues structure. Mr. Korby responded that the committee had not met since the prior Board meeting.

Agenda Item 10 – Executive Director’s Report. Mr. Korby reported that the CARF is negotiating a lease agreement between the Santa Barbara County Fair and SCOTWinc. If this project is successful it will create a new model that generates a continuous rental income from the satellite facility to the Fair without the operational expenses.

Mr. Korby reported that the Monterey County Fair is in the later stages of completing the license application for the mini-satellite at Banker’s Casino in Salinas.

Ms. Violini reported that the 2011 California Marketing Committee allocation for satellite wagering facilities was \$250,000 for a centralized program that will consist of five large giveaways, handicapping contests, racing seminars and advertising support. A group of eight satellite managers are working with staff to develop and implement the statewide plan.

Respectfully submitted,
Heather Haviland