

CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, May 3, 2011

MINUTES

A teleconference meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, May 3, 2011. The meeting was hosted at the California Authority of Racing Fairs Board Room, 1776 Tribute Road, Sacramento, CA, 95815.

CARF Live Racing Committee members attending: John Alkire, Dave Elliott (proxy for Norb Bartosik), Mike Paluszak, Rick Pickering, Tawny Tesconi and Stuart Titus.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Amelia White, Rick Wood, Raechelle Gibbons, Dan Jacobs, Chris Carpenter, Rebecca Desmond, Troy West, Tom Sawyer and Richard Lewis. Joining by conference call: Jeff Farley and Cindy Olsen.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Board & Live Racing Committee meetings will be scheduled for June 7, 2011 in Sacramento.

Agenda Item 2 – Approval of Minutes. Mr. Paluszak moved to approve the meeting minutes as presented. Mrs. Tesconi seconded, unanimously approved.

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Programs for 2011 and Beyond. Deferred to the CARF Board of Director's Meeting.

Agenda Item 4 – Report, Discussion and Action, if any, on Funding Applications and Disbursement Plan for Funds from CDFA F&E for CARF programs. Mr. Korby reported that the sequence of allocation recommendations, approvals and the disbursement of CDFA F&E funds which were established in March 2011, are in the last stages of implementation. CARF staff has distributed the application forms, reviewed individual allocation plans and has made a recommendation regarding the disbursement process.

The completed funding allocation forms have been included as a bound report in the meeting packet for action by the CARF Live Racing Committee and Board of Directors. The Sonoma County Fair proposal was provided as a handout. Once action is taken, a two-step disbursement process will begin. Mr. Korby requested that the Committee use this opportunity to discuss applications for the funding components that pertain to live racing.

Mr. Korby reported that staff has reviewed the proposals and recommends that the Live Racing Committee approve the projects as presented.

Mr. Elliott pointed out that the Fresno application includes the possibility of using a portion of the funds to increase purses (page 91 of report), which Mr. Elliott did not know was a viable option when he completed the Cal Expo application. Mr. Elliott asked if the option would be available to all Fairs. Ms. Desmond responded that in her opinion, a condition granted to one Fair should be available to all.

Ms. Tesconi moved to approve the funding applications as presented, with the understanding that the opportunity exists for individual Fairs to return to the Committee with a revised proposal, which could include using a portion of the funds to supplement purses. Mr. Elliott seconded, unanimously approved.

Agenda Item 5 – Report, Discussion and Action, if any, on Re-Allocation of Change Fund.

Mr. Korby reported that the Change Fund, used to ensure timely settlements/reconciliations of satellite location fees, track commissions and purses, was part of the funding that was recalled to CDFA F&E earlier in the year. This fund is critical for Fair racing operations, especially if Golden Gate Fields ceases racing.

Mr. Korby presented a series of motions that he urged the Live Racing Committee to adopt and recommend to CARF Board of Directors, which will then make the recommendation to F&E. The motions were presented as follows:

Motion:

Recommendation for Allocation of Change Fund

The CARF Board finds the following:

- California Fairs simulcast network cannot operate without a cash bank.
- The Change Fund of \$1,014,000 was first allocated by F&E to CARF in 1987 when simulcasting started in CA. CARF held the Change Fund in trust for twenty-four years.
- The Change Fund is a critical management tool for settlements, reconciliations and distributions when Fairs conduct live horse racing. It plays an essential role in CARF cash flow management during racing operations. CARF uses the Change Fund so as to manage prompt and timely payment of purses to horsemen, payment of commissions to Racing Fairs and payment of commissions (“2% location fees”) to satellite Fairs. Fairs and horsemen are reliant on prompt payment of these revenues.
- CARF has continued to hold the Change Fund as security collateral for its share continuing Northern California simulcast operations.
- CARF has also holds the Change Fund on behalf of its members against the eventuality that private tracks in Northern California will close operations and Fairs will once again be required to furnish a cash bank to continue simulcast operations.

Therefore, the CARF Board recommends that the Change Fund of \$1,014,000 be allocated for the purposes noted above.

Motion:

Disbursement of Funding for Change Fund

CARF Board recommends that the Change Fund of \$1,014,000 will be disbursed to two Racing Fairs conducting live racing in 2011 and which not on the "at-risk" Fairs list. Specifically, the CARF Board formally endorses and recommends that F&E disburse the Change Fund to two Fairs: Cal Expo and Fresno District Fair in single payments of \$507,000 to each Fair. These funds are to be used exclusively for the CARF Change Fund.

Motion Directed to Trustee Fairs:

Disbursement of Change Fund

The CARF Board moves that the Fairs entrusted with managing the Track Safety and Maintenance Program funds (Cal Expo and the Fresno District Fair) remit the Change Fund to CARF for use on behalf of all Fairs which conduct live racing within 30 days for to ensure continuation of timely payment of commissions, satellite location fees and purses.

Ms. Desmond stated that she still needed to present the concept to CDFA. Ms. Desmond also stated that this fund was required to be held in a non-interest bearing account and it was held in an interest-bearing account, but the interest was not distributed back to F&E. Ms. Gibbons reported that when the fund was transferred to CARF, it was established that interest earned on the account would be retained by CARF in lieu of administrative fees for managing the account.

Mr. Pickering moved to adopt the three motions regarding the allocation and disbursements by F&E in regards to the Change Fund, as presented by Mr. Korby, as a recommendation to the CARF Board of Directors. Mr. Paluszak seconded, unanimously approved.

Agenda Item 6 – Discussion and Action, if any, on FY2011/2012 Expenditure Plan Proposed by CDFA F&E. Mr. Korby stated that the 2011/2012 CDFA Network of Fairs Expenditure Plan was recently released and is included in the meeting packet.

Mr. Desmond reported that the expenditure plan not only looks different, but on a go-forward basis the plan focuses on three areas; 1) Community Relevance, 2) Fiscal and Policy Oversight, and 3) Intervention and Transition. Ms. Desmond stated that F&E is facing a new era of oversight and administrative support while retaining approximately half of the current staff.

Agenda Item 7 – Report, Discussion and Action, if any, on Racing License Applications. Mr. Swartzlander reported that all Horsemen's agreements have been approved and the Stockton and Pleasanton racing applications have been submitted, reviewed and approved by the California Horse Racing Board (CHRB). The Cal Expo and Santa Rosa applications are up for review at the May 26,

2011 CHRB meeting at Golden Gate Fields. Mr. Swartzlander is currently working with Mr. Titus on the Humboldt County Fair application.

Mr. Pickering suggested that Fair Managers be prepared to speak to the CHRB Directors regarding any new programs/marketing efforts being implemented at Fairs based on his experience during the April meeting.

Mr. Korby reported that Mr. Titus had submitted a letter to the CARF Live Racing Committee requesting a minimum of five non-overlapped race dates in 2012. Copies of that letter were circulated during the meeting.

Agenda Item 8 – Report, Discussion and Action, if any, on Purse Program and Negotiations with Horsemen’s Organizations. Mr. Korby reported that a signed TOC agreement was in the meeting packet and reiterated that staff will continue to work diligently in 2011 to track purses paid/generated on a daily basis and adjust purses immediately if an overpayment exceeds projections.

Agenda Item 9 – Discussion and Action, if any, Request from Winners Foundation for Counseling Locations and on Grounds Transportation Permit. Mr. Korby reported that Bob Fletcher, Executive Director of the Winner’s Foundation, is requesting permission to park/utilize a cart on grounds and is seeking a private space for counseling at each Fair. Mr. Korby reported that these needs would be met on a fair-by-fair basis.

Agenda Item 10 – Financials. Mr. Korby reported that current financials are included in the meeting packet.

Agenda Item 11 – Executive Director’s Report. Mr. Korby reported that Cindy Olsen is a partial owner in Sway Away, a three-year-old Thoroughbred who is currently 21st on the graded stakes earning list for consideration in drawing into the Kentucky Derby field.

Mr. Korby reported that Golden Gate Fields has submitted a request for consideration as a second laboratory campus for the University of California Berkeley. A request for qualifications issued by UC Berkeley Lawrence Radiation Laboratory is included in the meeting packet.

Respectfully submitted,
Heather Haviland