

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors
Tuesday, December 6, 2011

MINUTES

A teleconference meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, December 6, 2011. The meeting was hosted at the California Authority of Racing Fairs Board Room, 1776 Tribute Road, Sacramento, California, 95815.

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

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Amelia White, Rick Wood, Raechelle Gibbons, Lisa Drury, Richard Lewis, Tawny Tesconi, Louie Brown, Tom Doutrich, and Tom Sawyer.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Board of Directors meeting will be scheduled for February 7, 2012 in Sacramento.

Agenda Item 2 – Approval of Minutes. Mr. Bartosik moved to approve the meeting minutes as presented. Mr. Jacobs second, unanimously approved.

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Program for 2012. Mr. Brown reported that a handout was contained in the meeting packet outlining prospective legislative efforts for the 2012 session. The CARF Live Racing Committee passed this list as a recommendation to the Board as areas of focus for 2012 legislative efforts, including: fair governance, license relief for racing fairs, Internet poker, lifting the calendar limitations for combined fair race meets and extending the CMC sunset.

Fair governance involves changing the status or oversight of District Agriculture Associations (DAAs). CARF will be involved in the effort collaboratively with the administration, Western Fairs Association and California Fair Alliance.

License fee relief for racing fairs refers to the decision made three years ago to grant license fee relief across the board for the racing industry while continuing to allocate 1% from racing fairs to F&E (roughly \$400,000 annually). The CARF Live Racing Committee and Board of Directors will need to discuss license fee relief and determine the appropriate course of action.

Discussions regarding Internet poker will continue to evolve and CARF will have a seat at the table in identifying uses and purposes for any new revenue that might be generated, such as dedicating a percentage of new money to capital improvements at racing facilities.

Several years ago, CARF, TOC and Golden Gate Fields amended the language in statute to extend the calendar period within which a combined fair meeting could be conducted to June 1 through October 30. With the current uncertainty regarding the future of Golden Gate Fields, it would be advantageous for fairs to seek increased flexibility to conduct a race meet during calendar periods outside of tradition fair dates. Ideally CARF will seek to completely eliminate calendar restrictions.

The California Marketing Committee (CMC) is scheduled to sunset in 2013. CARF may propose a spot bill for industry discussion regarding the merits of continuing the program.

During the Live Racing Committee meeting it was also discussed that the restructuring of CHRIMS might be included as part of the 2012 CARF legislative program.

Mr. Bartosik moved to approve the 2012 legislative program as presented. Mr. Jacobs seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on Northern California Racing Dates for 2012. Mr. Korby reported that Mr. Jacobs requested this item be placed on the agenda to open racing date's discussions to a larger audience since the allocation of dates has an impact on all CARF members. Mr. Korby reported that the dates for Humboldt County Fair remain unresolved and that no action was taken in the earlier CARF Live Racing Committee meeting. Representatives from CARF, HCF, TOC and GGF will be meeting later in the week to continue working towards a resolution regarding the allocation of race dates to Ferndale.

Mr. Jacobs thanked Mr. Korby for the overview and update.

Mr. Bartosik reported that Cal Expo is actively seeking a new operator for the harness meet. If a new operator cannot be secured, the continuation of harness racing past July 2012 is uncertain.

Agenda Item 5 – Report, Discussion and Action, if any, on CDFA Fair Consortium and Restructuring Fair Governance. Mr. Korby reported that there is nothing new to report regarding this item and there have been no new developments at the consortium level. Mr. Alkire reported that WFA will be developing a sub-committee to review Fair governance. Mr. Bartosik reported that since Cal Expo does not fall under the DDA restructuring, the Fair will be running legislation to seek governance relief similar to the Del Mar "racing authority" model.

Agenda Item 6 – Report, Discussion and Action, if any, on Agency Budget for 2012. Mr. Korby introduced the 2012 agency budget that was included in the meeting packet. Budget highlights include:

- Review, elimination and reallocation of salary categories for agency personnel
- Reduction of CARF member dues by 10%
- Budget legislative advocacy to actual expense
- Reduce rent for Tribute Road offices based on new contract rate

The 2012 budget proposes tapping reserves for \$120,559 to cover the elimination of administrative fees from Projects Revenue and to reduce member dues.

- Agency reserves at end-of-year 2010 - \$709,681
- Agency reserves at end-of-year 2011 - \$973,755
- Agency reserves estimated at end of 2012 - \$853,196

Mr. Korby reported that the budget packet also contains a page that shows the revenue derived to Fairs by the programs CARF manages on behalf of its members.

Mr. Paluszak asked what staff's strategy would be if members already factored into the dues structure decided to cease their membership and not pay 2012 dues. Mr. Korby responded that any shortfall created by that scenario would be covered by agency reserves.

Mr. Alkire asked Mr. Jacobs if he had any questions or comments. Mr. Jacobs indicated that he did not.

Mr. Paluszak moved to approve the 2012 CARF agency budget as presented. Ms. Violini seconded, unanimously approved.

Agenda Item 7 – Financials. Mr. Korby reported that financials were included in the meeting packet and that Mr. Wood and Ms. Gibbons were available to answer questions. Mr. Alkire stated that staff was asked to bring a written proposal to the Board regarding the potential for a new revenue sharing program. Mr. Korby stated that he will be working with the Finance Committee to prepare that proposal.

Agenda Item 8 – Executive Director's Report. Mr. Korby reported that he was elected Co-Chair of the California Marketing Committee (CMC).

Mr. Korby reported that the Assistant Operations Manager position was eliminated from the CARF staff. Those duties will be absorbed into the responsibilities of other staff members.

Mr. Korby reported that Mr. Swartzlander will be conducting his annual tour of CARF satellite waging facilities.

CARF has received four nominations for two Board at-large positions: Norb Bartosik, Chris Borovansky, Tom Sawyer and Tawny Tesconi. The sole nomination for the southern satellite committee chair position is the incumbent Dan Jacobs. Ballots will be mailed next week.

Respectfully submitted,
Heather Haviland