

Board of Directors

Tuesday, February 7, 2012

MINUTES

A teleconference meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, February 7, 2012. The meeting was hosted at the California Authority of Racing Fairs Board Room, 1776 Tribute Road, Sacramento, California, 95815.

CARF Board Members joining: John Alkire, Rick Pickering and Kelly Violini. Joining by conference call: Chris Borovansky, Dan Jacobs and Mike Paluszak.

Staff and Guests joining: Christopher Korby, Larry Swartzlander, Heather Haviland, Amelia White, Raechelle Gibbons, Rebecca Desmond, Richard Lewis, Louie Brown, Tom Doutrich, Kate Phariss and Tom Sawyer. Special Guests: Stephen Chambers and Sandy Woods.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Board of Directors meeting will be held March 6, 2012 in Sacramento.

Agenda Item 2 – Approval of Minutes. Ms. Violini approved the minutes as presented. Mr. Jacobs second, unanimously approved.

Mr. Alkire welcomed Chris Borovansky, Chief Executive Officer of the Stanislaus County Fair, to the CARF Board of Directors. Mr. Borovansky was elected to an At-Large position and Mr. Bartosik was reelected to his At-Large position.

Steve Chambers and Sandy Woods presented Mr. Korby, on behalf CARF, with a J. James original watercolor in appreciation for CARF's support of the Huell Howser California Gold television series.

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Program for 2012 and Beyond. [Same report as Live Racing Committee Meeting.] Mr. Brown reported that the deadline for bill introduction is February 24, 2012. Caucuses are meeting today and tomorrow to develop policy priorities for the 2012 session.

Currently, CARF is seeking authors for two bills. Assembly Member Henry Perea (Fresno) is considering authoring the bill to create flexibility for Fairs by extending the calendar dates in which a combined Fair meet can occur. Ideally the bill would completely eliminate calendar restrictions. Mr. Brown thanked Mr. Alkire for contacting Mr. Perea on CARF's behalf.

Senator Gloria Negrete McLeod is considering carrying the bill that would provide license fee relief for racing fairs as long as CARF is flexible in potentially solving the issue as part of a larger funding strategy, if that option becomes available.

Discussions regarding Internet poker are expected to continue throughout the session. It is anticipated that the Chairman of the Senate G.O. Committee will be introducing a bill on deadline day and the racing industry will not receive copies of the language before the bill's introduction. The language will most likely include a concession for unlimited licensees and may be limited to poker or open to all online gaming. The current strategy is for the racing industry to come together to present a set of parameters for inclusion in the language, with the top priority being to limit the number of licenses that are created. Since licenses are expected to cost anywhere between \$10-50 million, plus the cost of developing and marketing a site, the industry may choose to decline the option to run a site and will seek mitigation. To prepare for all eventualities, the racing industry has put out RFP's to companies expressing interest in providing administration and technology while partnering with California horse racing. Any new dollar is an important dollar to the state of California and the legislature is expected to be very active on this issue.

Mr. Jacobs asked if Fairs would receive financial gain from the implementation of Internet poker. Mr. Korby responded that CARF is actively involved in the legislative process, but it is too early to tell how Fairs outside of CARF might be impacted.

Assemblywoman Fiona Ma is working on a California fair funding and governance structure bill which aims to find a stable funding source for the Fair network and a new governance and oversight structure.

Mr. Korby reported that the meeting packet includes a brochure developed by the coalition of horse racing interests that is calling itself "Horse Racing United." The brochure demonstrates the industry's desire to be harmonized and actively involved as Internet poker legislation progresses. Mr. Korby stated that participants of Horse Racing United, himself included, met in Los Angeles yesterday for a presentation by Cantor Gaming. Cantor Gaming, a branch of the global financial service company Cantor Fitzgerald, has established a large presence in Las Vegas through the operation of sports books in premier Las Vegas casinos and the manufacturing and distribution of a mobile gaming system licensed by the Nevada Gaming Commission. They are very interested in entering the California market.

Mr. Korby added, as an update to Mr. Brown's report on the CARF bill regarding a combined Fair meet, that representatives from Golden Gate Fields and the Stronach Group have indicated that they would not oppose the bill.

Agenda Item 4 – Report, Discussion and Action, if any, on CHRB Notice and Prospective Actions Regarding Exchange Wagering. Mr. Korby reported that the California Horse Racing Board (CHRB) is considering developing regulations for exchange wagering (exchange wagering, which is a popular form of betting in the United Kingdom, allows customers to post odds and accept wagers on whether a horse will win or lose a race). Industry sectors have begun thinking about official positions

and how the protocols, regulation and implementation of exchange wagering will affect their business.

Mr. Korby expressed concerns regarding the concept of exchange wagering and the potential long-term impact of offering wagering that is not pari-mutuel and does not have a historical precedent in the United States. An Ad Hoc Committee of the CHRB will meet with industry leaders and will make a recommendation to the full board.

Mr. Korby is not recommending an oppose position at this point, but is recommending approaching negotiations with caution and ensuring that regulations include protection for the Fair satellite network.

Agenda Item 5 – Financials. Mr. Korby reported that financials are included in the meeting packet. Mr. Korby stated that staff is working to complete financials through year-end 2011 in March.

Mr. Alkire reported that the decrease in CARF dues has been well received by members Fairs.

Agenda Item 6 – Executive Director’s Report. Mr. Korby reported that the University of California announced that it has chosen the Richmond Field Station as its preferred site for the proposed consolidation of the biosciences programs of the Lawrence Berkley National Laboratory. The decision ensures that Golden Gate Fields will remain the anchor track in Northern California for the immediate future.

Mr. Korby reported that the CHRB recently released its Annual Report. The introductory letter from Chairman Keith Brackpool included several complimentary comments regarding Fairs.

Mr. Korby asked Mr. Borovansky if his Fair was in Congressman Dennis Cardoza’s district. Mr. Borovansky confirmed that he was. Mr. Korby stated that Congressman Cardoza is on the current TOC Board of Directors and has been active in racing legislation. Mr. Korby encouraged reaching out to Congressman Cardoza to reiterate the importance of the satellite network to California horse racing.

Mr. Alkire asked Ms. Desmond if she would like to share any updates from F&E. Ms. Desmond did not have an update at this time.

Mr. Alkire asked Ms. Violini to report on the status of the mini-satellite in Salinas. Ms. Violini reported that Banker’s Casino is still working on permits to construct the new facility that was intended to house the mini-satellite. Now Banker’s Casino is leaning toward dedicating an existing card room space for a mini-satellite pilot that would be operational for both day and night racing. Ms. Violini hopes to go before the CHRB soon to receive approval for a pilot satellite operation.

Respectfully submitted,
Heather Haviland