

## CALIFORNIA AUTHORITY OF RACING FAIRS

## Board of Directors

Tuesday, April 3, 2012

## MINUTES

A teleconference meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, April 3, 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 Norb Bartosik. Joining by conference call: Chris Borovansky, Dan Jacobs, Kelly Violini, and Mike Paluszak.

Staff and Guests joining: Christopher Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Raechelle Gibbons, Lisa Drury and Tawny Tesconi.

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

**Agenda Item 2 – Approval of Minutes.** Mr. Pickering approved the minutes. Mr. Jacobs second, unanimously approved.

**Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Program for 2012 and Beyond.** Mr. Korby reported that SB 1227 (Negrete McLeod), the license relief bill for live racing Fairs, has passed out of the Senate G.O. Committee and is headed toward the Senate Appropriations Committee.

SB 1418 (Berryhill), the bill eliminating date restrictions for combined race meets at Fairs, will be heard in the Senate G.O. Committee next week. Mr. Korby reported that the bill language is being modified to respect Cal Expo's interests concerning their harness meet. Mr. Korby reported that the new language will be included in the bill before it is heard in the Senate G.O. Committee.

SB 1463 (Wright), the Internet poker bill, will be heard in the Senate G.O. Committee sometime in April. A group of principals from the racing industry are following the bill carefully and moving on a parallel track to the legislative efforts with respect to possible implementation of Internet poker should it be approved and signed by the Governor. Conversations between the industry group and technical companies that provide wagering type services to global enterprises are in their initial exploratory stages. Mr. Korby will keep the group posted on any developments.

Mr. Borovansky asked if Western Fairs Association (WFA) has been asked to take a position on SB 1227. Mr. Korby stated that staff and members of the CARF Board are meeting with WFA this afternoon to discuss the bill and WFA's position. Mr. Pickering stated that as the WFA representative on the CARF Board, he can confirm that WFA has not taken an official position, but does have

concerns regarding the perception amongst WFA member Fairs in moving funds away from F&E and to horsemen. Mr. Borovansky asked if F&E's appropriation clause was eliminated thereby removing their ability to distribute funds. Ms. Drury responded that F&E is still required to conduct financial audits and other administrative task that are still in statute and ultimately benefit Fairs. Mr. Alkire stated that they would bring up the matter of F&E's funding abilities to Mr. Chambers for discussion.

**Agenda Item 4 – Report, Discussion and Action, if any, on Extension to Totalisator Contract.**

Mr. Korby reported that the totalisator contract, which provides wagering terminals to live racing fairs and satellite wagering facilities, is expiring this year. The current contract with Sportech (formally known as Scientific Games and Autotote) has a provision for a 3-year extension. Most of the racing interests in California, including Fairs, would like to extend the existing contract.

The Stronach Group (which operates Santa Anita Park and Golden Gate Fields) owns a rival totalisator company American Tote (Amtote). Principals of the Stronach Group would like to install Amtote machines at their tracks prior to the running of this year's Breeder's Cup at Santa Anita.

NCOTWinc. and SCOTWinc., independently of each other, have each voted to extend the existing Sportech contract and has given the Stronach Group a window of time to decide if they will agree to the extension or implement changing providers. The Sportech contract states that the company requires notification of the contract extension by June.

The meeting packets include documents outlining considerations regarding the simultaneous operation of multiple totalisator systems in California, including the downsides, risks, inefficiencies and cost caused experienced in the early 1990's. The meeting packet also includes historical documents for informational purposes.

**Agenda Item 5 – Report on 2012 Horsemen's Agreements.** Mr. Korby reported that the horsemen's agreements are included in the meeting packet as background information for illustrating the range of activities CARF undertakes on behalf of live racing Fairs.

**Agenda Item 6 – Report and Discussion on Preparation of and Deadlines for CHRB Racing License Applications.** Mr. Korby reported that the preparation of the CHRB license is part of a suite of services that CARF provides to live racing Fairs. The applications are detailed and complex and each Fair that races has to go through the CHRB application process which is closely scrutinized by the CHRB Board of Directors.

**Agenda Item 7 – Report, Discussion and Action, if any, on CARF Track Safety and Maintenance Program.** Mr. Korby reported that this item was included on the agenda in light of the national media coverage created by the New York Times article published March 25, 2012 titled "Mangled Horses, Maimed Jockeys."

Mr. Korby reported that CARF has been fortunate in the past 10 years to be able to invest significant time, money and effort into a Race Track Safety and Maintenance Program (RTSM) at

Fairs. Mr. Korby stated that the Fair injury record is on-par, if not better than the major racing associations, which is especially significant when you take into consideration that horses running at Fairs are often at the beginning or approaching the end of their racing careers.

If Board members are contacted by patrons or the media regarding race horse welfare, CARF staff can supply information regarding the programs in place at Fairs.

Mr. Borovansky asked if it might be beneficial to differentiate Fairs from major racetracks by developing an animal welfare policy for Fairs as a whole. Fairs have a strong track record of taking care of animals, which could be beneficial to the racing operation. Mr. Bartosik stated that it is better to be proactive than reactive.

**Agenda Item 8 – Historical Report: Jumbo Tron at Fair Racetracks.** Mr. Korby reported that the meeting packet contains one of the initial proposals drafted by CARF for implementing a Jumbotron at Fairs titled “Jumbo Video Screen Display at California Fair Grandstands. Mr. Korby stated that the addition of the Jumbotron has provided Fairs with a resource to bolster sponsorship opportunities and has provided fans with the type of exciting racing experience they expect to have at any major sporting event.

**Agenda Item 9 – Financials.** Mr. Korby reported that current financials have been distributed and Ms. Gibbons is available to answer any questions.

**Agenda Item 10 – Executive Director’s Report.** Mr. Korby reported that 2012 is CARF’s 25<sup>th</sup> year as a joint-powers authority (JPA). CARF staff will be developing handle and distribution reports that illustrate the racing industry’s contribution to Fairs over that timeframe and the revenues generated to Fairs through CARF activities.

Mr. Korby reported that a mini-satellite wagering facilities license application is scheduled to be heard at the next CHRB meeting for a bowling facility in Santa Clarita. Mr. Jacobs stated that the facility is 28.6 miles from Lancaster as the crow flies.

Ms. Violini reported that the Banker’s Casino mini-satellite facility project has been a slow moving, but that the end product will be better than what was originally planned. Ms. Violini hopes to go before the CHRB soon to receive approval for a pilot satellite operation in August.

Ms. Tesconi asked if meeting packets can be received earlier.

Respectfully submitted,  
Heather Haviland