

## CALIFORNIA AUTHORITY OF RACING FAIRS

Board of Directors

Tuesday, May 1, 2012

## MINUTES

A teleconference meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, May 1, 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, Norb Bartosik, Mike Paluszak and Rick Pickering.  
Joining by conference call: Chris Borovansky, Dan Jacobs and Kelly Violini.

Staff and Guests joining: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, , Amelia White, Raechelle Gibbons, Rebecca Desmond, Dave Elliot, Stuart Titus, Tawni Tesconi, Steve Wood, Tom Sawyer and Louie Brown.

**Agenda Item 1 – Date, Time and Location of Next Meeting.** The next CARF Board of Directors meeting is scheduled for June 5, 2012 in Sacramento.

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

**Agenda Item 3 – Report, Discussion and Action, if any, on Totalisator Contract Extension.** Mr. Korby reported that the totalisator contract, which is coming up for renewal, provides the technical infrastructure for the transaction of wagers. The contract is crucial to both the live racing tracks and the California satellite network. The existing contract with Sportech (formally known as Scientific Games and Autotote) is expiring but includes a provision for a 3-year extension. CARF, NCOTWINC and SCOTWINC have exercised that extension thereby entering into a new contract with the same terms for another three years, securing services for the live racing Fairs and Fair satellite network.

The extension with Sportech does not currently include the Stronach owned tracks, Santa Anita Park and Golden Gate Fields, due to the fact that the Stronach Group owns a rival totalisator company (Amtote).

A copy of the extension agreement for totalisator services is included in the meeting packet.

**Agenda Item 4 – Report, Discussion and Action, if any, on Extension to CA Downlink Contract (Roberts).** Mr. Korby reported that for a number of years Roberts Communications has been providing uplink services to California tracks. These services include two separate agreements to provide both the equipment and onsite personnel to, 1) take the Fair racing signal, send it to the appropriate satellite, encrypt it and distribute it back out across the country, and 2) decode incoming encrypted signals from Southern California and out-of-state tracks for satellite wagering locations.

The new agreement serves all California interests by entering into a single contract with NCOTWINC and SCOTWINC that provides the downlink equipment at a fixed rate on a continuous basis year-round with a provision for expansion. In the past there were separate agreements between sending tracks and receiving satellite locations for decoder equipment. This created a situation where satellites were paying different rates for decoders from out-of-state tracks, creating unstable pricing and continuity of service for satellite facilities.

The Roberts Communication contract is included in the meeting packet.

**Agenda Item 5 – Report, Discussion and Action, if any, on Legislative Program for 2012 and Beyond.** Mr. Brown reported that the CARF-sponsored bill SB 1418 (Berryhill), which would eliminate date restrictions for combined race meets at Fairs, was waived out of the Appropriations Committee and will be heard on the Senate floor within the next two weeks. The bill is being viewed as a technical cleanup and is expected to move smoothly through the legislative process.

SB 1227 (Negrete McLeod), a CARF-sponsored bill that would provide license relief for live racing Fairs, was sent to the Senate Appropriations Suspense File. All bills that have a cost beyond a specific threshold are sent to the suspense file for the purpose of allowing fiscal committees and leadership to determine which bills move. Due to the state's fiscal situation, the threshold has been lowered over the past few years to \$50,000 in lost revenue or new costs. In a couple of weeks the suspense file will be released and specific bills will be allowed to move without public comment or vote at the discretion of leadership.

Internet poker is the primary bill of interest for the racing industry. The Internet poker bills were set for hearing but those hearings have since been delayed. Both bills contain urgency clauses which not only increase the vote threshold to a 2/3 vote, but the clause also gives them exemption from deadlines. SB 1463 (Wright) is scheduled to be heard next week. Both the racing industry and tribal interests are split on their position. Mr. Korby reported that a group of principals from the racing industry (including CARF, Del Mar, Santa Anita Park, Golden Gate Fields and TOC) 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.

The WFA CFA governance bill, AB 2345 (Ma), moved out of the Assembly Agricultural Committee. WFA and Fair industry leaders have been meeting to determine the direction of the bill.

**Agenda Item 6 – Report, Discussion and Action, if any, on Mini-Satellite Development.** 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. The facility is roughly 28 miles from Lancaster.

Mr. Korby reported that the Banker's Casino mini-satellite facility project is moving forward. Ms. Violini and Joe Barkett, CEO at Cow Palace, attended a NCOTWINC meeting to help advance the opportunity for mini-satellites at both Fairs.

Mr. Korby reported that the CHRB mini-satellite application license is extremely lengthy and complicated. The Salinas application was over 100 pages. Mr. Korby will be working with CHRB staff to streamline the application which will help ease the difficulty for prospective partners. Ms. Violini will be submitting the Salinas application to the CHRB for the fourth time in three years.

Mr. Borovansky reported that he is actively perusing a partnership with the Turlock Poker Club.

**Agenda Item 7- Financials.** Mr. Korby reported that financials are included in the meeting packet and that Ms. Gibbons was available to answer questions.

Mr. Alkire congratulated Ms. Gibbons and Ms. Desmond on their new positions with CFSA.

**Agenda Item 8-Executive Director's Report.** Mr. Korby reported that Mr. Paluszak, per the Board's prior request, submitted a letter informing the Board that the funds that flowed to Fairs from CARF programs would be used for operational purposes. Mr. Korby thanked Mr. Paluszak for submitting the letter and encouraged Fairs in a similar situation to do the same.

Mr. Korby reported that CARF staff met with representatives from the Santa Clara County Fair who expressed interest in becoming CARF members.

Mr. Korby reported that Santa Anita Park concluded their winter/spring meet with increases in attendance and handle.

Ms. Desmond reported that Nate Dehortez will serve as the F&E representative at future CARF meetings and requested Mr. Korby send him background information on the organization.

Ms. Tesconi reported that she has requested information regarding her facility's balance in the CARF Equipment Replacement Fund and has yet to receive a response. Ms. Tesconi asked that this be addressed at the next meeting.

Mr. Pickering offered to host the next Live Racing Committee and Board of Directors meeting at the Alameda County Fair on a race day.

Respectfully submitted,  
Heather Haviland