

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors Meeting
Tuesday, March 5, 2013

MINUTES

A teleconference meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, March 5, 2013. The meeting was hosted at the CARF offices, 1776 Tribute Road, Sacramento, California.

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

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Amelia White, Raechelle Gibbons, Anne Grottveit, Tawny Tesconi, Ross Liscum and Richard Lewis.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Live Racing Committee meeting will be held April 2, 2013 in Sacramento.

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

Agenda Item 3 – Executive Session: Pending Litigation. Mr. Alkire stated that pursuant to section 54954.5 of the California Government Code, the CARF Board of Directors will enter into Executive or Closed Session to discuss anticipated litigation related to a demand letter received from Sonoma County counsel related to the separation of Sonoma County Fair from CARF live racing services for its 2013 live racing Fair.

The CARF Board entered closed session.

After returning, Mr. Alkire stated that by reporting on closed session, agenda items 3 and 5 would be covered.

Mr. Alkire reported that the CARF Board, by unanimous vote, authorized Legal Counsel and the Executive Director to negotiate the following:

1. Financial settlement for funds in dispute.
2. Authority to negotiate Sonoma County Fair's membership status.
3. Waiver of notice provision in JPA Agreement, Article 20.
4. Negotiations are to be concluded by March 22, 2013.

The CARF Board appointed a committee of Chairman and Vice-Chairman to review and approve settlement documents.

Mr. Pickering requested that the report from closed session be provided in writing to the Sonoma County Fair.

Agenda Item 4 – Report, Discussion and Action, if any, on Legislative Program for 2013. Mr. Alkire stated that Mr. Brown was unavailable and that there was nothing further to report at this time.

Agenda Item 5 – Discussion and Action, if any, on membership status of Sonoma County Fair in California Authority of Racing Fairs, as a Joint-Powers Authority. Covered under agenda item 3.

Agenda Item 6 – Discussion and Action Confirming Agency Policy Regarding Payment of Monies Due CARF by Member Fairs. Mr. Korby reported that this item has been a continuing topic of discussion both with this group and the CARF Board of Directors. Mr. Korby stated that this issue originally arose with respect to money that was due as a reimbursement to CARF for racing expenses that CARF had advanced on behalf of member Fairs that conduct live racing. The meeting packets include minutes from the June 2, 2009 Board of Directors meeting at which the CARF Board adopted policy with respect to CARF holding commission payments until such time as the expenses are reimbursed.

Mr. Paluszak moved to confirm that the policy established on June 2, 2009 regarding payment of monies due CARF by member Fairs stands until changed. * Ms. Violini seconded, unanimously approved.

* Policy established on June 2, 2009 gives CARF authority to withhold monies equal to 65% of a Fair's projected expenses from racing commissions until such time that the Fair pays the CARF invoices for actual racing expenses.

Mr. Paluszak requested that CARF staff compile a consolidation of CARF's active policies. Mr. Korby reported that staff has already begun a review and documentation of CARF's agency operations and policies.

Mr. Jacobs stated that the agency policy regarding payment of monies due to CARF by member Fairs does not protect CARF from monies advanced for programs on behalf of Southern California satellite wagering facilities. Mr. Korby stated that as a pragmatic solution, most member Fairs have had a balance of funds secured in the CARF Equipment Replacement Fund (ERF) sufficient to cover the potential deficit. Mr. Jacobs stated that he is concerned that the existing policy is not sufficient to cover debts and that with Fairs leaving the ERF, the safety net that has been used in the past is no longer relevant. Mr. Jacobs asked if it is possible to implement a security agreement that would include the assignment of rights to pari-mutuel revenues to cover debts. Mr. Korby stated that he and Ms. Grottveit have drafted a security agreement that has been circulated in the meetings since last November. There is not yet consensus from all of the members of the Live Racing Committee level and the draft agreement is still a work in progress.

Agenda Item 7 – Discussion and Action, if any, on Disposition of Overpayments from CARF Consolidated Purse Account in 2012. Ms. Grottveit stated that to a certain extent this agenda item was addressed by the CARF Board of Directors in closed session, but correspondence with Sonoma County counsel indicated that Sonoma County Fair representatives wanted the opportunity to discuss certain items that were contained in a memorandum dated February 8, 2013. Ms. Grottveit stated that the memorandum has already been circulated and that additional copies are available as handouts. Ms. Grottveit concluded her introduction by stating that the item was open for discussion.

Ms. Tesconi stated that some of the items of concern in the memorandum have nothing to do with the consolidated purse account. Ms. Grottveit stated that Ms. Tesconi was correct, but that this was an opportunity to discuss any concerns contained in the memorandum. Ms. Tesconi asked if doing so was an agenda item conflict. Ms. Grottveit stated that concern would exist if Board action was required and that any potential conflict could be addressed after discussion.

Ms. Tesconi stated that Ms. Grottveit's response to Sonoma County counsel indicated that the memo would be circulated. Ms. Grottveit stated that the memorandum was circulated in closed session with counsel's letter and that counsel's letter was not appropriate for circulation in open session. Ms. Tesconi stated that her request to discuss the memorandum had more to do with the last sections of the memo and not consolidated purses. Ms. Grottveit stated that it wasn't clear from Sonoma County counsel's letter what exactly Sonoma County Fair representatives were requesting to discuss and even though it is not appropriately part of a Public Records Act request, the CARF Board of Directors would like to give Sonoma County Fair the opportunity for open discussion regarding the memorandum in question. Ms. Tesconi asked if the item could be tabled until negotiations between Sonoma County Fair and CARF are complete. Ms. Grottveit answered in the affirmative.

Agenda Item 8 – Report and Action, if any, on Development of Satellite Wagering Facilities at Fairs. Mr. Korby stated that after years of effort, the joint mini-satellite wagering facility project between the Monterey County Fair and Banker's Casino in Salinas is set for a March opening. Mr. Korby encouraged Fair Managers to visit the location.

Mr. Korby reported that there is momentum building in a joint effort between the Kern County Fair and a local card room to form a partnership that would move the existing satellite wagering facility off the Fairgrounds. This opportunity would create an open exhibit hall for the Fair and move the satellite into a modern and comfortable space equipped with all of the casino-related amenities.

Agenda Item 9 – Financials. Mr. Alkire stated that current financials are available in the meeting packet and stated that Ms. Gibbons was available to answer any questions.

Mr. Pickering asked CARF staff to provide as soon as possible a rough estimate of the increase in daily expenses, either dollar figure or percentage, that the Live Racing Fairs could expect to see in light of the Sonoma County Fair's departure from CARF services.

Agenda Item 10 – Executive Director's Report. Mr. Korby reported that there have been continuing discussions amongst many different parties in Southern California about what a future calendar might look like in the event that Hollywood Park goes out of business.

Mr. Korby reported that Lou Raffetto, President of TOC, has resigned his position.

Respectfully submitted,
Heather Haviland

Attachment to Minutes
for March 5, 2013

Reporting Close Session:

Agenda III. and IV. Items

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