

CALIFORNIA AUTHORITY OF RACING FAIRS

Board of Directors

Tuesday, May 1, 2007

Minutes

A meeting of the California Authority of Racing Fairs Board of Directors at 12:00 P.M., Tuesday, May 1, 2007. The meeting was conducted by teleconference from the CARF offices located at 1776 Tribute Road, Suite 205, Sacramento, California, 95815.

Board of Director members attending: Stuart Titus. Joining by teleconference: John Alkire, Joe Barkett, Chris Carpenter (joined at 12:11 P.M.) and Forrest White.

Staff and Guests attending: Jim Moore (joined at 11:45 A.M.), Christopher Korby, Larry Swartzlander, Heather Haviland and Louie Brown.

Agenda Item 1, Call to Order/Establish Date for Next Meeting. With a quorum present, Chairman Barkett called the meeting to order. Ms. Haviland served as secretary and recorded the proceedings. Mr. Korby confirmed the next meeting date as Tuesday, June 5, 2007.

Agenda Item 2, Adoption of Minutes. In the 11:00 A.M. Live Racing Committee meeting, Mr. Barkett requested the minutes be amended to reflect that under Agenda Item 5, the first sentence in the second paragraph should read, "Ms. March explained that Emerging Breed runners are unique *from* Thoroughbreds..." Also, under Agenda Item 6, Mr. Barkett asked that Mr. Brown inquire as to the Horsemen's position on AB 649, not the Associations' position. Finally, Mr. Titus reminded the group that he abstained from voting on Agenda Items 7, 8 & 9. The items should be amended to read "unanimously approved with one abstention. Mr. White moved approval of the minutes as amended, Mr. Titus seconded, unanimously approved.

Agenda Item 3, 2007 Legislation. Mr. Brown reported that AB 765 (Evans) passed out of the Assembly G.O. Committee on a party line vote. The Republicans did not support the bill because it is drafted in a way that made legislative council key it as a tax levy. Mr. Brown met with legislative council and recognized that maintenance and facility improvements is not a traditional use of license fees, but abundant precedence exists in marketing monies and workmen's compensation to justify the bill. Legislative council is going to come back with language that keeps the intent of the bill intact, while removing the tax levy and possible the 2/3 vote requirement. Other than the tax levy, there seems to be no opposition to the bill.

ADW is still a work in progress with all parties trying to find a global solution. Mr. Brown is talking with WFA to create language to address the Fair funding issue in the form of a license fee on ADW in the event that SB 873 (Florez) does not come to fruition.

SB 873 (Florez) addresses the Fair funding and other industry issues by retaining \$60 million from the Indian Gaming Compacts, \$30 million of which would be guaranteed for Fairs with a cost of living adjustment. A portion would still fund the California Horse Racing Board and create some additional bonding monies designated to certain areas of the state for immediate improvements to facilities. The bill also takes the \$40 million in license fees currently being

paid to the state and applies a small percentage to a jockey health/retirement fund with the remainder of the fund going to purses. The bill has the support of everyone in the racing industry with the exception of Bay Meadows and Hollywood Park, who have not officially opposed or supported the bill.

SB 873 is contingent on the Indian Gaming Compacts being passed by the Legislature and signed into law, which is a huge condition that needs to be met. Mr. Barkett expressed concern regarding Legislature needing to approve funding at least once. Mr. Brown explained that the bill was constructed so that funding would be approved through the process of passing the bill. Mr. Brown felt that the bill might stumble once it reaches the Appropriation Committee, which is why it is important for Fairs to stay in ADW negotiations as a financial fallback.

Mr. Titus questioned whether the SB 837 would terminate License Fee 19606.4 (supplemental purse fund at fair meetings). Mr. Korby directed Mr. Titus to the copy of SB 873 in the meeting packet, page 4, paragraph number 4. The paragraph states that the amount allocated pursuant to Section 19606.4 shall remain and not exceed \$1.1 million in any calendar year.

Mr. Barkett inquired as to why Bay Meadows and Hollywood Park would oppose the bill. Mr. Brown explained that those associations were requesting an unrealistic amount from the compacts (\$300 million) and probably felt the industry was teaming up on them. The amount of funding potentially provided to Los Angeles County Fair might also cause concern for Hollywood Park and Los Alamitos Race Course.

Mr. Brown reinforced that the Fairs need to utilize all efforts in supporting AB 873.

Agenda Item 4, 2008 and Future Racing Dates. Mr. Barkett reported that when the CARF Board acted last month to create a proposal for 2008 race dates in Northern California, several significant assumptions were made. The assumptions included San Mateo putting its dates into a collective pot in return for a satellite wagering facility, Stockton would move its dates to September in return for financial protection from running without its fair, Ferndale would be able to choose optimal racing dates for its meet and, in the case of Vallejo, the assumption that its dates would be put in the collective pot if it could run Harness racing year-round.

Currently, legislative statute states that only one fair, the California State Fair, can run year-round Harness racing. Initially, the State Fair and Harness representatives agreed with Vallejo that a change in legislation would need to be made. However, the California State Fair Board recently voted, against the recommendation of Staff, to deny Sacramento Harness Association a rent reduction in its third year (the original agreement called for rent of \$2.1 million in year one, \$2.1 million in year two and \$3.7 million in year three). The Board voted an overwhelming 9-0 in support of the denial.

This vote puts the Sacramento Harness Association in a precarious position. California State Fair is in the process of putting out an RFP to bring in another Harness promoter, or might potentially try to put on the Harness race meet itself. It is now very hard to make the assumption that Harness will move to Vallejo in the fall of 2008.

Mr. Barkett closed by stating that the 2008 Racing Dates plan, which was based on many difficult assumption as best, has now become even more problematic.

Agenda Item 5, Strategic Planning. It was reported that the Strategic Planning Committee will be meeting to prepare recommendations to the Board of Directors.

Agenda Item 6, Evaluation Process for Executive Director. Mr. Barkett reported that there have been questions internally and from outside the organization regarding CARF's process for evaluating the Executive Director. Dan Jacobs volunteered to put together an evaluation form which was e-mailed to the CARF Board. Mr. Barkett requested that Board members provide comments on the form and/or any additional elements they would like to see added to the process in the next 10 days.

Mr. White requested CARF financials, one month removed, become a part of the Board meeting packet. Mr. Barkett agreed that providing financials on a monthly basis would be beneficial for the group.

Agenda Item 7, Executive Director's Report. Mr. Korby reported that the new tote contract will engage in September and new equipment will be deployed in August and operational at staggered times throughout the state in September.

Mr. Barkett asked if there was an update to the plan the Financial Committee submitted to Fairs and Expositions. Mr. Korby indicated that he and Mike Tracey were in the process of scheduling a follow-up meeting and that F&E had received the financial reports they requested.

Respectfully submitted,

Meeting Secretary