

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors
Thursday, December 19, 2013

MINUTES

A meeting of the California Authority of Racing Fairs Board of Directors was held at 11:00 A.M., Thursday, December 19, 2013. The meeting was conducted via teleconference originating at the CARF offices, 1776 Tribute Road, Sacramento, California.

CARF Board Directors joining by teleconference: John Alkire, Chris Borovansky, Chris Carpenter, Dan Jacobs, Mike Paluszak, Rick Pickering and Kelly Violini.

Staff and Guests joining by teleconference: Christopher Korby, Larry Swartzlander, Heather Haviland, Amelia White, Raechelle Gibbons, Brian May and Stacey Lapham.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Board of Directors meeting will be held February 4, 2014 in Sacramento.

Agenda Item 2 – Public Comment. None.

Mr. Korby announced the CARF Board election results. Chris Carpenter, General Manager of the San Mateo County Fair, has been elected to the CARF Board as an at-large representative. Dan Jacobs, CEO of the Antelope Valley Fair, has been re-elected and will continue to serve as Southern Satellite Committee Chairman. Mike Paluszak, CEO of the Solano County Fair, will retain his seat as an at-large representative. Rick Pickering, CEO of the California State Fair and Exposition, has also been re-elected and will continue serving as WFA Liaison Director.

Mr. Alkire thanked Mr. Carpenter, Mr. Jacobs, Mr. Paluszak and Mr. Pickering for stepping up and committing to serve on the CARF Board of Directors. Mr. Alkire congratulated Mr. Paluszak for his nomination and selection to the WFA Hall of Fame.

Agenda Item 3 – Approval of Minutes. Mr. Paluszak moved to approve the meeting minutes from September 10, 2013 with the correction of the word “firth” to “first” on the second page, fifth paragraph, second sentence. Mr. Jacobs seconded, unanimously approved.

Ms. Violini moved to approve the meeting minutes from October 8, 2013 as presented. Mr. Borovansky seconded, unanimously approved.

Agenda Item 4 & 5 – Report, Discussion and Action, if any, on Agency Budget for 2014 & Report, Discussion and Action, if any, on Finance Committee Review and Recommendation

Regarding Certain Funds at CARF. Mr. Korby stated that the CARF Finance Committee was actively involved in the 2014 budget process, unanimously approved the budget as presented by staff and is recommending the proposed budget to the CARF Board of Directors for formal adoption.

Mr. Korby stated that CARF as an agency bridges two industries, horse racing and fair management, both of which are facing a period of significant change and transition. The budget process accounted for the shifting landscape of both industries and attempted to create a level of stability and predictability in the agency budget as well as the services provided to members Fairs.

The CARF budget continues to be significantly impacted by the resonating effect of losing revenues generated by the management of programs previously funded from licenses fees. Highlights of the 2014 budget include:

- Dues to member Fairs remain stable at 2013 levels.
- The manner in which administration fees are calculated for Live Racing Fairs is being changes from an expense-based formula to a revenue-based formula.
- CARF will tap into reserves for \$70,633 in order to balance the budget.

Mr. Korby asked that the Board adopt this budget as well as the Finance Committee's recommendation to consolidate aging, inactive and miscellaneous funds into an augmentation account so that they can continue to be used for agency programs or activities.

Mr. Pickering stated that, as a member of the Finance Committee, he wanted to clarify that staff had originally recommended a budget that included a reduction in 2014 member dues. The Finance Committee unanimously felt that now was not the best time to lower dues but credited staff for that recommendation.

Mr. Paluszak asked for specific examples expanding the use of revenue-generating project funds in the agency budget. Mr. Korby directed Mr. Paluszak to the third page of the budget packet, line item "Expense Augmentation."

Mr. Paluszak moved to approve the 2014 CARF agency budget as presented, as well as the Finance Committee's recommendation to expand the scope of use for revenue-generating project funds. Mr. Carpenter seconded for discussion. Mr. Borovansky stated that the Finance Committee discussed the need for consistent monitoring of the budget due to the anticipated deficit spending and requested that the Board receive updates throughout the year. Mr. Korby stated he asked Mr. Alkire and Mr. Borovansky to serve as a sub-committee of the Finance Committee to monitor the financial affairs of the agency on a regular basis. Mr. Alkire called for the question. Unanimously approved.

Agenda Item 6 – Executive Director’s Report. Mr. Korby reported that the Chairman of the California Horse Racing Board (CHRB) David Israel is stepping down as his term has expired. A new Chairman has been elected, Chuck Winner, a marketing executive from Southern California.

Mr. Korby reported that this is the last weekend Hollywood Park will be operating as a racetrack. The land will be developed for other purposes.

Mr. Korby reported that the momentum of discussion with Oak Tree Racing Association about running a meet at a Fair venue in Northern California is moving in a very positive direction. Legislation is being drafted to support this opportunity.

Mr. Korby reported that he had a meeting earlier this week with Lien Games (Bet America) regarding a fantasy sports partnership with satellite wagering facilities.

Brian May reported that after extensive review, the San Joaquin County Fair (SJCF) Board of Directors took action to forego a Fair in 2013. Mr. May is working with representatives of the livestock and agricultural community to operate a livestock show and auction in June. The 2014 budget approved by the SJCF Board includes the hiring of a CEO and the running of a race meet in September. Mr. May stated that the SJCF Board views this as a transition year to improve the Fair financial situation and try to resume normal operations as quickly as possible.

Respectfully submitted,
Heather Haviland