

CALIFORNIA AUTHORITY OF RACING FAIRS

Board of Directors

Tuesday, March 1, 2011

MINUTES

A teleconference meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, March 1, 2011. The meeting was hosted at the California Authority of Racing Fairs Board Room, 1776 Tribute Road, Sacramento, California, 95815.

CARF Board Members attending: John Alkire, Norb Bartosik and Rick Pickering. Joining by conference call: Vince Agnifili, Dan Jacobs, Mike Paluszak and Kelly Violini.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Amelia White, Louie Brown, Rick Wood, Raechelle Gibbons, Stuart Titus, Rebecca Desmond, Troy West, Lisa Drury and Richard Lewis. Joining by conference call: Cindy Olsen.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Board of Directors meetings will be scheduled for April 5, 2010 in Sacramento.

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

Agenda Item 3 – Election of Officers. Mr. Pickering nominated Mr. Alkire as Chairman and Mr. Jacobs as Vice-Chairman of the California Authority of Racing Fairs Board of Directors. Mr. Bartosik seconded the nominations. Mr. Paluszak moved to close nominations, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on Recommendations for Funding Allocations from CDFA Division of Fairs and Expositions. Mr. Korby asked each Board member individually if they had received the three page document titled “California Authority of Racing Fairs Allocation Recommendations to CDFA Division of Fairs and Expositions – DRAFT February 27, 2011.”

As background, Mr. Korby reported that the proposed recommendation was the result of extensive work and cooperation between CARF and F&E staff. Both organizations are of like-mind that these funds need to be distributed for the purpose in which they were originally intended as quickly, efficiently and fairly as possible. Mr. Korby and Ms. Desmond met Friday and Monday afternoons, respectively, to solidify the resulting recommendation which adheres as closely as possible to the intent and structure of the funding that was recalled from CARF back to F&E.

Ms. Desmond added that the reason F&E is seeking to reallocate money out to Fairs is because the process of securing a contract between CARF and F&E was stalled at the F&E office. In addition,

the Fair industry faces the prospect that the \$32 million fair funding will be eliminated from the state budget, F&E's spending authority may also change as of June 30, 2011. F&E hopes to have that authority restored, but as a safety measure the organization would like to get the funds back to the Fair racing community prior to June 30, 2011. F&E's only current avenue for distributing funding is directly through the Fairs, even though the mechanisms for distributing those funds have not been determined at this time.

Mr. Korby stated that the tentative timetable for this process includes:

- Recommendation to the CARF Board (presented at this meeting)
- CARF Board approves or amends the recommendation.
- Between the March and April meetings, recommendations are established for how the funding is dispersed, which areas of the program require an official application/approval process and details of how that process will function.
- A detailed program will be presented for action and approval at the April 5, 2011 CARF Board meeting.
- Funds are dispersed from F&E as quickly as possible.

Mr. Korby presented the document titled "**California Authority of Racing Fairs Allocation Recommendations to CDFA Division of Fairs and Expositions – DRAFT February 27, 2011.**" Traditional programs CARF has managed include the Equipment Replacement Fund, Capital Improvements at Satellite Wagering Facilities and Racetrack Safety and Maintenance. This set of funding recommendations reflects those traditional programs.

With respect to the funding support for satellite wagering facilities, this proposal envisions a single large allocation of \$2.55 million which will include the following three components:

- 1) **\$1,000,000 for Capital Improvements at Satellite Wagering Facilities** – This allocation is intended for Fairs that have satellite wagering facilities only (no live racing). The handle-based formula used to establish the allocation for each facility is located on the second page of the recommendation, in the middle section of the spreadsheet and is titled "CARF Member Fairs – Satellite Wagering Only." This allocation can be used for any project that makes the satellite wagering facility safer, more attractive or takes care of deferred maintenance.
- 2) **\$1,000,000 Equipment Replacement Fund Pro-Rata Allocations** – This allocation is intended for all CARF member satellite Fairs and will be earmarked for equipment replacement purposes only. The funds will be allocated in such a manner that they will come back to CARF and reside in the same Equipment Replacement Fund (ERF) deposits that are currently in place. For CARF member Fairs that are not part of the ERF, the monies will establish a balance for their use. Unlike the current ERF deposits, these funds will not be returned to a Fair if the Fair ceases to operate a satellite wagering facility or ceases to remain a CARF member, but instead, will be redistributed proportionally amongst existing CARF member Fairs.
- 3) **\$550,000 Mini-Satellite Development**

Mr. Alkire informed the group that Mr. Bartosik would be leaving the meeting.

Mr. Bartosik moved for discussion purposes to: 1) Approve the “Capital Improvement at Satellite Wagering Facilities” and “Equipment Replacement Fund Pro-Rata Allocations” as presented on the spreadsheet contain in the proposal, with the caveat that \$379,998.69 allocated to San Mateo County Fair be used for the purposes of loan repayment to CARF and that San Mateo County Fair would accept those monies under the condition that Cow Palace be allowed to operate a satellite wagering facility, 2) San Mateo County Fair and Cal Expo be allowed to use the “Equipment Replacement Fund Pro-Rata Allocations” as a buy-in into the CARF ERF, and 3) Reallocate the “Capital Improvements at Live Racing Facilities” to include funding to the Humboldt County Fair as the Board deems appropriate.

Mr. Korby asked Mr. Bartosik if he would consider amending his motion in the “Capital Improvements at Live Racing Facilities” category to reduce the allocation to the four listed racing fairs by \$25,000 to create a \$100,000 allocation for the Humboldt County Fair. Mr. Bartosik indicated he would support that recommendation and include it as part of his motion.

Mr. Pickering seconded the motion and suggested that San Mateo County Fair’s total allocation be capped at \$500,000 and the remaining \$44,811 be moved to the Capital Improvements for Live Racing Facilities category to help facilitate an allocation to the Humboldt County Fair. Mr. Jacobs questioned moving funds from satellite categories to live racing categories.

Mr. Titus thanked the Board for its consideration and reported that the Humboldt County Fair had two capital improvement projects they would like to conduct that in total would cost \$150,000. Mr. Titus asked the Board to allow Humboldt County Fair to use the \$60,000 allocated for a Ferndale mini-satellite on live racing projects.

Mr. Alkire determined, on the recommendation of Mr. Jacobs, not to move funds from the categories established for satellite wagering facilities to capital improvements for live racing facilities.

Mr. Bartosik stated that his original motion, with Mr. Korby’s suggestion to reallocate \$25,000 from each live racing fair in the capital improvements category to a \$100,000 allocation for Humboldt County Fair, stood as stated. Called to question, unanimously approved.

Mr. Bartosik moved to allow the Executive Director and F&E to work with Ferndale to determine if it would be an appropriate use of funds to allow Mr. Titus the flexibility to use the \$60,000 earmarked for the Ferndale mini-satellite on live racing projects. Mr. Jacobs seconded, unanimously approved.

Ms. Desmond reported that F&E was also in the process of determining a mechanism to move the Change Fund away from F&E.

Agenda Item 5 – Report, Discussion and Action, if any, on Legislative Program for 2011 and Beyond. Covered as part of the CARF Live Racing Committee meeting at 11:00 a.m.

Agenda Item 6 – Report, Discussion and Action, if any, on Contract Negotiations between CDFR Divisions of Fairs and Expositions and California Authority of Racing Fairs for Future Funding Allocations. Mr. Korby reported that this item was discussed as a minor point of the funding in Agenda Item 4.

Agenda Item 7 – Report, Discussion and Action, if any, on Re-Structuring Fair Funding. Mr. Korby reported that this item was covered in Mr. Brown’s legislative report.

Agenda Item 8 – Financials. Mr. Korby reported that financials are included in the meeting packet.

Mr. Jacobs requested a detailed balance sheet be included in the financials for each meeting that provides a breakdown regarding the purpose of each account, balance of each account and shows funds that are available (remaining) and not tied to a specific project.

Mr. Paluszak requested that a current report containing the Equipment Replacement Fund balances be circulated to the CARF Board.

Agenda Item 9 – Executive Director’s Report. Mr. Korby reported that staff recommends the Board consider allowing the National Orange Show to take a loan against the monies they have on deposit with CARF in the Equipment Replacement Fund to make them current on payments to the F&E PV2 Project. Ms. Desmond reported that the National Orange Show is considering withdrawing from the CARF Equipment Replacement Program to access the money they have on deposit.

Mr. Pickering reported that the Vanning and Stabling Fund is experiencing a shortfall which will ultimately have a negative impact on Pleasanton as a year-round training facility.

Respectfully submitted,
Heather Haviland