

CALIFORNIA AUTHORITY OF RACING FAIRS
Board of Directors
Tuesday, February 3, 2015

MINUTES

A teleconference meeting of the California Authority of Racing Fairs (CARF) Board of Directors was held at 12:30 P.M., Tuesday, February 3, 2015. The teleconference meeting was hosted at the CARF offices, 1776 Tribute Road, Sacramento, California.

CARF Board Directors attending: Jerome Hoban, Dan Jacobs, Rick Pickering and Kelly Violini. Joining by teleconference: Chris Borovansky.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Amelia White, Raechelle Gibbons, Louie Brown, Richard Conway, Brian May, Jeanne Wasserman, John Quiroz, Allen Aldrich and Richard Lewis.

Agenda Item 1 – Date, Time and Location of Next Meeting: March 3, 2015. The next CARF Board of Directors meeting will be held Tuesday, March 3, 2015 in Sacramento.

Agenda Item 2 – Public Comment. Vice Chairman Jacobs suggested that Mr. Korby chair the meeting in Mr. Alkire's absence. Mr. Korby welcomed Mr. Hoban to the CARF Board of Members as a newly elected member.

Agenda Item 3 – Approval of Minutes. Ms. Violini moved to approve the meeting minutes as presented. Mr. Jacobs seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on CARF 2015 Legislative Program. Mr. Brown reported that the Legislature returned in early January and the deadline to introduce new bills is February 27. Mr. Brown reported that potential racing legislation appears light and he expects to see industry principals introducing spot bills as placeholders.

Mr. Brown stated that a very active current topic at the Capitol is Internet poker. Two bills have been introduced, both in the Assembly; one additional bill is likely to be introduced in the Senate. Assemblymember Mike Gatto has introduced AB 9 and Assemblymember Reggie Jones-Sawyer has introduced AB 167. AB 167 is more inclusive and allows for the horse racing industry to obtain a license, in addition to card rooms and casinos. AB 9 only provides licensing opportunities to card rooms and tribal casinos. In 2014 the tribes could not reach a consensus regarding Internet poker and the same situation exists this year. Issues dividing the tribes are the "bad actor" language (i.e. Poker Stars), the amount of money gaming tribes would be

required to give to non-gaming tribes and the involvement of the horse racing industry. Even if the racing industry is allowed to participate, it remains to be seen how viable securing a license would be. AB 167 sets the price of a license at \$10 million. The bills are currently in a 30-day wait period.

Mr. Brown reported that the selection of committee chairs for the 2015-16 regular session have been announced. Assemblymember Adam Gray (D-Merced) is the new Chair of the Assembly Governmental Organization (G.O.) Committee and Senator Isadore Hall, III (D-South Bay) is the new Chair of the Senate Governmental Organization Committee. Assemblymember Gray has a great relationship with fairs and will be a strong ally regarding fair and racing issues. Senator Hall has vast experience in the Central Valley as the prior Assembly G.O. Committee Chair.

Mr. Brown reported that Governor Jerry Brown released his proposed 2015-2016 state budget, and it includes a \$10 million appropriation for fairs. The budget includes \$3 million to assist with fair operations, to improve the financial stability of smaller fairs statewide and provides funding to support additional fair board training. The remaining \$7 million is a one-time allocation for deferred maintenance at fairs.

Mr. Pickering stated that in 2014 Senator Hall ran a piece of legislation that was sign into law that precludes the possession or sale of Confederate flags on state property, including fairgrounds. Mr. Pickering requested that fair managers ensure fair vendors are aware of this new law.

Agenda Item 5 – Update on Award of Totalisator Contract. Mr. Korby reported the Totalisator contract was awarded to American Totalisator (Amtote) after a lengthy RFP process and careful consideration by a working group of industry principals. Amtote is owned by the Stronach Group, the same ownership group that operates Santa Anita and Golden Gate Fields in California. The SCOTWINC and NOTWINC Boards, which awarded the bid, will now negotiate the terms of the contract with Amtote representatives. Implementation of the changeover in machinery will be conducted in the late fall/winter of this year. CARF and Amtote staff will work closely with the live racing and satellite network to manage any structural modifications required well in advance of the implementation date.

Agenda Item 6 – Financials. Mr. Korby reported that financials are included in the meeting packet and that Ms. Gibbons is available to answer questions.

Mr. Pickering stated that in light of the new fair appropriation in the state budget, CARF, CFA and CDFA should revisit the topic of license fees paid to F&E from live racing fairs. Mr. Hoban agreed that those discussions should move forward, but requested that they be delayed until after the state budget is finalized.

Agenda Item 7 – Executive Director’s Report. Mr. Korby reported that Cal Expo planning to install a new inside safety rail and CARF staff is assisting in the preparation of the RFP. Cal Expo will be covering the cost of this installation.

Respectfully submitted,
Heather Haviland