

CALIFORNIA AUTHORITY OF RACING FAIRS

Board of Directors
& Live Racing Committee
Tuesday, March 4, 2008

Minutes

A meeting of the California Authority of Racing Fairs Board of Directors and Live Racing Committee was held at 2:00 P.M., Tuesday, March 4, 2008. The meeting was conducted at the Kahn, Soares & Conway Conference Room located at 1415 L Street, Suite 400, Sacramento, California, 95814.

Board of Director Members attending: John Alkire, Kelly Baldwin, Joe Barkett, Rick Pickering Stuart Titus and Forrest White.

Live Racing Committee members attending: John Alkire, Joe Barkett, Tawny Tesconi, Stuart Titus and Forrest White.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Margot Wilson, Louie Brown, Mike Treacy, Bruce Lim, Lisa Drury and Sarah Cummings. Joining by conference call: Dana Stoehr and Kate Phariss.

Agenda Item 1 – Determination of Date, Time and Location of Next Meetings through June 2008. The next CARF Board & Live Racing Committee meetings are tentatively scheduled for Tuesday, April 1, 2008 and Tuesday, June 3, 2008 in Sacramento. CARF staff will work to coordinate the May meeting in conjunction with the WFA Board meeting on May 7, 2008 and the CFA All Fairs meeting on May 8, 2008 and report back to the group.

Agenda Item 2 – Approval of Minutes from February 5, 2008. Mr. Pickering moved to approve the meeting minutes as presented. Mr. White seconded, unanimously approved.

Agenda Item 3 – Discussion and Action, if any, on Humboldt Request regarding Expense Allocations. Mr. Titus addressed a written request he provided to Mr. Korby asking for a review of how costs are allocated for services provided to member Fairs. Specifically, Mr. Titus was asking the group whether specific expenses could be calculated on a per race basis versus a per day basis. Due to the Humboldt County Fair's running approximately half the number of races of other racing Fairs, Mr. Titus feels some expenses should be calculated on a per race basis.

The group reviewed a spreadsheet compiled by CARF Staff that shows current live racing fairs expense categories and how those expenses are shared by Fair. Mr. Titus was specifically concerned about the following expense categories: MOC Accident and Health Insurance, Recruitment, Paymaster Salary, Racing Intern, Announcer, Morning Line Maker, Network Manager Salary, Simulcast Coordinator and Pegasus Communications.

The group determined that due to the location of the Humboldt County Fair, the above mentioned expenses were not reduced by running fewer race. Specifically, the daily salary of

employees could not be reduced due to the additional expense employees incur by obtaining lodging in Ferndale. CARF Staff will work with Mr. Titus to reduce other expenses such as positioning race track equipment to lower shipping costs. It was also suggested that Mr. Titus develop a partnership with local hotels to reduce the lodging expense of CARF employees.

The group discussed the fact that all Fairs have incurred additional cost over the past couple of year due to the void left by California State Fair. If additional race days are brought back into the mix, shared expenses will once again be reduced. Mr. White requested that CARF staff develop a spreadsheet that shows the potential savings if California State Fair returns to CARF in some capacity to share fixed costs.

Agenda Item 4 – Discussion and Action, if any, on New Totalisator Terminals and Infield Display. Mr. Korby reported on the successful deployment of the new Scientific Games totalisator terminals in the South. CARF has coordinated meetings for Northern satellite representatives and Scientific Games to discuss deployment in the North, requirements and specs for Thursday, March 6, 2008 and Thursday, March 13, 2008 at Bay Meadows.

Mr. Korby also reported that as part of the new tote contract, a 23' LED infield display board will be available for the live racing Fairs to use in conjunction with their existing tote board. This board is ideal for simple messaging and limited animation. The board is not meant for full motion video. A photo of the board at Bay Meadows was included in the packet.

Agenda Item 5 – Report on 2007 Recruitment Program. Mr. Korby reported that the 2007 CARF Out-of-State Recruitment Program resulted in 154 Thoroughbred horses that made 409 starts at participating Fairs. Horses shipped to Fair tracks from Arizona, Oregon, Idaho, Utah, Washington and New Mexico. The results of the program are extremely encouraging, especially considering major Arizona trainer Michael Lenzini moved his operation permanently to Northern California in 2006 and was not included in 2007 figures.

Mr. Korby reported that he secured \$30,000 in additional funding from the California Marketing Committee to subsidize the program. Mr. Swartzlander reported that he and Mr. Titus are holding a reception in Oregon March 8-11, 2008 and he has invited the racing secretaries at Bay Meadows and Golden Gate, as well as TOC, to join him at the Arizona reception April 12-15, 2008.

Mr. Pickering requested copies of the report to circulate to his Fair Board.

Agenda Item 6 – Discussion and Action, if any, on Supplemental Purses. Mr. Korby introduced several spreadsheets contained in the packet and summarized that the 2008 supplemental allocation is slightly over \$1.1 million. CARF Staff recommended budgeting supplemental purses for Ferndale and Fresno at the same rate as 2007 and, with the addition of California State Fair, recommended the starter fees at the 2005 rate (2005 being the last year State Fair participated):

Ferndale	\$ 192,000
Fresno	\$ 288,000
TB Starter Fee	\$ 100 (per start)
Emerging Breed Starter fee	\$ 70 (per start)

Mr. Pickering moved to approve the recommendation as presented. Mr. Titus seconded, unanimously approved.

Agenda Item 7 – Discussion and Action, if any, on 2008 Purse Schedule and Stakes Schedules. Mr. Korby recommended that the live racing Fairs take action to offer the same minimum purse schedule as Bay Meadows and Golden Gate Fields (with the exception of Ferndale), which has been the CARF policy since 2006. Offering the same minimum purse schedule creates consistency, provides an incentive for trainers and develops continuity in the Northern California racing calendar.

Mr. Alkire moved to offer the same minimum purchase schedule on the 2008 Fair Circuit as are being offered at Bay Meadows and Golden Gate Fields. Mr. Pickering seconded, unanimously approved.

Mr. Swartzlander circulated the 2007 Stakes Schedule and asked the Fairs to review the schedule and work with CARF Staff to update the schedule for 2008.

Agenda Item 8 – Discussion and Action, if any, on Legislation. Mr. Brown reported that compared to prior years, horse racing legislation is very light. The CARF spot bill AB 2258 (Evans) has had the word “total” added as a “clarifying but technical change” which will allow the bill to go through a committee review. In the next 30 days, there should be hearings set for this bill and it should move forward. A copy of AB 2258 (Evans) is included in the meeting packet.

Mr. Korby recommended that the Board develop a protocol for a Fair wishing to bring legislative ideas through CARF or to use CARF’s attorneys as a resource. The Board agreed that if CARF resources are being utilized, the Fair should first contact Mr. Korby or the Board Chairman.

Mr. Alkire moved that any legislative concerns by a member Fair be brought directly to Mr. Korby and the CARF Board to move through the appropriate channels. Mr. Pickering seconded, unanimously approved.

Agenda Item 9 – Update on Service Contracts. Mr. Swartzlander reported that he is working to finalize a proposed contact with Pegasus Communications to address the overlap that is going to occur in 2008 with Stockton and L.A. County Fair. Other contracts are being negotiated for photo finish (Plusmic) and the development of online paymaster accounts (Incompass Solutions).

Agenda Item 10 – Discussion and Action, if any, on Racing Secretary Position. Mr. Korby reported that CARF has the opportunity to hire one racing secretary for a majority of the 2008 Fair Circuit. Tom Doutrich, who has worked in many capacities at California tracks and

has been the racing secretary at Bay Meadows for the last couple years, is available. Mr. Doutrich is very personable, well liked by the horsemen and comes highly recommended. Mr. Korby recommended that the Live Racing Fairs authorize the Executive Director secure Mr. Doutrich for the 2008 Racing Circuit and explore the possibility of a more permanent year-round CARF racing secretary position.

Mr. Pickering moved to authorize the Executive Director to enter into negotiations with Mr. Doutrich on behalf of member Fairs wishing to secure his services and proceed with conversations regarding future employment. Mr. Alkire seconded, unanimously approved.

Agenda Item 11 – Preliminary Discussion regarding Strategic Planning Meeting March 5, 2008. Mr. Korby notified the group that the Strategic Planning Meeting would begin in the same conference room at 9:00 a.m. the next morning.

Agenda Item 12 – Executive Director’s Report. The group discussed concerns that the California State Fair racing surface be prepared to the same high standard created by the CARF Race Track Safety and Maintenance Program over the past several years. Mr. Korby recommended that concerns regarding California State Fair be addressed at each CARF Board meeting to update the group on all discussions.

Mr. Korby asked the group to hold March 19 & 20, 2008 for a meeting at Golden Gate Fields. Ms. Wilson will coordinate.

Mr. Korby notified the group that the Sacramento Harness Association is going out of business and it is a priority that Fair satellite wagering facilities receive all commissions owed. CARF staff will send out documentation to verify when the last payment was submitted to each site.

Respectfully submitted,

Heather Haviland, Meeting Secretary