

# CALIFORNIA AUTHORITY OF RACING FAIRS

Board of Directors  
Tuesday, April 1, 2008

## Minutes

A meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, April 1, 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, Joe Barkett, Rick Pickering and Forrest White. Joining by conference call: Kelly Baldwin, Dan Jacobs and Stuart Titus.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Margot Wilson, Louie Brown, Mike Treacy, Renee Glass and Sue Andrus. Joining by conference call: Susie Merkler, Vince Agnifili, Ken Alstott, Debi Hartzler, Bob Willoughby and Dennis Pearson.

**Agenda Item 1 – Determination of Date, Time and Location of Next Meeting.** The next CARF Board & Live Racing Committee meetings are tentatively scheduled for Tuesday, May 6, 2008 and Tuesday, June 3, 2008 in Sacramento. Mr. Jacobs requested that the agenda and meeting minutes be distributed to the entire membership.

**Agenda Item 2 – Approval of Minutes March 4, 2008.** Mr. Pickering moved to approve the meeting minutes with grammatical changes. Mr. Alkire seconded, unanimously approved.

**Agenda Item 3 – Report, Discussion and Action, if any, on CMC and Marketing Matters.** Mr. Jacobs requested that Ms. Haviland tweak the CMC Satellite Advertising invoicing procedure to ensure that Fairs are paid in a timelier manner. Ms. Haviland stated that she would draft a couple solutions and send them to Mr. Jacobs to review. Ms. Haviland stressed that if all Fairs submitted their invoicing by the pre-determined deadlines, all Fairs would be paid on time.

Ms. Haviland reported that a presentation of the management and execution of the CalRacing Club was given to the CMC Marketing Sub-Committee on March 14, 2008 at Santa Anita Park. The group was very impressed at the amount of work the satellite facility had put into the Club's membership. They were especially impressed that membership had doubled over 2007 and that the CRC Club, system wide, is tracking 25% of satellite patrons. The group will recommend to the full CMC Board that the CMC provide funding for 5 giveaways and 5 voucher promotions, dates and items to be determined. That being said, the group is still expecting growth from the CalRacing Club program at satellite wagering facilities.

The CMC Board approved a Live Racing Fair media match of \$5,000 per Fair to be spent in the promotion of horse racing at the Fair. To meet the match, the Fair will need to spend \$10,000 on racing advertising (any agency fees cannot count toward the match).

CARF will be providing two, 12' x 6', Educational Displays for use at Live Racing Fairs. In addition, please have your marketing department e-mail all racing program ads to Ms. Haviland two weeks prior to your Fair. Ads can be sold after the deadline, but to ensure maximum quality all ads should be run by the printer two weeks prior to the fair. A full page ad is 4" x 9" and all ads should be submitted electronically, preferably as a PDF file.

Ms. Haviland and Mr. Alstott reported on the success of the promotion to reinvigorate satellite patrons by exposing them to the live racing experience. In the case of Victorville, 71 patrons were bused to Santa Anita Park and were placed in their own terrace room with full view of the track and a gourmet lunch buffet.

**Agenda Item 4 – Discussion and Action, if any, on Legislative Matters.** Mr. Brown reported that legislation was introduced by Senator Yee regarding the sale of the Cow Palace. The bill was heard in the Senate Agriculture Committee earlier today and was held by the committee. That means no motion or votes were taken on the bill, allowing time for the involved parties to meet and come to a resolution.

Compared to 2007, racing legislation is light this year. One bill of note is the CARF sponsored bill AB 2258 (Evans) to finish the deal of reprioritizing the \$40 million provided by the ADW bill. The reprioritization will consist of dedicating the first \$30 million to the F&E Fund and giving \$10 million to the CHRB. Any shortfall on the behalf of the CHRB will be recovered from the racing industry.

**Agenda Item 5 – Discussion and Active, if any, on CDFA Funding for CARF Programs in FY 2008-09.** Mr. Korby reported that the Finance Committee met with F&E in what has been a sequence of very productive meetings. The Committee and F&E have reached an agreement in principle for F&E to fund CARF programs at a level of \$2.6 million, pending a concrete proposal as to how the programs will be implemented.

Part of that proposal involves a restructuring of the Equipment Replacement Fund. The annual budget will now be based on the equipment life cycles of existing inventory. CARF is in the process of developing an extensive database to calculate the inventory, depreciation and useful life.

Mr. Alstott asked about broken equipment and Mr. Agnifili asked about refurbished equipment and long standing sound system problems. Mr. Korby reiterated that all of these considerations would be built into the new model which should be available shortly. Mr. Barkett asked when the assessment of the existing equipment would be complete. Mr. Korby felt the information would be available in 30 days at the most. Mr. Jacobs asked that an update on the Equipment Replacement Fund be placed on the next meeting agenda. Mr. Jacobs stated that he felt the group's main concern was communication and transparency.

Mr. Treacy added that he felt communication between CARF and F&E has been extremely productive and cooperative and that he felt the two organizations were heading down a very positive path.

**Agenda Item 6 – Discussion and Action, if any, on Implementation of AB 765, Providing for an Additional 1% Take-Out to Fund Fair Facility Improvements.** Mr. Korby reported that the CARF Live Racing Committee had taken action in the 11:00 a.m. meeting to authorize CARF Staff to go before the CHRB Board and ask for an increase in Fair takeout of 1% per AB 765 (Evans), with the understanding that the money be placed in a separate stand-alone fund. All racing Fairs unanimously agreed to sign the written request.

Mr. Barkett asked the group to make the same motion. Mr. White moved, Mr. Alkire seconded, unanimously approved.

**Agenda Item 7 – Discussion of Northern California Racing Calendar 2009 and Beyond.** Mr. Korby reported to the group that CARF has been in negotiations with TOC, CTT and Golden Gate Fields to accommodate the changes in the racing calendar that will develop in 2009 and beyond. Current talks have revolved around a three year flexible transition period to ready Pleasanton for expanded racing. Once the three year plan is solidified, CARF will present it to the CHRB Board with support from other sectors in the industry.

Mr. Korby suggested that the Fairs discuss internally what a block of Fair dates might look like at the next Board Meeting.

Mr. Barkett reiterated his concerns from the prior meeting that it would be beneficial to have very solid commitments from the principal parties in the three year transition plan, specifically holding the dates for Pleasanton that will be run at Golden Gate Fields in the next three years. Once Golden Gate Fields experiences the increased revenue from an increase in racing dates, it is possible they will become vested in retaining those dates.

Mr. White requested that the CARF Live Racing Committee and CARF Board agenda items be combined into one agenda to reduce a duplication of efforts. Mr. Barkett recommended one consolidated agenda. Ms. Baldwin was also in favor of a combined agenda.

**Agenda Item 8 – Update, Discussions and Action, if any, on Current Projects.** Mr. Korby reported that CARF will remain involved and active in ensuring the San Mateo Satellite Wagering Facility is complete within the aggressive timeline that has been established.

CARF Staff is continuing to work with Pleasanton in financial forecasting, financing prospects, cost projections, design development and all other parallel tracks that will lead to creating the improvements that will be needed to fulfill the three year transition plan.

CARF Staff is also working with Mr. White on design development of a Turf Course at Stockton. Gordon Gong will be overseeing the design development.

**Agenda Item 9 – Discussion and Action, if any, on Strategic Planning Summit per Supplemental Agenda (attached).** Agenda Item postponed to a separate meeting.

**Agenda Item 10 – Executive Director’s Report.** Mr. Korby reported on the status of unpaid night racing commissions. Mr. Korby will ensure that the Fairs are first in line to receive disbursements. There is a statutory obligation for Sacramento Harness to pay commissions. Mr.

Korby advised the group that AB 813 (Portantino) allows harness racing to use the night promotional fund for purposes other than promotion. The harness racing financial situation is tenuous and the harness association may need to use that money to pay their unmet obligations. Mr. Korby advised the group to be cautious of spending money to promote the night signal if they expect to be reimbursed through the night promotional fund.

Mr. Barkett reported to the group that Mr. Korby distributed an article in the prior meeting pertaining to the restructuring of MAGNA Entertainment Company (MEC), which will spin off from MAGNA International and MAGNA Development.

Mr. Jacobs requested that a representative from Los Alamitos be invited to attend a CARF meeting. Mr. Korby recommended that the entire Southern group meet at Los Alamitos Race Course. The group was very receptive to that recommendation.

Respectfully submitted,

Heather Haviland, Meeting Secretary