

CALIFORNIA AUTHORITY OF RACING FAIRS

**Live Racing Committee
Tuesday, October 19, 2010**

MINUTES

A teleconference meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, October 19, 2010. The meeting was hosted at the California Authority of Racing Fairs board room located at 1776 Tribute Road, Suite 205, Sacramento, California.

CARF Live Racing Committee members joining by conference call: John Alkire, Norb Bartosik, Mike Paluszak, Rick Pickering, Tawny Tesconi and Stuart Titus.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Amelia White and Raechelle Gibbons. Joining by conference call: Vince Agnifili, Chris Carpenter, Mike Treacy, Rebecca Desmond, Lisa Drury and Louie Brown.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Board & Live Racing Committee meetings will be scheduled with the WFA Fall Managers Conference, TBD.

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

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Matters. Mr. Brown reported that the state budget was finally adopted 100 days late. In January, an emergency fiscal session will most likely be called to address the second-half budget deficit.

The Governor signed SB 1072 (Calderon) and AB 2414 (Perez). The CHRB has until 2012 to move through the regulatory process to guide the implementation of exchange wagering.

In Fair related news, during the budget debate there was discussion of attaching a bill to the budget that would allow the state to sell the San Diego County Fairgrounds to the city of Del Mar. Opposition to the effort ensured the sale was not considered as part of this budget process, but the issue will most likely come up again in the coming year.

Agenda Item 4 – Report on Recent Appointments to the CHRB. Chairman Keith Brackpool, Vice Chairman David Israel, Commissioner Richard Roseburg and Commissioner Bo Derek received Senate confirmation of their appointments or reappointments to the California Horse Racing Board on Thursday, October 7, 2010.

Agenda Item 5 – Report, Discussion and Action, if any, regarding Proposed Changes to Uplink Services from Roberts Communication Network. Mr. Korby reported that Roberts Communications Network has launched a new content delivery network (RTN) as part of a partnership with DISH network to distribute state of the art content through a variety of display screens including televisions, computers, mobile devices and kiosks. Roberts and DISH Network will be coordinating the distribution of equipment and installation at all satellite wagering facilities.

Norby Bartosik joined the call.

Agenda Item 6 – Discussion and Action, if any, on Racing Dates for 2011 and Beyond. Mr. Korby reported that the 2011 CARF calendar previously approved by the Live Racing Committee was presented at the September 23, 2010 CHRB meeting. The other Northern California stakeholders proposed their own calendar with changes in June and September.

The CHRB assigned one week of racing for Stockton in June. The September dates that had been proposed by CARF were met with opposition from Del Mar and all other Northern California stakeholders. The Board will consider alternative dates for Stockton in 2012. The rest of the calendar was accepted without opposition.

The CHRB determined that Ferndale will run simultaneously with Santa Rosa August 12-14. Ferndale will run as the sole Northern California signal August 17-18 and will run overlapped with Golden Gate Fields August 19-21. On Friday, August 19, Ferndale and Golden Gate Fields will split commissions 50/50.

Mr. Alkire stated that he was proud of Mr. Titus and the Humboldt County Fair Board for working with the industry to come to a resolve that was agreeable to everyone. Mr. Titus noted that Ferndale agreed to the compromise with some reluctance and still believes that to be successful the Humboldt County Fair needs to work towards completely unoverlapped race dates.

Mr. Pickering stated that the Alameda County Fair did not have enough financial information to commit to a three-week spring 2011 meet considering the state of the economy and the lack of sufficient time for appropriate planning. Pleasanton is very interested in a 2012 spring meet and would like to initiate those conversations as soon as possible.

Mr. Korby encouraged the Live Racing Committee to consider planning now for 2012.

Agenda Item 7 – Discussion and Action, if any, on Funding Allocations from CDFA Division of Fairs and Expositions for FY 2010-11 and Beyond. Mr. Korby reported that CARF

staff will meeting tomorrow with F&E staff to discuss the new procedures/protocols that will govern funding allocations coming from F&E to CARF.

Mr. Treacy reported that F&E is no longer going to be able to accept LOUs and MOUs from any of the three JPAs as requests for project funding. Instead, a contractual procedure will be implemented.

Due to changes at F&E, Mr. Treacy would like to schedule monthly JPA meetings to ensure Fair requests are properly addressed and funds are properly dispensed.

Mr. Treacy reported that in regards to funding allocated in previous years, there is \$5.7 million dedicated to CARF for racetrack preparation, equipments replacement, satellite wagering facility improvements, facility upgrades, etc. If those funds are not spent or encumbered very soon, they will most likely revert back to F&E. The interest in any F&E fund accounts will be retrieved and sent back to F&E.

Mr. Treacy reported that the FY 2010-11 Expenditure Plan was revised hours before the budget was approved by the Legislature. The revised plan with changes will be presented at the November 2, 2010 CFA Board of Director's Meeting. The revised plan includes the CARF allocations as they were initially requested.

Mr. Brown stated there have been a number of divisions at CDFA that have been going through internal audits. Fairs are facing a new world with government accounting procedures and General Fund allocations. It will take time to adjust to the transition. Mr. Treacy and his team have done a good job of standing up for the Fair community and letting the auditors know that these are unique functions that serve unique communities and there needs to be as little disruption as possible made to those activities.

Agenda Item 8 – Discussion and Action, if any, regarding Replacement Revenues for Solano and San Joaquin County Fair. Mr. Paluszak reported that since the committee has been inactive during summer racing, he wanted the group to revisit the discussions from earlier in the year regarding replacement revenue for Vallejo and Stockton. Specifically, Mr. Paluszak asked if he needed to make a formal request to secure funding from the pool of license fee monies generated to the 1% fund at F&E, as was done in with FY-2008-09 monies.

Mr. Treacy stated that the use of the 1% monies for this purpose was not in the current Expenditure Plan. Mr. Treacy's understanding was that for one year F&E would assist Vallejo and Stockton from the 1% fund and after that time the CARF membership would find a way within their own means to serve the shortfall in the future.

Mr. Korby and Mr. Alkire stated that there were discussions to that effect but a resolution was never reached and it was never verbalized that the use of the 1% funds was a one-time only allocation.

Mr. Korby asked Mr. Paluszak to draft a letter to the CARF Board of Directors and Live Racing Committee for discussion at the next meeting.

Agenda Item 9 – Financials. Ms. Tesconi asked if the meeting of CARF staff and Fair financial officers had been scheduled. Mr. Korby stated that the meeting had not yet been scheduled.

Agenda Item 10 – Executive Director’s Report. Mr. Korby reported that the California racing industry is working to form one simulcast coordinator team to implement the 2% increase in takeout from the simulcast contracts, which are negotiated one contract at a time by each association. A coordinated effort in establishing these contracts will ensure continuity and the highest possible return in revenue. Since the increase will most directly affect horsemen, they are being asked to share in the cost.

Mr. Korby reported that there was an incident closing day of the Fresno meet during which the Fresno Police Department and CHRB Investigators found alcohol in the jockey’s quarters. The concessionaire responsible for providing food to the jockeys was immediately removed from the grounds and will be terminated. The starting gate crew was also tested, and two of the four tested were legally intoxicated. Steps will be taken to increase inspections and testing in 2011.

Respectfully submitted,
Heather Haviland