



1776 Tribute Road, Suite 205
Sacramento, CA 95815
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AGENDA
CALIFORNIA AUTHORITY OF RACING FAIRS
BOARD OF DIRECTORS MEETING
JOHN ALKIRE, CHAIR
12:30 P.M., TUESDAY, SEPTEMBER 7, 2010
VIA TELECONFERENCE

Notice is hereby given that a meeting of the California Authority of Racing Fairs' Board of Directors will commence at 12:30 P.M., Tuesday September 7, 2010. The meeting will be held at the CARF Conference Room located at 1776 Tribute Road, Sacramento, California 95815.

AGENDA

- I. Date, time and location of next meeting.
- II. Approval of minutes.
- III. Report, discussion and action, if any, on legislative matters.
- IV. Report, discussion and action, if any, revisions to CHRB satellite wagering regulations.
- V. Report, discussion and action, if any, on Magna bankruptcy settlement negotiations.
- VI. Report, discussion and action, if any, CARF Board Strategic planning conference.
- VII. Financials
- VIII. Executive Director's Report



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The Public and members of the California Authority of Racing Fairs Board of Directors may participate from the locations on the following page or in person.

CARF Board of Directors Meeting
Toll Free Dial In Number: (800) 791-2345
Participant Code: 83711 #



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CALIFORNIA AUTHORITY OF RACING FAIRS

Teleconference Meeting Locations

Alameda County Fair
4501 Pleasanton Avenue
Pleasanton, CA 94566

Antelope Valley Fair
2551 West Ave. H
Suite 102
Lancaster, CA 93536

The Big Fresno Fair
1121 S. Chance Avenue
Fresno, CA 93702

California State Fair
1600 Exposition Blvd.
Sacramento, CA 95815

Humboldt County Fair
1250 5th Street
Ferndale, CA 95536

Kern County Fair
1142 South P Street
Bakersfield, CA 93307

Monterey County Fair
2004 Fairground Road
Monterey, CA 93940

National Orange Show
689 South E Street
San Bernardino, CA 92408

Riverside National Date Festival
46-350 Arabia Street
Indio, CA 92201

San Bernardino Co. Fair
14800 Seventh Street
Victorville, CA 92395

San Joaquin Fair
1658 S. Airport Way
Stockton, CA 95206

San Mateo County Fair
2495 South Delaware Street
San Mateo, CA 94403-1027

Santa Barbara Co. Fair
937 Thornburg Street
Santa Maria, CA 93458

Shasta District Fair
1890 Briggs Street
Anderson, CA 96007

Solano County Fair
900 Fairgrounds Drive
Vallejo, CA 94589

Sonoma County Fair
1350 Bennett Valley Road
Santa Rosa, CA 95404

Southern CA Fair
18700 Lake Perris Dr.
Perris, CA 92570

Stanislaus County
900 North Broadway
Turlock, CA 95380

Tulare County Fair
215 Martin Luther King
Tulare, CA 93274

Ventura County Fair
10 West Harbor Blvd
Ventura, CA 93001-2706

CALIFORNIA AUTHORITY OF RACING FAIRS

Board of Directors

Tuesday, June 1, 2010

MINUTES

A meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, June 1, 2010. The meeting was hosted by the California Authority of Racing Fairs in the CARF board room located at 1776 Tribute Road, Suite 205, Sacramento, California.

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

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Amelia White, Tom Doutrich, Louie Brown, Raechelle Gibbons, Debbie Cook, Mitch Slater, Stuart Titus, Tawny Tesconi, Dave Elliott, Rebecca Desmond, Lisa Drury and Richard Lewis. Joining by conference call: Chris Carpenter.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Board & Live Racing Committee meetings will be held Tuesday, September 7, 2010 in Sacramento, time to be determined.

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

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Matters. Mr. Brown reported that the two CARF sponsored spot bills, AB 1857 (Cook) to raise the cap on imported races and SB 1072 (Calderon) to extend the California Marketing Committee program, moved out of the house of origin and are waiting to be heard in policy committee if CARF chooses to utilize those bills.

Mr. Brown thanked Fairs and CARF staff for their recent efforts to contact their local state senators to voice opposition for SB 1439 (Price), the Hollywood Park sponsored bill to eliminate the 20-mile protection around any facility that does not have a minimum of seven weeks of live racing in a calendar year. The bill as written creates an economic disadvantage for Fairs which conduct satellite wagering. Mr. Brown feels that the bill will be stopped in the state Senate next week.

Mr. Brown reported that SB 1485 (Wright) was recently gutted and amended to legalize Internet gambling games, specifically poker. Legal counsel has not had time to review the

language of the bill, but acknowledges that this is an opportune time to introduce Internet poker since the supporters have indicated it will provide millions of dollars of revenue to the state of California. Legal counsel requests time to review the bill and come back to the Executive Director with a recommended position.

Mr. Pickering moved to delegate authority to the President of the Board of Directors and Executive Director to work with legal counsel to establish an official CARF position on SB 1485 (Wright). Mr. Bartosik seconded, unanimously approved.

Agenda Item 4 – Report, Discussion and Action, if any, on Recommendations to the Joint Funding Committee and Discussions with CDFA DF&E Regarding FY 2009-10 Project and Funding Allocations. Mr. Korby stated this item was placed on the agenda to give the Board of Directors opportunity to take action on any items deemed necessary prior to the Joint Funding Committee meeting at 2:00 p.m.

Mr. Jacobs requested that specific projects be presented, discussed and voted on as a part of agenda item six.

Ms. Desmond stated that the importance of written procedures, requests and an additional layer of transparency could not be stressed enough in light of the current state budget scrutiny.

Agenda Item 5 – Discussion and Action, if any, on Recommendations from the CARF Board Regarding Funding Allocations from FY2010-11 CDFA DF&E Expenditure Plan. Mr. Korby introduced a draft letter written with the unanimous support of the CARF Finance Committee and included in the meeting packet, requesting \$2.6 million from the Division of Fairs and Expositions for CARF programs in FY 2010-11, including the Track Safety and Maintenance Program and Equipment Replacement Fund, as well as facility upgrades, planning and development. This letter is consistent with requests that have been made in prior years and does not reflect the draft budget that was recently circulated by F&E.

Ms. Desmond requested that the letter include more detail regarding the process CARF will use to distribute the allocation.

Mr. Pickering moved to second the recommendation from the CARF Finance Committee to request \$2.6 million from the Division of Fairs and Expositions in FY 2010-11 for the purposes detailed in the draft letter as presented. Unanimously approved.

Mr. Pickering moved to support the continuous annual appropriation of the full \$32 million from the California State Treasury to the Division of Fairs and Exposition as established by the California State Legislature in statute (SB 16XX). Dan Jacobs seconded, unanimously approved.

Agenda Item 6 – Report, Discussion and Action, if any, on CARF Equipment Replacement Fund (Report, Policy and Confirmation of 2009-10 Project Plan). Mr. Korby presented a bound report, included in the meeting packet, outlining a comprehensive history of the chronology, economic models, policies, historical milestones and expenditures of the CARF Equipment Replacement Fund (ERF) titled “CARF Equipment Replacement Fund 1992-2009.” This report clearly records the role of the Division of Fairs and Expositions in providing financial support and directives, which lead to the CARF Board establishing policies that have been implemented since the inception of the fund in the late 1990’s.

Review of the historical documents relating to the ERF by the CARF Finance Committee lead to a desire to reiterate and update some of the policies related to the management of the fund. Included in the meeting packet is a recommendation of policy by the Finance Committee titled “DRAFT CARF Equipment Replacement Fund Policy - updated May 25, 2010.” Mr. Korby requested that the CARF Board take action to establish the policies as presented, or discuss desired modifications. Mr. Korby asked that the Board also consider action on the 2010 ERF Projects as presented in the report.

Mr. Pickering complimented staff on the preparation of the report and moved to accept and distribute the document titled “CARF Equipment Replacement Fund 1992-2009.” Mr. Paluszak seconded. YES VOTE: John Alkire, Dan Jacobs, Mike Paluszak, Rick Pickering, Kelly Violini and Vince Agnifili. ABSTAIN: Norb Bartosik (CalExpo does not participate in the CARF Equipment Replacement Fund).

Mr. Jacobs moved to adopt the policies recommended from the Finance Committee as presented in the document titled “DRAFT CARF Equipment Replacement Fund Policy - updated May 25, 2010.” Mr. Pickering seconded. YES VOTE: John Alkire, Dan Jacobs, Mike Paluszak, Rick Pickering, Kelly Violini and Vince Agnifili. ABSTAIN: Norb Bartosik (CalExpo does not participate in the CARF Equipment Replacement Fund).

Mr. Pickering moved to ratify staff’s equipment replacement plans for FY 2010 as presented in the spreadsheet titled “2010 ERF Projects – Fiscal Year 2010.” Ms. Violini seconded. YES VOTE: John Alkire, Dan Jacobs, Mike Paluszak, Rick Pickering, Kelly Violini and Vince Agnifili. ABSTAIN: Norb Bartosik (CalExpo does not participate in the CARF Equipment Replacement Fund).

Mr. Jacobs reported that the written proposals received by Fairs for project funding were compiled in a binder titled “2009/10 Proposals: Funding Programs for Racing & Satellite Wagering Support” distributed by Ms. Desmond and Ms. Drury. Mr. Jacobs asked that the CARF Board

make a recommendation to the Joint Funding Committee regarding allocation based on the proposals.

Mr. Jacobs moved that of the \$600,000 allocation for FY 2009-10 Fair Racing Facility Renovations, \$100,000 be allocated to Sonoma County Fair, Cal Expo, Humboldt County Fair and the Big Fresno Fair to support the projects described in the written proposals (\$400,000 total). Mr. Pickering seconded, unanimously approved.

Mr. Jacobs moved to direct the Joint Funding Committee to hold the \$200,000 remaining from the FY 2009-10 Fair Racing Facility Renovations until the status of racing at Stockton and Vallejo is established. Mr. Palusak stated that the Solano County Fair requires the funding to improve the racing grandstand whether the Fair remains in racing or uses the grandstand to generate new revenue. Ms. Cook stated that she was not made aware that proposals for live racing should be submitted. Mr. Bartosik recommended that the Joint Funding Committee review the proposals and determine the best allocation for spending \$200,000 in FY 2009-10. Mr. Jacobs indicated that he would vote "no" to any motion that did not give a direct Board recommendation to the Joint Funding Committee.

Mr. Bartosik moved to allocate the \$200,000 remaining from the FY 2009-10 Fair Racing Facility Renovations allocation to be spent in FY 2009-10 at the discretion of the Joint Funding Committee. Mr. Pickering seconded. YES VOTE: John Alkire, Norb Bartosik, Mike Paluszak, Rick Pickering, Kelly Violini and Vince Agnifili. NO VOTE: Dan Jacobs.

Mr. Paluszak moved to direct staff to circulate all funding proposals to the CARF Board of Directors and Joint Funding Committee members. Mr. Bartosik seconded, unanimously approved.

Agenda Item 7 – Report, Discussion and Action, if any, on Implementation of Mini-Satellite Wagering Facilities as Joint Ventures with Fairs. Mr. Korby reported that Golden Gate Fields has interest in a mini-satellite facility from a business in Pleasant Hill, within the 20-mile radius of Vallejo and that SCOTWinc. is requesting approval from National Orange Show for a restaurant/BBQ mini-SWF within their area.

Mr. Korby requested that the Board of Directors make a funding recommendation to the Joint Funding Committee regarding the two mini-satellite proposals and one satellite relocation proposal that have been submitted by Monterey, Ferndale and Fresno.

Mr. Pickering moved to recommend the Joint Funding Committee approve \$65,000 for the Fresno SWF relocation, \$50,000 for the Monterey mini-SWF pilot and \$35,000 for the Ferndale mini-SWF, pending the signing of all appropriate documents and contracts to the satisfaction of

the Executive Director. The above mentioned facilities can submit additional proposals if costs exceed the allocated amounts. Mr. Paluszak seconded, unanimously approved.

Agenda Item 8 – Update on JPA Agreement and By-Laws Review. Mr. Korby reported that the CARF JPA agreement is being reviewed by legal counsel.

Agenda Item 9 – Financials. Mr. Jacobs reported that CARF financials are included in the meeting packet.

Agenda Item 10 – Executive Director’s Report. Mr. Korby reported that the CHRB will be reviewing the waiver that allows MI Developments to own and operate two racing facilities in California (Santa Anita Park and Golden Gate Fields).

Respectfully submitted,
Heather Haviland

AMENDED IN ASSEMBLY AUGUST 30, 2010

AMENDED IN ASSEMBLY AUGUST 20, 2010

AMENDED IN ASSEMBLY AUGUST 16, 2010

AMENDED IN ASSEMBLY AUGUST 2, 2010

SENATE BILL

No. 1072

Introduced by Senator Calderon

(Principal coauthor: Assembly Member John A. Pérez)

February 17, 2010

~~An act to amend Section 19605.73 of, and to add Section 19642.1 to, the Business and Professions Code, relating to horse racing. An act to amend Section 19605.73 of, to add Sections 19601.02, 19605.74, and 19642.1 to, and to add Article 9.1 (commencing with Section 19604.5) to Chapter 4 of Division 8 of, the Business and Professions Code, relating to horse racing.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1072, as amended, Calderon. Horse racing: statewide marketing ~~organization.~~— organization: Breeders' Cup promotion: wagering deduction: exchange wagering.

(1) Existing law authorizes a thoroughbred association or fair, subject to approval by the California Horse Racing Board, to deduct from the parimutuel pool for any type of wager, a specified percentage for the meeting of the thoroughbred association or fair that accepts the wager.

This bill would require every thoroughbred association or fair that conducts a live race meeting to deduct an additional 2% of the total amount handled on exotic wagers requiring the selection of 2 wagering interests, and 3% on exotic wagers requiring the selection of 3 or more

wagering interests. The bill would require that these funds be distributed into the purse account of the meet conducting racing in the zones in which the wager was placed, to be used to augment overnight purses.

This bill would require any thoroughbred racing association or fair that authorizes betting systems located outside of this state to accept wagers on a race to retain from the total amount received from the out-of-state betting system, less certain specified deductions made pursuant to existing law, the incremental amount received as a result of the 2% or 3% takeout on exotic wagers required by this bill, for distribution as overnight purses. This bill would require that the method utilized to determine the incremental amount received as a result of the takeout increase be established by agreement between the various affected thoroughbred racing associations and fairs, and horsemen's organizations. If these groups are unable to agree as to the method of determining the incremental amount received, this bill would require the board to determine the allocation method after holding a hearing.

For a thoroughbred association hosting the Breeders' Cup Championship series, this bill would require the amounts collected pursuant to the above provisions requiring that 2% or 3% be deducted from the amount handled on exotic wagers be set aside for the purpose of promoting and sponsoring the Breeders' Cup. The bill would require the thoroughbred racing association hosting the Breeders' Cup to enter into an agreement with the organization that operates the Breeders' Cup regarding the expenditure of the funds, as provided, and would require a written report be made to the board regarding how the funds were utilized.

(2) Existing law provides that the California Horse Racing Board shall have all powers necessary to carry out the purposes of the Horse Racing Law, such as adopting rules and regulations to protect the public, allocating dates for and controlling horse racing and parimutuel wagering, and enforcing all rules and regulations.

This bill would authorize exchange wagering, defined by the bill as a form of parimutuel wagering in which 2 or more persons place identically opposing wagers in a given market, provided that the entity offering exchange wagering is licensed by the board and has entered into an exchange wagering agreement between the licensee, the applicable racing association or fair conducting live racing, and the horsemen's organization responsible for negotiated purse agreements for the breed on which exchange wagers are accepted, as provided.

The bill would invest the board with the full power to prescribe rules, regulations, and conditions under which exchange wagering may be conducted in California, except that the bill would require the board to develop rules that prohibit certain persons associated with an entrant in a particular race from placing an exchange wager on a race involving that entrant, that prohibit the placing of exchange wagers on previously run races, that require the exchange wagering licensee to provide information to the person placing the wager, that prohibit the use of automatic or quick picks to place an exchange wager, and that prohibit the displaying of the results of a wager using casino themes, as provided.

The bill would allow the board to recover any costs associated with the licensing and regulation of exchange wagering by imposing an assessment on the licensee. The bill would require that these funds be deposited in the Horse Racing Fund, to be available upon appropriation by the Legislature for the sole purpose of regulating exchange wagering.

The bill would prohibit the taking of exchange wagers by an exchange wagering licensee prior to May 1, 2012.

(3) Existing law provides that unclaimed refunds from horse racing are to be distributed to an organization that is responsible for negotiating business agreements on behalf of horsemen, to be held in trust for the purpose of negotiating an agreement with a jockeys' organization to provide health and welfare benefits to California licensed jockeys. Existing law requires that the funds held in trust shall not exceed \$450,000.

Pursuant to the above provision, this bill would require each exchange wagering licensee to annually distribute the greater of \$100,000, or an amount equal to 0.001 multiplied by the total amount of exchange revenue collected by the licensee in that year to be used for the purposes specified above.

(1)

(4) Existing law permits racing associations, fairs, and the organization responsible for contracting with racing associations and fairs with respect to the conduct of racing meetings, to form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, and to obtain, provide, or defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. Existing law requires the marketing organization to annually submit to the California Horse Racing Board a statewide marketing and promotion plan and a thoroughbred trainers' workers' compensation defrayal plan for thoroughbred and fair horse racing.

Existing law requires 0.4% of the amount handled by each satellite wagering facility ~~is required~~ to be distributed to the marketing organization for the promotion of thoroughbred and fair horse racing, and to defray the cost of workers' compensation insurance, as specified. Existing law repeals these provisions on January 1, 2011.

This bill would extend the operation of these provisions until January 1, 2014, when they would be repealed. The bill would specify that its provisions allowing for the formation of a private statewide marketing association ~~applies~~ *apply* to thoroughbred racing associations, fairs, and the organization for contracting with thoroughbred racing associations and fairs with respect to the conduct of racing meetings. The bill would specify that the marketing and promotion activities that the marketing organization may engage in ~~includes, but is~~ *include, but are* not limited to, the establishment and maintenance of an Internet Web site, players incentive programs, and the funding of promotional activities at satellite wagering facilities.

This bill would change the amount to be distributed to the marketing organization for the promotion of thoroughbred and fair racing from an amount equal to 0.4% of the amount handled at each satellite wagering facility to an amount not to exceed 0.25%, and would delete the provision allowing for the funds to be used to defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. The bill would require that the initial distribution be 0.2% of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only and would allow the board to adjust this amount to an aggregate of 0.25% of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only.

The bill would, with respect to the statewide marketing and promotion plan, instead require the marketing organization, by November 1 of each year, to submit a written report to the board on the statewide marketing and promotion plan for the upcoming calendar year, and would additionally require the marketing organization to annually present to the board at the board's November meeting a verbal report on the statewide marketing and promotion plan for the upcoming calendar year. The bill would delete the requirement that the marketing organization submit to the board a thoroughbred trainers' ~~workers~~ *workers'* compensation and defrayal plan. The bill would also require the marketing organization to quarterly submit to the board a written report that accounts for all receipts and expenditures of the promotion funds for the previous 3 months.

(2)

(5) Existing law authorizes the board, in performing its responsibilities, to participate in the affairs of associations having as their purpose the interchange of information relating to racing law enforcement, the licensing of horse racing participants, the registration of race horses, the tabulation, analysis, and publication of statistical information based on parimutuel handles and the distribution of proceeds, and to conduct research regarding horse racing accidents, and the detection of drugs on race horses, among other things.

This bill would provide that, in addition to certain specified distributions, an amount not to exceed 0.05% of the total amount handled by each satellite wagering facility shall be distributed to a nonprofit organization designated by the board for the purposes of maintaining a database of horse racing information to further the purposes of the above provision. The bill would state that the amount distributable to the nonprofit organization *shall initially be 0.05% of the total amount handled by each satellite wagering facility and* may be adjusted by the board, in its discretion. The bill would require the nonprofit organization to submit an annual budget and file quarterly financial statements with the board.

By imposing new requirements under the Horse Racing Law, the violation of which would be a crime, this bill would create new crimes and would thereby impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature finds and declares all of the
2 following:

3 (1) The Breeders' Cup Championship series of races is the
4 preeminent series of horse races recognized throughout the world.

1 (2) *From the inaugural running in Hollywood Park 26 years*
2 *ago, the Breeders' Cup has a rich and vibrant tradition in*
3 *California, having been run here eight times.*

4 (3) *The Breeders' Cup Championship races have, for 2008 and*
5 *2009, been held in California and have been an outstanding*
6 *success, bringing significant revenue and tourism to the State of*
7 *California.*

8 (4) *In 2009, the Breeders' Cup was held at Santa Anita racetrack*
9 *located in Los Angeles County, where it was attended by over*
10 *96,000 fans and telecast to over 130 countries.*

11 (5) *The Los Angeles Economic Development Commission,*
12 *having studied the impact of the Breeders' Cup Championship*
13 *series being held in California the last two years, has concluded*
14 *that the events have brought an additional \$60,000,000 in*
15 *economic impact to the State of California and Los Angeles region*
16 *each year, through added tourism and other economic impact, and*
17 *created over 500 direct and indirect jobs.*

18 (6) *The Legislature and the Governor of California recognize*
19 *the importance of the horse racing industry to this state, including*
20 *the 50,000 jobs associated with the industry, and have taken*
21 *significant steps to support the industry, evidenced most recently*
22 *by the \$40,000,000 in license fee relief provided in 2009.*

23 (7) *An additional concern is that horse owners are not bringing*
24 *their horses to California because of prevailing lower purses and*
25 *horses are leaving the state in order to compete for higher purses*
26 *offered in other states.*

27 (8) *California has one of the lowest takeouts on conventional*
28 *win, place, and show wagering, and the takeout on exotic wagering*
29 *proposed in this bill will be lower than that prevailing in some of*
30 *the most prominent racing jurisdictions.*

31 (b) *It is therefore the intent of the Legislature to encourage the*
32 *organization operating the Breeders' Cup Championship series*
33 *to make California the permanent home of the Breeders' Cup*
34 *Championship series, and it is the intent of the Legislature, through*
35 *the enactment of this act, to provide substantial support towards*
36 *that end.*

37 (c) *It is also the intent of the Legislature to make it more*
38 *advantageous for horses to compete in California racing by*
39 *increasing the amount of funds available for purses. The increased*
40 *purses will result in a higher caliber of racing with larger and*

1 more competitive fields, which, in turn, will improve the
2 attractiveness of California's racing product and generate
3 additional funds for reinvestment in the industry.

4 SEC. 2. Section 19601.02 is added to the Business and
5 Professions Code, to read:

6 19601.02. (a) Notwithstanding Section 19610, every
7 thoroughbred association or fair that conducts a live race meeting
8 shall deduct an additional 2 percent of the total amount handled
9 on exotic wagers requiring the selection of two wagering interests,
10 and 3 percent of the total amount handled on exotic wagers
11 requiring the selection of three or more wagering interests.

12 (b) The funds collected pursuant to subdivision (a) from wagers
13 placed within the inclosure of a thoroughbred association or fair
14 conducting a race meeting, at satellite locations within this state,
15 and from account wagers originating within this state, shall be
16 distributed to the purse account of the meet conducting racing in
17 the zone in which the wager was placed, and distributed in
18 accordance with subdivision (d).

19 (c) Any thoroughbred racing association or fair, when it
20 authorizes betting systems located outside this state to accept
21 wagers on a race, shall retain from the total amount received by
22 the association or fair from the out-of-state betting system, the
23 incremental amount received as a result of the takeout specified
24 in subdivision (a) for distribution as overnight purses in
25 accordance with subdivision (d) without regard to the provisions
26 of paragraph (1) of subdivision (b) of Section 19602. The method
27 utilized to determine the incremental amount received as a result
28 of the takeout increase specified in subdivision (a) shall be
29 established by agreement between the various affected
30 thoroughbred racing associations and fairs and the applicable
31 horsemen's organization. Should the thoroughbred racing
32 association or fair and the applicable horsemen's organization
33 be unable to reach an agreement as to the method of making such
34 determination, the board shall determine the appropriate allocation
35 method after a hearing on the matter.

36 (d) The amounts collected pursuant to subdivisions (b) and (c)
37 shall be utilized solely to augment and not supplant overnight
38 purses. Within 90 days after the conclusion of a given meet, the
39 thoroughbred association or fair receiving funds pursuant to
40 subdivisions (b) and (c) shall report to the board the manner in

1 *which the funds were used to augment and not supplant overnight*
2 *purses at that meet.*

3 *(e) The board shall have the authority to postpone or revoke*
4 *the implementation of the takeout increase specified in subdivision*
5 *(a) if the board determines that the incremental amount that results*
6 *from the negotiations with the out-of-state betting systems is*
7 *incrementally insufficient.*

8 *SEC. 3. Sections 4 and 5 of this act shall be known and may*
9 *be cited as the Exchange Wagering Act.*

10 *SEC. 4. The Legislature finds and declares all of the following:*

11 *(a) The horse racing industry is economically important to*
12 *California, and the general welfare of the people of California*
13 *will be promoted by the advancement of horse racing and related*
14 *projects and facilities in California.*

15 *(b) It is the intent of the Legislature, by authorizing exchange*
16 *wagering in California, to promote the economic future of the*
17 *horse racing industry in California, and to foster the potential for*
18 *increased commerce, employment, and recreational opportunities*
19 *in California.*

20 *(c) The Legislature has determined that the California Horse*
21 *Racing Board is best suited to oversee, license, and regulate*
22 *exchange wagering in California.*

23 *SEC. 5. Article 9.1 (commencing with Section 19604.5) is added*
24 *to Chapter 4 of Division 8 of the Business and Professions Code,*
25 *to read:*

26
27 *Article 9.1. Exchange Wagering*
28

29 *19604.5. (a) As used in this section, the following definitions*
30 *apply:*

31 *(1) "Back" means to wager on a selected outcome occurring*
32 *in a given market.*

33 *(2) "Board" means the California Horse Racing Board.*

34 *(3) "Corrective wager" means an exchange wager placed by*
35 *the exchange wagering licensee in a given market, under*
36 *circumstances approved by the board, in order to address the*
37 *impact on that market of the cancellation or voiding of a given*
38 *matched wager or a given part of a matched wager.*

39 *(4) "Exchange" means a system operated by an exchange*
40 *wagering licensee in which the exchange wagering licensee*

1 maintains one or more markets in which persons may back or lay
2 a selected outcome.

3 (5) “Exchange revenues” means all charges, fees, income,
4 payments, revenues, and deductions of any kind assessed or
5 collected by, or paid or delivered to, an exchange wagering
6 licensee in connection with the submission of any exchange wagers
7 to the exchange wagering licensee by residents of California and
8 residents of jurisdictions outside of California on the results of
9 horse races conducted in California, and by residents of California
10 on the results of horse races conducted outside of California.

11 (6) “Exchange wagers” means wagers submitted to an exchange
12 wagering licensee to be posted in a market on an exchange.

13 (7) “Exchange wagering” means a form of parimutuel wagering
14 in which two or more persons place identically opposing wagers
15 in a given market.

16 (8) “Exchange wagering account” means the account
17 established with an exchange wagering licensee by a person
18 participating in exchange wagering. An exchange wagering
19 account may only be established or maintained with an exchange
20 wagering licensee by a natural person.

21 (9) “Exchange wagering agreement” means a written agreement
22 by and among the applicable exchange wagering licensee, the
23 applicable racing association or racing fair conducting live racing
24 in this state, and the horsemen’s organization responsible for
25 negotiating purse agreements for the breed on which exchange
26 wagers are accepted, provided that the terms and conditions for
27 the permitted use of signal by the exchange wagering licensee,
28 and the compensation to the applicable racing association or
29 racing fair and the horsemen’s organization, include provisions
30 for, but are not limited to all of the following:

31 (A) Calculation of any and all amounts earned and payable to
32 the applicable racing association or racing fair and horsemen’s
33 organization.

34 (B) Audit rights and conditions.

35 (C) Duration terms.

36 (D) Contractual remedies.

37 (10) “Exchange wagering licensee” means a person located
38 within or outside of California that is authorized to offer exchange
39 wagering to residents of California pursuant to this section.

1 (11) “Identically opposing wagers” means wagers in which
2 one or more persons offer to lay a selected outcome at the same
3 price at which one or more persons offer to back that same
4 outcome, with the amount subject to the lay being proportionately
5 commensurate to the amount subject to the back.

6 (12) “Lay” means to wager on a selected outcome not occurring
7 in a given market.

8 (13) “Market” means, in relation to a given horse race or a
9 given set of horse races, a particular outcome that is subject to
10 exchange wagering as determined by an exchange wagering
11 licensee.

12 (14) “Matched wager” means the wager that is formed when
13 two or more persons are confirmed by the exchange operator as
14 having placed identically opposing wagers in a given market on
15 the exchange.

16 (15) “Net winnings” means the aggregate amounts payable to
17 a person as a result of that person’s winning matched wagers in
18 a pool less the aggregate amount paid by that person as a result
19 of that person’s losing matched wagers in that pool.

20 (16) “Parimutuel” means any system whereby wagers with
21 respect to the outcome of a horse race are placed with, or in, a
22 wagering pool conducted by an authorized person, and in which
23 the participants are wagering with each other and not against the
24 person conducting the wagering pool.

25 (17) “Person” means any individual, partnership, corporation,
26 limited liability company, or other association or organization.

27 (18) “Pool” means the total of all matched wagers in a given
28 market.

29 (19) “Price” means the odds for a given exchange wager.

30 (20) “Unmatched wager” means a wager or portion of a wager
31 placed in a given market within an exchange that does not become
32 part of a matched wager because there are not one or more
33 available exchange wagers in that market with which to form one
34 or more identically opposing wagers.

35 (21) “Zone” has the same meaning as defined in Section
36 19530.5, as modified by the provisions of subdivision (f) of Section
37 19601, except that for the purposes of this act the combined central
38 and southern zones shall be considered one “central/southern”
39 zone.

1 ***(b) Notwithstanding any other law, rule, or regulation, exchange***
2 *wagering by residents of California and residents of jurisdictions*
3 *outside of California on the results of horse races conducted in*
4 *California, and by residents of California on the results of horse*
5 *races conducted outside of California, shall be lawful provided*
6 *that all of the following apply:*

7 ***(1) Exchange wagering shall only be conducted by an exchange***
8 *wagering licensee pursuant to a valid exchange wagering license*
9 *issued by the board.*

10 ***(2) No exchange wagering licensee shall accept exchange***
11 *wagers on races conducted in California from a resident of*
12 *California or a resident of a jurisdiction outside California, or*
13 *conducted outside California from a resident of California, unless*
14 *an exchange wagering agreement exists allowing these wagers.*

15 ***(3) Exchange wagering shall be conducted pursuant to and in***
16 *compliance with the provisions of the Interstate Horseracing Act*
17 *of 1978 (15 U.S.C. Sec. 3001 et seq.), as amended, this section,*
18 *all applicable federal laws, and rules and regulations promulgated*
19 *by the board pursuant to this section.*

20 ***(4) An exchange wagering licensee may only offer exchange***
21 *wagering on thoroughbred horse races, whether these*
22 *thoroughbred races are conducted within or outside of this state,*
23 *to persons whose primary residence address is in the northern*
24 *zone of this state if it has an exchange wagering agreement with*
25 ***(A) the racing association or racing fair located in the northern***
26 *zone authorized by the board to conduct a live thoroughbred racing*
27 *meeting in accordance with the provisions of Article 4*
28 *(commencing with Section 19480) at that time, or during the*
29 *calendar period, when the exchange wagering licensee is offering*
30 *exchange wagering to persons whose primary residence is in the*
31 *northern zone of this state, and (B) the horsemen's organization*
32 *responsible for negotiating purse agreements for a live*
33 *thoroughbred racing meeting.*

34 ***(5) An exchange wagering licensee may only offer exchange***
35 *wagering on thoroughbred horse races, whether these*
36 *thoroughbred races are conducted within or outside of this state,*
37 *to persons whose primary residence address is in the*
38 *central/southern zone of this state if it has an exchange wagering*
39 *agreement with (A) the racing association or racing fair located*
40 *in the central/southern zone authorized by the board to conduct a*

1 *live thoroughbred racing meeting in accordance with the provisions*
2 *of Article 4 (commencing with Section 19480) at that time, or*
3 *during the calendar period, when the exchange wagering licensee*
4 *is offering exchange wagering to persons whose primary residence*
5 *is in the central/southern zone of this state, and (B) the horsemen's*
6 *organization responsible for negotiating purse agreements for a*
7 *live thoroughbred racing meeting.*

8 *(6) An exchange wagering licensee may only offer exchange*
9 *wagering on quarter horse races, whether these quarter horse*
10 *races are conducted within or outside of this state, to persons*
11 *whose primary residence address is in this state if it has an*
12 *exchange wagering agreement with (A) the racing association or*
13 *racing fair located in the state authorized by the board to conduct*
14 *a live quarter horse racing meeting in accordance with the*
15 *provisions of Article 4 (commencing with Section 19480) at that*
16 *time, or during the calendar period, when the exchange wagering*
17 *licensee is offering exchange wagering to persons whose primary*
18 *residence is this state, and (B) the horsemen's organization*
19 *responsible for negotiating purse agreements for the live quarter*
20 *horse racing meeting.*

21 *(7) An exchange wagering licensee may only offer exchange*
22 *wagering on standardbred horse races, whether these standardbred*
23 *horse races are conducted within or outside of this state, to persons*
24 *whose primary residence address is in this state if it has an*
25 *exchange wagering agreement with (A) the racing association or*
26 *racing fair located in the state authorized by the board to conduct*
27 *a live standardbred racing meeting in accordance with the*
28 *provisions of Article 4 (commencing with Section 19480) at that*
29 *time, or during the calendar period, when the exchange wagering*
30 *licensee is offering exchange wagering to persons whose primary*
31 *residence is this state, and (B) the horsemen's organization*
32 *responsible for negotiating purse agreements for the live*
33 *standardbred racing meeting.*

34 *(8) Exchange wagers are submitted to, and accepted by, an*
35 *exchange wagering licensee in person, by direct telephone call,*
36 *or by communication through other electronic media.*

37 *(c) A person shall not be permitted to open an exchange*
38 *wagering account, or place an exchange wager, except in*
39 *accordance with federal law, this section, and rules and regulations*
40 *promulgated by the board. Only natural persons with valid*

1 exchange wagering accounts may place wagers through an
2 exchange. To establish an exchange wagering account, a person
3 shall be at least 18 years of age and a resident of California or of
4 another jurisdiction within which the placement of exchange
5 wagers would not be unlawful under United States federal law or
6 the law of that jurisdiction.

7 (d) The board shall approve, as part of the exchange wagering
8 licensee's application for an exchange wagering license, security
9 policies and safeguards to ensure player protection and integrity,
10 including, but not limited to, provisions governing the acceptance
11 of electronic applications for persons establishing exchange
12 wagering accounts, location and age verification confirmation for
13 persons establishing exchange wagering accounts, the use of
14 identifying factors to ensure security of individual accounts, and
15 the requirements for management of funds in exchange wagering
16 accounts. An exchange wagering licensee may not accept a wager,
17 or series of wagers, if the results of the wager or wagers would
18 create a liability for the exchange wagering account holder that
19 is in excess of the funds on deposit in the exchange wagering
20 account of that holder.

21 (e) Notwithstanding any other law, rule, or regulation:

22 (1) The board shall have full power to prescribe rules,
23 regulations, and conditions under which exchange wagering may
24 be conducted in California consistent with this section, including
25 the manner in which exchange wagers may be accepted and the
26 requirements for any person to participate in exchange wagering.

27 (2) Prior to the board promulgating rules, regulations, and
28 conditions under which exchange wagering may be conducted in
29 California, the board shall consider studies or comments submitted
30 by interested parties on the impact of exchange wagering on
31 parimutuel betting and the economics of the California horse
32 racing industry to assist the board in developing rules, regulations,
33 and conditions for exchange wagering that are in the best interest
34 of the public and the California horse racing industry. The board
35 may set a time frame for comments and studies to be submitted by
36 interested parties and for the board to consider the studies and
37 comments so as to allow sufficient time, in the discretion of the
38 board, to allow for the promulgation of rules, regulations, and
39 conditions for exchange wagering and the issuance of licenses for
40 exchange wagering prior to May 1, 2012.

1 (3) Notwithstanding paragraph (1), the board shall adopt the
2 following rules:

3 (A) An owner, authorized agent, trainer, jockey, jockey's agent,
4 driver, or stable employee shall not place an exchange wager to
5 lay any entrant in a horse race that is owned in whole or part by
6 that owner or the owner represented by that authorized agent,
7 trained by that trainer or stable employee, ridden by that jockey
8 or the jockey represented by that jockey's agent, or driven by that
9 driver.

10 (B) No exchange wagers shall be placed on a market after the
11 conclusion of a live race. Exchange wagering on previously run
12 races is prohibited.

13 (C) The exchange wagering licensee shall provide a person
14 with information on the race, including the track where the race
15 will take place and the names of the participating horses before
16 the person may place an exchange wager.

17 (D) The exchange wagering licensee shall require the person
18 making the exchange wager to select the specific race and horse
19 for the wager. The use of automatic, quick-pick, or similar features
20 to aid in the placing of a wager shall be prohibited.

21 (E) The results of a wager shall not be displayed through the
22 use of video or mechanical reels or other slot machine or casino
23 game themes, including, but not limited to, dice games, wheel
24 games, card games, and lotto.

25 (4) The board shall have full power to prescribe rules,
26 regulations, and conditions under which all exchange wagering
27 licenses are issued or renewed in California, including requiring
28 an annual audit of the exchange wagering licensee's books and
29 records pertaining to exchange wagering, and to revoke, suspend,
30 or refuse to renew a license pursuant to the authority granted to
31 the board in this chapter.

32 (5) The board may reasonably require licensure or registration
33 of officers or directors of any exchange wagering licensee.

34 (6) The board may recover any costs associated with the
35 licensing or regulation of exchange wagering from the exchange
36 wagering licensee by imposing an assessment on the exchange
37 wagering licensee in an amount that does not exceed the
38 reasonable costs associated with the licensing or regulation of
39 exchange wagering. Funds received pursuant to this subdivision
40 shall be deposited in the Horse Racing Fund, to be available upon

1 *appropriation by the Legislature for the sole purpose of regulating*
2 *exchange wagering.*

3 *(f) (1) The board shall not approve an application for an*
4 *original or renewal license as an exchange wagering licensee*
5 *unless the entity, if requested in writing by a bona fide labor*
6 *organization no later than 90 days prior to licensing, has entered*
7 *into a contractual agreement with that labor organization that*
8 *provides all of the following:*

9 *(A) The labor organization has historically represented*
10 *employees who accept or process any form of wagering at the*
11 *nearest horse racing meeting located in California.*

12 *(B) The agreement establishes the method by which the exchange*
13 *wagering licensee will agree to recognize and bargain in good*
14 *faith with a labor organization which has demonstrated majority*
15 *status by submitting authorization cards signed by those employees*
16 *who accept or process any form of wagering for which a California*
17 *exchange wagering license is required.*

18 *(C) The agreement requires the exchange wagering licensee to*
19 *maintain its neutrality concerning the choice of those employees*
20 *who accept or process any form of wagering for which a California*
21 *exchange wagering license is required and whether or not to*
22 *authorize the labor organization to represent them with regard to*
23 *wages, hours, and other terms and conditions of employment.*

24 *(D) The agreement applies to those classifications of employees*
25 *who accept or process wagers for which a California exchange*
26 *wagering license is required whether the facility is located within*
27 *or outside of California.*

28 *(2) (A) The agreement required by paragraph (1) shall not be*
29 *conditioned by either party upon the other party agreeing to*
30 *matters outside the requirements of paragraph (1).*

31 *(B) The requirement in paragraph (1) shall not apply to an*
32 *exchange wagering licensee which has entered into a collective*
33 *bargaining agreement with a bona fide labor organization that is*
34 *the exclusive bargaining representative of employees who accept*
35 *or process parimutuel wagers on races for which an exchange*
36 *wagering license is required, whether the facility is located within*
37 *or outside of California.*

38 *(3) Permanent state or county employees and nonprofit*
39 *organizations that have historically performed certain services at*

1 county, state, or district fairs may continue to provide those
2 services.

3 (4) Parimutuel clerks employed by racing associations or fairs
4 or employees of exchange wagering licensees who accept or
5 process any form of wagers who are laid off due to lack of work
6 shall have preferential hiring rights for new positions with their
7 employer in occupations whose duties include accepting or
8 processing any form of wagers, or the operation, repair, service,
9 or maintenance of equipment that accepts or processes any form
10 of wagering at a racetrack, satellite wagering facility, or exchange
11 wagering licensee licensed by the board. The preferential hiring
12 rights established by this paragraph shall be conditioned upon the
13 employee meeting the minimum qualification requirements of the
14 new job.

15 (g) Notwithstanding any other law, rule, or regulation, an
16 exchange wagering licensee shall not be required to include any
17 pools of exchange wagers in the wagering pools at the racing
18 association or racing fair conducting the races, nor shall an
19 exchange wagering licensee be required to retain, withhold, or
20 take out any amounts from any exchange wagers, except as
21 expressly set forth in the applicable exchange wagering agreement.

22 (h) Subject to the approval of the board, an exchange wagering
23 licensee shall be permitted to collect exchange revenues in the
24 manner and amounts determined by the exchange wagering
25 licensee, including, but not limited to, assessing a surcharge on
26 any person's net winnings.

27 (i) Notwithstanding any other law, rule, or regulation, the board
28 shall require all of the following:

29 (1) Each exchange wagering licensee shall distribute all moneys
30 in each pool, net of any fees, charges, or deductions of any kind
31 assessed or collected by the exchange wagering licensee in
32 connection with matched wagers in that pool, at the conclusion of
33 the race or races associated with that pool.

34 (2) Each exchange wagering licensee shall distribute the
35 portions of the exchange wagering licensee's exchange revenues
36 as may be required pursuant to the exchange wagering agreement
37 pursuant to paragraphs (2) to (7), inclusive, of subdivision (b).

38 (3) Fifty percent of the amounts received by a racing association
39 or racing fair from exchange wagering shall be paid to horsemen
40 participating in the meetings conducted by that racing association

1 or racing fair in the form of purses. The allocation of amounts
2 received by a racing association or racing fair from exchange
3 wagering between that racing association or racing fair and the
4 horsemen participating in the meetings conducted by that racing
5 association or racing fair may be modified by a written agreement
6 between those entities.

7 (4) In addition to payments set forth in paragraphs (1) and (2),
8 each exchange wagering licensee shall distribute, on an annual
9 basis, an amount equal to the greater of (A) one hundred thousand
10 dollars (\$100,000), or (B) an amount equal to 0.001 multiplied by
11 the total amount of exchange revenues collected by the exchange
12 wagering licensee in that calendar year. The distribution shall be
13 made at the direction of the board pursuant to Section 19612.9.
14 This paragraph shall become inoperative on January 1, 2021, and,
15 as of that date, is repealed, unless a later enacted statute that is
16 enacted before January 1, 2021, deletes or extends that date.

17 (j) An exchange wagering licensee may cancel or allow to be
18 canceled any unmatched wagers, without cause, at any time.

19 (k) The board may prescribe rules governing when an exchange
20 wagering licensee may cancel or void a matched wager or part of
21 a matched wager, and the actions which an exchange wagering
22 licensee may take when all or part of a matched wager is canceled
23 or voided. The rules may include, but are not limited to, permitting
24 the exchange wagering licensee to place corrective wagers under
25 circumstances approved in the rules adopted by the board.
26 Exchange wagers placed on a market after the start of a race shall
27 be lawful if authorized by the board, racing association, or racing
28 fair conducting the races, and the horsemen's organization
29 responsible for negotiating purse agreements for the breed on
30 which the exchange wager is made.

31 (l) The provisions of this section shall be deemed to be severable,
32 and if any phrase, clause, sentence, or provision of this section is
33 declared to be unconstitutional or the applicability thereof to any
34 person is held invalid, the remainder of this section shall not
35 thereby be deemed to be unconstitutional or invalid.

36 (m) The board shall promulgate administrative rules and
37 regulations to effectuate the purposes of this section.

38 (n) No exchange wagering licensee may accept exchange wagers
39 pursuant to this section prior to May 1, 2012.

1 ~~SECTION 1.~~

2 ~~SEC. 6.~~ Section 19605.73 of the Business and Professions Code
3 is amended to read:

4 19605.73. (a) Thoroughbred racing associations, fairs, and the
5 organization responsible for contracting with thoroughbred racing
6 associations and fairs with respect to the conduct of racing
7 meetings, may form a private, statewide marketing organization
8 to market and promote thoroughbred and fair horse racing,
9 including, but not limited to, establishment and maintenance of an
10 Internet Web site featuring California thoroughbred and fair racing,
11 the establishment and administration of players incentive programs
12 for those who wager on thoroughbred association and fair races,
13 and promotional activities at satellite wagering facilities to increase
14 their attendance and handle. While the promotional activities at
15 satellite wagering facilities shall be funded by the marketing
16 organization, they shall be implemented and coordinated by
17 representatives of the satellite wagering facilities and the
18 thoroughbred racing associations or fair then conducting a live
19 race meet. The organization shall consist of the following members:
20 two members, one from the northern zone and one from the
21 combined central and southern zones, appointed by the
22 thoroughbred racetracks; two members, one from the northern
23 zone and one from the combined central and southern zones,
24 appointed by the owners' organization responsible for contracting
25 with associations and fairs with respect to the conduct of racing
26 meetings; and two members, one from the northern zone and one
27 from the combined central and southern zones, appointed by the
28 organization representing racing and satellite fairs.

29 (b) The marketing organization formed pursuant to subdivision
30 (a) shall, by November 1 of each year, submit a written report to
31 the board on a statewide marketing and promotion plan for the
32 upcoming calendar year. In addition, the organization shall annually
33 present to the board at the board's November meeting a verbal
34 report on the statewide marketing and promotion plan for the
35 upcoming calendar year. The plan shall be implemented as
36 determined by the organization. The organization shall receive
37 input from all interested industry participants and may utilize
38 outside consultants.

39 (c) In addition to the distributions specified in subdivisions (a)
40 and (b) of Section 19605.7, subdivisions (a) and (b) of Section

19605.71, and Section 19605.72, for thoroughbred and fair meetings only, from the amount that would normally be available for commissions and purses, an amount not to exceed 0.25 percent of the total amount handled by each satellite wagering facility shall be distributed to the marketing organization formed pursuant to subdivision (a) for the purposes set forth therein. The amounts initially distributed to the marketing organization formed pursuant to subdivision (a) shall be 0.2 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. The amount distributable to the marketing organization may be adjusted by the board, in its discretion. However, the adjusted amounts may not exceed an aggregate of 0.25 percent of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only. Any of the promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount. Any of the promotion funds that are not expended in the year in which they are collected may be expended in the following year. If promotion funds expended in any one year exceed the amount collected for that year, the funds expended in the following year shall be reduced by the excess amount. The marketing organization, on a quarterly basis, shall submit to the board a written report that accounts for all receipts and expenditures of the promotion funds for the previous three months.

(d) This section shall remain in effect only until January 1, 2014, and, as of that date, is repealed, unless a later enacted statute that is enacted before January 1, 2014, deletes or extends that date. Any moneys held by the organization shall, in the event this section is repealed, be distributed to the organization formed pursuant to Section 19608.2, for purposes of that section.

SEC. 7. Section 19605.74 is added to the Business and Professions Code, to read:

19605.74. For every year that the organization operating the Breeders' Cup Championship series chooses to conduct the Breeders' Cup at a race meeting in California, the following, notwithstanding any other provision of law, shall apply to the race meeting conducting the Breeders' Cup races on days during which Breeders' Cup races are conducted:

1 (a) *The amounts that would have otherwise been distributed to*
2 *a purse account pursuant to subdivisions (a), (b), (c), and (d) of*
3 *Section 19601.02 shall be made available for the purpose of*
4 *promoting and sponsoring the Breeders' Cup.*

5 (b) *The thoroughbred racing association hosting the Breeders'*
6 *Cup shall enter into a written agreement, in consultation and*
7 *cooperation with the California Tourism Commission and the*
8 *statewide marketing organization formed pursuant to Section*
9 *19605.73, with the organization that operates the Breeders' Cup*
10 *regarding the manner in which the funds set-aside to support and*
11 *promote the Breeders' Cup are to be expended.*

12 (c) *Within 90 days after the holding of each Breeders' Cup, a*
13 *written report shall be made to the board detailing the manner in*
14 *which the set aside funds were utilized to promote and support the*
15 *Breeders' Cup.*

16 ~~SEC. 2.~~

17 SEC. 8. Section 19642.1 is added to the Business and
18 Professions Code, to read:

19 19642.1. In addition to the distributions specified in Sections
20 19605.7, 19605.71, and 19605.72, from the amounts that would
21 normally be available for commissions and purses from wagering
22 on all breeds, an amount not to exceed 0.05 percent of the total
23 amount handled by each satellite wagering facility shall be
24 distributed to the nonprofit organization designated by the board
25 for purposes of maintaining a database of horseracing information
26 to further the purposes of Section 19444. The amount distributable
27 to the nonprofit organization *initially shall be 0.05 percent of the*
28 *total amount handled by each satellite wagering facility and may*
29 be adjusted by the board, in its discretion. The nonprofit
30 organization shall annually submit its budget for the ensuing
31 calendar year to the board at its November meeting and shall file
32 quarterly financial statements with the board.

33 SEC. 9. *No reimbursement is required by this act pursuant to*
34 *Section 6 of Article XIII B of the California Constitution because*
35 *the only costs that may be incurred by a local agency or school*
36 *district will be incurred because this act creates a new crime or*
37 *infraction, eliminates a crime or infraction, or changes the penalty*
38 *for a crime or infraction, within the meaning of Section 17556 of*
39 *the Government Code, or changes the definition of a crime within*

- 1 *the meaning of Section 6 of Article XIII B of the California*
- 2 *Constitution.*

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AMENDED IN SENATE AUGUST 31, 2010

AMENDED IN SENATE AUGUST 20, 2010

AMENDED IN SENATE AUGUST 17, 2010

AMENDED IN SENATE JUNE 22, 2010

AMENDED IN ASSEMBLY APRIL 15, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2414

Introduced by Assembly Member John A. Pérez

February 19, 2010

An act to add Sections 19601.02 and 19605.74 to, and to add Article 9.1 (commencing with Section 19604.5) to Chapter 4 of Division 8 of, the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately. An act to add Section 19604.7 to, and to repeal Article 9.1 (commencing with Section 19604.5) of Chapter 4 of Division 8 of, the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2414, as amended, John A. Pérez. Horse racing: thoroughbred racing: Breeders' Cup: wagering deduction: promotion: exchange wagering.

SB 1072 of the 2009–10 Regular Session would enact provisions relating to exchange wagering, as defined.

This bill would make those provisions inoperative on May 1, 2016, and would repeal them on January 1, 2017.

This bill would become operative only if SB 1072 of the 2009–10 Regular Session is enacted and this bill is enacted last.

~~(1) Existing law authorizes a thoroughbred association or fair, subject to approval by the California Horse Racing Board, to deduct from the parimutuel pool for any type of wager, a specified percentage for the meeting of the thoroughbred association or fair that accepts the wager.~~

~~This bill would require every thoroughbred association or fair that conducts a live race meeting to deduct an additional 2% of the total amount handled on exotic wagers requiring the selection of 2 wagering interests, and 3% on exotic wagers requiring the selection of 3 or more wagering interests. The bill would require that these funds be distributed into the purse account of the meet conducting racing in the zones in which the wager was placed, to be used to augment overnight purses.~~

~~This bill would require any thoroughbred racing association or fair that authorizes betting systems located outside of this state to accept wagers on a race to retain from the total amount received from the out-of-state betting system, less certain specified deductions made pursuant to existing law, the incremental amount received as a result of the 2% or 3% takeout on exotic wagers required by this bill, for distribution as overnight purses. This bill would require that the method utilized to determine the incremental amount received as a result of the takeout increase be established by agreement between the various affected thoroughbred racing associations and fairs, and horsemen's organizations. If these groups are unable to agree as to the method of determining the incremental amount received, this bill would require the board to determine the allocation method after holding a hearing.~~

~~The bill would provide that these new provisions would become operative on December 24, 2010.~~

~~For a thoroughbred association hosting the Breeders' Cup Championship series, this bill would require the amounts collected pursuant to the above provisions requiring that 2% or 3% be deducted from the amount handled on exotic wagers be set aside for the purpose of promoting and sponsoring the Breeders' Cup. The bill would require the thoroughbred racing association hosting the Breeders' Cup to enter into an agreement with the organization that operates the Breeders' Cup regarding the expenditure of the funds, as provided, and would require a written report be made to the board regarding how the funds were utilized.~~

~~(2) Existing law provides that the California Horse Racing Board shall have all powers necessary to carry out the purposes of the Horse~~

Racing Law, such as adopting rules and regulations to protect the public, allocating dates for, and controlling horse racing and parimutuel wagering, and enforcing all rules and regulations.

This bill would authorize exchange wagering, defined by the bill as a form of parimutuel wagering in which 2 or more persons place identically opposing wagers in a given market, provided that the entity offering exchange wagering is licensed by the board and has entered into an exchange wagering agreement between the licensee, the applicable racing association or fair conducting live racing, and the horsemen's organization responsible for negotiated purse agreements for the breed on which exchange wagers are accepted, as provided.

The bill would invest the board with the full power to prescribe rules, regulations, and conditions under which exchange wagering may be conducted in California, except that the bill would require the board to develop rules that prohibit certain persons associated with an entrant in a particular race from placing an exchange wager on a race involving that entrant, that prohibit the placing of exchange wagers on previously run races, that require the exchange wagering licensee to provide information to the person placing the wager, that prohibit the use of automatic or quick picks to place an exchange wager, and that prohibit the displaying of the results of a wager using casino themes, as provided.

The bill would allow the board to recover any costs associated with the licensing and regulation of exchange wagering by imposing an assessment on the licensee. The bill would require that these funds be deposited in the Horse Racing Fund, to be available upon appropriation by the Legislature for the sole purpose of regulating exchange wagering.

(3) Existing law provides that unclaimed refunds from horse racing are to be distributed to an organization that is responsible for negotiating business agreements on behalf of horsemen, to be held in trust for the purpose of negotiating an agreement with a jockeys organization to provide health and welfare benefits to California licensed jockeys. Existing law requires that the funds held in trust shall not exceed \$450,000.

Pursuant to the above provision, this bill would require each exchange wagering licensee to annually distribute the greater of \$100,000, or an amount equal to 0.001 multiplied by the total amount of exchange revenue collected by the licensee in that year to be used for the purposes specified above.

~~By imposing new requirements under the Horse Racing Law, the violation of which would be a crime, this bill would create new crimes and would thereby impose a state-mandated local program.~~

~~This bill would also authorize the board to require that a percentage of the takeout that is attributable to the Breeders' Cup races that otherwise would not have been generated absent the Breeders' Cup races occurring in this state be made available to support the statewide marketing organization and the state horse racing industry.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote: $\frac{2}{3}$ -majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~yes~~-no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 19604.7 is added to the Business and
- 2 Professions Code, to read:
- 3 19604.7. This article shall become inoperative on May 1, 2016,
- 4 and, as of January 1, 2017, is repealed, unless a later enacted
- 5 statute, that becomes operative on or before January 1, 2017,
- 6 deletes or extends the dates on which it becomes inoperative and
- 7 is repealed.
- 8 SEC. 2. Section 1 of this act shall become operative only if SB
- 9 1072 of the 2009–10 Regular Session is enacted, that bill adds
- 10 Article 9.1 (commencing with Section 19604.5) to Chapter 4 of
- 11 Division 8 of the Business and Professions Code, and this bill is
- 12 enacted last.

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**All matter omitted in this version of the bill
appears in the bill as amended in the
Senate, August 20, 2010. (JR11)**

O

CA Authority of Racing Fairs
Legislative Report - Last 10 Days
8/27/2010

[AB 605](#) (Portantino) Alcoholic beverages: instructional tasting events. (A-08/02/2010 [html](#) [pdf](#))

Status: 08/26/2010-From committee: With recommendation: That Senate amendments be concurred in. (Ayes 18. Noes 0.) (August 26).

Current Location: 08/19/2010-A CONCURRENCE

Calendar Events: 08/27/10 38 ASM UNFINISHED BUSINESS CONCURRENCE IN SENATE AMENDMENTS

Digest: The Alcoholic Beverage Control Act contains various provisions regulating the application for, the issuance of, the suspension of, and the conditions imposed upon, alcoholic beverage licenses by the Department of Alcoholic Beverage Control. Existing law provides for various annual fees for the issuance of alcoholic beverage licenses depending upon the type of license issued. The Alcoholic Beverage Control Act provides that a violation of its provisions is a misdemeanor, unless otherwise specified. This bill would authorize the department to issue to the holder of any off-sale retail license an instructional tasting license that would allow the licenseholder to allow an authorized licensee, as defined, or designated representative of that licensee, to conduct, on a designated portion of, or contiguous to, an existing licensed premises, an instructional *tasting* event at which tastes of alcoholic beverages may be served to consumers, as provided. The bill would impose an original fee of \$300 and an annual renewal fee of \$261 for the license, which would be deposited in the Alcohol Beverage Control Fund. ~~By expanding~~ *Because the violation of a specified provision of the instructional tasting license by a licensee or by a person under 21 years of age is punishable as a misdemeanor, the bill both creates a new crime and expands the definition of a* ~~an existing crime, this bill would create thereby creating a state-mandated local program.~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

Laws: An act to add Sections 23396.6 and 25503.56 to the Business and Professions Code, relating to alcoholic beverages.

History:

Aug. 26 From committee: With recommendation: That Senate amendments be concurred in. (Ayes 18. Noes 0.) (August 26).

Aug. 25 Joint Rule 62(a), file notice suspended.

Aug. 19 Re-referred to Com. on G.O. pursuant to Assembly Rule 77.2.

Aug. 18 Read third time, passed, and to Assembly. (Ayes 27. Noes 6. Page 4591.)

Aug. 18 In Assembly. Concurrence in Senate amendments pending. May be considered on or after August 20 pursuant to Assembly Rule 77.

Aug. 4 Read second time. To third reading.

Aug. 3 From committee: Do pass. (Ayes 8. Noes 1.) (August 2).

Aug. 2 From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on APPR.

June 28 Read second time and amended. Re-referred to Com. on APPR.

June 24 From committee: Amend, do pass as amended, and re-refer to Com. on APPR. (Ayes 8. Noes 1.) (June 23).

June 10 Re-referred to Com. on G.O.

June 9 Read second time. To third reading. Re-referred to Com. on RLS. pursuant to Senate Rule 29.10(c).

June 7 Read third time, amended. To second reading.

June 3 Read second time. To third reading.

June 2 From inactive file. To second reading.

Aug. 24 To inactive file on motion of Senator Yee.

Aug. 19 Read second time. To third reading.

Aug. 18 From committee: Be placed on second reading file pursuant to Senate Rule 28.8.

July 8 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 10. Noes 0.) (July 8).

June 4 Referred to Com. on G.O.

May 21 Read third time, passed, and to Senate. (Ayes 76. Noes 1. Page 1625.)

May 21 In Senate. Read first time. To Com. on RLS. for assignment.

May 18 Read second time. To third reading.

May 14 From committee: Do pass. (Ayes 16. Noes 0.) (May 13).

May 4 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 16. Noes 0.) (April 30).

Mar. 16 Referred to Com. on G.O.

Feb. 26 From printer. May be heard in committee March 28.

Feb. 25 Read first time. To print.

Organization

CARF

Priority

End of Session

AB 1659 (Huber) **State government: agency repeals.** (E-08/24/2010 [html](#) [pdf](#))

Status: 08/24/2010-Assembly Rule 77 suspended. Senate amendments concurred in. To enrollment.

Current Location: 08/24/2010-A ENROLLMENT

Digest: Existing law establishes the Joint Committee on Boards, Commissions, and Consumer Protection and, until January 1, 2012, requires the committee to hold public hearings at specified times and to evaluate whether a board or regulatory program has demonstrated a need for its continued existence. Existing law states the intent of the Legislature that all existing and proposed state boards be subject to review every 4 years to evaluate and determine whether each has demonstrated a public need for its continued existence, as specified.

This bill would create the Joint Sunset Review Committee to identify and eliminate

waste, duplication, and inefficiency in government agencies and to conduct a comprehensive analysis of every "eligible agency," as defined, to determine if the agency is still necessary and cost effective. The bill would define an "eligible agency" as an entity of state government, however denominated, for which a date for repeal has been established by statute on or after January 1, 2011. The bill would require each eligible agency scheduled for repeal to submit a report to the committee containing specified information. The bill would require the committee to take public testimony and evaluate the eligible agency prior to the date the agency is scheduled to be repealed, and would require that an eligible agency be eliminated unless the Legislature enacts a law to extend, consolidate, or reorganize the agency. The bill would specify the composition of the committee, which would be appointed by the ~~President pro Tempore of the Senate~~ *Committee on Rules* and the Speaker of the Assembly, and certain aspects of its operating procedure.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to add Article 7.5 (commencing with Section 9147.7) to Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government Code, relating to state government.

History:

Aug. 24 Assembly Rule 77 suspended. Senate amendments concurred in. To enrollment.

Aug. 23 Read third time, passed, and to Assembly. (Ayes 33. Noes 0.)

Aug. 23 In Assembly. Concurrence in Senate amendments pending. May be considered on or after August 25 pursuant to Assembly Rule 77.

Aug. 17 Read second time. To third reading.

Aug. 16 From committee: Do pass. (Ayes 11. Noes 0.) (August 12). Received August 13 pursuant to JR 61(b)(14).

Aug. 2 In committee: Set, first hearing. Referred to APPR suspense file.

July 15 From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on RLS. Withdrawn from committee. Re-referred to Com. on APPR.

June 22 From committee: Do pass, and re-refer to Com. on RLS. Re-referred. (Ayes 6. Noes 0.) (June 21).

June 10 Referred to Coms. on B., P. & E.D. and RLS.

June 7 In Senate. Read first time. To Com. on RLS. for assignment.

June 3 Assembly Rule 69(d) suspended. (Page 5549.) Read third time, passed, and to Senate. (Ayes 73. Noes 3. Page 5551.)

June 2 Read third time, amended, and returned to third reading. (Page 5447.).

May 28 From committee: Do pass. (Ayes 17. Noes 0.) (May 28). Read second time. To third reading.

May 5 In committee: Set, second hearing. Referred to APPR. suspense file.

Apr. 29 Re-referred to Com. on APPR.

Apr. 28 From committee chair, with author's amendments: Amend, and re-refer to Com. on APPR. Read second time and amended.

Apr. 21 In committee: Set, first hearing. Hearing canceled at the request of author.

Apr. 8 Re-referred to Com. on APPR.

Apr. 7 Read second time and amended.

Apr. 6 From committee: Amend, do pass as amended, and re-refer to Com. on APPR.
 (Ayes 11. Noes 0.) (April 6).
 Feb. 4 Referred to Com. on B. & P.
 Jan. 20 From printer. May be heard in committee February 19.
 Jan. 19 Read first time. To print.

Organization
 CARF

AB 1753 (Hall) Slot machines. (E-08/25/2010 [html](#) [pdf](#))

Status: 08/25/2010-Enrolled and to the Governor at 2:50 p.m.

Current Location: 08/25/2010-A ENROLLED

Digest: Existing law, subject to exceptions, generally prohibits the possession and use of a "slot machine or device" as defined, and prohibits certain other acts and transactions pertaining to slot machines or devices. Existing law provides varying definitions of "slot machine or device" for these purposes. Violations of these provisions are punishable by varying misdemeanor penalties.

This bill would increase those misdemeanor penalties to provide that a first offense under these provisions would be punishable by a fine of not less than \$500 nor more than \$1,000, or by imprisonment in a county jail not exceeding 6 months, or by both that fine and imprisonment, that a 2nd offense would be punishable by a fine of not less than \$1,000 nor more than \$10,000, or by imprisonment in a county jail not exceeding 6 months, or by both that fine and imprisonment, and that a 3rd or subsequent offense would be punishable by a fine of not less than \$10,000, nor more than \$25,000, or by imprisonment in a county jail not exceeding one year, or by both that fine and imprisonment. The bill would also provide that if the offense involved more than one machine or more than one location, an additional fine of not less than \$1,000 nor more than \$5,000 would be imposed per machine and per location.

By increasing the penalties for existing crimes, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Laws: An act to amend Sections 330a, 330b, and 330.1 of the Penal Code, relating to slot machines.

History:

Aug. 25 Enrolled and to the Governor at 2:50 p.m.
 Aug. 9 Read third time, passed, and to Assembly. (Ayes 34. Noes 0. Page 4409.)
 Aug. 9 In Assembly. To enrollment. (Corrected August 16.)
 Aug. 4 Ordered to Special Consent Calendar.
 Aug. 3 Read second time. To third reading.
 Aug. 2 From committee: Be placed on second reading file pursuant to Senate Rule 28.8.

June 22 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 7. Noes 0.) (June 22).
 June 3 Referred to Com. on PUB. S.
 May 20 Read third time, passed, and to Senate. (Ayes 71. Noes 0. Page 5247.)
 May 20 In Senate. Read first time. To Com. on RLS. for assignment.
 May 17 Read second time. To third reading.
 May 13 From committee: Do pass. (Ayes 15. Noes 0.) (May 12).
 Apr. 22 From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 21. Noes 0.) (April 21).
 Apr. 15 Re-referred to Com. on G.O.
 Apr. 14 From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.
 Feb. 18 Referred to Com. on G.O.
 Feb. 9 From printer. May be heard in committee March 11.
 Feb. 8 Read first time. To print.

Organization
 CARF

AB 1765 (Solario) **Public employment: furloughs.** (E-08/24/2010 [html](#) [pdf](#))

Status: 08/24/2010-In Assembly. To enrollment.

Current Location: 08/24/2010-A ENROLLMENT

Digest: Existing law states that it is the policy of the state that the workweek of the state employee shall be 40 hours, and the workday of state employees 8 hours, except that workweeks and workdays of a different number of hours may be established in order to meet the varying needs of the different state agencies. Executive ~~Orders~~ Order Nos. S-16-08 and S-13-09 imposed 3 unpaid furlough days on state employees. This bill would prohibit a state employee from being furloughed when the unemployment rate in California during the previous month reached or exceeded 8.5%, and the ~~employee works for a program that is 100% employee's position is at least 95%~~ funded by the federal government, performs services that combat the state's recession, and works for the California Unemployment Insurance Appeals Board or the Employment Development Department. *The bill would also make related findings and declarations.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to add Section 19851.5 to the Government Code, relating to public employment.

History:

Aug. 24 Read third time, passed, and to Assembly. (Ayes 24. Noes 9.)
 Aug. 24 In Assembly. To enrollment.
 Aug. 17 Read second time. To third reading.
 Aug. 16 From committee: Do pass. (Ayes 7. Noes 4.) (August 12). Received August 13 pursuant to Joint Rule 61(b)(14)

July 15 In committee: Placed on APPR suspense file.
 June 29 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 4. Noes 2.) (June 28).
 June 10 Referred to Com. on P.E. & R.
 June 1 Read third time, passed, and to Senate. (Ayes 55. Noes 14. Page 5401.)
 June 1 In Senate. Read first time. To Com. on RLS. for assignment.
 May 28 From committee: Do pass. (Ayes 12. Noes 5.) (May 28). Read second time. To third reading.
 Apr. 21 In committee: Set, first hearing. Referred to APPR. suspense file.
 Apr. 7 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 4. Noes 0.) (April 7).
 Mar. 15 Re-referred to Com. on P.E.,R. & S.S.
 Mar. 11 From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E.,R. & S.S. Read second time and amended.
 Feb. 18 Referred to Com. on P.E.,R. & S.S.
 Feb. 10 From printer. May be heard in committee March 12.
 Feb. 9 Read first time. To print.

Organization

CARF

AB 2201 (Coto) **Horse racing: harness racing: the Cane Pace.** (E-08/20/2010 [html](#) [pdf](#))

Status: 08/18/2010-In Assembly. To enrollment.

Current Location: 08/18/2010-A ENROLLMENT

Digest: Existing law provides that the California Horse Racing Board may authorize a California harness racing association conducting a live racing meeting to accept wagers on the full card of races conducted by another racing association on the day that other association conducts the Breeder's Crown Stakes, the Meadowlands Pace, the Hambletonian, the Kentucky Futurity, or the North American Cup. This bill would authorize the board to permit a California harness racing association conducting a live racing meeting to accept wagers on the full card of races conducted by another racing association on the day that other association conducts the Cane Pace. The bill would also make technical, nonsubstantive changes.

Laws: An act to amend Section 19596 of the Business and Professions Code, relating to horse racing.

History:

Aug. 18 Read third time, passed, and to Assembly. (Ayes 34. Noes 0. Page 4598.)
 Aug. 18 In Assembly. To enrollment.
 Aug. 5 From Consent Calendar. Ordered to third reading.
 Aug. 3 Read second time. To Consent Calendar.
 Aug. 2 From committee: Be placed on second reading file pursuant to Senate Rule 28.8 and to Consent Calendar.
 June 30 From committee: Do pass, and re-refer to Com. on APPR with recommendation: To Consent Calendar. Re-referred. (Ayes 8. Noes 0.) (June 29).

May 27 Referred to Com. on G.O.
 May 13 Read third time, passed, and to Senate. (Ayes 74. Noes 0. Page 5144.)
 May 13 In Senate. Read first time. To Com. on RLS. for assignment.
 May 10 Read second time. To third reading.
 May 6 From committee: Do pass. (Ayes 17. Noes 0.) (May 5).
 Apr. 22 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 22. Noes 0.) (April 21).
 Apr. 19 Re-referred to Com. on G.O.
 Apr. 15 From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.
 Apr. 5 Re-referred to Com. on G.O.
 Mar. 25 Referred to Com. on G.O. From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.
 Feb. 21 From printer. May be heard in committee March 23.
 Feb. 18 Read first time. To print.

Organization
CARF

AB 2215 (Fuentes) Horse racing: advance deposit wagering: minisatellite wagering facilities.

(E-08/24/2010 [html](#) [pdf](#))

Status: 08/19/2010-Assembly Rule 77 suspended. Senate amendments concurred in. To enrollment.

Current Location: 08/19/2010-A ENROLLMENT

Digest: Existing law authorizes advance deposit wagering to be conducted, with the approval of the California Horse Racing Board. Existing law requires the board to develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for advance deposit wagering providers operating in California. Existing law authorizes a racing association, a fair, or a satellite wagering facility to enter into an agreement with an advance deposit wagering provider to accept and facilitate the placement of any wager at its facility that a California resident could make through that advance deposit wagering provider.

This bill would authorize a minisatellite wagering facility to enter into an agreement with an advance deposit wagering provider to accept and facilitate the placement of any wager at its facility that a California resident could make through that advance deposit wagering provider. The bill would specify that the board must develop and adopt rules to license and regulate advance deposit wagering activity that takes place in a minisatellite wagering facility. The bill would authorize the board to recover any costs associated with the licensing or regulation of advance deposit wagering activity in a minisatellite wagering facility, as provided.

Laws: An act to amend Section 19604 of the Business and Professions Code, relating to horse racing.

History:

Aug. 19 Assembly Rule 77 suspended. Senate amendments concurred in. To

enrollment.

Aug. 18 Read third time, passed, and to Assembly. (Ayes 32. Noes 0. Page 4598.)
 Aug. 18 In Assembly. Concurrence in Senate amendments pending. May be considered on or after August 20 pursuant to Assembly Rule 77.
 Aug. 5 Read second time and amended. Ordered to third reading.
 Aug. 4 From committee: Amend, and do pass as amended. (Ayes 9. Noes 0.) (August 2).
 June 30 From committee: Do pass, and re-refer to Com. on APPR with recommendation: To Consent Calendar. Re-referred. (Ayes 8. Noes 0.) (June 29).
 June 24 From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on G.O.
 June 10 Referred to Com. on G.O.
 June 3 In Senate. Read first time. To Com. on RLS. for assignment.
 June 2 Read third time, passed, and to Senate. (Ayes 73. Noes 0. Page 5463.)
 June 1 Read second time. To third reading.
 May 28 From committee: Amend, and do pass as amended. (Ayes 17. Noes 0.) (May 28).
 Read second time and amended. Ordered returned to second reading.
 May 12 In committee: Set, first hearing. Referred to APPR. suspense file.
 Apr. 29 Re-referred to Com. on APPR.
 Apr. 28 Read second time and amended.
 Apr. 27 From committee: Amend, do pass as amended, and re-refer to Com. on APPR. (Ayes 21. Noes 0.) (April 21).
 Mar. 11 Referred to Com. on G.O.
 Feb. 19 From printer. May be heard in committee March 21.
 Feb. 18 Read first time. To print.

Organization

CARF

AB 2414 (John A. Perez) Horse racing: thoroughbred racing: Breeders' Cup: wagering deduction: promotion: exchange wagering. (A-08/20/2010 [html](#) [pdf](#))
Status: 08/23/2010-Read second time. To third reading. Re-referred to Com. on RLS. pursuant to Senate Rule 29.10(c).
Current Location: 08/23/2010-S THIRD READING

Digest: ~~Existing~~

(1) *Existing* law authorizes a thoroughbred association or fair, subject to approval by the California Horse Racing Board, to deduct from the parimutuel pool for any type of wager, a specified percentage for the meeting of the thoroughbred association or fair that accepts the wager.

~~This bill would authorize a thoroughbred association hosting Breeders' Cup races, upon approval of the board, and with the written agreement of the thoroughbred association and the horsemen's organization, to deduct from the total amount handled in the parimutuel pool for any type of wager made during the days on which Breeders' Cup races are held an amount of not less than 10% nor more than 25%. The bill would require the amount deducted to be distributed as prescribed in the Horse Racing Law. Existing law permits racing associations, fairs, and the organization responsible for contracting with racing associations and fairs with respect to the conduct of racing~~

~~meetings, to form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, and to obtain, provide, or defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers.~~

~~This bill would, for every year that the organization operating the Breeders' Cup Championship series chooses to conduct the Breeders' Cup Championship series of races in California, require the statewide marketing organization to enter into an agreement, in consultation and cooperation with the California Tourism Commission, with the organization that operates the Breeders' Cup Championship series to sponsor and promote the Breeders' Cup Championship series of races. The bill would require the agreement to provide for assistance with a minimum value of \$2,000,000 annually in support of the organization operating the Breeders' Cup Championship series and to promote the Breeders' Cup Championship series. By~~

This bill would require every thoroughbred association or fair that conducts a live race meeting to deduct an additional 2% of the total amount handled on exotic wagers requiring the selection of 2 wagering interests, and 3% on exotic wagers requiring the selection of 3 or more wagering interests. The bill would require that these funds be distributed into the purse account of the meet conducting racing in the zones in which the wager was placed, to be used to augment overnight purses.

This bill would require any thoroughbred racing association or fair that authorizes betting systems located outside of this state to accept wagers on a race to retain from the total amount received from the out-of-state betting system, less certain specified deductions made pursuant to existing law, the incremental amount received as a result of the 2% or 3% takeout on exotic wagers required by this bill, for distribution as overnight purses. This bill would require that the method utilized to determine the incremental amount received as a result of the takeout increase be established by agreement between the various affected thoroughbred racing associations and fairs, and horsemen's organizations. If these groups are unable to agree as to the method of determining the incremental amount received, this bill would require the board to determine the allocation method after holding a hearing.

The bill would provide that these new provisions would become operative on December 24, 2010. For a thoroughbred association hosting the Breeders' Cup Championship series, this bill would require the amounts collected pursuant to the above provisions requiring that 2% or 3% be deducted from the amount handled on exotic wagers be set aside for the purpose of promoting and sponsoring the Breeders' Cup. The bill would require the thoroughbred racing association hosting the Breeders' Cup to enter into an agreement with the organization that operates the Breeders' Cup regarding the expenditure of the funds, as provided, and would require a written report be made to the board regarding how the funds were utilized.

(2) Existing law provides that the California Horse Racing Board shall have all powers necessary to carry out the purposes of the Horse Racing Law, such as adopting rules and regulations to protect the public, allocating dates for, and controlling horse racing and parimutuel wagering, and enforcing all rules and regulations.

This bill would authorize exchange wagering, defined by the bill as a form of parimutuel wagering in which 2 or more persons place identically opposing wagers in a given market, provided that the entity offering exchange wagering is licensed by the board and has entered into an exchange wagering agreement between the licensee, the applicable racing association or fair conducting live racing, and the horsemen's organization responsible for negotiated purse agreements for the breed on which exchange wagers are accepted, as provided.

The bill would invest the board with the full power to prescribe rules, regulations, and

conditions under which exchange wagering may be conducted in California, except that the bill would require the board to develop rules that prohibit certain persons associated with an entrant in a particular race from placing an exchange wager on a race involving that entrant, that prohibit the placing of exchange wagers on previously run races, that require the exchange wagering licensee to provide information to the person placing the wager, that prohibit the use of automatic or quick picks to place an exchange wager, and that prohibit the displaying of the results of a wager using casino themes, as provided.

The bill would allow the board to recover any costs associated with the licensing and regulation of exchange wagering by imposing an assessment on the licensee. The bill would require that these funds be deposited in the Horse Racing Fund, to be available upon appropriation by the Legislature for the sole purpose of regulating exchange wagering.

(3) Existing law provides that unclaimed refunds from horse racing are to be distributed to an organization that is responsible for negotiating business agreements on behalf of horsemen, to be held in trust for the purpose of negotiating an agreement with a jockeys organization to provide health and welfare benefits to California licensed jockeys. Existing law requires that the funds held in trust shall not exceed \$450,000.

Pursuant to the above provision, this bill would require each exchange wagering licensee to annually distribute the greater of \$100,000, or an amount equal to 0.001 multiplied by the total amount of exchange revenue collected by the licensee in that year to be used for the purposes specified above.

By imposing new requirements under the Horse Racing Law, the violation of which would be a crime, this bill would create new crimes and would thereby impose a state-mandated local program.

This bill would also authorize the board to require that a percentage of the takeout that is attributable to the Breeders' Cup races that otherwise would not have been generated absent the Breeders' Cup races occurring in this state be made available to support the statewide marketing organization and the state horse racing industry.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ~~majority~~ 2/3 . Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

Laws: An act to add Sections 19601.02 and 19605.74 to, and to add Article 9.1 (commencing with Section 19604.5) to Chapter 4 of Division 8 of, the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.

History:

Aug. 23 Read second time. To third reading. Re-referred to Com. on RLS. pursuant to Senate Rule 29.10(c).

Aug. 20 Read third time, amended. To second reading.

Aug. 17 Read second time and amended. Ordered to third reading.

Aug. 16 From committee: Amend, and do pass as amended. (Ayes 11. Noes 0.) (August 12).

Aug. 2 In committee: Set, first hearing. Referred to APPR suspense file.
 June 30 From committee: Do pass, and re-refer to Com. on APPR with recommendation: To Consent Calendar. Re-referred. (Ayes 8. Noes 0.) (June 29).
 June 22 From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on G.O. (Corrected June 30.)
 June 10 Referred to Com. on G.O.
 June 1 Read third time, passed, and to Senate. (Ayes 74. Noes 1. Page 5398.)
 June 1 In Senate. Read first time. To Com. on RLS. for assignment.
 May 28 From committee: Do pass. (Ayes 17. Noes 0.) (May 28). Read second time. To third reading.
 May 19 In committee: Set, first hearing. Referred to APPR. suspense file.
 May 5 In committee: Hearing postponed by committee.
 Apr. 22 From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 21. Noes 0.) (April 21).
 Apr. 19 Re-referred to Com. on G.O.
 Apr. 15 From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.
 Mar. 11 Referred to Com. on G.O.
 Feb. 22 Read first time.
 Feb. 21 From printer. May be heard in committee March 23.
 Feb. 19 Introduced. To print.

Organization
 CARF

Priority
 End of Session

AB 2792 (Committee on Governmental Organization) Horse racing law intent: licenses. (A-08/20/2010 [html](#) [pdf](#))
Status: 08/25/2010-Read third time, passed, and to Assembly. (Ayes 35. Noes 0.)
Current Location: 08/25/2010-A ASSEMBLY

Digest: Existing

(1) *Existing* law, the Horse Racing Law, generally regulates horse racing and vests the administration and enforcement of the Horse Racing Law in the California Horse Racing Board.

Existing law provides that the intent of the Horse Racing Law is to allow parimutuel wagering on horse races while, among other things, supporting the network of California fairs.

This bill would delete ~~from that statement of intent~~ supporting the network of California fairs *from that statement of intent*.

Existing

(2) *Existing* law requires all licenses granted under the Horse Racing Law to, among other things, contain such conditions as are deemed necessary or desirable by the board for the purposes of the Horse Racing Law.

This bill would instead require those licenses to contain such conditions as are deemed necessary or desirable by the board for the best interests of horse racing and the purposes of the Horse Racing Law. The bill would also make technical, nonsubstantive

changes.

(3) Existing law requires any racing association, including a fair, that conducts thoroughbred racing to pay to the owners' organization contracting with the association with respect to the conduct of thoroughbred racing an additional 13/4% of the portion required to be deducted for purses for a national marketing program, as provided. These provisions are repealed as of January 1, 2011.

This bill would instead provide for the repeal of these provisions provision on January 1, 2014.

(4) Existing law provides that an "eligible thoroughbred stallion" means a thoroughbred stallion that was continuously present in this state during certain dates of the calendar year in which the qualifying race was conducted or if the sire left this state after June 15 of the year in which the qualifying race was conducted, during certain dates of the following calendar year. Existing law provides that if a sire dies in this state and stood his last season at stud in this state, he shall thereafter continue to be considered an "eligible thoroughbred stallion."

This bill would revise and recast the definition of "eligible thoroughbred stallion" by removing the requirement that the thoroughbred stallion be continuously present in this state during certain dates of the calendar year in which the qualifying race was conducted or that a sire be present during certain dates of the following calendar year and instead provide that an "eligible thoroughbred stallion" means a thoroughbred stallion that was continuously present in this state during certain dates of the calendar year in which he stood at stud and fathered the winner of the race. The bill would additionally provide that if a sire was standing at stud in this state on the date of his death, he shall thereafter continue to be considered an eligible thoroughbred stallion regarding a race participant fathered by him in that season. These provisions would only apply to thoroughbred stallions standing at stud and foals conceived in this state on or after January 1, 2010.

(5) Existing law provides that a thoroughbred stallion shall be considered an eligible thoroughbred stallion only if its owner has filed a claim for stallion award on or before February 15 of the calendar year immediately following the calendar year for which awards are being distributed and is registered with the official registering agency.

This bill would additionally require that the stallion owner be registered with the official registering agency. The bill would require the official registering agency to establish procedures for the registration of stallion owners. These eligible thoroughbred stallion provisions would only apply in regard to thoroughbred stallions standing at stud and foals conceived in this state on or after January 1, 2010.

(6) Existing law provides that a "stallion owner" means the person who is the owner of the eligible thoroughbred stallion as of December 31 of the calendar year in which that sire's foals had eligible earnings or the person who owned the eligible sire on the date that the stallion died. This bill would instead provide that "stallion owner" means the person who is the owner of the eligible thoroughbred stallion as of December 31 of each calendar year in which the eligible thoroughbred stallion stands at stud in this state as to all of that sire's foals (1) that were conceived in this state in that calendar year and (2) that thereafter have eligible earnings. The bill would provide that in regards to eligible thoroughbred stallions that die, that stallion must have had stood at stud in this state during that year in order for the person who owned that thoroughbred stallion to be the stallion owner for that year. These stallion owner provisions would only apply in regard to thoroughbred stallions standing at stud and foals conceived in this state on or after January 1, 2010.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to amend Sections 19401, 19460, 19613.05, 19617, and 19617.2 of the Business and Professions Code, relating to horse racing.

History:

Aug. 25 Read third time, passed, and to Assembly. (Ayes 35. Noes 0.)
 Aug. 23 Read second time. To third reading.
 Aug. 20 Read third time, amended. To second reading.
 Aug. 5 From Consent Calendar. Ordered to third reading.
 Aug. 3 Read second time. To Consent Calendar.
 Aug. 2 From committee: Be placed on second reading file pursuant to Senate Rule 28.8 and to Consent Calendar.
 June 30 From committee: Do pass, and re-refer to Com. on APPR with recommendation: To Consent Calendar. Re-referred. (Ayes 8. Noes 0.) (June 29).
 June 10 Referred to Com. on G.O.
 May 28 Read third time, passed, and to Senate. (Ayes 62. Noes 0. Page 5340.)
 May 28 In Senate. Read first time. To Com. on RLS. for assignment.
 May 17 Read second time. To third reading.
 May 13 From committee: Do pass. (Ayes 11. Noes 0.) (May 12).
 Apr. 22 From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 21. Noes 0.) (April 21).
 Mar. 25 Referred to Com. on G.O.
 Mar. 18 From printer. May be heard in committee April 17.
 Mar. 17 Read first time. To print.

Organization

CARF

[SB 830](#) **(Wright) Recording crimes.** (A-08/17/2010 [html](#) [pdf](#))

Status: 08/26/2010-Set for hearing August 26. From committee: That the Assembly amendments be concurred in. (Ayes 7. Noes 0.)

Current Location: 08/25/2010-S UNFINISHED BUSINESS

Calendar Events: 08/27/10 24 SEN UNFINISHED BUSINESS

Digest: Existing law provides that a person is guilty of failure to disclose the origin of a recording or audiovisual work if, for commercial advantage or private financial gain, he or she advertises, sells, rents, manufactures, or possesses for those purposes, a recording or audiovisual work that does not disclose the name of the manufacturer, author, artist, performer, or producer, as specified. Failure to disclose the origin of a recording or audiovisual work is punishable by imprisonment in a county jail, imprisonment in the state prison, or a fine, or by both imprisonment and fine, as specified, depending on the number of articles of audio recordings or audiovisual works involved, and whether the offense is a first offense, or 2nd subsequent offense. Existing law defines "recording" for the purpose of these provisions to mean any tangible medium upon which information or sounds are recorded or otherwise stored, including any phonograph record, disc, tape, audio cassette, wire, film, or other medium on which information or sounds are recorded or stored, but does not include sounds accompanying a motion picture or other visual work. Existing law defines

"audiovisual works" as the physical embodiment of works that consist of related images that are intrinsically intended to be shown using machines or devices such as projectors, viewers, or electronic equipment, together with accompanying sounds, if any, regardless of the nature of the material objects such as films or tapes on which the works are embodied.

This bill would expand the definition of "recording" for the purposes of the above provisions to expressly include, but not be limited to, a memory card, flash drive, hard drive, or data storage device. This bill would, for purposes of the definition of "audiovisual works," add discs, memory cards, flash drives, hard drives, or data storage device, or other devices to films and tapes as examples of material objects on which the works may be embodied. By expanding the scope of an existing crime, this bill would mandate a state-mandated local program.

This bill would incorporate changes to Section 653w of the Penal Code proposed by AB 819, contingent on the prior enactment of that bill.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

Laws: An act to amend Section 653w of the Penal Code, relating to intellectual property.

History:

Aug. 26 Set for hearing August 26. From committee: That the Assembly amendments be concurred in. (Ayes 7. Noes 0.)

Aug. 25 Re-referred to Com. on RLS. pursuant to Senate Rule 29.10. From committee: Be re-referred to Com. on PUB. S. pursuant to Senate Rule 29.10. (Ayes 4. Noes 0.) Re-referred to Com. on PUB. S.

Aug. 23 Read third time. Passed. To Senate.

Aug. 23 In Senate. To unfinished business.

Aug. 17 Read third time. Amended. To third reading.

Aug. 16 Read second time. To third reading.

Aug. 13 From committee: Do pass. (Ayes 17. Noes 0.) (Heard in committee on August 12.)

Aug. 5 Set, first hearing. Referred to APPR. suspense file.

Aug. 2 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on APPR.

June 15 From committee: Do pass, but first be re-referred to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 7. Noes 0.) Re-referred to Com. on APPR. (Heard in committee on June 15.)

May 28 From committee: Be re-referred to Com. on PUB. S. (Ayes 9. Noes 0.) Re-referred to Com. on PUB. S. (Heard in committee on May 28.)

Mar. 8 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on RULES.

Sept. 3 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on RULES.

Aug. 20 Re-referred to Com. on RULES.
 July 24 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on APPR.
 July 9 From committee: Do pass, but first be re-referred to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 17. Noes 0.) Re-referred to Com. on APPR. (Heard in committee on July 8.)
 June 18 To Com. on G.O.
 May 18 Read third time. Passed. (Ayes 36. Noes 0. Page 931.) To Assembly.
 May 18 In Assembly. Read first time. Held at Desk.
 May 14 To Special Consent Calendar.
 May 13 Read second time. To third reading.
 May 12 From committee: Be placed on second reading file pursuant to Senate Rule 28.8.
 May 1 Set for hearing May 11.
 Apr. 28 From committee: Do pass, but first be re-referred to Com. on APPR with recommendation: To Consent Calendar. (Ayes 12. Noes 0. Page 682.) Re-referred to Com. on APPR.
 Mar. 27 Set for hearing April 28.
 Mar. 26 To Com. on G.O.
 Mar. 20 From print. May be acted upon on or after April 19.
 Mar. 19 Introduced. Read first time. To Com. on RLS.

Organization

CARF

SB 899 (Denham) Horse racing: satellite wagering: out-of-country thoroughbred races. (E-08/23/2010 [html](#) [pdf](#))

Status: 08/19/2010-Senate concurs in Assembly amendments. (Ayes 35. Noes 0.) To enrollment.

Current Location: 08/19/2010-S ENROLLMENT

Digest: Existing law authorizes a thoroughbred racing association or fair to distribute the audiovisual signal and accept wagers on the results of out-of-country thoroughbred races during the calendar period the association or fair is conducting a race meeting, without the consent of the participating horsemen's organization. These imported races are subject to specified conditions, including the condition that the total number of out-of-country thoroughbred races on which wagers are allowed to be accepted statewide in any given year does not exceed the total number of out-of-country thoroughbred races on which wagers were accepted in 1998.

This bill would delete that condition that limits the total number of out-of-country thoroughbred races on which wagers are allowed to be accepted statewide in any given year.

This bill would declare that it is to take effect immediately as an urgency statute.

Laws: An act to amend Section 19596.3 of the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.

History:

Aug. 19 Senate concurs in Assembly amendments. (Ayes 35. Noes 0.) To enrollment.
 Aug. 12 Read third time. Urgency clause adopted. Passed. To Senate.
 Aug. 12 In Senate. To unfinished business.
 June 28 Read third time. Amended. (Page 5841.) To third reading.
 June 21 Read second time. To third reading.
 June 17 From committee: Do pass. (Heard in Committee on June 16.)
 May 13 To Com. on G.O.
 Apr. 29 Read third time. Passed. (Ayes 34. Noes 0. Page 3376.) To Assembly.
 Apr. 29 In Assembly. Read first time. Held at Desk.
 Apr. 28 Read second time. To third reading.
 Apr. 27 From committee: Do pass. (Ayes 7. Noes 0. Page 3357.)
 Mar. 10 Set for hearing April 27.
 Feb. 11 To Com. on G.O.
 Jan. 27 From print. May be acted upon on or after February 26.
 Jan. 26 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization
 CARF

SB 1072 (Calderon) **Horse racing: statewide marketing organization.** (A-08/20/2010 [html](#) [pdf](#))
Status: 08/23/2010-Assembly Rule 69(d) suspended. Re-referred to Com. On G.O.
 pursuant to Assembly Rule 77.2.
Current Location: 08/23/2010-A G.O.

Digest: (1) Existing law permits racing associations, fairs, and the organization responsible for contracting with racing associations and fairs with respect to the conduct of racing meetings, to form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, and to obtain, provide, or defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. Existing law requires the marketing organization to annually submit to the California Horse Racing Board a statewide marketing and promotion plan and a thoroughbred trainers' workers' compensation defrayal plan for thoroughbred and fair horse racing. ~~A specified percentage~~ 0.4% of the amount handled by each satellite wagering facility is required to be distributed to the marketing organization for the promotion of thoroughbred and fair horse racing, and to defray the cost of workers' compensation insurance, as specified. Existing law repeals these provisions on January 1, 2011.

This bill would extend the operation of these provisions until January 1, 2014, when they would be repealed. *The bill would specify that its provisions allowing for the formation of a private statewide marketing association applies to thoroughbred racing associations, fairs, and the organization for contracting with thoroughbred racing associations and fairs with respect to the conduct of racing meetings. The bill would specify that the marketing and promotion activities that the marketing organization may engage in includes, but is not limited to, the establishment and maintenance of an Internet Web site, players incentive programs, and the funding of promotional activities at satellite wagering facilities.*

This bill would change the amount to be distributed to the marketing organization for the promotion of thoroughbred and fair racing from an amount equal to 0.4% of the amount handled

at each satellite wagering facility to an amount not to exceed 0.25%, and would delete the provision allowing for the funds to be used to defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. The bill would require that the initial distribution be 0.2% of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only and would allow the board to adjust this amount to an aggregate of 0.25% of the total amount handled by satellite wagering facilities for thoroughbred and fair meetings only.

The bill would, with respect to the statewide marketing and promotion plan, instead require the marketing organization, by November 1 of each year, to submit a written report to the board on the statewide marketing and promotion plan for the upcoming calendar year, and would additionally require the marketing organization to annually present to the board at the board's November meeting a verbal report on the statewide marketing and promotion plan for the upcoming calendar year. ~~The bill would specify that the workers' compensation defrayal plan is to be submitted to the board by November 1 of each year.~~ The bill would delete the requirement that the marketing organization submit to the board a thoroughbred trainers' workers compensation and defrayal plan. The bill would also require the marketing organization to ~~semiannually~~ quarterly submit to the board a written report that accounts for all receipts and expenditures of the promotion funds for the previous 6-3 months.

(2) Existing law authorizes the board, in performing its responsibilities, to participate in the affairs of associations having as their purpose the interchange of information relating to racing law enforcement, the licensing of horse racing participants, the registration of race horses, the tabulation, analysis, and publication of statistical information based on parimutuel handles and the distribution of proceeds, and to conduct research regarding horse racing accidents, and the detection of drugs on race horses, among other things.

This bill would provide that, in addition to certain specified distributions, an amount not to exceed 0.05% of the total amount handled by each satellite wagering facility shall be distributed to a nonprofit organization designated by the board for the purposes of maintaining a database of horse racing information to further the purposes of the above provision. The bill would state that the amount distributable to the nonprofit organization may be adjusted by the board, in its discretion. The bill would require the nonprofit organization to submit an annual budget and file quarterly financial statements with the board.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to amend Section 19605.73 of, and to add Section 19642.1 to, the Business and Professions Code, relating to horse racing.

History:

Aug. 23 Assembly Rule 69(d) suspended. Re-referred to Com. On G.O. pursuant to Assembly Rule 77.2.

Aug. 20 Read third time. Amended. To third reading.

Aug. 17 Read second time. To third reading.

Aug. 16 Read second time. Amended. To second reading.

Aug. 13 From committee: Do pass as amended. (Ayes 17. Noes 0.) (Heard in committee August 12.)

Aug. 13 Set, first hearing. Placed on APPR. suspense file.

Aug. 3 Read second time. To third reading. Re-referred to Com. on APPR. pursuant to

Joint Rule 10.5.

Aug. 2 Read second time. Amended. To second reading.

July 6 From committee: Do pass as amended. (Ayes 18. Noes 0.) (Heard in committee on June 30.)

June 23 Set, first hearing. Hearing canceled at the request of author.

May 20 To Com. on G.O.

May 3 Read third time. Passed. (Ayes 34. Noes 0. Page 3412.) To Assembly.

May 3 In Assembly. Read first time. Held at Desk.

Apr. 28 Read second time. To Consent Calendar.

Apr. 27 From committee: Do pass. To Consent Calendar. (Ayes 7. Noes 0. Page 3357.)

Mar. 10 Set for hearing April 27.

Feb. 25 To Com. on G.O.

Feb. 18 From print. May be acted upon on or after March 20.

Feb. 17 Introduced. Read first time. To Com. on RLS. for assignment. To print.

<i>Organization</i>	<i>Position</i>	<i>Priority</i>
CARF	Support	End of Session

SB 1125 (Florez) Gambling Control Act. (E-08/25/2010 [html](#) [pdf](#))

Status: 08/25/2010-Senate concurs in Assembly amendments. (Ayes 31. Noes 2.) To enrollment.

Current Location: 08/25/2010-S ENROLLMENT

Digest: (1) The Gambling Control Act provides for the licensure of certain individuals and establishments involved in various gambling activities, and for the regulation of those activities, by the California Gambling Control Commission. Existing law provides for the enforcement of those activities by the Department of Justice. ~~Existing law requires that an application for a license or a determination of suitability be accompanied by a deposit that, in the judgment of the head of the entity within the Department of Justice that is responsible for fulfilling the obligations imposed by the act, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of the application. Existing law requires the head of that entity to adopt a schedule of costs and charges of investigation for use as guidelines in fixing the amount of any required deposit under these provisions.~~

~~This bill would require the department to establish an enhanced fee schedule to provide for additional fees to be charged to applicants who wish to have their applications processed and background investigations conducted in an expedited manner.~~

~~(2) Existing~~

~~Justice. Existing law permits the commission to adopt regulations related to the operation of a gambling establishment, as provided.~~

~~This bill would provide that jackpot funds, to which players have made contributions, are considered trust funds that are held for the benefit of the players and are not the property of the gambling establishment.~~

~~(3)~~

~~(2) Existing law requires the department to approve the play of any controlled game, including, but not limited to, placing restrictions and limitations on how a controlled~~

game is played.

This bill would provide that a gambling establishment that conducts play of a controlled game that has been approved by the department, but is later found to be unlawful, has an absolute defense to any criminal, administrative, or civil action, so long as the game was being played in the manner approved and during the time for which it was approved.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to add Sections 19843.5 and 19943.5 to the Business and Professions Code, relating to gaming.

History:

Aug. 25 Senate concurs in Assembly amendments. (Ayes 31. Noes 2.) To enrollment.

Aug. 23 Read third time. Passed. To Senate.

Aug. 23 In Senate. To unfinished business.

Aug. 17 Read second time. To third reading.

Aug. 16 Read second time. Amended. To second reading.

Aug. 13 From committee: Do pass as amended. (Ayes 17. Noes 0.) (Heard in committee August 12.)

Aug. 5 Set, first hearing. Referred to APPR. suspense file.

Aug. 2 Read second time. Amended. Re-referred to Com. on APPR. Joint Rule 62(a) file notice suspended. (Page 5989.)

July 6 From committee: Do pass as amended, but first amend, and re-refer to Com. on APPR. (Ayes 18. Noes 0.) (Heard in committee on June 30.)

June 28 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.

June 22 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.

June 10 To Com. on G.O.

June 2 Read third time. Passed. (Ayes 33. Noes 2. Page 3722.) To Assembly.

June 2 In Assembly. Read first time. Held at Desk.

May 28 Read second time. To third reading.

May 27 Read third time. Amended. To second reading.

May 5 Read second time. To third reading.

May 4 From committee: Do pass. (Ayes 10. Noes 0. Page 3427.)

Apr. 22 Set for hearing May 3.

Apr. 20 Read second time. Amended. Re-referred to Com. on APPR.

Apr. 19 From committee: Do pass as amended, but first amend, and re-refer to Com. on APPR. (Ayes 8. Noes 0. Page 3180.)

Mar. 22 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.

Mar. 16 Set for hearing April 13.

Feb. 25 To Com. on G.O.

Feb. 19 From print. May be acted upon on or after March 21.

Feb. 18 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization

CARF

SB 1483 (Wright) Multifamily improvement districts. (E-08/23/2010 [html](#) [pdf](#))

Status: 08/19/2010-Senate concurs in Assembly amendments. (Ayes 34. Noes 0.) To enrollment.

Current Location: 08/19/2010-S ENROLLMENT

Digest: Existing law establishes the Multifamily Improvement District Law to provide, until January 1, 2012, for the establishment of multifamily improvement districts within a city or county to levy assessments on residential rental properties within the district for the purpose of financing certain improvements and promoting certain activities beneficial to those properties.

This bill would extend these provisions until January 1, 2022.

Laws: An act to amend Section 36710 of the Streets and Highways Code, relating to multifamily improvement districts.

History:

Aug. 19 Senate concurs in Assembly amendments. (Ayes 34. Noes 0.) To enrollment.

Aug. 11 From committee: That the Assembly amendments be concurred in. (Ayes 4. Noes 0. Page 4472.)

Aug. 10 Set for hearing August 11.

Aug. 9 Re-referred to Com. on RLS. pursuant to Senate Rule 29.10. From committee: Be re-referred to Com. on L. GOV. pursuant to Senate Rule 29.10. (Ayes 3. Noes 0. Page 4391.) Re-referred to Com. on L. GOV.

Aug. 5 Read third time. Passed. (Ayes 71. Noes 0. Page 6056.) To Senate.

Aug. 5 In Senate. To unfinished business.

Aug. 2 Read second time. To Consent Calendar.

July 1 From committee: Do pass. To Consent Calendar. (Ayes 9. Noes 0.) (Heard in committee on June 30.)

June 3 To Com. on L. GOV. From committee with author's amendments. Read second time. Amended. Re-referred to Com. on L. GOV.

May 3 Read third time. Passed. (Ayes 34. Noes 0. Page 3412.) To Assembly.

May 3 In Assembly. Read first time. Held at Desk.

Apr. 28 Read second time. To Consent Calendar.

Apr. 27 From committee: Do pass. To Consent Calendar. (Ayes 7. Noes 0. Page 3358.)

Mar. 16 Set for hearing April 27.

Mar. 11 To Com. on G.O.

Mar. 9 From print. May be acted upon on or after April 8.

Mar. 8 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization

CARF

SJR 22 (Florez) Horses. (E-08/25/2010 [html](#) [pdf](#))

Status: 08/25/2010-Senate concurs in Assembly amendments. (Ayes 27. Noes 7.) To

enrollment.

Current Location: 08/25/2010-S ENROLLMENT

Digest: This measure would memorialize the Congress to support federal legislation to protect American horses from slaughter for human consumption.

Fiscal committee: no.

Laws: Relative to horses.

History:

Aug. 25 Senate concurs in Assembly amendments. (Ayes 27. Noes 7.) To enrollment.

Aug. 17 In Senate. To unfinished business.

Aug. 16 Read and adopted. To Senate.

Aug. 2 Amended. Placed on third reading.

July 6 From committee: Be adopted as amended. (Ayes 7. Noes 1.) (Heard in committee on June 30.)

Apr. 19 To Com. on AGRI.

Apr. 15 Read and adopted. (Ayes 27. Noes 7. Page 3198.) To Assembly.

Apr. 15 In Assembly. Held at Desk.

Mar. 16 From committee: Be adopted. (Ayes 3. Noes 1. Page 2953.) To Third Reading.

Mar. 5 Set for hearing March 16.

Feb. 18 Re-referred to Com. on F. & A.

Feb. 10 Introduced. To Com. on RLS.

Organization

CARF

Total Position Forms: 14

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CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 24. INTRASTATE SIMULCAST WAGERING
PROPOSED ADDITION OF RULE 2057.1, GENERAL REQUIREMENTS FOR SIMULCAST
WAGERING FACILITIES

2057.1. General Requirements for Simulcast Wagering Facilities.

(a) In addition to the requirements under Rule 2057, the inclosure, as defined in Rule 2056 (j) in this Article, of a simulcast facility shall:

(1) Be kept in clean condition, in good repair, and ~~appropriately~~ well lighted.

(b) In addition to the requirements under Rule 2057, the inclosure-public, as defined in Rule 2056 (j) in this Article, of the simulcast facility shall:

(1) Be kept in clean condition, in good repair, well lighted, ventilated, heated and/or air conditioned;

(2) Provide a comfortable public area with furniture, fixtures, and equipment in clean condition and good repair, and

(3) Provide the majority of its ~~video~~ displays using ~~current display technology~~, ~~appropriate in size for the viewing area~~, that provides clear presentations of racing events and clear, legible presentation of wagering and text information ~~flat panel television technology~~.

(c) Restrooms and the fixtures, equipment, and plumbing therein shall be maintained in a state of working order and free from dirt, filth and corrosion.

(e) A simulcast facility or its concessionaire(s) must have valid State, County or City licenses authorizing it to engage in any type of service to be provided and must maintain the standards dictated by that authority.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 24. INTRASTATE SIMULCAST WAGERING
PROPOSED AMENDMENT OF RULE 2057, INITIAL APPLICATION AND
APPROVAL OF A SIMULCAST FACILITY

2057. ~~Initial~~ Application and Approval of a Simulcast Facility.

No person, which includes any individual, partnership, corporation, or other association or organization, shall conduct or attempt to conduct wagering on the results of races simulcast from a race meeting held in this State unless authorized and permitted to do so by the Board as follows:

(a) A racing association, fair or other entity proposing to act as a guest association shall complete an Application for Authorization to Operate a Simulcast Wagering Facility (Form CHRB-25, Rev. 4/92) which is hereby incorporated by reference. Form CHRB-25 shall be available at the Board's administrative office. The application shall be filed with the Board at least ninety (90) days prior to the first day of racing for review, investigation and approval based on the following conditions:

(1) In order to allow an evaluation of the competence, integrity, and character of the applicant to operate a simulcast wagering facility, any person, corporation, trust association, partnership or joint venture shall submit with the application, a Personal History Record (Form CHRB-25A, Rev 7/93 11/08), which is hereby incorporated by reference, for the following:

(A) If the applicant is a corporation, the officers, directors, and each owner, directly or indirectly, of any equity, security or other ownership interest in the corporation. However, in the case of owners of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the

IV.

corporation to beneficially own five (5) percent or more of the publicly held securities need be disclosed.

(B) If the applicant is a trust, the trustee and all persons entitled to receive income or benefit from the trust.

(C) If the applicant is an association, the members, officers and directors.

(D) If the applicant is a subsidiary, the officers, directors, and stockholders of the parent company thereof. However, in the case of owners of a publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to beneficially own five (5) percent or more of the publicly held securities need be disclosed.

(E) If the applicant is a partnership or joint venture, all of the general partners, limited partners or joint venturers.

(F) If the parent company, general partner, limited partner, or joint venturer of any applicant is itself a corporation, trust, association, subsidiary, partnership, or joint venture, then the disclosure of such information, shall be made, as necessary, to determine ultimate ownership. However, in the case of owners of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to beneficially own five (5) percent or more of the publicly held securities need be disclosed.

(G) If the applicant employs a management company, disclosure shall apply to the management as set forth in subsections A through F as appropriate.

(2) The applicant has executed an agreement with a simulcast organization for the conduct of simulcast wagering at its facility; or may act on its own behalf by contracting

IV.

with simulcast service suppliers and each individual racing association or fair to act as a guest association. A copy of each signed contract must accompany the application (Form CHRB-25, Rev. 4/92).

(3) Every licensed simulcast facility shall be inspected by the fire authority having jurisdiction as dictated by that authority's inspection schedule. After each inspection, a fire clearance by the fire authority must be obtained by the simulcast facility and filed with the Board within ten (10) calendar days of its receipt. This clearance must indicate that the facility meets the standard of fire safety set by the fire authority and that said facility is in compliance with fire safety codes as are applicable in that jurisdiction.

(4) Every simulcast facility shall be equipped with an audiovisual signal delivery system, video display technology and public address system approved by the Board for reliability, quality and security.

(5) Every simulcast facility shall provide a detailed promotional plan and shall describe improvements or planned improvements that directly benefit patrons.

~~(5)~~ (6) The guest association shall provide a patron area for parimutuel wagering and the observation of the satellite signal as received from the host association. The patron area shall be designated on the application by the applicant. Such area shall be the inclosure-public, as defined in Rule 2056 (j) in this Article, of the simulcast facility. No form of horse racing wagering, either in person, or by the use of runners, messengers, or otherwise shall be permitted outside the inclosure. All odds data made available to the guest association by the host association shall be displayed at all times. Effective January 1, 1994 for new facilities, the only offices permitted in restricted parimutuel access areas will be those required for operation of the parimutuel system.

Comment [CK1]: CK Note: In an era of ever-changing technologies, I suggest we use language that keeps the Board's authority general.

Comment [c2]: Is this still current technology?

Deleted: downlink system consisting of a network broadcast quality satellite receiving antenna coupled with a broadcast specification Ku and/or C band receiver compatible with the encryption system used, with motorized directional control, electrical service, coaxial cabling, or equivalent or industry-accepted cabling, closed circuit ~~TV monitors~~ video displays and audio system, and a public address system. ¶

Comment [CK3]: CK Note: We should discuss the objectives of this suggested language and how it would work.

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IV.

(6) (7) The guest association shall appoint and have on duty while racing is being conducted, a simulcast facility supervisor, an assistant simulcast facility supervisor as defined in Rule 2056 (a) and (n) in this Article or other licensed person approved by the Board.

Comment [CK4]: CK Note: I suggest that we review the necessity of this rule. This personnel requirement makes the difference between continuing operation or closing down for certain smaller facilities. This is not required for mini-satellites.

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(7) (8) Every person employed by a guest association within the restricted area of the inclosure, as defined in Rule 1420 (v) in this Division and Rule 2056 (j) in this Article, of the simulcast facility is required to be licensed pursuant to Rules 1440 and 1481 in this Division.

(8) (9) Every guest association shall provide security personnel to protect the public and maintain the peace within the simulcast wagering facility. Additionally, the guest association shall maintain such security controls over its inclosure and premises, as defined in Rule 1420 (q) in this Division the areas where uplink and downlink equipment is located, fencing, access gates, cables, wires and power lines and warning notifications where uplink and exterior equipment is located and the equipment room where inside downlink receiving components are located as the Board's Executive Director or his/her designee shall direct. Guest associations shall also remove, deny access to, eject or exclude persons as provided by Rules 1980 and 1989 in this Division.

Comment [CK5]: CK Note: I suggest that we review the necessity of this rule. This personnel requirement makes the difference between continuing operation or closing down for certain smaller facilities. This is not required for mini-satellites.

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Guest associations shall have the right to request, in writing, that the Chairman of the Board grant a stay from such security controls directed by the Executive Director within seventy-two (72) hours of the directive. If granted, such a stay shall remain in force until an appeal can be considered at the next regularly scheduled public meeting of the Board. An appeal must be submitted, in writing, at least two (2) weeks prior to the meeting date. The directive will be in force until a stay is issued or the Board renders its

decision on the appeal. Decisions by the Board shall be final.

~~(9)~~ (10) No guest association shall conduct wagering on any race or races other than those approved by the Board or simulcast by its host association.

~~(10)~~ (11) No guest association, except as provided for in Business and Professions Code Section 19605.3, may discontinue its operation nor conduct any activity which would cause interruption of the signal without giving the Board and the host association prior written notice within fifteen (15) calendar days of such discontinuance or other change.

~~(11)~~ (12) Plans for new, proposed simulcast facility sites or for the remodeling or alteration of existing sites shall be submitted to the Board for review prior to the preparation of construction drawings. The Board shall review and approve said plans relative to security for the parimutuel operations, placement of data lines and overall compatibility with Board policy and regulation within thirty (30) working days from the date the plans were received. If applicable, the simulcast organization named in the agreement described in (a)(2) of this Rule shall be notified by the guest association of the availability of the plans and shall have the right to review them relative to security for the parimutuel operations and placement of data lines and comment to the Board prior to Board approval or denial of the plans.

~~(12)~~ (13) In the case of a fair, the Department of Food and Agriculture must approve the application pursuant to the provisions of Sections 19605.1, 19605.2 and 19605.6 of the Business and Professions Code. Such approval is not required for the California Exposition and State Fair and the Los Angeles County Fair.

(b) The Board will notify an applicant in writing within fourteen (14) calendar

IV.

days from the receipt date by the Board's Administrative office if its application is incomplete. This notice will include:

(1) Instructions as to what is required of the applicant to complete the application.

(2) Instructions for requesting additional time to satisfy the requirements listed in the notification, if needed.

(c) The Board shall approve or deny a completed application within sixty (60) calendar days from the receipt date by the Board unless the applicant requests and is granted additional time to supply information.

(d) If the Board denies approval of the application, the applicant has thirty (30) calendar days, from the receipt date of the Board's denial notification, to request a reconsideration of the Board's decision. This request must be in writing and sent to the Board's Administrative office. If reconsideration is denied, the applicant has thirty (30) days to file for Superior Court review in accordance with Section 19463 of the Business and Professions Code.

(e) The approval of the application by the Board shall constitute a license to operate as a simulcast wagering facility subject to the compliance provisions of Section 19433 of the Business and Professions Code. The term of approval is two years from the date the approval is issued.

(f) After a license to operate a satellite wagering facility is issued under this article, changes or amendments to information or operating procedures contained in the application for the license will be permitted by order of the Board or by Board approval of a request submitted in writing by the applicant.

Authority: Sections 19420, 19440 and 19590, Business and Professions Code.

Reference: Sections 19410, 19410.5, 19460, 19433, 19463, 19601, 19605, 19605.1, 19605.2, 19605.6, 19608, 19608.1 and 19608.2, Business and Professions Code and Sections 15376 and 15378 Government Code.





a California joint powers agency

1776 Tribute Road, Suite 205
Sacramento, CA 95815
Office: 916.927.7223 Fax: 916.263.3341
www.calfairs.com

To: All CARF Member Fair CEO's
From: Christopher Korby
Date: August 15, 2010
Re: Victorville Robbery; Security Review at Fair Satellite Facilities

Please be advised that the Victorville satellite wagering facility was broken into, vandalized and robbed last Thursday night/Friday morning. Two safes containing significant amounts of cash were removed. Other property was damaged.

We strongly urge the management at all Fairs which operate satellite wagering facilities to undertake an immediate and thorough review of security in your satellite facility. We recommend that the review at minimum include the following items.

Security Alarm System

Contact the company that furnishes your security alarm system and schedule a review and test of your existing system as soon as possible. Make sure that each security zone is working and responds to the assigned access codes. Confirm and keep a list of which employees have security access codes to each zone. Confirm that your security alarm system logs every entry to the system, including date, time and which employee activated or de-activated each zone. We recommend that all employees change their security alarm access code numbers periodically as recommended by your security alarm system. Make sure employees know that they should never share their security access codes with anyone.

- **Parimutuel Money Room**

Make sure that the Parimutuel Money Room is on a separate security alarm zone and that the room has a motion detector, door switch detector

and vibration sensor on the safe. If there is a plenum or crawlspace above the ceiling, make sure this area has a motion detector installed. The only person(s) authorized to enter the Parimutuel Money Room are the parimutuel employees designated by NOTWInc or SCOTWInc; they are the only persons who should have security access codes for this area. No Fair employees should have these security access codes for the Parimutuel Money Room.

- **Fair Satellite Operations' Money Room**

We recommend the same security alarm provisions for the Fair satellite Operations' Money Room as for the Parimutuel Money Room above. Make sure that the Operations' Money Room is on a separate zone and that the room has a motion detector, door switch detector and vibration sensor on the safe. If there is a plenum or crawlspace above the ceiling, make sure this area has a motion detector installed. The only person(s) authorized to enter this area are Fair employees designated by the Satellite Supervisor or the Fair CEO. They are the only persons who should have security access codes for this area. No parimutuel employees should have these security access codes.

Satellite Facility and Fair Security Personnel

Make sure that your security personnel are informed regarding the recent incident at Victorville. Contact your local law enforcement to confirm emergency procedures and law enforcement response procedures to any emergency. Arrange a visit soon from your law enforcement responder agency (Sheriff or local Police Department) to review your facility security arrangements. Be on the alert for new faces in the facility or any suspicious behavior.

Keys and Security Access Codes

As noted above, make sure employees change security access codes periodically as recommended by the security alarm provider. Whenever an employee leaves your employment, make sure that the alarm system company is notified and that that employee's security alarm code is removed from the system. This also extends to parimutuel employees designated by N/SCOTWInc for access to the Parimutuel Money Room. We recommend that locks be changed whenever a key employee leaves employment at the Satellite Wagering Facility.

CHRB License

Whenever a Fair employee leaves employment at a Fair satellite facility, notify the CHRB Licensing Division at 916-263-6000. If the person leaves the horse

racing industry, that person should surrender his/her CHRB license on leaving your employment.

Money Room Video Surveillance

We'll be accelerating our program of installing video surveillance covering Parimutuel and Operations' Money Rooms. We will coordinate with NOTWInc, SCOTWInc and individual Fairs on this matter.

Emergency Medical and Evacuation Procedures

While undertaking the review of security procedures recommended above, we also strongly recommend that you review your emergency medical and evacuation procedures. Contact your local fire department and/or emergency medical responders to arrange a visit, review procedures and update contact information (names, phone numbers, cell phone numbers, etc). We recommend that you update your emergency evacuation procedures and post a building diagram showing emergency exits in a public area.

In these difficult economic times, it's important that we be especially vigilant when it comes to security at our satellite facilities. Periodically we may have an incident like the one at Victorville which serves to remind us of the critical importance of proper security provisions and an alert staff.

Thanks for your cooperation in these matters. Further updates and recommendations may follow. Please call Larry Swartzlander or myself if you have any questions.

Best regards,
-Chris

Christopher Korby
Executive Director

SATELLITE WAGERING FACILITY

SURVEY SPECIFICATIONS

**CALIFORNIA AUTHORITY
OF
RACING FAIRS**

APRIL 1998

SATELLITE WAGERING FACILITY SURVEY

Exterior Signage

- Freeway
- Nearby arterial and streets surrounding Fairgrounds
- Directional signage at entrance to parking lots and inside parking lots
- Satellite Wagering Facility exterior
- Informational signage as to the racing currently being featured

Exterior Appearance of Satellite Wagering Facility (Curb Appeal)

- Landscaping
- Lighting (safety and appearance)
- Building Entry area
- Ease/difficulty for new visitors to find SWF building and SWF entrance
- Entrance signage

Layout and circulation analysis of interior Facility Entry Area

- Box Office/Admission
- General informational signage
- Promotion of upcoming events
- Daily Racing Form/Program Sales
- Appearance
- Availability of information for new patrons (e.g., How to Read the Form)
- Circulation and traffic efficiency
- Merchandise
- Security

Interior Public Areas (by Room)

- Square Footage
- Furniture (condition/suitability)
- Layout (furniture, TV's, mutual windows, pedestrian circulation)
- TV viewing/audio
- Lighting
- Carpet/floor covering (condition/suitability)
- Mutual layout
- Display for Results, Scratches and Changes
- Food service (location and layout, not food service quality itself)
- Restrooms (sufficient size?; cleanliness; ventilation; ADA-compliant?)
- HVAC.
- General appearance
- Obvious problems (e.g., roof leak, bad plumbing, etc.)
- Comfort and amenities

Parimutuel Area (behind the line)

- Layout
- Efficiency
- Security
- Lighting
- Operating issues
- Office/Money Room
- Number of clerks/mix of self-service terminals (provide count by type)

Office Areas

- Square footage
- Security
- Size
- Efficiency
- Money Room security
- Storage areas

Patio (if applicable)

- Appearance
- Security
- Suitable size
- Accommodations for smokers
- Weather (sun/wind/rain) protection
- TV viewing (number of TV's, ambient light issues, seating vis a vis TV's)
- Tote service

Assign a grade of One (1) through Ten (10), One being lowest and Ten highest, for each of the items above. Each ***Category*** should then be similarly graded. A cumulative, overall grade can be calculated from ***Category*** ratings.

END

April 4, 1998

Revised April 20, 1998

CALIFORNIA AUTHORITY OF RACING FAIRS

SWF SURVEYS - NORTH

Page 1 of 3

DATE: _____

Pleasanton - (PN), Stockton - (ST), Vallejo - (VJ), Santa Rosa - (SR), Fresno - (FN), Fresno Club One - (F2),
Bakersfield - (BK), Monterey - (MN), Anderson - (AN), San Jose - (SJ), Turlock - (TK), Tulare (TL),
Sacramento - (SC), San Mateo - (SM), Golden Gate Fields - (GG)

PN ST VJ SR FN F2 BK MN AN SJ TK TL SC SM GG

A. EXTERIOR SIGNAGE

1	Freeway Signage																			
2	Streets Surrounding Fairgrounds																			
3	Directional signage at parking entrances/inside lots																			
4	Satellite Wagering Facility exterior signage																			
5	Informational Signage pertaining to current races																			

B. EXTERIOR APPEARANCE OF SWF

1	Parking area																			
2	Facility Visibility																			
3	Accessibility from designated parking																			
4	Landscaping																			
5	Lighting (safety and appearance)																			
6	Facility entrance and signage																			
7	Facility appearance																			
8	Satellite dishes (security and condition)																			

C. FACILITY ENTRY AREA (INTERIOR)

1	Room layout																			
2	Box office/admissions																			
3	Security station																			
4	Security alarm system																			
5	Circulation and traffic efficiency																			
6	General information signage																			
7	Promotion of upcoming events																			
8	Daily Racing Form/programs/tout sheet																			
9	"How to wager" educational materials																			
10	CalRacing Club signage																			
11	Merchandising																			

D. INTERIOR PUBLIC AREAS

1	Room layout																			
2	Furniture																			
3	Race viewing																			
4	Mutuel windows/lineup capacity																			
5	Pedestrian circulation																			
6	Storage																			

E. RESTROOMS

1	Layout																			
2	Location																			
3	Cleanliness, condition (women's)																			
4	Cleanliness, condition (men's)																			
5	Ventilation																			
6	ADA compliance																			
7	Comfort and amenities																			

(1) None (2) Poor (3) Minimal (4) Below Average (5) Adequate (6) Average
(7) Good (8) Above Average (9) Excellent (10) State-of-the-Art

CALIFORNIA AUTHORITY OF RACING FAIRS

SWF SURVEYS - NORTH

DATE: _____

Page 2 of 3

Pleasanton - (PN), Stockton - (ST), Vallejo - (VJ), Santa Rosa - (SR), Fresno - (FN), Fresno Club One - (F2),
 Bakersfield - (BK), Monterey - (MN), Anderson - (AN), San Jose - (SJ), Turlock - (TK), Tulare (TL),
 Sacramento - (SC), San Mateo - (SM), Golden Gate Fields - (GG)

PN ST VJ SR FN F2 BK MN AN SJ TK TL SC SM GG

F. FOOD SERVICE		PN	ST	VJ	SR	FN	F2	BK	MN	AN	SJ	TK	TL	SC	SM	GG
1	Layout															
2	Location															
3	Seating, counter space															
4	Amenities															
G. FIXTURES		PN	ST	VJ	SR	FN	F2	BK	MN	AN	SJ	TK	TL	SC	SM	GG
1	Chairs															
2	Tables															
3	Televisions/cords/cabling															
4	Lighting															
5	Audio															
6	Carpet/floor coverings															
7	Trash receptacles															
8	HVAC															
9	Cameras															
H. GENERAL APPEARANCE		PN	ST	VJ	SR	FN	F2	BK	MN	AN	SJ	TK	TL	SC	SM	GG
1	Interior design															
2	Ceilings															
3	Walls															
4	Interior signage															
5	Cleanliness															
6	Building condition (roof leaks, plumbing)															
7	Comfort and amenities															
I. PARI-MUTUEL AREA (FRONT OF THE LINE)		PN	ST	VJ	SR	FN	F2	BK	MN	AN	SJ	TK	TL	SC	SM	GG
1	Wagering counters															
2	Display for results, scratches and changes															
3	Teller station															
4	Self bet/voucher terminals															
5	Wagering slip															
6	Odds availability in the queuing area															
J. PARI-MUTUEL AREA (BEHIND THE LINE)		PN	ST	VJ	SR	FN	F2	BK	MN	AN	SJ	TK	TL	SC	SM	GG
1	Security access															
2	Alarm systems/holdup switches															
3	Lighting															
4	Layout/operating efficiency/cash dispensers															
K. SAFETY		PN	ST	VJ	SR	FN	F2	BK	MN	AN	SJ	TK	TL	SC	SM	GG
1	Fire safety															
2	Emergency evacuation plan															
3	Paramedic emergency response															

(1) None (2) Poor (3) Minimal (4) Below Average (5) Adequate (6) Average
 (7) Good (8) Above Average (9) Excellent (10) State-of-the-Art

DATE: _____

PN ST VJ SR FN F2 BK MN AN SJ TK TL SC SM GG

[illegible]

CALIFORNIA AUTHORITY OF RACING FAIRS SWF SURVEYS - SOUTH

Page 1 of 3

DATE: _____

Lancaster - (LN), Perris - (PR), Victorville - (VC),
National Orange Show - (NS), Santa Maria - (SM),
Indio - (ID)Ventura - (VN)

LN PR VC NS SM ID VN

EXTERIOR SIGNAGE

[illegible]

EXTERIOR APPEARANCE OF SWF

[illegible]

FACILITY ENTRY AREA (INTERIOR)

[illegible]

INTERIOR PUBLIC AREAS

[illegible]

RESTROOMS

[illegible]

(1) None (2) Poor (3) Minimal (4) Below Average (5) Adequate (6) Average
(7) Good (8) Above Average (9) Excellent (10) State-of-the-Art

CALIFORNIA AUTHORITY OF RACING FAIRS

SWF SURVEYS - SOUTH

Page 2 of 3

DATE: _____

Lancaster - (LN), Perris - (PR), Victorville - (VC),
 National Orange Show - (NS), Santa Maria - (SM),
 Indio - (ID) Ventura - (VN)

LN PR VC NS SM ID VN

FOOD SERVICE

Layout
 Location
 Seating, counter space
 Amenities

FIXTURES

Chairs
 Tables
 Televisions/cords/cabling
 Lighting
 Audio
 Carpet/floor coverings
 Trash receptacles
 HVAC
 Cameras

GENERAL APPEARANCE

Interior design
 Ceilings
 Walls
 Interior signage
 Cleanliness
 Building condition (roof leaks, plumbing)
 Comfort and amenities

PARI-MUTUEL AREA (FRONT OF THE LINE)

Wagering counters
 Display for results, scratches and changes
 Teller station
 Self bet/voucher terminals
 Wagering slip
 Odds availability in the queuing area

PARI-MUTUEL AREA (BEHIND THE LINE)

Security access
 Alarm systems/holdup switches
 Lighting
 Layout/operating efficiency/cash dispensers

SAFETY

Fire safety
 Emergency evacuation plan
 Paramedic emergency response

(1) None (2) Poor (3) Minimal (4) Below Average (5) Adequate (6) Average
 (7) Good (8) Above Average (9) Excellent (10) State-of-the-Art

CALIFORNIA AUTHORITY OF RACING FAIRS SWF SURVEYS - SOUTH

DATE: _____

Lancaster - (LN), Perris - (PR), Victorville - (VC),
National Orange Show - (NS), Santa Maria - (SM),
Indio - (ID)Ventura - (VN)

LN PR VC NS SM ID VN

OFFICE AREAS

[illegible]

PATIO/SMOKING AREA

[illegible]**FACILITY SCORE (AVERAGE)**[illegible]

Amounts of Recovery	TOTAL	Percentage	STATE WIDE LEGAL \$550,932.31
SHASTA DISTRICT FAIR - ANDERSON	7,271.55	0.12%	682.44
KERN COUNTY FAIR - BAKERSFIELD	24,841.63	0.42%	2,331.42
BAY MEADOWS	102,569.97	1.75%	9,626.31
CAL EXPO HARNESS	843.71	0.01%	79.18
CAL EXPOSITION & FAIR	11,327.01	0.19%	1,063.05
EUREKA REDWOOD ACRES	6,160.30	0.10%	578.15
FRESNO FAIR	18,802.68	0.32%	1,764.65
FRESNO FAIR - FRESNO CLUB ONE	7,690.79	0.13%	721.79
MONTEREY COUNTY FAIR	25,233.36	0.43%	2,368.18
ALAMEDA COUNTY FAIR ASSN - PLEASANTON	92,004.42	1.57%	8,634.72
CA EXPOSITION & STATE FAIR - SACRAMENTO	75,018.58	1.28%	7,040.58
SANTA CLARA COUNTY FAIR - SAN JOSE	87,210.82	1.49%	8,184.84
SAN MATEO COUNTY	89,588.04	1.53%	8,407.94
SONOMA COUNTY FAIR - SANTA ROSA	34,273.85	0.58%	3,216.64
SAN JOAQUIN COUNTY FAIR - STOCKTON	46,956.86	0.80%	4,406.96
TULARE 24TH DIST FAIR	7,841.62	0.13%	735.95
STANISLAUS COUNTY FAIR - TURLOCK	19,021.61	0.32%	1,785.20
SOLANO COUNTY FAIR - VALLEJO	38,445.99	0.65%	3,608.20
BARONA	35,161.94	0.60%	3,299.99
CABAZON	30,400.98	0.52%	2,853.17
HOLLYWOOD PARK	304,762.85	5.19%	28,602.36
PERRIS-HEMET 46 DISTRICT	33,149.12	0.56%	3,111.08
LANCASTER-ANTELOPE VALLEY	30,148.36	0.51%	2,829.46
LOS ALAMITOS	451,652.89	7.69%	42,388.16
OAK TREE RACING ASSOCIATION	3,129.89	0.05%	293.74
POMONA-L A COUNTY FAIR	90,478.12	1.54%	8,491.48
SAN BERNARDINO-NAT ORANGE SHOW	62,118.81	1.06%	5,829.92
SANTA BARBARA-EARL WARREN	12,354.64	0.21%	1,159.50
SANTA MARIA-SANTA BARBARA FAIR	12,954.64	0.22%	1,215.81
SHALIMAR-NATIONAL DATE FESTIVAL	18,036.07	0.31%	1,692.71
DEL MAR THOROUGHBRED CLUB	4,471.27	0.08%	419.63
DEL MAR-22ND DAA (Surfside Race Place)	150,572.26	2.56%	14,131.39
VENTURA	55,754.40	0.95%	5,232.62
VICTORVILLE-SAN BERNARDINO FAIR	20,298.68	0.35%	1,905.06
VIEJAS	23,969.22	0.41%	2,249.54
Cal. Marketing Committee (North/South)	123,300.16	2.10%	11,571.87
Cal. Thoroughbred Business League (North/South)	235,555.81	4.01%	22,107.19
S CAL OFF TRACK WAGERING INC (S&V)	206,959.50	3.53%	19,423.40
NO CAL OFF TRACK WAGERING, INC.	2,261,318.00	38.52%	212,227.39
S CAL OFF TRACK WAGERING INC	954,049.50	16.25%	89,538.68
CARF	32,602.50	0.56%	3,059.78
LOS AL QUARTERS	21,972.68	0.37%	2,062.16
TOTAL	5,870,275.08	100.00%	\$550,932.31

GRAND TOTAL FOR CALIFORNIA	5,870,275.08
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BREAKDOWN OF LEGAL BILLS

Bryan Cave (billed to SCOTWINC) - May 2009	\$41,990.35
Bryan Cave (billed to SCOTWINC) - June	\$26,238.36
Bryan Cave (billed to SCOTWINC) - July/Aug	\$15,685.23
Bryan Cave (billed to SCOTWINC) - Sept.	\$1,976.20
Bryan Cave (billed to SCOTWINC) - Oct.	\$13,888.05
Bryan Cave (billed to SCOTWINC) - Nov.	\$64,811.14
Bryan Cave (billed to SCOTWINC) - Dec.	\$45,542.08
Bryan Cave (billed to SCOTWINC) - Jan 2010	\$60,001.02
Bryan Cave (billed to SCOTWINC) - Feb.	\$39,852.36
Bryan Cave (billed to SCOTWINC) - March	\$28,363.87
Bryan Cave (billed to SCOTWINC) - April	\$70,734.87
Bryan Cave (billed to SCOTWINC) - May	\$9,915.70
Bryan Cave (billed to SCOTWINC) - June	
Bryan Cave (billed to NCOTWINC)	\$50,286.71
Drew Couto (paid by Hollywood)	\$15,500.00
Drew Couto (paid by Hollywood)	\$7,700.00
Drew Couto (billed to SCOTWINC) - Oct-Jan.	\$16,071.37
Drew Couto (billed to SCOTWINC) - Feb-Mar	\$18,375.00
Drew Couto (billed to SCOTWINC) - Apr-June	\$24,000.00
Total Legal	\$550,932.31

Term Sheet

1) Definitions:

- a) The term "**Adversary Proceeding**" means the proceeding brought in the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") on February 8, 2010 by Alameda County Agricultural Fair Association, Bay Meadows Racing Association, East Valley Tourist Development Authority, California Authority Of Racing Fairs ("**CARF**"), California Exposition And State Fair Association, California Marketing Committee, California Thoroughbred Business League, California Thoroughbred Trainers Backstretch Employees Cash Balance Pension Plan, California Race Track Pension Plan, Del Mar Thoroughbred Club, 9th District Agricultural Association, 21st District Agricultural Association, Hollywood Park Racing Association, 15th District Agricultural Association, 50th District Agricultural Association, Los Alamitos Race Course, Los Angeles County Fair Association, 7th District Agricultural Association, Riverside County Fair And National Date Festival, National Orange Show Citrus Fruit Festival, Oak Tree Racing Association, 46th District Agricultural Association, 2nd District Agricultural Association, San Mateo County Fair, 19th District Agricultural Association, 37th District Agricultural Association, Sonoma County Fair, 27th District Agricultural Association, 24th District Agricultural Association, Solano County Fair Association, Southern California Off Track Wagering, Inc. ("**SCOTWINC**"), 38th District Agricultural Association, 31st District Agricultural Association, 28th District Agricultural Association, 22nd District Agricultural Association, and Viejas Enterprises (collectively, "**Plaintiffs**") against Magna Entertainment Corp., Pacific Racing Association, Inc., MEC Land Holdings (California), Inc., Los Angeles Turf Club, Inc. and The Santa Anita Companies, Inc. seeking, among other things, a declaratory judgment that Plaintiffs were entitled to certain funds from the Debtors and that SCOTWINC has a valid right to setoff certain amounts owed by LATC to SCOTWINC against amounts owed by SCOTWINC to LATC.
- b) The term "**AES Parties**" means all the Plaintiffs in the adversary proceeding except SCOTWINC, Northern California Off-Track Wagering, Inc. ("NCOTWINC") and CARF.
- c) The term "**Debtors**" means Los Angeles Turf Club, Inc., Pacific Racing Association, Inc., The Santa Anita Companies, Inc., MEC Land Holdings (California), Inc. and Magna Entertainment Corp.
- d) The term "**LATC Shortfall Agreement**" means the agreement dated December 21, 2009 by and between Los Angeles Turf Club, Inc. and Thoroughbred Owners of California, intended to be an interim solution to the imminent threat to continued racing in California resulting from the recurring revenue shortfalls and cash flow shortages experienced by SCOTWINC. The LATC Shortfall Agreement is incorporated herein by reference to the extent applicable.

- e) The term "**LATC**" means Los Angeles Turf Club, Inc. or its successors and assigns through the Plan or otherwise.
 - f) The term "**MID**" means MI Developments Inc. and MI Developments US Financing Inc.
 - g) The term "**Plan**" means Third Amended Joint Plan of Affiliated Debtors, the Official Committee of Unsecured Creditors, MI Developments Inc., and MI Developments US Financing Inc. Pursuant to Chapter 11 of the United States Bankruptcy Code, dated March 24, 2010 [Docket No. 2157].
- 2) Final Terms and Effective Date. This Term Sheet sets forth the final and binding terms of a settlement that will become effective upon entry of a final, nonappealable order approving the settlement contemplated herein by the Delaware Bankruptcy Court (the "**Settlement Effective Date**").
 - 3) AES Amounts. The Debtors and the AES Parties agree that they owe to each other the respective amounts set forth in the attached spreadsheet, Exhibit A. The amounts set forth on Exhibit A represent balances up to March 7, 2010, less any payments made since March 7, 2010 to the date of this Term Sheet.
 - 4) On-Track Expenses. The Debtors and SCOTWINC agree that SCOTWINC owes the Debtors an estimated amount for reimbursement of on-track expenses through April 18, 2010 as set forth in Exhibit B ("Estimated Expense Reimbursement Due"). As the actual amount of expenses cannot be finally determined until after the 2009-2010 Winter/Spring race meet at Santa Anita is over, LATC agrees that it will calculate the actual amounts owed for reimbursement of on-track expenses in May 2010. LATC and SCOTWINC agree that any variance between the estimated amounts set forth in Exhibit B and the actual expenses calculated by LATC in May 2010 will be settled no later than June 15, 2010.
 - 5) Shortfall Amounts
 - (a) LATC and SCOTWINC agree that the projected shortfalls due from LATC to SCOTWINC through April 18, 2010, net of payments previously distributed by LATC to SCOTWINC pursuant to the LATC Shortfall Agreement, are set forth in Exhibit B (the "Estimated Remaining Shortfall Amount").
 - (b) It is acknowledged between the parties that (i) under the LATC Shortfall Agreement, SCOTWINC has a right to receive payment of shortfalls LATC owes to SCOTWINC from deposits LATC has made or makes into the LATC Race Meeting Trust ("Shortfall Payment Right"), and (ii) in consideration for SCOTWINC deducting the Estimated Remaining Shortfall Amount from the Estimated Expense Reimbursement Due pursuant to paragraph 8(b) herein, SCOTWINC assigns to LATC its Shortfall Payment Right in the amount of the Estimated Remaining Shortfall Amount from the LATC Race Meeting Trust. Accordingly, LATC is entitled to payments out of the LATC Race Meeting Trust as provided for in Paragraph 12 below.

(c) LATC and SCOTWINC agree that the remaining balance of the projected shortfall set forth on Exhibit B will be satisfied in accordance with the terms under which payments are made in accordance with the LATC Shortfall Agreement. LATC and SCOTWINC acknowledge that after December 31, 2010, SCOTWINC will determine whether there is an operating shortfall or surplus for 2010 for LATC in accordance with the manner in which shortfalls were determined and allocated to LATC in 2008 and 2009. To the extent there is a shortfall, funds will be distributed in accordance with clause 3 (ii) of the LATC Shortfall Agreement. If there are insufficient funds available to cover the shortfall, LATC will satisfy any shortfall within 30 days of being notified of such shortfall. To the extent there is a surplus, such surplus funds will be paid by SCOTWINC directly to LATC in a manner and at a time consistent with past practices.

- 6) Other SCOTWINC Obligations. The Debtors, SCOTWINC, and the AES Parties agree that they shall pay each other for all other obligations incurred in the ordinary course of business that are not expressly covered by this agreement, including obligations based on the LATC Shortfall Agreement, on a timely basis.
- 7) This agreement does not in any way relate to any claims asserted by or against NCOTWINC or CARF, and all of the rights with respect to such claims are expressly reserved by the Debtors, NCOTWINC, CARF and any party to this agreement.
- 8) Escrow Accounts and Payments. Two escrow accounts will be established, one for the benefit of LATC and the other Debtors (the "**Debtors Escrow**") and one for the benefit of the AES Parties (the "**AES Escrow**"), both of which are to be administered by an escrow agent agreed to by all parties ("**Escrow Agent**").
 - a) The AES Parties will deposit into the Debtors Escrow the amounts owed to the Debtors as set out in Exhibit A, as soon as practicable after the Settlement Effective Date.
 - b) SCOTWINC will deposit into the Debtors Escrow the **Estimated Expense Reimbursement Due**, less the Estimated Remaining Shortfall Amount, as set out in Exhibit B, as soon as practicable after the Settlement Effective Date.
- 9) Release of Escrow Funds. Once the amount to be deposited by SCOTWINC per Paragraph 8(b) above and all monies owed by the AES Parties per Paragraph 8(a) above have been deposited into the Debtors Escrow, the Escrow Agent will notify the Debtors in a manner mutually agreeable to the parties. No later than one business day after receiving this notice (the "**Final Funding Date**"), the Debtors will cause to be deposited into the AES Escrow the amounts owed to each of the AES Parties as set forth in Exhibit A.

If and once all aforesaid deposits have been made, then immediately following such deposits:

- a) the Escrow Agent will release to the appropriate parties the funds in both the Debtors Escrow and the AES Escrow; provided, however, that all parties hereto

agree that the AES Parties' monies shall be released to SCOTWINC for distribution to the AES Parties and that such distribution shall occur after the deduction of attorneys', legal, and other appropriate fees/cost incurred by the AES Parties as a result of pursuing their claims and the filing of the adversary action;

- b) as of the Final Funding Date, any and all proofs of claim filed by any of the AES Parties and SCOTWINC against any of the Debtors shall be deemed disallowed and expunged in their entirety, and the AES Parties and SCOTWINC forever waive any claims or causes of action they may have against the Debtors related to the subject matter contained herein.
- 10) Release. Except as otherwise set forth in this Term Sheet, as of the date on which all deposits in the Debtors Escrow and all deposits into the AES Escrow are made, the Debtors, SCOTWINC and the AES Parties shall be deemed to have released each other for all claims expressly listed on Exhibits A and B.
- 11) Failure to Make Payments. If any of the aforesaid deposits in Paragraphs 8 and 9 have not been made by May 15, 2010 or if the Debtors have not made their deposit into the AES Escrow by the end of the day on the Final Funding Date:
- a) the agreement memorialized by this Term Sheet will be deemed null and void;
 - b) the Escrow Agent is directed to return to each party the amounts that each party deposited; and
 - c) an answer or response to the complaint in the Adversary Proceeding will be due within fourteen (14) days of the date on which the Escrow Agent has completed the return of such amounts.
- 12) SCOTWINC further agrees that on or before the Final Funding Date an irrevocable direction will be executed and delivered by SCOTWINC whereby once LATC deposits into the LATC Race Meeting Trust account amounts owed under the LATC Shortfall Agreement, such amounts will be paid immediately by the LATC Race Meeting Trust to LATC, until LATC has recovered an amount equal to the Estimated Remaining Shortfall Amount.
- 13) MID agrees to support the terms and conditions set forth in this Term Sheet, including, without limitation, expressing its formal support of this Term Sheet by filing a statement of support with the Bankruptcy Court.
- 14) Each of the AES Parties and SCOTWINC agrees to support the Plan by, including but not limited to, (i) voting to accept the Plan, (ii) not objecting to confirmation of the Plan and (iii) not soliciting any other party to vote against, or object to, the Plan. Each of the AES Parties and SCOTWINC consents to, and agrees to be bound by, the releases and injunctions contained in Article 34 of the Plan, notwithstanding any prior election that may have been made in any ballot or notice to opt-out of the release provisions.

- 15) Attorneys Fees. Each party to this agreement shall bear its own attorneys' fees and costs.
- 16) Approval by Bankruptcy Court. Upon execution of this Term Sheet, the Debtors shall within one business day file a Motion (the "Approval Motion") with the Bankruptcy Court seeking approval of the settlement agreement memorialized by this Term Sheet pursuant to Rule 9019 of the Bankruptcy Rules. The Debtors shall also file an appropriate motion seeking authority to shorten notice of the Approval Motion and to schedule the Approval Motion for hearing on April 20, 2010.
- 17) No Admission of Liability. The execution of this Term Sheet is not intended to be, nor shall it be construed as, an admission or evidence in any pending or subsequent suit, action, proceeding or dispute of any liability, wrongdoing, or obligation whatsoever (including as to the merits of any claim or defence) by any party to any other party or any other Person with respect to any of the matters addressed in this agreement and this Term Sheet may not be used as an admission or evidence of the validity of any claim or constructive or other trust, or any allegation made in the actions or of any wrongdoing or liability of any Party in the Adversary Proceeding.
- 18) Miscellaneous.
 - a) This Term Sheet constitutes the entire agreement between the parties concerning the matters set forth herein, and supersedes any and all prior agreements between them concerning the matters set forth herein.
 - b) This Term Sheet may not be modified other than by a signed writing executed by the parties hereto, their authorized representatives, or by further order of the Bankruptcy Court.
 - c) Each party who executes this Term Sheet hereby covenants and warrants to the other parties that it has the authority to execute this document on behalf of his or her respective client(s) and is fully authorized to bind his or her client(s) to all the terms of this agreement.
 - d) This Term Sheet may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument, and it shall constitute sufficient proof of this Term Sheet to present any copy, copies or facsimiles signed by the Party hereto to be charged.
 - e) Each of the parties hereto agrees to execute and deliver, or to cause to be executed and delivered, all such instruments, and to take all such action as the other Parties may reasonably request in order to effectuate the intent and purposes of, and to carry out the terms of, the settlement agreement memorialized by this Term Sheet.
 - f) This Agreement will be binding on the parties and their successors and assigns.

- g) The headings of the sections, paragraphs and subsections of this Agreement are inserted for convenience only and are not part of this Agreement and do not in any way limit or modify the terms or provisions of this Agreement and shall not affect the interpretation hereof.
- h) This Agreement shall be governed by and construed in accordance with the internal laws of the State of California, without giving effect to any principles of conflicts of law and applicable federal law.
- i) The Bankruptcy Court retains jurisdiction as to all matters arising from or related to the implementation and/or enforcement of this Term Sheet and each of the Parties submit to the jurisdiction of the Bankruptcy Court.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date set forth below.

Dated: April __, 2008

For the Debtors (as defined above):

For SCOTWINC (as defined above):

For MID (as defined above):

For the AES Parties (as defined above):

* See Below

Craig R. Fravel, President
Delmar
Craig R. Fravel

Exec V.P.
Oak Free Press Inc

Christopher Korby
CHRISTOPHER KORBY
EXECUTIVE DIRECTOR
California Authority of Recy Fairs

EXHIBIT B**AMOUNTS DUE FROM DEBTORS:**

SCOTWINC 2008-2009 SHORTFALLS	1,339,021.00
SCOTWINC ESTIMATED 2010 SHORTFALLS THROUGH 3/7/2010	626,483.00
SCOTWINC ESTIMATED 2010 SHORTFALLS FROM 3/8 THROUGH 4/18/2010	663,381.00
LESS AMOUNTS RECEIVED PER LATC SHORTFALL AGREEMENT	(1,333,000.00)
TOTAL ESTIMATED REMAINING SHORTFALL DUE TO SCOTWINC THROUGH 4/18/2010	<u>1,295,885.00</u>
<i>= "Estimated Remaining Shortfall Amount"</i>	

AMOUNTS DUE TO DEBTORS:

SCOTWINC EXPENSE REIMBURSEMENTS FROM 2009 LATC MEET	1,263,377.95
ESTIMATED SCOTWINC 2010 EXPENSE REIMBURSEMENTS THROUGH 3/7/10	637,093.00
ESTIMATED SCOTWINC 2010 EXPENSE REIMBURSEMENTS FROM 3/8 THROUGH 4/18/2010	420,000.00
TOTAL PROJECTED EXPENSE REIMBURSEMENTS DUE TO DEBTORS THROUGH 4/18/2010	<u>2,320,470.95</u>
<i>= "Estimated Expense Reimbursement Due"</i>	

ESTIMATED AMOUNT DUE TO DEBTORS LESS ESTIMATED REMAINING SHORTFALL DUE TO SCOTWINC **1,024,585.95**
= amount that SCOTWINC will deposit into Debtors escrow

EXHIBIT A**AMOUNTS DUE FROM DEBTORS:**

ALAMEDA COUNTY FAIR ASSN - PLEASANTON	92,004.42
BARONA	35,161.94
BAY MEADOWS	102,569.97
CABAZON	30,400.98
CAL EXPO HARNESS	843.71
CALIFORNIA EXPOSITION & STATE FAIR - SACRAMENTO	86,345.59
CALIFORNIA MARKETING COMMITTEE	123,300.16
CALIFORNIA THOROUGHBRED BUSINESS LEAGUE	235,555.81
DEL MAR THOROUGHBRED CLUB	4,471.27
DEL MAR-22ND DAA (Surfside Race Place)	150,572.26
EUREKA REDWOOD ACRES	6,160.30
FRESNO FAIR	18,802.68
FRESNO FAIR - FRESNO CLUB ONE	7,690.79
HOLLYWOOD PARK	304,762.85
KERN COUNTY FAIR - BAKERSFIELD	24,841.63
LANCASTER-ANTELOPE VALLEY	30,148.36
LOS ALAMITOS	473,625.57
MONTEREY COUNTY FAIR	25,233.36
OAK TREE RACING ASSOCIATION	3,129.89
PERRIS-HEMET 46 DISTRICT	33,149.12
POMONA-L A COUNTY FAIR	90,478.12
SAN BERNARDINO-NATIONAL ORANGE SHOW	62,118.81
SAN JOAQUIN COUNTY FAIR - STOCKTON	46,956.86
SAN MATEO COUNTY FAIR	89,588.04
SANTA BARBARA-EARL WARREN	12,354.64
SANTA CLARA COUNTY FAIR - SAN JOSE	87,210.82
SANTA MARIA-SANTA BARBARA FAIR	12,954.64
SHALIMAR-NATIONAL DATE FESTIVAL	18,036.07
SHASTA DISTRICT FAIR - ANDERSON	7,271.55
SOLANO COUNTY FAIR - VALLEJO	38,445.99
SONOMA COUNTY FAIR - SANTA ROSA	34,273.85
SOUTHERN CALIFORNIA STABING AND VANNING FUND	206,959.95
STANISLAUS COUNTY FAIR - TURLOCK	19,021.61
TULARE 24TH DIST FAIR	7,841.62
VENTURA	55,754.40
VICTORVILLE-SAN BERNARDINO FAIR	20,298.68
VIEJAS	23,969.22
TOTAL AMOUNTS DUE FROM DEBTORS	2,622,305.53

AMOUNTS DUE TO DEBTORS:

CAL EXPO HARNESS	28,394.48
CALIFORNIA EXPOSITION & STATE FAIR	150.00
CALIFORNIA MARKETING COMMITTEE	123,300.16
DEL MAR THOROUGHBRED CLUB	9,466.10
HOLLYWOOD PARK	403,625.01
LOS ALAMITOS	515,490.66
POMONA - LA COUNTY FAIR	22,804.63
SOUTHERN CALIFORNIA STABLING & VANNING	210,172.00
VIEJAS	2,929.50
TOTAL AMOUNTS DUE TO DEBTORS	1,316,332.54

CALIFORNIA AUTHORITY OF RACING FAIRS***AGENDA ITEM***

STRATEGIC PLANNING

Several CARF Board members have recommended that the Board hold a Strategic Planning session in the near future. This is an opportunity to discuss that topic.

We're including a presentation from a prior Strategic Planning as an example of discussions that have taken place at prior sessions.

The Executive Director has contacted George Soares of Kahn, Soares and Conway on this matter. Mr. Soares has guided these conversations in the past to the satisfaction of prior CARF Boards. He can be available to do so again if the Board wishes to use his services.

California Fairs and Horse Racing

Planning for the Future of Racing in California

California Authority of Racing Fairs
Christopher Korby, Executive Director
March 5, 2008
Revised: May 8, 2008



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- 2) SCRAMBLE Scenario
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- 5) Fair Connection to Agriculture
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- 9) Opportunities Ahead for Fairs
- 10) DECISIONS
- 11) Challenges We Will Face
- 12) Tasks Ahead
- 13) Forming a Unifying Vision

INTRODUCTION



- Two possible routes to the future for California Horse Racing.
- Call the first scenario “SCRAMBLE.”
- Like a horse race, this scenario promises excitement and fierce competition.
- Call the second scenario “BLUEPRINT.”
- BLUEPRINT is a more deliberate and planned approach, depending for its success on the discipline and ingenuity of those involved.

“SCRAMBLE” SCENARIO



- Racing associations, including Fairs, will rush to secure racing dates for themselves, fearing that the competition is a zero sum game with clear winners and losers.
- Like a horse race, this scenario promises excitement and fierce competition.
- SCRAMBLE scenario will seem initially simpler and more comfortable because it is closer to the current laissez-faire approach, i.e., maintain long-standing traditional calendar structure with intense competition for interstitial dates.
- Path of least resistance for the California Horse Racing Board.
- Racing industry may suffer as real estate development interests “game” the process for maximum short-term advantage before converting track properties to other purposes.
- **Consequences**: some winners; casualties along the way; great uncertainties, both near-term and long-term, leading to frustration for fans, employees and horsemen. Outcome unpredictable.

“BLUEPRINT” SCENARIO



- BLUEPRINT scenario relies on certain levels of cooperation amongst industry interests.
- BLUEPRINT scenario is more difficult at the beginning but less painful in the longer run.
- Successful execution of the BLUEPRINT scenario will depend on the discipline of the participants and the ingenuity of all those involved in the endeavor.
- Coalitions and tactical alliances will emerge to deal with such issues as financing of necessary infra-structure improvements and near-term transition challenges.
- Innovations will occur as industry interests recognize the restructuring necessary for implementation of this scenario.
- New economic models of racing venue ownership will emerge.
- **Consequences:** some winners; emergent cooperation amongst interests; greater certainty about near short-term and the long-term future of racing; more predictable outcome.

POLITICAL ALLIANCES



There is a long history of political alliances between Fair Horse Racing and agriculture:

- Organized Horse Racing in California begins at Fairs in 1850's.
- In 1930's, early efforts to legalize pari-mutuel wagering fail; Fairs agree to support legalization in return for revenue from wagering.
- Political support of Fairs finally helps carry constitutional amendment.
- First racing of modern pari-mutuel era begins at Fairs.
- Fairs have instrumental in every recent major Legislative development in racing, beginning with simulcasting in 1985.

AGRICULTURE



There is a long history of political alliances between Fairs and Horse Racing:

- Fairs and horse racing share common roots in agriculture.
- Breeding, training and care of horses are agricultural activities, representing a significant component of California's agricultural economy.
- California Department of Food and Agriculture does not presently consider equine husbandry as formally part of California agriculture
- Fairs, breeders and horse owners, coming together in the context of their shared connection to agriculture, can work for their interest as part of California's powerful agricultural sector.
- CARF has begun working with the State Board of Food and Agriculture to adopt a policy formally recognizing equine husbandry as an agricultural activity.

CURRENT LANDSCAPE



- Rising real estate valuations are changing the economics of race track ownership.
- For track owners, racing may no longer be the highest and best use of real estate assets.
- Bay Meadows, a pillar of racing for 75 years in Northern California, will close as a race track.
- Departure of Bay Meadows will create opportunity for Northern California Fairs.
- Pleasanton is ideally suited to step into vacuum left by departure of Bay Meadows.
- Re-structured NorCal racing calendar can benefit Fairs.
- Developments in Northern California will be “dress rehearsal” for Southern California.
- Hollywood Park, owned by Bay Meadows Land Company, will probably soon follow Bay Meadows out of the racing business.

FAIR STRENGTHS



- California Fairs are already a major stakeholder in California horse racing.
- Fairs have a major investment in real property and capital improvements dedicated to horse racing.
- California Fairs own and operate NINE California horse racing venues: Pleasanton; Vallejo; Santa Rosa; Humboldt; Sacramento; Stockton; Fresno; Pomona; Del Mar.
- Cumulative value of real property (hundreds of acres in urban settings) and capital investments dedicated to horse racing at Fairs venues exceeds \$1 billion. (Note: we need a valuation)
- Fairs are far and away the biggest operator of Satellite Wagering Facilities in California with 23 sites.
- Fairs have a strong, grass-roots connection to virtually every member of the California Legislature.

BUSINESS METRICS



- Horse racing is the biggest single business in the California Fair industry.
- Patrons at the California Fairs' satellite network (23 Satellite Wagering Facilities) wagered over \$630 million in 2007.
- Pari-mutuel wagering from the Fair satellite network annually generates over \$100 million in distributions to a whole spectrum of beneficiaries, including: race tracks, satellite facilities, horsemen in the form of purses, license fees to the state, breeders in the form of breeders' awards, equine research and several other beneficiaries.
- Pari-mutuel wagering on horse racing is the sole source of revenue for Fairs and Expositions' Funds.

OPPORTUNITIES



- California racing is at a tipping point, on the verge of a generational re-structuring.
- Fairs have an opportunity to expand their role in an industry with which they have been closely associated for years and which provides critical revenues for the Fair industry.
- Fairs have an opportunity to participate from the inside in a re-structuring of the economic model on which racing is based, helping re-shape it to their benefit.
- Not-for-profit racing associations operating at publicly owned venues will assure the long term economic vitality of horse racing.
- Racing is a proven and predictable generator of revenue; moving now to consolidate an expanded role will ensure a proven revenue source for years to come.
- We must grasp this opportunity now!

DECISIONS



- Will Fairs work together to take advantage of the opportunities ahead?
- How will Fairs work together to take advantage of the opportunities ahead?
- CARF model of cooperation: great strides made; still evolving.
- Consensus amongst Fairs for Northern California racing calendar 2009 and beyond.
- Consensus amongst Fairs, Magna and TOC in support of racing calendar for 2009 and beyond.
- Support additional Fair satellite wagering facilities (SF; LA; mini's) to grow the overall business.
- Role of CDFA and F&E: Develop policy regarding horse racing, Fairs and agriculture; provide support for financing of necessary racing venue improvements, as was done for the \$85 million Del Mar Grandstand project in the early 1990's and for the Fair satellite network in the mid-1990's.

CHALLENGES



- Structure effective alliances amongst: Fairs; horsemen; private racing associations; breeders.
- Persuade and educate CHRB.
- Secure support of key legislators.
- Secure financing for necessary improvements and upgrades to Fair racing venues.
- Create model for effective working relationships between venue owners and racing management entities (e.g. RTALC/DMTC/22ND DAA)
- Re-structure management and purpose of Stabling and Vanning Fund.
- Secure support of local municipalities and counties.

TASKS AHEAD



- Secure financing for Phase I at Pleasanton (\$12 million, including engineered racing surface); proceed with design and permit efforts for installation of synthetic surface and barn area improvements.
- Add San Francisco and LA Basin Fair satellites, along with miscellaneous mini-SWF's, to increase overall California handle.
- Secure agreement between CARF, Magna and TOC on 2009 Racing Calendar and re-structuring of Stabling and Vanning Fund for Northern California.
- Work with LA County Fair to begin planning for design development, cost estimates and financing for improvements to their facility; focus initially on training operations; secure financing.
- Plan logistics for migration of primary auxiliary training facility to Pleasanton, effective January 1, 2009.

UNIFYING VISION



- Privately-owned race tracks in California are going out of business as real estate values no longer justify racing as the highest and best use of their real estate assets.
- California horse racing is at an historical tipping point, sitting on the verge of fundamental re-structuring.
- The long-term economic health and vitality of California racing is being challenged by competition from tribal gaming, rising costs and competition from out-of-state racing subsidized by slot machine revenues.
- Racing sustains tens of thousands of acres of agricultural green space and provides over 30,000 jobs in California.
- California racing and Fairs share a long history of alliance and deep roots in agriculture.
- Racing is an important source of revenue for all Fairs.
- Fairs are poised to lead the way in creating a new economic model for horse racing that will ensure its vitality and protect its revenue generation into the future.

**California Authority of Racing Fairs
Agency Income Statement
June 30, 2010**

	2008 Year End Actual	2009 Year End Actual	2008 YTD Actual	2009 YTD Actual	2010 YTD Actual	2010 Annual Budget	2010 Budget Variance	2010 % Budget
Revenue:								
Other Revenue	12,384	148	964	15	44	500	(456)	9%
Interest Income	96,705	30,515	18,791	11,980	14,463	30,000	(15,537)	48%
Member Dues	282,520	282,532	153,886	141,266	146,457	292,913	(146,457)	50%
CARF South Programs Admin Fee	29,295	25,351	15,597	13,762	11,578	26,250	(14,672)	44%
CARF Projects Admin Fee	175,639	66,063	13,128	23,223	31,763	195,000	(163,237)	16%
CARF Live Racing Admin Fee	149,334	112,869	52,675	29,260	34,588	136,723	(102,135)	25%
CARF @ Leased Facility Revenue	0	(311,170)	0	0	0	0	0	0%
Total Revenue	745,876	206,308	255,041	219,506	238,892	681,386	(442,494)	35%
Expenses:								
Salaries	245,914	226,671	106,689	106,689	105,548	304,423	198,875	35%
Employee Benefits	26,800	23,714	12,798	12,798	8,752	30,000	21,248	29%
Post Retirement Benefits	31,614	666,317	742,787	742,787	17,235	32,896	15,661	52%
Payroll Taxes	12,509	12,487	6,910	6,910	6,726	13,500	6,774	50%
Accounting Costs	16,337	17,209	9,074	9,074	8,451	18,750	10,299	45%
Audit Services	6,188	7,125	3,500	3,500	22,128	6,500	(15,628)	340%
Automobile Expense	3,236	435	435	435	3,668	4,000	332	92%
Contracted Services	659	543	399	399	2,978	2,000	(978)	149%
Depreciation	13,729	13,881	3,558	3,558	3,394	13,500	10,106	25%
Dues & Subscriptions	14,388	36,048	13,844	13,844	5,791	37,000	31,209	16%
Insurance Expense	40,542	37,784	18,892	18,892	18,573	41,000	22,427	45%
Legal Expenses	1,740	11,413	4,148	4,148	16,412	10,000	(6,412)	164%
Legislative Expenses	54,869	53,508	26,909	26,909	27,190	60,000	32,810	45%
Meetings Expense	3,758	5,398	3,189	3,189	1,957	5,000	3,043	39%
Misc. (Ag Day Sponsor)	204	2,482	2,209	2,209	1,595	2,500	905	64%
Office Supplies	19,576	23,754	14,393	14,393	15,678	20,000	4,322	78%
Postage & Shipping	4,343	5,987	2,992	2,992	1,492	6,000	4,508	25%
Rent (Tribute Road)	39,413	38,916	19,210	19,210	19,872	39,744	19,872	50%
Repairs & Maintenance	0	0	0	0	674	1,000	326	67%
Telephone Expense	8,132	7,390	3,745	3,745	4,401	10,000	5,599	44%
Training	0	0	0	0	895	2,500	1,605	36%
Travel Expense	23,216	25,280	12,816	12,816	9,704	27,500	17,796	35%
Total Expenses	567,165	1,216,340	1,008,498	1,008,498	303,113	687,813	384,700	44%
Agency Income (Loss)	178,712	(1,010,031)	(753,456)	(788,992)	(64,221)	(6,427)	(57,794)	
Southern Program Income (Loss)	9,592	7,142	4,492	3,744	4,655	5,250	(29,939)	
Total Balance Sheet Net Income (Loss)	188,304	(1,002,890)	(748,965)	(785,248)	(59,566)	(1,177)	(87,733)	

**California Authority of Racing Fairs
Southern Region Income Statement
June 30, 2010**

	2008	2009	2008	2009	2010	2010	2010	2010
	Year End	Year End	YTD	YTD	YTD	Annual	Budget	% Budget
	Actual	Actual	Actual	Actual	Actual	Budget	Variance	
Program Revenue:								
Program Sales	397,688	343,634	207,955	183,494	154,381	350,000	(195,619)	44%
Other Revenue	0	0	0	0	0	0	0	0%
Royalties/Fees Due Host	(358,703)	(311,141)	(187,769)	(165,988)	(138,149)	(318,500)	180,351	43%
Total Revenue	38,985	32,493	20,186	17,506	16,233	31,500	(15,267)	52%
Expenses:								
Legal Expenses	0	0	0	0	0	0	0	0%
Meetings Expense	98	0	98	0	0	0	0	0%
Misc Exp.(Storage)	0	0	0	0	0	0	0	0%
Office Supplies	0	0	0	0	0	0	0	0%
Paper Expense	0	0	0	0	0	0	0	0%
Postage & Shipping	0	0	0	0	0	0	0	0%
Printing Supplies	0	0	0	0	0	0	0	0%
Rent & Utility Expenses	0	0	0	0	0	0	0	0%
Repairs & Maintenance	0	0	0	0	0	0	0	0%
Telephone Expense	0	0	0	0	0	0	0	0%
Travel Expense	0	0	0	0	0	0	0	0%
Total Expenses	98	0	98	0	0	0	0	0%
Operating Income (Loss)	38,887	32,493	20,089	17,506	16,233	31,500	(15,267)	52%
CARF Admin Fee	29,295	25,351	15,597	13,762	11,578	26,250	14,672	44%
Rebate								
Income (Loss)	9,592	7,142	4,492	3,744	4,655	5,250	(29,939)	89%

**California Authority of Racing Fairs
Project Management Income Statement
June 30, 2010**

	2008 Year End Actual	2009 Year End Actual	2008 YTD Actual	2009 YTD Actual	2010 YTD Actual	2010 Annual Budget	2010 Budget Variance	2010 % Budget
Revenue:								
CARF Admin Fee	175,639	66,063	13,128	23,223	31,763	195,000	(163,237)	16%
Project Management	67,608	79,199	39,444	36,440	36,165	77,191	(41,026)	47%
Total Revenue	243,247	145,262	52,572	59,663	67,928	272,191	(204,263)	25%
Expenses:								
Salaries Expense	49,043	58,723	28,313	25,682	26,699	56,341	29,642	47%
Employee Benefits	6,150	7,287	4,000	4,244	4,266	8,000	3,734	53%
Payroll Taxes	2,204	2,832	1,490	1,464	1,510	3,000	1,490	50%
Accounting Costs	6,500	6,500	3,250	3,250	3,250	8,000	4,750	41%
Audit Services	2,475	2,550	2,056	1,400	0	0	0	0%
Automobile Expense	0	0	0	0	0	0	0	0%
Contracted Services	0	0	0	0	0	0	0	0%
Telephone Expense	678	708	335	359	371	1,000	629	37%
Travel Expense	0	42	0	42	68	250	182	27%
Misc. Storage	558	558	0	0	0	600	600	0%
Total Expenses	67,608	79,199	39,444	36,440	36,165	77,191	41,026	47%
CARF Admin Fee	175,639	66,063	13,128	23,223	31,763	195,000	163,237	16%

**California Authority of Racing Fairs
Live Racing Income Statement
June 30, 2010**

	2008	2009	2008	2009	2010	2010	2010	2010
	Year End	Year End	YTD	YTD	YTD	Annual	Budget	% Budget
	Actual	Actual	Actual	Actual	Actual	Budget	Variance	
Revenues:								
Change Fund Admin Fee	46,470	17,065	20,092	9,252	10,014	20,000	(9,986)	50%
Racing Fairs Admin Fee	80,538	74,561	10,583	15,907	24,574	94,723	(70,149)	26%
Supplemental Purses Admin Fee	22,000	22,000	22,000	0	0	22,000	(22,000)	0%
NCOTWINC Reimbursement	29,000	29,000	0	0	29,000	29,000	0	100%
Racing Fairs Reimbursement	1,074,554	1,059,854	268,019	349,813	364,931	1,262,971	(898,040)	29%
Advertising Revenue	5,010	4,100	0	4,100	0	4,000	(4,000)	0%
Total	1,257,573	1,206,580	320,694	379,073	428,519	1,432,694	(1,004,175)	30%
Expenses:								
Salaries	201,995	230,562	67,419	96,876	108,164	227,483	119,319	48%
Employee Benefits	40,160	44,792	18,629	22,880	23,601	46,000	22,399	51%
Payroll Taxes	10,824	11,877	4,387	6,022	6,393	13,500	7,107	47%
Accounting Costs	42,250	52,250	21,125	21,125	21,125	48,000	26,875	44%
Audit Services	16,088	16,575	13,364	9,100	0	16,088	16,088	0%
Automobile Expense	742	1,182	256	80	3,703	5,100	1,397	73%
Depreciation	0	0	0	0	0	0	0	0%
Dues & Subscriptions, NTRA	13,596	12,286	6,761	6,136	5,055	17,000	11,945	30%
Insurance Expense	0	0	0	0	0	0	0	0%
Legal Expenses	2,101	0	2,101	0	15,469	10,000	(5,469)	155%
Meetings Expense	1,803	1,111	853	364	2,379	5,000	2,621	48%
Misc. Exp (Harness,Storage,Bank fee)	0	58	0	58	804	0	(804)	0%
Telephone Expense	1,773	3,363	666	1,363	1,961	3,000	1,039	65%
Travel Expense	55,224	45,184	6,138	7,068	6,499	45,000	38,501	14%
Sub-Totals	386,555	419,240	141,698	171,071	195,154	436,171	241,017	45%
Racing Support Services:								
Announcer	26,000	26,596	0	2,200	2,875	36,800	33,925	8%
Condition Bk/Program Cover	27,509	22,491	3,798	1,902	13,060	30,500	17,440	43%
Courier Service (Pgm Distribution)	0	0	0	0	0	0	0	0%
Racing Operations Support	103,242	79,601	62,191	56,501	53,965	105,000	51,035	51%
TC02 Testing	60,010	54,880	0	8,260	1,450	72,000	70,550	2%
Marketing	3,225	1,783	1,439	999	2,958	20,000	17,042	15%
Network Management	3,105	3,321	1,907	2,125	791	6,000	5,209	13%
Paymaster	10,825	20,298	3,037	6,099	3,698	11,500	7,802	32%
Program Production	191,389	178,814	6,388	24,036	19,976	205,000	185,024	10%
Racing Office System	55,840	53,156	13,354	11,432	12,752	68,000	55,248	19%
Recruitment	17,970	22,721	17,970	19,256	20,584	15,000	(5,584)	137%
Jumbo Screen	137,700	125,000	0	22,950	51,000	181,000	130,000	28%
Supplies	15,478	19,158	3,596	3,840	219	20,000	19,781	1%
Tattooing	17,057	20,469	5,640	6,764	4,660	19,000	14,340	25%
Timing/Clocker	21,851	22,430	1,904	3,128	3,625	30,000	26,375	12%
Transportation	2,900	3,465	500	250	0	5,000	5,000	0%
TV Production/Simulcast	27,582	20,288	4,598	9,000	7,163	35,000	27,838	20%
Sub-Totals	721,684	674,471	126,321	178,742	198,777	859,800	661,023	23%
Total Expenses	1,108,239	1,093,711	268,019	349,813	393,931	1,295,971	902,040	30%
CARF Admin Fee	149,334	112,869	52,675	29,260	34,588	136,723	102,135	25%

CARF @ Leased Facility							
June 30, 2010							
2008	2009	2008	2009	2010	2010	2010	2010
Year End	Year End	YTD	YTD	YTD	Annual	Budget	% Budget
Actual	Actual	Actual	Actual	Actual	Budget	Variance	
0	2,859,642	0	0	0	0	0	0%
0	0	0	0	0	0	0	0%
0	2,859,642	0	0	0	0	0	0%
0	96,106	0	0	0	0	0	0%
0	0	0	0	0	0	0	0%
0	0	0	0	0	0	0	0%
0	2,998,791	0	0	0	0	0	0%
0	18,531	0	0	0	0	0	0%
0	57,383	0	0	0	0	0	0%
0	3,170,811	0	0	0	0	0	0%
0	(311,170)	0	0	0	0	0	0%

CALIFORNIA AUTHORITY OF RACING FAIRS
BALANCE SHEET
June 30, 2010

ASSETS

	CURRENT YTD	PRIOR YTD
	6/30/10	6/30/09
Current Assets		
CASH - LAIF & INVESTMENTS	3,891,705	3,602,823
CASH - OPERATING	422,418	375,877
CHECKING - TOC PURSE	1,373,571	258,680
CHECKING - RACING TRUST	12,601	0
MARKETABLE SECURITIES	4,177,471	4,051,158
A/R - DUES	22,026	8,210
A/R - PROGRAMS	103,513	162,875
A/R - RACING FAIRS	473,621	405,640
A/R - F&E SUPPLEMENTAL PURSE/OTHER A/R	1,923,060	1,378,339
PREPAIDS/DEPOSITS	25,092	23,634
OPEB ASSETS	91,955	0
Total Current Assets	12,517,031	10,267,236
Fixed Assets		
AUTOMOBILE	4,018	10,906
FURNITURE & EQUIPMENT	2,239	3,259
COMPUTER HARDWARE/SOFTWARE	10,071	10,445
TRACK EQUIPMENT	59,400	89,100
Total Fixed Assets (Net of Depr.)	75,728	113,711
TOTAL ASSETS	12,592,759	10,380,946

LIABILITIES & NET ASSETS

Current Liabilities		
A/P & WITHHOLDINGS	983,380	1,492,498
A/P - PROGRAM ROYALTIES TO HOST	56,375	172,369
RACING DISTRIBUTIONS	(113,534)	(1,984,502)
PURSES	2,124,807	2,242,182
TRACK SAFETY/MAINT.	708,800	641,434
INFOTEXT UPGRADE	159,979	157,198
MISC PROJECT FUNDS	0	0
LOU-1 - TIMING/TRACK SURFACE/AREA ENHANC	0	0
LOU-2 - SPECIAL EVENT CENTERS	0	0
LOU-3 - SATELLITE SURVEY/TURF STUDY	0	0
EQUIPMENT REPLACEMENT FUND	1,311,961	1,134,815
LOU-5 - SYMPOSIUM	3,805	4,248
FACILITY IMPROVEMENTS & UPGRADES	517,765	754,265
CAPITAL IMPROVEMENT FUND	3,037,200	1,590,321
Total Current Liabilities	8,790,536	6,204,826
Non-Current Liabilities		
CHRIMS FUNDS	90,197	88,630
CHANGE FUND	1,014,000	1,014,000
FAIRS - EQUIP REPLACEMENT FUNDS	2,007,217	2,112,898
Total Non-Current Liabilities	3,111,413	3,215,528
TOTAL LIABILITIES	11,901,950	9,420,354
Net Assets		
FUND EQUITY	636,146	1,730,990
OPEB Net Assets	91,955	
F&E Net Assets	22,275	14,850
CARF@GG	0	0
RETIREMENT CONTINGENCY	0	0
NET INCOME/LOSS	(59,566)	(785,248)
Total Net Assets	690,810	960,592
TOTAL LIABILITIES & NET ASSETS	12,592,759	10,380,946