



1776 Tribute Road, Suite 205  
Sacramento, CA 95815  
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[www.calfairs.com](http://www.calfairs.com)

**AGENDA**  
**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**BOARD OF DIRECTORS MEETING**  
**JOHN ALKIRE, CHAIR**  
**12:30 P.M., TUESDAY, DECEMBER 7, 2010**  
**VIA TELECONFERENCE**

Notice is hereby given that a teleconference meeting of the California Authority of Racing Fairs Board of Directors will commence at 12:30 P.M., Tuesday, December 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: Sacramento, February 1, 2011.
- II. Approval of minutes.
- III. Report on Strategic Planning.
- IV. Report on By-laws update.
- V. Report, discussion and action, if any, on 2011 Agency Budget.
- VI. Discussion and action, if any, Legislative Program for 2011 and beyond.
- VII. Report, discussion and action, if any, Replacement Revenues for Solano and San Joaquin County Fairs.
- VIII. Report, discussion and action, if any, on Magna Entertainment Corp. bankruptcy settlement.
- IX. Report, discussion and action, if any, on funding contract negotiations between CDFA Division of Fairs and Expositions and California Authority of Racing Fairs.
- X. 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 5<sup>th</sup> 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

**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

Wednesday, November 17, 2010

### MINUTES

A meeting of the California Authority of Racing Fair Board of Directors was held at 4:00 P.M., Wednesday, November 17, 2010. The meeting was hosted at the Courtyard Marriott, 1782 Tribute Road, Sacramento, California.

CARF Board Directors attending: John Alkire, Vince Agnifili, Norb Bartosik, Mike Paluszak, Rick Pickering and Kelly Violini.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Amelia White, George Soares, Tawny Tesconi, Stuart Titus, Rebecca Desmond, Tim Renner and Cindy Olsen.

**Agenda Item 1 – Date, Time and Location of Next Meeting.** The next CARF Board & Live Racing Committee meetings will be scheduled for December 7, 2010 in Sacramento.

**Agenda Item 2 – Approval of Minutes.** Mr. Paluszak moved to approve the August 23, 2010 meeting minutes as presented. Ms. Violini seconded, unanimously approved.

Mr. Agnifili moved to approve the September 7, 2010 meeting minutes as presented. Mr. Paluszak seconded, unanimously approved.

Mr. Bartosik moved to approve the October 19, 2010 meeting minutes as presented. Mr. Pickering seconded, unanimously approved.

**Agenda Item 3 – Discussion and Action, if any, on Replacement Revenues to Fairs that Reduce or Discontinue Live Horse Racing Dates.** Item was covered in the prior Live Racing Committee meeting. Mr. Pickering's motion to refer the Solano County Fair's requests for replacement revenue to the CARF sub-committee (Mr. Paluszak, Mr. Bartosik and Ms. Tesconi) was unanimously approved.

**Agenda Item 4 – Report, Discussion and Action, if any, on Legislative Matters.** Legislative matters will be discussed during the second day of the CARF Strategic Planning Conference. The proposed legislative program for 2011 and beyond will include modifying/amending AB 765 language (allows 1% increase in take-out for racing conducted at

Fairs), modifying/amending language B&P Section 19522 (requiring satellite supervisors at Fair satellite facilities) and renewing efforts to receive an increase in satellite commissions.

**Agenda Item 5 – Report, Discussion and Action, if any, on the CDFA F&E Expenditure Plan and Funding Allocations for FY 2010/11 and Beyond.** Mr. Korby reported that he and Ms. Desmond have had several conversations regarding the 2010-11 Expenditure Plan to discuss the components of the “Racing & Satellite Wagering Support” allocation. Those conversations are ongoing.

Ms. Desmond stated that the Expenditure Plan was produced quickly to meet deadlines and F&E will work together with CARF to determine the specifics of the allocation. Ms. Desmond reported that F&E will be calling back the interest that has been accruing at CARF in LOUs from F&E funded projects. Mr. Korby replied that this has been a standard procedure in the past and is a contractual obligation that will be fulfilled.

Mr. Alkire congratulated Ms. Desmond for her recent appointment as Acting Director of the CDFA Division of Fairs and Expositions.

**Agenda Item 6 – Discussion and Action, if any, on Recommendations from the CARF Board Regarding FY 2010-11 Funding Allocations from CDFA Division of Fairs and Expositions.** No action.

**Agenda Item 7 – Update, Report, Discussion and Action, if any, on Implementation of Mini-Satellite Wagering Facilities as Joint Ventures with Fairs.** Mr. Korby reported that he and Ms. Violini went before TOC representatives to make a presentation regarding the mini-satellite wagering facility that is being proposed as a joint venture between Monterey County Fair and Bankers Casino in Salinas. A copy of the presentation is included in the meeting packet. The TOC was very receptive to the presentation and is in support of the project moving forward. The expansion is scheduled to begin January 2011.

Mr. Korby encouraged all Fairs to consider a mini-satellite wagering facility partnership in their community.

Mr. Alkire reported that satellite downsizing at Fresno is complete and the facility opened after Breeders’ Cup.

Mr. Bartosik reported that Turf Club at Cal Expo will no longer be used as part of the satellite wagering facility after the first of the year.

**Agenda Item 8 – Report, Discussion and Action, if any, on Developments in MAGNA Bankruptcy Proceedings.** Mr. Korby reported that the settlement process continues to move forward. Mr. Korby reported that the recovery for satellites will be 100% of the claim less attorney fees (approximately 10 percent of the settlement).

**Agenda Item 9 – Financials.** Mr. Jacobs proposed that the CARF finance committee look at the CARF financials and consider refinancing CCA loans that are impacting F&E. Mr. Jacobs moved to have Mr. Korby and the CARF finance committee meet with F&E to discuss the situation at CCA and come back with a recommendation on how CARF can best help F&E. Mr. Pickering seconded. Unanimously approved.

**Agenda Item 10 – Executive Director’s Report.** Mr. Korby reported that the city of Del Mar and Senator Kehoe are discussing the potential transfer of the 22<sup>nd</sup> DAA fairgrounds to the city of Del Mar. Mr. Korby presumes that Senator Kehoe will submit legislation next session to facilitate the transfer. CARF might consider working with the 22<sup>nd</sup> DAA on a joint position.

Mr. Korby asked the group to review the draft report “Ten-Year Report 2000-2009 Satellite Wagering at Fairs” provided in the meeting packet.

Mr. Bartosik reported that the Orange County Swap Meeting got an injunction and temporary restraining order to prevent any further discussion between the L.A. County Fair and potential buyers in Costa Mesa.

Respectfully submitted,  
Heather Haviland

**CALIFORNIA AUTHORITY OF RACING FAIRS**  
***STRATEGIC PLANNING CONFERENCE NOVEMBER 2010***  
**Discussion Topics**

- State of the Racing Industry
  - Probability of tracks continuing to close; impacts on industry
  - Future of publicly-owned vs. privately-owned tracks
  - Magna – Importance; uncertainties
  - Impact of declining horse population on racing dates
  - Economics of racing; parimutuel distributions
- Our Agency
  - Internal relations and performance
    - What's important to our members
    - What are we doing well
    - What can we do better: recommendations for change
    - Size and structure of agency
    - Importance of unified action
    - Goals and objectives
  - External relations with others
    - Racing Industry
    - Fair Industry
    - CDFA F&E
    - Others
- Racing Fairs
  - Planning for future: realistic appraisal
  - Working together; revenue sharing; models; outlook
  - Necessity for improvements to racing venues; financing
- Fairs with Satellites
  - Trends
  - Costs of operation
  - Prospects for change: Mini-SWF's; downsizing; local partnerships
  - Customer relations and marketing
- Trends, threats and opportunities
  - Changing demographics of CA
  - Opportunities for growth/expansion in racing: satellites; live racing
  - Financial issues
  - Strengths of Fairs: importance of strong ties to local communities
- Legislative Program for 2011 and beyond

**CALIFORNIA AUTHORITY OF RACING FAIRS**  
***STRATEGIC PLANNING CONFERENCE NOVEMBER 2010***  
**Strategic Plan**

- Review of prior plans
  - Where were we right; where were we wrong
  - Works-in-progress
  - Changes ahead
- Live Racing at Fairs
  - Vision for the future
  - Challenges: facilities; economics; industry dynamics
  - Opportunities: shorter meets at Fairs are model for future
  - Cooperation: Sports league concept; revenue sharing
  - Goals and objectives
- Satellite Wagering at Fairs
  - Vision for the future
  - Challenges: costs of operation; regulatory relief
  - Opportunities: mini-SWF's; expansion via joint ventures
  - Goals and objectives
- Agency
  - Vision for the future: role(s); planning; management; development
  - Challenges: size of agency; demand; funding
  - Opportunities:
  - Goals and objectives
  - Legislative Program for 2011 and beyond
    - Modify/amend AB765 language, which already allows 1% increase in take-out for racing conducted at Fairs
    - Modify/amend language B&P Section 19522 requiring satellite supervisors at Fair satellite facilities
    - Increase in satellite commissions



**California Authority of Racing Fairs  
Agency Income Statement  
December 2010 with 2011 Budget**

[illegible]

**California Authority of Racing Fairs  
Southern Region Income Statement  
December 31, 2010**

	<b>2008</b>	<b>2009</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>
	<b>Year End</b>	<b>Year End</b>	<b>YTD</b>	<b>YTD</b>	<b>Annual</b>	<b>Budget</b>	<b>% Budget</b>	<b>Proposed</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>		<b>Budget</b>
<b>Program Revenue:</b>								
Program Sales	397,688	343,634	343,634	224,682	350,000	(125,318)	64%	250,750
Other Revenue	0	0	0	0	0	0	0%	0
Royalties/Fees Due Host	(358,703)	(311,141)	(311,141)	(201,864)	(318,500)	116,636	63%	(229,500)
<b>Total Revenue</b>	<b>38,985</b>	<b>32,493</b>	<b>32,493</b>	<b>22,818</b>	<b>31,500</b>	<b>(8,682)</b>	<b>72%</b>	<b>21,250</b>
<b>Expenses:</b>								
Legal Expenses	0	0	0	0	0	0	0%	0
Meetings Expense	98	0	0	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
<b>Total Expenses</b>	<b>98</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>
Operating Income (Loss)	38,887	32,493	32,493	22,818	31,500	(8,682)	72%	21,250
CARF Admin Fee	29,295	25,351	25,351	16,913	26,250	9,337	64%	18,806
Rebate								
<b>Income (Loss)</b>	<b>9,592</b>	<b>7,142</b>	<b>7,142</b>	<b>5,905</b>	<b>5,250</b>	<b>(18,019)</b>	<b>112%</b>	<b>2,444</b>

**California Authority of Racing Fairs  
Project Management Income Statement  
December 31, 2010**

	<b>2008 Year End Actual</b>	<b>2009 Year End Actual</b>	<b>2009 YTD Actual</b>	<b>2010 YTD Actual</b>	<b>2010 Annual Budget</b>	<b>2010 Budget Variance</b>	<b>2010 % Budget</b>	<b>2011 Proposed Budget</b>
<b>Revenue:</b>								
CARF Admin Fee	175,639	66,063	66,063	58,429	195,000	(136,571)	30%	195,000
Project Management	67,608	79,199	79,199	76,456	77,191	(735)	99%	81,935
<b>Total Revenue</b>	<b>243,247</b>	<b>145,262</b>	<b>145,262</b>	<b>134,885</b>	<b>272,191</b>	<b>(137,306)</b>	<b>50%</b>	<b>276,935</b>
<b>Expenses:</b>								
Salaries Expense	49,043	58,723	58,723	56,798	56,341	(457)	101%	58,035
Employee Benefits	6,150	7,287	7,287	8,441	8,000	(441)	106%	9,000
Payroll Taxes	2,204	2,832	2,832	2,591	3,000	409	86%	3,000
Accounting Costs	6,500	6,500	6,500	5,125	8,000	2,875	64%	7,500
Audit Services	2,475	2,550	2,550	2,300	0	(2,300)	0%	2,550
Automobile Expense	0	0	0	0	0	0	0%	0
Contracted Services	0	0	0	0	0	0	0%	0
Telephone Expense	678	708	708	624	1,000	376	62%	1,000
Travel Expense	0	42	42	68	250	182	27%	250
Misc. Storage	558	558	558	509	600	91	85%	600
<b>Total Expenses</b>	<b>67,608</b>	<b>79,199</b>	<b>79,199</b>	<b>76,456</b>	<b>77,191</b>	<b>735</b>	<b>99%</b>	<b>81,935</b>
<b>CARF Admin Fee</b>	<b>175,639</b>	<b>66,063</b>	<b>66,063</b>	<b>58,429</b>	<b>195,000</b>	<b>136,571</b>	<b>30%</b>	<b>195,000</b>

**California Authority of Racing Fairs  
Live Racing Income Statement  
December 31, 2010**

	<b>2008</b>	<b>2009</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>
	<b>Year End</b>	<b>Year End</b>	<b>YTD</b>	<b>YTD</b>	<b>Annual</b>	<b>Budget</b>	<b>% Budget</b>	<b>Proposed</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>		<b>Budget</b>
<b>Revenues:</b>								
Change Fund Admin Fee	46,470	17,065	17,065	14,825	20,000	(5,175)	74%	15,000
Racing Fairs Admin Fee	80,538	74,561	74,561	70,743	94,723	(23,980)	75%	85,111
Supplemental Purses Admin Fee	22,000	22,000	22,000	22,000	22,000	0	100%	82,500
NCOTWINC Reimbursement	29,000	29,000	29,000	29,000	29,000	0	100%	29,000
Racing Fairs Reimbursement	1,074,554	1,059,854	1,059,854	951,794	1,262,971	(311,177)	75%	1,082,942
Advertising Revenue	5,010	4,100	4,100	4,550	4,000	550	114%	4,000
<b>Total</b>	<b>1,257,573</b>	<b>1,206,580</b>	<b>1,206,580</b>	<b>1,092,912</b>	<b>1,432,694</b>	<b>(339,782)</b>	<b>76%</b>	<b>1,298,553</b>
<b>Expenses:</b>								
Salaries	201,995	230,562	230,562	225,607	227,483	1,876	99%	251,517
Employee Benefits	40,160	44,792	44,792	46,505	46,000	(505)	101%	47,000
Payroll Taxes	10,824	11,877	11,877	11,375	13,500	2,125	84%	13,500
Accounting Costs	42,250	52,250	52,250	33,312	48,000	14,688	69%	48,750
Audit Services	16,088	16,575	16,575	23,698	16,088	(7,610)	147%	16,575
Automobile Expense	742	1,182	1,182	3,703	5,100	1,397	73%	5,100
Depreciation	0	0	0	0	0	0	0%	0
Dues & Subscriptions, NTRA	13,596	12,286	12,286	10,109	17,000	6,891	59%	1,000
Insurance Expense	0	0	0	0	0	0	0%	0
Legal Expenses	2,101	0	0	16,404	10,000	(6,404)	164%	10,000
Meetings Expense	1,803	1,111	1,111	3,369	5,000	1,632	67%	5,000
Misc. Exp (Harness,Storage,Bank fee)	0	58	58	474	0	(474)	0%	0
Telephone Expense	1,773	3,363	3,363	3,349	3,000	(349)	112%	3,000
Travel Expense	55,224	45,184	45,184	26,392	45,000	18,608	59%	35,000
<b>Sub-Totals</b>	<b>386,555</b>	<b>419,240</b>	<b>419,240</b>	<b>404,298</b>	<b>436,171</b>	<b>31,873</b>	<b>93%</b>	<b>436,442</b>
<b>Racing Support Services:</b>								
Announcer	26,000	26,596	26,596	23,904	36,800	12,896	65%	26,000
Condition Bk/Program Cover	27,509	22,491	22,491	15,245	30,500	15,255	50%	20,000
Courier Service (Pgm Distribution)	0	0	0	0	0	0	0%	0
Racing Operations Support	103,242	79,601	79,601	74,170	105,000	30,830	71%	90,000
TC02 Testing	60,010	54,880	54,880	7,425	72,000	64,575	10%	15,000
Marketing	3,225	1,783	1,783	3,821	20,000	16,179	19%	5,000
Network Management	3,105	3,321	3,321	1,294	6,000	4,706	22%	3,000
Paymaster	10,825	20,298	20,298	6,953	11,500	4,547	60%	11,500
Program Production	191,389	178,814	178,814	177,529	205,000	27,471	87%	205,000
Racing Office System	55,840	53,156	53,156	40,988	68,000	27,012	60%	55,000
Recruitment	17,970	22,721	22,721	29,534	15,000	(14,534)	197%	10,000
Jumbo Screen	137,700	125,000	125,000	126,250	181,000	54,750	70%	160,000
Supplies	15,478	19,158	19,158	14,454	20,000	5,546	72%	20,000
Tattooing	17,057	20,469	20,469	17,435	19,000	1,565	92%	19,000
Timing/Clocker	21,851	22,430	22,430	22,805	30,000	7,195	76%	0
Transportation	2,900	3,465	3,465	2,150	5,000	2,850	43%	5,000
TV Production/Simulcast	27,582	20,288	20,288	17,088	35,000	17,913	49%	35,000
<b>Sub-Totals</b>	<b>721,684</b>	<b>674,471</b>	<b>23,934</b>	<b>581,046</b>	<b>859,800</b>	<b>278,754</b>	<b>68%</b>	<b>679,500</b>
<b>Total Expenses</b>	<b>1,108,239</b>	<b>1,093,711</b>	<b>443,174</b>	<b>985,344</b>	<b>1,295,971</b>	<b>310,627</b>	<b>76%</b>	<b>1,115,942</b>
<b>CARF Admin Fee</b>	<b>149,334</b>	<b>112,869</b>	<b>763,406</b>	<b>107,568</b>	<b>136,723</b>	<b>29,155</b>	<b>79%</b>	<b>182,611</b>

# **PROPOSED 2011 MEMBER DUES**

## **CARF MEMBER FAIRS TOTAL HANDLE**

<b>Location</b>	<b>Off-Track S/W Handle</b>	<b>On-Track Handle</b>	<b>Out-of-State Handle</b>	<b>Off Track Handle</b>	<b>ADW Handle</b>	<b>Total Handle</b>	<b>2009 handle % of Total</b>	<b>Actual 2008 Dues</b>	<b>Actual 2009 Dues</b>	<b>Actual 2010 Dues</b>	<b>Proposed 2011 Dues</b>
Eureka	1,604,830					1,604,830	0.307%	3,367	3,367	0	0
Anderson	2,144,212					2,144,212	0.410%	3,367	3,367	3,367	3,367
Tulare	3,396,496					3,396,496	0.649%	3,367	3,367	3,367	3,367
Ferndale	173,374	765,661	1,247,109	1,212,630	1,430,099	4,828,873	0.922%	3,367	3,367	3,367	3,367
Santa Maria	5,323,397					5,323,397	1.017%	7,856	7,856	7,856	7,856
Santa Barbara	5,662,564					5,662,564	1.082%	7,856	7,856	0	0
Shalimar (Indio)	6,883,647					6,883,647	1.315%	7,856	7,856	7,856	7,856
Monterey	8,249,768					8,249,768	1.576%	7,856	7,856	7,856	7,856
Turlock	8,413,030					8,413,030	1.607%	7,856	7,856	7,856	7,856
Bakersfield	8,485,098					8,485,098	1.621%	7,856	7,856	7,856	7,856
Victorville	9,159,173					9,159,173	1.750%	7,856	7,856	7,856	7,856
Lake Perris	15,948,208					15,948,208	3.046%	16,834	16,834	16,834	16,834
Lancaster	16,085,180					16,085,180	3.072%	7,856	7,856	16,834	16,834
Ventura	28,074,342					28,074,342	5.363%	21,042	21,042	21,042	21,042
Vallejo	17,881,644	988,623	3,569,484	5,770,841	2,150,319	30,360,911	5.799%	21,042	21,042	21,042	21,042
San Bernardino	31,203,205					31,203,205	5.960%	21,042	21,042	21,042	21,042
Fresno	11,403,230	3,330,997	5,793,375	10,476,616	4,074,850	35,079,069	6.701%	16,834	16,834	21,042	21,042
Stockton	20,324,284	1,673,003	5,196,865	10,021,748	4,050,776	41,266,676	7.882%	21,042	21,042	21,042	21,042
Santa Rosa	12,209,007	3,761,855	8,326,193	12,539,588	5,027,465	41,864,109	7.997%	21,042	21,042	21,042	21,042
Sacramento	28,614,064	2,787,250	5,563,234	13,235,109	5,263,598	55,463,255	10.594%	25,252	25,252	25,252	25,252
Pleasanton	41,459,921	6,251,700	10,169,316	15,520,927	6,579,985	79,981,848	15.278%	25,252	25,252	25,252	25,252
San Mateo	84,048,612	0	0	0	0	84,048,612	16.054%	16,834	16,834	25,252	25,252
<b>Totals</b>	<b>366,747,284</b>	<b>19,559,090</b>	<b>39,865,577</b>	<b>68,777,459</b>	<b>28,577,091</b>	<b>523,526,501</b>	<b>100%</b>	<b>282,532</b>	<b>282,532</b>	<b>292,913</b>	<b>292,913</b>

PROSPECTIVE LEGISLATIVE PROGRAM FOR 2011

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- Modify/amend AB765 language, which already allows 1% increase in take-out for racing conducted at Fairs
- Modify/amend language B&P Section 19522 requiring satellite supervisors at Fair satellite facilities
- Increase in satellite commissions



November 12, 2010

Board of Directors  
California Authority of Racing Fairs  
1776 Tribute Rd.  
Sacramento, CA

Dear Board Members,

During the last meeting of the CARF Board via teleconference on October 19, 2010, the topic of replacement revenue for fairs discontinuing or reducing live horse, specifically the Solano County Fair, was discussed with regard to 2011. At that time, I was asked to provide a written request for 2011 replacement revenues.

Following months of discussions by the sub-committee established to determine how the amount of replacement revenues and the source of those revenues, the CARF Board unanimously approved a recommendation by the Live Racing Committee to 1) Table discussion of the "Agreement - Consolidation of Racing Dates and Payment of Replacement Revenues (DRAFT Agreement as of March 23, 2010" as presented, and 2) Authorize the Executive Director to establish a new agreement with the Division of Fairs and Expositions, Solano County Fair and San Joaquin County Fair based on funding from license fee revenues pledged from F&E for a one-year term, as an interim plan.

Although the sub-committee had worked diligently to reach consensus on an agreeable formula by which replacement revenues would be determined, it was unable to reach consensus on the source of those funds to the satisfaction of all parties as outlined in the "DRAFT Agreement as of March 23, 2010" in its entirety. Since that time the Solano County Fair received replacement revenues from the Division of F&E based on the formula agreed to by all parties, and further discussions of a long-term agreement for replacement revenues in subsequent years suspended until the 2010 fair racing season concluded.

With the 2010 fair racing season concluded and the 2011 racing calendar determined, it is time to resume the conversation with respect to replacement revenues for 2011 and beyond. Please consider this to be the written request that the Board asked for during its October 19, 2010 meeting via teleconference to respectfully request that the Board:

1. Provide the Solano County Fair assurance of replacement revenue for 2011 for discontinuing live racing in the amount of \$414,088, based on the formula agreed to and used as the basis for replacement revenue in 2010 applying a factor of 14% decline in 2010; and
2. Provide the Solano County Fair with a written agreement for the duration of the replacement revenue period through 2016, based on the formula agreed to and used as the basis for replacement revenue in 2010, and specifying the source of those funds.

Thank you in advance for your consideration of this request. I look forward to discussing it and reaching consensus on unresolved issues soon, so that the Solano County Fair can turn more of its attention to long-term planning without live racing.

Sincerely,  
Solano County Fair Association

Michael A. Paluszak  
General Manager



December 2, 2010

Christopher Korby, Executive Director  
California Authority of Racing Fairs  
1776 Tribute Road Suite 150  
Sacramento, CA 95815

Dear Chris:

On behalf of the Board of Directors of the San Joaquin County Fair, 2<sup>nd</sup> DAA, we respectfully request that California Authority of Racing Fairs provide replacement funds for the 2011 racing season, consistent with action taken in 2010 which provided replacement funds to both the Solano County Fair and the San Joaquin County Fair. In 2010, the San Joaquin County Fair received replacement funds due to a shortened racing season, and again in 2011, the San Joaquin County Fair is in similar circumstances, based on the dates allocated by the California Horse Racing Board on November 9, 2010.

The requested replacement monies for the San Joaquin County Fair should be computed in the same manner as those monies being requested by the Solano County Fair.

The San Joaquin County Fair respectfully requests that these replacement monies be disbursed as soon as possible given the 2<sup>nd</sup> DAA's current financial status.

The Board of Directors appreciates your timely consideration of this request.

Sincerely,

James Jimenez  
Board Chairman  
San Joaquin County Fair

**sanjoaquinfair.com** ★★

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