



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

**AGENDA**  
**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**BOARD OF DIRECTORS MEETING**  
**JOHN ALKIRE, CHAIR**  
**12:30 P.M., TUESDAY, MARCH 1, 2011**  
**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, March 1, 2011. 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. Election of Officers.
- IV. Report, discussion and action, if any, on recommendations for funding allocations from CDFA Division of Fair & Exposition.
- V. Report, discussion and action, if any, legislative program for 2011 and beyond.
- VI. Report, discussion and action, if any, contract negotiations between CDFA Division of Fairs & Exposition and California Authority of Racing Fairs for future funding allocations.
- VII. Report, discussion and action, if any, on re-structuring fair funding.
- VIII. Financials
- IX. Executive Director's Report



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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, March 1, 2011. The meeting will be held at the CARF Conference Room located at 1776 Tribute Road, Sacramento, California 95815.

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 #**

**CALIFORNIA AUTHORITY OF RACING FAIRS**

C A L I F O R N I A   A U T H O R I T Y   O F   R A C I N G   F A I R S



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## 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

Tuesday, February 1, 2011

## MINUTES

A teleconference meeting of the California Authority of Racing Fairs Board of Directors was held at 1:00 P.M., Tuesday, February 1, 2011. The meeting was hosted at the California State Fair Board Room located at 1600 Exposition Blvd., Sacramento, California.

CARF Board Members attending: John Alkire, Norb Bartosik and Dan Jacobs. Joining by conference call: Vince Agnifili and Kelly Violini.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Rick Wood, Raechelle Gibbons, Amelia White, Louie Brown, Rebecca Desmond, Tawny Tesconi and Stuart Titus. Joining by conference call: James Jimenez and Cindy Olsen.

**Agenda Item 1 – Date, Time and Location of Next Meeting.** The next CARF Board of Directors meetings will be scheduled for March 1, 2010 in Sacramento.

**Agenda Item 2 – Approval of Minutes.** Mr. Jacobs requested that Agenda Item 8 (second sentence) read: “The remaining \$653,120 is ready for distribution and will be distributed by the end of the month.” Mr. Bartosik moved to approve the minutes as amended. Mr. Jacobs seconded, unanimously approved.

**Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Program for 2011 and Beyond.** Mr. Brown reported that bill introductions have been slow and the focus at the Capitol has been establishing the state budget. Mr. Brown will be meeting with Assembly Member Henry Perea from Fresno to see if he will carry language to provide relief from the supervisor staffing requirements at satellite wagering facilities. SEIU supports the concept since eliminating one position is preferable to closing a satellite facility. The language presented to Assembly Member Perea will allow a Fair to eliminate the satellite supervisor position if a public hearing has been conducted and the outcome of the hearing determined that the position is economically unfeasible.

No horse racing legislation has been introduced at this time.

Mr. Korby asked if CARF should carry a spot bill as a contingency plan for restructuring Fair funding if the current general fund allocation is eliminated. Mr. Brown replied that, if needed, the language would be appropriate in a budget trailer bill.

**Agenda Item 4 – Report, Discussion and Action, if any, on Status of Funding Allocations from CDFA Division of Fairs and Expositions.** Rebecca Desmond reported that as a result of the CDFA audit, CDFA is recalling unspent monies allocated through F&E to CARF. CARF has

complied and returned \$2.198 million with another payment pending. The rerelease of those funds back to CARF will depend on a new contract between CARF and F&E. Future projects will require more paperwork and documentation to provide the level of detail that will allow CDFA to disperse funds from F&E to CARF. Funds for FY09-10 and forward will require a significantly higher level of documentation. Ms. Desmond encourages any Fair with an approved project to make sure that all funding paperwork is processed and that the project is fully encumbered.

Mr. Korby reported that he has been working with David Hillis to prepare the contracts that will govern future funding allocations from CDFA F&E for programs administered by CARF. They are working to develop a single contract that would describe the several programs administered by CARF.

Ms. Desmond reported that CARF has not requested FY2010-11 funds and inquired as to how CARF plans to apply for those funds. Mr. Jacobs stated that Mr. Treacy had requested a project committee in the past and asked Ms. Desmond how she would like to see those projects reviewed. Ms. Desmond responded that using either a project committee or the CARF Board of Directors would be sufficient.

Mr. Jacobs moved to utilize the CARF Board of Directors as the committee that will review/approve project proposals and make a recommendation for the allocation of F&E funds assigned to CARF in the FY2010-11 Expenditure Plan. Staff will act as a clearinghouse and distribute proposals in a timely manner to all CARF members. Mr. Bartosik seconded, unanimously approved.

**Agenda Item 5 – Discussion and Action, if any, on Contract Negotiations Between CDFA Division of Fairs and Expositions and California Authority of Racing Fairs for Future Funding Allocations.** Covered as part of Agenda Item 4.

**Agenda Item 6 – Report, Discussion and Action, if any, on Proposed State Budget for FY 2011-2012.** Mr. Brown reported that Fairs are beginning to formulate message points and are conducting conference calls to develop a strategy in time for the budget sub-committee hearings in the Assembly and Senate which will review CDFA funding. The Governor's current budget proposes eliminating Fair funding.

It is important for Fair representatives to be at those hearings talking about what the cut would mean to Fairs and the resulting decrease in revenue to the state. Fairs are looking to create jobs, streamline business and reduce government, which are goals that fall in line with the Governor's position. At this time, the Governor Brown has made it his sole focus to have the state budget voted on by mid-March.

**Agenda Item 7 – Report on Strategic Planning.** Mr. Korby provided an update on materials distributed since the November 2010 CARF Strategic Planning Meeting, including a report regarding the CARF Equipment Replacement Fund 1992-2009 and a report on the facility descriptions, location, handle and distributions for the California Satellite Network 2007-2009.

Ms. Tesconi asked if CARF should consider an outside consultant to help identify markets that could support mini-satellite wagering facilities and help Fair Managers bridge the gap with local business that might be suitable prospects for a mini-satellite or relocation. Mr. Korby replied that CARF was working through that process with the Santa Maria satellite wagering facility.

**Agenda Item 8 – Report on Pending Elections.** Mr. Korby reported that elections will be held in conjunction with the March Board of Director’s Meeting to ensure the required quorum will be available.

**Agenda Item 9 – Financials.** Mr. Korby reported that a payment of \$2.198 million, consisting of F&E funds residing at CARF & CFSA, has been returned to CDFA F&E and a payment of \$865,172 is currently being processed. An interest payment of \$457,000 was made in November. Ms. Desmond reported that there has been activity in the CARF allocated funds residing at F&E since the audit that need to be reported with supporting documentation. Mr. Desmond also requested permission to work with Rick Wood and Raechelle Gibbons to develop a report for the financials that is specific to future F&E funds at CARF.

Mr. Jacobs requested a detailed balance sheet be included in the financials for each meeting that provides a breakdown regarding the purpose of each account and shows funds that are available and not tied to a specific project. Mr. Jacobs also requested that an accounts receivable report be included in the financials.

Mr. Jacobs inquired as to whether the CARF Controller’s Committee had met to discuss the dues structure. Mr. Korby responded that the committee had not met since the prior Board meeting.

**Agenda Item 10 – Executive Director’s Report.** Mr. Korby reported that the CARF is negotiating a lease agreement between the Santa Barbara County Fair and SCOTWinc. If this project is successful it will create a new model that generates a continuous rental income from the satellite facility to the Fair without the operational expenses.

Mr. Korby reported that the Monterey County Fair is in the later stages of completing the license application for the mini-satellite at Banker’s Casino in Salinas.

Ms. Violini reported that the 2011 California Marketing Committee allocation for satellite wagering facilities was \$250,000 for a centralized program that will consist of five large giveaways, handicapping contests, racing seminars and advertising support. A group of eight satellite managers are working with staff to develop and implement the statewide plan.

Respectfully submitted,  
Heather Haviland

**Christopher Korby**

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**From:** "Lisa Drury" <LDrury@cdfa.ca.gov>  
**To:** "Christopher Korby" <korby@calfairs.net>  
**Sent:** February 18, 2011 2:45 PM  
**Subject:** Funding for Stockton live racing improvements

Hi Chris --

The San Joaquin County Fair has contacted F&E to request assistance with last year's and this year's improvements to the track area. Janet Covello has forwarded invoices totaling \$4,201.86 for work done by CARF in 2010 and contacted Rebecca yesterday to inquire about how to request \$10,000 for track improvements for 10/11. Rebecca is requesting that CARF agendize board approval at the March 1, 2011 meeting for these disbursements from the 09/10 Wagering Facility Improvements Program.

Thanks -- Lisa

Lisa Drury  
Division of Fairs & Expositions  
(916) 263-2951  
[ldrury@cdfa.ca.gov](mailto:lDrury@cdfa.ca.gov)

02/23/2011

*Funding for Stockton*

**Christopher Korby**

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**From:** "Lisa Drury" <LDrury@cdfa.ca.gov>  
**To:** "Christopher Korby" <korby@calfairs.net>  
**Cc:** "Michael Treacy" <MTreacy@cdfa.ca.gov>; "Rebecca Desmond" <RDesmond@cdfa.ca.gov>  
**Sent:** June 07, 2010 1:54 PM  
**Subject:** RE: urgent painting projects at Stockton

Hi Chris:

Let's review your concerns on Wednesday when we meet and proceed from there.

Lisa Drury  
 Division of Fairs & Expositions  
 (916) 263-2951  
[ldrury@cdfa.ca.gov](mailto:ldrury@cdfa.ca.gov)

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**From:** Christopher Korby [mailto:korby@calfairs.net]  
**Sent:** Monday, June 07, 2010 12:47 PM  
**To:** Lisa Drury  
**Cc:** Alkire, John; Rick Pickering; Dan Jacobs; Rebecca Desmond  
**Subject:** Re: urgent painting projects at Stockton

Lisa,

Stockton did not apply for funding and there was no allocation made for San Joaquin at the June 1 Funding Committee meeting. Do you have a recommendation about how we fund these projects?

I have reservations about painting the infield green. This is at best a temporary expedient and could turn out to be an embarrassing expenditure of funds. Touching up the Rose Bowl's grass field is one thing; thirty-two acres of green painted dirt is quite another. If the Fair wishes to pay for this project, let them proceed with it. I don't think it's wise for CARF to be associated with this particular endeavor.

The tote board and pump house need painting, but it should have been done months ago. The tote board is now filled with electronic equipment and displays, ready for racing which starts there next week. Rushing a paint job on the tote board could risk damage to the field displays. If it can be done carefully, then it's worth considering--but that will add to the time and cost.

FYI, Larry and the CARF track crew have been cutting weeds and cleaning up around the track to do everything we can to enhance the appearance of the race track area. These are not part of their duties; they are doing it as a labor of love. Larry took his own brushcutter over to work on the Infield. These are tasks that the Fair's own maintenance crew should have already been doing. Larry's suggestions were made as part of that effort.

You should know that we've been making recommendations about landscaping around the Grandstand and enhancing the appearance of the Infield for at least fifteen years.

02/24/2011



-Chris

cc: CARF Finance Committee

----- Original Message -----

**From:** [Lisa Drury](#)  
**To:** [Christopher Korby](#)  
**Sent:** June 07, 2010 10:46 AM  
**Subject:** FW: urgent painting projects at Stockton

Hi Chris:

Debbie will be submitting a project proposal to CARF today.

Lisa Drury  
Division of Fairs & Expositions  
(916) 263-2951  
[ldrury@cdfa.ca.gov](mailto:ldrury@cdfa.ca.gov)

---

**From:** Lisa Drury  
**Sent:** Monday, June 07, 2010 10:46 AM  
**To:** [jcummings@calconstruction.com](mailto:jcummings@calconstruction.com)  
**Cc:** 'John Pike'  
**Subject:** urgent painting projects at Stockton

Hi Jess & Jon:

The San Joaquin County Fair need to get some painting done for their racing facilities before June 16. We need CCA to get contractors on board for two projects ASAP. The two projects are:

**Painting:** Larry Swartzlander asked last week if the fair could get the tote board and the water well pump tank painted. (Tote board should have been painted before they installed the tote equipment, but that was done end of May.)

**Painting the infield green:** I've asked Debbie to forward the name of the contractor the fair has spoken with. The fair will need about \$10K of that to pay for spray painting the infield green. A director talked to someone who does this work - example, they paint the brown Bermuda grass at the Rose Bowl when it needs to be nice for football. He quoted about \$300/acre - infield is 32 acres. He was told it would last 5 days. It takes 2 days to apply, we'd have it done just before Fair so it lasts thru racing.

As soon as you can get some bids we can get the funding in place.

Thanks - Lisa

Lisa Drury  
Division of Fairs & Expositions  
(916) 263-2951  
[ldrury@cdfa.ca.gov](mailto:ldrury@cdfa.ca.gov)

**Christopher Korby**

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**From:** "Lisa Drury" <LDrury@cdfa.ca.gov>  
**To:** "Christopher Korby" <korby@calfairs.net>  
**Sent:** June 09, 2010 1:33 PM  
**Subject:** RE: urgent projects at Stockton

Hi Chris:

I talked to Debbie. The bid they got for "painting" the infield was \$27k so that would have killed it anyway. The stuff, as you know, is a mixture of husks, hay and green pigment. I pointed out to her that might look ok on a smoothly graded surface but that it would look like a green cheese moon (or barf) on their lumpy infield. Tacky.

She is happy with the \$10k for Larry to work on beautification with temporary landscaping. Debbie is looking forward to Larry's recommendations but will need to run those by her race committee of course, since they may have ideas of their own. Please ask Larry to coordinate with Debbie.

Thanks for doing this - Lisa

Lisa Drury  
Division of Fairs & Expositions  
(916) 263-2951  
[ldrury@cdfa.ca.gov](mailto:ldrury@cdfa.ca.gov)

**Christopher Korby**

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**From:** "Lisa Drury" <LDrury@cdfa.ca.gov>  
**To:** "Christopher Korby" <korby@calfairs.net>  
**Cc:** "Michael Treacy" <MTreacy@cdfa.ca.gov>; "Rebecca Desmond" <RDesmond@cdfa.ca.gov>  
**Sent:** June 21, 2010 8:47 AM  
**Subject:** Stockton

Hi Chris -

I went to the San Joaquin County Fair last Wednesday and I have to tell you that the track looked good! The tot board was shiny with new paint and the giant jumbo tron was super. The paddock especially looked nice with the new turf and bark. There were a lot of people in the grandstand, especially for a Wednesday afternoon. Although there were not many horses running the crowd was enthusiastic.

Thanks to CARF for all your effort.

Lisa Drury  
Division of Fairs & Expositions  
(916) 263-2951  
[ldrury@cdfa.ca.gov](mailto:ldrury@cdfa.ca.gov)

**PROPOSAL**

**GENERATE NEW REVENUES TO CALIFORNIA FAIRS  
THROUGH IMPLEMENTATION OR RE-LOCATION OF SATELLITE  
WAGERING FACILITIES**

**CALIFORNIA AUTHORITY OF RACING FAIRS**

**CHRISTOPHER KORBY  
EXECUTIVE DIRECTOR**

**FEBRUARY 2011**

## PROPOSAL

### **GENERATE NEW REVENUES TO FAIRS THROUGH IMPLEMENTATION OR RE-LOCATION OF SATELLITE WAGERING FACILITIES AT FAIRS**

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#### ***Goal***

Generate new revenues for Fairs through expansion of the existing network of California Fair satellite wagering facilities or through re-location of existing satellites so as to allow more profitable operation.

#### ***Objective***

CARF proposes to create a program which will generate new revenues to Fairs by accelerating development, implementation or re-location of Fair satellite wagering facilities with the objective of opening or re-locating at least five (5) Fair satellite wagering facilities by June 2012.

#### ***Background***

Since 1985, California statute has provided that Fairs may operate satellite wagering facilities for the conduct of parimutuel wagering on horse racing. The purpose of this activity is to generate revenues for Fairs, create jobs for Californians and to support the horse racing industry. In turn, the racing industry supports the breeding, training and care of race horses, activities which employ Californians and contribute to California's agricultural economy. California Fairs currently operate twenty-one satellite facilities. In 2009, the California Fairs satellite network handled \$440 million, generating \$8 million in direct commissions to Fairs and similar amounts in food and beverage and other operating revenues.

#### ***Rationale***

The network of California Fairs needs new revenues. Operating costs continue to rise. The current state of the economy has driven a number of Fairs into financial difficulty. As noted above, California statute permits Fairs to operate satellite wagering facilities, a proven source of revenue. Since the inception of satellite wagering, the California Department of Food and Agriculture Division of Fairs and Expositions has funded implementation of over twenty satellite facilities at Fairs. Given the pressing need for new revenues to the network of California Fairs, we propose that F&E allocate funding for a program to accelerate implementation or re-location of Fair satellite wagering facilities.

#### ***Proposal***

CARF proposes to create and manage a program to accelerate implementation or re-location of satellite wagering at or in association with five (5) Fairs by June 2012. CARF will hire and oversee a contract consultant to work with individual Fairs to review and evaluate prospective sites, prepare business plans, recommend implementation, assist in preparing and equipping sites, assist in license application before the California Horse Racing Board and train Fair personnel, insofar as necessary, in managing satellite wagering operations. CARF proposes that the program be funded by CDFA Division of Fairs and Expositions from FY 2010-11 CARF Facility Improvement Program allocations for an amount not to exceed \$427,500.

**-BUDGET AND TIMELINE-  
-FRAMEWORK-**

**Time Line**

April 2011-June 2012: Fifteen (15) months.

**Consultant**

- Fifteen months at \$6,000 per month..... \$90,000
- Travel expenses fifteen months at \$1,500 per month..... 22,500

**Design Development**

- Architect ..... \$15,000

**Implementation Costs**

- Cost for five (5) sites not-to-exceed \$60,000 per site..... \$300,000

**Administrative Fees**

- To be determined

**SUB TOTAL..... \$427,500**

**VERIFICATION OF INTEREST  
TO  
OPERATE A CALIFORNIA SATELLITE WAGERING FACILITY**

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**NAME OF FAIR:** \_\_\_\_\_

**LOCAL PARTNER (IF APPLICABLE)** \_\_\_\_\_

(Name of business)

**ADDRESS** \_\_\_\_\_

\_\_\_\_\_

**Description of Proposed Location (Include address, size and capacity)**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Description of Why Proposed Location is Suitable for Satellite Wagering  
(Attach additional information if necessary.)**

\_\_\_\_\_  
\_\_\_\_\_

**SIGNATURE OF FAIR BOARD CHAIR**

\_\_\_\_\_

**DATE:** \_\_\_\_\_

**SIGNATURE OF LOCAL PARTNER (IF APPLICABLE)**

\_\_\_\_\_ **OWNER** \_\_\_\_\_ **MANAGER** \_\_\_\_\_ **OTHER** \_\_\_\_\_

**PRINT NAME:** \_\_\_\_\_



## ATTACHMENTS

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- *Mini-Satellite Design Development Publication*
- *California Fairs Satellite Network*
- *CARF Ten-Year Satellite Report*
- *Lease Template*
- *Mini-Satellite MOU*

FY 2009-10

**Division of Fairs & Expositions**  
**Satellite Wagering Account (192)**  
**2009/2010 Revenue and Expenditure Plan**

	Actual 2007/2008	Budgeted 2008/2009	Projected 2008/2009	Proposed 2009/2010
<b>Beginning Balance</b>				
Fairs and Expositions (F&E)	\$611,385	\$705,234	\$1,883,053	\$286,032
<b>Revenues</b>				
General Fund (B&P 19620.2)	0	0	0	11,000,000
<b>License Fees</b>				
Off-Track - Satellite Wagering (B&P 19606.1, 19606.3 & 19605.9)	12,492,191	12,400,000	12,294,049	1,300,000
SMIF Interest Revenue	236,599	190,000	150,000	150,000
<b>Total Revenues</b>	<u>12,728,791</u>	<u>12,590,000</u>	<u>12,444,049</u>	<u>12,450,000</u>
<b>Total Available Resources</b>	<u>\$13,340,176</u>	<u>\$13,295,234</u>	<u>\$14,327,102</u>	<u>\$12,736,032</u>
<b>Expenditures</b>				
<b>Administrative Oversight</b>				
CDFA Support - Fairs & Expositions (F&E)	486,749	476,000	476,000	480,000
<b>Total Administrative Oversight</b>	<u>486,749</u>	<u>476,000</u>	<u>476,000</u>	<u>480,000</u>
<b>Local Assistance</b>				
<b>Operational Support</b>				
Bond Debt Service	2,660,352	2,650,000	2,711,021	2,750,000
California Construction Authority (CCA)	1,453,400	1,615,000	1,455,000	2,500,000
Property Insurance	750,000	450,000	950,000	550,000
	<u>4,863,752</u>	<u>4,715,000</u>	<u>5,116,021</u>	<u>5,800,000</u>
<b>General Fair Programs &amp; Funding</b>				
Flex Capital	1,130,000	1,570,000	1,820,000	830,000
Contingencies and Special Projects	0	0	0	50,000
Unemployment Insurance (Supplement)	0	0	0	200,000
	<u>1,130,000</u>	<u>1,570,000</u>	<u>1,820,000</u>	<u>1,080,000</u>
<b>Health &amp; Safety</b>				
Emergency Response Program	0	50,000	0	100,000
Health Department Program	100,000	100,000	100,000	100,000
Livestock Quality Assurance	0	15,000	0	0
Urgent Needs Fund	0	85,000	85,000	150,000
	<u>100,000</u>	<u>250,000</u>	<u>185,000</u>	<u>350,000</u>
<b>Infrastructure</b>				
Infrastructure Matching Grants Fund	1,230,000	2,000,000	2,550,000	550,000
Infrastructure Loan Program	0	0	0	100,000
Replenishment Fund (Investment Capital)	0	0	0	100,000
Environmental Investment Program	0	75,000	0	75,000
Project Planning - New Funding Model	300,000	300,000	0	300,000
	<u>1,530,000</u>	<u>2,375,000</u>	<u>2,550,000</u>	<u>1,125,000</u>
<b>Racing &amp; Satellite Wagering Support</b>				
Race Track Preparation	550,000	600,000	600,000	600,000
Supplemental Purses	1,344,968	1,400,000	1,294,049	1,300,000
Wagering Facility Improvements	1,450,000	2,000,000	2,000,000	2,000,000
	<u>3,344,968</u>	<u>4,000,000</u>	<u>3,894,049</u>	<u>3,900,000</u>
<b>Abatelements &amp; Accrual Adjustments <sup>1</sup></b>	1,653	0	0	0
<b>Total Local Assistance</b>	<u>10,970,373</u>	<u>12,910,000</u>	<u>13,565,070</u>	<u>12,255,000</u>
<b>Total Current Year Expenditures</b>	<u>11,457,122</u>	<u>13,386,000</u>	<u>14,041,070</u>	<u>12,735,000</u>
<b>Total Prior Year Adjustments</b>	<u>0</u>	<u>(100,000)</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures</b>	<u>\$11,457,122</u>	<u>\$13,286,000</u>	<u>\$14,041,070</u>	<u>\$12,735,000</u>
<b>Ending Balance</b>	<u>\$1,883,053</u>	<u>\$9,234</u>	<u>\$286,032</u>	<u>\$1,032</u>

<sup>1</sup> Reflects expense reimbursements received, including prior year accrual adjustments.

NETWORK OF CALIFORNIA FAIRS  
2010/2011 EXPENDITURE PLAN

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***Infrastructure (Cont'd)***

Project Planning \$220,000	Provides planning funds to the Division for implementation of its new funding model for California fairs. Costs include, but are not limited to, project scoping and budgeting, preliminary plans, construction documents and bidding.
Green Energy Initiatives \$700,000	With 26 fairs statewide now producing solar energy fairs in California are currently one of the top producers of solar energy in the United States. This program provides incentive funding to promote continued environmental leadership in the areas of alternative energy and green building technologies at fair facilities.

***Training & Education: \$163,837***

Professional Development & Compliance \$163,837	This portion of Professional Development and Compliance provides training funds for fair staffs in the areas of exhibits and maintenance. <ul style="list-style-type: none"> <li>• Exhibit Supers' School: Exhibit program ideas, techniques and design.</li> <li>• Maintenance Mania: Technical updates and proficiency training (CPR, Cal OSHA, forklift, networking, etc.)</li> </ul>
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***Racing & Satellite Wagering Support: \$7,537,402***

Race Track Preparation \$4,237,402	Provides funds to live racing fairs to supplement the purchase and installation of track preparation materials. Program ensures consistency in track preparation, reducing the risk of injury to horse and jockey. Fund increase due to prior year project cost savings.
Supplemental Purses \$1,300,000	Provides funds to live racing fairs as identified in statute to supplement purses at Northern California fairs and Los Angeles County area (B&P Code Sections 19605.9 and 19606.3).
Wagering Facility Improvements \$2,000,000	Provides funds to support improvements to live horse racing and satellite wagering programming and facilities based upon the priorities identified in industry-wide facility surveys (backstretch, paddock, grandstand, etc.).

NETWORK OF CALIFORNIA FAIRS  
2010/2011 EXPENDITURE PLAN

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## Program Descriptions

The following briefly describes programs recommended for funding in the 2010/2011 Network of California Fairs Expenditure Plan.

### Local Assistance Total: \$43,604,225

#### ***Operational Support: \$4,950,000***

California Construction Authority (CCA) \$2,300,000	Funds 100% of the operational support of CCA, a Joint Powers Authority, which provides design, engineering, construction, and inspection services to fairs.
Property Insurance \$1,000,000	Provides funding for the purchase of property insurance to protect fair facilities.
Unemployment Insurance \$950,000	Budget Act appropriation to offset fairs' unemployment costs (B&P Code section 19620.1(b)).
DAA Vehicle Insurance Assistance \$700,000	Provides assistance to the DAAs for their vehicle insurance fees from the Department of General Services, Office of Risk & Insurance Management during the three-year claim settlement period.

#### ***General Fair Programs & Funding: \$23,095,389***

Local (Base) Allocation \$10,428,050	Provides funds to fairs for discretionary use based on classification criteria that assign greater support to smaller fairs.
Supplemental Base Allocation \$9,112,339	Through prior year project cost savings, funds became available for a one-time supplement to base allocations to help the fairs offset negative impacts from the declining economy.

NETWORK OF CALIFORNIA FAIRS  
2010/2011 EXPENDITURE PLAN

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***General Fair Programs & Funding (Cont'd)***

<p>Fair Performance Rating Program (Previously known as Flex Capital) \$2,165,000</p>	<p>An incentive program by which fairs are eligible to receive funding based on their annual performance rating.</p> <p>Funding is available for all fairs with an acceptable performance rating as established by F&amp;E. Funds may be spent on a variety of items including, but not limited to:</p> <ul style="list-style-type: none"> <li>• Training for staff and board members</li> <li>• Information technology upgrades</li> <li>• Real estate analysis, development, and planning</li> <li>• Equipment purchases</li> <li>• Address audit concerns</li> <li>• Modernization of operations</li> <li>• Capital improvements / Health and safety projects</li> </ul>
<p>Cal Expo Pro Rata Reimbursement \$265,000</p>	<p>Reimburses Cal Expo pro rata costs (overhead), not to exceed \$265,000 annually. (B&amp;P Code Section 19620.1(a))</p>
<p>Contingencies and Special Projects \$500,000</p>	<p>Includes funding for carnival contract, insurance and payroll review from California Fair Services Authority; Department of Justice legal fees; Employee Assistance Program cost for DAAs; funding for special projects and economic uncertainties and liabilities.</p>
<p>Priority Fair Intervention Program \$500,000</p>	<p>Funding was increased this year, due to the increased number of priority fairs, to support the Department of Food and Agriculture's statutory intervention authority to assist a DAA, county fair or Cal Expo in the event of administrative and/or fiscal challenges. Program involves a host of resources to the fair and fair board of directors that includes, but is not limited to:</p> <ul style="list-style-type: none"> <li>• Statewide and regional best practices consultation from industry experts</li> <li>• Facilitation of strategic planning sessions</li> <li>• Development of a business continuity plan</li> <li>• Financial and cash flow management consultation</li> <li>• Reimbursement of interim personnel resources</li> </ul>

NETWORK OF CALIFORNIA FAIRS  
2010/2011 EXPENDITURE PLAN

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***General Fair Programs & Funding (Cont'd)***

Regional and Statewide Marketing Program \$125,000	Funding to support statewide or regional marketing campaign to promote DAAs, county fairs, citrus fruit fairs, and Cal Expo. In addition to extend and broaden the 2009/2010 marketing campaign.
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***Health & Safety: \$300,000***

Emergency Response Program \$100,000	Provides funding to fairs to cover non-reimbursable costs associated with their emergency response efforts during fires, floods, mandatory evacuations, and other similar emergency situations within their local communities.
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Health Department Program \$50,000	Provides funding for inspection of fair facilities by the California Department of Health Services to ensure they meet recognized standards for health and safety including storm water runoff, backflow devices, and safe drinking water.
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Urgent Needs Fund \$150,000	Provides funding to fairs for urgent, unexpected expenses related to damage caused by natural disaster, financial hardship caused by facility failures, and other unexpected one-time circumstances that create an urgent need.
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***Infrastructure: \$7,617,597***

Infrastructure Fund \$5,119,289	Provides funding for to fairs repairs and maintenance, accessibility upgrades, revenue generating projects, emergency projects, and major capital improvements. Program is on a three-year cycle. 2010-2011 is the year for larger fairs which there are fewer of.
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Replenishment Fund (Investment Capital) \$1,578,308	Provides venture capital to fairs for strategic projects proposed by fairs. Fund increase due to prior year project cost savings.
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NETWORK OF CALIFORNIA FAIRS  
2010/2011 EXPENDITURE PLAN

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### Administrative Oversight Total: \$4,424,000

CDFA Support – Fairs and Expositions (F&E)  
\$3,268,000

Budget Act appropriation for operational support of F&E (B&P Code Sections 19620.1 (b)). Operational support budget includes the assessment pro rata (share of State's overhead costs) imposed by the Department of Finance.

Also includes majority of Professional Development and Compliance funding for the development and delivery of seminars and workshops on emerging fair issues. The following is a listing of all training opportunities provided to the fair industry annually in which F&E provides training funds:

- Annual Western Fairs Association Convention and Trade Show: Industry trends and issues and mandatory compliance training
- Executive Development Program - fair management training program
- California Fairs Alliance Fall Managers Conference: Industry trends and issues and mandatory compliance training
- Fair Administrative Services Training (FAST): Hands-on accounting, contracts, personnel, insurance, and human resources training
- Fair internship program –provides training and employment opportunities for students interested in the fair industry

CDFA Support – Audit Program  
\$1,156,000

Budget Act appropriation for annual fiscal and biennial compliance audits of all DAAs and selected county fairs. Assures individuals entrusted with public resources are accountable to the public and other levels and branches of government.

EXPENDITURE PLAN IV.  
FY 2010-11

Division of Fairs & Expositions  
Fair & Exposition Fund (191) and Satellite Wagering Account (192)  
2010/2011 Revenue and Expenditure Plan

	(a) Actual 2009/2009	Budgeted 2009/2010	Actual 2009/2010	(b) Proposed 2010/2011	(b - a) Variance
<b>Beginning Balance</b>					
Fairs and Expositions (F&E)	\$3,225,392	\$571,371	\$481,039	\$2,397,965	\$1,826,594
<b>Revenues</b>					
General Fund (B&P 19620.2)	0	32,000,000	32,000,000	32,000,000	0
<b>License Fees</b>					
Live Racing (B&P 19620.1(a))	1,893,553	1,215,000	0	0	(1,215,000)
1 0% Live Racing Fair Handle (B&P 19614(a))	946,102	1,000,000	877,885	300,000	(700,000)
Off-Track - Satellite Wagering (B&P 19605.9)	26,423,295	1,300,000	229,971	200,000	(1,100,000)
<b>Other Revenue</b>					
Prior Year Live Racing (B&P 19620.1(a))	0	0	2,104,433 <sup>1</sup>	0	0
Prior Year License Fees Guarantee Recapture	0	0	813,178 <sup>2</sup>	916,667	916,667
ADW Fees	0	0	36,042	0	0
<b>SMI Interest Revenue</b>	177,981	250,000	95,143	75,000	(175,000)
<b>Total Revenues</b>	<u>29,440,931</u>	<u>35,765,000</u>	<u>38,156,653</u>	<u>33,491,666</u>	<u>(\$2,273,333)</u>
<b>Fund Transfers &amp; Other Receipts</b>					
<b>Transfers In</b>					
Project Cost Savings	5,500,000	0	0	12,476,278 <sup>3</sup>	12,476,278
Generators & Light Towers	0	0	645,000	0	0
<b>Transfers to Other Funds</b>					
Retired DAA Employee Benefits	(246,000)	(246,000)	(246,000)	(246,000)	0
<b>Total Available Resources</b>	<u>\$37,920,931</u>	<u>\$36,090,371</u>	<u>\$37,036,692</u>	<u>\$48,119,909</u>	<u>\$12,029,639</u>
<b>Expenditures</b>					
<b>Local Assistance</b>					
<b>Operational Support</b>					
Bond Debt Service	2,711,021	2,750,000	2,750,000	0	(2,750,000)
California Construction Authority (CCA)	1,613,400	2,500,000	2,500,000	2,300,000	(200,000)
Property Insurance	950,000	550,000	550,000	750,000	450,000
Unemployment Insurance	950,000	1,150,000	1,150,000	950,000	(200,000)
DAA Vehicle Insurance Assistance	0	0	0	700,000	700,000
	6,224,421	6,950,000	7,150,000	4,950,000	(2,000,000)
<b>General Fair Programs &amp; Funding</b>					
Local (Base) Allocations	8,951,000	9,985,600	9,985,600	10,428,050	442,450
Supplemental Local (Base) Allocations	0	0	0	9,112,339 <sup>4</sup>	9,112,339
Fair Performance Rating Program	1,682,500	2,130,000	2,050,000	2,165,000	35,000
Cat-Expo Pro Rata Reimbursement	265,000	265,000	265,000	265,000	0
Contingencies and Special Projects	614,394	400,000	322,047	500,000	100,000
Priority Fair Intervention Program	0	225,000	208,425	500,000	275,000
Regional Marketing Support Program	0	125,000	125,000	125,000	0
Rural Healthcare Equity Program	60,031	0	40,831	0	0
Generators & Light Towers	0	0	645,000	0	0
	11,572,925	13,130,600	13,641,904	23,095,389	9,964,789
<b>Health &amp; Safety</b>					
Emergency Response Program	0	100,000	100,000	100,000	0
Health Department Program	100,000	100,000	100,000	50,000	(50,000)
Urgent Needs Fund	85,000	150,000	150,000	150,000	0
	185,000	350,000	350,000	300,000	(50,000)
<b>Infrastructure</b>					
Infrastructure Fund	2,550,000	6,150,000	5,050,000	5,119,289	(1,030,711)
Replenishment Fund (Investment Capital)	0	350,000	350,000	1,578,308 <sup>5</sup>	1,228,308
Environmental Investment Program	0	75,000	75,000	0	(75,000)
Project Planning	0	300,000	300,000	220,000	(80,000)
Green Energy Initiatives	0	0	0	700,000	700,000
	2,550,000	6,875,000	5,775,000	7,617,597	\$742,597
<b>Training &amp; Education</b>					
Professional Development & Compliance	236,499	430,000	0	163,837 <sup>7</sup>	(266,163)
	236,499	430,000	0	163,837	(\$266,163)
<b>Racing &amp; Satellite Wagering Support</b>					
Race Track Preparation	600,000	600,000	600,000	4,237,402 <sup>8</sup>	3,637,402
Supplemental Purses	1,284,049	1,300,000	1,329,971	1,300,000	0
Wagering Facility Improvements	2,000,000	2,000,000	2,000,000	2,000,000	0
Horse Racing Transition Assistance	0	0	672,527	0	0
	3,884,049	3,900,000	4,602,498	7,537,402	3,637,402
<b>Abatements &amp; Accrual Adjustments</b>	(55,586)	(35,000)	(69,761)	(60,000)	(125,000)
<b>Total Local Assistance</b>	<u>24,607,308</u>	<u>31,600,600</u>	<u>31,449,611</u>	<u>43,604,226</u>	<u>12,003,626</u>
<b>Administrative Oversight</b>					
California Horse Racing Board Support (CHRB)	9,596,566	0	0	0	0
CDDA Support - Fairs & Expositions (F&E)	1,975,641	2,240,000	1,537,806	2,839,757	(400,243)
Professional Development & Compliance	172,207	0	404,652	428,243	428,243
Pro Rata Assessment	152,812	0	90,857	0	0
CDDA Support - Audit Program	1,146,000	1,156,000	1,156,000	1,156,000	0
<b>Total Administrative Oversight</b>	<u>13,043,226</u>	<u>4,396,000</u>	<u>3,189,116</u>	<u>4,424,000</u>	<u>\$28,000</u>
<b>Total Current Year Expenditures</b>	<u>37,650,634</u>	<u>36,996,600</u>	<u>34,638,727</u>	<u>48,028,226</u>	<u>12,031,626</u>
<b>Total Prior Year Adjustments</b>	(211,250)	0	0	0	0
<b>Total Expenditures</b>	<u>\$37,439,384</u>	<u>\$36,996,600</u>	<u>\$34,638,727</u>	<u>\$48,028,226</u>	<u>\$12,031,626</u>
<b>Ending Balance</b>	<u>\$481,039</u>	<u>\$93,771</u>	<u>\$2,397,965</u>	<u>\$91,684</u>	<u>(\$2,086)</u>

<sup>1</sup> FY 08/09 License fees from 08/09 racing collected by CHRB in 09/10

<sup>2</sup> B&P Code Section 19618.52 - \$5.5M over a period of six years

<sup>3</sup> Project Cost Savings - Includes PY project funds

<sup>4</sup> Supplemental Local (base) Allocations - funds from project cost savings and PY savings

<sup>5</sup> Infrastructure Fund - \$1.7M is from project cost savings

<sup>6</sup> Replenishment Fund - \$828K is from project cost savings

<sup>7</sup> Professional Development - \$118K is from project cost savings

<sup>8</sup> Racetrack Preparation - \$3.7M is from project cost savings



**CARF FUNDING COMMITTEE**  
*Updated and Pending CARF Allocations for FY 2009-10*  
*Following Initial Meeting with F&E*

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**PROPOSED AND PENDING ALLOCATIONS – TOTAL: \$2M**

- **\$500 K - CARF Equipment Replacement Fund**
  - *Status: funding in place pending review of proposed expenditures for 2010.*
  
- **\$600 K - Fair racing facility renovations.**
  - *Status: Allocations as follows pending review of specific project applications.*
  - *\$100 K- California State Fair – racing facility renovations;*
  - *\$100 K- Sonoma County Fair – racing facility renovations;*
  - *\$100 K- Humboldt County Fair – racing facility renovations;*
  - *\$100 K- Fresno District Fair – racing facility renovations*
  - *\$200 K- Allocations to be determined based on review of specific project applications.*
  
- **\$500 K - Alameda County Fair training and racing facility improvements**
  - *Status: funding in place pending review of proposed projects for training and racing facility improvements at Alameda County Fair.*
  
- **\$400 K - Implementation of Fair mini-satellites or relocation/downsizing of existing Fair satellite facilities.**
  - *Status: funding in place pending review of applications for specific mini-satellite or re-location projects.*
  - *Possible pending mini-satellite projects or re-locations include the following:*
  - *Monterey County Fair mini-satellite in Salinas;*
  - *Humboldt mini-satellite at Bear River;*
  - *San Mateo mini-satellite in San Bruno;*
  - *Cal Expo mini-satellite in Capitol area downtown;*
  - *Fresno satellite relocation/downsizing;*
  - *Cow Palace mini-satellite*

April 29, 2010

BILL NUMBER: AB 270 INTRODUCED  
BILL TEXT

INTRODUCED BY Assembly Member Perea

FEBRUARY 7, 2011

An act to amend Section 19522 of the Business and Professions Code, relating to satellite wagering.

LEGISLATIVE COUNSEL'S DIGEST

AB 270, as introduced, Perea. Satellite wagering.

Existing law requires that every person who participates in, or has anything to do with, the racing of horses and every employee of a parimutuel department to be licensed by the California Horse Racing Board. Existing law requires the board to set forth requirements for the position of satellite facility supervisor for all satellite wagering facilities operated by the state or on public land. The supervisor is required to monitor the performance of licensees at the facilities.

This bill would create an exception from that provision by authorizing a satellite facility to elect not to be subject to the requirements related to a satellite facility supervisor if the board of directors of the satellite facility, after a public hearing, deems those requirements to be not economically feasible.

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

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 19522 of the Business and Professions Code is amended to read:

19522. (a) The board shall also set forth requirements for the position of satellite facility supervisor for all satellite wagering facilities operated by the state or on public land. The satellite facility supervisor shall, among other things, monitor the performance of licensees at the facilities.

(b) A satellite facility may elect not to be subject to the requirements of this section if the board of directors of the satellite facility, after a public hearing, deems those requirements to be not economically feasible.

BILL NUMBER: SB 1  
BILL TEXT

INTRODUCED

INTRODUCED BY Senator Kehoe

DECEMBER 6, 2010

An act to add Sections 3873.1 and 3873.2 to the Food and Agricultural Code, relating to agricultural districts, and making an appropriation therefor.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1, as introduced, Kehoe. 22nd District Agricultural Association: Del Mar Race Track and Fairgrounds: sale of state property.

Existing law provides that the state is divided into agricultural districts in which 50 or more persons, who are residents of a district, may form a district agricultural association for specified purposes, including holding fairs and constructing, maintaining, and operating recreational facilities. Existing law provides that District 22 is the County of San Diego.

Existing law authorizes the Director of General Services to dispose of surplus state property, subject to specified conditions, including that the net proceeds of the sale be paid into the Deficit Recovery Bond Retirement Sinking Fund Subaccount, which is a continuously appropriated fund.

This bill would create District 22a, which would consist of all of that real property and personal property that is a portion of District 22 that is commonly known as the Del Mar Race Track and Fairgrounds located in the City of Del Mar and certain other property in the City of San Diego, and would prescribe certain matters applicable to officers of the 22nd District Agricultural Association and the District 22a Agricultural Association. The bill would, among other things, authorize the Department of General Services to sell all or any portion of the real property that comprises District 22a and related personal property to the City of Del Mar and require the net sale proceeds to be deposited into the District 22a Disposition Fund, which the bill would create in the State Treasury.

This bill would require, upon sale of all property that comprises District 22a, that District 22a be abolished and that all funds in the District 22a Disposition Fund ultimately be deposited into the Deficit Recovery Bond Retirement Sinking Fund Subaccount, a continuously appropriated fund, thereby resulting in an appropriation.

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

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 3873.1 is added to the Food and Agricultural Code, to read:

3873.1. (a) There is hereby created District 22a, which consists of all of that real property and any personal property that is a portion of District 22 that is commonly known as the Del Mar Race

Track and Fairgrounds located in the City of Del Mar and that real property in the City of San Diego with parcel numbers 299-042-01, 299-042-02, 302-090-11, and 304-020-17. Notwithstanding any other law, any officer of the District 22a Agricultural Association may also be an officer of the 22nd District Agricultural Association and shall be a resident of District 22.

(b) The Department of General Services is authorized to transfer title of the property described in subdivision (a) to the District 22a Agricultural Association, and the 22nd District Agricultural Association shall cooperate in this transfer.

(c) District 22a and the District 22a Agricultural Association shall be the successors to District 22 and the 22nd District Agricultural Association. All rights and obligations of the 22nd District Agricultural Association as it relates to the real property and personal property of the 22nd District Agricultural Association shall be transferred to the District 22a Agricultural Association pursuant to this section.

(d) Notwithstanding Chapter 9 (commencing with Section 4351), the State Race Track Leasing Commission shall not enter into any agreement, lease, or contract for the use of the Del Mar Race Track or any other property owned or controlled by the 22nd District Agricultural Association or the District 22a Agricultural Association unless the agreement, lease, or contract is terminable or assignable at the option of the Department of General Services, and at no cost or liability to the State of California, its agencies and departments, the 22nd District Agricultural Association, and the District 22a Agricultural Association.

(e) Any reference to the 22nd District Agricultural Association in Chapter 9 (commencing with Section 4351) shall be deemed to refer to the District 22a Agricultural Association.

(f) All otherwise applicable ethical duties, including those in Section 1090 of the Government Code, subdivision (a) of Section 8920 of the Government Code, and the Political Reform Act of 1974 (Title 9 (commencing with Section 81000) of the Government Code), shall apply to the officers of both the 22nd District Agricultural Association and the District 22a Agricultural Association, and shall apply in regard to the transactions contemplated by Section 3873.2.

SEC. 2. Section 3873.2 is added to the Food and Agricultural Code, to read:

3873.2. (a) The District 22a Disposition Fund is hereby created in the State Treasury.

(b) The Department of General Services may sell all or any portion of the real property that comprises District 22a and related personal property to the City of Del Mar under terms and conditions satisfactory to the Director of General Services, including, but not limited to, seller financing, notes, or security, and the security for notes. Neither the District 22a Agricultural Association nor the 22nd District Agricultural Association shall enter into any contract, lease, or other agreement affecting the use or operation of the real property for a period that exceeds three months, and all of these contracts, leases, or other agreements shall contain a provision that they may be canceled upon a 30-day notice from the Department of General Services. The Department of General Services shall be reimbursed for any reasonable cost or expense incurred for the transactions described in this section. Additionally, to the extent bonds issued by the State Public Works Board or other entity involve the property to be sold pursuant to this section, all issuer and trustee related costs associated with the review of any proposed sale, together with the costs related to the defeasance or retirement of any bonds, which may include the cost of nationally recognized

bond counsel, shall be paid from the proceeds of any sale or lease authorized by this section. The net proceeds from the sale shall be deposited into the District 22a Disposition Fund.

(c) The sale of the real property authorized by this section may be pursuant to a public bidding process designed to obtain the highest, most certain return for the state from a responsible bidder, and any transaction based on such a bidding process shall be deemed to be the fair market value for the property, or may be a negotiated sale to the City of Del Mar. If a public bidding process is used, a notice of this bidding process shall be posted by the Department of General Services on its Internet Web site for at least 30 days prior to the sale of the real property. The provisions of Section 11011.1 of the Government Code are not applicable to the sale of real property authorized under this section.

(d) Thirty days prior to executing a transaction for the sale of real and personal property as authorized by this section, the Director of General Services shall report in writing to the chairs of the fiscal committees of the Legislature all of the following:

(1) The financial terms of the transaction.

(2) A comparison of fair market value for the real property and the terms listed in paragraph (1).

(3) Any basis for agreeing to terms and conditions other than fair market value.

(e) As to the real property sold pursuant to this section, the Director of General Services shall except and reserve to the state all mineral deposits, as defined in Section 6407 of the Public Resources Code, together with the right to prospect for, mine, and remove the deposits. If, however, the Director of General Services determines that there is little or no potential for mineral deposits, the reservation may be without surface right of entry above a depth of 500 feet, or the rights to prospect for, mine, and remove the deposits shall be limited to those areas of the real property conveyed that the director determines to be reasonably necessary for the removal of the deposits.

(f) Upon the sale of all property that comprises District 22a, District 22a shall be abolished and all funds in the District 22a Disposition Fund shall be transferred to the General Fund for use consistent with subdivision (g) of Section 11011 of the Government Code and Section 9 of Article III of the California Constitution.

(g) (1) The disposition of state real property or buildings specified in subdivision (b) that are made on an "as is" basis shall be exempt from Chapter 3 (commencing with Section 21100) to Chapter 6 (commencing with Section 21165), inclusive, of Division 13 of the Public Resources Code. Upon title to the parcel vesting in the purchaser or transferee of the property, the purchaser or transferee shall be subject to any local governmental land use entitlement approval requirements and to Chapter 3 (commencing with Section 21100) to Chapter 6 (commencing with Section 21165), inclusive, of Division 13 of the Public Resources Code.

(2) If the disposition of state real property or buildings specified in subdivision (b), is not made on an "as is" basis and close of escrow is contingent on the satisfaction of a local governmental land use entitlement approval requirement or compliance by the local government with Chapter 3 (commencing with Section 21100) to Chapter 6 (commencing with Section 21165), inclusive, of Division 13 of the Public Resources Code, the execution of the purchase and sale agreement or of the exchange agreement by all parties to the agreement shall be exempt from Chapter 3 (commencing with Section 21100) to Chapter 6 (commencing with Section 21165), inclusive, of Division 13 of the Public Resources Code.

(3) For the purposes of this subdivision, "disposition" means the sale, lease, or repurchase of state property or buildings specified in subdivision (b).

**Christopher Korby**

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**From:** "Rebecca Desmond" <RDesmond@cdfa.ca.gov>  
**To:** <korby@calfairs.net>; "David Hillis" <DHillis@cdfa.ca.gov>  
**Sent:** February 23, 2011 1:00 PM  
**Subject:** Re: CARF - F&E contract

Chris, the contract needs more work, a lot due to current budget situation. I will try to call you around 5 to explain.

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**From:** Christopher Korby  
**To:** David Hillis  
**Cc:** Rebecca Desmond  
**Sent:** Wed Feb 23 12:43:11 2011  
**Subject:** Fw: CARF - F&E contract

David,

We have a CARF Board meeting coming up next week and I need the latest DRAFT copy of the F&E-CARF contract to include in my report. Would you send over the latest DRAFT, along with a quick summary of where we are in the approval process?

When we met last week, we went over some language revisions that you were going to incorporate. I'd like to get a copy of the DRAFT that includes those changes.

Thanks for your help on this.

Best regards,  
--Chris

Christopher Korby  
Executive Director  
California Authority of Racing Fairs  
916-263-3348

----- Original Message -----

**From:** [David Hillis](#)  
**To:** [Christopher Korby](#) ; [Rebecca Desmond](#)  
**Sent:** February 14, 2011 1:40 PM  
**Subject:** RE: CARF - F&E contract

Hi Chris,

Thanks for your comments and feedback.

As for your suggestion regarding the “development of new revenue streams,” I would agree if you’d like to have this singled out – would you object to my adding a mention of this under the heading “wagering Facilities Improvements Program.” If we add a special comment here and keep the budgeted amounts the same?

By the way, I heard back from downtown and was instructed to proceed with a contract to finish out this fiscal year. I’ll redraft/set up the new contract and send over. I’m sure we can send a second contract for next fiscal year, but it’ll be held up until/unless the budget is settled for next fiscal year.

David Hillis  
916-263-2961

---

**From:** Christopher Korby [mailto:korby@calfairs.net]  
**Sent:** Friday, February 11, 2011 5:52 PM  
**To:** Rebecca Desmond  
**Cc:** David Hillis  
**Subject:** CARF - F&E contract

Rebecca,

Thanks for all the work you and David have put into the draft F&E-CARF contract. Good to see it taking shape.

I’d like to recommend that the narrative description of *Scope of Work* or of *Scope of Services* also includes language which identifies the development of new revenue streams from horse racing or satellite wagering as a purpose of the contract, stated separately and in addition to the support for existing operations. Development of revenue sources for Fairs has always been part of CARF's mission.

As you know, we’re currently working with Monterey County Fair on development of a new mini-satellite in Salinas. In my estimation, the time is right for a program that helps Fairs explore the possibility of new or enhanced revenues from satellite wagering. This could take the form of a satellite re-location (as we did recently in Victorville and Fresno) or development of new satellites, as is currently underway in Monterey.

Right now, there are many smaller Fairs looking for new revenue sources. These Fairs might be excellent candidates for development of satellite wagering facilities, either on their grounds or in partnership with a local enterprise as a mini-satellite. We’d like to get a program underway to explore the possibility of new revenue sources for Fairs from satellite wagering and would like to make sure that the new contract provides for such a program.

02/23/2011



There were a number of prospective sites that were identified as good prospects for new mini-SWF's or satellite re-location in documents on funding recommendations from March 2010, attached. Several of these have been completed (Victorville & Fresno). Several are still good candidate projects.

In the draft contract language that we sent over on Jan 21, we included language in the *Scope of Work* that included **development** of new revenue sources in the description. Here's an excerpt from that draft language, which is also attached for your reference:

---

**SCOPE OF WORK**

*Contractor California Authority of Racing Fairs (CARF) agrees to provide the services described herein for the California Department of Food and Agriculture Division of Fairs and Expositions in order to:*

1. *Assist and support California Fairs in generating revenue from the conduct of live horse racing and satellite wagering and the wagering thereon.*
2. *Develop or facilitate development of new revenue streams to the network of California Fairs.*
3. *Assist and support California Fairs in maintaining safe, healthy and attractive venues for the conduct of horse racing.*
4. *Administer and distribute Supplemental Purse monies pursuant to Business and Professions Code 19606.3 and 19605.9 as directed by CDFR.*

---

In your opinion, would it be a good idea to add language, similar to the above, to the current F&E draft? I'd be glad to insert recommended revisions to that effect if you agree.

We could also put language into the description of the Capital Improvements Fund if you think it fits better in that section (*Scope of Services, Section A.4.*)

I wanted to get these thoughts over to you as soon as possible to get your feedback on whether or how we revise the language to include reference to developing new revenues.

We'll continue to review, then send over some thoughts. There are some matters that we

should probably discuss soon, including the funding breakdown shown in the DRAFT. Can we schedule a meeting sometime soon?

Looking forward to the opportunity to discuss with you.

Best regards,  
--Chris

Christopher Korby  
Executive Director  
California Authority of Racing Fairs  
916-263-3348

**Christopher Korby**

---

**From:** "Christopher Korby" <korby@calfairs.net>  
**To:** "David Hillis" <DHillis@cdfa.ca.gov>  
**Cc:** "Rebecca Desmond" <RDesmond@cdfa.ca.gov>  
**Sent:** February 23, 2011 12:43 PM  
**Subject:** Fw: CARF - F&E contract

David,

We have a CARF Board meeting coming up next week and I need the latest DRAFT copy of the F&E-CARF contract to include in my report. Would you send over the latest DRAFT, along with a quick summary of where we are in the approval process?

When we met last week, we went over some language revisions that you were going to incorporate. I'd like to get a copy of the DRAFT that includes those changes.

Thanks for your help on this.

Best regards,  
--Chris

Christopher Korby  
Executive Director  
California Authority of Racing Fairs  
916-263-3348

----- Original Message -----

**From:** [David Hillis](#)  
**To:** [Christopher Korby](#) ; [Rebecca Desmond](#)  
**Sent:** February 14, 2011 1:40 PM  
**Subject:** RE: CARF - F&E contract

Hi Chris,

Thanks for your comments and feedback.

As for your suggestion regarding the "development of new revenue streams," I would agree if you'd like to have this singled out – would you object to my adding a mention of this under the heading "wagering Facilities Improvements Program." If we add a special comment here and keep the budgeted amounts the same?

By the way, I heard back from downtown and was instructed to proceed with a contract to finish out

02/23/2011

this fiscal year. I'll redraft/set up the new contract and send over. I'm sure we can send a second contract for next fiscal year, but it'll be held up until/unless the budget is settled for next fiscal year.

David Hillis  
916-263-2961

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**Sent:** Friday, February 11, 2011 5:52 PM  
**To:** Rebecca Desmond  
**Cc:** David Hillis  
**Subject:** CARF - F&E contract

Rebecca,

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02/23/2011

---

### SCOPE OF WORK

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1. *Assist and support California Fairs in generating revenue from the conduct of live horse racing and satellite wagering and the wagering thereon.*
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4. *Administer and distribute Supplemental Purse monies pursuant to Business and Professions Code 19606.3 and 19605.9 as directed by CDFA.*

---

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Looking forward to the opportunity to discuss with you.

Best regards,  
--Chris

Christopher Korby  
Executive Director  
California Authority of Racing Fairs  
916-263-3348

**AGREEMENT/SUMMARY**  
STD 215 (NEW 1005)

AGREEMENT NUMBER		AMENDMENT NUMBER
FORMAT	TYPE	SUBTYPE

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED

1. CONTRACTOR'S NAME <b>California Authority of Racing Fairs (a Joint Powers Authority)</b>	2. FEDERAL I.D. NUMBER
--	------------------------

Deleted: Association

3. AGENCY TRANSMITTING AGREEMENT <b>DEPARTMENT OF FOOD AND AGRICULTURE</b>	4. DIVISION, BUREAU, OR OTHER UNIT <b>Fairs and Expositions</b>	5. AGENCY BILLING CODE
---	--	------------------------

6. NAME AND TELEPHONE NUMBER OF CONTRACT ANALYST FOR QUESTIONS REGARDING THIS AGREEMENT  
**Carrie James - 651-1358**

7. HAS YOUR AGENCY CONTRACTED FOR THESE SERVICES BEFORE?  
 NO       YES (If YES, enter prior contractor name and Agreement Number) **Memorandum and Letter(s) of Understanding (MOU/LOU)**

8. BRIEF DESCRIPTION OF SERVICES - LIMIT 72 CHARACTERS INCLUDING PUNCTUATION AND SPACES  
**Support and develop revenues generated to Fairs from horse racing and satellite wagering. Horse racing facilities related services for California racing fairs and satellite wagering.**

9. AGREEMENT OUTLINE (Include reason for Agreement; identify specific problem, administrative requirement, program need or other circumstances making the Agreement necessary; include special or unusual terms and conditions.)  
**Perform services for the Division of Fairs and Expositions and the Network of California Fairs related to fairs' horse racing and satellite wagering**

10. PAYMENT TERMS (More than one may apply.)  
 MONTHLY FLAT RATE       QUARTERLY       ONE -TIME PAYMENT       PROGRESS PAYMENT  
 ITEMIZED INVOICE       WITHHOLD \_\_\_\_\_ %       ADVANCED PAYMENT NOT TO EXCEED  
 REIMBURSEMENT/REVENUE      \$ \_\_\_\_\_ or \_\_\_\_\_ %  
 OTHER (Explain) \_\_\_\_\_

11. PROJECTED EXPENDITURES					PROJECTED EXPENDITURES
FUND TITLE	ITEM	F.Y.	CHAPTER	STATUTE	
General Fund - Clearing Acct.	8570-001-0001				
	8570-001-0001				
	8570-001-0001				

OBJECT CODE	AGREEMENT TOTAL
-------------	-----------------

OPTIONAL USE      AMOUNT ENCUMBERED BY THIS DOCUMENT

I CERTIFY upon my own personal knowledge that the budgeted funds for the current budget year are available for the period and purpose of the expenditure stated above.      PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT

ACCOUNTING OFFICER'S SIGNATURE      DATE SIGNED      TOTAL AMOUNT ENCUMBERED TO DATE

12. AGREEMENT	TERM		TOTAL COST OF THIS TRANSACTION	BID, SOLE SOURCE, EXEMPT
	From	Through		
Original	4/1/2011	06/30/12	\$5,892,500.00	Exempt (JPA Contract)
Amendment No. 1				
Amendment No. 2				
Amendment No. 3				
TOTAL				

(continue)

13. BIDDING METHOD USED:  
 REQUEST FOR PROPOSAL (RFP)     INVITATION FOR BID (IFB)     USE OF MASTER SERVICE AGREEMENT  
*(Attach justification if secondary method is*  
 SOLE SOURCE CONTRACT     EXEMPT FROM BIDDING     OTHER (Explain) \_\_\_\_\_  
*(Attach STD. 821)*    *(Give authority for exempt status)* \_\_\_\_\_

NOTE: Proof of advertisement in the State Contracts Register or an approved form STD. 821, Contract Advertising Exemption Request, must be attached

14. SUMMARY OF BIDS (List of bidders, bid amount and small business status) (If an amendment, sole source, or exempt, leave blank)  
 JPA Contract – exempt from bidding

15. IF AWARD OF AGREEMENT IS TO OTHER THAN THE LOWER BIDDER, PLEASE EXPLAIN REASON(S) (If an amendment, sole source, or exempt, leave blank)

16. WHAT IS THE BASIS FOR DETERMINING THAT THE PRICE OR RATE IS REASONABLE?  
 Based on similar contracts with other public entities, these costs have been determined to be reasonable.

17. JUSTIFICATION FOR CONTRACTING OUT (Check one)  
 Contracting out is based on cost savings per Government Code 19130(a). The State Personnel Board has been so notified.     Contracting out is justified based on Government Code 19130(b). Justification for the Agreement is described below.  
 Justification:

18. FOR AGREEMENTS IN EXCESS OF \$5,000, HAS THE LETTING OF THE AGREEMENT BEEN REPORTED TO THE DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING? <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> N/A	19. HAVE PCC§ 10410 AND 10411 DEALING WITH CONFLICT OF INTEREST BEEN COMPLIED WITH? <input type="checkbox"/> NO <input type="checkbox"/> YES <input checked="" type="checkbox"/> N/A	20. FOR CONSULTING AGREEMENTS, DID YOU REVIEW ANY CONTRACTOR EVALUATIONS ON FILE WITH THE DGS LEGAL OFFICE? <input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> NONE ON FILE <input checked="" type="checkbox"/> N/A
---	---	---

21. IS A SIGNED COPY OF THE FOLLOWING ON FILE AT YOUR AGENCY FOR THIS CONTRACTOR? A. CONTRACTOR CERTIFICATION CLAUSES    B. STD. 204, VENDOR DATA RECORD <input type="checkbox"/> NO <input type="checkbox"/> YES <input checked="" type="checkbox"/> N/A <input type="checkbox"/> NO <input type="checkbox"/> YES <input checked="" type="checkbox"/> N/A	22. REQUIRED RESOLUTIONS ARE ATTACHED <input type="checkbox"/> NO <input type="checkbox"/> YES <input checked="" type="checkbox"/> N/A
--	---

23. ARE DISABLED VETERANS BUSINESS ENTERPRISE GOALS REQUIRED? (If an amendment, explain changes, if any)  
 NO (Explain below)     YES (If YES complete the following)  
 DISABLED VETERAN BUSINESS ENTERPRISES: \_\_\_\_\_ % OF AGREEMENT  
 Good faith effort documentation attached if 3% goal is not reached  
 We have determined that the contractor has made a sincere good faith effort to meet the goal

Explain:

24. IS THIS A SMALL BUSINESS CERTIFIED BY OSBCR? <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES (Indicate Industry Group) _____	SMALL BUSINESS REFERENCE NUMBER _____
---	---------------------------------------

25. IS THIS AGREEMENT (WITH AMENDMENTS) FOR A PERIOD OF TIME LONGER THAN ONE YEAR? (If YES, provide justification)  
 NO     YES  
 this contract is being submitted for review during the existing term of a governing MOU; it's necessary to contract now for next fiscal year as well.

I certify that all copies of the referenced Agreement will conform to the original Agreement sent to the Department of General Services

SIGNATURE/TITLE 	DATE SIGNED
---	-------------



AGREEMENT NUMBER
REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME  
**DEPARTMENT OF FOOD AND AGRICULTURE**

CONTRACTOR'S NAME  
California **Authority** of Racing Fairs (a California Joint Powers Authority)

Deleted: Association

2. The term of this Agreement is: April 1, 2011 through June 30, 2012


3. The maximum amount of this Agreement is: Not to exceed \$5,892,500.00  
(Five Million, Eight Hundred Ninety Two Thousand, Five Hundred Dollars and No Cents)

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement:

Exhibit A – Scope of Work	1 Page(s)
Attachment 1	2 page(s)
Exhibit B – Budget Detail and Payment Provisions	3 Page(s)
Exhibit C - General Terms and Conditions, GTC 610	3 Page(s)
Exhibit C – Addendum	1 page
Exhibit D – Special Terms and Conditions w/addendum	2 Page(s)
Exhibit E – Additional Provisions	5 Page(s)

Items shown in asterisk (\*) are hereby incorporated by reference and made part of this Agreement as if attached hereto. These documents can be viewed at: [www.ols.dgs.ca.gov/standard+language](http://www.ols.dgs.ca.gov/standard+language)

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

<b>CONTRACTOR</b>		<i>California Department of General Services Use Only</i>
CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.) California <b>Authority</b> of Racing Fairs (a California Joint Powers Authority)		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	Deleted: Association
PRINTED NAME AND TITLE OF PERSON SIGNING Christopher Korby, Executive Director		
ADDRESS California <b>Auth</b> of Racing Fairs, 1776 Tribute Road, Ste 205, Sacramento, CA 95815		
<b>STATE OF CALIFORNIA</b>		
AGENCY NAME <b>DEPARTMENT OF FOOD AND AGRICULTURE</b>		Deleted: Assn
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING JANICE L. PRICE, CONTRACTS MANAGER		
ADDRESS 1220 N STREET, ROOM 115 SACRAMENTO, CA 95814		
		<input type="checkbox"/> Exempt per:

**Exhibit A**

**Scope of Work  
California Authority of Racing Fairs**

Deleted: Association

California Authority of Racing Fairs (CARF) agrees to provide for the services described herein (see attached scope of work for detail). Services provided by CARF include:

Deleted: Association

- Administer Equipment Replacement Program for satellite wagering facility fair members of CARF.
- Administer Supplemental Purse Allocation Program as per Business & Professions Code 19606.3 to live racing fair members of CARF.
- Administer Race Track Maintenance & Safety Program for live racing fair members of CARF.
- Administer Wagering Facility Improvement Program for live racing fair members and satellite wagering fair members of CARF.
- Administer Change Fund Program for live racing fair members of CARF.

The program contract managers for this Agreement are:

FOR CDFA, THE PROGRAM CONTRACT MANAGER IS:	FOR CONTRACTOR:
Name: Rebecca Desmond, Acting Director	Name: Christopher Korby, Executive Director
Section/Unit: CDFA/Division of Fairs and Expositions	Section/Unit: California Assn of Racing Fairs
Address: 1010 Hurley Way, Suite 200	Address: 1776 Tribute Road, Suite 205
City/Zip: Sacramento, CA 95825	City/Zip: Sacramento, CA 95815
Phone: (916) 263-2955	Phone: (916) 263-3346
Email Address: <a href="mailto:rdesmond@cdfa.ca.gov">rdesmond@cdfa.ca.gov</a>	Email Address: <a href="mailto:korby@calfairs.net">korby@calfairs.net</a>

Deleted: 0

**Exhibit A, Attachment 1**

**Scope of Work  
California Authority of Racing Fairs**

Deleted: Association

This contract provides for the California Authority of Racing Fairs (CARF) services for California fairs as directed by CDFA Division of Fairs and Expositions (F&E) as follows:

- Administer Equipment Replacement Program for satellite wagering facility fair members of CARF.
- Administer Supplemental Purse Allocation Program as per Business & Professions Code 19606.3 to live racing fair members of CARF.
- Administer Race Track Maintenance & Safety Program for live racing fair members of CARF.
- Administer Wagering Facility Improvement Program for live racing fair members and satellite wagering fair members of CARF.
- Administer Change Fund Program for live racing fair members of CARF.

**Scope of Services**

- A. CARF shall administer programs in the following areas in support of horse racing and satellite wagering for California fairs:
1. CARF will administer Equipment Replacement Program for satellite wagering facility fair members of CARF as requested by CDFA, Division of Fairs and Expositions (F&E) as follows:
    - CARF will submit an annual budget of estimated expenditures to fairs under the Equipment Replacement Program to F&E by May 30 of each year.
    - CARF will provide F&E with a copy of the CARF policies and procedures approved by the CARF Board of Directors as they pertain to the Equipment Replacement Program annually.
    - CARF will provide equipment in member satellite wagering facilities as called for in the Equipment Replacement Program projection report and as needed due to non-planned equipment replacement.
    - CARF will provide a detailed accounting to F&E quarterly of how funds were expended.
  2. CARF will administer Supplemental Purse allocation as per Business & Professions Code 19606.3 to live racing fair members of CARF as requested by CDFA, Division of Fairs and Expositions (F&E) as follows:
    - CARF will submit an annual budget of estimated expenditures to fairs under the Supplemental Purse Allocation Program to F&E by May 30 of each year.
    - CARF will provide F&E with a copy of the CARF policies and procedures approved by the CARF Board of Directors as they pertain to the Supplemental Purse Allocation Program annually.
    - CARF will provide a detailed accounting quarterly to F&E of how funds were expended.
  3. CARF will administer the Race Track Maintenance & Safety Program to live racing fair members of CARF as requested by CDFA, Division of Fairs and Expositions (F&E) as follows:
    - CARF will submit an annual budget of estimated expenditures to fairs under the Race Track Maintenance & Safety Program to F&E by May 30 of each year.

## Exhibit B

### Budget Detail and Payment Provisions California Authority of Racing Fairs

Deleted: Association

Fairs and Expositions (F&E) will provide California Authority of Racing Fairs (CARF) payment for administrative fees at a 7.5% rate for qualifying activities for invoices submitted monthly with detailed supporting documentation. Total program costs including the 7.5% administrative fees for qualifying activities is not to exceed \$5,892,500.00 (five million, eight hundred ninety two thousand, five hundred dollars and no cents) for the term. Payment is to occur no more than monthly for services where invoicing is in arrears.

Deleted: Association

CARF will invoice F&E for all services in arrears beginning July 1, 2011 or at the conclusion of the month following the approval of this contract whichever comes later.

#### 1. Program Description/Costs and Administrative Fees

- **Equipment Replacement Program**
  - F&E will make monthly payments to CARF upon receipt of detailed invoices for reimbursement of expenses, including a 7.5% administrative fee for CARF, under this program.
  - Total program including reimbursement for admin fees will not exceed \$500,000 per year.
- **Supplemental Purse Allocation Program**
  - F&E will advance \$250,000 to CARF at the beginning of the 2011/2012 fiscal year when funds become available to provide for cash flow of this program.
  - F&E will make monthly payments to CARF upon receipt of detailed invoices for reimbursement of expenses, including a 7.5% administrative fee for CARF, under this program.
  - Total program including reimbursement for admin fees will not exceed \$1,100,000 per year.
- **Race Track Maintenance & Safety Program**
  - F&E will make monthly payments to CARF upon receipt of detailed invoices for reimbursement of expenses, including a 7.5% administrative fee for CARF, under this program.
  - Total program including reimbursement of admin fees will not exceed \$600,000 per year.
- **Wagering Facility Improvement Program**
  - F&E will execute funding agreements with the fairs, including a requirement that the fairs pay CARF a 7.5% administration fee based on the total funds received for projects under this program.
  - F&E will reimburse the fairs directly, based on approved project proposals.
  - CARF will execute funding agreements with each fair in order to receive the administrative fee.
  - Total program including reimbursement of admin fees will not exceed \$1,500,000 per year.
- **Change Fund Program**
  - F&E will hold \$1,014,000 on account for use as collateral for CARF to arrange for a change fund for live racing fair members of CARF.
  - Admin fees will not be provided for the Change Fund Program.

#### 2. Invoicing and Payment

- A. For services satisfactorily rendered, and upon receipt and approval of the invoices, the State agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates specified herein, which is attached hereto and made a part of this Agreement.
- B. Unless mutually agreed, quarterly invoices must be submitted at the conclusion of each quarter during which services were rendered. Invoices must include the Agreement number and be submitted in triplicate to the Program Contract Manager listed in this contract. The invoice must be submitted on contractor's letterhead signed by authorized representative, and include
  - Agreement number
  - Time period covered
  - Work completed for the period shall be identified (detailed statement of services)
- C. The Contractor will itemize any actual expenses incurred in addition to those contracted. Such itemizing shall be in accordance with Exhibit C, General Terms and Conditions page 2, paragraph 13, Compensation. The total cost of such additional expenses, together with the cost of services rendered, shall not exceed the maximum amount of this Agreement.
- D. Any travel and subsistence payments authorized under this agreement shall be paid as needed to execute the work. The maximum travel rates allowable are those established in Title 2, Division 1, Chapter 3, Subchapter 1, Article 2 of the California Code of Regulations 599.619.

3. **Budget Contingency Clause**

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

4. **F&E Expenditure Plan Clause**

- A. Funding for this contract is or may be based on available funding as allocated in the annual F&E Expenditure Plan. Contractor understands and agrees that if funding becomes unavailable for any reason, that this agreement shall be of no further force and effect. In this event, the state shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

5. **Prompt Payment Clause**

- A. Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

See attached detailed budget for breakdown of costs.

**B. CDFA Division of Fairs and Expositions shall:**

1. Monthly assist CARF with the identification of fairs and projects/activities requiring CARF services

**C. Schedule:**

The services provided by CARF under this contract shall be shall be completed no later than June 30, 2012.

**D. Invoicing and billing:**

1. CARF shall submit invoices to F&E on a monthly basis for qualifying activities for an administrative fee (see budget detail).
2. All invoices will be submitted in arrears.
3. Invoices will specify a PCA code (to be supplied by F&E).

- CARF will provide F&E with a copy of the CARF policies and procedures approved by the CARF Board of Directors as they pertain to the Race Track Maintenance & Safety Program annually.
  - CARF will provide a detailed accounting quarterly to F&E of how funds were expended.
4. CARF will administer the Wagering Facility Improvement Program to live racing fair members and satellite facility fair members of CARF as requested by CDFA, Division of Fairs and Expositions (F&E) as follows:
- CARF will provide F&E with a copy of the CARF policies and procedures approved by the CARF Board of Directors as they pertain to the Wagering Facility Improvement Program annually.
  - CARF will administer a project proposal application and approval process approved by F&E to determine allocation of F&E funds to CARF members through the Wagering Facility Improvement Program.
  - CARF will provide a detailed accounting quarterly to F&E of how funds were expended.
5. CARF will administer the Change Fund Program to live racing fair members of CARF as requested by CDFA, Division of Fairs and Expositions (F&E) as follows:
- CARF will submit an annual budget of estimated expenditures to fairs under the Change Fund Program to F&E by May 30 of each year.
  - CARF will provide F&E with a copy of the CARF policies and procedures approved by the CARF Board of Directors as they pertain to the Change Fund Program annually.
  - CARF will provide a detailed accounting quarterly to F&E of how funds were expended.
6. Services contracted for shall be provided promptly upon request by F&E in support of California Racing Fairs.
7. CARF staff assigned to perform services supported under this contract shall work under the overall supervision and direction of CARF's Executive Director and the assigned CARF supervisor. F&E shall provide technical oversight to ensure that all work is done to CDFA standards.
8. CARF will comply with equal employment opportunity laws.
9. CARF maintains that it has established and published policies for CARF employees on prevention of discrimination, sexual harassment, workplace violence, and heat illness prevention in accordance with all applicable federal and state laws, regulations and any other applicable rules and procedures. CARF shall ensure the policies and procedures are updated pursuant to any changes in the applicable laws and regulation. Additionally, CARF shall ensure all of its employees adhere to and comply with all the above statutes, regulation, policies, and procedures pertaining to discrimination, sexual harassment, workplace violence and heat illness prevention. CARF shall provide training to its staff on sexual harassment prevention, workplace violence prevention and heat illness prevention in accordance with all federal and state laws and regulation.
10. CARF management will promptly act if and when informed by CDFA or F&E of any issues relating to employee performance.

**EXHIBIT C**  
**GENERAL TERMS AND CONDITIONS GTC 610**

1. **APPROVAL:** This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Contractor may not commence performance until such approval has been obtained.
2. **AMENDMENT:** No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.
3. **ASSIGNMENT:** This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.
4. **AUDIT:** Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).
5. **INDEMNIFICATION:** ~~Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement. SEE ADDENDUM C.~~
6. **DISPUTES:** Contractor shall continue with the responsibilities under this Agreement during any dispute.
7. **TERMINATION FOR CAUSE:** The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid to the Contractor upon demand.
8. **INDEPENDENT CONTRACTOR:** Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.
9. **RECYCLING CERTIFICATION:** The Contractor shall certify in writing under penalty of perjury, the minimum, if not exact, percentage of post consumer material as defined in the Public Contract Code Section 12200, in products, materials, goods, or supplies offered or sold to the State regardless of whether the product meets the requirements of Public Contract Code Section 12209. With respect to printer or duplication cartridges that comply with the requirements of Section 12156(e), the certification required by this subdivision shall specify that the cartridges so comply (Pub. Contract Code §12205).
10. **NON-DISCRIMINATION CLAUSE:** During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40),



marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

11. **CERTIFICATION CLAUSES:** The CONTRACTOR CERTIFICATION CLAUSES contained in the document CCC 307 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.

12. **TIMELINESS:** Time is of the essence in this Agreement.

13. **COMPENSATION:** The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.

14. **GOVERNING LAW:** This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

15. **ANTITRUST CLAIMS:** The Contractor by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below.

a. The Government Code Chapter on Antitrust claims contains the following definitions:

1). "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.

2). "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.

b. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.

c. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.

d. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the

violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

16. CHILD SUPPORT COMPLIANCE ACT: "For any Agreement in excess of \$100,000, the contractor acknowledges in accordance with Public Contract Code 7110, that:

a. The contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

b. The contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department."

17. UNENFORCEABLE PROVISION: In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

18. PRIORITY HIRING CONSIDERATIONS: If this Contract includes services in excess of \$200,000, the Contractor shall give priority consideration in filling vacancies in positions funded by the Contract to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code §10353.

19. SMALL BUSINESS PARTICIPATION AND DVBE PARTICIPATION REPORTING REQUIREMENTS:

a. If for this Contract Contractor made a commitment to achieve small business participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) report to the awarding department the actual percentage of small business participation that was achieved. (Govt. Code § 14841.)

b. If for this Contract Contractor made a commitment to achieve disabled veteran business enterprise (DVBE) participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) certify in a report to the awarding department: (1) the total amount the prime Contractor received under the Contract; (2) the name and address of the DVBE(s) that participated in the performance of the Contract; (3) the amount each DVBE received from the prime Contractor; (4) that all payments under the Contract have been made to the DVBE; and (5) the actual percentage of DVBE participation that was achieved. A person or entity that knowingly provides false information shall be subject to a civil penalty for each violation. (Mil. & Vets. Code § 999.5(d); Govt. Code § 14841.)

20. LOSS LEADER: If this contract involves the furnishing of equipment, materials, or supplies then the following statement is incorporated: It is unlawful for any person engaged in business within this state to sell or use any article or product as a "loss leader" as defined in Section 17030 of the Business and Professions Code. (PCC 10344(e).)

**EXHIBIT C****ADDENDUM**

"The State agrees to indemnify and hold harmless Contractor, its officers, employees, and agents from any and all claims, demands, losses, courses of action, damage, lawsuits, judgments, including reasonable attorneys' fees and costs, to the extent caused by or arising out of or relating to the performance of this Agreement and caused by, or resulting from, the negligent or intentional acts or omissions of the State, its officers, employees, or agents.

Contractor agrees to indemnify and hold harmless the State, its officers, employees, and agents from any and all claims, demands, losses, courses of action, damage, lawsuits, judgments, including reasonable attorney's fees and costs, to the extent caused by or arising out of or relating to the performance of this Agreement and caused by, or resulting from, the negligent or intentional acts or omissions of Contractor, its officers, employees, or agents.

The State and Contractor shall pay all costs that may be incurred by the other party in enforcing this indemnity, including reasonable attorneys' fees and litigation expenses. The provisions of this section shall survive the expiration, termination, or assignment of this Agreement."

## Budget Detail

California Authority of Racing Fairs  
Contract Period April 1, 2011 through June 30, 2012

Deleted: Association

Equipment Replacement Fund amount including 7.5% administrative fee	
Total amount not to exceed:	\$500,000.00
Supplemental Purse Allocation Program amount including 7.5% administrative fee	
Total amount not to exceed:	\$1,100,000.00
Racetrack Maintenance and Safety Program amount including 7.5% administrative fee	
Total amount not to exceed:	\$600,000.00
Wagering Facilities Improvements Program amount including 7.5% administrative fee	
Total amount not to exceed:	\$1,500,000.00
Change Fund Program amount (no fee allowed)	
Total amount held on account:	\$1,014,000.00
Total amount budgeted per fiscal year including administrative fees to CARF not to exceed:	\$4,714,000.00

Total amount of contract not to exceed: \$5,892,500.00

## EXHIBIT D

## SPECIAL TERMS AND CONDITIONS

1. **Excise Tax**

The State of California is exempt from federal excise taxes and no payment will be made for any taxes levied on employees' wages. The State will pay for any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this Agreement. California may pay any applicable sales and use tax imposed by another state.

2. **Settlement of Disputes**

In the event of a dispute, Contractor shall file a "Notice of Dispute" with the CDFA within ten (10) days of discovery of the problem. Such Notice of Dispute shall contain the Agreement number. Within ten (10) days of receipt of such Notice of Dispute, the Agency Secretary, or Designee, shall meet with the Contractor and the CDFA project manager for the purpose of resolving the dispute. The decision of the Agency Secretary or Designee shall be final. In the event of a dispute, the language contained within this Agreement shall prevail over any other language including that of the bid proposal.

3. **Evaluation of Contractor- Consultant Contracts Only**

Per the Department of General Services (DGS), all contracts for consultant services of \$5,000 or more must be evaluated. The Contract/Contraction Evaluation, Form Std. 4, must be prepared by the program within 60 days of the completion of the contract. These evaluations shall remain on file by the Department (in a separate location from the contract file) for a period of 36 months.

4. **Agency Liability**

The Contractor warrants by execution of this Agreement, that no person or selling agency has been employed or retained to solicit or secure this Agreement upon agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the State shall, in addition to other remedies provided by law, have the right to annul this Agreement without liability, paying only for the value of the work actually performed, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

5. **Potential Subcontractors**

If Contractor subcontracts out a portion of the work required by this Agreement, nothing contained in this Agreement or otherwise, shall create any contractual relation between the State and any subcontractors, and no subcontract shall relieve the Contractor of his responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

6. **Right To Terminate**

~~The State reserves the right to terminate this agreement subject to 30 days written notice to the contractor. Contractor may submit a written request to terminate this agreement only if the State should substantially fail to perform its responsibilities as provided herein. However, the agreement can be immediately terminated for cause. SEE ADDENDUM D.~~

**EXHIBIT D****ADDENDUM****Item 6 – Right to Terminate:**

"Either party may terminate this Agreement, at any time, without cause, upon providing thirty (30) days prior written notice to the other party. Upon termination of the Agreement, the State shall pay Contractor for any services performed and any reimbursable costs incurred as of the date of termination. Upon termination, neither party shall have any further obligations or responsibilities to the other party, except as expressly set forth in this Agreement."

## EXHIBIT E

## ADDITIONAL PROVISION

**INSURANCE REQUIREMENTS** – Contractor shall comply with all requirements outlined in the (1) General Provisions section and (2) Contract Insurance Requirements outlined in this section. No payments will be made under this contract until contractor fully complies with all requirements.

1. General Provisions Applying to All Policies

- a. Coverage Term – Coverage needs to be in force for the complete term of the contract. If insurance expires during the term of the contract, a new certificate must be received by the State at least ten (10) days prior to the expiration of this insurance. Any new insurance must comply with the original contract terms.
- b. Policy Cancellation or Termination & Notice of Non-Renewal – Insurance policies shall contain a provision stating coverage will not be cancelled without 30 days prior written notice to the State. New certificates of insurance are subject to the approval of the Department of General Services and the Contractor agrees no work or services will be performed prior to obtaining such approval. In the event Contractor fails to keep in effect at all times the specified insurance coverage, the State may, in addition to any other remedies it may have, terminate this Contract upon the occurrence of such event, subject to the provisions of this Contract.
- c. Premiums, Assessments and Deductibles – Contractor is responsible for any premiums, policy assessments, deductibles or self-insured retentions contained within their insurance program.
- d. Primary Clause – Any required insurance contained in this contract shall be primary, and not excess or contributory, to any other insurance carried by the State.
- e. Insurance Carrier Required Rating – All insurance companies must carry an AM Best rating of at least “A-” with a financial category rating of no lower than VI. If the Contractor is self insured for a portion or all of its insurance, review of financial information including a letter of credit may be required.
- f. Endorsements – Any required endorsements requested by the State must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.
- g. Inadequate Insurance – Inadequate or lack of insurance does not negate the contractor’s obligations under the contract.
- h. Use of Subcontractors - In the case of Contractor’s utilization of subcontractors to complete the contracted scope of work, contractor shall include all subcontractors as insured’s under Contractor’s insurance or supply evidence of subcontractor’s insurance to The State equal to policies, coverages, and limits required of Contractor.

The policy must name **The State of California, its officers, agents, employees and servants as additional insureds, but only with respect to work performed under the contract.**

2. Contract Insurance Requirements

Contractor shall display evidence of the following on an Acord certificate of insurance evidencing the following coverages:

- a. Commercial General Liability – Contractor shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence for bodily injury and property damage liability combined with a \$2,000,000 annual policy aggregate. A “per project

aggregate" endorsement is required. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal & advertising injury, and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the Contractor's limit of liability.

The policy must name **The State of California, its officers, agents, employees and servants as additional insureds, but only with respect to work performed under the contract.**

- b. **Automobile Liability** – Contractor shall maintain business automobile liability insurance for limits not less than \$1,000,000 combined single limit. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles. Should the scope of the Contract involve transportation of hazardous materials, evidence of an MCS-90 endorsement is required.
- c. **Workers Compensation and Employers Liability** – Contractor shall maintain statutory worker's compensation and employer's liability coverage for all its employees who will be engaged in the performance of the Contract. In addition, employer's liability limits of \$1,000,000 are required.

#### **LICENSE AND PERMIT REQUIREMENTS**

The Contractor shall be an individual or firm properly licensed to do business in California in accordance with the laws of the State of California, and shall obtain at his/her expense all license(s) and permit(s) required by law for accomplishing any work required in connection with this agreement.

If you are a Contractor located within the State of California, a business license from the city/county in which you are headquartered is necessary; however, if you are a corporation, a copy of your incorporation documents/letter from the Secretary of State's Office can be submitted. If you are a Contractor outside the State of California, you will need to submit to the CDFA a copy of your business license or incorporation papers for your respective state showing that your company is in good standing in that state.

In the event any license(s) and/or permit(s) expire at any time during the term of this Agreement, Contractor agrees to provide agency a copy of the renewed license(s) and/or permit(s) within 30 days following the expiration date. In the event the Contractor fails to keep in effect at all times all required license(s) and permit(s), the State may, in addition to any other remedies it may have, terminate this agreement upon occurrence of such event.

Licensed contractors must observe professional standards for quality of work or the California Contractors State License Board will invoke disciplinary action.

Should the State of California determine that the work or materials provided vary materially from the specifications, or, that defective work when completed was not performed in a workmanlike manner, then the Contractor warrants that he/she shall perform all necessary repairs, replacement and corrections needed to restore the property according to the Agreement plans and specifications, all at no further or additional cost to the State of California.

#### **SUBCONTRACTING**

Contractor shall obtain prior approval from CDFA before hiring subcontractors, consultants or both. The total amount of all subcontracts shall not exceed \$50,000 or 25% of the total amount of the contract, whichever is less, unless the Contractor can provide certified documents that award was made through a competitive bidding process requiring at least three bids from responsible bidders.



**PUBLIC RECORDS ACT**

The Contractor shall have the right to inspect and/or obtain a copy of any public record under the California Public Records Act, Government Code 6250 et. seq. The Contractor shall submit a written request for an appointment to review documents or for copies of documents. The current fee for photocopies of documents is \$0.10 per page. The California Public Records Act may be reviewed at <http://www.leginfo.ca.gov/cgi-bin/waisgate?WAISdocID=230650312+1+0+0&WAIAction=retrieve>.

**CONFIDENTIALITY AND PUBLIC RECORDS**

Contractor and the CDFA understand that each party may come into possession of information and/or data which may be deemed confidential or proprietary by the person or organization furnishing the information or data. Such information or data may be subject to disclosure under the California Public Records Act, commencing with Government Code, Section 6250, or the Public Contract Code. The CDFA agrees not to disclose such information or data furnished by contractor and to maintain such information or data as confidential when so designated by contractor in writing at the time it is furnished to the CDFA, only to the extent that such information or data is exempt from disclosure under the California Public Records Act and the Public Contract Code.

**PUBLICITY AND ACKNOWLEDGEMENT**

The Contractor agrees that it will acknowledge CDFA's support whenever projects funded, in whole or in part, by this Agreement are publicized in any new media, brochures, or other type of promotional material.

**OWNERSHIP OF DRAWINGS, PLANS AND SPECIFICATIONS**

The CDFA will have separate and independent ownership of all drawings, design plans, specifications, notebooks, tracings, photographs, negatives, reports, findings, recommendation, data memoranda of every description or any part thereof, prepared under this Agreement and the originals and all copies thereof will be delivered to the State upon request. The State will have the full right to use said originals and copies in any manner when and where it may determine without any claim on the part of the Contractor, its vendors or subcontractors to additional compensation.

**EQUIPMENT**

Title to equipment purchased or built from these funds will vest in the State unless otherwise specified. Upon termination of this Agreement, the State may:

- Request that such equipment be returned to the State with costs incurred by the Contractor for such return being reimbursed by the State,
- Authorize the continued use of such equipment for work to be performed for the CDFA under a different Agreement.

The State may, at its option:

- Repair any damage or replace any lost or stolen items and deduct the cost thereof from the Contractor's invoice to the State, or
- Require the Contractor to repair or replace any damaged, lost or stolen equipment to the satisfaction of the State, with no expense to the State.

In the event of theft, a police report must be filed immediately in accordance with the State Administrative Manual, Section 2625, and the State must be notified of the theft.

The Contractor shall maintain an inventory record for each piece of non-expendable equipment purchased or built with funds provided under the terms of this Agreement. The inventory record of each piece of such equipment shall include the date acquired; total cost, serial number, and model identification and any other descriptive information necessary to identify said equipment. Said inventory records shall also include the location or section to which each said piece of equipment is assigned.

Non-expendable equipment so inventoried shall be those items which have a normal life expectancy of four years or more and an approximate unit cost of \$5,000 or more. In addition, theft-sensitive items of equipment costing less than \$5,000 shall also be inventoried. A copy of the inventory record shall be submitted to the State upon request by the State.

**FORCED, CONVICT, AND INDENTURED LABOR**

No foreign-made equipment, materials, or supplies furnished to the State pursuant to this contract may be produced in whole or in part by forced labor, convict labor, or indentured labor. By submitting a bid to the State or accepting purchase order, the Contractor agrees to comply with this provision of the contract. This requirement does not apply to public works contracts.

**FORCE MAJEURE**

Except for defaults of any subcontractors, neither party shall be responsible for any delay in or failure of performance from acts beyond the control of the offending party. Such acts shall include, but shall not be limited to, acts of God, fire, flood, earthquake, other natural disaster, nuclear accident, strike, lockout, riot, freight embargo, public regulated utility, or governmental statutes or regulations superimposed after the fact. If a delay or failure in performance by the Contractor arises out of a default of its subcontractor, and if such default of its subcontractor, causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for damages of such delay or failure, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule.

**CONTRACTS FUNDED BY THE FEDERAL GOVERNMENT**

It is mutually understood between the parties that this contract may have been written before ascertaining the availability of congressional appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays which would occur if the contract were executed after that determination was made.

This contract is valid and enforceable only if sufficient funds are made available to the State by the United States Government for the Fiscal Year(s) 2009/2010, 2010/2011, and 2011/2012 covered by this agreement for the purposes of this program. In addition, this contract is subject to any additional restrictions, limitations, or conditions enacted by the Congress or any statute enacted by the Congress, which may affect the provisions, terms, or funding of this contract in any manner.

It is mutually agreed that if the Congress does not appropriate sufficient funds for the program, this contract shall be amended to reflect any reduction in funds.

The department has the option to void the contract under the 30-day cancellation clause or to amend the contract to reflect any reduction of funds.

**AUDIT REPORTS--NON-PROFIT AGENCIES/CONTRACTORS**

A. Funds provided under This Agreement shall be included in an audit conducted in accordance with the provisions of OMB Circular A-133 for nonprofit and public agencies, standards promulgated by the American Institute of Certified Public Accountants (AICPA), and those standards included in "Government Auditing Standards, 1994 Revision."

B. The financial and compliance audit shall contain the following supplementary financial information:

A combining statement of revenue and expenditures for each contract which presents, by budget line item, revenue and expenditures for the contract or audit period. A computation sheet for each contract used to calculate the Contractor's earnings for the contract or audit period, including measurable values. The results of this calculation will be used to determine:

- a) The amount due Contractor;
- b) The amount due State; or
- c) Whether the Contractor has been paid in full.

C. If the Contractor has used the same independent audit firm for more than five (5) consecutive years, the Contractor must submit, to the department's Audit Services Unit, a written justification for using the same audit firm

Private, nonprofit contractors shall submit to the department two (2) copies of the required audit report within six (6) months of the end of the Contractor's fiscal year. An extension may be granted by the department's Audit Services Unit upon written request by the Contractor's Certified Public Accountant, to include but not be limited to, an explanation of why the required audit cannot be submitted within six (6) months of the end of the Contractor's fiscal year, for submittal of the audit report not to exceed an additional thirty (30) calendar days from the original due date. Audit reports are to be submitted to the following address:

State Controller  
 Division of Audits  
 300 Capitol Mall, Fifth Floor  
 Sacramento, CA 95814

- E. Local governmental entities shall submit to the department two (2) copies of the required audit report within thirty (30) calendar days after the completion of the audit, but no later than nine (9) months after the end of the audit period. The audit reports are to be submitted to the address stated above.

Local governmental agencies shall submit the required number of copies of the audit report in accordance with the guidelines set by the Division of Audits of the State Controller's Office. Said reports are to be submitted to the following address:

State Controller  
 Division of Audits  
 300 Capitol Mall, Fifth Floor  
 Sacramento, CA 95814

- F. Where services or funds under This Agreement are provided to, for, or by a wholly owned, or wholly controlled subsidiary of Contractor, Contractor hereby provides assurance that an audit shall be performed of this subsidiary organization in accordance with this Section. Said required audit report shall be made available to the State upon request.

#### **CONFLICT OF INTEREST**

A firm will not be awarded a contract if the financial interests are held by a current officer or employee of the state. Additionally, a contract will not be awarded to an officer or employee of the state as an independent contractor to provide goods and service. Likewise, the contracting agency officials and employees shall also avoid actions resulting in or creating an appearance of:

1. Using an official position for private gain;
2. Giving preferential treatment to any particular person;
3. Losing independence or impartiality;
4. Making a decision outside official channels; and,
5. Affecting adversely the confidence of the public or local officials in the integrity of the program.

Former State employees will not be awarded a contract for 2 years from the date of separation if that employee had any part of the decision making process relevant to the contract, or for 1 year from the date of separation if that employee was in a policy making position in the same general subject area as the proposed contract within the 12-month period to his or her separation from state service.

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

	<b>2008 Year End Actual</b>	<b>2009 Year End Actual</b>	<b>2010 YTD Actual</b>	<b>2010 Annual Budget</b>	<b>2010 Budget Variance</b>	<b>2010 % Budget</b>
<b>Revenue:</b>						
Other Revenue	12,384	148	(2,326)	500	(2,826)	-465%
Interest Income	96,705	30,515	18,003	30,000	(11,997)	60%
Member Dues	282,520	282,532	290,107	292,913	(2,806)	99%
CARF South Programs Admin Fee	29,295	25,351	21,256	26,250	(4,994)	81%
CARF Projects Admin Fee	175,639	66,063	141,872	195,000	(53,128)	73%
CARF Live Racing Admin Fee	149,334	112,869	108,854	136,723	(27,869)	80%
CARF @ Leased Facility Revenue	0	(311,170)	0	0	0	0%
<b>Total Revenue</b>	<b>745,876</b>	<b>206,308</b>	<b>577,767</b>	<b>681,386</b>	<b>(103,619)</b>	<b>85%</b>
<b>Expenses:</b>						
Salaries	245,914	226,671	241,506	304,423	62,917	79%
Employee Benefits	26,800	23,714	18,890	30,000	11,110	63%
Post Retirement Benefits	31,614	666,317	34,458	32,896	(1,562)	105%
Payroll Taxes	12,509	12,487	12,529	13,500	971	93%
Accounting Costs	16,337	17,209	17,272	18,750	1,478	92%
Audit Services	6,188	7,125	6,375	6,500	125	98%
Automobile Expense	3,236	435	10,650	4,000	(6,650)	266%
Contracted Services	659	543	10,435	2,000	(8,435)	522%
Depreciation	13,729	13,881	11,985	13,500	1,515	89%
Dues & Subscriptions	14,388	36,048	11,952	37,000	25,048	32%
Insurance Expense	40,542	37,784	37,127	41,000	3,873	91%
Legal Expenses	1,740	11,413	21,720	10,000	(11,720)	217%
Legislative Expenses	54,869	53,508	53,796	60,000	6,204	90%
Meetings Expense	3,758	5,398	6,852	5,000	(1,852)	137%
Misc. (Ag Day Sponsor)	204	2,482	2,010	2,500	490	80%
Office Supplies	19,576	23,754	27,882	20,000	(7,882)	139%
Postage & Shipping	4,343	5,987	3,117	6,000	2,883	52%
Rent (Tribute Road)	39,413	38,916	38,265	39,744	1,479	96%
Repairs & Maintenance	0	0	674	1,000	326	67%
Telephone Expense	8,132	7,390	9,492	10,000	508	95%
Training	0	0	895	2,500	1,605	36%
Travel Expense	23,216	25,280	27,226	27,500	274	99%
<b>Total Expenses</b>	<b>567,165</b>	<b>1,216,340</b>	<b>605,110</b>	<b>687,813</b>	<b>82,703</b>	<b>88%</b>
<b>Agency Income (Loss)</b>	<b>178,712</b>	<b>(1,010,031)</b>	<b>(27,343)</b>	<b>(6,427)</b>	<b>(20,916)</b>	
<b>Southern Program Income (Loss)</b>	<b>9,592</b>	<b>7,142</b>	<b>8,153</b>	<b>5,250</b>	<b>(7,085)</b>	
<b>Total Balance Sheet Net Income (Loss)</b>	<b>188,304</b>	<b>(1,002,890)</b>	<b>(19,190)</b>	<b>(1,177)</b>	<b>(28,001)</b>	

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

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
	<b>Year End</b>	<b>Year End</b>	<b>YTD</b>	<b>Annual</b>	<b>Budget</b>	<b>% Budget</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	
<b>Program Revenue:</b>						
Program Sa	397,688	343,634	285,716	350,000	(64,284)	82%
Other Reve	0	0	0	0	0	0%
Royalties/F	(358,703)	(311,141)	(256,307)	(318,500)	62,193	80%
<b>Total Reve</b>	<b>38,985</b>	<b>32,493</b>	<b>29,409</b>	<b>31,500</b>	<b>(2,091)</b>	<b>93%</b>
<b>Expenses:</b>						
Legal Expe	0	0	0	0	0	0%
Meetings E	98	0	0	0	0	0%
Misc Exp.(	0	0	0	0	0	0%
Office Supp	0	0	0	0	0	0%
Paper Expe	0	0	0	0	0	0%
Postage & \$	0	0	0	0	0	0%
Printing Suj	0	0	0	0	0	0%
Rent & Util	0	0	0	0	0	0%
Repairs & P	0	0	0	0	0	0%
Telephone l	0	0	0	0	0	0%
Travel Expe	0	0	0	0	0	0%
<b>Total Expe</b>	<b>98</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
Operating I	38,887	32,493	29,409	31,500	(2,091)	93%
CARF Adm	29,295	25,351	21,256	26,250	4,994	81%
Rebate						
<b>Income (L</b>	<b>9,592</b>	<b>7,142</b>	<b>8,153</b>	<b>5,250</b>	<b>(7,085)</b>	<b>155%</b>

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

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
	<b>Year End</b>	<b>Year End</b>	<b>YTD</b>	<b>Annual</b>	<b>Budget</b>	<b>% Budget</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	
<b>Revenue:</b>						
CARF Ad:	175,639	66,063	141,872	195,000	(53,128)	73%
Project M:	67,608	79,199	85,559	77,191	8,368	111%
<b>Total Rev</b>	<b>243,247</b>	<b>145,262</b>	<b>227,432</b>	<b>272,191</b>	<b>(44,759)</b>	<b>84%</b>
<b>Expenses:</b>						
Salaries E:	49,043	58,723	63,396	56,341	(7,055)	113%
Employee	6,150	7,287	8,538	8,000	(538)	107%
Payroll Ta	2,204	2,832	3,076	3,000	(76)	103%
Accountin	6,500	6,500	6,620	8,000	1,380	83%
Audit Serv	2,475	2,550	2,550	0	(2,550)	0%
Automobi	0	0	0	0	0	0%
Contractec	0	0	0	0	0	0%
Telephone	678	708	754	1,000	246	75%
Travel Exj	0	42	68	250	182	27%
Misc. Stor	558	558	558	600	43	93%
<b>Total Exp</b>	<b>67,608</b>	<b>79,199</b>	<b>85,559</b>	<b>77,191</b>	<b>(8,368)</b>	<b>111%</b>
<b>CARF Ad</b>	<b>175,639</b>	<b>66,063</b>	<b>141,872</b>	<b>195,000</b>	<b>53,128</b>	<b>73%</b>



California Authority of Racing Fairs						
CARF @ Leased Facility						
December 31, 2010						
	2008	2009	2010	2010	2010	2010
	Year End	Year End	YTD	Annual	Budget	% Budget
	Actual	Actual	Actual	Budget	Variance	
<b>Revenues:</b>						
Commissions - CARF@GG	0	2,859,642	0	0	0	0%
Non Wagering Revenue - CARF@GG	0	0	0	0	0	0%
<b>Total</b>	<b>0</b>	<b>2,859,642</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Expenses:</b>						
PRA - Labor (Sal,Bcnc,Tax)	0	96,106	0	0	0	0%
PRA - COGS	0	0	0	0	0	0%
PRA - Financial Dept. Allocation	0	0	0	0	0	0%
PRA - Direct Invoices	0	2,998,791	0	0	0	0%
CARF Direct Invoices	0	18,531	0	0	0	0%
CARF Billback Allocation	0	57,383	0	0	0	0%
<b>Sub-Totals</b>	<b>0</b>	<b>3,170,811</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>CARF @ Leased Facility Net Income</b>	<b>0</b>	<b>-311,170</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>



**CALIFORNIA AUTHORITY OF RACING FAIRS  
BALANCE SHEET  
December 31, 2010**

<b>ASSETS</b>		
	<b>CURRENT YTD</b>	<b>PRIOR YTD</b>
	<b>2010</b>	<b>2009</b>
<b>Current Assets</b>		
CASH - LAIF & INVESTMENTS	1,734,210	6,365,543
CASH - OPERATING/MM	49,755	724,958
CHECKING - TOC PURSE	296,966	255,492
CHECKING - RACING TRUST	84,375	0
MARKETABLE SECURITIES	4,367,720	4,105,677
A/R - DUES	28,618	14,083
A/R - PROGRAMS	67,097	119,042
A/R - RACING FAIRS	298,848	452,081
A/R - F&E/OTHER A/R	1,925,506	3,768,825
PREPAIDS/DEPOSITS	59,290	52,582
OPEB ASSETS	91,955	91,955
<b>Total Current Assets</b>	<b>9,004,341</b>	<b>15,950,237</b>
<b>Fixed Assets</b>		
AUTOMOBILE	37,967	5,740
FURNITURE & EQUIPMENT	1,646	2,419
COMPUTER HARDWARE/SOFTWARE	7,050	9,565
TRACK EQUIPMENT	59,400	59,400
<b>Total Fixed Assets (Net of Depr.)</b>	<b>106,062</b>	<b>77,124</b>
<b>TOTAL ASSETS</b>	<b>9,110,403</b>	<b>16,027,361</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Current Liabilities</b>		
A/P & WITHHOLDINGS	1,572,388	4,234,498
A/P - PROGRAM ROYALTIES TO HOST	56,837	71,465
RACING DISTRIBUTIONS	86,987	321,802
PURSES	1,511,319	1,405,690
TRACK SAFETY/MAINT.	212,520	883,799
INFOTEXT UPGRADE	0	158,411
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	522,227	1,437,934
LOU-5 - SYMPOSIUM	3,805	4,248
FACILITY IMPROVEMENTS & UPGRADES	88,455	512,690
CAPITAL IMPROVEMENT FUND	1,212,751	3,155,596
<b>Total Current Liabilities</b>	<b>5,267,288</b>	<b>12,186,132</b>
<b>Non-Current Liabilities</b>		
CHRIMS FUNDS	90,558	89,313
CHANGE FUND	1,014,000	1,014,000
FAIRS - EQUIP REPLACEMENT FUNDS	2,007,372	1,987,541
<b>Total Non-Current Liabilities</b>	<b>3,111,929</b>	<b>3,090,853</b>
<b>TOTAL LIABILITIES</b>	<b>8,379,217</b>	<b>15,276,986</b>
<b>Net Assets</b>		
FUND EQUITY	728,101	1,730,990
F&E Net Assets	22,275	22,275
CARF@GG	0	(311,170)
RETIREMENT CONTINGENCY	0	0
NET INCOME/LOSS	(19,190)	(691,720)
<b>Total Net Assets</b>	<b>731,186</b>	<b>750,376</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>9,110,403</b>	<b>16,027,361</b>