



1776 Tribute Road, Suite 205
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AGENDA
CALIFORNIA AUTHORITY OF RACING FAIRS
LIVE RACING COMMITTEE MEETING
JOHN ALKIRE, CHAIR
11:00 A.M., TUESDAY, SEPTEMBER 11, 2012

Notice is hereby given that a meeting of the California Authority of Racing Fairs' Live Racing Committee will commence at 11:00 a.m., Tuesday, September 11, 2012. The meeting will be held in Sacramento.

AGENDA

- I. Date, time and location of next meeting:
- II. Approval of minutes.
- III. Report, discussion and action, if any, on Legislation for 2012 and beyond.
- IV. Report, discussion and action, if any, on Racing Dates for 2013 and beyond.
- V. Review, discussion and action, if any, on proposed agreement with Jockey's Guild.
- VI. Report, discussion and action, if any, on Exchange Wagering.
- VII. Recap of 2012 summer racing to date.
- VIII. Executive Director's Report.



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NOTICE
CALIFORNIA AUTHORITY OF RACING FAIRS
LIVE RACING COMMITTEE MEETING
JOHN ALKIRE, CHAIR
11:00 A.M., TUESDAY, SEPTEMBER 11, 2012
VIA TELECONFERENCE

Notice is hereby given that a meeting of the California Authority of Racing Fairs' Live Racing Committee will commence at 11:00 a.m., Tuesday, September 11, 2012. The meeting will be held at the CARF Conference Room located at 1776 Tribute Road, Sacramento, California 95815.

CARF Live Racing Committee Meeting
Toll Free Dial In Number: (800) 791-2345
Participant Code: 62745 #
Via Teleconference

The Public and members of the California Authority of Racing Fairs Live Racing Committee may participate from the following locations:

Alameda County Fair
4501 Pleasanton Ave.
Pleasanton, CA 94566

Humboldt County Fair
1250 5th Street
Ferndale, CA 95536

Solano County Fair
900 Fairgrounds Drive
Vallejo, CA 94589

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

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

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

California State Fair
1600 Exposition Blvd.
Sacramento, CA 95815

ITEM II - MINUTES

CALIFORNIA AUTHORITY OF RACING FAIRS**Live Racing Committee****Tuesday, June 5, 2012****MINUTES**

A teleconference meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, June 5, 2012. The meeting was hosted at the California Authority of Racing Fairs Board Room, 1776 Tribute Road, Sacramento, California, 95815.

CARF Live Racing Committee members attending: John Alkire, Norb Bartosik and Stuart Titus. Joining by conference call: Janet Covello, Mike Paluszak and Tawny Tesconi.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Amelia White, Dave Elliott, Nate Dechoretz, Cindy Olsen, Tom Sawyer, Jim Morgan, Joe Morris, Richard Scheidt and Raechelle Gibbons. Joining by conference call: Dave Mogni, Jeff Farley and Darren Hansen.

Agenda Item 1 – Date, Time and Location of Next Meeting. The next CARF Live Racing Committee meeting will be held September 11, 2012 in Sacramento.

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

Agenda Item 3 – Report, Discussion and Action, if any, on Legislation for 2012 and Beyond. Item deferred to the CARF Board of Director's meeting at 12:30 p.m.

Agenda Item 4 – Report, Discussion and Action, if any, on Racing Dates for 2013 and Beyond. Mr. Korby introduced Joe Morris, General Manager of Golden Gate Fields, and stated that Mr. Morris and Mr. Scheidt were kind enough to travel to Sacramento to participate in a preliminary discussion regarding the 2013 Northern California racing calendar.

Mr. Morris stated that he arrived at Golden Gate Fields in October and hasn't had the opportunity to familiarize himself with historical calendars or dates planning procedures, but it seems to him that many funds and organization in California were set up years ago under different economic conditions (NCOTWinc., Stabling and Vanning Fund, etc.) . When looking at those programs through the lens of someone who has been tasked to make a Northern California racetrack financially viable, it's Mr. Morris' opinion that those models no longer work.

Mr. Morris stated that when looking at dates from a Golden Gate Fields management perspective, at macro level, the track is not profitable five months out of the year (June through October). The months that Golden Gate Fields is not racing live results in a financial loss.

Mr. Morris expressed a strong desire to work closely with Fairs to make the Fair circuit as strong as possible while getting Golden Gate Fields back to zero. Mr. Morris stated that Golden Gate Fields will be focusing efforts on an owner recruitment program that should benefit the entire north. Mr. Morris feels the track isn't short horses, its short owners. Mr. Korby added that it is important to maintain Golden Gate Fields as an anchor of Northern California racing and to recreate some of the synergies that were lost with the closure of Bay Meadows through a closer working relationship with the Fairs.

Mr. Korby asked Mr. Morris if he had considered strategic breaks in the racing calendar. Mr. Morris stated that his priority is to get the track back to profitability.

Mr. Swartzlander asked Mr. Morris how feedback has been regarding the synthetic surface at Golden Gate Fields. Mr. Morris responded that during his time at Golden Gate Fields the track has been improved tremendously by reactivating the involvement of Michael Dickinson and adjusting the maintenance with a more proactive strategy. The resulting injury/fatality statistics are down and better than most tracks in the country.

Mr. Korby asked Mr. Morris about September 2012 dates and if Golden Gate Fields would be open to considering a break from the time Del Mar closes to the opening of Stockton. Mr. Morris stated that he would look at the numbers. Mr. Scheidt stated that he thought September was a great time for a break and that there is currently too much racing in Northern California. Mr. Morris stated that the challenge for him is that September is already a "loser" for Golden Gate Fields and to remove those dates without including some other type of consideration would only worsen the financial situation.

Mr. Korby asked Mr. Morris for his initial position regarding the 2013 racing calendar. Mr. Morris stated that he would like to tweak the calendar to provide relief for the months with 8-10 live racing days (June, August, September and October). Mr. Morris stated that Golden Gate Fields needs to race 10-14 days per month to have a chance at breaking even. He would like to see 3-4 more days in June and 4-5 more days in each August and October. Mr. Morris stated that closing in July creates a significant financial loss with 1,100 horses stabled at the track.

Mr. Titus stated he would like to see the same type of date's arrangement in 2013 as in 2012, pending the results of the meet. Mr. Sawyer stated that he hopes that Stockton finds a successful home in September.

Mr. Korby thanked Mr. Morris and Mr. Scheidt for their participation and stated this was just the first of many conversations that would take place both within this group and with industry principals.

Agenda Item 5 – Report, Discussion and Action, if any, on CHRB Racing License Applications. Mr. Swartzlander reported that the Ferndale and Fresno applications are complete and

that the Ferndale application will be heard at the California Horse Racing Board meeting on June 21. The Stockton application is still in progress.

Mr. Alkire thanked Mr. Swartzlander for the extra time and efforts he spent on the Fresno application due to changes in Fair personnel.

Agenda Item 6 – Report, Discussion and Action, if any, on Exchange Wagering. Mr. Korby reported that exchange wagering is a hot topic discussion item in the racing industry and is on the agenda because it was possible that the CARF Live Racing Committee may have had a proposal to consider at this meeting. That has turned out not to be the case. There was a tentative agreement circulating that allowed for a limited duration pilot with a flat fee paid to associations and horsemen. That agreement went to the TOC for approval, per statute, and TOC decided to table any further discussions for another year.

Mr. Korby will keep the group informed when discussions on exchange wagering continue.

Agenda Item 7 – Report, Discussion and Action, if any, on Planning for Summer Racing Operations. Mr. Korby reported that staff is prepared for the 2012 racing season.

Mr. Swartzlander reported that we have commitments from trainers for 200 out-of-state horses.

Mr. Scheidt reported that he is working with CARF staff to develop a frequently asked question (FAQ) page for horsemen on www.calfairs.com.

Agenda Item 8 – Executive Director’s Report. Mr. Korby reported that we have a viable Triple Crown prospect in I’ll Have Another and Saturday should be a big day for the satellite network.

The CHRB approved a mini-satellite in Salinas and CARF staff will be working with Ms. Violini to have that new satellite operational by August.

The CHRB took action to restrict the use of Clenbuterol in Thoroughbred racehorses, an action that mirrors restrictions CARF and Quarter Horse representatives placed on the medication earlier in the year. The CHRB action will take effect during the 2012 Fair season.

Respectfully submitted,
Heather Haviland

ITEM III – Legislation

PROPOSAL

*Proposed Model
for
Distribution of Internet Poker Revenues
to
California Horse Racing Interests*

JULY 2012

PROPOSAL

INTRODUCTION

We are proposing a model for distribution of new Internet poker revenues based on the following assumptions:

- 50% of revenues will be distributed to our operating partners (Cantor, et al.) for operations, marketing and technical services;
- 25% will be distributed for the benefit of horsemen as recommended by representatives of Thoroughbred owners and breeders (TOC; CTBA);
- 25% will be distributed as recommended by representatives of Thoroughbred racing associations and Fairs.
- Revenue distribution structure will be agreed upon by members of Horse Racing United.

This proposal addresses the segment of revenues intended for distributions to Thoroughbred racing associations and Fairs.

Respectfully,

Christopher Korby
Executive Director
California Authority of Racing Fairs

PROPOSAL

DISTRIBUTION MODEL FOR INTERNET POKER REVENUES

Proposal Summary

We propose that the segment of Internet poker revenues intended for the benefit of Thoroughbred racing associations and Fairs be distributed on a pro-rata basis, calculated by race track or satellite wagering location. Stated more specifically, we propose that this segment of revenues be distributed to Thoroughbred racing associations and Fair associations or satellite wagering facilities in the same relative proportions that parimutuel handle was generated at the racing association or satellite wagering facility during the previous year. We propose that all categories of parimutuel handle be included in the pro rata calculation with the sole criterion that handle used in the calculation was generated at the location, whether race track or Fair satellite wagering facility.

We also propose that a significant portion of any Internet poker revenues distributed to Fair locations will be re-invested back into Fair racing facility or satellite facility capital improvements.

Advantages

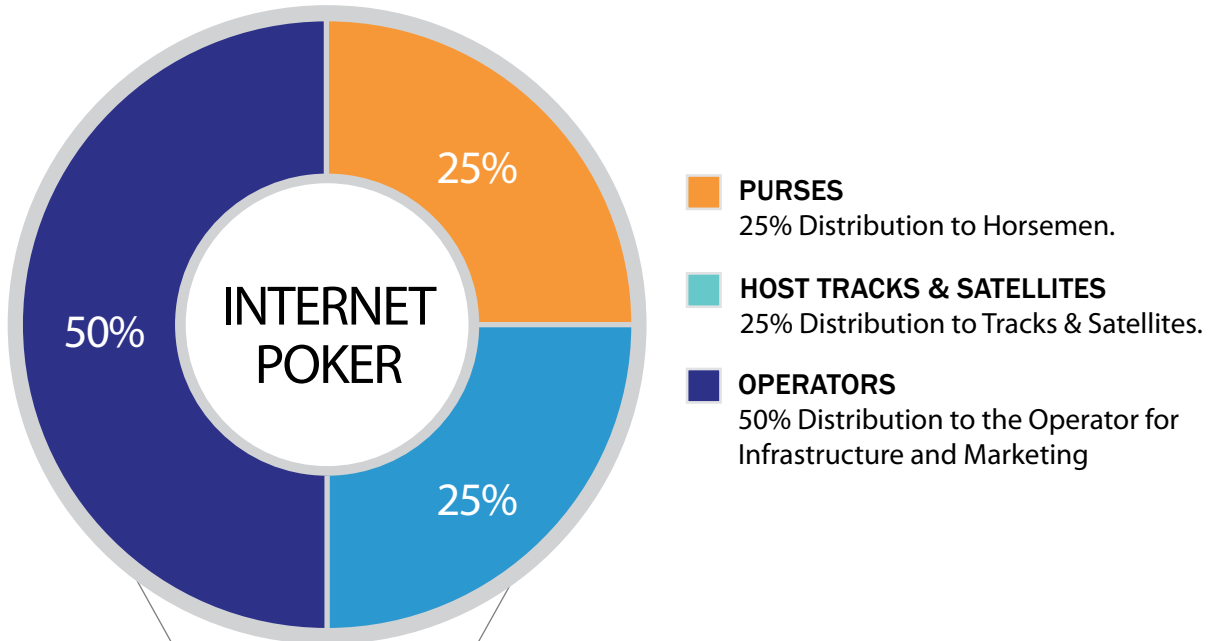
- On-site parimutuel handle is a simple, verifiable metric that offers impartial weighting for distributions to participating parimutuel sites.
- This approach will favor Thoroughbred race tracks because of their larger parimutuel handle on-site.
- Including Fair satellite wagering facilities will help with legislative support because of their grassroots connections to legislators.
- This approach mitigates negative impact of Internet poker to the California simulcast network.

An example of calculations based on this proposed distribution model is incorporated in the following pages, both in chart form and in spreadsheet form. The chart and spreadsheet show prospective pro-rata distributions based on hypothetical Internet poker revenue of \$10,000,000.

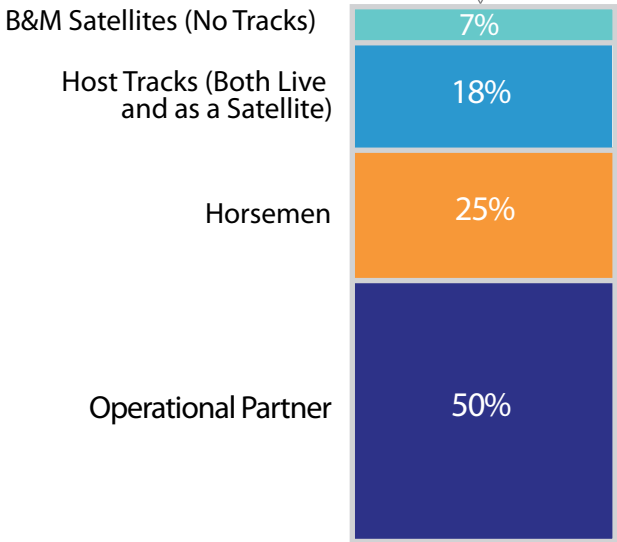
Note that this distribution model shows tribal satellites and non-Thoroughbred tracks; they are included due to the nature of the parimutuel reporting database used for calculations. We are not recommending that they participate or not participate in distributions; however, we recommend that HRU discuss whether they should or should not participate in these distributions.

PROPOSED DISTRIBUTION MODEL FOR INTERNET POKER

INTERNET POKER PROPOSED PRIMARY DISTRIBUTIONS FROM REVENUE



PROPOSED INTERNET POKER REVENUE DISTRIBUTIONS



Based on a hypothetical figure
of \$10 million.



\$ 2.5million
To horsemen in the form of purses.

\$ 1.84million
To associations conducting live racing.

\$ 660,000
To brick and mortar satellites
which do not conduct racing.

\$ 5million
To operators for day-to-day operations.

PROPOSED DISTRIBUTION MODEL FOR INTERNET POKER

INTERNET POKER

PROPOSED DISTRIBUTIONS FROM REVENUE

Category	Percentage	Distribution (Based on 10M)
Horsemen (Purses)	25%	\$ 2,500,000
Host Tracks & Satellites:		
Host Tracks (Live & Satellite Handle)	18.35%	1,834,513
Brick & Mortar Satellites (NO TRACK)	5.74%	574,256
Casino Satellites	0.91%	91,231
Operational Partners	50%	\$ 5,000,000
	100%	10,000,000

INTERNET POKER

PROPOSED DISTRIBUTIONS FROM REVENUE

Category	Percentage	Distribution (Based on 10M)
Horsemen (Purses)	25%	\$ 2,500,000
Host Tracks (Including Live Racing & Satellite-Based Revenue):		
Del Mar Thoroughbred Club	1.91%	\$ 190,946
Pomona (Fairplex)	1.30%	\$ 129,629
Northern California Fairs	2.12%	\$ 212,350
Golden Gate Fields	2.02%	\$ 202,109
Hollywood Park	3.64%	\$ 364,426
Los Alamitos	2.39%	\$ 238,876
Santa Anita Park	4.96%	\$ 496,176
Brick & Mortar Satellites (No Track)		
Anderson	0.03%	\$ 3,333
Bakersfield	0.12%	\$ 12,020
Fresno Club One	0.07%	\$ 6,576
Monterey	0.15%	\$ 14,572
San Jose	0.66%	\$ 65,551
San Mateo	1.40%	\$ 140,322
Tulare	0.07%	\$ 6,582
Turlock	0.16%	\$ 15,596
Vallejo	0.30%	\$ 30,089
Barona	0.32%	\$ 32,443
Cabazon	0.26%	\$ 26,261
Lake Perris	0.27%	\$ 26,777
Lancaster	0.27%	\$ 26,967
San Bernardino	0.50%	\$ 49,647
Santa Maria	0.07%	\$ 7,049
Shalimar (Indio)	0.11%	\$ 11,296
Surfide Race Place	0.96%	\$ 96,305
Sycuan	0.13%	\$ 12,552
Ventura	0.50%	\$ 50,009
Victorville	0.12%	\$ 11,568
Viejas	0.20%	\$ 19,976
Operational Partners	50%	\$ 5,000,000
	100%	10,000,000

California Statewide Share of Handle On Thoroughbred and Fair Hosted Races by Race Type by Location for California Brick and Mortar Locations

												25% Pro rata for Poker Model
Location	Live Races	%	Out of Zone	%	Interstate	%	International	%	CA Races	%	Total	%
Anderson	283,949.60	0.06%	423,796.90	0.26%	553,341.10	0.17%	86,736.80	0.18%	707,746.50	0.09%	1,347,824.40	0.13%
Bakersfield	862,372.30	0.18%	1,769,479.90	1.07%	1,856,177.30	0.58%	373,064.20	0.79%	2,631,852.20	0.29%	4,861,093.70	0.48%
Barona	5,265,656.80	1.09%	1,423,281.00	0.86%	5,719,732.30	1.80%	712,369.10	1.51%	6,688,937.80	0.89%	13,121,039.20	1.30%
Cabazon	4,209,474.00	0.88%	1,319,257.90	0.80%	4,782,282.70	1.51%	309,505.40	0.65%	5,528,731.90	0.74%	10,620,520.00	1.05%
Del Mar	68,766,807.60	14.30%	1,636,731.30	0.99%	6,293,330.50	1.98%	527,329.70	1.11%	70,403,538.90	0.97%	77,224,199.10	7.64%
Ferndale	680,263.00	0.14%	97,435.80	0.06%	46,017.50	0.01%	3,487.50	0.01%	777,698.80	0.01%	827,203.80	0.08%
Fresno	3,366,195.70	0.70%	1,502,865.60	0.91%	1,937,794.10	0.61%	299,076.10	0.63%	4,869,061.30	0.30%	7,105,931.50	0.70%
Fresno Club One	386,084.70	0.08%	770,295.80	0.47%	1,300,477.90	0.41%	202,518.90	0.43%	1,156,380.50	0.20%	2,659,377.30	0.26%
Golden Gate	30,600,852.40	6.36%	22,029,652.50	13.33%	24,746,586.00	7.79%	4,361,789.40	9.22%	52,630,504.90	3.83%	81,738,880.30	8.08%
Hollywood Park	81,760,614.70	17.00%	18,391,918.90	11.13%	40,551,343.30	12.77%	6,680,714.20	14.11%	100,152,533.60	6.28%	147,384,591.10	14.58%
Lake Perris	5,009,449.20	1.04%	1,667,443.40	1.01%	3,632,105.40	1.14%	520,316.40	1.10%	6,676,892.60	0.56%	10,829,314.40	1.07%
Lancaster	4,600,579.40	0.96%	1,617,428.80	0.98%	3,922,440.90	1.24%	765,678.60	1.62%	6,218,008.20	0.61%	10,906,127.70	1.08%
Los Alamitos	40,824,260.20	8.49%	12,977,974.30	7.86%	37,928,375.90	11.94%	4,877,583.00	10.31%	53,802,234.50	5.87%	96,608,193.40	9.56%
Monterey	1,017,950.60	0.21%	1,436,031.60	0.87%	2,807,537.70	0.88%	631,876.20	1.34%	2,453,982.20	0.43%	5,893,396.10	0.58%
Pleasanton	8,696,315.20	1.81%	9,388,907.70	5.68%	12,628,828.10	3.98%	1,906,480.80	4.03%	18,085,222.90	1.95%	32,620,531.80	3.23%
Pomona	22,929,615.20	4.77%	6,578,098.90	3.98%	19,681,118.50	6.20%	3,236,916.80	6.84%	29,507,714.10	3.05%	52,425,749.40	5.19%
Sacramento	4,468,195.10	0.93%	5,883,767.60	3.56%	8,691,267.90	2.74%	1,320,029.20	2.79%	10,351,962.70	1.35%	20,363,259.80	2.01%
San Bernardino	8,635,048.50	1.80%	3,053,517.20	1.85%	7,243,483.20	2.28%	1,146,584.60	2.42%	11,688,565.70	1.12%	20,078,633.50	1.99%
San Jose	5,141,742.00	1.07%	7,596,235.10	4.60%	11,616,465.40	3.66%	2,156,237.20	4.56%	12,737,977.10	1.80%	26,510,679.70	2.62%
San Mateo County	11,307,534.90	2.35%	16,002,608.50	9.69%	24,974,193.60	7.86%	4,465,845.00	9.44%	27,310,143.40	3.86%	56,750,182.00	5.61%
Santa Anita	125,580,933.40	26.11%	25,926,820.80	15.69%	44,069,674.70	13.88%	5,090,458.00	10.76%	151,507,754.20	6.82%	200,667,886.90	19.85%
Santa Maria	1,155,518.30	0.24%	461,911.00	0.28%	1,067,077.40	0.34%	166,184.90	0.35%	1,617,429.30	0.17%	2,850,691.60	0.28%
Santa Rosa	4,679,707.30	0.97%	2,807,923.90	1.70%	3,790,522.60	1.19%	652,816.60	1.38%	7,487,631.20	0.59%	11,930,970.40	1.18%
Shalimar (Indio)	1,931,507.10	0.40%	688,521.20	0.42%	1,748,712.60	0.55%	199,697.40	0.42%	2,620,028.30	0.27%	4,568,438.30	0.45%
Stockton	3,211,193.50	0.67%	3,563,608.40	2.16%	5,287,656.70	1.67%	969,971.20	2.05%	6,774,801.90	0.82%	13,032,429.80	1.29%
Surfside Race Place	16,401,806.60	3.41%	4,951,678.30	3.00%	15,886,179.40	5.00%	1,708,782.30	3.61%	21,353,484.90	2.46%	38,948,446.60	3.85%
Sycuan	2,300,206.20	0.48%	519,052.90	0.31%	2,009,084.30	0.63%	247,991.20	0.52%	2,819,259.10	0.31%	5,076,334.60	0.50%
Tulare	518,252.30	0.11%	837,722.30	0.51%	1,076,979.30	0.34%	229,033.80	0.48%	1,355,974.60	0.17%	2,661,987.70	0.26%
Turlock	1,270,079.00	0.26%	1,734,215.40	1.05%	2,703,634.00	0.85%	599,423.00	1.27%	3,004,294.40	0.42%	6,307,351.40	0.62%
Vallejo	2,412,570.80	0.50%	3,473,589.00	2.10%	5,475,678.00	1.72%	807,108.90	1.71%	5,886,159.80	0.85%	12,168,946.70	1.20%
Ventura	7,431,896.10	1.55%	2,958,072.10	1.79%	8,568,337.90	2.70%	1,266,627.40	2.68%	10,389,968.20	1.33%	20,224,933.50	2.00%
Victorville	1,911,832.50	0.40%	795,471.10	0.48%	1,602,874.90	0.50%	368,162.10	0.78%	2,707,303.60	0.25%	4,678,340.60	0.46%
Viejas	3,346,726.30	0.70%	927,476.00	0.56%	3,364,032.40	1.06%	440,464.80	0.93%	4,274,202.30	0.52%	8,078,699.50	0.80%
Total Handle	480,965,190.50	100.00%	165,212,791.10	100.00%	317,563,343.50	100.00%	47,330,860.70	100.00%	646,177,981.60	49.14%	1,011,072,185.80	100.00%
N-Cal Totals	78,903,258.40	16.41%	79,318,136.00	48.01%	109,493,157.20	34.48%	19,065,494.80	40.28%	158,221,394.40	16.94%	286,780,046.40	28.36%
S-Cal Totals	402,061,932.10	83.59%	85,894,655.10	51.99%	208,070,186.30	65.52%	28,265,365.90	59.72%	487,956,587.20	32.20%	724,292,139.40	71.64%
Associations	347,533,468.30	72.26%	80,963,097.80	49.01%	153,589,310.40	48.36%	21,537,874.30	45.50%	428,496,566.10	23.77%	603,623,750.80	59.70%
Racing Fairs	48,417,569.70	10.07%	30,592,903.70	18.52%	53,363,683.30	16.80%	8,591,297.10	18.15%	79,010,473.40	8.26%	140,965,453.80	13.94%
Non-Racing Fairs	69,892,089.20	14.53%	49,467,721.80	29.94%	94,735,218.10	29.83%	15,491,358.80	32.73%	119,359,811.00	14.66%	229,586,387.90	22.71%
Indian Reservations	15,122,063.30	3.14%	4,189,067.80	2.54%	15,875,131.70	5.00%	1,710,330.50	3.61%	19,311,131.10	2.46%	36,896,593.30	3.65%

DEL MAR PROPOSAL
FOR INTERNET POKER
DISTRIBUTIONS

Host	Brick and Mortar	ADW	Total
Del Mar Thoroughbred Club	320,067,291.86	80,749,858.01	400,817,149.87
Fairplex	45,778,292.46	13,885,213.45	59,663,505.91
Golden Gate	383,471,771.11	83,572,496.17	467,044,267.28
Hollywood Park Fall	147,921,621.15	45,151,669.75	193,073,290.90
Hollywood Park Spring	359,106,359.26	112,988,115.47	472,094,474.73
Santa Anita	641,964,402.03	154,656,661.26	796,621,063.29
Other Total	1,898,309,737.87	491,004,014.11	2,389,313,751.98

Sonoma County Fair	28,307,539.79	6,431,045.73	34,738,585.52
San Joaquin County Fair	6,756,715.13	1,928,582.45	8,685,297.58
Humboldt County Fair	3,910,325.39	1,602,502.26	5,512,827.65
Fresno District Fair	17,988,069.84	4,050,401.81	22,038,471.65
California State Fair	15,187,865.08	4,014,655.35	19,202,520.43
Alameda County Fair	26,456,203.49	6,483,264.00	32,939,467.49
CARF	98,606,718.72	24,510,451.60	123,117,170.32

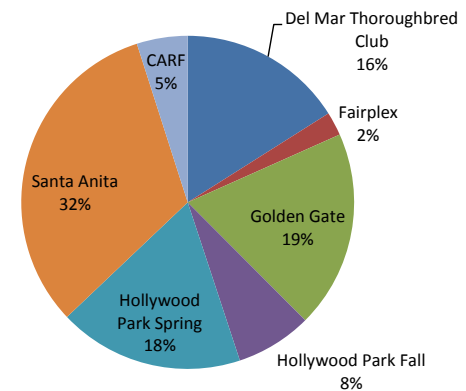
Total	1,996,916,456.59	515,514,465.71	2,512,430,922.30
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<u>Brick and Mortar</u>	
Del Mar Thoroughbred Club	320,067,291.86
Fairplex	45,778,292.46
Golden Gate	383,471,771.11
Hollywood Park Fall	147,921,621.15
Hollywood Park Spring	359,106,359.26
Santa Anita	641,964,402.03
CARF	98,606,718.72

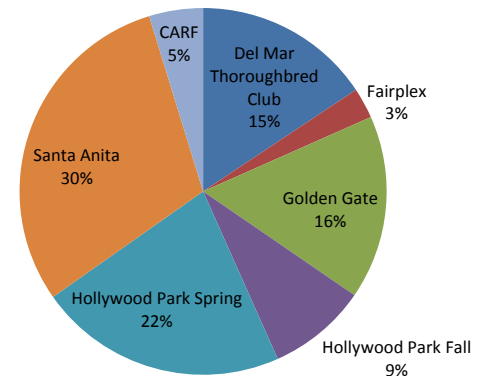
<u>ADW</u>	
Del Mar Thoroughbred Club	80,749,858.01
Fairplex	13,885,213.45
Golden Gate	83,572,496.17
Hollywood Park Fall	45,151,669.75
Hollywood Park Spring	112,988,115.47
Santa Anita	154,656,661.26
CARF	24,510,451.60

<u>All Source Handle Totals</u>	<u>% of Total</u>
Del Mar Thoroughbred Club	400,817,149.87 16%
Fairplex	59,663,505.91 2%
Golden Gate	467,044,267.28 19%
Hollywood Park Fall	193,073,290.90 8%
Hollywood Park Spring	472,094,474.73 19%
Santa Anita	796,621,063.29 32%
CARF	123,117,170.32 5%
Total	2,512,430,922.30 100%

2011 Brick and Mortar Handle By Host



2011 ADW Handle By Host



ITEM IV –
Racing Dates

2013 NORTHERN CALIFORNIA RACING CALENDAR DRAFT III

IV.

Dec-12						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	24	25	26	27	28	29
30	31					

PRA Winter/Spring	101
PRA II Summer	24
PRA Fall	37
Total Days	162

Simulcast Days	94
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PRA Winter/Spring	December 26 - June 16
PRA II Summer	August 14 - September 15
PRA Fall	October 14 - December 15



a California joint powers agency

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

August 7, 2012

Ms. Jacqueline Wagner, Assistant Executive Director
 California Horse Racing Board
 1010 Hurley Way
 Sacramento, CA

Honorable Board Members:

As requested by Board staff, the California Authority of Racing Fairs respectfully submits the following proposed racing dates for Northern California Fairs in 2013. Please note that this proposed schedule shows inclusive calendar dates, by blocks of weeks, as proposed for each Fair.

- | | |
|-----------------------|--|
| • June 19-July 7 | Alameda County Fair at Pleasanton |
| • July 10-July 21 | California State Fair |
| • July 24-August 11 | Sonoma County Fair |
| • August 14-August 25 | Humboldt County Fair |
| • Sept. 18-Sept 29 | San Joaquin County Fair |
| • Oct 2-Oct. 14 | Fresno District Fair |

Individual Fairs may also be submitting promotional, advertising and marketing plans to the Board under separate cover.

Thank you for your consideration in this matter.

Respectfully submitted,

/s/

Christopher Korby
 Executive Director

Cc: CARF Racing Fair CEO's
 CHRB Executive Director

2012



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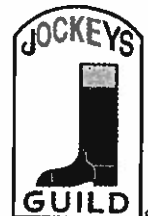
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ITEM V –
Jockey's Guild



July 3, 2012

Mr. Christopher Korby
California Authority of Racing Fairs
1776 Tribute Road, Suite #205
Sacramento, CA 95815

Dear Mr. Korby,

It was a pleasure speaking with you and per our conversation, please accept this letter on behalf of the Jockeys' Guild.

As you may be aware, up until around 2005, almost all racetracks across the country, regardless of their size, made contributions to the Jockeys' Guild under the prevailing TRA agreements. This began in 1968 and over the years the Guild has used the money to partially fund programs that are of vital importance to the jockeys. When the Fairs contributed in the past, the tracks were billed separately, directly to the fair/racetrack as opposed to CARF being billed for the entire amount. For example, Pleasanton was last billed in 2004 and did not pay; Sacramento was last billed in 2004 and did pay; Santa Rosa has been paying each year; Ferndale was last billed in 2010 but has not paid since 2008; Stockton was last billed and paid in 2010 and Fresno was last billed and paid in 2008.

I am sending you this letter to respectfully request that CARF and/or the individual fairs reconsider the decision to no longer contribute to the Jockeys' Guild. With that being said, I would like to express my appreciation for the support that the fairs have provided the jockeys and the Jockeys' Guild in the past. It is because of such contributions the Guild has been able to provide our members with the benefits they receive.

We are now proposing we enter into a three year agreement with CARF that would then have a modest increase of 2% each of the following two years. This is the same increase as agreed to in an agreement with NYRA, The Stronach Group, Churchill Downs, Incorporated and Keeneland. The amount that each track contributes is comprised of an amount paid per race day and an amount paid per starter, depending on the classification of the race track as either an "A", a "B" or a "C" which is based on the "Average Daily Purses" at each racetrack. If CARF would agree to resume contributions, and recognizing the economic situations, the Guild would recognize all of the fairs collectively as "C" tracks.

Under the proposed scale and agreement, this would mean that CARF collectively, or the individual tracks, would contribute \$6.46 per starter and \$89.22 per race day in 2012 depending on what your organization would deem most convenient for billing and payments. The track contributions are necessary to allow the Guild to provide disability insurance benefits to its injured members of at least \$200 per week, a life insurance benefit of \$10,000 up to \$125,000 (depending on the number of mounts ridden and contributed on by the jockey), an AD&D insurance benefit of \$10,000 up to \$125,000 (depending on the number of mounts ridden and contributed on by the jockey) and continuing supplemental benefits provided to permanently and totally injured riders which are separate benefits that are provided to qualifying members by the Permanently Disabled Jockeys Fund (PDJF). The Guild is committed to utilizing the contributions made by tracks to support benefits to jockeys and their dependents.

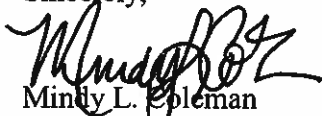
The Guild currently has an estimated number of 950 members, including active, retired and disabled members. Last year, approximately 19% of our members suffered injuries that prevented them from riding and earning a living for weeks at a time. We also assist over 50 permanently disabled jockeys, who have been injured on-track, with the cost of prescriptions, co-pays and necessities like breathing tubes, oxygen, replacement parts for their wheelchairs and the like. Of the number of our permanently disabled members, 64% of them are either paralyzed or have significant head injuries. Since 2007, the Guild has paid out over \$4.5 million in benefits to our members. The money for these benefits comes from *jockeys, who are members of the Guild, who contribute on each mount they ride*, as well as the racetrack contributions.

The Guild and its member jockeys willingly participate in many promotional activities at tracks each racing season to promote the sport and encourage public participation in horse racing. Tracks, including the fairs, frequently utilize images of jockeys, especially leading jockeys, in the daily programs and other on-track promotional activities. The jockeys are typically not compensated for these efforts. The track contributions which help underwrite the cost of providing benefits to jockeys are part of the entire package of industry compensation that the jockeys rely upon and earn in part through their participation in promotional activities on behalf of racing.

We respectfully request that each of the fairs resume contributing to the Guild for the benefit of the jockeys. We believe our proposed agreement would be in the best interest of all of the parties involved, but most importantly provides for the jockeys, including those jockeys who regularly ride at the California Fair meets. We also feel that it is in everybody's best interest for all participants in racing to continue to work together for the betterment and growth of our sport and our members are available to assist with whatever is necessary to do, including support in legislative issues and regulatory matters, as well as promotional events.

If you or anybody has any questions regarding the proposed agreement, please feel free to contact me or Terry Meyocks in the office at (859) 523-5625. You may also reach us via email at mcoleman@jockeysguild.com or tmeyocks@moreracingent.com. Otherwise, Darrell Haire will be following up with you personally to answer and questions or address any concerns.

Sincerely,


Mindy L. Coleman
Counsel
Jockeys' Guild, Inc.

CC: Larry A. Swartzlander, CARF
Terence J. Meyocks, National Manager
Darrell Haire, Regional Manager
Tina Linville, Accounting

AGREEMENT

This Industry Partner Agreement ("Agreement") dated as of _____, 2012, among Jockeys' Guild, Inc. (the "Guild"), and California Authority of Racing Fairs ("CARF").

WHEREAS CARF and the Guild wish to enter into an Agreement whereby the CARF will provide catastrophic insurance indicated below and will contribute funds to the Guild in exchange for the Guild's reassignment of its member jockeys' television, radio, off-track betting and other rights as specifically set forth in this Agreement and to the extent such rights exist under the laws of the individual states;

Now, THEREFORE, subject to the terms and conditions hereafter set forth, CARF and the Guild hereby agree as follows:

1. Term. Unless otherwise terminated as set forth in 3 (d), the term of this Agreement shall be from the date hereof through December 31, 2014 (the "Term"). The Term shall also be referred to as the "Reassignment Period".
2. Assignment.
 - (a) The Guild represents and warrants that each member jockey has irrevocably assigned to it all of his/her rights with respect to the use of his/her name, portrait, picture, image and data related to any race, or any of them including the right to consent to their use in all broadcasts and other off-track presentations of races in which such Assigning Jockey shall ride during the Reassignment Period, including in on-track and off-track presentations of such races by means of all devices, methods or improvements, now or hereafter known, including, without limiting, over-the-air television, cable or pay cable television system, pay or subscription television, satellite to home transmissions, closed circuit systems, interactive computer technology, interactive multimedia technology, interactive communication systems, the Internet and wired or wireless telephone and communication systems and mobile devices, in any and every manner connected with simultaneous or delayed presentation of such races or with on-track or off-track wagering on such races (together with any and all claims which he/she may have for damages, injunctive relief, compensation or other benefits in respect of their use), but excluding DVDs or other recordings of races sold for a commercial purpose. The member jockeys shall be referred to as "Assigning Jockeys." The rights enumerated herein shall be referred to as the "Rights." The Guild covenants that, during the Term, its member jockeys, including new member jockeys, shall irrevocably assign the Rights to the Guild. The Guild further represents, warrants, and covenants that all existing and further assignments of the Rights by the Assigning Jockeys shall expressly authorize and permit the Guild to reassign the Rights to CARF.
 - (b) The Guild hereby acknowledges that CARF disputes the existence of the alleged Rights referred to herein and the Guild further acknowledges and agrees that the agreement by CARF to make the payments set out herein does not constitute any admission by CARF that the alleged Rights exist or are legally enforceable. CARF hereby acknowledges that the Guild claim the existence of the alleged rights and agrees that the agreement by the Guild to assign the Rights does not constitute any admission by the Guild that the Rights does not exist and are not legally enforceable. Nothing in this Agreement constitutes a diminishment of waiver of each party's position except as expressly stated herein.

- (c) By entering into this contract, all claims and causes of action related to the Rights and held by the Guild against CARF shall deemed released and discharged for all periods prior to the date of this Agreement, and the performance of the Agreement by CARF shall constitute satisfaction of such claims accruing during the term of this Agreement.
3. Payment by CARF.
- (a) In consideration for the reassignment of the Rights by the Guild to CARF, each Industry Partner and subsidiary tracks, if any, shall pay to the Guild amounts set forth at Schedule A to the Jockeys' Guild.
 - (b) CARF will ensure that there is present, and effective at all times, a policy of insurance from an insurance company acceptable to the Guild indemnifying jockeys against catastrophic injuries, with such insurance meeting all of the requirements of the "Standard Form of Waiver of Liability by Jockey, Apprentice Jockey, or Exercise Person" in the amounts specified therein for the period during which such injury occurs. Such catastrophic insurance shall provide benefits for injuries sustained on racetrack facilities by those jockeys who have on file the Standard Form of Waiver of Liability.
 - i. That such policy or verification of insurance is non-cancelable, except for non-payment of the scheduled premiums;
 - ii. That all claims filed under such policy or verification of insurance must be administered by an adjuster acceptable to the Guild; and
 - iii. That each individual filing a claim under such policy or verification of insurance shall furnish the Guild with copies of the racing association's "First Report of Accident" and all physicians report.

4. Termination

CARF shall be entitled to terminate this Agreement, and/or cease or diminish the payments set forth in Section 3(a) of this Agreement immediately, without any notice, upon the occurrence of any of the following events:

- (a) the effective date of any Federal Legislation to provide for the workers' compensation (or similar benefits) for jockeys, provided that Industry Partner may only diminish payments under Paragraph 3(a) of this Agreement to the extent of the substitute payments by Industry Partner provided for in the Federal legislation and Industry Partner may only terminate this Agreement or cease all payments if the Federal legislation provides for annual payments to the Guild from Industry Partner tracks at least equal to the annual payments provided for under Section 3 of this Agreement; or
- (b) or the cessation by the Guild of the use of the payments for the actual and direct benefits of the jockeys;
- (c) or the boycott or any other concerted or organized activity by any jockeys at any of Los Alamitos's subsidiary tracks provided that any action taken by jockeys that is solely in

connection with an on-track threat to jockey safety shall not be a basis for ceasing this Agreement.

5. Future Disputes

In order to provide a mechanism to resolve any future disputes between CARF and the Guild, it is agreed that the Guild and the track, prior to taking any legal action towards the other party, shall first take the following steps:

- (a) Provide written notice to the other party setting forth the nature and cause of the matter in dispute and the action desired to be taken by the other party.
- (b) Promptly arrange and attend a meeting of representatives of CARF's race tracks and the Guild, to resolve any such disputes.
- (c) In the event that the steps in 5(a) and (b) do not resolve the dispute within sixty (60) days of the date of the provision of such notice, then refer the matter to the regulatory agency which oversees the conduct of racing in the jurisdiction where CARF conducts racing (which parties agree, as the regulatory body overseeing the sport, it has the authority to exercise judgment regarding a dispute between parties relative to racing in the respective state).

6. Confidentiality. During the term, the parties shall agree to keep confidential the terms of this Agreement. Provided however, that the parties may disclose the fees set forth in Section 3 (a) above.

7. Integration. This agreement is the entire Agreement between parties with respect to the subject matter hereof and may not be amended, changed, modified or altered except in writing signed by both parties hereto. This agreement supersedes all prior Agreements or understandings, whether written or oral, express or implied, between the parties with respect to the subject matter hereof.

8. Jurisdiction and Disputes. This Agreement shall be governed in accordance with the laws of the Commonwealth of Kentucky. All disputes under this Agreement shall be resolved by a state or federal court located within Fayette County, Kentucky.

This Agreement is entered as of the date set forth in the Preamble.

California Authority of Racing Fairs

Jockeys' Guild, Inc.

Title: _____
Date: _____

Title: _____
Date: _____

SCHEDULE A

California Authority of Racing Fairs a Class "C" track.

A.

Year	Class A Race Meeting	Class B Race Meeting	Class C Race Meeting
2012	\$12.35	\$8.09	\$6.46
2013	\$12.60	\$8.25	\$6.59
2014	\$12.85	\$8.41	\$6.72

times the number of horses which started in the races conducted by such racing association during such race meeting or during that portion of such race meeting for which no prior payment has been made, as the case may be (regardless of whether or not such horses were ridden by members of the Guild); and

B.

Year	Class A Race Meeting	Class B Race Meeting	Class C Race Meeting
2012	\$122.40	\$106.08	\$89.22
2013	\$124.85	\$108.20	\$91.00
2014	\$127.34	\$110.36	\$92.82

times the number of days on which racing association is conducting racing during the said year.

CARF Management
Services and Contract
Administration for
Live Horse Racing
Operations

CALIFORNIA AUTHORITY OF RACING FAIRS
Management Services and Contract Administration
for
Live Horse Racing Operations

Racing Operations

- CARF works with Racing Fairs on preparation, submission and presentation of CHRB License Applications
- Provides Racing Office computer system (all computer hardware/peripherals) and application software (Equibase) and manages service, technical support and transportation
- Provides and manages Paymaster services, including Paymaster (CARF employee) bank accounts, audits, payment of all purse moneys to owners and all other distributions of payment to various recipients
- Telecommunications: provision of voice, fax and data lines necessary to support racing, totalisator and simulcast operations
- Provides accounting, reconciliation and distribution of all parimutuel commissions, purse, license fees and other distributions
- Coordinates development and management of purse schedule through Fair Circuit in cooperation with Fair Racing Secretaries and Thoroughbred Owners of California
- Provides Supplemental Purse Fund management and accounting
- Provides marketing coordination through circuit
- Manages contracts for daily racing program production, printing and distribution
- Manages Condition Book production and distribution
- Manages contracts and logistics for provision of Jumbo Video Screen

CALIFORNIA AUTHORITY OF RACING FAIRS
Management Services and Contract Administration
for
Live Horse Racing Operations

Racing Operations (cont'd)

- Manages contract for Starting Gate
- Manages contract for Photo Finish
- Total Carbon Dioxide (TCO2) testing
- Furnishes electronic timing system with operator
- Oversees TV Replay System for Officials
- Manages provision of Temporary stalls
- Coordinates provision of Mobile offices for racing operations
- Daily, on-site management and oversight of all operations above, along with management, coordination and disposition of other matters that may arise from time to time in the course of conducting racing at Fairs
- Active liaison, representation and advocacy with on-track Stewards and with senior CHRB officials
- Manages consolidated purses' program.

Contracts with Horsemen's Associations

- Negotiate contracts with horsemen's associations, as required by statute.
- Thoroughbred Owners of California
- Cal Western Appaloosa
- Pacific Coast Quarter Horse Association
- Arabian Racing Association of California
- Racing Mule Association
- California Thoroughbred Trainers

CALIFORNIA AUTHORITY OF RACING FAIRS
Management Services and Contract Administration
for
Live Horse Racing Operations

Labor Agreements

- Maintains membership in Federation of California Racing Associations to provide representation in racing industry employer group for labor union negotiations.
- Local 280 Pari-Mutuel Employees Guild
- Local 1877 (formerly Local 399) AFL-CIO Service Employees International Union Valets and rec. barn personnel
- Local 495 International Brotherhood of Teamsters, Chauffeurs, Warehousemen and helpers of America
- Note: Assist Starters now with Teamsters Local 495 but under separate agreement

Racetrack Safety and Maintenance Program

- CARF developed this program and provides management oversight throughout Fair circuit.
- Works with Division of Fairs and Expositions to maintain funding support
- Contracts with Steve Wood, Trackmaster, Inc., to provide expert consultation and oversight of Fair track maintenance
- Carries lease agreements for specialized tractors used for maintaining track surfaces
- Owns and provides custom-built water truck (2001 Sterling).
- Owns and provides rock-picker (added 2003).
-

CALIFORNIA AUTHORITY OF RACING FAIRS
Management Services and Contract Administration
for
Live Horse Racing Operations

Racetrack Safety and Maintenance Program (cont'd)

- Owns or provides harrows, floats, and other miscellaneous equipment required for track maintenance.
- Manages all planning, heavy equipment transportation and logistics
- Provides daily, on-site management, key personnel and oversight
- No direct cost to Racing Fairs.
- Administers Jockey Club Equine Industry Database for CARF member Fairs

Recruitment Program for Out-of-State Horses

- Organizes and conducts out-of-state recruitment of horses to run at Northern California Fairs
- Manage payment of incentives
- Track and report on results of Recruitment Program

Parimutuel Wagering Operations

- Maintains totalisator contract
- Parimutuel labor contract
- NOTWInc agreement for Northern California simulcast network
- You Bet.com Advanced Deposit Wagering
- TVG Advanced Deposit Wagering
- Xpress Bet Advanced Deposit Wagering
- TwinSpires Advanced Deposit Wagering
- Provides all accounting, reconciliation, banking for ADW wagering operations

CALIFORNIA AUTHORITY OF RACING FAIRS
Management Services and Contract Administration
for
Live Horse Racing Operations

Personnel

- Racing Secretary
- Track Safety and Maintenance Manager
- Morning Fitness Vet
- Veterinarian
- TCO2 Technician
- Track Maintenance Crew Chief
- Horse Ambulance Driver
- Clocker and Timer
- Paymaster
- Program Manager
- Track Announcer
- Stewards' Aide
- Jocks' Room

Web Site Operation

- Manages racing Website www.calfairs.net on behalf of Fairs which conduct live racing
- Contracts with information service providers
- Daily management and administration of racing information provided to racing fans on Website

CALIFORNIA AUTHORITY OF RACING FAIRS
Management Services and Contract Administration
for
Live Horse Racing Operations

Simulcast Operations

- Manages Satellite Transmission and Encryption Services
- Manages TV Production for simulcast coverage
- Manages telecommunications support: provision of voice, fax and data lines necessary to support simulcast operations
- Furnishes back up electrical generators
- Provides accounting, reconciliation, banking for simulcast operations
- NOTWInc contract for Northern California simulcast network
- Manages contracts for out-of-state simulcast sites and distribution of daily racing programs and other simulcast information
- Payment of commissions, purses, license fees and all other distributions from simulcast operations

CK - January 2011