



a California joint powers agency

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**NOTICE
CALIFORNIA AUTHORITY OF RACING FAIRS
LIVE RACING COMMITTEE MEETING
12:30 P.M., TUESDAY, JUNE 2, 2009
VIA TELECONFERENCE**

Notice is hereby given that a teleconference meeting of the Live Racing Committee will commence at 12:30 P.M., Tuesday, June 2, 2009. The meeting will be held at the CARF Conference Room located at 1776 Tribute Road, Sacramento, California 95815.

The Public and members of the 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

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

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**AGENDA
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AGENDA

- I. Confirmation of September 1st for Next Meeting, Location to be Determined.
- II. Approval of Minutes.
- III. Discussion and Action, if any, on Legislative Matters.
- IV. Discussion and Action, if any, on Agency Disbursement of Racing Revenues to Fairs and Reimbursement of Racing Expenses by Fairs.
- V. Update, Discussion and Action, if any, on Services and Contracts Related to the Conduct of Racing.
- VI. Discussion and Action, if any, on CARF Contracting with NCOTWInc. for Payroll Services on Behalf of Member Fairs.
- VII. Discussion and Action, if any, on Racing Dates.
- VIII. Discussion and Action, if any, on Alameda-Solano-CARF Agreement for Race Dates.
- IX. Executive Director's Report.

###

CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, May 5, 2009

Minutes

A meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, May 5, 2009. The meeting was conducted at the CARF Conference Room located at 1776 Tribute Road, Suite 205, Sacramento, California, 95815.

Live Racing Committee Members attending: John Alkire, Norb Bartosik, Chris Carpenter, Debbie Cook, Rick Pickering and Stuart Titus. Joining by conference call: Mike Paluszak and Tawny Tesconi.

Staff and Guests attending: Chris Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Margot Wilson and Dave Elliott. Joining by conference call: Kate Phariss.

Agenda Item 1 – Approval of Minutes. Mr. Pickering moved to approve the meeting minutes as presented. Ms. Cook seconded, unanimously approved.

Agenda Item 2 – Confirmation of June 2, 2009 for Next Meeting, Location to be Determined. The next CARF Board & Live Racing Committee meeting is scheduled for Tuesday, June 2, 2009, location to be determined.

Agenda Item 3 – Discussion and Action, if any, on Racing Dates for 2010 and Beyond. Principals in the racing industry expect the Fairs to submit a 2010 calendar recommendation prior to November 2009. Mr. Korby asked participating Fairs to share their initial requests.

Ms. Cook reported that after addressing concerns at the last TOC meeting she was willing to look at the possibility of running two weeks consisting of three or four-race days (potentially Thursday, Friday, Saturday, Sunday or Friday, Saturday, Sunday). Ms. Cook stated her goal is to address some of the concerns expressed by horsemen while keeping the Fair dates to a reasonable level. The San Joaquin Fair Board has not had a chance to discuss 2010 calendar options.

Mr. Pickering stated that the Alameda County Fair Board was happy with the 15-day allocation in 2009, but the 2010 dates are contingent on the future of racing at the Solano County Fair.

Ms. Tesconi reported that the Sonoma County Fair Board would like to add a third week of racing. The placement of that third week is contingent on the actions of other racing Fairs.

Mr. Bartosik stated that ideally the California State Fair race dates would follow Pleasanton, but the Fair has many considerations to explore before committing to move 2010 Fair dates.

Mr. Titus requested that the Humboldt County Fair maintain the potentially vacant slot created California State Fair and that the Fair race unoverlapped.

The group consensus was to maintain the current calendar block with the addition of three weeks in the Spring. Mr. Korby requested that the Fair Managers work with their Boards to develop stronger positions to continue the planning process.

Agenda Item 4 – Discussion and Action, if any, on Agreements with Northern California Off-Track Wagering Inc. (NCOTWInc.) for Payroll Processing and Other Services. Mr. Korby reported that NCOTWInc. has taken the position that they will not enter into contract for mutuel department payroll services with individual Fairs. NCOTWInc. will enter into contract with CARF on behalf of a group of Fairs.

Mr. Korby requested that CARF be provided financial protection in the event that the agency was to oversee contractual obligations between Fairs and NCOTWInc. Mr. Korby stated that he would ask Patrice Dussen, Controller at NCOTWInc., to be available at the June meeting to provide details on the services that organization provides.

Agenda Item 5 – Discussion and Action, if any, on Public Agency Financing of Infrastructure Improvements to Racing Facilities or for Acquisition of Racing Venues. [Delayed to CARF Board Meeting].

Agenda Item 6 – Discussion and Action, if any, or Interim, Temporary or Permanent Closure of Existing Satellite Wagering Facilities or Opening of New Satellite Wagering Facilities. [Delayed to CARF Board Meeting].

Agenda Item 7 – Discussion and Action, if any, on Legislative Matters or Statewide Initiatives. [Delayed to CARF Board Meeting].

Agenda Item 8 – Update, Discussion and Action, if any, on Services and Contracts Managed by CARF. Mr. Swartzlander reported that staff would like to recommend the Committee enter into a three-year contract with Delmar Graphics to print the daily racing program. The bid from Delmar Graphics was \$0.05 cheaper per unit than the opposing bid from the Daily Racing Form. Mr. Pickering moved to enter into contract with Delmar Graphics for program printing. Mr. Paluszak seconded, unanimously approved.

Staff also recommended the Committee enter into a three-year contract with Vassar Photography for winner's circle photography. The contract includes a 20% payback and an exclusion for CalExpo. Ms. Tesconi moved to enter into contract with Vassar Photography for winner's circle photography. Mr. Titus seconded, unanimously approved.

Agenda Item 9 – Report of California Horse Racing Board (CHRB) Action to Designate a Combined Fair Horse Racing Meeting. Mr. Korby reported that the CHRB approved to designate racing dates from six Fairs as a combined Fair horse racing meeting.

Agenda Item 10 – Report, Discussion and Action, if any, on Arrangements Between Solano County Fair, Alameda County Fair, and California Authority of Racing Fairs

(CARF) for Conduct of One Week of Racing at Alameda County Fair Ending on July 19, 2009. Mr. Pickering reported that negotiations between Pleasanton and Vallejo initially began in 2008. At that time, the intent of the Solano County Fair Board was to secure one week of racing in 2009 to celebrate the Fair's 60th Anniversary and then to cease operating live horse racing in 2010 and beyond. In exchange for allowing the live racing Fairs to run those 10 days at a location that would best benefit Fairs as a whole, the Solano County Fair was to receive an undetermined sum of money over a period of multiple years to help them transition out of the horse racing business.

Since that time, a member of the Solano County Board of Supervisors announced at a CHRB meeting that the Supervisors would like to see the Solano County Fair allocated future racing dates. The Solano County Fair Board has been working closely with the Solano County Board of Supervisors to assess the current state of racing in the county and determine what decision will best serve the community moving forward.

Mr. Paluszak reported that he is meeting with a member of the Board of Supervisors prior to his next Board meeting to solidify the position of both groups regarding racing beyond 2009. The last position and intent of the Solano County Fair Board was to cease racing beyond 2009.

Mr. Pickering stated that a member of the Alameda County Board of Supervisors has become involved and interested in the matter.

The current one-year revenue sharing agreement being negotiated between Pleasanton and Vallejo for 2009 allocates the first \$150,000 of net profit from the last five days of racing at Pleasanton to the Solano County Fair. The second \$150,000 of net profit would go to the Alameda County Fair with the remainder of potential net revenue going to the Solano County Fair up to a \$500,000 cap. The Solano County Fair Board has not voted on this proposal.

Mr. Korby asked that the Committee vote on a recommendation to the CARF Board to transfer \$100,000 of the monies previously allocated to Pleasanton for capital improvements to the Vallejo satellite wagering facility. Mr. Bartosik moved to recommend the CARF Board transfer \$100,000 of the monies allocated to Pleasanton as part of a previously adopted three-year capital improvement program/San Mateo satellite development to Vallejo for improvements to the satellite wagering facility. Mr. Alkire seconded, unanimously approved with Mr. Pickering and Mr. Paluszak abstaining.

Agenda Item 11 – Discussion and Action, if any, on Harness Racing at Fairs. Mr. Bartosik asked the Committee to work together and open dialog to help the Harness industry come up with both temporary and long-term solutions to keep the California night signal viable.

Agenda Item 12 – Executive Director's Report. [Delayed to CARF Board Meeting].

Respectfully submitted,

Heather Haviland

CA Authority of Racing Fairs
Legislative Report - Last 10 Days
5/22/2009

AB 136 (Silva) Horse racing: imported harness or quarter horse races. (A-04/29/2009 [html](#) [pdf](#))
Status: 05/21/2009-Referred to Com. on G.O.
Current Location: 05/21/2009-S G.O.

Digest: ~~Existing law provides that the California Horse Racing Board shall have the authority to allocate racing weeks and provides that the maximum number of racing weeks that may be allocated for harness racing, other than at fairs, in the northern zone is 25 weeks per year. Existing law also provides that the maximum number of racing weeks that may be allocated to a fair shall be 4 weeks each year, except as provided, including that the board may allocate additional weeks of harness racing to the California Exposition and State Fair in Sacramento or its lessee, to be raced at that fair.~~

~~This bill would authorize the board to allocate 52 weeks of harness racing in the northern zone, at one or more racetracks or fairs. The bill would provide that any provision of the Horse Racing Law that pertains to harness racing at the California Exposition and State Fair in Sacramento shall also apply to harness racing which is conducted at any other racing venue in the northern zone.~~

Under existing law, the board *California Horse Racing Board* is authorized to permit a harness or quarter horse association conducting a race meeting to accept wagers on the results of out-of-state or out-of-country harness or quarter horse races, and certain other designated harness or quarter horse races, if specified conditions are met. One of these conditions is that, if only one breed is being raced on a given day, the racing association conducting live racing may import those races that would otherwise be simulcast by the association which is not racing, subject to the limitation that the total number of harness or quarter horse races imported in a calendar year does not exceed the number of night races imported in 1998 after 5:30 p.m.

This bill would delete that limitation regarding the total number of harness or quarter horse races imported in a calendar year.

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

Laws: An act to amend Section 19596.1 of the Business and Professions Code, relating to horse racing.

History:

May 21 Referred to Com. on G.O.

May 14 Read third time, passed, and to Senate. (Ayes 72. Noes 0. Page 1460.)

May 14 In Senate. Read first time. To Com. on RLS. for assignment.

May 11 Read second time. To third reading.

May 7 From committee: Do pass. (Ayes 15. Noes 1.) (May 6).

Laws: An act to add Section 19597.5 to the Business and Professions Code, relating to horse racing.

History:

May 14 Referred to Com. on G.O.

May 4 Read third time, passed, and to Senate. (Ayes 79. Noes 0. Page 1239.)

May 4 In Senate. Read first time. To Com. on RLS. for assignment.

Apr. 27 Read second time. To Consent Calendar.

Apr. 23 From committee: Do pass. To Consent Calendar. (April 22).

Apr. 2 From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 19. Noes 0.) (April 1).

Mar. 26 Re-referred to Com. on G.O.

Mar. 25 From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.

Mar. 4 Referred to Com. on G.O.

Feb. 11 From printer. May be heard in committee March 13.

Feb. 10 Read first time. To print.

Organization

CARF

AB 446 (Niello) Public employees' retirement: additional retirement service credits. (A-05/18/2009 [html](#) [pdf](#))

Status: 05/21/2009-From committee: Do pass. To Consent Calendar. (May 20).

Current Location: 05/21/2009-A SECOND READING

Calendar Events: 05/26/09 60 ASM ASSEMBLY SECOND READING FILE

Digest: The Public Employees' Retirement Law calculates service retirement allowances, in part, based on years of credited service. Members of the Public Employees' Retirement System may receive service credit for public service not otherwise subject to credit, upon payment of specified additional contributions. Existing law authorizes specified members of that system, including employees or officers of the state, the university, a school employer, or a contracting agency and certain legislative employees, to elect to make additional contributions and receive up to 5 years of additional retirement service credit, as defined, subject to specified limitations.

This bill would require the ~~administrators~~ *Board of Administration* of the Public Employees' Retirement System to prepare a report ~~on the use of the additional retirement service credits~~, *on its study of members who have purchased additional retirement service credit, as specified, which was prepared as part of its systemwide actuarial investigation, and to file that report with specified committees of the Legislature, the Director of Finance, the Director of the Department of Personnel Administration, and the Legislative Analyst* by February 1, 2010.

credential eligible for a professional clear teaching credential upon completion of a specified period of time *and application and consultation as specified* . The bill would encourage each federally recognized American Indian tribe to develop a written and oral assessment that should be successfully completed before an applicant is recommended for an American Indian languages eminence-credential.

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

Laws: An act to add Section 44262.5 to the Education Code, relating to teacher credentialing.

History:

May 21 From committee: Do pass. To Consent Calendar. (May 20).

May 14 Re-referred to Com. on APPR.

May 13 From committee chair, with author's amendments: Amend, and re-refer to Com. on APPR. Read second time and amended.

May 7 Re-referred to Com. on APPR.

May 6 Read second time and amended.

May 5 From committee: Amend, do pass as amended, and re-refer to Com. on APPR. (Ayes 11. Noes 0.) (April 29).

Apr. 22 In committee: Set, first hearing. Hearing canceled at the request of author.

Apr. 13 From committee: Be re-referred to Com. on ED. Re-referred. (Ayes 9. Noes 0.) (April 13).

Apr. 2 Re-referred to Com. on RULES by unanimous consent.

Mar. 26 Re-referred to Com. on L. GOV.

Mar. 25 From committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV. Read second time and amended.

Mar. 12 Referred to Com. on L. GOV.

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

Feb. 25 Read first time. To print.

Organization

CARF

AB 605 (Portantino) Horse racing: proposition parimutuel pool wagers. (I-02/25/2009 [html](#) [pdf](#))

Status: 05/21/2009-In Senate. Read first time. To Com. on RLS. for assignment.

Current Location: 05/21/2009-S RLS.

Digest: Existing law, for purposes of the Horse Racing Law, defines "proposition parimutuel pool" as the total wagers under the parimutuel system on propositions approved by the California Horse Racing Board that are based on the results of a live quarter horse or harness horse race or races.

requires the Secretary of Food and Agriculture to appoint a committee to advise on the administration of the funds, and requires the secretary to report any allocations made pursuant to these provisions of existing law, as specified. This bill would authorize the secretary to make money in the Inclosure Facilities Improvement Fund available to maintain operations at any fair satellite wagering facility regardless of whether the fair, or the association conducting racing at the fair, contributed to that fund.

~~Existing law authorizes advance deposit wagering to be conducted, with the approval of the California Horse Racing Board. Existing law specifies how the amount received as a market access fee from advance deposit wagers shall be distributed, including the distribution of specified amounts as satellite wagering commissions to each satellite wagering facility and racing association or fair in the zone in which the wager originated, as provided.~~

~~This bill would increase by 1% the percentages that are used to determine the amount to be distributed as satellite wagering commissions:~~

~~Existing law requires that the total percentage deducted from wagers at satellite wagering facilities in the northern zone, and in the central and southern zones, be the same as deductions for wagers at the racetrack where the racing meeting is being conducted and be distributed as specified.~~

~~This bill would instead require that the total percentage deducted from wagers at satellite wagering facilities in the northern zone, and in the central and southern zones, be 1% of the amount handled greater than the percentage deducted from wagers at the racetrack where wagering is being conducted, and be distributed as specified.~~

~~Existing law provides that, for thoroughbred meetings and for harness and certain other race meetings, 2% of the amount handled by the satellite wagering facility shall be distributed to the satellite wagering facility as a commission for the right to do business, as a franchise.~~

~~This bill would increase that percentage to 3%.~~

~~This bill would also make various clarifying and technical changes.~~

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

Laws: An act to amend Section 19601.4 of the Business and Professions Code, relating to horse racing.

History:

May 18 Read second time. To third reading.

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

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

Apr. 27 Re-referred to Com. on G.O.

Apr. 23 From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.

Apr. 21 Re-referred to Com. on G.O.

Feb. 26 Read first time. To print.

Organization

CARF

AB 813 (Hall) Gambling Control Act: administration. (A-05/05/2009 [html](#) [pdf](#))

Status: 05/18/2009-Read second time. To third reading.

Current Location: 05/18/2009-A THIRD READING

Calendar Events: 05/26/09 175 ASM ASSEMBLY THIRD READING FILE

Digest: Existing law, the Gambling Control Act, provides for the licensure and regulation of various legalized gambling activities and establishments by the California Gambling Control Commission and the investigation and discipline of those activities and establishments by the Division of Gambling Control within the Department of Justice, as specified. Existing law permits the department to seize, remove, impound, photocopy, and audit any equipment, supplies, documents, papers, books, and records on the premises of a licensed gambling establishment for examination and inspection. ~~A willful violation of any provision of the Gambling Control Act is a crime.~~

~~This bill would require that the examination and inspection of the equipment, supplies, documents, papers, books, and records of a gambling establishment take place during standard business hours. The bill would require a gambling establishment to submit to the department, on January 1 and July 1 of each year, a schedule of its standard business hours, as specified. Because a willful violation of the Gambling Control Act is a crime, this bill would create a new crime and would thereby impose a state-mandated local program.~~ *Department of Justice examine documents requested in a routine audit during normal business hours, as specified .*

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

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

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

Laws: An act to amend Section 19827 of the Business and Professions Code, relating to gambling.

History:

May 18 Read second time. To third reading.

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

May 6 Re-referred to Com. on APPR.

May 5 Read second time and amended.

May 4 From committee: Amend, do pass as amended, and re-refer to Com. on

May 21 Referred to Com. on F. & A.
May 14 Read third time, passed, and to Senate. (Ayes 73. Noes 0. Page 1456.)
May 14 In Senate. Read first time. To Com. on RLS. for assignment.
May 4 Read second time. To third reading.
Apr. 30 From committee: Do pass. (Ayes 16. Noes 0.) (April 29).
Apr. 16 From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 8. Noes 0.) (April 15).
Apr. 13 From committee chair, with author's amendments: Amend, and re-refer to Com. on AGRI. Read second time and amended. Re-referred to Com. on AGRI.
Mar. 26 Referred to Com. on AGRI.
Feb. 27 From printer. May be heard in committee March 29.
Feb. 26 Read first time. To print.

Organization
CARF

AB
1499

(Evans) Horse racing: workers' compensation. (I-02/27/2009 [html](#) [pdf](#))

Status: 05/21/2009-Referred to Com. on G.O.

Current Location: 05/21/2009-S G.O.

Digest: Existing law, until January 1, 2014, authorizes a quarter horse racing association to deduct an additional 0.5% of the total amount handled in its exotic parimutuel pools and a harness racing association to deduct an additional 1% of the total amount handled in conventional parimutuel pools of harness races, under certain conditions, for workers' compensation insurance costs of trainers and owners, as specified, with any funds not expended for this purpose in the year in which they are collected to either be used for the following year's workers' compensation costs or to benefit the purse pool, as specified. If the racing association and the organization representing horsemen and horsewomen cannot agree on the manner of distribution of these funds to defray the costs of workers' compensation insurance, the matter is required to be submitted to the California Horse Racing Board for a decision.

This bill would also authorize a fair to deduct an additional 0.5% of the total amount handled in exotic parimutuel pools of races for any breed, other than races solely for thoroughbreds. This deduction would also be for similar purposes and subject to similar conditions as the quarter horse racing association and harness racing association authorizations discussed above. This authorization would also expire on January 1, 2014.

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

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

horse racing are required to be deposited in the Fair and Exposition Fund and are continuously appropriated to the Department of Food and Agriculture for various regulatory and general governmental purposes.

Because this bill would revise the amount of money deposited into, and distributed from, that fund, it would make an appropriation.

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

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

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

Laws: An act to amend Sections 19510 and 19513 of the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

History:

May 18 Read second time. To third reading.

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

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

Apr. 2 Referred to Com. on G.O.

Mar. 24 From printer. May be heard in committee April 23.

Mar. 23 Read first time. To print.

Organization

CARF

AB
1576

(Committee on Governmental Organization) Tribal gaming. (I-03/23/2009 [html](#) [pdf](#))

Status: 05/21/2009-Referred to Com. on RLS.

Current Location: 05/21/2009-S RLS.

Digest: Existing federal law, the Indian Gaming Regulatory Act of 1988, provides for the negotiation and execution of tribal-state gaming compacts for the purpose of authorizing certain types of gaming on Indian lands within a state. The California Constitution authorizes the Governor to negotiate and conclude compacts, subject to ratification by the Legislature.

Existing law ratifies a number of tribal-state gaming compacts between the State of California and specified Indian tribes. Existing law creates in the State Treasury the Indian Gaming Revenue Sharing Trust Fund and the Indian Gaming Special Distribution Fund for the receipt and deposit of moneys received by the state from Indian tribes pursuant to the terms of gaming compacts entered into with the state, and authorizes moneys in those funds to be used for certain purposes. Existing law establishes the method of calculating the

Laws: An act to amend Section 19805 of the Business and Professions Code, relating to gambling.

History:

May 21 Read third time, passed, and to Senate.
May 21 In Senate. Read first time. To Com. on RLS. for assignment.
May 18 Read second time. To Consent Calendar.
May 14 From committee: Do pass. To Consent Calendar. (May 13).
May 4 From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 16. Noes 0.) (April 30).
Apr. 2 Referred to Com. on G.O.
Mar. 24 From printer. May be heard in committee April 23.
Mar. 23 Read first time. To print.

Organization

CARF

AB
1578

(Committee on Governmental Organization) Horse racing: thoroughbred racing: California-bred bonus program. (I-03/23/2009 [html](#) [pdf](#))

Status: 05/21/2009-Referred to Com. on G.O.

Current Location: 05/21/2009-S G.O.

Digest: Existing law requires any association conducting a race meeting that includes thoroughbred racing to deposit certain sums with the official registering agency for thoroughbred horses, and requires that official registering agency to distribute a portion of those sums annually to the California-bred race fund for the promotion of California-bred races and for purses for California Cup Day and other California-bred races, and to the owner fund for owner premiums, as provided.

This bill would permit the official registering agency to also distribute a certain portion of those sums annually to the California-bred bonus program, which would be required to be administered by the official registering agency, for payment of bonuses to California-bred horses in maiden allowance races in California.

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

Laws: An act to amend Section 19617.2 of the Business and Professions Code, relating to horse racing.

History:

May 21 Referred to Com. on G.O.
May 14 Read third time, passed, and to Senate. (Ayes 73. Noes 0. Page 1467.)

January 1, 2010. The bill also would provide that a city, county, or city and county that issues local gambling licenses, key employee licenses, or work permits shall not appoint a person to manage or oversee the issuance of those licenses or permits who, within 2 years prior to that appointment, was employed or retained by, or derived substantial income from, a gambling establishment, or was a principal in a partnership or corporation that was retained by, or derived substantial income from, any gambling establishment.

(3)

(2) The act prohibits a member of the commission, the executive director, the chief, and any employee of the commission or Department of Justice designated by regulation, for a period of 3 years after leaving office or terminating employment, from acting as agent or attorney for, or otherwise representing, any other person by making any formal or informal appearance, or by making any oral or written communication, before the commission or the department, or any officer or employee thereof, if the appearance or communication is for the purpose of influencing administrative action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, or approval. This bill additionally would prohibit a member of the commission, the executive director, the chief, and any employee of the commission or department designated by regulation, for a period of 2 years after leaving office or terminating employment, from being employed as a consultant or key employee of a gambling establishment.

(4)

(3) The act allows a licensed gambling establishment to contract with a 3rd party for the purpose of providing proposition player services, subject to specified conditions.

This bill would prohibit the duration of a contract between a gambling establishment and a 3rd-party provider of proposition player services from exceeding 2 years.

The bill would delete an obsolete provision.

(5)

(4) Because this bill would impose new regulatory requirements, violations of which would be punishable as misdemeanors, this bill would impose a state-mandated local program.

(6)

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

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

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

Laws: An act to amend Sections 19981 and 19984 of, to add Section 19966 to, and to add and repeal Section 19963.5 of, the Business and Professions Code,

Laws: An act to amend Section 930 of the Unemployment Insurance Code, relating to unemployment compensation, and making an appropriation therefor, to take effect immediately, tax levy.

History:

Apr. 15 Hearing postponed by committee.

Mar. 24 Set for hearing April 22.

Mar. 9 To Coms. on L. & I.R. and REV. & TAX.

Feb. 24 From print. May be acted upon on or after March 26.

Feb. 23 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization

CARF

SB 241 (Runner) Retail food facilities. (A-04/14/2009 [html](#) [pdf](#))

Status: 05/21/2009-To Com. on HEALTH.

Current Location: 05/21/2009-A HEALTH

Digest: (1) The California Retail Food Code provides for the regulation of health and sanitation standards for retail food facilities, including mobile food facilities and satellite food service, as defined, by the State Department of Public Health. Under existing law, local health agencies are primarily responsible for enforcing this code. A violation of these provisions is punishable as a misdemeanor.

The code defines an "egg" to mean the shell egg of a domesticated chicken, turkey, duck, goose, or guinea.

This bill would revise this definition to include the shell egg of an avian species, as specified, except a balut and an egg product.

This bill would define cold water and frozen food for purposes of the code.

(2) The code exempts from its provisions premises set aside for wine tasting.

This bill would revise this exemption, as specified.

(3) The code exempts from its provisions child day care facilities, community care facilities, residential care facilities for the chronically ill, and residential care facilities for the elderly. The code requires, if and when a specific appropriation is made available, the State Department of Social Services to develop new regulations regarding food preparation provisions for child day care facilities, community care facilities, and residential care facilities for the elderly.

This bill would make technical, nonsubstantive changes to these provisions.

(4) The code defines prepackaged food as any properly labeled processed food, prepackaged to prevent direct human contact with the food product upon distribution from the manufacturer and prepared at an approved source.

This bill would revise this definition to include distribution from a food facility or other approved source.

114250, 114252, 114279, 114286, 114295, 114297, 114311, 114313, 114314, 114358, 114371, 114380, 114381, and 114387 of, to add Sections 113747.1, 113778.4, 113794.4, 114099.7, 114118, 114130.6, and 114306 to, to add the heading of Chapter 10.5 (commencing with Section 114332) to Part 7 of Division 104 of, to repeal Sections 113915, 114020.1, 114245.8, 114435, and 114436 of, and to repeal the heading of Article 13.5 (commencing with Section 114332) of Chapter 10 of Part 7 of Division 104 of, the Health and Safety Code, relating to food facilities, and declaring the urgency thereof, to take effect immediately.

History:

May 21 To Com. on HEALTH.

May 11 Read third time. Urgency clause adopted. Passed. (Ayes 36. Noes 0. Page 828.) To Assembly.

May 11 In Assembly. Read first time. Held at Desk.

May 6 To Special Consent Calendar.

May 5 Read second time. To third reading.

May 4 From committee: Be placed on second reading file pursuant to Senate Rule 28.8.

Apr. 24 Set for hearing May 4.

Apr. 23 From committee: Do pass, but first be re-referred to Com. on APPR. (Ayes 11. Noes 0. Page 637.) Re-referred to Com. on APPR.

Apr. 14 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on HEALTH.

Apr. 3 Set for hearing April 22.

Mar. 9 To Com. on HEALTH.

Feb. 25 From print. May be acted upon on or after March 27.

Feb. 24 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization

CARF

SB 254 (Wiggins) Horses: sale, purchase, or transfer. (A-05/20/2009 [html](#) [pdf](#))

Status: 05/20/2009-Read second time. Amended. To third reading.

Current Location: 05/20/2009-S THIRD READING

Calendar Events: 05/26/09 63 SEN SENATE BILLS-THIRD READING FILE

Digest: Existing law prohibits a person from receiving any form of compensation in connection with the sale or purchase of a racehorse, prospective racehorse, stallion, or broodmare, unless the purchaser and seller have agreed in writing to the payment of that compensation.

This bill instead would require any sale, purchase, or transfer of an equine, as defined, to be accompanied by a written bill of sale or acknowledgment of purchase, ~~and a security agreement~~ setting forth the purchase price, and signed by both the purchaser and seller or their duly authorized agents, as specified.

program: no.

Laws: An act to amend Section 12718 of the Government Code, relating to gaming.

History:

May 21 To Com. on G.O.

May 6 Read third time. Passed. (Ayes 35. Noes 0. Page 797.) To Assembly.

May 6 In Assembly. Read first time. Held at Desk.

Apr. 29 To Special Consent Calendar.

Apr. 28 Read second time. To third reading.

Apr. 27 From committee: Be placed on second reading file pursuant to Senate Rule 28.8.

Apr. 17 Set for hearing April 27.

Apr. 14 From committee: Do pass, but first be re-referred to Com. on APPR.

(Ayes 13. Noes 0. Page 477.) Re-referred to Com. on APPR.

Apr. 1 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.

Mar. 27 Set for hearing April 14.

Mar. 9 To Com. on G.O.

Feb. 26 From print. May be acted upon on or after March 28.

Feb. 25 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization

CARF

SB 517 (Flores) Horse racing: thoroughbred associations or fairs: wager deductions. (A-05/18/2009 [html](#) [pdf](#))

Status: 05/20/2009-Set for hearing May 26.

Current Location: 05/18/2009-S APPR.

Digest: Existing law authorizes a thoroughbred association or fair, at the joint request of the association or fair and the horsemen's organization and subject to approval by the California Horse Racing Board, to deduct from the parimutuel pool, for any type of wager, an amount of 10% to 25%, inclusive, of the total amount handled for the meeting of the thoroughbred association or fair that accepts the wager.

This bill would instead authorize the deduction of an amount in that range upon the filing of a specified written notice with , *and approval by*, the board specifying the percentage to be deducted and would provide that the percentage is to remain in effect until the filing of a subsequent notice *with, and approval by, the board*, unless otherwise specified in the notice. The bill would authorize ~~any distribution from the amount deducted~~ *certain distributions as prescribed in the Horse Racing Law* to be modified or redirected upon the filing with , *and approval by*, the board of a written notice, as specified.

~~execution of the purchase and sale agreement or exchange agreement would be exempt from those provisions of CEQA.~~

The bill would provide that the net proceeds of the conveyance would be paid into the Fair and Exposition Fund, a continuously appropriated fund, for the benefit of a specified district agricultural association, as provided, thereby making an appropriation. The bill would require reimbursement to the Department of General Services for any cost or expense incurred in the disposition of the property. This bill would also declare the Legislature's findings that the sale of this state property does not constitute a sale of surplus state property, as set forth in specified existing law.

This bill would declare that it is to take effect immediately as an urgency statute. Vote: 2/3. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to add Section 19622.5 to the Business and Professions Code, and to add Section 11011.27 to the Government Code, relating to state property, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

History:

May 20 Set for hearing May 26. (For vote only.)

May 18 Set, first hearing. Testimony taken. Further hearing to be set.

May 8 Set for hearing May 18.

May 7 Withdrawn from committee. Re-referred to Com. on APPR.

May 6 From committee with author's amendments. Read second time.

Amended. Re-referred to Com. on EQ.

Apr. 14 From committee: Do pass, but first be re-referred to Com. on EQ. (Ayes 11. Noes 1. Page 478.) Re-referred to Com. on EQ.

Mar. 27 Set for hearing April 14.

Mar. 19 To Coms. on G.O. and EQ.

Mar. 2 Read first time.

Feb. 28 From print. May be acted upon on or after March 30.

Feb. 27 Introduced. To Com. on RLS. for assignment. To print.

Organization

CARF

SB 662 (Yee) Horse racing: parimutuel wagering: real time monitoring. (A-05/14/2009 [html](#) [pdf](#))

Status: 05/18/2009-In Assembly. Read first time. Held at Desk.

Current Location: 05/18/2009-A DESK

Digest: Existing law provides that the California Horse Racing Board shall have all necessary powers to carry out the purposes of the Horse Racing Law and specifies certain responsibilities of the board.

Current Location: 05/18/2009-A DESK

Digest: *Existing law, until January 1, 2011, authorizes racing associations, fairs, and other related organizations to form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, and to obtain, provide, or defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers. A specified percentage of the amount handled by each satellite wagering facility is required to be distributed to that statewide marketing organization for those purposes of promotion and defraying the cost of workers' compensation coverage. Existing law also provides that any promotion funds not expended in the year in which they are collected may be expended in the following year.*

Existing law, until January 1, 2014, provides that every thoroughbred association and fair that conducts a racing meet shall deduct a percentage of the total amount handled in exotic parimutuel pools of thoroughbred races, which shall be distributed to an organization, as specified, to defray costs of workers' compensation insurance in connection with thoroughbred horses that race in this state, as specified. Existing law provides that any funds that are not used to defray the cost of workers' compensation insurance shall either be carried forward to the subsequent year or used to reimburse racing associations for safety-related expenditures, as specified.

This bill would provide that, in the event there are at any time uncommitted surplus funds in accounts created pursuant to the above provisions of existing law, those unexpended funds may, at the request of the organization governing those funds and with the approval of the California Horse Racing Board, be reallocated to any other fund or account created pursuant to the Horse Racing Law.

~~Existing law, the Horse Racing Law, generally regulates horse racing and parimutuel wagering on horse races. Existing law requires various deductions and distributions to be made from parimutuel pools as specified.~~

~~This bill would express the Legislature's findings and declarations regarding the threat to the horse racing industry in California due to escalating costs. The bill would declare the intent of the Legislature to enact legislation to deduct an additional percentage of the total amount handled in parimutuel pools of thoroughbred horse races, to establish a joint powers agency to collect that additional money and issue bonds, and to use the money primarily for capital improvement financing.~~

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

Laws: An act to add Section 19605.10 to the Business and Professions Code, relating to horse racing.

History:

May 18 Read third time. Passed. (Ayes 36. Noes 0. Page 929.) To Assembly.
May 18 In Assembly. Read first time. Held at Desk.

12012.5, 12012.51, 12012.515, 12012.52, 12012.53, 12012.75, 12012.85, and 12012.90 of, to repeal Chapter 7.5 (commencing with Section 12710) of Part 2 of Division 3 of Title 2 of, and to repeal Chapter 3 (commencing with Section 98055) of Title 16.5 of, the Government Code, relating to gaming.

History:

May 18 Read third time. Passed. (Ayes 36. Noes 0. Page 928.) To Assembly.
May 18 In Assembly. Read first time. Held at Desk.
May 13 Read second time. To Consent Calendar.
May 12 From committee: Do pass. To Consent Calendar. (Ayes 10. Noes 0. Page 849.)
Mar. 27 Set for hearing May 12.
Mar. 26 To Com. on G.O.
Mar. 20 From print. May be acted upon on or after April 19.
Mar. 19 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization

CARF

SB 829 (Committee on Governmental Organization) **Gambling: licenses.** (A-04/29/2009 [html](#) [pdf](#))

Status: 05/20/2009-To Special Consent Calendar.

Current Location: 05/20/2009-S CONSENT CALENDAR

Calendar Events: 05/26/09 100 SEN SPECIAL CONSENT CALENDAR #6

Digest: The Gambling Control Act provides for the licensure of certain individuals and establishments involved in various gambling activities, and for the regulation of those activities, by the California Gambling Control Commission. The act provides for the appointment of an executive director by the commission. Existing law also requires certain persons employed in the operation of a gambling enterprise, known as key employees, to apply for and obtain a key employee license.

This bill would include surveillance managers or supervisors , *game supervisors, floor supervisors, and general managers* in the definition of "key employee" and make other technical changes to these provisions.

This bill would also authorize the executive director and members of the commission to administer oaths and certify official acts in connection with the business of the commission.

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

Laws: An act to amend Section 19805 of, and to add Section 19824.5 to, the Business and Professions Code, relating to gambling.

History:

Mar. 26 To Com. on G.O.

Mar. 20 From print. May be acted upon on or after April 19.

Mar. 19 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization

CARF

Total Position Forms: 26

Hearing Consolidations and Reforms

The Governor has proposed several consolidations and reforms in his May Revise budget proposal. Evaluating the efficacy of these proposals is primarily the job of the Senate policy committees.

Over the course of two weeks in June, policy committees can review, consider and advise on the Governor's proposals or alternative proposals advanced by the policy committees.

Such a review should include an assessment of whether General Fund (or other) savings can be achieved by changing the funding structure for some boards, commissions, agencies, or departments.

Schedule: Beginning the week of June 8th and continuing through the week of June 16th, committees shall convene to review agency/department consolidation proposals. Some proposals are contained in legislation, so the review may be in the normal course of hearing the bill. Other reviews can be accomplished through an informational hearing to review the Governor's proposals, or alternatives, and either report a set of recommendations to the Budget Conference Committee, propose trailer bills, or amend existing bills.

Proposals: Below is a list of proposals and the committees in which such a review shall occur:

Senate Environmental Quality:

Integrated Waste Management Board (IWMB)	Reduce from 6 to 5 members, make all members (other than chair) part-time; re-name "Integrated Waste Management and Recycling Board (IWMRB)
Department of Toxic Substances Control (DTSC)	Consolidate into IWMRB as a Toxics Division
Department of Conservation	Consolidate into IWMRB
Department of Pesticide Regulation	Transfer pesticide risk assessment functions and biomonitoring to OEHHA (create "one-stop-show" for risk assessment)
Air Resources Board (ARB)	Consolidate all climate change activities under ARB (from ARB, Energy Commission, PUC, Resources Secretary, and Cal-EPA)
San Francisco Bay Conversation and Development Commission	Eliminate and realign functions to a regional entity

Senate Natural Resources and Water:

Department of Public Health	Transfer low-level radioactive waste regulation to IWMRB; transfer drinking water program to OEHHA
Department of Fish and Game	Eliminate and transfer to new Department of Natural Resources and Wildlife

Department of Forestry and Fire Protection	Transfer fire-fighting (CALFIRE) to OES; Transfer forest practices, etc., to new Department of Natural Resources and Wildlife
Board of Forestry and Fire Protection	Eliminate and transfer to new Department of Natural Resources and Wildlife
Department of Water Resources	Eliminate and transfer flood protection activities to Central Valley Flood Protection Board, water efficiency activities to SWRCB, and make state water project a public utility
Department of Boating and Waterways	Consolidate with Department of Parks and Recreation

Senate Food and Agriculture:

Department of Food and Agriculture	Eliminate and transfer pest control activities to Department of Pesticide Regulation; transfer Weights and Measures activities to DGS; transfer oversight and administration of fairs and expositions to counties
Food and Agriculture Marketing Boards and Commissions (54 entities)	Abolish and express intent to re-establish as private, non-profit corporations

Senate Banking, Finance, & Insurance/Senate B&P:

Department of Corporations	Consolidate with Departments of Financial Institutions, Real Estate, and Real Estate Appraisers	AB 33 (Nava), Gov
Department of Financial Institutions	Consolidate with Departments of Corporations, Real Estate, and Real Estate Appraisers	AB 33 (Nava), Gov
Department of Real Estate	Consolidate with Departments of Corporations, Financial Institutions, and Real Estate Appraisers	AB 33 (Nava), Gov
Department of Real Estate Appraisers	Consolidate with Departments of Corporations, Financial Institutions, and Real Estate	AB 33 (Nava), Gov

Senate Revenue & Taxation:

Franchise Tax Board (FTB)	Consolidate with BOE and EDD
Board of Equalization (BOE)	Consolidate with FTB and EDD
Employment Development Department (EDD)	Consolidate with FTB and BOE

Senate Transportation and Housing:

Consolidation of freight and passenger rail oversight agencies. SB 409 (Ducheny)

Senate B&P:

Bureau of Naturopathic Medicine	Eliminate
Telephone Medical Advice Services Bureau	Eliminate
Board of Geologists and Geophysicists	Consolidate with State Mining and Geology Board
State Mining and Geology Board	Consolidate with Board of Geologists and Geophysicists
Professional Fiduciaries Bureau	Consolidate under the Board of Accountancy
Board of Behavioral Sciences	Consolidate into a new Board of Mental Health
Board of Psychology	Consolidate into a new Board of Mental Health
Board of Vocational Nurses and Psychiatric Technicians	Consolidate psychiatric technician oversight to new Board of Mental Health; Consolidate nursing oversight with Board of Registered Nursing
Hearing Aid Dispensers Bureau	Consolidate under Speech-Language Pathology and Audiology Bureau
Court Reporters Board	Eliminate
Inspection and Maintenance Review Committee	Consolidate with Bureau of Automotive Repair
Landscape Architects Technical Committee	Consolidate with Architects Board

Senate Health:

Department of Mental Health (DMH)	Combine DMH and DADP into new Department of Mental Health and Substance Abuse
Department of Alcohol and Drug Programs (DADP)	Combine DMH and DADP into new Department of Mental Health and Substance Abuse
Emergency Medical Services Authority (EMSA)	Consolidate into Department of Public Health

Senate Energy, Utilities and Communications:

Department of Community Services and Development	Merge into Department of Social Services and new Department of Energy
Energy-related functions	Consolidate into a new Department of Energy

Senate Education:

California Postsecondary Education Commission (CPEC)	Consolidate with SAC
Student Aid Commission (SAC)	Consolidate with CPEC

FINAL MAY 26, 2009 – 3:00 PM

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“Memorandum”) is entered into as of this ____ day of May, 2009 by and between the undersigned racing associations (the “Signatory Racing Associations”), the Thoroughbred Owners of California (“TOC”), and the California Thoroughbred Breeders Association (“CTBA”), with reference to the following:

- A. As a result of previously incurred and recurring revenue shortfalls experienced by Southern California Off-Track Wagering, Inc. (“SCOTWINC”), it is experiencing severe cash flow shortages in funds required to permit the continuation of off-track wagering in Southern California as authorized by California law.
- B. Through April 19, 2009 (date of termination of Santa Anita’s 2008-2009 Meet), SCOTWINC has incurred shortfalls as set forth on Exhibit A hereto and such shortfalls are expected to continue to accrue for Thoroughbred racing associations conducting race meets in Southern California in 2009 and beyond, unless further action is undertaken.
- C. The problems created by the shortfalls have been exacerbated, and will continue to be adversely affected, by the fact that Magna Entertainment Corp (“Magna”) filed a Chapter 11 bankruptcy proceeding on March 5, 2009 that limits, at this time, the ability of the Los Angeles Turf Club (“Santa Anita”) to make contributions that would ensure the continuation of off-track wagering in California. It is estimated that as of April 19, 2009 the unpaid shortfalls incurred by SCOTWINC while Santa Anita conducted live racing will be \$1,120,778. As a result of the bankruptcy proceedings of Magna, it is impossible, at this time, for corrective action to be taken with respect to the shortfalls incurred by SCOTWINC while Santa Anita conducted live racing.
- D. Racing associations and TOC have had a longstanding disagreement regarding the application of California Business & Professions (“B&P”) Code, Section 19605.71 as they relate to the use of purse monies for payment of operating expenses incurred in excess of statutory caps on the funding of SCOTWINC.
- E. As a result of the funds previously advanced and those being advanced hereunder by Del Mar Thoroughbred Club (“Del Mar”), Hollywood Park Racing Association (“Hollywood Park”) and the Oak Tree Racing Association (“Oak Tree”), certain loans made by Del Mar and TOC, and Del Mar and Hollywood Park providing funds to be used by the Southern California satellite network in connection with their parimutuel wagering activities, the shortfalls incurred by SCOTWINC while those racing associations conducted live racing will have been extinguished.
- F. Recognizing the imminent threat to the continuation of racing in California as a result of the cash flow difficulties being experienced by SCOTWINC, the parties to this Memorandum have agreed to set aside their disagreement and to pursue cooperative regulatory and statutory actions directed at addressing certain pre-existing and future shortfalls.

- G. At a meeting on April 24, 2009, the California Horse Racing Board ("CHRB") approved the creation of an ADW Deduction, as defined below, distributable to the SCOTWINC Trust subject to the filing of an agreement with respect to the distributions thereof, effective for the period from July 1, 2009 through June 30, 2011.
- H. This arrangement is intended to be an interim solution to the imminent threat to continued racing in California resulting from the cash flow difficulties referenced above. Accordingly, the parties desire to limit the term of this Memorandum such that it shall expire and no longer be operative as of June 30, 2010, or earlier upon the adoption and effective date of the legislation contemplated below. Notwithstanding the foregoing, the parties to this Memorandum agree that prior to the terms of this Memorandum becoming inoperative adequate provision must be made for the repayment of all advancements and loans made by the parties referenced in this Memorandum.

IT IS HEREBY AGREED AS FOLLOWS:

1. Immediately upon the execution of this Memorandum, the parties hereto shall file an agreement with the CHRB pursuant to Section 19604 (f)(5)(E) to alter the distribution of market access fees ("Source Market Fees") from Advanced Deposit Wagers ("ADW") placed on Thoroughbred races conducted at Del Mar, Hollywood Park (Summer and Fall), and Oak Tree by the creation of an additional deduction for a distribution therefrom based upon 4.12% of handle in the Central and Southern Zones, that would otherwise be payable as thoroughbred purses and commissions ("ADW Deduction") effective July 1, 2009 through June 30, 2010, and, the parties hereto may establish differing percentages for the period July 1, 2010 through June 30, 2011, should the term of the Memorandum be extended. Notwithstanding the distribution from the ADW Deduction set forth hereinabove, a distribution to the Incentive Fund administered by the CTBA of 0.463% of handle in the Central/Southern zone on Thoroughbred races conducted at the aforementioned Thoroughbred racing associations shall be created in lieu of any distributions from the ADW deduction pursuant to B & P Code 19604. In addition to the distributions set forth below, there shall be a distribution from the ADW Deduction in order to pay administrative expenses that would otherwise have been distributed to TOC, CTT, and the Backstretch Workers Pension Plan.
2. Upon the effectiveness of the CHRB's approval of the ADW Deduction and the distribution thereof as set forth in Section 4 below, the following funds shall be advanced to SCOTWINC by the indicated parties with respect to unpaid shortfalls allocated to these entities as set forth on Exhibit B as of the date hereof:

\$626,050 Hollywood Park
\$300,647 Oak Tree

The above amounts as well as other amounts previously advanced by Del Mar and Oak Tree are set forth on Exhibit B for each such entity and for the purposes hereof are designated as "Reimbursable Shortfalls" and are thereby subject to repayment in accordance with Section 4 below. SCOTWINC by "Acknowledging and Accepting" the

terms and conditions of this Memorandum agrees to the repayment of the Reimbursable Shortfalls from the applicable ADW Deduction.

3. In order to enable SCOTWINC to meet its short-term cash flow needs, the parties set forth below shall each advance to SCOTWINC the following additional funds:
 - a. \$225,000 Del Mar, payable on or before May 29, 2009
 - b. \$450,000 TOC, payable on or before May 29, 2009

The advances made pursuant to this paragraph 3 shall be referred to herein collectively as the "Loans." The making of these Loans shall be conditioned upon SCOTWINC duly authorizing such borrowings and issuing and delivering appropriate Promissory Notes documenting such borrowings. The distributions of the ADW Deduction as set forth herein shall not be changed without the parties to whom payments are to be made for Reimbursable Shortfalls and Loans agreeing that adequate security has been substituted for such repayments. Upon Del Mar, Hollywood Park, Oak Tree, and TOC making the advances for Reimbursable Shortfalls and Loans set forth in Section 2 above, and this Section 3, and Del Mar and Hollywood Park providing funds to be used by the Southern California satellite network for use in connection with their parimutuel wagering activities, the shortfalls existing with respect to SCOTWINC as a result of their respective live meets prior to July 1, 2009 shall be extinguished.

4. The ADW Deduction shall upon receipt be immediately deposited weekly to an account to be held in trust by a mutually agreed upon Trustee, for the benefit of the Signatory Racing Associations and the TOC (the "SCOTWINC Trust"). Proceeds from the ADW Deduction held in the SCOTWINC Trust shall be distributed as follows:
 - (i) \$19,000 per race day of the ADW Deduction shall be paid to fund ongoing SCOTWINC shortfalls, subject to adjustment to meet ongoing unanticipated shortfalls, as the parties hereto may agree;
 - (ii) Thereafter, the ADW Deduction shall be utilized to repay any amount remaining outstanding on SCOTWINC's loan from Union Bank.
 - (iii) Thereafter, the ADW Deduction shall be utilized to pay any amounts owing to Hollywood Park by the Expense Fund whose payment had been delayed because of cash flow problems experienced by SCOTWINC.
 - (iv) Thereafter, the ADW Deduction shall be utilized to repay Loans and Reimbursable Shortfalls, with payments used first to repay in full all Loans proportionately and second, once all Loans are repaid with interest at 5% per annum, to proportionately repay Reimbursable Shortfalls, with interest at 5% per annum being paid only on the Reimbursable Shortfalls advanced by Oak Tree and Hollywood Park pursuant to Section 2 (see Exhibit B); and,
 - (v) The balance thereof, if any, shall be distributed by the SCOTWINC Trust to fund first any remaining shortfalls in the Expense Fund resulting from live meets conducted by the Signatory Racing Associations but not meets conducted by Santa Anita, then to fund any shortfalls in the Stabling and Vanning fund

existing as of the date hereof, including the amount owed to Hollywood Park for the 2008 calendar year and a possible claim by Hollywood Park for the 2007 calendar year, and for claims thereafter as the parties hereto may agree, and thereafter the balance distributed as follows: 49.25% purses, 49.25% commissions, and 1.5% toward the payment of Cal-bred maiden winner bonuses to all Thoroughbred racing associations generating ADW in proportion to the ADW handle generated by those Thoroughbred racing associations.. To the extent that funds are distributed by the SCOTWINC Trust to fund shortfalls in the Stabling and Vanning Fund, the parties hereto undertake to use their best efforts to cause Fairplex and Santa Anita to reimburse the Signatory Racing Associations and TOC for their proportionate share of such funding.

Exhibit C hereto sets forth pro forma cash flows and amortization schedules for Loans and Reimbursable Shortfalls.

5. As a result of the contemplated retirement of SCOTWINC's outstanding loan from Union Bank, it is necessary for SCOTWINC to have a minimum of \$1,800,000 available for the day to day parimutuel activities of the Southern California satellite network. Del Mar and Hollywood Park shall form an entity (the "Entity") into which they shall contribute \$1,800,000 (of which \$825,000 and \$975,000 shall be contributed by Hollywood Park and Del Mar respectively), but which shall be augmented to the extent necessary by Del Mar during its live meet (the "Change Fund"). Should the Change Fund need to be augmented for Breeders' Cup, Oak Tree shall be responsible for such augmentation. The Entity, which shall be operative through June 30, 2010 unless extended or terminated earlier by the parties thereto, shall enter into an agreement with SCOTWINC under which the use of the Change Fund will be made available to the various Southern California satellites in connection with their parimutuel wagering activities. SCOTWINC shall compensate the Entity at the rate of \$8,750 a month for the use of the Change Fund and costs associated with its administration. SCOTWINC, acting in a custodial capacity, shall safeguard the Change Fund and be responsible for its protection. Unless agreed otherwise by the Signatory Racing Associations and TOC, the Change Fund shall not be available for use other than during Meets of the Signatory Racing Associations and during any time its use is suspended, the amounts contributed thereto by Del Mar and Hollywood Park shall be returned to them.
6. The parties to this Memorandum shall use their best efforts to cause SCOTWINC to timely file a claim in the Magna Bankruptcy for the aggregate shortfalls incurred by SCOTWINC while Santa Anita conducted live race meets and/or cause any successor owner of Santa Anita to pay SCOTWINC an amount equal to any such shortfall.
7. Concurrently with the approval of the ADW Deduction by the CHRB, and the proposed method of distribution, the parties shall jointly sponsor and support legislation in the form of one or more bills which shall provide for the following:
 - A. Clean-up Legislation – SB16XX
The parties agree to support various elements of clean-up legislation pertaining to SB16XX as set forth on Exhibit D. The estimated value of such clarifications to purses and commissions from July 1, 2009 to June 30, 2010 is \$15,015,900, based upon the projection set forth on Exhibit D.

B. Takeout – Purse Supplement, Capital Improvements and Revision of Statutory Distributions

- (i) The parties further agree that, as part of the Clean-up legislation, each will support legislation permitting an increase in takeout of up to 3%, upon the filing with the CHRB of a notice establishing a revised takeout level signed by the organization representing Thoroughbred owners and affected racing associations. In that regard the parties to this Memorandum agree to a minimum increase of 1% on both conventional and exotic wagers (the “Takeout Increase”).
- (ii) The legislation shall further provide for a method by which the realized proceeds of a Takeout Increase shall be distributed as follows:
 - (a) 48.2% of the proceeds generated in the respective zone shall be distributed to purses at the Thoroughbred meet then being conducted in that zone(s) and/or to a trust (“Capital Improvement Trust”), administered by TOC, the purpose of which is to acquire, maintain or improve California Thoroughbred racing and training facilities. Such proceeds shall be distributable between purses and the Capital Improvement Trust at the discretion and direction of TOC.
 - (b) 1.8% of the proceeds generated shall be distributed to the Thoroughbred Incentive Program administered by the CTBA for the payment of Cal-bred maiden winner bonuses.
 - (c) 25% of the proceeds generated in the respective zone shall be distributed as commissions to the Thoroughbred meet then being conducted in that zone(s).
 - (d) 25% of the proceeds generated in the respective zone shall be distributed to purses at the Thoroughbred meet then being conducted in that zone(s).

The legislation shall contain provisions assuring the distribution of purses and commissions in proportion to amounts generated by various race meets. TOC shall make its election as to the percentage to be directed to purses and the Capital Improvement Trust on an annual basis.

- (iii) As to the governance of the Capital Improvement Trust, the legislation shall provide for meaningful representation of the TOC and the Signatory Racing Associations in its decision making and capital allocation process. In so doing, 50% of the voting control of the Capital Improvement Trust shall be vested in the TOC, and the other 50% shall be vested in the Signatory Racing Associations and such other Racing Associations that subsequently execute this Memorandum, as the parties hereto may agree. Decisions with respect to the Capital Improvement Trust shall be subject to a super-majority provision so as to ensure meaningful representation of the Signatory Racing Associations and such other Racing Associations as the Signatory Racing Associations may agree.

- (iv) Any facilities acquired, improved, or maintained shall be operated on a not-for-profit basis, the availability of which to the industry is assured for at least fifteen (15) years, and the legislation shall provide for collective bargaining representation at such facilities by collective bargaining units that have historically represented employee classifications at the nearest operating racetrack.

C. Modification of Statutory Distributions

The parties further agree to support legislation, to be introduced no later than February of 2010, that shall contain provisions: modifying statutory distributions from the takeout across all forms of handle in order to eliminate structural deficits in various funds which result from handle shifts to or from on-track, off-track and ADW handle; providing for the consolidation and reorganization of the two entities statutorily designated to oversee off-track wagering; and providing for a reallocation of voting control within such industry controlled organizations and programs commensurate with the funding provided by each constituent interest . The objective of this effort shall be to improve or maintain the relative economic positions of the parties as modified by this Memorandum and the legislation contemplated hereby while avoiding the repetition of the funding and cash flow crises described above.

- 8. The parties hereby acknowledge that this Memorandum has been entered into as an interim solution to the imminent threat to continued racing in California resulting from the cash flow difficulties referenced herein above. Therefore the parties agree that, absent a written agreement executed by an authorized representative of each subscribing entity extending the terms of the Memorandum, this Memorandum and its substantive provisions shall expire and no longer be operative as of June 30, 2010.

Thoroughbred Owners of California

By _____

Hollywood Park Racing Association

By _____

Del Mar Thoroughbred Club

By _____

Oak Tree Racing Association

By _____

California Thoroughbred Breeders Association

By _____

Acknowledged and Accepted

SOUTHERN CALIFORNIA OFF-TRACK WAGERING, INC.

By _____

DRAFT

CALIFORNIA AUTHORITY OF RACING FAIRS
LEGISLATIVE PROGRAM: FOLLOW UP TO SB16XX
BACKGROUND DESCRIPTION OBJECTIVES
MAY 2009

BACKGROUND

California horse racing is in crisis. Its longer-term survival may be in doubt. Tribal gaming has created a powerful new competitor that did not even exist twenty years ago. Racing facilities, most of which were built in the 1930's, are aging and in urgent need of upgrades or replacement. The economic model that underpins ownership of most Thoroughbred tracks in California is under strain: real estate on which privately-owned, commercial race tracks sit has appreciated to valuations that no longer justify horse racing as the highest and best use of the asset. Corporate owners, accountable to their shareholders, are compelled to consider development of their property for uses other than racing. The cost of horse ownership continues to rise, making it more difficult for horse owners to buy, train and run their horses. Other states have allowed casino revenues to be directed into racing purses, making it more difficult for California tracks to compete in attracting horses to run in our state. Advanced Deposit Wagering (on-line parimutuel wagering), was thought to be a mechanism for generating new business; instead it has shifted business from racing's traditional wagering sources and actually decreased net revenues to important industry programs. Magna Entertainment Corporation, the largest race track operator and owner in North America and owner of Santa Anita and Golden Gate Fields in California, filed Chapter 11 bankruptcy in March 2009. Santa Anita is scheduled to be auctioned under supervision of a bankruptcy court in September 2009.

In spite of the challenges facing racing, it is still a \$3-billion industry in California. Racing employs approximately 30,000 Californians, keeps ___000 acres green and committed to California agriculture and provides entertainment and recreation to millions of Californians every year. Racing continues to be an important attraction and revenue source to Fairs through live racing and satellite wagering. There are sound public policy reasons to keep horse racing healthy; however, its fundamental model needs re-structuring. Racing needs a bold and dramatic stimulus to break out of its slow decline. We propose a plan to accomplish the following objectives that will keep horse racing healthy and viable.

DRAFT-IN-PROGRESS

May 20, 2009

CK

DRAFT

OBJECTIVES

- Re-price our product in line with other major league sports through an increase in overall parimutuel take-out.
- Increase purses to keep horse owners and trainers racing in California and to attract them to our state.
- Increase parimutuel distributions to California breeders and to Cal-breds so as to strengthen the agricultural sector of California horse racing and help assure a future for California's race horse breeding industry.
- Build and upgrade facilities for the future: create and enable a mechanism for public sector financing of racing facility infrastructure improvements and/or acquisitions.
- Create a revenue stream for public sector financing of racing facility infrastructure improvements or acquisitions.
- Increase parimutuel distributions to satellite facilities to keep them financially viable and protect the jobs that they support.
- Restore balance to distribution of parimutuel revenues through reform of ADW distributions. Align ADW distributions more closely with traditional handle distributions. Restore sufficient funding to critical funds presently suffering shortfalls because of shift in handle to ADW.

LEGISLATIVE ACTION PLAN

ADJUST PARIMUTUEL DISTRIBUTIONS FOR THOROUGHBRED RACING DURING DAYTIME

- Increase parimutuel take-out statewide by 3%
- Direct 1.25% of the increased takeout to purses
- Direct .25% of the increased takeout to California breeders and Cal-breds
- Direct .50% of increased takeout to satellite location fees
- Direct 1.00% of increased takeout to Capital Improvement Fund to finance improvements or acquisitions of racing facilities or satellites
- Restructure ADW distributions so as to align them more closely with traditional handle distributions and thereby restore sufficient funding to critical programs, such as Stabling and Vanning and NOTWInc/SCOTWInc Operating Funds

ADJUST PARIMUTUEL DISTRIBUTIONS FOR QUARTER HORSE AND HARNESS RACING AT NIGHT

- Increase parimutuel take-out statewide by 3%
- Direct 1.25% of the increased takeout to purses
- Direct .25% of the increased takeout to California breeders and Cal-breds
- Direct 1.00% of increased takeout to satellite location fees
- Direct .50% of increased takeout to Capital Improvement Fund to finance racing facility improvements, acquisitions or improvements to satellite locations

DRAFT-IN-PROGRESS

May 20, 2009

CK

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CALIFORNIA AUTHORITY OF RACING FAIRS
LEGISLATIVE PROGRAM: FOLLOW UP TO SB16XX
LEGISLATIVE POSITIONS
MAY 2009

California Authority of Racing Fairs would support the following elements in follow-up legislation to SB 16XX.

- Technical clean-up issues listed in attachment *TECHNICAL FAIR CLEAN-UP ISSUES*
- Increase in take-out used to increase purses
- Increase in take-out used for benefit of Cal-breds and California horse breeding industry.
- Increase in take-out used for Capital Improvements Fund to upgrade publicly-owned racing venues or to fund acquisition of existing venues by public, not-for-profit entities.
- Increase in take-out used to increase revenues to satellite wagering facilities to keep the satellite network viable and preserve jobs.
- Protect the integrity of parimutuel distributions.
- Re-structure ADW revenue distributions to align more closely with traditional live racing handle distributions.

California Authority of Racing Fairs would not support the following elements in follow-up legislation to SB 16XX.

- Increase in take-out used for higher commissions to racing associations or Fairs
- Combining NOTWInc and SCOTWInc

Potential issue.

- CHRIMS governance

###

DRAFT-IN-PROGRESS
May 20, 2009
CK

DRAFT

CALIFORNIA AUTHORITY OF RACING FAIRS
LEGISLATIVE PROGRAM: FOLLOW UP TO SB16XX
FAIR INDUSTRY TECHNICAL CLEAN-UP ISSUES
MAY 20, 2009

DRAFT

- Codify settlement of shortfall to F&E (\$5 million)
- \$950K unemployment
- 1% to F&E from Racing Fairs
- Supplemental purses: 1.1 million for NorCal; \$300K (est.) for LACF
- Replace special provision for revenues to Humboldt (.75% from license fees on San Mateo Fair handle re-directed to Humboldt, approx \$75K/yr)
- Assure continuation of \$32 million State budget allocations for FY 2010-11 and beyond: 1) tribal gaming revenue re-directed to Fairs; 2) other

###

DRAFT-IN-PROGRESS
May 20, 2009
CK

CHRB ADW COMMITTEE
OPENING REMARKS
OCTOBER 27, 2008

CHRISTOPHER KORBY, EXECUTIVE DIRECTOR
CALIFORNIA AUTHORITY OF RACING FAIRS

Thank you for the opportunity to join in this discussion.

The ADW model is not working for California. The current ADW model has disturbed a long-standing equilibrium of parimutuel distributions, a balance which underpinned the economic vitality of the racing industry for many years.

Until the advent of ADW, parimutuel distributions flowed to various interests in proportions that generally reflected the relative contribution or importance of those interests to the long-term vitality of California racing. Horsemen received purse distributions for competing; associations received commissions for providing the venue; the state received license fees in return for granting and regulating the franchise to conduct racing. The schedule of distributions reflected a political and economic equilibrium of interests.

The Internet burst on the scene in the late '90's and on-line gambling began to establish itself as a reality. It appeared that this represented a new business opportunity for the racing industry that could promise additive, incremental growth. The California racing industry first agreed to and then supported a legislative package developed by ODS, the predecessor to TVG. This legislation created Advance Deposit Wagering as the racing industry effort to take parimutuel wagering on-line. As an off-set to the cost of developing the new technology and as an incentive to do so, the legislation allowed for a disproportionate percentage of new ADW handle to flow to the ADW providers. Keep in mind that the opportunity was represented and understood to offer additive, incremental growth to California parimutuel revenues.

Since parimutuel distributions are basically zero-sum in nature, this disproportionate percentage carved out for ADW providers meant significant reductions, even elimination, of distributions to other traditional beneficiaries. The distributions that were reduced or eliminated included those to state license fees, to the Stabling and Vanning Funds and to simulcast expense distributions.

Christopher Korby
October 24, 2008

Over time the reality of ADW's impact on traditional parimutuel handle, and on the consequent distributions, has been quite different from that represented at its inception. Rather than being incrementally additive to our business, ADW handle has proven to be cannibalistic to an extent not envisioned initially. The cannibalistic migration of handle from traditional tote sources to ADW, and the consequent shift in parimutuel distributions, has thrown the racing industry's traditional economic balance into disequilibrium. Revenue flows to a number of important beneficiaries, including license fees to the state of California, Stabling & Vanning Funds and simulcast expense funds, have begun to experience serious shortfalls. At the same time, revenues to ADW providers have grown.

As I noted at the outset, our ADW model is not working. The premise that ADW handle would be incrementally additive, thereby justifying a disproportionately high distribution to fund its development, has proven incorrect. Instead, handle has migrated from traditional tote handle to ADW, precipitating an unsustainable and unjustified windfall for ADW providers and creating significant shortfalls and hardships for important sectors of the racing industry.

The time has come to restore balance to California's parimutuel model. I believe that a model more akin to that which governs our totalisator contracts would be a good starting point.

I offer the foregoing as background to our discussion today because I believe that discussions regarding exclusivity or non-exclusivity, while important, address only a peripheral symptom of the fundamental problem, not the problem itself. The fundamental problem is that the California racing industry has allowed one class of vendors, ADW providers, to unduly enrich themselves at the expense of important sectors of our industry. We are living with a classic case of the tail wagging the dog.

With respect to the issue under discussion today, exclusivity vs. non-exclusivity, we favor non-exclusive agreements. From the inception of ADW, CARF was the only racing entity in the state that has sought non-exclusive contracts with all licensed ADW providers. Although our agreement with TVG suffered as a result, we believe that we have benefited overall by this approach. At the same time, we would not wish to force our outlook or philosophy on a fellow track that believed it could reach a superior business arrangement through an exclusive agreement. While we remain skeptical that any exclusive agreements

Christopher Korby
October 24, 2008

are better than our "open market" approach, we don't believe that the Board should try to regulate best practices.

In short, we strongly favor non-exclusive agreements while not supporting regulations that require it.

In conclusion, we believe that the ADW model needs fundamental reform, a matter which our industry should address in the legislature. Our industry has allowed a class of vendors to exert a disproportionate level of influence on an important policy issue. The California racing industry needs to correct this political and economic imbalance.

Thank you for the opportunity to address this important matter.

Christopher Korby
October 24, 2008

2009 Recommendation for 80% Withholding

	Alameda 11	CalExpo 11	Fresno 11	Humboldt 10	S Joaquin 9	S Mateo 10	Solano 11	Sonoma 12	85
01/01/08-05/31/08									
Fire & Disaster Policy DMTC	489.58	276.17	308.58	76.48	180.98	364.73	251.06	376.60	2,324.19
Federation	1,226.64	691.95	773.16	191.63	453.45	913.85	629.05	943.57	5,823.30
Winners Foundation	792.86	792.86	792.86	450.00	792.86	792.86	792.86	792.86	6,000.00
Ryder Wood Products - Expenses for Meetings at BM	208.57	208.57	208.57	208.57	208.57		208.57	208.57	1,460.00
Network Management	255.05	255.05	255.05	231.87	208.68		255.05	278.24	1,738.98
Program Production (shared exp-Incompass,phone)	462.92	462.92	462.92	420.84	378.75		462.92	505.00	3,156.28
SBC/MCI			379.14						379.14
Racing Office System (shared exp-Incompass,phone)	201.67	201.67	201.67	183.33	165.00		201.67	220.00	1,375.00
Recruitment	1,190.64	1,190.64	1,190.64	1,082.40	974.16	1,082.40	1,190.64	1,298.88	9,200.37
Supplies	17.68	17.68	17.68	16.08	14.47		17.68	19.29	120.57
Tattooing	349.99	298.96	241.67	137.20	276.33	273.45	323.10	379.29	2,280.00
Paymaster	304.59	304.59	304.59	276.90	249.21		304.59	332.28	2,076.75
Marketing	203.32	203.32	203.32	184.83	166.35		203.32	221.80	1,386.25
MOC Accident & Health Insurance (AIG)	6,600.00	6,600.00	6,600.00	6,000.00	5,400.00		6,600.00	7,200.00	45,000.00
Subtotal	12,303.50	11,504.38	11,939.85	9,460.13	9,468.81	3,427.28	11,440.51	12,776.38	82,320.83
6/01/08-09/30/08									
Alameda 11									
Program Covers	3,872.83	3,032.83	2,613.68		2,528.83		3,473.83	6,151.00	21,673.00
Chaplaincy	1,000.00			1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	6,000.00
Federation	643.96	363.26	405.89	100.60	238.05	479.75	330.24	495.35	3,057.11
UCD - TC02 Analysis & Blood Collect needles	2,030.00	625.00		175.00	250.00		325.00	375.00	3,780.00
Network Management	109.25	109.25	109.25	99.32	89.39		109.25	119.18	744.90
Program Production Actual Incompass	4,685.00	4,350.00		4,350.00			3,245.00	4,100.00	20,730.00
Program Production (Shared Expenses)	539.72	539.72	539.72	490.65	441.59		539.72	588.78	3,679.88
Daily Racing Form - Programs	32,221.80	26,899.40					22,889.54	32,693.86	114,704.60
Equibase	275.00			250.00			275.00	300.00	1,100.00
Ellis Davis Media Guide	129.41	129.41	129.41	117.65	105.88	117.65	129.41	141.18	1,000.00
Racing Office Incompass Actuals	2,040.00	600.00		600.00			660.00	720.00	4,620.00
Racing Office - AT&T, MCI Phone actuals	3,937.40		228.14	960.00			4,128.00	1,039.47	10,293.01
Racing Office - Pacific Mobile - trailer coach actuals	2,301.06				927.84		3,016.36	1,610.08	7,855.34
Recruitment	1,797.30	1,797.30	1,797.30	1,633.91	1,470.52	1,031.75	1,797.30	1,960.69	12,254.32
Supplies (Silks) include Smateo	1,134.93	1,134.93	1,134.93	1,031.75	928.58	1,031.75	1,134.93	1,238.10	8,769.91
Supplies not including Smateo	123.85	123.85	123.85	112.59	101.33	112.59	123.85	135.11	957.00
Tattooing	552.50	552.50	552.50	502.27	452.05		552.50	602.73	3,767.06
Transportation	1,489.56	1,272.38	1,028.56	583.94	1,176.08	1,163.79	1,375.11	1,614.26	9,703.68
Paymaster Expenses	258.82	258.82	258.82	235.29	211.76	235.29	258.82	282.35	2,000.00
Pegasus Communication.- Jumbo Video Screen	623.77	623.77	623.77	567.06	510.36		623.77	680.48	4,252.97
Marketing	28,050.00				22,950.00		28,050.00	30,600.00	109,650.00
Pegasus Communications Actuals	12.10	12.10	12.10	11.00	9.90		12.10	13.20	82.50
	4,597.50			3,425.00	2,400.00		3,162.50	4,920.00	18,505.00

2009 Recommendation for 80% Withholding

	92,425.77	42,424.52	9,557.92	16,246.05	35,792.15	4,140.82	77,212.23	91,380.83	369,180.28
	Alameda 11	Cal Expo 11	Fresno 11	Humboldt 10	S Joaquin 9	S Mateo 10	Solano 11	Sonoma 12	
10/1/08-12/31/08									
Stall Applications	117.90	117.90	1,000.00	117.90	117.90		117.90	117.90	85 825.32
Racetrack Chaplaincy									1,000.00
Federation	948.48	535.04	597.83	148.18	350.62	706.61	486.40	729.60	4,502.75
UCD - TC02 Analysis	1,665.00	0.00	3,150.00	1,090.00	2,085.00		3,215.00	3,825.00	15,030.00
Network Manager	91.16	91.16	91.16	82.87	74.58		91.16	99.45	621.54
Program Production (shared expenses)	516.81	516.81	516.81	469.83	422.84		516.81	563.79	3,523.69
Incompass - Services Actual		435.00	4,910.00		3,915.00		125.00		9,385.00
Equibase		25.00	275.00		200.00				500.00
Daily Racing Forms			15,972.20		17,637.20				33,609.40
Racing Office System (shared expenses)	252.32	252.32	252.32	229.38	206.44		252.32	275.26	1,720.35
Racing Office (Actuals-Incompass)		140.00	1,460.00		1,260.00				2,860.00
Racing Office - Phone	6.31		3,676.29	2,275.51	4,175.18			2,399.63	12,532.92
Pacific Mobile Structures			1,580.12		103.22			266.35	1,949.69
Stockton Video Tapes					1,147.19				1,147.19
Supplies	71.78	71.78	71.78	65.25	58.73		71.78	78.30	489.40
EG Power Systems - Generators			1,630.00		1,180.00		2,686.50	3,500.00	8,996.50
Tattooing	778.85	665.29	537.81	305.33	614.94	608.51	719.01	844.05	5,073.80
Transportation Colors	116.47	116.47	116.47	105.88	95.29	105.88	116.47	127.06	900.00
Paymaster Expenses (phone)	659.36	659.36	659.36	599.42	539.48		659.36	719.30	4,495.64
Pegasus Commun.- Jumbo Video Screen			28,050.00						28,050.00
Pegasus Comm. Contract services			3,897.50						3,897.50
2008 DMTC Simo Conf & Kay Webb	219.90	219.90	219.90	199.90	179.91	199.90	219.90	239.89	1,699.19
2008 Replay Show BMRA (7/2-8/4)	720.00						1,320.00	1,440.00	3,480.00
Marketing	257.58	257.58	257.58	234.17	210.75		257.58	281.00	1,756.25
Jockey Cook Don Fowler		880.00							880.00
Richard Lewis Director of Operations	5,990.91	5,990.91			4,901.66		5,990.91		22,874.40
Circuit Billing Adj-Doutrich Racing Secretary	1,510.98	1,510.98	1,510.98		1,236.25	1,373.62	1,510.98	1,648.33	10,302.12
Circuit Billing Adj-Sears Racing Intern	874.55						874.55	954.05	2,703.15
Circuit Billing Adj-Krauss Steward's Aide	446.85		446.85	406.23	365.60		446.85	487.47	2,599.85
Year End Simulcast & Direct Travel	2,630.41	6,278.02	2,526.11	10,324.31	5,171.83	0.00	2,701.77	9,651.78	39,284.24
	17,875.62	18,763.52	73,523.97	16,654.16	46,249.63	2,994.53	22,380.25	28,248.21	226,689.89

2009 Recommendation for 80% Withholding

Circuit Billing	Alameda 11	CalExpo 11	Fresno 11	Humboldt 10	S Joaquin 9	San Mateo 10	Solano 11	Sonoma 12	85
Simulcast Coord. Larry Swartzlander	6,623.24	6,623.24	6,623.24	6,021.13	5,419.01		6,623.24	7,225.35	45,158.45
Paymaster - Vicky Layne	8,940.56	8,940.56	8,940.56	8,127.78	7,315.00		8,940.56	9,753.34	60,958.36
Network Manager - Stacey Lapham	9,801.69	9,801.69	9,801.69	8,910.63	8,019.57		9,801.69	10,692.76	66,829.72
Steward's Aide - Kimberley Krauss	1,019.35	0.00	1,019.35	926.68	834.01		1,019.35	1,112.01	5,930.75
Racing Intern-Sears	2,141.67						2,141.67	2,336.37	6,619.71
Racing Secretary Tom Douthich	11,312.67	11,312.67	11,312.67	0.00	9,255.82	10,284.25	11,312.67	12,341.09	77,131.84
50% Track Announcer - Frank Mirahmadi	2,337.50		2,337.50	2,125.00	1,912.50		2,337.50		11,050.00
Morning Line Maker - Frank Mirahmadi	825.00		825.00	750.00	675.00		825.00		3,900.00
Jockey Cook - Don Fowler	880.00	880.00	880.00	720.00	720.00		880.00	960.00	5,200.00
TC02 Testing - Bonnie Marzalec/Karen	2,200.00	2,200.00	2,200.00	2,000.00	1,800.00		2,200.00	2,400.00	15,000.00
Fitness Vet/Blood Samples - Don Dooley	4,125.00	4,125.00	4,125.00	3,750.00	3,375.00		4,125.00	4,500.00	28,125.00
Cal Expo used own Fitness Vet	(1,925.00)								(1,925.00)
Clocking/Timing - Melody Truitt	3,024.23	3,024.23	3,024.23	2,749.30	2,474.37		3,024.23	3,299.16	20,619.75
Accounting/Fiscal Audit Contract	8,389.33	8,389.33	8,389.33	7,626.67	6,864.00		8,389.33	9,152.00	57,199.99
Sub-Total	61,620.24	53,371.72	59,478.57	42,987.19	48,664.28	10,284.25	61,620.24	63,772.08	401,798.57
TOTALS									
2009 Racing Days Changes	Alameda 15	CalExpo 11	Fresno 11	Humboldt 8	S Joaquin 9	CARF @GG 26	Solano 5	Sonoma 10	95
Per day calculation	184,225.13	126,064.14	154,500.31	85,347.53	140,174.87	20,846.88	172,653.22	196,177.49	1,079,989.57
2009 Racing Days Estimated Exp	16,747.74	11,460.38	14,045.48	8,534.75	15,574.99		15,695.75	16,348.12	
80% Withhold from Racing Revenues	251,216.09	126,064.14	154,500.31	68,278.02	140,174.87	0.00	78,478.74	163,481.24	
	\$200,972.87	\$100,851.31	\$123,600.25	\$54,622.42	\$112,139.89	\$0.00	\$62,782.99	\$130,784.99	

WORKING DRAFT
AS OF 5/29/09

V.



2009

Race Meet Agreement

BETWEEN

**CALIFORNIA AUTHORITY OF
RACING FAIRS**

AND

**THOROUGHBRED OWNERS OF
CALIFORNIA**

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2009 RACE MEET AGREEMENT

CALIFORNIA AUTHORITY OF RACING FAIRS

AGREEMENT

THIS AGREEMENT is entered into between the CALIFORNIA AUTHORITY OF RACING FAIRS, a joint exercise of powers agency ("CARF") representing those of its members identified in Attachment A, herein referred to as "TRACK" or "TRACKS" unless otherwise specifically designated, and the THOROUGHBRED OWNERS OF CALIFORNIA, INC., a California Corporation ("TOC").

WHEREAS, TRACK AND TOC, in an order to avoid controversies between them and to insure orderly commencement and conduct of race meetings for the further purpose of providing for an orderly, uniform and mutually acceptable method of stakes and overnight purse distribution have agreed as follows:

I
TERM

1.1 This Agreement shall be applicable to the thoroughbred races conducted by TRACKS under licenses from the California Horse Racing Board ("CHRB") during the calendar year 2009.

II
STATUS OF THE PARTIES

2.1 **TRACKS.** Each TRACK is either a California Exposition and State Fair, county fair or district agricultural association (fair), organized and existing under the laws of the State of California.

For purposes of conducting thoroughbred horse racing at fair race meetings, TRACK is licensed to do so by the CHRB, and is subject to the applicable provisions of the California Horse Racing Law (Chapter 4, Division 8, California Business and Professions Code).

TRACK is a Member or Associate Member of the California Authority of Racing Fairs ("CARF"). CARF is a joint exercise of powers agency pursuant to California Government Code, Articles 1 and 2, Chapter 9, Division 7 of Title 1. CARF has been designated by TRACK to represent, negotiate, and contract on their behalf with TOC for the matters specified in this agreement.

CARF warrants and represents that it has **been expressly** authorized by **TRACKS** to

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~~enter into this agreement, and that this agreement shall be binding upon all such TRACKS, their members, agents, employees, and officials during the term of the agreement. The TRACKS specifically authorizing CARF include the: San Joaquin County Fair; Alameda County Fair; Solana County Fair; Sonoma County Fair; California Exposition and State Fair, and, the Fresno District Fair. CARF warrants and represents that it has been expressly authorized by Pacific Racing Association to enter into this agreement for the conduct of racing by CARF at Golden Gate Fields, and that this agreement shall be binding upon Pacific Racing Association, its members, agents, employees, and officials during the term of the agreement.~~

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2.2 TOC. TOC is a California Corporation in good standing. TOC represents and warrants that it is the Organization acknowledged by the CHRB pursuant to its Rule 2040 to represent owners of thoroughbred race horses and is, pursuant to CHRB Rules 2041, 2042 and 2043, authorized to enter into agreements binding upon its members and TRACK.

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~~III~~

~~DISTRIBUTION OF PARIMUTUEL TAKEOUT; PAYMENT TO CTT AND TOC~~

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3.1 ~~CARF and TRACKS~~, and TOC acknowledge and agree that disbursements made by TRACKS to TOC and California Thoroughbred Trainers, Inc. ("CTT"), and to the horse owners in the form of purses, will be governed by the applicable provisions of the Horse Racing Law.

3.2 (a) TRACKS agree that they will pay and distribute in stakes and overnight purses, during the term hereof, a sum equal to 97% of the Gross Distribution and to pay to TOC and CTT the remaining 3% as provided in Section 19613(d) of the California Business & Professions Code. Specifically, TRACK shall pay 1% for administrative expenses and services rendered to horsemen, two-thirds (2/3) of which shall be paid to TOC and one-third (1/3) of which shall be paid to CTT; 1% for welfare funds, to be paid to CTT, in trust, for the California Thoroughbred Horsemen's Foundation, Inc.; and, 1% for a pension program for backstretch personnel to be administered by CTT.

(b) Before distribution of stakes and purses, the Gross Distribution shall be reduced by up to an additional 1-3/4%, as directed by TOC, paid to TOC for NTRA as authorized in Section 19613.05(a) of the California Business and Professions Code.

~~3.3 The parties hereto agree that, for the protection and preservation of purse monies earned by horsemen participating in meets conducted at the TRACKS, TOC shall maintain the Paymasters Account - Northern California and that CARF and the TRACKS shall maintain their Horsemen's Bookkeeper Accounts, separately,~~

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On Tuesday of each race week, CARF and TRACKS agree to fund the TOC Paymasters Account – Northern California with an amount equal to eighty percent (80%) of the total purse money generated the week prior. On weekdays, TOC shall in turn transfer to TRACKS' Horsemen's Bookkeeper accounts an amount equal to that paid to horsemen by the Horsemen's Bookkeeper.

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Furthermore, TOC agrees that at the date and time that the 80% purse moneys are transferred to TOC those purse funds are deemed distributed to horsemen as required under California statute. TOC agrees that it assumes full responsibility for those purse moneys until such time as CARF has received the re-deposited purse moneys from TOC into its Horsemen's Bookkeeper accounts. TOC holds CARF and TRACKS harmless in the event that negligence, misconduct, malfeasance or misappropriation of funds on the part of its employees or negligence, misconduct, malfeasance or misappropriation of funds on the part of any banking institution, money delivery or transfer system, results in purse moneys not being re-deposited into CARF Horsemen's Bookkeeper accounts.

To facilitate such transfers, each party shall submit to the other, either on a daily or weekly basis depending on the frequency of the particular transfer, all appropriate documentation necessary to reconcile and corroborate the amount of such transfers, and to do everything reasonably necessary to cooperate with the other in facilitating a system of secure financial accounts maintained by both on behalf of Thoroughbred horsemen.

CARF and TRACKS further agree that their Horsemen's Bookkeeper will make owners' purse monies available upon request forty-eight (48) hours after the race is declared official for pari-mutuel purposes, provided that such distribution is consistent with applicable rules, regulations, and laws of the California Horse Racing Board.

CARF and TRACKS agree to provide to TOC a final accounting of all purse monies paid, including all other added and other horsemen's monies, as well as all deposits made by horsemen into their individual Horsemen's Bookkeeper accounts, by the seventh (7th) day following the close of each TRACK's 2009 Meet. Further, TRACK shall pay and fully fund the balance of all such monies to the TOC Paymasters Account – Northern California by the sixtieth (60th) day after the close of the 2009 Meet, and shall provide with a statement indicating the method of calculating such payment.

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IV, AGREEMENT NOT TO STRIKE OR LOCKOUT, REMEDIES

4.1 It is agreed that the TOC is the organization recognized by the CHRB as the authorized representative of all thoroughbred owners racing at TRACKS and that TOC shall continue as such authorized representative during the term of this agreement.

4.2 TOC covenants that, during the term of this agreement and as long as TRACK

is not in violation of the terms of this Agreement or of applicable law, it will not instigate, promote, encourage, or engage in any boycott, strike, or stoppage of any race or race meet at TRACK, or participate in the withholding or refusal of its performance of this agreement, or in any manner restrict or limit the operations of the TRACK, nor will it encourage any of its members to do so, other than as specifically authorized pursuant to state and federal law.

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4.3 During the term of this Agreement, and as long thereafter as TOC is not in violation of the terms of this Agreement or of applicable law, TRACKS shall recognize TOC as the official organization representing owners at TRACKS' 2009 Meets and shall not file or participate in any action, claim or proceeding seeking the de-certification of TOC as the official and exclusive representative of California thoroughbred owners, nor will CARF and TRACKS engage in a lockout of TOC members.

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4.4 Upon proof of TOC's violation of 4.2 above or of a TRACK's violation of 4.3 above, a TRACK or TOC, as the case may be, may give at least forty-eight (48) hours' written notice to the other party of the termination of this agreement, following which termination TRACK or TOC, as the case may be, shall have the right to effectuate such revised terms and conditions of the race meet as are, in TRACK or TOC's sole judgment, as the case may be, reasonably necessary and proper in order to restore and maintain the conduct of the race meeting.

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4.5 Since time is of the essence in settling such disputes, in the event of a claimed violation or threat of violating any of the provisions of this agreement, the party claiming such violation, in its sole discretion, shall have the choice of pursuing independently or concurrently either:

- (a) ~~The submission of~~ such claim to the CHRB for resolution; or,
- (b) ~~Submission of~~ such claim directly to an appropriate court for such legal and equitable relief, as is appropriate, including money damages, specific performance, and/or injunctive relief.

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**V.
RACING PROGRAM**

5.1 (a) Except as otherwise agreed, not more than 15% of the total purse distribution shall be paid as stakes in each race meet during the term of this agreement except for Alameda County Fair and Sonoma County Fair, whereat purses for stakes races shall not exceed 20% of the total purse distribution.

~~(b) Unless expressly agreed otherwise by TOC, CARF and TRACKS shall ensure that all stakes races offered, whether offered as a scheduled or overnight stake events, meet the minimum requirements set by the International Cataloging Standards Committee ("ICSC") for~~

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participating horses to earn "black type," based on their finish position, qualifying performance, or other criteria set by the ICSC.

(c) In 2010, TRACKS will on or before 120 days prior to the opening of their scheduled race meets, submit to TOC its proposed stakes schedule and overnight purse schedule for approval and submit also within 45 days prior to the opening of its scheduled race meet a proposed Condition Book for approval. If TOC does not forward its written objections to TRACK within 30 days of receipt of the proposed schedules, the Book shall be deemed approved. Otherwise the parties shall agree to the purse and stakes schedule as provided for or in Sections 9.1 and 9.2 of this Agreement. When a stakes schedule and overnight purse schedule is approved by TOC, it is agreed that there will be no change to such schedules without first obtaining written approval of TOC.

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5.2 Unless otherwise agreed to by the parties in writing, the minimum purse for an overnight race conducted during the term of this agreement shall be not less than the amounts indicated on Attachment C. The maximum purse for an allowance overnight race or any other overnight race at each meet shall not be more than the lowest stakes race at each such race meet.

5.3 The amount of purse for substantially the same quality horses and substantially the same type condition for a race meet shall not vary without first obtaining the written or faxed approval of the TOC. The division of purses for each race shall be paid in accordance with the percentages shown in this Agreement (Attachment F).

5.4 A "date" will become effective when the foal certificate is registered with any of the CARF/TRACKS Racing Offices, and shall carry over to all TRACKS in the same year.

5.5 It is agreed that races for any amount will count against horses racing at TRACK. ?????????????????????????????????

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5.6 (a) Maiden races shall not be written for a claiming price of less than \$8,000.00 for all racing fairs except the Humboldt County Fair, at \$6,250. Claiming races shall not be written for a claiming price of less than \$3,200 for all racing fairs except the Humboldt County Fair, at \$2,500.

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(b) Racing Secretaries will write and run an average of two Thoroughbred maiden races per racing day.

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(c) When five horses are entered in an allowance race under five separate wagering interests, such race shall be considered filled and shall be run. For all other overnight races except overnight stakes, when seven horses are entered under at least seven separate wagering interests, such race shall be considered filled and shall be run.

(d) In the event that any overnight stake race has entries with less than four

(4) separate wagering interests with at least three different trainers, and TRACK desires to cancel such overnight stakes race, TRACK shall inform TOC of its desire reasonably in advance.

(e) TRACK shall not cancel any non-overnight stakes race without first obtaining the approval of TOC, which will not be unreasonably withheld. In the event a stakes race is canceled following approval by TOC, owners who did enter shall be reimbursed out-of-pocket expenses, including nomination and other fees, veterinary, and transportation expenses to TRACK and return from an off-site stabling location.

(f) Unless otherwise agreed by the parties, TRACKS may include up to ten (10) additional races other than that published in the Condition Book. Said ten additional races includes any races in the Condition Book identified as "Substitute" races or otherwise designated as an alternative race, and any "Extra" race published on the Overnight or in any manner other than the Condition Book. TRACKS may write up to six (6) new races as "Extras" on any given race day and may use a maximum of four (4) "Substitute" races or up to four (4) races that have unsuccessfully filled on either of the prior two (2) race days. In the event a race offered in the Condition Book, including but not limited to a Substitute or other alternative race, and an Extra race published elsewhere receive the same number of entries, the race published in the Condition Book shall be considered the preferred race, and will be utilized before any Extra Race to make the card go.

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5.7. Purses for all races run at the \$10,000 level and below during the 2009 Meet will be divided as follows:

- Fifty-five percent (55%) shall be paid to the winning owner;
- Twenty percent (20%) for second;
- Fifteen percent (15%) for third;
- Seven and one-half percent (7.5%) for fourth; and,
- Two and one-half percent (2.5%) for fifth;

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Purses for all races run above the \$10,000 level during the 2009 Meet will be divided as follows:

- Sixty percent (60%) of the purse to the winning owner;
- Twenty percent (20%) for second;
- Twelve percent (12%) for third;
- Six percent (6%) for fourth; and,
- Two percent (2%) for fifth.

5.8. Provided sufficient funding exists, a \$150.00 Starter Fee, funded by payments from the California Thoroughbred Business League pursuant to *Business & Professions Code Section 19605.75*, shall be paid to all starters effectively finishing sixth or worse in any overnight race, and to fifth place finishers if their two percent (2%) share of the purse is less than \$150.00, wherein said fifth place finisher will receive an aggregated maximum of

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\$150.00. A \$300.00 Starter Fee shall be paid according to the provisions stated above to all starters on race days that are overlapped by Northern California association meetings. For purposes of the payment of such starters fees, a "starter" means any horse that which leaves the gate at the official start of a race, and is considered a legal starter by the Stewards.

VI
CALIFORNIA-BRED INCENTIVE PROGRAM

California-Bred Incentive Program and Allowance Purse Increase.

An amount equal to thirty percent (30%) of the purse paid for finishing first through fifth, inclusive, in any open race, excluding purses for stakes races, starter allowance races, and qualifying claiming races, but including overnight stakes races, allowance races, and non-claiming maiden races shall be paid by TRACKS as an owner premium to the owner of a registered California-bred Thoroughbred horse participating in such a race. An optional claiming race shall be considered to be an allowance race with respect to horses not entered for a claiming price. However, a California-bred horse entered for a claiming price in an allowance race is entitled to the bonus provided for herein for finishing first through fifth. A California-bred who has won its first condition in a race restricted to California-breds remains eligible for its first condition in an open race, and is entitled to the owner premium mentioned above. Additionally, a win by a California-bred horse in a California-bred race for non-winners other than maiden or claiming shall not count against that horse with respect to any open race for non-winners, 2X, 3X, 4X, etc. The owner premium provided for herein shall be reduced by the amount of the owner premium paid to owners of California-bred Thoroughbred horses finishing first as provided in Section 19614.4(a) and (b) of the California Horse Racing Law.

VII
MUTUAL COOPERATION

7.1 (a) CARF and TRACKS, and TOC represent to and agree with each other that they are mutually interested in the continuance, maintenance and improvement of thoroughbred racing in the State of California and, to that end, believe it advisable and to their mutual best interests that any differences of opinion between them with respect to the matters covered hereby, or any other matter or thing pertaining to thoroughbred racing wherein both parties are interested, should be settled by them, without undue publicity, by negotiation and consultation.

Such matters include, but are not limited to parking and seating facilities for owners and trainers, the provision of clockers at auxiliary training facilities, and the like. Each party agrees to cooperate with the other to promote, foster and retain public good will toward thoroughbred racing by conducting racing at TRACKS on the highest possible plane, and to maintain the highest standards of fairness and honesty.

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(b) For purposes of any paragraph in this agreement which requires consultation, joint action, or written action by either party, the party designated herein shall have the authority to do all acts and make all decisions necessary to perform this agreement. Notices required to be given under this section shall be sent by certified mail, return receipt requested, postage prepaid as set forth in paragraph 18.7.

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(c) Nothing in subsection (b) shall prohibit the parties from authorizing other persons, not to exceed three, to consult with each other's representatives and adjust and resolve minor or routine matters not requiring the final approval of a parties' authorized representative.

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VIII

STALL APPLICATIONS AND AUXILIARY TRAINING FACILITIES

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8.1 TRACKS shall provide stalls for thoroughbred horses at each Track in an amount not less than the amount derived by multiplying the total number of stalls at the Track by the result obtained by dividing the number of scheduled thoroughbred races by the total of all scheduled races.

8.2 TRACK shall provide such auxiliary training facilities as are required to be provided pursuant to the Horse Racing Law and Rules and Regulations of the CHRB, or as the parties may otherwise agree. The location, dates of availability, conditions of availability, and amount of stalls at such auxiliary training facilities are designated on Attachment D hereto.

8.3 (a) TRACK shall distribute Stall Applications not less than 30 days prior to the commencement of each race meeting. Contingent on Horsemen receiving Stall Applications timely horsemen shall submit completed applications not less than 22 days prior to the scheduled commencement of the meeting. Stall applications will be granted to approved horses at least 15 days prior to the commencement of the race meet. If a horseman requests and is approved stall space at TRACK, but is unable to ship in, he shall give at least seven days' notice to TRACK. TRACK may reassign those stall(s) upon horseman's failure to give notice. TRACK agrees that, in the allocation and assignment of stall space and in all other respects, it will not discriminate in any way against any owner or trainer.

(b) If any owner asserts that he or she has been discriminated against by TRACK or the Stall Committee in the awarding of stalls, then the owner so claiming shall submit his or her claim to TOC and if TOC finds the claim meritorious, may represent the owner and present such grievance to TRACKS and, if appropriate to the CHRB.

(c) It is agreed that stall allocations shall be made primarily on the basis of the quality and condition of the horses for which stall space is requested, the availability of stall space and the character of the meets contemplated to be held by TRACKS. TRACKS shall endeavor to accommodate California domiciled trainers and California Bred Thoroughbreds in allocating stall spaces. A disproportionate share of stalls shall not be allocated to trainers domiciled out of state.

(d) It is agreed that horsemen occupying stalls at any TRACK shall enter their horses in races for which they are eligible, unless the horses are physically unfit to race. Horses whose condition or fitness will not permit them to race during the meeting shall vacate the premises within 48 hours. A failure, upon demand, to vacate the premises will result in a stall rental charge of \$50.00 per day such horse remains on the premises.

8.4 (a) Horses not properly identified or whose identity cannot be reasonably established by the Official Horse Identifier shall be denied stall space.

(b) TRACKS reserve the right to deny stall space to any owner/trainer whose accounts with any member of CARF are delinquent. Each TRACK is responsible to provide a current update to CARF and the specific horsemen for accounts receivable.

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8.5 A Horsemen-Management Committee shall be created, composed of such members of TOC as it may designate, and the General Manager, Racing Secretary or other administrative officials to be designated by TRACKS. All matters concerning problems of the Horsemen with the TRACKS, other than track surface conditions, will be referred to this Committee in an effort amicably and equitably to adjust and resolve any problems which may arise.

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In making its determination as to the availability of stall space for each such horse TRACK shall adhere to the following standards:

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(a) Recently fired, blistered, or horses upon which surgery has recently been performed, or horses having a veterinary problem which prevents the horse from competing at the race meet, shall be denied stall space.

(b) The past performance of horses four years old and older may be considered in determining their eligibility for stall space.

(c) Horses not having qualifications consistent with the types of races scheduled in the TRACKS' condition books or which fail to meet the minimum conditions for eligibility published therein shall be denied stall space.

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(d) Horses found not fit to race shall vacate TRACKS' stall space within 48 hours.

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8.6 (a) Unless required by the Horse Racing Law or the Rules and Regulations of the CHRB, or pursuant to agreement by shareholders of NCOTW Inc, TRACKS shall have no responsibility to reimburse horsemen or to otherwise pay for the vanning of horses stabled off track.

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(b) TRACKS shall pay a Starters Fee of \$100.00 to the horse's owner for each start the horse makes at TRACK. This fee is intended to assist owners with vaning expenses.

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(c) TRACKS shall pay for tattooing only for horses entered to race on the overnights. TRACK shall publicize this procedure during the two weeks prior to Pleasanton on the stable loudspeakers at Golden Gate Fields and Pleasanton, and on the bulletin boards and on the overnights at each TRACK.

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8.7 TRACKS with available trailer spaces shall make their best effort to give preference to owners and trainers for vacant trailer spaces. Reservations shall be mailed by applicant to TRACK not less than 22 days prior to the opening of the race meet.

8.8 TRACK agrees to make its stalls, barn area and race track available without charge to horsemen and have the same in good condition at least 10 days prior to the commencement of its race meet with the exception of Pleasanton, which will be open for training without charge beginning on May 18, 2009. TRACKS agrees that their main track will be open, available and in condition for training at no charge to horsemen for at least (3) days following TRACKS' 2009 Meet. Fresno Fair shall be open without charge beginning on August 31, 2009.

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8.9 TRACKS will maintain their racing surfaces in good condition for thoroughbred racing and training and agree to promptly rectify any condition unsafe to race horses during the meet. Golf courses controlled by TRACKS shall be closed during the meet, including the ten (10) days prior and three (3) days after live racing is conducted at the meet. TRACKS shall not conduct any activity on the racing surfaces hazardous to horsemen or horses.

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8.10 TRAINING FACILITIES - At all times when TRACKS are being used as a RACE MEET, TRACKS will cause their main track to be open at 6:00 A.M. and to remain open until 10:00 A.M. every day of the week.

8.12 TRACKS agree to wash or otherwise clean the racing colors or "silks" of owners with horses competing in the 2009 Meet. Such cleaning shall occur on the day that the silks are utilized or on the day immediately following their utilization. Such cleaning services will be provided at TRACK'S expense, without right of reimbursement from TOC, the individual owners, and/or their trainers.

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8.13 The following are the workout criteria that will be in effect for the 2009 agreement. The minimum official, recorded workout distances and number of works for horses to run at the 2009 Fair meetings are as follows:

- a) Two year olds:
 - i) First time starters in races two furlongs: three works, one of which is at least one-quarter mile and a gate OK;

- ii) First time starters in races under six furlongs (not including two furlongs): three works, one of which is at least one-half mile and a gate OK;
 - iii) First time starters in races six furlongs or over: three works, one of which is at least five-eighths mile and a gate OK.
- b) Three year olds and up:
- i) First time starters: three works, one of which is at least five-eighths mile and a gate OK.
 - ii) Non-starters for:
 - a) 30 days: one work at least three-eighths mile within those 30 days;
 - b) 60 days: two works, one of which is at least five-eighths mile or two one-half mile works, one of the works being within the past 30 days;
 - c) 90 days: three works, with at least two works during the last 60 days, one of which is at least five-eighths mile or both being one-half mile, with at least one of the works being within the past 30 days.
- c) Horses eased or placed on the Stewards' List for poor performance will be required to show a five-eighths mile work since that race, except for two-year olds running less than five-eighths of a mile who will be required to work race distance.
- d) Horsemen seeking to enter a horse not meeting the workout criteria must obtain the permission of the Stewards prior to entry.
- e) Imported Horses: The workout requirement will be waived for horses entering in a stakes race within seven days of clearing USDA quarantine, provided that the country-of-origin's racing jurisdiction has no provision for timed workouts.

8.14. No owner, trainer, or veterinarian may have possession of any shockwave therapy or equivalent device while within TRACK's enclosure during the 2009 Meet, except as expressly authorized by TRACK. Any owner, trainer, or veterinarian found to be in possession of such device(s) during the 2009 Meet may be excluded from the enclosure for a period of not less than 10 days, at the sole discretion of TRACK. The identity of any owner, trainer, or veterinarian authorized or found to be in possession of such device(s) shall be disclosed to an appropriate representative of the CHRB, TOC, and CTT within 48 hours of the device's authorization or discovery.

8.15. If, in the event the CHRB is prohibited, for any reason, from instituting or administering the TCO₂ testing program authorized pursuant to CHRB 1843.6 and/or Business &

Professions Code Section 19577, TRACK shall perform physiological tests consisting of the taking of blood samples from owners' horses entered in races to be conducted at the 2009 Meet. It is the understanding of the parties that such samples will be tested for bicarbonate levels.

Within 10 days of notice from the CHRB, the owner(s) and trainer of a horse showing a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more may elect to meet with representatives of the TOC and TRACK regarding the circumstances surrounding the elevated test and/or for the purpose of requesting the parties consider waiving this provision of the agreement as it would apply to that owner(s) and/or trainer for this incident. Any such waiver may occur only if TRACK and TOC concur as to the need or propriety of the requested waiver.

Absent the concurrence of the parties or should the owner(s) and trainer of the horse showing a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more not so elect, then all owners' horses within the control of such trainer will be subject to the following:

- A. **1st Incidence** - For the first test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, subject to surveillance for a period of 45 days beginning no more than 20 days after TRACK's receipt of such notice from the CHRB. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 30 days from the start of the surveillance period, shall be required to be sequestered in a Protection Barn beginning at noon on the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant, being born by the trainer or owner of such horse.

- B. **2nd Incidence** - For the second test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, which occurs within three years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 75 days beginning no more than 20 days after TRACK's receipt of such notice from the CHRB. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 60 days from the start of the surveillance period, shall be required to be sequestered in a Protection Barn beginning at noon the day before said horse is scheduled to compete.

The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant, per day, being born by the trainer or owner of such horse.

- C. **3rd Incidence** - For the third test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, which occurs within three years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 105 days beginning no more than 20 days after TRACK's receipt of such notice from the CHRB. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 90 days from the start of the surveillance period, shall be required to be sequestered in a Protection Barn beginning at noon the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant, per day, being born by the trainer or owner of such horse.

The parties further acknowledge and agree that the balance, or a portion thereof, of any penalties imposed pursuant to contract provisions similar to those contained herein in Subsections A through C, shall be recognized and enforced by TRACK at its 2009 Spring Meet. For the purpose of this Section, said penalties are deemed to be cumulative, and are be enforced as if any prior elevated TCO₂ test or tests had occurred at TRACK's 2009 Meet. Accordingly, any protective actions taken for subsequent incidents involving an elevated TCO₂ test that are imposed pursuant to Subsections B and/or C shall recognize and be based upon similar contractual provisions included in the Race Meet Agreement for any other meet conducted by a licensed California Thoroughbred racing association.

In the event the trainer of horse showing a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, and owners' horses within that trainer's control, is stabled out-of-state, TRACK and TOC may fashion such reasonable and appropriate remedies sanction other than that specified in Subsections A through C hereinabove.

~~TRACKS and TOC may retain and/or consult any technical/scientific assistance they deem necessary or appropriate to fulfill the intent of this provision of the Agreement.~~

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8.16. TRACK agrees to use an also eligible list containing up to four (4) horses however, in no event will the number of horses drawn for a race including also eligibles exceed sixteen (16).

8.17. The Parties agree that, with regard to the taking of entries, entries submitted by a Jockey's Agent who has been delegated such responsibility by a licensed

trainer pursuant to CHRB Rule 1582 are permitted up to 10:00 a.m. on the day of entry, and thereafter shall only be made by the horse's owner, his/her authorized agent, or the trainer.

8.18. Unless agreed otherwise in writing by the parties, TRACKS agree to maintain, at no cost to TOC, appropriate "Finish Line" signage, equal in size and character to its own, in the first position past the finish line during the TRACKS' 2009 Meet, both on the main track and turf course, where appropriate.

8.19. TRACKS agree that should they decide to cancel a race or day of racing after entries have been drawn for that race or race day, it will reimburse the owners of all such horses affected the actual cost of any veterinary fees and/or any transportation costs incurred as a result of being entered to run in any race cancelled by TRACK. Said reimbursement is intended to apply to situations in which the TRACK has unilaterally decided to cancel a race or race day due to its own negligence or that of its agent[s], or voluntarily for reasons of its own choosing, but shall not apply to cancellations caused by acts of God or as otherwise specified hereinbelow in section XVI, or as a result of the intervening unforeseen acts of independent third-parties. CARF and TRACKS, and TOC agree to meet for the purpose of fairly determining the reason or reasons for the cancellation of a race or races that have been drawn.

**IX
PURSE AND STAKES SCHEDULES, OVERPAYMENT
AND UNDERPAYMENT OF PURSES**

9.1 CARF or TRACKS shall contact the TOC immediately when a TRACK becomes aware or has cause to believe that there may be a shortage of entries in stakes races or that there may be some other reason to cancel a stakes race. TRACKS shall provide to the TOC the names and past performances of each horse nominated in a stakes race that TRACK may desire to cancel.

9.2 With the exception of the race meets conducted at the San Joaquin County Fair, California Exposition, and Fresno County Fair, if at the close of its meet a TRACK shall have paid and distributed in stakes and overnight purses an amount in excess of the amounts received by it under the Horse Racing Law for purses, the total amount of the overpayment shall be deducted from the purse funds received during the next racing meeting conducted by TRACK.

9.4 If at the close of its meeting a TRACK shall have paid and distributed in stakes and overnight purses an amount less than the amounts received by it under the Horse Racing Law for purses, the total amount of the underpayment shall, unless otherwise agreed by the parties, be:

- (a) if less than \$50,000, including an estimated surplus generated from the

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Deleted: Not less than sixty (60) days before the racing meeting scheduled by TRACK pursuant to the license granted the CHRB, TRACK and TOC shall endeavor to agree to a Stakes Schedule for such meeting. Such Stakes Schedule shall be executed by the parties and attached hereto as Attachment B.

Deleted: Unless expressly agreed otherwise by TOC, TRACK shall ensure that all stakes races offered, whether offered as a scheduled or overnight stake events, meet the minimum requirements set by the International Cataloging Standards Committee ("ICSC") for participating horses to earn "black type," based on their finish position, qualifying performance, or other criteria set by the ICSC.

Deleted: 9.2 . Not less than forty-five (45) days before the racing meeting scheduled by TRACK pursuant to the license granted by the CHRB, TRACK and TOC shall endeavor to agree on an Overnight Purse Schedule for all classes of races to be conducted at such meeting other than stakes races. Such Overnight Purse Schedule shall establish purses in amounts not less than those required by the applicable sections of the Horse Racing Law and the Rules and Regulations of ... [1]

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satellite wagering fund, added to the purse fund during the next thoroughbred racing meeting conducted by TRACKS. If no such meet occurs, then the remaining balance shall be transferred immediately to TOC for use as purse money at a CARF race meet the following year, in TOC's sole discretion; or

(b) if greater than \$50,000, including an estimated surplus generated from the satellite wagering fund, distributed as a retroactive payment within 60 days of the end of the meeting to each winning horseman in such ratio as his overnight purse earnings bear to the total of all overnight purses paid during the meeting on thoroughbred races.

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9.5 TRACKS shall comply with the rules and regulations and resolutions of the California Horse Racing Board pertaining to the use of Supplemental Purse funds provided for in the California Horse Racing Law.

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10.1 (a) In the event a change in the Horse Racing Law makes pari-mutuel wagering on horse racing unlawful or otherwise requires the cessation, termination or cancellation of the racing meeting scheduled by TRACKS pursuant to the license granted it by the CHRB, this agreement may be terminated upon written notice by any party hereto to the other.

(b) In the event that the CHRB or the California Legislature repeals or amends sections of the Horse Racing Law relating to the take-out provisions as they apply to allocations of monies for purse distribution, the exempt breakage provisions, the license fee relief for racing fairs currently in effect or otherwise takes such action so as to reduce or terminate that portion of the take-out allocated to purses or reduces or terminates the exempt breakage provisions or increases the license fees for racing fairs with applicability during the racing meeting scheduled by TRACKS pursuant to the license granted by the CHRB, this agreement may be terminated upon one week's written notice by any party hereto to the other.

10.2 TRACKS or TOC may terminate this Agreement due to labor disputes, strikes, or other disruptions or circumstances beyond the control of TRACKS or TOC.

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~~XI~~
SUPPLIERS AND SERVICEMEN; BACKSTRETCH FACILITIES

11.1 TRACKS shall not grant an exclusive license or concession to any vendor of racing or equine supplies or services.

11.2 TRACKS shall maintain adequate kitchen facilities for backstretch personnel, at reasonable prices. Kitchen facilities shall be open between 6:00 A.M. and 8:00 P.M. on

racing days and 6:00 A.M. and 2:00 P.M. on non-racing days.

XII
FACILITIES FOR TOC REPRESENTATIVES

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12.1 TRACKS will provide, wherever practical and possible, an adequate office near the Racing Secretary's office equipped with a desk and telephone for the use of TOC's authorized representatives.

12.2 TOC shall pay to TRACKS such amount of reasonable out-of-pocket expense as TRACKS shall incur in providing to TOC the facilities mentioned in 12.1, including, without limitation, long distance or other telephone charges over and above the basic monthly rate, and any other expenses incurred by TRACKS at the request of TOC.

XIII
OWNERS' PROPRIETARY RIGHTS

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13.1 TRACKS agree, that should they, desire to utilize the name, image, or likeness of a particular horse for a promotional or commercial purpose, other than the promotion of live racing or simulcasting, and wagering on the outcome thereof, e.g. the sale of merchandise bearing the name or likeness of a horse, TRACKS shall contact the individual owner or owners of said horse and obtain their consent, and if necessary and appropriate, reasonably compensate said owner or owners for the use of such name, image, or likeness.

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13.2 TRACKS acknowledge, that, in the context of simulcasting, televising, and the re-broadcasting of races, the proprietary rights created by the collective image of the race belong to all owners participating in a given race meeting subject to applicable law. By virtue of the California Horse Racing Board's recognition of TOC as the official owners organization, its Rules and Regulations of Racing, and applicable provisions of California and Federal law, TRACKS agree, to negotiate exclusively with TOC as to the consensual use of the collective image of the race for purposes of simulcasting, televising, and the re-broadcasting of races to the extent required by applicable law.

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13.3 TOC, on behalf of all owners participating in TRACKS', 2009 Meets, consent to TRACKS', use of the collective image for the purpose of promoting, simulcasting, televising, and/or the re-broadcasting of races occurring at the 2009 Meet. TOC consents to TRACKS', use of said image without compensation other than that provided by the appropriate provisions of the California Horse Racing Law, the Rules and Regulations of Racing, and/or Federal Interstate Racing Act, excepting races sold by CARF or TRACKS to network television, cable television, satellite television, closed circuit, computer or interactive wagering, or other commercial enterprises or uses currently developed or to be developed for which CARF or TRACKS receive compensation, other than that provided by State and/or Federal legislation, including but not limited to, promotional, licensing, or usage fees paid by sponsors. CARF and

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TRACKS agree to obtain TOC's prior consent to such sales or usages and to negotiate a reasonable contribution to overnight purses from the revenues derived by said sale or use.

13.4 TOC, on behalf of all owners participating in TRACKS' 2009 Meets, further agree that the nomination of or entry into a race shall be deemed to be authorization for TRACKS to use the name, image, or likeness of individual horses for promotion of attendance at and wagering on such races, whether live or at simulcast locations.

XIV, INTERSTATE SIMULCASTING OF RACES

14.1 TRACKS desiring to simulcast at its facility an interstate horse race or races as a part of its daily racing program shall first obtain the written consent from TOC to any proposed contract or agreement with any out of state host track and shall thereafter augment the purse funds available for distribution to horsemen by an amount equal to one-half of the proceeds of such simulcasting after deduction of any license fees to the State of California and all payments and charges set forth in the previously approved contract with the host track.

14.2 TRACKS desiring to televise from its facility to an interstate simulcast facility all or any portion of its daily racing program, shall first obtain the written consent from TOC to any proposed contract or agreement with any out of state simulcast facility and shall thereafter augment the purse funds available for distribution to horsemen by an amount equal to one-half the proceeds of such simulcasting after deduction of any license fee to the State of California and all payments and charges set forth in the previously approved contract with the simulcast facility.

14.3 TOC's consent to interstate simulcasting is required in accordance with the Federal Interstate Racing Act of 1978. TRACK has requested the consent of TOC to simulcast the races specified on Attachment D. TOC consents to the simulcast of the specified races in accordance with the terms and conditions of TOC's consent letters.

XV, INTRASTATE SIMULCASTING OF RACES

15.1 TRACKS may, pursuant to the applicable provisions of the Horse Racing Law, engage in intrastate simulcasting of all or a portion of its racing program to facilities located in the Northern Zone of California and those facilities located in the Central Zone and Southern Zone of California authorized by law to accept the Northern California simulcast signal. The distribution of the handle thereon shall be made in accordance with the Horse Racing Law and the applicable Rules and Regulations of the CHRB.

15.2 TRACKS may, pursuant to the applicable provisions of the Horse Racing Law, determine to simulcast races from a host track located in the Southern or Central Zone of

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California. The distribution of the handle thereon shall be made in accordance with the Horse Racing Law and the applicable Rules and Regulations of the CHRB. In the absence of legislation to the contrary, TRACKS shall first obtain the written consent from TOC to any proposed contract or agreement with any simulcast facility located in the Southern or Central Zone of California and shall thereafter, in the absence of any legislation designating the distribution of the proceeds of such simulcasting, augment the purse funds available for distribution to horsemen participating at the meeting by an amount equal to one-half the proceeds of such simulcasting after deduction of any license fee to the State of California and all payments and charges set forth in the previously approved contract with the host track unless some other distribution is agreed upon by TOC and TRACKS.

15.3 TRACKS may, pursuant to the applicable provisions of the Horse Racing Law, determine to simulcast ~~their~~ races to a track and simulcast facilities located in the Southern or Central Zone of California. The distribution of the handle thereon shall be made in accordance with the Horse Racing Law and the applicable Rules and Regulations of the CHRB. In the absence of legislation to the contrary TRACKS shall first obtain the written consent from TOC to any proposed contract or agreement with any track or simulcast facility located in the Southern or Central Zone of California and shall thereafter, in the absence of any legislation designating the distribution of the proceeds of such simulcasting, augment the purse funds available for distribution to horsemen participating at the meeting by an amount equal to one-half the proceeds of such simulcasting after deduction of any license fee to the State of California and all payments and charges set forth in the previously approved contract with the track or simulcast facility unless some other distribution is agreed upon by TOC and TRACKS.

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XVI INTERNATIONAL SIMULCASTING

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16.1 TRACKS ~~have~~ has requested the consent of TOC to the international simulcast of its races as listed on Attachment D. TOC consents to the simulcast of the specified races, per the terms set forth in the appropriate consent letters.

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With respect to the export and import of simulcast races internationally, the compensation paid to TRACKS shall be equally divided between commissions for and purses at TRACKS.

TRACKS and TOC understand that TRACKS may, subsequent to the execution of this Agreement, request TOC's consent to simulcast additional races to the same or other foreign satellite locations. TRACKS and TOC agree that this Agreement may be amended from time to time pursuant to letter Agreement executed by ~~CARF or~~ TRACKS and TOC. Any amendment must comply with the provisions outlined in Article XXIV.

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XVII

INTRASTATE ADVANCED DEPOSIT WAGERING ("ADW")

CARF and TRACKS have requested the consent of TOC to the simulcast of races conducted at TRACKS during their 2009 Meets for the purposes of intrastate advanced deposit wagering by and/or wagering instructions to California licensed advanced wagering providers as listed on Exhibit "F." TOC consents to the simulcast of the specified races in accordance with the terms and conditions of TOC's consent letters, and pursuant to California Business & Professions Code, section 19604(b)(1)(C) and the Interstate Horseracing Act, 15 USC 3001, et. seq.

In addition to any other terms set forth therein, TOC conditions its consent to the acceptance of advanced deposit wagers and/or wagering instructions by approved California licensed ADW providers from California residents on Thoroughbred races conducted at TRACKS during their 2009 Meets as follows:

1. The contractual compensation received by any such provider does not exceed five percent (5%) of handle directly derived by such wagering or wagering instructions facilitated by that provider;
2. Approved ADW providers/"broadcast partners" agree to pay and/or to accept no more than two percent (2%) from other approved California licensed ADW providers as compensation for the broadcast or televising of races conducted at TRACKS during their 2009 Meets, as negotiated and agreed to by both CARF or TRACKS and TOC;
3. Approved ADW providers agree to disclose to CHRIMS, in a timely fashion and a form reasonably acceptable to CHRIMS, its respective ADW wagering handle information;
4. Approved ADW providers agree that all costs associated with such CHRIMS disclosures, and/or the preparation and submission of such information and the audit thereof as set forth herein, are to be borne individually by each provider; and,
5. Approved ADW providers agree that the audit and disclosure requirements referred to herein immediately above are as follows:
 - A. Providers shall be required to undergo an annual parimutuel audit prepared in accordance with GAAP of their California wagering operations including, but not limited to, all wagers placed by California residents on horse races, and by out-of-state residents on California horse races;
 - B. Providers shall be required to provide an end of meet pari-mutuel audit report similar in scope and detail to that required of and submitted to pari-mutuel auditors relating to wagers placed at a licensed California racing association and/or satellite facility;

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C. The end of meet audits required shall be "agreed upon procedures audits," which include, but are not limited to:

(i) Disclosure of all *hub fee rate schedules* executed with a California racing association and/or horsemen's organization, and a provider to CHRIMS prior to the opening of each California race meet;

(ii) For wagers placed in California on races conducted out-of-state, disclosure of any and all *host fee rates to be deducted from takeout for out-of-state racing interests* to CHRIMS, and to all California racing associations and horsemen's organizations affected by the deduction prior to the acceptance of wagers in California on such races. Said disclosure shall set forth such rates in the data format reasonably prescribed by CHRIMS, and shall include a copy of the applicable rate page from any executed agreement between an out-of-state race association and provider;

(iii) Disclosure of all *host fee rates to be paid to California racing associations and horsemen's organizations* on wagers placed on California races by non-California residents to CHRIMS, and to all California racing associations and horsemen's organizations authorizing and/or approving such wagers prior to the opening of the affected California race meet. Said disclosure shall set forth such export host fee rates in the data format reasonably prescribed by CHRIMS, and shall include a copy of the rate page from the executed agreement between the host track and provider;

(iv) Provider shall disclose and provide true, complete, and correct copies of the industry accepted "*TRA Data File*" and the *California Account Wagering File* pertaining both to wagers placed by California residents and wagers placed by non-California residents on races conducted in California to CHRIMS, in the manner reasonably prescribed by CHRIMS, on a daily basis, no later than 10:00 AM Pacific time on the day after the generation of such wagers. Additionally, if requested to do so, provider shall also disclose and provide a true, complete, and correct copy of all such files on a weekly basis to affected California racing associations and horsemen's organizations. Such disclosure, files, and/or documentation shall include, but is not limited to, the date of all relevant wagers, corresponding TRA code, pool, conventional and exotic takeout, positive breakage, negative breakage, runner pay, postal code, off time, and breed;

(v) If during the term of this Agreement, the "*TRA Account Wagering File*" becomes the industry accepted ADW wagering data file

format, then provider shall disclose and provide true, complete, and correct copies of said file, pertaining both to wagers placed by California residents and wagers placed by non-California residents on races conducted in California, to CHRIMS daily in lieu of providing both the "TRA Data File" and the California Account Wagering File; and,

(vi) A detailed breakdown of the distribution of takeout for any wager placed outside of California on a race conducted in California,

(vii) Provider shall each remit to CHRIMS a monthly data fee of \$1,000.00. Said data fee paid by provider may be increased to cover the reasonable costs to CHRIMS resulting from any recalculation, data handling, or reprogramming necessitated by the failure of provider to submit data as set forth hereinabove.

XVIII

FIRE AND DISASTER INSURANCE

18.1 TRACKS agree to acquire and pay the premium for a Fire and Disaster Insurance Policy, providing the same coverages or better than that previously obtained through the National Horsemen's Benevolent and Protective Fund. TRACKS will, either independently or in conjunction with other racing associations, finance this program without right of reimbursement from any horsemen's organization, or individual owner or trainer. Said insurance is to be provided by a reputable insurance company selected by TRACKS which, with certain limitations, protects the owners of horses against loss of their race horses, tack, etc., due to fire or disaster. TOC, CTT, and their respective members shall be named insureds under such policy. Each entity shall receive a copy of any such policy or policies, including endorsements, amendments, or any other provision or document evidencing or affecting coverage or liability limits.

18.2 The obtaining of a fire and disaster policy by TRACKS does not in any way preclude the individual owner or trainer from taking individual legal action against the TRACKS that the owner or trainer deems appropriate, or to prevent the owner or trainer from seeking legal action against the TRACKS directly as a consequence of any acts, conduct, negligence, or other occurrence attributable to TRACKS.

18.3 The amount recovered by an owner under this insurance policy shall be credited as an offset to any liability of TRACKS toward the recovery of such owner or trainer from TRACKS.

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XIX
MISCELLANEOUS

19.1 No Discrimination: No party to this agreement shall discriminate against the other party due to membership in TOC or CARF, or by reason of a person's race, color, creed, religion, national origin or ancestry, sex or age.

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19.2 No Assignment: This agreement shall not be assigned by any party without the prior written consent of the other party.

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19.3 Agreement Replaces All Prior Agreements: This agreement supersedes and replaces all prior agreements between the parties named herein. This Agreement may be modified or amended by a writing signed by all parties.

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19.4 Attorney's Fees: If any action at law or equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this agreement, the prevailing party shall be entitled to a reasonable attorney's fee, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such party may be entitled.

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19.5 Counterparts: This agreement may be executed in counterparts and each such executed counterpart shall be deemed an original. Execution by **CARF, on behalf of TRACKS**, and any one or more parties shall be deemed a binding agreement as to those executing parties regardless of whether the remaining members have executed a counterpart.

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19.6 Inconsistent Language: When the language in the Condition Book, Stall Application, Stakes Nomination Forms, proposed Stakes Book for an upcoming meet, or any other document pertaining to the eligibility of horses and conditions for racing is inconsistent with the language in the Purse Agreement, the language in the Purse Agreement shall control.

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19.7 Notices: Notices required to be given under this agreement shall be sent by certified mail, return receipt requested, postage prepaid as follows:

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(a) If to **CARF or TRACKS**, at their address set forth in Attachment "A", "Attention Fair Manager," with a copy to Christopher Korby, Executive Director, CARF, 1776 Tribute Road, Sacramento, CA 95825.

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(b) If to TOC, to Drew J. Couto, President, 285 W. Huntington Drive, Arcadia, CA 91007.

19.8 TRACKS' Management of Race Meets: Subject only to this agreement and applicable law, the management of TRACKS' premises and the conduct of the race meets is the sole prerogative of TRACKS.

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19.9 Alternative Wagering: Wagering during the period commencing with the first race of TRACKS', daily racing program and ending with the last race of TRACKS', daily racing program shall be limited to parimutuel wagering on the live horse races being conducted by TRACKS' together with wagering on any mutually approved imported simulcast races. Alternative forms of wagering on races involving other species of animals or gaming on tables or on mechanical or electronic gambling devices or any other form of wagering other than parimutuel horse racing shall not be permitted.

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19.10 Modifications: This Agreement constitutes the entire agreement between the parties hereto and supersedes any and all other agreements, understandings, negotiations, or discussions, either oral or in writing, express, or implied, between the parties hereto. The parties acknowledge that no representations, inducements, promises, agreements or warranties, either oral or otherwise, have been made to them, or anyone acting on their behalf which are not embodied in this Agreement, and that they have not executed this Agreement in reliance on any such representation, inducement, promise, agreement or warranty. It is expressly understood and agreed that this Agreement may not be altered, amended, modified or otherwise changed in any respect or particular whatsoever except by a writing duly executed by an authorized representative of each party.

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19.11 Interpretation: This Agreement has been jointly negotiated and drafted by the Parties and, in construing and interpreting this Agreement, no provision shall be construed or interpreted for or against any of the Parties because such provision, or any other provision, or the Agreement as a whole, was purportedly drafted by a particular Party.

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IN WITNESS WHEREOF, the undersigned have affixed our signatures.

CALIFORNIA AUTHORITY OF RACING FAIRS

Dated: _____
Christopher Korby, Executive Director

THOROUGHBRED OWNERS OF CALIFORNIA, INC.

Dated: _____
Drew J. Couto, President

ATTACHMENT B
2009 NORTHERN CALIFORNIA RACING FAIRS
OVERNIGHT STAKES SCHEDULE

- ❖ Alameda County Fair at Pleasanton
- ❖ Solano County Fair at Vallejo
- ❖ Sonoma County Fair at Santa Rosa
- ❖ San Mateo County Fair at San Mateo
- ❖ Humboldt County Fair at Ferndale
- ❖ California State Fair at Sacramento
- ❖ San Joaquin Fair at Stockton
- ❖ Big Fresno District Fair at Fresno

Revised: 04/17/08

❖ **ALAMEDA COUNTY FAIR**

Alamedan Handicap – 43 rd Running Three-year olds and Upward – One and 1/16 Miles	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Sat, Jun 28
Everett Nevin Alameda County Stakes-47 th Running Three-year olds – 1 Mile 70 Yds	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Sun., Jun 29
Sam J. Whiting Memorial Handicap – 46 th Running Three-year olds and Upward – Six Furlongs	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Fri., Jul 4
Alameda County Fillies & Mares Handicap - 40 th Running Fillies and Mares Three-year olds and Upward One and 1/16 Miles	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Sat., Jul 5
Juan Gonzalez Memorial Stakes – 30 th Running Fillies Two-years old – Five & ½ Furlongs	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Sun., Jul 6

❖ **SOLANO COUNTY FAIR**

Solano County Juvenile Stakes – 45 th Running Two-year olds – Five & ½ Furlongs	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Sat., Jul 12
Vacaville Handicap – 28 th Running Fillies and Mares Three-year olds and Upward – Six Furlongs	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Sun., Jul 13
Fairfield Stakes – 30 th Running NW of a Sweepstakes in 08 Fillies Three-years old – Six Furlongs	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Sat., Jul 19

❖ **SONOMA COUNTY FAIR**

Luther Burbank Handicap – 38 th Running Fillies and Mares Three-year olds and Upward One and 1/16 Miles (Turf)	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Sat., Jul 26
Wine Country Juvenile – 2 nd Running Fillies – Two Year Olds – Six Furlongs	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Sun., Jul 27

Joseph T. Grace Handicap – 37th Running
Three-year olds and Upward - One and 1/16 Miles (Turf) \$50,000 Added Sat., Aug 2
(Plus up to \$15,000 to Cal-Breds)

Cavonnier Juvenile Stakes – 41st Running
Two-year olds - Six Furlongs \$50,000 Added Sun., Aug 3
(Plus up to \$15,000 to Cal-Breds)

❖ **SAN MATEO COUNTY FAIR**

Add Three Year Old Fillies - Route on the Dirt \$50,000 Added **TBD**

None

❖ **HUMBOLDT COUNTY FAIR**

Charlie Palmer Starter Handicap \$6,500 Guaranteed Sat., Aug 9
Fillies & Mares, Three Year Old & Upward, 6 ½ Furlongs

Land of Jazz Starter Stake \$6,500 Added Fri., Aug 15
Three Year Olds & Upward, Seven Furlongs

Les Mademoiselle Stake \$10,000 Added Sat., Aug 16
Don Harmon Memorial
Fillies & Mares, Three Year Olds & Upward, 1 1/16 Miles

C.J. Hindley Humboldt County Marathon Starter Stake \$15,000 Added Sun., Aug 17
Three Year Olds & Upwards, 1 Mile and 5 Furlongs

❖ **CALIFORNIA STATE FAIR**

Governor's Handicap
Three -year & Upward – 1 1/8 Miles \$50,000 Added Sat, Aug 23
(Plus up to \$15,000 to Cal-Breds)

The Earlene McCabe Derby
Three Year Olds (Bred in CA) – Six Furlongs \$50,000 Added Sun, Aug 24
(Includes \$10,000 from Cal-Bred)

❖ **SAN JOAQUIN FAIR**

Sweepida Stakes
Three -year Old Fillies – Six furlongs \$50,000 Added Sat, Sep 13
(Plus up to \$15,000 to Cal-Breds)

Forrest White Stakes
Three Year Olds – Six furlongs \$50,000 Added Sun, Sep 14
(Plus up to \$15,000 to Cal-Breds)

❖ **BIG FRESNO FAIR**

The Harvest Futurity, 5th Running \$50,000 Added Fri, Oct 10
2 Year Old Fillies (Bred in CA), Six Furlongs
(Includes \$10,000 from Cal-Bred)

Bulldog Stakes, 16th Running \$50,000 Added Sun., Oct 12
Three-Year Olds & Upward, One Mile
(Plus up to \$15,000 to Cal-Breds)

ATTACHMENT C

Category	Conditions	Purse	
		All Fairs	Ferndale
MC6250	<i>Ferndale Only</i>		\$ 4,000
MC8000		\$ 8,000	\$ 4,250
MC12500		\$ 10,000	
MC25000		\$ 14,000	
MC32000		\$ 18,000	
MSW		\$ 30,000	
MSW - 2Yr Olds			
SA4000	Regular	\$ 9,000	
SA4000	Starter Series	\$ 10,000	\$ 10,000
SA5000	<i>Ferndale Only</i>		\$ 4,500
SA6250		\$ 14,000	
SA12500		\$ 18,000	\$ 6,500
SA40000	N2L	\$ 20,000	
CL2500	<i>Ferndale Only</i>		\$ 4,000
CL3200	NW DATE	\$ 7,000	\$ 4,000
CL3200	CLAUSE	\$ 7,000	\$ 4,000
CL3200	OPEN	\$ 8,000	\$ 4,000
CL4000	NW2L	\$ 9,000	
CL4000	NW DATE or NW4L	\$ 9,000	\$ 4,500
CL4000	OPEN	\$ 9,500	
CL5000	CLAUSE	\$ 9,500	
CL5000	OPEN	\$ 10,000	\$ 5,000
CL6250	NW2L	\$ 9,500	
CL6250	NW DATE	\$ 10,500	\$ 5,250

CL6250	OPEN	\$ 11,000	
CL8000	OPEN	\$ 12,000	
CL8000	CLAUSE	\$ 11,500	
CL10000	OPEN	\$ 13,000	
CL12500	NW2L	\$ 10,000	
CL12500	NW3L	\$ 11,000	
CL12500	CLAUSE	\$ 12,000	
CL12500	OPEN	\$ 15,000	\$ 15,000
CL16000	OPEN	\$ 19,000	
CL20000	OPEN	\$ 22,000	
CL20000	CLAUSE	\$ 20,000	
CL25000	OPEN	\$ 26,000	
CL25000	NW2L	\$ 19,000	
CL32000	CLAUSE	\$ 25,000	
CL32000	OPEN	\$ 27,000	
CL40000	OPEN	\$ 30,000	
ALW OPEN		\$ 40,000	
ALW	NW1X	\$ 31,000	
ALW/OPC25000	NW1X(3&UP)	\$ 31,000	
ALW/OPC32000	NW1X(3YO)	\$ 31,000	
ALW/OPC62500	NW2X	\$ 34,000	
Spec Clm Series			
Overnight Stks		\$ 50,000	

2009 NORTHERN CALIFORNIA CALENDAR (As Agreed to by TOC, CTT, CARF AND GGF 11/7/2008)

December

Sun	Mon	Tue	Wed	Thu	Fri	Sat
28	29	30	31		26	27
5						

GGF Fall-Winter	81
GGF Spring	75
Total GGF	156

Summer Fairs	55
Vallejo @ Location TBD	5
Ferndale Concurrent	9
Fairs at Golden Gate Fields	29
Total Fairs	98

January

Sun	Mon	Tue	Wed	Thu	Fri	Sat
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
20						

February

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
17						

March

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				
1						

April

Sun	Mon	Tue	Wed	Thu	Fri	Sat
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		
22						

May

Sun	Mon	Tue	Wed	Thu	Fri	Sat
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						
23						

June

Sun	Mon	Tue	Wed	Thu	Fri	Sat
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				
10						

July

Sun	Mon	Tue	Wed	Thu	Fri	Sat
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	
15						

August

Sun	Mon	Tue	Wed	Thu	Fri	Sat
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					
9						

September

Sun	Mon	Tue	Wed	Thu	Fri	Sat
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			
6						

October

Sun	Mon	Tue	Wed	Thu	Fri	Sat
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
10						

November

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					
17						

December

Sun	Mon	Tue	Wed	Thu	Fri	Sat
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		
8						

Stockton	9
Pleasanton	15

Santa Rosa	10
Ferndale	9

Sacramento	11
Fresno	10

2009 Racing Schedule

Location	Inclusive Dates
THOROUGHBRED MEETINGS - CENTRAL & SOUTHERN ZONES	
Santa Anita	12/26/08 - 04/19/09
Hollywood Park	04/22/09 - 07/19/09
Del Mar	07/22/09 - 09/09/09
Santa Anita	09/30/09 - 11/08/09
Hollywood Park	11/11/09 - 12/21/09
THOROUGHBRED MEETINGS - NORTHERN ZONE	
Golden Gate	12/26/08 - 06/14/09
Golden Gate	10/21/09 - 12/13/09
QUARTER HORSE MEETINGS - STATEWIDE	
Los Alamitos	01/01/09 - 12/20/09
HARNESS MEETINGS - STATEWIDE	
Cal-Expo	12/26/08 - 08/01/09
Cal-Expo	09/25/09 - 12/19/09
FAIR MEETINGS - STATEWIDE	
Stockton	06/18/09 - 06/28/09
Pleasanton	07/01/09 - 07/19/09
Solano	07/22/09 - 07/26/09
Santa Rosa	07/29/09 - 08/09/09
CARF(GGF)	08/12/09 - 08/23/09
Ferndale	08/13/09 - 08/23/09
State Fair/Cal Expo	08/26/09 - 09/07/09
CARF(GGF)	09/09/09 - 10/04/09
Pomona	09/10/09 - 09/28/09
Fresno	10/07/09 - 10/18/09

Calendar for year 2010 (United States)

January

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

February

Su	Mo	Tu	We	Th	Fr	Sa
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6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

March

Su	Mo	Tu	We	Th	Fr	Sa
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

April

Su	Mo	Tu	We	Th	Fr	Sa
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18	19	20	21	22	23	24
25	26	27	28	29	30	

May

Su	Mo	Tu	We	Th	Fr	Sa
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

June

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

July

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

August

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

September

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

October

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

November

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

December

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Holidays and Observances:

Jan 1 New Year's Day	Jul 5 'Independence Day' observed	Dec 24 'Christmas Day' observed
Jan 18 Martin Luther King Day	Sep 6 Labor Day	Dec 25 Christmas Day
Feb 15 Presidents' Day	Oct 11 Columbus Day	Dec 31 'New Year's Day' observed
May 31 Memorial Day	Nov 11 Veterans Day	
Jul 4 Independence Day	Nov 25 Thanksgiving Day	

Calendar generated on www.timeanddate.com/calendar

Calendar for year 2011 (United States)

January							February							March						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
						1			1	2	3	4	5			1	2	3	4	5
2	3	4	5	6	7	8	6	7	8	9	10	11	12	6	7	8	9	10	11	12
9	10	11	12	13	14	15	13	14	15	16	17	18	19	13	14	15	16	17	18	19
16	17	18	19	20	21	22	20	21	22	23	24	25	26	20	21	22	23	24	25	26
23	24	25	26	27	28	29	27	28						27	28	29	30	31		
30	31																			

April							May							June						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
						1			1	2	3	4	5							1
3	4	5	6	7	8	9	8	9	10	11	12	13	14	5	6	7	8	9	10	11
10	11	12	13	14	15	16	15	16	17	18	19	20	21	12	13	14	15	16	17	18
17	18	19	20	21	22	23	22	23	24	25	26	27	28	19	20	21	22	23	24	25
24	25	26	27	28	29	30	29	30	31					26	27	28	29	30		

July							August							September						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
						1			1	2	3	4	5							1
3	4	5	6	7	8	9	7	8	9	10	11	12	13	4	5	6	7	8	9	10
10	11	12	13	14	15	16	14	15	16	17	18	19	20	11	12	13	14	15	16	17
17	18	19	20	21	22	23	21	22	23	24	25	26	27	18	19	20	21	22	23	24
24	25	26	27	28	29	30	28	29	30	31				25	26	27	28	29	30	
31																				

October							November							December						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
						1			1	2	3	4	5							1
2	3	4	5	6	7	8	6	7	8	9	10	11	12	4	5	6	7	8	9	10
9	10	11	12	13	14	15	13	14	15	16	17	18	19	11	12	13	14	15	16	17
16	17	18	19	20	21	22	20	21	22	23	24	25	26	18	19	20	21	22	23	24
23	24	25	26	27	28	29	27	28	29	30				25	26	27	28	29	30	31
30	31																			

Holidays and Observances:			
Jan 1	New Year's Day	Nov 11	Veterans Day
Jan 17	Martin Luther King Day	Nov 24	Thanksgiving Day
Feb 14	Valentine's Day	Dec 25	Christmas Day
Feb 21	Presidents' Day	Dec 26	'Christmas Day' observed
Apr 24	Easter Sunday		
May 30	Memorial Day		
Jul 4	Independence Day		
Sep 5	Labor Day		
Oct 10	Columbus Day		
Oct 31	Halloween		

Calendar generated on www.timeanddate.com/calendar

DRAFT 1b May 26, 2009

**AGREEMENT BY AND AMONGST
ALAMEDA COUNTY AGRICULTURAL FAIR ASSOCIATION
SOLANO COUNTY FAIR ASSOCIATION
CALIFORNIA AUTHORITY OF RACING FAIRS**

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THIS AGREEMENT ("Agreement"), dated _____, is by and amongst Alameda County Agricultural Fair Association, a non-profit corporation, and Solano County Fair Association, a non-profit corporation, and an agent of the County of Solano ("Solano") and the California Authority of Racing Fairs, a California joint powers authority.

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Comment [CC2]: Alameda
Comment [CC3]: status
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Comment [CC4]: Solano

RECITALS

WHEREAS, the Alameda County Fair and the Solano County Fair have a long and successful record of conducting horse racing meets in conjunction with the annual fairs of their respective counties; and

WHEREAS, both fairs are desirous of maintaining a strong horse racing industry in Northern California; and

WHEREAS, both fairs wish to enter into an agreement to conduct a combined fair horse race meeting under the auspices of CARE, for a period of one year; and

Comment [CC5]: Requested by Solano County counsel

WHEREAS, both fairs agree that there is no intent on the part of either fair to establish precedent for future race meets and both fairs agree that there are no promises of future considerations that are a part of this Agreement; and

WHEREAS, both fairs agree to work together in the future to analyze the results of the combined race meeting and to consider future alliances, if appropriate, that are deemed to be in the best interests of both fairs, fair racing and racing in general.

AGREEMENT

Now, therefore, Alameda and Solano agree as follows:

1. **PURPOSE**

The purpose of this Agreement is to implement and administer the conduct of a combined fair horse racing meeting for the 2009 season and to allow for the division of certain revenues generated therefrom.

2. **DEFINITIONS**

CARF. *California Authority of Racing Fairs.* A JPA was formed to represent the common interest of California's racing fairs. This entity handles services common to all fair racing operations and serves as the clearing house for certain expenses and revenues.

CHRB. *California Horse Racing Board.* Entity responsible for governance of California horseracing including regulatory compliance and approval of racing dates and operators.

CMC. *California Marketing Committee.* Committee made up of members from each segment of the industry responsible for the allocation of statutory monies set aside to be spent specifically on promotion of the sport of horse racing in California.

Direct Expenses. For the purposes of this Agreement, the term "Direct Expenses" shall mean all amounts paid out-of-pocket by Alameda and Solano in connection with the combined horse racing meeting, excluding, however, any Non-racing Expenses. ~~Expenses incurred by CARF in the conduct of a combined Fair horse racing meeting, reimbursable by Alameda and Solano, shall be considered Direct Expenses related to racing,~~

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Direct Revenues. For the purposes of this Agreement, the term "Direct Revenues" shall mean all revenue ~~derived from the conduct of racing and parimutuel wagering, including track commissions, intrastate, interstate and international simulcast wagering, Advance Deposit Wagering (ADW), sale of daily racing programs and forms, including racing program, advertising revenues paid to Alameda and Solano through CARE. These revenues shall be considered Direct Revenues related to racing.~~

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Deleted: and all categories of revenues set forth in Exhibit A

Non-racing Expenses. For the purposes of this Agreement, the term "Non-racing Expenses" shall mean any expenses associated with site-specific activities or management activities not directly related to the meeting including: food and beverages, ushers, ticketing, promotions, giveaways, supervision of seats, admissions, security, general fair racing and non race specific advertising, maintenance, janitorial, IT, overhead, depreciation, travel, dues and subscriptions, conferences, meetings, capital improvements and equipment purchases.

Comment [CC6]: Randy Magee will develop more detailed list and description

Non-racing Revenues. For the purposes of this Agreement, the term "Non-racing Revenues" shall mean revenue from site-specific activities including: food and beverage, seat and box seat sales, sponsorships, admissions, general fair racing and non-race specific advertising, group sales, named races, parking fees, annual fees or any other revenues specific to the facility.

Comment [CC7]: Randy Magee will develop more detailed list and description

NOTWInc. *Northern California Off-track Wagering, Inc.* Entity that is responsible for the management of off-track wagering simulcast operations in Northern California.

Racing Employees and Contractors. For the purposes of this Agreement, the term "Racing Employees and Contractors" shall mean those employees not acting as full-time fair employees who belong to a union or are covered under a collective bargaining agreement that

traditionally work in "racing operations" roles that move from meet to meet. These employees and contractors shall be hired, scheduled, supervised and paid by the Fair location that they are working at during the combined horse racing meeting. For example, while the races are held at Solano, Solano shall be responsible for hiring, scheduling, supervising and paying the Racing Employees and Contractors; and while the races are held at Alameda, Alameda shall be responsible for hiring, scheduling, supervising and paying the Racing Employees and Contractors.

Solano County Fair Association. That fair located in Vallejo, California that operates the Solano County Fairgrounds under authorization and agreement of the Board of Supervisors of the County of Solano.

Alameda County ~~Agricultural Fair Association~~. That fair located in Pleasanton, California with an agreement to manage the Alameda County Fairgrounds under authorization from the Board of Supervisors of the County of Alameda.

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3. **TERM**

This Agreement shall become effective as of the earliest date on which the Boards of both parties shall have approved it and authorized representatives shall have signed it. The Agreement shall terminate the later to occur of: (1) February 15, 2010; or (2) thirty (30) days following the date of the final accounting as set forth in Section 5.2 below.

Comment [CC9]: This is the date by which CARF revenue and expense reconciliations are complete for 2009.
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4. **JOINT ACTIVITIES**

4.1 **California Horse Racing Board License Applications.**

Pursuant to Section 19549.1 of the Business and Professions Code and Section 4058 of the Food and Agriculture Code, the parties agree to conduct a combined fair horse racing meeting under the auspices of CARF. The CHRFB has approved CARF's request to designate specified Fair racing dates, including those covered under this agreement, as a combined Fair horse racing meeting. Individual Fair license applications shall be submitted according to the schedule prescribed by the CHRFB. If either the Alameda County Fair application or the Solano County Fair application is rejected, this Agreement shall immediately terminate and the parties shall have no further obligation to each other.

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4.2 **Combined Horse Racing Meeting.** If the applications are approved, the parties shall conduct a combined horse racing meeting in accordance with the terms of this Agreement.

4.2.1 **Apportionment of Racing Days.** At the time of entering into this Agreement the Alameda County Fair has been authorized by the CHRFB to race for 15 days (July 1-19, 2009, inclusive) and to act as the host track on those dates without live racing during those inclusive dates, and the Solano County Fair has been authorized by the CHRFB to race for 5 days (July 22-26, 2009). The combined Fair horse racing meeting subject to the terms of this agreement will be conducted at the Alameda County Fairgrounds for fifteen

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(15) days (July 1-19, 2009 inclusive) and at the Solano County Fairgrounds for five (5) days (July 22-26, 2009 inclusive).

4.2.2. Revenues and Expenses. Direct Revenues and Direct Expenses shall be accounted for in accordance with Section 5 below. The parties shall jointly instruct CARF to remit the revenues from the combined Fair horse racing meeting in the following manner: 1) the first \$150,000 of Direct Revenues as described in Section 2, above, shall be paid via CARF to Solano; 2) the second \$150,000 of Direct Revenues as described in Section 2, above, shall be paid via CARF to Alameda; 3) the next [\$150,000/\$200,000] of net revenues (Direct Revenues less Direct Expenses as reconciled by CARF) shall be paid to Solano on or before February 15, 2010; 4) any additional net revenues (Direct Revenues less Direct Expenses as reconciled by CARF) over [\$450,000/\$500,000] shall be paid to Alameda on or before February 15, 2010. CARF agrees to calculate, reconcile and remit net revenues (Direct Revenues less Direct Expenses) in as timely a manner as is practicable.

4.2.3. Status of Employees and Contractors. While the races are held in Solano, all Racing Employees and Contractors shall be deemed to be the employees and contractors of Solano. While the races are held in Alameda, all Racing Employees and Contractors shall be deemed to be the employees and contractors of Alameda.

4.2.4. Labor Relations. The parties shall give joint notification to all affected unions of the combined horse racing meeting. The notice shall make it clear that "labor policies" shall be determined in accordance with the rules of the party hosting the races. For example, when the races are held in Alameda, the "labor policies" rules of Alameda shall be applied to union members, and when the races are held in Solano, the "seniority" rules of Solano shall be applied to union members.

4.2.5. Cancellation of Racing Dates. The parties agree that in the event that racing dates are cancelled at Alameda County Fair, the division of revenues described above shall be reduced pro rata as follows: for the first racing day cancelled, the amounts payable to each party will be reduced by one-fifteenth (1/15) or 6.67%, for a second day cancelled, the amounts payable to each party will be reduced by two-fifteenths (2/15) or 13.34%; and so forth. *Example:* in the event that one day of racing is cancelled during the racing conducted at Alameda County Fair, the first \$139,995 of Direct Revenues as described in Section 2, above, shall be paid via CARF to Solano; 2) the second \$139,995 of Direct Revenues as described in Section 2, above, shall be paid via CARF to Alameda; 3) the next [\$139,000/\$186,660] of Direct Revenues as described in Section 2, above, shall be paid via CARF to Solano; 4) any additional traditional gross net revenue receipts shall be paid via CARF to Alameda, and so forth.

5. SHARED REVENUES AND EXPENSES.

5.1 Unusual Expense. Neither party shall incur any unusual or extraordinary expense that it expects to be included under the Direct Expenses without first seeking the other party's concurrence in writing that it is an appropriate Direct Expense.

~~Deleted: 4.2.2 Name of Event: Licensing of Trademark. The name of the combined fair horse racing meeting shall be "Sonoma-Solano Wine Country Racing." Solano acknowledges and agrees that the term "Wine Country Racing" is a trademark owned by Sonoma. Sonoma hereby grants to Solano a non-exclusive, personal, non-transferable right to use the trademark, which right is strictly limited to use of the trademark in connection with races held by Solano under the terms of this Agreement. Solano acknowledges and agrees that Sonoma retains all rights in the trademark, and that Solano shall acquire no rights in the trademark, except as expressly granted in this Agreement. Solano agrees that it will use the trademark solely as provided herein, and will not use the trademark in any way that will diminish Sonoma's goodwill in the trademark. Solano agrees that it will not adopt, use or register any name, corporate name, trade name, trademark, service mark, or other designation similar to the trademark. Solano agrees to identify the trademark as a trademark owned by Sonoma, by use of the designation "TM" after the trademark, and use of a footnote similar to the following: "Wine Country Racing" is a trademark of the Sonoma County Fair and Exposition, Inc. Solano agrees that it will use the trademark solely in connection with racing events that meet industry standards and that are of at least equal quality to the racing events held by Sonoma. If Sonoma determines, in its sole discretion, that Solano has breached any provisions of this section, Sonoma may immediately terminate this Agreement.~~

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~~Comment [CC10]: CHECK THIS DESCRIPTION OF THE DIVISION OF REVENUES~~

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~~Deleted: traditional gross net revenue receipts~~

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~~Deleted: 60% of the traditional gross net revenue receipts paid via CARF to Sonoma~~

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~~Deleted: Condition Book Program: Over-Indulgement of Purse. The parties agree that the condition book program shall be used to determine the amount of purse to be awarded to the winner of each race.~~

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5.2 Reconciliations. Each party shall prepare and provide to the other party as soon as practicable after the combined horse racing meeting, a report detailing the Direct Expenses it expended. All Direct Expenses shall be combined and deducted from all Direct Revenues to arrive at the Total Net Revenues. The Total Net Revenues shall be divided as follows: 1) the first \$150,000 of Direct Revenues as described in Section 2, above, shall be paid via CARF to Solano on or before July 31, 2009; 2) the second \$150,000 of Direct Revenues as described in Section 2, above, shall be paid via CARF to Alameda on or before July 31, 2009; 3) the next [\$150,000/\$200,000] of net revenues (Direct Revenues less Direct Expenses as reconciled by CARF) shall be paid to Solano by CARF or by Alameda on or before February 15, 2010, subject to reconciliations between the parties and by CARF for the cost of shared services common to all fair racing operations; 4) any additional net revenues (Direct Revenues less Direct Expenses as reconciled by CARF) shall be paid to by CARF to Alameda on or before February 15, 2010. In addition the parties agree that CARF will allocate \$100,000 from funds held for capital improvements at Alameda County for the purpose of capital improvements to the satellite wagering facility at Solano County Fair. The \$100,000 so allocated may be used solely for the purpose of capital improvements to the satellite wagering facility at Solano County Fair. The parties acknowledge that this \$100,000 allocation by CARF must be approved by the California Department of Food and Agriculture.

5.3 Final Accounting and Adjustment. After completion of the purposes for which this agreement was entered into any surplus money on hand shall be returned to the parties in proportion to the ratio set forth in Section 5.2 above, unless otherwise agreed by the parties in writing.

5.4 Right to Inspect. Each party agrees that the other may inspect at any reasonable time any books, records and property within its control necessary to audit the joint program operations and finances. Nothing herein shall be deemed as waiving any privilege of exemption from disclosure as to third parties which may exist under the Public Records Act or any other provisions of law.

6. MUTUAL INDEMNIFICATION

Each party shall indemnify, defend, protect, hold harmless, and release the other, its officers, agents, and employees, from and against any and all claims, loss, proceedings, damages, causes of action, liability, costs, or expense (including attorneys' fees and witness costs) arising from or in connection with, or caused by any act, omission, or negligence of such indemnifying party. This indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages or compensation payable to or for the indemnifying party under workers' compensation acts, disability benefit acts, or other employee benefit acts.

7. INSURANCE.

Liability Insurance. Both parties agree to keep in force during the term of this Agreement, a policy or policies of comprehensive liability insurance, including public liability and property damage consistent with the coverage traditionally provided by the California Fair Services Authority which is believed by the parties to be Ten Million Dollars (\$10,000,000) combined single limit for each occurrence.

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Comment [CC12]: PAID VIA CARF?
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Deleted: ?]
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Deleted: July 31, 2009
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Deleted: traditional gross net revenue receipts shall be paid [via CARF or?] by Alameda to Solano not later than February 15, 2010
Deleted: traditional gross net revenue receipts shall be paid [v
Deleted: ia
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Deleted: split with Alameda receiving 60% of the Total Net Revenues and Solano receiving 40% of the Total Net Revenues.]
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7.2 Workers Compensation Insurance. Both parties agree to keep in force during the term of this Agreement, a policy or policies of workers' compensation insurance with statutory limits as required by the Labor Code of the State of California. Each party shall provide the other with evidence of such insurance upon demand.

7.3 Catastrophic Injury Insurance. Both parties agree to keep in force during the term of this Agreement, a policy or policies of Catastrophic Injury Insurance for all licensed jockeys.

8. DISPUTE RESOLUTION

Informal Resolution. In the event of any dispute arising between the parties, the general managers of both parties shall first meet and confer in good faith to resolve the dispute. Agreement by the general managers shall be definitive. If the dispute is not resolved by agreement of the general managers, then either party may request that a third party, mutually agreeable to both general managers, render an advisory decision. If the advisory decision is not acceptable to the general managers, then the dispute shall be resolved by the following process:

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8.2 Mediation. The parties agree to mediate any dispute or claim between them arising out of this Agreement or any resulting transaction before resorting to court action.

8.2.1 Fees. The mediation fee, if any, shall be divided equally among the parties involved.

8.2.2 Discovery. In advance of the mediation, the parties shall voluntarily exchange all non-privileged documents requested by the other party that relate to the dispute. Issues concerning discovery shall be submitted to the mediator prior to mediation; the mediator's decision shall be binding upon the parties to the dispute.

8.2.3 Admissibility. Statements made during any mediation proceeding shall not be admissible in a subsequent court proceeding.

8.2.4 Enforcement. If any party commences a court action based on a dispute or claim to which this section applies without first attempting to resolve the matter through mediation, in the discretion of the judge, the other party may apply to such judge for an order staying the court action pending mediation.

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8.3 Judicial Remedies. If the parties cannot resolve the dispute with the assistance of a mediator after not less than thirty days from the date the matter is submitted to the mediator, then either party may commence an action at law or equity.

9. MISCELLANEOUS

9.1 Privileges and Immunities. All of the privileges and immunities from liability, protections under laws, ordinances and rules, all pension, relief, disability, workers compensation, and other benefits which apply to the activities of the officers, agents or employees of the parties as county fair associations or as agents of a county when performing their respective functions, shall apply to the parties to same degree or extent while engaged in the performance of their duties under the provisions of the Agreement.

9.2 No Separate Agency. This Agreement shall not be deemed as creating a separate agency or entity which entails compliance with additional statutory requirements under California Government Codes 6503.5, et seq.

9.3 Law of California. This Agreement shall be interpreted according to the laws of the State of California.

9.4 Binding Nature. This Agreement contains the entire agreement of the parties and shall be binding upon and inure to the benefit of the original parties hereto and any substitute or additional parties who are bound hereby in accordance with the provisions hereof, their successors and assigns.

9.5 Notices. Any notices required by law of this Agreement shall be sufficient if given in writing and deposited in the United States Mail, postage prepaid, addressed to the General Managers of Alameda and Solano at their primary offices and the Executive Director of CAR Deleted: Fair
at its Sacramento office.

9.6 Partial Invalidity. If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement or any joint program shall be to any extent be judged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of thereof shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

9.7 Relationship. Except as specifically set forth in this Agreement, the parties do not intend to create a partnership, joint venture, joint enterprise, or any business relationship. Neither party may act on the other party's behalf except as specifically set forth herein.

9.8 Third Party Beneficiaries. There are no third party beneficiaries to this Agreement, and it may be enforced only by the parties to the agreement.

9.9 Counterparts. This Agreement may be executed in one or more Formatted: Underline
counterparts, and shall be deemed effective as to all signatories as though signed in one document.

9.10 Amendments. This Agreement may only be amended by a further written document signed by each of the parties.

9.11 Time of Essence. Time is and shall be of the essence of this Formatted: Underline
Agreement and of each and every provision contained in this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers.

**AGREEMENT
BY AND AMONGST
ALAMEDA COUNTY FAIR
SOLANO COUNTY FAIR
CALIFORNIA AUTHORITY OF RACING FAIRS**

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SIGNATURES

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SOLANO COUNTY FAIR ASSOCIATION
A non-profit corporation

Comment [CC13]: Confirm

By: _____
Name: _____
Title: _____
Date: _____

ALAMEDA COUNTY ~~AGRICULTURAL FAIR ASSOCIATION~~
A non-profit corporation

Comment [CC14]: Confirm proper legal name.

Deleted: AND EXPOSITION, INC

Comment [CC15]: Confirm.

By: _____
Name: _____
Title: _____
Date: _____

CALIFORNIA AUTHORITY OF RACING FAIRS
A California Joint Powers Authority

Comment [CC16]: DO THE FAIRS WISH TO HAVE CARF AS A SIGNATORY?

By: _____
Name: _____
Title: _____
Date: _____

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NORTHERN CALIFORNIA
2009 SUMMER STABLING SCHEDULE
As of May 28, 2009

San Joaquin Fair

Stockton

Open for stabling and training at no cost Friday May 15 through Sunday, June 28. Stay open for stabling only Monday, June 29 through Tuesday July 7. Stall applications accepted from all breeds. Racing conducted June 18 through June 28.

Stalls available: 695

Contact: Racing Secretary Tom Doutrich

Alameda County Fair

Pleasanton

Open for stabling and training at no cost year-round. Stall applications accepted from all breeds. Racing conducted July 1 through July 19.

Stalls available: 684

Contact: Racing Secretary Tom Doutrich

Solano County Fair

Vallejo

Open for stabling only Wednesday July 8 through Thursday, July 11. Open for stabling and training at no cost Friday July 12 through Sunday, July 26. Stall applications accepted from all breeds. Racing conducted July 22 through July 26.

Stalls available: 560

Contact: Racing Secretary Tom Doutrich

Sonoma County Fair

Santa Rosa

Open for stabling and training at no cost Sunday July 19 through Sunday, August 9. Stall applications accepted from all breeds. Racing conducted July 29 through August 9.

Stalls available: 1,100

Contact: Racing Secretary Tom Doutrich

Humboldt County Fair

Ferndale

Open for stabling and training at no cost Tuesday August 4 through Sunday, August 23. Stall applications accepted from all breeds. Racing conducted August 14 through August 23.

Stalls available: 230

Contact: Racing Secretary Tom Doutrich

California State Fair

Sacramento

Open for stabling and training at no cost Sunday August 19 through Monday September 7 with stabling only from September 8 through Wednesday, September 9. Stall applications accepted from all breeds. Racing conducted August 26 through September 7.

Stalls available: 775

Contact: Racing Secretary Tom Doutrich

Fresno District Fair

Fresno

Open at no cost Thursday, September 10 through Sunday September 20 for moving in of RVs and tack (No horses). Open Monday, September 21 through Sunday October 18 stabling and training. Stall applications accepted from all breeds. Racing conducted October 7 through October 18.

Stalls available: 780

Contact: Racing Secretary Tom Doutrich

NORTHERN CALIFORNIA AUXILIARY STABLING FACILITIES

Golden Gate Fields

Albany

Open for stabling and training at no cost year-round when racing is not being conducted on-site. Stall applications accepted for Thoroughbreds.

Stalls available: 1325

Contact: Racing Secretary Tom Doutrich

Contact: Racing Secretary Sean Greely

Meeting Handouts