



a California joint powers agency

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**NOTICE
CALIFORNIA AUTHORITY OF RACING FAIRS
LIVE RACING COMMITTEE MEETING
11:00 A.M., TUESDAY, MAY 5, 2009
VIA TELECONFERENCE**

Notice is hereby given that a teleconference meeting of the Live Racing Committee will commence at 11:00 A.M., Tuesday, May 5, 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. Approval of Minutes.
- II. Confirmation of June 2nd for Next Meeting, Location to be Determined.
- III. Discussion and Action, if any, on Racing Dates for 2010 and Beyond.
- IV. Discussion and Action, if any, on Agreements with Northern California Off-Track Wagering Inc for Payroll Processing and Other Services.
- V. Discussion and Action, if any, on Public Agency Financing of Infrastructure Improvements to Racing Facilities or for Acquisition of Racing Venues.
- VI. Discussion and Action, if any, on Interim, Temporary or Permanent Closure of Existing Satellite Wagering Facilities or Opening of New Satellite Wagering Facilities.
- VII. Discussion and Action, if any, on Legislative Matters or Statewide Initiatives.
- VIII. Update, Discussion and Action, if any, on Services and Contracts Managed by CARF.
- IX. Report on California Horse Racing Board Action to Designate a Combined Fair Horse Racing Meeting.
- X. Report, Discussion and Action, if any, on Arrangements Between Solano County Fair, Alameda County Fair and California Authority of Racing Fairs for Conduct of One Week of Racing at Alameda County Fair Ending on July 19, 2009.
- XI. Discussion and Action, if any, on Harness Racing at Fairs.
- XII. Executive Director's Report.

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

CALIFORNIA AUTHORITY OF RACING FAIRS

Live Racing Committee

Tuesday, April 7, 2009

Minutes

A meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, April 7, 2009. The meeting was conducted at the Sacramento offices of Kahn, Soares & Conway, 1415 L Street, Suite 400, Sacramento, California, 95814.

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

Staff and Guests attending: Chris Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Margot Wilson, Louie Brown, Dave Elliott, Mike Treacy, Dan White, Lisa Belser and Mae Davis. 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 May 5, 2009 for Next Meeting in Sacramento. The next CARF Board & Live Racing Committee meeting is scheduled for Tuesday, May 5, 2009, in Sacramento.

Agenda Item 3 – Update on the Solano County Fair Race Meet. Mr. Pickering reported that talks are proceeding between he and Mr. Paluszak with regards to future compensation to Vallejo for running what have traditionally been considered Vallejo dates at Pleasanton. Talks are proceeding with the concept of a minimum guarantee from Pleasanton to Vallejo, with Pleasanton receiving excess revenue to a pre-determined threshold. If the threshold is met, a revenue sharing will occur for monies in excess of the second-tier threshold. The dollar figures are still being negotiated.

Mr. Paluszak added that he felt the parties were close to an agreement.

Agenda Item 4 – Update, Discussion and Action, if any, on Services and Contracts Managed by CARF. Mr. Korby reported that a couple of contracts are still out to bid, most notably Winner's Circle photography and program printing. Staff will be ready to report back with a recommendation at the next meeting.

Agenda Item 5 – Update, Discussion and Action, if any, on Summer Racing Program and Negotiations with Horsemen's Organizations. Mr. Swartzlander reported that steps are being introduced to reduce the Emerging Breed purse overpayments. Overnight stakes have been lowered from \$10,000 to \$9,000 and the new contract allows CARF to reduce purses if the handle on Emerging Breed races is insufficient to cover the original purse structure. The Mule Association has signed the contract, the Arabian Association has agreed to it and the Quarter Horse Association would prefer to reduce the purse structure for their races in lieu of reducing overnight stakes.

Starter fees will remain consistent with 2008, \$100 for Thoroughbreds and \$75 for Emerging Breeds. The Fairs will also offer a \$1,000 bonus for overnight stakes starters.

Mr. Doutrich reported that the first TOC meeting went well and the stakes schedule should be approved at the next meeting. CARF is developing one stall application for the Fair Circuit to alleviate horsemen from filling out a stall application every two weeks.

Agenda Item 6 – Update on Recruitment of Horses from Other Jurisdictions. Mr. Swartzlander reported that the Arizona reception received approximately 159 participants. Several trainers committed to bringing their stables to race at the Fairs. The State of Arizona is looking to place slot machines in the racetrack to generate more gaming revenue. Without slots, the future of Turf Paradise seems bleak.

Mr. Doutrich reported that the Oregon horses are not a good fit on the Fair Circuit as a whole, but they will be competitive at Ferndale and could fit at Fresno. Mr. Doutrich felt the quality of horsemen at the Arizona reception was good and that interest was high.

Agenda Item 7 – Update on Prospective New Satellite Facilities. Mr. Carpenter reported that he received a second letter from Rod Blonien, representing Lucky Chance Casino, to install a mini-satellite in the card club. This letter provided more detail regarding how the Lucky Chance mini-satellite “beta test” would cease operation after six months if SMCEC was impacted or an agreement would be reached to compensate SMCEC for decreases in attendance and handle.

After deliberating on the matter, the San Mateo County Event Center Board voted once again not to allow Lucky Chance Casino to install a mini-satellite. The Board still felt that the addition of the mini-satellite would cannibalize San Mateo’s current clientele. The Board is also concerned with allowing the satellite enough time to establish itself in the market before introducing what could be significant competition. The Board also wishes to accelerate debt repayment for costs incurred in building the facility.

Mr. Korby reported that he commissioned Gordon Gong to develop initial renderings and plans for three categories of mini-satellites. These renderings will give Fairs the ability to provide potential partners with a visual representation of what a mini-satellite could look like in their place of business.

Mr. Alkire reported that Kelly Baldwin and several Board members from the Monterey County Fair made a trip to Fresno to see the mini-satellite operation located in Club One Casino. Dan White gave the group a tour of the facility and the Board members seemed excited to develop something similar in the Monterey area.

Agenda Item 8 – Update, Discussion and Action, if any, on Legislative Matters. Mr. Brown reviewed bills being tracked on behalf of CARF. AB 136 (Silva) allows Harness racing to be conducted at one or more racetracks or Fairs in the Northern zone. AB 246 (Price) would require a licensed race meet to hold distributions in trust, not to be used for any other purpose

than payment to distributees as directed by Horse Racing Law. This bill will help protect satellites during any future bankruptcies by racing associations.

AB 734 (Hill) is a CARF sponsored bill that would increase takeout 1% to raise satellite commissions from 2% to 3%. Mr. Brown expects Thoroughbred interests to oppose the bill. Los Alamitos has committed to officially support the bill. The Thoroughbred industry would like to increase takeout and control how it is allocated, which may not be in the best interest of Fair satellites. Support letters have been gathered from Fairs, Fair Associations, Fair Partners and any parties potentially affected such as labor. The goal is to make it as difficult as possible for the Thoroughbred industry to oppose the bill.

Fairs are emphatically encouraged to come to Sacramento on the hearing date for AB 734. A strong presence at the Capitol in support of the bill will make a huge impact.

AB 763 (Chesbro) would give Humboldt County Fair the ability to accept wagers on additional out-of-state races and derive additional revenue from those wagers.

AB 1499 (Evans) would provide workmen's compensation coverage, from a deduction in Emerging Breed exotic wagers, to Emerging Breed horsemen. This is the same bill that was in effect in 2008 which was scheduled to sunset in 2009.

Mr. Korby reported that CARF has been working closely with Rick English, representing Los Alamitos, to solve some of the problems facing the night signal at satellites and work together in common causes. The relationship thus far has been very positive.

Agenda Item 9 – Update on Discussions with Golden Gate Fields on Its Use for Fair Racing in 2009. Mr. Korby reported that he and Robert Hartman, General Manager at Golden Gate Fields (GGF), are moving forward to establish a contract between CARF and GGF to sublease the GGF property for the purpose of operating two CARF race meets (six weeks).

Agenda Item 10 – Executive Director's Report. SB 16XX changes the method by which the California Horse Racing Board's budget is funded. CARF supported a formula that reflects what had been paid in license fees in past years. Since tracks were the beneficiaries of the new deal, it makes sense that they share the costs of the CHRB proportionally. Mr. Korby circulated a spreadsheet, supported by the entire racing industry, to allocate CHRB costs among all racing associations. This proposed allocation plan has been forwarded to the CHRB.

Respectfully submitted,

Heather Haviland

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
6						

GGF Fall=Winter	81
GGF Spring	75
Total GGF	156

Summer Fairs	55
Yolito @ 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					
7						

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			
9						

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
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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

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
	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						

March

Su	Mo	Tu	We	Th	Fr	Sa
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7	8	9	10	11	12	13
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28	29	30	31			

April

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	

May

Su	Mo	Tu	We	Th	Fr	Sa
						1
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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
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

July

Su	Mo	Tu	We	Th	Fr	Sa
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4	5	6	7	8	9	10
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18	19	20	21	22	23	24
25	26	27	28	29	30	31

August

Su	Mo	Tu	We	Th	Fr	Sa
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22	23	24	25	26	27	28
29	30	31				

September

Su	Mo	Tu	We	Th	Fr	Sa
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October

Su	Mo	Tu	We	Th	Fr	Sa
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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
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14	15	16	17	18	19	20
21	22	23	24	25	26	27
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December

Su	Mo	Tu	We	Th	Fr	Sa
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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 Washington's Birthday | Oct 11 Columbus Day (Most regions) | 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

DRAFT-For Internal Use Only
Korby—January 16, 2009
Revised April 8, 2009
[decision items in brackets]

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:
Section 19605.74 is hereby added to the Business and Professions Code:

19605.74 (a) The Legislature finds and declares that the existence of high caliber thoroughbred racing in California is important to this state's agricultural economy and a source of employment for thousands of Californians. The California horse racing industry is being threatened by the potential closure of one or more thoroughbred racing venues with a consequent shortage of facilities at which thoroughbred race horses can race, stable and train. It is the intent of the Legislature to establish a fund to be utilized for the financing of capital improvements, for the acquisition of real property and for the improvement or development of infrastructure required for the racing, stabling and training of thoroughbred race horses in [Northern] California through the redistribution of the parimutuel handle on all [exotic] wagers made on thoroughbred races and emerging breed races run in the [Northern] Zone. [This section shall be known as the California Racing Infrastructure Development and Economic Stimulus Act of 2009.]

(b) Notwithstanding Section 19610, every thoroughbred association or fair that conducts a racing meet in the [Northern] Zone shall deduct an additional amount not to exceed [three] percent of the total amount handled in all parimutuel pools of [exotic] wagers on thoroughbred races or on emerging breed races to be used for the purposes set out in subdivision (a). The amount initially deducted and distributed pursuant to this section shall be [one] / [two] / [three] percent of the total amount handled in all parimutuel pools of [exotic] wagers on thoroughbred races or emerging breed races at Fairs run in the [Northern] Zone, but that allocation may be adjusted by the board, except that any adjustment by the board shall ensure funds sufficient to meet the intent of subdivisions (f)(3) and (f)(4) herein. In any event, however, the adjusted amount may not exceed [three] percent of the amount handled in all parimutuel pools of [exotic] wagers on thoroughbred races or emerging breed races run in the [Northern] zone, to finance capital improvements, to acquire real property or to develop infrastructure required for the racing, stabling and training of thoroughbred race horses in the [Northern] Zone.

(c) The funds collected pursuant to subdivision (b) from all parimutuel pools on [exotic] wagers on thoroughbred races or emerging breed races run in the [Northern] arising out of wagering activities within the inclosure of a thoroughbred association or fair conducting a race meeting, at all satellite wagering facilities within this state, and through advance deposit wagering by residents of this state, shall be distributed to the organization described in subdivision (e) to be used in accordance with subdivision (f).

(d) Any thoroughbred association or fair that authorizes a betting system located outside of this state to accept wagers on its races and to combine those wagers in the association's or fair's [exotic] wagers parimutuel pools, including, but not limited to, a

multi-jurisdictional wagering hub as to wagers made by residents other than those of this state, shall deduct the amount specified in subdivision (b) in addition to any other applicable deductions specified in law. The amount deducted pursuant to this subdivision shall be distributed to the organization described in subdivision (e) to be used in accordance with subdivision (f). This additional deduction shall not be included in the amount on which license fees are determined pursuant to Section 19602 or Section 19616.51.

(e) The organization shall be the California Authority of Racing Fairs, or its successor, a joint powers agency formed pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code. The organization shall account annually to the California Horse Racing Board with respect to the expenditure and distribution of funds received by the organization pursuant to subdivisions (c) and (d), and shall obtain an independent audit of fund generation and distribution. A copy of the completed audit shall be forwarded to the California Horse Racing Board within 45 days of its receipt by the organization.

(f) (1) The amount distributed to the organization described in subdivision (e) shall be deposited by that organization in separate accounts and such funds and any interest thereon shall be expended for the financing of such capital improvements as are deemed necessary and appropriate in the [Northern] zone by the organization described in Section 19607.2 to provide adequate stabling training and related facilities for thoroughbred horse racing in the [Northern] zone

(f) (2) Any financing plan or proposal shall be submitted to and approved by the organization described in subdivision (e) prior to any expenditure of funds, pursuant to this subsection. However, such approval may be withheld solely on the basis that funds generated pursuant to subdivision (b) are not sufficient for repayment of debt to finance the improvements determined by the joint resolution described in this subdivision.

(f) (3) Such approval by such organization may provide for the payment of such amounts to one or more joint powers agencies for the repayment of the principal of, interest on, and costs of issuance of, and as security, including any coverage factor, pledged to the payment of, bonds issued or to be issued by such joint powers agency or other debt service or expense, including repayment of any advances made or security required by any provider of credit enhancement or liquidity for those bonds or other indebtedness or expenses of maintaining that credit enhancement or liquidity, incurred for the purpose of constructing or acquiring improvements or the purchase of real property to provide adequate facilities for racing, stabling and training thoroughbred race horses at fairgrounds in the [Northern] Zone or for the purpose of refunding bonds or other indebtedness incurred for those purposes.

(f) (4) As used in this subsection (f) "coverage factor" means revenues in excess of the amount necessary to pay debt service on the bonds or other indebtedness, up to an amount sufficient to meet the needs and requirements of the credit markets, which such joint powers agency, pursuant to the resolution of indenture under which the bonds or other indebtedness are or will be issued, pledges as additional security for the payment of

that debt service or as is required to have or maintain as a condition to the issuance of additional bonds or other indebtedness.

(g) It is the intent of the Legislature in enacting this section to provide the revenues necessary for the financing by one or more joint powers agencies of the facilities and improvements described in subparagraph (f)(1) and (f)(3) of this section all of which shall be deemed to be public capital improvements within the meaning of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code. Payments described in paragraph (f)(1) of this section shall continue through whatever period of time is necessary to repay any borrowings of joint powers funding mechanism, including, but not limited to, retirement of bonded indebtedness, loan repayments, and monthly payments involving lease-purchase programs made by a joint powers agency to finance the improvements referenced in subparagraph (f)(1) of this section.

(h) The State of California does hereby pledge to the holders of any bonds or other indebtedness, and with those joint powers agencies which may enter into agreements with firms or other third parties or authorize bonds or other indebtedness to be issued, in reliance on the allocations set forth in this section, that the State will not alter or change the structure of funding and deposits set forth in, or the pledge of funds for debt service, security, including any coverage factors, and expenses, pursuant to this section until the bonds and other indebtedness are fully paid or discharged. However nothing precludes any alteration or change, if and when, adequate provision has been made by law for the payment of debt service on the bonds and other indebtedness, and the right to so alter or change is hereby reserved. Joint powers agencies may include this pledge and undertaking of the State in the bonds or agreements evidencing other indebtedness.

(i) The approval described in (f)(3) shall provide for the disbursement to the organization described in Section 19607.2 of any funds over and above those necessary to accomplish the financing of improvements referred to subsection (f)(1) and (f)(3) including any required coverage factor and reserves. The organization described in Section 19607.2 shall thereafter annually disburse the total amount so received solely for any or all of the following purposes: the amount, if any, required to insure that stabling and vanning funds provided for in section 19607.1 of this code are sufficient to cover the expenses of vanning and stabling in the [Northern] zone; and alternatively or additionally; to pay down the principal on any bonded indebtedness incurred to provide and maintain adequate racing, stabling and training facilities, including the purchase of real property, in the Northern zone, and, additionally or alternately, to supplement thoroughbred purses paid in the Northern zone; to promote and market thoroughbred racing in the [Northern] zone, which purpose may include supplemental additions to parimutuel pools in order to promote racing events in the Northern zone.

Section 19606.1 is amended as follows:

19606.1. (a) Except as otherwise provided in Section 19606.3, all revenues distributed to the state as license fees from satellite wagering facilities shall be deposited in a separate account in the

fund and, notwithstanding Section 13340 of the Government Code, are continuously appropriated from that account to the Department of Food and Agriculture, for allocation by the Secretary of Food and Agriculture, at his or her discretion, for the purposes set forth in paragraphs (1) to (6), inclusive. The concurrence of the Director of Finance shall be required for allocations pursuant to paragraphs (1) and (2). Allocations pursuant to paragraphs (3) to (6), inclusive, shall be made with the concurrence of the Joint Committee on Fairs Allocation and Classification.

(1) For the repayment of the principal of, interest on, and costs of issuance of, and as security, including any coverage factor, pledged to the payment of, bonds issued or to be issued by a joint powers agency or other debt service or expense, including repayment of any advances made or security required by any provider of credit enhancement or liquidity for those bonds or other indebtedness or expenses of maintaining that credit enhancement or liquidity, incurred for the purpose of constructing or acquiring improvements at a fair's racetrack inclosure, a fair's race track grandstand, a fair's race track surface, a fair's race track barn and stable area, satellite wagering facilities at fairs, health and safety repair projects, or handicapped access compliance projects at fairs or for the purpose of refunding bonds or other indebtedness incurred for those purposes. As used in this paragraph, "coverage factor" means revenues in excess of the amount necessary to pay debt service on the bonds or other indebtedness, up to an amount equal to 100 percent more than the amount of that debt service, which a joint powers agency, pursuant to the resolution or indenture under which the bonds or other indebtedness are or will be issued, pledges as additional security for the payment of that debt service or is required to have or maintain as a condition to the issuance of additional bonds or other indebtedness. Notwithstanding any other provision of law, the department may also commit any funds available for allocation under Article 10 (commencing with Section 19620) to complete projects funded under this paragraph in the priority described in this paragraph.

(2) For payment to the State Race Track Leasing Commission to be pledged for the repayment of debt necessary to construct a racetrack grandstand at the 22nd District Agricultural Association fairgrounds. This payment shall be made only if the Secretary of Food and Agriculture determines, annually, that all other pledged revenues have been applied to the repayment of that debt and have been determined by the secretary to be inadequate for that purpose.

(3) For the payment of expenses incurred in establishing and operating satellite wagering facilities at fairs.

(4) For the support of an equipment and operating fund to produce and display a consolidated California signal at satellite wagering facilities and fairs.

(5) For health and safety repair projects at fairs, which includes fire and life safety improvement projects, California Code of Regulations compliance projects, and long-term deferred maintenance projects.

(6) For the development and payment of revenue generating projects, the establishment of pilot projects to restructure the current fair system, and for projects realizing a cost savings for more efficient utilization of existing fair resources.

(b) The Secretary of Food and Agriculture may not make an allocation for purposes of paragraphs (2) to (6), inclusive, of subdivision (a) until the payments required in any fiscal year pursuant to paragraph (1) of subdivision (a) have been funded.

(c) Pursuant to subdivision (a), the Joint Committee on Fairs Allocation and Classification shall review and concur, or not concur, with the secretary's determination of the allocations to be made pursuant to paragraphs (3) to (6), inclusive, of subdivision (a) in total, and the committee may not add to, or delete projects or line items from, the proposed allocations.

(d) Approval of the Joint Committee on Fairs Allocation and Classification is deemed complete when one of the following conditions is met:

(1) The annual budget act is enacted.

(2) If the secretary's recommendations are received by the Joint Committee on Fairs Allocation and Classification after the enactment of the annual budget act, the recommendations shall be deemed approved 30 days after they are received unless they are rejected by the committee.

(e) If the Joint Committee on Fairs Allocation and Classification does not concur with the secretary's recommendations, the secretary may submit another set of recommendations to the committee pursuant to this section.

(f) The payments required in any fiscal year for the purposes of paragraphs (1) to (3), inclusive, of subdivision (a) shall be made before any transfer is made pursuant to subdivision (g).

(g) Except as otherwise provided in subdivision (f), when the revenues deposited in the separate account exceed eleven million dollars (\$11,000,000) in any fiscal year, 98 percent of the amount in excess of eleven million dollars (\$11,000,000) shall be transferred to the Fair and Exposition Fund for allocation in accordance with Sections 19620.1 and 19630.

(h) All of the costs of administering the accounts created by subdivision (a) and Section 19606.3 shall be charged to the respective accounts.

Korby
January 2009

REDWOOD ACRES

Ninth District Agricultural Association
 3750 Harris Street, Eureka, California 95503-0854
 Phone: (707) 445-3037 • Fax: (707) 445-1583
 ninthdaa@pacbell.net • www.redwoodacres.com



April 21, 2009

Mr. Kirk Breed, Executive Director
 California Horse Racing Board
 1010 Hurley Way
 Sacramento, CA 95815

Dear Mr. Breed,

In the past few years, satellite wagering at Redwood Acres Fair in Eureka has not been profitable. Tribal casinos, ADW, rising costs and most recently the downturn in the economy have all had a negative effect on our profitability. When the Magna bankruptcy interrupted Golden Gate Fields' satellite location fee payments, our financial situation worsened. Our Board was compelled, regrettably, to consider shutting down satellite wagering altogether.

Before making that decision, however, our Board met with satellite patrons in an open meeting to discuss all the options available. As a result of that meeting, our Board has elected to continue satellite operations, but on a reduced schedule of Thursday through Sunday. Our Board believes by reducing operations one day per week, our losses will be cut to a point our Fair can sustain satellite operations into the future. If our losses continue, we will need to revisit this issue at that time.

We wish to respectfully notify CHRB fifteen days in advance that this change in schedule will take place effective May 5. The following Thursday on May 7, we plan to be open on a Thursday through Sunday schedule.

Our Board regrets it must reduce the satellite schedule, but our financial situation leaves us few choices. We are staying open on a reduced schedule to serve our loyal patrons, to continue our commitment to the racing industry and to determine whether we can sustain operations through a reduction in costs.

Respectfully submitted,

Larry Ford
 CEO

Cc: CARF; F&E; GGF; Local 280 Parimutuel Guild

DIRECTORS

Mr. Scott Downie, President
 Mr. Bob Borck
 Ms. Cynthia Borges
 Mr. Terry Coltra
 Mrs. Dorene Egerer
 Mr. Pat Fulton
 Mr. Dave Jackson
 Mr. Ed Laldlaw
 Mr. Raymond Wilson

Chief Executive Officer
 Larry Ford, Jr.



Chris and Melanie,

Via e-mail April 16, 2009

San Mateo Fair's decision to close down satellite wagering in Cypress Hall for a week, remove all the tote terminals and then re-install the tote equipment after Memorial Day week causes us serious concern. This holiday week comes just before the third leg of the Triple Crown series, during the most important six-week period in the racing calendar. The loss of revenue to all those who rely on revenues generated from satellite wagering, including your Fair, is irrecoverable. The inconvenience to San Mateo satellite wagering patrons will be considerable.

Now, as recently as Wed. afternoon (4/15), we are hearing the closure is even longer than originally announced. Your SWF Supervisor has notified GGF that the SM Fair will begin the removal of all furniture and tote terminals in the Southern two-thirds of Cypress Hall on Monday, May 18. He states that they will not be returned to service until Monday June 1.

Let's consider for a moment the commitments and efforts that led up to a satellite wagering facility at San Mateo. We both know what went into the effort; we were there together. Some of us went above and beyond the call of duty to get the project underway and to carry it to completion. There was tremendous teamwork from CARF, CDFA, F&E and CCA to put the financing together, align all the political stars and then actually build the facility for your Fair.

Forced to do so by the actions of Bay Meadows, we committed to an accelerated construction timetable that would provide uninterrupted satellite facility operations in one of our most important regional markets: San Mateo.

We all made this effort because we knew that if we were successful it would benefit your Fair and benefit the entire racing industry in Northern California. Our efforts were blessed with success beyond even the most optimistic forecasts, largely because we were able to get an attractive, functional facility open and operating within two days after Bay Meadows closed its doors. This took a tremendous effort by an experienced team working on your behalf.

We also committed to an approach that would allow your Fair to keep all the

financial benefits from operating a satellite. In the end, we made it possible to finance and build the facility in such a manner that you could operate it yourselves and realize 100% of the financial benefits of doing so.

The commitment in time, money and effort to build the satellite facility at San Mateo came from people and from organizations expecting that San Mateo Fair would show a reciprocal commitment to the racing industry.

There's another important back-story to note here. Three years ago, the CARF Board of Directors made a significant shift in the basis on which it recommended allocation of project funding. The basis for decisions on funding allocations became fully strategic. Rather than allocating funds to many Fairs, so that everyone got something, the CARF Board determined that funding allocation decisions reflect a fully strategic approach. Recognizing the substantive changes on the horizon because of Bay Meadows impending closure, the CARF Board decided at that time that allocations over the next three years be targeted to just two purposes, both important for the longer-term health of racing in Northern California. One set of allocations was for infrastructure improvements to racing facilities at Alameda County Fair, which was assuming a new role with the departure of Bay Meadows. The other allocation was for construction of a satellite wagering facility at San Mateo Fair to replace the satellite at Bay Meadows, largest in the North.

Stated in a different way, the CARF Board voted that some CARF member Fairs would lose funding so that it could allocate more money to building a satellite facility at San Mateo. Other Fairs gave up their place in line so that funding could go first to Pleasanton and to San Mateo. The CARF Board did this on the basis that this project was critical to the long-term health of racing in our region.

It's worth repeating: the commitment in time, money and effort to build the satellite facility at San Mateo came from people and from organizations expecting that San Mateo Fair would show a reciprocal commitment to the racing industry.

Consequently, you can imagine the reaction when San Mateo Fair announced that it intends to close half its facility during a holiday week mid-way through the Triple Crown series. Everyone who relies on racing revenues

looks to this period as the most important of the year. It's even more critical this fiscal year, which has seen crippling declines since last summer.

Both CARF and F&E made loans to San Mateo Fair to enable the financing that built your facility. Those loans are secured by revenue from satellite wagering. There were expectations that came with those loans, expectations that the facility would operate at full capacity year-round. We believe that this is an important enough matter that we will be putting it on the agenda for discussion at the next CARF Board meeting on May 5. We ask that representatives of the San Mateo Fair be present for that discussion.

There's another important operational matter to add to the consideration. In late May, the Northern California Scientific Games technical staff is fully deployed, preparing for the Fair circuit which begins mid-June at Stockton. The Triple Crown events already stretch their regional resources to the limit. If removal and re-installation of tote equipment at Cypress Hall is added to their workload, either another racing/satellite facility will go short or SciGames will be compelled to draw in crews from other jurisdictions. In any event, a Cypress Hall closure will add to costs for San Mateo Fair.

I am obliged to respectfully disagree with your characterization of the maker Fair as an "anchor tenant". Satellite wagering is the anchor tenant for those buildings. Satellite wagering at the San Mateo Fair will probably represent \$60-70 million in handle during its first year of operation. This will generate somewhere between \$1.2 and \$1.4 million in direct commissions to the Fair. Satellite wagering operates year-round. The maker Fair runs for less than a week. I'm sure it will generate nowhere near the millions in business generated by satellite wagering.

You should know that racing stakeholders in Northern California are shaking their heads in disbelief at this decision. Racing in California is in such a fragile condition that we cannot afford the lost revenues that will result from decisions like this.

San Mateo Fair now benefits from racing to an even greater extent than it ever did in the past. We helped your Fair build and operate the satellite in such a manner that you reap significant financial rewards. Now is the time to show your commitment to the industry that has brought your Fair such

a thriving and prosperous franchise.

I hope you can appreciate that I'm expressing this firm and unequivocal position to convey the importance with which we and others regard this matter.

We urge you to reconsider your decision: keep Cypress Hall and your full satellite facility open every day throughout the Triple Crown series and through the Memorial Day week. We are asking that you find another location for the other event.

Best regards,
--Chris

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

Christopher Korby

From: "Hartman, Robert" <Robert.Hartman@goldengatefields.com>
To: <korby@caifairs.net>
Sent: April 19, 2009 11:47 AM
Subject: FW: FW: Cypress Hall closure

I asked them to let us try to resolve this ourselves on Thursday.

From: John Harris [mailto:JohnHarris@HarrisFarms.com]
Sent: Friday, April 17, 2009 2:45 PM
To: disrael17; Hartman, Robert; Breed, Kirk E.; ccarpenter@smeventcenter.com
Cc: Charles, Ron; RBlonien@aol.com; Drew J. Couto; JackieW@chrb.ca.gov
Subject: RE: FW: Cypress Hall closure

I would assume that we can add an additional item to our agenda for our upcoming meeting if we notice it and get board approval for the insertion when we do have the meeting.

Kirk Breed and Bob Miller, and Jackie are the ones that need to advise on this.

But other than just serve as a bully pulpit forum , I am not sure exactly what we can do about it. It is distressing that San Mateo County Fair is withholding the approval of the Lucky Chance (I love that name) Satellite, which is 18 miles away. Surely there must be some way to mitigate any incremental losses that SM County Fair would incur and racing in total should benefit from the additional satellite in an area that may well work well. How about all sides agreeing to let that issue go to mediation or arbitration?

From: disrael17 [mailto:disrael17@aol.com]
Sent: Friday, April 17, 2009 2:25 PM
To: Hartman, Robert; John Harris
Cc: Charles, Ron; RBlonien@aol.com; Drew J. Couto
Subject: Re: FW: Cypress Hall closure

Robert:

Thank you for the email. I share your concern.

John might know the answer to this, but I'll ask anyway: Is there any way you can bring this before the board as an emergency issue next week?

05/01/2009

If there is, please offer a recommended remedy - both long term and short term, including action by the board and/or the legislature. And if you can, please explain how difficult will it be to eliminate the 20 mile zone provision if that is the preferred solution, and what the ramifications of that might be.

If it makes the agenda next week, also please provide us with information on the projected financial impact of this specific closure and of a series of closures such as this one if it has a domino effect. What will be lost in revenue to the tracks, the horsemen and in taxes to state and local governments? And please remember to include the potential income tax generated by purse money.

In the meantime, let me ask an obvious question: In return for your signal is there no contractual requirement for certain performance by the satellite facility? Are they really allowed to cherry pick days?

DI

On Apr 17, 2009, at 10:48:21 AM, "Hartman, Robert" <Robert.Hartman@goldengatefields.com> wrote:

From: "Hartman, Robert" <Robert.Hartman@goldengatefields.com>

Subject: **FW: Cypress Hall closure**

Date: April 17, 2009 10:48:21 AM PDT

To: "John Harris" <JohnHarris@HarrisFarms.com>, disrael17@aol.com

Cc: "Charles, Ron" <Ron.Charles@santaanita.com>, RBlonien@aol.com, "Drew J. Couto" <dcouto@toconline.com>

John & David,

I want to be sure you were aware of this issue regarding the San Mateo

County Fair satellite facility as outlined in emails below. We are starting to run into issues with Fairs that have decided there is a higher and better use for their satellite facility (or a portion of their facility) on given days/weeks. In this case, San Mateo is closing

one of their two buildings to accommodate another event for a week and a

half. This will not only inconvenience loyal customers, it will have a

negative impact on commissions, purses and other racing-related funds during Memorial Day Week -- one of the busiest times of the year.

There

is no question that customers will not be able to fit in the one remaining building and there won't be enough betting machines available

there.

I'm not sure how the Board can remedy the situation, but we are once

05/01/2009

again shooting ourselves in the foot. What is even more disappointing,

is that we have the Lucky Chances Casino wanting to open us a mini satellite about 18 miles away from this satellite and San Mateo is refusing to grant them permission as they are within their 20-mile zone.

There is a tremendous opportunity to have poker players introduced to our sport, but once again we are being close minded. I believe that Lucky Chances even offered San Mateo their a large portion of their 2%

commission and was willing to offer racing as an amenity to their customers without making much of a profit! But, San Mateo still refused. I've copied Rod Blonien as he has worked tirelessly to work out

a deal amongst the parties.

The bottom line is that Fairs are standing by their territorial rights,

yet they can't make a full commitment to racing.

Robert

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

From: chris carpenter [mailto:ccarpenter@smeventcenter.com]

Sent: Thursday, April 16, 2009 10:56 AM

To: Christopher Korby; Melanie Hildebrand

Cc: Hartman, Robert; Drew Couto; John Alkire; Mike Treacy

Subject: RE: Cypress Hall closure

Importance: High

Chris:

I think the best approach to this is to set-up a meeting, sooner rather

than later to discuss. We are willing to do whatever we can to minimize

the impact, but I must say that we have informed the industry of this closure for quite sometime, and this is the only large event that will

occur and take all of Cypress Hall. Again, we have been forthright in our communication to all regarding this event booking. This is an anchor event not only to the SMCEC, but the City and County of San Mateo, they produce around \$5 million's in impact to hotels, restaurants

and other businesses. When we negotiated with this group, they initially wanted Kentucky Derby weekend, we obviously said no, they also

wanted the weekend of Preakness, we also said no, and finally settled

05/01/2009

on
this weekend.

Please understand that we initially did not know that Cypress Hall would be taken off the market for the SMCEC Rentals.....this is a big impact to our operational budget. However, because the SWF business is there to warrant this loss of another venue, we are greatly minimizing the impact.

The reality is, we have a binding agreement with Maker Faire, and honestly everyone has been aware of this event booking for months.

Having said all this, I will make myself available for a meeting very soon with all parties you feel are appropriate and will clear my schedule to make it happen, if I can. How do you want to handle setting this meeting up? Would you like me to begin by offering some available dates?

At the end of the day, we will do whatever we possibly can, however, we need to honor the Maker Faire agreement.

Chris A. Carpenter, CFE
General Manager
San Mateo County Event Center
T - 650-574-3891 F - 650-574-3985
ccarpenter@smeventcenter.com

P please consider the environment before printing this e-mail

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

From: Christopher Korby [mailto:korby@calfairs.net]
Sent: Thursday, April 16, 2009 10:40 AM
To: chris carpenter; Melanie Hildebrand
Cc: Robert Hartman; Drew Couto; John Alkire; Mike Treacy
Subject: Re: Cypress Hall closure
Importance: High

Chris and Melanie,

San Mateo Fair's decision to close down satellite wagering in Cypress

05/01/2009

Hall for a week, remove all the tote terminals and then re-install the tote equipment after Memorial Day week causes us serious concern. This holiday week comes just before the third leg of the Triple Crown series, during the most important six-week period in the racing calendar. The loss of revenue to all those who rely revenues generated from satellite wagering, including your Fair, is irrecoverable. The inconvenience to San Mateo satellite wagering patrons will be considerable.

Now, as recently as Wed. afternoon (4/15), we are hearing the closure is even longer than originally announced. Your SWF Supervisor has notified GGF that the SM Fair will begin the removal of all furniture and tote terminals in the Southern two-thirds of Cypress Hall on Monday, May 18. He states that they will not be returned to service until Monday June 1.

Let's consider for a moment the commitments and efforts that led up to a satellite wagering facility at San Mateo. We both know what went into the effort; we were there together. Some of us went above and beyond the call of duty to get the project underway and to carry it to completion. There was tremendous teamwork from CARF, CDEA, F&E and CCA to put the financing together, align all the political stars and then actually build the facility for your Fair.

Forced to do so by the actions of Bay Meadows, we committed to an accelerated construction timetable that would provide uninterrupted satellite facility operations in one of our most important regional markets:
San Mateo.

We all made this effort because we knew that if we were successful it would benefit your Fair and benefit the entire racing industry in Northern California. Our efforts were blessed with success beyond even the most optimistic forecasts, largely because we were able to get an attractive, functional facility open and operating within two days after Bay Meadows closed its doors. This took a tremendous effort by an experienced team working on your behalf.

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There's another important back-story to note here. Three years ago,
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construction of a satellite wagering facility at San Mateo Fair to
replace the satellite at Bay Meadows, largest in the North.

Stated in a different way, the CARF Board voted that some CARF member
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place in line so that funding could go first to Pleasanton and to San
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the satellite facility at San Mateo came from people and from
organizations expecting that San Mateo Fair would show a reciprocal
commitment to the racing industry.

Consequently, you can imagine the reaction when San Mateo Fair announced that it intends to close half its facility during a holiday week mid-way through the Triple Crown series. Everyone who relies on racing revenues looks to this period as the most important of the year. It's even more critical this fiscal year, which has seen crippling declines since last summer.

Both CARF and F&E made loans to San Mateo Fair to enable the financing that built your facility. Those loans are secured by revenue from satellite wagering. There were expectations that came with those loans, expectations that the facility would operate at full capacity year-round. We believe that this is an important enough matter that we will be putting it on the agenda for discussion at the next CARF Board meeting on May 5. We ask that representatives of the San Mateo Fair be present for that discussion.

There's another important operational matter to add to the consideration. In late May, the Northern California Scientific Games technical staff is fully deployed, preparing for the Fair circuit which begins mid-June at Stockton. The Triple Crown events already stretch their regional resources to the limit. If removal and re-installation of tote equipment at Cypress Hall is added to their workload, either another racing/satellite facility will go short or SciGames will be compelled to draw in crews from other jurisdictions. In any event, a Cypress Hall closure will add to costs for San Mateo Fair.

I am obliged to respectfully disagree with your characterization of the maker Fair as an "anchor tenant". Satellite wagering is the anchor tenant for those buildings. Satellite wagering at the San Mateo Fair will probably represent \$60-70 million in handle during its first year of operation. This will generate somewhere between \$1.2 and \$1.4 million in direct commissions to the Fair. Satellite wagering operates year-round. The maker Fair runs for less than a week. I'm sure it

05/01/2009

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generate nowhere near the millions in business generated by satellite
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You should know that racing stakeholders in Northern California are
shaking their heads in disbelief at this decision. Racing in
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it ever did in the past. We helped your Fair build and operate the
satellite in such a manner that you reap significant financial
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Now is the time to show your commitment to the industry that has
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your Fair such a thriving and prosperous franchise.

I hope you can appreciate that I'm expressing this firm and
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position to convey the importance with which we and others regard
this
matter.

We urge you to reconsider your decision: keep Cypress Hall and your
full satellite facility open every day throughout the Triple Crown
series and through the Memorial Day week. We are asking that you find
another location for the other event.

Best regards,
--Chris

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

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05/01/2009

California Authority of Racing Fairs**Legislative Report - Last 10 Days**

5/1/2009

AB 136 (Silva) Horse racing: imported harness or quarter horse races. (A-04/29/2009 [html](#) [pdf](#))

Status: 04/30/2009-Re-referred to Com. on APPR.

Current Location: 04/30/2009-A APPR.

Calendar Events: 05/06/09 9 a.m. - Room 4202 ASM APPROPRIATIONS

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.

establish procedures for making that reimbursement.

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

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

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

History:

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-04/23/2009 [html](#) [pdf](#))

Status: 04/27/2009-Re-referred to Com. on APPR.

Current Location: 04/27/2009-A APPR.

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 of the Public Employees' Retirement System to prepare a report on the use of the additional retirement service credits, as specified, and to file that report with the Legislature by February 1,

written and oral assessment that should be completed before the applicant is recommended for an American Indian languages eminence credential. The bill would require the commission to establish the cost of registration for the credential based on the actual cost of maintaining records of those credentials.

~~The Joint Exercise of Powers Act authorizes 2 or more public agencies, by agreement, to jointly exercise common powers and defines public agencies for this purpose.~~

~~This bill would amend the act to authorize the Tule River Tribal Council, as the governing body of the Tule River Indian Reservation of California, a federally recognized Indian tribe to enter into a joint powers agreement with the City of Porterville to create a joint powers agency, known as the Porterville Airport Area Development Authority (PAADA), for the sole purpose of developing approximately 1,200 acres of land in the vicinity of the Porterville Airport. The bill would specify the membership of the PAADA's 5 member board and require that all actions taken by PAADA be by an affirmative vote of 4 members of the board. The bill would authorize PAADA to take various actions, including jointly planning land use, incurring debt, making lease purchase arrangements, and issuing revenue bonds and certificates of participation. The bill would prohibit PAADA from authorizing or issuing bonds pursuant to the Marks-Ross Local Bond Pooling Act of 1985, unless the funded public improvements will be owned and maintained by PAADA or one or more public agency members, and the revenue streams pledged to repay the bonds derive from PAADA or one or more of its public agency members. The bill would repeal its provisions on January 1, 2039.~~

~~This bill would state the findings and declarations of the Legislature concerning the need for special legislation.~~

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

Laws: An act to amend Section 44262 of, and to add Article 14 (commencing with Section 44410) to Chapter 2 of Part 25 of Division 3 of Title 2 of, the Education Code, relating to teacher credentialing.

History:

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.

Status: 04/30/2009-Do pass, and re-refer to Committee on Appropriations with recommendation: To Consent Calendar.

Current Location: 04/30/2009-A CONSENT CALENDAR

Digest: Existing law authorizes a fair, a combination of fairs, or an association conducting racing at a fair, after approval from the California Horse Racing Board, to contribute 1% of the total amount handled daily in conventional and exotic pools for facilities maintenance and improvements at a fair's racetrack inclosure, for those fairs that contribute or those fairs where an association conducting racing at that fair contributes. The money raised is required to be deposited into the Inclosure Facilities Improvement Fund, which is created as a special fund in the State Treasury, and that money is required to be available upon appropriation by the Legislature in the annual Budget Act. Existing law 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

Laws: An act to add Section 19596.21 to the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

History:

Apr. 27 Read second time. To third reading.

Apr. 23 From committee: Do pass. (Ayes 16. Noes 0.) (April 22).

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

Mar. 23 Referred to Com. on G.O.

Feb. 27 From printer. May be heard in committee March 29.

Feb. 26 Read first time. To print.

Organization

CARF

AB 813 (Hall) **Gambling Control Act: administration.** (A-04/20/2009 [html](#) [pdf](#))

Status: 04/30/2009-Do pass as amended and be re-referred to the Committee on Appropriations.

Current Location: 04/30/2009-A APPR.

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.*

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

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

This bill would extend the repeal date until January 1, 2015.

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

Laws: An act to amend Sections 24002 and 42815 of the Food and Agricultural Code, relating to the Secretary of Food and Agriculture.

History:

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.** (1-02/27/2009 [html](#) [pdf](#))

Status: 04/23/2009-From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 16. Noes 0.) (April 22).

Current Location: 04/23/2009-A APPR.

Calendar Events: 05/06/09 9 a.m. - Room 4202 ASM APPROPRIATIONS

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

provide that oral examinations for stewards shall be conducted by a panel of not less than 3 members of the board, while oral examinations for official veterinarians shall be conducted by a panel of not less than one member of the board, the equine medical director, and the executive director of the board. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

(2) Under existing law, revenues distributed to the state as license fees from 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:

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 1577 (Committee on Governmental Organization) Gambling: licenses. (I-03/23/2009 [html](#) [pdf](#))

Status: 04/30/2009-Do pass, and re-refer to Committee on Appropriations with recommendation: To Consent Calendar.

Current Location: 04/30/2009-A CONSENT CALENDAR

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. Under existing law, the commission issues and regulates certain

Apr. 23 Set, first hearing. Hearing canceled at the request of author.
Mar. 27 Set for hearing April 28.
Jan. 29 To Com. on G.O.
Dec. 3 From print. May be acted upon on or after January 2.
Dec. 2 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization
CARF

SB 126 (Cedillo) Bingo: remote caller bingo. (A-04/16/2009 [html](#) [pdf](#))
Status: 04/29/2009-To Special Consent Calendar.
Current Location: 04/29/2009-S CONSENT CALENDAR
Calendar Events: 05/07/09 78 SEN SPECIAL CONSENT CALENDAR #2

Digest: The California Constitution allows the Legislature, by statute, to authorize cities and counties to provide for bingo games for charitable purposes. Existing law permits cities and counties to allow bingo games and remote caller bingo games, as defined, to be conducted by specified organizations for charitable purposes. Existing law includes school districts among the organizations authorized to conduct bingo games, and includes charitable organizations affiliated with a school district among the organizations authorized to conduct remote caller bingo games. This bill would delete the reference to school districts in the provisions specifying the organizations that may conduct bingo games and would instead authorize charitable organizations affiliated with a school district to conduct bingo games.

Existing law requires the California Gambling Control Commission to establish reasonable criteria regulating, and to require the licensure and regulation of, specified persons, including any person who provides services or equipment designed for use in the playing of remote caller bingo games by any nonprofit organization registered to conduct those bingo games.

~~This bill would, instead, require the commission to establish criteria to regulate and license, as described above, any person who provides services or equipment designed for use in the playing of remote caller bingo games by any nonprofit organization, regardless of whether the organization is registered to conduct those bingo games.~~ *delete the requirement that the commission establish criteria for the registration of the persons described above .*

Existing law requires the commission to establish reasonable criteria for, and to require the licensure and regulation of, any person who provides card-minding devices or other equipment or services designed for use in the playing of bingo games by any nonprofit organization registered to conduct bingo games.

This bill would delete the requirement that the commission establish criteria for

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.

(5) The code defines a produce stand to mean a permanent food facility that sells, offers for sale, or gives away only produce or shell eggs, or both.

This bill would exclude from this definition certain premises operated by a producer. It would also revise the definition of vermin, as specified.

This bill would additionally define a "single operating site mobile food facility" for purposes of the California Retail Food Code, and impose various requirements on these facilities. The bill would revise various standards applicable to mobile food facilities and satellite food service, with respect to water storage, contamination prevention, and construction standards.

(6) The code authorizes a local health officer or the local enforcement agency, or both, to require, after investigation and for reasonable cause, the immediate restriction or exclusion of any employee from an affected food facility.

This bill would limit the authorization to the immediate restriction or exclusion of any food employee from an affected food facility.

(7) The code prohibits food prepared in a private home from being used or offered for sale in a food facility.

This bill would also prohibit food stored in a private home from being used or offered for sale in a food facility.

(8) The code prohibits toilet rooms from being used for the storage of food,

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. (I-02/24/2009 [html](#) [pdf](#))

Status: 04/30/2009-Set for hearing May 12.

Current Location: 04/28/2009-S JUD.

Calendar Events: 05/12/09 1 p.m. - Room 112 SEN JUDICIARY

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.

The bill would provide that it is unlawful for any person to act as a dual agent, as defined, unless certain conditions are met, and would make it unlawful for a person acting as an agent to receive in excess of \$500 in compensation or in other items of value, related to that transaction, other than from the agent's principal, unless certain conditions are met. The bill would allow any person injured by a violation of its provisions to recover treble damages, plus other expenses. The bill would provide that the board may suspend or revoke the license of any person who violates its provisions.

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

Laws: An act to repeal and add Section 19525 of the Business and Professions Code, relating to horse racing.

History:

Apr. 30 Set for hearing May 12.

Apr. 28 From committee: Do pass, but first be re-referred to Com. on JUD. (Ayes 10. Noes 1. Page 680.) Re-referred to Com. on JUD.

Mar. 27 Set for hearing April 28.

Mar. 9 To Coms. on G.O. and JUD.

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 358 (Ducheny) Indian tribes: economic development. (A-04/13/2009 [html](#) [pdf](#))
Status: 04/27/2009-Placed on APPR suspense file.
Current Location: 04/20/2009-S APPR.

Digest: Existing law, the California Small Business Financial Development Corporation Law, authorizes the formation of small business financial development corporations to grant loans or loan guarantees for the purpose of stimulating small business development and imposes certain duties with respect thereto on a director designated by the Secretary of Business, Transportation and Housing. The California Small Business Expansion Fund, which is created under that law and is continuously appropriated, provides funds to be used to pay for defaulted loan guarantees and administrative costs of these corporations.

This bill would require the secretary to establish the Native American Business Revolving Loan and Guarantee Program for the purpose of providing nongaming business loans and loan guarantees to qualified Indian tribes, as defined. The bill would create the Native American Business Revolving Loan and Guarantee Program Account within the California Small Business Expansion Fund, solely for the purpose of receiving *certain* state, federal, or local government moneys, other public or private moneys, and tribal government contributions. The bill would continuously appropriate the moneys in the account to the director for the purpose of implementing and administering the program. By authorizing the expenditure of funds from a continuously appropriated account, the bill would make an appropriation. The bill would require that the program and the steps necessary to implement it and make it operative not be undertaken until the secretary has determined that funds of a sufficient amount to create a loan pool and pay program administrative costs have been received into the account. The bill would require the director to provide for the development and implementation of the application review process for the program, subject to specified requirements. The bill would specify the maximum amount of a loan or loan guarantee granted under the program and would require a tribe applying for a loan to provide matching funds in a specified amount. The bill would create the Native American Business Finance Council, consisting of 9 members, ~~who are appointed by, and serve at the pleasure of, the Governor~~³ of whom would be appointed by the Senate Committee on Rules, the Speaker of the Assembly, and the Governor, respectively, as specified, to provide policy and program guidance regarding the development and operation of the program. The bill would

and safety and major and deferred maintenance.

This bill would instead require any racing association to make that additional 1% deduction. By increasing the amount to be deposited into the Fair and Exposition Fund, which is continuously appropriated, the bill would make an appropriation.

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 amend Section 19614 of the Business and Professions Code, relating to horse racing, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

History:

Apr. 23 Set for hearing May 12.

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

Mar. 27 Set for hearing April 28.

Mar. 12 To Com. on G.O.

Feb. 27 From print. May be acted upon on or after March 28.

Feb. 26 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization

CARF

SB 662 (Yee) Horse racing: parimutuel wagering: real time monitoring. (A-04/13/2009 [html](#) [pdf](#))

Status: 04/28/2009-From committee: Do pass, but first be re-referred to Com. on APPR. (Ayes 11. Noes 0. Page 681.) Re-referred to Com. on APPR.

Current Location: 04/28/2009-S APPR.

Calendar Events: 05/11/09 11 a.m. - John L. Burton Hearing Room (4203) SEN APPROPRIATIONS

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.

This bill would include, within those responsibilities of the board, providing real time transactional monitoring of all parimutuel wagering on California horse races and maintaining independent technology services for specified purposes.

~~Existing law authorizes advance deposit wagering to be conducted, upon the approval of the board. Existing law provides for various deductions and~~

Status: 04/28/2009-From committee: Do pass, but first be re-referred to Com. on APPR. (Ayes 11. Noes 0. Page 682.) Re-referred to Com. on APPR.

Current Location: 04/28/2009-S APPR.

Calendar Events: 05/11/09 11 a.m. - John L. Burton Hearing Room (4203) SEN APPROPRIATIONS

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.

Apr. 28 From committee: Do pass as amended, but first amend, and re-refer to Com. on APPR with recommendation: To Consent Calendar. (Ayes 12. Noes 0. Page 682.)

Mar. 27 Set for hearing April 28.

Mar. 26 To Com. on G.O.

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

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

Organization

CARF

SB 830 (Committee on Governmental Organization) Horse racing law: intent. (I-03/19/2009 [html](#) [pdf](#))

Status: 04/28/2009-From committee: Do pass, but first be re-referred to Com. on APPR with recommendation: To Consent Calendar. (Ayes 12. Noes 0. Page 682.) Re-referred to Com. on APPR.

Current Location: 04/28/2009-S APPR.

Calendar Events: 05/11/09 11 a.m. - John L. Burton Hearing Room (4203) SEN APPROPRIATIONS

Digest: Existing law expresses the intent of the Legislature to authorize parimutuel wagering on horse races while, among other things, supporting the network of California fairs.

This bill would delete from that expression of legislative intent supporting the network of California fairs.

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

Laws: An act to amend Section 19401 of the Business and Professions Code, relating to horse racing.

History:

Apr. 28 From committee: Do pass, but first be re-referred to Com. on APPR with recommendation: To Consent Calendar. (Ayes 12. Noes 0. Page 682.) Re-referred to Com. on APPR.

Mar. 27 Set for hearing April 28.

Mar. 26 To Com. on G.O.

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

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

Organization

CARF

Breeders' Cup to Remain at Santa Anita

by *Blood-Horse Staff*

Date Posted: 4/29/2009 5:51:01 PM

Last Updated: 5/1/2009 12:51:10 PM



The Breeders' Cup World Championships will remain at Santa Anita Park, where they were in 2008.
Photo: Anne M. Eberhardt

Breeders' Cup said April 29 this year's two-day World Championships will remain at Santa Anita Park.

Racing in late summer and early fall at Santa Anita is held under the auspices of the Oak Tree Racing Association. But the track is owned by Magna Entertainment Corp., which filed for Chapter 11 bankruptcy protection in March.

The bankruptcy, still unresolved, led to questions about whether Santa Anita could in fact keep its commitment to be the Breeders' Cup host site this year. The event is scheduled for Nov. 6-7 at the Southern California track.

Breeders' Cup officials said the Delaware court handling the MEC bankruptcy case affirmed April 29 Oak Tree's lease with Santa Anita through the end of this year. MEC-affiliated attorneys had [earlier filed a motion](#) seeking court approval of a stipulation to honor the Oak Tree lease.

"As a result, we can now officially confirm that this year's Breeders' Cup World Championships will be held at Oak Tree at Santa Anita Park as originally planned," Breeders' Cup president and chief executive officer Greg Avioli said in a statement. "Together with our colleagues at Oak Tree and Santa Anita, we are very excited to showcase another outstanding Breeders' Cup from Southern California to our fans and horsemen around the globe.

Avioli also acknowledged Churchill Downs, the 2010 Breeders' Cup host site, was prepared to step in this year if necessary.

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GAME STARTS MAY 23
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Bid for MEC Properties Dropped by Parent

by Blood-Horse Staff

Date Posted: 4/20/2009 12:11:54 PM

Last Updated: 4/21/2009 11:31:17 AM

The parent company of Magna Entertainment Corp. won't be submitting a bid for racetracks after all.

MEC

MAGNA ENTERTAINMENT

MID Developments said April 20 it has agreed with MEC to terminate its "stalking horse" bid of \$195 million to purchase various assets, including racetracks. MEC filed for Chapter 11 bankruptcy protection in early April, at which time MID announced it would buy some of its assets.

"Although the stalking horse bid has been terminated, MID will continue to evaluate whether to bid on MEC assets during the course of the Chapter 11 sales process," the company said in a statement.

MID vice chairman and chief executive officer Dennis Mills said objections from "a number of parties in the MEC Chapter 11 process" played a role in the decision. He said MID primarily is concerned with maximizing recovery on secured loans made to MEC, which is hundreds of millions of dollars in debt.

"As the process moves forward, MID will continue to evaluate all opportunities to preserve the value of our secured loans to MEC, which may include MID bidding for certain of MEC's assets," Mills said.

MID also said the terms of the debtor-in-possession financing provided to MEC by a wholly-owned subsidiary of MID have been amended to extend the maturity from Sept. 6 to Nov. 6, 2009, to allow for a longer marketing period in connection with MEC asset sales; reduce the principal amount available from \$62.5 million to \$38.4 million, with the reduction attributable to the fact that interest on the pre-petition indebtedness owed by MEC and its subsidiaries to the MID lender will accrue during the Chapter 11 process rather than being paid currently in cash; and provide that MEC has until the week of May 4 to file a motion on the bid procedure relating to the asset sales.

Terms of the financing facility were to be heard in U.S. Bankruptcy Court in Delaware April 20, but the hearing was postponed until May 7.

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MEC 2008 Loss Highest in Company History

by Ryan Conley

Date Posted: 3/27/2009 12:30:23 PM

Last Updated: 3/28/2009 4:58:28 PM

One day after reporting Magna Entertainment Corp. would not release an annual report due to its ongoing bankruptcy proceedings, controlling shareholder MI Developments released data showing MEC posted its highest-ever annual loss in its brief history, though it's not exactly clear what the final tally is.

MID, which released its annual earnings report March 27, said at one point its horse racing subsidiary lost \$256.1 million in 2008, but that figure did not include factoring in the amount attributed to the minority ownership. Including effects of the minority interest, the annual loss was pegged at \$137.7 million by MID, which controls a 54% share of MEC.

MEC in court documents included in its initial filing for Chapter 11 bankruptcy reorganization March 5 estimated its net loss for 2008 at \$294.1 million.

In any case, MEC's 2008 loss is higher than any previously reported, bettering the \$113.8 million the company posted in 2007. MEC was officially launched in 1999, though its genesis is in other entities dating back to 1996.

It was also reported that MEC has a working capital deficiency of \$501.5 million at year-end, as well as \$453.4 in debt — excluding loans involved in joint-venture interests, which pushes that liability load to more than \$500 million.

MID, which operates as a publicly-traded real estate subsidiary of auto-parts conglomerate Magna International, reported a consolidated loss of \$3.2 million in 2008, a swing from a \$35.5 million profit for 2007. Magna International, MI Developments, and Magna Entertainment are all chaired by multiple Eclipse Award-winning breeder and owner Frank Stronach.

MID vice chairman and chief executive officer Dennis Mills said in the earnings release the company believes MEC, despite "significant financial challenges," carries "valuable real estate that is attractive from a development and redevelopment perspective." MID is seeking to secure control of three racetracks and other assets through a \$195-million baseline bid in a pending bankruptcy court auction, and has extended \$62.5 million in debtor-in-possession financing to MEC, of which \$13.4 million has already been court-approved.

"Our participation in the MEC Chapter 11 process is intended to preserve the value of our secured loans and ultimately create value for MID shareholders," Mills said in the release. "That is why MID made available to MEC the DIP loan, and entered into an agreement with MEC to be the stalking horse bidder for certain of MEC's assets. At the same time, we are developing a plan to segregate any racing or gaming assets that we may acquire in the MEC Chapter 11 process in a separate and self-sustaining subsidiary."

If successful, MID [previously said](#) it will spin off assets it might acquire through court proceedings into a generically-named entity called RaceCo. Those assets include, in part, Golden Gate Fields, Gulfstream Park, Lone Star Park, totalizator company AmTote International, and its advance deposit wagering entity, XpressBet.com.

MID's core real estate business, which includes assets included in Magna International's vast portfolio of properties, recorded a \$132.6-million profit in 2008, a 20% increase from 2007. Total revenue increased for the sixth straight year, up 16% in 2008 to \$219.1 million.

MEC bankruptcy
filed March 6.

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Meeting Handouts



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APRIL 23, 2009 - 4:45 PM

MEMORANDUM OF UNDERSTANDING

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This Memorandum of Understanding ("Memorandum") is entered into as of this ___ day of April, 2009 by and between the undersigned 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") and Northern California Off-Track Wagering, Inc. ("NCOTWINC") those organizations are experiencing severe cash flow shortages in funds required to permit the continuation of off-track wagering in California as authorized by California law.

B. Through April 20, 2009, NCOTWINC and SCOTWINC have 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 California in 2009 and beyond, unless further action is undertaken.

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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") and Pacific Racing Association ("Golden Gate Fields") to make contributions that would ensure the continuation of off-track wagering in California. It is estimated that as of April 19, 2009 (date of termination of Santa Anita's 2008-09 Meet) the unpaid shortfalls incurred by Golden Gate Fields and Santa Anita while conducting live racing will be \$xxx and \$xxx, respectively. As a result of the bankruptcy proceedings of Magna, it is extremely difficult, at this time, for full corrective action to be taken with respect to the shortfalls incurred by SCOTWINC and NCOTWINC while Golden Gate Fields and Santa Anita conducted live racing, with the exception of a portion of those shortfalls attributable to wages and benefits.

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D. Racing associations and TOC have had a longstanding disagreement regarding the application of California Business & Professions ("B&P") Code, Sections 19605.7 and 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 and NCOTWINC.

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E. As a result of the funds being advanced hereunder by Bay Meadows Racing Association ("Bay Meadows"), Del Mar Thoroughbred Club ("Del Mar"), Hollywood Park Racing Association ("Hollywood Park") and the Oak Tree Racing Association ("Oak Tree"), and certain loans made by the parties, including TOC, the shortfalls incurred by NCOTWINC and SCOTWINC while such racing associations conducted live racing will have been extinguished. In addition this

memorandum contemplates the payment of the shortfall Santa Anita incurred during its 2008-2009 meet to the extent such shortfall represented payment for wages and benefits authorized by orders issued by the United States Bankruptcy Court.

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F. Recognizing the imminent threat to the continuation of racing in California as a result of the cash flow difficulties being experienced by NCOTWINC and 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. 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 under this Memorandum.

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IT IS HEREBY AGREED AS FOLLOWS:

1. Immediately upon the execution of this Memorandum, the parties hereto shall petition the California Horse Racing Board ("CHRB") pursuant to Section 19604 (f)(5)(E) to alter the distribution of market access fees ("Source Market Fees") from Advanced Deposit Wagers ("ADW") by the creation of an additional deduction for a distribution therefrom based upon ___% of handle in the Central and Southern Zones, and ___% of handle in the Northern Zone that would otherwise be payable as thoroughbred purses and commissions ("ADW Deduction") effective July 1, 2009 through June 30, 2010, and the parties hereto shall 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, a distribution to the Incentive Fund administered by the CTBA of ___% of handle in the Central/Southern zone and ___% of handle in the Northern zone 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.

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2. Santa Anita acknowledges that SCOTWINC incurred an estimated shortfall of \$1,103,856 during its 2008-2009 meet and that but for its pending Bankruptcy Proceedings, it would have contributed 50% of such shortfall, \$551,928, to SCOTWINC. Santa Anita agrees to make an immediate partial payment of

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\$208,000 to SCOTWINC, such amount being authorized by existing Orders of the Bankruptcy Court. Santa Anita shall use its best efforts to seek approval from the Bankruptcy Court for the remaining \$343,928, an amount that Santa Anita acknowledges is due and owing to SCOTWINC.

Golden Gate Fields acknowledges that it has not made any contribution to NCOTWINC in connection with the shortfalls NCOTWINC incurred while it has operated as a live racing venue and that as of July 1, 2009, such shortfall and other amounts owing to NCOTWINC are set forth as Exhibit B. As a partial payment of such liability, Golden Gate Fields agrees to make an immediate payment of \$ _____ to NCOTWINC, such amount being authorized by existing Order of the Bankruptcy Court. Golden Gate Fields shall use its best efforts to seek approval from the Bankruptcy Court for the remaining amount, which it acknowledges is owing.

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The estimated shortfall amounts in this section will be adjusted subject to final audited results.

3. Upon the CHRB's approval of the ADW Deduction and the distribution thereof as set forth in Section 6 below, the following funds shall be advanced by the indicated parties with respect to unpaid shortfalls allocated to these entities as set forth on Exhibit A as of the date hereof:

To SCOTWINC:

\$626,050 Hollywood Park

\$300,647 Oak Tree

_____ Santa Anita

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To NCOTWINC:

\$500,299 Bay Meadows

Amounts set forth on Exhibit A for each entity under the heading "Reimbursable Shortfalls" are referred to herein by that designation.

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4. In order to enable SCOTWINC and NCOTWINC to meet short-term cash flow needs, the parties set forth below shall each advance the following additional funds:

To SCOTWINC

- a. \$1,200,000 Del Mar, payable one-half on or before May 18, 2009 and one-half on June 1, 2009
- b. \$xxx Oak Tree
- c. \$825,000 Hollywood Park, payable one-half on or before May 18, 2009 and one-half on June 1, 2009
- d. \$450,000 TOC, payable one-half on or before May 18, 2009 and one-half on June 1, 2009

e. [Possible additional loans]

To NCOTWINC

\$150,000 TOC, payable one-half on or before May 18, 2009 and one-half on June 1, 2009

The advances made pursuant to this paragraph 4 shall be referred to herein collectively as the "Loans." The distributions of the ADW Deduction 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 Bay Meadows, Del Mar, Hollywood Park, Oak Tree and TOC making the advances for Reimbursable Shortfalls and Loans set forth in Section 3 above, and this Section 4, the shortfalls existing by SCOTWINC and NCOTWINC as a result of their respective live meets shall be extinguished.

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5. The ADW Deduction shall upon receipt be immediately deposited weekly to segregated accounts to be held in trust by a mutually agreed upon Trustee, for the benefit of Northern Zone associations and horsemen ("NCOTWINC Trust"), and for the benefit of the combined Central and Southern Zone ("SCOTWINC Trust") associations and horsemen, respectively, based upon contributions generated in each zone.

6. Proceeds from the ADW Deduction held in the NCOTWINC Trust and the SCOTWINC Trust shall be distributed for the benefit of the zone and race meet generating the ADW Deduction with the intention of amortizing the repayment of all Loans and Reimbursable Shortfalls over a period of one year, as follows:

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A. Northern Zone

- (i) \$7,000 of the ADW Deduction shall be paid to fund daily ongoing NCOTWINC shortfalls;
- (ii) 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 pay Reimbursable Shortfalls proportionately to the parties who have paid the Reimbursable Shortfalls; and
- (iii) the balance thereof, if any, shall first be distributed by NCOTWINC to fund any current shortfalls in the Stabling and Vanning fund and the satellite change fund, 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.

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B. Southern Zone

- (i) \$19,000 of the ADW Deduction shall be paid to fund daily ongoing SCOTWINC shortfalls;
- (ii) 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 pay Reimbursable Shortfalls proportionately to the parties who have paid the Reimbursable Shortfalls; and
- (iii) The balance thereof, if any, shall first be distributed by SCOTWINC to fund any current shortfalls in the Stabling and Vanning fund and the satellite change fund, 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.

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

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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 C. The estimated value of such clarifications to purses and commissions from July 1, 2009 to June 30, 2010 is \$ _____ and \$ _____, respectively, 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 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 in the event such legislation is adopted (the "Takeout Increase").

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- (ii) The legislation shall further provide for a method by which the realized proceeds of a Takeout Increase shall be distributed as follows:
 - (a) 73.2% 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

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which is to acquire, maintain or improve California Thoroughbred racing and training facilities.

- (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).
- (iii) The legislation shall establish governance standards for the Capital Improvement Trust and provide for meaningful representation of industry constituents in the decision making and capital allocation process. It shall further provide for at least 50% of voting control to the horsemen's organization responsible for the negotiation of purses agreements with Thoroughbred racing association, and agreed upon super-majority provisions to ensure adequate input from such racing associations,
- (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.

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C. Modification of Statutory Distributions

The parties further agree to support legislation 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 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.

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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

Deleted: (vi) Golden Gate Fields acknowledges that it has made no contribution to NCOTWINC in connection with the shortfall incurred by NCOTWINC while it operated as a live racing venue and that as of July 1, 2009, such shortfall and other amounts owing to NCOTWINC are set forth in Exhibit B. As a partial repayment on such liability, Golden Gate Fields agrees to make an immediate payment of \$ _____ to NCOTWINC.

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Memorandum, this Memorandum and its substantive provisions shall expire and no longer be operative as of June 30, 2010.

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Thoroughbred Owners of California

By _____

Bay Meadows Racing Association

By _____

Pacific Racing Association

By _____

Hollywood Park Racing Association

By _____

Los Angeles Turf Club

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 _____

NORTHERN CALIFORNIA OFF-TRACK WAGERING, INC.

By _____