



a California joint powers agency

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

**AMENDED NOTICE
CALIFORNIA AUTHORITY OF RACING FAIRS
BOARD OF DIRECTORS MEETING
JOHN ALKIRE, CHAIR
12:30 P.M., TUESDAY, OCTOBER 6, 2009
VIA TELECONFERENCE**

Notice is hereby given that a teleconference meeting of the California Authority of Racing Fairs' Board of Directors will commence at 12:30 P.M., Tuesday, October 6, 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 California Authority of Racing Fairs Board of Directors may participate from the following locations:

Alameda County Fair
4501 Pleasanton Ave.
Pleasanton, CA 94566

California State Fair
1600 Exposition Blvd.
Sacramento, CA 95815

Southern California Fair
18700 Lake Perris Dr.
Perris, CA 92570

Antelope Valley Fair
2551 W. Avenue H
Lancaster, CA 93536

Monterey County Fair
2004 Fairground Road
Monterey, CA 93940

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

Solano County Fair
900 Fairgrounds Dr.
Vallejo, CA 94589

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Monterey, CA 93940

Antelope Valley Fair
2551 W. Avenue H
Lancaster, CA 93536

California State Fair
1600 Exposition Blvd.
Sacramento, CA 95815

Southern California Fair
18700 Lake Perris Dr.
Perris, CA 92570

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**AGENDA
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JOHN ALKIRE, CHAIR
12:30 P.M., TUESDAY, OCTOBER 6, 2009
VIA TELECONFERENCE**

Notice is hereby given that a meeting of the California Authority of Racing Fairs' Board of Directors will commence at 12:30 P.M., Tuesday, October 6, 2009. The meeting will be held at the CARF Conference Room located at 1776 Tribute Road, Sacramento, California 95815. Directors will participate by teleconference.

AGENDA

- I. Date and Time of Next Meeting.
- II. Approval of Minutes.
- III. Discussion and action, if any, Regarding Payment of Satellite Location Fees from Trust Accounts Set Up for that Purpose at NCOTWInc. and SCOTWInc.
- IV. Discussion and action, if any, Regarding Current or Prospective Legislation.
- V. Executive Director's Report.

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CALIFORNIA AUTHORITY OF RACING FAIRS

Board of Directors
Tuesday, June 2, 2009

Minutes

A meeting of the California Authority of Racing Fairs Board of Directors was held at 11:00 A.M., Tuesday, June 2, 2009. The meeting was conducted at the CARF Board Room, 1776 Tribute Road, Suite 205, Sacramento, California, 95815.

Board Directors attending: John Alkire. Joining by conference call: Vince Agnifili, Dan Jacobs and Kelly Violini.

Staff and Guests attending: Chris Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Margot Wilson, Chris Carpenter, Debbie Cook, Stuart Titus, Mike Paluszak, Dave Elliott, Mike Treacy, Louie Brown and Raechelle Gibbons. Joining by conference call: Tawny Tesconi, Scott Grieve, Kate Phariss and Larry Ford.

Agenda Item 1 – Confirmation of September 1, 2009 for Next Meeting, Location to be Determined. The next CARF Board & Live Racing Committee meeting is scheduled for Tuesday, September 1, 2009, location to be determined.

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

Agenda Item 3 – Discussion and Action, if any, on Legislative Matters. Mr. Brown reported that AB 1499 (Evans) and AB 734 (Hill) have passed the State Assembly and are waiting for action in the State Senate. AB 1499 (Evans) provides workmen's compensation coverage to Emerging Breed horsemen and AB 734 (Hill) would increase satellite commissions.

Mr. Brown reported that the focus at the Capitol is on California's \$25 billion deficit. Several ideas to generate revenue have been circulating including the sale of five California Fairgrounds. Senate pro tems are pushing all policy committees to conduct hearings regarding the reorganization and consolidation of government. Specific topics affecting Fairs will include the elimination of the California Department of Food and Agriculture, the functionality of Fairs and the elimination of various agricultural programs.

Mr. Treacy reported that F&E, WFA and affiliated JPA entities have scheduled weekly meetings to brainstorm ways to preserve the basic function of Fairs while accomplishing some of the Governor's Office and Legislature's budget goals.

Mr. Korby introduced documents in the meeting packet regarding CARF legislative positions in follow-up to SB 16XX and a memorandum of understanding regarding revenue shortfalls at SCOTWInc. Mr. Korby asked the CARF Board to endorse the objectives contained in the document titled "Legislative Program: Follow Up to SB 16XX, Background, Descriptions and Objectives." Significant positions in the document include restructuring pari-mutuel distributions (including ADW) by increasing conventional and exotic takeout 3% to benefit

Horsemen, satellites and create a capital improvement fund for tracks that intend to continue racing long term.

Current ideas being circulated in the racing industry could potentially exclude Fairs from new revenue streams. The Fairs need to be ready to offer a better solution that will benefit all parties.

Ms. Violini moved that the CARF Board adopt the positions outlined in the document titled "Legislative Program: Follow Up to SB 16XX, Background, Descriptions and Objectives," giving staff the foundation to move forward in SB 16XX clean-up negotiations. Mr. Jacobs seconded, unanimously approved.

Agenda Item 4 – Discussion and Action, if any, on Agency Disbursement of Racing Revenue to Fairs and Reimbursement of Racing Expenses by Fairs. Mr. Korby explained that for Live Racing Fairs, CARF is the conduit for distributing revenues generated as well as paying a large portion of operational expenses. At the end of the racing season, shared racing expenses (i.e. racing office equipment, signal distribution, staffing, etc.) are split amongst the racing Fairs via a pre-established formula and each Fair is invoiced for its share of the actual expenses.

This system has the potential for creating a cash flow problem for CARF if a Fair has received most of its racing commissions but fails to pay the invoice for actual expenses.

Staff has provided a 2009 projection for racing expenses and the Finance Committee recommends that CARF hold a dollar figure equal to 85% of the estimated expenses for each Fair from racing commissions until the season-end invoice is paid in full. The withholding will occur at the end of the Fair meet.

Mr. Titus stated that an 85% withholding would create a financial hardship for Humboldt County Fair, especially since commissions generated from ADW are typically paid late.

Mr. Jacobs moved that CARF withhold monies equal to 65% of a Fair's projected expenses from racing commissions until such time that the Fair pays the CARF invoice for actual racing expenses on a one-year trial basis. The withholding will be re-evaluated for 2010. Ms. Violini seconded, unanimously approved.

Agenda Item 5 – Discussion and Action, if any, on Harness Racing. Mr. Korby reported that the California Harness Horsemen's Association (CHHA) sent CARF a letter dated May 26, 2009 stating the association would like to initiate discussions regarding possible Harness racing opportunities and potential operators at CARF facilities other than Sacramento.

Mr. Alkire reported that he received a formal letter from Ben Kenney, President of CHHA Board of Directors, regarding racing dates, operator lease partnerships, purses, etc. Mr. Alkire forwarded the letter to Mr. Bartosik.

Mr. Elliott stated that on behalf of Mr. Bartosik and himself, Cal Expo appreciates the members of CARF sharing communication distributed from CHHA. Mr. Elliott reported that

Mr. Bartosik asked him to state, "that he would hope that this Board would move, and approve, that no CARF facility discuss operation of any Harness racing dates until at such time that Cal Expo is out of the Harness racing industry or during those periods when Cal Expo is not operating Harness meets."

Mr. Elliott also expressed his opinion that three or four elected members of the CHHA Board are pushing for the move away from Cal Expo and they do not represent the desires of the rank and file Harness horsemen. Mr. Elliott stated that it would also take a change in legislation to allow Harness racing at another Fair.

Mr. Elliott stated that if Cal Expo were to leave the racing business, it would gladly help any Fair or other entity in establishing a successful Harness meet.

Ms. Cook reported that she had been in conversation with Jim Perez, Executive Director of CHHA, regarding the possibility of stabling Harness horses at Stockton during the Cal Expo Thoroughbred race meet.

No action was taken by the CARF Board at this time.

Agenda Item 6 – Report on Sacramento Harness Association Location Fee Settlement. Mr. Korby reported that CARF had distributed checks to member satellite wagering facilities per an agreement with Sacramento Harness Association to pay 75% of monies due to satellites in Harness commissions. The total payment was approximately \$150,000.

Agenda Item 7 – Discussion and Action, if any, on F&E Expenditure Plan. Mr. Treacy reported that the F&E Expenditure Plan locks in the same funding amounts in the same categories for CARF as in 2008-2009. Mr. Alkire and Mr. Korby expressed appreciation on behalf of the CARF Board for the work put into the plan and the CARF allocations.

Mr. Agnifili moved to support the 2009-2010 F&E Expenditure Plan. Ms. Violini seconded, unanimously approved.

Agenda Item 8 – Financials. Mr. Korby reported that CARF Financials were provided in the meeting packet. Mr. Jacobs directed staff to work with National Orange Show on the outstanding debt owed to CARF. Mr. Jacobs would like to see a resolution in writing between the two organizations.

Agenda Item 9 – Executive Director's Report. Mr. Korby reported that Mr. Pickering is still recuperating from his health concerns, but is feeling much better and hopes to be back full-time soon.

Mr. Korby reported that profit and loss statements for each member satellite wagering facility are available at the meeting and will be distributed in electronic form.

Respectfully submitted,

Heather Haviland

CALIFORNIA AUTHORITY OF RACING FAIRS

Board of Directors

Tuesday, September 1, 2009

Minutes

A meeting of the California Authority of Racing Fairs Board of Directors was held at 11:30 A.M., Tuesday, June 2, 2009. The meeting was conducted at the CARF Board Room, 1776 Tribute Road, Suite 205, Sacramento, California, 95815.

Board Directors attending: John Alkire, Norb Bartosik, Mike Paluszak, Rick Pickering, and Kelly Violini. Joining by conference call: Vince Agnifili.

Staff and Guests attending: Chris Korby, Larry Swartzlander, Heather Haviland, Margot Wilson, Stuart Titus, Mike Treacy and Stephen Chambers. Joining by conference call: Ken Alstott, Chris Carpenter, Debbie Cook, Portor Goltz, Scott Grieve, Terry Mann and Olivia Perez.

Agenda Item 1 – Confirmation of October 6, 2009 for Next Meeting Via Conference Call. The next CARF Board & Live Racing Committee meeting is scheduled for Tuesday, October 6, 2009 via conference call.

Agenda Item 2 – Board of Directors Welcomes New Board Member Mike Paluszak. Mr. Alkire and the CARF Board of Directors formally welcomed Mr. Paluszak to his At-Large position on the Board.

Agenda Item 3 – Report, Discussion and Action, if any, on 20-Mile Consent Radius Around Satellite Wagering Facilities and on Implementation of Satellite Wagering in San Francisco. Mr. Korby presented background information on attempts made by Golden Gate Fields to install two mini-satellite wagering facilities in San Francisco. Applications for those facilities were filed with the California Horse Racing Board (CHRB). The San Mateo County Fair asked that those applications be denied due to the Fair's interpretation of the protective 20-mile radius for existing Fair satellites.

The CHRB took no action on the applications, but there was wide-spread disappointment from the racing industry and threats of attempting to eliminate the radius through legislation. Mr. Korby reported that some in the racing industry perceived Fairs as impeding the growth of horse racing in an underserved market with great potential. The situation was made to look worse due to several attempts by Golden Gate Fields to work with San Mateo by offering trial-period limitations and revenue sharing. San Mateo has expressed concerns regarding the newness of the facility in the market and the amount of debt the Fair took on to renovate the buildings.

Mr. Korby stated that this item was placed on the agenda to ensure that the CARF Board was aware of the different perspectives surrounding the issue and to start the conversation of how to best mediate this problem. The racing industry will take this item to the legislature next session.

Mr. Korby asked that the CARF Board address: 1) current thoughts on the growth of the satellite wagering network, the concept of mini-satellites and 20-mile radius policy, 2) possibility of developing a mini-satellite pilot program that will protect San Mateo and other Fair interests, and 3) the package Fairs ultimately want to take to the racing industry, then legislature, regarding the 20-mile radius, restructuring elements of pari-mutuel distributions and increasing satellite commissions.

Mr. Carpenter stated that San Mateo's position remains consistent from prior meetings where this topic has been discussed. Based on numbers the Fair has reviewed, it is felt that a proposed mini-satellite wagering facility at Lucky Chance Casino would negatively affect the existing satellite in San Mateo. The legislation that provided the 20-mile protection clause was a factor that helped the Fair Board decide to incur substantial debt to develop the facility.

Portor Goltz, legal counsel for the San Mateo County Fair, stated that San Mateo is the only CARF member Fair that has entered into debt service to open a facility. Mr. Goltz also asked why the 20-mile radius was not objectionable to CARF when the legislation creating it was signed and passed. Mr. Korby responded that the 20-mile language has been standard in racing legislation for 20 years and does not necessarily apply since the introduction of home wagering and the current convenience of entertainment options, especially in a market as dense as San Francisco.

Mr. Korby asked to clarify that San Mateo would give consent to place a satellite wagering facility at the Cow Palace, but would not give consent to place any other mini-satellite wagering facility within the radius. Mr. Goltz confirmed that existing statute would require San Mateo to allow a satellite wagering facility at Cow Palace, but neither he nor Mr. Carpenter could commit as the Fair Board did not have an official position. Mr. Treacy stated that when the financing was being put together for the San Mateo satellite, consent for a satellite at Cow Palace was a condition agreed to by San Mateo when the financing went into place.

Mr. Carpenter asked how market saturation with satellites at San Mateo, Cow Palace, Lucky Chance and potentially other San Francisco sites could possibly benefit the health of racing. Mr. Korby responded that operating a mini-satellite pilot program would provide definitive answers to that question, determine the direct impact on the San Mateo satellite and prove whether there is an incremental positive increase to the network. Mr. Korby added that such a program would go a long way in defusing some of the negative industry perceptions surrounding this issue.

Mr. Carpenter stated that the Fair Board is always open to further ideas and conversations. The San Mateo Board has developed an ad-hoc committee to closely address these issues pertaining to satellite wagering.

Mr. Alkire stated that Golden Gate Fields/MAGNA is using this issue to apply pressure to the Live Racing Fairs with regards to future consolidated race meets. Golden Gate Fields has notified CARF that GGF will not be available for CARF use as a racing venue in the future because of San Mateo's actions. Mr. Carpenter remarked that San Mateo is not attempting to be difficult but the fact is the Fair pledged to pay a \$4.3 million debt in 10 years and they estimate 33 percent of their clientele originate from San Francisco.

Mr. Carpenter reiterated that the San Mateo County Fair Board is willing to sit down and discuss all possibilities and the ad-hoc committee will be discussing potential pilot programs within the week.

Agenda Item 4 – Discussion and Action, if any, Regarding Payment of Satellite Location Fees from Trust Accounts Set Up for that Purpose at NCOTWInc. and SCOTWInc. Mr. Korby requested the CARF Board approve his recommendation that SCOTWInc. and NCOTWInc. create protected accounts for the purpose of depositing and distributing satellite location fees to ensure uninterrupted distribution of fees in the event that a racing association ceases to operate or declares bankruptcy. Mr. Korby drafted a letter to both the SCOTWInc. and NCOTWInc. Board of Directors with the above-mentioned request and has yet to receive a response. Mr. Korby recommended that the creation of separate accounts with these associations, for the purpose of distributing license fees, be made a prerequisite for renewing upcoming simulcast contracts.

Mr. Pickering moved to direct Staff to negotiate new procedures for the deposit and distribution of satellite location fees at both SCOTWInc. and NCOTWInc. as a condition of renewing upcoming simulcast contracts. Mr. Bartosik seconded, unanimously approved.

Agenda Item 5 – Report, Discussion and Action, if any, on Legislative Matters.

AB 763 (Chesbro) – Mr. Titus reported that AB 763 (Chesbro) was passed and signed by the Governor to take effect in time for the 2009 Humboldt County Fair race meet. The original intent of the bill was to allow the Humboldt County Fair to accept wagers on eight out-of-state Thoroughbred races in addition to those already authorized in law. Late language added to the bill granted Humboldt County Fair 0.75 percent of purses and commission from the Northern California association running concurrent to the Fair and inserted an urgency clause. The late 0.75 percent language was added to compensate for revenue losses created by the implementation of SB 16XX.

Mr. Korby stated the timing and sequence of amending the bill was problematic due to the fact that the CARF Board officially supported the original language. Mr. Korby asked why the CARF Board was not made aware of Mr. Titus' intent to add language to a CARF supported bill that would impact another Fair meet.

Mr. Titus stated that he did not have the opportunity to notify the CARF Board since the Board meets monthly and amending the bill was critical for the upcoming Humboldt County Fair meet. Mr. Titus apologized for not making it clear to the CARF Board that a solution had to be found for the shortfall created by SB 16XX. AB 763 (Chesbro) was the only vehicle available at the time.

Mr. Pickering asked that any Fair Manager/CEO planning to significantly modify language in a CARF supported bill call or e-mail Board members.

AB 1499 (Evans) – Mr. Korby reported that AB 1499 (Evans), the bill to provide workmen’s compensation coverage to Emerging Breed horsemen, was signed by the Governor and is law.

20-Mile Radius Around Satellite Wagering Facilities – Mr. Brown reported that the racing industry’s attempt to eliminate the 20-mile radius through legislation was stopped by leadership in the Assembly, who would not allow a bill that would potentially harm San Mateo County Fair be introduced or gutted/amended this session.

Mr. Korby stated that this issue might develop into an opportunity to make substantial changes to help the satellite network, specifically increasing satellite wagering commissions from 2 percent to 3 percent.

Agenda Item 6 – Satellite Wagering Facility Closures: Redwood Acres, Eureka and Earl Warren Showgrounds, Santa Barbara. Mr. Korby reported that regrettably the Earl Warren Showgrounds and Redwood Acres Fair have decided to permanently close the two satellite wagering facilities located on their Fairgrounds. A letter confirming the closure of both Eureka and Santa Barbara’s satellites are included in the meeting packet.

Mr. Titus reported that he and representatives from the Bear River Casino in Ferndale are discussing a mini-satellite wagering facility.

Mr. Alstott reported that the satellite wagering facility at the San Bernardino County Fair in Victorville will be downsizing from 10,000 square feet 3,200 square feet. Mr. Korby stated that Mr. Alstott has been making all of the right decisions and efforts to keep the Victorville satellite wagering facility operational.

Agenda Item 7 – Discussion of Harness Racing in Northern California. Mr. Korby introduced a letter included in the meeting packet from the California Harness Horsemen’s Association (CHHA) outlining their intent to enter into discussions with the Big Fresno Fair (noted as the 21st District Agricultural Association) to explore the possibility of conducting an extended Harness pari-mutuel meet at the Fairgrounds in late 2010 or early 2011.

Mr. Alkire’s position is that he has maintained transparency with Mr. Bartosik, all discussions with the CHHA are very preliminary and he respects Mr. Bartosik’s position that Cal Expo is in the Harness racing business until it’s not.

Mr. Bartosik reported that Cal Expo has offered CHHA a three-year contract with two one-year options. The contract also includes a 180-day out clause for either party, starter incentives in the fall, an investment in 10-12 percent of commission over and above the statutory purse requirements and paid shipping for horses coming from sales in the East.

Agenda Item 8 – Report on Northern California Racing Circuit to Date.

Humboldt County Fair – Mr. Titus reported that the 2009 Humboldt County Fair meet was deemed a success, but Ferndale still has monetary challenges. Due to support from Horsemen, recruiting efforts and supplemental purse monies, ontrack handle was up 30 percent.

Overall attendance was greater than that at Golden Gate Fields for the same time period while Northern California handle was up 50 percent and out-of-state handle was up 100 percent.

Alameda County Fair – Mr. Pickering reported that due to the consolidation experiment with Solano County Fair, 15 days were run at the Alameda County Fair (Monday's were dark). Pleasanton was able to increase operating costs for racing only 13 percent while increasing race dates by 33 percent, mainly by implementing volunteer labor. The meet started strong while the last two weeks were down when compared to the previous year. Overall, Pleasanton was down \$12 million in handle (\$4.4 million could be attributed to lack of Wednesday racing in Southern California). There were more than 800 horses stabled at Pleasanton and field size was excellent. The attendance at the Fair itself was up 20 percent.

CARF I at Golden Gate Fields – Mr. Korby reported that the Fair meet at Golden Gate Fields was the counterpart to Ferndale. Running a meet for higher class horses costs more money. Total handle was down 15 percent compared to the 2008 San Mateo meet (closing meet of Bay Meadows). The national trend for handle is down 13-16 percent.

Solano County Fair – Mr. Paluszak reported that it was hard to establish any percentage comparison due to the unique circumstances with the combined meet. Pleasanton and Vallejo are still working on final commissions figures. It was generally felt that crowd sizes were good as was the racing product. The future of Solano County Fair racing is uncertain, especially with a potential move by Cal Expo.

California State Fair – Mr. Bartosik reported that with five days of racing complete, commissions at Cal Expo are even. Ontrack handle is down 9 percent, Northern California handle is down 2 percent, out-of-state is up 34 percent and ADW handle is up 17 percent. Even accounting for the increase in the overall purse structure, purses thus far are underpaid. The Thoroughbred field size is up from 7 to 7.8 starters per race. Overall Fair attendance, spending and food and beverage are down, but the Fair Entertainment schedule for the second week is strong and should generate gains over week one.

San Joaquin Fair – Ms. Cook reported that the San Joaquin Fair had the distinction of having large increases in comparison percentages, but lower actual commissions. Part of the overall decrease in handle was due to the loss of two simulcast-only days that occurred last September. Ontrack handle was up 20 percent and field size was good. The Pink Ribbon Stakes Day and Wiener Dog races were both popular but the meet was marred by the unfortunate loss of an employee in an ontrack accident.

Sonoma County Fair – Mr. Korby reported that Sonoma County Fair handle was down 13 percent in the Northern California Network and Out-Of-State.

Agenda Item 9 – Executive Director's Report. Mr. Korby stated that three preliminary live racing calendars for 2010 are included in the meeting packet to keep the CARF Board members aware of discussions being by the CARF Live Racing Committee.

Mr. Pickering asked to clarify a motion he made on the Aug. 24, 2009 Live Racing Committee conference call. The intent of the motion was to protect a block of 17 weeks for Fair

racings from June 16, 2010 through October 17, 2010. The motion did not address placement or recommend allocation of any dates within the block.

Ms. Baldwin requested that an update on the California Marketing Committee (CMC) be placed on the next meeting agenda.

Respectfully submitted,

Heather Haviland



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To: SCOTWInc Board of Directors
 From: Christopher Korby
 Date: March 15, 2009
 Re: Recommended changes in the procedure for distributing satellite location fees

It's in everyone's interest that we ensure uninterrupted, future distribution of satellite location fees through secure and stable channels.

I believe that we can better secure their on-going distribution by taking the following steps: 1) amend the simulcast agreements between the Host tracks and SCOTWInc to designate SCOTWInc as the distributing agent for location fees; 2) initiate daily wire-transfer deposits directly from Host track Money Room to SCOTWInc, sufficient to pay location fees generated each day; and 3) establish a separate, designated SCOTWInc bank account through which deposits and distributions for satellite location fees are made.

I propose that SCOTWInc staff and legal counsel draw up a plan as soon as possible to amend the procedures governing deposit and distribution of satellite location fees. This plan should incorporate the following objectives:

- designate the simulcast organization (SCOTWInc) as the distributing agent for satellite location fees;
- set up an SCOTWInc bank account that will be used solely and exclusively for accepting deposits and distributing satellite location fees;
- endow the designated account with a secured status (e.g., trust account), as legal counsel might recommend;
- make the necessary amendments to the Host and Guest agreements to memorialize the changes to deposits and distributions;
- amend the Host agreement to note specifically that the Host track assigns the responsibility of distributing location fees to the simulcast organization and agrees to deposit funds via wire transfer directly from the Host Money Room on a daily basis;
- amend the Guest agreement to note specifically that SCOTWInc will distribute satellite location fees to satellites not less than weekly, via wire transfer;
- confirm these changes with the CHRB.

Since "pre-petition" Magna satellite payments were frozen as of March 6, satellites have not received all payments due for February. This has created a serious cash flow problem for them, particularly for the smaller satellites. Some may be forced to close. It is most urgent that that SCOTWInc initiate changes to assure the stability of future payments of satellite location fees. This may help restore confidence at the satellites that future payments will be made according to the formulas prescribed in statute and in a timely fashion.

Stabilizing the mechanism for payment of satellite location fees is the most immediate procedure requiring revision; however, the SCOTWInc Board of Directors may wish to review the procedures governing other statutory distributions (e.g., Stabling and Vanning Fund, CMC funding, SCOTWInc Operating Fund, etc) and initiate similar changes.

Furthermore, I urge all interests to join us in support of legislation to take the next step and place these statutory distributions in trust. I recommend that we join together to seek this legislation on an urgency basis. This is now the second instance in the last year in which location fees, a statutory distribution, have not been paid as directed by California law. As an industry that relies on the confidence of fans and participants alike, we cannot countenance any compromise to the integrity and stability of parimutuel distributions.

Again, I urge that changes in SCOTWInc procedures be prepared and implemented as soon as possible. We must assure the future, uninterrupted payment of these critical distributions.

I am sending the same recommendations to the NOTWInc Board of Directors.

Thank you for your consideration.

Best regards,

Christopher Korby
Executive Director
California Authority of Racing Fairs



a California joint powers agency

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To: Frank DeMarco
 From: Christopher Korby
 Date: September 26, 2009
 Re: SCOTWInc Simulcast Contracts and Procedures for Payment of Satellite Location Fees

Frank,

This follows up on our recent telephone conversation. As we discussed, the California Authority of Racing Fairs' Board of Directors has authorized me to notify Santa Anita and SCOTWInc that CARF member Fairs will not renew their simulcast contracts until we are assured that satellite location fee payments are protected by new procedures to ensure their timely, regular and uninterrupted payment, even in the event of the failure or bankruptcy of a racing association.

Please find attached recommendations that I sent to the SCOTWInc Board on this matter in March of this year. None of these recommendations has been implemented.

Consider this notification from CARF to Santa Anita and to SCOTWInc that CARF member Fairs will not renew daytime simulcast agreements with SCOTWInc, effective December 26, 2009, unless we see changes in procedure to assure that location fee payments will be better protected.

The CARF Board was forced to take this step due to the fact that no changes in the procedures for payment of these distributions have been implemented by SCOTWInc or by its member tracks. Our Board recognizes the gravity of this notification and authorized it reluctantly, but saw no other recourse, given the inaction to date.

CARF has always maintained that satellite location fees are distributions mandated by statute and must be paid as a matter of law; nevertheless, as you know, there are two instances in the last two years in which these statutory distributions have not been paid. These two instances have led to serious financial hardship for every Fair satellite facility. Loss of location fees has contributed to the closure of one Fair satellite and the pending closure of another.

A trust account set up at SCOTWInc for the purpose of distributing satellite location fees would provide the assurance we seek for resolution of this matter.

You mentioned in our conversation that an effort was underway to set up the accounts and procedures that would ensure uninterrupted payment of location fees. We welcome that news, but will wait to see satisfactory procedures actually implemented before we can agree to extend the agreements.

We can be available at any time to review procedures that would satisfactorily assure timely, regular and uninterrupted payment of satellite location fees.

Christopher Korby

From: "Christopher Korby" <korby@calfairs.net>
To: "DeMarco, Frank" <Frank.DeMarco@santaanita.com>; "Tom Varela" <tvarela@chrimms.com>
Cc: "Alkire, John" <jalkire@fresnofair.com>
Sent: September 26, 2009 6:15 PM
Attach: SCOTWInc Simulcast Contracts and Procedures for Payment of Satellite Location Fees-090926.doc; SCOTWInc-CARF Recommendations to Change Procedures re Payment of Location Fees-090315.doc
Subject: SCOTWInc Simulcast Contracts and Procedures for Payment of Satellite Location Fees

Frank,

This follows up on our recent telephone conversation. As we discussed, the California Authority of Racing Fairs' Board of Directors has authorized me to notify Santa Anita and SCOTWInc that CARF member Fairs will not renew their simulcast contracts until we are assured that California satellite location fee payments are protected by new procedures that satisfactorily ensure their timely, regular and uninterrupted payment, even in the event of the failure or bankruptcy of a racing association.

Please find attached recommendations that I sent to the SCOTWInc Board on this matter in March of this year. None of these recommendations has been implemented.

Consider this notification from CARF to Santa Anita and SCOTWInc that CARF member Fairs will not renew daytime simulcast agreements with SCOTWInc, effective December 26, 2009, unless we see changes in procedure to assure that location fee payments will be better protected.

The CARF Board was forced to take this step due to the fact that no changes have been implemented by SCOTWInc or by its member tracks to better ensure uninterrupted payment of satellite location fees. Our Board recognizes the gravity of this notification and authorized it reluctantly, but saw no other recourse, given the inaction to date.

CARF has always maintained that satellite location fees are distributions mandated by statute and must be paid as a matter of law; nevertheless, as you know, there are two instances in the last two years in which these statutory distributions have not been paid. These two instances have led to serious financial hardship for every Fair satellite facility. Loss of location fees has contributed to the closure of one Fair satellite and the pending closure of another.

A trust account set up at SCOTWInc for the purpose of distributing satellite location fees would provide the assurance we seek for resolution of this matter.

You mentioned in our conversation that an effort was underway to set up the accounts and procedures that would ensure uninterrupted payment of location fees. We welcome that news, but will wait to see satisfactory procedures actually implemented before we can agree to extend the agreements.

We can be available at any time to review procedures that would satisfactorily assure timely, regular and uninterrupted payment of satellite location fees.

10/02/2009

 Best regards,
--Chris

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



Christopher Korby

From: "Christopher Korby" <korby@calfairs.net>
To: "DeMarco, Frank" <Frank.DeMarco@santaanita.com>; "Tom Varela" <tvarela@chrims.com>
Cc: "Alkire, John" <jalkire@fresnofair.com>
Sent: September 26, 2009 6:15 PM
Attach: SCOTWInc Simulcast Contracts and Procedures for Payment of Satellite Location Fees-090926.doc; SCOTWInc-CARF Recommendations to Change Procedures re Payment of Location Fees-090315.doc
Subject: SCOTWInc Simulcast Contracts and Procedures for Payment of Satellite Location Fees

Frank,

This follows up on our recent telephone conversation. As we discussed, the California Authority of Racing Fairs' Board of Directors has authorized me to notify Santa Anita and SCOTWInc that CARF member Fairs will not renew their simulcast contracts until we are assured that California satellite location fee payments are protected by new procedures that satisfactorily ensure their timely, regular and uninterrupted payment, even in the event of the failure or bankruptcy of a racing association.

Please find attached recommendations that I sent to the SCOTWInc Board on this matter in March of this year. None of these recommendations has been implemented.

Consider this notification from CARF to Santa Anita and SCOTWInc that CARF member Fairs will not renew daytime simulcast agreements with SCOTWInc, effective December 26, 2009, unless we see changes in procedure to assure that location fee payments will be better protected.


The CARF Board was forced to take this step due to the fact that no changes have been implemented by SCOTWInc or by its member tracks to better ensure uninterrupted payment of satellite location fees. Our Board recognizes the gravity of this notification and authorized it reluctantly, but saw no other recourse, given the inaction to date.

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We can be available at any time to review procedures that would satisfactorily assure timely, regular and uninterrupted payment of satellite location fees.

 Best regards,
--Chris

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



CA Authority of Racing Fairs

Legislative Report - Last 10 Days

10/2/2009

AB 122 (Coto) Tribal gaming: compact ratification. (A-09/10/2009 [html](#) [pdf](#))
Status: 09/10/2009-Senate Rule 29.3 suspended. Withdrawn from committee. Re-referred to Com. on RLS. From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on RLS.
Current Location: 09/10/2009-S RLS.

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

This bill would ratify the tribal-state gaming compact entered into between the State of California and the Pinoleville Pomo Nation, executed on March 10, 2009. The bill would require that related revenue contributions be deposited into the General Fund, except as specified, and would also provide that, in deference to tribal sovereignty, certain actions may not be deemed projects for purposes of the California Environmental Quality Act.

This bill would declare that it is to take effect immediately as an urgency statute. ~~Existing law grants authority to school districts to establish and operate public schools within their boundaries.~~

~~*This bill would authorize a school district to establish a small school, subject to specified conditions, including, among others, a requirement to develop a school plan, as specified, and a requirement to adopt regulations that include the small school as part of an academic reform strategy focused on the positive outcomes small schools are intended to produce. The bill would require the small school to have an advisory body that consists of members elected by specified groups. The bill would require a school district that establishes a small school to allocate funds to the small school, as specified. The bill would repeal these provisions on January 1, 2017.*~~

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

Laws: An act to add Section 12012.551 to the Government Code, relating

Digest: 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 require a person licensed to conduct a horse racing meeting to hold in trust the distributions required to be made pursuant to the Horse Racing Law until the funds are paid to the various distributees. The bill would provide that these required deductions, except for those that enure to the benefit of the racing association, are trust funds and shall not be used by the racing association for any purpose other than for payment to those distributees as directed by the Horse Racing Law. The bill would provide that these funds are not the property of the racing association and are to be held in a separate depository account until they are actually distributed as provided for in the Horse Racing Law. By codifying requirements on licensees under the Horse Racing Law, the violation of which would be a crime, the bill would impose a state-mandated local program.

This bill would authorize a quarter horse and harness racing association, subject to approval by the California Horse Racing Board, to deduct from the total amount handled in the parimutuel pool for any type of wager up to 2% more of the total amount handled than was authorized on May 1, 2009, and would require any amount deducted under this authority to be distributed as specified.

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

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

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

Laws: An act to add Sections 19597.5 and 19601.3 to the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.

History:

Sept. 28 Enrolled and to the Governor at 11:30 a.m.

Sept. 11 Urgency clause adopted. Senate amendments concurred in. To enrollment. (Ayes 78. Noes 0. Page 3343.)

Sept. 9 Joint Rule 62(a), file notice waived. (Page 3202.) From committee: With recommendation: That Senate amendments be concurred in. (Ayes 15. Noes 0.) (September 9).

public horse show, competition, or sale if the horse has been administered a prohibited substance. Existing law exempts from these provisions on the drugging of horses any individual horse show, competition, or sale that is certified by the Secretary of Food and Agriculture, with a 30-day written notice of a public hearing to the advisory committee, if the secretary determines that specified criteria are satisfied.

This bill would delete the exemption from the provisions on the drugging of horses applicable to any horse show, competition, or sale certified by the secretary.

Existing law generally creates standards for fruits, nuts, and vegetables. Existing law requires the Secretary of Food and Agriculture to create an industry-funded standardization program for the purpose of implementing these standards. Existing law requires the secretary to adopt regulations that he or she determines are reasonably necessary to carry out this program, including, but not limited to, establishing assessment rates and procedures for payment of assessments. Existing law repeals the standardization program provisions on January 1, 2010. This bill would extend the repeal date until January 1, 2015.

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

History:

Sept. 28 Enrolled and to the Governor at 11:30 a.m.

Sept. 10 In Assembly. To enrollment.

Sept. 9 Read third time, passed, and to Assembly. (Ayes 38. Noes 0. Page 2338.)

Aug. 19 Read second time. To third reading.

Aug. 18 From committee: Do pass. (Ayes 9. Noes 0.) (August 17).

July 23 Joint Rule 62(a) suspended.

July 23 In committee: Hearing postponed by committee.

July 7 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 4. Noes 0.) (July 7).

June 10 In committee: Hearing postponed by committee.

May 21 Referred to Com. on F. & A.

May 14 Read third time, passed, and to Senate. (Ayes 73. Noes 0. Page 1456.)

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

May 4 Read second time. To third reading.

Apr. 30 From committee: Do pass. (Ayes 16. Noes 0.) (April 29).

Apr. 16 From committee: Do pass, and re-refer to Com. on APPR. with

thoroughbred meetings, 2.5% of the amount handled by the satellite wagering facility on conventional and exotic wagers, or the amount of actual operating expenses, as determined by the board, whichever is less, shall be distributed to a specified organization formed to operate the audiovisual signal system.

This bill would instead require, for thoroughbred meetings from January 1, 2010, until December 31, 2013, an amount no less than in existing law, nor more than 4% of the amount handled by the satellite wagering facility on conventional and exotic wagers, to be distributed to that specified organization with the mutual consent of the racing association, horsemen's organization, and the board, as specified. The bill would require the distribution to revert on January 1, 2014, to that in existing law.

Existing provisions of law continuously appropriate certain satellite wagering moneys from wagering on thoroughbred racing at the 22nd District Agricultural Association for supplementing purses at fair meetings in Los Angeles and Orange Counties, as specified.

This bill would instead provide for the payment of that money to an unspecified racing fair in the County of Los Angeles for supplementing purses, as specified.

Existing law requires, on July 1, 2009, and each July 1 thereafter, the transfer of \$32,000,000 from the General Fund to be paid into the State Treasury to the credit of the separate account of the Fair and Exposition Fund created for satellite wagering revenues, and to continuously appropriate those moneys for allocation for the financial support of the network of California fairs. Existing law requires the first \$1,100,000 of all funds for distribution as purses generated at satellite wagering facilities statewide from wagering on thoroughbred horse racing to be deposited in a special account in the Fair and Exposition Fund and continuously appropriated to the Department of Food and Agriculture for supplementing purses at fair meetings to achieve certain specified purposes.

This bill would instead authorize the Secretary of Food and Agriculture to allocate up to \$1,100,000 of those General Fund moneys to supplement purses at fair meetings to achieve those specified purposes. The bill would require the secretary to make these allocations part of the annual expenditure plan the secretary is required to submit to the Joint Committee on Fairs Allocation and Classification. Because this bill would authorize the expenditure of money from the continuously appropriated Fair and Exposition Fund for a new purpose, the bill would make an appropriation.

The California Constitution requires the state to reimburse local agencies

Current Location: 09/28/2009-A ENROLLED

Digest: Existing law establishes the Office of Problem and Pathological Gambling within the State Department of Alcohol and Drug Programs, and sets forth its duties relating to prevention and control of problem and pathological gambling, as defined.

This bill would require the prevention program developed by the office to include development of education and awareness programs that specifically target geographically diverse multicultural populations, and would require the office to develop a grant program for education, outreach, and prevention, giving preferences to grant applications that meet prescribed conditions.

Laws: An act to amend Section 4369.2 of the Welfare and Institutions Code, relating to problem gambling.

History:

Sept. 28 Enrolled and to the Governor at 4 p.m.

Sept. 10 Senate amendments concurred in. To enrollment. (Ayes 78. Noes 0. Page 3270.)

Sept. 9 Re-referred to Com. on G.O. pursuant to Assembly Rule 77.2. Joint Rule 62(a), file notice waived. (Page 3202.) From committee: With recommendation: That Senate amendments be concurred in. (Ayes 15. Noes 0.) (September 9).

Sept. 8 In Assembly. Concurrence in Senate amendments pending. May be considered on or after September 10 pursuant to Assembly Rule 77.

Sept. 3 Read third time, passed, and to Assembly. (Ayes 35. Noes 0. Page 2158.)

Aug. 25 Read second time. To third reading.

Aug. 24 From committee: Do pass. (Ayes 13. Noes 0.) (August 24).

Aug. 17 In committee: Set, first hearing. Hearing canceled at the request of author.

July 8 From committee: Do pass, and re-refer to Com. on APPR with recommendation: To Consent Calendar. Re-referred. (Ayes 11. Noes 0.) (July 8).

July 1 From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on G.O.

June 4 Referred to Com. on G.O.

May 21 Read third time, passed, and to Senate. (Ayes 77. Noes 0. Page 1632.)

May 21 In Senate. Read first time. To Com. on RLS. for assignment.

by the commission pursuant to these provisions before July 1, 2009, shall remain in effect until December 31, 2011, except to the extent that the commission exercises its power to adopt, amend, or repeal those regulations in whole or in part. The bill would delete the requirement that the commission complete the normal public notice and comment process.

(3) The act provides that an organization authorized to conduct a remote caller bingo game shall not have overhead costs, as defined, exceeding 20% of gross sales.

This bill would provide that fees paid to financial institutions for the use and processing of credit card sales may be deducted from the amount of gross revenues awarded for prizes and not included in overhead costs, as provided.

(4) The act requires an organization that conducts a remote caller bingo game to have the records pertaining to those games audited at least annually by an independent California certified public accountant and for copies of the audit report to be provided to the California Gambling Control Commission.

This bill would provide that the audit report shall account for the annual amount of fees paid to financial institutions for the use and processing of credit card sales and the amount redirected from overhead costs, as provided.

(5) The act requires the California Gambling Control Commission to establish reasonable criteria regulating, and to require the licensure and registration 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 delete the requirement that the commission establish criteria for the registration of the persons described above.

(6) The act requires the commission to establish reasonable criteria for, and to require the licensure and registration 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 the registration of the persons described above.

(7) This bill would make various technical, nonsubstantive changes to the provisions governing remote caller bingo games.

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

Feb. 6 From print. May be acted upon on or after March 8.

Feb. 5 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization

CARF

SB 213 (Florez) **Gambling licenses.** (E-09/28/2009 [html](#) [pdf](#))

Status: 09/28/2009-Enrolled. To Governor at 11 a.m.

Current Location: 09/28/2009-S ENROLLED

Digest: Existing law regulates legal gaming in California and prohibits, until January 1, 2015, the governing body and the electors of a county, city, or city and county from authorizing or expanding any legal gaming beyond that permitted on January 1, 1996. Additionally, the commission is prohibited, until January 1, 2015, from issuing a gambling license for a gambling establishment that was not licensed to operate on December 31, 1999, except as specified.

This bill would extend the operation of these provisions to January 1, 2020.

Laws: An act to amend Sections 19962 and 19963 of the Business and Professions Code, relating to gambling.

History:

Sept. 28 Enrolled. To Governor at 11 a.m.

Sept. 10 Senate concurs in Assembly amendments. (Ayes 31. Noes 3. Page 2376.) To enrollment.

Sept. 9 In Senate. To unfinished business.

Sept. 8 Read third time. Passed. (Ayes 73. Noes 0. Page 3079.) To Senate.

Aug. 31 From committee: Do pass. (Ayes 17. Noes 0.) (Heard in committee on August 27.) (Received by desk on August 28 pursuant to JR 61(a)(11).) Read second time. To third reading.

Aug. 19 Set, first hearing. Referred to APPR. suspense file.

July 9 From committee: Do pass, but first be re-referred to Com. on APPR. (Ayes 18. Noes 0.) Re-referred to Com. on APPR. (Heard in committee on July 8.)

June 18 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.

June 15 To Com. on G.O.

June 3 Read third time. Passed. (Ayes 32. Noes 3. Page 1174.) To

This bill would extend the operation of the above provisions relating to the administration and awarding of grants to local jurisdictions until January 1, 2021.

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

History:

Sept. 25 Enrolled. To Governor at 10:30 a.m.

Sept. 9 In Senate. To enrollment.

Sept. 8 Read third time. Passed. (Ayes 76. Noes 2. Page 3063.) To Senate.

Aug. 31 From committee: Do pass. (Ayes 17. Noes 0.) (Heard in committee on August 27.) (Received by desk on August 28 pursuant to JR 61(a)(11).) Read second time. To third reading.

July 15 Set, first hearing. Referred to APPR. suspense file.

July 1 From committee: Do pass, but first be re-referred to Com. on APPR. (Ayes 17. Noes 0.) Re-referred to Com. on APPR. (Heard in committee on July 1.)

May 21 To Com. on G.O.

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

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

Apr. 29 To Special Consent Calendar.

Apr. 28 Read second time. To third reading.

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

Apr. 17 Set for hearing April 27.

Apr. 14 From committee: Do pass, but first be re-referred to Com. on APPR. (Ayes 13. Noes 0. Page 477.) Re-referred to Com. on APPR.

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

Mar. 27 Set for hearing April 14.

Mar. 9 To Com. on G.O.

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

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

Organization

CARF

Sept. 9 In Senate. To unfinished business.
Sept. 8 Read third time. Urgency clause adopted. Passed. (Ayes 76. Noes 0. Page 3065.) To Senate.
Sept. 3 Read third time. Amended. To third reading.
Sept. 1 Read second time. To third reading.
Aug. 31 From committee: Do pass as amended. (Ayes 17. Noes 0.) (Heard in committee on August 27.) Read second time. Amended. To second reading.
Aug. 19 Set, first hearing. Referred to APPR. suspense file.
July 9 From committee: Do pass, but first be re-referred to Com. on APPR. (Ayes 18. Noes 0.) Re-referred to Com. on APPR. (Heard in committee on July 8.)
June 8 To Com. on G.O.
June 1 Read third time. Urgency clause adopted. Passed. (Ayes 36. Noes 2. Page 1095.) To Assembly.
June 1 In Assembly. Read first time. Held at Desk.
May 28 Read second time. To third reading.
May 27 From committee: Be placed on second reading file pursuant to Senate Rule 28.8.
May 20 Set for hearing May 26.
May 18 Read second time. Amended. Re-referred to Com. on APPR.
May 14 From committee: Do pass as amended, but first amend, and re-refer to Com. on APPR. (Ayes 8. Noes 1. Page 849.)
May 11 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.
May 4 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.
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 586 (Yee) Agricultural districts: Cow Palace: sale. (A-09/04/2009 [html](#) [pdf](#))
Status: 09/04/2009-Read third time. Amended. (Ayes 43. Noes 28. Page 3043.) Re-referred to Coms. on B. & P. and APPR. pursuant to Assembly

also provides some exemptions from its requirements for specified projects.

This bill would exempt the disposition of the state real property or buildings subject to the bill that is made on an "as is" basis from designated provisions of CEQA. The bill would also exempt from those provisions of CEQA the execution of the purchase and sale agreement or the exchange agreement for this property or these buildings if the disposition is not made on an "as is" basis and the close of escrow is contingent on a specified requirement and compliance with CEQA.

(3) This bill would authorize the Director of Finance to provide a General Fund loan in the amount of \$500,000 to a certain item of the Budget Act, which relates to the Department of General Services, and to adjust the amounts appropriated in that item that are provided for the purposes of supporting the management of the state's real property assets in order to accommodate any increase in workload or other costs to the Department of General Services to implement this bill. By authorizing adjustments to certain appropriated amounts in the Budget Act, the bill would make an appropriation.

~~Existing law authorizes the Director of General Services to dispose of state surplus property, subject to specified conditions, including authorization by the Legislature.~~

~~This bill would require the director, prior to January 1, 2012, to sell, at fair market value, upon those terms and conditions determined by the director, a specified parcel of state property located in the County of San Mateo and the City and County of San Francisco to any interested party. The bill would provide that the net proceeds of the conveyance would be paid into the Fair and Exposition Fund, a continuously appropriated fund, for the benefit of a specified district agricultural association, as provided, thereby making an appropriation. The bill would require reimbursement to the Department of General Services for any cost or expense incurred in the disposition of the property. This bill would also declare the Legislature's findings that the sale of this state property does not constitute a sale of surplus state property, as set forth in specified existing law.~~

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

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

Laws: An act to add Sections 3853.1 and 3853.2 to the Food and Agricultural Code, relating to agricultural districts, and making an appropriation therefor.

History:

Sept. 4 Read third time. Amended. (Ayes 43. Noes 28. Page 3043.) Re-

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 written 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. The bill would require the request to be accompanied by a certain report of receipts and expenditures, would authorize the board to require quarterly reports of receipts and expenditures from approved requesters, and would require the filing of a report accounting for all receipts and expenditures in any of the affected funds with the board and certain legislative committees within one year of initial approval and annually thereafter if approval is extended by the board.

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

History:

Sept. 28 Enrolled. To Governor at 1 p.m.

Sept. 8 Senate concurs in Assembly amendments. (Ayes 40. Noes 0. Page 2267.) To enrollment.

Sept. 3 In Senate. To unfinished business.

Sept. 2 Read third time. Passed. (Ayes 74. Noes 0. Page 2939.) To Senate.

Sept. 1 Read second time. To third reading.

Aug. 31 From committee: Do pass as amended. (Ayes 17. Noes 0.) (Heard in committee on August 27.) Read second time. Amended. To second reading.

CEQA exempts certain specified projects from its requirements. Under existing law, every air pollution control district or air quality management district in a federal nonattainment area for any national ambient air quality standard is required to establish by regulation, a system by which all reductions in emissions of air contaminants that are to be used to offset certain future increases in the emission of air contaminants are banked prior to use. The South Coast Air Quality Management District (district) promulgated various rules establishing offset exemptions, providing Priority Reserve offset credits, and creating or tracking credits used for offset exemption or Priority Reserve projects. In *Natural Resources Defense Council v. South Coast Air Quality Management District* (Super. Ct. Los Angeles County, 2007, No. BS 110792), the superior court found the promulgation of certain of these district rules to be in violation of CEQA.

This bill would authorize the district to issue permits under specified circumstances, notwithstanding this court decision. The provisions of the bill would be repealed on May 1, 2012.

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

Laws: An act to add and repeal Section 40440.13 of the Health and Safety Code, relating to the South Coast Air Quality Management District.

History:

Sept. 28 Enrolled. To Governor at 1 p.m.

Sept. 12 From committee: Do pass as amended. (Ayes 9. Noes 2.) (Heard in committee on September 11.) Read second time. Amended. Read third time. Passed. (Ayes 45. Noes 21. Page 3399.) To Senate.

Sept. 12 In Senate. Senate concurs in Assembly amendments. (Ayes 27. Noes 9. Page 2457.) To enrollment.

Sept. 11 Joint Rule 62(a) file notice suspended. (Page 3319.)

Sept. 9 From committee: Do pass, but first be re-referred to Com. on U. & C. (Ayes 9. Noes 0.) Re-referred to Com. on U. & C. (Heard in committee on September 9.)

Sept. 8 Joint Rule 62(a) file notice suspended. (Page 3056.)

Sept. 4 Read third time. Amended. (Page 3044.) Re-referred to Coms. on NAT. RES. and U. & C. pursuant to Assembly Rule 77.2.

Aug. 24 From inactive file to third reading file.

Aug. 20 Notice of motion to remove from inactive file given by Assembly Member Torrico.

July 13 Read second time. To Consent Calendar. From Consent Calendar to third reading. Placed on inactive file on request of Assembly Member

2420.) To enrollment.

Aug. 27 From Consent Calendar to third reading.

Aug. 24 Read second time. To Consent Calendar.

Aug. 20 From committee: Do pass. To Consent Calendar. (Ayes 17. Noes 0.) (Heard in committee on August 19.)

July 9 From committee: Do pass, but first be re-referred to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 17. Noes 0.)
Re-referred to Com. on APPR. (Heard in committee on July 8.)

June 30 From committee with author's amendments. Read second time.
Amended. Re-referred to Com. on G.O.

June 8 To Com. on G.O.

May 26 Read third time. Passed. (Ayes 39. Noes 0. Page 1013.) To
Assembly.

May 26 In Assembly. Read first time. Held at Desk.

May 21 To Special Consent Calendar.

May 20 Read second time. To third reading.

May 19 From committee: Be placed on second reading file pursuant to
Senate Rule 28.8.

May 8 Set for hearing May 18.

Apr. 29 Read second time. Amended. Re-referred to Com. on APPR.

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

Total Position Forms: 13

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

BACKGROUND

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

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

OBJECTIVES

- Re-price our product through an increase in overall parimutuel take-out. The pricing structure of parimutuel wagering has not kept pace with inflation and actual costs.
- Increase purses to keep horse owners and trainers racing in California and to attract them to our state.
- Increase parimutuel distributions to California breeders and to Cal-bred race horses so as to strengthen the agricultural sector of California horse racing and help assure a future for California's race horse breeding industry.
- Build and upgrade facilities for the future: create and enable a mechanism for public sector financing of racing facility infrastructure improvements and/or acquisitions
- Create a revenue stream for public sector financing of racing facility infrastructure improvements or acquisitions.
- Increase parimutuel distributions to the statewide satellite network to keep it financially viable and to protect the jobs that it supports.
- Create stable funding for the California Horse Racing Board budget.
- Restore balance to distribution of parimutuel revenues through reform of ADW distributions. Align ADW distributions more closely with traditional handle distributions. Restore sufficient funding to critical funds presently suffering shortfalls because of shift in handle to ADW.

LEGISLATIVE ACTION PLAN

ADJUST PARIMUTUEL DISTRIBUTIONS FOR DAYTIME THOROUGHBRED RACING DURING

- Increase parimutuel take-out statewide by 3.25%
- Direct 1.25% of the increased takeout to purses
- Direct .25% of the increased takeout to California breeders and Cal-breds
- Direct .50% of increased takeout to satellite location fees
- Direct 1.00% of increased takeout to Capital Improvement Fund to finance improvements or acquisitions of racing facilities or satellites
- Direct .25% of increased takeout to California Horse Racing Board budget
- Restructure ADW distributions so as to align them more closely with traditional handle distributions and thereby restore funding to critical programs, specifically the Stabling and Vanning Funds (North & South) and NOTWInc/SCOTWInc Operating Funds

ADJUST PARIMUTUEL DISTRIBUTIONS FOR QUARTER HORSE AND HARNESS RACING AT NIGHT

- Increase parimutuel take-out statewide by 3.25%
- Direct 1.25% of the increased takeout to purses
- Direct .25% of the increased takeout to California breeders and Cal-breds
- Direct 1.00% of increased takeout to satellite location fees
- Direct .50% of increased takeout to Capital Improvement Fund to finance racing facility improvements, acquisitions or improvements to satellite locations
- Direct .25% of increased takeout to California Horse Racing Board budget



a California joint powers agency

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September 16, 2009

Mr. Chris Carpenter
 San Mateo County Event Center
 2495 Delaware St.
 San Mateo, CA 94403

Dear Chris,

This letter will confirm certain matters which were discussed during a teleconference meeting of the California Authority of Racing Fairs' Board of Directors on September 1, 2009.

At that meeting, during a discussion about expanding the California satellite wagering network, representatives from San Mateo County Event Center (SMCEC) acknowledged and confirmed SMCEC's commitment that it will not oppose application for or implementation of satellite wagering in San Francisco licensed to the Cow Palace (1-A District Agricultural Association). San Mateo representatives also affirmed that SMCEC had agreed that it would give its consent to satellite wagering in San Francisco, licensed to the Cow Palace, as a condition of accepting the satellite wagering facility financing and development package provided by the California Department of Food and Agriculture Division of Fairs and Expositions, the California Construction Authority and the California Authority of Racing Fairs.

Representatives of San Mateo County Event Center participating in the teleconference meeting were yourself and Portor Goltz. Mike Treacy, Director of the CDFA Division of Fairs and Expositions was present at the meeting and also confirmed this commitment on the part of San Mateo County Exposition and Fair.

Your signature below confirms agreement with the foregoing. Please sign and return to our office in Sacramento. Thank you for this confirmation.

Sincerely,

Christopher Korby
 Executive Director

Agreed to by:

Chris Carpenter
 CEO, SMCEC

Cc: Mike Treacy, CDFA
 CARF Board of Directors



September 22, 2009

Chris Carpenter, CEO
San Mateo County Exposition & Fair
2495 S. Delaware Street
San Mateo, CA 94403

Dear Chris:

I am writing to reiterate my comments made to you and Portor Goltz via telephone during the recent CARF Board meeting here in Sacramento on September 1, 2009. As you will remember, during the negotiations putting the financing together to construct the Satellite Wagering facility at the San Mateo County Fair (SMCF), it was clearly discussed and agreed by all parties that the SMCF would not oppose an application for satellite wagering in San Francisco licensed to the Cow Palace. This was one of the specific stipulations that led to the agreement from the Department of Food and Agriculture and the Division of Fairs and Expositions to proceed with our portion of the proposed financing to complete the Satellite Wagering facility at San Mateo.

I hope this clarifies the matter and will not necessitate the need to revisit this issue. Thanking you in advance for your cooperation.

Sincerely,

Michael F. Treacy
Director

cc: Christopher Korby, Executive Director, California Authority of Racing Fairs

