



a California joint powers agency

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

AGENDA
CALIFORNIA AUTHORITY OF RACING FAIRS
BOARD OF DIRECTORS MEETING
JOE BARKETT, CHAIR
11:00 A.M., WEDNESDAY, SEPTEMBER 3, 2008

Notice is hereby given that a teleconference meeting of the California Authority of Racing Fairs' Board of Directors will commence at 11:00 A.M., Wednesday, September 3, 2008. The meeting will be held at the San Joaquin Fairgrounds, Building #3, located at 1658 S. Airport Way, Stockton, California 95206.

AGENDA

- I. Determination of Date, Time, and Location of Next Meeting.
- II. Approval of Minutes from June 3.
- III. Discussion and Action, if any, on a Combined Fair Meeting in 2009 and Racing Calendar for 2009 and Beyond.
- IV. Discussion and Action, if any, on Implementation of AB 765.
- V. Discussion and Action, if any, on Equipment Replacement Fund.
- VI. Report, Discussion and Action, if any, on the Satellite Wagering Facility at San Mateo County Fair.
- VII. 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

Board of Directors
Tuesday, June 3, 2008

Minutes

A meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, June 3, 2008. The meeting was conducted at the Kahn, Soares & Conway Conference Room located at 1415 L Street, Suite 400, Sacramento, California, 95814.

Board of Director Members attending: John Alkire, Joe Barkett, Rick Pickering and Stuart Titus. Joining by conference call: Kelly Baldwin, Dan Jacobs and Forrest White.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Margot Wilson, Tawny Tesconi and Mike Treacy. Joining by conference call: Louie Brown.

Agenda Item 1 – Determination of Date, Time and Location of Next Meeting. The next CARF Board & Live Racing Committee meeting is tentatively scheduled for Wednesday, September 3, 2008 in Stockton.

Agenda Item 2 – Approval of Minutes May 6, 2008. Mr. Treacy requested that the meeting minutes be amended to show his attendance at the May 6, 2008 meeting. Mr. Pickering moved to approve the meeting minutes as amended. Mr. Alkire seconded, unanimously approved.

Agenda Item 3 – Update on Equipment Replacement Fund. Mr. Korby reported that the Finance Committee had recently met and reached a consensus that Mr. White and Mr. Jacobs, as representatives of the Satellite Wagering Facility Committees North and South, would work with staff to establish practices and procedures for the Equipment Replacement Fund. Mr. Jacobs expressed concerns that the current policy only replaces the full cost of equipment if it reaches its predetermined life expectancy. Mr. Pickering agreed with the concept to make the program more transparent but the details still need to be ironed out.

Mr. White would like to see the procedures developed in a way that would place more responsibility on the individual Fairs to improve maintenance practices in order to increase the overall lifespan of equipment. Mr. Barkett requested that the new procedures define the philosophy and objectives of the restructured program. Mr. Korby indicated that staff would continue to work with Mr. White and Mr. Jacobs to develop language and specifics.

Agenda Item 4 – Discussion and Action, if any, Regarding CARF By-Laws Language Regarding Eligibility to Serve on Board of Directors. Mr. Korby presented language developed since the last Board Meeting to modify the eligibility of members to serve on the Board of Directors. The intent of the bylaw change is to allow a Fair to designate a director or staff person to represent the Fair's interest on the CARF Board and act as their voting representative. Mr. Korby asked that the Board approve the presented language to be sent out to the membership for vote.

Mr. Pickering moved to approve the language as presented for mail distribution to the membership for a vote. Mr. Alkire seconded, unanimously approved.

Agenda Item 5 – Report, Discussion and Action, if any, on Sacramento Harness Association’s Unpaid Satellite Commissions to Fair Satellite Wagering Facilities. Mr. Korby reported that the demand letter served to the Sacramento Harness Association on April 17, 2008 never received a response. Mr. Korby has requested that the CHRB instruct SCOTWINC and NCOTWINC to distribute funds they are holding to CARF satellite wagering facilities per statutory obligations. Mr. Barkett encouraged Mr. Korby to aggressively continue pursuing the matter.

Agenda Item 6 – Discussion and Action, if any, on Legislative Matters. Mr. Brown reported on a meeting yesterday with racing industry principals. The consensus of the group was that AB 2258 (Evans) should move as is and no one from the group will stand in the way of its progress. Mr. Barkett expressed concern about the concept of extending the calendar window for a combined Fair meet running contrary to the Fair request to raise the Fair two week cap to four weeks.

Mr. Korby introduced the packet document listing racing issues that are currently being discussed as part of the racing industry’s 2008 legislative agenda. Mr. Korby requested support on Items 5, 6 and 7 and support of the concepts on Items 2, 3 and 8.

Mr. Pickering moved to support the following changes in legislation to the Northern Zone: 1) Raise the cap on private association dates from 32 weeks up to 35 weeks; 2) Raise the 14-day cap on Fair dates to four weeks; and 3) Extend the calendar window for a combined Fair meeting to include June, making the window June 1 through October 31. Mr. Alkire seconded, unanimously approved.

Mr. Pickering moved to support the following concepts: 1) Lift the cap on imported races; 2) Support statewide, year-round additional take-out to be used exclusively for racing facility improvements; and 3) Revise the statute to specifically permit vanning and stabling funds be used for debt service on funding for race track and backstretch facility improvements. Mr. Alkire seconded, unanimously approved.

Agenda Item 7 – Executive Director’s Report. Mr. Korby reported that recent events have required Vallejo to open two weeks early for stabling.

Mr. Korby noted that Mr. Jacobs made a request to send CARF Board Meeting notices to all CARF members so that they can participate if they so wish.

Mr. Barkett reported that matters regarding the Humboldt County Fair will be noticed as an item of discussion at a future meeting.

Mr. Korby asked that all requests requiring staff time be placed through the Executive Director to be appropriately delegated. Mr. Barkett notified the group that meeting and communication standards will be addressed at future meetings.

Respectfully submitted,
Heather Haviland

COMBINED FAIR HORSE RACING MEETING

Considerations for Initial Implementation

Background

CARF-member Racing Fairs have resolved to explore implementation of a combined Fair racing meeting, pursuant to Agriculture Code Section 4058 and B&P Code Sections 19549.1 ff. The considerations below developed from strategic planning meetings held by that group.

Objective

Pursuant to the authorization in Ag Code Section 4058, Northern California Racing Fairs will implement a combined Fair racing meeting commencing with the summer Fair racing circuit in 2009.

Proposed Implementation

- A combined Fair racing meeting will be conducted at multiple venues in the summer of 2009, based on the 2009 racing dates calendar approved by the California Horse Racing Board.
- Each Fair wishing to participate in the combined Fair racing meeting will do so voluntarily, independently and with the approval of its Board of Directors.
- Those Fairs participating will form a league to manage the combined meeting. Participating Fairs will maintain a charter representation in the league. In the event that racing dates moves from one Fair to another, participating Fairs will retain a "grandfathered" representation in the league.
- CARF will function as the entity authorized in Ag Code Section 4058, and apply for the license to conduct the meeting. (See Legislative Counsel opinion, attached.)
- Once the group has formally decided to pursue this approach, CARF will begin working with CHRB on the mechanics of implementation.
- CARF will manage the combined Fair racing meeting in a manner determined by a majority of those Fairs that elect to participate. CARF will manage the combined meeting as described in Ag Code Section 4058.
- The league may determine that some form of revenue-sharing is in the best interest of its members.

COMBINED FAIR HORSE RACING MEETING

Benefits

- Strengthens Fairs' influence and control over a block of summer racing dates in Northern California.
- Allows Fairs to determine if, when and where Fair racing dates will be conducted during the summer block of dates. Allows flexibility and latitude as the racing landscape in California continues to evolve.
- "Insurance policy" to preserve a racing presence for Fairs that may be challenged during the 2009 license application process. Gives Fairs the flexibility to combine their traditional dates with other Fairs.
- Allows for a platform on which to begin revenue-sharing, should participating Fairs elect to pursue that concept.
- Strengthens negotiating leverage in negotiations with horsemen, in management of purses and in formulating summer stakes program.
- Strengthens consistent management of racing program. Allows employment of the most capable available racing personnel.
- Allows Fairs to negotiate more consistent labor agreements applicable to entire meeting.
- A meeting lasting longer than two weeks will allow significant carry-overs to develop in the Pick Six bet, a very popular wager.
- Strengthens Fair racing in a time of transition and uncertainty.

2009 Northern California Race Dates DRAFT

As Discussed at Dates Conference in Pleasanton May 13, 2008

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

January						
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

May						
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						

September						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
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			

GGF Winter	84
GGF Spring	58
Total GGF	142

Pleasanton @ GGF	18
Pleasanton @ GGF	15
Total Pleasanton @ GGF	33

Simulcast Only	14
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Pleasanton	11
Vallejo	10
Santa Rosa	12
GGF Summer Fairs Benefit	15

Ferndale Overlap	10
Cal Expo	11
Stockton	9
Fresno	11
Total Fairs	89

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

June						
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				

October						
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

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				

July						
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	

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

April						
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		

August						
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					

December						
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		

2009 DRAFT-Specific Fairs Shown	
1	2009 DRAFT-Specific Fairs Shown

Discussed at Dates Conference -- GGF June 9, 2008

Ferndale	5
Cal Expo	11
Stockton	10
Fresno	11
Total Fairs	73

April						
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		

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					

December						
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		
15						

September						
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			
6			5	1		9

SAN JOAQUIN FAIR

YEAR	2003	2004	2005	2006	2007
TOTAL RACE DAYS	10	10	10	10	9
TOTAL HANDLE	17,014,231	17,272,082	19,454,424	16,852,770	28,024,627
ON-TRACK	2,297,774	2,149,393	2,181,189	1,898,840	2,315,036
OFF-TRACK	9,311,621	9,074,078	9,122,115	8,225,410	14,569,853
OUT-OF-STATE	3,741,643	4,051,463	4,805,207	4,159,595	6,842,648
ADW	1,663,193	1,997,147	3,345,914	2,768,924	4,297,091
LIVE	10,890,203	11,295,946	13,319,292	10,859,907	15,855,476
OUT-OF-ZONE IMPORTED	2,949,164	2,968,321	2,599,965	2,523,949	4,671,800
INTERSTATE IMPORTED	3,174,864	3,007,815	2,775,135	2,620,616	5,518,238
INTERNATIONAL IMPORTED	0	0	760,032	848,298	1,979,114
AVERAGE DAILY HANDLE	1,701,423	1,727,208	1,945,442	1,685,277	3,113,847
AVERAGE ON-TRACK	229,777	214,939	218,119	169,884	257,226
AVERAGE OFF-TRACK	931,162	907,408	912,211	822,541	1,618,873
AVERAGE OUT-OF-STATE	374,164	405,146	480,521	415,960	760,294
AVERAGE ADW HANDLE	166,319	199,715	334,591	276,892	477,455
AVERAGE LIVE	1,089,020	1,129,595	1,331,929	1,085,991	1,761,720
AVERAGE OUT-OF-ZONE IMPORTED	294,916	296,832	259,997	252,395	519,089
AVERAGE INTERSTATE IMPORTED	317,486	300,782	277,513	262,062	613,138
AVERAGE INTERNATIONAL IMPORTED	0	0	76,003	84,830	219,902
TOTAL TAKEOUT	3,078,325	3,504,348	3,953,700	3,422,064	5,634,575
EFFECTIVE TAKEOUT	18.09%	20.29%	20.32%	20.31%	20.11%
STATE LICENSE FEES	181,230	176,811	176,840	151,748	236,764
STATE %	1.07%	1.02%	0.92%	0.90%	0.84%
TRACK COMMISSIONS	569,601	562,443	606,513	463,971	785,439
ADW COMMISSIONS	75,152	90,178	155,511	146,575	210,810
TOTAL COMMISSIONS	644,753	652,621	762,024	610,546	996,250
TRACK %	3.35%	3.26%	3.12%	2.75%	2.80%
HORSEMEN'S PURSES	576,015	568,087	612,638	504,061	785,269
ADW PURSES	75,886	91,215	157,188	148,208	212,366
TOTAL PURSES	651,901	659,302	769,826	652,269	997,635
HORSEMEN'S %	3.39%	3.29%	3.15%	2.99%	2.80%

SAN JOAQUIN FAIR

YEAR	2003	2004	2005	2006	2007
CALIFORNIA ATTENDANCE	86,393	83,229	82,036	72,144	77,340
ON-TRACK	45,079	45,145	45,338	39,466	40,570
OFF-TRACK	41,314	38,084	36,698	32,678	36,770
AVERAGE DAILY ATTENDANCE	8,639	8,323	8,204	7,214	8,593
AVERAGE DAILY ON - TRACK	4,508	4,515	4,534	3,947	4,508
AVERAGE DAILY OFF - TRACK	4,131	3,808	3,670	3,268	4,086
TOTAL RACE EVENTS	104	104	102	92	94
STARTS	846	797	755	632	714
AVERAGE STARTS PER EVENT	8.1	7.7	7.4	6.9	7.6
AVERAGE HANDLE PER START	12,873	14,173	17,641	17,183	22,207

ALAMEDA COUNTY FAIR

YEAR	2003	2004	2005	2006	2007
TOTAL RACE DAYS	11	11	11	11	11
- TOTAL HANDLE	34,419,955	35,782,995	38,317,137	35,624,198	39,039,011
ON-TRACK	6,134,946	6,298,354	6,905,586	5,576,048	6,185,717
OFF-TRACK	17,519,030	16,964,061	17,612,934	15,929,441	17,077,166
OUT-OF-STATE	8,474,107	9,513,928	9,416,580	9,879,553	10,266,872
ADW	2,291,873	3,006,652	4,382,038	4,239,157	5,509,256
LIVE	20,045,504	21,870,024	22,937,877	21,961,445	23,606,252
OUT-OF-ZONE IMPORTED	7,293,359	6,632,560	7,179,085	5,962,929	7,234,067
INTERSTATE IMPORTED	7,081,093	7,280,411	6,497,195	6,051,342	6,106,627
INTERNATIONAL IMPORTED	0	0	1,702,980	1,648,482	2,092,066
AVERAGE DAILY HANDLE	3,129,087	3,253,000	3,483,376	3,238,563	3,549,001
AVERAGE ON-TRACK	557,722	572,578	627,781	506,913	562,338
AVERAGE OFF-TRACK	1,592,639	1,542,187	1,601,176	1,448,131	1,552,470
AVERAGE OUT-OF-STATE	770,373	864,903	856,053	898,141	933,352
AVERAGE ADW	208,352	273,332	398,367	385,378	500,841
AVERAGE LIVE	1,822,319	1,988,184	2,240,078	2,146,357	2,336,211
AVERAGE OUT-OF-ZONE IMPORTED	663,033	602,960	652,644	542,084	657,642
AVERAGE INTERSTATE IMPORTED	643,736	661,856	590,654	550,122	555,148
AVERAGE INTERNATIONAL IMPORTED	0	0	154,816	149,862	190,188
TOTAL TAKEOUT	6,884,133	7,253,774	7,756,827	7,232,063	7,898,559
EFFECTIVE TAKEOUT	20.00%	20.27%	20.24%	20.30%	20.23%
- STATE LICENSE FEES	352,091	353,000	360,827	321,459	342,417
STATE %	1.02%	0.99%	0.94%	0.90%	0.88%
- TRACK COMMISSIONS	1,166,137	1,205,405	1,299,429	1,112,241	1,184,682
ADW COMMISSIONS	103,886	134,984	199,872	216,559	265,183
- TOTAL COMMISSIONS	1,270,023	1,340,389	1,499,301	1,328,800	1,449,865
TRACK %	3.69%	3.75%	3.91%	3.73%	3.71%
HORSEMEN'S PURSES	1,180,660	1,221,859	1,317,666	1,125,047	1,197,423
ADW PURSES	105,325	136,637	202,789	219,771	268,494
- TOTAL PURSES	1,285,985	1,358,496	1,520,455	1,344,818	1,465,916
HORSEMEN'S %	3.74%	3.80%	3.97%	3.78%	3.76%

ALAMEDA COUNTY FAIR

YEAR	2003	2004	2005	2006	2007
CALIFORNIA ATTENDANCE	83,850	97,447	103,892	91,802	91,952
ON-TRACK	33,926	48,112	57,262	48,343	48,870
OFF-TRACK	49,924	49,335	46,630	43,459	43,082
DAILY ATTENDANCE	7,623	8,859	9,445	8,346	8,359
AVERAGE DAILY ON - TRACK	3,084	4,374	5,206	4,395	4,443
AVERAGE DAILY OFF - TRACK	4,539	4,485	4,239	3,951	3,917
TOTAL RACE EVENTS	120	120	120	120	121
STARTS	927	916	896	848	868
AVERAGE STARTS PER EVENT	7.7	7.6	7.5	7.1	7.2
AVERAGE HANDLE PER START	21,624	23,876	25,600	25,898	27,196

WINE COUNTRY RACING

YEAR	2006	2007
TOTAL RACE DAYS	23	23
- TOTAL HANDLE	70,954,806	71,881,693 -
ON-TRACK	7,787,240	7,326,924
OFF-TRACK	33,332,553	32,393,559
OUT-OF-STATE	21,610,102	22,663,989
ADW	8,224,911	9,497,221
LIVE	44,570,693	45,754,634
OUT-OF-ZONE	12,770,539	11,994,791
INTERSTATE IMPORTED	10,615,982	10,308,697
INTERNATIONAL IMPORTED	2,997,592	3,823,571
AVERAGE DAILY HANDLE	3,084,992	3,125,291
AVERAGE DAILY ON-TRACK	338,576	318,562
AVERAGE DAILY OFF-TRACK	1,449,241	1,408,416
AVERAGE DAILY OUT-OF-STATE	939,570	985,391
AVERAGE DAILY ADW	357,605	412,923
AVERAGE DAILY LIVE	1,937,856	1,989,332
AVG. DAILY OUT-OF-ZONE IMPORTED	555,241	521,513
AVG. DAILY INTERSTATE IMPORTED	461,564	448,204
AVG. INTERNATIONAL IMPORTED	130,330	166,242
TOTAL TAKEOUT	14,467,212	14,736,126
EFFECTIVE TAKEOUT	20.39%	20.50%
STATE LICENSE FEES	619,212	601,002
STATE %	0.87%	0.84%
TRACK COMMISSIONS	2,146,406	2,081,614
ADW COMMISSIONS	385,055	444,410
- TOTAL COMMISSIONS	2,531,461	2,526,024 -
TRACK %	3.57%	3.51%
HORSEMEN'S PURSES	2,159,252	2,093,241
ADW PURSES	387,967	448,597
- TOTAL PURSES	2,547,219	2,541,838 -
HORSEMEN'S %	3.59%	3.54%

WINE COUNTRY RACING

YEAR	2006	2007
CALIFORNIA ATTENDANCE	160,227	144,807
ON-TRACK	77,660	70,613
OFF-TRACK	82,567	74,194
DAILY ATTENDANCE	6,966	6,296
AVERAGE DAILY ON - TRACK	3,377	3,070
AVERAGE DAILY OFF - TRACK	3,590	3,226
TOTAL RACE EVENTS	257	243
TOTAL RUNNERS	1,872	1,861
AVERAGE RUNNERS PER EVENT	7.3	7.7
AVERAGE HANDLE PER START	23,809	24,586

DEL MAR THOROUGHBRED CLUB

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YEAR	2003	2004	2005	2006	2007
TOTAL RACE DAYS	43	43	43	43	43
TOTAL HANDLE	510,968,915	521,113,745	546,971,289	511,215,853	555,050,004
ON-TRACK	102,961,640	102,242,996	108,907,840	100,685,048	104,800,660
OFF-TRACK	163,303,386	156,275,504	153,435,395	142,506,515	142,018,812
OUT-OF-STATE	206,549,861	213,128,960	219,543,395	205,406,734	234,599,938
ADW	38,154,028	49,466,286	65,084,660	62,617,556	73,630,594
LIVE	425,274,411	439,615,212	464,253,682	431,523,299	476,608,230
OUT-OF-ZONE IMPORTED	37,152,703	34,190,989	31,488,617	30,933,530	27,639,697
INTERSTATE IMPORTED	48,223,773	47,307,544	43,587,871	41,153,304	41,840,125
INTERNATIONAL IMPORTED	318,027	0	7,641,119	7,605,719	8,961,953
AVERAGE DAILY HANDLE	11,882,998	12,118,924	12,720,263	11,888,741	12,908,140
AVERAGE ON-TRACK	2,394,457	2,377,744	2,532,740	2,341,513	2,437,225
AVERAGE OFF-TRACK	3,797,753	3,634,314	3,568,265	3,314,105	3,302,763
AVERAGE OUT-OF-STATE	4,803,485	4,956,487	5,105,660	4,776,901	5,455,813
AVERAGE ADW	887,303	1,150,379	1,513,597	1,456,222	1,712,339
AVERAGE LIVE	9,897,499	10,223,610	10,974,298	10,212,303	11,292,330
AVERAGE OUT-OF-ZONE IMPORTED	864,016	795,139	732,293	719,384	642,784
AVERAGE INTERSTATE IMPORTED	1,121,483	1,100,175	1,013,671	957,054	973,026
AVERAGE INTERNATIONAL IMPORTED	7,396	0	177,700	176,877	208,418
TOTAL TAKEOUT	96,899,391	102,211,988	107,017,562	100,196,471	108,963,493
EFFECTIVE TAKEOUT	18.96%	19.61%	19.57%	19.60%	19.63%
STATE LICENSE FEES	6,284,789	6,230,514	6,170,609	5,736,023	5,876,286
STATE %	1.23%	1.20%	1.13%	1.12%	1.06%
TRACK COMMISSIONS	19,395,550	19,483,346	19,919,590	17,291,141	19,270,659
ADW COMMISSIONS	1,639,819	2,118,562	2,787,835	2,822,669	3,053,837
TOTAL COMMISSIONS	21,035,369	21,601,908	22,707,426	20,113,810	22,324,496
TRACK %	4.12%	4.15%	4.15%	3.93%	4.02%
HORSEMEN'S PURSES	19,099,761	19,219,732	19,648,143	18,221,899	18,939,768
ADW PURSES	1,609,388	2,083,484	2,745,893	2,780,261	3,008,650
TOTAL PURSES	20,709,150	21,303,216	22,394,036	21,002,160	21,948,417
HORSEMEN'S %	4.05%	4.09%	4.09%	4.11%	3.95%

CALIFORNIA ATTENDANCE	1,268,228	1,232,763	1,185,297	1,118,896	1,120,764
ON-TRACK	725,922	733,237	731,287	700,192	718,511
OFF-TRACK	542,306	499,526	454,010	418,704	402,253
DAILY ATTENDANCE	29,494	28,669	27,565	26,021	26,064
AVERAGE DAILY ON - TRACK	16,882	17,052	17,007	16,284	16,710
AVERAGE DAILY OFF - TRACK	12,612	11,617	10,558	9,737	9,355
 TOTAL RACE EVENTS	 372	 371	 372	 371	 371
TOTAL RUNNERS	3,048	3,064	3,128	3,139	3,213
AVERAGE RUNNERS PER EVENT	8.2	8.3	8.4	8.5	8.7
AVERAGE HANDLE PER RUNNER	139,526	143,478	148,419	137,472	148,337

HUMBOLDT COUNTY FAIR

Page 11-9

YEAR	2003	2004	2005	2006	2007
TOTAL RACE DAYS	10	10	10	10	10
— TOTAL HANDLE	2,369,492	2,787,149	3,080,934	2,959,549	3,535,699 —
ON-TRACK	731,046	699,081	775,170	727,308	785,505
OFF-TRACK	1,163,479	1,264,637	1,200,644	1,015,848	1,062,530
OUT-OF-STATE	65,262	91,763	182,915	286,480	370,914
ADW	409,705	731,669	922,205	929,913	1,316,750
LIVE	2,369,492	2,787,149	3,080,934	2,959,549	3,535,699
OUT-OF-ZONE IMPORTED	0	0	0	0	0
INTERSTATE IMPORTED	0	0	0	0	0
INTERNATIONAL IMPORTED	0	0	0	0	0
AVERAGE DAILY HANDLE	236,949	278,715	308,093	295,955	353,570
AVERAGE DAILY ON-TRACK	73,105	69,908	77,517	72,731	78,551
AVERAGE DAILY OFF-TRACK	116,348	126,464	120,064	101,585	106,253
AVERAGE DAILY OUT-OF-STATE	6,526	9,176	18,292	28,648	37,091
AVERAGE ADW	40,971	73,167	92,220	92,991	131,675
AVERAGE LIVE	236,949	278,715	308,093	295,955	353,570
AVG. OUT-OF-ZONE IMPORTED	0	0	0	0	0
AVG. INTERSTATE IMPORTED	0	0	0	0	0
AVG. INTERNATIONAL IMPORTED	0	0	0	0	0
TOTAL TAKEOUT	479,314	566,834	626,069	599,750	705,465
EFFECTIVE TAKEOUT	20.23%	20.34%	20.32%	20.26%	19.95%
STATE LICENSE FEES	26,769	28,050	28,662	25,764	27,840
STATE %	1.13%	1.01%	0.93%	0.87%	0.79%
TRACK COMMISSIONS	115,380	118,212	122,852	112,792	119,063
ADW COMMISSIONS	20,179	34,561	43,675	48,837	62,997
— TOTAL COMMISSIONS	135,559	152,773	166,527	161,629	182,061 —
TRACK %	5.72%	5.48%	5.41%	5.46%	5.15%
HORSEMEN'S PURSES	119,605	122,188	127,540	117,310	124,006
ADW PURSES	21,083	35,780	45,104	50,668	65,505
— TOTAL PURSES	140,688	157,968	172,644	167,977	189,512 —
HORSEMEN'S %	5.94%	5.67%	5.60%	5.68%	5.36%

HUMBOLDT COUNTY FAIR

YEAR	2003	2004	2005	2006	2007
CALIFORNIA ATTENDANCE	58,433	52,587	53,112	50,829	50,643
ON-TRACK	22,442	21,759	22,811	21,975	22,964
OFF-TRACK	35,991	30,828	30,301	28,854	27,679
DAILY ATTENDANCE	5,843	5,259	5,311	5,083	5,064
AVERAGE DAILY ON - TRACK	2,244	2,176	2,281	2,198	2,296
AVERAGE DAILY OFF - TRACK	3,599	3,083	3,030	2,885	2,768
TOTAL RACE EVENTS	71	73	75	77	75
TOTAL RUNNERS	416	421	483	484	506
AVERAGE RUNNERS PER EVENT	5.9	5.8	6.4	6.3	6.7
AVERAGE HANDLE PER START	5,696	6,620	6,379	6,115	6,988

SAN MATEO COUNTY FAIR

YEAR	2003	2004	2005	2006	2007
TOTAL RACE DAYS	12	12	12	12	11
— TOTAL HANDLE	33,095,531	31,429,897	35,073,812	32,980,437	28,229,727 —
ON-TRACK	7,160,665	6,616,631	6,973,546	6,436,307	5,430,099
OFF-TRACK	13,989,697	12,662,765	14,743,259	12,668,775	10,991,809
OUT-OF-STATE	10,296,174	9,602,634	9,851,395	10,421,845	8,353,997
ADW	1,648,996	2,547,867	3,505,612	3,453,511	3,453,822
LIVE	18,984,046	17,822,238	19,233,174	19,057,608	15,880,149
OUT-OF-ZONE IMPORTED	7,555,523	6,909,926	7,952,233	6,922,768	6,006,626
INTERSTATE IMPORTED	6,555,963	6,697,733	6,485,633	5,614,615	4,943,287
INTERNATIONAL IMPORTED	0	0	1,402,772	1,385,446	1,399,464
AVERAGE DAILY HANDLE	2,757,961	2,619,158	2,922,818	2,748,370	2,566,339
AVERAGE DAILY ON-TRACK	596,722	551,386	581,129	536,359	493,645
AVERAGE DAILY OFF-TRACK	1,165,808	1,055,230	1,228,605	1,055,731	999,255
AVERAGE DAILY OUT-OF-STATE	858,015	800,220	820,950	868,487	759,454
AVERAGE DAILY ADW	137,416	212,322	292,134	287,793	313,984
AVERAGE DAILY LIVE	1,582,004	1,485,186	1,602,764	1,588,134	1,443,650
AVG. DAILY OUT-OF-ZONE IMPORTED	629,627	575,827	662,686	576,897	546,075
AVG. DAILY INTERSTATE IMPORTED	546,330	558,144	540,469	467,885	449,390
AVG. DAILY INTERNATIONAL IMPORTED	0	0	116,898	115,454	127,224
TOTAL TAKEOUT	6,355,674	6,409,255	7,166,798	6,758,863	5,781,751
EFFECTIVE TAKEOUT	19.20%	20.39%	20.44%	20.49%	20.48%
STATE LICENSE FEES	233,949	204,161	230,433	203,190	161,171
STATE %	0.71%	0.65%	0.66%	0.62%	0.57%
TRACK COMMISSIONS	1,155,665	1,054,551	1,158,909	1,054,130	884,360
ADW COMMISSIONS	82,106	113,891	164,036	174,010	157,692
— TOTAL COMMISSIONS	1,237,771	1,168,442	1,322,944	1,228,140	1,042,252 —
TRACK %	3.49%	3.36%	3.30%	3.20%	3.13%
HORSEMEN'S PURSES	1,165,836	1,061,645	1,164,261	1,059,757	867,929
ADW PURSES	82,684	114,906	165,216	174,825	156,795
— TOTAL PURSES	1,248,519	1,176,551	1,329,477	1,234,582	1,046,724 —
HORSEMEN'S %	3.52%	3.38%	3.32%	3.21%	3.15%

SAN MATEO COUNTY FAIR

YEAR	2003	2004	2005	2006	2007
CALIFORNIA ATTENDANCE	71,453	61,286	64,845	62,676	51,964
ON-TRACK	30,836	25,818	25,428	27,310	22,181
OFF-TRACK	40,617	35,468	39,417	35,366	29,783
AVERAGE DAILY ATTENDANCE	5,954	5,107	5,404	5,223	4,724
AVERAGE DAILY ON - TRACK	2,570	2,152	2,119	2,276	2,016
AVERAGE DAILY OFF - TRACK	3,385	2,956	3,285	2,947	2,708
TOTAL RACE EVENTS	112	101	113	111	93
TOTAL RUNNERS	760	670	800	761	597
AVERAGE STARTS PER EVENT	6.8	6.8	7.1	6.9	6.4
AVERAGE HANDLE PER START	24,979	26,600	24,041	25,043	26,600

FRESNO FAIR

YEAR	2003	2004	2005	2006	2007
TOTAL RACE DAYS	11	10	11	11	11
- TOTAL HANDLE	7,122,973	6,840,268	8,104,725	9,364,097	9,251,137
ON-TRACK	3,313,016	3,117,712	3,442,261	3,476,203	3,169,221
OFF-TRACK	2,266,360	2,023,142	2,183,595	2,268,316	2,084,257
OUT-OF-STATE	645,210	675,873	1,270,851	1,763,598	1,949,618
ADW	898,388	1,023,541	1,208,018	1,855,981	2,048,041
LIVE	7,122,973	6,840,268	8,104,725	9,364,097	9,251,137
OUT-OF-ZONE IMPORTED	0	0	0	0	0
INTERSTATE IMPORTED	0	0	0	0	0
AVERAGE DAILY HANDLE	647,543	684,027	736,793	851,282	841,012
AVERAGE ON-TRACK	301,183	311,771	312,933	316,018	288,111
AVERAGE OFF-TRACK	206,033	202,314	198,509	206,211	189,478
AVERAGE OUT-OF-STATE	58,655	67,587	115,532	160,327	177,238
AVERAGE ADW	89,839	102,354	120,802	185,598	204,804
AVERAGE LIVE	647,543	684,027	736,793	851,282	841,012
AVERAGE OUT-OF-ZONE IMPORTED	0	0	0	0	0
AVERAGE INTERSTATE IMPORTED	0	0	0	0	0
TOTAL TAKEOUT	1,261,192	1,429,489	1,856,646	1,898,916	1,863,453
EFFECTIVE TAKEOUT	17.71%	20.90%	20.44%	20.28%	20.36%
STATE LICENSE FEES	80,181	74,770	83,664	86,967	80,596
STATE %	1.13%	1.09%	1.03%	0.93%	0.87%
TRACK COMMISSIONS	391,003	365,845	409,846	421,450	390,807
ADW COMMISSIONS	40,546	54,051	56,441	92,318	93,414
- TOTAL COMMISSIONS	431,549	419,896	466,287	513,767	484,221
TRACK %	6.41%	6.50%	6.09%	5.80%	5.53%
HORSEMEN'S PURSES	414,005	387,669	433,732	445,680	412,536
ADW PURSES	42,755	57,023	59,610	97,722	98,874
- TOTAL PURSES	456,760	444,692	493,342	543,403	511,410
HORSEMEN'S %	6.41%	6.50%	6.09%	5.80%	5.53%

FRESNO FAIR

YEAR	2003	2004	2005	2006	2007
CALIFORNIA ATTENDANCE	110,934	98,984	113,914	122,317	116,049
ON-TRACK	73,301	69,412	81,823	89,434	86,498
OFF-TRACK	37,633	29,572	32,091	32,883	29,551
AVERAGE DAILY ATTENDANCE	10,085	9,898	10,356	11,120	10,550
AVERAGE DAILY ON - TRACK	6,864	6,941	7,438	8,130	7,863
AVERAGE DAILY OFF - TRACK	3,421	2,957	2,917	2,989	2,686
TOTAL RACE EVENTS	101	91	99	100	99
TOTAL RUNNERS	762	747	702	798	758
AVERAGE RUNNERS PER EVENT	7.5	8.2	7.1	8.0	7.7
AVERAGE HANDLE PER START	9,348	9,157	11,545	11,734	12,205

AB 765
EXCERPTS

BILL NUMBER: AB 765 CHAPTERED
BILL TEXT

CHAPTER 613

FILED WITH SECRETARY OF STATE OCTOBER 13, 2007
APPROVED BY GOVERNOR OCTOBER 13, 2007
PASSED THE SENATE SEPTEMBER 11, 2007
PASSED THE ASSEMBLY SEPTEMBER 12, 2007
AMENDED IN SENATE SEPTEMBER 7, 2007
AMENDED IN SENATE AUGUST 28, 2007
AMENDED IN ASSEMBLY JUNE 4, 2007
AMENDED IN ASSEMBLY MAY 23, 2007
AMENDED IN ASSEMBLY APRIL 11, 2007

INTRODUCED BY Assembly Member Evans
 (Coauthors: Assembly Members Ma, Plescia, Portantino, Price, and
Torricco)
 (Coauthors: Senators Denham, Florez, Negrete McLeod, Wyland, and
Yee)

FEBRUARY 22, 2007

An act to amend Section 19605.72 of, to amend and repeal Sections 19411, 19590, and 19595 of, and to add Sections 19601.4 and 19604 to, the Business and Professions Code, relating to horse racing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 765, Evans. Horse racing.

Existing law requires fairs and racing associations to pay a certain percentage of the handle from races to the state as license fees, and to pay other portions of the handle out for other purposes, as specified.

This bill would authorize certain fairs or associations, or combined entities, to contribute 1% of the total amount handled daily in conventional and exotic pools for maintenance and improvements at a fair's racetrack inclosure, for those fairs that contribute. The money raised would be deposited into the Inclosure Facilities Improvement Fund, which would be created as a special fund in the State Treasury, and that money would be available upon appropriation by the Legislature in the annual Budget Act. The bill would direct the Secretary of Food and Agriculture to appoint a committee to advise on the administration of the funds raised pursuant to the

provisions of the bill, and would require the secretary to report any allocations made pursuant to those provisions of the bill, as specified...

... 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.

Appropriation: yes.

... 19601.4. (a) Notwithstanding any other provision of law, a fair, combination of fairs, or an association conducting racing at a fair, may, after approval from the board, deduct an additional 1 percent from the total amount handled daily in its conventional and exotic pools. The additional 1 percent shall be deposited into the Inclosure Facilities Improvement Fund, which is hereby created as a special fund in the State Treasury, the moneys of which are available upon appropriation by the Legislature in the annual Budget Act. Any moneys deducted from the handle pursuant to this section shall be used solely for the purpose of facilities maintenance and improvements at a fair's racetrack inclosure for those fairs that contribute to, or for those fairs where an association conducting racing at that fair contributes to, the Inclosure Facilities Improvement Fund.

(b) The secretary shall appoint a committee of not more than five and no fewer than three individuals with expertise in financing, constructing, and managing horse racing facilities, to advise in the administration of the funds. The secretary shall have oversight over the committee. The secretary shall adhere to the same oversight responsibilities as outlined in Section 19620 when administering the funds contributed and disbursed pursuant to this section.

(c) The secretary shall include in the annual expenditure plan required pursuant to Section 19621 any allocations made pursuant to this section.

(d) For purposes of this section, "secretary" means the Secretary of Food and Agriculture.



a California joint powers agency

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

May 5, 2008

The Honorable Richard Shapiro, Chairman
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Chairman Shapiro:

AB 765, introduced by Assembly Member Noreen Evans in the 2007 legislative session and signed by Governor Schwarzenegger, authorized Fairs to contribute 1% of the total amount handled daily in conventional and exotic pools into the Inclosure Facilities Improvement Fund, held at the California Department of Food and Agriculture. The purpose of the fund is to pool money from racing Fairs for the improvement of Fair racing facilities. The bill (now B&P Code 19601.4) requires that a Fair notify the California Horse Racing Board of its decision to utilize this program.

The Fairs listed on the attached page indicate their Fairs' participation in this program and will include this letter in their respective license applications.

Thank you for your consideration. Please contact me if you have any questions.

Respectfully submitted,

Christopher Korby
Executive Director

Cc: Kirk Breed, California Horse Racing Board
Assembly Member Noreen Evans
Cynthia Bryant, Office of Governor Schwarzenegger
Michael Treacy, California Department of Food and Agriculture

FAIRS SIGNING LETTER TO
CALIFORNIA HORSE RACING BOARD
IN SUPPORT OF
IMPLEMENTING AB 765 (EVANS)

X _____
ALAMEDA COUNTY FAIR
RICK PICKERING

X _____
FRESNO DISTRICT FAIR
JOHN ALKIRE

X _____
HUMBOLDT COUNTY FAIR
STUART TITUS

X _____
SAN JOAQUIN FAIR
FORREST WHITE

X _____
SAN MATEO COUNTY FAIR
CHRIS CARPENTER

X _____
SOLANO COUNTY FAIR
JOE BARKETT

X _____
SONOMA COUNTY FAIR
TAWNY TESCONI

PRESENTATION TO CALIFORNIA HORSE RACING BOARD
IMPLEMENTATION OF AB 765

Due to the current economic climate facing the racing industry, particularly the increasing value of real estate under existing privately-owned tracks, we believe that the future of racing in California will increasingly move to publicly-owned facilities at Fairgrounds. In order for us to prepare for this future, Fairs need to invest significant resources to upgrade current facilities. Unfortunately, no one Fair can accomplish this task on its own. Implementation of AB 765 will allow those Fairs that choose to participate to increase the take out from horse racing by one percent. This money will be placed in a fund at the Department of Food and Agriculture and will be distributed for projects that will improve racing in California.

The announced closure of Bay Meadows at the end of 2008, accelerates the need to improve California's fair racetracks. Fair racing facilities are in need of maintenance and improvement to their facilities in order to provide a high quality product for its racing fans and participants.

Fairs which conduct racing in California have invested in the improvement of its facilities. However, time has proven that no one fair can adequately raise the money necessary to replace, build, or maintain the facilities needed for a state of the art race meet. Implementation of AB 765 will improve racing at California's fairs and improve California racing by upgrading fair tracks in California so that they can host prominent races and entertain today's horseracing enthusiasts.

AB 765, sponsored by Assembly Member Noreen Evans and signed by Governor Schwarzenegger in 2007, provides that a fair, combination of fairs, or an association conducting racing at a fair, may, with California Horse Racing Board (CHRB) approval, deduct an additional 1% from its handle to be used for maintenance and improvements at a fair's racetrack inclosure. Specifically, this bill, as chaptered in Business and Professions Code Section, 19601.4, provides that:

1. The additional deduction on its conventional and exotic wagers shall be deposited in the Inclosure Facilities Improvement Account created for this purpose at the Department of Food and Agriculture.
2. Funds derived pursuant to this section shall be used solely for the purpose of facilities maintenance and improvements at a fair's racetrack inclosure.
3. The Secretary of the California Department Food and Agriculture (CDFA) shall appoint a committee of 3-to-5 individuals with expertise in financing, constructing, and managing horse racing facilities to advise in the administration of the funds. The Secretary shall have oversight over the committee.
4. The Secretary shall include in the annual expenditure plan any allocations made pursuant to B&P Section 19601.4.

According to its author, the purpose of AB 765 was to allow racing fairs in California, which choose to participate, to increase the takeout on live wagers by 1%. The revenue generated from this action will be held by CDFA and will be strategically distributed to fairs who conduct live racing in California for capital improvements.

We urge the Board to authorize its implementation.

Christopher Korby-May 20, 2008

**California Authority of Racing Fairs
Equipment Replacement Fund**

	Facility Inventory 12/31/2007	Money on Account	% of Actual Facility Inventory	25% Value of Inventory	33% Value of Inventory	50% Value of Inventory	66% Value of Inventory
Anderson	\$ 79,288.07	\$ 45,890.00	58%	\$ 19,822.02	\$ 26,165.06	\$ 39,644.04	\$ 52,330.13
Bakersfield	\$ 76,311.27	\$ 14,774.00	19%	\$ 19,077.82	\$ 25,182.72	\$ 38,155.64	\$ 50,365.44
Cal Expo	\$ 357,248.80	\$ -	0%	\$ 89,312.20	\$ 117,892.10	\$ 178,624.40	\$ 235,784.21
Del Mar	\$ 429,973.11	\$ -	0%	\$ 107,493.28	\$ 141,891.13	\$ 214,986.56	\$ 283,782.25
Eureka	\$ 65,235.18	\$ 44,209.00	68%	\$ 16,308.80	\$ 21,527.61	\$ 32,617.59	\$ 43,055.22
Fresno	\$ 216,191.51	\$ 42,631.00	20%	\$ 54,047.88	\$ 71,343.20	\$ 108,095.76	\$ 142,686.40
Indio	\$ 167,636.98	\$ 128,408.00	77%	\$ 41,909.25	\$ 55,320.20	\$ 83,818.49	\$ 110,640.41
Lancaster	\$ 219,601.03	\$ 110,000.00	50%	\$ 54,900.26	\$ 72,468.34	\$ 109,800.52	\$ 144,936.68
Monterey	\$ 174,904.94	\$ 33,770.00	19%	\$ 43,726.24	\$ 57,718.63	\$ 87,452.47	\$ 115,437.26
National Orange Show	\$ 440,991.62	\$ 185,202.00	42%	\$ 110,247.91	\$ 145,527.23	\$ 220,495.81	\$ 291,054.47
Perris	\$ 299,396.85	\$ 212,812.00	71%	\$ 74,849.21	\$ 98,800.96	\$ 149,698.43	\$ 197,601.92
Pleasanton	\$ 342,721.93	\$ 207,786.00	61%	\$ 85,680.48	\$ 113,098.24	\$ 171,360.97	\$ 226,196.47
Santa Barbara	\$ 153,419.46	\$ 107,924.00	70%	\$ 38,354.87	\$ 50,628.42	\$ 76,709.73	\$ 101,256.84
Santa Maria	\$ 160,798.63	\$ 106,804.00	66%	\$ 40,199.66	\$ 53,063.55	\$ 80,399.32	\$ 106,127.10
Santa Rosa	\$ 309,969.85	\$ 142,735.00	46%	\$ 77,492.46	\$ 102,290.05	\$ 154,984.93	\$ 204,580.10
Stockton	\$ 305,205.91	\$ 238,370.00	78%	\$ 76,301.48	\$ 100,717.95	\$ 152,602.96	\$ 201,435.90
Tulare	\$ 85,006.07	\$ 36,890.00	43%	\$ 21,251.52	\$ 28,052.00	\$ 42,503.04	\$ 56,104.01
Turlock	\$ 224,243.38	\$ 96,971.00	43%	\$ 56,060.85	\$ 74,000.32	\$ 112,121.69	\$ 148,000.63
Vallejo	\$ 190,725.98	\$ 43,904.00	23%	\$ 47,681.50	\$ 62,939.57	\$ 95,362.99	\$ 125,879.15
Ventura	\$ 368,906.84	\$ 260,332.00	71%	\$ 92,226.71	\$ 121,739.26	\$ 184,453.42	\$ 243,478.51
Victorville	\$ 119,617.59	\$ 17,754.00	15%	\$ 29,904.40	\$ 39,473.80	\$ 8,877.00	\$ 78,947.61
Total Inventory	\$ 4,787,395.00	\$ 2,077,166.00	43%	\$ 1,196,848.75	\$ 1,579,840.35	\$ 2,342,765.71	\$ 3,159,680.70

Christopher Korby

From: "Richard B. Shapiro" <richard@wincorealestate.com>
To: "Craig Fravel" <Craig@dmtd.com>; <LibertyRDStables@aol.com>;
<johnharris@harrisfarms.com>; <preddam@cashcall.com>; <Ehalp@aol.com>;
<ron.charles@santaanita.com>; "Drew Couto (E-mail)" <drew@deposet.com>;
"Chillingworth, Sherwood" <Sherwood.Chillingworth@santaanita.com>; "PMEG
Local280" <pmeg_local280@hotmail.com>; <jackliebaw@yahoo.com>;
<korby@calfairs.net>; <eallred@losalamitos.com>;
<cgconsultinginc@yahoo.com>
Sent: August 12, 2008 4:55 PM
Subject: Future of California Racing

As we all know, all segments of horse racing in California will be significantly impacted over the next few years due to a variety of circumstances. It appears that now is the time for the industry to identify its goals and objectives as we move forward. Unlike years past, the industry as a whole, not the individual stakeholders and participants, have to define what we want racing to be generally given the challenges we all face.

With this spirit in mind, I have had a series of informal discussions with some, and believe that we are all well served to sit face to face and try to begin to develop a strategic plan of how we can cooperatively and collectively move the industry forward. Towards this end, Jack Liebau will circulate to all of you a white paper that is intended to serve as a "thought provoker" in advance of our all getting together. You should be prepared to add, comment and share your views as well.

I would like for us to meet on August 22nd, at Del Mar at 10:00am. I am sure we will be able to find a suitable meeting place.

Lastly, my only desire in having this meeting is for us all to work together. We all have so much invested, be it financially, emotionally, or otherwise, it is time we all found a way to put forth an agenda of change and needs that can set us on a better course.

Please RSVP your willingness to attend this meeting. The number of invitees has purposely been limited in numbers as hopefully a smaller working group can make progress.

Regards to all. RBS

Richard B. Shapiro
Winco Real Estate Services
5000 No. Parkway Calabasas
Suite 210
Calabasas, California 91302
818-227-5555 (ph)
818-227-5550 (fax)
richard@wincorealestate.com
www.wincorealestate.com

08/29/2008

**California Authority of Racing Fairs
Agency Income Statement
July 31, 2008**

	2006	2007	2008	2008	2008	2008
	Year End	Year End	YTD	Budget	Variance	% Budget
Revenue:						
Other Revenue	9,233	13,560	964	500	464	193%
Interest Income	48,441	92,352	19,107	50,000	(30,893)	38%
Member Dues	261,477	257,268	218,203	257,276	(39,073)	85%
CARF South Programs Admin Fee	39,146	34,731	15,597	34,425	(18,828)	45%
CARF Projects Admin Fee	126,364	158,277	13,128	195,000	(181,872)	7%
CARF Live Racing Admin Fee	132,433	155,333	76,635	143,958	(67,323)	53%
Total Revenue	617,094	711,520	343,634	681,159	(337,525)	50%
Expenses:						
Salaries	204,210	207,576	116,106	286,912	170,806	40%
Employee Benefits	21,363	16,639	14,622	30,000	15,378	49%
Post Retirement Benefits	27,118	31,122	18,429	35,000	16,571	53%
Payroll Taxes	11,471	9,960	7,009	13,500	6,491	52%
Accounting Costs	16,965	16,270	9,566	16,250	6,684	59%
Advertising Expense	800	0	0	0	0	0%
Audit Services	4,815	5,875	5,640	5,875	235	96%
Automobile Expense	0	3,788	2,500	3,000	500	83%
Contracted Services	1,198	2,214	472	3,000	2,528	16%
Depreciation	16,682	13,195	2,034	13,000	10,966	16%
Dues & Subscriptions	30,475	29,509	10,918	31,000	20,082	35%
Insurance Expense	37,763	38,824	23,378	38,151	14,773	61%
Legal Expenses	6,620	5,575	1,740	10,000	8,260	17%
Legislative Expenses	49,888	56,089	32,592	60,000	27,408	54%
Meetings Expense	6,861	3,420	2,359	6,000	3,641	39%
Misc. Bank Fees	29	404	155	1,000	845	16%
Office Supplies	17,074	15,953	12,311	15,000	2,689	82%
Postage & Shipping	3,570	4,168	2,731	4,000	1,269	68%
Rent (Tribute Road)	35,777	35,770	20,866	35,770	14,904	58%
Repairs & Maintenance	370	359	0	1,000	1,000	0%
Telephone Expense	10,660	10,921	4,242	11,000	6,758	39%
Training	0	0	0	2,500	2,500	0%
Travel Expense	24,886	27,308	12,921	27,500	14,579	47%
Total Expenses	528,593	534,936	300,592	649,458	348,866	46%
Agency Income (Loss)	88,500	176,584	43,042	31,701	11,341	
Southern Program Income (Loss)	14,398	16,026	7,806	2,475	5,331	
Total Balance Sheet Net Income (Loss)	102,899	192,610	50,848	34,176	16,672	

California Authority of Racing Fairs
Southern Region Income Statement
July 31, 2008

	2006	2007	2008	2008	2008	2008
	Year End	Year End	YTD	Budget	Variance	% Budget
Program Revenue:						
Program Sales	493,939	463,076	241,301	459,000	(217,699)	53%
Other Revenue	0	0	0	0	0	0%
Royalties/Fees Due Host	(440,394)	(411,359)	(217,800)	(417,000)	199,200	52%
Total Revenue	53,545	51,718	23,501	42,000	(18,499)	56%
Expenses:						
Legal Expenses	0	0	0	2,500	2,500	0%
Meetings Expense	0	539	98	1,000	902	10%
Misc Exp.(Storage)	0	0	0	1,000	1,000	0%
Postage & Shipping	0	0	0	100	100	0%
Telephone Expense	0	0	0	500	500	0%
Travel Expense	0	422	0	0	0	0%
Total Expenses	0	961	98	5,100	5,002	2%
Operating Income (Loss)	53,545	50,757	23,403	36,900	(13,497)	63%
CARF Admin Fee	39,146	34,731	15,597	34,425	18,828	45%
Rebate						
Income (Loss)	14,398	16,026	7,806	2,475	5,331	315%

**California Authority of Racing Fairs
Project Management Income Statement
July 31, 2008**

	2006	2007	2008	2008	2008	2008
	Year End	Year End	YTD	Budget	Variance	% Budget
Revenue:						
CARF Admin Fee	126,419	158,277	13,128	195,000	(181,872)	7%
Project Management	76,158	79,648	43,323	78,522	(35,199)	55%
Total Revenue	202,578	237,925	56,451	273,522	(217,071)	21%
Expenses:						
Salaries Expense	56,190	58,942	30,086	54,172	24,086	56%
Employee Benefits	6,595	7,510	4,678	8,000	3,322	58%
Payroll Taxes	3,065	3,060	1,562	3,000	1,438	52%
Accounting Costs	6,780	6,500	3,792	6,500	2,708	58%
Audit Services	1,870	2,350	2,256	2,350	94	96%
Automobile Expense	0	0	0	1,000	1,000	0%
Contracted Services	0	0	0	1,000	1,000	0%
Telephone Expense	1,015	647	392	1,500	1,108	26%
Travel Expense	144	85	0	500	500	0%
Misc. Storage	555	555	558	500	(58)	112%
Total Expenses	76,214	79,648	43,323	78,522	35,199	55%
CARF Admin Fee	126,364	158,277	13,128	195,000	181,872	7%

**California Authority of Racing Fairs
Live Racing Income Statement
July 31, 2008**

	2006	2007	2008	2008	2008	2008
	Year End	Year End	YTD	Budget	Variance	% Budget
Revenues:						
Change Fund Admin Fee	42,690	53,293	20,092	40,000	(19,908)	50%
Racing Fairs Admin Fee	67,743	80,040	34,543	81,958	(47,415)	42%
Supplemental Purses Admin Fee	22,000	22,000	22,000	22,000	0	100%
NCOTWINC Reimbursement	29,000	29,000	29,000	29,000	0	100%
Racing Fairs Reimbursement	959,886	1,120,049	456,231	1,059,773	(603,542)	43%
Advertising Revenue	3,425	4,827	0	4,000	(4,000)	0%
Total	1,124,744	1,309,208	561,866	1,236,731	(674,865)	45%
Expenses:						
Salaries	137,045	138,623	86,484	120,448	33,964	72%
Employee Benefits	32,501	35,050	21,745	35,000	13,255	62%
Payroll Taxes	9,178	23,536	5,400	10,500	5,100	51%
Accounting Costs	44,070	42,250	24,646	42,250	17,604	58%
Audit Services	12,155	15,275	14,664	15,275	611	96%
Automobile Expense	811	4,065	256	3,000	2,744	9%
Dues & Subscriptions, NTRA	28,125	28,125	10,141	30,000	19,859	34%
Legal Expenses	9,232	23,520	2,101	6,000	3,899	35%
Meetings Expense	3,429	3,643	853	5,000	4,147	17%
Misc. Exp (Harness,Storage,Bank fee)	0	80,000	0	0	0	0%
Telephone Expense	932	582	569	1,000	431	57%
Travel Expense	28,650	48,187	12,699	35,000	22,301	36%
Sub-Totals	306,128	442,855	179,557	303,473	123,916	59%
Racing Support Services:						
Announcer	33,513	24,870	11,000	30,000	19,000	37%
Condition Bk/Program Cover	19,540	15,237	3,969	23,000	19,031	17%
Racing Operations Support	73,176	74,441	73,802	78,000	4,198	95%
TC02 Testing	50,341	56,200	15,005	72,000	56,995	21%
Marketing	2,095	3,432	1,439	20,000	18,561	7%
Network Management	2,748	4,817	2,136	5,000	2,864	43%
Paymaster	8,860	5,160	4,934	10,000	5,066	49%
Program Production	169,347	196,134	31,505	205,000	173,495	15%
Racing Office System	60,889	56,097	21,571	60,000	38,429	36%
Recruitment	13,257	16,385	17,970	15,000	(2,970)	120%
Jumbo Screen	151,025	137,700	84,150	175,000	90,850	48%
Supplies	17,968	15,316	1,884	9,500	7,616	20%
Tattooing	16,724	21,741	10,185	16,800	6,615	61%
Timing/Clocker	29,472	26,010	6,970	30,000	23,030	23%
Transportation	3,350	4,660	500	5,000	4,500	10%
TV Production/Simulcast	33,879	52,822	18,655	35,000	16,345	53%
Sub-Totals	686,183	711,020	305,674	789,300	483,626	39%
Total Expenses	992,311	1,153,876	485,231	1,092,773	607,542	44%
CARF Admin Fee	132,433	155,333	76,635	143,958	67,323	53%
Net Income(Unbilled Expenses)	0	0	0	0	0	0%