



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
LIVE RACING COMMITTEE MEETING
JOHN ALKIRE, CHAIR
11:00 A.M., TUESDAY, MAY 4th, 2010
VIA TELECONFERENCE**

Notice is hereby given that a teleconference meeting of the Live Racing Committee will commence at 11:00 A.M., Tuesday, May 4th, 2010. The meeting will be held at the CARF Conference Room located at 1776 Tribute Road, Sacramento, California 95815.

AGENDA

- I. Date, time and location of next meeting.
- II. Approval of minutes.
- III. Report, discussion and action, if any, on legislative matters.
- IV. Report, discussion and action, if any, on formation of a CARF Funding Committee and its initial meeting with CDFA F&E regarding FY 2009-10 project and funding allocations.
- V. Discussion and action, if any, on recommendations from the CARF Live Racing Committee regarding FY 2010-11 funding allocations from CDFA Division of Fairs and Expositions.
- VI. Report, discussion and action, if any, on implementation of Mini Satellite Wagering Facilities as joint ventures with Fairs.
- VII. Report, discussion and action, if any, on developments in Magna bankruptcy proceedings.
- VIII. Report, discussion and action, if any, on the recent meeting with Northern California racing industry stakeholders.
- IX. Discussion and action, if any, on Northern California racing dates for 2011 and beyond.
- X. Discussion and action, if any, on Horsemen's agreements for conduct of 2010 Fair meetings
- XI. Report, discussion and action on Services, Contracts and Planning for 2010 Fair racing meetings.
- XII. Executive Director's Report



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

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

Alameda County Fair
4501 Pleasanton Ave.
Pleasanton, CA 94566

Humboldt County Fair
1250 5th Street
Ferndale, CA 95536

Solano County Fair
900 Fairgrounds Drive
Vallejo, CA 94589

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

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

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

California State Fair
1600 Exposition Blvd.
Sacramento, CA 95815

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

**CALIFORNIA AUTHORITY OF RACING FAIRS
Live Racing Committee
Tuesday, April 6, 2010**

MINUTES

A meeting of the California Authority of Racing Fairs Live Racing Committee was held at 11:00 A.M., Tuesday, April 6, 2010. The meeting was hosted by the Alameda County Fair located at the Alameda County Fairgrounds, 4501 Pleasanton Ave., Pleasanton, California.

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

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Heather Haviland, Tom Doutrich, Amelia White, Vince Agnifili, Mike Treacy, Dave Elliott, Jeanne Wasserman, Joe Barkett, Cindy Olsen and Jay Hight. Joining by conference call: Dan Jacobs, Kate Phariss and Richard Lewis.

Agenda Item 1 – Date and Time of Next Meeting. The next CARF Board & Live Racing Committee meetings will be held Tuesday, May 4, 2010 in Sacramento, time to be determined.

Agenda Item 2 – Approval of Minutes. Mr. Paluszak requested a correction on page 2, Agenda Item 4, second paragraph, second sentence which should reflect a payment schedule that would front-load the initial year of payments to Solano County Fair (not two years).

Mr. Paluszak also noted that page 3, first paragraph, second sentence should reference fiscal year 2009-2010 (not fiscal year 2008-2009).

Mr. Paluszak moved to approve the meeting minutes with corrections. Mr. Bartosik seconded, unanimously approved.

Agenda Item 3 – Report, Discussion and Action, if any, on Legislative Matters. Mr. Alkire reported that this item will be heard as part of the CARF Board Meeting at 12:30 p.m. due to a conflict in Mr. Brown’s schedule.

Agenda Item 4 – Report, Discussion and Action, if any, on Funding Allocations from CDFA Division of Fairs and Expositions. Mr. Treacy requested to discuss this item during the CARF Board Meeting at 12:30 p.m., since the item is listed on both meeting agendas.

Agenda Item 5 – Report, Discussion and Action, if any, on Agreements for Replacement Revenues Paid to Fairs which Reduce or Discontinue Conduct of Live Horse Racing. Mr. Korby introduced four documents included in the meeting packet per the request of the Live Racing Committee in March. The following documents were developed by the sub-committee tasked to make recommendations for negotiations involving Fairs that cease to conduct live racing:

- **Agreement – Consolidation of Racing Dates and Payment of Replacement Revenues (DRAFT Agreement as of March 23, 2010)** – This is the fifth draft of an agreement prepared by the sub-committee to serve as a contractual mechanism for the consolidation of racing dates and to identify/provide replacement revenues for Fairs that cease to conduct race meets as part of the consolidation. At this date, the Solano County Fair and San Joaquin County Fair are interested in participating in an agreement as non-racing and reduced-racing interests. The items highlighted in yellow are elements that the sub-committee does not have unanimous agreement on.
- **Replacement Revenue Proposal between Solano County Fair and CARF (DRAFT created by Tawny Tesconi on December 18, 2009)** – This spreadsheet shows a hypothetical payment schedule for replacement revenue paid to the Solano County Fair over a seven year term. The methodology is outlined as Addendum A in the “Agreement – Consolidation of Racing Dates and Payment of Replacement Revenues (DRAFT Agreement as of March 23, 2010)” document.
- **San Joaquin County Fair 2009 Race Meet Handle and Commissions.** These spreadsheets are reference material for use in developing a basis for formula calculations, if a consensus on the formulas can be reached.
- **Letter of Understanding between the Division of Fairs and Expositions (F&E) and the California Authority of Racing Fairs (CARF) (DRAFT)** – This document is a draft letter of understanding between F&E and CARF, memorializing an agreement based on Mr. Treacy’s offer to allocate up to \$700,000 generated in license fees to use as replacement revenues for Fairs discontinuing live racing as part of the consolidation agreement.

Ms. Tesconi expressed concern that the third-tier funding source, as drafted in the consolidation agreement, would discourage Fairs from committing to operate additional race dates. Ms. Tesconi feels that the committee has completed as much of the agreement as they can without involving all live racing fairs for input. Mr. Bartosik stated that the sub-committee worked within the criteria they were given and cannot make the figures work to the satisfaction of all parties. Mr. Korby suggested that it was time to involve the other industry stakeholders in the

discussion and that we would have opportunity to do so at the upcoming Northern California stakeholder's conference.

Mr. Bartosik moved to: 1) Table discussion of the "Agreement – Consolidation of Racing Dates and Payment of Replacement Revenues (DRAFT Agreement as of March 23, 2010)" as presented, and 2) Authorize the Executive Director to establish a new agreement with the Division of Fair and Expositions, Solano County Fair and San Joaquin County Fair based on funding from license fee revenues pledged from F&E for a one-year term, as an interim plan. Mr. Pickering seconded, unanimously approved.

Agenda Item 6 – Report, Discussion and Action, if any, on Implementation of Mini Satellite Wagering Facilities as Joint Ventures with Fairs. Mr. Korby introduced a generic draft lease agreement, provided in the meeting packet, which is intended for use as the foundation of a business relationship between a Fair and local third party that wish to enter into a joint venture.

Monterey County Fair, Humboldt County Fair, San Mateo County Fair, Cal Expo and Solano County Fair are in various stages of discussion and implementation in developing mini-satellite facilities.

Agenda Item 7 – Report, Discussion and Action, if any, on Horsemen's Agreements, Including Consolidation of Purses and Point System for Payment of Purses to Emerging Breeds. Mr. Korby requested Mr. Swartzlander report on discussions with Emerging Breed horsemen and a CARF proposal to eliminate Emerging Breed overpayments. Mr. Swartzlander reported that in an effort to eliminate the existing \$160,000 overpayment within two years, Emerging Breed representatives were being asked to consider: 1) A point system for purses based on actual handle generated, 2) Reducing stakes purses from \$9,000 to \$5,000, allowing horsemen's groups to supplement the purse level at their discretion, and 3) The use of supplemental purse money to reduce the existing deficit.

Mr. Swartzlander calculated that the Emerging Breeds generate \$62,500 into the supplemental purse fund. The American Mule Racing Association (AMRA) and Arabian Racing Association of California (ARAC) have reacted positively to the recommendations and all three breed associations have verbally agreed to the plan.

Mr. Pickering moved to adopt the proposal to reduce and eliminate the Emerging Breed overpayment as presented. Mr. Bartosik seconded, unanimously approved.

Mr. Swartzlander walked the group through several spreadsheets in the meeting packet, including purse projections and purse consolidation figures. TOC is requesting a two year agreement to the purse consolidation concept. Mr. Swartzlander reviewed the funds set aside to

protect Humboldt County Fair and Cal Expo from the supplemental purse fund reserve and supercharge line items. Mr. Elliott stated that some of the categories listed for Cal Expo did not match the schedule he sent to CARF staff. Mr. Swartzlander stated that the correction would be made.

Mr. Pickering moved to approve the consolidation of purses for a two-year time period and the 2010 consolidated purse projections as presented. Mr. Bartosik seconded, unanimously approved.

Mr. Bartosik moved to approve the 2010 purse structure with the corrections to the Cal Expo categories. Mr. Pickering seconded, unanimously approved.

Mr. Bartosik moved to approve the 2010 stakes schedule as presented, Cal Expo pending approval/to be determined. Mr. Pickering seconded. Mr. Paluszak, Mr. Alkire and Mr. Titus voted yes. Ms. Cook abstained.

Agenda Item 8 – Report, Discussion and Action, if any, on Reduction in Pari-Mutuel Staffing, Pursuant to a Recently Amended Contract with Local 280 Pari-Mutuel Clerks. Mr. Korby reported that the recently negotiated union contract for pari-mutuel clerks included a 22.5% decrease in staffing requirements which will have a positive impact on live racing Fairs by significantly decreasing the cost to operate the satellite network. Mr. Korby asked Bryan Wayte, Mutuel Manager at Golden Gate Fields, NCOTWinc. (Northern satellite facilities) and several Fair tracks, to provide specifics regarding the changes in the contract.

Mr. Wayte circulated spreadsheets showing the payroll to handle ratio comparison for 2003-2010 and patron to teller ratio, with total transactions per teller, for the past three Saturdays starting with March 20, 2010. The target payroll to handle ratio is 1%. In early 2010 the ratio crept up to 1.5%. In just two weeks of implementing the new staff requirements the ratio has been lowered to 1.26%.

According to Mr. Wayte, the ideal patron to teller ratio is 80 to 1 and the ideal number of total transactions per teller is 1,000. Even with the current staffing reductions, most satellites are operating well below the ideal thresholds and adjustments will continue. Mr. Wayte also plans to lower the on-track teller staffing level at live racing Fairs during the weekdays, which has not been a viable option in past years.

Mr. Korby stated that Northern California is unique in that Mr. Wayte has been secured by NCOTWinc., in an effort to consolidate services, to serve as the single Mutuel Manager for the Northern California simulcast network. As part of that package, Mr. Wayte is available as a Mutuel Manager to any Fair at no additional cost to the Fair, with the exception of lodging for

Fairs outside the Bay Area. Mr. Wayte's experience, level of management and professionalism elevate the operation of the mutuel departments he supervises and Mr. Korby recommends that Fairs not currently using Mr. Wayte consider the option.

Agenda Item 9 – Report, Discussion and Action, if any, on Logistical Planning and Personnel Assignments for the 2010 Fair Racing Circuit. Mr. Alkire asked if Mr. Titus' concerns regarding logistics and personnel assignments had been addressed to his satisfaction. Mr. Titus replied that he had initial conversations with Santa Rosa and Mr. Swartzlander and all of the issues were being discussed and resolved.

Agenda Item 10 – Executive Director's Report. Mr. Korby reported that the MAGNA bankruptcy is nearing resolution and legal counsel feels there is a very good chance that Fairs will realize the full amount of their claims. Santa Anita and Golden Gate Fields and are expected to change ownership within Frank Stronach's companies from MAGNA Entertainment to MI Developments in the near future.

Respectfully submitted,
Heather Haviland

CA Authority of Racing Fairs Legislative Report –

**Last 10 Days
4/23/2010**

**AB
1152**

(Anderson) Horse racing: outriders: advance deposit wagering: jockey retirement plan. (A-04/21/2010 [html](#) [pdf](#))

Status: 04/14/2010-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.

Current Location: 04/21/2010-S G.O.

Calendar Events: 04/27/10 9:30 a.m. - John L. Burton Hearing Room (4203)
SEN GOVERNMENTAL ORGANIZATION

Digest: Existing law, effective January 1, 2011, requires an outrider to be licensed by the California Horse Racing Board pursuant to certain provisions of law relating to stewards and racing officials.

This bill would delete the requirement that outriders be licensed under those provisions.

Existing law requires certain persons who participate in, or have anything to do with, the racing of horses to be licensed by the board pursuant to rules and regulations that the board may adopt, and upon the payment of a license fee fixed and determined by the board.

This bill would require the licensure of outriders pursuant to those provisions. By requiring outriders to be licensed, the violation of which would be a crime pursuant to other provisions of existing law, this bill would create new crimes and would thereby impose a state-mandated local program.

This bill would require the board to adopt regulations to require outrider license applicants to pass both a written and an oral examination and to authorize outriders to exercise certain duties and powers of the board as are delegated by the board.

Existing law authorizes advance deposit wagering to be conducted, with the approval of the board. Existing law requires amounts distributed under certain provisions of law relating to advance deposit wagering to be proportionally reduced by an amount equal to 0.00295 multiplied by the amount handled on advanced deposit wagers originating in California for each racing meeting, not to exceed \$2,000,000.

This bill would exempt from that calculation amounts handled on advanced deposit wagers originating in California for harness racing meetings.

Existing law requires the amount deducted, as per the above calculation, to be distributed as specified, with 50% of the money to the board to establish and to administer jointly with a certain jockey organization, a defined contribution retirement plan for California licensed jockeys who retired from racing on or after January 1, 2009, and who, as of the date of retirement, had ridden in a minimum of 1,250 parimutuel races conducted in California.

This bill would delete that requirement relating to a minimum number of races ridden.

~~Existing law provides that, notwithstanding any other law and in lieu of any license fee payable to the state prescribed for or referred to in specified provisions of the Horse Racing Law, any association or fair that conducts a racing meeting shall only pay its proportional amount, as determined by the formula devised by the board in consultation with the industry, as a license fee to the state, to be deposited into the Horse Racing Fund, to fund the board and the equine drug testing program, as provided.~~

~~This bill would require that license fee to also fund safety standard research and development.~~

~~Existing law provides for the baseline funding for the board and equine drug testing program and provides that adjustments to the funding in subsequent budget years may only be made by an act of the Legislature.~~

~~This bill would delete those provisions relating to the baseline funding and the adjustments to the funding.~~

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.

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

Laws: An act to amend Sections 19510, 19520, and 19604 of the Business and Professions Code, relating to horse racing, and declaring the urgency thereof, to take effect immediately.

History:

Apr. 21 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.

Apr. 14 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.

Apr. 6 In committee: Set, first hearing. Hearing canceled at the request of author.

Mar. 17 Re-referred to Com. on G.O.

Mar. 9 Re-referred to Com. on RLS.

Mar. 8 From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on B., P. & E.D.

July 8 From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on B., P. & E.D.

July 6 In committee: Set, first hearing. Hearing canceled at the request of author.

June 11 Referred to Com. on B., P. & E.D.

May 27 In Senate. Read first time. To Com. on RLS. for assignment.

May 26 Read third time, passed, and to Senate. (Ayes 75. Noes 0. Page 1678.)

May 19 Read second time. To third reading.
May 18 Read second time and amended. Ordered returned to second reading.
May 14 From committee: Amend, and do pass as amended. (Ayes 11. Noes 0.)
(May 12).
May 5 In committee: Hearing postponed by committee.
Mar. 26 Referred to Com. on B. & P.
Mar. 2 Read first time.
Mar. 1 From printer. May be heard in committee March 30.
Feb. 27 Introduced. To print.

Organization
CARF

AB
1753

(Hall) Slot machines. (A-04/14/2010 [html](#) [pdf](#))

Status: 04/22/2010-From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 21. Noes 0.) (April 21).

Current Location: 04/22/2010-A APPR.

Digest: Existing law, subject to exceptions, generally prohibits the possession and use of a "slot machine or device" as defined, and prohibits certain other acts and transactions pertaining to slot machines or devices. Existing law provides varying definitions of "slot machine or device" for these purposes. Violations of these provisions are punishable by varying misdemeanor penalties.

This bill would increase those misdemeanor penalties to provide that a first offense under these provisions would be punishable by a fine of not less than \$500 nor more than \$1,000, or by imprisonment in a county jail not exceeding 6 months, or by both that fine and imprisonment, that a 2nd offense would be punishable by a fine of not less than \$1,000 nor more than ~~\$5,000~~ \$10,000 , or by imprisonment in a county jail not exceeding 6 months, or by both that fine and imprisonment, and that a 3rd or subsequent offense would be punishable by a fine of not less than ~~\$5,000~~ \$10,000 , nor more than ~~\$10,000~~ \$25,000 , or by imprisonment in a county jail not exceeding one year, or by both that fine and imprisonment. The bill would also provide that if the offense involved more than one machine or more than one location, an additional fine of not less than ~~\$100~~ \$1,000 nor more than ~~\$500~~ \$5,000 would be imposed per machine and per location. ~~The bill would further provide that, for certain purposes, the definition of "slot machine or device" includes any machine or device that offers any prize or consideration with a value greater than the price or amount to play the machine or device, regardless of chance, or the skill or knowledge of the operator, is a slot machine or device, and that the definition of "slot machine or device" for certain other purposes includes "gambling machine" as defined in federal law.~~

By expanding the scope of, and increasing the penalties for, existing crimes,

this bill would impose a state-mandated local program.

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

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

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

Laws: An act to amend Sections 330a, 330b, and 330.1 of the Penal Code, relating to slot machines.

History:

Apr. 22 From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 21. Noes 0.) (April 21).

Apr. 15 Re-referred to Com. on G.O.

Apr. 14 From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.

Feb. 18 Referred to Com. on G.O.

Feb. 9 From printer. May be heard in committee March 11.

Feb. 8 Read first time. To print.

Organization

CARF

AB
1764

(Portantino) State employment: salary freeze. (A-03/10/2010 [html](#) [pdf](#))

Status: 04/21/2010-In committee: Set, first hearing. Referred to APPR. suspense file.

Current Location: 04/21/2010-A APPR. SUSPENSE FILE

Digest: Existing law requires the Department of Personnel Administration to establish and adjust salary ranges for each class of position in the state civil service, subject to specified merit limits and except as specified. Existing law requires the salary range to be based on the principle that like salaries shall be paid for comparable duties and responsibilities. Existing law allows the state to enter into memoranda of understanding relating to employer-employee relations with employee organizations representing certain state employees.

This bill would, until January 1, 2013, prohibit a person employed by the state whose base salary on or after the effective date of the bill is greater than \$150,000 per year from receiving a salary increase while employed in the same position or classification. The bill would exempt from this prohibition a person whose compensation is governed by an operative memorandum of understanding, as described above, a person who has been exempted by

Executive order of the Governor, as specified, and a person whose salary is set pursuant to the California Constitution. *The bill would also authorize the Controller to reject a request for disbursement of funds that violates these provisions.* The bill would make related legislative findings and declarations regarding the state budget deficit.

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

Laws: An act to add and repeal Section 18005 of the Government Code, relating to state employment.

History:

Apr. 21 In committee: Set, first hearing. Referred to APPR. suspense file.

Apr. 7 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 4. Noes 1.) (April 7).

Mar. 11 Re-referred to Com. on P.E.,R. & S.S.

Mar. 10 From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E.,R. & S.S. Read second time and amended.

Feb. 18 Referred to Com. on P.E.,R. & S.S.

Feb. 10 From printer. May be heard in committee March 12.

Feb. 9 Read first time. To print.

Organization

CARF

AB
1765

(Solorio) Public employment: furloughs. (A-03/11/2010 [html](#) [pdf](#))

Status: 04/21/2010-In committee: Set, first hearing. Referred to APPR. suspense file.

Current Location: 04/21/2010-A APPR. SUSPENSE FILE

Digest: Existing law states that it is the policy of the state that the workweek of the state employee shall be 40 hours, and the workday of state employees 8 hours, except that workweeks and workdays of a different number of hours may be established in order to meet the varying needs of the different state agencies. Executive ~~Orders~~ *Order Nos. S-16-08 and S-13-09* imposed 3 unpaid furlough days on state employees.

This bill would prohibit a state employee from being furloughed when the unemployment rate in California during the previous month reached or exceeded 8.5%, and the ~~employee works for a program that is 100%-employee's position is at least 95%~~ funded by the federal government, performs services that combat the state's recession, and works for the California Unemployment Insurance Appeals Board or the Employment Development Department. *The bill would also make related findings and declarations.*

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

program: no.

Laws: An act to add Section 19851.5 to the Government Code, relating to public employment.

History:

Apr. 21 In committee: Set, first hearing. Referred to APPR. suspense file.

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

Mar. 15 Re-referred to Com. on P.E.,R. & S.S.

Mar. 11 From committee chair, with author's amendments: Amend, and re-refer to Com. on P.E.,R. & S.S. Read second time and amended.

Feb. 18 Referred to Com. on P.E.,R. & S.S.

Feb. 10 From printer. May be heard in committee March 12.

Feb. 9 Read first time. To print.

Organization

CARF

AB
1792

(Silva) Horse racing: license fee reduction: quarter horse racing. (I-02/10/2010 [html](#) [pdf](#))

Status: 04/22/2010-From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 21. Noes 0.) (April 21).

Current Location: 04/22/2010-A APPR.

Digest: Existing law provides that, notwithstanding any other law and in lieu of any license fee payable to the state prescribed for or referred to in specified provisions of the Horse Racing Law, any association or fair that conducts a racing meeting shall pay its proportional amount, as determined by the formula devised by the California Horse Racing Board in consultation with the industry, as a license fee to the state to fund the board and the equine drug testing program, as provided. Existing law provides that the license fee reductions resulting from these provisions, after payments to fund the board and the equine drug testing program, shall be distributed as specified for thoroughbred racing, quarter horse racing, harness racing, and all other breeds. For quarter horse racing, 2.5% of the amount of the reduction is required to be deposited with the official registering agency and distributed as provided.

This bill would increase to 3% the amount of the reduction for quarter horse racing that is to be deposited with the official registering agency for distribution. Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

Laws: An act to amend Section 19616.51 of the Business and Professions Code, relating to horse racing.

History:

Apr. 22 From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 21. Noes 0.) (April 21).

Feb. 18 Referred to Com. on G.O.

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

Feb. 10 Read first time. To print.

Organization

CARF

AB
1992

(Portantino) Horse racing: safety standards: racing surface. (A-03/24/2010 [html](#) [pdf](#))

Status: 04/22/2010-From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 21. Noes 0.) (April 21).

Current Location: 04/22/2010-A APPR.

Digest: Existing law, the Horse Racing Law, generally regulates horse racing and parimutuel wagering on horse races and vests administration and enforcement of the Horse Racing Law in the California Horse Racing Board. Existing law requires the board to establish safety standards governing the uniformity and content of the racing surface.

This bill would specify that the board shall establish those safety standards for racing surfaces whether the surface is synthetic or dirt , *and for the maintenance of the racing surface* .

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

Laws: An act to amend Section 19481 of the Business and Professions Code, relating to horse racing.

History:

Apr. 22 From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 21. Noes 0.) (April 21).

Mar. 25 Re-referred to Com. on G.O.

Mar. 24 From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.

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

Feb. 18 From printer. May be heard in committee March 20.

Feb. 17 Read first time. To print.

Organization

CARF

AB
2197

(Coto) **Problem and pathological gambling.** (I-02/18/2010 [html](#) [pdf](#))

Status: 04/22/2010-From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 21. Noes 1.) (April 21).

Current Location: 04/22/2010-A APPR.

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 permit the office to develop a grant program for education, outreach, and prevention, giving preferences to grant applications that meet prescribed conditions.

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

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

History:

Apr. 22 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 21. Noes 1.) (April 21).

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

Feb. 21 From printer. May be heard in committee March 23.

Feb. 18 Read first time. To print.

Organization

CARF

AB
2201

(Coto) **Horse racing: harness racing: the Cane Pace.** (A-04/15/2010 [html](#) [pdf](#))

Status: 04/22/2010-From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 22. Noes 0.) (April 21).

Current Location: 04/22/2010-A APPR.

Digest: *Existing law provides that the California Horse Racing Board may authorize a California harness racing association conducting a live racing meeting to accept wagers on the full card of races conducted by another racing association on the day that other association conducts the Breeder's Crown Stakes, the Meadowlands Pace, the Hambletonian, Kentucky Futurity, or the*

North American Cup.

This bill would authorize the board to permit a California harness racing association conducting a live racing meeting to accept wagers on the full card of races conducted by another racing association on the day that other association conducts the Cane Pace. The bill would also make technical, nonsubstantive changes.

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

~~This bill would provide that in the event the California Exposition and State Fair in Sacramento is not available for harness racing, or chooses not to conduct harness racing, in any given year, then 52 weeks of harness racing shall be available that year to any racing venue in the northern zone, subject to allocation by the board.~~

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

Laws: An act to amend Section 19596 of the Business and Professions Code, relating to horse racing.

History:

Apr. 22 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 22. Noes 0.) (April 21).

Apr. 19 Re-referred to Com. on G.O.

Apr. 15 From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.

Apr. 5 Re-referred to Com. on G.O.

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

Feb. 21 From printer. May be heard in committee March 23.

Feb. 18 Read first time. To print.

Organization

CARF

AB
2215

(Fuentes) Horse racing: advance deposit wagering: wagering account facilities. (I-02/18/2010 [html](#) [pdf](#))

Status: 04/21/2010-Do pass as amended and be re-referred to the Committee on Appropriations.

Current Location: 04/21/2010-A APPR.

Digest: Existing law authorizes advance deposit wagering to be conducted, with the approval of the California Horse Racing Board. Existing law requires the board to develop and adopt rules to license and regulate all phases of operation of advance deposit wagering for advance deposit wagering providers operating in California.

This bill would authorize the board to adopt rules and regulations authorizing advance deposit wagering providers to create and administer wagering accounts at facilities located within this state through which persons may deposit cash funds or vouchers, issue wagering instructions, and withdraw cash funds or vouchers, subject to the approval of racing associations or satellite wagering facilities located within 10 miles of a facility administering those accounts, and the approval of the horsemen's organization responsible for negotiating with the racing associations or satellite wagering facilities.

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

Laws: An act to amend Section 19604 of the Business and Professions Code, relating to horse racing.

History:

Mar. 11 Referred to Com. on G.O.

Feb. 19 From printer. May be heard in committee March 21.

Feb. 18 Read first time. To print.

Organization

CARF

AB
2414

(John A. Perez) Horse racing: thoroughbred racing: Breeders' Cup: wagering deduction: promotion. (A-04/15/2010 [html](#) [pdf](#))

Status: 04/22/2010-From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 21. Noes 0.) (April 21).

Current Location: 04/22/2010-A APPR.

Digest: Existing law authorizes a thoroughbred association or fair, subject to approval by the California Horse Racing Board, to deduct from the parimutuel pool for any type of wager, a specified percentage for the meeting of the thoroughbred association or fair that accepts the wager.

This bill would authorize a thoroughbred association hosting Breeders' Cup races, upon filing a written notice with the board, to deduct from *the total amount handled* in the parimutuel pool for any type of wager made during the days on which Breeders' Cup races are held, ~~a specified percentage~~ *an amount of not less than 10% nor more than 25%*. The bill would require the written notice

to include the written agreement of the thoroughbred association and the horsemen's organization. The bill would require the amount deducted to be distributed as prescribed in the Horse Racing Law.

Existing law permits racing associations, fairs, and the organization responsible for contracting with racing associations and fairs with respect to the conduct of racing meetings, to form a private, statewide marketing organization to market and promote thoroughbred and fair horse racing, and to obtain, provide, or defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers.

This bill would, for every year that the organization operating the Breeders' Cup Championship series chooses to conduct the Breeders' Cup Championship series of races in California, require the statewide marketing organization to enter into an agreement, in consultation and cooperation with the California Tourism Commission, with the organization that operates the Breeders' Cup Championship series to sponsor and promote the Breeders' Cup Championship series of races. The bill would require the agreement to provide for assistance with a minimum value of \$2,000,000 annually in support of the organization operating the Breeders' Cup Championship series and to promote the Breeders' Cup Championship series. By imposing new requirements under the Horse Racing Law, the violation of which would be a crime, this bill would create new crimes and would thereby impose a state-mandated local program.

This bill would also declare the Legislature's intent to later amend this bill to provide that a percentage of the takeout that is attributable to the Breeders' Cup races that otherwise would not have been generated absent the Breeders' Cup races occurring in this state, be eligible to be made available to support the statewide marketing organization and the state horse racing industry.

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

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

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

Laws: An act to add Sections 19601.02 and 19605.74 to the Business and Professions Code, relating to horse racing.

History:

Apr. 22 From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 21. Noes 0.) (April 21).

Apr. 19 Re-referred to Com. on G.O.

Apr. 15 From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.

Mar. 11 Referred to Com. on G.O.

Feb. 22 Read first time.

Feb. 21 From printer. May be heard in committee March 23.
Feb. 19 Introduced. To print.

Organization
CARF

AB
2466

(Smyth) Regulations: legislative validation: effective date. (I-02/19/2010 [html](#) [pdf](#))

Status: 04/21/2010-From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 9. Noes 1.) (April 20).

Current Location: 04/21/2010-A APPR.

Digest: Existing law, the Administrative Procedure Act, governs the procedure for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law. Existing law requires the office to transmit a copy of a regulation to the Secretary of State for filing if the office approves the regulation or fails to act on it within 30 days. Existing law provides that a regulation or an order of repeal of a regulation becomes effective on the 30th day after it is filed with the Secretary of State, unless prescribed conditions occur.

This bill would require the office to also submit to the Legislature for review a copy of any regulation that it submits to the Secretary of State. This bill would also require that a regulation become effective on the 90th day after it is filed with the Secretary of State, unless prescribed conditions occur.

This bill would require the Legislature to refer a copy of every regulation submitted to it by the office to an appropriate policy committee for review of its consistency with the intent of the Legislature in regard to the statute that authorizes the particular regulation and to offer recommendations as to whether the regulation should be repealed by statute.

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

Laws: An act to amend Sections 11343.4 and 11349.3 of, and to add Section 11349.35 to, the Government Code, relating to regulations.

History:

Apr. 21 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 9. Noes 1.) (April 20).

Mar. 18 Referred to Com. on B. & P.

Feb. 22 Read first time.

Feb. 21 From printer. May be heard in committee March 23.

Feb. 19 Introduced. To print.

Organization
CARF

AB
2792

(Committee on Governmental Organization) Horse racing law intent: licenses. (I-03/17/2010 [html](#) [pdf](#))

Status: 04/22/2010-From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 21. Noes 0.) (April 21).

Current Location: 04/22/2010-A APPR.

Digest: Existing law, the Horse Racing Law, generally regulates horse racing and vests the administration and enforcement of the Horse Racing Law in the California Horse Racing Board.

Existing law provides that the intent of the Horse Racing Law is to allow parimutuel wagering on horse races while, among other things, supporting the network of California fairs.

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

Existing law requires all licenses granted under the Horse Racing Law to, among other things, contain such conditions as are deemed necessary or desirable by the board for the purposes of the Horse Racing Law.

This bill would instead require those licenses to contain such conditions as are deemed necessary or desirable by the board for the best interests of horse racing and the purposes of the Horse Racing Law. The bill would also make technical, nonsubstantive changes.

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

Laws: An act to amend Sections 19401 and 19460 of the Business and Professions Code, relating to horse racing.

History:

Apr. 22 From committee: Do pass, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. Re-referred. (Ayes 21. Noes 0.) (April 21).

Mar. 25 Referred to Com. on G.O.

Mar. 18 From printer. May be heard in committee April 17.

Mar. 17 Read first time. To print.

Organization

CARF

AB
2794

(Committee on Governmental Organization) Tribal gaming. (A-04/14/2010 [html](#) [pdf](#))

Status: 04/15/2010-Re-referred to Com. on G.O.

Current Location: 04/15/2010-A G.O.

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

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

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

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

Laws: An act to add Title 16.5 (commencing with Section 98020) to, to repeal Sections 12012.25, 12012.30, 12012.35, 12012.40, 12012.45, 12012.46, 12012.465, 12012.47, 12012.475, 12012.48, 12012.485, 12012.49, 12012.495, 12012.5, 12012.51, 12012.515, 12012.52, 12012.53, 12012.75, 12012.85, and 12012.90 of, to repeal Chapter 7.5 (commencing with Section 12710) of Part 2 of Division 3 of Title 2 of, and to repeal Chapter 3 (commencing with Section 98055) of Title 16.5 of, the Government Code, relating to gaming.

History:

Apr. 15 Re-referred to Com. on G.O.

Apr. 14 From committee chair, with author's amendments: Amend, and re-refer to Com. on G.O. Read second time and amended.

Mar. 25 Referred to Com. on G.O.

Mar. 18 From printer. May be heard in committee April 17.

Mar. 17 Read first time. To print.

Organization

CARF

SB 1125 (Florez) **Gambling Control Act.** (A-04/20/2010 [html](#) [pdf](#))

Status: 04/20/2010-Set for hearing May 3.

Current Location: 04/20/2010-S APPR.

Calendar Events: 05/03/10 11 a.m. - John L. Burton Hearing Room (4203)
SEN APPROPRIATIONS

Digest: (1) The Gambling Control Act provides for the licensure of certain individuals and establishments involved in various gambling activities, and for the regulation of those activities, by the California Gambling Control Commission. Existing law provides for the enforcement of those activities by the Department of Justice. Existing law requires that an application for a license or a determination of suitability be accompanied by a deposit that, in the judgment of the head of the entity within the Department of Justice that is responsible for fulfilling the obligations imposed by the act, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of the application. Existing law requires the head of that entity to adopt a schedule of costs and charges of investigation for use as guidelines in fixing the amount of any required deposit under these provisions. This bill would require the department and commission to establish an enhanced fee schedule to provide for additional fees to be charged to applicants who wish to have their applications processed and background investigations conducted in an expedited manner.

(2) Existing law permits the commission to adopt regulations related to the operation of a gambling establishment, as provided.

This bill would provide that jackpot funds, to which players have made contributions, are considered trust funds that are held for the benefit of the players and are not the property of the gambling establishment.

(3) Existing law prohibits a person under 21 years of age from being eligible for a work permit in a gambling establishment. Existing law also prohibits a person under 21 years of age from entering the premises of a licensed gambling establishment, except as provided.

This bill would permit a person between 18 and 21 years of age to work in a gambling establishment in a classification that entails providing services on and off the gaming floor that are not involved in play of any controlled game, as provided.

(4) Existing law provides that a banking game does not include a controlled game if the published rules of the game feature a player-dealer position and provide that this position must be continuously and systematically rotated amongst each of the participants during the play of the game, and if other specified conditions are met.

This bill would make a conforming change to these provisions.

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

Laws: An act to amend Sections 19867, 19911, and 19921 of, and to add Section 19843.5 to, the Business and Professions Code, and to amend Section 330.11 of the Penal Code, relating to gaming.

History:

Apr. 20 Read second time. Amended. Re-referred to Com. on APPR.

Apr. 20 Set for hearing May 3.

Apr. 19 From committee: Do pass as amended, but first amend, and re-refer to

Com. on APPR. (Ayes 8. Noes 0. Page 3180.)
Mar. 22 From committee with author's amendments. Read second time.
Amended. Re-referred to Com. on G.O.
Mar. 16 Set for hearing April 13.
Feb. 25 To Com. on G.O.
Feb. 19 From print. May be acted upon on or after March 21.
Feb. 18 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization
CARF

SB 1439 (Price) **Horse racing: minisatellite wagering facilities.** (A-

04/06/2010 [html](#) [pdf](#))

Status: 04/13/2010-Do pass as amended, and re-refer to the Committee on Appropriations

Current Location: 04/13/2010-S APPR.

Digest: Existing law authorizes the California Horse Racing Board to approve an additional 15 minisatellite wagering sites in each zone under certain conditions, including that no site is within 20 miles of a racetrack, a satellite wagering facility, or a tribal casino that has a satellite wagering facility. Existing law provides that if the proposed facility is within 20 miles of one of the above-referenced satellite facilities, then the consent of each facility within a 20-mile radius must be given before the proposed facility may be approved by the board. Existing law requires the written consent of the San Mateo County Fair be obtained prior to the approval of any minisatellite wagering site located within a 20-mile radius of its fairground.

This bill would *replace the 20-mile radius requirement in the above provisions with a 15-mile radius requirement and would provide that the requirement that the approval of a racetrack, satellite wagering facility, tribal casino that has a satellite wagering facility, or fair be obtained if the proposed minisatellite wagering facility is within 20-15 miles shall only apply to those facilities that are operated by tribal casinos, racetracks, or fairs that actually conduct 7-2 weeks or more of live racing in the preceding year. The bill would authorize the board, if a satellite wagering facility or tribal casino does not consent to a minisatellite wagering facility being situated within 20-15 miles, to conduct a one-year test at the proposed site in order to determine its impact on total parimutuel revenues and on attendance and wagering at existing satellite wagering facilities. With respect to the one-year test, the board may approve only one minisatellite wagering facility per existing satellite wagering facility and the minisatellite wagering facility must be located within 10 miles of the satellite wagering facility.* The bill would authorize a certain impact fee, as provided.

This bill would specify how mileages are to be measured for purposes of the above provisions.

This bill would make clarifying and other technical changes.

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

Laws: An act to amend Section 19605.25 of the Business and Professions Code, relating to horse racing.

History:

Apr. 6 From committee with author's amendments. Read second time. Amended. Re-referred to Com. on G.O.

Mar. 16 Set for hearing April 13.

Mar. 11 To Com. on G.O.

Feb. 20 From print. May be acted upon on or after March 22.

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

<i>Organization</i>	<i>Position</i>
CARF	Oppose

SB 1485 (Committee on Governmental Organization) Gambling Control Act:

licenses. (I-03/08/2010 [html](#) [pdf](#))

Status: 04/16/2010-Set for hearing April 26.

Current Location: 04/26/2010-S CONSENT CALENDAR

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

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

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

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

History:

Apr. 16 Set for hearing April 26.

Apr. 14 From committee: Do pass, but first be re-referred to Com. on APPR with recommendation: To Consent Calendar. (Ayes 10. Noes 0. Page 3182.) Re-referred to Com. on APPR.

Mar. 16 Set for hearing April 13.

Mar. 11 To Com. on G.O.

Mar. 9 From print. May be acted upon on or after April 8.

Mar. 8 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization
CARF

SB 1486 (Committee on Governmental Organization) **Horse racing law intent: backstretch personnel housing: jockey riding fees.** (I-03/08/2010 [html](#) [pdf](#))
Status: 04/16/2010-Set for hearing April 26.
Current Location: 04/26/2010-S CONSENT CALENDAR

Digest: (1) Existing law provides that the intent of the Horse Racing Law is to allow parimutuel wagering on horse races while, among other things, supporting the network of California fairs.

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

(2) Existing law provides that the California Horse Racing Board shall adopt emergency regulations to establish standards governing the employee housing provided to backstretch personnel at licensed racetracks, as specified. No license shall be issued to a racing association to conduct a horse race meeting unless the board has inspected the housing conditions that exist on the racetrack's backstretch and determined the living conditions to be in compliance with the standards established by the board.

This bill would delete any reference to the emergency regulations in these provisions, for which compliance was mandated by January 1, 2004, rendering the language obsolete.

(3) Existing law provides various findings of the Legislature in regards to professional jockey fees, including that the riding fee should be increased at least as much on a percentage basis as the state minimum wage, so that the average full-time jockey can earn an income sufficient to provide for the basic necessities of life. Existing law provides that minimum jockey riding fees for losing mounts and minimum amounts awarded to 2nd and 3rd place finishers be increased by a specified amount as of January 1, 2008, and by additional amounts on later dates, as specified.

This bill would delete obsolete language from those provisions.

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

Laws: An act to amend Sections 19401, 19481.5, and 19501 of the Business and Professions Code, relating to horse racing.

History:

Apr. 16 Set for hearing April 26.

Apr. 14 From committee: Do pass, but first be re-referred to Com. on APPR with recommendation: To Consent Calendar. (Ayes 10. Noes 0. Page 3182.) Re-referred to Com. on APPR.

Mar. 16 Set for hearing April 13.

Mar. 11 To Com. on G.O.

Mar. 9 From print. May be acted upon on or after April 8.

Mar. 8 Introduced. Read first time. To Com. on RLS. for assignment. To print.

Organization

CARF

SJR 22 (Flores) Horses. (I-02/10/2010 [html](#) [pdf](#))

Status: 04/19/2010-To Com. on AGRI.

Current Location: 04/19/2010-A AGRI.

Digest: This measure would memorialize the Congress to support federal legislation to protect American horses from slaughter for human consumption. Fiscal committee: no.

Laws: Relative to horses.

History:

Apr. 19 To Com. on AGRI.

Apr. 15 Read and adopted. (Ayes 27. Noes 7. Page 3198.) To Assembly.

Apr. 15 In Assembly. Held at Desk.

Mar. 16 From committee: Be adopted. (Ayes 3. Noes 1. Page 2953.) To Third Reading.

Mar. 5 Set for hearing March 16.

Feb. 18 Re-referred to Com. on F. & A.

Feb. 10 Introduced. To Com. on RLS.

Organization

CARF

Total Position Forms: 18

Carly A. Stockman
Legislative Assistant
KAHN, SOARES & CONWAY, LLP
1415 L Street, Suite 400
Sacramento, CA 95814
(916) 448-3826
(916) 448-3850 Fax

cstockman@kscsacramento.com
www.ksclawyers.com

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CARF FUNDING COMMITTEE
Updated and Pending CARF Allocations for FY 2009-10
Following Initial Meeting with F&E

PROPOSED AND PENDING ALLOCATIONS – TOTAL: \$2M

- **\$500 K - CARF Equipment Replacement Fund**
 - *Status: funding in place pending review of proposed expenditures for 2010.*

- **\$600 K - Fair racing facility renovations.**
 - *Status: Allocations as follows pending review of specific project applications.*
 - *\$100 K- California State Fair – racing facility renovations;*
 - *\$100 K- Sonoma County Fair – racing facility renovations;*
 - *\$100 K- Humboldt County Fair – racing facility renovations;*
 - *\$100 K- Fresno District Fair – racing facility renovations*
 - *\$200 K- Allocations to be determined based on review of specific project applications.*

- **\$500 K - Alameda County Fair training and racing facility improvements**
 - *Status: funding in place pending review of proposed projects for training and racing facility improvements at Alameda County Fair.*

- **\$400 K - Implementation of Fair mini-satellites or relocation/downsizing of existing Fair satellite facilities.**
 - *Status: funding in place pending review of applications for specific mini-satellite or re-location projects.*
 - *Possible pending mini-satellite projects or re-locations include the following:*
 - *Monterey County Fair mini-satellite in Salinas;*
 - *Humboldt mini-satellite at Bear River;*
 - *San Mateo mini-satellite in San Bruno;*
 - *Cal Expo mini-satellite in Capitol area downtown;*
 - *Fresno satellite relocation/downsizing;*
 - *Cow Palace mini-satellite*

Christopher Korby

From: "Dan" <dan@avfair.com>
To: "Stuart Titus" <humcofair@frontiernet.net>; <rick@alamedacountyfair.com>;
"John Alkire" <jalkire@fresnofair.com>; "Christopher Korby"
<korby@calfairs.net>; "Tawny Tesconi" <tawny@sonomacountyfair.com>;
Cc: "Kelly Violini" <kelly@montereycountyfair.com>; <jbarkett@cowpalace.com>
"Michael Treacy" <MTreacy@cdfa.ca.gov>; "Lisa Drury"
<LDrury@cdfa.ca.gov>
Sent: April 21, 2010 10:02 AM
Subject: CARF funding committee

I had the opportunity to meet with Mike on Monday regarding the CARF funding committee. The committee is as follows;

Mike Treacy
Dan Jacobs
Kelly Violini
Rick Pickering
John Alkire
Chris Korby
Stuart Titus
Tawny Tesconi
Joe Barkett

F&E will be organizing a conference call for sometime next week. Mike will outline what he would like the committee to do and how he would like it done. Everyone on this list, I believe, volunteered. If that is not the case, please let me know right away so we can fill that spot. I appreciate your desire to be involved.

Thanks,
Dan Jacobs



a California joint powers agency

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

April 11, 2009

Mr. Mike Treacy
 Division of Fairs and Expositions
 California Department of Food and Agriculture
 1010 Hurley Way
 Sacramento, CA 95825

VIA e-mail

Dear Mike,

As it has done annually, the California Authority of Racing Fairs Board of Directors would like to offer the following recommendations for allocations from the CDFA Division of Fairs and Expositions' FY 2009-10 Expenditure Plan. These recommendations pertain to the section of the Expenditure Plan entitled *Racing and Satellite Wagering Support* and include the programs below.

- | | |
|--|-------------|
| • Track Safety and Maintenance | \$600,000 |
| • Facility Upgrades, Planning, Development | \$2,000,000 |
| ○ Satellite Equipment Replacement Fund | |
| ○ Alameda County Fair racing facility upgrades | |
| ○ Mini-satellite facility planning and development | |

TOTAL	\$2,600,000
-------	-------------

The Board also requests F&E's support for a development of a new Satellite Wagering Facility at the Cow Palace and for further capital allocation in the future as funds become available. We also note that the continuing Supplemental Purse allocation of \$1.1 Million is separately specified in statute.

The Board of Directors formally adopted these recommendations at its meeting on April 7, 2009.

Our Board would like to thank you for your on-going support. We appreciate the opportunity to continue our effective work together.

Best regards,

/s/

Christopher Korby
 Executive Director

**CALIFORNIA AUTHORITY OF RACING FAIRS
RECOMMENDED ALLOCATIONS FROM
CDFA DIVISION OF FAIRS AND EXPOSITIONS EXPENDITURE PLAN
FISCAL YEAR 2009-2010**

Allocation: \$2,600,000

Track Safety and Maintenance Program	600,000
Parimutuel Facilities Improvement	2,000,000
<i>Satellite Equipment Replacement Fund.....</i>	<i>500,000</i>
<i>Facility Upgrades, Planning, Development.....</i>	<i>1,500,000</i>
<ul style="list-style-type: none">• Alameda County Fair racing facility upgrades• Mini-satellite facility planning and development	
Total	\$2,600,000

The CARF Board also requests Fairs and Expositions' support for a development of a new Satellite Wagering Facility at the Cow Palace and for further capital allocations in the future as funds become available.

NOTE: The continuing Supplemental Purse allocation of \$1.1 million to Northern California racing Fairs is separately specified in statute.

Unanimously adopted by CARF Board of Directors
April 7, 2009

**CALIFORNIA AUTHORITY OF RACING FAIRS
RECOMMENDED ALLOCATIONS FROM
CDFA DIVISION OF FAIRS AND EXPOSITIONS EXPENDITURE PLAN
FISCAL YEAR 2008-2009**

Allocation: \$2,600,000

Track Safety and Maintenance Program **600,000**

Parimutuel Facilities Improvement **2,000,000**

Satellite Equipment Replacement Fund.....500,000

Facility Upgrades, Planning, Development.....1,500,000

- Alameda County Fair racing facility upgrades
- San Mateo Satellite Wagering Facility development
- Cow Palace Satellite Wagering Facility development
- Mini-satellite facility planning and development

Total **\$2,600,000**

JOINT COMMITTEE ON FAIRS ALLOCATION AND CLASSIFICATION

Network of California Fairs 2009/2010 Expenditure Plan



June 2009

A. G. Kawamura, Secretary
CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE
Division of Fairs & Expositions

Division of Fairs & Expositions
Fair & Exposition Fund (191) and Satellite Wagering Account (192)
2009/2010 Revenue and Expenditure Plan

	Actual 2007/2008	(a) Budgeted 2008/2009	Projected 2008/2009	(b) Proposed 2009/2010	(b - a) Variance
Beginning Balance					
Fairs and Expositions (F&E)	\$2,303,899	\$904,335	\$3,225,392	\$571,371	(\$332,964)
Revenues					
General Fund (B&P 19620.2)	0	0	0	32,000,000	32,000,000
License Fees					
Live Racing (B&P 19620.1(a))	5,933,767	9,200,000	2,400,000	1,215,000 ²	(7,985,000)
1.0% Live Racing Fair Handle (B&P 19614(a))	1,004,728	1,150,000	950,000	1,000,000	(150,000)
Off-Track - Satellite Wagering (B&P 19606.1 & 19620.1(a))	26,858,191	27,414,000	27,308,049	1,300,000	(26,114,000)
SMIF Interest Revenue	383,555	290,000	195,000	250,000	(40,000)
Total Revenues¹	34,180,240	38,054,000	30,853,049	35,765,000	(\$2,289,000)
Fund Transfers & Other Receipts					
Transfers in					
Project Cost Savings	2,500,000	1,125,000	5,900,000	0	(1,125,000)
Transfers to Other Funds					
Retired DAA Employee Benefits	(246,000)	(246,000)	(246,000)	(246,000)	0
Total Available Resources	\$39,738,139	\$39,837,335	\$39,732,441	\$36,090,371	(\$3,746,964)
Expenditures					
Administrative Oversight					
California Horse Racing Board Support (CHRB)	9,221,382	10,131,000	10,131,000	0	(10,131,000)
CDFA Support - Fairs & Expositions (F&E)	2,317,523	3,263,000	2,878,000	3,240,000	(23,000)
Pro Rata Assessment	167,180	0	0	0	0
CDFA Support - Audit Program ³	1,125,000	1,146,000	1,146,000	1,156,000	10,000
Total Administrative Oversight	12,831,086	14,540,000	14,155,000	4,396,000	(\$10,144,000)
Local Assistance					
Operational Support					
Bond Debt Service	2,660,352	2,650,000	2,711,021	2,750,000	100,000
California Construction Authority (CCA)	1,453,400	1,615,000	1,455,000	2,500,000	885,000
Property Insurance	750,000	450,000	950,000	550,000	100,000
	4,863,752	4,715,000	5,116,021	5,800,000	1,085,000
General Fair Programs & Funding					
Local (Base) Allocations	9,001,000	9,086,000	9,086,000	9,985,600	899,600
Cal-Expo Pro Rata Reimbursement	265,000	265,000	265,000	265,000	0
Contingencies and Special Projects	365,804	350,000	625,000	400,000	50,000
Fair Intervention Program	0	0	0	225,000	225,000
Flex Capital	2,095,000	1,820,000	1,820,000	2,130,000	310,000
Regional Marketing Support Program	0	0	0	125,000	125,000
Rural Healthcare Equity Program	49,647	65,000	65,000	0	(65,000)
Unemployment Insurance	950,000	950,000	950,000	1,150,000	200,000
	12,728,451	12,536,000	12,811,000	14,280,600	1,744,600
Health & Safety					
Emergency Response Program	0	50,000	0	100,000	50,000
Health Department Program	100,000	100,000	100,000	100,000	0
Livestock Quality Assurance	0	15,000	0	0	(15,000)
Urgent Needs Fund	0	85,000	85,000	150,000	65,000
	100,000	250,000	185,000	350,000	100,000
Infrastructure					
Infrastructure Matching Grants Fund	1,230,000	2,550,000	2,550,000	2,550,000	0
Infrastructure Loan Program	0	510,000	0	3,600,000	3,090,000
Replenishment Fund (Investment Capital)	0	340,000	0	350,000	10,000
Environmental Investment Program	0	75,000	0	75,000	0
Project Planning - New Funding Model	300,000	300,000	0	300,000	0
	1,530,000	3,775,000	2,550,000	6,875,000	3,100,000
Training & Education					
Professional Development & Compliance	337,823	485,000	485,000	430,000	(55,000)
	337,823	485,000	485,000	430,000	(\$55,000)
Racing & Satellite Wagering Support					
Race Track Preparation	550,000	600,000	600,000	600,000	0
Supplemental Purses	1,344,968	1,400,000	1,294,049	1,300,000	(100,000)
Wagering Facility Improvements	1,450,000	2,000,000	2,000,000	2,000,000	0
	3,344,968	4,000,000	3,894,049	3,900,000	(100,000)
Abatements & Accrual Adjustments⁴					
	(67,475)	(385,000)	(35,000)	(35,000)	350,000
Total Local Assistance	22,835,519	25,376,000	25,006,070	31,600,600	6,224,600
Total Current Year Expenditures	35,666,604	39,916,000	39,161,070	35,996,600	(3,919,400)
Total Prior Year Adjustments	(153,858)	(100,000)	0	0	100,000
Total Expenditures	\$35,512,747	\$39,816,000	\$39,161,070	\$35,996,600	(\$3,819,400) ⁵
Ending Balance	\$3,225,392	\$21,335	\$571,371	\$93,771	\$72,436

¹ Proposed 2009/2010 revenues exceed 2008/2009 projected revenues due to funding restoration via Senate Bill 16XX (Ashburn, Chapter 12, Statutes of 2010).

² This revenue source may be eliminated as a result of legislative cleanup language. Should this occur, any reduced revenue will be offset by a corresponding decrease to the Infrastructure Loan Program.

³ 2008/2009 increases due to negotiated labor contracts for personnel salaries and benefits.

⁴ Reflects expense reimbursements received, including fair loan payments, and prior year accrual adjustments.

⁵ Represents Total Expenditures variance only.

Racing & Satellite Wagering Support: \$3,900,000

Race Track Preparation

Provides funds to supplement the purchase and installation of track preparation materials. Program ensures consistency in track preparation, reducing the risk of injury to horse and jockey.

Supplemental Purses

Provides appropriation to supplement purses at Northern California fairs and Los Angeles County area (B&P Code Sections 19605.9 and 19606.3).

Wagering Facility Improvements

Supports improvements to live horse racing and satellite wagering programming and facilities based upon the priorities identified in industry-wide facility surveys (backstretch, paddock, grandstand, etc.). Funding will focus on ensuring the nine racing fairs meet the California Horse Racing Board backstretch housing regulations.

CARF FINANCIAL PLAN FOR HORSE RACING

The Board of Directors of CARF adopted the following plan for funding of track safety and maintenance, equipment replacement and capital investment:

Expenditure of existing available funds in FY 2006-2007:

Equipment Replacement Fund	\$ 500,000
Capital Investment (Alameda upgrades and San Mateo SWF)	\$ 300,000
Capital Investment (San Joaquin Design Study)	\$ 25,000

Expenditure of allocated funds in FY 2007-2008:

Equipment Replacement Fund	\$ 500,000
Track Safety and Maintenance Program	\$ 600,000
Capital Investment (Alameda upgrades and San Mateo satellite)	\$1,000,000

Minimum request for funds in 2008-2009:

Track Safety and Maintenance	\$ 600,000
Equipment Replacement	\$ 500,000
Capital Investment	<u>\$1,500,000</u>
Total:	\$2,600,000

Bay Meadows is scheduled to race through the first half of 2008 and to remain open for auxiliary stabling through the end of 2008. Thereafter, in 2009 and beyond, it is anticipated that approximately 100 days of racing will shift to Golden Gate Fields and fair race track facilities and that a great majority of these added dates will be run at fair facilities. Significant improvements at selected fair facilities will have to be undertaken immediately in order to meet this need.

CARF has been working on a plan for shifting racing, training and stabling, currently at Bay Meadows, to publicly owned facilities, i.e., existing fair race tracks, in a way that will best serve the needs of the racing public, fairs and the racing industry in general. In that connection, CARF has agreed to and advocates the following:

1. It is not practical or feasible to attempt to upgrade all fair racing facilities to the same or similar level of quality nor is it practical or feasible to spread all newly available racing

dates among the existing Northern California fairs. Racing Fairs are in agreement that they need to cooperate to make the most efficient use of their collective facilities and to share in the risks and rewards of that effort.

2. After considering several sites, CARF has determined that the Alameda County Fair at Pleasanton provides the most practical and feasible location to offer for year-round stabling and training and as the primary, although not exclusive, recipient of additional race dates made available by the closing of Bay Meadows. In order to do so, there will have to be a synthetic track and other improvements that are estimated to cost between \$15 and \$25 million, at least \$10,000,000 of which will need to be expended before the 2009 racing season.
3. CARF has determined that the San Mateo County Fair should begin immediately to provide a satellite wagering facility to replace, to the extent possible, the satellite wagering facility at Bay Meadows. CARF has also determined that future San Mateo County Fair race meet dates should be raced at a fair facility.
4. CARF has determined that other Northern California fair live racing facilities, including the facilities at Humboldt, Santa Rosa, Vallejo, Sacramento, Stockton and Fresno, should be upgraded to better meet the needs of racing requirements in the future or in the alternative should be a financial partner in the consolidation of such meets at upgraded fair facilities.
5. CARF has determined that where it is practical and feasible to do so, the facilities of the fair satellite network must be improved and that the satellites should work more cooperatively to accomplish facility and programming improvements that benefit the fan and the racing product.

To accomplish the above goals, it will be necessary to expend tens of millions of dollars. It is unlikely that any new private racing facility will be built in Northern California and with the CARF proposal no such private racing facility is necessary. CARF opposes any new private racing facility in Northern California because such development will most likely result in significant pressure to redirect resources and potential revenues away from fair facilities.

CARF recommends that \$1.3 million in funds currently committed to CARF for the 2006-2007 and 2007-2008 fiscal years be directed to the Alameda County Fair and San Mateo County Fair. In addition, beginning in fiscal year 2008-2009, CARF recommends that the Division of Fairs and Expositions provide a minimum of \$2.6 million as specified above. It is anticipated that at least \$1.8 million in capital funds will go to improvements at Alameda and San Mateo. CARF also recommends that F&E loan \$3 million from its existing loan fund to Alameda. To meet the immediate need, CARF is authorized to loan to Alameda and/or San Mateo up to \$1 million from

its equipment replacement fund (this loan to be short term so as not to interfere with timely replacement of any aging equipment). All of this is contingent on Alameda being responsible for coming up with at least \$5 million from other sources outside CARF and F&E and working cooperatively with CARF and the other racing fairs with respect to consolidation of fair meets where practical and feasible and in the best collective interests of all fairs involved in racing in Northern California. With respect to the San Mateo County Fair, such funding is contingent on the San Mateo Fair working cooperatively with CARF and the other racing fairs with respect to consolidation of fair meets where practical and feasible and in the best collective interests of all fairs involved in racing. For the San Mateo County Fair this means specifically agreeing to commit to racing at a fair facility for reasonable compensation commensurate with that available to other racing fairs that choose to race at another fair facility.

In order to be able properly to implement the early phase of the capital improvement plan CARF requests that F&E commit to annual funding for a period of at least five years and at a minimum the level of expenditures requested for FY 2008-2009. After five years, it is anticipated that CARF and F&E will reassess the progress made and any adjustments to the development plan deemed necessary. During the course of the first five year phase, CARF expects that F&E will have the right to reject the specific recommendations for expenditures of the capital investment fund if for any reason F&E determines that the expenditures are not meeting the goals established as set forth in this document. Currently, the following projects are anticipated for 2009 and beyond:

- Santa Rosa backstretch and grandstand improvements
- Vallejo backstretch, grandstand and lighting improvements for year round harness racing
- Stockton track surface improvements
- Fresno track surface improvements
- Humboldt backstretch upgrades.

AGREEMENT**RECIPROCAL CONSENT BY AND BETWEEN PACIFIC RACING ASSOCIATION
AND SAN MATEO COUNTY EVENT CENTER
FOR IMPLEMENTATION OF MINI-SATELLITE FACILITIES IN THE SAN FRANCISCO BAY
AREA**

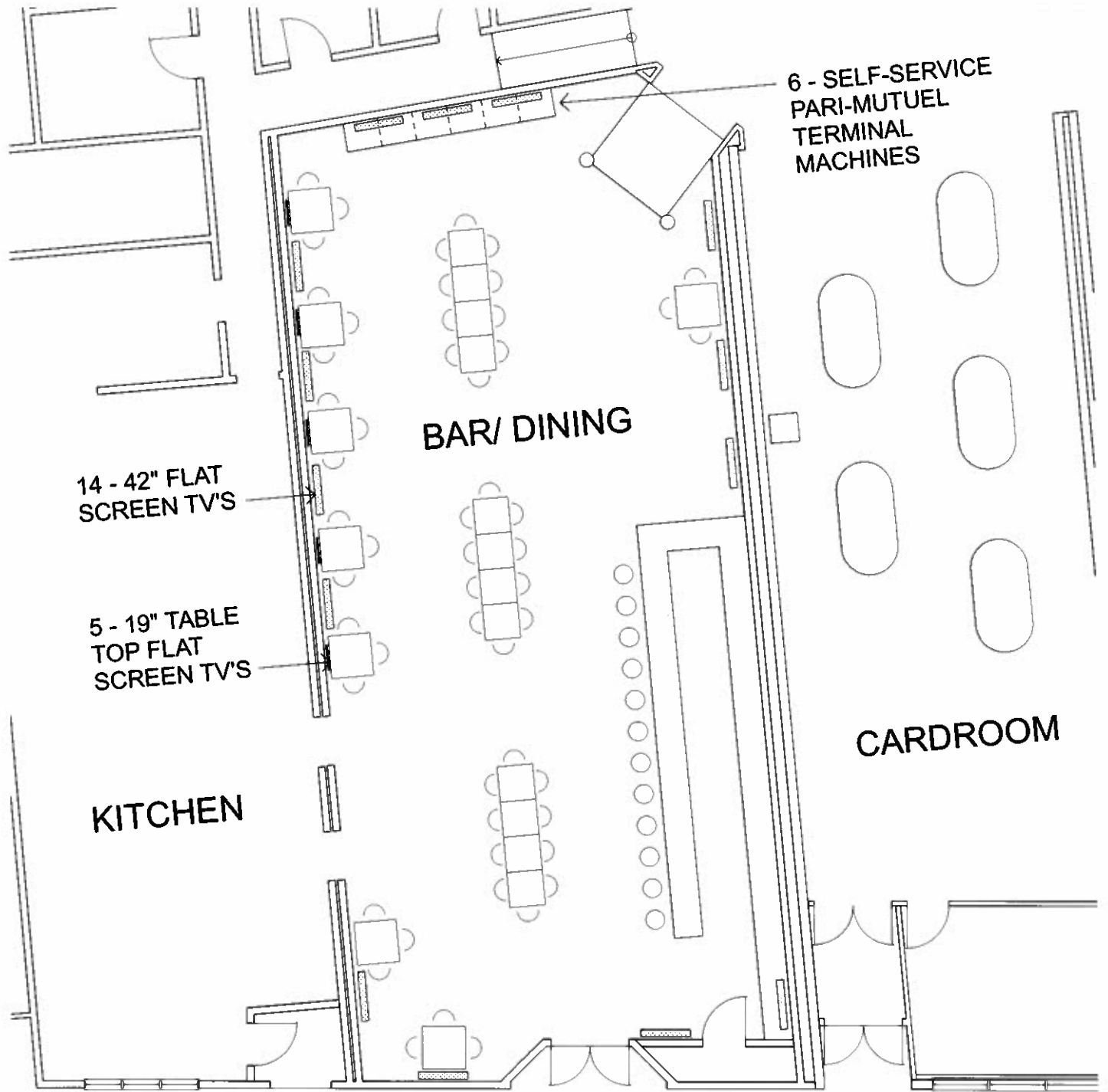
Pacific Racing Association (PRA) dba Golden Gate Fields and the San Mateo Jockey Club (SMJC) hereby agree that in the best interest of horse racing in the State of California to work cooperatively on opening mini Satellites in Northern California. To that end, both PRA and SMJC give their reciprocal consent to implementation of mini-satellite facilities within their respective 20-mile zones as follows.

The SMJC will have the full support and consent of PRA to open mini satellites in San Mateo County, subject to licensure by the California Horse Racing Board. PRA agrees that no portion of the 2% satellite location fee paid to a satellite facility or facilities in San Mateo County will be paid to PRA, even if such facilities are located within 20 miles of PRA. Reciprocally, PRA will have the full support and consent of SMJC to open mini satellites in the City and County of San Francisco, subject to licensure by the California Horse Racing Board. SMJC agrees that no portion of the 2% satellite location fee paid to a satellite facility or facilities in the City and County of San Francisco will be paid to SMJC, even if such facilities are located within 20 miles of SMJC.

Each party will be individually responsible to obtain any additional regulatory approvals necessary for licensing and operation of mini-satellites noted above. Both PRA and SMJC agree that neither party will invoke the 20-mile radius restriction to impede the opening a mini satellite in the Counties outlined above.

**Robert Hartman, General Manager
Pacific Racing Association**

**Chris Carpenter, General Manager
San Mateo County Fair**



BAR/ RESTAURANT
SEATING CAPACITY: 66

MAXIMUM BAR/ RESTAURANT
OCCUPANCY: 140

REMODELED BAR/RESTAURANT
& PARI-MUTUEL SERVICE

ARTICHOKE JOE'S CASINO
SAN BRUNO, CA 94066

1" = 10'

MARCH 3, 2010

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

-----X		
<i>In re</i>	:	Chapter 11
	:	
MAGNA ENTERTAINMENT CORP., <i>et al.</i> ,	:	Case No. 09-10720 (MFW)
	:	
Debtors.	:	Jointly Administered
	:	
-----X		
ALAMEDA COUNTY AGRICULTURAL FAIR ASSOCIATION <i>et al.</i> ,	:	Re: Docket No. 2352
	:	
Plaintiffs,	:	
	:	
v.	:	Adv. Proc. No. 10-50193 (MFW)
	:	
MAGNA ENTERTAINMENT CORP. <i>et al.</i> ,	:	
	:	
Defendants.	:	Re: Docket No. 10
-----X		

**ORDER APPROVING SETTLEMENT WITH
SOUTHERN CALIFORNIA OFF TRACK WAGERING
INCORPORATED AND THE SATELLITES PURSUANT TO SECTIONS 363(b)(1)
AND 105(a) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019(a)**

Upon the motion, dated April 16, 2010 (the "Motion"),¹ of Magna Entertainment Corp. ("Magna Entertainment") and the other debtors in these chapter 11 cases (together, the "Debtors"),² for an order, pursuant to sections 363(b)(1) and 105(a) of the Bankruptcy Code and

¹ All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

² The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: (i) Magna Entertainment Corp., 8374; (ii) The Santa Anita Companies, Inc., 6180; (iii) Los Angeles Turf Club, Incorporated, 6200; (iv) Pacific Racing Association, 5367; (v) MEC Land Holdings (California) Inc., 7410; (vi) Gulfstream Park Racing Association Inc., 6292; (vii) GPRA Thoroughbred Training Center, Inc., 2326; (viii) MEC Dixon, Inc., 7005; (ix) MEC Holdings (USA) Inc., 8494; (x) Sunshine Meadows Racing, Inc., 4288; (xi) Thistledown, Inc., 5742; (xii) MEC Maryland Investments, Inc., 4637; (xiii) 30000 Maryland Investments LLC, 1704; (xiv) Old RP, Inc., 2024; (xv) GPRA Commercial Enterprises Inc., 6156; (xvi) Pimlico Racing Association, Inc., 4527; (xvii) The Maryland Jockey Club of Baltimore City, Inc., 3840; (xviii) Laurel Racing Association Limited Partnership, 0504; (xix) Laurel Racing Assoc., Inc., 0505; (xx) Prince George's Racing, Inc., 6493; (xxi)

Rule 9019(a) of the Bankruptcy Rules, approving the Settlement; and the Bankruptcy Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before the Bankruptcy Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the Bankruptcy Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates and creditors; and upon all of the proceedings had before the Bankruptcy Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted.
2. The Settlement is approved in all respects.
3. The Bankruptcy Court shall retain jurisdiction over any and all disputes concerning this Order or the Settlements.

Dated: April 27, 2010
Wilmington, Delaware



THE HONORABLE MARY. F. WALRATH
UNITED STATES BANKRUPTCY JUDGE

Southern Maryland Racing, Inc., 9850; (xxii) Southern Maryland Agricultural Association, 9661; (xxiii) Maryland Jockey Club, Inc., 3124; (xxiv) AmTote International, Inc., 1143; (xxv) MEC Pennsylvania Racing Services, Inc., 9924; and (xxvi) MEC Lone Star, LP, 0489

Term Sheet

- 1) Definitions:
- a) The term "**Adversary Proceeding**" means the proceeding brought in the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") on February 8, 2010 by Alameda County Agricultural Fair Association, Bay Meadows Racing Association, East Valley Tourist Development Authority, California Authority Of Racing Fairs ("**CARF**"), California Exposition And State Fair Association, California Marketing Committee, California Thoroughbred Business League, California Thoroughbred Trainers Backstretch Employees Cash Balance Pension Plan, California Race Track Pension Plan, Del Mar Thoroughbred Club, 9th District Agricultural Association, 21st District Agricultural Association, Hollywood Park Racing Association, 15th District Agricultural Association, 50th District Agricultural Association, Los Alamitos Race Course, Los Angeles County Fair Association, 7th District Agricultural Association, Riverside County Fair And National Date Festival, National Orange Show Citrus Fruit Festival, Oak Tree Racing Association, 46th District Agricultural Association, 2nd District Agricultural Association, San Mateo County Fair, 19th District Agricultural Association, 37th District Agricultural Association, Sonoma County Fair, 27th District Agricultural Association, 24th District Agricultural Association, Solano County Fair Association, Southern California Off Track Wagering, Inc. ("**SCOTWINC**"), 38th District Agricultural Association, 31st District Agricultural Association, 28th District Agricultural Association, 22nd District Agricultural Association, and Viejas Enterprises (collectively, "**Plaintiffs**") against Magna Entertainment Corp., Pacific Racing Association, Inc., MEC Land Holdings (California), Inc., Los Angeles Turf Club, Inc. and The Santa Anita Companies, Inc. seeking, among other things, a declaratory judgment that Plaintiffs were entitled to certain funds from the Debtors and that SCOTWINC has a valid right to setoff certain amounts owed by LATC to SCOTWINC against amounts owed by SCOTWINC to LATC.
- b) The term "**AES Parties**" means all the Plaintiffs in the adversary proceeding except SCOTWINC, Northern California Off-Track Wagering, Inc. ("**NCOTWINC**") and CARF.
- c) The term "**Debtors**" means Los Angeles Turf Club, Inc., Pacific Racing Association, Inc., The Santa Anita Companies, Inc., MEC Land Holdings (California), Inc. and Magna Entertainment Corp.
- d) The term "**LATC Shortfall Agreement**" means the agreement dated December 21, 2009 by and between Los Angeles Turf Club, Inc. and Thoroughbred Owners of California, intended to be an interim solution to the imminent threat to continued racing in California resulting from the recurring revenue shortfalls and cash flow shortages experienced by SCOTWINC. The LATC Shortfall Agreement is incorporated herein by reference to the extent applicable.

- e) The term "**LATC**" means Los Angeles Turf Club, Inc. or its successors and assigns through the Plan or otherwise.
 - f) The term "**MID**" means MI Developments Inc. and MI Developments US Financing Inc.
 - g) The term "**Plan**" means Third Amended Joint Plan of Affiliated Debtors, the Official Committee of Unsecured Creditors, MI Developments Inc., and MI Developments US Financing Inc. Pursuant to Chapter 11 of the United States Bankruptcy Code, dated March 24, 2010 [Docket No. 2157].
- 2) **Final Terms and Effective Date.** This Term Sheet sets forth the final and binding terms of a settlement that will become effective upon entry of a final, nonappealable order approving the settlement contemplated herein by the Delaware Bankruptcy Court (the "**Settlement Effective Date**").
- 3) **AES Amounts.** The Debtors and the AES Parties agree that they owe to each other the respective amounts set forth in the attached spreadsheet, **Exhibit A**. The amounts set forth on Exhibit A represent balances up to March 7, 2010, less any payments made since March 7, 2010 to the date of this Term Sheet.
- 4) **On-Track Expenses.** The Debtors and SCOTWINC agree that SCOTWINC owes the Debtors an estimated amount for reimbursement of on-track expenses through April 18, 2010 as set forth in **Exhibit B ("Estimated Expense Reimbursement Due")**. As the actual amount of expenses cannot be finally determined until after the 2009-2010 Winter/Spring race meet at Santa Anita is over, LATC agrees that it will calculate the actual amounts owed for reimbursement of on-track expenses in May 2010. LATC and SCOTWINC agree that any variance between the estimated amounts set forth in **Exhibit B** and the actual expenses calculated by LATC in May 2010 will be settled no later than June 15, 2010.
- 5) **Shortfall Amounts**
- (a) LATC and SCOTWINC agree that the projected shortfalls due from LATC to SCOTWINC through April 18, 2010, net of payments previously distributed by LATC to SCOTWINC pursuant to the LATC Shortfall Agreement, are set forth in **Exhibit B (the "Estimated Remaining Shortfall Amount")**.
 - (b) It is acknowledged between the parties that (i) under the LATC Shortfall Agreement, SCOTWINC has a right to receive payment of shortfalls LATC owes to SCOTWINC from deposits LATC has made or makes into the LATC Race Meeting Trust ("Shortfall Payment Right"), and (ii) in consideration for SCOTWINC deducting the Estimated Remaining Shortfall Amount from the Estimated Expense Reimbursement Due pursuant to paragraph 8(b) herein, SCOTWINC assigns to LATC its Shortfall Payment Right in the amount of the Estimated Remaining Shortfall Amount from the LATC Race Meeting Trust. Accordingly, LATC is entitled to payments out of the LATC Race Meeting Trust as provided for in Paragraph 12 below.

(c) LATC and SCOTWINC agree that the remaining balance of the projected shortfall set forth on Exhibit B will be satisfied in accordance with the terms under which payments are made in accordance with the LATC Shortfall Agreement. LATC and SCOTWINC acknowledge that after December 31, 2010, SCOTWINC will determine whether there is an operating shortfall or surplus for 2010 for LATC in accordance with the manner in which shortfalls were determined and allocated to LATC in 2008 and 2009. To the extent there is a shortfall, funds will be distributed in accordance with clause 3 (ii) of the LATC Shortfall Agreement. If there are insufficient funds available to cover the shortfall, LATC will satisfy any shortfall within 30 days of being notified of such shortfall. To the extent there is a surplus, such surplus funds will be paid by SCOTWINC directly to LATC in a manner and at a time consistent with past practices.

- 6) Other SCOTWINC Obligations. The Debtors, SCOTWINC, and the AES Parties agree that they shall pay each other for all other obligations incurred in the ordinary course of business that are not expressly covered by this agreement, including obligations based on the LATC Shortfall Agreement, on a timely basis.
- 7) This agreement does not in any way relate to any claims asserted by or against NCOTWINC or CARF, and all of the rights with respect to such claims are expressly reserved by the Debtors, NCOTWINC, CARF and any party to this agreement.
- 8) Escrow Accounts and Payments. Two escrow accounts will be established, one for the benefit of LATC and the other Debtors (the "**Debtors Escrow**") and one for the benefit of the AES Parties (the "**AES Escrow**"), both of which are to be administered by an escrow agent agreed to by all parties ("**Escrow Agent**").
 - a) The AES Parties will deposit into the Debtors Escrow the amounts owed to the Debtors as set out in Exhibit A, as soon as practicable after the Settlement Effective Date.
 - b) SCOTWINC will deposit into the Debtors Escrow the **Estimated Expense Reimbursement Due**, less the Estimated Remaining Shortfall Amount, as set out in Exhibit B, as soon as practicable after the Settlement Effective Date.
- 9) Release of Escrow Funds. Once the amount to be deposited by SCOTWINC per Paragraph 8(b) above and all monies owed by the AES Parties per Paragraph 8(a) above have been deposited into the Debtors Escrow, the Escrow Agent will notify the Debtors in a manner mutually agreeable to the parties. No later than one business day after receiving this notice (the "**Final Funding Date**"), the Debtors will cause to be deposited into the AES Escrow the amounts owed to each of the AES Parties as set forth in Exhibit A.

If and once all aforesaid deposits have been made, then immediately following such deposits:

- a) the Escrow Agent will release to the appropriate parties the funds in both the Debtors Escrow and the AES Escrow; provided, however, that all parties hereto

agree that the AES Parties' monies shall be released to SCOTWINC for distribution to the AES Parties and that such distribution shall occur after the deduction of attorneys', legal, and other appropriate fees/cost incurred by the AES Parties as a result of pursuing their claims and the filing of the adversary action;

- b) as of the Final Funding Date, any and all proofs of claim filed by any of the AES Parties and SCOTWINC against any of the Debtors shall be deemed disallowed and expunged in their entirety, and the AES Parties and SCOTWINC forever waive any claims or causes of action they may have against the Debtors related to the subject matter contained herein.
- 10) **Release.** Except as otherwise set forth in this Term Sheet, as of the date on which all deposits in the Debtors Escrow and all deposits into the AES Escrow are made, the Debtors, SCOTWINC and the AES Parties shall be deemed to have released each other for all claims expressly listed on Exhibits A and B.
 - 11) **Failure to Make Payments.** If any of the aforesaid deposits in Paragraphs 8 and 9 have not been made by May 15, 2010 or if the Debtors have not made their deposit into the AES Escrow by the end of the day on the Final Funding Date:
 - a) the agreement memorialized by this Term Sheet will be deemed null and void;
 - b) the Escrow Agent is directed to return to each party the amounts that each party deposited; and
 - c) an answer or response to the complaint in the Adversary Proceeding will be due within fourteen (14) days of the date on which the Escrow Agent has completed the return of such amounts.
 - 12) SCOTWINC further agrees that on or before the Final Funding Date an irrevocable direction will be executed and delivered by SCOTWINC whereby once LATC deposits into the LATC Race Meeting Trust account amounts owed under the LATC Shortfall Agreement, such amounts will be paid immediately by the LATC Race Meeting Trust to LATC, until LATC has recovered an amount equal to the Estimated Remaining Shortfall Amount.
 - 13) MID agrees to support the terms and conditions set forth in this Term Sheet, including, without limitation, expressing its formal support of this Term Sheet by filing a statement of support with the Bankruptcy Court.
 - 14) Each of the AES Parties and SCOTWINC agrees to support the Plan by, including but not limited to, (i) voting to accept the Plan, (ii) not objecting to confirmation of the Plan and (iii) not soliciting any other party to vote against, or object to, the Plan. Each of the AES Parties and SCOTWINC consents to, and agrees to be bound by, the releases and injunctions contained in Article 34 of the Plan, notwithstanding any prior election that may have been made in any ballot or notice to opt-out of the release provisions.

- 15) Attorneys Fees. Each party to this agreement shall bear its own attorneys' fees and costs.
- 16) Approval by Bankruptcy Court. Upon execution of this Term Sheet, the Debtors shall within one business day file a Motion (the "Approval Motion") with the Bankruptcy Court seeking approval of the settlement agreement memorialized by this Term Sheet pursuant to Rule 9019 of the Bankruptcy Rules. The Debtors shall also file an appropriate motion seeking authority to shorten notice of the Approval Motion and to schedule the Approval Motion for hearing on April 20, 2010.
- 17) No Admission of Liability. The execution of this Term Sheet is not intended to be, nor shall it be construed as, an admission or evidence in any pending or subsequent suit, action, proceeding or dispute of any liability, wrongdoing, or obligation whatsoever (including as to the merits of any claim or defence) by any party to any other party or any other Person with respect to any of the matters addressed in this agreement and this Term Sheet may not be used as an admission or evidence of the validity of any claim or constructive or other trust, or any allegation made in the actions or of any wrongdoing or liability of any Party in the Adversary Proceeding.
- 18) Miscellaneous.
 - a) This Term Sheet constitutes the entire agreement between the parties concerning the matters set forth herein, and supersedes any and all prior agreements between them concerning the matters set forth herein.
 - b) This Term Sheet may not be modified other than by a signed writing executed by the parties hereto, their authorized representatives, or by further order of the Bankruptcy Court.
 - c) Each party who executes this Term Sheet hereby covenants and warrants to the other parties that it has the authority to execute this document on behalf of his or her respective client(s) and is fully authorized to bind his or her client(s) to all the terms of this agreement.
 - d) This Term Sheet may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument, and it shall constitute sufficient proof of this Term Sheet to present any copy, copies or facsimiles signed by the Party hereto to be charged.
 - e) Each of the parties hereto agrees to execute and deliver, or to cause to be executed and delivered, all such instruments, and to take all such action as the other Parties may reasonably request in order to effectuate the intent and purposes of, and to carry out the terms of, the settlement agreement memorialized by this Term Sheet.
 - f) This Agreement will be binding on the parties and their successors and assigns.

- g) The headings of the sections, paragraphs and subsections of this Agreement are inserted for convenience only and are not part of this Agreement and do not in any way limit or modify the terms or provisions of this Agreement and shall not affect the interpretation hereof.
- h) This Agreement shall be governed by and construed in accordance with the internal laws of the State of California, without giving effect to any principles of conflicts of law and applicable federal law.
- i) The Bankruptcy Court retains jurisdiction as to all matters arising from or related to the implementation and/or enforcement of this Term Sheet and each of the Parties submit to the jurisdiction of the Bankruptcy Court.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date set forth below.

Dated: April __, 2008

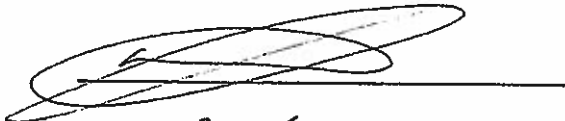


For the Debtors (as defined above):


For SCOTWINC (as defined above):

For MID (as defined above):

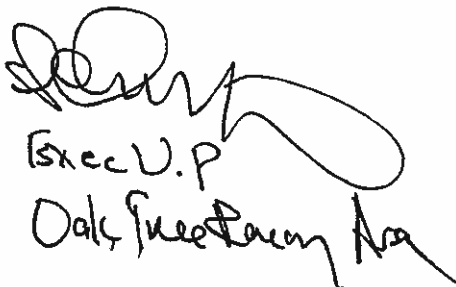
For the AES Parties (as defined above):



* See Below



Craig R. Fravel, President
Del Mar
Craig R. Fravel



Exec U.P.
Oak, Fresno, Fresno, Fresno

Christopher Korby
CHRISTOPHER KORBY
EXECUTIVE DIRECTOR
California Authority of Recy Fair

EXHIBIT B

AMOUNTS DUE FROM DEBTORS:

SCOTWINC 2008-2009 SHORTFALLS	1,339,021.00
SCOTWINC ESTIMATED 2010 SHORTFALLS THROUGH 3/7/2010	626,483.00
SCOTWINC ESTIMATED 2010 SHORTFALLS FROM 3/8 THROUGH 4/18/2010	663,381.00
LESS AMOUNTS RECEIVED PER LATC SHORTFALL AGREEMENT	(1,333,000.00)
TOTAL ESTIMATED REMAINING SHORTFALL DUE TO SCOTWINC THROUGH 4/18/2010	<u>1,295,885.00</u>
= <i>"Estimated Remaining Shortfall Amount"</i>	

AMOUNTS DUE TO DEBTORS:

SCOTWINC EXPENSE REIMBURSEMENTS FROM 2009 LATC MEET	1,263,377.95
ESTIMATED SCOTWINC 2010 EXPENSE REIMBURSEMENTS THROUGH 3/7/10	637,093.00
ESTIMATED SCOTWINC 2010 EXPENSE REIMBURSEMENTS FROM 3/8 THROUGH 4/18/2010	420,000.00
TOTAL PROJECTED EXPENSE REIMBURSEMENTS DUE TO DEBTORS THROUGH 4/18/2010	<u>2,320,470.95</u>
= <i>"Estimated Expense Reimbursement Due"</i>	

ESTIMATED AMOUNT DUE TO DEBTORS LESS ESTIMATED REMAINING SHORTFALL DUE TO SCOTWINC **1,024,585.95**
= *amount that SCOTWINC will deposit into Debtors escrow*

EXHIBIT A

AMOUNTS DUE FROM DEBTORS:

ALAMEDA COUNTY FAIR ASSN - PLEASANTON	92,004.42	
BARONA	35,161.94	
BAY MEADOWS	102,569.97	
CABAZON	30,400.98	
CAL EXPO HARNESS	843.71	
CALIFORNIA EXPOSITION & STATE FAIR - SACRAMENTO	86,345.59	
CALIFORNIA MARKETING COMMITTEE	123,300.16	
CALIFORNIA THOROUGHBRED BUSINESS LEAGUE	235,555.81	
DEL MAR THOROUGHBRED CLUB	4,471.27	
DEL MAR-22ND DAA (Surfside Race Place)	150,572.26	
EUREKA REDWOOD ACRES	6,160.30	
FRESNO FAIR	18,802.68	
FRESNO FAIR - FRESNO CLUB ONE	7,690.79	
HOLLYWOOD PARK	304,762.85	
KERN COUNTY FAIR - BAKERSFIELD	24,841.63	
LANCASTER-ANTELOPE VALLEY	30,148.36	
LOS ALAMITOS	473,625.57	
MONTEREY COUNTY FAIR	25,233.36	
OAK TREE RACING ASSOCIATION	3,129.89	
PERRIS-HEMET 46 DISTRICT	33,149.12	
POMONA-L A COUNTY FAIR	90,478.12	
SAN BERNARDINO-NATIONAL ORANGE SHOW	62,118.81	
SAN JOAQUIN COUNTY FAIR - STOCKTON	46,956.86	
SAN MATEO COUNTY FAIR	89,588.04	
SANTA BARBARA-EARL WARREN	12,354.64	
SANTA CLARA COUNTY FAIR - SAN JOSE	87,210.82	
SANTA MARIA-SANTA BARBARA FAIR	12,954.64	
SHALIMAR-NATIONAL DATE FESTIVAL	18,036.07	
SHASTA DISTRICT FAIR - ANDERSON	7,271.55	
SOLANO COUNTY FAIR - VALLEJO	38,445.99	
SONOMA COUNTY FAIR - SANTA ROSA	34,273.85	
SOUTHERN CALIFORNIA STABING AND VANNING FUND	206,959.95	
STANISLAUS COUNTY FAIR - TURLOCK	19,021.61	
TULARE 24TH DIST FAIR	7,841.62	
VENTURA	55,754.40	
VICTORVILLE-SAN BERNARDINO FAIR	20,298.68	
VIEJAS	23,969.22	
TOTAL AMOUNTS DUE FROM DEBTORS		2,622,305.53

AMOUNTS DUE TO DEBTORS:

CAL EXPO HARNESS	28,394.48	
CALIFORNIA EXPOSITION & STATE FAIR	150.00	
CALIFORNIA MARKETING COMMITTEE	123,300.16	
DEL MAR THOROUGHBRED CLUB	9,466.10	
HOLLYWOOD PARK	403,625.01	
LOS ALAMITOS	515,490.66	
POMONA - LA COUNTY FAIR	22,804.63	
SOUTHERN CALIFORNIA STABLING & VANNING	210,172.00	
VIEJAS	2,929.50	
TOTAL AMOUNTS DUE TO DEBTORS		1,316,332.54

DISCUSSION/AGENDA ITEMS

1. Review of industry changes since last meeting
2. Golden Gate Fields
 - a. Update on Magna bankruptcy and any foreseeable changes regarding new management of Golden Gate with MID
 - b. Importance of GGF to Northern California racing circuit
 - c. Pending change in ownership
 - d. Golden Gate "Dream" Calendar
 - e. Scenarios for future – Life with and without Golden Gate
 - i. Tracks interested in serving as a backup to Golden Gate: (Pleasanton, Santa Rosa, Cal Expo, others?)
 - f. How to improve attendance at Golden Gate
3. Cal Expo
 - a. Redevelopment update
 - b. Future of California State Fair as racing venue
4. Alameda County Fair
 - a. Review previous plans for Capital Improvements at Pleasanton
 - b. What makes sense in the current state of racing and economic climate?
 - c. Availability for additional racing dates
 - d. Continuing role as training/stabling facility
 - e. Financing for infrastructure improvements
5. Stabilize the economics of California's horse racing industry
 - a. Consideration and impact of higher take-outs
 - b. Better purses
 - c. Keep simulcast network economically viable
 - d. Impact of continuing shortfalls to NOTWInc/SCOTWInc/S&V funds
 - e. Re-structure parimutuel distributions and take-out: on-track; simulcast; ADW
 - f. Public vs. private ownership of tracks
6. Fair Racing Venues
 - a. Long tradition of racing at Fairs
 - b. Value of racing at Fairs
 - c. Economic challenge of maintaining Fair facilities on revenues from two weeks of racing
 - d. Should Fair meets be longer?
 - e. Are we good with the current number of Racing Fairs?
 - f. How do Fairs, racing industry and stakeholders accomplish optimum balance of Fair venues and dates?

7. Racing Calendars
 - a. Review of 2010 calendar
 - b. Optimal 2011 racing calendar – 2012 and beyond?
 - i. Larger gaps between meets
 - ii. Seasonal Racing
 - c. Impacts of extended meet at GGF
 - d. Feasibility/desirability of more dates at Fair venues: Alameda County Fair; Sonoma County; California State Fair
8. TOC Contract Negotiations
 - a. Process is not working well over the last years
 - b. How can we make negotiation process better?
 - c. Purse distribution to bottom levels
 - d. Management of overpayments/underpayments
9. Mini-satellites
 - a. Sustainability of Current OTB System
 - b. Prospective locations
 - c. Approval process
 - d. Legislation
10. Industry Legislative program for 2010 and beyond
11. Marketing
 - a. CMC's future
 - b. How we can market our product more effectively
 - c. Utilizing Fairs to market CA racing
12. Horse Inventory
 - a. Cal Bred Foal Crop
 - b. Cal Bred Incentive Program

2010 DRAFT-Northern California Race Dates

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

January						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
3	4	5	6	7	8	9
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May						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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September						
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26	27	28	29	30		
						19

GGF Winter	83
GGF Spring	65
Total GGF	148

Pleasanton run @ GGF	20
Pleasanton run @ TBD	15
Total Pleasanton	35

Simulcast only

TBD

Summer Fairs	70
Overlap Summer Fair	TBD
Total Fairs	###

February						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
7	8	9	10	11	12	13
14	15	16	17	18	19	20
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March						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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April						
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June						
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July						
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August						
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						TBD
						21

October						
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November						
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December						
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2011 DRAFT-Northern California Race Dates

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

January						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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May						
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September						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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February						
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27	28					

June						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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October						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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30	31					

March						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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July						
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November						
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April						
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August						
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28	29	30	31			

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

Summer Fairs	70
Overlap Summer Fair	TBD
Total Fairs	###

Pleasanton	20
Pleasanton	15
Total Pleasanton @ GGF	35

Simulcast only **TBD**

GGF Winter	82
GGF Spring	65
Total GGF	147

CALIFORNIA AUTHORITY OF RACING FAIRS

RECOMMENDATION FOR 2010 NORTHERN CALIFORNIA RACING DATES- December 14, 2009

December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
27	28	29	30	31		26
4						

January						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
3	4	5	6	7	8	9
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23						

May						
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23						

September						
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			22			1
23						

GGF Winter-Fall	109
GGF Spring	75
GGF Total	184

Simulcast Only 11

Stockton	5
Pleasanton	15
Cal Expo	10
Santa Rosa	15

Humboldt				9
CARF at Pleasanton				10
Fresno				10
CARF Fairs Total				74

February						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
7	8	9	10	11	12	13
14	15	16	17	18	19	20
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28						
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June						
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6						

October						
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31						
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10						

March						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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July						
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November						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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April						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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11	12	13	14	15	16	17
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23	11	12	13	14	15	16
23						

August						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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15	16	17	18	19	20	21
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29	30	31				
11	9	10	11	12	13	14
11						

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

Calendar for year 2011 (United States)

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

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

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

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

Holidays and Observances:

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



TOC

Thoroughbred Owners of California

Forging the Future

2010

Race Meet Agreement

BETWEEN

**CALIFORNIA AUTHORITY OF
RACING FAIRS**

AND

**THOROUGHBRED OWNERS OF
CALIFORNIA**

TABLE OF CONTENTS

I.	TERM	1
II.	STATUS OF THE PARTIES	1
III.	DISTRIBUTION OF PARIMUTUEL TAKEOUT; PAYMENT TO CTT AND TOC....	2
IV.	AGREEMENT NOT TO STRIKE OR LOCKOUT, REMEDIES.....	3
V.	RACING PROGRAM	5
VI.	CALIFORNIA-BRED INCENTIVE PROGRAM	7
VII.	MUTUAL COOPERATION	8
VIII.	STALL APPLICATIONS AND AUXILIARY TRAINING FACILITIES	8
IX.	PURSE AND STAKES SCHEDULES, OVERPAYMENT AND UNDERPAYMENT OF PURSES.....	15
X.	FORCE MAJEURE	16
XI.	SUPPLIERS AND SERVICEMEN; BACKSTRETCH FACILITIES	16
XII.	FACILITIES FOR TOC REPRESENTATIVES.....	16
XIII.	OWNERS' PROPRIETARY RIGHTS	17
XIV.	INTERSTATE SIMULCASTING OF RACES.....	18
XV.	INTRASTATE SIMULCASTING OF RACES	18
XVI.	INTERNATIONAL SIMULCASTING	19
XVII.	INTRASTATE ADVANCED DEPOSIT WAGERING	20
XVII.	FIRE AND DISASTER INSURANCE	22
XVIII.	MISCELLANEOUS	22
	ATTACHMENT A - California Authority of Racing Fairs Members and Participating Tracks	
	ATTACHMENT B - Stakes Schedule	
	ATTACHMENT C - Purse Schedule	
	ATTACHMENT D - Auxiliary Training Facilities	
	ATTACHMENT E - Schedule of Approved Simulcast Races	
	ATTACHMENT F - Schedule of Approved Advanced Deposit ("ADW") Races	

2010 RACE MEET AGREEMENT
CALIFORNIA AUTHORITY OF RACING FAIRS

AGREEMENT

THIS AGREEMENT is entered into between the CALIFORNIA AUTHORITY OF RACING FAIRS, a joint exercise of powers agency ("CARF") representing those of its members identified in Attachment A (and Section 2.1), herein referred to as "TRACK" or "TRACKS" unless otherwise specifically designated, and the THOROUGHBRED OWNERS OF CALIFORNIA, INC., a California Corporation ("TOC").

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

**I
TERM**

1.1 This Agreement shall be applicable to the thoroughbred races conducted by TRACKS under licenses from the California Horse Racing Board ("CHRB") during the calendar year 2010.



**II
STATUS OF THE PARTIES**

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

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

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

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

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into this agreement, and that this agreement shall be binding upon all such TRACKS, their members, agents, employees, and officials during the term of the agreement. The TRACKS specifically authorizing CARF include the: San Joaquin County Fair; Alameda County Fair; Sonoma County Fair; Humboldt County Fair; California Exposition and State Fair; and, the Fresno District Fair.

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

III

DISTRIBUTION OF PARIMUTUEL TAKEOUT; PAYMENT TO CTT AND TOC

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

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

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

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

On Tuesday of each race week, CARF and TRACKS agree to fund the TOC Horsemen's Paymaster CARF Account with an amount equal to eighty percent (80%) of the total purse money offered/paid the week prior, including all other added and other horsemen's monies, as well as 100% of all remaining deposits made by horsemen into their individual Horsemen's Bookkeeper accounts, during the prior seven-day period. Upon receipt of a daily check register drawn on a TRACKS' Horsemen's Bookkeeper account itemizing amounts to be paid to

horsemen as appropriate withdrawals from individual horsemen's accounts, TOC shall in turn transfer to the TRACK'S Horsemen's Bookkeeper funds for the total of the daily check register by the next business day.

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



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

CARF and TRACKS agrees it will be responsible for immediate funding of one hundred percent (100%) of "Purses Paid" during the meet, plus horsemen's accumulated balances transferred in at the beginning of the meet, at such times: (a) in the event horsemen's demand on their collective Paymaster bookkeeper's account balances exceed the available liquid funds in the TOC Paymaster bank account (holding purses in trust for the CARF meets); and (b) at the end of the meet when transferring horsemen's account balances to the subsequent meet.

CARF and TRACKS agree to provide to TOC a final accounting of all purse monies paid, including all other added and other horsemen's monies, as well as all deposits made by horsemen into their individual Horsemen's Bookkeeper accounts, by the seventh day following the close of each TRACK's 2010 Meet. Further, TRACK shall pay and fully fund the balance of all such monies to the TOC Horsemen's Paymaster CARF Account by the sixtieth (60th) day after the close of the 2010 Meet in the event of a purse overpayment situation, or by the one hundred and twentieth (120th) day in the event of a purse underpayment situation, and shall provide with a statement indicating the method of calculating such payment, except for those purse moneys generated from 50% of the unspent balance of the 6% Simulcast Operating Fund and from ADW reconciliations. TRACKS agree to pay and fully fund 50% of the estimated unspent 6% Fund and ADW reconciliations to the TOC Horsemen's Paymaster CARF Account by the 60th (sixtieth) day after the close of the Fresno Fair 2010 Meet, and shall provide TOC with a statement indicating the method of calculating such payment. By the one hundred and twentieth (120th) day after the close of the Fresno Fair 2010 Meet, TRACKS agree to calculate a final true-up of the 6% Simulcast Operating Fund and ADW reconciliations, and pay the difference owed from the prior estimated payment.

IV AGREEMENT NOT TO STRIKE OR LOCKOUT, REMEDIES

4.1 It is agreed that the TOC is the organization recognized by the CHRB as the

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authorized representative of all thoroughbred owners racing at TRACKS and that TOC shall continue as such authorized representative during the term of this agreement.

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

4.3 During the term of this Agreement, and as long thereafter as TOC is not in violation of the terms of this Agreement or of applicable law, TRACKS shall recognize TOC as the official organization representing owners at TRACKS' 2010 Meets and shall not file or participate in any action, claim or proceeding seeking the de-certification of TOC as the official and exclusive representative of California thoroughbred owners, nor will CARF and TRACKS engage in a lockout of TOC members.

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

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

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

V
RACING PROGRAM

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

(b) Unless expressly agreed otherwise by TOC, CARF and TRACKS shall ensure that all stakes races offered, whether offered as a scheduled or overnight stake events, meet the minimum requirements set by the International Cataloging Standards Committee ("ICSC") for participating horses to earn "black type," based on their finish position, qualifying performance, or other criteria set by the ICSC. The 2010 Stakes Schedule is included for reference in Attachment B.



(c) In 2011, TRACKS will on or before 90 days prior to the opening of their scheduled race meets, submit to TOC its proposed stakes schedule and overnight purse schedule for approval and submit also within 45 days prior to the opening of its scheduled race meet a proposed Condition Book for approval. If TOC does not forward its written objections to TRACK within 30 days of receipt of the proposed schedules, the Book shall be deemed approved. Otherwise the parties shall agree to the purse and stakes schedule as provided for or in Sections 9.1 and 9.2 of this Agreement. When a stakes schedule and overnight purse schedule is approved by TOC, it is agreed that there will be no change to such schedules without first obtaining written approval of TOC. TRACK further agrees to submit to TOC via electronic mail its camera-ready draft of each proposed Condition Book at least seventy-two hours prior to the date it is sent to the printers, if feasible, and if not as soon thereafter as possible, to enable TOC to review the same.

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

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

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

5.5 The parties agree that races for the amount of \$2,750 (except maidens) or less to the winner will not be considered in eligibility for Thoroughbreds racing at CARF TRACKS.

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

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

(c) When six horses are entered in an allowance race under six separate wagering interests, such race shall be considered filled and shall be run. It is further agreed by the parties that the Racing Secretary shall have the discretion to use allowance, and/or high priced claiming races with five (5) separate wagering interests in order to maintain a balanced racing program, but is to notify TOC as soon as practical when doing so. For all other overnight races except overnight stakes, when seven horses are entered under at least seven separate wagering interests, such race shall be considered filled and shall be run.

(d) In the event that any overnight stake race has entries with less than four (4) separate wagering interests with at least three different trainers, and TRACK desires to cancel such overnight stakes race, TRACK shall inform TOC of its desire reasonably in advance.

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

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

5.7. Purses for all races run at the \$10,000 level and below during the 2010 Meet will be divided as follows:

- Fifty-five percent (55%) shall be paid to the winning owner;
- Twenty percent (20%) for second;
- Fifteen percent (15%) for third;

- Seven and one-half percent (7.5%) for fourth; and,
- Two and one-half percent (2.5%) for fifth;

Purses for all races run above the \$10,000 level during the 2010 Meet will be divided as follows:

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

5.8. A \$150.00 Starter Fee, funded by payments from the California Thoroughbred Business League pursuant to *Business & Professions Code Section 19605.75*, shall be paid to all starters effectively finishing sixth or worse in any overnight race, and to fifth place finishers if their two percent (2%) share of the purse is less than \$150.00, wherein said fifth place finisher will receive an aggregated maximum of \$150.00. For purposes of the payment of such starters fees, a "starter" means any horse that which leaves the gate at the official start of a race, and is considered a legal starter by the Stewards.

VI CALIFORNIA-BRED INCENTIVE PROGRAM

California-Bred Incentive Program and Allowance Purse Increase.

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

Furthermore CARF and TRACKS and TOC agree pursuant to Section 19614.4 (d) of the California Horse Racing Law that TRACKS shall pay on a periodic basis during and after the

meets, from purse revenues generated, to the official registering agency for the purpose of the California-bred bonus program an amount equal to the amount determined in paragraph (3) of subdivision (b) of Section 19617.2, and that amount shall be used for California-bred incentive awards. CARF and TRACKS shall obtain TOC's prior authorization to pay these amounts, and provide periodic and end-of-meet reconciliation reports.

VII MUTUAL COOPERATION

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

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

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

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

VIII STALL APPLICATIONS AND AUXILIARY TRAINING FACILITIES

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

8.2 TRACK shall provide such auxiliary training facilities as are required to be provided pursuant to the Horse Racing Law and Rules and Regulations of the CHRB, or as the

parties may otherwise agree. The location, dates of availability, conditions of availability, and amount of stalls at such auxiliary training facilities are designated on Attachment D hereto.

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

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

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

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

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

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

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

arise.

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

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

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

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

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

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

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

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

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

8.8 TRACK agrees to make its stalls, barn area and race track available without charge to horsemen and have the same in good condition at least 10 days prior to the commencement of its race meet. TRACKS agrees that their main tracks will be open, available and in condition for training at no charge to horsemen for at least (3) days following TRACKS' 2010 Meet.

8.9 TRACKS will maintain their racing surfaces in good condition for thoroughbred

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

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

8.12 TRACKS agree to wash or otherwise clean the racing colors or "silks" of owners with horses competing in the 2010 Meet. Such cleaning shall occur on the day that the silks are utilized or on the day immediately following their utilization. Such cleaning services will be provided at TRACK'S expense, without right of reimbursement from TOC, the individual owners, and/or their trainers.

8.13 The following are the workout criteria that will be in effect for the 2010 agreement. The minimum official, recorded workout distances and number of works for horses to run at the 2010 Fair meetings are as follows:

- a) Two year olds:
 - i) First time starters in races under six furlongs: three works, one of which is at least one-half mile and a gate OK;
 - ii) First time starters in races six furlongs or over: three works, one of which is at least five-eighths mile and a gate OK.

- b) Three year olds and up:
 - i) First time starters under six furlongs: three works, one of which is at least one-half mile and a gate OK.
 - ii) Six furlongs and over: three works, one of which is at least five-eighths mile and gate approval;
 - iii) Non-starters for:
 - a) 30 days: one work at least three-eighths mile within those 30 days;
 - b) 60 days: two works, one of which is at least one-half mile with one of the works being within the past 30 days;
 - c) 90 days: three works, with at least two works during the last 60 days, one of which is at least one-half mile and for races six furlongs or longer a five-eighths work is required, with at least one of the works being within the past 30 days.

- c) Horses eased or placed on the Stewards' List for poor performance will be required to show a five-eighths mile work since that race, except for two-year olds running less that five-eighths of a mile who will be required to

work race distance.

- d) Horsemen seeking to enter a horse not meeting the workout criteria must obtain the permission of the Stewards prior to entry.
- e) Imported Horses: The workout requirement will be waived for horses entering in a stakes race within seven days of clearing USDA quarantine, provided that the country-of-origin's racing jurisdiction has no provision for timed workouts.

8.14. No owner, trainer, or veterinarian may have possession of any shockwave therapy or equivalent device while within TRACK's enclosure during the 2010 Meet, except as expressly authorized by TRACK. Any owner, trainer, or veterinarian found to be in possession of such device(s) during the 2010 Meet may be excluded from the enclosure for a period of not less than 10 days, at the sole discretion of TRACK. The identity of any owner, trainer, or veterinarian authorized or found to be in possession of such device(s) shall be disclosed to an appropriate representative of the CHRB, TOC, and CTT within 48 hours of the device's authorization or discovery.

8.15. If, in the event the CHRB is prohibited, for any reason, from instituting or administering the TCO₂ testing program authorized pursuant to CHRB 1843.6 and/or Business & Professions Code Section 19577, TRACK shall perform physiological tests consisting of the taking of blood samples from owners' horses entered in races to be conducted at the 2010 Meet. It is the understanding of the parties that such samples will be tested for bicarbonate levels.

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

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

- A. **1st Incidence** - For the first test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, subject to surveillance for a period of 45 days beginning no more than 20 days after TRACK's receipt of such notice from the CHRB. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and

appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 30 days from the start of the surveillance period, shall be required to be sequestered in a Protection Barn beginning at noon on the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant, being born by the trainer or owner of such horse.

- B. 2nd Incidence** - For the second test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, which occurs within three years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 75 days beginning no more than 20 days after TRACK's receipt of such notice from the CHRB. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 60 days from the start of the surveillance period, shall be required to be sequestered in a Protection Barn beginning at noon the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant, per day, being born by the trainer or owner of such horse.
- C. 3rd Incidence** - For the third test that results in a total carbon dioxide (TCO₂) of 37 millimoles per liter of plasma or more, which occurs within three years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 105 days beginning no more than 20 days after TRACK's receipt of such notice from the CHRB. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 90 days from the start of the surveillance period, shall be required to be sequestered in a Protection Barn beginning at noon the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant, per day, being born by the trainer or owner of such horse.

The parties further acknowledge and agree that the balance, or a portion thereof, of any penalties imposed pursuant to contract provisions similar to those contained herein in Subsections A through C, shall be recognized and enforced by TRACK at its 2010 Spring Meet. For the purpose of this Section, said penalties are deemed to be cumulative, and are enforced as if any prior elevated TCO₂ test or tests had occurred at TRACK's 2010 Meet. Accordingly, any protective actions taken for subsequent incidents involving an elevated TCO₂ test that are imposed pursuant to Subsections B and/or C shall recognize and be based upon similar contractual provisions included in the Race Meet Agreement for any other meet conducted by a licensed California Thoroughbred racing association.

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

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

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

8.17. The Parties agree that, with regard to the taking of entries, entries submitted by a Jockey's Agent who has been delegated such responsibility by a licensed trainer pursuant to CHRB Rule 1582 are permitted up to 11:00 a.m. on the day of entry, and thereafter shall only be made by the horse's owner, his/her authorized agent, or the trainer.

8.18. Unless agreed otherwise in writing by the parties, TRACKS agree to maintain, at no cost to TOC, appropriate "Finish Line" signage, equal in size and character to its own, in the first position past the finish line during the TRACKS' 2010 Meet, both on the main track and turf course, where appropriate.

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

IX
PURSE AND STAKES SCHEDULES, OVERPAYMENT
AND UNDERPAYMENT OF PURSES

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

9.2 Pursuant to the authorization described in Business and Professions Code Section 19542 and Section 19606.4, the CARF Fairs, which conducted live horse racing in 2009, agree to consolidate administration and distribution of purses, including consolidation of purse underpayments and overpayments for all Fair horse racing meetings conducted in Northern California. This agreement shall apply to Thoroughbred purses generated and Thoroughbred purses paid at Fairs and shall also extend to those purses generated and purses paid during a combined Fair meeting conducted pursuant to Food and Agriculture Code Section 4058. The CARF Fairs include: San Joaquin County Fair; Alameda County Fair; Sonoma County Fair; Humboldt County Fair; California Exposition and State Fair; and, the Fresno District Fair hereby designate CARF, a Joint Powers Authority, to act on their behalf for administration and distribution of purses, according to the authorization described in statute. The parties agree that this agreement applies to purses generated and purses paid at Fairs as of June 17, 2009, and will remain in effect through December 31, 2011.

9.3 If at the close of its meet a TRACK shall have paid and distributed in stakes and overnight purses an amount in excess of the amounts received by it under the Horse Racing Law for purses, the total amount of the overpayment shall be deducted from the purse funds received during the next racing meeting conducted by TRACK.

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

(a) if less than \$200,000, including an estimated surplus generated from the 6% satellite expense fund, added to the purse fund during the next thoroughbred racing meeting conducted by TRACK. If no such meet occurs, then the remaining balance shall be transferred immediately to TOC for use as purse money at a CARF race meet as mutually agreed by CARF and TOC; or

(b) if greater than \$200,000, including an estimated surplus generated from the 6% satellite expense fund, distributed as a retroactive payment within 60 days of the end of the meeting to each winning horseman in such ratio as his overnight purse earnings bear to the total of all overnight purses paid during the meeting on thoroughbred races.

9.5 TRACKS shall comply with Business and Professions Code statutes pertaining to the use of Supplemental Purse funds provided for in the California Horse Racing Law.

X
FORCE MAJEURE

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

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

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

XI
SUPPLIERS AND SERVICEMEN; BACKSTRETCH FACILITIES

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

11.2 TRACKS shall maintain adequate kitchen facilities for backstretch personnel, at reasonable prices. Kitchen facilities shall be open between 6:00 A.M. and 8:00 P.M. on racing days and 6:00 A.M. and 2:00 P.M. on non-racing days.

XII
FACILITIES FOR TOC REPRESENTATIVES

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

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

XIII OWNERS' PROPRIETARY RIGHTS

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

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

13.3 TOC, on behalf of all owners participating in TRACKS' 2010 Meets, consent to TRACKS' use of the collective image for the purpose of promoting, simulcasting, televising, and/or the re-broadcasting of races occurring at the 2010 Meet. TOC consents to TRACKS' use of said image without compensation other than that provided by the appropriate provisions of the California Horse Racing Law, the Rules and Regulations of Racing, and/or Federal Interstate Racing Act, excepting races sold by CARF or TRACKS to network television, cable television, satellite television, closed circuit, computer or interactive wagering, or other commercial enterprises or uses currently developed or to be developed for which CARF or TRACKS receive compensation, other than that provided by State and/or Federal legislation, including but not limited to, promotional, licensing, or usage fees paid by sponsors. CARF and TRACKS agree to obtain TOC's prior consent to such sales or usages and to negotiate a reasonable contribution to overnight purses from the revenues derived by said sale or use.

13.4 TOC, on behalf of all owners participating in TRACKS' 2010 Meets, further agree that the nomination of or entry into a race shall be deemed to be authorization for TRACKS to use the name, image, or likeness of individual horses for promotion of attendance at and wagering on such races, whether live or at simulcast locations.

XIV
INTERSTATE SIMULCASTING OF RACES

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

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

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

XV
INTRASTATE SIMULCASTING OF RACES

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

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

distribution is agreed upon by TOC and TRACKS.

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

XVI INTERNATIONAL SIMULCASTING

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

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

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

XVII INTRASTATE ADVANCED DEPOSIT WAGERING ("ADW")

CARF and TRACKS have requested the consent of TOC to the simulcast of races conducted at TRACKS during their 2010 Meets for the purposes of intrastate advanced deposit wagering by and/or wagering instructions to California licensed advanced wagering providers as listed on Attachment "F." TOC consents to the simulcast of the specified races in accordance with the terms and conditions of TOC's consent letters, and pursuant to California Business & Professions Code, section 19604(b)(1)(C) and the Interstate Horseracing Act, 15 USC 3001, et. seq.

In addition to any other terms set forth therein, TOC conditions its consent to the acceptance of advanced deposit wagers and/or wagering instructions by approved California licensed ADW providers from California residents on Thoroughbred races conducted at TRACKS during their 2010 Meets as follows:

1. The contractual compensation received by any such provider does not exceed five percent (5%) of handle directly derived by such wagering or wagering instructions facilitated by that provider;
2. Approved ADW providers/"broadcast partners" agree to pay and/or to accept no more than two percent (2%) from other approved California licensed ADW providers as compensation for the broadcast or televising of races conducted at TRACKS during their 2010 Meets, as negotiated and agreed to by both CARF or TRACKS and TOC;
3. Approved ADW providers agree to disclose to CHRIMS, in a timely fashion and a form reasonably acceptable to CHRIMS, its respective ADW wagering handle information;
4. Approved ADW providers agree that all costs associated with such CHRIMS disclosures, and/or the preparation and submission of such information and the audit thereof as set forth herein, are to be borne individually by each provider; and,
5. Approved ADW providers agree that the audit and disclosure requirements referred to herein immediately above are as follows:
 - A. Providers shall be required to undergo an annual parimutuel audit prepared in accordance with GAAP of their California wagering operations including, but not limited to, all wagers placed by California residents on horse races, and by out-of-state residents on California horse races;
 - B. Providers shall be required to provide an end of meet pari-mutuel audit report similar in scope and detail to that required of and submitted to pari-mutuel auditors relating to wagers placed at a licensed California racing association and/or satellite facility;
 - C. The end of meet audits required shall be "agreed upon procedures audits," which include, but are not limited to:
 - (i) Disclosure of all *hub fee rate schedules* executed with a California racing association and/or horsemen's organization, and a provider to CHRIMS prior to the opening of each California race meet;
 - (ii) For wagers placed in California on races conducted out-of-state, disclosure of any and all *host fee rates to be deducted from takeout for out-of-state racing interests* to CHRIMS, and to all California

racetrack associations and horsemen's organizations affected by the deduction prior to the acceptance of wagers in California on such races. Said disclosure shall set forth such rates in the data format reasonably prescribed by CHRIMS, and shall include a copy of the applicable rate page from any executed agreement between an out-of-state race association and provider;

- (iii) Disclosure of all *host fee rates to be paid to California racing associations and horsemen's organizations* on wagers placed on California races by non-California residents to CHRIMS, and to all California racing associations and horsemen's organizations authorizing and/or approving such wagers prior to the opening of the affected California race meet. Said disclosure shall set forth such export host fee rates in the data format reasonably prescribed by CHRIMS, and shall include a copy of the rate page from the executed agreement between the host track and provider;
- (iv) Provider shall disclose and provide true, complete, and correct copies of the industry accepted "*TRA Data File*" and the *California Account Wagering File* pertaining both to wagers placed by California residents and wagers placed by non-California residents on races conducted in California to CHRIMS, in the manner reasonably prescribed by CHRIMS, on a daily basis, no later than 10:00 AM Pacific time on the day after the generation of such wagers. Additionally, if requested to do so, provider shall also disclose and provide a true, complete, and correct copy of all such files on a weekly basis to affected California racing associations and horsemen's organizations. Such disclosure, files, and/or documentation shall include, but is not limited to, the date of all relevant wagers, corresponding TRA code, pool, conventional and exotic takeout, positive breakage, negative breakage, runner pay, postal code, off time, and breed;
- (v) If during the term of this Agreement, the "*TRA Account Wagering File*" becomes the industry accepted ADW wagering data file format, then provider shall disclose and provide true, complete, and correct copies of said file, pertaining both to wagers placed by California residents and wagers placed by non-California residents on races conducted in California, to CHRIMS daily in lieu of providing both the "*TRA Data File*" and the *California Account Wagering File*; and,
- (vi) A *detailed breakdown of the distribution of takeout* for any wager placed outside of California on a race conducted in California.

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

XVIII FIRE AND DISASTER INSURANCE

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

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

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

XIX MISCELLANEOUS

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

19.2 No Assignment: This agreement shall not be assigned by any party without the

prior written consent of the other party.

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

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

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

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

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

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

(b) If to TOC, to Guy Lamothe, Chief Operating Officer, 285 W. Huntington Drive, Arcadia, CA 91007.

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

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


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

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

IN WITNESS WHEREOF, the undersigned have affixed our signatures.

CALIFORNIA AUTHORITY OF RACING FAIRS

Dated: April 14, 2010



Christopher Korby, Executive Director

THOROUGHBRED OWNERS OF CALIFORNIA, INC.

Dated: 4/19/10



Guy Lamothe, Chief Operating Officer

ATTACHMENT A

California Authority of Racing Fairs Members and Participating Tracks

San Joaquin Fair	Debbie Cook Director of Racing	1658 S. Airport Way Stockton, CA 95206 209-466-5041
Alameda County Fair	Rick Pickering Director of Racing	4501 Pleasanton Dr. Pleasanton, CA 94566 925-426-7600
Solano County Fair	Mike Paluszak Director of Racing	900 Fairgrounds Dr. Vallejo, CA 94589 707-551-2000
Sonoma County Fair	Tawny Tesconi Director of Racing	P. O. Box 1536 Santa Rosa, Ca 95403 707-545-4200
Humboldt County Fair	Stuart Titus Director of Racing	1250 5 th Street Ferndale, CA 95536 707-786-9511
California State Fair	Norbert Bartosik General Manager	1600 Exposition Blvd. Sacramento, CA 9581 916-263-3247
Big Fresno Fair	John Alkire General Manager	1121 Chance Avenue Fresno, CA 93702 559-650-3081

ATTACHMENT B



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

Revised: 04/07/2010

❖ SAN JOAQUIN FAIR

None

❖ ALAMEDA COUNTY FAIR

Alameda County Fillies & Mares Handicap – 42 nd Running Fillies and Mares Three-year olds and Upward One and 1/16 Miles	\$50,000 Guaranteed	Sat., Jun 26
Juan Gonzalez Memorial Overnight Stakes – 32 nd Running Fillies Two-years old – Five & ½ Furlongs	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Sat., Jul 3
Alamedan Handicap – 45 th Running Three-year olds and Upward – One and 1/16 Miles	\$50,000 Guaranteed	Sun, Jul 4
Everett Nevin Alameda County Stakes-49 th Running Two-year olds (Cal Bred) – Five & ½ Furlongs	\$50,000 Added (Includes 10,000 to Cal-Breds)	Sat., Jul 10
Sam J. Whiting Memorial Handicap – 48 th Running Three-year olds and Upward – Six Furlongs	\$50,000 Guaranteed	Sun., Jul 11

❖ CALIFORNIA STATE FAIR

Name TBD Fillies & Mares, Three Year Olds & Upward – 6 Furlongs	\$50,000 Guaranteed	Sat., Jul 17
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❖ SONOMA COUNTY FAIR

Cavonnier Juvenile Overnight Stakes – 43 rd Running Two-year olds - Six Furlongs	\$50,000 Added (Plus up to \$15,000 to Cal-Breds)	Sat., Aug 14
Joseph T. Grace Handicap – 39 th Running Three-year olds and Upward - One and 1/16 Miles (Turf)	\$50,000 Guaranteed	Sun., Aug 8

Luther Burbank Handicap – 40th Running \$50,000 Guaranteed Sat., Sat Jul 31
Fillies and Mares Three-year olds and Upward
One and 1/16 Miles (Turf)

Wine Country Debutante Overnight Stakes-3rd Running \$50,000 Added Sat., Aug 7
Fillies Two Year-Olds 6 Furlongs
(Plus up to \$15,000 to Cal-Breds)

❖ **HUMBOLDT COUNTY FAIR**

Les Mademoiselle Stake \$10,000 Guaranteed Sat., Aug 21
Don Harmon Memorial
Fillies & Mares, Three Year Olds & Upward, 1 1/16 Miles

C.J. Hindley Humboldt County Marathon Starter Stake \$15,000 Guaranteed Sun., Aug 22
Three Year Olds & Upwards, 1 Mile and 5 Furlongs

❖ **THE BIG FRESNO FAIR**

The Harvest Stakes \$50,000 Guaranteed Fri, Oct 15
Three Year Olds & Upward Fillies&Mares , Six Furlongs

Bulldog Stakes, 17th Running \$50,000 Guaranteed Sun., Oct 17
Three-Year Olds & Upward, 1 & 1/8 Miles

*All races for two-year-olds are Overnight Stakes.

ATTACHMENT C

PURSE SCHEDULE

Category	Conditions	Purse						
		GG Purse	Stockton	Ptn	Sac	SR	Hmbldt	Pno
MC6250							\$ 6,000	
MC8000		\$ 7,500	\$ 8,000	\$ 8,000	\$ 8,500	\$ 8,000	\$ 7,700	\$ 8,000
MC12500		\$ 9,500	\$ 9,500	\$ 9,500	\$ 10,000	\$ 9,500		\$ 9,500
MC25000		\$ 14,000	\$ 14,000	\$ 14,000	\$ 15,000	\$ 14,000		\$ 14,000
MC40000		\$ 16,000	\$ 16,000	\$ 16,000	\$ 19,500	\$ 16,000		\$ 16,000
MSW	All Ages	\$ 25,000	\$ 25,000	\$ 25,000	\$ 31,000	\$ 25,000		\$ 25,000
SA4000		\$ 9,500	\$ 9,500	\$ 9,500	\$ 13,000	\$ 9,500	\$ 9,500	\$ 9,500
SA6250		\$ 11,000	\$ 11,000	\$ 11,000	\$ 16,000	\$ 11,000		\$ 11,000
SA8000(Spec Series)	Ran for 8000 Clm or less on CA Fairs							\$ 25,000
SA40000		\$ 16,000	\$ 16,000	\$ 16,000	\$ 22,000	\$ 16,000		\$ 16,000
CL2500		\$ 6,000	\$ 6,000	\$ 6,000	\$ 7,500	\$ 6,000	\$ 6,000	\$ 6,000
CL3200	NW 2X-C	\$ 7,000	\$ 8,000	\$ 8,000	\$ 9,500	\$ 8,000	\$ 7,000	\$ 7,000
CL3200	OPEN	\$ 7,500	\$ 8,500	\$ 8,500	\$ 10,500	\$ 8,500	\$ 7,500	\$ 7,500
CL4000	NW2L	\$ 7,800	\$ 8,000	\$ 8,000	\$ 10,000	\$ 8,000	\$ 7,800	\$ 7,800
CL4000	NW 4L-DATE	\$ 7,800	\$ 8,500	\$ 8,500	\$ 11,000	\$ 8,500	\$ 7,800	\$ 7,800
CL4000	OPEN	\$ 8,000	\$ 9,000	\$ 9,000	\$ 12,000	\$ 9,000	\$ 8,000	\$ 8,000
CL5000	NW2X	\$ 8,000	\$ 9,000	\$ 9,000	\$ 12,000	\$ 9,000	\$ 8,000	\$ 8,200
CL5000	OPEN	\$ 8,500	\$ 9,500	\$ 9,500	\$ 13,000	\$ 9,500	\$ 8,500	\$ 8,400
CL6250	OPEN	\$ 9,000	\$ 10,500	\$ 10,500	\$ 14,500	\$ 10,500	\$ 9,000	\$ 9,200
CL8000	OPEN	\$ 10,000	\$ 11,500	\$ 11,500	\$ 16,000	\$ 11,500	\$ 10,000	\$ 10,000
CL8000	NW2X-C	\$ 9,000	\$ 10,500	\$ 10,500	\$ 15,000	\$ 10,500	\$ 9,000	\$ 9,500
CL8000	NW2L	\$ 8,000	\$ 10,000	\$ 10,000	\$ 12,000	\$ 10,000	\$ 8,000	\$ 9,500
CL10000	OPEN	\$ 10,000	\$ 12,500	\$ 12,500	\$ 17,000	\$ 12,500		\$ 10,000
CL12500	NW2X-C	\$ 8,400	\$ 12,500	\$ 12,500	\$ 17,000	\$ 12,500		\$ 8,400
CL12500	OPEN	\$ 12,500	\$ 14,000	\$ 14,000	\$ 19,000	\$ 14,000		\$ 12,500
CL16000	OPEN	\$ 16,000	\$ 16,000	\$ 16,000	\$ 21,000	\$ 16,000		\$ 16,000
CL16000	NW2L	\$ 12,000	\$ 12,000	\$ 12,000	\$ 14,000	\$ 12,000		\$ 12,000
CL20000	NW2X-C	\$ 16,000	\$ 16,000	\$ 16,000	\$ 21,000	\$ 16,000		\$ 16,000
CL20000	OPEN	\$ 19,000	\$ 19,000	\$ 19,000	\$ 24,000	\$ 19,000		\$ 19,000
CL25000	OPEN	\$ 21,500	\$ 21,500	\$ 21,500	\$ 27,000	\$ 21,500		\$ 21,500
CL32000	OPEN	\$ 22,500	\$ 22,500	\$ 22,500	\$ 29,000	\$ 22,500		\$ 22,500
CL40000	OPEN	\$ 25,000	\$ 25,000	\$ 25,000	\$ 31,000	\$ 25,000		\$ 25,000
ALW OPEN		\$ 33,000	\$ 33,000	\$ 33,000	\$ 40,000	\$ 33,000		\$ 33,000
ALW	NW1X	\$ 26,000	\$ 26,000	\$ 26,000	\$ 32,500	\$ 26,000		\$ 26,000
ALW/OPC25000	NW1X	\$ 26,000	\$ 26,000	\$ 26,000	\$ 32,500	\$ 26,000		\$ 26,000
ALW/OPC50000	NW2X	\$ 28,000	\$ 28,000	\$ 28,000		\$ 28,000		\$ 28,000
ALW/OPC80000	NW3X	\$ 30,000	\$ 30,000	\$ 30,000		\$ 30,000		\$ 30,000
Special ALW	NW SS or 50k in 2010	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000		\$ 40,000
Overnight Stks		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000		\$ 50,000

C.K. *CK*
G.L. *GL*

ATTACHMENT D

AUXILIARY TRAINING FACILITIES

The Alameda County Fair will be open an auxiliary training facility for CARF racing during the period from July 15, 2010, through October 17, 2010. During this period, the TRACK will be open for training on the basis of six (6) days a week. Alameda County Fair will be reimbursed the expenses of operating as an auxiliary training facility according to the Northern California Stabling and Vanning Agreement.

Golden Gate Fields will be open as an auxiliary training facility for CARF racing during the period from June 16, 2010 to August 15, 2010, and October 6, 2010 to October 10, 2010. During this period, the TRACK will be open for training on the basis of six (6) days a week, but may be adjusted by the Stabling & Vanning Committee.

Stalls at auxiliary training facilities will be allocated and made available, without charge, to those Thoroughbred horses for which stalls have been approved by TRACK's Racing Secretary. Stalls shall be assigned only to Thoroughbred trainers engaged in the care and training of Thoroughbreds which TRACK has approved and to which TRACK has allocated stalls to prepare for racing. TRACK's obligations to furnish and allocate stalls shall be subject to TRACK's right to withdraw stalls allocated to horses not currently approved for racing or preparation for racing, or not actually training for racing, and to TRACK's needs for access to such stalls for repairs, maintenance and construction, but may be adjusted by the Stabling & Vanning Committee.

ATTACHMENT E
SCHEDULE OF APPROVED SIMULCAST RACES

To be provided.

ATTACHMENT F

SCHEDULE OF APPROVED ADVANCED DEPOSIT WAGERING ("ADW") RACES

To be provided.

2010 PROPOSED CONDITION BOOK COVERS

DRAFTS Distributed for Approval April 19, 2010

2010 CONDITION BOOK
SAN JOAQUIN COUNTY FAIR



STOCKTON

2010 CONDITION BOOK
ALAMEDA COUNTY FAIR



PLEASANTON

2010 CONDITION BOOK
CALIFORNIA STATE FAIR



SACRAMENTO

2010 CONDITION BOOK
SONOMA COUNTY FAIR



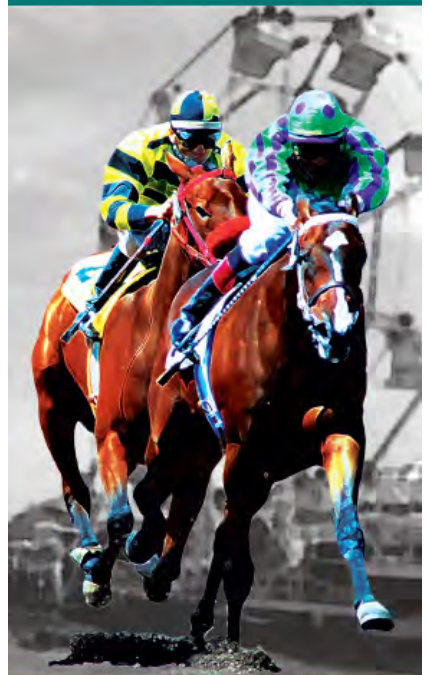
SANTA ROSA

2010 CONDITION BOOK
HUMBOLDT COUNTY FAIR



FERNDALE

2010 CONDITION BOOK
BIG FRESNO FAIR



FRESNO

**California Authority of Racing Fairs
Southern Region Income Statement
March 31, 2010**

	2008	2009	2008	2009	2010	2010	2010	2010
	Year End	Year End	YTD	YTD	YTD	Annual	Budget	% Budget
	Actual	Actual	Actual	Actual	Actual	Budget	Variance	
Program Revenue:								
Program Sales	397,688	342,738	99,636	92,112	75,537	350,000	(274,463)	22%
Other Revenue	0	0	0	0	0	0	0	0%
Royalties/Fees Due Host	(358,703)	(311,141)	(90,150)	(82,837)	(67,169)	(318,500)	251,331	21%
Total Revenue	38,985	31,596	9,486	9,275	8,367	31,500	(23,133)	27%
Expenses:								
Legal Expenses	0	0	0	0	0	0	0	0%
Meetings Expense	98	0	0	0	0	0	0	0%
Misc Exp.(Storage)	0	0	0	0	0	0	0	0%
Office Supplies	0	0	0	0	0	0	0	0%
Paper Expense	0	0	0	0	0	0	0	0%
Postage & Shipping	0	0	0	0	0	0	0	0%
Printing Supplies	0	0	0	0	0	0	0	0%
Rent & Utility Expenses	0	0	0	0	0	0	0	0%
Repairs & Maintenance	0	0	0	0	0	0	0	0%
Telephone Expense	0	0	0	0	0	0	0	0%
Travel Expense	0	0	0	0	0	0	0	0%
Total Expenses	98	0	0	0	0	0	0	0%
Operating Income (Loss)	38,887	31,596	9,486	9,275	8,367	31,500	(23,133)	27%
CARF Admin Fee	29,295	25,351	7,473	6,908	5,665	26,250	20,585	22%
Rebate								
Income (Loss)	9,592	6,245	2,013	2,367	2,702	5,250	(43,718)	51%

**California Authority of Racing Fairs
Project Management Income Statement
March 31, 2010**

	2008	2009	2008	2009	2010	2010	2010	2010
	Year End	Year End	YTD	YTD	YTD	Annual	Budget	% Budget
	Actual	Actual	Actual	Actual	Actual	Budget	Variance	
Revenue:								
CARF Admin Fee	175,639	66,063	4,422	9,543	8,422	195,000	(186,578)	4%
Project Management	67,608	79,199	20,428	18,190	19,240	77,191	(57,951)	25%
Total Revenue	243,247	145,262	24,850	27,733	27,662	272,191	(244,529)	10%
Expenses:								
Salaries Expense	49,043	58,723	15,732	13,416	14,310	56,341	42,031	25%
Employee Benefits	6,150	7,287	1,965	2,056	2,133	8,000	5,867	27%
Payroll Taxes	2,204	2,832	938	909	930	3,000	2,070	31%
Accounting Costs	6,500	6,500	1,625	1,625	1,625	8,000	6,375	20%
Audit Services	2,475	2,550	0	0	0	0	0	0%
Automobile Expense	0	0	0	0	0	0	0	0%
Contracted Services	0	0	0	0	0	0	0	0%
Telephone Expense	678	708	167	185	173	1,000	827	17%
Travel Expense	0	42	0	0	68	250	182	27%
Misc. Storage	558	558	0	0	0	600	600	0%
Total Expenses	67,608	79,199	20,428	18,190	19,240	77,191	57,951	25%
CARF Admin Fee	175,639	66,063	4,422	9,543	8,422	195,000	186,578	4%

**California Authority of Racing Fairs
Live Racing Income Statement
March 31, 2010**

	2008 Year End Actual	2009 Year End Actual	2008 YTD Actual	2009 YTD Actual	2010 YTD Actual	2010 Annual Budget	2010 Budget Variance	2010 % Budget
Revenues:								
Change Fund Admin Fee	46,470	17,065	17,920	4,865	4,596	20,000	(15,404)	23%
Racing Fairs Admin Fee	80,538	74,561	6,663	8,178	8,400	94,723	(86,323)	9%
Supplemental Purses Admin Fee	22,000	22,000	0	0	0	22,000	(22,000)	0%
NCOTWINC Reimbursement	29,000	29,000	0	0	0	29,000	(29,000)	0%
Racing Fairs Reimbursement	1,074,554	1,059,854	88,848	109,044	112,504	1,262,971	(1,150,467)	9%
Advertising Revenue	5,010	4,100	0	0	0	4,000	(4,000)	0%
Total	1,257,573	1,206,580	113,431	122,087	125,500	1,432,694	(1,307,194)	9%
Expenses:								
Salaries	201,995	230,562	34,277	47,160	57,779	227,483	169,704	25%
Employee Benefits	40,160	45,203	9,280	11,427	11,801	46,000	34,200	26%
Payroll Taxes	10,824	11,877	2,491	3,433	4,078	13,500	9,422	30%
Accounting Costs	42,250	52,250	10,562	10,562	10,562	48,000	37,438	22%
Audit Services	16,088	16,575	0	0	0	16,088	16,088	0%
Automobile Expense	742	1,182	147	0	0	5,100	5,100	0%
Depreciation	0	0	0	0	0	0	0	0%
Dues & Subscriptions, NTRA	13,596	12,286	3,380	2,993	2,527	17,000	14,473	15%
Insurance Expense	0	0	0	0	0	0	0	0%
Legal Expenses	2,101	0	1,000	0	0	10,000	10,000	0%
Meetings Expense	1,803	1,111	187	142	341	5,000	4,659	7%
Misc. Exp (Harness,Storage,Bank fee)	0	58	0	0	0	0	0	0%
Telephone Expense	1,773	3,363	112	837	1,009	3,000	1,991	34%
Travel Expense	55,224	45,184	3,073	3,150	1,504	45,000	43,496	3%
Sub-Totals	386,555	419,651	64,509	79,704	89,601	436,171	346,570	21%
Racing Support Services:								
Announcer	26,000	26,596	0	0	0	36,800	36,800	0%
Condition Bk/Program Cover	27,509	22,491	654	0	222	30,500	30,278	1%
Courier Service (Pgm Distribution)	0	0	0	0	0	0	0	0%
Racing Operations Support	103,242	79,601	5,866	3,273	3,899	105,000	101,101	4%
TC02 Testing	60,010	54,880	0	0	0	72,000	72,000	0%
Marketing	3,225	1,783	684	456	39	20,000	19,961	0%
Network Management	3,105	3,321	1,465	710	405	6,000	5,595	7%
Paymaster	10,825	20,298	1,244	848	1,826	11,500	9,674	16%
Program Production	191,389	178,814	2,337	2,114	2,448	205,000	202,552	1%
Racing Office System	55,840	53,156	902	2,417	619	68,000	67,381	1%
Recruitment	17,970	22,721	8,879	15,569	9,461	15,000	5,539	63%
Jumbo Screen	137,700	125,000	0	0	0	181,000	181,000	0%
Supplies	15,478	19,158	28	1,811	177	20,000	19,823	1%
Tattooing	17,057	20,469	2,280	2,140	3,808	19,000	15,192	20%
Timing/Clocker	21,851	22,430	0	0	0	30,000	30,000	0%
Transportation	2,900	3,465	0	0	0	5,000	5,000	0%
TV Production/Simulcast	27,582	20,288	0	0	0	35,000	35,000	0%
Sub-Totals	721,684	674,471	24,339	29,340	22,902	859,800	836,898	3%
Total Expenses	1,108,239	1,094,122	88,848	109,044	112,504	1,295,971	1,183,467	9%
CARF Admin Fee	149,334	112,458	24,583	13,043	12,996	136,723	123,727	10%

**CALIFORNIA AUTHORITY OF RACING FAIRS
BALANCE SHEET
March 31, 2010**

ASSETS		
	CURRENT YTD	PRIOR YTD
	3/31/10	3/31/09
Current Assets		
CASH - LAIF & INVESTMENTS	4,285,306	2,948,615
CASH - OPERATING	1,048,952	2,189,125
MARKETABLE SECURITIES	4,232,725	4,163,818
A/R - DUES	19,851	16,041
A/R - PROGRAMS	111,546	192,659
A/R - RACING FAIRS	440,109	440,129
A/R - F&E SUPPLEMENTAL PURSE/OTHER A/R	2,003,078	1,402,360
LOAN RECEIVABLE	0	0
PREPAIDS/DEPOSITS	38,759	38,340
Total Current Assets	12,180,326	11,391,087
Fixed Assets		
AUTOMOBILE	4,018	10,906
FURNITURE & EQUIPMENT	2,239	3,259
COMPUTER HARDWARE/SOFTWARE	8,073	9,621
TRACK EQUIPMENT	89,100	89,100
Total Fixed Assets (Net of Depr.)	103,430	112,886
TOTAL ASSETS	12,283,756	11,503,973
LIABILITIES & NET ASSETS		
Current Liabilities		
A/P & WITHHOLDINGS	818,821	491,489
A/P - PROGRAM ROYALTIES TO HOST	99,246	90,629
RACING DISTRIBUTIONS	247,395	(210,326)
PURSES	1,387,239	1,725,712
TRACK SAFETY/MAINT.	815,237	763,499
INFOTEXT UPGRADE	159,129	156,521
MISC PROJECT FUNDS	0	0
LOU-1 - TIMING/TRACK SURFACE/AREA ENHANC	0	0
LOU-2 - SPECIAL EVENT CENTERS	0	0
LOU-3 - SATELLITE SURVEY/TURF STUDY	0	0
EQUIPMENT REPLACEMENT FUND	1,372,574	1,177,328
LOU-5 - SYMPOSIUM	3,805	4,248
FACILITY IMPROVEMENTS & UPGRADES	514,693	751,342
CAPITAL IMPROVEMENT FUND	3,162,324	1,637,373
Total Current Liabilities	8,580,461	6,587,814
Non-Current Liabilities		
CHRIMS FUNDS	89,718	88,248
CHANGE FUND	1,014,000	1,014,000
FAIRS - EQUIP REPLACEMENT FUNDS	1,996,550	2,107,900
Total Non-Current Liabilities	3,100,267	3,210,148
TOTAL LIABILITIES	11,680,729	9,797,962
Net Assets		
FUND EQUITY	633,880	1,730,990
F&E Net Assets	14,850	14,850
CARF@GG	0	0
RETIREMENT CONTINGENCY	0	0
NET INCOME/LOSS	(45,703)	(39,830)
Total Net Assets	603,027	1,706,011
TOTAL LIABILITIES & NET ASSETS	12,283,756	11,503,973