

Day 1

April 11, 2016

Satellite Wagering At Fairs

10:15a.m.-11:30a.m.

Larry Swartzlander (CARF)

Rick Baedeker (CHRB)

Richard Scheidt (TOC)

Mike Knapp (Fantasy Sports)



2016
CARF Membership
Conference



NORTHERN CALIFORNIA

SATELLITE

When advances in technology made simulcasting possible in the 1980's, the horse racing industry and Fairs joined together to pursue this new opportunity.

When advances in technology made simulcasting possible in the 1980's, the horse racing industry and Fairs joined together to pursue this new opportunity. Working with the late Senator Ken Maddy, a long-time advocate for horse racing, the racing industry, Fairs and legislators put together a plan

to implement simulcasting in California.

The marriage of Fairs and horse racing has deep roots in California, going back to the beginning of modern pari-mutuel wagering in 1933. Working together to realize this new opportunity through

technological innovation was a logical next step in a long political relationship.

Simulcast wagering in Northern California began with a pilot test between Golden Gate Fields and the Fresno Fairgrounds race track in 1984. In 1987, legislation carried by Senator Maddy, SB 14,

1985



Bar area at the Stockton satellite facility.

FRESNO, SACRAMENTO, SANTA ROSA & STOCKTON:

The Fresno District Fair, California State Fair, Sonoma County Fair and San Joaquin County Fair open satellite wagering facilities.

1984

SB 1499 (MADDY):

Implemented satellite wagering in the central and southern part of the state, and made conforming and technical changes in the northern part of the state.

NETWORK

enabled creation of a simulcast network at Fairgrounds and race tracks throughout the state.

Golden Gate Fields and Bay Meadows were operating as simulcast locations in 1987, so the primary expansion effort in Northern California moved to Fairgrounds locations. A team led by California Authority of Racing Fairs (CARF) undertook design, specifications, construction and installation of technical systems necessary

to bring new locations into the simulcast network. California Department of Food and Agriculture (CDFA) provided financing for this effort on behalf of Fairs. This team began a decade-long program of building satellite wagering facilities at Fairgrounds throughout California.

By the late 1990's, twenty-three Satellite Wagering Facilities had opened at California Fairs. Fourteen of these satellite facilities are located in Northern

California.

In recent years, Federal courts have ruled that certain Native American tribes may operate Satellite Wagering Facilities. Subsequent California legislation now allows smaller mini-satellite locations throughout the state.

Currently, the Northern California network is composed of one location licensed to a race track, Golden Gate Fields, and 15 satellite facilities licensed to Fairs.

1987



Bar and general seating at the Pleasanton satellite where patrons have wagered \$1.26 billion since 1987.

BAKERSFIELD, EUREKA, PLEASANTON, VALLEJO:

Satellite facilities open to the public at the Kern County Fair, Alameda County Fair and Solano County Fair.

1988



Winner's Circle seating at the Monterey satellite facility.

ANDERSON, MONTEREY, SAN JOSE:

Satellites open at the Shasta District Fair, Monterey County Fair and Santa Clara County Fair.

1987

SB14 (MADDY):

Expanded satellite wagering statewide.

1989

TULARE:

The Tulare County Fair satellite wagering facility opens.

1993

TURLOCK:

The Stanislaus County Fair satellite wagering facility opens.



➤ FRESNO CLUB ONE

The first mini-satellite in California, Fresno Club One handled \$60 million from 1998 to 2012, contributing \$3.1 million to purses.



➤ MONTEREY

Located on the California coast at the Monterey County Fair, the Monterey satellite has handled \$328 million since opening in 1988.



➤ SACRAMENTO

Patrons of the Sacramento satellite, located on the California State Fairgrounds, have wagered \$1.1 billion since the facility's opening and contributed \$48.6 million to purses.



➤ SAN MATEO

Since opening in 2008, the San Mateo County Fair satellite has quickly become the most significant Fair satellite in California, contributing \$62.9 million in industry distributions from \$320 million wagered.

1998



FRESNO MINI-SATELLITE:

The first mini-satellite in the state, Fresno Club One, opens as a joint partnership between Club One Casino and the Fresno District Fair.

2008



After the closure of Bay Meadows, the Fair organizations invested \$4.2 million to open a satellite wagering facility on the Fairgrounds. The San Mateo satellite has become the largest Fair satellite in Northern California.

2001

AB 471 (HERTZBERG):

Authorizes Advance Deposit Wagering.

2013

SALINAS MINI-SATELLITE:

The Triple Crown mini-satellite wagering facility in Salinas opened in early 2013 as a partnership between the Monterey County Fair and Banker's Casino.



▶ SANTA ROSA

The Jockey Club at the Sonoma County Fair in Santa Rosa has handled \$504 million since opening in 1985 and has contributed \$23.1 million to purses.



▶ STOCKTON

As one of the first locations to conduct satellite wagering in 1985, Winners at the San Joaquin Fair in Stockton has handled \$694 million since opening.



▶ TURLOCK

The satellite wagering facility at the Stanislaus County Fair in Turlock has handled \$184 million since it opened to patrons in 1993.



▶ VALLEJO

Patrons of the Solano Race Place at the Solano County Fair in Vallejo have wagered \$529 million since the satellite opened in 1987.

5 YEAR

5-YEAR SNAPSHOT SATELLITE DISTRIBUTIONS

SATELLITE HANDLE 2008-2012

TOTAL HANDLE \$ 1,426,226,721

DISTRIBUTIONS

License Fees	5,538,305
CHRB Support Fee	4,694,609
CDFA F&E	1,200,924
City Tax	4,675,210
Equine (UC Davis)	1,426,258
Worker's Comp.	2,617,717
Location Fees	28,831,859
Expense Fund	57,206,255
CMC Promotion	5,221,236
CHRIMS	240,489
Vanning & Stabling	13,784,506
Proxy Fees	1,636,336
Harness Loc. Fees	757,039
Track Commissions	69,578,026
Purses	70,008,887
SB 1072	3,578,728
Owners (TOC)	817,930
Breeders/Sires	7,445,550

TOTAL
DISTRIBUTIONS \$ 279,259,863

\$1.43
BILLION

TOTAL SATELLITE NETWORK HANDLE

\$279
MILLION

TOTAL SATELLITE NETWORK
DISTRIBUTIONS

\$1.15
BILLION

RETURNED TO WINNING BETTORS

\$73.6

MILLION

PURSES TO HORSEMEN

\$8.26

MILLION

OWNERS/BREEDERS/STAKES

\$4.69

MILLION

CHRB SUPPORT FEE

\$57.2

MILLION

NCOTW, INC. EXPENSE FUND

\$13.8

MILLION

VANNING & STABLING FUND

\$5.2

MILLION

PROMOTION FUND (CMC)





Fresno Mini-Satellite - Club One



Fresno Mini-Satellite - Club One



Alameda County Fair Pleasanton



Alameda County Fair - Pleasanton



Alameda County Fair - Pleasanton



California State Fair - Sacramento



California State Fair - Sacramento



San Joaquin County Fair - Stockton



San Mateo County Fair - San Mateo



San Mateo County Fair - San Mateo



Sonoma County Fair - Santa Rosa



Stanislaus County Fair - Turlock



Solano County Fair - Vallejo



Solano County Fair - Vallejo

Introduction

Fantasy sports, daily fantasy sports (DFS) in particular, are currently the fastest growing segment of the sports entertainment wagering business. During 2015 the fantasy sports business accomplished the following:

1. Entry fees of over \$3 billion, up 300% from 2014. Paid game entry fees ranged from \$1 to \$25,000.
2. \$250 million spend on advertising and professional sports team sponsorships, including Belmont Stakes.
3. \$300 million in gross revenues from a takeout of approximately 10%.
4. \$700 million invested in DFS, includes major league sports team owners and corporate media groups.
5. Increased player participation to 56.6 million, up 36% over 2014 (Fantasy Sports Trade Association-FSTA)

What are Fantasy Sports?

A fantasy sports game is where participants select real athletes from a professional or amateur sport. The participants' virtual teams, or athletes, compete against each other based on the statistical performance of each athlete(s) in actual games over a pre-determined period of time. The athlete's statistical performances are converted into pre-determined points for a variety of statistical achievements, compiled and totaled. Highest totaled scores decide the winning game positions.

History

Early concepts originated after WWII drawn from statistics in daily newspapers sports pages' box scores. Similar to horseracing, sports fans used past performance statistical data to make predictions on future athletic achievement. Fantasy sports were originally played amongst limited, known participants in "leagues". National and local print publications grew the concept through contests allowing unlimited, anonymous participation. The Internet revolutionized fantasy sports: Pay-to-play contests grew fields of contestants and replaced those being offered by national periodicals. Fantasy websites eased tedious "league" recordkeeping immensely while providing tremendous access to related sport statistics. DFS is an accelerated variant of traditional fantasy sports conducted over short-term periods. Entry fees help fund prizes, while a portion of the entry fee goes to the service provider as revenue (takeout). Two fantasy sports service providers, Draft Kings and Fan Duel, enjoy 90% of the current DFS North American market.

Demographics*

	Fantasy players US Population	
• Median age:	34 years	47 years
• Household income:	\$104,461	\$64,737
• Bachelors degree +	47.4%	29.2%
• Male	79.1 %	48.3%

*Experian/Fantasy Sports Trade Association (FSTA)

Legal & Legislative efforts

The legality of Fantasy sports is both controversial and complicated. Generally, legality is determined by individual states laws and statutes. Federal laws are potentially applicable in fantasy sports however, to date, the Feds have been silent on the burgeoning fantasy sports business. Thirty (30) states have proposed, or passed, fantasy sports legislation over the last 2 years. Seven (7) states have specifically authorized versions of fantasy sports while 17 states have indicated the games are illegal by States Attorney General opinions or existing state statutes.

California

The Attorney General of California has yet to issue a written legal opinion on fantasy sports. DFS businesses currently operate freely without any oversight within the largest market in the nation. Current legislation, AB 1437: Internet Fantasy Sports Game Protection Act, passed out of the Assembly with a 62-1 vote earlier this year.

Nevada fantasy sports model

Nevada was one of the first states to deeply analyze the legality of fantasy sports within their strictly regulated gaming market. In October of 2015 the Nevada Attorney General, with concurrence from the Nevada Gaming Control Board Chair, determined fantasy sports intersected with existing gaming statutes and immediately ordered Fantasy Sports operators to cease and desist operation in the state until they applied for a gaming license. All internet based DFS operators quickly ceased activity and withdrew from the market. US Fantasy, a pari-mutuel based fantasy sports game content provider, applied for a license in December 2015 and are scheduled to become the United States first licensed, regulated fantasy sports game service. (Fantasy football game example attached)

California Racing opportunities

1. The integration of a statewide sports fantasy league could provide a popular, low risk, high reward, pari-mutuel content expansion within the existing regulated California pari-mutuel network. Pari-mutuel facilities are well equipped to broadcast fantasy related sporting events for additional entertainment value. Major stakeholders in California horse racing can be the obvious beneficiaries. Significant job creation and replacement of lost pari-mutuel revenues within traditional distribution outlets could be revitalized.
2. Fantasy Sports appeals to a large, young player base and introduces the skilled selection concept to potential horse players. The intellectual pursuit of winners for racing and fantasy sports is consistent in strategy.

Below are the gaming profiles of a "typical" Fantasy Sports player from surveys conducted by the FSTA.



3. Contests can be easily produced to cross promote horse racing with other sports. Pick (N) progressive carryovers are probable using large fields of competitive athletes and a variety of daily fantasy content.
4. The expansion into Fantasy Sports should attract additional pari-mutuel distribution sites including Mini-Satellites, Indian Gaming locations and added Fairground Satellite Wagering facilities.
5. The annual schedule of the most popular Fantasy Sports events is complimentary with Horse Racing. Fantasy sports participation is strongest in the fall and winter months while horse racing captures the majority of its handle in spring and summer.
6. Fantasy Sports revenue can provide California with a new funding source for Horse Racing and Fairs.

US FANTASY FOOTBALL

Sunday, December 30, 2015

First Post: 10:01 AM

Race 1 QUARTERBACKS	M/L	TEAM
1 AARON RODGERS	5/2	GB
2 CAM NEWTON	9/2	CAR
3 JAY CUTLER	5	CHI
4 MARK SANCHEZ	10	PHA
5 MATTHEW STAFFORD	7/2	DET
6 TONY ROMO	5	DAL
WIN PLC SHW EX TRI Pick 7		

Race 2 RUNNING BACKS	M/L	TEAM
1 AMER ABDULLAH	16	DET
2 DARREN MCFADDEN	5	DAL
3 DARREN SPROLES	16	PHA
4 DEMARCO MURRAY	5	PHA
5 EDDIE LACY	12	GB
6 JAMES STARKS	15	GB
7 JEREMY LANGFORD	15	CHI
8 JOIQUE BELI	16	DET
9 JONATHAN STEWART	5	CAR
10 MATT FORTE	10	CHI
11 MIKE TOLBERT	24	CAR
12 ROBERT TURBIN	22	DAL
13 THEO RIDDICK	16	DET
WIN PLC SHW EX TRI		

Race 3 RECEIVERS	M/L	TEAM
1 ALSHON JEFFERY	7/2	CHI
2 CALVIN JOHNSON	4	DET
3 DEZ BRYANT	9	DAL
4 GOLDEN TATE	10	DET
5 GREG OLSEN	7	CAR
6 JAMES JONES	9	GB
7 JASON WITTEN	12	DAL
8 JORDAN MATTHEWS	9	PHA
9 RANDALL COBB	9	GB
WIN PLC SHW EX TRI		

Race 4 RECEIVERS	M/L	TEAM
1 BRET CELEK	7	PHA
2 COLE BEASLEY	9	DAL
3 DAVANTE ADAMS	5	GB
4 ERIC EBON	8	DET
5 JERR COTCHERY	10	CAR
6 LANCE MOORE	12	DET
7 MARQUESS WILSON	5	CHI
8 MARTELLUS BENNETT	2	SCRATCHED
9 TED GINN	9	CAR
WIN PLC SHW EX TRI		

NEVADA FANTASY SPORTS MODEL

Race 5 RECEIVERS	M/L	TEAM
1 BRANDON PETTIGREW	17	DET
2 DEVIN FUCHI	7	CAR
3 ED DICKSON	17	CAR
4 EDDIE ROYAL	2	SCRATCHED
5 JOSH BELLAMY	6	CHI
6 JOSH HUFF	7	PHA
7 JUSTIN PERILLIO	7	GB
8 NELSON AGHOLOR	10	PHA
9 RICHARD RODGERS	9	GB
10 RILEY COOPER	7	PHA
11 ZACH MILLER	5	CHI
WIN PLC SHW EX TRI		

Race 6 KICKERS	M/L	TEAM
1 CALEB STURGIS	9/2	PHA
2 DAN BAILEY	6	DAL
3 GRAHAM GANO	5/2	CAR
4 MASON CROSBY	3	GB
5 MATT PRATER	7	DET
6 ROBBIE GOULD	7	CHI
WIN PLC SHW EX TRI		

Race 7 DEFENSE	M/L	TEAM
1 PANTHERS	3	CAR
2 BEARS	9	CHI
3 COWBOYS	5	DAL
4 LIONS	7	DET
5 PACKERS	5/2	GB
6 EAGLES	9/2	PHI
WIN PLC SHW EX TRI		

Nevada Gaming Revenue 2011-2015

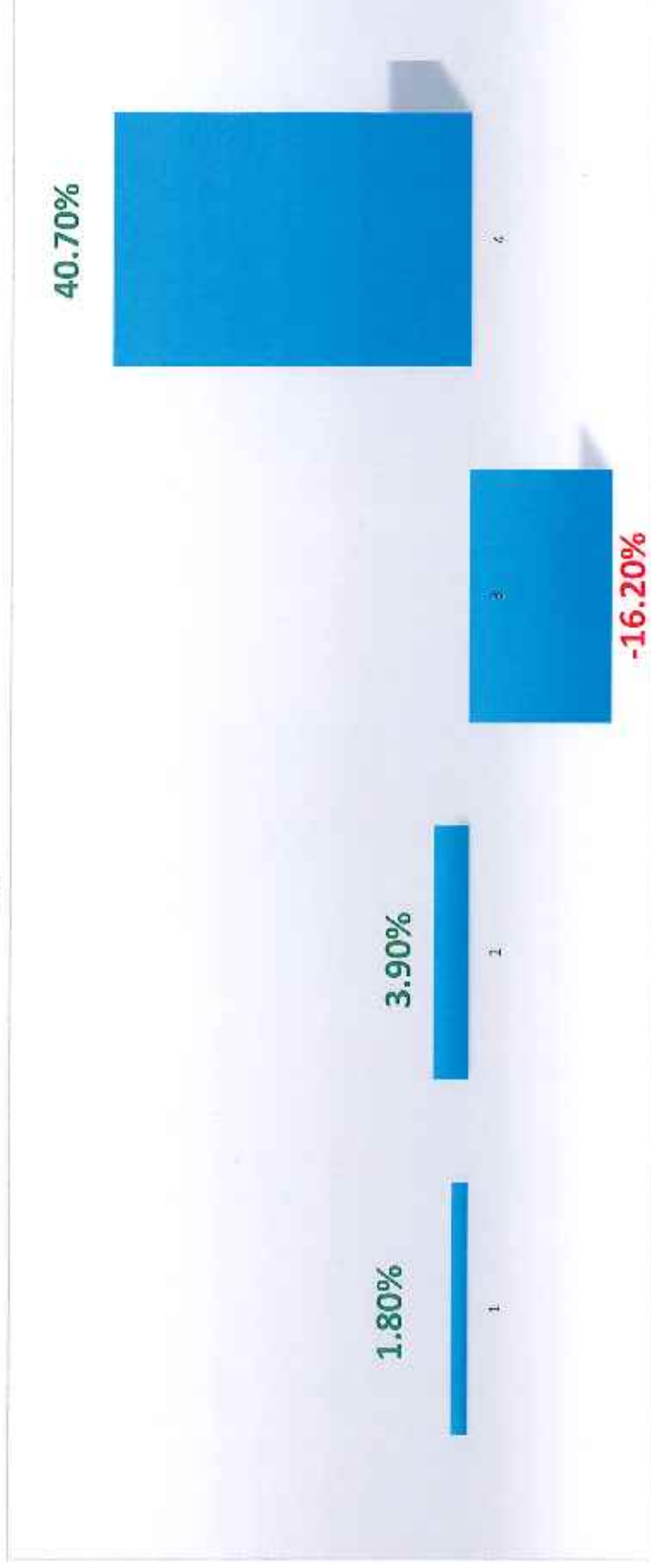


TABLE GAMES SLOT MACHINES RACE BETS SPORTS BETS

FROM QUARTERBACKS TO GREENBACKS

THE FANTASY SPORTS ECONOMY

MORE THAN JUST A HOBBY

AN ESTIMATED
32 MILLION
 THAT'S A
60 PERCENT INCREASE
 SINCE 2007.

MAKING SENSE OF THE DOLLARS

\$800 MILLION
\$4.5 BILLION
\$467.60

FANTASY SPORTS PLAYERS CONSUME MORE THAN OTHER SPORTS FANS

IN THE PAST 30 DAYS, HAVE YOU PURCHASED?



IN THE PAST YEAR, HAVE YOU PURCHASED?



Two weeks into the NFL season, football fans everywhere are not only sitting around their televisions, they're refreshing browser windows and fine-tuning trade proposals for their fantasy.

×



In the past several years despite the recession, which raises a question: How big is the economic footprint of fantasy sports?

×

YAHOO! SPORTS DOMINATES



ARE ARE A BIGGER PART OF REVENUE



FANTASY PLAYERS ARE AFFLUENT

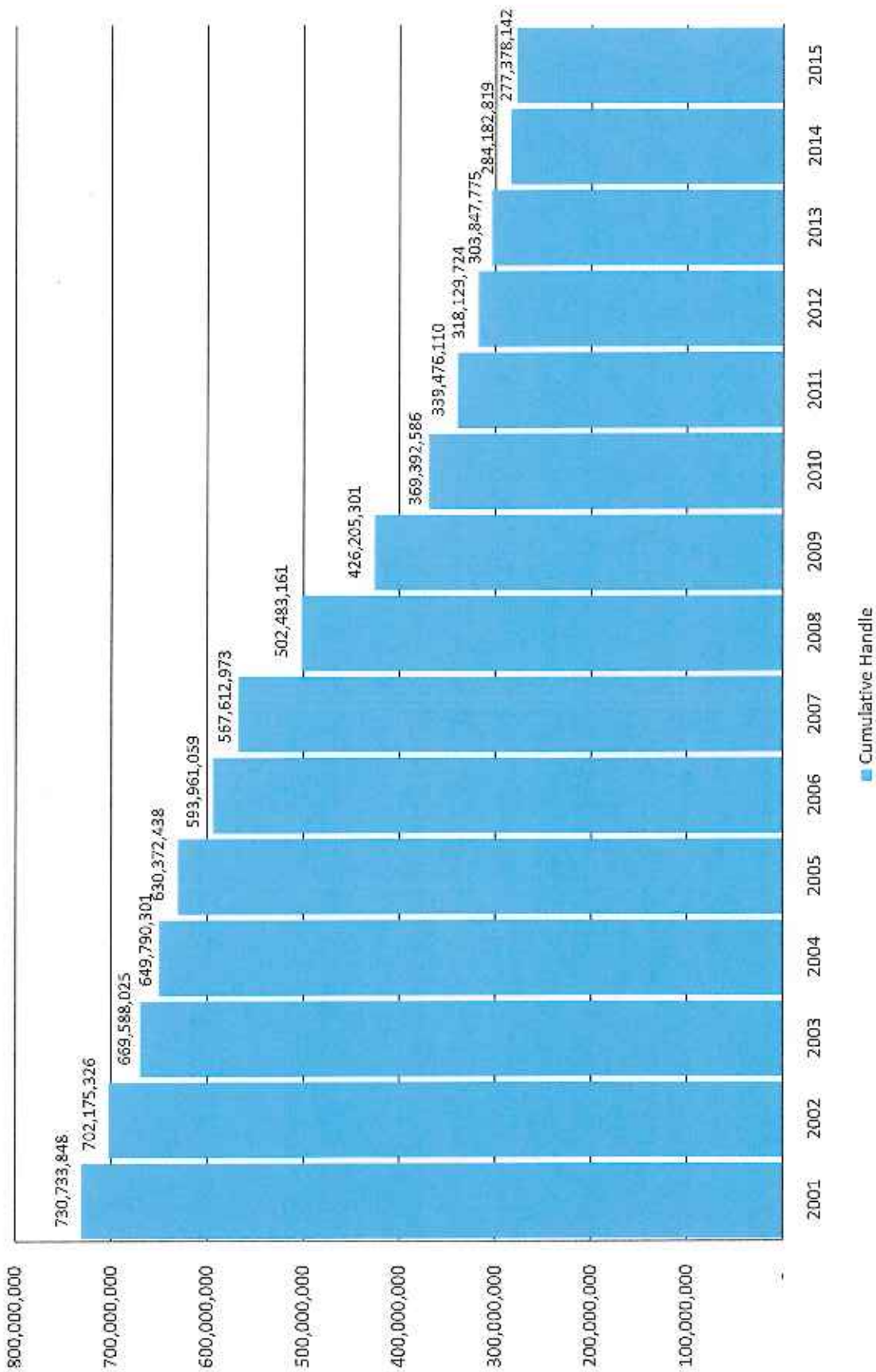


FANTASY SPORTS DON'T HAVE A MAJOR EFFECT ON WORKPLACE PRODUCTIVITY

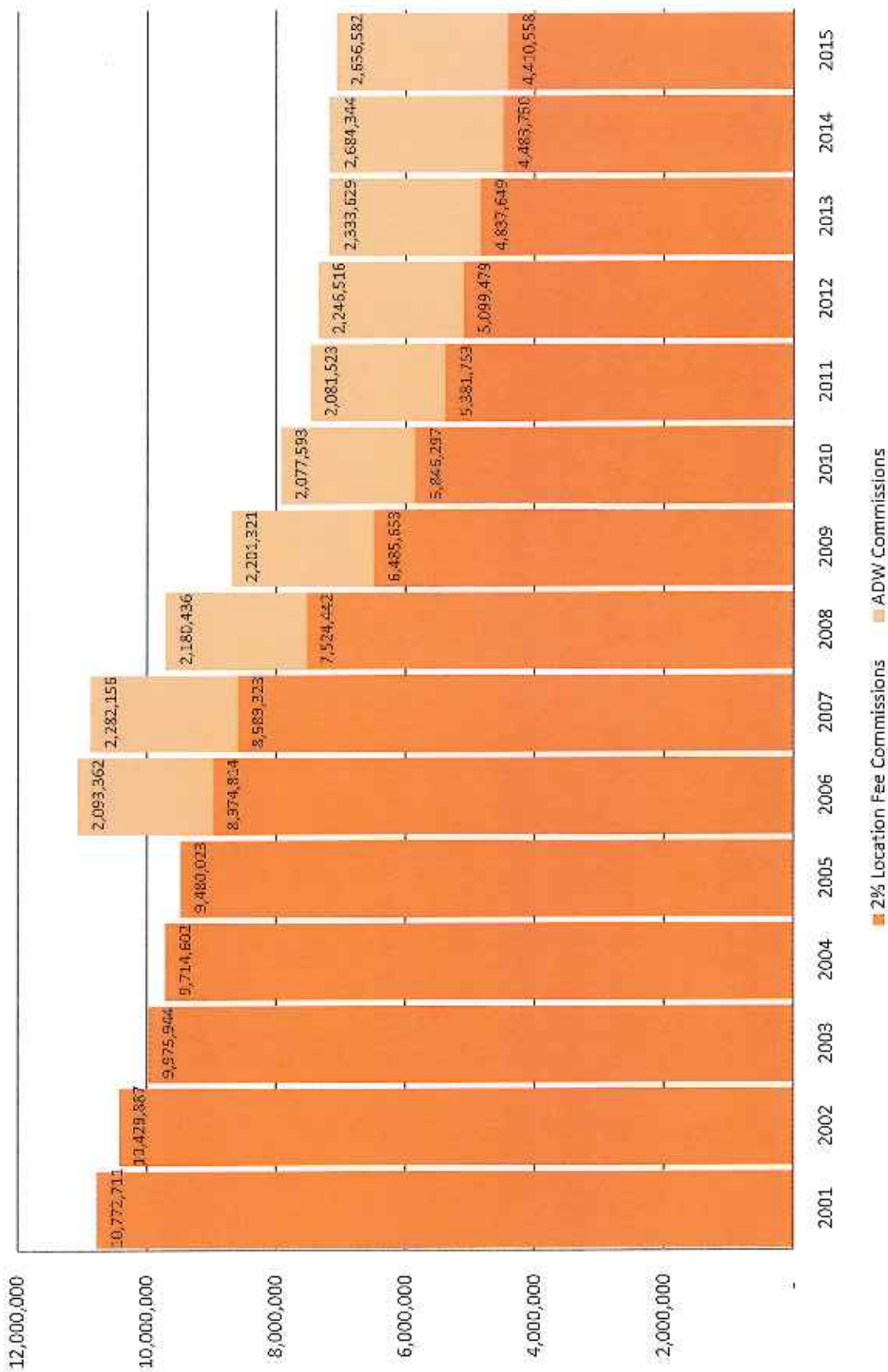


A COLLABORATION BETWEEN GOOD AND COLUMN FIVE

Northern California Satellite Network Cumulative Handle 2001-2015



Northern California Satellite Network 2% Location Fee Commissions & ADW Satellite Commissions 2001-2015



Group A

CHRIMS, Accounting, & Mutuels

Moderator: Raechelle Gibbons

CHRIMS Reporting Site:
<https://www.chrims.com/Webportal/Application/weblogin.asp>

Login: carfsettlements
Password: carfsettlements



CHRIMS Reporting Portal v1.0
 User: hbarband logged at: 6/23/11 PM
[Privacy Policy](#)

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California Menu

[Return to Main Menu](#)

Report	Description	Print Options
Audit Check	Returns conventional and exotic handle and takeout, net breakage, and runner...	Letter / Land
Handle By Race	For a location, provides wager-type subtotals for each race. Handle is broke...	Letter
Handle By Type	Provides simulcast and live handle figures for each race type in a variety o...	Letter / Port
Pools	Provides handle by pools in a variety of sorting options such as date or track.	Letter / Land
Pools By Race	This report is effective 12/26/2005; history prior to that is available on t...	Legal / Land
Handle and Attendance	Provides handle and attendance detail by date. Shows handle and attendance ...	Letter
Handle and Attendance Comparison	Report is currently under construction. Please call 925-3...	
Settle Agent	Effective 12/25/2003. For any single day shows the detailed locations that ...	Letter / Port
Commingled Export	Provides Money-Room and host fee settlement information for out of state lot...	Legal
Commingled Import	Provides Money-Room and host fees settlement information that can be queried...	Legal
Detailed Distribution	Provides statutory distribution calculations, including horsemen allocations...	Legal
Summary Distribution	Provides statutory distributions for a variety of sort types. You can spec...	Legal
Takeout Summary	Provides statutory distributions in a columnar presentation by where wagers ...	Letter
Takeout Summary By Breed	Internet Version.Provides handle and distributions in breed columns.	Letter
Takeout Summary By Type	This report shows race type in the column headers rather than regions of wdg...	Letter / Port
Breed By Date	Handles or Purses amounts, broken out by Breed and Date, for a host, track, a...	
Runner's Detail	Provides runner detail for each race at each CA track. This report is simi...	
Runner's Statistics	Provides runner statistics for any given date range and runner type. This r...	
Daily Operations		
Weekly Locations Info	Used to be called the Weekly Report - shows various funds generated by CA lo...	Letter / Port
Auditors File	Used by Auditors and experienced users only; provides detail from database i...	Data file
Great Plains Settlement Data Feed		
Takeout Summary, Santa Anita	Detailed settlement data into Great Plains general ledger format. Specified...	Data file
	Takeout Summary specifically for Santa Anita	Letter
Net Pools Pricing	Takeout for the Canadian locations	
Nevada Gaming Control Board	Report designed to send required information to Nevada.	Other
Pools By Race	Old report - valid through 12/19/2005 Only.	Legal / Land

If you are having a problem with the site, please email settlement@chrims.com or call our office at (925) 307-7020.

CHRIMS Main Menu
 Most satellite distribution information
 can be found in the Detailed Distribution
 Report.



Begin Date: 12/26/2014
End Date: 12/25/2015
Race Type: All Races
Report By: Location
Submit Reset

Hosts: All Hosts All Hosts
Alameda County Fair
Bay Meadows
Breeder's Cup @ Santa Anita Park
Breeder's Cup Jockey Double
CARE 1 @ Golden Gate Fields
CARE 2 @ Golden Gate Fields
Cal Expo Harness
California State Fair
Capitol Racing

Simulcast Locations: All Locations All Locations
Agencias Palermo 20% tax
123 Racing
123bet.com
445
50 Yardline Sports Bar
730 Truck Stop
A & C Tavern
A&F Billards

Tracks: All Tracks All Tracks
Acom/Belmont Double
Akserben
Alameda County Fair
Alberia Downs/Los Al
Albuquerque
Albuquerque State Fair
America's Day Pick 4
Aqueduct
Arapahoe Park

Advanced Options

Location Type: All Types
California
Out of State
Associations
Fairs
Indian Reservations
Mini Satellites

Breed Type: All Breeds
All Breeds
Arabian
Quarter Horse
Mule
Appaloosa
Harness
Thoroughbreds
Paints

On/Off Track: On/Off Track
Weekday: All Week
Tuesday
Thursday
Saturday
Monday
Wednesday
Friday
Sunday

Submit Reset

Back to Top

Selecting a date range, "Report By: Location" and "Location Type: Fairs" will show total distributions for the selected time period.

For a racing calendar year, use 12/26/20XX to 12/25/20XX since California race meets begin the day after Christmas.



File Edit View Favorites Tools Help

Chirms Web Reporting Po... e Call Racing Admission Syst...



Date Range: 12/26/2014 - 12/26/2015

Report Type: All Races
Report: All Horses
Locations: All Locations
Trucks: All Trucks
Location Types: Location

Location	Handle	License Fee	CHRB Support Fee	F & E	City Tax	Equine	Workers Comp	Location	Expense Promotion	Chirms	Van Stable	Proxy Fees	Harness Loc Fees	Track	Purses	SB1072	Owners	Breeders Sires	To Out of State Tracks	
Anderson	1,144,587.70	0.00	7,470.00	807.25	3,893.37	1,544.74	1,610.58	22,203.22	37,589.34	2,701.48	12,710.25	12.27	0.00	50,922.05	50,420.07	8,500.10	771.38	5,907.42	22,911.28	
Del Mar	597,832.10	0.00	1,003.14	0.00	1,073.16	697.08	626.35	13,889.23	38,301.57	2,407.54	58.14	3,050.14	0.00	34,909.41	23,900.05	0.00	4.38	2,181.00	5,140.38	
Remuda	750,522.30	0.00	4,302.18	8,284.07	2,035.46	750.55	1,716.56	2,810.50	4,870.51	4,111.37	2,041.25	8.82	0.00	90,509.81	95,589.91	8,746.21	684.71	4,011.14	2,481.59	
Frederick	8,547,100.00	0.00	55,363.64	24,385.35	23,705.33	8,847.55	15,390.97	124,754.20	246,729.74	17,825.82	60,701.55	4,590.81	0.00	500,020.50	517,287.97	72,914.23	5,741.05	44,944.93	121,589.11	
Freem Club One	3,537,353.40	0.00	21,202.00	1,742.80	11,050.67	3,397.24	6,490.58	88,334.14	116,229.19	9,012.19	38,380.33	783.05	0.00	191,765.76	191,201.39	27,120.37	2,194.44	17,982.45	70,501.88	
Lake Park	10,597,459.80	0.00	104,172.59	7,988.41	34,777.11	10,057.50	20,775.64	216,487.27	335,305.81	29,048.45	107,124.16	15,884.43	0.00	853,260.71	854,319.49	51,476.06	8,532.74	56,810.37	180,504.73	
Lancaster	10,697,459.80	0.00	104,172.59	7,988.41	34,777.11	10,057.50	20,775.64	216,487.27	335,305.81	29,048.45	107,124.16	15,884.43	0.00	853,260.71	854,319.49	51,476.06	8,532.74	56,810.37	180,504.73	
Monterey	6,371,533.80	0.00	30,543.53	2,283.03	17,090.13	5,571.24	7,894.22	108,043.09	232,704.02	15,500.44	46,699.33	11,753.02	0.00	230,577.02	270,549.05	50,609.83	3,821.06	25,422.82	105,231.54	
Flamaster	22,042,840.00	0.00	185,159.45	48,225.03	104,000.20	32,059.34	52,313.16	658,703.32	1,040,952.33	75,857.73	312,441.16	90,803.05	0.00	1,636,161.10	1,690,365.23	255,877.31	18,035.21	162,555.91	505,439.63	
Pomona	81,643,332.00	0.00	531,278.87	38,717.88	108,403.24	61,643.55	87,020.06	1,041,355.21	1,674,034.35	34,054.37	597,104.36	62,780.78	0.00	2,010,288.80	2,034,569.51	452,166.31	31,737.71	277,391.71	857,769.40	
Stamming	51,701,787.30	0.00	130,883.41	23,501.07	70,526.43	21,702.02	39,010.21	402,427.00	756,941.03	95,892.33	214,693.70	29,083.10	0.00	1,054,329.87	1,096,167.76	197,429.33	13,070.07	106,891.25	390,979.20	
San Bernardino	19,884,583.20	0.00	198,587.97	14,564.25	64,626.10	15,889.40	40,400.08	408,255.97	613,409.60	64,574.97	210,449.97	15,074.45	0.00	597,168.16	604,367.17	152,644.77	11,705.07	107,125.19	294,474.78	
San Jose	27,632,850.00	0.00	196,587.55	15,972.83	90,328.08	27,633.17	42,412.80	692,555.05	1,033,975.03	70,102.73	288,530.55	49,714.55	0.00	1,236,350.05	1,301,229.55	155,186.75	19,383.06	145,501.34	510,658.58	
San Mateo County	55,351,254.88	0.00	344,553.75	33,338.89	183,351.70	65,291.76	89,486.38	1,140,742.60	2,032,565.02	149,284.30	560,102.97	129,783.19	0.00	2,713,481.42	2,740,884.34	457,270.09	33,811.50	238,533.59	1,022,700.34	
Seneca Race	11,032,660.60	0.00	67,389.32	27,559.89	35,747.11	11,029.16	18,273.00	156,537.34	322,911.85	22,016.95	62,731.61	19,832.11	0.00	507,493.83	614,489.25	83,232.10	6,557.58	56,340.45	167,351.98	
Shelmer Indist	1,678,759.10	0.00	16,499.81	1,384.39	5,251.77	1,879.95	3,837.11	35,685.21	41,063.87	4,034.07	20,534.26	10.85	0.00	83,922.88	82,029.20	20,734.07	1,136.97	6,248.89	22,751.44	
Stockton	13,793,568.30	0.00	82,500.43	12,357.29	44,391.56	13,795.51	23,001.95	298,241.35	607,353.37	37,073.08	139,145.83	20,614.00	0.00	683,953.23	690,850.32	105,803.02	8,116.06	79,371.54	230,651.73	
Surfside Race Plaza	28,273,023.70	0.00	273,195.75	19,777.39	62,930.06	28,574.00	44,015.70	599,361.95	755,046.62	75,125.14	327,351.16	11,033.04	0.00	623,003.23	670,319.35	201,150.66	15,348.16	142,517.23	534,420.37	
Turlock	4,890,265.30	0.00	32,064.83	3,183.65	15,844.37	4,290.40	7,717.50	95,003.89	151,502.03	12,194.28	50,418.33	4.36	0.00	238,853.81	237,947.05	58,827.72	3,306.80	29,070.75	82,057.40	
Ukiah	13,745,674.30	0.00	81,952.18	7,579.22	45,003.81	13,745.97	21,876.22	290,963.84	612,229.55	37,855.04	128,058.57	88,205.65	0.00	673,309.61	672,035.82	88,181.14	7,868.38	60,082.48	254,559.92	
Venue	16,890,468.80	0.00	192,003.41	11,305.62	51,600.55	16,890.66	20,005.00	320,513.59	495,771.30	42,749.21	173,487.11	12,202.23	0.00	781,862.81	788,179.86	130,182.00	9,714.15	58,253.25	280,433.17	
Victorville	5,843,363.50	0.00	55,052.05	4,383.45	13,004.17	5,843.86	11,487.72	120,565.65	158,540.31	16,813.00	57,626.79	8,203.90	0.00	291,550.08	292,865.81	60,925.01	3,226.83	31,145.63	83,248.14	
(Total: 22 records)	348,064,779.68	0.00	2,571,850.37	310,635.82	1,428,459.75	346,040.02	677,015.17	8,735,241.35	14,395,166.40	895,420.70	185,377.12	1,596,129.62	532,305.63	72,881.80	15,082,462.87	16,748,673.38	2,797,253.18	205,331.86	1,789,523.48	6,880,883.58

Sent to Excel

Satellite commissions are called Location Fees.



CHRIMS
Information Management Systems

Begin Date: 12/26/2014
 End Date: 12/26/2015
 Race Type: All Races
 Report By: Host
 Submit Reset

Hosts:
 All Hosts
 Alameda County Fair
 Bay Meadows
 Breeders Cup @ Santa Anita Park
 CARF 1 @ Golden Gate Fields
 CARF 2 @ Golden Gate Fields
 Cal Expo Harness
 California State Fair
 Capitol Racing

Simulcast Locations:
 All Locations
 Semmy's Restaurant and Bar
 San Bernardino
 San Jose
 San Lazaro Park
 San Mateo County
 Sandown - UK
 Sandown Raceway
 Sandy Downs
 Sanford OTS
 Santa Anita

Tracks:
 All Tracks
 Acorn/Beimont Double
 Aksarben
 Alameda County Fair
 Albuquerque State Fair
 America's Day Pick 4
 Aqueduct
 Arapahoe Park

Advanced Options

Location Type:
 All Types
 California
 Out of State
 Associations
 Fairs
 Indian Reservations
 Mini-Satellites

Breed Type:
 All Breeds
 Arabian
 Quarter Horse
 Mule
 Appaloosa
 Harness
 Thoroughbreds
 Paints

On/Off Track:
 On/Off Track
 All Week
 Monday
 Wednesday
 Friday
 Sunday
 Tuesday
 Thursday
 Saturday

Submit Reset

Back to Top

To pull commissions owed to your individual facility in the Detailed Distributions Report select a date range, "Report By: Host" and "Simulcast Location: Your Location."

Make sure all other criteria is set to the default.



CHRIMS

Date Range: 12/26/2014 - 12/25/2015

Race Type: All Races

Hosts: All Hosts

Locations: San Mateo County

Track(s): All Tracks

Report By: Host

Host	Handle	License Fee	Support Fee	F & E	City Tax	Equine	Comp	Workers	Location	Expense	Promotion	Churns	Van Stable	Proxy Fees	Harness Loc Fees	Track	Purses	SB1072	Owners	Breeders Sires	To Out of State Tracks
Alameda County Fair	2,778,318.10	0.00	15,323.67	4,886.86	8,183.37	2,778.35	3,930.84		55,588.37	-88,696.08	8,543.86	1,388.12	94,728.13	5.00	0.00	103,216.38	100,207.72	21,816.61	2,010.27	18,649.87	53,278.72
California State Fair	2,789,690.45	0.00	16,050.50	3,422.84	9,206.89	2,789.05	3,888.03		56,752.22	-87,307.64	8,874.85	1,354.04	94,872.61	5.00	0.00	103,130.83	101,128.53	20,805.93	2,014.16	13,687.28	51,938.49
Fresno County Fair	1,813,094.50	0.00	10,742.58	2,488.03	5,683.23	1,813.01	2,715.37		36,281.83	-108,785.66	4,532.73	856.87	32,803.78	5.00	0.00	63,484.45	52,181.43	14,843.43	1,233.70	8,891.40	33,178.19
Golfer Gate	36,078,033.30	0.00	340,188.62	11,268.40	117,279.04	38,079.37	58,910.94		710,722.82	888,451.20	39,845.28	17,756.68	444,240.45	0.00	0.00	1,880,101.18	1,888,437.28	310,814.64	24,877.16	187,772.83	871,397.33
Humboldt County Fair	519,894.50	0.00	3,381.40	890.83	1,705.10	518.75	720.27		10,333.82	31,007.68	1,281.73	258.32	9,458.72	5.00	0.00	10,364.70	16,962.78	3,836.81	272.18	2,631.98	9,458.82
Los Alamitos County	6,548,526.50	0.00	33,388.83	784.06	21,610.28	8,548.84	10,313.91		196,071.47	354,911.11	20,087.89	5,274.24	0.00	0.00	0.00	298,577.22	318,048.84	0.00	0.00	16,403.97	108,748.85
San Joaquin County Fair	1,358,228.20	0.00	4,958.45	4,820.17	4,406.83	1,338.23	1,741.36		20,734.67	80,173.75	3,540.66	958.15	18,752.99	0.00	0.00	81,833.55	60,583.73	9,818.57	872.34	6,403.03	27,428.77
Sonoma County Fair	3,147,392.60	0.00	18,947.83	4,158.20	10,386.08	3,147.32	4,744.53		62,948.03	188,838.23	7,882.28	1,573.72	39,341.84	0.00	0.00	113,680.90	111,719.78	25,754.20	2,241.78	18,482.12	56,908.20
Watch and Wager Harness	1,262,828.90	0.00	2,778.76	142.72	4,233.27	1,262.83	1,480.71		25,038.82	78,898.67	8,414.13	981.42	0.00	0.00	0.00	67,781.48	87,761.48	0.00	0.00	10,630.98	13,173.47
(Total: 9 records)	56,281,284.30	0.00	344,332.70	33,338.89	183,981.79	56,281.79	86,469.35	1,140,742.90	2,982,558.02	149,284.39	27,876.47	959,040.97	125,763.19	0.00	0.00	2,713,441.42	2,719,889.34	487,273.09	33,811.38	288,333.38	1,023,708.84

Send to Excel

Now the Location Fees are listed by Host for the selected timeframe.



CHRIMS Reporting Portal v1.0
 User: bhaviland logged at: 4:15:07 PM
[Privacy Policy](#)

[Update your Profile](#)
[Log Out](#)

ADW Menu

[Return to Main Menu](#)

Report	Description	Print Options
Audit Check	Returns conventional and exotic handle, takeout, breakage and runner pay.	Legal / Land
Handle Percentage	Shows total handle generated by ADW hub and their relative percentages.	Letter / Port
Export Fees	Amounts used to generate host fees and workers comp funds from out of state ...	Letter
Market Access Fees	Detailed info used to calculate net money due from ADW hub to CA host.	Legal
Commingled Net Fees	Accumulates money room, workers comp and host fee net settlement	Legal / Land
All Zones Wager Distributions	Shows detailed distributions for all zones.	Legal / Land
CA Export Distributions	Distributions of the host Fees paid from ADW hub to CA tracks.	Legal / Land
CA Wager Distributions	Distributions of the amounts paid from ADW hub to CA hosts	Legal / Land
Retirement Fund		
Retirement Proration Report		
Takeout Summary	Provides statutory distributions in a columnar presentation.	Letter / Port
Location Fees for Distributing Host	Improved - Use this report for dates starting in 2006.	Letter / Port
Location Fees for Distributing Host	Valid through 2005 only.	Letter / Port
Location Fees for Wagering Location	Improved - Use this report for dates starting in 2006.	Letter / Port
Location Fees for Wagering Location	Valid through 2005 only.	Letter / Port
Auditor's File	Advanced users only. Dumps detailed data to a flat file for analysis purposes.	Data file
AB 480 Year-End		
Pools By Race - Consolidated		
Pools By Race By Track	Consolidated Pools By Races report that combines California Brick and Mortar ...	

ADW Commissions reside in a separate database.

Go back to the main menu and select "ADW Reports Menu."

Use the "Location Fees for Wagering Location" report.

ADW Company	Location
All Companies	All Locations
America Tel	Anderson
Game Play Network ADW	Bakersfield
Game Play Network ODZ	Barona
Lien Games LLC	Bay Meadows
TVC	Cabazon
Twin Spire	Cal Expo Hamlet
Wash and dryer	Capitol Racing
Worshipit	Orl Mar Thoroughbred Club
Worldwide AMG	Sarasota
Yallnet.com	Tempe
	Tampa

ADW Company	Location
51 California	San Jose
America Tab	Sacramento
Game Play Network ADW	Sacramento/Herses
Game Play Network DOZ	San Bernardino
Umi Games LLC	San Jose
TVG	San Mateo County
Twinn Spinos	Santa Anita
Watch and Wager	Santa Barbara
Xpressbet	Santa Maria
Xpressbet - PNG	Santa Rosa
Yolabet.com	Shalimar
	Stockton
	Surfside

Location	Host Name	Hosted Location Fee Satellite Fee
Anderson	Alameda County Fair	114,783.36 361.00
Anderson	California State Fair	73,672
Anderson	Fairfax District Fair	45,632.36 379.00
Anderson	Golden Gate	1,693,337.00 13,663.00
Anderson	Humboldt County Fair	35,735.00 213.00
Anderson	Los Angeles Quarters	242,632.00 2,350.00
Anderson	Los Angeles Quarters	36,625.00 310.00
Anderson	Shasta County Fair	114,783.36 361.00
Anderson	Shasta County Fair	315,375.00 704.00
Anderson	Union and Wagner Harms	1,791,300.00 44,304.00
Barro	Del Mar Thoroughbred Club	197,565.00 4,953.00
Barro	LA County Fair	22,954.00 22,954.00
Barro	LA County Fair	373,630.00 9,450.00
Barro	San Antonio Thoroughbred	4,214,277.00 185,785.00
Barro	San Antonio Thoroughbred	393,630.00 5,984.00
Barro	San Antonio Thoroughbred Club	1,741,393.00 37,045.00
Barro	LA County Fair	197,565.00 4,953.00
Barro	San Antonio Quarters	373,630.00 13,968.00
Barro	San Antonio Thoroughbred	373,630.00 7,968.00
Barro	San Antonio Thoroughbred	4,214,277.00 91,334.90
Barro	Union and Wagner Harms	359,630.00 2,514.00
Barro	Del Mar Thoroughbred Club	1,741,393.00 19,165.00
Barro	Del Mar Thoroughbred Club LA County Fair	197,565.00 2,100.00
Barro	Del Mar Thoroughbred Club LA County Fair	373,630.00 9,730.00
Barro	Del Mar Thoroughbred Club LA County Fair	373,630.00 4,181.84

CHRIMS Inc.		Date Range : 12/26/2014-12/25/2015
Company : All AOW Companies		
Location : San Mateo County		
Report By :	Distributing Host	
	Distributing Host	Hosted Location Fee Satellite Fee
Alameda County Fair		111,765.36 29,790.80
California State Fair		119,479.26 31,574.46
Fresno District Fair		63,612.20 17,011.28
Golden Gate		1,699,337.97 492,889.56
Humboldt County Fair		59,773.57 9,533.68
Los Alamitos Quarters		342,692.28 91,324.83
San Joaquin County Fair		56,329.08 14,492.04
Sonoma County Fair		137,091.80 36,532.03
Watch and Warner Harness		116,772.53 31,119.85
Total :		3,460,032.20 714,228.59

Group B

Amtote & Mutuels

Moderator: Bryan Wayte

Group C

Minisatellites & Other Uses for Satellite Space

Moderator: Larry Swartzlander

Mini-Satellites



Mini-Satellite Events

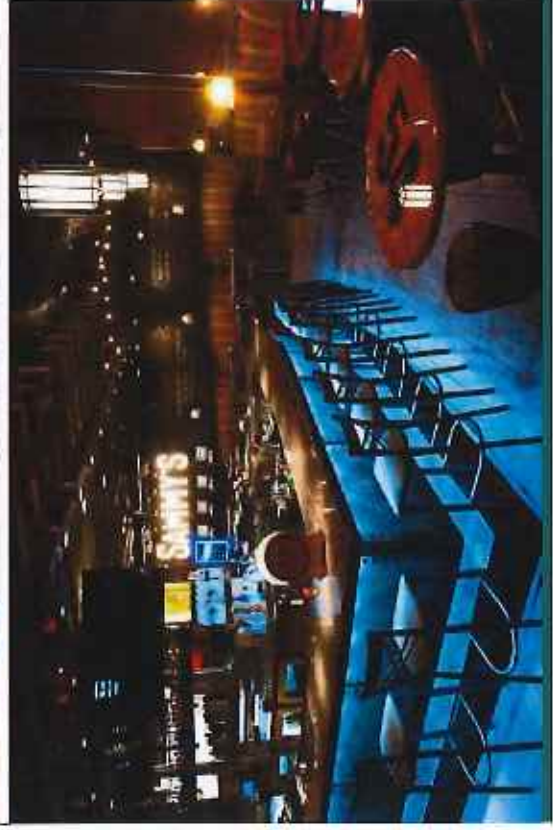
- Pub Quizzes/Trivia Contests
- Karaoke
- Bowling
- Incorporating Local Events (ex. Comic Convention in San Diego)
- Advertising to host viewing parties/specials for Super Bowl, World Series, bracket championships etc.
- Artisan Foods and Drinks (Pull in Local Businesses)
- Outdoor Seating Venues
- Social Media Presence
- Live Entertainment
 - Bands
 - UFC Live Fighting or Pay Per View
 - DJs
 - Raves/Dance Parties



Sammy's Original



- Horseracing history is mixed into the bar décor.

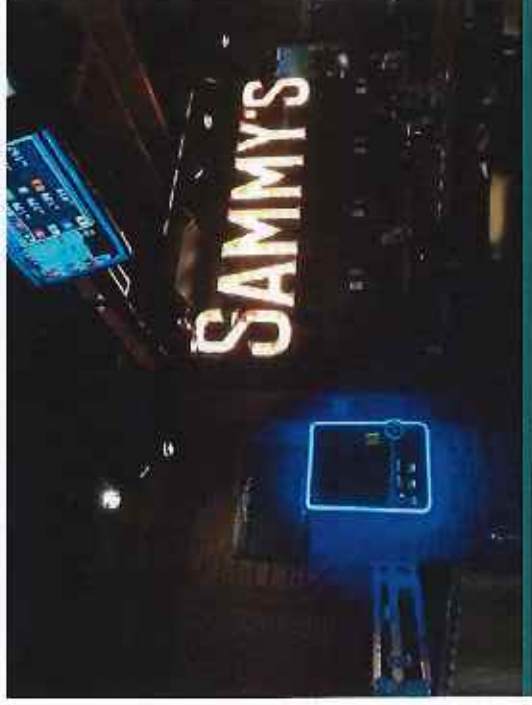


Sammy's Original



- Don't miss a race – even if you need to use the restroom! (Top Left)

- Sammy's brings in a variety of entertainment – increasing racing's exposure to a new audience. (Bottom Left/Top Right)



Tilted Kilt



- Tilted Kilt pulls in large crowds on St. Patrick's Day (Top.)
- Art on the outdoor seating glass encourages local San Diego "Comic-Con" goers (Bottom.)
- Tilted Kilt succeeds in drawing in not only bar patrons, but new patrons as well.



Tilted Kilt



- Horseracing (TVG) is played alongside basketball (Top Left.)

- Never miss a game or race – multiple TV's are tuned into different sporting events (Bottom Left.)

- Small TV's keep the bathroom interesting (Top Right.)



OC Tavern



- OC Tavern offers an outside lounge that allows smoking patrons to continue their wagering.



Names and Locations of Simulcast-Only Facilities Regulated by the California Horse Racing Board



Group D

Marketing & Promotions

Moderator: Heather Haviland

Contact List for CHRIMS

Customer Support	settlements@chrims.com	(925) 307-7021
Shannon Sturms	Significant Players Program	(925) 307-7019
Josh Warren	IT Department/Unsubscribes & Address Changes	(925) 307-7023
Jeanny Noll	Email Alerts, Website Issues	(925) 307-7027
Mark Thurman	General Questions	(925) 307-7026

For all weekend issues please email settlements@chrims.com and someone will get back to you immediately.

Totalisator Changeover

3:45p.m.-4:30p.m.

Chris Korby (CARF)

Bryan Wayte (NCOWTInc.)

Jeff True (AmTote)

Legislative Issues & 20-Mile Radius Protection

4:30p.m.-5:00p.m.

Chris Korby (CARF)

Louie Brown (Kahn, Soares, & Conway)

MEETING

SIMULCAST NETWORK EXPANSION

OCTOBER 15, 2015

BACKGROUND INFORMATION

**Offered by
CALIFORNIA AUTHORITY OF RACING FAIRS**

MEETING
SIMULCAST NETWORK EXPANSION

Prospective Discussion Items

- Review and discussion of potential expansion opportunities for the simulcast network in California
- Review and discussion of potential adjustment to the radius of the exclusivity zone around existing Fair satellite wagering facilities.
- Review and discussion of the parimutuel distributions made by simulcast operators to Fair satellite wagering facilities.
- Review and discussion of YIELD INDEX
- Establishment of a Reinvestment and Capital Expenditure Fund.
- Other related matters.

MEETING WITH TOC

June 28, 2014

Meeting Introduction and Overview

Many of us believe that there is an opportunity to expand the California simulcast network in a manner that can create new revenues while protecting and stabilizing important revenues flowing to the industry from established simulcast locations. We would like to continue the conversation on how all the stakeholders could agree to undertake this expansion.

The statutes written in 1987 allowed for creation of a network that took California horse racing into a new era: simulcasting. The network of simulcast sites enabled by that legislation has generated tremendous revenue for our industry in the years that it has operated.

As an example of revenues generated from simulcasting, let's look at the California Fair satellite wagering locations. Construction of the Fairs' simulcast network began in 1987; many of California's satellite wagering facilities are located at Fairgrounds. Between 1987 and 2012, Fair satellites generated over \$16 billion in handle. *(Please take a look at the wide-format spreadsheet for a break-down of stakeholder distributions generated from Fair satellites 1987-2011.)*

Let's talk for a moment about background on the 20-mile radius around race tracks and satellites.

In discussions prior to 1987, as the industry considered how it would implement this new business of simulcasting, California racing associations were very concerned about its potential impact on their existing on-track business. As a consequence, racing associations insisted that the legislation include a 20-mile radius of exclusivity around tracks and tracks operating

as satellites. In the eventual legislation, the legislature extended this radius to all satellites and tracks.

In the years since 1987, the 20-mile radius has generated plenty of controversy. For example, beginning in 1988, Santa Anita denied LA County Fair a satellite; Golden Gate denied Pleasanton and Vallejo satellites for a number of years; Bay Meadows denied San Jose. After protracted discussions, and eventual payment of "Impact Fees" each of these situations was eventually worked out. Took about 10 years.

More recently, discussions arose again regarding the 20-mile radius and its effect on proposed mini-satellite locations around the state. Many in the industry have recognized an opportunity for growth that could be realized by expansion of the satellite network. Once again, the 20-mile radius has become an issue, albeit in a new context.

We think it's time to talk again about a sensible approach to network expansion that can accomplish several beneficial objectives: 1) breathe new life into the existing satellite network; 2) protect an important revenue source for all industry stakeholders; 3) take a comprehensive, statewide approach to expansion of the simulcast network.

Let's take a look at the opportunity that a 10-mile radius would open for expansion of the network. Please turn to the population mapping analyses that were sent to us by George Krikorian. These show the potential market population that would become available around Northern California if we were to reduce the 20-mile radius to 10 miles.

**-WALK THROUGH POPULATION MAPS WITH 10 AND 20-MILE RADII AROUND
EXISTING SIMULCAST LOCATIONS-**

First of all, San Francisco would become available as a potential simulcast market. I think we all agree that this location has good prospects for growth. San Francisco could probably support several sites.

Here's another example: let's take a look at the 10-mile radius around Vallejo. A reduction to 10 miles opens a market to approx 1.35 million people. Keep going around the region: San Mateo 2.9 Million; San Jose 2.02 million; Pleasanton 1.59 Million; Fresno 858K; Stockton 714K; Turlock 609K.

These population numbers represent significant opportunities for growth.

RECENT IMPACTS ON ESTABLISHED SIMULCAST LOCATIONS

At the same time, we also need to talk about the importance of stabilizing and protecting revenue streams from established sites in the network. Existing satellites have gone through a period of destabilizing change in recent years. We note the following impacts on existing sites.

- The advent of **advanced deposit wagering** created a major migration of parimutuel handle from brick-and mortar facilities to on-line transactions. This migration of parimutuel handle reduced not only parimutuel handle at SWF's but also had a negative impact on attendance and non-parimutuel revenues associated with attendance such as food and beverage, parking, etc. This migration has also hurt special funds such as Vanning & Stabling that rely on revenues generated only at CA simulcast locations.
- The **number of racing days has been reduced**. This reduction has occurred in all zones statewide. Furthermore, late notice cancellation of racing days has become more frequent; each time this happens, satellites lose money.
- The **growth of Tribal casinos has exploded**. In 1987 there were no tribal casinos in CA; in 2013 there were sixty-three.
- The **bankruptcy of a major CA racing entity** in 2010 significantly interrupted the flow of revenues to many racing recipients during

2010 and 2011. As a result of this bankruptcy, several satellite facilities were forced to discontinue operations.

- Finally, the Great **Recession of the last few years** has dramatically reduced available discretionary liquidity available to our racing patrons.

These factors have resulted in the closure of multiple satellite wagering facilities since 2010. Two more closed in 2013, most recently in December. Each closure has resulted in yet another loss of revenues to purses, commissions and important industry funds such as the Vanning & Stabling Fund.

It's becoming clear that the existing economic model for satellite wagering facilities is not working. We believe that it's time for a new approach.

NEW APPROACH

If existing satellites are going to agree to a reduction in the 20-mile radius, we propose that a sensible off-set would be to extend the new economic model emerging for mini-satellites, i.e., 1% additional payment, to the existing satellite network at fairs.

We'd propose a modification of the new mini-satellite economic model that would also include a plan for on-going reinvestment, capital expenditures and funding for further expansion.

We propose that in any existing satellite market in which a reduction to 10-mile radius provides access to population of over 300,000 people, the satellite facility would be included in a new Reinvestment and Capital Expenditure Fund as described in the accompanying documents.

To see the idea distilled down to its primary components, let's take a look at the document entitled *Reinvestment and Capital Expenditure Fund*.

-WALK THROUGH DOCUMENT: *REINVESTMENT AND CAPITAL EXPENDITURE FUND*

I'd like to note that some of the structures in this proposal are drawn from a capital expenditure program that CARF operated for many years. This program, known as the Equipment Replacement Fund, has wound down since the elimination of state funding for Fairs. Unfortunately, the loss of this funding also eliminated a major source of capital reinvestment in simulcast locations at Fairs.

COST / BENEFIT COMPARISON

Now that we've looked at the concept, let's take a look at the cost for a 1% additional payment and fit the cost into a comparative framework.

We'd offer this comparative example for Northern California. An additional 1% paid on the handle for all CARF member sites in Northern California would amount to about \$1.612 million per year. In return for this reinvestment, stakeholders would gain access to new markets of several million people.

Let's compare this cost to comparable **revenues** from an actual existing satellite location. If we compare this to an existing satellite facility, it compares closely with revenues generated at Sacramento. This example shows that if we were able to establish one satellite facility in Northern California comparable to Sacramento, the cost of expansion (\$1.612M) would be covered by the new revenues from that new satellite.

Surely we could realize that level of business from a satellite in San Francisco. Every new satellite thereafter would have the potential to yield new incremental revenues to stakeholders.

We've put statistical information in your packets to assist in the discussion. We're ready to go over these matters in any depth of detail that may be helpful and welcome further discussion.

As noted earlier, we see a good opportunity for growth in the simulcast network along with a plan to stabilize, improve and upgrade existing satellite locations. We're asking for TOC's support to move forward together with this approach.

CLOSING CONSIDERATIONS

Reinvestment and Capital Expenditure Fund

A Reinvestment and Capital Expenditure Fund would provide continuing investment at satellite facilities for the following purposes:

- Stabilize and help ensure the financial viability of existing satellite locations to **protect a continuing flow of revenues to key industry stakeholders** (horsemen; tracks) and to **important industry funds, such as Vanning & Stabling Fund** and the Simulcast Expense Fund.
- Infrastructure improvements to upgrade and enhance satellite facilities **in order to stay current with changing customer preferences.**
- For orderly and timely **replacement of electronic equipment and furnishings** at CA satellite wagering sites
- For **periodic facility upgrades as may be required by changes in the industry**, such as totalisator system upgrades or regulatory requirements.
- For **emergency repairs** due to fire, flood, earthquake, civil disturbance, etc., as may be needed from time to time.
- Capital funding for **development of new satellite or mini-satellite facilities** in California.

As noted in the opening remarks, we believe that there is an opportunity right now to expand the California simulcast network while protecting

important revenues from existing simulcast locations. We've proposed a plan that we believe could accomplish these objectives by reducing the radius around simulcast locations and establishing a reinvestment and capital expenditure fund that would support profitable simulcast locations for the foreseeable future. We ask the TOC to support this proposal in the longer-term interest of racing in California.

Thanks for the opportunity to meet and discuss these important matters.



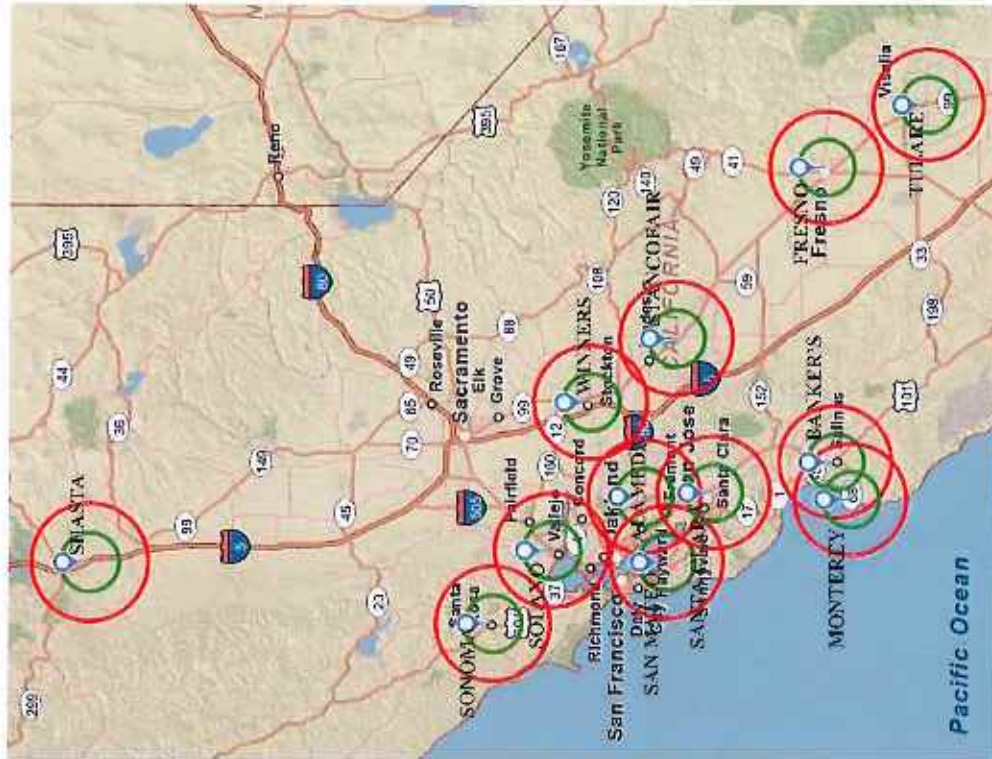
CALIFORNIA FAIRS SATELLITE NETWORK PARI-MUTUEL HANDLE & DISTRIBUTIONS (LIVE & SIMULCAST)

1987-2011

Handle & Distributions Figures Do Not Include Advanced Deposit Wagering (ADW).

Location	Locality	License Fee	ChRB Fee	F&E	Civ. Tax	Equine	Wagers	Satellite Location	Expense Fund	Promotion	ChRB	Van Share	Press Fees	Truck	Purses	SE-C72	Others	Breeders	To Out of State Trucks
Anderson	80,326,312	7,795,451	21,782	107,492	229,350	79,879	35,889	1,581,032	2,890,021	375,187	685	0	5	3,373,463	9,954,203	11,730	75,888	359,558	485,582
Bakersfield	537,880,862	7,195,451	80,071	280,427	1,378,953	324,203	144,236	9,521,346	11,383,888	1,898,378	3,119	0	27,000	14,786,472	14,721,381	46,641	333,305	1,432,657	1,560,538
Elmore	50,441,318	1,106,636	1,458	64,349	132,842	43,258	15,197	985,000	1,330,073	289,457	0	0	0	2,223,476	2,202,535	0	45,353	221,305	302,455
Fresno	24,233,524	227,100	14,174	210,928	57,497	1,122	17,817	88,896	270,755	17,596	0	0	15	1,821,478	1,835,423	9,684	23,310	102,355	21,031
Hayward	338,371,202	11,525,428	119,223	1,837,322	1,753,322	458,738	207,180	8,371,071	14,577,681	2,100,333	2,722	0	15,666	27,777,158	28,256,362	71,521	464,213	2,249,379	1,929,004
Piedra Blanca	57,316,725	536,658	42,062	40,307	187,477	57,382	67,799	1,150,563	2,208,314	230,978	1,012	0	11,622	2,687,754	2,807,736	23,633	36,494	207,118	593,030
Imperial	63,358	1,310	0	0	0	0	0	1,084	1,355	217	0	0	0	2,681	2,593	0	35	289	1,515
Lake Arrowhead	427,485,310	8,805,745	280,714	299,350	1,302,429	627,509	345,250	8,445,356	12,864,745	2,149,619	6,266	0	30,480	20,392,762	20,177,793	180,523	325,512	2,051,114	2,747,504
Lake Arrowhead	100,835	1,281	0	33	0	101	0	1,737	3,322	367	0	0	0	4,238	6,304	0	51	452	2,682
Lancaster	449,480,656	30,376,835	287,994	284,420	1,459,915	660,000	307,506	8,907,423	14,124,715	2,753,460	6,872	0	51,612	20,690,854	20,400,397	117,242	330,302	2,070,058	2,524,441
Manteca	131,242	629	0	41	0	131	0	2,309	3,333	462	0	0	0	5,700	5,721	0	81	611	3,377
Middleburg	2,378,620	8,157	0	2,575	2,952	2,510	0	50,852	75,338	15,517	0	0	0	92,785	90,371	0	2,414	5,882	4,888
Monte Vista	321,485,483	6,086,071	85,724	295,302	1,003,894	320,172	254,637	5,530,773	11,719,382	2,582,057	3,686	0	39,355	15,075,622	15,033,494	53,942	257,078	1,417,755	2,717,678
Paso Robles	700,507	26,793	0	108	175	791	0	14,170	17,078	3,045	0	0	0	34,278	39,705	0	535	3,657	5,335
Pleasanton	1,239,548,074	26,266,464	592,315	2,927,839	4,676,555	1,338,988	622,438	24,324,343	45,181,505	5,577,277	7,159	0	258,214	72,898,837	73,974,714	307,478	1,192,545	6,041,708	8,307,810
Porterville	1,716,488,000	38,597,766	1,249,981	4,527,320	5,612,055	1,511,154	1,220,104	25,709,425	39,541,328	6,955,668	23,593	0	225,284	88,354,165	84,470,985	518,753	1,443,127	7,788,036	8,650,237
Scotts Valley	1,325,655,297	25,128,271	857,089	1,852,134	2,312,037	1,212,454	764,582	20,748,308	38,722,144	4,802,672	1,743	0	71,254	71,753,425	71,414,207	185,177	903,007	7,103,355	6,930,502
San Bernardino	1,385,371,252	55,602,264	553,145	813,073	4,594,653	1,384,410	652,518	27,435,455	42,154,794	5,723,308	11,967	0	65,653	51,023,804	50,350,495	285,765	1,344,853	6,116,807	5,835,656
San Jose	1,110,491,678	18,374,260	418,389	1,383,714	3,580,078	1,057,416	472,080	21,636,622	41,552,108	5,006,357	33,624	0	271,320	12,810,766	12,867,715	528,438	192,065	4,506,150	7,702,544
San Mateo	253,109,505	887,378	938,755	217,453	840,438	756,111	472,080	5,155,625	9,829,623	954,813	33,624	0	271,320	12,810,766	12,867,715	528,438	192,065	4,506,150	7,702,544
Santa Barbara	335,515,495	8,356,073	17,755	275,058	485,865	285,272	200,208	6,028,135	8,989,892	1,880,057	1,453	0	1,021,764	13,325,353	13,050,597	27,383	235,082	1,672,085	1,467,516
Santa Monica	24,141,582	5,232,744	87,383	210,121	707,001	206,906	203,341	4,738,888	5,855,375	2,460,286	1,453	0	1,021,764	13,325,353	13,050,597	27,383	235,082	1,672,085	1,467,516
Santa Rosa	561,491,173	11,218,800	193,913	1,901,395	2,103,748	584,051	322,582	9,756,453	18,335,772	2,337,677	5,183	0	49,000	35,143,389	35,043,688	113,906	550,217	2,841,800	3,024,065
Shafter-Fresno	295,221,683	7,984,639	137,582	152,512	567,720	255,810	134,788	5,865,343	8,452,383	2,115,676	2,263	0	2,805	12,914,178	12,780,672	54,843	263,544	1,301,009	1,276,907
Shoreline	151,478	2,291	0	19	0	151	0	2,695	3,534	558	0	0	0	8,331	6,671	0	115	600	3,659
Stockton	745,344,897	14,059,005	215,583	1,367,573	2,425,979	658,804	392,685	13,405,071	24,816,507	3,124,400	7,767	0	88,236	35,573,378	36,835,755	122,554	502,237	3,270,737	4,362,746
Surfside Race Plaza	2,275,132,759	59,397,875	362,137	588,188	7,427,714	2,733,070	1,073,728	60,893,519	69,720,470	13,458,630	21,002	0	17,328,353	99,418,199	97,047,455	63,728	1,097,227	10,233,875	11,333,875
Tulare	125,713,759	2,595,228	40,135	148,968	465,778	125,919	56,532	3,067,119	4,211,580	600,268	1,348	0	2,259	784,139	763,078	26,393	109,921	556,837	778,062
Tulare	177,530,335	2,733,270	95,585	193,245	2,753,104	177,425	3,043,798	5,917,210	682,502	3,383	0	0	7,868	6,453,774	6,474,929	36,405	191,922	938,700	1,377,558
Vallejo	817,585,414	11,034,804	107,832	1,986,300	2,595,100	505,740	345,063	10,267,781	20,092,205	2,396,382	7,412	0	90,232	32,751,270	32,751,270	113,592	497,738	2,721,115	3,546,622
Yuba City	1,800,507,673	25,578,895	522,279	738,757	3,356,556	2,025,373	529,292	20,598,511	30,738,739	6,600,446	11,347	0	46,800	67,117,735	66,480,005	230,371	853,722	4,654,887	5,377,424
Yuba City	305,467,558	7,900,111	122,268	190,910	598,375	203,225	185,341	6,044,459	5,899,573	1,887,866	2,959	0	51,953	13,919,692	13,837,226	55,189	229,955	1,352,410	1,558,781
Yuba City	137,675	1,948	0	26	0	137	0	2,329	3,183	307	0	0	0	5,843	5,928	0	111	557	4,032
TOTALS	26,302,352,885	349,456,337	7,477,167	22,253,364	43,051,874	15,567,518	9,189,572	294,930,814	490,264,178	82,467,215	208,014	98,858,367	1,619,131	788,372,483	788,930,799	3,659,513	19,051,827	74,204,550	88,936,609

NORTHERN CALIFORNIA SATELLITE WAGERING FACILITIES WITH 10 & 20 MILE RADII

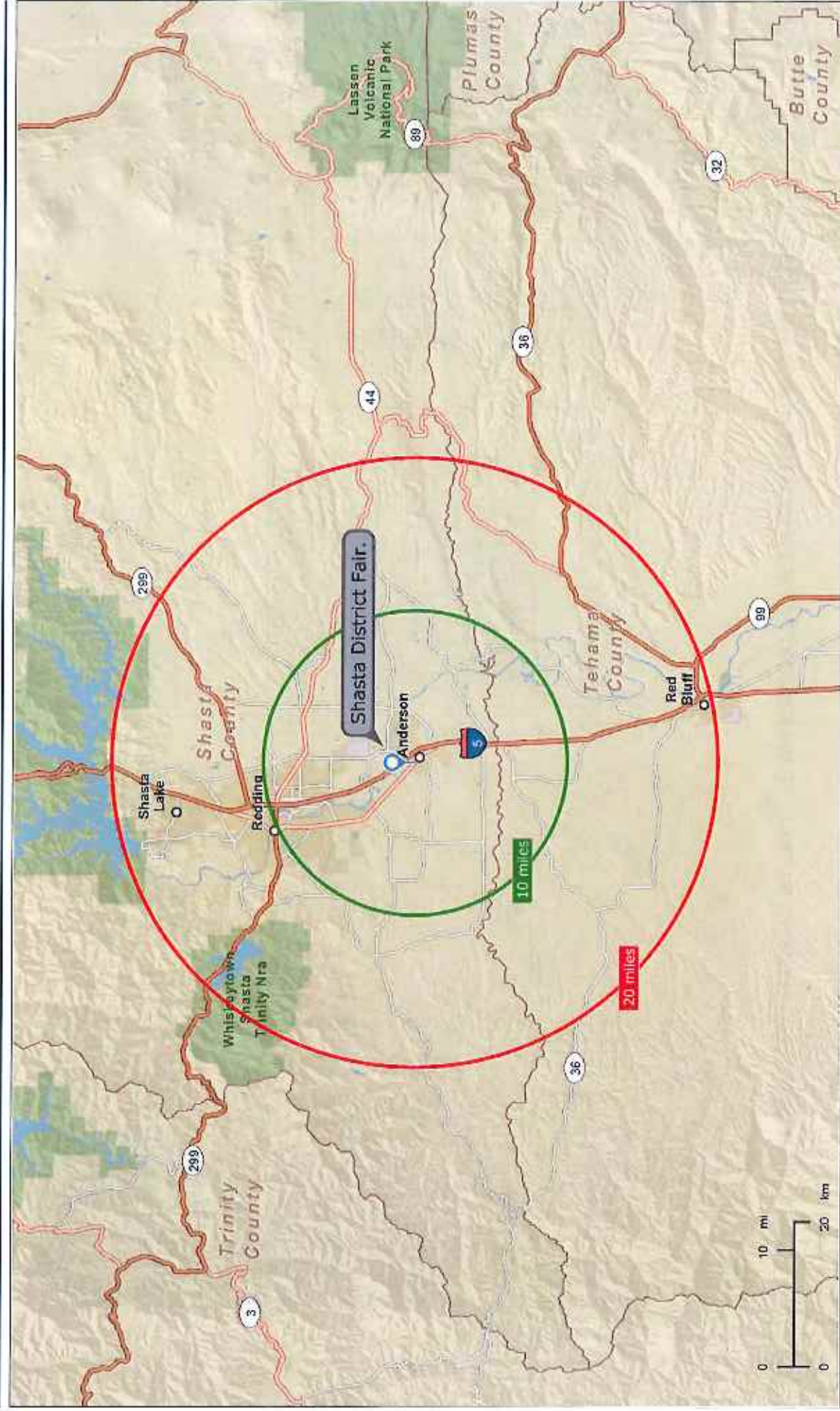


SATELLITE WAGERING FACILITY	POPULATION IN 10 MILE RADIUS	POPULATION IN 20 MILE RADIUS
SHASTA DISTRICT FAIR	104,826	188,639
SOMONA COUNTY JOCKEY CLUB	313,429	494,922
THE SOLANO RACE PLACE	235,439	1,354,671
WINNERS GAMING & SPORTS EMP.	418,432	714,402
ALAMEDA COUNTY FAIR	463,960	1,591,354
SAN MATEO JOCKEY CLUB	477,347	2,941,895
STANCOFAIR TURF ROOM	174,798	608,748
SANTA CLARA COUNTY FAIR	1,327,563	2,024,277
THE BIG FRESNO FAIR	649,452	858,943
BANKER'S CASINO	222,047	465,732
MONTEREY COUNTY FAIR	126,074	323,829
TULARE COUNTY FAIR	165,635	398,717



Shasta District Fair

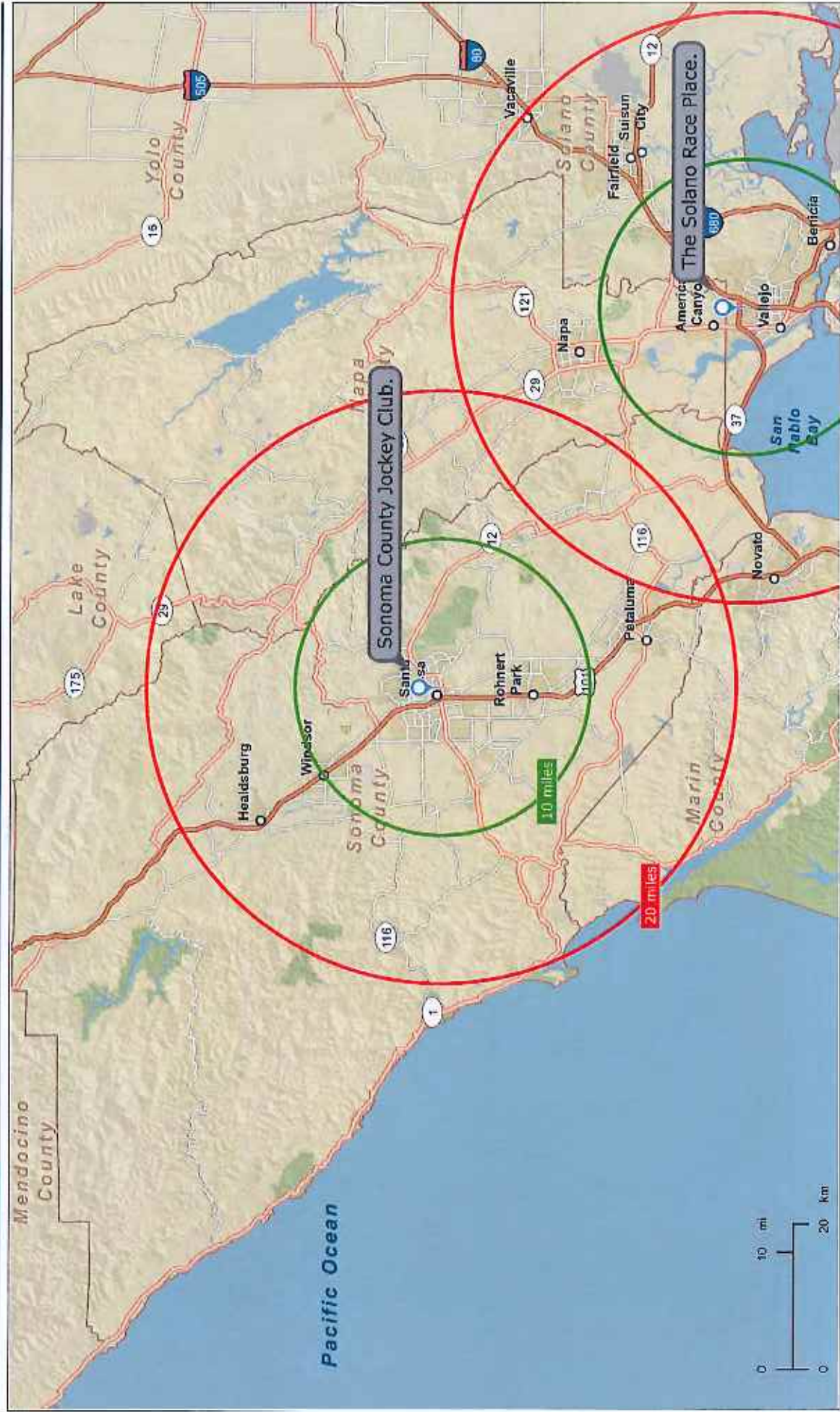
Population in 10 Mile Radius = 104,826; Population in 20 Mile Radius = 188,639





Sonoma County Jockey Club

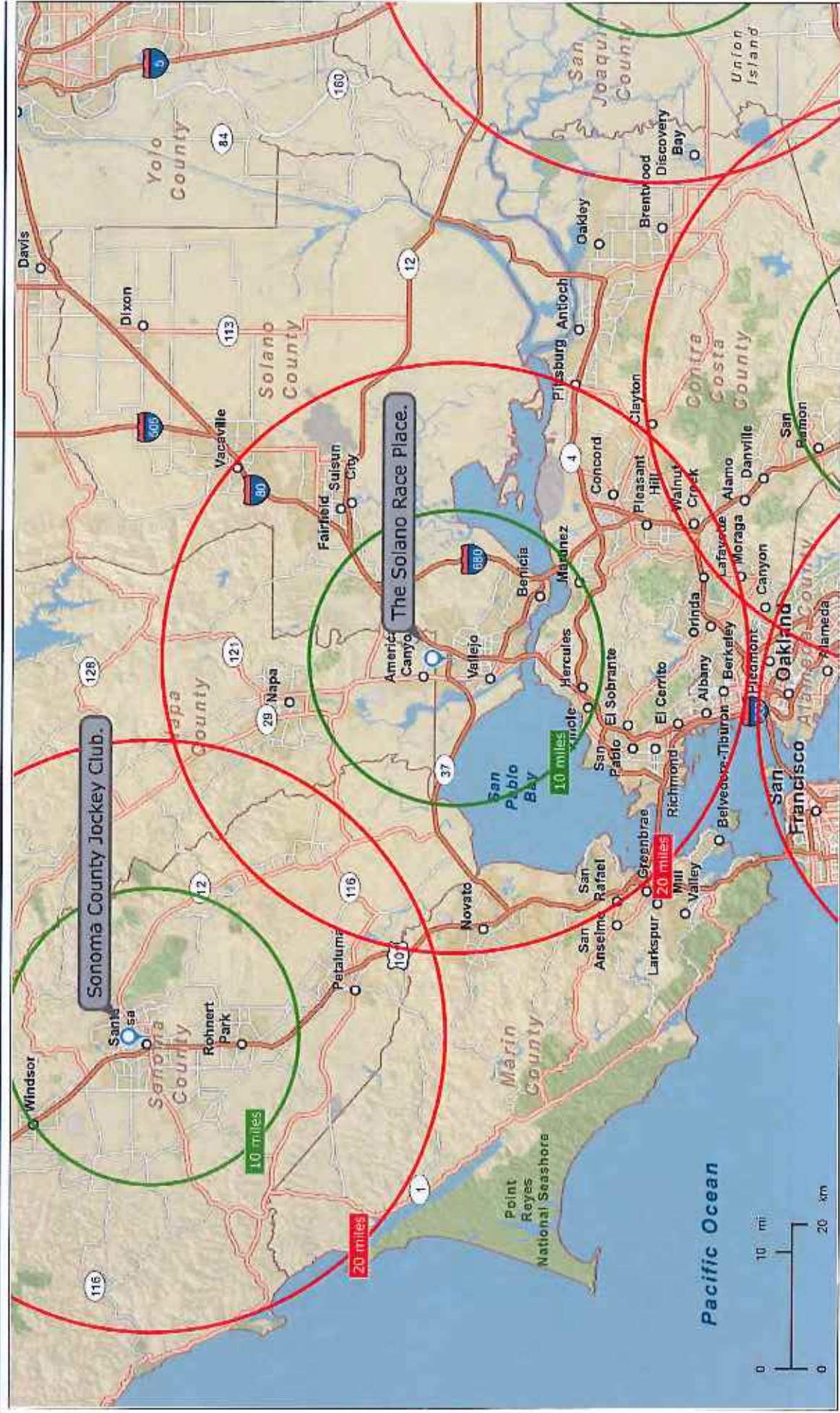
Population in 10 Mile Radius = 313,429; Population in 20 Mile Radius = 494,922





The Solano Race Place

Population in 10 Mile Radius = 235,439; Population in 20 Mile Radius = 1,354,671





Winners Gaming and Sports Emporium.

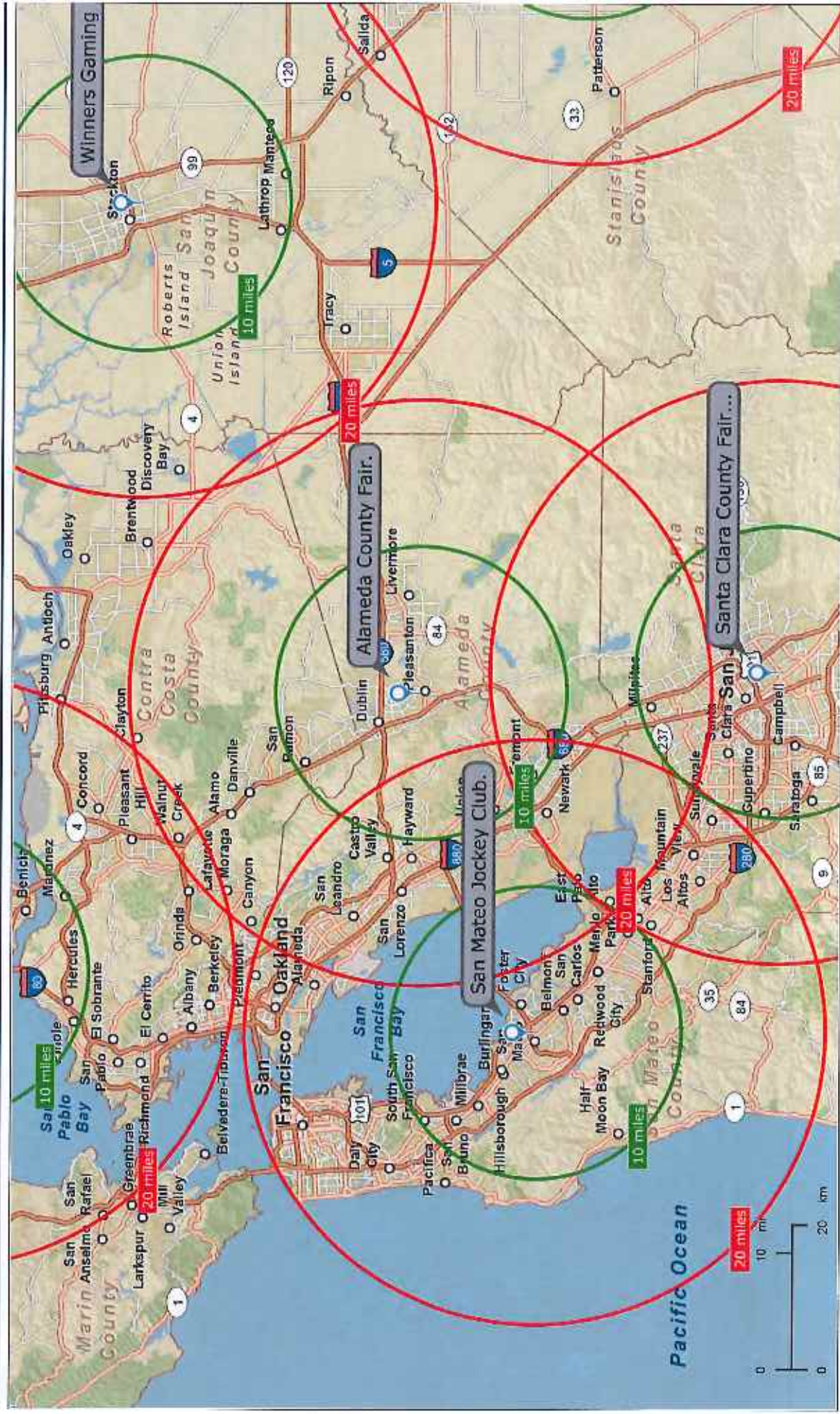
StanCoFair Turf Room.

Alameda County Fair.



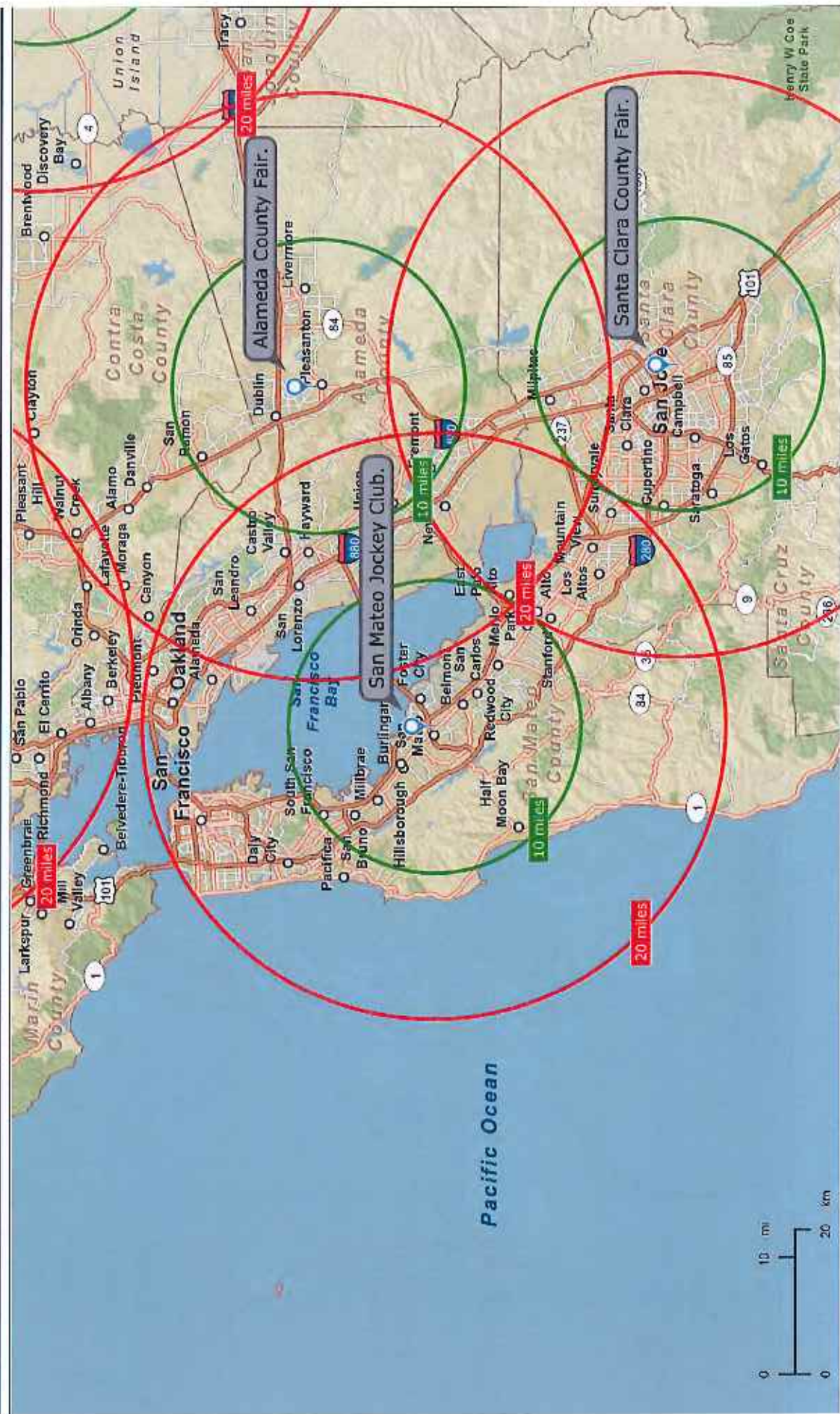
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Population in 10 Mile Radius = 463,960; Population in 20 Mile Radius = 1,591,354





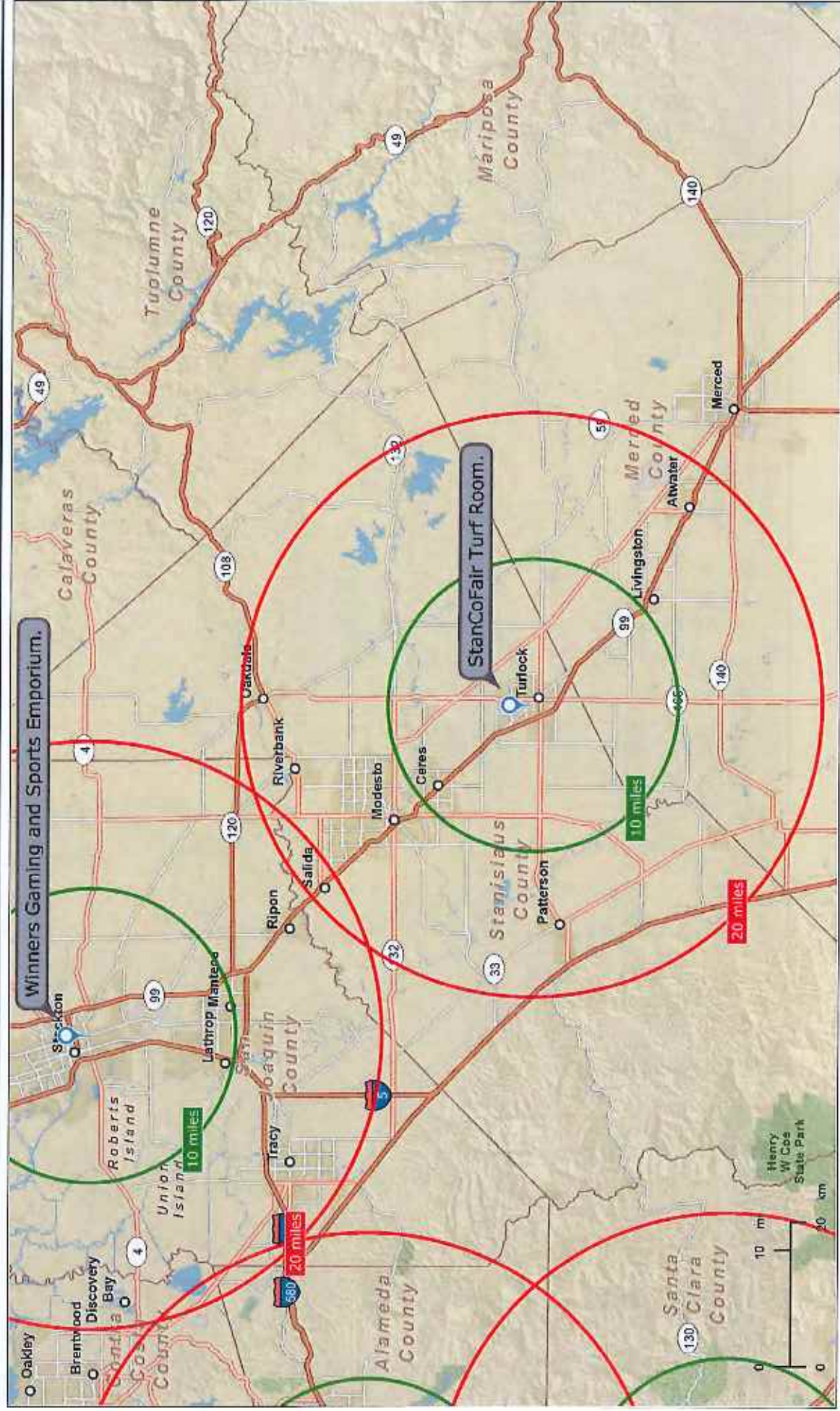
Population in 10 Mile Radius = 477,347; Population in 20 Mile Radius = 2,941,895





StanCoFair Turf Room

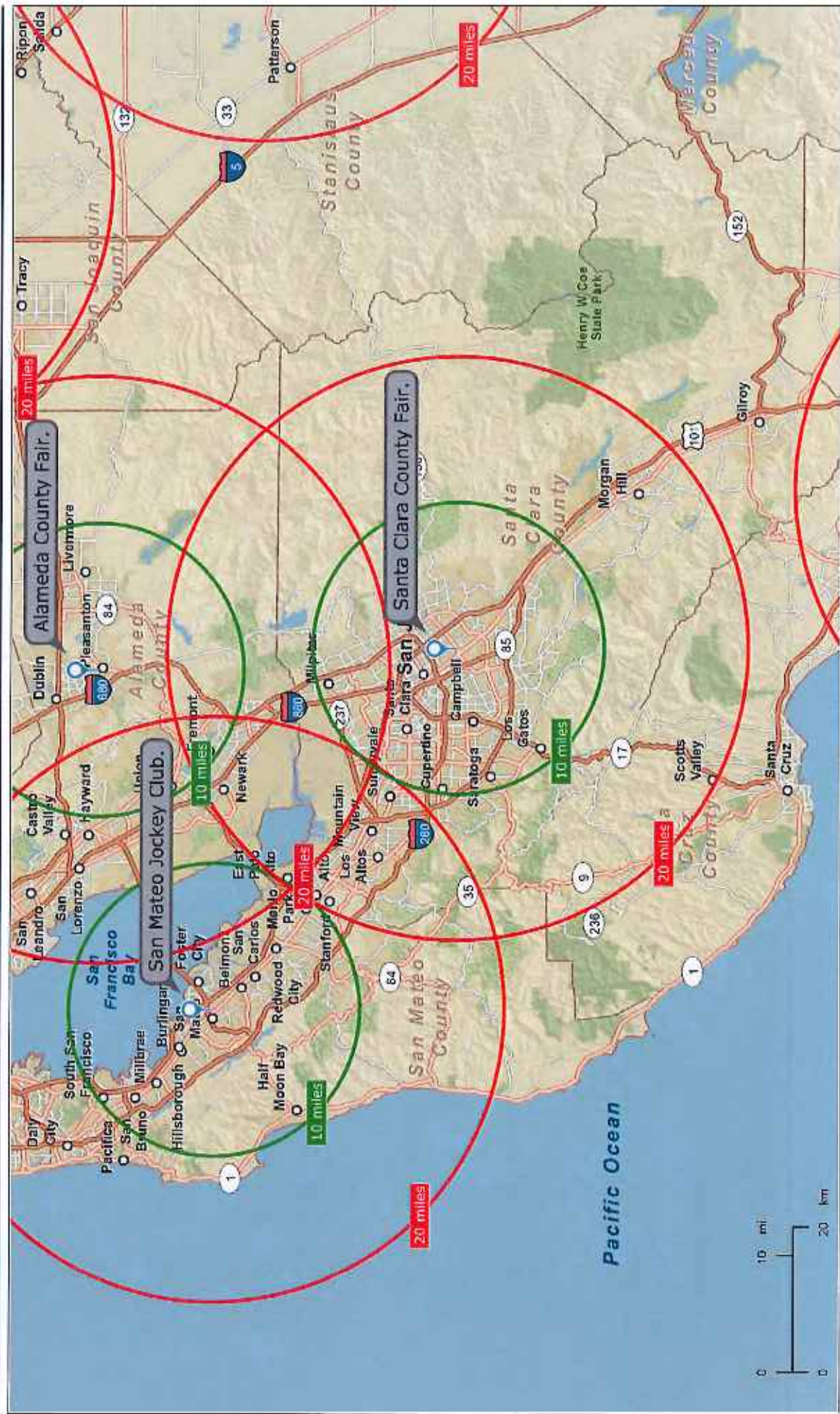
Population in 10 Mile Radius = 174,798; Population in 20 Mile Radius = 608,748





Santa Clara County Fair

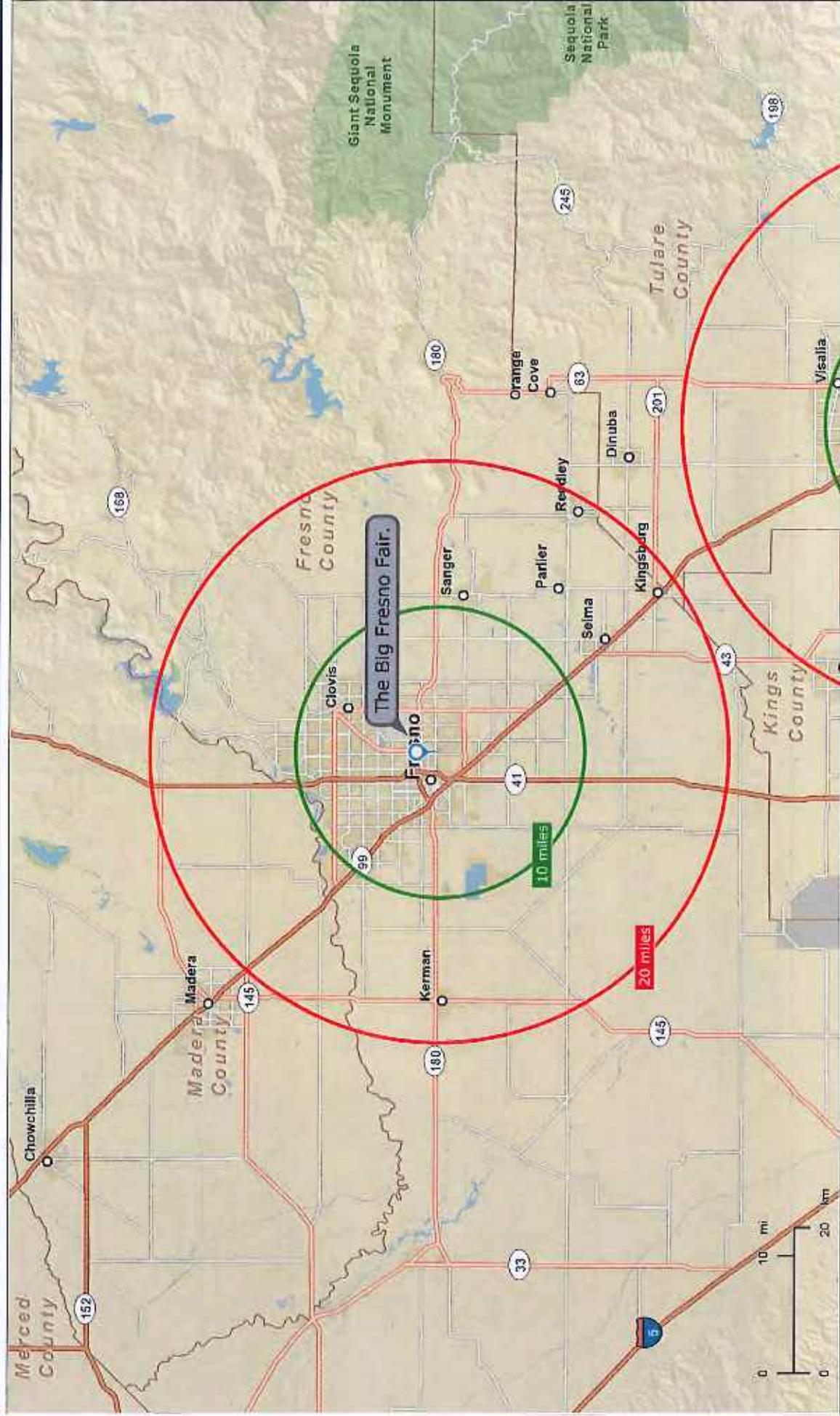
Population in 10 Mile Radius = 1,327,563; Population in 20 Mile Radius = 2,024,277





The Big Fresno Fair

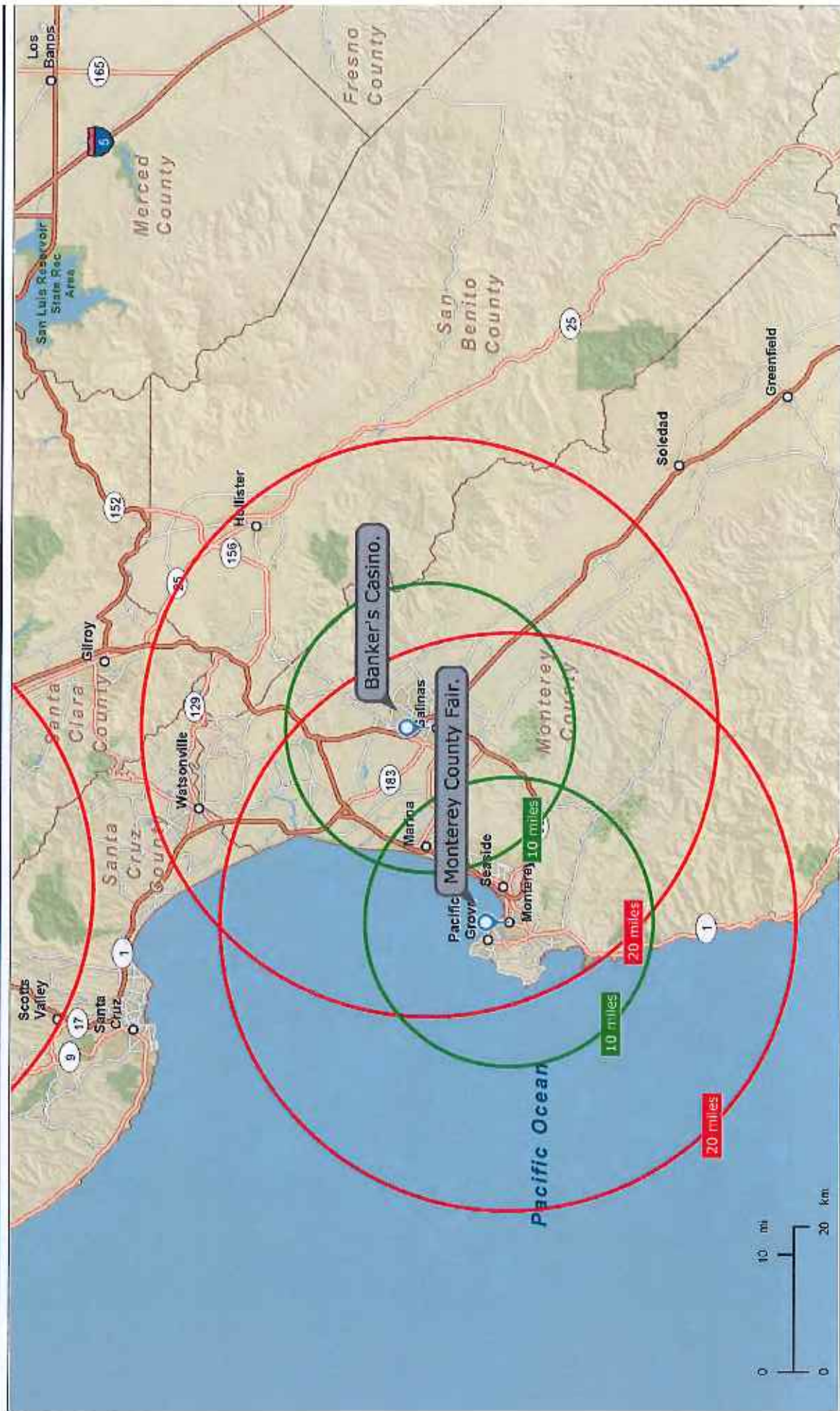
Population in 10 Mile Radius = 649,452; Population in 20 Mile Radius = 858,943





Banker's Casino

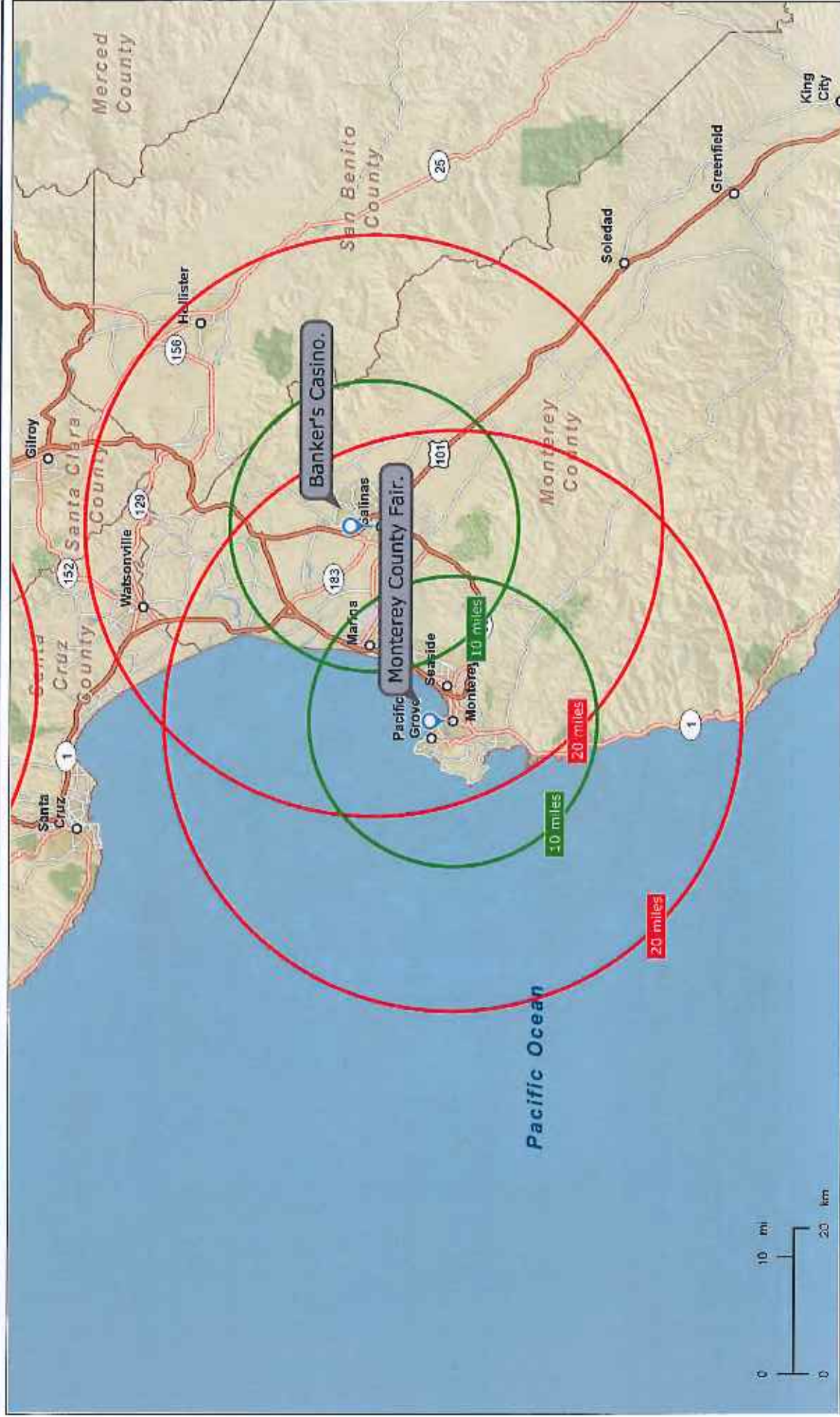
Population in 10 Mile Radius = 222,047; Population in 20 Mile Radius = 455,732





Monterey County Fair

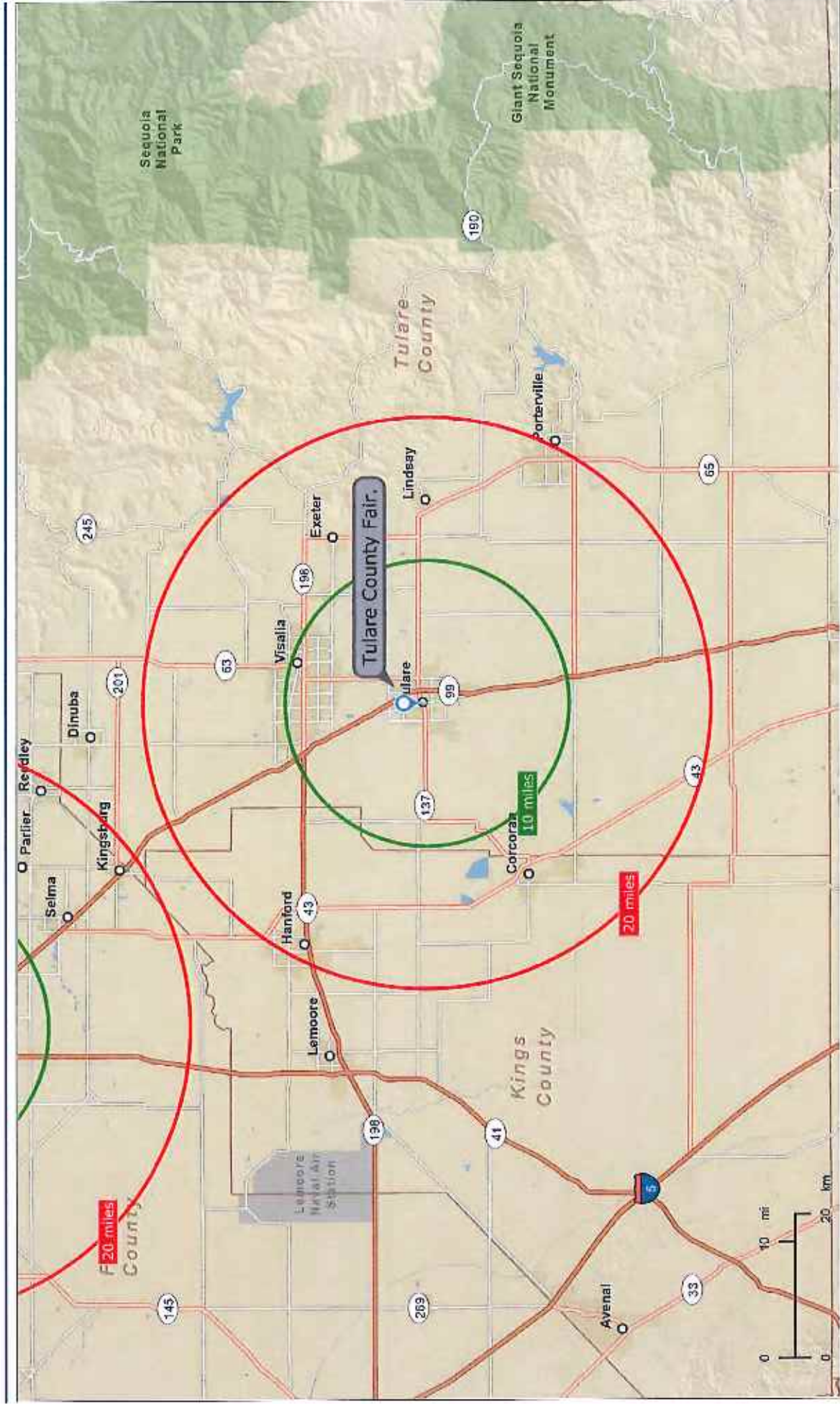
Population in 10 Mile Radius = 126,074; Population in 20 Mile Radius = 323,829





Tulare County Fair

Population in 10 Mile Radius = 165,635; Population in 20 Mile Radius = 398,717



Day 2

April 12, 2016

**California Authority of
Racing Fairs:**
A California Joint Powers
Authority

9:00a.m.-10:00a.m

APRIL 2016

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FAIRS & RACING

HISTORIC RELATIONSHIP

HISTORIC

FRESNO

GRANDSTAND

The California Fairs are the very heart of horse racing. Since the early days of exploration and settlement, people have come together enjoy the festival of a season, a place, or a special event. When the people came together, they came by horseback. They came to eat, drink, visit and, of course, see who had the fastest horse. This is the historical legacy the California fairs - this is where we race our horses and this is where we have fun.

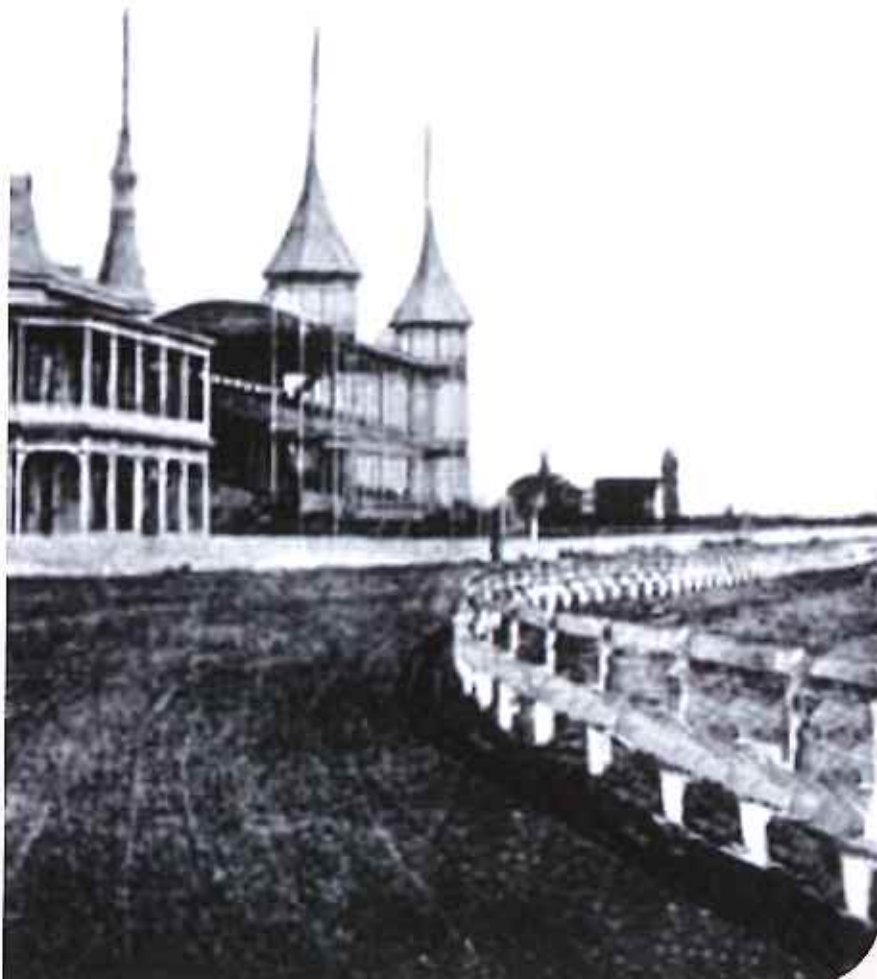
Organized racing began during the Gold Rush. Stockton and Sacramento were the first to race in the 1840's. Pleasanton followed in 1856 as a private venue before becoming a Fair.

The union of Fairs and horse racing has deep roots in California's political history. Modern pari-mutuel wagering began in 1933 with the direct intention of generating revenue for the State, for Fairs (through the Fairs & Expositions Fund) and for the continued support of horse racing.

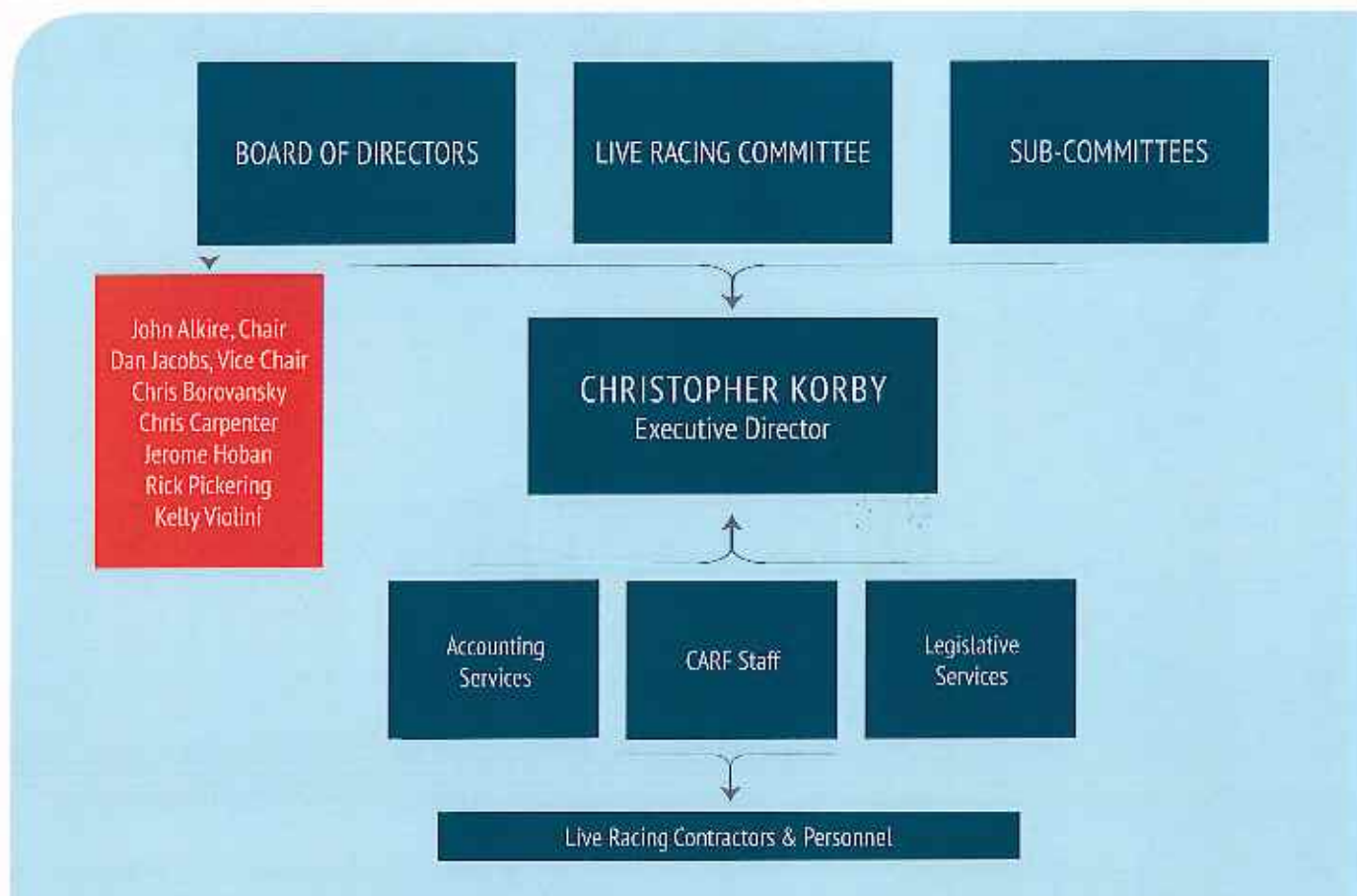
In 1987, Senator Ken Maddy, expanded pari-mutuel wagering in California by creating a statewide satellite wagering network. Under the provisions of SB14 Fairs and existing racetracks became the venue for off-track wagering.

As a consequence of this legalization and expansion, the revenue generated by horse racing for the benefit of Fairs has been substantial. To this day Fairs and horse racing share collaborative benefits from publically-owned, Fair-hosted race meets.

In 1986, ten Fair racing associations embarked upon a unique



CARF 2015 ORGANIZATIONAL FLOW CHART



CARF - A JOINT-POWERS AUTHORITY

opportunity offered by the law and formed a single business entity known as a "joint-powers agency."

Established for the purpose of conducting horse racing and pari-mutuel wagering at fair facilities, the California Authority of Racing Fairs (CARF) was formed.

In 1987, this group pioneered satellite wagering in California and now 14 member Fairs offer some form of pari-mutuel wagering activity.

Horse racing is changing rapidly. CARF works year-round to monitor changes and trends in the industry. With this expertise, CARF provides support and representation to assist in the successful operation of fairs and satellite wagering facilities.

Directed by an elected Board of Directors and supported by dues, CARF also manages more than 40 days of live racing events annually.

MISSION STATEMENT

The mission of CARF is to serve the best interest of its members by providing a unified voice of representation and asserting a leadership role in the horse racing industry. To accomplish this mission we will continue to perform support services, seek new revenue opportunities and conduct related business activities.

WE, the members of the CARF believe that:

- Horse racing and fairs have historical significance to the American culture.

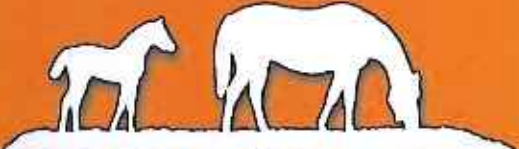
- Horse racing is an entertainment product.
- The horse racing industry has a positive economic impact on California.
- Our product must be improved.
- California fairs have a significant financial interest in horse racing.
- All traditional funding sources are at risk.
- Change is inevitable and a positive response to change is critical to our success.
- Legalized gaming is an acceptable activity for fairs.
- We must be committed to the furtherance of live racing in California.
- CARF must provide leadership to the horse racing industry.
- Unity is necessary to achieve common goals.

CALIFORNIA RACING ORGANIZATIONS



California horse racing interests are represented by regulatory, non-profit, for-profit and membership-based organizations.

January



California **THOROUGHBRED**

CALIFORNIA
THOROUGHBRED IS
CTBA'S INDUSTRY
MAGAZINE

Publication of the California Thoroughbred Breeders Association



CALIFORNIA AUTHORITY OF RACING FAIRS (CARF)

CARF represents its member Fairs in matters that relate to horse racing and satellite wagering. CARF's seven-member Board of Directors is elected by its membership from amongst member Fairs. On behalf of those Fairs that conduct live racing, CARF negotiates joint contracts, manages contractors and vendors, prepares and submits license applications, and manages Host Track simulcast operations. On behalf of its member Fairs conducting satellite wagering, CARF prepares license

applications and provides administrative, procedural, and technical support. Contracts between Fairs and simulcast organizations relating to satellite wagering are negotiated by and through CARF. CARF formulates and represents advocacy positions on legislative matters in concert with Western Fairs Association and the Division of Fairs and Expositions.



CALIFORNIA HORSE RACING BOARD (CHRB)

Created in 1933 by constitutional

amendment, the CHRB has statutory oversight of all horseracing in California. Its nine commissioners are appointed by the Governor. The Board hires an Executive Director who administers Staff regulatory functions, including licensing, audits, and investigations. All racing associations, satellite wagering facilities, and personnel must be licensed by the CHRB.

RACING ASSOCIATIONS

Racing associations, with the exception of the Racing Fairs, are private organizations, operated for profit, licensed by the state to conduct horseracing. They may be constituted as partnerships, corporations, or real-estate investment trusts. Private racing associations in California, with the exception of Del Mar and Oak Tree, own the venues at which they operate. Every

racing association is allowed, and those above a certain size are required, to simulcast their races.



HORSEMEN'S ORGANIZATIONS

The horsemen are the owners and trainers of the horses that compete at racing meetings conducted by the racing associations. Horsemen share equally with racing associations in the division of simulcast revenue and expenses. Revenue to horsemen is distributed in the form of purses to winning horses. Each horseracing breed (Thoroughbred, Quarter Horse, Standardbred, Appaloosa, etc.) has a recognized association authorized to negotiate and contract on behalf of its members. Thoroughbred owners are represented by the Thoroughbred Owners of California (TOC); Thoroughbred trainers are represented by California Thoroughbred Trainers (CTT); Standardbred (harness) horsemen by the California Harness Association (CHA); quarter horses by Pacific Coast Quarter Horsemen's Association (PCQHA); Arabians by ARAC; Appaloosas by Cal Western Appaloosa Racing Association; mules by American Mule Racing Association (AMRA).

CALIFORNIA THOROUGHBRED BREEDERS ASSOCIATION (CTBA)

Founded in 1957, CTBA is a non-profit company dedicated to the advancement of Thoroughbred breeding and racing in California and is the official registering agency for California-bred Thoroughbreds.

SIMULCAST ORGANIZATIONS:

NCOTWInc and SCOTWInc

The original enabling legislation for simulcasting, SB14, provided that the racing associations, the Fairs and

the horsemen form an organization to oversee and administer simulcast activities. Two such organizations have been formed: Northern California Off-Track Wagering Inc. (NCOTWInc.) and Southern California Off-Track Wagering Inc. (SCOTWInc.). See further description below. They are responsible for totalisator (wagering computer) services, satellite transmission, parimutuel clerks, banking, and accounting. Statute requires that satellite wagering Fairs have a contract, approved by the CHRB, with the appropriate regional simulcast operator.

NCOTWInc.

Northern California Off-Track Wagering Inc., oversees the administration of simulcast operations in Northern California. Its members are California Authority of Racing Fairs (CARF), horsemen (TOC), and Golden Gate Fields. NCOTWInc sets policy, manages contracts for conduct of parimutuel wagering and employs parimutuel personnel at off-track simulcast facilities.

SCOTWInc.

SCOTWInc. is the simulcast organization set up under provisions of SB14 in Southern California. Its members are racing associations, a racing Fair, satellite Fairs, and each horsemen's association. SCOTWInc. is a limited partnership with a corporation as the general partner. SCOTWInc. administers simulcast operations through its own staff and contracted services. Contracts covering satellite wagering Fairs are made directly with SCOTWInc.

CALIFORNIA HORSE RACING



INFORMATION MANAGEMENT SYSTEMS (CHRIMS)

Since 1992, CHRIMS has been providing California racetracks with data

processing, accounting reports and related services, including statutory and contractual distributions of wagering takeout, simulcast host-fee settlement, detailed purse calculations, money room teller balancing/cash reconciliation and handle/pool accounting reports.

CALIFORNIA MARKETING



COMMITTEE (CMC)

Funded by the passage of Senate Bill 27 in 1998, CMC is funded by a portion of the wagering handle at California's satellite facilities with the express purpose of marketing and promoting Fair and Thoroughbred horse racing. CMC maintains subcommittees that focus on industry marketing opportunities and initiatives throughout the state. The CMC Board of Directors consists of Fair, Track and TOC representation.

RACETRACK CHAPLAINCY

A non-profit organization, the Chaplaincy is a ministry serving the spiritual, as well as the social needs, of the backstretch and other employees of the California racetrack community. The organization holds weekly bible studies, jockeys room devotions, ministry outreach picnics, counselling and weddings.

WINNERS FOUNDATION

Founded in 1984, the Winners Foundation is a non-profit organization that provides information, support and referral services for employees and family members of the California horse racing community affected adversely as a result of alcohol and/or substance abuse. With representatives at each of the California tracks and Fairs, the foundation provides services free of charge.

TAKEOUT & COMMISSIONS

HOW FAIRS MAKE MONEY ON RACING

In the excitement of cashing a ticket, players rarely think about the infrastructure, people and time required to conduct a horse racing meet.

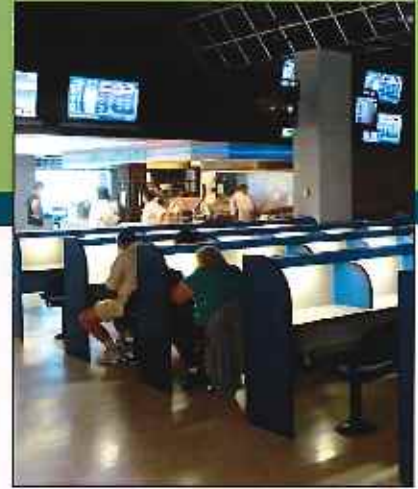
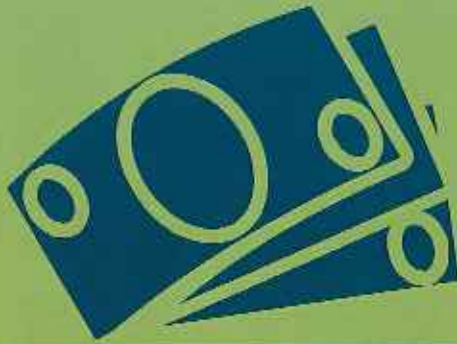
When a bet is placed on a horse race, the money goes into a pool with all of the other like-wagers placed on the race. The winners split the money in the pool, but only after a portion of the dollars bet are taken out. This portion, called the "takeout", covers the cost of conducting races including taxes, operating expenses, purses for races, profits to the operator and other expenses. The profits to the operator, or racing fair, are called "track commissions". The profits to the satellite wagering facility operator on wagers placed at an off-track facility are called "location fees".

TAKEOUT FOR ONTRACK WAGERS*

Bettors at the fair racetrack can wager on live fair races, races from the Southern California tracks and wagers from out-of-state tracks. Each of those options have a different takeout structure and distribute a different commission rate to the fair.



* Reference: 2016 TOC Publication, "Who Gets What: Where the Wagering Dollar Goes." Figures based on total distributions for all 2015 California Thoroughbred and Fair race meets. Percentages are averaged for ease of understanding and will vary slightly from one race meet to the next depending on variable such as the mix of conventional and exotic wagers and the fees negotiated on out-of-state races.



TAKEOUT FOR OFF TRACK WAGERS*

Bettors at fair satellite wagering facilities have the same menu of wagering opportunities as ontrack patrons. The takeout distributions benefit both the track as "track commissions" and the fair operator as "location fees." The track commissions from a wager placed at a Southern California satellite go to the Southern California track and the track commissions generated from a Northern California satellite go to the Northern California track.

**Live Races from CA Zone
Bet at a Satellite****



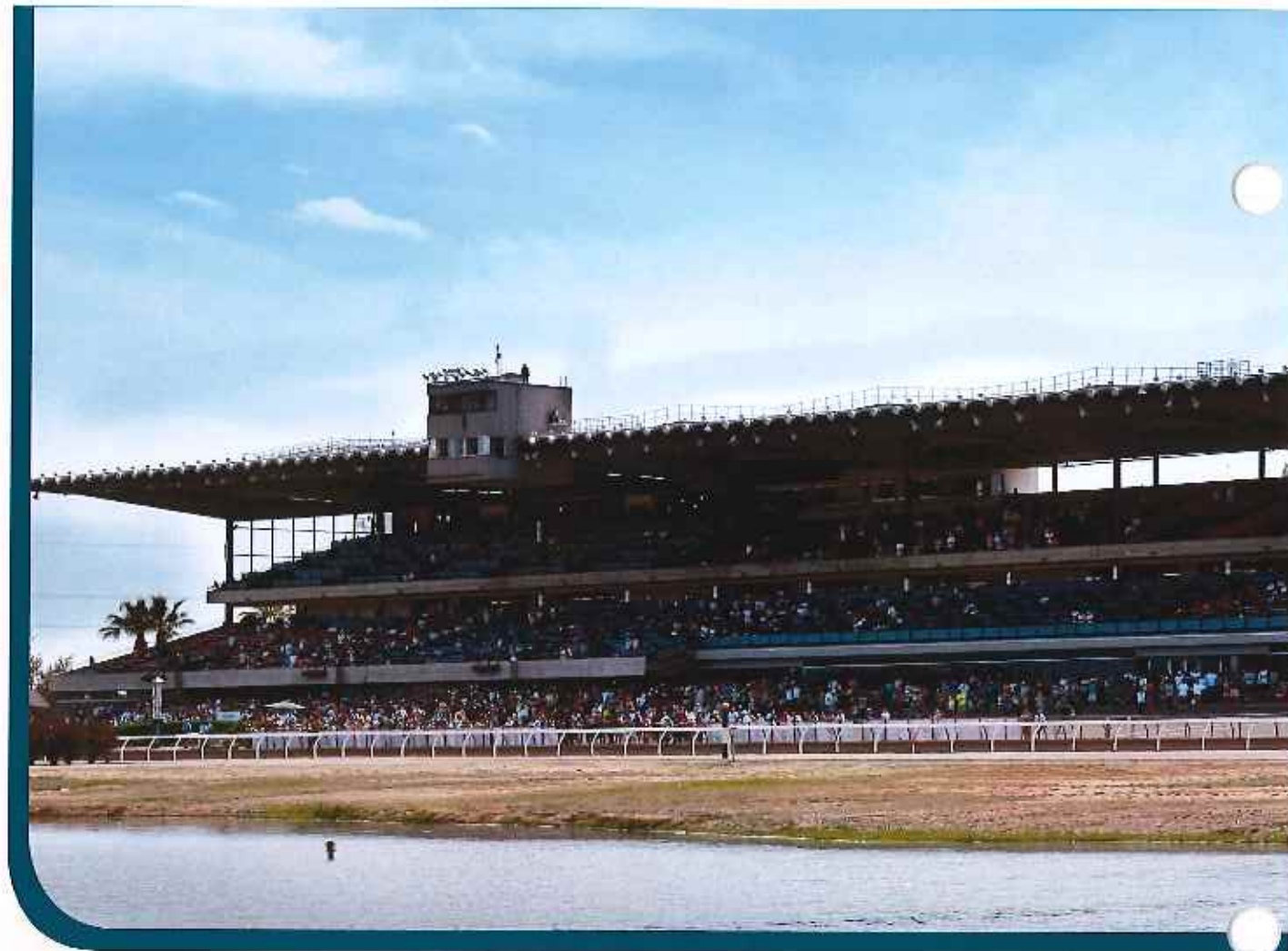
**Live Races from Opposite Zone
Bet at a Satellite****



**Out-of-State Races
Bet at a Satellite****



** Example for a Northern California satellite wagering facility: Live Races from Northern California Bet at a Satellite, Live Races from Southern California Bet at a Satellite, Out-of-State Races Bet at a Satellite.



OTHER TAKEOUT DISTRIBUTIONS

Distributions from takeout are apportioned to the various beneficiaries according to a schedule that includes region (Northern California or Southern California racing), breed of horses (Thoroughbred, Quarter Horse, etc.), and whether the handle is generated on-track or off-track.

The following sections describe major distributions of the satellite pari-mutuel handle for Northern California Thoroughbreds. Distributions for other breeds and regions are similar.

RETURNED TO WINNING BETTORS

All money wagered on losing horses is divided up for payment to the winning bettors and other beneficiaries. Winning bettors receive the largest portion of pari-mutuel distributions.

RACING ASSOCIATIONS

Racing associations derive a significant portion of their revenues from commissions on pari-mutuel handle generated at satellite facilities. The association commission is equivalent to the Purses, or Horsemen's, commission.

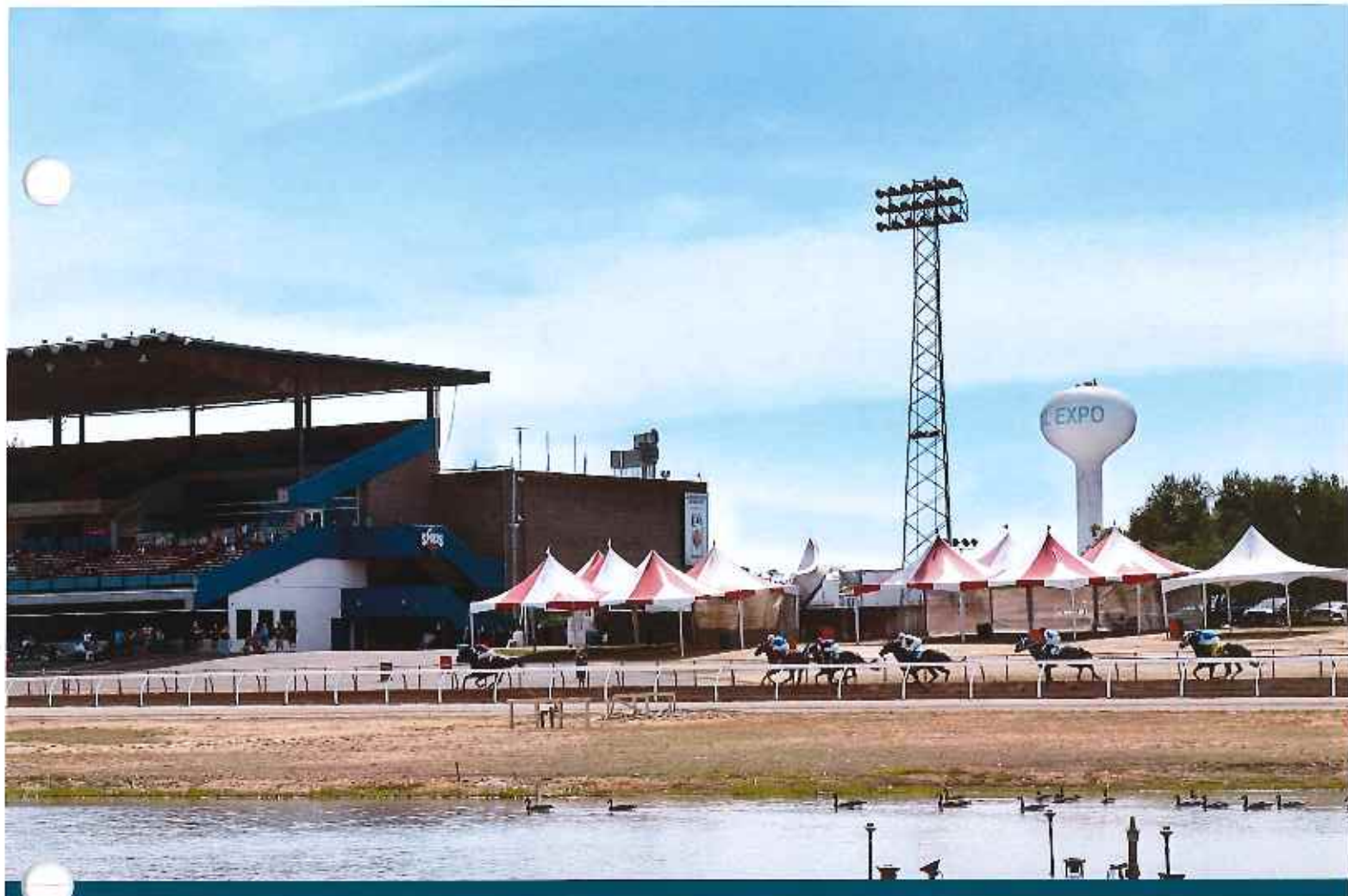
PURSES PAID TO HORSEMEN

The commission for payment of purses is racing's mechanism of self-sustenance. A percentage of the handle, equivalent to the commission

paid the racing association, flows back to the owners of winning horses. Purses are normally paid, in diminishing amounts, based on the order of the horses finishing the race. Associations may supplement the purses from time to time, but the primary source of purse money derives from a portion of the handle.

STATE OF CALIFORNIA

The State receives a license fee from racing conducted at Fairs. The funds are paid to the California Department



of Food & Agriculture.

DISTRIBUTION FOR SIMULCAST EXPENSES

(Paid to NCOTWInc.)

This distribution is used for payment of satellite wagering expenses such as satellite transmission, totalisator, and off-track pari-mutuel labor. Any portion of this fund left unspent after expenses are paid is divided equally between the horsemen and the association.

COMMISSION TO SATELLITE FACILITY - 2% LOCATION FEE

Each satellite wagering facility receives 2% of the handle generated from its operation. In the pari-mutuel reports, this is shown as a Location Fee. This constitutes approximately half of the gross operating revenue. Admissions, parking, and concessions constitute the other half.

DISTRIBUTION FOR PROMOTION & MARKETING

(Paid to California Marketing Committee) A proportion of handle flows to a fund used for promotion of horse racing and satellite wagering. This money is administered by the California Marketing Committee (CMC). Fair satellite facilities receive an allocation for marketing and promotion from this fund. CARF coordinates marketing plans and budgets with individual Fairs and the CMC.

BREEDERS' AWARDS

This portion goes to breeders of winning horses as an incentive to successful operations and for financial support of California's Thoroughbred breeding industry.

STABLING AND VANNING FUND

This fund helps pay the expenses of

keeping and transporting horses. It helps ensure the long-term vitality of the racing economy by off setting the high cost of stabling and moving fine competitive racehorses.

LOCAL GOVERNMENT

Local government may receive 0.33% of handle generated at each satellite location. This goes to the municipality or county in which the facility is located or to a combination of both. The local government must formally request payment; if it does not, the money reverts to the State.

UC DAVIS EQUINE VETERINARY RESEARCH

The Veterinary School at University of California, Davis has a world-renowned Equine Research Facility. This fund helps sustain that education and research facility.

LIVE RACING FAIRS

2015

It was a challenging summer for the Northern California fair racing circuit as it raced head-to-head with Emerald Downs in Washington, where purses had been boosted by 20 percent. Supplementing the California horse population with out-of-state runners during the summer has long been the backbone of fair racing. But now Emerald Downs looked increasingly attractive for horses shipping from Arizona, New Mexico, Oregon, and Idaho.

The California Authority of Racing Fairs (CARF) met the challenge by expanding its trainer incentive program, which offers cash bonuses for trainers passing start thresholds at each fair. Thoroughbred trainers making 5-9 starts at the Pleasanton, Ferndale, Stockton, and Fresno meets received a \$500 bonus, while trainers making 10 or more starts received \$1,000. Bonuses at the State Fair were even higher at \$800 and \$1,500. Those incentives totaled more than \$160,000, plus another \$55,200 in shipping incentives. The recruitment program helped bring 166 horses to California, and those horses made a total of 359 starts on the fair circuit. For comparison, the program recruited 175 horses for 328 starts in 2011, when competition from Washington was not as great.

The 2015 CARF fair circuit encompassed six racetracks racing a total of 44 days, from June 18 to October 18, and offered a balanced program by strengthening the purses for low-level maidens and first-level allowance runners. Young trainers, including Jonathan Wong, Joshua Stein, and Marcia Storz, helped expand the trainer roster

CARF continued its Track Safety and Maintenance Program. As in recent seasons, a single racing secretary provided oversight for the entire circuit. And again, a single-credential VIP program was available for horsemen and bettors.

PLEASANTON

For the second consecutive year, the Alameda County Fair partnered with one of the most respected racing operators in California – the Oak Tree Racing Association – to conduct the Oak Tree at Pleasanton meet and kick off the fair circuit at the oldest one-mile racetrack in America. In keeping with Oak Tree's founding mission of "horsemen helping horsemen," purses were increased and more than \$50,000 in shipping and starting incentives were paid to trainers by Oak Tree and the Alameda County Fair. The 12-day meet featured six thoroughbred stakes, including the \$100,000 Oak Tree Distaff. All-source handle of \$32,019,758 exceeded the 2014 handle of \$31,800,636.

The Pleasanton surface continued to serve as an effective launching pad for 2-year-olds, like Smokey's Image, a colt that broke his maiden opening Sunday, and then won the Everett Nevin Stakes on closing day. Smokey's Image went on to win three more stakes, including the Golden State Juvenile at Del Mar.

More than \$2 million in cash and in-kind advertising was spent on advertising, marketing, and promotions to draw people from the Bay Area and surrounding communities to the fair and race meet. "Spin to Win" prize wheels were placed within the fairgrounds,

redeemable at the grandstand to drive fair traffic to the races, thereby giving some fairgoers their first experience at a live horse race. Marketing efforts targeted to racing included traditional advertising, on-track promotions, and expanded television coverage through partnerships with ADW companies.

SACRAMENTO

Beginning in 2015, the California State Fair was granted an additional week of horse racing. The resulting three-week meet generated all-source handle of \$25,441,330 in 11 days. Handle for the two-week meet in 2014 totaled \$15,677,878 in seven days. The 2015 average daily handle increased more than 3 percent from 2014.

Several on-track promotions were designed to drive fairgoers from the three main admission gates to the Miller Lite Racetrack Grandstand. For example, each fairgoer received a coupon with admission, redeemable at the races for a free wager, a table for four in the turf club, and other merchandise. Special events at the grandstand included the Best of California Brewfest, held on the apron, where fans could watch the races and participate in a seminar on how to select winners and place wagers, while sampling some of California's best craft beers. Another event, A Night at the Races, was held in the clubhouse to attract a young professional audience and expose them to the track as a social outlet. In addition, a significant amount of the State Fair's advertising was dedicated to creating awareness about the three weeks of horse racing. Billboards, television ads, signage, and collateral materials were developed to

promote horse racing at the fair. Safety and comfort improvements for horsemen included a new safety rail, misters in the test barn, a loose-horse alert system, and other renovations. A \$500,000 upgrade to 22 tack rooms, improvements to water runoff, repainted tote board, and enhanced security on the backside were completed in 2014.

FERNDALE

An aggressive recruitment program for horses in Idaho and Oregon, and improvements to the racing surface and stable area, helped bring in horsemen to the Victorian Village of Ferndale, home to the Humboldt County Fair. The six-day meet offered eight more races than it ran the previous year, and this resulted in 54 more starts. Average field size remained steady at six horses per race. A total of 118 starts were made by horses from out of state.

Efforts to attract patrons included a beer garden in the newly developed Friendship Square and a surf and turf barbecue contest, hosted by former Ferndale resident and Food Network star Guy Fieri. These fairground promotions helped generate an 11-percent increase in on-track attendance. Racing on Fridays, Saturdays, and Sundays, the 2015 meet generated all-source handle of \$6,632,598, compared with \$6,262,844 in 2014. On-track handle was up 8 percent.

STOCKTON

Predictions of a heat wave and an irregularity in the racing calendar presented challenges for the 2015 San Joaquin Fair in Stockton. Temperatures were predicted to hit 107 degrees during the first two days of the six-day meet. The heat wave never came, but the forecast was enough to deter horsemen and fans from attending opening weekend.

In addition to weather hardships, the racing schedule adopted in May called for two weekends of racing at Stockton, a return to Golden Gate Fields for two weeks, and then a two-week meet at Fresno. The schedule made it easier for trainers to sit out Stockton, especially when excessive heat was predicted

PLEASANTON

June 18-July 5 (12 Days)

SACRAMENTO

July 10-26 (11 Days)

FERNDALE

August 21-30 (6 Days)

STOCKTON

Sept 11-20 (6 Days)

FRESNO

October 8-18 (9 Days)

Understandably, all-source handle of \$17,311,942 was down from \$15,794,438 over the same number of days in 2014. On-track handle declined by over 9 percent.

FRESNO

The Big Fresno Fair, known for its packed grandstand apron, especially on Fridays when racing is a popular social event, brought the 2015 Northern California fair circuit to a close on Columbus Day, October 18. All-source handle for the nine-day meet was \$19,114,469, which was virtually even with handle for the nine-day meet in 2014. On-track handle was essentially unchanged. The 2015 meet faced a scheduling challenge, with two weeks at Golden Gate

Fields inserted between the Fresno and San Joaquin County Fair meets, which made it more difficult to persuade horsemen in the Bay Area to ship horses to the Central Valley. Nonetheless, the average field size of 6.62 was up slightly from the 2014 average of 6.54. The \$2.8 million Fresno County Historical Museum was open for the first time during the fair. The museum contains a section dedicated to California Chrome, the San Joaquin Valley-born Kentucky Derby winner and 2014 Horse of the Year.

JUNE

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

JULY

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

AUG

S	M	T	W	Th	F	S
						1
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

SEPT

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

OCT

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

2015 LIVE RACING FAIR HANDLE*

Annual Report - Racing Year 2015 (12/26/14 through 12/22/2015)						
Host	Racing Fairs					Total
	Alameda County	California State Fair	Fresno District	Humboldt County	San Joaquin County	
Days	12	11	9	6	6	44
Starters	743	610	556	324	350	2,583
Number of Live Races	112	96	84	54	55	401
Average Field Size Per Race	6.63	6.35	6.62	6.00	6.36	6.44
Brick and Mortar Bets in California						
<u>On Track:</u>						
1 Live Races	3,063,559	1,236,487	2,284,935	635,408	376,051	7,596,439
2 Other California Tracks (Intrastate)	792,338	432,719	303,292	10,250	135,134	1,673,732
3 Races run outside California	991,847	560,342	207,259	11,020	223,453	1,993,920
Total	4,847,744	2,229,548	2,795,485	656,678	734,638	11,264,092
<u>Off Track in Host's Zone:</u>						
4 Live Races	1,738,796	1,386,831	1,040,019	369,936	641,570	5,177,152
5 Other California Tracks (Intrastate)	2,745,301	2,991,373	2,125,819	575,951	1,325,517	9,763,961
6 Races run outside California	6,160,088	6,083,012	3,951,520	1,343,316	3,801,298	21,139,235
Total	10,644,185	10,461,217	7,117,357	2,289,204	5,568,385	36,080,348
7 Off Track Outside Host's Zone	3,596,540	2,517,063	1,874,837	550,574	1,098,159	9,627,173
ADW in California:						
8 Live Races	822,735	449,173	306,592	27,920	171,867	1,778,288
9 Other California Tracks	1,794,147	2,595,885	1,116,203	967,049	660,394	7,133,678
10 Races run outside California	4,807,121	4,806,409	2,859,495	1,413,321	2,802,403	16,788,748
Total	7,424,003	7,951,467	4,282,290	2,408,290	3,634,665	25,700,714
11 Outside Host's zone	1,002,719	435,295	350,809	144,599	154,887	2,088,309
TOTAL GENERATED IN CALIFORNIA	27,505,191	23,594,590	16,420,778	6,049,344	11,190,733	84,760,637
Exports to Out of State						
12 Commingled	8,545,850	4,307,587	4,671,957	1,192,531	2,217,150	20,935,075
13 Non Merged	557,976	491,512	247,380	85,897	157,104	1,539,869
TOTAL GENERATED OUTSIDE CALIFORNIA	9,103,826	4,799,099	4,919,337	1,278,427	2,374,254	22,474,944
TOTAL RACES RUN AT HOST TRACK PLUS RACES RUN AT OTHER TRACKS	36,609,018	28,393,689	21,340,115	7,327,771	13,564,987	107,235,580
TOTAL DISTRIBUTED BY HOST* 14	32,019,758	25,441,330	19,114,469	6,632,598	12,311,942	95,520,098
*Excludes California bets placed outside host's zone						

* Reference: 45th Annual Report of the California Horse Racing Board: A Summary of Fiscal Year 2014-15
Revenue and Calendar Year 2015 racing in California

EXPLANATION OF HANDLE CATEGORIES

ONTRACK WAGERS

- 1 Ontrack wagers on live Fair races.
- 2 Ontrack wagers on Southern California races.
- 3 Ontrack wagers on out-of-state and international races.

OFF TRACK WAGERS

- 4 Off track wagers made at Northern California satellites on live Fair races.
- 5 Off track wagers made at Northern California satellites on Southern California races.
- 6 Off track wagers made at Northern California satellites on out-of-state and international races.
- 7 All Southern California track and satellite handle on live Fair races.

ADW IN CALIFORNIA

- 8 Internet wagers made in Northern California on live Fair races.
- 9 Internet wagers made in Northern California on Southern California races.
- 10 Internet wagers made in Northern California on out-of-state and international races.
- 11 Internet wagers made in Southern California on live Fair races

EXPORTS TO OUT-OF-STATE

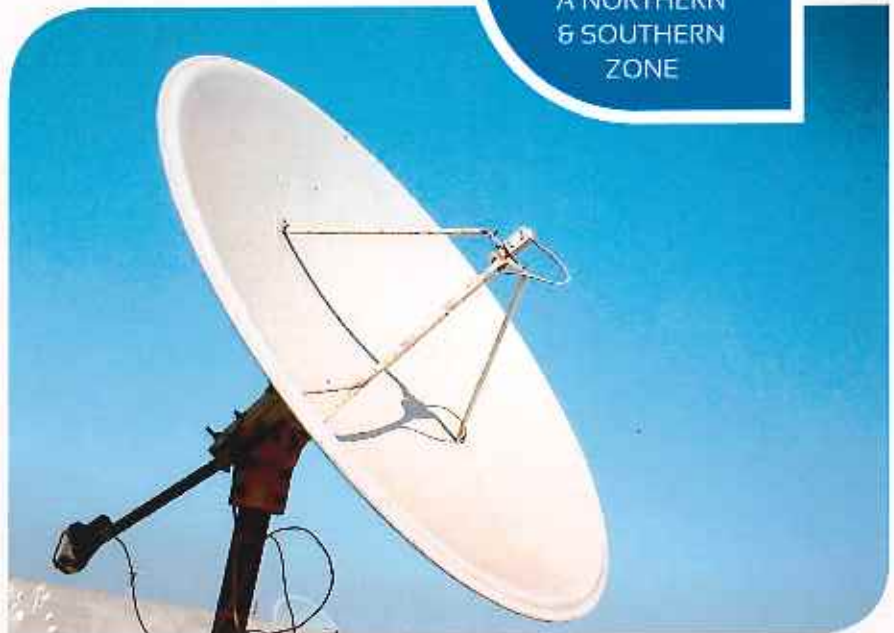
- 12 Live Fair races exported to out-of-state and international locations.
- 13 Handle from Caliente, Mexico (which does not commingle with the American pari-mutuel system).

TOTAL HANDLE

- 14 Excludes wagers made in Southern California.



FOR RACING PURPOSES, CALIFORNIA IS SPLIT INTO A NORTHERN & SOUTHERN ZONE



RACING FAIR

Contributions

Through Ontrack Takeout Distributions,
Live Racing Fairs Provide Essential
Services and Revenues to Support the
Racing Industry in Northern California

CARF Member Fair Handle 2011-2015

TOTAL ONTRACK HANDLE \$ 55,793,568

DISTRIBUTIONS

CHRB Support Fee	301,915
CIFA F&E	400,538
City Tax	184,119
Equine (UC Davis)	55,794
Worker's Comp.	112,856
Location Fees	95,614
Expense Fund (NCOTW, Inc.)	1,081,265
CMC Promotion	45,053
CHRIMS	9,011
Vanning & Stabling	223,426
Track Commissions	3,874,257
Purses	4,135,498
SB 1072	577,771
Owners (TOC)	41,857
Breeders/Sires	274,793
To Out-of-State Tracks	301,303

TOTAL DISTRIBUTIONS \$ 11,715,070

XX.X
MILLION

ATTENDEES

Fair attracted XX.X million attendees, making the Fairs the ideal place to introduce people to racing.

\$223
THOUSAND

STABLING & VANNING

Northern California Stabling and Vanning Fund.



\$300
THOUSAND

CHRB SUPPORT

Distributions made through live racing Fairs to support CHRB Administration and programs.



INDUSTRY DISTRIBUTIONS

Industry distributions include CHRB Support Fee, UC Davis, Worker's Comp., Location Fees, Expense Fund, CMC Promotion, CHRIMS Administration and Stabling and Vanning Fund.

\$11.7
MILLION



5
YEAR

**CARF LIVE RACING FAIR
HANDLE & DISTRIBUTIONS
2011-2015**

**\$55.8
MILLION**

TOTAL HANDLE

Total CARF Live Racing Fair Ontrack
Handle.

DISTRIBUTIONS

Approximately 80% of total handle is
paid back to winning bettors and 20% is
retained in distributions made to the
State of California, Horsemen and the
Racing Industry.

**\$400
THOUSAND**

CDFA F&E

Paid to Support F&E

**\$5.03
MILLION**

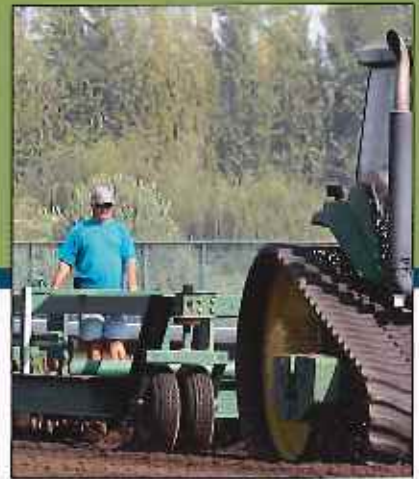
HORSEMEN

Paid to Horsemen through Purses,
Breeder's Incentives and TOC
Administration.

CARF RACE TRACK SAFETY & MAINTENANCE PROGRAM

The Race Track Safety and Maintenance (RTSM) Program, managed by CARF, strives to provide fairness, safety and consistency to the Fair circuit. All racing fairs are equipped with uniform all-tread tractors, a state-of-the-art Kimzey horse ambulance, custom water trucks and a single racetrack supervisor. The Kimzey horse ambulance, commissioned in 2004, is equipped with a hydraulic system, which allows the rear of the ambulance to lower to the ground. A hydraulic stall partition moves from side to side laterally inside the ambulance, providing stability during transport. This specialized ambulance is engineered to lengthen the careers and save the lives of racehorses.





CARF LIVE RACING

MEMBER SERVICES

RACING OPERATIONS

- CARF works with Racing Fairs on preparation, submission and presentation of CHRB License Applications.
- Provides Racing Office computer system (all computer hardware/peripherals) and application software (Equibase) and manages service, technical support and transportation.
- Provides and manages Paymaster services, including Paymaster (CARF employee) bank accounts, audits, payment of all purse moneys to owners and all other distributions of payment to various recipients.
- Telecommunications: provision of voice, fax and data lines necessary to support racing, totalisator and simulcast operations.
- Provides accounting, reconciliation and distribution of all parimutuel commissions, purse, license fees and other distributions.
- Coordinates development and management of purse schedule through Fair Circuit in cooperation with Fair Racing Secretaries and Thoroughbred Owners of California
- Provides Consolidated Purse Fund management and accounting.
- Provides marketing coordination through circuit.
- Manages contracts for daily racing program production,

printing and distribution.

- Manages Condition Book production and distribution.
- Manages contracts and logistics for provision of Jumbo Video Screen.
- Manages contract for Starting Gate.
- Manages contract for Photo Finish.
- Total Carbon Dioxide (TCO2) testing.
- Furnishes electronic timing system with operator.
- Oversees TV Replay System for Officials.
- Manages provision of Temporary stalls.
- Coordinates provision of Mobile offices for racing operations.
- Daily, on-site management and oversight of all operations above, along with management, coordination and disposition of other matters that may arise from time to time in the course of conducting racing at Fairs.
- Active liaison, representation and advocacy with ontrack Stewards and with senior CHRB officials.
- Manages consolidated purses' program.

CONTRACTS WITH HORSEMEN'S ASSOCIATIONS

- Negotiate contracts with horsemen's associations, as required by statute
- Thoroughbred Owners of California
- Cal Western Appaloosa
- Pacific Coast Quarter Horse Association
- Arabian Racing Association of California
- Racing Mule Association
- California Thoroughbred Trainers

LABOR AGREEMENTS

- Maintains membership in Federation of California Racing Associations to provide representation in racing industry employer group for labor union negotiations.
- Local 280 Pari-Mutuel Employees Guild
- Local 1877 (formerly Local 399) AFL-CIO Service Employees International Union Valets and receiving barn personnel
- Local 495 International Brotherhood of Teamsters, Chauffeurs, Warehousemen and helpers of America
- Note: Assist Starters now with Teamsters Local 495 but under a separate agreement

RACETRACK SAFETY AND MAINTENANCE PROGRAM

- CARF developed this program and provides management oversight throughout Fair circuit.
- Works with Division of Fairs and Expositions to maintain funding support.
- Contracts with Steve Wood, Trackmaster, Inc., to provide expert consultation and oversight of Fair track maintenance.
- Provides specialized John Deere tractors used for maintaining track surfaces.
- Owns and provides custom-built water truck (2001 Sterling).
- Owns and provides rock picker (added 2003).
- Owns or provides harrows, floats, and other miscellaneous equipment required for track maintenance.
- Manages all planning, heavy equipment transportation and logistics.
- Provides daily, on-site management, key personnel and oversight.
- Administers Jockey Club Equine Industry Database for CARF member Fairs.

RECRUITMENT PROGRAM FOR OUT-OF-STATE HORSES

- Organizes and conducts out-of-state recruitment of horses to run at Northern California Fairs.
- Manage payment of incentives.
- Track and report on results of Recruitment Program.

PARI-MUTUEL WAGERING OPERATIONS

- Maintains totalisator contract
- NOTWInc agreement for Northern California simulcast network
- YouBet.com Advanced Deposit Wagering
- TVG Advanced Deposit Wagering
- Xpress Bet Advanced Deposit Wagering
- TwinSpires Advanced Deposit Wagering
- Provides all accounting, reconciliation, banking for ADW wagering operations.

PERSONNEL

- Racing Secretary
- Track Safety and Maintenance Manager
- Morning Fitness Vet
- Veterinarian
- TCO2 Technician
- Track Maintenance Crew Chief
- Horse Ambulance Driver
- Clocker and Timer
- Paymaster
- Program Manager
- Track Announcer
- Stewards' Aide
- Jocks' Room Cook

WEB SITE OPERATION

- Manages racing Website www.calfairs.com on behalf of Fairs which conduct live racing.

- Contracts with information service providers.
- Daily management and administration of racing information provided to racing fans on Website.

SIMULCAST OPERATIONS

- CARF manages contracts for satellite transmission of TV signal to intrastate, interstate and international locations.
- Manages TV Production for on-track and simulcast coverage.
- Manages telecommunications support: provision of voice, fax and data lines necessary to support simulcast operations.
- Furnishes back up electrical generators.
- Provides accounting, reconciliation, banking for simulcast operations.
- NOTWInc contract for Northern California simulcast network
- Manages contracts for out-of-state simulcast sites and distribution of daily racing programs and other simulcast information.
- Payment of commissions, purses, license fees and all other distributions from simulcast operation.



Making Races Go:

A Racing Office Overview

10:00a.m.-10:30a.m.

Tom Doutrich (CARF)

Linda Anderson (CARF & GGF)

Keeping Tracks Safe: **CARF Racetrack Safety &** **Maintenance Program**

10:30a.m.-11:00a.m.

Larry Swartzlander (CARF)

A View from the Seats:

Betting 101 & the Future of Gambling

11:00a.m.-12:00 noon

Larry Swartzlander (CARF)

Bryan Wayte (NCOTWInc.)

Doug Gooby (Fair Mutuel Manager)

Betting 101



Pari-Mutuel Betting

- Catalan Oller invented the pari-mutuel system in 1867.
- The extensive calculations involved in the pari-mutuel system led to the development of the **Totalisator** or “Tote Board.”
- In 1913 the Totalisator and Pari-mutuel system were tested at Ellerslie Racecourse in New Zealand before coming to Arlington Park in 1932.

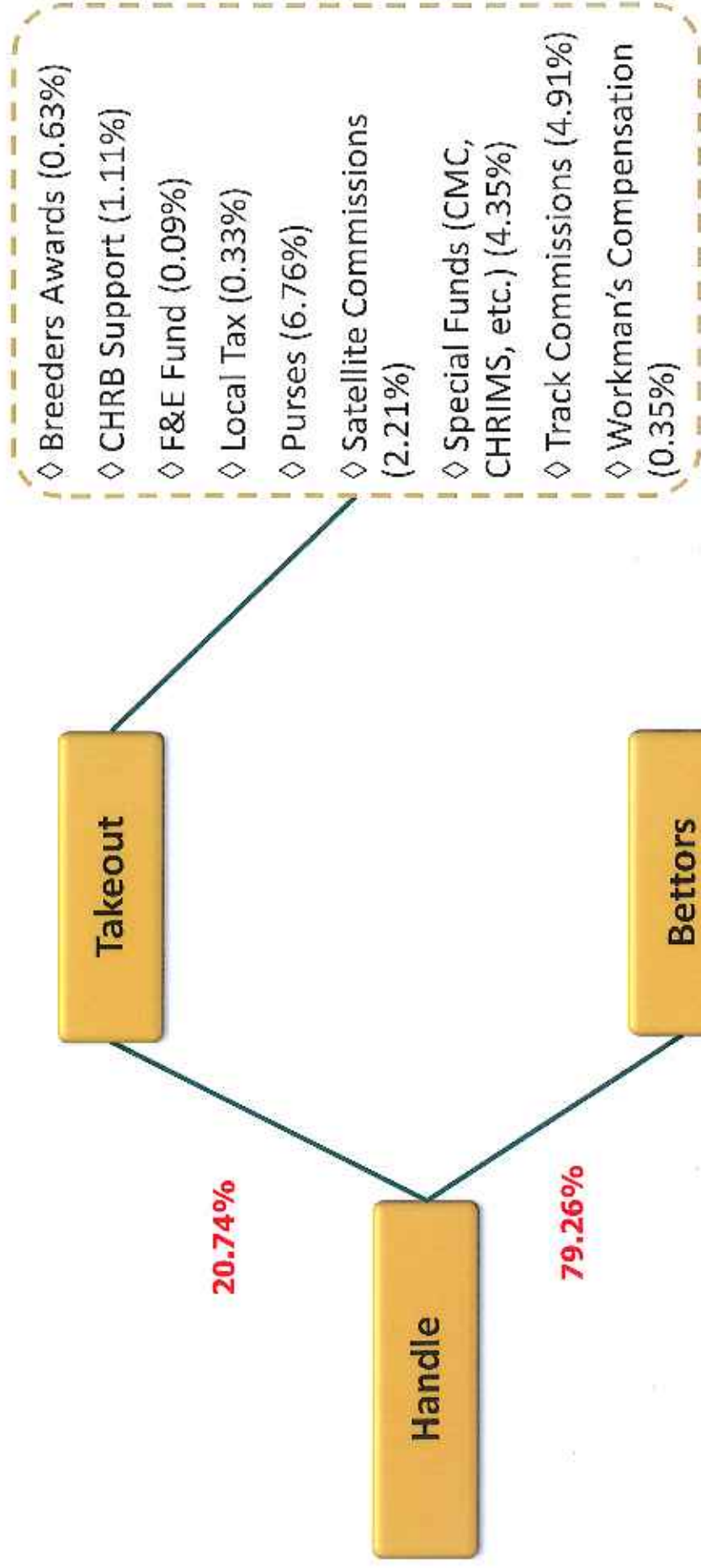


Wagers

- Exotic Bets include multiple horses. These wagers carry higher risk but also a higher payout. Exotics can be divided into two categories: Horizontal and Vertical.
- Horizontal Exotics refer to choosing the winning horse in multiple races (i.e. Pick 3, Pick 4, and Pick 6.)
- Vertical Exotics refer to choosing the top finishers in a single race (i.e. Exacta, Trifecta, Superfecta, Quinella.)
- **Pick 6:** The most popular exotic in racing; bettors must predict the six horses who will win the six “Pick 6” designated races.



Takeout



Menu of Bets

WIN (\$2 MINIMUM)

Choose a horse to come in first place. Collect only if your horse wins.

PLACE (\$2 MINIMUM)

Choose a horse to come in second place. Collect only if your horse finishes first or second.

SHOW (\$2 MINIMUM)

Choose a horse to finish in the top three places. Collect only if your horse comes in first, second or third.

DAILY DOUBLE (\$2 MINIMUM)

Pick the two horses who will win the two "Daily Double" designated races.

QUINELLA (\$2 MINIMUM)

Pick the first two finishing horses in a race. The two horses may finish either first and second or second and first.

EXACTA (\$1 MINIMUM)

Pick two horses in a single race to finish first and second in the EXACT order you chose.

TRIFECTA (\$1 MINIMUM)

Pick three horses in a single race to finish in exact order.

PICK 3 (\$1 MINIMUM)

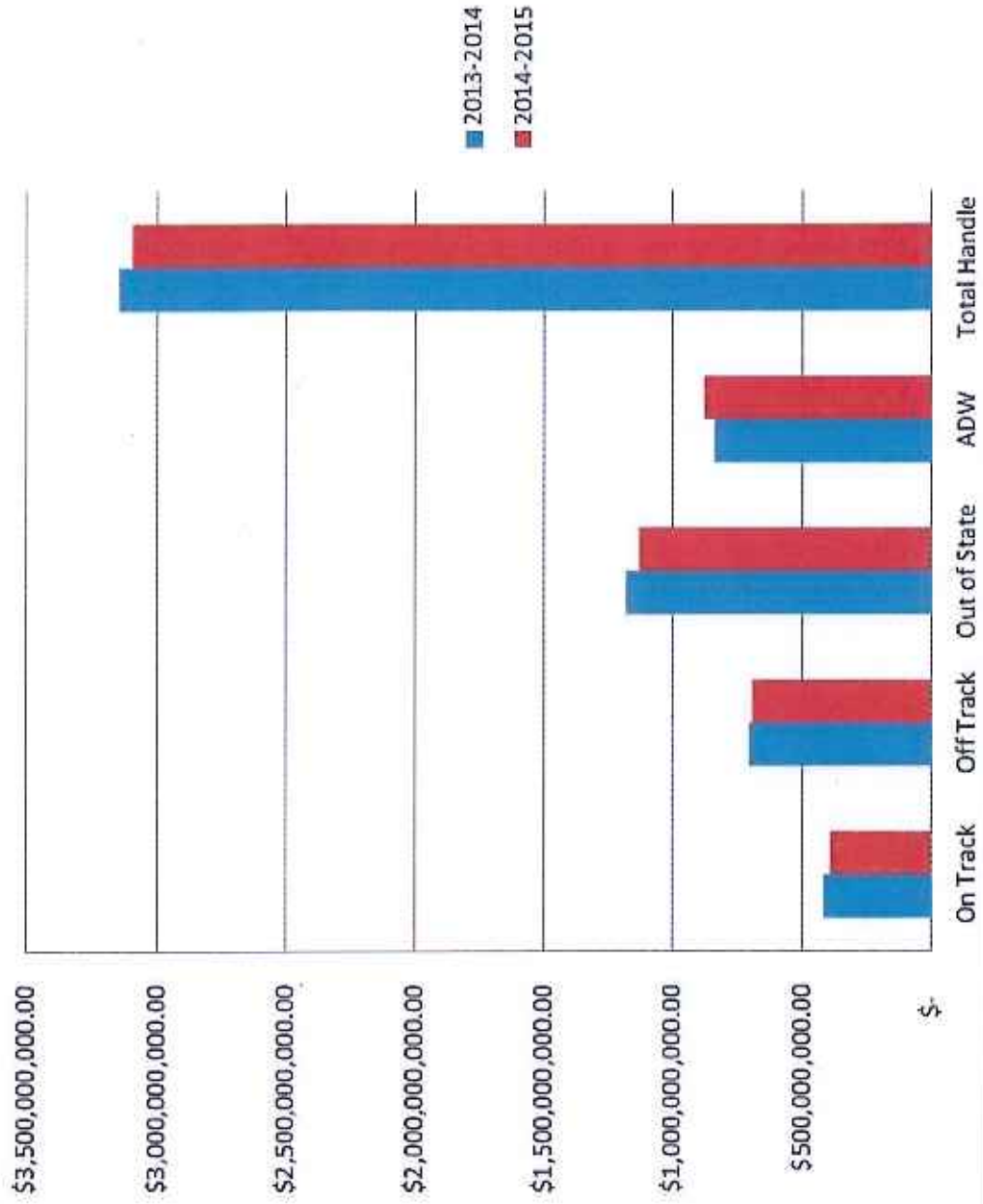
Choose the three winners of the three designated "Pick 3" races.

PICK 6 (\$1 MINIMUM)

Choose the six winners of the six designated "Pick 6" races.



Sources of Handle



Who Gets What: Where the Wagering Dollar Goes.

The pie charts on following pages illustrate various distributions of wagering handle.

For purposes of this exercise, the total distributions for all 2015 California Thoroughbred and Fair race meets were used. The percentages were averaged for ease of understanding and will vary slightly from one race meet to the next – depending on variables such as the mix of conventional and exotic wagers and the fees negotiated on out-of-state races.



Backstretch / Retirement Fund. A percentage of ADW handle is dedicated to trainer-administered pension plans for backstretch personnel and a welfare fund established for the benefit of horsemen and backstretch personnel.

Breeders Incentives. From essentially every wager placed in California or on one of our races, a portion is earmarked for California Thoroughbred Breeders Association incentive awards and programs, including California Cup Day.

CHRB. Pursuant to California Racing Law Section 19616.51, all racing associations and fairs contribute a percentage of their license fee reduction monies to fund the California Horse Racing Board and the equine drug testing program.

CHRIMS. An amount not to exceed 0.05% of the total amount handled by each satellite wagering facility goes to support the nonprofit organization designated by the CHRB for purposes of maintaining a database of horse racing information.

DIR. From ADW handle, a percentage is distributed to the Department of Industrial Relations to cover costs associated with trainer audits conducted pursuant to Section 19526. In addition, any amounts exceeding DIR costs are forwarded to an organization designated by the racing association or racing fair for the purpose of augmenting a compulsive gambling prevention program.

Equine. This deduction benefits such agencies as the Center for Equine Health, the California Animal Health and Food Safety Laboratory, and the School of Veterinary Medicine, UC Davis.

Expense Fund. By California statute, a portion of handle is set aside to cover the costs of wagering operations at, as well as delivering the signal to, California satellite facilities.

F & E Fund. Monies deposited into the Fair and Exposition Fund for fair projects including those involving public health and safety, maintenance, protection of fair property, and enhancement of fair operations.

Hub Fee. For ADW handle only, a portion is retained by the California licensed ADW provider (TVG, TwinSpires, or Xpressbet, for example) as a commission.

Interstate Hosts. For wagers made in California on out-of-state tracks, a commission is paid to the out-of-state host. This commission is negotiated by the California track or California ADW licensee with each of the sending tracks.

License Fees. On all wagers placed at California tracks and satellite locations, a statutory tax is paid to the State of California, most of which goes to the California Horse Racing Board and the Division of Fairs and Expositions.

Local Tax. Tax revenues to local municipal or county governments are also derived from wagering handle. For instance, the city of Arcadia receives one-third of one cent of every dollar bet at Santa Anita.

Location Fee. For wagers made at off-track locations and through ADW providers, a percentage is paid to California off-track wagering facilities to cover their operating costs.

Out-of-State. From wagers placed out-of-state on California races, the balance of the takeout rate above the fee paid for a race is retained by the locations where the bet was placed. Because out-of-state sites retain these funds, California statutory distributions are deducted only from the simulcast fee received by California racing interests. The simulcast fee is a negotiated fee and varies depending on the location.

Promotion. Pursuant to California Racing Law Section 19605.73(c), these funds are distributed to the statewide marketing organization (California Marketing Committee, or "CMC") for the promotion of thoroughbred and fair horse racing and to defray the cost of workers' compensation coverage for stable employees and jockeys of thoroughbred trainers.

Track / Purses. After government, breeders, satellite, and all other distributions, the racetrack and the horsemen (for purses) divide the remaining takeout revenue, roughly equally.

Van/Stabling. These funds, administered by the Stabling & Vanning Fund, provide reimbursement for offsite stabling at board-approved auxiliary training facilities for additional stalls beyond the number of usable stalls at the racing association or fair, and for the vanning of starters on race days.

Workers Comp Fund. With the passage of AB 701 into law in 2004, a 0.5% increase in exotic takeout was earmarked to fund a multi-prong program intended to reduce overall workers' compensation costs at the track, including a starter-fee payment to owners.

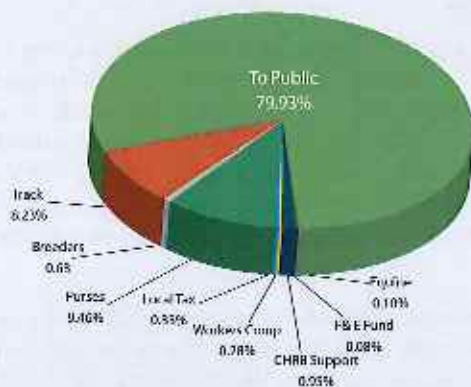
On Track

Bettors at the track can wager on:

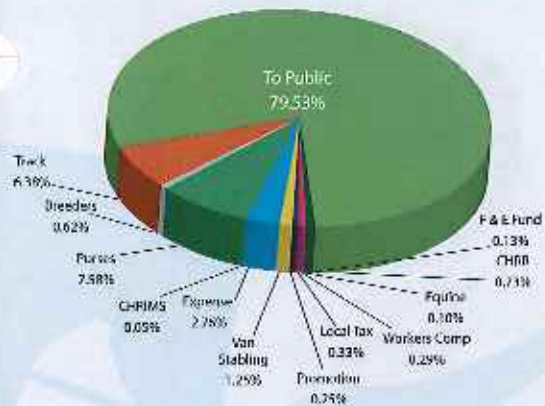
- 1) Live races;
- 2) Out-of-zone races (North – South); and
- 3) Out-of-state races.

The distributions for each of these wagers are as follows:

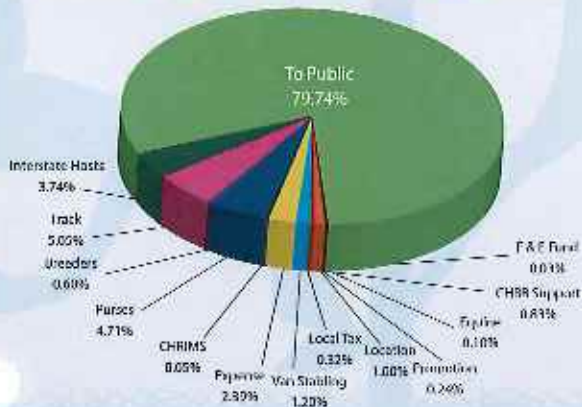
Live Races Bet On-Track



Out-of-Zone Races Bet On-Track



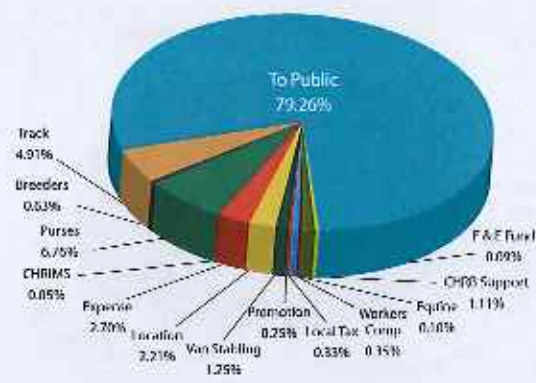
Out-of-State Races Bet On-Track



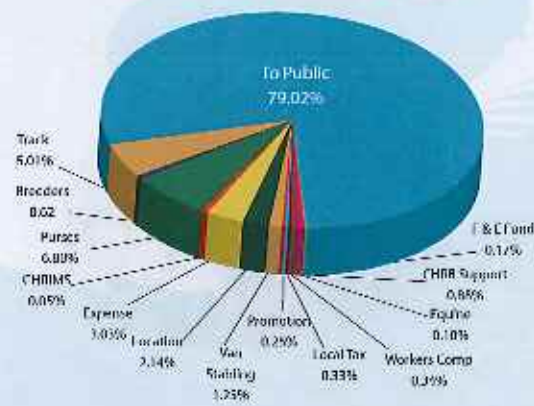
Off Track

Bettors at off-track locations have the same menu of wagering opportunities as do on-track patrons – live, out-of-zone, and out-of-state. Since there is no actual racing at the off-track wagering facilities, "live" refers only to races conducted at the track within their zone. For instance, for Southern California off-track wagering facilities Santa Anita races are considered "live" races. As such, the distributions are as follows:

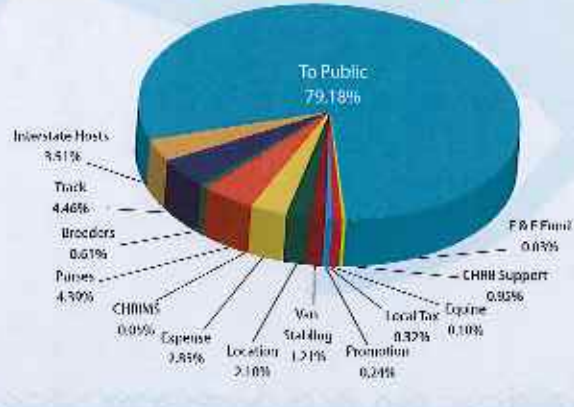
Live Races Bet Off-Track



Out-of-Zone Races Bet Off-Track



Out-of-State Races Bet Off-Track



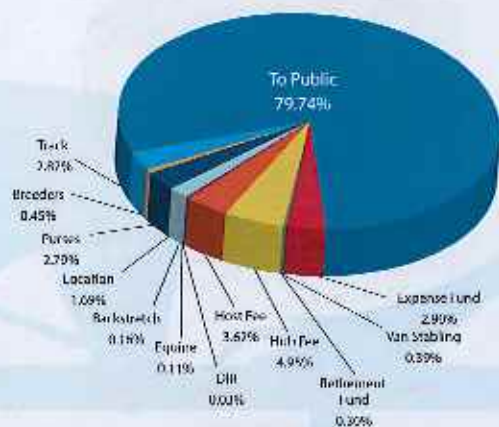
ADW

California ADW wagers are those placed by California residents on races originating anywhere in the world. For ease of understanding, the distributions for advance deposit wagering (ADW) are illustrated in two categories – wagers made on California races, and those on imported races. One difference is that there is no out-of-state "host fee" involved with bets made on California races.

ADW on California Races



ADW on Non-California Races



Out-of-State

In reality, there are only two factors to consider when looking at out-of-state wagers on California races – the type of bet placed and the simulcast rate paid. Because wagers are being made from a myriad of locations – from other thoroughbred tracks around the country, to storefront off-track betting parlors, to the homes of individuals placing telephone or internet wagers, to sophisticated offshore rebate facilitators – simulcast rates can vary significantly.

It's important to remember that the money returning to California interests from out-of-state wagers is simply the net fee negotiated with each out-of-state location. The distribution is shown below:

Wagers Made Out-of-State
*Including ADW

