



*a California joint powers agency*

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

**AGENDA  
CALIFORNIA AUTHORITY OF RACING FAIRS  
LIVE RACING COMMITTEE MEETING  
JOE BARKETT, CHAIR  
11:00 A.M., TUESDAY, APRIL 1, 2008**

Notice is hereby given that a teleconference meeting of the Live Racing Committee will commence at 11:00 A.M. Tuesday, April 1, 2008. The meeting will be held at the Kahn, Soares & Conway Sacramento office located at 1415 L Street, Suite 400, Sacramento, California 95814.

**AGENDA**

- I. Determination of Date, Time, and Location of Next Meeting.
- II. Approval of Minutes from March 4.
- III. Discussion and Action, if any, on Legislative Matters.
- IV. Discussion and Action, if any, on CDFA Funding for CARF Programs in FY 2008-09.
- V. Discussion and Action, if any, on Implementation of AB 765, Providing for an Additional 1% Take-Out to Fund Fair Racing Facility Improvements.
- VI. Discussion and Action, if any, of Northern California Racing Calendar 2009 and Beyond.
- VII. Update on Racing Secretary Position (Informational).
- VIII. Update, Discussion and Action, if any, on Racing Services Contracts'.
- IX. Review, Discussion and Action, if any, on Horsemen's Agreements.
- X. Horse Recruitment Program.
- XI. Executive Director's Report.

###

**AB 765**  
**EXCERPTS**

---

BILL NUMBER: AB 765      CHAPTERED  
BILL TEXT

CHAPTER 613  
FILED WITH SECRETARY OF STATE    OCTOBER 13, 2007  
APPROVED BY GOVERNOR    OCTOBER 13, 2007  
PASSED THE SENATE    SEPTEMBER 11, 2007  
PASSED THE ASSEMBLY    SEPTEMBER 12, 2007  
AMENDED IN SENATE    SEPTEMBER 7, 2007  
AMENDED IN SENATE    AUGUST 28, 2007  
AMENDED IN ASSEMBLY    JUNE 4, 2007  
AMENDED IN ASSEMBLY    MAY 23, 2007  
AMENDED IN ASSEMBLY    APRIL 11, 2007

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

FEBRUARY 22, 2007

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

LEGISLATIVE COUNSEL'S DIGEST

AB 765, Evans. Horse racing.

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

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

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

... Under existing law, revenues distributed to the state as license fees from horse racing are required to be deposited in the Fair and Exposition Fund and are continuously appropriated to the Department of Food and Agriculture for various regulatory and general governmental purposes.

Because this bill would revise the amount of money deposited into, and distributed from, that fund, it would make an appropriation.

Appropriation: yes.

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

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

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

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

# Meeting Handouts

## Horses of the Storm by KY Evan Mortensen

*Horses of the Storm* is an inspiring first-hand account of how the Louisiana State University's Equine Rescue Team saved hundreds of horses and other animals following Hurricane Katrina.

Softcover • 256 Pages • Eclipse Press • ISBN: 978-1-58150-185-8

INCLUDES: Emergency Preparedness Guide!

### Proposal: MEC Parent to Sell Interest

by Ryan Conley

Date Posted: 3/31/2008 12:06:22 PM

Last Updated: 4/1/2008 10:41:06 AM



Photo: File Photo

The parent company of Magna Entertainment Corp. has announced a proposal that would result in the sell-off of its controlling investment in the racing company to entities affiliated with company founder Frank Stronach.

MI Developments, a subsidiary of Stronach's auto parts giant Magna International, would sell its 59% equity investment in MEC to an unnamed entity for \$25 million, but would also transfer \$150 million in cash and loans it has made to MEC to a limited partnership controlled by Stronach.

The deal would prohibit MID from doing further business with MEC, unless unanimous approval is gained from a new nine-member board of directors. Some shareholders of MID, which controls much of the land involved with Magna International plants, have long complained that MEC is dragging down profits.

One such institutional shareholder, Greenlight Capital, last year lost a lawsuit in which it charged Stronach and others with shareholder oppression, but the case is scheduled for appeal April 21.

"Over the last three years, disagreements with certain of MID's shareholders have impacted our relationship with Magna International and, as a result, impaired our ability to grow our core real estate business," MID president John Simonetti said in a news release. "While we have considered a number of possible solutions, they were ultimately not pursued due primarily to a lack of consensus among the various stakeholders."

In advance of the court appeal, Greenlight Capital in a March 7 filing with the Securities and Exchange Commission said MID has ignored its 2005 proposal asking the company to dispose of its stake in MEC. The filing claimed MID is "vulnerable to a discounted, coercive 'going private' takeover attempt by Magna or another Stronach-controlled entity." Greenlight Capital president Michael Einhorn, and two affiliate companies collectively own more than 20% of MID Class A stock, according to the SEC filing.

MEC has lost more than \$520 million in the last five years and is saddled with debt, including a \$40-million loan from a Canadian financial institution that was due to mature March 31.

The release said the proposal, which must be approved by shareholder vote and would close no later than July 30, is supported by more than 50% of MID's Class A shareholders and 95% of Class B shareholders. Class B stock is regarded as a "super share" controlled by Stronach and other related entities that carry multiple voting rights.

"The reorganization proposal, which has expressions of support from both the Stronach group and a majority of our public shareholders, appears to offer a new opportunity to re-establish a strong working relationship with Magna International," Simonetti said in the release.

Separately, MEC filed a proxy statement March 28 that asks for a reverse stock split on its shares, which have been trading well under \$1 since mid-February and face delisting from the NASDAQ exchange. The proposal, which also must be approved by shareholder vote, would consolidate shares on a ratio between 1-to-10 and 1-to-20. Thus, shares that were trading near 30 cents for the last couple of weeks would be valued between 10 to 20 times higher post-consolidation.

MEC shares must trade above \$1 for 10 consecutive business days before Aug. 11, or the stock could be delisted.

"Failure to meet NASDAQ's continued listing requirements would result our...being delisted from NASDAQ, which in turn would likely decrease our attractiveness to investors and our ability to maximize stockholder value," the proxy statement said.

In March 31 morning trading, shares of MID were up 15.2% to \$29.11, while shares of MEC were up 6.3% to 34 cents.

Copyright © 2008 The Blood-Horse, Inc. All Rights Reserved.

**SUBSCRIBE to *The Blood-Horse* magazine TODAY!**

**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**Racing Operations**  
***Management Services and Contract Administration***

**Racing Operations**

- 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
- Provides Supplemental 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
- Starting Gate
- Photo Finish
- Total Carbon Dioxide (TCO<sub>2</sub>) testing
- Furnishes electronic timing system with operator
- Oversees TV Replay System for Officials
- Manages provision of Temporary stalls
- Mobile offices
- 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 on-track Stewards and with senior CHRB officials

**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

### **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
- Carries lease agreements for John Deere tractors
- 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 transportation and logistics
- Provides daily, on-site management, key personnel and oversight
- No direct cost to Racing 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

### **Wagering Operations**

- Maintains totalisator contract
- Parimutuel labor contract
- NOTWInc agreement for Northern California simulcast network
- You Bet.com Advanced Deposit Wagering
- TVG Advanced Deposit Wagering
- Xpress Bet Advanced Deposit Wagering
- Provide all accounting, reconciliation, banking for ADW wagering operations

### **Simulcast Operations**

- Manages Satellite Transmission and Encryption Services
- Manages TV Production for 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 operations